

# EU/USA Open Skies- The Impact on Ireland

Sean Barrett  
Economics Department,  
Trinity College, Dublin  
AIRNETH CONFERENCE  
The Hague, April 17,2008.

# Ireland Optimistic

- Ireland/USA flights in 2008 plus 23%
- New Routes; San Francisco, Washington, Orlando,
- Existing Routes: New York, Boston, Chicago, Los Angeles, Atlanta, Newark, Philadelphia
- 2007 Ireland had 2.3m Atlantic trips; 56 per 100 population. EU average 10.

# Why the Optimism?

- Large FDI flows in both directions-
- 95,000 work in US companies in Ireland
- 80,000 work in Irish companies in USA
- Estimated 40m of Irish descent in USA
- 500,000 Irish passport holders visit USA
- Irish exports €50,000 per head in 2008
- GDP per head in Ireland- 2<sup>nd</sup> in world

# Ireland's Aviation Successes

- 1986 Dublin-London deregulation
- Fares – Fell by 54% on day 1
- Passenger Numbers Year 1 +67%
- 2001/5: Aer Lingus Real Atlantic Fare - 35%
- \* 2006 Irish Airports had 29.3m pax; 7.3 per head of population

# The End of Regulatory Capture

- 2008 ends 63 years of obstructing direct flights from USA to Dublin
- Both Aer Lingus and US airlines had to stop over at Shannon
- US airlines kept out of Dublin for 28 years
- Downtown Office Syndrome
- Dope.ie

# Irish Aviation 2008

- Ryanair 55m pax; Europe's Leading LCC; Pan European; 80% of pax is third country

Aer Lingus 10m pax; Europe's Most Profitable Legacy Airline

CityJet: Irish Profitable Subsidiary of Air France : 2m pax

Aer Arann; Profitable regional airline; 1.3m pax

# The Atlantic Outlook for Ireland

- A Highly Developed Aviation Sector- 68m pax in 2008 (2.2m in 1985/6)
- 2.3m North Atlantic pax in 2007; 5.6 times EU average per head
- Market split 50/50 in 07; 60 Irl/40 USA(08)
- 10 Irl/USA routes in 08
- Most likely new routes: Houston, Dallas, Detroit; Direct routes to replace back-track