



ELAINE CATTON

***'The scrappage scheme bug that kicked off in Germany following the much-criticised 'National Diesel Forum' in August has now spread to the UK..'***

## Alternative view

**SO THAT'S IT!** The scrappage scheme bug that kicked off in Germany a few weeks ago following the much-criticised 'National Diesel Forum' in August has now spread to the UK. Volkswagen UK announced at the start of September that owners of pre-Euro 5 diesels ordering a shiny new Volkswagen before the end of the year will be offered a scrappage incentive of up to £6,000, depending on the model selected.

The car being scrapped can be of any make or model, but it must be a pre-Euro 5 diesel first registered before 2010 and it must have been in the owner's name for at least six months. A similar scheme has been announced in the UK by Volkswagen Commercial vehicles, although the incentives are lower, at between £1,000 and £2,000.

The list of Volkswagen models available under the scheme covers pretty much the whole line-up, with the level of the incentive ranging from £1,800 on the up! to £6,000 on the Sharan. On a personal note, I'm quite interested in a new Golf Estate, which comes with a £4,000 incentive. As the name suggests, the vehicles traded in will not be sold on, but scrapped, with the whole point of it being to get polluting older models off the road.

Volkswagen UK is also using this opportunity to hammer home its alternative-drive message. In the press statement, Alison Jones, Director of Volkswagen UK, cited a case in point: 'For example, combine our £5,500 offer on the new, longer range, e-Golf with the Government's OLEV Grant and there's a huge £10,000 to save. Add to the equation significant whole-life cost savings of running a fully electric vehicle in terms of fuel, BIK tax, Road Fund Licence, Congestion Charge for those driving into London, as well as parking incentives in many towns and cities, and the e-Golf looks like a very attractive proposition.'

As I mentioned at the start, the epicentre of all this is, of course, Germany, where the diesel affair has sent the entire industry into a frantic swirl of navel gazing. Similar scrappage schemes have already been announced in Germany, by several manufacturers. Since then, the new car market there has gone a bit mad. According to a report issued by the Car Center at the University of Duisberg-Essen,

the general level of assorted discounts and incentives on offer back in March was already at its highest level since the index was first introduced in 2010. And with Germany's biggest purveyor of automobiles providing the driving force behind the scrappage incentive, that level continues to rise and commentators are warning of imbalances in the market.

You see, quite a few importers that have been forced to follow suit are simply replacing their existing discount structures with the scrappage incentive, meaning that the additional benefit, in the case of Hyundai, for instance, is only two or three hundred euros. For Volkswagen Group brands, however, there are reports of total discounts of as much as 46 per cent on the likes of a Skoda Octavia. This is clearly skewing sales figures in VW's favour, but is inevitably slashing margins as a result.

It is also sending the residual values of newer diesel models through the floor. Germans with Euro 5 or 6 cars are being offered a voluntary software update that will allegedly lower NOx emissions by 25 to 30 per cent. Not sure that will be much of a comfort to them, to be honest, as they watch their neighbours drive their brand-new petrol, hybrid and electric cars onto their driveways at bargain-basement prices.

Environmentalists and other generally affronted types are also pointing out that, because the software upgrade for Euro 5 and 6 vehicles is voluntary, the chances of it actually being carried out to any extensive degree are limited. This is not helped by the fact that the car companies had previously put their backs into an argument that such action would ultimately be damaging to their engines. The case previously presented was that the reason for switching off exhaust gas aftertreatment systems under certain driving conditions was to protect the engine.

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**WHILE CUSTOMERS** across Europe are now scurrying to VW Group brands to secure a scrappage deal – having apparently forgiven them their previous trespasses – the brand continues to run up against recall issues in its other key markets, the US and China.

Both markets appear to be suffering fuel pump issues in the Passat. In China, 1.8 million Passats, CCs and Magotans (an older Passat derivative) built by its joint venture partners FAW and SAIC between 2007 and 2015 are being recalled to have the defective part replaced.

This is the third recall the Group has issued so far this year in China, having recalled nearly 680,000 Audis in March due to problems with coolant pumps that could lead to engine fires. Then, in May, FAW recalled almost 580,000 Golfs and Golf derivatives because of a faulty headlight fuse.

The fuel-pump recall in China follows hot on the heels of a similar recall in the U.S., where 281,000 Passats are scheduled to be called back into workshops for the same problem. It seems that the faulty fuel pump causes the engine to stall.

The recall in the U.S. impacts CCs built between 2009 and 2016 as well as Passat Saloons and Estates built between 2006 and 2010. At time of writing, there was no indication that the European Passat is similarly affected, which seems rather odd...

But, despite its woes, there have been one or two glimmers of positivity in the VW world of late. A court in San Francisco has rejected a claim made against the company by the state of Wyoming for damages associated with contravention of environmental law – potentially saving it billions, as the verdict serves as a precedent for other cases lodged by a slew of states elsewhere.

And in Germany, a case brought by a customer for financial compensation as a result of the diesel emissions cheat software has been rejected by a court in Braunschweig (Brunswick). The court decided that, although the software was illegal, it did not negate the type approval and meant the car could still be driven on public roads. The court also pointed out that emissions legislation was not intended to serve as a form of consumer protection for car buyers – so there! 🇩🇪