



IEA

Irish Exporters
Association

Policy Paper

**Building a Transport infrastructure that
fosters Irish exports to the world**

The Irish Exporters Association (IEA) is the voice of the Irish exporting industry. Representing more than 500 companies across the exporting industry, the IEA works with regional, national and European policymakers to create the legal framework that fosters Irish exports around the world.

To drive and support the growth and development of all exporting businesses based in Ireland, the IEA provides its members with an all-island platform of enhanced information and knowledge sharing and consular services.

Global demand for Irish goods, necessitates the ability to provide global supply. This requires a national infrastructure that supports the competitiveness as well as sustainable and economic growth of Ireland's fast-growing and trade-intensive economy. Seamless, fast and cost-efficient modes of transport are crucial in today's international and integrated trading environment.

The United Kingdom's withdrawal from the European Union is expected to put huge capacity pressures on Ireland's critical trading infrastructure. Ireland's trading industry is hugely depending on frictionless access to continental Europe via the UK land-bridge. Should the UK leave the European Union without a specified agreement on customs, there is a high potential for costly disruption to integrated supply chains through additional border and customs checks.

The Irish Exporters Association supports the Irish Government's goals to address climate change and mitigate its impacts on Irish society. We support the Government's plans for a transition to a low-carbon economy by 2050, including an 'aggregate reduction in carbon dioxide by at least 80% across the electricity generation, built environment and transport sectors'. However, a balance between addressing climate change and sustaining business growth will have to be found. High costs incurred by logistics and transport companies through road tax and oil prices are already putting pressure on revenues in the logistics and transport chain. Although an increasing number of logistics service providers are investigating alternative fuel options, limited access to alternative fuels infrastructure continues to be an obstacle to investment.

This IEA Policy Paper sets out a number of key challenges faced by businesses trading from Ireland with markets around the world in the area of transport and infrastructure. This paper calls on the Government to apply a holistic approach to building an ambitious, sustainable and future-proof transport infrastructure that fosters Irish exports to the world. Ireland is ideally placed to be a future European cargo-connector between the eastern and western hemispheres and we call on the Government to make available the appropriate resources to enable this through necessary investments.

Key Recommendations:

- **Empower TII to build a holistic, integrated multi modal freight transport system**
- **Address Ireland's overreliance on road freight transport by redeveloping the rail freight network**
- **Develop viable end-to-end rail connections to facilitate a large-scale shift to rail freight**
- **Review the long-standing approach to subsidizing rail freight**
- **Address the connectivity shortcomings from the north-west to the south-west of Ireland**
- **Allocate appropriate funding to connect the population centres along the AEC**
- **Ensure rapid responsiveness to enable fast capacity increases in Irish ports in response to Brexit**
- **Reverse the unreasonable planning restrictions attached to Dublin Airport North Runway**
- **Develop 'logistics clusters' along strategic transport infrastructure network hubs**
- **Invest in crucial broadband and mobile phone coverage infrastructure**
- **Enable significant capital investment to enable the swift transition to zero-emissions mobility**

Invest in a sustainable multi modal freight transport infrastructure

As an island, Ireland's ability to trade is inherently dependent on its ability to transport raw materials as well as part and final products from the manufacturer and producer to the final receiver. To successfully trade abroad, Irish manufacturers are therefore dependent on an integrated, intelligent multi modal transport system to efficiently transport freight between the manufacturer and the export hubs. Such multi modal transport systems combine the various available transport modes and infrastructure (road, rail, sea and air) to create an integrated system that enhances the efficiency, productivity, economics and environmental sustainability of the transport sector.

A holistic approach towards addressing exporters' concerns regarding Ireland's airports and seaports, broadband and other IT-led communications infrastructure, as laid out in this paper, is integral towards providing a competitive multi modal freight transport system. In an age of 'just-in-time' supply chains, connected and intelligent transport infrastructure (C-ITS) and digital innovations in manufacturing and transport, 24/7 truly wireless communication between different transport modes and supply chain partners is critical to building a holistic multi modal transport system. In this sense, we believe that Transport Infrastructure Ireland (TII), as the competent national authority, is ideally positioned to enable a truly integrated, intelligent multi modal freight transport system in Ireland.

