International trade

Trade means **imports** and **exports** with other countries which involves the buying and selling of goods and services. Exports and imports can be **visible** (goods) and **invisible** (services).

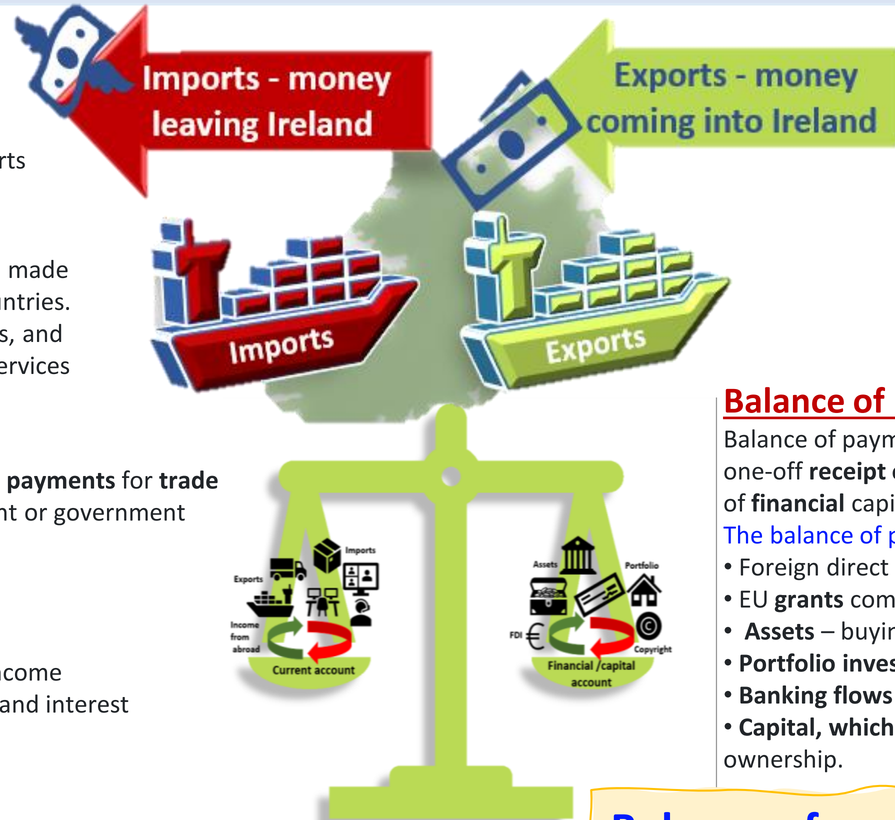
Measuring international trade

Balance of trade

The balance of trade is **visible exports - visible imports**
If exports exceed imports, it is favourable to the country, but if imports exceed exports, it is unfavourable.

Balance of payments

The balance of payments records **all financial transactions in Ireland** made between consumers, businesses and the Government with other countries.
It shows us how much is **being spent on imported goods** and services, and how successful Irish companies have been, **in exporting goods** and services to other countries.



Balance of payments on current account

The balance of payments on the current account, is the record of **all payments** for **trade in goods and services**, plus any income flows from wages, investment or government transfers and is a good measure of trade performance.
The balance of payments on the current account includes:

- All **exports** of goods and services, both visible and invisible
- All **imports** of goods and services, both visible and invisible
- **Primary income** from investment and employment, which is any income made from investing abroad, and includes wages, profits, dividends and interest
- **Secondary income** - transfers to EU, UN and overseas aid.

Balance of payments accounts

There are two parts to the balance of payments account, the **current account** and the **financial/capital** account.
In theory, the two accounts should be **equal** so the overall **account balances**, bringing the final balance of payments account to **zero**.
Actions need to be taken to balance the account e.g., buying or selling of gold and foreign currencies or paying off debts.

Balance of payments on financial/capital account

Balance of payments on the financial account, are records of one-off **receipt or payment transactions** and measures the inflows and outflows of **financial** capital, across **national boundaries**.
The balance of payments on the financial account includes:

- Foreign direct investment (FDI)
- EU **grants** coming into Ireland
- **Assets** – buying and selling of assets
- **Portfolio investment** - for example, Irish people buying property or shares abroad
- **Banking flows** – deposits, savings, bonds and gilts
- **Capital, which accounts for a small proportion** – includes sale of franchises, copyright, transfers of ownership.

