

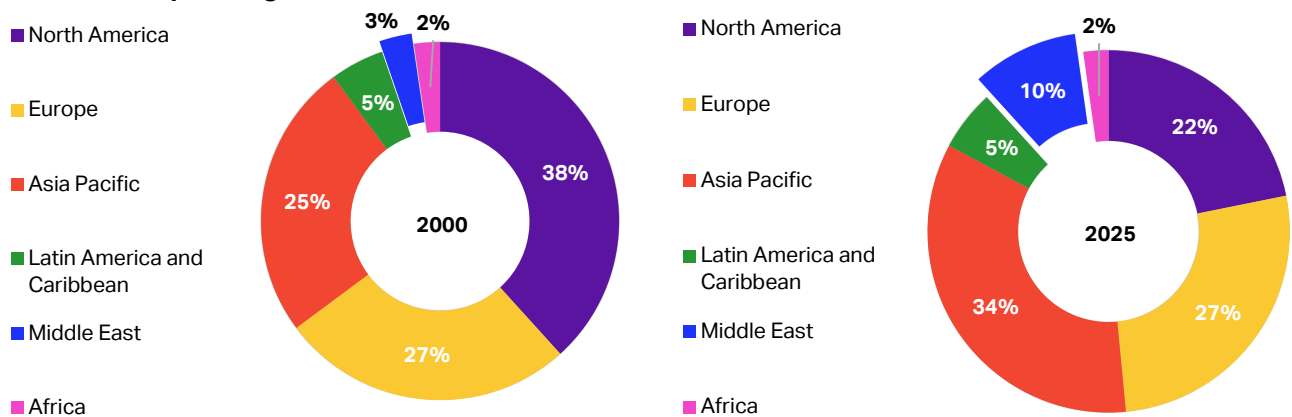
The Middle East in Global Air Traffic

Effect of recent geopolitical disruptions

The strategic importance of the Middle East in global passenger traffic

The Middle East plays a pivotal role in global air transport due to its geographic position at the crossroad of major intercontinental flows. Over the past two decades, carriers from the region have expanded their network rapidly, handling substantial volumes of long-haul traffic. Middle Eastern airlines accounted for 10% of global passenger traffic measured in Revenue Passenger-Kilometers (RPK) in 2025, equivalent to more than 900 billion RPK. This share has tripled over the past 25 years, making the Middle East the fastest-growing region globally (Chart 1).

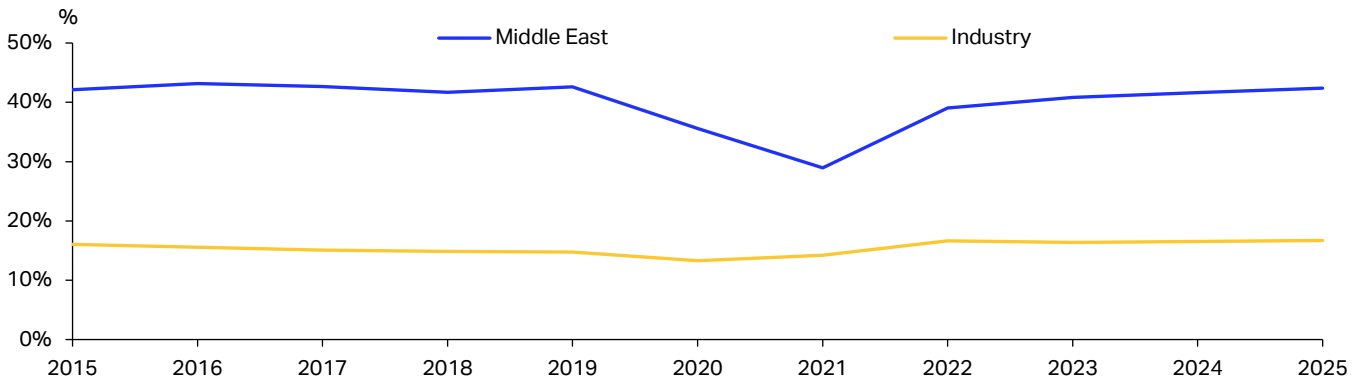
Chart 1: Total air passenger traffic, RPK market share, % of total, in 2000 and 2025



Source: IATA Sustainability and Economics, IATA Information and Data – Annual Statistics.

Building on this geographic advantage, carriers in the region have developed highly integrated hub-and-spoke systems, channeling long-haul traffic across continents through central hubs. Many intercontinental routes pass through the region with minimal detours, making it well-suited to serve as a transit point for global traffic flows. The reliance on transfer traffic is a defining feature of the region's aviation system. More than 67 million of the 417 million connecting passengers worldwide transited via the Middle East in 2025. Over the past decade, transfer passengers have accounted for around 42% of total traffic in the Middle East, approximately 2.5 times higher than the global average of about 16% (Chart 2). This high dependence on connecting traffic supports the viability of long-haul operations that would not be sustained by point-to-point demand alone. The concentration of flows within a few hubs also generates strong network effects, allowing airlines to optimize aircraft utilization and scheduling efficiency. In this way, the Middle East has evolved into a central node in the global air transport network, playing a key role in linking markets across continents.

