

**Statement by Barry O Connell, CEO, Dublin Port Company to the Oireachtas
Joint Committee on European Union Affairs**

Dublin, Wednesday, 1st March 2023

Chairperson, Deputies and Senators,

Good morning ,

Thank you for the invitation to appear before your committee to discuss the impact of Brexit on trade and connectivity between Ireland, the UK, and Continental Europe.

My name is Barry O Connell and I am the CEO of Dublin Port Company. I am joined here today by my colleague, Michael Sheary, the Chief Financial Officer of Dublin Port Company.

Before addressing the specific impacts of Brexit on trade and connectivity between Ireland and our main trading partners, it might be helpful to the Committee if I place Dublin Port in a broader context.

Dublin Port Company is a State-owned Commercial Semi State Company responsible for operating and developing Dublin Port. Dublin Port is the largest freight and passenger port in Ireland and is one of five major ports classified as Tier 1/ Tier 2 ports in the National Port's Policy. Dublin Port is also categorized as a Core/Comprehensive Port in the EU's Ten-T network.

Of the volumes which passed through Dublin Port in 2022, 40% were exports and 60% were imports with some of these imports being raw materials which would eventually be exported. It is estimated that the value of exports are approximately three and a half times greater than imports. This implies that Dublin Port is an important hub for domestic trade and also a central pillar of Ireland's export strategy.

Dublin Port handles almost 50% of all mercantile trade in the Republic of Ireland with its share of volume driven by three main factors. Firstly, the location of the Port relative to the main population center of Dublin city. Secondly, the depth of water at the Port which enables larger vessels to berth and thirdly, its access to the national road and rail infra-structure.

The Port, which is located at the heart of Dublin city and at the hub of the national road and rail network is a key strategic access point for Ireland and the Dublin area. A recent Origin and Destination study indicated that 73% of Port volumes have an origin or destination within 90km of Dublin Port. Shortening the radius, the survey shows that 61% of volume has an origin or destination within 40km of the Port. Dublin Port is therefore inextricably linked to the national road infra-structure which supports it and as such offers a very cost effective and efficient transport option for importers and exporters.

In terms of understanding the impact of Brexit on Dublin Port and trade volumes between Ireland, Britain and Europe, it may be helpful if I outline the main modes of shipping traffic and freight that we deal with in Dublin Port.

The majority of the freight handled at Dublin Port is unitized and this, in gross tonnage terms, accounts for 81.3% of trade at the Port. This includes Roll on/Roll off (RoRo) freight and Load On/Load Off (Lo/Lo) freight. RoRo freight can involve driver accompanied or driver unaccompanied freight, while LoLo freight is moved in an unaccompanied mode, with containers being stored at the port and then collected from depots by HGVs or rail. The balance of the trade at the Port includes Bulk Liquid, Bulk Solid and Break Bulk as well as Trade Vehicles and of course passenger traffic.

In terms of examining the impact of Brexit on overall trade flows in Dublin Port, it is difficult to isolate the negative dynamics created by Covid-19 and of late, the war in Ukraine. It is our contention however that the single most significant influence on volumes since 2019 has been Covid-19. Of note, 2019, was a record year for the Port in terms of trading volumes so we will use this as a reference point.

When considering volume trends within the Port we know from history that there is a strong correlation to overall economic performance and more specifically, to the personal consumption index (PCI). The fact is that the PCI declined by -11.9% during lockdown in 2020, whilst port volumes declined by -3.4%. This was also the year in which the main Brexit changes happened at the

Port however as there was no material disruption to port business at this time we contend that the main impact on demand and volumes was driven by Covid-19.

As economies began to open up towards the end of 2021, the PCI began to grow and port volumes also began to recover to the extent that at year end 2022, unitized volumes were only 2.2% behind the record 2019 numbers. If one discounts the “stock piling” which would have happened at the end of 2019 in anticipation of Brexit, then it’s fair to say that at the end of 2022, Dublin Port was back to its record 2019 numbers.

