BRIEFING

A continent squeezed

Europe’s growing diesel crisis is becoming a major drain on the bloc’s economy

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Summary

Europe is the most reliant major economy on diesel. With diesel prices at record highs, this is a major problem.

Key data points

€40 billion

Additional costs to the EU economy from road diesel since US and Israeli's strikes on Iran

€30

Extra cost for EU diesel car drivers to fill a 50L tank, by September 14

€236

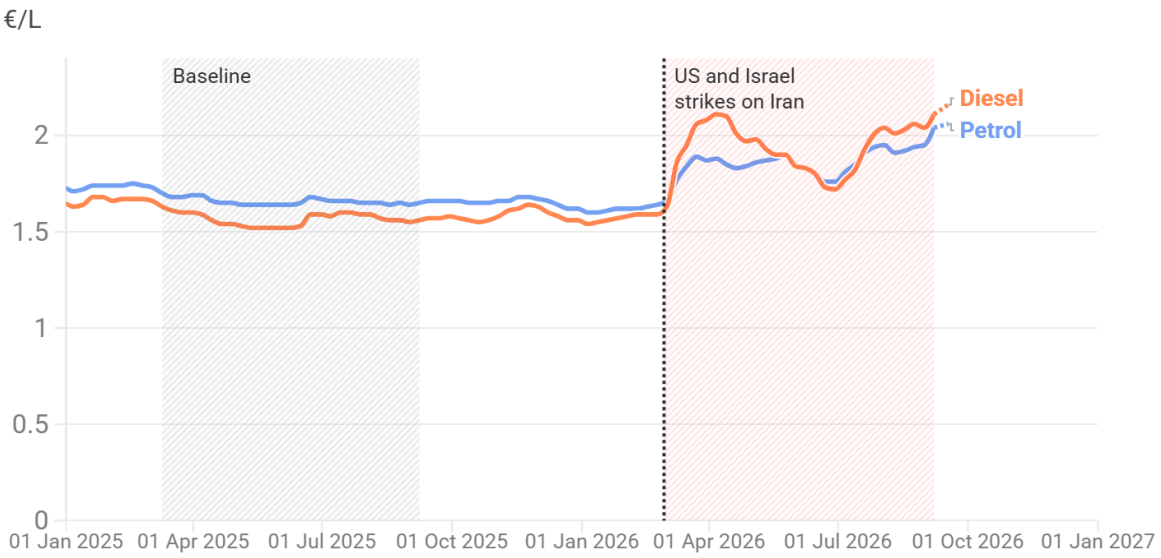
Average weekly premium for a long-haul German truck

The conflict in the Middle East and Russian refineries outage have led to tightness in the supply of refined oil products. The gap between already high crude prices and refined products, especially for diesel, has widened.

Diesel prices hit their highest level since the start of the war

By September 14, filling a 50L diesel car tank cost an extra €30

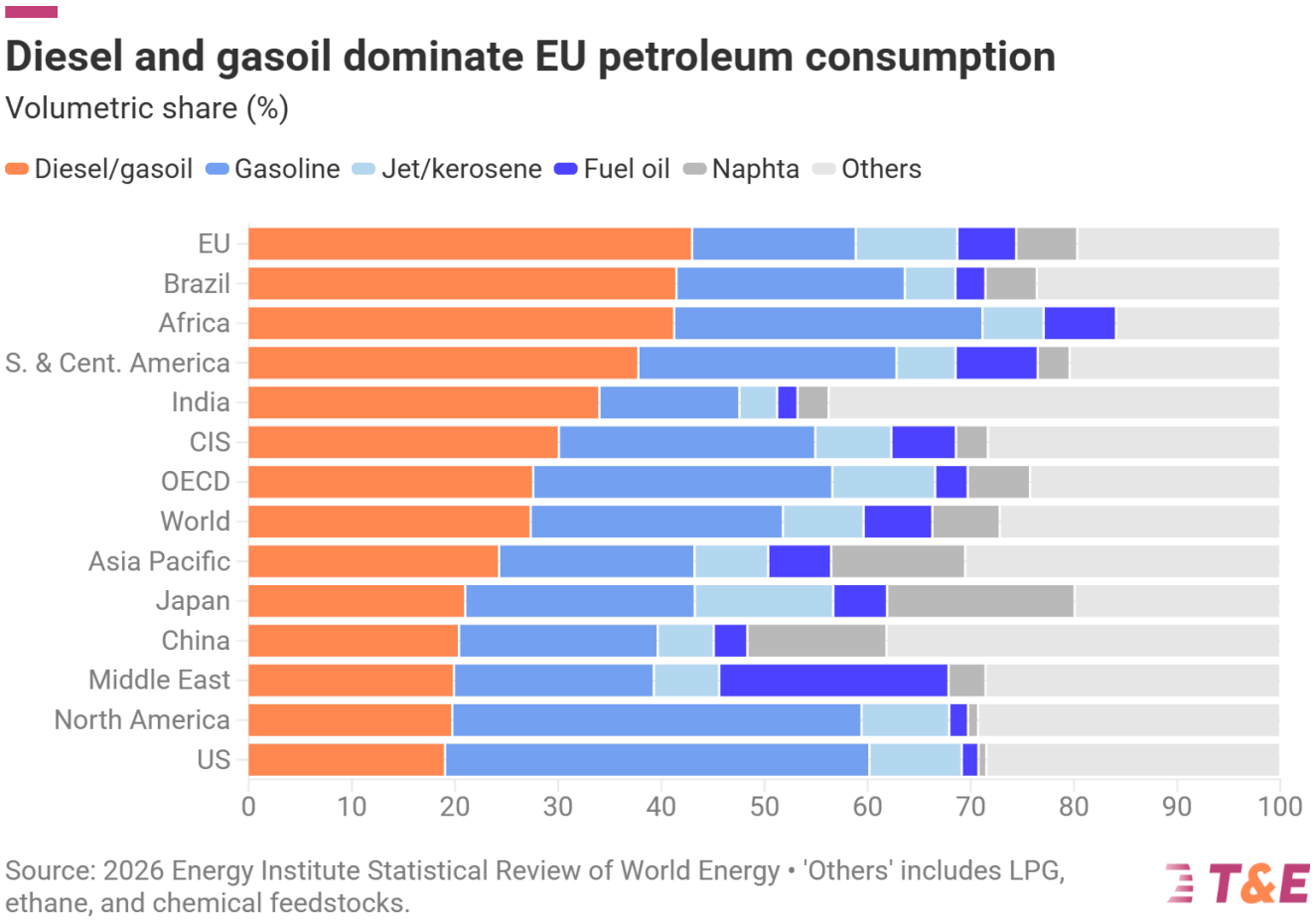
In real terms (EUR2026)



Source: Oil Bulletin, Eurostat • Latest Oil Bulletin data (week ending 14 September) were released after the analysis cut-off and are shown separately, but excluded from the outbreak premium calculation.

Road transport makes up 77% of total diesel and gas oil consumption in the EU. A spike in prices hits not just drivers wallets, but it also pushes up the price of goods and increases the cost of operating machinery.

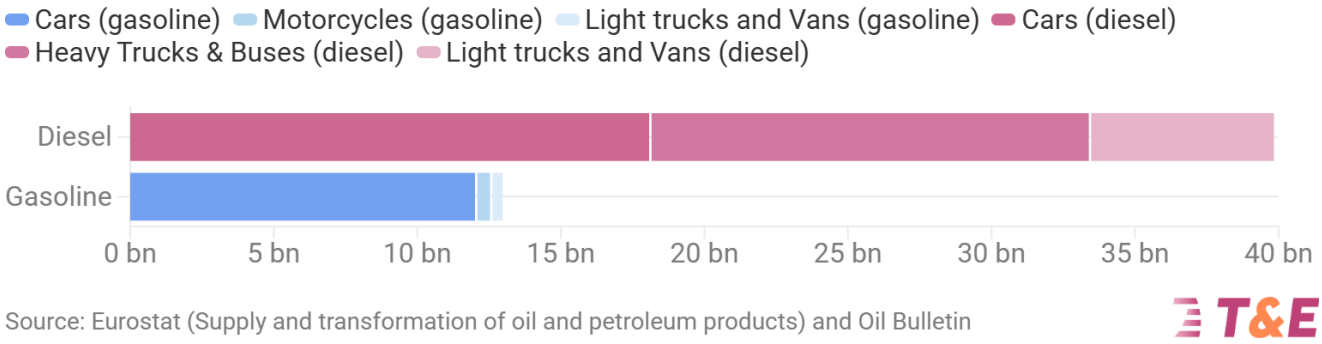
The EU is uniquely exposed as it is the region most reliant on diesel. Decades of dieselisation in road transport mean that a global middle-distillate shock translates unusually quickly into high European transport costs.



