

## Volkswagen to launch more electric cars after diesel scandal

June 16 2016, by David Mchugh

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Volkswagen AG, CEO, Matthias Mueller, attends a news conference at the company's headquarters in Wolfsburg, Germany, Thursday June 16, 2016. German automaker Volkswagen plans to intensify its push into electric vehicles as it fights to bounce back from a scandal over diesel cars rigged to cheat on emissions tests. CEO Matthias Mueller said Thursday the company plans to introduce more than 30 electric-powered vehicles by 2025, and to sell 2 to 3 million of them a year. ( Julian Stratenschulte/dpa via AP)

German automaker Volkswagen plans to ramp up its offerings of electric vehicles as it fights to bounce back from a scandal over diesel cars

rigged to cheat on emissions tests.

The electric campaign is part of a wide-ranging review of the company's strategy that also includes increasing profitability, investing in new ways of getting around that don't necessarily involve owning a car, and making the company's management more open and trustworthy.

CEO Matthias Mueller said Thursday the company plans to introduce more than 30 electric-powered vehicles by 2025, and to sell 2 to 3 million of them a year. To support that ambitious plan, the company wants to increase its in-house expertise in battery technology. Improving battery range is expected to be a key factor in getting more people to buy electric cars.

Mueller made the announcement as he unveiled the results of a top-to-bottom review triggered by the scandal that erupted in September 2015 and dubbed "Together - Strategy 2025."

The new plan includes a focus on digital mobility, which could include things like ride-sharing or car-sharing based on smartphone apps, for instance.

The company also set as a goal increasing the profitability and controlling costs. That was particularly true of the core Volkswagen brand, which is barely making money; most of the company's profits in the first quarter came from its luxury brands Audi and Porsche, which tend to have much higher profit margins. Mueller said the company intended to increase operating profit margins for the entire group from the current 6 percent to 7-8 percent by 2025.



In this Jan. 5, 2016 file photo Volkswagen unveils the e-Golf Touch electric car during a keynote address at CES International in Las Vegas, United States. CEO Matthias Mueller said Thursday, June 16, 2016, the company plans to introduce more than 30 electric-powered vehicles by 2025, and to sell 2 to 3 million of them a year. (AP Photo/John Locher, file )

Volkswagen costs are higher in part because it has powerful employee representatives under German law who make it harder to shed workers, outsource work or move production. With around 610,000 employees, it sold just slightly fewer cars last year than Toyota, which has 344,000 employees.

The company also sought to make its management more open and less convinced it knows best how to do things without consulting partners or outside advice.

"Our most important currency is trust," Mueller said at a news

conference at the company's Autostadt, or Auto City, visitor center next door to its headquarters in Wolfsburg, Germany. He acknowledged the difficulty of winning back public confidence after the scandal.

Mueller said the company would need more electric vehicles to meet increasingly tight government limits on emissions of carbon dioxide, the greenhouse gas blamed by scientists for global warming, and other pollutants. He said, however, that the company would keep a major focus on developing and selling internal combustion engines.



Volkswagen AG, CEO, Matthias Mueller, arrives for a press conference at the company's headquarters in Wolfsburg, Germany, Thursday June 16, 2016. German automaker Volkswagen plans to intensify its push into electric vehicles as it fights to bounce back from a scandal over diesel cars rigged to cheat on emissions tests. CEO Matthias Mueller said Thursday the company plans to introduce more than 30 electric-powered vehicles by 2025, and to sell 2 to 3 million of them a year. ( Julian Stratenschulte/dpa via AP)

Volkswagen bet heavily on diesels to meeting car emissions goals. But that strategy suffered a blow after the company was discovered to have met emissions tests using engine control software that turned emission controls on when the car was on a test stand and turned them off in everyday driving.

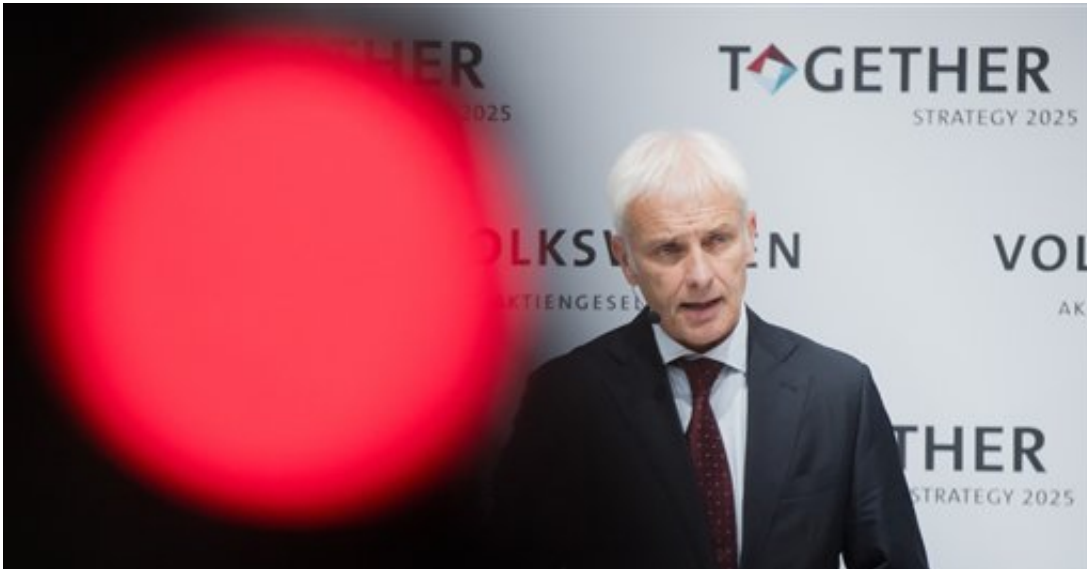
The company is currently working out a settlement with U.S. authorities in federal court in San Francisco to repair or replace some 500,000 cars with the problematic software. Some 11 million cars were sold with the software worldwide.

A federal judge in San Francisco on Wednesday gave Volkswagen and attorneys for vehicle owners affected by the company's emissions cheating scandal more time—until June 28—to reach a final settlement proposal. The deadline also applies to any agreements Volkswagen reaches with the U.S. Justice Department and the Federal Trade Commission.

The company has set aside at least 16.2 billion euros (\$18.1 billion) from last year's earnings to cover the costs of recalls and fixes. Mueller said Thursday that he had no reason to increase that sum based on what he knows now, but that that could change after the U.S. settlement is finally agreed.



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In this Sept. 14, 2015 file picture then Porsche AG CEO Matthias Mueller presents the new Porsche Mission E electric car of the Volkswagen Group to the guests of the 'Volkswagen Group Night' at the International Motor Show IAA, in Frankfurt/Main, With 'Strategy 2025' now Volkswagen CEO Matthias Mueller will introduce the strategy until the year of 2025 in Wolfsburg, Germany, on Thursday June 16, 2016. ( Fredrik von Erichsen/dpa via AP,File)





A glass of water stands on the speaker's desk prior to the start of a press conference at Volkswagen headquarters in Wolfsburg, Germany, Thursday June 16, 2016. With 'Strategy 2025' Volkswagen introduces its strategy until the year of 2025. ( Julian Stratenschulte/dpa via AP)

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