

## Biggest monthly drop in petrol prices but diesel drivers start to lose out

Petrol prices have fallen on average by nearly eight pence per litre in the past month, the biggest recorded price swing in almost two decades, says The AA Motoring Trust. However, the gap between the price of petrol and more expensive diesel is widening beyond the seasonal norm, hitting 20 per cent of UK drivers.

The average price of petrol in the UK fell from 98.2 pence per litre in mid-August to 90.3 in mid-September, a fall of 7.9 pence per litre and the biggest price change in one month since The AA Motoring Trust started recording monthly car fuel prices 18 years ago. The average price of diesel is down from 99.5 pence per litre to 95.0, a drop of 4.5 pence. Supermarkets are now charging an average of 87.9 pence per litre for petrol and 92.9 for diesel.

Whereas diesel was 1.3 pence per litre more expensive than petrol in August, that difference has nearly quadrupled in a month to 4.7 pence per litre. Some major petrol retailers are even charging up to six pence per litre more for diesel. The normal price gap for this time of year is around four pence per litre, climbing to five pence in winter months and averaging 4.1 pence per litre throughout last year.

Although diesel drivers benefited from a narrower price difference with petrol during the summer, possibly because many big retailers held off crossing the consumer-sensitive threshold of a 1 a litre, many are now in danger of paying one to two pence a litre above the normal petrol-diesel price difference. Effectively, this would penalise diesel drivers up to a litre of fuel each time they fill up their tanks, compared to a petrol car on the other side of the pump, says Ruth Bridger, petrol price analyst for The AA Motoring Trust

The 7.9-pence-per-litre drop in petrol prices is giving UK families with two cars a very welcome 17.94 boost to their monthly budgets. But, this must not be at the expense of diesel drivers for three very good reasons: diesel cars are up to 20 per cent more fuel efficient than petrol cars with greatly reduced CO<sub>2</sub> emissions; diesel-car owners pay 1000 or so more for these vehicles and the time to recoup that start-up cost is stretched by any increase in the petrol-diesel price differential; and diesel is the fuel that powers much of business transport and travel.

The AA Motoring Trust believes that the wholesale price for diesel and petrol must be made freely available for scrutiny, as is the case with the other critical energy prices gas and electricity. Petrol and diesel wholesale prices are not a closely-guarded industry secret in other parts of the world, such as Australia where even the Australian Institute of Petroleum posts them on its website (<http://www.aip.com.au/pricing/market.htm>).

British motoring consumers have no way of telling whether they are getting a fair price for car fuel or subsidising drivers in cars powered by other fuels. In September last year, after hurricane Katrina, the Petrol Retailers Association announced a four-pence reduction in the wholesale price of petrol but it took until November for the UK average price to fall that far. This year, major petrol retailers are tumbling over each other to drop the price and gain the market initiative, says Bridger.

Car fuel sellers have the right to charge what they like for their product. However, with swings in car fuel prices these days having such a powerful impact on family budgets and consumer spending, we would argue that there is a need for greater transparency in the market through a freely-available wholesale price.

The AA Motoring Trusts Fuel Price Report for September and previous months is available online at: [www.aatrust.com/fuelwatch](http://www.aatrust.com/fuelwatch)