

Irish Exporters Association

Ireland 2040 Our Plan: National Planning Framework

November 2017



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About the Irish Exporters Association and data compilation for submission

The Irish Exporters Association (IEA) assists its members to grow their exports to world markets. We drive and support the growth and development of all exporting businesses based in Ireland by:

- **Representation** – leading the export agenda as the voice of Irish exporters
- **Membership development** – enhancing the export knowledge and skillset of members through a range of training services and export development programmes
- **Networking & Connectivity** – connecting our members with Government and business stakeholders domestically and in market
- **Export Services** – enabling our members with practical assistance and critical support services

The IEA represents the whole spectrum of companies within the export industry including SMEs who are beginning to think about exporting for the first time right through to global multinational companies who are already extensively exporting from Ireland. It is the connecting force for Irish exporters, providing practical knowledge and support across the Island of Ireland and in foreign markets.

The IEA Submission to the **Ireland 2040 Our Plan: National Planning Framework** has been drafted in consultation with the IEA National Council and a survey with its members in August 2017. In addition, a number of seminars and working group consultations have taken place across the country. The IEA Supply Chain Series 2017 and the National Export Hub have been particularly active.

About the IEA Supply Chain Series

The IEA Supply Chain Series is sponsored by Ulster Bank, Iarnród Éireann Irish Rail, Rhenus Logistics and Fleet Magazine and comprises of:

- **4 Large Seminars** covering thought leadership and best practice focus covering many areas including but not limited to: Supply Chain Diversification, Supply Chain/Trade Finance, Supply Chain Integration and Partnering, along with an industry specific focus in the sectors such as life sciences, food & drink, ICT, manufacturing and include updates on regulatory and legal changes.
- **4 IEA Exporters Working Group** meetings are in place to provide a forum for the increasing complexity and challenges of the global supply chain across all sectors. The IEA understands there is a requirement to offer members an open forum for addressing supply chain issues and the need to highlight solutions. These events are for manufacturing companies, exporters and each local regional committee to focus on national and regional issues including trade, finance, energy, transport while addressing issues across the main sectors: food & drink, finance, life sciences, ICT, energy and engineering.
- **4 IEA Multimodal Working Group** meetings aimed at corporate exporters and provides an open forum to focus on national and regional issues including international trade, trade finance, energy and transport while addressing sector specific issues; and which provides a platform to discuss the importance of multimodal partnering in the supply chain and associated opportunities and challenges.

About the National Export HUB

The National Export Hub is an initiative of the IEA and National Export Hub partners: ABP Ireland, AIB, DHL Express, Euler Hermes and PwC in conjunction with Bord Bia and the Department of Foreign Affairs and Trade which aims to increase the number of Irish businesses exporting for the first time, assist Irish businesses to enter new export markets and to support Irish exporters to grow their exports in existing markets. The initiative is made up of 2 large Seminars, 6 workshops and the Export Knowledge programme – a series of educational workshops in partnership with IntertradeIreland.

Introduction

Ireland's exporting sector is one of this country's greatest strengths and has been the key driving force behind Irish economic recovery, economic growth and job creation. It is critical for the Government to recognise how vital Irish exporters are to our nation's economic growth and use the National Planning Framework to build a strong people and business based development strategy to maximise the opportunities that arise from an increase in global demand. The National Planning Framework, in conjunction with the National Investment Plan will be instrumental going forward to guide national, regional and local planning and investment decisions over the next 25 years.

Exports continue to lead the way in driving the Irish economy forward and are the most significant contributor to making Ireland one of the fastest growing economies in the world, helping to reduce unemployment, create new employment in fast growing innovative companies, and reduce our national debt. Exporting is the success story of the Irish economy and has helped to position Ireland as a competitive country to do business with and to attract Foreign Direct Investment as well as foster the development of home grown Irish companies by encouraging more and more entrepreneurs to grow their businesses internationally. We are asking that investments are made to grow the infrastructure required to support the export markets of at least the next 50 years.

