

# Automotive industry Code of Conduct shows progress

According to Right to Repair SA (R2RSA), progress is being made on a Code of Conduct that will bring much-needed change to the automotive industry.



Gunther Schmitz

Gunther Schmitz, vice chairman of R2RSA, says at the stakeholder workshop hosted by the Competition Commission in May it was agreed that a code would be drafted. “R2RSA has since then compiled a document containing points we believe need to be considered for the code and submitted these to the commission.

Says Schmitz:

“ Our points are based on European guidelines and have been adapted to the South African context and Competition Act. We are convinced that consumers and the aftermarket industry in South Africa are facing many of the same points challenged by our European counterparts. ”

## Access to technical information

Besides general observations regarding access to repair networks, the submitted document also includes points relating to access to technical information; warranty and motor plans; and telematics.

"The history of international competition enforcement in the automotive aftermarket has shown certain anti-competitive restraints whether through explicit direct contractual obligations or through indirect obligations or indirect means. Suppliers wishing to influence a distributor's competitive behaviour may, for instance, resort to threats or intimidation, warnings or penalties. They may also delay or suspend deliveries or threaten to terminate the contracts of distributors that sell to foreign consumers or fail to observe a given price level," he says.



## Pressure is on for South African motor dealers

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"Transparent relationships between contracting parties should naturally reduce this. We believe that adhering to a Code of Conduct is one means of achieving greater transparency in commercial relationships between parties," says Schmitz.

"Spare parts, and the access to and pricing thereof, also need to be talking point. One of the objectives should be to protect access by spare parts manufacturers to the motor vehicle aftermarkets. This would ensure that competing brands of spare parts continue to be available to both independent and authorised repairers, as well as to parts wholesalers.



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"The availability of such parts brings considerable benefits to consumers, especially since there are often large differences in price between parts sold or resold by a car manufacturer and alternative parts. Alternatives for parts bearing the trademark of the motor vehicle manufacturer (OEM parts) include original parts manufactured and distributed by original equipment suppliers (OES parts), while other parts matching the quality of the original components are also available," he explains.

## "Raising awareness"

The R2RSA committee is currently engaging with the Competition Commission on these issues.

"Our goal is to ensure the code corrects current practices and supports the Right to Repair campaign which aims to allow consumers to select where their vehicles are serviced, maintained and repaired at competitive prices in the workshop of their choice. There is a need for a fair and competitive regulatory environment that enables freedom of choice for the consumers and gives aftermarket small medium enterprises a chance to stay in business. South Africa needs to follow the international Right to Repair trend which promotes South Africa's consumer rights. Our objectives are to raise awareness among consumers and bring about this change," concludes Schmitz.

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