

THE EU VEHICLE TESTING REFORM:

HOW CAN NEW TYPE APPROVAL FRAMEWORK REGULATION AVOID FUTURE EMISSION SCANDALS

**JULIA POLISCANOVA
AIR QUALITY MANAGER**

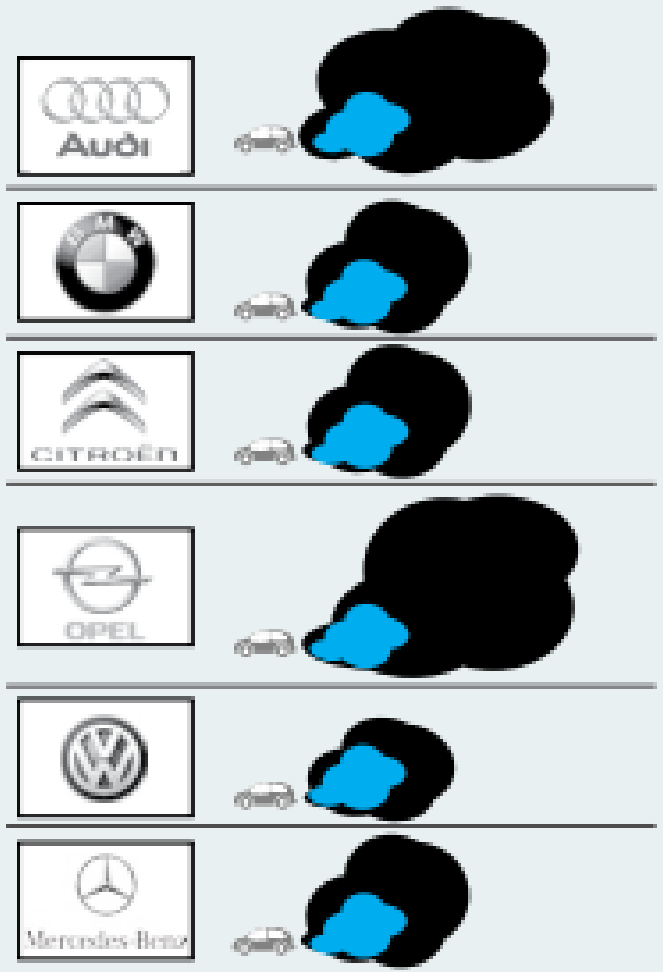
MARCH 2017

DON'T BREATHE HERE


beware the invisible killer

Tackling air pollution from vehicles
September 2015

Above and beyond the safe limit



 What they should emit (law limit)

 What they actually emit (on average above the limit)



THE TIMES

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Wednesday September 23 2015 | thetimes.co.uk | No 71710

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Volkswagen in meltdown

after fake diesel tests

Drivers face mass recall as share price

Robert Lea Industrial Editor
Graeme Paton Transport Correspondent

Hundreds of thousands of Volkswagen drivers in Britain are facing a mass recall of their vehicles after the scandal engulfing the carmaker spread around the world yesterday.

The German company admitted that 11 million of its cars worldwide were affected by a scam in which it deliberately cheated the testing of its diesel models for toxic emissions.

VW Group suffered a heavy blow on the Frankfurt stock exchange, with its shares falling by 20 per cent for the second consecutive day. A total of £2.1 billion has now been wiped off the value of the company since the start of the week.

Martin Winterkorn, VW's chief executive, reiterated his earlier apologies last night, saying that he was "endlessly sorry... for the wrongdoing".

On Friday the US Environmental Protection Agency said that VW diesel cars had much higher emissions than tests had suggested and that software in several diesel cars could deceive regulators. Half a million cars in the US were recalled. The agency found a "defeat device" that allowed diesel VW cars to emit less during tests than they would while driving normally.

The New York attorney-general has announced an investigation into the carmaker. In Britain, the Department for Transport also called on the EU to open an inquiry, amid fears that other manufacturers may have been cheating emissions tests.

