

# UK INTERNAL MARKET ACT 2020: REVIEW AND CONSULTATION – RESPONSE FROM THE OFFICE FOR THE INTERNAL MARKET

## 1. OVERVIEW OF THE OFFICE FOR THE INTERNAL MARKET'S REMIT

### 1.1 The Competition and Market Authority's functions under the UK Internal Market Act 2020 are undertaken by the Office for the Internal Market

1. The Competition and Market Authority (CMA) is the UK's principal competition and consumer authority. It is an independent non-ministerial government department, and its responsibilities include carrying out investigations into mergers and markets and enforcing competition and consumer law. The CMA also has a role in providing information and advice to government and public authorities.<sup>1</sup> The CMA helps people, businesses and the UK economy by promoting competitive markets and tackling unfair behaviour.
2. The CMA's functions and powers under Part 4 of the UK Internal Market Act 2022 (UKIMA) are undertaken by the Office for the Internal Market (OIM), which sits within the CMA. The remainder of this document uses the term OIM when referring to the CMA discharging its UK internal market functions.

### 1.2 The OIM's role is advisory, non-binding and focused on economic and technical expertise

3. The OIM works to assist the four governments of the UK in identifying the internal market effects of regulatory developments that could lead to different approaches between nations, including the impacts these may have on competition, consumer choice, investment and the ability of people to work in different parts of the UK.
4. The OIM does this by helping governments to understand how effectively businesses and professionally qualified and regulated people can sell their goods

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<sup>1</sup> For example, the CMA publishes materials such as the Competition Impact Assessment guidelines to help policymakers consider the impacts that policy proposals will have on competition, consumers and markets.

and services under conditions of regulatory difference across the four nations of the UK and the impact of differing regulations on this.

5. The OIM's remit is set by the UKIMA in a number of ways, including:
  - (a) The OIM has an advisory, not a decision-making, role. The OIM's reports and advice to governments are non-binding.
  - (b) The OIM's remit as regards reviewing regulatory requirements is limited to reviewing those which have come into force after the UKIMA and are within scope of the legislation.<sup>2</sup> Regulatory requirements in force before UKIMA are outside its remit.
  - (c) The OIM's monitoring and reporting function has two strands: it encompasses reviews and reports that the OIM may undertake at its own discretion; and it comprises two mandatory reporting cycles, annual and five-yearly.<sup>3</sup>
  - (d) The OIM must have regard to the need to act even-handedly in relation to the four national authorities.
  - (e) The OIM applies economic and other technical expertise to analyse the impact of regulations on the operation of the UK internal market. It does not provide analysis of broader public policy considerations in areas like health, environmental protection, product safety for example.
  - (f) The OIM has powers to gather evidence to enable it to advise on matters within its remit.<sup>4</sup>
6. The Windsor Framework<sup>5</sup> and regulations required to give effect to the Framework are outside of the OIM's remit. The OIM therefore cannot produce reports on regulatory provisions which are necessary to give effect to these pieces of legislation, nor does the OIM collect data specifically about their effects.

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<sup>2</sup> Exclusions from the MAPs are set out in Schedules 1 and 2 to the Act. Schedule 1 excludes legislation which satisfies specified conditions (e.g. legislation concerned with threats to human, animal or plant health) and Schedule 2 sets out services to which the principles of mutual recognition and/ or non-discrimination do not apply (e.g. legal services and notarial services).

<sup>3</sup> For more details, see paragraphs 2.6 to 2.14 of the [Guidance on the Operation of the CMA's UK Internal Market Functions](#), published by the OIM in September 2021.

<sup>4</sup> It is important to note that, whilst the UKIMA legislates for the OIM to enforce its information gathering powers to fulfil its function of reporting, monitoring and advising (i.e. with penalties for non-compliance), to date we have relied on these powers. Instead, where possible, the OIM seeks information or documents from businesses, public authorities and other stakeholders on a voluntary (ie informal) basis to reduce the burden placed upon them. For background on the OIM's information-gathering powers, see [Statement of Policy on the Enforcement of the OIM's Information Gathering Powers](#).

<sup>5</sup> Following Joint Declaration No 1/2023 of the Union and the United Kingdom, the Protocol on Ireland/Northern Ireland is now referred to as the 'Windsor Framework'.

7. In the preparation of this consultation response, the OIM has drawn upon its expertise, experience and evidence it has gathered associated with administering its functions under the UKIMA.
8. See Appendix A for a summary of the OIM's publications to date.

