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UK adopts Vertical Agreements Block Exemption Order meaning new competition rules for distribution arrangements

Vertical Agreements Block Exemption Order

On 11 May 2022, the UK Department for Business, Energy & Industrial Strategy ('BEIS') published the final version of the Vertical Agreements Block Exemption Order ('VABEO') which will come into force on 1 June 2022. This will replace the retained Vertical Agreements Block Exemption Regulation ('VABER') which expires on 31 May 2022.

Consultation

BEIS consulted on the draft VABEO in February (see our article). The final version is broadly the same as the draft. BEIS has, however, simplified some of the language and included more sub-headings to make it more accessible. In addition, section 8 of the VABEO, containing the "hardcore" restrictions (i.e. the restrictions which do not benefit from the VABEO), has been restructured. The effects, however, remain the same.

The VABEO does not mirror the final version of the revised EU Vertical Agreements Block Exemption Regulation ('VBER'), which was published on 10 May 2022. From 1 June 2022, therefore, businesses operating in both the UK and the EU will need to consider two sets of rules.

The European Commission published the final version of its Guidelines on the VBER at same time as publishing the revised VBER, on 10 May. In the UK, the Competition and Markets Authority ('CMA') closed its consultation on its proposed VABEO guidance on 5 May 2022 (see our briefing here) and we expect the final version to be published before the end of May. When this is published, this will be the final piece of the jigsaw of the new rules for vertical agreements.