

Title: Competition law in labour markets: Key risks and enforcement trends

Overview: Labour markets are under increasing scrutiny from competition regulators worldwide. This article explores the latest UK and global enforcement trends, focusing on no-poach agreements, wage-fixing, and information sharing, and offers practical guidance for employers and employees to avoid anti-competitive conduct and ensure compliance.

Category: Labour and Employment

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Full Article

In brief:

- Labour markets are subject to increasing scrutiny by competition regulators around the world, following the emergence and growth of new labour market trends.
- Competition and Markets Authority ("CMA") guidance and the recent decisions of global competition authorities reveal that no-poach agreements, wage-fixing and information sharing are among the top priorities of regulators.
- Businesses and employees should be alert to the types of behaviour that may be deemed anti-competitive to avoid onerous consequences for non-compliance with competition law.
- Tackling anti-competitive conduct within labour markets has climbed up the enforcement priorities of national competition authorities over the past few years. Regulators are increasingly acknowledging that non-traditional forms of cartel activity may pose significant risks to businesses, consumers and the economy more generally, and that labour market cartels can cause a direct and significant impact on household budgets.¹ To raise awareness among employers and employees, national competition authorities are therefore becoming increasingly transparent about what constitutes high-risk or anti-competitive behaviour.

Key competition issues in labour markets

Recent guidance published by competition authorities², including the CMA's practical guidance for businesses dated 9 September 2025, and trends in enforcement action identify three categories of conduct in labour markets that appear to be key areas of focus:

No-poach agreements

No-poach agreements involve two or more businesses agreeing not to approach or hire one another's employees, or not to do so without the other party's consent. Competition authorities are concerned that such agreements may result in a lack of employee dynamism in labour

markets, and may be detrimental to compensation (by reducing incentives to offer competitive salaries), firm productivity and innovation. Such arrangements are distinguished from non-solicitation clauses found within certain commercial agreements, such as consultancy agreements, where the recipient of services agrees not to hire or solicit the service provider's employees. These clauses may not breach competition law if they are deemed necessary to enable the commercial agreement, and are proportionate and reasonable in duration, subject matter and geographic scope.³

Under a wage-fixing agreement

Under a wage-fixing agreement, businesses agree to fix remuneration or other benefits. This may include agreeing to apply the same wage rates for employees, or to fix salaries, for example by implementing maximum caps. Agreements reached through industry bodies, such as trade associations, can also constitute illegal wage-fixing on the part of the body and its members.⁴ Wage-fixing has been found to contribute toward lower wage levels and slowed GDP growth, to the detriment of employees and the economy more generally.⁵

Information sharing

Information sharing, which is of particular concern to competition authorities, includes the exchange of 'competitively sensitive' information relating to the terms and conditions offered by a business to its employees. Information is more likely to be competitively sensitive if it is not publicly available, is unaggregated and non-anonymised and it concerns employers' current or future conduct (as opposed to their historic behaviour).⁶ Such information is categorised as anti-competitive whether exchanged formally or by way of a gentlemen's agreement, and regardless of whether it relates to contracted workers, freelancers or salaried staff. Even a business receiving information shared with them unilaterally by a competitor can be deemed anti-competitive, unless the recipient publicly distances itself from the conduct or reports it to the authorities.⁷ The anti-competitive effects of information sharing include a reduction in competition in recruitment and retention due to a lack of competition in the benefits offered to employees. However, the CMA has clarified that it will not enforce competition law against genuine information sharing for the purposes of collective bargaining (such as to assist in negotiations between employers and trade unions), provided the information sharing is absolutely necessary and cannot be substituted for other processes.⁸

No-poach agreements, wage-fixing and information sharing may negatively impact labour markets by reducing employee remuneration, mobility and choice, and slowing business expansion by restricting the acquisition of new talent. To help employers to avoid anti-competitive behaviour in the labour market, the CMA encourages employers to understand how competition law applies to this conduct, to ensure that rigorous reporting practices are in place, and to provide recruitment staff with training on high-risk behaviour.⁹

