

Dublin Chamber of Commerce

Presentation to the Transport Committee on Thursday, January 29th 2015

Gina Quin

Mr Chairman and members of the committee,

Thank you for this opportunity today. I appreciate that the context of the committee's discussion on this topic is to get a better understanding of the stakeholders' interest ahead of a detailed proposal by IAG to Aer Lingus shareholders.

Connectivity

International air connectivity enhances the national economy by facilitating investment, exports, workers, clients and tourists. Therefore, we believe that the full IAG proposal should be clear in how it will improve national air connectivity.

- Economic importance of connectivity

The importance of aviation in terms of social and economic growth cannot be underestimated. The Oxford Economic group estimates that a 10% improvement in air connectivity would see a 1% increase in long-run GDP. Ireland's future growth assumes an increase in passenger numbers and connectivity. For example, Tourism Ireland's target for tourism into Ireland is 10 million by 2025 from 7.3 million in 2014.

- Potential for greater global reach

We believe that expectations of vital further global reach for Ireland is well founded as airline manufacturer Airbus' Global Market Forecast to 2030 sees the aviation market being dominated by eighty-seven aviation mega-cities of which Ireland's Dublin Airport will be one.

- Results from long haul growth

The passenger figures support this international analysis. Since 2010, we've seen a 40% increase in the number of passengers travelling between North America and Ireland through Dublin Airport.

The benefits of such passenger growth and connectivity improvement can be seen in the example of the re-establishment of a US West Coast route. We've seen since last April's opening of the San Francisco route 1,550 jobs announced by IDA companies from the US West Coast which included PayPal, Calypso technology, AdRoll, and Amax to name but a few. I'm pleased to hear that the frequency is growing on that route from 5 flights per week to 7 this summer.

- Driver of growth

A key driver of growth in the long haul routes, such as the North American numbers, is a significant rise in transfer traffic. These passengers are increasingly using Dublin as a stopover point between two different flights. Passengers transferring through Dublin Airport have increased by more than a third last year to almost 750,000.

In the IAG statement from 27 January, IAG indicate that their interest is due in part to the opportunity that the transfer traffic trends in Irish airports offers to them.

If IAG is planning to use its aviation network to grow transfer traffic at Irish airports, it would be good news for Irish business travellers and consumers as it would make it more likely that they and other airlines will add new routes or increase capacity.