

Fuel Price Transmission, Market Price Pressures, and Policy Thresholds in Rwanda under the 2026 U.S.-Israel-Iran Energy Shock

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Abstract

Background: The 2026 U.S.-Israel-Iran conflict generated an acute external energy shock through the effective disruption of shipping through the Strait of Hormuz, with potentially severe consequences for import-dependent, landlocked economies. Rwanda is a critical case because it relies on long regional supply corridors, imports petroleum products, and regulates retail fuel prices and public transport tariffs. **Methods:** This study uses publicly available secondary data and combines verified conflict chronology, event-window analysis, descriptive price-series analysis, comparative East African benchmarking, and selected international policy case studies. The main empirical window covers late February to mid-April 2026 for global and Rwanda fuel-market transmission, while Rwanda consumer and producer price analysis draws on official CPI and PPI releases through March 2026. **Results:** Brent crude averaged US\$103 per barrel in March 2026, US\$32 above the February average, and reached almost US\$128 per barrel on 2 April 2026. In Rwanda, regulated fuel prices rose in two steps: petrol increased from RWF 1,989 to RWF 2,303 per liter and diesel from RWF 1,948 to RWF 2,205 between 5 March and 4 April 2026; a further tariff revision effective 17 April raised petrol to RWF 2,938 while diesel remained at RWF 2,205. This pattern indicates rapid but differentiated domestic transmission. By March 2026, Rwanda's energy CPI had reached 25.5% year on year, while the housing, water, electricity, gas and other fuels category rose 14.6% and transport 7.8%, suggesting strong early pass-through into energy-sensitive and mobility-related prices. **Conclusions:** The evidence supports a Rwanda-specific, trigger-based policy framework rather than ad hoc crisis response. Blanket fuel subsidies are not the most credible first-line option. A more viable sequence combines transparent monitoring, restraint of non-essential travel, selective mobility-demand management, targeted support for vulnerable households and essential services, and medium-term diversification of supply and regional sourcing channels.

Keywords: Rwanda; fuel price transmission; imported inflation; Strait of Hormuz disruption; Israel-Iran conflict; energy price shock; policy thresholds.

1. Introduction

1.1 Background and problem statement

Fuel-price shocks matter everywhere, but they matter differently in economies that import fuel, rely on long inland transport corridors, and have limited fiscal space. Rwanda is an especially revealing case because it is landlocked, heavily dependent on imports routed through Mombasa and Dar es Salaam, and exposed to the combined effects of global commodity prices, freight costs, exchange-rate movements, and administrative price setting. In such contexts, a geopolitical shock is never only an oil story. It is also a logistics story, an inflation story, a welfare story, and a governance story.

The 2026 U.S.-Israel-Iran conflict intensified this exposure. According to the U.S. Energy Information Administration (EIA, 2026a), military action beginning on 28 February 2026 led to effective disruption of shipping through the Strait of Hormuz, through which nearly one-fifth of global oil supply flows. Brent crude averaged US\$103 per barrel in March 2026, US\$32 above the February average, while daily prices approached US\$128 per barrel on 2 April 2026. For a landlocked importer such as Rwanda, the relevant question is not whether such a shock matters. The relevant question is how, how fast, and through which channels it matters.

Rwanda's own regulatory actions signal that transmission was not theoretical. On 5 March 2026, the Rwanda Utilities Regulatory Authority (RURA, 2026a) revised maximum retail fuel prices upward. On 4 April 2026, it raised them again and simultaneously revised public transport fares (RURA, 2026b). The public advisory accompanying the April notice explicitly encouraged efficient trip planning, greater use of public transport, and the avoidance of unnecessary travel. This is a crucial policy clue. It implies that, even before severe scarcity, regulators recognized the need for demand management alongside price adjustment.

Yet the policy conversation in many low- and middle-income economies remains underdeveloped.

Governments often move quickly between two inadequate poles: passive observation until markets become visibly distressed, or blunt subsidy politics once distress becomes politically costly. Both approaches are weak. What is needed instead is an empirically grounded decision framework that tells stakeholders what should be done, by whom, and at which observable thresholds.

1.2 Research gap

The existing literature is rich on oil shocks, geopolitical risk, and imported inflation, but much thinner on operational policy thresholds for small, landlocked African importers. Rwanda-specific work is especially limited. Public discussion often tracks pump-price revisions and headline inflation, yet rarely integrates four elements in a single analytical frame: verified conflict chronology, global-to-local transmission channels, comparative policy responses from other countries, and a measurable trigger system for staged domestic action.

That omission is consequential. Without threshold-based planning, responses tend to be either too late or too broad. The absence of a Rwanda-focused trigger matrix also weakens coordination across ministries, regulators, local authorities, employers, schools, transport operators, and households. This study addresses that gap by moving beyond descriptive price commentary toward a structured anticipatory policy framework.

1.3 Study aim and objectives

The aim of this study is to explain how the 2026 U.S.-Israel-Iran conflict affected global and Rwanda fuel-price dynamics and wider market-price pressures, and to translate that analysis into a practical decision framework for Rwandan stakeholders. The specific objectives are to: trace the conflict chronology and market channels; evaluate the extent and timing of transmission into Rwanda's pump prices and inflation indicators; compare Rwanda with selected East African and international cases; and propose empirically grounded policy thresholds for graduated response.

1.4 Research questions

The study addresses seven questions. First, how did the conflict and related geopolitical developments affect global crude oil, freight, and insurance conditions? Second, to what extent and through what lags were these pressures transmitted into Rwanda's regulated fuel prices? Third, how were transport costs and consumer prices in Rwanda affected? Fourth, how does Rwanda compare with selected regional peers? Fifth, what policy responses have other countries used to cushion fuel and cost-of-living shocks? Sixth, at what thresholds should Rwanda consider measures such as travel reduction, hybrid work, or timetable adjustment? Seventh, which stakeholders should act first under different scenarios?

1.5 Contribution and significance

The manuscript contributes in three ways. Empirically, it consolidates a verified and current evidence base for Rwanda and its comparators during a fast-moving geopolitical episode. Analytically, it links geopolitical risk to imported inflation through the specific vulnerabilities of a landlocked African economy. Practically, it offers a staged trigger matrix for Rwanda that distinguishes between early warning, operational stress, severe pressure, and acute disruption. This is more useful to policymakers than generic calls for 'resilience' because it translates evidence into sequence, timing, and responsibility.

2. Conflict, Energy Markets, and Transmission Pathways

2.1 Verified chronology of the conflict/escalation

A careful chronology matters because the choice of study period affects both attribution and policy interpretation. The wider escalation relevant to this study began on 1 April 2024, when Israel struck Iran's consular compound in Damascus, and intensified on 13 April 2024, when Iran launched a direct drone-and-missile attack on Israel in retaliation (NPR, 2024; Reuters, 2024). By June 2025, tensions had intensified sharply again. The U.S. Energy Information Administration reported that Brent rose from US\$69 per barrel on 12 June to US\$74 on 13 June amid renewed regional conflict, underscoring the continued sensitivity of the Strait of Hormuz and the wider Gulf shipping complex to escalation (U.S. Energy Information Administration, 2025).

For this paper, however, the main empirical event window begins on 28 February 2026. EIA (2026a) explicitly indicates that shipping through the Strait of Hormuz was effectively disrupted from that date after military action began. This date is analytically superior to April 2024 or June 2025 for the core quantitative exercise because it corresponds to direct U.S. military participation and to a sharp, contemporaneous oil-market dislocation. Figure 1 situates the 2026 Rwanda price adjustments within the broader escalation sequence from April 2024 to April 2026.