In a letter to the European Commission, Patrick McLoughlin, the transport secretary, said that officials must "take appropriate action to avoid a reoccurrence".

He added: "I am sure that the commission will be waiting for the regulations by the German VW and some of the manufacturers. It is clear that it would reform its testing regime early."

VW has announced a £6.5 billion "discrepancy" to its customers or suppliers. The company's CEO said that it had not revealed global headquarters how it should be collecting its customers or suppliers. He said that it would recall cars to nitrogen oxide levels permitted in Britain, known to be a "defeat device".

The diesel modification for having so many models regulated by the Beetle, Passat, and Golf 2009 and last year's brand, the Audi A3.

VW Group indicated other volume brands, Skoda and Seat, might also be under scrutiny. VW Group is by some way the biggest seller of cars, and of diesel variants, in Britain. VW, Audi, Skoda and Seat account for about a fifth of all UK new car sales — about 500,000 a year.

As speculation grew over whether other carmakers had been engaging in similar practices, shares in BMW and Daimler, the maker of Mercedes-Benz, also fell.

Michael Horn, VW's American chief, had said earlier: "Our company was not involved in this."

Continued on page 7, col 3



CARLOS CALVO

Federación Europea de Transporte y Medio Ambiente



resignation

Martin Winterkorn at Volkswagen's annual meeting in May

IN THE NEWS

Early death warning

Women can expect to die earlier in Britain than in almost any other country in western Europe, according to a study by the World Health Organisation. Page 4

Flying visits to end

Visits to the sick and elderly lasting 15 minutes or less must be used only in a care package that includes longer periods spent with patients, the health watchdog has said. Page 9

Pressure on Corbyn

Jeremy Corbyn could be forced into an early confrontation over Trident, Syria and welfare in a series of votes at the Labour conference next week. Page 13

credited with turning VW into a global rival to Toyota and General Motors. But he was confounded by the worst scandal in the company's 78-year history.

VW has been reeling since the US Environmental Protection Agency revealed that the company had fitted its diesel vehicles with software that could be used to manipulate emissions tests, and demanded the recall of nearly 500,000 VW cars.

The carmaker later announced that up to 11m of its vehicles worldwide could be affected and said it had set aside €6.5bn to cover potential costs.

The scandal reverberated across the industry, dragging down the shares of US, French and German carmakers and raising questions about the future of diesel technology.

Yesterday, prosecutors in Lower Saxony, the German state where VW is based, said they were considering a preliminary investigation into certain

years at the helm of VW, a colossus employing 600,000 people and comprising 12 brands from the mass-market Skoda to premium sports car marque Porsche.

Revenues during his reign almost doubled to €200bn as he drove the company from number three in global sales to the top slot in the first half of this year, ousting perennial leaders GM and

only admitted to using the software this month, despite having been alerted to the suspicious test results last year.

Stefan-Guenter Bauknecht, head of global equity research at Deutsche Asset and Wealth Management, which has a large stake in VW, said Mr Winterkorn's move was a "good decision for shareholders". He added: "In a Greek drama there is catharsis — that is what you want to see." VW's shares closed up 5 per cent at €111.5 in Frankfurt.

VW's supervisory board will consider possible replacements for Mr Winterkorn at its meeting tomorrow, with Porsche chief executive Matthias Müller



FINANCIAL TIMES

THURSDAY 24 SEPTEMBER 2015

WORLD BUSINESS NEWSPAPER

UK £2.70 Channel Islands £3.00; Republic of Ireland €3.00

Joking apart

Beware trying to make foreigners laugh — MICHAEL SKAPINKER, PAGE 14

Briefing

Robinson rejects 'scurrilous' claims

Peter Robinson, former first minister of Northern Ireland, has rejected "scurrilous" claims by a loyalist blogger that he was to be paid £1.2bn after a property portfolio sale that is being probed by US and UK criminal investigators. — PAGE 2