By September 14, we find that drivers are paying a premium of €30 every time they fill up their diesel cars (based on a 50l tank), while a German truck has been forking out an extra €236 a week on average since the beginning of the war. With about 6.2 million trucks on Europe's roads, this quickly adds up. In total, increased fuel costs for road transport alone cost Europe a whopping €270 million a day, of which €203 million a day is from diesel consumption.

Europe's diesel dependence in road has cost €40 billion since outbreak in Iran

Extra cost in road fuel since outbreak compared to same period last year



Source: Eurostat (Supply and transformation of oil and petroleum products) and Oil Bulletin

With 30% of Europe's diesel fleet more than 15 years old, government-funded scrappage schemes could take a large chunk of the current diesel car fleet off the road. If the current diesel premium continues until Christmas, the EU will have spent the same as offering a €2000 scrappage fee for all diesel cars over 15 years old.

Key recommendations

The EU needs to take bold action to transition away from oil and ensure that businesses and citizens across Europe benefit from stable and affordable energy prices. Reducing the amount of oil we consume and import is a win-win. It improves economic security, saves costs for drivers, reduces geopolitical uncertainties and decreases our climate impact.

- In the short-term, aside from scrappage schemes, measures, including reducing motorway speeds by 10km/h, eco driving guidance and car sharing could cut diesel demand by 15%

In the longer term, the EU should do the following:

- **Reject any weakening of the 2030 car CO2 target ambition** to secure rapid mass adoption of electric cars and investment certainty
- **Support the end of the sale of new petrol and diesel cars and vans by 2035**. to ensure that the regulation remains aligned with the EU's climate and industrial objectives.
- **In the Clean Corporate Vehicles Regulation,** set more ambitious electrification targets for large corporate fleets and remove plug-in-hybrids from the scope.

- **Windfall profits of oil companies** should be reused to protect citizens from future oil shocks.
- **CO2-based tolling for trucks** can make driving e-trucks cheaper, driving diesel trucks more expensive, or both.
- Provide support for setting up truck depot charging.

01

A continent squeezed: Europe's growing diesel crisis is becoming a major drain on the bloc's economy

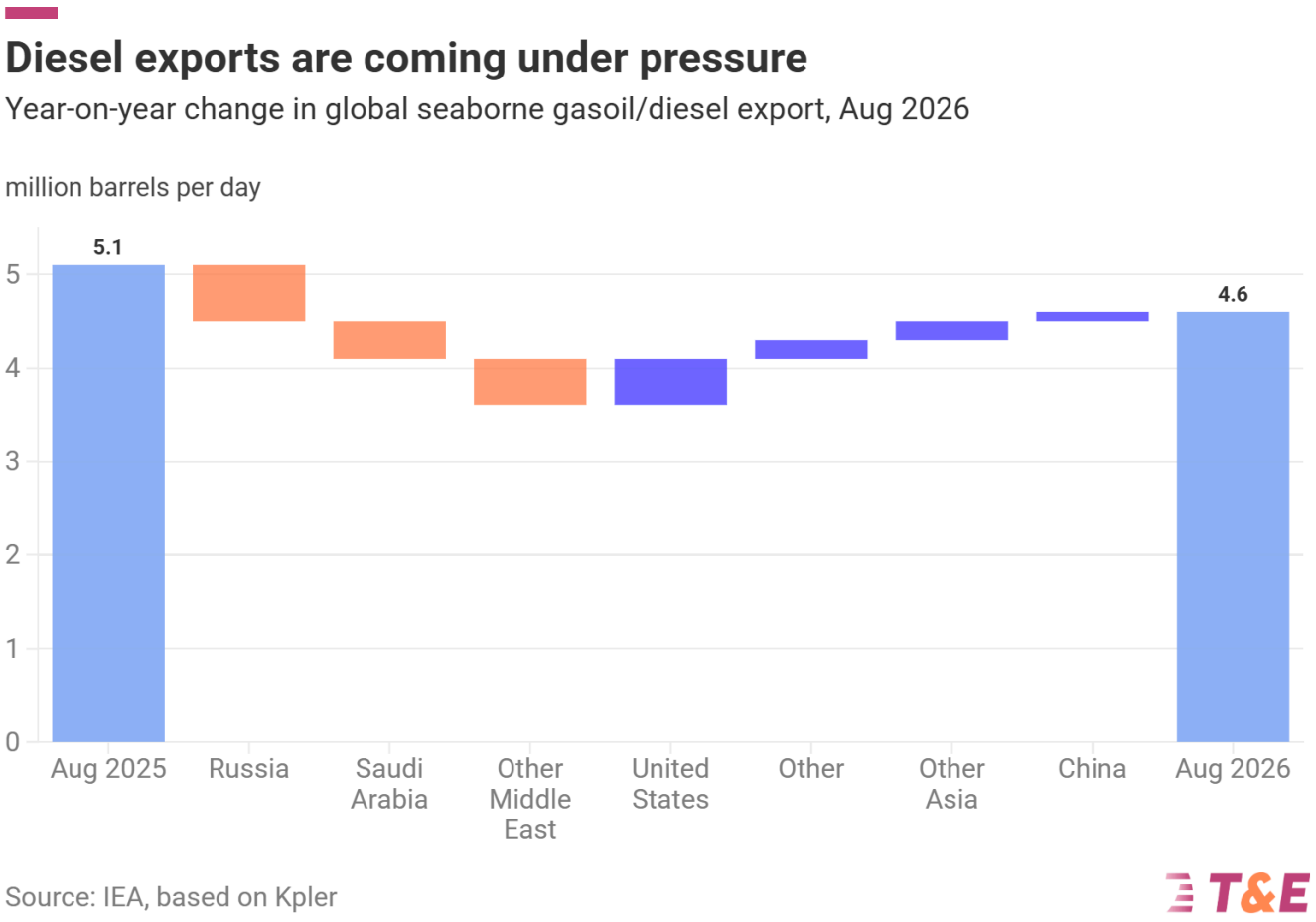
Europe is paying a steep premium for diesel as global refining capacity and diesel supplies remain constrained. Its heavy reliance on diesel-powered transport leaves drivers and businesses particularly exposed to oil and fuel price shocks. Electrification offers a durable way to reduce this exposure and protect Europe from the next oil shock.

1.1 Global supply crunch pushes middle distillate prices to historic highs

Crude oil prices have surged in recent months. By mid-September, Brent futures were 45% above pre-war levels. But diesel prices have risen even more sharply, nearly doubling in the US and increasing strongly in Europe and Asia. The diesel market, a key oil product, has been particularly strained. According to the IEA, global seaborne gasoil and diesel exports fell to 4.6 million barrels a day in August 2026, down from 5.1 million barrels a day a year earlier. Exports from the Middle East and Russia fell by almost 75% year-on-year in August:

- The conflict in the Middle East has cut not only crude oil supply but also refined product output. Diesel supply from the region is around 850,000 barrels a day below the IEA's pre-conflict expectations.
- Following expanded Ukrainian drone attacks, Russian refinery output fell by 30% year-on-year in June, reaching its lowest level in more than 20 years. Russia has historically been the third-largest producer of refined oil products globally and exports roughly half of its diesel and gasoil production.
- Global diesel reserves were already low before Russia cut off exports, and US diesel stocks are expected to fall to their thinnest in over two decades.
- Other regions have partly offset the loss of Russian and Middle Eastern supply, with refineries in the US, China and elsewhere in Asia running close to full capacity. But the additional output has not been enough to make up for the decline in supply.

