



Response to Airports Charges Draft Decision Paper

July 2014

Introduction

Chambers Ireland is the largest business organisation in the State. With over 50 member chambers, we represent the interests of those doing business in every region and sector in Ireland.

Due to our geographic representation, we have a unique insight into the energy needs of the business community throughout the State. Through extensive consultation at local, regional and national level, we understand the concerns of the business community and are best placed to voice their opinions.

Dublin Airport has a vital role to play in Ireland's future economic growth. The ongoing development of Dublin Airport must be viewed as a key component of Ireland's economic development strategy and, as such, we must ensure that it is adequately funded.

We are concerned that the proposals for a reduction in airport charges contained in the Draft Determination issued by the Commission on Aviation Regulation will seriously undermine Dublin Airport's capacity to grow, and that this will have a significant negative impact on Ireland's economic growth across a number of key sectors.

There are a number of necessary upgrades and expansion projects that must be funded if Dublin Airport is to maintain current levels of service and quality and also, as articulated in the Draft National Aviation Policy, expand connectivity and develop its potential as a hub..

Increased Runway Capacity

As traffic at Dublin Airport is heavily predominated by airlines who base their aircraft overnight in Dublin growth at the airport relies on departure slots being available in the morning. Adding capacity through on-time delivery of a second runway – will allow not only Dublin Airport, but its two main customers – Aer Lingus and Ryanair , to grow also – with concomitant benefits to Ireland as a whole. The development of a parallel runway of the necessary length at Dublin Airport must be considered as part of the solution to the current capacity constraints, and in future proofing the airport's economic expansion.

Dublin Airport's capacity is currently constrained at peak time slots for transatlantic routes. If the development of a parallel runway is further delayed (i.e. trigger set higher than 23.5mppa), then it is vital that extensions to, and infrastructure upgrades (such as those recommended by the Irish Aviation Authority) on, the current runway are implemented. These upgrades will allow Dublin

Airport to compete for routes to North America and the Far East in the immediate term until such time as a parallel runway can be constructed.

Transfer Facilities

If Dublin Airport is to position itself strategically as a secondary hub airport, then the transfers capacity at Dublin Airport must be increased beyond the current facility which often sees long queues at different times of the day. Airports which have successfully marketed themselves as hubs e.g. Schiphol act as a locus for investment in addition to increasing their own passenger numbers and these benefits should not be lost to Ireland through an overly cautious approach to facility development.

Upgrades of Existing Airport Facilities

Of fundamental importance in the decision making process of an airline, or indeed individual passengers, to select Dublin as a node on their network or as an interconnecting hub will be the overall quality of the product offered, including customer experience. Terminal 1 is decades old and urgently requires modernisation. There is an opportunity to greatly improve the arrivals, check-in and security facilities within the terminal. This refurbishment, coupled with projects to improve the capacity of the transfer facility and to handle the larger aircraft that are needed to access a new generation of growing economies will help drive transfer passenger growth. The upgrades of the check-in and security facilities will reduce passenger processing times, improve the quality of the experience for passengers, and increase consumer satisfaction. This is a key consideration when business and leisure travellers are route planning and making decisions about which airports to connect through.

It should also be noted that it would appear that some of the security screening upgrades which have been disallowed by the CAR Draft Determination will be required by law within a number of years due to updated EU requirements. It would not reflect well on Dublin or Ireland as a whole if Dublin Airport was found to be in breach of security regulations.

Benefits of Dublin Airport Investment for the Irish Economy

Allowing Dublin Airport to undertake a comprehensive programme of runway upgrades and facilities improvement will help it to fulfil its strategic role as a secondary hub. An increase in transfer passengers through Dublin Airport will benefit the wider Irish economy. The direct connectivity, which is supported by transfer passengers, allows for an increase in the variety of destinations directly accessible from Ireland as well as the frequency of flights to both new and existing destinations.

Increased access to destinations, such as the emerging economies of Russia, China and the wider Asia-Pacific region, will be an important step in attracting a new cohort of mid to high income tourists to Ireland. This new generation of tourists bring with them significant purchasing power, as well as the potential for spillover benefits from familiarisation with Ireland such as investment and enrolment as international students in third level institutions. The short-stay visa waiver scheme and availability of US pre-clearance at Dublin and Shannon Airports are also strong incentives for long haul travellers to consider Ireland as a destination for a short-term stay as part of their transfer process on their route. In order to facilitate this, investment must be allowed.

The benefits of increased connectivity at Dublin Airport will not accrue solely to the Irish tourist industry. The wider business community will have increased access to international markets, both in terms of a wider range of destinations and increased capacity on routes. Although only 1% of tonnage is shipped by air freight, this represents about 35% of the value of products shipped into and out of Ireland. Ensuring reliable and swift transport of goods to market is vital to ensure Ireland as an island nation remains competitive internationally.

Increased access to markets is also an important component of the goal to expand Ireland's trade links. This supports both business development and the attraction of investment capital. For example, the expansion of routes to the west coast of the United States is a key driver for Irish software and tech industries to integrate into global value chains. Direct connectivity with new trading and investment partners will open up new global markets for Irish business.

Conclusion

To maintain and expand Ireland's competitive position in the global economy, we must ensure that Dublin Airport is fit for purpose and has adequate funding for necessary future development. The Draft Determination by CAR will significantly impede the ability of Dublin Airport to meet the challenges of an increasingly competitive environment and runs contrary to the Draft National Aviation Policy's stated goal to develop Dublin Airport as a secondary hub. We believe that in this context the Draft Determination should be significantly revised.