Appendix A

Respondent Information Form

Delivering an Air Departure Tax

Please Note: this form must be completed and returned with your response.

Please indicate how you wish your response to be handled and, in particular, whether you are content for your response to published. If you ask for your response not to be published, we will still take account of your views in our analysis but we will not publish your response, quote anything that you have said or list your name. We will regard your response as confidential, and we will treat it accordingly.

To find out how we handle your personal data, please see our privacy policy at the bottom of the page. By submitting your response to Scottish Government you agree to our privacy policy.

1. What is your name? Neil MacRae

2. What is your email address? Neil.macrae@hitrans.org.uk

Your email address will never be published. Your email address will be used if you give permission below to be contacted again in future about this consultation.

3. Are you responding as an individual or an organisation?

Individual ☐

Organisation ☒

4. What is your organisation? Highlands and Islands Transport Partnership (HITRANS)

If responding on behalf of an organisation, please enter the organisation's name here.

5. The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

Publish response with name ☒

Publish response only (without name) ☐

Do not publish response ☐

Information for organisations only:

The option 'Publish response only (without name)' refers only to your name, not your organisation's name. If this option is selected, the organisation name will still be published.

If you choose the option 'Do not publish response', your organisation name may still be listed as having responded to the consultation in, for example, the analysis report.

6. Do you consent to Scottish Government contacting you again in relation to this consultation exercise?

Yes ☒

No ☐

7. I confirm that I have read the privacy policy and consent to the data I provide being used as set out in the policy.

You can view the privacy policy here: [Privacy - gov.scot (www.gov.scot)]

I consent ☒

Questionnaire

Part A: Highlands and Islands Exemption

Question A1

Do you agree that the carriage of passengers from airports in the Highlands and Islands to airports in Scotland and the rest of the UK should be exempt from ADT?

☒ Strongly agree

☐ Mostly agree

☐ Mostly disagree

☐ Strongly disagree

Please give reasons for your answer.

Yes-we strongly agree with this. It should be continued.

Remote Highlands and Islands Airports

In addition to Inverness Airport, HIAL's airport network in the Highlands and Islands includes nine airports serving island or remote mainland areas. These are Barra, Benbecula, Campbeltown, Islay, Kirkwall, Stornoway, Sumburgh, Tiree and Wick John O'Groats.

The current Highlands and Islands exemption on APD for departing flights is a necessary policy measure. It helps ensure affordability for a region where air travellers frequently have to undertake a connecting flight before their ultimate flight connection.

The current APD is also essential given that many parts of the region experience a higher cost of living and while many employment opportunities pay relatively low wages due to the structure and make up of the economic base.

Research with Highlands and Islands businesses found that the vast majority (93%) were experiencing at least one significant challenge. The most frequently cited issue was increased cost of doing business, mentioned by 75% of businesses.[1]
Also, in terms of air travel for island businesses, it is useful to note that cost is more of a barrier than even frequency and punctuality[2].I

The exemption lowers air fares for what, in many cases, are essential trips rather than discretionary ones, for individuals and for typically small businesses, due to time and distance from destinations (via land-based means of transport.

The communities in which the residents live are sparsely populated which can mean exceptionally long surface journeys. In 2024 Scotland had an average population of 71 people per square

[1] : HIE Business Panel - Wave 29 - Report
[2] 'Appraisal of Inclusion of All Business Travel Within the Air Discount Scheme', Reference Economics on behalf of HITRANS (2016)

kilometre. The catchment areas of HIAL's island and mainland remote airports have a much lower density.. The figure for the Outer Hebrides is 9 people per square kilometre.
Those for Orkney and Shetland are 16 and 22 people per square kilometre, respectively. The island communities are also spread further by internal sea separation, meaning the population density figure masks an even more dispersed and inaccessible distribution, which often necessitates additional days and nights away from home / base to complete essential journeys.

Low population densities present a number of challenges to economic and social development. They produce a settlement pattern of small communities, often distant from each other, key markets and services. This results in additional costs in the provision of goods and services due to a lack of economies of scale and a corresponding enterprise base.

Companies in low density areas can have few chances to do business with and communicate with local firms due to the small number spread across relatively large geographical areas. This can constrain business development and economic growth. Air fares on many routes are already very high. These challenges-and the vital importance of air transport-are evidenced by the basis for the Scottish Government's Air Discount Scheme (ADS) that is available to local residents in the relevant areas. Previous research[3] showed business travellers facing return air fares of between £106 and £515, and between £70 and £274 return if the passenger was eligible for ADS.

The main potential impacts of introducing ADT on outbound flights from all of the nine of the island or remote rural airports[4] would be:

- Airlines increasing their fares.
- Reduced passenger numbers.
- Lower route profitability.
- Reduced frequencies due to falling demand in a context where there are a low number of flights on many routes such any that any reduction in frequencies or destinations served would have a significant impact on each route network. Some routes may be reduced to a single flight per day, with additional costs of travel time, overnight accommodation, and other expenses.

Most of these airport's routes are thin or ultra-thin. However, switching to surface transport would result in much longer journey times and fewer / no day trip opportunities.

In response to these challenges there is a need to recognise the economic specialisms/advantages of the catchment areas of HIAL's island and remote mainland airports. These include manufacturing, fishing and aquaculture, scientific research and development, media, less than daily commuting to work (offshore) and general business travel for typicallty SMEs and micro enterprises.

These sectors are largely intensive users of air services and/or heavily reliant on external markets and investment. The air service networks effectively shrink distances allowing day trips and urgent trips to be made, closing some of the disadvantages of doing business from the region.

The catchment areas of the island and remote mainland airports face similar challenges to those of Inverness but to a more acute degree. They are:

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[3] ibid
[4] Socio-Economic Case For Retention of Highlands and Islands APD Exemption: Final Report

- Remoteness from the main commercial and service centres of Scotland, and even more so from the rest of the UK.
- Very low population densities, constraining economic development.
- Small business bases, leading to a need to travel elsewhere to access personal services (e.g. health) and for companies to access markets/business partners.
- A relatively low proportion of residents aged 15-44. This reduces the pool of workers, businesses and families required for sustainable economic growth.
- An overrepresentation of sectors with relatively low Gross Value Added (GVA) and wages.

In 2024 seven of the air routes carried less than 16,000 passengers per year. They served a range of destinations including Edinburgh, Inverness, Aberdeen and Glasgow.

Retaining support through the ADT exemption could help sustain the thinnest commercial routes that operate in the Highlands and Islands. These are ones that, while providing valuable connections to main centres, are operated by smaller aircraft often with low passenger loads.

Local and regional partners would welcome the opportunity to work with both the Scottish and UK Government to develop the case for an equivalent exemption from Air Passenger Duty to apply to inbound flights to the Highlands and Islands from the rest of the UK. This would mirror similar policy provisions in the ADS scheme and the UKETS Aviation Regional Free Allocation that is under consideration currently

Inverness Airport

The main potential impacts of introducing ADT on outbound flights from Inverness are:

- Airlines increasing their fares.
- Reduced passenger numbers.
- Lower route profitability.
- Reduced frequencies.
- Fewer route enhancements than might otherwise have taken place.
- Undermining route viability.