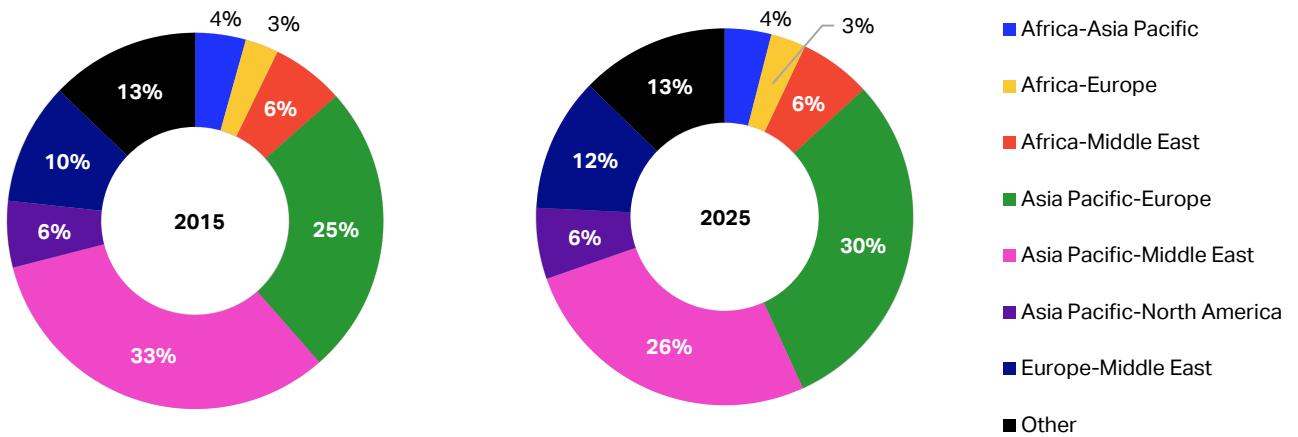
Chart 2: Share of transfer traffic in total traffic, by number of passengers, %



Source: IATA Sustainability and Economics, DDS.

The link between Asia Pacific and Europe represented as much as 30% of the region’s transfer traffic in 2025, up from 25% in 2015, making it the largest contributor to such traffic at Middle Eastern hubs (Chart 3).

Chart 3: Total air passenger traffic connecting in Middle East, PAX market share, % of total transfer traffic, in 2015 and 2025



Source: IATA Sustainability and Economics, DDS.

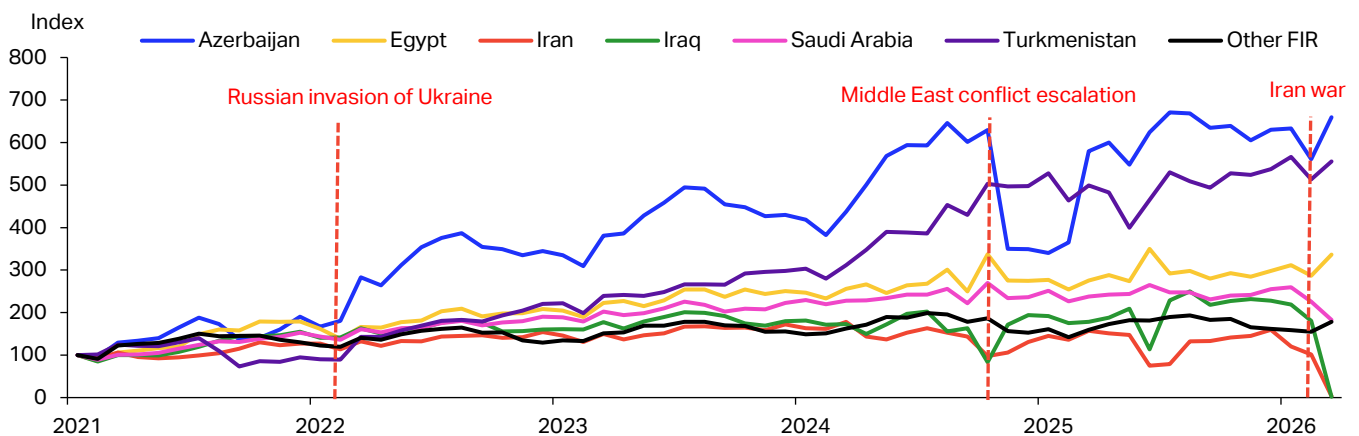
The impact of disruptions on passenger traffic

Geopolitics has led to a significant reduction in the global available airspace for civil aviation, directly and immediately impacting air transport operations. Airlines are required to find new routes to avoid restricted airspace, increasing operating costs, and shifting traffic flows toward neighboring Flight Information Regions (FIR) put pressure on Air Navigation Service Providers (ANSPs) that were not built to accommodate such traffic flows. Airlines that find it difficult to reroute and to manage longer flights and the associated increase in fuel consumption – and in CO₂ emissions – might opt to reduce their service on certain routes.

This dynamic came to the fore following the start of the war in Ukraine in early 2022. Restrictions over Russian airspace have since diverted traffic toward the Azerbaijan, Armenia, and Georgia FIRs, more than doubling the number of flights managed by ANSPs in those zones, while the increase in traffic in other areas was limited to around 10% year-on-year (YoY) over the same period (Chart 4).

The situation was further exacerbated when tensions escalated in the Middle East in 2024. Overflights in the same regions rose by 20% YoY compared to 2023. Turkmenistan’s FIRs were also affected, recording a 56% increase in traffic as airlines adjusted routings to circumvent restricted airspace. Egypt too kept its airspace open and has emerged as another key diversion hub. It absorbed rerouted flights from closed and restricted Middle East corridors and experienced a 22% YoY increase in overflight traffic.

