



Cruise Levy Impact: Scotland Scenario Analysis

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Final Report

Prepared for:
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1 Executive Summary



EXECUTIVE SUMMARY

SCOTLAND'S ECONOMIC IMPACTS

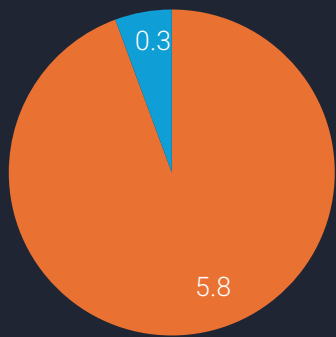
Economic and Social impacts

This study quantifies the economic contribution of cruise tourism to the Scottish economy in 2023. It includes an analysis of cruise passenger volumes, cruise activity at Scottish ports, and estimated visitor spending across key destinations. Using published cruise data and cruise line inputs, we modelled the direct, indirect and induced impacts—measuring the cruise sector's share of Scotland total output, GDP, employment and wages.

Scotland plays a meaningful role in the UK's cruise tourism economy, contributing around 6% of total output and 8% of employment.

Notably it's share of GDP and wages are proportionally stronger, highlighting the sector's higher value-added impact within the Scottish economy.

Share of Scotland output, 2023 (£ billions)



■ UK ■ Scotland

Source: Tourism Economics.

2023: Scotland's Total Economic Impacts

| | | | | |
|-----------------------------|--|--|--|--|
| UK economic impacts |  |  |  |  |
| | £5.8 B Output | £2.9 B GDP | 60.8 K Jobs | £2.4 B Wage |
| <hr/> | | | | |
| Scotland's economic impacts | £343 M Output | £173 M GDP | 4.7 K Jobs | £145 M Wage |

Numbers may not sum to total due to rounding

Economic and Social impacts

The cruise industry in 2023 contributed to the United Kingdom (UK) economy through three main channels:

- Passenger and Crew Spending
- Cruise Line Purchases
- Staff Income

The application of a cruise tax to ship operators would give an incentive to cruise lines to minimise their exposure to Scotland. This could have significant consequences for the economy depending on the extent of such a response.

Loss in Scotland’s output and employment by cruise volume decline, 2023 (£ millions)

| Volume loss | Est. Output loss | Est. Job loss* |
|------------------|------------------|----------------|
| Scenario 1 (1%) | (£2.9) | (30) |
| Scenario 2 (5%) | (£14.5) | (170) |
| Scenario 3 (10%) | (£29.0) | (340) |
| Scenario 4 (20%) | (£58.0) | (670) |

2023: Scotland’s Total Economic Impacts

| | | | | |
|---------------------------|--|--|--|--|
| |  |  |  |  |
| Impact at 1% volume loss | (£2.9 M) Output loss | (£1.4 M) GDP loss | (30) Job loss | (£1.0 M) Wage loss |
| Impact at 20% volume loss | (£58.0 M) Output loss | (£28.5 M) GDP loss | (670) Job loss | (£20.7 M) Wage loss |

Source: Tourism Economics
*The tax loss does not consider any revenue raised by the cruise tax.

*The tax loss does not consider any revenue raised by the introduction of the cruise tax.

Numbers may not sum to total due to rounding

2 Introduction



Introduction

Key findings and data sources



The cruise tourism sector plays a vital role in Scotland's economy by providing significant economic benefits through passenger spending, port operations, and supply chain activities. This report examines the economic impact of cruising in Scotland in 2023, specifically focusing on its contributions to GDP, employment, wages, and taxes within the Scottish economy. Additionally, it explores the potential consequences of a hypothetical passenger levy, simulating how a reduction in cruise activity could affect key economic indicators. The findings aim to offer policymakers and industry stakeholders an evidence-based assessment of the sector's value and the risks associated with regulatory changes.

As a key component of global tourism, the cruise industry drives economic activity well beyond the ships themselves. Passengers, whether transiting or embarking, support local economies through their spending on accommodation, dining, transport and retail in port cities and surrounding areas. This downstream impact helps sustain a range of businesses and services, amplifying the industry's contribution across multiple sectors.

In 2023, cruise line operations in the United Kingdom (UK) generated a total spend of £2.9 billion, with economic contributions captured through four main channels. Passenger and crew expenditures, including inbound transport with airlines, accounted for over £400 million across UK destinations. However, most of the direct spending came from cruise line operations with £2.0 billion of procurement spending, including fuel, port services, food and beverage supplies, and maintenance. Staff income earned by UK residents and spent within the UK added a further £450 million, while shipbuilding and capacity investments made a smaller contribution of approximately £9 million. This level of activity, reflecting the UK's cruise industry's 2023 operations, will serve as the benchmark from which Scotland's share of economic contribution has been derived from. The analysis provides the national context for understanding the scale of cruise-related economic activity in the UK, establishing a comparative foundation from which Scotland specific contribution can be assessed.

To examine how the introduction of a passenger cruise tax would influence the Scottish economy, Tourism Economics has developed a model focused on 2023 activity. As the proposed tax would be based on the volume of cruise guests going through Scotland. This model tests a series of scenarios where cruise lines respond by re-directing cruise traffic to other countries. A range of potential responses are then used to evaluate the fiscal and economic impact of introducing a cruise tax by discounting the impact from passenger spend and cruise line spend in Scotland for 2023.

Tourism Economics draws on a wide range of publicly available and in-house sources for the analysis. These include:

- Cruise Line International Association (CLIA) data
- Tourism Economics Cruise Intelligence Platform (C-IP)
- Oxford Economics Global Sustainability Model (GSM)
- Passenger volumes reported from ports
- Tourism Economics Cruise Survey Database (formerly known as GP Wild) 
- Tourism Economics Cruise Trends Survey 
- Other publicly available research, including surveys conducted by BREA.

Scotland's cruise industry

Overview

In 2023, Scotland's cruise industry experienced strong recovery and growth. The nation welcomed over one million cruise passengers, marking a significant rebound since the pandemic and reinforcing cruise tourism as a vital contributor to the economy. Key Scottish ports including Invergordon, Kirkwall, Lerwick, Aberdeen, Stornoway, Edinburgh and Greenock played pivotal roles in this activity.

Cruise tourism across Europe is undergoing change as cities grapple with the infrastructural pressures of growing visitor numbers. In response, several countries have introduced cruise-specific taxes or restrictions aimed at managing footfall. These shifts raise important questions about how Scotland might balance sustainable tourism with the continued success of its cruise sector.

As discussions around the introduction of a cruise tax grow across Europe, recent examples highlight the potential impact such policies can have on port activity. In Dubrovnik, a cruise levy introduced in 2021 coincided with a 19.2% drop in calls from 2019 to 2025. Similarly, Amsterdam has seen a 43.9% decline in cruise passenger visits (Cruise-IP) since a levy was implemented in 2019. By contrast, Scotland has enjoyed steady passenger growth during this same period.

