

New Code of Ethics for auto industry a "stop-gap solution"

 By Jeff Osborne 27 Oct 2017

Last month, the Department of Economic Development published a draft code of conduct for competition in the local automotive industry in order to address "anti-competitive behaviour" and promote "transformation to foster inclusive growth", which some believe will be a precursor to legislation.

Theoretically, this motion should reduce the cost of motor vehicle ownership as drivers will no longer be compelled to take their vehicles to large dealership networks during the warranty, extended warranty and service/maintenance plan period, nor to obtain original parts in order to avoid voiding the warranty.



SAFETY

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While transformation and growth are crucial in the industry, the code of conduct seems like a "stop-gap solution".

The reality

This measure can only succeed if there are reputable, specialised industry bodies that set, measure, and control standards on behalf of manufacturers. The reality is that the modern car is unbelievably technically sophisticated, requiring specialist expertise, tools and the parts of a known standard and quality.



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In Europe, they have the Bloc exemption EU legislation that allows a very controlled measure of "aftermarket" repair during warranty, provided strict standards are met. Non-franchise dealer supplied parts can be used if they are TUV approved. The TUV is a European body that certifies and approves alternative parts.

Benchmarks

It is proposed that the South African Bureau of standards provide the benchmarks for alternative parts, should this code of conduct pass. Testing thousands of auto parts will require mammoth facilities and new equipment. Bear in mind that automakers spend considerable resources testing their vehicles to determine whether all combined components are sound, considering the weight, speed and design of the vehicle.

How could a vehicle manufacturer and extended warranty underwriter, be expected to honour and carry the vehicle's warranty, if the alternate parts did not go through that process? The reason that alternate parts impact a warranty is because these parts could impact the safety of the vehicle.

Choice is important, but standards mustn't be compromised

Choice is important, but standards must never be compromised - for any reason. Non-genuine parts may be lower priced in the short term but damage or failure due to poor fit and compatibility will prove expensive. Genuine parts are guaranteed to fit and work. Non-genuine parts may also be made from low-grade materials which could short their effectivity.

There will also be an impact on the pre-owned market. Consumers aren't just buying a car; they are buying brand. Many manufacturers have built their reputation on quality and reliability. Unknown parts and service providers may impact that.

True transformation can only be driven by accelerating training and technical qualifications. The net of approved service providers can certainly be cast wider, but not at the expense of quality and safety.

ABOUT JEFF OSBORNE

Jeff Osborne heads up the Guntree Automotive Team from their office in Johannesburg. Jeff has decades of experience in the motor industry and served as the CEO of the Retail Motor Industry for 13 years. Jeff is passionate about the automotive space, and is a keen classic car collector.
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