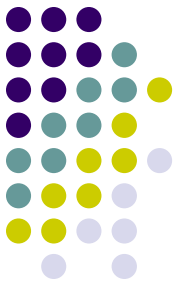


**RIGHT TO REPAIR**

Trade Press Briefing June 2008





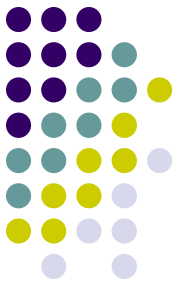
# Jim Mazza

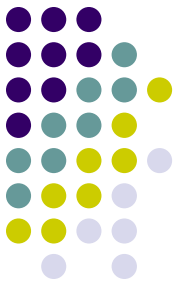
Chairman – R2RC UK



# R2RC

- Pan European campaign
- Orchestrated by FIGIEFA
- Representing Independent Automotive Aftermarket
- BER1400/2002 (repair and maintenance)
- What happens post 2010?

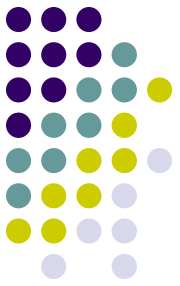




## Our Aim is:

to ensure the continued success of a vibrant and competitive aftermarket; and in so doing, protect the consumer's "freedom of choice".



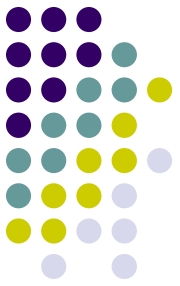


# Activity to date

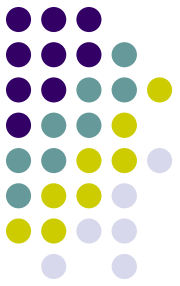
- Pulling the UK IAM together to form R2RC UK
- Funding for UK & European campaign
- Creating Trade awareness:
  - Literature
  - Website
  - Exhibitions, Trade Evening and Conferences
  - Trade press



# Activity to date - Political Lobbying



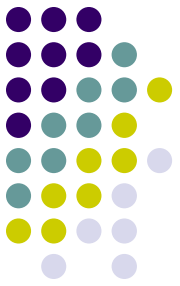
- Contact made with UK MEPs
- Contact made with MPs
- Contact made with BERR
- Contact made with OFT
- Contact made with NCC



# The stakes just got higher

- Draft Commission Evaluation Report
  - ‘Leaked(?)’ document circulating
  - Strong recommendation BER not to be renewed
- Formal Commission Evaluation Report
  - 29<sup>th</sup> May 2008
  - Recommendation BER not to be renewed
  - Written in ‘softer language’
  - Inviting feedback and comment.

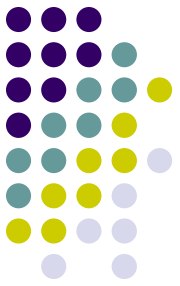
# What are the arguments for no Motor Vehicle specific BER?



- The automotive sector is one of the few remaining with an industry specific BER.
- Article 81(3) of the Treaty of Rome supported by Type Approval Directive and Vertical Restraints Regulation and Euro 5 legislation gives adequate safe-guards to both the IAM and the consumer.

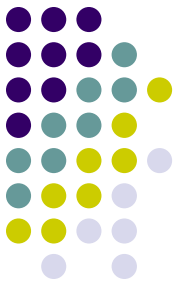


# Article 81, Vertical Restraints Regulation & Euro 5



- Copies of Article 81 are available on request!
  - Refers to ‘restrictive practices’ and ‘dominant positions’
- Euro 5 Regulation 715/2007
  - Refers to accessibility of technical information
  - All new models type approved in 2009 or later
  - Not retrospective!

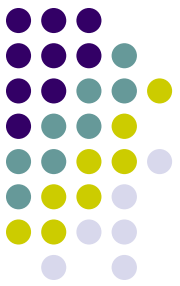




**RIGHT TO REPAIR**

The response!



