REPORT

The global aerospace supply chain in 2026

Ramp-up, risks and resilience

Roland Berger

Management summary

Conducted jointly by Roland Berger and the industry associations of France, Germany and the UK, this fourth annual survey evaluates the current state and future readiness of Europe's aerospace supply chain. Its findings enable priorities to be set and improvements to be tackled. Despite recent progress, global aerospace supply chains still face major challenges. Ongoing disruptions are impacting production and rate ramp-ups; critical gaps remain unresolved. Geopolitical tensions could add further disruptions.

Ramp-up: More than 70 % of companies feel well or very well prepared for the coming ramp-up. Financial and personnel pressures have eased, but production capacity and upskilling remain challenging. One third of companies say their industrial and supply chain setup is not adequately prepared for next-generation programs. M&As and partnerships could be options here. Growing defense demand is not seen as a major issue, but 27 % are planning to transfer work due to cost pressures and inadequate supply chain resilience.

Resilience: Aspects of supply chain resilience have improved year on year. Disruptions are less severe, but 55 % of players still face sizable issues – especially to service rising demand for all aircraft parts. Many respondents acknowledge the benefits of the Aero Excellence International program but have not yet signed up.

Supply chain risks: Shortages of raw materials and critical components are widely expected, and 40 % of companies have increased their inventories. Over time, however, this could further squeeze a supply chain where margins are already tight. In response to geopolitical developments, more than half of participants are looking to alter their supply chain setup, mainly by diversifying suppliers.

Best practices: Only 50 % of respondents have so far successfully introduced best practices, leaving plenty of room for improvement. Critically, failure to streamline end-to-end transparency could threaten supply chain stability.

Cover: Image AI generated

Contents

1 Introduction and background

Study methodology and participants

Following the initial study in 2023 that assessed the overall condition of the global aerospace supply chain in the wake of a series of crises, this is now the fourth such annual survey. The 2026 survey was again conducted in collaboration with the industry associations of France (GIFAS), Germany (BDLI) and the United Kingdom (ADS) in the second half of January and the first half of February 2026. In the final chapter, we examine the potential consequences of the Iran war.

Of the 95 companies that took part, most operate in the large commercial aircraft and/or defense segment, followed by helicopters. Around 70 % are small to medium-sized enterprises with less than 1,000 employees and revenues of under EUR 500 million. Some 50 % of respondents cite aerostructures, equipment and systems or engines as their most important procurement categories. Almost a third operate on EBIT margins of less than 5 %. As such, the survey is representative of the wider industry in all three of the countries in focus. Comparisons with prior years are included where appropriate. ▶ A

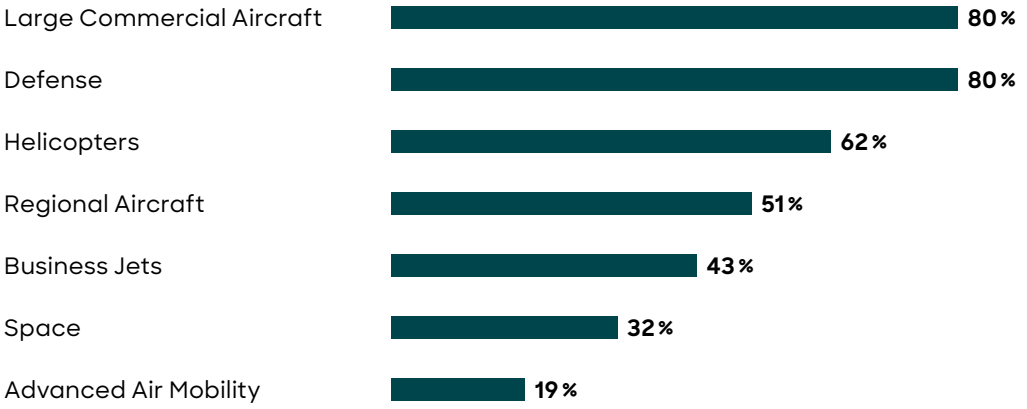
This year's survey focuses primarily on:

1. The aerospace supply chain's overall ramp-up readiness and preparedness for future aircraft generations
2. The resilience of the supply chain and underlying issues that continue to affect or hinder it
3. Best practices and measures that have been or can be adopted to enhance supply chain resilience and ramp-up readiness
4. Companies' perspectives on perceived or anticipated supply chain risks

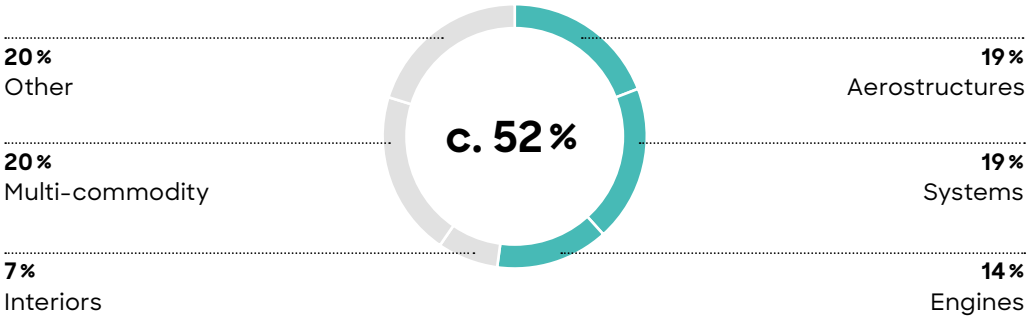
A Breakdown of survey participants

Representative group covering all key tiers, sizes and revenue brackets

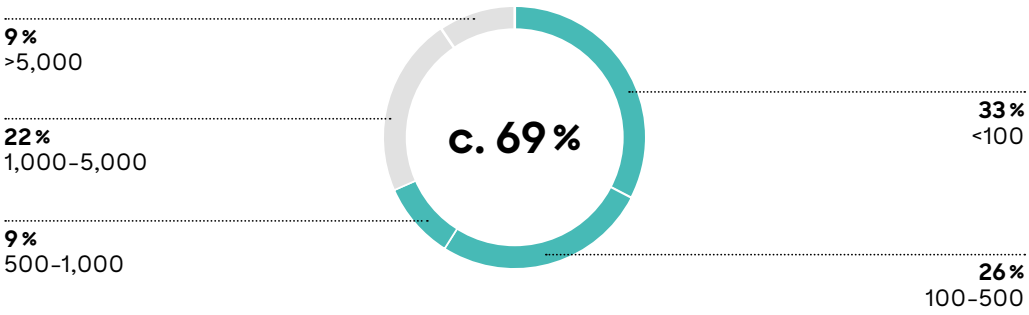
What main sectors does your company serve?



