

Embattled VW sinks deeper into mire of emissions-cheating scandal

November 4 2015, by Simon Morgan



Logos of German car maker Volkswagen are pictured at a sales branch in Dunkerque (Dunkirk), northern France, on November 4, 2015

Shares in Volkswagen took a fresh battering Wednesday after a massive pollution scandal engulfing the company widened to include petrol as well as diesel engines.

VW shares were once again the biggest losers on the Frankfurt stock exchange.

They closed 9.5 percent down to 100.45 euros after the firm said it had uncovered new anomalies—this time in the carbon dioxide (CO₂) emission specifications of engines in as many as 800,000 vehicles.

Of those, 98,000 were petrol-driven, German transport minister Alexander Dobrindt told parliament.

The announcement added a new dimension to an affair which has so far centred only on the group's diesel vehicles.

The irregularities could have serious financial consequences for VW, already facing tens of billions of euros in potential fines and lawsuits.

Dobrindt said customers should not be expected to have to pay the higher tax if VW had deliberately understated the vehicles' CO₂ emissions.

"We see it as VW's duty to ensure that customers face no additional costs," he said on the n-tv news channel.

'Litany of lies'

VW has lost nearly 40 percent in market capitalisation since September, when the cheating revelations broke.

Until now, the scandal had centred on so-called defeat devices, sophisticated software fitted into diesel engines to skew the results of tests for nitrogen oxide emissions.

Nitrogen oxide is a pollutant associated with respiratory problems. In

contrast, CO₂ is a greenhouse gas which traps heat from the Sun and is blamed for man-made climate change.

Tackling CO₂ is becoming a rising priority in many countries, especially in Europe, where cars are often taxed according to their carbon emissions.

Late Tuesday, the auto giant said an internal probe had uncovered "inconsistencies" on carbon emissions as well, affecting not only diesel engines but petrol engines, too.



Traders work in front of a board displaying Germany's share index DAX on November 4, 2015 at the stock exchange in Frankfurt am Main, western Germany, as shares in Volkswagen took a renewed battering

"When will this litany of lies end?" asked Greenpeace campaigner

Daniel Moser.

He called on governments and regulators to "end this continued deception and ensure Volkswagen upholds emissions standards."

Volkswagen has found itself at the centre of a worldwide storm and the object of both regulatory and criminal investigations in a range of countries since mid-September when it admitted to fitting 11 million of its diesel vehicles with defeat devices.

These turn on pollution controls when cars are undergoing tests and off when they are back on the road, allowing them to spew out nitrogen oxide at excessive levels.

Initially, the allegations involved smaller 1.2, 1.6 and 2.0-litre diesel engines.

But on Wednesday, the US accused the carmaker of fitting the devices on its larger 3.0-litre diesel vehicles, as well, charges VW adamantly denied.

The US authorities said VW's high-end brands, Audi and Porsche, were also implicated.

With regard to the possible cheating on its carbon emissions, a VW spokesman said that the 1.4, 1.6 and 2.0 litre motors of VW, Skoda, Audi and Seat vehicles are affected and these cars had been found to be releasing more of greenhouse gas CO₂ than previous tests had shown.

In Berlin, Chancellor Angela Merkel's spokesman said the government "believes the accusations are serious and that Volkswagen has a duty to transparently and fully clear them up. Volkswagen has made this promise."

'Painful process'

Chief executive Matthias Mueller, who was parachuted in last month to steer VW out of the current crisis, said the company would "stop at nothing in clarifying the circumstances."



Matthias Mueller, CEO of German car maker Volkswagen, poses before addressing journalists at an assembly line of the VW plant in Wolfsburg, central Germany, on October 21, 2015

But the inclusion of Porsche vehicles among those alleged to contain defeat devices could trip up Mueller, who was drafted in from the luxury sports car unit to replace Martin Winterkorn, who resigned at the height of the scandal.

VW, the world's number two carmaker by sales, had swiftly denied the new US charges, but vowed to "cooperate fully with the EPA (to) clarify this matter in its entirety."

Audi and Porsche similarly denied the allegations.

For Ferdinand Dudenhoeffer, auto expert at the University of Duisburg-Essen, "any trust still left in the company has now completely evaporated."

He suggested the potential costs of the scandal would be at least 50 billion euros.

Financial burden



A measuring hose for emissions inspections in diesel engines sticks in the

exhaust tube of a Volkswagen (VW) Golf 2,0 TDI diesel car at a garage in Frankfurt an der Oder, eastern Germany, on October 1, 2015

The scandal is already hurting the finances of both VW and the holding company Porsche SE, which holds a stake of 32.4 percent in the carmaker.

Last week, VW booked its first quarterly loss in more than 15 years as it set aside 6.7 billion euros to cover the initial costs of the scandal.

Separately, Porsche SE said Tuesday's revelations could have a "negative impact" on its own results.

VW's troubles in the US mounted further as it announced a new recall for several car models for an engine fault that could weaken braking and cause a crash.

VW said the voluntary recall covered 91,800 gasoline-engined cars from the 2015-2016 model years, including Beetle, Golf, Jetta and Passat vehicles.

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Citation: Embattled VW sinks deeper into mire of emissions-cheating scandal (2015, November 4) retrieved 17 July 2024 from

<https://phys.org/news/2015-11-embattled-vw-deeper-mire-emissions-cheating.html>

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