Thank you for your letter dated 30 October 2015, about further information on the Volkswagen emissions issue. Please find a response to each of the questions posed in your letter set out in the attached annex.

I hope that this provides all the information you were seeking.
What discussions has the DfT or DVSA had with Volkswagen over the recall of affected vehicles?

Officials from the Department for Transport, DVSA and VCA have had a number of discussions with Volkswagen regarding the recall of affected vehicles.

Senior managers from Skoda and VW attended a meeting at VCA Midland Centre on 20 October to present details on the emissions recall to VCA. At this meeting VW outlined details of which vehicles were affected, the proposed corrective actions and the expected timelines.

A similar meeting was held at the Department for Transport’s offices at Great Minster House on 22 October. This was attended by Paul Willis, Managing Director at Volkswagen Group UK, as well as other VW representatives and DfT technical staff.

In addition DVSA has discussed with VW the recall of affected vehicles. This included their plans to contact owners and to implement the recall using the ‘non-code’ approach. DVSA also acted as the communication channel with DVLA to provide at the earliest opportunity the registered keeper details for the affected vehicles. DVSA will continue to cooperate with VW to ensure their obligations are met.

I have spoken with Dr Herbert Diess, the head of VW Passenger Cars and board member, on two occasions and with Mr Paul Willis, the Chief Executive of VW UK. I stressed the Government’s concern at the unacceptable actions of VW and the priority to make amends and to restore consumer confidence for UK motorists. During these calls I also reiterated the importance of completing the recall in 2016 and VW assured me this would be the case.

The Government has been clear that the priority is to protect the public. This has included reassuring UK owners of affected VW group vehicles that they will not have to pay higher Vehicle Excise Duty (VED) or company car tax if the result of fixes for the defeat device affect CO2 emissions and the amount of tax payable. The actions of the Government will continue to be guided by the over-riding principle of protecting consumers.

Volkswagen has stated that the technical solutions to correct the emissions exceedances should not adversely affect any other aspect of the vehicle’s characteristics such as performance or fuel economy. This is our expectation and we will continue to closely monitor the situation to establish that this is indeed the case.

What plans are being considered for altering the MOT test in response to the Volkswagen emissions scandal?

DfT will continue to consider what changes may be necessary and appropriate to ensure the robustness of MOT emissions testing. However, there are no specific plans for changes in response to the Volkswagen emissions scandal at the current time.

DfT has also had discussions with DVSA regarding using the MOT service to help ensure that car owners do respond to the recall. In the medium term there is the possibility to use the new MOT computer system that DVSA has developed to help MOT garages prompt car owners to have their cars updated through the recall.
New testing standards for Euro 6 diesel cars will be introduced from 2018 as part of the implementation of EU Directives agreed in 2014.

Research has also been undertaken in the last year in the UK by DfT and by CITA (a European international motor vehicle inspection committee) examining practical options for updating MOT emission tests. This research pre-dates the Volkswagen emission scandal, the information is now being considered in the light of the problems highlighted. This research may lead to changes to MOT emission testing, but the nature and timing of any changes will depend on what the research shows to be effective and practical.

What action will the Government take to retest vehicles in response to independent research that shows emissions violations extend to a number of other motor manufacturers?

We have begun by retesting two SKODA (VW Group) vehicles known to be affected by the current recall for which the VCA, as the UK type approval authority, provided approval. These initial tests appear to demonstrate the existence of a defeat device and the impact it has on vehicle emissions.

In my recent written statement to Parliament I set out my intention to launch a wider vehicle emissions testing programme as the next stage of this investigation. I have also secured agreement from my opposite number in Germany that our technical teams will work cooperatively together. This will enable us to reduce duplication and generate programme savings.

I have also written to Segolène Royal, Minister of Ecology, Sustainable Development and Energy of France, confirming my commitment that officials shall cooperate closely with our respective testing programmes.

I expect the programme to report results in spring 2016 and I have committed to update the Transport Select Committee on progress by the end of the year. My officials will work closely with all relevant departments to ensure emerging evidence is handled appropriately.

Which motor manufacturers have not yet provided you with a written assurance that defeat devices have not been installed in their vehicles?

The UK testing body, the Vehicle Certification Agency (VCA), wrote to and has received written assurance from all automotive manufacturers outside the VW Group for whom VCA has issued emissions type approvals.

What discussions has the DfT, VCA or HMRC had with Volkswagen on meeting the costs of retesting vehicles?