The Irish Exporters Association welcomes the draft of the National Planning Framework and the key elements contained, including the new National and Regional Development Strategy, Ireland 2040 being backed by legislation, the new 10 year National Investment Plan and a more environmentally focused approach. The IEA particularly welcomed certain initiatives that we had lobbied for over the last couple of years, namely:

- Supporting ambitious growth targets to enable Cork, Limerick, Galway and Waterford to each grow by at least 50% to 2040 and to enhance their significant potential to become cities of scale. The ESRI projects that the highest per capita population and job growth is likely to take place in Dublin, the four surrounding counties, Cork and Galway, with 40% of additional jobs projected in Dublin. By 2040 with an extra 1 million people and 600,000 potential jobs, this will need to be strategically developed so that every region in Ireland will benefit and no one city reaches breaking point. Developing the most cohesive infrastructural strategy will give the best chance for regional potential.
- Incrementally improving access to the north-west from Dublin in the east and from the other cities to the south and improving access between Ireland's cities separate from Dublin. Regional cities have the capacity to take the strain of extra population if they are given the resources and the connectivity needed. Development of these cities would create sufficient scale along the western and southern parts of Ireland that would match other global locations and therefore attract FDI, job creation and support communities.
- Delivering the key rail projects set out in the Transport Strategy for the Greater Dublin Area including Metro North, DART expansion and the Luas green line link to Metro

North. Also improving access to Dublin Airport including public transport, road networks from west and north in the longer term. Passenger numbers at Dublin Airport increased by 11.5% in 2016, making Dublin Airport the fastest growing major airport in Europe last year. Traffic forecasts indicate the potential for passenger throughput figures of up to 36 million by 2022 and up to 50 million by 2037. The level of growth at Dublin Airport is staggering and infrastructure needs to be put in place now to ensure that Dublin Airport is equipped for further growth in the coming years. Priority being given to the Metro North link between Dublin City Centre and Dublin Airport is imperative, as well as ensuring that planning and road development in the environs are put in place to deal with this growth.

- The development of additional runway and terminal facilities such as the second runway for Dublin Airport for which planning permission has been approved.
- Facilitating the growth of Dublin Port through greater efficiency with improved road access.
- M8/N25/N40 Dunkettle Junction upgrade in Cork. These areas have been a major issue for IEA members in the south and upgrading of these routes to facilitate a reduction in traffic congestion is imperative. The development of more park-and-ride facilities in suburban areas would further assist in the reduction of traffic congestion.
- Enhanced regional connectivity through improved average journey times by road to Cork and Waterford from Limerick. The IEA have heard anecdotally from members in Limerick that transport goods to Dublin Port for onward journey out of Ireland as opposed to using Port of Cork due to better road networks to Dublin Port. This is a missed opportunity to correct the increasing imbalance of volumes through Dublin port which are disproportionately large. As well as the Limerick to Cork route being a priority, the N69 route from Limerick to Tralee has also been cited as a need for development by IEA members.
- Improving access and sustainable transport links to, and integration with, the existing employment areas to the east of Galway City at Parkmore, Ballybrit and Mervue. This is an area of extreme traffic congestion in Galway City and a serious inhibitor of business in the region.

The IEA welcomes all of these initiatives in the draft report but feels that the report can go further to support the development of enterprise in all areas of the country.

Brexit

“The UK referendum vote on Brexit has commenced a process that has the potential to significantly change the nature of our relationships with our nearest neighbours. While the precise nature of these impacts will not be known until after Ireland 2040 is finalised, future iterations of the National Planning Framework will have the opportunity to take on board their practical ramifications.” [Draft National Planning Framework, p. 99] Brexit is already having an impact on Irish exports but the worst is yet to come. The UK leaving the EU will have major implications on Ireland’s connectivity and processes need to be put in place to combat what is coming down the line and preparations need to start happening immediately.

We are now well over one year on from the UK voting to leave the EU and the prognosis for the Irish export industry shows that the impact will be severe. We are aware that Brexit shouldn't dictate everything we do for the next 2 years but it is important that we use the National Planning Framework to prepare for the challenges and invest in the possible opportunities that exist here. Ireland is a strong, open economy which leaves us vulnerable to global uncertainties and we should be putting plans in place now to use this opportunity to safeguard Ireland's future, support Irish business and help exporters to diversify their export markets.

