

A large cargo aircraft is shown from a low-angle, front-facing perspective, positioned on a runway. The aircraft is white with four engines. The background features a dramatic sunset sky with orange and yellow hues, and a city skyline is visible in the distance. The runway has yellow and white markings, and lights are visible along the edges.

# Air freight market update

H1/2025 and July 2025 release

# Market snapshot: Latest trends & outlook



## Capacity

H1 2025 global capacity rose to 4%, led by strong growth on APAC - EU (+14%) and EU - APAC (+17%) corridors.

APAC - NA capacity was volatile, with gains in January (+13%) and March (+11%) followed by a May decline (-7%) due to tariffs and de minimis changes.

APAC - EU capacity grew steadily, likely due to reallocation from Transpacific to support rising demand.



## Demand

H1 2025 demand rose to 3% YoY, led by NA - LATAM (+16%) and LATAM - EU (+14%).

APAC - NA demand fluctuated with U.S. tariff and de minimis changes (+5%), then down 2% in May - June.

APAC - EU showed strong seasonal demand (Mar - Jun), and EU - NA grew through May, followed by a slight dip in June.



## Rates

Global rates stayed strong in H1 2025, driven by pre-tariff front-loading, capacity constraints on Transpacific and Transatlantic and high demand in Europe.

Q2 averaging up 2% from Q1 and 1% from Q2 2024.

Despite early strength, June marked the second straight YoY decline as small shipment demand stayed soft despite U.S. duty cuts.



## Outlook

Q3 outlook remains cautious with soft demand, continued Middle East situation and tariff uncertainties.

Capacity is expected to exceed demand, which will put pressure on load factors.

H2 of 2025 remains fluid, with U.S. trade policy being a key variable. A potential U.S. court ruling on tariffs could have a positive impact, but current expectations are still influenced by existing challenges.

# Updates around the world

**U.S. tariffs set to rebound 1 August, but talks with China show progress.** The U.S. confirmed that most countries will face higher tariffs from 1 August due to limited progress in negotiations. Discussions with China are more constructive, with a possible extension of the 12 August deadline. The U.S. cited improving trade ties and urged China to shift from overproduction to stronger domestic demand, while remaining open to further dialogue.

**U.S. and EU finalize trade deal with 15% tariff cap.** The U.S. and EU have agreed to a framework trade deal that sets a 15% tariff on most EU goods which is half the rate previously proposed. The agreement includes plans for increased EU investment in U.S. energy and defense sectors and aims to enhance stability and predictability in Transatlantic trade. While key details remain unresolved, including tariffs on specific products like spirits.

**China finds new markets as U.S. imports diversify.** China-U.S. air cargo volumes have dropped amid trade tensions, with Chinese e-commerce exports to the U.S. down nearly 50% in June. Still, overall Chinese exports rose 38% (according to Chinese Customs), boosted by trade with Europe and Asia. U.S. air imports from Vietnam and Taiwan have surged, offsetting the decline.

**U.S. raises tariffs on Brazil to 50%.** The U.S. will raise tariffs on Brazilian imports from 10% to 50% in October, citing concerns over actions affecting U.S. companies and free speech. Brazil criticized the move as interference in its judicial system amid ongoing legal proceedings against former President Bolsonaro. The tariff hike may strain trade relations and impact key exports like coffee, beef and steel.

**U.S. considers 30% tariff on key South African exports.** South Africa is facing a potential 30% U.S. tariff on exports starting 1 August, which could impact key sectors such as agriculture and automotive. The U.S. has requested adjustments to trade terms and rejected initial proposals from South Africa, with details on tariff application still unclear. Both sides continue to negotiate, with an extension before the deadline still possible.

**In June 2025, the air cargo market faced mounting volatility,** with capacity expansion beginning to exceed demand. This slowdown was attributed to an **industry-wide cautious stance** and **consumer hesitation** to spend, further exacerbated by rising costs and tariff uncertainties.

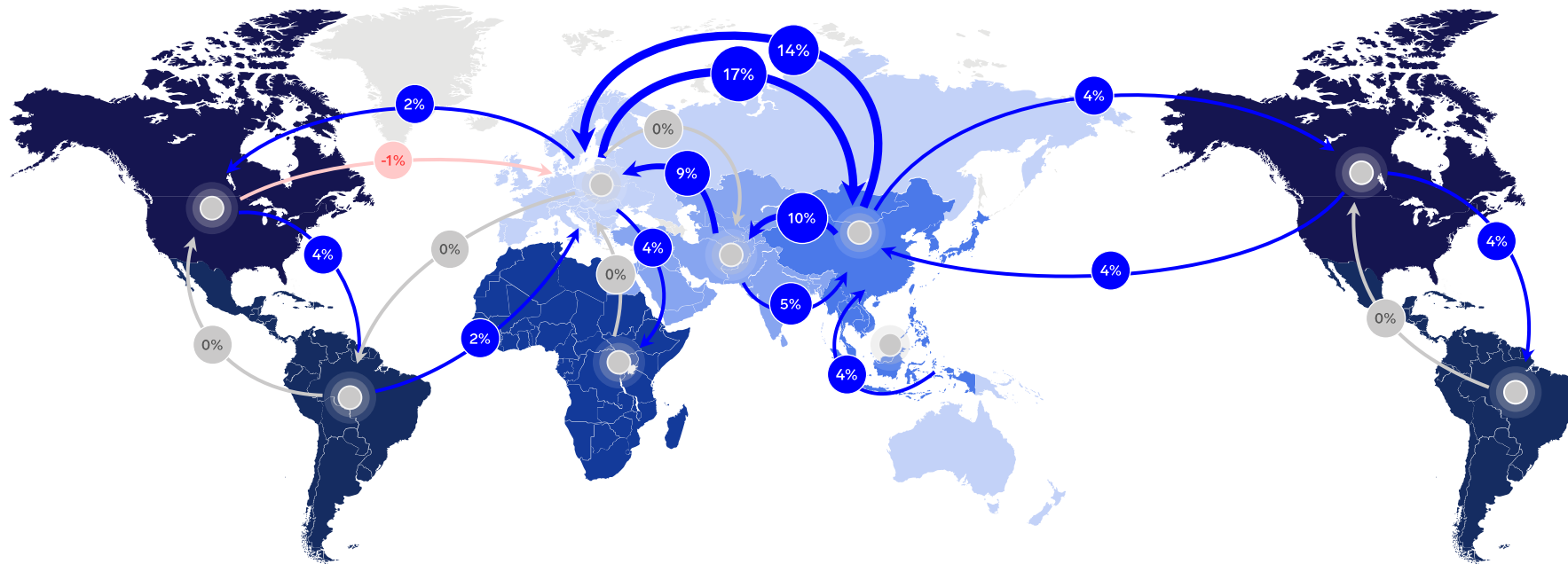
**Geopolitical tensions in the Middle East intensified during June,** causing temporary airspace closures and flight disruptions that impacted regional traffic and fuel prices. However, the broader effect remained largely contained to the regional level.

