15 September 2010: Distribution of tires in France

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Michelin makes a commitment to the *Autorité de la concurrence* to rectify its commercial policy
towards distributors that are not part of its own network

> Version française

After a referral by the Minister for the economy, as well as by the Vulco développement company and the Pneuman economic interest group, the *Autorité de la concurrence* is now issuing a decision confirming the compulsory nature of the commitments made by the companies Manufactures Française des Pneumatiques Michelin and Pneumatiques Kléber (hereinafter "Michelin") relative to the distribution of tires in France.

As a reminder, in its decision 09-D-12 of 18 March 2009, the *Autorité de la concurrence* considered that the conditions had not been met for the declaration of the emergency interim measures requested by the company Vulco développement and by the Pneuman economic interest group, but that the practices in question could represent abuses of a dominant position, thereby requiring an examination on the merits.

The competition concerns expressed by the *Autorité*

Given the fact that Michelin could find itself in a dominant position on the French markets for new replacement tires, six competition concerns had been raised with regard to its new commercial policy relative to specialist retailers that are not members of its own network, implemented in 2008.

As such, it was shown that Michelin was refusing to sign service agreements with

businesses controlled by competing manufacturers (Bridgestone, Goodyear Dunlop, etc.). Moreover, all specialist retailers were not entitled to the same conditions for accessing service agreements and to the same compensation system for these services.

Other competition concerns resulted from certain operating provisions of the Michelin performance and responsibility contract (French acronym "CPRM"), relative to the professionalization fund and to the partner's training in commercial matters, which could strengthen Michelin's position on the markets in question. Of particular concern were certain provisions of the CPRM and service agreements that allowed Michelin to access sensitive information regarding competitors and retailers.

Michelin's commitments to modify its commercial policy as requested by the *Autorité*

In response to the competition concerns of the *Autorité*, Michelin proposed commitments. These proposals were placed online on the Autorité 's website, in order to gather the views of interested third parties (market test on 8 June 2010).

The *Autorité* considers that these commitments are sufficient to resolve the competition difficulties, and that they are of a credible and verifiable nature. Michelin has notably undertaken to initiate "business" service agreements with all retailers, irrespective of their links with competing manufacturers. It also undertakes to stop differentiating how it treats retailers that have signed the CPRM and other specialist retailers, as well as to modify the CPRM's operating provisions.

The implementation of these commitments will begin during the negotiations of the various agreements and partnerships in question, that will occur between September and December 2010. The resulting service agreements and contracts will take effect on 1 January 2011.The commitments will remain in effect until 31 December 2015.

> For more details, consult the full text o the decision 10-D-27 of 15 September 2010