

Email response to the Competition and Market Authority (CMA) [consultation on the approach proposed by the Subsidy Advice Unit \(SAU\) in undertaking its monitoring function as set out in section 65 of the Subsidy Control Act 2022.](#)

Responding organisation: United Kingdom Lubricants Association Limited

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Thank you for the opportunity to respond to the consultation on Subsidy Advice Unit: Proposed approach to monitoring under the Subsidy Control Act 2022.

The United Kingdom Lubricants Association (UKLA) is the trade sector body for the petrochemical lubricants sector based in the United Kingdom. Our members represent organisations ranging from large multinationals to small and medium-sized enterprises involved with formulating, blending and marketing lubricants which are used across every sector of society from the automotive, industrial, aviation, marine, rail and construction industries.

The United Kingdom is the second largest market for petrochemical lubricants in Europe with a fifteen percent market share, second to Germany and ahead of Italy, France and Spain. The market volume is around 600,000 metric tonnes a year and is equally split between automotive and industrial applications. The market is comprised of large multinationals which make up around 60% of the market volume, and a large number of small and medium-sized enterprises which make up the remaining 40%.

Our interest in this consultation is to enable us and our members to identify and tackle suspected cases of public subsidy on foreign companies producing exports of goods to the UK, as they distort a free and open marketplace for our members and economically disadvantage member companies from being able to compete in a fair market.

The Subsidy Control Act 2022 defines subsidies as

In this Act, “subsidy” means financial assistance which—

- (a) is given, directly or indirectly, from public resources by a public authority,
- (b) confers an economic advantage on one or more enterprises

My concern is the Methodology and Evidence set out within 3.5 of the consultation.

The issue we have is that for a lot of the time companies would not be able to determine whether direct subsidies have been applied by public bodies for foreign companies that distort competition for our members, we would lack direct data and evidence of this, ie the input. However, we could determine whether subsidies are being deployed through indirect data looking at the output of the effect of subsidies, ie that relating to the size and strength of

competition, finished goods and raw material prices offered in the marketplace, if they undercut the local market and the effect over time of growth of competitors or groups of competitors from suspected countries engaging in subsidies, in relation to the growth of the local market and of other companies competing with it.

A lot of this time the data would be finished goods and raw materials prices offered to the local market by foreign competitors, and the use of trade data indicating the volume and value of goods being imported into the UK from exporting companies.

Taken together this is the part the consultation is missing in setting out an approach to monitoring subsidies. UK companies might not have perfect knowledge of the costs of production of foreign competitors and evidence of direct subsidies being applied but by looking at published price lists of raw materials and finished goods, of trade data and foreign company accounts where these are available to us, we can identify the effects of subsidies on local competition and ascertain whether subsidies are in fact being applied.

So data from indirect sources would be key in this regard and therefore we are asking for the Methodology and Evidence section 3.5 to be amended to allow for data from indirect sources such as published price lists, trade data and company information to be included in ascertaining whether subsidies are being applied unfairly which aligns with the intention of the Subsidy Control Act 2022 and we don't just consider direct evidence or direct data of subsidies.