**By July, Middle Eastern air operations largely resumed.** Despite the U.S. extending its tariff pause to 1 August, **trade policy remains uncertain.** The industry continues to maintain a cautious approach, anticipating a less favorable second half of the year driven by tariffs and potential curbs on U.S. de minimis exemptions for e-commerce.

# Global capacity development

H1 2025

YoY % growth



Global air freight capacity YoY 4%

Freighter +4%

Passenger +5%

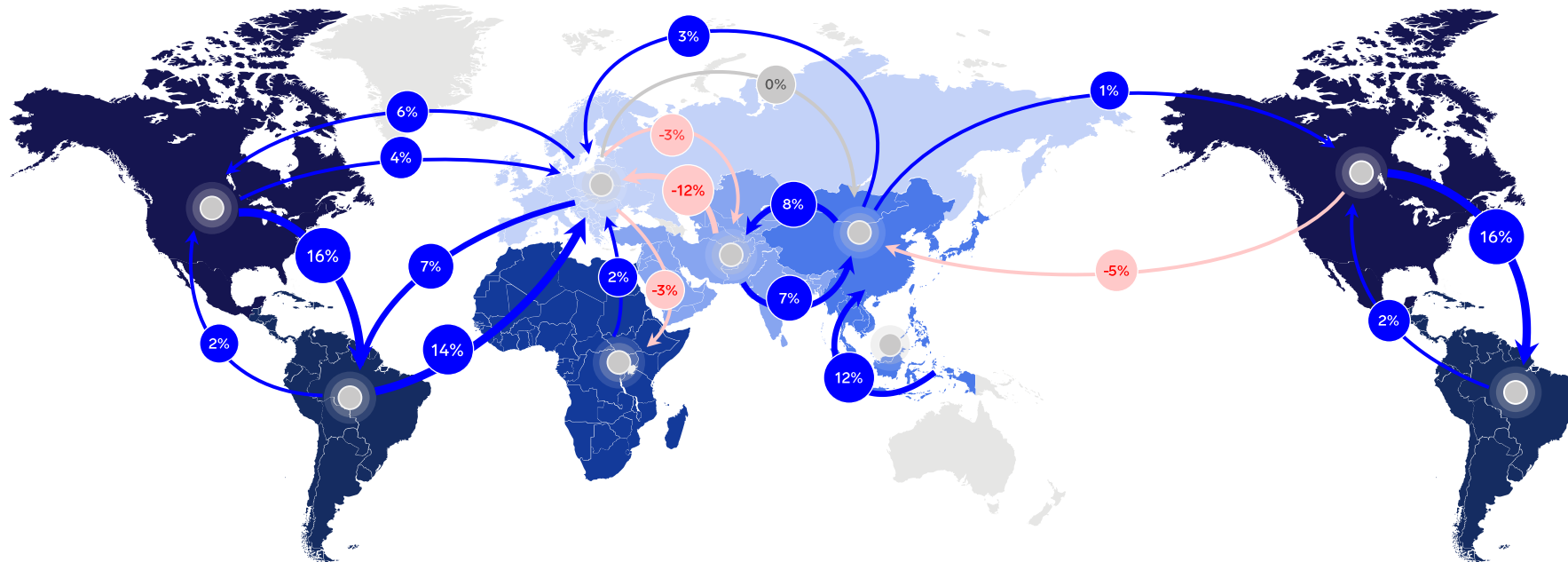
Source : Rotare

- In the first half (H1) of 2025, **global air freight capacity** saw an overall **year-on-year (YoY) increase of 4%**, with modest expansion from freighters.
- **Most substantial gains were on Asia Pacific (APAC) - Europe (EU) lanes:** +14% (APAC-EU) and +17% (EU-APAC), as carriers strategically added capacity to meet rising demand.
- **APAC-Middle East (ME) (+10%) and ME - Europe (+9%)** capacity grew, potentially reflecting **continued sea-air solution** growth amid continued maritime disruption in the Red Sea.
- **Key North America (NA) lanes** saw growth from -1% to +4%, as **tariff changes caused trade fluctuations**, impacting traffic and capacity redeployment. Notably, **freighter capacity on the Transpacific grew only 2%**, while passenger capacity on the fronthaul expanded 9%.

# Global demand development

H1 2025

YoY % growth



Global air freight demand YoY 3%

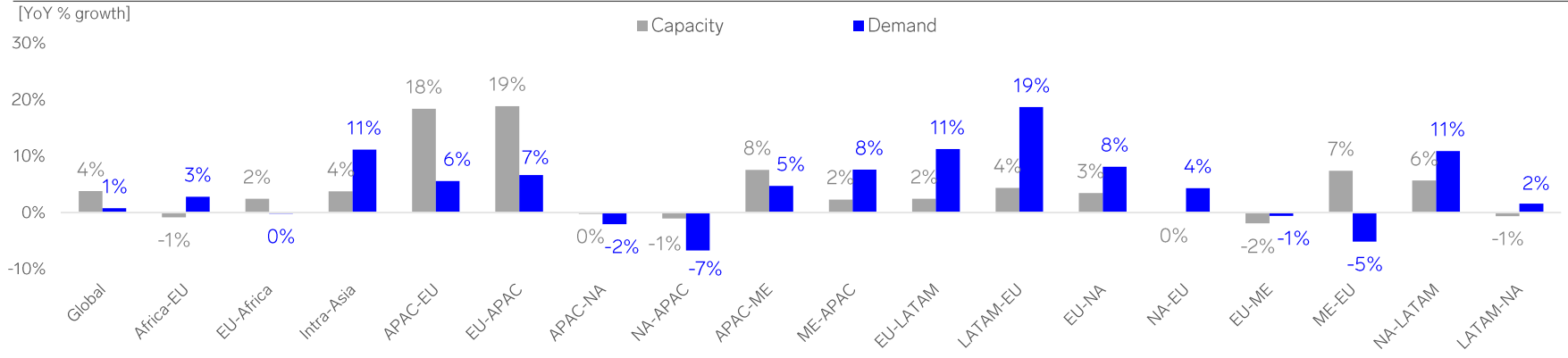
Source : WorldACD Market Data

- Global air freight demand in H1 2025 rose 3% YoY, with **LATAM routes leading the growth**, driven by strong demand and exports of perishables.
- Impacted by U.S. tariff and de minimis changes, APAC - NA volumes barely increased due to a drop in Chinese exports, while other APAC lanes grew notably but overall growth remained low. Meanwhile, **EU - NA saw modest growth from early front-loading**.
- Intra-Asia increased 12%, while lanes connecting the Middle East and South Asia (MESA) with APAC also saw growth (**MESA - APAC +7%, APAC - MESA +8%**), reflecting nearshoring trends amid trade shifts.
- **MESA - EU demand declined 12%**, likely from 2024 normalization, regional holidays and regional tension.

