

AIP statement on fuel supply in Australia

As we enter the second week of the conflict in the Middle East, AIP is making this statement to explain the dynamic situation affecting fuel supply in Australia.

The conflict in the Middle East is straining the global and local fuels market, said AIP CEO Malcolm Roberts.

The Middle East accounts for about 20 per cent of the world's crude oil production. The temporary loss of that supply has caused sharp increases in global prices for crude oil and refined fuels. Local prices are following these movements in international prices and will likely stay elevated until Middle East supply is fully restored.

Over the last week, AIP member companies have been hit by a sudden rush to buy fuel. In some cases, suppliers have seen bulk fuel customers buying four times their usual volume of fuel. The rush to buy fuel has been unprecedented, outstripping the surge seen at the outbreak of the Russo-Ukrainian war in 2022.

In these circumstances, AIP members have had to prioritise supply to their regular customers and cease spot sales. This is a normal response to high demand and is not a sign that longer term supply has been disrupted or that AIP members are withholding supply from the market.

AIP members have sufficient fuel supply to meet our normal customer fuel demand. Given the tight supply situation today, members typically do not have sufficient inventory to supply businesses that cannot obtain fuel from their regular suppliers or have relied on the spot market.

Australia has two refineries that produce about 20 per cent of the country's fuel demand. These refineries typically do not draw on Middle East crudes and are continuing to produce fuel.

Australia's imported fuel is drawn from about 20 countries in the Asia-Pacific. Most fuel is imported under long-term contracts. This month, 18 vessels have already unloaded fuel and crude oil in Australia, with at least another 33 vessels scheduled to deliver.

AIP members are monitoring the situation and taking steps to maintain ongoing supply.

AIP is working with the federal, state and territory governments to ensure governments are well informed about the evolving situation. Ensuring fuel supply to every part of Australia is vitally important - to every town, to every community and to every business - and AIP Members are working around the clock to meet the country's fuel needs.

AIP's core members – Ampol, bp, Mobil Oil Australia and Viva Energy – supply about 85 per cent of Australia's liquid fuels.

Media Contact

Malcolm Roberts, AIP CEO: 0419 835 218