Chatham House Competition Policy 2025

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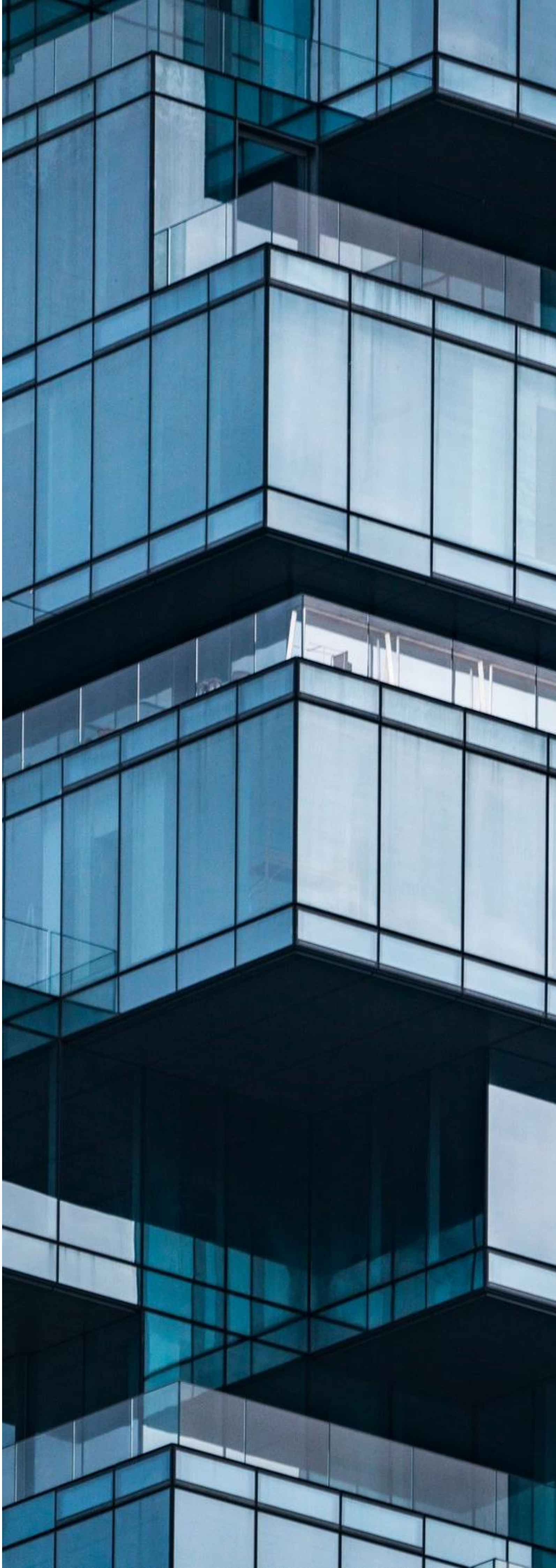

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Resilience, rivalry and regulation in a fragmenting global order

Competition policy is being re shaped by intensifying geopolitical pressures, strategic competition, and growing concerns around national and economic resilience. Regulators across major jurisdictions are integrating adjacent regimes in foreign subsidies control, FDI screening and digital market regulation while enforcement increasingly emphasises consumer protection amid inflation and cost of living strains.

Against this backdrop, the Chatham House Competition Policy Conference 2025 convened policymakers, regulators and business leaders to examine how frameworks should evolve to preserve contestable markets without sacrificing security, innovation or long term productivity. The conference was hosted in person and held under the Chatham House Rule, with two on the record keynote addresses by Sarah Cardell (Chief Executive, CMA) and Dina Kallay (Deputy Assistant Attorney General, US DOJ).

Discussions explored the interaction of competition policy and industrial strategy, the merging of merger control with investment screening in strategic sectors, and the rise of ex ante and behavioural consumer protection tools that complement traditional antitrust enforcement in fast moving digital ecosystems. The prevailing view was pragmatic: competition remains the primary lens, with resilience integrated through clearer, contestable regulation, proportionate crisis interventions, and sustained investment in skills and innovation so markets become both robust and dynamic. The main points from the on record and anonymised sessions are summarised below.