A holistic approach towards addressing concerns regarding airports and seaports, broadband and other IT-led infrastructure is integral for a competitive multi modal freight transport system

The Irish Exporters Association encourages Transport Infrastructure Ireland to work with other state agencies and bodies to actively investigate the application of blockchain technologies across its entire system, from transport coordination to customs clearance and invoice and payments processing.

Re-develop the Irish Rail freight network

Ireland's potential for a large-scale shift of freight movements from road to rail transport continues to be unexploited. Increased delays at key transport hubs and lack of integrated network connections as well as shortages in the availability of qualified HGV drivers, regulations on their permissible operating hours and rising fuel costs are increasingly driving the interest to shift from road to alternative transport modes, including rail freight haulage.

According to the CSO, only 0.9% of all inland freight in Ireland was hauled by rail in 2016, with 99.1% of goods transported by road. This is in stark contrast to the EU-average of 17.4% for rail haulage. Recent projections by the Environmental Protection Agency, predict Ireland to miss its EU-mandated 2020 greenhouse gas emissions targets of 20% on 2005 levels.

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Ireland's current overreliance on road haulage will further contribute to Ireland's shortcomings in addressing its emissions reduction targets.

With a growing focus on corporate social responsibility, businesses are increasingly re-evaluating their supply chains in light of their impact on climate change. Today, there is already a growing demand for rail haulage options by manufacturers in the West and South of Ireland to the key hub of Dublin Port.

We echo the calls for the reopening of the missing links in the Western Rail Corridor

In light of the mounting capacity challenges associated with Dublin's transport infrastructure and shipping goods through Dublin Port, manufacturing businesses across the country increasingly look to ship their goods through the Ports of Cork, Waterford or Shannon Foynes. However, the lack of viable and end-to-end rail connections continues to be a major stumbling block.

In this context, the Irish Exporters Association echoes the calls for the re-opening of the missing links of the Western Rail Corridor, notably the northern part from Sligo to Claremorris and Athenry, the Shannon Foynes connector from Limerick, and the southern part from Waterford to Rosslare Europort.



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Current track access charges highly exceed those charged elsewhere in the EU and significantly diminishes the price competitiveness of rail freight

The Irish Government and Irish Rail, which has operational control over the nation's rail network, must apply a holistic approach to inland freight transport in Ireland. A fully interconnected and price competitive freight rail network with end-to-end connections to Ireland's export hubs is crucial to addressing existing transport and greenhouse gas challenges and maximising exporters' competitiveness.

As a result of Irish Rail's controlling position of Ireland's passenger and rail freight network, paired with the historical requirement that the movement of freight by rail may not be subsidised through Irish Rail, Ireland's rail-freight network is today significantly more underdeveloped and expensive to operate services on than in many of its European counterparts.

We call on the Irish Government to review their long-standing approach towards Irish Rail's business model on subsidising the movement of freight by rail so as to provide for the appropriate funding of the maintenance and further development of Ireland's rail freight network.

We call on the Government to review their long-standing approach to funding and subsidising of the rail freight network

Track access charges, applied by Irish Rail on third-parties for operating services on its network, highly exceed those charged elsewhere in the European Union according to 2008 figures published by the European Transport Forum. As a result, rail freight service providers are forced to pass through the operating costs to the end-user, significantly diminishing the price competitiveness of rail against road freight transport.

Moreover, while Irish Rail invested into passenger trains and associated rail infrastructure over past decades, the lack of competitiveness on the freight network did not justify similar investments. As a result, current rolling stock and freight infrastructure such as terminals and associated equipment are in urgent need of investment and modernisation.

Develop the Atlantic Corridor to increase connectivity along Ireland's west coast

Ireland's regions form an important counterbalance to Dublin as the economic powerhouse in Ireland. They are the backbone of Ireland's crucial agri-food and Life Sciences industries. Further growth, however, is hampered by limited accessibility to high-class transportation infrastructure. Addressing the connectivity shortcomings from the north-west to the south-west of Ireland must be a strategic Government priority to support economic growth and regional competitiveness.