Irish international accounts

The CSO produce information about the Irish international accounts, which show Ireland's trade and economic interactions with the rest of the world.
The balance of payments current account, a measure of Ireland's economic flows with the rest of the world, showed a **surplus of €15.8bn** in the fourth quarter of 2022. Increased exports and continued low imports, have kept the account in surplus.

Balance of payments surplus and deficit

The balance of payments can be in surplus or deficit and depends on the inflows and outflows of goods, services, investment incomes and transfer payments. A surplus on the current account means that the money value of imports is less than the money value of exports. A current account surplus indicates that a nation is a net lender to the rest of the world.

- **Balance of payments surplus** - is when Ireland is **earning more** than it is spending internationally
- **Balance of payments deficit -** is when Ireland is **paying more** out than it is earning internationally.

Reducing a deficit on current account

- **Increasing exports** - by improving the competitiveness of the domestic industry and exports
- **Government policies to encourage investment** - tax incentives or paying subsidies to domestic firms
- **Reduce domestic consumption and spending on imports** - a rise in tax can reduce demand for imported products
- **Devaluation of the currency** - making exports cheaper and imports more expensive. Only the Eurozone can devalue the currency.

Problems with a surplus

- **If the BOP surplus is due to weak domestic demand** - a country may have a large current account surplus because of relatively weak domestic demand. It may indicate that a country is relying too heavily on exports and consumer spending is relatively low
- **Current account surpluses, finance current account deficits** - a country can only enjoy a trading surplus if at least another country has a deficit. The country with a deficit may introduce **protectionist measures**
- **If the value of the currency is manipulated** - if a country undervalues its currency to make exports more competitive and the imports more expensive, there is a risk of the economy growing too quickly which can cause a boom and bust
- **Current account surpluses could cause demand-pull inflation** - aggregate demand in an economy will grow due to an injection into the circular flow of income and this can lead to demand-pull inflation.

Economic consequences of a surplus on current account

- **Injection into the economy** - exports are an injection into the circular flow of income the multiplier is increased, and so national income rises
- **Increase in our external reserves** - external reserves may increase, and this will increase the ability to make international payments
- **Jobs created** - higher exports may result in job creation and this may curb the increase in emigration
- **Attract FDI** - MNCs may become aware of Ireland's success, may encourage them to locate in Ireland.

Effects of foreign firms on the current account

Foreign firms operating in Ireland may affect Ireland's balance of payments **current account** in the following ways:

- **Salaries or wages returned to home country** - may bring staff and expertise from their home country. Part of the salaries earned may be returned to the home country thereby leaving Ireland
- **Imported raw materials and capital goods** - some may need to be imported. These physical imports and will appear in the current account
- **Exported finished products** - some produce mainly for export. These are considered physical exports and appear in the current account
- **Repatriated profits** - once profitable, these companies may decide to repatriate their profits. These are considered an invisible import.

International competitiveness

International competitiveness measures the **relative cost and value** of a countries' exports, for example, if Irish goods and services become more expensive than its competitors, then Ireland would see a decline in its international competitiveness.

Importance of international trade

International trade is important for the following reasons:

- **Increased wealth and standard of living** - increases demand for goods and services
- **Greater choice** - a greater choice of goods and services, not produced in Ireland
- **Availability of raw materials** - Ireland lacks some essential raw materials and must import
- **More competitive prices** - trade results in greater competition in the market
- **Employment opportunities** - will be created in those industries which are expanding
- **Investment opportunities** - a healthy trading economy attracts investment
- **Sale of surplus** - domestic market is relatively small, this allows for the surplus to be sold abroad
- **Companies benefit from economies of scale** - companies can increase production and can benefit from economies of scale
- **More efficient use of scarce world resources** - by specialising in production, countries can maximise their combined outputs and allocate resources more efficiently, resulting in less wastage.

