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FEATURE

Aviation at Shannon

Putting trees first

Shannon Developments new chief executive, Paul Sheane, tells ANNA NOLAN about the plans for the Shannon Free Zone, which has effectively doubled in size

ONE of the first improvements that Shannon Development made to the new World Aviation Park site in Shannon was to plant trees.

"The new park is going to look quite different to the existing Free Zone, which was planned and developed on a Sixties base and has fairly standard terraced factories," says Paul Sheane, Shannon Development's new chief executive. "Companies now want stand-alone buildings, very much to their own design, and lots of trees."

Having had the trees planted, Shannon Development then got busy with providing roads, water and services. Initially, 30 acres of the 110 acre site are being provided with infrastructure. The Shannon Turbine Technologies building, standing on approximately eight acres of this first 30, is already well advanced.

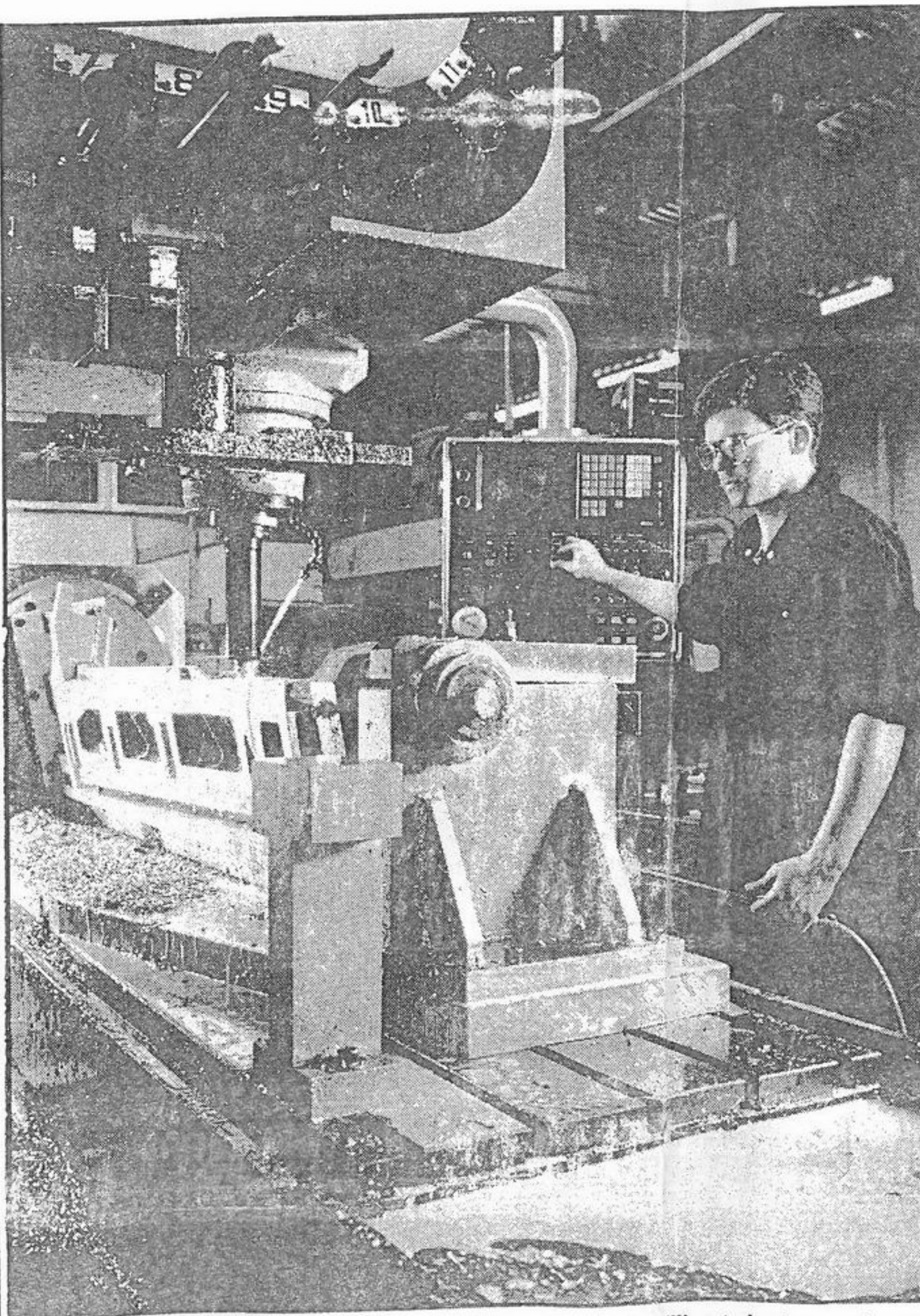
STT, a US \$42 million joint venture between Guinness Peat Aviation (GPA) and Sulzer Brothers of Switzerland, was the first company to declare its intention to set up in the new Park. The World Aviation Park is now part of the Shannon Free Zone, following approval by the EC late last year and the signing of an order by the Minister for Tourism, Transport and Communications, Mrs. Máire Geoghegan-Quinn, and the Minister for Finance, Mr.

Sheane, a milestone for Shannon," Mr Sheane said.

He also says he is pleased with the Aviation Task Force report statement that Shannon will have over 5,000 aviation jobs by the end of the century. "I am happy that this is a realistic projection, one that doubles the base for employment in the Shannon Free Zone," states Mr Sheane. "And don't forget that these are direct jobs which will produce indirect ones."

Planning for an aviation cluster in Shannon was well under way long before the Culliton report made the cluster concept topical. "On the industrial development side we are always looking for specific opportunities," explains Mr Sheane. "Shannon has always had a name in international aviation, and we had built up an aviation-related base through companies such as GPA, SRS and SPS."

But that building up had come about through a series of one-off agreements with individual companies. "We accepted that we needed to get above the level of one-offs, and this view was endorsed by the Minister for Industry and Commerce, Mr Desmond O'Malley, two years ago. To do this we needed a particular push, a specific focus on the sector, similar to that taken with electronics 20 years ago," he says.



High-tech: airframe components being manufactured using CNC milling technology at Acromil, Shannon Ltd.

we decided that the Zone needed to be extended," says Mr Sheane.

"The case was made to Brussels on the basis of new opportunities for Ireland, and of tying in with ideas in Brussels on regional development," he adds.

Shannon Development's plans to focus on aviation opportunities were laid before the Gulf War erupted

and Shannon Turbine Technologies. "If we can do this well immediately after the Gulf War, we will do even better when the worldwide aviation sector picks up again."

He was also quick to issue a public statement of the agency's confidence in the stability of GPA after the surprise withdrawal of its share issue in June. GPA is clearly of great importance to

country's first chair in aviation engineering at the University of Limerick. The academic involvement in the aviation sector is a crucial part of the attraction of the region, according to Paul Sheane.

SHANNON is reaching take-off speed as a component manufacturing centre for the worldwide aerospace industry. As the infrastructure is being built up, Shannon is reaching the critical mass stage.

The newest projects to start up at Shannon have moved forward the frontiers of high technology manufacturing techniques for the area. Acromil, a US-owned company, which started on the Shannon Free Zone recently, is already employing about 13 people and is scheduled to build up to 90 jobs by 1995. The company is making structural airframe components, which are up to about 20 feet long, "carved" from aluminium blocks.

The computer-controlled milling machines being used are the largest of their kind in Ireland; in effect, Acromil is a large machine shop by Irish standards. Tellingly, its initial work is for Boeing 737 and 747 aircraft, but when the company is fully operational at Shannon, it intends to bid for work with the European-based Airbus Industrie consortium.

Acromil epitomises the nature of aircraft component manufacture: the parts have to have minimum weight, yet high precision, to ensure maximum strength. Yet the main economic benefit to the Shannon region of these incoming and established aerospace component makers is the employment they provide, since few source large volumes of raw materials locally.

A recently announced project for Shannon was C & D Ireland, an offshoot of the largest independent manufacturer in the US of aircraft interiors. Its business plan calls for 400 jobs in six years time.

Some component companies are well established at Shannon. Befab Safeland, in the Free Zone, is US-owned and makes aircraft arresting

Bits and pieces

Component manufacturing is taking off rapidly at Shannon. HUGH ORAM takes a look at some of the companies based there

systems, vital at the landing stage of flights. Westinghouse Electric Systems and Logistics, another US company, makes aircraft test equipment. The American SPS Hi-Life company, also on the Free Zone, makes high precision tools.

Unusually for component manufacturers in the area, Fabricated Products on the Smithstown industrial estate, near the airport, making sheet metal and machined components, is Irish-owned. Virtually all existing component manufacturing firms at Shannon are US controlled.

A handful of manufacturers are located in the region, but some distance from Shannon, BMS Ireland, in Limerick, makes electronic memory torque tooling, while In Power Europe, which designs and manufactures modular power converter systems, is based on the National Technological Park at Plassey. The Wire Weavers Ireland company, in Abbeyfeale, Co Limerick, makes wire mesh for jet engine applications. Sometimes, joint ventures are the norm; Essco Collins of Kilkishen, Co Clare, is Irish-American, making ground based radomes.

The prime apostle of joint ventures at Shannon is, of course, the GPA group.

GPA Technologies was set up in 1989 and is now involved in five joint venture projects, the most spectacular of which is Shannon Aerospace, whose vast new hangar dominates the northern approaches to the airport. GPA has the financial

expertise, and the contacts with the worldwide aviation business, and sees an ideal marriage from linking up with technically qualified companies, like the Sulzer Brothers for the Shannon Turbine Technologies company, soon to go into production.

