



The Automotive Industry in the Nordics

A legal overview

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A legal overview of the automotive industry in the Nordics

The automotive industry is undergoing a transformation, driven by technological innovation, environmental concerns, and changing consumer preferences. The Nordic countries, comprising Denmark, Norway, Sweden, and Finland, are at the forefront of this transition, offering a diverse and dynamic market for mobility solutions. When entering the Nordic automotive market, it must be noted that, Denmark, Norway, Sweden and Finland are separate countries bidding by separate legal systems. While Denmark, Sweden and Finland are members of the European Union, Norway is only a member of the European Economic Area.

This compilation provides an overview of the legal and commercial aspects of the automotive industry in each of the Nordic countries, highlighting the opportunities and challenges for investors, manufacturers, suppliers, and consumers. The compilation covers topics such as market trends, legal developments, commercial operations, product liability, competition enforcement, and employment issues, among others. Our aim is to offer a comprehensive and comparative analysis of the automotive industry in the Nordic region, drawing on the expertise and experience of our local teams in each country, to hopefully facilitate when considering the entering of the Nordic automotive industry market.

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Denmark

Market overview

Industry evolution and technological innovation

The Danish automotive and mobility industry is experiencing significant technological shifts, fuelled by sustainability factors and the rise of new technologies like Artificial Intelligence (AI) and Internet of Things (IoT), which connect vehicles to the internet. Growing consumer demand for these innovations has led to the development of cars that are increasingly connected, autonomous, shared, and electric (CASE). "Connected" vehicles integrate advanced communication technologies. "Autonomous" refers to the progression towards self-driving cars. The "shared" model emphasises car-sharing, optimising vehicle usage. Lastly, "electric" signifies the shift towards electric powertrains. Together, these developments are revolutionising the way mobility is understood and experienced.

The industry is seeing a fundamental change because of the higher complexity in newer cars and their service, which is expected to result in fewer but bigger dealerships and repair shops. Smaller firms tend to merge with other shops to become full-service business that also sell other associated services with connections to other business partners such as leasing companies.

Economic impact and market dynamics

The Danish automotive industry generated a revenue of DKK 200 billion in 2023, which was a slight increase from 2022, or a less of an increase than from 2020 to 2021 where the revenue increased from DKK 168 billion to DKK 192 billion.

In 2021 the Danish automotive industry generated 52,020 jobs, which was an increase of 2%, from 2017. The biggest contributors to the increase in jobs are the automotive repair shops which had an increase of 5.1%, while retail in relation to cars had a decline of 1.3%, in jobs.

The automotive industry in Denmark mainly consists of wholesale and retail, workshops and suppliers for car manufacturing. There is no manufacturing of cars happening in Denmark, and all cars that are sold are imported into Denmark.

With the increased focus on sustainability and combatting of high CO2 emissions in manufacturing of cars, as a result of, for example, the Corporate Sustainability Due Diligence Directive (CSDDD), it is expected that sustainability in supply chains to manufacturing of cars can generate about 35,000 jobs in Denmark in the green automotive industry towards 2030.



Sustainability and consumer behaviour

There is a downward trend in the number of scrapped passenger cars. 75,276 cars were scrapped in 2023, which is a drop of 6.36% from 2022 (80,387), and a drop of 36.39%, from 2019.

In 2023, new passenger car registrations amounted to 173,383, which was a significant increase of 16% from 2022, which had 149,279 registrations. New registrations are still remaining under the numbers from 2021-2013 which ranged from 225,619 to 180,643. From the end of 2022 to the middle of 2023, 658,549 cars changed ownership, which is a reduction of 6.5% from the year before. New cars contributed to the biggest reduction in change of ownership, because among other things there were problems and delays with the delivering of new cars and other geopolitical events that affected consumers. The total number of passenger cars in Denmark was 2,813,226 by July 2023 and of these, 223,140 were leased cars representing 7.93%, of the total number of cars. Both private and commercial car leasing have an upwards trend. The amount of commercial leased cars was 122,500 and private was 100,639.

There has been a big increase in sales of electric cars with 28.18% of the cars being sold in July 2022 to June 2023 being electric. Plug-in-hybrids market share also saw an increase from 15.58% to 21.32%, but has decreased again recently to represent 14.4% of new cars being sold, which is a result of changes to sustainability taxation. Cars using fossil fuel has decreased since 2022. In 2023 there were 60.98% cars getting fuelled by gasoline which is a drop of 3.55 percentage points, and for diesel cars the drop has been 3.58 percentage points from 29.11% to 25.53%.



Legal developments and new legislation

Technology in a broad sense

Advancements in technology and digitalisation are increasingly shaping society, leading to expanded EU legislation that will affect Denmark's automotive industry. As technology evolves, ensuring cybersecurity has become more crucial, prompting the EU to adopt the [NIS2 Directive](#). The NIS2 Directive is required to be implemented in Denmark by 17 October 2024. However, no proposal has been put forward yet, and it is anticipated that the proposal for implementation will be delayed until sometime in October. When introduced, the implementation is expected to be minimal in scope. Under NIS2, the manufacturing of motor vehicles and related parts is classified as an "other critical sector" in Annex II, while road infrastructure and intelligent transport systems are designated as a "high critically sector" in Annex I.

Product liability

The EU is in the process of enacting a new directive on product liability, which will introduce significant changes to the current legal framework in Denmark. This updated directive aims to modernise liability rules for the digital age by expanding the definition of "product" and broadening the scope of liability for defects. Importantly, it allows for liability to be assigned to an EU-based entity when the manufacturer is located outside the EU. In such cases, the importer or the manufacturer's authorised representative within the EU can be held liable. If neither of these parties are based in the EU, the fulfilment service provider may be held liable under certain conditions.



Automated vehicles

In Denmark there is an ongoing experimental scheme regarding automated vehicles. The scheme started in 2017 and got reviewed in 2022, where there had been 4 experiments with low-speed shuttlebuses with known destinations. The experimental scheme has been less used than expected. There has been a unique involvement from the Danish parliamentary transportation committee with regards to giving the licence and the need for making an Execution order for each experiment. This is no longer a requirement. [To apply](#) for the scheme you will have to contact the Danish Road and Traffic Authority.

On 31 July 2024, Ford BlueCruise got its hands-free driving technology approved by the European Commission, which grants their cars with the BlueCruise technology access to 15 European countries, including Denmark in selected Blue Zones. The "hands-free, eyes on" advanced driver assistance system is one step closer to automated vehicles in Denmark. The system is still a level 2 automation of driving based on the [SEA standard J3016](#).

End-of-Life Vehicles Directive (EVL)

All manufacturers of cars are responsible for providing sustainable scrapping of cars without any cost to the owner. The End-of-Life Vehicles Directive is implemented in Danish law under the Vehicle Dismantling Regulation. Producers will have to be registered in Dansk Producentansvar (DPA) in order to advertise new or used automotive vehicles in Denmark. When a car gets scrapped sustainably, the registered owner will receive a premium of DKK 2,200. This is only applicable for cars that have been registered later than 1 July 2000.

Commercial operations

Basic requirements

Requirements to place a motor vehicle on the Danish market

As a general rule, all new vehicles must have either EU type approval or an individual approval before they can be placed on the Danish market. The EU type approval is a certification process that ensures that a vehicle, its components, or its systems meets specific regulatory standards and technical requirements. The main focus of the approval is compliance with safety, environmental and technical standards. EU type-approved means that at least one example of a specific vehicle has been tested in its entirety by a technical service to ensure that the vehicle type fulfils the applicable technical requirements for example brakes and steering. Individual approval means an equivalent approval in relation to a particular vehicle.

The national regulation governing these requirements are primarily outlined in [Executive Order No. 819 of June 6, 2024, on the approval and inspection of vehicles](#), and [Executive Order No. 1269 of August 28, 2020, on the approval of new motor vehicles, etc.](#)

In addition to EU type-approvals, it is also possible to obtain national type-approval for vehicles manufactured in small series within specific quantitative limits set out in the national type-approval regulations. This is detailed in [Executive Order No. 1269 of August 28, 2020](#), section 7. Further, vehicle components and systems can also be approved separately.

Requirements to use a vehicle on public roads

To use a vehicle on public roads in Denmark, several specific requirements must be met, ensuring that all vehicles are safe, properly documented, and identifiable. A vehicle must be registered with the Danish Motor Vehicle Agency for it to be used on public roads. This registration process requires the owner to provide proof of ownership, as well as type approval documents that certify the vehicle meets Danish and EU standards for safety, emissions, and performance.

Additionally, the vehicle must pass a technical inspection to confirm that it is roadworthy. This inspection evaluates various aspects of the vehicle, including brakes, lights, tyres, and emissions. However, this requirement does not apply to new EU type-approved vehicles.

In connection with the registration, the Danish Motor Vehicle Agency shall also assign a registration number and registration certificate for the vehicle. A registration certificate includes technical specifications about the vehicle as well as information about the vehicle's registered owner. The certificate is issued in two parts (part I and part II) in accordance with Council Directive 1999/37/EC on the registration documents for vehicles.

Upon successful registration, the Danish Motor Vehicle Agency issues Danish licence plates, which must be affixed to the front and rear of the vehicle and be clearly visible whenever the vehicle is used on public roads.



Requirements for traffic insurance

In Denmark, all vehicles must be covered by a liability insurance, which must cover personal injuries or loss of breadwinner for a minimum amount of DKK 141 million per accident and damages on property for a minimum amount of DKK 28 million. The obligation to take out the liability insurance rests with the owner or the person (user) who disposes of the vehicle on a permanent basis.

The liability insurance can be issued by a Danish insurance company approved by the Danish Financial Supervisory Authority, or by a foreign insurance company licenced in another EU member state, or in a country that has implemented Council Directive 92/49/EEC of 18 June 1992, provided that the insurance company is authorised by the Danish Financial Supervisory Authority.

The Danish Motor Insurers' Bureau will impose a fee of DKK 250 on the owner of a vehicle for each day the motor vehicle remains uninsured.



Registration tax

In Denmark, the general rule is that full registration tax must be paid on vehicles used in the country. The registration tax is calculated as a percentage of the vehicle's value, which includes the vehicle's base price, VAT, and any optional equipment. The tax is applied progressively, with varying rates depending on different portions of the vehicle's value. For passenger cars, the following rates apply as of 2024:

- 25% on the first DKK 70,200
- 85% of the value between DKK 70,200 and DKK 218,100
- 150% on the remaining value

Different rules apply to zero-emission vehicles. The registration tax for zero-emission vehicles is 40% of the tax calculated according to the general rules mentioned above. In addition, a special basic deduction of DKK 162,500 (2024) is granted for zero-emission passenger cars. Furthermore, a deduction of DKK 500 (2024) per kWh of battery capacity used for propulsion is applied, capped at 45 kWh.

Proportional registration tax for leasing

Exceptions to the general rule can be made in leasing situations, where it is possible to pay proportional registration tax. The proportional registration tax rates are determined based on the age of the vehicle, as follows:

- 0-3 months: 2% of the calculated registration tax per commenced month
- 3-36 months: 1% of the calculated registration tax per commenced month
- More than 36 months: 0.5% of the calculated registration tax per commenced month

There are three main substantive criteria for qualifying under the proportional registration tax rules: (i) the lessor must be engaged in the commercial business of leasing of motor vehicles, (ii) the lessor must be the owner of the vehicle, and (iii) the arrangement must be a true leasing agreement. The latter two requirements of ownership and the true nature of the agreement are particularly important to ensure that the leasing agreement is not considered to be a masked credit purchase. In making this assessment, the decisive factor is whether it can be determined that the intention was for the lessee to ultimately become the owner of the vehicle.

In addition, it is a requirement that the lessee's self-financing does not exceed more than 30% of the lessor's investment in the vehicle. The lessee's self-financing includes all amounts paid by the lessee before using the vehicle, such as deposits, extraordinary initial payment, security, bank guarantee, initial expenses, etc.

Finally, it is a prerequisite that the leasing agreement with any appendices is submitted to and approved by the Danish Motor Vehicle Agency. However, registered leasing companies may submit standardised leasing agreements to the Motor Vehicle Agency for approval. If these standardised leasing agreements are approved, the leasing company will be able to settle the proportional registration tax for the vehicles covered by the approved standardised leasing agreements directly.

Incentives and barriers to entry

Tax incentives and favourable tax regulation

There are no specific tax incentives exclusively directed at the automotive industry or investments in this sector in Denmark.

Having said this, Danish legislation does include incentives for companies involved in research and development (R&D) activities such as automotive companies:

- Danish companies can carry forward tax losses without time limitation. However, Danish companies can decide to cancel tax losses of up to DKK 25m that can be attributed to R&D activities against payment from the Danish Tax Agency of the tax value of such losses (tax value 22% corresponding to the Danish CIT). A bill has recently been introduced according to which it is proposed to increase the threshold of DKK 25m to DKK 35m as from the income year 2027.
- Danish companies obtain an increased right to depreciate for tax purposes on R&D activities. Thus, for 2024, 108% of such costs to R&D activities can be depreciated for tax purposes. For 2025 and going forward, 110% of such costs to R&D activities can be depreciated for tax purposes. A bill has recently been introduced according to which it is proposed to increase these rates to 114% in 2026, 116% in 2027 and 120% in 2028 and future income years.

To attract employees from other parts of the world, there is also an "expert tax" regime which individuals who are considered experts, researchers, or other highly paid key persons, and who move to Denmark to work. Individuals covered by the "expert regime" can apply for a reduced tax rate in up to 7 years on their income.

Governmental financial support

In June 2022, a green fund was established based on a political majority. The fund is to be used for investing in the green transition in Denmark. From 2024 to 2030, the fund will be used for, among other things: The green transition and efficiency improvement of road freight transport, with investments of DKK 75m in 2024, DKK 125m annually from 2025 to 2029, and DKK 50m in 2030. Additionally, trucks running on biogas will receive a green transition framework grant of DKK 29m annually from 2025 to 2027 and DKK 25m annually from 2028 to 2030. Furthermore, DKK 100m annually from 2024 to 2026 of the remaining green budget will be reserved for the green transition of heavy transport.

It is possible to apply for government financial support regarding projects that promotes electric shared cars through [“pool for the promotion of electric car sharing”](#). The support aims to enhance the sharing of electric cars.

No overall market entry restrictions

There are no specific entry restrictions for the automotive industry in Denmark.

Manufacturing, supply and distribution

Manufacturing and supply chain management

Denmark does not have any major OEMs, but still plays quite a significant role in the automotive industry as suppliers of components, innovative solutions and materials such as metal parts for a wide range of car components such as transmission units, exhaust and catalytic converter units, and much more.

Wholesale distributors

In Denmark, customers typically buy vehicles through a distributor dealer. However, as mentioned later in this article, an emerging trend shows a shift towards leasing rather than buying, for both individuals and firms. The distribution dealers and leasing firms typically operate within a network through an agreement, which means the leasing process becomes controlled and standardised.

By working within a selected network, the leasing firms are able to maintain consistency regarding quality and service standards and that allows for the firms to build and maintain long-term relationships with customers.



The consumer perspective

In Denmark, there is not an industry agreement as in Sweden accordingly, however the consumer protection when it comes to car purchases and repairs is governed primarily by the Danish Sale of Goods Act and other consumer protection laws. The act clarifies the state of law between a buyer and a seller of a chattel such as the car, delivery terms, requirements for the chattel, complaints and remedies for breach of contract.

Furthermore, there is quite an array of organisations that put efforts into protecting consumers in the automotive industry. Some of these organisations work nationally whereas others work internationally.

New trends

An emerging trend is the shift from customers, both private and corporate, opting for leasing instead of buying vehicles. This leasing trend continues to grow. Additionally, more customers are choosing electric cars over petrol-driven ones, with the infrastructure evolving to support this shift. Combining both trends is the rise of green leasing, where customers lease electric and hybrid cars rather than petrol-driven cars.

