

**Fuels Industry UK and its members strongly support all fuels and their feedstocks being omitted from any future tariff changes by the UK given the potential for large costs of production and supply increases which would have large knock-on effects on the wider economy.**

Companies operate in a downstream fuel supply sector which sees a commodity market of fungible, highly tradeable, products which – despite high trade volumes – tends to be traded with low margins and also low tariffs. As such, the potential for tariffs of 10% or more on UK imports from the USA would be hugely impactful on trade between the two countries and given the context for the UK’s currently large imports of both US crude oil and finished products explored in this paper.

### 1.1. Potential direct impact of imposing tariffs on UK imports of US crude and fuels

Based on publicly available information and calculating only the direct impact of additional tariffs if the UK were to apply 10% or 25% to goods imported from the US, the potential additional costs to UK fuels supply would run into the billions. Fuels Industry UK has calculated the following indicative numbers:

Analysis based on DESNZ DUKES data from 2023 and calculated as follows:

<i>Total volume of product imported from USA in 2024 (DUKES Energy Trends 3.14, March 2025)</i>
*
<i>Value of product (DUKES Table G.2, July 2024, NB 2023 data)</i>
*
<i>Potential tariff rate (10% or 25% based on current US tariffs on UK products)</i>

10% tariff rate

UK imports of US crude (HS 2709) = £903,239 million

Imports of US products = £ 343,229 million

**Total additional supply costs = £1.26 billion**

25% tariff rate

UK imports of US crude = £2,258,097 million

Imports of US products = £ 858,072 million

## Total additional supply costs = 3.12 billion

### 1.2. UK is a net importer of crude oil and petroleum products

In 2024, the UK was a net importer of finished products (see Chart 1) and crude oil (Chart 2). The overall trend of the UK being an importer has continued and grown since 2013, due to the overall fall in North Sea Continental Shelf Crude Oil output, as well as the loss of UK refinery capacity, with the closure of Grangemouth refinery in 2025 to leave the UK with 5 major refineries, from a peak of around 20 in the 1970s. The potential for imposing tariffs on the USA from where the UK imports both crude and product will either increase costs of our imports, or if we switch to alternative supply sources it will reduce the markets from which we can import, with both options likely to result in increased costs of doing business, which may increase consumer prices if passed through.

Chart 1: Supply and demand for petroleum products, 1998 – 2023 ([DUKES Table 3.2](#))

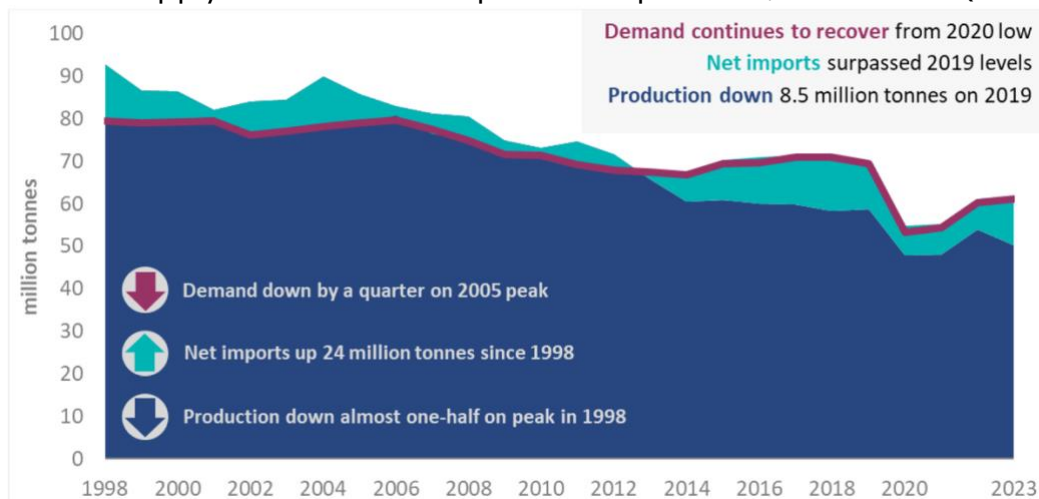
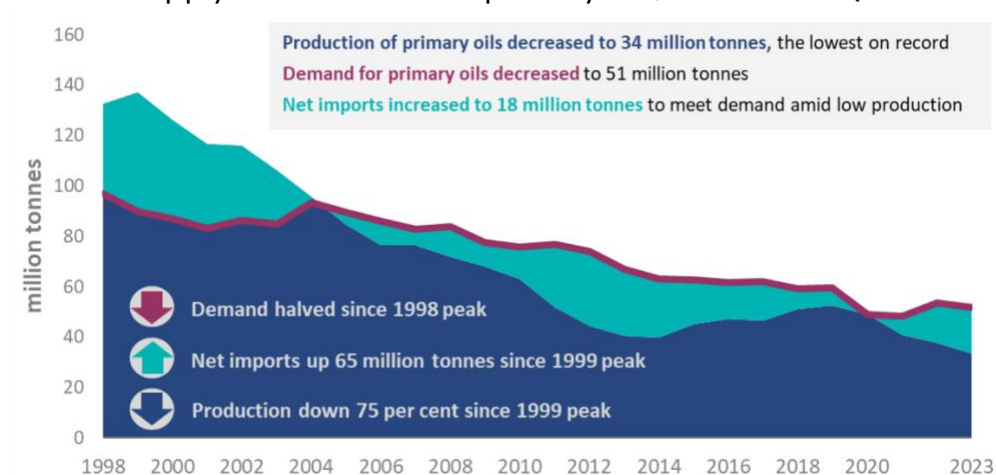


