MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

BRIEFING

Jet fuel: Overview of supply chains and options to increase reserves

Date:	1 May 2026	**Priority:**	High
Security classification:	Restricted	**Tracking number:**	BRIEFING-REQ-0032014

Action sought		
	Action sought	**Deadline**
Hon Nicola Willis **Minister of Finance**	**Note** the contents of this briefing.	1 May 2026
Hon David Seymour **Associate Minister of Finance**		
Hon Chris Bishop **Associate Minister of Finance**		
Hon Shane Jones **Associate Minister of Finance**		
Hon Simeon Brown **Minister for Energy**		
Hon James Meager **Associate Minister of Transport**		

Contact for telephone discussion (if required)			
Name	**Position**	**Telephone**	**1st contact**
Justine Cannon	GM, Energy Markets	Privacy of natural persons [redacted]	✓
Dominic Kebbell	Manager, Fuel Supply Policy		
Kasturi Sukhapure	Senior Policy Advisor		

The following departments/agencies have been consulted
Ministry of Transport, Treasury

Minister's office to complete:

- ☐ Approved
- ☐ Declined
- ☐ Noted
- ☐ Needs change
- ☐ Seen
- ☐ Overtaken by Events

☐ See Minister's Notes ☐ Withdrawn

Comments

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Purpose

To provide you with an overview of jet fuel supply chains in New Zealand and potential options to increase jet fuel reserves in New Zealand.

Key messages

- Options to increase jet fuel reserves include purchasing physical jet fuel stock to be held in ships as floating storage or overseas, purchasing call options or using IEA tickets. Next steps depend on the Government's risk appetite and the extent to which the options provide additionality, public value and practicality.

- Global jet fuel supply is tight, which is being reflected in elevated prices. There is still a lot of volatility and uncertainty in global jet fuel supply chains. Despite this, fuel importers continue to supply jet fuel to New Zealand and are reporting no issues with forward orders, albeit at higher prices. Jet fuel demand is more elastic than diesel and demand is easier to manage.

- Fuel companies already had plans underway to increase jet fuel storage by 52ML over the next year in New Zealand (current storage is 198ML). The new storage would provide an additional 11 days of cover.

- Fuel companies and the aviation industry have not reported concerns about jet fuel security of supply. Commercial Information [redacted]

Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

a **Note** the contents of this briefing.

Noted

Privacy of natural persons [redacted]

Justine Cannon
General Manager, Energy Markets
Building, Resources and Markets, MBIE

01 / 05 / 2026

Hon Chris Bishop
Associate Minister of Finance
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Hon Nicola Willis

Minister of Finance

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Hon Shane Jones
Associate Minister of Finance

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Hon David Seymour

Associate Minister of Finance

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Simeon Brown
Minister for Energy

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Hon James Meager
Associate Minister of Transport
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Background

1. You have requested an overview of jet fuel supply in New Zealand and information on options to increase jet fuel reserves. This is intended to support discussions about jet fuel security and potential options to increase jet fuel reserves in New Zealand.

2. The Ministry of Transport (**MoT**) has already provided advice on the Jet Fuel Response Plan, which outlines an approach to government-led allocation and the decision-making process for moving up phases. Cabinet approved the Jet Fuel Response Plan on 28 April 2026, noting further work to be done on phases three and four and our Pacific obligations.

Jet fuel supply for New Zealand

3. Three of our five importers (bp, Mobil and Z Energy) import jet fuel into New Zealand. Gull and Timaru Oil Services only import petrol and diesel.

4. Commercial Information [redacted]

5. Given the catastrophic consequences if jet fuel fails, jet fuel is subject to strict fuel quality testing requirements to ensure our supplies align with international standards. Jet fuel batches must be tested and certified before uploading on the ship and offloading in New Zealand and each time it is transported between terminals. In tanks, it needs to settle for a period (typically 24-48 hours) for quality purposes before it can be certified for use.

