



Rialtas na hÉireann
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Spending Review 2021 – Examination of State Funding to the Aviation Sector during the Covid-19 crisis

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Spending Review 2021 – Overview, Aims & Objectives



Overview

- As a small open island economy, the Irish aviation sector is essential for tourism, international trade and for connecting Ireland with the rest of the world. The purpose of this paper is to examine the scale of state support provided to the aviation sector during the Covid-19 crisis.

Aims and Objectives

- This paper examines the scale and scope of supports put in place to support the aviation sector, both horizontally across all industries and those specific to aviation sector.
- The paper also provides an assessment of how these interventions compare internationally in terms of funding levels/type of support.
- The future outlook of the aviation sector in Ireland is also examined.

Spending Review 2021 – Key Findings



Key Policy Relevant Findings

Impact of COVID-19 on the Aviation Sector

- The outbreak of Covid-19 has had a significant negative impact on the aviation sector, with passenger air travel particularly affected. To date, €254 million has been provided to the aviation sector in the form of sector specific supports while the sector has also benefited from an estimated €267 million in ‘horizontal’ or non-sector specific business supports to the end of June including wage subsidy schemes.

International Response to Covid-19 for Aviation

- An international comparison of state supports to the aviation sector showed that airlines of national interest have been the main focus for these supports across countries. In contrast, Ireland is the only country of those under consideration which has given the majority of support to airports, reflecting the relative strength of Irish based airlines pre-Covid. Of the supports offered to airlines across the countries under consideration, reimbursable supports such as loans and recapitalisation measures are the most common.

Future Outlook

- Looking forward, Eurocontrol’s forecast shows that Irish air traffic levels are likely to return to 2019 levels by 2025. There are many factors, both positive and negative, which may effect the speed of recovery.
- In the short term to continue to support the sector, it may be necessary in 2022 to continue access to horizontal business supports and future funding under the Regional Airports Programme, particularly Cork and Shannon Airport. Under Budget 2022, Regional Airport Programme funding has increased from €21 to €36 million to facilitate the temporary inclusion of both Cork and Shannon airports in the programme.