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DOCUMENT 1-192/84

REPORT

drawn up on behalf of the Committee on Economic and
Monetary Affairs

on the proposal for a block exemption on motor vehicle
distribution and servicing agreements

Rapporteur: Mr M. WELSH

PE 88.682/fin.

On 28 October 1983 the motion for a resolution (Doc. 1-905/83) on motor vehicle distribution and servicing agreements was referred to the Committee on Economic and Monetary Affairs as the committee responsible, and to the Committee on the Environment, Public Health and Consumer Protection for its opinion.

On 28 November 1983 the Committee on Economic and Monetary Affairs appointed Mr WELSH rapporteur.

The committee considered the draft report at its meeting of 27-28 March 1984 and 25-26 April 1984 and adopted it on the latter date by 15 votes to 1 with 3 abstentions.

The following took part in the vote: Mr Moreau (chairman); Mr Hopper, Mr Deleau (vice-chairmen); Mr Welsh (rapporteur); Mr Adonnino (deputizing for Mr Macario), Mr von Bismarck, Mr Bonaccini, Mr Damseaux (deputizing for Mr Nordmann), Mr Delorozoy, Mr Giavazzi, Mr Herman, Mr Leonardi, Mr Marchesin (deputizing for Mrs Desouches), Mr Moreland (deputizing for Miss Forster), Mr Müller-Hermann, Mr Normanton (deputizing for Mr de Ferranti), Mr Pearce (deputizing for Mr Beazley), Mr Pfennig (deputizing for Mr Schinzel) and Mr von Wogau.

The report was tabled on 27 April 1984.

The opinion of the Committee on the Environment, Public Health and Consumer Protection is attached.

The deadline for tabling amendments to this report will be indicated in the draft agenda for the part-session at which it will be debated.

C O N T E N T S

Page

A. MOTION FOR A RESOLUTION 5

B. EXPLANATORY STATEMENT 9

ANNEX I

ANNEX II

ANNEX III

ANNEX IV Motion for a Resolution (Doc. 1-905/83)

Opinion of the Committee on the Environment, Public Health and Consumer Protection.

A

The Committee on Economic and Monetary Affairs hereby submits to the European Parliament the following motion for a resolution together with explanatory statement

MOTION FOR A RESOLUTION

on the proposal for a block exemption on
motor vehicle distribution and servicing agreements

The European Parliament

- having regard to the Treaty of Rome and particularly Article 85 thereof;
- having regard to Regulation 17/62 and 19/65;
- recalling its resolution of 13 January 1983 (1-1145/82 & 1-1146/82 in OJ C 42, 14.2.83);
- noting that the Commission has published the draft text of a Regulation conferring a block exemption on motor vehicle distribution and servicing agreements (OJ C 165, 24 June 1983);
- aware that the Commission plans to adopt this Regulation during 1984;
- considering that it has a duty to establish the basic political consensus on which such a regulation can be based;
- having regard to the motion for a resolution (Doc. 1-905/83);
- having regard to the report of the Committee on Economic and Monetary Affairs, and the opinion of the Committee on the Environment, Public Health and Consumer Protection (Doc. 1-192/84),

1. Reaffirms that the objective of the common market is to achieve the freest possible movement for the goods produced in the Community and to secure for undertakings the right freely to determine their prices; Reaffirms, therefore, its commitment to increase the competitiveness of the European automobile industry through an improvement of the internal market, greater collaboration in research and development and the adoption of other recommendations in its recent resolution on the situation on the European automobile industry (OJ based on the report by Mr Bonaccini, Doc. 1-1505/83);
2. Concurs with the conclusion that the particular nature of the motor vehicle justifies the existence of selective and exclusive distribution systems and that this is in the interest of consumers, manufacturers and distributors;
3. Considers that the Commission has a duty under the provisions of Article 85 to ensure that consumers retain a fair share of the benefits of the block exemption and that it is not used in an abusive manner;
4. Considers that given the essential characteristics of the selective and exclusive distribution systems and the justification advanced for their existence non-franchised dealers outside the networks should be excluded from the distribution of contract vehicles. Accordingly recommends that the Commission delete Article 3(9)b of the draft Regulation;
5. Believes that as a corollary the conditions must be such as to ensure that consumers are not restricted in their choice of dealers and motor vehicles. Recalls its resolution of 13 January 1983 (Doc. 1-1145/82) which unequivocally endorsed the right of the consumer to purchase motor cars in any country in the Community;
6. Accordingly endorses Article 5(6) of the draft Regulation which provides that manufacturers, at the request of a dealer, are obliged to supply motor vehicles which have been ordered and which conform to the specification required and are suitable for use in a country of the EEC other than the one where the dealer is established. Notes with approval that Article 10(2)e provides that:

differences in price or delivery conditions can be admitted only on the basis of objectively valid reasons. These provisions must not lead to price controls by the Commission or the effective extension of national price controls to other EEC countries. The right of manufacturers to determine their prices must be respected;

7. Considers that the manufacturer's warranty must be enforceable against authorised dealers anywhere in the Community in respect of cars purchased within the Community territory as provided in Article 5(3);
8. Believes that the consumer's interest is adequately protected by the terms of Articles 5 and 10 and recognizes the right of manufacturers to determine their own prices for different markets. On these grounds and those set out in Paragraph 3 recommends the Commission to delete Article 7 of the draft Regulation;
9. Considers that different systems of taxation and artificial price controls in some Member States, seriously distort the common market in motor vehicles and urges the Commission to bring forward proposals to harmonise the structures and rates of VAT and other taxes so that the market can operate in an efficient manner. Recalls its Resolution of 13 January 1983 (Doc. 1-1146/82) in this regard;
10. Recognizes the importance of maintaining a balance between suppliers and dealers and accordingly endorses the provisions of Article 5(2): considers however that the balance of interests would be improved if the dealer's consent to the suppliers introducing new distribution and service undertakings in the contract territory (Article 5(2)a) was expressed as an alternative as opposed to an addition to establishing objectively valid reasons;
11. With a view to promoting competition between networks believes that dealers should be free to choose the parts used in the repair of contract goods provided that such parts conform to a quality standard which is recognized by the manufacturer (Article 3(4));

12. Considers that the provisions of Article 10 give the Commission an adequate framework for policing the block exemption and making sure that the rights of consumers are protected. Such powers must be discretionary and the wording of the first sentence of Article 10 (2) should be altered to reflect this;
13. Instructs its President to forward this Resolution to the Council and the Commission of the European Communities;

EXPLANATORY STATEMENT

1. The Commission's draft Regulation on the application of Article 85(3) of the Treaty to certain categories of motor vehicle distribution and service agreements was published on June 24th 1983 (OJ C 165). As explained in the preamble the Commission considers that motor vehicle distribution agreements fall within Regulation 19/65 and that it is therefore empowered to declare by means of a Regulation that in accordance with Article 85(3) certain categories of agreement can be exempted from the provisions of Article 85(1). The Commission has concluded under the procedures established in Regulation 19/65 that :

"Such agreements contribute to improving the production and distribution of goods and to promoting technical and economic progress ... in particular consumers are allowed a fair share of the resulting benefit."

The Regulation accordingly sets out to establish what restrictive obligations can be exempted from the operation of Article 85 (1) upon what conditions, and what practices are specifically not permitted.

2. The European Parliament has no mandatory right of consultation as regards block exemptions issued under Regulation 19/65, but has expressed its views on motor vehicle distribution in a resolution of 13th January 1983 (OJ C 42 14th February, 1983) which is printed in Annex I. This Resolution called for a rapid liberalisation of motor car distribution systems. The publication of the Commission's draft has aroused great public interest and if adopted could have significant effects on an important industrial sector. It was felt to be important that Parliament should make its position clear on these controversial and far reaching proposals which particularly concern consumers and give the Commission the necessary political guidelines for developing its ideas. Although not binding Parliament's opinion has a persuasive authority which has been recognised by the Commission in successive competition reports and accordingly representatives of all main political groups tabled a motion for a resolution under Rule 47 of the Rules instructing the Committee on Economic and Monetary Affairs to produce a report.

In so doing the Committee is building on the precedent established by its consideration of the proposals to amend Regulation 67/67 in the spring of 1983 (Beazley Report).

