

UEIL

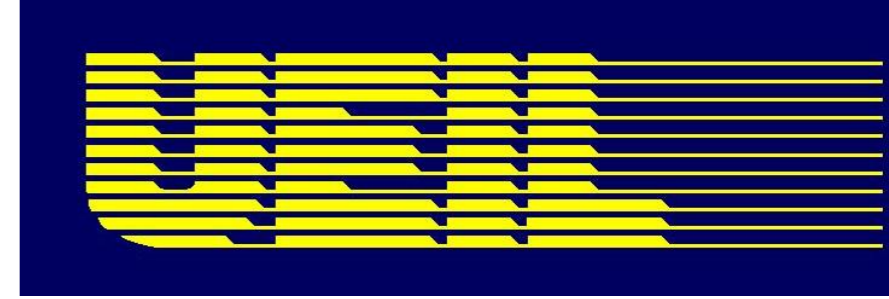
Independent Union of the
European Lubricants Industry

Main issues

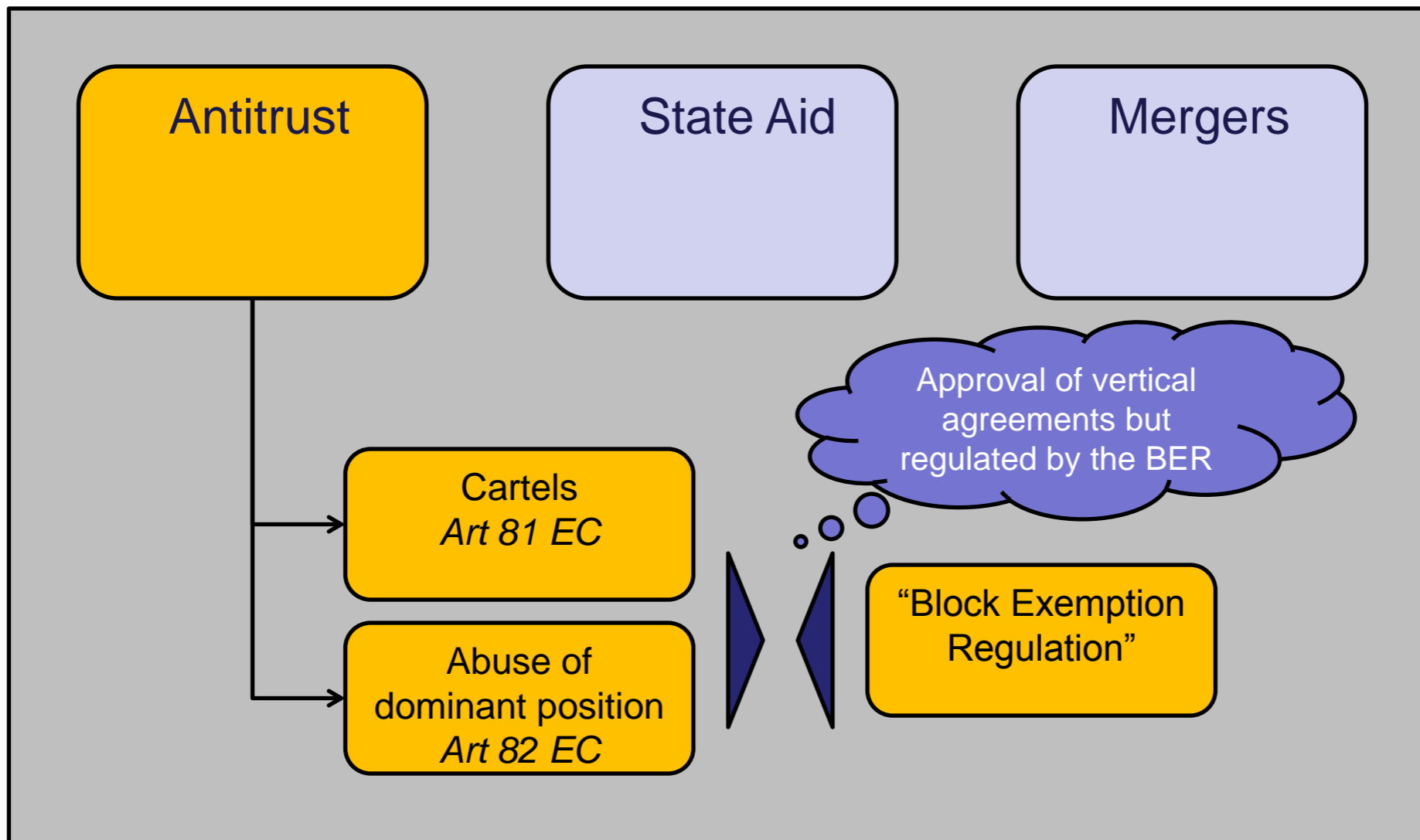
1. Competition policy: How its affects us
2. Issues with the BER
3. Solutions
4. Next steps

