

Hyundai, Kia to pay USD100m over fuel economy suit

WASHINGTON: Hyundai and Kia agreed to pay \$100 million on Monday, 3 November, to settle a US government investigation into exaggerated fuel efficiency on 2012 and 2013 car models sold in the United States by the South Korean automakers.



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The US Department of Justice said it marked the largest civil penalty ever secured under the four-decade-old Clean Air Act.

"This will send a strong message that cheating is not profitable, and that any company that violates the law will be held to account" said Attorney General Eric Holder.

The settlement involved the sale of nearly 1.2-million vehicles, many of which now need to reduce their stated fuel economy by one to two miles per gallon.

"Because they used inaccurately low numbers to demonstrate compliance with emissions standards - cherry-picking data and conducting tests in ways that did not reflect good engineering judgment - Hyundai and Kia calculated higher fuel economy and lower greenhouse gas emissions than these vehicles actually have," Holder told reporters.

The result is that the six vehicle models implicated will emit approximately 4.75-million metric tons of greenhouse gases, above and beyond what the automakers certified with the Environmental Protection Agency.

As part of the settlement, Hyundai and Kia will "forfeit the greenhouse gas credits that the companies wrongly claimed based on their inaccurate reporting," Holder said.

Relinquishing those 4.75-million metric tons of credits could be valued at hundreds of millions of dollars, he said.

The automakers also agreed to have an independent certification test group oversee its fuel economy testing, training, data

management and reporting in the future.

"Businesses that play by the rules shouldn't have to compete with those breaking the law," said EPA Administrator Gina McCarthy, describing the settlement as "historic."

"This settlement upholds the integrity of the nation's fuel economy and greenhouse gas programs and supports all Americans who want to save fuel costs and reduce their environmental impact."

Hyundai said in a statement that the agreement requires the company to adjust about a quarter of its 2011-13 model year vehicles, reducing their combined city/highway fuel economy by one to two miles per gallon.

In addition to paying a \$56.8m civil penalty, Hyundai agreed to forgo the use of approximately 2.7-million greenhouse gas (GHG) emission credits, representing the difference between the original emissions pledge and the newly adjusted one.

"Hyundai has acted transparently, reimbursed affected customers and fully cooperated with the EPA throughout the course of its investigation," said David Zuchowski, president and CEO of Hyundai Motor America.

Hyundai said its adjusted fuel ratings are 27.2miles per gallon for 2011, 28.3mpg for 2012 and 29.0mpg for 2013 model year vehicles.

Source: AFP

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