



**Complaint against Volkswagen AG
under the OECD Guidelines for Multinational Enterprises (2000) –
Request to the German National Contact Point (Federal Ministry of Economics and
Technology) to initiate the procedures for the solution of conflicts and problems in the
implementation of the Guidelines**

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This is an English translation of the German original. In the event of conflict, please refer to the German version.

Complaint against Volkswagen AG under the OECD Guidelines for Multinational Enterprises (2000)

Request to the German National Contact Point (Federal Ministry of Economics and Technology) to institute proceedings for the solution of conflicts and problems in the implementation of the Guidelines

In the framework of the OECD Guidelines, particularly in the framework of Chapter I.C. of the Procedural Guidance, Germanwatch as “party concerned” raises the following issues and claims that Volkswagen AG (hereafter VW) does not implement the Guidelines, sufficiently or at all, in 15 exactly concretised specific instances.

The criticised business behaviour and practices (trade and investment in the sense of the OECD Guidelines) contribute to global climate change and demonstrate that VW does not contribute sufficiently to avoiding dangerous climate change in the sense of a fundamental impediment to sustainable global development.

The complaints regarding implementation relate largely to four chapters of the Guidelines: V – Environment, III – Disclosure, II – General Policies and VII – Consumer Interests.

This document is divided into three parts.

- Part 1 consists of a brief preface describing the complainant, an introduction to the problem of anthropogenic climate change, and the role of the automobile industry and the transport sector respectively, as well as a general description of the criticised business behaviour and practices adopted by VW.
- Part 2 lists the concrete violations and cases of non-implementation of the Guidelines.
- Part 3 includes demands to the National Contact Point regarding implementation of the proceedings, as well as demands and suggestions to VW on how the group can design its business practices in conformity with the Guidelines.

PART 1

A. Complainant and Respondent

Germanwatch e.V. is a German non-governmental organisation for environment and development which focuses on climate protection and corporate responsibility. On the one hand, the organisation for years has dealt with climate change and the responsibility of politics, the public, finance market and enterprises in Germany and abroad. On the other hand, it has focused its work on the impacts of climate change on affected parties in developing countries. In the area of corporate social responsibility, one focus is on the OECD Guidelines for Multinational Enterprises.

Volkswagen is one of the largest car manufacturers in the world. As measured by the number of cars produced, VW - with 4.979.487 cars - was third internationally in 2005, behind Toyota and General Motors.¹ The company's production is very international: only 38 percent of the production is carried out in Germany², most of the cars are produced by worldwide VW business establishments or by VW subsidiary companies like Audi, Seat, Skoda or Bugatti. During the last several years, the production of VW has increased significantly: in the period from 1990 to 2003, worldwide car production increased by 11 percent, while VW's production increased by 47 percent.³ Apart from this economic

¹ OICA (2006): World Motor Vehicle Production by Manufacturer. <http://www.oica.net/htdocs/Main.htm>

² Own calculations, data source: see above.

³ Data from 1990 from the car catalogue; data from 2003: <http://www.oica.net/htdocs/Main.htm>³

importance, VW has a significant impact on the environment. The cars produced by VW in 2005 will, during their service life, will account for about 15 million tons of CO₂ emissions.⁴ This is one and a half times as much as the total CO₂ emissions of a large country like Kenya.⁵ Thus, VW is also responsible for the impacts of their products on climate change.

The OECD Guidelines for Multinational Enterprises constitute a recommendation addressed by the OECD governments to multinational enterprises for

"responsible business conduct consistent with applicable law".⁶

For non-governmental organisations like Germanwatch e.V., these are an important tool for the implementation of corporate responsibility. The global extent of the OECD Guidelines and the cross-sectoral reference framework, as well as governments' responsibility within the OECD Guidelines in particular, are important points of departure for Germanwatch in using the OECD Guidelines. This applies especially in cases like the present, where currently no other mechanisms are available to Germanwatch in order to demand that the VW group assumes responsibility.

Germanwatch takes the view that the business policies VW has adopted so far in many aspects do not do justice to the group's responsibility for avoiding dangerous climate change, and in concrete cases violate the Guidelines or do not follow the recommendations for action contained therein. .

Germanwatch is interested in a constructive dialogue with the economic sector and correspondingly has tried several times to discuss these issues and the implementation of the Guidelines with stakeholders in the corporate management. In the case of VW, however, reiterated efforts last year did not lead to a joint discussion – the dates fixed were postponed and cancelled by VW again and again.

B. Climate Change

In February 2007, the first part of the most recent report by the IPCC⁷ (Intergovernmental Panel on Climate Change) was published. This report, at the latest, made clear to a broader public that climate change represents a huge problem for mankind. In fact, however, this report does not present basically new correlations. During the last few decades, there has rather been increasing evidence for climate change, its causes and effects. This is the case at least since the first IPCC report published in 1991, and in Germany also since the report "Preventive measures to protect the Earth's atmosphere" published by the Enquete Commission⁸ in 1988, which was based on documented scientific consensus and which contained demands for greenhouse gas reductions that were accepted across all parties.

Since the publication of these scientific studies, the correlation between the emission of CO₂ as most relevant greenhouse gas and increasing global warming could not be seriously denied any longer. Explicitly and binding under international law, the Climate Change Convention (UNFCCC)⁹, which was signed in 1992 and came into force in 1994, acknowledged this relation. According to this

⁴ Own calculations based on the assumption that every car produced runs for approx. 13.000 km and consumes 7,7l/100 km, which means 1000 l/year. Due to the fact that the consumption of one litre causes about 2,5 kg CO₂, one vehicle produces 2,5 tons of CO₂ per year. The production of 4,9 mio. cars per year (<http://www.oica.net/htdocs/Main.htm> for 2005) thus results in more than 12 mio. tons of CO₂ per year per fleet. But this only covers the 80 percent of the CO₂ which is produced during usage. If the CO₂ is added which is caused during the production, in 2005 one fleet accounted for over 15 mio tons of CO₂.

⁵ IEA (2006): CO₂ Emissions from Fuel Combustion.

⁶ Organisation for Economic Co-operation and Development (OECD): The OECD Guidelines for Multinational Enterprises. Revision 2000, Preface.

⁷ IPCC (2007): Working Group I. The Physical Basis of Climate Change. www.ipcc.ch

⁸ Enquete-Kommission of the German Parliament (Deutscher Bundestag) "Vorsorge zum Schutz der Erdatmosphäre" („Precaution to protect the earth's atmosphere“)

⁹ UNFCCC (1992): Climate Change Convention. <http://unfccc.int/resource/docs/convkp/convger.pdf>

Convention, all parties are obliged under international law to avoid “dangerous climate change”¹⁰. Parties to the Convention include almost all countries of the world, including all OECD countries, as well as basically all developing and industrialising countries. The first group includes countries like the USA and Australia which have not ratified the later Kyoto Protocol. China and India belong to the latter group.

The EU has already clearly stated that dangerous climate change can only be avoided if in the 21st century the temperature rise can be limited to less than two degrees Celsius compared to the pre-industrial level. This is consistent with an increasing consensus amongst climate scientists. To achieve this goal with sufficient probability, a strategy is needed to reduce, until 2050, worldwide emissions by 50 percent compared to the level in 1990. By Council Decision in March 2007, the EU accepted a reduction in emissions by 30 percent by 2020. Even if a post-2012-agreement cannot be accomplished, the EU will endeavour to achieve a unilateral reduction of 20 percent compared to 1990.

Since 1997, the Kyoto Protocol (ratified in the EU in 2001, in force since 2005) requires a reduction by eight percent on average below the level of 1990 for the EU-15 and for the period from 2008 to 2012. According to the EU burden-sharing agreement, the target for Germany is a reduction by 21 percent.

Independent of these concrete goals and commitments, the need for drastic reductions of greenhouse gas emissions has been scientifically undisputed during the past 15 years since the UNFCCC was signed. Additionally, it has become more and more evident in recent years that the measures and political decisions adopted so far have not been sufficient to achieve climate protection goals and avoid dangerous climate change. In particular, the increase in emissions in the transport sector has significantly impeded the achievement of the established targets

C. The role of the transport sector

In 2000, the transport sector was responsible for 20 to 28 percent of worldwide CO₂ emissions¹¹. Thus, the transport sector - besides energy, industry and households - is one of the main producers of worldwide greenhouse gas emissions. What is more alarming, though, is the enormous growing increase of emissions in the transport sector which drastically conflicts with reduction requirements. This has to be highlighted since the OECD Guidelines call upon companies to contribute to sustainable development. In order to substantiate this demand, it is decisive to which degree the company accounts for the problem (here: climate change).

At the end of 2006, the UNFCCC Secretariat raised an alarm due to rapidly increasing emissions in the transport sector in industrialised countries. The Secretariat pointed out that CO₂ equivalent emissions in the transport sector had increased by 23.9 percent between 1990 and 2004 in industrialised countries.¹²

¹⁰ *ibid.*, Article 2.

¹¹ The data vary mainly due to different calculation methods. Fulton and Eads assume for the year 2000 6.3 giga tons of CO₂-equivalent emissions on the basis of a life-cycle approach. In the light of an overall output of 22.6 giga tons of CO₂-equivalent emissions, this is almost 28 percent of all the greenhouse gases. The OECD guidelines suggest in chapter V.3. a life-circle approach as well. L. Fulton and G. Eads (2004): IEA/SMP Model Documentation and Reference Case Projection. <http://www.wbcsd.org/web/publications/mobility/smp-model-document.pdf>

Contrary, in 2004 the International Energy Agency (IEA) calculated only the immediate petroleum usage in the transport sector, which equals a transport related petroleum usage of 4.762 giga tons CO₂ in 2002 in contrast to 23.116 giga tons of energy related CO₂ output. This corresponds to 20.6 percent. IEA (2004): World Energy Outlook 2004.

¹² UNFCCC (2006): 2006 UNFCCC greenhouse gas data report points to rising emission trends. Press release 30.10.06.

http://unfccc.int/files/press/news_room/press_releases_and_advisories/application/pdf/20061027_ghg_press_release_final_english.pdf

This increase in emissions in the transport sector is in sharp contrast to necessary climate protection goals and is even more dramatic on the global level. Overall, CO₂ emissions in the transport sector increased by 27 percent between 1990 and 2000, according to the third part of the IPCC assessment report which was quoted by the Financial Times.¹³ Data provided by the International Energy Agency¹⁴ even show that, globally, transport-related CO₂ emissions increased by 40.2 percent between 1990 and 2004. This is mainly due to the extremely fast increase in emissions in the transport sector in developing and industrialising countries (faster than the worldwide average). It should be emphasised that the international activities of VW play an important role in this context, and therefore the business practices of VW are covered by the OECD Guidelines. In the future, the largest increase in emissions related to vehicles and transport is expected to occur in those industrialising countries with which VW is trading and in which it is investing. The International Energy Outlook 2005¹⁵ expects the transport sector to increase by 3.6 percent per year (EIA, 2005) in industrialising countries, with particularly high growth rates in China, India, Thailand and Indonesia. In China, the number of cars is increasing by one fifth per year, according to the IPCC assessment report quoted by the Financial Times.¹⁶

According to the assessment report, the individual and automobile traffic with almost 50 percent is the main producer of these transport-related emissions. Thus, road transport - depending on the calculation method - is directly responsible for 10 percent of the emissions. Taking into account the whole life cycle, including the development and production of the car, it is responsible for 14 percent.

In the future - if political frameworks are not modified significantly, or if automobile companies do not change their strategies voluntarily - the transport sector is expected to account for 60 percent of worldwide greenhouse gas emissions by 2025 compared to 2002.¹⁷ Other frequently quoted projections expect the energy consumption of the transport sector to increase by 80 percent by 2030 compared to 2002.¹⁸ In 2058, transport-related emissions - if this trend is prolonged - would be 160 percent above the 2002 level, and thus alone would release more emissions than are compatible with the two-degree limit.

D. Criticised business practices

The OECD Guidelines call upon enterprises, amongst others, to take into account the requirements of sustainable global development in their overall business practices, especially in international investments and trade¹⁹ – i.e., in activities with an international component. The OECD itself demands observation of the Guidelines “wherever they [the enterprises] operate”²⁰ and states that the Guidelines apply to “worldwide transactions” carried out by multinational enterprises.²¹ Therefore, this complaint does not only relate to VW’s automobile production, but also to its sales, marketing etc. – i.e. to the whole of its operations. Furthermore, the complaint also refers to the enterprise’s activities in Germany because, firstly, the impacts of CO₂ emissions on climate change are global and do not stop at national borders. Secondly, many strategic decisions are taken at the group’s head office in Germany, and research and product development similarly take place mainly in Germany.

¹³ Financial Times Deutschland (20.03.2007).

¹⁴ IEA (2006): CO₂ Emissions from Fuel Combustion.

¹⁵ IEA (2005): World Energy Outlook 2005.

¹⁶ Quoted from Financial Times Deutschland (20.03.2007) – see above

¹⁷ Asian Development Bank (2006): Energy Efficiency and Climate Change Considerations for On-road Transport in Asia, MAIN REPORT, S. 2.

¹⁸ International Energy Agency (IEA) (2005): World Energy Outlook 2005; World Business Council on Sustainable Development (2004): Mobility 2030: Meeting the Challenges to Sustainability.

<http://www.wbcsd.ch/plugins/DocSearch/details.asp?type=DocDet&ObjectID=NjA5NA>

¹⁹ Federal Ministry of Economy and Technology (2001): Dokumentation. Die OECD-Leitsätze für multinationale Unternehmen. Neufassung 2000, Einführung, para. 4.

<http://www.bmwi.de/BMWi/Redaktion/PDF/M-O/oecd-leitsaetze-englisch.property=pdf.bereich=bmwi.sprache=de.rwb=true.pdf>

²⁰ ib., chapter 1, paragraph 2.

²¹ ib., Declaration of the cabinet conference, June 2000.

Germanwatch makes this complaint in view of global climate change and given the fact that the transport sector, as the sector with the most growing increase in emissions, massively obstructs the worldwide reductions in greenhouse gas emissions required to avoid large-scale dangerous climate change²². In the assessment of Germanwatch, the concrete business behaviour adopted by VW in a large number of cases does not conform to the OECD Guidelines. The implementation deficits, which are described in detail in Part 2, can be categorised as follows:

- 1) Given the problem of climate change and the two-degree limit for global temperature rise, which was set by the EU on the basis of scientific studies, a company like VW must formulate and regularly evaluate detailed climate protection goals for single products as well as for the whole product range. The number of cars sold by VW, especially of fuel-intensive cars, is increasing in OECD as well as in non OECD countries. Neither sales and marketing, nor investments in production capacities have been geared to climate protection goals so far.
- 2) VW does not sufficiently take into account the dangers for the climate emanating from their products. Otherwise, the company would have to not only consider kilometre-related consumption data, but would have to forecast and evaluate the actual emissions during the service life of the vehicles produced, and include these data in its management (“You can only manage what you can measure.”)
- 3) VW does not comply with the self-commitment it made via the European umbrella organisation ACEA. In the light of its existing and published strategies, and its current product range, it is not clear how VW intends to fulfil its self-commitment to reduce the maximum average fuel consumption of its vehicles to 140g CO₂/km by 2008. In fact, the value of emissions produced by VW's cars amounted to 162.5g CO₂/km at the end of 2006. Considering its initial value of 185g CO₂/km²³ in 1995, the company is still far from achieving its envisaged goal. The VW brand, according to a survey by Transport and Environment²⁴, had only achieved 48 percent of its reduction commitment by 2005, Audi even 35 percent only.²⁵ Thus, VW had been even less active than the other two large car companies in Germany, DaimlerChrysler and BMW.²⁶
- 4) VW extensively advertises vehicles with high fuel consumption, whilst at the same time consumers are not informed transparently about the vehicles' climate relevance. The extent of advertisements for fuel-efficient car types is not commensurate with those for (fuel-intensive) luxury types.
- 5) VW has directly and indirectly (through association memberships) participated in the dissemination of wrong information about climate change and planned political measures.
- 6) VW has directly and indirectly been lobbying against climate policy frameworks planned by various governments - for example in China, California and the EU. Amongst others, this

²² UNFCCC (1992): Framework Convention on Climate Change. Article 2.

²³ Volkswagen (2005): Sustainability Report 2005/06. S. 30.

²⁴ Transport & Environment (2006): How clean is your car brand.

www.transportandenvironment.org/Article250.htm

²⁵ Even if the valuation was based on the self-commitment of all companies to reduce emissions by 20 percent on average, in the first eleven years since VW agreed to the commitment, the company would only have achieved 12.2 percent. According to VW's Sustainability Report 2005/06, the initial value amounted to 185g/km in 1995. Until the end of 2006, referring to the University of Applied Sciences Gelsenkirchen, with 162.5g/km VW was still far away from its reduction goal of 140g/km.

University of Applied Sciences Gelsenkirchen (Fachhochschule Gelsenkirchen): CO₂ emissions of new cars sold in Europe in 2006. In: Capital: preliminary notice 03/2007. (CO₂-Emissionen der 2006 verkauften Neuwagen in Europa. In: Capital: Vorabmeldung 03/2007). www.capital.de/div/100005642.html

²⁶ Transport & Environment (2006): How clean is your car brand.

relates to legislative initiatives aimed at limiting the consumption of newly-produced passenger cars and thus making a direct contribution to climate protection..

In the opinion of Germanwatch, these practices represent extensive violations of the principles laid down in the OECD Guidelines. These principles do not only effectively apply to the company, but VW also explicitly committed itself to these rules.²⁷

This complaint examines the automobile group's business activities on three levels:

- Investments and sales in large industrialising countries like China, Brazil, Argentina, Mexico, South Africa, and India, where the strongest increase in car consumption is to be expected (among these are OECD countries like Mexico, signatory states to the OECD Guidelines like Argentina and Brazil, as well as non-members like China and South Africa);
- Investments and sales in all other OECD countries (including EU and USA);
- Investments and sales in Germany.

In doing so, these levels cannot always be clearly separated with regard to the individual violations of the Guidelines; e.g. if VW develops models in Germany which subsequently are produced worldwide. Wherever possible, this regional distinction, however, has been made.

PART 2

In the following, the non-implementation of the OECD Guidelines by VW is substantiated on the basis of individual guidelines. In doing so, these are considered "quasi-legal norms", even though they do not represent laws in a juridical sense, but merely complement these according to the intention of the OECD.

A. Violation of Chapter V.1.a)

1. Violation

V. In particular, enterprises should:
1. Establish and maintain a system of environmental management appropriate to the enterprise, including:
a) Collection and evaluation of adequate and timely information regarding the environmental, health, and safety impacts of their activity; ...

VW does not meet its obligation to collect and evaluate adequate and timely information regarding potential impacts of its activity on the environment, especially with regard to CO₂ emissions resulting from the use, as a result of the marketing, of the following twelve extremely fuel-intensive models.

²⁷ Volkswagen: Sustainability. Strategy. Sustainability Management: „We regard the conventions of the International Labour Organization (ILO) as well as the OECD Guidelines for Multinational Enterprises as compulsory for our actions.“ http://www.volkswagen-nachhaltigkeit.de/nhk/nhk_folder/de/strategie/nachhaltigkeitsmanagement.html (accessed 05.02.2007).

