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## Air Passenger Forecasts June 2020

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### Country Report - Sweden

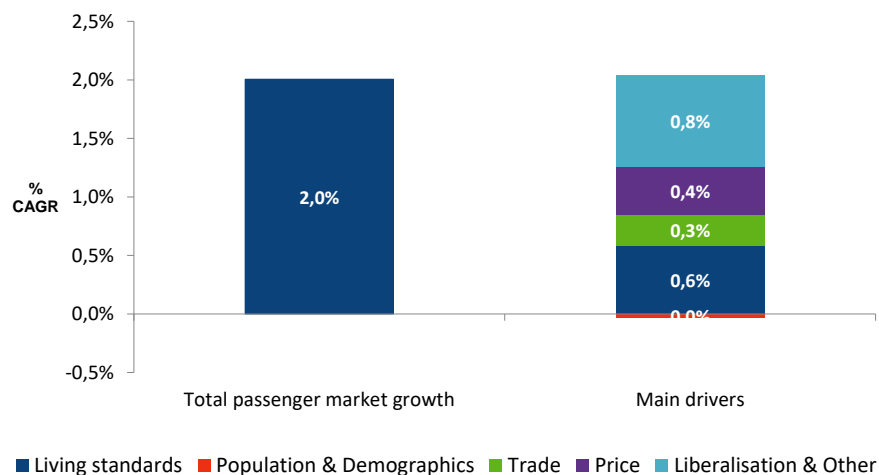
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## Sweden - Passenger Market Overview

### Decomposition of growth, 2019-2039



The Swedish air passenger market is forecast to grow at an average annual growth rate of 2% per annum over the next 20 years.

This puts Sweden in the 13th percentile of fastest growing markets in our forecast during the period 2019-2039.

Improvements in living standards contribute 0.6 percentage points to annual growth. Unfavourable population and demographic factors are forecast to withdraw 0 percentage points from annual growth.

Favourable price factors are forecast to contribute 0.4 percentage points to annual growth.

Other factors, mainly future technological gains, will contribute 0.8 percentage points per year.

#### Explanation of the main drivers of growth (for more details, see the *Global Report*)

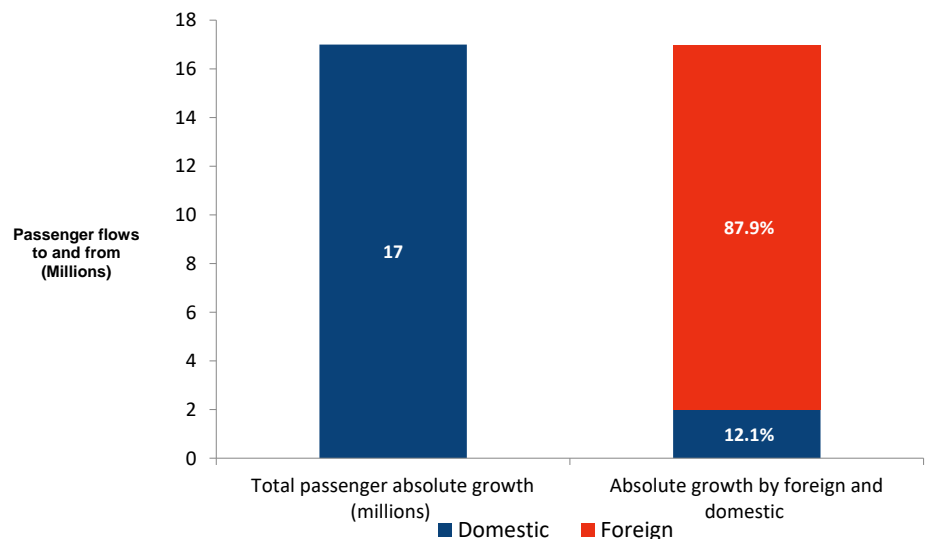
**Living standards:** We proxy a country's standard of living by its level of Gross Domestic Product per capita (ie, the total amount of output produced in an economy each year divided by its population). The living standards channel captures the clear relationship between the number of trips taken on average by inhabitants of a country each year and that country's standard of living.

**Population and demographics:** Forecasting air passenger markets requires a further understanding of how many people there will be to demand air travel in the future. This will depend on changes in total population sizes over time as well as changes in demographic structures; given that older people tend to fly less often than people in working-age groups, air market growth in countries whose populations are projected to age considerably over the coming 20 years is likely to face headwinds.

