



## Competition Policy, March 2009

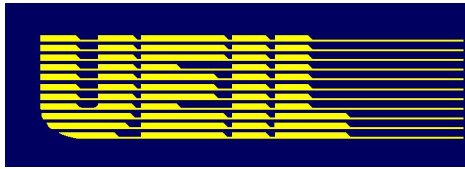
### Competition Commissioner Kroes hosts Roundtable to discuss future of the Car Block Exemption Regulation

*The EU Competition Commissioner, Neelie Kroes, held a roundtable with representatives from the automotive industry to discuss the review of the Block Exemption Regulation 1400/2002. During the meeting, several controversial items arose, in particular regarding access to technical information and the need to respond to the crisis. Commissioner Kroes backed the independent operators and showed her willingness to propose measures intended to support the independent industry.*

European Commissioner for Competition Neelie Kroes held a Roundtable discussion on 9 February at the European Commission's Brussels headquarters to discuss the future of the Block Exemption Regulation 1400/2002 that applies to motor vehicle sales and servicing. Participants included leading figures from all the main stakeholder groups, including consumers, car manufacturers, dealers, roadside assistance operators and independent repairers. The current Regulation is due to expire in 2010 and Commissioner Kroes organised this roundtable to have an informal discussion about the issues and how any change or maintenance of the current Regulation would affect the different categories of operators in the car sector.

Divergent views were expressed at the meeting, and discussions highlighted the need to respond to the immediate crisis, and the need to lay down a clear and solid framework for the medium-term. In particular, after the meeting, Commissioner Kroes declared that in times of economic depression, when consumers cannot afford buying new cars, "industries such as repairs and spare parts, or lease options, play an increasingly important role in consumer spending decisions". She sided with the independent industry and highlighted that she would not make any changes to the detriment of the independent repair industry whilst mentioning that access to technical information and alternative brands of spare parts were a pre-condition for ensuring the continuation of independent workshops. Kroes also pointed out that the independent industry is concerned that a future BER should continue to assure access to technical information and spare parts.

In light of the recent developments within the car Block Exemption Regulation (*see separate article*) it is vital for the independent lubricant industry that Commissioner Kroes recognises the needs of the sector and seeks solutions which would not hamper the competitiveness of the independent industry.



## The future of the Car Block Exemption Regulation

In recent months, the European Commission's ongoing review of the Block Exemption Regulation 1400/2002 relative to the motor vehicle sector (BER) has come under considerable cross-fire. As the Commission's decision on the future of this regulatory instrument is coming closer, stakeholders are gearing up to ensure their voices are heard on what they believe is the best way forward.

In essence, the regulation exempts agreements concluded at vertical level (car manufacturers – distributors) within the automotive supply chain from the European competition rules. It is of tremendous importance to the lubricant industry as it governs its commercial relations with car and original equipment manufacturers, thereby setting the rules for the sector's access to technical information and for the marketing of lube products to manufacturers' after-sales service networks.

At the beginning of February; Neelie Kroes, the Commissioner for Competition, acknowledged the controversy at a high-level industry roundtable event organised by the Commission to discuss the future of the BER (*see separate article*). More specifically, Mrs. Kroes gave a "cast-iron guarantee" that a new system would guarantee the independent repairers' right to access technical information and alternative brands of spare parts.

However, Commissioner Kroes also emphasized that she had not yet made up her mind as to the format and content of a future regulatory regime for the automotive industry. Meanwhile; the Commission is faced with increasing political pressure from all sides, including Member States, politicians and other Commission departments, to come up with a solution that does not add additional burdens, in particular to small and medium sized businesses, who are suffering from the current economic crisis.

Different options for the future of the automotive industry's regulatory regime have now been proposed and are being debated in Brussels. Amongst these options, we see:

- Renewal of the existing Automotive-Sector Specific Block Exemption Regulation for a period of 2-3 years.
- A new « slim » Block Exemption Regulation which would only cover the problems of the aftermarket, in particular the issues of access to technical information, spare-parts and co-branding.
- Incorporation of the automotive sector within the general "umbrella" Block Exemption Regulation. This general vertical Regulation would be the basis of future proposals.
- Guidelines integrating the specificities of the automotive sector as an annex to the vertical Block Exemption Regulation.

Latest intelligence suggests that the Commission will present its preferred option before the summer break, i.e. between the end of June and mid July, following which a public consultation will be launched.



While it remains to be seen which one of the possible options will obtain political buy-in, the UEIL will to the benefit of its members, continue to crusade for a solution that ensures the establishment of an enforceable sector-specific regulatory framework that allows the lubricant industry to unfold its competitive potential, thereby allowing it to prosper and thrive.

Further formal and informal meetings with relevant officials from DG Competition, the relevant Commission service dealing with the review of Block Exemption Regulation, and other Commission services involved in the process, have been set up for the coming week in order to emphasize the positioning of the lubricant industry.