Covid-19 has impacted demand for petroleum products considerably and affected trade patterns, however the UK’s production of primary oil remained steady, down by just 1.4 per cent. Imports and exports of primary oils have reduced, resulting in the UK becoming a net exporter of primary oils by 1.8 million tonnes for the first time since 2005. (Chart 3.1)

Indigenous production of petroleum products is at a record low of 10.5 million tonnes as refineries run at reduced capacity due to low demand. Although exports of petroleum products remained stable and imports have reduced by more than a third, the UK remains a net importer of products at 0.6 million tonnes. (Chart 3.2)

Final consumption of petroleum products has fallen by 45 per cent as demand for transport fuels fell dramatically. However, demand in the domestic sector increased by 40 per cent and in other sectors fell by just 2.0 per cent despite lockdown restrictions, as customers took advantage of lower prices. (Chart 3.4)

Demand for aviation fuel fell by 86 per cent and petrol and diesel also fell, by 48 and 39 per cent, respectively. (Chart 3.5)

Overall stocks were up 6.4 per cent at end of Q2 2020. Stocks of primary oils remained steady whilst product stocks were up 13 per cent with the largest contributor being stocks of kerosene which almost doubled. (Chart 3.6)
Production of primary oils has remained steady in Q2 2020, down 1.4 per cent, despite the effects Covid-19 has had on demand as well as reduced throughput at refineries.

Demand for primary oils fell to the lowest on record as refinery operations were minimised in response to depressed demand for refined products (mainly for transport fuels) during the Covid-19 pandemic. Additionally, the impact of the pandemic on global oil prices has meant that the Brent-WTI differential has fallen below $3 a barrel, making indigenously produced crude an attractive option for UK refineries.

The result of the reduction in demand and increased receipts from the North Sea has been that imports contracted substantially, by more than two-fifths in Q2 2020 compared to 2019. Exports also fell but by just over one-fifth.

The changes in trade resulted in the UK becoming a net exporter of primary oils for the first time since 2005, by 1.8 million tonnes.
Indigenous production of petroleum products in Q2 2020 is at a record low because of reduced demand, down more than one-quarter compared to the same period a year ago at 10.5 million tonnes. This low demand comes from restrictions being placed on unnecessary travel to reduce the spread of Covid-19, resulting in transport fuel demand falling dramatically.

Imports have reduced by over a third whilst exports remained steady, up 1.6 per cent compared with Q2 2019.

The UK remains a net importer of petroleum products at 0.6 million tonnes.
In Q2 2020 the UK became a net exporter of primary oils (crude, NGLs and feedstocks) by 1.8 million tonnes for the first time since 2005.

Demand reached a record low as refiners sought to minimise operations during a period of suppressed demand due to the Covid-19 pandemic.

Due to this reduced demand, imports fell by 43 per cent to a record low (with a reduction of only 22 per cent in exports) making the UK a net exporter for the first time in 15 years.
In Q2 2020 final consumption of petroleum products was down by 45 per cent compared to Q2 2019 as transport and non-energy use fell by more than one-half and one-fifth, respectively.

Transport typically accounts for over three-quarters of UK final consumption but fell to two-thirds in Q2 2020. We have seen a record low for aviation fuel, falling by 86 per cent on the same period last year. Both petrol and diesel fell by almost one-half for petrol and two-fifths for diesel when compared with the same period a year ago (see 3.5 below).

However, we did see demand in the domestic sector increase, up 40 per cent compared to Q2 2019. This was in part due to a 46 per cent increase in domestic demand for burning oil and 28 per cent in gas oil as households continued to take advantage of the lower prices at the beginning of Q2 this year.
Due to Covid-19 travel restrictions being implemented in late March, overall demand for the three main transport fuels (petrol, road diesel, jet fuel) fell by more than one-half compared to Q2 2019. This means Q2 2020 has set a record low of 5.9 million tonnes for transport, less than half the quarterly average since 1999. Road fuels (including biofuels) fell by 42 per cent compared with Q2 2019. Covid-19 travel restrictions affected all domestic and international travel, with restrictions easing as the quarter progressed.

Overall diesel demand (including the biofuel element) was down by 39 per cent and petrol down 48 per cent (again including the biofuel element). The smaller reduction we see in diesel is partially attributed to some commercial fleets still operating through the UK-wide lockdowns. These commercial vehicles predominantly have diesel engines and most petrol demand comes from smaller vehicles, such as cars, which are owned for private use.

Demand for jet fuel has fallen dramatically, down by 86 per cent compared to Q2 2019 to just 0.5 million tonnes, the lowest on record. This dramatic drop is attributed to lockdowns being put in place worldwide and because most UK airports are international airports with only a limited number of domestic routes.
At the end of Q2 2020 total stocks for all oil were up by 6.4 per cent (1.0 million tonnes) compared to the same point in 2019.

At 16 million tonnes this is the highest annual level of stockholding since 2002 and derives from a high level of product stocks because of reduced demand in the wake of the Covid-19 pandemic and its impact on transport.

Product stocks were up by 13 per cent compared with Q2 2019. The largest contributor to this increase was kerosene - stocks have almost doubled as the demand for aviation and international travel fell abruptly as restrictions came into force globally. We also saw motor spirit and gas/diesel oil stocks increase whilst bilaterals of products reduced by 3.6 per cent.

Stocks of primary oils were down by 1.0 per cent, however the locations of stocks held has altered. There has been a reduction in stocks at refineries, terminals and bilaterals but stocks held offshore have more than doubled when compared to Q2 2019.

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 Q2 2020 the UK held 16.3 million tonnes (including commercial stocks held over and above the obligated volumes), equivalent to broadly three months of consumption.

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