

# Competitive situation within Swedish civil aviation 2025

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## Summary

Air travel in Sweden has undergone major changes in recent years. It was hard hit by the pandemic, which, in Transport Analysis's estimation, has permanently altered demand for it, particularly with respect to business travel. Climate policy instruments, geopolitical events, and the increased use of virtual meetings have at the same time increased the pressures for adaptation and efficiency.

In this report we will analyse the competitive situation within air travel, with an emphasis on market concentration, competition with other modes of transport, Arlanda Airport's status in the Nordic region, and how these changes are impacting our transport policy objectives, with a particular focus on accessibility and climate impacts.

Over time, air travel has evolved from being a regulated and exclusive mode of transport to becoming a means of mass travel, particularly as a result of the deregulation in the 1990s. The Swedish air travel market is currently characterised by its slow recovery following the pandemic, especially regarding domestic travel, which in 2024 was 39% below its 2019 level. International air travel has recovered more quickly.

Airline fleets and their use of aircraft in the Swedish civil aircraft register are exhibiting a distinct trend toward bigger airplanes on high-passenger-volume routes. Air freight has decreased dramatically since the 2000s, particularly domestically. Contributing factors include digitalisation, changes in consumption patterns, and a decreased need for rapid postal distribution.

The competition in the Swedish aviation market is bipartite. Domestic traffic is highly concentrated, with SAS as the dominant player at nearly 58% market share. BRA's decision to discontinue operations as an independent player and leave Bromma Airport has further degraded the competitive situation. On the other hand, international traffic has become more competitive. SAS holds a leading, albeit not dominant, position with roughly 25% market share. In contrast to the situation for domestic traffic, ultra low-cost carriers such as Ryanair enjoy a strong presence.

The cost of domestic air travel has increased significantly more rapidly than has that of other modes of travel, such as trains and cars. A lack of competition combined with the financial deficits that have arisen offer two explanations for the higher flight costs. The cost of travel by road has, at the same time, decreased due to changes in the biofuel blending mandate for fuel and in the fuel tax. Air travel starts to gain competitive advantages over train travel for trips longer than roughly 450 kilometres.

Arlanda is the second largest of the Nordic capital city airports as measured in numbers of passengers and departures. Arlanda's status has not changed in any notable way over the last 15 years. Overall, the pattern has remained unchanged in terms of travel and travel offerings. There is thus no statistical support for the view that Arlanda's competitiveness has been degraded in any notable way over the last 15 years.

Copenhagen remains the leading Nordic airport in terms of both departures and connecting flights, due in particular to its strong position as the SAS hub. Copenhagen's airport offers the natural route out into the world for those living in southern Sweden, largely because of its excellent railway connections. Helsinki has served as an important hub for Asian traffic, although its importance has declined in the wake of the Russian invasion of Ukraine and restrictions on access to Russian airspace.

Intercontinental service from Stockholm is still limited compared with such service from Copenhagen, which affects the direct international access available to Sweden's business community and citizenry.

Aviation is being heavily impacted by global factors. Geopolitical crises such as the war in Ukraine, climate policy instruments, and post-pandemic changes in travel habits are reshaping the underlying conditions and assumptions. Fuel costs, requirements calling for the admixture of sustainable aviation fuel (SAF), and the strengthening of the European emissions trading system are driving up costs. Financial deficits accumulated in the fee systems during the pandemic, and these must start to be paid off, entailing fee increases for air travel. Reduced air travel during and after the pandemic has also resulted in increases in the deficits of non-governmental airports.

The Swedish Government has adopted a number of measures to support air travel, such as eliminating operating grants for non-governmental airports and making a major financial contribution to the joint cost equalization system for the security screening of passengers and their luggage (often referred to as the 'GAS fee').

We also have a national expertise base and a technical aviation cluster, which can contribute to adaptation and innovation, though this will require coordinated initiatives and long-term investments.

Air travel is important in terms of providing accessibility to both our citizenry and our business community, particularly via long-distance travel. The importance of aviation for emergency preparedness has attracted increased attention in recent years.

The climate impact of aviation has also garnered much attention. Air travel within the EU/EES is included in the EU's emissions trading system and is subject to the quota requirement for the admixture of SAF. This means that the climate impact of this air travel in terms of *carbon dioxide* is being managed by means of these policy instruments. Other air travel is subject to CORSIA, which is not as robust. Regarding the climate, the lack of effective policy instruments pertains mainly to high-altitude effects and to air travel outside the EU/EES.

The evolution of air travel thus affects both the functional objective (accessibility) and the impact objective (environment). Higher ticket prices for air travel due to a lack of competition and financial deficits from the pandemic years may translate into lower accessibility. Unless action is taken, weak growth in terms of domestic air travel may lead to air route shutdowns, and thus to degraded accessibility.

Transport Analysis is a Swedish agency for transportpolicy analysis. We analyse and evaluate proposed and implemented measures within the sphere of transportpolicy. We are also responsible for official statistics in the transport and communication sectors. Transport Analysis was established in 2010 with its head office in Stockholm and a branch office in Östersund.



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