## 2. RESPONSE TO CONSULTATION QUESTIONS

### 2.1 The market access principles for goods

9. In the three years that the OIM has been tracking regulatory developments, it has observed the greatest number of proposed or enacted regulatory differences between nations in the regulation of goods, affecting 26 regulatory areas in total. The OIM's two in-depth reports to date – Peat<sup>6</sup> and Single Use Plastic (SUP)<sup>7</sup> – both featured markets for goods, as did the four case studies featured in the OIM's 2024 annual report.<sup>8</sup>

#### ***Question 1: What are your views on how the UK internal market for goods is best supported using the UK Internal Market Act?***

10. The OIM is currently tracking regulatory differences in 30 policy areas, with 19 of these relating to the regulation of goods.
11. To cite one sector where the OIM has analysed regulatory differences in detail, in its SUP report the OIM engaged extensively with UK businesses and representatives at different stages of the supply chain. A key message arising from this engagement, in relation to the UKIMA, was about the importance of effective cooperation between governments in minimising the potential costs to business from regulatory differences.<sup>9</sup>
12. To support policymakers across the UK to manage regulatory difference or alignment between nations, the OIM developed the following practical recommendations, drawing on the insights and stakeholder engagement obtained through this SUP study.<sup>10</sup> While these were specific to the findings on this particular matter, the following two scenarios might have wider application for other UK internal markets for the sale of goods.

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<sup>6</sup> [Report: Impact of a proposed ban of the sale of horticultural peat in England on the effective operation of the UK Internal Market - GOV.UK](#)

<sup>7</sup> [Report on the impact of restrictions on the sale of single use plastics on the operation of the UK Internal Market - GOV.UK](#)

<sup>8</sup> [Annual report on the operation of the UK internal market 2023 to 2024 - GOV.UK](#) Chapter 4.

<sup>9</sup> [Report on the impact of restrictions on the sale of single use plastics on the operation of the UK Internal Market - GOV.UK](#) paragraph 5.11.

<sup>10</sup> [Report on the impact of restrictions on the sale of single use plastics on the operation of the UK Internal Market - GOV.UK](#) Chapter 6.

- (a) Where governments in all UK nations have broadly the same policy goal and intend to introduce bans or restrictions for the same (SUP) products, the OIM recommended close collaboration between the governments via relevant Common Frameworks and other mechanisms to develop the specific SUP regulations, including (where possible) in respect of any exemptions from the regulations, reporting requirements, and related guidance. Such inter-governmental collaboration could include discussions on carrying out joint consultations to reduce the risk of 'stakeholder fatigue' (including when stakeholders are asked to answer multiple duplicative and repetitive questions) and for governments to endeavour to achieve common implementation dates, as has been the case with the proposed bans on the sale of single-use vapes and wet wipes containing plastic
  - (b) Where governments may have different aims regarding (SUP) regulations, the OIM recommended that governments work together to consider the potential impacts of these differences for businesses that trade across national borders, as such businesses are at risk from incurring additional costs from having to comply with different national requirements. In this scenario, the OIM further recommended that governments collaborate to explore options for designing regulations in a way that enables businesses, should they wish to, to adopt a single business model which is able to comply with any differences in national regulations.<sup>11</sup>
13. In both scenarios, the OIM further recommended that governments provide relevant trade associations and businesses with clear guidance on (SUP) regulatory changes, and how to comply with them, at the earliest opportunity to help these businesses to plan for their transition to alternative products. Engagement with trade associations can be particularly important for small and medium size enterprises (SMEs) who rely significantly on them for information and advice.

***Question 2: What are your views on whether differing regulations that have effect later in the supply process are more straightforward for businesses to address?***

14. The OIM has observed in its work to date that differing regulations that have effects later in the supply chain (such as restrictions on the retail promotion of products high in fat, salt, or sugar (HFSS) and SUP) appear to be more straightforward for businesses to address than differing regulations that have their effects earlier in the process.<sup>12</sup>
15. Notwithstanding this, a regulation that takes effect later in the supply chain might still result in changes earlier in the supply chain. For example, the HFSS case

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<sup>11</sup> [Report on the impact of restrictions on the sale of single use plastics on the operation of the UK Internal Market - GOV.UK](#) paragraph 6.4.

<sup>12</sup> [Annual report on the operation of the UK internal market 2023 to 2024 - GOV.UK](#) paragraph 4.149.

study found that some manufacturers covered by the regulation (but not all) chose to change the formulation of their products in order to ensure that their products could still be offered on promotion by retailers. The regulation did not mandate these changes, but producers chose to respond in this manner. A similar causal chain could apply in other sectors in relation to other regulations.

