ASEAN Pushes for Regional Fuel Stockpile Amid Strait of Hormuz Energy Crisis

Calls for a regional fuel stockpile reflect growing recognition that energy security can no longer be resolved by each nation acting on its own. Southeast Asia's jet fuel crunch has made the case clear. The Strait of Hormuz exposed a hard truth for Southeast Asia: a supply chain is only as resilient as its most vulnerable point.

- *Calls for a regional fuel stockpile at the 48th ASEAN Summit in Cebu in May 2026 highlight growing concerns over Southeast Asia's energy vulnerability.*
- *The ongoing disruption linked to the Strait of Hormuz blockade has triggered:*
  - *Flight route suspensions*
  - *Fuel rationing*
  - *Travel reductions*
  - *Supply chain disruptions*
- *The International Energy Agency described the crisis as "the greatest threat to global energy security in history."*
- *The International Air Transport Association warned of worsening jet fuel shortages.*

Southeast Asia's Heavy Dependence on Middle Eastern Energy

- *ASEAN economies are highly exposed because:*
  - *About 55% of ASEAN crude oil imports come from the Middle East.*
  - *Nearly 28% of regional fuel consumption is tied to Middle Eastern supply chains.*
- *The Strait of Hormuz is critical because it normally carries around one-fifth of global oil supply.*
- *Southeast Asia's tourism-driven aviation sector is particularly vulnerable due to rising air travel and jet fuel demand.*

The "Double Dependency" Problem

The crisis exposed ASEAN's "double dependency" structure:

1. Dependence on Middle Eastern Crude Oil

- *ASEAN's largest crude suppliers are:*
  - *United Arab Emirates*

    - *Saudi Arabia*
- *Together they account for 45% of ASEAN's non-ASEAN oil imports.*
- *The UAE alone supplies 28% of ASEAN crude imports.*
- *ASEAN's crude oil trade deficit rose to 144.2 million metric tons in 2024, up 7.4% year-on-year.*
- *No ASEAN member is currently a net oil exporter.*

2. Dependence on Regional Refining Hubs

- *Many ASEAN countries rely on regional refining centers for aviation fuel.*
- *Key refining hubs include:*
    - *Singapore*
    - *Thailand*
    - *Indonesia*
    - *Malaysia*
    - *Vietnam*
- *Singapore has the region's highest refining capacity at 1.482 million barrels per day.*
- *Countries such as Laos, Cambodia, Myanmar, and the Philippines depend heavily on imported jet fuel from neighboring ASEAN states.*
- *Laos imports over 98% of its jet fuel from Thailand.*

External Refining Dependence Adds Risk

- *ASEAN also depends on external refining hubs in:*
    - *China*
    - *South Korea*
- *The Philippines and Vietnam source more than half of their jet fuel imports from China and South Korea.*
- *During the crisis:*
    - *China restricted refined fuel exports.*
    - *Thailand and South Korea imposed export restrictions.*
    - *Asian refineries reduced crude processing due to feedstock shortages.*
- *Refinery runs across Asia reportedly fell by nearly six million barrels per day.*

Economic and Aviation Impact

Decline in Airline Capacity

- *Southeast Asian airline seat capacity declined 3.1% in May 2026 compared to 2025.*
- *Domestic seat capacity dropped nearly 5%.*

Most Affected Countries

- *Indonesia recorded the steepest decline:*
    - *Down 7%*
    - *Around 752,000 fewer seats*
- *Thailand followed:*
    - *Down 4.7%*
    - *Roughly 336,000 fewer seats*
- *Vietnam, Singapore, and Malaysia also experienced declines.*

Airlines Cutting Operations

- *Cathay Pacific and HK Express reduced flight schedules.*
- *Thai Airways reduced or cancelled over 46 domestic and international routes.*

Tourism Economies Under Pressure

- *Oxford Economics identified:*
    - *Philippines*
    - *Thailand*

as the ASEAN economies most vulnerable to a jet fuel-driven aviation slowdown.