Challenges on international markets

Irish businesses face a range of challenges when selling goods to the international market:

- **Finding new markets** - hard to break into new markets such as China. Gov helps by developing trade links, undertaking trade missions and researching new markets
- **Difficulty accessing credit** - Irish firms will find it difficult to grow and expand into foreign markets unless they can get credit from banks to fund expansion
- **Competitiveness** - even though costs of production have fallen in the Irish economy, some of the new EU countries can produce goods more cheaply
- **Exchange rate** - if the euro rises in value relative to trading partners, then Irish exports will be more expensive in countries like the US, UK and China
- **Education and skills** - ability to skill-up and train workforce, will be crucial to future success
- **Language skills** - improvements in language skills, such as Chinese, to take advantage of emerging markets in Asia
- **Transport costs** - as Ireland is an island nation, transport costs can be significant when exporting goods.

International competitiveness

International competitiveness measures the **relative cost and value** of a countries' exports, for example, if Irish goods and services become more expensive than its competitors, then Ireland would see a decline in its international competitiveness.

Competitiveness of Irish companies

Irish firms need to **control costs** in order to stay competitive in the export market.

Factors that determine Ireland's competitiveness:

- **Irish inflation rates and that of competitors** - if inflation is lower in Ireland, than in the firm's export markets, then they have a price advantage
- **Exchange rates** - if a country experiences a rise in the exchange rate against another currency, then its exports will be more expensive
- **Transport costs** - transport costs can be significant e.g., increases in fuel prices
- **Labour market** - if labour costs in Ireland rise above those in export markets, these additional costs are added to the price of the exports
- **Labour costs** - the skills and education of the workforce, levels of training and the flexibility of the labour force are essential
- **Industrial relations** - good industrial relations are important in successful businesses
- **Education** - determines the skills of the workforce and the productivity of labour
- **Government policies** - any policies which affect a firm's costs e.g., rates of VAT
- **Costs of production** - rises in costs of production brought about by the increases in the cost of utilities, such as waste disposal and water provision.

Exchange rates

The value of one country's currency compared to another currency e.g., the value of the euro against the pound or the dollar.

Appreciating and depreciating of the euro

Depreciation (devaluation) - is a fall in the value of exchange rate, where the euro is weaker against another currency e.g., €1 used to equal $1.50, but now €1 is only equal to $1.20.

Appreciation (increase in value) - is an increase in the value of exchange rate, where the euro is stronger against another currency e.g., €1 used to equal £0.80, but now €1 is worth £0.89.

If the euro depreciates:

- **Irish exports become cheaper**
- **Imports become more expensive**
- **Increase in economic growth** - but also cause inflation.

If the euro appreciates:

- **Irish exports become more expensive abroad**
- **Imports into Ireland will be cheaper** -
- **Lower economic growth** - due to reduced demand for exports
- **Worsening of the current account deficit** - because imports rise and exports fall.

What can the Government do to support Ireland's competitiveness?

- **Fund skills, education and training** – planning for the future
- **Improve infrastructure** – sustainable transport, better water, sewage
- **Reduce utility charges –** put in measures to help firms
- **Reduce taxation** – VAT, fuel and maintain low corporation tax
- Promote enterprise and entrepreneurship – access to support and finance
- **Encourage competition in the market** – discourage mergers and takeovers
- **Address issues around climate action** – reduce carbon, promote greener production.

Factors influencing exchange rates

- **Interest rates** – higher interest rates encourage hot money flows and demand for currency, and this causes an appreciation
- **Economic growth** – higher economic growth will tend to cause an appreciation because markets expect higher interest rates, when growth is rapid.
- **Inflation** – higher inflation makes exports less competitive and reduces demand for currency, causing a depreciation
- **Confidence** in the economy and the currency
- **Current account deficit or surplus** - current account deficit is more likely to cause a depreciation in the value of the currency because money is leaving the economy to buy imports.

