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VW BOSS MATTHIAS MÜLLER:

"This madness is over"

from

- Sven Afhüppe
- Stefan Menzel

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Volkswagen CEO Matthias Müller discusses speed limits, the change to e-mobility and impending driving bans in cities with Chairman of the VW Sustainability Council, Georg Kell.

Berlin Volkswagen is on the move. One notices these days not only at the exhibition on the subject of sustainability in the Berlin Representative Office on the boulevard "Unter den Linden". It is also recognizable by the fact that CEO Matthias Müller drove to Handelsblatt interview by train from Wolfsburg to Berlin. "On this route, the train is the best means of transport," says Müller. It is the unusual confession of a car boss. In conversation with Georg Kell, the chairman of the internal Sustainability Council, surprised the VW boss with other findings.

Mr Müller, shortly after the diesel affair became public, Volkswagen launched a sustainability advisory board with prominent members. So you wanted to calm your guilty conscience?

Müller: No. I must definitely contradict the impression. It was clear to me from the beginning that the Sustainability Advisory Council should not be a fig leaf. Either Volkswagen tackles the topic or we leave it. Nevertheless, I trimmed when I saw the list of proposed names for the Council. My first thought was: "It's going to be tough discussions." But at some point my worries and reservations had gone. And today, with conviction and experience, I can say that the Sustainability Advisory Council is moving the Volkswagen Board of Management to rethink things.

Mr. Kell, how does the Advisory Board work?

Kell: The ten members of the Sustainability Advisory Board meet with the Executive Board two to three times a year. We make very specific proposals regarding environmental issues and cultural change. For example, in a letter to the Executive Board, the Advisory Council has proposed an "Environmental Leadership Program". This will now be worked out together. In the company all doors are open to us, we can drill and follow.

Sustainability and the automotive industry, that sounds like an insoluble contradiction.

Kell: I would not see that so dramatically. Volkswagen was already far ahead of its competitors in

terms of sustainability. The diesel affair has pushed these achievements into the background. Rather, the impression has emerged that Volkswagen does not take legal and environmental law seriously.

Why are you still involved in the sustainability advisory board at VW?

Kell: The diesel affair was a shock. For a long time, I hesitated to join the Sustainability Advisory Board. I was quite uncertain whether Volkswagen would be willing to draw the necessary conclusions from the diesel affair. In the end, I decided to take part, because in the work of the Council on Sustainable Development, I see a huge opportunity to accompany Europe's largest industrial enterprise in the transformation into a new, better time.

Where is there pent-up demand?

Kell: For example, when working with politics, for example in Brussels. The classic lobbying over an industrial association has had its day. In such a federation usually only a minimum consensus is possible among all involved ones, important changes are either progressed by such an organization only hesitantly or are kidnapped.

Can you give an example?

Kell: When it comes to electromobility, Volkswagen should be more independent and self-confident. Compared to the competition, VW is investing significantly more in the development of emobility, as the Group can set standards. Volkswagen could also bravely advance on the issue of auto subsidies.

You mean the tax relief of diesel vehicles?

Kell: Yes.

Should the tax bonus for diesel be abolished?

Kell: We're not that far yet. But I wonder why the diesel is still subsidized in most European countries and the policy is surprised at the same time why the sale of electric cars is not progressing fast enough. This is the expression of a failed industrial policy that has been practiced in Europe for years.

Müller:There is no question that the tax subsidies for diesel have made it much easier to sell diesel vehicles in Germany. And everyone has got used to these tax reliefs - whether private or commercial customers. Meanwhile, I am convinced that we should question the purpose of diesel subsidies. If the transition to environmentally friendly electric cars to succeed, the diesel engine can not be subsidized on all times as before. A gradual shift of tax relief should be made, the money could be more meaningfully invested in the promotion of environmentally friendly propulsion technologies.

Are you in favor of a phasing out or even ending of the favorable diesel taxation?

Müller: The auto industry should at least lead this discussion proactively with politics. My point is: how do we promote technological change, ie the change of system to e-mobility? Reductions in diesel subsidies and incentives for electric cars would certainly be the right signal. We would be able to endure without having to have existential fears.

A specific deadline for phasing out combustion technology could also speed up the transition to e-mobility.

Kell: The change will accelerate if you bring the right products to the market and create the right incentive systems, for example, the diesel no longer subsidized. Therefore, you do not really have to think about a specific time for the exit.

Müller: Absolute. We need the right incentive systems that need to be aligned. For example, electromobility is only accepted by motorists if the associated charging infrastructure exists - and indeed nationwide. For months, I have been calling on politicians time and again to work together on this important issue. Polemic does not help at all. Nobody wants to abolish cars, as some have claimed.

Mr Kell, on German motorways there is basically free travel without speed limits. Is this form of freedom still up-to-date?

Kell: That's a sensitive topic. We have not talked about it in the VW advisory board yet. But I am convinced that this German feature will have to disappear in the next few years. Sure, the highways contribute to a certain extent to the German nimbus. Germany, the car country admired worldwide. But let's be honest: In reality, there are already restrictions on most highways today.

Müller: The main thing is that in the future people will still be able to drive individually from A to B by car. So: I can imagine that the speed limit in Germany at some point. Which is in fact already the case in many cases.

Speed limits on the highway provide the citizens much less than driving bans in cities. Mr Müller, do you see a chance to prevent the driving bans?

Müller: Politicians and car manufacturers must do everything to prevent large-scale driving bans. The consequences of such driving bans would be serious for the location Germany. I therefore plead for the introduction of a blue environmental badge - it just has to be done right. A badge only for Euro 6 vehicles would be wrong. For there are Euro 5 cars from Volkswagen, which are cleaner than Euro 6 models from competitors. The award of the blue badge should therefore be tied to a specific nitrogen oxide limit. Only those who are below, should then go in the future in cities.