

Spillover Effects: How the Iran crisis threatens food security

-Focus on Myanmar

WFP MYANMAR COUNTRY OFFICE

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Overview

The escalation of the US–Israel conflict with Iran on February 28, triggered severe global energy market disruptions, including the temporary closure of the Strait of Hormuz. This removed an estimated 20% of global oil supply, driving international prices up by more than 50%. As Myanmar relies on imports for 90% of its fuel, the shock has resulted in acute shortages, widespread rationing, and significant disruptions to transport and market systems.

Since the beginning of March 2026, long queues formed at fuel stations across Myanmar as prices rose sharply and shortages emerged in many areas. The military council announced that the country has approximately 50 days of strategic fuel reserves and that 16 additional fuel tankers are expected to arrive soon. Nonetheless, public concern remains high.

Starting March 7, authorities introduced refueling restrictions in many cities: vehicles with even and odd license plate numbers may purchase fuel only on designated days. In major cities such as Yangon, Mandalay, and Naypyidaw, very long queues were reported from March 4 onward. Many stations either halted sales entirely due to shortages or limited customers to small daily allocations. As a result of these unofficial restrictions, black-market fuel prices have risen noticeably.

Summary

- **Iran conflict–driven global oil disruption** has triggered nationwide fuel scarcity in Myanmar, forcing strict government rationing and leaving transporters and logistics operations facing high uncertainty.
- **Myanmar is among the hardest-hit countries in Asia**, relying on imports for **90% of refined fuel**, primarily sourced from Singapore and Malaysia, both of which depend heavily on Middle Eastern crude.
- **Physical shortages are widespread**: During 8–21 March, Yangon recorded queues of more than **70 vehicles** at some stations, with several stations temporarily shuttered due to delayed tanker docking.
- **Government rationing began on 7 March**, including an “even–odd” driving rule and QR-coded daily fuel purchase limits (50,000 MMK for cars; 10,000 MMK for three-wheelers; 5,000 MMK for motorcycles) except for EVs, cargo and emergency services.
- **Major urban centers (Yangon, Mandalay, Nay Pyi Taw)** show long queues, periodic closures, and rapid price volatility, disrupting private transport, public transit, and commercial logistics.
- **Border and conflict-affected regions** (Rakhine under AA control, Kayah, Thai border areas) face the highest risk of prolonged shortages due to potential halts in Thai fuel exports, resulting in severe scarcity and extreme price spikes.
- **Cross-border supply chains have been disrupted**: In Tachileik and Myawaddy, fuel from Thailand was cut or sharply reduced, with prices tripling before supplies dried up. Commercial activity and movement of goods were halted for several days.
- **Logistical bottlenecks in regional hubs**, including Singapore, are delaying fuel imports and driving up shipping, freight, and insurance costs, further limiting domestic availability.
- **Agricultural impacts are emerging**: Rising fertilizer prices, restricted fuel access for machinery, and labor shortages at ports threaten the upcoming cultivation season, with production costs expected to double if instability continues.
- **Nationwide rationing is expected to affect small and medium-scale farmers and transport operators**, limiting agricultural production, distribution, and access to markets.
- **Fuel scarcity is directly inflating transport costs**, raising food prices and compounding the economic stress on households already affected by conflict and a weakened currency.

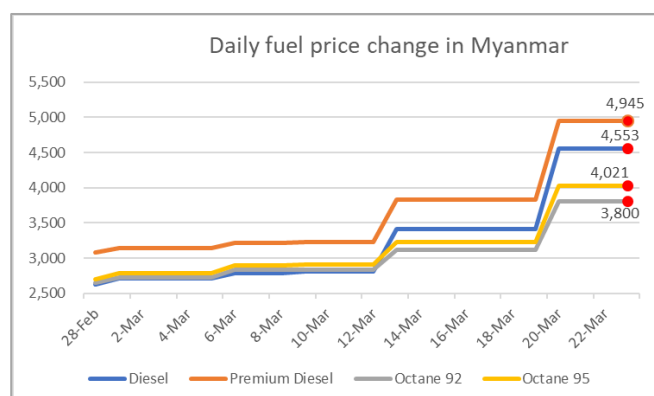


Fig 1 Diesel and Octane price trends Myanmar

Affected on Myanmar Fuel price

Over a two-week period, national-level diesel and Octane 95 prices rose by **34% and 24%**, respectively, according to the Myanmar Petroleum Regulatory Department. However, on the parallel market, prices have doubled or even tripled depending on the state or region. In conflict-affected areas—including Rakhine, the Northwest, and Kayah State—severe movement restrictions and high transportation costs have further driven up the prices of essential goods.