# Market analysis

## Demand, capacity & commodities

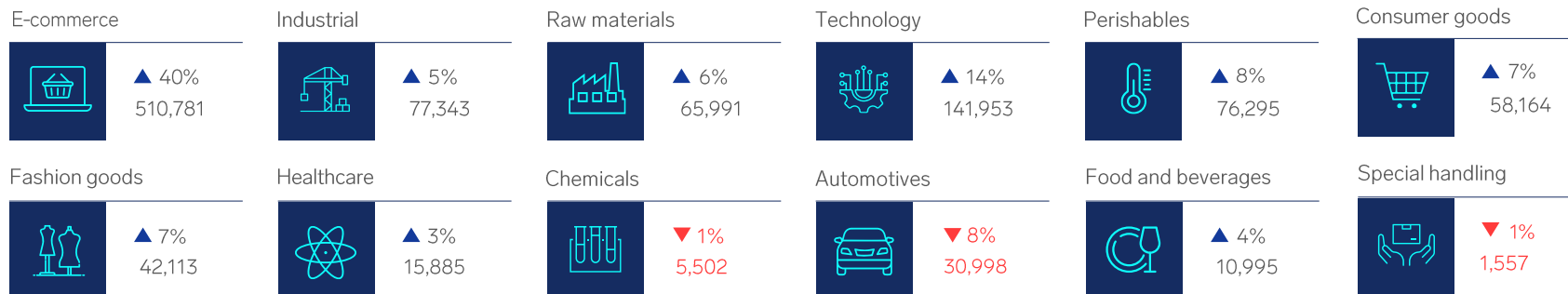
### Demand & capacity growth by lane - June 2025



- In June, global capacity (+4% YoY) outpaced almost flat demand (+1% YoY).
- On regional levels, demand notably outpaced capacity on LATAM - EU, Intra-Asia, EU - LATAM, and NA - LATAM. This was driven by LATAM's continued resilience and growing exports, coupled with Intra-Asia's maintained nearshoring role. Capacity-wise, APAC - EU and EU - APAC saw double-digit growth despite moderate demand.

### Commodities transported globally - Jan-May 2025

[Absolute change in K Metric Tons, YoY % growth]



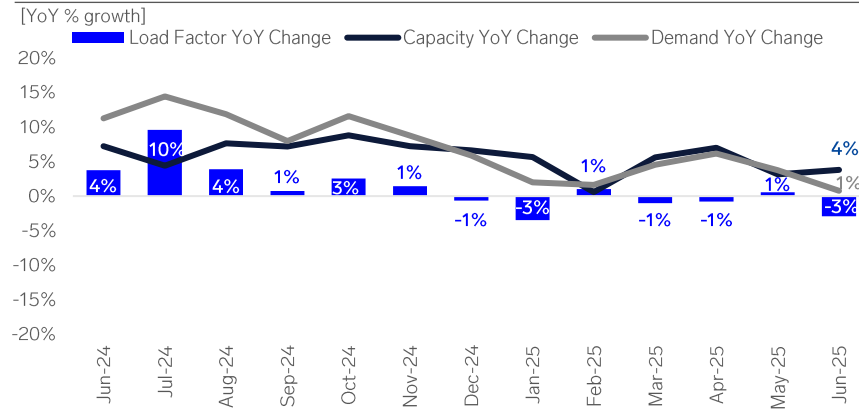
Note: The most recent commodity data is available up to May 2025.

- Despite recent observations indicating a slowdown in China - U.S. e-commerce due to de minimis changes, global commodity data from Jan - May 2025 showed sustained development. The **e-commerce sector notably grew +40% YoY**, in contrast to automotives which dropped 8%, and **most other commodities saw only moderate growth, likely impacted by tariff changes.**

