



Airline Fuel Woes

May 5, 2026

The largest single cost on an airline's list of expenses—roughly 30% on average—is jet fuel—a refined kerosene-based oil product that has doubled in price since the war in Iran began in late February. The Strait of Hormuz accounts for about 40% of Europe's jet fuel imports and has been completely choked off for multiple weeks now. Higher prices and shortages have had an outsized impact on airline balance sheets.

The shortages are most worrisome at present. In Europe, several countries are now relying on less than 20 days of coverage in their fuel supplies, according to the International Energy Agency. What happens after that is anyone's guess, but the most likely outcome is reduced access to air travel.

The United States has recently offered a six-fold increase in its exports of jet fuel to Europe—which, of course, raises prices domestically. The price of jet fuel has more than doubled since the end of February. To compensate, U.S. based airlines are reducing scheduling flexibility and experiencing more schedule volatility, with fewer low-fare options. To make up some of the added costs, Delta, United, American Airlines, Southwest Airlines and JetBlue have recently increased checked baggage fees.

But that will hardly make up the difference. United's CEO Scott Kirby estimates that, if fuel prices remain elevated, it will add \$11 billion in annual costs to the company's balance sheet. To put that in perspective, United's most profitable year netted a total of roughly \$5 billion. American Airlines has estimated that the soaring jet fuel costs will cost it \$4 billion this year. It was forecasting a \$1.8 billion profit before the bombing started.

The only solution, according to outside analysts, is higher fares, either directly or in the form of attached fuel supplements to fares. This is already happening. According to the Kayak travel site, the average cost of a domestic round-trip flight is up 18% since the war began, while the cost of a round-trip economy flight from the U.S. to foreign destinations has increased by an average of \$115.

Travel agents have a simple piece of advice for air travellers who plan to fly later this year: book now before the prices get worse.

Sources:

<https://www.pbs.org/newshour/economy/what-lagging-jet-fuel-supplies-could-mean-for-airlines-and-travelers>

<https://www.theguardian.com/business/2026/apr/23/american-airlines--jet-fuel-cost-4bn-this-year>

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