UBS chief calls for end of fear culture

Sergio Ermotti, UBS chief, sought to dispel a climate of fear in banking, telling managers they can make mistakes, as long as they were honest ones. — PAGE 17; EDITORIAL COMMENT, PAGE 12; ANDREW HILL, PAGE 19

Pope backs Obama on climate change

Pope Francis has used his first US visit to push for action on carbon emissions by backing Barack Obama's move to set strict controls on the power sector. — PAGE 9; EDITORIAL COMMENT, PAGE 12

Botin lays out Santander plans

Santander chairman Ana Botin has told investors of her plans to cut costs, raise earnings and strengthen capital at the bank, and address years of share price underperformance. — PAGE 18

EU states show anger at migrant scheme

Hungarian prime minister Viktor Orban accused Germany of "moral imperialism", showing the disquiet of several member states against a plan to share refugees among them. — PAGE 6

Uber to raise \$2.5bn for China arm

Uber is looking to raise \$2.5bn for its China unit as the ride-hailing smartphone app developer fights against local rivals and uses incentives to attract drivers and customers. — PAGE 18

Hadid awarded Riba Gold Medal

It has been awarded to Barcelona, to artists and to an archaeologist, but never to a woman — until now. The Royal Institute of British Architects Gold Medal 2016 will go to Dame Zaha Hadid. — PAGE 4

Datwatch

Papal approval ratings

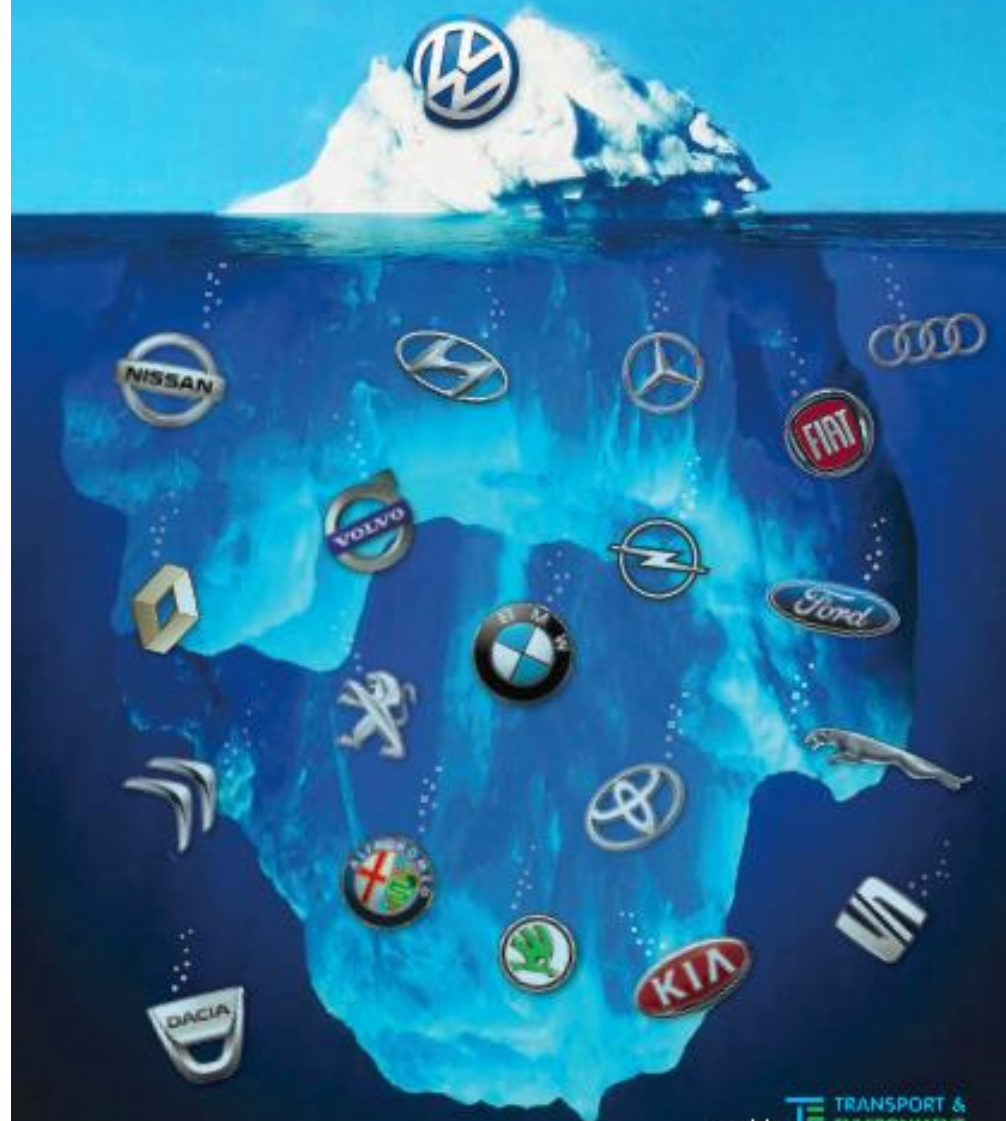
% of US public expressing positive views

