



GEOPOLITICS AND AVIATION: WHEN THE RISK IS NO LONGER THE PRICE, BUT THE SUPPLY

In March 2026, the escalation of the conflict between the United States, Israel and Iran has triggered one of the most severe geopolitical disruptions of the last decade, profoundly altering the global energy balance and with effects that extend far beyond the military sphere. Cross-border attacks, targeted reprisals and growing instability in the Persian Gulf have placed the Strait of Hormuz—a waterway through which nearly 20% of the world's oil and around a third of maritime crude oil trade passes—at the centre of international tension.

Although the strait has not been completely closed, the increased operational risk, uncertainty regarding maritime security and the rising cost of insurance cover are causing significant disruptions to the flow of crude oil and refined products. These tensions have quickly fed through to prices, with significant increases in Brent and, in particular, in Middle East differentials, reflecting not only risk expectations but also emerging logistical difficulties¹.

However, as the conflict has dragged on, the focus has shifted away from rising oil prices towards a deeper risk: the real possibility of sustained strain on the physical supply of oil and derivatives, particularly in Europe and Asia. This shift is affecting not only the energy market, but also air transport, which is simultaneously facing closed routes, longer flight times, rising costs and the aforementioned growing risk of a shortage of Jet A-1, the fuel predominantly used in aviation.

FROM VOLATILITY TO THE RISK OF SHORTAGES: RECONFIGURATION OF FLOWS AND A CHANGE IN THE NATURE OF RISK

Historically, episodes of geopolitical tension have tended to impact primarily fuel prices, causing sharp spikes, but generally without sustainably compromising the physical availability of supply, at least in developed markets. This pattern, however, appears to be changing. The current scenario introduces a qualitatively different dimension: the tension is not limited to cost, but is beginning to affect the conditions of access to the product, thereby more profoundly altering the traditional logic of risk management.

In this context, the focus is shifting away from price movements alone to incorporate an operational dimension linked to the reliability of supply. Although there has not been a complete and uniform disruption to transit through the Strait of Hormuz, there has been a significant deterioration in the conditions under which it takes place. Growing uncertainty, rising insurance costs and operational restric-

tions are affecting the smooth flow of a corridor through which approximately one-fifth of global maritime oil trade passes.

Market estimates suggest that, in scenarios of prolonged disruption, the potential loss of supply could range between 10 and 14 million barrels per day. This is a scale sufficient to strain the global system's capacity to adjust, even in the presence of mitigation mechanisms such as the release of strategic reserves. More significantly, this pressure is not merely a matter of volume; it also stems from the growing difficulty in ensuring a stable, predictable and logistically efficient flow.

In response, the various players in the sector—airlines, energy operators and large industrial consumers—are beginning to reorient their strategies. In an environment where volatility is no longer limited to prices but also extends to availability, the security of access to physical volumes is gaining importance, even at the cost of higher expenses. This shift in priorities marks a transition from models optimised for efficiency towards more defensive approaches, centred on supply resilience.

One of the most visible consequences of this process is the gradual reconfiguration of global crude oil flows. Part of the demand is shifting towards alternative sources such as the United States, West Africa or Latin America. Whilst these suppliers allow for the diversification of geopolitical risk, they do not fully replace the scale or proximity of volumes from the Gulf. The result is an increase in transport distances, greater utilisation of available logistics capacity and, ultimately, a higher-cost and less efficient cost structure.

This redirection of flows also has direct implications for the system's critical nodes, particularly in Europe and Asia. Storage, refining and distribution hubs are operating under increasing pressure, not only due to the rise in diverted volumes, but also because of the need to manage a far less predictable environment. This results in occasional bottlenecks, longer transit times and a reduced ability to react to new disruptions.

In this context, price formation is beginning to reflect not only the geopolitical risk premium, but also real operational constraints affecting the physical movement of crude oil. Spreads between grades are widening and intraday volatility is rising, and the market's ability to absorb tensions without passing them on almost immediately to prices and availability is diminishing. The system as a whole becomes more rigid and less efficient in its ability to adjust.

¹ The observed price fluctuations are based on market data published by specialist providers (Platts/S&P, Argus Media and Bloomberg), which place Brent above \$100/bbl, following cumulative increases of over 40% since the start of the surge. At the same time, Dubai Crude—a key benchmark for Persian Gulf crude oils—has seen significant rises over the same period, in line with the increase in risk premiums.



