Border Executive Board

Update of forecast scenarios for passengers and cargo

July 2025

Passenger Scenarios

International air passenger (arrivals) scenarios

1. The air and cruise passenger forecast scenarios use actual volume levels in the year before COVID-19 as a baseline against which current and forecast performance is measured.
2. Figure 1 shows the volume of international air passenger arrivals and provides a comparison between actual arrivals, the December 2024 forecast, and the July 2025 forecast[1].
3. The monthly actual air passenger volume in recent months (September 2024 to May 2025) has recovered to between 90% and 95% of the pre-Covid level.

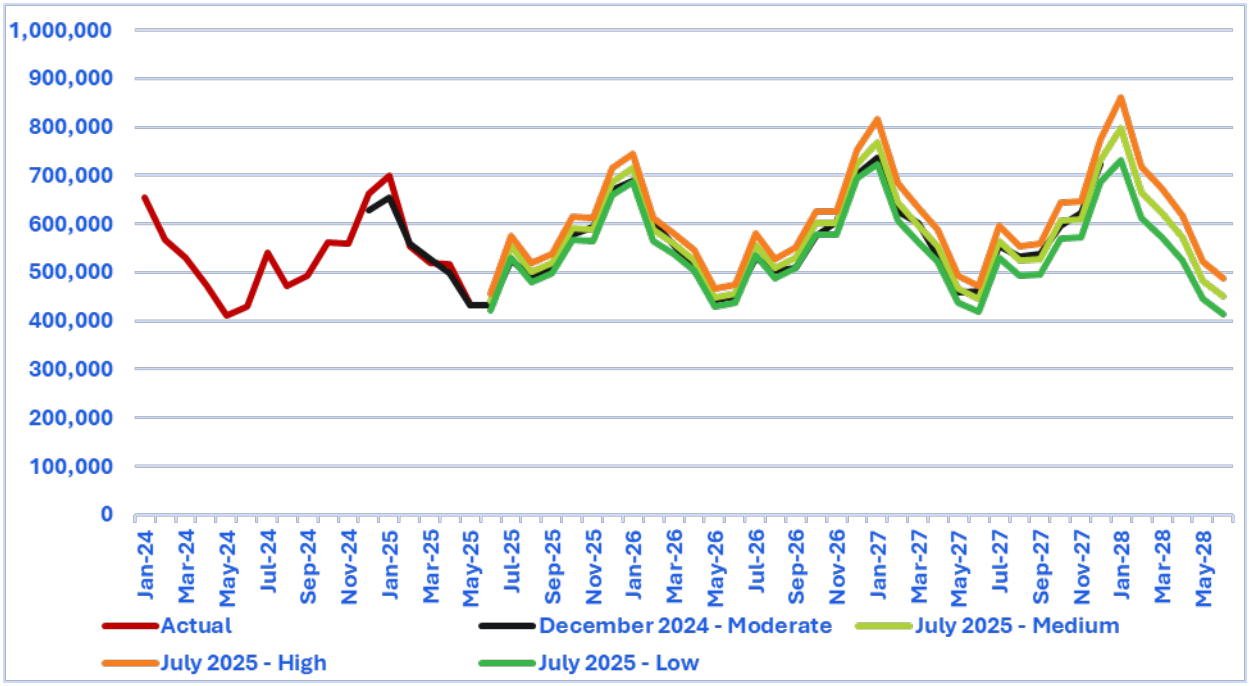

Figure 1. Actual volume, the July 2025 and December 2024 forecasts of international air passenger arrivals

(Date source: Statistics NZ for current and historical arrival volumes, cross-referenced with load factors and schedule data from *a* third-party vendor.)

4. The July 2025 forecast is marginally higher than the December 2024 forecast. Table 1 shows the level of difference between these two forecasts.