1

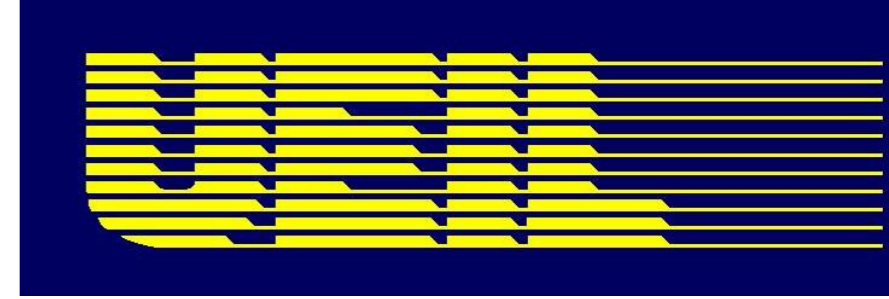
Competition policy affects our business



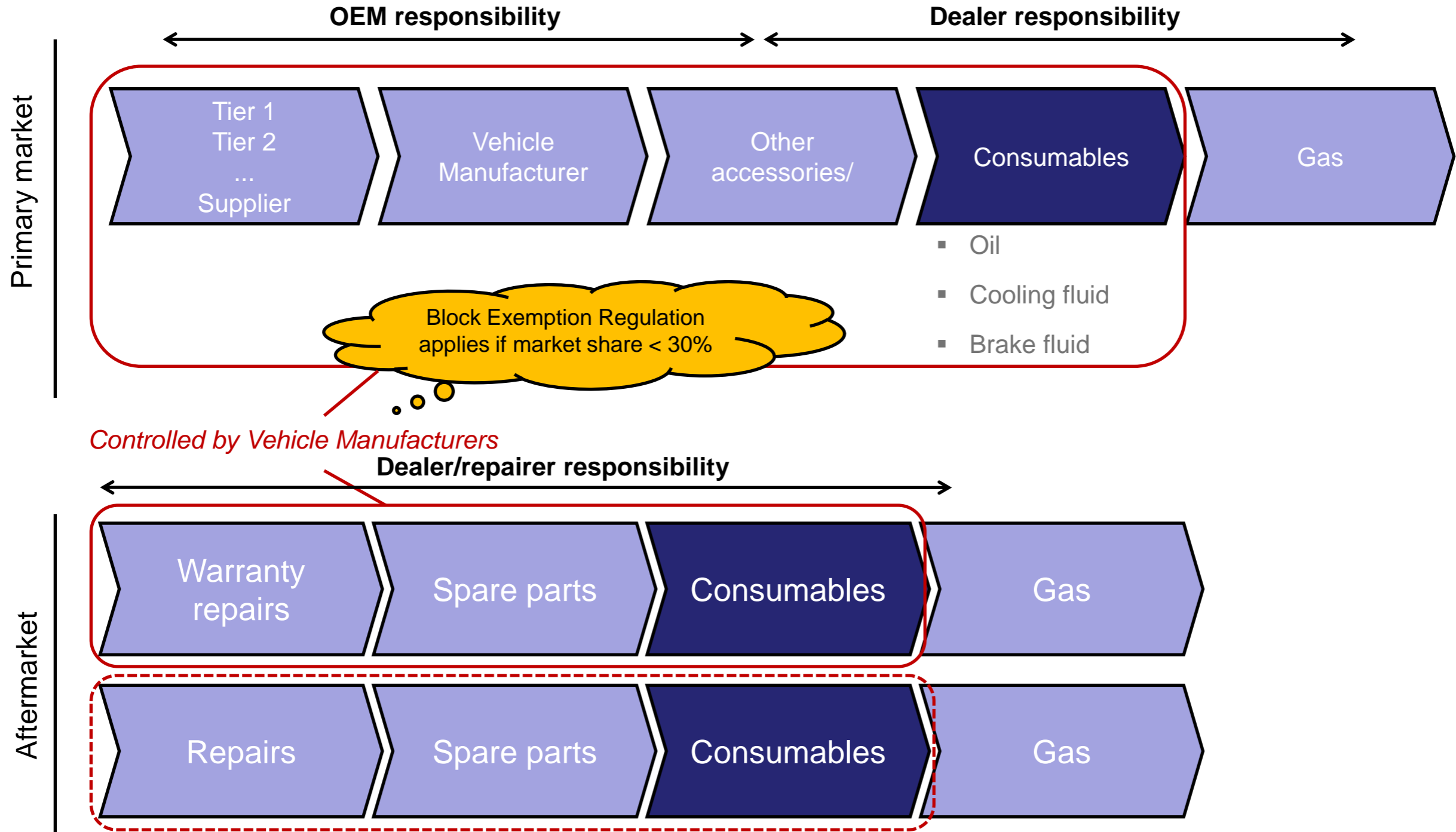
