

# Competition rules must continue to evolve with emergence of digital platforms

- Businesses and regulators must also find ways to end the “worst effects” of business models that exploit loyalty
- government to consult on Competition and Markets Authority’s audit recommendations as Business Secretary urges sector to voluntarily reform as quick as possible before legislation
- Sir Jonathan Thompson appointed as new CEO of Financial Reporting Council to take forward establishment of new Audit, Reporting and Governance Authority

Competition rules must change as platforms and big data are disrupting the basic plumbing of markets – and despite the huge benefits they have brought, sometimes create new forms of harm, especially for ordinary consumers, Business Secretary Greg Clark said today, Thursday 18 July.

Speaking at the Social Market Foundation in London, Mr Clark said that ensuring retail markets in utilities “consistently work in the interest of all households” also presents “unfinished business” for government, competition authorities and regulators.

The Business Secretary said strengthening the role and remit of the Competition and Markets Authority (CMA) will be crucial to ensuring that consumers are protected and that new digital markets and big data work in the interest of all households.

He said:

The CMA, our regulators, government, our Parliament and our people collectively have the knowledge, pragmatism and experience to be winners at the economically crucial global competition to design the rules of competition.

His comments came as the government set out its Strategic Steer for the Authority, published today, on the independent role it must play in championing consumers.

Greg Clark praised the CMA in highlighting the “loyalty penalty” faced by many consumers, saying:

This government has responded extremely supportively to the CMA’s recommendations on the ‘loyalty penalty’. Business and their regulators must find ways to end the worst effects of these

business models, and the companies involved should look to the energy industry as proof of our seriousness in the lengths we and regulators will go to if needed.

He warned of the consequences of markets with limited competition. He highlighted the particular issues of the audit market, dominated by the “big four” companies. Recent reports have shown the concerns that have been raised about the quality of audits, including for some of the largest audit firms. Mr Clark announced a consultation of the CMA’s “powerful and compelling package of recommendations” to reform the audit market.

The Business Secretary said:

The audit sector should be in no doubt about the need and the resolve to make these reforms. Audit quality must improve and we will do everything that’s needed. But the audit sector itself could do a great deal now voluntarily before any legislative change comes and I strongly urge them to do so. It is right, it is good for the economy, and it will give the sector much more credibility in helping shape the regime of the future.

He also announced the appointment of Sir Jonathan Thompson as the new CEO of the Financial Reporting Council (FRC), who, along with the other new members of the leadership team will take the organisation through its transformation to the new Audit, Reporting and Governance Authority, in line with the recommendations of the FRC Review. Sir Jonathan will be stepping down as Chief Executive of HM Revenue and Customs (HMRC) to take up this new role in the Autumn.

## **Strategic Steer**

The government has today published its [Strategic Steer to the CMA](#), which recognises the independent role it must play in championing the interests of consumers by ensuring competitive markets drive through more choice, fairer prices and innovative products.

The government also encourages the CMA to take a bold approach to enforcement to tackle anti-competitive behaviour and unfair trading, now and after the UK leaves the European Union.

While the CMA has a robust range of powers, the emergence of digital markets presents new challenges. Reforms to the CMA may be needed to ensure public confidence as we move to a digital economy and these will be consulted on in due course.

## **Competition Law Review**

The government has also published a review which looks at the effectiveness of competition enforcement and changes made to the competition regime by the Enterprise and Regulatory Reform Act 2013, which created the CMA.

The Competition Law Review finds that the direction of travel is broadly positive. More competition cases are being opened, merger reviews and market studies are being brought to conclusion more quickly, and stakeholder views suggest a good degree of confidence in the regime.

The report notes that we need to consider how well-equipped the UK's competition framework is to respond to current and future competition challenges.

In its upcoming Competition Green Paper, the Government will take a wide-ranging look at the institutions, powers and tools that promote and enforce competition in the UK.

## **Audit Reform**

The Government has set out plans to bring forward significant reforms that deliver a competitive and resilient audit market following recommendations from the CMA.

Among other things, the CMA suggested that the government should:

- enhance regulatory scrutiny of audit committees
- give the new regulator flexible powers to implement a joint audit regime
- implement an operational split between audit and non-audit practices
- give the regulator powers to monitor the resilience of audit firms and intervene where necessary

[A consultation](#), launching today which will run for 8 weeks, will seek views on recommendations made by the CMA to improve competition and resilience in the audit market. It will close on 13 September.

