

Members of the Special Select Committee,

Good afternoon. My name is Niall MacCarthy and I am the Managing Director of Cork Airport and a member of the daa plc Executive Team. I am here today in the capacity of daa Brexit Executive lead and speaking in terms of Brexit Planning for both Dublin and Cork Airports.

I would like to thank the members of the Committee for inviting me to attend today and for facilitating this important discussion on the implications of Brexit for Irish aviation and for the wider transport sector.

daa is a global airport and travel retail group which operates in 13 countries. In Ireland, daa manages and operates the country's key gateways at Dublin and Cork Airports, which welcomed a combined 34 million passengers in 2018.

daa's airports at Dublin and Cork are uniquely exposed to Brexit in a European airport context, given the significant traffic flows which exist between Ireland and the UK. To put this in context, ACI EUROPE research, published in October 2018, shows that UK passenger traffic accounted for, on average, 12% of total traffic flows across EU 27 airports in 2017. In contrast, UK traffic amounted to circa 38% of total Irish traffic in the same period.

Given these unique challenges Brexit has, over the past three years, been a critical and ongoing area of focus for our business. daa has established an internal Brexit planning team, which has been focussed on identifying and understanding all of the potential impacts which Brexit could bring for our airports, our passengers, and our customers, as well as for our wider business. We have put in place robust contingency measures to effectively minimise these impacts.

In the course of our planning, daa has worked closely with Government Departments such as Transport and Agriculture, key State Bodies such as Revenue and INIS, as well as our customer airlines and a range of other key operational and commercial partners at our airports. We have also participated in key Industry fora such as the National Civil Aviation Development Forum, Fáilte Ireland and Tourism Ireland's Brexit readiness group and the Irish Institute of European Affairs Brexit grouping.

In my address to you today, I would like to provide the Committee with a brief overview of the implications which a 'no deal' Brexit will have for Irish aviation and daa's airports, as well as the steps which have been taken to manage these impacts.

Firstly, and importantly, I would like to reassure the Committee that we expect flights will continue to operate as normal at Dublin and Cork Airports in the event of a no deal Brexit.

If the UK leaves the EU without a deal, emergency regulation will come into force at EU level to protect air connectivity for passengers and freight between the EU and the UK.

This Regulation (EU 2019/502 on common rules ensuring basic air connectivity with regard to the withdrawal of the United Kingdom from the Union) will take effect immediately in the event that the UK exits the EU without a deal on October 31st and will apply until October 2020.

It will bring into force a range of provisions to ensure that UK air carriers can continue to provide basic air transport services between the UK and the 27 remaining EU member states (including Ireland). The UK has confirmed that it will mirror the provisions set out in the EU Regulation, in respect of the rights of EU air carriers within the UK.

For example, the Regulation will – in a no deal Brexit scenario - give UK air carriers the right to continue to perform scheduled and non-scheduled international air transport services between any point within the UK and the EU. It will also allow UK carriers to continue to engage in cooperative marketing arrangements such as code-sharing arrangements under certain conditions and will allow further traffic freedoms for all-cargo services for a limited period of time.

In addition the Regulation also states that if airlines can, within 2 weeks of the ‘no deal’ legislation taking effect, provide proof to the European Commission that they have robust plans to ensure compliance with EU Ownership and Control rules and restrictions within the subsequent 6 month period, then these airlines would in effect be entitled to a 6-month ‘grace period’, during which their EU operating licences and associated rights would remain unaffected.

For information, I have supplied a copy of this regulation – as well as recent amendments to it – to all Committee members.

Given these important provisions, and given the current traffic profiles at our airports, it is therefore critically important to emphasise that flights into and out of the UK and feeder flights through the UK will continue to operate in a no deal Brexit scenario and it is important that we all get this messaging out to the travelling public.

The next key area which I will address relates to the passenger journey – and the key implications which Brexit will have within our airports from a passenger standpoint.

Firstly, I will address the implications of a ‘no deal’ Brexit for passengers departing at our airports.

In terms of security processes, there will be no changes or additional requirements for UK-bound passengers departing from Irish airports, as a result of a ‘no deal’ Brexit. UK-bound passengers will simply continue to comply with all current security processes and requirements, with no change anticipated from existing processes.

Furthermore, the Irish Government has now confirmed that duty-free shopping will return on alcohol and tobacco products if the UK leaves the EU without a deal. This means that passengers departing from Irish airports to UK airports will be able to purchase these products at duty-free prices, but only in the event of no deal.

Other than this, we do not anticipate any other significant implications for passengers departing through Irish airports.

