

Paul Davies MS
Chair, Economy, Trade, and Rural
Affairs Committee
Senedd Cymru/Welsh Parliament
Cardiff Bay
Cardiff
CF99 1SN

From: Stuart Hudson
Senior Director, Strategy
Communications and Advocacy

20 September 2021

Dear Mr Davies

Introduction to the Competition and Markets Authority

I am writing to congratulate you on your appointment as Chair of the Economy, Trade, and Rural Affairs Committee and to introduce the work of the Competition and Markets Authority (CMA), the UK's lead competition and consumer authority. We work to promote competition for the benefit of consumers. Our role is to make markets work well for consumers, businesses and the economy.

From this year, the CMA will be required to lay its annual plan and annual report in the Welsh Parliament. We are keen to engage with the Economy, Trade, and Rural Affairs Committee's workplan on areas of interest to our role, and that the Committee is aware of and can engage with CMA work where it falls within its remit.

The CMA 21/22 Annual plan¹ includes themes that will be relevant to the Committee's work, including a commitment to protecting consumers and driving recovery and supporting the UK economy by fostering competition to promote innovation, productivity and growth. One of the ways that the CMA will do this is through analysis examining how well competition is working across the UK economy². We have also carried out a review to assess how regulation affects competition in the UK economy,³ producing a number of recommendations for policymakers to support them in developing regulation.

¹ Competition and Markets Authority (2021) Annual Plan 2021-22 [CMA Annual Plan 2021 to 2022 \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/97444/cma-annual-plan-2021-22.pdf)

² Competition and Markets Authority (2020) [CMA reports on the state of competition in the UK - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/97444/cma-reports-on-the-state-of-competition-in-the-uk-2020.pdf)

³ Competition and Markets Authority (2020) [Regulation and competition: a review of the evidence - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/97444/cma-regulation-and-competition-a-review-of-the-evidence-2020.pdf)

I also wanted to provide an update on the work to establish new functions within the CMA that may be relevant to the Committee's work, including the Office for the Internal Market, the Digital Markets Unit and the Subsidy Advice Unit.

Office for the Internal Market

The UK Internal Market Act will create an Office for the Internal Market (OIM) to carry out a set of independent advisory, monitoring and reporting functions to support the development and effective operation of the UK internal market. The OIM will monitor and report on how the UK internal market is working and provide non-binding technical and economic advice to all four governments in the UK on the effect of specific regulatory provisions on the UK internal market. Its work will assist governments in understanding how effectively businesses are able to sell their products and services across the four nations of the UK, and the impact of regulatory provisions on this, including the impact on competition and consumer choice, for assessment alongside wider policy considerations. To achieve this, the OIM will ensure that it demonstrates transparency, independence, analytical rigour and even-handedness. The OIM will launch on 21 September.

Digital Markets Unit

A Digital Markets Unit (DMU) has been established within the CMA to begin work to operationalise the future pro-competition regime for digital markets. The DMU will oversee a new regulatory regime for the most powerful digital firms, promoting greater competition and innovation in these markets and protecting consumers and businesses from unfair practices.

The UK Government has [published a consultation](#) on the new pro-competition regime for digital markets. This consults on the DMU's powers in relation to the new regime, including designating firms with Strategic Market Status (SMS) and enforcing a code of conduct.

The new regime will require legislation and we will continue to work with the UK Government over the coming months to support it in developing the DMU framework, as well as continuing work to build and develop the DMU in its shadow form. We encourage your engagement with the consultation and welcome any comments or thoughts you may have and how it may affect the digital sector in Wales.

Subsidy Advice Unit

Recently the UK Government announced its intention that the CMA plays a role in the UK's new subsidy control regime. The Subsidy Control Bill sets out functions that will be exercised by a new "Subsidy Advice Unit" (SAU), to be set up within the CMA. If the UK Parliament decides to confer these functions on us through the enactment

of the Bill, we will work constructively with stakeholders to help us deliver these new responsibilities.

We appreciate that the Committee is continuing to develop its workplan. We would be keen to engage with or feed into any areas of the Committee's work that falls within our remit or in sectors where we have experience and expertise. We are also happy to engage with the Committee on any of the new functions that the CMA will be undertaking.

Please do not hesitate to contact us if you would like to discuss any aspect of our work or how we might contribute to yours, as your workplan develops.

Yours sincerely

A handwritten signature in blue ink that reads "Stuart Hudson". The signature is written in a cursive, slightly slanted style.

Stuart Hudson
Senior Director Strategy, Communications and Advocacy
Stuart.Hudson@cma.gov.uk

Cc Simon Harris, CMA Wales Representative