

GM recalls another 1.8m cars amid safety probe

CHICAGO, USA: General Motors announced its second massive recall in two months as it works to contain a growing scandal over the safety of its vehicles.



GM has recalled its Chevrolet Cobalt model over a faulty ignition. Image: GM

The latest recall is linked to three new problems and comes as a result of an internal probe into why it took the largest US car manufacturer so long to acknowledge a deadly ignition defect.

GM is facing multiple investigations by US authorities over its slowness to react to evidence linking a defective ignition switch to 31 accidents and 12 deaths caused by problems in its 2005-7 Chevrolet Cobalt and 2003-7 Saturn Ion models.

The problem was detected at the pre-production stage as early as 2001, but GM waited until last month to recall 1.6m vehicles in North America.

GM said the latest recall covered three different defects unrelated to the ignition problems, none tied to reports of accidents or injuries.

However, GM said it will take a US\$300m charge in the first quarter to cover the cost of the recalls and repairs.

The ignition recall is the first big crisis for new chief executive Mary Barra, who took the company's helm in January. She is the first woman to lead a major car manufacturing company.

Unvarnished report due

Barra responded forcefully, announcing she would release an "unvarnished" report following a thorough review and vowing to improve how GM handles defect reports.

"Today's announcement underscores the focus we're putting on the safety and peace of mind of our customers," Barra said.

"I asked our team to redouble our efforts on our pending product reviews, bring them forward and resolve them quickly," she added.

In a video statement to employees, Barra called the federal probes serious developments that shouldn't surprise anyone. "After all, something went wrong with our process in this instance and terrible things happened," she said.



GM's boss Mary Barra intends to release an unvarnished report over problems. Image: LinkedIn

Barra's transparency recognises the damage the company could face after painstakingly rebuilding its reputation following a 2009 government-backed bankruptcy.

GM faces only small official fines at the moment of a possible US\$35m - minute compared with the US\$155bn it earned in revenues last year.

Recalls

Ratings group Standard and Poor said that it would monitor the impact of the recalls on GM's competitive position.



GMs Saturn Ion model has also been recalled.
Image: Wikipedia.

"We believe reputational effects on GM could reduce the company's market share or pricing power, even though the company no longer produces the vehicles in question," the ratings agency wrote, adding that the financial impact should be manageable.

The bulk of the vehicles recalled were sold in the United States. Some 97,000 were sold in Canada and the remainder were sold in other markets around the world.

Of the vehicles recalled, 1.3m were due to a defective service air bag warning light. The defect could prevent air bags and seat belts from deploying during a crash.

That recall affects Buick Enclave and GMC Acadia models made between 2008 and 2013 model years, Chevrolet Traverse made between the 2009 and 2013 years, and Saturn Outlook models made between the 2008 and 2010.

A failure to comply with a head impact requirement for unrestrained occupants led to the recall of 355,000 Chevrolet Express and GMC Savana made between 2009 and 2014.

A problem with a brake booster pump which has been linked to two engine fires in unsold vehicles at dealerships led to the recall of 66,000 Cadillac XTS full-size sedan made between 2013 and 2014.

Source: AFP via I-net Bridge

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