Mr Niall Greene, chief executive of GPA Technologies, says that when all current GPA projects at Shannon are completed, they should be employing about 1,500 people, or nearly a quarter of the projected total in the National Aerospace Task Force report.

But all the joint ventures in which GPA Technologies is involved are designed for maintenance, overall and spare parts provision; none is a component manufacturer. The servicing element will continue to feature strongly in the Shannon prospectus, attracting recent arrivals like Conair, a Canadian company specialising in firefighting aircraft. It set up its European base at Shannon last winter; this summer, its fleet of helicopters took off from Shannon for forest firefighting contracts in such European countries as France, Italy, Portugal and Spain.

For this service-based company, which also adapts aircraft for firefighting use, Shannon is the ideal half-way base between its headquarters in British Columbia, western Canada, and its summer contracts in southern Europe.

Two Shannon Development executives pinpoint the likely growth areas for component manufacturing. Mr Michael Leydon, manager, international industry projects, and Mr Gerry Fitzmaurice, projects executive, say that development possibilities exist for making a whole range of components for aircraft manufacturers, and for airport control equipment.

The World Aviation Park is now part of the Shannon Free Zone, following approval by the EC late last year and the signing of an order by the Minister for Tourism, Transport and Communications, Mrs Máire Geoghegan-Quinn, and the Minister for Finance, Mr Bertie Ahern, earlier this year.

The Aviation Park is located at Ballycasey, a mile or so away from Shannon Airport on the Limerick side. An even bigger site, almost 200 acres right beside the airport, has been also added, effectively doubling the Shannon Free Zone from about 300 to about 600 acres. Shannon Aerospace, which needs access to the runway in order to be able to receive planes for maintenance work, is located here, and begins its first contract in September. The signing of the extension order was a major

off, and this view endorsed by the Minister for Industry and Commerce, Mr Desmond O'Malley, two years ago. To do this we needed a particular push, a specific focus on the sector, similar to that taken with electronics 20 years ago," he says.

In the reshuffle of responsibilities between the IDA and Shannon Development ordered by Mr O'Malley two years ago, while the promotion of the region to overseas industry broadly reverted to the IDA, Shannon Development retained responsibility for aviation-related industry.

"The Shannon Free Zone has lots of attraction for aviation companies — financial advantages, uniquely for both manufacturing and service industries, and a good skills base. But it was totally developed and there was no space to attract a large new wave of aviation industry, so

Brussels on the basis of new opportunities for Ireland, and of tying in with ideas in Brussels on regional development," he adds.

Shannon Development's plans to focus on aviation opportunities were laid before the Gulf War erupted with its consequent nosedive in the aviation business.

While admitting the timing is unfortunate, Mr Sheane stoutly maintains that the business will improve. "We would be confident that the present difficulty is just one of the blips that occur in aviation and that there will be an average five per cent growth," he says.

He points to the list of overseas aviation-sector companies that have recently announced their intentions of starting up in Shannon, or recently started up there, including Acromil, C&D, Conair, Shannon Aerospace

part of the attraction of the region, according to Paul Sheane.

He was also quick to issue a public statement of the agency's confidence in the stability of GPA after the surprise withdrawal of its share issue in June. GPA is clearly of great importance to Shannon Development in its drive to attract aviation-related business, both for its international stature and for the wholehearted support that founder Tony Ryan has given the project. In fact, Dr Ryan was one of the initiators of the concept, stating publicly that there was no reason why Ireland should not become a major centre in the worldwide aviation scene.

As well as investing about US\$40 million in aviation-related business at Shannon over the last three years alone, GPA endowed the

But what of the advent of the Single Market?

"There are no changes coming about on January 1st, 1993 which specifically affect the Shannon Free Zone duty situation, and the normal duty deferral advantages applicable to the SFZ will continue to operate, where operators have the flexibility to pay duty on the lands or selling out price, and duty may be deferred indefinitely for goods which are not in process, but being warehoused on the Zone," Michael Leydon said.

"One financial advantage that Shannon lost in the last Budget was exemption from income tax on dividends payable to shareholders on profits earned before April 5th, 1990. One-third of the dividends are now liable for income tax in the present tax year, two-thirds next year, and all of them after April 5th, 1994.

All the financial incentives are obtainable throughout the entire Shannon Free Zone, which has recently doubled in size.

Under an order signed by the Minister for Tourism, Transport and Communications, Máire Geoghegan-Quinn and the Minister for Finance, Bertie Ahern. Two areas have been added near the original Shannon industrial estate. One gives access to the airport runway, and already contains the Shannon Aerospace hanger, due to open for maintenance contracts in September. The other, on the Limerick side of Shannon, is the location for the Shannon World Aviation Park, where a GPA/Sulzer Brothers joint venture, Shannon Turbine Technologies, building is under construction.

Many happy landings

ANNA NOLAN reports on the unique combination of financial incentives which is drawing aviation companies to Shannon

companies must be internationally-orientated, actively controlled and managed locally, and provide agreed levels of employment and usage of Shannon airport — in other words, brassplate operations are not welcome.

Mr Leydon cites the following examples of qualifying companies: customer support activities, including distribution and order fulfilment; international headquarters for sales, accounts and administration; publishing; telemarketing; import/export trade; aircraft management, trading, leasing, maintenance and repair (a major area for Shannon); consultancy and research; software development; and data processing.

Eligible financial service activities include international banking, fund management, treasury management, administration management, insurance and re-insurance and back office operations.

The 10 per cent tax rate compares very favourably with that in other EC countries. Out of each £100 of profits, companies in Shan-

compared with £72 in the UK, £55 in France, £62 in Spain and £57 in Portugal.

Another financial advantage that Shannon shares with the rest of the country is double taxation agreements with the eight of the EC countries, five EFTA countries, and Australia, Canada, Cyprus, Japan, New Zealand, Pakistan, the US and Zambia.

For all companies in Shannon, goods from non-EC countries are imported duty free into Shannon for storage or processing. Duty is only paid when goods finally leave Shannon for distribution to EC countries, and EFTA countries in certain circumstances. No duties are levied at Shannon Free Zone on goods destined for non-EC countries, and there is no VAT on service activities such as repackaging. And there are several other duty and cash flow advantages to operating in the zone.

Some of the duty free advantages of the zone are, however, a little academic where aviation is concerned, as aviation components have duty free access into anywhere in the EC in any case

THE SHANNON Free Zone is the only part of Ireland where an aircraft leasing company can offer both wet (crewed) and dry (non-crewed) leases and still be liable for only 10 per cent corporation profits tax on both activities — just one of the many financial advantages of operating there.

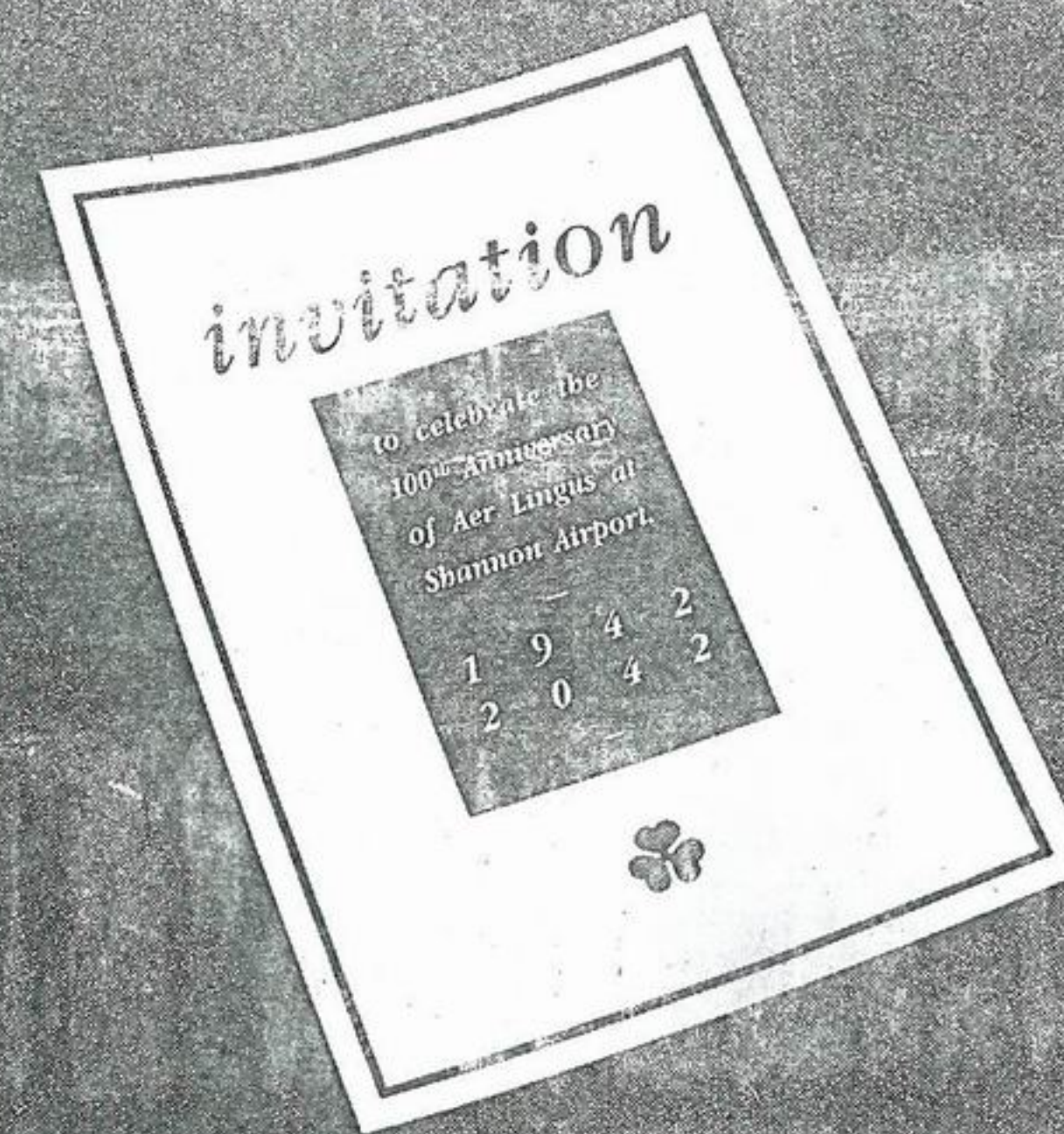
Any manufacturing company, anywhere in Ireland, is eligible for the reduced 10 per-cent corporation profits tax rate. Within the Shannon Free Zone, as within the International Financial Services Centre in Dublin, certain international financial services are also eligible for the 10 per cent rate. But only within the Shannon Free Zone are both activities carried out, which, allied to the duty free port status, gives the area a particular flexibility and attractiveness to the aviation sector.