Development and partnerships

Collaboration and innovation in development

Since 2020, the Danish automotive industry has experienced significant supply chain issues, with longer delivery times and a shortage of vehicles. This situation has allowed dealers to sell cars at high prices. However, since the summer of 2022, car sales have slowed due to rising interest rates, inflation, electricity prices, and the war in Ukraine. The supply of vehicles has increased, and prices, especially for used cars, have begun to drop as demand has decreased.

In response to these changes, car dealers have been preparing for new business models set to enter the Danish market. One notable shift is from the traditional "dealer model" to a new "agency model".

In the "agency model", car manufacturers and importers aim to move closer to the end customer and will use dealers primarily as distribution centres rather than as sales points. This places considerable pressure on the industry, as dealers will transition from selling cars and setting prices independently to merely receiving a fixed fee for delivering the vehicle.

Moreover, the transport sector is witnessing significant advancements, particularly in vehicle automation. Denmark plans to embrace this development by introducing legislation that allows for pilot schemes for self-driving motor vehicles.

The pilot schemes for self-driving motor vehicles and units enable municipalities to operate new types of vehicles to develop transport technology. The legislation is also formulated to be innovation-friendly and technologically neutral.

Following the EU's ban on the sale of new fossil fuel cars by 2035, the Danish automotive industry is already, and will continue to, promote sustainable vehicles. For example, the share of new registered green cars in Denmark reached 46% of the total new registered cars in 2023. It is expected that the automotive industry will continue to see an increased market share of green cars, provided taxes remain low. Demand will also depend on the future development of car batteries in Denmark.

This trend will further affect players in the leasing industry. However, due to rising interest rates, operating in a capital-intensive leasing market will become more challenging.

Innovative partnerships

As the automotive industry transitions from fossil-fuel cars to more sustainable motor vehicles, cross-sector collaboration is essential. Examples of new innovative partnerships aimed at promoting sustainability, technology, and efficiency include:

- Nissan, Enel, and Nuve: Nissan, in collaboration with Nuve, has launched a Vehicle-to-Grid (V2G) pilot project in Denmark. The project explores the possibilities of using electric vehicle batteries as an energy reserve, allowing cars to send power back to the grid during periods of high demand. This collaboration has the potential to balance energy consumption and increase the efficiency of the energy system.
- NIO and Santander Consumer Bank: The Chinese electric car manufacturer NIO has unveiled a strategic partnership with Santander Consumer Bank, the leading automotive finance provider for European consumers and fleets. This partnership will deliver a “one-stop” solution ranging from credit analysis to personalised payment options, contributing to NIO’s mission to simplify and enhance the convenience of switching to electric vehicles in Denmark. In addition to NIO’s existing purchase and subscription models, the new flexible options will include loan and leasing finance products.

Furthermore, there is a notable trend of collaborative agreements between companies specialising in charging solutions and other entities, including Dargrofa, FDM (Federation of Danish Motorists), and DBFU (Danish Car Dealers Association).

Industry regulations

In Denmark, there are a number of regulations governing the automotive industry. These regulations are designed to ensure safety, protect the environment, and ensure fair trade and consumer protection. The key areas regulated in the automotive industry include type approval, which indicates whether the motor vehicle complies with the law, in accordance with EU Regulation (EU) 2018/858. Additionally, there are regulations regarding environmental requirements, safety standards, registration and taxes, technical inspection and certification, consumer protection, and occupational safety standards for manufacturers and workshops.

Specific examples of new Danish regulations for 2024 are as follows:

- As of January 2024, it is permitted to operate trucks up to 34 meters long, the so-called mega-trucks, on several road sections.
- The General Safety Regulation (GSR) rules, effective from 7 July 2024, mandate new safety features as standard for all new cars sold in the EU and EEA countries.

However, it is expected that in the near future there will be increased regulation of electric vehicles concerning VAT, car taxes, registration fees, deductions, and similar matters.

Safety and environmental requirements

Manufacturer responsibility

Companies that introduce vehicles to the Danish market must ensure that they comply with environmental requirements for recycling and must be registered with the authorities.

In this context, legislation concerning manufacturer responsibility for vehicles is in place to mitigate the environmental damage caused by end-of-life vehicles and to ensure a healthy market for the environmental management of decommissioned vehicles. This legislation is based on the EU directive on End-of-Life Vehicles, which has been implemented in Denmark through the Environmental Protection Act and the Vehicle Dismantling Regulation. The scrapping scheme, as well as the payment of scrapping premiums and the incentive structure, form part of this legislation at the regulation level.

The legislation covers all manufacturers and importers who place passenger cars (M1) and light commercial vehicles (N1) on the Danish market. Additionally, vehicle dismantlers, car dealers, recycling companies, and citizens are also subject to certain aspects of the regulatory framework.

According to the Danish Vehicle Dismantling Regulation, registered waste managers must ensure that at least 10% of the treated vehicles' curb weight consists of reused and recycled materials and components measured in the aggregate and per calendar year. Furthermore, registered waste managers must ensure that at least 15% of the treated vehicles' curb weight per calendar year is made up of materials and components for reuse, recycling, or recovery. Additionally, registered waste managers and shredder facilities must ensure that at least 85% of the treated vehicles' curb weight measured in the aggregate and per calendar year consists of reusable and recyclable materials, and that at least 95% of the curb weight is used for recycling, recovery, or other forms of utilisation.

Citizens are entitled to dispose of their vehicles at dismantlers and importers at no cost. Dismantlers are also required to assist citizens free of charge with completing their electronic scrapping certificate in the Digital Payment System (DUS) so that they can receive their tax-free scrapping premium of DKK 2,200.

Manufacturer responsibility also entails that all Danish importers of new and used passenger and commercial vehicles must be registered in a producer register. Without registration in the manufacturer register, it is illegal to market new and used vehicles in Denmark. Dansk Producentansvar (DPA) administrates the producer register and charges an annual fee for registration.

Additionally, manufacturers are subject to manufacturer responsibility for tyres under the new tyre regime. Manufacturers and importers are responsible for paying a fee per tyre according to the Danish Regulation on Fees and Subsidies for Tyre Utilisation. However, companies may receive subsidies from Danish authorities for this. The regulations regarding this have entered into force as of 2024.

Furthermore, it should be noted that there is also manufacturer responsibility for batteries and electronic waste (WEEE).

Product safety

Material requirements on product safety with respect to motor vehicles are harmonised across EU member states in the form of several EU regulations on product safety and type-approval requirements for motor vehicles and their trailers, systems, components and other separate technical units intended for such vehicles. These EU regulations are directly applicable in member states.

EU regulations on material product safety requirements for vehicles include, amongst others, the latest Vehicle General Safety Regulation from July 2022, which introduces a range of mandatory advanced driver assistant systems to improve road safety and sets out the rules for the approval of automated and fully driverless vehicles in the EU.

In addition to the EU regulations on material product safety requirements for motor vehicles, the EU General Product Safety Regulation (GPSR) was adopted on 12 June 2023 to take effect from 13 December 2024. The GPSR sets out harmonised rules on the responsibilities of manufacturers, importers and distributors in relation to product safety of products supplied or made available in the EU, which the intended for consumers. The GPSR does not impose or change material requirements on product safety with respect to motorised vehicles.

The Danish Product Safety Act, which sets out the national supervisory authority's control powers required to be determined pursuant to EU regulations, also continues to apply after the adoption of the GPSR. In Denmark, the Danish Safety Technology Authority is appointed as the main supervisory body and is vested authority to issue warnings, injunctions, prohibition orders and (in case of aggravated violations of product safety regulations) to report professionals to the police with a recommended penalty consisting of a fine.



Product liability and recall

Liability

Earlier, it was mentioned that the new EU directive would expand the definition of a "Product", however, this begs the question: What is the definition of a "product" under the current state of law. A "Product" is any tangible property, that is a moveable, physically transferable item. The condition that the product has to be "moveable" results in real estate and services being excluded from the definition. A product is considered defective, when it fails to provide the level of safety that one can reasonably expect, considering the product's marketing, the reasonably expected use of the product, at the time when the product was brought into circulation.

In Denmark, manufacturers are responsible for damage caused by defective products that they produce. The liability covers damages for personal injuries as well as loss of a provider. Additionally, the liability covers damage to property intended for non-commercial use, if the product is also mainly used in such a way. However, damage to the defect item itself is not covered. Furthermore, the liability is strict and as such it is of no relevance whether the damage was caused by negligent behaviour or not.

Furthermore, the intermediary is liable for damages caused by a defect damage, unless the intermediary can prove the damage was not caused by their fault or negligence. An intermediary is someone who commercially puts a product into circulation without being regarded as the manufacturer.

Prescription periods

A claim relating to damage caused by a defect product must be submitted by the injured person within three years from the date when the injured person became aware of the injury. However, the claim for damages expires under all circumstances ten years after the product was released to the market.



Competition enforcement

Distribution and supply agreements

In the automotive industry, car manufacturers and their dealers have historically used either exclusive or selective distribution systems. In recent years, car manufacturers have tended to insource distribution and distribute cars themselves or via agents distributing on behalf of the manufacturer.

From a competition standpoint, this provides the manufacturer with further control of the distribution as manufacturers have very limited influence on terms and conditions when selling cars via dealers. When the manufacturers become dealers, they have leeway for a higher degree of control of the sales terms and particularly the sales prices towards end-customers. The distribution is not subject to the competition rules in the European Commission's Vertical Block Exemption Regulation ([VBER](#) and [guidelines](#)) and Motor Vehicle Block Exemption Regulation ([MVBER](#) and [guidelines](#)), except when selling via agents, where the regulation is still more limited.

Distribution agreements and agency agreements between car manufacturers and distributors can restrict competition and thereby be subject to the EU competition rules. However, if the parties to the agreement each have market shares below 30% in the relevant markets and no hardcore restrictions apply (e.g. resale price maintenance and non-compete clauses exceeding five years), the VBER provides a safe harbour exempting agreements from the competition rules. For agency agreements the VBER applies when the agent has the power to negotiate and conclude sales contracts on behalf of the car manufacturer - either in their own name or in the manufacturers name. For the aftersales markets such as motor vehicle repair and maintenance, the rules found in the MVBER applies. The MVBER aims to protect market competition by providing consumers with choices for maintenance and repair services also through independent providers.

During the last five years, the distribution and sale of cars have been subject to a higher concentration. This is partly due to mergers and acquisitions, where 12 larger deals have been merger approved and completed in Denmark.

Supervision and enforcement

In Denmark, the Danish Competition and Consumer Authority oversee enforcement of competition law in Denmark. The authority has recently conducted a study of the market for charging of electrical cars and provided seven recommendations to further benefit competition and consumers. The report was [published in 2023](#), and finds that the Danish charging market is mainly characterised by subscriptions schemes and, consequently, that drivers often use the same provider. This restricts competition from new and smaller providers as it is harder to enter the market. Further, the price and subscriptions structures are not transparent leading to a low consumer mobility and higher prices. In addition, the Danish Competition Council highlighted these issues in its [annual review for 2024](#) as priorities in the coming year.

The Danish Competition and Consumer Authority is an active enforcer within distribution, when it comes to resale price maintenance. This includes the automotive industry as well. An example is Opel Danmark A/S who received a [fine of DKK 8.25m in 2016](#) for setting binding minimum prices for its dealers' sale of used leasing, rental and demo cars.

Damages claims

[The Danish Competition Damages Act](#), implements the [EU Directive](#) (2014/104/EU) on damages for infringement of the competition law provisions, which serves as a basis for claiming damages following competition law infringements.

As in many other European jurisdictions, there are currently ongoing cases in Denmark concerning damages claims following the truck-cartel.

The basis for these cases is the Commission's Decision on 19 July 2016 (AT.39824) in which the Commission found that five truck manufacturers had infringed the competition rules over a period of 13 years by colluding on truck pricing and passing on costs of new technologies to meet emission standards.



Disputes

Dispute resolution mechanisms

Methods for dispute resolution include the Danish courts, for consumers the Appeal Board for Cars or alternatively arbitration tribunals, provided that the parties have agreed to this method. In Denmark, arbitration often follows the rules of the Danish Arbitration Institute, which can handle both domestic and international disputes. Arbitration awards are directly enforceable in Danish Bailiff's courts. In court proceedings, there is also the possibility of in court settlement, which can be enforceable. Additionally, mediation can be used as a dispute resolution mechanism, either within the court system or through a third party.

Intellectual property disputes

Overview of IP disputes in the automotive industry

In the automotive industry, intellectual property (IP) rights are essential for protecting technological inventions and the brand of the car manufacturers. As vehicles become increasingly advanced and integrate with a diverse range of new technologies, the probability of IP disputes increases. These disputes may encompass inter alia patents, trademarks, copyrights, and design rights, which are all essential to ensure competitiveness and future innovation in the industry.

In Denmark, there have been notable cases involving design rights held by car manufacturers. In 2015, the Danish Supreme Court ruled that a company's sale and marketing of aluminium wheels with the same overall impression as BMW's registered wheel design constituted an infringement of BMW's design rights. The Supreme Court reasoned that aluminium wheels could not be considered necessary to maintain the original appearance of the car and did therefore not qualify under exemption in Article 110 of the Design Regulation concerning spare parts used to repair complex products to restore its original appearance.

Challenges with Standard Essential Patents (SEPs) and FRAND terms

Patent disputes in the automotive industry are expected to increase as vehicles evolve and contain more advanced technologies. The telecom industry now plays a crucial role in automotive manufacturing, with WI-FI, Bluetooth, GPS, and other technologies commonly integrated in vehicles. This includes technologies protected by Standard Essential Patents (SEPs), which are patents that protect technology essential for specific technical standards. Patentholders of SEPs must provide a mandatory licence on fair, reasonable, and non-discriminatory (FRAND) terms which often gives rise to conflicts.

Future implications and legislative developments

Danish legislation provides a solid protection of IP rights, but rapid technological advancements pose challenges. Also, it is important to recognise that IP disputes in the automotive industry are typically international and can impact multiple legal jurisdictions.



Vehicle defects disputes

In Denmark, one of the most common types of disputes in the automotive industry arises between mechanic shops and consumers, as well as between consumers and car dealerships. These conflicts can be resolved by the Appeal Board for Cars, which is currently handling 373 complaints. A consumer can complain to the Appel Board, when the consumer has tried to resolve the disagreement with the mechanics shop or the car dealership. It is required that the cost of the car is more than DKK 10,000 or the repair cost is more than DKK 1,500 before a consumer can complain. The Appeal Board generally processes cases online, but it is possible to get a physical meeting. There is a fee of DKK 400, which the consumer must pay in order to complain but it will be reimbursed, if the claim prevails.



Distressed suppliers

Dependency and risk in automotive supply chains

There is an increased tendency for the automotive supply chain to become less dependent on suppliers. This is because the dealerships become full-service which increases their revenue base. But there is still a lot of exclusive dealerships that are loyal to their suppliers and the suppliers are commercially dependent on the dealerships selling cars.

Bankruptcy procedures

The Danish Bankruptcy Court can declare a company bankrupt and appoint a trustee to oversee the process if the company is unable to pay its obligations or is balance insolvent. The trustee has the right to keep the company operation going while they close the company.

Process of company reorganisation in Denmark

A creditor or a debtor can apply to the Danish Bankruptcy Court for reorganisation of the company. The request for reorganisation is only granted, if the company has a chance to be economic sufficient again. The management team is still in charge of the company but needs approval from the reorganiser who is typically a practicing attorney. When the request for reorganisation has been granted the reorganiser and the company need to make a plan for the reorganisation, which needs to be approved by the creditors. Otherwise, the company will continue with the bankruptcy proceedings.

