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Agenda Item 26: Economic Development of Air Transport

STATE OF THE INDUSTRY AND OUTLOOK FOR AIRPORT TRAFFIC

(Presented by Airports Council International (ACI))

SUMMARY

Global airport passenger traffic officially recovered in 2024 from the COVID-19 pandemic, surpassing 2019 levels. Total passenger traffic increased 8.4% in 2024 compared with 2023, bringing the total global passenger number to 9.4 billion for the full year. This represents a 103% recovery rate compared with pre-pandemic traffic in 2019. Even though demand for leisure travel has remained strong in 2024, growth levels on certain segments have started to moderate in 2025. Key indicators and determinants of air transport demand remain mixed in the near term. The effects of potential macroeconomic headwinds – lingering inflationary pressures and geopolitical tensions – continue to weigh on certain economies, potentially limiting growth prospects for both passenger numbers and air cargo volumes. On the other hand, low unemployment rates in some major aviation markets continue to bode well for air transport demand and the propensity to travel. In 2025, the global passenger traffic is estimated to reach 9.8 billion with 3.7% year-over-year growth, marking the end of the recovery phase in passenger traffic and the beginning of a more measured growth trajectory. Although airport passenger traffic has recovered, airport industry revenues continue to lag in terms of recovery as compared to 2019 levels.

Strategic Goals:

This working paper relates to Strategic Goal: *The Economic Development of Air Transport Assures the Delivery of Economic Prosperity and Societal Well-Being for All*

References:

ACI World: Airport Traffic Report 2024
ACI World: 2025 Airport Key Performance Indicators
ACI World: World Airport Traffic Forecasts 2024-2053

1. THE LINGERING IMPACT OF THE COVID-19 CRISIS ON AIRPORT REVENUES

1.1 The impact of the COVID-19 pandemic and resultant government restrictions on passenger traffic at airports was significant across all regions of the world. Global passenger traffic declined 61% in 2020 relative to 2019 (going from 9.2 billion passengers in 2019 to 3.6 billion passengers in 2020).

1.2 During 2021, passenger traffic experienced a modest recovery, reaching 4.6 billion passengers; this means passenger volume in 2021 was still only around 50% of that registered during 2019. This had a negative impact on vital revenue streams needed to finance airport operations, recover costs and infrastructure development. Airport revenues are from two primary sources— aeronautical and non-aeronautical activities. All sources of non-aeronautical revenues decreased in 2020 compared with 2019. Revenue sources directly affected by passenger volumes, such as retail concessions (-65.2%), suffered the most. When looking at individual aeronautical revenue sources, revenues from passenger-related charges saw, not surprisingly, the largest declines (-65.0%) in tandem with the collapse in traffic. Although airports supported air cargo operations amidst the pandemic, revenues from landing charges plummeted as well (-42.0%). In 2021, total airport revenue was down by 43% as compared to 2019.

1.3 In 2023, aeronautical revenues accounted for 53.6% of total revenue compared to 54.0% in 2019, while non-aeronautical revenues represented 36.7% of total revenue compared to 40.2% in 2019. This reflects a difference of three percentage points in non-aeronautical revenues compared to their 2019 share. Despite overall growth, non-aeronautical revenues are still trailing their pre-pandemic level.

1.4 Total airport revenue reached US\$146 billion, marking a US\$26.3 billion increase from 2022 but remaining below the US\$158.6 billion from 2019. This reflects a 21.4% rise compared to 2022 and an 11.4% decrease compared to 2019. Although, passenger traffic has almost recovered to 2019 levels in 2023, the 2023 total revenues lag behind in terms of recovery.

2. AIRPORT PASSENGER TRAFFIC IN 2023 AND 2024

2.1 Although air transport was hit hard by the pandemic, it has steadily recovered in 2023 and 2024. Total passenger traffic increased 30.6% in 2023 compared with 2022, bringing the total global passenger number to 8.7 billion for the full year. This represented a 95% recovery rate compared with pre-pandemic traffic in 2019. Total passenger traffic increased 8.4% in 2024 compared with 2023, bringing the total global passenger number to 9.4 billion for the full year – a 103% recovery rate compared with pre-pandemic traffic in 2019.

2.2 The overall pace of recovery was uneven, with Asia-Pacific lagging the Americas and Europe. However, the reopening of China led to robust passenger growth in the region in 2023, while growth in the Americas and Europe moderated after strong figures in 2022. Despite these regional disparities, the recovery highlights a strong traveller sentiment, a propensity to travel, and a willingness to spend disposable income on travel. By the end of 2024, all markets have recovered from the impact of the COVID-19 pandemic and are expected to transition into a stabilized growth trajectory. Passenger numbers in 2024 and growth comparisons relative to 2023 are presented below:

- Africa: 250 million passengers (9.1% year-over-year)
- Asia-Pacific: 3.4 billion passengers (12.5% year-over-year)
- Europe: 2.5 billion passengers (7.7% year-over-year)

- Latin America-Caribbean: 758 million passengers (4.5% year-over-year)
- Middle East: 440 million passengers (8% year-over-year)
- North America: 2.1 billion passengers (4.5% year-over-year)

3. INTERNATIONAL AND DOMESTIC PASSENGER TRAFFIC

3.1 International traffic is defined as aircraft operations between a designated airport and an airport in another country or territory, whereas domestic traffic is defined as aircraft operations between two airports located in the same country or territory.

