

Electrify transport, protect consumers

The US-Iran conflict has once again demonstrated how the UK's dependency on international oil imports for transport harms UK consumers. Electrifying road transport and transitioning to more sustainable fuels in aviation and shipping will protect UK consumers and lower bills in the long run.

Key facts

- The UK's transport system is alarmingly dependent on international oil - responsible for 58% of the UK's total oil imports.
- Drivers have felt the impact of the US-Iran conflict: at its peak, the price of filling up a tank cost £27 more for petrol drivers and £50 more for diesel drivers, compared to pre-crisis levels.
- UK petrol drivers are 4 times more impacted by the oil crisis than electric vehicles, while diesel drivers are 9 times as impacted.
- Consumers could save over £1350 a year on running costs by leasing a battery electric vehicle (BEV) instead of a similar petrol car.
- The lowest-priced economy airline tickets now cost 24% more than they did a year ago, and several airlines have cancelled flights as a result of jet fuel shortages.
- The closure of the Strait of Hormuz added nearly £300 million a day to the global shipping industry's fossil fuel bills between March 1 and March 20 2026.
- Food inflation could reach 9–10% by December 2026, as a result of increased energy, fertiliser and transportation costs.

The government needs to maintain and implement further long-term solutions to protect consumers from future oil price spikes. They must:

1. Maintain the ambition of the ZEV mandate for cars and vans
2. Set a ZEV mandate for trucks
3. Maintain the stringency of the SAF mandate and accelerate the production of eSAF
4. Introduce a green fuel mandate for shipping
5. Introduce social EV leasing to subsidise small, locally-made electric vehicle leases for those on below-average incomes

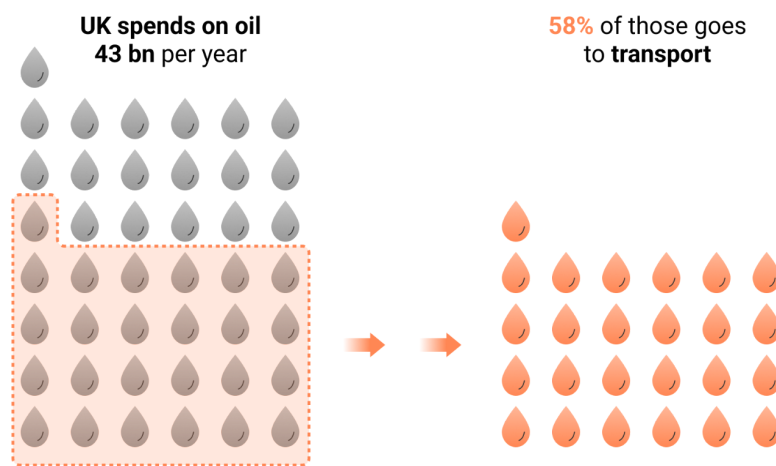
The US-Iran conflict has exposed the UK's dependence on international oil

The closure of the Strait of Hormuz in late February 2026 as a result of the US-Iran conflict caused oil prices to rise to as high as [\\$113 a barrel](#) in April 2026, with the knock-on effects felt in economies worldwide. [Countries](#) such as Slovenia, Sri Lanka, Bangladesh, and Myanmar have

resorted to fuel rationing, while others such as Vietnam are encouraging people to stay at home to conserve fuel. Meanwhile, there were widespread protests across [the Republic of Ireland](#) and [Northern Ireland](#) in response to rising fuel prices.

The crisis has highlighted the reliance of economies across the globe on imported oil and the direct implications of this for consumers and geopolitical security. While the Strait of Hormuz reopened on June 17th as a temporary ceasefire was agreed, the crisis remains ongoing. [Iran claimed on the 12th July 2026](#) that the Strait was once again closed (although the US disputes this claim), and oil prices [rose to \\$74 a barrel](#) in response. It remains unknown how long this conflict and its consequences on global oil prices will last.

The conflict has particularly demonstrated the extent to which the UK's transport sector's fuel needs are met by imported oil, leaving our economy dangerously exposed to global price increases. The UK spends [43bn on oil imports per year](#), 58% of which goes to transport. Looking specifically at jet fuel, [imports make up 65%](#) of what we need.



The result is that price shocks in oil, such as those caused by the US-Iran conflict, have significant knock-on impacts on UK consumers, who end up paying higher prices at the pump, for groceries and everyday goods.