This would affect intra-Scotland flights and between Inverness and the rest of the UK.

Previous research[5] has suggested various specific effects from fare increases. Business passengers would be less price elastic (i.e. less likely to not use a route if fares went up) than leisure passengers. However, business travel would be more sensitive to reduced frequency/less business-friendly flight times.

Previous research[6] also produced an illustrative analysis of outbound fares on Inverness's cross border routes. It had two main findings. First, even with the current APD exemption, the lowest fares at Inverness tend to be more expensive than those at Edinburgh, Glasgow and Aberdeen.

[5] Economic and Social Impact of Inverness Airport: Highlands and Islands Enterprise 2018
[6] Socio-Economic Case For Retention of Highlands and Islands APD Exemption: Final Report

Second, the research found that if the exemption was removed and the charge passed on in full, nearly half of Inverness' average fares would increase by 20% or more and a significant proportion would increase by over 30%. These are significant fare increases.

In 2024 this would have affected a total of 1,081,526 passenger trips (excluding children under 16). (This would be divided by two as the ADT exemption is only on the outward leg from the Highlands and Islands airport).

Maintaining the exemption for ADT passengers travelling from airports in the Highlands and Islands to airports in Scotland and the rest of the UK would be broadly split 60:40 between flights to elsewhere in the UK and flights to other airports in Scotland.

In conclusion, we welcome that the Scottish Government is proposing to retain the exemption on the carriage of passengers from airports in the Highlands and Islands to airports in Scotland and the rest of the UK. As evidenced above, across islands and remote mainland airports, as well as Inverness Airport, over the years the exemption has had a positive effect in terms of the viability and service frequency of air routes in the region.

Question A2

Do you agree that the carriage of passengers to airports in the Highlands and Islands from all Scottish airports should be exempt from ADT?

☒ Strongly agree

☐ Mostly agree

☐ Mostly disagree

☐ Strongly disagree

Please give reasons for your answer.

Yes-we strongly agree with this.

There is a positive of a double exemption i.e. for both legs of intra-Scotland flights to and from airports in the Highlands and Islands. Widening the exemption to now include inbound legs to the Highlands and Islands will stimulate demand for air travel through lower fares. In turn this can support both new routes and improved frequencies/timings on existing ones, offering benefits to all those travelling / looking to travel.

The case for a full ADT exemption from Highlands and Islands airports and those elsewhere in Scotland is similar to that set out in our response to question A1. We would again highlight some of the key reasons for introducing the full exemption as follows.

Long distances have to be travelled to/from main centres in Scotland. For many Highlands and Islands communities the alternatives to air are slow and often infrequent ferry services, and connecting road or rail journeys.

Air is especially suited to certain types of journey. In particular, day trips, urgent trips (e.g. in times of illness/bereavement), and connecting with an onward flight at another airport.

The crucial importance of aviation to the Highlands and Islands is recognised in current APD arrangements. The extension of the ADT exemption to both legs of intra-Scotland flights will be beneficial to a range of passengers.

Given the need to access services and markets elsewhere, the flights are used by many members of the community rather than confined to more prosperous ones. They need to access personal services (e.g. health, legal advisors)-and for companies-markets and business partners-not available in their local area.

A zero ADT rating in both directions of travel (not simply from a Highlands and Islands airport) would fully recognise this essential role. It would also bring practice into line with other mechanisms that reduce fare costs. For example, Scottish Government's Air Discount Scheme applies to both legs of a return flight, while Road Equivalent Tariff (RET) ferry fares apply on both legs of a return crossing.

Previous independent research commissioned by HITRANS (e.g. into the case for restoring the Air Discount Scheme to business flights[7]) found that fare levels are the main barrier to use of the internal Scotland air services. That was the case for all user types.
The research found that many fares are above those on similar length domestic flights elsewhere in the UK. This reflects the very much thinner markets for internal Scottish routes and, consequently, the use of small aircraft.

A zero ADT rating in both directions will help to address these issues. It will lower air fares for what, in many cases, are essential trips rather than discretionary ones. Additional demand could strengthen the existing air services, with potential for additional frequencies and new routes.

The proposal would affect 12 air routes between airports in the Highlands and Islands and those elsewhere in Scotland. These would see zero rated ADT as it would cover both the outward and return legs of their journeys (two flights) or a one-way ticket (one flight).

AIR ROUTES THAT WOULD SEE ZERO RATED ADT: 2024 PASSENGER NUMBERS	
Route	**Passengers**
Stornoway-Glasgow	67,399
Sumburgh-Aberdeen	64,487
Kirkwall-Aberdeen	38,281
Sumburgh-Edinburgh	38,059
Kirkwall-Edinburgh	36,058
Islay-Glasgow	30,758
Benbecula-Glasgow	24,260
Sumburgh-Glasgow	22,750
Kirkwall-Glasgow	20,910
Stornoway-Edinburgh	15,795
Stornoway-Inverness	15,703
Inverness-Kirkwall/Sumburgh	15,207
Total	**389,667**

Source: CAA

Based on 2024 passenger carryings data (source: CAA) the volumes on these scheduled services would range between around 15,000 passengers on three services (Stornoway-Edinburgh, Stornoway-Inverness and Inverness-Sumburgh) and more than 60,000 passengers on Stornoway-Glasgow and Sumburgh-Aberdeen..

In 2024 these 12 air services carried around 390,000 single (i.e. one way) passenger trips. Those under 16 years of age are exempt from APD.

By stimulating demand, removing ADT could help to sustain the thinnest commercial routes that operate in the Highlands and Islands as shown in the Table above. These are ones that, while providing valuable connections to main centres, are operated by smaller aircraft often with low passenger loads (i.e. around 20,000 passengers or less).

Lower fares will also sustain and stimulate demand for flights which connect with international services at Aberdeen, Edinburgh, Glasgow and Inverness.

[7] 'Appraisal of Inclusion of All Business Travel Within the Air Discount Scheme', Reference Economics on behalf of HITRANS (2016)

The case for zero-rated ADT on internal scheduled Scottish passenger services is summarised below:

- **Essential role of internal air services-many trips are necessary rather than discretionary.**
- **Surface transport alternatives are slow and infrequent, in a context where many trips are over a long distance.**
- **Air fare levels are by far the main barrier to increasing demand. Growth in demand from reduced fares could help increase frequencies on existing routes.**
- **Additional demand from reduced ADT could help sustain the thinnest internal commercial routes.**
- **Addressing the key issue of air transport services and air fares will increase the return from other public investments in the Highlands and Islands economy.**

Question A3

Do you agree that direct and connecting international flights from airports in the Highlands and Island should **not** be exempt from ADT?

☐ Strongly agree

☐ Mostly agree

☐ Mostly disagree

☒ Strongly disagree

Please give reasons for your answer.

No, we strongly disagree agree with this.

The proposal is a reversal of the UK Government's present exemption of APD on direct international flights and those passenger travelling on connecting flights.

