Section 3 – UK Oil and Oil Products April to June 2019

Key results show:

Demand for transport was down by 2.1 per cent because demand for road fuels fell by 3.0 per cent overall. This was only the sixth quarter in which road fuel demand fell since 2013. Excluding the bio component, demand for petrol was down 1.0 per cent while demand for road diesel decreased by 4.0 per cent. Deliveries of jet fuel increased by 3.2 per cent. **(Chart 3.5)**

The reduction in transport, combined with a 3.5 per cent fall in non-energy use, meant final consumption was down by 1.7 per cent. **(Chart 3.4)**

Strong growth in exports and a small decrease in imports meant that the UK primary oil net import position was just 1.0 million tonnes, the second lowest level in 10 years and down by nearly two-thirds compared to 2018. This meant that UK refinery dependence on net imports was just 7.3 per cent – the second lowest level since 2010. **(Chart 3.3)**

Indigenous production of crude oil and Natural Gas Liquids (NGLs) in Q2 2019 was up 1.5 per cent, with a 1.9 per cent increase in crude oil production and a 0.3 per cent increase in NGLs. **(Chart 3.1)**

Indigenous production of petroleum products was down 1.7 per cent on last year. Imports decreased by 5.4 per cent while exports decreased by 14 per cent. The UK was a net importer of petroleum products in Q2 2019 by 4.0 million tonnes following the sharp fall in exports. This is a new quarterly high since the UK became a net importer in 2013. **(Chart 3.2)**

Overall stocks of crude oil and petroleum products were up by 0.2 per cent at end of Q2 2019. **(Chart 3.6)**

Relevant tables

3.1: Supply and use of crude oil, natural gas liquids and feedstocks
3.2: Supply and use of petroleum products
3.4: Supply and use of petroleum products: latest quarter
3.5: Biofuels sales and sales through supermarkets
3.6: Stocks of petroleum at end of period

Contacts for further information:

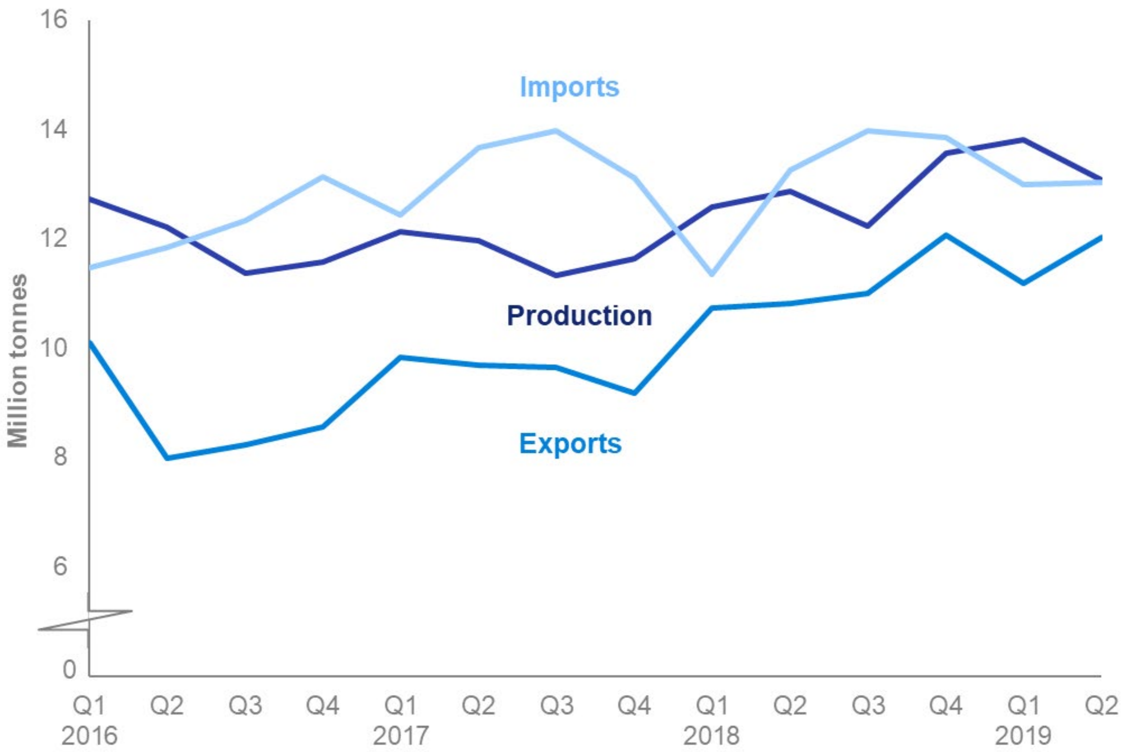
Ben Lucking
Upstream Oil (primary oils)
Oil and Gas Statistics Team
Tel. 020 7215 5010