UK consumers are feeling the impact of the crisis in their pockets

Higher prices at the pump

Cause: Increased petrol and diesel prices. The impact of rising oil prices was immediately felt by drivers at the pump, with [diesel prices rising](#) to a peak of 191p/l (50p above pre-crisis levels) at the beginning of April and remaining 23p above pre-crisis levels today. [Petrol prices similarly](#)

[rose](#) to a peak of 159p/l (27p above pre-crisis levels) and remain 18p above pre-crisis levels today.

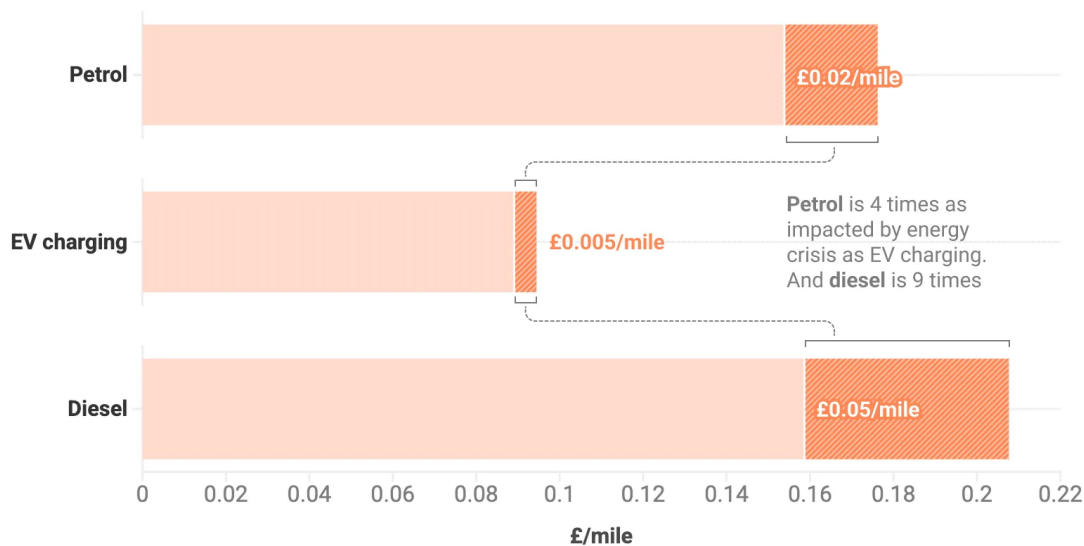
Consumer impact: Higher costs of everyday journeys. T&E UK analysis of [RAC fuel price data](#) finds that as of June 2026, a typical 55-litre tank still costs £10.36 more to fill up than it did pre-conflict. For diesel drivers, the conflict premium remains at £12.68 per tank, and at the peak of the conflict, exceeded £25. This is driving up the cost of commuting, school runs and everyday travel.

Solution: Promoting widespread vehicle electrification by protecting the ZEV mandate and introducing social leasing.

The dramatic price increases in petrol and diesel stand in stark contrast to the price of electric vehicle charging, which has been [4 times less impacted](#) by the crisis than petrol and 9 times less than diesel. In early April, it cost [£71 less per month](#) to charge an EV than to fill up with diesel. Rapid vehicle electrification is the clear solution to protect consumers from current and future oil price spikes.

UK petrol cars four times more affected by energy crisis than EVs, diesel cars nine times