Table 1: Fuel-intensive models produced by Volkswagen AG

Model	Production figures and locations for 2005		Average emissions per car, g/km ²⁸	Emission range, g/km
VW Touran	191,207	Germany (Wolfsburg)	181	162-233
VW Gol (Brazil)	284,069	Brazil and China	ca. 190 ²⁹	ca. 145-331
VW Sharan	32,575	Portugal	218	176-288
VW Touareg	81,003	Slovakia (Bratislava)	321	265-382
VW Phaeton	6,001	Germany (Dresden)	321	259-374
Bentley Continental GT Coupé	4,733		410	410
Bentley Continental Flying Spur	4,271	Germany (Zwickau-Mosel, Dresden)	423	
Bentley Arnage	556		495	495
Audi A6	211,142	Germany (Ingolstadt)	214	160-319
Audi A8	21,515	Neckarsulm), Hungary (Gyr); Slovakia (Bratislava), Brazil (São José dos Pinhais), China (Changchun) ³⁰	253	224-353
Audi Q7	1,185	Slovakia (Bratislava)	292	279-326
Bugatti Veyron	44 ³¹	France (Alsatian Dorlisheim near Molsheim)	above 500 ³²	up to 2500 ³³

Source: Compiled by Germanwatch³⁴

2. Reasons

Chapter V.1 stipulates the obligation to establish environmental management systems which enable the enterprise to develop and implement measures aimed at environmental protection. The *Commentaries* on the Guidelines specify:

"31. Sound environmental management is an important part of sustainable development, and is increasingly being seen as both a business responsibility and a business *opportunity*. [...] Improving environmental performance requires a commitment to a systematic approach and to continual improvement of the system. An environmental management system provides the internal framework necessary to control an enterprise's environmental impacts and to integrate environmental considerations into business operations. [...]"

²⁸ Average emissions per car calculated as: average value of all sub-models listed in the DAT-Manual. – See footnote 33.

²⁹ Since the Gol is not sold in Germany, the DAT Manual does not include emission data for this model. The emission values have been calculated on the basis of fuel consumption values ranging between 6,1 l and 14,0 l. Models with the same or a very similar fuel consumption were selected from the DAT Manual and their emission values taken as a basis (e.g. VW Gol 1.8 from Brazil with 14,0 l compared to Cadillac SRX with a consumption of 14,0 l, corresponding to 331g/km).

³⁰ Regarding Audi A6 and A8 it has not been evident which model is produced on which site.

³¹ Volkswagen (2006): Geschäftsbericht 2005 (Business report 2005)

³² Estimated on an average consumption of 20 l/100km.

³³ Estimated on the basis of consumption when fully loaded/at full speed of 100 l/ 100km.

³⁴ Production figures published in the business report: Volkswagen (2006): Geschäftsbericht 2005 (business report 2005); Production sites according to Wikipedia: <http://de.wikipedia.org/wiki/Volkswagen>; emission data: DAT (Deutsche Automobil Treuhand GmbH): 2006: Leitfaden zu Kraftstoffverbrauch und CO₂-Emissionen aller neuen Personenkraftwagenmodelle, die in Deutschland zum Verkauf angeboten werden – Ausgabe 2006. Kurz: DAT-Leitfaden (Manual on fuel consumption and CO₂ emissions of all new passenger car models offered for sale in Germany – edition 2006. Short: DAT Manual

<http://www.dat.de/showmessage.jsp?mentid=2080&mesid=3123>

Data for Gol: auto motor sport. spezial (2007): Autokatalog – Modelljahr 2007.

Data for Bentley Continental Flying Spur:

<http://www.bentleymotors.com/Corporate/display.aspx?websiteid=2&langid=2&cpflgs=1111&infid=272>; Daten

Data for Bugatti Veyron: Wikipedia http://de.wikipedia.org/wiki/Bugatti_Veyron#Verbrauch_und_Reichweite und Autobild: http://www.autobild.de/test/neuwagen/artikel.php?artikel_id=12128

32. In addition to improving environmental performance, instituting an environmental management system can provide economic benefits to companies through reduced operating and insurance costs, improved energy and resource conservation, [...]

33. In the context of these Guidelines, “sound environmental management” should be interpreted in its broadest sense, embodying activities aimed at controlling both direct and indirect environmental impacts of enterprise activities over the long-term, and involving both pollution control and resource management elements.”

Considering this broad understanding of environmental management, and the fundamental function of environmental management systems for the implementation of corporate responsibility, information in terms of Chapter V.1.a) does not only comprise information on the impacts of the production of individual passenger cars, but also– and significantly more important – information on the impacts of the use of these products, both individually and overall. These likewise are "impacts of their [here VW's] activities on the environment" in the sense of the guideline, since they have at least medium- to long-term impacts on the environment, precisely: the global climate system.

a) Collection of information

The evaluation of VW's business report 2006, sustainability report 2005/06 as well as the report to the Carbon Disclosure Project (CDP) from 2006 has shown that VW does not collect such information in conformity with the guideline.

In particular, no data or assumptions whatsoever on driving conditions, on road behaviour or on product life of these vehicles in the individual countries where they are sold can be inferred from these public sources.

VW actually does collect environmental data for the production processes of the whole group which include, amongst others, direct carbon dioxide (CO₂) emissions and energy consumption. These are monitored and published, e.g. in its sustainability report. However, collection of the emission data per vehicle during its respective service life, and of the annual emissions per vehicle, as well as the total amount of CO₂ emitted by the fleet of cars produced by the VW group in one year, is completely missing. According to information given by VW, however, 80 percent of the emissions produced by passenger cars are actually caused during service life.³⁵

Only in the “Life Cycle Inventory” analysis undertaken for the model Golf A4 can the information be found that during its service life it emits 27 tn (diesel) and 30 tn (petrol) CO₂ respectively; while Golf A3 emits 36 tn and Lupo 16 tn. However, firstly, the establishment of these data on the basis of an exemplary model is insufficient, and secondly, the important next step, which would be important for a meaningful lifecycle assessment, is omitted - namely an environmental impact assessment.

Such a life cycle inventory analysis is not available for the 12 models specified in Table 1 above.

With regard to production in the industrialising countries of Latin America, it is not clear to us whether the information on VW's own contribution to the problem of climate change currently is recorded by the company. The cars catalogue for 2007 does not indicate any company data on fuel consumption for any of the models produced in Argentina, and likewise these data are not available for 7 out of the 16 models produced in Brazil.³⁶ Since obviously not even data on consumption are established and collected there, it has to be assumed that collection and evaluation of information with regard to potential impacts is not undertaken either. Though there is no legal provision regarding the

³⁵ Volkswagen (2006): CDP4 report from 2006.

http://www.cdproject.net/response_list.asp?id=4&exp=4&desc=Germany&letter=V

³⁶ auto motor sport. spezial: Autokatalog – Modelljahr 2007. S. 265ff. In these countries, the company also produces models different from those in Europe (e.g. Gol, Parati, Santana, Suran). No information on these models are available in European data sources or in the DAT Manual.

indication of consumption values in these countries so far, an adequate observation of the OECD Guidelines would require such specification.

For lack of further basic data, Germanwatch together with other interested NGOs asked our European partner organisation, "Transport & Environment", to request this information from VW (and from the 15 largest automobile companies worldwide). VW has not made any information available so far through this channel.³⁷ The questionnaire included, amongst others, questions regarding the amount of CO₂ emissions produced by VW vehicles since 1990, as well as questions regarding existing life-cycle analyses, and how these influence decision-making processes.

b) Evaluation of information with regard to environmental impacts

The information collected shall be evaluated with regard to potential impacts of the group's operations on environment, health and safety.

The use of cars so far has predominantly been based on fossil oil consumption. Starting with exploration, oil causes significant environmental problems and repeated problems regarding the safety of people. There is ample evidence that conflicts around oil have developed into military clashes.

The combustion of oil in the automobile generates the greenhouse gas CO₂ which accumulates in the atmosphere and has considerable impacts on the environment worldwide. Furthermore, the climate problem is meanwhile considered as a safety problem on the same level as wars – e.g., last year by the (then) UN Secretary General Kofi Anan. Under this aspect, the climate issue was for the first time debated in the Security Council in April 2007.

Significant dangers to environment (biodiversity, risks of genetic engineering) and safety (food security) can also emanate from the use of bio-fuel. Although VW strictly refused binding regulations regarding increases in efficiency, and demands an increase in bio-fuels instead, the group has not presented any systematic assessment of the impacts of a significantly increased use of bio-fuels on environment and food security.

VW does state in its business report 2006³⁸:

"Our Group environmental policy is characterized by an integrated approach that determines the impact of products and production processes on the environment in advance and takes these into account in the early planning stage. Our overriding objective is to develop solutions that are economically and ecologically sound, thereby minimizing the use of resources and reducing costs in the long term."

However, an environmental management system which would permit an evaluation of information (which has not been collected so far) with regard to CO₂ emissions of the passenger cars produced and marketed by VW, especially of the fuel-intensive models listed in Table 1, and their environmental impact, is completely missing.

B. Violation of Chapter III.1 [Disclosure in accordance with V.1.a)]

III.1. Enterprises should ensure that timely, regular, reliable and relevant information is disclosed regarding their activities, structure, financial situation and performance.

In accordance with Chapter V, the term "activities" in this Chapter has to be interpreted so as to subsume under this provision CO₂ emissions caused by vehicles produced and sold. Accordingly, this information, as defined in Part A., also has to be disclosed to the public. If there are no such data - as the in-depth inquiries carried out by Germanwatch have shown - this constitutes a violation of Chapter

³⁷ Questionnaire dated 14.2.07, reminder sent on 21 March 2007. – Questionnaire see annex I.

³⁸ Volkswagen (2007): Annual Report 2006, p.97.

III.1. If such information is not published for considerations of confidentiality or other reasons, this at least has to be stated.

C. Violation of Chapter V.2.a)

V. In particular, enterprises should

2. Taking into account concerns about cost, business confidentiality, and the protection of intellectual property rights:

a) Provide the public and employees with adequate and timely information on the potential environment, health and safety impacts of the activities of the enterprise, which could include reporting on progress in improving environmental performance;

1. With regard to information on the models in accordance with V.1.a)

If the view was to be taken that there is no violation of Chapter III.1 with regard to the CO₂ emissions caused by vehicles produced and sold, or with regard to the specific models, in any case there is a violation of the specific obligations regarding transparency under Chapter V.

None of the publicly accessible reports analysed contains information on the "environment...impacts of the activities of the enterprise [VW]", e.g. with regard to concrete climate impacts of the 12 models mentioned. Thus, the public is not in a position to establish a kind of "carbon footprint", neither with regard to these twelve fuel-intensive models, nor for the group as a whole, i.e. to recognise the impacts of VW's activities on the global climate system. Likewise, there is no information on the relation between the considerable increase in emissions of the fleet sold by VW, and the fuel-intensive models in particular, and the limit for unacceptable environmental impacts – the two-degree limit – established by the EU.

Due to incomplete or missing information on consumption with regard to production in the industrialising countries of Latin America, there is also a violation of Chapter V.2.a) ; for the details, reference is made to the observations under Part A.

In Germany, a violation of Chapter V.2.a) lies in the fact that the application of the labelling obligations has been, and is, irregular. In several subsidiaries, VW has – to our knowledge - not duly implemented the labelling obligation³⁹ which it previously had delayed. Initially, the labelling had simply been "forgotten". A particular criticism is that fuel consumption data had been printed in white characters on transparent cling film which were practically invisible in the windows of vehicles. Furthermore, VW violated the labelling obligation in advertisements.⁴⁰ Thus, adequate and timely information on potential environmental impacts of the group's activities was withheld from the public.

2. With regard to general information on the impacts of passenger car / road transport on the climate

The Guidelines generally oblige enterprises to make a contribution to sustainable development and to record their activities as well as impacts in a global context. In this sense, a broad interpretation has to be given to Chapter V.2.a) which has to be considered as a prohibition of calculated misinformation or deception of the public.

³⁹ Further observations on the delay of the labelling obligation under Chapter M.

⁴⁰ Deutsche Umwelthilfe (DUH): DUH-Hintergrund zur Pressekonferenz am 26.10.05. (DUH background for the press conference on 26.10.05)

This also becomes clear in the *Commentaries*:

"35. Information about the activities of enterprises and associated environmental impacts is an important vehicle for building confidence with the public. This vehicle is most effective when information is provided in a transparent manner and when it encourages active consultation with stakeholders such as employees, customers, suppliers, contractors, local communities and with the public-at-large so as to promote a climate of long-term trust and understanding on environmental issues of mutual interest.."

The objective of the Guidelines here lies in building a "climate of trust"; from this it follows that it is a violation of this guideline to withhold information or express it in a misleading way.

Furthermore, VW is blamed for having disseminated misleading and incorrect information, mainly via associations (VDIK, ACEA, VDA) of which it is a member (in some cases represented by individual subsidiaries).

a) ACEA voluntary commitment

This applies to the implementation of the voluntary commitment via the European umbrella association ACEA. In 1998, the automobile manufacturers associated via ACEA, including VW, committed themselves to achieve a CO₂ emission target of 140g/km on average per fleet by the end of 2008.⁴¹ The initial value was between 185-187g/km⁴², the present average of all companies is at 161g/km, with VW's being slightly higher.⁴³ In view of the current strategy and range of products, it is not apparent how VW wants to achieve the value of 140g/km in the remaining two years. Nonetheless, statements made by the VW group itself and by the associations which, amongst others, represent VW or parts of the group, aim at making the public believe that, firstly, the value can be achieved by 2008, i.e. that the automobile industry including VW will meet its commitment; and that, secondly, VW made a huge contribution to this result.⁴⁴

b) Other cases (VW directly)

Although the EU Commission always wanted to introduce average targets for the entire fleet, and not individual targets for different models, VW – together with other German automobile companies – systematically and deliberately arouse the public impression that individual targets had been suggested.⁴⁵ Amongst others, there is an open letter to the EU Commission dated 26 January 2007⁴⁶ which was publicly presented e.g. via (the Sunday newspaper) *Bild am Sonntag*. Like numerous other media, also (the weekly) *Spiegel* thereupon reported incorrectly that the Commissioner for the Environment argued for a legal maximum of CO₂ emissions per kilometre. This is contradictory to the fact that 120g never had been envisaged by the Commission as an absolute maximum for each model, but as an average target for the entire car fleet.⁴⁷

⁴¹ ACEA (1998): ACEA Commitment on CO₂ emission reductions from new passenger cars in the framework of an environmental agreement between the European Commission and ACEA.

http://www.acea.be/acea_1998_commitment

⁴² EU Kommission (2006): Sechster Jahresbericht über die Wirksamkeit der Strategie KOM(2006) 463 final.

http://eur-lex.europa.eu/LexUriServ/site/de/com/2006/com2006_0463de01.pdf

⁴³ Capital (2007): Vorabmeldung für das „Capital“ 03/2007 vom 15.01.07.

<http://www.capital.de/div/100005642.html>

⁴⁴ For more details, see Annexes II and III

⁴⁵ Corporate Europe Observatory (CEO) (2007): Car industry flexes its muscles, Commission bows down.

Briefing paper. <http://www.corporateeurope.org/carlobby.html>

⁴⁶ ebd.

⁴⁷ "The final EU target, agreed by heads of state and government, is to reach an average CO₂ emission figure of 120 g/km for all new passenger cars by 2010." Euractiv (2006): Commission to get tough with carmakers on CO₂ cuts. <http://www.euractiv.com/en/environment/commission-get-tough-carmakers-co2-cuts/article-157309>.

Furthermore, it has repeatedly been argued, also by VW, that new regulations have a disastrous impact on the labour market situation in Germany.⁴⁸ It can be assumed that this argument in particular helped to prevent politicians from introducing a strict and binding regulation. A strict consumption limit which also applies to all competitors, should, however, be understood as a contribution to make the German automobile industry more competitive worldwide, thus safeguarding jobs in the long run.

During the shareholders' meeting on 19 April 2007, Mr. Winterkorn, chairman of the VW board, expressly did not contradict a shareholder who called upon the group to "free themselves from the CO₂ lie". Winterkorn reacted to the shareholder's statement by saying "I do not contradict you", thereby actively supporting what had been said⁴⁹.

c) Disinformation via associations

Via its memberships in associations, VW is also responsible for presentations and publications by various automobile associations. Reference here is made especially to the latest arguments presented by VDIK, VDA and ACEA, which have massively contributed to public disinformation. Further details on the argumentation in this context are included in Annex III.

VDIK (Association of International Vehicle Manufacturers), whose members include the two VW subsidiaries Seat and SkodaAuto Deutschland, has rarely published adequate and timely information, but rather made statements which deliberately try to cover up the significant impact of individual road transport on global climate change. A press release published by VDIK on 14.03.2007 may serve as an example. The main argument of the statements made in this press release was that the contribution of individual road transport towards man-made climate change can be neglected in comparison to the annual amount of natural CO₂ emissions.⁵⁰ Similar chains of arguments and disinformation are also brought forward by the German VDA (association of the automobile industry). By indicating arbitrary time periods, concealing important trends and making unsustainable data qualifications, it presents the development of CO₂ emissions by the German automotive industry in such a positive way that this must be regarded as undermining "adequate and timely information on the potential environment [...] impacts of the activities of the enterprise [and] [...] progress in improving environmental performance".

The information policy adopted by ACEA, the European Automobile Manufacturers' Association, is not in conformity with the OECD Guidelines either. ACEA misrepresents the reasons for potential non-compliance with the voluntary commitment in order to prevent further (legal) regulations.⁵¹

In summary, it has to be stated that VW does not ensure that "adequate and timely information on the potential environment impacts of the activities of the enterprise" is made available, but that it camouflages - by its own statements and those made by the associations - the actual impacts of transport (including the vehicles produced and marketed by VW) on the climate in order to prevent binding regulations aimed at consumption reduction.

D. Violation of Chapter VII.4

VII. When dealing with customers, the enterprises should act in accordance with fair business, marketing and advertising practices and should take all reasonable steps to ensure the safety and quality of the goods or services they provide. In particular, they should: Not make representations or omissions, nor engage in any other practices, that are deceptive, misleading, fraudulent, or unfair;

⁴⁸ ib.

⁴⁹ Personal notes taken during VW general shareholder meeting on 19.04.2007; the official minutes have not yet been published.

⁵⁰ More details on this: Annex III to OECD complaint.

⁵¹ More details on this: also Annex III.

The practices listed as violation of Chapter V.2.a) also constitute a violation of Chapter VII.4. In particular, the half-hearted implementation of the labelling obligation by VW, e.g. by indicating fuel consumption in practically invisible white characters on transparent cling film, is a form of misleading representation. The previous non-indication of consumption data has to be considered an omission in accordance with Chapter VII.4.

The activities mentioned under Part C.2 ,furthermore, have to be regarded as misleading representations - both by VW itself and via its membership in associations - and thus likewise constitute a violation of Chapter VII.4.