John Paul II (1987-99)	80
Benedict XVI (2005-13)	75
Pope Francis (2013-15)	80

More than two-thirds of the US public hold positive views of Pope Francis. His rating exceeds that of his

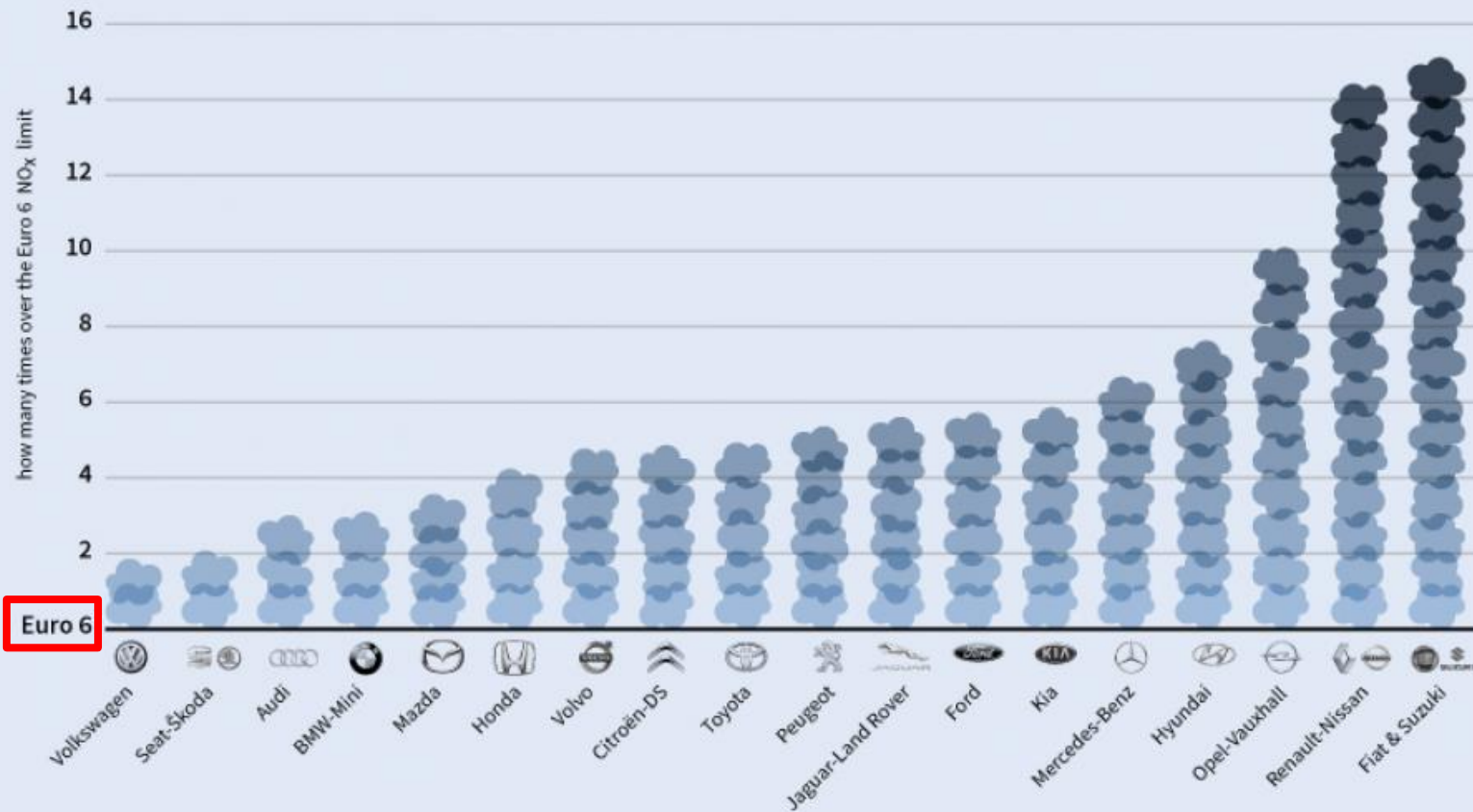
Dieselgate: Who? What? How?