Normal energy prices April 2026 premium



Source: T&E analysis

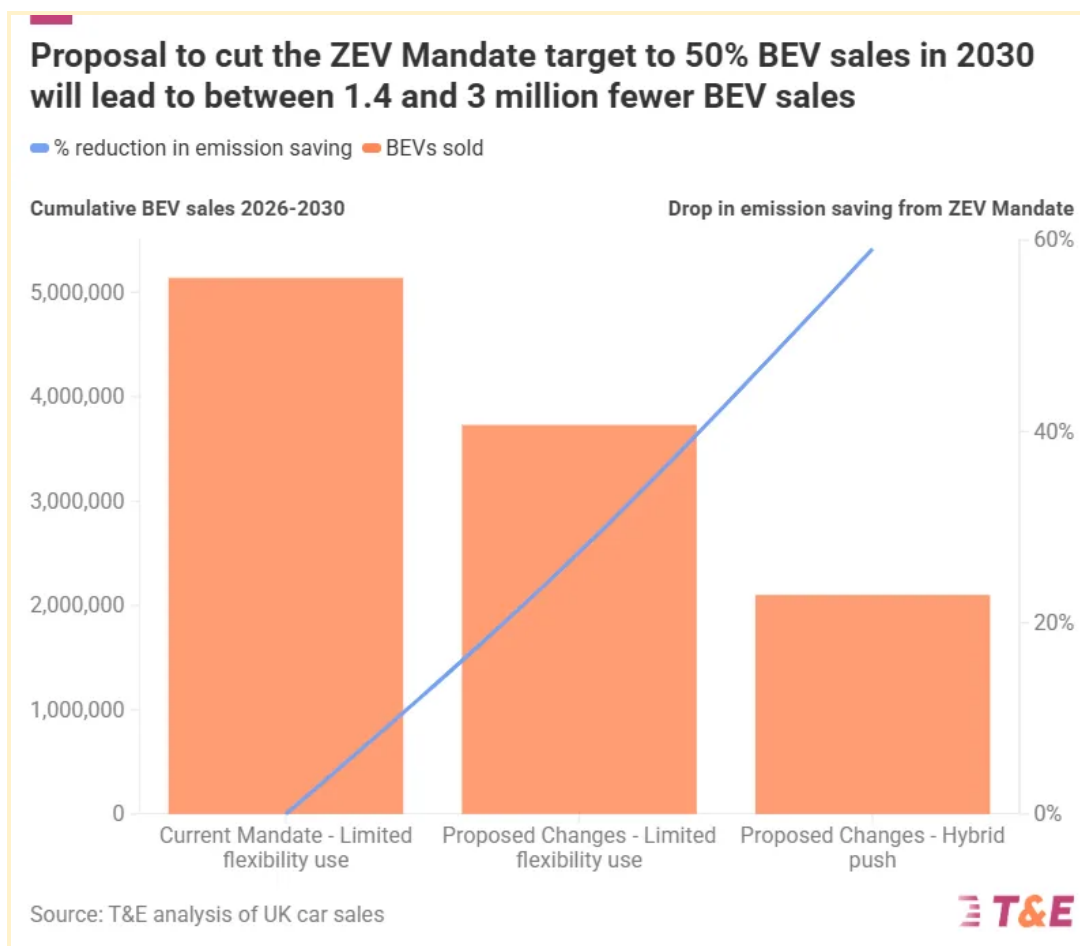


Protecting the ZEV mandate

However, the government's key policy to expand vehicle electrification, the ZEV mandate, is currently under threat. The ZEV mandate is a regulatory framework which requires car

manufacturers to ensure a rising percentage of their new car sales are zero-emission, before ultimately phasing out the sale of new petrol and diesel cars entirely in 2035. [All targets to date have been met.](#)

However, further flexibilities within the targets were granted in 2025 following industry pressure, and there is significant pressure from industry to weaken the mandate even further, including calls to reduce the 80% target to 50% by 2030. T&E analysis shows that if the government bows down to this pressure, there could be between [1.4 to 3 million fewer BEV sales](#) by 2030.



This would harm consumers and jobs, as without the regulatory certainty of a stringent mandate, up to [£41 billion of automotive investment](#) could be put at risk. Further, weakening the ambition of the ZEV mandate would slow the rollout of mass-market affordable EVs. This will limit the number of people who can benefit from the cost savings and protection against oil price shocks that electric vehicles provide.

Introducing social leasing

Demand-side policies can also support the deployment of electric vehicles to consumers, enabling them to benefit from the cost savings and protection from oil shocks that electric vehicles provide. A social leasing policy, which subsidises small BEV leases to those who earn under the average household income, would expand EV access to those who can't currently afford the upfront cost. Leasing an EV through this scheme could save a typical driver up to [£1350 on running costs](#) each year, plus [£132 per year on leasing costs](#). Such a policy has proven to be [extremely popular](#) in France, with 90,000 applications received for just 25,000 places in the first month and a half of the scheme.

Increased food & consumer goods prices:

