

MC2016/19543



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

The Rt Hon George Howarth MP  
House of Commons  
London  
SW1A 0AA

28 SEP 2016

Dear George,

Thank you for your email of 13 September to Philip Hammond on behalf of a number of your constituents about the FairFuel UK campaign. I am replying as the Minister responsible for this policy area.

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 substantial 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. This is why at Budget 2016, the Government announced the main rate of fuel duty would remain frozen for the sixth successive year, saving the average driver £75 every year compared to the pre-2010 fuel duty escalator plans.

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.

Please pass on my thanks to your constituents for taking the trouble to make us aware of these concerns.

With kind regards,

A handwritten signature in black ink that reads 'Jane Ellison'. The signature is written in a cursive style with a horizontal line underneath the name.

JANE ELLISON