Nick Jesson
Downstream Oil (petroleum products)
Oil and Gas Statistics Team
Tel. 0300 068 5346

Amy Pearce
Stocks of petroleum
Oil and Gas Statistics Team
Tel. 020 7215 8211

E-mail: Oil&Gas.Statistics@beis.gov.uk

Chart 3.1 Production and trade of crude oil and NGLs (Table 3.1)

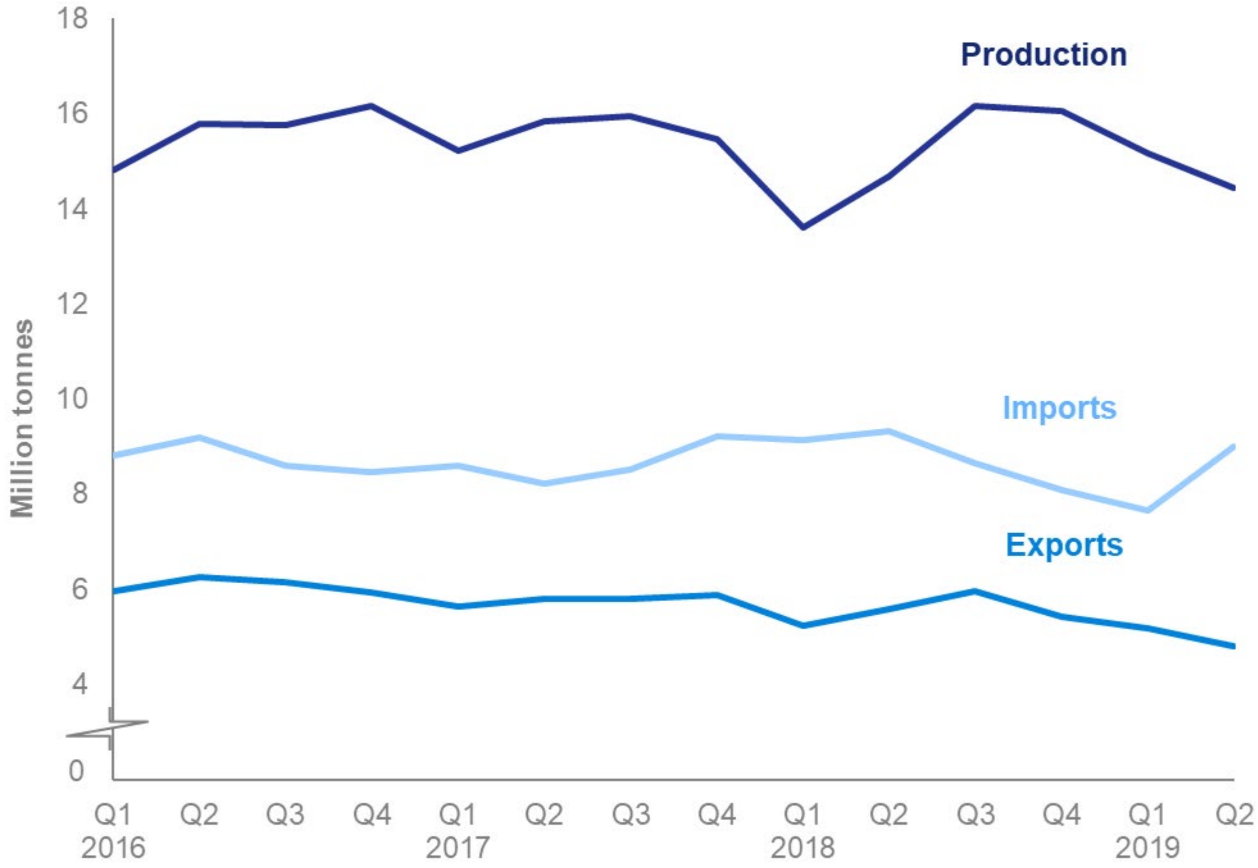


Since the opening of new projects in the North Sea in late 2017 and during 2018 production has been steadily increasing, reversing the long-term trend of decline. Crude oil production in Q2 2019 increased by 1.9 per cent whilst production of Natural Gas Liquids (NGLs) was up 0.3 per cent. As a result, indigenous production of crude and NGLs was 1.5 per cent higher on last year.