16. These observations may be useful for policy makers who have some flexibility in how they intend to achieve a particular policy goal: the way in which regulatory differences are specified or implemented may reduce the impact on businesses, even if the policy goals are broadly similar.

**Question 4: What are your views on the operation of the market access principles for goods to date?**

17. While the regime is still at an early stage, it is possible to make some initial observations, building on the OIM's engagement with businesses and other stakeholders to date - particularly in relation to horticultural peat, SUP, HFSS, deposit return schemes (DRS) and precision breeding.<sup>13</sup>

*There appears to be limited appetite among businesses for using the MAPs*

18. Feedback from businesses active in the sectors the OIM has studied to date has indicated that the use of the MAPs would not be their preferred approach to navigating proposed or actual regulatory differences.<sup>14</sup> Consequently, there appears to be a less widespread use of the MAPs than was originally envisaged when UKIMA was enacted.
19. The businesses with whom the OIM has engaged to date told us that they preferred other approaches including:
  - (a) adopting a single standard that is compliant across all nations, where possible;
  - (b) having two supply chains (and perhaps reducing the number of product lines to manage the costs of this); or
  - (c) withdrawing (some or all) products from a particular nation.<sup>15</sup>

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<sup>13</sup> These case studies were published in [Annual report on the operation of the UK internal market 2022-23](#) (March 2023). The following detailed report on SUP was published in February 2025: see [Report on the impact of restrictions on the sale of single use plastics on the Operation of the UK Internal Market](#).

<sup>14</sup> In addition, awareness of the MAPs may be low, particularly among SMEs. See for example the [SUP report](#), paragraph 4.28.

<sup>15</sup> [Annual report on the operation of the UK internal market 2023 to 2024 - GOV.UK](#) paragraph 4.146. Note that specific products can be withdrawn either from the producer's home market or from markets in other parts of the UK, dependent on the nature of the supply chain, the volume of sales involved and the specific regulations in force in each of the nations. Businesses we spoke to indicated a range of outcomes including, in the more extreme cases, focusing only on markets outside of their home market or focusing only on their home market.

20. The OIM notes, however, that the choices businesses make are context-specific and that what it has seen may vary in different future contexts. The following sub-sections describe some of the potential contextual factors that the OIM has identified in its work to date.

*Supply chain simplicity underlies business responses*

21. Businesses with whom the OIM has engaged have reported how they aim for the greatest level of simplicity in their supply chains that they can achieve. Businesses spoke of adopting a single standard that is compliant in every nation, often moving ahead of anticipated regulatory change. While this was partly in response to consumer expectations, it was also to ensure that any changes to products or distribution could be made on a timescale and in a way that worked with supply chain requirements. In this way, businesses could be said to take an active role in establishing regulatory norms.<sup>16</sup>
22. However, adopting this approach is only possible in conditions where regulatory design makes it possible. In the OIM's case study of DRS schemes, it found that unless DRS schemes were interoperable with each other a single approach across the whole UK would not be possible. That required businesses in turn to think about other approaches, and different businesses appeared to prefer different responses.<sup>17</sup> It is possible that, where businesses are unable to adopt a single UK-wide response, the OIM will see more diversity as between businesses in how they navigate regulatory difference.

*Businesses' relationships with governments may affect their use of the MAPs*

23. Some businesses told the OIM that they have chosen not to use the MAPs, even where they could do so, because they are concerned that this might damage their relationship with one or more of the governments. The OIM has also found that many large commercial consumers of SUP were reluctant to rely upon the MAPs, in part because they perceived the MAPs to be a 'loophole' rather than a clear legislative intention.<sup>18</sup>

*Regulations in one nation may affect the product range in another nation*

24. Some businesses with whom the OIM has engaged identified reducing the range of goods they sell as a possible response to regulatory difference. In some cases, the reduction in range might occur in a nation not directly affected by the

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<sup>16</sup> [Annual report on the operation of the UK internal market 2023 to 2024 - GOV.UK](#) paragraph 4.145. See also the [Report on the impact of restrictions on the sale of single use plastics on the operation of the UK Internal Market - GOV.UK](#), paragraphs 4.38 to 4.42.

<sup>17</sup> [Annual report on the operation of the UK internal market 2023 to 2024 - GOV.UK](#) paragraphs 4.51 – 4.52.