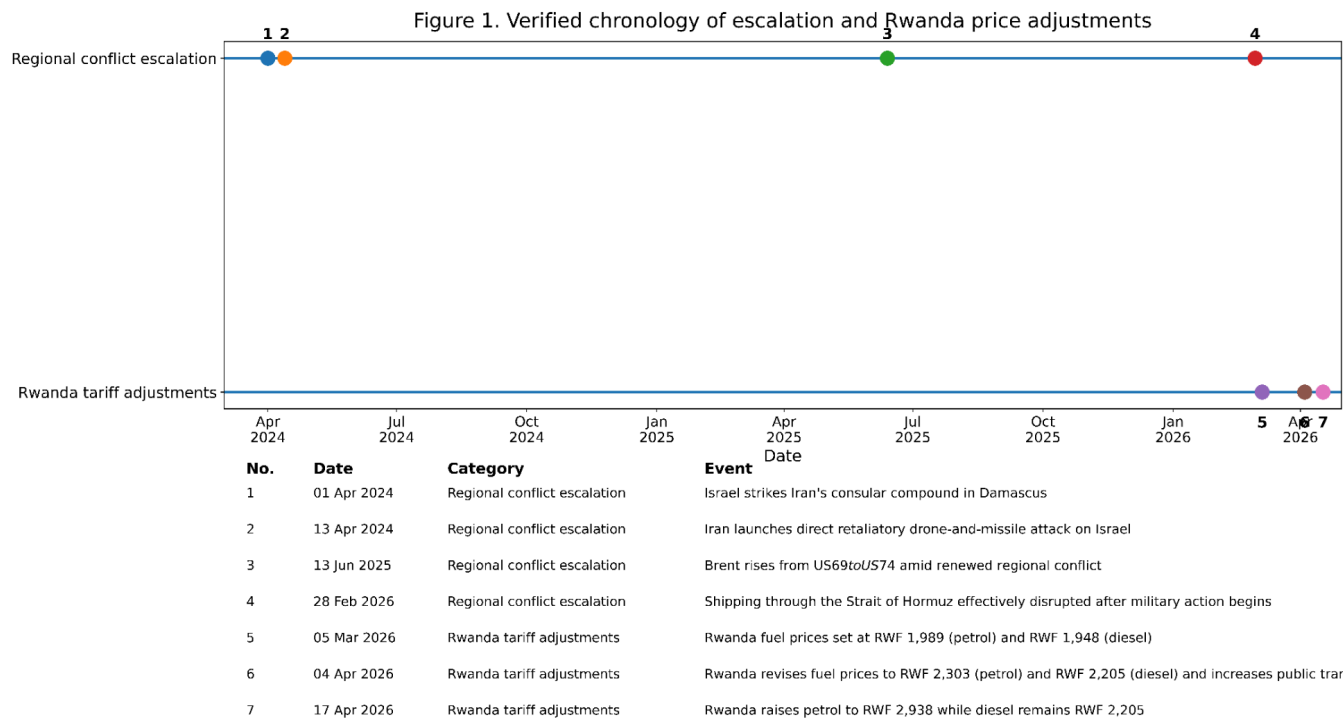


Figure 1. Verified chronology of escalation and Rwanda price adjustments. Historical lead-up events are separated from Rwanda’s observed tariff responses to distinguish antecedent escalation from the core February–April 2026 shock window. Source: NPR (2024); U.S. Energy Information Administration (2025, 2026); Rwanda Utilities Regulatory Authority (2026); The New Times (2026).

The distinction between antecedent escalation and main event window is not semantic. It is methodological. April 2024 and June 2025 established the geopolitical risk environment and proved that direct Israel–Iran confrontation was possible. February 2026, by contrast, generated a markedly stronger and better-documented energy-market shock. The paper therefore treats 2024 and 2025 as historical lead-up phases and 28 February 2026 onward as the primary shock period for Rwanda-focused pass-through analysis.

2.2 Global oil, refined fuel, freight, and insurance channels

The first transmission channel was the oil benchmark itself. EIA (2026a) reports that Brent

averaged US\$103 per barrel in March 2026, up US\$32 from the February average, and reached almost US\$128 per barrel on 2 April 2026. EIA also estimated production shut-ins of 7.5 million barrels per day in March, rising to 9.1 million barrels per day in April. This moved the market from a previously oversupplied position to near-term scarcity, amplified by a higher geopolitical risk premium. Figure 2 shows the magnitude of the March–April 2026 Brent shock that anchors the domestic transmission analysis.

Figure 2. Brent crude price escalation in the 2026 conflict window

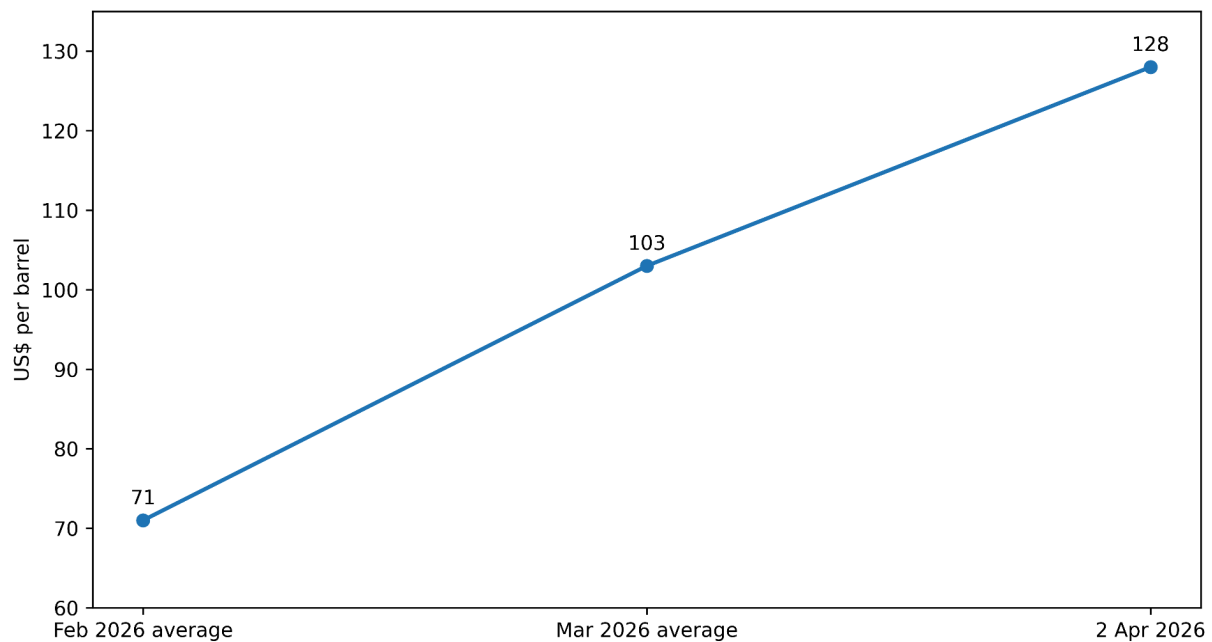


Figure 2. Brent crude price escalation in the 2026 conflict window. February and March are monthly average Brent spot prices reported in the April 7, 2026 STEO. The 2 April value is the daily spot observation referenced in the same outlook. Source: U.S. Energy Information Administration (2026).

The second channel was maritime risk. The Strait of Hormuz remains the world's most important oil chokepoint. In 2024, approximately 20 million barrels per day transited the strait, equivalent to about 20% of global petroleum liquids consumption and more than one-quarter of global seaborne oil trade (EIA, 2025). Even the possibility of disruption raises freight, insurance, and routing costs, and a realized closure magnifies these effects. This maritime-risk channel also operated through insurance and navigation uncertainty. On 28 February 2026, UKMTO warned mariners of significant military activity across the Arabian Gulf, Gulf of Oman, North Arabian Sea, and Strait of Hormuz and reported unverified VHF claims that the strait had been closed, while stressing that such broadcasts were not legally binding. Within days, London's Joint War Committee widened Gulf high-risk areas, a move closely watched because it affects war-risk pricing and coverage conditions for shipping. This distinction strengthens the paper's analytical emphasis on effective disruption and cost escalation rather than on a narrowly legal notion of

closure (United Kingdom Maritime Trade Operations, 2026; Saul, 2026).

