Department for Business & Trade

Department for Science, Innovation & Technology

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Business and Trade Committee
House of Commons
London
SW1A 0AA

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Dear Members,

**Response to letter regarding Digital Markets, Competition and Consumers Bill**

Thank you for your letter of 20 July to the Secretary of State for Business and Trade regarding the Digital Markets, Competition and Consumers (DMCC) Bill. We thank you for your continued interest in the Bill.

The DMCC Bill will establish new, faster, more effective tools to address the unique barriers to competition in digital markets. The new regime will deliver our objective to make the UK the most innovative economy in the world and a technology superpower.

As lead Ministers for the Bill, we are responding to your letter on behalf of the Secretary of State for Business and Trade. We will address each of your questions individually:

**<u>Parliamentary Oversight</u>**

The digital markets regime is designed to be highly targeted and forward-looking, ensuring the attractiveness of the UK as a place to do business. As the Bill impact assessment sets out, the regime is expected to improve consumer outcomes in digital markets (including lower prices, higher quality and greater choice) and increase growth and innovation in the digital economy.

You asked whether Government had considered including an annual, independent review of the cumulative economic impact of the Digital Market Unit's (DMU) interventions in the Bill. The Competition and Markets Authority is an independent body which already publishes its own annual report, performance report and accounts which will cover the operation and effectiveness of the regime. This reporting includes the economic impact of CMA interventions, and it is right that Parliament holds the CMA to account for this.

The Government is committed to undertaking robust monitoring and evaluation of the regime once it has bedded in. This will include monitoring the activities, outcomes and impacts of the regime. Our officials are currently developing a monitoring and evaluation plan in advance of the regime coming into effect. Given the nature of the regime, we expect that the economic impacts will be felt over the course of multiple years.

Given the CMA and Government will be monitoring the impacts of the regime and publishing its analysis we do not consider it necessary to include additional independent reviews.

**Judicial Oversight**

As you are aware, the CMA will be empowered to make significant market interventions impacting the firms in scope of the regime. This discretion must be matched by robust checks and balances – from initial decision making to appeals.

The Government agrees that the CMA should be accountable for the new powers bestowed upon it – just as it is for its current powers. We believe the accountability and transparency measures in the Bill in addition to those that already exist provide an appropriate level of oversight for the regime, which recognises the CMA's role as an independent economic regulator. The combination of these measures set out below means that a planning policy statement is unnecessary and could encroach on the CMA's independent decision-making.

The Government provides the CMA with a strategic steer which sets out expectations for how the CMA should approach its work. The Government has recently consulted on the latest draft of the Strategic Steer, which includes specific reference to the digital markets regime. Traditionally this steer has been provided once per Parliament though – as we indicated in our 2021 consultation – we intend to proceed with more frequent strategic steers to the CMA as required.

The CMA Board, which is accountable to Parliament, will be responsible for all action taken under the regime. We have ensured the most important decisions under the regime are taken by a Committee or sub-Committee of the Board. The Board will directly oversee the launch of Strategic Market Status investigations and Pro-Competition Intervention investigations, ensuring the highest level of accountability. A Committee of the Board will oversee the regime's most significant interventions, such as on SMS designations, conduct requirements and pro-competition interventions. This will provide a balance of independence and expertise. The DMU will also be required to publish guidance on how it will take major decisions and will consult on this guidance before it is finalised.

We welcome the Committee's interest in the Bill and look forward to working closely with you as we take this vital legislation through Parliament.

Yours ever,

**Kevin Hollinrake MP**
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