% difference – July 2025 forecast vs December 2024 forecast					
	Q1	Q2	Q3	Q4	YE December
2025	1.9%	2.2%	2.9%	1.4%	2.1%
2026	0.7%	2.3%	3.4%	2.4%	2.1%
2027	2.4%	0.8%	-0.5%	0.3%	0.8%

Table 1. Revisions to passenger forecast – July 2025 vs December 2024 forecast

[1] MBIE is updating international tourism forecasts, which only cover the arrivals of international tourists. In contrast, passenger forecasts shown here also include arrivals by New Zealanders. Note that these passenger scenarios are short-term forecasts (typically three years). In general, much longer-term forecasts by airports would be required to inform the Regulatory Airport Spatial Undertakings work (RASUs) on airport infrastructure needs. Also note that Hamilton and Dunedin airports recently resumed their international air services, but they represent a very small share of total international passenger arrivals.

5. The key factors driving higher air passenger forecast:
   5.1. higher than expected passenger growth – up 3.5% in the five months to May 2025, as opposed to the 1.3% forecast growth in December 2024
   5.2. higher than expected seat capacity – up 3.7% in the last half of 2025 (June to October) over the same months in 2024 (Figure 2).

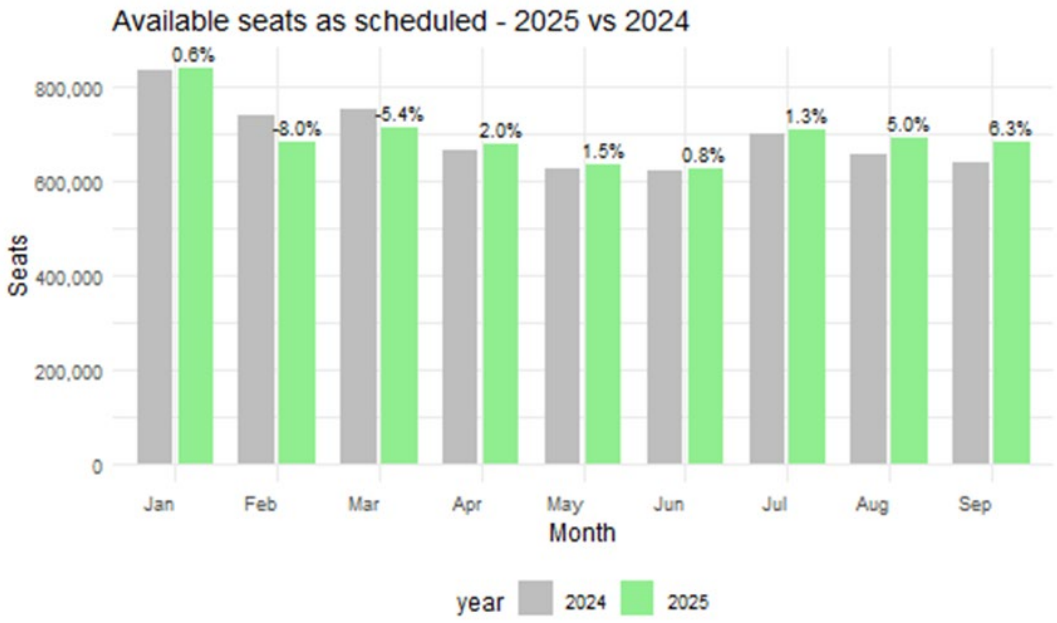

Figure 2. Seat availability - first nine months of 2024 vs 2025

Note that the latest schedule data is available until 25 October 2025. The October data is therefore not shown here due to the incompleteness (Date source: a third-party vendor)

6. The key risk factors that may influence air passenger demand include ongoing capacity constraints in the aviation industry globally, geopolitical conflicts, and increased visitor visa fee and border clearance costs.

7. Like the December 2024 forecast, the July 2025 forecast expects a limited growth in air passengers in the next three years. The annual passenger volume will not be fully recovered to the pre-Covid level until 2027 in the medium scenario.

Cruise passenger (arrivals) scenarios

8. Figure 3, on page 4, shows the volume of passenger arrivals by cruise and compares actual arrivals, the December 2024 forecast, and the July 2025 forecast.

9. The July 2025 forecast is more conservative than the December 2024 forecast. The number of cruise passengers in the July 2025 forecast (the medium scenario) is 13% lower for the 2025 calendar year, and 25% lower for 2026 and 2027 than the December 2024 forecast.

