

APPENDIX 1

(Referred to in paragraph (i) of the Introduction)

THE REFERENCE MADE BY THE BOARD OF TRADE

The Monopolies and Restrictive Practices Acts, 1948 and 1953, as Amended by the Restrictive Trade Practices Act, 1956

Reference to the Monopolies Commission

Petrol

1. Whereas it appears to the Board of Trade that it is or may be the fact that conditions to which the Monopolies and Restrictive Practices (Inquiry and Control) Act, 1948 (hereinafter called "the Act of 1948") as amended by the Restrictive Trade Practices Act, 1956, (hereinafter called "the Act of 1956") applies prevail as respects the supply of petrol.

2. Now, therefore, the Board of Trade in pursuance of Section 2(1) of the Act of 1948, as amended by the Act of 1956, hereby refer to the Monopolies Commission for investigation and report the supply of petrol from places situated within the United Kingdom by delivery elsewhere in the United Kingdom to persons carrying on the business of selling petrol to the general public by retail.

3. The Commission shall, as respects such supply, investigate and report on whether the conditions to which the Act of 1948, as amended by Section 29 of the Act of 1956, applies in fact prevail.

4. The Commission shall, if they find that the said conditions prevail as respects such supply, thereafter confine their investigations to the question whether and to what extent the following things are done by the parties concerned as a result of, or for the purpose of preserving, those conditions, that is to say:—

- (a) agreements or arrangements are made under which restrictions are accepted by persons, other than the suppliers themselves, carrying on the business of selling petrol to the general public by retail in respect of the supply or acquisition of petrol or of any other goods or substances or in respect of the acquisition or disposal of any premises or any interest therein;
- (b) supplies of petrol are withheld from persons carrying on the business of selling petrol to the general public by retail;
- (c) premises are acquired or used or permitted to be used for the purpose of there being carried on thereon the business of selling petrol to the general public by retail;

and, if so, whether or not any of those things operate or may be expected to operate against the public interest.

Dated this 27th day of September, 1960.

JOHN LECKIE,

A Second Secretary of the Board of Trade.

APPENDIX 2

(Referred to in paragraph (iii) of the Introduction)

PRINCIPAL SOURCES OF EVIDENCE

Castrol Ltd.

Esso Petroleum Co. Ltd.

Jet Petroleum Ltd.

Mobil Oil Co. Ltd.

Motor Accessories Manufacturers Association Ltd.

Motor Agents' Association Ltd.

Petrofina (Gt. Britain) Ltd.

Regent Oil Co. Ltd.

Shell-Mex and B.P. Ltd.

Total Oil Products (G.B.) Ltd.

Evidence was also obtained from other suppliers of petrol and lubricants, from a large number of retailers, from certain other trade associations and certain Government Departments, from motoring organisations and from a number of private motorists.

APPENDIX 3

(Referred to in Paragraph 3)

UNITED KINGDOM OUTPUT, IMPORTS AND DELIVERIES OF PETROL

million tons

	1938	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963
Refinery output	0.3	4.7	5.7	6.1	5.8	5.6	5.0	5.4	6.2	6.6	7.0	7.0	6.8
Imports ⁽¹⁾	4.8	1.8 ⁽²⁾	1.9 ⁽²⁾	1.5 ⁽²⁾	1.5	1.6	1.9	2.0	2.3	2.2	2.3	2.5	3.0
Total supply ⁽³⁾	5.1	6.5	7.6	7.6	7.3	7.2	6.9	7.4	8.5	8.8	9.3	9.5	9.8
Inland deliveries—to retailers ...	2.8	3.5	3.8	4.0	4.3	4.5	4.3	5.1	5.6	6.2	6.7	7.2	7.7
—to commercial users	2.0	1.9	2.0	1.9	2.0	1.9	1.4	1.5	1.5	1.5	1.4	1.4	1.3
—total	4.8	5.4	5.7	5.9	6.2	6.3	5.7	6.6	7.1	7.6	8.1	8.6	9.0
Shipments ⁽⁴⁾	0.2	0.4 ⁽²⁾	1.0 ⁽²⁾	1.5 ⁽²⁾	0.9	1.0	0.9	1.1	0.9	1.0	1.0	1.0	0.9
Total deliveries	5.0	5.8	6.7	7.4	7.1	7.3	6.6	7.7	8.0	8.6	9.1	9.6	9.9

164

Sources: Annual Abstract of Statistics
Monthly Digest of Statistics

(1) Includes, in 1938, aviation spirit and aviation wide-cut gasoline, industrial and white spirits; in 1952-1954, "other spirit"; from 1955 onwards, industrial and white spirits.

(2) Converted from gallons at the following rates per ton: 1952, 310; 1953, 306; 1954, 309.

(3) Excludes products derived from coal and marketed by the petroleum industry.

(4) Includes, in 1938 and from 1955 onwards, industrial and white spirits.

APPENDIX 4

(Referred to in paragraph 23)

MAP SHOWING PETROL COMPANIES' PRICE ZONES



APPENDIX 5

(Referred to in paragraphs 30, 186 and 188)

MINISTRY OF HOUSING AND LOCAL GOVERNMENT CIRCULAR No. 25/58

1st April, 1958

Sir,

1. PLANNING APPLICATIONS FOR PETROL STATIONS.
2. CONTROL OF DEVELOPMENT ALONGSIDE SPECIAL ROADS TO BE PROVIDED BY THE MINISTER OF TRANSPORT AND CIVIL AVIATION UNDER THE SPECIAL ROADS ACT, 1949

1. I am directed by the Minister of Housing and Local Government to say that he thinks that it may be helpful to local planning authorities to have the information given in Appendix A about factors to be taken into account in dealing with applications for planning permission for petrol filling stations.

2. Also attached, in Appendix B, is a note relating to the handling of applications for development adjacent to the route of special roads (motorways) which are to be provided by the Minister of Transport and Civil Aviation under the Special Roads Act, 1949.

I am, Sir,

Your obedient Servant,

J. CATLOW,
Assistant Secretary.

The Clerk of the Council.

*Local Planning Authorities
County District Councils (for information)
England and Wales.*

APPENDIX A

PLANNING APPLICATIONS FOR PETROL STATIONS ON TRUNK AND OTHER ROADS

1. The main questions which normally arise for consideration in these cases are:

- (a) What effect would the proposed station have on traffic flow and road safety?
- (b) What would be its effect on amenity?
- (c) Is the proposal at variance with the development plan, and in particular is the land of such agricultural value that it should remain in a gricultural use?
- (d) Are the location, layout and design of the station satisfactory?

In examining these questions in a particular case the following general observations may be of assistance.

Trunk Roads

2. The Minister of Transport's view is that on fast open stretches of road, even on sites well placed and capable of a good layout, all petrol stations are open to objection from the point of view of traffic and should not be allowed unless there is a very good reason, for example, a genuine lack of facilities to meet essential needs, or the possibility of replacing an obsolete and more dangerous station.