Which procurement category is of the greatest relevance for your company?



How many people does your company employ?



On which tier level is your company?

1 Number of responses: 94-95 participants; main procurement category: >60 % of procurement spend on one category of goods

Source: Roland Berger

2 Assessing ramp-up readiness

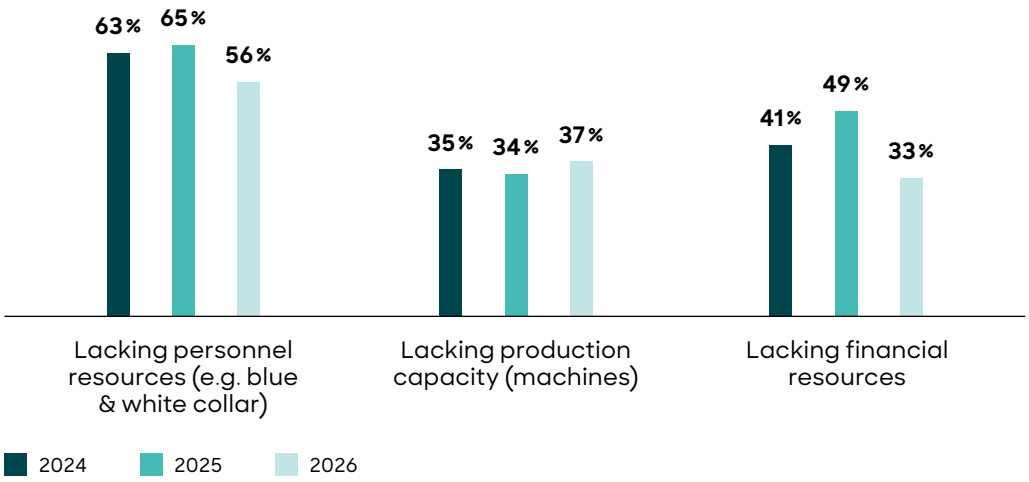
How prepared is the global aerospace supply chain?

Aerospace OEMs and their suppliers have long since found themselves in the middle of a production ramp-up. In the years ahead, they must also position themselves for the launch of new generations of aircraft and equipment around the middle of the next decade. The entire aerospace supply chain must prepare itself accordingly for the demands these efforts will place on their existing production setup, but also on their global industrial footprint. Since these preparations largely revolve around the availability of suitable capacity and resources, this year's survey again highlights the current state of play – the players' "ramp-up readiness" – across companies at every link in the supply chain. ▶ B

B Factors hindering ramp-up readiness

Progress with personnel and financial resources; production capacity still a challenge

Do you lack resources for your ramp-up?



Number of responses: 95 (2026), 129 (2025), 142-144 (2024) participants

For 2026: Are other operational issues hindering your ramp-up?

Issues mentioned:

- Supply chain & material shortages
- Unreliable OEM demand signals & commitments
- Supplier capacity constraints
- Employee skill gaps
- Delayed defense spending
- Limited access to capital
- Regulatory & geopolitical uncertainty

Source: Roland Berger

The number of companies reporting a shortage of suitably skilled personnel resources has improved slightly, from 65 % a year ago to 56 % in the 2026 survey. Improvements were noted across both blue and white-collar roles, suggesting that corrective measures are beginning to take effect. Though this is certainly an encouraging sign, getting the workforce appropriately (re)trained in time remains a stiff challenge. Personnel shortfalls thus remain the most prevalent constraint on players' ramp-up preparations, and one which can be observed across the whole value chain, from materials to production to MRO.

A lack of production capacity is another issue for nearly 40 % of respondent companies – slightly more than in last year's survey. On a positive note, the amount of missing production capacity has decreased for the affected companies since 2025. This trend must be monitored, as the environment, driven by increasing military demand, is changing quickly.

Improvements in the availability of financial resources are a welcome development. The share of companies citing ongoing constraints in this area was down from almost half last year to exactly a third this year, with working capital resources evidently in very short supply. The observable easing of financial constraints is in part attributable to various initiatives launched over the past year by the German, French and UK industry associations, but also to the higher price levels suppliers have been able to negotiate with their customers. On the other hand, we are seeing customers making direct investments in the supply chain. Engine OEMs, for example, are investing directly in equipment and facilities in the component supply chain – a development that is also helping to ease shortages with respect to financial resources. In addition, 27 % of companies say they are planning transfers of work (ToW) in the year ahead. Cost pressures and fierce competition are cited as the key drivers of these deliberations, reflecting the pressure these companies still face due to thin margins.

Looking ahead, limited and more difficult access to capital nevertheless remains a problem for some industry players. There is also the risk that past approaches to financing new programs – via banks and government funding – will not be repeated in the same way in the future. It follows that OEMs and suppliers must now find new ways to "self-finance" these developments as much as possible. Therefore, although the financial situation has eased at the present time, aerospace companies must continue to engage in cost-competitiveness programs to free up the funds they need to invest in the further optimization of their overall industrial footprint, as well as for the next generation of aircraft programs (e.g. NGSA).

Other operational issues hindering ramp-up efforts include supply chain and material shortages, unreliable OEM forecasts (plus a lack of firm commitments by OEMs) and constraints on supplier capacity. Beyond these factors, a quarter of the survey participants also mentioned other, more general issues: uncertain OEM demand signals, delayed defense spending and uncertainty surrounding regulatory and geopolitical developments, for example.

Interference from growing demand from defense and other sectors?

Despite the current geopolitical turbulence, fewer than one in five of the companies surveyed said that the ramp-up of defense requirements was imposing limitations on their commercial ramp-up activities. This is clearly not seen as a major issue at the present time. Relevant constraints on both personnel and financial resources have decreased over the past year, while production capacity diverted to defense applications remains stable at a low level.

At the same time, other sectors, too, are influencing the aerospace industry's ability to meet ramp-up requirements. The concurrent ramp-up in industrial gas turbines, partly fueled by explosive demand for power from AI data centers, is creating competition with the aero engine sector by competing with it for certain critical components that are manufactured by one and the same supply chain – specifically turbine blades and vanes casting.

Civil ramp-up readiness in good shape overall – but critical gaps remain

In light of the above shortages, constraints and other factors, more than 70 % of aerospace companies currently feel well or very well prepared for the coming ramp-up in civil aircraft production. Yet as positive as this figure is, there is a worrying flip side to the present state of preparedness: A production ramp-up can succeed only if all parts, components and assemblies are fully available in the right quantities at the right time from all suppliers – from Tier 3 to Tier 1. However, gaps still exist for certain critical components, in particular the forgings and castings needed for aircraft engines and systems (e.g. landing gear) as well as fasteners for aerostructures.

