



Commissioner Violeta Bulc

Directorate-General for Mobility and Transport (DG MOVE)

European Commission

Brussels

Belgium

9th August 2019

Dear Commissioner,

Ireland's Programme for a Partnership Government¹ contains a commitment to apply to the European Union for a revision of the TEN-T Core Network, including in relation to Ireland's "Western Arc" region. As previously outlined to your officials, this submission was deferred pending national developments since the TEN-T Network was established, in particular the publication of our National Development Plan 2018-2027², our National Planning Framework³, collectively referred to as Project Ireland 2040⁴, and consideration of the implications for Ireland stemming from the UK exiting the EU, including our increased peripheral status in Europe.

Background to national policy developments under Project Ireland 2040

To provide you with some context, Project Ireland 2040 emphasises social outcomes and values consistent with prudent economic and budgetary policy. It prioritises the wellbeing of all of our people, wherever they live and whatever their background.

A key challenge identified is that by 2040 we expect that an additional one million people will live in Ireland (currently 4.78 million), and an additional two-thirds of a million people will work here. These are very significant increases: more people will be travelling to work, school and universities, more buildings will be needed to accommodate them, clean water

¹https://www.taoiseach.gov.ie/eng/Work_of_the_Department/Programme_for_Government/A_Programme_for_a_Partnership_Government.pdf

² <https://www.gov.ie/en/publication/83fec4-national-development-plan/>

³ <https://www.gov.ie/en/publication/774346-project-ireland-2040-national-planning-framework/>

⁴ <https://www.gov.ie/en/collection/580a9d-project-2040-documents/>
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will be needed for homes, farms and industry, more and better care facilities will be required for our older people.

An ageing population and smaller family sizes mean that we will need an additional half a million homes to accommodate this growth. Without proper planning, growth would be haphazard and uneven. Without the required infrastructure, not least transport infrastructure, our potential for economic growth will stall.

Project Ireland 2040 therefore consists of the National Planning Framework which sets out a spatial strategy for Ireland, to accommodate in a sustainable and balanced fashion this significant demographic change. Learning from past experience, the National Planning Framework is backed up by an infrastructure investment programme, the National Development Plan. In short, the State's infrastructure investment – the money – is guided by, and follows, the Plan.

Project Ireland 2040 is about enabling all parts of Ireland to achieve their full potential. It seeks to move away from the current, developer-led, business-as-usual pattern of development, to one informed by the needs and requirements of society. This means seeking to disrupt trends that have been apparent over the last fifty years and have accelerated over the past twenty.

It seeks to ensure that rather than have excessive population growth focused on Dublin – as is the current trend - that 75% of all population growth occurs in the rest of the country. Importantly, in so far as the Western Arc is concerned, it targets a level of growth in the Northern and Western, and Southern, Regions combined to at least match that projected for the East and Midland Region. It will support the future growth of Dublin as Ireland's leading global city of scale.

In addition, in so far as this submission to you is concerned, it supports ambitious growth targets to enable the cities of Limerick and Galway on the Western seaboard, to each grow by at least 50% to 2040 and to enhance their significant potential to also become cities of scale.

It also recognises the extent to which Sligo in the North West fulfils the role of a regional centre and recognises that Letterkenny, along with Derry City and Strabane, functions as a cross-border city region, in the context of the North-West Gateway.

Finally, Project Ireland seeks to strengthen our rural fabric, by reversing town/village and rural population decline, by encouraging new roles and functions for existing buildings, streets and sites, and supporting the sustainable growth of rural communities, to include development in rural areas.

Project Ireland 2040 recognises the importance of developing the Atlantic Economic Corridor

The Atlantic Economic Corridor (AEC) is the term applied to a linear network along the Western seaboard, stretching from Kerry to Donegal, which has the potential to act as a key enabler for the regional growth objectives of the National Planning Framework.

The corridor straddles parts of both the Northern and Western Region and the Southern Region, with the potential to further extend its scope by building on the cross-Border relationship between Letterkenny and Northern Ireland, and into Cork City and County to the south.

The overarching objective of the AEC initiative is to maximise the infrastructure, talent and enterprise assets along the Western seaboard and to combine the economic hubs, clusters and catchments of the area to attract investment, improve competitiveness, support job creation and contribute to an improved quality of life for the people who live there. The lack of high quality connectivity within the AEC has been a major impediment to its development and its potential to act as a counter-balance to Dublin and the East coast. Realising the potential of the AEC project will help contribute to a better balance of regional development as Ireland's population and economy grows.