E. Violation of Chapter V.1.b)

1. Violation

V. In particular, enterprises should:
1. Establish and maintain a system of environmental management appropriate to the enterprise, including:
b) Establishment of measurable objectives and, where appropriate, targets for improved environmental performance, including periodically reviewing the continuing relevance of these objectives;

VW violates the obligation to establish and maintain an environmental management system in the framework of which “measurable objectives” or specific “targets” can be established for the models listed in Table 1 in Part A. with regard to the CO₂ emissions of these vehicles. With regard to the larger meaning of environmental management system (see under A.), this requirement does not only apply to the production of the vehicles, but also to their use.

In fact, the group has established neither global nor specific targets for the reduction of CO₂ emissions during the entire life cycle of the vehicles marketed, especially for the models listed in Table 1.

2. Reasons

Under Chapter V.1.b) of the Guidelines, amongst others, verifiable targets for the reduction of CO₂ emissions shall be established for the whole group or for the specific models listed in Table 1 with regard to the sales countries. In order to actually be geared to the *impacts* of the business activities or to aim at improved environmental performance, these targets would have to be established worldwide, taking into account the driving conditions and assumed road behaviour in the relevant countries. Furthermore, the targets would have to be reviewed periodically. No such specific target by VW has been known so far, and thus, no review of such targets has taken place either.

The above mentioned questionnaire (Annex 1) offered the possibility to disclose such targets. VW has not made use of this option. VW neither commented on the precise definition of the target to reduce CO₂ emissions of new cars, nor on when and whether these emission data have been established by model, country, region or company, or how they have been reviewed. Nor did the company specify whether it demands from its supply and service chain to support VW in achieving reductions, e.g. by reductions on their part or through advertising campaigns.

In its environmental policy adopted in 1995, the VW group very generally formulated targets for environmental activities by its brands and companies.⁵² In the preamble it says:

“The Volkswagen Group develops, manufactures and markets motor vehicles worldwide with the aim of safeguarding personal mobility. The company accepts responsibility for the continuous improvement

⁵² Volkswagen: Sustainability. Strategy. Environmental Policy of the Volkswagen-Group: http://www.volkswagenag.com/vwag/vwcorp/content/en/sustainability_and_responsibility/strategy_of_sustainability/sustainability_management/environmental_policy.html

of the environmental compatibility of its products and for the increasingly conservative use of natural resources. Accordingly, the Volkswagen Group makes environmentally efficient, advanced technology available worldwide. At all its corporate locations, the Group works hand-in-hand with society and policy-makers to shape a socially and ecologically sustainable development process.”

However, measurable targets for CO₂ emissions have not been established.

The target of CO₂ reduction is mentioned on the VW website in several places, e.g. in "The Volkswagen Fuel and Powertrain Strategy". Though the company here presents visions of propulsion without fossil fuel, and develops strategies on how to achieve these (which Germanwatch welcomes in principle, as long as they are not in conflict with food security or e.g. the conservation of rain forest, or cause other environmental problems), these targets are not formulated in a binding, or verifiable way, and especially without specifying measurable interim targets, and thus are not in conformity with the Guidelines. In this strategy, VW itself assumes that the development of a propulsion technology based on hydrogen and fuel cell needs at least another three decades in order to actually go into mass production, and states:

“Oil-based fuels such as petrol and diesel will continue to dominate mobility for many years to come. So it is imperative for them to undergo continual development.”⁵³

Such an improvement - which is related to a reduction of CO₂ emissions, comes about through concrete, measurable targets and a regular monitoring of the same, and which is verifiable - is not perceptible to us.

It was interesting for us to hear the announcement made by VW in April 2007, referring to its car fleet in China, “to reduce by 20 percent the consumption and emissions of the cars offered for sale by 2010”. We aim at verifying the substance of this statement in the framework of the proceedings. We also observe a lack of measurable targets, and a periodical revision thereof, with regard to the approaches which are envisaged in the Sustainability Report 2005/06 as individual measures under the objective to “Reducing CO₂ emissions and energy consumption“. The fact that the targets and measures do not refer to concrete models and sales countries also impedes measurability. There is no information on a control mechanism. What cannot be measured, cannot be managed, though. The strong trend towards non-compliance with the ACEA commitment (see above) points to the fact that the environmental management system fails in this respect.

F. Violation of Chapter III.4 b) [Objectives in accordance with V.1b)]

V.4. Enterprises should also disclose material information on: b) Company objectives;
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The terms “company objectives” [Chapter III.4.b)] and “measurable objectives” [Chapter V.1.b)] used in the Guidelines do not distinguish between economic and other targets established by a company. Thus, if VW had established targets with regard to V.1.b) and the CO₂ emissions caused by the models listed in Table 1 ., the company in accordance with III.4.b) would have to disclose them.

⁵³ Volkswagen (2007): Evolution not Revolution. The Volkswagen Fuel and Powertrain Strategy. http://www.volkswagenag.com/vwag/vwcorp/info_center/en/news/2007/03/0.-bin.acq/qual-DownloadFileList.Single.DownloadFile.0001.File/Evolution%20not%20Revolution.pdf

G. Violation of Chapter V.3

V. In particular, enterprises should:

3. Assess, and address in decision-making, the foreseeable environmental, health, and safety-related impacts associated with the processes, goods and services of the enterprise over their full life cycle. Where these proposed activities may have significant environmental, health, or safety impacts, and where they are subject to a decision of a competent authority, prepare an appropriate environmental impact assessment.

1. Violation

Chapter V.3 establishes the principle of product responsibility. The *Commentaries* specify:

“36. Normal business activity can involve the ex ante assessment of the potential environmental impacts associated with the enterprise’s activity. [...] The *Guidelines* also recognise that multinational enterprises have certain responsibilities in other parts of the product life cycle.

[...]

38. The basic premise of the *Guidelines* is that enterprises should act as soon as possible, and in a proactive way, to avoid, for instance, serious or irreversible environmental damages resulting from their activities.”

For the models listed in Table 1., VW has not established any life cycle assessment (“assess the foreseeable impacts”) which would meet these requirements (see section 2a below). Accordingly, the “foreseeable impacts” have not been taken into consideration in the company’s internal decision-making processes (see section 2b below).

2. Reasons

The Guidelines’ basic premise of precaution emphasised in the *Commentaries* indicates that life cycle assessments of products (“goods“) shall serve to assess overall environmental impacts. This responsibility does not end with the sale of the vehicles, but has to include the consequences (CO₂ emissions) caused during the use of the product.

a) Existence of life cycle assessments

In its Carbon Disclosure Project report CDP4 (2006), VW writes that the group had introduced the so-called “life cycle assessment” concept in order to determine the exact CO₂ values caused by its products and services, and thus to increase its environmental efficiency. The results of these “examinations” would regularly be published in the internet.⁵⁴ As a result of these studies, the report refers, amongst others, to the Life Cycle Inventory analysis for the Golf A4. When searching for the term “life cycle assessment“ under the revised internet address <http://www.volkswagen-environment.de/>, some information can be found, but it is disappointing. Under the term “Curriculum Vitae“, there is an explicit definition of “life cycle assessment“ and a life cycle assessment for the Golf A4 including the data on CO₂ emissions caused during the product life of the car (see Part A.). This might be in conformity with the Guidelines. However, such analyses are not available for further models, especially not for the fuel-intensive models listed in Table 1 .

VW’s “Environmental Report 2003/2004” furthermore states on page 33 that the main reason for the instrument is to prove the recycling quota of old cars. The statements on the life cycle assessment do not refer to the impacts of greenhouse gas emissions by the vehicles produced – in fact, however, the

⁵⁴ According to VW, the results are published under www.volkswagen-environment.com . This link is incorrect, the right address is www.volkswagen-environment.de.

requirements differ, depending on whether a product analysis is undertaken with regard to recycling or with regard to globally relevant greenhouse gas emissions.

Accordingly, the existing analysis for the Golf A4 focuses on customary parameters like waste disposal / recycling and harmful substances, and completely omits an impact assessment that would facilitate an evaluation, and which would be required for a meaningful life cycle assessment.

b) Consideration of results in decision-making processes

Chapter V.3 also contains the obligation to address the results of such analyses in the company's decision-making processes. This means, amongst others, the consideration of CO₂ emissions of these vehicles during their entire product life in the fields of (i) strategy and product development, (ii) marketing and advertisement, (iii) determination of the (customer) target group and (iv) volume of production and delivery, as well as (v) research and development.

Following an evaluation of the publicly accessible sources (business report, CDP report, sustainability report, website)⁵⁵, such a consideration of CO₂ emissions in decision-making processes (e.g. in the development and realisation of models) was not found. Therefore VW was given the opportunity, by means of the above-mentioned questionnaire, to show how this obligation is met. We have not received an answer to this so far. In so far as there are no useful analyses, no results could have been taken into consideration; thus, this obligation has been violated as well. However, conclusions can be drawn from VW's general behaviour on the different markets. Based on the above-mentioned business areas and activities (i) to (v), annex IV describes business practices of VW which in detail prove a violation of the OECD Guidelines especially with regard to guideline V.3.

H. Violation of Chapter III.1 (Information on life cycle assessments and their consideration)

As far as life cycle assessments have been undertaken, these are not accessible to the public – except for the case mentioned. Just as little has been disclosed in respect of concrete consideration in decision-making processes, so that with regard to the data and information in Chapter V.3, Chapter III.1 of the Guidelines has been violated.

I. Violation of Chapter V.2.a) (Information on life cycle assessments and their consideration)

As far as life cycle assessments have been undertaken, these are not accessible to the public – except for the case mentioned. Just as little has been disclosed in respect of concrete consideration in decision-making processes, so that with regard to the data and information in Chapter V.3, chapter V.2.a of the Guidelines has been violated.

J. Violation of Chapter V.6.a)

This paragraph of Chapter V.6. puts the precautionary principle into practice and calls upon enterprises to continually seek to reduce negative environmental impacts caused by their business operations.

⁵⁵ Volkswagen (2007): Geschäftsbericht (business report) 2006. <http://www.volkswagen-ir.de/>; CDP4-Bericht (report)(see above), Nachhaltigkeitsbericht (sustainability report) 2005/06 to be downloaded from http://www.volkswagen-nachhaltigkeit.de/nhk/nhk_folder/de/zum_bericht.extended.html and the website: <http://www.volkswagen-umwelt.de/> und www.volkswagen.de

V. 6. In particular, enterprises should [...] continually seek to improve corporate environmental performance, by encouraging, where appropriate, such activities as:
a) adoption of technologies and operating procedures in all parts of the enterprise that reflect standards concerning environmental performance in the best performing part of the enterprise;

On the one hand, this guideline aims at using the same good procedures in all production countries, i.e. that production shall be environmentally sound according to the state of the art in the broadest sense. This kind of "equal treatment" is considered one of the main objectives of the Guidelines which are applied in a range of countries where greatly diverse legal protection requirements (emission control, waste processing etc) are in force. In this case, the guideline has to be interpreted to the effect that fuel-saving models have to be manufactured in all countries, and not only in countries where pertinent legislation is in force, or which can exert political pressure on the company. With regard to various industrialising countries, this at least is not the case and thus constitutes a violation of the OECD Guidelines:

- In Brazil, for example, seven of the models produced there (including Gol listed in Table 1) consume more than 13.8 l/100km, and the most fuel-saving model still consumes 7.3 l/100km.⁵⁶ In Brazil, the Fox 1.0 8V consumes 15.5 litres of regular-grade petrol, whilst a comparable Fox 1.4 16V in Germany consumes just 6.7 l of super. The Golf 1.6 consumes 14 litres of regular-grade petrol in Brazil, but only 7.1 litres of super in Germany. The Gol 1.6 manufactured in China uses 6.1 l of regular-grade petrol, while in Brazil consumption amounts to 13.8 l.
- The values for Argentina could not be established; since, however, the models produced are similar to those manufactured in Brazil, it can be assumed that consumption is similar, too.⁵⁷

The same applies to the particularly fuel-saving version of Polo Blue Motion: only in Europe is it produced with a low consumption, while the consumption of the versions marketed in many industrialising countries is significantly higher. In Germany, the Polo Blue Motion has a consumption of 3.9 l/100km, while the following data are available for other countries⁵⁸:

- In China, the most fuel-saving Polo version (Polo 1.4.) currently consumes 5.8 l/ 100km⁵⁹. If this model will be marketed in China, as announced in April, the guideline can be complied with at least with regard to Polo Blue Motion and China – its introduction, however, still depends on the availability of diesel of a significantly improved quality in China.
- In South Africa, the most fuel-saving Polo version (Polo Classic 1.4 TDI) consumes 4.4 l, and thus likewise more than Polo Blue Motion.
- In Brazil, the only Polo listed (Polo 1.6) consumes even 14 l of regular-grade petrol per 100 km. The corresponding model in Germany (Polo 1.6 16V) has a consumption of 6.9 l of super.

With regard to automobile production, the term "part of the enterprise", however, should not be understood as geographic reference only. There should also be a comparison of the various models produced within the enterprise with regard to their environmental performance. For the time being, VW uses new and climate-friendly technologies very selectively, and by no means for all models (e.g. Blue Motion, where so far only the version for Polo is on sale, while that for Passat is to be launched in June⁶⁰), although the board of directors announced already in March 2006 that a Blue Motion version should be available for each model⁶¹. The costs for research and development of these models⁶² are very low⁶³ in comparison to the total expenditure by VW in this area; a more

⁵⁶ auto motor und sport spezial (2007): Autokatalog Modelljahr 2007. S.261 – 267.

⁵⁷ ib.

⁵⁸ All following data: ib.

⁵⁹ ib.

⁶⁰ (Weekly) 'Spiegel' (25.4.2007): Schlichter sparen. (Save more simply)

<http://www.spiegel.de/auto/fahrberichte/0,1518,479294,00.html>

⁶¹ Volkswagen (2006): Drei-Punkte-Programm zur Nachhaltigen Mobilität (Three point programme on sustainable mobility) . http://www.volkswagen-nachhaltigkeit.de/nhk/nhk_folder/de/aktuelles/aktuelles/drei-punkte-programm.html

⁶² According to personal notes taken during the shareholders' meeting 2007. VW has spent 5 million Euro each for the development of Polo Blue Motion and Passat Blue Motion respectively; the official minutes have not yet been published.

comprehensive implementation therefore seems possible, but cannot be seen so far. Thus, VW does not comply with the guideline which requires the adoption, in all parts of the enterprise, technologies and procedures that reflect standards in the best performing part of the enterprise.

K. Violation of Chapter V.6.b

V.6. In particular, enterprises should [...] continually seek to improve corporate environmental performance, by encouraging, where appropriate, such activities as

b) Development and provision of products or services that have no undue environmental impacts; are safe in their intended use; are efficient in their consumption of energy and natural resources; can be reused, recycled, or disposed of safely;

This obligation refers both to R&D activities (“development”) and to actual production (“provision”).

a) Development of products

Considering the models in focus here, it has to be stated that these have been provided by VW, but with regard to their fuel consumption certainly have “undue environmental impacts“, i.e. impacts on the global climate system. These vehicles are not “efficient in their consumption of energy“ in terms of the guideline. The ratio between the purpose of the product (mobility) and resource use (fuel consumption) is disproportionate, both in comparison to other models and absolutely.

Given the technical feasibility of reduced fuel consumption per kilometre, “undue environmental impacts” have to be assumed with regard to the models listed in Table 1. This term is not defined in the Guidelines, but in view of their sense and the precautionary principle, in this context it has to be interpreted to the effect that enterprises have a “reasonable” obligation to avoid environmental impacts. VW has not complied with this obligation. Firstly, a comparison between the models listed in Table 1, and the technically feasible low fuel consumption of the Passat Blue Motion, shows that even VW itself has produced a model with significantly lower emission values, which nonetheless offers sufficient room for five persons plus luggage. The latter emits 136-137g of CO₂/km⁶⁴, whilst, e.g., the Phaeton, which has the same number of passenger seats and comparable luggage room, emits 321g of CO₂/km⁶⁵. An emission of significantly more than double the value for a comparable transport performance indisputably has to be considered “undue”. Another comparison, which focuses more on the use of the vehicles, also shows an “undue” difference and thus undue impacts: While the VW Sharan, which is designed to meet family requirements by offering sufficient seats and luggage room, emits 218 g of CO₂/km on average, and has a minimum consumption of 176g (1.9 TDI), the manufacturer Renault, for example, produces a family car, the Kangoo, which offers even more room for families and nonetheless emits just 170g/km on average, and offers as its lowest emission model the Kangoo 1,5 dCi 84 PS with 139g/km.⁶⁶ Finally, a comparison between the models listed in Table 1 and similar models from the luxury range – which in view of the above comparison are considered undue as such - reveals that VW models have higher and therefore undue emission values. Thus, for example, the Touareg, with an average emission value of 321g/km, is comparable to the Volvo XC90 with a value of 271g/km. Further examples are listed in the Table below:

⁶³ Total development costs spent by the VW group in 2005 amount to 1,432 million Euro according to the Business Report 2006. Thus, development cost for Passat Blue Motion amount to 0.35 percent of VW’s total development cost in 2005.

⁶⁴ Volkswagen (2006): Business Report 2005.

http://www.volkswagen.de/vwcms_publish/vwcms/master_public/virtualmaster/de3/modelle/passat/Der_neue_Passat/ausstattungslinien/passat_bluemotion.html

⁶⁵ Average emission calculated on the basis of DAT Manual 2006 (see above).

⁶⁶ Emissiondata taken from DAT Manual 2006 (see above).

Table 2: Fuel-intensive models of Volkswagen AG in comparison with similar models produced by other automobile companies

Models by VW	Average emissions/car in g/km	Comparable model regarding use	Average emissions/car in g/km
Phaeton	321	Passat Blue Motion	136-137
Sharan	218 (lowest value: 176)	Renault Kangoo	170 (lowest value: 139)
Model	Average emissions/car in g/km	Similar model	Average emissions/car in g/km
Touareg	321	Volvo XC90	271
Phaeton	321	BMW 7er	263
Bentley Continental Flying Spur	423	Mercedes-Benz S 600	340

Source: compiled by Germanwatch⁶⁷

b) Provision of products

If the introduction of other, more economic models (e.g. Lupo 3L; Polo Blue Motion) is to serve as justification, we want to state here:

In 1999, the VW group launched the Lupo 3L TDI, which, however, due to its limited functionality (three doors, small luggage compartment, little room on the back seats), an elevated purchase price, and a correspondingly long amortization period, did not find many customers, so that production was stopped in 2005. The Polo Blue Motion 2006 was presented in March 2006; it emits 102-108g/km and thus is registered in all environmental lists (VDC, ADAC and DAT Manual on fuel consumption). It has to be considered, though, that this model has a basic price of €15,750, and thus costs €1,400 more than a comparable model.⁶⁸ Nonetheless, the demand for the Polo Blue Motion was so great that the vehicle was sold out shortly after its introduction. It is to be expected that many customers will opt for another model if they have to wait up to five months for a new car.⁶⁹

In the field of natural gas, VW also developed two models: the Golf Variant BiFuel (since 2002, no longer produced today⁷⁰) and the Touran (in early 2006). Overall, the VW vehicles with alternative propulsion (i.e. neither petrol nor diesel) represent only 0.2 percent of all VW cars in Germany⁷¹. In

⁶⁷ Emission data: DAT Manual (see above) and for Bentley Continental Flying Spur: see table 1 and for Passat and Polo Blue Motion see above, similar models: Wikipedia-Website (see above) – According to Wikipedia: “similar models” are indicated on the pages for the individual models (e.g. http://de.wikipedia.org/wiki/VW_Phaeton)

⁶⁸ according to car catalogue p. 305

⁶⁹ (Weekly) “Zeit” of 22.02.07 <http://www.zeit.de/2007/09/Hybridantrieb> „Polo Blue Motion ... was already “sold out until May”, according to statements from Wolfsburg. VW Sales had been surprised by the great demand“

Finanznachrichten (Financial news) on 04.02.07 <http://www.finanznachrichten.de/nachrichten-2007-02/artikel-7691726.asp> “Polo Blue Motion with a consumption of 3.9 l, which had been presented in mid-2006 was presently sold out. Customers who order the car now, would have to wait up to five months for the vehicle. According to VW, the production of the model had already been tripled..“

⁷⁰ <http://de.wikipedia.org/wiki/Erdgasfahrzeug> (natural gas vehicle)

⁷¹ Kraftfahrt-Bundesamt (Federal Motor Transport Authority) (2007): Statistische Mitteilungen.

