Experts say if the war continues for another month, fuel price increases could quickly translate into broader inflation across East Africa.

Fuel trucks from Kenya enroute to Uganda. Fuel prices have already begun rising across Uganda. PHOTO/ FILE

Middle East war rattles East Africa fuel market

BY DOROTHY NAKAWEESI

Rising tensions and conflict in the Middle East are sending shockwaves through East Africa's fuel market, disrupting global shipping routes and threatening to push fuel prices even higher across the region.

Oil tankers that normally pass through the Suez Canal are avoiding the route due to security concerns linked to the ongoing conflict. Instead, many vessels are sailing around the longer Cape of Good Hope, adding up to two weeks to delivery times and significantly raising transport costs.

Energy experts warn that if the conflict continues for another month, countries across East Africa, including Uganda, Kenya and Tanzania, could face deeper fuel shortages, and higher pump prices.

Kampala City Traders Association chairperson Issa Sekitto said traders haven't faced disruptions in goods supplies yet, but they're anxious about potential price hikes if the conflict persists.

"Traders are living in anxiety of a likely ripple effect in price escalation should the conflict continue," he said.

Fuel prices have already begun rising across Uganda. Petrol in major towns such as Kampala, Soroti, and Mbarara is now retailing between Shs4,900 and Shs5,200 per litre, while diesel prices range from Shs4,480 to above Shs5,000 as of March 10, 2026.

Regional fuel market expert Peter Ochieng said the situation remains uncertain, warning that freight costs to key East African ports could rise sharply.

"The situation is chaotic. Freight costs to ports such as Mombasa and Dar es Salaam could increase by up to 50 percent if the disruption continues," he said.

These ports are critical entry points for petroleum products destined for landlocked countries such as Uganda and Rwanda.

The current disruption is largely linked to instability around the Strait of Hormuz, one of the world's most important oil transit routes. A significant share of global crude exports passes through the Strait from oil-producing States in the Persian Gulf.

Mr Ochieng said the interruption of shipments from the Middle East could leave East Africa exposed because the region heavily depends on crude oil and refined products from the Gulf.

"The amount of crude and finished product that comes from the Persian Gulf will take time to replace," he said. "The region is highly dependent on Middle Eastern oil, which makes it vulnerable to these kinds of shocks," he added.

The disruption has also exposed how interconnected the global oil trade is. For example, products refined at the Dangote Refinery in Nigeria are now being exported to Europe, illustrating the shifting flows of petroleum products worldwide.

Finance Minister Matia Kasaija was cautious when asked about the government's response in the face of an impending crisis, saying he could not publicly disclose sensitive details.

"When it comes to issues of national importance, I cannot comment. I am not the spokesperson," he said.

> **The Impact.**
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However, when pressed on whether the government was considering procuring additional fuel or seeking alternative supply routes, Mr Kasaija indicated that measures were already underway.

"With that fuel, we have already started. We do not reveal our sources like that, but we are already buying," he said, suggesting the government has begun efforts to secure additional supplies even as the situation in global oil markets remains uncertain.

In an earlier joint statement released by the Ministry of Energy and Mineral Development together with the Uganda National Oil Company (UNOC), the government said the country continues to have reliable fuel supplies and that authorities are closely monitoring developments affecting global oil routes.

"Uganda will continue to have a reliable supply of petroleum products," the statement said, noting that authorities are working closely with industry players to ensure uninterrupted imports.

According to the statement, the supply partner does not depend entirely on one region for petroleum products and is working to secure alternative supply routes and sources where necessary.

Energy Ministry Permanent Secretary Irene Batebe said they are confident the prices will not change because there will be stable supply, adding that the government is committed to security of supply of petroleum products as mandated by the Petroleum Supply Act.

There was public worry after Bahrain, the prime source of Uganda's fuel, was attacked by Iranian drones, and the country's national oil company Bapco declared "force majeure" after the attack. This translated to no liabilities and suspension of the deal that would make them liable.

UNOC currently handles the importation of fuel under a government-led supply arrangement designed to stabilise the market.

UNOC Senior Corporate Affairs Manager Tony Otoa said there was no immediate cause for alarm. "We are fine. Nothing to worry about for now. We shall advise as we continue to monitor developments in the Middle East. We are sourcing globally."

Private fuel companies depend largely on the government-led system to access supply.

Ms Joanita Menya, the chief executive officer of Vivo Energy, said the firm relies on the national import system.

"As per the new arrangement, we are dependent on UNOC, the government's single supplier, and whatever they advise us is what we shall go with," she said.

Uganda maintains strategic storage facilities, including the Jinja Storage Terminal, which currently holds about 30 million litres of fuel, equivalent to roughly 188,000 barrels. The facility is being expanded to 40 million litres, while a new terminal planned in Kampala will have a capacity of about 320 million litres.

However, Uganda consumes approximately 6.5 million litres of fuel daily, meaning the existing Jinja storage could only sustain the country for about five to six days without new supplies.

If the Middle East conflict persists over the next month, experts say the impact will not be limited to Uganda.

Kenya, which imports large volumes of petroleum through Mombasa before distributing it across the region, could see higher landing costs and delays in deliveries. This would affect not only domestic fuel prices but also supplies destined for neighbouring countries.

Tanzania could face similar pressure through the Dar es Salaam port corridor, another major route for petroleum imports serving inland markets.

Rwanda may be among the most vulnerable, as it depends entirely on fuel transported through Kenya and Tanzania.

Any supply delays or cost increases along these corridors would quickly translate into higher pump prices and increased transport costs within the country.

Shipping data indicates that oil shipments around the Cape of Good Hope surged by about 45 percent in early 2025 as vessels avoided the Suez Canal route.

The longer journey added between [illegible] and 14 days to delivery times and forced tankers to burn an additional 200,000 barrels of fuel daily, pushing freight costs higher.

Mr Ochieng warned that if the conflict continues even for a few more weeks, regional fuel markets could tighten significantly.

"Things will start getting tighter," he said. "Even if the Strait of Hormuz reopens, damaged infrastructure in the region means recovery will take time."

Dr Fred Muhumuza, an economist and lecturer at Makerere University Business School, warned that Ugandans may have to adjust to higher living costs.

"We cannot set the price of oil. Whatever it goes, we have to adjust," he said.

Dr Muhumuza noted that global oil prices have already surged to around $120 (Shs444,556) per barrel, up from about $70 (Shs259,324) earlier.

"It is frustrating, and the effect is about to hit pump prices," he said.

Another economist familiar with the oil industry warned that between [illegible] and 30 percent of refined petroleum products normally pass through the affected Middle East routes.

Experts say if the war continues for another month, fuel price increases could quickly translate into broader inflation across East Africa. Transport, food distribution, manufacturing, and electricity generation costs could all rise.

For now, governments and industry players are hoping for a diplomatic resolution that would allow global oil supply routes to stabilise.

OUR FUEL RESERVES

Uganda maintains strategic petroleum storage to cushion the country during supply disruptions. The main facility, the Jinja Storage Terminal, currently holds about 30 million litres of fuel, equivalent to roughly 188,000 barrels. However, the country consumes about 6.5 million litres of fuel per day, according to industry estimates. At that consumption rate, the existing reserves could sustain Uganda for about five to six days if imports were disrupted and no new deliveries arrived.