Competition policy areas



Vertical agreements can result in abuse of market power

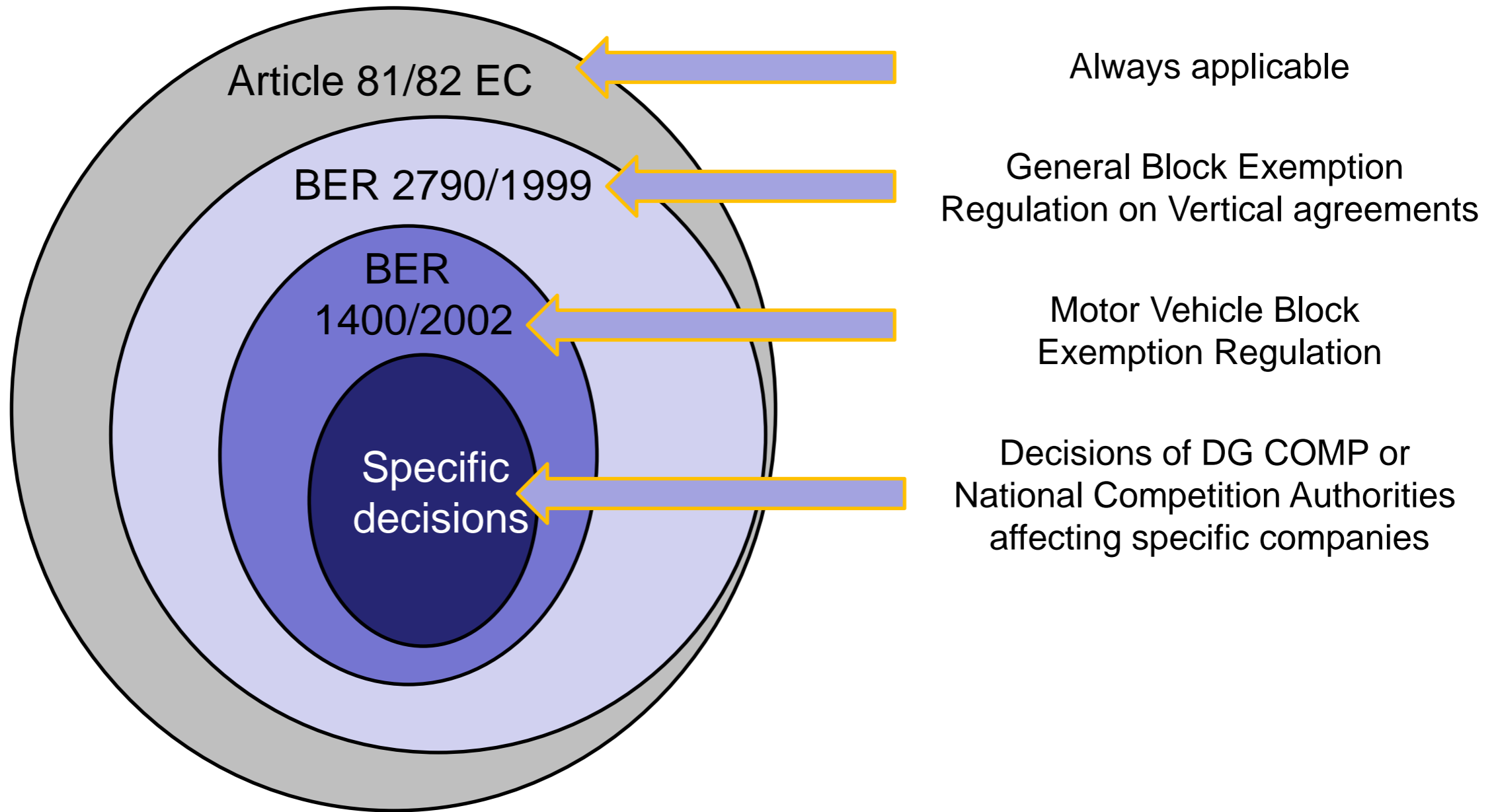