The improvement of regional connectivity along the Western seaboard, linking together the major urban areas to allow the AEC achieve its potential, is a major priority for Government. In this regard, the AEC Taskforce, which is chaired by my colleague Seán Canney TD, Minister of State for Community Development, Natural Resources and Digital Development, was established March 2017, with the aim of devising strategies and policies to encourage the development of the region. It also includes representatives from the business sector, government departments, public bodies, third-level institutions.

Achieving enhanced regional accessibility

One of the key strategic outcomes of Project Ireland 2040 is to achieve enhanced regional accessibility. Substantial progress has been made since 2000 in improving road linkage between Dublin and most other urban areas and regions. We now need to complete those linkages, particularly to the North-West which has been comparatively neglected until recently. I believe that targeted investment in transport infrastructure can promote economic resilience. In this regard, our National Development Plan earmarks such projects as the A5, the N14 from Manorcunningham to Lifford, the the N4 from Collooney to Castlebaldwin, the N5 in Mayo/Roscommon and the N56 in Donegal.

The other major objective is to make substantial progress in linking our regions and urban areas, not just to Dublin, but to each other. A particular priority is substantially delivering the Atlantic Corridor with a high quality road network linking Cork, Limerick, Galway and Sligo.

The Western Rail Corridor (WRC) Phase 2 from Athenry to Tuam, and phase 3 to Claremorris could also play an important role realising the objectives of the Atlantic Economic Corridor initiative. The extension of the WRC could increase passenger, tourist and commercial use. In line with the commitment contained within the Programme for a Partnership Government, consultants have been appointed to prepare a financial and economic appraisal, which will involve all relevant stakeholders, and the public consultation phase is underway. I expect the findings of the review, which will advise as to the business case for an extension of the Rail Corridor, in the Autumn. It is my intention to bring the findings to Government for consideration at that point. If the findings of the review are approved by Government, the project will be prioritised during the lifetime of the National Development Plan.

Implications for Ireland stemming from the UK exiting the EU

Given Ireland's geographic location and physical proximity to the UK, the issue of connectivity has been a key focus in the Government's contingency planning. Work in this area includes issues relating to ports and airports, aviation, road haulage and the continued effective use of the UK 'landbridge'.

Ireland is uniquely exposed to Brexit due to a very high trade intensity with the UK. Approximately 15 per cent of Irish goods and services exports are destined for the UK. In certain sectors, the UK is an especially important market, such as the agri-food sector where around 40 per cent of exports are destined for the UK. In addition, approximately 66 per cent of Irish exporters make use of the UK landbridge to access continental markets.

The UK landbridge is key for Irish trade with the rest of the EU and further afield. The Irish Maritime Development Office (the “IMDO”) carried out a study⁵ for my Department concerning the implications of Brexit on the use of the UK landbridge. The study, published last year, found that 3 million tonnes of merchandise trade with the EU moves between Ireland and the EU continent via the UK landbridge. The IMDO estimates that this equates to approximately 150,000 Heavy Goods Vehicles each year and the total value of our trade using the landbridge was estimated to be €21 billion. This route is a strategically important route to market for many Irish importers and exporters and certain sectors of the economy may be adversely affected, mainly those that trade in time sensitive goods, e.g. agri-food and seafood.

Moreover, in its 2017 paper on the trade exposures to Brexit of sectors of the Irish economy⁶ the Irish Government Economic and Evaluation Service (IGEES) finds that, while Irish trade in general is less reliant on the UK than in the past, in some sectors this reliance has in fact increased over time and that “disaggregating from the sector to the product level, the analysis reveals that eleven of the top fifteen most exposed goods products to the UK under the proportional exposure measure are Irish exports and are predominantly from the agri-food sector. These findings have implications for the prospects of these sectors in the context of future trade negotiations between the EU and the UK and their vulnerability to post-exit UK trade policy”. Depending on the ultimate Brexit agreement, the UK could be considered a third country for customs purposes. Traders who use the UK landbridge as a transport route to access the single market would be required to move their goods under the transit procedure.

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<https://www.imdo.ie/Home/sites/default/files/IMDOFiles/972918%20IMDO%20The%20Implications%20of%20Brexit%20on%20the%20Use%20of%20the%20Landbridge%20Report%20-%20Digital%20Final.pdf>

⁶ <https://igees.gov.ie/wp-content/uploads/2017/10/UK-EU-Exit-Trade-Exposures-of-Sectors-of-the-Irish-Economy-in-a-European....pdf>

The use of the UK as a landbridge is the fastest and most efficient route when compared to the alternative of direct sea routes into mainland Europe. The introduction of border procedures at ports and airports between the UK and Ireland and between the UK and the continent would impact the efficiency and speed of land bridge routes.