This contrast highlights the importance of carefully considering the potential unintended consequences of a levy on Scotland's growing cruise sector. Continued growth suggests that Scotland's current approach supports both economic impact and regional tourism development. Ongoing monitoring of trends across the UK and Europe, as well as an up-to-date, comprehensive economic analysis of the potential impacts of a levy in Scotland will be important to inform future decisions.



3 Methodology

The background of the slide is a dark, atmospheric photograph of a coastal landscape. It features a winding road that curves along the edge of a steep, grassy cliff. The cliff face is rugged and appears to be made of dark rock. In the distance, the sea is visible under a heavy, overcast sky. The overall mood is somber and dramatic.

Economic Impact Process

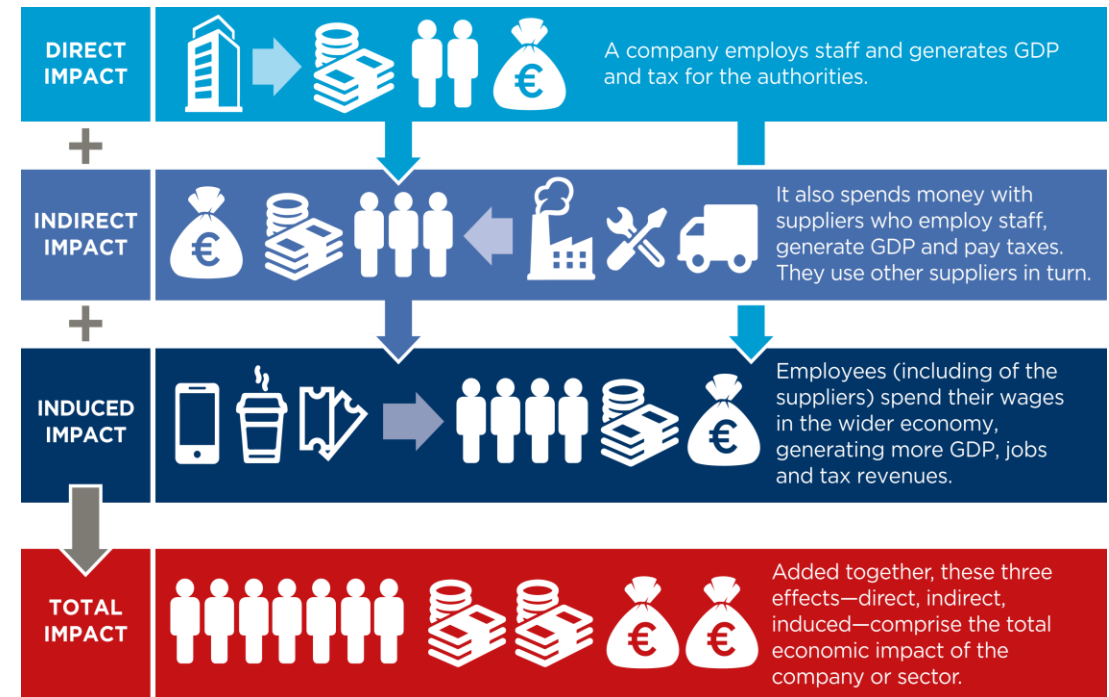
An overview of economic impact analysis

We assess the economic impact of cruise tourism globally using a standard approach known as an input-output analysis that quantifies the impact of the cruise industry across three “core” channels:

- **Direct impact**—this relates to the economic activity supported by expenditure directly linked to the cruise industry. This includes visitor spending at ports, cruise line operational and capital purchases, and wage-linked consumption by cruise line employees. Additionally, where appropriate, we quantify direct cruise line employment and associated wages within this study.
- **Indirect impact**—this captures supply chain effects that follow on from direct impacts. For example, businesses purchase goods and services from other businesses.
- **Induced impact**—this encompasses the effects of income and the resulting household consumption. The direct and indirect impacts create jobs and wages among businesses, and these employees then spend their earnings elsewhere in the economy.

The introduction of a cruise tax for cruise lines operating out of Scotland is likely to negatively affect the economic impact of cruise in the country. This is because operators will want to minimise their tax burden and hence begin to move their passengers to destinations and embarkation points outside Scotland.

Principles of Input-Output modelling



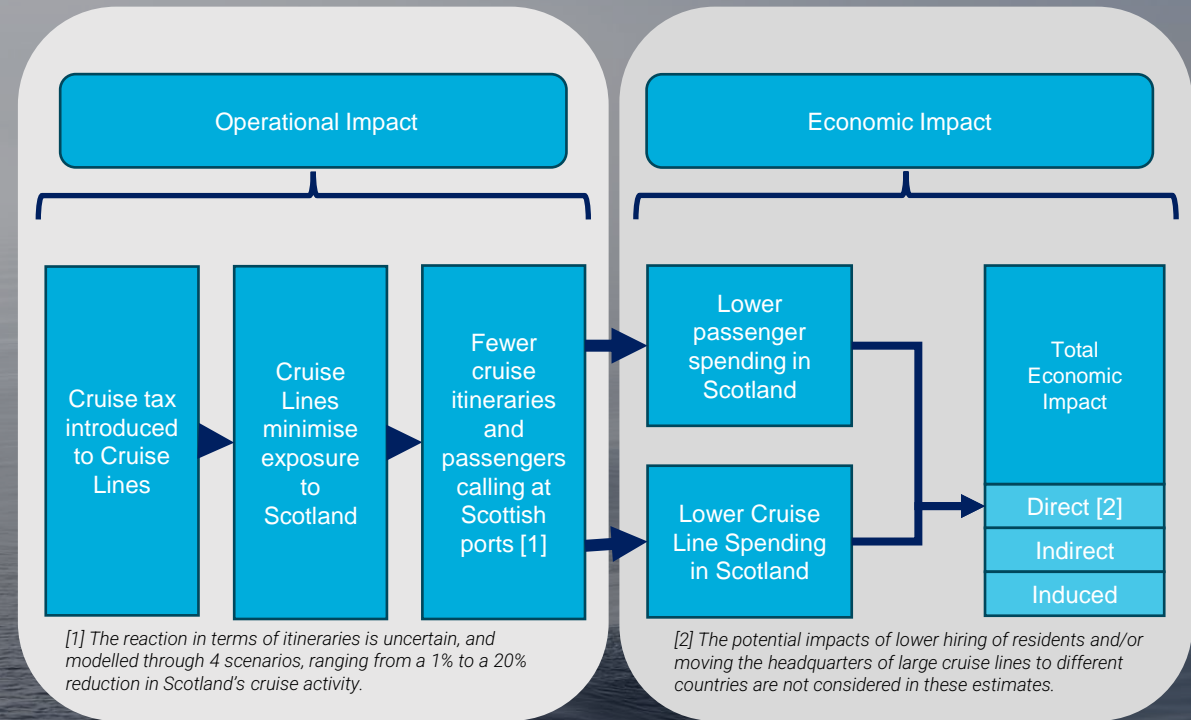
Framework/Methodology

Estimating the impact of a cruise tax on Scottish cruise traffic

This analysis models the potential economic impact of a cruise tax in Scotland by simulating a range of reductions in cruise passenger volumes. Rather than assuming a specific tax mechanism. The scenarios reflect how cruise lines might adjust their deployment in response to increased operational costs.

