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<p><b>MEDIA RELEASE</b></p>		
<p>13/04/2023</p>		
		<p>Investigation Ref: <b>INV 061</b></p>
<p><b>POTENTIAL ABUSE OF MONOPOLY: HYUNDAI DEALER, BAMYRIS MOTORS LTD, UNDERTAKES TO WAIVE ITS RS 2, 000 QUOTATION FEES FOR SPARE PARTS</b></p>		

The Commissioners of the Competition Commission have accepted the undertakings offered by Bamyris Motors Ltd to address the competition concern in relation to quotation fee for Hyundai original equipment (OE) spare parts.

The competition concern emanates from the allegation that Bamyris Motors Ltd was imposing a quotation fee of Rs 2,000 to provide its price list for Hyundai make OE spare parts. Such a conduct could distort competition by raising the costs of private garages and thus impeding their ability to compete effectively in the aftermarket of repairs and maintenance. Vehicle owners would be impacted as they would be paying more for the repairs.

To address the competition issue identified, Bamyris Motors Ltd offered not to impose such a quotation fee and to inform its clients through a notice on its website.

The decision of the Commission is available on the website of the Competition Commission.

***Background of the investigation***

Usually, upon a damage or the need for replacement of spare part(s) on a motor vehicle, repairs and maintenance garages/workshops prepare an estimation of costs and repairs which elaborates on the likely costs to be involved such as potential survey fee, labour costs, as well as the costs of the spare parts to be replaced. This estimation of costs and repairs is subsequently sent to insurance companies for counter-verification and identification of the indemnification quantum as prescribed by the insurance policies. Upon approval of which, the garages and workshops proceed with the repairs and/or maintenance.

In December 2021, the Executive Director of the Competition Commission opened an investigation (INV061) pursuant to Sections 30(c) and 51 of the Competition Act 2007 (the Act). The Executive Director had reasonable grounds to believe that a restrictive business practice from the alleged conduct of imposition of a quotation fee for Hyundai OE spare parts by Bamyris Motors Ltd was occurring. Such a conduct potentially constituted an abuse of monopoly situation under Section 46 of the Act.

Given that Bamyris Motors Ltd is the exclusive distributor of Hyundai motor vehicles and related products (spare parts and accessories), it is in a de facto monopoly situation in the supply of OE parts for Hyundai motor vehicles. The imposition of a quotation fee of Rs 2,000 could likely distort competition in the aftermarket for repairs and maintenance. Private garages and consequently customers would have to incur additional costs in relation to repairs and maintenance of their vehicles.

In the course of the investigation and pursuant to Section 63 of the Act, Bamyris Motors Ltd voluntarily offered undertakings, on 20 January 2023, to address the potential competition concerns identified by the Executive Director. Following the assessment of the efficacy of the undertakings offered by Bamyris Motors Ltd, the Executive Director concluded that these undertakings address the competition concerns identified. The Executive Director submitted his report with recommendation to the Commission for its determination.

### ***The Decision of the Commission***

Pursuant to Section 63 of the Act, the Commissioners had regard to the report of the Executive Director. They agreed with the recommendation of the latter regarding the fact that the undertakings submitted by Bamyris Motors Ltd satisfactorily address the competition concerns identified. The Commissioners accepted those undertakings and issued their decision on the matter on 29 March 2023.

### ***Statement of the Executive Director, Mr. Deshmuk Kowlessur***

*“The automobile industry is an important contributor to the economy. With more than 650,000 motor vehicles on our roads, there is a significant aftermarket for repairs and maintenance. It is important that competition prevails to the extent possible so that the users reap the maximum benefits in terms of cost of repairs and maintenance and service level. It is therefore crucial to safeguard competition in these markets.*

*In the current regulatory setup, exclusive distributorship for products, including supply of OE spare parts, is permitted. Motor vehicle dealerships therefore have a legal monopoly over the range of motor vehicles they distribute but also on the related spare parts and accessories. This exclusivity can be associated with reasons such as incentives for marketing efforts for the promotion of vehicle brands. It is, however, important that such privileged positions do not result in conduct that can harm competition in the market.*

*In relation to the supply of OE spare parts, the imposition of quotation fee may distort competition in the aftermarket of repairs and maintenance. We appreciate the collaboration of Bamyris Motors Ltd in addressing the competition concern identified. This matter can also be very useful for operators to understand the importance of being compliant with competition law and thus contribute to shaping a competitive landscape for the benefit of the business community and the end customers.”*

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