The Commission has co-operated wholeheartedly in the preparation of this report and submissions have been received from various interested parties.

3. Articles 1-4 of the draft Regulation¹ sets out the various restrictive clauses which will benefit from the block exemption. These are justified in the words of the preamble : 'as indispensable measures of rationalisation in the motor vehicle industry because motor vehicles are consumer durables which at both regular and irregular intervals require expert maintenance and repair the linking of servicing and distribution must be regarded as more efficient than a separation between a distribution organisation on the one hand and a servicing organisation that would also distribute spare parts on the other'.

However, sale of contract goods to other dealers may be permitted under Article 3(9) when they belong to the same network, are authorised to take delivery by final consumers or require parts to be fitted in the course of repairs. Wholesalers not belonging to the network may be barred from re-selling the manufacturers spares. Bans on dealing in competing products do not extend to supplies of spare parts which match or exceed the quality of those offered by the supplier or where the vehicle to be repaired is not covered by the agreements. Similarly the territorial limitation cannot prevent dealers from accepting orders which originate from outside the territory. Dealers can buy spares from any supplier within the network and not only the manufacturer.

4. Article 5 sets out the conditions under which the Block Exemption can apply. In fact the dealer's position vis-à-vis the manufacturer is very considerably strengthened; notably other dealers can only be appointed to the territory with the consent of existing dealers (5(2)a) and the supplier must have 'objectively valid reasons' for asserting the non-competition provisions of Article 3 paragraphs(3), (5), (6). The dealer must undertake to honour

¹ OJ C 165 of June 24, 1983

the manufacturer's minimum guarantee including free servicing for all the manufacturer's vehicles whether supplied by him or not and to impose a similar obligation on his sub contractors. Discount systems must not be arranged in such a way as to put unreasonable pressure on dealers to buy the manufacturers goods as opposed to those of other suppliers within the network.

5. Article 5(6) is of particular significance as it requires dealers to be able to obtain from the supplier 'a motor vehicle produced in series and covered by the contract programme which is intended to be registered in a specified Member State outside the contract territory.' Specifications must be such as to enable the vehicle to be registered in the Member State to which it is going and must conform to those specifications for vehicles which are normally sold by the manufacturer or on his behalf in that Member State.

6. Article 6 denies the block exemption where the parties are motor manufacturers or connected undertakings and bans retail price maintenance.

7. Article 7 provides that dealers should be free to sell to other dealers where the recommended resale price in another Member State exceeds the recommended price to the dealer for a vehicle in the contract programme by more than 12% for a period of six months, or where a delivery period in another Member State exceeded the delivery period in the contract period by more than six months. The price comparison would exclude duties, taxes and fees chargeable on the sale of new cars. Greece and Denmark, where duties taxes and fees exceed the value of the vehicle, would not be considered as comparative markets. The Commission has based its provision on the thesis that the incentive to parallel imports grows rapidly once the price in one Member State is 12% higher than in another. Once this level was breached, dealers would naturally look for other suppliers were they not prevented from doing so by their agreements. In these circumstances enforcement of the agreements would amount to abuse of the exemption for obligatory recourse to the authorised network.

8. Article 10 contains provisions for the Commission to issue a declaration pursuant to Regulation 17/62 withdrawing the benefit of the block exemption in respect of a particular agreement where it feels that its operation is incompatible with Article 85(3). As examples of the circumstances in which such a declaration might be issued the Commission cites :
- 'Where a contracting party has abused the exemption by making it more difficultto obtain contract goods from other dealers within the common market or to obtain servicing from them for contract goods' (10(d)).
- 'where prices or conditions of supply for contract goods and for the same manufacturer's comparable goods are recommended or applied within the common market which differ appreciably as between Member States' (10(e)).
- 'where, in agreements concerning the supply to the dealer of vehicles intended to be registered in another Member State and require different specifications, prices and conditions are supplied which differ, without objectively valid reasons, from those applied in agreements concerning the supply to the dealer of corresponding vehicles in the contract programme (10(e))'.

The sections act as a catch all and underline the Commission's determination to put an end to the market distortion and price fixing which they consider stems from the present system.