Chart 4: Frequency over selected FIR, 2021=100, index

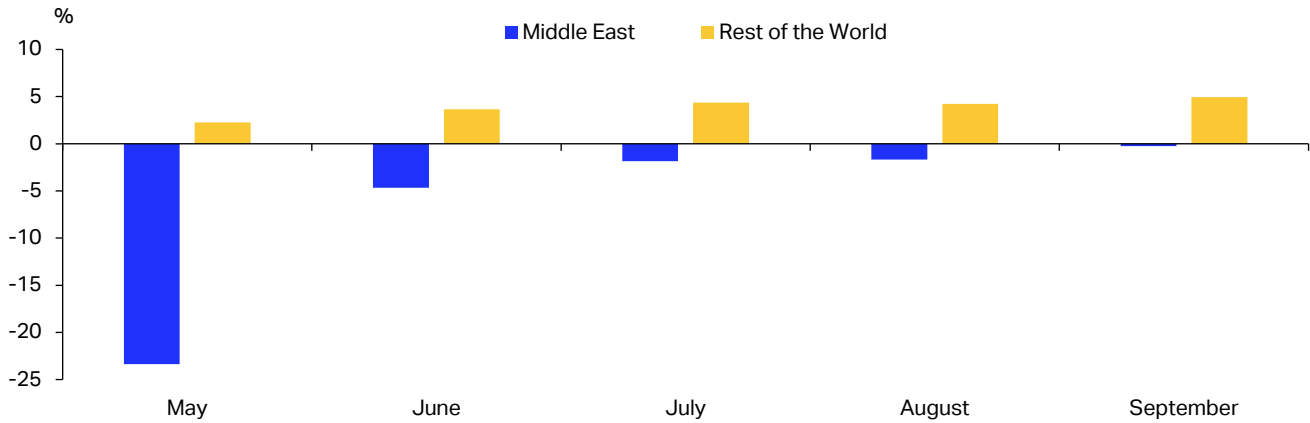


Source: IATA Sustainability and Economics, FlightRadar24

The attacks on Iran in March 2026 marked the most severe disruption to the region since the covid pandemic, when around 95% of capacity was withdrawn at short notice. During the first seven days of March 2026, roughly 85% of flights departing from or arriving at Gulf airports were canceled. By the end of the month, fewer than half of the flights originally scheduled from these airports were operating.

Airlines are also revising forward schedules. Close to one-quarter of flights to and from the region scheduled for May 2026 were canceled relative to what was planned in February 2026. Around 3% of planned capacity to and from the region has been removed for the summer 2026 schedules, i.e., for months from June to August (Chart 5). Moreover, geopolitical uncertainty and limited visibility on demand have compressed the capacity scheduling windows. Airlines outside the Middle East have increased capacity in response to the loss of services from Middle Eastern carriers, while not fully offsetting that region’s lost capacity. As a result, passenger load factors rose sharply, by 3 percentage points globally, reaching record highs in March 2026.

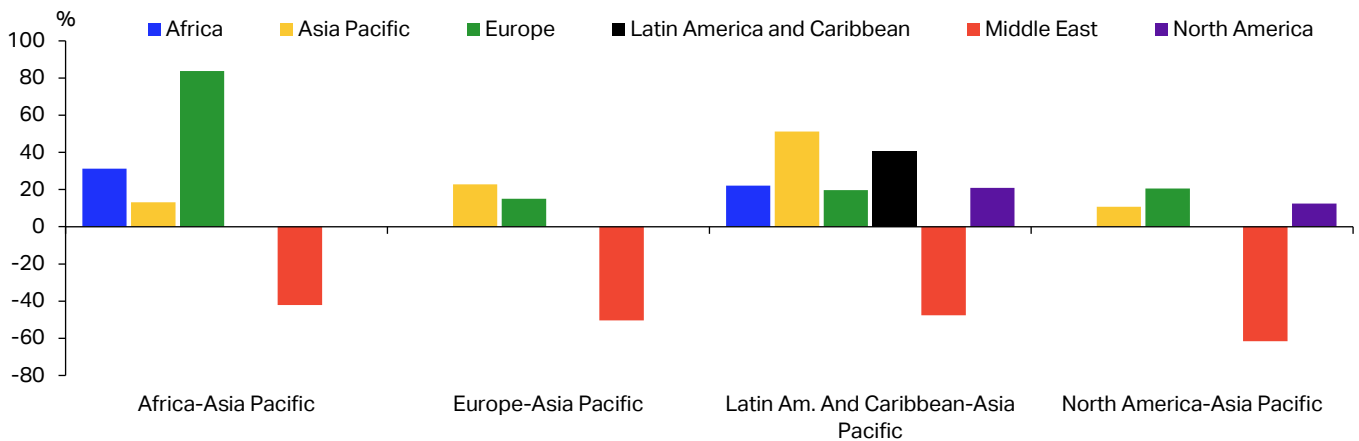
Chart 5: Scheduled capacity change for May-September 2026 comparing before and after war started, %*



Source: IATA Sustainability and Economics, OAG * difference between scheduled capacity as of 23 February and 27 April 2026.