**Trade flows:** A high correlation is observed between a country's trade openness – measured by exports and imports as a proportion of an economy's total output – and its propensity to travel. We therefore include Oxford Economics' forecasts of trade intensity over time into our modelling.

**Price and liberalisation:** The decline in the price of air travel – that is the cost of air travel in both monetary terms and the time saved by more direct routes – has been a notable feature of the industry over the past 60 years or so. We expect the downward trend in the unit cost of air travel to resume in the future, mainly reflecting new technologies and efficiencies being realized. The introduction of new longer-range mid-size aircraft will connect many more city and country pairs too and lead to considerable time savings for passengers. Future potential for reductions in travel times will also be driven by changes in regulatory regimes.

### Change in passenger numbers, 2019-2039



Sweden is forecast to gain an additional 17 million passengers by 2039 compared to 2019.

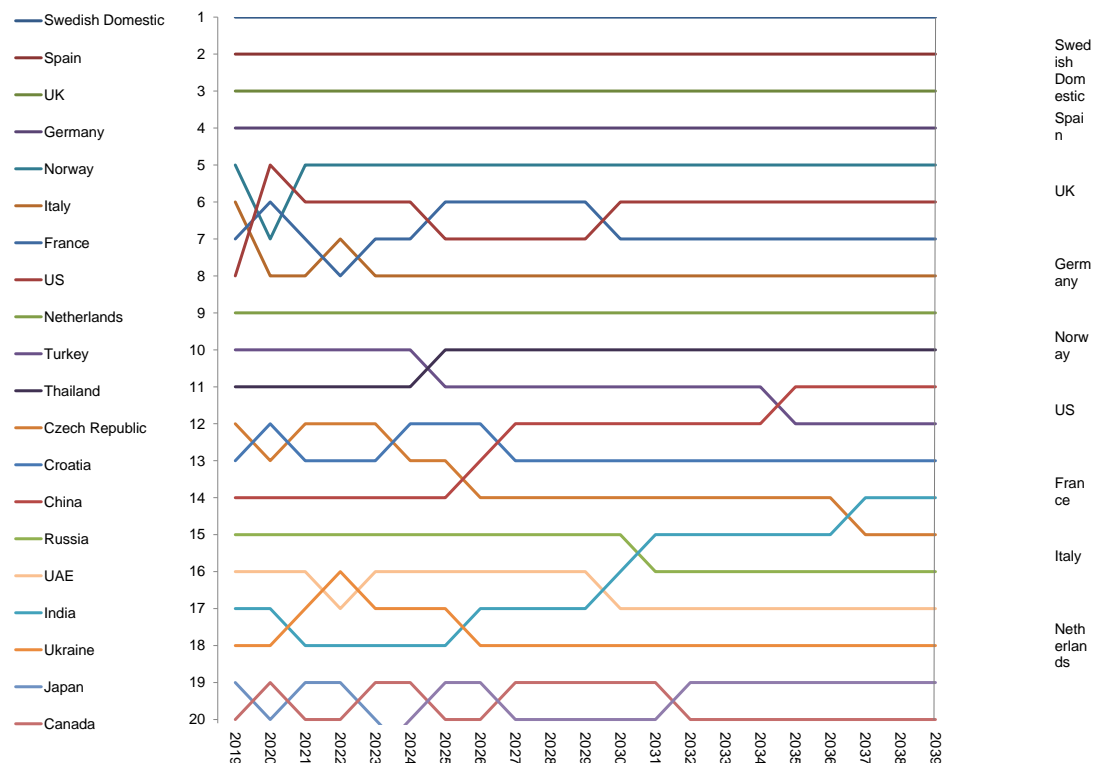
Whilst Sweden is in the 13th percentile in terms of fastest growing markets over the next 20 years, it is forecast to be ranked as the 38th largest market based on the total number of passengers in 2039.

Domestic passengers will represent 12.1% of total growth over this period, accounting for 2 million additional passengers.

Foreign passengers will contribute more to overall growth, representing 87.9% of total growth, equal to 15 million additional passengers.