6. The minimum stockholding obligation (**MSO**) requires importers to hold at least 24 days of jet fuel onshore or on ships in New Zealand's Exclusive Economic Zone. Since the MSO came into force on 1 January 2025, the obligated importers have held an average cover of 31.3 days of cover.

Fuel companies are due to commission more storage over the next year

7. New Zealand has a total storage capacity of 198ML for jet fuel across five terminals.

Commercial Information [redacted]

8. This is the maximum available storage in New Zealand currently. To maintain an efficient supply chain, tanks are on average half full (ie they get filled and discharged just like the fuel tanks in cars).

9. Fuel companies are increasing jet fuel storage in New Zealand. These increases were planned before the Iran conflict began. Commercial Information [redacted].

   a. Commercial Information [redacted]

b. **Z Energy's 30ML tank at Marsden Point:** Channel and Z Energy are converting a 30ML tank from crude oil to jet fuel storage. The tank was scheduled to be operational in Q1 2027 however it is now due to be commissioned early – by August 2026.

c. **bp, Mobil and Z Energy's 20ML tank at Wiri near Auckland airport:** The three fuel majors, under a joint venture, are converting a 20ML petrol tank to jet fuel at the Wiri terminal to comply with an MSO requirement coming into effect on 1 November 2026 to hold jet fuel at or near Auckland Airport.

10. As a result of this extra tankage, we will have additional jet fuel capacity of 32ML (around 7 days' storage) by August 2026 and an overall extra 52ML (around 11 additional days' storage) by Q1 next year. Free and frank opinions [redacted]

Storage (ML)	Current storage	May - June 2026	August 2026	Q4 26 - Q1 27
Northland	106		+30	
Auckland	51			+20
Wellington	16			
Canterbury	23			
Commercial Information [redacted]				
Total	**198**	**200**	**230**	**250**

Jet fuel demand and use

11. In 2025, we used around 1,760ML of jet fuel, with a majority in international flights (1,409ML) and the rest in domestic flights (351ML). This averages out to roughly 4.8ML per day, though demand is seasonal through the year.

12. Over 75 per cent of jet fuel use in New Zealand is in Auckland, accounting for demand from long-haul international flights. Auckland, Wellington, Christchurch and Queenstown airports together account for over 90 per cent of jet fuel use.

13. The sale and purchase of jet fuel is considerably different to diesel or petrol. Airlines buy jet fuel directly from suppliers and terms of the contracts vary by airline, airport and the volume and length of the contract. Pricing of fuel in the long-term contracts is based on Singapore jet fuel benchmark. All major airlines 'book' jet fuel 3-4 months in advance based on their operating schedules.

There are rising global concerns about jet fuel supply tightness

14. At the beginning of the Iran conflict on 28 February, prices rose sharply across crude oil and all refined products. Petrol prices levelled off after several weeks, indicating lower concern about petrol supply. Diesel and jet fuel prices continued to rise into early April, reflecting tighter market conditions for these middle-distillate fuels.

15. Market analysis by Envisory indicates that while supply is tight and prices are elevated, prices would be a lot higher if there were significant constraints to getting sufficient supply.

16. There are media reports and market commentaries about risks of jet fuel shortage in Europe. Airlines in Europe have already begun reducing flights and market commentators are expressing concerns of shortages as the demand for jet fuel goes up during the northern hemisphere summer travel peak in a few months.

17. In early March, China imposed restrictions on refined fuel exports and India has imposed tariffs on diesel and jet fuel exports limiting export incentive.

18. Commercial Information [redacted]

According to commentary from Argus oil market intelligence reports, the latest Chinese customs data shows that jet fuel exports in March were not as low as initially feared. It has further reported that Chinese refiners this week got approval to resume some exports to friendly nations. Given the stronger jet fuel margins, jet fuel exports are expected to precede other fuel exports.

19. South Korea has also imposed export volume caps since mid-March, but these have not impacted New Zealand imports given our supplies are within this allowed cap.