Much of this additional production is exported, resulting in robust growth in export figures since the beginning of 2018; in Q2 2019 exports increased by 11 per cent and reached the highest level since 2009.

The robust growth in exports and slight reduction in imports meant that net imports were down nearly two-thirds compared to Q2 2018 and stood at just 1.0 million tonnes. This was the lowest level in 10 years with the sole exception of Q1 2018 when the Forties Pipeline outage substantially reduced import capacity. The UK was a net exporter of primary oils in May with near zero net imports in June.

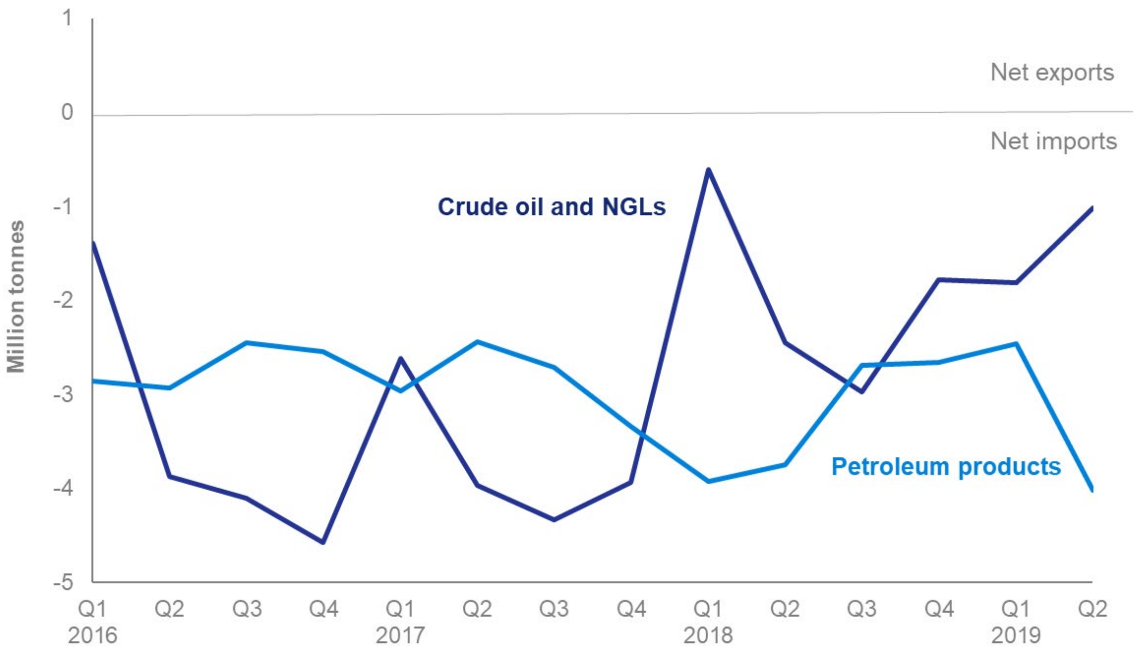
Chart 3.2 Production and trade of petroleum products (Table 3.2)



