

# War In The Gulf: How is the NZ Motor Vehicle Market Affected?

The escalation of conflict involving Iran, Israel and the United States has triggered one of the most significant global energy disruptions in decades, primarily through the effective closure of the Strait of Hormuz. Around 20% of global oil and LNG trade normally goes through the narrow strait, and its disruption has driven sharp increases in crude prices, refined fuel prices, and shipping costs globally.

For New Zealand—now 100% reliant on imported refined fuel following the closure of the Marsden Point refinery—this event has refocused attention on fuel security, supply chain concentration, and downstream impacts on transport behaviour and vehicle demand. The Government has, so far, only talked about measures that could be implemented should the need arise, while other countries around the world have started implementing measures to limit fuel usage.

## Current stock position

According to the Ministry of Business, Innovation and Employment (MBIE), as at midnight 8 April 2026, New Zealand held approximately 49–59 days of total fuel cover when combining on shore stocks and fuel already on the water.

Stock	Number of ships	Petrol	Diesel	Jet fuel
In-country		25.6	21.7	25.1
On water within EEZ (up to 2 days away)	5	13.6	9.0	0.4
On water outside EEZ (up to 3 weeks away)	9	20.5	18.4	25.2
<b>Total NZ stock*</b>		<b>59.7</b>	<b>49.1</b>	<b>50.7</b>

\*Totals may not sum due to rounding.

Source : MBIE

MBIE has emphasised that fuel supply is “inherently dynamic” and that current levels reflect normal consumption and shipping patterns rather than an immediate shortage.

There is also fuel on the way and MBIE reporting shows multiple shipments already en route, with more than a week’s worth of fuel scheduled to arrive within days and additional vessels due later in the month.

## Supply concentration risk

Since 2022, South Korea has become New Zealand's single largest refined fuel supplier, accounting for roughly 45–50% of total fuel imports, with Singapore supplying a further ~30%.

In response to Middle East supply disruptions, South Korea has implemented mandatory caps on refined fuel exports, limiting shipments of petrol, diesel and kerosene to 100% of 2025 monthly volumes to protect domestic supply.

While this falls short of a full export ban, market analysts note that availability is likely to shrink and refiners will start to prioritise domestic supply and long term contracts over discretionary exports.

Given New Zealand's heavy reliance on Korean refineries, prolonged or tightened restrictions represent a material medium term risk, even if near term supply remains adequate.

### **Different Fuels**

Petrol (predominantly passenger transport)

Petrol demand is largely driven by private passenger vehicles. While price spikes tend to trigger short term behavioural responses—such as reduced discretionary travel or temporary demand destruction—petrol consumption is generally more elastic and quicker to adjust.

Diesel (economic backbone)

Diesel is structurally different:

- It underpins freight, agriculture, construction, public transport, and logistics
- Diesel vehicles dominate commercial fleets and heavy transport
- Substitution options are limited in the short term

As a result, diesel shortages or sustained price increases carry disproportionate economic risk, with flow on effects across food supply, exports, and infrastructure activity.

This asymmetry means that even if petrol availability remains manageable, diesel constraints could have far broader consequences for the New Zealand economy.

Jet Fuel (support airline industry)

Jet fuel is one of the largest costs in running an airline. With that cost increasing we have already seen flights cancelled and airfares increasing. This will also be affecting the airfreight sector with costs to import and export perishable items that require air transport increasing.

### **Implications for EV Demand**

As the public are becoming more aware of the rising prices of running motor vehicles there has been increasing interest in electrified vehicles over internal combustion alternatives.

Some OEMs have reported a 30–50% increases in EV enquiries and, as noted earlier, sales of EV's and PHEV's surged in March 2026, bringing NZ's buying patterns of EV's and PHEV's back to the final days of the Clean Car Discounts in December 2023. It seems that previously

undecided buyers and now committing to an EV purchase due to fuel cost and supply concerns.

Other industry commentators have seen a clear and rapid spike in engagement with visits to websites and searches regarding electric vehicles increasing significantly since the escalation of the Middle East conflict and the resulting increases in petrol and diesel prices.

Beyond private buyers, industry interest is also rising with commercial operators reassessing diesel exposure and operating cost volatility and also considering electrification of light commercial fleets.

This is particularly relevant given diesel's role in business continuity and the limited ability to hedge fuel price risk during supply disruptions.

New Zealand's fuel system remains operationally stable in the short term, with stocks above legal minimums and shipments continuing to arrive. However, the current conflict has exposed structural vulnerabilities due to heavy reliance on Asian refineries, particularly South Korea and our concentration risk in diesel supply.

Market signals suggest that fuel security concerns are already influencing vehicle demand and accelerating interest in electric alternatives across both private and commercial segments.

If elevated fuel prices and supply uncertainty persist, the transport market response is likely to extend beyond temporary behaviour change and into longer term shifts in purchasing and fleet strategy. If the disruption settles soon the changes could be short term but with continued disruption we may see longer term changes to the market in terms of supply and residual values. RedBook is continuing to monitor these on a regular basis and our pricing will be amended to reflect these changes.