Perfection of title of tooling

In order to secure ownership right over tools that the supplier has used, a retention of ownership needs to be agreed. To get retention of ownership, it must be clearly stated in the agreement and be agreed upon before the hand-over of the item. Retention can only be granted over individual items that can be easily identified.



Employment issues

Employment laws and regulations

In Denmark, there are no specific employee regulations that apply exclusively to the automotive industry as such. Generally, the same employment rights and obligations apply to employees in the automotive industry as to those in other sectors. This means that rules regarding working hours, vacation, sickness, termination, salary, and working conditions adhere to the general provisions of Danish labour law, including:

- The Working Environment Act: Ensures that working conditions are safe and health compliant.
- The Salaried Employees Act: Applies to employees in salaried positions and includes rules regarding termination, vacation, sickness, etc.
- Collective Agreements: If there is a relevant collective agreement for the automotive industry (e.g. negotiated by trade unions such as 3F or Dansk Metal), it may include specific provisions concerning salary, working hours, and other employment conditions.
- The Holiday Act: Regulates employees' rights to vacation and holiday pay.

Unionisation

The Danish automotive sector has a high degree of unionisation. The workforce is typically represented by various trade unions, that bargain the workforce working conditions. These trade unions meet with the employer organisations to come to a collective agreement between the parties. These collective agreements are applicable to all workers in the industry and the companies who are a part of the employer organisations. The collective agreements are the primary agreement for an employment contract, and covers various aspects such as wages, benefits, life insurance, pension, holiday benefits, working hours, overtime pay and so on.

New data regulatory framework

Data and innovation in the automotive sector

The fast-paced technological changes have resulted in EU adopting a new [Data Act](#) and the [AI Act](#), which will be relevant to the automotive sector and its technological changes.

The Data Act on FRAND (fair, reasonable and non-discriminatory) data use entered into force on 11 January 2024 and will be applicable from 12 September 2025. The new Act consists of among others of regulation about connected products that obtain, generate and collect data about performance, use or environment through their operation system, which can be communicated by for example the Internet of Things. The manufacturers and holders of data in connected products shall make the data and related service data accessible to the user or a third party appointed by the user. These new requirements will have an effect on manufacturers of cars and data holders, if the cars have connected products included in them.

The AI Act is the first regulative framework of the new EU AI Pact. The new AI Act introduces a variety of new requirements and obligations on developers and deployers of artificial intelligence. The AI Act is built on a risk-based approach and defines four levels of risk for AI systems: unacceptable risk, high risk, limited risk and minimal risk. Vehicles and the use of AI in transport are considered "High risk" because they can put the life and health of citizens at risk. This means that manufacturers of cars with AI systems are subject to strict obligations before they can put the cars on the market. Some of these obligations are adequate risk assessment and mitigation systems, logging of activity to ensure traceability and much more. The rules introduced by the AI Act will gradually become fully applicable over the next two years.

Access to vehicle data and data protection concerns

It is relevant to keep updated on data protection laws, since the area is expanding with the development of new technologies. In a Danish context it is important to interpret the EU General Data Protection Regulation (GDPR), and the [Danish Data Protection Act](#), and the many guidelines issued about it, in particular [Data protection in Employment Context](#) (only available in Danish). In addition to the rules, the labour market parties have made agreements on various employment subjects (e.g. control measurements relating to employees including tracking of cars via GPS). This will for example be relevant when companies want to track their employees' cars to measure the distance of commute to the workplace in an ESG context.

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HORTEN

Finland

Market overview

Economic impact and market dynamics

The automotive sector employed around 50,000 people in Finland in the early 2020s, whereas more specifically vehicle and parts manufacturing employed around 8,500 people. Statistics available for passenger cars indicate production levels ranging between 30,000 and 90,000 vehicles per year in the early 2020s. The total turnover of the Finnish automotive sector was around EUR 24.9 billion in 2022.

The Finnish car industry is relatively limited compared to, for example, Sweden, where the car industry is a vital part of the country's economic framework. In Finland, imports of used cars from abroad are a significant feature of the market. Used vehicles are imported widely into Finland, and most are imported from Germany and Sweden.

Sustainability and consumer behaviour

In 2023, new passenger car registrations increased by 7.1% to 87,508 cars, compared to 81,698 cars in 2022. The share of electric and hybrid cars in first registrations has increased in the past years due to peak-level gasoline prices and demand-driven pricing in the market.

In 2023, rechargeable cars accounted for about 54% of first registrations. The number of new plug-in hybrid registrations increased to 18,087 cars in 2023, compared to 16,171 in 2022, whereas the respective increase for electric cars was from 14,530 to 29,535. At the beginning of January 2024, about 7.9% of the passenger car fleet consisted of rechargeable cars while fully electric cars accounted for 3% of the fleet. The increasing share of electric and hybrid cars in first registrations, together with improvements in energy efficiency, have contributed to a rapid reduction in CO2 emissions from first registrations in recent years. For example, in 2023, emissions fell by around 27.5% compared to 2022 levels.

In 2023, 4.2% (23,802) more used passenger cars were sold than in 2022. After a long decrease during the COVID-19 pandemic, used car prices started to increase as demand improved. However, the price increase ended in 2022 and turned to a decrease at the end of the year. The price of new cars is on the rise, driven by rising energy and raw material prices, component shortages, stricter technical requirements and the rising share of rechargeable vehicles. By the end of 2023, the number of passenger cars was estimated to be 2,756,015, of which 93% were privately owned and 7% were owned by companies. The 2023 figure marked a 0.6% increase as compared to 2022.



Legal developments and new legislation

Technology in a broad sense

Due to the ongoing technological and digital advancements we are witnessing, the EU is issuing a multitude of regulations and directives that will have a substantial impact on the automotive industry in Finland. A specific legal development to be aware of and demonstrating the importance of automotive safety also in the digital world is the new EU [NIS2 Directive](#).

The NIS2 Directive, designed to ensure a robust level of cybersecurity throughout the EU, is set to be implemented into Finnish legislation via the proposed Finnish Cybersecurity Act. In accordance with the underlying directive, the act lists the specific operators and activities, to which it applies. These include, subject to certain size or criticality criteria, manufacturers of motor vehicles, trailers, semi-trailers and other vehicles as well as operators of intelligent transport systems. The Cybersecurity Act imposes risk management requirements and reporting obligations. Failure to comply could lead to fines reaching up to EUR 10 million or 2% of the operator's total annual global revenue in the preceding financial year, whichever is higher. As of now, the Finnish Cybersecurity Act is proposed to enter into force in October 2024. However, the act is still undergoing the Finnish legislative process, and the status thereof will have to be monitored going forward.

Please see section 10 below for further details on upcoming data regulatory developments affecting the Finnish automotive sector.

Product liability

EU legislators are expected to formally adopt a new directive on product liability soon, which will result in several changes to the Finnish product liability framework. The new rules will explicitly include digital products such as software within their scope. Notably, the burden of proof for claimants will be reduced in cases where they face significant difficulties in providing evidence due to the technical or scientific complexity involved. Additionally, the regulations aim to establish a system where an EU-based entity can be identified

for claimants to address product liability claims, particularly when there is no EU-based manufacturer or importer. The manner in which this directive will be implemented into Finnish legislation remains to be seen.

Automated vehicles

Finland does not yet have specific legislation regulating the use of automated vehicles in traffic, but the [Finnish Road Traffic Act](#) has been drafted in a way to minimise obstacles to automation. In Finland, the Ministry of Transport and Communications has recently asked for comments on an [assessment report](#) on the legislative changes required for road transport automation in Finland. Comments on the report were invited until 17 May 2024. The report contains proposals for legislative changes to enable the use of automated vehicles on public roads in Finland. The memorandum points out that, among other things, the definitions of automated driving systems and remote control are intended to be standardised in Finnish legislation. The preparation of the legislation will continue based on the feedback received on the report. The goal is that the Government proposal could be presented to Parliament in the autumn of 2025.

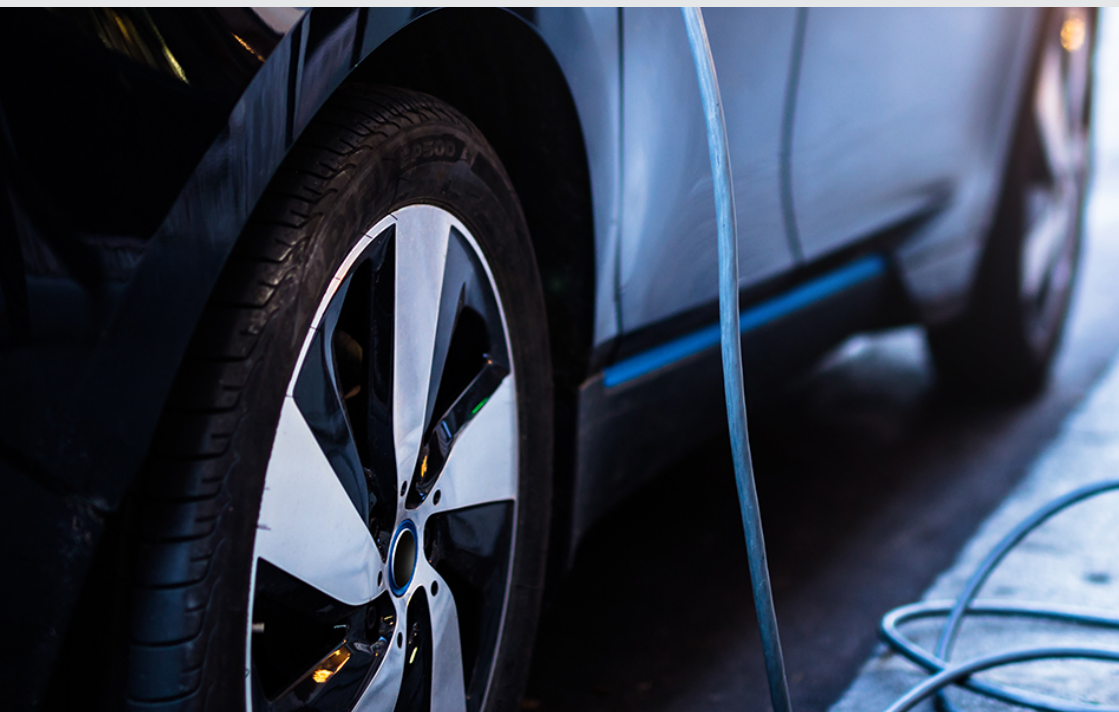
It should be noted that the current Road Traffic Act allows the testing of automatic cars in Finland. It is possible to test automatic driving and automatic vehicles by using a test plate certificate issued by the Finnish Transport and Communications Agency (Traficom) and the test plates attached to the vehicle. Robotic vehicles have been tested in Finland in recent years in various projects since 2016. By mid-2023, Traficom had granted a total of more than 30 trial permits for automated vehicles to approximately 10 different operators.



End-of-life tyres

In 2024, as Finnish waste legislation was reformed, tens of thousands of new companies became responsible for waste management. Around 50,000 companies are now covered by extended producer responsibility. Producer responsibility can be managed by joining a producer organisation. Responsible for approving these organisations is the ELY-Centre of Pirkanmaa. The producer responsibility for waste management applies, for example, to end-of-life tyres. Producer organisations and individual producers approved to the producer register must report monitoring data annually by 30 June. Producer organisations report the monitoring data on behalf of their members.

Please see section 4 below for further details on waste management.



Commercial operations

Basic requirements

Requirements to place a motor vehicle on the Finnish market

Type approval is the surest way for the manufacturer of a vehicle or vehicle component to ensure that the product it manufactures is suitable to operate on public roads. The vehicle type approval process is governed by the EU regulation on the approval and market surveillance of motor vehicles, trailers, and related systems and components, periodically updated through amendments like the [EU regulation](#) (EU) 2019/2144. Type approval is the internationally or nationally recognised procedure whereby an authority certifies that a type of vehicle or component meets the relevant technical requirements. The use of a type approved vehicle on public roads shall not be prohibited in any country which has recognised this type of approval under its national legislation. Traficom acts as the type approval authority in Finland.

For individually manufactured vehicles, there is a possibility of individual approval. Modifications to used vehicles require either a modification inspection or exemption permit for a change to the structure of a vehicle or trailer.

Requirements to use a vehicle on public roads

In general, a motorised vehicle or trailer used in traffic must be registered. The obligation to register applies to the owner and holder of the vehicle. Any changes to a registered vehicle must be notified to the register within 7 days. Failure to register is a vehicle offense and can lead to the police removing the plates and imposing a fine. However, there are exceptions to the obligation to register. For example, a vehicle that is used solely at an isolated construction site does not need to be registered.

Requirements for traffic insurance

As a rule, all motor vehicles that can be registered must be insured. The insurance must be valid at all times, even when the vehicle is not in use. The insurance must be taken out by the owner of the vehicle from the day the vehicle is put into traffic. The insurance covers personal injury and damage to property resulting from traffic. The insurance is taken out from a private insurance company. Motor insurance issued in Finland is automatically valid in all European Economic Area (EEA) countries and Switzerland. In addition, insurance is valid in so-called green card countries.

Requirements regarding winter tyres

Winter tyres must be used from the beginning of November until the end of March if the weather or conditions require it. Studded tyres may be used from the beginning of November to the end of March and at other times if the weather or conditions require it. Traficom may issue more detailed instructions on winter tyres for different categories of vehicles.



Incentives and barriers to entry

Tax incentives and favourable tax regulation

Finland does not offer specific tax incentives exclusively for the automotive industry or investments in this sector. However, several general tax incentives may be relevant for automotive companies. For instance, the combined deduction based on research and development (R&D) costs allows companies to deduct the employer's contribution for employees who are actively and professionally engaged in R&D for commercial purposes, as well as R&D-related purchased services. Additionally, to attract talent from around the globe, there is a "foreign expert tax regime" (also known as the "foreign key employee regime"), which replaces the progressive income tax on a person's salary with a flat tax at source of 32% ("key personnel tax at source") for foreign individuals working as key employees.

A company operating in Finland can apply for various tax deductions for its business activities. For instance, a limited liability company can deduct its purchases made for business purposes that are intended for permanent use in the business. For example, buildings, machinery and equipment are such deductible fixed assets. In addition, a limited liability company may deduct its previous years' allowable losses in the following years for taxation purposes.

Changes to taxation

On 28 June 2024, the Parliament approved an amendment to the [Finnish Value Added Tax Act](#). The changes will increase the general VAT rate from 24% to 25.5%. The changes to the Act are in force as of 1 September 2024. As car tax is calculated on the sales price of the car, which includes VAT, the increase in VAT will also increase car tax.

In June 2024, the Finnish Ministry of Finance launched a round of opinions on a [draft Government proposal](#) to increase the vehicle tax on electric cars and charging hybrids. The increase aims to improve the public economy. The amendment to the tax on motive source also aims to update the system of energy taxation to make it more consistent by removing the tax advantage for electric cars and rechargeable hybrids resulting from the lower excise tax on electricity compared to gasoline. The deadline for submitting comments was 15 August 2024.

Governmental financial support

Finnish automotive companies have the option to apply for [energy aid](#), which may be granted to projects that promote new technology, its commercial utilisation, and the regulation capacity of the power system, as well as energy savings through energy efficiency. Companies may apply also for [funding for research and development](#). Other options may also be considered, such as funding of green transition development projects from the [European Regional Development Fund](#). Small and medium-sized companies can also apply for a [development support](#), which can be based on EU or national funding.

