

Repair fight heats up; Automakers restrict access, group says

Monday, May 11, 2009

Page: FP1

Section: Financial Post

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Source: Financial Post

Illustrations: Black & White Photo: Krt Files / Independent garages will have plenty of work as GM and Chrysler close dealerships. The question is how aftermarket repairers will gain knowledge of proprietary technology that cost automakers billions to develop.

A purge by General Motors Corp. and Chrysler LLC of dealerships in Canada over the next year will throw into question where thousands of motorists will get their vehicles repaired.

This is bound to further complicate an already tense fight between carmakers and such independent auto service providers as Canadian Tire Corp.

GM will slash its 705 dealers by 42% by the end of 2010 and analysts expect Chrysler will make a similar reduction as it revamps operations in bankruptcy protection.

The moves could put further pressure on aftermarket companies such as publicly traded Midas Inc. to service more vehicles -- work they say they are already hard pressed to do because vehicle manufacturers are restricting access to the software and training they need to fix cars and other vehicles.

"If you live in rural Canada, your access to dealer service is a challenge. And it's going to get more challenging," said Scott Smith, director of government and industry relations for the Automotive Industries Association of Canada (AIA), which represents aftermarket providers.

"[The manufacturers] can't do the job because they don't have the coverage," Mr. Smith said. "The way we view it, they need us."

The AIA is locked in a battle with the car companies over the issue of repairing vehicles. The group says consumers are losing choice over where to go for repairs because manufacturers are not giving independent garages and parts suppliers access to the tools, training and diagnostic and repair codes they need to service cars and trucks.

The car companies and their dealers have argued the information is proprietary technology that cost them billions to develop and that it should be up to them to decide voluntarily who gets what data.

Tony Clement, the federal Industry Minister, sent a letter to Toyota Canada Inc. and other major manufacturers in April telling them to come up with a solution with the aftermarket companies by today. "Maintaining the status quo is not an option," he wrote.

Stakeholders, however, have failed to strike a compromise on the issue. Groups representing the automakers signed a letter committing in general terms to resolve the matter by May 1, 2010. The AIA

argues that letter has no teeth because it offers no specifics. It has lobbied federal MPs in recent days to push for a legislative solution similar to one already in place in the United States.

Brian Masse, a Windsor NDP Member of Parliament, has authored a private member's bill that would guarantee the independent service providers receive the tools and training they need. The Competition Bureau would settle any disputes that arise.

Lawmakers are scheduled to vote on whether to pursue or scrap the bill on Wednesday.

A legal solution is necessary to protect consumers as the industry undergoes massive change, Mr. Masse said, noting GM and Chrysler dealerships will shrink and more international automakers will enter the Canadian market in the future. "The whole point of legislation is let's get rid of the what-ifs, and have a fair, balanced rules-based system."

David Adams, president of the Association of International Automobile Manufacturers of Canada, which represents Toyota, Honda and other overseas-headquartered companies, countered that a legislative backstop is not needed and that Mr. Masse's bill is flawed. "Vehicle manufacturers have a history of working through voluntary mechanisms," he said.

The stakes in this fight are huge. Canada has roughly 111,000 auto-service bays to service 19.3 million vehicles on the road, roughly half of which are run by aftermarket companies such as Mr. Lube and Petro-Canada Certigard. The aftermarket firms, which employ roughly 410,000 people nationwide, estimate they are currently losing at least \$1-billion a year in business to dealers because the automakers are restricting the codes and repair manuals. Consumers spent \$17.5-billion on aftermarket maintenance and repairs, including parts, last year alone, according to DesRosiers Automotive Consultants.