3. On *new by-passes* and *other new roads* the Minister of Transport takes the view that normally a petrol station should be unnecessary on a stretch of road less than 12 miles long.

4. Divisional Road Engineers will act in accordance with these views in giving directions in respect of planning applications for new petrol stations on trunk roads.

Other roads

5. The objections to petrol stations on trunk roads will often apply to stations on other roads, and in dealing with applications for planning permission local planning authorities will no doubt bear in mind the views set out in paragraph 2 above.

6. Any increase in the number of stations may lead both to loss of amenity and to increase of traffic dangers; but in built-up areas speed limits are generally in force and other forms of development may already interfere with the flow of traffic, so that the fringe of a built-up area may well be the place where petrol stations to serve through traffic will prove least open to objection, provided that there is sufficient land for a well designed layout.

Siting

7. A station should not be located opposite a break in a central reservation on a dual carriageway road, as this is likely to encourage traffic to cross the road; nor should the station be too close to a side road connection, junction or roundabout, although a station may with advantage be sited where traffic is slowing up in any case provided it is not so close to the junction as to interfere with weaving or turning traffic. Sometimes a service road layout would be suitable, permitting two or more fuelling stations and possibly a transport cafe also, whilst at the same time limiting to two the points of access. Ideally, stations at opposite sides of the road should be paired to serve traffic in both directions, and so sited that the nearside station is seen first. Such paired stations need not be in the same ownership.

Layout of sites

8. Whether in a built-up area or on a road in open country, a petrol station should be able to deal with its customers clear of the highway and its accesses should be designed to give the best possible visibility. If possible, the width of the access should be about 24 ft. and the radii of the curves at the entrance and exit about 35 ft. If reasonably practicable it should be designed for one way working through the station, with the pumps sited as near the exit as possible, in order to ensure that vehicles will not stand on the carriageway while waiting to be refuelled.

Question of need

9. The Minister has been asked how far need should be taken into account by a local planning authority in considering an application for a petrol station. The Minister thinks that to set up a control based entirely on considerations of need under which applications might be rejected even where there were no amenity, traffic or other planning objections, would go beyond the proper scope of planning. But there will very often be some planning objection, even though it may not be such as to rule out the proposal without further argument. Where there is, the question of traffic need can properly be considered; and if no strong case is made out on grounds of traffic need, then the planning objections may become decisive. In this context, the Minister would not regard the absence of a pump supplying a particular brand of petrol as constituting of itself a need for another station.

APPENDIX B

CONTROL OF DEVELOPMENT ALONGSIDE MOTORWAYS TO BE PROVIDED BY THE MINISTER OF TRANSPORT UNDER THE SPECIAL ROADS ACT, 1949

1. The purpose of the proposed motorways (e.g. the London/Yorkshire motorway) is to provide for a safe uninterrupted flow of traffic at high speeds, routed as directly as possible between important centres of trade and industry. Such roads will be for the exclusive use of motor traffic and access to them will be restricted to a few specially designed connections with the existing highway system.

2. In order to minimise interference with traffic flow, no frontage development with access to the motorway will be permitted except for the provision of essential services such as refuelling and refreshments. These services will be on sites specially set aside for the purpose which will be acquired by the Minister of Transport and Civil Aviation under section 10 (1) of the Special Roads Act and leased to private operators on terms which will ensure the provision of facilities to specified standards. The policy of restricting access to motorways has already been explained to many trade and motoring organisations, and the terms of acquisition of the land required for the motorway will have included compensation for loss of access or the provision of alternative facilities. Accordingly it is hoped that not many formal applications involving access to motorways will be submitted.

3. The Minister of Transport and Civil Aviation will consult the local planning authorities on the question of the provision of siting of essential services on motorways passing through their areas. On the London/Yorkshire Motorway (first section) the Minister of Transport and Civil Aviation proposes to acquire land for service areas at approximately twelve-mile intervals on each side of the motorway. Refreshment and refuelling will be available in these service areas although initially it may not be necessary to provide full facilities in every service area. Each service area will have access to the motorway by means of slip roads.

4. A considerable part of each motorway will be constructed on embankment or in cutting in order to obtain satisfactory gradients and to pass over or under existing roads, and it is not always possible, therefore, to state the precise overall width of a motorway at any point until detailed plans and designs for the motorway proper, including junctions and bridgeworks, have been approved. Local planning authorities are therefore requested to keep in close touch with Divisional Road Engineers on all proposals for development alongside proposed motorways, even though the development proposed may not be within 220 ft. of the middle of such roads.

5. Local planning authorities are also requested to consult Divisional Road Engineers in respect of development likely to affect any proposed motorway which has not been the subject of an Order or Scheme made under the Special Roads Act, 1949, or does not appear in an approved development plan.

Motorways junctions

6. Severe restrictions of access on all connecting roads at or near motorways junctions will be essential in order to maintain the free flow of traffic to and from the motorways, and the design of junctions between existing roads and a new motorway may sometimes require alterations in the alignment of existing roads or the construction of new sections of road. Local planning authorities are accordingly requested to consult the appropriate Divisional Road Engineer before granting permission for development involving access to such connecting roads at a point within 440 yards of the junction with a motorway.

Advertisements

7. Motorways will be landscaped for reasons both of safety and of appearance. On land acquired for the motorways only authorised traffic signs will be permitted apart from limited advertisements within the "service areas" for the information of motorway users. The Minister hopes that local planning authorities will take steps to ensure that on land not acquired for the motorways but adjacent to them no advertisements which are against the interests of amenity or constitute a danger

to traffic will be allowed. Where the routes of proposed motorways lie within areas subject to special control a general prohibition of large-scale advertising and other limitations already apply. In some cases authorities may wish to consider seeking the Minister's approval to Orders extending these special control provisions along other stretches of the motorways.

8. Attention is drawn to Regulation 16 of the Town and Country Planning (Control of Advertisements) Regulations, 1948, which requires a local planning authority to consult the Minister of Transport in any case where it appears that the display of an advertisement may affect the safety of the persons using a trunk road, which includes a motorway constructed by the Minister of Transport.

Note of Dissent

by PROFESSOR T. BARNA

I dissent from the Commission's conclusions and recommendations as follows.

Exclusive selling arrangements for petrol. (Paragraphs 364-379, and Conclusion 3a)

1. I dissent from conclusion 3a in paragraph 427. In my view all exclusive selling arrangements in the actual circumstances of the industry today operate and may be expected to operate against the public interest.

2. The companies' case for the present arrangements rests on three arguments. First, the cost of distributing petrol is reduced; second, security is given to the large investments in refineries in this country; third, petrol stations have been improved. I do not accept the validity of any of these arguments.

