



Transport and preparation charges, suggested retail prices: Issues still of concern to CAA-Quebec

In a July 4, 2008 letter to the [biggest automakers](#) operating in Canada, CAA-Quebec confronted the industry about the considerable differences between vehicle transport and preparation charges paid by buyers in Canada and those in the United States. Because these charges represent a significant proportion of the total price of a new vehicle, CAA-Quebec believes Canadian consumers have a right to know the reasons for these discrepancies and to obtain, if necessary, price adjustments that more accurately reflect the prevailing economic realities. The text of the letter follows.

The transport and preparation charges imposed by vehicle manufacturers significantly increase the cost of purchasing a new vehicle. This is why we are analyzing and comparing them in order to provide our 950,000 members with adequate information on the cost of each model. While preparing the 2008 version of our annual study, we found that there are considerable differences between the prices paid by Canadian consumers and those paid by consumers south of the border. This is clearly to the disadvantage of Canadian consumers and we are calling upon you to provide an explanation for this discrepancy.

This year, Canadian consumers will pay on average between 31% and 61% more in transport and preparation charges than their American counterparts; in some cases, this unexplainable difference can be as high as \$1,000. We find this difficult to understand, in particular considering the strength of the Canadian dollar over the past year, and specifically the fact that it is now at par with U.S. currency. In addition, some manufacturers tend to increase these differences from one year to the next, without any explanation.

Although it may be logical for transport charges to vary based on where the vehicle was manufactured, how is it that a Canadian consumer who purchases a vehicle manufactured in Canada has to pay up to 60% more in transport and preparation charges than a U.S. citizen purchasing the same vehicle? Even more unacceptable, this applies to all vehicles assembled in Canada. Our members have the right to an explanation as to why such a situation exists and, where applicable, to see the pendulum swing back to better reflect reality.

We are also aware that U.S. dealerships can charge certain other fees on top of transport charges (for example, for document preparation) and this may better explain the differences observed with respect to charges in Canada. After checking with certain dealerships, however, we have noted that only the transport charges are specified, and that preparation and documentation charges are either not clearly mentioned or not significant. While it is possible that some U.S. dealerships may include preparation or documentation charges in their suggested retail prices, in our opinion, until evidence to the contrary is shown, the discrepancies noted in our study remain valid.

Last year, we drew your attention to the difference in manufacturers' suggested retail prices (MSRP). Unfortunately, although some manufacturers have reviewed and dropped these prices in order to better reflect the value of the Canadian dollar, others continue to maintain these significant variances, some of which can be as much as \$10,000 for the same vehicle. In this instance as well, we strongly disapprove of the situation and would appreciate an explanation.

We have absolutely no doubt that you are in a position to provide us with the necessary information on these sensitive issues of importance to all consumers. The clarifications you give us will be used to better inform our members, through the services and means we provide them, as well as the general public, through our wide range of actions, since CAA-Quebec is very visible and sought-after by the public.

I look forward to hearing from you and please accept our kindest regards.

Sincerely,

Paul A. Pelletier
President and Chief Executive Officer

N.B. Although our analysis was conducted for the Quebec market, the same conclusions seem to be true for the rest of Canada. We have therefore shared the results of this study with our colleagues at the CAA.

cc Tim Shearman President of CAA - Alberta Motor Association – BCAA - CAA Manitoba – CAA Maritimes – CAA Niagara - CAA North and East Ontario - CAA Saskatchewan - CAA South Central Ontario

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