September 2016



DIESELGATE IS NOT ABOUT VW BUT THE WHOLE INDUSTRY

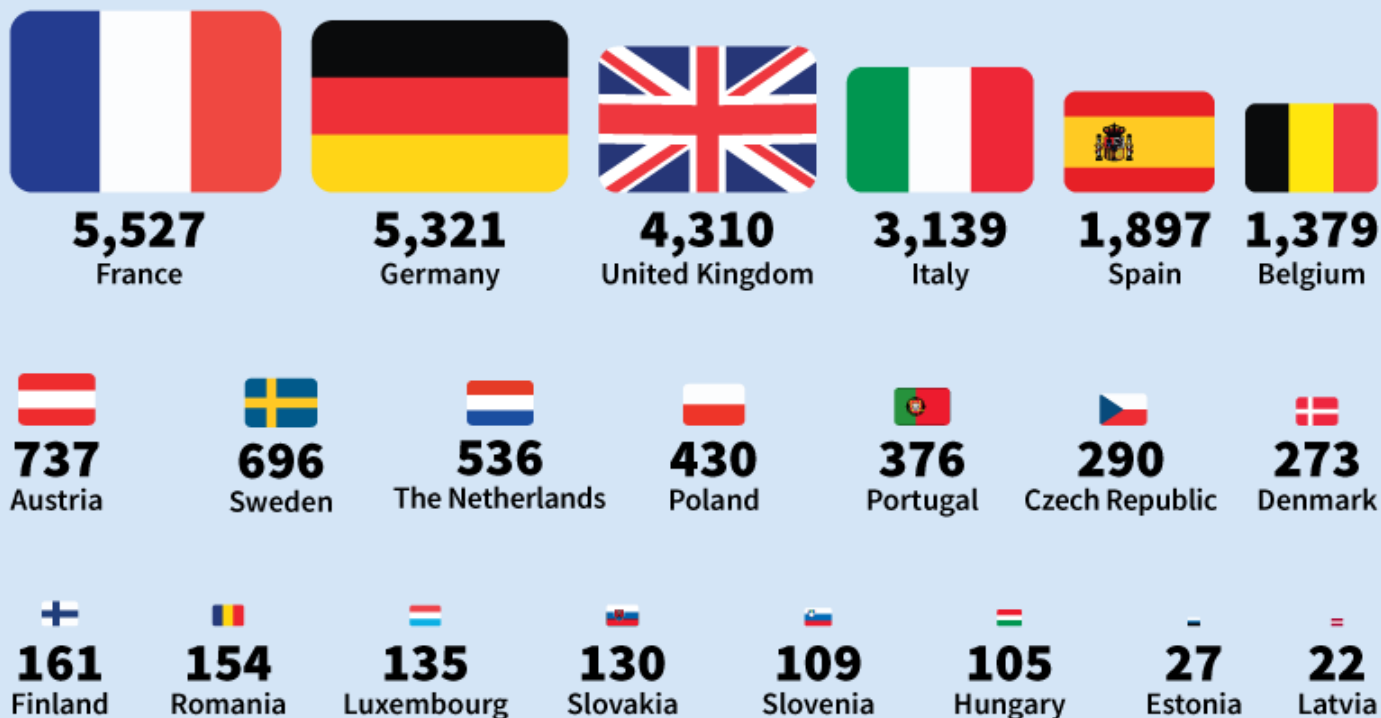
Above and beyond the legal NO_x limits



