

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

European Committee A

ASSESSMENT OF EXHAUST EMISSIONS

Monday 8 February 2016

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The Committee consisted of the following Members:

Chair: MR DAVID NUTTALL

- | | |
|---|---|
| † Anderson, Mr David (<i>Blaydon</i>) (Lab) | † Jones, Andrew (<i>Parliamentary Under-Secretary of State for Transport</i>) |
| † Andrew, Stuart (<i>Pudsey</i>) (Con) | † Knight, Julian (<i>Solihull</i>) (Con) |
| † Burden, Richard (<i>Birmingham, Northfield</i>) (Lab) | † McDonald, Stewart Malcolm (<i>Glasgow South</i>) (SNP) |
| † Chalk, Alex (<i>Cheltenham</i>) (Con) | † Tolhurst, Kelly (<i>Rochester and Strood</i>) (Con) |
| Davies, Geraint (<i>Swansea West</i>) (Lab/Co-op) | Fergus Reid, <i>Committee Clerk</i> |
| † Doyle-Price, Jackie (<i>Thurrock</i>) (Con) | † attended the Committee |
| † Glindon, Mary (<i>North Tyneside</i>) (Lab) | |
| † Hepburn, Mr Stephen (<i>Jarrow</i>) (Lab) | |
| † Howlett, Ben (<i>Bath</i>) (Con) | |

European Committee A

Monday 8 February 2016

[MR DAVID NUTTALL *in the Chair*]

Assessment of Exhaust Emissions

4.30 pm

The Chair: It may be of assistance to hon. Members if I go through the procedure that we will follow. First, a member of the European Scrutiny Committee may take up to five minutes to explain that Committee's decision to refer the documents to this Committee for debate. Secondly, the Minister may take up to 10 minutes to explain the Government's position, leading into up to one hour of questions and answers. Finally, the documents may be debated on the basis of the motion on the Order Paper, which is to be moved by the Minister. We may progress more speedily, of course, but I must put the question on the motion no later than two and a half hours after we began; that is to say, at 7 pm. To start the proceedings, does a member of the European Scrutiny Committee wish to speak?

4.31 pm

Kelly Tolhurst (Rochester and Strood) (Con): It might be helpful to the Committee if I take a few minutes to explain the background to the document and the reasons why the European Scrutiny Committee recommended it for debate. Before a vehicle can be placed on the EU market, it must pass certain safety and environmental tests. Exhaust emissions are determined by a laboratory-based test. However, as it has become apparent that emissions of cars driven on the road, particularly of nitrogen oxide from diesel engines, substantially exceed those measured in a laboratory, a European Commission regulation sought to address that issue towards the end of 2014.

However, Members will undoubtedly be aware that certain vehicle manufacturers have recently been found to have used so-called defeat devices to produce misleading results. The European Scrutiny Committee received an explanatory memorandum from the Government last November indicating that the Commission would be addressing the issue by introducing a further regulation establishing a new procedure for assessing tailpipe emissions under real driving conditions. The Government also said that they supported the proposal, and that the targets being set were achievable and would provide manufacturers with the certainty needed to develop cleaner vehicles.

Despite the absence of any official text for the proposed regulation, the European Scrutiny Committee took the view that as some manufacturers had sought to conceal true levels of vehicle emissions, it was clearly right that the Commission should address the issue. The Committee also considered that the circumstances prompting the need for such action raised a number of important issues about the enforcement of EU legislation in this area. It therefore recommended that this document be debated.

Members may be aware of the latest developments on 3 February, when the European Parliament voted by a narrow majority of 323 to 317 to support the Commission's proposal. There were 61 abstentions.

4.34 pm

The Parliamentary Under-Secretary of State for Transport (Andrew Jones): It is a pleasure to serve under your chairmanship for the first time in this capacity, Mr Nuttall. I welcome the European Scrutiny Committee's interest in the Commission's proposals to introduce real driving emissions testing into the regulatory approval regime for vehicles.

As the European Scrutiny Committee said when recommending this debate, it is right that the Commission should take steps to address the issue. Although Volkswagen's regrettable actions have undoubtedly concentrated minds on the issues surrounding type approval for vehicles, proposals for RDE testing were in development long before we became aware of that issue in the autumn. The proposal recognises the importance of improving real-world emissions controls of oxides of nitrogen, known as NO_x, for diesel vehicles and of minimising the risk of manufacturers using defeat devices.

