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**AGENDA ITEM 6: ECONOMIC DEVELOPMENT OF
AIR TRANSPORT**

**THE STATE OF THE ASIA-PACIFIC AIRPORT INDUSTRY:
GROWTH, FISCAL PRESSURES AND THE
INFRASTRUCTURE IMPERATIVE**

Presented by Airports Council International (ACI)

INFORMATION PAPER

SUMMARY

Asia-Pacific airports handled an estimated 3.6 billion passengers in 2025, adding more than 182 million passengers from 2024, more than all other regions combined. Regional throughput finally crossed pre-pandemic levels, but recovery remains uneven, capacity at major hubs is binding, and the long-term outlook 10 billion Asia-Pacific passengers by 2054 — implies a sustained, decades-long investment cycle. At the same time, the regional airport industry faces compressed unit revenues, returns on assets that lag global peers, residual exposure to the Middle East security situation and a renewed wave of proposals to use aviation as a source of general or solidarity-linked revenue. This paper presents an integrated view of these dynamics and invites the Conference to note the information presented in this paper.

THE STATE OF THE ASIA-PACIFIC AIRPORT INDUSTRY: GROWTH, FISCAL PRESSURES AND THE INFRASTRUCTURE IMPERATIVE

1. INTRODUCTION

- 1.1 Airports are the principal physical and economic gateways of the Asia-Pacific aviation system. Their financial health, capacity, productivity and resilience determine the degree to which the connectivity, trade and tourism benefits of air transport can be realised across the Region. As the geographic centre of global aviation continues to tilt towards Asia-Pacific, the ability of the Region's airports to absorb sustained growth has direct implications for the economic prosperity and societal well-being objectives that underpin the Economic Development of Air Transport Strategic Goal of ICAO.
- 1.2 ACI presents this state-of-the-industry paper to provide Member States with a consolidated, evidence-based view of recent passenger and cargo trends, airport financial performance, the long-term traffic outlook, the impact on the Region of the Middle East security situation, the renewed momentum behind new aviation taxes and levies, and the scale of infrastructure investment required to meet projected demand. The paper draws on the traffic statistics released by airport operators and civil aviation authorities, ACI World Airport Key Performance Indicators 2026 (FY 2024 base) and the ACI World Air Traffic Forecast 2025-2054.
- 1.3 It complements the broader policy direction set out in ACI's working paper to the 42nd Session of the ICAO Assembly, *Toward a Modern Airport Slot Policy Framework for Social and Economic Growth* (A42-WP/242, EC/20)¹, and in DGCA — 60/IP/04/15 on airport-ATM cooperation². It is also tabled in advance of the Seventh Worldwide Air Transport Conference (ATConf/7), to be held from 16 to 20 November 2026, where economic policy direction for the international air transport sector will be set.

2. PASSENGER TRAFFIC — ASIA-PACIFIC IN 2025

- 2.1 Asia-Pacific airports handled an estimated 3.6 billion passengers in 2025, adding more than 182 million passengers from 2024, more than all other regions combined.
- 2.2 At the airport level, Asia-Pacific now hosts a majority of the world's largest hubs. Tokyo Haneda (91.6 million passengers, +5.7 per cent), Shanghai Pudong (85.0 million, +10.7 per cent), Guangzhou Baiyun (83.6 million, +9.5 per cent), Delhi (78.1 million, +0.4 per cent), Incheon (74.1 million, +4.1 per cent), Beijing Capital (70.7 million, +5.0 per cent), Singapore Changi (70.0 million, +3.4 per cent), Shenzhen (66.5 million, +8.1 per cent) and Kuala Lumpur (63.3 million, +10.8 per cent) all sit in the global top twenty. Hong Kong (61.0 million, +15 per cent) demonstrated a clear rebound.
- 2.3 Recovery to pre-pandemic levels finally arrived in 2025 for Asia-Pacific on an aggregate basis. However, recovery remains uneven between markets in the region.

¹ICAO, A42-WP/242 (EC/20), *Toward a Modern Airport Slot Policy Framework for Social and Economic Growth*, presented by ACI to the Economic Commission of the 42nd Session of the ICAO Assembly, Montréal, 23 September – 3 October 2025.

²DGCA — 60/IP/04/15, *Strengthening Airport and ATM Cooperation to Meet Capacity Demand*, presented jointly by ACI APAC & MID and CANSO at the 60th Conference of Directors General of Civil Aviation, Asia and Pacific Regions, Sendai, Japan, 28 July – 1 August 2025.