Rank	Country	2019	2024	2029	2039	5 year	10 year	20 year
		Passenger numbers ('000s)				CAGR %		
1	Swedish Domestic	6 256	7 623	7 643	8 255	4,0%	2,0%	1,4%
2	Spain	3 086	3 569	4 410	4 918	3,0%	3,6%	2,4%
3	UK	2 493	2 921	3 566	4 165	3,2%	3,6%	2,6%
4	Germany	2 278	2 138	2 371	2 479	-1,3%	0,4%	0,4%
5	Norway	1 331	1 633	2 001	2 185	4,2%	4,2%	2,5%
6	Italy	1 235	1 328	1 553	1 669	1,5%	2,3%	1,5%
7	France	1 215	1 347	1 653	1 857	2,1%	3,1%	2,1%
8	US	1 213	1 354	1 650	2 011	2,2%	3,1%	2,6%
9	Netherlands	812	828	992	1 104	0,4%	2,0%	1,6%
10	Turkey	566	577	630	687	0,4%	1,1%	1,0%
11	Thailand	437	573	697	779	5,6%	4,8%	2,9%
12	Czech Republic	346	415	419	451	3,7%	1,9%	1,3%
13	Croatia	334	432	480	564	5,3%	3,7%	2,7%
14	China	315	364	526	754	3,0%	5,3%	4,5%
15	Russia	233	234	287	370	0,0%	2,1%	2,3%
16	UAE	166	214	276	335	5,2%	5,2%	3,6%
17	India	153	170	274	487	2,1%	6,0%	5,9%
18	Ukraine	145	187	218	274	5,2%	4,2%	3,2%
19	Japan	125	112	124	129	-2,2%	-0,1%	0,2%
20	Canada	107	116	137	150	1,5%	2,4%	1,7%

Top Sweden country pairs ranked by passenger numbers, 2019-2039



The Swedish domestic market is ranked 1st in 2019 and is forecast to remain as the largest market in 2039, taking 16.4% of the total market in 2039, down from 18.4% in 2019.

Whilst the Swedish domestic market is the largest market in 2019, the 2nd largest market is Spain, accounting for 9.1% of total passengers, forecast to rise to 9.7% by 2039.

The biggest three markets in 2019 are Swedish Domestic, Spain and the UK, while in 2039 they are forecast again to be Swedish Domestic, Spain and the UK respectively.

The largest riser in the 20 year period is forecast to be Vietnam rising 3 places to be ranked 24th largest market in 2039.

Whilst the biggest faller in the period 2019-2039 is forecast to be Czech Republic falling 3 places to be ranked 15th largest market in 2039.

## Sweden - Annual Outlook (Passenger numbers, annual % change)

### To/from Sweden

Note: full access to our forecast database is available through our online webtool. Please contact us for more details (contact details can be found on the Glossary tab).

