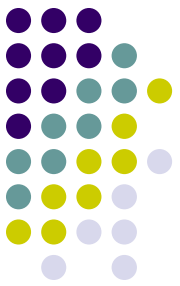


RIGHT TO REPAIR

EC Evaluation Report May 08

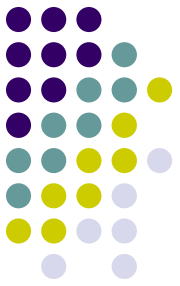




The stakes just got higher

- The EC Evaluation Report concludes that Automotive-specific Block Exemption Regulation **ENDS** in 2010.
- It proposes that it is replaced with a patchwork of other legislation - some existing, some new and some not even written yet.
- It proposes replacing the simplicity and clarity of one piece of legislation with the complexity and confusion of many.

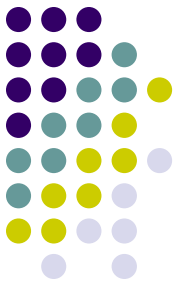




The patchwork proposal

- is that BER1400/2002 is replaced by:
 - Article 81 & 82 Treaty of Rome
 - Vertical Restraints Regulation (VR-BER)
 - Euro 5/6 Regulation 715/2007 (cars and LCVs)
 - Euro VI draft proposal (HGVs)
 - Commercial Agents Directive 86/653/EEC
 - Revisions of Design Directive 98/71/EC
 - Obligation on 4 vehicle manufacturers becomes 'best practice' for the others





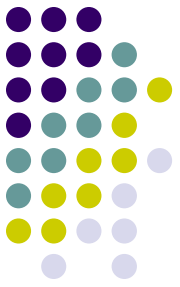
RIGHT TO REPAIR

Our response!



RIGHT TO REPAIR

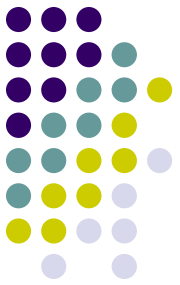
Industry specific BER



- 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? (except vehicles contain even more technology, therefore greater protection is needed!)
- It gives clarity to all
 - Market players
 - National Competition Authorities
- A move to reliance on several separate pieces of legislation will confuse all

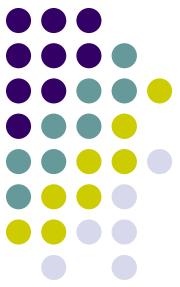


Vertical Restraints Regulation (VR-BER) – General Block Exemption



- Not industry specific and does not cover huge areas that industry specific block exemption does.
- Expires 2010 and we don't know its future content or even if it has a future!
- Contains **NO PROVISION** for
 - Access to technical information
 - Access to tools
 - Access to training



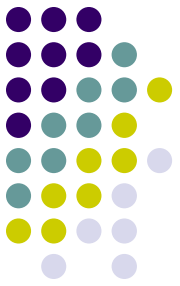


Euro 5/6

- 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)
- Need 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?



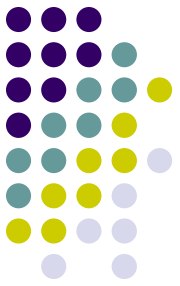
Article 81 (3) EC



- Gives general guidelines
 - Uniform application of EU Competition law across 27 member states?
 - Competition authorities would need more resource
- 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

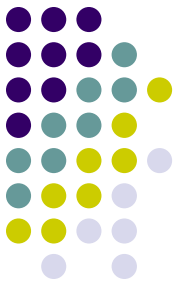


Affordable Mobility



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

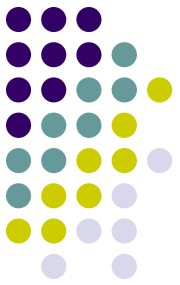




RIGHT TO REPAIR

The impact!



