

Scandal-hit VW to change diesel emissions technology

October 13 2015, by David Mchugh



In this Sept. 24, 2015, file photo, the grille of a Volkswagen car for sale is decorated with the iconic company symbol in Boulder, Colo. Volkswagen said Monday, Oct. 12, 2015, it is recalling 1,950 diesel vehicles in China while Singapore announced it is suspending sales of the company's diesel cars in the wake of the German automaker's emissions cheating scandal. (AP Photo/Brennan Linsley, File)

Volkswagen's flagship brand plans to change its diesel technology in

Europe and North America as well as develop new hybrid and electric vehicles in response to its emissions scandal.

The new steps were part of a plan to confront the company's scandal over cars that were equipped with computer software that let them evade U.S. emissions tests.

Volkswagen division head Herbert Diess said in a statement Tuesday the company would change its approach to diesel emissions in Europe and North America and adopt so-called selective catalytic converter technology, or SCR. That is a system that injects the chemical substance urea into the exhaust stream to neutralize harmful nitrogen oxides.

He said that change would come "as soon as possible."

Diess also said the company would reduce spending on investments by 1 billion euros (\$1.1 billion) and redouble efforts to cut other costs.

Volkswagen will expand its modular construction system—which involves sharing technical specifications and parts across different models to save money—to include new plug-in hybrid and electric vehicles.

The company additionally plans to turn the next version of its large Phaeton luxury sedan into an electric-only vehicle to demonstrate the company's technological competence.

The Phaeton, a project introduced by former CEO Ferdinand Piech, has been criticized as a money-loser. The Piech and Porsche families own the majority of voting shares in Volkswagen through a holding company.

"The Volkswagen brand is repositioning itself for the future," Diess said in a statement. "We are becoming more efficient, we are giving our

product range and our core technologies a new focus, and we are creating room for forward-looking technologies by speeding up the efficiency program."

Diess is a recent hire from competitor BMW, where he oversaw development of new models including the i3 electric and i8 plug-in hybrid vehicles.

Volkswagen AG, whose other brands include Audi and Skoda, is facing a crisis after U.S. authorities said it evaded emissions checks on 482,000 vehicles. The company has set aside 6.5 billion euros (\$7.3 billion) to cover the costs of recalls and fines. But analysts say the costs in terms of fines and lost sales will likely be considerably higher.

Earlier, the governor of Germany's Lower Saxony state, which holds a 20 percent stake in Volkswagen, said the automaker should have admitted earlier that it manipulated emissions data in the U.S.

Volkswagen acknowledged the deception to U.S. regulators on Sept. 3, more than a year after researchers published a study showing the real-world emissions of two VW models were far higher than allowed.

Governor Stephan Weil told Lower Saxony's state legislature on Tuesday that "this confession should clearly have come a great deal earlier—another serious mistake," news agency dpa reported.

Weil sits on Volkswagen's board of directors. He has said that the state's representatives were "completely surprised" by the emissions scandal and vowed to work to protect jobs.

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