



Update on the Automotive Aftermarkets Advocacy

Purpose of the Advocacy

1. The Commission is conducting advocacy work relating to various anti-competitive concerns identified in the automotive aftermarket industry. This is in response to multiple complaints it has received in the sector, since 2011.
2. The anticompetitive concerns identified by the Commission emanate from the vertical arrangements or agreements between OEMs and various automotive aftermarket industry participants. The anti-competitive concerns include:
 - a. The exclusion or foreclosure of independent panel beaters in the market for repairing insured vehicles and/or vehicles that are still under warranty;
 - b. The exclusion / foreclosure of independent service centres from services insured vehicles or vehicles that are still under warranty;
 - c. The exclusion/foreclosure of part distributors from distributing OEM branded parts to panel beaters;
 - d. Higher prices charged by OEM part manufacturers to individual customers or panel beaters;
 - e. Higher prices charged by authorised panel beaters for panel beating vehicle that are still under warrant and those that are still ensured.
3. The Commission is also concerned about the role of insurance companies in so far as they require their customers (insured vehicle owners) to use specified service providers, who are typically the same service providers as those approved by the OEMs.
4. The objective of the automotive aftermarket advocacy work is to find industry-wide solutions to the identified anti-competitive concerns.

Towards an Industry Code of Conduct

5. The Commission has held various engagements with the OEMs in South Africa and held an industry stakeholder consultation workshop on the 17th of March 2017. The conclusion of the workshop, with over 300 industry participants, was an in-principle agreement to develop a Code of Conduct to guide the behaviour of players in the aftermarkets towards pro-competitive outcomes.

6. Towards this end, the Commission is assisting the industry in drafting a Code of Conduct, with input from representatives of auto associations. The Code of Conduct will be voluntary, with self-monitoring mechanisms by industry stakeholders.

7. The Code of Conduct will address the following features, at a minimum:
 - a) Transformation- the industry to adopt a broad-based approach by in the inclusion of historically-disadvantaged groups.
 - b) Restrictive practices - service providers outside of authorised networks not being able to provide services.
 - c) Access to parts and components - restriction on the use and sale of original matching parts.
 - d) Safety and Standards – restriction of standards to ensure safety
 - e) Training – limited Access to OEM technology, tooling, training and information
 - f) Consumer Rights – lack of Transparency in sales of motor plans/service plans/Warranties; Inability to service and repair (in warranty) vehicle at service provider of choice.
 - g) Financial barriers – ownership of Dealerships, Fitment & Service Centres; Cost of Capital Equipment.

Process & Timelines

8. The Commission will publish the first draft of the Code of Conduct on the 7th of July 2017 on its website, with an invitation for public comments, via the media. All stakeholders and members of the public will have 30 days to provide written inputs to the Commission.

9. Once public input is received, the Commission will collate and synthesise comments and provide a revised, final Code of Conduct. The Code of Conduct will be publically-launched in November, followed by implementation of the Code by the OEMs.

10. A draft timetable of the process is outlined below:

Activity	Start	Finish	Status
1. Engagements with OEMs	01 February 2017	30 March 2017	✓
2. Industry Stakeholder Workshop	17 March 2017	17 March 2017	✓
3. 1 st Steering Committee Meeting (<i>define scope and process of CoC</i>).	17 May 2017	17 May 2017	✓
4. Publish Draft Code of Conduct for public comments.	07 July 2017	18 August 2017	
5. Incorporate Public Comments	18 August 2017	08 September 2017	
6. 2 nd Steering Committee Meeting: (<i>discuss Final Draft Code of Conduct, with public comments</i>).	Week of 10 October 2017	Week of 10 October 2017	
7. Public Launch of Code of Conduct.	End-November 2017	End- November 2017	
8. Evaluation/ Impact Assessment	On-going	On-going	

All enquiries about the Automotive Aftermarkets advocacy can be directed to Mr Mziwodumo Rubushe at MziwodumoR@compcom.co.za / 012- 394 3194.