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Monopoly Watchdog Addresses Car Warranty Repairs

By The Moscow Times

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The Federal Anti-Monopoly Service wants to eliminate restrictions on unauthorized car dealerships rendering services while a vehicle is still under warranty, as well as a ban on supplying original parts to independent auto-service providers.

Currently, a new car's warranty can be voided if anyone other than an officially authorized service center works on it.

The number of complaints regarding automobile market players has reached a "critical mass," Mikhail Fedorenko, deputy head of social services and trade at the Federal Anti-Monopoly Service, said Wednesday.

Citizens are complaining about the rising cost of warranty services and original parts, as well as being unable to get services performed at unauthorized dealers during the warranty period, Fedorenko said. Unauthorized dealers are complaining about distributors refusing to supply

them original parts.

Dealers are concerned about an absence of precise criteria for working with distributors. They complain about groundless removal of dealership rights, as well as the short terms of dealership agreements, Fedorenko said.

An investigation of the servicing and wholesale parts markets could evolve into a case of breaching antitrust legislation, Fedorenko said. Distributors on these markets have a dominant position compared with dealers and customers — after all, parts for a Volvo are not suitable for a Renault, and that means the car owner's choice is limited.

In many regions, dealers have a nearly 100 percent share of the warranty period auto-services market, he said.

Official dealers do not want to lose warranty services, said Oleg Datskiv, director of Auto-Dealer.ru. Such services currently account for more than 50 percent of revenue.

According to estimates by the Russian Auto Dealers Association, this year Russian dealerships' turnover could reach $76.5 billion.

The profitability of the business fluctuates from 3 to 7 percent, Datskiv said. A sudden alteration to the rules of the game could ruin the market and harm clients, said Dmitry Gulin, vice president the association. It's unlikely that car owners will be happy with saving money on repair work, if that work is done poorly, he said.

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