

Review of the capacity needs at Ireland's state airports:

Phase 2 stakeholder engagement

Cambridge Economic Policy Associates (CEPA), along with Oxford Economics, has been commissioned by DTTAS to undertake a high level strategic capacity review of Ireland's three state airports (Dublin, Cork and Shannon). Phase 2 of this study considers options in relation to additional capacity at Dublin Airport (only).

The Irish Exporters Association's Submission to the **Review of the capacity needs at Ireland's state airports: Phase 2 stakeholder engagement** submitted to Cambridge Economic Policy Associates has been drafted in consultation with the IEA National Council, IEA Southern and Western Regional Councils and IEA members operating in the aviation sector.

About the Irish Exporters Association:

The Irish Exporters Association (IEA) assists its members to grow their exports to world markets. We drive and support the growth and development of all exporting businesses based in Ireland. Going forward we have realigned and redeveloped our strategy to support our members to grow their exports to world markets and in 2018, the IEA will perform 3 main functions:

- **Represent** the needs of members in the development of policy, lobbying, intervention at government level and in the media. Brexit and the Diversification of Export Markets, Cost Competitiveness, the War for Talent and Entrepreneurship are at the core.
- **Trade Services** include practical training, support and consultancy right across the supply chain including customs awareness and audits, export and import compliance, consular, business travel support, route to market and general assistance with trade related queries.
- **Knowledge Networks** will support members to: explore new markets, route to market scenario planning, understand customs and supply chain challenges and provide thought leadership through a series of events and webinars. Networking and connectivity remain an important part of membership benefits.

The IEA represent the whole spectrum of companies within the export industry including SME's who are beginning to think about exporting for the first time right through to global multinational companies who are already extensively exporting from Ireland as well as the providers of key services to the sector. It is the connecting force for Irish exporters, providing practical knowledge and support across the Island of Ireland and in foreign markets.

Submission

The IEA supports the growth and development of exporting businesses based in Ireland – leading the export agenda, and providing important organisational supports, and network-building opportunities for our member organisations. Given that the IEA's remit is to support Irish businesses to build their links with international markets, Ireland's global connectivity and competitiveness is naturally a central concern for us. The more connected Ireland is to the world, the greater the opportunities are for Ireland's business community, and for our member organisations. In turn, these increased business opportunities support Irish jobs, and drive the country's economy. So, in this respect, Ireland's continued connectivity is really at the heart of its future success.

Ireland's airports, in particular Dublin Airport (as Ireland's main air gateway), play a central role in delivering this connectivity. Dublin Airport is now one of the best-connected airports in Europe, has

flights to 191 destinations in 42 countries operated by 47 airlines and is now the 11th largest airport within the European Union. The airport has seen record growth levels in recent years. This growth has created opportunity - with increasing air services from Irish airports facilitating increased cargo and services possibilities for Irish trade.

Consequently, the IEA welcomes the opportunity to contribute its high-level views to the Department's current review, which will look at how Ireland's State Airports can be best positioned to deliver growth and development into the future.

It is in everyone's interest that Dublin Airport continues to grow and develop successfully into the future – allowing it to continue to build connectivity, create opportunity and enable Ireland's economy. In this respect, the IEA fully supports the aims of this review, in identifying the best options for Dublin Airport's future development. However, it should also be noted that the development of Dublin Airport is not something that can be postponed until a future date. The airport's development is not an issue for tomorrow, but a very pressing and immediate concern. At present, key elements of the airport's infrastructure are operating at capacity during peak hours, which will restrict the airport's ability to grow in the short to medium term if not addressed. Furthermore, the airport requires increased capability to continue to deliver connectivity and build its direct links to key long-haul markets.

The IEA therefore considers the construction of the new North Runway at Dublin Airport to be an urgent requirement. Once completed, the new runway will give Dublin Airport the capacity and capability to meet future demand, and deliver growth. It is key, therefore, that the Department's review does not delay the delivery of the new North Runway, or other much-needed infrastructural developments that are currently underway at the airport. Any delays to such key developments in the present could have significant knock-on implications for Ireland's business community, and the wider economy, in the future.

Following on from this – in considering how Dublin Airport can best develop beyond these immediate concerns and into the medium to longer-term - the IEA is naturally supportive of an approach that will allow the airport to maximize its connectivity, and best deliver future economic growth. As outlined, Dublin Airport has been successful in building its connectivity, and delivering for the economy to date. In 2016, the airport was the fastest growing in the EU, and the airport now ranks amongst the highest in Europe in terms of overall connectivity and passenger service. It also has a good track record of delivering major infrastructural developments, including Terminal 2 which opened in 2010. It is our understanding that Dublin Airport also has an integrated masterplan in place for the future expansion of the airport, with aforementioned developments such as North Runway central to these plans. Given Dublin Airport's good track record in planning and delivery to date, we do not believe that there is (as referenced in the supplied materials) a pressing case for the establishment of an independent terminal at Dublin Airport. Moreover, we are concerned that there is a real danger that such a development could actually distract from addressing the key infrastructural priorities, create capacity inefficiencies, and increase costs, all of which could ultimately reduce Ireland's overall competitiveness. As stated, we are supportive of the approach that will best deliver for the economy.

In this respect, the development of an independent terminal appears to represent a high-risk option that could create new problems and restrict overall growth rather than facilitating it. In our view, it is important that issues such as these are fully considered as part of the review. An airline owned terminal could possibly reduce flexibility for other carriers.

With regard to location, it has been suggested that a possible location could be between the two runways as building a new terminal within a live operational environment could potentially disrupt what is an already overcrowded ramp/apron area.

For all future plans for the growth and development of Dublin Airport, any extra capacity should not come at the cost of making the airport less competitive on aeronautical pricing which will affect its overall competitiveness.

Given that the Irish market is not large enough to maintain sustainable growth, future planning for Dublin should be based on growing the airport through Hub connectivity and harvesting greater demand globally by competing in indirect flights. Given Dublin's unique selling point with US pre-clearance and our location in the EU, we are strategically positioned for growth in this area. Dublin Airport has entered the top 20 league rankings for both direct connectivity (20th) and hub connectivity (18th) according to ACI Europe's Airport Industry Connectivity Report 2017 and we believe that this is an area that can give us a platform to grow. Planning to support Dublin Airport as a connecting Hub will ultimately grow traffic and drive additional infrastructure.

Restrictions on the operating times at night of the new runway will restrict potential economic growth, our competitiveness and potential connectivity. In the event that airlines cannot obtain early morning or late evening slots, air services will be reduced which could increase fares, restrict business growth and impact our overall competitiveness whilst reducing our ability to compete globally as an air connectivity hub. The restricted times are 11pm to 7am which will greatly affect transatlantic flights which are particularly active before 7am. This will need to be reviewed in order for the airport to be in a position to develop further and reach its full potential.

One final point to note, in the briefing documentation provided for this submission it is unclear how cargo handling has been taken into account. While currently the 'low-cost' airlines, Ryanair, Norwegian etc. do not carry freight in the holds of their aircraft, most other airlines do. The ability for the airlines to discharge and load cargo while the aircraft is standing at the passenger terminal is vitally important, as is the proximity of that location to the airport's cargo terminal. Two factors may add to this requirement:

- In a post-Brexit world where the UK Landbridge may be compromised by delays, there will be more pressure and / or opportunity for airlines to take cargo in the lower hold which could lead to airlines use of larger aircraft with greater hold capacity.
- The explosive growth of e-commerce with major increases of parcel traffic presents a freight opportunity that airlines may wish to exploit.

If you would like to discuss the contents of this submission further, please contact:

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