The question that must be asked is therefore: If roughly 30 % of companies do not feel adequately prepared for the coming ramp-up, does this not still pose a serious threat to overall plans and projections?

Could Aero Excellence International play a role in solving the supply chain crisis?

Launched in 2024, the Aero Excellence International initiative is a holistic tool to analyze the current status and improvement potential of supplier firms across the entire aerospace value chain. Awareness of this program is high at 83 %, up eleven percentage points since last year. And more than 60 % of companies see potential benefits in pinpointing areas for improvement, especially thanks to structured assessments, gap identification and standardization.

That said, only half of the survey respondents have actually signed up for Aero Excellence International. Those that have not done so mostly point to the existence of internal solutions, or suggest that the program does not fully fit their business model or segment operations, leading to a negative cost/benefit assessment. Alongside the evident need for deeper active engagement on the part of aerospace companies, these findings could indicate the need to spell out the program's tangible benefits more clearly and to offer clearer incentives for participation.

Preparedness for future aircraft programs

Looking further ahead, the majority of companies feel well or very well prepared for future aircraft programs and new product generations. Again, however, the survey leaves more than a third – roughly 35 % – who do not feel sufficiently prepared.

Well over half of the players surveyed rank company size as an important factor with a bearing on financial resources, capacity, ramp-up capability and resilience. With this in mind, around 75 % would be open to M&As and partnerships to achieve the larger scale they see as necessary.

3

Supply chain resilience

A mild downtrend in disruption cannot obscure the challenges that remain

Continuing the pattern witnessed in recent years, the number of companies facing supply chain disruptions has once again declined, from 64 % in 2025 to 55 % in this year's survey. More good news is that not a single company this year claimed to be facing very severe disruptions, down from 8 % of all companies affected by disruptions a year ago. On the other hand, there has been a year-on-year increase in moderate to high impacts. Also, of those companies affected by supply chain disruptions, only 8 % perceive the severity to be low or very low. It appears, then, that disruptive pressure is being felt more keenly overall, even though the most critical instances have been curbed for now. These findings also line up with the overall supply chain's reports that disruptions and challenges to ramp-up still remain. ▶ C

Five factors are common to those aerospace companies that do not see themselves severely affected by supply chain disruptions: The use of early or even predictive sourcing, coupled with better demand forecasting, has improved their inventory management activities. As a general statement, healthy relationships with suppliers also enable them to manage their supply chains well. A combination of multi-sourcing and local sourcing strategies gives these companies more resilient supply chain setups, but these remain flexible enough to quickly adapt to isolated disruptions and shifts in demand. Lastly, these companies tend to better balance their aerospace exposure with commitments to other sectors of industry.

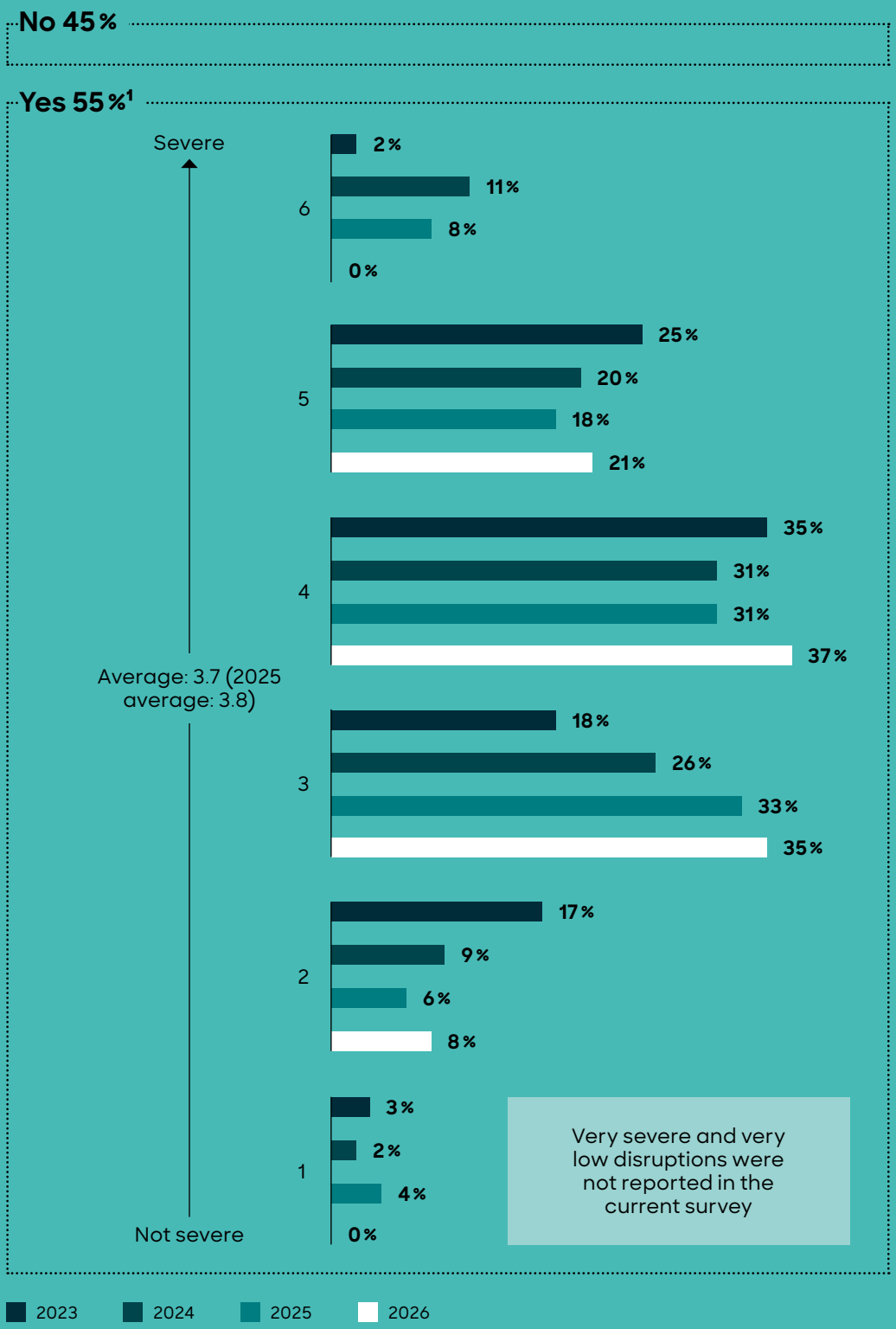
Those survey participants that are facing tangible supply chain disruptions likewise share three key reasons: Supply issues such as longer lead times and the limited availability of raw materials and semi-finished goods (e.g. forgings and electronic components) top the list. They are followed by quality problems relating to a lack of experienced staff and protracted lead times for services (such as testing, surface treatment and finishing). In our survey, numerous suppliers also highlighted indirect impacts on the demand side. Specifically, OEMs have a tendency to adapt their production rates or delay orders, as they often lack input parts and components from other companies that are required for the same assemblies. This leads to disruptions on the demand side even for companies that are able to satisfy OEMs' supply requirements.

