

Thursday 20 August 2015

Minister Donohoe launches new National Aviation Policy

Minister for Transport, Tourism and Sport, Paschal Donohoe TD, today (Thursday) launched a new policy for the Irish aviation sector. This is the first time the State has launched a Policy of this kind.

Speaking at the launch, Minister Donohoe pledged the Government's support for the further development of the aviation sector, saying:

'Aviation matters. It matters to the Irish economy, it matters to consumers, and it matters to this Government. The aviation sector contributes significantly to the Irish economy, it contributes over €4bn directly to Ireland's GDP, supporting 26,000 jobs with a further 16,000 jobs indirectly. The tourism industry is also heavily reliant on aviation and accounts for a further €5.3bn in GDP and 180,000 jobs. I'm glad to say that in line with our very healthy economic recovery, the aviation sector in Ireland continues to grow strongly. Last year 25.5 million passengers used Ireland's airports – up 7% on 2013 and total flights in Irish airspace grew by 2.7%. This trend looks set to continue with a record 15% increase in passenger volume at Dublin Airport reported for the first half of 2015. The sustained growth in Irish air traffic in recent years is very welcome.

The main features of the new policy include:

- The maintenance of aviation safety as the number one priority;
- An increase in connectivity, especially with emerging markets;
- The achievement of a high level of competition between airlines operating in the Irish market;
- The retention of Dublin, Cork and Shannon Airports in State ownership;
- The promotion of Dublin Airport as a secondary hub, with the necessary infrastructure to meet projected traffic growth, and supporting the roles of Cork and Shannon airports as tourism and business gateways in their respective regions;
- Support the regional airports in line with the recently EU approved Regional Airports Programme, which runs from 2015 to 2019;
- A commitment to maintaining Ireland's attractiveness as a base for aircraft leasing;
- The undertaking of an independent review of the regulatory regime for airport charges by the end of this year 2015 and the future policy on airport charges regulation will be finalised by mid-2016;

- The establishment of a National Aviation Development Forum in order to consult with the industry on the development of the international regulatory agenda for aviation and to coordinate the promotion of Irish aviation.

“By 2020, we expect Irish airports will handle in the region of 33 million passengers and the Irish aviation has to be ready not just to deal with the challenges ahead in this changing global environment but to capitalise on the opportunities that will present, such as the shift taking place in the global aviation from the traditional EU-US axis, eastwards to Asia. Contributing to the nation’s economic recovery is at the very heart of the purpose behind the preparation of this new aviation policy. The extensive input received from stakeholders, including experiences in the industry over these past few difficult years, has helped to shape what I believe to be a robust Policy that will provide a positive pathway for the development and growth of the aviation sector in Ireland, creating jobs both directly and indirectly. It will also create an environment that will encourage the industry to increase connectivity to and from Ireland for the benefit of the travelling public, Irish tourism and Irish business.

The implementation of this Policy will be a key priority for my Department”, Minister Donohoe concluded.

Ends

Press Office, Department of Transport, Tourism and Sport 01 604 1090 / 01 604 1093 www.dttas.ie
pressoffice@dtas.ie

Link to National Aviation Policy: <http://www.dttas.ie/aviation/english/national-aviation-policy-ireland>

Speech by Minister Donohoe at the launch of the National Aviation Policy for Ireland

INTRODUCTION – THE IMPORTANCE OF AVIATION TO IRELAND

Welcome ladies and gentlemen. It gives me great pleasure to be here today to launch the National Aviation Policy for Ireland.

The key message I want to leave you with today is that aviation matters deeply to Ireland. It matters to the Irish economy, it matters to consumers, and it matters to this Government.

The importance of the aviation sector for the nation as a whole is well recognised by the Government. Aviation is a key economic driver contributing over €4bn directly to Ireland’s GDP and directly supporting 26,000 jobs with a further 16,000 jobs indirectly.

Given our geographical position on the periphery of Europe we are exceptionally dependent on aviation. The tourism industry especially is heavily reliant on aviation and accounts for a further €5.3bn in GDP and 180,000 jobs.