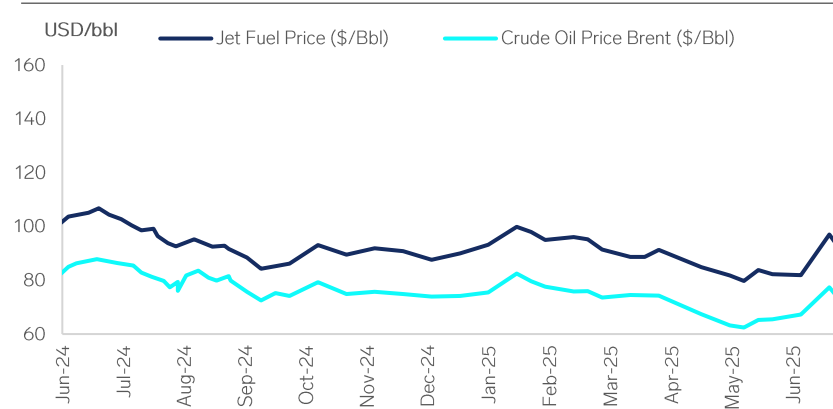
# Market analysis

## Key market drivers & indicators

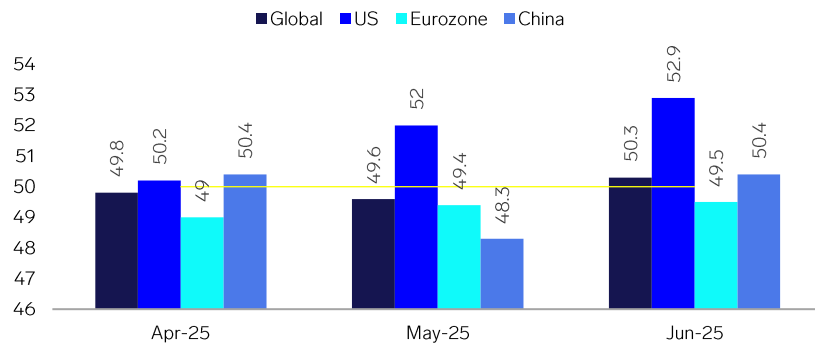
### Load factor



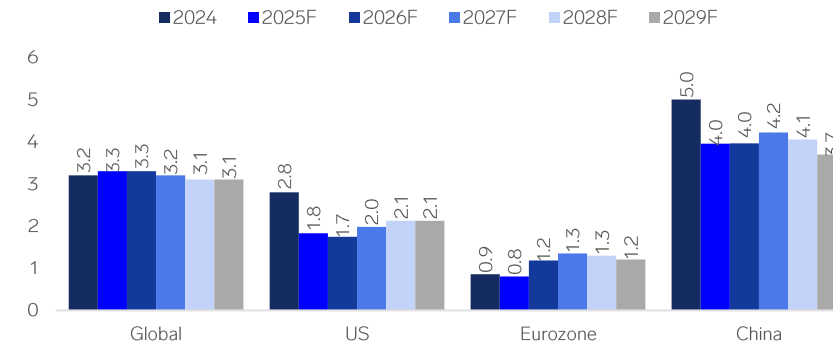
### Jet fuel price



### PMI development - last 3 months



### GDP growth projection - 2025



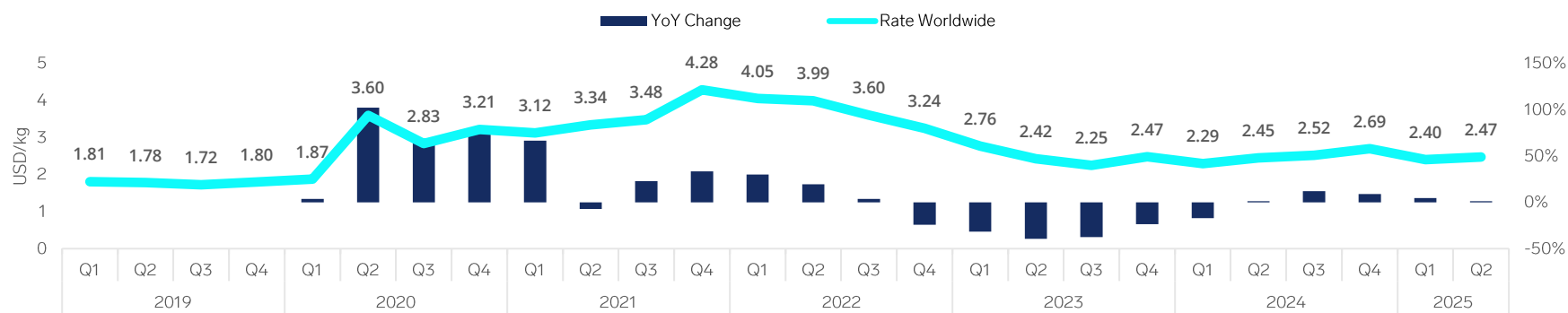
Source : Rotare, WorldACDMarket Data, S&P Global ,IMF

- With capacity outpacing demand in June, **load factor dropped 3 percentage points (ppt)** from last year. While global demand appeared subdued, carriers experienced higher costs with **spiking jet fuel prices in June** due to the conflict in the Middle East.
- The **smaller demand growth** is also supported by the manufacturing **purchasing manager index (PMI)**, which showed a **contraction in May**. This aligns with our expectation of a shorter PMI-demand timeline during this period due to ongoing trade shifts.
- In June, global PMI showed **expansion** after falling for 2 months. **China's PMI rebounded** to above 50, while the **U.S. showed strongest result since May 2022**. Global and China's PMI improvement signals **potential export volume return in July**, though softly. Meanwhile, the **U.S. PMI development suggests its increase in domestic demand and production**

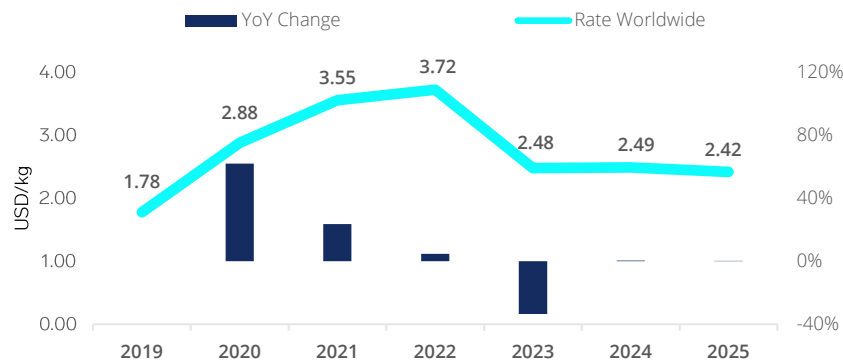
# Global rates evolution

June 2025

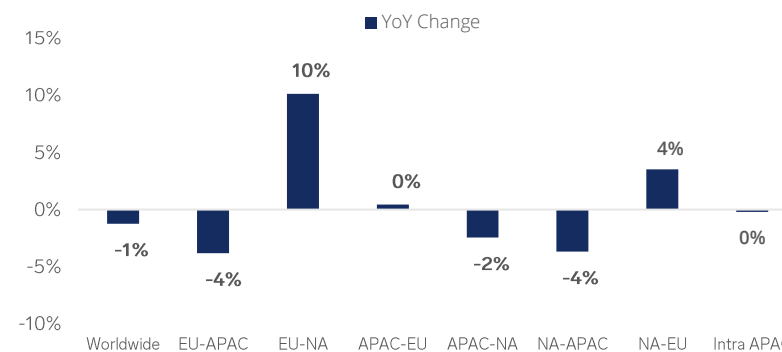
## Global rate development - quarterly



## Global rate development - yearly



## Regional rate development - June 2025



- Driven by a rush before U.S. tariffs, regional capacity limitations on Transpacific and Transatlantic routes, and high demand in Europe, **overall worldwide rates remained strong in the first half and Q2.**
- The half-year average reached USD 2.42/kg, showing a **4% increase YoY. Average Q2 2025 rates also demonstrated a solid result, averaging USD 2.47/kg, which was 2% above Q1 2025 and 1% above Q2 2024.**
- In contrast to the H1 and Q2 strength, **June 2025 saw global air cargo rates continue their YoY decline for the second month, registering a 4% YoY drop.** This trend was observed as demand, particularly for small shipments and e-commerce from China, remained subdued even after U.S. duty reductions.

Note: 2025 data contains only January-June data, compared to the same period in 2024 and 2019.