The Government are committed to taking action on vehicle emissions testing that restores consumer confidence and delivers our wider air quality and climate objectives. RDE is a vital step in tackling air pollution. It will make type approval emissions requirements significantly more stringent and ensure that new diesel vehicles achieve real-world reductions in emission levels of NO_x, which is a harmful pollutant.

I should mention that, although the focus is on emissions of NO_x from diesel vehicles, the proposal applies to vehicles that run on a range of fuels, from diesel and petrol through to biofuels and liquefied petroleum gas. It will ensure that vehicle manufacturers must achieve reductions in emissions across the board.

We strongly support the existing RDE agreement, which is expected to reduce significantly average, real-world NO_x emissions from new cars and vans starting next year. The Government have been a strong advocate of implementing effective RDE testing since discussions began with European partners. We pushed for the introduction of RDE from 2017 at a meeting between the Commission and member states in October 2014. In May 2015 we abstained from supporting a Commission proposal on RDE, because it did not contain implementation dates. We worked to reintroduce dates in subsequent negotiations.

The objectives of the proposal are uncontroversial, but some reports have suggested that it will weaken Euro 6 requirements. I believe that such suggestions are unfounded, as RDE is a new conditional requirement that manufacturers will have to comply with over and above the existing laboratory emissions test. The RDE test is aimed at assessing average emissions over a typical driving cycle. The test procedures were finalised last year and are significantly more challenging than the lab test, since the new test can involve a vehicle being heavily laden, or travelling up a hill or at speeds of up to 100 mph. I doubt that the test will include all those extremes at the same time, but it is a possibility, which means that manufacturers must ensure that their systems are robust and capable enough to tackle such conditions and to stay within the limits.

Ben Howlett (Bath) (Con): Will the Minister join me in welcoming the plans to build a real-world vehicle emissions testing centre at the Bristol and Bath science park, funded by the University of Bath?

The Chair: Order. Before the Minister responds, may I remind hon. Members that it is customary for the Minister to make his opening statement without interventions, because there will be plenty of time—at least an hour—for questions to be asked? Notwithstanding that, the Minister may respond.

Andrew Jones: Thank you, Mr Nuttall. I welcome my hon. Friend's intervention. I know that his area has a strong record in developing engineering and new technology. It is therefore appropriate that we see some such developments taking place in his area. I welcome them most strongly.

I stress that the Euro 6 limits for the laboratory emissions test remain unchanged. RDE introduces a compliance criterion defined as a conformity factor. The conformity factor is the ratio of emissions recorded during the real-world test to the limit on the laboratory test. That must not be exceeded during the real-world, on-road testing.

Under the proposal the requirements for RDE are to be phased in with a two-step process to allow manufacturers time to bring compliant products to the market. Step 1 mandates a conformity factor of 2.1 for all new models in 2017. Step 2 achieves full compliance with Euro 6 standards for all new model types in January 2020, with an additional conformity factor margin of 0.5 to take into account measurement uncertainties. Set against the existing situation in which European air quality planners estimate that vehicles emit three times as much NO_x and published research has shown some vehicles to be emitting even higher levels than that, the steps represent significant and achievable reductions in pollution levels.

The proposal means that after 2019 all new models brought to market must meet Euro 6 limits in the real world, with a margin for measurement error of at least above the test equipment. The European Parliament's environment committee and other commentators have identified the margin for measurement error as a permanent increase in Euro 6 emission limits. That is simply not the case. The proposal will place an obligation on the Commission to review that annually, with a clear aim of reducing the measurement margin in the light of technological progress. We supported that obligation, and the Government look forward to seeing the evidence for setting the correct measurement tolerance, as experience is gained in RDE testing over the coming period.

The UK automotive industry has been supportive of the introduction of RDE, and although the first-step conformity factor is more stringent than it had expected, it is generally content with the agreement, believing it to be tough but achievable.

I wish to draw the Committee's attention to the significant role that real-world testing has had in reducing emissions from trucks, buses and coaches. On-road portable emissions measurement testing has been used to verify emissions for heavy-duty vehicles registered since January 2014. A study by the Dutch research organisation TNO shows that real-world emissions of NO_x from heavy-duty vehicles have fallen by 90% for

motorway driving and by at least 30% under urban conditions. The proposal is set to make significant improvements for passenger cars too.

It is also relevant to note that the European Commission recently published a separate proposal for the approval and market surveillance of vehicles. We are assessing that proposal, and I will provide an explanatory memorandum on the matter to the European Scrutiny Committee shortly. I expect the proposal to contribute to how vehicles are approved for sale and how they perform in the real world.