According to Revenue records, in 2015 there were approximately 12,000 Irish traders exporting goods and/or services to the UK, with an estimated value of €33 billion on these exports. These traders directly employ over 680,000 people. Approximately 1,600 of these traders are based in border counties, with 49,400 employees, 52% of their EU exports go to the UK at a value of €2.2 billion. In comparison, less than 30% of EU exports from the remaining 10,000 business (that are not based in border counties) are dependent on the UK meaning Brexit, in whatever form it will take, will hit the border counties hardest. As a result of this over reliance on the UK market, greater connectivity for border counties to city and urban areas will be needed for businesses to be in a position to adapt and help limit the damage of Brexit.

Roads

Focus needs to be given to road planning and commuter regions outside of Dublin and the regional cities of Cork, Limerick, Galway and Waterford. Development of regional infrastructure, especially in the west has been poor up to this point. The poor road network across Ireland is having an impact on IEA members being able to attract and retain suitably qualified staff. 61% of IEA members experienced difficulty in recruiting in Q1 this year. Members have cited poor road infrastructure and lack of improvement to employees commute as a factor in poor regional retention. *"It is a reasonable target for most people to have no more than a 30-minute commute time to work and for most people and goods to have access to international connections within 90 minutes of their home or work base."* [Draft National Planning Framework, p. 21] The importance of intra-regional commuting and the pressure that lack of key transport networks puts on regional business cannot be underestimated. More effective intra-regional transport connectivity would extend labour catchment areas which would benefit both employers and employees, especially given the current skills shortage. This connectivity goes beyond road networks but also ferry connectivity on peninsulas for commuters. Regional development of the full country is imperative not only to maintain business but to attract investment and development in every region. This will not only encourage and grow indigenous Irish business but grow investment and pragmatically encourage FDI throughout the country. Investments need to be made strategically in the country to maintain long-term growth and sustainability. According to Dublin Chamber of Commerce, 42% of Ireland's GDP is accounted for by Dublin. In comparison, London accounts for 20% of the UK's.

The plan to ‘Brexit-proof’ the country will need investment in major regional planning and infrastructural development in transport links including road, rail, air and sea ports. The National Planning Framework should be implemented factoring in a holistic approach to regional development to maximise opportunities that may come down the line following Brexit. 51% of IEA members surveyed stated that poor regional road infrastructure would dissuade companies from investing in or relocating to Ireland.

Ports

“As an island nation, we depend on the quality and efficiency of our ports to a far greater extent than many of our trading partners. To maintain economic growth, we must be capable of delivering additional port capacity in a timely and predictable manner.” [Draft National Planning Framework, p. 94] This country needs to realise the potential for regional development in the maritime sector and plan accordingly. Ireland’s ports and shipping services play a crucial role in economic growth. The IEA are advocating that the National Planning Framework prioritise a road transport infrastructure around Ireland’s ports that will support developments coming down the line in the EU Directive requirement to develop a National Maritime Spatial Plan by 2021.

It is acknowledged in the Draft National Planning Framework that Waterford and the wider south-east region is served by *“a number of National Ports Policy Tier 2 ports which are geographically close to EU trading partners.”*[p.60] *“National Ports Policy also recognises the Tier 2 ports of Belview and Europort because of the potential to grow traffic through these ports, their proximity to key trading partners and their strategic transport roles beyond their immediate environs.”* [p. 94]

Looking at the figures and trends in shipping as has been reported in the IMDO’s Maritime Transport Economist published in April, there is strong growth in traffic through all Irish ports but there is an increasing imbalance with volumes through Dublin port being disproportionately large while local ports do not put through the volume that good spatial strategy would dictate. Not only should ports such as Cork develop to take more of its ‘fair’ share but also ports such as Drogheda and Galway which have been defined as being Regional Ports and given over to the local councils to run should be supported.

Of those IEA members surveyed who use sea ports, 83% use Dublin port predominantly as their primary route to ship goods out of Ireland. 24% said that this was not the closest port geographically. Members surveyed said that they would use a different Irish sea port as their primary route to ship goods from Ireland if:

- There were more frequent sailings/crossings from another port – 56%
- Road networks between primary distribution centre and another port were improved – 21%
- Another port was upgraded – 19%

More and faster direct services to the continent are needed and ports, particularly Rosslare and Waterford, will need capital funding both within the port and for the road access to these ports. Under EU transport policy neither of these ports are defined as 'Core' Ports and thus, they do not qualify for TEN-T funding. There is scope and potential for an intermodal Rosslare-Cherbourg system.