The third channel was the longer shipping environment linking the Gulf shock to broader import costs. IMF (2024) showed that the Red Sea attacks had already pushed Suez traffic down sharply in early 2024 and lengthened delivery times through re-routing around the Cape of Good Hope. UNCTAD (2025) subsequently documented that the Red Sea crisis drove freight rates close to pandemic-era peaks during 2024 and that volatility persisted into 2025, especially as risks around Hormuz intensified. For import-dependent economies, the policy issue is therefore not only crude oil prices but also the cost and reliability of transport, storage, and delivery. Recent Africa-focused analysis further argues that disruption in and around the Strait of Hormuz can transmit to African economies not only through crude-oil prices, but also through freight, food-system exposure, exchange-rate pressure, and wider state-capacity constraints, even where African cargo does not itself directly traverse the chokepoint (Sangwa et al., 2026).

2.3 Transmission mechanisms to import-dependent economies

Transmission from a geopolitical oil shock to domestic prices usually occurs through at least four mechanisms. First, there is direct pass-through from higher international crude and refined-product prices into import costs. Second, shipping and insurance costs raise the landed cost of imported goods even when the commodity price itself does not fully explain the increase. Third, exchange-rate depreciation or foreign-exchange scarcity can amplify domestic-price effects. Fourth, domestic regulatory structure shapes timing and distribution: regulated price systems may delay transmission, smooth it, or release it in discrete adjustments, whereas liberalized systems often transmit shocks faster and more continuously.

In Rwanda, these channels are reinforced by geography. The country lacks direct seaport access and depends on long inland corridors. According to the U.S. Country Commercial Guide, Rwanda's transport and logistics costs remain high because trade is conducted by road or air and because the country relies mainly on Mombasa and Dar es Salaam (U.S. International Trade Administration, 2026). This means that any disruption in seaborne energy trade can be multiplied by corridor risk, inland haulage cost, and inventory management pressure.

2.4 Why Rwanda is a critical case

Rwanda is a critical case for three reasons. First, it is highly import dependent on fuels and many consumer and producer inputs. Second, its administrative pricing regime creates observable adjustment points, making transmission easier to analyze than in a fully deregulated market. Third, the country has an active policy apparatus capable of using graduated, rules-based responses if credible thresholds are defined. The purpose of this study is therefore not merely to describe Rwanda's vulnerability, but to identify how Rwanda can govern that vulnerability more intelligently.

3. Literature Review

3.1 Fuel price shocks and imported inflation

The core literature establishes that oil shocks affect inflation and output, but the magnitude and persistence of those effects depend on the source of the shock, the policy regime, and the structure of the economy. Kilian (2008) showed that energy-price shocks are not homogeneous: supply disruptions, global demand expansions, and precautionary demand linked to fear of future scarcity have different macroeconomic implications. That distinction is essential here because the 2026 conflict shock was not a routine demand upswing. It combined actual supply disruption, shipping closure, and precautionary pricing.

Recent scholarship has deepened this perspective. Caldara and Iacoviello (2022) demonstrate that geopolitical risk is itself measurable and economically consequential. In periods of military confrontation or heightened interstate tension, uncertainty rises before, during, and after realized shocks. For fuel importers, this means that risk premiums can widen even in anticipation of physical disruption.

Ding et al. (2023) further show that the inflationary effect of oil shocks is mediated by exchange-rate pass-through. In import-dependent economies, the cost of energy is not transmitted mechanically; it is filtered through the local currency price of imports, pricing behavior, and domestic policy choices. This insight is particularly relevant to Rwanda, where freight, customs valuation, and foreign-currency settlement all influence final prices.

3.2 Pass-through to household and producer prices

Pass-through into consumer and producer prices is neither immediate nor uniform. Some sectors respond quickly because energy is a direct input or because prices are administratively revised. Transport, electricity-related services, and logistics-intensive goods tend to move early. Food and other consumer items may respond later through

distribution costs, imported inputs, and expectation effects.

Anderl and Caporale (2024) argue that shipping-cost uncertainty is itself an important driver of inflation regimes. This is especially significant for landlocked countries. Even where the oil benchmark is the headline story, the domestic price experience may be substantially shaped by freight-rate persistence and route risk. Rwanda's exposure to inland haulage from coastal ports makes such second-round transmission more rather than less plausible.

The producer side also matters. Consumer inflation is the visible outcome, but upstream producer-price pressure often reveals where cost escalation is building before it becomes fully visible in retail markets. This is important in the present case because Rwanda's February 2026 PPI data already show elevated pressure in manufacturing and electricity-related activities before the second April fuel-price revision.

3.3 Policy responses to energy-price crises

Policy responses to energy-price crises broadly fall into five families: broad fuel subsidies or price controls, targeted transfers to vulnerable households, tax adjustments, public transport support, and demand-management measures such as reduced travel or remote working. The literature increasingly criticizes blanket subsidies because they are fiscally costly and often regressive, benefiting high-consuming households more than the poor (OECD, 2024; World Bank, 2025).

However, the policy literature also warns against simplistic deregulation in contexts of weak safety nets or high transport dependence. The practical question is not subsidy versus no subsidy. It is which mix of smoothing, targeting, and demand management best stabilizes welfare without destroying fiscal credibility or supply incentives.

Cross-country experience since 2021 suggests that flexible pricing combined with targeted compensation tends to outperform rigid blanket price suppression over time (World Bank, 2025). Yet some countries have also used temporary public transport

subsidies or mobility-demand measures to reduce the dependence of daily life on private-fuel consumption. Those instruments are particularly relevant to the Rwanda-focused recommendations developed later in this paper.

3.4 Gaps in African and Rwanda-focused scholarship

African scholarship has documented the importance of imported inflation and energy vulnerability, but there remains limited Rwanda-specific research that integrates geopolitical shocks, transport corridor exposure, regulated fuel pricing, and operational response thresholds. This gap matters because Rwanda's policy problem is not identical to that of oil exporters, large diversified importers, or fully deregulated neighbors. A Rwanda-specific framework must account simultaneously for landlocked geography, administrative pricing, limited fiscal space, and the centrality of mobility costs to urban and peri-urban livelihoods.

4. Theoretical and Conceptual Framework

4.1 Core theories/frameworks

The study combines five complementary frameworks. The first is geopolitical-risk transmission theory, which treats interstate conflict as a source of uncertainty and risk premium, not merely a background political condition (Caldara & Iacoviello, 2022). The second is oil-price shock theory, which emphasizes that the macroeconomic effects of oil-price changes depend on whether the underlying driver is supply loss, demand expansion, or precautionary demand (Kilian, 2008).

The third framework is imported-inflation and exchange-rate pass-through analysis, which explains how globally priced commodities enter local inflation baskets through import channels, foreign-currency settlement, and domestic pricing structures (Ding et al., 2023). The fourth is landlocked-economy vulnerability analysis, which highlights the compounding effect of freight, corridor dependence, and inland logistics costs. The

fifth is resilience governance, which emphasizes anticipation, staged response, and institutional coordination rather than purely reactive crisis management.

4.2 Integrated conceptual model

The integrated model used here proceeds in six steps. A geopolitical shock raises perceived and actual supply risk. That risk increases crude prices, shipping uncertainty, and insurance costs. Import-dependent and landlocked economies then experience higher landed fuel costs. Domestic regulatory systems convert those pressures into retail fuel-price revisions and transport-tariff changes. Higher energy and mobility costs then diffuse into household and producer prices. Finally, the scale and duration of that pass-through determine whether policymakers remain in a monitoring mode or move toward active demand management, targeted social protection, or emergency rationing.