<sup>18</sup> [Report on the impact of restrictions on the sale of single use plastics on the operation of the UK Internal Market - GOV.UK](#) paragraph 4.37.

regulations in question. For example, in the DRS case study the OIM found that some Scotland-based businesses, exporting to the rest of the UK, were considering focusing on complying with just one nation's regulation. This might involve, for example, focusing on the domestic market and withdrawing from the rest of the UK. However, none of the businesses the OIM spoke to in that case study had yet made firm decisions.<sup>19</sup> Similarly, some businesses told us that products had been withdrawn from the market in Northern Ireland, due to complexities associated with managing differing regulations.

*The degree of integration with international markets may influence businesses' use of the MAPs*

25. The OIM has observed that integration of the UK internal market within global supply chains may have a bearing on business decisions arising from regulatory difference/s. Suppliers within the UK might need to adapt to international changes and/or accept the cost implications of diverging from international norms. For example, in the SUP report, the OIM was told that some businesses with European supply chains were taking steps to comply with EU legislation – for example, selling plastic bottles in the UK with tethered plastic bottle caps.<sup>20</sup>

**Question 5: What are your views on the use that has been made of the Part 1 amendment powers – for example the exclusion for single-use plastics?**

26. The OIM's views on the use that has made of the Part 1 amendment powers are limited to what has been published in its reports to date.
27. Although not the primary focus of the OIM's published SUP report described above,<sup>21</sup> the OIM briefly considered the exclusion for SUP. This OIM report highlighted a number of findings that are relevant to the review's consideration of the Part 1 amendment powers. In particular:
- (a) SMEs told the OIM that they have often not heard of UKIMA or the MAPs and generally do not have knowledge of the exclusions position from the MAPs for many SUP items.<sup>22</sup>
  - (b) Larger businesses generally have some knowledge of UKIMA, though some are less clear about the MAPs and how the exclusions for SUP items from the MAPs have affected the legality of sales.<sup>23</sup>

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<sup>19</sup> [Annual report on the operation of the UK internal market 2023 to 2024 - GOV.UK](#) paragraph 4.53.

<sup>20</sup> [Report on the impact of restrictions on the sale of single use plastics on the operation of the UK Internal Market - GOV.UK](#) paragraph 7(f).

<sup>21</sup> See paragraphs 11 to 13 and 23.

<sup>22</sup> [Report on the impact of restrictions on the sale of single use plastics on the operation of the UK Internal Market - GOV.UK](#) paragraph 4.28.

<sup>23</sup> [Report on the impact of restrictions on the sale of single use plastics on the operation of the UK Internal Market - GOV.UK](#) paragraph 4.35.

- (c) When the Scottish Government introduced restrictions on SUP items such as on plates and cutlery and some items made of expanded polystyrene on 1 June 2022, there was a period of around two months when sales of these items were legal in England and Wales, but sales were banned in Scotland. The existence of the MAPs meant that firms transferring the items into Scotland from other UK nations and selling them in Scotland were able to do so legally, despite the ban.
- (d) This position lasted until the UK Government granted the Scottish Government an exclusion for a list of specific SUP items from the MAPs on 11 August 2022. This exclusion had the effect that it became illegal to transfer these SUP items from elsewhere in the UK for sale in Scotland, where they were banned.<sup>24</sup>
- (e) In relation to this two-month period prior to introduction of the exclusion, the OIM did not see direct evidence to suggest that the MAPs were knowingly used to transfer SUP items which had been banned in Scotland from other UK nations to sell them legally in Scotland using the MAPs. Stakeholders told the OIM that the sale of these banned SUP items in Scotland (and other parts of the UK) has continued after the exclusion from the MAPs was granted.<sup>25</sup>

## 2.2 The market access principles for services

28. In the three years that the OIM has been tracking regulatory developments, it has observed a smaller number of proposed or enacted regulatory differences between nations in the regulation of services than of either goods or professional qualifications, affecting six regulatory areas in total.<sup>26</sup> To date the OIM has not carried out an in-depth examination of a specific regulatory difference directly affecting the service sector. We note, however, that regulatory differences that principally affect goods will often also have secondary effects in service sectors. For example, the proposed regulatory differences in relation to horticultural peat had implications for garden centre retailing and the regulations in relation to SUP have had effects on food retailing and catering. More generally, any regulation might have effects that go beyond the immediate good, service or profession being regulated. The degree to which these secondary effects are significant will vary from case to case.

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<sup>24</sup> [Report on the impact of restrictions on the sale of single use plastics on the operation of the UK Internal Market - GOV.UK](#) paragraph 4.33.

<sup>25</sup> [Report on the impact of restrictions on the sale of single use plastics on the operation of the UK Internal Market - GOV.UK](#) paragraph 4.34.

<sup>26</sup> [OIM Annual Report 2024-25](#), paragraph 3.8.



