

The State of Competition in Ireland

Launch Paper

December 2025



Coimisiún um
Iomaíocht agus
Cosaint Tomhaltóirí

Competition and
Consumer Protection
Commission

1. Introduction

In recent months, global discussions on competitiveness have been shaped by growing concern over Europe's ability to maintain its economic standing amid intensifying competition from the US and China. A prominent voice in this debate, Mario Draghi, warned of the EU's "slow agony" without more coordinated industrial policy, faster decision-making and increased investment. The EU's Competitiveness Compass, launched in January 2025, builds on this agenda, aiming to streamline administrative regulation burdens by up to 25% for businesses and 35% for SMEs to boost innovation and productivity.¹ Other enablers include lowering barriers to the single market, financing competitiveness, promoting skills and quality jobs, and better coordination of policies at EU and national levels.²

In Ireland, the debate has centred on the country's continued attractiveness to Foreign Direct Investment (FDI), alongside growing concern around our overreliance on US multinationals, infrastructure bottlenecks and increased recognition of the need to develop strong indigenous sectors. The Government's response has included a competitiveness summit³ and a recently launched action plan focusing on reducing business costs, accelerating R&D, enhancing infrastructure delivery and strengthening regulatory frameworks.⁴

Included as part of the Action Plan on Competitiveness is completion of a 'State of Competition in Ireland' study on the non-financial services sector. A complementary Action Plan on Market Diversification was published by the Government in August 2025 to set out a path that supports Ireland's businesses, both large and small, to adapt to a new trading environment by exploring new and diverse markets and strengthening their presence in existing markets.⁵

Central to many of these aims is the need for an in-depth understanding of the market dynamics facing businesses in Ireland. This paper therefore introduces the 'State of Competition in Ireland' project that seeks to assess how competitive conditions have evolved over the last decade and the barriers currently facing businesses in Ireland that most affect entry and expansion. This study is the first of its

¹ European Commission (2025). *Competitiveness Compass overview*: [10017eb1-4722-4333-add2-e0ed18105a34_en](https://ec.europa.eu/competition/compass/10017eb1-4722-4333-add2-e0ed18105a34_en).

² European Commission (2025). *An EU Compass to regain competitiveness and secure sustainable prosperity – News article (29 Jan 2025)*: https://ireland.representation.ec.europa.eu/news-and-events/news/eu-compass-regain-competitiveness-and-secure-sustainable-prosperity-2025-01-29_en

³ Government of Ireland (2025). *Competitiveness Summit 2025 – Press release*: <https://www.gov.ie/en/department-of-the-taoiseach/press-releases/competitiveness-summit-2025/>

⁴ Department of Enterprise, Trade and Employment (2025). *Action Plan on Competitiveness and Productivity: Action Plan on Competitiveness and Productivity*.

⁵ Government of Ireland (2025). *Government Action Plan on Market Diversification (August 2025)*: <https://assets.gov.ie/static/documents/government-action-plan-on-market-diversification.pdf>

kind in Ireland and will therefore serve as an important benchmark for observing competition in future work.

2. Competition vs competitiveness

Competition and competitiveness are key drivers of economic growth, innovation and productivity. While often used interchangeably, the two concepts capture distinct yet interlinked dynamics within an economy. Understanding their interaction is important for policy makers aiming to design effective industrial and regulatory strategies.

In economics, competition refers to the structure and dynamics of the market where one or multiple businesses are trying to sell similar goods or services to consumers. This process drives efficiency, lowers prices, fosters innovation and enhances quality, all of which directly benefit consumers. Different market structures exist based on the level of competition, with each one having different implications for consumers:

Figure 1: Market structures

Perfect competition	Monopolistic competition	Oligopoly	Monopoly
Many businesses offering identical products, leading to the best prices and choices for consumers.	Many businesses offering similar but not identical products, giving consumers a variety of options.	A few dominant businesses, which can lead to higher prices and less choice for consumers.	A single dominant business. No competition, often resulting in the highest prices and the least choice for consumers.

On the other hand, competitiveness refers to the ability of a business, industry or country to compete successfully in the market by producing goods and services that meet international standards while maintaining or increasing real incomes over time. Competitiveness hinges on factors such as productivity, innovation, cost efficiency, infrastructure, human capital and the regulatory environment. While competition is about the market environment, competitiveness is about the ability to perform and thrive within that environment, ultimately benefitting consumers.⁶

Market dynamics shape long-term economic strength. Market competition directly influences a country's competitiveness both domestically and internationally. Figure 2 illustrates how competition

⁶ See Porter, M.E. (1990) *The Competitive Advantage of Nations*, Free Press: New York

benefits competitiveness and the wider economy as set out in the OECD's "Factsheet on how competition policy affects macro-economic outcomes".⁷

Figure 2: Competition and competitiveness



Source: OECD, 2014

Competition benefits the wider economy through several channels, each of which supports national competitiveness. A more detailed explanation on the means through which competition impacts directly on competitiveness are set out below:

Drives efficiency and productivity

Competition forces businesses to reduce costs and streamline operations. Uncompetitive businesses either improve or exit the market, freeing up resources and raising overall productivity. This, in turn, results in stronger national competitiveness, especially in global markets.

