

What we know: the Volkswagen emissions test fraud scandal

September 26 2015, by Frank Jordans



In this March 12, 2015 picture Volkswagen CEO, Martin Winterkorn, looks at his watch. during the annual press conference of Volkswagen AG in Berlin. Volkswagen CEO Martin Winterkorn said Wednesday, Sept. 23, 2015 he is stepping down. (Jochen Luebke/dpa via AP)

Just one week ago Volkswagen was a company oozing confidence, the world's best-selling automaker with a global brand that appealed to car buyers seeking trustworthy German engineering at an affordable price.

Since then, the company's fortunes—and its share price—have crashed amid a scandal over rigged emissions tests. Here's what's known about the Volkswagen affair so far:

HOW DID IT START?

Researchers at West Virginia University, tipped off by an environmental group, conducted tests on several diesel vehicles and discovered that two Volkswagen models, a 2012 VW Jetta and a 2013 VW Passat, had much higher emissions than permitted. They reported their findings to the U.S. Environmental Protection Agency and the California Air Resources Board in May 2014, but VW stalled by blaming the problem on technical issues. Then EPA announced Sept. 18 that Volkswagen had skirted clean air rules by cheating on tests of its [diesel cars](#). Volkswagen CEO Martin Winterkorn issued an apology, stating that he was "deeply sorry that we have broken the trust of our customers and the public."

WHAT DID VW DO?

Diesel vehicles are more efficient than those powered by regular gas but emit higher levels of nitrogen oxides, or NOx, which can contribute to ozone buildup and respiratory illnesses. In Europe, where rules emphasize fuel economy, diesel vehicles are common but until recently they struggled to meet U.S. emissions limits on NOx. VW has admitting using software that allowed its diesel cars to fool U.S. emissions tests, releasing fewer smog-causing NOx during the tests than in real-world driving conditions.



Newly appointed Volkswagen CEO Matthias Mueller smiles during a press statement after a meeting of Volkswagen's supervisory board in Wolfsburg, Germany, Friday, Sept. 25, 2015, after CEO Martin Winterkorn resigned on Wednesday amid an emissions scandal. (AP Photo/Michael Sohn)

HOW BAD IS THE DAMAGE TO VW?



The exhaust of a Volkswagen Passat Bluemotion is photographed in Frankfurt, Germany, Thursday, Sept. 24, 2015. The software at the center of Volkswagen's emissions scandal in the U.S. was built into the automaker's cars in Europe as well, though it isn't yet clear if it helped cheat tests as it did in the U.S., Germany said Thursday. A day after longtime CEO Martin Winterkorn stepped down, a member of Volkswagen's supervisory board said that he expects further resignations at the automaker in the wake of the scandal. (AP Photo/Michael Probst)

The company's stock price has plummeted by a third over the past week, wiping billions off its market value. VW faces a potential fine of up to \$18 billion in the United States, though analysts say the real figure is likely to be significantly lower if the company cooperates with regulators. Still, consumer groups and shareholders have threatened to sue the company and VW can expect lower sales as buyers steer clear of its

vehicles. So far, the company has set aside around 6.5 billion euros (\$7.3 billion) to cover the costs of the scandal.

WHO IS RESPONSIBLE?

Volkswagen CEO Winterkorn said he was unaware of the wrongdoing but took responsibility for the scandal by stepping down. Industry analysts say Winterkorn, an engineer by training, would have had to have known about such a far-reaching scheme. If not, he failed to properly oversee the company. On Friday, VW's supervisory board recommended suspending "some employees," according to chairman Berthold Huber. Volkswagen did not say who the employees were or where they worked. Whoever is responsible could face criminal charges in Germany.

HOW MANY CARS ARE AFFECTED?



In this June 25, 2012 file photo Porsche CEO Matthias Mueller, right, and Volkswagen CEO Martin Winterkorn sit in a Porsche Boxster S during the Porsche shareholders' meeting in Stuttgart, southern Germany. (Franziska Kraufmann/dpa via AP)

Initially, VW said almost 500,000 diesel cars in the United States were affected. These included the Audi A3, VW Jetta, Beetle, Golf and Passat models built with Type EA 189 diesel engines in the last seven years. The company later acknowledged the software had been fitted to some 11 million vehicles worldwide since 2008, including in 2.8 million vehicles in its home market of Germany.

HOW WILL VW FIX IT?

The company faces three big challenges ahead: satisfying regulators that it now meets all the emissions rules, rebuilding customers' trust in its tarnished brand and restoring investor confidence. VW has already pledged to cooperate with the EPA and other regulators investigating the emissions fraud and replaced Winterkorn with Porsche chief Matthias Mueller. According to a report Saturday by German daily Handelsblatt, VW is planning to offer a free fix for the 11 million affected vehicles and customers will be contacted in the coming weeks.

CAN OTHER CAR COMPANIES GET AWAY WITH SIMILAR SCHEMES?

It's not clear right now if any other car companies were involved in similar schemes to cheat the U.S. emissions tests. The EPA said Friday, however, it will change the way it tests diesel emissions, adding on-road tests to check for "a potential defeat device" similar to the one used by Volkswagen. The testing would be in addition to standard emissions tests.

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