9. For some time there has been considerable public disquiet, at the substantial price differences for cars of similar make and specification between the Member States. The BEUC has published a table (see Annex II) which shows that average prices in three Community Markets indexed against those in Belgium were as follows :

BELGIUM	FRANCE	GERMANY	UNITED KINGDOM
100	112	115	139

The Institute for Fiscal Studies in a study cited in the Guardian Newspaper on November 3rd calculated that this differential amounted to a penalty on UK consumers of £1.3 Billion in 1981 or 0.6% of GDP, about half of this represented a direct loss in foreign exchange. The newspaper estimated that the current cost to consumers had now risen to £1.7 billion, £1 billion being in foreign exchange; a 28 per cent fall in UK car prices would reduce the retail price index by 1.5% and add about 1% to disposable income and about 0.4% to GDP. If one examines the CCMC/CLCA table comparing

high and low prices for different manufacturers across the common market (Annex III) it is clear that Belgium is almost invariably the lowest priced market, the UK and Ireland are the highest price markets and the remainder are much closer together. Broadly prices in France and Holland are lower than those in Germany and Italy, but the biggest spread in the eight examples is 15 points. If Belgium, which operates a system of price controls is eliminated one finds that the spread between the UK and Ireland fluctuates from a maximum of 30 points to a low of 13, all cases except 2 show a spread of more than 20.

10. The motor manufacturers argue that there is no deliberate partitioning of markets and that price differentials are the product of different fiscal systems and volatile exchange rates. Enterprises must be allowed to adjust their prices to markets as they find them, while there are so many differences between the markets it would be unrealistic to insist on harmonised price conditions for motor vehicles.

"The manufacturers must remain in control of their prices which means that they must be free to adapt to competitive conditions". (CCMC/CLCA - Submission)

Such a statement is perfectly acceptable provided conditions are competitive; in general terms it seems that, as regards the United Kingdom and Irish markets at least, this is not the case. This is born out by the substantially higher prices for cars in those countries and the lengths to which the industry has gone to obstruct the efforts of British and Irish citizens who have sought to exercise their rights as Community citizens to buy cars in other Member States. It is concluded therefore that, whereas differences in price between Germany, France, Italy and the Netherlands can be explained by different market conditions, those between the United Kingdom, Ireland and the others cannot and certain structural factors have been exploited to raise prices in a way that is quite contrary to Article 85 of the Treaty.

11. This conclusion does not necessarily mean that the Commission's chosen method for ending the anomaly by permitting parallel imports after the price difference exceeds 12% is appropriate. In the first place it is common ground that the present system of dealer networks should be preserved in the public interest; cars are expensive, technically complex and can be dangerous. They require a high standard of care and maintenance. It is not at all clear that the public interest would be served if the motor trade became a free for all for importers particularly when one recalls that the motor trade has in the past attracted some less desirable elements. Any price limitation is bound to be arbitrary, particularly if based on a country such as Belgium where prices are artificially restrained. Finally price controls of this nature do not seem compatible with the free market principles of the Treaty of Rome; it is for the operator to decide how to price his product.
12. The manufacturers have strongly objected to Article 5(6) which introduces the concept of full line availability. 'More insidious and far reaching in its potential effect is the availability clause and the need for price differences to be justified by objectively valid reasons these clauses require manufacturers effectly to supply cars in low priced markets at local prices to customers requiring them to the specification of other higher priced markets.' (CCMC/CLCA submission)

Observation suggests that there are very few differences in fundamental specifications between the different member countries; there has been a comprehensive harmonisation of standards and most parts now conform to European norms even though the Regulations have not become binding. An Italian who wishes to buy a car in Germany will have no problem in obtaining the car he wants and in many cases an Italian dealer will help him make any necessary changes. 'For a long time now manufacturers have accepted that authorised dealers may sell contract goods to final customers outside their sales territories. They have also removed prohibitions on exports from their agreements'. (CCMC/CLCA Submission)

The exception to this is of course the supply of right-hand drive cars to the United Kingdom and Ireland. Because for historical reasons these countries drive on the left hand side of the road, dealers in other Member States do not normally stock cars suitable for use in those countries.