29 MILLION DIRTY DIESELS IN EUROPE

Dirtiest vehicles on whose roads?

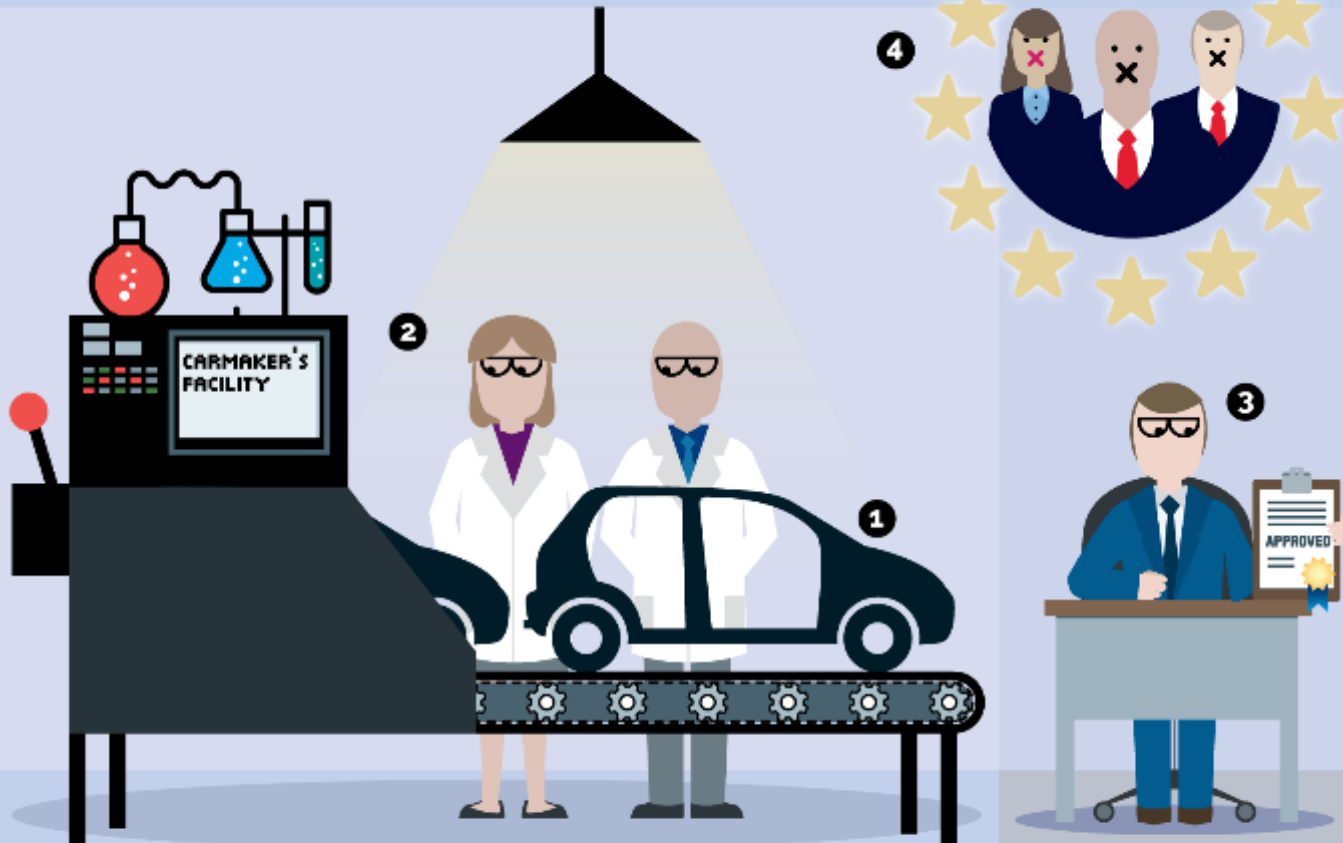
Thousands per member state (Euro 5 and Euro 6)