Annual % change	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
	Actual	Actual										Forecast										
<b>Domestic</b>	-2,6%	-7,1%	-46,6%	62,6%	37,3%	1,6%	0,7%	-0,2%	0,2%	0,2%	0,1%	-0,1%	0,2%	0,4%	0,6%	0,6%	0,8%	1,0%	1,0%	1,1%	1,1%	1,1%
<b>North America</b>	-1,2%	-8,3%	-52,8%	55,4%	21,8%	13,9%	9,3%	6,6%	4,6%	3,4%	2,9%	2,4%	2,2%	2,2%	2,0%	2,0%	1,9%	1,8%	1,9%	1,8%	1,8%	1,7%
Canada	-3,2%	-1,8%	-47,8%	44,6%	18,8%	11,8%	7,7%	5,2%	4,0%	2,8%	2,7%	2,3%	1,1%	0,8%	0,8%	0,9%	0,9%	0,9%	1,0%	1,0%	1,0%	1,0%
United States	-1,1%	-8,9%	-53,2%	56,4%	22,1%	14,1%	9,4%	6,7%	4,7%	3,5%	2,9%	2,4%	2,3%	2,3%	2,1%	2,1%	2,0%	1,9%	1,9%	1,8%	1,8%	1,8%
<b>Europe</b>	1,8%	-2,5%	-53,4%	70,2%	27,9%	9,3%	6,0%	4,1%	2,4%	1,5%	1,2%	0,9%	0,8%	0,9%	0,8%	1,0%	1,1%	1,1%	1,2%	1,2%	1,2%	1,2%
Germany	-2,5%	3,5%	-58,3%	60,8%	19,3%	9,1%	7,4%	4,9%	2,5%	1,4%	1,0%	0,7%	0,3%	0,4%	0,2%	0,4%	0,4%	0,3%	0,5%	0,5%	0,7%	0,8%
France	1,6%	2,0%	-55,2%	55,9%	23,8%	14,8%	11,7%	8,7%	4,9%	3,1%	2,5%	1,8%	1,5%	1,4%	1,0%	1,2%	1,2%	1,1%	1,2%	1,0%	1,1%	1,1%
Italy	0,8%	-6,7%	-61,3%	73,3%	26,8%	14,3%	10,5%	7,5%	3,7%	2,1%	1,6%	1,1%	0,9%	0,8%	0,5%	0,7%	0,7%	0,7%	0,8%	0,7%	0,7%	0,7%
UK	0,1%	-2,3%	-56,6%	56,0%	30,4%	18,1%	12,4%	7,8%	4,6%	3,2%	2,7%	2,2%	2,0%	1,8%	1,5%	1,6%	1,5%	1,4%	1,5%	1,4%	1,4%	1,4%
Russia	15,4%	-9,1%	-56,6%	64,4%	20,5%	9,3%	6,5%	4,9%	5,4%	4,1%	3,5%	3,0%	2,8%	2,9%	2,9%	2,9%	2,8%	2,5%	2,3%	2,2%	2,2%	2,2%
Spain	-2,1%	-4,3%	-55,7%	58,0%	25,8%	16,6%	12,7%	9,5%	4,9%	3,1%	2,5%	1,8%	1,5%	1,3%	0,9%	1,0%	1,1%	1,0%	1,2%	0,9%	1,0%	1,0%
<b>Asia</b>	3,3%	-2,2%	-50,1%	49,7%	24,4%	16,6%	12,6%	9,4%	5,5%	4,0%	3,5%	2,9%	2,7%	2,6%	2,3%	2,4%	2,4%	2,3%	2,4%	2,3%	2,3%	2,4%
Japan	7,9%	2,6%	-56,7%	54,5%	18,0%	8,1%	4,9%	3,2%	2,8%	2,0%	1,4%	0,9%	0,6%	0,5%	0,3%	0,4%	0,4%	0,3%	0,4%	0,4%	0,5%	0,5%
