



Australian  
Competition &  
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Commission

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# NEWS RELEASE

## ACCC TO OPPOSE THE ACQUISITION OF MOBIL RETAIL ASSETS BY CALTEX

The Australian Competition and Consumer Commission announced today that it intends to oppose the proposed acquisition of Mobil Oil Australia's retail assets by Caltex Australia Limited.

The ACCC's decision to oppose was based on the likely effect of the proposed acquisition on local market competition for the supply of petrol, diesel and automotive LPG, as well as broader concerns about the effect of the acquisition on the stability and effectiveness of coordination between the major fuel retailers in determining petrol prices.

"The ACCC concluded that the acquisition by Caltex of Mobil's 300 service stations would be likely to substantially lessen competition across a range of retail fuel markets," ACCC chairman Graeme Samuel said today.

The ACCC identified 53 Mobil sites which, if acquired by Caltex, would be likely to result in a substantial lessening of competition in the retail markets for the supply of petrol, diesel or automotive LPG.

"The acquisition of these sites by Caltex would be likely to lead to reduced retail competition resulting in higher fuel prices for consumers," Mr Samuel said.

In forming this view, the ACCC conducted extensive analysis of competition in local retail markets, including considering the presence of competitors, traffic flows, road structure and analysis of other geographic features as well as information from the pricing systems of the merger parties. The ACCC also analysed a large number of submissions from consumers, motoring groups and retail competitors.

The ACCC also concluded that it was likely the proposed acquisition would increase the effectiveness of current market practices which act to limit competition in petrol retailing.

"The proposed acquisition would give Caltex a significant share of retail sites in Brisbane, Sydney, Melbourne and Adelaide. As one of the leaders of the weekly price cycle in these cities, this increase in Caltex's presence would increase the likelihood of stable price increases particularly compared to a situation where some or all of the sites are acquired by more maverick or aggressive retailers," he said.

"The ACCC's investigation had regard to the coordinated behaviour associated with the jump in fuel prices as part of the weekly price cycle in several of the Australian capital cities. The ACCC considers that this coordination is facilitated through the frequent exchange of pricing information between competitors via the Informed Sources Oil Pricewatch System. While the enhancement of coordinated conduct resulting from the proposed acquisition is likely to substantially lessen competition in contravention of section 50 of the Trade Practices Act, the ACCC is concerned that the Act does not appear to adequately cover facilitating practices which enables such coordinated conduct," he added.

As noted in its Statement of Issues on this matter, the ACCC is satisfied (based on information provided by Mobil) that if the sale to Caltex does not proceed, Mobil will exit its retail business in Australia within the next two to three years. Under any likely alternative sale, the ACCC considers that a significant proportion of the sites would be purchased by retailers with a greater propensity to discount compared to the oil majors, including Caltex.

The ACCC will issue a Public Competition Assessment explaining the reasons for its decision in due course.

**Media inquiries**

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**General inquiries**

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