Indigenous production of petroleum products in Q2 2019 was down 1.7 per cent on last year. Imports of petroleum products decreased by 5.4 per cent (0.5 million tonnes) and exports decreased 14 percent (0.8 million tonnes) on Q2 2018.

The reduction in exports meant that net imports were high at 4.0 million tonnes in Q2 2019, the highest quarterly level after reaching 3.7 million tonnes in Q2 last year when refineries were undergoing an extended period of maintenance.

Chart 3.3 Overall trade in primary oils and petroleum products (Table 3.1)

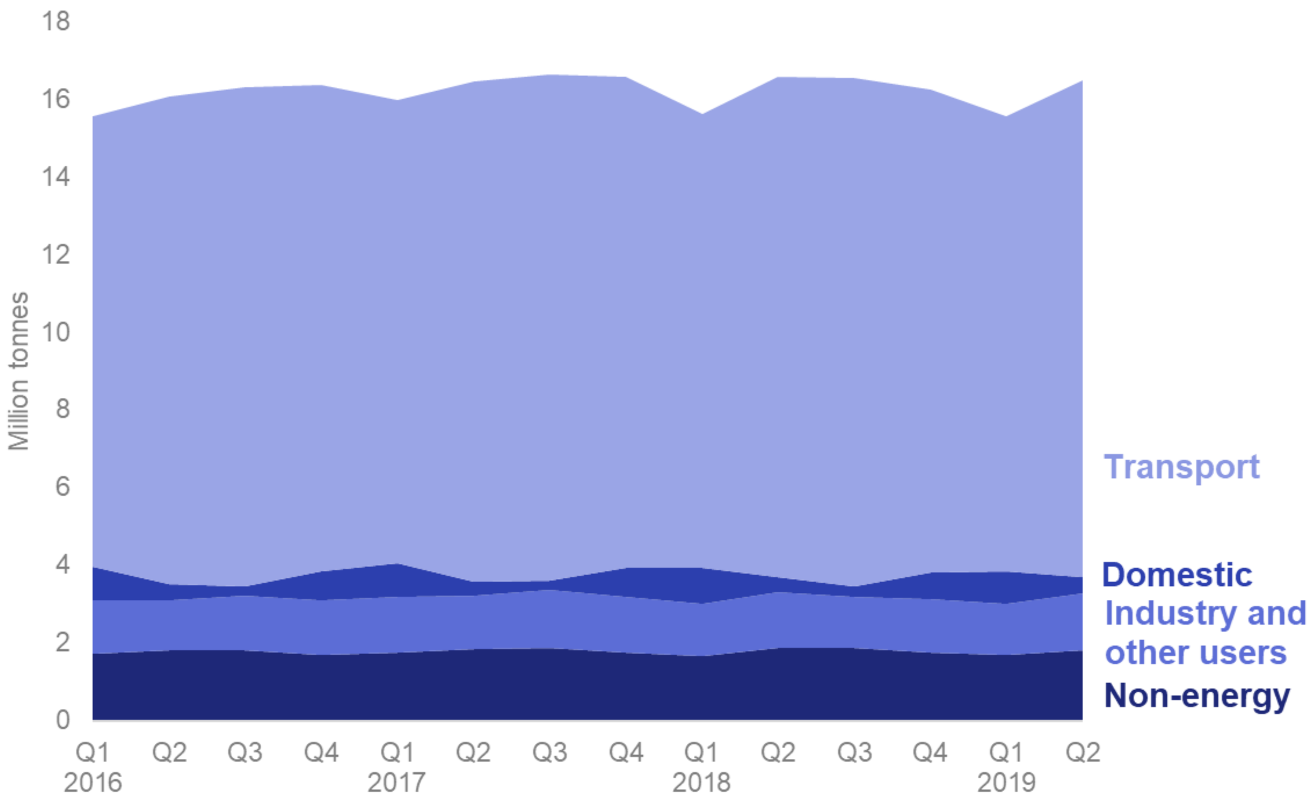


In Q2 2019 net imports of primary oils (crude, NGLs and feedstocks) decreased by nearly two-thirds to 1.0 million tonnes compared with 2.5 million tonnes in Q2 2018.

The UK's overall net import dependence for primary oils was just 7.3 per cent in Q2 2019, the lowest since 2010 except for Q1 2018 when the Forties pipeline outage reduced imports. In Q2 2018 refinery net import dependence was 17.3 per cent.

In Q2 2019 the UK was a net importer of petroleum products by 4.0 million tonnes, up from 3.7 million tonnes in the second quarter of 2018 and the highest on record following a sharp decline in exports.

Chart 3.4 Final consumption of oil (Table 3.4)

