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Competition and Markets Authority
The Cabot
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2 March 2026

BY EMAIL: marketsremediesstrategicreview@cma.gov.uk

Dear Competition and Markets Authority

STRATEGIC REVIEW OF MARKETS REMEDIES – BAA SUPPLY OF AIRPORT SERVICES MARKET INVESTIGATION UNDERTAKINGS (CONSULTATION) 2010 AND BAA SUPPLY OF AIRPORT SERVICES MARKET INVESTIGATION UNDERTAKINGS (SEGMENTAL ANALYSIS) 2011
RESPONSE BY ABERDEEN INTERNATIONAL AIRPORT LIMITED (NON-CONFIDENTIAL VERSION)

We are instructed by Aberdeen International Airport Limited ("AIAL") to write in reference to the above undertakings (referred to collectively throughout this response as the "Undertakings") and the CMA's strategic review of those remedies as published in the consultation document of 19 January 2026. This letter is AIAL's response to that consultation.

AIAL considers that there has been a considerable change in circumstances since the Undertakings were put into place in 2010 and 2011, that the Undertakings have produced no beneficial outcomes that would not have happened in any event, and the Undertakings are no longer appropriate and that the parties should therefore be released from them.

In particular, AIAL considers that there has been a change in market circumstances since the Competition Commission's investigation and therefore the Undertakings are no longer required to remedy the perceived adverse effect on competition ("AEC") that the Commission found at the time of its market investigation in relation to Aberdeen. There is in any event no evidence to suggest that the Undertakings have contributed to the outcomes they were intended to support.

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Changes in market

It is important to begin by noting how the market has changed since the Commission's investigation. In particular, AIAL considers that there has been a significant increase in competitive restraints placed on Aberdeen by Edinburgh Airport.

In the first instance, the most obvious change is that Aberdeen and Edinburgh are no longer under the same ownership, and have not been since 2012. Accordingly, to the extent any of the features identified by the Commission arose as a result of both airports being under BAA ownership, that is no longer a consideration.

AIAL has conducted an analysis based on information from ASM Catchment Analyser. This is an external data source that uses Google and Bing location data (i.e. data from the mobile phones of people entering the Airport) to locate where passengers originate from or visit on the first night of their itineraries and where they fly to and from. The analysis captures passengers (at any airport) who travelled to or from postcodes within a 96-mile radius of Aberdeen Airport, and identifies the airport to which each postcode is closest (as the crow flies). The total of passengers whose nearest airport was Aberdeen but who nevertheless flew to or from Edinburgh Airport was [Redacted], only a little less than the [Redacted] passengers from those postcodes who flew to or from Aberdeen Airport. These figures represent around [Redacted] % and [Redacted] %, respectively, of the roughly 2.3m passengers who flew in or out of Aberdeen in 2024. Of those passengers using Edinburgh, [Redacted] % (or roughly [Redacted]) of them travelled to or from postcodes in Aberdeen City itself, [Redacted] % postcodes in Aberdeenshire, [Redacted] % postcodes in Angus and [Redacted] % postcodes in Moray (with other postcodes accounting for [Redacted]%). This shows that Edinburgh Airport has a significant ability to attract passengers from within Aberdeen's core catchment area. This data can be found in the Appendix accompanying this letter, in the tab "[Redacted]".

In addition, Edinburgh Airport has since the Commission's investigation become more attractive to passengers and airlines, in particular because it has become a 'mini hub' for long-haul flights (including as connections to other hub airports such as Dubai and the USA) that are not available from Aberdeen. This makes passengers who would otherwise be thought of as in Aberdeen's catchment area even more willing to travel to Edinburgh in order to access that increased range of flights. Edinburgh also has a much wider range of destinations than Aberdeen. Even for passengers seeking to travel to a particular destination, there are 31 destinations that are served by both airports, many of them popular destinations and/or hubs including Amsterdam, Paris, Dublin, London and Frankfurt. For each of these destinations Edinburgh offers a much larger number of seats (see the "Destination comparison" tab of the Appendix).

Anecdotally, AIAL understands that some airline websites will show Edinburgh as an option when customers search for options from Aberdeen. This shows that passengers (in particular leisure passengers) and airlines regard Edinburgh as a possible alternative to Aberdeen.

From a connectivity perspective, it is now easier for passengers to get from Aberdeen city to Edinburgh Airport, with new bus routes including a direct bus service which leaves hourly seven days a week.

These considerations mean that Edinburgh exercises a much greater competitive constraint on Aberdeen than was likely the case when the Commission assessed the position in 2007. Passengers from within

Aberdeen's catchment area – even in the city itself – have shown themselves willing to fly to or from Edinburgh in significant numbers. Aberdeen simply cannot take 'local' passengers for granted, or otherwise disregard the fact that a very significant proportion of its customer base are clearly contestable by Edinburgh Airport. There is therefore a competitive constraint on Aberdeen Airport that means it cannot afford to under-invest in facilities or set its prices too high, given how many of its passenger base could simply choose to travel via Edinburgh instead.