Passenger and tourist vehicle volumes are also returning to pre – Brexit, levels, although once again, the major impact on tourists and sea borne visitors between 2020 and 2022 was Covid 19 lockdowns, rather than Brexit. By the end of 2022, passenger numbers had increased by nearly 100% on the previous year’s outturn and were back to within 13% of where they had been in 2019.

As an aside, despite recessions, pandemics and international challenges, Dublin Port volumes have remained remarkably resilient over the past three decades with compound average growth running at 5% per annum since 1990.

Whilst Brexit may not have been the key driver of volume reduction in 2020/2021 period, there was some loss of volume to Northern Ireland Ports whose share of RoRo increased from 41% in 2020 to 45% in 2021. It is our belief that this was as a result of a “settling in period” during which operators

were adjusting to the new restrictions North and South of the border. By year end 2022, Northern Ireland Ports share has fallen back to 42% indicating a more “settled” position. In contrast, Dublin Port shares recovered from 46% in 2021 to 48% in 2022 whilst driving growth of 4% in an overall flat market with Northern Ports falling by -5%. Of note also, was the growth in Rosslare’s share of RoRo over the same period from 6% to 9%.

Whilst Brexit may not have had a material impact on volumes since 2019 it has had a significant impact on the international origin and destination of freight as well as the modes of transport deployed.

Volumes on direct European Ro-Ro services for 2022 increased by 64.4% on the equivalent period for 2019 with increases most notable on routes to Zeebrugge, Rotterdam, Cherbourg, Santander and Emden. Correspondingly, the RoRo volumes with UK ports declined by 17.8%.

There was a modest increase in LoLo traffic from EU routes – from 29% of mix in 2019 to 31% of mix in 2022, however, the main shift in mode came in the form of driver unaccompanied RoRo freight growing from 47% to 51% of our mix. This in turn, places additional pressure on the port’s capacity as this requires the units to be stored on site until collected for distribution.

Perhaps the most significant impact of Brexit as it applies to Dublin Port is the impact it had on land usage in the Port Estate.

In advance of Brexit, the State Authorities established a number of facilities in the Port to manage new inspection requirements arising from Brexit. This involved Dublin Port Company allocating 14.6 hectares of land to the OPW for these purposes. In addition Dublin Port Company invested approximately €30m in facilities directly associated with Brexit requirements.

Notwithstanding the fact that no-one knew exactly what would happen in the lead up to Brexit and that the transition was handled without any material impact (at least within the Port), it is our view that it is now time to reassess land usage and processes to balance the requirement of State services with the pressing needs of Dublin Port for capacity and the terminal operators and hauliers for efficiency.

In the relation to land usage, to put this into context, the 14.6ha of land allocated for Brexit is equivalent to approximately 300,000 RoRo units or 7m gross tonnes per annum in port capacity terms. This is equivalent to 19% of our current throughput.

In relation to efficiency, we believe digitisation of customs, regulatory and transit records has a key role to play within the port to facilitate a much smoother and faster transition of freight. Such a system is already in operation in the UK where 106 ports accounting for 85% of all unitized maritime trade

operates on a system which handles all data transfers between operators and government agencies.

Digitisation is very much at the early stages of investigation however we believe it should be pursued as a means of maintaining our competitiveness.

This statement outlines the key dynamics that we believe have arisen during the Brexit transition for Dublin Port and that is not to undermine the impact that Brexit has had on other stakeholders including licensed hauliers. We understand that the committee will hear more on this later from the IRHA.

Dublin Port will continue to be impacted by global events however it has shown remarkable resilience over many years. Brexit was yet another test but working in close collaboration with its State partners and customers we believe we minimized material disruption. As a State Port we have an obligation to ensure that mercantile trade continues to flow efficiently with Ireland's main trading partners and to ensure that we have the required capacity in time to meet demand.

I am happy to answer any questions you may have.

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