Amendments to the Vehicle Acquisition Subsidies Act

The Government has proposed amendments to the [Finnish Vehicle Acquisition Subsidies Act](#) on 8 May 2024. The Parliament approved the proposed amendments in June 2024. The amendments allow for the granting of aid for the purchase of gas-powered vans and trucks in line with changes to EU state aid rules. At the same time, the law would be reintroduced to regulate aid for the conversion of passenger cars. Applications for aid are made to Traficom.

No overall market entry conditions

In Finland, operators in the automotive industry are subject to certain permits. For example, vehicle manufacturers are required to have an environmental permit and a permit for the repair of brake systems for trucks and buses and their trailers.



Development and partnerships

Collaboration and innovation in development

Many technology companies in Finland can support the automotive industry in developing different solutions and helping automotive operators in the transition to digitalisation. In Finland, it has also been shown that automotive operators have been able to cooperate with various research organisations and universities.

Innovative partnerships

In Finland, the automotive industry has also started to collaborate on innovation differently from traditional cooperation. In May 2023, Valmet Automotive announced that it would open an innovation centre at its car factory, where the company will develop and pilot future solutions for car factory operations. In November 2023, Valmet Automotive announced a pilot project with Telia, a multinational telecom operator, to build a virtual world in a car factory. The industrial metaverse is seen as an industry-changing innovation, and Valmet Automotive has announced its intentions to be at the forefront of this technological revolution.

Industry regulations

In Finland, there are no specific regulations exclusively targeting the automotive industry when it comes to preparing, negotiating, or entering into M&A or joint venture transactions within the sector. However, if a transaction meets certain criteria outlined in the Act on the Monitoring of Foreign Corporate Acquisitions in Finland, consultation, notification, or screening may be necessary before the transaction can be finalised. These requirements may come into play if an automotive company is involved in activities that are significant to Finland's security or are considered "protection-worthy activities."



Safety and environmental requirements

Producer responsibility

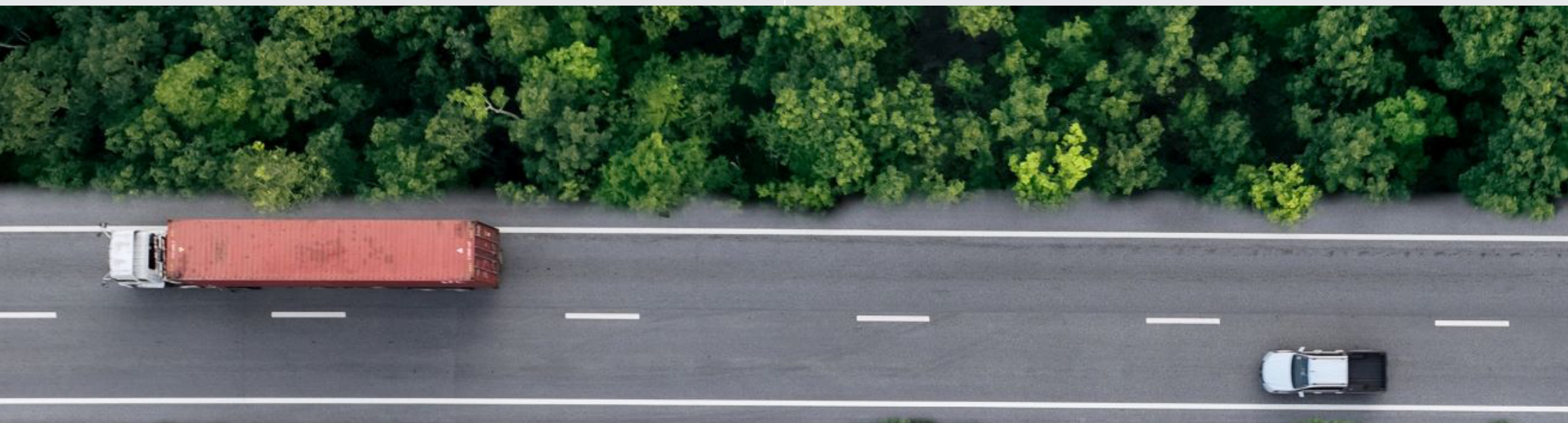
The producer responsibility operator is responsible for the waste management of its product when it is taken out of use. This producer responsibility allows consumers to recycle free of charge, while preventing the generation of waste. The products and producers covered by producer responsibility are defined in the [Finnish Waste Act](#). According to the act, the producer is generally considered to be the manufacturer and professional importer of the products. According to the act, products covered by the act include tyres for motorised vehicles, passenger cars, vans and other similar vehicles. Producer responsibility means that the manufacturer, importer, distance seller or packer of a product must organise the recycling and waste management of its products.

The easiest way to manage producer responsibility in Finland is to join producer associations, which tasks include organising the collection, transport, waste management, and recycling of end-of-life products.

For end-of-life vehicles, the owner of the vehicle must deliver the vehicle for end-of-life scrapping to a collector or handler acting on behalf of the producer. The handler issues a certificate to the holder of the vehicle. The handler must notify Traficom so that the vehicle can be definitively removed from the register of motor vehicles. A separate fee is charged to the producer for de-registration. The producer shall ensure for end-of-life vehicles that an annual total of at least 95% are prepared for re-use or in other ways recovered and that an annual total of at least 85% are prepared for re-use or recycled.

In Finland, [the Government Decree on the Separate Collection and Recovery of Discarded Tyres](#) sets out in more detail the obligation of tyre producers to organise the separate collection, preparation for re-use, recycling or other recovery of end-of-life tyres.

The supervisory authority may oblige an operator subject to a producer responsibility scheme to fulfill its obligations or, ultimately, prohibit the operator from continuing to act in breach of the Waste Act. For example, in a situation where an operator with producer responsibility has not fulfilled this obligation, the Centre for Economic Development, Transport and the Environment (ELY Centre) may impose a fine of at least EUR 500 and up to EUR 500,000.



Product safety and recalls

In Finland, product recalls are currently governed by the Consumer Safety Act. However, with the upcoming amendment and replacement of the existing EU framework by the new EU General Product Safety Regulation, a new product safety regime is expected to come into effect in 2024. The regulation replaces the [General Product Safety Directive](#), on which Finnish law is based. The Ministry of Employment and Economic Affairs receives comments on the Government's proposal for the implementation of the regulation until 5 September 2024. The draft proposes to replace the current Consumer Safety Act with a national Consumer Product Safety Act and a Consumer Services Safety Act. The acts are intended to enter into force on 13 December 2024.

Under the product safety regime, an operator must ensure that its goods or services are not dangerous. If the operator detects a hazard, it must inform the supervising authority. At the same time, it must indicate what measures it has taken in response to the risk. An operator is defined as the supplier or provider of a product or service. The operator must have sufficient knowledge of the product it is offering and assess the risks involved. The Finnish Safety and Chemicals Agency (Tukes) monitors and enforces compliance. Finnish Customs also supervises products and services when products are imported from non-EU countries, when products are exported from Finland and when products are transported through Finland. The supervisory authority may, among other things, impose corrective and remedial measures, prohibitions and conditional fines. However, Finnish law does not regulate issues such as the question of compensation. The Finnish law is a general law which, as a principle, does not apply where other legislation regulates the safety of consumer products or services.

If a vehicle that has been approved for use in Finland is significantly non-compliant or poses a serious risk, the economic operator must start a recall procedure. The economic operator is obliged to ensure that all vehicles in use in Finland that are subject to a recall are repaired within a reasonable period. The economic operator must inform Traficom when the recall has been carried out and all vehicles have been repaired.

Product liability and recall

Liability

The responsibility for damage caused by a defect in a product that results in death or personal injury lies with the producer. This liability also covers damage to or destruction of any property other than the defective product itself, provided that the property is intended for or actually used for private purposes. For example, a producer is not liable for damage to a truck since it is not intended for private use. However, a producer may be liable for damage to a passenger car if it is primarily used for the injured person's private purposes. The liability is strict, meaning it does not matter whether the damage was caused by negligence.

"Products" are defined as all movable items, even if they are part of another movable item or incorporated into immovable property. A product is deemed defective if it does not provide the level of safety that a person is entitled to expect. Thus, in the context of product liability, a car component can be considered a separate product. A product may be fit for its intended use but still be regarded as defective due to its lack of safety.

It should be noted that current product liability rules are in the process of being updated (please see section 2 above).



Legal proceedings

Under the product liability regime, the compensation claim must be brought within three years of the date on which the person claiming compensation became aware or should have become aware of the damage, the defective safety of the product, and the liable party. However, the action must be brought within ten This means that after this period, the claims are considered to be time-barred.

So far, no class actions have been lodged in Finland. However, the scope of [the Finnish Class Action Act](#) was extended in 2023 following the implementation of [the EU Representative Actions Directive \(EU\) 2020/1828](#). Due to this extension, in addition to the Consumer Ombudsman, also consumer organisations now have the right to lodge class actions.



Competition enforcement

Agreements on distribution and supply

Manufacturers and their distributors or suppliers frequently employ selective distribution systems. These systems, along with other comparable distribution agreements, fall under the European Commission's Vertical Block Exemption Regulation (VBER) and its accompanying guidelines. VBER provides a safe harbour for these agreements, provided that the market shares of the parties involved are below 30% in the relevant markets and that the agreements do not include any hardcore restrictions, such as resale price maintenance, or excluded restrictions, like non-compete clauses lasting more than five years.

Additionally, the European Commission's Motor Vehicle Block Exemption Regulation (MVBBER), which imposes stricter restrictions and includes Supplementary Guidelines, also regulates specific agreements in the automotive aftermarket, such as those related to the sale or servicing of motor vehicle parts. In 2023, the European Commission extended the MVBBER's validity from 31 May 2023 to 31 May 2028, granting it an additional five years. The MVBBER and its Supplementary Guidelines aim to safeguard market competition by offering consumers a range of options for vehicle maintenance and repair services. Following the extension of the MVBBER, the Commission updated the Supplementary Guidelines to address digital advancements in the automotive sector, ensuring that both authorised and independent repairers have access to essential vehicle data for maintenance purposes.

In Finland, vertical restraints of competition are covered by Sections 5 and 6 of the [Finnish Competition Act](#).

Supervision and enforcement

Lately, the EU has increased its oversight of the automotive sector, carrying out multiple antitrust investigations and making decisions on cartel behaviour. These actions underscore a rising apprehension about competitive practices in the industry.

For example, the EU Commission's competition unit has carried out unannounced inspections of several tyre companies, including Nokian Renkaat Oyj, operating in EU countries. The Commission suspects that tyre manufacturers may have broken EU competition rules by fixing prices in a cartel and the investigation covers tyres for passenger cars, vans, trucks and buses sold in the EEA. It should be noted that there are also major tyre manufacturers in Finland. While inspection itself does not automatically mean that the companies inspected were involved in the infringements, this reflects, as mentioned above, an increased focus by competition authorities on competition law issues in the sector.

Damages claims

The [Finnish Antitrust Damages Act](#), effective from 26 December 2016, establishes the legal framework for seeking compensation from companies breaching competition laws in accordance with the EU Damages Directive (2014/104/EU). For violations that took place prior to this date, the Finnish Competition Act's former regulations apply. At the beginning of 2010, the Supreme Administrative Court ruled on a car parts cartel, operating in the early 2000s. In connection with the cartel, a spare parts and repair company brought a "follow-on" action for damages against five companies, which were involved in the cartel. The District Court of Helsinki and the Court of Appeal dismissed the follow-on damages claim on the grounds, inter alia, that there was no sufficient causal link between the restriction of competition and the alleged damage. Currently, there is no notable follow-on damages case active in Finnish courts.

Competition law and trade associations

The automotive sector in Finland has industry associations, such as the Finnish Central Organisation for Motor Trades and Repairs (AKL). The Finnish Competition and Consumer Authority has issued separate [guidance](#) on how competition law affects associations. In the case of associations, it has been stressed that normal interest lobbying is allowed, but that the activities of an industry association must not give price recommendations or allow competing companies to discuss prices with each other. In Finland, several cartel and antitrust cases in recent years have involved industry associations. In 2022, the Market Court imposed a penalty on a trade association and its member companies for participation in a cartel. Thus, current practice shows that companies operating in the automotive sector must also take care not to infringe competition law rules when participating in the activities of associations.



Disputes

Dispute resolution mechanisms

Disputes in the automotive sector, such as supply chain disputes, are typically settled in Finland by Finnish courts or arbitration. In relation to arbitration, the parties may typically have agreed to use the arbitration rules of [the Arbitration Institute of the Finland Chamber of Commerce \(FAI\)](#).

According to [the Finnish Code of Judicial Procedure](#), the court may impose interim orders, such as an attachment of property or a right to require a measure to be taken, to secure the applicant's claim. Also, according to [the FAI rules](#), the arbitral tribunal may, at the request of a party, grant any interim measures of protection it deems appropriate.

Common disputes in the automotive sector in Finland are those regarding vehicle defects between consumers and businesses. These are primarily settled by means of solutions proposed by the [Consumer Advisory Services](#) or the [Consumer Disputes Board](#), although their recommendations are not legally binding (please see section 7.3 below for further details). The Finnish courts are therefore typically seen as the last resort for resolving such disputes.

Intellectual property disputes

Overview of IP disputes in the automotive industry

Disputes in the automotive industry have been driven by the constant advancement of technology and innovations in the sector. This development is increasingly reflected in intellectual property (IP) disputes, as companies seek to protect their inventions, innovations and other market efforts. In the automotive industry, Finnish courts have particularly dealt with trademark-related disputes, assessing whether a logo or name used by a company in its marketing is considered infringing.

Challenges with Standard Essential Patents (SEPs) and FRAND terms

The frequency of intellectual property disputes in the automotive industry is anticipated to rise as vehicles increasingly incorporate standard essential patents (SEPs), including telecommunication technologies like Wi-Fi and 5G. The core issue stems from the ambiguous definition of fair, reasonable, and non-discriminatory (FRAND) terms, creating uncertainty around licensing fees and conditions for SEPs. To mitigate the power of SEP holders, those participating in standardisation must license their patents on reasonable terms. However, the interpretation of FRAND is often inconsistent, leading to industry disputes, such as the well-known conflict between Nokia and Daimler. Additionally, both SEP holders and implementers are tasked with negotiating FRAND terms, further complicating IP disputes in this sector.

Similar interpretation issues and dispute risks are expected following the introduction of the EU Data Act into the automotive sector. As described in section 10 below, the Data Act will introduce data sharing requirements, including related FRAND obligations, which will considerably impact data generated by connected vehicles.

Future implications and legislative developments

In terms of IP matters, legislative projects at the EU level must be taken into account. For example, the EU unitary patent system has resulted in a need for updating regulation both at EU and national level. In Finland, for example, amendments to the Patent Act are being prepared.

Another legislative development affecting the automotive industry at the EU level is the European Commission's proposal for standard essential patents (SEPs), which aims to create a balanced system that promotes innovation and the manufacture and sale of products in the EU. In Finland, however, the proposal has been criticised by both the Grand Committee of the Finnish Parliament and key industry operators. It has been considered that the proposal should be adjusted by removing the retroactivity provisions and the mandatory conciliation procedure to determine FRAND terms. In addition, there is criticism regarding the uneven distribution of costs and benefits between user companies and SEP holders.

The proposed regulation has been seen as particularly important for Finland and Finnish operators, as the Finnish technology company Nokia Oyj owns around 50% of European SEPs. It has been argued that the Commission's impact assessment has not sufficiently addressed the fact that the proposed new regulation will impose a significant regulatory burden particularly on SEP holders, thus affecting innovation and the willingness to participate in the development of global standards.



Vehicle defects disputes

Consumers and car sales

The Finnish Competition and Consumer Authority's (FCCA) Consumer Advisory Services are most frequently contacted for problems relating to vehicles. According to the FCCA's [study](#), more than half of these contacts concern the sale of second-hand cars.

