



Middle East Crisis Flash Market Update

KUL → FRA / MUC Trade Lane — Carrier Market

UpdateSwasti Aircargo Sdn Bhd · 29 March 2026



OCEAN FREIGHT

Bunker Fuel Shock & EBS Surge

What Is a Bunker Fuel Shock?

Sudden spikes in marine (bunker) fuel costs — triggered by geopolitical disruption — force carriers to impose Emergency Bunker Surcharges (EBS) on top of standard Bunker Adjustment Factors (BAF), stacking costs for sea freight shippers.

Maersk EBS effective 25 March 2026 — **\$200/TEU** on long-haul headhaul routes globally

Hapag-Lloyd EFS: **\$160/TEU** dry front-haul, \$70/TEU back-haul/intra-region from 23 March

CMA CGM, MSC, ONE & OOCL also announced emergency surcharges mid-to-late March 2026

Key Risk: Shippers on index-linked contracts (e.g. FBX) may absorb the same fuel cost increase *twice* — once via the index and once via the standalone EBS.

Made with **GAMMA**

Middle East Disruptions: The Root Cause

Escalating US-Iran tensions and Houthi attacks have intensified through March 2026, hitting critical chokepoints — the Strait of Hormuz and Red Sea — while uneven capacity recovery strains global trade across all freight modes.



Strait of Hormuz Threat

Handles ~20% of global fuel transit. Iran missile barrages targeted Gulf energy infrastructure; Hormuz closure threats forced rerouting via Cape of Good Hope, adding 14+ days to Asia-Europe voyages.



Suez Canal Lag

Container traffic remains 8% year-over-year below pre-crisis levels despite partial Red Sea re-openings. Mid-sized ships (4–7.5k TEU) rebound unevenly while larger vessels avoid risk.



Rate Surge

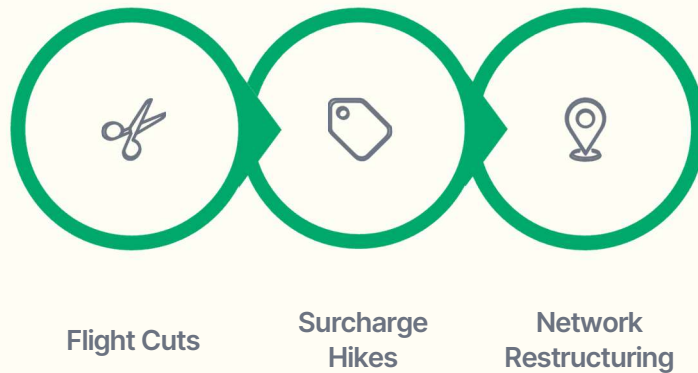
Supertanker (VLCC) rates soared above \$400k/day; LNG freight up 40–45%. Ocean spot rates from Port Klang to Europe climbed 80–160% year-to-date, mirroring Asia-Europe trends at \$6,200+/FEU.



AIR FREIGHT

Asia-Pacific Airlines: Emergency Response

Jet Fuel Crisis — Carrier Actions at a Glance



The Fuel Price Shock

Jet fuel surged from ~\$96/barrel (20 Feb 2026) to \$197/barrel (20 Mar 2026) — more than doubling in one month, per IATA data. Fuel now represents 30–40% of carrier operating costs.

KEY METRICS

Crisis by the Numbers

Real-time data points from the 2026 fuel crisis illustrate the scale and speed of disruption across ocean and air freight globally and in the Asia-Pacific region.

\$197

Jet Fuel/Barrel

IATA price week ending 20 Mar 2026,
up from \$96 in Feb

\$400

Maersk EBS/TEU

Per 40ft container on long-haul
headhaul, effective 25 Mar 2026

80-160%

Ocean Rate Rise

Port Klang to Europe year-to-date,
driven by EBS, war-risk premiums &
rerouting

34%

Cathay Surcharge Hike

Passenger fuel surcharge increase
from April 1 2026, reviewed biweekly





01 — MARKET SITUATION

Current Market Situation

Global Air Freight Under Severe Pressure

The Middle East conflict has triggered one of the most severe air freight disruptions in recent history. Jet fuel prices have surged at the sharpest 5-day pace since 1990, driven by the Strait of Hormuz blockade. Rate validity windows have compressed to just 24–72 hours.