If introduced by 2027-28 the ADT for direct international flights from Inverness (at this time expected to be Amsterdam and Dublin) would be £15.49 per passenger. For those making a return trip between Inverness and Amsterdam there would also be a charge of over 30 Euros for making the return leg. This would mean a total tax of around £45 per return passenger flight.

There is an additional cost if the outbound passenger is travelling on a connecting flight such as Inverness-Heathrow-Dubai. The total cost of ADT for a single passenger would be £105.33. For a party of four adults travelling the total cost would be over £420. **In addition, booking a connecting flight would no longer be eligible for the UK leg exemption even though that is not the intention of the policy.**

Regional partners are concerned that this seriously risks undermining the proposed strategic principle to "Protect Highlands and Islands aviation connectivity" set out in the consultation paper.

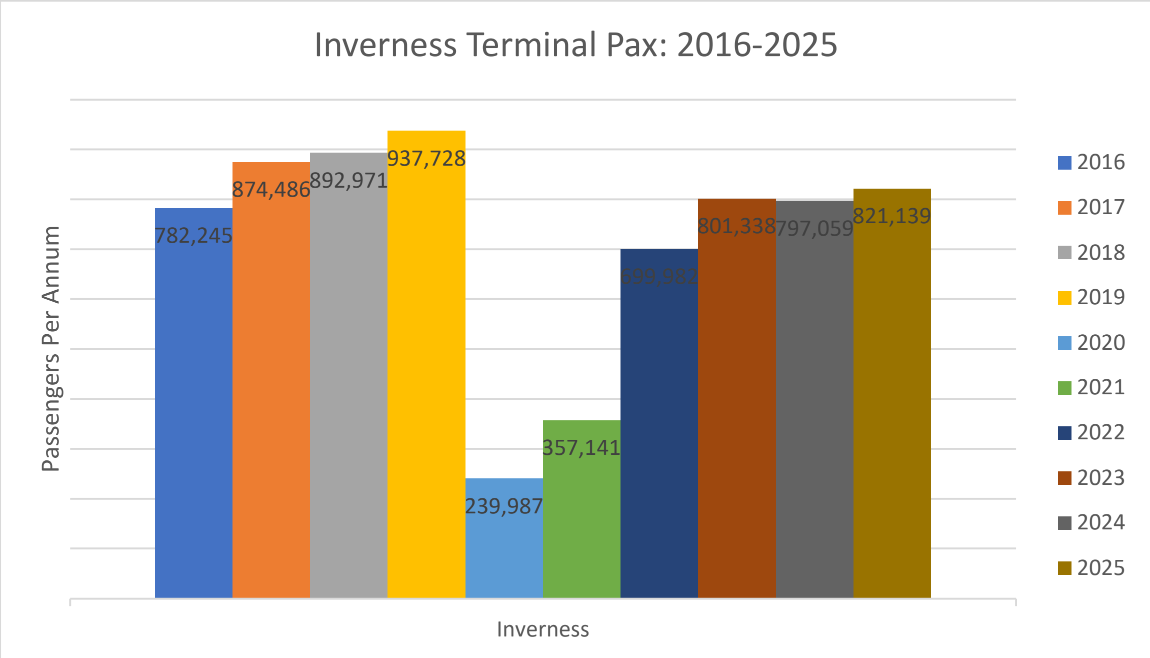
The catchment of Inverness airport is completely unique within the UK, serving a region where drive times to access even Inverness airport can exceed 2-3 hours (public transport are often significantly longer) and then double that to access any other Scottish airports with the additional travel and accommodation costs this necessitates. These issues were identified in HITRANS response to the consultation prior to the original proposed introduction of ADT in 2018.
https://hitrans.org.uk/wp-content/uploads/2026/01/Item_9_Appendix_-_Air_Departure_Tax.pdf

<u>Passenger Trends 2016-2025</u>

Terminal Passenger Numbers: Inverness Airport

Inverness terminal passenger numbers grew by 20% between 2016 and 2019, from c780,000 passengers to c940,000 passengers. This was followed by Covid which led to a reduction to c240,000 passengers in 2020. Thereafter traffic levels increased year on year with slightly over 800,000 passengers in 2023.

Thereafter passenger levels stayed quite similar in the following two years, with 2025 seeing c820,000 terminal passengers. That is, around 5% higher than in 2016, although only 88% of the peak level in 2019.



Terminal Passenger Numbers at Other Scottish Airports

Aberdeen volumes stayed quite steady around 3 million passengers between 2016 and 2019. They grew back up to around 2.3 million passengers by 2024 with a similar level at 2025. Thus, passenger volumes in 2025 were around three quarters (78%) of the 2016 level.

Edinburgh has seen the strongest growth, of some 37% in passenger numbers between 2016 and 2025. After the sharp decline during Covid, traffic levels exceeded their previous high in 2024, and grew by a further 8% by 2025.

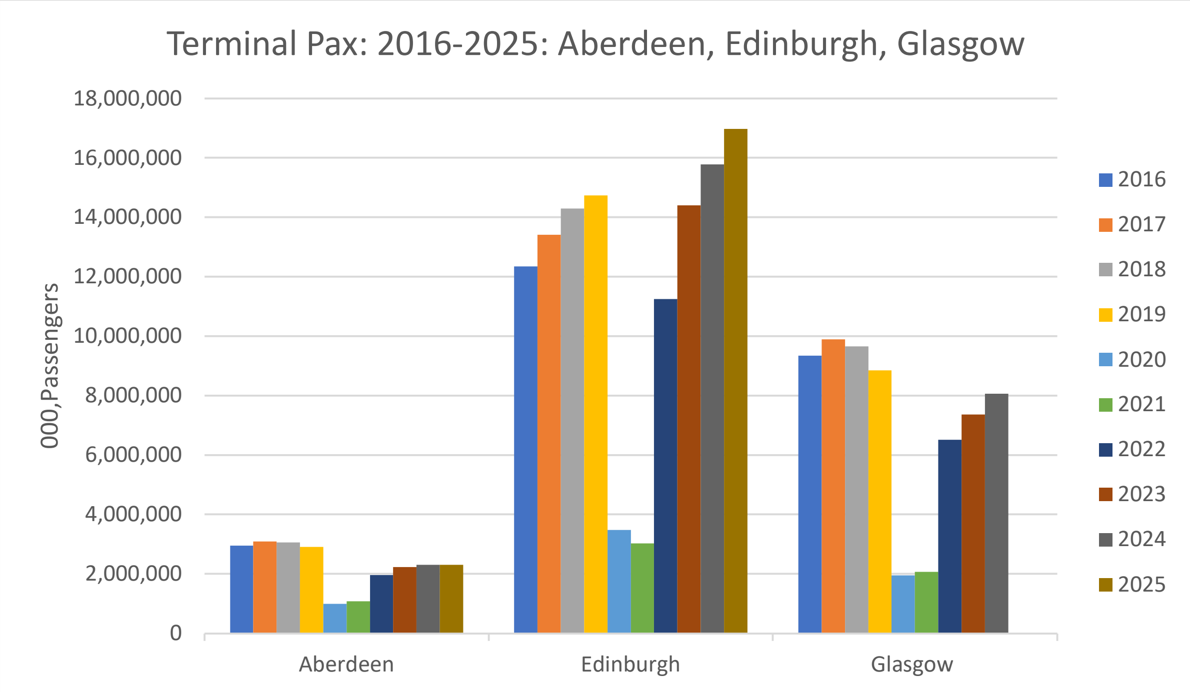
Glasgow has followed a path similar to Aberdeen. That is, slight growth followed by a decline in the last year before Covid. Traffic levels began to rebound thereafter. However, 2025 volumes were still only 83% of the pre-Covid peak in 2017.

