Annex I – Comment from Gordon Balmer, Executive Director of the Petrol Retailers' Association

On behalf of the not-for-profit Petrol Retailers Association (PRA), I welcome the opportunity to contribute to the CMA's Road Fuel Review. We are committed to constructive engagement with the Government to support evidence-based policymaking in this vital area.

The PRA represents over 50% of forecourts in the UK which encompasses a broad range of operators from major independent dealer groups, single site operators and leading supermarket brands, as well as 75% of motorway service areas. Collectively, our members are responsible for around 65% of all fuel sold in the UK by volume.

In recent reports, the CMA has drawn attention to increasing gross fuel margins—defined as the difference between the pump price and the wholesale cost paid by retailers—as a potential sign of declining competition. While gross margins have risen, this analysis omits a critical dimension: the sustained increase in operating costs borne by forecourt operators in recent years.

Petrol retailing is no longer a single-product business. Today's forecourts offer a diverse array of services, including convenience retail, car washing, and micro-concessions such as food outlets, parcel collection points, and post office counters.

More importantly, cost pressures have escalated significantly over the past five years due to external macroeconomic and regulatory factors:

- National Living Wage increases
- Employers' National Insurance contributions increases
- Business rates increases
- Energy cost increases
- Borrowing cost increases through high interest rates
- Increased investment including EV charging infrastructure
- A surge in forecourt crime

These cost increases, largely outside the control of individual operators, must be either absorbed or reflected in retail pricing. Focusing solely on gross fuel margins without considering these structural cost drivers presents an incomplete picture of the competitive landscape.

It is also important to underscore that petrol retailing involves complex compliance obligations. The storage and sale of petroleum are highly regulated due to safety and environmental risks. Retailers are required to engage specialist contractors for infrastructure maintenance, use monitoring systems to detect leaks, and maintain high levels of insurance all before any fuel is sold to consumers.

Despite these pressures, the industry continues to invest in modernising roadside retail facilities. In many communities—especially where banks, post offices, and local shops have closed—forecourts now serve as essential service hubs. This role was especially pronounced during the COVID-19 pandemic, when many forecourts remained open as lifeline services to the public.

Looking forward, our members are also making significant capital investments to support the UK's transition to low-carbon transport, including the installation of electric vehicle charging infrastructure.

The UK's road transport sector depends heavily on fuel retailers. Most goods, food supplies, and raw materials are delivered by road. With vehicle usage at record levels, the fuel retail sector remains a critical enabler of economic activity.

It is also essential to reiterate that over 50% of the price of fuel at the pump comprises government-imposed taxes, including fuel duty and VAT. After accounting for rising costs and taxation, the net margin retained by retailers is modest.

We urge policymakers to consider the full economic context in which forecourt businesses operate. Any policy recommendations or conclusions drawn from this review should reflect not just price trends, but the cost environment, regulatory obligations, and strategic contributions of the sector.

We remain committed to engaging with the CMA and Government to ensure that fuel pricing remains fair, transparent, and grounded in the operational realities of the modern forecourt industry.

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Gordon Balmer
Executive Director of the Petrol Retailers Association