10. The key factors driving the reduction in cruise passenger arrivals:
    10.1. scheduled capacity for the 2025-26 cruise season is 15% lower than previous season, whereas the December forecast (medium scenario) predicted a 5% growth in passengers
    10.2. the industry's overall view is the recovery of cruise passengers will be slow in the next few years. Forecast growth rates for 2026 and 2027 have been revised to take this industry perspective into account

10.3. key risk factors include infrastructure challenges (such as facilities for hull cleaning and shore power infrastructure) and the same challenges facing the aviation sector (geopolitical conflicts, increased visitor visa fee and border clearance costs).

11. It is important to note that the volume of cruise passengers is small and volatile. It is therefore difficult to forecast cruise passenger volume in the longer term as the schedule data is only available until September 2026.

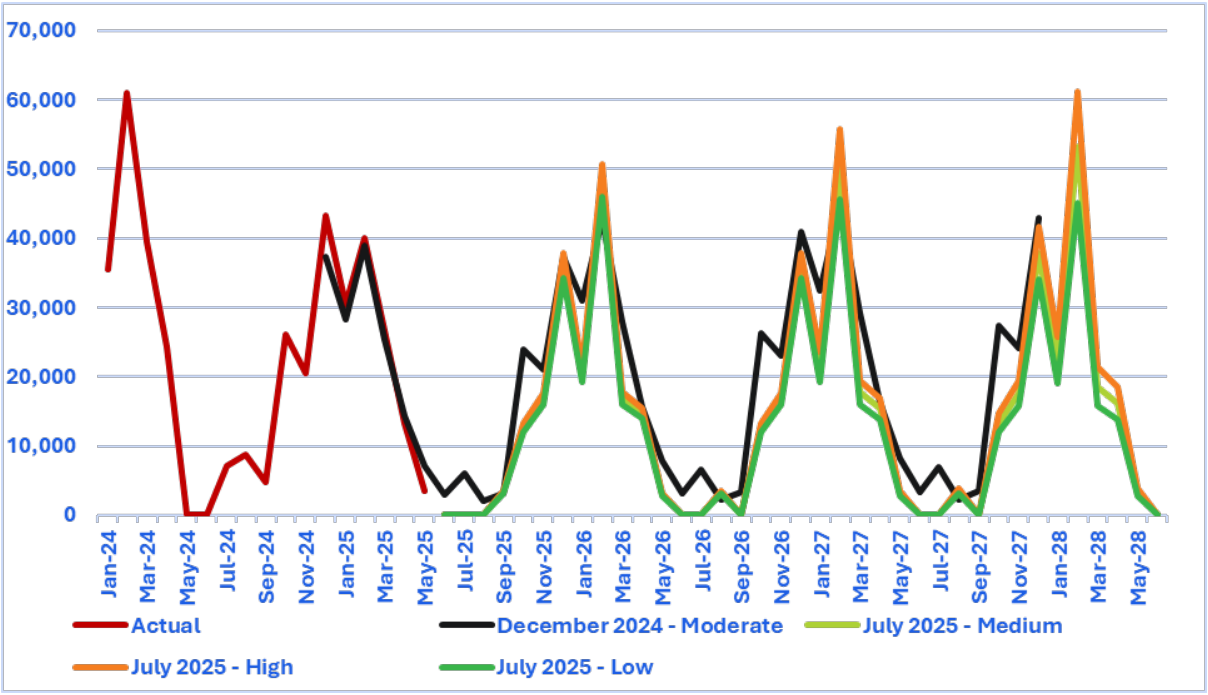

Figure 3. Actual volume, the July 2025 and December 2024 forecasts of cruise passenger arrivals
(Data source: New Zealand Customs Service for current and historic passenger and schedule volumes)

Assumptions for passenger scenarios

12. Table 2 describes the assumptions used in the July 2025 update for the air and cruise passenger forecast scenarios.

	Low	Medium	High
Air	4% lower than the medium forecast in 2026, 6% lower in 2027, and 8% lower in 2028	Base forecast cross-referenced by load factor and schedule data, as well as the forecasts by major NZ airports, where appropriate	4% higher than the medium forecast in 2026, 6% higher in 2027, and 8% higher in 2028
Cruise	5% lower than the medium forecast in 2026, 10% lower in 2027 and 15% lower in 2028	Schedule data for the 2025/26 season as the basis. 5% higher than the base capacity in 2027 and 10% higher in 2028	5% higher than the medium forecast in 2026, 10% higher in 2027 and 15% higher in 2028