Fahrzeugzulassungen – Bestand, Emissionen, Kraftstoffe (Statistical information. Licencing – stock, emissions, fuels). 1. January 2007.

http://www.kba.de/Abt3_neu/Fahrzeuge/Bestand/Themen_jaehrlich_pdf/B_Emissionen_Kraftstoffe_2007.pdf

view of the proven technical feasibility of reduced fuel consumption, as well as the basic premise of the Guidelines that demands the best possible environmental protection in business operations, VW with these few activities does not comply with the obligation of Chapter V.6.b). In particular, the development and marketing of the fuel-intensive models in focus are contradictory to it.

Though it is true that VW has developed fuel-saving models, the highest percentage of models developed and produced are in the fuel-intensive sector. While 0.12 percent of the models produced consume less than 140g/km on average, just as many (0.13 percent) emit more than 400g/km on average. 72 percent of the models emit more than 170g/km on average and thus are still far above the target value of 140g/km.

Table 3: Percentages of fuel-saving and fuel-intensive models in the total production of VW in 2005⁷²

Average emissions by the model range in g/km	Number of vehicles produced in 2005	Share in production in percent (total production in 2005: 4.817.133 cars)
below 140	5,742	0.12
below 160	993,500	20.6
above 170	3,469,128	72
above 180	1,874,241	38.9
above 320	377,336	7.8
above 400	6,263	0.13

Source: Compiled by Germanwatch⁷³

Out of the 642 models by VW listed in the DAT Manual 2007, only 63 emit less than 140g/km; this corresponds to 9.8 percent. On the whole, far too few of such fuel-saving models are thus produced, and proportionately many more fuel-intensive models are offered to the customer.

L. Violation of Chapter V.6.c

V. 6. In particular, enterprises should [...] continually seek to improve environmental performance, by encouraging, where appropriate, such activities as:

c) Promoting higher levels of awareness among customers of the environmental implications of using the products and services of the enterprise;

Through direct contact with their customers, and through transfer of knowledge, enterprises should contribute to improving their environmental performance. In concrete terms, this means that VW would have to actively inform its customers of environmental impacts, i.e., of elevated CO₂ emissions per kilometre caused by the models listed in Table 1 in order to encourage them to choose another model. Such activities on the part of VW are not known. In many cases, VW rather advertises these

p.8: Out of the 9,870,876 passenger cars in VW stocks on 01.01.2007 in Germany, only 19,639 cars used alternative fuel.

⁷² For all models (e.g. Golf, Touareg etc.) the average CO₂ emissions have been calculated according to DAT Manual 2006. Production figures from the VW Business Report 2005 were added for the respective indication (e.g. more than 140g/km) and subsequently related to total production. Models that are not on sale in Germany, and thus are not registered in the DAT Manual (e.g., Gol from Brazil), have not been taken into consideration here. Since there are no detailed production figures for the individual sub-models (and their respective CO₂ emissions), only average values for the emissions caused by the individual models could be taken into consideration here.

⁷³ Production figures: taken from the VW Business Report 2005, emissions caused by the models: Calculated average value from DAT Manual (see above).

models by showing a homely or impressive landscape, as for example in the Touareg advertisement where the vehicle is placed in the middle of a waterfall landscape⁷⁴, in the advertisement for the New Beetle Cabriolet where a romantic beach scene was used⁷⁵, or in the advertisement for Eos which is shown in front of a green valley landscape with flowering branches looming in the foreground⁷⁶. This kind of advertisement even gives the impression of a close relationship to nature.

An analysis carried out by Friends of the Earth shows that in Great Britain 21.8 percent of car advertisements in renowned English magazines are for vehicles with the highest fuel consumption, 35.8 percent for vehicles with high consumption, and only 3.1 percent for the cleanest cars. 81 of the advertisements related to models manufactured by the VW group. The climate targets for 2008, accepted in the voluntary commitment, are achieved by none of the advertised cars. 26 cause CO₂ emissions between 140 and 150g/km, while 18 emit between 150 and 170g/km. Almost half of the VW advertisements promote vehicles with a consumption of more than 170g/km, which at the time of the promotion was above average, and the remaining 37 vehicles emit even more – up to 495g/km.⁷⁷

According to data collected by BUND, there have hardly been any advertisements for fuel-saving cars in Germany, either. According to an analysis of the car advertisements placed in the weekly *Stern* in 2005, 26 percent focused on speed, 23 percent on convenience, 4 percent on environmental issues, but none on low fuel consumption. In a comparison of advertisements placed in the weekly *Spiegel*, 43 percent focused on speed, 3 percent on environment, and only 2 percent on low fuel consumption.⁷⁸

With regard to the VW brand, the VW group is to be criticised for promoting primarily cars with an average consumption of more than 9 litres per 100 km, i.e. 220g CO₂ per kilometre according to data collected by BUND, while advertisements for the Audi brand promote cars with an average consumption of 10 litres, i.e. approx. 240g/km in CO₂ emissions⁷⁹.

As for the rest, the same general arguments mentioned already under Part C regarding the violation of Chapter V.2.a) apply here as well, since misleading information on climate change definitely does not “promote higher levels of awareness among customers” regarding the environmental impacts caused by the use of the car models produced and marketed by VW. Furthermore, the statements made in Part C regarding the violation of labelling obligations with a view to fuel consumption likewise apply. Particularly with regard to Latin America, special reference is made to the violation that no indications on fuel consumption are given for the majority of models in Brazil, and for none of the models in Argentina (see Part A.).

M. Violation of Chapter V.8

1. Violation

V. In particular, enterprises should [...]
8. Contribute to the development of environmentally meaningful and economically efficient public policy, for example, by means of partnerships or initiatives that will enhance environmental awareness and protection.

⁷⁴ Capital (03/2007): Gebaut für die Extreme. Der Touareg. Mehr Touareg denn je S.49.

⁷⁵ http://www.volkswagen.de/vwcms_publish/vwcms/master_public/virtualmaster/de3/modelle/new_beetle.html

⁷⁶ http://www.volkswagen.de/vwcms_publish/vwcms/master_public/virtualmaster/de3/modelle/eos.html

⁷⁷ http://www.foe.co.uk/resource/press_releases/government_and_industry_mu_09112005.html

⁷⁸ BUND (2006): Die Werbung deutscher Automobilhersteller (Promotion by German automobile manufacturers) <http://www.bund.net/lab/reddot2/pdf/autowerbung0406.pdf> – The data refer to all car groups analysed; specific data for VW are not available. .

⁷⁹ ib. and

BUND (2006): Pischetsrieder erhält Offenen Brief vom BUND - VW soll Fahrzeugstrategie ändern.

(Pischetsrieder receives open letter by BUND – VW shall change its vehicle strategy.)

http://www.bund.net/lab/reddot2/pressemitteilungen_5400.htm

This guideline constitutes the interface between the "non-binding" Guidelines and national parameters for corporate operations. In democratic constitutional states, the environmental situation often can only be improved by imposing the same legal framework on all actors. According to the Guidelines, enterprises in this respect have the responsibility not to impede such meaningful and necessary environmental protection measures, or, to be precise, climate protection measures, but to cooperatively contribute to their development. As far as automobile traffic is concerned, it has been foreseeable for years that measures would have to be adopted which efficiently slow down and reverse the growth in emissions in the road transport sector. Accordingly, VW as well would have had to constructively contribute to the development of such policies and measures. VW did not comply with this obligation.

2. Reasons

VW has actively turned against efficient public policy and tried by all means to avert regulations that would have impeded in particular the marketing opportunities of the models listed in Table 1. More detailed evidence is given in Annex V. As "compensation" VW lobbied for European voluntary commitments (ACEA), which, however, evidently will not be complied with by VW. Furthermore, VW has actively aimed at delaying and diluting policies which in their view would have impeded the marketing of fuel-intensive models. These business practices can be observed worldwide (industrialising countries, OECD countries, Germany).

- The extensive lobbying activities against an introduction of consumption limits that VW carried out in China may serve as an example for VW's fight against efficient environmental policies aimed at reducing fuel consumption in industrialising countries. According to our information, VW has massively - though in vain - lobbied against the new Chinese law which in two steps reduces the maximum permitted consumption of passenger cars.

In OECD countries, VW in many cases has stood up against policies concerning consumption limits, and thus the marketing opportunities of the models listed in Table 1A.:

- VW participates in a legal action against the government of California which is to stipulate that new cars may emit significantly less greenhouse gases as from 2009.⁸⁰
- Large enterprises of the German automobile industry, e.g. VW, massively and successfully participated in a campaign in summer 2005 in order to avert a penalty tax for fuel-intensive luxury vehicles planned by the French government. On the European level as well, VW has actively fought against binding regulations. Thus, enormous pressure was exerted on the German government in 1997/1998 in order to avoid a European guideline. Instead of this, the ACEA voluntary commitment was announced in 1998, which however - as mentioned earlier - is not complied with, either in general or by VW in particular. Still today, the umbrella organisation ACEA continues to try to avoid any kind of regulation.⁸¹ German companies, including VW, likewise have been lobbying against a regulation on the EU level during the past few months. In particular through a letter published in (the Sunday newspaper) *Bild am Sonntag* in January 2007, the executive chairmen of German enterprises, including Mr. Winterkorn, argued against the introduction of a binding EU-wide maximum limit for CO₂ emissions.
- In Germany, VW has delayed and watered down the implementation of the EU guideline on labelling obligations for fuel consumption of new passenger cars.⁸²
- Currently, a lobby campaign is carried out against progressive road tax in Germany⁸³. The automobile companies support a linear road tax which, however, would unduly privilege the fuel-intensive models.⁸⁴

⁸⁰ For more details, see Annex V.

⁸¹ More details including references in Annex V on lobbying.

⁸² DUH (2005): Press conference of 11.1.2005.

⁸³ Especially, VDA is very active here, e.g. VDA (2007): CO₂-Minderung im deutschen Verkehrssektor – Eine Zwischenbilanz.“ (CO₂ reduction in the German traffic sector – an interim balance)

http://www.vda.de/de/co2_klimaschutz/broschuere/files/CO2-Minderungen_im_dt_Verkehrssektor.pdf

⁸⁴ For more details see Annex V Lobbying.

It is obvious that the climate target required to avoid dangerous climate change cannot be achieved if individual road transport continues to grow in an uncurbed way. With uncurbed emission growth, the transport sector alone (road and air traffic) would release, by the middle of the century, more greenhouse gases than is acceptable from all sectors. And in China, where VW again has become market leader, more oil would be consumed than is consumed worldwide today, if the country imitated US mobility behaviour. Nonetheless, it cannot be seen that VW contributes to “the development of environmentally meaningful and economically efficient public policy” there, as demanded by the Guidelines. The Asian Development Bank, on the other hand, presses for such a paradigm shift⁸⁵. It sees the necessity of a set of short-, mid-, and long-term policy interventions: town and land use planning to reduce the requirements for travel and transport; integrated transport planning in order to stimulate a change towards less CO₂-intensive forms of transport; significantly improved corporate efficiency; the use of bio-fuels with a good CO₂ balance. As far as we can see, VW only made visible efforts in the fourth area (bio-fuels).

N. Violation of Chapter II.11

II. In this regard, enterprises should [...] 11. Abstain from any improper involvement in local political activities.
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The behaviour described under Part M with regard to lobbying activities against future-oriented and climate-protecting policies and legislation also has to be seen as a violation of Chapter II.11 of the OECD Guidelines.

In this context “improper” cannot only be understood as an allusion to corruption, especially since corruption is very difficult to prove in a particular case. The term “improper” rather has to be interpreted in the overall context of the Guidelines. Since the Guidelines, amongst others, aim at calling upon enterprises to make a contribution to sustainable development (Chapter V), any involvement in local political activities carried out in the host country must be considered improper, if it flagrantly ignores this obligation and is diametrically opposed to sustainable development.

The business practices adopted by VW, especially the lobbying activities against regulations aimed at a reduction of fuel consumption in the USA and China, is improper since the group, in spite of the generally accepted causes of climate change, still does not want to accept any reorientation of its production, but – practically at the expense of the next generation – continues (through the sale of very fuel-intensive models, including luxury models) to avert a framework which allows for a harmonisation of corporate economic, and social, interests.

O. Violation of Chapter V., chapeau

The objective of Chapter V is summarised in its introductory paragraph. Of course, this paragraph is the most general, so that all the violations cited so far also, or alternatively, could be subsumed as violations of the obligations contained in it:

"Enterprises should, within the framework of laws, regulations and administrative practices in the countries in which they operate, and in consideration of relevant international agreements, principles, objectives, and standards, take due account of the need to protect the environment, public health and
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⁸⁵ „Delaying action and doing so at considerably higher levels of personal mobility, as currently forecast based on historic tendencies, will cause a greater cultural and economic shock than taking action today. Any delay in generating this paradigm shift will have severe long-term implications for the social and economic development of emerging Asia.“ (Asian Development Bank (2006): Energy Efficiency and Climate Change Considerations for On-road Transport in Asia. Version 13, Philippines,S. 41);

safety, and generally to conduct their activities in a manner contributing to the wider goal of sustainable development."

This guideline contains two obligations:

- VW has to take "due", i.e., appropriate, account of the "relevant international agreements". These include in particular the objectives of the UNFCCC and of the Kyoto Protocol, as well as the "principles, objectives, and standards of the need to protect the environment", i.e., amongst others, the precautionary principle.⁸⁶
- VW has to conduct its activities in a manner contributing to the wider goal of sustainable development.

Even if there had been no pertinent legislation in Germany during the period in question (at least since 2000 – applicability of chapter V of the new OECD Guidelines⁸⁷), VW would have had to act as follows:

1. In accordance with the objectives of the UNFCCC, VW would have had to take into general account the objective to reduce the CO₂ emissions caused by its products in order to avoid dangerous climate change. From the results of the Enquete Commission on climate published in the late 1980ies, as well as the first IPCC Report from 1991 it is known that, according to scientific assessments, the issue is to reduce CO₂ emissions by about 50 percent worldwide, and by about 80 percent in the industrialised countries by the middle of this century, compared to the level of 1990.

2. In accordance with the precautionary principle embodied in German environmental policy, in the Rio Convention and in the OECD Guidelines, VW should not have delayed the action required. This applies even if the group wanted to argue that it does not want to follow the absolute majority of climate scientists ("the balance of evidence suggests" IPCC, 1995) if sales and business development depend on it.

Chapter V.4 of the Guidelines reads:

"In particular, enterprises should [...] consistent with the scientific and technical understanding of the risks, where there are threats of serious damage to the environment, taking also into account human health and safety, not use the lack of full scientific certainty as a reason for postponing cost-effective measures to prevent or minimise such damage".

In the context of global climate change this means that the automobile industry, including VW, for decades would have had to make efforts to significantly reduce fuel consumption, and thus greenhouse gas emissions, by its vehicles as far as possible. VW has not made such an effort, but has carried out related R&D activities to a very limited extent in comparison with efforts to produce automobiles which open up new categories of customers (luxury segment).

3. Since 1997, or at latest since 2001, the business practices of VW would have had to be in accordance with the objectives of the Kyoto Protocol. VW has explicitly worked towards introducing a voluntary commitment by the automotive sector (ACEA commitment) - instead of a binding regulation as originally proposed by the EU Commission. This was expressly agreed as a contribution by the road transport sector to achieving the Kyoto objectives. Against this background, the non-compliance with the voluntary commitment by VW is to be considered a serious violation of the principle to bring its particular emissions development in line with the objectives of the Kyoto Protocol.

⁸⁶ The question of what is „due“ action, is not further defined in the Guidelines. In view of the Guidelines' character „recommendation for action to enterprises“, it has to be assumed that technically feasible environmental protection measure have to be weighed up with short-term economic corporate interests.

⁸⁷ The earlier version (1997 OECD Guidelines) of the corresponding introduction was similar, though not identical. Therefore reference is only made to the business practices since 2000, i.e. since the new OECD Guidelines apply.

4. At the latest in 2005, when the EU announced its scientifically based⁸⁸ target to limit the temperature rise to less than 2°C, VW would have had to assume its concrete responsibility for achieving this international objective and to develop strategies compatible with the corresponding reduction targets. The fact that the growing overall emissions of the fleet sold worldwide strongly contradict these EU targets, also constitutes a violation of the General Policies of the OECD Guidelines (Chapter II). According to this Chapter, enterprises “should take fully into account established policies in the countries in which they operate”. Both the EU and Germany have committed themselves to the two-degree target.

5. In general, VW has to conduct its activities in a manner “contributing” to sustainable development by adapting its own harmful products to climate requirements as far as possible.

VW has not fulfilled its obligations resulting from the introductory paragraph of Chapter V of the Guidelines. In fact, VW conducts its activities in Germany and abroad in such a way that they significantly contribute to endangering sustainable development. Through the CO₂ emissions caused by its fleet of vehicles, the growth of emissions development significantly harms the climate system on the whole. Against this background, especially the development, production and marketing of the fuel-intensive models listed in Table 1 cannot be justified. Furthermore, VW has not appropriately taken into account the target of reducing CO₂ emission by its vehicles in its development and marketing of models, and not implemented the two-degree limit in its own area of responsibility. On the contrary, VW has consciously and deliberately not complied with its own reduction objectives announced in the ACEA commitment.

Against this background, the violations described under Parts A - N similarly are violations of the introductory paragraph of Chapter V.

PART 3

Expectations towards the National Contact Point

- Germanwatch expects the National Contact Point to institute and implement proceedings for the resolution of conflicts and problems in the implementation of the Guidelines in accordance with the “Procedural Guidance”.
- Germanwatch expects the National Contact Point to implement fair mediation procedures aimed at achieving the implementation of the OECD Guidelines by VW.
- Germanwatch expects the National Contact Point to make a public statement if the group is not in a position or is not willing to bring its business practices in line with the Guidelines.
- Germanwatch expects the National Contact Point to work towards the highest possible transparency in the procedure.
- In view of the environmental component of this complaint, Germanwatch expects the National Contact Point to involve in particular the Federal Ministry for Environment, Nature Conservation and Nuclear Safety in the proceedings. Furthermore, Germanwatch expects that the working group on OECD Guidelines at the National Contact Point will be involved in the deliberations in good time.