TODAY'S FAILED TESTING SYSTEM

The inadequate current EU type approval process

Neither independent nor representative



1 "Golden cars" tested

2 Tests in carmakers' labs merely "witnessed" by testing services

3 Regulators only check test reports

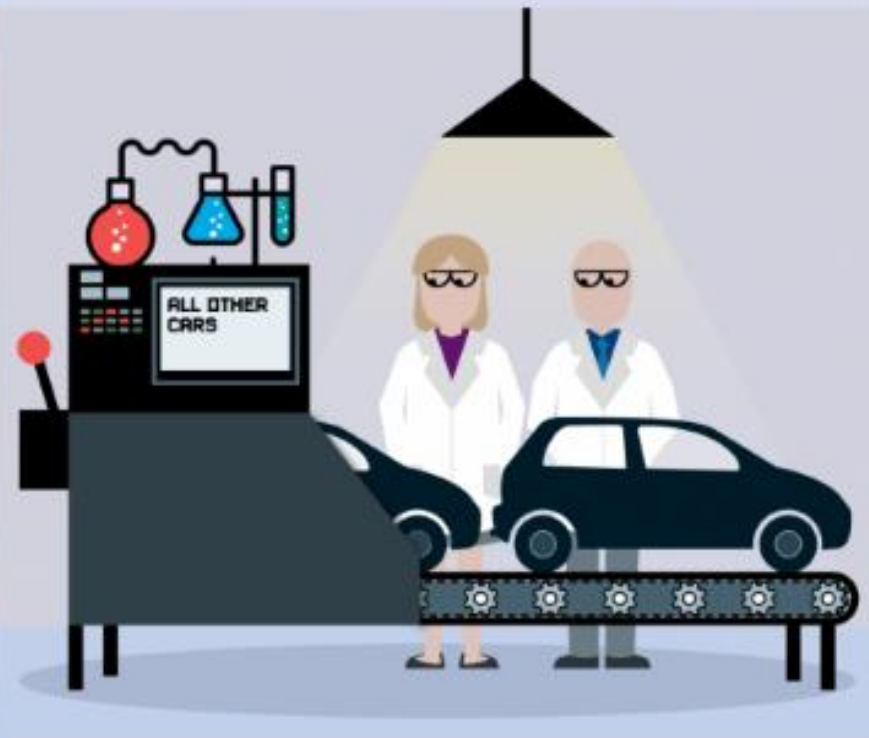
4 Other EU authorities or Commission do not have any power to interfere

Fiat living La Dolce Vita

Fiat tested in Fiat labs



Other carmakers tested in independent labs



DEVELOPMENTS SO FAR

Parliament:

- **ENVI** Committee: strong opinion+ in favour of EU vehicles agency
- **TRAN** Committee: strong opinion+ in favour of EU vehicles agency
- **EMIS** report: called for EU vehicles agency at committee stage
- **IMCO** Committee, lead: strong opinion, as in plenary

Council:

- France, UK, the Netherlands and Denmark – calling for strong reform
- Latest MT text: good on Commission tests and national market surveillance of vehicles
- Agreement expected: 29 May at COMP Council

- **Final law by end 2017**

PARLIAMENT'S FINAL POSITION

Commission proposal significantly strengthened

Commission in-use vehicle checks

Oversight of national authorities: proper audits

Audits of technical services

Market surveillance: 20% of vehicle types p.a.

Forum: all stakeholders & test results

Transparency: online database & public data