"You can't build an aircraft if 30 % of the parts are missing. So, if roughly one third of companies do not feel prepared for the coming ramp-up, you have to ask: Doesn't this pose a serious threat to overall plans and projections?"

Stephan Baur, Partner

C Supply chain disruption – Less severe but still a problem

Are you facing a supply chain disruption? If yes, how severe is it?



1 If yes: How severe is the current supply chain disruption that you are facing?
Number of responses: 95 (2026), 129 (2025), 144 (2024), 92 (2023) participants

Source: Roland Berger

Concentration of perceived disruption severity

Perceptions of the severity and urgency of supply chain disruptions are not spread evenly across the different links in the aerospace supply chain. The proportion of companies affected by disruptions increases in an almost linear progression from Tier 3+ up to OEMs. This observation suggests that supply chain issues tend to occur at every link in the supply chain and, thus, to accumulate at the upper end. That said, Tier 2 and Tier 3+ suppliers perceive more severe disruptions than OEMs and Tier 1 suppliers.

One striking development is that no players in any category reported either very high or very low levels of severity in the disruptions they face. The share of respondents describing their situation as "firefighting mode" – managing supplier issues on-site, committing resources to time-consuming task forces and generally engaging in reactive (rather than strategic) crisis management – peaked two years ago at 38 % but has since been cut in half. Significantly, no OEMs at all put themselves in this category in 2026. Be that as it may, their ongoing struggle to reach planned rate targets suggests that OEMs' perception of the current situation may be somewhat more optimistic than the actual reality. ▶ D

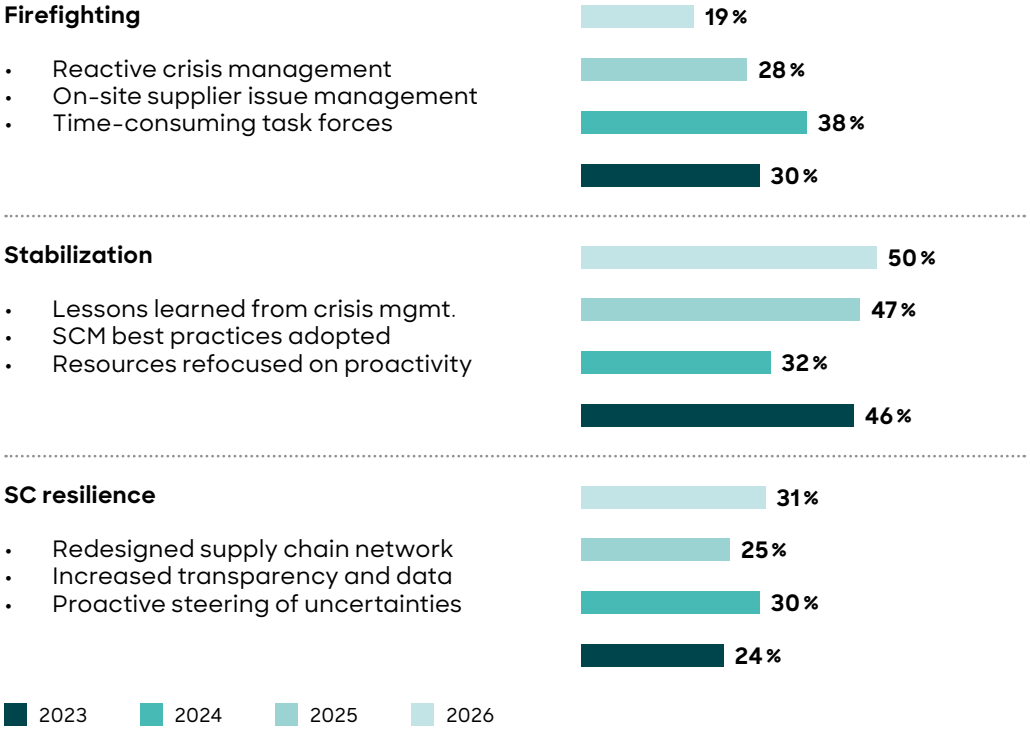
Half of respondents across all supply chain levels now see themselves in a phase of "stabilization": They have adopted best-practice supply chain management (SCM) approaches, are applying lessons learned during firefighting and are thus reallocating resources to proactive (rather than reactive) measures.

Resilience improving – but slowly

Evidence that the measures applied to date are taking effect is seen in the fact that more companies on all tiers now claim to have moved on from stabilization to the "resilience" stage: Companies claim to have successfully redesigned their supply chain networks, boosted transparency and data management, and advanced to the stage of proactively managing uncertainties. Tier 1 suppliers currently account for the smallest number of companies in this stage, while OEMs have seen their share of "resilient" companies double since last year.

As the survey shows below, the tangible link between best-practice adoption and companies' growing supply chain resilience perhaps reveals an important key to further, more substantial progress in the years ahead.

D Positive trend in SC disruption severity and company response – Firefighting stage decreased strongly



Number of responses: 95 (2026); 129 (2025), 137 (2024), 105 (2023) participants. In 2026, free text answers were sorted to the relevant category. Where this was not possible, they were omitted from % value calculations