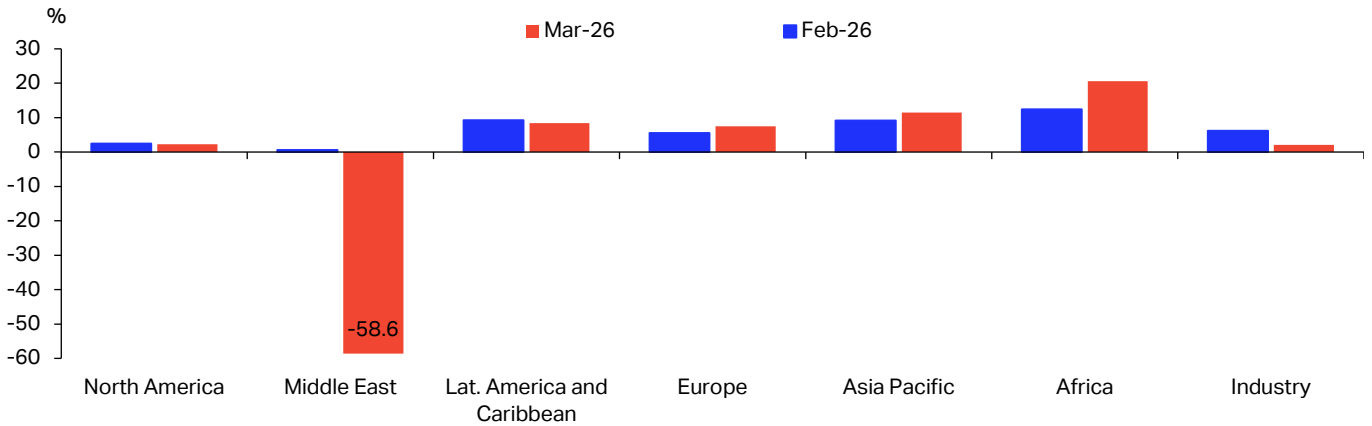
In 2025, around 33% of passengers traveling to or from Asia Pacific transited through the Middle East, roughly three times the share observed for other regions. This made Asia Pacific particularly exposed to the disruption of Middle Eastern hub connectivity and created immediate pressure for traffic reallocation across the global network. Passenger demand to and from Asia Pacific continued to grow by 3.6% YoY in March, which is down from the 6% YoY growth recorded in February. This appears to reflect a partial diversion of traffic from the Middle East to other regions. Travel between Africa and the Asia Pacific carried by European, African, and Asia Pacific airlines rose in March, helping to absorb displaced demand from Middle Eastern airlines. European airlines recorded the highest relative growth on this route, at more than 80%, though this is from a low base. A similar pattern is evident on routes to Europe, Latin America and Caribbean, and North America (Chart 6). Industry-wide, RPK growth stood at 2.1% YoY in March, down from 6.1% YoY growth in February (Chart 7).

Chart 6: Passenger traffic on Asia Pacific routes, by airlines' region of registration, PAX, YoY, %, March 2026



Source: IATA Sustainability and Economics, DDS.

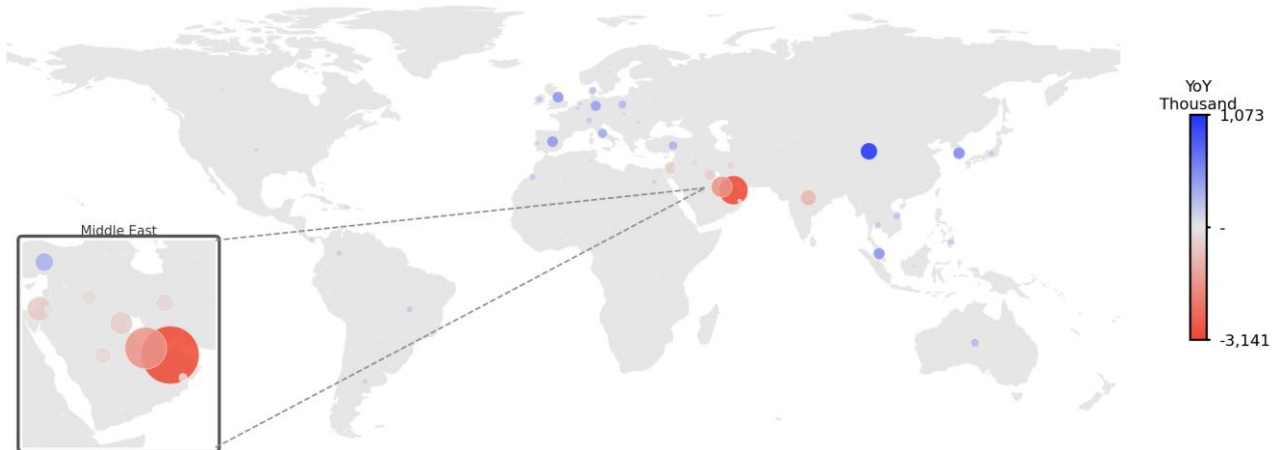
Chart 7: Total RPK growth by airlines' region of registration, YoY, %, March and February 2026



Source: IATA Sustainability and Economics using data from IATA Information and Data - Monthly Statistics.

By contrast, Qatar and the UAE were disproportionately affected in the Middle East, with traffic down 97% YoY and 57% YoY, respectively, and the rest of the region contracting 44% YoY. Qatar suspended all air traffic, effectively closing its airspace, while the UAE implemented a partial closure before gradually reopening. This decline had knock-on effects on India, partly due to its heavy reliance on Gulf carriers, and also reflecting the strength of direct traffic flows between Dubai and India.