3. The possibility of obtaining increased economies in the distribution of petrol is due to the great technical changes that have taken place in the handling and storage of liquids, and the petrol industry is no different in this respect from other industries dealing with similar products. The actual economies achieved depend however on the extent to which the organisation of trade is adapted to changing technical conditions. In this instance the most important factor is the quantity of petrol delivered to a petrol station in one instalment. That quantity depends on storage facilities available at petrol stations and on the willingness of retailers to fill storage capacity to the full. Although there has been a definite trend towards larger deliveries, in my view the technical efficiency of distribution is lower than it should be. Legislation allows road tankers to carry up to 4,000 gallons, but the average quantity delivered at exclusive selling outlets by the largest supplier is only a little over one-quarter of that figure.* The average quantity delivered by Jet is considerably higher. No doubt the suppliers would like to deliver larger quantities, but they give no financial incentive to the retailer to order larger quantities.

4. Since the war there have been great improvements in transport and distribution in all industries. In many industries manufacturers or wholesalers arrange price schedules in such a manner as to give the retailer an incentive for the realisation of potential technical efficiencies. Price schedules are such that the retailer has a financial incentive to take larger quantities and, if necessary, to install at his own expense larger storage facilities. In the petrol trade the leading suppliers do not give and have never given such incentives to retail customers. The same price is charged to the retailer whether he takes 200 gallons or 4,000 gallons. The cost of delivering 200 gallons† may be on the average about 5½d. per gallon and the cost of delivering 4,000 gallons

* In April, 1963 S.M. & B.P. delivered on average 1,071 gallons to solus sites other than company owned sites.

† Some suppliers do not deliver less.

may be 2d. a gallon or even less.* The difference of 3½d. is of course substantial in relation to the cost of petrol but this sum is not offered to the retailer as an incentive to install better storage facilities, better petrol dispensing equipment or to persuade him to order in larger quantities. In connection with domestic central heating Esso have stated that "it costs less per gallon to move a larger quantity of oil than it does to move a small quantity, and so the Company is able to share this benefit with the purchaser in the form of a reduced price for larger amounts".† No attempt has been made to do this for petrol.

5. The prices charged to the retailer, and the various benefits given to him by suppliers, are essentially discriminatory and are in no way related to costs of distribution. In the first place, a distinction is made between commercial customers and retail customers which is not based on economic criteria. Commercial customers enjoy certain advantages over retailers which are not related to quantities purchased. Secondly, there is a distinction between exclusive selling outlets and other outlets. Often the mixed site takes larger deliveries from the same supplier than the exclusive site but the mixed retailer is penalised to the extent that he does not receive the solus rebate. The extreme case is S.M. & B.P. which charges more to retailers who sell two or three of their brands rather than one, although these brands may well come from the same depot delivered in the same road tanker. Lastly, the solus rebate given varies from retailer to retailer; the actual rebates are kept secret. Rebates given to individual retailers do not appear to depend on economies in delivery but rather on relative bargaining strength. Thus a chain of garages is able to obtain a higher rebate even though the quantity delivered to individual outlets may be small.

6. As regards the argument that petrol refineries need security, this industry is of course no different from other industries where continuous processes and large amounts of capital are used. The risk taken by petrol companies is rewarded by profit and it would appear that their profits in the past have not been inadequate. In the case of integrated companies one must of course look at profits on operations as a whole. To take companies most representative of the British market, the net profits after tax on capital employed of Royal Dutch-Shell have averaged 11 per cent. in the ten years ending on 31st December, 1963 and those of British Petroleum have averaged 15 per cent.‡

7. It would also appear that British refineries have too much rather than too little security. Refinery capacity is not enough for national needs. In 1963 36 per cent. and in 1964 33 per cent. of the petrol consumed in this country has been imported in a refined form. The extra cost of foreign exchange incurred by not refining enough crude oil in the United Kingdom to obtain all the petrol needed here, and of course corresponding quantities of other refined products, can be put at about £30 to £40 million in a year. No doubt the shortage of refining capacity has also limited exports of petrol but it is not possible to estimate the extent of this. The import-export position

* These estimates are based on scattered information. The difference between the two figures is likely to be a conservative estimate; it is consistent with Curfew's evidence.

† Esso Magazine, Summer 1964, p. 25.

‡ Calculated from the published accounts of the two groups of companies.

of the United Kingdom in petroleum products compares unfavourably with other European countries.*

8. All modern refineries in this country are owned by major petrol companies and, unlike on the Continent, there are no independent refineries on any scale. The close control of retail outlets by leading suppliers of petrol has discouraged others from setting up refineries in the United Kingdom† and this has led to a general shortage of refinery capacity, which in its turn has reduced the competitiveness of the market for petrol.‡

9. It is no doubt true that the petrol companies have encouraged their retailers to improve outlets. However, since restrictions on inessential buildings were lifted in 1954, retail outlets have improved in all trades and it does not appear to be true that petrol outlets have improved more than outlets in trades which do not practice exclusive selling arrangements. Moreover, the Commission has received no evidence to show that outlets tied to the leading suppliers have improved more than other outlets selling petrol. The Esso survey has disclosed that many motorists complain that petrol stations in this country compare unfavourably with stations on the Continent.

10. In many trades retailers are striving to improve their premises and to provide better service to customers so as to increase turnover. In the petrol trade the incentive of the retailer to improve his premises or to improve service is greatly reduced since the suppliers discourage him from seeking higher turnover by reducing prices. At the end of March, 1965 for instance Esso has offered its solus retailers a bonus for additional sales but it has emphasised that the retailer should obtain additional sales by improved lighting on the station, by staying open longer, or by employing more staff, but not by cutting prices. In many trades the forces of competition separate the efficient retailer from the inefficient and in this process improvements to premises and the service given to the customer play a definite role. In the petrol trade however each supplier attempts to improve the premises of his own retailers irrespective of their efficiency or inefficiency.

11. The present exclusive selling arrangements for petrol must be looked upon in their historic context. In 1926 the leading groups of companies in order to strengthen their position against outside competition had offered retailers a so-called loyalty rebate and this system persisted until distribution was taken over by the Petroleum Board at the outbreak of war.§ The companies collectively fixed both wholesale and retail prices and they allowed retailers who took petrol exclusively from them a margin of 2½d. per gallon but other retailers received only 1½d. per gallon. At that time many retailers

* The data for the European Economic Community as a whole are the following (in million metric tons):—

<i>All petroleum products</i>	1962	1963	1964
Production	133·6	155·4	179·4
Imports	21·1	26·4	20·5
Exports	25·3	26·8	23·5
Bunkers	14·0	14·5	17·4
Inland consumption	114·0	139·1	157·1

(E.E.C. Statistical Office, *Energy Statistics*, 1965, No. 2).

† Recently, however, the granting of licences for exploration in the North Sea has encouraged the planning of more refineries. (Cf. *Financial Times* leader on 27th June 1964).

‡ The petrol companies owning refineries "have been able to prevent the independents from growing too large". (*Financial Times*, 27th October 1964, p. 9).

