China's 'Big Three' Warn of First-Half Losses Due To Fuel Cost Surge

SINGAPORE—China's "Big Three" state-owned airlines have warned of first-half 2026 losses as elevated fuel prices triggered by the Middle East conflict eroded profitability, reversing gains made during a profitable first quarter.

In separate stock exchange filings, Air China forecast a first-half net loss of CNY2.1 billion-2.6 billion ($293 million-$363 million), while China Eastern Airlines projected a net loss of CNY3.5 billion-4 billion and China Southern Airlines estimated a loss of CNY2.7 billion-3.3 billion.
All three carriers said rising fuel costs during the second quarter offset the profits generated in the first three months of the year.

The projected losses are roughly double those reported during the same period in 2025.

The challenging environment has not affected all Chinese airlines equally. Privately-owned Juneyao Airlines expects to remain profitable, forecasting a first-half net profit of CNY140 million-210 million, although that would represent a year-over-year decline of 58.5%-72.3%. China Express Airlines also expects to post a profit of CNY35 million-50 million, down 80.1%-86.0% from a year earlier.

Although China has substantial domestic jet fuel refining capacity, the country remains heavily reliant on imported crude oil. Around half of China's crude imports originate from the Middle East, leaving airlines exposed to higher fuel costs and supply concerns due to the regional conflict.

Chen Chuanren, July 15, 2026