Therefore, this is not an isolated episode of volatility, but a more structural disruption of the operational balance between supply and demand. The implications of this change are particularly significant for energy-intensive sectors that are highly dependent on logistical stability, such as air transport, where the guarantee of supply becomes as critical a factor as the cost of fuel itself.

OPERATIONAL, ECONOMIC AND CONTRACTUAL IMPACT ON AVIATION

The ongoing conflict in the Middle East is having a far-reaching operational impact on air transport, particularly due to its high dependence on middle distillates and the limited scope of fuel substitution.

From an operational perspective, partial airspace restrictions in the region have forced the redesign of routes between Europe, Asia and East Africa, with diversions that, in certain corridors, add between 45 and 180 minutes to flight times. This increase results in higher consumption of Jet A-1, a reduction in the effective availability of aircraft and additional pressure on crew and fleet rotation cycles. Added to this is congestion at alternative hubs and the need to continuously reconfigure the network, which undermines punctuality and reduces the overall efficiency of the system.

At the same time, the Jet A-1 market is experiencing greater tightness than the crude oil market (crack spread), with levels at historic highs due to constraints on refining capacity and the logistical complexity of its distribution. Added to this is the fact that, as it is a middle distillate, it competes directly with other products such as diesel, which intensifies pressure on supply in times of scarcity and can lead to reallocations of product between uses. This differential results in higher fuel costs, which directly impact the cost structure of airlines.

It should be noted that aviation kerosene typically accounts for between 25% and 35% of total operating costs—with a greater weighting on long-haul routes—and that the ability to pass on this increase to the final price is limited and varies across different markets.

In this context, fuel ceases to be a mere cost component and becomes a factor exerting direct pressure on margins in a sector historically characterised by low profitability and high sensitivity to fluctuations in operating costs.

Taken together, the combination of these factors generates a significant economic impact, particularly during the peak season and on long-haul operations. This has led to what some analysts have termed the "holiday trap": airlines caught between the need to maintain their capacity to meet seasonal demand and the difficulty of absorbing cost increases without eroding margins and without resorting to cancellations. Competitive pressure, the elasticity of demand and, in certain markets, the regulatory environment, limit commercial manoeuvring room, forcing airlines to prioritise operational efficiency and resource optimisation.

The impact is even more pronounced in the air cargo segment, where fuel accounts for a higher proportion of unit costs. Rising fuel surcharges and reduced capacity linked to adjustments in the passenger network are creating strains on time-sensitive logistics chains, particularly in sectors operating under just-in-time schemes. And, although sea and rail transport act as alternatives, their longer transit times limit their capacity to serve as substitutes, which translates into a loss of efficiency in certain trade flows and greater exposure to disruptions.

These dynamics are directly reflected in contractual terms. The disruption of supply chains, rising logistics costs and the reconfiguration of flows are creating tensions in the execution of supply contracts, with an increased risk of breach and greater complexity in the application of concepts such as *force majeure*, hardship³, or review clauses. In some



markets, we are already seeing accelerated renegotiation processes, requests for flexibility and disputes over the interpretation of obligations in contexts of prolonged disruption.

In this context, the strengthening of contractual mechanisms, the diversification of supply sources and the adoption of safeguarding measures—including contingency agreements, strategic stockpiling or hybrid arrangements—take on crucial importance. Legal certainty and contractual clarity therefore become critical elements for ensuring operational continuity in an environment where supply tensions may persist beyond the conflict itself.

CONCLUSIONS

Current signs point to a possible shift in the nature of energy risk. What was initially perceived as a price shock may be evolving into an environment where the physical availability of supply is taking on increasing prominence, with direct implications for the aviation sector's operations.

In this context, the central issue is no longer solely the cost of fuel, but rather the ability to guarantee access to it under stable and predictable conditions. The combination of geopolitical tensions, logistical frictions and operational constraints introduces an additional level of complexity into risk management.

This situation calls for greater attention to supply planning, operational flexibility and the robustness of contractual structures, in an environment where uncertainty over supply may persist beyond the short term. There is no doubt that strategic foresight and rigorous risk management—both operational and legal—are becoming key determinants for the continuity and sustainability of the business.

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³ Hardship is a legal concept referring to unforeseen circumstances in which the performance of a contract remains possible but becomes excessively onerous for one of the parties, which may lead to its renegotiation.