China	7,9%	3,6%	-62,0%	82,0%	27,8%	16,0%	13,0%	10,5%	9,0%	7,4%	6,1%	5,2%	4,6%	4,2%	3,9%	3,7%	3,5%	3,4%	3,3%	3,3%	3,3%	3,4%
India	16,3%	-0,2%	-53,3%	55,1%	20,9%	13,5%	11,7%	10,8%	11,3%	10,3%	9,3%	8,4%	7,7%	7,1%	6,6%	6,3%	5,9%	5,5%	5,2%	5,0%	4,9%	4,8%
Indonesia	5,2%	-5,0%	-55,9%	53,3%	28,9%	20,4%	15,7%	11,0%	4,6%	2,5%	1,9%	1,4%	1,1%	1,1%	0,8%	1,1%	1,2%	1,2%	1,4%	1,1%	1,2%	1,2%
Australia	7,7%	-3,2%	-55,3%	60,2%	26,3%	16,0%	10,7%	6,1%	3,1%	1,7%	1,4%	1,1%	1,0%	1,0%	0,9%	0,9%	0,9%	0,9%	0,8%	0,8%	0,8%	0,9%
Thailand	-5,1%	-0,9%	-41,9%	30,6%	24,5%	20,6%	15,0%	10,4%	4,2%	2,3%	1,9%	1,4%	1,1%	1,1%	0,8%	1,1%	1,1%	1,1%	1,3%	1,1%	1,2%	1,2%
<b>Latin America</b>	9,2%	3,9%	-54,7%	85,2%	28,1%	13,4%	9,2%	7,1%	4,0%	2,6%	2,3%	2,0%	1,8%	2,0%	1,9%	2,3%	2,4%	2,3%	2,5%	2,3%	2,4%	2,4%
Mexico*	1,7%	13,5%	-33,7%	24,8%	17,9%	14,9%	11,3%	7,6%	2,7%	1,3%	1,2%	0,9%	0,9%	1,0%	0,8%	1,2%	1,3%	1,3%	1,5%	1,3%	1,4%	1,4%
<b>Middle East</b>	-4,7%	1,9%	-46,2%	53,8%	22,3%	13,0%	9,8%	7,4%	3,1%	1,7%	1,6%	1,4%	1,3%	1,5%	1,4%	1,8%	1,8%	1,8%	2,0%	1,8%	1,8%	1,8%
Saudi Arabia	-10,7%	15,3%	-53,0%	49,0%	26,2%	18,7%	15,3%	11,4%	5,1%	3,2%	2,7%	2,1%	1,8%	1,8%	1,5%	1,8%	1,8%	1,7%	1,9%	1,7%	1,8%	1,8%
UAE	-4,4%	-7,0%	-51,9%	48,8%	28,5%	20,6%	16,2%	11,9%	5,5%	3,5%	3,0%	2,4%	2,0%	2,0%	1,7%	2,0%	2,0%	1,9%	2,1%	1,8%	1,9%	1,9%
<b>Africa</b>	19,5%	0,8%	-48,8%	57,5%	25,2%	15,2%	10,8%	8,1%	4,1%	2,6%	2,4%	2,2%	2,1%	2,3%	2,2%	2,6%	2,7%	2,7%	2,9%	2,6%	2,7%	2,7%
Nigeria	0,6%	11,0%	-57,1%	50,2%	23,6%	15,1%	11,1%	8,4%	4,2%	2,8%	2,6%	2,3%	2,2%	2,4%	2,3%	2,6%	2,7%	2,7%	2,9%	2,7%	2,7%	2,7%
South Africa	6,2%	-10,3%	-54,6%	93,4%	31,3%	15,5%	9,8%	7,0%	3,7%	2,1%	1,8%	1,6%	1,5%	1,8%	1,9%	2,3%	2,5%	2,5%	2,7%	2,5%	2,6%	2,6%
<b>Total</b>	0,2%	-2,5%	-53,0%	68,0%	27,4%	9,9%	6,6%	4,6%	2,6%	1,7%	1,4%	1,1%	1,0%	1,1%	1,0%	1,2%	1,3%	1,3%	1,4%	1,3%	1,3%	1,4%