Brexit represents a unique and unprecedented challenge for Ireland and the Irish economy. A no-deal Brexit on 31 October is an ever more significant risk that the Government takes extremely seriously. We estimate that there are likely to be significant job losses in the most exposed sectors in a no deal scenario, with an estimated increase in unemployment of 50-55,000 after the UK leaves the EU. A no deal scenario could involve a headline deficit in the region of 0.5-1.5 per cent GDP for next year, depending on the magnitude of the economic shock. This would introduce a deterioration in the General Government Balance (GGB) of up to €6.5 billion.

The potential impacts of Brexit on Ireland's connectivity and increased geographical isolation in the EU may impact particularly negatively on Ireland's Western and North Western regions. This view has been expressed in a number of papers and studies.⁷ The analysis across these studies generally concludes that Brexit is likely to have regionally differentiated effects in Ireland and that a hard Brexit could hit counties Border counties particularly hard due to the importance of the agri-food sector in these areas. Likewise, when it comes to potential positive Foreign Direct Investment (FDI) effects these are likely to be concentrated in and around the big cities, i.e. areas that are less significantly affected by the trade shock. It is therefore likely that a hard Brexit will increase regional disparities in Ireland.⁸ In its assessment of the impact of Brexit on regions and cities in the EU 27, the Committee of the Regions concludes that, in taking key industrial sectors into account, only regions in the Republic of Ireland face exposure levels similar to some UK regions.

It would be remiss of me however, not to acknowledge and welcome the fact that during the negotiations for the new Connecting Europe Facility (CEF) Regulation that our concerns, and those of Malta and Cyprus, were taken on board and that transport projects

⁷ For example <https://cor.europa.eu/Documents/Migrated/news/impact-brexit.pdf> and <http://www.donegalcoco.ie/media/donegalcountyc/business/pdfs/Initial%20Analysis%20of%20the%20Challenges%20and%20Opportunities%20of%20Brexit%20for%20the%20North%20West%20City%20Region%20150217.pdf>

⁸ <https://www.esri.ie/publications/brexit-will-have-regionally-differentiated-effects>

located on the comprehensive network of Member States that do not have a land border with another Member State will be eligible to apply for funding post 2020.

Summary

Connectivity has always been a key priority for Ireland and investments that support keeping Ireland connected to the rest of the European Union will become increasingly important in maintaining and enhancing Ireland's transport flows if and when the UK leaves the EU. In that regard, I also acknowledge and welcome the inclusion of the core port of Shannon Foynes on the North Sea Mediterranean Core Network Corridor, as well as the inclusion of our core ports on the Atlantic Core Network Corridor from 2021.

Continued EU support for transport investment projects in Ireland will become even more important in the context of Brexit, after which our peripheral location on the western point of Europe will leave us even more isolated from other EU Member States. While Project Ireland 2040 aims to highlight the actions, including capital investment, required to strengthen the Northern and Western Regions and mitigate the adverse effects of the UK's exit from the EU which are expected to impact disproportionately on this area, its inclusion on the Ten-T Core Network would result in further Irish projects being eligible to apply for Connecting Europe Facility (CEF) funding, thereby contributing to the balanced development of our regions, including the cities of, Cork, Limerick and Galway and also the North-West of the country in response to the impact of Brexit.

Based on the above, Ireland believes that there is a need to amend the TEN-T Regulation and requests that the European Commission considers the existing requirements for the Ten-T Core Network with a view to including the Atlantic seaboard region of Ireland on the Ten-T Core Network.

I am aware that, as outlined in Article 54 of Regulation 1315/2013 on Union guidelines for the development of the trans-European transport network, the European Commission will consult with Member States in order to carry out a review of the implementation of the core network. I welcome the fact that you are bringing that review forward, in advance of the stated deadline of 31 December 2023, particularly in the context of Brexit and the UK's

impending departure from the EU. I assure you that my Department will be fully engaged in this review process, particularly once the targeted consultation with Member States commences in the coming months, where we will elaborate further on the issues raised above as well as highlighting other key priorities and possible amendments to the TEN-T guidelines that would be necessary in light of relevant developments since 2013.

My officials remain at your disposal should you have any questions in this regard.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Shane Ross T.D.', with a stylized flourish at the end.

Shane Ross T.D.

Minister for Transport, Tourism and Sport