

Regulation of Professional Services

John Fingleton

Chairman, Irish Competition Authority

28 October 2003

Brussels

Strategy

- Use advocacy more than enforcement
 - Professions heavily regulated
 - Complex issues
 - Potential for change politically
- Advocacy
 - Lawyers, Engineers, Architects, Medical Professions
- Enforcement
 - Pharmacists, Opticians, Accountants, Vets

Interim Findings

	Eng	Arc	Opt	Med	Den	Vet	Sol	Bar
Entry		Light	Dark	Dark	Dark	Dark	Dark	Dark
			Light	Dark	Dark	Dark	Light	Dark
Structure		Light	Dark	Dark	Dark	Dark	Dark	Dark
				Light	Light	Dark	Dark	Dark
							Dark	Dark
Conduct	Light	Light	Light	Dark	Dark	Dark	Dark	Dark
		Light		Light				Dark

Types of Restrictions

- Entry Restrictions
- Conduct Restrictions
- Structural Restrictions

Entry restrictions

- Pharmacy
 - De-regulated in 2002
 - Large chains, new pharmacies
 - Government Review
- Derogation from recognition directive
- Professional training
 - Admission, numbers of places
 - Allocation of talent

Conduct restrictions

- Advertising
 - Evidence suggests liberalisation beneficial
- Fee Scales
 - Formal and informal
 - Problem: Consumers like certainty
- Boycott Rules
 - Professionals often required to consider interests of competing professionals

Structural Restrictions

- Ownership and organisational form
 - Prohibitions on corporate ownership
 - Multi-disciplinary practices
 - Restrictions not clearly linked to consumer benefits
- Demarcation Restrictions
 - Dental technicians, nurses, conveyancing, sale of readymade spectacles, veterinary nurses.

Regulatory Issues

- Demand for Regulation
- Justification for Regulation
- Regulation and the Single Market
- Regulatory bodies

Demand for Regulation

- Originates largely from professions not consumers
- Pharmacy
 - Seeking new regulation of chains after legal action forced removal of location restrictions
 - Advocacy important

Justification for Regulation

- Proportionality
- Good example: architects and engineers
 - Standards regulated, open entry
 - Market corrects information asymmetry
 - No 'race to the bottom'
- Regulatory Impact Assessment

Regulation and the Single Market

- Uniform regulation of generic professions?
 - Construction, medical services not state specific
 - Requires standardisation of standards
- Rules on recognition of qualifications needed.

Regulatory bodies

- Inherent conflict of interest with self regulation
 - Does *Wouters* allow competition law to be applied?
- Independent bodies avoid conflict of interest
 - Danger of regulatory capture
 - Competition law may not apply