A significant share of Irish exports are shipped through the UK land-bridge as this is the quickest route to continental Europe. In March 2017, 67% of IEA members surveyed stated that they make use of the UK land-bridge to access continental markets, 40% said that use of slower direct routes would adversely impact the quality of their product and 53% said that longer time Supply Chain would seriously impact inventory & other costs. 57% said that if transit time through the UK land-bridge were to extend due to additional controls and / or costs were to increase, they would be able to supply using a direct shipping service to a Benelux or other continental port.

Depending on the terms of the future trade agreement negotiated between the EU and the UK, Brexit has the capacity to seriously threaten the reliability of this transit route. The agri-food and fisheries sector depends on fast access to markets and intercontinental air hubs. The need for Irish exporters to diversify export markets will put even more pressure on finding new routes to markets. Deep sea lines feeding Irish traffic through British ports could face delays due to customs clearance and border controls. Alternative routes to intercontinental Europe will need to be researched and funded, including upgrading Irish ports. In 2016 Maersk Line introduced a new feeder loop for Irish cargo that linked to Algeciras rather than the English Channel or Benelux Port. This saves up to 10 days on some routes. Opening up new routes increases the opportunities for Irish exports and the development for this needs to be factored into Ireland's overall planning framework.

Multimodal transport

Airfreight and the significant capacity constraints on services operating out of Ireland is being cited as an issue for IEA members. There is a consensus amongst IEA members in the transport and logistic sectors that there is a shortage of air capacity to all markets from Irish airports. There is also criticism of terminal and cargo handling facilities for, in particular, pharma and other controlled goods at Irish airports. This is forcing freight forwarders to truck cargo to British and continental airports and to fly the cargo from there. Questions have been raised from members about the availability of storage, particularly refrigeration and control facilities at, in particular, Dublin, Shannon and Cork Airports.

The practice of cutting airwaybills at Irish airports but shipping the goods by truck to British or Continental ports has relied on effective land bridge operations but the freight forwarders concede that they are now under pressure to use direct ferry or Lo-Lo services to the continent.

The acute shortage of warehousing facilities around Ireland is a major concern. The development of warehousing facilities across Ireland, including specialist pharmaceutical storage facilities, as well as the development of ports and airports could be a huge

opportunity to develop the country as a distribution Hub to Europe, a function which the UK currently serves as they have the storage capacity for onward delivery within the European network. There is a serious opportunity for the Irish economy in the development of Logistics Clusters, geographically concentrated sets of logistics-related business activities. Logistics Clusters typically develop around transportation hubs, such as air or sea ports, or areas with easy access to road or rail networks. As with large industrial clusters, Logistics Clusters exhibit a positive feedback loop, meaning that the bigger they become, the more they grow.

We are aware that much of the focus on Brexit has been on exports particularly. However Brexit raises many potential challenges for importers – and in particular for the Supply Chain where imports make up part of the final goods that are exported. It is not a one-way traffic issue.

A possible solution for a delay at land borders crossing could be addressed by queuing systems similar to the Estonian GoSwift Queue Management Solution. The essentials of the system operating on these borders are that the driver of truck or other vehicle goes online and requests a transit time slot at the border. They give their current location and are allocated an estimated timeslot and advice to go to a designated controlled parking area some distance from the border. This is then a rest stop until such time as they are called to the border crossing. For drivers heading for ferries or other vessels in Tallinn port or for major distribution centres that are linked to it, the system operates in a similar fashion, thus eliminating queues in the city and port area. This ultimately queues trucks virtually thereby moving them away from land that could have many better uses other than being a truck and carpark.

Delays at ports mean either missed ferry crossings, delayed ferrys or missed sailings entirely, as well as disrupting driver hours which can cause further delays. That reduces available capacity and undermines the economics of the services. These delays could also mean that a company for instance in the food sector might miss its docking slot at a particular multiple's distribution centre in the UK.

