

Fuel prices to go "even higher" says IAM

Data released today (10 July 2008) by the IAM Motoring Trust, the policy and research arm of the Institute of Advanced Motorists, has raised the prospect of even higher rises at the petrol pumps by the end of the year.

If crude oil prices stay at their current level, or rise even higher, Britain's motorists can expect another 20 pence rise in the price of a litre before the end of 2008, bringing closer the prospect of the 150 pence litre, says Tim Shallcross, Head of Technical Policy at the IAM Motoring Trust.

Crude oil prices are more than twice those in July 2007. If these prices are sustained, the cost of fuel at the pump is likely to rise accordingly. A comparison of today's pre-tax prices and those in July 2007 indicates a price of 140 pence per litre (ppl) for petrol and even higher for diesel.

IAM Trust research shows:

- At the start of July 2007, unleaded petrol was 97ppl and diesel 97.4ppl. Crude oil was just over \$71 a barrel.
- Today, crude oil is trading at around \$146 a barrel, more than double the 2007 price.
- Although pump prices have risen steeply, at today's prices of 119.37ppl for petrol and 132.78ppl for diesel, the percentage increase is much less than it has been for crude oil.
- Tax of fuel is split between VAT and a fixed amount of duty, so a comparison of the pre-tax prices is needed to show how much the basic price of the fuel has gone up over the past year and whether we have seen the real impact of the record high crude oil prices.
- The pre-tax price of a litre of petrol in July 2007 was 34.2 pence; for diesel it was 34.5 pence. If these had doubled in 2008 to match crude oil prices, the pre-tax price would be 68.4p for a litre of petrol and 69p for diesel. Applying today's higher duty of 50.35p, and adding VAT, gives a pump price of 139.53p for petrol and 140.24p for diesel. If crude oil prices stabilise at today's levels, or rise even higher, pump prices will inevitably catch up.

The fuel price spreadsheet for end June is available at the IAM Trust website [IAM Trust Website](#).

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