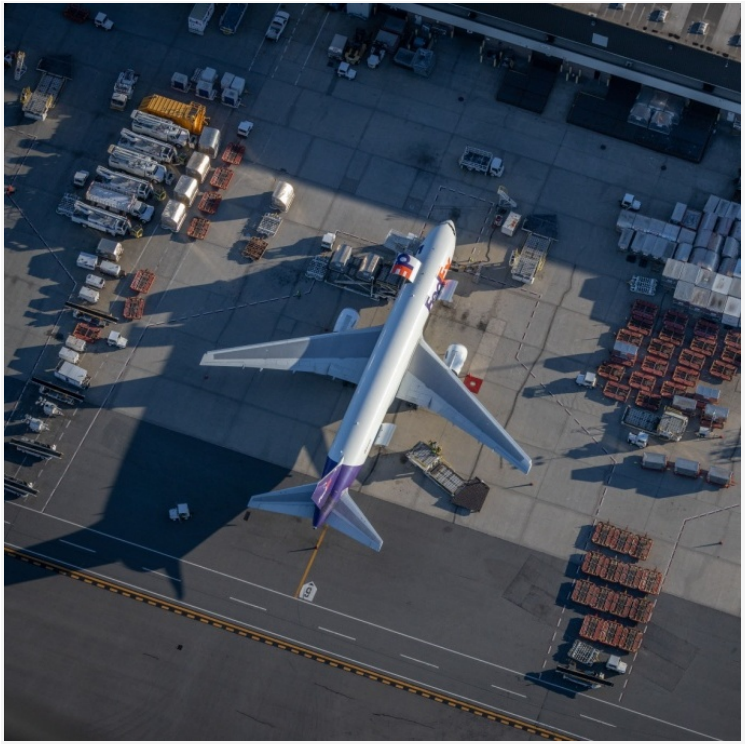


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Planes Are OK, But Reindeer Are Better: What's Happening With Airfare Prices Globally And In Russia?

The situation with the blocked Strait of Hormuz has confirmed the vulnerability of the passenger airline market in the face of the ongoing global commodities crisis. Due to shortages and the subsequent rise in fuel prices, airlines worldwide have raised ticket prices by an average of 25% and canceled thousands of flights. In Russia, the fuel factor had almost no impact, but the cost of airline tickets for its citizens will also rise – for other reasons.

According to the International Air Transport Association, global jet fuel prices doubled by early May, rising from $85–90 per barrel in February to $184. Against this backdrop, more than 40 airlines have announced flight reductions, according to Reuters calculations. Among the largest, for instance, KLM-Air France is cutting 160 flights from its schedule in the coming months. According to Ed Bastian, CEO of the prominent American carrier Delta Air Lines, their expenses rose by $400 million in March due to skyrocketing fuel costs.

Carriers are aggressively revising their pricing policies: according to the consulting firm Taneo, the cheapest economy-class tickets have already risen by 24% compared to the 2025 average. Passengers flying between continents have been hit particularly hard: today, for instance, a trip from London to Melbourne and Hong Kong costs 70% more than it did before the

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events surrounding Iran.

Safety Buffer

There is no threat of a jet fuel shortage for Russia, as it is one of the largest producers of petroleum products. According to the latest available statistics, in 2024, jet fuel production amounted to 11.4 million tons, of which about 1.5 million tons were exported. The rest was purchased by airlines.

In March and April of this year, during the Persian Gulf conflict, jet fuel prices on the St. Petersburg International Mercantile Exchange (SPIMEX) rose by approximately 11%, reaching ₽81,000–82,000 per ton, against global benchmark prices of $1,500 per ton. However, the high fuel cost in the market does not mean airlines pay exactly this price—they receive massive compensation from the federal budget in the form of a fuel damper.

“Of course, when market prices are climbing, oil companies are naturally inclined to divert their flows to exports driven by this trend," - notes Oleg Panteleev, head of the Aviaport analytical agency. - But in this case, I should remind you, the mechanism of the so-called fuel damper comes into play, which allows, at the expense of the federal budget, to compensate airlines for additional expenses incurred for the purchase of jet fuel. So, in 2026, they are also protected from price volatility. When it comes to domestic travel, prices traditionally rise as the high season approaches (except for the COVID-era year of 2020). Fares and rates during the May holidays, as well as in July and August, are almost always higher than in February and March. Consequently, we are not seeing any accelerated growth compared to the moderate trends of previous years”.

International routes are a different story. Domestic airlines will inevitably have to price in additional expenses if a country raises its fuel fees. For instance, Egyptian airports saw these fees climb from $1,300 to $1,500 per ton. Consequently, flights to Egypt will be more expensive for Russian travelers going forward. When it comes to global civil aviation, Middle Eastern events have inevitably impacted its state. First, airspace restrictions were introduced to bypass danger zones, which affected the United Arab Emirates, among others. A number of transit routes passing through the region ground to a halt, forcing airlines to operate further north. The result is longer logistics and additional expenses. Second, the expert argues, oil prices have risen significantly amid Iran's blockade of the Strait of Hormuz, as well as the Islamic Republic's disabling of many Middle Eastern oil and gas fields and raw material processing terminals.

