

Commission for Aviation Regulation  
3rd Floor  
6 Earlsfort Terrace  
Dublin 2

16<sup>th</sup> September 2022

**RE: CP3/2022 Draft Decision on an Interim Review of the 2019 Determination in relation to 2023 to 2026 (“Draft Decision”)**

Dear Commission for Aviation Regulation,

Please find below Galway Chamber’s response to CP3/2022.

Galway Chamber is the premier business organisation in Galway. We currently represent nearly 500 companies, and in turn represent over 27,000 employees in Galway City and County. The Chamber has a particular interest in Commission’s price determination for Dublin Airport, recognising the impact it can have on our members and on the general population in the West of Ireland.

The aviation sector plays a vital role in supporting the economic growth and development of our region. In 2019, the Chambers in the West of Ireland, comprising, Galway, Ennis, Shannon and Limerick, commissioned Copenhagen Economics to complete an independent assessment on aviation policy as an economic driver for the Mid- West and West of Ireland<sup>1</sup>. One of the specific recommendations from Copenhagen Economics was that: *“The Commission for Aviation Regulation should give due regard to the goals of Project Ireland 2040 when making its maximum airport charge determination for Dublin Airport”*.

We note that the Commission for Aviation Regulation (the “Commission”) has had regard to a number of Government policies including the National Aviation Policy as well as a number of climate policies. However, the Chamber believes that these reviews have overlooked key issues that need to be considered in setting its price determination for Dublin Airport, particularly with respect to the capacity expansion element of Dublin Airport’s investment programme.

Project Ireland 2040, comprising both the National Planning Framework and the National Development Plan, is the Government’s long term national strategy for a sustainable and regionally balanced country. The policy notes the importance of our airport network for *“our competitiveness and future prospects”*. It is clear to Galway Chamber that the sustainable development of the airports in the West of Ireland will be vital to achieving balanced regional growth, which is at the heart of Project Ireland 2040.

Dublin Airport’s Capital Investment Programme (CIP) states that *“the main objective of the capacity projects in the updated CIP is to develop the airport such that it can handle 40 million passengers per annum”*, with some projects identified as part of a plan to accommodate 55 million passengers per

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<sup>1</sup> Assessment Of Aviation Policy as a Driver of Economic Development in the West and Mid-West of Ireland. Copenhagen Economics, October 2019.

annum. Capacity expansion of this level at Dublin Airport raises concerns as to the sustainability of other airports and its consistency with the National Aviation Policy, Project Ireland 2040 as well as sustainability and climate action policies.

Copenhagen Economics in their study noted that *“If the capacity at Dublin Airport is expanded significantly, it will be very difficult for airports outside of the Capital to even maintain the current number of routes and passengers. Consequently, these airports will not be able to act as a catalyst for regional growth as foreseen in Project Ireland 2040 and the Regional Enterprise Plan”*.

While the Commission does examine the National Development Plan in its draft decision, there appears to be an omission by the Commission in its failure to refer to the overarching policy of Ireland 2040. Given that Ireland 2040 is now the foundation of Government Policy and to ensure that the Government’s focus on balanced regional development is considered, Galway Chamber is of the view that a more thorough assessment of the policy is required and specifically if capacity expansion at Dublin Airport will have a negative impact on the policy’s objectives.

National Aviation Policy (NAP) sets out a role for all the State Airports in the future. The Copenhagen Economics Study highlighted that *Dublin Airport increasingly dominates the market for aviation services in Ireland and has increased its dominance at the expense of the other airports in the State*<sup>2</sup>. The continuing growth of Dublin’s market share raises serious concerns not only for the role of other airports in the State but also for consumers choice.

Given that the Commission regulates Dublin Airport due to its market dominance and has the objective to protect current and future users of the airport, Galway Chamber would ask that the Commission consider how their approach in funding capacity expansion at Dublin Airport will impact on the market dominance of Dublin Airport and the goals of the National Aviation Policy. Furthermore, we would ask that the Commission considers who are the prospective users of Dublin Airport and where these users include current users of all other airports in the State, what is in their best interests.

If as Copenhagen Economics has pointed out that capacity expansion at Dublin Airport would have significant impacts on other airports in the State and by default their users, there needs to be an assessment of the impact of capacity expansion proposals holistically. If capacity expansion at Dublin Airport results in current users of airports elsewhere in the State being forced to travel to Dublin to avail of air services, such an outcome would clearly not be in the interests of prospective users of the airport, given the additional time and cost associated with this.

It is the chamber’s view that Dublin’s capital expansion proposals, which are submitted to the Commission for the determination of a price cap, should be evaluated in the context of optimising the operation of the national airport network. Failure to do so will have negative impacts on Ireland’s other airports and their users, with detrimental impacts on any prospect of achieving balanced regional development.

The NAP also states that, *“within the overall context of sustainability, we also need to consider the long-term resilience and adaptive capacity of our airport infrastructure and aviation services against the likely impacts of climate change”*.

Given the focus of Government on achieving ambitious climate targets, there is a need to have due regard for the role that other airports can play in delivering on this. It is well documented that all the

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<sup>2</sup> Ibid page 24

other airports in the State have spare capacity, and this raises the question, why is the Commission approving continued expansion of capacity at one airport without taking a holistic view of the infrastructure available in the State. It would be far more environmentally friendly to utilise State assets elsewhere as well as ensuring value for money for the exchequer.

Whilst there is a need for energy efficiency improvements in business operations and an important role for retrofitting current infrastructure, there needs to be more detailed consideration on the sustainability of new capacity developments at Dublin Airport from an overall national perspective. Moreover, continued capacity investment at Dublin Airport will be associated with additional environmental challenges for transport infrastructure (e.g. M1 and M50) around the airport.

Galway Chamber would like the Commission to consider the aforementioned issues in making its price determination for Dublin Airport, particularly with respect to capacity expansion at Dublin Airport given the negative implications this could have on Government Policy and prospective airports users.

Yours sincerely

**GALWAY CHAMBER**



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Galway Chamber