\*Mexico figure will be included under North America region to be consistent with other Oxford Economics databanks, but is displayed under Latin America in this report for illustrative purposes.

## Sweden - Annual Outlook (Passenger numbers)

**To/from Sweden**

Note: full access to our forecast database is available through our online webtool. Please contact us for more details (contact details can be found on the Glossary tab).

Passenger numbers ('000s)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
	Actual	Actual	Forecast																			
<b>Domestic</b>	<b>6 737</b>	<b>6 256</b>	<b>3 339</b>	<b>5 429</b>	<b>7 456</b>	<b>7 572</b>	<b>7 623</b>	<b>7 612</b>	<b>7 627</b>	<b>7 641</b>	<b>7 648</b>	<b>7 643</b>	<b>7 658</b>	<b>7 686</b>	<b>7 730</b>	<b>7 777</b>	<b>7 842</b>	<b>7 919</b>	<b>7 994</b>	<b>8 080</b>	<b>8 167</b>	<b>8 255</b>
<b>North America</b>	<b>1 440</b>	<b>1 320</b>	<b>623</b>	<b>968</b>	<b>1 180</b>	<b>1 344</b>	<b>1 469</b>	<b>1 566</b>	<b>1 639</b>	<b>1 695</b>	<b>1 744</b>	<b>1 787</b>	<b>1 827</b>	<b>1 866</b>	<b>1 903</b>	<b>1 941</b>	<b>1 978</b>	<b>2 014</b>	<b>2 052</b>	<b>2 088</b>	<b>2 125</b>	<b>2 161</b>
Canada	109	107	56	81	96	107	116	122	127	130	133	137	138	139	140	142	143	144	146	147	149	150
United States	1 331	1 213	567	888	1 084	1 237	1 354	1 445	1 512	1 565	1 611	1 650	1 689	1 727	1 762	1 799	1 835	1 870	1 906	1 941	1 976	2 011
<b>Europe</b>	<b>29 926</b>	<b>29 183</b>	<b>13 587</b>	<b>23 121</b>	<b>29 567</b>	<b>32 305</b>	<b>34 250</b>	<b>35 641</b>	<b>36 479</b>	<b>37 021</b>	<b>37 461</b>	<b>37 793</b>	<b>38 104</b>	<b>38 450</b>	<b>38 776</b>	<b>39 177</b>	<b>39 615</b>	<b>40 069</b>	<b>40 558</b>	<b>41 026</b>	<b>41 525</b>	<b>42 031</b>
Germany	2 200	2 278	951	1 529	1 824	1 990	2 138	2 244	2 300	2 333	2 356	2 371	2 379	2 388	2 392	2 401	2 410	2 418	2 430	2 443	2 460	2 479
France	1 191	1 215	544	848	1 050	1 206	1 347	1 465	1 537	1 584	1 623	1 653	1 679	1 702	1 718	1 738	1 758	1 778	1 799	1 818	1 838	1 857
Italy	1 323	1 235	478	829	1 051	1 202	1 328	1 428	1 480	1 512	1 535	1 553	1 566	1 579	1 588	1 599	1 610	1 621	1 634	1 645	1 657	1 669
UK	2 551	2 493	1 081	1 687	2 200	2 599	2 921	3 148	3 293	3 398	3 488	3 566	3 637	3 704	3 761	3 822	3 881	3 937	3 996	4 051	4 108	4 165
Russia	257	233	101	167	201	220	234	246	259	270	279	287	296	304	313	322	331	339	347	355	363	370
Spain	3 225	3 086	1 367	2 159	2 717	3 167	3 569	3 909	4 101	4 226	4 330	4 410	4 478	4 537	4 576	4 624	4 673	4 720	4 775	4 819	4 869	4 918
<b>Asia</b>	<b>1 568</b>	<b>1 534</b>	<b>766</b>	<b>1 146</b>	<b>1 426</b>	<b>1 663</b>	<b>1 873</b>	<b>2 049</b>	<b>2 161</b>	<b>2 248</b>	<b>2 326</b>	<b>2 394</b>	<b>2 457</b>	<b>2 520</b>	<b>2 578</b>	<b>2 641</b>	<b>2 704</b>	<b>2 767</b>	<b>2 833</b>	<b>2 898</b>	<b>2 966</b>	<b>3 036</b>
Japan	122	125	54	84	99	107	112	116	119	121	123	124	125	125	126	126	127	127	128	128	129	129
China	304	315	120	218	278	323	364	402	439	471	500	526	550	573	596	618	639	661	683	706	729	754
India	154	153	72	111	134	152	170	189	210	232	253	274	296	317	338	359	380	401	422	443	465	487
Indonesia	53	51	22	34	44	53	61	68	71	73	74	75	76	77	78	79	80	80	82	82	83	84
Australia	85	82	37	59	74	86	95	101	104	106	108	109	110	111	112	113	114	115	116	117	118	119
Thailand	441	437	254	332	414	499	573	633	659	674	687	697	704	712	718	726	734	742	752	760	770	779
<b>Latin America</b>	<b>125</b>	<b>130</b>	<b>59</b>	<b>109</b>	<b>140</b>	<b>158</b>	<b>173</b>	<b>185</b>	<b>193</b>	<b>198</b>	<b>202</b>	<b>206</b>	<b>210</b>	<b>214</b>	<b>218</b>	<b>223</b>	<b>228</b>	<b>234</b>	<b>240</b>	<b>245</b>	<b>251</b>	<b>257</b>
Mexico*	40	46	30	38	44	51	57	61	63	64	64	65	66	66	67	68	68	69	70	71	72	73
<b>Middle East</b>	<b>601</b>	<b>612</b>	<b>329</b>	<b>506</b>	<b>620</b>	<b>700</b>	<b>768</b>	<b>825</b>	<b>850</b>	<b>865</b>	<b>879</b>	<b>891</b>	<b>902</b>	<b>916</b>	<b>928</b>	<b>944</b>	<b>962</b>	<b>979</b>	<b>999</b>	<b>1 017</b>	<b>1 035</b>	<b>1 054</b>
Saudi Arabia	12	14	7	10	13	15	17	19	20	21	21	22	22	23	23	23	24	24	25	25	26	26
UAE	179	166	80	119	153	185	214	240	253	262	270	276	282	288	293	298	304	310	317	323	329	335
<b>Africa</b>	<b>407</b>	<b>411</b>	<b>210</b>	<b>331</b>	<b>414</b>	<b>477</b>	<b>529</b>	<b>572</b>	<b>595</b>	<b>611</b>	<b>625</b>	<b>639</b>	<b>652</b>	<b>667</b>	<b>682</b>	<b>699</b>	<b>718</b>	<b>737</b>	<b>758</b>	<b>778</b>	<b>799</b>	<b>821</b>
Nigeria	8	9	4	6	7	8	9	10	10	10	11	11	11	11	12	12	12	13	13	13	14	14
South Africa	87	78	35	69	90	104	114	122	127	129	132	134	136	138	141	144	147	151	155	159	163	168
<b>Total</b>	<b>34 792</b>	<b>33 920</b>	<b>15 927</b>	<b>26 762</b>	<b>34 082</b>	<b>37 460</b>	<b>39 931</b>	<b>41 748</b>	<b>42 852</b>	<b>43 587</b>	<b>44 200</b>	<b>44 683</b>	<b>45 135</b>	<b>45 627</b>	<b>46 089</b>	<b>46 641</b>	<b>47 234</b>	<b>47 843</b>	<b>48 497</b>	<b>49 122</b>	<b>49 785</b>	<b>50 459</b>