Causes

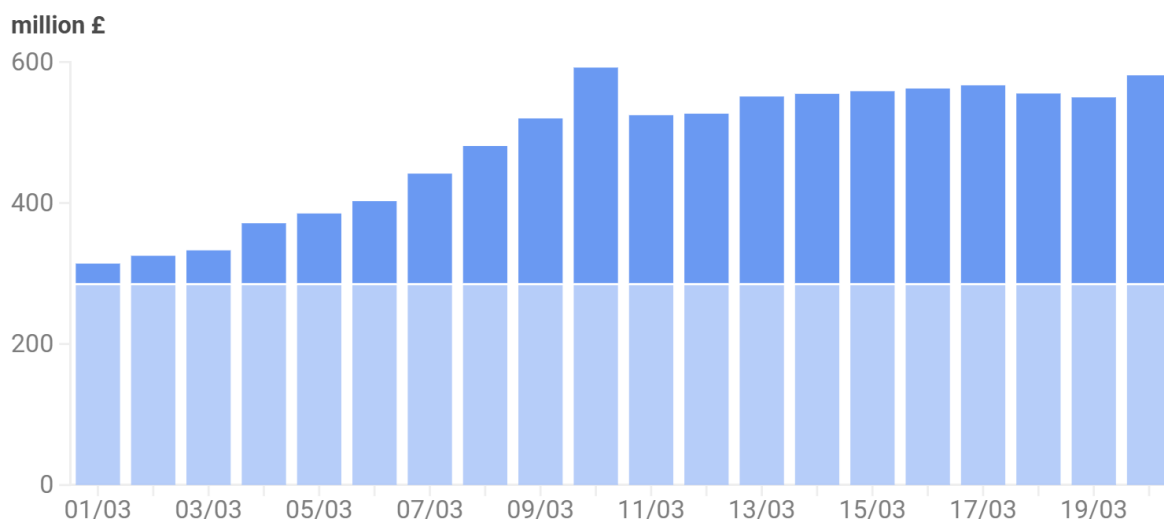
Cause 1: Increased shipping costs. As a global industry heavily dependent on fossil fuels, which rely on a few geopolitically exposed routes, shipping is particularly vulnerable to geopolitical price and supply shocks. The closure of the Strait of Hormuz [added nearly £300 million a day](#) to the global shipping industry's fossil fuel bills between March 1 and March 20 2026. Eventually, this will feed through into the price of consumer goods.



The Hormuz crisis adds nearly £300 million a day to shipping's fossil fuels bills

The industry paid a cumulative £3.99 billion between March 1 and March 20

■ Regular costs (£) ■ Additional costs (£)



T&E (2026) based on Clarkson's Word Fleet Register and Stratas Advisors. • Weighted fuel prices based on fuel type mixture and bunkering locations. Regular sales weighted fuel costs from Clarkson's are 397 £/t VSLFOeq for conventional liquid fuels and 448 £/t VSLFOeq for LNG.

Cause 2: Increased costs of transporting food and consumer goods via HGVs. The crisis has significantly increased the costs of operating HGVs, which primarily run on diesel. The price of bulk diesel [rose by about 30%](#) at the height of the crisis. This increases operating costs for haulage, with one firm stating that the conflict added [£64,000 to its weekly fuel bill](#). This is particularly worrying for transporting lower-cost goods such as food, for which [fuel accounts for 15% to 30% of the total cost](#).

Consumer impacts

Consumer impact 1: Higher food prices. The Food and Drink Federation has projected that [food inflation could reach 9–10%](#) by December 2026, as a result of increased energy, fertiliser and transportation costs. The Institute for Grocery Distributors (IGD) has made [similar forecasts](#). This comes on top of an already dire situation for food inflation in the UK, with average food prices [having increased by 43%](#) from July 2021 to March 2026. With the added impact of the US-Iran conflict and subsequent oil crisis, this could now reach [50% by November 2026](#) - an increase which previously took 19 years, almost quadrupling the pace of inflation.

Consumer impact 2: Higher consumer good prices. The diesel price increase has had a significant impact on the price of road transportation for consumer goods. The Road [Haulage Association warned](#) that the conflict was "having a profound impact" on the cost of fuelling lorries, vans and coaches, which will 'inevitably' be passed on to consumers. Key retailers have reiterated this message - with [Unilever stating](#) they plan to raise prices around 2% to 3% in "small doses" in response to the crisis.