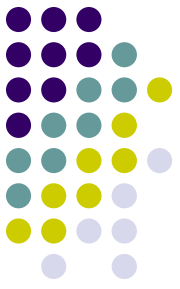


# BER 2010 -Timeline

- Nov 07 – Feb 08      Opinion forming
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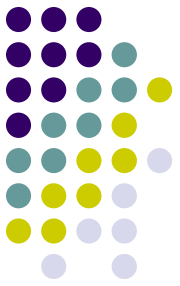


# Affordable Mobility

- Mobility is a fundamental freedom
- Road transport is essential
  - Social interaction
  - Commute to work
  - Distribution of goods and services
- Motorists need repairs at a reasonable cost
- Effective competition is a necessity



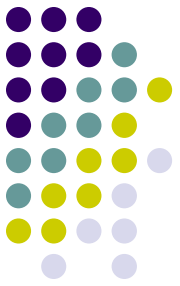
# Affordable Mobility



- European Consumers must be free to have their vehicles services, maintained and repaired at a workshop of their choice.
- Fair competition and the availability of choice creates a competitive environment and keeps prices down.



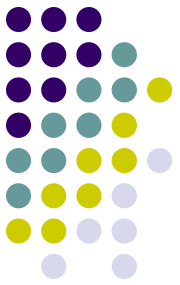
# Industry specific BER (MV-BER)



- Aims to create a level playing field for independent operators.
- It has been responsible for creating a ‘more level’ playing field (and ‘Freedom of Choice’)
- It has been around for decades and for good reasons.
  - The legislator in 2002 did not consider the general rules in place were a satisfactory solution.
  - What's changed?
- It gives clarity to all
  - Market players
  - National Competition Authorities
- A move to reliance on several separate pieces of legislation will confuse all



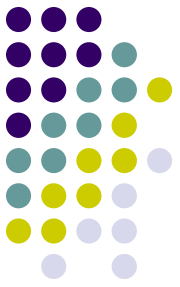
# Patchwork environment without BER 1400/2002



- The proposal is that BER1400/2002 is replaced by:
  - Article 81 & 82 Treaty of Rome
  - Vertical Restraints BER
  - Euro5/6 regulation 715/2007
  - Euro VI draft proposal
  - Commercial Agents Directive 86/653/EEC
  - Revisions of Design Directive 98/71/EC
  - Obligation on 4 vehicle manufacturers



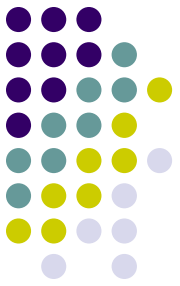
# Vertical Restraints Regulation (VR-BER)



- Not industry specific and does not protect:
  - Parts manufacturers supplying to the independent aftermarket
    - Addresses sales to end-users, independent repairers and service providers **NOT**
    - to authorised repairers or to parts distributors
  - Sales by VMs' Trade Clubs
    - Only addresses sales by retail level distributors to end-user
  - Sales by authorised wholesalers
  - Sales to Repairers



# Vertical Restraints Regulation (VR-BER)

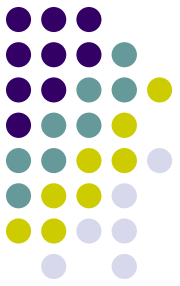


- Contains **NO PROVISION** for
  - Access to technical information
  - Access to tools
  - Access to training

(Euro 5 does put an obligation on the VMs to provide certain information but for new models (car and LCV) from 2009 onwards and it doesn't cover HGV!)



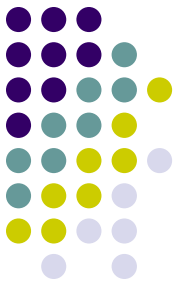
# Vertical Restraints Regulation



- Exclusive supply obligations are exempt where the relevant market share is under 30%
  - Market needs to be defined by brand!
  - Parts for Fiat Panda won't fit a BMW 5 Series
  - Parts for different makes and model are not suitable substitutes and should not be attributed to the same relevant market.