3. AIR CARGO — THE ENGINE OF THE GLOBAL FREIGHT SYSTEM

- 3.1 Asia-Pacific is estimated to have handled approximately 52.4 million tonnes of air cargo in 2025, a +5.4 per cent increase on 2024.
- 3.2 Growth was strongest at mainland Chinese hubs. Zhengzhou (+25.2 per cent) was the fastest-growing major cargo airport in the world; Chongqing (+16.8 per cent), Nanjing (+14.9 per cent), Chengdu Tianfu (+12.9 per cent) and Shenzhen (+9.6 per cent) all posted double-digit growth. Hong Kong remained the world's largest cargo airport. The pattern reflects the structural relocation of cross-border e-commerce, semiconductor and AI-related supply chain volumes into inland Chinese hubs, as well as continued integrator network expansion.

4. AIRPORT ECONOMICS — REVENUES, COSTS, PROFITABILITY AND FINANCIAL SUSTAINABILITY

4.1 *Revenues*

- 4.1.1 Airport industry revenue growth was +14.0 per cent in Asia-Pacific — the highest of any region globally³.
- 4.1.2 However, unit revenue remains structurally below the global average. Total revenue per passenger in Asia-Pacific was USD 14.03, compared with a world average of USD 20.59 — a gap of approximately 32 per cent. Aeronautical revenue per passenger was USD 7.34 (vs world USD 11.11), reflecting disciplined airport charges; non-aeronautical revenue per passenger was USD 6.01 (vs world USD 7.57). The Region's economic model is fundamentally volume-led, not pricing-led.
- 4.1.3 A structural strength of Asia-Pacific airports is the share of non-aeronautical revenue: 42.8 per cent of the regional revenue mix, the highest of any reporting region (Europe 38.1 per cent, World 36.8 per cent, North America 33.2 per cent). Retail concessions (USD 2.27 per passenger) and property and real estate (USD 1.56 per passenger) lead all reporting regions. Areas with monetisation upside include food and beverage, car parking (held down by high public-transport penetration) and rental cars.

4.2 *Costs and productivity*

- 4.2.1 Asia-Pacific airports operate at materially lower unit costs than global peers: total cost per passenger of USD 11.15 against a world average of USD 15.64 — a cost gap of -28.7 per cent. This advantage is anchored in labour costs (USD 24,902 per employee vs world USD 55,179). Productivity per employee (12,158 passengers per employee) is rising but still below the world average.
- 4.2.2 Within the regional cost base, maintenance accounts for approximately 12.3 per cent of operating expenditure — nearly double the world share — reflecting the cumulative effect of an ageing first-generation asset base alongside the most recent investment cycle. The structural cost moat will narrow as labour markets tighten across the Region and as renewed maintenance and renewal cycles arrive.

³ACI World Airport Key Performance Indicators 2026, FY 2024 base year. All monetary values in 2024 United States dollars. Middle East detail is suppressed in several KPI tables under ACI's confidentiality threshold; combined APAC + MID block figures are used where regional-level disclosure is constrained.

4.3 *Profitability and financial sustainability*

- 4.3.1 Asia-Pacific airports posted an EBITDA margin of 45.2 per cent in FY 2024, at parity with Europe (44.8 per cent) and above the world average. EBITDA grew +28.5 per cent year-on-year, the fastest of any region. By this measure, the Region's operating profitability has fully recovered.
- 4.3.2 Return on assets, however, tells a different story. Asia-Pacific airports posted a return on assets of 2.06 per cent in FY 2024, compared with 4.81 per cent in Europe and 3.41 per cent worldwide — less than half the European level. The gap is a direct consequence of the Region's asset-heavy, recently delivered capital base: a generation of new terminals, runways and ground infrastructure that has yet to fill to design capacity. Returns will improve as throughput rises, but the gap is the clearest single signal that the Region's financial sustainability depends on the orderly absorption of demand into the infrastructure already built and the disciplined pricing of capacity yet to be built.

