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## A Quality-Related Suspect Issue with Kobe Steel Ltd. - Kobe Steel USA - Kobelco

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**Tracking Number**

DCS 1934

**Source of Issue**

Mainstream News Sources

**Source Tracking Number**

October 19, 2017

**Summary:** A quality-related Kobe Steel, Ltd. issue with regard to falsification of quality data surfaced on October 13, 2017. The issue is large and cross-cutting in nature, and has not been satisfactorily investigated at this point. The information contained within is derived from mainstream news sources, such as CNN, The New York Times, The Associated Press, Bloomberg, The Wall Street Journal, Japan Today, and Canada's CBCNEWS. The issue - of inferior metals with falsified documentation - is of such potential significance to warrant notification to DOE sites, and to issue minimum recommendations for actions that should be taken immediately. (Listed Actions below.)

**Description of Issue:** Below is a summary of what has been currently reported and is believed to be accurate.

Kobe Steel, Ltd., of Japan, with affiliates Kobe Steel USA and Kobelco, is one of the largest suppliers of metals and metal products in the world. The Kobe Steel company sells to at least twenty industrialized nations, and its client list includes over 500 major companies. Industries that utilize Kobe-supplied metals include automotive, aerospace, aviation, railways, including Japan's and Europe's bullet trains, and nuclear power.

Kobe Steel, Ltd., acknowledged in early October that it had falsified quality data for years and improperly certified aluminum, copper, iron, steel, and powdered steel used to make molded parts like gears, to companies around the world. The affected customers include Boeing, Ford, General Motors (GM), and other major American manufacturers.

Kobe Steel, Ltd., admitted on October 13, that it has falsified quality control tests on steel and other metals for over ten years, thus certifying materials that failed to meet requirements. The falsification information was originally reported regarding copper and aluminum, but has now spread to include iron and steel products, including powdered steel, often used in the electronics industry, and in research laboratories. Kobe has reported it discovered bogus inspections or falsified data for steel powder, aluminum flat-rolled products and castings, copper strips, tubes, and forgings, among many other products. These admissions by Kobe Steel cause concern regarding potential military, industrial, safety and nuclear applications.

The extent of usage of the falsely-credentialed metals is still unknown. In the automotive industry, Kobe provides products to Mitsubishi Corp, Mazda, Toyota, GM, Ford, Nissan, Subaru, and Honda. Automakers purchase millions of tons of steel and aluminum a year from a variety of producers, so it is difficult for the companies to tell what, if any danger, exists. In the aircraft industry, both Boeing and Airbus may be affected. One published article states that The Boeing (aircraft) Company, makers of both civilian and military aircraft, uses structural parts that are purchased from contractors such as Mitsubishi, Kawasaki, Subaru, and Nabtesco, all who use Kobe metals.

At this early date, there is no known failure event related to Kobe's products. However, the admission by Kobe is one that warrants sharing and further investigation. On October 17, Kobe Steel, Ltd., stated that its American unit, Kobe Steel USA, had received a request from the United States Justice Department for documents and records related to any substandard metals sold to customers in the United States. On October 18, the European Aviation Safety Agency issued a recommendation that aircraft companies suspend use of Kobe steel products.

**Immediate Actions:**

DOE recommends that DOE sites conduct an extent of condition review for Kobe Steel Ltd.- Kobe Steel USA – Kobelco products.