



Berlin, 2 August 2017

Statement

by the Federal Minister for Transport and Digital Infrastructure, Alexander Dobrindt, MP,
by the Federal Minister for the Environment, Nature Conservation, Building and Nuclear Safety, Barbara Hendricks, MP,

by the Federal Minister of Finance, Dr Wolfgang Schäuble, MP,

by the Federal Minister of Economic Affairs and Energy, Brigitte Zypries, MP,

by the Federal Minister of Education and Research, Dr Johanna Wanka, MP,

and by the State Premiers of Baden-Württemberg, Bavaria, Hesse, Lower Saxony, North Rhine Westphalia, Rhineland-Palatinate, Saarland as well as the ruling mayor of Berlin and the first mayor of Hamburg

on the occasion of the debate held during the National Diesel Forum with representatives of Germany's automotive industry on 2 August 2017.

High pollution levels have adverse impacts on air quality in many German cities. Nitrogen oxide emissions (NOx) in particular require extensive efforts to protect the health and safety of the population. Although NOx emissions were successfully reduced by almost 60% between 1990 and 2015, NOx levels in 28 German cities and conurbations still exceed the EU limit, in some cases even considerably. Diesel-powered vehicles in particular are considered to be one of the major NOx emitters. German OEMS are therefore being called on first and foremost to take action.

The most recent decisions by administrative courts regarding clean air plans show that it is necessary to take resolute action. We are not going to leave the municipalities affected by high NOx emissions and their residents to tackle these issues alone.

At present, the most pressing task is to reduce NOx emissions from diesel-powered vehicles and further optimise diesel technology – with a view to protecting the health and safety of our citizens, improving the quality of life and functionality of our cities and satisfying private and commercial needs for mobility.

We need a new culture of accountability for our automotive industry

The image of and the confidence in our automotive industry as our country's key industry has suffered considerably:

- As a result of the illegal manipulations on diesel drives and extensive exploitation of legal exemptions from EU requirements on vehicle emissions;

- Events have taken on a new dimension with the most recent suspicions of illegal cartel agreements. Competition authorities now need to investigate the claims in detail and, if necessary, draw appropriate consequences.

During today's debate, the Federal Government and the Federal States have made it clear that they expect automotive OEMs to develop an immediate, extensive and viable action programme to reduce NOx emissions from diesel-powered vehicles on the road and considerable efforts to improve diesel technology. This will also include further optimisation of diesel drives. A strong contribution is required to support acutely affected municipalities in their efforts to prevent a sweeping ban on diesel-powered vehicles in cities as part of their clean air plans.

Regarding allegations of anti-competition agreements, the Federal Government expects OEMs affected to offer their full cooperation to competition authorities with maximum transparency and information provided to the public, consumers and their workforces.

In addition, it is necessary to develop a broad understanding and a clear strategy on how to address future mobility needs and actively transform the entire automotive industry to zero emission and digitally connected mobility. Based on this, the industry must now introduce a strong portfolio of alternative drives and mobility solutions to the market.

To produce zero emission vehicles, existing potential for optimisation and efficiency improvements inherent in combustion engines should not be neglected. To this end, modern and clean diesel technology can also contribute to climate action. Internal combustion engines will still be needed for the foreseeable future for individual mobility and freight transport. In addition, vehicle owners are entitled to protection of their legitimate expectations. We will also explore how synthetic fuels can contribute to reducing pollutants and greenhouse gases. We will pursue an approach that is open to any technology.

Automotive industry held accountable - Retrofitting as immediate response in order to reduce NOx emissions

We expect automotive OEMs to optimise the 5.3 million diesel cars currently registered in Germany that comply with European emission levels 5 and 6. This measure is designed to reduce NOx emissions from these vehicles by 30% by the end of 2018.

Binding rules shall apply to new retrofitting measures

- Retrofitting costs will be covered by the OEMs.
- For new vehicles to be approved, OEMs need to verify that there will be no negative changes to other parameters relevant for type approval such as pollutant and CO₂ emissions, fuel consumption, NVH and engine capacity. OEMs will provide assurance on this.
- The following will apply to all retrofitting measures: OEMs shall provide warranties to customers for components affected by retrofitting measures. The Federal Motor Transport Authority will establish a consumer advisory panel for consumers to address any issues arising in this context.

Furthermore, we expect OEMs to take self-financed competitive measures (e.g. “switchover premiums”) to create incentives for switching from diesel-powered vehicles which comply with emission standards older than Euro 5 to vehicles with state-of-the-art exhaust gas after-treatment or electric vehicles. These incentives will make further important contributions to NOx reduction.

Regarding Euro 6 vehicles, OEMs also need to provide explicit proof that the optimum technical function of the SCR catalyst can be guaranteed for newly registered vehicles in all driving situations. This applies especially to the use of urea for exhaust gas purification to achieve maximum possible efficiency.

International competitors of German OEMs are also called upon to take similar steps and contribute to reducing emissions and thus to promoting health and safety as well as climate action.