Reducing vehicle emissions is a high priority for the Government, and Ministers and officials have been active in speaking with MEPs and European counterparts to promote the importance of RDE. I am glad, therefore, that the European Parliament chose to support the Commission's RDE proposals in its vote on 3 February, and I expect that the Council of Ministers will also support them when it votes in the next couple of weeks. I welcome the opportunity to have this debate today.

The Chair: We have until 5.35 pm for questions to the Minister. I remind hon. Members that questions should be brief. There will be an opportunity for debate after the questions, and I may, at my discretion, allow supplementary questions.

Richard Burden (Birmingham, Northfield) (Lab): I apologise to the Committee in advance, Mr Nuttall, as I am suffering from a cold. I hope that I do not tax *Hansard* too much, and that it does not mess up the *Official Report* too much if I start coughing, spluttering or sneezing.

I have two sets of questions. I welcome the fact that the regulation has been scheduled for debate; I thank the European Scrutiny Committee for recommending it. My first set of questions is on the regulation itself, and the second set is on the subject of Volkswagen, which both the European Scrutiny Committee and the Minister have mentioned as being directly related to it.

A number of organisations opposed to the revision of the emissions testing rules, including, I understand, the European Parliament's own legal affairs committee, have argued that the introduction of conformity factors runs counter to the aims and content of the 2007 EU regulation on the type approval of vehicles. Will the Minister confirm what legal advice the UK Government have received on that matter, and can he assure the Committee that the UK would not end up being prosecuted in the event of a legal challenge?

Will the Minister also confirm how he expects the review mechanism to work in practice? He is absolutely right that the regulation itself will not weaken Euro 6 regulations, but let us be clear that the criticism has been that by allowing a conformity factor of 0.5, there could be an open-ended permission after 2020 for manufacturers to breach the standards by up to 50%. If the reason for the conformity factor is technical deficiencies, or potential technical deficiencies, in testing machinery, what will be done to stimulate the technological improvements that will avoid the need for a conformity factor so great after 2020, and hopefully altogether?

My third question relates to recent discussions in the Select Committee on Transport. In correspondence with the Committee and the Commission, the DFT emphasised

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its willingness to focus on a new test approach based, I understand, entirely on real-life driving. Will the Minister tell us what feedback the Department has received from the Commission about supporting research by the Joint Research Centre, and what steps the Government are taking to implement that approach?

To simplify administration and the cost of testing, manufacturers will need to test only a minimum number of vehicles representing extremes of performances of wider families of vehicles. How will the Minister ensure that that is done appropriately, and what assessment has he made of smaller manufacturers, for which testing costs could be most acute?

I turn to the VW scandal. The Minister will be aware that legal proceedings are under way in several countries, including Germany, the United States of America and South Korea. What discussions has he had with the Serious Fraud Office and the Competition and Markets Authority, and why is the UK not suing VW? In a written answer before Christmas, he assured me that he would make a statement in the new year on the emissions inquiry, so can we have one now on how many vehicles have been re-tested, what has been found, at what cost, and when he expects the programme to be completed? Will he confirm that the Government will still seek reimbursement for the Vehicle Certification Agency's re-testing? Does he agree with VW's decision not to compensate VW owners in the European Union?

Finally, in addition to the 1.2 million customers affected by the NO_x defeat devices, I understand that Volkswagen has since admitted to irregularities in tests for carbon dioxide affecting up to 36,000 vehicles. What tests have the Government done to verify that, and can the Minister assure us that VW will be liable for the costs relating to the tests and any shortfall in vehicle excise duty that arises from those irregularities?

Andrew Jones: The hon. Gentleman asked quite a number of questions. I will take the questions on VW first.

The Government first became aware of the installation of software fitted to Volkswagen vehicles to distort emissions testing following the announcement of the US Environmental Protection Agency's investigation on 18 September last year. We have widely condemned VW's behaviour and demanded that it take early action to rectify the situation. Our priority is to protect the consumer, to restore confidence in the real-world performance of diesel vehicles and to ensure that VW supports its UK customers.

The VCA has secured an assurance from all automotive manufacturers outside the VW group for which it has issued emissions type approvals that defeat devices have not been used. The Government have called on the EU to conduct a Europe-wide investigation into whether there is evidence that cars have been fitted with illegal defeat devices. We have obviously gone on to test vehicles, and on 10 November, the Secretary of State announced an emissions testing programme to look for defeat devices and to improve our understanding of the real-world emissions performance of vehicles used in the UK. That investigation is vital to restore public confidence.

