



HOUSE OF COMMONS
LONDON SW1A 0AA

Fair Fuel Campaign

Thank you for contacting me about fuel prices.

I know this campaign raises a number of issues, however I welcome the progress that the Government has made. Fuel prices are continuing to fall on an annual basis, most recently by 2.6 per cent in the year to August 2016. As a result, fuel prices have been a key driver of the recent low rate of inflation, reflecting significant falls in the price of oil between mid-2014 and the start of 2016.

The Government recognises that fuel costs remain a significant part of business and household costs. Motorists paid the costs when oil prices were high, they should not be penalised when oil prices fall. Fuel duty will remain frozen for a seventh year. In total this saves the average car driver £130 a year and the average van driver £350. This is a tax cut worth £850 million next year, and means the current fuel duty freeze is the longest for 40 years.

The Competition and Markets Authority, the body charged with monitoring competition within UK markets, investigated the fuel retail market in 2013 in order to determine whether there was anti-competitive behaviour by market participants. It found no evidence that retailers are colluding to fix pump prices.

Reduced duty rates are offered on alternative fuels as an incentive for drivers to move to cleaner fuels. Liquefied petroleum gas, compressed natural gas, liquefied natural gas, biomethane and aqua-methanol all benefit from reduced duty rates.

Thank you again for taking the time to contact me.

Kind regards,

Edward Timpson MP