FUEL STOCKS

No shortage, but rising anxiety: Panic buying, price fears grip fuel market

Government insists that fuel stocks are stable, but rising global prices, empty pumps upcountry, and surging demand reveal growing consumer anxiety, raising fears of higher transport costs and renewed inflationary pressure.

STEADY SUPPLY

Markets.

DOROTHY NAKAWESI

The Government Procurement Portal (GPP), once central to tracking public infrastructure projects, has recorded a sharp decline in disclosures, raising concerns about transparency and accountability in public spending.

Latest Even as government insists Uganda has enough fuel to last nearly three months, a quiet but unmistakable tension is building at fuel pumps across the country, one that speaks less to outright scarcity and more to something subtler, but equally powerful: fading confidence.

For many Ugandans, the signs are familiar, almost instinctive.

Motorists are topping up more frequently than usual. Plastic jerricans, long associated with past shortages, are quietly making a return. In towns outside Kampala, some fuel stations have run dry altogether, forcing drivers to hunt from one pump to another in search of supply.

And yet, officially, there is no crisis.

"There is no fuel shortage in Uganda. Supply remains steady and sufficient. Additional volumes are secured and continuously arriving," Energy Minister Ruth Nankabirwa said this week at the Oil and Petroleum Conference in the upscale Kampala Munyonyo suburb.

Her message seemed to suggest the system is holding.

But on the ground, the behaviour of consumers suggests something more complicated, a market caught between assurance and anxiety.

For about two years now, Uganda's fuel sector has largely avoided the kind of visible pump crises that once defined it.

Striking price increases at the slight anticipation of a crisis and sometimes hoarding by oil marketing companies, hallmarks of earlier supply disruptions, had become increasingly rare, particularly after reforms in the petroleum supply chain and the growing role of Uganda National Oil Company (UNOC).

The turning point came with the Petroleum Supply (Amendment) Act, 2023, which granted UNOC the sole mandate to import fuel into the country.

The shift was intended to centralise procurement, reduce volatility, and give government greater control over supply security and pricing dynamics.

Since then, the system has delivered a degree of stability.

Even amid regional disruptions, currency fluctuations, and global shocks, Uganda has largely managed to keep fuel flowing, if not always cheaply, then at least predictably.

That relative calm is what makes the current moment notable.

Because this is not, at least not yet, a classic shortage. Fuel is still entering the country. National reserves remain within comfortable margins. Tankers continue to arrive through Mombasa. What has changed is the mood.

"We have observed signs of panic buying. Normally, consumption is around eight million litres per day, but it has now doubled, indicating that people are becoming increasingly insecure," said Dr Patricia Litho, Assistant Commissioner for Communication and Information Management at the Ministry of Energy, during a talk show on *URC TV*.

That surge in demand is not being driven by immediate scarcity, but by expectation of higher prices, tighter supply, or both.

And in markets, expectation can be as powerful as reality.

Across several districts, especially outside Kampala, fuel station operators report intermittent stock-outs, with some pumps going dry for hours or even days.

The causes vary: delayed deliveries, stretched logistics, or simply demand that has outpaced normal supply cycles.

Government describes these as isolated, logistical disruptions.

But for motorists encountering empty pumps, the distinction matters little.

In a landlocked country like Uganda, where all fuel must travel long distances from coastal ports through regional corridors, the system is inherently sensitive.

A delay at Mombasa, congestion along transit routes, or bottlenecks at inland depots can quickly ripple outward, often most acutely felt in upcountry areas.

What might appear as a minor disruption at the national level can translate into a localised shortage on the ground.

The global trigger

The roots of the current tension lie far beyond Uganda's borders.

Over the past two months, global oil prices have surged dramatically, from around $65 per barrel in December 2025 to about $120 today, driven by escalating geopolitical tensions, particularly the US-Israel-Iran conflict.

For a country that imports all its refined petroleum products, such shifts are unavoidable.

Uganda, government says, has so far been cushioned from the full impact, thanks to earlier procurement decisions.

Much of the fuel currently in circulation was ordered months ago, when prices were significantly lower. But that buffer is now running out.

Government officials say that for the past two months, Uganda has largely relied on stock deliveries that were pre-ordered in January or earlier.

Government says fuel remains in steady supply across the country, assuring the public that there is no shortage and additional shipments are continuously arriving to meet demand. PHOTO/ MICHAEL KAKUMIRIZI

Key insights

- A quiet but unmistakable tension is building at fuel pumps across the country, one that speaks less to outright scarcity and more to something subtler, but equally powerful: fading confidence
- Plastic jerricans, long associated with past shortages, are quietly making a return. In towns outside Kampala, some fuel stations have run dry altogether, forcing drivers to hunt from one pump to another in search of supply.
- Government says it has "observed signs of panic buying" with daily consumption doubling from around eight million litres per day, which indicates that people are becoming increasingly insecure.
- Over the past two months, global oil prices have surged dramatically, from around $65 per barrel in December 2025 to about $120 today

Panic buying

'We have observed signs of panic buying. Normally, consumption is around eight million litres per day, but it has now doubled, indicating that people are becoming increasingly insecure.'

