

Spillover Pathways: How the Iran crisis threatens food security -Focus on Myanmar



WFP MYANMAR COUNTRY OFFICE

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Overview

The Israel–Iran conflict escalated on February 28, 2026, when joint U.S. and Israeli forces launched large-scale airstrikes on Iranian targets. In response, Iran effectively blockaded the Strait of Hormuz — a critical global oil-shipping chokepoint — causing major disruptions to maritime traffic and driving continued volatility in global fuel prices. This shock has significantly affected both the world and Myanmar.

Beginning March 2–4, 2026, long queues formed at fuel stations across Myanmar as prices rose sharply and shortages appeared in many areas. The military council announced that the country has approximately 40 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

- The Iran conflict has triggered nationwide fuel scarcity and strict government rationing, leaving field transporters and WFP operations in a state of high uncertainty.
- Logistical bottlenecks at regional hubs like Singapore are delaying imports, spiking freight and insurance costs.
- Rising fertilizer prices and labor shortages at ports threaten the upcoming cultivation season, with costs projected to double if global instability persists.
- Major cities (Yangon, Mandalay, etc.) – Long fuel queues, some stations closed due to running out of fuel, and visible volatility and increases in fuel prices.
- Border/conflict areas (Rakhine–AA, Kayah, Thai border) – Because of the risk that Thai fuel exports may be halted, the probability of severe fuel shortages is very high, and the risk of further price spikes is greater.
- Nationwide – Since a fuel rationing system is announced to take effect from March 7, with individual consumption to be controlled, it is expected to affect small and medium-scale crop farmers, users of agricultural machinery, and transport business operators across the country.

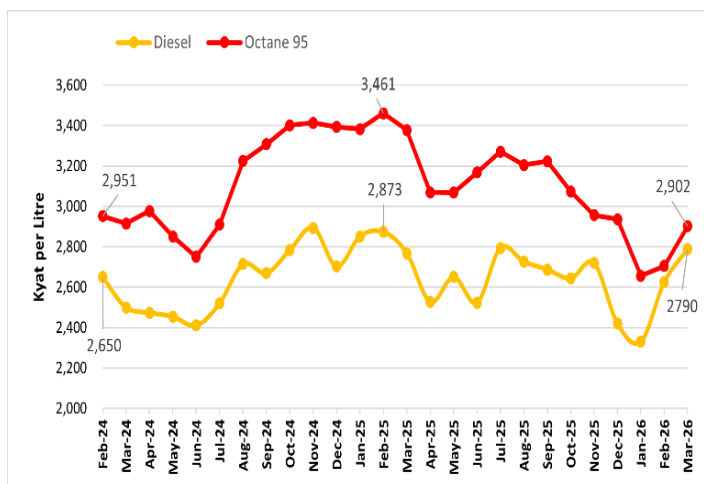


Fig 1 Diesel and Octane price trends Myanmar

Affected on Myanmar Fuel price

The crisis in Iran has triggered a significant spike in Myanmar's fuel price. According to the Myanmar Petroleum Regulatory Department, on March 6 March, diesel and Octane 95 prices rose by **6% and 7% respectively** compared to the previous week across the country. However, these figures only tell part of the story; in the black market, prices have doubled, and supplies are strictly rationed. The situation is even more dire in conflict-affected regions like Sagaing, Rakhine, and Kayah, where restrictions and high transportation overheads have sent prices skyrocketing.

Stock and scarcity at our operational areas (Supply Chain)

- Myanmar has about 40 days of fuel reserves, but real shortages are spreading fast because of disruption in global supply routes, especially through the Strait of Hormuz.
- The government is trying to control the situation through vehicle rationing, sales limits, anti-hoarding rules, and tighter distribution, while also looking for alternative fuel sources.
- Field offices are already feeling the pressure from high fuel prices and restricted sales. WFP transporters and suppliers are unsure if they can continue services if fuel stocks run out.
- Urea prices are rising, as over 30% of global supply comes from the Gulf. Myanmar has already seen a 5–10% increase, and suppliers warn prices could double if the conflict continues.

Supply chain and import (Supply chain)

- Shipments to Myanmar were already facing major delays because of congestion and labor shortages at key transit hubs like Singapore. This is causing longer lead times, container shortages, and higher freight, operating, and insurance costs.
- Transport from ports is becoming more expensive, and labor and truck shortages are further slowing the movement of goods.

Fuel and Transport

State and Region Situation

Yangon, Mandalay, Naypyidaw

Severe queuing occurred in most townships. Many stations are selling with strict limits or have closed temporarily.

Rakhine

Within Rakhine state, especially in places like Kyaukphyu, fuel prices have risen rapidly, and locals say there is growing concern that fuel may become as scarce as during previous periods of intense fighting. In Sittwe, Capital of Rakhine state, fuel prices have nearly tripled. Source of the local price of Octane 92 surged from 17,000-18,000 kyats per liter to 40,000 kyats per liter in the first week of March.

Thai-Myanmar border areas

After Iran's closure of the Strait of Hormuz, the Thai side signaled it may suspend fuel exports, which has led to panic buying of fuel in Thai-Myanmar border areas and could seriously affect the cross-border fuel supply routes, according to reports. In border regions that rely heavily on Thai fuel, such as Kayah, Karen and other frontier areas, fuel shortages and price hikes have intensified, and locals say they are trying to reduce vehicle use and operate machinery only minimally.

Shan

In Taunggyi and especially Tachileik (eastern Shan), fuel supplies from Thailand stopped, causing shortages starting March 2. Diesel and 91-octane petrol reached 2,500–2,600 MMK/liter; many stations implemented rotation closures.

Locals report only about 10 days of stock remaining. In southern Shan areas, prices hit 3,600 MMK/litre with strict rationing. Civilian livelihoods and transportation are seriously affected.

Kayah

In Demoso and surrounding areas, prices climbed to 7,000–8,000 MMK/liter; many stations are closed. Border regions heavily dependent on Thai supplies are especially hard hit. By the first week of March, the price of diesel continued its upward trend, reaching a new high of 9,250 kyats per liter.

Sagaing

In Kantbalu and other townships, fuel has become very difficult to obtain. Stations are either rationing heavily or closed. Socio-economic hardship is increasing.

Kachin

In Myitkyina, Hpakant, etc., prices rose from 6,800 to 7,500 MMK/liter; several stations have shut down.

Long queues and long-term impacts

Around March 4, fuel queues worsened in many townships across Myanmar, and some filling stations have run out of fuel altogether, leaving them unable to serve customers even while vehicle lines remain long. Economists warn that, nationwide, rising transport costs and possible increases in prices of agricultural and other natural products could be significant secondary impacts.



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