Standard of competition in UK labour markets

Following the CMA's public recognition of certain concerns with anti-competitive conduct in labour markets in 2023¹⁰, the CMA Microeconomics Unit (being the CMA's centre for research on competition, innovation and productivity) published its inaugural report on the quality of competition and market power in UK labour markets.¹¹ The report acknowledges that new

labour market trends (including the rise of hybrid work, the gig economy,¹² and changes in wage-bargaining norms) may begin to increase employer market power (being the ability of businesses to pay employees less than the value of their contribution to a firm's output), which may negatively impact wages.¹³

The report also comments on the prevalence of non-compete clauses in employment agreements. Almost 30% of UK employees are subject to a clause which prohibits them from joining a competitor after (typically six months) of ceasing employment with their current employer, rising to 40% in professional and scientific services and information and communication technologies.¹⁴ Other prevalent clauses include non-solicitation clauses, which prevent employees from approaching existing clients when moving employer, or non-disclosure agreements, which restrict the sharing of confidential information.¹⁵

As described in greater detail below, competition agencies and governments worldwide are becoming increasingly concerned about the growth of such restrictive covenants in the labour market, and legislative scrutiny is rising.

Enforcement trends and priorities

A) UK

Information sharing, wage-fixing and no-poach agreements

Following its review of competition in the labour market, this has been an "important area of focus" for the CMA, specifically in relation to information sharing, wage-fixing and no-poach agreements.¹⁶ The CMA conducted its first dawn raid in connection with suspected labour markets cartel in 2022, in respect of five companies engaged in the production and broadcasting of sports content.¹⁷ The CMA found 15 bilateral infringements of UK competition law, 10 of which related to coordination on employee remuneration. Information was exchanged in respect of wage rates for 20 production roles fulfilled by freelance employees, including camera operators and sound technicians. Following settlement, the CMA imposed fines totalling over £4.2 million. The CMA also conducted a second, unrelated investigation into suspected breaches of competition law in the purchase of freelance services and employment in the production, creation and broadcasting of television content (excluding sport), which has since been closed on administrative policy grounds.¹⁸ Most recently, the CMA has expanded its ongoing investigation into a suspected cartel in the fragrance industry to review reciprocal no-poach arrangements relating to the hiring or recruitment of staff.¹⁹

Non-competes and restrictive covenants

The CMA acknowledge that *"competition rules do not have a role to play in regulating the contract of employment between an employee and employer,"* and accordingly, it is unlikely that non-compete clauses and general restrictive covenants will infringe competition law.²⁰ However, the emergence of new trends in labour markets and the nature of employment, particularly the rise of flexible and independent working arrangements *"give rise to new questions for competition authorities about how and when such activity should be caught by the competition rules."* These types of clauses may therefore be subject to increasing scrutiny in future. For example, the UK Government has previously proposed to generally restrict non-

compete clauses in employment contracts to three months.²¹ Although the Government's proposals have not yet materialised, this certainly represents a space to watch for employers and employees alike.²²

B) EU and global

Enforcement trends in the UK are largely mirrored by national competition authorities globally. For example, wage-fixing and no-poach agreements have been subject to increased scrutiny by the European Commission within the past year, with the Commission confirming it is likely to view such agreements as 'by-object' infringements, the most egregious breach of competition law.²³ On 2 June 2025, the Commission imposed fines totalling €329 million on Delivery Hero and Glovo in the online food delivery sector including in respect of the exchange of commercially sensitive information and no-poach agreements relating to employees.²⁴

Fines for no-poach agreements have also been imposed by national competition authorities in Slovakia, France and Portugal this year.²⁵ Beyond the EU, legislative scrutiny and government proposals to reform and prohibit non-compete clauses in employment contracts are also being discussed in Australia and the United States respectively,²⁶ and the US Federal Trade Commission and Department of Justice have issued guidance in relation to no-poach and wage-fixing agreements, and the use of non-compete clauses.²⁷

Safeguarding your business

Evidently, competition authorities around the world are becoming increasingly focused on anti-competitive practices in labour markets. No-poach, wage-fixing and information sharing agreements are a clear enforcement priority from a competition perspective, whilst non-compete clauses may face increasing scrutiny, particularly if the Government's earlier legislative changes are enacted. In the light of this trend, employers and employees should carefully review their agreements and practices for compliance, and closely monitor key developments to avoid high-risk or anti-competitive behaviour. If you have any questions on the scope of certain clauses in your employment agreements, and how to operate safely in accordance with competition law, we encourage you to [get in touch with our team](#).