Confidential advice to Government [redacted]

Impact on New Zealand

24. Fuel companies or the aviation industry have not reported any material concerns with jet fuel supply. Preliminary stock data as at 11.59pm on 29 April shows that jet fuel cover has gone up by 9.5 days since the last report. This is due to a large ship that has just left for New Zealand, carrying almost 10 days of jet fuel.

25. Commercial Information [redacted]

26. Confidential information entrusted to the Government [redacted]

27. For domestic supply issues affecting regional connectivity, jet fuel can be tankered into the affected regions. Tankering is where an aircraft loads sufficient fuel for its return journey, so it does not require refuelling at its destination. This is not common practice unless there are localised disruptions, as an aircraft will burn more fuel to carry the weight of the tankered fuel (with increased cost to the airline).

28. Unlike diesel, jet fuel demand is fairly elastic and jet fuel users are concentrated with clear plans to manage allocation. We have seen demand reduction since the conflict began. Air

New Zealand has consolidated about four percent of its scheduled flights and Jetstar around 12 per cent. Commercial Information [redacted]

29. Given that the MSO requirements are calculated on a yearly average and we are just entering the low demand season over winter, our stockholding in terms of days' cover is anticipated to increase against actual monthly demand.[1]

Options to increase jet fuel reserves for New Zealand

30. You have asked for options to increase our jet fuel reserves. There are three main options:

    a. Increase our physical stockholding

    b. Invest in call options

    c. Utilise our IEA tickets to obtain jet fuel

31. These options are not mutually exclusive and can also be combined as hybrid options but regardless of the option, we would follow cost-effective and sound procurement and commercial processes.

32. Under all these options, in a disruption, we would need to first ship the fuel to New Zealand for use contingent on availability of shipping and logistics.

Physical supply

33. Fuel companies have not reported, and we are not aware of, any spare storage capacity for jet fuel in New Zealand that could be made available other than those already planned (see paragraph 10 above).

34. New jet fuel storage tanks typically take up to two years to design, line, certify, and commission once an investment decision is made. This is because unlike diesel tanks, jet fuel tanks require specialist storage and handling infrastructure, including specialist epoxy-lined tanks, dedicated filtration systems, water separation and drainage, and testing capability to meet aviation quality standards. Unlike petrol and diesel, jet fuel storage tanks must be regularly retested and recertified to ensure fuel meets the strict international standards.

35. Refurbishing tanks can also take up to two years depending on the condition of the tank. The 30ML Z Energy at Marsden Point, if operational by August, would have taken about two years from final investment decision to operation. However, the timing can be longer if issues appear in the tank wall or flooring that are only apparent once work has begun.

36. Commercial Information [redacted]

37. We consider that offshore physical supply options would involve a supplier or trader holding physical product in tanks overseas, most likely in Singapore or Malaysia. The government

[1] MoT is currently building a model to monitor jet fuel demand based on commercial airlines actual usage compared to pre-conflict scheduling. They will provide further information when this is available.

could lift the product as required and transport it to New Zealand. Commercial Information Commercial Information

38. Commercial Information

39. Free and frank opinions

Call options provide the ability to purchase fuel in the future

40. Confidential advice to Government

41. Call options allow the purchase of options on volumes of fuel which can be exchanged for physical product if required. The cost estimates depend on volumes and product at the time of purchase. Call options avoid the backwardation costs of physical options but are a right to buy rather than a physically secured on call product.

42. The upfront costs are low, but the execution cost is likely to be considerable in the scenario where government needs to access the fuel in what we expect could be an extremely tight market. In addition, a low risk exists that suppliers will not honour the contract due to availability of product.

43. Commercial Information It is also possible to explore geographic distribution, although consideration to time to deliver to New Zealand would be required.

Free & frank opinions, confidential advice to Government

Next steps

47. We will engage with the industry, in particular the affected participants such as airlines and airports to understand their exposure to fuel supply risks.

48. If Ministers wish to proceed with one of the options to increase our jet fuel reserves, we can provide advice on the options set out in this briefing. The preferred approach is likely to depend on the Government's risk appetite and the extent to which the options provide additionality, public value and practicality.