MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
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Date:	16 April 2026	**Tracking number:**	BRIEFING-REQ-0031185
For:	Restricted	**Signed out by:**	Justine Cannon GM, Energy Markets

Update on upstream fuel supply

Purpose

1. This note provides you with an update of how upstream fuel supply chain is functioning for New Zealand importers. It draws on MBIE's recent engagements with the offshore trading teams from four fuel New Zealand importers – Gull, Mobil, Timaru Oil Services (**TOSL**) and Z Energy (**Z**).

Upstream supply confidence and risks in current market conditions

Importer risk profiles vary, but all rely heavily on offshore trading and shipping

2. Across the fuel market, importers face different upstream risk profiles reflecting their scale, business models, and degree of vertical integration (ie owning a refinery). Mobil a larger, integrated importer that owns refineries has more levers to realign supply chains. Other importers, which rely on trading entities based in Asia to secure supply and arrange shipping on their behalf, face higher exposure to logistics disruptions and reduced forward visibility.

Overall, importers remain confident in physical supply to New Zealand but expect prices to remain elevated

3. Based on our engagement with fuel importers, MBIE's view is that upstream refined fuel supply into New Zealand is holding and that importers can secure supply. The main near-term risk is economic rather than physical, with higher prices, freight costs, and volatility expected if current conditions persist or escalate.

4. Overall, importers consistently report confidence in their ability to secure fuel. Fuel importers have diversified sourcing, strong trading relationships and access to global supply pools.

5. In normal times, importers are apt at adjusting cargo programmes, including swapping ships on the water, reallocating cargoes across markets or replacing cancelled parcels within short timeframes to maintain supply continuity. Importers have indicated that these measures are still part of business as usual as they maximise their supply chain efficiencies.

6. However, importers' confidence in securing fuel is conditional on New Zealand's willingness and ability to pay prevailing market prices.

7. Importers emphasised that price arbitrage is central to supply resilience. Prices in Asia need to rise enough to offset the additional freight cost of shipping fuel from more distant locations such as the US Gulf Coast, the Middle East (excluding the Persian Gulf) or Africa. Higher prices are therefore the primary mechanism through which additional supply is pulled into the region.

8. Importers indicated that as current inventories in Asia reduce, prices in Asia will likely need to rise again to offset freight costs of shipping from new locations, which are further afield. Importers also anticipate demand destruction playing a role in rebalancing the market, particularly for diesel.

Market remains deep and liquid, but shipping constraints and delays are emerging

9. The Asia-Pacific market remains liquid, with fuel available to be sourced, although delays and logistics pressures are emerging as supply chains realign. Asian refiners have continued supplying the market by securing crude from alternative regions to keep operating, albeit at lower output capacity. We provided a schematic showing pre-war and realigned global oil flows in the AoG pack on 16 April 2026.

10. The key issue in global supply chains is shipping availability. Vessels are travelling further to bring crude back to Asian refineries. Due to this, longer voyages tie up ships for extended periods, creating delays even where fuel supply exists.

Price volatility is high and refining conditions remain uncertain

11. Global fuel prices remain volatile. Forward risks include further price volatility if disruption persists, if demand rebounds, or if export controls intensify in key fuel-exporting countries.

12. Scheduled refinery maintenance across Asia presents an additional emerging risk. Some maintenance outages may have been deferred during the current disruption. Decisions to reschedule these shutdowns in coming months could temporarily reduce regional refining capacity and constrain export availability for markets such as New Zealand. The recent fire at Australia's Geelong refinery may put further pressure on supply and shipping, although potential impacts are not yet known.

13. Annex One sets out key points from our discussion with the fuel importers on upstream supply confidence and outlook.

Annex One

Commercial Information

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