

**Rt Hon Nicola Sturgeon MSP**  
First Minister of Scotland



**Scottish Government**  
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24 August 2017

Dear David

I am writing to tell you how my Government is working with tourism businesses to promote growth, support ambition and create a supportive business environment in Scotland.

Scotland is one of the strongest economies in the world. We have advantages few nations can match - abundant natural and cultural resources, one of the most highly skilled workforces in Europe and a globally renowned brand. We are an innovative and productive economy, and are world leaders in key industries of the future.

Creating jobs and sustainable growth are key priorities for the Scottish Government. We are delivering a nationwide drive to improve productivity by supporting businesses to grow, encouraging innovation, enhancing our infrastructure, developing skills and promoting fair work.

From the outset of our economic strategy we have been clear in our support of the tourism industry throughout Scotland. The sector's continued growth is crucial to Scotland's economy and we want to continue our collaborative work to build on the positive developments seen in recent years.

As at March 2016, the number of tourism-related enterprises operating in Scotland has grown to 14,090 from 13,595 in 2010 (an increase of around 3.6%) – the 2016 figure is the highest since the start of this decade.

There was a 16.5% increase in overseas tourism visits to Scotland in 2016 compared with 2010. Also overseas tourist expenditure has risen by 15.8% in real terms between 2010 and 2016 – with domestic tourism expenditure rising by 20.8% between 2010 and 2015.

This is excellent news for the industry but it's also great news for the wider economy. In 2015, spending by tourists in Scotland generated around £11 billion of economic activity in the wider Scottish supply chain and contributes around £6 billion to Scottish GDP in basic prices. This represents about 4.5 per cent of the total Scottish GDP.

There are many challenges the industry faces, whether it's digital connectivity, skills access and development, and the fact Scotland is competing in an ever-growing global market. We continue to listen to the industry in what policy and approach will help to overcome these challenges and support the growth of the visitor economy.

We are supporting specific actions and activity which contribute to achieving the four priorities identified in the industry-led Scottish Tourism Alliance Tourism Scotland 2020 strategy mid-term review in 2016:

1. Strengthen Digital Capabilities
2. Strengthen Industry Leadership
3. Enhance the Quality of the Visitor Experience
4. Influence Investment, specifically flight access & transport connectivity, built infrastructure, digital connectivity and business growth finance

Examples of such support includes:

- £6 billion investment in an infrastructure plan and supporting investment in Scotland's cities and regions.
- Improving Scotland's connectivity through strategic transport investments and have set out our intention to reduce Air Departure Tax rates.
- Reducing the cost of doing business in Scotland, ensuring competitive business rates – the Small Business Bonus Scheme alone lifts 100,000 small premises out of rates altogether, greatly benefiting the SME-dominated tourism industry, and following representations from the industry in light of the 2017 revaluation we also introduced a targeted cap on rates increases.
- Despite very challenging fiscal pressures, we continue to maintain our levels of financial support for VisitScotland and in 2017/18 its resource budget will remain at £40.4 million.
- We are committed to delivering 100 per cent superfast broadband access by the end of 2021 to ensure that all parts of Scotland can benefit.
- We are improving the digital skills and capabilities of tourism businesses to support better visitor experiences and increased productivity through Digital Tourism Scotland - a £1.2 million, 3 year public and private sector partnership project running until 2018.
- Our Mobile Action Plan, agreed in collaboration with the mobile industry and the first of its kind in the UK, sets out a number of measures we are taking forward to encourage greater investment in Scotland by the mobile operators. This includes an infill programme to extend 4G coverage into rural areas not served by the commercial rollout.

We also share the sector's ambition to continue to internationalise and tap into new markets, and we are committed to supporting you to do that.

The Scottish Government and its agencies have a wide range of resources to draw on to achieve this. To boost our brand abroad and secure overseas investment we have representation in 29 countries, and we have established new innovation and investment hubs in Dublin and London, with plans progressing to open two further hubs in Brussels and Berlin.

Our hubs provide Scottish companies with a place to meet clients and customers in order to target new markets and secure investment, so they can play a critical role in attracting tourism investment to Scotland. Specifically, Scotland House in London provides a fantastic platform for Scottish tourism businesses to engage with international operators on a global stage, and in combination with the expertise of partners hosted there (VisitScotland, Scottish

Enterprise and SDI), it can support businesses to trade internationally and collectively raise Scotland's global profile as a destination.

However in the face of this support we are of course facing one overwhelming threat to industry growth – a hard Brexit. From our ongoing engagement with both individual businesses and industry membership organisations, I know that businesses may be feeling uncertain about the prospect of leaving the single market and the risk that presents to jobs and prosperity in Scotland, particularly those of you who export to the EU or the many tourism businesses who rely on employing European citizens.

The Scottish Government is clear – ending our membership of the Single Market would be disastrous for our economy, threatening our ability to trade and travel freely and risking the loss of over 80,000 jobs.

While the Scottish Government opposes leaving the EU we will do everything we can to work with industry and the UK Government to secure the best possible outcome for businesses and citizens.

I and my ministerial team are always available to engage with you and your membership directly or through our officials and Enterprise agencies. I have recently appointed former Scottish Government Minister Stewart Maxwell to engage directly with the industry on my behalf. He will be in touch in the near future and I would encourage you to contact him if you have any issues you wish to discuss. He can be contacted at [Stewart.Maxwell2@gov.scot](mailto:Stewart.Maxwell2@gov.scot)

I would be grateful if you would pass this on to your members.

A handwritten signature in black ink that reads "Nicola Sturgeon". The signature is written in a cursive, flowing style.

**NICOLA STURGEON**