

TESTIMONY OF
HIROSHI SHIMIZU
SENIOR VICE PRESIDENT FOR GLOBAL QUALITY ASSURANCE
TAKATA CORPORATION

Before the

**SENATE COMMITTEE ON COMMERCE,
SCIENCE, AND TRANSPORTATION**

Hearing on

“Examining Takata Airbag Defects and the Vehicle Recall Process”

November 20, 2014

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Chairman Nelson, Ranking Member Thune, 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 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 regional 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.

In response to reports of accidents involving ruptured airbag inflators, the automakers have announced various recalls involving different models of Takata airbags.

Those recalls began in 2008 when Honda, in consultation with Takata, initiated a series of recalls for driver-side airbags 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 collaborated 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. These recalls of Honda driver-side inflators focused primarily on specific manufacturing and product-handling issues we had identified, including issues with 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 Honda recalls.

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 passenger-side airbags installed in vehicles that were exclusively sold in Asia. Separately, several automakers announced global recalls of passenger-side airbags beginning in 2013. Since then, there have been several additional incidents of inflator ruptures involving both driver-side and passenger-side airbags that were not covered by the earlier recalls. Almost all of these incidents involved vehicles that spent their lives mostly in areas of high absolute humidity, such as Puerto Rico and South Florida, and were at least six years old at the time of the accident.

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

Based on this engineering analysis, and at NHTSA's suggestion, multiple automakers began 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 Southern 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. The tests have resulted in some failures of inflators retrieved from within those areas, with some notable variations in the test results for different models of inflators and for different makes of automobiles. We are continuing to analyze these results and to learn from them.

In the meantime, Takata strongly agrees with the position stated by NHTSA on November 9, 2014 that the current focus of the ongoing field actions and recalls should remain the specific regions of high absolute humidity. Our best information supports the view that these regions must be the priority for the replacement of airbags. It is imperative that all owners of the affected vehicles in these regions respond to the recall notices at the earliest opportunity.

Takata has added new production capacity to meet the demand from automakers for airbag replacement kits needed in response to the regional actions and recalls. We are currently producing more than 300,000 replacement kits per month and will be increasing those production levels beginning in January. We believe we will be able to meet the demand currently expected from automakers for these replacement units.

We are confident that the airbags 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 airbags we are producing today will work as designed to save lives for the expected life of the automobile.

While each instance of an airbag failure is terrible and unacceptable to Takata, it is also important to remember that Takata airbags 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.

As we move forward, Takata will continue to cooperate closely with the automakers, with NHTSA, and with government regulators in Japan and around the world to address the potential for inflator rupturing. We will take whatever actions are determined to be necessary in the public interest and that will best advance the goal of safety for the driving public.

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

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