- *Reduced connectivity threatens:*
    - *Tourism revenues*
    - *Hospitality industries*
    - *Regional service sectors*
    - *Employment*

ASEAN's Proposed Regional Fuel Stockpile

- *ASEAN leaders discussed creating a coordinated regional oil stockpiling mechanism.*

Potential Benefits

- *Collective fuel procurement*
- *Better bargaining power*
- *Emergency supply buffers*
- *Reduced vulnerability to geopolitical disruptions*
- *Greater intra-ASEAN energy cooperation*

Likely Storage Hubs

Potential reserve hosts include:

- *Singapore*
- *Malaysia*
- *Thailand*
- *Indonesia*

due to their existing:

- *Port infrastructure*
- *Storage capacity*
- *Refining facilities*

Key Challenges

ASEAN would need agreement on:

- *Financing*
- *Ownership rights*
- *Access rules*
- *Governance mechanisms*
- *Host-country control*

Strengthening Regional Energy Cooperation

- *ASEAN leaders also emphasized strengthening the:*
  ASEAN Petroleum Security Agreement
- *Singapore Prime Minister Lawrence Wong supported deeper regional coordination.*
- *APSA already provides mechanisms for voluntary petroleum sharing during shortages.*

Importance of Alternative Energy Corridors

UAE's ADCOP Pipeline

- *The Habshan-Fujairah pipeline (ADCOP) gained strategic importance during the Hormuz disruption.*
- *The pipeline bypasses the Strait of Hormuz by connecting Abu Dhabi oil fields directly to Fujairah on the Gulf of Oman.*
- *ADCOP capacity:*
  - *Approximately 1.5 million barrels per day*
- *Fujairah exports rose sharply from:*
  - *1.17 million barrels/day in February 2026*
  - *To 1.62 million barrels/day in March 2026*

Saudi Arabia's East-West Pipeline

- *Energy analysts noted that:*
  - *Saudi Arabia's East-West pipeline*
  - *UAE's ADCOP pipeline*

could partially offset disruptions to Hormuz oil flows.

Key Strategic Lesson for ASEAN

- *The crisis has demonstrated that ASEAN's energy security depends not only on diversifying suppliers but also on:*
  - *Building resilient transport corridors*
  - *Expanding regional storage capacity*
  - *Strengthening refining resilience*
  - *Improving regional coordination*
- *The Strait of Hormuz disruption exposed a fundamental vulnerability in Southeast Asia's interconnected energy supply chains.*

[ABS News Service/26.05.2026]

Calls for a regional fuel stockpile at the 48th Association of Southeast Asian Nations (ASEAN) Summit in Cebu in May 2026 reflect a growing recognition that energy security can no longer be treated purely as an isolated concern by each affected nation. Across the region, flight route suspensions, travel reductions, and fuel rationing mechanisms have emerged as visible reminders of how deeply Southeast Asian economies remain tied to global energy supply chains. The scale of the disruption has drawn attention from global energy and aviation bodies: The International Energy Agency described the current crisis as “the greatest threat to global energy security in history,” while the International Air Transport Association raised concerns over a worsening jet fuel crunch.

Southeast Asia’s aviation sector is particularly vulnerable. The region has become a key driver of jet fuel demand owing to its tourism-dependent economies and rapidly expanding aviation market. Airport expansion projects across Vietnam, Indonesia, and the Philippines have significantly increased passenger traffic, route connectivity, and aviation fuel consumption, while simultaneously deepening the region’s exposure to disruptions in global fuel supply chains.

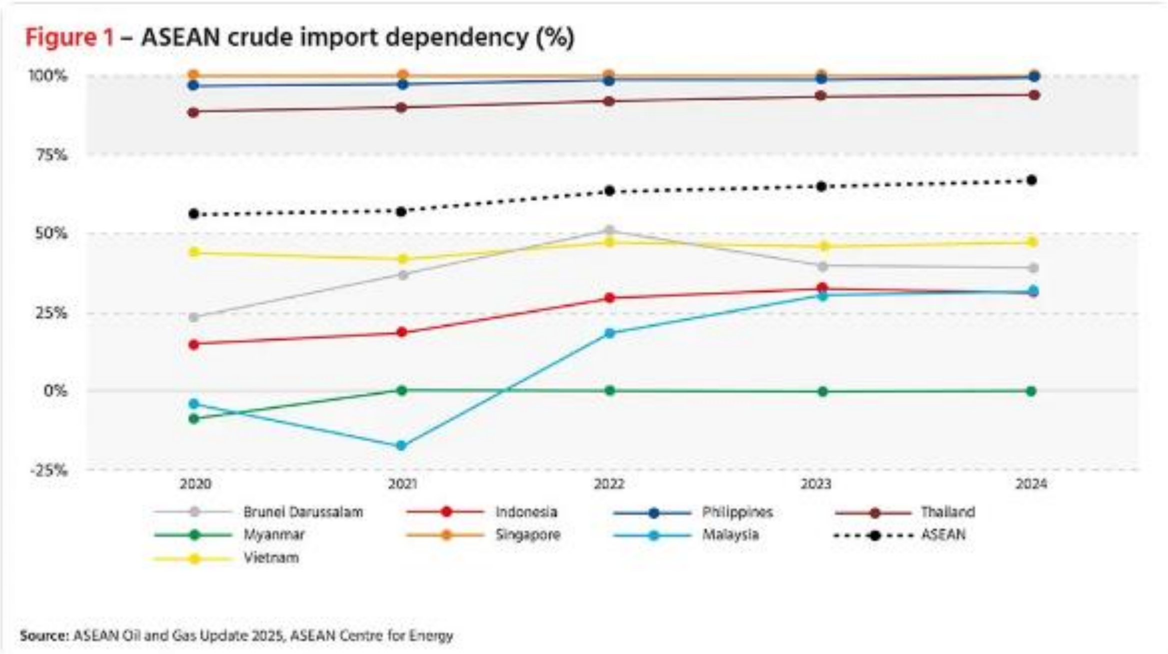
Around 55% of ASEAN’s crude oil imports originate from the Middle East, while nearly 28% of the region’s final fuel consumption remains directly at risk from disruptions to Middle Eastern supply chains through both direct imports and refined fuels, including jet fuel, produced in Gulf states and within ASEAN. Given this heavy dependence on oil supplies, the closure of the Strait of Hormuz poses a major threat to Southeast Asia’s manufacturing and aviation sectors and broader energy security.