## 2.3 The recognition of professional qualifications

29. Part 3 of the UKIMA sets out the MAPs in relation to access to the professions on grounds of professional qualifications or experience. As this is part of the OIM's remit to monitor and advise on, it is currently monitoring nine relevant proposed and enacted regulations that could result in regulatory difference.<sup>27</sup>
30. The 2023-24 Annual Report noted that at least 3.5 million people are actively registered with a professional regulator (approximately 10% of the UK workforce) and so regulatory change in relation to these areas could potentially affect a substantial proportion of the economy. However, the OIM estimated that approximately three quarters of these professional registrations are excluded from the MAPs either because regulation of the profession is a reserved matter or because the profession is excluded from the UKIMA.<sup>28</sup>
31. Recent regulatory changes in relation to professional qualifications are mostly intended to newly regulate certain activities that were previously unregulated. Many of these new professions have modest numbers of practitioners compared with more established professions in, for example, healthcare, law and accountancy. Many of the newly regulated professions typically also provide their services locally with limited cross-border trade (examples of newly regulated or proposed regulated professions, where cross-border trade is expected to be limited relate to taxi drivers, electricians, pharmacy technicians, building inspectors and dog walkers). Consequently, the impact to date on the internal market of the current landscape of post-UKIMA regulatory differences is likely to be small.<sup>29</sup>
32. In part because of the modest effects on the internal market to date, the OIM has not carried out an in-depth examination of specific regulatory differences that are within the scope of Part 3 of the UKIMA. However, this is an evolving picture and the OIM is interested in stakeholders' views of the relationship between UKIMA and the regulated professions.

## 2.4 Independent advice on and monitoring of the UK internal market and the role of the OIM

33. The OIM is a source of expertise on the operation of the internal market and is open to engaging with stakeholders to understand how to best to use its expertise to support stakeholders and the internal market framework. Through the OIM's work into specific regulatory differences (see paragraph 9) and its monitoring and

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<sup>27</sup> [OIM Annual Report 2024-25](#), paragraph 3.8.

<sup>28</sup> [OIM Annual Report 2023-24](#), Figure 3.3 and paragraph 3.43.

<sup>29</sup> For a discussion of likely effects see [OIM Annual Report 2023-24](#), paragraphs 3.29 to 3.46.

data strategy work, the OIM has identified a number of factors that have an effect on its internal market monitoring and advice.

**Question 13: How can the Office for the Internal Market best support the UK internal market through its role in providing independent monitoring and advice?**

34. Part 1 and Appendix A have set out the remit and publications to date of the OIM, to provide factual context about the OIM's operations to date. Drawing on the OIM's experience to date, there are three matters that it considers directly relevant to question 13. Although each issue is distinct, they interrelate in that they each affect how the OIM gathers information, the principal sources being engagement with business, requests from governments and the available trade data series. The three issues are:
- (a) Engagement with business stakeholders and the timing of OIM engagement
  - (b) The four governments' appetite for using their powers under s.34-s.36 UKIMA
  - (c) The importance of good quality intra-UK trade data

*Engagement with business stakeholders and the timing of OIM engagement*

35. A key element of the OIM's support for the UK internal market is to engage directly with businesses and business groups to understand the practical impact of regulatory differences, and the strategies businesses adopt to mitigate associated costs and risks.
36. In the OIM's experience to date, it has found that businesses respond more readily to policy detail than to policy objectives. The OIM has found that, when talking to businesses about the impact of policy on internal market trade and investment, businesses can find it difficult (and / or impractical) to work with hypothetical scenarios. Typically, it has been told that the detailed planning associated with ensuring day-to-day operations are compliant only begins once the detailed policy design has become clear.<sup>30</sup>
37. This suggests that OIM reviews of prospective regulations need to be timed to coincide with a particular point in the policy development cycle. If it examines regulations too early, businesses are unlikely to have developed a strategy in response to the differing regulations. If it examines a matter too late, there is the risk that the OIM might be less effective in influencing policy design in a helpful and timely manner.

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<sup>30</sup> [Annual report on the operation of the UK internal market 2023 to 2024 - GOV.UK](#) paragraph 4.135.