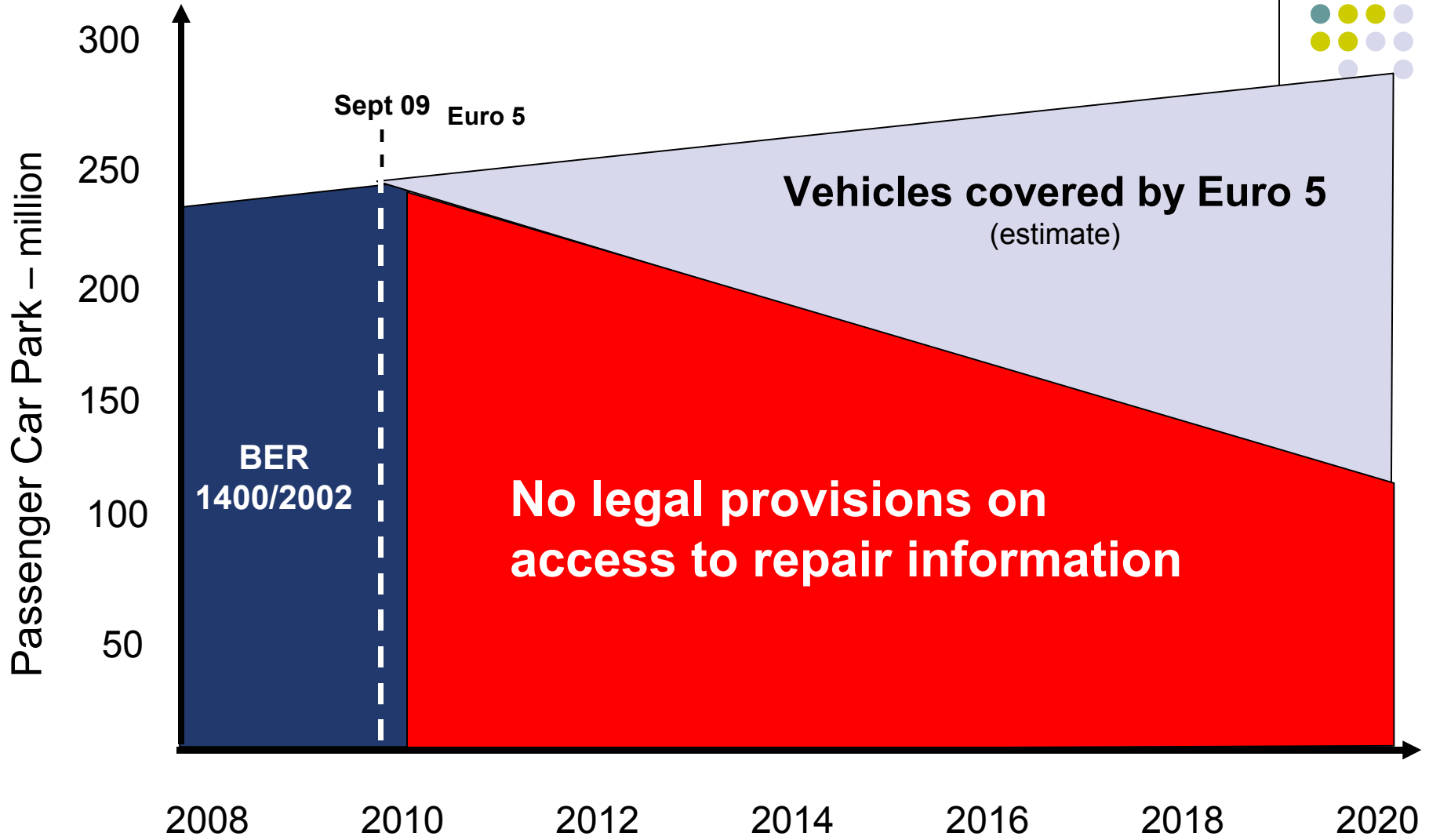
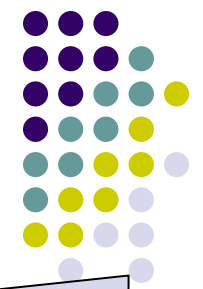


As proposed.....

- 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 Independent Aftermarket (IAM) or the motorist
- Cost of taking action prohibitive
- Euro 5 will not bridge the gap between general and specific legislation. Impact.....



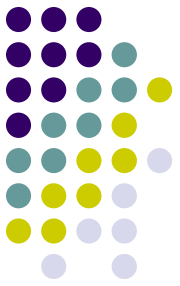
Aftermarket Access to Repair Information



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 motorist will lose the freedom to choose where they have their vehicles serviced/repaired.
- Reduced competition will lead to increased costs.

