



**Aberdeen &
Grampian
Chamber of
Commerce**

Rt. Hon. Jeremy Hunt MP
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Dear Chancellor,

I am writing in response to your Autumn Statement, in which you made several welcome announcements. After far too many painful years of low growth, 110 measures to grow the economy is exactly what businesses needed to hear.

The Chamber network across the UK has been campaigning for full expensing to be made permanent, and we are delighted to see this £11 billion per year package – the biggest single business tax boost in half a century – being brought forward.

Headline announcements on the doubling of the investment zone packages and almost £1 billion of support for our green industries, including carbon capture, should also be good news for the North-east of Scotland, and we look forward to supporting the government in accelerating the deployment of this exciting technology in Aberdeenshire.

However, for all the positives, failure to recognise the detrimental impact the Energy Profits Levy (EPL) is having on the North Sea oil and gas sector is a further blow to an industry which, following the announcement by Petrolneos, has shed 1,000 jobs and counting this year.

There is compelling proof that the EPL is having a detrimental impact on investment in the UK Coastal Continental Shelf, (UKCS) and thus undermining the government's policy goals. Our recent Energy Transition Survey highlighted that confidence in the UK sector is at a record low, and clearly deviating from other basins.

There is also clear evidence from those in the energy sector that discretionary capital is moving elsewhere due to the severity and duration of the tax. The experience of operators also suggests that under traditional reserve-based lending mechanisms, the UKCS has become 'uninvestable' for many.

The introduction of a price floor, though welcome, has not made a practical difference to the investment environment, because the average price has been set at \$71.40 per barrel for oil, a level which is unlikely to be triggered. The 20-year average figure used to set the current price floor is not inflation adjusted. If it was, the 20-year average would be \$94 per barrel.

We urge you, again, to remove the EPL to secure the investment required in the energy sector to enhance our energy security today, and to help fund the new technologies of tomorrow.



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Recent legislation laid before parliament by your government has the clear intention of stimulating further exploration and production in the North Sea, something we are aligned on the need for. However, these mandated licencing rounds will achieve nothing when accompanied by a fiscal regime which is driving companies, investment and jobs away from the UKCS.

Put simply, the windfall tax needs to go if we are to avoid a cliff-edge end to our domestic oil and gas industry and the 215,000 jobs it supports across these isles.

We would welcome the chance to discuss this matter with you further, either in London or here in Aberdeen as a matter of urgency.

Yours sincerely,



Ryan Crighton
Director of Policy and Marketing