

Briefing



Oil shock tactics: maintaining energy security through transport policy

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Summary

The Iran crisis has prompted lengthy debate about sourcing oil and gas and about the insulating effect of clean power systems. But surprisingly little about reducing reliance on oil in the transport sector, despite changes already underway in that area.

Every new electric car, van, truck or bus on the road reduces Britain's exposure to oil shocks and their damaging inflationary impacts.

Policy choices now will determine whether the UK accelerates towards affordable, clean and secure electrified transport, or remains exposed to volatile oil markets.

The UK's existing zero emission vehicle mandate is working. The electrification of cars and vans is set to almost halve the UK's reliance on oil imports between 2024 and 2040. But if the UK were to weaken its commitment to the electrification of cars and vans, under the zero emission vehicle (ZEV) mandate, it could increase its cumulative petrol and diesel consumption by 28 million tonnes.

Considering energy security pressures and the impacts on household incomes that slower EV transition would present, the government should rule out any reduction in the ZEV mandate's ambition.

Introduction

The UK is facing an inflationary oil supply shock because of the conflict in the Persian Gulf and subsequent blockade of the Strait of Hormuz. UK petrol prices rose by around 27p a litre and diesel by 44p a litre, between the last week of February when the US and Israel launched strikes on Iran and the last week of May 2026, a 21 per cent and 31 per cent rise respectively.¹ This underlines how quickly UK households and businesses are exposed to shocks in global oil markets.

The current crisis is the second inflationary fossil fuel price shock in four years. Russia's invasion of Ukraine and weaponisation of gas supplies in 2022 drove a wave of inflation that has raised the cost of living dramatically for UK households.

The worst of the current crisis may yet be to come. The International Energy Agency has declared that the recent conflict has created the largest supply disruption in the history of the global oil market.² It has nearly halted tanker movements through the Strait of Hormuz and price rises may be followed by physical supply shortages.³ In

response, the UK has had to ease sanctions against Russian oil imports, weakening the position of its ally Ukraine in the ongoing conflict, in the face of soaring prices.⁴

The UK depends on oil imports to fuel its road vehicles

The UK is a net importer of oil and its import reliance has been growing as domestic production declines in the mature North Sea basin. The UK's net primary oil imports increased by 11.7 per cent in 2024.⁵

The largest share of oil imports come from the United States, so the UK is not directly reliant on supplies passing through the Strait of Hormuz. Nevertheless, it remains affected by volatile global prices caused by the shock.

The most powerful solutions the UK has are to cut dependence on fossil fuels by reducing energy demand in transport and electrifying vehicles.

Electrification of transport

Sales of electric vehicles (EVs) are surging as drivers seek cost security and realise the savings that can be achieved. In April 2026, *Autotrader* reported that the average price of a new EV had fallen below petrol vehicles for the first time.⁶ The number of battery electric cars registered in the UK reached two million and 26 per cent of new car registrations that month were battery electric.⁷

Successive governments have encouraged demand for EVs with incentives, such as the salary sacrifice scheme and the Electric Car Grant, but the main policy that is driving the EV transition is the zero emission vehicle (ZEV) mandate. The regulation requires manufacturers to sell a growing portion of new zero emission cars and vans each year up to 2035 when 100 per cent of new sales must be ZEVs. Under current policy, all non-zero emission new vehicle sales should be hybrids from 2030.

Manufacturers have met the real targets for the first two years of the mandate, including compliance flexibilities. However, many laggard manufacturers continue to push back against the mandate.

The pace of EV uptake will have a significant impact on UK oil imports. The UK imported 16.8Mt of petrol and diesel in 2024.⁸ The ZEV mandate for cars and vans is expected to save, on average, 7.5Mt of petrol and diesel per year between 2024 and 2040. The electrification of cars and vans will almost halve the UK's reliance on petrol and diesel imports during this period.

But even a slight reduction of ambition can have significant impacts. If effective targets are lowered from their current trajectories so that they grow in an exponential fashion until the same phaseout is reached, UK oil consumption will increase cumulatively by up to 28Mt of petrol and diesel by 2040.

The ZEV mandate is already less ambitious than the 'balanced pathway' to transition, modelled by the Climate Change Committee (CCC). The same weakening would result in cumulative petrol and diesel demand being up to 62 Mt higher than the CCC's projection in 2040.

The government must hold firm

The government has already bowed to pressure from some manufacturers for an early review of the mandate in 2025 and extended compliance flexibilities for manufacturers to 2029. It is now reviewing the mandate again, increasing uncertainty for manufacturers, consumers, charge point operators and the wider EV supply chain. As the prime minister rightly pointed out in opposition, it is crucial for the government to move beyond “sticking plaster politics”.

Rather than cutting ambition at a time when the benefits of EVs are clear and the market is growing rapidly, the government should reaffirm its commitment to be a world leader on EVs. Further weakening of this key policy would significantly undermine investment signals for car makers and other businesses, which are already on shaky ground.

Authors: Nicholas Davies, Johann Beckford

For more information, contact:

Johann Beckford, senior policy adviser, Green Alliance
jbeckford@green-alliance.org.uk

Endnotes

¹ Gov.uk, ‘Weekly road fuel prices (CSV) 2018 to 2026’

² IEA, 20 March 2026, [Sheltering from oil shocks](#)

³ Ibid

⁴ *Al Jazeera*, 20 May 2026, ‘UK eases sanctions on Russian oil imports as fuel prices soar’

⁵ Department for Energy Security and Net Zero (DESNZ), December 2025, ‘Statutory security of supply report: 2025’

⁶ *Autotrader*, 30 April 2026, ‘New EVs are now cheaper than petrol cars on average – is now the time to buy?’

⁷ *New Automotive*, April 2026, ‘UK hits 2 million EV milestone as consumers turn to electric’

⁸ Department for Energy Security and Net Zero (DESNZ), July 2025, ‘Digest of UK Energy Statistics (DUKES): petroleum’, Table 3.7