



Aberdeen and Grampian
Chamber of **Commerce**

Greenhole Place
Bridge of Don
Aberdeen
AB23 8EU

Tel: (01224) 343900
Fax: (01224) 343943
email: info@agcc.co.uk
Web: www.agcc.co.uk

17 July 07

Julie Hawes

Inquiry Coordinator
Competition Commission
Victoria House
Southampton Row
London WC1B 4AD

Dear Julie

I am writing to you regarding your enquiry as noted above. Aberdeen and Grampian Chamber of Commerce (AGCC) was involved and consulted by Scottish Chambers of Commerce in the preparation of their collective submission to you on this matter.

We would, however, like to make a number of points which could not be readily reflected in the collective submission and these are set out below.

Aberdeen is not within a practical business day commute to the key business centres of the Midlands and London by anything other than air travel. We do not have the tactical alternative of rail if any disruption happens with air services as the single direction intercity journey time to the commercial centres is itself more than a working day. Equally, we do not have a practical alternative airport in Scotland should flights be disrupted from/to one of the Scottish Airports, as was recently the case, as the journey times from Aberdeen to Edinburgh and Glasgow and indeed Inverness are at best a minimum of 2 to 2.5 hours by car, and longer by train. This puts us in a different situation from both Glasgow and Edinburgh and in our minds makes the airport and related air travel even more crucial to the economy of the N E, more than is the case elsewhere.

We also have a global and dominant industry sector located in our region which relies heavily on direct air services. This has not been fully recognised or supported in earlier investment levels by BAA at Aberdeen in years prior to the current high oil price. There is a view that profits generated from BAA Aberdeen have been used for investment in other airports in the group.

The Oil & Gas sector needs to have an airport focused on supporting direct international services with the appropriate facilities and related capacity. This demands a proportionally greater investment in Aberdeen than has been the case.

The Competition Commission needs to recognise these economic realities in its deliberations and any judgment that you reach which maintains the status quo must deliver a fresh recognition of the airport as a key economic engine demanding a different investment approach than has been the norm in the past.

The Commission should also note that any break up of the current ownership resulting in the sale of Aberdeen must recognise that purchase by another airport operator may not result in any additional investment in Aberdeen facilities and route development.

That said a new owner might relish the opportunity to compete with other airports and transport modes by working with local stakeholders and investing more to create greater competitive impact than the current facility offers. Experience from other provincial City/regions airports suggests that ownership which involves key players in the locality, including in some cases local authorities/development companies, has led to a much more focused and active investment and the fuller exploitation of the wider economic benefits to the region by the airport.

The Chamber of Commerce worked closely with BAA Aberdeen in the establishment of the Aberdeen Airport Business Development Forum (AABDF) in 2003 and we remain an active partner in this important transport forum. It brings private and public sector together and provides a business focused forum for airport operator and stakeholders alike and was the main support instrument in securing 24/7 operation and more recently gaining planning approval for an runway extension. The Chamber conducts a joint business user survey in conjunction with BAA Aberdeen to ensure that we have an up to date sense of the business community's needs and future demands. This information has helped develop the business investment case to support the items noted above.

The airport is currently enjoying unprecedented growth as a direct result of BAA taking a more serious interest in the opportunities that it sits amongst and working with customers and stakeholders alike to invest in and promote the facility and locality. It is vital that we encourage them to continue this work; however, this will not address the underinvestment of the past. A focus on retail is doubtless rewarding for shareholders but having a more appropriate and competitive facility is the region's first priority.

In closing, we believe air transport will be for the foreseeable period the underpinning platform for the N E economy and we need the most committed owner and capable and motivated investor in control.

The Chamber would be happy to provide additional information to assist you with your enquiry.

Yours sincerely

Geoff Runcie
Chief Executive