§ Cf. Federal Trade Commission, *International Petroleum Cartel* (Staff Report).

wanted to sell cut-price petrol through an additional pump. By installing an extra pump or by converting one out of three or four existing pumps to cut-price petrol, they expected to increase turnover. The leading companies were aware that if this were to happen the customer would soon discover that cut-price petrol is just as good as their petrol and consequently their sales would fall. The loyalty rebate has proved a powerful weapon* since the retailer's additional sales through selling cut-price petrol would have been offset by the loss of 1d. per gallon on his previous volume of sales of full-price petrol. It is, incidentally, easy to see how this system has prevented the development of turnover per outlet.

12. The system of retailing as it existed up to 1950 was the creation of the pre-war action of the petrol companies. The so-called mixed sites were mixed only in the sense that they sold several brands of the companies giving the loyalty rebate but seldom did stations exist which sold both full-price and cut-price petrol.

13. In the changed political conditions after the war the pre-war system had to be abandoned. The solus system is a direct successor of the pre-war system and it has exactly the same effect on outside competition and on new entry. It remains a powerful weapon to discourage retailers from selling cut-price petrol through one of their pumps alongside with petrol at the full price.

14. Tests by Consumers' Association have shown that differences between brands of petrol are grade for grade insignificant† and most consumers are probably aware of this fact (although they may be less aware of the fact that cut-price petrol is just as good as full-price petrol). Shopping for petrol, however, differs from other forms of shopping because it is expensive and the customer can buy only relatively small quantities at a time. It seldom pays the motorist to go much out of his way to get the brand of petrol he wishes to have. The real choice of the consumer is not between brands of petrol sold at the same price but between brands sold at the standard price and cut-price petrol. Consumers' choice cannot become effective until petrol stations, or at any rate the larger stations, are allowed to stock and sell cut-price petrol alongside other petrol.

15. The petrol companies have argued that such a system would increase their costs of distribution but this is not necessarily so. At present the price charged to the retailer depends on the retailer undertaking not to sell competing brands of petrol. If prices charged to the retailer were related to costs of distribution, the operation of market forces would ensure that consumer demand was met in the most economical way. In some instances it would not pay the retailer to stock more than one brand of petrol. In other instances however, he may find that it is to his advantage, and to the advantage of his customers, to stock and sell more than one brand. This would happen only if the second brand came from a cheaper source or was cheaper to distribute than additional quantities of the first brand. In this instance it would be preferable to leave the regulation of the market to the price mechanism rather than to the petrol companies.

16. The pricing policies pursued by the petrol companies, including policies which have been pursued by them since petrol pumps were first introduced

* This is emphasised in C. T. Brunner, *The Problem of Oil*.

† "Which?" Jan. 1964.

in 1920, not only do not lead to the lowest costs of distribution but have led to an inefficient system of retail outlets. It is of course true that since the war the volume of sales per retail outlet has increased. This however, is the result of two factors: one is the increased volume of motoring and the consequent demand for petrol and the other is the restrictions imposed on the building of new stations by virtue of the planning legislation of 1947. The questions to ask are whether the improvement has been rapid enough and whether altogether the petrol trade is efficient enough.

17. That the retailing of petrol is inefficient may be measured both in physical and in financial terms. Most stations are under-utilised. Throughput per station or throughput per pump is low while the retailer's margin per gallon is high. In fact the margin between the standard retail price and the retailer's buying price given by the leading suppliers in this country is on the average nearly twice as high as the margin given by the same suppliers in France and more than twice as high as the margin in Belgium.* The margin in this country has been all the time widening and other benefits given to the retailers have also been increasing, despite the fact that the volume of sales per station or per pump has been rapidly growing. Increasing margins are granted by suppliers of petrol in order to meet the threat of outside competition. In the case of S.M. & B.P., the solus rebate is automatically adjusted for changes in cost of living; no attempt has been made to adjust the retailer's margin to the increase in demand for petrol consequent on the increase in motoring. Many petrol stations are inefficient and use little labour-saving equipment. Even some newly installed equipment is obsolete by the standards of other countries. Innovations such as coin-operated pumps or variable-grade pumps are initiated by the smaller suppliers and their introduction is not encouraged by the leading companies.

18. In the United States, where the pattern of distribution of petrol is by no means ideal, the volume of sales per station is on the average $2\frac{1}{2}$ times that in this country.† It is also to be noted that average sales per Jet station are about twice as much as on stations selling petrol at the standard price; stations going over to cut-price petrol can at least double their sales without any technical difficulty.

19. The present inefficient distribution is the result of the form which competition between suppliers is taking or has taken in the past. Suppliers fix or recommend a retail price and competition aims at securing outlets. Competition for outlets results partly in direct over-investment in outlets by the suppliers and partly in their offering increasing margins and other benefits to retailers. Already in 1929 it was noted that the margin per gallon in London was twice as high as in New York.‡ In the interwar period the high remuneration offered to retailers led to an excessive building of petrol stations and often an excessive number of pumps per station. In the postwar period, when because of planning legislation this could not happen, the same or similar forms of competition have resulted in excessive investment in petrol stations and in increased site values per station. Neither of these results is of any benefit to the consumer.

* Data published by Petroleum Information Bureau referring to premium grade supplied to solus sites. (Similar data were given in Esso's evidence.)

† For the number of stations, see *Financial Times*, 18 June, 1964, and for volume of sales paragraph 25 below.

‡ Cf. Brunner, *op. cit.*

20. Improvements of individual outlets are to some extent wasted since it is the pattern of outlets which is inefficient. The present pattern hardly corresponds to the changing usage of roads and the revolution that has taken place in the distribution of petrol. An analysis of 15,000 outlets in 1961 has shown* that 18 per cent. had sales of under 10,000 gallons per year and 22 per cent. between 10,000 and 25,000 gallons per year. Only 12 per cent. sold above 100,000 gallons which is regarded as the minimum for efficiency. It is easy to calculate that if each station were to take delivery once a week of 4,000 gallons at a time then less than one-third of the present number of outlets would be enough. The existing outlets are unevenly distributed over the country in relation to needs. Some are obviously too small for efficiency and some are obviously in the wrong location.

21. The pricing policies of the petrol companies and the associated benefits offered to retailers tend to ossify the system of distribution. This is not offset by the fact that suppliers try to improve individual stations through persuasion. They are trying to improve each individual outlet instead of creating conditions in which the pattern of distribution may adjust itself to changing needs. By imposing restrictions the suppliers hinder the elimination of inefficient retailers and the concentration of sales in efficient outlets. The net result of competition for outlets is a cost structure which irons out the differences between efficient and inefficient outlets. Ultimately competition between petrol companies drives up the site value of a potentially efficient outlet to a level where costs per gallon of the retailer become as great as costs per gallon at an inefficient outlet.

22. Over-investment in petrol stations and excessive site values increase the cost of entry for new suppliers. A supplier who contemplates entering the British market needs larger financial resources and incurs higher costs per gallon than would be the case otherwise. Thus the present level of prices charged by cut-price companies and their scale of operations do not fully reflect the force of potential competition. This competition has been held in check, at least partly successfully, by the petrol companies through inflating the costs of distribution.