The VCA, our type approval authority, first reran lab tests for those VW group vehicles for which it had provided approval. Those initial tests provided valuable

information for improving our ability to detect a defeat device and strengthened our understanding of the impact on vehicle emissions. To ensure the independence of the testing, the Department is funding the programme and neither the cars nor the testing facilities will be provided by the vehicle industry. We are completely distant from anything in the sector. We are testing 40 vehicles that are representative of a significant proportion of the overall vehicle fleet. The testing is proceeding well and we are using all the facilities we have in our country to make the process happen as quickly as possible, but we are only halfway through it. That is why we have said that the findings will be published in the spring. It would be premature to make further announcements today because we would be doing so only halfway through the programme, which would not be appropriate. We have been clear that we will not provide an ongoing commentary because we will need to conduct in-depth analysis when we have completed the process and ensure that the results are viewed in context, which can be done only at the completion of the testing. I cannot say more than that on the VW issue today.

I emphasise to the Committee, however, that although the VW crisis has brought things more into the public eye, the work on real driving emissions started long before the VW issue was on anybody's radar, and that will continue. The proposal before us is about testing for all marques, not just one, and for all vehicle fuels, not just those diesel fuels used in the particular type of engine that caused the problem at VW. While VW is a part of this, that is only in the sense that it has brought the issue further into the public domain. On how we can improve performance, we are building on the success and progress that we have had on air quality over some years—we have gone from Euro 3, Euro 4 and Euro 5 up to Euro 6—and these proposals are a step change. I just want to put things in context for Members, because while that issue is related, it is not the key one.

I will now deal with some of the other questions. Provisions for small manufacturers will be discussed and agreed in the package 3 negotiations, which will take place later this year. The UK has already highlighted the importance of the matter to the Commission and is in discussions with manufacturers here, such as Aston Martin.

I can certainly confirm that discussions are continuing with the Serious Fraud Office and the Competition and Markets Authority. They are independent bodies, so it is for them to decide whether to investigate. We are fortunate to live in a country in which politicians do not direct the legal process.

We need to reflect a little on the issue of changes to measurement tolerance, which is a significant factor. The intention, with the first transition step in 2017, is that the conformity factor can be reached through software and calibration changes alone, and a conformity factor of 2.1 has been agreed. That includes any measurement uncertainty.

The second and final step, in 2020, will bring the conformity factor down to 1, which represents parity with the lab test plus, again, measurement uncertainty. Research conducted by the European Commission's Joint Research Centre examined the various sources of error in on-road emissions measurements. Its conclusion was that there was a worst-case error margin of 0.375, which was why the UK supported 0.4 as a conformity

factor. However, some member states argue that other factors that increase NOx emissions in real-world conditions should be taken into account, so an overall figure of 0.5 was agreed.

The Commission has committed to the European Parliament to review the tolerance quickly. We are dealing with new equipment and relatively new technology. The reason why such testing has been used for heavy goods vehicles before cars was simply that the equipment was so big—it could be put in the back of a truck, but not in the back of a car. We are not in that position now as technology is miniaturising. The Commission has committed to a quick review of the tolerance and possibly to moving to much tighter tolerance. We therefore know exactly the direction of travel and there is clear technological progress.

A further question was asked about reviewing our own position on real-world testing, but we have to be clear about what we are asking for before we speak to the European Commission. The Department and chief scientists are considering the matter. Once we know what must be done, we will engage with the Commission and the Joint Research Centre.

On the question of legal challenge, I think that we can be very secure and we have no concerns about that. Our legal opinion is that real driving emissions measures are consistent with Euro 5 and Euro 6 measures. We are not aware of legal challenges on that, and the Commission and the European Parliament are also content. The proposal will complement Euro 5 and Euro 6 testing in a laboratory.

Stewart Malcolm McDonald (Glasgow South) (SNP): I promise to be brief. I have two quick questions, following on from what the Minister said about the Serious Fraud Office and the Competition and Markets Authority. Of course he is correct that those bodies are independent and must be able to make their own decisions, but the Secretary of State has the power, when he believes that an illegal defeat device has been used, to impose fines or to take legal action against a company. He not done so, because he has come to the same conclusion as Volkswagen: what VW installed in cars in Europe does not actually constitute a defeat device. Does the Minister therefore share my disappointment that these new proposals from the Commission do nothing to alter the definition of a defeat device in Europe? Why has the Commission not gone for the American definition, which is much tougher to get around? To implement such a measure wholesale in Europe would show consumers that we take the issue seriously. Will the Minister consider the definition of a defeat device here in Europe? I urge him and the Secretary of State to get it changed quickly.