Germanwatch is looking forward to constructively cooperating with the National Contact Point in this spirit.

⁸⁸ WBGU (2003): Über Kioto hinaus denken – Klimaschutzstrategien für das 21. Jahrhundert. Sondergutachten (Thinking beyond Kyoto – Climate protection strategies for the 21st century. Special expert opinion.) 2003. http://www.wbgu.de/wbgu_sn2003.html

Expectations towards VW

Germanwatch expects VW to modify its business practices in such a way that they are in conformity with the Guidelines and, in keeping with international law (Art. 2 FCCC), contribute to averting dangerous climate change.

To this end, the following is required:

Submission of a strategic plan on coherence of the corporate strategy with the two-degree limit

The group is expected to submit a strategic plan which explains how the products and services by VW contribute to achieving the obligation under international law (Art.2 UNFCCC) to avoid dangerous climate change. The EU (Council, Parliament and Commission) has no doubt that this means to limit global climate change to the threshold value of less than two degrees. The German government likewise has committed itself to this objective.

Development plan for the redesign of the model fleet and a mobility concept

The group is expected to submit a development plan for its range of models in order to reconcile sales predictions, as well as the mobility concept, with the two-degree limit. The development should in particular describe the company's strategic contribution to required greenhouse gas limitations and reductions (as from 2020) in the road transport sector of industrialising countries.

The development should also include a concept of how the status symbol car can systematically be combined with low fuel consumption and with a mobility services concept based on low CO₂ emissions. The group should commit itself to increasing the image of fuel-saving models in its design development and marketing. The development plan should also include measures on transfer of technology to developing and industrialising countries in order to ensure that modern climate-protecting technologies can also be applied in these countries as soon as possible.

Information of customers

VW should commit itself to modifying the labelling of the vehicles' CO₂ emissions in such a way that an average customer is able to classify fuel consumption and emissions at first sight – and to support a corresponding political framework.

The group should also undertake to focus its advertisement on fuel-saving models. Furthermore, it should undertake not to use incorrect or misleading arguments, either in its own public relations or in those of associations representing the company. Finally, it should undertake to support the two-degree limit as a corporate objective.

Acceptance of and adherence to the required binding and voluntary regulations

The group should undertake to support a political framework compatible with the two-degree limit, and to stop lobbying against such a framework. It should also undertake to implement corresponding regulations without delay.

It should also support frameworks designed to ensure the development of future-oriented business models with fuel-saving vehicles, and to create incentives for customers to opt for fuel-saving models. The group should undertake to implement the voluntary commitment made in the framework of ACEA as soon as possible and to try and bring the other ACEA members to also comply with this voluntary commitment.

Annex

- I. Questionnaire by Transport & Environment on CO₂ emissions directed to automobile companies
- II. Analysis of the Self Commitment of ACEA and its noncompliance
- III. Analysis of the misinformation by federations and Volkswagen Group
- IV. Consideration of the results of life cycle assessments in decision-making processes (Supplement to 2.G of the OECD complaint on chapter V.3 of the Guidelines)
- V. Lobbying against climate-friendly regulations

Annex I: Questionnaire by Transport & Environment on CO₂ emissions directed to automobile companies

On 14.2.07 this questionnaire was sent to the 15 largest car producers of the world, amongst them Volkswagen AG. In a letter from 21.3.07 this questionnaire was sent out again. To date this has not been answered by VW.

Questionnaire

NB! By filling in this questionnaire you allow T&E to publish its results.

Name and function:

Company:

1. How many tonnes of carbon dioxide do you estimate have been emitted each year since 1990 from the cars you⁸⁹ produce, including both new cars and those already on the road? Please provide the assumptions made in respect of car use for the country and model in question, and the information for as many years as you have it.
2. What are your objectives and targets for reducing the amount of carbon dioxide emissions from the cars you produce? Are they based on the model, or country, or region or company? When were they established, have they been reviewed, and how are they monitored and verified?
3. Please list the life cycle assessment (LCA)s you have made of the cars you produce that cover carbon dioxide emissions, and provide us with copies, or with a web-link to the relevant documentation.
4. How have you considered the carbon dioxide emissions assessed in these LCAs in your decisions on: (i) strategy; (ii) product planning; (iii) material and processing engineering; (iv) sales promotion, marketing and advertising; and (v) determination of buyer target groups and targeted volumes of vehicle deliveries? If not, are you planning to do so in the future?
5. What requests do you make to your suppliers and service providers (i) in order to enable you to produce cars that emit less carbon dioxide; (ii) to reduce their own carbon dioxide emissions, and (iii) to produce advertisement campaigns in line with carbon dioxide reduction targets? If not, are you planning to do so in the future?
6. Do you maintain that there is lack of full scientific certainty which acts as a reason for you to postpone cost-effective measures to prevent or minimise carbon dioxide emissions from the cars you produce?
7. What reasons do you maintain have prevented you from making greater progress in reducing the carbon dioxide emissions from the cars you produce?

⁸⁹ Please note that “you” refers to all corporate entities in your group of companies, wherever in the world they operate, and whether in a joint venture or otherwise; and “cars” refers to passenger cars and light trucks or vehicles.

Annex II: Analysis of the Self Commitment of ACEA and its noncompliance

In 1998, the Association of European Automobile Manufacturers (ACEA) pledged to achieve average emissions of 140g/km caused by its fleet of new cars in the EU by 2008, i.e. a reduction by 25% compared to 1995. Since no arrangement had been made as to which manufacturer had to reduce how much, we take the individual manufacturers at their word of 140g/km, even if the voluntary commitment states that this target applied to the average of all manufacturers.

Considering the value of 186 g/km (according to the EU Commission; according to ACEA: 185) in 1995, ACEA up to 2004 was well in line with its voluntary commitment, with values of 161 g/km according to ACEA and 163 g/km for the EU-15 according to the EU Commission; the interim target for 2003 had been in the range of 165 – 170 g/km⁹⁰. This, however, is the case only because it had been expected that "the average reduction rate would be higher in the later years" so that "the annual intervals will become bigger." This means that "the reduction rate ... over the entire period from 1995 to 2008/9 on average has to amount to 2 % per year" and "in the remaining years up to 2008/9 ... the ACEA reduction rate on average has to amount to 2.8 % ..."⁹¹. In 2004, the emission value caused by the new cars sold in the EU-15 still was at 163 (161 in EU-25), corresponding to a reduction of approx. 12.4%. Thus, an annual average reduction rate of 3.3% or 5.3g/km would have to be achieved until 2008. Contrary to this, reduction has significantly slowed down during the last few years, as ACEA admits in a press release of 05.11.06.⁹² In December 2006, the University of Applied Sciences in Gelsenkirchen/Germany calculated a European average of 161.4 g/km⁹³.

In Germany, emissions sank from approx. 176 g/km in 2003 to 172.5 g/km in 2006, and from 2005 to 2006 by only 0.5%⁹⁴, i.e. during these 3 years, a total reduction of just 1.99%, corresponding to 0.66% per year, had been achieved. In view of these facts, it is not appropriate to maintain that the voluntary commitment was fully complied with. Volkswagen currently reaches a value of 162.5⁹⁵ and thus is more than 20 g/km above the agreed value two years before the end of the voluntary commitment.

Even if compared to the required average reduction commitment of 25% by all groups, Volkswagen up to 2006 has only reached 12.2 percent, i.e. in the first 11 years of the voluntary commitment which covers 13 years. As VW states in its Sustainability Report 2005/06, the initial value of the group in 1995 was at 185 g/km (see illustration 1). According to the University of Applied Sciences in Gelsenkirchen, a value of 162.5 had been reached by the end of 2006 - on the way to a reduction target of 140g/km.⁹⁶ Even if improvements have been made between 1995 and 2000, as VW states in its Sustainability Report, probably this is primarily due to a diesel strategy. The increase in the share of diesel engines, which consume up to 25% less fuel than comparable petrol cars, initially resulted in improved emissions statistics. This bonus now seems to be used up, and no improvement can be seen since 2001. Apart from this, the chart only shows the development up to 2004. For 2006, the University of Applied Sciences in Gelsenkirchen has calculated a value of 162.5 for Volkswagen. Thus, Volkswagen presently lags significantly behind the ACEA pledge, and it is very doubtful that Volkswagen can reduce its emissions per car by 22.5 g within a period of two years, especially in view of the fact that within the last nine years, the overall reduction amounted to approx. 13 g (indications differ to some degree).

⁹⁰ EU-Commission (2006): Sixth annual report on the effectiveness of the strategy KOM (2006) {SEC(2006) 1078} http://eur-lex.europa.eu/LexUriServ/site/de/com/2006/com2006_0463de01.pdf

⁹¹ EU-Commission (2005): Fifth annual report on the effectiveness of the strategy (SEC(2005) 826) <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52005DC0269:DE:HTML>

⁹² ACEA (2006): European Car Industry opposes recent statements of Environment Commissioner Stavros Dimas regarding CO₂ Commitment. <http://www.acea.be/files/Statement%20CO2%20-%20Dimas.pdf>

⁹³ University of Applied Sciences in Gelsenkirchen: CO₂ emissions of new cars sold in Europe in 2006. In: Capital: Preliminary note 03/2007. www.capital.de/div/100005642.html

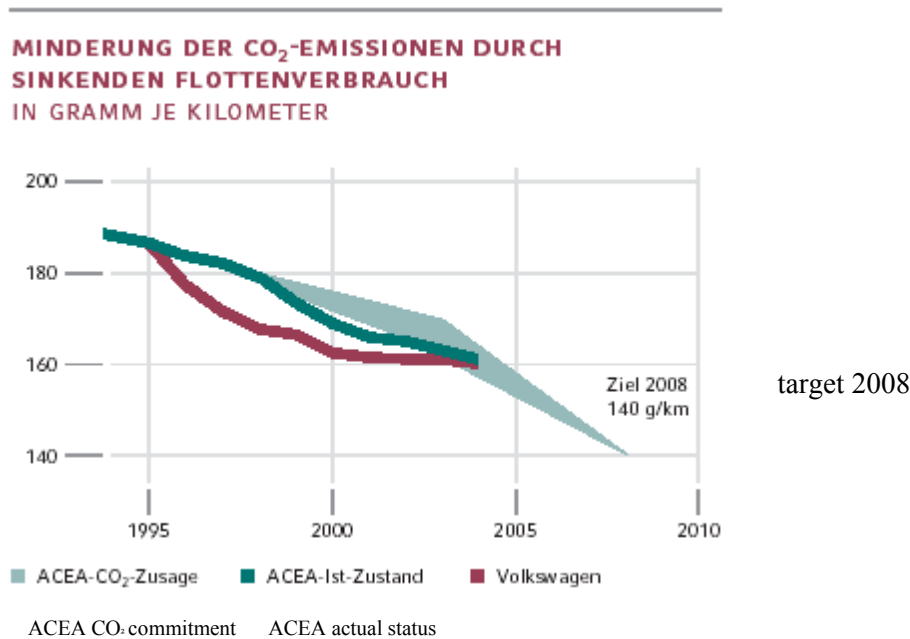
⁹⁴ KBA (2007): CO₂ emissions. Petrol cars on good track.

www.kba.de/Stabsstelle/Presseservice/Pressemitteilungen/pressemitteilungen2007/Allgemein/PM_2007_08.pdf

⁹⁵ University of Applied Sciences in Gelsenkirchen: CO₂ emissions of new cars sold in Europe in 2006. In: Capital: Preliminary note 03/2007. www.capital.de/div/100005642.html

⁹⁶ ib.

Illustration 1: Reduction of CO₂ emissions through reduced fleet consumption (in g/km)



Source: Sustainability Report 2005/2006 by VW

Although the voluntary commitment by the manufacturers cannot be achieved without a drastic increase in speed - a fact that has also been admitted by the Kraftfahrt-Bundesamt (Federal Motor Transport Authority)⁹⁷ - the associations continue to communicate that the targets could be achieved; however, they do not announce the radical turnabout that would be required.

Thus, the Association of International Vehicle Manufacturers wrote: "The international motor vehicle manufacturers continue to stand behind the voluntary commitment made by the manufacturer associations ACEA, JAMA and KAMA toward the EU Commission. They will concentrate all efforts on the reduction of fuel consumption and thus CO₂ emissions and are confident that the high targets they have set themselves will be reached by 31 December 2008 and 31 December 2009, respectively."⁹⁸

ACEA similarly is far from admitting the foreseeable non-compliance: "The European car manufacturers are fully committed to reducing CO₂ emissions of passenger cars, and to their voluntary agreement from 1998. [...] To date, results are in line with the CO₂ Commitment."⁹⁹

VW expresses this more cautiously, but the group also states in its Sustainability Report 2005/2006:

"The associated manufacturers are well on the way to reaching this goal but it will still take some substantial efforts to achieve the desired reduction by 2008 - a highly ambitious target given the background conditions. The Volkswagen Group is playing its part in reaching this common goal."¹⁰⁰

⁹⁷ KBA (2007): Press release of 08.2007. Before it was changed over night on 05.03.07, it read: "The voluntary target (140 g/km by 2008) set by the automobile industry hardly seems to be realisable any more."

⁹⁸ VDIK (2007): Climate protection needs to be based on facts, not frenzied Activism. Press information of 14.03.07.

⁹⁹ ACEA (2006): European Car Industry opposes recent statements of Environment Commissioner Stavros Dimas regarding CO₂ Commitment. Press Release Brussels, 5 November 2006.

¹⁰⁰ Volkswagen (2005): Sustainability Report 2005/2006, p. 21.

And in another part of the document:

"Bringing down fuel consumption is one of the primary goals of the Volkswagen group. ... By downsizing the engine and providing it with twin turbocharging, we obtain better performance than engines of equal output and at lower fuel consumption. With the introduction of series production of the 2.0 FIS and 3.2 FSI engines, Audi has substantially expanded its range of FSI engines. This enables us to respond to customer wishes for economical FSI engines that offer dynamic performance and helps us play our part in meeting the voluntary undertaking by the European Automobile Manufacturers Association." (p.30)

Apart from the fact that this paragraph sounds as if VW had made a crucial contribution to achieving the ACEA target, although the target will probably not be reached and VW's reduction so far (7.6% instead of 25%) has even been below average, this paragraph even allows the conclusion to be drawn that the group is not serious about the target established by the ACEA voluntary commitment. Even if the vehicles mentioned emit less than other cars with a similar performance, it is not perceptible how such engines should contribute to the ACEA target - considering that the least fuel-intensive 2.0 TFSI engine by Audi is the one in the A3 which on average emits 184 g/km according to DAT Manual. The emissions caused by the "fuel-efficient engine", however, hit their peak in the A4 convertible 3.2 FSI quattro which emits 266 g/km. The voluntary commitment has established the target of 140 g/km.

Annex III: Analysis of the misinformation by federations and Volkswagen Group

By way of example, the following arguments show the way in which automobile associations and manufacturers mislead the public with regard to anthropogenic climate change and the role of transport. We refer to various documents provided by the automobile associations (here Association of International Vehicle Manufacturers (VDIK), VDA and ACEA) and Volkswagen on their websites, and/or distributed to the press. However, we do not go into details since this would on the one hand go beyond the scope of this paper, and on the other hand the arguments partly repeat themselves. We will discuss in some detail a document recently published by the Association of International Vehicle Manufacturers (in March 2007), which is considered particularly misleading. This annex complements in particular the statements made in the complaint under 2.C. regarding the violation of Chapter V.2.a) of the OECD Guidelines.

A) Association of International Vehicle Manufacturers (VDIK)

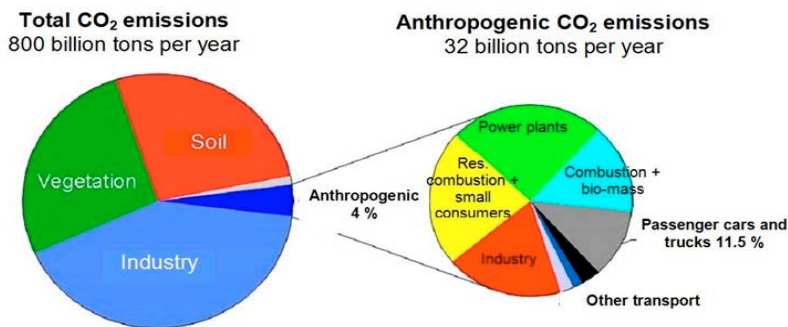
The Association of International Vehicle Manufacturers, which has the two VW subsidiaries Seat and SkodaAuto among its members, has repeatedly made available information that by no means is adequate and timely, as demanded in Chapter V.2.a) of the OECD Guidelines, but rather made statements which deliberately try to obscure the important role of individual transport in global climate change. A press release published by VDIK on 14.03.07 may serve as an example¹⁰¹.

"Of the worldwide CO₂ emissions in the range of approx. 800 billion tons per year, only 4 percent can be influenced by humans. (...) At the same time, one must also take into consideration that only 11.5 to 14 percent of these emissions can be attributed to passenger cars and trucks. This equals a maximum of 4.5 billion tons (approx. 0.5 percent) of CO₂ emissions worldwide. (...) As the above figures show, the potential reduction in worldwide CO₂ emissions from motor vehicles should not be overestimated in the big picture. It therefore makes no sense to make road transport the nation's scapegoat and to point fingers at the auto industry alone."¹⁰²

The comparison of figures gives the impression that the anthropogenic CO₂ emissions were not grave since they only represented a small percentage (4%) of worldwide emissions. In this relation, the emissions caused by passenger cars and trucks, which amount to 0.5 percent, seem to be negligible. It is not mentioned at all that the 800 billion tons of natural emissions correspond to the ecological dynamic equilibrium, and that the problem of current climate change has to be attributed to the additional anthropogenic emissions. It is not mentioned either to which serious extent a relatively small disturbance of the dynamic equilibrium causes an increase in the climate-relevant concentration of greenhouse gases in the atmosphere. Let us use a picture: If suddenly just a few percent more water flow into a bathtub than can flow off, sooner or later the whole house will be flooded.

¹⁰¹ VDIK (2007): Climate Protection Needs to be Based on Facts, not Frenzied Activism.

¹⁰² ib. p. 1.



Source: TU Wien 1998

Source: Press release by VDIK March 2007¹⁰³

Moreover, IEA data¹⁰⁴ give a completely different picture than the one presented by the Association of International Vehicle Manufacturers, i.e. a significantly higher share of the road transport sector: According to IEA, the worldwide road transport sector in 2004 was responsible for 17.21 percent of the CO₂ emissions – and road transport has the strongest upward trend besides air traffic. To remain in the picture: It is in particular the rapid increase in emissions in the road transport sector that leads to a constant increase of water in the already overflowing bathtub. According to IEA data, overall worldwide CO₂ emissions increased by 28 percent between 1990 and 2004¹⁰⁵, while emissions in the road transport sector rose by 40 percent¹⁰⁶. From our point of view, the demand for a "sustainable overall concept"¹⁰⁷, which we fully endorse, implies that the automobile industry reduces emissions by its vehicles more vigorously, and does not behave contra productively in its advertising or lobbying activities. Instead, the press release including the illustration dramatically belittles the responsibility of the German automobile industry.

