BRIEF

The Importance of Air Services to Remote Communities

Vanuatu: a case study

Introduction

Over the decades, air transport services have become increasingly accessible, transforming how global economies are connected. Air transport contributes to economic growth and development everywhere. There are cases, though, where air transport is an indispensable lifeline, most notably in remote communities, where it is sometimes the only possible connection to essential services, goods, and people. Globally, 26% of all routes start at a regional airport serving fewer than 1 million passengers annually.[1] That is a high proportion for which demand is low in absolute numbers, but where the necessity of the connection can literally mean the difference between life and death. Less dramatically, without flights, remote communities could lack access to food, healthcare, medicine, and other vital goods, and be unable to connect with export markets or welcome tourists. In such communities, air transport keeps local economies viable and prevents depopulation and isolation. Vanuatu is a case in point – a remote island state where a decline in air services has coincided with a decline in economic activity.

Geographic characteristics

Vanuatu is a remote archipelagic nation located in the South Pacific Ocean. It consists of 83 islands spanning around 900 km.[2] It is located 1,770 km from the eastern coast of Australia and 500 km west of Fiji.[3] The remote location makes Vanuatu and its approximately 343,000 inhabitants heavily reliant on air transport services.[4]

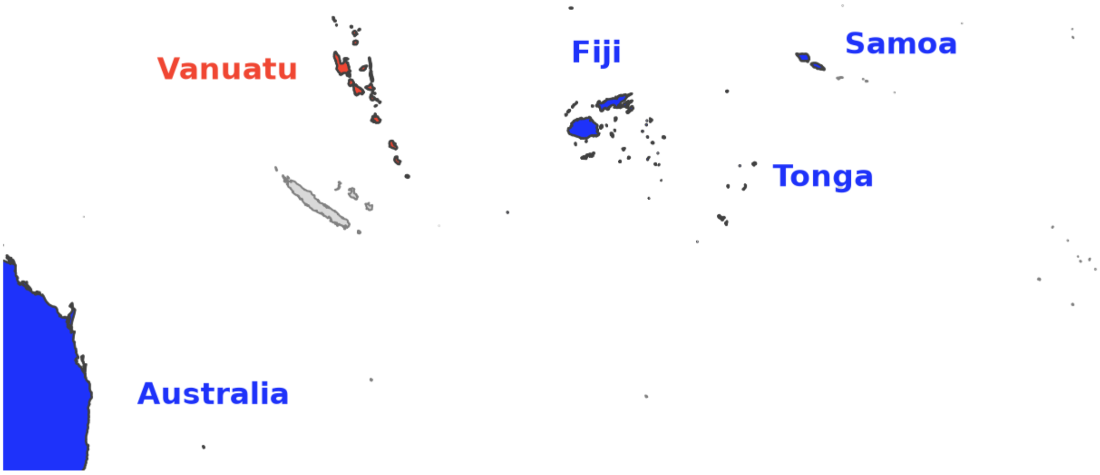
The tourism industry is one of Vanuatu's key economic sectors, contributing up to 40% of the country's total GDP.[5] The "2030 Vanuatu Tourism Market Development Plan" aims to draw 300,000 tourists to Vanuatu per year by 2030. While a large proportion of arrivals are short-stay cruise ship passengers, visitors traveling by air spend on average nine days in Vanuatu.[6] These international visitors generated 87% of all travel and tourism spending in Vanuatu in 2025,[7] creating jobs in the travel and tourism sector that represent around 35% of total employment.[8]

To the east of Vanuatu, there are the archipelagic nations of Fiji, Samoa and Tonga. All four countries are located in Oceania, and are small island developing states. As in Vanuatu, these countries are highly dependent on air transport services that enable both domestic economic activity and international tourism flows. In Fiji, tourism accounts for 24% of total employment, and in both Tonga and Samoa, the share is approximately 15%.[9] With the