Other developments since 2007 also mean that Edinburgh and Aberdeen's catchment areas should each be regarded as larger now than they were then. In particular, the Aberdeen Western Peripheral Route ("AWPR") bypasses Aberdeen city and connects directly to Aberdeen Airport, significantly decreasing journey times that would otherwise have had to go through the city. This reduction in journey time will have put more passengers 'in play' for each airport. The development of the Dyce park and ride (which opened in January 2017) also supports improved connectivity for Aberdeen Airport users, increasing convenience and making Aberdeen a more attractive option for those passengers who might otherwise favour Edinburgh.

By way of illustration, the number of Aberdeen Airport passengers in 2024 who travelled to or from a postcode that is closer to Edinburgh Airport (as the crow flies) was [Redacted]. Of those passengers, [Redacted]% travelled to or from Perth postcodes (Perth, Auchterarder, Crieff, Dunkeld, Pitlochry, Blairgowrie and Aberfeldy), [Redacted]% Dundee postcodes (including Dundee, Newport-on-Tay and Carnoustie), [Redacted]% Kirkcaldy postcodes and [Redacted]% Edinburgh postcodes (with Galashiels and Falkirk postcodes also contributing passengers). This data can be found in the Appendix in the tab "[Redacted]".

[Redacted], the fact that Aberdeen is now better able to contest passengers for whom Edinburgh is a very viable alternative reinforces the conclusion that Aberdeen now has to take greater account of Edinburgh than was perhaps the case at the time of the Commission's conclusions. This again supports a conclusion that Aberdeen cannot afford to under-invest in facilities or set its prices too high.

Another development which is relevant to Aberdeen's competitive position is the decline of the UK North Sea oil and gas industry. This is directly linked to a reduction in rotary aircraft passengers as explained below, but can also logically be expected to have resulted in a decline in the proportion (and perhaps even the number) of business passengers using Aberdeen Airport. This makes the leisure market a relatively more important aspect of Aberdeen's business than it was at the time of the Commission's investigation. Given the Commission's conclusion that leisure passengers are more likely to be flexible as to their choice of airport than business passengers, the decline in the relative importance of business passengers will increase the degree of constraint imposed on Aberdeen by Edinburgh Airport.

Segmental analysis undertaking

The segmental analysis undertaking required the seven businesses bound by the undertaking (including AIAL) to produce and publish audited accounts and a separate segmental analysis on a depreciated replacement cost basis for Aberdeen Airport along with other information. The segmental analysis requires the following elements:

1. segmental analysis of the value of tangible assets on a depreciated replacement cost basis split by major categories of aeronautical (i.e. fixed wing and rotary wing) and non-aeronautical assets;

2. segmental analysis of revenue, operating costs, and operating profit for major categories of aeronautical and non-aeronautical activities (as split above);

3. depreciated replacement cost return on assets employed;

4. average annual yield for fixed-wing aircraft and rotary aircraft, and for the CAA/OFT only, the average yield per airline; and

5. comparable figures for the last five years.

AIAL understands that the Competition Commission imposed this undertaking in relation to concerns that BAA was imposing high prices and charges, and was under-investing in the airport (as measured by real return on capital). We will deal with the latter first.

Real return

In terms of Aberdeen's real return, the Competition Commission found that in 2007 this was much higher for Aberdeen than other airports in Scotland, and specifically Glasgow and Edinburgh.

Calculating the real return for Aberdeen, Glasgow (which remains under the same ownership as Aberdeen, as part of the AGS Airports group) and Edinburgh (which is now separately owned) results in the following figures:

Airport	2016	2017	2018	2019	2020	2021	2022	2023	2024
ABZ	3.52%	7.41%	10.97%	8.39%	-10.73%	-2.98%	-0.71%	2.71%	7.32%
EDI	6.47%	8.12%	9.17%	8.88%	-1.73%	-1.14%	6.89%	11.41%	10.24%
GLA	12.30%	23.25%	13.46%	9.85%	-14.25%	-2.48%	6.42%	12.07%	16.59%

The average real return for each of Aberdeen, Edinburgh, and Glasgow for the period of 2007-2024 is 5.86%, 7.74% and 7.68% respectively (calculated by reference to each airport's statutory accounts as filed with Companies House, taking operating profit and dividing this by total assets less current liabilities). For full information on the real return for each of these airports since 2007, please see the attached Appendix at the 'Profitability' tab.