5. LONG-TERM TRAFFIC OUTLOOK FOR ASIA-PACIFIC AIRPORTS

- 5.1 The ACI World Air Traffic Forecast 2025-2054 (WATF 2025) projects Asia-Pacific passenger traffic to reach 10 billion in 2054, at a compound annual growth rate of 3.6 per cent⁴. International passenger traffic in Asia-Pacific is projected to grow at a higher rate (4.3 per cent CAGR), reaching 3.2 billion in 2054 — a structural reversal of the previous decade in which domestic growth dominated.
- 5.2 Growth is front-loaded: the Asia-Pacific passenger CAGR is projected at 4.7 per cent up to 2030, gradually slowing to 2.6 per cent for the final 5-year sectoral CAGR up to 2054. The implication for capacity planning is that the highest growth pressure on the existing infrastructure stock falls in the current and next master-plan cycles.
- 5.3 Two markets dominate the absolute outlook. China is projected to reach 3.9 billion passengers by 2054 (3.3 per cent CAGR) and India 1.9 billion (5.3 per cent CAGR). Together they account for approximately 60 per cent of Asia-Pacific's incremental passenger growth. Indonesia (709 million, 5.2 per cent CAGR), Viet Nam (467 million, 5.0 per cent CAGR), the Philippines (339 million, 4.4 per cent CAGR) and Thailand (444 million, 3.9 per cent CAGR) are the structural mid-tier growth markets. Japan, Republic of Korea, Australia and Malaysia are mature growth markets. Air cargo in Asia-Pacific is projected to grow from 52.4 million tonnes in 2025 to 115 million tonnes in 2054 (CAGR 2.8 per cent).
- 5.4 On these projections, Asia-Pacific's share of world passenger traffic rises from 36.9 per cent in 2025 to 43.1 per cent in 2054 (+6.2 percentage points).

6. IMPACT OF THE MIDDLE EAST SECURITY SITUATION ON ASIA-PACIFIC

- 6.1 The Middle East is the principal long-haul connecting region between Asia-Pacific and Europe, Africa and the Americas, and the security situation in the region has direct operational, commercial and financial consequences for Asia-Pacific airports.
- 6.2 Airspace closures and conflict-related rerouting through the broader Middle East and Eastern Mediterranean have increased flight times, fuel burn and operating costs on a significant share of Asia-Pacific long-haul services to Europe.

⁴ACI World Air Traffic Forecast 2025-2054 (WATF 2025); ACI World Airport Industry Report Q4 and 12-month 2025. Regional totals on airport-level aggregation (embarked plus disembarked passengers).

- 6.3 The financial implications for Asia-Pacific airports are most acute on the revenue side. Advance bookings for the first quarter of 2026 on services into the Middle East are running approximately -10.4 per cent year-on-year, with broader world advance bookings at -1.6 per cent. A protracted period of suppressed demand on Asia-Pacific to Middle East to Europe city pairs would compress aeronautical revenue at major Asia-Pacific connecting airports and reduce passenger spend in the commercial areas where the Region's non-aeronautical revenue model is anchored.

7. SCALE OF AIRPORT INVESTMENT REQUIRED OVER THE NEXT THREE DECADES

- 7.1 Translating the WATF 2025 demand forecast into airport infrastructure requires sustained capital investment over the next three decades. As noted in DGCA — 60/IP/04/15, combined airport investments of approximately USD 240 billion are planned for 30 major gateways in Asia-Pacific & Middle East for the period 2025 to 2035 alone, with the potential to deliver capacity for approximately 1.24 billion additional passengers⁵. This represents only the visible near-term pipeline; the requirement extends well beyond.
- 7.2 Three structural features of this investment requirement merit attention. First, the requirement is geographically concentrated: China and India alone account for approximately 60 per cent of incremental Asia-Pacific demand. Second, the requirement is front-loaded: the highest growth rates fall in the current and next master-plan cycles. Third, the requirement runs in parallel with major investments in airspace and air traffic management capacity — capacity that must grow in tandem with ground capacity, as ACI and CANSO highlighted at DGCA 60. Imbalance between airport and airspace investment leads directly to operational inefficiency, congestion and a deterioration in the passenger experience.
- 7.3 The Region's ability to finance this investment depends on the maintenance of a stable, predictable and economically sustainable airport revenue framework, on the active and informed engagement of States as long-term policy partners, and on the avoidance of measures that extract value out of the aviation system without redirecting it to the infrastructure on which the system depends. Compliance with ICAO's Policies on Charges for Airports and Air Navigation Services (Doc 9082) and Policies on Taxation (Doc 8632) is foundational. Equally, the Region's ability to attract private capital depends on the predictability of the regulatory and economic environment, including a stable approach to airport charges, transparent capacity declarations and a clear policy framework for the use of scarce airport capacity.

8. ACTION BY THE CONFERENCE

- 8.1 The Conference is invited to note the information contained in this Paper.

— END —

⁵See DGCA — 60/IP/04/15, footnote 2 above. The figure reflects committed and planned airport infrastructure investment at 30 major gateways within the ACI APAC & MID perimeter and is illustrative of the near-term capital deployment cycle, not the long-term aggregate requirement.