

Dear Sir/Madam,

I am from legal department of Chery Automobile Co., Ltd., China. I am very interested in the legal system of EU motor vehicle distribution and serving, and looked through Commission Evolution Report after it is released. Particularly, I wrote an article which briefly introduces Commission Evolution Report. The article published in a newspaper China Automotive News, a Chinese leading automobile newspaper last month.

It is said in Commission Evolution Report the Commission has been faced with frequent requests for assistance from stakeholders, which in the main did not relate to any impact that agreements could have on the market, but rather to the interpretation of particular contractual clauses. To solve this problem, in addition to what has been mentioned in Commission Evolution Report, I would like to make a suggestion to this issue for your consideration. Commission may draft model contracts for relevant stakeholders to make reference. The model contract, i.e. contract between manufacturer and dealer, is not mandatory, only demonstrate general terms and conditions for the contractual parties to quote, make reference. Several parties shall be benefited if there are model contracts released by Commission.

1. It will help the Commission focus its attention on the most harmful anti-competitive practices, other than the interpretation of contractual clauses. Because contractual parties can compare their contract with the Commission model contract by themselves, they do not need refer to BER and explanatory brochure which always be difficult for business person to understand even they are simplified. If there is model contract, the Commission will face fewer requests to interpretation of contractual clause.

2. It will help contractual parties to decrease the cost arising from negotiation and finalization of contract. If Commission makes a good model contract which all the stakeholders trust, the stakeholders will spend much little time to negotiation, modification, amendment of their contract.

3. It will help strengthen dealer bargain power vis-à-vis vehicle manufacture during negotiation. In practice, dealer and vehicle manufacture are not equitable. Vehicle manufacture has the right to prepare the draft of contract which shall be definitely favorable to vehicle manufacture and dealer can not protect its interest based on such contract. If there is model contract, it will be different for dealer.

It should be noted that the model contract is a non-binding document, the stakeholders can freely determine whether use it or not, whether modify it or not. The model contract will not only be convenient and efficient for the stakeholder, other than detriment of free of contract, but also improve the implementation of law. In China, the government sometimes publish model contract for the reference of the relevant parties, and it is a good way to save a lot of time and avoid uncertainty of contractual clause.

Thank you very much for pay attention to my letter. If there is something unclear, please tell me.

Best Regards,

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