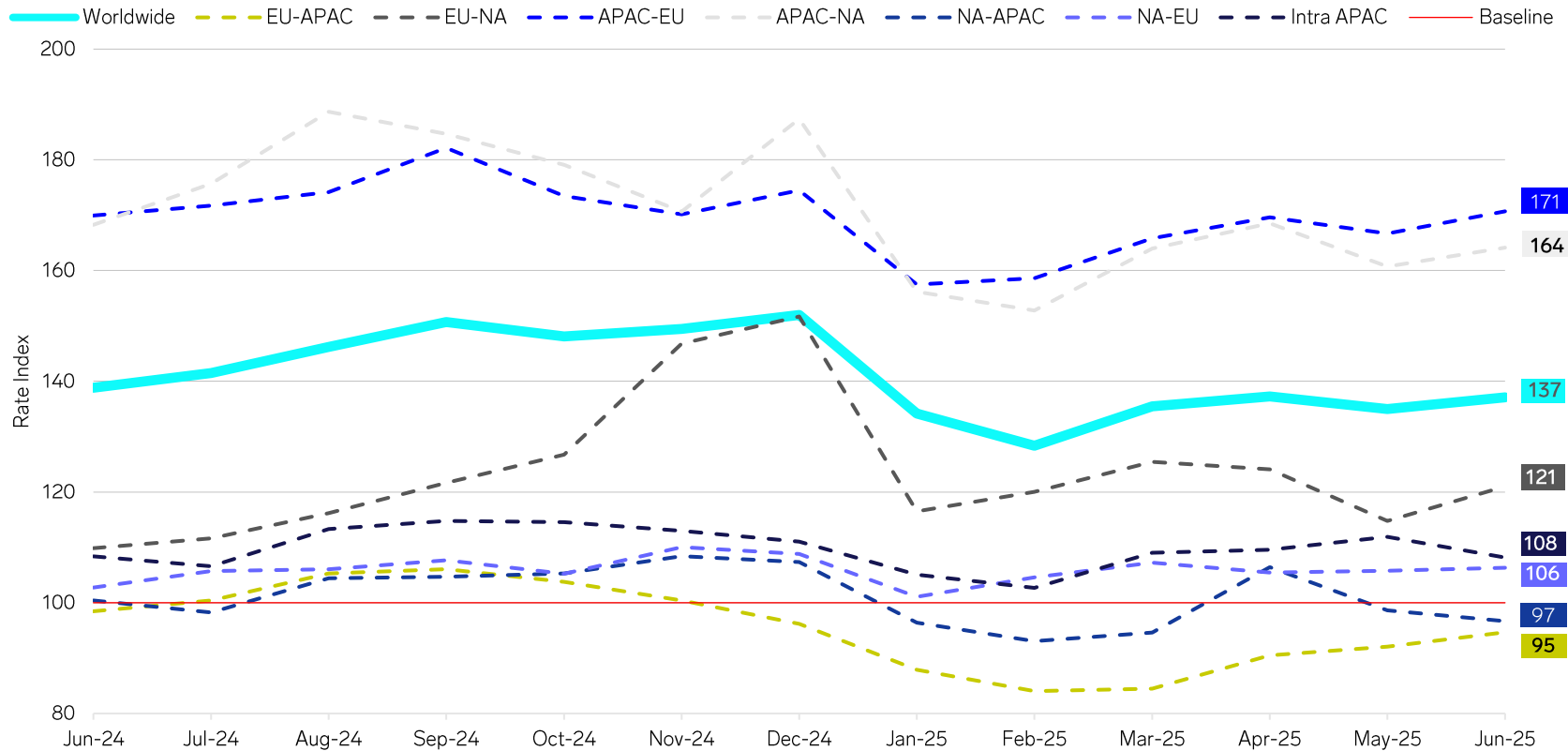
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Source: WorldACD Market Data

# Global rates evolution

## June 2025 - A closer look

Monthly rate index development - compared to 2019 monthly baselines



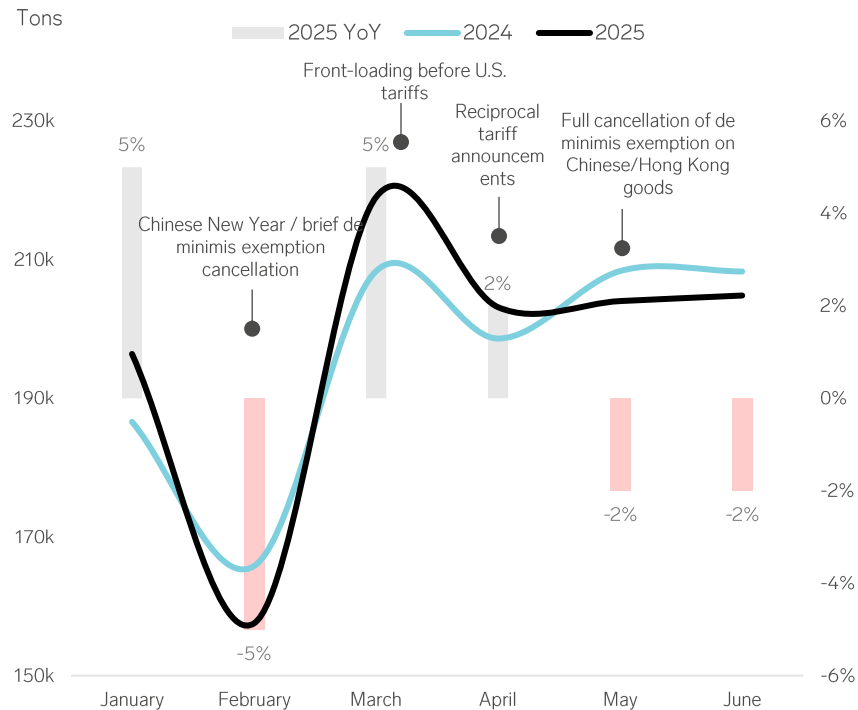
Source: WorldACD Market Data

- In June 2025, the **global air cargo rate index remained stable at 137 points above its 2019 baseline**. However, rate development varied significantly across major trade lanes.
- **Outbound rates from APAC continued to show significant strength**, with APAC - NA and APAC - EU indexes reaching 171 and 164 respectively in June.
- In contrast, **Intra-APAC and EU - APAC indexes remained below the 2019 baseline at 97 and 95 respectively**. Other major lanes generally hovered slightly above their pre-pandemic levels.

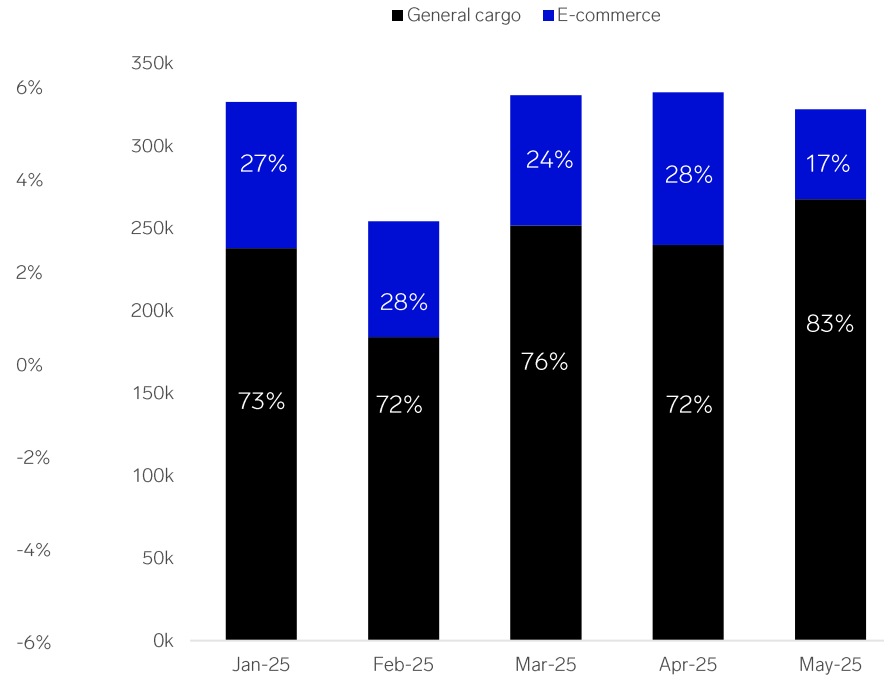
# Trade lane spotlight: APAC-NA demand

Market response to tariff & de minimis changes

## APAC - NA demand evolution



## APAC - NA commodity mix



Note: The most recent commodity data is available up to May 2025.

