

TESTIMONY OF

HIROSHI SHIMIZU

**SENIOR VICE PRESIDENT FOR GLOBAL QUALITY ASSURANCE
TAKATA CORPORATION**

Before the

**HOUSE COMMITTEE ON ENERGY AND COMMERCE
SUBCOMMITTEE ON COMMERCE, MANUFACTURING, AND TRADE**

Hearing on

“Takata Airbag Ruptures and Recalls”

December 3, 2014

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Chairman Terry, Ranking Member Schakowsky, and distinguished Members of the Committee, my name is Hiroshi Shimizu, and I am Senior Vice President for Global Quality Assurance for Takata Corporation. I am honored to appear before this Committee to offer the perspective of Takata Corporation on the important issues under examination at today’s hearing.

Takata’s mission is to make products that save lives and prevent serious injuries. Whenever one of our products does not perform as expected, it is our first priority to understand the root causes of the issue. If we identify a problem in our product design, production, or installation, we do not hesitate to take the necessary steps to ensure that the problem is addressed properly and promptly.

All of us at Takata know that the airbag inflator ruptures that have been the subject of recent recalls involve very important issues of public safety. Even though millions of Takata airbags have inflated properly, saving lives and avoiding serious injuries in hundreds of thousands of accidents, any failure of an airbag to perform as designed in an automobile accident is incompatible with Takata’s standards for highest quality assurance.

We are deeply sorry and anguished about each of the reported instances in which a Takata airbag has not performed as designed and a driver or passenger has suffered personal injuries or death. Our sincerest apologies and condolences go out to all those who have suffered in these accidents and to their families.

Takata is working closely with the automakers and the National Highway Traffic Safety Administration (“NHTSA”) to support the ongoing recalls and field actions, and we have devoted extra resources to producing quality replacement kits on the schedule

necessary to fulfill all of the automakers' orders. We are also devoting extensive efforts and attention to answering requests for information about these matters from NHTSA and other investigators. We are committed to being fully transparent with regulators and investigators.

As historical background, in response to reports of accidents involving ruptured airbag inflators, the automakers have announced various recalls and field actions in the United States involving vehicles equipped with different types of Takata airbag inflators. These actions have involved different root-cause analyses and have occurred in several phases over time:

The first phase of recalls began in 2008 when Honda, in consultation with Takata, initiated a series of national recalls of Honda vehicles equipped with Takata driver-side airbag inflators following reports of three incidents of inflator ruptures in 2007. These recalls involved inflators manufactured exclusively for Honda in 2000 and 2001. From 2007 to 2010, Takata worked with Honda to conduct numerous tests of inflators returned from the field and to review our entire inflator manufacturing process, and these efforts led to the expansion of the initial Honda recalls to additional vehicles. These nationwide recalls of Honda vehicles focused on specific manufacturing issues we had identified with the early production of driver-side inflators for Honda relating to the pressing of propellant wafers at our production facility at Moses Lake, Washington. We have taken steps to address the specific production issues identified in connection with these earlier Honda recalls.

Second, from 2009 to 2012, there were a limited number of reports of inflator ruptures involving passenger-side airbags manufactured from 2000 to 2002. Those reports resulted in a 2010 recall of certain vehicles, primarily vehicles sold in Asia. Separately, several automakers announced global recalls of vehicles equipped with certain types of Takata airbag inflators beginning in 2013. The root-cause analyses supporting these recalls also focused on specific manufacturing and product-handling issues involving inflator propellant, including issues relating to humidity in the manufacturing process.

The earlier recalls described above relating to inflator propellant were national in scope in the United States, and all involved inflators manufactured before 2004. (There have been other limited recalls involving Takata inflators that were not related to propellant issues.)

Third, in 2013 and 2014, there have been several additional incidents of inflator ruptures involving both driver-side and passenger-side airbag inflators that were manufactured after 2002 and that were not covered by the earlier recalls. Almost all of these incidents have involved vehicles that spent their lives mostly in areas of high

absolute humidity, such as Puerto Rico and South Florida, and that were at least six years old at the time of the accident.