Price of diesel across the country and percentage increase

Township	Yangon	Mandalay	Hpa-An	Mawlamyaing	Loikaw	Dawei	Myitkyina	Sittwe	Sagaing (OhTaw)	Magwe	Taunggyi	Lashio
4th week of Feb 2026	2,482	2,592	2,567	2,900	2,627	2,612	4,830	5,000	2,632	2,597	2,602	2,637
2nd week of Mar 2026	29%	28%	28%	44%	28%	28%	105%	50%	28%	28%	28%	28%
2nd week of Mar 2026	3,205	3,320	3,295	4,185	3,350	3,340	9,900	7,500	3,360	3,325	3,330	3,365
3rd week of Mar 2026	77%	74%	74%	72%	73%	73%	128%	100%	72%	74%	74%	73%
3rd week of Mar 2026	4,390	4,500	4,475	4,990	4,535	4,525	11,000	10,000	4,540	4,510	4,515	4,550

Supply chain and import (Supply chain)

- **Fuel scarcity is severely constraining transporter operations**, with drivers often required to visit multiple filling stations to obtain minimal quantities—resulting in significant delays in cargo dispatch and overall logistics movement.
- **Long-haul transport has become increasingly unreliable**, and suppliers report they can no longer guarantee timely stock availability under current fuel and market conditions.
- **Cross-border disruptions with Thailand**—particularly in Myawaddy and Tachileik—have slowed or halted trade flows, creating shortages and tightening domestic market supply chains.
- **Marine transport in Tanintharyi and parts of the southeast is also affected**, with fuel shortages limiting vessel operations and undermining last-mile delivery for humanitarian cargo.
- **ASEAN shipping corridors remain functional**, and several fuel tankers have recently arrived at Thilawa Port, though overall supply flows remain fragile.
- **Asia World Port continues to experience intermittent congestion**, including periodic 2–3 hour closures that slow cargo handling and vessel turnaround.
- **Air freight routes from China, India, and Bangkok remain fully operational**, ensuring continuity for high-priority and time-sensitive humanitarian cargo.

Fuel and Transport

State and Region Situation

Yangon, Mandalay, Naypyidaw

Severe queuing has been reported across most townships, with many fuel stations imposing strict purchase limits or temporarily shutting down due to depleted stocks. Volatility in retail pricing remains high, and availability fluctuates throughout the day, causing significant disruption to daily mobility and commercial activity.

Rakhine

Fuel prices have risen sharply across Rakhine, with particularly acute increases reported in Kyaukphyu and surrounding areas. Communities fear a return to the severe shortages experienced during previous periods of intense conflict. In Sittwe, the state capital, prices have nearly tripled: the local price of Octane 92 rose from 17,000–18,000 MMK per liter to around 40,000 MMK per liter during the first week of March. Households and businesses are scaling back movement in anticipation of further supply disruptions.

Thai-Myanmar border areas

Following the Strait of Hormuz closure, Thai authorities signaled the potential suspension of fuel exports, triggering panic buying on both sides of the border. This has created heightened instability in cross-border fuel supply routes. In areas heavily dependent on Thai fuel—such as Kayah, Kayin, and other frontier regions—shortages and steep price hikes have intensified. Local residents report reducing vehicle use and operating machinery only when strictly necessary.

Shan

Fuel availability has deteriorated rapidly in Shan, especially in Taunggyi and Tachileik. In Tachileik, fuel supplies from Thailand ceased on 2 March, immediately triggering localized shortages. Prices for diesel and 92-octane petrol climbed to 2,500–13,000 MMK per liter, and many stations have been operating on rotational closures due to insufficient stock.

Southern Shan

Local communities report having only around 10 days of fuel stock remaining, and prices in southern Shan have surged to 3,600 MMK per liter under strict rationing measures. Transport services, agricultural operations, and daily livelihoods are being heavily disrupted as residents reduce travel and conserve remaining supplies.

Kayah

Fuel prices have risen steeply to 8,000–10,000 MMK per liter, an increase of roughly 2,000 MMK per liter within days. Residents report continued upward pressure on prices. The inflationary effects are spreading: the price of rice has climbed to 25,000–30,000 MMK per bag, placing additional strain on already vulnerable households.

Sagaing

Private vehicles are limited to 12–15 liters per day, and outside military-controlled areas many residents must rely on the more expensive and unreliable parallel market, further straining household budgets and local transport.

Kachin

In Myitkyina, Hpakant, and surrounding areas, fuel prices have increased from 6,800 MMK to approximately 9,900 MMK per liter. Several stations have closed temporarily due to depleted stocks, forcing drivers to travel long distances in search of fuel and contributing to localized mobility constraints.



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