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Bunker fuel shortages in Asia at tipping point as war disruption continues

Supplies of bunker fuel are tightening in Singapore, one of the world's busiest refueling hubs. Photo credit: Fajar Agung Purianto / Shutterstock.com.

Greg Knowler, Senior Editor Europe | Mar 25, 2026, 2:48 PM EDT

The availability of bunker fuel in Asia for ocean carriers is manageable for now but beginning to tighten, and global suppliers warn that shortages will be felt around the world should the Strait of Hormuz remain closed to ship traffic for much longer.

Meanwhile, carriers are deploying a range of strategic operational and financial measures to mitigate the potential fuel shortages and the rising prices that will result. These include slow steaming to conserve fuel, filling ships in the US and Europe and transferring bunkers to Asia, and levying emergency fuel surcharges to recover rising costs.

The implications of widening fuel shortages on container shipping operations could be profound, according to Erik Deventak, chief technology and data officer at rate benchmarking platform Xeneta.

“In a worst-case scenario, any bunker shortage will hit supply because a carrier cannot run as many ships,” he said. “There’s no way around it and carriers will eventually need to reduce supply, likely through blank sailings.”

While Deventak added a caveat — “realistically, no one is fully aware of what the scale of the bunker shortages could be” — he said the carriers would need to be selective on which services they were prepared to operate and which would be suspended.

Hapag-Lloyd spokesperson Tim Seifert said the impact on the carrier’s operations so far was “limited and manageable,” but that Hapag was taking contingency measures to mitigate potential shortfalls.

“We are taking on more fuel in ports where we would normally buy less to keep stock levels high,” he said. “As a fallback, we are considering bunker-only calls, but this has not been necessary so far.”

About one-fifth of the world’s crude oil and refined products — 20 million barrels per day — is exported via the Strait of Hormuz, but that slowed to a trickle after the US and Israel began air strikes on Iran on Feb. 28. Export volumes of crude and refined products exiting the strait are currently at less than 10% of pre-war levels, forcing fuel suppliers across the region to reduce or shut down production.

Bunker stocks that were already in the fuel supply chain and en route to refueling hubs when the war started have now been delivered, and those ports are running down their inventories. With Hormuz essentially unavailable to commercial shipping, there is no replenishment inbound.

“If the Strait of Hormuz were to remain inaccessible, we would expect the market to tighten further — not only across Asia, but also into Europe and potentially parts of Africa,” Mikkel Kannegaard, head of global supply at Bunker Holding Group, the world’s largest bunker fuel supplier and trader, told the *Journal of Commerce.*

“In Asia, availability remains acceptable so far, although supply uncertainty and backwardation are pushing up the delivery premiums,” he added. “At this stage, supply in Singapore and China appears to be holding up and looks manageable into April.”

Backwardation is a market structure in which the spot price of a commodity is higher than its futures price, which can be a sign of supply disruptions.

Emergency reserves inbound

To address disruptions to oil markets stemming from the war in the Middle East, the 32 member countries of the International Energy Agency (IEA) on March 11 agreed to make 400 million barrels of oil from their emergency reserves available to the market.

While the market has welcomed the measure, the fuel-strapped markets in Asia will not see the emergency reserves for at least two months, according to Sebastiaan Kosman, founder of bunker fuel analytics firm Spotbarge.

“Even if you ship the oil now from the Amsterdam, Rotterdam, Antwerp area [known as ARA] to Asia, it will take two months to get the product loaded, shipped and refined,” Kosman said.

Container shipping uses a range of different fuels, predominantly very low sulfur fuel oil (VLSFO), high sulfur fuel oil (HSFO) and low-sulfur marine gasoil (MGO). Liquefied natural gas (LNG) demand is increasing as more dual-fuel ships hit the water, but its usage depends on its price differential compared with conventional fuels, particularly MGO.

Bunker fuel prices soared when the war began but have fallen over the past few days. The March 24 prices from Singapore assessed by industry platform Ship & Bunker show VLSFO up 71% since late February at $894 per metric ton but down 10% since the start of the week. MGO is up 151% at $1,784/metric ton but has fallen 8% this week.

The largest pricing decline was from HSFO. After rising 146% since the end of February to a high of $1,073/mt on March 9, the heavy fuel dropped steadily to $712/mt by March 24.

Rotterdam fuel prices have also fallen this week and are substantially lower than Singapore. As of March 24, VLSFO was at $757/mt, up 54% compared with Feb. 27; MGO at $1,334/mt was almost double the pre-conflict level, and HSFO was up 63% at $714/mt, according to Ship & Bunker.

Kosman said Singapore’s crude oil comes from the Middle East and the supply chain disruption was widening the bunker fuel price differential between Singapore and Rotterdam.