All the usual manufacturing grants and incentives to industry generally available in Ireland are, of course, on offer in Shannon as well. These include capital, employment, training, research and development and rent reduction grants.

"And, in certain circumstances, non-financial international services companies are also eligible for the full range of grant incentives," notes Michael Leydon, international projects manager with Shannon Development.

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Aviation at Shannon

World park gets off the ground

Building is well under way at the Shannon World Aviation Park, which aims to make Shannon the primary location in Ireland for the aerospace industry. HUGH ORAM reports

AT the Shannon World Aviation Park, near the edge of the airport, work is well under way on building its first factory, which almost inevitably for Shannon, has a strong GPA involvement.

Already the structural steel framework is in place for the new Shannon Turbine Technologies factory, which will cover 70,000 sq ft of space. GPA's partner in the venture is a Swiss company, Sulzer Brothers, which has a strong background and reputation in aviation engineering. The new STT factory will repair high pressure turbine and combustor module components for aircraft engines. Up to 1998, 235 jobs are scheduled.

Shannon Development has set aside a 110 acre site for the aviation park, and 30 acres of that land is being developed in the initial phase, expected to take two or three years to complete. Ms Ina Reddan, Shannon Development's marketing manager, says that the aim is to attract companies which do not need direct runway access.

Manufacturers of large structural components are not being sought for the park, but Shannon Development says the park should appeal to

manufacturers and repairers of smaller components. Avionics (aviation electronics) and landing gear component makers could find it a useful location. So too could spares distribution companies, asset financing and insurance firms, aviation consultancy companies, even aviation publishers.

Around 60 Irish-based companies service the aviation market and close to 40 of those are located in the Shannon area. The World Aviation Park is a crucial element in Shannon Development's declared aim of making Shannon the primary location in Ireland for the aerospace industry.

The fiscal advantages of the World Aviation Park will be the same as for the Free Zone, set up in 1959, which now has around 110 companies, employing about 5,200 people. The 10 per cent corporate tax will apply to manufacturing companies until at least 2010, and for service companies until 2005. Companies setting up there will not have to pay any withholding tax, and they will not have any restrictions on repatriating profits. Shannon Development is running a brokerage facility to encourage property developers to build

custom-built factories for lease or sale.

For US component manufacturers, the World Aviation Park will be an ideal location to gain entry to Airbus, which is now the world's second largest aircraft manufacturer, after Boeing. Suppliers to Airbus have to be based in Europe. Shannon meets that criterion, while being the nearest land point to the US, explains Ms Dymphna O'Callaghan, who works on European marketing at Shannon Development.

Nevertheless, the US aerospace industry is likely to continue to be more buoyant than its European counterpart and some Shannon Development estimates reckon that, when completed, about 60 per cent of companies in the aviation park will be US.

Shannon Development has a measuring scale for the future success of its World Aviation Park. Next to Changi airport in Singapore, a similar aviation manufacturing and servicing zone is well established. As for Shannon Development, it harbours no doubts that its new World Aviation Park concept will not be as successful, in time, as the Shannon Free Zone idea has proved over the past 33 years.



Ready for take-off: CII economic policy director Dr. Con Power has pinpointed Shannon Airport a transatlantic hub and freight marshalling centre

CONFUSION which may arise with the abolition of customs controls in 1993 and the removal of immigration controls two years later has been causing a certain amount of soul-searching on the part of the Aer Rianta administration at Shannon Airport. The cost of separating the various

Duty-free to stay

categories of passengers as they arrive at Shannon could be as much as £20 million, according to Mr Tom Haughey, Aer Rianta Corporate Development Manager.

Fears have lifted about the threatened immediate restriction on duty-

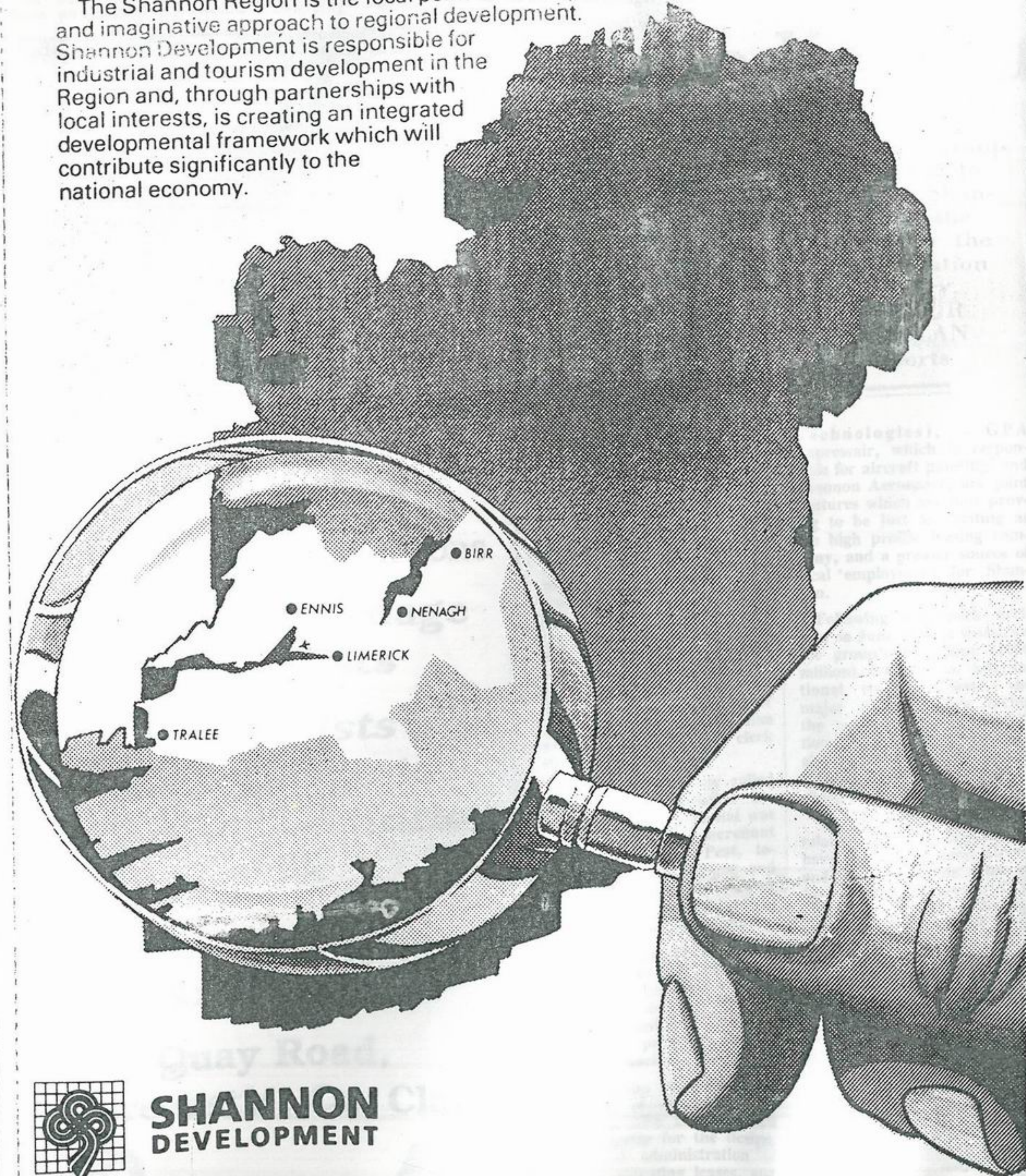
Last year Shannon catered for 1.55 million passengers and had a gross turnover of £47.76 million. In the first five months of this year terminal traffic was up by 16

both companies. A general manager of Aer Rianta was appointed in 1968 and certain staff were transferred from Aer Lingus and the Department of Transport, to provide a framework for the establishment of an independent Dublin Airport organisation and the setting up of a head office entity for the new company.