23. The present system also encourages the existence of more grades of petrol than necessary, thereby causing waste in production and distribution. The varying needs of consumers may of course be met by mixing a high-grade and a low-grade petrol in differing proportions. Alternatively no harm is done to most engines if they use petrol of a higher grade than necessary. The forces of competition tend to reduce the number of grades and tend to introduce standardisation on the higher grades. The appearance of Jet for instance has brought about a considerable increase in the octane rating of the standard grades. Thus motorists benefited not only from the lower price of Jet grade for grade but also from the fact that more of them could use standard grades.

24. It would be natural for retailers to stock the most popular grades of several suppliers' petrol and not to sell grades for which demand is relatively small rather than sell all the grades of one supplier. By creating additional grades, and by associated sales promotion efforts, the suppliers may well reduce the retailer's temptation to stock more than one brand of petrol.

* These are outlets with which S.M. & B.P. had lubricants agreements.

Conversely, once they have solus outlets, the suppliers are tempted to introduce additional grades. S.M. & B.P. explained that they persuade the retailer to stock one of their brands only because this gives them more chance for displaying their top grade. The fact that the Esso Group had a mixture grade and S.M. & B.P. did not, enabled Esso for a period to charge $\frac{1}{2}$ d. per gallon more for its premium grade than S.M. & B.P.

25. Whilst in the United Kingdom there are three main grades of petrol, in all other markets except one there are only two. The exception is the United States; however, its market is 20 times the size of the British market.* In several European countries, which are regarded as more competitive markets for petrol than the United Kingdom, the quality of standard and premium grades is higher than here.† Presumably there is then less need for a super grade.

26. The system described is naturally beneficial for the petrol companies for whereas the difference in the buying price of retailers between premium and standard grades was 4d. a gallon at the beginning of 1965, the difference in costs of production was only $1\frac{1}{2}$ d.‡ The additional $2\frac{3}{4}$ d. profit which the supplier obtained was, of course, substantial in relation to wholesale prices.

27. I have come to the conclusion that exclusive selling arrangements are against the public interest mainly for the reason that they lead to wasteful expenditure, an inefficient system of distribution, high profits, and thus to a high price for petrol. At the beginning of 1965 cut-price petrol was retailed grade for grade $3\frac{1}{2}$ d. a gallon or more below the standard price. No doubt more cut-price petrol could have been supplied had there been no restrictions on outlets. It is also to be noted that the normal retail price of petrol exclusive of tax in the United Kingdom was at mid-1964 10 per cent. higher than in Italy, 18 per cent. higher than in France and 21 per cent. higher than in Switzerland.§ It would appear that the geographical handicaps of Switzerland are more than offset by the greater competitiveness of its market.

28. Apart from the argument that exclusive selling arrangements have retarded the development of refining capacity in this country there are three additional reasons for my conclusion.

29. First, I do not believe that restrictions on the supply of commodities sold other than petrol by petrol retailers can be effectively abolished as long as the solus system for petrol continues.

30. Second, the present system is unnecessarily complex. The Commission has studied several hundred different forms of contract between suppliers and retailers. Large sales forces are employed to persuade the retailer to sign or to renew solus agreements. Such complicated selling arrangements for a standard product appear to be not only unnecessary but also harmful. The system as a whole tends to be unfair to the small man who has neither the time nor the expertise to understand the complications of some of the legal

* Cf. Associated Octel Co. Ltd., *World-Wide Survey of Motor Gasoline Quality*, May 1963. (Mixture grades are of course ignored.)

† *Ibid.* See figures for France, Germany, Italy and Switzerland.

‡ Based on evidence by Mobil. Best grades cost nearly 2d. more to produce than standard grades.

§ Comité Professionnel du Pétrol. *Prix et Taxation des Carburants en Europe*, 10 June, 1964. The figures refer to premium grades and include the $\frac{1}{2}$ d. per gallon rise in the U.K.; they are consistent with Esso's evidence.

documents. It is wasteful of human effort both from the retailers' and from the suppliers' point of view. The selling effort makes no difference to the total sales of petrol. Quite apart from its money cost, this is a misdirected effort of high powered salesmanship which, from a national point of view, might be better used in some other direction.

31. Third, the tying of retail outlets makes possible sales promotion efforts by suppliers which obstruct the rational choice of consumers, and in particular the companies follow an obscurantist policy as regards grades of petrol.* They do not state the octane rating of their petrol, although this is done by the same suppliers in other countries, and most cut-price companies also state the octane rating. Having obtained exclusive representation the sales promotion of the petrol companies tends to emphasise the image of the product; it is not in the retailer's interest to advise the consumer on the objective choice between brands and grades. With tied retail outlets the petrol companies are more successful in persuading the consumer that it is disadvantageous to buy cut-price petrol and in persuading him to buy a higher grade than he really needs.

32. My general conclusion that exclusive selling arrangements in the petrol trade are against the public interest follows the precedent of the Commission's report on wallpaper. In that industry about 80 per cent. of the supply was controlled by one firm. In the petrol trade a similar percentage has been in the hands of two firms for at least fifty years. In point of fact the existence of exclusive selling arrangements represents a more serious restriction to competition in the petrol trade than in the wallpaper trade because, as I mentioned in paragraph 14 above, the nature of shopping for petrol is different from shopping for other products.

33. In their arguments the petrol companies assume that if exclusive selling arrangements were abolished, the organisation of the market would revert to a mixed-site system such as existed before the war. This is an unrealistic assumption. The pre-war organisation was, as I have argued, a direct consequence of the arrangements made by the suppliers. Besides, since then technical conditions have greatly changed. With proper incentives, most retailers are likely to obtain petrol from one supplier only. Some of course may prefer to sell a cut-price brand alongside other brands. However, in the petrol trade proper incentives which take account of costs of distribution have never been attempted.†

34. I therefore recommend that all arrangements under which retailers accept restrictions as to the brands of petrol which they stock and sell be abolished. I recommend that each supplier should publish a price schedule from which he should not deviate. If requested to do so suppliers should satisfy the Board of Trade that prices charged to different classes of customers correspond to differences in costs of distribution, taking account of quantities delivered as well as regularity of delivery. The same price schedule should apply to commercial, to retail and to any other customer, to single-brand and to multi-brand sites. Suppliers should cease to fix, recommend or suggest

* E.g. Cleveland calls its mixture grade "premium" which enables it to assert that it is cheaper than premium grades in general. The term "super" may denote either premium or best grades.

† This statement is not vitiated by Esso's bonus scheme of March, 1965.

retail prices. Companies supplying less than 50 million gallons a year should be exempt from these recommendations.

35. The petrol companies have told the Commission that if the solus system were abolished they would spend considerably more on advertising and other forms of sales promotion. Advertising in this trade gives the consumer no objective information whatever and it serves little social purpose. In order to diminish the effectiveness of large-scale sales promotion efforts in the event of the abolition of the solus system, I therefore recommend the introduction of two or three British Standard specifications for petrol and that petrol be sold with reference to such specifications. Until such time as this is done the companies should show the octane rating of petrol on the pump and undertake not to exceed the 1964 level of advertising expenditures.

