

“Manufacturers, dealers, and consumers: Law and economics of the automotive distribution in a transatlantic perspective”

The automotive industry is a cornerstone of the global economy, shaping cooperation patterns and influencing technological innovation, geopolitical trends, and relationships. Manufacturers have traditionally distributed vehicles through legally independent franchised dealers in the US and Europe, bound by contracts to sell vehicles and provide warranty services. This research project explores how relationship (and economic power) dynamics in these networks affect franchised dealers and consumers and examines the role of the law in mitigating these effects.

This project addresses two fundamental questions that remain under-researched in contemporary scholarship:

First, what legal, economic and political factors determine the conditions for long-term cooperation between manufacturers and dealers, considering market regulation, collective bargaining and private law disputes?

Second, how do different car distribution systems – direct manufacturer sales versus franchised dealers – affect consumer interests and welfare, considering prices, product availability, and the quality of after-sales services (warranty services)?

The project adopts a multi-disciplinary perspective, integrating findings from economic analysis, the regulatory framework and contract law. The project takes into consideration:

- Empirical studies of the manufacturer-dealer relationship in selected legal systems, particularly the US, France, Germany, Austria and Poland.
- A comparison of private law (e.g. contract law) and regulatory antitrust law on automotive distribution.
- An analysis of how the legal framework affects contract dynamics and consumer welfare.

This comparative analysis uniquely examines Western economic centres and Central European markets, exploring whether distribution practices and governance models have been transferred between regions. Particular attention will be paid to how producers design contracts, manage guarantees, and structure networks in these diverse legal, economic, and geopolitical contexts.

The project's innovative contribution is to explore regulatory and legal models from the US and the EU. The project will shed light on how regulatory and structural differences affect market outcomes such as dealer bargaining power, consumer welfare, and international trade dynamics by comparing these systems.

The project also incorporates public choice theory to examine how organised interest groups (e.g., manufacturers and dealers) shape the public debate. This analysis will provide practical lessons for legislators and practitioners, particularly regarding designing a fair and effective regulatory framework for the automotive sector.

This project brings together legal, economic and regulatory perspectives. It will contribute to developing a regulatory strategy for balancing the interests of manufacturers, dealers, and consumers. In addition, it will deepen the understanding of the regulatory systems in the US and the EU, highlighting best practices for fostering equitable long-term economic relationships. Furthermore, the project will contribute to the academic discussion on business network management, competition law and the relationship between law, economics and geopolitics. The project will also analyse how business practices and distribution models move across borders, particularly between Western and Central European markets, affecting market integration, trade agreements and industry standards.