\*Mexico figure will be included under North America region to be consistent with other Oxford Economics databanks, but is displayed under Latin America in this report for illustrative purposes.

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## Sweden - Annual Outlook (Revenue passenger kilometres)

### To/from Sweden

Note: full access to our forecast database is available through our online webtool. Please contact us for more details (contact details can be found on the Glossary tab).

Revenue Passenger Kilometres ('000s)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
	Actual	Actual	Forecast																			
<b>Domestic</b>	<b>3 512</b>	<b>3 244</b>	<b>1 731</b>	<b>2 815</b>	<b>3 866</b>	<b>3 927</b>	<b>3 953</b>	<b>3 947</b>	<b>3 955</b>	<b>3 963</b>	<b>3 966</b>	<b>3 963</b>	<b>3 971</b>	<b>3 986</b>	<b>4 009</b>	<b>4 033</b>	<b>4 067</b>	<b>4 106</b>	<b>4 146</b>	<b>4 190</b>	<b>4 235</b>	<b>4 281</b>
Annual % change	-1,1%	-7,6%	-46,6%	62,6%	37,3%	1,6%	0,7%	-0,2%	0,2%	0,2%	0,1%	-0,1%	0,2%	0,4%	0,6%	0,6%	0,8%	1,0%	1,0%	1,1%	1,1%	1,1%
<b>International</b>	<b>71 570</b>	<b>69 923</b>	<b>33 022</b>	<b>52 865</b>	<b>65 743</b>	<b>74 975</b>	<b>82 393</b>	<b>88 265</b>	<b>91 801</b>	<b>94 239</b>	<b>96 346</b>	<b>98 108</b>	<b>99 715</b>	<b>101 357</b>	<b>102 824</b>	<b>104 515</b>	<b>106 261</b>	<b>108 002</b>	<b>109 876</b>	<b>111 639</b>	<b>113 505</b>	<b>115 399</b>
Annual % change	2,3%	-2,3%	-52,8%	60,1%	24,4%	14,0%	9,9%	7,1%	4,0%	2,7%	2,2%	1,8%	1,6%	1,6%	1,4%	1,6%	1,7%	1,6%	1,7%	1,6%	1,7%	1,7%
<b>Total</b>	<b>75 082</b>	<b>73 167</b>	<b>34 753</b>	<b>55 680</b>	<b>69 609</b>	<b>78 902</b>	<b>86 346</b>	<b>92 212</b>	<b>95 756</b>	<b>98 201</b>	<b>100 312</b>	<b>102 071</b>	<b>103 686</b>	<b>105 343</b>	<b>106 832</b>	<b>108 548</b>	<b>110 328</b>	<b>112 108</b>	<b>114 021</b>	<b>115 829</b>	<b>117 740</b>	<b>119 680</b>
Annual % change	2,1%	-2,5%	-52,5%	60,2%	25,0%	13,3%	9,4%	6,8%	3,8%	2,6%	2,1%	1,8%	1,6%	1,6%	1,4%	1,6%	1,6%	1,6%	1,7%	1,6%	1,7%	1,6%



## About Us

### IATA

The International Air Transport Association (IATA) represents some 240 airlines comprising 84% of global air traffic. IATA's Economics team enjoys a strong reputation for delivering insightful analysis into aviation market and industry developments. IATA's comprehensive suite of statistical services also offers timely access to high-quality intelligence into global air markets.