It is this more than any other factor that has permitted the de facto partition of the UK and Irish markets noted above; full line availability is essential if the modest goals of liberalisation and open competition are to be achieved. Stripped to its essentials, full line availability would not seem to present the industry with insurmountable problems. The majority of the cases will involve right hand drive cars and this could be accommodated by a standard surcharge reflecting the cost of placing a special order and perhaps some latitude on deliveries; these issues are admirably covered by Article 10 (c) (d) and (e) of the Commission's draft. In other cases problems could be solved through the existing harmonisation programme, and indeed knowledge that full line availability was mandatory might well give the industry an added incentive to complete this programme. At the same time a modest blow would have been struck for price competition throughout the common market.

13. For price competition to work properly it is important that Member State Governments should consider the removal of those market distortions which result from their fiscal policies. The excessively high taxes in Denmark and Greece make them unprofitable markets for Community producers, and have led to marked import penetration from third countries. The price controls in Belgium also have a distorting effect and should be abandoned as an unwarranted interference with free market principles. It would be helpful if the Commission could undertake a study showing how the fiscal policies of some Member States have caused distortions in this sector, leading perhaps to guidelines in the form of recommendations. Meanwhile although such distortions certainly exist it would be quite wrong if Member States were allowed to evade the consequences of their actions through the entrenching of anti competitive practices.

14. The manufacturers have objected strongly to the provisions in Article 5 which strengthens the position of the dealer vis-à-vis the supplier. The Commission's rationale is that the dealer is normally dependent on the supplier and will be impeded from developing his business aggressively if there are not reciprocal obligations. However many dealers are large companies with substantial commercial advantages and it would be wrong to

be over-protective. This is particularly the case now that the Commission is easing the rules about exclusivity permitting the purchase of parts elsewhere within the network and limiting the operation of the no competition provisions of Article 3(3) and (5) to cases where there are 'objectively valid reasons' for enforcing them (Article 5 (2) d). The notice provisions in Article 5 (4) can only be justified on the basis that the no competition provisions are being enforced. There appears to be no particular reason why sales to dealers should be permitted when the dealer has been authorised by a final consumer to purchase or take delivery of the contract goods (Art. 3(9)b). If this is merely a restatement of the status quo it is unnecessary. If it is a loophole for parallel imports it could very well undermine the entire exclusive distribution system which the Commission seeks to preserve.

15. The Commission's intention to encourage competition within the dealership network should be supported. This is particularly the case with the supply of spares. Ideally any spare carrying the European quality mark should be capable of being used for repair of a car without breaking the manufacturer's warranty. The manufacturers view is expressed as follows :
'The manufacturer is responsible for the correct functioning of the products and he alone can decide in all cases whether the quality is right and whether a certain part is still valid replacement part for a given vehicle'. (CCMC/CLCA submission). This seems to ignore the fact that the dealer is responsible for the repair and must in the context of the exclusive distribution system have special knowledge and expertise in servicing the manufacturers product. Moreover, the development of Community quality standards should imply that non-manufacturer's parts can be qualitatively acceptable.
16. The manufacturers have attacked the Commission's draft as being 'ultra vires' on two grounds. In the first place they claim that the Commission has no powers to impose conditions other than to ensure that there is a balance of

benefits between the parties and vis-à-vis other economic interests including consumers. What constitutes a balance of benefits between the parties is obviously a subjective judgement but the Commission purports to be restoring the balance of benefit between motor manufacturer and dealer, improving price competition and extending the consumers range of choice. This would be particularly the case if the price provisions in Article 7 were withdrawn . It is also argued that Regulation 19/65 can only apply to exclusive agreements between two parties for a single territory. While interpretation is a matter for the Court of Justice, acceptance of such a principle would vastly reduce the Commission's power to administer the competition articles of the Treaty.

17. Parliament's resolution of January 13th 1983 'Emphasizes the inherent right of all Community citizens to purchase products wherever they wish within the EEC' .

This is so basic to the principle of a common market as to need no further justification. If a citizen from Italy cannot go to Denmark and buy a car on the same conditions and at the same price as a Dane and if he wishes, take it back to Italy, then the concept of the Common Market no longer exists. Whatever economic reasons may be advanced for the restraint of that right, it is for the operators to adapt to the logic of the common market, not the other way round. The Commission's proposals are to be welcomed and endorsed as long as they reinforce the rights of the citizen; if they appear to circumscribe those rights they must be resisted.