The laws of absolute and comparative advantage

The law of absolute advantage states that each country should **specialise in the production** of that good in which it has an **absolute advantage**. This means it can produce the good more efficiently and more cheaply than other countries.
The law of comparative advantage is the ability of a country to produce a particular product at a **lower opportunity cost** than another country. Comparative advantage reflects the relative opportunity cost. Comparative advantage drives countries to specialise in the production of the goods for which they have the lowest opportunity cost, which leads to increased productivity. The opportunity cost is the **profit lost** when one product is selected over another.

The law of absolute advantage

The law of absolute advantage states that each country should **specialise in the production** of that good in which it has an **absolute advantage**. This means it can produce the good more efficiently and more cheaply than other countries.

Example:

Country A and Country B can both produce oranges and wine. Country A can produce more oranges, at a higher quality, more efficiently and with greater profit than Country B, therefore has an **absolute advantage** in orange production.
Rather than compete, in the orange market, Country B, can focus their resources on wine production, in which they can gain the absolute advantage.

Country	Orange units	Wine units
Country A	1200	600
Country B	600	2400
Max. output	**1800**	**3000**

Country A **specialises** in oranges, for absolute advantage and Country B specialises in wine for absolute advantage.

By specialising and gaining absolute advantage in production, both Country A and Country B improve their overall output.

Country	Orange units	Wine units
Country A	2400	
Country B		4800
Max. output	**2400**	**4800**

If a country specialises in goods or services, in which they have a comparative advantage, then they can gain from trade. However, these gains are dependent on the terms of trade.
The terms of trade alter in line with changes in export and import prices which are affected by exchange rates, supply and demand and inflation.

The law of comparative advantage

The law of comparative advantage is the ability of a country to produce a particular product at a **lower opportunity cost** than another country. Comparative advantage reflects the relative opportunity cost. Comparative advantage drives countries to specialise in the production of the goods for which they have the lowest opportunity cost, which leads to increased productivity. The opportunity cost is the **profit lost** when one product is selected over another.

Example:

Ireland and France both produce food and clothing. Ireland has an **absolute advantage** in both food and clothing because in Ireland, workers can produce 120 units of food and 90 units of clothing.

Output per worker per week	Food units	Clothing units
Ireland	120	90
France	60	70
Max. output	**180**	**160**

Ireland produces more food than France at a rate of 120/60 or 2:1.
Ireland produces more clothes than France at a rate of 90/60 or 1.3:1.
Ireland would be better off **specialising** in the production of food, as an Irish worker is twice as efficient as a French worker (2:1) An Irish worker is only 1.33 times as efficient in the production of clothing.
If Ireland specialises in food, the second worker will switch from making clothes to making food, thus doubling output. The French worker will specialise in clothes. The second worker will switch from the production of food to clothes. The French workers will now double the output of clothes.

Output per worker per week	Food units	Clothing units
Ireland	240	
France		140
Max. output	**240**	**140**

Food output **has increased** by 60 - this is a percentage increase of 33.3% (60/180 x100).
Output of clothing **has fallen** by 20 - this is percentage decrease of 12.5% (20/160 x100).
Since 33.3% is greater than 12.5% the world overall, is better off.

The terms of trade

Ireland
1 Clothes = 1.33 items of food (120/90)
1 Food = 0.75 of clothes (90/120)
France
1 Clothes = 0.86 items of food (60/70)
1 Food = 1.2 of clothes (70/60)
The **terms of trade for clothes** lies between 1.33 and 0.86 of food.
The **terms of trade for food** lies between 0.75 and 1.2 items of clothes.

Where the terms of trade lie depend on the bargaining strength of both countries.

Sources of comparative advantage for the Irish economy

- **Climate** - for crops and livestock
- **Raw materials** - moss peat, blanket bogs
- **Educated and skilled workforce**
- **Low rate of corporation tax**.

International trade

A free trade area - means that member countries can trade freely without tariffs or barriers being imposed on one another.
A customs union/common market - is more advanced than a free trade area. In a customs union, member countries agree to trade freely and impose common tariffs on countries that are outside the union. It also allow free movement of labour and capital between members.