Solutions

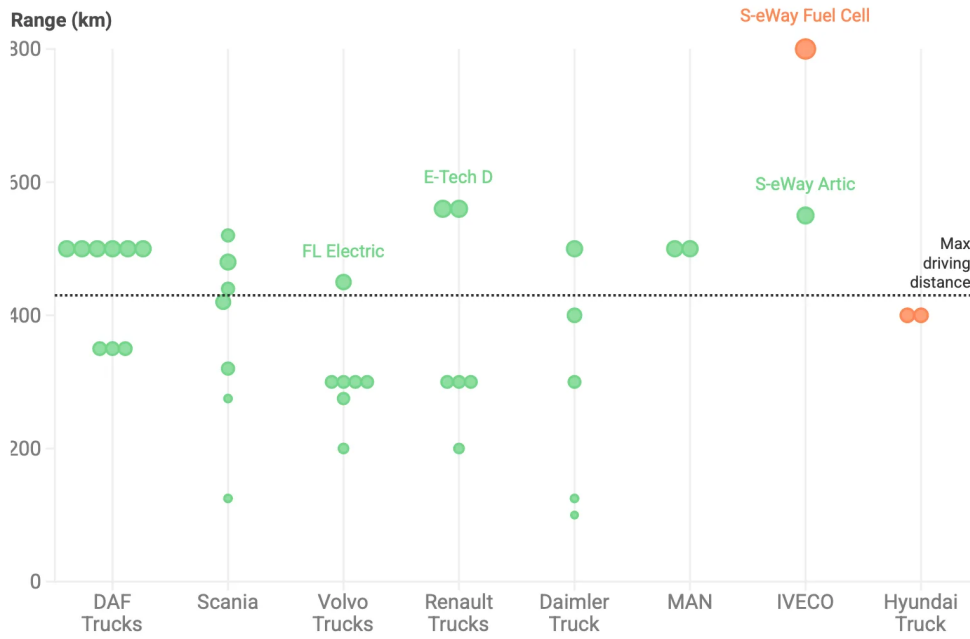
Solution 1: Transitioning to electric trucks for haulage would reduce reliance on diesel, which is highly impacted by oil crises.

The technology is ready: zero-emissions trucks are now available from every major manufacturer, and [most models can cover over 430km](#) (the maximum legal distance an operator can drive between breaks). Operators have reported that electric trucks can be [around 20% cheaper](#) to operate than their diesel equivalents, before even factoring in the impact of the conflict. Electrifying trucks would protect consumers in the long-term from feeling the knock-on impacts of future oil crises in increased food and consumer goods prices.

Electric trucks can already cover the distance, lack of policy to drive supply is the real issue

Many BEV models now meet the 430km maximum driving distance between breaks, unlocking most UK operations

Powertrain ● BEV ● FCEV



Source: ACEA (2024) Zero and low-emission heavy-duty vehicles



However, a lack of policy to drive supply means that [sales are lagging](#) - with less than 1% of all HGVs sold in the UK in 2025 being electric. A ZEV mandate for trucks would require manufacturers to produce an increasing proportion of electric trucks every year, as is currently the case with the ZEV mandate for cars. This would create the regulatory certainty required to drive the supply of electric trucks, support investment in infrastructure and ultimately pass on the cost benefits of electrification to consumers.

Solution 2: Electrifying vessels and switching to e-fuels for shipping would also protect consumers from the knock-on impacts of future oil price shocks. E-fuels and electricity can be produced in the UK on home-grown renewable energy, so are less vulnerable to being disrupted by global geopolitical events and allow for better control of our energy prices.

The increase in Marine Gas Oil (MGO) and Very Low Sulphur Fuel Oil (VLSFO) prices, caused by the closure of the Strait of Hormuz, shows that fossil fuel prices can now be compared directly with e-fuel costs. For example, in late March, the price of Singapore MGO was comparable to that of e-ammonia. While the trend may be temporary, it highlights a critical point: the volatility of fossil fuel markets offsets much of the structural cost disadvantage of clean fuels. E-fuels and electricity can reduce exposure to fossil fuel price volatility, positioning dual-fuel

vessels (those that can operate on both fossil fuels and green fuels) and electric vessels as essential tools for energy sovereignty.