Thursday, 13 January 1983

The President announced that he had received, with request for an early vote, pursuant to Rule 42 (5) of the Rules of Procedure:

— a motion for a resolution by Mr C. Jackson, Mr Beazley, Mr Welsh, Mr Cottrell, Mr Forth, Mr Purvis, Mr Moreland and Mr Turner, on behalf of the ED Group, and Mrs Pruvot, on the Community car industry (Doc. 1-1145/82) (to wind up the joint debate on oral questions Docs 1-149/82 and 1-544/82);

— *Motion for a resolution Doc. 1-1145/82:*
Parliament adopted the following resolution:

RESOLUTION

on the Community car industry

The European Parliament,

- A. having regard to Oral Question 1-149/82 by Mr Berkhower and others and Oral Question 1-544/82 by Mr C. Jackson and others on the Community vehicle market,
- B. believing that national type-approval regulations create an unacceptable non-tariff barrier within the Community,
- C. aware that certain motor car manufacturers are placing obstacles in the way of personal imports, through extended delivery times, refusal to supply models suitable for use in all parts of the Community, surcharges and other devices, and that the Commission has already taken action against some motor manufacturers for such practices,
- D. recognizing that although the European monetary system has made a significant contribution to monetary stability within the Community, currency variations and different inflation rates create serious problems for intra-Community trade,
- E. recognizing that distortions in trade with third countries pose serious problems for the Community motor car industry,
- F. believing that the technical difficulties involved in the proposed Community type-approval system have now been overcome, but that political consent is still lacking, particularly as regards third country certification proposals,
 1. Emphasizes the inherent right of all Community citizens to purchase products wherever they wish within the EC;
 2. Believes that the common market must be made a reality for motor vehicles, and calls for the speedy adoption of Community type-approval regulations by the March 1983 deadline established by the European Council;
 3. Recognizes that the European motor car industry is taking positive and urgent steps to improve its competitive position both in regard to cost of production and quality of product. While accepting that full competitiveness will take some time to achieve, recommends that a full opening up of the internal market should proceed gradually up to 1985;
 4. Therefore asks the Commission to institute discussions with motor car manufacturers and other interested parties in order to achieve voluntary agreement on steps to open the Community car market during the transitional period;
 5. Emphasizes the importance to European industry of continued alignment by Member States of their fiscal and economic policies, as substantial devaluations, revaluations, or national price controls have an unacceptably distorting effect on trade in a free market;
 6. Supports the actions being taken by the Commission against any motor car manufacturer who restricts the availability or extends the delivery time of his products to prevent or deter personal imports.
 7. Urges the Council to reach agreement on the proposals already before it whereby common Community testing procedures could be used to protect the consumer and reinforce Community preference;
 8. Instructs its President to forward this resolution to the Council and the Commission

ANNEX II

New car prices in Belgium, France, Germany and U.K.

All prices net of taxes, to nearest ECU

Prices as per 25 October 1983

	<u>BELGIUM</u>	<u>FRANCE</u>	<u>GERMANY</u>	<u>U.K.</u>
AUSTIN Metro 1000 L	3.978	4.236	4.318	5.938
BMW 320i	8.989	10.208	10.234	12.302
CITROEN GAS Pallas	5.371	6.050	5.983	7.295
FIAT Panda 45	3.042	3.528	4.062	4.165
FORD Escort XR3i	6.878	7.927	7.986	9.069
MAZDA 323 GT 1,5	5.279	6.522	5.889	7.773
OPEL Kadett 1,6 SR	6.074	6.815	6.945	8.385
PEUGEOT 305 GL	5.266	5.738	5.889	7.087
RENAULT 5 GTL	4.449	4.867	4.974	6.051
VOLKSWAGEN GOLF GTI	7.319	7.682	8.295	9.953

as % of Belgian price

AUSTIN Metro 1000 L	100	106	109	149
BMW 320i	100	114	114	137
CITROEN GSA Pallas	100	113	111	136
FIAT Panda 45	100	116	134	137
FORD Escort XR3i	100	115	116	132
MAZDA 323 GT 1,5	100	126	112	147
OPEL Kadett 1,6 SR	100	112	114	138
PEUGOT 305 GL	100	109	112	135
RENAULT 5 GTL	100	109	112	136
VOLKSWAGEN Golf GTI	100	105	113	136
Moyenne - Average	100	112	115	138

Source : BEUC

PE 88.682/B/Annex II/fin.

