

# Renault targeted in new 'dieselgate' scandal

January 13 2017

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Renault shares were trading 2 percent lower at 84.75 euros around 1300 GMT Friday, having opened over one percent higher

A year and a half after Volkswagen's "dieselgate" erupted, Paris prosecutors are probing Renault over possible "cheating" in diesel emissions, sending the carmaker's shares sliding on the stock exchange.

While VW is still counting the cost of an unprecedented emissions scandal that shook not only the auto sector, but the whole of German industry to the core, similar allegations are now being levied against

other carmakers, notably Italian-American giant Fiat Chrysler and France's Renault.

Just a day after US officials said VW would plead guilty to three criminal charges and pay a total of \$4.3 billion in fines to settle its scandal, the US Environmental Protection Agency charged that Fiat Chrysler had hidden software on diesel trucks that allowed them to spew out excess emissions.

And then on Friday, prosecutors said they'd look into possible cheating by Renault after independent French experts found dangerously high levels of emissions from diesel engines of several carmakers, including Renault.

## **Renault denies allegations**

Around 1300 GMT, Renault shares were showing a loss of 1.5 percent at 84.95 euros, while the overall CAC 40 index was up by around 1.0 percent. The shares had plunged by more than more than four percent immediately after the announcement.

Renault insisted its engines complied "with French and European regulations".

"Renault vehicles are all and have always been homologated in accordance with the laws and regulations. They are compliant with the applicable standards.

"Renault vehicles are not equipped with cheating software affecting anti-pollution systems."

For its part, Fiat Chrysler also denied the charges and pledged to work with President-elect Donald Trump's administration to resolve the issue

"fairly".

But Britain has lodged an urgent request with US authorities for information on the allegations against Fiat Chrysler.

The EPA said undisclosed software on the 2014 to 2016 models of Grand Cherokees and Dodge Ram 1500 trucks sold in the United States allowed the vehicles to emit more nitrogen oxides than permitted.

The EPA is working with the California Air Resources Board (CARB), which originally accused VW and is also investigating Fiat Chrysler.



French carmaker Renault is under suspicion of "cheating" in emissions tests, the French prosecutors office said

## **Fiat Chrysler confirms targets**

Despite the accusations, Fiat Chrysler reaffirmed its earnings targets for 2018.

"We confirm our targets. This issue won't impact our programmes," Fiat Chrysler chief Sergio Marchionne said in an interview with a number of Italian media.

The group is aiming to lift sales to 136 billion euros by 2018, compared with 113 billion euros in 2015.

Bottom-line profits are projected to come out at 4.7-5.5 billion euros, compared with two billion euros in 2015.

But the EPA said that Fiat Chrysler could face fines of up to \$4.6 billion.

"We haven't committed any fraud. This is not at all comparable to the Volkswagen affair," said chief executive Marchionne.

"Volkswagen put in place device that was able to distinguish whether the vehicle was undergoing an emissions test or whether it was out on the road," while Fiat Chrysler's did not, he insisted.

"Our diesel engines were built by European technicians who are used to European norms. That could be the cause of the problem," he continued.

"I don't think that these issues are insurmountable."

The accusations had sent Fiat Chrysler shares more than 16 percent lower in Milan on Thursday, but they bounced back on Friday, showing a gain of 4.4 percent.

"The case is different to the Volkswagen one," said Equita analysts.

It was difficult to make any predictions about the possible financial consequences for Fiat Chrysler, but the estimation of a possible fine of \$4.6 billion seemed "excessive," they said.

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Citation: Renault targeted in new 'dieselgate' scandal (2017, January 13) retrieved 23 April 2024 from <https://phys.org/news/2017-01-france-renault-emissions-fraud.html>

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