3.2 Historically, domestic passenger numbers comprised more than half of all passenger traffic. However, there was a notable increase in international tourism in the years leading up to the pandemic, resulting in international passenger traffic growing at higher rates compared with domestic passenger traffic. From 2011 to 2019, the compound annual growth rate (CAGR) for international traffic was 6.2%, while domestic traffic grew at a slightly lower rate of 4.6%. Despite this growth in international travel, domestic markets remained the dominant force in the global passenger market, accounting for 57% of all passenger traffic in 2019.

3.3 In 2024, global air travel continued its robust post-pandemic recovery, with international passenger traffic outpacing domestic growth by a significant margin. International volumes rose 13.3% year-over-year—nearly three times the rate of domestic traffic, which grew by a more modest 4.6%. This stronger international performance was fuelled by the reopening of long-haul markets and sustained demand for cross-border tourism and business travel. Asia-Pacific led the resurgence, posting the highest international growth at 28.8%. As a result, the historical gap between domestic and international traffic narrowed considerably, marking a notable shift in global air travel dynamics. Regionally, Asia-Pacific was the primary engine of international passenger growth in 2024, driven by post-COVID liberalization, expanding tourism flows, and a sharp rebound in outbound travel from China. Africa and Latin America-Caribbean also recorded strong double-digit increases in international traffic, at 13.0% and 9.5% respectively. Europe and North America posted solid gains of 9.2% and 8.7%, reflecting steady transatlantic demand and resilient travel activity. On the domestic front, growth was more moderate across regions, ranging from 1.4% in Africa to a notable 9.8% in the Middle East, where expanding capacity and connectivity underpinned the strongest regional performance. In terms of global market share, Europe accounted for the largest portion of international passenger traffic in 2024, representing 47.9% of the total, followed by Asia-Pacific at 23.6%. In contrast, domestic traffic remained concentrated in Asia-Pacific (39.2%) and North America (35.3%), highlighting the significance of large internal markets in these regions. This distribution reflects both the maturity and scale of domestic air networks in developed regions, as well as the dynamic reopening and recovery of international routes worldwide.

4. AIR CARGO TRAFFIC IN 2023 AND 2024

4.1 Air cargo has seen a rocky ride since the pandemic with multiple highs and lows. The industry faced a significant stress test in 2023 with plummeting market demand. This downturn forced many all-cargo carriers to scale back operations, postpone aircraft investments, and tighten budgets. This course correction began in early 2022, following the record highs of 2021 when businesses turned to air cargo to navigate disrupted supply chains following the pandemic. Stabilization did not occur until the third quarter of 2023. During this period, air cargo lost priority for retailers who had overstocked inventory. Additionally, the reintroduction of more passenger flights saturated the market with increased belly capacity.

4.2 The industry entered 2023 on the heels of declines in monthly cargo volumes, but the gap gradually improved until hitting bottom in August. Global cargo (measured in metric tonnes) declined 1.8% year over year in 2023. The year began with air cargo traffic at its lowest point since the first quarter of 2020. Since then, air cargo volumes have increased as the peak season proved better than expected, largely due to a surge in e-commerce orders for fast fashion and electronics produced in China.

4.3 In 2024, the global air cargo sector rebounded strongly following two consecutive years of decline, with total volumes rising by 9.9% year-over-year. This recovery was largely fueled by a 12.6% increase in international freight, which reached a record 81.9 million metric tonnes. The resurgence reflects improving global trade conditions, a modal shift toward air transport amid maritime disruptions in the Red Sea, and heightened demand for time-sensitive shipments. In contrast, domestic freight posted a more moderate gain of 4.0%, with performance varying significantly across regions.

5. OUTLOOK FOR 2025 AND BEYOND

5.1 The interplay between geopolitical conflicts and input prices remains a top economic threat to the global economy in 2025. Continued growth in aviation markets hinges on several factors, with a number of pendulums moving in opposite directions, creating uncertainty in the aviation industry. Aviation is very much linked to macroeconomic factors – like any other good or service, the impact of prices and disposable income remains an important determinant of air transport demand. On the one hand, moderating Gross Domestic Product (GDP) growth in major economies and waning confidence levels due to heightened policy uncertainty and trade tensions represent a significant downside risk for the industry in 2025. Pending tariff hikes, if implemented on a wide scale, could have both an inflationary and recessionary impact on several major economies. This would inevitably curb air transport demand, weakening both passenger numbers and air cargo volumes. On the other hand, strong labour markets and demand in Asian aviation markets in the near term remain an important boost to global passenger traffic. Lower oil prices will also bode well for the industry in the near term, assuming no disruption to the supply of energy.

5.2 The International Monetary Fund (IMF) estimates a moderate growth of 2.8% in 2025 for the world's GDP. Economic growth in emerging markets (3.7%) is expected to outpace that of advanced economies (1.4%) in 2025. In terms of passenger traffic, emerging and developing economies are projected to mark higher growth rates than advanced economies, notably, with the Middle East and Asia-Pacific leading at a 4.7% and 4.6% CAGR between 2024 and 2030, respectively, outpacing the global average of 3.7%. Despite near-term headwinds and downside risks, global passenger traffic is estimated to reach 9.8 billion in 2025 with 3.7% year-over-year growth. The pace of expansion is expected to slow as markets shift from recovery-driven surges to structural, long-term growth patterns.

5.3 From 2024 to 2043, global passenger traffic is projected to grow at a CAGR of 3.2%, reaching 17.2 billion passengers. Based on the latest data, long-term forecasts now estimate a loss of approximately 6 years of growth potential in global passenger traffic. By 2046, passenger numbers are expected to reach 18.5 billion, approximately doubling the 2024 level. Looking further ahead, passenger traffic is forecasted to reach 21.5 billion by 2053—approximately 2.3 times the 2024 projection—driven by a CAGR of 2.9% between 2024 and 2053.

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