



**BRIEFING - March 2026**

# **The geopolitical premium**

How Europe's oil dependence leaves it painfully exposed to volatility

# Summary

Europeans will pay a high 'geopolitical premium' as oil passes \$100 a barrel.

## \$100 a barrel

In late February 2026, the United States and Israel carried out extensive coordinated strikes on Iran, prompting Iran to retaliate with drone and missile attacks against targets in Israel and several other countries in the surrounding region. Attacks on oil production and refining facilities, along with the cessation of the movement of virtually all cargoes through the straits of Hormuz, which is the key transit of fossil fuels from the Middle East to Europe and eastward, particularly to China, India and Japan.

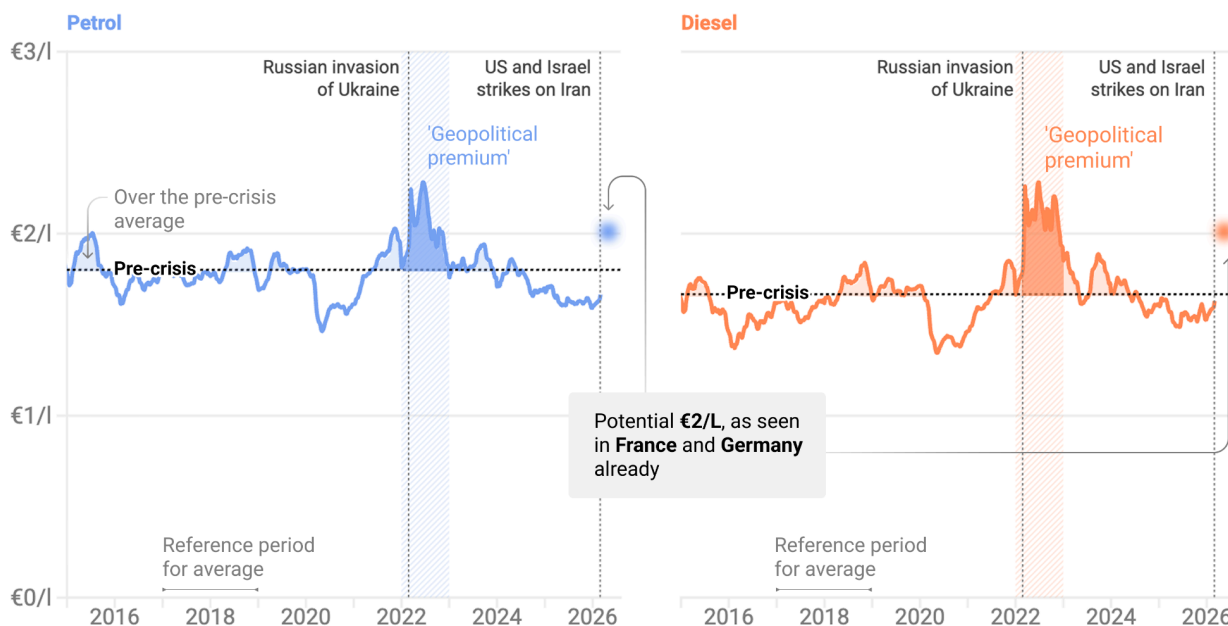
On 9 March, the cost of Brent crude oil surged past \$100 per barrel. In 2023, the [EU spent €427 billion](#) on imported energy - more than €1 billion per day. In 2022 when the price of oil was last over \$100/barrel, energy imports cost the EU €604 billion, around €500 million more per day.


This will lead to higher profits for fossil fuel companies. Back in 2022, it was estimated that the combined profits of some of the world's biggest oil companies – Chevron, ExxonMobil, BP, Shell and TotalEnergies – amounted to [nearly \\$200bn](#).

T&E's analysis into oil price premiums in 2022 show that Europe paid a high price for its dependence on imported oil with drivers spending an additional €55 billion at the pumps. Across the EU by mid-2022, diesel prices [were up](#) 45%, and petrol increased by 36%. Towards the end of June 2022, petrol and diesel prices at the pump exceeded €2 per litre meaning drivers were spending €24 to €31 more to fill up a 50 litre engine than they were in pre-crisis times (2017-2019), accounting for inflation.

## European drivers paid a €55bn 'geopolitical premium' in 2022

Fuel prices at the pump, corrected for inflation (in EUR 2026)



Source: Oil Bulletin, UNFCCC • Pre-crisis prices represent the 2017–2019 average, when crude oil traded at \$63 per barrel. 