Another misleading information is the statement that policy-makers "point fingers at the auto industry alone"¹⁰⁸. All large industrial emitters in the EU are already subject to emissions trading, an instrument which is not appropriate for road transport. A framework for the housing sector is currently also being prepared in Germany and the EU.

Furthermore, it is stated and illustrated by a chart that "a reduction in CO₂ emissions in the US and China by only 8 % would be equal to the Germany's total annual emissions."

¹⁰³ ib. p. 1.

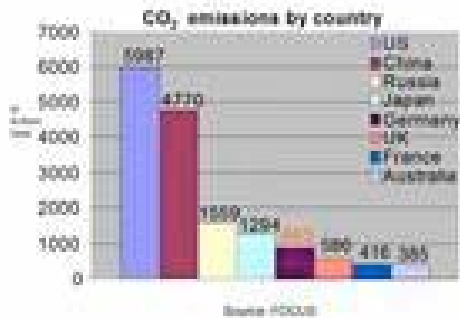
¹⁰⁴ IEA (2006): CO₂ Emissions from Fuel Combustion.

¹⁰⁵ ib.

¹⁰⁶ ib.

¹⁰⁷ see above

¹⁰⁸ ib. p. 3.



Source: Press release by VDIK March 2007¹⁰⁹

In this way, it is implied that the German manufacturers were involved only in the CO₂ emissions in Germany and had nothing to do with emissions outside Germany, or the Chinese or US emissions in particular. On the contrary, VW counts among the market leaders in China: In 2003, VW sold almost 700,000 cars in China, and this market shall significantly be increased during the next few years¹¹⁰. VW itself has stated that it is market leader in China again.¹¹¹

It is in particular due to the emissions to be expected in emerging markets, as e.g. China, that Volkswagen has the responsibility to produce low-emission vehicles, and furthermore to strive for a more climatically sound transport system.

B) German Association of the Automotive Industry (VDA)

The German Association of the Automotive Industry (VDA) uses similar lines of arguments and disinformation.¹¹² Thus, VDA tries to convince the public that the German automobile industry had done everything it could to push forward CO₂ reductions in the automobile sector and had been really successful in doing so. In its documents, it emphasizes that the CO₂ emissions in the road transport sector in Germany had increased by 15% between 1990 and 1999, but then had decreased by 12% between 1999 and 2005. The increase is attributed to Germany's reunification and the increase in private mobility related to it. Apart from two other factors, the decrease is attributed to the "continuous efforts by the automobile manufacturers to reduce CO₂ emissions in Germany"¹¹³. This balance seems positive at first sight, but it has omitted several factors and thus paints a picture that does not correspond to reality.

¹⁰⁹ ib. p. 3.

¹¹⁰ Volkswagen (2007): Annual Report 2006.

¹¹¹ Volkswagen (2007): In the first quarter of 2007 VW group establishes new record with 1.47 million vehicles delivered. Sales increase for all brands – significant increases in China. http://www.volkswagen-media-services.com/medias_publish/ms/content/de/pressemitteilungen/2007/04/17/volkswagen_konzern.standard.gid-oeffentlichkeit.html

¹¹² In the following, we refer mainly to the following sources:

1) „CO₂ reduction in the German road transport sector – an interim balance“ (2007)

(http://www.vda.de/de/co2_klimaschutz/broschuere/files/CO2-Minderungen_im_dt_Verkehrssektor.pdf)

2) Statement by Prof. Dr. Bernd Gottschalk, VDA President, on the occasion of a press discussion on CO₂ and climate protection in Frankfurt / Main on 22 January 2007

(http://www.vda.de/de/co2_klimaschutz/statement/files/Rede-Gottschalk.pdf)

3) AutomobilStandort year 3, edition 1/2007 of 22.01.07 „CO₂ und Klimaschutz – Eine Standortbestimmung der deutschen Automobilindustrie“ (CO₂ and climate protection – a definition of the position“)

4) CO₂-Emissionen – Daten und Argumente vom 25.01.07 (CO₂ emissions – data and arguments of 25.01.07)

(http://www.vda.de/de/co2_klimaschutz/daten/files/Praesentation_vda.pdf)

¹¹³ VDA (2007): CO₂ reduction in the German transport sector – an interim balance.

Firstly, the steering effect of the eco tax, against which the automobile industry has been fighting heavily (and in particular the steering effect of the fierce debate about the introduction and effect of the eco tax) has completely been suppressed.

Secondly, the modal split, i.e. the market share measured in transport performance (person-kilometre) of motorised individual transport in relation to public transport during the last few years has decreased each year.¹¹⁴ This development is partly due to an at least temporary decline of kilometres driven in Germany, which obviously is an important reason for a change in trend in CO₂ emissions. If the real emissions are not set in relation to the kilometres driven, they do not say much about the development of emissions caused by the fleet of new cars.

Thirdly, the declining trend in emissions by new cars up to 2003, as the VDA itself later explains, is “to a large degree due to an increased percentage of diesel vehicles”¹¹⁵. These engines formerly consumed up to 25% less than comparable petrol engines. This situation, however, has meanwhile reversed, so that the new diesel vehicles in Germany, due to their often increased weight and performance, consume more than petrol engines.¹¹⁶

Instead, the VDA praises increased efficiency, while of course it is true that any progress in efficiency has to be considered positive. But also in this respect, it has to be suspected that the public is misled to a certain degree. For an unsuspecting reader, it is difficult to recognise that the alleged increase in productivity of 60%¹¹⁷ is not adequate, since the increased transport performance, being the total of person and ton kilometres driven, also includes the extremely contra-productive increase in vehicle weight¹¹⁸ during the last few years: The heavier the vehicles, the higher the increase in productivity. Since it is also true that the heavier the cars, the higher the consumption, this is an effort to green wash contra-productive tendencies.

Fourthly, it is not adequate to make a qualifying comparison between the increase and decrease in emissions in individual sectors in Germany. By arbitrarily choosing the periods from 1990 to 1999 and from 1999 to 2005, the automobile industry presents itself as the industrial branch with the highest reduction trend. Instead, it can be calculated from the UNFCCC data¹¹⁹ that the greenhouse gases caused by the transport sector in Germany increased by 5% from 1990 - the Kyoto baseline year - to 2004, while almost all other sectors show a reduction, as e.g. the producing industries by 35%, and the waste sector even by 63%¹²⁰. Furthermore, the dramatic international trends, in which the German automobile groups have a significant share, are withheld.

In summary, it can be stated that no “adequate and timely information regarding the environmental impact of their activity“ has been made available, and that this constitutes a violation of Chapter V.8 of the OECD Guidelines, since – in conclusion – the available and seemingly only positive data would

¹¹⁴ Treber (2006): Das rühmliche Schlusslicht. Vision für ein autoärmeres Deutschland. In: Forum Umwelt und Entwicklung. Rundbrief (circular) 2/2006. (The notable tailender. Vision for less cars in Germany.

¹¹⁵ ib.

¹¹⁶ 44% of new passenger cars licenced in Germany in 2006 were diesel cars (KBA (2006): <http://www.kba.de/Stabsstelle/Presseservice/Jahrespressebericht/jpb2006.pdf> p.33. Between 1998 and 2003, a considerable reduction of emission values could first be observed with regard to diesel vehicles. Since 2001, however, the average emissions by diesel engines has increased, and in 2006 for the first time they consumed more than petrol cars on average (171,8 g/km vs. 173,4 g/km). This is by no means due to bad technology, but in particular due to the fact that powerful, heavy passenger cars preferably are equipped with auto-ignition. The 25% a diesel usually consumed less, are now „used up“ by an increase in HP. The increase is mainly due to the fact that in Germany in 2006 each newly licensed passenger car on average had 126 HP and 1.86 litres of cubic capacity (1981: 79 HP and 1.63 litres cubic capacity) - the EU average is around 115 HP.

¹¹⁷ “If, in accordance with the IEA methodology, the CO₂ emission volume in 2005 is calculated on the basis of sales figures for petrol and diesel in Germany (source: MWV), the result is an “increase in productivity” of 60% between 1990 and 2004, i.e. an average annual improvement of “climate efficiency” in the transport of persons and goods by 4.3%.” – VDA (2007): CO₂ reduction in the German transport sector – an interim balance.

¹¹⁸ EU Commission (2007): COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND COUNCIL on the review of the Community strategy to reduce CO₂ emissions and improve fuel efficiency from passenger cars and light-commercial vehicles – Impact Assessment [COM(2007) 19 final SEC(2007) 61]

¹¹⁹ UNFCCC: Data for Greenhouse gas total.

http://unfccc.int/ghg_emissions_data/predefined_queries/items/3814.php

¹²⁰ ebd.

not offer “any grounds for a massive intervention with restrictive regulatory or fiscal instruments”. The glossed over presentation is given in defiance of the “development of environmentally meaningful and economically efficient public policy”, as demanded by the OECD Guidelines.

C) European Automobile Manufacturers Association (ACEA)

The umbrella organisation of European automobile groups, ACEA, likewise is actively involved in the dissemination of misleading information.¹²¹ As a reason for the not complying with the voluntary commitment, the ACEA e.g. cites too strict regulation:

„the car industry is a heavily regulated industry. Several regulatory developments, particularly regarding safety and air pollution, have significantly hampered the reduction of CO₂ emissions”¹²²

Professor Claes Tingvall, Chairman of the European New Car Assessment Programme (Euro NCAP) considers this incorrect and misleading:

"Blaming safety is unfair, incorrect and just hides the fact that there are other issues responsible for industry's failure to meet its contract with society. The performance of smaller and lighter cars at Euro NCAP clearly shows that improved safety does not need additional weight.”¹²³

According to this, the increasing weight of vehicles, and the elevated consumption related to it, is not mainly due to safety requirements, but above all to size, comfort, e.g. through air conditioning, and especially to more powerful, faster engines¹²⁴. The high speeds on German roads, on the other hand, constitute an important impediment to safety.

„If we want to reduce CO₂ emissions and traffic injuries alike in the long run, we need to downsize power and maximum speed. Reducing speed will contribute a great deal to improving safety on European roads, as speed has been shown to be the most important factor in crashes.”¹²⁵

Another regulation to which ACEA probably alludes regards the tightened emissions regulations. Since 01.01.05, the Euro4 standard applies to new passenger cars Europe-wide. To comply with this standard, the voluminous models require particulate filters; and on 01.09.2009, the Euro5 standard, which prescribes this filter for all diesel vehicles, will enter into force. Now it is argued that due to the compliance with these standards fewer resources are available for the reduction of CO₂. Other

¹²¹ In the following, we mainly refer to the following sources:

1) Press Release Brussels, 7 February 2007: “Proposed CO₂ emission targets are arbitrary and too severe” (<http://www.acea.be/files/Co2Feb07~Press%20Statement%20FR%20-%20PDF.pdf>)

2) Press Release Brussels, 8 November 2006: “Car emission regulation significantly impacts sales of diesel cars and negatively influences CO₂ emission reductions” (<http://www.acea.be/files/20061978att01.pdf>)

3) Press Release Brussels, 5 November 2006: “European Car Industry opposes recent statements of Environment Commissioner Stavros Dimas regarding CO₂ Commitment” ([http://www.acea.be/files/Statement%20CO₂%20-%20Dimas.pdf](http://www.acea.be/files/Statement%20CO2%20-%20Dimas.pdf))

4) the detailed report on CO₂ emission on the website under http://www.acea.be/co2_emissions

¹²² ACEA (2007): Environment. CO₂ emissions. [http://www.acea.be/CO₂_emissions](http://www.acea.be/CO2_emissions)

¹²³ European Transport Safety Council (ETSC) (2006): Better car safety does not jeopardise emission reduction. press release of 13.11.06. [http://www.etsc.be/documents/CO₂_emissions_speed.pdf](http://www.etsc.be/documents/CO2_emissions_speed.pdf)

¹²⁴ Johan de Mol/Sven Vlassenroot (2006): Autoconstructeurs moeten dringend op dieet. In: Verkeersspecialist 126; Johan de Mol/Sven Vlassenroot (2005): Waanzinnige race naar nog hogere vermogens. In: Verkeersspecialist 121.

¹²⁵ European Transport Safety Council (ETSC) (2006): Better car safety does not jeopardise emission reduction. Press release of 13.11.06.

manufacturers, especially in France, have used the filter technology successfully for years, and it did not seem to impede CO₂ reductions¹²⁶; thus, the French PSA Group reached average emissions of 149.9 g/km in 2006¹²⁷.

ACEA tries to play down the role of road transport by arguing that it caused only 5 percent of worldwide CO₂ emissions. Actually, however, its share is significantly higher: it amounts to some ten percent if we consider only direct fuel consumption, and to some 14 percent if we consider the life cycle assessment, as demanded by the OECD Guidelines.¹²⁸ What counts even more, is the fact that ACEA does not mention the significance of the rapid increase in emissions in the transport sector.

Let us use another picture to illustrate this fact: If we see the atmosphere as a bathtub, we have been confronted, since the beginning of industrialisation, with the situation that more water flows in than can flow off. Thus it is inevitable that the bathroom will be flooded. In order to avoid that the whole house will be flooded, the inflow of water has to be drastically reduced. The automobile and air traffic sectors, however, are those which continue to turn on the tap most rapidly. Therefore the transport sector is not the only, but a particularly important sector if dangerous climate change is to be avoided.

Instead of presenting information on the real impacts of its activities in accordance with the OECD Guidelines, Volkswagen via its representative associations tries to avoid binding regulations on consumption reduction, and thus direct climate protection. Thus, the company e.g. threatens to transfer production sites outside the EU, which would result in a drastic loss of jobs¹²⁹. Such regulations were “poison for the jobs in Germany”¹³⁰.

The EU Commission has already rejected this argument:

“Another aspect that should be taken into account from an employment perspective is the fact all manufacturers, worldwide (including e.g. Japanese and Korean), will be subject to the EU CO₂ requirements when selling cars in the EU. Therefore EU requirements would not penalise more directly EU carmakers in the competitive situation on other markets, including emerging markets. On the contrary, the introduction of ambitious legislation would likely promote research and development, most of which would be done in the EU as far as EU carmakers are concerned.”¹³¹

D) Misinformation by VW

A particularly effective deception was also found in a letter of 26.01.2007 by the automobile company heads of VW, BMW, DaimlerChrysler as well as the European units of Ford and General Motors to Mr. Barroso, President of the EU Commission; this letter was also signed by the head of Volkswagen.

¹²⁶ DUH (2005): Press conference of 11.01.2005.

¹²⁷ University of Applied Sciences in Gelsenkirchen: CO₂-Emissionen der 2006 verkauften Neuwagen in Europa. (CO₂ emissions of new cars sold in Europe in 2006) In: Capital: Preliminary announcement 03/2007. www.capital.de/div/100005642.html

¹²⁸ L. Fulton and G. Eads (2004): IEA/SMP Model Documentation and Reference Case Projection. IEA (2004): World Energy Outlook 2004.

For more details: see OECD Complaint against Volkswagen – Main document, p. 5, footnote 10.

¹²⁹ ACEA (2007): Proposed CO₂ emission targets are arbitrary and too severe. Press release of 07.02.07 <http://www.acea.be/files/Co2Feb07~Press%20Statement%20EN%20-%20PDF.pdf>

¹³⁰ VDA (2007): AutomobilStandort. Year 3 of 22.01.07.

¹³¹ EU-Commission (2007): COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND COUNCIL on the review of the Community strategy to reduce CO₂ emissions and improve fuel efficiency from passenger cars and light-commercial vehicles – Impact Assessment [COM(2007) 19 final SEC(2007) 61]

Although the EU Commission always wanted to introduce average targets for the whole fleet, and not unit targets for different car models, the three automobile groups gave this impression¹³² – and a major part of the press was taken in (or – what would be even worse - let itself consciously be misused for such a campaign).

The letter said that such a unit target would be a catastrophic threat to the German automobile sector, and unfair treatment from Brussels.

Like numerous other media, the German weekly ‚Spiegel’ reported wrongly that the Environment Commissioner argued for a legal maximum of 120 g of CO₂ per kilometre. This is in contrast to the fact that the EU Commission did not intend 120g to be the absolute maximum for each model, but an average target for the automobile industry.

Thus, public deception in this case had a direct political relevance.

¹³² Corporate Europe Observatory (CEO) (2007): Car industry flexes its muscles, Commission bows down. Briefing paper.

Annex IV. Consideration of the results of life cycle assessments in decision-making processes

(Supplement to 2.G of the OECD complaint)

Chapter V.3 of the OECD Guidelines contains the obligation to assess the foreseeable environmental impacts associated with processes, goods and services of the enterprise over their full life cycle and to address in decision-making the results of life cycle assessments to be undertaken. VW has carried out life cycle assessments („to assess the foreseeable impacts“) only to a very limited degree, and with regard to the models listed in Table 1 to our knowledge has not established any life cycle assessment that would meet these requirements. Accordingly, the “foreseeable impacts” have not been addressed in the company’s internal decision-making processes.

To address such impacts would mean addressing the CO₂ emissions caused by these vehicles over their full life cycle in (i) strategy and product development, (ii) marketing and advertisement, (iii) determination of the (customer) target group, (iv) volume of production and delivery, as well as (v) research and development.

(i) Strategy and product development

Several elements of Volkswagen’s current business strategy lead to the conclusion that the results of life cycle assessments (as long as they have been established at all) so far have not been addressed in the strategy:

- In the past few years, VW has mainly developed luxury models with very high CO₂ emissions for the VW and Audi brands, such as Audi Q7 (CO₂ emissions 282 – 326 g/km), Audi R8 (326 g/km), VW Phaeton (259 – 348 g/km) or VW Touareg (265 – 382 g/km). In view of climate change, Volkswagen has taken wrong strategic decisions concerning the research and development of resource-saving technologies: The fuel-saving model Lupo 3L has not been further developed into a vehicle suitable for broad sale, but been taken out of the sales programme, too little importance has been attached to research on hybrid propulsion etc. It is not understandable that during the last 15 years, i.e. since climate change has been known as a global problem, VW has introduced and made marketable just this one model, which is only now followed by the Blue Motion models as a “niche” product, and which is available only for Polo and Passat. In view of the constantly rising fuel prices, this cannot be justified by “divergent consumer wishes”.
- According to the information available to us, only three versions could be found among the 14 passenger car models of the VW brand launched in Germany since 2000 which comply with the self-imposed climate protection target for 2008 (140g/km)– see table 1. On average, the a.m. new VW models still emit 197 g/km¹³³.

¹³³ Established by calculating average emissions of the sub-models on the basis of the data from the DAT Manual 2006 for the models listed. For Passat B5GP and Polo IV, the average value was calculated from the a.m. data. Subsequently, the average emissions of the listed new models were calculated from all average values.