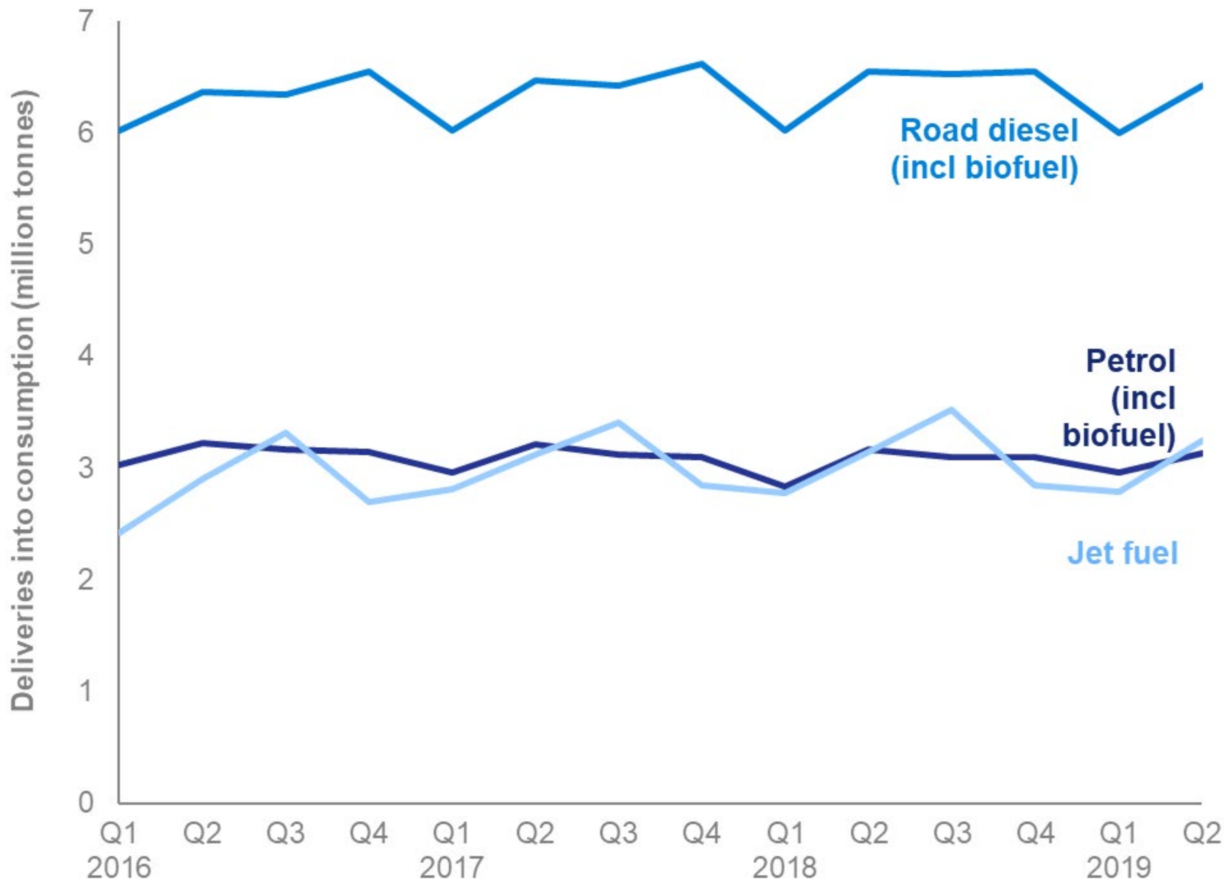


In Q2 2019 final consumption of petroleum products was down 1.7 per cent on last year as demand for transport and non-energy use fell 2.1 per cent and 3.5 per cent respectively.

Transport, which accounts for over three-quarters of UK final consumption fell by a record 2.1 per cent. This reduction matches the same decrease in Q1 2018 seen during the severe weather that restricted travel during the Beast from the East early last year.

While demand for aviation fuel increased by 3.2 per cent, road fuel demand was down by 3.0 per cent, a far larger contraction than usual. Diesel demand was down by 4.0 per cent (a record fall since Q1 2009) and petrol by 1.0 per cent. (See Chart 3.5 for more detail).

Chart 3.5 Demand for key transport fuels (Table 3.4 and Table 3.5)



Overall demand for road fuels (excluding biofuels) fell by 3.0 per cent, the largest decrease since 2013 and only the sixth quarterly fall in the 26 quarters since Q1 2013.

Demand for petrol was down by 1.0 per cent and diesel by 4.0 per cent compared to Q2 2018, the largest decrease seen since 2009[1]. Overall diesel demand was down by 1.9 per cent as biodiesel reached record highs in terms of volume (0.4 million tonnes) and proportion of the total (5.7 per cent).