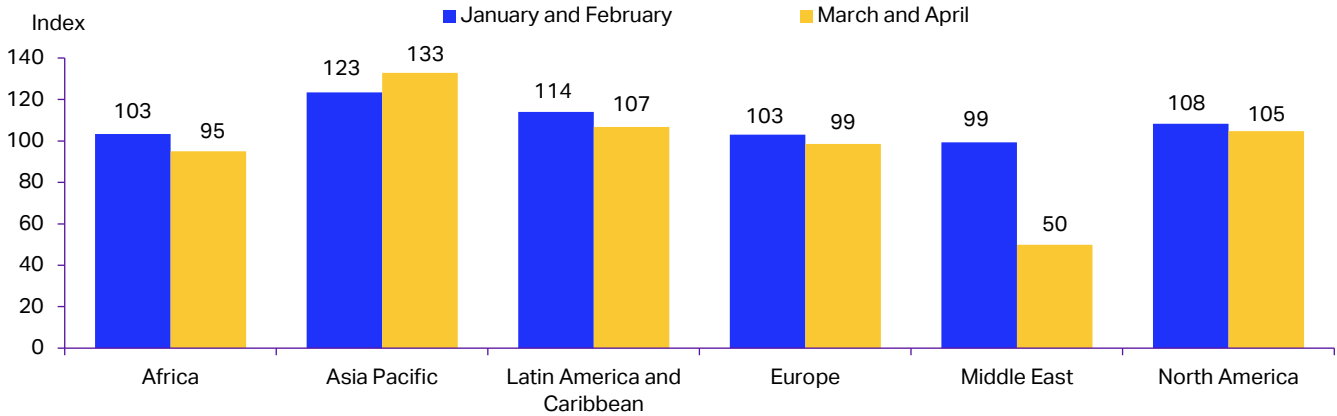
Chart 8: Growth in passenger numbers in March by segment destination, YoY, thousand



Source: IATA Sustainability and Economics, DDS.

Bookings for travel during the months of June to September 2026 fell across regions except for Asia Pacific (up 33% YoY) (Chart 9). At the same time, travelers in the Middle East favored short-notice bookings in March as conditions evolved rapidly. Additionally, passengers in other parts of the world increasingly favor intra-regional journeys, rather than long-haul trips and that passengers are adjusting destination choices rather than delaying travel altogether. The demand for flights from Asia Pacific to Europe declined by 8% YoY.

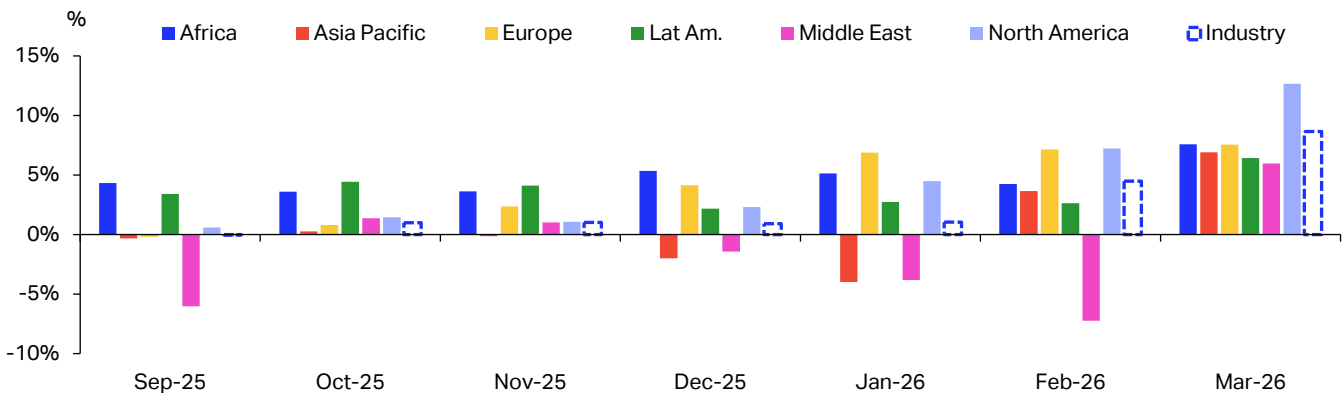
Chart 9: Bookings for June to September, by month of purchase and by destination region, index, 2026 compared to the same booking months in 2025



Source: IATA Sustainability and Economics, DDS.

Passenger yields in the Middle East, as well as globally, adjusted rapidly upward following the start of the war, because of the higher jet fuel prices and the sudden tightening of effective capacity across the region. Airspace restrictions, and selective capacity reductions decreased available supply, while demand initially proved more resilient. As a result, load factors increased further, particularly on unaffected long-haul corridors and alternative routings, allowing airlines to raise yields by partially passing jet fuel price increases onto passengers. This adjustment was observed in all regions, with yields growing 6-13%, the highest of which was in North America. Yield growth in the Middle East in March was moderate YoY but stood out compared with February 2026 at 11% YoY versus a global average of 3% month-on-month (MoM).

Chart 10: Change in passenger yields, by region of origin, YoY, %

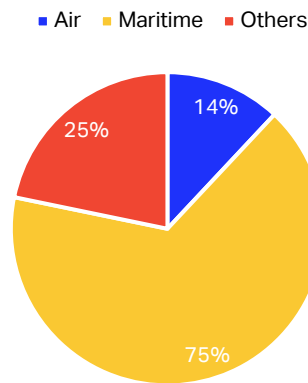


Source: IATA Sustainability and Economics, DDS.