Andrew Jones: Our priority is to protect the consumer and to restore confidence in the real-world performance of diesel engines, ensuring that VW supports its UK customers. We have launched an investigation, and re-tested diesel cars to gather much-needed evidence to restore public confidence and to improve our understanding of vehicles' real-world emissions performance. We are only halfway through that testing process. We have said that we will not bring the matter to a conclusion or take any further steps until we are absolutely clear about the extent of the problem, but we have not ruled anything in or out. We are still working and are only halfway

through the process. On the definition of a defeat device, the real driving emissions proposal includes an amendment to bring requirements on defeat devices in line with those for the USA.

The Chair: If there are no further questions, we will proceed to debate the motion.

Motion made, and Question proposed,

That the Committee takes note of European Union document No. 14506/15 and Addendum, a Commission Regulation (EU)...of...amending Regulation (EC) No. 92/2008 as regards emissions from light passenger and commercial vehicles (Euro 6); and urges the Government to continue to press for action so that EU emissions testing accurately reflects real-world performance of vehicles on the road.—(*Andrew Jones.*)

4.58 pm

Richard Burden: A lot of things to talk about arise from those questions and answers. The relationship between emissions and air quality is fundamental. We know that road transport is a key cause of the pollution that is damaging public health in towns and cities in this country, in the EU and around the world, so it is absolutely right that we are having this debate. Various Committees of this House have had and continue to have hearings on this matter, but it is important that other Members have the opportunity to scrutinise Ministers, and this is one such important opportunity.

However many issues are at play, we risk them being lost or conflated if we are not clear about two things. The accuracy of emissions testing has been an issue for a long time; it has not simply come up as a result of the VW scandal. Despite the leniency of the existing EU testing regime, it appears that in the European Union, as well as in the United States, VW has been involved in actively distorting test results.

I will return to the VW aftermath later, but let us consider specifically the regulation of testing. For a long time, emissions testing has been known to be inaccurate. Given the challenges of technology and the importance of getting variables to be as similar as possible for all tests, there is a gap between lab tests and emissions tests that reflects real-life driving. Policy makers and the industry have been aware of that for a while and have worked to improve the situation. In fact, an EU working group was set up as long ago as 2011, but the response has been woefully slow.

The well-known air quality crisis facing many of our urban areas, plus the opportunity for the UK automotive sector to become a leader in developing the necessary technology, should have prompted the UK Government to push for more action much earlier than they did. Despite what the Minister says, there is little evidence to suggest that the Government as a whole have not dragged their heels. As recently as July, there have been reports that the Department for Environment, Food and Rural Affairs was briefing MEPs to oppose measures on real-life emissions testing, and it is still not clear what was happening there or, indeed, whether DEFRA was consulting DfT. It seems that it was only when the VW scandal made emissions testing a concern for the wider public that the Government felt compelled to act.

We are where we are, and the regulations before the Committee have left the European Parliament, and all of us, in an impossible position, stuck between a rock

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and a hard place. Plain and simple, the choice is between consenting to regulation that sets a series of standards but that, after 2020, has built into it an open-ended permission to breach those standards by up to 50%, or getting something in place now to avoid more delays and get the testing improvements that we need in the long run.

Most people accept that limitations in the technology used for testing cannot yet provide 100% accuracy in all conformity tests. That is why we will not oppose the motion, because we must be realistic and get the regulations in place for their planned introduction in 2017, which is important for policy certainty and for ensuring that air quality improvements happen as soon as possible. Lessons have to be learned, however, and the Government must realise their responsibilities.

Labour welcomes the efforts by the European Parliament and, from what the Minister says, the Government to ensure that a review mechanism is built in to the regulations. Saying that there will be a review mechanism is one thing, but ensuring that that happens and means something is something else. It is crucial that the Government do not think, "Job done," and that pressure on that review mechanism remains. For the sake of public health, we cannot afford to have open-ended emissions breaches in real-life driving tests.