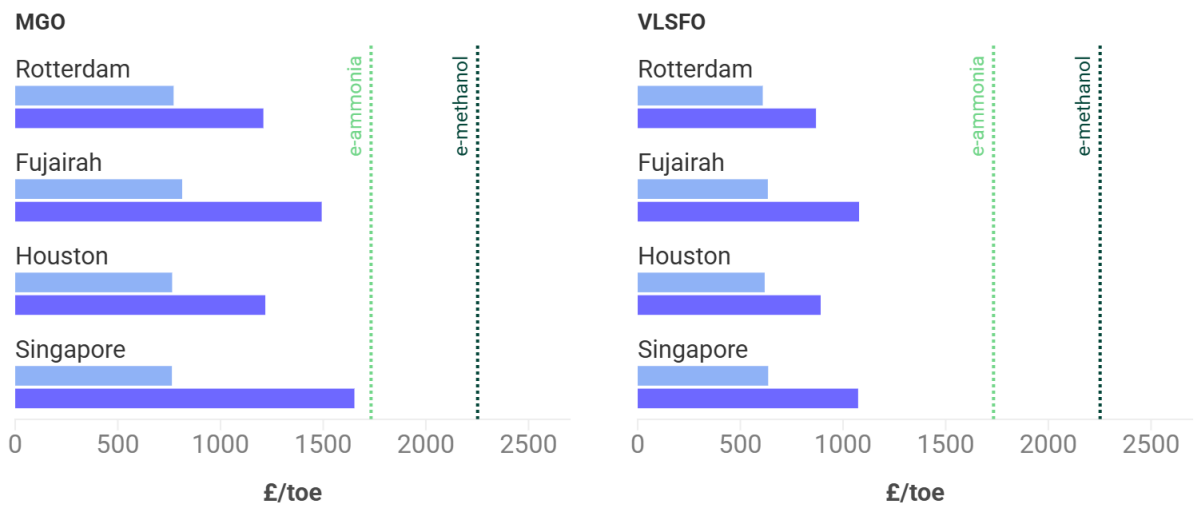


Hormuz oil crisis boosts potential e-fuel competitiveness

The gap between marine fossil fuels and e-fuels has narrowed since the beginning of the conflict

..... E-fuels production costs

26th of February (£) 20th of March (£)



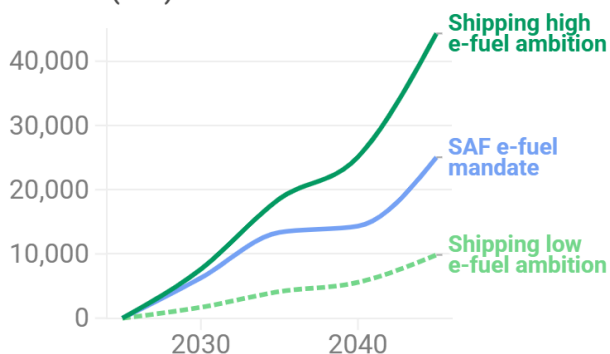
T&E (2026) based on Clarksons' World Fleet Register and DNV. • Marine gas oil (MGO) and very low sulfur fuel oil (VLSFO) prices include ETS-derived expenses at 85€/t CO₂eq (intra-EU voyages). Projected e-fuels production costs for 2025 from DNV (2023). Fuel price in £ per tonne of oil equivalent (toe).

The transition to e-fuels and electric vessels in shipping can be achieved by introducing a GHG-intensity standard and an e-fuel mandate to promote the switch. An e-fuel mandate could also produce jobs throughout the UK, supporting regional and national economic growth through the development of a new manufacturing sector.

Producing enough green fuel to support UK aviation and shipping will create thousands of jobs

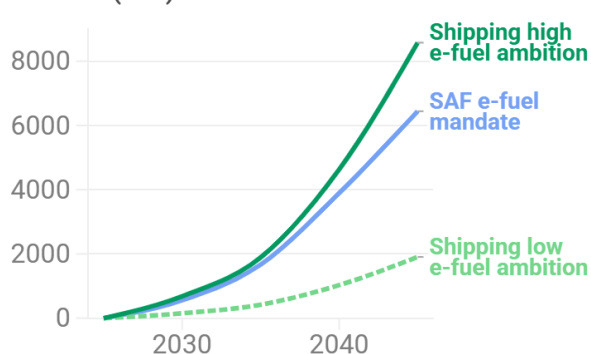
Plant construction

UK Jobs (FTE)



Plant operation

UK Jobs (FTE)



Source: T&E analysis. Shipping Low = aviation PtL mandate percentages. Shipping High = domestic + Navel demand



Cancelled or costly summer holidays

Cause: Increased jet fuel prices. In the wake of the conflict, [jet fuel prices rose](#) by 120% in Europe - from \$831/Mt in late February before the conflict began, to a peak of \$1838/Mt in early April, a 120% increase. While prices have now dropped, they still remain higher than pre-crisis levels, at \$1006/Mt in early July, and [the impact on air travel is still being felt by consumers and industry](#).

Consumer impact: Increased flight prices and cancellations. The lowest-priced economy tickets now cost [24% more on average](#) than they did a year ago, as a result of airspace restrictions and increased fuel costs. For example, Virgin Atlantic has already introduced [surcharges from £50](#) on a return economy class ticket. Meanwhile, [German airline Lufthansa](#) cut 20,000 European short-haul flights over the summer, while other airlines such as KLM-France and Delta also cut some flights temporarily.

Solution: To reduce reliance on international supply chains for aviation fuel in the future, we must scale up home-grown renewable fuels such as eSAF. A key way to support the scale-up of eSAF production in the UK is to ensure that the design of the UK Revenue Certainty Mechanism explicitly commits a proportion of support for eSAF projects, as well as the Government unlocking further funding to allow eSAF plants to reach final investment decision.

