Submission to the Department of Transport, Tourism and Sport:

Statement of Strategy for 2017 – 2019

August 2016

The Irish Exporters Association (IEA) is pleased to make a submission to the DTTAS in the context of the Department’s formulation of its overall strategy for the period 2017 to 2019. At the outset it should be stated that this contribution will focus on the freight transport aspects of the Department’s work though there will be some overlap with the passenger transport and tourism elements of the Department’s brief. In recent years, the IEA has contributed submissions to the Commission for Aviation Regulations, Ports Policy and Skills requirements for the freight and logistics sector.

The Irish Exporters Association

The mission of the Irish Exporters Association is to assist our members to grow their exports to world markets. The IEA drives and supports the growth and development of all exporting businesses based in Ireland, leading the export agenda as the voice of Irish exporters, enabling our members with practical assistance and critical support services, connecting our members to markets and to key government and business stakeholders.

The IEA has a long-standing close association with the Department through the association’s Supply Chain Ireland activity and specifically the multimodal IEA rail freight group. Through these groups, the Department has been able to interact with the principal players in the freight logistics chain and in the exporting community across all regions. The IEA also has a number of active and industry validated training and certification programmes, such as the Good Distribution Practice (GDP) Passport programme, to enable Irish based Pharmaceutical companies and Medical Device companies to export their products under a more secure supply chain.

The IEA has also participated in a number of EU backed InterReg N.W Europe and Atlantic Arc programmes. These have had a focus on facilitating the development of Supply Chains for goods both cross-border and within cities.

The vital role of manufacturing and exporting in delivering a prosperous Ireland

Ireland is an export driven economy reliant on the intermodal transportation of manufactured goods to their target market. In 2015, Ireland exported more than €110 billion worth of goods such as temperature sensitive medicines, agri-food products, medical devices and machinery. Due to the diversity of our export markets and the increase in manufacturing outside the urban centres towards the regions, it is imperative to ensure that exporters are effectively connected to ports and airports so they can compete globally.
In the course of this submission we will seek initially to underline some overriding realities that shape proposals for developments affecting specific infrastructures and services before going on to discuss these specifics.

**Major factors underlying the development of a DTTAS strategy for the period**

These include:

- Brexit
- Transport’s role in ensuring compliance with COP 21 commitments
- The need to facilitate the targets set out in the Government’s Programme for a Partnership Government
- Improve the rating of Irish Transport infrastructure and services in global competitiveness

**Brexit**

As discussions proceed towards achieving the new reality of the UK outside the EU, the development of the infrastructure and systems needed to ensure that, as far as is possible, existing freight and passenger transport services are maintained and where they are disrupted, that disruption is minimised through the use of new IT systems and new services. The main impacts are likely to be on the road freight services and in the maritime sectors, particularly port state and customs controls.

A high priority for the Department in the Brexit negotiations must be the minimisation of disruption and cost imposition on exporters and freight operators as a result of potential new border and transit controls, specifically in relation to the transits through Northern Ireland by vehicles moving from point to point within the Republic of Ireland and by vehicles using the UK as a land-bridge for traffic to and from Continental Europe and other markets.

During the period covered by this strategy document (2017-2019), it is highly likely that the UK will still be a member of the EU and the four country administrations within the UK should each be able to partner in EU funding projects, including TEN-T, Motorways of the Sea, Regional Funding, etc.

Within this discussion must be the avoidance of other unilateral actions, such as the imposition of further “environmental” charges on vehicles making transits across UK.

**Transport’s role in ensuring compliance with COP 21 commitments**

The DTTAS has a long-standing commitment to the reduction of greenhouse gas and other ‘noxious’ gas emissions within the transport sector as is evidenced by the Department’s “Smart Travel” and other initiatives. However, at the end of the period under review, Ireland
risks becoming subject to fines and other penalties through non-compliance with the emission control targets set out in COP 21. It has become clear that the transport sector will be the one that will be put under most pressure to ensure that any such penalties are minimised.

It is unrealistic, particularly with the strong Irish population growth and growth in economic activity to the year 2020 and beyond, to expect that transport activity of both goods and people will reduce. The priority, therefore, has to be to reduce the environmental damage caused by transport.

From the perspective of many of the IEA members manufacturing or processing goods in Ireland, there is a corporate responsibility imperative to ship their products in as close to a carbon neutral manner as is possible. This manifests itself in the inclusion of figures on this area of performance in reports to shareholders.

Emissions reduction is also a key ambition of the recently published programme for Government.

