



The voice of European
vehicle dealers and
repairers

**CECRA Priorities towards the
European Elections 2024**

MANIFESTO
**for an innovative and
future proof mobility**

WHO WE ARE

CECRA - the European Council for Motor Trades and Repairs - was founded in 1983 and is the European umbrella organisation regrouping national automotive trade associations and European brand dealer councils. Its core business is to monitor and influence European legislations affecting directly or indirectly the automotive distribution and repair sector. We ensure the interests of our members - authorized dealers and repairers, independent repairers and agents - are taken into due account by European regulatory bodies. CECRA represents more than 330.000 enterprises of automotive trade and repair businesses, of which the majority are small and medium sized enterprises located in rural and non-rural areas.

EXECUTIVE SUMMARY

We are seeking support from MEPs:

A Level Playing Field... to help ensure that SMEs in the Sector have equal access to in-vehicle data to enable them to service and repair latest technology vehicles to ensure competitive market for consumers across the European Union.

A Fair Balance... to help protect SMEs in the Sector by supporting fair rules at EU level to ensure that Contracts between Vehicle Manufacturers and Dealer/Agents (majority SMEs) cannot contain unfair, oppressive and unreasonable requirements.

Protect European Consumers from deterioration in the automotive sales & aftersales industry... since Vehicle Manufacturers are transforming their sales and repair model it is to be awaited whether this model is a viable business model for SMEs and what the consequences will be on EU consumers regarding the service and after-sales service of their expensive good.

Protect European Consumers from fraudsters and criminals... to help deliver EU-wide requirements to fight odometer manipulation by unscrupulous traders who can take advantage of the current lack of verifiable vehicle data. We are seeking the recording and collection of Odometer and Vehicle Damage information to be made available to EU Consumers, as a Right, through State supported Agencies.

The EU Retail Automobile Industry SMEs that CECRA represents:


- ... are the Automotive Sector's interface with the Consumer for vehicle sales and repairs
- ... are local businesses employing 2.9 million people in cities and towns across the EU
- ... help to collect Billions in Motor Related Taxation annually on behalf of Member States
- ... works to serve the needs of 253 Million vehicle owners
- ... works to keep 253 Million vehicles on EU roads safer and environmentally cleaner

PRESIDENT'S PREFACE

Automotive distributors and repairers are an essential element in the European society. In direct contact with end consumers, not only do they sell, maintain and repair cars, trucks, vans and motorcycles, they also play an essential role in protecting the environment and are in the front line of road safety.

The automotive ecosystem is currently undergoing a fundamental change. Digitalisation, increasing automation and new business models have revolutionized the automotive industry. In a rapidly changing automotive world, the European legislative framework should ensure an open playing field to maintain competition for the benefit of all European citizens. Motor trade and repair companies, with their strong anchoring to their local dimension, represent an important source of jobs which are not at risk of relocation, and therefore an important guarantee for protecting the social cohesion that Europe needs.

The purpose of this policy manifesto is to highlight the importance and the needs of our industry.



1 Disruption in the automotive distribution and how it will affect European consumers

2 Aftersales operators must have direct access to in-vehicle data, its functions and resources

3 New skills & equipment are needed now

4 Other factors impacting European automotive competition

5 Technology neutrality principle to be maintained

6 Eradicate odometer fraud at EU level

7 Tackle malpractice by insurance companies

Deterioration in contractual relations between vehicle manufacturers and their network of distributors

At a time when car prices are becoming a growing problem, the contractual negotiations, which show an attempt by certain manufacturers to predate on distributors, risk in leading to a deterioration in the automotive service.

A significant deterioration in contractual relations has been observed through the implementation of new distribution contracts. This imbalance is all the more questionable at a time when manufacturers are recording unprecedented profits despite inflation and falling volumes. It is to be seen whether the new distribution model will remain upright and what the impact will be on jobs in the automotive distribution and aftersales and how it will affect European consumers.