This supply crunch comes at a particularly challenging time. In autumn, European diesel demand rises as heating oil use, harvesting activity and freight pick up, while seasonal refinery maintenance can further tighten supply.



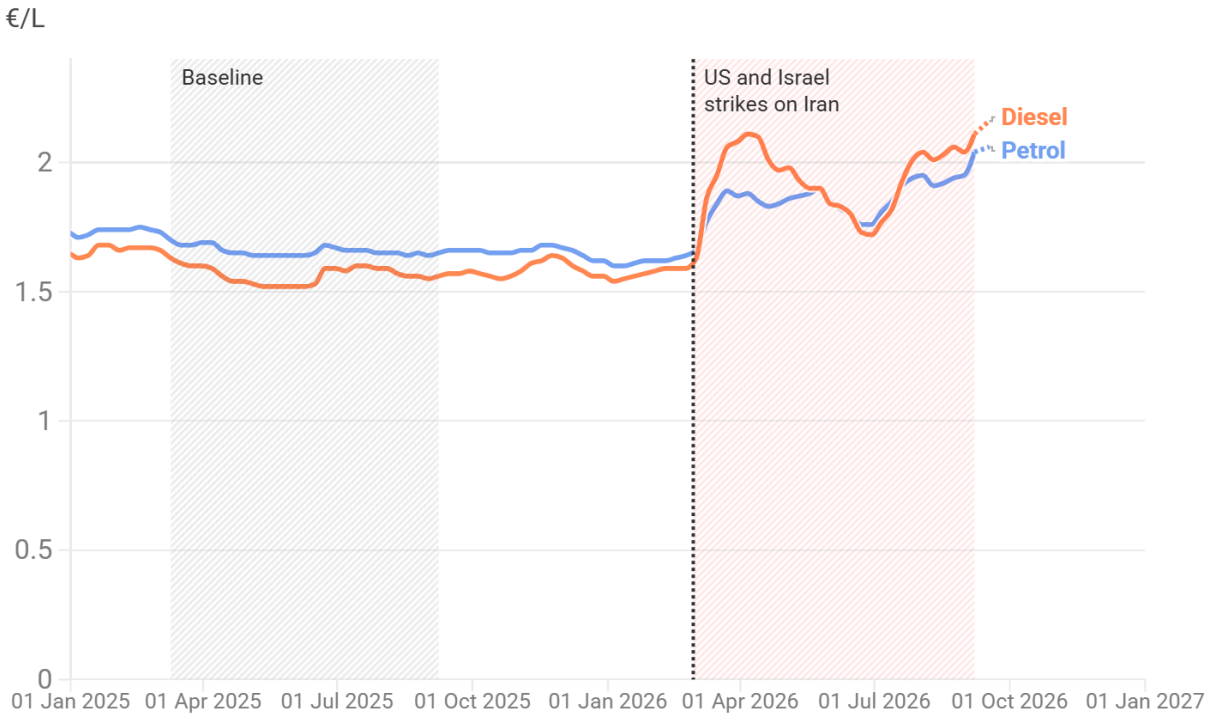
The diesel premium - the gap between crude oil and wholesale diesel, known as the diesel crack spread - has exceeded $100/bbl for the first time by early September, compared with a typical $10-30/bbl range. This unusually wide spread shows that the price shock is not simply driven by expensive crude oil, but by a severe shortage of diesel itself. The widening crack spread is the market signalling this scarcity: by pushing diesel prices higher relative to crude, it curbs demand and helps bring the market back into balance.

For refiners that can keep operating, such a high diesel crack spread translates into exceptionally high refining margins: the cost of their crude input has risen much less than the price they can sell diesel for. U.S. refineries have ramped up diesel production, they are running at near-full capacity to benefit from record high cracks and strong export demand. By the end of August, refinery outages were 60% higher than the seasonal average.

Diesel prices hit their highest level since the start of the war

By September 14, filling a 50L diesel car tank cost an extra €30

In real terms (EUR2026)



Source: Oil Bulletin, Eurostat • Latest Oil Bulletin data (week ending 14 September) were released after the analysis cut-off and are shown separately, but excluded from the outbreak premium calculation.

T&E

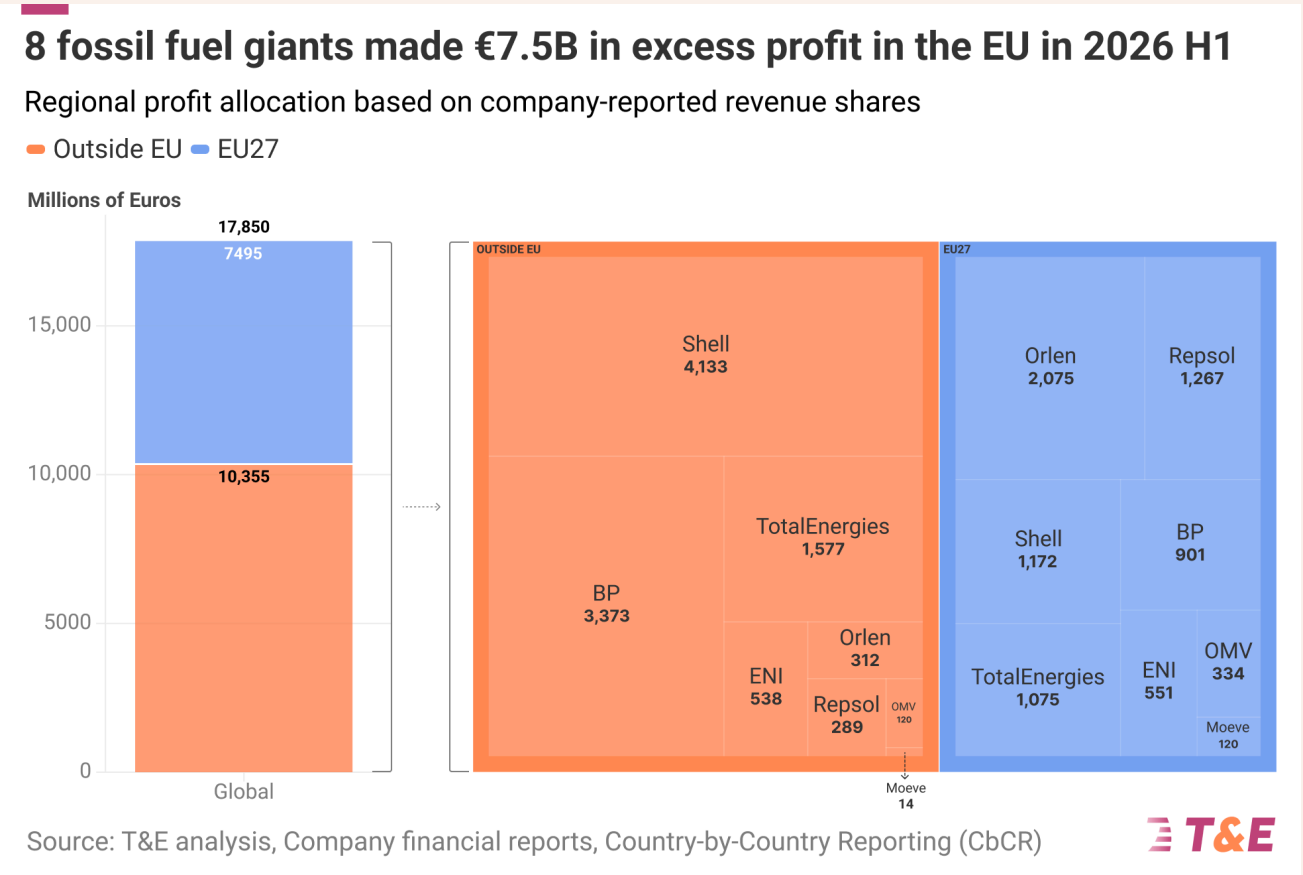
By September 14, diesel had reached €2.16/L, adding around €30 to the cost of filling a 50-litre tank as the supply crunch feeds through to retail prices.

