

Rt Hon George Osborne MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
LONDON
SW1A 2HQ

6th October 2011

Dear Mr Osborne,

Open letter re APD

As part of the UK Treasury consultation earlier this year into Air Passenger Duty, the undersigned wrote to you as a group highlighting some issues within the consultation of particular concern to the North East of Scotland.

One of these issues, in relation to Air Passenger Duty, was where you asked whether there was any support for the principle of devolving responsibility for this duty to the Scottish Parliament. Our letter noted that we were in favour of such devolution of responsibility.

We were therefore interested to note that on 27 September 2011 you announced that Air Passenger Duty on direct long haul routes departing from Northern Ireland would be cut to the lower short haul rate, as well as your intention to devolve aspects of Air Passenger Duty, although this requires primary legislation for Northern Ireland.

We also note that the Government will be publishing its response to the Air Passenger Duty consultation in the Autumn and suggest that this be included in the Pre-Budget Report.

Scotland, like Northern Ireland, is distant from the main European hub airports and, particularly in the north of the country, we have no viable surface access to them. We are also seeking to rebalance our economy by growing our exports, increasing inward investment and attracting more tourists, in line with the UK Government's Economic Strategy. We are building on the increasing exports derived from the knowledge and skills base of our energy supply chain expertise and from our premium food and drinks industry, both of which are making a substantial contribution to the UK economy with significant potential for growth.

In the circumstances, we would suggest that many of the arguments that apply to the relationship between rates of APD and the development of business and tourism in Northern Ireland apply equally to the more peripheral regions of the UK, including our own. Thus, in the wider Scottish context a similar devolution of Air Passenger Duty would permit the Scottish Government to set tariffs suitable to both keep the current direct flights from Scotland and extend the range of these flights to the benefit of both the Scottish economy (and hence the UK economy), and contribute to reducing the need for flights to hub airports including Heathrow reducing pressure on the already at capacity Heathrow Airport.

These strategies are based on capitalising on growth in trade and emerging markets, and therefore rely on our global connectivity. Given our geography and distance from the main European hub airports, the attraction and stimulation of more direct flights is vital. As was proposed by the Calman Commission and the Government has recognised for Northern Ireland, the devolution of air passenger duty to the Scottish Parliament would enable it to take proactive measures to grow Scotland's aviation network.

We would again encourage you to include this in your response to the consultation you intend publishing this autumn, and suggest that this be included in the Pre-Budget Report.

The undersigned....



Derek Provan
Managing Director, Aberdeen Airport



Bob Collier
CEO, Aberdeen and Grampian Chamber of Commerce



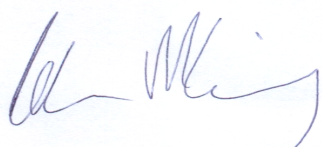
Peter Smart
Chairman, Aberdeen Airport Consultative Committee



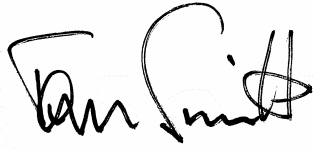
Ian Armstrong, Manager – North East Scotland, SCDI



Cllr Ian Yuill, Chair of NESTRANS



Councillor Callum McCaig, Leader, Aberdeen City Council

A handwritten signature in black ink that reads "Tom Smith". The signature is written in a cursive style with a large, prominent 'S'.

Tom Smith
Chairman, Aberdeen City and Shire Economic Futures.

A handwritten signature in black ink that reads "A. Robertson". The signature is written in a cursive style with a large, prominent 'R'.

Councillor Anne Robertson, Leader Aberdeenshire Council

A handwritten signature in blue ink that reads "Chris Holliday". The signature is written in a cursive style with a large, prominent 'H'.

Chris Holliday, Chief Operating Officer, Eastern Airways