As well as advocating research into the measuring capabilities, there must be a consistent and constant review of the regime to ensure that manufacturers do not avoid limits through other means. The Minister says that all manufacturers in the UK, other than VW, have made it very clear that they have not been involved in the kinds of practice with which VW has been involved. I accept and welcome that, but it is important that the tests provide a failsafe, because public confidence is at stake. The industry is as aware of that as anyone else.

Group testing is a reasonable measure to keep costs down, but the Government must support the VCA to ensure that we get an accurate snapshot of all necessary vehicles. In the longer term, the Government have to be a leader in the European Union and press for a whole new approach that focuses on real-life driving scenarios in a way that is seen to be representative and reliable. Domestically, I will welcome a statement from the Government on what assessment Ministers have made of the Environmental Audit Committee's recommendations for an older diesel scrappage scheme and a review of vehicle excise duty.

Beyond the regulations, we must encourage the media, publications and consumers to maintain pressure for standards to be met. Manufacturers need to be encouraged to go below the emissions standards that are set out. It is easy to think that motorists do not care about emissions, but *Which?* magazine's "Come Clean on Fuel Claims" petition suggests otherwise.

Turning to Volkswagen, the public outrage at what it has done has been real and marked. Not only has Volkswagen undermined trust in that company, but public trust in the whole automotive industry has taken a knock. That industry is vital to the UK and Europe, and is doing many good things, but the impact of the scandal has been very detrimental. Its aftermath and outcome are still not clear, however, and I appreciate the opportunity to put concerns to the Minister.

When did the Government actually know? I think that the Minister touched on this earlier, but before the scandal broke in the United States—back in 2013—the European Commission's Joint Research Centre expressed concerns about the possible use of defeat devices. Why was that allegation not followed up? There is a need for a pan-European inquiry. The Socialists and Democrats in the European Parliament are pushing for that and have written to all member states. Are the Government responding to that request and, if so, what will they be saying?

The second issue is to do with what is going on now. The crux of the matter is that still no one fully understands what has happened. Lawsuits are taking place in Germany, South Korea and the United States. There is talk of fines and compensation in some countries, but not in others. The fact that 40,000 drivers have contacted Volkswagen directly underlines the uncertainty facing retailers, workers and drivers. In October, in front of the Transport Committee, Volkswagen apologised profusely and said that it had let everyone down. Now Volkswagen suggests that in Europe the defeat devices were not actually defeat devices at all, and that it will not pay compensation to European Union owners, even though compensation might be paid to owners in the United States of America.

Part of the problem is that our Government have not done enough to press Volkswagen because otherwise why is there still so much confusion among motorists about what is going on? It took a month before Volkswagen first wrote to its customers. No cars have been fixed and no one has an idea of what impact any repairs will have on fuel economy. We need to know what needs to happen and who will pay for it. There is a real risk that the Government's failure to handle Volkswagen properly will be seen in the same light as their handling of Google, for example. We cannot allow VW to be treated as a Google and to be let off the hook. I appreciate that Volkswagen wants to make sure that the solution does not impact on vehicle performance, fuel consumption or driveability—that is reasonable—but at the same time, the delay is causing extra problems for air quality. At what cost are we letting Volkswagen sort out the problems in its own time?

There are other concerns that the Government have to address. The latest figures suggest that the impact of the scandal on sales figures has not been as bad as was originally feared, but what if there are traceable costs for the retail industry as a whole? Years of false emissions data means, in practice, lost vehicle excise duty. Ministers have promised that drivers will not face higher tax bills as a consequence of Volkswagen's actions, and we will hold them to that pledge. To do that, however, the Government have to be able to calculate the shortfall for the 36,000 vehicles that apparently have irregularities in not NO_x but CO₂.

The Government also need to look at what the cost of VCA re-testing has been and how to recover those costs. Will any fines will be levied? As the hon. Member for Glasgow South said, while no one wants to get in the way of the investigations of the Serious Fraud Office or other bodies, there is still a question about whether fines could be levied and hypothecated to promote sustainable transport in the UK.

The development of an accurate emissions testing regime is fundamental to improving air quality and public health and has to be a priority for the Department

for Transport. It should not have taken this long, but while the regulation is not to everyone's liking or ideal, it is a step in the right direction. The important thing now is that the Government have to back their words with actions and not think, "Job done." That means pressing for the Joint Research Centre to develop better measuring equipment and ensuring the VCA has the resources and finances it needs to do its job effectively.