Barriers to trade - protectionism

Trade protectionism is a way of **protecting domestic industries** by limiting imports, promoting exports or by putting up barriers to trade:

- **Tariffs** – tariffs are a tax on imports, makes imports more expensive
- **Quotas** - putting a limit on the amount of certain goods allowed into the country
- **Subsidies** - government financial support given to domestic companies to help reduce price and deter imports
- **Embargoes** – putting a ban on importing particular goods or a total ban on all trade from a particular country
- **Health and safety** - use health and safety regulations to prevent imported goods from entering the country
- **Exchange rate** - devaluing the exchange rate to stimulate exports and deter imports
- **Administrative barriers** – paperwork, bureaucracy and red tape to create an inconvenience, in the hope they will be discouraged from importing.

Government intervention in free trade

Reasons why governments may wish to restrict international trade:

- **Protect domestic industries** - 'infant industries' may have a difficult time competing with established industries in other countries and the Government may choose to protect these fledgling firms, by limiting competitive imports, until they become more established in the marketplace
- **Protect domestic employment** - foreign competition may lead to job losses in some industries and by limiting imports, such jobs may be protected
- **Protection against low wage competition** - domestic firms may not be able to compete with those countries who gain their competitive advantage by paying workers low wages. The Government may restrict imports from these countries
- **National security** - free trade could result in the spread of animal diseases such as foot and mouth disease. During such crises in the past, the Government banned the importation of cattle to protect this vital industry
- **Unfair competition** - to prevent 'dumping', which is when the market becomes flooded with cheap goods, produced abroad at below cost price
- **Protect strategic industries** - to prevent over reliance on imported goods and to keep some self-sufficiency in industries such as food, water and energy
- **Protection of human rights** - some countries may apply sanctions on those countries in which human rights' abuses exist.

Fairtrade

Fairtrade is based on a **partnership** between some of the most **disadvantaged farmers** and workers in the developing world and the people who buy their products. When farmers and workers can sell on Fairtrade terms, it provides them with a better deal, **a fair market price**, an opportunity to improve their lives and plan for their future. Fairtrade offers a way to reduce poverty through our everyday shopping.

Fairtrade price and premium

Fairtrade prices aim to **cover the average costs** of producing a farmer's crop sustainably, which is a vital safety net when market prices drop.
The **Fairtrade premium** is an extra sum of money paid on top of the selling price to invest in business or community projects of their choice.

Fairtrade goods

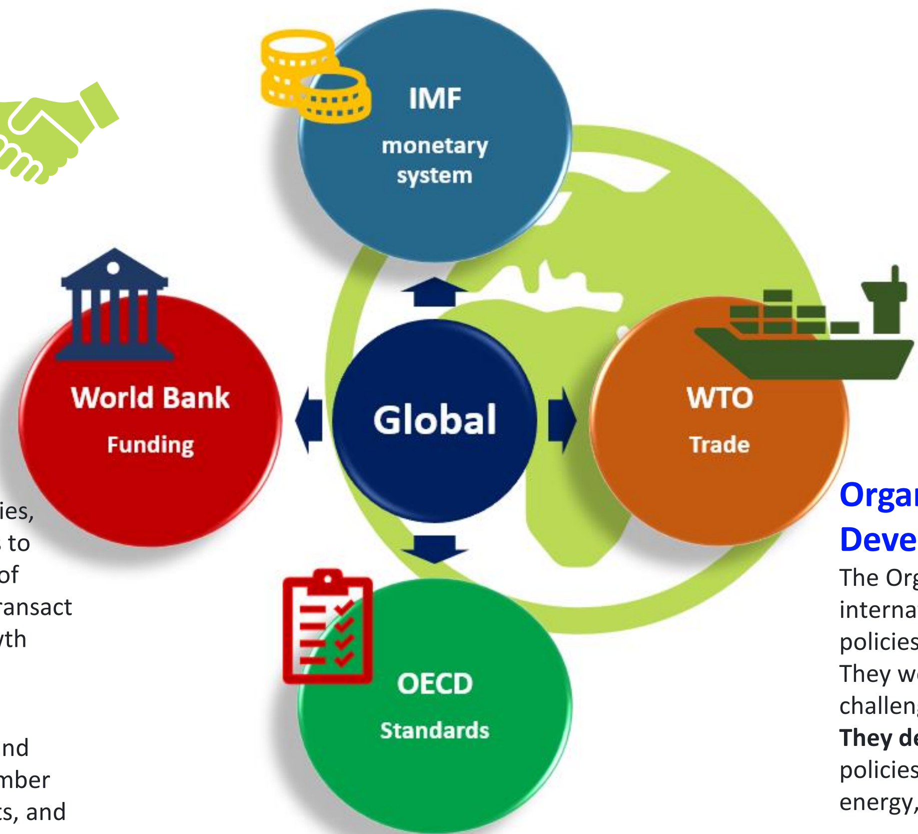
Fairtrade goods can be identified by the **Fairtrade Mark**, meaning it was produced according to international Fairtrade standards.