In 2025 the number of terminal passengers at Edinburgh was around 15% greater than in 2019. In contrast the Glasgow and Aberdeen numbers were 7% and 21% lower, respectively, compared to the volumes in 2019.

In 2025, the four airports saw a total of around 28 million terminal passengers. Their shares of the total number were as follows:

- Edinburgh; 60%.
- Glasgow: 29%.
- Aberdeen: 8%.
- Inverness: 3%.

Clearly Inverness has the lowest share of terminal passengers.



London Heathrow

Passenger numbers on selected routes are shown below.

LONDON HEATHROW: PASSENGER NUMBERS (000) ON SELECTED ROUTES										
Airport	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Inverness	58	79	98	140	43	64	133	159	160	176
Aberdeen	593	622	676	692	203	244	412	506	570	555
Edinburgh	1,053	1,180	1,199	1,196	329	381	732	1,049	1,160	1,089
Glasgow	894	911	909	865	272	369	694	858	953	960

On the **Inverness** service traffic grew from c58,000 passengers in 2016 to 140,000 in the year before Covid. Traffic rebounded quite quickly thereafter. Demand was around 160,000 passengers in 2023 and 2024 with further growth to c175,000 in the latest year. Passenger numbers in 2025 were 25% above the level seen immediately before Covid in 2020.

The demand for the **Aberdeen** service grew by over 15% in the years to 2019 with 692,000 passengers in that year. Demand rebounded post-Covid. However, volumes in 2025 were around 555,000 passengers i.e. around 80% of pre-Covid levels.

Passenger levels on the **Edinburgh** service grew by 14% up until a peak of almost 1.2 million passengers in 2019. Demand grew strongly post-Covid but stayed below the 2019 peak and was fewer than 1.1 million passengers in 2025.

Demand on the **Glasgow** service was broadly similar in the years up to 2019 at around 900,000 passengers. There was a good rebound post-Covid and traffic grew to its highest level of around 960,000 passengers in 2025. Available information suggests the following number of return flights per day on each service as follows:

- Inverness: 1-2.
- Aberdeen: 4-6.

- Edinburgh: 8-11.
- Glasgow: 9-12.

Lumo train services introduced in October 2021 will have reduced the number of passengers on air services between Edinburgh and London Airports. They are estimated to carry 1.4m passengers annually. In addition there have been improvements on the East Coast mainline and the West Coast mainline could be attracting air passengers to travel by train..

Amsterdam Service

Passenger numbers on selected routes are shown below.

AMSTERDAM: PASSENGER NUMBERS (000) ON SELECTED ROUTES										
Airport	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Inverness	42	75	81	99	15	11	49	82	100	98
Aberdeen	281	263	291	320	112	92	213	265	300	309
Edinburgh	651	682	679	680	172	131	472	594	686	752
Glasgow	437	448	418	439	117	97	338	381	436	418

The **Inverness** service has relatively low volumes and carryings have never exceeded 100,000 passengers. Traffic more than doubled between 2016 and 2019 to around 99,000 passengers. Traffic grew back from 2022 onwards. In 2025 they were almost the same as in 2019.

While important to tourism the Amsterdam link is also important to the Highlands and Islands economy in other ways. This was shown through the 2018 Inverness Airport EIA[8], with a broad range of businesses indicating that maintaining the Amsterdam service should be a priority.

Passenger numbers on the **Aberdeen** route increased by 14% (to 320,000 passengers) between 2016 and 2019. Traffic began to grow back post-Covid and in the most recent year were quite similar to those seen pre-Covid (308,000 passengers).

Traffic levels on the **Edinburgh** route hardly changed in the years before Covid. They stayed at around 680,000 passengers. Traffic in 2024 was very slightly above the pre-Covid peak (686,000 passengers) and then increased by 10% to around 750,000 in 2025.

Glasgow's traffic is closer in volumes to those on the Aberdeen service. Demand changed only slightly in the years before Covid with around 440,000 passengers seen in 2019. Demand grew post-Covid. However, it has remained at a level around pre-Covid, with 2025 seeing 418,000 passengers on the service.

Between 2019 and 2025, carryings on the Edinburgh-Amsterdam service increased by around 10%. Inverness numbers were almost identical to those seen in 2019 (a fall of just 1%). Aberdeen numbers were down by 3%, and Glasgow slightly lower (i.e. a drop of 5%) compared to 2015.

Available information suggests the following number of return flights per day on each service as follows:

- Inverness: 1-2 per day.

[8] Economic and Social Impact of Inverness Airport: Highlands and Islands Enterprise 2018

- Aberdeen: 2-4.
- Edinburgh: 5-6.
- Glasgow: 3-4.

The key point is that the Inverness services are relatively low volume, low frequency compared to those at the three other airports. Inverness accounts for only 6% of passengers across the four Heathrow and Amsterdam services.

Inverness' cross-border air network is much more limited than those at Aberdeen, Edinburgh and Glasgow but it is still competing against the other three airports for passengers.

Inverness routes compete against other Scottish airports on a range of routes as follows:

- Aberdeen airport to: Amsterdam, Belfast, Birmingham, Bristol, Dublin, Kirkwall, London-Gatwick, Heathrow, Luton, Manchester, Shetland.
- Edinburgh airport to: Amsterdam, Belfast, Birmingham, Bristol, Dublin, Kirkwall, London-Gatwick, Heathrow, Luton, Stornoway, Shetland.
- Glasgow airport to: Amsterdam, Benbecula, Birmingham, Bristol, Dublin, Kirkwall, London-Gatwick, Heathrow, Luton, Stornoway.

This is in a context where Inverness' scheduled route network has been largely unchanged during the last ten years.

However, it has historically been the case that Inverness is one of the few UK airports that sees more inbound leisure visitors than outbound ones. **Thus, Inverness Airport makes a strong positive net contribution to tourism.** The 2018 Inverness Airport EIA[9] estimated that total spend of passengers in the Inverness catchment area in 2017 was £89 million.

Scottish Government's proposal is also that those on connecting international flights would be subject to ADT for both the local and international connecting legs. The data shown in the following Table are from the non-domestic cohort of airlines.

The following data are for from the non-domestic cohort of airlines. They are defined as "business transfers" based on certain characteristics.