This increase comes despite fiscal measures introduced by a number Member States to cushion consumers from higher energy prices, including cuts to fuel excise duties and VAT. However, these measures are poorly targeted: they do not specifically support lower-income households and tend to benefit higher-income households disproportionately, as they generally drive more and consume more fuel. By mid-June 2026, Bruegel estimated that European governments had committed more than €11.8 billion in fiscal measures, of which 54% were untargeted measures, including fuel tax cuts. When estimating the total cost of the road diesel price premium in the EU (Section 1.3), we assume that these measures are fiscally neutral: any reduction in tax revenues today will ultimately need to be recovered through other taxes or lower public spending.

Energy crises fuel fossil fuel profits at the expense of drivers

Just eight oil companies have made €18 billion in excess profits globally, €7.5 billion in Europe in the first half of 2026.

Across the eight companies covered: Shell, BP, TotalEnergies, Eni, Orlen, Repsol, OMV, Moeve - those that publish enough geographic detail to allocate their profit to the EU27 - EU-attributed excess profit was approximately €1.6 billion in the first quarter of 2026 and €5.9 billion in the second, totalling €7.5 billion over the first two war quarters combined.



As these excess profits stem from revenues earned within the EU27, they could be captured by a permanent windfall tax, if designed correctly.

The case for acting is ultimately one of fairness. The higher prices that generated these profits were paid at the pump by ordinary drivers across the EU, who had no way to avoid a cost imposed by a geopolitical shock they did not create. The same shock delivered a windfall to oil companies on the other side of that transaction. A mechanism to claw back a share of those excess profits would do no more than rebalance that transfer - and it could be put to a purpose that reduces the exposure in the first place. Revenue raised during an oil crisis is well suited to funding an acceleration of electric vehicle deployment, which is the most direct way to insulate drivers from future energy crises.

1.2 EU is particularly vulnerable to diesel price shocks due to high diesel and gasoil dependency

Decades of dieselisation in road transport mean that a global middle-distillate shock translates unusually quickly into European transport costs

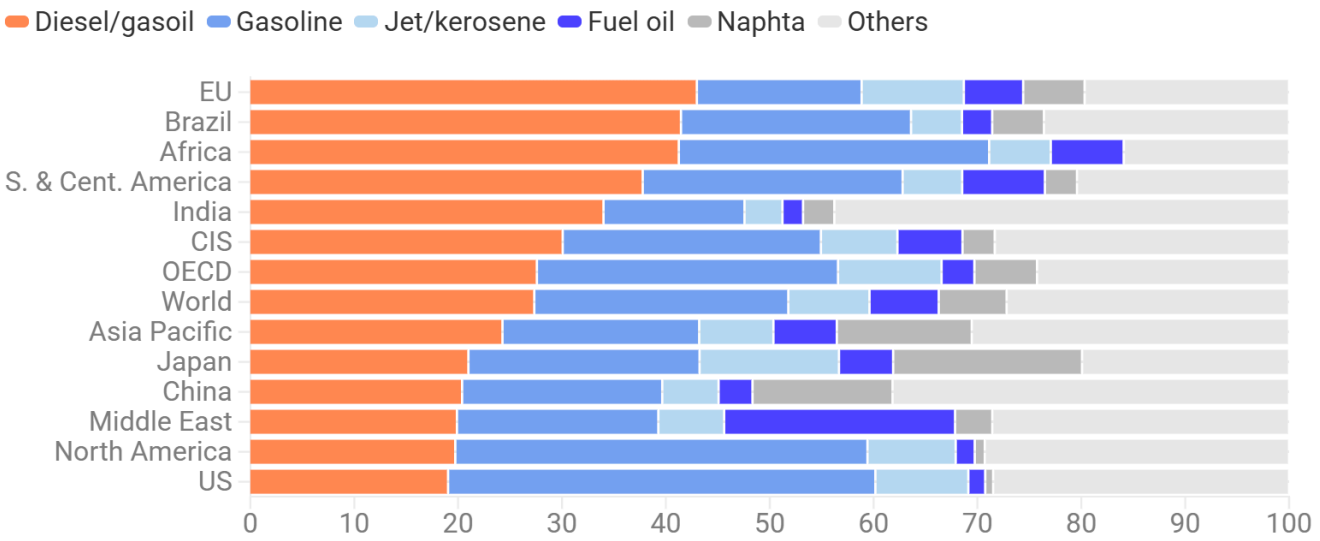
Europe stands out for its high dependence on diesel among petroleum products. Analysis of regional oil-product consumption data from the Energy Institute's Statistical Review of World Energy shows that diesel/gasoil accounts for around 43% of EU oil-product consumption by volume – 16 percentage points above the global average and roughly twice the share in the US. This reflects Europe's long-standing dieselisation of passenger cars - in 2024, 38.4% of the passenger cars on EU roads were diesel cars. This contrasts with the US, where gasoline dominates road transport and diesel demand is concentrated mainly in freight and commercial vehicles.

Japan is similarly much less diesel-dependent: Japan's passenger-car fleet is far more heavily skewed towards gasoline than Europe's. According to the Japanese Agency for Natural Resources and Energy, in 2023, gasoline vehicles accounted for 71.3% of Japan's 62.2 million passenger vehicles, while hybrids accounted for a further 19.3%. Diesel vehicles represented only a small share of the fleet.

China's passenger car fleet is also dominated by gasoline, BEV and hybrid cars: indeed, China is already reducing its exposure through rapid electrification, including in freight. EVs displaced around 1 mb/d of Chinese oil demand in 2025, while one in four trucks sold were electric. By 2035, electric trucks are expected to displace around 1 mb/d based on current policies.

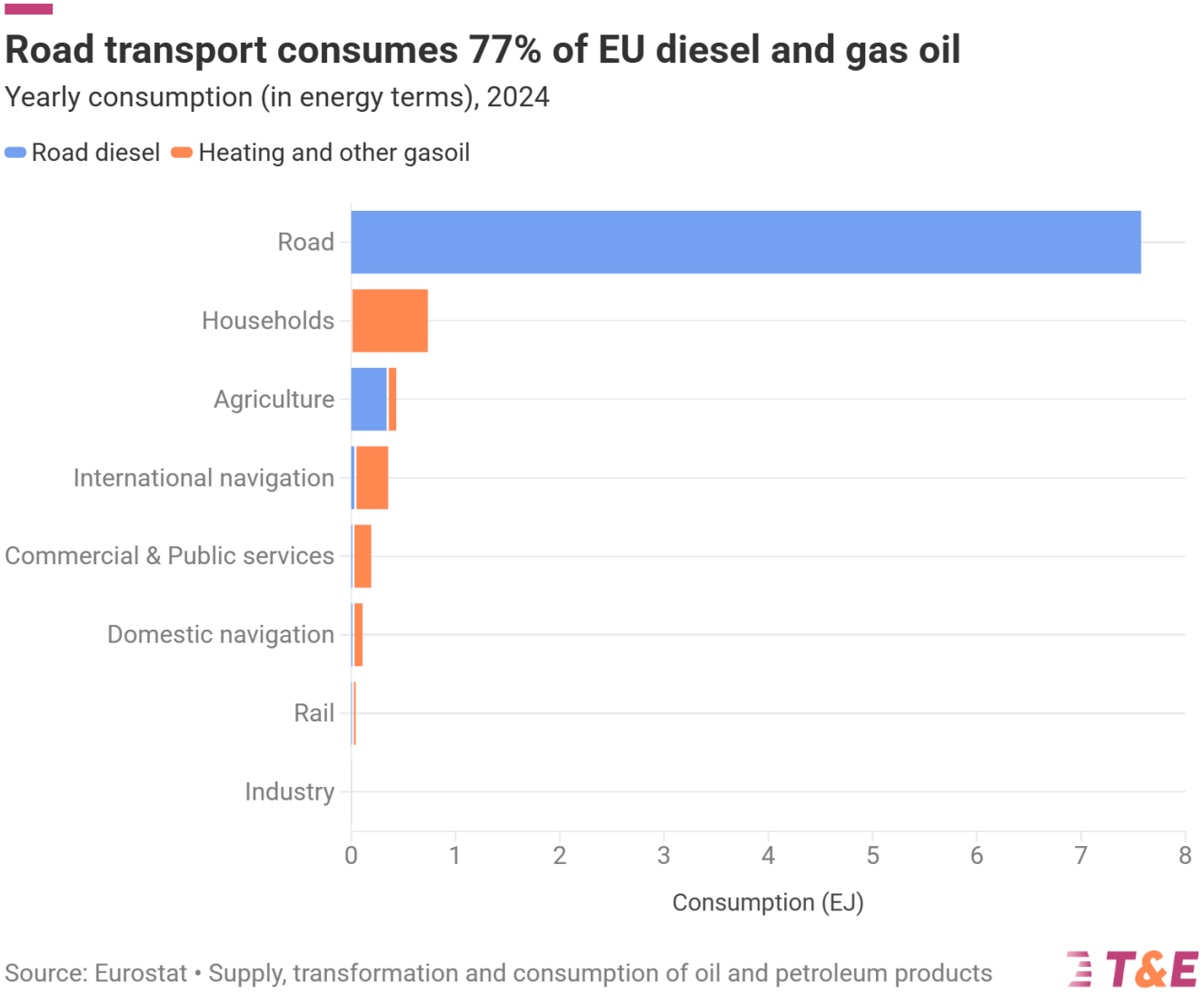
Diesel and gasoil dominate EU petroleum consumption