Keynote address: Sarah Cardell (CMA)

One year on from announcing the CMA's "4Ps" transformation, Sarah Cardell outlined how operational reform has translated into delivery and how the CMA intends to steer competition and consumer policy from 2026 to 2029. She reported that the 4Ps programme has already yielded more than 75 operational improvements, including streamlined merger processes, and framed the new three year strategy around a single economic end goal: driving growth and improving household prosperity through more effective competition and robust consumer protection.

Cardell placed particular emphasis on the Digital Markets, Competition and Consumers Act (DMCCA) as the backbone of an outcomes focused enforcement agenda - both in digital markets and consumer law. She highlighted early action under the new consumer protection powers (including investigations into pricing practices) and signalled priorities around drip pricing, transparency and deterrence. The keynote also returned repeatedly to independence and accountability: independence as insulation from political direction in individual cases; accountability through clearer governance, predictable timelines and enhanced transparency in decision making. The CMA will consult on modernising its decision processes to strengthen this balance.

Looking ahead, Cardell noted that the strategy coalesces around five objectives: (i) promoting effective competition, (ii) championing consumers, (iii) advising government on pro competitive interventions that support growth and innovation, (iv) fostering a UK regulatory landscape that builds business confidence, and (v) prioritising UK interests where global and domestic regimes intersect. The message for business was two sided: more rigorous enforcement, but with greater consistency, engagement and clarity about expectations.

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FDI and merger control on the frontline

This discussion situated merger control and investment screening at the nexus of geopolitics, resilience and industrial strategy. Participants noted how defence and other strategic sectors are shifting away from commodity style procurement toward complex, interdependent systems - especially where dual use technologies blur civilian–military boundaries. That shift multiplies regulatory touchpoints and complicates theories of harm (for example, how to weigh supply chain security or technology leakage alongside innovation incentives), reinforcing the need for adaptable frameworks that reconcile security imperatives with contestable markets.

While consolidation in the defence sector must be carefully conditioned to sustain dynamic competition, it was noted that the mainly monopsonistic nature of government purchasers means that mergers can deliver highly pro-competitive outcomes even they result in high market shares and merger control has not been a significant obstacle in the past. In this context, one panellist observed that the main barrier to consolidation is governments' perceived need to preserve national defence champions. While they are only likely to accept cross-border consolidation if circumstances indicate an overwhelming interest in it, there are various recent developments - such as increased collaboration between governments and NATO expansion – which suggest that those circumstances could arise.

Participants described the state as both regulator and customer, with the UK experience illustrating practical trade offs. Decisions such as removing Huawei equipment from networks and participation in long lead submarine programmes were cited as instances where resilience objectives can justify near term cost or concentration, provided remedies safeguard rivalry and innovation over the long run. In telecoms, for example, targeted regulatory adjustments have coupled short term headwinds with investment certainty to unlock full fibre roll out. More broadly, the panel noted that scale may be necessary to finance capital intensive upgrades.

The regulatory outlook is increasingly integrated: competition policy intersects with FDI screening, export controls and industrial policy, reflecting dependencies on US digital infrastructure, exposure to Chinese technology standards and supply chain vulnerabilities. Rather than resort to ad hoc carve outs, the preferred course is to embed resilience assessments within existing tools, keeping regulation contestable by default, using proportionate, time bound interventions in crises, and improving public–private collaboration to anticipate risks. Skills and innovation were singled out as decisive enablers: without sustained investment in human capital, apprenticeships and strategic R&D, the UK risks deepening dependencies and weakening its strategic autonomy.

