

The New York Times

Takata Airbag Recall Is Said to Grow by 35 Million

By HIROKO TABUCHI MAY 3, 2016

Regulators are expected to announce as early as Wednesday that at least 35 million additional airbags made by Takata will need to be fixed, according to a person briefed on the matter. This would more than double what is already the largest automotive recall in American history.

The airbags can unexpectedly explode, sending metal parts hurtling into the cabin. At least 11 deaths worldwide have been linked to the defect.

The expansion would bring the total of recalled Takata airbags to at least 63 million in the United States — possibly affecting nearly one in four of the 250 million vehicles on America's roads.

At issue is Takata's use of a compound called ammonium nitrate, which can become unstable over time or when it is exposed to moisture. Takata has wrestled with the makeup of the compound over the years, eventually adding a drying agent to make it more stable. The new recalls focus on airbags that do not have the drying agent.

Scott Upham, founder and chief executive of the automotive consulting firm Valient Market Research, said that the wider recall was an admission by Takata that its use of ammonium nitrate — a cheap, but potent, compound more often used at large-scale sites like coal mines — was a safety risk.

“Finally, there's enough scientific evidence to point to the humidity issue as affecting the propellant,” Mr. Upham said. “For a long period of time, they denied that ammonium nitrate was to blame. But this does validate there are fundamental issues with the chemical itself.”

Ever since the first Takata airbag recall of about 4,000 vehicles in 2008, the company insisted for years that the problems did not lie in the design of the airbag inflators with ammonium nitrate, but instead were the result of manufacturing flaws or quality control problems.

Internally, though, it harbored doubts, quashing the results of tests that failed, manipulating data to conform with automakers' safety requirements and continually revising patents.

But only in May last year did Takata admit that its products were, in fact, defective. Then in a consent order issued last November, the [National Highway Traffic Safety Administration](#) gave the Japanese parts maker until the end of 2018 to prove that the airbag inflators without the drying agent were safe.

The agency imposed a \$70 million penalty that could increase by \$130 million if Takata does not meet the consent order's terms. In levying the penalty, regulators noted that Takata had produced testing reports that contained selective or inaccurate data.

The new round of recalls to be announced this week was prompted by findings of three separate investigations into the rupture conducted by Honda Motor, the automaker most affected by the recalls; Takata; and a consortium of 10 automakers.

This slow-motion footage, courtesy of the National Highway Traffic Safety Administration, shows a test of a Takata airbag. During the test, the airbag inflator ruptures, sending metal fragments flying.

Publish Date October 22, 2015. Photo by National Highway Traffic Safety Administration.

The agency has said that ultimately, more than 100 million airbag inflators that use ammonium nitrate may need to be recalled. Takata has until the end of 2019 to show that its inflators that contain the drying agent are safe.

The safety agency has also barred Takata from using ammonium nitrate for new orders.

In a statement, the safety agency said it could not comment on plans for an expanded recall. But it said the agency had reviewed the findings of investigations into the Takata airbag ruptures and would "take all appropriate actions to make sure airbags in Americans' vehicles are safe."

Takata said in a statement that it was "working with regulators and our automaker customers to develop long-term, orderly solutions to these important safety issues."

The expanded recall [was reported](#) earlier by The Wall Street Journal.

The growing recall, though, has been anything but orderly, and Takata now faces new financial pressure.

It already appeared to be heading for a second consecutive year of losses, and the company said on Monday that it planned to book special one-time charges totaling 20.1 billion yen, or \$189 million, to cover recall costs and settlements with consumers injured by its inflators.

That would more than negate the 5 billion yen of net profit, or \$47 million, it forecast in its most recent earnings guidance. The company is scheduled to report final results for its latest fiscal year on May 11.

As for consumers, the mere announcement of the newly expanded recall is likely to sow more confusion in what has been a dizzyingly complex problem.

Even as automakers look to other suppliers to provide them with replacement inflaters, there has been a persistent shortage of parts in many areas of the country, forcing many car owners to ask for loaners if they can get them or drive their cars knowing of the danger.

All the while, doubts over ammonium nitrate have persisted as the human toll has mounted.

In December, a Georgia man, Joel Knight, died on a South Carolina highway when the airbag in his [Ford Ranger](#) ruptured after his truck hit a cow, sending metal into his neck. He bled to death, not knowing that the airbag posed a risk because it had not been recalled. The Ranger has since been recalled.

Mark Lillie, a former Takata engineer [who raised concerns](#) about the ammonium nitrate propellant in the late 1990s, said he felt vindicated by Takata's expanded recall.

But he said he remained concerned that the ammonium nitrate remained vulnerable, even with the drying agent, which is called a desiccant.

"Undoubtedly, the desiccant will reduce the problem, and delay the onset of the problem," he said. "But it can't eliminate the problem."