Cruise lines are likely to react to such a change in the fiscal landscape by minimising their exposure to Scotland; re-directing cruise itineraries and guests elsewhere. As a result of the reduced passenger volume, we consider two immediate economic impacts. Firstly, less total spending by passengers on Scottish ports before, during or after their cruise, and secondly; less spending by cruise lines at embarkation points, a direct result of the redirection of itineraries.

Model Flowchart



4 Spending



Scotland's passengers and spending

Spending

In 2023, close to 3.7 million transit and embarking passengers cruised in the UK. These visitors* spent around £2.9 billion in relation to their cruise trips.

The South East region was the largest source of cruise passengers in the UK, with 1.8 million travellers, supported by a strong market presence. It also absorbed a significant amount of spending accounting for over £2.5 billion.

Scotland was the second largest market in terms of cruise activity with over 1.1 million passengers and £178 million in total spending, mainly coming through day calls and a small amount of turn around calls.

In our analysis, we consider three types of spend:

- **Embarkation Spend** – Expenditures by passengers before their cruise departure, including accommodation, retail, and local transport among others.
- **Transit Spend** – Spending by passengers and crew during scheduled port stops, benefiting local businesses such as restaurants, retail, and transport services.
- **Inbound Airline Travel Spend** – Passenger expenditures on flights to their embarkation points, contributing to the broader travel and tourism economy

UK's cruise passengers by sub-region and their associated total spending, 2023

| Region/Country | Transit (000s) | Embark (000s) | Passengers (000s) | Total Spend (£ millions) |
|----------------|----------------|---------------|-------------------|--------------------------|
| United Kingdom | 2,158 | 1,512 | 3,670 | 2,883 |
| Scotland | 1,115 | 6 | 1,121 | 178 |
| South East | 323 | 1,482 | 1,805 | 2,514 |
| Rest of the UK | 721 | 24 | 745 | 190 |
| Total | 3,595 | 3,000 | 6,595 | 2,883 |

Source: Tourism Economics

* Visitors include transit, embarking passengers and crew ashore.



5 Economic Impact

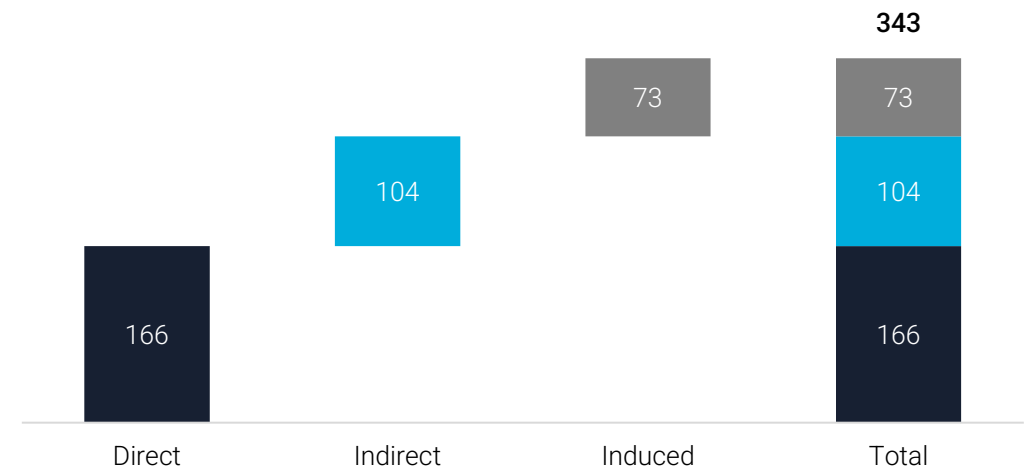
Output

Scotland's economic impact

Scotland's economic impact for the cruise industry in 2023 was driven by three key spending channels—passenger spending, staff income, and cruise line expenditures. An initial spending of £166 million across these channels¹ generated a further £104 million in indirect (supply-chain) impacts and £73 million in induced (wage-linked) impacts².

Cruise operations in Scotland supported £343 million in output (sales) in 2023.

Scotland's output impact, 2023 (£ millions)



¹Note: Direct output excludes certain leakages from the economy (e.g., imports), which is why it may differ from total cruise related spending.

²Note: Indirect and induced effects also include spillover effects from cruise activity from other regions in the UK.

Source: Tourism Economics

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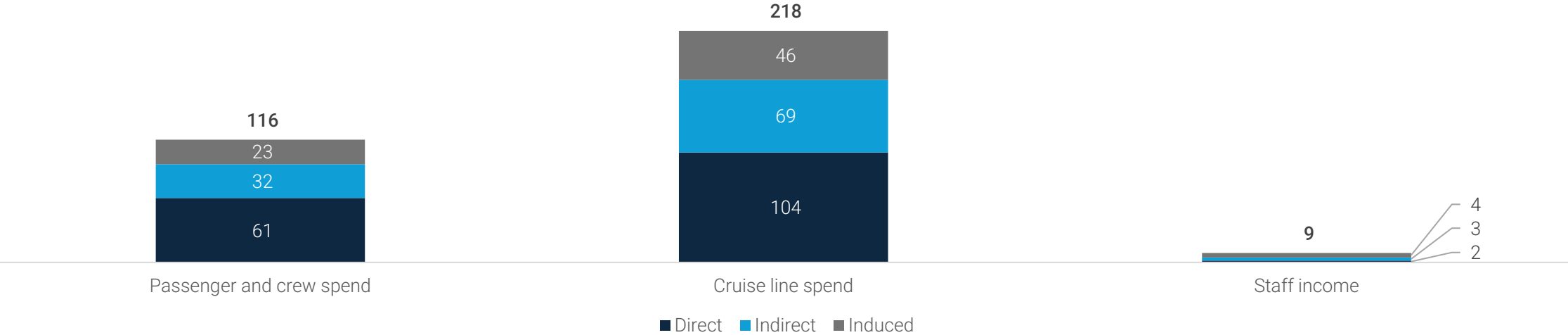
Output

Economic impact by channel

Scotland’s cruise line spend accounted for the largest share of output, totalling £218 million*, with £104 million in direct purchases, £69 million in indirect supply chain effects, and £46 million in induced spending from employee wages. Passenger spending followed at £116 million, driven primarily by direct expenditures of £61 million, with additional contributions from indirect £32 million and induced £23 million effects. While crew wage-linked spending contributed £9 million.

These spending categories highlight the multi-layered impact of cruise industry expenditures; direct transactions fuel economic activity in tourism and transportation. Indirect impacts arise as suppliers meet the demand for goods and services, while induced impacts originate from employees spending their wages in the broader economy.