Volumetric share (%)



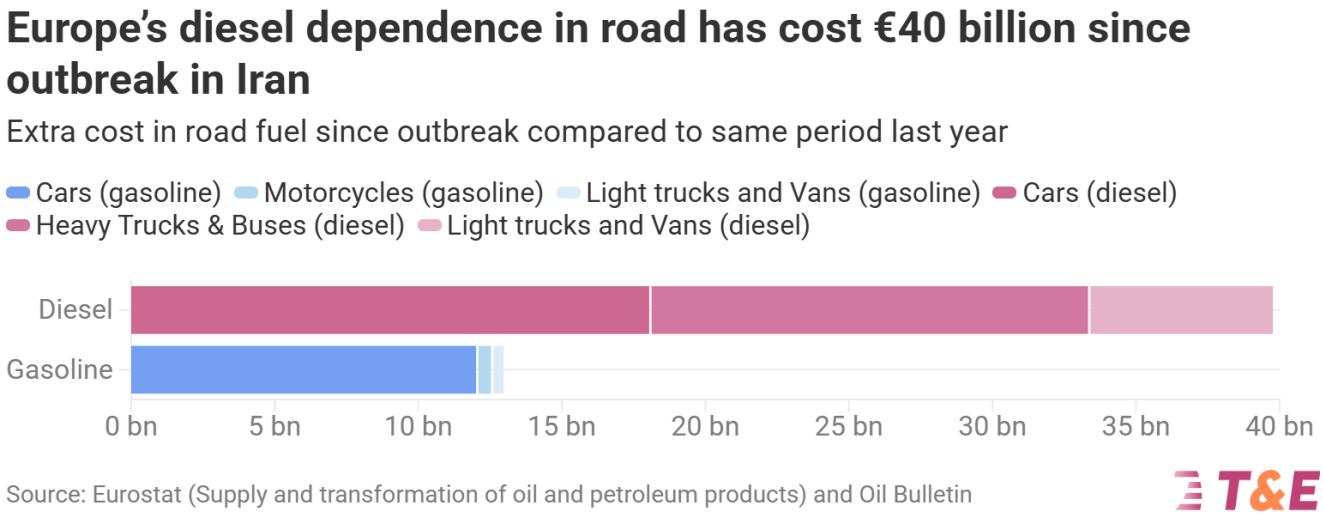
Source: 2026 Energy Institute Statistical Review of World Energy • 'Others' includes LPG, ethane, and chemical feedstocks.

Diesel and gasoil are middle-distillate products that are used across transport, households and agriculture, making these sectors particularly exposed to higher diesel prices. Road transport is by far the largest user: according to Eurostat, road transport consumed 77% of EU diesel and gasoil in 2024, with passenger cars being the biggest diesel consumers (3,28 EJ and contributing to 45% of the road sector) , followed closely by heavy trucks and buses (2,78 EJ, 38% of road), and light truck and vans (1,16 EJ, 16%).



1.3 Europe's diesel dependence in road transport costing €203 million a day

Europe's reliance on diesel is leaving drivers and businesses exposed to the oil price shock. Since the outbreak of the war, the additional cost of road fuel in the EU has reached €53 billion, of which €40 billion comes from diesel consumption, equivalent to around €203 million every day.



The burden is indeed particularly high for diesel users: an average German long-haul diesel truck has incurred around €6,000 in additional fuel costs over the crisis period compared with the same period last year, or around €236 per week.

By September 14, diesel had reached €2.16/L, adding around €30 to the cost of filling a 50-litre tank as the supply crunch feeds through to retail prices.The average EU diesel car driver has paid around €142 more over the crisis period.

On average since the outbreak, compared with the same period last year and adjusted for inflation:

€236	Extra fuel cost per week for a long-haul German diesel truck driving 2,220 km a week
€30	Extra cost to fill a 50-litre diesel car tank by September 14th, as EU diesel price reach €2.16/L

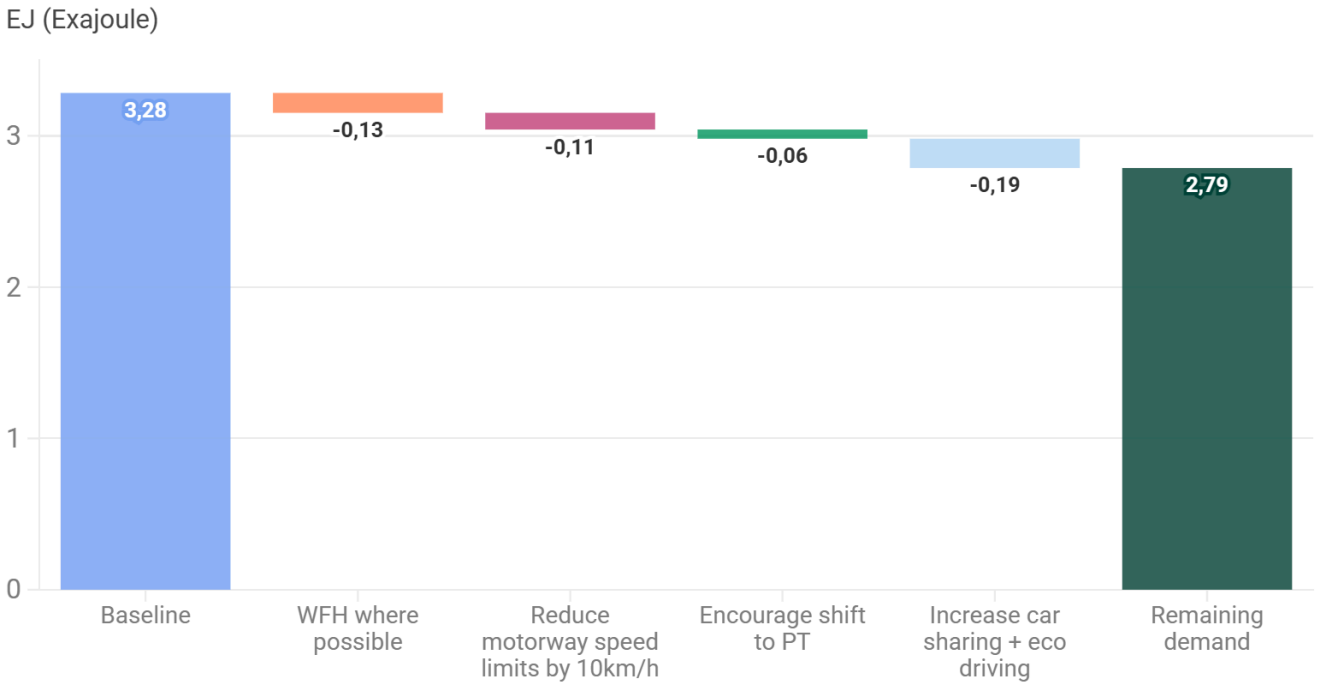
1.4 A combination of short term measures could cut car diesel demand by 15%

Short-term measures can cut oil demand, including diesel demand quickly, while electrification provides the long-term solution. Many of these measures were recommended during the 2022 energy crisis, when the IEA called for lower motorway speed limits, more teleworking, cheaper public transport, car sharing and more efficient driving in its 10-point plan. In March 2026, the IEA proposed a similar set of measures, with estimates of their potential impact in its Sheltering from oil shocks. T&E modelled their impact on car diesel demand and fuel costs, finding that the four measures below could cut car diesel demand by 15% in the central scenario:

- **Encourage flexible working arrangements where feasible.** Three additional remote working days per week could reduce individual driver fuel bills by up to 20%.
- **Reinstate or strengthen motorway speed limit enforcement** with a minimum 10 km/h reduction on key corridors, as per the IEA emergency recommendation.
- **Accelerate investment in public transport** as an emergency energy security measure.
- Issue clear public guidance on eco-driving, tyre pressure maintenance and car-sharing to accompany any emergency communications on fuel prices.