Shannon Development says the park should appeal to property developers to build... years.

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SHANNON DEVELOPMENT

Shannon Town Centre, Shannon, Co. Clare.

according to Mr Tom Haughey, Aer Rianta Corporate Development Manager.

The real worry for Shannon, however, was the proposed restriction on the duty-free sales which could have a serious effect on profitability. The loss of this revenue would also mean higher airport charges, resulting in immediate increases on air fares. However, on December 2nd last a decision of vital importance to Shannon was reached by the European Council of Foreign Ministers, which allows EC duty-free sales to continue until midnight on June 30th, 1999.

The decision was the result of years of intensive lobbying spearheaded by Aer Rianta. Mr Derek Keogh, Chief Executive of Aer Rianta said, "the campaign was a difficult one, with many entrenched opponents to the continuation of European Duty Free beyond December 31st, 1992."

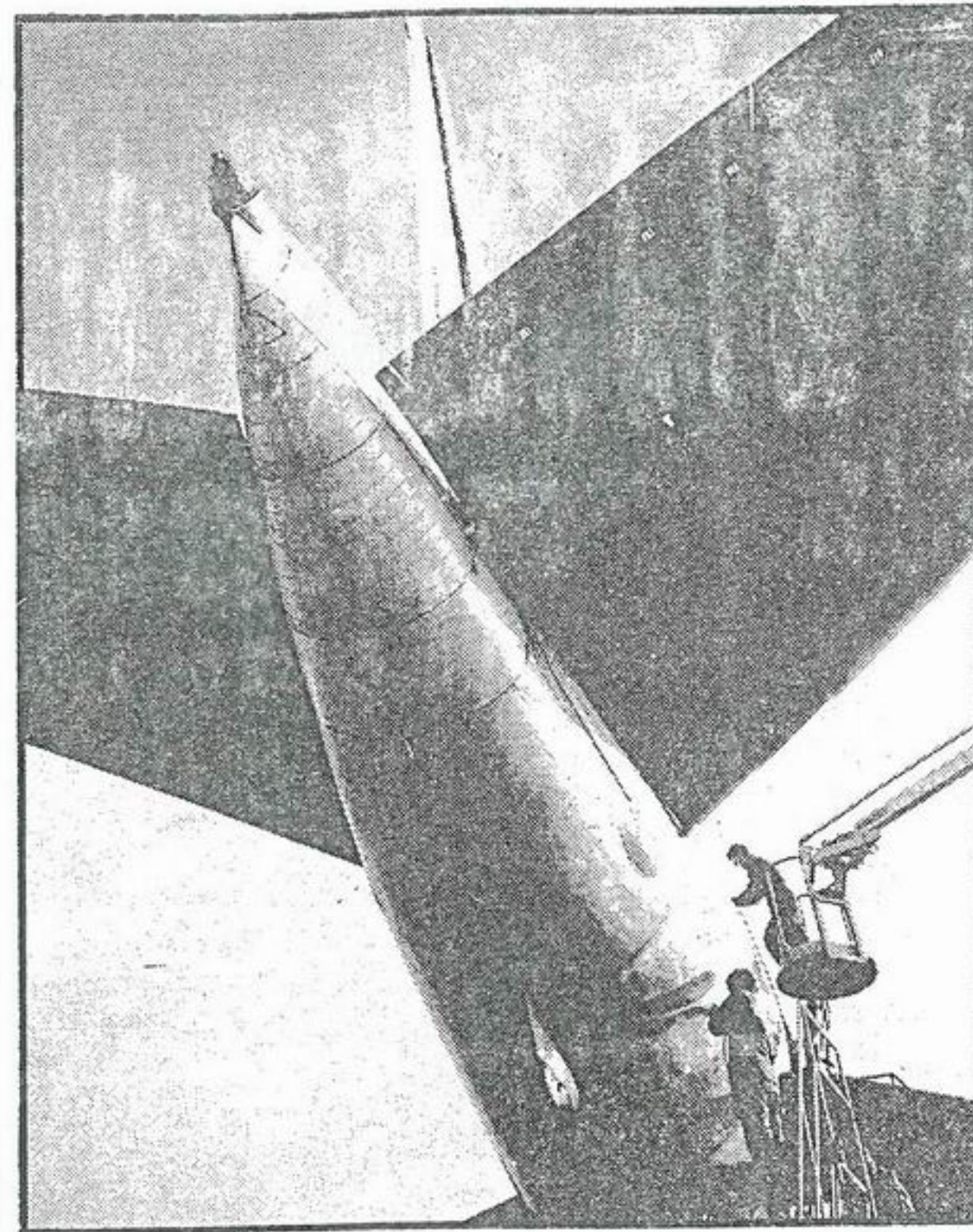
It is interesting that this question of the viability of the duty free shop should arise now, for it is just 45 years this year since Shannon made aviation history when Mr Sean Lemass, then the Minister for Industry and Commerce, declared it the first Customs Free airport in the world. This allowed the opening of what was the first Duty Free Shop at any airport and started what became a world-wide industry.

At the beginning it was a small kiosk that sold souvenirs and a facility whereby aircraft crew could buy cigarettes and whiskey duty free, so long as they put the goods on board the aircraft. This then developed into a shop to supply passengers with similar duty-free goods. Eventually it all changed as business improved and Shannon became famous as an airport where the best food was served and there was top class value

immediate restriction on duty-free sales at Shannon, writes **ARTHUR QUINLAN**

with a carton of cigarettes and a bottle of Irish whiskey costing 10 shillings and sixpence, or 52½p each.

In the mid-1950s and 1960s the shopping area became the largest in the world. In 1971 Aer Rianta reconstructed the shopping concept on the most modern lines and a year ago created a whole new complex considered to be state of the art in layout and design.



Tail end: aircraft maintenance at SRS Aviation, Shannon

five months of this year terminal traffic was up by 16 per cent, but North Atlantic traffic alone so far has shown a 38 per cent increase.

It was in April 1969 that the responsibility for the management of Shannon, together with Cork Airport, was vested in Aer Rianta as an agent of the minister charged with the management of the three airports. The first step in establishing Aer Rianta as an airports authority was taken with the introduction of the Air Companies Act of 1966, which separated the company from Aer Lingus.

Aer Lingus shares were transferred to the Minister for Finance and separate boards were nominated for

Aer Rianta was originally incorporated in 1937 under the Air Navigation and Transport Act of 1936 to serve as a holding company for the newly established national airline and to promote aviation generally. The words "Aer Rianta" were taken to mean "Air Ways" or "Air Tracks". The company managed Dublin Airport since its foundation, although its status was not legalised until the new Air Navigation and Transport Act of 1959.

The sales and catering service at Shannon continued to be managed by Mr Brendan O'Regan, with the title of comptroller, under contract from the Minister of the Department until he retired in April 1973, when the organisation was merged with Aer Rianta at Shannon. The new company became an interesting blend of an enriched corporate culture, to quote press and public relations manager, Flan Clune. It included former civil servants, and airline staff as well as personnel from private enterprise and others.

Aer Rianta was responsible, not only for the running of Shannon Airport, including catering, duty free shops and a mail order company, but also a College of Hotel Management and Castle Tours, which operated the medieval banquets at three castles in the Shannon region.

The most exciting development was the setting up of ARI (Aer Rianta International) four years ago, which is responsible for the running of five separately registered joint ventures with Aeroflot. A total of 60 staff at Shannon are in charge of the duty free enterprises in four of the biggest cities in what was the Soviet Union, including Moscow Airport.

New airline to expand

TRANSLIFT Airways, the new airline trading from Shannon since February this year, is about to get its fourth aircraft, a DC8-71, identical to the three already in use, all leased from GPA.

"So far, so good," says Mr Des Ryan, senior vice-president in charge of marketing and sales at Translift Airways, whose chairman and

chief executive is Mr P. J. McGoldrick, a former chief executive of Ryanair. Mr McGoldrick is the main shareholder in the company; the other investors are 3i, a leading UK commercial and industrial finance company, and CIN, a UK pension fund company.

One aircraft is being used for worldwide cargo operations, while the other two

aircraft are being used for passenger charters, flying as far afield as Athens, Las Palmas and Malaga. From Stansted and Manchester airports in Britain, Translift Airways is flying passenger charters to Orlando, Florida. The company is also providing aircraft capacity for such airlines as Virgin Atlantic (UK), Air Inter (France) and Condor (Germany).

The big expansion should

come early next year. Translift Airways has applied for a licence to run a four times weekly scheduled service from Shannon to Boston and Los Angeles. Subject to licence approval, it plans an April, 1993 start.

The company has 125 on the payroll, between its Shannon head office and Stansted; it has just opened a Boston office.

HUGH ORAM

Aviation at Shannon

Training for high fliers

Shannon Airport is the primary flight crew training location in Europe, reports ARTHUR QUINLAN

AIRCRAFT flight crew training is now big business at Shannon Airport, which is recognised as the primary training location in Europe. Last year, Aer Rianta earned just on £1 million by providing some 15,000 aircraft movements to airlines from various European countries. Six years ago that figure reached a peak of 16,800 movements, when flight crews from many of the emerging nations in Africa, including Zambian Airways, Nigerian Airways and even Air New Zealand came to Shannon to train their crews in the technique of flying some of the most modern aircraft.

