



Record UK Fuel Prices

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Two points of note on fuel prices. Firstly according to the AA Fuel Price Report - July 2006 ([MS Word doc](#)) the price of unleaded petrol has reached a record average price.

Unleaded prices have risen by 1.6p per litre (ppl) to 97.5p. Diesel prices have also risen, by 1.0ppl, to 99.1p. The price difference between Unleaded and Diesel has fallen to 1.6ppl.

The motoring organisation put the increase down to the usual suspects of:

...conflict in the Middle East, uncertainties surrounding Iran and their nuclear enrichment programme, the annual summer upsurge in motoring in the USA in addition to the continuing high demand for oil from China and India...

The daily national average price seems to be higher still with today's (21/07/06) data showing unleaded coming in at 98.1ppl and diesel 99.5ppl (hat tip [mikepepler](#)).

The second point is that on 18 July 2006, the government quietly announced that they would not be implementing the inflation-only increase in fuel duty (1.25ppl) on 1 September 2006 and would review the position later in the year ([UK fuel duty rise delayed again](#)).

This should hardly come as a surprise given the recent history of fuel duty price rises we discussed back in May ([UK Petrol Prices](#)). There we saw that fuel duty has been stuck at 47.1 pence since Oct 2003 with the annual planned increases being postponed each time. Freezing duty like this in the face of inflation is a tax cut in all but name which is exactly what we at The Oil Drum believe is the wrong response to rising fuel prices. From the [April press release](#):

It is nonsensical for political leaders of both parties to eliminate the gas tax temporarily or permanently as this will only worsen our dependence on oil by disincentivizing the innovation of oil alternatives and oil conservation efforts. ...
The answer does not lie in lowering gas prices, which will only encourage people to drive more and further waste our valuable resources.



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