Short term measures could reduce demand for car diesel by 15%

Road diesel consumption



Source: T&E analysis, based on IEA and UNFCCC • Central scenario

1.5 On the longer term, electrification will protect drivers and businesses from oil price shocks

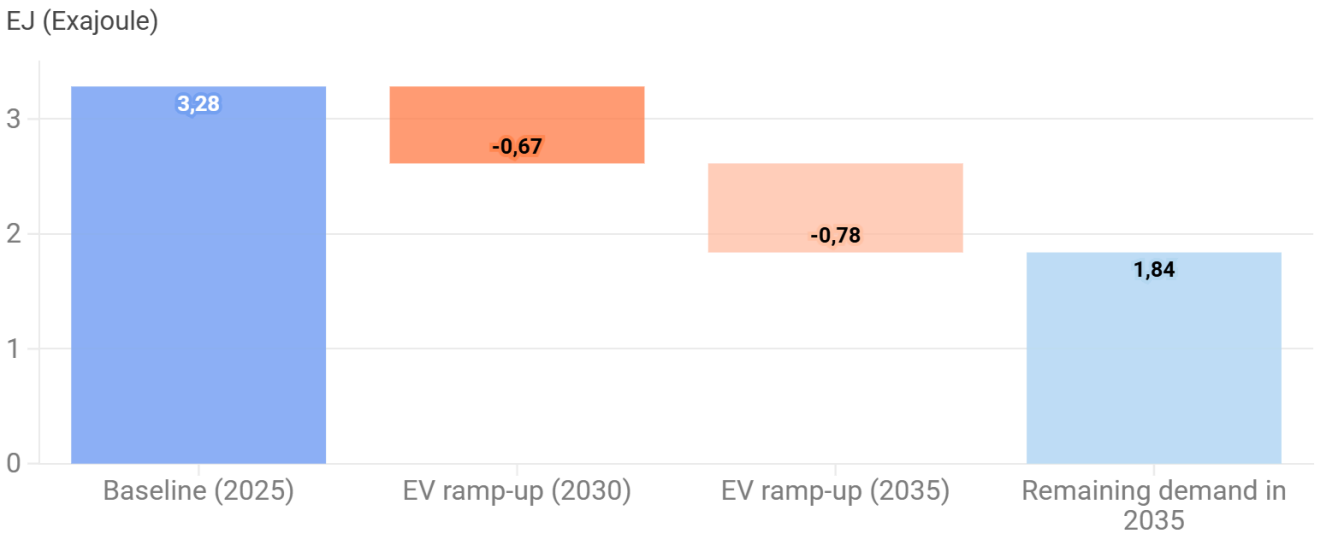
Electric cars are already reducing Europe's dependence on imported oil. Nearly 8 million electric cars in the EU saved around 46 million barrels of oil in 2025, equivalent to €2.9 billion in avoided oil import costs.

The benefits become even clearer when oil prices spike. A German long-haul truck operator switching from diesel to electric in February would have saved around €15,400 in fuel costs (refuelling diesel or charging) by September, compared with continuing to drive a diesel truck. For a car driver, switching from diesel to an electric car in February would have saved around €352 over the same period.

€15,400	Fuel savings from driving an electric truck instead of diesel since outbreak
€352	Fuel savings from driving an electric car instead of diesel since outbreak

For cars specifically, we model the effect of the electrification of the fleet pushed by the EU's CO2 emission standards under the Green Deal. By 2035, both this EV-ramp up and the natural end of life of old diesel cars could achieve a 44% reduction of diesel consumption for cars.

Electrification can cut car diesel use by 44% by 2035



Source: UNFCCC; EV ramp-up: CO2 regulation - Green Deal
The electrification is additional to the natural decrease of diesel cars sales

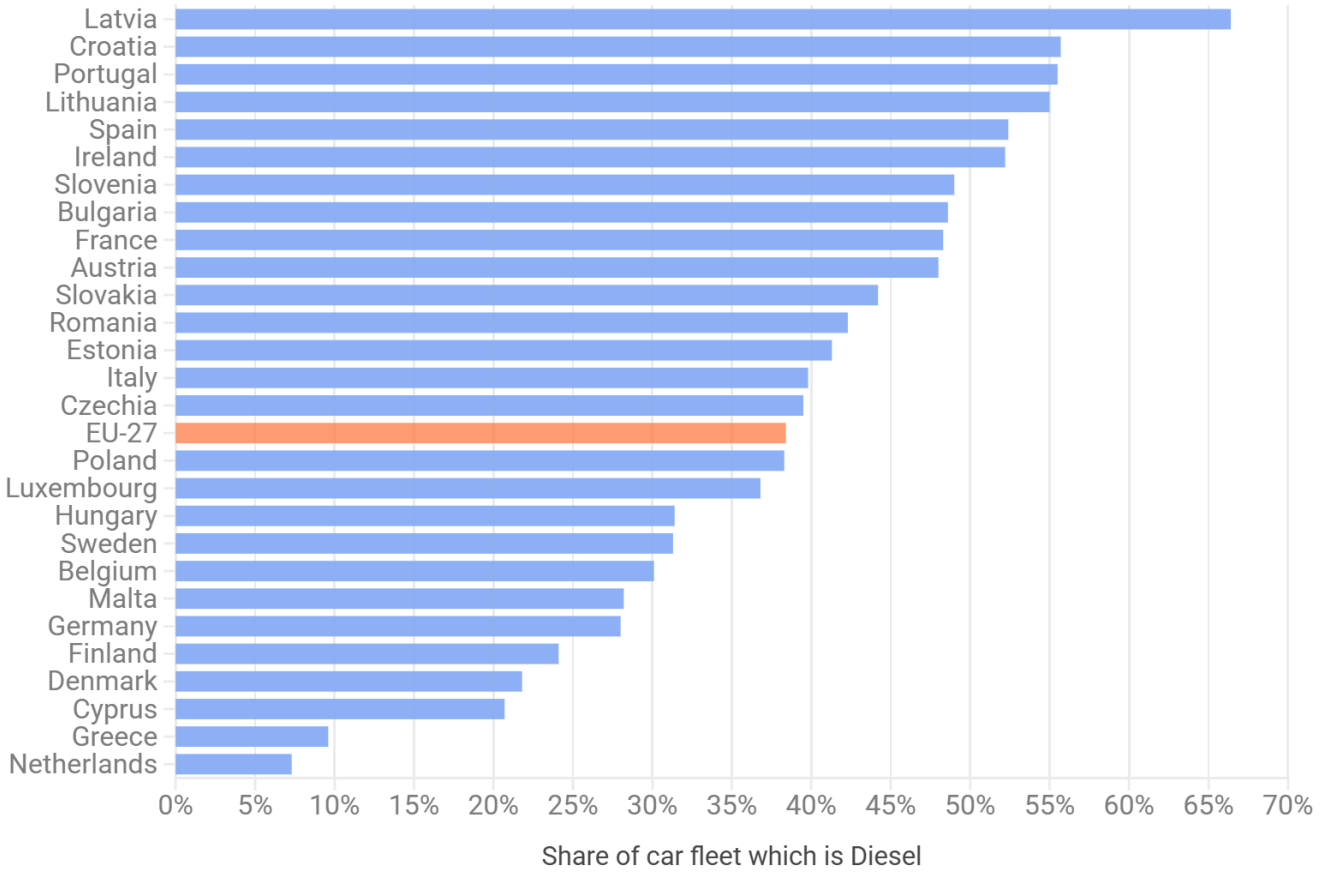
Permanently reduce exposure to oil shocks by maintaining the 2030-35 CO_2 standard targets and getting the oldest, highest-consuming diesel cars off the roads.

