

## Asia-Europe air cargo space tightens as rates, fuel surcharges soar



*Cathay Pacific's cargo fuel surcharge will increase from \$0.41/kg on March 19 to \$1.65/kg from March 20. Photo credit: Cathay Pacific.*

[Greg Knowler, Senior Editor Europe](#) | Mar 16, 2026, 9:58 AM EDT

Shippers of Asia-Europe air cargo are being hit with a double whammy of rapidly rising freight rates and soaring fuel surcharges as Middle East cargo gets rerouted, China picks up production after Lunar New Year and jet fuel prices double.

An estimated 30% of Asia-Europe air cargo is routed via the Middle East, and with options through the region severely constrained by the ongoing US-Iran war, a rush for Asia-Europe air cargo capacity is pushing up rates with hefty fuel surcharges rolled out on top.

Niall van de Wouw, air freight officer at rate benchmarking platform Xeneta, said dynamic load factors on the Asia-Europe trade lane rose to 86% last week, up from

80% in the week prior.

“That makes it overall a very tight market that will require some creativity to find spare capacity,” he said, but he warned that solutions will come at a price.

Ray Zedov, an analyst at Rotate, said some forwarders were employing the creative and costly option of moving cargo from Asia to Europe in the bellies of passenger planes via North America, which was a clear indication there was not enough direct Asia-Europe capacity available.

“This routing via North America will be quite expensive given that trans-Pacific carriers were already full on the eastbound routes prior to the war,” he said.

While data from Freightos shows spot rates on China-Europe are up about 13% compared with last week, the rates from South Asia to Europe have increased 82% since before the war started. The Baltic Air Index had Singapore outbound rates up 47.6% last week compared with the previous week as Middle East airspace closures drove diversions from Gulf hubs to Asian gateways, tightening capacity.

Judah Levine, head of research at Freightos, said rates climbed sharply following the outbreak of war and the airspace closures, but in the last few days prices have leveled off on many lanes.

“That may reflect some capacity recovery by Emirates, as well as Etihad, or the addition of direct Asia-Europe capacity by European airlines and carriers from the Far East,” he said.

Several freighter operators and integrators have repositioned capacity to serve growing demand on Asia-Europe markets, but a protracted regional conflict could see rates climb even higher.

“If this continues, we will see increases of 100% to 200% on the short-term market,” Van de Wouw noted. “In fact, I am picking up anecdotal evidence that this is already happening in selected markets.”

### **Limited flight availability via Middle East**

The war is entering its third week and flights from international carriers remain suspended to the region’s busiest airports of Abu Dhabi, Amman, Bahrain, Doha, Dubai and Tel Aviv. UAE carriers Emirates and Etihad are operating limited flights to the regional hubs of Dubai and Abu Dhabi, and Qatar Cargo, the region’s largest air freight carrier, is not flying in or out of its home base of Doha where Qatari airspace remains closed.

Qatar Cargo is the largest air freight operator in the Gulf with a 5.9% share of global capacity, Emirates Skycargo second with 4.9% and Etihad holding a 1.5% share of global capacity, data from air cargo analyst Rotate shows. Total capacity to and from the Middle Eastern airports affected by the US-Iran war is down 90% compared with normal pre-war levels.

South Asian origins in particular are heavily dependent on capacity via the Gulf, said Frederic Horst, managing director for Australia-based Trade and Transport Group. He told the *Journal of Commerce* that 35% of all Indian freight traffic and 46% of cargo traffic from Pakistan and Bangladesh were routed via the Persian Gulf.

Kathy Liu, vice president of global sales and marketing at Dimerco Express Group, said with limited opportunity to ship via the main Gulf airports, the market was looking for direct flights from Asia into Europe or services that fly via Asian hubs.

“As factories re-open after Chinese New Year, we will see cargo using Middle East carriers in the past moving to Asian hubs including Hong Kong, Taiwan, Singapore, South Korea and Japan,” she told the *Journal of Commerce*.

“That will impact on the first leg of capacity from origins into those hubs and that will squeeze capacity for intra-Asia and trans-Pacific eastbound,” she added.

## Fuel surcharges on the rise

Airlines are reviewing their fuel surcharges weekly instead of every month as the war-driven spike in prices piles additional cost on top of what is already a significant portion of a carrier’s expenses.

Cathay Pacific’s cargo fuel surcharge will increase from HK\$3.20 (\$0.41)/kg on March 19 to HK\$12.9 (\$1.65)/kg from March 20. Lufthansa Cargo raised its air freight surcharge from €0.85 (\$0.97)/kg to €1.20 (\$1.27)/kg, effective March 16, while IAG Cargo has hedged more than 60% of its fuel for 2026 and has not announced any new fuel surcharge.

Jet fuel typically accounts for 20% to 30% of an airline’s total cost base, and with international carriers forced to fly longer distances to avoid Middle East conflict zones with reduced payloads, those costs are mounting fast.

“Airspace restrictions or routing adjustments may require airlines to operate longer flight paths between global hubs, increasing fuel demand at a time when supply conditions are already tight,” global forwarder Logfret said in a market update.

“This combination of supply constraints and operational adjustments has intensified cost pressures across both passenger and cargo aviation sectors.”

Maersk told customers in an advisory Friday that its fuel surcharges will be reviewed on a weekly basis and adjusted in line with developments in aviation fuel prices, based on established market indexes. For contract renewals where no fuel surcharge mechanism is in place, Maersk has proposed that 15% of the rate is allocated to fuel.

“At the same time, the evolving situation is placing pressure on global air freight capacity and routing options,” Maersk noted. “As a result, Maersk Air Freight will apply a transit disruption surcharge in respect of the additional costs associated with securing capacity, rerouting shipments and maintaining service continuity on affected operations.”

Demand is also growing for multimodal alternatives, with road freight being used to move cargo from Asia to Europe and between transport hubs in the Middle East as an alternative to air.

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