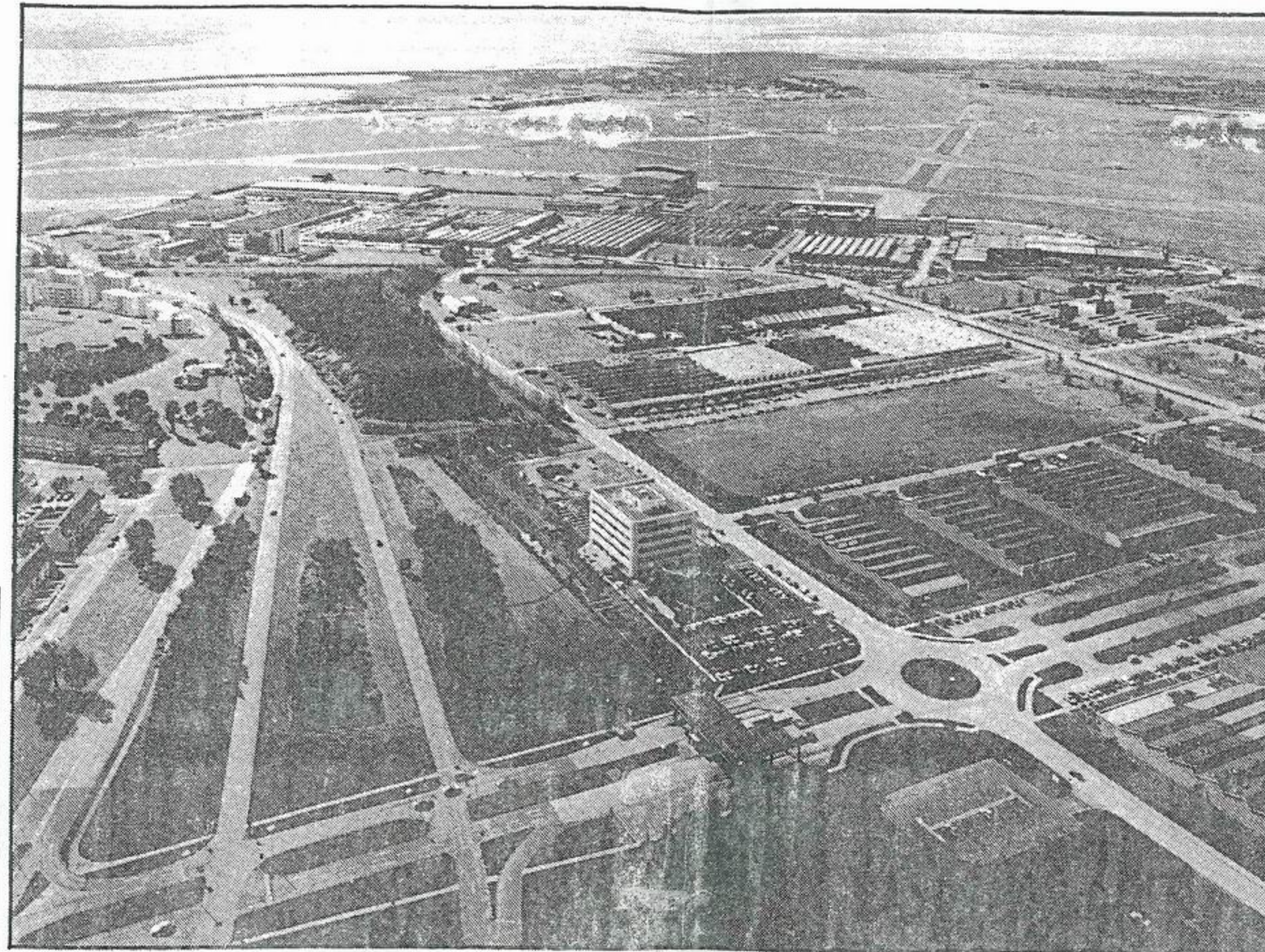
So familiar has the pattern of aircraft crew training become at Shannon that it is difficult to believe that just 15 years ago this month, the *Clare Champion* carried a story of complaints about the training from some of the residents of Shannon, Ireland's newest town.

The report stated that, "the sleep of young Shannon children and the concentration of Leaving Certificate

students... as well as workers on the industrial estate and local farmers, was disturbed by the 8 am to 11.45 pm training sessions of the Air France Supersonic Transport Concorde during the week." It went on to state that, throughout the week, Aer Rianta and the local Gardai had been "deluged with complaints about the noise of training flights." Later, the report points out that much of the criticism against the Concorde was misdirected as it was discovered that Swissair jets and a VC-10 had been "making passes over residential areas and have caused almost as much noise."

That Air France Concorde Supersonic training programme in 1977 brought £200,000 in revenue to the Shannon area. A total of nine pilots and 35 technicians were involved, apart from instructors. They were accommodated in local hotels and availed themselves of all the amenities of the Clare countryside, including golfing, shooting, hunting and touring.

These attractions and



Record-breaker: the world's first duty-free industry part at Shannon free zone employs more than 5,000 staff in over 100 companies, producing £300 million in exports annually

facilities are well publicised in a colour brochure which is circulated by Aer Rianta to all the leading airlines. It points out that Shannon is ideally suited for flight training operations. Uninterrupted flight training, it points out, can be carried out on schedule, unhampered by operational or local authority restrictions. There are "no noise restrictions, day or night. No hindering weather restrictions and a low level of non-training traffic."

One of the attractions which Shannon offers to air-

lines planning training operations is suitable flying weather conditions. The incidence of snow is negligible and only on 20 occasions in a 10 year period has snow been recorded at a depth of one centimetre or more, and the greatest depth was a mere 6 cm. Another scale shows that over a five year period, even in the winter months, the number of times that the horizontal visibility was below 400 metres is almost negligible.

Landing fees for aircraft while training are charged at

one fifth of the standard rate as published in the Irish Aeronautical Publication prepared by Aer Rianta. In this the standard landing charge for a 352-ton Boeing 747 Jumbo Jet is about £1,800 and £911 for the 163-ton DC-8 or the newer McDonnell Douglas-11. Air France and Swissair are this month conducting training courses with these aircraft.

Even with this 80 per cent reduction in landing rates, training flights are good business for an airport. A landing in this case is a mere

touch on the runway, lasting no more than a few seconds before the aircraft take off again on the same run. The training aircraft is then taken out on a circuit lasting about six minutes before it makes another touch-landing.

One thing is certain; there are now fewer complaints of sleeping children, industrial workers or farmers being disturbed during aircraft training sessions. This may be due to improved engine technology and a quieter generation of aircraft.

A second, but so far more nebulous, transit concept would enable passengers from the US to change planes at Shannon for onward direct flights to regional airports in mainland Europe.

Eastern Europe offers a

Welcome visitors

Aeroflot's presence at Shannon brings £20 million a year into the region, writes ARTHUR QUINLAN

EVERYTHING about Aeroflot, the Russian national airline, is big. It is the largest airline in the world and carries eight million international passengers a year to some 103 countries. At home the airline moves 130 million passengers between 20 towns and cities in various sizes and types of aircraft, for in rural Russia the aircraft plays the role of country bus service, so great are the distances and so cheap are the fares.

Twelve years ago an agreement was signed between the Irish and Soviet governments to allow Aeroflot transit rights via Shannon to a number of countries in the Western Hemisphere, with the main focus on Cuba. Initially in 1980 the Soviet airline made 190 stopovers at Shannon, while this year they expect to have 2,600 stops, or some 58 flights a week. On Mondays alone, Aeroflot has 12 flights and between 9 am and 11.30 they have six Ilyushin 62 jets or the wide-bodied IL-86s on the ground together.

Mr Sean Hurley, Aeroflot manager at Shannon, tells us that the total involvement of the company brings £20 million into the Shannon area a year. Much of that is for fuel, landing and handling fees, for which there is mostly a barter arrangement for Russian aviation fuel. However £2 million is paid for meals to be put on board from the flight kitchen and £1.5 million is spent in shops at Shannon and Limerick by Russian flight crew, who are allowed £25 a day in special spending money.

Each morning at 11.00 a bus leaves Shannon for Limerick, so that flight crew may do their shopping. A total of 180 crew members overnight at Shannon or at hotels in Limerick, and their main purchases are cloth-

machines, and sometimes even motor car tyres.

Some of these items are available in Moscow, but there is a waiting list in some cases of several years. Despite the shortage, crew members seldom buy foodstuffs. There seems to be little limit on the volume of goods which Russian crew members bring back from Shannon, subject, of course, to overall aircraft weight limitation.

Aeroflot has a remarkable network of air services through Shannon, with three independent companies, Air Ukraine, Air Belorussian and Moscow Airways operating under the original bilateral agreement. The Irish Government has granted the airline traffic rights from Shannon to Washington, Chicago, Miami, Managua, Mexico City, Havana, Lima (Peru), Kingston (Jamaica), Santiago (Chile) and Gander (Newfoundland). Shannon is linked to the East with Luxembourg, Stockholm, Moscow, St Petersburg (formerly Leningrad) and Minsk. The airline also has a back-up service to New York, but without traffic rights as yet.

Aeroflot has, however, a weekly service which connects up with Aer Lingus at Shannon. This is expected to be extended to some of the other new companies, thereby creating a C.I.S. hub at Shannon linking Eastern Europe with the Western world.

The close link with Aeroflot began in 1979, when a five year agreement was signed by Mr Michael Guerin, General Manager Shannon airport and Mr Gregory Mirzayan, Director USSR Ministry of Civil Aviation.