This model implies that timing matters. Not all responses are appropriate at all stages. Some instruments, such as better public communication and official travel restraint, are suitable at early stages. Others, such as hybrid work or timetable compression, are most defensible only under stronger evidence of sustained strain. Still others, such as emergency prioritization of essential-sector fuel, belong to the acute-disruption stage.

4.3 Analytical propositions or expectations

The first expectation is that the 2026 conflict would transmit rapidly into Rwanda's regulated fuel prices because the oil-market shock was large and sudden. The second is that price pass-through would appear first in energy-sensitive and regulated categories rather than uniformly across the whole CPI basket. The third is that Rwanda would face stronger vulnerability than coastal comparators because inland transport magnifies import costs. The fourth is that policy responses that combine targeted relief with mobility-demand management are likely to be more credible for Rwanda than blanket fuel subsidies.

5. Materials and Methods

5.1 Research design

The study uses a mixed secondary-data design centered on event-window analysis, descriptive time-series comparison, regional benchmarking, and structured case-study analysis. The design is intentionally transparent and non-speculative. It does not force advanced econometrics onto a short post-shock window. Instead, it prioritizes verified chronology, clearly observed price changes, and careful causal language.

5.2 Study scope and period

The broader narrative scope runs from April 2024 to April 2026. The main quantitative event window begins on 28 February 2026, the date from which EIA (2026a) reports the effective closure of the Strait of Hormuz following military action. Global market indicators are tracked through mid-April 2026, Rwanda fuel-price revisions through 17 April 2026, and Rwanda consumer-price outcomes through March 2026, which is the latest fully verified CPI release available at the time of writing.

5.3 Data sources and inclusion criteria

Sources were selected according to a hierarchy that privileged official Rwandan institutions, recognized international agencies, official comparator-country regulators where feasible, and peer-reviewed literature. The Rwanda-specific dataset draws mainly on RURA fuel and transport notices and NISR CPI/PPI releases. Global market evidence comes from EIA, IMF, and UNCTAD. Comparative fuel-price snapshots for neighboring countries are drawn from GlobalPetrolPrices because it standardizes fuel-price reporting using official regulators and related authoritative sources while preserving date comparability. Regional retail fuel comparisons are used in this study for descriptive benchmarking rather than causal inference because tax regimes, exchange-rate conditions, and domestic pricing mechanisms differ across countries.

5.4 Variables and indicators

The principal variables are Brent crude prices, reported shipping disruption indicators, Rwanda retail petrol and diesel price caps, Kigali and intercity public transport fare bases, Rwanda headline CPI, selected CPI sub-indices that are energy sensitive, and Rwanda PPI aggregates. Comparative indicators include gasoline and diesel prices in selected East African countries. Policy variables include the nature of cushioning mechanisms used in foreign case studies: broad subsidy, targeted compensation, public transport support, or demand-management measures.

5.5 Analytical strategy

The analytical strategy proceeds in five steps. First, it verifies chronology and defines the event window. Second, it measures the size of the global energy shock. Third, it traces direct pass-through into Rwanda's regulated fuel and transport prices. Fourth, it examines broader price pressures in CPI and PPI categories. Fifth, it compares policy responses from selected international cases and uses those lessons to construct a Rwanda-specific trigger framework. Percentage changes, before-and-after comparisons, and descriptive lag logic are used throughout.

5.6 Limitations and validity safeguards

Several limitations require caution. The post-shock observation window is short, which makes strong causal attribution to all categories of inflation inappropriate. Rwanda's published CPI and PPI data are aggregated, limiting the precision of item-level lag analysis. Cross-country retail fuel comparisons are affected by differences in taxes, exchange rates, and pricing regimes. To mitigate these issues, the study avoids overclaiming, triangulates across multiple public sources, and distinguishes carefully between direct observation, plausible transmission, and policy inference.

6. Rwanda in Comparative Perspective

6.1 Rwanda's fuel and market structure

Rwanda's fuel market is regulated rather than fully liberalized. RURA sets maximum retail prices for petroleum products and also regulates base public transport fares. This institutional structure matters because it turns diffuse international pressure into discrete domestic adjustments. It also makes policy communication visible. The April 2026 notice did not simply change prices; it urged households to plan travel efficiently, use public transport, and avoid unnecessary trips. That language signals that demand-side management is already part of Rwanda's policy vocabulary.

Rwanda's market structure is further shaped by high import dependence and inland logistics. The U.S. International Trade Administration (2026) notes that Rwanda is landlocked, lacks railway connectivity, and depends principally on the ports of Mombasa and Dar es Salaam. Prices of imported goods are therefore influenced not only by customs duties and the exchange rate but also by freight charges and inland transport costs.

6.2 Regional comparison with selected East African countries

Regional comparison suggests that Rwanda entered April 2026 with relatively high retail fuel prices among the selected East African peers. On 13 April 2026, gasoline prices were approximately US\$1.58 per liter in Rwanda, US\$1.47 in Tanzania, US\$1.42 in Uganda, US\$1.37 in Kenya, and US\$1.35 in Burundi (GlobalPetrolPrices, 2026a, 2026b, 2026c, 2026d, 2026e). These figures should be interpreted cautiously because pricing regimes differ, especially in Uganda's more market-driven system. Even so, the comparison is useful: Rwanda does not appear insulated from regional pressure, and in this snapshot it was the highest-priced market among the selected comparators. Because this comparison is a single-date retail snapshot drawn from markets with different tax structures, exchange-rate conditions, and pricing regimes, it should be interpreted as a point-in-time benchmarking exercise rather than a

full ranking of pass-through intensity. Figure 3 provides a point-in-time regional gasoline benchmark for 13 April 2026; it is used

descriptively, not as a causal ranking of pass-through intensity.

Figure 3. Regional gasoline prices, 13 April 2026

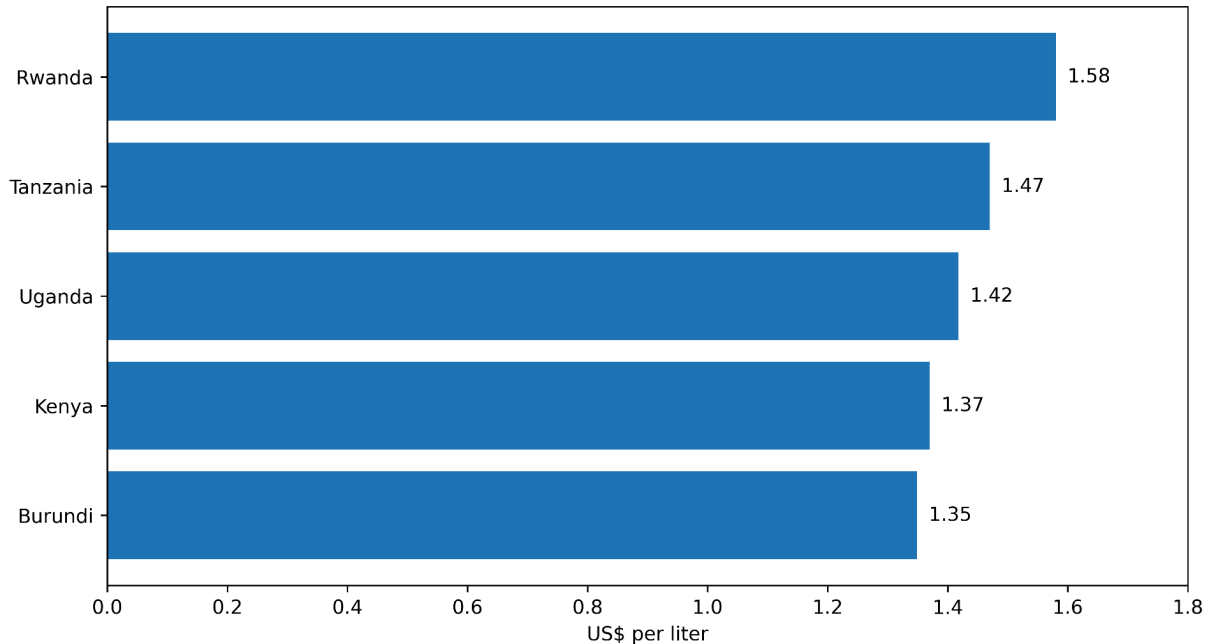


Figure 3. Regional gasoline prices, 13 April 2026. Point-in-time East African benchmark of gasoline prices on 13 April 2026. The figure is descriptive and should not be interpreted as a causal ranking of pass-through intensity across different pricing regimes. Source: GlobalPetrolPrices.com (2026), based on national regulators and related authoritative sources.