We are committed to ensuring that the Government’s investigative testing programme of a range of best-selling diesel vehicles helps restore public confidence in the real world emission performance of vehicles. To this end the retesting programme must be seen to be impartial and independent and will be funded from existing DfT budgets.

However we have made clear to Volkswagen Group that they will have to meet the costs incurred by VCA of retesting vehicle types to demonstrate that the vehicles have been
brought into conformity. Following the recent announcement of irregularities regarding CO2 emissions, we would also expect Volkswagen to meet the costs of any further retests required as a result of this.

*If the Government has not had discussions with Volkswagen on these subjects, what plans do you have to do so?*

We will continue discussions with VW about meeting additional costs incurred as part of our wider efforts to protect the public and resolve the situation with speed and efficiency.

*What powers does the Government have to recuperate lost VED revenue from Volkswagen?*

Vehicle Excise Duty (VED) is a matter for the Treasury. However, VW have written to the Treasury committing to cover any shortfall in tax revenues. I expect my colleagues in Treasury to take this forward with the company.

*In 2013 DEFRA Commissioned research from King's College London and Newcastle University which found nitrogen oxide emissions had not reduced significantly over the last 20 years. What discussions took place between DEFRA and the DfT as a result of that report? Did you take any action to follow-up on that study's findings?*

The study entitled Remote Sensing of NO2 Exhaust Emissions from Road Vehicles was aimed at measuring emissions across all suitable vehicle classes. It confirmed that NOx (nitrogen oxides) emissions from petrol vehicles fell with each new Euro class introduction. However, NOx emissions from diesel vehicles of all types had not shown significant reductions over the previous two decades. These results led Defra to fund a further remote sensing campaign which focused on emissions from Euro 6 diesel cars (early introduction models) and the efficacy of selective catalytic reduction retrofitted on older buses. The results from this study have gone through a rigorous quality control procedure, with support from DfT technical experts, and will be published soon.

This and other research helped to build the evidence base for the UK position in negotiations with EU partners, in which we reached agreement on better laboratory tests and the introduction of a real-world driving element to the type approvals process.

*A 2014 International Council on Clean Transportation Report found that NOx emissions from tested vehicles were about seven times higher than the limits set by the Euro 6 standard. Did you take any action to follow-up on that study's findings?*

The ICCT report published in October 2014 showed high levels of on-road NO2 (nitrogen dioxide, the majority component of NOx) were emitted from a number of anonymised test vehicles. The report did not identify the vehicles tested or indicate that the high emission levels might be due to the use of a defeat device and its results strongly supported moves to introduce real-world testing.

The UK Government has been at the forefront of action at a European level to introduce real driving emissions (RDE) testing, to ensure tests of all vehicles accurately represent performance out on the road and ensure public confidence. The Government welcomes the recent vote agreeing that RDE testing should be introduced as part of the type
approval process from 2017. This is an important first step to restoring consumer confidence, and delivering our wider air quality and climate objectives.

**Who represented the UK on the Technical Committee of Motor Vehicles and what was the Government’s position?**

The UK was represented at the European Commission’s Technical Committee of Motor Vehicles meeting on 28 October by Department for Transport officials and members of the UK Permanent Representation to the European Union. The Government’s position was clear – to achieve early introduction of ‘real world’ driving emissions tests, to minimise the chance of manufacturers using defeat devices and to address the large disparity between real-world and laboratory testing emissions levels as soon as possible. Officials acted in accordance with this position.

**Does the Government support relaxing NOx limits in anticipation of real world driving emissions tests?**

No. The Government supports the introduction of Real Driving Emissions tests specifically to reduce real world NOx emissions. Currently evidence suggests that in real world driving, Euro 6 cars emit on average 4 to 5 times the 80 mg per km limit which they must meet in laboratory testing. The regulations agreed at the Technical Committee meeting will have the effect of forcing manufacturers to roughly halve current real world emissions levels by 2017 for new models and to meet the official 80 mg per km limit (plus an allowance for real-world measurement errors) in 2020.

**Could you expand on what grounds Volkswagen could be prosecuted and what penalties could be issued as a result?**

A number of bases for action are being considered, including the following:

- For VCA approvals, the Secretary of State may prosecute the manufacturer providing he has sufficient evidence that, as a person supplying information or producing a document for obtaining type approval or any other purpose under the Road Vehicles (Approval) Regulations 2009, the manufacturer knew or was reckless as to it being materially false. The maximum penalty on conviction is an unlimited fine.

