

## **Irish Exporters Association response to the Commission for Aviation Regulation on the draft Determination for the Maximum Level of Airport Charges at Dublin Airport 2020-2024**

The Irish Exporters Association (IEA) welcomes the Commission for Aviation Regulation for its invitation to submit a response to the 9 May 2019 draft Determination for the Maximum Level of Airport Charges at Dublin Airport 2020 – 2024.

### **Context:**

On 9 May, the Commission for Aviation Regulation (CAR) published its proposal for a draft Determination for the maximum level of airport charges at Dublin Airport for the next 5-year period between 2020 – 2024. The CAR is charged with the regular re-determination and setting of the appropriate maximum levels of airport operating charges by Irish Airports, including Dublin Airport.

In its 9 May 2019 draft Determination, the CAR is proposing a flat price cap of €7.50 per passenger/per annum for the 5 years duration from 2020 – 2024. The CAR's proposed cap therefore also is a 15% reduction on 2019 price cap. The CAR foresees a prospective increase in the allowed cap by €0.28 once Dublin Airport's North Runway enters operational use in 022. This would raise the annual price cap/per passenger at Dublin Airport to €7.78 for the period of 2022 – 2024.

The Commission for Aviation Regulation determined the proposed annual passenger price caps based on a re-evaluation of its 2014 price Determination and identified two primary factors for its revised 2019 Determination: Expected increase in passenger volumes and expected increase in the commercial revenue levels.

### **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. The IEA strategy is to support our members to grow their exports to world markets with 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** 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 represents 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.

### **IEA Statement on the CAR draft Determination**

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. Dublin Airport has ambitious plans to develop its capacity which will also have significant impacts for air cargo operations to, through and from the island of Ireland.

We welcome Dublin Airport's Capital Investment Program to further address the airport's current capacity constraints and prepare it for substantial future growth. The airport is a significant economic driver for the Greater Dublin Region and the country. Large-scale capital investments such as North Runway are crucial in maximising the economic benefits arising from passenger travel and air cargo operations.

We note the Commission for Aviation Regulation's (CAR) redetermination of the maximum level of airport charges at Dublin Airport. We, however, are concerned as to the CAR's underlying reasoning for setting the annual price cap for the upcoming 5-year period from 2020 – 2024. We are particularly concerned at CAR's approach in relation to two key factors - passenger volumes and commercial revenue levels.

In an increasingly uncertain global economic environment, these two key drivers are highly dependent on global economic activity and the developments outside the control of a single airport or state. The draft Determination appears not to be taking into account economic realities such as the impact of the ongoing consolidation in the aviation sector, a potential regulatory drive for carbon taxation and aviation fuels as well as the potential economic shocks to the Irish economy from ongoing disputes in the global trading environment.

According to the IEA's reading, in its financial forecasting the draft Determination fails to fully take into account the potentially significant impacts on both passenger and cargo capacity demands at Dublin Airport as a result of a disorderly Brexit. According to no-deal contingency plans published by the European Commission, any unilateral no-deal contingency measures to ensure a basic connectivity in air transport will cease as of 30 March 2020 at the latest. In the case of a no-deal Brexit, we expect there to be a significant and immediate reduction in passenger and cargo capacity to the UK through Dublin Airport.

Furthermore, the current draft Determination assumes a strong increase of 2.4m passenger movements through the designated 5-year period. While North Runway will provide the necessary capacity to facilitate this growth by 2022, the current draft does not appear to account for the two attached planning conditions which will significantly restrict airport-wide operations between the peak operating hours of 23.00 and 07.00. The conditions, attached by An Bord Pleanála, threaten to significantly reduce aircraft movements from over 100 to only 65 during some of the peak operating hours.

In comparison to its European counterparts, Dublin Airport's passenger charges already offers strong value for money, with the Irish airport's charges significantly lower than the EU average of similar airports.

In response, we call on the Commission for the Aviation Regulation to review its draft Determination to ensure a reasonable, balanced and realistic approach to the airport's pricing structure for the next 5-year period. In this context, we call on the CAR to take into account the highly unusual and uncertain conditions Ireland and Dublin Airport currently are and will be operating within over the coming years which could have a negative impact on traffic volumes and associated commercial revenues.

In this regard, we call on the CAR to find a comprise approach that fairly reconciles the Commission's obligation to set a maximum level of airport charges with Ireland's economic realities and uncertain forecasts in light of Brexit and facilitates Dublin Airport's ability to continue to invest in and develop required infrastructure.

We, therefore, recommend the Commission to consider a tiered approach to setting upcoming multi-annual price caps with an extraordinary review of the price caps by 2021 once the full effects of a potential no-deal Brexit and concrete measures on addressing climate action have been identified.

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

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