6.3 Selected international case-study logic

The international cases were selected strategically rather than randomly. Indonesia represents targeted compensation and subsidy reform under fiscal pressure. Germany represents temporary support for public transport affordability rather than blanket private-fuel subsidy. Sri Lanka represents an acute fuel-shortage case in which work-from-home orders, school closures, and rationing became necessary. Together, these cases provide a spectrum of response from moderate cushioning to emergency demand suppression.

7. Results

7.1 Global energy market changes during the study period

The initial global shock was large. EIA (2026a) reports that Brent averaged US\$103 per barrel in March 2026, up from roughly US\$71 per barrel in February, and nearly reached US\$128 per barrel on 2

April. This was not merely a speculative spike. It occurred alongside production shut-ins and effective disruption of traffic through a chokepoint responsible for around one-fifth of global petroleum-liquids flows. The shock was therefore simultaneously physical, logistical, and financial.

Freight conditions amplified the pressure. IMF (2024) and UNCTAD (2025) show that the Red Sea disruptions had already increased rerouting and freight volatility before the 2026 conflict phase. The Hormuz shock thus hit an international shipping system that was still fragile rather than fully normalized. For Rwanda, this matters because any increase in landed cost is likely to combine crude-price pressure with freight and corridor costs.

7.2 Rwanda fuel price dynamics

Rwanda's retail fuel prices rose in two distinct steps during the core shock window. The publicly posted RURA tariff communiqué effective 4 April 2026 set

maximum retail prices at RWF 2,303 per liter for gasoline (petrol) and RWF 2,205 per liter for diesel and simultaneously revised public transport base fares (Rwanda Utilities Regulatory Authority, 2026). One month earlier, fuel prices had been set at RWF 1,989 for gasoline and RWF 1,948 for diesel (The New Times, 2026a). On that basis, the March-to-early-April increases were 15.8% for gasoline and 13.2% for diesel. A further tariff revision announced on 16 April and effective 17 April 2026 then raised petrol to RWF 2,938 while leaving diesel unchanged at RWF 2,205 (The New Times, 2026b). Relative to the 4 April tariff, petrol

therefore rose by a further 27.6%; relative to the 5 March level, petrol had risen by 47.7%, while diesel remained 13.2% above its early-March level. Figure 4 therefore indicates not only rapid pass-through, but asymmetric pass-through, consistent with an attempt to shield diesel-dependent public transport and goods movement from a second consecutive increase. This asymmetry is analytically important because it suggests differentiated regulatory transmission rather than a simple one-for-one pass-through of global shocks into all domestic fuel categories.

Figure 4. Rwanda retail fuel prices, March-April 2026

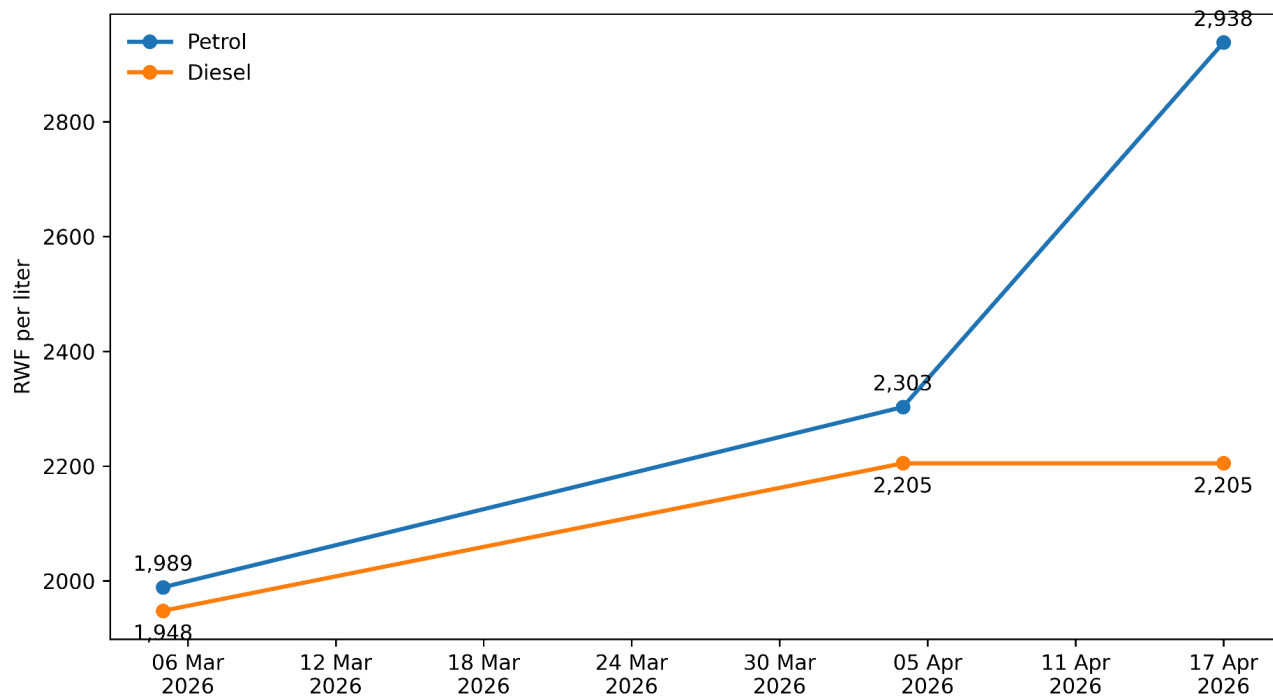


Figure 4. Rwanda retail fuel prices, March-April 2026. The figure shows a two-step petrol increase against a flatter diesel path after 4 April 2026, highlighting asymmetric domestic transmission. It should plot three dates: 5 March 2026, 4 April 2026, and 17 April 2026, with separate petrol and diesel series. Source: Rwanda Utilities Regulatory Authority (2026) and The New Times (2026a, 2026b).

The April notice also raised public transport base fares to RWF 59.28 per passenger-kilometer in the City of Kigali and RWF 41.58 per passenger-kilometer for intercity transport (RURA, 2026b). That simultaneity matters analytically. It indicates that the authorities viewed the fuel shock as strong enough to require adjustment not only in fuel retail caps but also in mobility pricing.

7.3 Pass-through to goods and services in Rwanda

Consumer-price evidence is consistent with a fuel-sensitive inflation structure. NISR (2026a) reports that headline CPI increased by 8.9% year on year in January 2026, rising to 9.2% in February and remaining 9.2% in March. More revealing are the subcomponents. The housing, water, electricity, gas and other fuels category rose from 10.5% in January to 12.3% in February and 14.6% in March. Transport

inflation was 8.6% in January, 8.6% in February, and 7.8% in March. The energy index reached 20.0% year on year in February and 25.5% in March. Figure 5 shows that inflation pressure was strongest

in energy-sensitive categories, particularly the energy index and the housing, water, electricity, gas and other fuels components.