The total number of passengers in the "top twenty" of airlines varied between around 2,700 passengers in 2025 and slightly over 3,000 passengers in 2023. The highest number of passengers tend to be on short haul connections, notably Paris CDG, Amsterdam and Dublin. JFK and Boston had the highest numbers of long haul flights

The following data are for "Business Motive" passengers. These are Inverness passengers with non-weekend, short stay travel that connects onwards to either Europe or long haul, along with those passengers who connect locally.

Across six seasons between Winter 2022 and Summer 2025 local passengers had the highest share of the total (43%). That was closely followed by Connecting to Long Haul (41%). The number Connecting to Long Haul was much lower (16%). **Thus, a majority (57%) of the passengers were connecting on to either Europe or Long Haul.**

[9] Economic and Social Impact of Inverness Airport: Highlands and Islands Enterprise 2018

This shows the attraction to passengers of being able to connect to Europe or Long Haul at hubs such as Heathrow. However, putting ADT on connecting flights would reduce demand for these connections.

There would be onward connections made by some passengers flights at each of the airports served by Inverness which would not be exempt from ADT when travelling on connecting flights. These connecting passengers would come from Inverness' cross border services. The total number of passengers on each of these services in 2024 were as follows:

- London Gatwick: 222,417 passengers.
- London Heathrow 160,215.
- London Luton 141,193.
- Bristol 92,198.
- Manchester 28,079.
- Belfast City 15,174.
- Birmingham 697.

That is, a total of around 660,000 passengers on these routes some of whom would be connecting onwards.
Business travellers are seeking flights to a range of destinations and at a reasonable frequency. The Inverness Airport EIA[10] included business connectivity ratings across a range of UK airports (albeit noting that this is from 2018).

DIRECT SERVICES: TOTAL BUSINESS CONNECTIVITY INDICES	
Airport	**Rating**
Edinburgh	88.5
Glasgow	54.0
Aberdeen	49.0
Inverness	15.5

The conclusion is that "direct flight business connectivity from Edinburgh is around six times greater than from Inverness and connectivity from Glasgow and Aberdeen is 3-4 times greater than from Inverness". This reflects, compared to Inverness, the three airports':

- Direct services to a greater number of airports, thus offering a broader range of onward connections.

- Much greater frequency of direct services to key hubs such as Heathrow, Amsterdam and Paris, where they connect on to a relatively high number of Alpha and Beta cities".

There would need to be robustness of demand to withstand fare increases due to the imposition of ADT. The consequence could be reduced frequencies and/or less suitable timings (or even cessation of an existing route) would lead to further leakage of demand from existing passengers to use services at other Scottish airports. As well as passenger revenues this would reduce ancillary revenues at Inverness Airport-e.g. car hire, car parking.

Cross border flights from Inverness are vital to the communities and economy of Inverness Airport's catchment and some other parts of the Highlands and Islands.

Overall, there needs to be continued recognition of the:

[10] Economic and Social Impact of Inverness Airport: Highlands and Islands Enterprise 2018

- Difference in the current levels of air connectivity at Inverness and those from main Scottish airports; and
- Challenges Inverness faces in developing a route network that more fully meets users' needs.

Inverness Airport's catchment has a relatively small population and economy. Thus, it finds it much harder than the other main Scottish airports to build up a cross border route network that properly meets the needs of its economy and residents.

The consultation document states that the "change from the current APD exemption is intended to achieve parity between Scottish airports for international travel". Yet the detail in our submission shows that there willl not be parity between Scottish airports given the much greater size of airport catchments at Aberdeen, Edinburgh and Glasgow compared to that at Inverness. **This leaves Inverness at a clear disadvantage**.

As a result, many air trips that start or end in the Inverness Airport catchment area use a Scottish airport other than Inverness.

This means additional travel time for those who use these other Scottish airports. By car it is around 2 hours 20 minutes from Inverness to Aberdeen Airport and around 3 hours 20 minutes to reach Glasgow Airport. Previous research[11] showed for Inverness Airport catchment settlements:

- Drive to Aberdeen Airport from Inverness Airport catchment area: nine settlements are more than three hours drive.
- Drive to Edinburgh Airport from Inverness Airport catchment area: eleven settlements are more than three hours drive.

The longest drive times are to/from Caithness, parts of Sutherland, Wester Ross and Skye-more than four hours to each of the three main Scottish airports.

The longest journeys of between 5 and 8 hours can mean additional costs of two travel days plus additional overnight accommodation to undertake a return trip.

Further, the drive times from the Inverness Airport catchment area are well above those to central belt airports from either north east or south west Scotland.

The length of journey and the time required to travel reflect:

- The relative isolation of Inverness Airport and its catchment.
- Poorer connectivity in respect to surface modes when compared with Edinburgh and Glasgow in particular and also Aberdeen.
- Many of the drive times from the Inverness catchment area to Glasgow Airport are longer than the equivalent road journey between Glasgow and Manchester.

The result is an inefficient use of travellers' time-particularly for business passengers.

[11] Socio-Economic Case For Retention of Highlands and Islands APD Exemption HITRANS 2018

As a result of Inverness Airport's relatively limited route network compared with the central belt airports, a proportion of passengers from the Inverness catchment area currently travel to other Scottish airports, particularly Aberdeen, Glasgow and Edinburgh, in order to access a wider range of flights and destinations. However, there is negligible passenger flow in the opposite direction.

In practice this means that the larger Scottish airports benefit from demand originating in the Highlands and Islands catchment while Inverness receives very almost none in return. The argument therefore is that ADT exemption helps stem this loss of economic benefit to the region rather than disbenefit other areas and that this in turn has a number of wider positive economic and environmental benefits.

Reduced passenger numbers at Inverness may, in part, arise from increased use of other Scottish airports by those travelling to/from Inverness' catchment area. These are most likely to consist of some of the existing passengers:

- Business passengers, as a reduction in frequency (per day or per week) can make using an airport other than Inverness more viable for some trips.
- Inverness passengers could find that their journey would now best be made by flying from, say, Edinburgh or Glasgow.
- Outbound and inbound leisure passengers. There is already significant leakage of the former to other Scottish airports.
- Those travelling to/from Moray as it is relatively near to Aberdeen.

The amount of leakage of flights from Inverness to other Scottish airports has been a longstanding issue. The following Table shows the leakage of trips from Inverness over a number of years. While the figures are somewhat dated they do provide an overview of general trends.

LEAKAGE OF FLIGHTS FROM INVERNESS TO OTHER SCOTTISH AIRPORTS						
Airport Used	**2009**		**2013**		**2018**	
Inverness	578,302	64%	602,046	55%	886,482	63%
Aberdeen/Edinburgh/Glasgow	319,770	36%	492,644	45%	526,942	37%
Total Market	**898,072**	**100%**	**1,094,690**	**100%**	**1,413,424**	**100%**

Source: CAA

The total market grew by more than half (57%) between 2009 and 2018. Most of this increase was since 2013. There was a higher growth rate in leaked traffic (65%) than for the flights using Inverness (53%) in the years to 2018. Even after APD increased in 2012 and 2013 the growth rate in leakage outstripped growth in those flying from Inverness Airport. The share of all passengers that used Inverness Airport varied between 55% and 64% across the three years.