The double dependency challenge

Framing the jet fuel shortage merely as a supply shock caused by the Hormuz blockade underplays the complex structure of jet fuel procurement in Southeast Asia. ASEAN’s aviation system not only relies heavily on Middle Eastern crude oil but is also embedded within a network of regional refining hubs that process crude into aviation turbine fuel and redistribute it to sustain international air connectivity.

This leaves ASEAN economies exposed in different ways. Countries with refining capacity, such as Singapore and Malaysia, remain vulnerable to crude supply shocks because they depend on imported feedstock. On the other hand, countries with little or no refining capacity are exposed further downstream, relying on those hubs for jet fuel and Middle Eastern crude to meet their demand for final oil products across multiple industries. As a result, while all countries are exposed to ongoing geopolitical tensions in the Middle East, they can be divided into two categories — those with or without refining capacity.

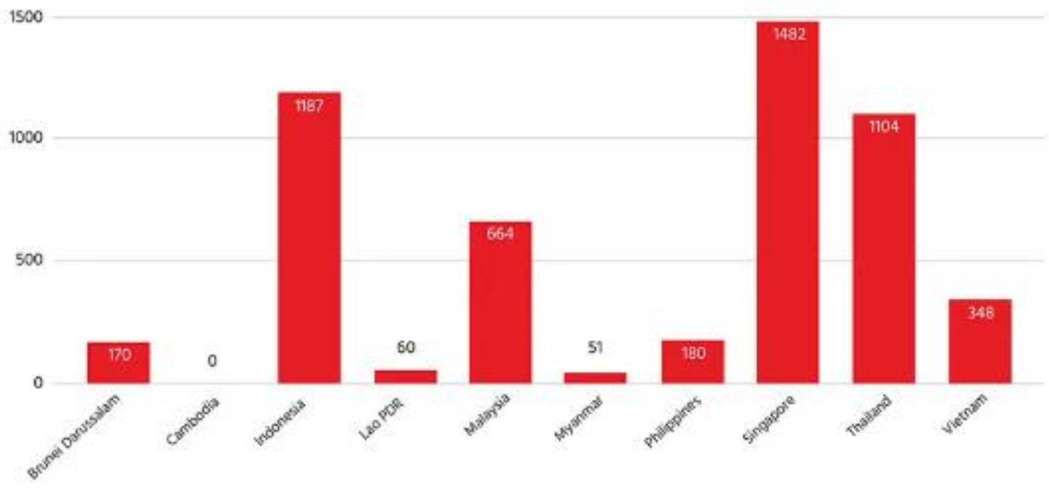
The first pressure point lies in the upstream stage of crude oil sourcing. ASEAN’s biggest suppliers of crude oil are the United Arab Emirates (UAE) and Saudi Arabia, which account for 45% of the region’s non-ASEAN oil imports. The UAE alone supplies 28% of the region’s total crude imports. Rising demand, combined with declining domestic production, pushed the bloc’s crude oil trade deficit to 144.2 million metric tons in 2024, a 7.4% increase from the previous year. No ASEAN member state is a net oil exporter, highlighting the region's growing import dependence.



Even countries with refinery capacity remain constrained by their need for imported crude. Singapore, which acts as a refining hub for ASEAN, has 100% crude import reliance. Malaysia's crude oil imports, primarily from Saudi Arabia, reached US$3.37 billion in the third quarter of 2024. This import dependence leaves ASEAN countries exposed to fuel shortages and global price shocks as disruptions to Middle Eastern supplies persist. Benchmark Brent crude oil prices, originally expected to remain around US$60–70 per barrel in 2026, surged to nearly US$105 per barrel in April. Dubai crude futures soared to US$137.82 on 19 March, doubling from a month earlier.

