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Chamber of
Commerce**

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Open letter to UK & Scottish Government Ministers

5 September 2022

Dear Minister

Please find enclosed a copy of the *Press & Journal* from Monday 5th September. It lays out the clear economic case to award Green Freeport status to both the North East and Cromarty bids. And reinforces the strength of feeling on the matter of the communities in these areas.

If it *is* correct that the Forth bid is to be given the green light, then parts of the North of Scotland will end up betrayed by our governments once more.

In just the last few months the Scottish CCUS cluster centred around St Fergus was denied Track 1 funding. And the recent profits levy has disproportionately impacted companies in this region and an energy sector which needs vital capital to invest now in green energy technologies. Losing out on Green Freeport status would be a triple whammy and the last straw.

The following pages lay out a compelling argument as to why the North East bid must not be side-lined. Please do not bite off the hand of a region which has fed the UK and Scottish economies handsomely over the last five decades and can do so for many more to come if you invest in us now.

As the *Press & Journal* points out, Scotland has one third of the UK's coastline and 63% of its offshore waters. So, if we have a number of compelling bids, why is this being capped at two? Based on this extract from the original UK Government Freeport prospectus there is clearly provision for making additional awards, but is there the political will?

0.0.6. The UK government has committed to establishing Freeports in each of the four nations, to a target of 10 across the UK. However, further awards may be made if bids are particularly strong. The number of awards in Northern Ireland, Scotland and Wales will be jointly agreed with the relevant devolved administration.

We know an announcement is imminent. Please make sure it's the right one for the people and businesses of the North East of Scotland.

Yours sincerely

Russell Borthwick
Chief Executive



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North East Scotland Green Freeport

Aberdeen & Grampian Chamber of Commerce is the North-east Scotland's leading business support and economic development organisation and one of the most influential Chambers in the UK, representing more than 1,100 organisations that collectively employ over 100,000 people. Our aims are to support our members to do better business today while working as part of a strong and ambitious regional partnership to create the conditions that will underpin the **future economic strength of our region**, supporting inclusive growth and a just transition.

This letter is on behalf of our business community which stands behind this unique and strong region-wide **Green Freeport bid**. Support which has been demonstrated by the number and range of companies that responded to our call to back the bid and sign our open letter.

From a standing start in the 1970s Aberdeen built a global reputation as a leader in the oil & gas sector. Entrepreneurial spirit, innovation, problem solving, exporting technologies and project management skills and **punching above its weight in terms of economic performance and return to the exchequer**.

This is not a 'drawing board' bid. Many of the constituent parts are currently in operation, under construction or shovel ready. At the bid's heart is one of the biggest maritime infrastructure projects anywhere in the UK for many years. The £400m South Harbour at Port of Aberdeen will open later this year with the vast majority of the investment being **privately funded** by the Trust Port.

Being at the heart of the drive to develop and deliver green energy solutions is, perhaps, a bigger and longer term economic opportunity for the Aberdeen city region than when oil was first discovered in the North Sea. The collective expertise, innovation and skills built up in the area over the last 50+ years across operators, supply chain, universities, agencies and other partners means we are well placed to once again be **at the vanguard of innovation and change**. We have the momentum and must not let the opportunity pass.

We all want to get to the same **net zero destination**, there is no one in denial about the direction of travel. All that needs to be agreed upon is the steps we take to get there and, crucially, the order in which we take them. The North-east of Scotland can be at the heart of driving this positive change if we make the right decisions now.

To meet our ambitious targets, we must harness the expertise, knowledge, financial capital and infrastructure of our **world-class oil and gas industry and supply chain**. Doing so will allow us to move to net zero through developing carbon capture utilisation and storage, offshore wind and hydrogen technologies powered by UK businesses.

The recent 'Making the Switch' report by Robert Gordon University shows that currently in North-east Scotland 45,000 people are employed in the offshore energy sector. It looks at four scenarios and the worst of these, "regional decline", sees this figure fall by an eye-watering 17,000 by 2030. **That is the price of getting this wrong**.

The best case scenario, "**Global Energy Hub**" status, forecasts direct employment in the sector growing to 54,000, with over 60% of the jobs in renewable energy. A remarkable shift inside a decade.

These low carbon jobs are not available at scale yet, but with the right support, investment and training they can be in the near future with Green Freeport status building on and accelerating other developments in the region like Acorn, ETZ, hydrogen city, Scotland's largest solar plant and Scotwind to name just a few. In the case of the latter, 80% of the windfarms will be situated within 100 miles of Aberdeen.

The First Minister Nicola Sturgeon has publicly backed the idea that Aberdeen should aim to be Europe's net zero energy capital but it's a title that needs to be earned, not just assumed.

Independent analysis undertaken by EY, shows that the plans will **create 32,000 jobs** across a wide range of sectors-not just energy- and **additional GVA of £8.5bn** will be generated through the delivery of the North East Green Freeport plans over a ten year period.

And as one of the UK's premium food and drink producing regions, the creation of a regional customs hub will enable an **increase in export activity** for products such as scotch whisky, craft beer, seafood, meat produce and ice-cream, building direct links to key markets.

Please do not fall in to the trap of thinking the streets of Aberdeen and Aberdeenshire are paved with gold. As in any city and any region, we have **significant pockets of deprivation**, many of which are within the bid footprint and we believe that these parts of our community have most to gain from the award of this bid.

The economy of North-east Scotland is at a key crossroads. Decisions taken now will determine whether this region recovers strongly or becomes **a museum to its halcyon days as Europe's oil & gas capital**. Time is of the essence and acting now will avoid a scenario where the Aberdeen region follows the path of other 'post-industrial' areas requiring huge levels of future regeneration and reinvention.

This is a place that has continually delivered **strong return on investment made here**. A notable example being the City Region Deal where the initial total contribution of £250m from Scottish and UK Governments has now increased to £936m as a result of the initial programme leveraging additional commitments from local authorities, universities, the private sector and other investors.

This, along with the pace of delivery, is proof of the strong partnership between business, government, universities and agencies in this region which is the envy of other places. **We get things done** and have a proven track record of doing so. Being awarded Green Freeport status will be the catalyst for seeing a similar impact to that created by the core City Region Deal funding, only on a much larger scale.

We have a **once in a lifetime opportunity** to secure our nation's future energy security and regional prosperity while achieving our climate goals. This requires huge investment, much of which will come from existing businesses in the energy eco-system.

Of course, this was not helped by the recent Energy Profits Levy. Ahead of its introduction, the Chancellor at the time, Rishi Sunak, himself said: *"The obvious impact of a windfall tax would be to deter investment-it is as simple as that. At this moment I want to see more investment in the North Sea, not less. Last year we saw the lowest amount of investment on record in the North Sea."*

One lever that both UK and Scottish Governments have to address this risk is to back the Aberdeen region and its business community by supporting the ambitious North East Green Freeport proposal being brought forward.