38. The timing of an OIM study can also affect how businesses want their information to be used. The OIM has found that businesses' planned response to regulatory difference (ie before it is implemented) can, in some cases, be a matter of commercial sensitivity that must be kept confidential. Nevertheless, broadly speaking, if information is anonymised and aggregated businesses are often content for their information to be shared with governments. In our experience, information anonymised in this way still illuminates the key issues relevant for considering the impacts on trade and policy making.
39. The OIM recognises that to be useful to policy makers, OIM findings in relation to proposed regulations need to be available at about the same time the consultation period closes, or sooner. This can be difficult to provide, in particular where the consultation period is only a few weeks. There are also practical challenges for the OIM in seeking to engage with businesses at the same time that those businesses are responding to a government consultation: businesses tend to have limited capacity for governmental engagement.
40. One possible response to this issue is early engagement with the governments bringing forward the regulations. Where this is not possible it may be more efficient to conduct a retrospective review of the legislation a short period after the regulation has taken effect. At this point, businesses strategies will have crystallised and market impacts can be more clearly identified and measured. Retrospective reviews may be suitable for studying a bundle of related regulations to consider the effects of regulatory difference in its wider context. The OIM adopted this approach in the in-depth SUP study which considered a range of regulations pertaining to these products that had been introduced at different points in time.<sup>31</sup> While such a review could not impact on the shape of existing regulations, this project has enabled the OIM to frame recommendations for future regulations in this sector and better understand how to conduct this type of retrospective analysis (see response to Question 1).
41. In the OIM's view there is merit in both ex-post and ex-ante reviews; a well-balanced regime will likely do some of both. The OIM's work on horticultural peat products (ex-ante) and SUP (ex post) provide examples of what can be achieved with the two different approaches. Whether working on an ex ante or ex post basis, the OIM is open to exploring with the governments more flexible and aligned ways of working that can reduce the burdens on business and improve data collection.

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<sup>31</sup> [Report on the impact of restrictions on the sale of single use plastics on the operation of the UK Internal Market - GOV.UK](#) paragraph 2.13, Table 1.

### *Governments are not using their powers under s34-s.36 UKIMA*

42. To date, governments have made very limited use of their powers under s.34-s.36 UKIMA to request the OIM to provide advice on a proposed or enacted regulation. The single exception is [Defra's proposed horticultural peat regulations](#), the request for which was made shortly after Defra's consultation on the proposed regulation had closed. More broadly, this lack of referrals suggests that the UK internal market regime may not have operated in practice in the way originally envisaged.
43. One effect of the regime having evolved somewhat differently to what had been originally envisaged is that the OIM has focused its information gathering about specific regulations towards direct engagement with businesses and publicly available information. Information received from those sources has, in turn, influenced the four regulatory areas it has studied without a formal request.<sup>32</sup>
44. The OIM notes that the interaction between UKIMA and the decisions made by governments is complex and may not yet have fully matured. For example, it is not clear to what extent policymakers may be shaping policy to take it outside of the scope of the MAPs or not bringing forward legislation that would be within the scope of the MAPs. This situation may evolve further with potential implications for both the nature and the volume of regulatory differences.

### *The importance of good quality intra-UK trade data*

45. The OIM's statutory reporting functions depend on the availability of good quality data. The OIM has found developing a clear picture of how the UK internal market is evolving in the aggregate to be challenging. This is principally because of the paucity of high-quality data sets in relation to trade, investment and the movement of qualified professionals.
46. In OIM's experience, understanding the economy-wide situation serves a different purpose for policy makers to understanding the impact of specific regulations. The latter is principally useful in helping policy makers with fine-tuning policy design and/or anticipating the effects of a particular regulation. The former is more useful for considering the UK internal market regime as a whole and asking more strategic questions about its effect on trade.
47. There is an ecosystem of governmental and non-governmental organisations that generate the data that is necessary for the OIM to carry out its statutory functions. At the aggregate level, DBT tracks regulatory differences across the UK (as does the OIM), statistical agencies across the four governments in the UK produce valuable aggregate level data (which the OIM encourages and uses) and various academic institutions have contributed to this work or built upon it. Notwithstanding

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<sup>32</sup> DRS; HFSS foods; precision bred crops; and SUP.

these efforts and recent improvements, the data is still subject to weaknesses which the OIM's data strategy (see paragraph A.6 for further details of the strategy and associated publications) is designed to help address in conjunction with its data partners.<sup>33</sup>

48. The OIM welcomed the production of experimental estimates for interregional trade covering all four UK nations published this year by the Office for National Statistics (ONS) for 2019 and 2020. It is important that production of these estimates should continue and preferably be developed in a way that allows more up-to-date reporting of trade between the four nations of the UK (for example through a single trade survey covering the whole UK, rather than separate surveys for each nation).
49. The OIM has acquired insights from international experts and initiatives on how to improve trade data: for example, in 2024 the OIM engaged with experts in Canada and the US, as well as within the OECD, to gather insights from their experience. The OIM is collaborating with UK-based statisticians, economists and others in the public and private sectors. In addition to building upon these fruitful collaborations, the OIM is keen to explore new ways to improve the nation's collective understanding of how the UK internal market is operating and welcomes engagement with interested stakeholders.

