Chart of the Week #2026-27

The Impact of the March 2026 90-Day Jones Act Waiver on West Coast Product Receipts of Gulf Coast Production

Energy Policy Research Foundation

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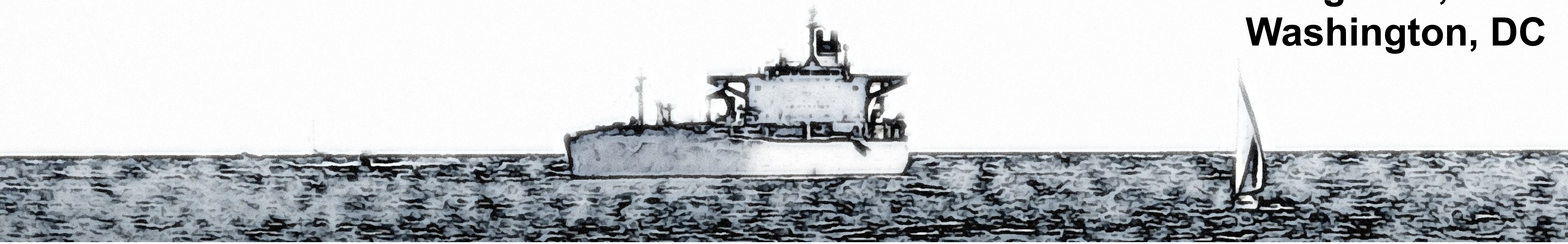
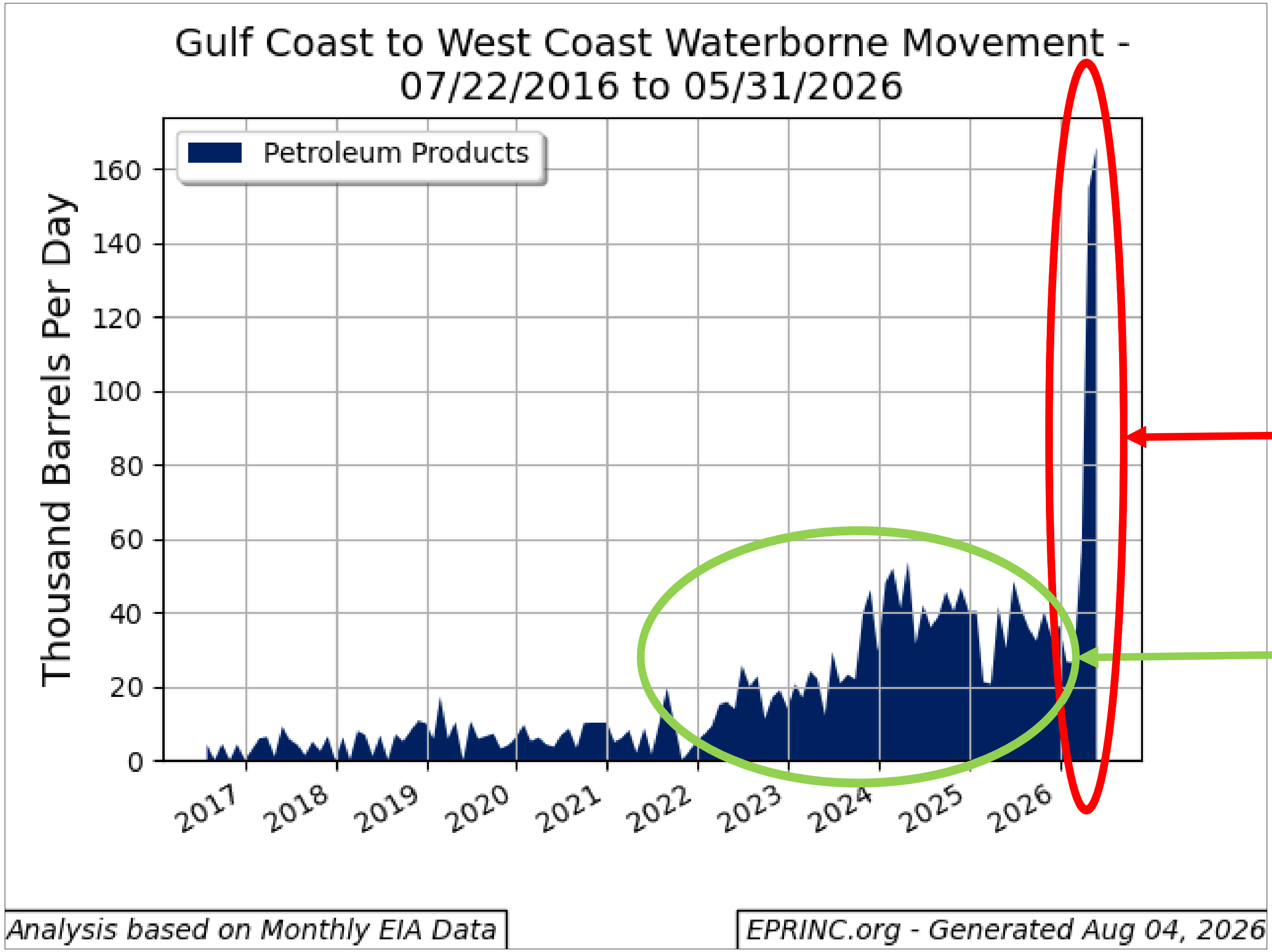
August 5, 2026
Washington, DC



The Impact of the March 2026 90-Day Jones Act Waiver



Due to temporary March 2026 Jones Act waiver.

Due to California refinery closures/conversions.

The Impact of the March 2026 90-Day Jones Act Waiver

The temporary waiver to the Jones Act has caused a sea-change in maritime movements of fuel between U.S. producing and consuming regions. Specifically, in April 2026 the U.S. West Coast (dominated by California) received 377 MB/d of petroleum products from the U.S. Gulf Coast. This is almost six times the daily average of January and February.

The Hormuz Strait blockade brought on by ongoing war between Israel / U.S. and Iran has created the largest energy-supply shock ever. It has led to shortages and price spikes in hydrocarbon commodities, fertilizer, and helium. Numerous efforts to mitigate the adverse effects of the shock have been put in place, including a temporary waiver of the U.S. Jones Act set to expire on August 16, 2026 with ongoing debates seeking to prolong the waiver.

The Jones Act (officially, § 27 of the 1920 Merchant Marine Act) stipulates that any maritime cargo shipped between two U.S. points must be on U.S.-built vessels that U.S.-owned, U.S.-flagged, and crewed by U.S. citizens. These requirements seek to achieve national security goals aspiring to protect U.S. shipbuilding and maritime expertise.

Despite the protections, production of a comparable tanker costs $240 million in the U.S. versus $50 million elsewhere; in addition, U.S. Jones Act tankers cost four times more to operate than foreign ones, and of a total global fleet of 7,500 tankers, there are only 60 Jones Act ones.

Dominated by California, the U.S. West Coast has shuttered or converted about 500 thousand barrels per day of refining capacity (of an earlier total of 2.8 million barrels per day) due to the increasing stringency of the region's environmental laws in the last five years. This has led to higher regional prices for transportation fuels as well as reliance on imports, along with some U.S. inter-regional movements (Figure 1highlighted in green).

But, with the absence of Jones Act constraints that were lifted in mid-March, regional U.S. maritime fuel movements into the West Coast have mushroomed. This underscores the costs rather than the benefits of the Jones Act to U.S. commerce.