



State of Competition in Ireland

Invitation for Input

April 2024



Coimisiún um
Iomaíocht agus
Cosaint Tomhaltóirí

Competition and
Consumer Protection
Commission



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1. Introduction

The Competition and Consumer Protection Commission (“CCPC”) is the statutory body responsible for enforcing and promoting compliance with competition, consumer protection and product safety law.

The mission of the CCPC is to use our knowledge, skills and statutory powers to promote competition and enhance consumer welfare. Our vision is for open and competitive markets where consumers are protected, and businesses actively compete.

To achieve this vision, one of the actions under the CCPC’s 2024-2026 strategy is to increase the level of research and market studies to identify where and how markets can be more competitive and work better for consumers in line with our prioritisation principles.

The CCPC is currently conducting a research study examining the state of competition across several sectors of the Irish economy. This project will provide an overview of the evolution of competition in the State over recent years and in doing so, it may identify competition and/or consumer protection issues that require further consideration, informing future work that the CCPC may seek to undertake.

Purpose of the Invitation for Input

This document sets out the purpose and proposed scope of the research study. It provides an overview of the CCPC’s proposed approach and the themes to be explored, setting out questions for stakeholders to provide their views on.

2. Context

The purpose of this project is to analyse the state of competition across several sectors of the Irish economy. The CCPC regularly examines how competition functions in specific markets while conducting its merger review and enforcement investigations. This project will provide a broader perspective on how competition has evolved over time¹ at an aggregated, industry level.

The CCPC has not previously carried out a competition assessment of this type and, in general, research into the broad picture of competition across Irish industries is limited. Furthermore, such state of competition studies are relatively rare in an international context, with only a handful of studies completed to date, most notably in the United Kingdom,² Canada³ and New Zealand⁴.

In the context of a period of sustained inflation and cost of living challenges, it is appropriate for the CCPC to analyse the dynamics of competition across the Irish economy. This project is necessary to (i) establish a framework for the measurement of the state of competition in the Irish economy; (ii) inform academic and public debate on the state of competition; and (iii) inform future work within the CCPC such as future research projects and discussions with relevant stakeholders.

Given that the state of competition study is a novel project for the CCPC, we are conscious of the importance of seeking the views of external stakeholders in how the study should be approached.

As such, the CCPC is issuing this invitation for input to ascertain the views of external stakeholders on issues for consideration as part of any analysis of the state of competition in Ireland.

¹ The proposed time period for analysis is likely to be the last 15 years or so, however, this is dependent on data availability.

² See: https://assets.publishing.service.gov.uk/media/627e6cf6d3bf7f052d33b0ae/State_of_Competition.pdf

³ See: <https://ised-isde.canada.ca/site/competition-bureau-canada/sites/default/files/attachments/2023/cip-pic-eng.pdf>

⁴ [New Zealand Ministry of Business, Innovation and Employment report](#), dated April 2016.



This consultation invites external stakeholders to provide observations on what elements should be taken into account in this regard. The CCPC will consider the responses to this consultation when carrying out the research project.

3. Invitation for Input

The CCPC welcomes input into all aspects of the state of competition research study. Questions and issues for comment are set out below alongside an indication of the preliminary approach to methodology and analysis under consideration by the project team.

Proposed Scope

The purpose of this study is to examine the evolution of competition in the Irish economy at an industry level.⁵

In order to determine which industries are to be included for analysis in the research, at the outset, it is anticipated that the broad industry-level categories will be drawn from segments and subsegments of industries as listed in the NACE Rev. 2 statistical classification of economic activities (see table below).⁶

Section	Title
A	Agriculture, forestry and fishing
B	Mining and quarrying
C	Manufacturing
D	Electricity, gas, steam and air conditioning supply
E	Water supply; sewerage, waste management and remediation activities
F	Construction
G	Wholesale and retail trade; repair of motor vehicles and motorcycles
H	Transportation and storage
I	Accommodation and food service activities
J	Information and communication
K	Financial and insurance activities
L	Real estate activities
M	Professional, scientific and technical activities
N	Administrative and support service activities
O	Public administration and defence; compulsory social security
P	Education
Q	Human health and social work activities
R	Arts, entertainment and recreation
S	Other service activities
T	Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use
U	Activities of extraterritorial organisations and bodies

Source: European Commission

⁵ The geographic market scope of the study will be to examine competition by industry type at the State level.