**Length of term of agreements. (Paragraphs 380-383,
Recommendation 1)**

36. I dissent from the conclusion that if solus agreements are allowed to continue, their length of term should be limited.

37. I agree with the argument of the leading petrol suppliers that there are plenty of petrol stations which become available to competitors in each year. It was not numerical opportunity but other factors, mainly the high cost of entry, which has limited the spread of cut-price petrol. If the term of the agreements were limited, the cost of entry would likely to be higher rather than lower since the cost of the solus agreement in relation to the expected volume of sales is presumably higher for short-term than for long-term agreements. Costs per gallon would be increased and the chances of new companies would be further reduced.

38. If the solus agreements are found not to operate against the public interest I recommend that no limitation be imposed on the length of their term since any restriction on the freedom of action of suppliers, given the form which competition takes, will increase their costs. In fact petrol companies ought to be encouraged to restrict competition between themselves so as to reduce the cost of the agreements.

Loan Agreements. (Paragraphs 384-388, Recommendation 2)

39. I disagree with the argument that low rates of interest in themselves are not an indication that the suppliers are pursuing their own interests against the public interest. To some extent loans may finance improvements which the retailer would undertake anyhow, but they also encourage over-investment. Moreover the benefit to the retailer from the favourable terms of such loans is in no way related to the quantity of petrol sold and therefore tends not to be passed on to the consumer; it leads to increases in profits or to unnecessary expenditures. The net effect of favourable terms is reflected in inflated site values since those competing for sites know that cheap finance is available from the petrol companies.

40. In fact the largest loans are given not to retailers who need loans for specific improvements but to chains of garages in a strong bargaining position. Moreover the possibility of obtaining cheap loans has encouraged the entry of financial interests into the garage trade. It obviously pays to acquire a number of garages since a chain can obtain more favourable loan terms, as

well as a bigger solus rebate, than separate outlets. Little capital is required since the transaction is refinanced by the petrol company. For instance, at the end of 1964 S.M. & B.P. obtained solus rights at a chain of garages with a turnover which included, *inter alia*, 1,400,000 gallons a year of cut-price petrol. S.M. & B.P. gave a mortgage loan of £1,200,000 at 2 per cent. per annum for a term of 25 years.* The amount of the loan is unlikely to be very different from the total capital value of the stations and the exceptionally low rate of interest, given at a time when the most favourable long-term borrowing rates were above 6½ per cent.,† could not leave much profit on supplies of petrol.‡ The net effect of this transaction from the point of view of the public is that on a given set of sites less petrol is now sold at a higher price per gallon.

41. The same considerations apply to loans of equipment as to loans of cash. Further, investment sometimes takes the form of an equity interest in companies directly or indirectly controlling petrol outlets. These different forms of investment give the petrol companies a position of influence which is analogous to that of the owner of a site. If restrictions accepted by retailers were to be prohibited much of the *raison d'être* of these investments would fall away. But investments could still be used to bring pressure to bear upon retailers and to safeguard against this I recommend that petrol companies should publish the particulars of their investments in respect of each retail outlet where this exceeds £5,000.

Company-owned stations. (Paragraphs 412–419, Recommendation 7)

42. I agree that the number of company-owned stations should be limited but dissent as to the method of limitation. In 1964 about 25 per cent. of petrol was sold through company-owned stations. By the time this report is published the figure is likely to be 27–28 per cent. and, even if an embargo is put on new acquisitions, will rise to 30 per cent. as stations already being built are completed. In my view this gives the companies an undesirable degree of control over the retail trade, especially as the petrol trade is localised. Since the number of petrol outlets is allowed to increase only very slowly, an embargo on acquisitions will not have an appreciable effect for many years.§

43. At the time when petrol was referred to the Commission about 15 per cent. of total sales passed through company-owned stations. Since then however the acquisition of stations by companies has gathered momentum. The companies must have been aware of the risk inherent in acquiring stations after the matter had been referred to the Commission. If the companies are allowed to keep all stations which they have acquired this may create a precedent for monopolists to strengthen their position while the Commission is deliberating their case. I therefore recommend that suppliers of petrol

* See paragraph 104.

† Local authority borrowing rates for 25 year mortgage loans were at 6½–6¾ per cent.

‡ The annual loss of interest to S.M. & B.P. on this calculation is above £54,000. The loan may have been used for the finance of three stations being built but its main effect has been the elimination of cut-price petrol from four sites and a competitor from the fifth. The loss of interest is likely to be between 6d. and 1s. per gallon of additional sales of S.M. & B.P. petrol.

§ On the best calculation I can make, it will take 35 years to bring the share of company-owned stations down to 15 per cent. of total retail sales.

divest themselves of company-owned stations so as to reduce the sales of each supplier passing through such stations to 15 per cent. in volume of his total sales of petrol or 20 million gallons whichever the larger. But companies should be free to increase sales from their remaining outlets and new suppliers should be free to enter the market on identical terms.

Motorway Stations. (Paragraphs 420-423)

44. I dissent from the conclusion that lower-priced brands which are sold on a substantial scale elsewhere shall be fairly represented on the motorways if this implies that suppliers have to be successful elsewhere before they are permitted to compete on motorways and that their share of motorway pumps is to be limited by the share obtained elsewhere. Moreover that conclusion may permit the exclusion of lower-price brands from most motorways provided that they are represented on some.

45. I recommend that the Ministry of Transport should accept greater responsibility for the development of service areas on motorways, that it should lease petrol stations separately from catering facilities, and that the leasing of petrol stations should be for periods much shorter than the 50 years for which they are at present leased. Since the number of petrol pumps at each motorway station is considerable there would be no loss in efficiency if the Ministry were to lease these in separate blocks of up to say 10 pumps to persons who are independent of each other. There is no reason why petrol suppliers should be prevented from tendering for blocks of pumps.

46. The motorway stations are part of a larger problem. As a result of planning regulations, which apply not only to motorways but also to new roads in general, there is a tendency for the creation of local monopolies in petrol. Whereas our reference relates to restrictions accepted by retailers of petrol, the problem of local monopoly is that the retailer is able to exploit both the consumer and the supplier. Whilst technically such retailers are covered by our reference insofar as they have solus agreements, in effect the existence of such agreements is in their case irrelevant to the issue of public interest. I therefore recommend further consideration by the Government Departments concerned of the problem of competition in the petrol market as it is affected by planning regulations.



