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European Commission
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SCANIA'S RESPONSE TO THE EVALUATION REPORT ON THE OPERATION OF THE MOTOR VEHICLE BLOCK EXEMPTION

Scania welcomes the Commission's evaluation report on the operation of Regulation (EC) 1400/2002 concerning motor vehicle distribution and servicing. Scania also shares the main conclusions drawn by the Commission, in particular the conclusion that the application of a more flexible legal regime – based on the vertical restraints regulation – would be the best option for the whole automotive sector.

However, Scania is also of the opinion that the current regulation does not take into account the considerable differences as to the conditions for distribution and servicing of passenger cars, on the one hand, and commercial vehicles, on the other.

The commercial vehicle market differs substantially from that for passenger cars, especially considering sales and after-sales services. Hence, we would like to emphasize that any inference that competition- or other concerns regarding the passenger car market apply automatically to the commercial vehicle market is unfounded.

The future regime that will succeed Regulation (EC) 1400/2002 must recognize the fact that the dynamics and economics underlying the distribution and servicing of commercial vehicles have requirements that are comparable to other capital goods/ investment product markets such as, but not limited to, the markets for agricultural tractors, construction equipment, industrial and marine engines rather than to the market for passenger cars.

The competition concerns that prevailed at the time of the introduction of the current regulation, to which the evaluation report refers, related exclusively to the passenger car market.

Commercial vehicles are capital goods or production tools, sold exclusively to professional end-customers and used in a pure business to business environment. The procurement process in the commercial vehicle market is a complex one. It is difficult to overestimate the value of pre-sale advice and after-sales service when buying a heavy-duty vehicle.

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Pre-sales advice is essential to attain the correct vehicle specifications since selecting the wrong specification can cause fuel consumption and other costs to soar.

After-sales service is crucial to ensure that the uptime of the vehicle is as high as possible. A commercial vehicle is the key business asset in any transport company crucial for its possibility to generate revenues. As regards a vehicle designed for a specific application (work task) that do not function as intended, there is rarely a replacement vehicle or another alternative available for the transporter without incurring high extra costs. To avoid downtime, the after-sales service has to guarantee a 24 hours/7 days a week repair service and keep all spare parts in stock. The complexity of the repair service is high since most commercial vehicles are customized for its specific use, which involve a great product variation.

As a rule, clients in the commercial vehicle market acquire a package solution in which the purchase of a vehicle is part of a larger transaction also including after-sales support coverage, the financing of the vehicle and replacement schedules.

Owners of commercial vehicles generally focus on the total costs per tonne kilometer during the operation of their vehicle. It is therefore vital that the sales, repairs and spare parts businesses are closely linked to counteract loss of critical information at the point of sale. This is especially true in the heavy-duty vehicle segment where Scania is active.

Considering this information as well as the Boston Consulting Group report titled "The European Commercial-Vehicle Sales and After-Sales Landscape (Customer requirements and Network Dynamics)" that was presented to DG Competition on 11 December 2007 to enhance and update the Commission's understanding of our industry and its market, we would argue that the commercial vehicle industry should be treated as most other industries active on other capital goods markets.

If it is deemed necessary to continue with sector specific rules for the whole or parts of the automotive sector, the commercial vehicle market should be treated separately from the passenger car market.

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