Overall, there was a growing demand for air travel to/from the Inverness Airport catchment but with increasing leakage.

The great majority (79%) of leaked trips in 2018 were leisure rather than business (21%). The split of these trips by place of residence was:

- Outbound from Inverness Airport catchment: 67%.

- Inbound-from overseas: 21%.
- Inbound from Rest of UK: 12%.

Thus, compared to the Inverness passengers leaked traffic was more likely to be for leisure and/or made by residents of the catchment area.

MAIN ROUTES AND DESTINATION AIRPORTS FOR LEAKED TRIPS: 2018			
By Passenger Numbers	**Passengers**	**By Destination Airport**	
Aberdeen-Heathrow	45,745	Heathrow	68,397
Aberdeen-Amsterdam	23,959	Amsterdam	34,849
Aberdeen-Manchester	18,583	Gatwick	22,551
Aberdeen-Sumburgh	14,756	Manchester	21,714
Edinburgh-Lisbon	13,346		
Edinburgh-Heathrow	12,361		
Glasgow-Dubai	12,089		
Aberdeen-Paris (CDG)	10,586		
Glasgow-Heathrow	10,291		

Source: CAA

The highest passenger numbers were on the Aberdeen routes. Most of the nine routes are to major hubs-and include all three Heathrow services. In terms of individual destination airport Heathrow clearly had the highest level of passengers followed by Amsterdam.

CONNECTING PASSENGERS ON INVERNESS CROSS-BORDER ROUTES: 2018						
Route	**Total Connecting**	**Share**	**Europe Connecting**	**Share**	**Rest of World Connecting**	Share
Heathrow	46,756	34%	15,004	17%	31,752	64%
Gatwick	33,324	24%	30,203	35%	3,121	6%
Amsterdam	30,403	22%	18,809	22%	11,594	24%
Luton	18,834	14%	17,829	20%	1,005	2%
Manchester	5,601	4%	3,952	5%	1,649	3%
Bristol	811	1%	811	1%	0	0%
Birmingham	760	1%	760	1%	0	0%
Dublin	159	<1%	0	0%	159	<1%
Total	**136,648**	**100%**	**87,368**	**100%**	**49,280**	**100%**

The results in 2018 showed Heathrow, Amsterdam and Gatwick as the three carriers with the highest numbers of connecting passengers. Altogether there were around 87,000 connecting with European destinations and c49,000 connecting to destinations in the Rest of the World.

Introducing ADT on flights from Inverness would risk increasing this existing leakage of passengers to other Scottish airports by making services from Inverness relatively less competitive. The likely outcome would be an increase in long-distance surface journeys to airports in the central belt and north east of Scotland rather than strengthening the viability of routes at the local airport.

This would result in additional travel time for passengers, increased road traffic and emissions, and further weakening of the already relatively small aviation network serving the Highlands and Islands. If Government is interested in delivering fairness through this intervention on tax policy it should be seeking to find ways to incentivise more flights from Inverness to reduce the leakage from the Inverness Airport catchment. However, this approach appears to run counter to this.

Comments from businesses in the Inverness catchment area included:

"*removing the international exemption would place an additional tax burden on an already challenged rural business sector while delivering limited benefit to connectivity or economic growth*"

"*international travel almost always requires additional time and cost compared to businesses based in central Scotland or elsewhere in the UK. We typically need to travel to Inverness, Aberdeen, Glasgow or Edinburgh the day before a flight and stay overnight, and often the same on the return leg due to distances and limited flight schedules*"

"*maintaining the exemption for international travel would recognise the additional logistical challenges faced by businesses and communities in the Highlands and Islands and help ensure the region remains competitive and outward-looking*"

"*the removal of international ADT exemptions from April 2027 will increase costs for essential export development travel, such as trade missions to key markets like India, China and the US. This erodes connectivity for remote businesses scaling globally, contradicting the scheme's equity goals for domestic routes while risking subsidy compliance challenges on international growth*"

"The practical impact of the proposed change is most acutely felt by passengers travelling on connecting flights to international destinations. This is not a marginal change. The overwhelming majority of international travel from Inverness is via connecting flights through Heathrow, Gatwick, Amsterdam, Dublin or similar hub airports. Inverness does not have the catchment population or route frequency to support extensive direct international services. Connecting flights are not a convenience for Highland travellers - they are the only practical route to international destinations for most purposes"

An enhanced route network from Inverness would reduce the number of passengers leaking to other Scottish airports. This would have the benefits of:

- Reducing the number of surface journeys to these other airports, saving passengers' time and reducing surface transport emissions.
- Reducing the time and cost of doing business in the Highlands and Islands and outwith the region for businesses based in the Highlands and Islands.
- Allowing tourists to spend longer and increase their spend in the Highlands and Islands area. That is because their journey to/from Inverness Airport is shorter than travelling to one of the other three Scottish airports.
- Stimulating additional visitor trips to the area-and possibly Scotland as a whole-by allowing direct air access to their Scottish destinations of choice (i.e. Highland and Moray).

There is a considerable variation in circumstances across Inverness Airport's catchment area. However, as a whole it faces some key challenges:

- Remote by surface transport from the rest of the UK, and even more so from mainland Europe.
- A small population (covering the local authorities of Highland and Moray) with around 330,000 people, accounting for just 6% of all Scottish residents. The population density of Highland and Moray combined is just 18 people per square kilometre, very much lower than the Scottish average of 71 people per square kilometre.
- An overrepresentation of lower value added economic sectors.

The last of these produces relatively low GVA in Inverness Airport's catchment area. Scottish Government's 2023 Annual Business Survey provides the latest available figures. They show the average GVA per job at:

- Highland: £48,478 (75% of the Scottish average).
- Moray: £57,513 (89% of the Scottish average) which is influenced by the presence of a large number of whisky distilleries in the area.
- Scotland: £64,589.

They also show gross wages and salaries per head as:

- Highland: £23,614 (85% of Scottish average).
- Moray: £25,208 (90% of Scottish average) which, again, is influenced by the presence of whisky distilleries in the area.
- Scotland: £27,931.

Thus, the GVA and wage levels in both Highland and Moray are clearly below the Scottish average. By providing speedy access to customers, markets and business networks air travel has a key role to play in the effort to close the economic gap with the rest of Scotland.

In response to these challenges there is a need to recognise the economic specialisms/advantages of the catchment area and its sub-areas.

The Inverness Airport catchment area has a diverse economy that is home to international companies and a significant number of exporting businesses. Many of these sectors are heavily reliant on customers, suppliers and advisers from outside the Highlands and Islands and Scotland. As a result, these sectors tend to be intensive users of air services e.g. tourism, life sciences, manufacturing, primary production/processing.