Table 2. Assumptions for the air and cruise passenger scenarios

Cargo Forecast (import entries over $1000)

Actuals to date

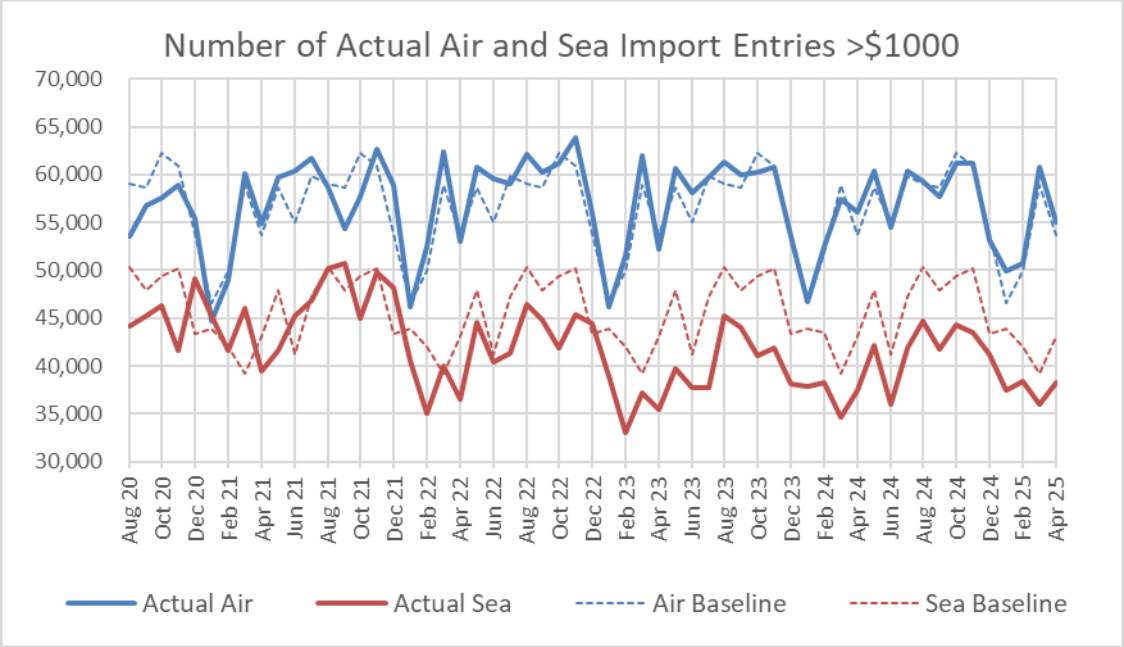

Figure 4 - Air and Sea Import Entries over $1000

Air

13. Since the border opened in July 2022 post COVID-19, the quantity of air cargo import entries (over $1000) has remained remarkably close to the levels in the 2019 'baseline' year. The air cargo actual performance is stable, and this trend remains in the forecast.
14. In contrast, there has been substantial growth in online shopping imports which arrive through the low value air goods stream. This only impacts the low value air channel and does not impact the quantity of import entries over $1000.

Sea

15. The volume of sea cargo import entries (over $1000) has remained below baseline levels since July 2022. Historically, sea cargo has fluctuated to a greater extent than air. The June 2025 year to date volumes have increased approximately 1.7% on 2024, prior year volumes. This is in line with forecast New Zealand economic growth of between 0.5% - 1.8% from 2024 to 2025. Although this trend is promising, there are no strong indications that sea cargo volumes are returning to pre COVID-19 levels.

Cargo forecast scenarios

16. The economic conditions for trade in New Zealand are uncertain due to global market volatility, fluctuating exchange rates, and unpredictable geopolitical factors, which make it challenging to accurately forecast trade volumes.
17. The 'medium' scenario assumes no growth for both air and sea cargo. Although there has been year-on-year improvement to the sea cargo volumes, there is still no indication that sea cargo volumes will return to pre-Covid levels. For this reason, the combined cargo growth assumption for 'medium' is 0%.