The mandatory retrofit of 2.46 million diesel-powered vehicles requested of VW by the Federal Motor Transport Authority on behalf of the Federal Ministry of Transport and Digital Infrastructure will improve emission values and will be completed before the end of 2017.

Enhancing government controls

On the whole, the Federal Government will intensify emission controls.

- The Federal Motor Transport Authority will analyse random samples of exhaust gas emissions from registered vehicles itself. For this purpose, it will take cars from the market at regular intervals and check them for compliance. In doing so, the Authority will also conduct random checks of vehicles that have been type-approved by other authorities. These measures have already been initiated in conjunction with the publication of the report by the “Volkswagen” inquiry commission on behalf of the Federal Transport Ministry.
- The Federal Motor Transport Authority or alternatively the competent type approval authority of another EU Member State will check the effectiveness of the retrofit and/or upgrade by means of an acceptance test, which was also used in previous recall campaigns and voluntary service measures. Road surveys will also be conducted to review progress in NOx reduction. The Federal Government will report on the results.

Need for additional steps

The technical retrofit is an important first step to reduce NOx emissions from diesel-powered vehicles in our cities. However, further steps need to be taken. Therefore, it is advisable and necessary for OEMs to develop and produce concepts for more extensive upgrades that are technically feasible and economically viable - for instance, installing additional exhaust gas purification systems.

In addition, the automotive industry needs to apply European regulations on the introduction of RDE, i.e. requirements for real driving emissions much earlier. German OEMs are to submit a concept on this by October 2017.

“Funds: Sustainable mobility for cities”

The Federal Government will set up the “Sustainable mobility for cities” fund which will be co-funded by the automotive industry and amount to a total of 500 million euros to support municipalities in their long-term efforts to achieve sustainable and zero emission mobility. For each of the 28 regions designated by the European Commission as particularly affected by extremely high NO₂ emissions, the objective is to develop and implement a tailor-made green city plan. The plan will include digital transformation, intelligent transport systems, intermodal mobility solutions and measures to increase automation and connectivity in private and public transport.

Support programmes to improve air quality and sustainable mobility

Targeted support programmes provide important impetus for reducing pollutant emissions, particularly in our cities. The Federal Government will therefore increase and expand on incentives for emission reduction measures in urban transport and traffic. Aside from current subsidies for electric mobility (R&D support, environmental bonus, recharging infrastructure programmes etc.), the focus will be on:

- **Electric buses**

The subsidy rate for the acquisition of electric buses in public transport will be increased to 80% and the total subsidy volume to 100 million euros per annum. Subsidies for **hybrid trolley buses** and **CNG buses** will be continued and intensified.

- **Funding for acquisition of urban low-emission commercial vehicles**

Commercial vehicles of municipal entities (e.g. city cleaning) tend to have the highest mileage in inner city traffic. More electric solutions need to be developed for this segment. These activities will receive stronger support.

- **Acquisition of electric vehicles**

40 % subsidies to additional investment costs for electric taxis and vehicles of the municipal fleet will be increased. In addition, amendments to the **Law on the Carriage of Passengers** (Personenbeförderungsrecht) will make it possible for municipalities to impose stricter emission requirements than before on the operation of taxis in inner cities.

- **Expansion of public and private charging infrastructure**

The Federal Government is already providing 300 million euros in subsidies to roll out public charging stations. It has committed to building a nationwide network of 50,000 charging stations for the next legislative period. In residential property law, we will provide concessions for the expansion of private charging points.

- **Nationwide digital ticket / e-ticketing**

The Federal Government is working together with public transport providers and the Federal States on the roll-out of nationwide standardised digital tickets. It will continue to invest in e-ticketing and digital connectivity in public transport.

– **Rail transport**

The Federal Government will step up current funding for hybrid trains and hydrogen and fuel cell technology; their emissions are considerably lower compared with purely diesel-powered drives.

– **Promoting use of bicycles**

Bicycle traffic is already making a significant contribution to zero emission urban mobility. We support the construction of bicycle highways and will increase funding to promote bicycle traffic to an annual total of 200 million euros. This funding will also cover urban model projects, e.g. linking bicycle traffic to other modes of transport and including bicycles in smart traffic flow management.

– **Shore-side electricity supply in seaports and inland ports**

Reducing pollutant emissions from ships during their layover is important for achieving clean air in port cities. The Federal Government will continue to fund more pilot projects to roll out shore-side electricity supply.

Expert groups will discuss measures by the Federal Government and the Federal States in more detail.

Follow-up and specification of measures in four expert groups

Implementation of the aforementioned short-term, medium-term and long-term measures may in some cases require more intensive coordination processes between the players involved. Further measures will therefore be specified by four expert groups in collaboration with independent players who are competent in their respective fields. The expert groups will commence their work immediately.

The expert groups are set up as follows:

1. **Reduction of emissions from vehicle fleets on the road**
2. **Traffic flow management, digital transformation and connectivity**
3. **Public vehicle fleet conversion to low-emission mobility**
4. **Optimisation of drive technology and alternative fuels**