Scotland’s total output impact by channel, 2023 (£ millions)



*Note: Cruise line spend does not include port fees or taxes. These are included in the tax sub-section of the report.
Source: Tourism Economics

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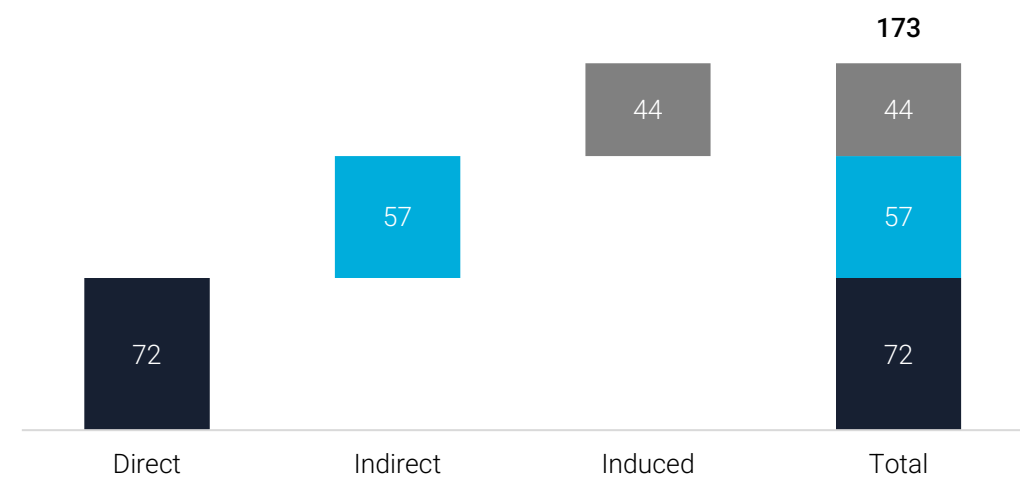
GDP

Scotland's economic impact

Spending from Scotland's cruise passengers contributed around £173 million to global GDP in 2023. This included £72 million in direct impacts, £57 million in indirect (supply-chain) impacts and £44 million in induced (wage-linked) impacts*.

With 1.1 million passengers, including 6,000 embarkations, Scotland accounted for just over 30% of UK cruise activity. Its total GDP contribution was a relatively smaller share of the cruise industry total for the year, at 6%.

Scotland's GDP impact, 2023 (£ millions)



*Note: Indirect and induced effects also include spillover effects from cruise activity from other regions in the UK
Source: Tourism Economics

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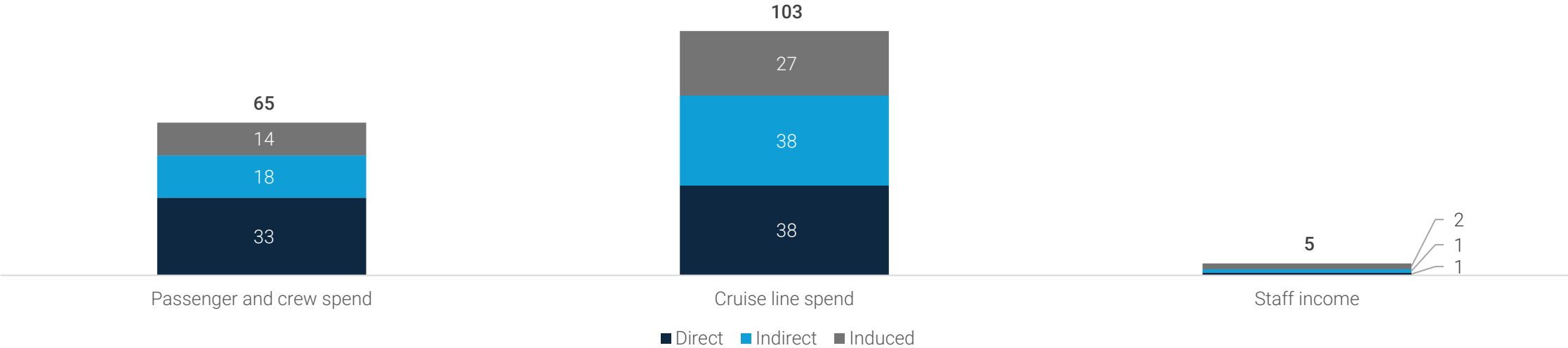


GDP

Economic impact by channel

The highest contribution to Scotland’s cruise-related output came from cruise line spending, which reached £103 million. This included £38 million in direct expenditures, an equivalent amount generated through supply chain interactions, and £27 million attributed to employee wage-driven activity. Passenger spending was the next largest contributor at £65 million, largely made up of £33 million in direct spend, with further impacts of £18 million and £14 million from indirect and induced channels, respectively. Crew wages added approximately £5 million to the overall output.

Scotland’s total GDP impacts by channel, 2023 (£ millions)



Source: Tourism Economics

Employment

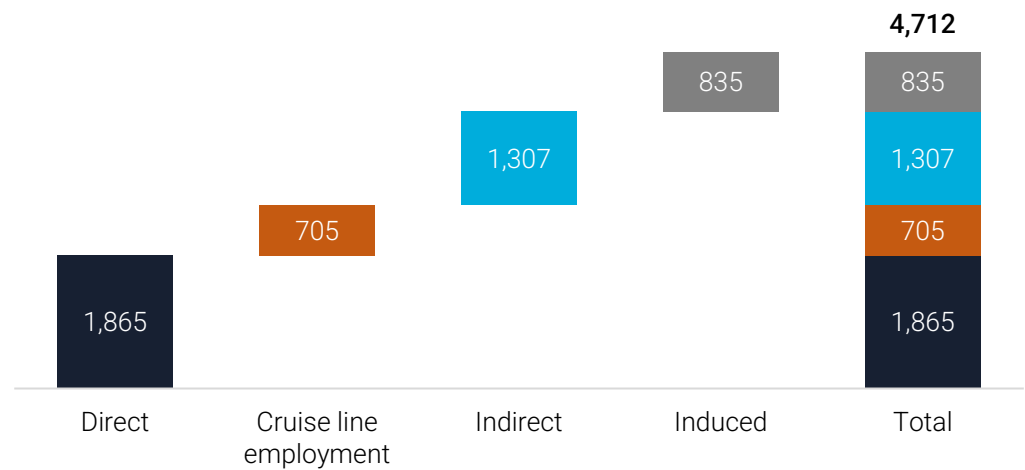
Scotland's economic impact

Spending by Scotland's cruise passengers supported around 5,000 jobs in 2023. The direct impact accounted for around 2,200 jobs, plus an additional 705 stemming from direct cruise line employment on-board and ashore. Indirect (supply-chain) and induced (wage-linked) spending supported an additional 2,500 jobs*.

This sub-channel comprises two forms of direct employment:

- Expenditure-linked employment, sustained by spending from passengers, cruise line purchases, and staff income.
- Cruise line-linked employment, covering roles directly tied to operations, including vessel crew and onshore office staff.