These businesses are heavily dependent on the access to major UK, European and global markets that aviation facilitates-including the use of connections over major hubs such as Heathrow. Within this [12]"Inverness Airport has been critical for regional economic development and growth, contributing to confidence in the local economy, supporting businesses with day-today operations and attracting and retaining staff, helping to attract inward investment, supporting the tourism industry and contributing to population growth and retention."

The introduction of ADT will make it more challenging in terms of route development for new links to the European mainland. The 2018 Inverness Airport EIA[13] included survey feedback from

[12] Highlands and Islands Enterprise: Economic and Social Impact of Inverness Airport 2018
[13] Highlands and Islands Enterprise: Economic and Social Impact of Inverness Airport 2018

businesses about routes they would like to see - based on the size of these markets for goods and services and onward connectivity potential.

France, Germany and major Spanish cities were viewed as priorities by businesses in terms of new routes (while it was also viewed as critical to maintain links to existing hubs). While the report is now some years old, it is understood that links to these major European airports remain an ambition for HIAL.

There is also the scale of investment expected from major developments in the Highlands and Islands in the coming years, estimated at £70 billion-£100 billion, with renewables mainly accounting for this. Construction jobs annually are expected to peak at 16,000, while long term there are expected to be 18,000 permanent operational jobs.
To support this activity there will need to be improved air services to, from and within the Highlands and Islands. International connectivity to the region will be an important part of this, including connections through hub airports in the UK and mainland Europe.[14]

Inverness Airport: Potential Impacts of Loss of ADT Exemption

The potential loss of APD exemption would, in effect, mean the introduction of a tax on flights from the Highlands and Islands to destinations outside the UK-whether a direct flight or one which uses a connecting flight.

It is not clear how this supports the economy of the Highlands and Islands. There does not appear to have been an impact assessment of the potential effects on passenger carryings and the viability of existing and potential new routes.

It is understood that business passengers can also be price sensitive and notably those based in the Highlands and Islands, where cost is a greater barrier than frequency of flights. Applying ADT will act as a disincentive to business trips.

Terminal passenger numbers at Inverness in 2025 are at 88% of those seen in 2019 (i.e. last full year before Covid). However, 2025 numbers on *Heathrow* were 25% greater than in 2019, while *Amsterdam* carryings were virtually the same as in 2019. Further, May 2026 will see the return of the *Inverness-Dublin* service.

Overall, Inverness has a need for both new routes and additional capacity on existing services. Yet, route development for Inverness Airport would become more difficult due to the potential imposition of ADT in a context of airports having to price on an increasingly competitive basis.

Given its limited current cross-border air network any reduction in frequencies and/or destinations served would have a significant negative impact on Inverness Airport.

These various issues would arise in a context where airlines face a challenge in developing/sustaining certain types of route at Inverness. Again, this is due to the catchment area's small population and business base.

Compared to the three other major Scottish airports Inverness Airport has an inherent disadvantage in terms of the small size of the population in the catchment area. In terms of route development and looking to bring in new European routes, whilst likely inbound demand may

[14] [Regional Transformational Opportunities research | HIE]

often look solid for new routes, levels of likely demand from the relatively small local population is often less robust.

Issues and Ameliorations

Scottish Government's high-level principles of ADT include that the tax will "Protect Highlands and Islands aviation connectivity". However, the implications for the Highlands and Islands, in terms of onward connectivity and international travel, will mean that it is highly unlikely that this policy objective can be realised if ADT is implemented as appears to be currently proposed.

We understand that many European countries and regional governments have devolved powers to set their aviation taxes and have in fact scrapped the equivalent to ADT to increase passenger numbers. These include Sweden and other Nordic regions and regions such as Sicily.

It has been suggested that a tax holiday would encourage new routes for their first three years of operation and this would be welcomed by airports and airlines.

HIAL's new Inverness to Dublin route starting May 2026 will lose the exemption for passengers travelling to north America from Inverness through Dublin.

KLM, BA and Emerald could be disadvantaged by the outbound leg ADT from Inverness or other connecting HIAL routes such as Kirkwall – Aberdeen – Heathrow – beyond.

There have been some suggestions for ADT to be charged only on some ticket types. For example:

- Taxing only business class air fares; and/or
- Carriers with a number of economy classes could split them so that ADT is removed from the simplest and lowest economy fares.

Summary of key points:

- ADT will increase fare costs especially for those connecting with an onward flight.
- The Inverness services are relatively low volume, low frequency compared to those at the three other airports. Inverness accounts for only 6% of passengers across the four Heathrow and Amsterdam services.
- There is a total of around 660,000 passengers on UK cross border services some of whom would be connecting onwards.
- Previous research found that direct flight business connectivity from Edinburgh is around six times greater than from Inverness and connectivity from Glasgow and Aberdeen is 3-4 times greater than from Inverness.
- Inverness Airport currently makes a strong positive net contribution to tourism – both national and international - within its catchment area. The 2018 Inverness Airport EIA estimated that total spend of passengers in the Inverness catchment area in 2017 was £89 million.

- Inverness Airport's catchment has a relatively small population and economy. Thus, it finds it much harder than the other main Scottish airports to build up a cross border route network

- The consultation document states that the "change from the current APD exemption is intended to achieve parity between Scottish airports for international travel". Yet the detail in our submission shows that there will not be parity between Scottish airports given the much greater size of airport catchments at Aberdeen, Edinburgh and Glasgow compared to that at Inverness. This leaves Inverness at a clear disadvantage.

- There is significant leakage of Inverness catchment area passengers to other Scottish airports. Introducing ADT will make services from Inverness less competitive. The introduction of ADT will also make it more challenging in terms of route development for new links to the European mainland

- Long surface trips from parts of the Inverness catchment area to fly from Aberdeen, Glasgow or Edinburgh and can include overnight stays on both the outbound leg and return flight legs. The result is an inefficient use of travellers' time-particularly for business passengers.

- GVA and wage levels in both Highland and Moray are clearly below the Scottish average. By providing speedy access to customers, markets and business networks air travel has a key role to play in the effort to close the economic gap with the rest of Scotland.

- Overall, Inverness has a need for both new routes and additional capacity on existing services. Yet, route development for Inverness Airport would become more difficult due to the potential imposition of ADT in a context of airports having to price on an increasingly competitive basis.

- Compared to the three other major Scottish airports Inverness Airport has an inherent disadvantage in terms of the small size of the population in the catchment area, plus longer sector lengths to key UK and European destinations.

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Question A4

How could different segments of the aviation market respond to the proposed Highlands and Islands exemption?

please refer to responses to QA1-A3

Please give reasons for your answer.

Question A5

What impact could the proposed Highlands and Islands exemption have on:

- customer demand
- route viability
- regional economic development
- any other factors

Please see our responses to questions A1, A2 and A3, where we discuss the impacts (including customer demand, route viability and regional economic development) associated with each of the three main facets of the Highlands and Islands exemption.

Please give reasons for your answer.

Question A6

Do you agree that the carriage of passengers on private jets should not be included within the scope of the exemption?

☐ Strongly agree

☐ Mostly agree

☐ Mostly disagree

☐ Strongly disagree

Please give reasons for your answer.