Business as usual, or an electrified future?

The impacts of continued oil and gas price spikes on UK consumers have been tough, but an alternative future is possible. Electrifying transport would shield consumers from future oil price spikes, cut bills in the long term and increase the UK's energy security.

However, there are pressures from Big Business, including [carmakers](#) and [airlines](#), to simply continue as usual, or even weaken key commitments to reduce oil dependency, such as the ZEV and SAF mandates. This keeps the UK dependent on international oil, weakening our energy security, and locks consumers into paying higher prices for everyday goods and services. This will have a particularly negative impact on those on lower incomes, as essential costs such as energy and food [make up a larger proportion of their everyday budget](#).

Similarly, solutions currently being implemented by policymakers, such as cutting fuel duty and giving a 12-month road tax holiday to hauliers, are costly and ineffective, only further cementing our oil dependency and failing to provide any long-term protection against future price shocks. They are also not effectively targeted to those who need support most - for example, [fuel duty cuts disproportionately benefit richer households](#) who tend to drive larger vehicles and longer distances.

An alternative is possible. Electrifying vehicles across the UK, with targeted support for lower-income households, offers a long-term buffer against oil price shocks for everyday journeys. Electrifying HGVs will protect the price of consumer goods. And transitioning to more sustainable fuels for shipping and aviation will protect the UK's national security, shield the prices of food and everyday items from oil price spikes, and reduce bills in the long-term.

Following this path is the economically sensible choice: the [cost of meeting the pathway to Net Zero](#) across every year to 2050 is equal to that of another fossil fuel price spike similar to that experienced in 2022. But it requires bold action from the government now. There are several key policy levers they can use to do this.

Ensuring an electrified future: policy solutions

To ensure an electrified future that protects consumers, the government should:

1. Electrify road transport

- **Retain the ZEV mandate** as it is, with no further rollbacks or weakening.
- **Establish a ZEV mandate for HGVs** to secure the supply of electric HGVs to the UK market.
- **Introduce a social leasing scheme**, which would provide subsidies for lower-income households to lease a small, locally-made, battery electric vehicle.

2. Transition away from fossil fuels in shipping:

- **Extend the UK ETS to international maritime emissions**, ensuring polluters pay for their emissions, generating revenues that could be invested in emissions reduction.
- **Introduce a GHG Intensity Standard and mandate for green hydrogen-based fuels (e-fuels)** driving electrification, fuel switching, and energy efficiency measures.
- **Reduce the sector's dependence on fossil fuels** through electrification, energy efficiency and fuel switching.

3. Transition to renewable fuels in aviation

- **Uphold the current PtL (eSAF) sub-target and HEFA Cap** in the UK SAF mandate to send a clear market signal that e-SAF will secure future fuel supply for the UK. E-SAF is the most advanced type of SAF and is made with renewable energy, so supporting it through a sub-target will lead to greater carbon emission savings in the long term. HEFA (Hydroprocessed Esters and Fatty Acids) is the most currently viable form of SAF made and is commonly made with used cooking oil. It is underpinned by long term availability and fraud issues, so capping this type of SAF will provide space for more advanced fuels to develop and will ensure we are not overly reliant on HEFA SAF long term.
- **Commit to keeping crop-based biofuels out of the Mandate** to ensure that the environmental principles of the scheme are maintained and real GHG savings can be realised.
- Ensure that the design of the UK Revenue Certainty Mechanism explicitly **commits a proportion of support for e-SAF projects** - at least enough to enable production to meet the SAF Mandate e-SAF sub-target of around 60,000 tonnes of e-SAF in 2030, equating to one large plant.
- **Consider e-SAF production as a key energy-intensive industry** and therefore eligible to benefit from lower electricity costs.

How these policy interventions will directly take pressure off consumer bills

The grid below demonstrates how the above policies to electrify road transport and transition to renewable fuels in shipping and aviation will directly impact the cost of living in several key areas.