Substantial models to develop a wider, more integrated cross-sectoral infrastructure along the West of Ireland have been brought forward through the Atlantic Economic Corridor (AEC) initiative.

Driven by local businesses and communities, and supported by national and local Government, state agencies and third level institutions, the AEC, aims to act as a key enabler for future growth in the region.

We wholly support the AEC's objective to maximise the various infrastructure, talent and enterprise assets along the western seaboard to combine the multiple economic hubs, clusters and catchments of Connaught and Munster to attract investment, improve competitiveness and job creation and contribute to an overall improved quality of life. A fully developed and holistic AEC offers the strongest potential to establish the West of Ireland as a credible economic and social alternative to Dublin and the east coast.

The AEC offers the strong potential to establish the West of Ireland as a credible alternative to Dublin and the East coast

The Government already has the right tools at hand to achieve this through the European Commission's Connecting Europe Facility (CEF), TEN-T comprehensive system and EU Structural Funds such as the Regional Development Funds and Cohesion Funds. Further improving the region's social and economic cohesion, will provide local businesses with the necessary investment and economies of scale to suc-

ceed when selling their goods and/or services domestically and when exporting their goods to markets globally.

Specifically, we call on the Government to expedite the development of the M20 motorway from Cork to Limerick as a key Government priority to connect the population centres along the AEC and allocate appropriate funding levels to further develop the AEC's capabilities under the TEN-T comprehensive network.

Trading globally—building on Ireland's strategic Ports

As an open trading economy and island nation, Ireland's exporting success is fundamentally dependent on it's ability to link to its global export markets—and our Ports are key in enabling our global trade.

Ireland's trade with continental Europe, in particular, heavily relies on the smooth, cost-effective and frictionless haulage by road via the UK landbridge through Dublin Port and Rosslare Europort. In addition, Cork Port, Shannon Foynes Port and the Port of Waterford offer important direct routes to continental Europe.

With an estimated 150,000 vehicles and three million tonnes of goods transported between Ireland and continental Europe via the UK landbridge annually according to the Irish Maritime Development Office (IMDO), it is vital to ensure the continued smooth functioning of Ireland's ports following the UK's expected departure from the European Union.

An estimated 3 million tonnes of goods and 150,000 vehicles and are transported via the UK landbridge annually

Even though we do not expect Brexit to cause the UK landbridge to fall away, it is undisputed that there will be more friction in relation to trading with and transiting through the UK should the UK leave the EU's Customs Union. This will entail increased uncertainty, a need for increased freight transport management and the associated costs of both.

Increased direct transport links are therefore crucial to ensuring that Irish exporting businesses continue to be able to compete in the face of potential frictions on the UK landbridge. There is an increasing demand for direct shipping routes, especially from Rosslare Europort, and we call on shipping lines to respond to the growing demand. Enough capacity is available to meet current demand on existing direct services from Dublin Port, Rosslare Europort, Waterford and Cork to the Netherlands, Belgium and Spain. However, should a future need for a capacity increase arise, we call on shipping lines to be able to respond to this call quickly and that the Government should do it can to enable this.

While traffic through all Irish ports is experiencing strong growth, current volume levels transported through Dublin Port are increasingly disproportionate to the shipping volumes recorded at other ports. As a result, Dublin Port is already working at or near full capacity with regular traffic congestion and limited warehousing and storage capabilities. As Ireland's number one export and import transit hub, Dublin Port's capacity issues greatly affect exporters' supply chains through limited port access times, increased quay rent charges and potentially missed ferries.

With Dublin Port operating at or near capacity, further diversifying Ireland's export gateways must be a strategic Government priority

With Dublin Port operating at or near capacity, further upgrading and diversifying Ireland's export gateways must be a strategic Government priority. We call on the Government to further develop Ireland's regional seaports to provide exporters across the island of Ireland with viable, cost-efficient and accessible alternatives to Dublin Port.

In this context, the Irish Exporters Association welcomes the expected opening of the Port of Cork—Ringaskiddy in 2020, and the significant capacity and capability increases in the region that will arise from this. In addition, we welcome the proposed redevelopment of Rosslare Europort as a strategically placed alternative to decongesting Dublin Port, and the extension of Galway Harbour Port. Considering the increasing shift towards the use of containers for mid- and long distance shipping by rail, the rail-linked Waterford Port offers substantial potential for containerised and bulk traffic.

