



Petrol Panic in the UK

Posted by [Stuart Staniford](#) on September 12, 2005 - 5:12pm

Topic: [Demand/Consumption](#)

According to the [London Times](#), panic buying of petrol (= gasoline in the US) is taking hold in Britain in anticipation of protests by truckers over the high price of fuel (most recently elevated by European shipments of refined products to the US in the wake of Katrina). According to the Times:

EMERGENCY powers to reserve fuel for essential users will be reviewed by ministers and oil companies today amid panic buying at petrol stations across the country.

Dozens of filling stations ran dry yesterday after bogus reports of weekend panic proved self-fulfilling when motorists rushed to join queues at the pumps. Hundreds more forecourts are expected to run out of fuel by lunchtime today despite concerted efforts by oil companies to calm the situation by denying that there was a problem.

Doctors, nurses and police officers, among others, will be reserved supplies under plans by a working group involving the oil industry, police and the Department of Trade and Industry. A minimum sale of fuel could also be imposed in an attempt to stop people buying small volumes.

Public fears about fuel supplies and prices are expected to increase today as hauliers prepare to start protests outside oil refineries tomorrow. Overall fuel costs for companies were 39 per cent higher last month than a year before, the sharpest rise since 1991, according to figures released yesterday.

Technorati Tags: [peak oil](#), [oil](#), [gas prices](#)

The reaction might seem extreme to outsiders, but UK residents are remembering the last big set of fuel protests in 2000. According to a [wonderful analysis by Public Safety and Emergency Preparedness Canada](#):

In September 2000, British farmers and truck drivers launched a dramatic campaign of direct action to protest a fuel duty. Their campaign followed a similar one by farmers, truckers, and fishermen in France, which had resulted in concessions from the French government. The UK protesters blockaded fuel refineries and distribution depots, and, within days, created a fuel crisis that paralyzed CI sectors and brought the country to a virtual halt.

The impact of the protest was much deeper than anticipated because it struck at a particularly vulnerable point of the UK economy -- the oil distribution network, which

had been organized along just-in-time delivery principles. This, combined with anticipated shortages by fuel consumers and consequent panic buying, magnified the impact of the protests on practically all CI sectors in the UK. The disruption in the energy sector created a chain reaction among other CI sectors such as transportation, health care, food distribution, financial and government services due to their interconnectivity and interdependencies. The financial impact of the week-long fuel drought was estimated at close to £1 billion (approximately CAN\$2.2 billion).

Things got ugly really fast, including spreading into the food sector:

Two factors reduced the availability of food for distribution during the fuel crisis. First, disruptions in the transportation sector prevented the shipment of food goods from producers to vendors. Similar to gasoline distributors, supermarkets rely on daily just-in-time deliveries rather than maintaining large stockpiles of goods. This mode of business proved to be highly vulnerable to transportation disruptions as there was very little stock to meet consumer demand when the supply of just-in-time goods was interrupted. Each day of the fuel protests further affected food deliveries, depleting the small reserves kept by supermarkets.

The second factor influencing shortages was increased demand and panic buying. The uncertainty of how long the fuel protests would disrupt food supplies caused consumers to alter their normal purchasing behaviour and attempt to acquire more goods than usual. The grocery chain Spar noted that its food sales had increased by 300 percent (28). The sight of empty shelves triggered some consumers to stockpile goods in sufficient volumes to endure a prolonged food supply shortage. Hence, by September 13 panic buying had commenced across Britain, some shops were bare of bread and milk, and a number of supermarkets began rationing food purchases (29).

Could be an interesting week in the UK. We can see why the Chancellor is jawboning OPEC to produce more.



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