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Dear Ms Hyslop,

Aberdeen & Grampian Chamber of Commerce is Scotland's largest Chamber representing over 1,200 organisations that collectively employ around 100,000 people across our region.

We are at the forefront of driving economic development in the North East of Scotland, with a particular focus on improving inter and intra transport connectivity. If the region is not connected, it will not realise its economic and people potential.

As you will be aware, we are jointly engaged in the ongoing Buchan Sustainable Transport Study alongside the Campaign for North East Rail and other partners focused on reinstatement of rail for both passengers and freight between Dyce, Ellon, Peterhead and Fraserburgh, the latter being the two largest towns in the UK furthest from the rail network.

The study to undertake an appraisal of this strategic transport corridor was generously awarded support from the Scottish Government's Just Transition Fund and is due to be concluded shortly.

In addition, AGCC has been a very active and vocal campaigner for many years in favour of improved journey times and upgraded rail infrastructure between Aberdeen and the Central Belt to support both passengers and freight users. As an organisation, we have worked closely with a number of member businesses on moving freight from road to rail including Port of Aberdeen, Energy Transition Zone and BrewDog.

Updates on these initiatives were presented at the RFG event in Grangemouth on Wednesday which you attended, by Michael Whittaker of AECOM.

It is therefore extremely concerning to note that the budget for the Mode Shift Revenue Support (MSRS) scheme for the Scottish element of rail / coastal shipping for internal and cross border movements appears to have been removed by the Scottish Government for the financial year ahead.

Withdrawing this support will hamper the ability of current and future traffic to be viable during the build-up phase of the freight flow. This will also impact on the ability of the Scottish Government to achieve its mode shift target of 8.7% increase in Net Tonne-KMs over Control Period 7 (from 2024 – 2029).

Such a withdrawal will undermine the good work which has been underway with industry in Scotland to support the modal shift in freight from road to rail and to ensure the viability of new freight flows to rail and water in Scotland. While we appreciate the need for rail freight to be a sustainable model of moving goods throughout the UK, without the initial government funding support in place it will prove extremely challenging for businesses to make the switch.

Furthermore, without MSRS support, rail freight is typically not currently competitive with road. For suppliers in our region, and the relative added distances to get products to market, there is an existing competitive disadvantage that MSRS could potentially plug. Its removal will put potential investment at risk.

We also remain concerned about whether or not the Scottish Government's Rail Freight Facilities Grant (FFG) will still be in operation for the 2024/25 financial year as it is not clear from the published Scottish Government budget papers. It would be most helpful if you could confirm the continuation or otherwise of the FFG scheme to applicants in Scotland for the financial year 2024/25.

There is a wider policy imperative to support increased rail freight to ensure that Scotland can meet its targets in terms of reducing the high carbon levels associated with road haulage.

We hope that you will consider reinstating this vital MSRS funding, confirming the existing freight facilities grant and helping to secure as a result a bright future for rail freight in Scotland as a key part of our route to net zero.

Yours sincerely,



Russell Borthwick  
Chief Executive