Source: Roland Berger

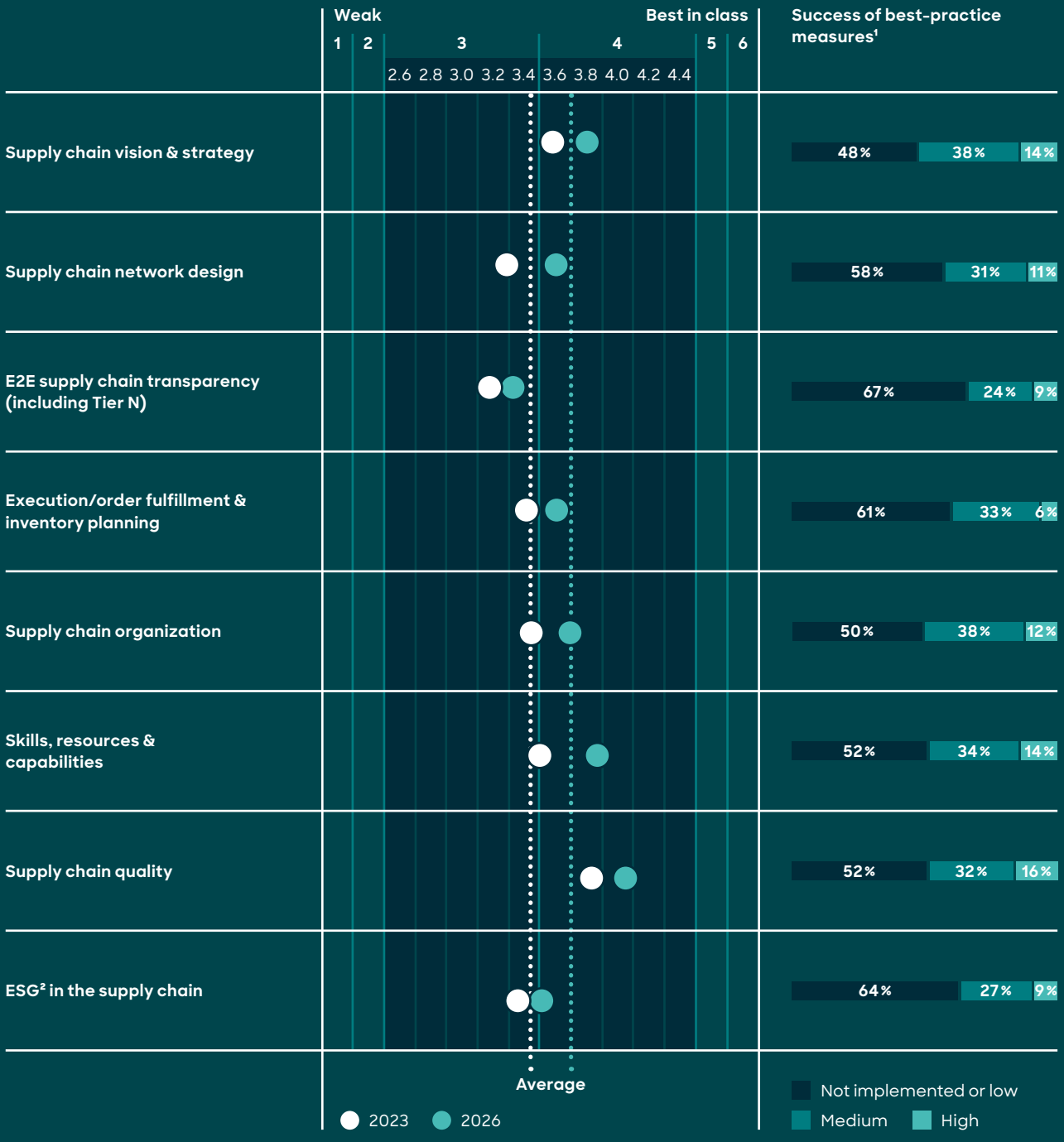
4 Practice makes perfect?

Analyzing companies' use of best practices – and the often underwhelming results achieved to date

Growing supply chain resilience is rooted in all eight best-practice areas described in this section. Advances made since last year have been broad but often less impressive than had been hoped. This could be due to one of two reasons: Either hopes have been excessively high, or implementation has not been performed with the required rigor given the continuing overall focus on supply chain disruptions and operational problem solving. This perception is further reinforced by the fact that respondent companies are heavily concentrated around average levels of supply chain maturity: They are not weak, but nor can they be rated as best in class. Clearly, there is a need for further and more consistent best-practice application if firms are to mature to greater resilience. Aero Excellence International could also play a leading role by putting an even greater emphasis on the relevant supply chain dimensions. This study rates the success of best-practice measures in four categories: not implemented, low success (expectations not fulfilled), medium (expectations partly fulfilled), and high (expectations mostly fulfilled). ▶ E

E Best practices – Partial gains, but widespread disappointment

Companies are making progress towards best practices – but wide gaps remain and the outcomes are often questionable



The center column shows the progress companies claim to have made over the past three years (2023 to 2026) in moving towards best practices in the areas cited on the left. But the right-hand column reveals how few have actually implemented best practices at all – and how few have achieved truly positive results.

Number of responses: 95 (2026), 92 (2023) participants; 1 Based on average success for three measures per dimension; success rating: "low" = expectations not fulfilled, "medium" = expectations partly fulfilled, "high" = expectations mostly fulfilled; 2 Environment, Social, Governance

Source: Roland Berger

#1

Best practices #1: Supply chain vision and strategy

More than 80 % of the companies surveyed said they have taken steps to implement long-term strategic partnerships with suppliers. Of these, roughly three quarters rate the success of the measures as moderate to good. Slightly over half of the companies have introduced country-level sourcing strategies, but with only modest perceived success to date. While nearly 70 % have adopted best practices to realign supply chain goals, their expectations have again only partly been fulfilled.

#2

Best practices #2: Supply chain network design

Around two thirds of respondent companies have actively sought to diversify their supply chain networks and/or transition to local-for-local supply chains. Only a small proportion have so far experienced high success levels as a result. Measures to encourage collaboration on the procurement of raw materials have been implemented by about half of the survey participants – again with less than satisfactory improvements in most cases.

#3

Best practices #3: End-to-end supply chain transparency

Overall, fewer than half of the survey participants have adopted the three best practices – tools and policies to map the entire supply chain, the use of digital platforms and tools, and the transparent sharing of data with suppliers via portals or the blockchain – that have been identified as good ways to increase end-to-end (E2E) supply chain transparency. Moreover, those that have done so find that the two latter practices in particular have not lived up to expectations.

#4

Best practices #4: Execution, order fulfillment and inventory planning

Around half of the companies surveyed have achieved moderate to strong success in balancing their inventory costs and cash flow impacts. More than 40 % still see room for improvement by leveraging advanced IT tools in this field. Conversely, almost a third have so far not achieved the hoped-for success in challenging customers to provide more stable demand signals that would help them optimize inventory levels.

#5

Best practices #5: Supply chain organization

In an attempt to (re)organize their supply chains, the practice of promoting cross-functional teams has delivered comparatively high levels of success for respondent companies. Similarly, around half of the companies have reaped considerable benefits from consolidating their procurement functions.

#6

Best practices #6: Skills, resources and capabilities

More than a third of companies have not yet implemented identified best practices relating to supply chain skills, resources and capabilities. Of these, roughly 20 % do not yet have any plans to do so. At the other end of the spectrum, those players that have invested in structured training and coaching programs to upskill their employees – about half of the total survey universe – have met with positive successes.

#7

Best practices #7: Supply chain quality

Most survey participants have enjoyed moderate to good success after introducing supplier risk management policies. However, roughly one quarter have not established zero-defect programs, nor have they taken any steps to ensure transparent transfer of work (ToW) processes.