[1] IATA Sustainability and Economics, based on data from OAG, 2025
[2] United Nations. URL: https://pacific.un.org/en/about/vanuatu
[3] Google Maps
[4] Vanuatu Bureau of Statistics. URL: https://nsdp.vnso.gov.vu/population/
[5] FIPA Vanuatu, URL: https://investvanuatu.vu/business-in-vanuatu/investment-regulations/relevant-sector-policies/
[6] Vanuatu Bureau of Statistics, URL: https://vnso.gov.vu/index.php/en/statistics/economic-statistics/international-visitor-resident-arrivals
[7] WTTC, Economic Impact 2025 Report for Vanuatu, estimates for 2025.
[8] Vanuatu 2030: The People's Plan. URL: https://pacificpsdi.org/assets/Uploads/PSDI-TourismSnapshot-VAN2.pdf
[9] WTTC, Economic Impact 2025 Report for Vanuatu, estimates for 2025. Samoa Tourism Snapshot. URL: https://pacificpsdi.org/assets/Uploads/PSDI-TourismSnapshot-SAM3.pdf

common features of remote location, archipelagic conditions, and high reliance on air transport-enabled tourism, we can make useful comparisons across these states.

Chart 1: Map of Vanuatu, Fiji, Samoa and Tonga

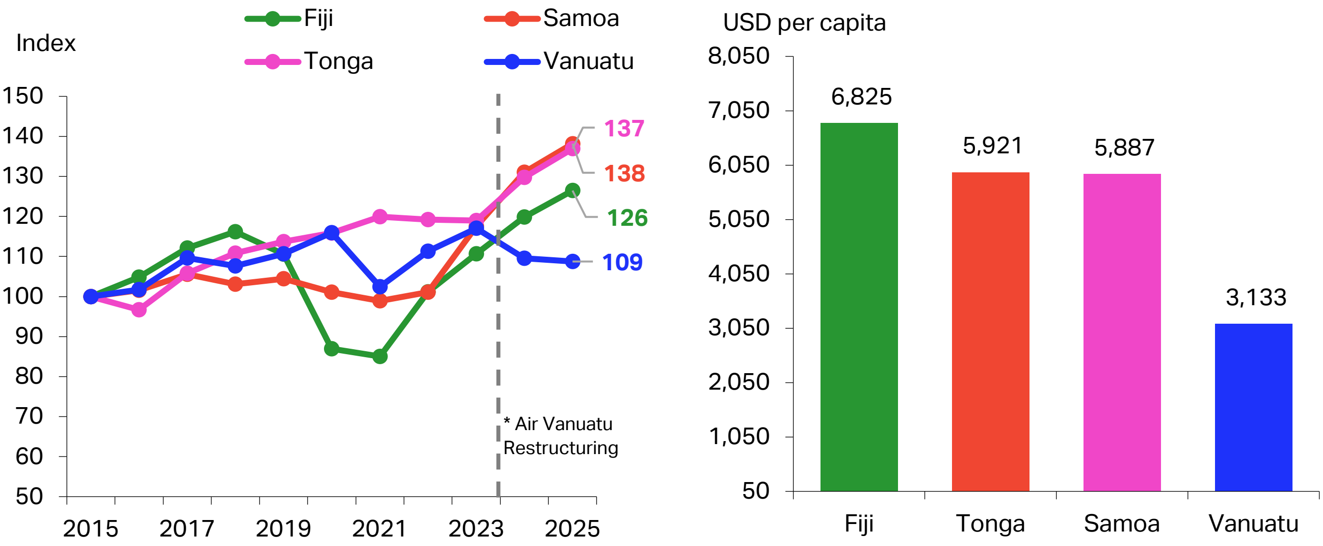


Source: IATA Sustainability and Economics based on Natural Earth Data

Economic performance

Vanuatu lags similar island states in terms of GDP per capita. Not only is Vanuatu's GDP per capita lower than in Samoa, Tonga, and Fiji, but the gap is widening. In 2025, Vanuatu's GDP reached USD 3,133 per capita, a modest 9% increase from USD 2,881 in 2015.[10] In Fiji, Samoa, and Tonga, GDP rose by 26%, 38%, and 37% respectively over this period.

