



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

The Rt Hon Lord Tyrie
Chair
Competition and Markets Authority
Victoria House
Southampton Row
London
WC1B 4AD

13 March 2019

Dear Andrew,

As you are aware, last summer I commissioned Professor Jason Furman and a panel of experts to report on the state of competition in the digital economy and to make any recommendations which might be needed as a result.

Professor Furman's review has concluded and I am today announcing its publication at Spring Statement.

One of Professor Furman's recommendations is that the Competition and Markets Authority (CMA) carry out a formal Market Study into the digital advertising industry. This has previously attracted support from many quarters, including several parliamentary sub-committees, from Dame Frances Cairncross and my colleague the Secretary of State for Digital Culture Media and Sport. We know the CMA has previously gone on the record as actively considering such a study.

The CMA's expertise and information gathering powers make it uniquely placed to shine a light on this sector, which has been widely described as lacking transparency, and when appropriate to make recommendations to Government.

A Market Study would provide greater understanding of the existence, nature and potential solutions to any problems within the digital advertising market, and would further develop understanding of the operation of platform markets which rely on digital advertising for revenue. It would also enhance the CMA's ability to detect and assess digital mergers when these may be of concern.

At the same time, I wish to be clear that I recognise the potential challenges on CMA resourcing associated with scenarios relating to the UK's departure from the European

Union other than an orderly exit. This is including in relation to the CMA's increased responsibility for ongoing competition cases with a European dimension and its new role in State Aid.

For these reasons I am today writing to ask whether the CMA Board would prioritise a decision on whether to take forward a market study into digital advertising market, as soon as you consider it possible to do so, and come forward with recommendations.

Thank you for your engagement on these matters, which are highly important for UK consumers, business and the economy. I look forward to your response.

A handwritten signature in black ink, appearing to read 'Philip Hammond', with a horizontal line under the name.

PHILIP HAMMOND