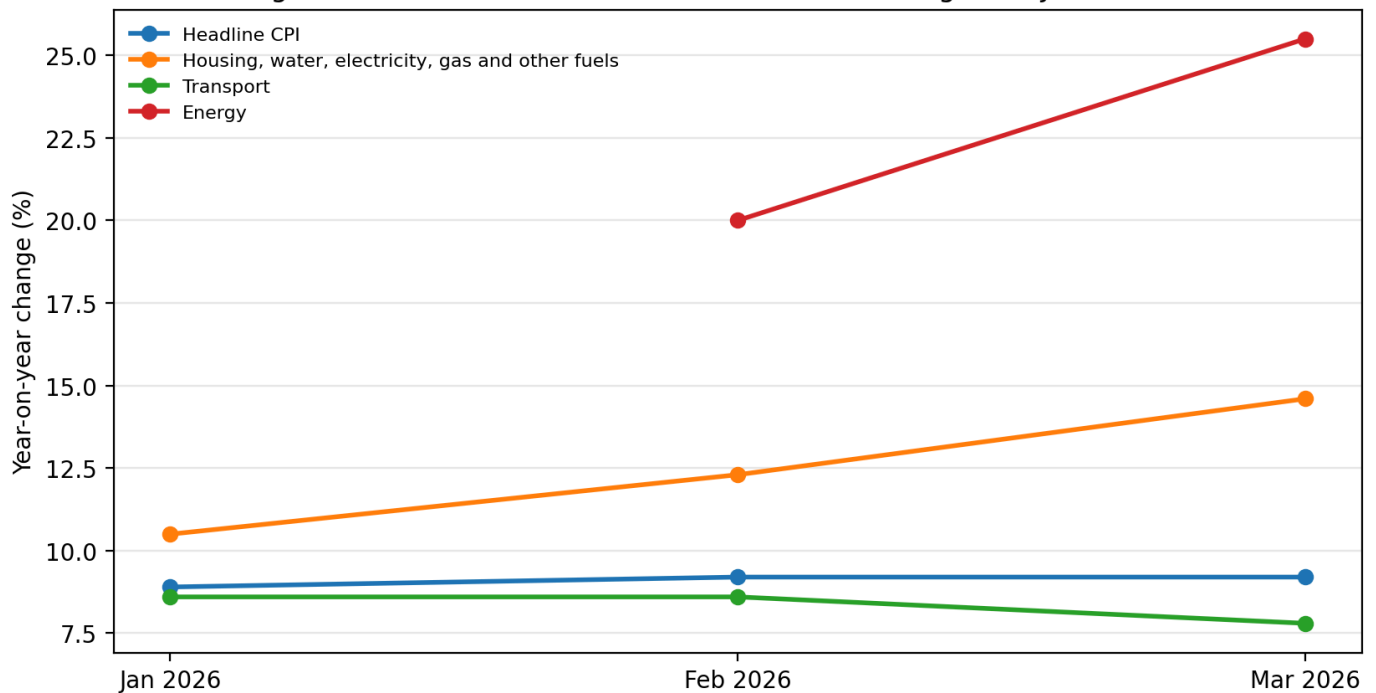


Figure 5. Rwanda inflation and fuel-sensitive categories, January-March 2026. Energy-sensitive inflation pressures intensified through March 2026. The energy index was separately reported on the NISR February and March web releases; the January energy value was not stated on the main January web page and is therefore left blank rather than imputed. Source: National Institute of Statistics of Rwanda (2026a, 2026b, 2026c)

These data suggest a differentiated pass-through pattern. Energy-related categories were the most responsive, which is exactly what theory would predict under an oil and freight shock. Transport inflation also remained elevated, although not all month-to-month changes were monotonic. This is unsurprising: transport prices are influenced by regulated fares, operator adjustment behavior, and baseline effects. The broader point is that fuel-sensitive categories were already under significant pressure before the second April fuel revision could fully feed into subsequent CPI releases.

Producer-price data strengthen this interpretation. NISR (2026d) reports that the general PPI increased by 13.9% year on year in February 2026 and by 7.7% month on month. Electricity, gas, steam, and air-conditioning supply rose by 34.8% year on year.

This indicates that upstream price pressure was not confined to consumer pump prices. Cost stress was building across production and utility-related activities, making further downstream pass-through plausible.

The evidence is therefore strongest for immediate transmission into energy, utilities, and administered transport, weaker but still suggestive for wider market prices, and not yet sufficient for strong item-level causal claims regarding all food or non-food categories. Methodological caution is essential here: the April fuel revision occurs after the March CPI release, so broader consumer effects are likely to continue into April and May rather than be fully visible in March data alone.

7.4 Regional comparative findings

The regional comparison highlights heterogeneity in both levels and dynamics. Tanzania appears to have

experienced one of the steepest recent increases in April 2026, with gasoline rising to TZS 3,820 per liter from TZS 2,864 one month earlier, a 33.4% increase (GlobalPetrolPrices, 2026d). Kenya, by contrast, remained relatively stable at KES 177.20 per liter over the same monthly comparison window (GlobalPetrolPrices, 2026b), consistent with stronger price smoothing in a regulated market. Uganda's market remained higher than Kenya's but below Rwanda's in the 13 April snapshot, while Burundi remained the lowest among the selected peers.

Two implications follow. First, Rwanda's prices were not unusually low by regional standards; if anything, Rwanda sat at the upper end of the selected comparator set. Second, the pricing regime matters. More regulated systems can smooth month-to-month movement, but they do not remove the underlying import-cost pressure. They either delay it, distribute it differently, or shift it into other fiscal or quasi-fiscal channels.

7.5 Global case-study findings

The selected cases reveal four distinct lessons. Indonesia's reform experience shows that broad fuel subsidies are fiscally expensive and that targeted compensation can soften social damage more efficiently. The World Bank's report on Indonesia's fuel subsidy reforms concludes that one-time or gradual price adjustments paired with social assistance can generate meaningful fiscal savings while better protecting poor and vulnerable households (Ihsan et al., 2024).

Germany's 2022 nine-euro ticket illustrates a different strategy: not cheapening private fuel, but temporarily reducing the cost of public transport. Destatis (2022a, 2022b, 2022c) reports substantial increases in rail travel during the three-month period when the ticket was available, while later evidence also suggests trade-offs including congestion and delays (ifo Institute, 2024). The key lesson is that transport affordability support can change behavior, but it must be designed with capacity in mind.

Sri Lanka represents the acute-disruption end of the spectrum. During the 2022 fuel crisis, the

government closed schools in Colombo and urged public employees to work from home in order to conserve fuel (Reuters, 2022). This is highly relevant to the present paper because it shows that work-from-home and timetable adjustment are not abstract ideas. They are real instruments used when fuel scarcity becomes severe enough to threaten the basic functioning of public life. The lesson, however, is not that Rwanda should use them early. It is that such measures are most defensible late in the shock sequence, when mobility constraints become systemic rather than marginal.

Finally, the global synthesis by the World Bank (2025) suggests that economies with more flexible or regularly updated pricing mechanisms generally avoided the worst supply distortions compared with rigid price suppression. This does not mean that automatic market pricing is always socially optimal. It means that rigid controls without targeted cushioning can lead to arrears, shortages, or stalled supply. For Rwanda, the practical implication is that targeted and time-bound cushioning is more credible than blanket suppression.

7.6 Scenario analysis

Four forward-looking scenarios are analytically useful for Rwanda. In a baseline stabilization scenario, shipping resumes gradually, Brent declines from crisis peaks, and Rwanda experiences elevated but manageable fuel costs. In this case, the appropriate response is monitoring, communication, and limited demand management rather than major intervention.

In a moderate escalation scenario, Brent remains above roughly US\$95-105 per barrel for several weeks, freight costs stay high, and domestic fuel prices remain 10-20% above recent baselines. Here, Rwanda should intensify official-travel restraint, encourage carpooling and public transport, prepare targeted assistance for vulnerable groups, and allow eligible office-based institutions to adopt partial hybrid work schedules.