Chart 2: Growth in GDP per capita, index, 2015=100 (LHS); GDP per capita, current USD, 2025 (RHS)



Source: IATA Sustainability and Economics based on data from IMF.

Vanuatu kept up with its comparable peers' GDP growth rate until 2023, when GDP per capita had gained 17% from the 2015 level (in current prices). This was in line with GDP in Fiji, Samoa and Tonga which was up 11%, 18% and 19% respectively in 2023 compared to 2015. Then Vanuatu's GDP dropped by a significant 7% between 2023 and 2025, while its peers grew by 14% to 22%. An important contributing factor to Vanuatu's sudden

[10] IMF. URL: https://www.imf.org/external/datamapper/index.php

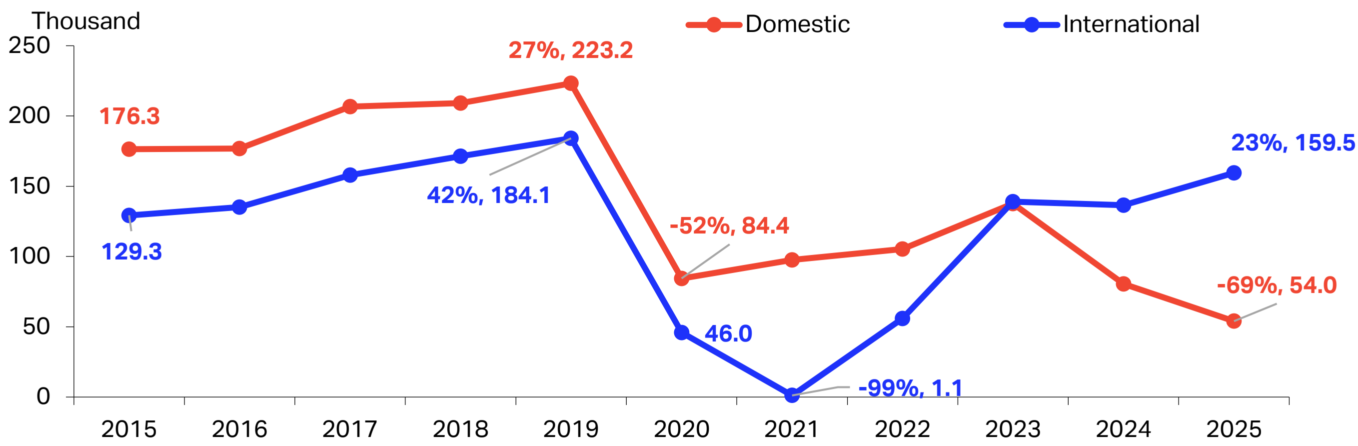
economic under-performance is the restructuring of Air Vanuatu, which started on 9 May 2024 when the airline canceled all international flights and entered voluntary liquidation. On 11 October 2024, the liquidation was terminated, and control of the airline was returned to Air Vanuatu's management. Domestic services gradually resumed, but international operations remained limited because the airline had lost access to its only jet aircraft during the crisis.

Vanuatu's revenue from travel and tourism fell from USD 298 million in 2019, when it accounted for 27.4% of GDP, to USD 217 million and a share of 19.5% in 2025 – a drop of 27%.[11]

Air service developments in Vanuatu

Both international and domestic air transport saw stable growth in Vanuatu between 2015 and 2019. Domestic passenger departures increased by 27% over the period (from 176,000 to 223,000 passengers per year) while international travel increased by 42%, (from 129,000 to 184,000 passengers annually). Air transport was severely disrupted by the covid-19 pandemic. International travel fell by 64% year-on-year (YoY) and domestic traffic by 52% YoY in 2020, and, ahead of effectively ceasing altogether in 2021 – there were only 1,100 passengers that year. After a short period of dynamic growth and recovery in 2022 and 2023, the market in Vanuatu was again severely disrupted in 2024 by Air Vanuatu's restructuring. As a result, the number of domestic passenger numbers contracted by a staggering 69% between 2015 and 2025, and international passengers only gained 23% over the same period. At the aggregate level, total passenger numbers were 30% lower in 2025 than in 2015.