⁶ Further information is available [here](#).

The analysis will not be conducted at the narrower level of defined product and geographic markets as would be the case in a CCPC merger determination or enforcement investigation, for example.

As for the analysis itself, the project team intends to examine the competitive environment using multiple competition indicators, including the following:

- **Industry Structure:** In this study, to examine sectoral structure and concentration, it is envisaged that metrics such as the Herfindahl-Hirschman Index (“HHI”) and the concentration ratio (CR5 and CR10) will be included. This will provide insights into the structure of industries in Ireland and how turnover within those industries is divided between the largest participants. The CCPC will also aim to explore, where possible, the impact of international trade and common ownership on concentration.
- **Profitability and Markups:** The state of competition study shall also seek to provide an analysis of the levels of profit generated by Irish businesses and the mark-ups of prices over costs charged by businesses (other potential indicators include EBIT margins and ROCE).
- **Dynamic Measures:** Dynamic indicators of competition may include an examination of rates of entry and exit in industries; startup rates and business formation; as well as an analysis of the rank persistence of the largest firms in a given industry.
- **Productivity and Innovation:** As part of the analysis in the study, the CCPC is considering looking into any potential dynamics between competition and productivity/innovation in the Irish economy.
- **Business Survey:** A survey of Irish businesses will analyse the perception of businesses of competition in the State. In particular, the survey will gauge the views of businesses on (i) experiences of competition; (ii) barriers to entry and expansion; (iii) innovation; and (iv) the impact of Covid-19 and Brexit.

Individually, each of the measures listed above provides only a limited amount of information, but together they can provide a more holistic understanding of the trends in competition and market power across the Irish economy.

Consultation Questions

1. *Do you agree with the proposed scope set out in this document? If not, why not?*
2. *Please provide any views on the potential use of NACE Rev. 2 for the purposes of determining the level of industry to be analysed in the state of competition research study.*
3. *Are there certain industries in Ireland where the dynamics of competition have significantly changed in recent years? Please support your views with relevant data, analysis and/or previous research.*
4. *Where competition dynamics have changed, are you aware of how such developments have impacted either on consumers or business directly? Please explain your answer.*
5. *What in your view are the industries/sectors of the Irish economy where further research on this topic is most urgently required?*
6. *Accurately estimating market power, at the aggregate economy-level or within specific industries, is dependent on high-quality data and a robust empirical approach. Please outline any relevant data sources and highlight possible methodological constraints that in your view may arise.*
7. *What are the most appropriate ways of accurately measuring market power in the market(s) where you operate or in the market(s) that you defined as relevant for our analysis? What in your view are the pros and cons of using such measures?*
8. *In conducting concentration and profitability analysis, the project team is conscious of the possible distortionary effects of large multinational corporations on the available data. Please provide any views or comments on how the CCPC should account for this possibility and how it may affect the findings of the study.*
9. *Please provide any views on the most appropriate ways of examining the relationship between competition and productivity/innovation in the market(s) where you operate or in the market(s) that you defined as relevant for our analysis.*

10. *Please outline any issues or topics that you believe that CCPC should be considering for inclusion in conducting the survey of businesses.*

Additional Comments

11. *Please include any final comments that have not been captured by the questions above.*

Submission Deadline

The closing date for submissions is 5pm Friday 17 May 2024.

Appendix A: Use of information provided to the CCPC

1. The personal data we collect from or about you or through our systems helps us to comply with our legal obligations or to carry out our statutory functions and activities. The personal data we collect, the basis of processing and the purposes of processing are detailed in our General Privacy Notice. For further information, please see our [General Privacy Notice](#).
2. The CCPC does not intend to publish the detailed responses received. However, a summary of the responses may be included in the final state of competition research report, which will list all of those who participated and consented to have their personal data included in the report. Please indicate in your response if you consent to the CCPC processing your personal data for the purpose of this consultation, including listing you as a participant in the final report.



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