The connectivity enabled by our air links with the rest of the world is critical to Ireland's ability to reach global markets for our exports and to attract Foreign Direct Investment for job creation. Because of this dependency, there is a very heavy emphasis on connectivity in the National Aviation Policy.

I'm glad to say that in line with our very healthy economic recovery, the aviation sector in Ireland continues to grow strongly.

Last year 25.5 million passengers used Ireland's airports – up 7% on 2013 and total flights in Irish airspace grew by 2.7%. This trend looks set to continue with a record 15% increase in passenger volume at Dublin Airport reported for the first half of 2015.

The sustained growth in Irish air traffic in recent years is very welcome. Overall industry profitability continues to rise with IATA forecasting a record year for the airline industry in 2015.

By 2020, my Department expects that Irish airports will handle in the region of 33 million passengers per annum, up from 25 million passengers in 2013.

It is commonly recognised that the aviation sector in most countries grows as the economy grows. However in Ireland, I want us to recognise that our aviation sector contributes to the growth of the economy and does not simply expand with it.

In other words, for Ireland it can be a cause of economic growth, not just a consequence of that growth.

Those working in the sector should be confident that the valuable contribution their business makes to this country and to our economy is appreciated and supported by Government.

I want to ensure that we have in place a framework in our National Aviation Policy that supports and encourages growth in this vital section of our economy.

I want to ensure that aviation companies, including airlines, leasing companies and firms that maintain, repair and overhaul aircraft can locate and grow in Ireland.

I want to ensure that Ireland remains well connected to the rest of the world.

And that consumers get the best possible service and the best possible price.

IRELAND AS A CENTRE OF AVIATION

Ireland is a centre for the aviation industry for good reason.

In the past, a young nation on the outskirts of Europe took a bold and brave step in the establishment of its own national airline and used that geographical position to establish Shannon Airport as a vital point in the transatlantic journey of many passengers with the world's first duty free shops.

In recent times, we have seen the growth of dynamic Irish companies like Ryanair, AerCap and Avalon as major players in the global aviation business, supported by a Government policy framework that encouraged their growth. The International Aviation Register is operated in Ireland by Aviareto.

Now, as we launch this policy, we are committed to the further growth of this great industry about which so many are so passionate.

BACKGROUND TO THE NATIONAL AVIATION POLICY

This Policy is the culmination of an extensive consultation process which has been very useful in finalising the Policy. While that process has been ongoing, of course aviation has not stood still and we have seen some very significant developments in the period.

These have included the separation of Shannon Airport, the establishment of Shannon Group and the decision to sell the States shareholding in Aer Lingus.

A lot of work has gone into the preparation of this Policy, and I want to sincerely thank all those who have participated in that process.

The Irish Aviation Authority was instrumental in getting the process started and there has been a substantial contribution by many interests in response to the invitations to two formal rounds of consultation.

Those views have been taken into account in decisions that were made during the ordinary course of this Department's oversight of the Irish aviation sector.

In turn, developments in the sector during that period have continued to inform the Department's policy-thinking and have also contributed to the final shape of this National Aviation Policy.

DEVELOPMENTS IN AVIATION

Just last week, my Department also announced good news for Regional Airports. Formal approval has been received from the EU Commission for Ireland's 2015-2019 Regional Airports Programme. That approval follows a lengthy and detailed consultation process with the Commission, which commenced in July 2014.

Under the 2015-2019 Programme, my Department will now be able to provide much needed financial supports in the form of State aid to the four regional airports at Kerry, IWA Knock, Donegal and Waterford over its lifetime.

Positive developments like this occur against a backdrop of very healthy growth in Irish air traffic, particularly at Dublin and Shannon Airports, and for Irish registered airlines.

But along with the overall growth expected, we recognise there is a shift taking place in global aviation from the traditional EU-US axis, eastwards to Asia, and Irish aviation has to be ready not just to deal with the challenges ahead in this changing global environment but to capitalise on the opportunities that will present.

KEY GOALS

The key goals I have set out in this policy are

- To enhance Ireland's connectivity by ensuring safe, secure and competitive access responsive, to the needs of business, tourism and consumers;
- To foster the growth of aviation enterprise in Ireland to support job creation and position Ireland as a recognised global leader in aviation; and
- To maximise the contribution of the aviation sector to Ireland's economic growth and development.