#8

Best practices #8: ESG in the supply chain

Respondents' attempts to address challenges surrounding the transparency of suppliers' Scope 3 emissions have so far met with limited success. The same goes for the use of traceability to monitor ESG compliance. In both cases, around a third of all participants have not yet implemented any such measures – preferring instead to focus on ensuring compliance with legal ESG requirements.

Room for improvement in best-practice adoption

This year's survey shows that many companies are very keen to plot a clear supply chain vision and strategy, balance inventory costs and cash flow impact, streamline the organization of supply chains, develop the necessary skills and resources, and improve the overall quality of supply chains. Measurable success has also been highest in these five best-practice segments.

At the same time, plenty of room for improvement remains regarding the design of supply chain networks, end-to-end transparency across the supply chain, the need to challenge customers on inventory levels, and embedding ESG considerations in supply chain practices. As indicated above, initiatives such as the Aero Excellence International program provide promising ways to address these gaps and allow the best-practice experience of other companies to be shared.

5 Future risks to the supply chain

Material shortages, cybersecurity … and now geopolitics, too

More than two thirds of survey participants believe they will face risks that are "highly likely" to affect their supply chains in the years ahead. They are equally clear about the nature and source of these anticipated risks: Geopolitical tensions have moved to the top of the list, for obvious reasons, followed by cybersecurity threats and the specter of material shortages. While these are by no means the only risk factors that industry players expect to see, they are by far the weightiest considerations at the present time. Taken together, all three of these factors underscore companies' need to develop supply chain setups that are more resilient in the face of multiple potential crises. ▶ F

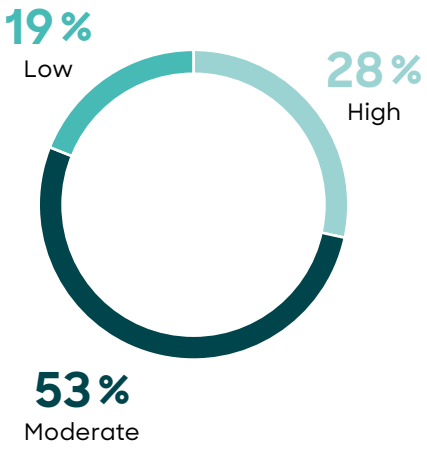
Raw material risks that cannot be ignored

Significantly, around 80 % of the companies surveyed see a moderate to high risk of being affected by critical raw material shortages. Specifically, metals such as titanium, steel and copper are expected to be in short supply, alongside rare earths and magnets. Other input materials, including electric components, semiconductors and fasteners, were also mentioned to a lesser degree. Most participant companies cite geopolitical issues and unstable demand as the main reasons why shortages are expected.

F Raw material risks that cannot be ignored

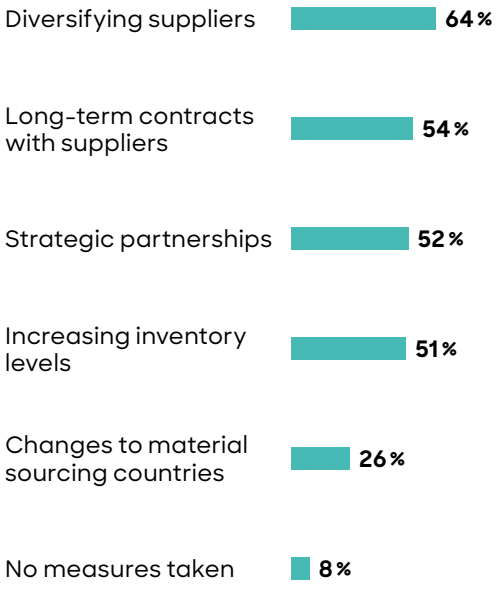
More than 80% of the companies see a moderate to high risk of being affected by critical raw material shortages

How high do you estimate the risk of being affected by critical raw material shortages to be?



Reasons mentioned:
Geopolitical issues (crisis, tariffs) were frequently mentioned as underlying reasons – Demand instability further increases shortages, since stock planning is made more difficult

What measures are you taking to minimize the risk associated with critical raw materials?
(Multiple answers possible)



Source: Roland Berger

Countermeasures to pre-empt shortages

Supplier diversification is the primary tool with which companies are seeking to mitigate exposure to the projected risks. Around half of the players questioned are also signing long-term contracts with suppliers, building strategic partnerships and adjusting inventory levels with the same goal in mind. Virtually all of the companies surveyed (92 %) have taken some form of pre-emptive action.

Inventory level adjustments

Companies' efforts to adjust inventory levels in particular are worth a closer look. Exactly 40 % have increased their inventory at the beginning of the production process, primarily to mitigate the risks discussed above. Meanwhile, close to 30 % have done so within the production process – partly to accommodate higher volumes related to production ramp-up, but partly also to guard against delays and bottlenecks in the supply chain.

While such moves make sense in the current climate, this inventory build-up costs money. Given that many of the companies surveyed are already working on thin margins, the extra cost is only adding to the financial pressure on aerospace companies and does not provide a sustainable way of safeguarding the ramp-up.

Responses to geopolitical tensions

In response to the current geopolitical situation, a third of the companies surveyed have already changed or are planning to change their internal production setup and footprint. Some are doing this by relocating production to lower-cost countries, others by opening US sites (or backup sites elsewhere), and still others by investing in local-for-local production, especially with a view to the Chinese market.

Around 60 % have also changed or are planning to change their wider industrial setup, which also includes external suppliers. Here, the focus is more on lean optimization measures, automation, digitalization, M&As and moves to step up investment in production capacity and capabilities.

Reorganizing supply chain setups

More than half of the survey participants are drafting or going ahead with changes to their overall supply chain setup, again in response to geopolitical developments. Higher inventory levels have a part to play here, too, although most players are mainly seeking to diversify their supplier base. Almost a third of companies are relocating activities to other countries for similar purposes.

6 Conclusions and recommendations for action

In the face of geopolitical imponderables, cohesion and collaboration are key

The findings of this year's survey are unquestionably encouraging. Companies have implemented a variety of measures in recent years, and some positive effects from these actions are now becoming visible. The most severe disruptions have subsided or been mastered, leaving companies better able to manage the impact of ongoing challenges. Compared to last year's study, many have also advanced from reactive "firefighting" to proactive stabilization measures and even strategic resilience enhancement.

However, the results of actions already taken have often been only a partial success. Many outcomes have fallen short of what, in some cases, were perhaps exaggerated expectations. The supply chain crisis has not gone away, and even actions initiated immediately will take time to come to fruition. Further action is therefore required to make the global aerospace supply chain more resilient in the face of future impacts, leaving it better able to absorb both rising demand from civil rate ramp-ups and the growing need for more defense capacity.