In light of the UK's expected withdrawal from the EU customs union, increased and faster direct services to continental Europe will be crucial to ensure Irish exporters' competitiveness. Rosslare Europort and Waterford Port, in particular, offer numerous opportunities to exploit their geographical locations. Given this, we welcome the ongoing extension works on the M11 Motorway and the Government's Brexit preparedness plans to upgrade Rosslare Europort to a full customs and border inspection post.

However, further structural investment is needed to put in place the necessary transport infrastructure to increase accessibility and attractiveness for exporters.

Building on Ireland's strategic geography—Exploiting air-cargo opportunities

As an island nation, Ireland's global connectivity relies on a dense and far-reaching aviation network above all. Strategic growth opportunities lie in Ireland's strategic geographic position as a European cargo-connector between the eastern and western hemispheres.

High-frequency aviation connections to key European and global cargo and business hubs should be promoted to ensure sustainable economic growth nationally

Dublin Airport has ambitious plans to develop its capacity which will also impact on cargo operations. Cost-efficient, viable and well-connected alternatives should be promoted in the West and South of Ireland to facilitate high-frequency aviation connections to key European and global cargo and business hubs and ensure sustainable economic growth nationally.

In this sense, Cork and Shannon airports form important aviation hubs enabling the international success of businesses in the South and West of Ireland with a growing international network to Europe and North America.

Cork Airport specifically, is strategically placed to connect the South of Ireland with short-haul destinations in Europe's financial and business centres. Building on recent infrastructure development and route development, Cork Airport offers further future passenger traffic growth opportunities to connect businesses in the Munster Region with the UK, the European Continent and US East coast.

Home to more than 150 FDI companies from the Life Sciences, Services and IT sectors, Cork and the wider Munster Region form a strong and increasingly growing economic alternative to Dublin with strong demand for fast, local and responsive international air-shipping offerings. We expect such demands, especially for high-value goods from the IT and pharmaceutical sectors, to further increase in the case of a disorderly Brexit.

Substantial short-haul cargo potential exist for the South of Ireland at Cork airport. Already zoned opportunities for light industrial use are available

Sufficient cargo-specific capabilities already exist at Cork Airport to offer dedicated or "belly-only" short-haul cargo operations from the Munster Region to continental Europe. Substantial opportunities for capacity increases and secure on-premises warehousing are also available.

In this context, we note the availability of already zoned opportunities for cargo warehousing and light industrial use. With a view to facilitating cargo operations, development of these areas may substantially alleviate the warehousing shortages in the region. We call upon the Government, local authorities and State Agencies, to provide funding to the appropriate stakeholders for the development of basic public utilities (electricity, water, sewage, telephone, and transportation) to enable the area's development. We also call on the Government and State Agencies to pursue further international inward investment for this landholding. Further development and industrial use of said area would substantially contribute to increasing local and regional employment and trade, as well as generate increased economic value.

Shannon Airport's strategic location and runway length offers further growth opportunities to establish the airport as a global cargo hub between the eastern and western hemispheres

Besides Dublin, Shannon Airport is Ireland's second most busy air-cargo hub. According to the CSO, Shannon Airport handled approximately 19,000 tonnes of cargo in 2017. Shannon Airport's strategic location and runway length offers further growth opportunities to establish the airport as a global cargo

We call on the Government to designate Shannon Airport as a BIP with full customs and sanitary facilities

hub between the eastern and western hemispheres. We particularly welcome the important investment by international airfreight and other freight service providers to develop Shannon Airport as an international cargo hub.

To enable further expansion of the available cargo handling facilities, we call on the Government to designate the airport as a border inspection post (BIP) with full customs and sanitary checking facilities.

With regard to Dublin Airport, we welcome the recent development and growth of new routes to key destinations in Asia, along with the considerable air-cargo opportunities in particular for fish and other agri-food products, these bring with them. It is crucial to continue building and expanding on this network to promote and grow Irish exports in the Asian and other high-growth markets.

