

**SMMT COMBINED RESPONSE TO THE COMPETITION AND MARKETS AUTHORITY
CONSULTATIONS ON THE DRAFT GUIDANCE ON THE OPERATION OF THE CMA'S
UK INTERNAL MARKET FUNCTIONS AND THE DRAFT STATEMENT OF POLICY ON
THE ENFORCEMENT OF THE OFFICE FOR THE INTERNAL MARKETS INFORMATION
GATHERING POWERS**

JULY 2021

Introduction and Sector Overview

1. The Society of Motor Manufacturers and Traders (SMMT) is one of the largest and most influential trade associations in the UK. It supports the interests of the UK automotive industry at home and abroad, promoting the industry to government, stakeholders and the media. The automotive industry is a vital part of the UK economy accounting for £78.9 billion turnover, £15.3 billion value added and invests more than £3 billion each year in automotive R&D. With some 180,000 people employed directly in manufacturing and 864,000 across the wider automotive industry, it accounts for 13% of total UK exports with over 150 countries importing UK produced vehicles, generating more than £100 billion of trade. More than 30 manufacturers build more than 70 models of vehicle in the UK supported by over 2,500 component providers and some of the world's most skilled engineers.
2. Automotive is one of the UK's most valuable economic assets, embedded in communities across all four nations of the UK and therefore is a key sector in aiding government with its domestic aims for reaching net-zero, levelling-up and its new global trade agenda.
3. SMMT welcomes the opportunity to respond to both the above-titled consultations. Please note this response addresses both consultations.
4. We welcome the OIM's plans to support the effective operation of the internal market in the UK. We hope the OIM will establish itself as a credible organisation that provides timely and rigorous analysis. It is essential that as a result of the UK repatriating powers from the EU no new barriers are erected to producing, moving and selling goods and moving people across the four nations of the UK. Unfettered access across the whole of the UK is essential. It is important to note that the way trade is conducted when moving goods between Great Britain and Northern Ireland has already dramatically changed since the end of the UK's Transition Period with the EU. Furthermore, there is a significant amount of EU regulation that continues to apply to Northern Ireland but not England, Scotland and Wales meaning regulatory divergence is a real possibility.
5. Automotive is one of the most heavily regulated sectors. One area that the industry is monitoring closely is environmental policy, given that this is a devolved competence. Environmental policy for reducing CO₂ and improving air quality should remain consistent across the UK and Devolved Administrations. UK government must work closely with the Devolved Administrations to ensure that there is a unified approach to all environmental policy affecting the automotive industry. From an automotive and consumer perspective, it is important that there is still a defined, uniform and enforceable national standard or framework to prevent confusion as differing local standards can mean individual consumers, fleets or operators are left confused on where they are able to drive their vehicles and where this is not possible without incurring a charge.

Requesting Information

6. Given the potential for the OIM to receive requests for advice from national authorities and requests for monitoring reviews from other bodies, and intelligence or information identified by the OIM through its own monitoring activity there could be a significant number of requests from the OIM to businesses to provide information to help with the OIMs work. The OIM should take a measured approach to seeking information from business, commensurate with the need and

ambition to reduce and avoiding duplication of burdens on business as well as providing realistic timeframes to respond. We welcome the fact the OIM will only request information that is relevant to its functions at the time of the request.

7. The OIM needs to balance the use of publicly available data with commercially sensitive information so as to avoid both a new burden on business but also an over reliance on the perspectives and analysis of a few companies in the industry.
8. What remains unclear is how the OIM will decide which companies to request information from. For example, if there is potential divergence on environmental standards across the UK and the OIM decides to analyse this, what are the criteria and how is it determined that vehicle manufacturer A is approached for information and vehicle manufacturer B is not?
9. Furthermore, business would like greater detail on what information the OIM could request. Whilst reference is made to examples of the types of information the OIM may request including internal business reports, strategy documents and other internal data, this is extremely broad and much of this will be commercially sensitive.
10. Related to this is what expectations the OIM has of receiving information that is kept by companies' headquarters, many of which are located outside of the UK. If internal business reports are held in another country, does the OIM expect the UK based company to obtain these and pass them on?

Penalties

11. Before resorting to a section 41 notice, we urge the OIM to exhaust the other routes available to them, namely the informal requests, or inviting relevant respondents to attend meetings or calls. Where a section 41 notice is issued by the OIM business will do everything they can to comply.
12. We welcome that the OIM will consider the size and administrative and financial resource available to the addressee of a section 41 notice where it has not been complied with when determining the penalty. It is important to ensure that penalties are reflective and in proportion to the reason for failing to comply.