The Department can play an active role in facilitating the achievement of these objectives:

- The approval by the European Commission in June 2016 of a funding contribution to the “Causeway” project which enables the establishment of a network of CNG (Compressed Natural Gas) re-fuelling facilities along the island of Ireland taken in conjunction with the launch by a major European truck manufacturer of a heavy goods truck that is in all respects competitive with current diesel powered vehicles presents an opportunity to move road haulage to a low-carbon model. While the funded project links Belfast with Cork via Dublin, for a CNG network to be effective it would need to facilitate the provision of re-fuel facilities on major port and city routes that link to the “Causeway” project network.
- This re-fuelling network would also enable the national coach travel network to switch to CNG powered vehicles while other fuel options could be used for town networks.
- During 2016, many major car and light commercial vehicle manufacturers have launched either brand new or much improved battery powered or hybrid vehicles and it is thus important that the Department, together with the other parties involved, seeks to encourage the use of such vehicles throughout the country.
- Iarnrod Eireann recently completed a series of trials of considerably longer and heavier freight trains. At a length of 425 metres, the intermodal trains are 50% longer than existing trains running up to now. However, the length remains far below what has become the global norm. The longer and heavier trains will not only reduce the emissions per container carried on that mode but will also reduce the unit cost of doing so. Iarnrod Eireann has set a short-term target of increasing the freight volumes carried on the Irish Rail network four-fold and achievement of this, which would take considerable volumes off the roads, would also reduce the overall carbon footprint.
- The Department should examine how best to support the introduction of vessel types, such as battery powered cross river or lough ferries and LNG powered international
service vessels. Irish ports and harbours should be encouraged to put refuelling facilities into place for such vessels. The switch over to low emission cargo handling equipment in ports should be encouraged. “Cold-ironing” facilities at Irish ports should be developed which would enable vessels in port to use electric power taken from the national grid rather than from diesel powered generators aboard ship.

- In Aviation the developments within the EU backed SESAR Air Traffic Management (ATM) and other programmes in which Ireland is already an active participant, should be encouraged. More effective ATM will reduce delays and fuel burn. The use of biofuels in aviation should be encouraged.

Facilitating targets set out in the Government’s programme for a Partnership government

**Page #42:** The allocation of funding to support the work of Western Development Commission in the stimulation of enterprise within its region would enable that body to complete the work that it has initiated in its freight by rail and other studies. In their Winning: Foreign Direct Investment 2015-2019 strategy, the IDA is targeting a minimum of 30% to 40% increase in the number of FDI investments for each region outside Dublin (Winning in the Regions). This is a welcome announcement, however, improvement of transport links to ports and airports are critical for the retention of existing FDI and to support this proposed growth of the manufacturing exporters. Enhanced collaboration between public and private bodies will assist in driving this strategy forward.

**Page #43:** The €500 million allocation to Development Agencies, such as Enterprise Ireland and the IDA, to strengthen manufacturing across the regions is welcome not only in terms of new enterprises but will allow existing enterprises to grow and consolidate their footprint in the region and, through the shipment of greater volumes, improve the competitiveness and efficiencies of their transport options.

**Page #44:** **TEN-T Transport Funding:** The EU introduced a new policy in January 2014, TEN-T, which aims to close the gaps between Member States’ transport networks, remove bottlenecks that still hamper the smooth functioning of the internal market and overcome technical barriers such as incompatible standards for railway traffic. As already mentioned this plays a vital role in the development of Ireland’s freight transport infrastructure. At the recent TEN-T days held in Rotterdam, EU Transport Commissioner Bulc stressed not only the value to a project of the funding from this source, but also the way in which that funding can be leveraged to secure loans from the EIB (European Investment Bank), as well as from major global investment funds. Commissioner Bulc also advised that ports and other enterprises located away from the TEN-T corridors, though not qualifying for TEN-T funds, could secure funding from the regional funds, it could be worth the Department exploring further whether the TEN-T and Motorways of Sea eligibility criteria might be widened. Doing so could encourage more even economic growth within countries or regions and, in Ireland’s case, Brexit could mean that the TEN-T corridor may have to be refined by the Irish Government.
**Road investment:** The planned improvement in access routes to ports and airports is welcomed.

**Regional Airports and Western Rail Corridor:** The planned increase in investment in airports is welcome as it may enable exporters to ship through more convenient and closer locations than would otherwise be the case. The Western Rail Corridor review should also take into account the need to secure alternative access for freight originating in the western region to ports and to the existing single track running through to Portarlington.

**Seafood and the Marine:** As most of this development will occur in more remote locations, the proposed growth of transport infrastructure mentioned above will be of critical importance if the planned job increase is to be achieved.

**Improving the global competitiveness of the Irish transport infrastructure**

The Global Competitiveness Index 2015-2016 stated that Ireland was 31<sup>st</sup> out of 140 countries in terms of transport infrastructure. The IEA believes that the DTTAS should be enabled to carry out a detailed study of how Ireland can improve its global position in the index. As an economy highly dependent on exports, it is imperative that the multimodal nature of the Irish Supply Chain utilised be examined by the DTTAS through a single lens to ensure that Ireland remains globally competitive. In the future, supply chain flexibility, effectiveness and efficiencies will become more prominent in countries attracting global FDI. This study should be carried out in consultation with multiple stakeholders across export and logistics services providers and users and should identify priority projects that will enable putting in place a more competitive transport infrastructure.