### Contacts

Brian Pearce (pearceb@iata.org)

### Tourism Economics

Tourism Economics is an Oxford Economics company with a singular focus on quantitative analysis of the travel industry. By combining rigorous modeling with industry knowledge, Tourism Economics develops custom market strategies, industry forecasts, policy analysis and economic impact studies. Our parent company, Oxford Economics, is one of the world's leading providers of economic analysis, forecasts and consulting advice. Founded in 1981 as a joint venture with Oxford University's business college, Oxford Economics enjoys a reputation for high quality, quantitative analysis and evidence-based advice.

### Contacts

Dave Goodger (dgoodger@oxfordeconomics.com)

## Glossary

### Country pair

Annual flow of air passengers between two countries on a bi-directional basis (eg, the country pair 'United States - United Kingdom' includes passenger flows from the US to the UK as well as from the UK to the US). The country pairs are reported on an origin-destination basis. For example, if a passenger flies from an origin in the UK to a destination in the US via a connection in another country, the trip will be recorded as a passenger traveling from the UK to the US.

### Annual percentage change

Amount of growth or decline from the same period last year. Calculated as  $((\text{This year} - \text{Last year}) / \text{Last Year}) * 100$ .

### Passenger market

The annual flow of air passengers to, from and within the market in question. Equals the sum of the country-pair flows for that country.

### Market

Market totals measure the annual flow of passenger to, from and within the country or region in question.

### Compound Annual Growth Rate (CAGR)

The smoothed annualized growth rate over a given time period. Calculated as  $(\text{Ending Value} / \text{Beginning Value})^{(1 / \text{Number of Years})} - 1$ .

### Definition of passengers

The passenger numbers in our service are taken from IATA's Passenger Intelligence Service (better known as PaxIS: www.pax-is.com) and are derived from ticket sales settled through IATA's Billing and Settlement Plan offices around the world. The PaxIS data directly cover 80% of the world ticket sales, but include accurate estimates of other sales channels such as direct sales by airlines and by low cost carriers, to capture 100% of traffic. The data cover scheduled flights only and measure the annual flow of air passengers between two countries on a bi-directional basis (eg, the country pair 'United States - United Kingdom' includes passenger flows from the US to the UK as well as from the UK to the US). The country pairs are also reported on an origin-destination basis. For example, if a passenger flies from an origin in the UK to a destination in the US via a connection in another country, the trip will be recorded as a passenger traveling from the UK to the US.

### Market and regional definitions

Note that the market totals are calculated from our underlying bi-directional country-pair forecasts. The individual markets therefore represent the total number of passenger journeys to, from and within a given market. As with the individual market totals, the regional numbers represent the total number of passenger journeys to, from and within a given region. Note that for conceptual reasons, and to avoid double counting, regional totals do not equal the sum of their respective individual markets.

### Living standards

We proxy a country's standard of living by its level of Gross Domestic Product per capita (ie, the total amount of output produced in an economy each year divided by its population). The living standards channel captures the clear relationship between the number of trips taken on average by inhabitants of a country each year and that country's standard of living.

### Population and demographics

Forecasting air passenger markets requires a further understanding of how many people there will be to demand air travel in the future. This will depend on changes in total population sizes over time as well as changes in demographic structures over time; given that older people tend to fly less often than people in working-age groups, air market growth in countries whose populations are projected to age considerably over the coming 20 years is likely to face headwinds.

### Trade flows

A high correlation is observed between a country's trade intensity – measured by exports and imports as a proportion of an economy's total output – and its propensity to travel. We therefore include Oxford Economics' forecasts of trade intensity over time into our modelling.

### Price and liberalisation

The decline in the price of air travel – that is the cost of air travel in both monetary terms and the time saved by more direct routes – has been a notable feature of the industry over the past 60 years or so. We expect the downward trend in the unit cost of air travel to resume in the future, mainly reflecting new technologies and efficiencies being realized. The introduction of new longer-range mid-size aircraft will connect many more city and country pairs too and lead to considerable time savings for passengers. Future potential for reductions in travel times will also be driven by changes in regulatory regimes.

### Passenger market

The annual flow of air passengers to, from and within the market in question. Equals the sum of the country-pair flows for that country.