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1. Volkswagen Q&A: what is the diesel emissions scandal and what should drivers do?; Volkswagen tricked authorities by switching on full emissions controls during tests

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Body

Volkswagen has "screwed up". That's what their own US boss has to say about the scandal that has hit the German carmaker this week.

"Our company was dishonest with the EPA and the California air resources board, and with all of you, and in my German words, we have totally screwed up," said Michael Horn, US chief executive of Volkswagen.

Sounds bad - what did Volkswagen do?

It is bad - and it could get worse. On Friday VW admitted to rigging its US emission tests so that diesel-powered cars would looks like they were emitting less nitrous oxide, which can damage the ozone layer and contribute to respiratory diseases.

How VW's "defeat device" works http://t.co/KBcL4VOSKj#dieselgate@reuterspic.twitter.com/67hlUZl5fA-ReutersBreakingviews (@Breakingviews) September 22, 2015How many cars are we talking about?

As many as 11 million Volkswagen cars are affected. VW tricked the authorities by switching on the cars' full emissions control systems when the cars were being tested by the government, but turned them off when customers drove away with the cars.

Which cars exactly does this apply to?

Jetta, Beetle, Audi, A3 and Golf models dating 2009-2015 and Passat models dating 2014-2015 are affected. Volkswagen won't sell any more 2015 models or produce any more 2016 models until they have fixed the emissions system.

Uh oh, I own one of those, what should I do?

The cars are completely safe to drive. But Volkswagen has said it will alert customers when a fix is ready so they can bring their cars in to be altered. Most drivers probably won't sell because the value of the vehicle will have tanked in the immediate aftermath of the scandal.

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Read more: Volkswagen sets aside (EURO)6.5 billion to win back trustShares dive (EURO)15bn after the revelationCar emissions figures could be fiddled in EuropeBut I trusted Volkswagen, why would they lie?

It might have been cheaper for Volkswagen to fix their software in this way than stump up for the hardware to properly control emissions. You aren't alone in feeling let down by the company. On Monday, (EURO)15 billion was wiped off the value of Volkswagen, dragging down the value of the DAX, a German stock market index.

Will Volkswagen get their comeuppance?

If the brand damage wasn't enough, they will face a fine of up to \$18 billion from the US government. It has been reported that Martin Winterkorn, the Volkswagen Group CEO, may be ousted.

Profit margins will also be hit.

Business news in picturesCan Volkswagen come back from this?

Probably - but there are likely further shocks to come. Shares were down in all the major carmakers by Tuesday, which means investors suspect there might be other guilty firms out there.

The scandal could also spread geographically: the UK, Australia, and South Korea are among the governments that have launched investigations.

Some analysts have said that even if Volkswagen survives, diesel fuelled cars might not. Richard Gane, director and automotive sector specialist at supply chain firm, Vendigital, said the scandal is likely to lead to a sharp fall in demand for diesel engine cars.

"In Europe the impact could be much more significant, leading to a large tranche of the market switching to petrol engine cars virtually overnight," Gane said.

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