Specifically, further necessary actions must be taken swiftly and in a more structured, cohesive manner to consolidate the supply chain resilience that is already taking shape.

Suppliers currently find themselves in a difficult situation. They face continued risks from ongoing geopolitical tensions and various shortages, but they also need to adapt both their production and supply chain setups. True, financial distress indicators show an improvement of 20 percentage points since last year's survey. Nonetheless, one third of companies still admit to being short of money. The danger here is that the financial investments needed to enable future rate increases and next-generation aircraft developments may be trimmed or, worse, skipped altogether. Delayed or stalled ramp-ups, alongside rising buffer stock levels, could then pose a risk to the current positive trend and trigger a vicious downward cycle. In addition, current risks with respect to (raw) material availability also pose a significant risk to future production rate ramp-ups.

In response to this situation, long-term improvements will require better forward planning (including more stable demand signals from customers), bold adjustments to cost structures via holistic transformation programs, and the resolute support of OEMs and bigger suppliers for struggling suppliers who do their homework. In other words, the supply chain must work together and consistently adopt best practices if it is to avoid this vicious cycle, master ongoing challenges and fully prepare itself for increasing demand.

The results also show that bigger supplier companies are often better able to cope with supply chain risks and disruptions. Accordingly, we see the need for the consolidation of smaller companies in the supply chain. At the same time, timely moves in this direction will leave the companies affected better placed to negotiate when the contracts for the next generation of aircraft are awarded.

7 Supplementary analysis: The geopolitical situation and its potential impact on the aerospace supply chain

Roland Berger sees two potential impacts of the 2026 Middle East conflict on the aerospace supply chain. First, it could once again lead to supply chain disruptions. Second, it could also trigger a potential decrease in aircraft production rates as airlines cancel and/or delay aircraft deliveries.

Looking at the supply chain disruptions we already face at the editorial deadline for this study, there has so far been no major impact on the global aerospace supply chain. Some companies in this supply chain do source supplies from the Middle East. Most of these companies have not seen serious disruptions to their operations, however. By and large, the impact has thus mainly been limited to switching from transport by sea to airfreight due to the blockade of the Strait of Hormuz. This, of course, causes higher costs on the supplier side and puts additional pressure on already financially strained suppliers. On the other hand, it does not directly result in any tangible impact on aircraft deliveries. Potentially, a medium to long-term impact on the aerospace supply chain could arise from the fact that specific chemical products that originate in the Middle East are currently not being produced and/or provided in the right quantities. Due to protracted lead times in the aerospace supply chain, this could, in a time frame from a couple of months to roughly a year, lead to potential disruptions.

On the other hand, if the current conflict were to continue for a longer period, there is the risk of a potential reduction in aircraft production rates as airlines cancel and/or delay aircraft deliveries. We have therefore analyzed the dynamics of past crises in the aerospace industry, their root causes and their trigger points in an attempt to outline potential scenarios for the impact of the Middle East conflict 2026 on aircraft production rates going forward.

High jet fuel prices put airlines under growing financial pressure

The 2026 conflict in the Middle East has hit global aviation mainly because of higher fuel costs and the disruption of regional airspace. Airlines have rerouted or suspended flights over the wider region. Jet fuel prices have spiked in response to renewed uncertainty around oil supply, squeezing already thin airline margins. Demand on affected routes to the Gulf and South Asia has weakened due to security concerns and higher ticket prices, while overall global traffic growth has slowed but not collapsed.

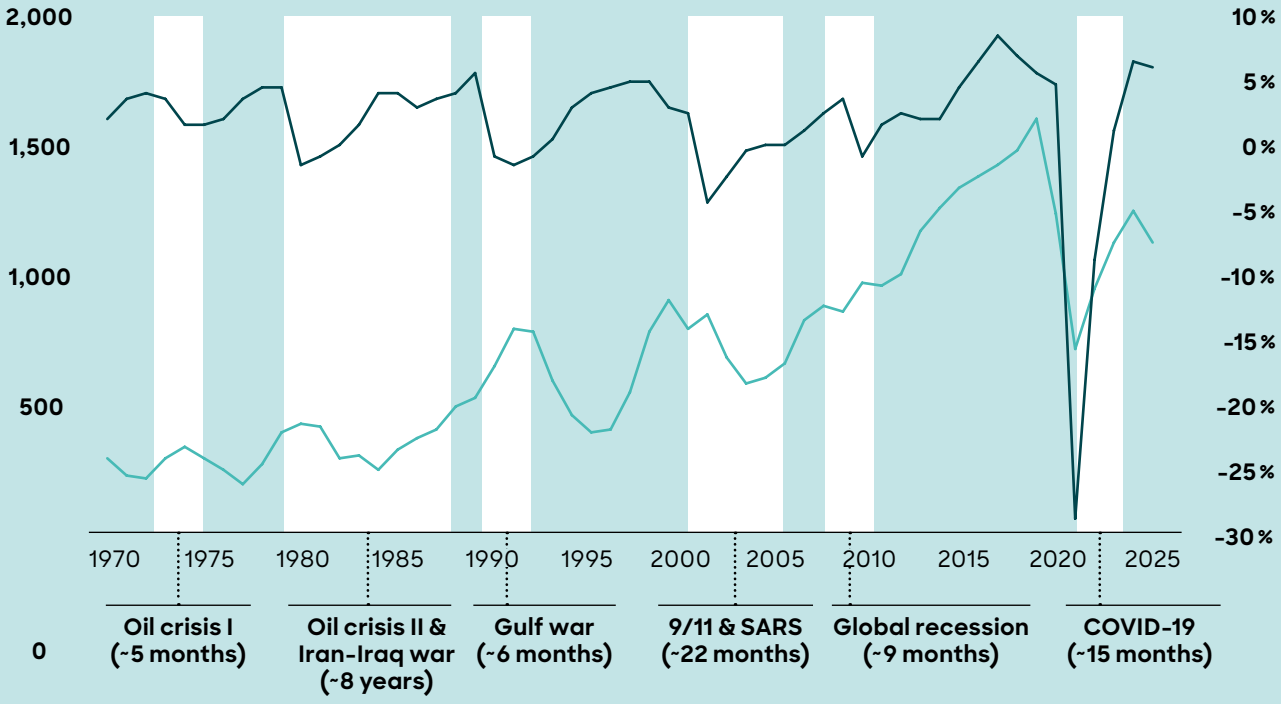
Historic crises show that prolonged low airline profitability leads to delays in and/or the cancellation of aircraft deliveries