Airports

Brexit poses a serious threat to Ireland's regional airports who depend heavily on the UK. One example is Ireland West Regional Airport in Knock, the UK currently accounts for 80% of the airport's passenger traffic with 9 direct scheduled destinations. Airlines and airports are going to have to start planning for 2019 and beyond with no indication of what the future relationship between the UK and Europe's single aviation market will be. The uncertainty cast by Brexit could seriously impede route development across Europe.

Of those IEA members surveyed who use airports to export, 81% use Dublin airport predominantly as their primary route to ship goods out of Ireland. 15% said that this was not the closest airport geographically. Members surveyed said that they would use a different Irish airport as their primary route to ship goods from Ireland if:

- There were more frequent flights from another airport - 36%

- Road networks between primary distribution centre and another airport were improved – 23%
- Another airport was upgraded – 14%

The implementation of hub connectivity from the west of Ireland directly into Heathrow or another European hub airport (example Schiphol or Frankfurt) would significantly enhance business connectivity and attractiveness to locate in the west of Ireland. This can be achieved with the implementation by the Irish Government of a public service obligation scheme (PSO) on a similar basis to the recently activated Derry to London Stansted route by BMI Regional. In an environment where Brexit may have a particular impact on regional employment, this is one way of investing in creating local employment. US preclearance facilities at Cork Airport should also be considered in order to encourage the development of business and Foreign Direct Investment in the south of the country.

Opening up new routes could open up opportunities for Irish exporters. There are also airfreight alternatives, for example the arrival of the IAG Group major shareholder, Qatar Airways in Dublin in 2017 further increases the airfreight options for Asian and African markets. More services to and from Irish airports increases the cargo possibilities for Irish trade. The arrival of Cathay Pacific's 4 times weekly direct service to Hong Kong is hugely welcomed, but if we are to grow our trade with these further flung markets we need to have more and more direct services to them.

Broadband and mobile phone coverage

“Rural areas have significant potential in these sectors and as digital links and opportunities for remote working and new enterprises continue to grow, they will increasingly have the capacity to accommodate employment focused on ICT based industries, multi/media and creative sectors in areas such as agri-tech, tourism, transport and in particular, an added value bio-economy and circular economy. Future employment opportunities in the rural economy require measures to support rural entrepreneurship and also innovative rural SMEs.” [Draft of the National Planning Framework p. 69]

Providing high speed digital infrastructure to all areas of Ireland is crucial in realising potential employment opportunities and facilitating regional growth. Fast, secure and high capacity, reliable internet connectivity is fundamental to the development of enterprise in the current environment. As the draft National Planning Framework acknowledges, there is a need to improve the extent and quality connectivity in Ireland through *“the National Broadband Plan currently being implemented”*. This plan has experienced many delays and a contract has not yet been awarded to one of the three original bidders. The aim of 100% coverage in 3 – 5 years is far-reaching unless the plan is prioritized. Immediate solutions need to be sought to the broadband and mobile phone coverage deficits to businesses and homes across the country if Ireland is to remain competitive in this technological age, improvements in broadband and mobile phone infrastructure need to be immediate. The new wave of business innovation with technology such as robotics, additive manufacturing/3D printing, big data and analytics, blockchain and new business models based on digital platforms is giving rise to a

deep digitization of industry on a scale not yet seen. The countries that aspire to participate in and lead in this digitization of industry will require very solid, robust and scalable ICT infrastructure, data centres and 5G communications connectivity. 35% of IEA members surveyed stated that their fixed broadband or Wi-Fi connection was not of a sufficient speed or quality to meet their business needs. It is worth noting that of those members whose main Irish operation was located in a rural area, 57% said that their fixed broadband or Wi-Fi connection was not of a sufficient speed or quality to meet their business needs.

Functional broadband is a national infrastructural issue of strategic importance. 61% of IEA members surveyed stated that poor regional broadband infrastructure would dissuade companies from investing in or relocating to Ireland. It is an issue that will only be resolved if the Government take ownership of it and drive it through. Leaving this fundamental issue in the hands of the private sector is negligent and the IEA are calling for a semi-state body to be implemented under the remit of the National Planning Framework to drive the National Broadband Plan through to completion.

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