1.6 Europe's ageing diesel fleet could be targeted through scrappage schemes

Four in 10 cars on EU roads are diesel – a legacy of Europe's past dieselisation. Diesel became widespread across Europe partly because fiscal and company-car policies in many countries favoured diesel over petrol, while diesel engines offered lower fuel consumption and were particularly attractive to high-mileage drivers. This created a large diesel fleet that is still on European roads today, even though the market has shifted rapidly towards other powertrains. In H1 2026, diesel accounted for just 7.5% of new EU car registrations, compared with 22.2% for petrol and 68% for electrified vehicles (battery-electric, hybrid and plug-in hybrid).

4 in 10 cars on European roads are diesel

30% of diesel cars are more than 15 years old

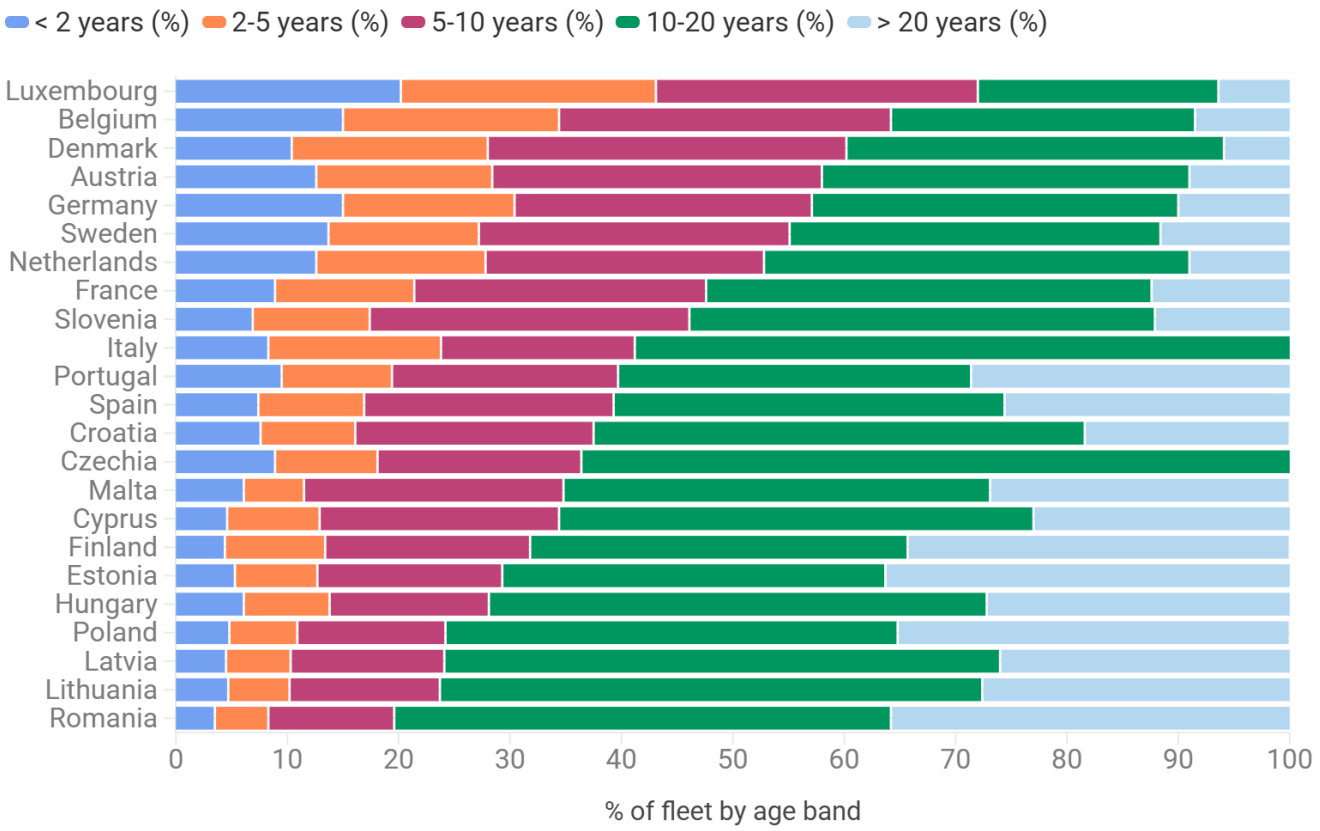


Source: ACEA, 2026, Vehicles on European Roads

Diesel sales peaked between 2005 and 2015; and they are now in sharp decline, with sales on track to reach 0 in 2030 if current trends continue. This means the diesel fleet is aging very quickly, with the average age already over 13 years and expected to reach 16 years by 2030.

In countries like Romania, Lithuania, Latvia, Poland, Hungary and Estonia, where less than a third of the fleet is less than 10 years old - it's where most of the cars are bought second hand from markets with younger fleet, there will be

Share of fleet by age band



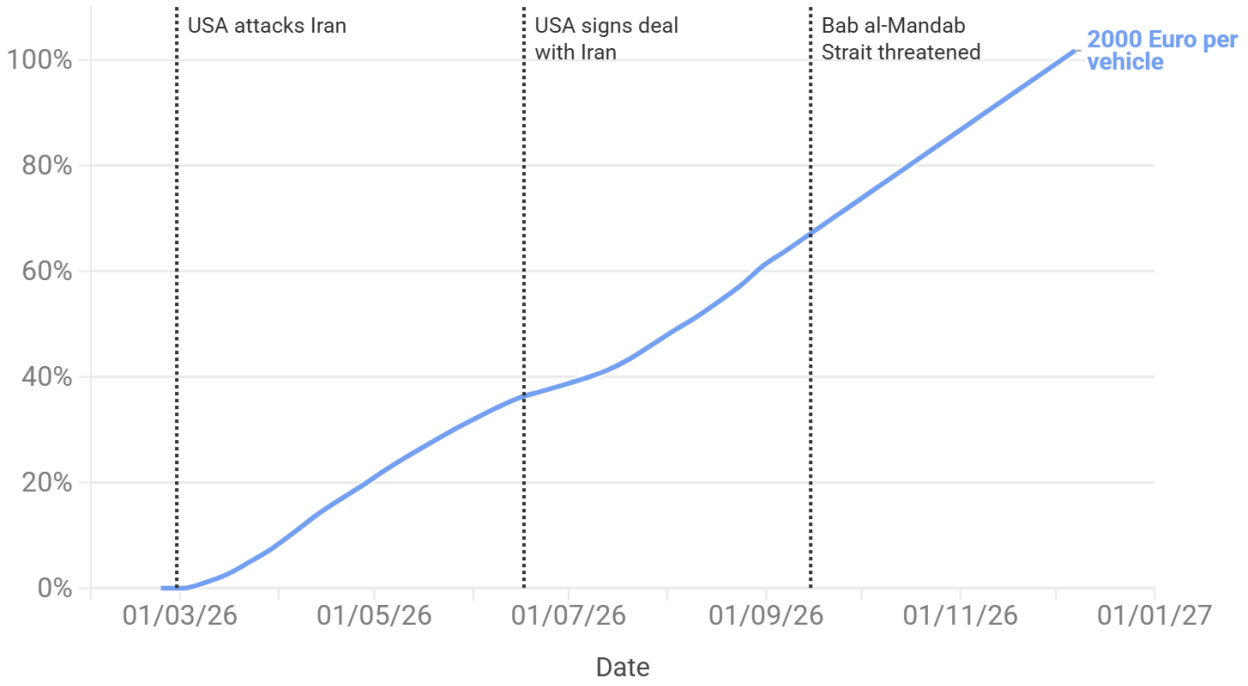
Source: Eurostat, 2026, Passenger cars in the EU

A well-designed scrappage scheme could accelerate the retirement of Europe's oldest diesel cars. To put the scale into perspective, the weekly premium paid for road diesel in the EU, since the start of the Iran conflict, would be enough to fund a €2,000 scrappage grant for all diesel cars over 15 years old by Christmas.