¹ Sarah Cardell's speech 'The CMA's Research on Competition and UK Labour Markets' delivered on 25 January 2024

² For example, see the [CMA's Guidance dated 9 February 2023 'Employers advice on how to avoid competitive behaviour'](#); the [CMA's Guidance dated 9 September 2025 'Competing for talent'](#); and [EU Competition Policy Brief No 2/2024 \(3 May 2024\)](#)

³ CMA's Guidance dated 9 September 2025 'Competing for talent', page 6

⁴ CMA's Guidance dated 9 September 2025 'Competing for talent', page 7

⁵ EU Competition Policy Brief No 2/2024 (3 May 2024)

⁶ CMA's Guidance dated 9 September 2025 'Competing for talent', page 9

⁷ CMA's Guidance dated 9 September 2025 'Competing for talent', page 10

⁸ CMA's Guidance dated 9 September 2025 'Competing for talent', pages 13–14

⁹ CMA Guidance dated 9 February 2023 'Employers advice on how to avoid competitive behaviour' and CMA's Guidance dated 9 September 2025 'Competing for talent'

¹⁰ CMA Guidance dated 9 February 2023 'Employers advice on how to avoid competitive

behaviour'

¹¹ Microeconomics Unit Report 'Competition and Market Power in UK Labour Markets' (2024)

¹² Defined by the CMA Microeconomics Unit as being individuals who sell labour services via digital platforms, which is a minor but growing area of the economy. (Paragraph 6.17 of the Microeconomics Unit Report 'Competition and Market Power in UK Labour Markets' (2024))

¹³ Microeconomics Unit Report 'Competition and Market Power in UK Labour Markets' (2024), paragraphs 2.2-2.5

¹⁴ Microeconomics Unit Report 'Competition and Market Power in UK Labour Markets' (2024), paragraphs 2.7 and 6.37

¹⁵ Microeconomics Unit Report 'Competition and Market Power in UK Labour Markets' (2024), paragraph 6.6

¹⁶ See [CMA Annual Plan 2024 to 2025 - GOV.UK](#), paragraph 6.8

¹⁷ Case 51156

¹⁸ Case 51251. See the [CMA's case closure statement](#)

¹⁹ Case 51257

²⁰ Sarah Cardell's speech 'The CMA's Research on Competition and UK Labour Markets' delivered on 25 January 2024

²¹ See the [Government's response](#) to a 2020 consultation on post-termination non-compete clauses

²² Note a recent [debate on 21 July 2025 in the House of Lords](#), in which government minister Baroness Jones stated the Government would launch a revised consultation on non-compete clauses in employment contracts

²³ CMA's Guidance dated 9 February 2023 'Employers advice on how to avoid competitive behaviour'. Also see paragraph 279 of the [Commission's Horizontal Guidelines](#) on the applicability of Article 101 TFEU to Horizontal Co-operation Agreements (2023)

²⁴ Case AT.40795

²⁵ See [CARTELS: AMO imposes the first fine for a cartel agreement on the labour market; No-poach practices: the Autorité de la concurrence fines four companies in the engineering, technology consulting and IT services sectors; and AdC fines Inetum Group for anti-competitive practices in the labour market](#)

²⁶ See the [consultation launched by the Australian Government on 25 July 2025](#) to reform to non-compete clauses; and attempts by the Federal Trade Commission to [ban post-termination non-compete clauses](#) in employment contracts in 2024. The Federal Trade Commission is currently appealing a decision by the District Court for the Northern District of Texas which blocked its proposals (*Ryan LLC v. Federal Trade Commission*, No.3:24-CV-00986-E (N.D. Tex. Aug. 8. 2024))

²⁷ [Antitrust Guidelines for Business Activities Affecting Workers](#) (January 2025)