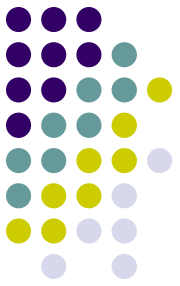
# Vertical Restraints Regulation (VR-BER)



- Does not (as MV-BER does);
  - Protect the freedom of parts manufacturers to sell to OEM and the aftermarket (There is no mention in VR-BER of direct sales for parts suppliers to wholesalers).
  - Protect against Parts manufacturers being prevented by VMs from selling direct to authorised repairers
  - Protect the provision for parts manufacturers to ‘double-brand’
  - Protect the ability of Authorised repairers to sell parts to the independent repairer
  - Protect the ability of independent wholesalers to sell parts to the authorised repairer.
  - Protect the freedom of the authorised repairer to purchase parts from their supplier of choice.
  - Protect access to technical information, training & tools.

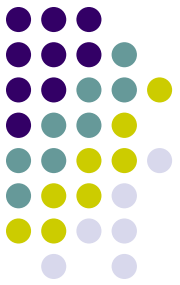


# Article 81 (3) EC



- Gives general guidelines
  - Uniform application of EU Competition law across 27 member states?
  - Competition authorities would need more resources
- Not suitable for SMEs
  - Legal costs + Uncertain outcome = Risk
  - SMEs are liable to avoid risk
  - Weaker party is disadvantaged
- Reliance on Article 81 is directly at odds with EU SME policy

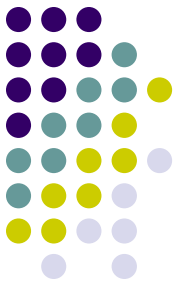




# Euro 5

- Puts an obligation on VMs to provide certain technical information
- Applies to new vehicles type approved 2009 and onwards
- Not retrospective.
- Not HGVs (does include LCVs)
- Clarity on who has access and can pass it on?
  - manufacturers of multi-brand diagnostic equipment?
  - Publishers of multi-brand data bases?
  - Parts wholesalers providing parts and technical information to workshops?

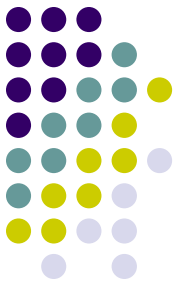




**RIGHT TO REPAIR**

The impact!



