

Proposed code of conduct faces stiff opposition

Finalising the code of conduct for the motor industry is not going to be an easy process, given the strong opposition from the original equipment manufacturers (OEMs) to the draft.



Les Mc Master, director of R2RSA

“The current status quo suits them just fine,” says Les Mc Master, director of [Right to Repair South Africa](#).

“We agree that the code needs to be realistic and practical. In fact, we welcome a very practical implementation of change as soon as possible. The true reality in South Africa is that consumers can no longer be denied the right to have their vehicle serviced at a workshop of their choice and at an acceptable fee. For too long, the OEMs have been restricting access and charging exorbitant fees. Things have to change,” he says.

Mc Master adds that the threat of disinvestment should not be used as a scare tactic to hinder change. “Far greater reasons for disinvestment would more likely be the current volatile political climate and depressed economy. Of more concern should be the potential job loss factor in the SME aftermarket automotive sector if a code enforcing access to information is not implemented. Independent workshops will not be able to sustain their businesses over the next few years if the current restrictions continue.”

Service plans

When it comes to service plans, he emphasises that the aim is not to do away with service plans but rather to give consumers the choice of whether or not they want a service plan. “Consumers need to understand that they are paying a premium for a built-in service plan.”

He highlights that the European guidelines for competition in the automotive aftermarket have been tried and tested for 15 years. “The principles of competition in Europe do not just apply to the automotive industry, but to other industries too. The United States too has a long history of addressing competition issues in the automotive industry.”

“These are the biggest automotive markets in the world, with the strongest intellectual property rights. All OEMs in those countries are complying with the rules. Property rights are adequately protected and the size and strength of the automotive industry in those markets clearly shows that the concerns raised have no basis.”

He adds that R2RSA strongly believes the European guidelines should be used as a good example of best practice. “The Russian code has hardly any experience in the local automotive market and appears to not fully be aligned with international best practice. In our engagements with the Competition Commission we have made mention of this,” he says.

Good for the economy

A spokesperson for a replacement parts supplier and supporter of the R2R campaign, who wishes to remain anonymous, says he has been following the Right to Repair campaigns promulgated in Europe and elsewhere and believes the SA code of conduct would bode well for an economy beset with challenges. “Exclusivity over the years has had an adverse effect on consumers, restricting fair choice and resulting in economic imbalances,” he says. “We have been taking cognisance of the consumers’ needs and these include the need for an alternative to the OEMs. There has to be a solution that assists customers maintain and repair their vehicles within their budgetary constraints.”

He adds that the anti-competitive environment is in itself a latent and structural economic defect, the consequence of which prevents progress, hinders consumers’ rights and avails the benefits to the few instead of the broader economy.

Mc Master agrees. “OEM representatives are claiming that anybody can currently participate in the industry on the same terms and conditions. Our stance is that it should not be up to the OEMS to lay down these terms and conditions, which is currently the case. They should be based on internationally acceptable competition law.”

“They also claim that 75% of the vehicles in the SA market are out of warranty, service or maintenance plans and conclude that there is ample opportunity for interested parties to compete in this market. Besides the fact that they are admitting that 25% of the market is currently being held captive by the OEMs, even in the remaining out-of-warranty portion of the market, competition is not fair because the technical specifications, tools, software access etc needed to service and repair these vehicles are not available.”

“There can be no compromise on customer safety and quality of service. Access to information will ensure just that and will make servicing a more affordable option for South Africans, in turn making our roads safer,” says Mc Master.

“We look forward to further engagements with stakeholders on the code and will continue to pursue a solution that has consumers’ best interests at heart and gives aftermarket small medium enterprises a chance to stay in business,” he concludes.