Secondly, I will now address the implications of a ‘no deal’ Brexit for passengers arriving at our airports from the UK.

At airport immigration, UK passport holders arriving at Irish airports are currently processed through the ‘EU/EEA/CH’ channel. If the UK leaves the EU without a deal, the Irish Naturalisation and Immigration Service (INIS) has confirmed that UK passport holders will continue to be processed

through the 'EU/EEA/CH' channel – however, this 'EU/EEA/CH' channel will be re-designated as an 'EU/EEA/CH and UK' channel. There will be no additional or onerous immigration checks applied to UK passport holders at Irish airports. It is important we all get this message out as there is likely to be confusion and uncertainty particularly with UK tourists considering coming to Ireland.

daa has identified all relevant signage that will need to be changed within our airports in this scenario. This new signage has been printed and is currently being held in storage on standby to be switched over, if and as required. In the event of a no deal, additional daa customer services staff will also be deployed in immigration areas at the airports, for a period, to advise passengers, and to deal with any queries or confusion which could arise.

At Customs points in the arrivals hall, Revenue has confirmed that all passengers arriving at Irish airports from UK destinations, including all Irish and EU passport-holders, will be required to use the green channel in a 'no deal' scenario - rather than the blue channel as they currently do. Again, we will have customer services staff on hand to help passengers and to deal with any queries or confusion that may arise during the transition period.

Further, UK arriving passengers will need to ensure that they are aware of allowances applicable in relation to duty-free and tax-free goods and that they are in compliance with these allowances. If they are carrying goods in excess of these allowances, they will need to make a declaration at the red customs channel. Generally, UK passengers arriving in Irish airports who have not made purchases exceeding their allowances will have the normal smooth experience except using the green rather than the blue channel. Random checks will continue to arise.

Another area which will be impacted at Irish airports in a 'no deal' Brexit scenario is bulk cargo, as a result of the additional paperwork and inspections which would be required for UK cargo on both sides of the Irish Sea.

Airports will be far less impacted in this area than ports, given the relative scale of freight handled by airports compared to ports. In that context, Dublin Airport handled 143,000 tonnes of freight in 2018, while Dublin Port handled more than 26m tonnes of freight in the same period. This gives an indication that the bulk cargo issue is much more an issue for Irish ports than for Irish airports.

Notwithstanding the above, we in daa have been engaging closely with Revenue/Customs for a 'no deal' scenario. Revenue/Customs have confirmed that their preparations are now well-progressed, with an additional 40-plus customs officers now in place at Dublin Airport to meet increased requirements. Similar preparations have been made by Customs with respect to Cork Airport. On this basis, no material impacts are currently anticipated for daa airports by Revenue/Customs in this area of bulk cargo.

And finally, like all businesses, in a 'no-deal' scenario, daa could potentially face disruptions, delays, and interruptions to its own supply chains. To this end, detailed and comprehensive risk assessment and contingency planning has been completed with respect to daa's supply base, and mitigating actions have been undertaken where necessary to protect ongoing supplies and ensure continuity of service.

daa, for its part, will be undertaking a significant programme of communication with the public in advance of October 31st to ensure that we are playing our part to make the travelling public fully aware of the implications of a no deal Brexit. We are co-ordinating our messaging with other State bodies and airlines in this regard to ensure consistent messaging.

Beyond the operational impacts which I have outlined above, it is also very important to add that, ultimately, the greatest risk for Irish aviation from a 'no deal' Brexit is the wider macro-economic impacts that such a scenario would bring to Irish tourism and business. Inevitably, with Sterling predicted to fall further in the event of a no deal Brexit, Fáilte Ireland have indicated at least 10,000 jobs would be lost in the tourism sector in Ireland. Estimates vary but Fáilte Ireland believe there could be a loss of more than one million British tourists each year, resulting in the loss of €380 million per annum. To put this in context, some 3.5 million visits from Britain were recorded in 2018, contributing around €1bn to the Irish economy.

For this reason, we in the aviation industry, strongly believe that everything possible should be done to avoid a 'no deal' Brexit, in order to safeguard tourism and all the jobs throughout the country which are dependent on it.

To summarise and conclude, therefore, our expectation is that the operational impacts for Irish aviation and Irish airports will be relatively minimal in a 'no deal' Brexit scenario and, where impacts will be experienced, I believe that daa and its key stakeholders, are taking all reasonable measures to minimise any negative effects that could be experienced. However, I cannot emphasise enough the macro-economic damage which will arise to tourism and travel in the Irish economy from the currency and other effects of a no deal Brexit.

I look forward to any questions that the Committee may have.