

9 October 2020

Subject: Mitsubishi Motors Australian Limited Exclusive Dealing Notification RN10000433

Email to: adjudication@acc.gov.au

Dear Sir,

We wish to object to this notification and request that the ACCC revoke this notification because in our opinion this conduct:

1. has the purpose, effect or likely effect of substantially lessening competition, and
2. in all the circumstances, will not result in likely public benefit which would outweigh the likely public detriment.

Ryco Group (previously GUD Manufacturing) was founded in 1940 and is today one of the oldest filter brands in the world. We are also a subsidiary of GUD Holdings Limited (GUD) who has been listed on the Australian Stock Exchange since 1957. The Ryco brand is synonymous with high quality automotive filtration and has a strong history in the supply of filters to the Australian Aftermarket and most Australian vehicle manufacturers during their history of local manufacturing.

The Ryco Business employs over 70 people strategically located across Australia and New Zealand. Our extensive product offering includes Oil, Air, Fuel, Cabin Air, Transmission and Diesel Particulate filters for all makes and models from new releases to the original Holdens (1949). Our broad offering ensures continuity of supply across all service channels and include independent repairers and OEM dealerships. For Mitsubishi applications alone we carry an extensive range of >180 SKU's, many of which have broader applications.

In relation to the Mitsubishi Motors Australia notification of exclusive dealing, the MMAL submission identifies the classes of persons that may be affected by the notified conduct. However, the submission clearly omits important sections of the Australian automotive industry: Section 3.2 fails to identify the market for the supply of aftermarket parts. This market is a multi-billion-dollar market and aftermarket parts are a direct competitor to the branded parts that the vehicle manufacturers offer. Consequently, the vehicle owner and independent service centres have a choice of the parts they use which creates a competitive parts market which benefits all vehicle owners including Mitsubishi owners. Commercially, vehicle manufacturers would like to create a captive parts and service market that forces vehicle owners to go back to their dealer networks thus creating a parts monopoly but fortunately consumer laws in Australia have ensured that the consumer has a choice of what parts are used and where their vehicles are serviced and repaired.

Their submission in relation to market information and concentration (section 4) identifies that Mitsubishi's market share is only 7.8% and therefore by inference should not affect the whole

aftermarket but if the ACCC doesn't revoke the notification it is obvious that other vehicle manufacturers will follow suit. History shows us that when one vehicle manufacturer uses longer warranties to improve the demand for their vehicles the others soon follow suit in order to counter the advantage. In the 1990's the standard new vehicle warranty offering was 12 months/20,000 km's. Nissan then introduced 3 year/100,000 km's warranty and that soon became the industry standard. The next step up became 5 year/unlimited km's, followed by Kia going to 7 years and now Mitsubishi announcing a 10 year/200,000 km's offering. Unfortunately for the consumer in the case of Mitsubishi the 10-year warranty is conditional upon the purchaser exclusively acquiring servicing from a MMAL dealer or service centre. The rest of the industry up to this point has respected the consumers right to choose and not imposed such an anti-competitive condition. Undoubtedly all the other vehicle manufacturers will be watching this notification process with extreme interest as they would all like to create a vehicle service market that would in effect encourage a monopoly.

The Mitsubishi submission nominates that purchasers will remain able to obtain repairs (as distinct from servicing) from an independent repairer or service centre without it affecting the 10-year warranty. **The reality is that a large proportion of needed repairs are identified at the time of servicing** when the vehicle is put up on the hoist and therefore this will result in the dealer doing this work as in many cases the work is needed to ensure the vehicle is roadworthy.

Dealership labour rates and vehicle manufacturer branded parts are in many cases more expensive than the independent repair and service sector. Consumers will therefore pay more for car maintenance as well as surrendering choice in order to achieve what they should already have under Australian Consumer Law.

In summary Ryco sees its role as providing Australian vehicle owners with a choice of quality aftermarket service and replacement parts, that are fit for purpose, at competitive prices, as an alternative to the vehicle manufactures branded parts. We firmly believe that the Mitsubishi Exclusive Dealing notification if not revoked by the ACCC will have the effect or likely effect of substantially lessening competition and that the public detriment would outweigh any likely public benefit. We would hope that the ACCC will make a decision on this notification that will allow us to compete on price and quality to supply our products to Mitsubishi vehicle owners without any fear that their actions would result in a loss of their warranty rights.

Yours Sincerely,



Stuart Chandler
Executive General Manager