

Can Uganda's oil ease E. Africa's fuel crisis amid global pressures

Recent fuel price shocks across East Africa have once again exposed a structural vulnerability the region can no longer ignore. In Kenya, diesel prices have climbed past Ksh206 per litre, while Tanzania and Rwanda have also recorded sustained increases. These are not isolated national developments but a reflection of a regional economy deeply tied to global energy markets and exposed to external shocks.

Across East Africa, more than 90 percent of refined petroleum products are imported, with the region spending an estimated \$15-20 billion annually on fuel imports. This dependence leaves economies with limited control over one of their most important cost drivers. When global oil prices shift due to geopolitical tensions, supply disruptions or production decisions by major exporters, the impact quickly spreads through transport costs, food prices and inflation.

Recent volatility has also been driven by instability around strategic supply routes, particularly in the Middle East and choke-points such as the Strait of Hormuz. Even the perception of risk in these corridors can tighten supply expectations and push prices upward. For import-dependent economies, these shocks are immediately felt at the pump and across the wider economy.

At the centre of this vulnerability is a structural imbalance: East Africa is becoming an oil-producing region, but not yet a refining region. The result is a paradox where countries possess crude potential while remaining dependent on imported refined fuel, limiting their ability to turn resources into price stability.

Within this changing landscape, Uganda is positioning itself as a key upstream player. With an estimated 1.65 billion extractable barrels and 169 wells already drilled, Uganda represents one of East Africa's most

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Oil



significant emerging crude developments. While South Sudan remains the regional heavyweight in reserves and production history, Uganda is rapidly closing the gap as it moves toward first oil in 2026.

This matters because Uganda is not entering the oil economy as a marginal producer, but as a structurally significant contributor with the potential to reshape regional energy flows over time.

East Africa's challenge is not unique. Other regions have begun addressing dependence on imported fuel through investment in domestic refining and distribution systems. West Africa, for example, is increasingly demonstrating this through large-scale investments such as the refinery developed by the Dangote Group. The lesson for East Africa is not imitation for its own sake, but strategic adaptation: moving from a crude-exporting, fuel-importing bloc toward one that captures more value within its borders.

Uganda now sits at the centre of whether that transition becomes possible. After years of preparation, upstream developments in the Albertine Graben are nearing completion while the East African Crude Oil Pipeline (Eacop) advances toward operational readiness.

However, it is important to be clear about what first oil will and will not achieve in the short term. Uganda's initial production will largely move as crude through Eacop for export. While this will strengthen export earnings and foreign exchange inflows, fuel pricing across East Africa will remain tied to global markets, logistics costs and currency movements.

The larger structural impact will depend on what happens beyond crude exports. Uganda has consistently signalled ambitions to develop domestic refining capacity alongside production. At the Africa We Build Summit 2026 in Kenya, President Yoweri Museveni reaffirmed plans for a domestic refinery that could serve Uganda and neighbouring markets while supporting broader regional ambitions for integrated refining infrastructure.

This reflects a maturing East African energy strategy, recognising that long-term energy security depends not only on upstream resources but also on infrastructure that enables crude to be refined and distributed more efficiently across borders.

Uganda's first oil will not immediately solve East Africa's fuel pressures. But it marks a critical inflection point. With growing reserves, expanding drilling activity and refining ambitions, Uganda is increasingly positioned not just as an oil producer, but as a central pillar in East Africa's future energy architecture.

In that sense, Uganda's oil story is less about immediate relief and more about structural repositioning, gradually shifting East Africa toward a more self-reliant and integrated energy system.

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