Sir Jonathan Thompson has been appointed as new CEO of the Financial Reporting Council – this important appointment will lead the organisation in its transformation to the Audit, Reporting and Governance Authority.

Sir Jonathan is currently Chief Executive and First Permanent Secretary of HMRC. He has been with the organisation since April 2016.

## **Behaviour & Insights Research – Terms and Conditions guidance for businesses**

The government has today published [new research](#) which shows companies how the use of simple Q&As, graphics and icons in their contractual terms can improve consumer understanding.

Making policies clear and easy to understand will help build customer trust and protect brand reputation. The research includes a number of key findings which the government is urging businesses to implement as good practice:

- display key terms as frequently asked questions, for example, “How can I return items?” or “Do I have to pay the return postage?”
- use icons to illustrate key terms: Choose the most important points that

you want customers to understand and illustrate these with simple icons. For example, use a stopwatch icon together with an explanation like, “Must return purchase within 14 days for a refund”

- show customers your terms within a scrollable text box instead of requiring a click to view them
- provide information in short chunks at the right time – Use pop-up notifications or comments to the side of forms e.g. provide information about terms and conditions as customers fill in their personal details
- use illustrations and comics, for example comics’ speech bubbles give customers information about facts, dates, and figures
- tell customers how long it will take to read a policy to increase the chance that they will open T’s and C’s and/or privacy policies
- when a customer is about to buy something or set up an account, let them know when it’s their last chance to read any relevant policies before they do so.

---

## Focus on skills to help maritime flourish

Maritime Skills Commission to be set up to look at careers at sea and training gaps.

---

## Focus on skills to help maritime flourish

- Commission will be set up to help highlight the skills needed to ensure the maritime industry thrives
- Maritime 2050 and Clean Maritime Plan were key successes over the past 12 months
- government shows its commitment to supporting growth and innovation in the maritime sector

A Maritime Skills Commission will be set up in the coming year to look at careers at sea and how to plug training gaps for those working in the industry.

Maritime Minister Nusrat Ghani launched the [Maritime annual report](#) today (18 July 2019). The document reflects on the work the Department for Transport and its agencies has carried out in the past year and looks forward to ambitious plans that will be delivered in the upcoming 12 months.

This includes a review into the maritime sector's skills needs to ensure there is a good supply of well-trained professionals for the industry.

The report also focuses on the upcoming London International Shipping Week, a focal point for the sector which will be themed around International Trade in a Changing World.

Maritime Minister Nusrat Ghani said:

Our maritime sector is crucial to the vitality of the UK's economy.

The annual report highlights the great work the government has done this year to support and boost this industry.

There is also lots more planned for the next year as we deliver on Maritime 2050 and ensure this sector reaches its potential.

In the past year, the government has published its flagship [Maritime 2050 strategy](#), a long-term plan to shape the sector for the next 30 years, including through being a world leader in maritime technology and as well as seafarer training.

Last week, the [Clean maritime plan](#) was also unveiled. This aims to have all new ships ordered for UK waters to have zero-emission capabilities by 2025.

---

## **Ebola Virus Disease Outbreak: Update on UK Response**

It is nearly a year since the declaration of the tenth Ebola outbreak in the Democratic Republic of Congo (DRC). This is the second-largest Ebola outbreak and the first in a conflict zone. The risks remain very high. And we need – as an international community – to keep a relentless focus on these issues: addressing failings in public health systems, controlling cross-border transmission, working with communities, and getting the basics right on surveillance, tracing, vaccination and treatment.

Since my oral statement to the House on 20 May, the number of cases has continued to grow and despite successes in some areas, new geographic areas have been affected – including Goma in the DRC and across the border in Uganda. Yesterday the World Health Organisation declared this outbreak a Public Health Emergency of International Concern. This declaration is highly significant and will bring more focus and instruments to bear on the crisis. The UK has been a major donor since the start. This week we have announced up to an additional £50 million of support to combat the outbreak in the DRC. We have also been pushing hard at meetings of the G7 development ministers, WHO

and at the UN for more support from other countries.