A consumer can contact the Consumer Advisory Services where a defect arises in a car purchased from a car dealer. Instead, the Consumer Advisory Services do not provide assistance in car sales between private individuals. The Finnish Consumer Disputes Board can settle a dispute over the sale of a car, similarly, if the consumer has bought the vehicle from a dealer. Typically, such disputes concern the termination of the sale, price reduction and warranty. The rulings of the Consumer Disputes Board are merely recommendations, but non-compliance may attract negative publicity for companies.

If consumers want an enforceable decision against a car dealer (or another private individual), they must submit a claim to court.



Distressed suppliers

Dependency and risk in automotive supply chains

Automakers and their suppliers generally sustain long-term business partnerships, with both sides significantly depending on the relationship's efficiency. Suppliers rely on each other, while automakers depend on the seamless operation of the entire supply chain. Manufacturing a particular car model demands a considerable investment in specialised tooling, leading to high costs, particularly for new models or facelifts. This interdependence makes it challenging to transition to a new supplier if the existing one faces insolvency.

Bankruptcy procedures

In Finland, a district court may declare an insolvent company bankrupt on application by a creditor or the company itself. The court also determines the creditors who will receive payment from the bankruptcy estate and the order, in which the creditors will be satisfied. The court appoints an estate administrator to take care of the day-to-day running of the business. However, the creditors have autonomy to decide how the bankruptcy estate's assets are to be managed and liquidated.

Process of company reorganisation in Finland

On application by a creditor or the company itself, a district court may decide to initiate restructuring proceedings to rehabilitate a distressed company's viable business and approve a restructuring programme accepted by the creditors. The restructuring programme sets out measures concerning the company's activities, assets and liabilities. In an enterprise restructuring, creditors do not decide how to manage or liquidate assets, but the company retains its assets. The company is allowed to carry on business as usual. However, the company needs the consent of the administrator for any measures that may affect creditors' rights. On average, a reorganisation pays out more to creditors than bankruptcy.

Perfection of title of tooling

In the event of a supplier's bankruptcy, the ability to obtain parts they manufactured is partly contingent on who holds the tooling and intellectual property rights. While a supplier might sell the tools to an OEM, the supplier typically keeps possession to maintain part production. If the legal ownership of these tools is not clearly defined, the OEM's claim to them may not be upheld in situations such as the supplier's bankruptcy or during corporate restructuring. However, tools in the possession of a supplier belonging to an OEM shall not be assets of the bankruptcy estate if they can be detached from the supplier's assets.

Employment issues

Employment laws and regulations

The main laws regulating employment relationships in Finland are [Employment Contracts Act](#) (2001), [Working Hours Act](#) (2019), [Annual Holidays Act](#) (2005), [Act on the Protection of Privacy in Working Life](#) (2004) and [Co-operation Act](#) (2022). These acts are generally applicable to all employment relationships in Finland. In addition, the provisions of any national collective agreement applicable in the relevant business sector must also be observed as minimum conditions of employment. The guiding principle of the employment legislation is protecting the employee, which includes absolute legal provisions that cannot be departed from if that departure would be detrimental to the employee. These include, among other things, protection against dismissal, and provisions concerning maximum working hours and annual holiday.

Unionisation

Collective agreements, negotiated between trade unions and employers' organisations for a particular trade or industry, play a central role in the Finnish labour market system. The main distinguishing feature of employment law is therefore the prevalence of collectively agreed terms and conditions of employment.

An employer that is a member of an employer organisation party to a collective agreement must apply the provisions of the collective agreement to the employment relationships of all of its employees. Certain collective agreements can also be declared generally applicable, provided that the agreements are considered representative in the specific sector in question. These collective agreements must be applied as minimum conditions of employment to all employment relationships in the sector concerned, which means in practice that even if the employer is not unionised, collective agreements may still have to be applied.

In the automotive sector, the Finnish Central Organisation for Motor Trades and Repairs (AKL) negotiates and concludes generally applicable collective agreements for the automotive sector with the trade unions representing workers and employees in the sector.

New data regulatory framework

Data and innovation in the automotive sector

In addition to the NIS2 Directive described in section 2 above, the EU's upcoming Data Act and the AI Act can be considered highly relevant to the automotive sector in the modern digital age.

The Data Act provides, among other things, that manufacturers of connected products and other so-called data holders are required to make data from such products available to their users and even to third parties as requested by such users. These rules will directly impact modern vehicles, which may be considered as relevant connected products under the Data Act. In practice, this will mean that a vehicle owner may request a car manufacturer or similar operator to share vehicle data to a third party, such as an independent service provider for car maintenance purposes. Such data sharing to third parties must, also, be subject to fair, reasonable and non-discriminatory (FRAND) terms and conditions. The Data Act came into force on 11 January 2024, and it will apply across the EU as of 12 September 2025.

Similarly, the EU's new AI Act will impose significant new requirements, which will come to affect the automotive sector as well. The AI Act aims to promote the safe and trustworthy adoption of AI tools in Europe and, in particular, sets out considerable requirements for so-called high-risk AI systems listed in the act. Such high-risk AI systems comprise a broad range of tools and use-cases including, for example, AI systems used as safety components in motor vehicles or in the management and operation of road traffic. The AI Act is in force and will become applicable gradually during the next couple of years, requiring significant compliance efforts also in the automotive industry wherever modern AI features are used.

Access to vehicle data and data protection concerns

In addition to the upcoming EU legislation, it should be noted that there is constantly new case-law and interpretations on existing data protection law, namely the EU General Data Protection Regulation (GDPR), affecting the automotive sector.

In late 2023, the Court of Justice of the EU gave its so-called Scania decision (C-319/22, Gesamtverband Autoteile-Handel e.V. v. Scania CV AB), which assessed, among other things, whether a vehicle identification number (VIN) should be considered as personal data. Although VINs are, as such, not "personal", the court considered that VINs become personal data as regards anyone who reasonably has means to associate the data with a specific person.

Similarly on a national level, the Finnish Data Protection Ombudsman held, in its decision issued on [8 June 2022](#), that a vehicle's maintenance history and repair data are personal data within the meaning of the GDPR (but not personal data of the new owner of a vehicle meaning that the new owner does not have the right of access to these data under the GDPR).

A particular feature of Finnish law is that, in addition to the requirements of the GDPR, data protection requirements in the employment context are also specifically regulated under the Finnish Act on the Protection of Privacy in Working Life. The act sets out a strict necessity requirement for processing employees' personal data, as well as a statutory co-operation procedure when employees' technical monitoring is envisaged. These local law requirements are relevant, for example, when considering tracking solutions in vehicles used by employees.

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Norway

Market overview

Industry evolution and technological innovation

The global automotive industry is active within research and development, focusing on developing safer and more environmentally friendly vehicles. The industry is focusing on reducing vehicle emissions through better engine technology, reducing accidents and damage through safety technology and driver assistance systems, improving comfort and driving experience and developing self-driving vehicles and intelligent transport systems. The technological revolution is leading to increasing customer demands, rapid changes in business models and a more efficient industry.

Economic impact and market dynamics

As there are no automobile manufacturers in Norway, the automotive sector in Norway represents a small part of the country's industry and economy. The automotive sector provided employment for 59,504 people in 2019, which is about 2.2% of total employment in Norway. Of these, more than 40% are employed in vehicle maintenance and repair, 30% in retail trade and about 8% in commission business and wholesale trade.

The market value of new vehicle sales of Norwegian passenger cars in 2023 was approximately NOK 73 billion.

Sustainability and consumer behaviour

The dynamics of vehicle disposals and exports underwent a significant shift in 2023. The number of scrapped passenger cars declined from 100,402 in 2022 to 90,495 in 2023, reaching a new low since 2010. Concurrently, the number of exports increased considerably, with 40,437 used passenger cars exported in 2023. This can be attributed to the weakening of the Norwegian krone. In 2023, the number of registered passenger cars was 2,886,795, representing a decrease of approximately 1% compared to 2022. Of these, 126,953 were new passenger car registrations, a decrease from 174,329 in 2022. In response to the growing environmental concerns of consumers, there has been a notable increase in the interest in electric vehicles. Since 2016, there has been a decline in the number of petrol- and diesel-powered cars, while the number of electric vehicles has risen. By the conclusion of 2023, 26.4% of registered passenger cars in Norway were petrol-powered, 37.2% were diesel-powered, 23.9% were electric vehicles, and 12.5% were hybrid vehicles. In 2023, 82.4% of new passenger car registrations were zero-emission vehicles, the majority of which were electric cars.

In 2023, there were 506,983 changes of ownership of passenger cars, which indicates the number of used vehicle sales.



Legal developments and new legislation

Technology in a broad sense

The emerging technological and digital era entails a number of regulations and directives that are issued by the EU, which significantly affects the Norwegian automobile industry. The new [NIS2 Directive](#) is currently being assessed in Norway. The directive aims to establish a high level of cybersecurity across the EU. The regulation is expected to be implemented in Norwegian law as soon as possible. However, the exact time of implementation remains uncertain.



Product liability and sustainability

The formal adoption of a new EU directive on product liability is anticipated soon by EU legislators, leading to a series of alterations to the Norwegian product liability regime if the regulation is considered EEA relevant. The forthcoming rules clearly bring digital products into the scope, including software and AI systems. Among other significant changes, the burden of proof on claimants will be eased in instances where they encounter significant challenges in providing evidence due to the technical or scientific complexity of the case. In addition, the new regulations aim to create a system where an EU-based party can be identified to whom the claimant can address a product liability claim, especially in situations where there is no EU-based manufacturer or importer. How and when this directive will be implemented in Norwegian law is yet to be decided.

[The Norwegian Transparency Act](#) came into force in July 2022 and requires companies of a certain size that are incorporated (or tax eligible) in Norway to perform due diligence assessments of their supply chain, business partners and own enterprise. In addition, the companies have to publish an annual account of the due diligence performed by 30 June each year. The Transparency Act also includes a duty to provide information to any person who requests information regarding how the enterprise addresses actual and potential adverse impacts on fundamental human rights and decent working conditions. The requests have to be responded to within three weeks of receiving them. The Transparency Act is coupled with fines until 4% of the relevant company's annual turnover.

Automated vehicles

Earlier this year, the EU regulation on fully automated vehicles (EU) 2022/1426 was implemented in the EEA agreement and in the [Norwegian Vehicle Regulation](#). The new directive determines how the directive on uniform procedures and technical specifications for type approval of the automated driving system (ADS) applies to fully automated vehicles.

In 2018, the [Norwegian Act on Testing Self-Driving Vehicles](#) came into force with the objective of supporting the development of and adaptation for automated vehicles, as well as to reveal the effects on road safety, traffic management and the environment. The testing is conducted in accordance with the limits set by the provisions, which ensures road safety and data protection. The testing of automated vehicles is subject to the prior grant of permission, which must be obtained from the relevant authority. The applicant is required to provide information about the vehicle in question, the purpose of the testing, the area in which the testing is to be carried out, the timescale for the testing, a report on the risk, and insurance. The permission may be granted subject to certain conditions, and a person must be appointed to be responsible for the testing.

End-of-life tyres

All businesses importing tyres to Norway are required to be members of a tyre return scheme in accordance with the [Norwegian Waste Regulation](#). The objective of this scheme is to reduce the environmental impact of tyre disposal and to facilitate the recycling of end-of-life tyres. The Norwegian Tyre Return administers the return scheme and offers a unified solution that businesses can join to collect and return tyres. The obligation of the businesses is to accept tyres free of charge, although their obligation is limited to a reasonable amount of the tyre category that they sell. Furthermore, the regulation also imposes a duty on the producers and importers to prepare an annual report on the subject.



Commercial operations

Basic requirements

Requirements to place a motor vehicle on the Norwegian market

To place a new motor vehicle on the Norwegian market, a valid type approval or individual approval is required, pursuant to the [Norwegian Road Traffic Act](#) and the [Norwegian Car Regulation](#). These regulations implement the EEA Directive 70/156/EEC, changed by 2007/37/EEC. EEA type approval is a document which states that a vehicle type, system, component, or technical unit meets the relevant requirements according to the directive. It may also be issued a national type approval, meaning that a vehicle meets the relevant national requirements pursuant to the vehicle regulation. An individual approval means an equivalent approval in relation to a particular vehicle.

The Directorate of Public Roads in Norway is the approval authority for EEA type approvals, and the Norwegian Public Roads Administration approves both national approvals and individual approvals.

EEA type approvals issued by another EEA member state are also valid in Norway and can be transferred to Norway by a standardised application procedure. This is the commonly used procedure by car importers intending to sell new vehicle models in the Norwegian market.

Requirements to use a vehicle on public roads

For a vehicle to be used on public roads, it must be registered by the Norwegian Roads Administration. The Norwegian Roads Administration then assigns a registration number and official license plates to the vehicle. The Norwegian Roads Administration also issues a registration certificate which includes one part about the identity of the vehicle and its owner, and one part with technical information about the vehicle. The registration certificate is EU/EEA harmonised, which makes controlling vehicle details easier within the EEA-area.

Requirements for traffic insurance

For a vehicle to be used on public roads in Norway, there is also a requirement that the vehicles are covered by traffic insurance. The owner of the vehicle must take out third-party liability insurance which covers damage or injury caused to other people or property. The insurance must also cover such damages made in other EEA states. The third-party liability insurance may be issued by:

- a Norwegian insurance adviser authorised by local regulations; and
- an insurer with headquarters in another EEA state with the necessary licenses to operate in Norway and membership in a Norwegian insurance agency.

Foreign vehicles must bring a traffic insurance certificate, which proves that the vehicle is insured as described above. Such certificate may be a Green Card issued by the insurance company, which is an international certificate of insurance, or other approved certificates, such as registration certificates in accordance with the EEA-agreement.

The requirement of third-party liability insurance applies until the vehicle is reported deregistered, meaning that the vehicle is not to be used on public roads.



Requirements regarding winter tyres

During the winter, from 1 November up to and including the first Sunday after Easter Monday, vehicles traveling on Norwegian roads must be equipped with winter tyres with a pattern depth of at least 3 mm for light vehicles and 5 mm for heavy vehicles. In Nordland, Troms and Finnmark, the requirement applies during the period 16 October to 30 April. Additionally, winter tyres are a requirement when it is necessary to secure that the vehicle has sufficient road grip. It is ultimately the Norwegian Police who decides whether the conditions make the use of winter tyres necessary or not. The use of studded tyres is allowed during the beforementioned periods, and when the winter road conditions prevail.

Incentives and barriers to entry

Tax incentives and favourable tax regulation

There are several tax incentives specifically aimed at the automotive industry in Norway. The incentives are mainly targeted at consumers and apply for electric cars. The heaviest incentives are the use of different tax rates depending on the vehicle's fuel and emission. Electric vehicles get a reduction or an exemption from the fee for first time registration in Norway. Furthermore, there is a VAT exemption on the part of the purchase price for electric vehicles not exceeding NOK 500,000. Electric vehicles also pay less in road tolls. These tax benefits have led to a strong increase in demand for electric cars in the Norwegian market.

No overall market entry conditions

In Norway there are no specific market entry conditions, but a permit is required for certain activities. If an automotive company intends to sell used vehicles, a permit in accordance with the [Second-Hand Trade Act](#) is needed. The [Workshop Regulation](#) requires an authorisation for auto repair shop to legally conduct EU periodic roadworthiness checks, repairs and maintenance of vehicles.

Manufacturing, supply and distribution

Wholesale distributors

Typically, vehicles are distributed through wholesale distributors. Dealerships and retailers acquire the vehicles from the distributors to thereafter sell them to end customers. Most of the OEMs use a selected network of dealers and refrain from selling vehicles to dealerships outside this selected network. This way manufacturers are able to control the branding and sales processes as well as the aftersales relations. Generally, the relationship between an OEM and its network of dealers is long term and governed by a general framework agreement with standardised terms. However, the agreements are individual in a way that allows specific problems with a particular dealer to be resolved on a case-by-case basis.