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As a rule, Panteleev notes, jet fuel prices rise at a faster pace than crude oil. Shortages also develop more quickly. Carriers are forced to promptly reduce flight frequencies, and in some cases, completely abandon flights to certain destinations, even those unaffected by combat operations.



International Routes In Jeopardy

“The cancellation of hundreds of flights and the revision of tariffs are not just a 'just-in-case' reaction, but a forced measure: for foreign carriers, fuel remains one of the key expense items, and any volatility in the oil market is immediately reflected in flight economics," argues Maxim Gmyrya, founder of the Sequoia Group risk management agency. - Moreover, this process did not begin yesterday: jet fuel prices have been rising for a long time, and companies are trying to compensate for this in various

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ways, ranging from route optimization to reducing operational activity. Aviation is an industry where profit margins for a number of players, especially low-cost carriers, are already at rock-bottom levels. They are the first to start revising prices, cutting flight frequencies, dropping less crowded routes, and looking for ways to increase load factors. Essentially, airlines are acting according to a familiar scenario—after the pandemic, they developed a certain experience in navigating crises, and now it is being used again, even if the reasons are different".

Russian airlines are less sensitive to such fluctuations, and the government's stance plays a crucial role here. Measures to control domestic fuel prices—not just for aviation, but across the entire market—are already being discussed. This is being done to prevent rising logistics costs from fueling inflation throughout the economy. Therefore, there will be a reaction, but it will be smoother: the amplitude of changes will be lower, and the effects themselves will be stretched out over time. Regarding ticket prices, a certain correction is inevitable, especially on international routes, where an important and expensive factor is added — the need to refuel abroad. According to Maksim Gmyrya, there may also be route restrictions where flights have to be planned based on a single fuel tank. This complicates flight economics and limits carrier flexibility. However, a sharp spike should not be expected within Russia.

"Global carriers are already restructuring: SAS is cutting hundreds of flights, Hong Kong Airlines has raised fuel surcharges by 35%, and similar decisions are being made by Air India and United, says Denis Astafyev, head of SharesPro fintech platform. - When fuel prices skyrocket, it is more profitable to fly less frequently with full planes than to operate half-empty aircraft in hopes of attracting passengers with cheap tickets. In the latter case, flight margins will be even worse. Therefore, reducing flight frequencies is a rational market response".

For Russian airlines, the situation is truly critical only on international routes. Fuel surcharges there have already increased: Nordwind and Azur Air raised them to €50–60, and for Turkish resorts, up to €75–85 one way. The number of flights will decrease, especially point-to-point ones, like those to the Emirates. Passenger traffic on this route has already slumped, and with increased operating costs, maintaining a frequent schedule is simply unprofitable. According to Astafyev, domestic routes will feel significantly less pressure: Russian jet fuel pricing follows its own logic, plus the fuel damper is in effect, covering 65% of the purchased volume. Ticket prices will rise, but moderately; domestic aviation will continue to operate at its previous pace.

Flight Loads Almost At Maximum

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According to Sergey Krivonosov, Deputy Chairman of the State Duma Committee on Tourism, the cost of domestic flights in 2026 will increase by an average of 5–7%, and up to 10–15% for certain destinations during peak demand periods. Meanwhile, because this market is highly heterogeneous and specific across a country as vast as Russia, the "average temperature" does not reflect the actual situation for each individual passenger. Experts warn that for many routes, especially long-haul ones, the final figures could be twice as high as forecast; it is known that in 2025, fares increased by 10.5%, while airline profits fell by more than 30%, and the aircraft fleet shrank.

“5–7% is the 'lower bound of the optimistic scenario,' says Igor Rastorguev, lead analyst at AMarkets. 'On tourist and low-competition routes, it is already more like 10–14%. The reasons are clear: first, expensive fuel, as the fuel damper mechanism does not fully compensate for the rising cost of flights. Second, a limited fleet: according to the Association of Air Transport Operators (AEVT), Russian airlines lost several dozen aircraft in 2025. These were retired early due to breakdowns and the unavailability of spare parts, reflecting the impact of sanctions and the departure from Russia of the two main global suppliers, Boeing and Airbus. Replacing this shortage quickly is impossible, and flight capacity utilization is already close to its peak at nearly 90%. Third, the growing cost of aircraft maintenance and changes in logistics, which also increase expenses”.

However, according to Rastorguev, the key factor is the redistribution of market capacity. Carriers are objectively shifting to where margins are higher, and today they are clearly higher on international routes. As a result, domestic routes are losing available seats, which means the remaining tickets are becoming more expensive. This trend is particularly painful for the regions, above all for the territories of Siberia and the Far East, where there is no high-speed railway, and where the airplane is not a luxury, but an indispensable means of transport.

Experts agree that the government is trying to ease this difficult situation. Specifically, the number of subsidized routes has already exceeded 300. However, the problem lies precisely in the targeted nature of these measures, which cover only a fraction of passengers—namely, privileged categories or residents of specific regions. For everyone else, a purely market-driven reality exists: either pay more for tickets or stay home. Additional pressure comes from general trends in domestic tourism: in 2025, hotel accommodation prices in the Russian Federation rose by more than 9%. Airfares are not rising in a vacuum; they are increasing in tandem with hotel rates, infrastructure fees, and other expenses.

Alexander Larin.

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