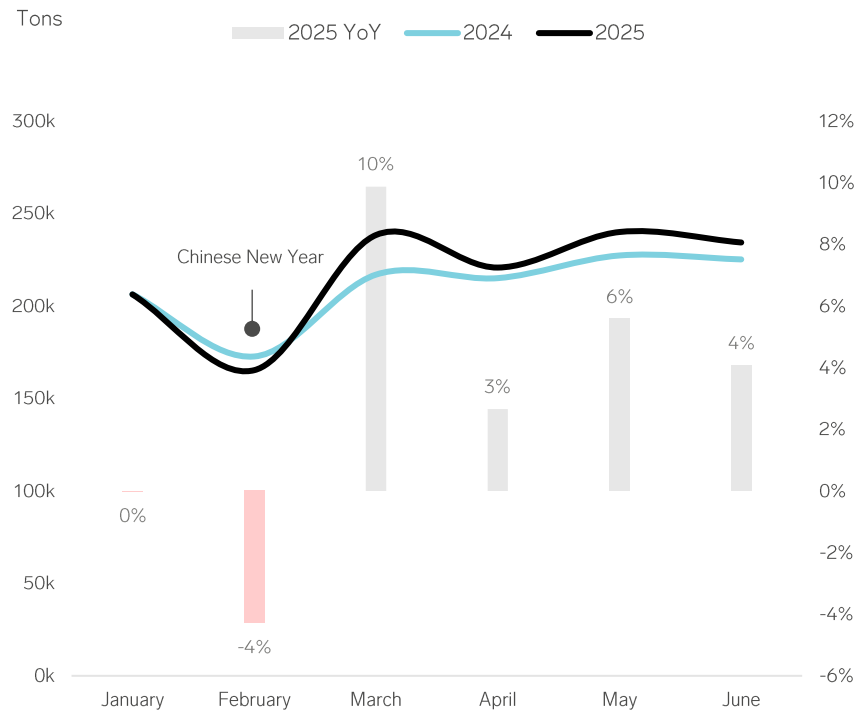
- In H1 2025, the Transpacific market experienced significant demand fluctuations driven by tariff and de minimis changes.
- After front-loading in March (+5 YoY), demand shifted to contraction in May and June (both -2% YoY). This decline followed the full cancellation of de minimis exemptions on Chinese/Hong Kong goods.
- The impact is clearly reflected in commodity changes. Despite the overall YoY demand contraction in May and June, the absolute volume of general cargo increased in May. Its share rose to 83% in May 2025 (up from 72% in April), compensating for the significant drop in e-commerce's share to 17% during the same period.

Source: WorldACD Market Data, Rotate

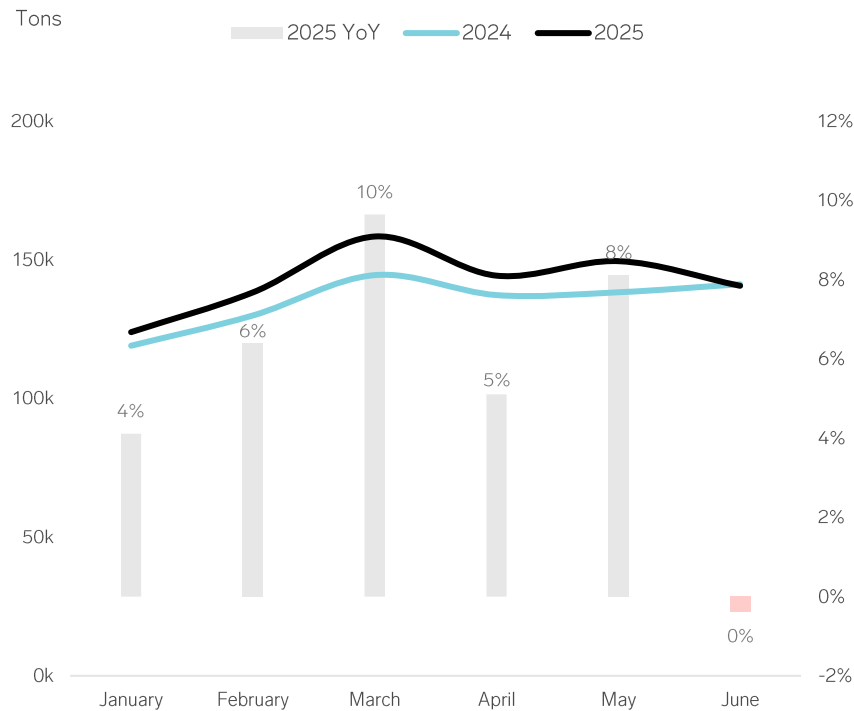
# Trade lane spotlight: EU - NA & APAC - EU demand

Stronger seasonal volumes in H1 2025

APAC - EU demand evolution



EU - NA demand evolution



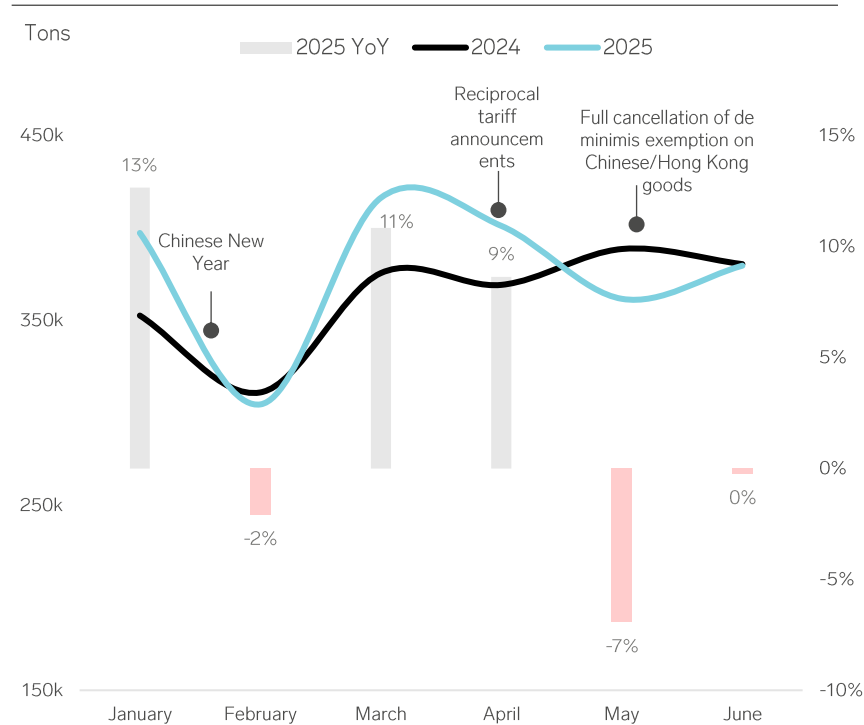
- While we saw fluctuation and subdued demand on APAC-NA, the APAC-EU lane demonstrated stronger seasonal volumes during March - June.
- Similarly, EU-NA demand saw robust growth (up to 10%) through May, before registering a slight 1% YoY decline in June as front-loading wound down before the now-shifted July tariff deadline.
- These dynamic shifts in demand patterns across major trade lanes reflect the ongoing adjustments in global air cargo flows, and are indirectly influenced by broader trade policy changes, including U.S. tariffs, which can lead to trade diversion and supply chain reconfigurations.