- The Competition and Markets Authority and local weights and measures authorities (Trading Standards) (or in Northern Ireland, the Department of Enterprise, Trade and Investment in Northern Ireland (DETI)) can prosecute for prohibited commercial practices under the Consumer Protection from Unfair Trading Regulations 2008, e.g. unfair commercial practices and misleading actions and omissions. The maximum penalty on conviction on indictment is 2 years imprisonment or an unlimited fine or both.

- The Serious Fraud Office may prosecute for fraud where a person knowingly makes a false representation or knowingly fails to disclose information that he is under a duty to disclose with the intention of making a gain or causing a loss (Fraud Act 2006). The maximum penalty on conviction on indictment is 10 years imprisonment or an unlimited fine or both.
Could you provide more information on the scope of the investigations being considered by the Serious Fraud Office and the Competition and Markets Authority?

As independent authorities, it is for the Serious Fraud Office and the Competition and Markets Authority to determine what investigations they will undertake and the scope of any such investigation. DfT is working with both authorities to assist in those considerations.

Is there a possibility of criminal convictions against individual Volkswagen executives or engineers?

The investigation is underway, and all of the evidence will be assessed before reaching any decisions about actions against individuals.

Do you believe that in light of recent research into the health impacts from NOx and particulate matter arising from diesel that incentives for diesel cars were a mistake?

The Government does not explicitly promote diesel cars. We use the tax system to encourage the purchase of cars with low CO₂ emissions regardless of whether they are petrol, diesel or other fuels. The growth in diesel vehicles is related to improvements in engine design that created more efficient vehicles and reduced fuel costs for many motorists.

Diesel cars have played, and continue to play, a valuable role in reducing fuel usage and emissions of carbon dioxide. Potential air quality impacts have not been ignored. Progressively tighter new vehicle emission standards are the best way of tackling air pollution from road transport and have delivered substantial reductions in harmful particulate matter roadside concentrations. Early results for the new Euro VI buses and lorries are demonstrating that these are showing impressive on the road reductions of NOx.

Nevertheless, the Government recognises more needs to be done and is revising its Air Quality plans and launched a consultation on 12 September to seek views from stakeholders on action that can be taken to meet air quality standards as soon as possible. DfT has been working with DEFRA on these plans, which set out a range of local, national and European actions to reduce harmful emissions. We welcome responses to this consultation on different pathways and options that are proportionate and appropriate to the challenge we face to improve air quality in the UK.

Does the Government have plans to scrap incentives to buy diesel vehicles?

The Government does not explicitly incentivise diesel cars. We use the tax system to encourage the purchase of cars with low CO₂ emissions regardless of whether they are petrol, diesel or other fuels. Our aim is for almost every car and van to be a zero emission vehicle by 2050 and we are investing £500 million over the next five years to help make this transition.

If sales of diesel cars were replaced with petrol engines it is estimated that emissions of carbon dioxide would be 16% higher – do you agree with that assessment?
While the ongoing issues with VW diesel engines is rightly concerning to customers and the wider public, many drivers will continue to want diesel vehicles.

The estimate that a petrol car’s CO₂ emissions are around 16% higher than an equivalent diesel is reasonable. However, diesel cars make up around half of new sales, so the impact on new car average emissions of a direct switch of all diesel cars to equivalent petrol cars would be around 8%. The impact on the average car on the road would be small initially, until most of the fleet had turned over (around 10 years). We also anticipate that the gap will narrow somewhat over time due to faster improvements in petrol efficiency than for diesel.

**Is it possible to meet carbon budgets without diesel vehicles?**

Carbon Budgets are set to keep the UK on track to meet its 2050 target to reduce emissions by 80% from 1990 levels. They do not set targets for specific sectors. The Government’s manifesto commitment is for almost every car and van to be a zero emission vehicle by 2050. We are committed to meeting our Carbon Budgets, and our new emissions reduction plan towards the end of 2016 will set out our proposals for how we will meet our Carbon Budgets in full.

In the near-term it is difficult to predict what a shift away from diesel would mean for emissions savings as it depends on a number of factors: what types of cars consumers buy instead (petrol or ultra low emission), the size of vehicle they switch to, whether the switch is sustained and also the relative improvements in petrol and diesel cars in future.