



# Access to Diagnostic & Repair Information

## *The Motor Vehicle Owner's Right to Repair!*

### WHAT IS THE PROBLEM?

Vehicle manufacturers are restricting access to the tools, training and diagnostic and repair software to independent installers, preventing them from repairing late model vehicles. This effectively eliminates consumer choice.

59% of the 18.4 million light duty vehicles on the road in Canada today are equipped with on-board diagnostic capabilities, referred to as OBD II. This ratio will increase over time since OBD II equipped vehicles were introduced in 1998. The portion of the vehicle fleet in Canada that includes 1998-2004 vehicles should represent about \$4 Billion of the \$16 Billion aftermarket repair industry. Blocked access to OBD II information shifted as much as \$2.0 billion in auto repair work to the Car Company dealer network in 2004. The loss of business is expected to grow at a significant rate, potentially reaching \$3.9 billion by 2010.

The tools and software required to manage the computer control units on vehicles are no longer available from all car manufacturers. Vehicle design process is also more sophisticated. The use of exotic materials and changes in welding and assembly technologies make continued access by independent repair shops to factory-specific training and tools imperative to maintaining a continued competitive marketplace.

### WHO IS INVOLVED?

- The Vehicle Manufacturers (OEMs)
- The OEM Dealer Network
- The Automotive Aftermarket (Parts and Distribution)
- Independent Automotive Service Providers
- Consumers!

The automotive aftermarket industry in Canada is valued at \$16 billion annually and employs over 225,000 people across Canada. The aftermarket consists of the parts and accessories manufacturers, warehouse and regional distributors, large retail chains and independent automotive service providers.

The aftermarket is distinct from the OEM assemblers, parts manufacturers and dealer network. There is no direct relationship between independent installers and the OEM manufacturer. Prior to the advent of computer diagnostics, this direct relationship was unnecessary.

### WHAT ARE THE POTENTIAL IMPACTS AND WHO IS AFFECTED?

By placing restrictions on access to tools, training and information to the independent aftermarket, vehicle manufacturers are engaging in an anti-competitive practice that puts the dealer network at considerable advantage. Traditionally, aftermarket installers have provided a cost effective alternative to dealer service and the number of independent outlets across Canada greatly exceeds the number of dealer service outlets.

This withholding of information puts the consumer at risk of being forced to pay higher prices. It also puts the consumer at risk of considerable inconvenience. There are not enough service bays within the dealer network in Canada to service the entire fleet. This is particularly true in smaller markets where service from an OEM dealer may require considerable travel. In the case of collision repairs, there is an added safety risk. If there is inadequate access to information, tools and training, there is a much higher risk of an inadequate and unsafe repair.

### WHAT IS THE STATUS OF THE PROBLEM?

The vehicle market in Canada should rightly be referred to as part of a North American vehicle market. Yet the same protections for the independent aftermarket in the US do not exist in Canada:

- Under the Clean Air Act, the EPA regulates access to information on emissions related diagnostics and repair.
- There is voluntary agreement between the Automotive Service Association and the vehicle manufacturers to provide all other diagnostic related information to the aftermarket, administered through the National Automotive Service Task Force.
- There is proposed legislation before both the House and the Senate that would guarantee access to diagnostic and repair information.

It is becoming evident that considerable roadblocks exist for multi-brand operators, because vehicle manufacturers tend to spread the repair information through different media and documentation structures:

- Via Internet-based systems, where poor document search facilities result in repairers (and ultimately consumers) paying for information they do not need;
- On CDs and DVDs, where the information must be bought in a bundled package and is not always tailored to the repair job;
- Through vehicle manufacturer-specific diagnostic tools, which are prohibitively expensive;
- On paper, which does not always arrive in time for the job at hand; or
- Via a combination of these media structures.

This causes considerable problems for multi-brand aftermarket operators when trying to obtain the relevant information. As a consequence, the repairer must frequently allow for considerable additional time and costs, and often the repair itself cannot be finalized on the premises of the multi-brand operator, or even not be carried out at all! Moreover, the OBD-related information needed to produce generic diagnostic tools is, in most cases, still not made available.

Attempts so far to resolve the issue within the industry have failed. The two associations that collectively represent all of the Canadian car companies and four of the five major market share companies have refused to further discuss options.