Source: WorldACD Market Data,

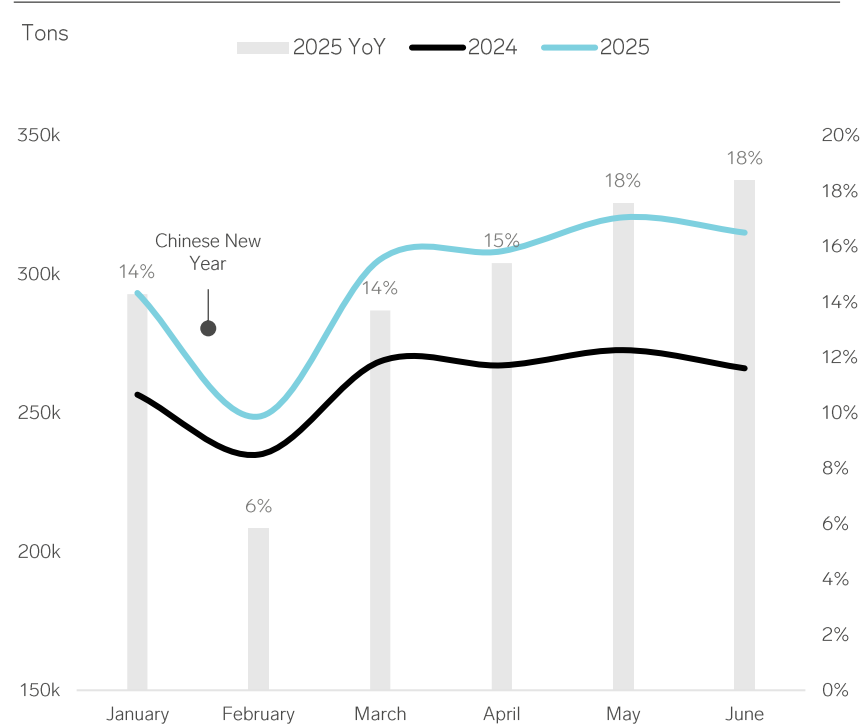
# Trade lane spotlight: APAC - NA & APAC - EU capacity

Varied growth on APAC - NA and APAC - EU in H1 2025

APAC - NA capacity evolution



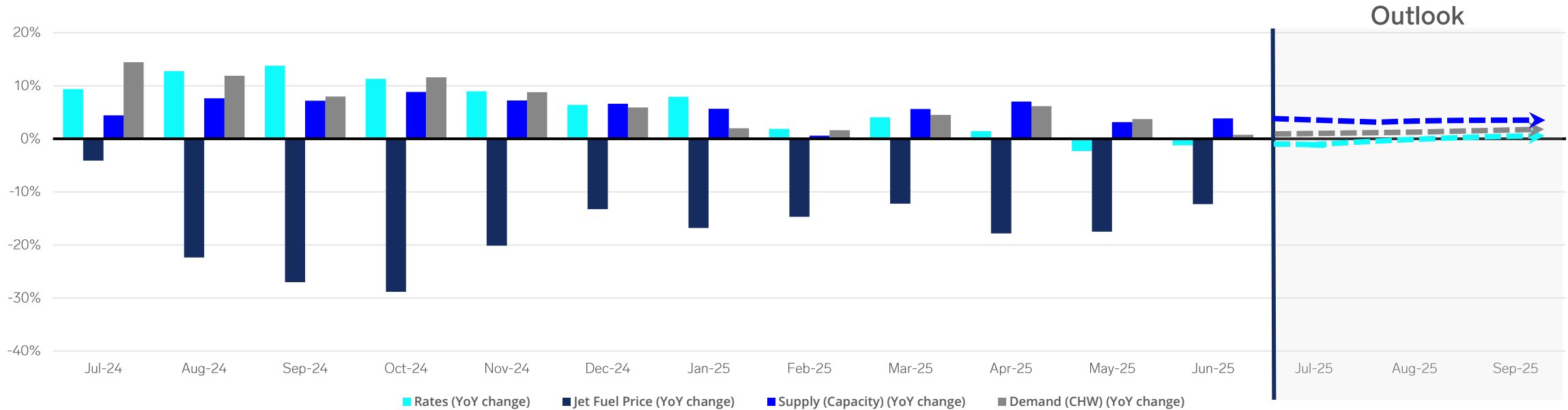
APAC - EU capacity evolution



- Capacity on key East - West lanes also mirrored similar patterns to demand.
- APAC - NA, as directly impacted by the tariff situation, capacity showed volatile growth, including significant YoY increases in January (+13%) and March (+11%) and a notable decline in May (-7%) as an immediate carrier response to the de minimis change.
- In contrast, APAC - EU capacity demonstrated consistently strong YoY expansion throughout the first half. There's an observation that this increased capacity could be a result of strategic reallocation from Transpacific, alongside potential new deliveries. This can also be linked to carriers' perspectives on evolving demand trends in APAC - EU, as shippers potentially change focus from the U.S. to the European market due to ongoing trade complexities.

Source: Rotate

# Air freight outlook: What does it mean for the future?



**Outlook:** The global air freight market anticipates a cautious Q3 (July–September), shaped by evolving trade negotiations and geopolitical developments. While July may see a modest uptick in demand – supported by PMI expansion and the postponed tariff deadline to 1 August, the broader outlook remains uncertain. This stems from ongoing tariff shifts and a potential decline in U.S. imports, driven by rising domestic production and elevated consumer costs. In Europe, the market shows signs of slowing down. Seasonal factory closures during summer breaks are expected to dampen demand in some countries. Meanwhile, the Middle East is experiencing a normalization in demand compared to last year, further affected by regional conflicts.

