The closure of the Strait of Hormuz is putting pressure on global oil and fuel markets. In the United States, our refineries are running hard to meet demand but supplies are tighter in some areas of the country that have fewer local supply options and limited ability to quickly bring in fuel from other regions.

Are we running out of fuel in the United States?

There is no evidence of a nationwide fuel shortage in the United States today. But if the Strait of Hormuz remains closed and inventories of petroleum products continue to decline, that could change. The United States is better positioned than many countries because we produce and refine a large share of our own fuel, but some U.S. regions are feeling tighter supply in certain fuels.

California is especially vulnerable because it has lost refining capacity, has limited connections to other U.S. refining centers and depends more heavily on imports that must meet its unique fuel specifications. Parts of the East Coast, especially the Northeast, are also more exposed because local refining capacity is limited and there is only so much pipeline space from the Gulf Coast.

Is there a difference between the availability of gasoline, diesel and jet fuel?

Yes, and it comes down to how these fuels are produced and used.

- **Gasoline:** The United States has usually produced enough gasoline to meet domestic demand, but that balance is tighter today. Recent refinery closures and conversions in California mean the state now relies partly on imports, including shipments from overseas and, more recently thanks to temporary Jones Act waivers, the Gulf Coast.
- **Jet fuel:** U.S. jet fuel production generally tracks domestic demand. When global supply is disrupted, U.S. refineries can shift output to make more jet fuel, which is helping meet domestic needs and support global supply. A prolonged disruption would put pressure on availability.
- **Diesel:** The United States produces more diesel than it consumes, often by over 1 million barrels per day and exports the surplus. This happens because diesel is produced alongside gasoline in the refining process, and U.S. demand is heavily weighted toward gasoline. The excess diesel is important right now because other regions, especially Europe, rely more on diesel and need additional supply.

Why this matters: All three fuels are linked. You cannot produce gasoline without also producing diesel and jet fuel, so shifts in demand or refinery capacity affect the balance across all products.

Why can’t refiners just produce more?

U.S. refineries are running hard and adjusting their product mix to meet both domestic and global demand. Recently, that has meant skewing toward more jet fuel and diesel production and slightly less gasoline, although gasoline remains the largest output.

That said, there is only so much “shifting” refineries can do. Refineries are complex systems that

produce multiple fuels and products from one barrel of oil. A single barrel of oil doesn't become one barrel of gasoline or one barrel of diesel; it becomes smaller volumes of many products. Increasing the output of one product often reduces another. So, they can shift, to some degree, but they can't make more of everything at once.

What can we do to get fuels to places that are more reliant on imports from the global market?

The Administration has temporarily waived Jones Act shipping restrictions, which require the use of limited and costly U.S.-flagged ships to move goods between two U.S. ports. These waivers are already helping increase the fuel flows from the Gulf Coast to the East and West Coasts.

In recent weeks, gasoline imports from the East and West Coasts have declined as these regions gain better access to U.S.-refined supply.

What role do inventories play?

Inventories — whether of crude oil (like the U.S. Strategic Petroleum Reserve or SPR) or products — act as a buffer for emergencies. Think of inventories as the system's reserve tank. When that reserve is healthy, the market can better absorb disruptions. When that reserve is low, the cushion shrinks.

Stocks of crude oil and petroleum products were quite high before the Iran conflict started - providing an even larger buffer. Today those stocks have been largely drawn down. This doesn't mean the U.S. is running out, but it does mean prices can move faster and some regions can feel pressure sooner.

To help ease the supply crunch from the disruption in the Strait of Hormuz, the United States and other countries have tapped into their strategic petroleum reserves. These releases — which basically involve making additional barrels of crude oil and petroleum products available for sale to the global market — are meant to increase global supply and help calm higher prices as a bridge to a longer-term solution. But ultimately, there is currently no substitute for reopening the Strait.

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