This required the construction of an aviation fuel farm in Shannon, for the storage and delivery of Soviet fuel to Aeroflot aircraft. The arrangement was that the fuel remained the property of Aeroflot throughout and the only cost to them was a service fee for storage and delivery to the aircraft.

This saves the Russian company paying out hard currency for fuel to international suppliers, and Aer Rianta can sell the fuel to all comers. In 1983, because Aeroflot had difficulties in paying airport charges in hard currency, Aer Rianta negotiated the bartering of a limited

Speeding up traffic

Aer Rianta's Shannon Express plan would turn the airport into a hub

airport has a permanent staff of 550, rising with temporary employment to around 800 in

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save three hours and five minutes by travelling the Shannon route rather than going to London Heathrow

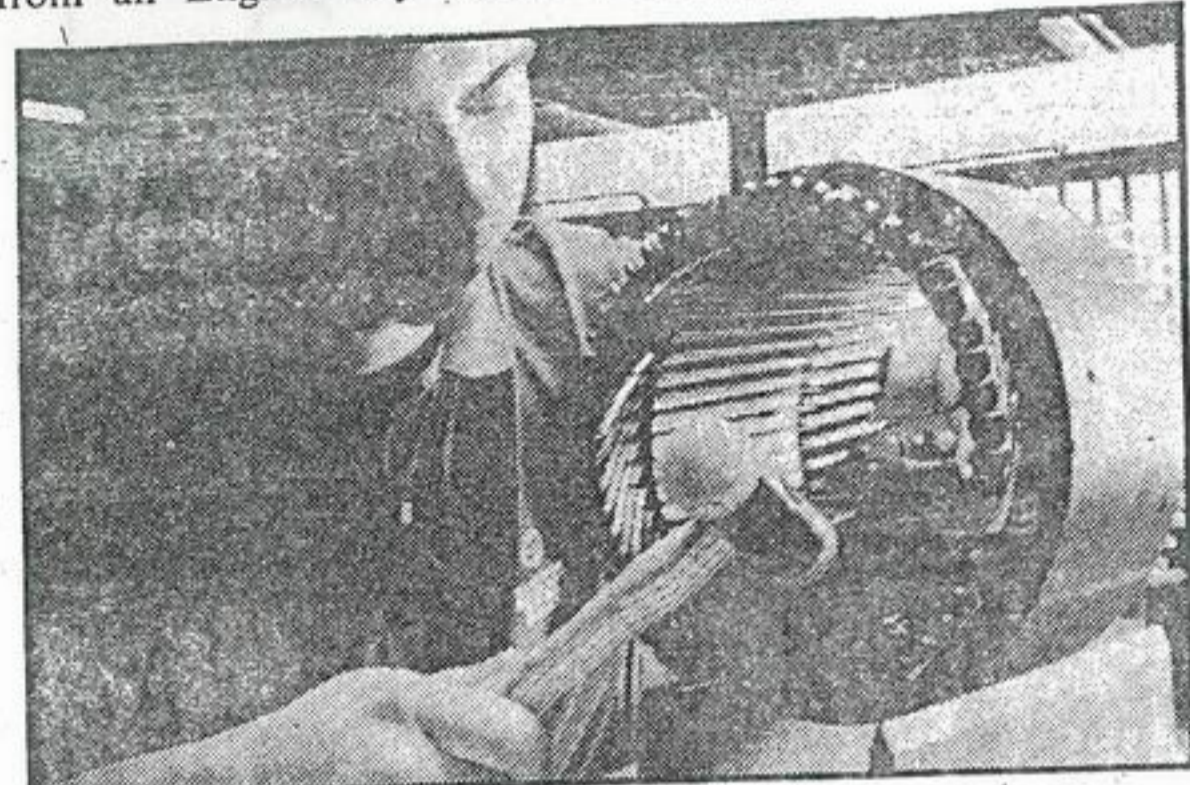
inexorably into less than a dozen mega carriers, so strategically placed airports are being developed into hub locations. Shannon aims to achieve this status with Aer Rianta's Shannon Express concept.

The plan calls for North America-bound passengers from regional airports in Britain to fly to Shannon, clear US customs and immigration there and change aircraft for the trans-Atlantic haul. Mr Eugene Pratt, Aer Rianta's traffic development manager at Shannon, says that elaborate research shows that British passengers could save much travelling time.

A passenger starting out from an English city would

save three hours and five minutes by travelling the Shannon route rather than going to London Heathrow. The plan has been thoroughly researched, says Mr Pratt. Mr Derek Keogh, Aer Rianta's chief executive, is on recent record as saying that he still believes the plan is feasible.

Work on preparing the plan started four years ago, but it remains to be put into effect, because of the turmoil in the world aviation industry. The US industry has seen significant regrouping, with three huge carriers emerging into a dominant



Hammering it out: aircraft generator rewinds at Shannon Aircraft Motorworks

Speculating up

Aer Rianta's Shannon Express plan would turn the airport into a hub location, writes HUGH ORAM

position, American, Delta and United. Shannon is the fourth largest departure airport in Europe for flights to the US and if the plan came to fruition, passenger throughput would be boosted significantly.

This year, Shannon is likely to see between 1.6 million and 1.7 million passengers. The hope and ambition of Mr Michael Guerin, airport manager, is to see the

record 1990 figures beaten this year. In 1990, the airport had nearly 60,000 aircraft movements, scheduled, charter, training and cargo and he also hopes to see that statistic beaten in 1992.

If the Shannon Express concept was put into practice, the airport would receive a substantial, but as yet unquantified, boost in traffic. Employment numbers should also be helped. The

airport has a permanent staff of 550, rising with temporary employment to around 800 in summer.

The plan calls for more scheduled flights into Shannon from regional airports in Britain, a scheduling which is limited at present. All flights between provincial British airports and Shannon involve a change at Dublin. The Shannon Express project calls for tightly scheduled regional flights from Britain, which would involve a minimal stop-over time at Shannon, enough for the US entry formalities and duty free shopping.

planes at Shannon for onward direct flights to regional airports in mainland Europe. Eastern Europe offers a third possibility for transit development.

that flight crew may do some shopping. A total of 180 crew members overnight at Shannon or at hotels in Limerick, and their main purchases are clothing, electrical goods that include microwave ovens and washing

because Aeroflot had difficulties in paying airport charges in hard currency, Aer Rianta negotiated the bartering of a limited quantity of Soviet fuel to meet these charges.

Breeding success

IT IS NOW almost a cliché to say that GPA is a remarkable success story, started by one man in 1975 on initial capital of \$50,000, which is under £30,000 in today's value. The group and its associated companies now have \$5.8 billion global credit facilities, generating revenue of almost \$2 billion, and achieved a net profit of \$263 million (£146 million) at the end-of-year March this year, compared with \$242 million (£134 million) in 1990.

From its corporate headquarters on the edge of the Industrial Estate at Shannon, GPA is now said to be the world's leading provider of commercial aircraft on operating leases. It has this arrangement with 68 airlines in 41 countries throughout the world. Today its major shareholders include Mitsubishi Trust Bank of Japan, Aer Lingus, Air Canada and the 56-year-old Tipperary man who started it all, Dr Tony Ryan, who in 1957 joined Aer Lingus at Shannon as a ground operations clerk straight from school.

GPA was originally called Guinness Peat Aviation because the start-up capital was put up by the merchant bankers, Guinness Peat, together with Aer Lingus and Dr Ryan. Its initial success was that it got the right formula at the right time.

GPA essentially created a new system of financing aircraft for the world airlines, and it is in this area that the company continues to bring innovative products to the financial markets.

The group now has three divisions, of which the best known is GPA Leasing. This is responsible for the design, sales and administration of aircraft operating leases, and for the training of airlines of new and used aircraft. GPA Technologies (which includes Shannon Turbine

The GPA Group is helping to promote Shannon as the centre for the Irish aviation industry. ARTHUR QUINLAN reports

Technologies), GPA Expressair, which is responsible for aircraft painting, and Shannon Aerospace, are joint ventures which are now proving to be just as exciting as the high profile leasing company, and a greater source of local employment for Shannon.

Following the shock decision on June 18th to withdraw the group's \$1 billion (£600 million) flotation on international stock markets, the major challenge now facing the group is to raise additional capital, which presumably will have to be obtained from private placement in the short run.

The sentiment in Ireland relating to GPA appears to have remained very strong and should provide some of the capital. However, it is known that the company has not abandoned strategic plans to achieve its ultimate aim of a public listing of its shares. The company is now about to launch its second ALPS syndicated fund which is expected to raise over \$500 million (£280 million) through the sale of a portfolio of aircraft with leases attached.

Three years ago Shannon Development Company announced that it had already embarked on a major campaign to develop a World Aviation Centre in Shannon. The object is to make Shannon the centre for the Irish

aviation industry. With this aim an international campaign began with support from existing aviation companies, but in particular from the GPA Group.

In May 1990 Shannon Aerospace announced the launching of a £20 million investment which was the largest single training venture ever undertaken in this country. It was a joint FAS/Shannon Aerospace Training Programme and followed the formal signing of a number of contractual agreements in GPA House between Shannon Aerospace and Shannon Development Company, Aer Rianta and the builders.