	Impact of continued reliance on fossil fuels for transport	Impact of electrification or transition to renewable fuels
Vehicle running costs	<i>The ZEV mandate is delayed or weakened following industry pressure</i> Manufacturers lack the policy certainty to transition to BEVs. More people are stuck driving costly petrol and diesel vehicles for longer. The price of petrol and diesel spikes occur every time there is an international oil crisis. Households continue to pay high prices at the pump, instead of benefiting from cheap EV charging. This will particularly be the case for lower-income households who are <u>less likely to currently own an electric vehicle.</u> AND There are <u>1.4 to 3 million fewer BEV sales</u> by 2030. and <u>£41 billion of automotive investment</u> is put at risk, harming economic growth and future job creation.	<i>The ZEV mandate is maintained with no further flexibilities introduced</i> Policy certainty means more investment in BEVs from manufacturers, and consumers are encouraged to make the switch. <u>Consumers save over £1350 a year</u> from the cheaper running costs of EVs compared to a comparable petrol car. Future geopolitical conflicts have a limited impact on charging costs. Households know prices will remain relatively stable, reducing uncertainty and easing budget pressures. <i>Social leasing is introduced</i> Costs are even lower for those eligible for social leasing, cutting bills on vehicle leasing by as much as <u>£1058 for a social care worker over a lease term</u>, plus the running cost savings of up to £1350 a year (see above). Social inequality in transport costs is reduced as all income groups can benefit from the lower running costs of BEVs.
Food and consumer good prices	<i>Business as usual - There remains no ZEV mandate for HGVs</i>	<i>ZEV mandate for HGVs is introduced</i> Supply of electric HGVs

	Lack of policy to drive the supply of electric trucks means the transition is sluggish, with sales of around 1%, significantly less than in European countries. Haulage continues to run on diesel. Every time there's an oil crisis, delivery costs spike, feeding through to the price of food and consumer goods. The cost of living continues to rise. AND <i>Shipping remains reliant on imported oil</i> Continued vulnerability to geopolitical price shocks, which raise the cost of fuels used in the shipping industry and increase the cost of doing business. Increasing the costs of moving goods around the globe, with 95% of imported and exported goods moving by sea in the UK, would increase the cost of imported food and consumer goods.	increases as a result of rising targets, upfront costs of electric HGVs decrease more rapidly, and companies have the policy certainty to make the switch. Electric trucks will begin to have a lower total cost of ownership than diesel trucks, more freight operators will make the switch, and consumers will be better protected from the impact of oil price spikes on consumer goods. AND <i>A GHG intensity standard and an e-fuel mandate are introduced, promoting the switch to electric vessels and e-fuels.</i> The UK transitions to a shipping sector that is powered by home-grown renewable energy, either through the electrification of vessels or through switching to e-fuels. The energy used to power ships is less vulnerable to price and supply shocks caused by global geopolitical events, meaning that goods keep moving and the UK has better control of its energy.
Summer holiday costs	<i>Government support for e-SAF is limited and domestic e-SAF production is not able to scale up effectively.</i> We continue to rely on	<i>The government explicitly commits a proportion of RCM support for eSAF projects, unlocking further funding to allow eSAF plants to reach final investment decisions.</i>

	kerosene for aviation, and the development of e-fuels remains slow. We remain reliant on oil from the Middle East, reducing our energy independence. Jet fuel crises occur every time there is geopolitical disruption. Summer holidays are often disrupted, cancelled, or experience sudden cost increases due to a lack of viable fuel.	E-SAF production is scaled up in the UK, making us less reliant on price-volatile fossil fuel imports. UK energy security is improved, and holidaygoers will be less likely to have their plans disrupted.
Jobs	<i>All of the above</i> Factories are forced to close, and tens of thousands of automotive jobs are lost, including 10,000 at JLR and 10,500 at Nissan. There are limited green jobs to replace them due to a lack of investment in UK electric vehicle manufacturing. AND Industrial opportunities and first-mover advantages in green technology, such as e-fuels and electrified vessels, are lost to Europe and China. Unemployment stays high, putting pressure on the economy as a whole.	<i>All of the above</i> The UK remains a leader in BEV manufacturing and becomes a leader in e-SAF production and the electric vehicle supply chain. New jobs are created in electric vehicle manufacturing and green fuel production, increasing employment and economic growth. We retain the UK's history and culture of automotive manufacturing and reduce regional unemployment. AND Investment in domestic e-fuel production brings jobs and economic opportunities to the UK's industrial hubs and coastal communities, boosting economic resilience and driving growth in these regions. A high e-fuel ambition in shipping and a SAF e-fuel mandate could create 39,413 plant

		<u>construction jobs and 8,524 plant operation jobs in the UK by 2040.</u>
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About us

We are the national office of the European clean transport NGO T&E, whose aim is to achieve a zero-emission mobility system that is affordable and has minimal impacts on our health, climate and environment and is accessible to all while locking in growth and jobs for the UK.

<https://www.transportenvironment.org/te-united-kingdom>

Eloise Sacares - eloise.sacares@transportenvironment.org