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25 March 2021

Dear Andrea, Jonathan

The State of UK Competition

On behalf of Government, we would like to thank you, and all those involved at the CMA, for producing the first State of UK Competition report, and to commend you on its quality.

The expert analysis and findings of this initial report are an excellent first step towards raising our collective understanding of the level and nature of competition across the UK economy.

We would also like to express our gratitude for the adaptability of the CMA in undertaking this work despite pressures caused by Covid-19, and for incorporating insightful analysis on the impacts of the pandemic on competition into the report.

Delivering regular expert state of competition assessments

While this first report represents a world-leading development in measuring and monitoring the state of competition across the economy, we recognise that building

our understanding and evidence base is an important ongoing process. Hence, we believe there is value in regular reporting, and hope that this preliminary assessment will provide a baseline for further work. We invite the CMA to work with Government to confirm the regularity of subsequent reports.

It is natural that the scope, depth and breadth of reports will improve as our collective understanding of the issues improve. We therefore agree with the report's recommendations that future iterations include proportionate improvements to the analysis. It would be beneficial for the CMA to continue engaging with Government and the wider academic community to refine and develop the approach to future reports.

In particular, spotlighting a handful of key markets as case studies for more in-depth analysis would be a positive next step. This would provide the CMA and Government with information to better target our respective resources and tools towards raising competition in particular sectors or national, regional, or local markets that may be of potential concern.

Driving evidence-based economic policy

The findings of the report provide valuable evidence to help inform economic policy, and whether additional action on the part of the CMA or Government may be required to boost competition across UK markets. We are committed to making the UK the best place in the world to start and grow a business, driving productivity and innovation, while ensuring consumers get the best deal. Ensuring competition is working fairly and effectively right across the country is at the heart of this vision.

Given the unprecedented challenges now faced by many parts of the economy as we emerge from the severe economic impact of the pandemic, it is now as important as ever to ensure that the competition and consumer regime works for everyone.

We look forward to building on this first report and continuing to work closely with you more generally to deliver competitive outcomes across the UK economy.

Yours sincerely,



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