



competition commission
south africa

Media Statement

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COMMISSION ISSUES FINAL AUTOMOTIVE AFTERMARKETS GUIDELINES

On Thursday 10 December 2020, the Commission issued the final Guidelines for Competition in the South African Automotive Aftermarket. The guidelines are now available on the Commission's website, at <http://www.compcom.co.za/guidelines/> and will be effective on **01 July 2021**.

The Guidelines were prepared in terms of section 77 of the Competition Act (89 of 1998, as amended), to provide practical guidance to industry players towards the adoption of pro-competitive measures in the Automotive Aftermarket, and to promote greater participation of small businesses as well as historically disadvantaged individuals (HDIs) in the market. The Guidelines also place responsibility on all industry players to disclose certain information to consumers, to enable them to make informed choices; the guideline also addresses consumer safety. A dispute resolution process and a self-monitoring mechanism by industry stakeholders is also articulated.

The publication of the guidelines is a culmination of extensive consultation and advocacy work that the Commission has conducted since 2017, following numerous complaints from various independent players as well as members of the public. These parties raised concerns about alleged anti-competitive practices that foreclose independent players in the automotive aftermarket.

The Commission has, in the process, engaged with numerous private and public entities in order to fully understand the competitive dynamics that exist within the industry. Stakeholders engaged, and whose written input has been considered, include, amongst others, the National Association of Automobile Manufacturers of South Africa (NAAMSA), the National Automobile Dealers Association (NADA), the South African Insurance Association (SAIA), the Banking Association of South Africa (BASA) plus individual OEMs and individual Insurers. The Commission has also engaged with independent repairer associations including Motor Industry Federation (MIF), African Panelbeaters Motor Mechanics Association (APMMA), Tyre, Equipment, Parts Association (TEPA), Right to Repair (RTR), Motor Industry

Workshop Association (MIWA) and the Automotive Remanufacturers' Association (ARA), amongst others. During these engagements, particular attention was paid to the need to open up the market, transform and encourage increased economic participation of historically disadvantaged groups. The Commission notes the commitments to reforms and investments which the OEMs have begun, particularly through the processes of the South African Automotive Masterplan (SAAM) facilitated by the Department of Trade, Industry and Competition (DTIC). These commitments can be aligned with, and translated even to the downstream segment of the automotive value chain, the aftermarket.

The Guidelines present the approach that the Commission considers in maintaining and promoting competition in the Automotive Aftermarket Industry. The Guidelines require industry players to adopt strategies, and develop business models that, amongst others, allow for small, independent and historically disadvantaged service providers to undertake service, maintenance and repair work whilst a vehicle is in-warranty; encourage more HDIs to own dealerships; ensure the fair allocation of repair work by insurers to service providers on their panels; promote the rights of consumers to use original or non-original spare parts during the lifespan of their vehicle; remove OEM restrictions in the sale and distribution of original parts; promote consumer choice in the purchase of Maintenance and Service Plans; enable access to OEM training and technical information by independent service providers.

These interventions in the automotive aftermarket are likely to have far reaching benefits, in terms of opening it up to more competition and thus benefiting consumers.

“These Guidelines are aimed at removing restrictions imposed by OEMs on car owners on the service providers for service and maintenance as well as replacement parts for their motor vehicles in accordance with international best practices. It will unleash entry and participation in the lucrative aftersales value chain by SMMEs and HDI owned firms. This is in line with the Commission's strategy of opening up markets to support growth and transformation. We urge the OEMs to embrace the Guidelines and comply as this asks them to do no more than what they already do in their home countries and other parts of the world. For its part, the Commission is absolutely committed to the enforcement of the Competition Act in accordance with these Guidelines,” says Competition Commissioner Tembinkosi Bonakele.

The Commission thanks the industry players for their contribution and participation in this process.

[ENDS]

Issued by:

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