These goals are ambitious but achievable and have been established during a period of great change in the sector.

We cannot stand still. The successes of the past are of course no guarantee for the future. There are very significant challenges ahead and we need to be ready for them.

Significant changes in the regulatory environment will inevitably occur across the aviation spectrum, including aviation safety, aviation security and the environmental sustainability of aviation to name but a few.

The ability of Ireland to contribute and effectively shape these upcoming debates to our advantage and benefit will be critically important to keep Ireland to the forefront of the aviation world.

The Policy being launched today, containing over seventy specific actions, sets out the national policy framework that is going to drive our plans to play a significant part in the development of global aviation in the future.

In that context, the planned establishment of the National Aviation Development Forum is especially noteworthy. We are responding to the wishes of stakeholders to have a greater say and involvement in shaping the evolution of the aviation sector and we firmly believe that this initiative will deliver many benefits.

PRIORITIES

One of the great benefits of preparing an overall policy document of this nature is that it allows for the identification of core priorities following consideration of all the constituent elements of aviation.

The aviation sector is about far more than the more visible aspects such as the aircraft and the airports in which they land. It is a highly complex business with a multitude of standards implemented daily by thousands of professionals. Aircraft leasing, maintenance, repair and overhaul are just some aspects that don't tend to get the prominence they deserve.

The same is true for the needs of air traffic control, general aviation and what we should be doing in relation to training and development.

All of these aviation aspects have rightly received due consideration and treatment in this new Policy.

As I have mentioned earlier, connectivity to and from this island has received a fully justifiable emphasis in the document but when all is said and done, there has to be a number one priority that stands above all others.

On the occasion of this launch, I want to put on record that aviation safety will remain Ireland's first priority in the aviation sector.

Nothing will supersede this explicitly expressed priority status. Everything else is subordinate to ensuring aviation safety.

OVERVIEW OF THE MAIN POLICIES AND ACTIONS

Besides maintaining aviation safety as the number one priority, I would now like to briefly cover a number of the other main policies and actions that we will be pursuing:

- We will seek greater connectivity, especially with emerging markets. We will pursue this aim by both supporting EU efforts for new Open Skies Agreements and also by expanding our range of bilateral aviation agreements, including granting fifth freedom rights where needed to generate new routes;
- We will ensure a high level of competition between airlines operating in the Irish market including supporting measures such as the maintenance of a zero-rated travel tax regime, the

development of preclearance facilities at Dublin and Shannon Airports and also by ensuring an appropriate airport charges regulatory regime ;

- We will keep Dublin, Cork and Shannon Airports in State ownership. Their ownership and operational structures will be reviewed every five years;
- With more clearly defined roles, we will seek to capitalise on the distinct geographic and infrastructure characteristics of each of these three airports. In particular, facilitated by necessary investments in new infrastructure to meet projected traffic growth, Dublin Airport will be promoted as a secondary hub airport and the roles of Cork and Shannon Airports as tourism and business gateways in their respective regions will be supported;
- We will support the Regional Airports in line with the recent EU-approved Regional Airports Programme, which runs from 2015 to 2019;
- We are committed to maintaining Ireland's attractiveness as a base for aircraft leasing;
- We will undertake an independent review of the regulatory regime for airport charges by the end of this year and the future policy on airport charges regulation will be finalised by mid-2016;
- We will establish a National Aviation Development Forum, led by the Department of Transport, Tourism and Sport, in order to consult with the industry on the development of the international regulatory agenda for aviation and to coordinate the promotion of Irish aviation.

CONCLUSION

These are just some of the main actions with many more included in the Policy.

We are very proud of the role Irish aviators have played and continue to play in the development of the industry both here in Ireland and abroad. Many parts of the industry in Ireland are already regarded as world class and the fantastic talent that exists in the aviation sector is the driving force behind its growth and the leading global position that many of our companies have attained.

I would like to thank all the stakeholders that engaged in the consultation process for their valuable contributions to the development of this policy statement. In conclusion, I would like to assure you that the implementation of this Policy is now a priority for my Department. We are going to ensure that the vision for this important sector is fully achieved.

Thank you.

Ends