



March 4, 2016

Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580
Via Electronic Submission

RE: Project No. P131202

To Whom It May Concern:

The American International Automobile Dealers Association (AIADA) is a non-profit trade organization that for more than 40 years has represented the interests of America's international nameplate automobile dealers before Congress, the White House, and all federal agencies. Our mission is to increase awareness in Washington, D.C. and around the country of our members' contributions to their communities and the American economy, and to preserve and promote a free market for international brand automobiles in the United States.

AIADA's dealer members sell and service the brands Americans want to drive including, Acura, Aston Martin, Audi, Bentley, BMW, Ferrari, Honda, Hyundai, Infiniti, Jaguar, Kia, Land Rover, Lexus, Maserati, Mazda, Mercedes, MINI, Mitsubishi, Nissan, Porsche, Rolls Royce, Scion, Smart, Subaru, Suzuki, Toyota, Volkswagen, and Volvo.

This statement is submitted by AIADA in response to the Federal Trade Commission's (FTC) workshop, "Auto Distribution: Current Issues and Future Trends". As stated by the FTC, the goal of the workshop was to explore "competition and related issues in the context of state regulation of motor vehicle distribution and how these regulations affect businesses and consumers." The workshop looked at warranty services, dealer location, the desire of a manufacturer to sell directly to consumers and the future of the auto franchise system.

The franchise system has served the American consumer since it was first introduced in 1898. In a free market, competition breeds excellence and auto dealers have been pushed to innovate and improve in order to satisfy consumers. In 2015 alone, auto dealers sold over 16 million cars to consumers across the country. AIADA's dealer members represent the retail side of an industry sector that supports nearly 10,000 franchises that employ more than 500,000 American workers with a combined payroll of \$29 billion.

International nameplate automobile dealers have a powerful, positive impact coast-to-coast on their neighborhoods, cities, and states. Dealerships are the heart of the auto industry. They are committed

to serving their communities and are more than a place to shop for and buy a new vehicle; they are employers, sources of charitable giving, tax bases, and service centers. For example, a recent study by the Center for Automotive Research found that dealerships supply almost \$19.3 billion in personal tax revenue. Another study found that almost 90 percent of dealerships lend their support to community causes and organizations. In 2013 alone, almost half of surveyed dealers said they gave more than \$25,000 to charity.

While the FTC had questions and expressed concerns about the franchise system during the workshop AIADA would encourage the Commission to look at the whole picture and further explore the economic benefits of the franchise system as represented above in the economic impact of the international nameplate auto industry. The franchise system currently in place is an important part of the auto industry's overall success. The working relationship between dealers and manufacturers that exists has been carefully crafted across the country and the franchise laws help maintain balance.

AIADA, on behalf of its nearly 10,000 dealer members, appreciates the opportunity to comment on the Commission's workshop.

Sincerely,

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Cody L. Lusk
President