INDEX

	<i>Pages</i>
Aero Petroleum Co. Ltd.	99
<i>see also</i> Smaller suppliers of petrol <i>and</i> Wholesale petrol distributors.	
Agip Ltd.	2n, 6, 99
company-owned stations, number of	103
solus arrangements	102
<i>see also</i> Smaller petrol companies <i>and</i> Smaller suppliers of petrol	
Amoco (U.K.) Ltd.	6, 99
company-owned stations, number of	103
<i>see also</i> Smaller petrol companies <i>and</i> Smaller suppliers of petrol	
Anglo-American Oil Co. Ltd.	13-15, 17n, 18
change of name to Esso Petroleum Co. Ltd.	13, 20, 30n
solus arrangements, introduction of	20
subsidiaries of	14, 16n, 17
<i>see also</i> "National companies"	
Anti-freeze: petrol companies' arrangements with retailers	75, 79-81, 101, 102
Commission's conclusions	149, 159
Commission's recommendations	160, 161
Automobile Association [A.A.], <i>see</i> Motoring organisations	
B.P. group	2, 6
Barna, Professor T., Dissent from Commission's conclusions	161, 171-181
Benzole	4n, 16n
Berry Wiggins & Co. Ltd.	2
Bowen Petroleum Ltd.	99
Briggs, William, & Sons. Ltd.	2
British Petroleum Company	13, 17n
<i>see also</i> B.P. group <i>and</i> "National companies"	
Brown, Arthur, & Co. Ltd.	99
<i>see also</i> Smaller suppliers of petrol <i>and</i> Wholesale petrol distributors	
Castrol Ltd.	9n, 14, 28, 38, 76, 81, 83-86, 115, 127, 146-148, 156
capital structure	76
change of name from C. C. Wakefield and Company	14n
loans to retailers	46n
prices and margins	77
questionnaire to motorists	110, 111
— Commission's comment	134
research	76
sales of lubricants	7, 28
share of retail lubricants market	75, 81
source of supply	76
supply of equipment to retailers	46n, 76
views of	67, 82
<i>see also</i> Lubricants manufacturers, Independent	
Cities Service Oil Co. Ltd., predecessor of Fina Petroleum Products Ltd.	20-21
Cleveland Petroleum Co. Ltd. [Cleveland]:	
antecedents	16n
"Cleveland Premium" petrol	25
entry to market	16
exclusive outlets, number of	35
sales of petrol	5
share of retail petrol market... ..	5, 23
subsidiary of Esso Petroleum Co. Ltd.	6, 8, 16n, 17, 20, 32n
Commercial consumer market	3, 15, 100, 103, 106
<i>see also</i> Prices to commercial consumers <i>and</i> Sales	
Compagnie Française des Pétroles	22, 100
Company-owned stations	9, 33, 35, 37, 56-66, 97, 100-103, 105
Commission's conclusions	133, 153-156, 159
Commission's recommendations	160-161

	<i>Pages</i>
Company-owned stations—<i>contd.</i>	
investment in	58, 97, 101
number of	35, 57, 61n, 97, 100-103, 105
petrol companies' case	68-74, 119-120,
return on capital invested in	63-64
sales through	58, 97, 102
selection of tenants	60-61
stations operated by petrol companies	60
tenancy arrangements	60-66, 80-81, 86-87
— rental provisions	60-64, 101
— term	60-62
views of tenants and others	56, 66-74
Conclusions, Commission's:	
as to conditions defined in Act	129-130, 158-159
public interest	133-159
— summary and recommendations	158-161
"things" described in paragraph 4 of the reference	130-133, 159
Conditions defined in Act:	
Commission's conclusions	129-130
petrol companies' case	113-114
Continental Oil Company of Delaware	22, 97
Continental Oil (U.K.) Ltd.	6, 99, 103, 154n
Company-owned stations, number of	103
entry to market	22, 97
refinery	2n, 102n
subsidiary of Continental Oil Co.	22
<i>see also</i> Smaller petrol companies <i>and</i> Smaller suppliers of petrol	
Continuity of retailers' solus obligations	30, 33-37, 51-52
Commission's conclusions	151-152
petrol companies' case	53
views of retailers and others	52-53
Controls, war-time and post-war	14, 15, 18-20, 23-24, 30
Credit terms to retailers	29
<i>see also</i> Financial assistance to retailers by petrol companies	
Curfew Petroleum Ltd.	99, 104-105
<i>see also</i> Smaller suppliers of petrol <i>and</i> Wholesale petrol distributors	
Customs duty:	
derv	12
lubricants	12
petrol	12, 18, 19, 23-26
Delivery, size of	12n, 15 29, 34, 65, 90-91, 107, 114-115, 117-118, 137-138, 158
Derv	1, 2, 75, 97, 101, 106
petrol companies' arrangements with retailers: Commission's conclusion	149
rebate	34
<i>see also</i> Customs duty <i>and</i> Sales	
Diesel fuel, <i>see</i> Derv	
Dissent from Commission's conclusions by Professor T. Barna	161, 171-181
Distribution arrangements	7-8, 13-21, 36, 94, 99, 103, 105
savings in costs due to solus trading	90-92, 105
— Commission's comments	137-138, 140, 158
— petrol companies' case	90-92, 115-120
views of retailers	92, 107-108
<i>see also</i> Controls, war-time and post-war	
Dominion Motor Spirit Co. Ltd.	17
Duckham, Alexander, & Co. Ltd.	76, 77n, 82
research	77, 82
sales of lubricants	7
<i>see also</i> Lubricants manufacturers, Independent	

Equipment, supply of:		
lubricants manufacturers' arrangements with retailers		46n, 77
petrol companies' arrangements with retailers	12, 30, 35, 54-55, 96,	106
— Commission's conclusions	...	132, 145, 159
— Commission's recommendations	...	160-161
— cost of supplying equipment on loan	...	55
— effect on term of solus arrangements	...	54-55
— views of retailers and others	...	55
Esso Dealer Co-operation Plan [E.D.C.P.], <i>see</i> Esso Petroleum Co. Ltd.		
Esso group, <i>see</i> Esso Petroleum Co. Ltd.		
Esso Petroleum Co. Ltd. [Esso] (formerly Anglo-American Oil Co. Ltd.):		
Esso Dealer Co-operation Plan [E.D.C.P.]	...	20, 30-31, 56, 89n, 120
exclusive outlets, number of	...	35
"productivity award"	...	26
— Commission's comments	...	140n, 158n
refineries	...	2
sales		
— lubricants	...	7, 28
— petrol	...	5
share of retail petrol market	...	5, 23
subsidiary	...	6, 8, 20, 32n
survey of motorists' views	...	110, 112
— Commission's comments	...	134
Evidence, principal sources of	...	163
Finia Petroleum Products Ltd., change of name to Petrofina (Gt. Britain) Ltd.		20
Finance Act, 1963	...	45, 46
Financial assistance to retailers by petrol companies:		
lease/re-lease arrangements	...	44-46, 48-49, 101
loans	30, 32-33, 35, 37, 40-44, 46, 79n, 97, 101, 103, 106	
— Commission's conclusions	...	143-145, 159
— Commission's recommendations	...	159-161
— views of retailers and others	...	46-49
petrol companies' case	...	47-49, 119-120
special credit facilities	...	46
Firestone Tyre & Rubber Co. Ltd., agreement with Regent	...	87-88, 150-151
First refusal on sale of retailers' premises	...	30, 33-36, 44, 52
Commission's conclusions	...	152, 159
Commission's recommendations	...	160-161
petrol companies' case	...	53
views of retailers and others	...	52-53
Fleetline Petroleum Products	...	99
<i>see also</i> Smaller suppliers of petrol <i>and</i> Wholesale petrol distributors		
Gainsborough Petroleum Co. Ltd.	...	99
<i>see also</i> Smaller suppliers of petrol <i>and</i> Wholesale petrol distributors		
Grants to retailers under solus agreements	...	30-32, 34n, 38-39
Greenwich Petroleum Co. Ltd.	...	99
<i>see also</i> Smaller suppliers of petrol <i>and</i> Wholesale petrol distributors		
Gulf Oil (Great Britain) Ltd.	...	2n, 6, 99
company-owned stations, number of	...	103
solus arrangements	...	102
<i>see also</i> Smaller petrol companies <i>and</i> Smaller suppliers of petrol		
Housing & Local Government, Ministry of	...	12, 68, 166-170
Imperial Chemical Industries Ltd. [I.C.I.]	...	2, 6n, 100
Independent Petroleum Federation	...	17
Independent Petroleum Supplies Ltd.	...	99
<i>see also</i> Smaller suppliers of petrol <i>and</i> Wholesale petrol distributors		

