

United CEO says airfares could rise as Iran war pushes up fuel costs

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Dhaka: Air travelers could soon face higher airline ticket prices as rising global oil costs linked to the Iran war drive up jet fuel prices, according to industry executives and analysts.

Speaking at an industry event on March 5, Scott Kirby, chief executive of United Airlines, said climbing fuel prices are expected to have a “meaningful” impact on the airline’s financial results this quarter.

He also indicated that ticket price increases could begin soon as carriers attempt to offset higher operating expenses.

Global oil prices surged sharply after escalating tensions involving the United States and Iran. The U.S. benchmark West Texas Intermediate rose more than 11% to nearly USD 91 per barrel, while Brent crude climbed to around USD 92.47, the highest level in almost two years.

Industry analysts say airlines have already started adjusting fares as fuel costs rise.

Henry Harteveltdt, founder of Atmosphere Research Group, said carriers began increasing fares during the week as spot jet fuel prices started climbing.

He noted that the most noticeable increases have been in premium cabins such as business and first class, while basic economy and discounted coach fares have remained comparatively stable.

Harteveltdt added that some airlines have also introduced fuel surcharges on certain long-haul international routes as they attempt to balance rising fuel expenses with passenger demand.

Jet fuel is one of the largest operating costs for airlines, typically accounting for about one-fifth of total expenses. According to the Argus U.S. Jet Fuel Index, jet fuel prices reached around USD 3.95 per gallon on March 5, up from roughly USD 2.50 in late February.

Analysts attribute the surge partly to supply disruptions linked to the conflict in the Middle East.

The closure of the Strait of Hormuz, a critical shipping corridor for oil and liquefied natural gas, has raised concerns about tightening global energy supplies.

Market researchers say the disruption is driving sharp increases in jet fuel prices worldwide. Airlines in Europe are also facing higher costs due to longer flight routes and limited fuel availability.

Experts warn that if the conflict continues for several weeks or months, the higher energy costs could ripple across global supply chains, contributing to broader inflationary pressures.

Airlines are also experiencing operational disruptions from canceled or rerouted flights across parts of the Middle East, further increasing expenses through longer routes, crew overtime, and additional ground handling costs.