In a severe escalation scenario, Brent moves above US\$110 per barrel, freight disruption persists for

more than one month, and domestic fuel and transport costs rise sharply again. Under those conditions, the state should move beyond advice toward formal demand-management measures: tighter public-sector travel controls, timetable staggering for selected institutions, targeted support to essential services, and more active market monitoring.

In an acute disruption scenario, physical shortages emerge or effective supply chains are severely constrained. That is the stage at which emergency fuel prioritization, broader work-from-home arrangements for eligible sectors, remote or compressed learning arrangements, and temporary rationing protocols become defensible. Sri Lanka's 2022 crisis demonstrates that such measures belong

to the emergency stage, not to the routine monitoring stage.

7.7 Decision-trigger framework for Rwanda

The central policy contribution of this study is the proposition that Rwanda should not wait for scarcity before acting, but neither should it deploy extreme measures too early. A trigger-based system is preferable. The thresholds proposed below are not exact econometric cutoffs; they are evidence-based operational bands derived from the size of the observed 2026 shock, comparative policy practice, and Rwanda's institutional structure. Table 1 converts the empirical discussion into an operational trigger matrix for Rwanda.

Stage	Illustrative trigger	Time condition	Primary actions	Lead actors	Why this stage matters
Stage 1: Early stress	Brent > US\$95/b or domestic petrol/diesel +10-15% from recent baseline	At least 1-2 weeks	Daily monitoring; public communication; reduce non-essential official travel; encourage trip consolidation and public transport	MINECOFIN, MININFRA, RURA, large employers	Prevents drift into crisis by acting before scarcity
Stage 2: Operational strain	Fuel prices +15-25%; energy CPI >20% YoY; transport fares revised upward	2-4 weeks	Hybrid work for eligible office functions; staggered start times; review school and university timetables; targeted support to essential commuting	Cabinet, local authorities, employers, schools, universities	Addresses mobility burden while preserving productivity
Stage 3: Severe pressure	Brent > US\$110/b; freight disruption persists >1 month; repeated petrol revisions within 4-6 weeks; or petrol +25-50% from recent baseline while diesel/public transport are only partly cushioned	4+ weeks	Targeted transfers for vulnerable groups; support essential services; stronger public-sector travel controls; contingency procurement and logistics plans	Central government, social protection agencies, utilities, health/education authorities	Limits welfare damage without resorting to blanket subsidies
Stage 4: Acute disruption	Physical shortages, rationing signals, simultaneous sharp increases in diesel and public-transport costs, or clear impairment of essential commuting and goods movement	Immediate	Fuel prioritization for essential sectors; wider WFH/remote teaching where feasible; emergency cash or food support; rationing protocols	Cabinet crisis committee, regulators, local government, essential-service providers	Preserves core state and social functions under emergency conditions

Table 1. Rwanda stakeholder trigger matrix. Source: Author's synthesis from RURA (2026b), EIA (2026a), World Bank (2025), Ihsan et al. (2024), Destatis (2022a, 2022c), and Reuters (2022).

The mid-April 2026 petrol-only revision shows why a petrol-specific percentage threshold cannot by itself define acute disruption. Petrol had already risen by 47.7% relative to the 5 March baseline, but

diesel-linked essential mobility was still being selectively protected. The matrix must therefore distinguish between a sharp private-fuel shock and a systemwide mobility shock.

Three features of the matrix deserve emphasis. First, the earliest measures are low-cost and organizational rather than fiscal. Second, work-from-home and school timetable adjustment are not default tools; they are mid- to late-stage instruments to be used when commuting burdens and energy costs become materially disruptive. Third, blanket subsidies do not appear as the preferred first response because both the literature and comparative experience show that they are expensive, regressive, and difficult to unwind.

8. Discussion

8.1 Interpretation of key findings

The evidence supports a clear but nuanced interpretation. The 2026 conflict generated a large external energy shock; Rwanda transmitted part of that shock rapidly into regulated fuel and transport prices; and energy-sensitive inflation indicators rose materially. The strongest evidence concerns direct and near-direct channels: pump prices, public transport tariffs, energy inflation, and producer-price pressure. The evidence for broader market-price transmission is suggestive rather than conclusive within the short observation window, but the direction is consistent with theory and with the structure of Rwanda's import dependence.

8.2 Political economy and governance implications

Fuel pricing is never only a technical exercise. It is a political-economy problem because the cost of adjustment is visible and concentrated, while the cost of fiscal unsustainability is less immediate. In regulated systems, governments may be tempted to delay adjustment for political reasons. Yet if import costs remain elevated, delay can simply relocate the burden into public finance, supplier stress, or hidden shortages. Rwanda's April 2026 notice is therefore notable not only for what it changed, but for how it framed the public response. It implicitly acknowledged that price management and demand management must be discussed together. The 16

April tariff announcement deepened that point by allowing a second sharp petrol increase while leaving diesel unchanged, suggesting selective cushioning of public transport and goods movement rather than blanket suppression of all fuel prices (The New Times, 2026b).

8.3 Distributional and welfare implications

Fuel shocks are regressive in practice even when they are not formally regressive in incidence tables. Low-income households may consume less private fuel directly, but they are heavily exposed through transport fares, food distribution costs, and the prices of imported essentials. They are also less able to smooth expenditure when prices rise. This is why the evidence points away from blanket subsidies and toward targeted support for vulnerable households, essential workers, and critical services.

8.4 Productivity, mobility, and educational implications

The productivity consequences of fuel shocks are highly unequal across sectors. Office-based sectors can shift some functions online or into hybrid arrangements. Health services, logistics, retail, agriculture, and many forms of education cannot do so fully. For Rwanda, this means that hybrid work should be treated as a selective pressure-relief valve, not as a universal solution. The same logic applies to education. Adjusting start times, reducing unnecessary in-person administrative meetings, or temporarily compressing some non-laboratory instructional schedules may be justified under stronger stress conditions, but blanket closure is only defensible in acute disruption.

8.5 What Rwanda can realistically learn from other countries

Rwanda can draw three realistic lessons from international experience. From Indonesia it can learn that targeted cushioning is fiscally superior to generalized subsidy politics. From Germany it can learn that public transport affordability can be a legitimate anti-shock tool if capacity constraints are recognized. From Sri Lanka it can learn that remote work and schedule compression are emergency

instruments best reserved for severe fuel stress. None of these models can be imported wholesale. Their value lies in disciplined adaptation rather than imitation. At the medium-term horizon, Rwanda's resilience challenge also intersects with wider AfCFTA value-chain strategy, because supplier diversification, regional manufacturing links, and SEZ-enabled upgrading can reduce exposure to repeated external logistics and commodity shocks over time (Murungu et al., 2025).

9. Policy Recommendations

9.1 Measures for central government

The central government should institutionalize a fuel-shock monitoring cell that links energy, finance, transport, trade, and social-protection authorities. The cell should publish a short weekly dashboard during crisis periods, covering Brent prices, domestic fuel caps, public transport fares, key CPI indicators, and any supply-chain risks. Transparency is itself a stabilizing policy tool because it reduces rumor-driven price expectations.

Where cushioning becomes necessary, the preferred approach is temporary and targeted relief rather than blanket fuel subsidy. Priority groups should include low-income households most exposed to commuting costs, public transport users, and essential service providers such as health, emergency response, and selected food-distribution functions.

9.2 Measures for regulators and local authorities

RURA and local authorities should continue to communicate early when fare or fuel revisions are expected. In addition, local authorities should prepare route-efficiency and load-management plans for public transport so that demand can be shifted toward collective mobility rather than private vehicle dependence. Market inspection should also intensify during high-stress periods to reduce opportunistic price inflation unrelated to genuine cost changes.