Chart 3: Vanuatu number of departing OD passengers, and growth compared to 2015



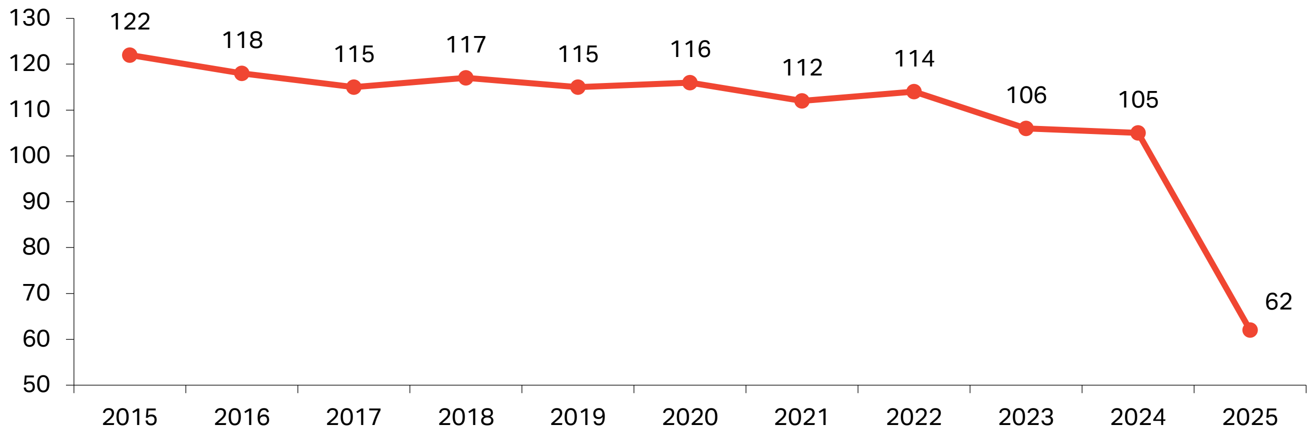
Source: IATA Sustainability and Economics based on data from DDS

Following Air Vanuatu's restructuring, the number of routes from the country fell to 62 in 2025 from 105 in 2024, a drop of over 40%. The number of seats and flights were slightly up in 2025 from 2015, but they were still 15% and 23% below the 2019 peak, respectively. Departing seats declined by 16% from 472,000 in 2015 to 396,000 in 2025.

The number of domestic routes was dramatically reduced from 113 in 2015 to only 54 in 2025. The international network shed only one route over that decade, going from nine in 2015 to eight in 2025.

[11] WTTC. URL; https://researchhub.wttc.org/

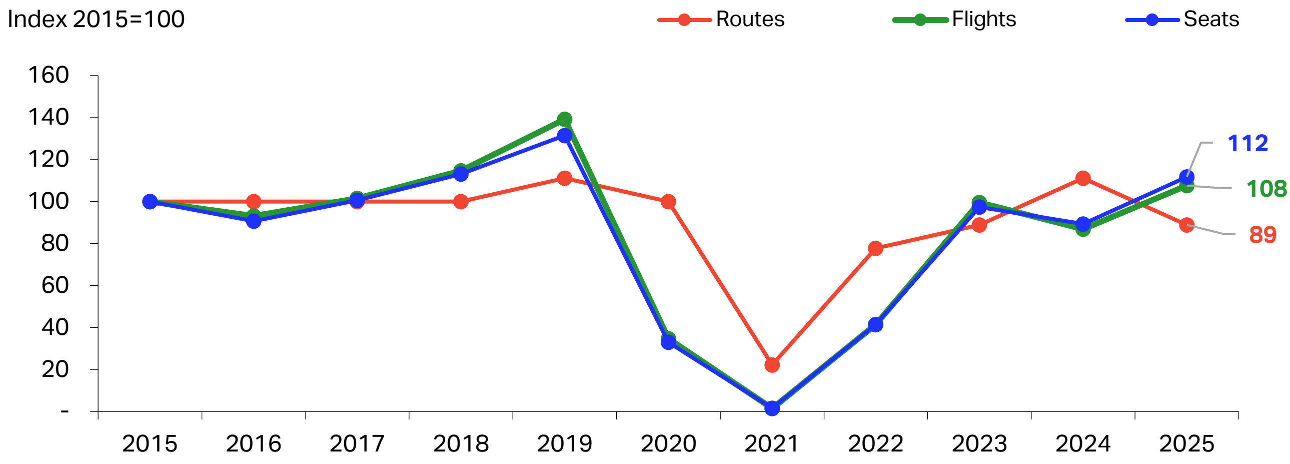
Chart 4: Number of regularly operated air routes from Vanuatu



