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Dear Sir,

Open Consultation - Retained Renewal of the Motor Vehicle Block Exemption Regulation

1. The United Kingdom Lubricants Association (UKLA) is the trade sector body for the petrochemical lubricants sector based in the United Kingdom.
2. Our members represent organisations ranging from large multinationals to small and medium-sized enterprises involved with formulating, blending and marketing lubricants which are used across every sector of society from the automotive, industrial, aviation, marine, rail and construction industries.
3. The United Kingdom is the second largest market for petrochemical lubricants in Europe with a fifteen percent market share, second to Germany and ahead of Italy, France and Spain. The market volume is around 600,000 metric tonnes a year and is equally split between automotive and industrial applications. The market is comprised of large multinationals which make up around 60% of the market volume, and a large number of small and medium-sized enterprises which make up the remaining 40%.
4. UKLA welcomes the recommendation to renew the Retained Motor Vehicle Block Exemption Regulation as a Motor Vehicle Block Exemption Order upon expiry on 31st May 2023.
5. UKLA requests that the renewal is for a period of not less than 10 years. Although there are market changes during this period driven by the phasing out of internal combustion engine vehicles, in essence these relate to the types of vehicle propulsion systems rather than the overall market structure and dynamics. Similarly the move to digitalisation changes the form of vehicle data but not the basic requirement for that data to be used in repair and maintenance services.
6. Therefore the principles of vehicle supply, repair and maintenance services, and the impact of competition on customer demand are consistent throughout these changes in vehicle technology and the regulation renewal over a ten year period should reflect this and provide confidence for the lubricant's industry to continue to invest in this sector.



7. UKLA also welcomes the strengthening of the definition of what constitutes spare parts (where component is used it might not cover lubricants 4.19 (b) Page 22) and the commitment to cover warranty restrictions and whether the number of authorised repairers should be limited as being anti-competitive.

8. UKLA is, however, concerned about divergence from the recently-announced EU's renewal of the MVBER recognising the importance of vehicle-generated data as an essential input for repair and maintenance services within the core regulation, particularly in the light of the Regional Court in Cologne escalating legal action to the European Court of Justice regarding Fiat Chrysler's anti-competitive restrictions on access to vehicle data through the OBD port, and we would wish to see the same recognition of the importance of vehicle-generated data included in the CMA's core recommendation as their proposal to cover off the issue in guidance might not be sufficient in this regard.

9. The other point on having a singular market share threshold of 30% for any one manufacturer does not take into account the amount of inter-manufacturer platform development and manufacture sharing which goes on in the market so that multiple manufacturers use the same platforms which use the same spare parts (Ford Galaxy, VW Sharon and Seat Alhambra being one example), where the market share for spare parts for multiple platform vehicles can be distorted outside of the share of single brand manufacturers (Ford 10%, VW 9.5%, SEAT 2.5%) which could create a restriction.

10. On lexicon, we do not consider that the term 'spare parts' represents accurately the way in which our members supply OEM-quality parts to the automotive aftermarket sector and wish to see this term changed. In line with the concerns of the NFDA, we do not believe that component accurately reflects the lubricants and fluids that we supply into the automotive aftermarket either. Indeed 'spare parts' implies a slightly dismissive and discursive view on our OEM-quality service and maintenance parts.

11. UKLA wishes to have the term 'OEM-quality parts' used as a replacement for 'spare parts' as we believe this term more accurately describes the high standard and suitability for purpose of our lubricants and fluids which meet the specification of the major motor manufacturers. The term also reflects the nature of lubricants and fluids used in servicing vehicles as part of the automotive aftermarket which do meet the specification of the major manufacturers and these, and only these that meet the specification, should be used in association with any repair and maintenance.

Yours faithfully,

David J Wright
Director General
United Kingdom Lubricants Association Ltd

