

## Artificial price inflation of visible body parts The new automotive scandal involving Renault and PSA in France

### ECAR statement

Brussels, 5<sup>th</sup> June 2018 - Last Friday, 1st June, Mediapart revealed in the press a major scandal involving Renault, PSA and Accenture.

According to documents obtained by the EIC (*European Investigate Collaborations*) and the Mediapart media network, PSA and Renault secretly and artificially inflated the prices of certain spare parts thanks to the use of a very sophisticated software, Partneo, provided by Accenture, which discreetly increased the price of so-called "captive" spare parts by an average of 15%. It is a well-known fact that manufacturers in France (contrary to many other EU countries) benefit from a product monopoly for these captive parts, essentially visible body parts. This operation would have brought in over \$100 million euros of additional profits per year to each of the two French manufacturers. Renault and PSA have thereby collectively gained an undue profit, estimated at 1.5 billion euros over ten years

Small informal occasional arrangements between friends, or deliberate concerted conduct to make super profits in the spare parts market at consumers' expense?

For ECAR, this new scandal is yet another attempt by many vehicle manufacturers to still and always make more money at the expense and to the detriment of motorist consumers. This scandal has been widely facilitated by the French design legislation which puts the car manufacturers in a monopolistic position in the huge market of visible spare parts. Motorist consumers have therefore no other choice but to accept these outrageous price increases. In those EU countries with a Repairs Clause in their design law (e.g. Belgium, Spain, Italy, United Kingdom, the Netherlands, etc), the consumers can choose between competing suppliers of parts and repair services – the vehicle manufacturer network and the independent aftermarket, at prices kept low by fair competition.

For 23 years, ECAR has tried to convince the Commission (successfully), the European Parliament (successfully) and national Member States (successfully in 11 countries so far) that the Repairs Clause and the principle of freedom of repair are legally, economically and competitively sound.

The current effects of the absence of a real EU Internal Market on the thousands of independent aftermarket SMEs, which are at the heart of our local economic base, are extremely serious. And last week's scandal just proved again that many vehicle manufacturers use all the opportunities of their monopolistic situation to profiteer unfairly from consumers.

ECAR will continue its efforts to ensure that national and European decision makers will not allow any further delay in finding a fair and concrete solution on the use of design rights in the European Internal Market for automotive spare parts, which is what is clearly addressed by the Repairs Clause.

## Who is ECAR?

Established in 1993, ECAR is the **European Campaign for the Freedom of the Automotive Parts and Repair Market**, an alliance of independent EU organisations representing vehicle parts producers and distributors, a large cross-section of SMEs as well as the interests of 285 million motoring consumers in the European Union.

ECAR's objective is the establishment of a harmonised, free and real European Internal Market of automotive visible replacement parts: body panels; integrated lighting; automotive glass; rear-view mirrors etc. These parts are also called "**must match**" visible replacement parts. What distinguishes this category of spare parts from others is that the outside appearance of such spare parts, which is to be replaced in the course of a repair, must match the design of the original component exactly.

What is currently at stake for ECAR is the problem of the extension of design protection granted to a vehicle in the after-sales market of visible "must match" replacement parts which leads to a de facto product monopoly to the benefit of the vehicle manufacturers.

### **The Repairs Clause: a fair and balanced solution**

**A Repairs Clause rightly gives vehicle manufacturers full protection over the design of their new cars. It merely ensures that this protection is not extended to the corresponding visible spare parts. It thus leaves consumers free to repair their vehicles as they wish and avoids creating deleterious spare parts monopolies.**

More information on [www.ecar-alliance.eu](http://www.ecar-alliance.eu).