



New/tougher regulatory regimes in the UK

National Security & Investment Bill

- Establishes a stronger and wider-ranging regime for screening foreign (and domestic) investment on national security grounds.
- Introduces mandatory notification and approval for certain transactions in specific sectors, including advanced materials, advanced robotics and artificial intelligence.
- Other transactions may be “called-in” for review by the Secretary of State on national security grounds.
- The Bill applies to certain transactions from 12 November 2020. It is expected to become law by the end of 2021.

Subsidy control

- The UK government is consulting on its proposed approach to the new domestic subsidy control regime ([deadline for comments is 31 March 2021](#)).

Merger control

- The Competition and Markets Authority (CMA) can investigate mergers on its own initiative and can block, or impose conditions on, a transaction. The CMA can “unwind” a completed transaction. It can also impose interim orders.
- Buyers of companies active in the UK should carefully consider making a voluntary merger notification to the CMA, as the CMA has become more interventionist.

Will businesses become more risk-averse when it comes to UK merger control?



Supply of car parts

- The UK courts and the Competition Appeal Tribunal are handling a number of damages claims following various decisions by the European Commission (EC) to fine car parts suppliers for cartel behaviour.
- Informal EC competition law guidance enables car manufacturers to cooperate with car parts suppliers who are impacted by the COVID-19 pandemic. This includes the possible formation of ‘customer groups’ to deal with distressed suppliers subject to certain safeguards.



Penrose Report

The [Penrose Report](#) on competition policy was published on 16 February 2021 and includes recommendations to:

- Update the UK competition and consumer regime, including a new Competition Act to deal with the digital economy;
- Facilitate faster and better decision-making, including the annual publication by the CMA of a “State of Competition and Consumer Detriment” report that covers all sectors of the UK economy;
- Cut red tape by replacing EU rules with digital equivalents;
- Increase competition in digital industries, in particular by introducing measures which target individual firms that own and run new network and data monopolies;
- Introduce stronger consumer protection powers, e.g. in relation to the ‘loyalty penalty’; and
- Limit political intervention and subsidies to particular industries.



Sustainability

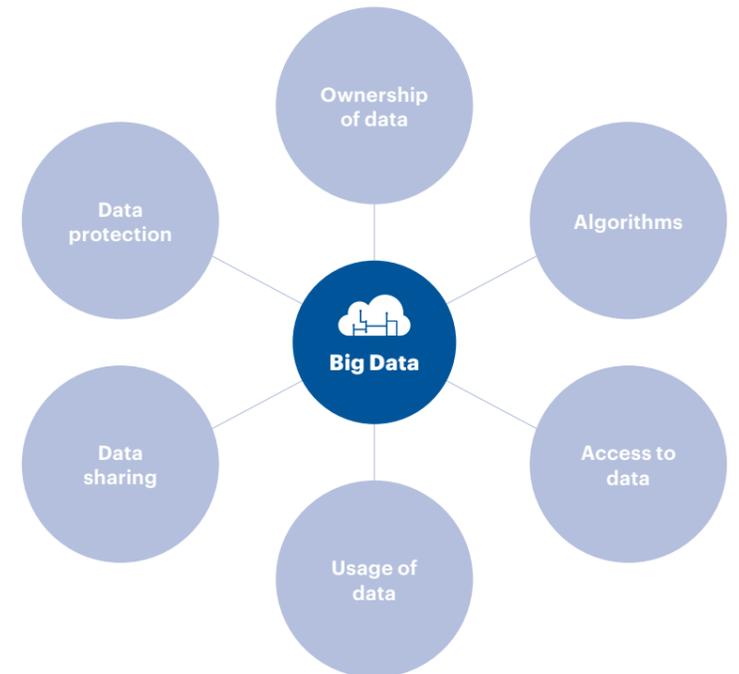
- The CMA has launched a [market study into the electric vehicle charging sector](#). Its findings will be published by 1 December 2021 (with an update by 1 June). In its recently published [progress update](#), the CMA sets out the specific issues it is considering, based on third party evidence.
- On 27 January 2021, the CMA published [guidance](#) for businesses on environmental sustainability agreements and competition law.

Will the approaches of the CMA and the EC diverge in relation to sustainability?

- Businesses can expect to see guidance being published in 2021 on green claims and how to avoid misleading consumers.
- The EC is investigating whether certain car manufacturers have colluded to restrict competition on the development of technology to clean the emissions of petrol and diesel passenger cars.

Big Data

‘Big Data’ raises important issues for the automotive industry, including connected cars, driverless cars and car sharing schemes.



EU legislative proposals

- **Proposed new Batteries Regulation** – The proposal introduces new battery standards and is designed to avoid distortion of competition in the EU. The new regulation will not apply in the UK, but will be relevant to UK battery production if, for example, UK batteries are intended to be sold in the EU.

What support will be allowed in the UK for battery production?

- **Vertical Agreements Block Exemption Regulation (VABER)** – VABER continues to apply in the UK to agreements between dealers and manufacturers for the sale of new motor vehicles. This will no longer be the case after 31 May 2022, when a revised version of VABER is expected to come into force in the EU. The CMA has recently launched a [consultation](#) on whether to replace VABER in the UK when it expires.
- **Motor Vehicles Block Exemption Regulation (MVBER)** – For agreements relating to aftersales markets, MVBER continues to apply in the UK, at least until 31 May 2023, when it is due to expire.

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