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Rt Hon Patrick McLoughlin MP  
Secretary of State for Transport  
Department for Transport  
Marsham Street  
London  
SW1A 1AA

Dear Minister,

**Access to the UK's Hub Airport from North Scotland**

SCDI is an independent membership network that strengthens Scotland's competitiveness by influencing Government policies to encourage sustainable economic prosperity. SCDI's membership includes businesses, trades unions, local authorities, educational institutions, the voluntary sector and faith groups.

The transport partnerships for the north of Scotland, HITRANS and NESTRANS, have recently written to you on the above matter. We want on behalf of SCDI, a Scotland-wide industry body, to reinforce their points on the economic need to ensure access to the UK's hub airport in London from the north of Scotland.

The energy industry in the North of Scotland, particularly, but not exclusively, centred on Aberdeen, is currently undergoing a period of strong growth. In relation to the oil and gas sector, over the last 18 months, the UK Government has made a number of announcements which show an increasing recognition of the importance of the industry to the UK economy and balance of payments, not only at present, but potentially for many years. The major oil companies are foreseeing the possibility of at least another 40 years of significant activity in the North Sea. The Scottish-based supply chain now achieves over £7.5 billion of international trade annually, much of it directly managed, serviced and supplied from the North of Scotland, to over 100 countries globally. The percentage of sales which are derived from international activity has grown steadily in the last decade and is now 46% of the total. The recently published Scottish Oil and Gas Strategy includes a target to increase overall sales by the Scottish-based supply chain to £30bn by 2020 and the proportion of exports to 60% (or some £18bn).

What must be fully understood though is that this is a global industry with global movement of people and goods. Connectivity to the world from Aberdeen is vital to the long term success and sustainability of the sector and the need to retain existing levels of access to the UK hub airport (currently Heathrow) must not be underestimated. There is a risk that, as production declines in the North Sea, if the ability of the supply chain to access international opportunities is diminished, companies will be forced to relocate not only from Aberdeen, but outside the UK. As

the availability of world-leading expertise in areas such as enhanced oil recovery is critical to maximising production in the North Sea, if this expertise relocates, this will further reduce the domestic economic prize for the UK too.

It is also anticipated that the burgeoning low carbon energy industry will also begin to develop an important international footprint over the next decade. The UK's most productive resources are in the north of Scotland and diversification by oil and gas companies in the region will also be key, both to UK developments and to exports of technologies and services. Access to the UK's hub airport from Inverness and Aberdeen will thus be essential if this potential is to be achieved.

The food and drink industries of the north of Scotland are also growing very strongly, with substantial investment, particularly to meet demand for premium products from emerging markets. Exports of Scotch whisky have grown by 50% since 2007 and now generate some £4.2bn annually, and food exports, such as Baxters, Walkers Shortbread and Scottish salmon, have increased by 63%. This is making a significant difference to the UK's balance of payments. The sector's target for total exports of £5bn annually has been achieved 6 years early, and a new target of £7.1bn has been set for 2017, while the target for the total turnover is £12.5bn.

The north of Scotland plays an important role in the UK's offering in a number of other sectors, not least tourism. However, I have highlighted energy and food and drink as two sectors of significant growth and opportunity, in which the success of industries in the north of Scotland is key for the UK economy and public finances, and in which global connectivity is essential to their success.

While Aberdeen is at present well-served with connections to the UK's hub airport at Heathrow, given the shortage of capacity, the trend at Heathrow and, now, Gatwick, is for regional services to be replaced by long-haul flights to maximise airport and airline revenues. Inverness lost its only service to Heathrow a few years ago and there are increasing concerns about the frequency of the Inverness-Gatwick service run by FlyBe. Aberdeen has recently lost its Flybe service to Gatwick. We are concerned that, unless the Government takes action, connectivity between the north of Scotland and the UK's hub airport will be further eroded. SCDI welcomes the review of capacity by the Davies Commission, but we believe that action to address the short-term pressures cannot wait for its conclusions.

We believe that, with the market presently constrained by UK Government policy, the Government should intervene to ensure that some capacity benefits the regions of the UK, above all those which do not have competitive surface alternatives and which have key UK industries which rely on global connectivity.

SCDI recommends that:

- The Civil Aviation Authority's (CAA) remit in advising on aviation policy should be extended to the wider impact on the UK's economy, social cohesion and conformity with the EU's policy of reducing peripherality
- While unprofitable routes should not be supported, the CAA should be able to review protection, whether by Public Service Obligation or other means, of vital, profitable regional routes into the UK's hub airport
- The UK Government and the Davies Commission, as they review aviation policy and capacity, must consider the issues of economic impact across the UK, social cohesion and peripherality when examining hub capacity

SCDI will be submitting evidence on the Draft Aviation Framework and to the Davies Commission, but we consider that it is important to convey these points to you directly and immediately. We would be happy to discuss our views with you or your senior officials at any stage and look forward to hearing your views.

Yours sincerely



Colin Parker  
**Chairman – SCDI North East Committee**



Michael Urquhart  
**Chairman – SCDI Highlands and Islands Committee**

cc

Rt Hon Michael Moore MP, Secretary of State for Scotland, Scotland Office  
Keith Brown MSP, Minister for Transport & Veterans, Scottish Government