



**competition commission**  
*south africa*

**Press Release**

**For Immediate Release**

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**COMPETITION COMMISSION WELCOMES INITIATIVES TO SUPPORT SMALL AND INDEPENDENT PLAYERS IN THE AUTOMOTIVE AFTERMARKETS**

The Competition Commission welcomes the initiative by the Department of Small Business Development (DSBD) to support to small and independent players in the automotive aftermarkets during this Covid-19 pandemic, affirming the need for inclusivity. The Automotive Aftermarkets Support Scheme by the DSBD, and other efforts by Government, will work to bring relief to some of the vulnerable entities in the automotive value chain.

The automotive aftermarket is signified by an overall lack of transformation, demonstrated by the little entry and expansion of small and medium enterprise (SMEs) and firms owned by historically disadvantaged individuals (HDIs) in the value chain. The sector is defined by various arrangements between OEMs, their dealer networks and insurance companies, which leads to the exclusion of many micro and small enterprises, and whose practices are not in the interest of consumers.

In early 2020 the Commission published draft Guidelines for competition in the automotive aftermarkets that aim to guide the behaviour of car manufacturers, insurers and other industry players towards pro-competitive outcomes. The Guidelines are issued in response to concerns of exclusionary and exploitative conduct by incumbent players in the sector related to the arrangement between these stakeholders.

The draft Guidelines seek to widen the pool of service providers who undertake repairs and service work during the period covered by the warranty or insurance. With the implementation of the Guidelines, consumers should be able to choose to repair their motor vehicles at a service provider of their choice, whether an approved service provider or an independent without nullifying the motor vehicle's warranty or cover. Car manufacturers and insurers will be required to approve any service providers that meet their standards and specifications to undertake such services during the warranty and insurance period, respectively.

The Guideline also requires car manufacturers and insurers to implement specific measures to promote the entry and participation of SMEs and HDIs into their network of approved service providers and

dealerships. Importantly for consumers, the Guideline requires dealerships to be transparent about their pricing of their vehicles, including items which are bundled into the purchase prices.

The effects of the COVID-19 pandemic on the automotive industry requires a re-imagining of the sector, in order to ensure its sustainability in the future. The Commission's work in promoting competition and transformation in the sector is all the more imperative for the survival of both OEMs and independent repairers.

The Commission's Guidelines seek to ensure that the benefits of investments made by both the state and private players are realised by a greater group of stakeholders and that possible exclusionary and exploitative conduct is addressed.

Stakeholders have until **30 June 2020** to provide their comments to the draft Guidelines. The Guidelines can be obtained from the Commission's website: [www.compcom.co.za/guidelines](http://www.compcom.co.za/guidelines).

Submissions can be sent via e-mail to [advocacy@compcom.co.za](mailto:advocacy@compcom.co.za).

**[ENDS]**

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