It is clear from these figures that the issue identified by the Commission, as represented by Aberdeen having a real return significantly higher than at Edinburgh or Glasgow, no longer applies at Aberdeen and has not applied for some time. Leaving aside the (unrepresentative) COVID period of 2020-21, which resulted in all the airports suffering losses, since 2015 the real return at Aberdeen has exceeded that at Edinburgh only once (in 2018) and has never exceeded that at Glasgow.

These figures strongly suggest that investment in Aberdeen has been in step with or greater than investment at Glasgow and Edinburgh airports. For the avoidance of doubt, AIAL's view (and that of its parent organisation AGS Airports) is that there is significant competition between Glasgow and Edinburgh that would prevent either of them generating 'excessive' returns. They are therefore appropriate benchmarks for assessing whether the return at Aberdeen is excessive.

The level of investment AGS Airports has made at Aberdeen Airport can also be seen by comparing the capital expenditure figures for each of Aberdeen and Glasgow (AGS does not have access to equivalent figures for Edinburgh or other comparator airports). Over the past three years (2022-2024, so subsequent to the unrepresentative COVID period) the average percentage of capital expenditure as a proportion of EBITDA was [Redacted]%. This percentage is relatively steady across the three years. Further, capital expenditure amounts increased year on year over that period. In comparison, Glasgow Airport's average percentage of capital expenditure as a proportion of EBITDA for the same period was [Redacted]%. See the "[Redacted]" tab of the accompanying Appendix for the underlying figures.

Charges

In terms of charges, for Condition of Use charges (i.e. passenger rates, weight rates in relation to the maximum take-off weight of the aircraft and airfield parking rates), Aberdeen's charges are broadly in line with the average across UK airports. In particular, Aberdeen's 2024 PAX rate for domestic passengers, at £15.83, is below the average of £16.67 across broadly equivalent airports. While Aberdeen's international PAX rate is above the average, at £21.69 compared to £18.73, domestic passengers make up 53% of all Aberdeen's passengers – a higher proportion than almost all of the other airports, and much higher than most. The domestic rate is therefore more reflective of the bulk of Aberdeen's traffic.

In any event the charges paid by an airline will also include (and therefore the price paid by a passenger will also take account of) the charges imposed in respect of weight and the time the aircraft spends on the airfield. In both cases Aberdeen's rates are very significantly below the averages for both domestic and international flights.

In all cases the charges specified in Aberdeen's Conditions of Use are lower than those in Edinburgh's.

See the tab "Conditions of Use Charges" in the accompanying Appendix for the data underpinning the above.

It should be noted that the charges for many flights will not be based on rates specified in Conditions of Use but instead will reflect bespoke deals agreed with particular airlines to charge lower rates. However, AIAL does not have access to the rates charged by non-AGS airports, and so it is not possible to offer a comparison in respect of those.

Rotary aircraft / decline of UK North Sea oil & gas

Helicopter activity at Aberdeen Airport has reduced significantly since the time of the Competition Commission's market investigation in 2007. In 2007, around 519,389 passengers were carried in rotary aircraft through Aberdeen Airport in that year. The same number for 2024 was 339,546, representing a 35% decrease (see the "Rotary" tab in the accompanying Appendix). This reflects the decline of the UK North Sea oil and gas industry in that period, meaning there is less demand for the use of helicopters for offshore transport and support purposes. While Sumburgh Airport in Shetland has seen a significant increase in rotary passenger numbers – a 791% increase between 2007 and 2024 – this reflects new oil and gas developments around Shetland and therefore the area's increased *relative* importance to the UK sector. The decline at Aberdeen is much more representative of the industry as a whole (see also the even greater decline at Humberside).

Rotary aircraft therefore play a less significant role in terms of Aberdeen's business model than they did at the time of the Commission's investigation, with fixed-wing flights relatively more important as a result.

While AIAL does not capture data to distinguish between business and leisure passengers (we understand this information was captured for the Commission via a passenger survey), it is self-evident that a significant volume of business travel through Aberdeen Airport was and is connected to the oil & gas sector. It is therefore entirely reasonable to conclude that the decline of that sector (both as a matter of general knowledge and in any event as represented by the decline in the Airport's rotary business) will also have produced a significant decline in the volume of business passengers at Aberdeen, potentially in absolute terms but certainly relative to the volume of leisure passengers.

Engagement with segmental analysis

AIAL has carried out an analysis of the engagement with the segmental analysis and annual accounts published on its website, on the 'Our Performance' page – see the "Digital analytics Jan-Dec 24" tab in the Appendix. This shows that the page was viewed [Redacted] times between January and December 2024. The information gathered does not provide information on the people visiting the webpage or where they are based. It also does not capture whether a visitor viewed the segmental analysis or the annual accounts (or indeed neither). However, the information does show that page views peaked in July 2024. This would be around the time when AIAL employees would begin to gather information on the previous year's submission and to review the information contained on that webpage. The other peak in November is the period where the statutory accounts would be uploaded to the website, which would result in multiple hits from AIAL employees to ensure the documents have uploaded correctly. Some suppliers may also check this page of the website around that time, for example to check AIAL's credit position.

