



22nd December 2022

CMA Road Fuel Market Study: Retail Fuel Prices

Dear retailers,

I would like to draw your attention to the Competition and Markets Authority's (CMA) initial update report on its market study into the supply of road fuel in the UK, published on 6 December.¹ Their study follows on from this Government's request for an urgent review of the road fuel market, published on 8 July.²

Although I am encouraged to note that this Government's cut in fuel duty announced in March 2022 has been passed on to consumers, it is concerning to see that the CMA's emerging findings point to retail fuel margins rising year on year over the past five years ahead of general inflation. In addition, their analysis has found evidence that on occasion the price of fuel at the pump has fallen more slowly than it rises following changes in the price of crude oil.

As a result, the CMA will continue to investigate the retail sector further, with a focus on the relationship between wholesale and retail fuel prices, factors driving local and regional variations in prices, and the role played by major supermarkets in the road fuel retail sector.

The pressure on consumers, particularly during the festive period, is greater than it has been for a very long time. You will have seen recent reports in the media suggesting retailers, particularly supermarkets, are not passing on wholesale savings to motorists swiftly enough. This Government is committed to ensuring retailers are offering a fair deal at their forecourts. I therefore welcome the focus the CMA will be placing on the role of retailers and urge you all to engage fully, openly and transparently with the CMA to explain changes in pricing behaviour.

I will be looking very closely at the CMA's conclusions, in particular any recommendations they make regarding remedial action in the sector. Ahead of this, I encourage you to take any steps necessary to ensure savings are passed on to consumers. This Government will not hesitate to act to ensure competition is healthy and consumers get a fair deal on their fuel.

¹ Available at <https://www.gov.uk/cma-cases/road-fuel-market-study>

² Available at <https://www.gov.uk/cma-cases/uk-fuel-retail-market-review>

More broadly, the private sector has a role to play in supporting households as families across the country are feeling the cost of living pressures. I welcome the efforts many of you have already made to offer new deals and discounts which reduce these pressures at the checkout, and urge you to do all you can to keep costs as low as possible.

Yours sincerely,

A handwritten signature in blue ink that reads "Grant Shapps". The signature is written in a cursive, flowing style.

RT HON GRANT SHAPPS MP
Secretary of State for Business, Energy & Industrial Strategy