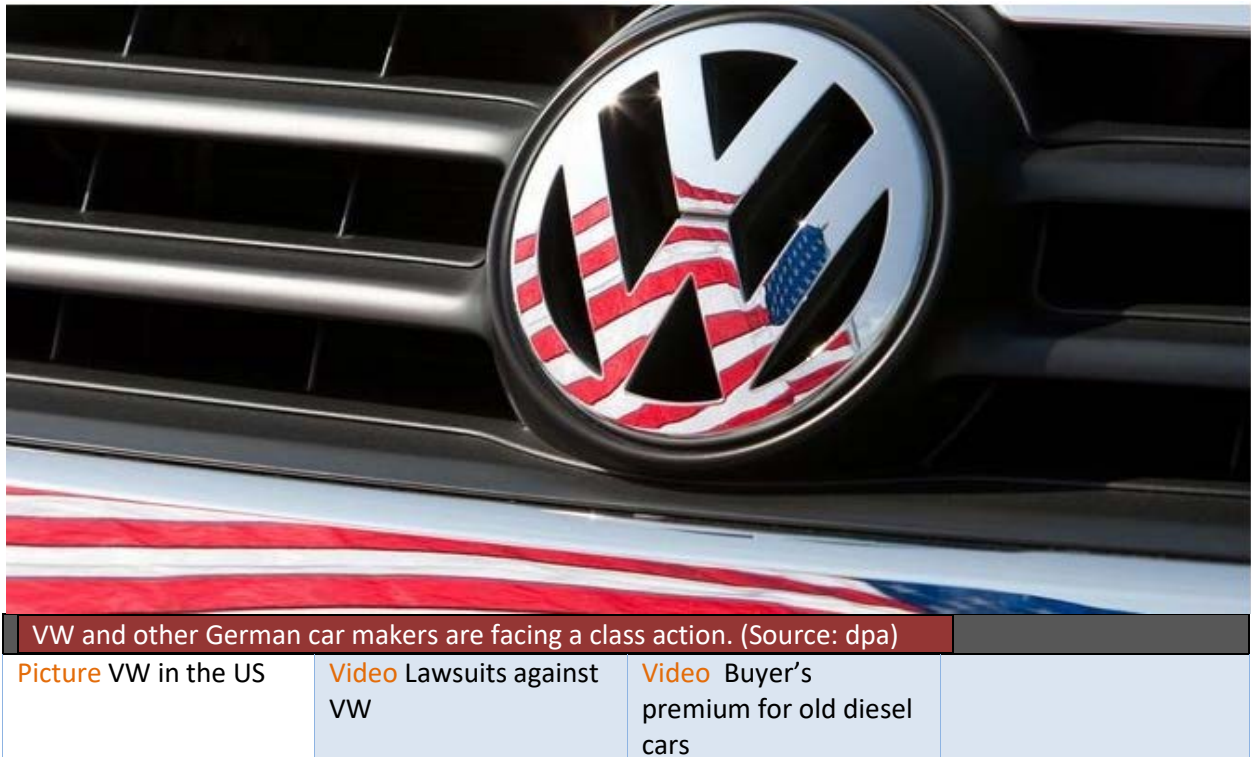


Article from ZDF heute – “Lieber laufen als VW fahren” - August 10, 2017

URL: <http://www.heute.de/dieselskandal-und-kartellvorwuerfe-us-sammelklage-gegen-deutsche-autobauer-47731158.html>

US class action against German car makers

“Rather Walk Than Drive VW”



VW and other German car makers are facing a class action. (Source: dpa)		
Picture VW in the US	Video Lawsuits against VW	Video Buyer's premium for old diesel cars

by Maya Dähne, New York

In Germany, the facts surrounding the car cartel are still being investigated – in the US, they are a step ahead: There, German car manufacturers are facing the threat of a flood of lawsuits. Even if it is still unclear how to even quantify the damages to consumers.

“The Germans are selling millions of cars in the US. That is terrible. We should stop that,” ranted US President Donald Trump a few weeks ago. The trade relationship is unfair. If need be, punitive tariffs against the foreign competition should be imposed. At the time, the President did not receive a lot of applause for his tirade. But that could change.

The reports about the “German auto giants and their cartel” have reached the US. Several law firms have already filed complaints. This is extremely poor advertisement for “Made in Germany.”

Translation by Sylvia Sum, Bleichmar Fonti & Auld, LLP, August 10, 2017

Emissions scandal was only the tip of the iceberg

“The VW diesel scandal two years ago was evidently only the tip of the iceberg,” declares Lesley Weaver. “Apparently, there, the tail was wagging the dog,” says the attorney of the law firm Bleichmar Fonti. Her suspicion: The cartel allegations could turn out to be a much bigger scandal than Dieselgate.

Potentially, a huge number of car buyers is affected by the cartel – in principle, everyone who bought a car of the German luxury brands between 1996 and now. Weaver’s law firm filed a class action against the German car manufacturers. And she is not the only one. Lawyers in several states are preparing similar complaints. It is still too early to speculate about the amount of possible financial penalties and damages claims. VW had to pay 20 billion after the exposure of the diesel scandal.

In the case of a potential German car cartel, it will not be easy to quantify the harm to the individual consumer. “It is tricky to calculate and quantify the actual damages,” says the cartel expert and economics professor at the Wharton School of Business, Joseph Harrington. “Car buyers were damaged and didn’t even notice it. They have possibly paid artificially high prices, they have probably not received the quality they were promised. They would have received better cars if the companies had competed, instead of making common cause.”

Brutally calculated

In the eyes of attorney Weaver, the true scandal is that the car companies deliberately deceived consumers and authorities and did so brutally calculated. There were likely internal calculations juxtaposing the financial advantages of the illegal cooperation with potential lawsuits and the resulting financial penalties.

That is common practice, confirms Professor Harrington. One example is the case of car marker Ford. In the 1970s, the gasoline tanks were installed in the back of the model Pinto. The consequence: In rear-end collisions, the tank exploded. People died. But apparently, it was cheaper for the company to pay than to retrofit.

high that it is simply no longer profitable to make illegal agreements. “However, this is currently still just wishful thinking,” opines economic expert Harrington. “Even though there was a trend in the past years to impose higher penalties to make cartel formation unprofitable - incidentally, in Europe as well.”

Attorney Weaver is certain that the class action against German car manufacturers will be approved and tried by a court. The suit is complicated and will be time-consuming, it could last five to ten years until a judgment is rendered, estimates Weaver. But no matter what the judgment might be at the end: The lawyer is certain that the German car makers will suffer damages, both financially and to their image. Some of the clients, represented by her in the VW diesel scandal, “would rather walk than ever drive a German car again.”

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