Our best current judgment is that the root causes of the most recent inflator ruptures likely involve a combination of three factors: (1) the age of the unit; (2) persistent exposure over an extended period of time to conditions of high absolute humidity; and (3) potential production issues, which we are working to identify and address.

Based on this evolving engineering analysis, and at NHTSA's suggestion, in June 2014, ten automakers announced that they would conduct regional field actions focused on areas of the United States that experience higher levels of heat and absolute humidity. Several automakers have recently converted these field actions into regional recalls. These ongoing regional actions and recalls are targeted at vehicles sold or registered in Puerto Rico, Hawaii, Florida, and the U.S. Virgin Islands. Several automakers have expanded these actions to additional areas along the Gulf Coast and other coastal areas, including California.

One important function of these regional actions is to retrieve inflators from the field for purposes of data gathering, testing, and further analysis. In the past several months, we have tested and analyzed thousands of returned airbag inflators, both from within the areas of high absolute humidity and from outside those areas, and we are working to increase our capacity for testing. We are regularly sharing the results of this ongoing testing and analysis with the automakers and NHTSA. So far, these ongoing tests have not shown any ruptures in inflators retrieved from vehicles outside the areas of high absolute humidity and no ruptures at all in driver-side inflators. The tests have resulted in some failures of passenger-side inflators retrieved from within the high humidity areas. We are continuing to analyze these results and to learn from them.

Most recently, NHTSA has urged the automakers to expand the regional actions to a national recall of vehicles equipped with certain types of Takata driver-side airbag inflators manufactured from 2002 to 2008. And it has called on Takata to declare these inflators defective.

In response to these developments, Takata remains committed to cooperating closely with our automaker customers, with NHTSA, and with government regulators in Japan and around the world to address the potential for inflator rupturing. We will take all actions needed to advance the goal of safety for the driving public, including working to produce additional replacement units to support any further recalls that may be announced by our customers. Based on the data currently available and our best engineering judgment, Takata continues to believe that the public safety is best served if the identified areas of high absolute humidity remain the priority for the replacement of

suspect inflators. If an expanded recall or field action were determined to be justified in light of continuing testing and analysis, any such expanded action should be conducted in a phased manner to ensure that the supply of replacement units continues to be directed first where they are needed most—to vehicles in the areas of high absolute humidity.

Takata has added new production capacity to meet the demand from automakers for airbag replacement kits needed in response to the ongoing field actions and recalls. We are currently producing approximately 350,000 replacement kits per month and will be increasing those production levels to at least 450,000 per month beginning in January. We believe we will be able to meet the demand currently expected from automakers for these replacement units. If the current recalls and field actions are expanded significantly, Takata is prepared to collaborate as may be necessary and feasible with other producers of airbag inflators to create additional production capacity in order to supply even more replacement units over the long term.

We are confident that the inflators Takata is producing today, including the replacements for recalled units, are safe. We have confidence in the integrity of our engineering and our current manufacturing processes. We believe that, properly manufactured and installed, the inflators we are producing today will work as designed to save lives for the expected life of the automobile. To provide added quality assurance for the public and our customers, Takata is forming an independent *Quality Assurance Panel* to audit and prepare an independent report regarding our current manufacturing procedures for best practices in the production of safe inflators, including inflator propellant. Upon completion, the report produced by this independent Quality Assurance Panel will be made public.

While each instance of an inflator rupture is terrible and unacceptable to Takata, it is also important to remember that Takata airbags have deployed and continue to deploy properly as they were designed to do in real-world accidents, and our airbags are helping to save lives and prevent injuries on the road every day. More than 200 million cars and light trucks are registered in the United States, and NHTSA has estimated that around half of one percent of these vehicles experience an airbag deployment each year. Many of those airbags are Takata products. That means that Takata airbags help to save hundreds of lives and prevent thousands of serious injuries every year in the United States.

Thank you, Mr. Chairman. I am pleased to answer questions from the Committee.

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