New trends

Several new trends have emerged the recent years when it comes to vehicle distribution in the Norwegian market. As in many other countries, several OEMs have launched agency models in the Norwegian market, to gain even more control of their vehicle distribution. Further, the traditional distribution method of distribution is also being challenged by alternative forms of access to vehicles, such as car leasing, car sharing schemes and second-hand car purchases. Additionally, it should be noted that a few OEMs, such as Tesla and NIO, have built fully integrated value chains for vehicle sales in the Norwegian market, thereby selling the vehicles directly from OEM to customer.



Development and partnerships

Collaboration and innovation in development

Following the increase of road users and digitalisation, developing the transport system is necessary. One of the development projects in Norway, conducted by The Norwegian Transport Agency in collaboration with several other parties, is adjusting and preparing the road network and road systems so that self-driving vehicles can be used on public roads. Self-driving vehicles have also been tested as part of the public transport system, and the aim is that less people will travel by car.

Development in the cities aiming at reducing traffic and pollution has led to it being less accessible and more expensive owning and driving cars while living in the city. Therefore, the last few years there has been an increase in the use of car sharing services. Car sharing is organised in different ways, both privately, typically in a neighbourhood, and through memberships, subscriptions and services similar to car rentals.

Innovative partnerships

Following the growing demand for electric vehicles, the need for charging stations across the country has increased. Consequently, companies such as car dealerships and gas stations have partnered up with providers of charging stations.

Industry regulations

There are no industry regulations specifically directed at the automotive industry in Norway. Transactions within the automotive sector must be in accordance with the Norwegian and EEA competition laws.



Safety and environmental requirements

Producer responsibility

Automotive companies producing or importing vehicles to Norway must participate in the return scheme for discarded vehicles. The aim is sustainable waste management of scrapped vehicles, and to prevent and reduce the environmental problems concerning end-of-life vehicles. Following the [Norwegian Waste Regulation](#) the businesses have a duty to collect their market share of end-of-life vehicles. They must recover at least 95% of the weight of the vehicle and reuse or recycle at least 85% of the weight. The producer or importer of vehicles must also provide information to the public and affected parties about the return system for end-of-life vehicles. This responsibility is taken care of by a publicly approved waste handling organisation named Auto Retur, to which each car importer is obligated to pay a certain fee based on actual imports of vehicles to Norway.

The owner must scrap their end-of-life vehicle at an authorised car scrapper. To incentivise scrapping of end-of-life vehicles, the owner gets a scrap vehicle deposit if the vehicle was registered after 1 January 1977. This system contributes to the prevention and reduction of the environmental problems caused by vehicles when they become waste.

As mentioned previously, automotive businesses also have responsibilities relating to discarded tires. Car dealers, producers and importers must accept and collect discarded tires for free and as depositing used tires is forbidden, the automotive company must ensure that the tires are reused or recycled.

Pursuant to the Norwegian Waste Regulation, the producer of electric vehicles does not have to be a member of a separate return scheme for the batteries as long as they are member of a return scheme for end-of-life vehicles or electric products.

The Norwegian authorities can impose the automotive companies a duty to report how the aforementioned obligations are fulfilled. They may also supervise or issue coercive fines to enforce compliance with the rules.

Product safety

According to the Norwegian [Vehicle Regulations](#), vehicles registered in Norway must fulfil certain requirements concerning safety, for example relating to how the vehicle is built, and safety equipment and functions. Manufacturers, importers, and dealerships are responsible for fulfilling the requirements. If the demands are not met, the type approval certificate, which is necessary for distribution of passenger cars, can be withdrawn.

In general, products intended for consumer use are subject to the [Norwegian Product Control Act](#). The act implements the EU directive on product safety (2001/95/EC) included in the EEA agreement. Businesses introducing vehicles to the Norwegian market are imposed a duty of care concerning the vehicle's health risk, and consumers are entitled to information about such risks and how to handle them. Pursuant to the Norwegian Product Control Act, the government can order vehicles to be recalled if the vehicle may entail an unacceptable risk of harm, or there can be issued information and a warning to consumers to reduce the risk. The Norwegian authorities have a range of measures to ensure enforcement, such as supervision and information requests, and violations of the safety provisions can lead to criminal liability or fines.



Product liability and recall

Liability

The "manufacturer" is liable for damages following a defect in a product. The relevant provisions of the [Norwegian Product Liability Act](#) corresponds to the EEC directive on product liability (85/374/EEC). Pursuant to the act, a "product" is defined as all goods and movable property, both components and main products, even if the component is incorporated in another immovable or movable property. The damages that the manufacturer may be liable for, includes both personal injuries and damages to property that is intended for personal use.

The legal liability of the "manufacturer" may also be allocated to the retailer of an imported product, or the importer of a product imported from outside of the EEA. The manufacturer is liable for damages that the product causes due to a lack of safety compared to what the general public and the consumer reasonably could expect. The liability applies regardless of whether the manufacturer is to blame, which means that the liability is strict. Furthermore, the provisions do not prevent the consumer from invoking non-statutory rules governing damages if these are more favourable. As previously mentioned, the law does not apply to property damage in commercial matters. The manufacturer may however be liable for such damages pursuant to non-statutory principles of tort law.

Legal proceedings

Pursuant to the [Norwegian Product Liability Act](#), a person who has suffered damages must make a claim for compensation within three years from the day that the injured person (i) became aware of the damage, the lack of safety and the identity of the manufacturer, or (ii) should have acquired such necessary information. Additionally, all claims have a limitation period of ten years from the date that the harmful product was made available in the market by the manufacturer, meaning that after this time, claims are precluded regardless of the beforementioned three-year deadline.

Chapter 35 of the Norwegian Dispute Act regulates class actions. There are several prerequisites for class actions, including that "several legal persons have claims or obligations for which the factual or legal basis is identical or substantially similar". After a class action has been approved, the court shall ensure that the class action is made known to those who may join it or who are class members, cf. Section 35-5. There shall be appointed a class representative, pursuant to Section 35-9. The class representative is responsible for the legal costs of the class action. As a result of the high level of cost associated with such trials, combined with the responsibility of costs being solely on the class representative, class actions involve a high risk for the class representative and are seldom used in consumer cases.



Competition enforcement

Agreements on distribution and supply

Manufacturers and their dealers or suppliers often utilise selective distribution systems. Like in other EEA countries, these systems and other similar distribution agreements are in Norway regulated by the European Commission's [Vertical Block Exemption Regulation](#) (VBER) along with specific [guidelines](#). VBER ensures a safe harbour for these agreements if the involved parties' market shares are below 30% in relevant markets and if the agreements are free from any hardcore restrictions, like resale price maintenance, and excluded restrictions, such as non-compete clauses exceeding five years.

Moreover, the European Commission's [Motor Vehicle Block Exemption Regulation](#) (MVBER), which includes more stringent restrictions and [Supplementary Guidelines](#), also governs specific agreements in the automotive aftermarket, such as those involving the trading or servicing of motor vehicle parts. In 2023, the European Commission [extended the MVBER's expiration](#) from 31 May 2023 to 31 May 2028, granting it five more years of validity. The MVBER and Supplementary Guidelines aim to protect market competition by providing consumers with a variety of choices for motor vehicle maintenance and repair services. Following the MVBER extension, the Commission [updated the Supplementary Guidelines](#) to address the automotive sector's digital advancements, for example by ensuring both authorised and independent repairers have access to essential vehicle data for maintenance.

Both the VBER and the MVBER have been incorporated into Norwegian legislation.

Supervision and enforcement

The Norwegian Competition Authority has currently no announced ongoing investigations of anti-competitive public sales activities.

Damages claims

Norwegian law provides legal basis for competition damage claims. Such claims are however rare in Norwegian courts.



Disputes

Consumer disputes

Consumer disputes are the most prevalent conflicts in the Norwegian automotive industry. The causes of such disputes are typically either defects in the vehicle, or that the vehicle does not perform in accordance with the marketing claims of the seller/OEM. The consumer would in these cases often demand either a price reduction proportionate to the defect or a termination of the purchase contract and a refund of the purchase price.

In Norway, such disputes are often resolved by the Consumer Authority through an out of court dispute handling procedure, established in accordance with EU Directive 2013/11/EU. Such procedures are almost free of charge to the consumer, and the decision of the Consumer Authority's dispute board is binding on both parties unless the case is appealed to the district court.

Norway's consumer purchase act is based on EU directives, and thereby very similar to the consumer purchase rules of other EEA countries. However, on certain points, the EU directives allow for stricter national rules. One such point is the length of the period in which the customer is liable for defects after the take over of the vehicle. In Norway this period is 5 years for vehicles.

Intellectual property disputes

Overview of IP disputes in the automotive industry

Intellectual property (IP) disputes are less prevalent in the Norwegian automotive industry, compared to other European countries where there are car manufacturers. As modern vehicles integrate an array of patented technologies, the likelihood of disputes grows with the substantial investments in research and development aimed at pioneering future technologies. Typically, these IP disputes are international or transnational, affecting multiple legal jurisdictions, making the following information relevant for both Norway and EU contexts, regardless of the country of residence for the manufacturer.

Challenges with Standard Essential Patents (SEPs) and FRAND terms

The prevalence of IP disputes in the automotive sector is expected to increase as vehicles increasingly use standard essential patents (SEPs), such as telecommunication technologies like Wi-Fi and 5G. The main issue arises from the vague definition of fair, reasonable, and non-discriminatory (FRAND) terms, leading to uncertainty about licensing fees and conditions for SEPs. To curb the influence of SEP holders, those involved in standardisation must offer their patents on reasonable terms. Yet, the interpretation of FRAND remains inconsistent, often resulting in industry conflicts, such as the notable case between Nokia and Daimler. Moreover, SEP holders and implementers bear the responsibility of negotiating FRAND terms, adding to the complexity of IP disputes in this field.

Currently, such disputes are seldom in Norway and are expected to be less prevalent than in countries where there are car manufacturers.

Future implications and legislative developments

The effectiveness of industrial IP protection in the automotive sector remains uncertain. The scarcity of mobile-technology SEP licenses in this sector suggests that resolving IP disputes may be challenging, despite notable international legal precedents like *Continental v Avanci*. The results of initial licensing agreements and legal battles will likely influence the establishment of FRAND licensing frameworks and pricing for connected-car technologies. The [new SEP regulation recently approved by the European Parliament](#), expected to resolve many existing issues is however not EEA relevant and will therefore not be implemented in Norway.



Employment issues

Employment laws and regulations

Norway has an employee-friendly legislation where the employment laws and regulations are designed to be universal and apply across all sectors. Therefore, there are no specific automotive sector employment regulations or laws in Norway. This means that employers in the automotive industry, like every other industry, must adhere to these laws, which include provisions for fair treatment, non-discrimination, and strong employment protection against termination.

Unionisation

The automotive sector in Norway is characterised by a high level of unionisation, with strong trade unions representing a significant part of the workforce. In various sectors and industries, including the automotive industry, central collective bargaining agreements (CBAs) are established through negotiations between employer and employee organisations, commonly known as trade unions.

Within the automotive industry, a standard CBA applies to the automobile industry and includes workers within all area of the industry, such as workers in repair, service, maintenance, painting, refinishing, warehouse and so on. The CBA is entered into between several trade unions. The CBA covers various aspects such as wages, benefits like pension, insurance, and holiday benefits, working hours including overtime and associated payments and the right to training.

New data regulatory frameworks

Data and innovation in the automotive sector

The EU's upcoming Data Act and the AI Act can be considered highly relevant to the automotive sector.

The Data Act is designed to enhance businesses' access to data generated from connected devices and services by mandating data sharing between companies and between companies and consumers. Additionally, it grants authorities the ability to request data in exceptional circumstances. These requirements include, among other things that users of connected devices have the right to access data from the data holder, often the manufacturer or supplier, if they cannot access the data directly on the device. They should also be able to request that readily available data be made accessible to a third party, for example, if the third party needs to perform repair services for the user. For the automotive sector, this means that the owner of a vehicle may request a car manufacturer to share data with a car service provider.

The EU AI Act is the world's first comprehensive AI law. The purpose of the Act is to promote the safe and reliable use of AI technologies across Europe, with specific provisions for high-risk AI systems outlined in the Act. Overall, the AI Act seeks to guarantee that AI technologies employed in vehicles and road management are safe, transparent, and dependable. This will have a major impact on automotive manufacturers and traffic management authorities.

However, these regulations are currently not implemented in the EEA agreement. Therefore, the timeline for implementation in Norwegian law is unclear. However, both acts are deemed EEA relevant and are expected to be implemented in Norwegian law as soon as they are made part of the EEA agreement.

Access to vehicle data and data protection concerns

In addition to upcoming regulations, new case-law regarding existing regulations continually provide legal development affect the automotive sector. Especially, case-law regarding the EU General Data Protection Regulation (GDPR) has provided clarifications on the impact of data protection regulation for the automotive industry.

The most relevant development for the automotive industry was the Case C-319/22, (Gesamtverband Autoteile-Handel e.V. v. Scania CV AB), where the court considered that vehicle identification numbers are to be considered as personal data in cases where there are means to associate the vehicle identification number to a specific person.

Law stated – 12 September 2024

The team in Norway



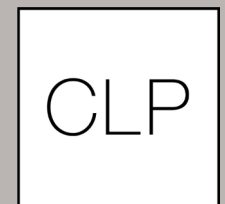
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Sweden

Market overview

Industry evolution and technological innovation

The automotive sector is at the forefront of a revolutionary shift, transitioning from traditional car production to a model focused on connected, autonomous, shared, and electric (CASE) mobility solutions. This transformation is driven by the emergence of software-defined vehicles, leveraging advanced technologies such as the Internet of Things (IoT) and Artificial Intelligence (AI). These innovations not only meet the growing demands for sustainability, accessibility, and flexibility but also reshape the market dynamics through new business models, enhancing the industry's efficiency, safety, and competitiveness.

Economic impact and market dynamics

The automotive sector is a vital part of Sweden's economic framework, significantly influencing the nation's economic stability and quality of life. Within Sweden, the automotive industry and its suppliers provide jobs for roughly 166,000 individuals. Car dealerships and workshops further enhance employment, accounting for an additional 40,000 jobs. Globally, Swedish automakers maintain a strong presence, employing 201,000 people worldwide, including 74,000 in Sweden, and generating a global revenue of SEK 974 billion.

Sweden's automobile sector stands as the nation's premier export sector, boasting an export worth of SEK 253 billion. This figure represents about 13% of the total exports of Swedish goods. Furthermore, it comprises nearly 11% of the nation's total industrial investments in machinery and equipment and ranks as one of the most research and development-intensive industries.

Sustainability and consumer behaviour

In 2023, there were significant changes in the dynamics of car disposals and exports. Scrapped passenger cars fell by 16% to 123,358, a low not seen since the 2009 financial crisis. Meanwhile, exports of used passenger cars climbed to a new high of 149,922 from 108,188 in 2022, likely affected by reduced purchasing power and a weaker Swedish krona.

In 2023, new passenger car registrations exhibited a slight rise to 289,820, marginally surpassing the 288,103 recorded in 2022, yet remaining under the 300,971 tally from 2021. With growing environmental concerns, interest in electric cars has also risen. Currently, registrations of plug-in hybrids are either stagnant or declining, contrasted by a rise in electric vehicle registrations. For instance, the count of new plug-in hybrid registrations dropped from 66,624 in 2022 to 61,054 in 2023, whereas electric car registrations climbed from 95,037 to 112,179. This uptick in electric car registrations has led to a corresponding downturn or plateau in new registrations of petrol and diesel vehicles.

