

Dieseldate

The revelation in September 2015, that Volkswagen (VW) had installed software in its cars so that they automatically cheated United States (U.S.) air-pollution tests was a game-changer for the European Climate Foundation (ECF).

Repercussions were immediate. Countries from South Korea to Switzerland announced investigations. Stock market jitters wiped more than €30 bn from VW's market value, and VW CEO Martin Winterkorn was forced to step down. As further details emerged, Germany's reputation as the home of engineering excellence became dented, and the whole affair was measured to be a greater threat to the German economy than its exposure to Greek debt. It is in the long-term perspective, however, that the true impact of this event will be seen in Europe.

For decades many of Europe's governments have colluded with industry to support diesel technology in two ways. Firstly, they have turned a blind eye to the lax enforcement of standards, both for air pollutants and CO₂. Secondly, they have provided policy support for diesel technologies, which were seen as a core European competence. When countries around the world started

getting serious about cutting CO₂ from cars, many turned to gasoline hybrids and electrification while efficient diesel technologies prevailed as the solution in Europe.

This has created a problem. While one in every two new cars sold in the European Union (EU) is a diesel, the ratio in the rest of the world is one in twenty. As ECF grantee the European Federation for Transport & Environment (T&E) recently told a European Commission expert panel: "Europe cannot remain a diesel island in a world of gasoline hybrid electrified vehicles. If it does, it can look to the ruins of car manufacturing in Detroit as its future, rather than the gleaming mega-factories of Nevada."

Politicians' next steps will prove critical for the future of low-carbon mobility in Europe. They could focus on protecting outdated investments in the status quo, or they could agree a policy framework that provides investment security for genuine CO₂ reduction solutions. This would also involve moving boldly to ensure that laboratory testing of vehicles closely resembles performance on the road. It was to leverage this opportunity that the ECF deepened its existing engagement in the enforcement of vehicle standards.

EU politicians were caught off-guard when the VW scandal broke. Few of them understood the issues at stake and many of the technical experts who did understand were part of the problem. ECF grantees have worked diligently to help politicians get to the roots of the problem and to identify the remedies. This work is led by T&E and backed by a network of its members around Europe, and is also supported by the ECF. As just one indicator of its impact, T&E has been quoted in 6,000 media articles since last September, not to mention the dozens of meetings, workshops and engagement activities through Twitter, Facebook and LinkedIn.

An on-road CO₂ test is the ultimate goal, and T&E has made strides towards this by collaborating with PSA Peugeot Citroen on measuring and publicising the real-world emissions of their cars. PSA became the first carmaker to accept that real-world tests for CO₂ are possible.

Raising awareness has paid off, making it impossible for EU policy makers to paper over the cracks within the current enforcement regime. Barely four months after VW's admission, the European Commission proposed a relatively convincing remedy:

- Under current provisions car manufacturers finance the testing centres that are meant to police them, creating an inherent conflict of interest. The new Commission proposal will scrap that conflicted financing system, replacing it with a centralised funding pool.
- Under the old system, approvals made by each national testing authority were implemented EU-wide, allowing them to promote the interests of their national manufacturing champions. Now, the Commission has proposed an overarching system for overseeing national authorities, to guard against patriotic bias and to ensure conformity of compliance.
- The old system had no teeth. Under the new proposal, the Commission will be able to conduct spot-checks on vehicles, will be able to initiate recalls and impose fines of up to €30,000 per car, and will be able to fine and suspend any testing centres that have been too lax in applying the rules.

Experience has shown that many good Commission proposals are all-too-often weakened in the European Council to protect national commercial interests. And

despite all the rhetoric of "better regulation" in EU policy debates, this risk is ever-present. This was demonstrated in a recent deal between the European Commission and Council that watered down existing air quality legislation, allowing cars to emit two times more health-damaging NOx than the EU air pollution standards until 2020. That deal clearly put big business before public health.

Nevertheless, there are reasons for optimism. Germany's powerful auto sector appears to have noticed that swindling customers and other road users damages brand value, and that integrity might provide its own reward. News is also emerging almost daily from EU manufacturers of upcoming launches of hybrid and electrified vehicles, suggesting that EU incumbents will not easily cede the market to current leaders such as Nissan, Tesla and Toyota.

Furthermore, ECF grantees will continue working to spotlight the issue by conducting independent vehicle testing, providing evidence-based policy recommendations to counter industry arguments, ensuring the issue remains at the top of the media agenda, and by scoping opportunities for litigation.

Perhaps there is hope, after all, that Detroit is not coming to Germany any time soon.

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