“That already gives you indication that Singapore is really tight,” he noted. “If Hormuz remains closed in the long term, bunkers in Singapore, Korea or Japan will be empty way earlier than terminals in Antwerp and Rotterdam.”

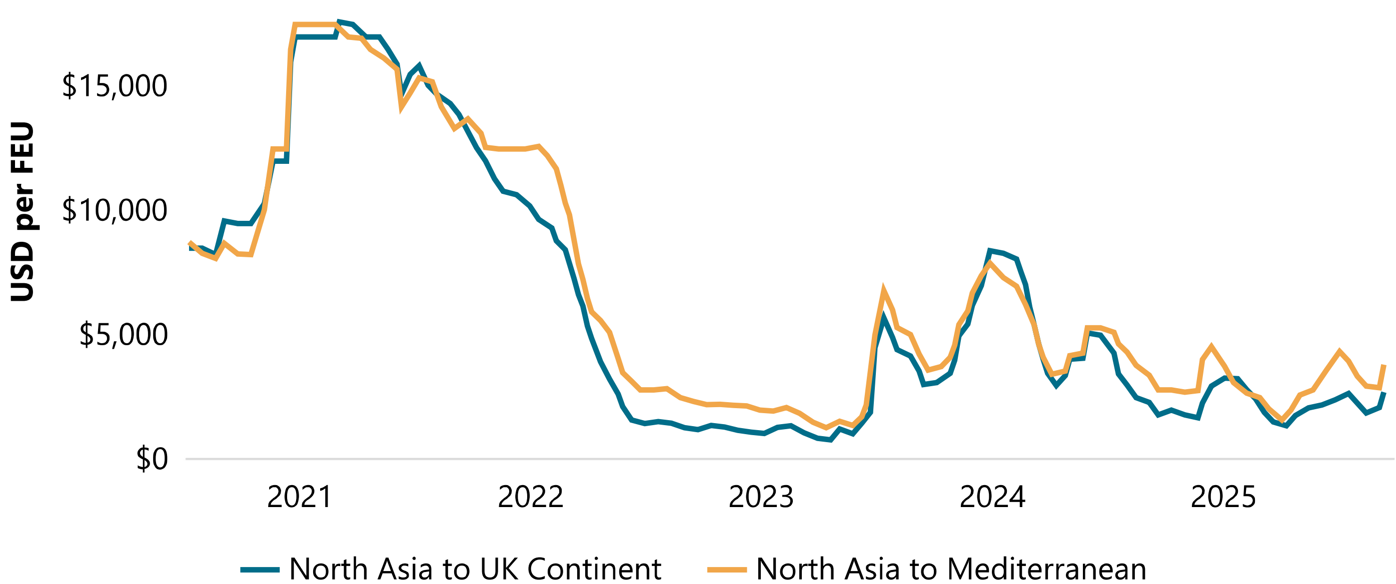
Offsetting fuel price impact

To recover bunker costs that comprise half their operating expenses, carriers have rolled out emergency fuel surcharges on top of the quarterly bunker adjustment factors (BAFs) that were no match for fuel prices that doubled in two weeks. Analysts at investment bank Jefferies said in a note to customers this week that rates would need to strengthen by 15% to fully offset the impact of rising fuel prices, which would be challenging given the excess capacity in the market.

On Monday, the US Federal Maritime Commission unanimously rejected separate requests from four ocean carriers to waive a 30-day notice period to implement surcharges tied to the war in the Middle East, forcing the four to wait until early April to charge their shipper customers.

Asia-North Europe rates 41% above pre-war levels

North Asia to Europe and Mediterranean container short-term rates in USD per FEU



Source: Platts, S&P Global

6M 1Y YTD MAX

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Meanwhile, spot rates on the Asia outbound trade lanes rose through March but have softened on Asia-Europe and flattened or even fallen on some trans-Pacific routes, according to the various pricing indexes tracked by the *Journal of Commerce.*

Asia-North Europe rates this week are 41% above their pre-war levels at $2,800 per FEU, while Asia-Mediterranean rates are up 34% at $3,800/FEU, according to Platts, a sister company of the *Journal of Commerce* within S&P Global. However, prices on both trade lanes softened in the past week. Although rates from Asia to the US West and East coasts rose in the first week of the war, they have since fallen below Feb. 28 levels.

Deventak said although the rising price of fuel will drive up the price of shipping in the short term, he noted that the underlying market fundamentals remained in place — an oversupply of vessel capacity and demand that has been softened by a weak global economy.

“We have seen the initial shock to container shipping, but the ultimate supply and demand structure has not massively changed since the conflict escalated, and it is this supply-demand balance that carries most weight in driving freight rates rather than carriers’ costs,” he said.

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