

Campagne Européenne
pour la Liberté du Marché
des Pièces de Rechange
et de la Réparation Automobile

Die europäische Bewegung
für die Freiheit
des Kfz-Ersatzteile-
und Kfz-Reparatur-Marktes

The European Campaign
for the Freedom
of the Automotive Parts
and Repair Market



PRESS RELEASE

ECAR calls upon EP's Legal Affairs Committee and the Council of Ministers to unblock the design dossier on vehicle spare parts in order to benefit 260 million consumers and SME businesses in the EU

Brussels, 12.06.2007. In a lunch debate organised today, ECAR calls upon the European Parliament's (EP) Legal Affairs Committee and the Council of Ministers to finally go ahead and adopt the 'Repairs Clause' proposed by the European Commission in 2004. The clause is to amend "Design"- Directive 98/71/EC for the purpose of establishing Community-wide free competition and free trade in the huge market of vehicle spare parts.

Although it was thoroughly investigated and debated, the dossier has been pending - for 33 months now - in the EP's *Legal Affairs Committee (JURI)* and in the *Council of Ministers* – due to a looming blockage from certain Member States, such as France and Germany, as well as political pressure from vehicle manufacturers, who are doing everything in their power to gain a watertight monopoly over the € 12 bn market of body spare parts in Europe.

"This blockage is a disaster for EU consumers and for SME businesses operating in the automotive parts and repair market", says ECAR's Chairman Louis Shakinovsky. "Not to opt now for true freedom in this market comes close to a political sell-out. There is no longer any time to waste. Or should the car industry's bid for monopoly profits really prevail over the public interest?"

Consumer representative Nuria Rodriguez (BEUC) criticises the fact that, due to the current blockage, vehicle owners are deprived of their 'freedom of repair', particularly in those Member States (which cover half of the EU market) where design protection still exists. They are 'captive consumers' who must pay monopoly prices. "What we need are spare parts prices and services *lastingly* led by effective competition". And FIA's Wil Botman adds: "By not adopting the Repairs Clause, JURI and the Council are denying EU's vehicle owners access to affordable mobility".

Alberto Olati, President of the body panel producers' association, EAPA, explains that design "protection" is a dreadful weapon for unfairly litigating competitors out of the market. "Since there is not yet a single market with a uniform law, the status quo works heavily against us". Today, independent parts producers and distributors – unlike their competitors, the vehicle manufacturers, - *cannot* sell their products in the entire Community and do *not* enjoy the benefits and economies of scale which is after all one of the fundamental aims of the single market. Olati adds: "One's sense of justice can be further ridiculed: while a parts producer or distributor in Italy or the UK is an honourable businessman, his colleague in France or Czech Republic who tries to run the same business can end up in jail!"

During the lunch debate, where MEPs Monica Frassoni and Manuel Medina Ortega, as well as Eric Nootboom of the European Commission took the floor, there was unanimous support for the Commission's "Repairs Clause".

The debate was concluded by ECAR, who once again called upon JURI and the Council of Ministers to move forward and adopt the Repairs Clause *now*. As Louis Shakinovsky summarised: "The 'Repairs Clause' is a well thought-out and balanced solution to the spare parts issue. It gives vehicle manufacturers full protection of their new car "designs" but prevents a spare parts monopoly. As a consequence, the right of the EU's 260 million vehicle owners to get their spare parts (and their car services) at prices led by competition is safeguarded; the SME independent operators can stay in business and the single market in this area is completed".

Background:

In September 2004 the Commission proposed to amend "Design"-Directive 98/71/EC by inserting a "Repairs Clause" in order to establish Community-wide free competition and free trade in the huge market of vehicle spare parts and thus to complete the Single Market in this industry sector. Although the European Parliament's Committees on *Economic and Monetary Affairs* and on *The Internal Market and Consumer Protection* voted in favour of the Commission's "Repairs Clause" in 2005, no decision has yet been taken in JURI and the Council of Ministers.

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About ECAR

Established in 1993, the European Campaign for the Freedom of the Automotive Parts and Repair Market (ECAR) is an alliance of 10 independent EU organisations representing vehicle parts producers, distributors, independent repairers, the European motor insurance industry, a large cross section of small and medium-sized enterprises as well as the 260 million motoring consumers in the European Union. ECAR's main objective is to promote free competition and to prevent vehicle makers from monopolising the vehicle spare parts market through abuse of design protection. For more information, visit www.ecar-eu.com.