



OVER A BARREL

Fuel Shock, Axed Services and Costly Reroutes Spell Big Losses for Airlines

03.03.26 Chris Daniels

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As the war in the Middle East enters its third day, US President Donald Trump warns the conflict could stretch on for weeks—if not longer—raising the economic stakes for airlines.

One report estimates the global commercial aviation sector could lose more than US\$1 billion as a result of the conflict. Even one day of disruption at major hubs such as Dubai could generate up to US\$215 million in lost revenue, driven by grounded flights, halted cargo operations, and reduced airport retail activity.

That’s before accounting for fuel.

Yesterday, QatarEnergy said it had halted production at its Ras Laffan facility following what it described as military attacks, while Saudi Arabia’s state-run Aramco temporarily shut its massive Ras Tanura facility in Dammam after a drone strike.

Oil prices have already risen roughly 10% in the past week, and are pricing in heightened supply risk toward its highest levels in more than a decade. It could surpass \$100 a barrel.

Rising fuel prices converge with another major factor: the rerouting of international flights.

Much of global long-haul traffic has historically relied on

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Airlines typically follow great-circle routes—the shortest paths across Turkish, Iraqi or Iranian airspace. To avoid those air corridors, aircraft must take longer detours—either north via Turkey and the Caspian Sea or south over Egypt and the Red Sea—adding flight time, fuel consumption, and operational complexity.

The twin pressures of higher fuel costs and extended routings are converging into a significant challenge for long-haul carriers.

“Fuel is going up significantly and will have global impact. As far as flight routes, a lot depends on the destination—some aircraft would not have enough fuel to take the longer detour,” Zeina Gedeon, CEO of Trevello Canada and former president and CEO of Air Canada Vacations, told **Open Jaw**.

Aviation analysts estimate diversions can add 45 to 120 minutes to flight times and increase fuel burn by several tonnes per sector. On widebody aircraft, that can translate into thousands of dollars in additional operating costs per flight.

“If detours extend by two to three hours, the operating cost impact can reach \$6,000 to \$7,500 per flight,” says Arvai, an aviation analyst at AirInsight. On a typical 10-hour widebody sector, that adds roughly \$60,000 in additional cost.

Some carriers may have short-term hedging programs, contracts that lock in prices in advance to reduce exposure to volatile fuel prices.

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For 2026, Air Canada reported that it has hedged about 17% of its expected jet fuel purchases for the first half of the year, according to its recent earnings call.





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Long haul carrier Qantas Airways' CEO Vanessa Hudson said on Tuesday that the airline has fuel hedging in place.

"We've got pretty good hedging in place, but these are pretty significant impacts on aviation and we're just continuing to watch how it all unfolds," she said at the Australian Financial Review's business summit, as reported by Reuters.

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Chris Daniels

Though he'd only flown a handful of times as a kid, Chris Daniels' career has since taken him around the world — from Grand Cayman to Hong Kong. It's now brought him to the team at Open Jaw. As a former contributing editor at Hello! Canada, he brought the magazine's food and travel pages to life, covering star-studded events in the Caribbean and US, interviewing celebrity chefs like Gordon Ramsay, Giada De Laurentiis and Emeril Lagasse. He also worked at Time, contributing to its coverage of the US Open tennis tournament in New York City. Fun fact: Whi
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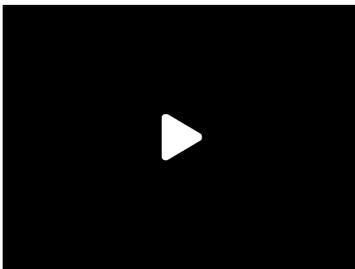
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