

# Decision looms for Berlin on diesel refits

October 1 2018, by Daphne Rousseau With Tom Barfield In Frankfurt

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Will Germans, or German carmakers breathe easier after the government makes a decision on how to deal with dirty diesels?

German Chancellor Angela Merkel's government is slated to agree late Monday how to clean up city air polluted by diesel exhaust and who will foot the bill, after protracted wrestling with the powerful car industry.

Three years have passed since Volkswagen's 2015 admission to installing

cheating devices in 11 million vehicles worldwide that allowed them to secretly spew far more harmful nitrogen oxide (NO<sub>x</sub>) than legally allowed.

In the meantime, other carmakers like BMW and Daimler have been targeted in official probes, while courts have opened the way for German cities to ban the dirtiest diesels to meet EU air quality targets, in some cases even ordering them to do so.

Government and industry have been searching for months for a solution that spares the sector—a pillar of the German economy employing more than 800,000 people—while cleaning up urban air and pacifying drivers whose vehicles could plummet in value.

Many in Merkel's conservative CDU/CSU alliance and car company bosses prefer the option of selling millions of new cars to replace the more polluting older models.

"The fastest and best way for the environment is to replace the old fleet with a new one," the chancellor said Thursday ahead of her talks with executives.

Tabloid-style Bild am Sonntag reported Sunday that carmakers could stump up as much as 10,000 euros (\$11,609) per vehicle to encourage drivers in 14 of the dirtiest towns to make the switch.

But a transport ministry spokeswoman told AFP "we are working on a solution that isn't just targeted at a few affected cities".



Greenpeace activists wearing white morphsuits with lungs painted on them demonstrated for clean air in Stuttgart in February. The sign read: "We have the right to clean air"

### **'Customer should not pay'**

NO<sub>x</sub> and other fine particles have been linked to respiratory illnesses and heart problems, leading to thousands of premature deaths each year.

Some 70 German cities including Munich, Stuttgart and Cologne recorded average nitrogen dioxide levels above EU thresholds in 2017, according to the Federal Environment Agency.

The gravity of the problem means some of Merkel's conservatives and

her junior coalition partners, the Social Democrats (SPD), are loath to be seen as rewarding auto bosses for their perceived dodgy dealing.

They urge instead that the companies should pay for older cars to be refitted with more effective exhaust treatment systems.

"There will be possibilities for some to obtain a refit" in the final deal, Merkel promised, adding that "in this case, we believe that the customer should not have to pay anything."

Environment Minister Svenja Schulze also stressed that it was "the car industry that got us into trouble, and it should pay for it".

Carmakers have so far responded to "dieselgate" by offering German drivers software upgrades and trade-ins, but they have resisted costly hardware fixes.



Volkswagen and its fellow German carmakers are spending heavily to develop electric vehicles, like this I.D. concept car VW presented last year

Last week the Frankfurter Allgemeine Zeitung reported the firms are only planning to extend a partially funded refit for vehicles built to the so-called Euro-5 standard, which covers cars registered from September 1, 2009.

## **Future at stake**

The contrast between carmakers' ability to dig in their heels in Europe, compared with Volkswagen's mammoth bill for fixes and buybacks in the United States, has riled consumer advocates.

In 2016 the carmaker reached a \$14.7 billion settlement in a class action suit under which it offered compensation to nearly half a million affected diesel owners, who were also eligible for buybacks or free modifications to fix the vehicles' emissions.

Dieselgate has so far cost Volkswagen 27 billion euros in compensation, buybacks, fines and legal costs and the group remains entangled in legal woes at home and abroad.

Nevertheless, it booked 11.4 billion euros in profit for 2017.

Industry bosses say that rather than paying for refits, their cash piles are needed to fund investments in future mobility, as pressure mounts to compete in battery-electric vehicles, self-driving cars and digital services.

And with new tighter limits on emissions of greenhouse gas carbon dioxide (CO<sub>2</sub>) biting in the EU from 2021, manufacturers are eager to get as many of their newest, cleanest cars on the road as possible to minimise their exposure to fines.

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