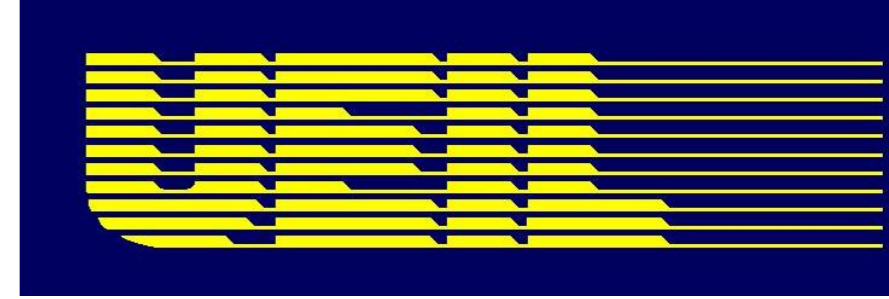


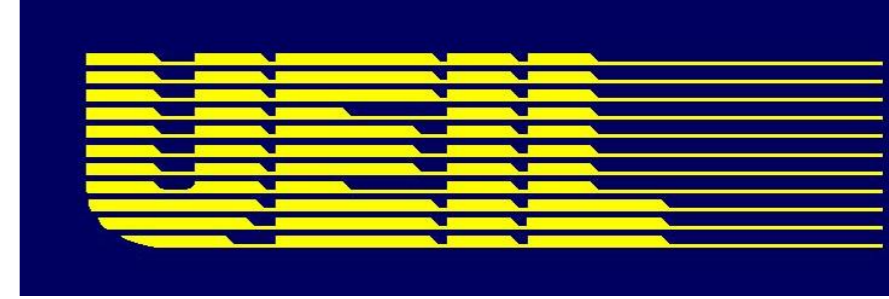
“Vertical agreements” along the value chain