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Keynote address: Dina Kallay (US Department of Justice)

Dina Kallay underscored the DOJ's focus on "pocketbook issues" - markets that directly shape the cost of living – using air travel as the primary case in point. Following decades of consolidation, a handful of carriers control the bulk of the US market, sharpening the stakes for affordability and choice. Kallay pointed to recent DOJ actions, including the unwinding of the Northeast Alliance and the termination of the Delta–Aeroméxico joint venture as correctives where regulatory immunities had enabled de facto mergers or cartels. Her broader argument was that exemptions are poor long term substitutes for competition and can be abused as market conditions change. In step with the administration's stance on de-regulation, she cautioned that regulatory interventions - domestic or foreign - can distort entry, entrench incumbents and produce lasting ripple effects if not tightly scoped and periodically reviewed.

Enforcement and the expanding scope of consumer protection

This session treated consumer protection and competition law as complementary pillars of market integrity, with trust as the connective tissue. Participants agreed that effective consumer protection enables informed choice, which intensifies competitive pressure; without confidence in fair dealing, consumers don't shop around, and markets lose dynamism. Participants were also unanimous about cost of living pressures having made essential goods and services regulatory focal points, prompting authorities to combine traditional antitrust tools with proactive consumer interventions that deliver fast, visible remedies. The UK's first investigations under its new powers to impose substantial penalties for breaches of consumer protection laws were seen as a sign that enforcement in this area will be considerably more vigorous in the future.

Behavioural insights loomed large. It was noted how, since consumers are not "perfectly rational", practices such as drip pricing and dark patterns exploit cognitive biases; durable solutions must reset supplier incentives, not just add disclosures. In digital markets, where harms can entrench before cases conclude, several authorities advocate ex ante digital regulatory regimes (such as that introduced by the UK's Digital Markets, Competition and Consumers Act (DMCCA)) to preserve competitive dynamics without abandoning case by case enforcement. Participants explained that institutional design matters: some jurisdictions unite consumer and competition mandates in a single agency (such as the UK and Australia), others (such as South Africa) split them but coordinate closely - especially in crises. Policymakers are weaving broader public interest considerations (sustainability, equity, poverty reduction) into competition frameworks, expanding the lens beyond narrow price effects.

The abiding tension - "fix the consumer" vs "fix the market" - led to a pragmatic consensus: do both, crafting interventions that protect the vulnerable without blunting innovation.

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Resilience or rivalry? Rethinking competition in strategic sectors

The panel recast resilience and rivalry as complements, not trade offs. With a pro competition lens, resilience can enhance growth and innovation - provided policy is disciplined across three contexts:

1. Sectoral frameworks should be contestable by design; well intended rules can raise entry barriers and dull rivalry.
2. Crisis responses must be targeted and time bound, avoiding open ended public interest carve outs that erode predictability.
3. Domestic capability/sovereignty goals should secure critical capacities without defaulting to protectionism or undermining market dynamism.

Several sector examples were raised by the panellists, reflecting these points. In semiconductors, sovereignty is easy to endorse but hard to define in a global, hyperscale value chain. In particular, there are competing interpretations of the concept of resilience. One interpretation, which finds its expression in the EU Chips Act, is that resilience is served by ensuring that as much of the supply chain as possible is geographically built and located within the relevant jurisdiction. Another interpretation, which one participant considered to be typically more realistic and achievable, is that resilience is served by having a key component of a global supply chain located within the jurisdiction, as that provides a bargaining chip to ensure that supplies from other jurisdictions are not cut off in times of geopolitical tension or trade disputes.

In defence, the move from buying commodities to integrating complex systems exposes the limits of transactional procurement and argues for rivalry at the sub system layer under a system integrator that orchestrates pace and compatibility as rebuilding industrial capacity, whilst feasible, is slow. In telecoms, resilience has sometimes been delivered through rivalry: the Huawei exit imposed short term costs but catalysed vendor diversification, while Ofcom’s regulatory adjustments helped unlock long horizon fibre investment by pairing near term headwinds with policy certainty.

Looking ahead, debate around the UK's DMMCA centred on whether to formalise resilience assessments (global influence, sovereignty, national champions) within merger control and conduct rules. The prevailing view was cautious: competition should remain primary, with resilience embedded through clearer, contestable regulation, proportionate emergency tools, and sustained investment in skills and domestic capabilities - so markets are both robust and innovative.

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