Chart 2: Supply and demand for primary oils, 1998 – 2023 ([DUKES Table 3.1](#))

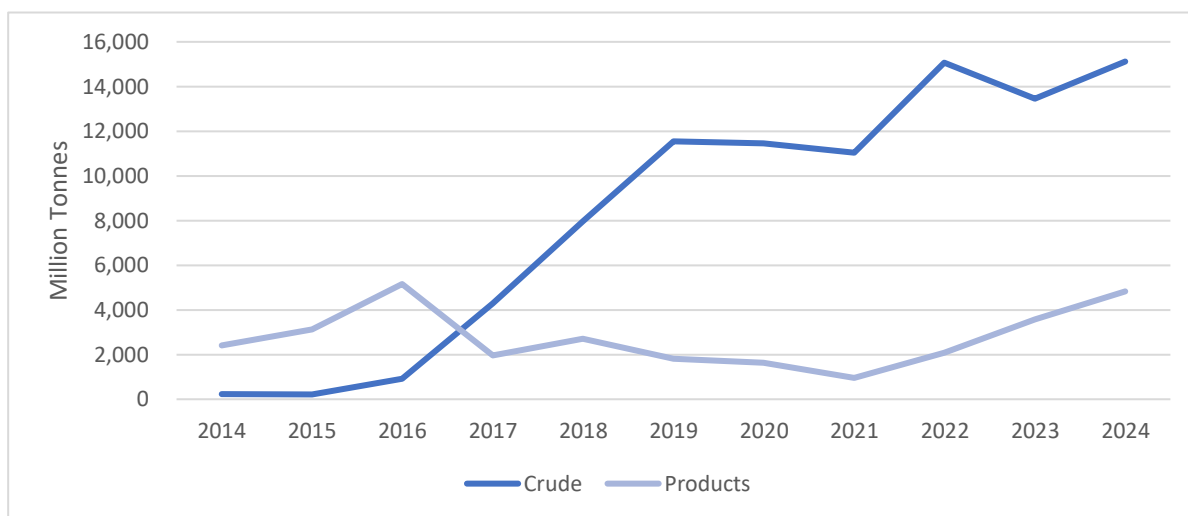


### 1.3. US has become an increasingly important source of imports for the UK

The UK's net import position need not be directly related to the USA, however, as Chart 3 shows, the UK's imports have increasingly come from the USA in recent years. Following the end of the North America export ban on crude oils at the end of 2015, we can see a rapid growth of crude oil imports to the UK since, which can be attributed to large volumes of available exports from America as well as the crude being well suited to UK refinery setups.

We can also see that since a low during the COVID-19 affected 2020, that imports of petroleum products have been growing quickly too. This has been particularly important to UK supply security post the invasion of Ukraine as the UK had imported a large proportion of its diesel fuel from Russia, which has been in large part replaced from American-produced imports of diesel.