These figures are illustrative: not all drivers would choose to scrap their car in exchange for a cheque, particularly those who depend on their car but cannot afford the upfront cost of replacing it. The €2,000 scrappage fee could be used to encourage drivers to get rid of old diesels but a higher fee would be needed to encourage drivers to switch to new or low emissions vehicles. Scrappage schemes should therefore be complemented by measures such as social leasing, which can help households switch to cleaner vehicles without a large upfront payment.

Money saved by moving away from diesel cars is sufficient to help fund its own replacement

Share of the diesel car fleet over 15 years old scrapped



Source: T&E modelling • Based on the additional weekly diesel costs incurred by the EU road sector compared with the same period last year.

Recommendations

The EU needs to take bold action to transition away from oil and ensure that businesses and citizens across Europe benefit from stable and affordable energy prices. Reducing the amount of oil we consume and import is a win-win. It improves economic security, saves costs for drivers, reduces geopolitical uncertainties and decreases our climate impact.

01 In the short-term, aside from scrappage schemes, measures, including reducing motorway speeds by 10km/h, eco driving guidance and car sharing could cut diesel demand by 15%

In the longer term, the EU should do the following:

02 Reject any weakening of the 2030 car CO2 target ambition to secure rapid mass adoption of electric cars and investment certainty

03 Support the end of the sale of new petrol and diesel cars and vans by 2035. to ensure that the regulation remains aligned with the EU's climate and industrial objectives.

04 In the Clean Corporate Vehicles Regulation, set more ambitious electrification targets for large corporate fleets and remove plug-in-hybrids from the scope.

05 Windfall profits of oil companies should be reused to protect citizens from future oil shocks.

06 CO2-based tolling for trucks can make driving e-trucks cheaper, driving diesel trucks more expensive, or both.

07 Provide support for setting up truck depot charging.

Methodology

Fuel prices: crisis period and baseline

Fuel prices (with and without taxes) are taken from the weekly Oil Bulletin, which publishes EU fuel price data each Thursday. The prices reported correspond to data collected by Member States on the preceding Monday and cover the previous week. We estimate additional fuel costs by comparing prices and consumption during the *crisis period* with the corresponding period one year earlier, referred to as the *baseline*:

- *Baseline*: 03.03.2025-07.09.2025, using Oil Bulletin diesel and petrol prices from 10.03.2025-08.09.2025.
- *Crisis period*: 02.03.2026-06.09.2026, using Oil Bulletin diesel and petrol prices from 09.03.2026-07.09.2026.

Note that, at the time of the analysis, the latest available prices were for the week ending 7 September 2026, 28 weeks after the start of the conflict. By publication, new prices had been released for the week ending 14 September, reaching €2.16/L for diesel and €2.06/L for petrol on average in the EI, the highest levels since the start of the war. These latest prices are not reflected in the overall premium paid by the road sector, which is based on the analysis cut-off date. As a result, the estimated premium paid since the outbreak is slightly underestimated. However, the additional cost of filling a 50-litre diesel tank is calculated using the latest available prices.

Total cost of the diesel and petrol premium to the EU economy

The fuel cost premium is calculated as the difference between fuel expenditure during the crisis period and expenditure during the corresponding baseline period, adjusted for inflation.

We use fuel prices excluding taxes to calculate expenditure, as a simplifying assumption that treats taxes as neutral from an economy-wide perspective. While this does not capture all the distributional effects of changes in fuel taxation, we consider it the most appropriate approach for estimating the overall cost to the economy. A reduction in fuel taxes does not reduce the overall cost to the economy, as the resulting loss in tax revenue would ultimately have to be covered elsewhere by taxpayers.

Weekly road-fuel consumption during the baseline is estimated from T&E's 2025 State of transport emissions estimates, based on UNFCCC data. We then adjust the weekly distribution to reflect seasonal patterns using Eurostat monthly data on Gross Inland Deliveries (GID) of road diesel and and motor gasoline, converting the monthly data to a weekly profile.

For the crisis period, consumption from March to June is estimated using Eurostat GID data for gasoline and road diesel. For the remaining month, where data are not yet available, we assume consumption is 3.2% lower than in the corresponding period of the previous year, in line with the latest Eurostat data on retail sale of automotive fuel in specialised stores.

Given that we do not have a breakdown of diesel consumption by mode (passenger cars, vans, trucks and buses), we apply the estimated reduction in diesel demand uniformly across all modes. In reality, passenger car demand is likely to be more responsive to price changes, while freight demand tends to be less price elastic. As a result, this assumption may overestimate the share of the diesel premium borne by passenger cars relative to trucks and other freight vehicles. EU road fuels are blended with biofuels — biodiesel in diesel and bioethanol in petrol — which are priced differently to fossil fuels and subject to their own supply dynamics. While biofuel volumes (bioethanol and biodiesel) are reflected in the Oil Bulletin price averages, they are not included in the volume estimates used in this analysis.

Additional cost for a truck and a car

We compare vehicle running costs over the 28-week periods defined above. Fuel and electricity prices are taken from the corresponding Oil Bulletin and electricity price periods. For both cars and trucks, running costs are calculated as:

Refuelling/charging price (€ per litre or kWh) × vehicle consumption (litres or kWh/km) × distance driven over 28 weeks.

We use fuel prices including taxes, as we take the perspective of the fuel consumer. From the driver's perspective, changes in fuel taxation directly affect the price paid at the pump and therefore the driver's fuel expenditure.

For cars, we use average EU consumption of 6.91 l/100 km for diesel, 7.08 l/100 km for petrol and 20.2 kWh/100 km for electric vehicles, and assume 10,000 km/year. EVs are assumed to charge entirely at home, using 2025 household electricity prices and an estimated 2026 price based on the historical relationship between gas and electricity prices.

For trucks, we use a German long-haul articulated truck (vehicle subgroup 5-LH), with consumption of 26.38 l/100 km for diesel and 1.2 kWh/km for electric trucks, and annual mileage of 116,000 km. Electric trucks are assumed to charge 80% at depots and 20% publicly, using German charging prices; prices are assumed unchanged between 2025 and 2026 due to the lack of 2026 data. Diesel prices include excise duty but exclude 19% VAT. Finally, the estimated €4,877 annual RED III subsidy for electric truck drivers in Germany is deducted from the electric truck's 28-week running costs.

Note that results for a single German long-haul truck with 2 axles cannot be generalised to form an EU average due to different fuel prices, annual mileages, payloads, driving patterns, subsidy schemes, and fleet ages across countries.

Age of diesel fleet

We use historical diesel car sales data from Eurostat and ACEA combined with a survival curve to estimate the number of diesel cars on the road in Europe by vehicle age.

Short term measures

We use the central scenario from our T&E analysis, which is based on IEA analysis, quantifying the impact of four short-term measures for EU car drivers. The analysis considers a range of fuel demand reductions depending on the assumed level of uptake, from -9% (low) to -21% (high), with the central scenario assuming a 15% reduction. We apply this reduction to car diesel demand in the EU27; the four measures' impacts compound sequentially rather than adding up linearly.

Long term measures

In the medium to long term, measures could reduce diesel consumption by 44%.
The electrification of the fleet is driven by the EU's CO2 emission standards under the Green Deal. This is complemented by the natural decline in diesel car sales. The modelling of diesel car fleet fuel consumption is based on T&E's Internal European Transportation Roadmap Model (EUTRM). For each forecast year, the model calculates fuel consumption based on the age and powertrain composition of vehicles in the fleet. Based on forecasted passenger activity, vehicle removal rates in each country, and the volume of imported used cars, the model projects the number of new vehicles sold and the resulting fleet size in each country.

Further information
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