

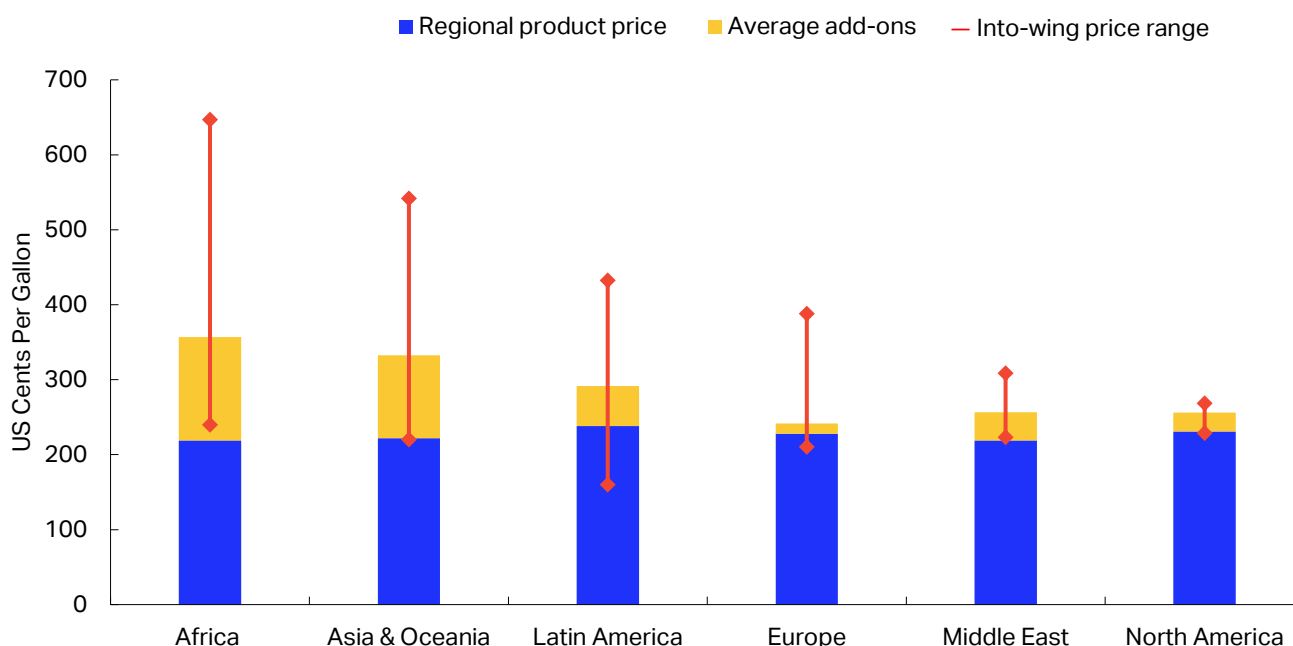


Chart of the Week

18 October 2024

Regional fuel cost variation affects competitiveness

Into-wing jet fuel price range by region, US cents per gallon



Source: IATA'S Airline Survey for May 2023 uplift and S&P Global Commodity Insights

- The into-wing price is the all-inclusive cost an airline pays for fuel delivery to its aircraft. This cost varies significantly across regions. Jet fuel typically constitutes the largest operational cost for airlines, currently around 30% of total industry costs. Regions with higher fuel prices are disadvantaged in terms of their profitability and competitiveness.
- Prices vary by region because of supply-demand dynamics at regional trading points. There are also sizeable regional variations in the add-on price, which comprises transport, storage, and into-plane fueling costs. This variability results from the lack of competition among suppliers and complexities in regional logistics. Airports with reliable and developed supply chains and open access to their fuel infrastructure tend to have lower and more stable add-ons.
- Africa has the highest average into-wing fuel price globally, mainly due to limited supply competition, with governments or monopoly suppliers controlling the setting of into-wing prices at the airports in the region. Logistics challenges and limited access to the fuel systems are also responsible for the high prices. Airports showing high into-wing prices in other regions generally face similar problems and challenges.
- With unequal access to mature fuel supply chains, certain airlines are already at a clear disadvantage with conventional fuel. From now on, it will be imperative to give SAF suppliers access to airport fuel systems since, as a drop-in fuel, it uses the same infrastructure as conventional aviation fuel. Regardless of their home base, all airlines should be able to participate on equal terms in the global SAF market, as they should in the global jet fuel market.

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