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PRINTER-FRIENDLY FORMAT
SPONSORED BYA small rectangular image with a blue sky background and the name "Hilary Swank" in red text.**October 3, 2009**

President of Toyota Apologizes

By [HIROKO TABUCHI](#) and [MICHELINE MAYNARD](#)

TOKYO — Even by Japanese standards — where chief executives routinely make public apologies if their company is in crisis — Akio Toyoda’s comments on Friday were surprising.

A little more than three months after assuming his post, the president of [Toyota](#), the world’s biggest automaker, recited a long list of mea culpas to astonished reporters at the Japan National Press Club.

He expressed grief over a fatal crash that led to a recall of 3.8 million cars, regrets about an expected second consecutive annual loss and sorrow over the decision to close the company’s first American factory in California.

Further, Mr. Toyoda said his company was shamefully unprepared for the global economic crisis that has devastated the auto industry, and is a step away from “capitulation to irrelevance or death.” The company, he added, is “grasping for salvation.”

The words reinforced previous statements from top Toyota executives expressing their concerns that the automaker, which earned \$18.8 billion only two years ago, was floundering.

“In the Japanese business setting, it’s a serious act,” said Ulrike Schaede, a professor of Japanese business at the [University of California, San Diego](#).

Professor Schaede said that the apologies were meant to send a message to company employees and car buyers that Mr. Toyoda planned a new direction for the company.

“If you’re Mr. Toyoda and you’re coming in at this point, you don’t have many options of how you make a big impact,” she said.

Toyota expects a record loss of 450 billion yen (\$5 billion) for the 2009 fiscal year that will end in March, on top of a similar loss for 2008. If the market does not improve, some analysts are forecasting the company could again lose money in 2010.

While it still has plenty of cash, and now outranks [General Motors](#) as the world’s biggest carmaker, that is not good enough, Mr. Toyoda told journalists.

The company, hit by a spate of recalls in the middle of the decade, is betraying its roots as a quality automaker, he said.

Last week, Toyota announced its biggest recall ever in the United States after a crash in August in which a California highway patrol officer and three family members were killed.

The accident, which Mr. Toyoda called “extremely regrettable,” apparently occurred when the accelerator got jammed by a floor mat.

“Four precious lives have been lost. I offer my deepest condolences,” Mr. Toyoda said. “Customers bought our cars because they thought they were the safest. But now we have given them cause for grave concern. I can’t begin to express my remorse.”

And Mr. Toyoda did not stop there.

It was “agonizing” to decide to cease production at a California plant this year, after G.M., its partner in the joint venture, decided to pull out. Mr. Toyoda, who worked at the plant in the 1990s, added, “I know it’s a big blow to the local economy.” The Japanese people were also owed an apology, he said, because Toyota was no longer producing cars that excited them. Auto sales have fallen in recent years, partly because of a growing disinterest in cars among younger Japanese buyers.

“They say that young people are moving away from cars,” he said. “But surely it is us — the automakers — who have abandoned our passion for cars.”

The appointment of Mr. Toyoda, who took over as president of Toyota in June, was seen as an attempt by Toyota to get back to basics, after a period of what some have called recklessly fast expansion overseas, and into bigger vehicles like sport utility vehicles and pickup trucks.

Toyota has doubled in size since the beginning of the decade, but its rapid manufacturing expansion has left it with too much production capacity, including a yet-to-open plant near Tupelo, Miss.

“Things haven’t gone like they’ve planned and they’re wrestling with two issues — overinvesting and the exchange rate shift,” said David Cole, chairman of the Center for Automotive Research in Ann Arbor, Mich.

Mr. Toyoda, who spoke in August at the center’s annual conference outside Traverse City, Mich., has previously talked about the company in a more visionary and less remorseful way.

Indeed, his shift in tone may need to be taken with a grain of salt.

“Sometimes, this apology business is a way to avoid taking real action or responsibility,” said Robert Dujarric, director of the Institute of Contemporary Japanese Studies at [Temple University](#)’s Japan campus.

“When you hear these long apologies,” Mr. Dujarric said, “It makes you want to say: ‘Don’t be sorry, just do something about it.’”

Toyota already has tangled with some environmental groups, long its allies, who thought that the company should have lobbied harder this decade for higher fuel economy standards and stayed away from developing big pickup trucks.

Professor Schaeede said that Toyota might run the same risk to its reputation that [Wal-Mart](#) experienced over

its global business practices. Already, Toyota's image has shifted among some buyers from positive to ambivalent, she said.

"There is this new bifurcation of Toyota lovers and Toyota haters," Professor Schaede said.

In an earlier time, the smaller Toyota would not have received as much attention, nor would its president have faced the need to so publicly address its problems.

But, said Mr. Cole, "They're entering the modern world where they have to adjust to forces that are much, much more difficult to deal with."

Hiroko Tabuchi reported from Tokyo, and Micheline Maynard from Detroit.

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