

Iberia Express Submission to IAA

2nd July 2024

Re: Draft Decision in relation to a complaint received on airport charges at Dublin Airport (the "Draft Decision").

Dear Adrian,

Thank you for the opportunity to provide feedback on the IAA's draft decision regarding the structure of charges at Dublin Airport. As a key operator from Madrid to Dublin, Iberia Express as an International Airlines Group Airline, is dedicated to supporting the growth and development of Dublin Airport as a prominent hub and is fully supportive of the Aer Lingus submission.

Position Overview:

Recently, Iberia Express has relocated to Terminal 2, joining the other IAG airlines. This move enhances connecting traffic and strengthens the customer experience at Dublin Airport. Our substantial investment, alongside our group airlines, underpinned by the current charging structure, is essential for maintaining a competitive and attractive hub. However, the IAA's potential decision to alter the charging structure based on Ryanair's unsubstantiated claim could jeopardize these operational efficiencies and customer benefits, as well as the broader national economic advantages of the hub model.

Iberia Express believes the current structure of charges aligns with the ACD 2011 Regulations and the principles of the Thessaloniki Forum. Therefore, the IAA should avoid referring the issue back to daa for review or suggesting a directive if daa's review is deemed unsatisfactory.

- **Contextual Review:** Any changes mandated by the IAA should be considered within the overall charging structure to ensure balanced and fair aeronautical fees for all airlines and business models.
- **Implementation Timeline:** Changes should not be imposed immediately. Airlines have already set ticket prices based on the current charge structure, so modifications should be announced well in advance and take effect no earlier than summer 2025.
- **Consultation Process:** Proposed changes should be discussed during the next aeronautical charges consultation at Dublin Airport.
- **ICAO Principles:** Ensure that any changes are consistent with ICAO principles and implemented gradually.

Transfer Charges - Role and Impact

Dublin Airport, supported by daa within the NAP framework, provides a platform for a competitive aviation market. This framework supports various business models and

facilitates the development of a hub that drives connecting traffic, network growth, and global connectivity. Transfer passengers, being generally indifferent to their transfer location, are vital for ensuring the viability and performance of routes. Without them, many routes and capacities at Dublin Airport could become unviable. The current transfer charge at Dublin Airport supports lower fares and hub development, benefiting both consumers and the economy. Aligned with other secondary hubs, this pricing strategy keeps Dublin competitive and appealing to passengers who might otherwise transfer through other European hubs. The significant connectivity Dublin achieves, relative to its population, underscores the necessity of this strategy. This discount level is essential for maintaining and growing Dublin Airport as a vital hub in the aviation network.

Economic Justification:

- **Economic Drivers:** Hubs significantly contribute to direct and indirect employment and stimulate trade, inward investment, and tourism.
- **Cost Efficiency:** Transfer passengers use fewer services, cost less, and generate more revenue. Increased transfer passengers reduce overall charges by boosting passenger numbers and increasing commercial revenue.
- **Regulatory Framework:** Under the European Airport Charges Directive, individual tariffs do not need to be justified solely by precise cost calculations. daa's decision to charge transfer passengers a different rate from O&D passengers is justified by their economic contribution.

Runway Banded Movement Charges

Although Iberia Express does not directly benefit from this charge, we support the hub model and believe it is justified for the following reasons:

- **Cost Equalization:** The charge structure, including the discount, broadly equalizes the cost per passenger across narrow-bodied and wide-bodied fleets. This reflects the greater efficiency of larger aircraft like the A330.
- **Infrastructure Use:** Band 2 aircraft require more infrastructure but not proportional to their higher MTOW. Charging based on MTOW without adjustment overcharges Band 2 aircraft, disincentivizing their use.
- **NAP Alignment:** daa's aeronautical charges support Ireland's National Aviation Policy by enabling long-haul routes that benefit the national economy through trade and inbound tourism. Long-haul routes support Dublin Airport's transfer traffic, benefiting all users by spreading costs over a larger passenger base.

Environmental Charges:

Low Emissions Aircraft Discount (LEAD): Iberia Express supports the IAA's draft decision regarding LEAD charges, recognizing that environmental issues should be addressed globally to avoid market distortions. Local actions could displace and potentially increase emissions.

- **Global Solutions:** We support the Thessaloniki Forum's conclusion that carbon emissions are a global issue requiring global solutions. International mechanisms like ICAO engine standards, CORSIA, and EU-ETS must be considered.
- **Database Choice:** daa's choice of the ICAO Emissions Database is inappropriate for measuring engine fuel efficiency, as noted by ICAO itself.

Nitrogen Oxide (NOx) Charges: Iberia Express agrees with the IAA's position that there is no rationale for NOx charges, as the proposed scheme fails the criteria of transparency, objectivity, and relevance.

- **Fleet Decisions:** Airlines make fleet decisions on a 20+ year investment cycle, and short-term pricing fluctuations at individual airports are unlikely to influence these decisions.
- **Technological Trade-offs:** Engine technology has developed to reduce noise, fuel burn, and carbon at the expense of NOx. daa needs to recognize this trade-off and propose consistent pricing.
- **Source of NOx:** Most NOx around Dublin Airport comes from road traffic, specifically on the M1 and M50, and not from aircraft.

Comprehensive Review of Charges:

Any further review of charges should be holistic, evaluating the application of all charges as part of the established annual consultation process. Iberia Express welcomes the opportunity to engage further with the IAA on this matter and emphasizes the importance of maintaining a fair and balanced approach to airport charges that does not disproportionately benefit one airline over others.

We are open to further dialogue on this matter ahead of the final decision.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Isabel Rodríguez Benito', with a stylized flourish at the end.

Isabel Rodríguez Benito (CCO)