Scotland's employment impact, 2023 (number of persons)



*Note: Indirect and induced effects also include spillover effects from cruise activity from other regions in the UK.
Source: Tourism Economics

Numbers may not sum to total due to rounding

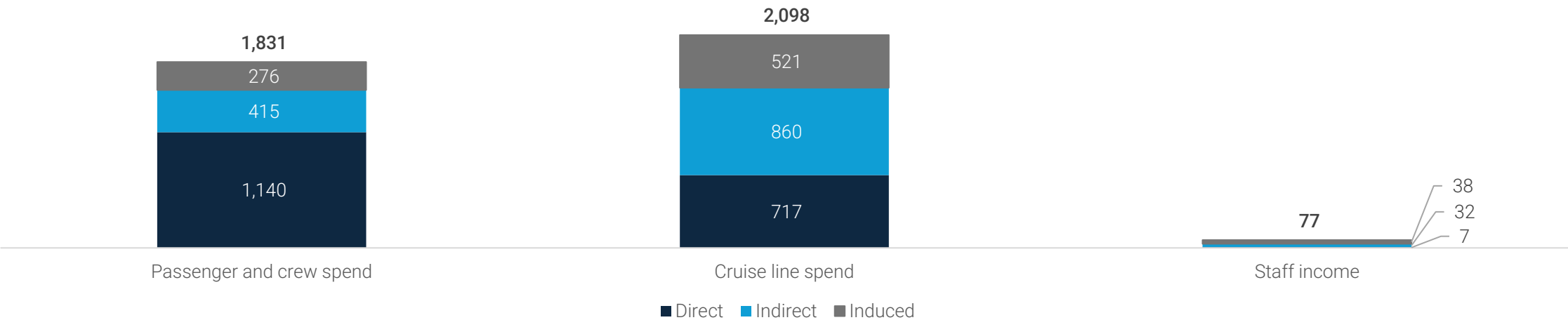


Employment

Economic impact by channel

Cruise line expenditure supported the highest level of employment, supporting around 2,100 jobs in total. This included roughly 720 jobs directly, 860 through supply chain (indirect) effects, and just over 520 through wage-related (induced) impacts. In comparison, passenger spending supported over 1,800 jobs – the majority (over 1,100) coming from direct spending, with a further 400 jobs indirectly and 276 via induced effects. Crew wage-related activity added nearly 80 more supported jobs. In addition to this impacts , cruise-linked employment contributed a further 705 jobs.

Scotland’s total employment impacts by channel, 2023 (number of persons)



Source: Tourism Economics

Wages

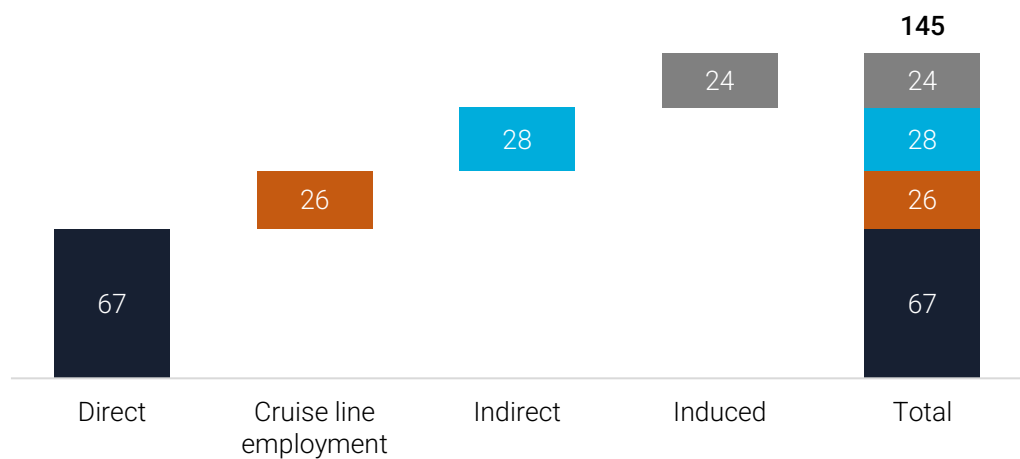
Scotland's economic impact

Cruise passengers visiting Scotland from around the world supported £145 million in wages across the country in 2023. Direct spending supported around £67 million, plus an additional £26 million worth of wages arising from cruise line employment, while indirect and induced spending supported a further £53 million in wages*.

This sub-channel comprises two forms of direct wages:

- Expenditure-linked wages, sustained by spending from passengers, cruise line purchases, and staff income.
- Cruise line-linked wages, covering roles directly tied to operations, including vessel crew and onshore office staff.

Scotland's wage impact, 2023 (£ millions)



*Note: Indirect and induced effects also include spillover effects from cruise activity from other regions in the UK.
Source: Tourism Economics

Numbers may not sum to total due to rounding

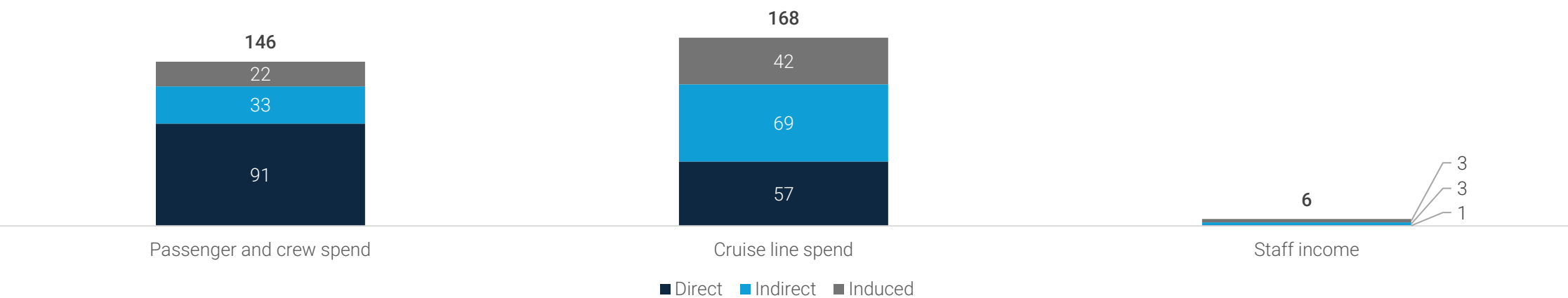


Wages

Economic impact by channel

Cruise line-related expenditure represented the most significant portion of overall output, reaching £168 million. This included £57 million in direct spending, £69 million through supply chain activity, and £42 million resulting from employee wage-driven consumption. Passenger-related spending amounted to £146 million, led by £91 million in direct outlays, supplemented by £33 million in indirect and £22 million in induced effects. Additionally, spending linked to crew wages added a further £6 million. On top of this, a further £26 million was generated through wages paid to employees working for the cruise lines.