The affected part of the DRC has suffered from decades of conflict and under-development, is an opposition stronghold, and there is a deep mistrust of national and international institutions. Despite the best efforts of front-line health workers, the response has struggled to gain trust, and responders have been the direct target of multiple attacks. The outbreak has spread to new health zones in the current two provinces, and several areas that were previously under control are now seeing new cases again. As of 14 July, there have been 2,501 cases, of which 2,407 are confirmed and 94 are probable. In total, there have been 1,668 deaths (1,574 confirmed and 94 probable) and 700 people have recovered. This is the most complex public health emergency in recent history.

For the first time in this outbreak, three cases were confirmed in Uganda in June. This represents the sixth outbreak Uganda has had since 2000. Uganda's Ministry of Health, with good support from the DRC and significant assistance on preparedness from the UK, reacted swiftly to this long-anticipated outbreak. While Uganda deserves praise for containing these cases, there is no room for complacency, particularly in addressing resources for health facilities where public health systems are weak.

A record number of health zones have now been affected in the DRC. The city of Goma, on the border with Rwanda, has in the last week confirmed its first case. The confirmed case in Goma is a significant development and may increase the risk of further transmission to other areas of the DRC and neighbouring countries. Goma is a significant regional trading and transport hub and we are therefore closely monitoring the situation. We are also asking the WHO to increase its focus on preparedness in the region, particularly in South Sudan and Burundi.

I am thankful for the prompt response by staff at the Ebola Treatment Centre, in Goma, which I visited on my recent trip to the DRC. However, it was clear during my time there that some measures, such as temperature checks at the hospital entrance, are not consistently applied and could be improved. I also visited the Ebola Treatment Centre in Katwa that has been rebuilt after being burned down in February. This centre seemed to have a good focus on basic procedures and to be making good use of the latest technology, including transparent cubes which allow doctors and families to interact with patients without wearing full protective gear.

I want to once again commend the bravery of the Congolese and international frontline responders who are working incredibly hard to end this outbreak. But they must have adequate support. To ensure a successful response, the UK is committed to supporting the response financially, but also through sending UK-funded experts to the region, including data analysts, response coordinators and managers.

The WHO and the UN Office for the Coordination of Humanitarian Affairs (OCHA) convened a meeting in Geneva on the 15 July to focus attention and signal a reset of the response. I was privileged to be able to represent the UK at that meeting, which was timely, as a new Strategic Response Plan (SRP4)

covering the next six months of the response will shortly be published.

In Geneva, I made clear the UK's ongoing support to the Government of DRC and the region more broadly, with a new commitment of up to £50 million for the response in the DRC. So far, UK aid has provided technical experts to eastern DRC, including senior epidemiologists, data scientists and a clinical trials specialist, and previously funded the development of a vaccine, which has helped to contain the outbreak. More than 160,000 doses have been administered to at-risk people in the DRC and neighbouring countries. The vaccine has proved to be over 97% effective and is a vital part of the response in this fragile and complex environment. However, vaccination alone will not end this outbreak, and stronger community ownership is essential. We need to build trust in the response. To end this outbreak people with symptoms of Ebola need to come forward and seek treatment. Effective isolation and treatment will improve their chance of survival and allow the response to follow up quickly and vaccinate those who they have been in contact with.

I also made clear in Geneva that we expect other countries to play a bigger role in the response as a matter of urgency. They need to step up their efforts and funding. The US and UK are the two the biggest bilateral donors to the response and although other countries have given some financial support, more is needed. Other countries, particularly francophone countries, which have a presence and history in the region, must support the response with funding, technical expertise and political support.

The UK will also continue to play a leading role in regional preparedness – where we are the largest donor. Events in Uganda demonstrate the value of investing in preparedness activities and health systems strengthening; quick action saves both lives and costs in the long term. Again, other countries should step up their support to avoid a crisis that destabilises the wider region.

The risk of Ebola to the UK population remains very low. Public Health England continues to monitor the situation daily and review the risk assessment on a two-weekly basis. The UK Government continues to work across all departments to ensure all relevant expertise is brought to bear on tackling this important issue.