INDICES OF MANUFACTURERS PRICING STANCES : JULY 1983

<u>MANUF.</u>		<u>BELG.</u>	<u>FRANCE</u>	<u>GER.</u>	<u>ITALY</u>	<u>NETH.</u>	<u>EIRE.</u>	<u>U.K.</u>
A	H	70	80	75	85	75	95	100
	L	100	114	107	121	107	136	143
B	H	75	75	80	95	75	80	100
	L	100	100	107	127	100	107	133
C	H	75	70	85	85	75	85	100
	L	107	100	121	121	107	121	143
D	H	80	85	90	90	90	92	100
	L	100	106	113	113	113	115	125
E	H	70	78	80	83	75	85	100
	L	100	111	114	119	107	121	143
F	H	75	78	85	90	77	90	100
	L	100	104	113	120	103	120	133
G	H	71	73	81	81	73	100	95
	L	100	103	113	113	103	140	133
H	H	80	83	85	85	80	95	100
	L	100	104	106	106	100	119	125

H : highest priced market = 100

L : lowest priced market = 100

MOTION FOR A RESOLUTION (DOCUMENT 1-905/83)
tabled by Mr WELSH, Mr HERMAN, Mr J. MOREAU,
Mrs Tove NIELSEN and Mr BONACCINI
pursuant to Rule 47 of the Rules of Procedure
on motor vehicle distribution and servicing agreements

The European Parliament,

- A. noting that the Commission has published a Draft Regulation on the application of Article 85(3) of the Treaty to certain categories of motor vehicle distribution and servicing agreements,
 - B. aware that under the terms of the Treaty consultation of the European Parliament is not mandatory,
 - C. considering that the Draft Regulation will have substantial consequences for an important sector of the Community's industry and has major implications for the way in which business is conducted,
 - D. recognizing that the Draft Regulation represents a considerable extension of the Commission's control over distribution agreements in this sector and is a matter of major public interest,
1. Instructs its relevant committee to consider the Draft Regulation and produce a report so that the Commission may be seized of Parliament's political guidelines;
 2. Calls on the Commission to cooperate with the parliamentary committee concerned.

OPINION OF THE COMMITTEE ON THE ENVIRONMENT, PUBLIC HEALTH AND CONSUMER
PROTECTION

Letter from the Chairman of the Committee to Mr MOREAU, Chairman of the
Committee on Economic and Monetary Affairs

Luxembourg,

Subject: motion for a resolution on motor vehicle servicing agreements
(Doc. 1-905/83)

Dear Mr Moreau,

The Committee on the Environment, Public Health and Consumer Protection
examined the motion for a resolution tabled by Mr Welsh at its meeting of
17 April 1984¹.

The committee broadly approves the Commission's proposed regulation as it
to a large extent takes into account the consumer's point of view. In
particular, Articles 5(3) and 5(6) relating to guarantee rights and orders for
cars equipped for other Member States, should be welcomed.

Article 7(1) concerns the lifting of the restrictions on importing by
dealers of cars where the price difference between Member States is more than
12%. My committee fully approves this attempt by the Commission to put an
end to the discrimination suffered by nationals of certain Member States
who have up to now been forced to pay far higher prices for cars than their
counterparts in other Member States.

Please consider this letter as the opinion of my committee.

Yours sincerely,

Kenneth D. COLLINS
Chairman

p.p.A. E. Schmid-Colmjon
First Secretary

¹ The following took part in the vote: Mr COLLINS, chairman; Mr RYAN, vice-
- chairman; Mr ALBER; Mr BERNARD (deputizing for Mr Bombard); Mrs LENTZ-
CORNETTE; Mr PROTOPAPADAKIS; Mr SCHALL (deputizing for Mr Ghergo);
Mrs SCHLEICHER; Mrs SPAAK and Mr VERONESI (deputizing for Mrs SQUARCIALUPI).