Scotland’s total wage impacts by channel, 2023 (£ millions)



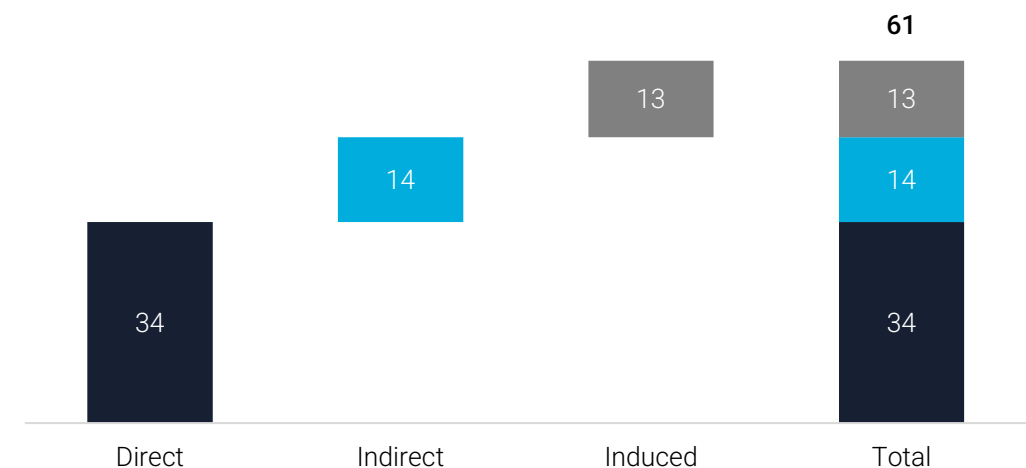
Source: Tourism Economics

Tax contributions

Scotland's economic impact

In 2023, cruise-related activity in Scotland generated an estimated £61 million in tax contributions. This includes £34 million in direct tax contributions, £14 million from indirect impacts, and £13 million from induced effects, highlighting the wide-reaching fiscal benefits of the cruise sector across the Scottish economy.

Scotland's tax impact, 2023 (£ millions)



*Note: Indirect and induced effects also include spillover effects from cruise activity from other regions in the UK.
Source: Tourism Economics

Numbers may not sum to total due to rounding

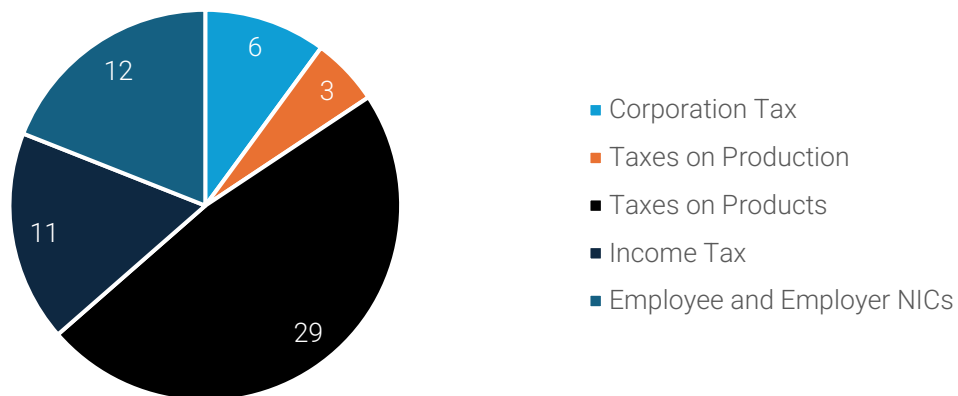


Tax contribution breakdown

Scotland's economic impact

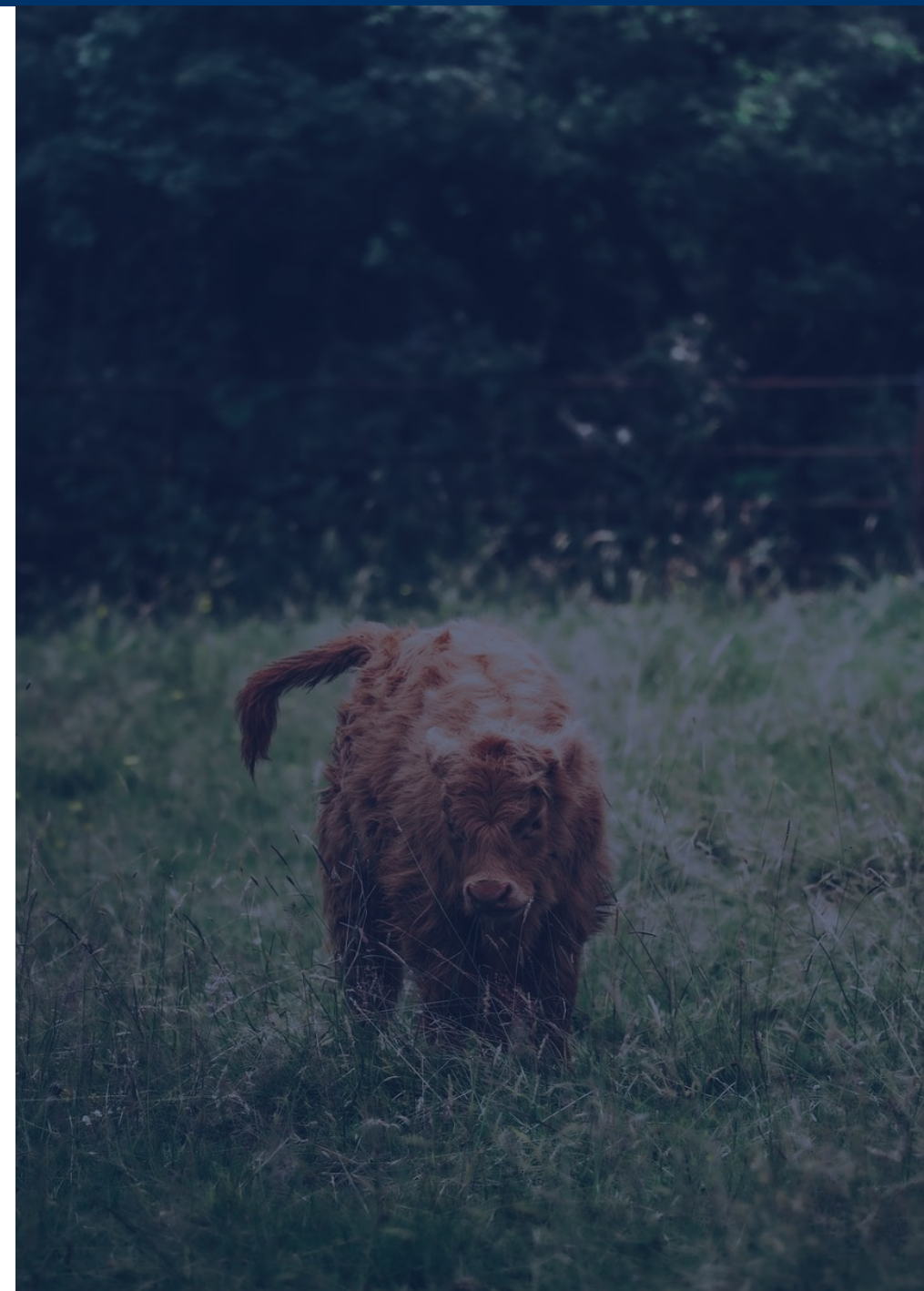
The tax contribution profile reveals a system primarily driven by consumer spending and employment. Taxes on products make up nearly half of the total at 48%, while labour-based taxes, including income tax and national insurance contributions account for 36%, underscoring the fiscal importance of workforce activity. In contrast, corporation tax and production-based levies contribute a smaller share, at 10% and 6% respectively. This distribution highlights a model where public revenue is largely drawn from everyday economic participation.

