CO-OPERATIVES UK

Consultation response

Reforming Competition and Consumer Policy

September 2021

1 Q1: What are the metrics and indicators the CMA and government could use to better understand and monitor the state of competition in the UK?

1.1 The suggestions below are aimed at helping to create an environment that is conducive to *desirable* co-operation between smaller and weaker actors in the economy.

1.2 By desirable, we mean co-operation that has environmental, social and economic benefits and does not restrict competition. For example:

- co-operation in innovation, investment and circular supply chains needed to achieve Net Zero; of the kind government explicitly wants to encourage through its UK Innovation Strategy
- co-operation that allows smaller and weaker actors to counterbalance harmful concentrations of power in supply chains and markets, such as suppliers in supermarket supply chains or gig economy workers in relation to big tech platforms (we are pleased to see government acknowledge problems relating to market power in its consultation paper)
- co-operation between local small businesses as part of efforts to foster inclusive economic development and 'level-up' struggling places

1.3 We suggest it would be useful for the CMA and government to measure/monitor the following:

- the nature, scale and impact of business-to-business co-operation
- the contributions business-to-business co-operation makes to achieving vital public policy goals such as Net Zero, Food Security and Levelling-Up
- the distribution of value and/or the degree of value capture across supply chains (for example, in food supply chains between supermarkets, processors and producers)

3 Q3: Should government provide more detailed and regular strategic steers to the CMA?

3.1 Yes we believe so. Competition policy and enforcement cannot exist in isolation to the rest of government and society. The urgent need to use all available policy tools, including competition policy, to achieve Net Zero is just the most obvious illustration of this, among many. It is encouraging that government acknowledges the need for competition policy to serve greater purposes in the consultation paper.

15 Q15: Should the immunities for small agreements and conduct of minor significance be revised so that they apply only to businesses with an annual turnover of less than £10 million?

15.1 We urge government to bring forward policy that ‘de-risks’ *desirable* co-operation (see 1.2 above) for small/weak actors in the economy. In our work helping such actors explore their co-operative options (for example, helping freelancers scope options for contracting together through a co-operative structure), we have come across a widespread hesitancy to engage in co-operation, which stems from a somewhat vague and ill-informed apprehensiveness about the Chapter 1 Prohibition.

15.2 Government’s proposal would reduce the number of businesses eligible for an immunity. This is not in itself unhelpful, as we do not want government to ‘de-risk’ undesirable co-operation. However, a general tightening of enforcement here could send the signal to small/weak actors, and those who advise them, that co-operation is more risky than ever.

15.3 We suggest that government considers other actions to go alongside the changes it proposes, to help small businesses and those who advise them to better understand the true nature of Chapter 1 Prohibition and what it allows in terms of desirable co-operation. For example, clear guidance for small businesses from the CMA on desirable co-operation could be very useful. This is something we have previously asked DEFRA and the CMA to provide for farmers as they try to make sense of their competition regime post-Brexit.

[redacted]

[redacted]@uk.coop

[redacted]

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