1

There are several regulations applicable to our sector



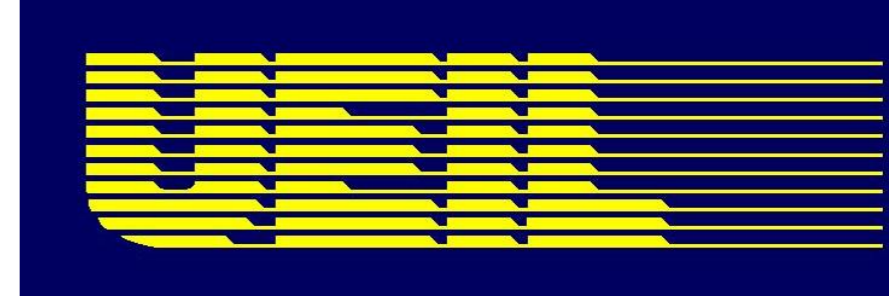


Some regulations to promote competition exist but are not always effective

- **Block Exemption Regulation (BER) 2790/1999**
 - Is very broad and applicable to many different sectors....
 - ... therefore does not take the specificities of the automotive sector into account

- **Motor Vehicle Block Exemption Regulation (BER) 1400/2002**
 - Allows for better (but not enough) competition in the aftermarket..
 -but for us the wording is also not specific enough (but of course better than 2790/1999)

Some regulations to promote competition exist but are not always effective



- **Regulation 715/2007 & EURO V/ EURO VI Regulation**
 - Access to information is improved...
 - ...but the wording is not clear

- **Art 9(1) decision for example for Daimler Chrysler/Toyota/GM & Fiat**
 - Provision of technical information
 - Exception: technical info can be withheld for security & IPR reasons

Main issues

- Access to technical information – “too little, too late”
- Exclusive agreements & access to competitive products
- Abuse of warranties

2

Lubricant suppliers have difficulty accessing technical info



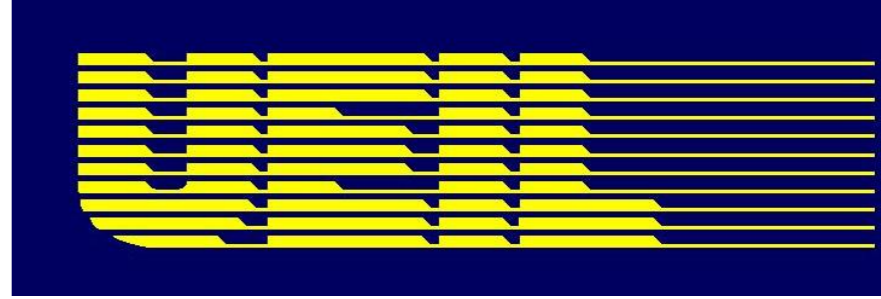
Limiting access of the competition

- **Access to technical information – “too little, too late”**
 - Failure to provide technical data
 - Incomplete data
 - Time delay
 - 18 months
 - Limiting number of labs for testing



Cheaper alternatives are kept from the market

2 VMs incentivise dealers and repairers to enter into exclusivity agreements with their suppliers



The proposed new BER would even allow up to 80% exclusivity!

- **Exclusive agreements & access to competitive products**
 - Exclusivity up to 30% in purchase volume
 - Bonus payments to dealers and repairers (to attract the other 70% in purchase volume)



Cheaper alternatives offered by the smaller independent lubricant manufacturers could be kept from the market

2

VMs can force customers to use their network and products



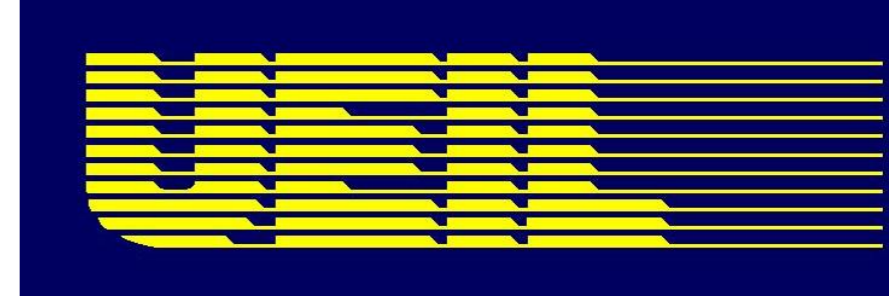
Pressure on consumers

■ Warranties

- Voided if not repaired by authorised dealer
- Classification of lubricants as “spare parts” (threatening consumers of voiding the warranty)
- Warranties extended with maintenance contracts



