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Nov 17, 2022 00:01 GMT

RAC urges Chancellor not to tamper with fuel duty as October's pump price rises could further stoke inflation

Ahead of today's Autumn Statement, the RAC is calling on the Chancellor to leave fuel duty well alone as rising prices at forecourts – especially diesel prices – serve to lift inflation, with pump price increases in October having the potential to push it even higher in the weeks ahead.

Analysis of inflation and fuel price data by the RAC* confirms there is an extremely strong link between the two – since the start of the year and

October, petrol pump prices increased by 20p a litre and diesel by 40p, while inflation increased by 5.6 percentage points over the same period.

Yesterday's Consumer Prices Index (CPI) commentary showed that average petrol prices fell by 2.9p per litre in October while diesel prices rose by 2.3p, but that is because the figures are based on government weekly average fuel prices. By contrast, daily price data from RAC Fuel Watch shows both fuels rose significantly in October, with diesel going up by 10p litre and petrol by 4p – which could contribute to even higher levels of inflation in the future.

Separately and more positively, RAC analysis shows that falling wholesale fuel costs over the last four weeks should soon lead to much lower petrol and diesel pump prices if retailers play fair with drivers by passing them on. Both fuels should fall 9p a litre which would take petrol from its current price of 164.23p to 155p and diesel from 188.72p to 180p.

RAC fuel spokesman Simon Williams said:

“Our analysis shows there is a clear link between inflation – however it's measured – and fuel prices. When the prices drivers pay to fill up rise, inflation seems certain to follow. That's something the Chancellor must recognise as he considers what action to take today.

“Last month, the ONS stated the single main reason inflation wasn't higher was because fuel prices had fallen through the summer. Unfortunately, going into the autumn pump prices have been increasing again which we fear will only put further upward pressure on the headline inflation rate.

“We all feel the effects of rising inflation, but as it's diesel prices that have been rocketing lately – up 10p a litre since the end of September – and given how dependent the UK economy is on transporting goods by diesel-powered HGVs and vans, higher prices for many items sadly look inevitable.

“We therefore strongly urge the Prime Minister and Chancellor not to tamper with fuel duty, as doing so would force the millions of hard-working people who depend on their cars to spend even more on petrol and diesel, putting even more stress on already-squeezed household budgets. So many of us have little choice but to drive, so it would be very unfair to punish people for getting to work, doing the weekly shop or visiting and caring for family

members.

“It’s worth remembering that the UK was among the least generous nations in Europe when it came to easing the burden of high fuel prices, cutting fuel duty by just 5p to 52.95p back in March – in stark contrast to Germany which took the equivalent of five times that amount off the price of a litre of petrol in June.

“But it’s also important to recognise that major retailers also have a part to play in keeping fuel affordable for drivers. While average forecourt fuel prices have already started to go down they should start to drop faster as the price retailers are paying to buy new stock is significantly lower than it was four weeks ago. We strongly urge the biggest retailers to pass on the savings they are benefitting from on the wholesale market to drivers at the pumps.

“Sadly, the big four supermarkets still aren’t competing with one another as much as they have in the past. As a result, the price of petrol is only 2p cheaper than the UK average when it has been far cheaper in the past. Diesel, however, is currently over 3p lower on average at one of the supermarkets.”

Find out more about fuel prices and taxation via [RAC Fuel Watch](#).

* The CPI and RPI rates are announced half a month after the previous calendar month's completion. For example:

- Sept 2022's rate of 10.1% (CPI) was announced on 19 October 2022.

- The RAC's September's fuel price average is taken on the first available data of the month of September

Therefore reported CPI inflation for the month is matched with the average fuel price at the start of that month. This data set therefore is a rough estimate of fuel price averages tracking CPI and RPI inflation.

SOURCES:

- [CPI figures](#); [RPI figures](#): ONS
- Fuel prices: RAC Fuel Watch/Experian Catalist

The press office email address is press.office@rac.co.uk and media centre is at media.rac.co.uk. **Please note:** the press office is unable to help with individual customer enquiries - please visit the [RAC contacts page](#) to find the right contact.

About the RAC

The RAC, an iconic UK brand, provides complete peace of mind to 13 million UK private and business drivers, whatever their motoring needs. As well as its premium nationwide breakdown assistance service – with an expert branded patrol workforce attending more than two million breakdowns every year – it offers a wide range of market-leading products across insurance, legal services, vehicle inspections and service, maintenance and repair. The RAC is also at the forefront in helping drivers make the switch to electric vehicles and leads in the development of new solutions for businesses and OEMs, partnering with the best in the motoring and mobility space.

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