

Carmaker's shares tumble ● Prius fault emerges ● Reputation further hit

Toyota's problems mount

Performance issues

8.1m

Number of cars recalled worldwide

16%

Fall in US sales last month

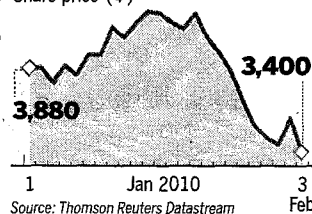
'Stop driving it - and take it to a Toyota dealer because they believe they have a fix'

Ray LaHood

US transportation secretary

Toyota Motor

Share price (¥)



Source: Thomson Reuters Datastream

By Bernard Simon in Toronto, Jonathan Soble in Tokyo and John Reed in London

The crisis engulfing Toyota deepened yesterday when the US government at one point urged owners of more than 2m recalled cars and trucks to "stop driving" them and take them to dealers for repair.

Shares in Toyota tumbled by more than 5 per cent in New York trading as Ray LaHood, US transportation secretary, heaped further pressure on the carmaker before backtracking to make it clear he meant owners should have vehicles fixed. Toyota has suspended sales of some of its most popular models in North America pending repairs to sticky accelerator pedals.

Mr LaHood's comments followed news that the Japanese government had ordered the company to investigate complaints of defective brakes on the Prius, the world's best-selling petrol-electric vehicle.

Toyota said it had received 77 complaints about the Prius through Japanese dealers and a further eight in the US by the end of last year. The US media have reported that about 100 Prius owners had contacted American authorities about the problem.

Toyota had enjoyed a shining reputation for quality and reliability, helping it to overtake General Motors in 2008 as the world's biggest carmaker.

But its image has been hit by mass recalls involving the defective accelerator pedals and out-of-position floor mats, which can jam accelerators and have been linked to several fatal accidents. US sales tumbled 16 per cent last month.

Mr LaHood said: "We need to fix the problem so people don't have to worry about disengaging the engine or slamming the brakes on or putting it in neutral." His advice to owners of

recalled vehicles was to "stop driving it. Take it to a Toyota dealer because they believe they have a fix for it."

Hours later, Mr LaHood sought to clarify his remarks, advising drivers that, if they owned one of the recalled cars, they should "take it to the dealer".

The transportation secretary planned to tell Akio Toyoda, Toyota's chief executive, "how serious this is, and to make sure that he understands".

In Japan, Toyota said the transportation ministry had "directed us to examine" complaints that brakes on the latest Prius model sometimes responded "sluggishly" on

bumpy or icy roads. Toyota said it knew of no accidents related to the issue.

While the Prius is not one of Toyota's top-selling cars, it is the industry's best-selling hybrid and synonymous in many people's minds with the Japanese carmaker. "It's the car that has brought hybrid vehicles into the public consciousness," said Al Bedwell of consultancy JD Power Automotive Forecasting. Steve Wozniak, co-founder of Apple, told a conference in San Francisco his Prius "has an accelerator that goes wild but only under certain conditions of cruise control".

The US House of Representatives' energy and commerce committee has asked Toyota to produce "all analyses and documents" that substantiate or conflict with its claim that electronics played no role in the problems with unintended acceleration.

The carmaker said the accelerator problem was "rare" and "generally does not occur suddenly". It had "found no evidence of a problem with our electronic throttle control system that could have caused unwanted acceleration".