The impact on air cargo traffic

For the Middle East, air cargo activity is centered on transit rather than origin or destination demand. Major hubs facilitate global flows but generate limited local cargo volumes. Only around 14% of the region's total export value is transported by air, compared with a global average of 29.5% (Chart 11). Most exports from the Middle East consist of goods unsuitable for air transport, notably crude oil and refined products, as well as bulk commodities such as salts and sulfur, aluminum, and fertilizers. As a result, while disruptions in the region can affect routing and connectivity, they do not fundamentally constrain global air cargo demand or supply. However, some demand may be temporarily postponed due to higher transport costs and customers thinking that prices will fall if the situation stabilizes. This may dampen growth dynamics in the short-term.

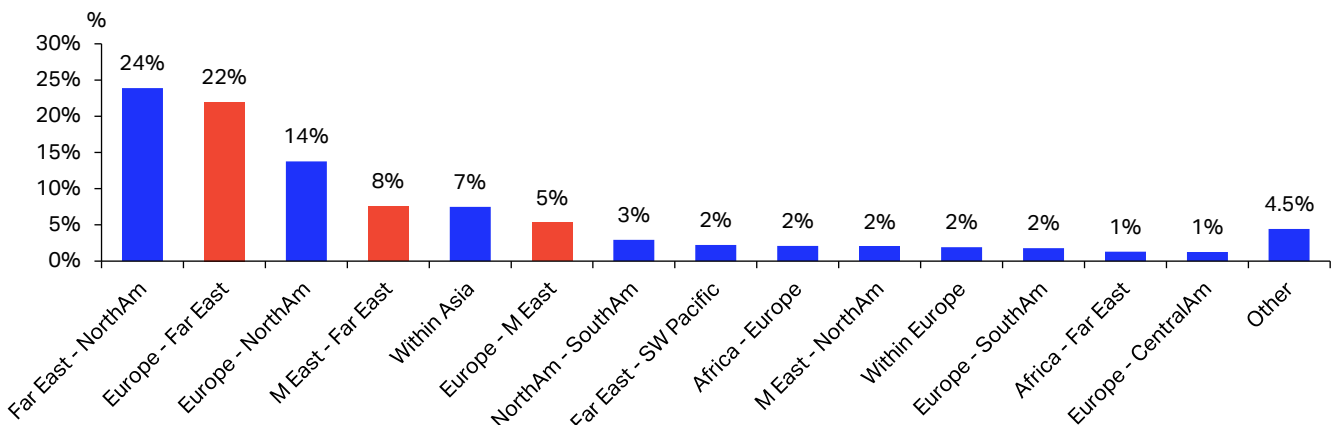
Chart 11: Exports value by mode of transport, 2020-2025



Source: IATA Sustainability and Economics, Global Trade Tracker.

Asia and Europe form the most important corridors in global air cargo, driven by strong trade in high-value, time-sensitive goods such as electronics, machinery, and pharmaceuticals (Chart 12). The Middle East plays a central role in connecting these two regions. Asia, led by China and other manufacturing hubs, is the primary source of export cargo, while Europe represents a major consumption market and distribution center. This structure makes Middle Eastern air cargo highly sensitive to global trade conditions, though it is structurally efficient under normal operating circumstances. The heavy reliance on transit traffic, combined with relatively small local markets, implies that disruptions at Middle Eastern hubs could be partially offset by capacity from other regions. What could limit substitution is the fact that a large share of global capacity is provided in passenger aircraft bellyholds, which curtails short-term flexibility compared to dedicated freighters. On the flipside, cargo flows tend to adjust more rapidly than passenger traffic, as routing decisions can be changed quickly without the same commercial or operational constraints.

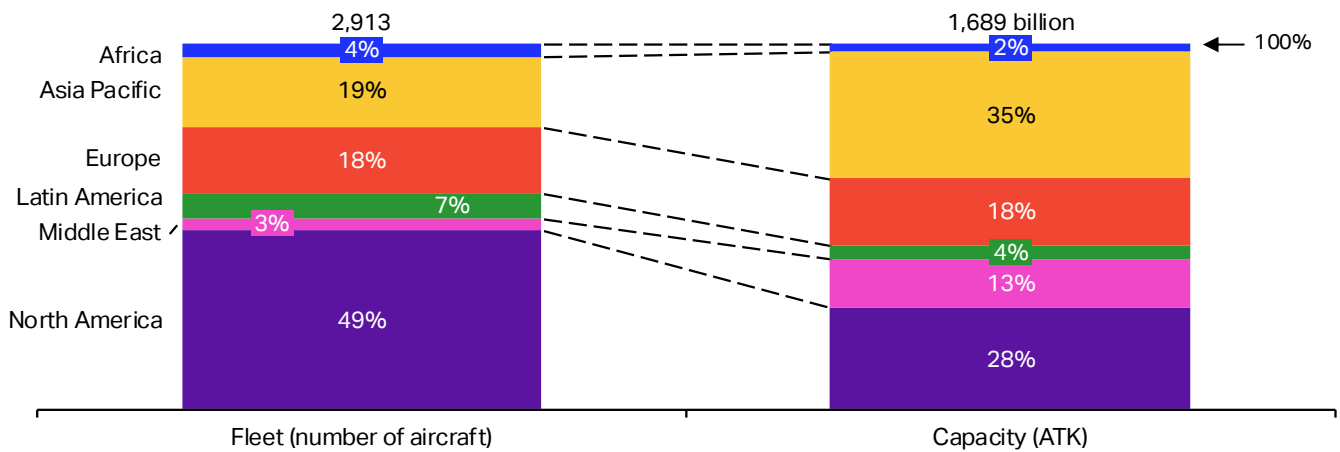
Chart 12: Share of global CTK by route pair, segment data, % of global CTK, 2025



Source: IATA Sustainability and Economics, IATA Information and Data – Monthly Statistics.

