



Insight

A Diesel Export Ban Won't Solve High Fuel Prices

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Executive Summary

- President Trump is considering an export ban on diesel fuel after retail prices surged to a record-high level of \$6.53 per gallon on September 21, even though the United States remains a structural surplus diesel producer—refining roughly 5.3 million barrels per day (b/d) with domestic demand of 3.6 million b/d.
- An export ban would not lower pump prices because existing pipeline bottlenecks force regions such as New England and the West Coast to rely on waterborne imports; an export ban would trap Gulf Coast supplies in the region and compel refiners to cut daily output, driving up prices for gasoline, jet fuel, and diesel.
- With U.S. exports supplying 1.5 million barrels per day—about one-fifth of global seaborne diesel trade—an export ban would severely tighten world markets; instead, policymakers should ease winter supply frictions by extending the Jones Act waiver and removing burdensome preclearance rules.

Introduction

On September 21, 2026, U.S. diesel prices [reached](#) a record-high level of \$6.53/gallon, a significant jump from the [average](#) \$3.50/gallon in January, prior to the Middle East conflicts. This has surpassed the previous nominal [record](#) of \$5.81 per gallon set in June 2022 following Russia's invasion of Ukraine, and pushed retail prices toward historical inflation-adjusted peaks seen in July 2008.

Amid the ongoing Middle East conflicts and the de facto closure of the Strait of Hormuz for more than six months, President Trump [indicated](#) that the administration is considering an export ban on diesel to lower prices and said that the decision would be coming fast. Some

Republican lawmakers, such as Senator Chuck Grassley (R-Iowa), have also [called for](#) an export ban to address the high diesel prices.

The United States remains a structural surplus diesel producer—refining roughly 5.3 million barrels per day (b/d) with domestic demand of 3.6 million b/d. An export ban would not lower pump prices because existing pipeline bottlenecks force regions such as New England and the West Coast to rely on waterborne imports. An export ban would effectively trap Gulf Coast supplies in the region and compel refiners to cut daily refining output, driving up prices for gasoline, jet fuel, and diesel.

With U.S. exports supplying 1.5 million barrels per day (about one-fifth of global seaborne diesel trade), an export ban would severely tighten world markets. Instead, policymakers should ease winter supply frictions by extending the Jones Act waiver and removing burdensome preclearance rules.

What's driving record-high U.S. diesel prices?

Soaring U.S. diesel prices are driven by global supply and demand, as diesel is a commodity traded in the world market. American Action Forum's [previous insight](#) laid out the major factors that have been driving up U.S. diesel prices, including: 1) the substantial disruption in the Middle East maritime chokepoints; 2) Russia's diesel export ban due to Ukraine's attacks on its refinery facilities; 3) U.S. refiners' high utilization rate and competition from jet fuel; and 4) the inelastic demand for diesel in the industrial and agricultural sectors. More in-depth analysis is available in the [paper](#).

Why is an export ban not a cure for high U.S. energy prices?

The high U.S. diesel price is not due to domestic fuel shortages. In fact, the United States is a diesel surplus producer. U.S. refiners [produce](#) approximately 5.3 million barrels of distillates (including diesel fuel and heating oil) per day (b/d), well exceeding domestic demand of about 3.6 million b/d, according to petroleum analyst Patrick De Haan.

With the excess supply of U.S. diesel, if the Trump Administration were to enact a diesel export ban, wouldn't that lead to plenty of diesel supply at home and bring down the fuel prices?

The answer is no.

This is because major U.S. diesel production capacity is [concentrated](#) in the Gulf Coast, and not all regions in the country have easy access to that ample supply due to infrastructure constraints.

New England relies heavily on diesel imports (mostly from Canada) to supplement the domestic supply from the Gulf Coast, as the region does not have operating refineries or pipeline infrastructure. As pipeline-delivered fuel from the Gulf Coast terminates in the Mid-Atlantic, moving that product into New England requires secondary transport by tanker, rail, or truck. Consequently, importing directly from Canada is often more economical than sourcing domestic barrels.

In 2025, the United States [imported](#) an average of roughly 164,384 b/d of ultra-low sulfur distillate (ULSD)—the major diesel fuel type consumed domestically. This accounted for about 4 percent of total domestic ULSD consumption.

In addition to New England, other regions in the country, such as the West Coast, Hawaii, and Alaska, also rely on imports to supplement domestic supply of diesel, due to infrastructure and economic constraints.

A diesel export ban would initially suppress the wholesale fuel prices in the Gulf Coast, as the supply is trapped in the area. But the lower fuel prices in the Gulf Coast would not necessarily translate into lower prices for the entire country, since the infrastructure and logistics challenges remain. According to S&P Global Energy's [analysis](#) of how an export ban could impact the U.S. market, the retail price effects of the export ban are difficult to estimate, as it would be determined by "transportation costs, local inventories, fuel specifications and the availability of domestic shipping."

Over time, a sustained export ban would force U.S. refiners to cut their refining output as they run out of options to absorb the excess supply via shifting yield away from diesel toward jet fuel, storing the fuel, or selling more to domestic consumers. S&P Global estimates that a full diesel export ban would ultimately cause U.S. refiners to reduce more than 10 percent of their daily crude input at about 2 million b/d in order to eliminate the diesel surplus.

The impact of U.S. refiners reducing output would be devastating, as it would lead to higher prices of all fuels, including diesel, jet fuel, gasoline, and other petroleum products—running counter to the policy objective of an export ban.

Why would an export ban exacerbate the global energy shock?

Not only would an export ban not lower U.S. energy prices, it would also bring an additional shock to the global energy market. U.S. exports of diesel fuel of 1.5 million b/d [account](#) for one fifth of the total seaborne trading volume of diesel at 8 million b/d, per American Petroleum Institute's analysis. Wiping off 20 percent of the world's diesel supply from the United States would further tighten the global market and push up diesel prices. This would

impose additional costs on U.S. consumers that rely on diesel imports from the world market.

The impact would be particularly severe for Latin America as its diesel imports from the United States account for one third of total consumption, according to S&P Global. Europe would be affected as reliance on U.S. petroleum exports has increased significantly this year after the Middle East conflicts started.

An export ban could prove counterproductive, risking the U.S. competitive advantage as a leading global energy producer and exporter. Yielding to political pressures with government interventions that run contrary to basic market economics would lead to broad market distortions and undermine the Trump Administration's [goals](#) of strengthening U.S. energy security and increasing U.S. energy exports.

What could actually help?

As refining capacity is now the main [bottleneck](#) for global energy supplies, the Trump Administration should allow maximum flexibility for U.S. refiners to adapt to the global market disruptions, rather than imposing politically driven restrictions.

The Jones Act waiver, in place since March, has [helped](#) unlock significant movements of petroleum products from the Gulf Coast to the rest of the country. The recent extension of the waiver until November 15 will continue to help meet domestic demand. Notably, however, the latest waiver extension has introduced complex preclearance procedures that require international shipping lines to obtain approval on a case-by-case basis, which has contributed to declining utilization of the waiver.

With winter fast approaching, demand for heating oil, especially in New England, will rise substantially. This will further drive up diesel prices. Further extending the Jones Act waiver and eliminating the pre-clearance requirements would help facilitate more waterborne shipments of diesel and heating oil from the Gulf Coast to the rest of the country. There is not a silver bullet for solving the high U.S. energy prices, but easing arbitrary logistics challenges can certainly help incrementally.