+13%

Global spot rates week-on-week

+165%

Dubai to US rate vs pre-war baseline

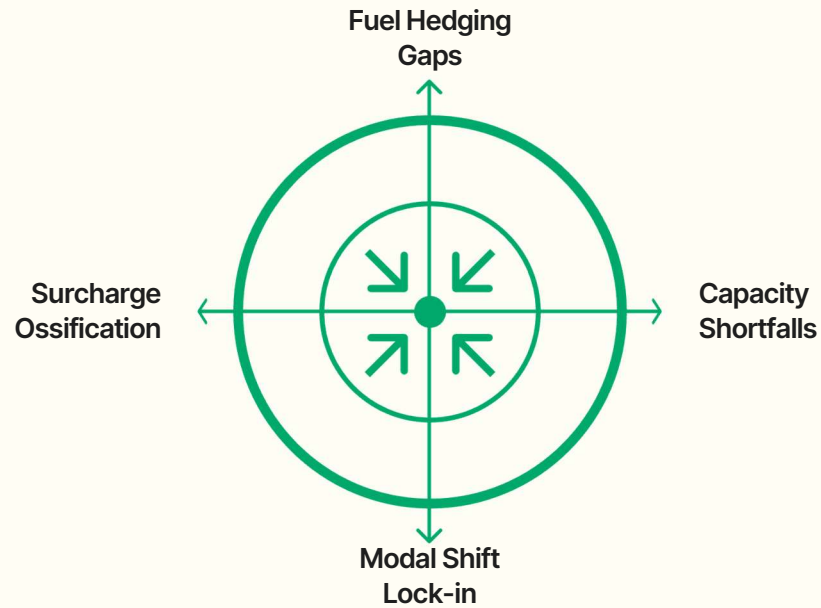
3.05M TEU

Global port congestion

~\$160/bbl

Emirati crude benchmark price

Structural Drivers Keeping Rates Elevated



Why a Ceasefire Won't Immediately Normalize Pricing

1

Hedging gaps persist

Cathay covered only ~30% of crude component; refinery mark-up unhedged

2

Widebody gaps remain

Grounded aircraft and airspace closures slow capacity rebuilds by weeks

3

Modal shift locked in

Ocean detours via Cape of Good Hope drive durable air cargo premium demand

4

Normalization lag

Rate normalization expected to lag 3-6 months post-ceasefire as surcharges ossify

Lane-by-Lane Rate & Capacity Overview

The KUL–Europe corridor has not been spared — rates from Southeast Asia to Western Europe climbed over 16% in a single week. Jet fuel prices have risen nearly **94% above pre-war levels**, with Emergency Fuel Surcharges (EFS) and war-risk surcharges stacked on top of base rates.

Lane	Rate Change (WoW)	Capacity	Cargo Volume	Outlook
World to World	+13.0%	+8.4%	+8.3%	Elevated
SE Asia to W. Europe	+16.6%	-5.8%	-20.9%	Tight
Asia-Pacific to Europe/ME	+14.1%	+30.3%	+32.2%	Active
China to W. Europe	+16.5%	+34.9%	+25.8%	Active

Source: Xeneta Middle East Crisis Watchlist — Period: Mar 9–15, 2026 vs Mar 2–8, 2026

PRICING

Rate Competitiveness vs. Alternatives

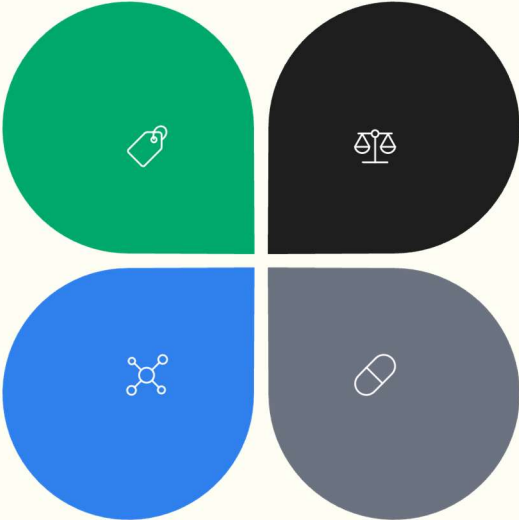
On KUL–Europe routes, Emirates SkyCargo and Etihad Cargo occupy a competitive middle ground — more cost-effective than premium European carriers, comparable to other Asian alternatives, and with strong value-add on specialized segments.

vs. European Flag Carriers

Typically 10–20% below European full-service carriers (e.g., Lufthansa Network, KLM) on comparable DG-free general cargo.