Despite fluctuations in new car registrations, the used car market has shown stability. In 2023, sales of used cars slightly rose by 0.4%, totalling 1,197,414, up from 1,192,915 the previous year. By the close of 2023, the total number of passenger cars in circulation reached 4,977,163, with 535,393 of these being leased vehicles, representing 11% of all cars. Although private car leasing had previously been increasing, 2023 saw a 7% drop in privately leased cars to 176,411 from 189,303 in the prior year. Moreover, the year introduced 44,478 new privately leased cars, marking a notable decrease from the 69,874 added the year before.



Legal developments and new legislation

Technology in a broad sense

As a result of the emerging technological and digital era that we are now experiencing, numerous regulations and directives are issued by the EU, which will significantly affect the automotive industry in Sweden. Some legal developments that are necessary to be aware of are the recently enacted EU [AI Act](#), [Data Act](#) and [NIS2 Directive](#).

The NIS2 Directive which aims to establish a high level of cybersecurity across the EU, will be incorporated into Swedish law through the [Swedish Cyber Security Act](#). This act categorises the automotive industry into “high critical sectors” and “other critical sectors”. Intelligent transport systems fall under the high critical sectors, while the manufacturing of motor vehicles, trailers, semi-trailers, and other transport equipment is considered other critical sectors. The Cyber Security Act mandates cybersecurity risk management measures and reporting obligations. Non-compliance may result in penalties of up to EUR 10 million or 2% of the total worldwide annual turnover.

As of now, the Swedish Cyber Security Act is proposed to enter into force 1 January 2025. However, the act is in a relatively early stage of the Swedish legislation process, and the process will have to be monitored going forward.

Please refer to section 10 for a more detailed commentary on new data regulatory framework and its implications on the automotive industry in Sweden.

Product liability

The formal adoption of a new EU directive on product liability is anticipated soon by EU legislators, leading to a series of alterations to the Swedish product liability regime. The forthcoming rules clearly bring digital products under scope, including software and AI systems. Among other significant changes, the burden of proof on claimants will be eased in instances where they encounter significant challenges in providing evidence due to the technical or scientific complexity of the case. In addition, the new regulations aim to create a system where an EU-based party can be identified to whom the

claimant can address a product liability claim, especially in situations where there is no EU-based manufacturer or importer. How the new directive will be implemented into Swedish law, remains to be seen.

Automated vehicles

A proposed Swedish regulation, on its final steps in the legislation process, is [the proposed regulation regarding fully automated vehicles](#), based on the EU regulation on the matter (EU) 2022/1426. To support the development and market introduction of automated vehicles in Sweden, the Swedish government has proposed new traffic regulations. According to the proposal, these vehicles would be permitted to operate only in designated areas or on specified routes determined by the Swedish Transport Administration or the municipality, depending on who constitutes the road manager. Additionally, the proposal stipulates that the individual who activates the automated driving system will be regarded as the driver of the vehicle. This proposed regulation is currently out for consultation and is scheduled to take effect on 1 July 2024.

End-of-life tyres

A new regulation, already entered into force on 1 January 2024, is the [Swedish regulation on extended producer responsibility for the management of end-of-life tyres](#). As of this year, tyre producers must utilise or establish a “producer responsibility organisation” to collect end-of-life tyres. Responsible of approving these organisations is the Swedish Environmental Protection Agency. The regulation requires both producers and producer responsibility organisations to submit annual reports to the Swedish Environmental Protection Agency, with the first reporting deadline set for 31 March 2025, covering data from 2024.



Commercial operations

Basic requirements

Requirements to place a motor vehicle on the Swedish market

To place a new motor vehicle on the Swedish market, a valid type approval or individual approval is needed. The vehicle type approval process is governed by the [EU regulation](#) on the approval and market surveillance of motor vehicles, trailers, and related systems and components, periodically updated through amendments like the EU regulation (EU) 2019/2144. It also adheres to Swedish laws, including the [Swedish Vehicle Act](#) and the [Swedish Motor Vehicle Regulation](#). Type approval means that a type of vehicle, system, component, or separate technical unit meets all the relevant administrative provisions and technical requirements. Individual approval means an equivalent approval in relation to a particular vehicle.

There are several kinds of approvals, namely national type approvals, EU-wide type approvals and international type approvals (ECE type approvals). The ECE type approval is however limited to and only available for components. In Sweden, the manufacturer may apply for type approval of the vehicle to the Swedish Transport Agency. If an EU-wide approval has been issued by another EU member state, that will also be valid in Sweden.

Requirements to use a vehicle on public roads

For a vehicle to be used on public roads, it must be registered, which the owner shall apply for with the Swedish Transport Agency. In connection with the registration, the Swedish Transport Agency shall also assign a registration number to the vehicle and issue a registration certificate. A registration certificate includes technical specifications about the vehicle as well as information about the vehicle's registered owner. Since 2004, the registration certificate is EU harmonised to make the control of vehicle's details easier within the union.

Requirements for traffic insurance

Besides the requirement of type approval, registration, and registration certificate, all motor vehicles in Sweden also need to be covered by traffic insurance. The insurance must be taken out by the owner of the vehicle from the day the vehicle is put into traffic. The insurance covers personal injury and damage to property resulting from traffic in Sweden, and may be issued by:

- a Swedish insurance adviser authorised by local regulations;
- an insurer based outside the EEA but licenced to operate in Sweden; and
- an EEA-based foreign insurer regulated solely by their home country within the EEA.

For the requirement of traffic insurance to cease to apply, the vehicle must be reported as put out of traffic.



Requirements regarding winter tyres

During the period 1 December to 31 March, both light and heavy vehicles registered in Sweden as well as abroad, must be equipped with winter tyres or equivalent equipment if winter road conditions prevail. Studded tyres are allowed during the period 1 October to 15 April, or other times if winter road conditions apply or are expected. However, a combination of studded and non-studded tyres on the vehicle are not allowed. It is ultimately the Swedish Police who decides whether winter road conditions prevail or not.

Incentives and barriers to entry

Tax incentives and favourable tax regulation

There are no specific tax incentives exclusively directed at the automotive industry or investments in this sector in Sweden. However, there are a few general tax incentives that could be relevant for automotive companies. For example, the research and development (R&D) reduction allows companies to deduct employers' contribution for employees who are actively and professionally involved in research and development for commercial purposes. To attract employees from other parts of the world, there is also an "expert tax" regime which individuals who are considered experts, researchers, or other key persons, and who move to Sweden to work, can apply for to reduce the tax on their income.

Sweden has a relatively favourable regulation regarding tax allocation reserves. The regulation allows Swedish companies to make tax-deductible appropriations of a part of the taxable profit to a reserve during a certain period. Relatively high depreciations for tax purposes on certain fixed assets are also allowed. As for automotive companies, depreciations of assets such as machines and equipment, may reduce their taxable income during the first years of establishing business in Sweden, increasing the incentives, and lowering the barriers to enter the Swedish automotive market.

Governmental financial support

Swedish automotive companies have the opportunity to apply for governmental financial support through the [Climate Leap Initiative](#) (co-funded by NextGenerationEU). The support aims to encourage investments that provide high climate benefits, and the calculation of greenhouse emission gas reduction is therefore one of the most important documents to provide in the application.

No overall market entry conditions

In Sweden there is no specific market entry restrictions to consider. However, if a company is going to engage in specific activities such as car rental activities, a specific permit in accordance with the [Car Rental Act](#) is needed. Also, if an automotive company intends to engage in a "protection-worthy activity", for instance if the company intends to conduct research into, or supply products or techniques in, emerging technologies, the [Screening of Foreign Direct Investments Act](#) must be considered. The act imposes requirements of prior notification to and, in some cases, screening and approval by the relevant Swedish authority.



Manufacturing, supply and distribution

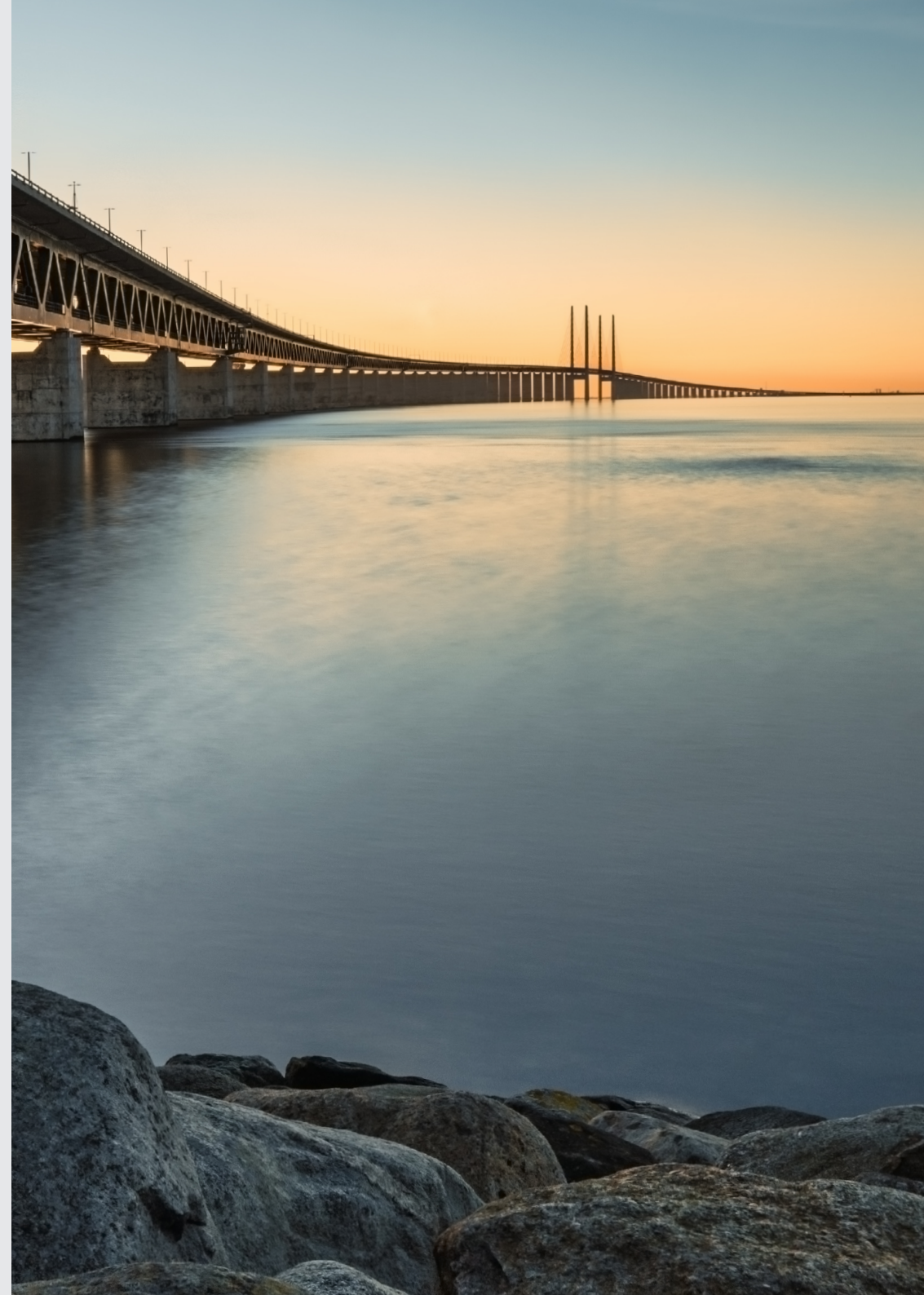
Manufacturing and supply chain management

The primary Swedish OEMs rely heavily on their supplier network, which is predominantly driven by orders from and collaborations with these OEMs. Overall, Sweden's automotive sector encompasses more than 1,000 entities, including OEMs and suppliers spanning across Tier 1 to Tier 3.

Generally, OEMs establish general terms and conditions, global or regional, for its purchases from suppliers and it is not uncommon that the requirements on the suppliers are stringent. For example, it is common for these general terms and conditions to place a one-sided responsibility on suppliers to secure production capacity based on forecasts, while these forecasts themselves are not binding on the OEMs. As the Swedish OEMs set high demands on sustainability and environmental manufacturing, such as high standards for remanufacturing to reduce environmental impact, this will be reflected in the contracts. Often, sustainability and environmental aspects are explicitly addressed in the contracts with the suppliers and partners of OEMs. Also, OEMs strictly regulate the sourcing requirements for parts, as well as the manufacturing process, for the suppliers to fulfil.

Wholesale distributors

Typically, vehicles are distributed through wholesale distributors. Dealerships and retailers acquire the vehicles from the distributors to thereafter sell them to end customers. Most of the OEMs use a selected network of dealers and refrain from selling vehicles to dealerships outside this selected network. This way manufacturers are able to control the branding and sales processes as well as the aftersales relations. Generally, the relationship between an OEM and its network of dealers is long term and governed by a general framework agreement with standardised terms. However, the agreements are individual in a way that allows specific problems with a particular dealer to be resolved on a case-by-case basis.



The consumer perspective

In Sweden, there is an industry agreement entered into by the Swedish Consumer Agency and Motor Retail Trade and Repairs, that clarifies what applies between a consumer and a car dealer. The agreement includes aspects such as delivery terms, complaints and sanctions in the event of faults.

New trends

A trend that emerged in the recent years, is OEMs shifting from distributing vehicles through independent dealerships to acquiring their dealers, shifting from dealership to agency, to gain even more control of their vehicle distribution. The traditional distribution method is also being challenged by alternative forms of access to vehicles, such as car leasing, car sharing schemes and second-hand car purchases. As OEMs move towards a more direct relationship with end customers, suppliers might also need to step in to support the end customers during the purchasing process.

Development and partnerships

Sweden's position as an international tech leader makes the Swedish automotive industry competitive in areas such as innovation, sustainability, and safety. Sweden is a strategic location for developers of information and communications technology (ICT) and transport solutions for the future. The focus for automotive companies in Sweden is mainly on areas like electrification and safety systems and the focus of investing is on R&D, which all contributes to staying ahead in technology. One of the fastest growing areas for OEMs is R&D, along with activities focused on adapting to digitalisation and meeting the environmental requirements. R&D projects in Sweden are especially common between automotive companies and universities or research institutions.

When suppliers and customers cooperate in the early stages of development with an open and collaborative mindset, the opportunity for successful partnerships arises. This is a vital part of the Swedish model of cooperation. Another part is that the customer is treated as a valuable co-developer rather than solely a source of information, which further strengthens the cooperation. As collaborations in new technology increase, new partner models are appearing.



Innovative partnerships

As decarbonisation and connectivity require teamwork across various sectors, the automotive industry is seeing a rise in partnerships and joint ventures with collaborations extending beyond traditional automotive boundaries. For instance, Volvo Group teamed up with Westport Fuel Systems to establish a joint venture aimed at speeding up the adoption of Westport's high-pressure direct injection fuel system technology, reducing carbon dioxide emissions from long-haul transportation. Additionally, Volvo Group and Renault Group recently received all necessary regulatory approvals for their joint venture, "Flexis SAS", which focuses on developing next-generation fully electric and software-defined vehicles.

Industry regulations

In Sweden there are no specific rules exclusively directed at the automotive industry when preparing, negotiating, or entering an M&A or a joint venture transaction within the sector. But if a transaction meets certain criteria provided in the [Protective Security Act](#) or the [Screening of Foreign Direct Investments Act](#), consultation, notification or screening may be required prior to the closing of the transaction. These requirements might be actualised if an automotive company engages in activities that are of importance to Sweden's security, or in "protection-worthy activities".

