

Japanese automakers report irregularities in model certifications

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S&P Global Mobility perspective

Implications	The expanding repercussions of the vehicle certification tests have their roots in a safety test scandal that erupted at Toyota's compact car subsidiary, Daihatsu, in December 2023. The scandal has since rippled out to other Japanese automakers, creating a wave of concern across the industry.
Outlook	These reports of inappropriate conduct have created a significant burden on the entire Japanese automobile industry. They have not only tarnished the reputation of the industry but have also had a tangible impact on vehicle sales and production. The strain on the industry is multifaceted. On one hand, it is dealing with the immediate fallout of the scandal, which includes investigations, potential fines, and the suspension of certain models. On the other hand, the industry is grappling with the longer-term impacts on its reputation and consumer trust.

Several car manufacturers from Japan, such as Toyota, Mazda, Honda, and Suzuki, have disclosed irregularities in the certification applications for some models. Investigations were conducted following the directives from the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) on Jan. 26 this year. Upon uncovering these issues, the Japanese ministry ordered a stop to the shipments of the affected models.

Toyota

While the probe is ongoing, it is found that seven models, some discontinued since 2014, were tested in ways that deviate from government standards. This was reported to the MLIT on May 31. The questioned model certification applications include insufficient data in pedestrian and occupant protection tests for three production models (the Corolla Fielder/Axio and Yaris Cross), and mistakes in crash tests and other methods for four discontinued models (the Crown, Isis, Sienta, and RX). After thorough internal checks, Toyota confirmed that there are no performance issues violating laws and regulations with these vehicles, including those no longer produced. Hence, there is no need to stop using the affected vehicles. However, given these findings, it has decided to temporarily stop shipments and sales of three currently produced models in Japan (the Corolla Fielder, Corolla Axio, and Yaris Cross), effective immediately.

Honda

Honda has acknowledged instances of misconduct, such as deviations from testing conditions and discrepancies between actual measurements and data included in test results. These occurred in noise tests, prime mover onboard output testing (gasoline engine), and onboard engine power tests necessary for type approval applications for four-wheel vehicles previously sold. However, the company stated that there were no confirmed instances of such misconduct in the certification tests of four-wheel vehicles currently being sold or planned for future sale. The models affected include, but are not limited to, the Fit, CR-Z, Accord/Accord Hybrid, Step WGN, CR-V, Freed, N-Box, N-One, Odyssey, Vezel, and Jade.

Mazda

Mazda Motor Corporation scrutinized all 2,403 tests for type designation applications conducted from January 2014 to January 2024. The findings revealed discrepancies in five tests across two categories, reported to the ministry on May 30. These irregularities affect 150,878 units manufactured and 149,313 units sold.

Mazda acknowledged an irregular handling of test vehicles in crash tests for three discontinued models. During a certification test for frontal-collision occupant protection, an external device was used for timed airbag activation, instead of the onboard sensor detecting the collision. The models affected were the Atenza, Axela, and Mazda6. Despite the discontinuation, Mazda conducted internal technical verification and re-tests, confirming that these models meet

legal standards for frontal-collision occupant protection. Hence, there is no safety concern for customers using these vehicles.

Additionally, Mazda admitted to engine control software alterations during the testing of two currently produced models. For the onboard engine output certification test of the gasoline engine, the test should have used the same engine control software as mass-production vehicles. However, it used software with a partially deactivated ignition-timing-adjust function. The models affected are the Roadster RF and Mazda2 with a 1.5-liter gasoline engine. Production of these models has been halted since May 30.

Suzuki

Suzuki has also discovered a past incident of fraud from 2014. The affected model is the Suzuki Alto (cargo specification without ABS), which was mass-produced from December 2014 to December 2017. The company reported that in a brake test, the recorded stopping distance in the fade test was shorter than the actual measured distance.

During the in-house certification test, the brake pressure was significantly lower than the required value, leading to a stopping distance that did not meet legal standards. However, there was not enough time to conduct a retest before the test report submission deadline. Consequently, Suzuki suspects that an individual involved in the test decided that it would be permissible to adjust the stopping distance to a value that assumed the brakes were applied near the required value, and deliberately made the change.

Outlook and implications

The expanding repercussions of the vehicle certification tests have their roots in a safety test scandal that erupted at Toyota's compact car subsidiary, Daihatsu, in December 2023 (see **Japan: Dec. 20, 2023: Daihatsu suspends all vehicle shipments following additional findings of irregularities in crash testing**). The scandal has since rippled out to other Japanese automakers, creating a wave of concern across the industry. These reports of inappropriate conduct have created a significant burden on the entire Japanese automobile industry. They have not only tarnished the reputation of the industry but have also had a tangible impact on vehicle sales and production. The strain on the industry is multifaceted. On one hand, it is dealing with the immediate fallout of the scandal, which includes investigations, potential fines, and the suspension of certain models. On the other hand, the industry is grappling with the longer-term impacts on its reputation and consumer trust. Moreover, the scandal has raised questions about the adequacy of the current regulatory framework and testing procedures. It has prompted a reevaluation of the certification process and has underscored the need for stricter oversight and transparency in the industry.

Following the revelation of these irregularities, the automakers have issued apologies to their shareholders and have committed to implementing measures to prevent such occurrences in the future. Toyota's chairman, Akio Toyoda, stated, "These actions undermine the very core of the certification system. As a car manufacturer, we believe these are actions that should never be taken." According to *Nikkei Asia*, Toyota plans to halt operations at two production lines managed by its subsidiary, Toyota Motor East Japan, this Thursday. This could potentially impact over 1,000 parts suppliers. Toyota will individually negotiate compensation with companies for any losses incurred due to this halt in operations. Meanwhile, the transport ministry inspected Toyota Motor Corp.'s headquarters in Aichi Prefecture on Tuesday (June 4).

It should be noted that in response to the misconduct at Daihatsu, Toyota Motor announced plans to reassess its new model development timeline. A report by *Nikkan Jidosha Shimbun* states that Toyota Motor will scrutinize all ongoing development plans from April to September, and those with a heavy workload may be postponed or cancelled as required (see **Japan: March 5, 2024: Toyota to review development schedule for new models – report**). It would be interesting to see what further changes Toyota and other Japanese automakers would implement to prevent the recurrence of such misconduct.

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