In 2025, the 7.7 million EVs on Europe's roads saved 126,000 barrels of oil a day. At 2022 average fuel prices corrected for inflation, they would save €39 million a day. But despite a positive shift to EVs, more cars on the road mean Europe remains heavily dependent on oil. T&E's analysis of fuel deliveries suggests that diesel and petrol consumption in cars have not decreased between 2024 and 2025, despite an [increase in EV sales](#) by four percentage points, with more than one out of six new cars sold in 2025 being a battery electric vehicle.

In 2022 EU governments forfeited [€30bn](#) in fuel duty cuts - a subsidy essentially paid for by taxpayers. These measures reduced prices for consumers in the short-term, but they failed to structurally decrease reliance on oil.

The European Commission [estimates](#) that in 2022, the total subsidy to fossil fuels increased to €136 billion, of which €107 billion went to oil and gas consumers. More than half were spent as a direct response to the energy price crisis. €136 billion could have replaced 4.3 million diesel cars with affordable EVs (€25,000) which would have reduced the EU's oil dependency by 70,000 barrels of crude oil a day and save the continent \$2.5 billion a year in oil imports, assuming \$100 per barrel.

Higher world market prices mean more profits for the fossil fuel sector. EU oil and gas companies earned about [€104 billion in profits](#) in 2022, a 45% increase compared to 2021. In 2022 and 2023 the EU energy windfall profits regulation was in place, to try and claw

back some of the excessive profits. This has now lapsed and the EU should be prepared to rapidly re-introduce it, in the event of longer-term higher energy prices.

### **Recommendations**

The EU's energy windfall profits regulation has lapsed and the EU should be prepared to rapidly re-introduce it to fund social measures necessary to counter higher energy prices. This should apply both to oil and gas suppliers, but also electricity companies. Higher gas prices lead to higher electricity prices, which will increase the profits for many electricity companies. Tax measures should be introduced on excess profits and redistributed to consumers to partially offset higher energy bills.

In February 2026 the EIB adopted a 'frontloading' facility to use funds from future emissions trading revenues to support the energy transition for households, relating to building and road transport. Member States should rapidly apply for funds and establish schemes to save energy or switch away from fossil fuels in the most energy vulnerable households.

### **Methodological note**

#### **'Geopolitical premium'**

Russia's invasion of Ukraine in 2022 pushed Brent crude oil prices to an average of \$101 per barrel in nominal terms, contributing to high fuel prices across Europe. On average, pump prices reached €1.82 per litre for diesel and €1.80 per litre for petrol. Adjusted for inflation to today's prices, these correspond to approximately €2.04 per litre for diesel and €2.02 per litre for petrol.

In this analysis, we define the 'geopolitical premium' as the difference between these prices and the level that would likely have prevailed under normal market conditions. The 2017-2019 period is used as the reference for pre-crisis prices. This period followed two years of unusually low oil prices in 2015 and 2016, driven in part by a global oversupply resulting from rising U.S. shale production and sustained production by OPEC producers seeking to protect market share. In 2020, oil prices dropped sharply as the COVID-19 pandemic caused an unprecedented collapse in global fuel demand. During this period, Brent crude prices briefly fell to around \$20 per barrel.

#### **Crude oil import savings from electric vehicles**

The amount of imported crude oil associated with diesel and petrol consumption is estimated based on energy content, assuming a refining efficiency of 93%. As road fuels represent only part of total refinery output, this approach results in a conservative estimate.

The estimate of barrels of oil saved by the current electric fleet in 2025 (7.7 million vehicles) assumes that EVs primarily replace newer vehicles, which tend to have higher annual mileage. These vehicles replaced are estimated to emit around 2.4 tCO<sub>2</sub> per car per year. By contrast, the estimate of barrels of oil saved from deploying 4.3 million small, affordable EVs assumes replacement of the average car currently on the road - typically older and driven fewer kilometres-with average annual emissions of around 1.7 tCO<sub>2</sub> per car. These small affordable EVs would be typically provided as part of social leasing schemes, or scrappage schemes targeting lower-income households.

## Fuel prices at the pump

The [Weekly Oil Bulletin](#) reports a weighted average of diesel and petrol prices across EU countries, including taxes. Prices are adjusted for inflation and expressed in current euros.

The Oil Bulletin only releases EU weekly average diesel and petrol data with a delay. At the time of writing the briefing, the latest week available was prior to the oil crude barrel exceeding \$100. Diesel and petrol prices are found to be [closely correlated](#) to crude oil prices. On the 10th of March, diesel and petrol prices had already exceeded €2 per litre of diesel and petrol in [France](#), [Germany](#), and [the Netherlands](#).

Some countries [have already introduced](#) some protective measures: Hungary has introduced a protected fuel price for domestic vehicles, Croatia and Slovenia have capped retail prices, and Serbia has suspended fuel and crude exports to protect its home market. [Portugal](#) has reduced its excise duties on diesel.

## Further information

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