

# German industry's reaction to VW scandal is another scandal

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One day historians will examine what factors coalesced to spawn the the German auto industry's biggest corporate scandal.

When they do, they might want to look at a bizarre news conference held on Tuesday by the German auto industry's chief lobbyist, VDA President Matthias Wissmann, as a behavioral microcosm of lack of accountability that culminated in Volkswagen's emissions scandal.

Thanks in no small part to efforts by the VDA industry association, three successive German governments under Chancellor Angela Merkel have taken a very lax attitude toward policing an industry responsible for 800,000 jobs in Germany. Neither the federal transportation ministry nor the national type approval authority played any part in uncovering VW's decade-long transgressions.

To ensure strong ties with Berlin, the industry has recruited government insiders to help argue their case. Wissmann is a former transportation minister who served alongside Merkel in former Chancellor Helmut Kohl's cabinet. State prosecutors investigated Daimler's chief government lobbyist, Eckhart von Klaeden, on the suspicion that he earned the job through political favors during his time as a senior aide in Merkel's government.

Automakers' efforts to impede stricter emissions regulations were rewarded by Merkel with an 11th hour veto of an EU summit deal in June 2013. Her intervention, secured in part through political horse-trading with the UK, eventually granted German automakers an extra year to comply with an EU target to reduce CO2 emissions from Europe's new-car fleet to an average of 95 grams per km by 2020.

<http://www.autonews.com/article/20151203/BLOG06/312039945/german-industrys-reaction-to-vw-scandal-is-another-scandal>

## **Calls for reform?**

So on Tuesday did the VDA issue any proposals for internal reform? Did it call for an overview of its operations? Was there even a hint of self-criticism or reflection in light of the scandal?

Nothing of the kind.

Instead I was witness to one hour of collective reality denial with Wissmann largely skirting the diesel scandal topic and an audience of pliable journalists letting him off the hook.

Yes, the VDA said it is worried about the industry's image might be tarnished, but offered nothing to comfort allies or win over skeptics. Sure there was the obligatory "we take this very seriously" and cheating "cannot be accepted." Apart from a few soundbites for the television cameras, however, it was like VDA never got the memo.

Wissmann barely showed any sign that Volkswagen -- the VDA's largest and perhaps most prominent member -- was engulfed in a crisis of historic dimensions. The VW scandal is so big that Hollywood star Leonardo di Caprio has bought the movie rights to the story.

What the VDA did do well was justify suspicions that the industry's tactics can be summed up as "delay and defer." Wissmann said EU plans to cap a new model's NOx emissions under real driving conditions to just over twice the legal laboratory limit starting in 2017 were "ambitious." He warned Brussels not to overburden industry with its save-the-climate zeal. Rather than use Tuesday's event as a platform to get out in front of public opinion, the VDA instead chose business as usual.

## **Disgraceful complacency**

Far worse and more troubling, however, was the disgraceful complacency of the attending journalists, who made zero effort at forcing the VDA to defend its role as enabler or even provide any

insight into the emissions scandal. No wonder we in the media were all asleep at the switch.

The usual questions were asked and some were downright banal. What does the VDA think about government plans to crack down on the use of temporary labor? Were there enough charging points for EVs or should automakers build an infrastructure themselves. Hello?

One reporter dutifully parroted that the VDA had “pushed” for a more realistic driving cycle, while another apologized to Wissmann for the obvious conclusion that carmakers want taxpayer handouts to sell electric vehicles. A third at least seemed to grasp the pointlessness of the so-called news conference when he referred to Wissmann’s summary of the past year’s sales and export figures as “blah blah blah.”

It is understandable that the industry’s chief lobbyist would paint things in the best possible light -- Wissmann is paid to argue in the interests of Germany’s carmakers and suppliers.

But lobbying also requires a feeling for when political winds are changing. Instead of recognizing the severity of what has happened, the VDA seems to think the controversy will just blow over once the media has moved on to the next juicy story.

It won’t. Not until the grave shortcomings in the regulatory regime unearthed by the VW scandal have been addressed.