Analysis of major global crises since 1970 shows that, with the exception of the global recession in 2008/09, all events have led to significant declines in aircraft production rates. During the global recession, airline profitability recovered quickly after only one year. Conversely, all other major historic crises were followed by a significant drop in production rates in cases where airline profitability decreased and remained depressed for more than one year. ▶ G

Our analysis shows that a decrease in airline profitability is the key factor that prompts delays in and/or the cancellation of aircraft deliveries, leading OEMs to subsequently adjust their production rates. Even when global air traffic demand is only slightly impacted by a

G Raw material risks that cannot be ignored

More than 80 % of the companies see a moderate to high risk of being affected by critical raw material shortages



Crisis factors impacting airline profitability and production rates

Factors	Oil crisis I	Oil crisis II & Iran-Iraq war	Gulf war	9/11 & SARS	Global recession	COVID-19
Crisis duration	~5 months	~8 years	~6 months	~22 months	~9 months	~15 months
Worldwide economic recession	✓	✓	✓		✓	✓
Widespread a/c grounding				✓ Few days only		✓
Air traffic demand drop/stagnation			✓ Slight decrease only	✓ Slight decrease only	✓ Slight decrease only	✓
High jet fuel price[1]	✓	✓	✓	✓	✓	
High interest rates (US Fed funds >7 %)	✓	✓	Only in first crisis year			
Airline profitability decrease	✓ Decrease, but still margin >0 %	✓	✓	✓	✓ One year only	✓
Production rate drop	✓	✓	✓	✓	✓ Only slight drop in one year	✓

1 Jet fuel price >20 % above previous 5-year average

Source: Roland Berger

crisis, local disturbances and declines in demand can combine with high jet fuel prices and limited fuel availability to trigger a global drop in airline profitability. Low profitability then forces airlines to react: Financially stable airlines will retire old aircraft but still accept deliveries of new, more fuel-efficient aircraft. However, if airlines are financially weak, or if the financial pressure worsens, survival and liquidity management considerations take precedence over fleet renewal, leading to order postponements and/or cancellations. In conclusion, if a crisis has a severe impact (on a level comparable to COVID-19) or lasts for more than a year, order cancellations can be expected, followed by subsequent production rate decreases, often subject to a two to three-year delay after the start of the prolonged crisis. This rule of thumb applies even if airline profitability is already recovering by this time.

How the Middle East conflict develops in the second half of 2026 will determine its impact on aircraft production

The development of the Middle East conflict in the second half of 2026 will be critical to its impact on global air traffic and aircraft production. We have plotted three overall scenarios, each of which would have differing effects on air traffic and aircraft production.

1 In a quick resolution scenario (in which the crisis lasts for less than 12 months), oil prices would ease and flight cancellations would remain limited to a few routes and a few months in 2026. Airlines would see profitability dip temporarily but would not pursue additional retirements or the cancellation of new aircraft orders. Profitability would be likely to rebound in 2027 and no significant decrease in production rates would be expected.

2 In a prolonged moderate conflict (lasting more than 12 months), fuel prices would stay elevated and financial pressure on airlines would rise. Weaker carriers might cancel and/or defer aircraft deliveries, while financially stronger airlines could continue to take delivery of more fuel-efficient aircraft and accelerate the phase-out of older jets. Overall, order books would remain largely intact, so aircraft production rates would not be expected to decrease. This scenario is supported in particular by the very long order backlogs (covering more than 10 years' worth of production) at Airbus and Boeing, as airlines would be keen to avoid losing production slots.

3 In an escalation scenario (prolonged and intensifying conflict lasting more than 24 months), extended airspace restrictions, higher fuel prices, limited jet fuel supply and weaker demand would significantly erode airline profitability. Survival and liquidity management would take precedence over fleet renewal, leading to widespread order postponements and/or the cancellation of deliveries. In this eventuality, a substantial reduction in aircraft production rates would be expected. ▶ H

Conclusion: Given the fast-changing development of the ongoing conflict, there can be no definite forecast of the impact on aircraft production. To avoid severe air traffic disruptions, airline bankruptcies and aircraft production impacts, it is crucial for governments across the globe to secure an adequate supply of jet fuel and provide financial aid to struggling airlines. Air traffic growth has proven to be crisis-resilient in the long term. The European aviation industry should, therefore, not be deflected from its growth ambitions by a crisis that will hopefully be over sooner rather than later.

H The impact of the current Middle East conflict on aircraft production rates will be determined by the development of the crisis in the second half of 2026

Factors	Iran conflict 2026
Crisis duration	?
Worldwide economic recession	No
Widespread a/c grounding	No
Air traffic demand drop/ stagnation	Only regional
High jet fuel price[1]	✓
High interest rates (US Fed funds >7 %)	No
Airline profitability decrease	? →
Production rate drop	? →

Size of commercial aircraft backlog: 15-16 k aircraft, 6-8 years

Depending on conflict scenarios

Quick conflict resolution could limit profitability decrease and allow a quick recovery

Disruptions <3 months

- If crisis eases and oil price decreases subsequently, airlines will still experience profitability drop in 2026, but fast recovery in 2027 expected
- Cancelling of routes will be limited to a few months during 2026
- No significant retirements of old aircraft but retirement will be pushed forward
- No cancellation and/or delays of new aircraft deliveries

No significant production rate drop expected

Prolonged moderate conflict and prolonged high fuel prices

Disruptions >3 and >9 months

- If crisis persists, financial pressure on airlines increases
- Fuel shortages, in particular for Asian airlines
- Airlines will cancel additional routes and retire additional aircraft
- Financially unstable airlines will likely cancel and/or delay new aircraft deliveries
- To reduce fuel costs, financially stable airlines will keep orders for new, more fuel-efficient aircraft

No significant production rate drop expected

Escalation of conflict with extended air traffic impact and further oil price increase

Disruptions >9 months

- If crisis worsens, financial pressure on airlines increases significantly
- Prolonged disruptions to oil & jet fuel supply will increase prices and lead to constraints for airlines
- Airlines will cancel further routes and ticket price increases will additionally decrease air traffic demand
- Struggle to survive and secure financing will dominate over new aircraft fuel-efficiency savings effects, leading to widespread order cancellations and/or delivery postponements

Significant production rate drop expected with a >1 year delay if crisis worsens and airline profitability drops significantly

1 Jet fuel price >20 % above previous 5-year average

Source: Roland Berger

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Further reading

- *ON THE OFFENSIVE: THE RISE OF M&A IN EUROPEAN DEFENSE*
- *COMPETITIVE INTELLIGENCE*
- *A NEW EUROPEAN DEFENSE INNOVATION ECOSYSTEM*

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