Table 1: New models of the Volkswagen brand since 2000

Production start	Model	CO2 emissions in g/km (independent of version)
2000	Passat B5GP	142-257 ¹³⁴
2001	Polo IV	115-183 ¹³⁵
2002	Touareg (SUV)	265-353
2002	Phaeton (luxury class)	259-374
2003	Touran (saloon)	162-233
2003	New Beetle convertible	151-223
2003	Golf V (compact)	143-259
2004	Caddy Life (high roof station wagon)	167-202
2005	Passat B6 (medium-sized)	154-262
2005	JettaV (compact class)	143-206
2005	Fox (compact class)	135-163
2005	Golf Plus (caravan)	151-209
2005	Polo IV Facelift ¹³⁶	108-188
2006	Eos (convertible)	165-223

Source: Compiled by Germanwatch¹³⁷

- The VW business report for 2006 presents ten new models for 2007; out of these, eight fall into the fuel-intensive category. This leads to the conclusion that neither life cycle assessments nor the environmental impacts associated with the use of these products have been addressed in the development of these models.
- Under Ferdinand Piech, former chairman of the board and present supervisory board chairman, VW since the late 1990ies has strongly focused on heavy models and pushed forward in this direction by taking over and integrating the luxury brands Bentley, Lamborghini and Bugatti in 1998, thus complementing the VW profile by very fuel-intensive brands.¹³⁸ By marketing Bugatti, VW has tragically met the demand made by environmental associations to develop a one-litre car. This car actually consumes around one litre - per kilometre.¹³⁹ If a life cycle assessment had been taken into consideration, exactly the

¹³⁴ The lowest consumption is about S 7,9l and D 5,3l respectively, the highest at S 10,6l and D 8l respectively; conversion into g CO₂/km on the basis of models with similar consumption listed in the DAT Manual. DAT (Deutsche Automobil Treuhand GmbH): 2006: Leitfaden zu Kraftstoffverbrauch und CO₂-Emissionen aller neuen Personenkraftwagenmodelle. (Manual on fuel consumption and CO₂ emissions of all new passenger vehicle models)

¹³⁵ The lowest consumption was around S 5,7l and D 4,4l respectively, the highest at S 8l and D 5,2l respectively; conversion see above.

¹³⁶ This series includes Polo Facelift, CrossPolo, GTI Cup-Edition and Polo Blue Motion, some of which were only launched in 2006. Since this table refers to the general models and not to each individual version, the sub-models are not listed here.

¹³⁷ Start of production of the models from <http://de.wikipedia.org/wiki/Volkswagen#Zulassungen>; emission data from DAT Manual 2006, for Passat B5GP and Polo IV consumption data from the Auto Katalog Modelljahr 2001. (cars catalogue model year 2001)

¹³⁸ According to statements, e.g. by Richard Schapke, VW has not flinched from ensuring the support of the employees' representatives on the supervisory board for the decision to buy these luxury brands by making special offers. Richard Schapke (2005): Der gekaufte Betriebsrat – das System Volkswagen. http://www.die-kommenden.net/dk/zeitgeschichte/system_volkswagen.htm (The bribed shop committee - the system Volkswagen)

¹³⁹ At full throttle and maximum speed, Bugatti consumes 100 litres per 100 kilometres. Consumption data are indicated neither in the cars catalogues nor in the DAT Manual. Source therefore: „Sofortprogramm zur Minderung der Klimagas-Emissionen von Pkw“ – Eckpunktepapier der Deutschen Umwelthilfe e. V. (DUH) zur raschen Eindämmung wachsender Klimabelastungen im Straßenverkehr unter (Crash programme for the

opposite consequence would have had to be taken, i.e. to develop most economical engines and car models, and to increase the marketing of same. Several studies have led to the prediction that not only the transport sector in general will increase in large industrialising countries, but that also a drastic increase in the SUV sector is to be expected if the present trend continues. The Asian Development Bank has calculated that the number of SUV in China will increase from 12.9 million in 2005 to 192.7 million in 2035, while for India an increase from 6.2 million in 2005 to 80.1 million in 2035 is expected.¹⁴⁰ In this boom country in particular, where the vehicle fleet is expected to double every five to seven years, however, economical vehicles are urgently needed¹⁴¹. Volkswagen started business activities early in China and increased its annual sales by nearly 30% in 2006, while its subsidiary Audi even sold 60% more than the previous year. VW plays a central role in the market development in China. The Audi board member Ralph Weyler expects that during the next "two to three years" China will become the "second domestic market" for Audi. In view of the elevated average consumption by the Audi fleet (average consumption of 179 g/km in 2006¹⁴²), it is obvious that this development cannot be brought in line with a consideration of the vehicles' life cycle assessments (including the models in focus in this complaint). The same applies to the VW subsidiary Bentley which doubled the sale of its luxury saloons with average emissions of 474 g/km¹⁴³ in China in 2006¹⁴⁴. It is obvious that China cannot copy the kind of mobility development prevailing in the industrialised countries. If China had the same level of motorisation as the USA, the country would consume 88 million barrels of oil¹⁴⁵, which is more than is currently consumed worldwide. Nonetheless it is not perceptible at all that the VW group adjusts its marketing strategy on the basis of life cycle assessments. From a climate point of view, prestige coaches like Bentley are precisely the wrong progress attractors for industrialising countries.

- It was interesting for us to hear the announcement made by VW in April 2007¹⁴⁶, referring to its car fleet in China, "to reduce by 20 percent the consumption and emissions of the cars offered for sale by 2010". We are interested in verifying the substance of this statement in the framework of the OECD proceedings and in understanding whether VW is addressing life cycle assessments, or just new legislation in China.¹⁴⁷

reduction of GHG emissions by passenger cars - key points paper by DUH to rapidly contain growing climate impacts caused by road traffic under

http://www.duh.de/uploads/media/Sofortprogramm_zur_Minderung_der_Klimagas_04.pdf;

http://de.wikipedia.org/wiki/Bugatti_Veyron#Verbrauch_und_Reichweite und

http://www.autobild.de/test/neuwagen/artikel.php?artikel_id=12128

¹⁴⁰ Asian Development Bank (2006): Energy Efficiency and Climate Change Considerations for On-road Transport in Asia, MAIN REPORT, p. 5

¹⁴¹ Asian Development Bank (2006): Energy Efficiency and Climate Change Considerations for On-road Transport in Asia, MAIN REPORT, p. 2

¹⁴² Fachhochschule (University of Applied Sciences) Gelsenkirchen in der Vorabmeldung (in an advance statement) 03/07 www.capital.de/div/100005642.html

¹⁴³ DAT-Leitfaden 2007 (DAT Manual 2007)

¹⁴⁴ Die Welt (2006): VW verdient wieder Geld in China. 18.11.06 (VW is earning money in China again) www.welt.de/data/2006/11/18/1116065.html?prx=1

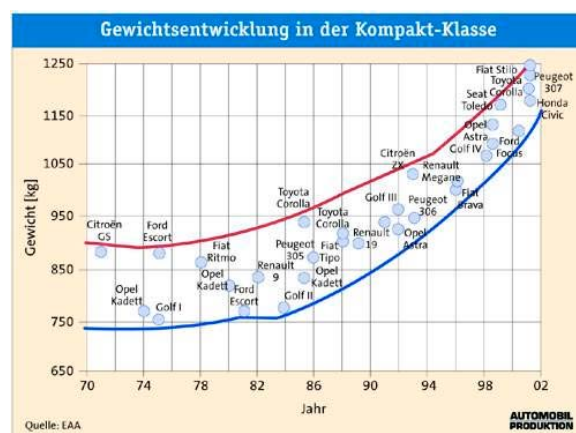
¹⁴⁵ Peter Hennicke, President of the Wuppertal Institute (2007): Badewannen ohne Stöpsel. Interview. in: Spiegel Special Neue Energien, Wege aus der Klimakatastrophe, Nr. 1 2007, p. 150 – 152, here: p. 151. (Bathtubs without plugs. Interview in Spiegel Special on New Energies, Ways out of the climate catastrophe)

¹⁴⁶ Volkswagen (16. April 2007): Volkswagen auf der Auto Shanghai 2007: Hightech-Feuerwerk für den Umweltschutz. (Volkswagen on Auto Shanghai 2007: Hightech fireworks for environmental protection.) Press release (ots).

¹⁴⁷ This law establishes maximum consumption limits for 16 weight classes. World Resources Institutes (2004): Taking the high (fuel economy) road – What do the new Chinese fuel economy standards mean for foreign automakers?, p. 3. The first standard was introduced in 2005, and standard II will enter into force in 2008. According to the a.m. study by the Washington World Resources Institutes (WRI), only 19 percent of the 700,000 VW passenger cars sold in China in 2003 met the standards for 2008. The fleet marketed by the PSA Group, on the other hand, in 2003 already met all the requirements for 2008.

- Although VW itself states in its business report 2005 that „apart from the drive system, a reduction in weight is the most effective way to cut emissions”¹⁴⁸, the VW models have continuously become heavier. This shows that VW’s product development obviously is not based on life cycle analyses and the hereby assessable impacts on the climate system. Thus, for example the Golf II (1984) weighed approx. 780 kg, while the Golf III (1992) weighed already about 960kg, the Golf IV (1998) ca. 1,060 kg, and the Golf V (2003) finally up to 1,590 kg¹⁴⁹, clearly continuing the trend shown in illustration 1. The weight of the Golf thus doubled in less than 20 years. Even when considering the same model, the Golf 1.4, such developments can be shown: In 2001, the Golf 1.4 still weighed 1,083kg, while the same model in 2007 already weighs 1,230 kg, and Golf Plus 1.4. even 1,368 kg.¹⁵⁰ This is not primarily due to safety requirements and regulations, but mainly due to increased engine power which in return necessitates, amongst others, extended safety equipment, as well as to further comfort features such as air condition¹⁵¹, as has been confirmed by the Kraftfahrt-Bundesamt (Federal Motor Transport Authority)¹⁵².

Illustration 1: **Weight development in the compact class**



Source: Automobile production 2003¹⁵³

- Volkswagen strongly focuses on high-speed models. On German highways, maximum speeds of more than 400 km/h are practically feasible - a notion of liberty which is considered almost around the world just as anachronistic as the US rules on the possession of firearms are seen here. In Germany, cars are sold with a speed potential which can never be used anywhere else. In all countries with speed limits, this leads to CO₂ emissions that are higher than necessary, since such vehicles due to their powerful engines and increased safety requirements related to higher speed become increasingly heavier, consume more fuel and emit more CO₂. This interrelation also shows that a speed limit – apart from the direct effect of slower driving – would have a CO₂-reducing effect also due to the obvious impacts on size and power of the vehicles sold. Even compact cars like the VW Polo reach 225 km/h today. Currently, the VW

¹⁴⁸ Volkswagen (2006): Business Report 2005, p. 105 Avowal of weight reductions for all new models.

¹⁴⁹ Since the Golf V is not yet included in the illustration: under http://de.wikipedia.org/wiki/Golf_V

¹⁵⁰ auto motor sport. spezial (2001): Autokatalog – Modelljahr 2001, p. 245; auto motor sport. spezial (2007): Autokatalog – Modelljahr 2007, p. 263. (cars catalogue model year 2001)

¹⁵¹ European Transport Safety Council (ETSC) (2006): Better car safety does not jeopardise emission reduction. press release of 13.11.06.

¹⁵² Kraftfahrzeugsbundesamt (Federal Motor Transport Authority) (2007): Press release No. 08/2007: „Dies (der steigende Wert; Anm. d. A.) ist keinesfalls auf eine schlechtere Technik zurückzuführen, sondern insbesondere dadurch begründet, dass größere leistungsstarke, schwere Pkw vorzugsweise mit Selbstzündern ausgestattet sind.“ („This (the increasing value) is by no means due to worse technology, but above all due to the fact that bigger, powerful, heavy passenger cars preferably are equipped with self-ignition systems.“)

¹⁵³ Automobilproduktion (Automobile production) (2004): Statistik. <http://www.automobilproduktion.de/themen/02554/index.php>

group offers seven model ranges of passenger cars¹⁵⁴ with a maximum speed of more than 300 km/h; this is more than any other automobile company worldwide has on offer.

- It is a particular challenge for the companies' strategies to develop business models which significantly improve the business case for the models optimised in terms of life cycle assessments. So far the general rule is: The bigger (and more fuel-intensive) the vehicle, the more money can be earned. We consider this a main reason for the strong trend toward fuel-intensive "premium" models, especially in the VW group.

One model suggested by actors of the finance market, amongst others, is performance trading: A baseline (e.g. 120g / km) is attributed to all passenger cars. Manufacturers of cars which are above this baseline have to purchase performance certificates from manufacturers whose cars are below the baseline. Of course, such a compensation can also be effected within a company. Thus, the business case for efficient cars improves systematically, both within a company (the profit rate of efficient, usually lighter cars, is improved, that of fuel-intensive cars, mostly heavy „premium“ cars, is worsened).

The overall development of VW shows that the group has not taken up the challenge of developing business models for fuel-saving cars, as would be in line with a life cycle assessment.

(ii) Marketing and advertisement

Neither in its marketing nor in its advertisement it is perceptible that VW has addressed life cycle assessments with regard to CO₂ emissions so far. Up to now, VW has hardly raised the customers' awareness with regard to CO₂ emissions during the service life of the vehicles – which is the most important part of CO₂ emissions in a life cycle assessment. Neither in advertising nor in sale, consumption or emissions are emphasised transparently and in a way that is understandable to an average customer. On the contrary, a focus in advertising is on fuel-intensive models. For fuel-saving models, on the other hand, an effective approach has not been developed neither in design nor in marketing.

Marketing:

- In its web-based model choice, VW does not offer customers the possibility to indicate the criterion "fuel consumption" or "CO₂ emissions" for choosing a car. It is only when a particular motorisation is chosen for a specific model that the CO₂ emissions are indicated. Contrary to this principle, where emissions are revealed only after a detailed choice of the vehicle, the EU Commission has published websites¹⁵⁵ where fuel consumption can be indicated as a criterion right from the start; this seems to be effective for promoting the sale of fuel-saving cars¹⁵⁶.
- Instead of arranging marketing and design of the fuel-saving cars in such a way that they appear economic and "cool", VW created a car which is attractive only to few people. Stefan Sielaff, the new chief designer of the Audi brand belonging to the VW group pointed this out clearly in a comparison to organic food. "30 years ago, organic food consisted of a few soy products, grain feed, as it is (pejoratively) called in Bavaria. Today it is part of the haute cuisine – so it always depends on the art of cooking." As far as the current status of car design for fuel-saving cars is concerned, it is still in the "grain phase".¹⁵⁷

Advertisement:

¹⁵⁴ Bentley – Continental Flying Spur; Bentley – Continental GT; Bentley – Continental GTC; Bugatti Veyron; Lamborghini – Gallardo; Lamborghini – Gallardo Spyder; Lamborghini – Murciélago LP 640 – source: auto motor sport. spezial (2007): Autokatalog – Modelljahr 2007 (Cars catalogue – model year 2007).

¹⁵⁵ Compiled links of the Commissions under http://ec.europa.eu/environment/co2/co2_database.htm

¹⁵⁶ Als Beispiel: <http://www.vccarfueldata.org.uk/>

¹⁵⁷ (daily) Süddeutsche Zeitung (10./11. March 2007).

- In England, Friends of the Earth carried out an analysis of 81 VW advertisements placed in renowned magazines and found out that in almost half of them, VW advertised for vehicles with an above-average consumption of more than 170g/km.¹⁵⁸
- According to a study carried out by BUND, advertisements in Germany hardly point out environmental aspects (such as low CO₂ emissions), but mainly focus on heavy models with high performance.¹⁵⁹



Source: (magazine)Capital. 03/2007. p. 49

(iii) Determination of the (customer) target group

We cannot recognise that VW has a clear strategy to ensure an adequate consideration of life cycle assessments for each of the target groups. In this respect, the findings of the World Business Council for Sustainable Development have to be taken into consideration: For each of the main target groups, specific incentives are required for customers to make them change their consumption patterns¹⁶⁰. Such incentives can be created by the company (e.g. discounts) or by an according political framework. It is by no means true that the customer just buys what he wants. “Choice editing” to a large extent is influenced by marketing strategy, design, trade strategy, discounts and the use of display areas¹⁶¹. In Germany for example, a large proportion of the very fuel-intensive cars is currently purchased by companies – due to tax incentives and discounts. According to a press release by DUH¹⁶², 75 percent of the SUVs sold in Germany have been placed on the market by such choice editing. This trend can generally be observed in the upper medium-sized and the luxury class. While

¹⁵⁸ Friends of the Earth (2005)

http://www.foe.co.uk/resource/press_releases/government_and_industry_mu_09112005.html ; more details on this issue under 2.L of the complaint.

¹⁵⁹ BUND (2006): <http://www.bund.net/lab/reddot2/pdf/autowerbung0406.pdf> - For more details see 2.L of the complaint.

¹⁶⁰ WBCSD (2005): Focus Energy & Climate, Sharpening the focus for action, a business perspective. p. 3.

¹⁶¹ defra et al. (2006): Climate Change: The Business Forecast. p. 4.

¹⁶² Deutsche Umwelthilfe (2007): Deutsche Umwelthilfe appelliert an Regierung: Beim Klimaschutz nicht länger heiße Luft emittieren. (DUH appeals to government: Don’t continue to emit hot air in climate protection.) Press release from 26.04.2007

[http://www.duh.de/pressemitteilung.html?&no_cache=1&tx_ttnews\[tt_news\]=1024&cHash=9fbbbae679](http://www.duh.de/pressemitteilung.html?&no_cache=1&tx_ttnews[tt_news]=1024&cHash=9fbbbae679)

private households almost exclusively demand small and compact cars¹⁶³, the powerful prestige vehicles are mainly sold as company cars. In 2003, VW (including Audi) sold 22.5% of its medium-sized and luxury class cars in Germany.¹⁶⁴

Companies with a huge vehicle fleet have developed a real business model out of this. They can buy the large and usually fuel-intensive vehicles at a considerable discount. At the same time, they can fully depreciate these vehicles and their fuel consumption. Then, after one to three years, they sell the vehicles; due to the generous discounts, they can sell them at prices that are hardly below the purchase price. In view of such a choice design, it cannot be expected that this target group changes over to fuel-saving models.

(iv) Volume of production and delivery

- A comparison of car registrations in 2000 and 2006 shows that life cycle assessments have not been addressed (see table 2). The fuel-intensive segment on the whole shows huge growth rates of almost 90%, while the total production of VW even slightly decreased. Accordingly, production in the luxury sector has grown even stronger.

In this fuel-intensive segment, the delivery of two models (Sharan and Audi TT) has decreased, but that of two others significantly increased (Audi convertible and Caddy). The production of the convertible versions of Golf III and IV was stopped, but instead two more fuel-intensive convertible versions with significantly higher production figures were included in the product range (Eos and New Beetle). Above all, however, four additional fuel-intensive models – some of them in considerable quantities – were newly produced (Phaeton, Audi Q7, Touareg, Touran).

