

Audi to pay mega fine in VW's latest dieselgate fallout

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The Audi fine closes one dieselgate chapter for VW, but it's not in the clear yet

Auto giant Volkswagen cleared a new hurdle in its "dieselgate" scandal Tuesday, paying a hefty fine to close a German investigation into subsidiary Audi, but the group is not yet in the clear over its years of

emissions cheating.

In a statement, Volkswagen said high-end manufacturer Audi had agreed to pay an 800-million-euro (\$927 million) fine issued by Munich prosecutors.

"Audi AG has accepted the fine" for "deviations from regulatory requirements in certain V6 and V8 diesel aggregates (motors) and diesel vehicles", the group said.

In their own communique, Munich prosecutors confirmed their so-called "administrative proceeding" against Audi was now "closed."

VW admitted in 2015 to building so-called "defeat devices" into 11 million cars worldwide, in a massive cheating scandal dubbed "dieselgate".

Software allowed vehicles to appear to meet emissions rules under lab conditions, while in fact spewing many times more harmful gases like nitrogen oxides (NOx) on the road.

Tuesday's fine brings the total costs to Volkswagen from dieselgate to more than 28 billion euros since 2015—most of that in penalties, buybacks and refits in the United States.

VW paid a one-billion-euro penalty to Brunswick prosecutors in June over its own-brand vehicles.

The fines leave just sports car subsidiary Porsche still facing an "administrative" diesel case among the group's companies.

And while the June fine flowed into a total of 1.6 billion euros paid out over dieselgate in the second quarter, the car giant reported profits up

3.4 percent year-on-year between April and June, at 3.3 billion.

Relieved investors welcomed the Audi news, with Volkswagen shares rebounding from an initial drop to gain 2.5 percent at 148 euros by 12:50 pm (1050 GMT).

Managers on the hook

Despite Tuesday's agreement, other probes against individual managers and executives from the VW group remain open.

Targets include former chief executives Martin Winterkorn and Matthias Mueller, present VW boss Herbert Diess and supervisory board chairman Hans Dieter Poetsch.

At Audi itself, former chief executive Rupert Stadler was removed from his post by VW earlier this month.

Prosecutors had jailed him in June, saying this was necessary to stop him trying to influence witnesses in his case over fraud and issuing false certificates.

In a Brunswick court case, investors are pursuing Volkswagen with claims totalling some 9.0 billion euros over the shares' 40-percent plunge in value in the days after "dieselgate" was unveiled.

They say executives should have informed them sooner of the risks to the group.

And a similar case with a potential billion-euro price tag is underway in Stuttgart against holding company Porsche SE, which owns a controlling stake in VW.

Meanwhile the German government has opened a route for car owners to launch collective cases against the manufacturers, with a first one expected for early November.

Reshaping industry

The dieselgate fallout is far from confined to Volkswagen alone.

German car industry stalwarts like BMW or Mercedes-Benz parent Daimler have also become the targets of official probes, while French-owned Opel was confronted with a new investigation on Monday.

What's more, tough new emissions rules are squeezing carmakers to reduce their fleets' output of both greenhouse gas carbon dioxide (CO₂) and harmful NO_x.

A new EU emissions testing scheme known as WLTP has slowed deliveries of new cars, slashing registrations by 30.5 percent in September.

And drivers of older diesels face looming bans from many German city centres as the country scrambles to meet EU air quality targets.

"The current campaign against individual mobility and thereby against cars is reaching existential scale," VW chief executive Herbert Diess complained to a component makers' conference Monday, business daily Handelsblatt reported.

In a study seen by the same paper, the Center of Automotive Management commented more drily that "the fat years for the car industry are over" as a new environment of trade wars and tougher emissions rules bites into sales and margins.

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