Overall, capacity is expected to continue to outpace demand, with modest growth from new aircraft deliveries keeping load factors under pressure. Carriers will likely continue to reallocate capacity to stronger lanes such as APAC–Europe, while the Transpacific lane remains subdued due to soft consumer demand and tariff-related uncertainty. As a result, global air cargo rates are projected to remain slightly subdued or flat throughout Q3, reflecting the ongoing imbalance between supply and demand and a broadly cautious industry outlook for the second half of the year.

A U.S. court order regarding reciprocal tariffs presents a potential upside if finalized and implemented—possibly supporting demand and firming rates. However, as existing trade agreements aligned with partners may remain unchanged, the primary outlook remains grounded in current trends and prevailing headwinds until these developments are confirmed.

The outlook for the second half of 2025 remains fluid. U.S. tariffs and ongoing trade negotiations will be key factors influencing market conditions. As talks continue to unfold with uncertain outcomes, the recent Rhenus Air Freight Webinar - From Tariffs to Takeoff - outlined three possible scenarios and implications, developed in collaboration with Rotare and Etihad. These scenarios are presented on the next page.

# Three main (tariff) scenarios can be foreseen

## Scenarios

## Implications

1. **Trade deal** is reached  
(e.g., EU, Japan, Indonesia, UK, Vietnam)

- Slightly higher costs due to tariffs, but lower than non-agreement rates
- **Some degree of stability returns**; shippers can start looking ahead again
- Airlines and forwarders can offer more stable operations due to stability

2. Tariffs **pause** gets extended

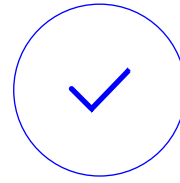
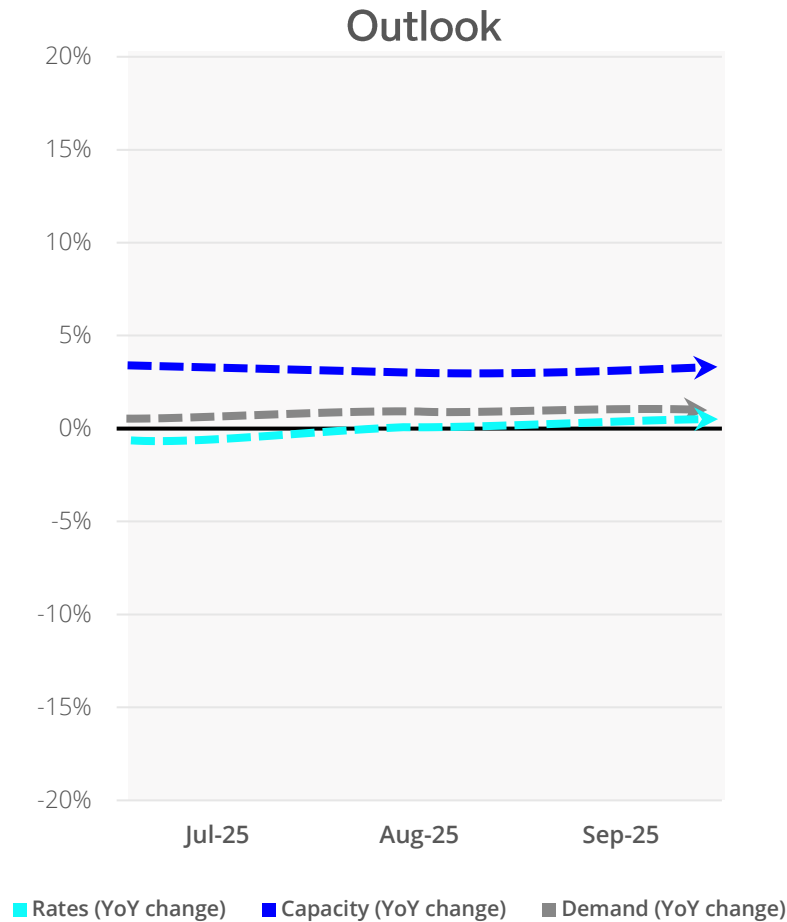
- Waves of demand (likely at beginning and end of the pause due to front loading)
- Uncertainty about future import costs continues
- Difficult to plan; likely with capacity constraints and higher transport costs
- Requires flexibility from shippers, forwarders and airlines due to the constantly changing situation

3. **Unilateral tariffs** are implemented  
(i.e., no trade deal is reached)

- Significantly higher import costs due to tariffs
- Continued uncertainty due to lack of agreements
- Shippers, forwarders and airlines will need to adjust to changing supply chains

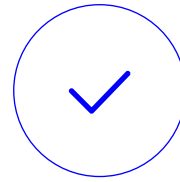
Source: Rotate Analysis (July 2025), "From Tariffs to Takeoff" – Rhenus Logistics Air Freight Webinar, July 2025

# How can Rhenus help you address the challenges?



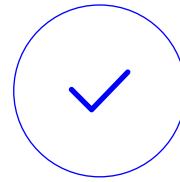
## Data-driven insights with local expertise

We combine cutting-edge market intelligence with local expertise to navigate today's volatile markets, predicting trends and finding the right solution for each specific situation – ensuring you get the right solution at the right time.



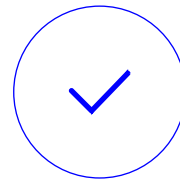
## Strategic planning across regional gateways

With shifts in global supply chains, we incorporate these developments into our strategic planning. By leveraging our strategic gateways across the Americas, Europe and Asia, we ensure flexibility and deliver effective solutions tailored to evolving market demands.



## Powerful partnerships

Our strong partnerships with all major carriers guarantee reliable uplifts and space allocations with the optimal carrier, ensuring your cargo moves efficiently, even in tight market conditions.



## Tailored end-to-end solutions

Manage your individual supply and demand challenges with our comprehensive door-to-door service, which includes intermodal, road and ocean freight solutions.



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# Abbreviations

<b>APAC</b>	- Asia Pacific	<b>MoM</b>	- Month-on-Month
<b>BBL</b>	- Barrel	<b>NA</b>	- North America
<b>CHW</b>	- Chargeable Weight	<b>PMI</b>	- Manufacturing Purchasing Manager Index, measuring the expansion or contraction of the manufacturing. Values above 50 indicate expansion in the manufacturing sector, while a score below 50 shows a decrease.
<b>EU</b>	- Europe	<b>PP</b>	- Percentage Point
<b>GDP</b>	- Gross Domestic Product	<b>SEA</b>	- Southeast Asia
<b>LATAM</b>	- Latin America	<b>WoW</b>	- Week-on-Week
<b>LF</b>	- Load Factor	<b>YoY</b>	- Year-on-Year
<b>ME</b>	- Middle East	<b>YTD</b>	- Year-to-Date
<b>MEA</b>	- Middle East and Africa		
<b>MESA</b>	- Middle East and South Asia		

# Thank you very much!

## Contact us

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