Looking at the cargo fleet in Middle East, only 95 dedicated freighters are based in the region (or 3% of global cargo fleet), representing around 3% of global cargo aircraft (Chart 13). This measure, however, significantly understates the region’s role in global air cargo markets. Middle Eastern carriers operate large passenger widebody fleets with substantial bellyhold capacity, supported by dense long-haul networks linking Asia Pacific, Europe, and Africa. This network structure reduces the need for a large, dedicated freighter fleet while still providing considerable cargo lift. As a result, airlines in the region account for around 13% of global air cargo capacity (Chart 13). From an origin-destination perspective, the Middle East represents about 14% of global cargo traffic, measured in cargo tonne-kilometers (CTK).

Chart 13: Cargo fleet in service, number of aircraft (LHS), Cargo capacity, ATK (RHS), by region of operator registration, 2025

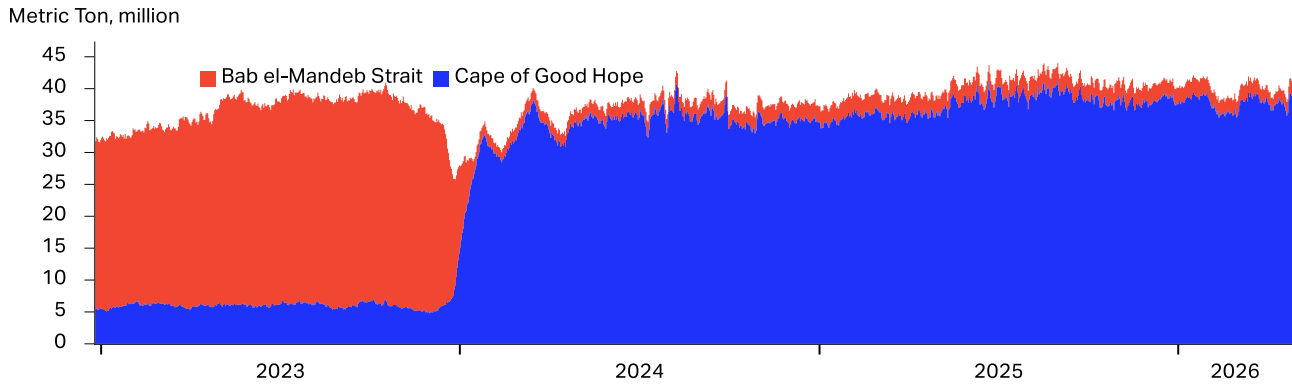


Source: IATA Sustainability and Economics, Cirium Fleets Analyzer, IATA Information and Data – Annual Statistics.

In assessing risks linked to the Strait of Hormuz, it is important to distinguish between goods that structurally depend on maritime transport and those that could realistically shift to air. Crude oil, refined products, and other bulk commodities transiting Hormuz cannot be transported by air. However, parts of the broader value chain can be. These include petrochemical derivatives, industrial inputs, energy-sector spare parts, and containerized high-value goods routed via Persian Gulf ports. Disruptions to maritime flows through Hormuz, therefore, do not directly raise air cargo volumes in the region, but they can redirect selected trade segments toward air transport when speed and reliability become critical.

Following the start of Yemeni attacks on vessels in the Red Sea in 2024, container traffic through the Bab el-Mandeb Strait fell by 90% YoY and did not recover (Chart 14). Shipping was instead rerouted around the Cape of Good Hope, where container traffic volumes increased sevenfold, significantly extending delivery times. Over the same period, global air cargo volumes rose by 12% YoY, while air cargo traffic between Europe and the Middle East increased by 26% YoY. This pattern is consistent with past episodes in which maritime disruptions triggered a partial modal shift toward air freight for high-value, time-sensitive goods, tightening air cargo markets and supporting higher yields.

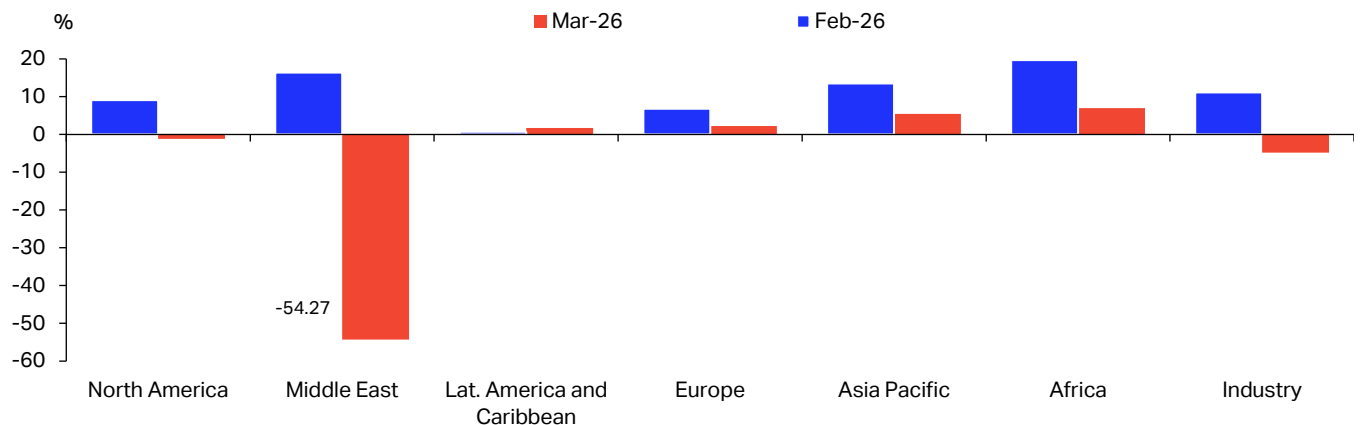
Chart 14: Transit trade volume, container ships, million tonne, monthly



Source: IATA Sustainability and Economics, Macrobond, IMF.