Safety and environmental requirements

Producer responsibility

Businesses introducing vehicles to the market in Sweden must adhere to environmental requirements related to recycling and are also required to register with the authorities. The responsibility of recycling end-of-life vehicles, free of charge, falls on the car producer who has either manufactured or imported the vehicle to Sweden. The requirement means that a minimum of 95% of the weight of an end-of-life vehicle must be recovered and a minimum of 85% of the weight must be reused or recycled. The [Swedish Waste Ordinance](#) has introduced a new regime concerning producer responsibility. The new regime restricts the owner of an end-of-life vehicle from scrapping it to anyone other than the producer, the producer's "reception system" or an authorised car scrapper. It is the producer's responsibility to ensure that one or more suitable reception systems are available. This is part of Sweden's commitment to sustainable waste management and environmental protection.

Producer responsibility extends to reporting to relevant authorities and providing information about recycling when launching new vehicles in the Swedish market. The producer is obligated to provide details and information about the materials, components, and hazardous substances that are crucial for the vehicle's reuse and recycling within six months of releasing a new type of vehicle on the market. However, note that specific rules may apply to different car components, such as batteries. Additionally, starting from 2024, new rules have been implemented concerning the producer's responsibility for tyres.

The Swedish authorities have a range of enforcement measures that can be used to enforce compliance. These enforcement measures include, among others, supervision, injunctions, fines and penalty fees.



Product safety

Product recalls in Sweden are governed by the Swedish [Product Safety Act](#). However, with the imminent amendment and replacement of the current EU framework by the [new EU General Product Safety Regulation](#), a new regime for product safety is set to come into force in late 2024.

Every product intended for consumer use and introduced to the Swedish market must meet safety standards. The entity identified as the economic operator, which includes the manufacturer and importer, as well as other professionals in the supply chain, is responsible for ensuring that only safe products are distributed. Consumers must be given the necessary information to evaluate the risks associated with a product. Suitable measures, such as product withdrawal from the market or product recalls from consumers, must be taken to mitigate risks. The new EU framework introduces specific provisions concerning recalls, including a mandatory recall notice template. It outlines the consumers' right to a remedy and the obligations of economic operators to report accidents to both authorities and the public.

To enforce these rules, authorities may supervise, request information, and impose injunctions, fines, and penalties on those who fail to comply with product safety regulations.

Product liability and recall

Liability

The liability for damage caused by a defect in a product resulting in death or personal injury, rests with a producer. The liability for damage also includes damage to or destruction of any item of property other than the defective product itself, provided that such item of property is intended for or actually used for private use. For instance, a producer is never liable for damage to a truck since a truck is not intended for private use. However, a producer may be liable for damage to a passenger car if the car mainly is used for the injured person's private use. It is of no relevance whether the damage has been caused by negligence or not, which means that the liability is strict.

"Products" are defined as all movables, even if they are part of another movable item or incorporated into an immovable property. A product is considered defective if it fails to offer the level of safety that a person has the right to expect. Therefore, in the context of product liability, a car component can be considered a separate product. A product may be suitable for its intended use, while still being regarded as defective due to its lack of safety.

Legal proceedings

A person who has suffered injury must commence legal proceedings within three years from the date when the injured person became aware, or should reasonably have become aware, of the damage, the defect, and the identity of the producer. All claims that are related to a product are subject to a limitation period of ten years from the date when the producer first made the product available in the market. This means that any legal action for a claim must be initiated within this ten-year period and after this time the claims are considered time barred.

While class actions related to car recall cases are not common in Sweden, the scope for consumers to initiate such actions was expanded in 2024. The consumers' right to perform such class actions means that qualified entities shall be entitled to seek injunctive and redress measures. This covers the entitlement to submit an application to administrative authorities, aiming, for instance, to pursue actions that mandate a trader to cease or forbid the continuation of a practice deemed to constitute a violation of product safety regulations.



Competition enforcement

Agreements on distribution and supply

Manufacturers and their dealers or suppliers often utilise selective distribution systems. These systems and other similar distribution agreements are regulated by the European Commission's [Vertical Block Exemption Regulation](#) (VBER) along with specific [guidelines](#). VBER ensures a safe harbour for these agreements if the involved parties' market shares are below 30% in relevant markets and if the agreements are free from any hardcore restrictions, like resale price maintenance, and excluded restrictions, such as non-compete clauses exceeding five years.

Moreover, the European Commission's [Motor Vehicle Block Exemption Regulation](#) (MVBER), which includes more stringent restrictions and [Supplementary Guidelines](#), also governs specific agreements in the automotive aftermarket, such as those involving the trading or servicing of motor vehicle parts. In 2023, the European Commission [extended the MVBER's expiration](#) from 31 May 2023 to 31 May 2028, granting it five more years of validity. The MVBER and Supplementary Guidelines aim to protect market competition by providing consumers with a variety of choices for motor vehicle maintenance and repair services. Following the MVBER extension, the Commission [updated the Supplementary Guidelines](#) to address the automotive sector's digital advancements, by for example ensuring both authorised and independent repairers have access to essential vehicle data for maintenance.

Both the VBER and the MVBER have been incorporated into Swedish legislation by the Swedish parliament.

Supervision and enforcement

The Swedish Competition Authority is currently investigating potential anti-competitive public sales activities, specifically related to the electric vehicle charging infrastructure. Suspicions arise from potential anti-competitive actions by public entities, such as under-pricing or bundling services to compete against private enterprises.

Recently, the EU has intensified its scrutiny of the automotive industry, conducting several antitrust investigations and issuing rulings on cartel activities. These efforts highlight a growing concern over competitive practices within the sector.

Damages claims

The Swedish [Competition Damages Act](#), effective from 27 December 2016, sets the legal grounds for damage claims against firms violating competition laws, aligning with EU Directive (2014/104/EU). For infringements occurring before this date, the Swedish Competition Act's regulations apply. Despite the legal basis for competition damage claims existing since 1993, such claims, whether stand-alone or follow-on, are rare in Swedish courts. Unlike other European nations that have witnessed a surge in follow-on damage cases, such as those related to the Trucks cartel involving six major truck makers, Sweden has not experienced a similar increase. Currently, a notable follow-on damages case is active in the Swedish Patent and Market Court, though it pertains to the price comparison services market, not the automotive sector.



Disputes

Dispute resolution mechanisms

Supply chain disputes are the most prevalent conflicts in the automotive industry. In Sweden, such disputes are typically resolved by the Swedish courts or through arbitration if the parties agree to this method. Arbitration often adheres to the rules of [Arbitration Institute of the Stockholm Chamber of Commerce](#), a body well-recognised for handling both domestic and international disputes. According to the Stockholm Chamber of Commerce Rules (SCC Rules), Swedish courts and arbitration panels are authorised to issue interim measures, such as injunctions that mandate performance, like delivery. Emergency arbitration is also available under the SCC Rules. However, although binding, interim injunctions issued by an arbitration panel or an emergency arbitrator are not usually considered legally enforceable. In practice, parties in Sweden often choose to resolve disputes through out-of-court settlements or arbitration.

Intellectual property disputes

Overview of IP disputes in the automotive industry

Intellectual property (IP) disputes are prevalent in the automotive industry, largely driven by the sector's continuous innovation and the necessity for protective measures. As modern vehicles integrate an array of patented technologies, the likelihood of disputes grows with the substantial investments in research and development aimed at pioneering future technologies. Typically, these IP disputes are international or transnational, affecting multiple legal jurisdictions, making the following information relevant for both Swedish and EU contexts.

Challenges with Standard Essential Patents (SEPs) and FRAND terms

The prevalence of IP disputes in the automotive sector is expected to increase as vehicles increasingly use standard essential patents (SEPs), such as telecommunication technologies like Wi-Fi and 5G. The main issue arises from the vague definition of fair, reasonable, and non-discriminatory (FRAND) terms, le-

ading to uncertainty about licensing fees and conditions for SEPs. To curb the influence of SEP holders, those involved in standardisation must offer their patents on reasonable terms. Yet, the interpretation of FRAND remains inconsistent, often resulting in industry conflicts, such as the notable case between Nokia and Daimler. Moreover, SEP holders and implementers bear the responsibility of negotiating FRAND terms, adding to the complexity of IP disputes in this field.

Future implications and legislative developments

The effectiveness of industrial IP protection in the automotive sector remains uncertain. The scarcity of mobile-technology SEP licences in this sector suggests that resolving IP disputes may be challenging, despite notable international legal precedents like *Continental v Avanci*. The results of initial licensing agreements and legal battles will likely influence the establishment of FRAND licensing frameworks and pricing for connected-car technologies. Optimism exists regarding a [new SEP regulation recently approved by the European Parliament](#), expected to resolve many existing issues. Yet, this proposal must still pass through additional legislative stages before becoming law.



Consumer disputes

If a motor vehicle purchased by a consumer would appear to be faulty or if delivery were to be late, consumers in Sweden are particularly protected through the [Consumer Sales Act](#). The Act states that contractual terms, which in comparison with the Act, are unfavourable to the consumer, shall be without effect, unless otherwise stated in the Act. Many consumer rights are non-negotiable, and for the consumers to be able to exercise their rights, the [Swedish National Board for Consumer Disputes](#) (ARN) is available. ARN is a Swedish public authority roughly functioning like a court, where its main task is to impartially try disputes between consumers and business operators following a claim filed by the consumer. ARN's recommendations are not binding, but most business operators subject to a recommendation to act follow it. In comparison with a trial in court, ARN's inquiry only require the consumer to pay an administration fee of SEK 150. The costumer does not risk having to pay any litigation costs as a losing part, and the process in ARN is usually short (about six months). ARN has a special Motor Vehicle Department to which a consumer may file a complaint if the consumer experiences faults or problems with a car bought from a car dealer. In 2023, 5,621 complaints were submitted to the Motor Vehicle Department of ARN, in 36% of the cases the consumers won the case and in 76% of those the business operators followed the recommendation of ARN.

Distressed suppliers

Dependency and risk in automotive supply chains

Automakers and their suppliers typically maintain long-term business relationships, with both parties heavily reliant on the relationship's effectiveness. Suppliers depend on one another, while automakers rely on the entire supply chain's functionality. Producing a specific car model requires substantial investment in specialised tooling, which incurs significant costs, especially for new models or facelifts. This dependency complicates switching to a new supplier if the current one becomes insolvent.

Bankruptcy procedures

In Sweden, a district court can declare a company bankrupt and appoint a trustee to oversee its operations. The trustee may choose to keep the business operational to enhance its appeal as an ongoing entity.

Process of company reorganisation in Sweden

A court will decide on company reorganisation upon an application submitted by either a debtor or a creditor. The court will only approve reorganisation if the company is financially stable and viable. Although a reorganiser is appointed, the debtor retains possession of the company's assets. The reorganisation process is supported by legal provisions that ensure the proper fulfilment of certain contracts and allow for their early termination if necessary. A business restructuring plan can be proposed to the creditors, who will vote on it, with the plan ultimately requiring the court's final approval.

Perfection of title of tooling

If a supplier goes bankrupt, the ability to source parts they produced depends partly on who holds the tooling and IP rights related to it. Although a supplier might sell tools to an OEM, the supplier usually retain possession to continue part production. If the legal ownership of these tools is not properly established, the OEM's claim to them may not be recognised in scenarios like the supplier's bankruptcy or during corporate restructuring.

To secure ownership, the OEM must physically possess the tools, as this is a requirement to perfect the title. Given the high cost of tools, securing clear ownership is crucial and can be facilitated through specific contractual arrangements in the automotive industry, such as through the purchase of movable contracts.

Employment issues

Employment laws and regulations

Sweden has an employee-friendly legislation where the employment laws and regulations are designed to be universal and apply across all sectors. Therefore, there are no specific automotive sector employment regulations or laws in Sweden. This means that employers in the automotive industry, like every other industry, must adhere to these laws, which include provisions for fair treatment, non-discrimination, and strong employment protection against termination.

Unionisation

The automotive sector in Sweden is characterised by a high level of unionisation, with strong trade unions representing a significant part of the workforce. In various sectors and industries, including the automotive industry, central collective bargaining agreements (CBAs) are established through negotiations between employer and employee organisations, commonly known as trade unions. These CBAs apply exclusively to employers who are either members of an employer organisation or have directly signed a CBA with a trade union. In the automotive sector, it's common for locally negotiated CBAs to be in effect within unionised employers. A typical CBA will encompass specific employee groups at the workplace, leading to the existence of distinct CBAs for blue-collar and white-collar employees. Consequently, an employer usually recognises and interacts with multiple trade unions.

Within the automotive industry, a standard CBA covers various aspects such as wages, benefits like pension, insurance, and holiday benefits, working hours including overtime and associated payments, workplace disputes like disciplinary issues as well as security of employment.

New data regulatory framework

Data and innovation in the automotive sector

The [Data Act](#), which entered into force in January 2024 and will apply from September 2025, is an EU regulation establishing harmonised rules for fair access to and use of data generated by connected products and related services. Connected product means an item that obtains, generates, or collects data concerning its use or its environment data via an electronic communications service, physical connection or on-device access, and whose primary function is not the storing, processing, or transmission of data on behalf of any party other than the user. Thus, modern vehicles may very well fulfil the definition of a connected product, making it subject to the requirements stipulated in the Data Act such as the obligation of connected products being designed and manufactured in a manner that product data is directly accessible to the user. Further, readily available data, including necessary metadata to interpret the data, shall be made accessible to a third party upon request by a user. This will, for instance, facilitate the development of aftermarket services by enabling third-party service providers to access vehicle data.

As for the EU [AI Act](#) this introduces comprehensive regulations aimed at ensuring the safe and trustworthy deployment of AI technologies across various sectors, including the automotive industry. The AI Act emphasises the importance of human-centric and reliable AI, aligning with the EU's core values of health, safety, and fundamental rights. High-risk AI systems, such as those used in vehicle safety components or traffic management, are subject to stringent requirements to mitigate potential risks to health and safety. Compliance with these regulations will necessitate significant efforts from the automotive sector, particularly in integrating AI systems that meet the defined safety and performance standards. The AI Act is set to be implemented gradually, with the first key provisions becoming applicable from 2 February 2025, allowing stakeholders time to adapt to the new regulatory landscape.



Access to vehicle data and data protection concerns

In Sweden, access to vehicle data and data protection concerns are primarily governed by the EU [General Data Protection Regulation](#) (GDPR). The GDPR provides a comprehensive framework for data protection, which is further supplemented by national legislation and guidelines issued by the Swedish Authority for Privacy Protection, as well as case law at both EU and Swedish level. As we are currently experiencing a digital age with new technology at its forefront, data protection concerns, and particularly the protection of personal data, are more relevant than ever.

A fairly recent EU case law, from the late 2023, on data protection relevant to the automotive sector is the Scania decision (Case C-319/22, Gesamtverband Autoteile-Handel e.V. v. Scania CV AB). In the case it was concluded, amongst other, that vehicle identification number (VIN) in itself is not “personal” data, but that it becomes personal data when it can reasonably be associated with a specific person by someone who has the means to do so. As an example, the VIN constitutes personal data of a natural person referred to in a registration certificate for a vehicle, as both the VIN and the name and address of the certificate holder must be specified in the certificate.

One area where access to vehicle data raises specific data protection concerns is in the employment context, especially given that monitoring of vehicles or other work equipment, and thus employees, through positioning techniques has become increasingly common in activities involving transport. Positioning techniques allow for close monitoring of employees and pose risk of undue invasion of the employees’ privacy. An employer wishing to use in-vehicle positioning techniques that can be linked to individual employees must rely on a legal basis for the processing of personal data, which in the field of private employers normally will be a legitimate interest. Thus, a balancing of interests will have to be conducted, and an employer also needs to consider whether a data protection impact assessment is required prior engaging in the data processing activity.

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