

What is Block Exemption?

The European Commission's Block Exemption Regulations (BER) new guidelines came into force on 1 June 2010.

The EC said the new rules, between carmakers and authorised dealers, repairers and spare parts distributors, are intended to increase competition in the market for repair and maintenance by improving access to the technical information needed for repairs and by making it easier to use alternative spare parts.

BER will allow the Commission to tackle manufacturers' abuse of warranties when they request that cars are serviced only in authorised garages. The new rules will also reduce distribution costs for new cars by eliminating overly restrictive rules.

Threshold

The new rules introduce a 30 per cent market share threshold above which agreements between car manufacturers and authorised repairers will no longer be block exempted. The EC said this will make it easier for it to tackle possible abuses such as the refusal to grant independent repairers access to technical information. It will increase competition between authorised and independent repairers.

Benefits

The new framework will bring tangible benefits for consumers by bringing down the cost of repairs and maintenance that represent an excessive share of the total cost of a car over its lifetime. It will also reduce the cost of distribution by doing away with overly restrictive rules.

The EC said the new rules will strengthen repairers' access to alternative spare parts which can represent a big share of the repair bills.

Warranty issues

Car manufacturers will no longer be able to make the warranty conditional on having the oil changed, or other car services carried out, only in authorised garages. However, carmakers may request repairs covered by the warranty, and paid for by the manufacturer, be carried out within its authorised network.