Source: IATA Sustainability and Economics based on data from OAG

Turning to the number of international flights, these increased by 8% over the 10 years from 2015, and the number of seats swelled by 12%. Notably though, international seats and flights dropped between 2023 and 2024, highlighting the reduction in connectivity related to the restructuring of Air Vanuatu.

Chart 5: Vanuatu international routes, flights, and seats, index



Source: IATA Sustainability and Economics based on data from OAG

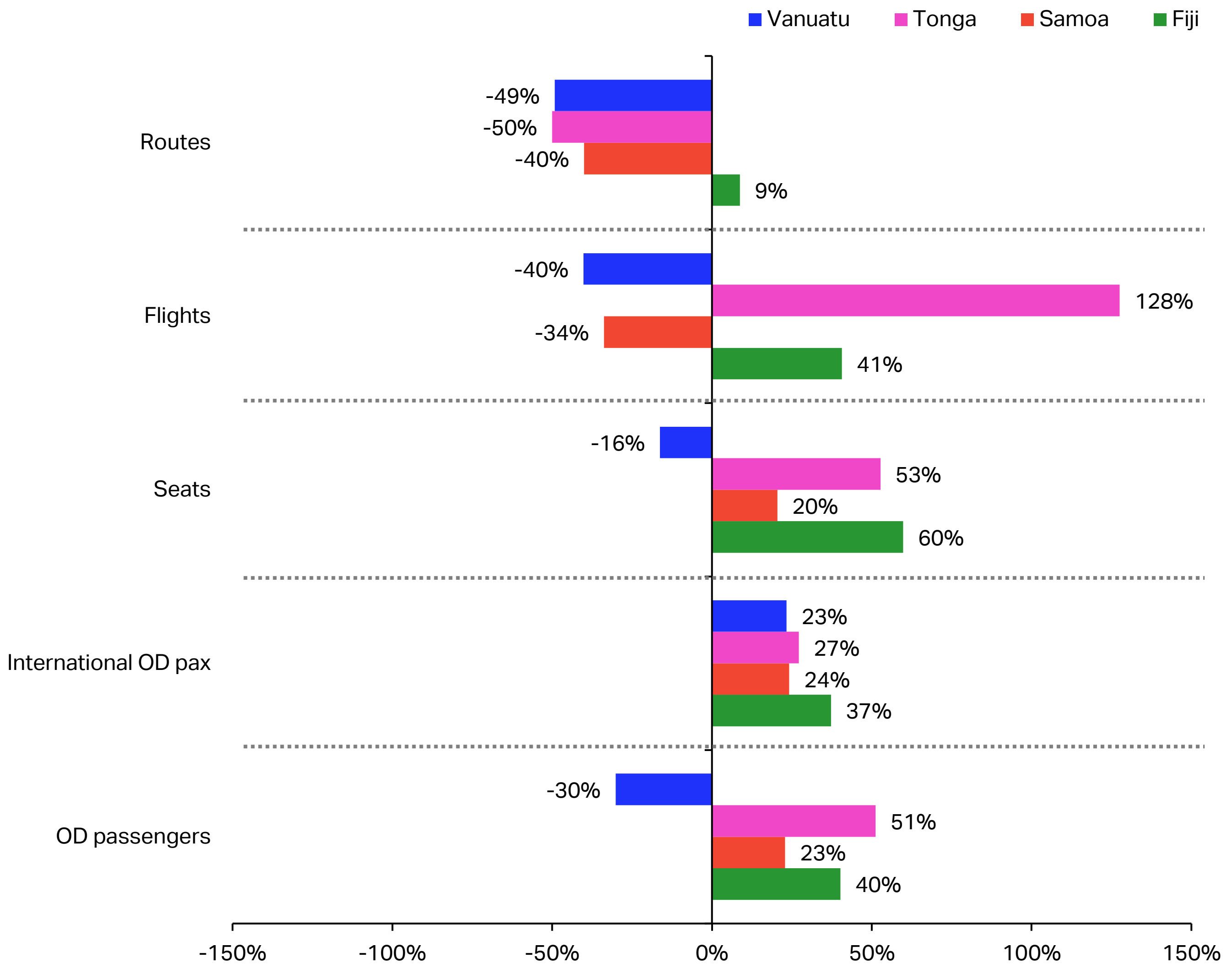
Air service developments in the region

Across comparable island states, Vanuatu is the second-largest air transport market, after Fiji. Unlike other island states in the region, Vanuatu saw a decline in air capacity over the 2015-2025 period. Over the same period, the number of departing seats from the Cook Islands grew by 44% from 257,000 to 371,000, and Fiji's market expanded by an impressive 60%, from 1,515,000 seats in 2015 to 2,420,000 in 2025. Following the current trend, Vanuatu is likely to fall lower in the regional ranking of air transport markets.

Regarding departing passengers, Samoa, Fiji, the Cook Islands, and Tonga all saw their numbers expand by between 23% to 51%, whereas Vanuatu's declined by 30%. In the international passenger segment, Vanuatu did add 23%, but this was below the 24% growth seen in Samoa, 27% in Tonga, 37% in Fiji, and 46% in the Cook Islands.

As for fleet developments, Samoa, for instance, has seen a drop in the number of flights while maintaining or growing the number of seats, suggesting that airlines in the country have moved to utilizing larger aircraft at a reduced frequency. In Tonga, on the other hand, growth in the number of flights strongly outpaced the growth in the number of seats, indicating that, on average, smaller aircraft are now in use. Of the four countries, only Fiji has seen an increase in the number of routes.

