



Automotive Body Parts Association - ABPA

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Data Submission for the Federal Trade Association (FTC) Workshop “Nixing the Fix” 4/30/19

WHO WE ARE

The Automotive Body Parts Association (ABPA) is a coalition dedicated to serving the collision repair industry with quality replacement parts, backed by dependable service and fair prices. Each Member subscribes to a code of ethics which encompasses high standards of business practice on behalf of its customers and the motoring public. There are more than 160 Members of the ABPA, occupying more than 400 separate collision parts distribution, bumper sales, recycling facilities and manufacturing plants. Collectively, they are responsible for distributing more than 90% of independently produced alternative collision replacement parts sold to the collision repair trade.

As an independent trade association ABPA submits the following support data around repair part pricing with examples of monopolistic practices that restrain trade and competition.

THE ISSUE

Major car companies are creating a monopoly on collision repair parts. We are aware that the FTC has been monitoring the potential for restraint of trade in the collision parts industry as reflected in certain decisions regarding industry consolidation. We believe that all issues related to restraint of trade can be traced back to the car companies and their misuse of design patents, repair procedures that exclude alternative parts usage, abuse of technological advancements in telematics and software development and other collusion methods.

- Major car companies already control **more than 70%** of the collision parts market.
- The number of design patents granted to the car companies on crash parts has increased dramatically since the 1990s and has **more than doubled** since 2005. They hold **thousands** of design patents on collision repair parts for a wide variety of car makes and models. **Design patents differ greatly from utility or method patents.**
- The misuse of design patents on repair parts to block competition from producing equivalent parts is creating an environment with less competition and a significant pricing increase in the marketplace.
- The car companies are actively issuing self-serving **repair procedures** and **position statements** stating that only their parts can be part of a “proper” repair.
- The car companies are pushing their agenda further with the introduction of 28 State Bills over the past two years which aim to make their repair procedures law and remove competition from the collision parts marketplace.
- The car companies are trying to create a product monopoly by leveraging new technological advantages gained through telematics from the cars and software partnerships with large industry players to eliminate parts competition. The result is higher parts pricing - leading to increase in repair cost - which could further add to the increase in total loss vehicles.
- The car companies are attempting to control the repair process with threats of affecting vehicle warranties which is a violation of the Magnuson – Moss Warranty Act.

WHY IT MATTERS

Loss of competition will hurt consumers most of all.

- Without a change in carmaker practices, American consumers would have to absorb **\$1.5 billion** in additional costs when they repair their vehicles after collisions, according to MICRA economists.
- Road crashes cost the U.S. **\$76 billion per year in property damages** according to a recent NHTSA study.
- Major insurers have reported to us that approximately **25%** of all insured vehicles in an accident are totaled leaving many consumers without transportation due to valuations less than what they owe on the vehicle.
- According to NHTSA, there are just under **6 million** annually reported car crashes in the US.
- In 2017, US consumers saw an average increase in automotive insurance premiums of 7.2% with the top ten insurers as compared to 2016 rates. **2018-19 premium increase is expected to be above previous increases.**
- Consumers are having difficulty in affording to keep their vehicles on the road and are unaware of the concerted effort by the car companies to create this profit center at their expense.
- Total-loss vehicles are one more means for the car companies to sell more vehicles and a direct hit to the American motoring consumer.
- The use of quasi contractual influence and/or electronic means to steer repairs to car company franchised repair facilities is limiting consumer choice.

A key part of the automotive parts industry is at risk.

- The automotive parts aftermarket has existed since the early 1900's (example - Champion Spark Plugs founded in 1908).
- For **more than 60** years, the alternative collision parts industry has been offering quality alternative parts to consumers, typically **15-50% less expensive** than car company non patented repair parts.
- The alternative collision parts industry employs tens of thousands of American workers in cities and small towns across the country – from manufacturing to distribution to repair.
- Quality alternative collision parts support the livelihood of more than **40,000** body shops nationwide.

THE DATA

The accompanying data file provides clear empirical proof that the car companies have raised their prices dramatically as they gain more control over the collision parts supply chain. Attached are the following data files with explanation:

1. PARTS-ANALYSIS-2007-2019 (Excel)– A listing of over 87,000 of the most popular collision repair parts that have an aftermarket alternative. Each part includes the OEM #, year range, make/model, description and OE list pricing from 2007-2019 (if applicable).

2. PATENT-PRICING GMFORDCHRYSLER2007-2019 (Excel) – A listing of over 2900 collision repair parts that have been patented by GM, Ford and Chrysler. Each part includes the OEM #, year range, make/model, description and OE list pricing from 2007-2019 (if applicable).

3. PATENT-ANALYSIS-2019 (Word) – Instructions on how to view embedded charts for each part in the Excel files.

***Please let the ABPA know if additional information or data is needed.**