Table 2: Increase in production of fuel-intensive models in comparison 2000 and 2006

Segment	Model	registrations in Germany		increase in registrations in Germany from 2000 – 2005 in %	Average CO2 emissions 2006 in g/km
		2000	2006		
VAN	Touran	--	83,461	+++	180
	Sharan	24,716	12,301	- 50	218
convertibles including roadsters	Golf III Cabrio	9.133	--	-	approx. 164 ¹⁶⁵
	Golf IV Cabrio	21	--	-	approx. 164 ¹⁶⁶
	New Beetle	--	5,033	+	192.3
	Eos	--	11,275	++	195
	Audi TT	9,979	1,144	- 89	214
	Audi Cabrio	2,194	7,899	260	226
upper medium-sized class	Audi A6, S6	65,243	64,643	- 1	212
luxury class	Audi A8, S8	5,768	5,558	- 4	253
	Phaeton	--	2,371	+	321
four-wheel drives	Audi Q7	--	11,593	++	292
	Touareg	--	14,008	++	321
Fuel-intensive		117,045	219,286	87.3	

¹⁶³ (The magazine) AUTO BILD in cooperation with Dataforce had the commercially registered cars excluded from the car registration statistics from December 06 to February 07 and came to the conclusion that the 20 most demanded private cars exclusively included small and compact cars – true “people’s cars”, as the name Volkswagen says. Source: http://www.autobild.de/drucken_aller.php?artikel_id=13644&A_SESS=ea1

¹⁶⁴ manager magazin (February 2004): Automarkt der Oberklasse (car market of the upper class), p.9.

¹⁶⁵ Since the DAT Manual does not give the corresponding data, this figure follows the consumption indication

¹⁶⁶ see above.

segment on the whole (all a.m. models):					
All others models on the whole (incl. Skoda and Seat)		849,772	796,427	- 6.3	
Total of all models of VW AG		966,817	1,015,713	5	

Source: Compiled by Germanwatch¹⁶⁷

(v) Research and development

A fundamental prerequisite for the production of fuel-saving vehicles is the research and development of such models. In this respect, an important factor is the amount of funding invested in the development of such models. According to statements made by the group's board during the shareholders' meeting 2007, the development costs for the two models Blue Motion Polo and Passat amounted to 5 million Euro each¹⁶⁸. If this is compared to the group's overall budget for research and development for 2006 (1,478 million Euro)¹⁶⁹, it shows that obviously the investment in the development of efficient engines - which amounts to less than half a percent of the overall budget - is not sufficient. Regarding the models Touareg and Phaeton, which are also at issue in this complaint, the board refused to give any figures on R&D costs during the shareholders' meeting 2007. The fact that small amounts are sufficient to achieve appreciable reductions in consumption shows that if research funding on a large scale was redirected to life cycle assessments, significantly better results could be achieved.

¹⁶⁷ Registration numbers by the Kraftfahrt-Bundesamt (Federal Motor Transport Authority) under http://www.kba.de/Stabsstelle/Presseservice/Pressemitteilungen/pressemitteilungen2000/segmente1999_20001.pdf und http://www.kba.de/Stabsstelle/Presseservice/Pressemitteilungen/pressemitteilungen2006/SegmenteModelle/segmente_12_2006.pdf; emission data calculated on the basis of the DAT Manual; consumption data for Golf III convertible and Golf IV convertible taken from Autokatalog für das Modelljahr 2001 (cars catalogue for model year 2001)

¹⁶⁸ Personal notes taken during the VW shareholders' meeting on 19.4.2007; the official minutes have not yet been published.

¹⁶⁹ Volkswagen (2007): Business report 2006, p. 2.

Annex V: Lobbying against climate-friendly regulations

A) China

Volkswagen has massively – though in vain – lobbied against the new Chinese law which in two steps limits the maximum consumption of passenger cars – in China, 16,000 new cars are licensed daily. The Chinese government reacted to the situation that ever-increasing amounts have to be spent on fuel imports, that air pollution in the cities meanwhile is one of the most frequent causes of death, and that it becomes more and more apparent how vulnerable China is towards global climate change. Beijing will in two steps reduce the maximum consumption of new passenger cars: for the first time in mid-2005, and then again in 2008. VW Touareg and many other utility vehicles then may no longer be exported to China.¹⁷⁰

B) California

In California, Volkswagen supported a legal action by the Alliance of Automobile Manufacturers against California, after the State, in view of the longstanding breach of international law by the US Government, had passed a climate protection legislation for the automobile sector.¹⁷¹

- In July 2002, California was the first US State that stipulated binding CO₂ reductions for passenger cars and trucks. The legislation obliges automobile manufacturers to achieve the maximum feasible and most cost-effective reduction. This obligation will first apply to the models launched in 2009.
- In September 2004, the "California Air Resources Board" unanimously adopted emission standards designed to reduce greenhouse gas emissions by all new cars sold in California by 30 percent by 2016. Governor Schwarzenegger was convinced that this regulation on state level would last.
- In 2004, Connecticut and New Jersey joined the states of New York, Maine, Massachusetts, Vermont and Rhode Island by passing a legislation which is geared towards the "Multi-Pollutant Vehicle Standard" in California. As an option for the future, it foresees to adopt the regulations on greenhouse gas emissions.
- New York, Massachusetts and Connecticut were the first states to announce their intention to follow the greenhouse gas standard of California, the largest US automobile market. Meanwhile, more than ten US states have followed the Californian way, or announced their intention to do so. In further states, the debate on this is in full swing.
- This foreseeable expansion to other US states indicates that a significant percentage of the automobile market will adopt the Californian standard. None of the US states has regulations that would prohibit the sale of cars complying with the Californian regulations.

VW supports the legal action against the Californian standards. VW and the other complaining groups in California state as main reason for their legal action that it is an individual state that introduces regulations, thus causing a risk of regulatory confusion. On EU level, on the other hand, they fought against the effort to introduce a binding framework for an entire region. And they have by no means taken the opportunity to submit to the German G8 Presidency any proposals for an internationally binding framework that would eliminate the danger of regulatory confusion.

C) ACEA lobbying against regulations on EU level

The anti-climate lobbyism by the German automobile groups has reached its climax on EU level so far. The background for the intended legal regulation is the failure of the ACEA voluntary commitment (see above). It is not only unmistakably foreseeable by now that the promised reduction of greenhouse gas emissions by the fleet of new cars will not be achieved by 2008. The ACEA voluntary commitment also states: "In 2003, ACEA will review the potential for additional CO₂ reduction, with a view to moving further towards the Community's objective of 120g CO₂/km by 2012." The automobile industry thus knew that the EU has the objective of reducing emissions by the

¹⁷⁰ Deutsche Umwelthilfe (DUH) (2005): Input Jürgen Resch for the press conference on 11.01.2005.

¹⁷¹ Germanwatch (2005): Deutsche Autoindustrie klagt gegen Klimaschutzgesetz Kaliforniens - Umweltorganisationen fordern Zurücknahme. (German automobile industry files suit against climate protection legislation in California. Environmental organisations demand withdrawal) <http://www.umwelt.org/robin-wood/german/verkehr/ausbremsen/Hintergrund%20-%20Germanwatch.pdf>

EU fleet of new cars to 120 g of CO₂/km. And it had accepted that the target was to expand the voluntary commitment to this target and to the Kyoto target year 2012.

In view of the dramatic increase in emissions in the transport sector in the EU, the EU Parliament and Council on 22 June 2000¹⁷² had already striven for strict and binding rules, geared towards the targets of the voluntary commitment: “About half of all transport-related CO₂ emissions and almost 12 % of all CO₂ emissions in the Community are caused by passenger cars. In this context, the Community has proposed a strategy to reduce CO₂ emissions of new passenger cars with the objective of reducing the average specific CO₂ emissions to 120 g/km by 2005 (latest 2010) [KOM(95) 689 final conclusions of the Council of 25.06.1996]. In these conclusions, the Council confirms that the introduction of a system to monitor CO₂ emissions of new passenger cars is of decisive importance for the assessment of the effectiveness of the strategy to reduce CO₂ emissions.”¹⁷³

The annual report by the Commission for 2004, published in August 2006, came to the conclusion that average reductions of the EU fleet of cars were implemented too slowly in order to reach the 25% target¹⁷⁴ and thus noted the failure of the voluntary commitment.

Environment Commissioner Dimas and Industry Commissioner Verheugen came to the conclusion that the voluntary approach did not yield the desired results, and that binding obligations were necessary. Mr. Verheugen’s spokesperson said the situation was in no way satisfactory. If the carrot-approach did not bring about the desired results, it was necessary to use the stick-approach. This would include legal regulations in order to assure that the targets were reached.¹⁷⁵

The German automobile companies in particular have extensively lobbied against the planned regulations in varied forms. The heads of the groups, e.g. of BMW, DaimlerChrysler and VW put pen to paper. The incompatibility of the increase in emissions in the transport sector with climate protection agreements under international law is played down with an argument that Ulrich Beck called the standard argument of “collective irresponsibility“: Because others are also responsible, nobody is responsible. Furthermore, the company heads doubted the technical feasibility – a fact that frequently was understood as an appeal to look for less environmentally harmful cars offered by other suppliers. The companies threaten that numerous jobs would be transferred abroad instead of referring to the much higher job potential in the medium-term, if the German automobile groups became market leaders for mobility concepts on the way into a future with limited greenhouse gases.¹⁷⁶

An increasing number of studies, however, has come to the conclusion that the long-term value of enterprises in the automobile industry will depend on their ability to produce energy-efficient low-emission vehicles. “Auto companies that understand and respond to these off-balance sheet pressures are best positioned to survive and thrive in the increasingly globally competitive auto market.”¹⁷⁷ In the finance market, energy-efficiency and emission behaviour are more and more becoming a key performance indicator in the assessment of automobile companies. The EU Commission has also convincingly rejected the reproach that an EU regulation led to unfair competition in favour of European manufacturers. “Another aspect that should be taken into account from an employment perspective is the fact all manufacturers, worldwide (including e.g. Japanese and Korean), will be subject to the EU CO₂ requirements when selling cars in the EU. Therefore EU requirements would not penalise more directly EU carmakers in the competitive situation on other markets, including emerging markets. On the contrary, the introduction of ambitious legislation would likely promote

¹⁷² „RECHTSAKT / Decision No.°1753/2000/EG by the European Parliament and the Council of 22 June 2000 to introduce a system for the monitoring of average specific CO₂ emissions from new passenger cars.“

¹⁷³ EU Commission: CO₂ emissions from new passenger cars: Monitoring.
<http://europa.eu/scadplus/leg/de/lvb/l28055.htm>

¹⁷⁴ European Commission (2006): CO₂ emissions from new cars down by more than 12% since 1995. European Commission press release, IP/06/1134, 29/08/2006.

¹⁷⁵ Euractiv (2006): Commission to get tough with carmakers on CO₂ cuts. 29 August 2006.

¹⁷⁶ Letter by the chairmen of the boards of five automobile groups to the EU Commission of 26.01.07

¹⁷⁷ Ceres-Study by Miranda Anderson and David Gardiner (April 2006): Climate Risk and Energy in the Auto Sector - Guidance for Investors and Analysts on Key Off-balance Sheet Drivers.

research and development, most of which would be done in the EU as far as EU carmakers are concerned.”¹⁷⁸

Nonetheless: The extensive lobbying activities have been at least partly successful. They succeeded in considerably diluting the “proposal for a comprehensive new strategy to reduce CO₂ emissions from passenger cars and light commercial vehicles”, which was finally submitted by the EU Commission on 07.02.07.

According to this proposal, improvements in vehicle technology are to reduce the average emissions no longer to 120g/km, but to 130 g/km.

A further reduction by another 10 g/km shall be achieved through additional measures, which otherwise could have been agreed in addition to the 120g/km target. These complementing measures include improvements in efficiency (...) e.g. tyres and air conditioning, as well as a step-by-step changeover to fuels with less carbon, especially through the admixture of bio fuels.

The following table published by the EU Commission shows that it has to be expected that due to the lowered reduction target only half as much CO₂ is technically saved as could have been saved if the 120 g/km target had been kept as planned. This lowering of the target is hardly compatible with a two-degree limit scenario – especially in view of increasing traffic flows. Secondly, the table shows that it is a central factor - which decides on the costs related to further CO₂ reduction steps – whether the weight of cars will continue to increase, or whether it will decrease. In scenario 1, the weight of the EU fleet of cars continues to increase, as in the last few years, by 1.5% per vehicle and car. In the third scenario, on the other hand, a partial downsizing takes place – stimulated e.g. through tax incentives and higher taxing of fuel-intensive cars, and the promotion of intensified awareness-raising. In the first scenario, i.e. if the weight continues to increase, the costs arising in order to reach the 120g/km target EU-wide are seven times higher than in the third scenario.

Table 3 - Societal costs, CO₂ savings and cost effectiveness of four different reduction scenarios for passenger cars (cumulated over 2010-2020)

Cost Hypothesis (see above)		135 g CO ₂ /km	130 g CO ₂ /km	125 g CO ₂ /km	120 g CO ₂ /km
1	M€	-5,024.0	-17,071.9	-32,884.3	-53,123.2
	Mt CO ₂	-99.7	-200.5	-301.5	-403.5
	€/ton CO ₂	50.38	85.15	109.07	131.66
2	M€	-320.8	-6,113.5	-15,138.2	-27,005.8
	Mt CO ₂	-98.1	-197.3	-296.5	-397.1
	€/ton CO ₂	3.27	30.99	51.06	68.01
3	M€	3,191.4	2,073.6	-1,873.3	-7,464.8
	Mt CO ₂	-96.9	-194.9	-292.7	-392.2
	€/ton CO ₂	-32.92	-10.64	6.40	19.03

Source: EU Commission 2007¹⁷⁹

In the last few weeks, there have been several statements by the companies against which we are considering to lodge a complaint which might indicate that the necessity to not increase, but to

¹⁷⁸ European Commission (2007): COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND COUNCIL on the review of the Community strategy to reduce CO₂ emissions and improve fuel efficiency from passenger cars and light-commercial vehicles – Impact Assessment [COM(2007) 19 final SEC(2007) 61].

¹⁷⁹ ib.

decrease the weight of the vehicle fleet has been recognised. We would like to examine the substance of these approaches in the forthcoming mediation procedure.

The less ambitious strategy proposal presented by the EU Commission will have to be transposed into an effective directive during the next few months. The German automobile groups have already initiated extensive lobbying activities in order to achieve another dilution of the obligation during the transposition process. Many of the present efforts aim at ensuring that it will not be Environment Commissioner Dimas, but the business-friendly German EU Commissioner Verheugen who will have the lead in elaborating the directive.

In a press release published end of 2006, the ACEA had no qualms about presenting the argument that up to 2010 it was not possible to draw any conclusions on whether the voluntary commitment had been complied with, since it covered the period up to 2008.¹⁸⁰ In view of the enormous gap in complying with the voluntary commitment - in another document¹⁸¹ ACEA itself admits that the average emissions by new cars in the EU have only been reduced by 13% so far, whereas 25% had been promised - some observers were surprised at the audacity of the argument. Only a complete turnaround would leave a chance to comply with the voluntary commitment.

Besides the fact that Volkswagen has a share of the responsibility due to its membership in the umbrella organisation ACEA, it has to be emphasised that that the former chairman of the VW board, Bernd Pischetsrieder, in his capacity as chairman of the ACEA had particular responsibility for its lobbying activities.

D) Lobbying against luxury tax in France

In summer 2004, large enterprises of the German automobile industry have extensively and successfully been involved in averting a planned penalty tax for fuel-intensive luxury vehicles in France.¹⁸² According to our information, the Volkswagen group played a decisive role in these lobbying activities.

E) Delay in implementing the EU labelling directive regarding fuel consumption of new passenger cars, dilution of this directive (not in accordance with efficiency categories in Germany)¹⁸³.

- While consumers have been bombarded with advertisements for huge cars, the automobile industry for a long time (even after the labelling directive had entered into force) has made available only insufficient information on fuel consumption, thus thwarting the consumers' possibility to take their buying decision on the basis of efficient consumption. Besides that, reference again and again is made to the buying behaviour of the Germans who simply preferred to buy luxury cars.
- The EU Commission passed the labelling directive in 1999. The auto lobby delayed the transposition into German national law for 5 years (although such comparative labelling had been demanded not only by environmental organisations, but also by the ADAC).¹⁸⁴
- Additionally the directive was diluted, so that e.g. dealers are obliged to indicate fuel consumption, but there is no direct comparability between cars of the same category, for example by means of colour labels as have been customary for fridges and washing machines for a long time.¹⁸⁵
- Furthermore the indication of consumption data in advertisements is compulsory only if motorisation data, e.g. HP or cubic capacity, are indicated, or if specific models of a vehicle are

¹⁸⁰ ACEA (2006): European Car Industry opposes recent statement of Environment Commissioner Stavros Dimas regarding CO₂ Commitment. <http://www.acea.be/files/Statement%20CO2%20-%20Dimas.pdf>

¹⁸¹ ACEA (2007): Proposed CO₂ emission targets are arbitrary and too severe. <http://www.acea.be/files/Co2Feb07~Press%20Statement%20EN%20-%20PDF.pdf>

¹⁸² Deutsche Umwelthilfe (DUH) (2005): Input by Jürgen Resch during press conference on 11.01.2005.

¹⁸³ ib.

¹⁸⁴ ib.

¹⁸⁵ Deutsche Umwelthilfe (2005): Briefing paper for press conference on 26.10.05.

advertised. Thus, for example an advertisement for Tourareg¹⁸⁶, which is offered in 12 different versions that vary between 265 g/km and 382 g/km, but emit an average of 313 g/km¹⁸⁷, does not give any indication on fuel consumption.

- Following its introduction on 01.11.2004, the directive has been avoided in manifold and creative ways:

On its website, VDA comments the energy consumption labelling as follows: “VDA stressed the importance of correct implementation of the EU CO₂ Labelling Directive of 1999. (...) It was established that an emissions rating system would not serve any useful purpose. It would not be intelligible to the consumer and it would not adequately take into account the different types of vehicles and the operating conditions for which they are designed.”¹⁸⁸

VDIK press release of 14.03.07: “A new eco identification sticker is not necessary. Under the passenger car energy consumption regulation it has been a requirement since 01 November 2004 that all new vehicles be displayed on the sales floor along with information on fuel consumption and CO₂ emissions (label).“ This regulation, though demanded by the EU Commission as early as in 1999, had only been introduced in Germany in 2004 following strong resistance by the automobile industry. It obliges dealers to indicate fuel consumption, but it does not ensure direct comparability with cars of the same category, e.g. by means of colour labels, as have been customary for fridges and washing machines for a long time, and which have proved to be highly useful for customer information¹⁸⁹.

F) Lobbying against progressive motor vehicle tax

While the sale of fuel-saving car models is being promoted through subsidies and penalty taxes in Belgium, France, the Netherlands or Portugal, the introduction of effective instruments in Germany has regularly failed because of the lobbying power of the automobile industry. According to DUH, the presently discussed transformation of the basis for motor vehicle tax from cubic capacity to CO₂ emissions threatens to become a non-starter for climate protection, if the favoured model (as recommended amongst others by Wissmann (president of VDA) on the Easter weekend) of a linear progression of the CO₂ tax will prevail. Regarding engine with high cubic capacity, this would even lead to a considerable reduction of motor vehicle tax as compared to the current regulation.¹⁹⁰

¹⁸⁶ see annex IV.

¹⁸⁷ Fuel consumption according to DAT Manual for CO₂

¹⁸⁸ www.vda.de/de/service/jahresbericht/auto2004/maerkte/m_33.html

¹⁸⁹ DUH-Briefing paper for press conference on 26.10.05

¹⁹⁰ Press release by DUH of 02.04.07