Chart: 3: UK Imports from the USA of Crude and Products 2014-2024 ([DUKES 3.7](#) & [Energy Trends 3.14](#))

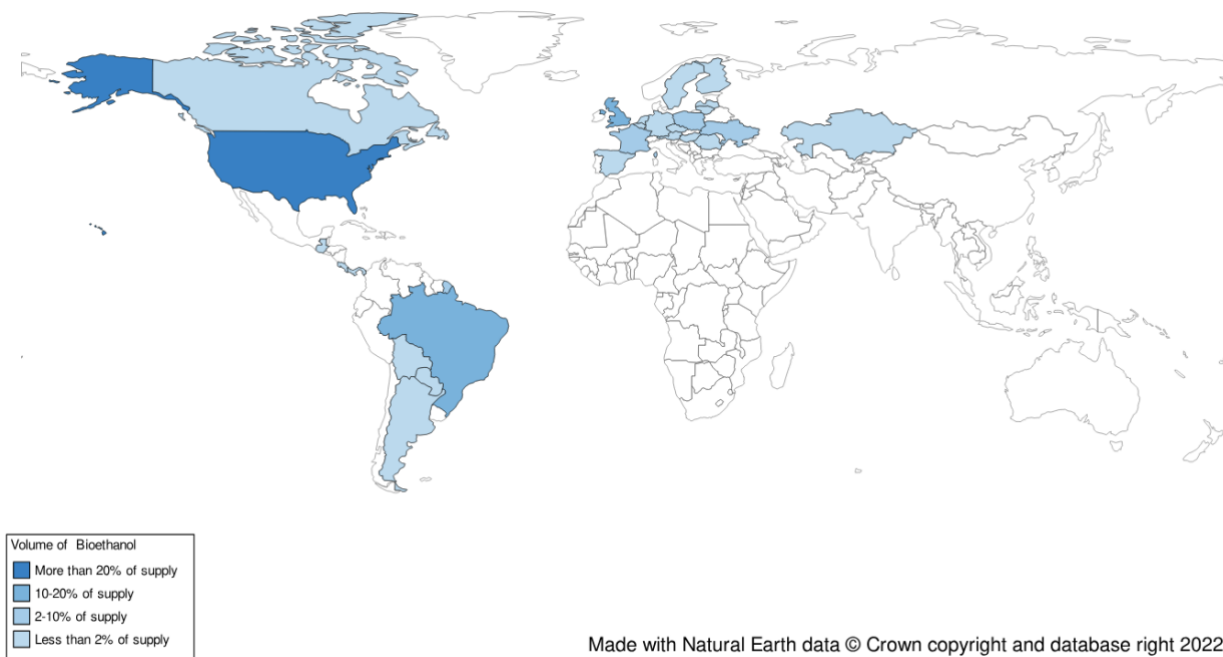


### 1.4. Compliance with regulations (RTFO and SAF mandate) reliant on trade

As well as broad trade considerations outlined above, it is notable that trade plays an important role in the UK meeting policy objectives, with the US having an important role particularly in the delivery of bioethanol under the Renewable Transport Fuels Obligation where it supplied 44% of all bioethanol counted under the RTFO in 2023 (see Chart 4), which made up 19% of all fuels under the RTFO that year.

There may not be as many substitution options available for biofeedstocks, by-products and biofuels as there are for fossil-derived crude oil and products, which could mean a higher likelihood of costs having to be passed through to the consumer. There are regulatory obligations which are a large reason these products are imported which would be an incentive to import from other locations. For both the RTFO and SAF mandate, companies are also able to 'buy-out' their obligations if they are unable to physically supply the renewable fuels in order to meet the obligations, however, this by definition means the cost of compliance is at its highest.

Chart 4 : Country of origin of all bioethanol feedstocks, 2023 ([Table RF\\_0105a](#))



### 1.5. How the USA is treating tariffs on crude oil and petroleum products

We would note that the US has been very careful to avoid placing tariffs on crude oil and petroleum products as part of the recent spate of new tariff rules, and the UK is currently benefitting from exemptions to all the HS codes for crude oil and petroleum products. We understand that those countries who have seen higher levels of tariff than the UK, including China, have also seen crude oil and petroleum products exempted from the tariffs in scope.

### 1.6. Tariffs on products beyond core fuels and feedstocks

For complex manufacturing sectors like oil refining, the government should be mindful of new potential tariffs which risk unintended consequences. As well as the products and

principal feedstocks which we cover above, imports of essential other items should be exempt from tariffs, including:

- natural gas (and other important energy products in CN4 2711) – which is used as essential power source for the whole UK, but especially its manufacturing industry where costs are already among the highest in the world.
- catalyst products
- chemical and other feedstocks, and
- plant and machinery without which sites cannot run efficiently.

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