



Commission Regulation 1400/2002

The motor vehicle block exemption

-

some key issues



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Reg. 1400/2002: why?

- **Past car-specific BERs (1985 and 1995) did not fully achieve their goal**
 - Only one type of distribution exists
 - Competition between dealers of the same brand limited
 - Competition in the after-sales servicing not working properly

= No sufficient benefit for consumers
- **General vertical BER not fitted for cars**
 - Focuses more on inter-brand competition than intrabrand (car sector: intra-brand is fundamental)
 - After-sale and dealer protection: specific to the car sector



Reg. 1400/2002: objectives

- **Main underlying policy objectives deal with sales and after-sales:**
 - **Preventing foreclosure of competing motor vehicle and part manufacturers**
 - **Preventing foreclosure of innovative / alternative distributions channels for new cars and parts**
 - **Strengthening competition between dealers of cars and parts (including cross-border sales)**
 - **Ensuring wider access to essential inputs for all independent after-sale operators (information, training, spare parts)**



Reg. 1400/2002: main features

- **Direct inspiration: Reg 2790/1999**
- **Regulation, no directive:**
 - **Direct effect, no need for implementation measures**
- **No compulsory text for the car sector**
 - **Sets rules to respect so that distribution contracts benefit from a presumption of legality under competition rules (safe haven)**
- **Everything which is not prohibited is permitted**
- **The BER has a limited life**
 - **1 October 2003: bulk of regulation became obligatory**
 - **31 may 2010: the text will expire**



Reg. 1400/2002: main provisions

- **Three types of clauses – mix Reg 2790/1999/cars**
- **General conditions (article 3)**
 - Reg 2790/1999: 30% market share threshold
 - Sector specific: arbitration
- **Hardcore restrictions (article 4)**
 - Reg 2790/1999: resale price maintenance
 - Sector specific (not only): parallel trade between Member States
- **Specific conditions (article 5)**
 - Reg 2790/1999: non compete
 - Sector specific: location clause



Regulation 1/2003 - Modernisation of EU procedure

- **Decentralised enforcement system**
 - **Treatment of complaints within the European Competition Network (ECN)**
- **The ECN is a COMPETITION network**
 - **Contractual and civil law issues are still for national courts and arbitrators to resolve**



Reference documents

Regulation 1400/2002

Explanatory brochure (questions/answers)

FAQs

The webpage

http://europa.eu.int/comm/competition/car_sector/distribution/