Alaska Beacon

COMMENTARY

America doesn't depend on the Strait of Hormuz – but rural Alaska does

How global oil chokepoints, fragile supply chains and federal policy choices collide in Alaska's most vulnerable communities

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The city of Unalaska, with the museum and the Aleut Corp. building, is seen in the winter of 2004. Unlaska, a seafood-industry center with about 4,000 residents, is the part of the Aleutians West Census Area and is the largest community in the Aleutians. (Photo provided by the Alaska Division of Community and Regional Affairs)

All over the world, nations are grappling with the ripple effects of the war in Iran and the blockade of the Strait of Hormuz, a critical artery for the global oil market. In the United States, however, President Donald Trump has emphasized that the country imports little oil through the strait, arguing that it "doesn't need it."

At a national level, that's largely true. The United States consumes roughly 20 million barrels of oil per day and imports only a small fraction through that chokepoint. But for diesel-reliant communities in Western Alaska, the story looks very different. The supply chains that vendors rely on are often tied to refineries in Asia, and those routes are deeply exposed to disruptions in and around the Strait of Hormuz.

It may come as a surprise that much of the fuel consumed in rural Alaska is not from Alaska. This reflects both the state's limited refining capacity and the constraints of global shipping routes and tanker availability. There are some exceptions. Yukon River communities, for example, receive fuel sourced from the Petro Star refinery and delivered by companies like Ruby Marine, providing a more stable and predictable supply. Much of Southeast Alaska, meanwhile, is supplied from refineries in Canada.

But in much of Western Alaska — including the Aleutians, Alaska Peninsula, and Bering Sea coast — nearly all fuel has, at least in the recent past, been refined in Asia and shipped thousands of miles to reach its final destination, often on voyages that can take more than 40 days. These deliveries must occur within a narrow summer window, when sea ice retreats just long enough to allow access.

And planning for those shipments is happening now.

At a recent community meeting in Kotzebue, fuel suppliers laid out a sobering reality due to the recent market turmoil. Voluntary export controls in Japan and South Korea have introduced significant uncertainty into the availability of fuel for Western Alaska — regardless of price.

Vendors like Crowley are now pivoting to Canadian suppliers, but those markets are under strain as well. Tom Atkinson, the chief executive of Kotzebue Electric Association, said that fuel quotes for the cooperative are roughly double what they were last year. Fuel is by far the largest cost driver in rural electric systems, and when it rises, everything else follows.

Even so, Mr. Atkinson expects he will be able to secure supply for the cooperative. Prices will be high, but the fuel should arrive. He is far more concerned about smaller, upriver communities with fewer resources and even less flexibility. Their costs will almost certainly be much higher.

State programs like the Bulk Fuel Revolving Loan Fund can help communities finance fuel purchases, but they do little to shield them from the underlying volatility of global markets.

Even more concerning is the cost of heating oil. In Kotzebue, Atkinson said residents are already paying around $8 a gallon — a price that is quickly becoming untenable for many households.

In more remote areas, such as the Kusilvak Census Area further south along the coast, households spent on average about 16 percent of their income on electricity alone even before this impending crisis. When heating oil is included — essential in a region with few trees or other options for heating — that share can rise to as much as 45 percent. That is among the highest energy burdens anywhere in the United States. And that was last year.

At the same time that residents are bracing for a sharp increase in costs, the Trump administration has proposed, in its latest budget plan, eliminating funding for the federal Low

Income Home Energy Assistance Program, or LIHEAP, which helps offset heating costs for low-income households. For many communities in Western Alaska, that support is not supplemental — it is essential.

But the more troubling possibility is not just higher prices or the loss of assistance — it is supply itself. If deliveries are delayed or fall short, some communities could face shortages in the depths of winter, when a fuel shortage would become a true emergency.

This is not the first time rural Alaska has been disproportionately exposed to global events.

Consider the war in Ukraine. For years, fuel deliveries to Western Alaska quietly depended on a surprising player: Russia.

Shipping routes serving Western Alaska often fall under the International Maritime Organization's Polar Code, which establishes safety and environmental requirements for vessels operating in Arctic waters. Depending on the route and conditions, this can include ice-class design, specialized equipment and additional crew training. These requirements add cost to already expensive supply chains, particularly in remote regions with limited shipping options. Compounding the challenge, ice-strengthened tankers are relatively scarce worldwide, with Russia maintaining one of the largest fleets.

As a result, fuel bound for Western or northern Alaska communities was often carried on Russian-built or Russian-operated vessels, sometimes under foreign flags, traveling from Asian refineries to the Alaskan coast. The system was largely invisible, but it worked. In 2012, for example, the Russian ice-capable tanker *Renda*, escorted by the U.S. Coast Guard cutter *Healy*, delivered an emergency winter fuel shipment to Nome after early sea ice and fall storms cut off the community — an event that made the national news.

That system began to unravel after Russia's invasion of Ukraine. Sanctions sharply curtailed access to Russian-linked vessels, and almost overnight, the availability of Polar Code-compliant tankers tightened. Shipping costs rose dramatically. And that additional cost is not limited to transporting fuel to Western Alaska. These vessels are often stationed offshore for extended periods, effectively serving as floating tank farms while smaller barges shuttle fuel to individual communities along the coast and river systems. The expense is therefore not just delivery, but time — standby charges of many thousands of dollars a day that accumulate quickly and are ultimately passed on to customers. Those costs rose several-fold after the invasion and they have not come back down.

This is what energy insecurity looks like in America.

If there is a lesson here, it is not simply that global events matter. It is that Alaska is not insulated from them — especially in the places that can least afford it.

We have built an energy system in rural Alaska that depends on long, fragile supply chains stretching across oceans and geopolitical fault lines. For decades, this system has held together. But it is becoming more expensive, more uncertain and more exposed with each passing year.

This reality should shape how we think about energy policy in this state. Reducing fuel use, diversifying local energy systems and maintaining the programs that help households afford basic energy services are not abstract goals — they are essential to keeping communities viable in the long run.

In the short term, there are also practical steps the state can take: increasing the loan cap in the Bulk Fuel Revolving Loan Fund, ensuring adequate support for the Alaska Heating Assistance Program and preparing for potential shortfalls in the Power Cost Equalization program.

These steps are not precautionary — they are necessary. When global systems falter, it is not the Lower 48 — or even more urban places in Alaska — that feels it first or most acutely. It is communities like Kotzebue, Emmonak, and Hooper Bay.

The lesson is not simply that global events matter. It is that our energy system is far more interconnected — and far more unequal in how it distributes risk and cost — than we tend to acknowledge.