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## Carmakers win some concessions

By Sylviane de Saint-Seine  
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The European Commission's extension of the location clause until October 2005 gives automakers time to modify their distribution networks, analysts say.

Under new block exemption rules adopted July 17, carmakers must by October 1, 2003, revise contracts to grant dealers new rights, including multi-franchising and the choice of offering both sales and repairs. But until October 2005, automakers can still block dealers from opening additional sales outlets.

Other effects:

- Most large dealers make profits on repairs and only break even on sales. "Manufacturers have to find ways to give distributors more money when they sell new cars," said Peter Stevenson of Urban Science. Otherwise, many dealers will stop selling cars and offer only repairs and servicing.
- Automakers won the right to require multi-franchised dealers to keep a dedicated sales team for each brand, but automakers must pay the additional dealer cost.

In September, the Commission will publish explanatory notes to clarify the rules. The notes aren't binding, but the Commission is available to advise national courts in disputes between manufacturers and dealers.