In 2018, Passenger numbers at Dublin Airport increased by 6.5% to 31 million, placing Dublin Airport eleventh among European airports in terms of overall connectivity. The pace of passenger growth at the airport in recent years means that significant investment is now required across the campus to ensure Dublin Airport is equipped for sustained future growth. Dublin Airport has proposed a major capital expenditure programme for the 2020 – 2024 period to address capacity pinch points, and which include the development and improvement of facilities for cargo operators.

We support the implementation of this vital capital programme and welcome the commencement of development works on the North Runway as well as the advanced development stage of the new Dublin Airport Central Business Park. These developments are an important step in attracting new businesses, accessing new overseas markets and growing the domestic economy.

North Runway, which is expected to be operational from 2022, has the capacity to provide Dublin Airport with the significant capacity increases necessary for future growth. However, attached to North Runway are two planning conditions which will impose an airport-wide restriction of 65 aircraft movements between the hours of 23.00 and 07.00 upon the completion of construction of the runway. We have strong objections to the implementation of these restrictive conditions due to the significant negative impact they could have on exporting businesses and Ireland's international competitiveness.

We have strong objections to the implementation of the restrictive operating conditions attached to North Runway

Currently, during this time period at Dublin Airport there are in excess of 100 aircraft movements including air-cargo flights. A proposed reduction to 65 movements per night would result in a loss of up to 3million passengers and a significant reduction in capacity of approximately 14% once North Runway commences operations.

The economic impact of the North Runway restrictions could cut GDP by €1.2 billion by 2037

According to an economic impact assessment, the result of the restrictions could be the loss of up to an additional 17,400 jobs and €1.2 billion GDP by 2037. Ensuring that Dublin Airport can facilitate arrivals and departures in the early morning and the late evening will maintain Ireland's current reach and expand connectivity to new destinations. It will allow Ireland to connect to the

world's fastest growing markets, driving economic growth and boosting Irish exports. It is critically important that these restrictions are addressed and amended immediately.

Particular priority should also be given to the planning and development of Metrolink between Dublin City Centre and Dublin Airport and ensuring that sufficient road development in the airport environs is put in place to deal with the expected future growth.

Address the acute warehousing shortage at Irish airports and seaports

Ireland's lack of cooling warehouses and cargo facilities for biochemistry and pharmaceuticals puts Ireland globally at a competitive disadvantage

Availability and access to warehousing and storage space is critical to the success of many businesses in the exporting value chain. Driven by changing market demands, a growing number of transport service providers are diversifying their business services by offering warehousing services.

However, with increased uncertainty in the global economy, the demand for appropriate warehousing space greatly exceeds the supply available. This is especially true for warehousing and storage space close to Dublin Port and Dublin airport, both of which are limited in their available space.

Ireland is a global exporter of agri-food, biochemistry and pharmaceuticals. The transport and storage of such goods, however, requires appropriate temperature controlled and/or refrigerated handling facilities at Irish seaports and airports to facilitate their international shipment. Nevertheless, as to date, there are no appropriately sized temperature controlled cargo handling facilities in the Republic of Ireland. As a result, freight forwarders transfer Irish produced cargo to continental checking facilities for global distribution. This unnecessarily puts Ireland at a competitive disadvantage compared to its continental counterparts.

The development of 'logistics clusters' near rail freight hubs will greatly encourage a shift from road to rail freight transport, reducing carbon emissions and costs

The development of warehousing facilities across Ireland could be a huge opportunity to develop the country as a distribution hub to Europe, a function which the United Kingdom currently has. The IEA welcomes the commencement by Shannon Commercial Properties of the development of warehousing space in the Shannon Free Zone. This new warehousing space, which will be adaptable to a variety of sectors, will provide significant opportunities for logistics development on the west coast of Ireland.

Any zoning considerations for the development of 'logistics clusters' should, as a key requirement, take into account rail freight traffic and infrastructure

We believe that there is great opportunity for the Irish economy in the development of 'logistics clusters'. Such logistics clusters are geographically concentrated sets of logistics-related business activities, adjacent to existing rail infrastructure hubs, airports and seaports. In certain cases, the designation of such clusters as Special Economic Zones (SEZ), would greatly increase the potential for domestic and foreign investment as well as foster the development of new and innovative technologies.