Encourages innovation

In competitive markets, businesses must constantly innovate to differentiate themselves from their competitors, leading to faster innovation cycles and business models. This then improves quality, value and global appeal of goods and services.

⁷ OECD (2014). *Factsheet on competition and macro-economic outcomes*: [Factsheet on competition and macro-economic outcomes \(EN\)](#).

Lower prices and improves quality

Businesses in competitive markets cannot charge excessive prices without losing customers. This brings with it lower input prices and better services (e.g. energy, logistics) which make all businesses more competitive.

Builds stronger businesses

Only efficient and well-managed businesses can survive in competitive environments. Over time, this weeds out inefficient players and supports the growth of globally capable businesses that are better able to export, expand and attract investment.

3. Debate over competition weakening

Over the last decade, discussion around the weakening of competition in advanced economies gained traction internationally. Further focus was brought onto this debate in 2016, as the White House Council of Economic Advisors published a policy brief containing findings of increased revenue shares for the largest companies across industries, in addition to a decrease in the level of business entry.⁸ Several studies in the United States have pointed to increases in concentration and corporate profits.⁹

Similar findings have been reported in studies focusing on Europe.¹⁰ In 2024, the OECD published findings noting that, over the last 20 years in European countries, concentration and cost markups have increased, whereas the level of business dynamism has declined. Similarly, in January 2025 the EU's Competitiveness Compass discussed declining business dynamism in Europe, with the average age of more productive businesses substantially increasing in recent decades.

Economy-wide assessments by national competition authorities also point to a decrease in competition levels. In the UK, the Competition and Markets Authority found "a modest weakening of competition over the last 25 years" when examining cost markups as its key measure of market

⁸ Council of Economic Advisers (2016). *Benefits of Competition and Indicators of Market Power – Issue Brief*: https://obamawhitehouse.archives.gov/sites/default/files/page/files/20160414_cea_competition_issue_brief.pdf

⁹ Grullon, G., Larkin, Y., & Michaely, R. (2019). *Are US Industries Becoming More Concentrated?* Review of Finance, 23(4), 697–743. <https://academic.oup.com/rof/article-abstract/23/4/697/547741>.
De Loecker, J., & Eeckhout, J. (2017). *The Rise of Market Power and the Macroeconomic Implications*. NBER Working Paper 23687. <https://www.nber.org/papers/w23687>.

¹⁰ Koltay, G., Lorincz, S., & Valletti, T. (2023). *Concentration and Competition: Evidence from Europe and Implications for Policy*. Journal of Competition Law & Economics, 19(3), 466–504. <https://academic.oup.com/jcle/article/19/3/466/7304066>.

power.¹¹ Likewise, the Canadian Competition Bureau reported in 2023 that Canada’s competitive intensity decreased from 2000 to 2020.¹²

4. CCPC State of Competition project

Given this context, it is appropriate timing for the CCPC to analyse the dynamics of competition across the Irish economy. This project is necessary to establish an analytical framework for the measurement of the state of competition in the Irish economy; inform academic and public debate on the state of competition; and inform future work within the CCPC such as future research projects and discussions with relevant stakeholders.

As part of the State of Competition project, stakeholders were invited to respond to a wide range of consultation questions relating directly to core elements of the proposed research.¹³ The CCPC received seven formal written responses from the following respondents:

Table 1: List of respondents to invite for input

Stakeholder	Formal written response
Commission for Communications Regulation	✓
Irish League of Credit Unions	✓
Enterprise Ireland	✓
Dr Freeman Mateko, University of Johannesburg	✓
Prof Paul Gorecki, Trinity College Dublin	✓
Retail Grocery Dairy & Allied Trades Association	✓
UCD Sutherland School of Law Competition Group	✓

The proposed project scope was generally supported by respondents, with an expectation that the research could provide beneficial insights into the history of competition in Ireland and contribute to the international debate concerning rising concentration. Further feedback from respondents included concerns relating to the scale of the empirical undertaking and data access, support for the business survey proposed and the suggested use of additional indicators such as rates of entry and exit.

¹¹ Competition and Markets Authority (2024). *The State of UK Competition Report 2024*: [The State of UK Competition Report 2024](#).