***Question 14: What are your views on whether the current arrangements in Part 4 relating to the use of the Office for the Internal Market task groups are appropriate for securing the most effective and efficient performance of the CMA's Part 4 functions?***

50. In November 2023, DBT [announced](#) the appointment of seven new members of the OIM Panel (Members). These appointments support the OIM Panel Chair, Murdoch MacLennan, to help the OIM deliver expert and independent advice and reporting to the four governments and legislatures.
51. The current OIM Panel Members bring a range of expertise and experience, including legal, economic, analytical, and regulatory skills, familiarity with the institutions and political landscape of the UK and the devolved nations, alongside a knowledge of business and an understanding of relations with, and the functioning of, the EU. For details, see the current [OIM Panel Members biographies](#) and the biography of the [current OIM Panel Chair](#).
52. Since its appointment, the Panel has contributed widely across the OIM's work. Panel Members' expertise has helped with the OIM's technical analysis, including its recent [report into single-use plastic](#) and both its [2023-24](#) and [2024-25](#) Annual Reports. The Panel has also helped shape the OIM's forward work programme for

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<sup>33</sup> [OIM Data Strategy Roadmap - GOV.UK](#) and [OIM data strategy roadmap update - GOV.UK](#).

regulation / sector specific research and played a role in developing its data strategy.

53. The Panel has added impetus to the OIM's outreach work across the four nations including through the Panel Members' ability to draw upon their experience and professional networks - to help support the OIM staff's engagement at a more senior level. This has included meetings with UK and devolved government officials and political representatives (for example, in representing the OIM before committees of the Scottish and Welsh legislatures); meetings with business representatives; and engagement with academics.
54. Overall, this gives the OIM a richer set of perspectives and the broad set of views and experience across the Panel helps the OIM act even-handedly with respect to the four governments.

## **2.5 Questions on the management of the UK internal market and operation of the UK Internal Market Act**

55. The OIM's experience provides some evidence of relevance to questions, 15, 16 and 19.

### ***Question 15: What improvements could be introduced to facilitate more pragmatic management of the UK Internal Market Act's exclusions process?***

56. Some of the practical considerations discussed already in this response may have a bearing on the pragmatic management of exclusions.
57. At paragraphs 36-42 we discuss the importance of engagement with businesses. In the OIM's experience, insights from business into the likely impacts of a regulation on supply chains (as distinguished from the important policy benefits) are central to any assessment of the impact of a regulation on the internal market.
58. To ensure that these insights are available in a timely manner, similar considerations to the timing issues discussed at paragraphs 37 and 38 will present themselves. Early engagement with industry will likely require some flexibility from all parties to function effectively.

### ***Question 16: How should we ensure proportionate engagement with interested parties in relation to potential exclusions?***

59. The discussion at paragraphs 12 and 13 is relevant to this question. Exclusions will only be necessary in circumstances where governments, collaborating through the Common Frameworks process, have identified areas where prospective regulations will differ. Efficiently completing this process and identifying the differences will be an important precursor to any subsequent proportionate engagement with interested parties.

**Question 19: What do you think constitutes a potentially significant economic impact?**

60. The UKIMA does not create a threshold or set out criteria for assessing a potentially significant economic impact, so the OIM has developed its own approach to thinking about economic significance.
61. The OIM's latest annual report sets out in Annex 1 an update on the analytical framework applied by the OIM in evaluating the operation of the UK internal market. This built on the indicators that the OIM had initially identified as being useful for assessing internal market effects.<sup>34</sup> The following list details the indicators that the OIM considers are particularly relevant to an assessment of the internal market and which could be used to assess the significance of an economic impact:
- (a) Volumes of trade (or of trade in any direction) between participants in different parts of the United Kingdom.
  - (b) Access to goods or services. One metric is to examine the extent to which goods and services available in one nation are available in other nations.
  - (c) Effects on competition. The functioning of the internal market can potentially affect competition through the number and type of businesses able to offer goods and services in each of the nations.
  - (d) Effects on prices. Differing regulations may have direct effects on prices or indirect effects on prices that arise from changes in the strength of competition.
  - (e) Effects on investment. Over time businesses may make investment decisions in response to regulatory differences, for example, by seeking to move production facilities to the most favourable jurisdiction.
  - (f) The range of goods that are available to consumers. Businesses have told us that one response to regulatory differences is to adjust the range of goods that are available in particular nations.
  - (g) Quality of goods and services. Although quality can be hard to measure, substantial effects of regulatory difference on quality may be sufficiently apparent to be included in any analysis.