In any case, any zoning considerations for the development of such 'logistics clusters' should, as a key requirement, take into account rail freight traffic and infrastructure. We believe that such strategically placed logistics clusters will greatly encourage a shift from road to rail freight transport, assist Ireland in attaining its carbon reduction goals and greatly reduce transport costs. In turn, the increased utilisation of the rail freight network will warrant increased upgrade investment.

Invest in crucial improvements to Ireland's critical broadband and mobile phone coverage infrastructure

Immediate solutions need to be sought to address the substantial deficits in broadband and mobile phone coverage for businesses and private homes across the country. If Ireland is to remain competitive, improvements in broadband infrastructure and mobile phone coverage need to be immediate. Ireland faces a serious digital divide between population centres and rural areas. 35% of IEA members surveyed, stated that their fixed broadband, Wi-Fi or 4G internet connection was lacking in sufficient speed or quality to

Access to high-speed broadband and mobile internet is critical to reach Ireland's full potential in the global supply chain

meet their business needs, this increased to 57% for respondents whose main Irish operation was located in a rural area.

In this context, we welcome Cabinet approval for the National Broadband Plan (NBP) and its promise for a fast ‘fiber-to-the-home’ (FTTH) network roll-out to over 144,000 enterprises, including small and micro-businesses over the coming 7 years.

The lack of reliable access to high-speed broadband and mobile internet significantly undermines Ireland’s competitive edge

In an increasingly digital business environment, the lack of reliable access to high-speed broadband and mobile internet significantly undermines Ireland’s competitive edge and ability to attract the highest level of investment and talent. Access to high-speed broadband and mobile internet is critical to reach Ireland’s full potential in the global supply chain.

The Government has a responsibility to put in place the critical infrastructure needed to ensure access to high-speed broadband and mobile internet across the country.

Invest in efficient and sustainable road transport

Road transport remains the critical component in the movement of freight in Ireland, but its efficiency and sustainability can and must be further improved

Currently, road transport is the critical component in the movement of freight in Ireland with 99.1% of all goods transported by road. While significant capital investment has already been put in place to modernise and improve Ireland’s road infrastructure, its efficiency and sustainability can and must be further improved through the completion of the motorway and primary road network, in particular the M20 development and the N21/69 Shannon Foynes Port to Limerick scheme. In particular, significant upgrading work is urgently required on routes linking Galway with Cork and those linking Rosslare to Waterford and Gorey to facilitate regional growth opportunities through faster access to Rosslare Europort and the Port of Waterford.

Under pressure from increasingly strict environmental rules and rising oil prices, road haulers are gradually transitioning towards alternative fuels such as liquefied natural gas (LNG), electric or hydrogen. The Irish Exporters Association welcomes the Government’s *Alternative fuels infrastructure for transport in Ireland 2017 to 2030* National Policy Framework (NPF) under the EU’s 2014 alternative fuels infrastructure directive.

However, while the adaptation and development of LNG re-fuelling, electric fast-charging or hydrogen fuel-cell networks for alternative fuels are developing, it continues to require significant capital investment to ensure availability and equal spread across the island. This is particularly needed to enable the crucial swift transition towards zero-emissions mobility in the last-mile delivery and collection sectors, which form critical parts of businesses’ supply chains. In this context, we also call on the Exchequer to clarify the duty rate for the use of hydrogen as a transport fuel.

We welcome the Government’s stated commitment to decarbonising the transport industry by 45–50% by 2030 as outlined in the recent Climate Action Plan through modal shifts and the promotion of alternative fuels vehicles. According to the Climate Action Plan, 96.7% of fuel demand in the transport sector was served by fossil fuels in 2017. However, specific and sustainable solutions must be found for the heavy road freight industry who may not be able to transfer to fully electric transport.

Significant capital investment is required to enable the swift transition towards zero-emissions mobility

In the absence of tried and tested solutions, we acknowledge the specific difficulties faced by the Government in decarbonising heavy road freight transport. In this context, we stand ready to assist the Government in developing a strategy for heavy freight designed to progress the road freight sector towards more efficient and sustainable solutions.



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