16 March, 2015

Ms. Jackie Piper  
Competition and Markets Authority  
Victoria House  
Southampton Row  
London WC1B 4AD

by email to: Jackie.Piper@cma.gsi.gov.uk

Dear Ms. Piper

I refer to your email of 3 March inviting comments from interested parties on whether or not there has been a material change of circumstances since the preparation of the Competition Commission’s (“CC”) Report of August 2013 as argued by Ryanair in its application to the Competition and Markets Authority (“CMA”) on 12 February 2015.

The Department of Transport, Tourism and Sport of Ireland does not consider that there has been any material change of circumstances since the preparation of the Report. The Department notes Ryanair’s arguments in its application that the recent proposal by International Consolidated Airlines Group (“IAG”) to acquire Aer Lingus “demonstrates conclusively that Ryanair’s shareholding in Aer Lingus does not prevent Aer Lingus from merging with, being acquired by, or otherwise entering into combinations with other airlines”. The Department considers that the IAG proposal confirms that M&A opportunities exist for Aer Lingus but that it also confirms that interest in acquiring Aer Lingus is contingent on Ryanair exiting Aer Lingus” share register. In this regard, we would point out that IAG has clearly stated that it is seeking an irrevocable commitment from Ryanair to accept the offer before any formal offer will be made.

In its submissions and evidence to the Competition Commission, the Department set out the Irish Government’s position on its shareholding in Aer Lingus and, in particular, the main considerations that would be taken into account in making any decision on a sale of its shareholding. These were summarised by the CC in paragraph 36 of Appendix C to its Report as:

(a) “Ensuring competition is maintained to provide travellers with a choice of airlines for travel to and from Ireland;
(b) Maintaining good connectivity for Ireland through strong links with Heathrow for onwards connections and, separately, the continuance of direct transatlantic services; and
(c) obtaining a good price for the shareholder to provide value for the taxpayer”.

I confirm that this remains the Government’s position and that the Government remains committed to a “two-airline” policy in Ireland. The considerations set out above are the criteria against which the Government is currently considering the IAG proposal.

I also confirm that it remains the position of the Government that it is unlikely to sell its shareholding in Aer Lingus while Ryanair continues to be a significant minority shareholder as set out in paragraph 37 of Appendix C and paragraph 4.25 of the Report.

Thank you for providing the Department with the opportunity to comment on Ryanair’s application of 12 February. As outlined above, the Department’s view is that there has not been any material change of circumstances since the preparation of the Report. The Department considers that the CMA should therefore proceed with the remedial action set out in the Report.

Yours sincerely

Ethna Brogan  
Principal Officer  
Aviation Services Division