New technologies such as connected cars, emitting tremendous amount of data and the unlimited possibilities of digitalisation are enabling automotive manufacturers to roll out direct-to-consumer (D2C) and direct-to-business (D2B) business models. European automotive manufacturers are adapting their business strategies accordingly – transforming their distribution network from a franchised ‘dealer’ model into agency models alongside with setting up on-line sales platforms putting their retailers in direct competition with them.

The development of agency models will have major consequences for manufacturers, their distribution networks (majority SMEs) and European consumers. From the vehicle manufacturers’ side, they know that their distribution network has a distinct advantage as they have a face-to-face customer interaction and guarantee a network of physical rural and non-rural touchpoints where consumers can get assistance to the purchase, repair and maintenance of their expensive good. The agency model will significantly impact the distributors’ earnings model and it remains to be seen whether this model is a viable business model and how it will affect the service.

In theory, automotive manufacturers are free to decide upon which distribution model to deploy to distribute their products. However, the model they implement shall be in line with the European competition rules set out in Articles 101 to 106 of the Treaty on the Functioning of the European Union (TFEU) guaranteeing fair and equitable competition. The Vertical Block Exemption Regulation – [VBER](#) – regulates agreements between different levels of the same supply chain from having to comply with EU competition rules. Within the automotive sector, it lays down provisions regulating the distribution of new motor vehicles. The Motor Vehicle Block Exemption Regulation – [MVBER](#) lays down provisions relating to agreements concerning the sale or resale of spare parts for motor vehicles or the provision of repair and maintenance services. The Council Directive of 18 December 1986 on the coordination of the laws of the Member States relating to self-employed commercial agents (86/653/EEC) regulates agency models. Depending on which model - franchise versus agency – vehicle manufacturers are putting in place, they shall comply to one of the above-mentioned Regulation or Directive.

Several automotive manufacturers are changing the way they are distributing their products replacing the traditional distribution (or franchising) system by an **agency model**.

An agent is a legal or natural person entrusted with the power to negotiate and/or conclude contracts on behalf of another person (the principal), either in the agent’s own name (“commission’s agent”) or in the name of the principal (“commercial’s agent”), for the purchase of goods or services by the principal, or the sale of goods or services supplied by the principal.

As soon as the agent acts on behalf of the manufacturer, he is no longer considered an independent economic operator, and the manufacturer is free to set the selling price to the consumer in a uniform manner. The agency contract thus escapes the rules of European competition law, which formally prohibits such uniform price-fixing between independent companies.

However, the European Commission is aware of certain dangers associated with the practice, and has specified in the guidelines of the currently applicable European Regulation that the agent can only be considered an independent economic operator, and therefore a genuine agent, if he bears no or only insignificant financial or commercial risk associated with the contract he concludes.

The financial or commercial risks to which the Commission refers are :

- Contract-specific risks, such as inventory financing,
- Risks linked to market-specific investments, i.e. investments specifically required for the type of activity for which the agent has been appointed,
- Risks relating to other activities undertaken in the same product market, insofar as the manufacturer would require the agent to undertake such activities under the agency relationship.

If the manufacturer requires the distributor to continue to bear certain costs or investments which should no longer be his responsibility, or leaves him a very small margin for negotiating the price with the end customer (an idea which seems to have already germinated in the minds of certain manufacturers, which will allow a variation of a few dozen euros....), this distributor cannot be qualified as a genuine agent for the application of European competition law rules.

This distributor would therefore be considered an independent operator, and the distribution agreement would in fact constitute a potentially illicit cartel, exposing not only the manufacturer but also the distributor itself to the risk of substantial fines. Indeed, there is a risk that the competition authorities will consider this to be a de facto situation of resale price maintenance, which is a black clause in the block exemption regulation. (See CECRA's communication "[Non genuine agency contracts are potentially an anti-competitive practice](#)").