### WHAT HAS BEEN DONE?

- Quantified the nature and financial impacts of the access to information problem.
- Created a coalition of local, regional, provincial, national and international associations.
- Attempted to work directly with the automobile manufacturing industry to resolve the problem within the industry.
- Begun an awareness program with various levels of government.

### WHAT IS NEXT?

Discussion with various levels of government to investigate a legislative or regulatory solution that would allow the independent automotive aftermarket industry to access all required diagnostic, repair and service data, tools and training for the repair and service of late model vehicles.



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## W H Y S U P P O R T T H I S I S S U E ?

Vehicle manufacturers have failed to voluntarily make available the tools and information. This is why AIA Canada, after consultation with its members and stakeholders, decided it is time to involve government support to influence this change. Governments have a major role to play in designing a robust solution that protects the environment, upholds competition and gives consumers affordable choices in the aftermarket care of their vehicles.

### CHOICE IS GOOD

Canadians currently have the freedom of choice when it comes to the aftermarket care of their vehicles. The existing repair industry offers an effective, competitive environment, without which Canada's vehicle owners would become "captive customers", forced to rely on the vehicle manufacturer as the exclusive supply source for parts and repair services.

***Ensure Canadians have the freedom of choice!***

### FACILITATE MOBILITY

The mission of the automotive industry as a whole is not just to provide Canadians with new vehicles. It is to ensure mobility. From "Day One" on the road, vehicles require maintenance, servicing and repair. Each year, over 21 million motorists in Canada spend approximately \$16 billion on parts and repair. Obtaining a good deal on replacement parts, maintenance, and repair services can make all the difference between affordable and unaffordable mobility.

A competitive after-sales market, including services offered by independent operators ensures that motorists can quickly and affordably recover their mobility in the event of a breakdown. Particularly in rural areas, where daily human activity is most dependent on road-based mobility, proximity and accessibility takes on considerable importance.

***Ensure affordable mobility and repair services are in close proximity to consumers!***

### MAINTAIN A LEVEL PLAYING FIELD IN THE MARKETPLACE

Effective access to technical information is one of the key measures for improving the competitiveness of the automotive aftermarket. A sound regulatory framework for the entire automotive industry must also take into account the companies operating in the market of vehicle replacement parts, servicing and repair.

***Ensure continued competition in the automotive service and repair industry!***

### SUSTAIN JOBS IN CANADA AND SUPPORT THE DEVELOPMENT OF SMEs

Canada's automotive aftermarket industry is predominantly composed of small and medium-sized businesses (SMEs). They provide Canada's 21 million motorists with real choice and they provide more than 220,000 people with employment that is well distributed across urban and rural environments throughout the country. SME entrepreneurs form the backbone of Canada's independent and multi-brand repair market and help to keep jobs in Canada, in contrast to the recent trend of outsourcing in global vehicle manufacturing. If we lose this fight many independent repair facilities – your customers – will be forced to close, sending technicians to find work within the prospering dealer network.

***Maintain jobs and a sound SME landscape in Canada!***

### PRODUCE TANGIBLE BENEFITS FOR THE ENVIRONMENT

In order to ensure that vehicles conform to Canadian emission standards throughout their entire life cycle, they require regular inspection and repair. Open "reparability" is essential to maintain the functionality, safety and environmental compliance of vehicles. It is crucial that automotive aftermarket service professionals have unrestricted access to the on-board diagnostic systems and all technical information, replacement parts, tools, and equipment necessary to accurately diagnose, service, and repair the vehicle. This is particularly important for carrying out remedial work associated with periodic inspection and testing.

***Contribute to achieving Canada's environmental goals!***

### MAINTAIN HIGH STANDARDS FOR ROAD SAFETY

Without a competitive aftermarket industry, consumers will face higher prices and longer wait times. In smaller markets, the dealer network has a serious under capacity to service the entire fleet. Faced with these challenges, some consumers may opt to avoid necessary repairs. This puts road safety at risk!

***Keep our highways safe!***

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The Automotive Industries Association of Canada (AIA) is a national trade association representing the automotive aftermarket industry in Canada. The aftermarket is a \$16.1 billion industry that employs more than 220,000 people. The industry is composed of companies that manufacture, distribute and install automotive replacement parts, accessories, tools, and equipment.