FAIRTRADE

Trade agreements

Trade agreements are when two or more nations **agree on the terms of trade** between them. They may reduce or eliminate trade barriers, such as, tariffs (taxes) and quotas (limits on quantities).
The main advantage of trade agreements is to **expand the market** for a country's goods and services.
Many trade agreements, although not all, are **free trade** agreements, where there are no import tariffs or quotas on products from one country into another.
Trade agreements are often regional or in blocs and some of the largest are:
The European Union (EU)
Asia – Pacific Economic Cooperation (APEC)
United States–Mexico–Canada Agreement (USMCA)

Global institutions and international trade



The World Trade Organisation (WTO)

The WTO is committed to improving free trade amongst its member countries.
The WTO has over 160 members representing 98 percent of world trade. Over 20 countries are seeking to join the WTO.

The International Monetary Fund (IMF)

The International Monetary Fund (IMF) is an organisation of 190 countries, working to foster **global monetary cooperation**. The primary purpose is to ensure the **stability of the international monetary system**, the system of exchange rates and international payments, that enables countries to transact with each other. This in turn, helps to support trade and economic growth around the world.

The World Bank

The World Bank Group is one of the world's largest sources of funding and knowledge for developing countries. It has five institutions and 189 member countries and funds development projects via loans, interest-free credits, and grants.

Organisation for Economic Co-operation and Development (OECD)

The Organisation for Economic Co-operation and Development (OECD) is an international organisation that works to build **'better policies for better lives'** e.g., policies that centre around prosperity, equality, opportunity and well-being for all. They work to find solutions to a range of social, economic and environmental challenges, by exchanging information and experience.
They develop standards which are agreements between governments on the best policies or practices in a specific field e.g., trade, transport, taxation, education, energy, employment, agriculture etc.

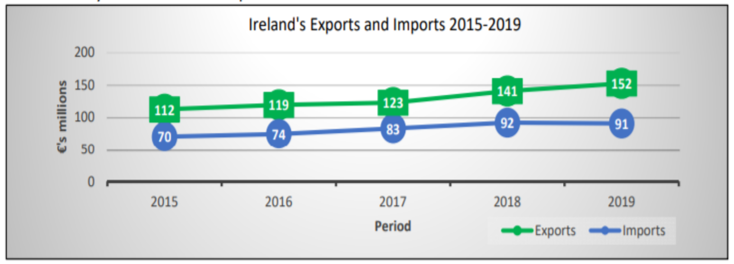
International trade

Exam questions

2021 section A

Question 1

(a) Calculate the balance of trade for the period 2015 – 2019.
Identify whether it is a surplus **or** a deficit.



Adapted from the CSO

Workings:

Answer:

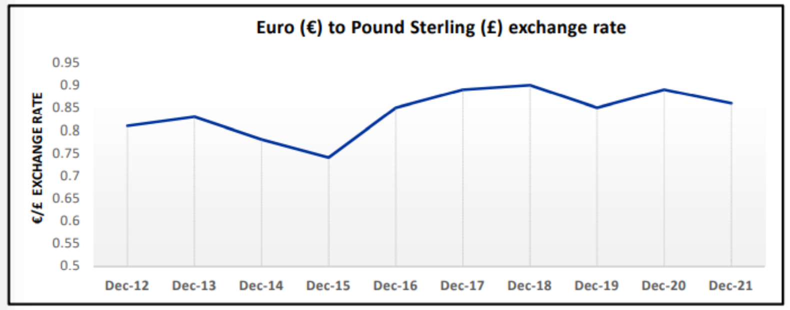
(b) Outline two reasons why achieving a trade surplus is an objective of the Irish government.