In order to create a level playing field within the automotive aftersales, aftersales operators shall have direct access to in-vehicle data, its functions and resources. The automotive mobility and aftermarket sectors and consumer organisations are therefore calling European policymakers to introduce a robust and ambitious sector-specific legislation. It is important to highlight that: ‘there is no quality and innovative service without an equal access to in-vehicle data’, functions and resources. A direct, unmonitored, unrestricted and real-time access to in-vehicle data is a critical requirement for new data- enabled services. Given the increasing centrality of these new data-based services – fair competition, innovation and consumer’s freedom of choice will only be possible if such an equal access is guaranteed to all players in the vehicle service industry.

The EU Regulation on harmonised rules for fair access to and use of data, known as 'Data Act', will soon come into force. It establishes the rights of users to access data generated by the use of their connected products and to cede access to this data to a third-party service provider of their choice.

CECRA esteems this is a first major step forward for the evaluation of data generated by vehicles, however the Data Act is not sufficient to create effective competition in data-driven automotive and mobility services.

CECRA therefore calls upon European policymakers to introduce a Sector-Specific Legislation (SSL) underpinned by specific technical and legal requirements which are essential to guarantee equal access to the vehicle, its data, functions and communication with users. Without a Sector-Specific Legislation, vehicle manufacturers will still be able to set the rules on how to access data, its functions and the access to in-vehicle technical information.

To overcome this problem, the aftermarket players and consumer organisations elaborated a solution namely ‘the [Secure On-Board Telematics Platform](#) (S-OTP)’ which guarantees consumer choice, effective competition and free entrepreneurship. [S-OTP brings numerous benefits.](#)

With the uptake of battery electric vehicles, the automotive industry urgently needs new skilled workers and equipment. Skills and labour shortages are the number one problem hindering the competitiveness of companies, in particular SMEs. Skills shortages have existed for many years and continue to be a persistent unsolved obstacle for companies. The problem is now even getting worse since digital and more complex skills are required.

The Commission recognises this problem and has therefore set up the Pact for Skills (P4S). ASA – Automotive Skills Alliance – has been created in response to P4S. It is an open platform bringing together stakeholders to ensure continuous, pragmatic and sustainable cooperation on skills in the Automotive ecosystem. Their aim is to develop a strategy to deliver and implement a sectorial up/reskilling framework for the automotive value chain maximizing industry competitiveness, job retention and new job opportunities paving the way to a dedicated partnership for the automotive ecosystem.

China is perceived as the main threat to the European automotive industry. China has recognized the potential of electric vehicles 15 years ago and has since invested vast resources in building a competitive electric vehicle ecosystem. As a result, China now leads the global BEV landscape, selling over double the number of BEVs in 2022 compared to Europe and the US combined, while also holding a competitive edge in nearly all aspects of the BEV value chain. To avoid Europe's dependence on China on electric batteries, it is important to invest in R&D. This can be achieved by setting up subsidy programs for companies working on battery development projects.

The EU should adopt a shift in policy when it comes to trade. Europe should provide significant relaxation of the EU's state aid rules when it comes to investment in green technology with a focus on preserving the competition of SMEs. BEV produced in Europe exceed financing capacity. That is why the policy of tax incentives for vehicle acquisition needs to be corrected. France launched a package of green measures and tax credits aimed at attracting billions of euros in investment and boosting French industry, including tying subsidies for BEV to environmental restrictions favouring European manufacturers.

FIA European Bureau - [Study on the implications of EU policies for the affordability of car use in the future](#) - assesses the future affordability of passenger cars in Europe. The study analyses the total costs of ownership (TCO) for different car models available in three countries, Denmark, Germany and Italy. The selection of countries is motivated based on their different fiscal treatment of BEVs and ICEVs. Under the current conditions, the total costs of ownership (TCO) of electric passenger cars are cheaper than the TCO of comparable ICEVs. However, if the financial incentives for BEVs that are currently in place would be abolished, this would no longer be the case and the affordability of passenger cars would worsen considerably.

The purchasing power of many people in Europe is decreasing. It is therefore expected, in case no financial incentives are offered, that European customers from the middle class will turn to Chinese models. Europe could be forced to massively reduce its production capacity.