The second source of risk lies downstream, where aviation fuel production depends on a small group of regional refining centers. For ASEAN member states with limited domestic refining capacity, this creates the burden of a double dependency: they rely on external crude oil imports, particularly from the Middle East, and on regional refining hubs for the supply of aviation fuel. Refining capacity within Southeast Asia remains concentrated in a handful of countries, most notably Singapore, Thailand, Indonesia, Malaysia, and Vietnam. Singapore, with four refineries, has the region's highest refinery capacity of 1.482 million barrels per day, followed by Indonesia, Thailand, and Malaysia with a total refining capacity of 1.187 million, 1.104 million, and 664,000 barrels per day, respectively.

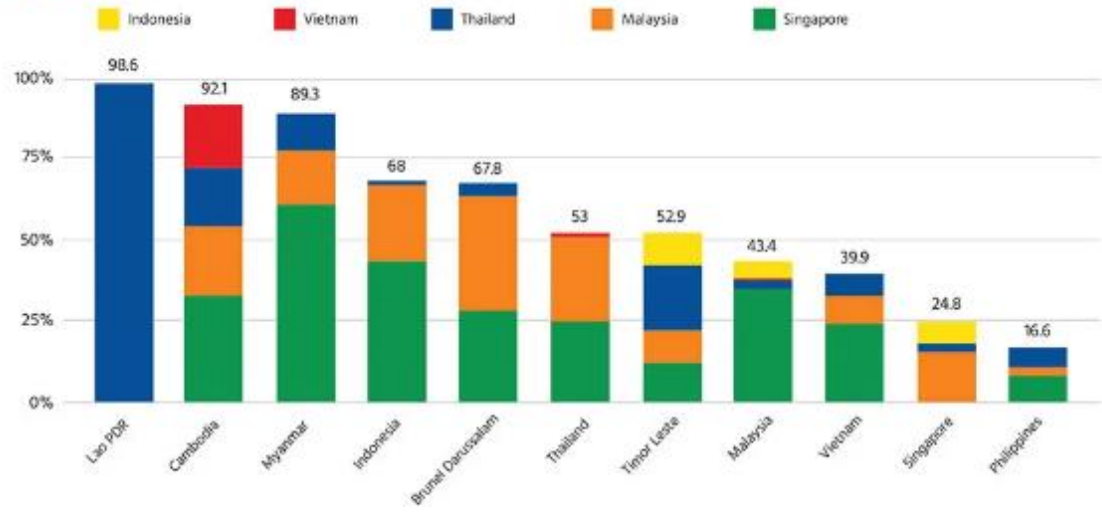
Figure 2 – Refining capacity across ASEAN (thousand barrels per day)



Source: Trademap.org

This matters because neighboring ASEAN economies with little or no refining infrastructure are dependent on these regional hubs to meet their growing jet fuel demand, deepening intra-regional energy interdependence and exposing the region to broader supply chain vulnerabilities. Intra-ASEAN jet fuel trade data (HS 271019) shows how concentrated this dependence has become. Countries such as Laos, Cambodia, Myanmar, and the Philippines have particularly high reliance on regional suppliers within ASEAN to meet domestic aviation fuel demand. Laos imports over 98% of its jet fuel requirements from Thailand. Singapore, with its high refining capacity, emerges as the central node within this network, serving as a major supplier across multiple ASEAN economies, while Malaysia and Thailand also play significant roles in regional redistribution of refined jet fuel.

Figure 3 – Intra-ASEAN jet fuel import dependence by source country (%)



Source: Trademap.org

Beyond Southeast Asia, refining hubs in countries such as China and South Korea play a key role in helping ASEAN meet its jet fuel demand. For instance, the Philippines and Vietnam depend on China and South Korea for over 50% of their jet fuel needs, while over a quarter of South Korea's refined fuel exports are destined for ASEAN economies.

This dependence becomes more precarious when countries with refining capacity begin prioritizing their domestic needs. As the fuel shortage deepened with the onset of the Hormuz blockade, China restricted refined oil and jet fuel exports, while Thailand and South Korea followed with their own export restrictions, further tightening jet fuel availability. Several Asian refineries reduced crude oil processing in April and early May, with lower import volumes and declining oil inventories indicating that countries such as Malaysia, Singapore, and Taiwan were operating at significantly reduced refining levels. Data from April indicated that refineries across Asia, facing crude feedstock constraints, cut runs by nearly six million barrels per day.

