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1. Volkswagen shares dive (EURO)15bn after revelations of faked emissions data in US;Carmaker could face fines from Environmental Protection Agency that could run up to more than \$18bn

Volkswagen shares dive (EURO)15bn after revelations of faked emissions data in US; Carmaker could face fines from Environmental Protection Agency that could run up to more than \$18bn

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Body

The fall of Europe's biggest car producer Volkswagen has continued as some (EURO)15bn was wiped off its market value after revelations that the German carmaker rigged US emissions tests for about 500,000 diesel cars.

By mid-afternoon trading in Frankfurt, Volkswagen's share price was down 18.1 per cent at a near three-year low. Its dramatic fall weighed heavily on Germany's main stock index, the DAX, which underperformed its peers in Europe.

Volkswagen's market woes followed a weekend that saw the company's reputation for probity seriously damaged by revelations from the Environmental Protection Agency in the US that it had skirted clean air rules. The EPA indicated that VW faces fines that could run up to more than \$18bn.

Analysts now suggest the crisis could lead to the departure of VW head, Martin Winterkorn as soon as this Friday.

In pictures: Volkswagen Brazil to cease production of the iconic Kombi

"Five months ago Ferdinand Piëch, the former chairman, tried to oust him [Mr Winterkorn] but in the end resigned himself," said Christian Stadler, professor of strategic management at Warwick Business School. "This Friday the board decides on whether to renew Mr Winterkorn's contract until 2018. After this a question mark now hangs over that decision.

"From 2009 to 2011 Toyota recalled nine million cars for issues leading to unintended acceleration. Estimations suggest that Toyota dealers lost more than \$2bn as a result and the company itself also around \$2bn. Toyota also settled with the government for \$1.2bn. The cheating by Volkswagen seems more blatant, but the numbers are lower and there are no fatalities involved."

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Volkswagen has had a difficult year as sales falter in the US and China. VW edged out Toyota to become the world's top-selling car maker in the first half of 2015 but a hit to its reputation from the emissions revelations could hamper efforts at a sales rebound.

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A spokesman for Germany's environment ministry said that authorities there were waiting to see how the US investigation develops. "The auto manufacturers have to work closely with US authorities to comprehensively clarify the matter," Michael Schroeren said.

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