The Daily Dish

Distillate Madness

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According to press reports, there is increasing support for the idea of banning the export of diesel fuel. This sort of policy contagion is a common feature of campaign season. In this case, the original sin is proposing a gas tax holiday – a policy horror floated by President Trump. During campaign season we heard it from then-President Biden, and earlier from presidential candidate John McCain. Something about the mix of elections and distillates makes politicians crazy.

Total diesel consumption in the United States for all uses in 2025 was about 1.42 billion barrels (59.56 billion gallons). In contrast, U.S. refineries produced about 1.76 billion barrels (73.80 billion gallons), allowing the export of about 0.40 billion barrels (16.77 billion gallons) of ultra-low sulfur distillate diesel fuel in 2025. The United States also imports, primarily from Canada, 0.06 billion barrels (2.40 billion gallons).

There has been tremendous upward pressure on diesel prices, so it is not surprising that candidates are grasping for easy solutions to a painful economic problem. But it is worth wondering: If there is more production than consumption, why is the United States importing at all?

Because the U.S. refining capacity is concentrated on the Gulf Coast. The exports and imports are how the rest of the country is supplied at the lowest cost. The export ban would disrupt the international flows that serve regional needs. Put differently, an export ban would trap the diesel near the refining capacity – where it is unneeded.

If U.S. politicians wanted to do something useful, they should focus on reforms that would make it possible to build new refinery capacity in the United States and build it closer to regional demands. That might make a difference.

A diesel export ban is as empty as a gas tax holiday. But that won't stop its momentum.