1.

2.

2022 section B

(b) The graph below shows the Euro (€) to Pound Sterling (£) exchange rates.
December 2012 – December 2021.



Adapted from ecb.europa.eu

(i) Identify one period where the value of the Euro depreciates against the Pound Sterling. Explain your answer.

Answer:

Explanation:

(ii) Apart from the change in exchange rates between the two currencies, outline two other impacts Brexit has had on the trade relationship between the UK and Ireland.

2021 section B

(c) **(i)** Define the principle of **comparative advantage**.

(ii) Continued capital investment in the National Broadband Plan in Ireland is one of the National Competitiveness Council recommendations for 2020.

Adapted from Ireland's Competitiveness Scorecard 2020

Discuss the importance of this recommendation for **Ireland's international competitiveness.**

(iii) Choose two other areas the Irish Government should focus on to increase its international competitiveness.
Justify your choice in **each** case.

1.

2.

International trade

Answers and mark schemes to questions on international trade

2021 section A

(a) Calculate the trade balance for 2019 and identify whether it is a surplus or a deficit. — **7**

Total Exports: 112+119+123+141+152=647

Total Imports: 70+74+83+92+91=410

€647m – €410m = €237m / Trade Surplus

(b) Outline two reasons why achieving a trade surplus is an objective of the Irish government. — **2 @ 4**

Increased employment
If there is an increase in the demand for Irish exports abroad this will lead to an increase in demand for Irish labour to produce the goods domestically increasing Irish employment.

Injection into Circular Flow / Economic Growth
Irish exports represent an injection into the circular flow of income. Injections may also create a multiplier effect creating a more than proportional increase in Irish national income and generating further employment and improving the standard of living in Ireland.

Imports are a leakage from the Circular Flow of Income.
Irish imports represent a leakage from the circular flow of income. Leakages may also create a negative multiplier effect creating a more than proportional decrease in Irish national income and creating foreign employment in place of Irish employment.

2022 section B

(i) Identify one period where the value of the Euro depreciates against the Pound Sterling. Explain your answer. — **4 + 4**

During the period **December 2013 to December 2015.**
This can be seen as the amount of Sterling which can be bought per Euro declines from 0.80 pence to 0.70 pence approximately.

OR

During the period **December 2018 to December 2019.**
This can be seen as the amount of Sterling which can be bought per Euro declines from 0.90 pence to 0.85 pence approximately.

OR

During the period **December 2020 to December 2021.**
This can be seen as the amount of Sterling which can be bought per Euro declines from 0.90 pence to 0.85 pence approximately.

(ii) Apart from the change in exchange rates between the two currencies, outline two other impacts Brexit has had on the trade relationship between the UK and Ireland. — **2 x 7 (4 + 3)**

Possible negative effect on Irish exports.
Approximately 15 per cent of Irish goods and services exports are destined to the UK. In certain sectors, the UK is an especially important market, such as the agri-food sector where around 40 per cent of exports are destined for the UK. Supplier industries to the export sectors will also be affected. In addition, two-thirds of Irish exporters make use of the UK land bridge to access continental markets, and this could pose problems for Irish exporters who wish to avoid UK ferry ports.

Effects on agricultural sector / agri-food sectors / marine industries.
Brexit will reduce the preferential access of EU producers to the UK market and thereby reduce the cost advantages that Irish agricultural products have in the UK market relative to similar products, e.g. dairy products from New Zealand or beef from Australia. Impacts in the agri-food sector are driven by a combination of tariffs, customs costs, and the risk of regulatory divergence. The Irish Fishing industry may also fare badly from Brexit due to restrictions.