Dr Ryan, chairman and chief executive of GPA, announced the signing as "a milestone in the development of the aviation industry in Ireland". The project is a joint initiative between GPA, Lufthansa and Swissair, and is expected to create up to 1,000 jobs over the next four years. Last month Shannon Turbine Technologies was established. It will initially employ 100 people, rising to more than 230 by 1996 with a payroll of up to £5.88 million per year. This is a high technology repair centre for components for CMFI and General Electric jet aircraft engines.

Mr Niall Greene, chief executive of GPA Technologies, said at the company launch, that the establishment of Shannon Turbine Technologies had brought GPA's commitment to investment in aviation-related business at Shannon to almost \$40 million (£23.5 million) in the past three years. Combined investment with its partners and bank borrowings would bring GPA's investment at Shannon to about \$275 million (£162 million), and would generate 1,500 additional jobs by the end of this decade.

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Aviation at Shannon

The first fifty years

Next month, Aer Lingus celebrates 50 years of continuous service at Shannon, writes ARTHUR QUINLAN

"SHOULD there be a change in policy so that we could obtain relaxation of the requirement for all transatlantic services to transit Shannon, I believe we could guarantee a year-round Shannon-New York service and a daily one from Dublin as well. By the mid 1990s, if the change was to take place, we would hope to have half the transatlantic services turning round at Shannon." This firm view was expressed by Tom McInerney, Aer Lingus manager at Shannon, who has every confidence in the future of his company and of Shannon Airport.

Aer Rianta, the airport management, expressed the view that Aer Lingus is by far the most important customer of the airport in terms of terminal passenger traffic, even though they may have fewer transatlantic movements than Aeroflot.

It is not generally known that next month the national airline will have completed 50 years of continuous service and employment at Shannon. It was on August 12th, 1942, that the airline first introduced thrice weekly a service from what was then known as Rineanna, to Collinstown, Dublin, using a 10-seater De Havilland aircraft. The pilot was Captain Noel McAuley and one of the passengers was Mr Desmond O'Malley, who was beginning the first of his two terms as Mayor of Limerick. He was father of the present Minister for Industry and Commerce.

On board the aircraft was a square wooden box marked, "First airmail and passenger flight Dublin-Berlin 1932". The box was carried on all Aer Lingus inaugural flights at that time.

The service was introduced at a time when there was a remarkable growth of

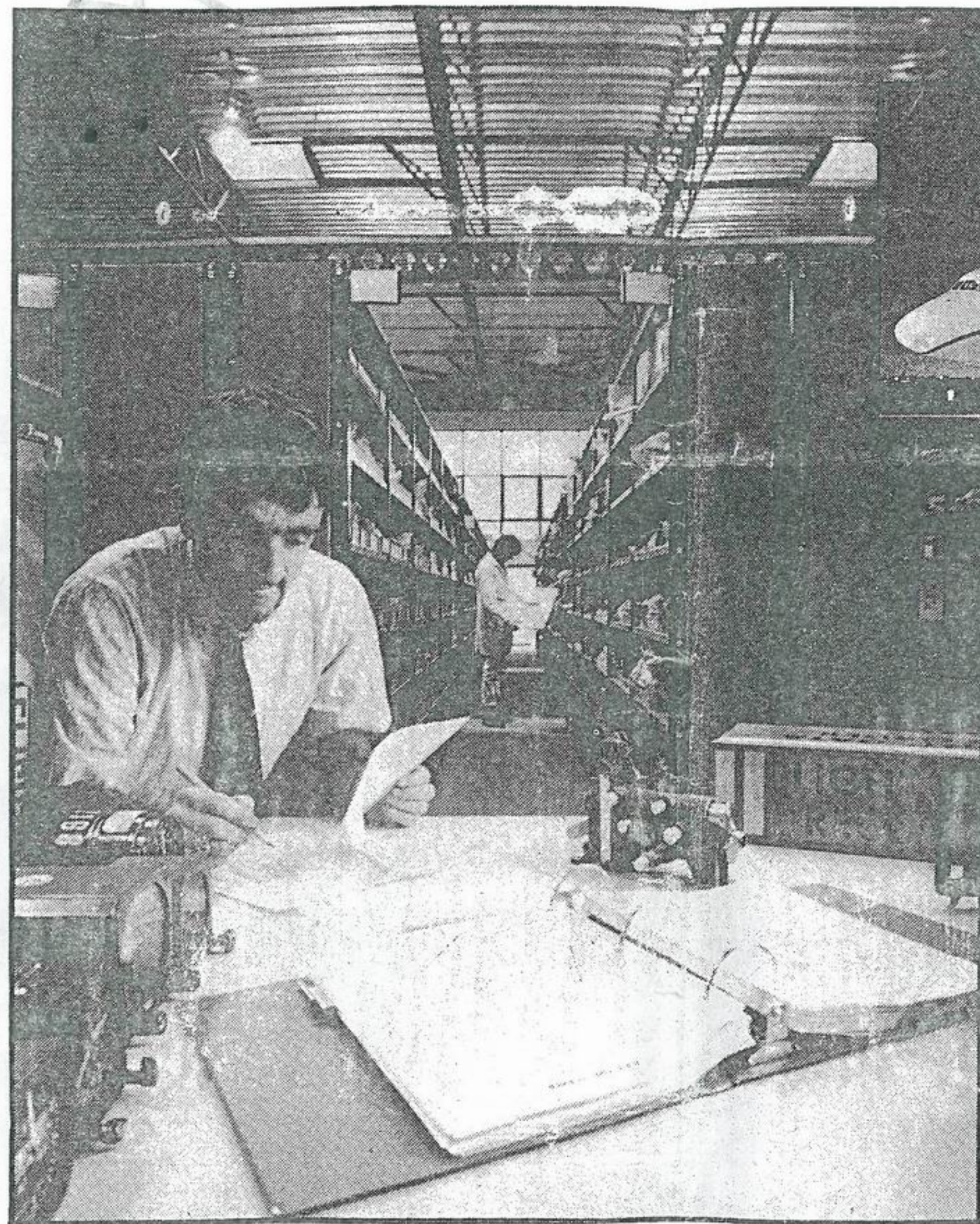
of high priority traffic between London, in particular, and Washington. British Airways had hundreds of flights that year and the two American carriers started up, making it a total of 1,400 flying boats for the year.

There were, however, only 15,000 passengers on these aircraft, giving an average of little over 10 for each flying boat, for they all travelled in the luxury of the day provided for such VIPs. Most of the aircraft went on to Poole in Dorset, or to Lisbon, but many of them were shuttled by road to Rineanna and from there to Britain by the smaller piston-engined aircraft.

In October of that year the Aer Lingus Rineanna Dublin service was suspended, as there were fewer flying boats during the winter months.

It was not until May 1946 that the Shannon/Dublin service was re-opened, with the first of the Aer-Lingus DC-3 (EI-ACA), which the following month made a forced landing where the industrial estate is now built. The pilot and co-pilot, both of whom had served with the Irish Air Corps at Rineanna, knew the area well and made a perfect pancake landing with the wheels up. None of the passengers or crew suffered serious injuries although the aircraft was a write-off.

The national airline became well established at Shannon once regular scheduled transatlantic services began in October 1945. There was a steady build-up of staff, as the company, apart from its own operations, became handling agents for all the overseas airlines. In those days there was a tremendous volume of documentation connected with every passenger. Such details as name, address, age, marital state and exact weight were entered on all



Keeping spares: GPA Pacific Aero Support uses Shannon as an international base for the distribution of aircraft spare parts

multiple copies going to all departments, including duplicates handed out to authorities at every airport en route.

At present Aer Lingus has 310 permanent and 100 additional staff during the summer. The company has a payroll of £7 million annually, which includes payment to the staff of SRS, which is a subsidiary company. It pays out £4.54 million in fees for aircraft landings, loadings and pre-clearance charges. Last year, 80 new jobs were created with the company at Shannon and 30 in SRS. Capital investment included a £2 million cargo terminal and £1.5 million extension to the SRS Hangar. A further £6 million has been expended on the Irish Helicopter operations as a result of

sales manager, said that this summer there is a higher level of continental passengers flying into Shannon. Sadly, he said, the recession in the US and British markets has depressed business and in Britain it was more difficult, with Germany, France, Italy and Holland being most encouraging. Last year, all services to Paris went through Dublin but now there are direct services between Shannon and Paris on Saturdays and Sundays. From Monday to Friday the service goes by way of Dublin.

Mr Boland said there is now a completely new service operating to Dusseldorf on Saturdays and a through service from Frankfurt to Shannon on Saturdays and Sundays with the return

York and six to Boston this summer represent an increase on last year's schedules, when there were 11 a week to New York and five weekly to Boston. Mr Boland said that the company would turn around a significant number of flights at Shannon and this would involve the setting up of a cabin crew base. It would mean he said, that a hundred cabin crew would be living in the Shannon area involving a local pay roll of some £2 million per year. That would be contingent on a change in the current regulatory policy. The cabin crew, he said, would be either new recruits living locally or persons who would wish to move into the area.

It was important, he said, that Aer Lingus gets the right



Evening take-off: a Transflite plane lines up on the runway at Shannon

Setting job targets

The National Aerospace Task Force plans to create 1,000 new jobs by the mid-1990s, writes HUGH ORAM

THE National Aerospace Task Force spent two years pulling together every aspect of the industry in Ireland, public and private sector, for its recently published report.

Over the past 20 years, the electronics industry has developed from a small beginning into a vast sector. The task force, under chairman Mr Sean Donnelly, executive director of the IDA, hopes that by putting the aerospace industry into tight focus, similar progress can be achieved on the aviation front.