What began as a fuel supply shock is now weighing on travel, tourism, and the wider service economy. Airline seat capacity across the Southeast Asian market declined by 3.1% in May 2026, compared to 2025, with domestic capacity down nearly 5%. Indonesia saw the steepest decline, with capacity falling by 7% year-on-year, equivalent to nearly 752,000 fewer seats, followed by Thailand with a 4.7% reduction or roughly 336,000 fewer seats. Vietnam, Singapore, and Malaysia also registered notable declines in seat capacity. For instance, Cathay Pacific and HK Express moved to reduced schedules through June. Thai Airways announced the reduction or cancellation of more than 46 domestic and international routes starting in May.

For tourism-dependent economies, the timing is especially devastating. Oxford Economics identified the Philippines and Thailand as the two Southeast Asian economies most exposed to a jet fuel-triggered aviation downturn specifically because of how heavily their gross domestic product and employment depend on international tourism. As flight suspensions and higher fuel costs weaken intra-regional connectivity, it does not merely reduce tourist numbers but also strain the broader ecosystem of service industries built around regional travel.

Ways forward

Against this backdrop, the proposal for a regional fuel stockpile discussed at the 48th ASEAN Summit in Cebu in May appears timely and strategically useful. A coordinated regional oil stockpiling mechanism would enable ASEAN economies to collectively bargain and procure fuel based on varying national requirements, thereby strengthening the bloc's overall energy resilience. During periods of geopolitical disruption, such a mechanism could also help absorb shocks, particularly for highly import-dependent economies vulnerable to supply interruptions and price volatility. Furthermore, a regional stockpile could help countries such as the

Philippines and Vietnam reduce extra-regional dependence while fostering greater trust, coordination, and strategic interdependence within ASEAN itself.

The operationalization of such an initiative would, however, require ASEAN member states to address several critical questions, particularly concerning financing mechanisms and the selection of storage locations. Countries with established port and refining infrastructure such as Singapore, Malaysia, Thailand, and Indonesia naturally emerge as the most viable candidates for hosting regional reserves. Yet, this also raises longer-term concerns surrounding ownership structures, access rights, and the balance of host-country control, underscoring the need for a clearly defined and mutually agreed regional framework.

This should be pursued alongside deeper regional energy cooperation through the full ratification and strengthening of the ASEAN Petroleum Security Agreement (APSA), as highlighted by Singapore Prime Minister Lawrence Wong. Supported by the ASEAN Centre for Energy, APSA already provides mechanisms for the voluntary sharing of petroleum resources during supply disruptions or shortages. Strengthening this mechanism could provide ASEAN with a practical foundation for advancing new initiatives such as a regional oil stockpiling system.

Beyond ASEAN's ongoing supply diversification efforts to source from Brunei, Libya, and the United States, alternative trade and transport corridors offer critical lessons for strengthening long-term regional energy resilience. In this context, the Habshan-Fujairah pipeline, also known as the Abu Dhabi Crude Oil Pipeline (ADCOP), has gained renewed strategic relevance amid disruptions around the Strait of Hormuz. Linking Abu Dhabi's inland oil fields directly to the port of Fujairah on the Gulf of Oman, the pipeline allows crude exports to bypass the Strait entirely, avoiding one of the world's most vulnerable maritime chokepoints. Operational since 2012, ADCOP has a design capacity of approximately 1.5 million barrels per day, while Kpler data shows Fujairah oil exports rising sharply from 1.17 million barrels per day in February 2026 to 1.62 million barrels per day in March. Fujairah has consequently emerged as one of the few major oil and fuel export hubs capable of sustaining flows outside the Strait of Hormuz, while also serving as a vital bunkering center connecting the Middle East with Asian and African markets.

Energy analysts have pointed out that Saudi Arabia's East-West pipeline and the ADCOP pipeline could together partially cushion disruptions to the nearly 20 million barrels of oil that normally transit through Hormuz each day, underscoring the growing strategic importance of alternative export infrastructure. This is particularly significant in light of the UAE's decision to accelerate the expansion of its West-East pipeline network and double export capacity through Fujairah by 2027. Coupled with the UAE's exit from the Organization of the Petroleum

Exporting Countries, the expanded corridor promises greater flexibility in crude exports while reducing dependence on geopolitically exposed sea lanes. For ASEAN, the lesson is increasingly clear: Energy security will depend not only on diversifying suppliers, but also on securing access to resilient transport corridors capable of withstanding future geopolitical shocks.

The Strait of Hormuz has exposed a hard truth for Southeast Asia: a supply chain is only as resilient as its most vulnerable point.