Let us continue the re-testing, but in respect of VW, surely the time has come for the Government to give their backing to the call for a full Europe-wide inquiry. Nothing short of that will dispel the suspicion that VW could become another Google. If that impression is out there, it is bad for consumers and for the Government, but it is also bad for the automotive industry as a whole, which across the piece seriously wants to tackle the air quality challenge. Part of doing that is restoring public trust, which has to be done by drawing a line under the VW scandal, and that can only be done by maximum transparency, a proper Europe-wide inquiry and appropriate accountability being ensured.

5.12 pm

Stewart Malcolm McDonald: We have been brought to this point by the soap opera of the Volkswagen scandal and by the fact that one in two cars sold in Europe is a diesel car. This is an enormous public health and consumer issue. I fear that the Government are at risk of sitting on their hands, as we hear that country after country in a list as long as my arm are taking action of some kind against Volkswagen. It is interesting that the hon. Member for Birmingham, Northfield mentioned the Google issue. I worry that the Department for Transport risks being seen to be as feckless as Her Majesty's Revenue and Customs when it comes to standing up for the public interest against big corporations.

Volkswagen, quite simply, has managed to pull the wool over so many consumers' eyes, but because of the inadequate rules here in Europe, it will probably get away with it. In the United States, Volkswagen drivers are being compensated with \$500 in cash and \$500-worth of credit vouchers. Here in the United Kingdom, Volkswagen drivers will not receive a single penny. What of the fact that it was a United States authority that caught out a major European car manufacturer? Not a single one of the EU's 28 member states caught Volkswagen out; instead, it was a Californian authority.

There is undoubtedly some good stuff in the documents produced by the European Commission, but I feel an opportunity has been missed. We have an opportunity to strengthen the proposals. There are some technical elements that need to be strengthened, but really we need to see more from the European Commission to tackle the culture in the car industry and its relationship with testers and regulators across the EU. We must see proposals that put an end to manufacturers being able to shop around in Europe to get the most favourable tester to give them the results that they want. In the Transport Committee we heard evidence from Transport & Environment, a Europe-based think-tank that does a lot of work on emissions regulations. It seems strange that an awful lot of manufacturers go to Luxembourg—a country not exactly known for its car industry. What is going on in Luxembourg? What are manufacturers getting there that they cannot get elsewhere? The proposals do nothing to crack down on that, and that is where the Minister needs to focus his attention in future.

At the moment, 45 lobbyists are working in the European Parliament on behalf of Volkswagen, which over the years spent millions of pounds to get the results it wanted. My goodness, that was money well spent. Look at the result in the Parliament only last week: the right number of abstentions to ensure that these watered-down proposals, which still allow manufacturers to exceed the legal limit on NOx, went through. We must turn the corner and get to grips with an industry that for too long has perverted environmental regulations and treated consumers with disdain—an industry that does not give a damn about regulators because it has creative engineers who help it get around regulations. My fear and that of so many people who are much more qualified than me, whether those who work in the transport sector or those such as the British Lung Foundation, is that that will continue.

This is a major public health issue. We know that pollution from NOx is killing about 500,000 people across Europe every year, so I want to see some enthusiasm from the Government to get to grips with the opportunity before them. The proposals are a good starting point, but the Minister must assure us that he will put British consumers and British public health first by arguing for strengthened proposals. He could give us some confidence by taking a tougher line on Volkswagen than simply stating that it has been naughty, naughty. All of those statements, correct though they are, are a wee bit wet. People expect a bit more from Her Majesty's Government on this, probably the biggest corporate scandal to engulf the motoring industry for quite some time. For that reason I will oppose the motion.

5.18 pm

Andrew Jones: We have talked about critical issues in the debate, and it is absolutely right that improving our national air quality is a top priority. We must remember that the wider impacts of poor air quality are equivalent to about 29,000 early deaths in the UK. It is a huge and significant public health issue and that is an important factor.

We must also recognise the progress that has been made in tackling air quality issues by the automotive sector. Responding to challenges from Government and its own desire to improve its performance, the sector has shown creativity and determination in improving its engineering to deliver benefits for drivers and, through them, the rest of our community. We only have to look at the difference between Euro 5 and Euro 6 to see the progress made. We are looking here at how we can build on that progress.

I do not think that any Government have been complacent—far from it. However, it is fair to say that there is significant public concern on air quality issues and I share them entirely. The idea that the Government have been complacent is just wrong. In May, we abstained in protest after pressing for the introduction dates to be included in the EU motion. They were not included and we wanted them to be. I remember that particularly well because it was the first decision I had to make as a Minister and it happened about three days after the general election. It is critical to recognise that the Government have been pressing for action, and that started long before I took this job.