---

## [Addressing the urgent humanitarian situation in Yemen](#)

Thank you, Mr President. I'd like to thank my UN colleagues for their briefings and once again to ask them to pass on our gratitude to their teams on the ground who are working tirelessly to try and help the people of Yemen.

I wanted to start, if I may, Mr President, by once more expressing our full support for the Special Envoy, for Martin, and to welcome the recent meeting between him and President Hadi. And to reiterate that Martin has the Council's backing as he tries to advance the broader Yemen political process. And I'm sure that all Members of the Council will wish to express their support as well.

Mr President, something Martin said, but also something Mark said put together, juxtaposed, I think very aptly illustrates the dilemma of Yemen. Martin said the war can end this year. And Mark said there are 30 different front lines. So to have something potentially within reach, but yet which is so difficult on the ground, I think the Council, Mr President, should in its private session try and think of ways that we can turn what's needed into concrete actions. I don't think the answer lies solely in the Council; I have to say that. I think all those Member States in the wider UN with influence, particularly on the Houthis, need to bring that influence to bear. It's so fantastically frustrating to hear the accounts from WFP and OCHA of what could be achieved, but is held up. So I hope we can spend some time in private session looking at action.

I think the first thing we need is for the parties following the RCC meeting to engage constructively with General Lollesgard and the Special Envoy finally to get these outstanding negotiations completed so we can implement Phases 1 and 2 of the Hodeidah agreement. For the United Kingdom's part, we're happy to play whatever role we can in bringing that about.

There are five main issues I wanted to raise today, Mr President. I think we risk a perfect storm on the ground of various of these strands not coming together.

The first thing I'd like to say is on the military dimension. I want to condemn the persistent attacks by the Houthis on airports and infrastructure in Saudi Arabia. It's vital that all parties avoid provocative actions that could lead to escalation. Such actions obviously undermine trust and they risk threatening undermining the political process. And I wanted also to note the reports of the Emirati withdrawal, starting from Hodeidah, and say how welcome it is to see efforts to de-escalate the conflict in Yemen.

I wanted to turn to the humanitarian access and the WFP situation. I was going to be quite critical, but I think David's point about this agreement having been reached over Sana'a, even if it's not been signed, that's obviously very welcome. We don't want to do anything that might impede the signature of that. So good luck with that, David, over the coming days.

But I do remain concerned, Mr President, that the underlying fundamentals aren't changing. And as Mark said, there is a risk of this escalating and that we take two steps forward and three back. So I don't think we can take our eye off any of these aspects, because, as I said, they risk a perfect storm if we can't stop making more and faster progress. And the risk of the cholera returning is horrific. And we need to do everything we can to stop that. Obviously, we want all the parties to comply with Resolution 2451 and facilitate unhindered humanitarian access.



My third point was around funding disbursements. I think this is really shocking for what is the worst humanitarian crisis that the UN has dealt with in recent years; 43 percent, 60 percent funded, is simply not enough. So I'd like to urge other donors to rapidly disburse their funds to the UN-led appeal.

I'd also like, if I may, to talk about the economy. We heard a little bit about that. What WFP said about the link between food supplies and the stabilization of the currency is obviously important, but I think we want both parties to be able to build on the revenue sharing and the salary payment talks that they've started in Oman. Neither side can be allowed to undermine the economic elements of the Hodeidah agreement. It's key that that isn't an add on. It's obvious, I think, from what we heard today, that that's a fundamental part of being able to stabilise the situation. So we look to progress to be made on those.

And then finally on human rights, Mr President, to echo what Martin said about the reports – and some of these reports have come from Amnesty International – that the Houthis' specialized criminal court has handed down 30 death sentences on political prisoners. Now, we belong to those states who condemned the death penalty in all circumstances. But in this particular case, given what this might risk doing on the ground, I want to take this opportunity, Mr President, to condemn the Houthis – not a legitimate government – and urge them to revoke immediately these sentences.

So there are a number of actions there, Mr President, on implementation of the political process, on unhindered food and humanitarian access, over the tanker access that Mark mentioned. All UN Member States with influence, whether they're on the Council or outside the Council, need to use it. We need an end to attacks on Saudi Arabia and her neighbours. We need funding disbursements to be done as pledged in full and we need human rights to be respected.

And I hope we can follow up these areas in our private session.

Thank you very much.