¹² Competition Bureau Canada (2023). *Competition in Canada from 2000 to 2020: An Economy at a Crossroads*: [cip-pic-eng.pdf](#)

¹³ CCPC (2025). *State of Competition in Ireland – Invite for Input (2024)*: [State of Competition in Ireland](#).

Respondents also suggested that the competition measures proposed should be estimated at the four-digit NACE level, the EU standardised framework used to categorised economic activities, and that this should then be presented at the two-digit NACE level. It was also noted that data availability may be a constraint when it comes to the disaggregation of industries.

4.1 Project indicators

After consideration of the feedback received on both the project scope and the metrics for analysis outlined in the invitation to input, the CCPC has assessed the evolution of competition in Irish economy under the following measures:

Table 2: Competition indicators

Industry structure	To examine industry structure and concentration, metrics such as the Herfindahl-Hirschman Index (HHI) and the concentration ratio (CR4 and CR10) are included. This provides insights into the structure of industries in Ireland and how turnover within those industries is divided between the largest participants. The CCPC has also explored distributional changes in concentration levels.
Markups	Markups serve as a useful proxy of market power. Markups measure the difference between the price businesses charge for their good or service and the marginal cost incurred in producing that good or service.
Dynamic measures	Dynamic indicators of competition include: (i) rates of entry and exit - the proportion of businesses entering and exiting sectors; (ii) survival rates - the ability of new businesses to remain in business over time; (iii) rank persistence and entrenchment - measures of churn of the largest businesses in an industry; (iv) job reallocation - the rate at which labour is moving across the economy.
Contribution of younger businesses	The proportion of employees and revenue in a sector held by new and less-established businesses.
Productivity	As part of the analysis, potential dynamics between competition and productivity in the Irish economy is considered. Both labour productivity and total factor productivity are analysed.

To best capture how competition has evolved in Ireland, the above measures should be considered collectively. While individual metrics offer some limited indication of competitive conditions, their combined use facilitates a more comprehensive understanding of competition trends and market power within the Irish economy.

The intention of the project is to provide a broader perspective on competition in the Irish economy over time than the CCPC would typically do in more narrowly defined assessments as part of merger or antitrust investigations. Therefore, this project does not set out to examine indicators of competition at the individual product market level.

4.2 Data

The analysis for the State of Competition project is undertaken on business-level data obtained by the CCPC project team from the Central Statistics Office (CSO). The microdata files used for the first report include:

- Annual Services Inquiry
- Business Register

The data analysis outputs produced by the project team have been assessed by CSO data custodians to ensure adherence to statistical disclosure controls and safeguard the confidentiality of business contained within the data.¹⁴

4.3 State of Competition outputs

As part of the CCPC's State of Competition work, the following outputs will be published in 2025 in addition to this launch paper:

1) Barriers to entry and expansion reports

Through two surveys of Irish businesses, the CCPC has assessed the significance of various potential barriers to market entry and business expansion. The reports on the survey results will set out across multiple industries in Ireland the key challenges presenting themselves to market entrants and businesses looking to expand.

2) Report on analysis of the non-financial services sector

¹⁴ The CCPC thanks the CSO for facilitating access to the data necessary to undertake this project.

The CCPC's first State of Competition in Ireland analysis focuses on the non-financial services sector,¹⁵ with publication to follow the release of the survey reports. The report covers the following industries:

- *Wholesale and retail; repair of motor vehicles and motorcycles (G)*
- *Transportation and storage (H)*
- *Accommodation and food service activities (I)*
- *Information and communication (J)*
- *Professional, scientific and technical activities (M)*
- *Administrative and support service activities (N)*
- *Arts, entertainment and recreation (R)*
- *Other service activities (S)*

Analysis presented in the State of Competition Services Report will primarily focus on the level of aggregation above, the NACE letter level. Nonetheless, as affirmed in the invite for input, for indicators including concentration and cost markups, analysis is conducted at the most disaggregated 4-digit NACE level and presented at a higher level of industry aggregation. In addition, where relevant and possible, 2-digit NACE industries are highlighted to provide further insight into the competitive dynamics observed.

5. Future focus

The CCPC expects to leverage the analysis conducted for the State of Competition Services Report to identify potential topics or industries that warrant further attention and assessment as part of a future market study. In addition to a more focused market study stemming from the CCPC's work on the services sector, it is the CCPC's intention to undertake similar analysis of other broad sectors of the Irish economy.

¹⁵ Financial and Insurance Activities are not included within the scope of the research as this NACE Section (K) does not form part of the CSO's ASI dataset. Each of the sectors listed in Figure 3 are included in the ASI.