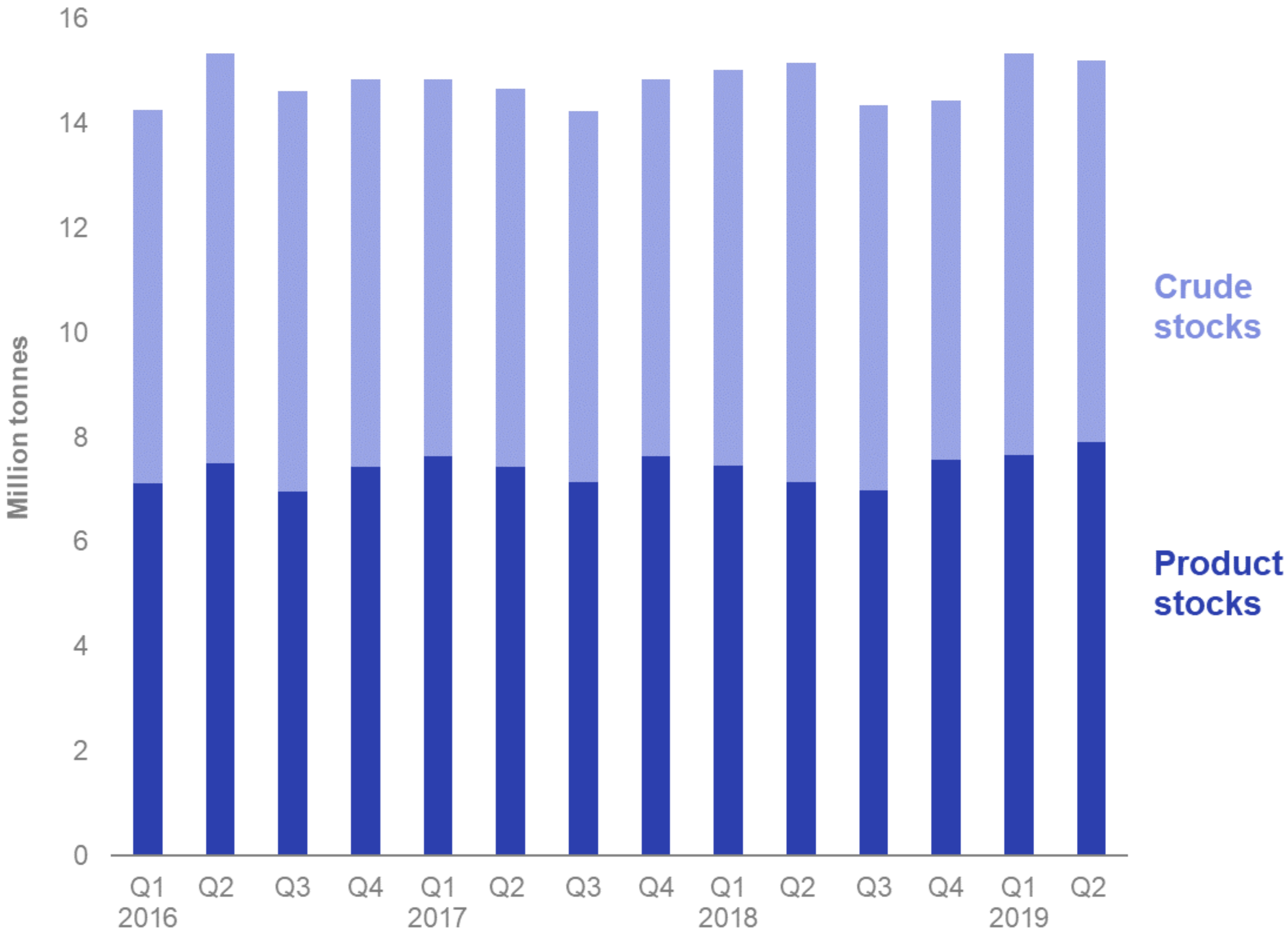
The reduction in demand for overall road fuels can be linked to the 0.6 billion reduction in vehicle miles driven in Q2 2019 compared to 2018 (down 0.7 per cent)[2].

Notably less miles were driven by Light (LGV) and Heavy (HGV) Goods vehicles. Nearly all LGVs and all HGVs are diesel-fuelled, meaning that the 3.6 per cent reduction in miles travelled by each of these vehicle classes has had a substantial effect on diesel demand. This has been compounded by the recent shift seen in the increased use of petrol over diesel fuelled cars meaning the fall in diesel demand far outstripped the fall in demand for petrol.

Demand for aviation turbine fuel increased by 3.2 per cent compared to Q2 2018. Consumption increased sharply on the first quarter of this year because demand is seasonal with more people flying during summer months.

[1] Please note that these figures are derived from a new HMRC data system and should be seen as provisional.
[2] See Department for Transport quarterly traffic estimates TRA 2501: www.gov.uk/government/statistical-data-sets/tra25-quarterly-estimates

Chart 3.6 UK oil stocks ([Table 3.6](#))



At the end of Q2 2019 total stocks for all oil were up 0.2 per cent (0.3 million tonnes) compared to the same point in 2018.

Stocks of primary oils were down 9.2 per cent, primarily because of a decrease in stocks held at terminals.

In contrast, product stocks were up 11 per cent with an increase in volumes held under bilateral agreements offsetting a fall in physical stocks of motor gasoline and kerosene.

Chart 3.6 combines stocks of products with the product equivalent of stocks of crude oil to give an overall level of UK stocks of key products.

At the end of the Q2 2019 the UK held stocks broadly equivalent to two months of demand, or 180 days of net imports.

Further information on how the UK meets its oil stocking obligations are set out at:
www.gov.uk/government/publications/uk-emergency-oil-stocking-international-obligations