The response in the global air cargo market in March, however, suggests limited immediate substitution between different air corridors, leaving volumes restrained. Industry-wide cargo-tonne-kilometers (CTK) fell by 4.8% YoY in March, emphasizing one of the most challenging operating environments in recent years (Chart 15). The decline in air cargo traffic in the Middle East could not be offset by gains elsewhere, due to limited capacity availability and the temporary postponement of some non-urgent shipments as shippers in March still awaited greater clarity and a possible stabilization of the operating environment.

Chart 15: Total CTK by airline region of registration, YoY, %, March and February 2026



Source: IATA Sustainability and Economics, IATA Information and Data – Monthly Statistics.

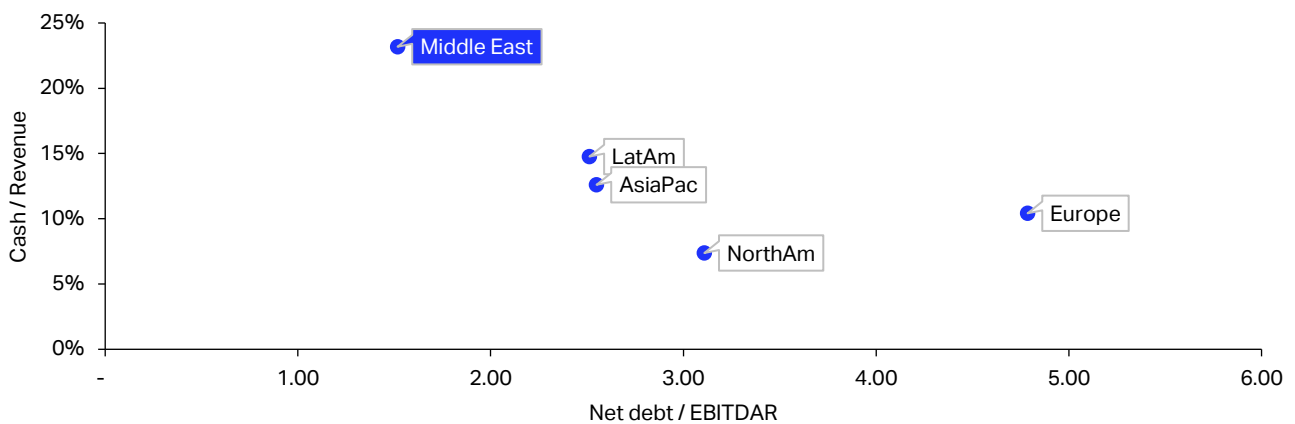
Looking ahead, the disruption of Middle Eastern hub connectivity is likely to result in a more fragmented and less efficient global air cargo network. While some global cargo capacity can be redeployed away from the Middle East, the disruption has reduced effective capacity more than headline fleet numbers suggest. Longer routings, loss of hub connectivity, and the fragmentation of established cargo networks lower usable lift and extend transit times, even where aircraft remain available. As a result, the shock operates less through outright capacity removal and more through a deterioration in network efficiency, tightening global cargo conditions beyond what nominal fleet capacity alone would imply. Such events typically result in tighter capacity and upward pressure on air cargo yields, which could be especially visible in Europe-Asia Pacific traffic.

The impact on airlines' financials

Middle Eastern airlines entered the current crisis from a position of relative financial strength, supported by several years of exceptionally strong profitability, high load factors, and robust premium and transfer demand. Compared with most other regions, carriers in the Middle East generally operate with higher margins, stronger liquidity positions, and lower financial leverage, giving them a greater ability to absorb temporary shocks. This resilience has been further supported by strong cargo performance and a structurally favorable operating environment in recent years, including low taxation and competitive cost bases.

At the same time, the region remains highly exposed to the current disruption due to its dependence on long-haul hub connectivity and fuel-intensive long-haul widebody operations. Airspace closures, rerouting, and sharply higher fuel costs are expected to weaken profitability materially.

Chart 16: Median net debt / EBITDAR and median cash/revenue by region, 2024



Source: IATA Sustainability and Economics using data from Airfinance Global.

Conclusion

The Middle East's geographic position gives it a central importance in global air transport, shaping traffic flows across some of the world's long-haul corridors and enhancing the efficiency of the global network. The region's role in this respect has become clear for all to see because of the war in Iran. Airspace restrictions have led to longer flight paths as well as higher operating costs and operational disruptions, prompting a reconfiguration of global traffic flows. At the same time, other airlines have adjusted by rerouting services, reallocating capacity and, in some cases, substituting alternative routings or markets to maintain network connectivity.

Middle Eastern airlines entered the current crisis from a position of relative financial strength, supported by several years of strong profitability, and solid liquidity, which has helped absorb near-term shocks. The nature of the crisis is a supply-side disruption with higher, rather than a demand-driven crisis, as during covid, for instance. Until such time when economic growth falters, the underlying appetite for air travel is still present.