Chart 6: Market growth parameters, 2025 versus 2015, for departing flights and Origin-Destination (O-D) passengers



Source: IATA Sustainability and Economics based on data from DDS and OAG

An economic growth engine

For all economies, all forms of connectivity contribute directly to GDP and increase the productivity of all who use such services. For remote island economies such as Vanuatu, air transport is a unique enabler of economic activity, tourism, access to services, and social inclusion. In this case study, we showed that reduced air connectivity coincided with weaker economic outcomes compared to neighboring island states. Ensuring reliable and resilient air services is a strategic policy tool for economic development, which in turn must be a top priority of any government. Investing in aviation infrastructure, decarbonizing air transport, and increasing connectivity will help unlock tourism growth, strengthen regional integration, and support long-term prosperity.

The importance of aviation services to Vanuatu

"Aviation is the lifeline that weaves together our 83 islands, turning distance into discovery and separation into shared experiences. For visitors, it opens the door to our unique cultures and untouched landscapes. For our people, it means the freedom to move, connect and thrive for social, health, educational, and economic reasons. Every flight carries not just passengers, but opportunity, sparking business growth, enabling the capture and sharing of authentic experiences, and most importantly, circulating vital income directly to our communities. Without aviation, our islands stand alone. With it, we rise together for access and convenience."

Adela Issachar Aru, CEO, Vanuatu Tourism Office