Scotland's tax impact breakdown, 2023 (£ millions)



*Note: Indirect and induced effects also include spillover effects from cruise activity from other regions in the UK.
Source: Tourism Economics

Numbers may not sum to total due to rounding



6 Scenario Impacts



Direct cruise linked spending

Key findings

The cruise industry’s direct economic impact in Scotland is assessed through three main channels:

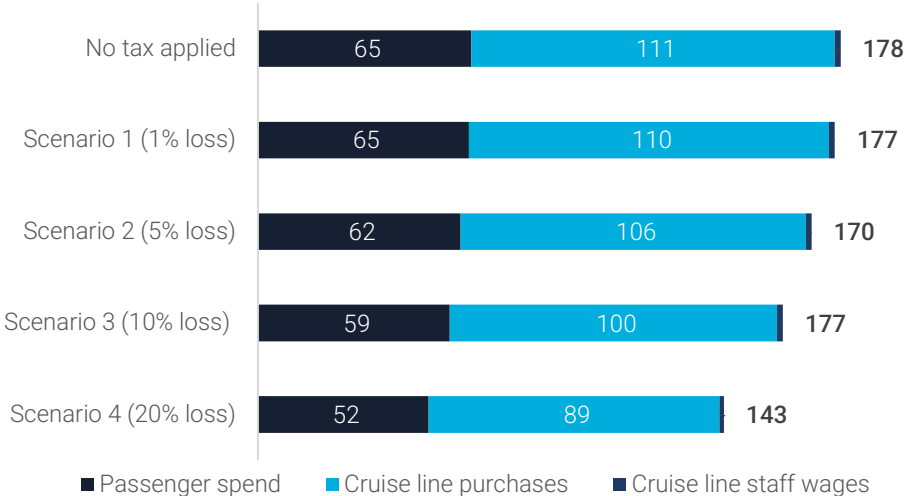
- 1. Passenger spending at ports
- 2. Cruise line purchases at destinations
- 3. Cruise line staff wages (measured as spending crew wages in country of residence)

In 2023, the UK’s cruise-linked spending reached close to £2.9 billion, driven mainly by cruise line purchases (£2.0 billion) and passenger spending (£400 million). A reduction of passenger traffic, as a reaction to the introduction of a passenger cruise tax, would lower this impact.

A relatively small share of passengers moving out of Scotland (1-5% loss) could have a notable economic impact, at up to around £8 million less in direct business sales in Scotland.

A stronger reaction and larger decline of 20% in cruise passengers could lead to a loss of nearly £36 million in domestic business sales.

Direct cruise-linked spending in Scotland, 2023 (£ millions)



Source: Tourism Economics

Passenger volume

Key findings

Passenger volume is a key measure of cruise activity and may decline if cruise lines adjust their ship deployment in response to a cruise tax in Scotland. In the baseline scenario (status quo) the volumes reached over 1.1 million nationally in 2023, reflecting full deployment and strong demand. The four scenarios below explore a range of potential responses in cruise activity resulting from an introduction of a cruise tax.

Passenger volumes progressively decline across the four scenarios, falling by over 224,000 under the strongest response modelled. The reduction in cruise activity in Scotland, as a response to the tax, could be realised through a combination of route redirections, capacity reductions or suppressed demand due to elevated costs. This downward shift in volumes could drive broader negative socio-economic impacts for Scottish residents, which are assessed in this chapter.

Scotland’s cruise passenger activity under different scenarios, 2023
(embarkations + transit visits, 000s)

| Scotland | Vol. loss | Volume | Volume loss |
|-----------------|-----------|--------|-------------|
| Tax not applied | 0% | 1,121 | - |
| Scenario 1 | 1% | 1,109 | (11) |
| Scenario 2 | 5% | 1,065 | (56) |
| Scenario 3 | 10% | 1,009 | (112) |
| Scenario 4 | 20% | 897 | (224) |

Source: Tourism Economics

Numbers may not sum to total due to rounding



Numbers may not sum to total due to rounding

Output

Key findings

In 2023, the total output impact of the cruise industry in Scotland’s economy is estimated at around £343 million. This includes direct, indirect (supply-chain) and induced (wage-linked) impacts.

A relatively small response with a 5% reduction in cruise traffic could lead to a loss of £14 million of output (business sales).

Under the strongest response scenario and a 20% decrease in cruise traffic through the country, total output from the cruise industry drops from £343 million to just £285 million, a loss of close to £60 million.

Estimated effect of passenger volume reductions on Scotland’s cruise-related output, 2023 (£ millions)

| Scotland | Vol. loss | Output | Output loss |
|-----------------|-----------|--------|-------------|
| Tax not applied | 0% | 343 | - |
| Scenario 1 | 1% | 340 | (3) |
| Scenario 2 | 5% | 329 | (14) |
| Scenario 3 | 10% | 314 | (29) |
| Scenario 4 | 20% | 285 | (58) |

Source: Tourism Economics



GDP

Key findings

In 2023, the cruise industry contributed an estimated £173 million to Scotland’s GDP, encompassing direct activity, supply chain effects, and employee- driven wage spending.

A 5% drop in cruise traffic could cut GDP by an estimated £7 million, signalling early economic strain. A 10% decline leads to a loss of over £14 million, impacting a wide range of cruise related industries.

In the most severe case (20% volume loss), GDP drops to £144 million, a contraction of £28 million, underscoring the industry’s economic importance to Scotland’s GDP.

Estimated effect of passenger volume reductions on Scotland’s cruise-related GDP, 2023 (£ millions)

| Scotland | Vol. loss | GDP | GDP loss |
|-----------------|-----------|-----|----------|
| Tax not applied | 0% | 173 | - |
| Scenario 1 | 1% | 171 | (1) |
| Scenario 2 | 5% | 166 | (7) |
| Scenario 3 | 10% | 159 | (14) |
| Scenario 4 | 20% | 144 | (28) |

Source: Tourism Economics

Numbers may not sum to total due to rounding



Employment

Key findings

In 2023, the cruise industry supported an estimated 4,712 jobs across Scotland, spanning onboard roles, port services, logistics and wider tourism-related services. This figure accounts for the total workforce sustained through both direct employment and the broader ripple effects of cruise activity.

A small disruption, such as a 5% reduction in cruise traffic, would put around 170 jobs at risk. In contrast, with a 10% decline in passenger volumes the Scottish cruise sector could see job losses reach almost 340.