Labour market effects.
The effects on the labour market will be determined by the demand for Irish exports in the UK market. Some export sectors are likely to face reduced demand from the UK and thus experience falls in employment levels. However, if foreign companies re-locate from the UK to Ireland for access to the EU market this could give rise to employment in some sectors.

Imports from the UK.
The cost of imports from the UK may increase due to tariffs, customs costs, administrative barriers etc. Cost of raw materials may also rise leading to a rise in prices for domestically produced goods. There may also be a disruption to supply chains as Irish firms seek alternatives to UK suppliers leading to rising prices or potential shortages. Irish consumers may also switch their online shopping from UK sites to EU

Relocation of U.K. based firms.
Some firms exiting the U.K. due to the difficulties Brexit has presented to their business may decide to set up in Ireland to benefit from EU access.

Instability in Northern Ireland.
There have been some more fractious and tense moments in Northern Ireland in recent years as the question of how it should operate within the island of Ireland, the U.K. and the E.U. has been a difficult one to navigate.

2021 section B

Discuss the importance of this recommendation for **Ireland's international competitiveness**

Ability to attract FDI
Companies who may wish to locate in Ireland require high speed broadband for connection with world markets. Ireland must offer high standards so at to be competitive with other countries.

More flexible working arrangements
During Covid-19 working from home has become the norm in many sectors. In order to maintain our economy's competitiveness high quality broadband services nationwide has never been more important in allowing workers to work from home and allow business activity continue uninterrupted.

Allow state provide services more efficiently
Many state services are available online so households and businesses are able to access these services quickly. By providing high speed broadband throughout the country efficiency will increase and this should help lower costs.

Reduce costs of running business
The provision of high-speed broadband will allow businesses to manage activities online saving time, money and personnel: source and order cheaper supplies and raw materials online; meet consumer orders with speed; facilitate payment through electronic means. This investment may allow firms in rural areas to trade online and expand, become more efficient and benefit from reduced costs.

(iii) Choose **two** other areas the Irish Government should focus on to become more internationally competitive. Justify your choice in **each** case. — **12 2 @ 6 (3 + 3)**

Fund skills, education and training programmes
The government can fund programmes which help develop skills which are needed by firms. This ensures availability of a skilled workforce which makes workers efficient and helps reduce the costs of firms. Targeted education funding to meet future skills needs of the growth sectors.

Improve the infrastructure for business
Roll-out better and greener transport links which are more sustainable. Help improve our ports and airports so that access is maintained/improved to the EU following Brexit. Develop water supply; sewerage facilities and waste disposal so that they become more efficient and less costly. By improving the infrastructure, it should make firms more efficient and thus reduce costs.

Manage the current housing shortage
The government must increase the construction of houses in the country; provide more social housing and deal with the planning process. These measures should help reduce the cost of housing and reduce pressure on rents. Housing has become a problem for workers who are seeking to re-locate in Ireland and act a deterrent to FDI.
If the government can reduce the cost of housing this would help workers and reduce the pressure for wage increases.

Supporting Enterprise / Entrepreneurship
Improved access to business finance e.g. for start-ups. Incentives for business innovation and invention. Reduce red tape such as excessive legislation; health and safety requirements which may increase costs for business.

Reduce utility charges
A reduction in utility costs such as electricity, gas, postage, waste charges etc would help to reduce the costs for Irish firms and thus improve competitiveness. If measures were taken to reduce insurance premiums, then costs would fall.

Encourage competition in the market / deregulation
Introduce measures which will improve competition and so this may help reduce costs.
Increase consumer knowledge by ensuring comparison information is available
Introduce more consumer choice and competition in the public sector.
Discourage mergers and takeovers which might reduce the number of competing firms

Reduce taxation / maintain Ireland's competitive CPT rate at 12.5%
A decrease in indirect taxes such as VAT, excise duty on fuel would reduce costs for Irish firms and help improve competitiveness. A decrease in the rate of the employers PRSI contribution will help firms reduce their costs.

Address climate action in a competitiveness context
Address issues such as research and development technologies; assess carbon mitigation measures; decarbonise the gas network – so that businesses can reduce costs and improve competitiveness. (A recommendation from Ireland's Competitiveness Score Card 2020). **[30]**

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