Hub Connectivity

DXB and AUH offer broad onward connectivity into Europe's main hubs, reducing end-to-end lead time and damage risk for time-sensitive shipments.



vs. Asian Flag Carriers

Within 5–15% of Singapore Airlines Cargo and Cathay Cargo depending on seasonality and fuel surcharge levels.

Value-Add Specialised Lanes

Time-critical, high-value, and pharma-type lanes where speed and reliability offset small rate differences — strong frequency and specialized handling.



02 — INSURANCE

Addressing Your Insurance Concerns

The Concern vs. The Reality

The Concern

Some insurers have issued notices limiting or withdrawing war-risk coverage for cargo transiting Middle East hubs such as Dubai (DXB), causing concern about potential uninsured exposure.

Customers worry that if cargo is damaged or lost in transit through a conflict zone, their insurance policy may not pay out.

The Reality

Emirates SkyCargo formally confirmed on **24 March 2026** that operations continue in full compliance with all regulatory, safety, and security requirements.

All shipments remain governed by the **Air Waybill (AWB) Conditions of Carriage**, aligned with the IATA liability framework — a globally recognized protection structure independent of war-risk insurance.

Practical solution: Shippers can obtain standalone war-risk cargo insurance or top-up coverage from specialist underwriters. The additional premium is modest relative to freight savings via EK/EY. Swasti Aircargo can assist in connecting you with appropriate insurance contacts.

About Emirates (EK) & Etihad (EY)

Despite market disruptions, Emirates SkyCargo and Etihad Cargo remain the most resilient and well-positioned carriers on the KUL–Frankfurt/Munich corridor. Here is why industry peers continue to choose them:



Network & Frequency

Multiple weekly frequencies on KUL–DXB/AUH–FRA/MUC with strong belly & freighter capacity. Widebody capacity redirected to Europe-bound services.



Operational Continuity

EK confirmed on 24 March 2026 full regulatory, safety & security compliance. EY adding London & Zurich capacity to redirect demand away from ME hubs.



Competitive Rates

ME carriers continue to offer the most competitive all-in rates on KUL–FRA/MUC. The rate differential justifies the marginal cost of supplementary war-risk insurance.



IATA AWB Protection

All EK and EY shipments are governed by AWB Conditions of Carriage under the IATA liability framework — a well-established, globally recognized baseline cargo liability structure.



Cargo Handling Standards

World-class cargo facilities in DXB and AUH, with specialized capabilities for pharma, perishables, and high-value cargo — fully operational and unaffected by the conflict.



Market Confidence

Major global forwarders — DSV, Experditors, Kuehne+Nagel — continue to actively book EK and EY for Europe-bound freight.

Carrier Operational Status — KUL Departures

Current status of key carriers operating on the KUL–FRA/MUC corridor as of **25 March 2026**.

Carrier	Code	Status	Key Notes	Swasti Rec.
Emirates SkyCargo	EK	ACTIVE	Operating KUL–DXB–FRA/MUC. Europe-bound services stable. Redirecting widebody capacity to Europe. Confirmed full compliance Mar 24, 2026.	RECOMMENDED
Etihad Cargo	EY	ACTIVE	Operating KUL–AUH–FRA/MUC. Abu Dhabi airport partial special ops. Adding London & Zurich frequencies. Air ops unaffected by Hormuz closure.	RECOMMENDED
Qatar Airways	QR	RESUMING	Resuming after 3-week halt. Partial ops. Monitor closely before booking.	MONITOR
Other non-ME carriers	—	AVAILABLE	Higher base rates. Longer transits. No ME hub concerns.	ALTERNATIVE

Source: Market Update Mar 25, 2026 | Emirates SkyCargo Advisory Mr 24, 2026





MALAYSIA FOCUS

Malaysia: Freight Impact & Outlook

- **Airline Response**

Asia-Europe demand stays tight from ocean detours (Hormuz/Red Sea) and 26-39% capacity cuts, outpacing supply growth. Fuel hedging gaps and structural shifts sustain 20-30% premiums over pre-war baselines, even if ceasefire eases Gulf rerouting.

- **Ocean Rate Surge**

Port Klang to Europe rates up 80-160% YTD at \$6,200+/FEU. Stacked EBS, war-risk premiums, and Cape rerouting hit electronics, palm oil & semiconductor exports hardest.

- **Supply Chain Strain**

Rerouting inflates fuel costs and adds up to a month in transit. Federation of Malaysian Manufacturers flagged shipment delays to Europe/Middle East. KUL hub funnels diverted Gulf cargo, tightening Asia-Europe space.



SWASTI
AIR CARGO