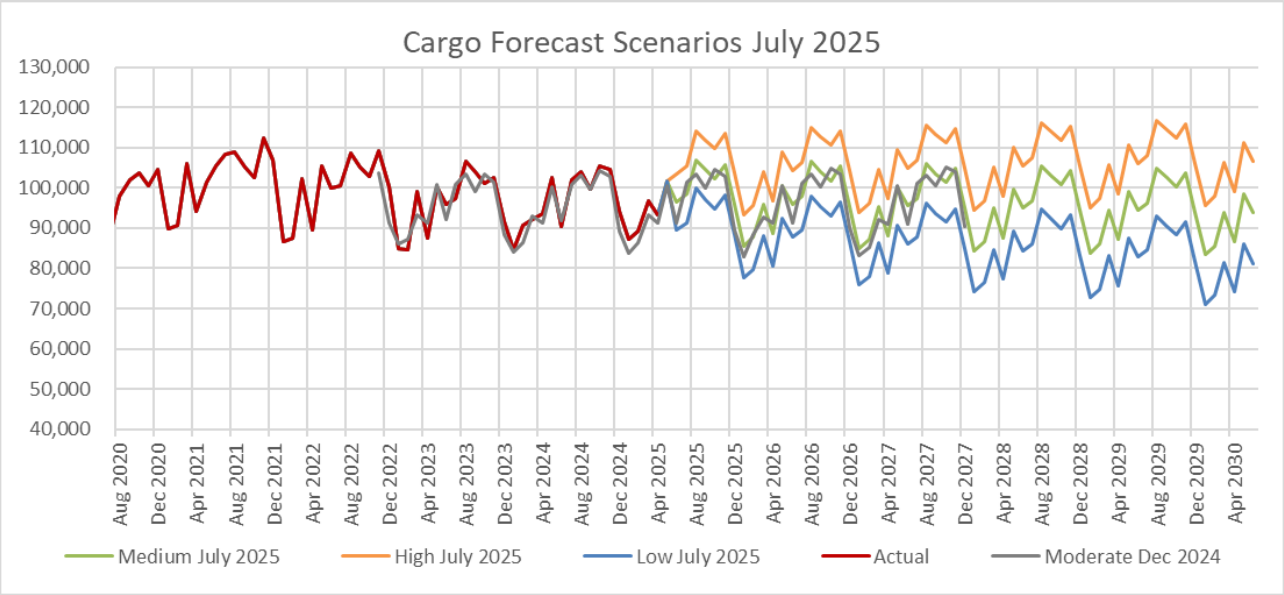

Figure 5 - Cargo Forecast Scenarios for July 2025. Data source: New Zealand Customs Import Entry Transaction Fee trade records.

18. When compared to the December 2024 forecast, the combined July 2025 cargo forecast has increased 0.2%. This is primarily due to the recent volume growth from 2024 to 2025 in sea cargo of approximately 1.7% with air cargo performance being relatively flat.

Assumptions	High	Medium	Low
Initial steady state as a percentage of baseline • The Medium steady state assumes import entries continue at the same level seen over the last two years, following the seasonal fluctuation. • The High steady state starts 5% above the Medium state. • The Low steady state starts 5% below the Medium state.	Air: **+5%** Sea: **+5%**	Air: **0%** Sea: **0%**	Air: **-5%** Sea: **-5%**

Table 3 - Assumptions/drivers for cargo forecast

Cargo forecast methodology change

19. The methodology has changed for cargo forecasts since the December 2024 update. Customs is now operating in a post-Covid economy and linking the Customs cargo forecast to pre-Covid volumes is outdated. Volumes for air cargo remain steady at pre-Covid levels, however sea cargo volumes are persistently below pre-Covid levels and as such indicates a new normal.

20. The new forecast methodology is more robust and uses more recent historical data to predict future cargo volumes. This forecast has been prepared using a linear regression based on 24 months of actual data.

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