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<sup>34</sup> [OIM Annual Report 2024-25](#), Annex 1.

- (h) Customer understanding and/or confusion. Differing product standards and/or product availability in different nations may lead to confusion, especially if the application of the MAPs leads to similar products meeting different standards being sold in the same retail environments (because the MAPs allow some producers to avoid local standards).
- (i) Investment/location decisions. Regulatory differences may influence where production capacity is located, which in turn may influence the pattern of cross-border trade.
- (j) Reliability/resilience of supplies. For products where there is a sudden increase in demand there could potentially be some effects on the reliability of supplies in situations.
- (k) The costs of meeting more than one regulatory standard. In some cases, businesses will incur additional costs if they are required to meet differing regulatory standards across the UK.



## Appendix A: OIM Publications

- A.1 Coinciding with the formal launch on 21 September 2021, the OIM published its [Guidance on the operation of the CMA's UK Internal Market functions](#) that set out how the OIM will carry out its functions in support of the effective operation of the UK internal market. This guidance document set out general advice and information, pursuant to the UKIMA, how the CMA expects to approach the exercise of the internal market functions assigned to it in Part 4 of the UKIMA and details the OIM's prioritisation principles. At the same time, the OIM launched a [webform](#) on how to report an issue with the UK's internal market.
- A.2 In March 2022, the OIM published two governance documents: the CMA [Board Guidance on OIM Task Groups](#) setting out the OIM Task Groups' powers and functions under the UKIMA and the [OIM Code of Conduct](#) setting out the general obligations of the OIM Panel Chair and OIM Panel Members. In June 2022, following a public consultation, the OIM published its statement explaining how it obtains, handles and discloses information it needs to carry out its function: [The Transparency and disclosure: Statement of the OIM's policy and approach](#).
- A.3 Beginning in 2022, and annually since, the OIM has published a monitoring report giving an overview of operation of the UK internal market: [Overview of the UK Internal Market Report](#) (March 2022); [Annual report on the operation of the UK internal market 2022-23](#) (March 2023), [Annual report on the operation of the UK internal market 2023 to 2024](#) (March 2024); and [Annual Report on the operation of the UK internal market 2024 to 2025](#) (March 2025). These reports take a wide-ranging look at the operation of the UK internal market and recent regulatory developments across the nations as well as the regime underpinning the internal market.
- A.4 In February 2023, the OIM published its first [report](#) following a request from a national authority in relation to proposed regulatory provisions. The request came from the Secretary of State for Environment, Food and Rural Affairs, which sought the OIM's assessment on whether the proposed ban on horticultural peat sales in England might impact the effective operation of the internal market.
- A.5 In March 2023, the [OIM Periodic Report on the UK Internal Market Regime 2023](#) was published. Under the UKIMA, the OIM must publish at least once every 5 years a report that assesses specific UK internal market issues. In accordance with the statutory requirements, the 2023 report assessed the effectiveness of provisions in Parts 1 to 3 of the legislation, the impact of the operation of those provisions on the UK internal market, the interaction of those provisions with Common Framework agreements and the impact of Common Framework agreements on the operation and development of the UK internal market. The report included research findings on the effectiveness of the Market Access

Principles (MAPs) and assessment of developments in relation to Common Framework agreements.

- A.6 In March 2023, the OIM published the [Data Strategy Road Map](#) to improve the collective understanding of what trade data is available as well as the gaps in that data and the steps that could address them. In September 2024, the OIM hosted a data event that brought together experts from across the UK and around the world to exchange information and ideas to support its understanding of intra-UK trade data and related issues. The one-day hybrid event built on the OIM's [updated Data Strategy Road Map](#), published in May 2024. This event resulted in a [set of data insights](#) which the OIM published in January 2025.
- A.7 In March 2024, the OIM published four case studies as part of the [2023-2024 Annual Report](#): bans on SUP items, DRS, restrictions on the retail promotion of HFSS products, and regulations relating to the use of precision breeding techniques. The OIM chose these areas because of the degree of regulatory difference they are anticipated to create and because they provide a broad spread of regulations that affect different stages of the supply chain.
- A.8 In February 2025, the OIM published its SUP report: [Report on the impact of restrictions on the sale of single use plastics on the operation of the UK Internal Market](#).
- A.9 In March 2025 the OIM published its Regulatory developments dashboard. This is an interactive graphical database of the regulations that the OIM is currently monitoring.