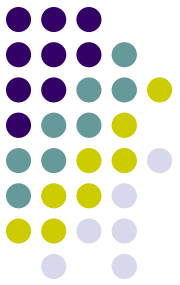


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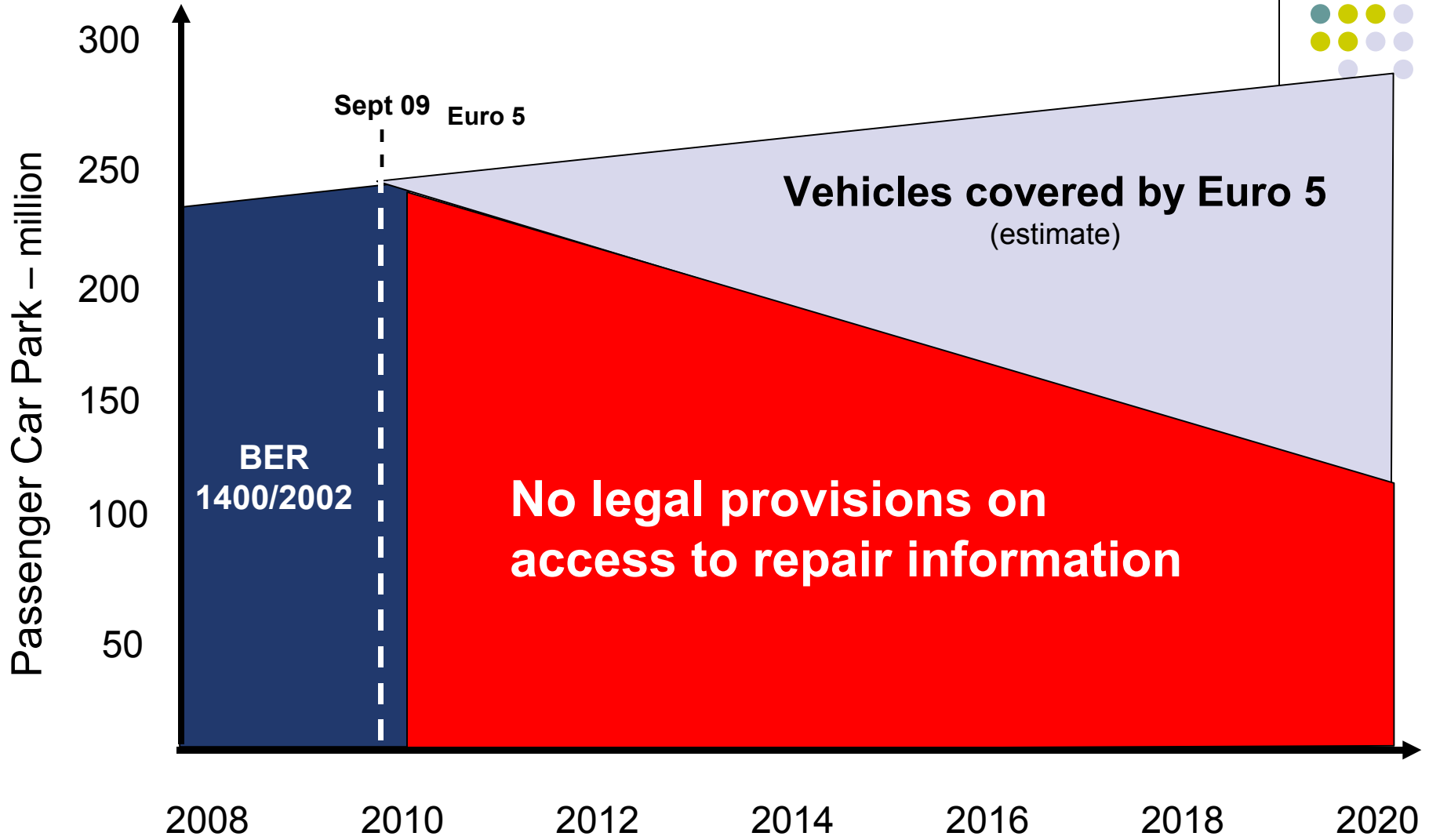
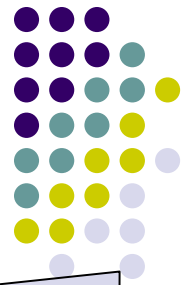


# As proposed.....

- There will be no specific regulation ensuring access to technical information, training and tooling.
- General legislation will not offer the same level of protection to the IAM or the consumer
- Cost of taking action prohibitive
- Euro 5 will not bridge the gap between general and specific legislation. Impact.....



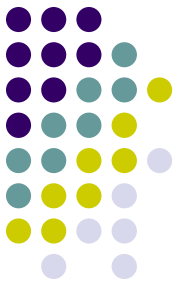
# Aftermarket Access to Repair Information



Figures are estimated

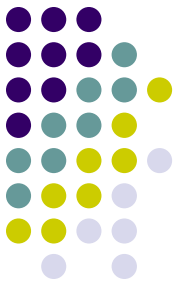


# Impact



- Those in the IAM who would wish to challenge under Article 81 would be either out of money or out of business before the action was concluded.
- The available market for IAM will rapidly diminish
- Businesses will fail
- The consumer will lose the freedom to choose where they have their vehicles serviced/repaired.
- Reduced competition will lead to increased costs.

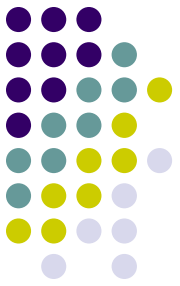




# Our next steps

- Continuation of lobbying
- Further Trade awareness
  - More of the same
  - DVD
- Consumer campaign
  - Press events
  - PR activity
  - Posters and literature
  - Autosafe at the Motor Show
  - Forging links with consumer groups





# Questions?