Mr Paul Brock, who represented Shannon Development on the task force, puts the case eloquently: "We have a long tradition of aviation at Shannon, but we were only getting the bits and pieces; the industry was not coming together in a meaningful way."

Sean Donnelly says that the employment targets set in the report are realistic but difficult. "No basis existed for higher figures," he says. Total employment in the

to 11,500 by the year 2000, with 5,000 of all those jobs being Shannon-based. At present, according to Paul Brock, Shannon has around 2,000 aerospace jobs and hopes to have 3,000 by the mid-1990s.

The types of job likely to be created are ideally suited to the country's needs, says Mr Peter Coyle, manager of the IDA's Irish manufacturing industries division.

A high proportion of the jobs likely to be created will be for semi-skilled and skilled personnel; people who have served their time in car repair or other traditional engineering trades could be ideal for retraining.

No industry is more regulated, for safety reasons, than the aviation industry, so continuous programmes of maintenance and overhaul are mandatory for every aircraft. Already, projects like TEAM Aer Lingus in Dublin have proved outstandingly successful, and Shannon Aerospace is due to start up in September. Sean Donnelly sees maintenance and overhaul providing the largest proportion of the new jobs.

This sub-sector has around 3,500 jobs in 1992; the task force report envisages an increase to 7,300 by the year 2,000. Manufacturing is scheduled to give the second largest increase, an extra 1,900 jobs by 2000. Apart from Dublin and Shannon, the task force sees

Recent developments at Shannon have set the future pace on component development there. Acromil set up recently to make structural airframe components for such manufacturers as Boeing and McDonnell-Douglas, while another US company, C & D Ireland, is being established to make stowage bins for the new A330/A340 Airbus aircraft and wall, floor and ceiling panels for the British Aerospace 146 regional jet.

The aviation industry is deeply conservative, says Sean Donnelly, citing Boeing's 32 year link with Aer Lingus. But already Ireland has built a very sound reputation for overhaul and component manufacture. Shannon Aircraft Motorworks, set up in Shannon four years ago, is the only facility of its kind in Europe for rewinding the generators on aircraft engines. Late last year, it received the all-important FAA certification in the US, one of the first repair stations outside the US to receive this American approval.

He is confident that with an already established reputation for precision work in the aerospace industry, Ireland can gain many more jobs within the sector, with Shannon being a primary beneficiary. And since the aerospace industry is literally a global village, where as Sean Donnelly says, everyone knows everyone else

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(B) Small aircraft, big business

A PART from Aer Lingus, Aeroflot, Delta Air Lines and Ryanair, Shannon nowadays has a remarkable variety of smaller airlines, mainly operating charter services from all parts of Europe. Together with passenger movements, valuable airfreight provides a sizeable amount of business, which is scarcely noticed by the casual visitor as the operation takes place at the huge freight terminal areas beside the SRS hanger.

This, of course, is appropriate as SRS, which was set up in 1962 to provide traffic

handling and aircraft maintenance to airlines transiting Shannon and was taken over by Aer Lingus in 1966, caters for all the supplementary carriers. SRS also provides the servicing and maintenance for the growing volume of corporate and private traffic, under licence from the Department of Communications. It now handles well in excess of 3,000 flights a year.

During the mid-1980s SRS decided to develop the aircraft maintenance business to provide overhaul capability to approved standards on

Charter airlines, corporate aircraft and private jets are all part of the daily stream of traffic at Shannon. **ARTHUR QUINLAN** reports

modern jet aircraft. Its hangar facilities extended at a cost of £1.5 million can accommodate two aircraft up to Boeing-737 size, or one stretched DC-8 or Boeing-757. Recently, the company took on an additional 30 in staff and now employs over 60 people in the maintenance department alone.

SRS is now conducting a four year aircraft maintenance engineering apprentice course at its engineering school where it also trains Aer Lingus engineers. The young trainee engineers are later sent to Bolton Street College, Dublin, on block release courses and the total cost of this is about £300,000.

Delta Air Lines, which operates Boeing 767 aircraft, has a very efficient daily service linking Shannon with Dublin and Atlanta, Georgia.

Since Ryanair returned to Shannon in April, it has built up a network of services. These include a daily service from Shannon to London Stansted, charter links with Marseilles, Nantes, and Lille,

as well as a service to Stuttgart.

One of the largest of the American charter companies is American Trans-Air, which sometimes routes its aircraft from New York by way of Belfast to Shannon.

Canada 3000, using Boeing 757s is now operating a weekly service from Toronto to Shannon and Dublin, in company with Aer Canada.

There has been a great growth in German charter companies. They include Aero Lloyd, which flies weekly between Stuttgart, Hanover, Bremen and Shannon; Condor, which operates an Airbus A310 and Boeing 737 from Frankfurt; and Hapag Lloyd which serves Munich and Dusseldorf.

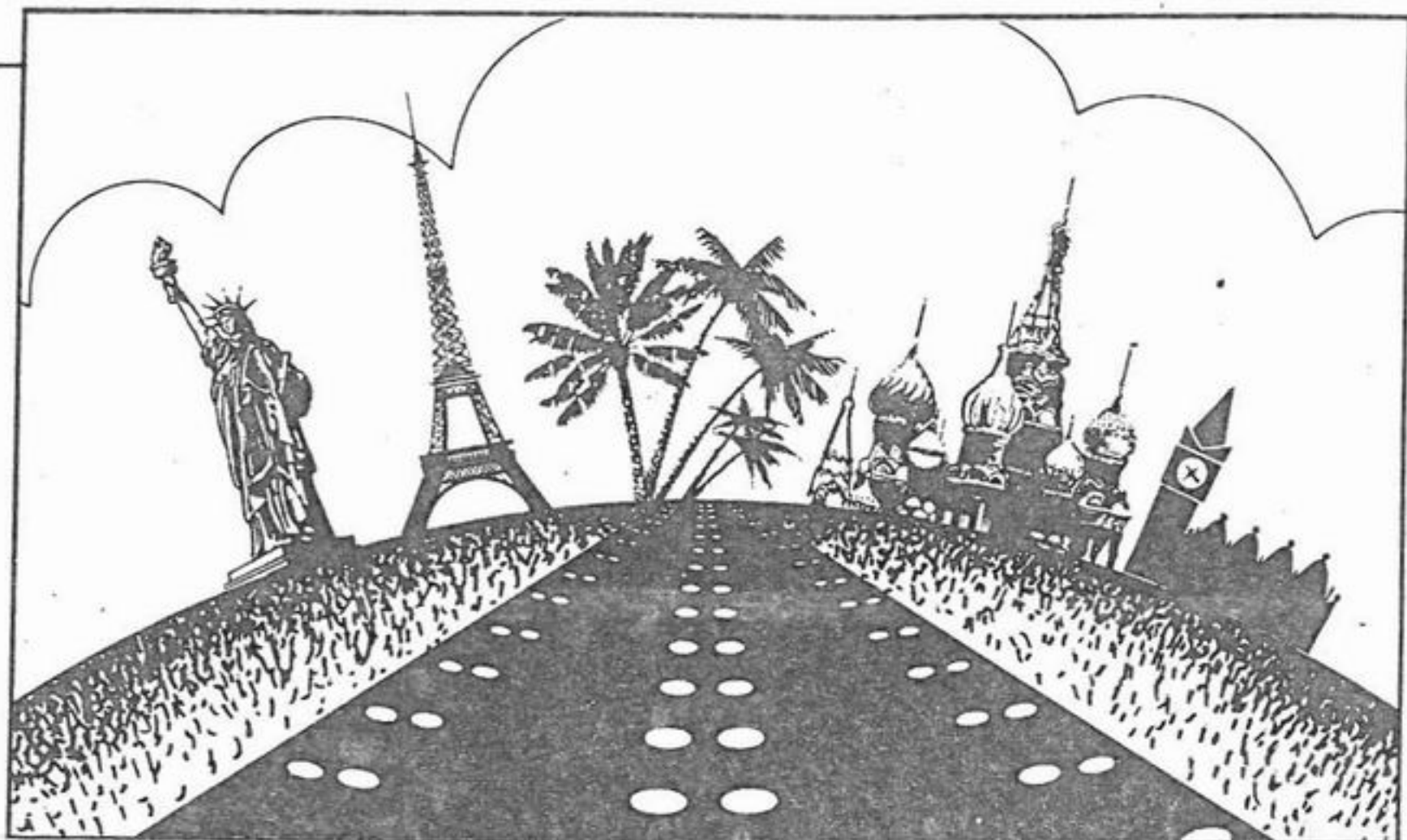
A new service is provided by Euro-Berlin, which flies in once a week from the former German capital, Bonn, and will continue until next November.

Apart from Ryanair, France is well served by a variety of charter companies. Air Charter, a French com-

pany, operates these flights a week between Paris and Shannon, with an occasional service to Lourdes. Air Toulouse, which is still operating Caravelle Jets, will be providing a service from that French city until mid-September. Corse Air, a French company, operates Boeing 737s from Paris from July, while another Swiss company TEA Basle, will continue to operate from Zurich right through August. The

lone Belgian company, Sobelair, has a regular service from Brussels to Shannon.

Air France, which no longer has a transatlantic passenger service through Shannon, has been operating a very successful 747 cargo flight from Paris to New York and Chicago and, more recently, Pakistani Airlines provides a similar service from Karachi through Shannon to New York.



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