In a severe scenario where cruise activity drops by 20%, the workforce shrinks to just over 4,000, marking a loss of close to 700 jobs.

Estimated effect of passenger volume reductions on Scotland’s cruise-related employment, 2023 (number of persons)

| Scotland | Vol. loss | Employment | Employment loss |
|-----------------|-----------|------------|-----------------|
| Tax not applied | 0% | 4,712 | - |
| Scenario 1 | 1% | 4,678 | (34) |
| Scenario 2 | 5% | 4,544 | (168) |
| Scenario 3 | 10% | 4,376 | (336) |
| Scenario 4 | 20% | 4,040 | (672) |

Source: Tourism Economics



Wages

Key findings

In 2023, total wages supported by the Scottish cruise industry reached approximately £145 million, reflecting earnings across both direct and indirect roles.

A 5% decline in cruise activity could reduce cruise related wages by £5 million, while a 10% drop would slash earnings by around £10 million.

In a 20% volume loss scenario, wage supported falls to just above £125 million, amounting to a total loss of £21 million in worker earnings.

Estimated effect of passenger volume reductions on Scotland’s cruise-related wages, 2023 (£ millions)

| Scotland | Vol. loss | Wages | Wage loss |
|-----------------|-----------|-------|-----------|
| Tax not applied | 0% | 145 | - |
| Scenario 1 | 1% | 144 | (1) |
| Scenario 2 | 5% | 140 | (5) |
| Scenario 3 | 10% | 135 | (10) |
| Scenario 4 | 20% | 125 | (21) |

Source: Tourism Economics

Numbers may not sum to total due to rounding



Tax contributions

Key findings

Tax revenues tied to cruise activity represent a vital stream for local and national governments.

A 5% decline in cruise traffic could lead to a loss of £3 million in tax receipts. With a 10% drop, tax losses are estimated to exceed £6 million, reflecting a broader fiscal impact.

In the most extreme case (20% passenger volume loss), local authorities and national governments stand to lose over £12 million in tax revenue, sharply reducing public sector resources linked to the industry.

Estimated effect of passenger volume reductions on Scotland’s cruise-related tax revenue, 2023 (£ millions)

| Scotland | Vol. loss | Tax revenue loss |
|-----------------|-----------|------------------|
| Tax not applied | 0% | 61 |
| Scenario 1 | 1% | (1) |
| Scenario 2 | 5% | (3) |
| Scenario 3 | 10% | (6) |
| Scenario 4 | 20% | (12) |

Source: Tourism Economics

Note: Taxes include port service charges.

Numbers may not sum to total due to rounding



Tax contribution breakdown

Key findings

The reduction scenarios demonstrate a clear pattern: as passenger volumes decline, tax revenues fall across all categories. The most significant losses are concentrated in the same areas that dominate baseline contributions, taxes on products, income tax, and NICs—illustrating the sector’s dependence on both spending and employment. For example, a 20% volume drop leads to a combined £10.3 million loss across these three categories alone.

As passenger volumes decline, estimated tax losses grow progressively, with total losses ranging from £0.6 million under a 1% reduction to over £12 million under a 20% reduction. The largest fiscal impacts are consistently seen in taxes on products (-£5.8 million at 20%), followed by employee and Employer NICs (-£2.3 million) and income tax (-£2.1 million), reflecting the sector strong link to consumer spending and labor. Corporation tax and taxes on production also decline with each scenario, though they represent a smaller portion of the overall impact.

Estimated effect of passenger volume reductions on Scotland’s cruise-related tax revenue streams, 2023 (£ millions)

| Scotland | Vol.loss | Corporation Tax | Taxes on Production | Taxes on Products | Income Tax | Employee and Employer NICs |
|------------|----------|-----------------|---------------------|-------------------|------------|----------------------------|
| Scenarios | % | £ Millions | £ Millions | £ Millions | £ Millions | £ Millions |
| Baseline | - | 6 | 3 | 29 | 11 | 12 |
| Scenario 1 | 1% | (0.1) | (0.0) | (0.3) | (0.1) | (0.1) |
| Scenario 2 | 5% | (0.3) | (0.2) | (1.5) | (0.5) | (0.6) |
| Scenario 3 | 10% | (0.6) | (0.3) | (2.9) | (1.1) | (1.2) |
| Scenario 4 | 20% | (1.2) | (0.7) | (5.8) | (2.1) | (2.3) |

Source: Tourism Economics

Note: Taxes include port service charges.

Total economic impacts

National-level economic impact

The cruise industry plays a significant role in the Scottish economy, contributing to jobs, wages, tax revenues, and overall economic output. However, the introduction of a cruise tax could have increasingly harmful economic effects. As the severity of the reaction to the policy intensifies, the negative impacts compound—reducing passenger numbers, spending, and employment, while also leading to major declines in GDP, wages, and tax revenues. The findings underscore the substantial economic risk of introducing a cruise tax to cruise players, which could disrupt cruise operations significantly under varying scenarios.

Estimated total economic impacts losses related to the Scottish cruise industry, under different passenger volume scenarios, 2023 (£ millions)

| Scotland | Vol. loss | Pax | Spend | Output | GDP | Employment | Wage | Tax |
|------------|-----------|-------|------------|------------|------------|---------------------|------------|------------|
| Scenarios | % | 000s | £ Millions | £ Millions | £ Millions | (number of persons) | £ Millions | £ Millions |
| Baseline | - | 1,121 | 178 | 343 | 173 | 4,712 | 145 | 61 |
| Scenario 1 | 1% | (11) | (2) | (3) | (1) | (34) | (1) | (1) |
| Scenario 2 | 5% | (56) | (9) | (14) | (7) | (168) | (5) | (3) |
| Scenario 3 | 10% | (112) | (18) | (29) | (14) | (336) | (10) | (6) |
| Scenario 4 | 20% | (224) | (36) | (58) | (28) | (672) | (21) | (12) |

Source: Tourism Economics

About Tourism Economics

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of the travel sector with proven economic tools to answer the most important questions facing our clients. More than 500 companies, associations, and destination work with Tourism Economics every year as a research partner. We bring decades of experience to every engagement to help our clients make better marketing, investment, and policy decisions. Our team of highly-specialised economists deliver:

- Global travel data-sets with the broadest set of country, city, and state coverage available
- Travel forecasts that are directly linked to the economic and demographic outlook for origins and destinations
- Economic impact analysis that highlights the value of visitors, events, developments, and industry segments
- Policy analysis that informs critical funding, taxation, and travel facilitation decisions
- Market assessments that define market allocation and investment decisions

Tourism Economics operates out of regional headquarters in Philadelphia and Oxford, with offices in Belfast, Buenos Aires, Dubai, Frankfurt, and Ontario.

Oxford Economics is one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities. Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact. Headquartered in Oxford, England, with regional centers in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Chicago, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington DC, we employ over 600 full-time staff, including 450 professional economists, industry experts and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

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