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Competition Authority
14 Parnell Square
Dublin 1

RE - Competition in retail related import/distribution sector.

Dear Sirs

The Irish Hardware and Building Materials Association (IHBMA) is the national representative body for Hardware, DIY, Homewares, Home Décor outlets, Builders' merchants, Electrical stores and Garden and Agricultural suppliers, at retail, wholesale and manufacturing level. The IHBMA currently represents over 600 members who, together, employ 24,000 people in 800 retail outlets throughout the country. The IHBMA is a truly representative body, monitoring the interests of independent retailers with single outlets as well as larger national retailers with outlets nationwide.

The IHBMA represents members' interests at all levels to Government, semi-state and regulatory bodies and is also a reliable source of industry information for government, consumers, media and other interested parties. The Association is a nominating body for elections to Seanad Éireann and is affiliated to the International Federation of Hardware & Housewares Associations (IHA). It is also a member of the European Association of National Builders Merchants Associations (Ufemat).

In a significant endorsement, the Irish Hardware and Building Materials Association (IHBMA) has secured major funding from Skillnets, the enterprise-led body responsible for the Training Networks Programme (TNP), that will finance a key training initiative through to 2009.

Irish Hardware Skillnet will with the changing economic environment and the challenges facing the retail construction sector in the period ahead, address and enhance the skills base of the sector by offering training and development initiatives specific to the varying business needs of members and to up-skill people working in the sector so that they can be both personally and economically responsive to business and market pressures.

In relation to the study of the retail – import/distribution sector, the IHBMA is strongly of the opinion that there is huge competition in the importation and distribution sector within our trade. There are literally hundred of companies operating as importers, distributors, suppliers/wholesalers supplying a myriad of retail operators throughout the country.

There are no major barriers to supply and/or distribution of goods within our sector, and in fact in recent months the retail sector has relied very strongly on the established chain of distribution as importation from source countries and without the help of a wholesaler/importation partner is not viable for most retailers.

There is no doubt that fluctuations in currencies does have an effect on importation costs and this impacts in the distribution and retail sectors.

However, there are other areas that impact to a greater degree. The huge differential in VAT between ourselves in Ireland and our nearest neighbours in the UK is a major contributory factor. Excise duties on products such as alcohol, which have a huge incentive for people to travel outside our jurisdiction, as we have seen recently, has lead to consumers flocking to north of the border to buy, is also a major factor.

The cost of doing business in Ireland including wage rates, commercial rates, energy and waste management charges, all adversely affect competition and have a huge impact at retail level.

The IHBMA through Irish Hardware Skillnet is seeking to address the current economic climate by training all of our members at importation, distribution and retail levels. This programme will continue apace, and this we see as being of major assistance to all of our members through the distribution chain.

Due to the short period of time for making a submission, our comments have had to be quite short, but we are available to meet with the Competition Authority at short notice to expand on any of these items.

Yours sincerely

JIM COPELAND
CHIEF EXECUTIVE