

China's largest airlines see deeper losses in Q1 amid competition, tariffs

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Dhaka: China's top three airlines have reported deeper losses in the first quarter compared to the same period last year, reflecting ongoing competition, weak consumer demand, and the negative effects of the US-China trade war. The state-owned carriers—China Southern Airlines, Air China, and China Eastern Airlines—are still struggling to recover from the financial setbacks caused by the COVID-19 pandemic, with five years of consecutive annual losses.

These airlines are facing several business challenges, including fierce competition in the domestic market, reduced international and business travel, disruptions in the global supply chain, and the depreciation of the yuan. In contrast, the global airline industry saw a rebound in 2023.

Air China posted a net loss of 281 million USD for the first quarter,

marking a 22% reduction compared to the previous year. China Southern, the largest carrier by capacity, reported a loss of 106 million USD, a sharp contrast to its profit of 106 million USD in the same quarter last year. China Eastern Airlines incurred a loss of 137 million USD, a decrease of 24% from last year.

Despite efforts to ramp up international flight offerings, China's airline capacity is still about 20% below pre-pandemic levels. Economic pressures and strained political relations with other countries are holding back demand for international flights. Additionally, concerns over US tariffs on Chinese goods have raised worries about slower global economic growth, which could further dampen demand for air travel and freight.

A boost in domestic travel during the May 1 holiday may help the sector, with average economy ticket prices rising 4.4% compared to last year, potentially offering some short-term relief.

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