The European Commission's [proposal for a directive on common rules promoting the repair of goods](#) and amending Regulation (EU) 2017/2394, Directives (EU) 2019/771 and (EU) 2020/1828 will ensure more products are repaired within the legal guarantee, and that consumers have easier and cheaper options to repair products that are technically repairable when legal guarantee has expired. The [Annex II](#) lists out products to which the 'Right to Repair' proposal is applicable. At current it includes products like e.g. smartphones. The list of products is evaluated every 6 years. The new evaluation date is set for 2028. It seems that bicycles are included. Vehicles and batteries are excluded. CECRA, elaborated a [position paper](#) in which it advocates to keep right to repair vehicles within existing EU Motor Vehicle Type Approval Regulation and MVBBER and not to include vehicles in the 'Right to Repair' Directive (Annex II) as there might be room for interpretation between various laws and regulations, leading to legal uncertainty.

The 'Right to Repair' principle would be beneficial for the Battery Act. Within the Battery Act, the European Commission refers to 're-use' and 'refurbished' and not to 'repairing'. With refurbishment, you are seen as redistributor. This means that the OEM warranty obligation is transferred to the redistributor and minimum performance requirements for a re-used/refurbished battery are to be met. The problem is that almost no workshop/car dealer can take over OEM warranty obligation. Therefore, there is a real need to have the possibility to amend the Battery Act and include the reparability of batteries.

Whereas Europe adopted the 'Technology neutrality principle' it is not visible in its policy which only focusses on electric and hydrogen technologies. CECRA is of the opinion that in order to accelerate the transition and to meet the set climate goals in time, it shall keep the door open to other environmentally and economically sustainable alternatives such as e-Fuels.

Odometer fraud, also known as “clocking”, is a practice of rolling back a car’s mileage counter to manipulate the car’s actual mileage in order to boost the sales price. Odometer fraud is widespread across the European Union. A [2018 European Parliament study](#) found out that up to 40% of used cars traded across borders are “clocked” and that EU citizens incur a loss of € 8.9 billion per year. We may conclude that not only does it distort the functioning of the used car market in the European Union, it is also has tremendous consequences for consumers and endanger road safety.

‘Odometer registering’ systems in Belgium ([Car-Pass](#)) and the Netherlands have successfully eradicated odometer fraud in their respective countries. However, these national systems are reaching their limits as used cars are traded internationally. It is therefore necessary to launch such an initiative at European level. We believe that excellent results can be achieved by simply capitalising on their experience and extending it to all other EU Member States.

What is needed to eradicate odometer fraud in the EU?

- recognition of odometer tampering as a criminal offense across all EU countries
- creation of national databases and mandatory exchange of mileage readings across the EU
- technical inspections to include regular registration of vehicle mileage readings
- integration of tamper-proof technological solutions by car manufacturers, with blockchain being considered as a possible measure

Insurance companies do not comply to EU legislation. This non-compliance leads to malpractices from insurance companies.

- Insurance companies are unilaterally fixing hourly repair labour rates not respecting the labour rates set by workshops (rates which are calculated according to their costs and business structure);
- Repair times estimations set by insurance companies are below real repair times;
- The economic dependence of experts does not guarantee that they act with strict objectivity when assessing the damage, both in terms of its qualification and the hours to be spent on the repair and setting the price/hour of the labour;
- Possible tacit collusion between insurance companies (similar practices by all of them), given the downward trend in their prices, which negatively affecting the balance between its components;
- Some insurance companies impose workshops spare parts suppliers or the type of parts or materials they shall install;
- Marketing of policies that oblige clients to have their vehicle repaired in a workshop determined by insurance companies. This limitation to the free choice of workshops should only be limited to own damage, not to damage caused by a third party, and should be highlighted and accepted individually by the insured person's signature, not just by the policy's rubric;
- Redirecting the insured to repair in the workshops designated by the insurance companies (without being a condition established in the policy) giving them information that is not true, about the workshop they plan to go to or have gone to in order to repair their vehicle.



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