Customers cannot use cheaper alternatives



Commission proposal

Scenario 1: Prolongation of the Motor Vehicle BER

Scenario 2: Integration into the VBER 2790/1999

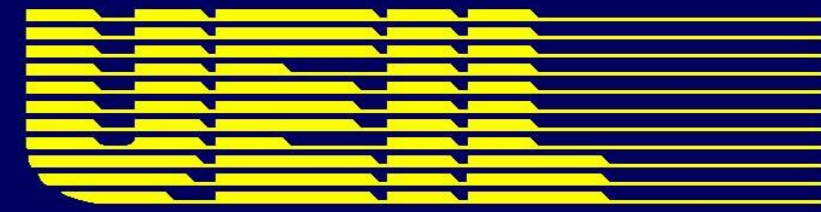
Scenario 3: Integration into the VBER 2790/1999 with guidelines for the aftermarket

Scenario 4: Integration into the VBER 2790/1999 with sector specific regulation (mini-BER) for the aftermarket



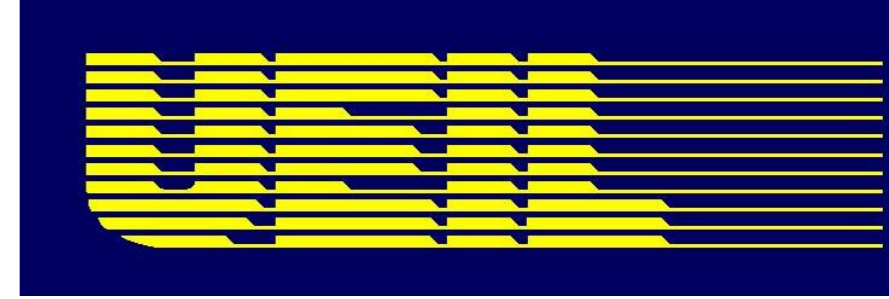
The Commission proposal for consultation

UEIL's position



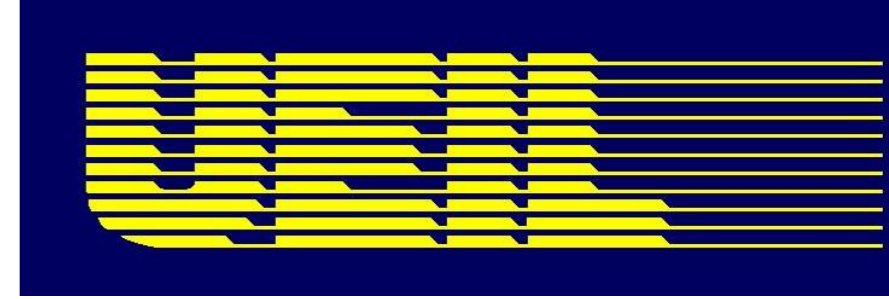
- UEIL advocates for a sector-specific BER for the aftermarket with modifications relating to:
 - **the provisions on technical information,**
 - **access to competitive products**
 - **warranties**

accompanied by guidelines that provide further clarification to the text



Next Steps

- December-March: contribution to the consultation on the proposal for a new Motor Vehicle Block Exemption Regulation
- Beginning of 2010: new Commission in place, priority setting and start of adoption process
- May 2010 Commission to apply new Regulation
- July 2013 primary market regulated under Vertical Block Exemption Regulation 2790/1999
- September 2014 entry into force of EURO VI Regulation (references to access technical information)



Rue du Luxembourg, 22-24, B-1000 Brussels
e-mail: info@ueil.org Tel: +32 2 761 66 85

www.ueil.org