

# LUBE

# TECHNI-GRAM



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## OEM's Continue Attempts To Control Lube Sales

As stated in previous Techni-Grams, fleet/equipment owners should be very alarmed regarding a growing trend toward 1.) a move to special, OEM-approved, extended-drain lubricants, and 2.) the control of lubricant sales by the original equipment manufacturers themselves. Two events are converging here to reduce the number of choices available to lubricant users. First, we are seeing significant consolidation in the oil industry, i.e. Exxon-Mobil, Chevron-Texaco, etc. Second, we have the emergence of OEM specs designed to suppress the impact of independent manufacturers. The result ultimately will be a serious reduction in the number and quality range of lubricant options available. This type of practice can lead to fleet/equipment owners being forced to pay exorbitant prices for products that may or may not offer any advantage over the cost-effectiveness of competitive products outside the OEM's restricted approval process.

According to an industry article, the Independent Lubricant Manufacturers Association recently filed a complaint with the U.S. Federal Trade Commission, accusing DaimlerChrysler Corp. of unfair trade practices for the handling of its most up-to-date automatic transmission fluid specification.

The association said the automaker has blocked blenders from making and selling its ATF+4 fluid – which was adopted in 1999 and is now recommended for most Chrysler vehicles. In addition it accused the company of leveraging its monopoly on the transmission fluid to muscle motor oil sales away from lubricant companies.

“To Chrysler, this probably is another revenue stream for a product code,” Executive Director Celeste Powers said. “However, to ILMA members this is unfair competition which hurts motorists.”

Chrysler first advised dealers in October 1999 that it had begun factory filling certain vehicles with ATF+4 and that they should service those vehicles with the same fluid, instead of the previous fluid, ATF+3. Two years later, the company advised that ATF+4 should be used in all vehicles with automatic transmissions except minivans built before 2000.

The association's complaint said that Lubrizol is the exclusive manufacturer of chemistry for ATF+4 and that DaimlerChrysler has contracted Petro-Canada and ChevronTexaco to supply the fluid. The complaint said ILMA members that marketed earlier versions of the fluid requested the ATF+4 formula from DaimlerChrysler but were turned down. Members also contacted Lubrizol, ChevronTexaco and Petro-Canada but were told that those companies' contracts with the automaker prohibited them from sharing the formula or reselling the fluid.



*... to keep it running*

According to the complaint, such practices violate provisions of the Magnuson-Moss Warranty Act, which prohibits automakers from conditioning warranties on the use of named oils or parts unless the automaker provides them for free or demonstrates that available alternatives will not function adequately.

The association noted that other automakers avoid the problem by licensing products that meet their specifications. ILMA officials said DaimlerChrysler has made formulas and specifications for previous fluids available to blenders.

The association said it urged DaimlerChrysler a year ago to establish a licensing program for ATF+4 and has tried several times since then to engage the company in discussions. ILMA legal counsel Jeffrey L. Leiter said the association has received no response.

“We tried to work this out with them but they’ve ignored us at every step of the way,” he said.

DaimlerChrysler did not return phone calls seeking comment.

The complaint said DaimlerChrysler “has taken its anticompetitive actions... one step further” by allowing dealers to buy bulk volumes of ATF+4 only in combination with bulk purchases of their own Mopar brand motor oil. Dealers that decline the offer incur greater costs to buy the transmission fluid in smaller volumes.

ILMA’s complaint asked the trade commission to investigate its allegations and to compel DaimlerChrysler to cease its practices. Officials acknowledged that the case does not involve a large amount of ATF+4, but said they are concerned about the possibility of other automakers imitating DaimlerChrysler’s actions.

“If Chrysler can get away with this, it will embolden other original equipment manufacturers, so ILMA had to take a stand,” Powers commented.

In the meantime, SWEPCO customers worldwide have found **SWEPCO 714 Hydraulic Transmission Fluid’s** field performance provides tremendous performance and protection in application’s calling for ATF+4 fluid.