9.3 Measures for employers and institutions

Large employers should adopt a tiered mobility contingency plan. At Stage 1, they should cut non-essential travel and consolidate field visits. At Stage 2, eligible office-based functions should move to one or two hybrid days per week, and meeting schedules should be rationalized to reduce repeated commuting. At Stage 3, institutions should consider staggered work hours to reduce transport bottlenecks and commuting cost pressure. At Stage 4, wider remote work becomes appropriate for functions that can be performed digitally without serious service degradation.

9.4 Measures for schools, universities, and training institutions

Education institutions should not wait until severe disruption to prepare. They should identify which teaching, administrative, and assessment functions can be rescheduled, digitized, or compressed if fuel stress intensifies. At moderate stress, start-time adjustments and reduced non-essential in-person meetings may be sufficient. At severe stress, some administrative functions and selected lecture-based teaching can shift partially online. Full closure should remain an emergency measure tied to acute supply disruption or prohibitive commuting burdens.

9.5 Measures for transport operators and businesses

Public transport operators should be supported through route optimization, better dispatching, and transparent fare adjustment where necessary. Businesses with delivery fleets should intensify route consolidation, fuel-efficiency monitoring, and procurement planning. Essential supply chains, especially food, medicine, and agricultural inputs, should receive priority in contingency logistics planning.

9.6 Measures for households and communities

Households cannot solve a macro fuel shock, but they can reduce exposure. Efficient trip planning, ride sharing, combining errands, prioritizing public

transport, and deferring non-essential travel become increasingly important as prices move from Stage 1 to Stage 2. Community-level institutions, including churches and civil-society organizations, can also reduce the cost burden on families by coordinating

local transport, support networks, or shared-service arrangements during higher-stress phases. Table 2 translates the trigger logic into an implementation sequence by time horizon.

9.7 Immediate, medium-term, and contingency actions

Horizon	Core objective	Priority measures	Avoid
Immediate (0-4 weeks)	Stabilize expectations and limit non-essential demand	Weekly dashboard; cut non-essential official travel; communicate clearly; protect essential transport and services	Blanket subsidies announced without financing plan
Medium term (1-3 months)	Reduce mobility burden while preserving output	Targeted assistance; hybrid work for eligible sectors; staggered hours; public transport efficiency measures	Uniform WFH mandates for sectors that cannot operate remotely
Contingency / emergency	Preserve social and state functioning under acute disruption	Fuel prioritization; emergency cash or food support; temporary remote schooling/working where feasible; rationing protocols	Ad hoc, uncoordinated restrictions introduced without trigger criteria

Table 2. Immediate, medium-term, and contingency actions for Rwanda. Source: Author’s synthesis, drawing on Table 1, Rwanda Utilities Regulatory Authority (2026), U.S. Energy Information Administration (2026), World Bank (2025), and Ihsan et al. (2024).

The core recommendation of this paper is sequencing. Rwanda should respond neither too weakly nor too indiscriminately. A high-quality response begins with information and travel discipline, moves next to selective mobility-management and targeted support, and only in more severe scenarios resorts to wider hybridization, timetable compression, or emergency rationing. That sequencing should also extend beyond crisis weeks and months toward regional value-chain upgrading, because recurrent external shocks are less damaging when a larger share of strategic inputs can be sourced, processed, or substituted within regional production systems (Murungu et al., 2025).

10. Conclusion

This study has shown that the 2026 U.S.-Israel-Iran conflict produced a significant and well-documented external energy shock, and that Rwanda experienced rapid transmission into regulated fuel prices and public transport tariffs. Consumer and producer-price data are consistent with a broader inflationary effect concentrated first in energy-sensitive categories and likely to diffuse more widely with time. Rwanda’s landlocked

position, corridor dependence, and import structure make it especially vulnerable to the compound effect of oil prices, freight costs, and logistics disruption.

The paper’s main practical finding is that Rwanda needs a trigger-based policy framework rather than improvised reaction. Blanket subsidies are not the most credible first response. The better sequence is transparent monitoring, restrained non-essential travel, support for public transport and essential services, targeted relief for vulnerable groups, and only under more severe strain the selective use of hybrid work, school timetable adjustment, and emergency demand management.

The wider lesson extends beyond the present conflict. In a period of recurrent geopolitical fragmentation, fuel shocks are likely to recur. Rwanda therefore needs not only crisis response capacity, but also institutional routines that convert external volatility into disciplined domestic action. That is the difference between absorbing a shock and merely enduring it.

Conflict of interest: The authors declare that they have no known financial or personal relationships that could have appeared to influence the work reported in this paper.

Ethics statement: This study relied exclusively on publicly available secondary data drawn from official statistical releases, regulatory notices, international agency reports, and other publicly accessible documentary sources. It did not involve human participants, human biological materials, animals, interviews, surveys, experiments, or access to confidential personal data. Accordingly, formal ethical approval and informed consent were not required for this study under standard institutional research ethics principles applicable to non-interventional secondary-data research.

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Data availability statement: All data used in this study are publicly available from the sources cited in the manuscript, including official releases from the Rwanda Utilities Regulatory Authority (RURA), the National Institute of Statistics of Rwanda (NISR), the U.S. Energy Information Administration (EIA), the International Monetary Fund (IMF), UNCTAD, GlobalPetrolPrices, and other cited public sources. No proprietary or confidential datasets were used. The compiled source inventory is reported in Appendix A of the manuscript.

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Appendices

Appendix A. Data inventory

Dataset / source	Variable(s) used	Period	Purpose
EIA STEO (2026a)	Brent prices, shut-ins, conflict timing	Feb-Apr 2026	Define main event window and global shock magnitude
EIA Today in Energy (2025)	Hormuz throughput and chokepoint significance	2024-2025 structural data	Explain strategic transmission channel
IMF Red Sea blog (2024)	Suez disruption and delivery times	Early 2024	Show freight stress pre-dating 2026 conflict

UNCTAD Review of Maritime Transport (2025)	Freight-rate volatility	2024-2025	Support freight-cost transmission logic
Rwanda fuel-price revisions (RURA 3 April 2026 communiqué; 5 March and 17 April tariff reporting)	Petrol, diesel, and public transport tariffs	Mar-Apr 2026	Measure direct domestic pass-through and later asymmetric pricing
NISR CPI releases (2026a-2026c)	Headline and sub-index inflation	Jan-Mar 2026	Measure consumer-price effects
NISR PPI release (2026d)	General and sectoral PPI	Feb 2026	Measure upstream cost pressure
GlobalPetrolPrices (2026a-2026g)	Regional retail fuel prices	13 Apr 2026 and comparison points	Benchmark Rwanda against peers
Case-study sources	Targeted subsidies, public transport, remote work	2022-2025	Construct policy lessons and trigger framework

Table A1. Data inventory used in the manuscript.

Appendix B. Visuals, structure, and source notes

Figure 1 used a verified chronology combining the 2024 direct exchange, the 2025 renewed regional conflict phase, the 28 February 2026 U.S.-Israel-Iran conflict window, and the Rwanda tariff revisions of 5 March, 4 April, and 17 April 2026. Figure 2 used Brent values explicitly reported in the April 2026 EIA STEO text. Figure 4 uses Rwanda's 5 March, 4 April, and 17 April 2026 pump-price points to distinguish initial pass-through from later asymmetric pass-through between petrol and diesel. Figure 5 used published NISR CPI category changes for January through March 2026. Figure 3 used 13 April 2026 gasoline prices for Rwanda, Kenya, Uganda, Tanzania, and Burundi from country pages compiled by GlobalPetrolPrices based on national regulators and related official sources.

Appendix C. Interpreting the trigger matrix

The proposed trigger bands are operational rather than econometrically deterministic. They are designed for policy coordination under uncertainty. The core logic is that early stages prioritize communication and demand discipline, middle stages prioritize selective mobility management and targeted support, and late stages prioritize essential-service continuity and emergency conservation.