

## What the coming diesel crisis proves

Published: March 28, 2026, 7:33 am

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The [Financial Times](#) has reported that the UK could face diesel shortages by mid-May if disruption in the Middle East continues:

*“Supermarkets and refineries are on course to run down their stockpiles of diesel by mid-May if the conflict in Iran is not resolved soon.”*

That claim, and the commentary that surrounds it, is important because of what it reveals about how our economy is organised and how poorly prepared it is for predictable shocks.

First, there is the issue of dependence. The UK imports only around a tenth of its diesel directly from the Middle East, which is an argument being used by ministers at present to suggest that there is no cause for concern. However, the reality is that more than 40 per cent of UK diesel comes from refineries in the Netherlands and Belgium, which in turn depend heavily on Middle Eastern crude. As a result, our supply chains are global, and we are systemically vulnerable as a consequence. The suggestion that the UK is insulated from geopolitical shocks is simply not credible.

Second, if the claim in the article is correct, a further two-week closure of the Strait of Hormuz could cut UK diesel imports by 40 per cent. That is an indication of an extraordinary level of fragility resulting from exposure to a single point of failure. Any system that can be so easily disrupted is, by definition, not resilient. It is, instead, optimised for cost efficiency at the expense of security.

Third, there is the role of pricing implicit in the FT's article, which suggests, without offering country opinion, that shortages might be avoided if prices rise sufficiently to curb demand. In other words, the apparently endorsed solution to scarcity is to make fuel unaffordable for some users. This is standard textbook market logic that should be expected from the Financial Times, but it is deeply problematic. It assumes that those with the greatest need for fuel are also those most able to pay. That is plainly untrue. Essential workers, those on low incomes, and those in rural areas will, in reality, bear the brunt of this crisis, and serious economic and social injustice will arise as a

consequence.

Fourth, there is an obvious contradiction at the heart of government policy. The Chancellor, Rachel Reeves, has warned against “profiteering” and “price gouging”. At the same time, traders spoken to by the FT are suggesting that higher prices may be necessary to reduce demand. The government appears to want both lower prices and lower consumption, and these are goals not easily reconciled within a market framework. Rachael Reeves has to make up her mind about what she is really going to do, because of that rationing, her goals appear unachievable.

Fifth, there is the issue of information management on this issue. The government is not apparently commenting publicly on fuel supply risks for fear of triggering panic buying. That may be understandable, but it also reveals a lack of trust in the public and a reliance on secrecy rather than transparency. Markets, meanwhile, are being reassured privately. That asymmetry is troubling and could ultimately lead to a worse outcome than candidly explaining the true situation and taking steps to manage it.

The consequences of this situation are significant.

To begin with, inflationary pressure is almost inevitable. Hauliers are already facing a significant pricing increase, which is only going to get worse and which will feed through into the cost of goods. This will disproportionately affect those least able to absorb higher prices.

In addition, there is the risk of social disruption. Panic buying has already been observed in other countries. The UK is not immune. Indeed, the mere expectation of shortage can create the conditions for it. This is a classic case of a self-fulfilling prophecy.

There is also a deeper structural issue. The UK’s energy system is clearly not designed with resilience in mind. Like most of the neoliberal economy, it is dependent on just-in-time supply chains, minimal stockholding, and global sourcing. That model may minimise costs in stable conditions, but it performs very badly under stress.

And then there is the environmental dimension. The suggestion that people should drive less or work from home to reduce fuel demand is entirely sensible. But it is being framed as a temporary response to crisis, rather than as part of a long-term strategy for reducing fossil fuel dependence. That is a missed opportunity. The required response to this crisis is systemic, and not temporary.

So what conclusions should we draw?

First, the UK needs a serious strategy for energy security. That means diversifying supply, increasing domestic capacity where possible, and maintaining adequate strategic reserves. The current approach is clearly inadequate.

Second, we need to rethink the role of markets in essential goods. Pricing mechanisms that ration access based on ability to pay are not appropriate for something as fundamental as energy. There is a strong case for more direct intervention, including rationing if necessary, to ensure fair access.

Third, transparency matters. The public should be treated as capable of understanding risk and responding responsibly. Withholding information may avoid short-term panic, but it undermines trust in the long run.

Fourth, this is a reminder of the need to accelerate the transition away from fossil fuels. Dependency on imported oil creates vulnerability, whether it be economically, politically, or environmentally. Investing in alternatives is not just about climate policy; it is about resilience.

Finally, and most importantly, what this issue represents is a failure of political imagination. The risks we are now facing were foreseeable. That they have not been addressed reflects a broader unwillingness to challenge the assumptions of neoliberal economic policy. Those assumptions prioritise efficiency over resilience, markets over planning, and short-term cost over long-term security. The vital point, however, is that they are just assumptions unrelated to the real world. Real economic planning has to be based on the actuality of our existence, and this crisis proves that this is far from the case.

If this crisis forces a reconsideration of that planning and a move away from neoliberal thinking, it may yet have some value. But that will only happen if we are willing to learn the right lessons and act on them, and that may be the biggest assumption of all.