Question A7

Will air carriers face any operational or administrative challenges in applying the proposed Highlands and Islands exemption?

The anticipated challenge will be for carriers to be able to separate the domestic leg of connecting flights for the purposes of applying the exemption. Regional partners have an expectation that a solution is required to avoid this administrative challenge and the undermining of the strategic aims of the policy - i.e. protection of Highlands and Islands air connectivity.

Please give reasons for your answer.

Part B: Taxation of Private Jet Flights

Question B1

Who are the primary users of private jet flights departing from Scottish airports?

Please give reasons for your answer.

Question B2

What are the primary reasons for using private jets?

Please give reasons for your answer.

Question B3

What evidence can you provide about demand, profitability and price sensitivity of the private jet sector in Scotland?

Please give reasons for your answer.

Question B4

What role could ADT play in supporting decarbonisation of the private jet sector?

Please give reasons for your answer.

Question B5

What additional factors should the Scottish Government consider in setting future ADT rates for private jet flights?

Please give reasons for your answer.

Part C: Operational and Future Policy Considerations

Question C1

Do you have any comments or suggestions regarding the legislative and operational framework currently in place for ADT? Do you foresee any potential challenges under the current framework?

We would like to highlight our support for the four principles of:

- Generate stable revenues to fund public services in Scotland;
- Protect Highlands and Islands aviation connectivity;
- Promote Scotland's connectivity and growth objectives; and
- Support our net zero ambitions.

In particular, regarding "protect Highlands and Islands aviation connectivity". We would be strongly supportive of this being extended to become "promote and protect Highlands and Islands aviation connectivity"."
"Support our net zero ambitions" could be further developed by taking the opportunity for revenue tax to do more to directly support the Scottish Governments commitment for the Highlands and Islands being designated a net zero aviation region by 2045.

Please give reasons for your answer.

Question C2

What are your views on the future role for ADT policy in Scotland and the associated economic, environmental and social impacts?

We would like to highlight our support for the four principles of:

- Generate stable revenues to fund public services in Scotland;
- **Promote and** Protect Highlands and Islands aviation connectivity;
- Promote Scotland's connectivity and growth objectives; and
- Support our net zero ambitions.

In particular, regarding "protect Highlands and Islands aviation connectivity". We would be strongly supportive of this being extended to become "promote and protect Highlands and Islands aviation connectivity"."
"Support our net zero ambitions" could be further developed by taking the opportunity for revenue tax to do more to directly support the Scottish Governments commitment for the Highlands and Islands being designated a net zero aviation region by 2045.

Please give reasons for your answer.

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Part D: Impact Assessments

Question D1

Do you have any information which could inform any final BRIA relating to the revised Highlands and Islands exemption?

Please see our responses to questions A1, A2 and A3, which include information that could help to inform any final BRIA. Points to note include, in summary:

There is a need to recognise the economic specialisms /advantages of island and remote mainland areas in the region. These include manufacturing, fishing and aquaculture, scientific research and development, media, less than daily commuting to work (offshore) and general business travel. These sectors are largely intensive users of air services and/or heavily reliant on external markets and investment. The air service networks effectively shrink distances allowing day trips and urgent trips to be made.

The Inverness Airport catchment area has a diverse economy that is home to international companies and a significant number of exporting businesses. Many of these sectors are heavily reliant on customers, suppliers and advisers from outside the Highlands and Islands and Scotland. As a result, these sectors tend to be intensive users of air services e.g. tourism, life sciences, manufacturing, primary production/processing. These businesses are heavily dependent on the access to major UK, European and global markets that aviation facilitates-including the use of connections over major hubs such as Heathrow.

In the Inverness Airport catchment area there is an overrepresentation of lower added value sectors, with average GVA per head lower than the national average in 2023: Highland 75% and Moray 89% of the Scottish average respectively. Gross salaries per head in Highland and Moray were 85% and 90% respectively of the Scottish average in 2023.

Previous research found that for indigenous Highland and Islands businesses fare levels are the main barrier to use of the internal Scotland air services; even more so than service frequency and reliability.

Many settlements in the Inverness Airport catchment area are more than a three hours drive to one of the three main Scottish airports. The result is an inefficient use of travellers' time-particularly for business passengers.

Some 21% of leaked trips in 2018 from the Inverness Airport catchment area to other Scottish airports were business travel passengers.

The 2018 Inverness Airport EIA included survey feedback from businesses about routes they would like to see - based on the size of these markets for goods and services and onward connectivity potential. France, Germany and major Spanish cities were viewed as priorities by businesses in terms of new routes (while it was also viewed as critical to maintain links to existing hubs).

A recent survey of Highlands and Islands businesses found that the increased cost of doing business is a significant challenge for 75% of companies.

Please give reasons for your answer.

Question D2

Are you aware of any examples of particular current or future impacts, positive or negative on young people, (children, pupils, and young adults up to the age of 26) of any aspect of the proposals in this consultation?

Please give reasons for your answer.

Question D3

Are you aware of any examples of potential impacts, either positive or negative, that you consider any of the proposals in this consultation may have on the environment?

Please give reasons for your answer.

Question D4

Are you aware of any examples of how the proposals in this consultation may impact, either positively or negatively, on these with protected characteristics (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation)?

Please give reasons for your answer.

Question D5

Are you aware of any examples of potential impacts, either positive or negative that you consider any of the proposals in this consultation may have on groups or areas at socio-economic disadvantage (such as income, low wealth or area deprivation)?

Please give reasons for your answer.

Question D6

Are you aware of any examples of how the proposals in this consultation might impact, positively or negatively, on island communities in a way that is different from the impact on mainland or other areas?

As per our response to question A2, zero rated ADT for intra-Scotland flights will have a number of positive impacts, including that growth in demand from reduced fares could help increase frequencies on existing routes and could help sustain the thinnest internal commercial routes. The intra-Scotland air network is predominately flights to/from islands, and as such the positive impacts of this policy will be especially pertinent to island communities. There is a need for clarification that passengers using PSO flights for the first leg of a journey will continue to remain exempt from ADT for the PSO leg whenever booked as part of a connecting flight.

Please give reasons for your answer.

Question D7

Are you aware of any examples of how the proposals in this consultation might impact, either positively or negatively, on rural communities on mainland Scotland?

Inverness Airport's catchment covers a wide geography encompassing rural and remote communities in Highland and Moray. As with all of the Inverness catchment area, these rural communities will be impacted negatively by the loss of the Highlands and Islands exemption on direct and connecting international flights from airports in the Highlands and Islands. As per our response to A3, the potential imposition of ADT in a context of airports having to price on an increasingly competitive basis may lead to reduction in frequencies and/or destinations served, as well as making it more challenging in terms of make it more challenging in terms of Inverness Airport's route development for new links. As outlined in our response to A3, drive times to the other main Scottish airports are very lengthy from a number of the areas in Highland. Given these geographic constraints, it will be these remote rural communities that are especially effected by any reduction in services due to the removal of the exemption on direct and connecting international flights from airports in the Highlands and Islands.

Please give reasons for your answer.