Furthermore, the data shows that the average engagement time per user is sixteen seconds, which would include time to open and view any published documentation. This strongly suggests that those who are accessing the webpage with the statutory accounts and segmental analysis are not engaging with it in any meaningful manner and mostly clicking away from the page relatively quickly. Short visits would be consistent with AIAL employees checking that documents have uploaded properly but not otherwise needing to engage with them, and also with visitors navigating away after visiting the page either by mistake or because they expected it to contain something other than its actual contents.

AIAL therefore believes that most of the interactions with the webpage containing the segmental analysis come from AIAL employees, with some proportion – and likely a majority – of the balance of external views coming from visitors who are either concerned with the annual accounts or not in fact interested in the page.

However the website data is interpreted, it certainly does not suggest any significant third-party engagement with the segmental analysis.

This apparent lack of engagement is consistent with the absence of ‘real world’ third-party engagement with or queries about the analysis. As far as current AIAL personnel are aware, there has been little or no engagement from any third party in terms of the segmental analysis in the time the undertaking has been in place.

Consultation undertaking

The consultation undertaking requires the bound entities to consult at least annually on the prospective capital expenditure programme for the financial year with users of the airport and any other interested parties. The above comments about real return and investment at Aberdeen apply equally to this undertaking – i.e. to the extent that the consultation was intended to mitigate concerns about under-investment, the evidence indicates that no such concerns should now arise.

In any event, AIAL’s consultation with airport users and others in fact goes well beyond the requirements of the undertaking. Aberdeen Airport’s consultative committee regularly meets to discuss capital projects and a variety of other issues outwith the scope of the undertaking, such as promoting jobs and investing in the community and geographical area around the airport. Aberdeen essentially follows the same approach as Glasgow Airport, which has a statutory obligation to consult, even though Aberdeen does not hit the passenger numbers threshold above which that statutory obligation applies.

The consultative committee is made up of a variety of stakeholders from AIAL, local government, local community councils, business development organisations, the travel trade, airlines, other businesses operating at the airport and passenger representatives. The minutes of these meetings are published on the airport’s website, and anyone is allowed to observe meetings and to raise questions / issues with the committee. This allows and encourages engagement beyond just the members of the committee.

Notwithstanding this engagement with stakeholders, and the publication of consultative committee information on a regular basis, as far as current AIAL personnel are aware AIAL has received no feedback from airport users about its capital expenditure programme in the time the undertaking has been in place.

AIAL considers that this shows that the undertaking is unnecessary. Aberdeen Airport already voluntarily goes above and beyond the requirements of the undertaking to engage with stakeholders on a variety of issues including capital investment, with no concerns ever having been raised about capital investment via that process. There are also alternative, less formal channels (e.g. between AIAL and airport operators) via which airport users and other parties can raise and discuss any issues or concerns they might have in relation to levels of capital expenditure at Aberdeen Airport. No such issues or concerns have been raised.

Conclusions

AIAL considers that for the reasons stated above, the Undertakings should be removed.

It is clear to AIAL that Aberdeen's position in the market has changed since 2007, with a greater degree of competitive constraint from Edinburgh Airport (which is now under separate ownership), transport developments and the decline of the UK North Sea oil and gas industry all making significant contributions to that change.

In any event, to the extent the Undertakings were intended to resolve Competition Commission concerns around the level of charges and investment at Aberdeen, AIAL considers that the evidence clearly indicates that those concerns no longer arise, with Aberdeen Airport seeing sustained capital expenditure and investment over recent years, and its levels of capital expenditure, real return on investment and charges all comparable with Glasgow as well as (to the extent comparisons can be drawn) Edinburgh and other UK airports.

However, AIAL does not consider that situation can be attributed to the existence of the Undertakings, with no evidence to suggest that the Undertakings have made a material (or indeed any) contribution. There has been no demonstrable interest in or engagement with the information that AIAL is required to publish under the segmental analysis undertaking, indicating that airport users do not believe that information to be useful or worthwhile. In respect of the consultation undertaking, AIAL voluntarily exceeds the requirements of that undertaking and consults airport users and others on a much wider range of issues than just capital expenditure, both through a formal consultative committee and through less formal channels. As far as current AIAL personnel are aware, no airport user has raised concerns about capital expenditure at the Airport through any of those channels (or otherwise).

AIAL therefore considers that, due to the changed circumstances set out above, the Undertakings are no longer appropriate and the parties should accordingly be released from them under section 162(2)(b)(i) of the Enterprise Act 2002.

We thank you for taking the time to consider this submission. Should you require any further information, please contact Charles Livingstone [✂].

We will revert shortly in relation to providing a non-confidential version of this consultation response.

Yours sincerely

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