Closed pumps and intermittent stock-outs in upcountry towns have heightened anxiety among motorists, even as government insists national fuel supplies remain adequate and stable amid rising global oil prices. PHOTO/MICHAEL KAKUMIRIZI

As those shipments get exhausted, the country through UNOC and its partnership with global trader Vitol, is returning to the international market under very different conditions. And those conditions are more expensive.

Prices begin to bite

The effects are already visible at the pump.

Fuel prices have risen to average about Sh5,450 per litre for petrol and Sh5,420 per litre for diesel, with further increases expected as new, higher-cost shipments enter the supply chain.

Government has warned that the full impact of global price increases will begin to be reflected more clearly from May.

For consumers, that translates into a simple calculation: buy now, before prices climb further.

It is this logic, rational at the individual level, that is collectively driving the surge in demand.

But it also risks creating the very pressures it seeks to avoid.

Markets, especially those as sensitive as fuel, operate not just on supply and demand, but on perception.

The re-emergence of panic buying, combined with reports of empty stations in some regions, suggests that confidence is beginning to weaken.

And once confidence shifts, behaviour follows.

Consumers stockpile. Transporters adjust fares pre-emptively. Traders begin factoring in future costs. The system tightens, not necessarily because supply has failed, but because expectations have changed.

In that sense, the current situation is as much psychological as it is physical.

Uganda may have enough fuel in its national reserves. But the distribution of that fuel and the confidence of those consuming it are increasingly uneven.

Susan Kavuma, an economist at Makerere University, says panic buying can have significant negative effects on the economy.

"It typically reflects a situation where demand outstrips supply. In such circumstances, suppliers gain greater market power and may exploit consumers by charging prices above normal market levels, effectively eroding consumer surplus.

Pressure beyond the pump

A rise in fuel prices extends far beyond fuel stations.

Petroleum products sit at the centre of Uganda's economy, underpinning transport, agriculture, manufacturing, and trade.

Any sustained increase in fuel prices inevitably feeds into the broader cost structure.

Already, there are early signs of adjustment.

Transport operators, particularly in urban areas, are beginning to signal possible fare increases if fuel prices continue to rise.

For many, fuel is the single largest operating cost, and even small price movements can significantly affect margins.

In rural areas, where transport networks are thinner and supply chains longer, the impact can be even more pronounced.

Higher fuel costs translate into higher costs of moving goods, from farm produce to manufactured items, ultimately pushing up prices for consumers. The result is inflationary pressure.

Key figures

8m

Government says that Uganda normally has a consumption is around eight million litres per day, but consumption has now doubled, indicating that people are becoming increasingly insecure.

7.3%

Fuel prices, particularly petrol, have risen by about 7.3% over the past two months, climbing from an average of Sh5,080 per litre in January to around Sh5,450 per litre this week.

While Uganda's inflation has remained relatively stable in recent months, at an average of 3 percent, a sustained increase in fuel prices could alter that trajectory, feeding into food prices, logistics costs, and overall consumer spending.

How government is handling

Government says it aware of the risks and is taking steps to manage both supply and perception. On the supply side, Uganda continues to receive steady inflows of fuel through Mombasa.

A 119-million-litre petrol shipment docked in mid-April, with additional deliveries expected through June.

Combined with existing stocks, this provides about 67 days of petrol cover, 84 days for diesel, and 89 days for jet fuel.

To strengthen resilience, the Ministry of Energy says, government is also expanding storage capacity, including upgrades to the Jinja Storage Terminal and the development of a new facility in Namwabula, Mpigi.

In the longer term, the planned 60,000-barrels-per-day national oil refinery remains central to reducing dependence on imports and insulating the country from global shocks.

Government also points to the role of UNOC's centralised procurement model, arguing that it has helped Uganda secure more stable supply arrangements, even in volatile periods, compared to when fuel imports were largely controlled by oil marketing companies.

A delicate balance

For now, Uganda's fuel system appears to be holding, supported by existing stocks, incoming shipments, and coordinated supply management.

But the current moment underscores a deeper reality: stability in such a system is not just about having enough fuel.

It is about ensuring that fuel is available where it is needed, when it is needed and that consumers believe it will remain so.

Because once that belief begins to erode, behaviour changes.

And when behaviour changes, even a well-supplied system can come under strain.

At fuel stations across Uganda, that tension is already visible. The pumps are still running. But the calm that once defined them is no longer quite as certain.

CamScanner