Have the reputations of the automotive sector and of Volkswagen been damaged by these events? Yes, it would be ridiculous to suggest that they have not been. We only

[Andrew Jones]

have to look at the impact on share prices and sales figures to see that there is huge concern.

Stewart Malcolm McDonald: The Minister is right to say that the reputation of the auto industry has been damaged. Does he accept that the reputation of regulators in the UK has also been damaged, given that it took an American authority to find out what was going on?

Andrew Jones: I gently remind the hon. Gentleman that it was the portable emissions measurement equipment, which has been developed largely in response to the UK and others in Europe pushing for RDE, that actually enabled the investigators to unearth the VW issue in the first place. Europe is the first place in the world to introduce on-road emissions testing. The idea that we have been off the pace, complacent or asleep at the wheel is simply not true.

Has the reputation of the sector been damaged? Yes, it has. Has VW's reputation been damaged? Yes. For what it is worth, my car has been recalled as part of the process. VW is not quite the company I thought it was when I bought the vehicle, and indeed paid extra for the environmental package as I sought to be a low-emitter driver. I am sure that the sector recognises that its reputation has been damaged. I have had that conversation with automotive industry players and with the Society of Motor Manufacturers and Traders. Real driving emissions testing is part of the answer and the key to recovering trust.

Richard Burden: I think the Minister is running two things together now; they are related, but they are separate. One is the need for real-life driving emissions testing, which is the purpose of this regulation, but the second point relates to VW and I do not think the Minister has addressed it. Before the scandal broke in the United States, in 2013 the EU Commission's Joint Research Centre raised concerns about the use of defeat devices. I am not aware that that was followed up on. Was it and, if so, where was the follow-up? If it was not, why not?

Andrew Jones: Well, no hard evidence was shared by the Commission or the Joint Research Centre, and we cannot take action without hard evidence. It goes back to the point about real driving emissions testing being the answer. It is not a question of conflating different issues. VW and real driving emissions are separate but related issues. The VW crisis has brought to a head the work on real driving emissions, but that work started long before the VW crisis and will continue after the situation is resolved.

The Department was first aware of the situation on 18 September, as my right hon. Friend the Secretary of State said in his written ministerial statement. He has been following up on the matter and pressing VW to take care of its UK consumers. For example, he took the issue up with its UK chief executive on 10 December. There was a further question about whether VW has breached EU regulations. I have to say that it is not clear that VW has breached EU regulations, which is

why the RDE package 2 agreement has included an amendment of the text relating to defeat devices to require vehicle manufacturers to declare any alternative emissions strategies.

The situation regarding compensation is also different in the USA and in Europe. In the USA, Volkswagen does not have a technical solution; in Europe, it does. However, the point remains that we are in the middle of the testing process. We have ruled nothing in or out and we will not comment further until we get to the end of the process and put all of it into context, but we will certainly speak up for UK consumers, and that is what we have done consistently.

We are committed to improving air quality, and the RDE agreement is crucial to delivering improvements in UK air quality and decreasing real-world NOx emissions. The current arrangement is the best option we have for environmental and health benefits and to ensure that vehicle manufacturers improve real-world emissions now. The implementation dates and conformity factors are challenging, as everybody in the industry recognises, but they are achievable. It is right to set demanding targets, because the goal of clean air will benefit our communities and is clearly important. It will require vehicle manufacturers to produce cleaner cars, starting next year.

I recognise that more work needs to be done at technical level. The UK is committed to playing a full and active role in finalising the remaining technical issues. We will certainly press the Commission to start a review of how RDE functions, with the clear aim of reducing the margin for measurement uncertainty that is in the final agreement.

The motion urges the UK Government to continue to press for action on real driving emissions. I am happy to make that commitment, but I hope that it has become clear in the course of this debate and in the answers that I have given that we are not just pressing for action; we are taking action, and we are leading the way on taking action. We started a long time ago, and we will continue to do so. The UK has a strong record on public health and automotive, and we have brought the two together to provide significant benefits for the people of this country.

Question put.

The Committee divided: Ayes 7, Noes 1.

Division No. 1]

AYES

Andrew, Stuart	Jones, Andrew
Chalk, Alex	Knight, Julian
Doyle-Price, Jackie	Tolhurst, Kelly
Howlett, Ben	

NOES

McDonald, Stewart Malcolm

Question accordingly agreed to.

5.28 pm

Committee rose.