

'Dieselgate' drags on for VW and Bosch with new payouts

February 1 2017, by Tom Barfield



Volkswagen admitted in September 2015 to building so-called "defeat devices", designed to reduce harmful emissions during regulatory testing

German carmaker Volkswagen and auto parts supplier Bosch on Wednesday announced payouts to US buyers of vehicles affected by the "dieselgate" scandal, in a bid to put the American chapter of the tale behind them.

Volkswagen admitted in September 2015 to building so-called "defeat devices" designed to hoodwink regulatory emissions tests into around 11 million cars worldwide, including 600,000 in the US, and has been clocking up fines and compensation payments ever since.

VW said in a statement it will pay \$1.2 billion (1.1 billion euros) to compensate around 78,000 US buyers of 3.0-litre diesel cars as well as buying back or refitting their vehicles.

Owners of 3.0-litre VW, Audi, and Porsche diesel models dating from 2009-16 are the last group of customers to be compensated by VW over dieselgate.

The amount brings the total in fines and compensation the Wolfsburg-based group has agreed in the US to more than \$23 billion.

Meanwhile, Bosch said in its own statement that it will settle "the most substantial part of criminal law proceedings pending" in relation to the emissions cheating scandal with a \$327.5 million payout to car owners and dealers.

Stuttgart-based Bosch is the world's largest car parts supplier and a household appliance giant, reporting 2016 revenues of 73.1 billion euros last week.

The family-owned group is accused of helping Volkswagen conceal the existence of the software, elements of which Bosch itself supplied.

Bosch's deal will see it compensate buyers of 2.0-litre diesel cars from Volkswagen and subsidiary Audi between 2009 and 2015, as well as 3.0-litre VW, Audi, and Porsche diesels bought between 2009 and 2016.

But the company said it "neither acknowledges the facts as alleged by the

plaintiffs nor does Bosch accept any liability."

Bosch has "neither admitted anything nor covered anything up," a spokesman told AFP.

By contrast, VW admitted earlier in January to conspiring to deceive its customers and US authorities and to obstructing justice by destroying documents, adding \$4.3 billion in fines to the dieselgate tally.



Bosch made some elements of the "defeat devices" that Volkswagen installed in 11 million diesel engines to minimise emissions during regulatory testing

Moving on?

Both Bosch and VW are keen to leave the diesel scandal behind them, with the carmaker especially keen to restore its image after sales

plummeted in the Americas last year.

VW plans to slim down, shedding some 30,000 jobs by 2020, as well as making a turn towards new technologies including self-driving cars and introducing a slew of electric models.

As a major supplier to the entire German car industry, Bosch too wants "to devote our attention and our resources to the transition in mobility and in other areas of activity," chief executive Volkmar Denner said in its statement.

Presenting provisional results for 2016 last week, the family-owned firm said it was investing billions in electric cars and connected objects.

But with the proposed agreement affecting only civil law claims, Bosch added that it "will continue to defend its interests in all other civil and criminal law proceedings and to cooperate comprehensively with the investigating authorities in Germany and other countries."

Meanwhile, it remains under investigation in both Germany and the United States and is running its own internal investigation "prioritising thoroughness over speed," the spokesman said.

Neither does VW's deal bring it out of the woods.

The auto giant has always maintained that its top executives first found out about dieselgate in September 2015.

But German prosecutors on Friday opened an investigation into former CEO Martin Winterkorn on suspicion of fraud, saying he may have known earlier than he has so far admitted about the cheating.

If it is proved that Winterkorn knew about the cheating earlier and

colluded in covering it up, VW's legal bills could skyrocket.

The firm faces claims from investors in Germany saying it withheld relevant information from them, causing them to lose out as the shares plunged when the emissions cheating was revealed.

Along with Winterkorn, investigators are looking into former finance director Hans Dieter Poetsch—now supervisory board chairman—and VW brand chief Herbert Diess on suspicion of holding back information from shareholders.

In a sign that dieselgate continues to make waves at the carmaker, compliance chief Christine Hohmann-Dennhardt, a former judge, stepped down last week—just a year after she was brought to help clean up VW's image.

Volkswagen shares were up 1.49 percent at 146.05 euros at 1240 GMT Wednesday, slightly outperforming the Dax index of leading German shares.

© 2017 AFP

Citation: 'Dieselgate' drags on for VW and Bosch with new payouts (2017, February 1) retrieved 3 May 2024 from <https://phys.org/news/2017-02-dieselgate-vw-bosch-payouts.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
