



POSITION PAPER:

UK FUEL SECURITY

Summary

UK refining capacity has fallen by over 40% since 2000, with two closures in 2025 alone removing around 20% of national capacity. Imports now meet over 60% of diesel and jet fuel demand. As a result, the UK is classified by the International Energy Agency as “high risk, low resilience” for both fuels – a risk to our energy security during this time of huge global supply chain uncertainty.

Without a competitive investment environment, further closures are likely. This would increase exposure to geopolitical disruption, potentially raise consumer prices during crises, and undermine the UK’s ability to meet demand for fuels that still represent 47% of final energy consumption.

To maintain resilience, the UK must become a credible investment proposition for both non discretionary and discretionary capital. This requires a stable, competitive policy framework

Asks

1. Create a stable, predictable policy framework
2. Ensure UK refineries face a level playing field with international competitors by addressing structural cost disadvantages (carbon, energy, regulatory).
3. Support investment in future fuel capability by offering a clear strategy for the use and production of fuel which is technology neutral.
4. Recognise domestic refining as critical national infrastructure

that supports long term investment in domestic refining and future fuels.

Problem statement

The UK is now more exposed to global shocks than at any point in the past 50 years due to declining refining capacity and higher import dependence. This exposure is structural, not temporary. Without sustained investment, the UK risks becoming a fully import dependent economy for fuels, with consequences for energy security, price stability, and crisis response.

The UK’s sovereign refining base has shrunk from nine refineries in 2000 to four today, with production falling faster than demand (down 23%). As a result:

- The UK now imports ~55% of diesel and 80–90% of jet fuel.
- The UK holds only three weeks of diesel and five weeks of jet fuel in storage.
- The UK is increasingly reliant on supply routes from the Middle East, India and the US, some of which have shown vulnerability to geopolitical disruption.

Current situation

Declining UK refining capacity

1. UK refining capacity is falling and given changes to demand over time, UK refineries produce too much petrol and not enough diesel or jet fuel to meet UK demand. The continued decline means the UK loses flexibility to respond to disruptions. Countries which only import fuel can only access the finished fuel market, but countries which refine are able to both

import and produce fuels. Finished fuel markets are around 60% the size of crude markets, which means the market for finished fuels is naturally tighter than the market for crude; which can be impactful at times of disruption.

- Two closures in 2025 reduced capacity by a further 20%, with refinery output down at least 7% in late 2025 vs the start of the year and jet fuel output down 14%.
- Domestic production now meets only 86% of total fuel demand, however, total supply figures are not reflective of UK demand, with structural shortages of diesel (45% road diesel is imported) and jet fuel (up to 90% is imported) countered by the UK being able to more or less cover and potentially export petrol.

Rising import dependence

2. As a result of the closure of refineries and demand falling more slowly, the UK has become more reliant on imports for its fuels supply. Given that

the EU has also seen a fall in refining capacity in recent years, the UK's imports are being sourced from further afield, with notable growth in imports from the Middle and Far East as well as the USA.

- 65% of diesel and jet fuel demand combined
- 68% of jet fuel imports and jet fuel demand combined are imported
- 35% of diesel imports from the United States

The UK's energy resilience is weakening

3. The UK is classified as "high risk, low resilience" for diesel and jet fuel against the International Energy Agency's MOSES methodology with import dependency high as a result of falling refinery capacity and demand having fallen considerably more slowly. The other factor that could support UK resilience is oil storage, however, stocks have fallen to 27 days for crude and 31 days for products, down 10% from 2000 levels.

Opportunities

If Government ensures the UK is attractive for investment, domestic refining capacity can be stabilised and investment in non discretionary maintenance (£10m–£100m per site per year) and discretionary upgrades (£50m–£1bn+) can be secured. The latter could improve yields, efficiency and future fuel capability and ultimately, the UK can attract capital for SAF, hydrogen, CCS and efficiency upgrades that are key to both profitability and the UK meeting its decarbonisation goals without deindustrialisation. The markets for both fossil derived and lower carbon products are also expected to grow globally over time, offering large export potential. There would also be direct jobs benefits across the UK, with wider supply chain companies also standing to benefit during build phases and periods of maintenance, as well as the indirect impacts in local economies, estimated as 5 jobs for every 1 refining employee.

Risks

UK refineries have already invested in reducing emissions and efficiencies so an increase in imports will also increase overall emissions. Without action to address the competitiveness of the UK, further refinery closures are likely and import dependence will continue to rise and with it exposure to geopolitical disruption and price volatility during crises. There remain around 4000 direct employees at the four refineries. Large manufacturing sites also support other supply chain jobs need to maintain and improve operations. Refineries are also essential to other sectors as a foundational industry providing key inputs to chemicals, defence and others.

