



Department for
Business, Energy
& Industrial Strategy

Rt Hon Kwasi Kwarteng MP
Secretary of State
Department for Business, Energy and
Industrial Strategy
1 Victoria Street
London
SW1H 0ET

Darren Jones MP
Chair of the Business, Energy and Industrial Strategy Committee
House of Commons
Palace of Westminster
London

20 July 2021

Dear Darren,

Publication of consultations on competition and consumer policies

Today, the government is publishing two consultations, entitled *Reforming Competition and Consumer Policy* and *A New Pro-Competition Regime for Digital Markets*.

The proposed reforms to competition and consumer policy set out in the first consultation will support a prosperous economy where vigorous competition drives growth and productivity in all markets. Businesses that do the right thing will be rewarded with greater market share so that consumers can engage in markets with full confidence that they will get a good deal.

When competition and consumer policies work well, the markets deliver more innovation and greater productivity, in turn encouraging enterprise, investment, and jobs. There is evidence that competition could work better in some markets, and of markets with stubborn consumer problems that need addressing. This is why 'Building Back Better: our plan for growth' stressed the importance of competition in markets and committed to consult on strengthening enforcement powers and penalties to deter against anticompetitive behaviour.

Reforms include ensuring that consumers can have confidence when shopping online. This means tackling fake reviews, making it easier for consumers to leave subscriptions they don't want, and taking aim at exploitative practices like drip pricing. We're also aiming to make it easier for consumers to fix their own problems when they have a dispute with a trader, by increasing the availability and quality of services like mediation and arbitration and looking at routes to allow consumers to group together more easily to seek redress collectively. Where regulators step in to enforce the law on consumers' behalf, reforms will give them stronger tools to do so, for example with new fining powers.

Reforms will also promote competition in markets. We will have a more active pro-competition strategy, rebalanced merger controls, stronger enforcement against anticompetitive conduct, and cross-cutting reforms to the Competition and Market Authority's powers.

The proposed reforms will improve confidence in markets, deliver significant benefits for consumers and deliver the Manifesto commitment to give the Competition and Markets Authority enhanced powers to tackle consumer rip-offs and bad business practices.

Competition is important in all markets, and there are specific challenges to tackle regarding digital markets to unlock further growth and innovation. Through the new pro-competition regime for digital markets set out in the second consultation, the government will drive greater dynamism in our tech sector, empower consumers and drive growth across the

economy. Our proposed reforms are the latest step towards the establishment of a new regulatory regime for digital markets.

Digital technologies make an incredible contribution to our economy and lives. A strong digital economy is central to the government's plan to increase productivity, innovation, and long-term growth. However, we are increasingly concerned about the dominance of a small number of tech companies. This dominance is impacting our economy by reducing competition.

In response, we wish to establish a world-leading pro-competition regime for digital markets. This regime will transform the digital economy by encouraging innovation and increasing choice for consumers. Central to the regime is the creation of the Digital Markets Unit in the Competition and Markets Authority.

The regime will feature an enforceable code of conduct which will govern the behaviour and activities of firms with 'Strategic Market Status'. The Digital Markets Unit will also be able to impose 'pro-competition interventions', designed to tackle the underlying causes of market power to boost competition, innovation and growth. We are also considering reforms to the merger review process for those firms that fall under the scope of the pro-competition regime. These matters will be considered in the consultation, alongside the mechanisms for identifying firms which fall within the scope of the regime and the objectives of the Digital Markets Unit.

The regime will help give small businesses fair access to platform services, including digital advertising, helping innovative new companies and services to grow and thrive, and allowing them to grow their business' online presence. It will ensure that smaller businesses dependent on large digital platforms get a fair deal, for example supporting the sustainability of our press by helping to rebalance the relationship between news publishers and dominant online platforms. The regime will also build trust and confidence amongst the millions of UK citizens who use such platforms every day.

It is important that we act decisively on this agenda. The UK now has an opportunity to build back our economy better and take a decisive lead in delivering a pro-tech regime that drives up dynamism.

I welcome the opportunity to engage with you and the BEIS Select Committee members further on this important agenda. Separately, the Secretary of State for Digital, Culture, Media and Sport will be writing on a similar basis to the DCMS Select Committee on our jointly published consultation on *A New Pro-Competition Regime for Digital Markets*.

The consultations can be found at the following pages:

www.gov.uk/government/consultations/reforming-competition-and-consumer-policy

www.gov.uk/government/consultations/a-new-pro-competition-regime-for-digital-markets

Yours sincerely,



RT HON KWASI KWARTENG MP
Secretary of State for Business, Energy and Industrial Strategy