	<i>Pages</i>
Ireland, Republic of: report on solus trading	128n, 141
Isherwoods Petrol Co. Ltd.	28, 99, 103-104
subsidiaries	103
<i>see also</i> Smaller suppliers of petrol <i>and</i> Wholesale petrol distributors	
Jet Petroleum Ltd.	38, 96-97, 125-126, 154n
entry to market	22, 25
exclusive outlets, number of	96, 97
sales of petrol	5, 97
share of retail petrol market	5, 23, 96
solus arrangements	29, 97
source of supply	6, 22, 97
subsidiary of Continental Oil Co.	6, 22, 97
views of	39, 66, 106
<i>see also</i> Prices and margins in retail market	
Joy, Edward, & Sons. Ltd.	7, 14, 76
<i>see also</i> Lubricants manufacturers, Independent	
Kerosene	1, 2, 13, 16n, 17, 29, 34, 35, 75, 86, 101
petrol companies' arrangements with retailers	29, 35
— Commission's conclusions	149, 159
— Commission's recommendations	160-161
Landlord and Tenant Act, 1954	12, 62-63, 70-71, 74, 156
Lease/re-lease arrangements, <i>see</i> Financial assistance to retailers by petrol companies	
Legislation	12, 55n, 166-170
Little David Petroleum Products	99
<i>see also</i> Smaller suppliers of petrol <i>and</i> Wholesale petrol distributors	
Loans, <i>see</i> Financial assistance to retailers by petrol companies	
Lobitos Oilfields Ltd.	2, 6, 99, 100, 106
solus arrangements	100
<i>see also</i> Smaller petrol companies <i>and</i> Smaller suppliers of petrol	
Lubricants	2, 6-7, 13, 14, 16n, 18, 28, 75-76, 97, 101, 104-105, 111
brands	7
petrol companies' arrangements with retailers	29, 33-38, 44-45, 65-66, 78-81, 102
— Commission's conclusions	131-132, 134-135, 145-149, 159
— Commission's recommendations	160-161
— petrol companies' case	83-86, 122-123, 125-128
— views of retailers and others	81-83
rebate	33, 77-81, 102
— advances of, <i>see</i> Financial assistance to retailers by petrol companies	
research	76-77, 82
types	18, 19, 75, 82
war-time pooling arrangements	19
<i>see also</i> Prices and margins in retail market <i>and</i> Sales	
Lubricants manufacturers, Independent	14, 18, 28, 75, 76, 81, 147-148
effects of solus arrangements on	83-86, 126-127
research	77
sources of supply	76-77
supply of equipment	77
views of	47, 82-83
<i>see also</i> Castrol Ltd.; Duckham, Alexander, & Co. Ltd; Joy, Edward & Sons. Ltd; Sternoi Ltd.	
McMullans Ltd.	99
<i>see also</i> Smaller suppliers of petrol <i>and</i> Wholesale petrol distributors	
Major & Co. Ltd.	99
<i>see also</i> Smaller suppliers of petrol <i>and</i> Wholesale petrol distributors	

	<i>Pages</i>
Manchester Oil Refinery Ltd.	2
Mobil Oil Co. Ltd. [Mobil] (formerly Vacuum Oil Co. Ltd.):	
antecedents	14n
entry to market	32-33
exclusive outlets, number of	35
refinery	2
sales	
— lubricants	7, 28
— petrol	5
share of retail petrol market	5, 23
Motor Accessories Manufacturers Association [M.A.M.A.]	9
questionnaire to retailers	109
views of	47, 52, 77, 82, 89, 107
Motor Agents' Association [M.A.A.]	9, 15, 16, 28, 34n, 56, 86-87, 93
views of	47, 51, 52, 55, 56, 67, 89, 107-109
Motor Trade Association	15, 18
Motoring organisations:	
views of	110
— Commission's comments	134
Motorists, Effects of solus arrangements on:	
Commission's comments	134
petrol companies' case	86, 114-115, 124-127
views of	110-112
Motorway stations	37-39, 110, 111
Commission's comments	156-157
Munster, Simms & Co. Ltd.	99
<i>see also</i> Smaller suppliers of petrol <i>and</i> Wholesale petrol distributors	
Murco Petroleum Ltd.	6, 99, 102
company-owned stations, number of	103
solus arrangements	102
subsidiary	99
<i>see also</i> Smaller petrol companies <i>and</i> Smaller suppliers of petrol	
National Benzole Co. Ltd:	
entry to market	16
exclusive outlets, number of	35
sales of petrol	5
share of retail petrol market	5, 23
subsidiary of S.M. & B.P.	6, 8, 15n, 20, 36
<i>see also</i> "National companies"	
"National companies"	15-18
National Lubricating Oil & Grease Federation	9
views of	81-82
Octane Petroleum Ltd., acquired by Isherwoods Petrol Co. Ltd.	103
Octane ratings, <i>see</i> Petrol	
Olympic Petroleum Co. Ltd., subsidiary of Murco Petroleum Ltd.	99
Orbit Petroleum Ltd., acquired by Isherwoods Petrol Co. Ltd.	103
Overbuilding of petrol stations, <i>see</i> Retail outlets, Number of	
Petrofina (Gt. Britain) Ltd. [Petrofina] (formerly Fina Petroleum Products Ltd.):	
case of <i>Petrofina v. Martin and Another</i>	94n
— Commission's comments	135
entry to market	33
exclusive outlets, number of	35
refinery	2n
sales	
— lubricants	7, 28
— petrol	5
share of retail petrol market	5, 23

Petrol:		
brands	5, 13-14, 16-20, 33, 99, 103	
definition of ... ..	...	1
grades	3-6, 16-19, 22-27, 30, 34, 96, 97, 100, 102, 125	
petrol companies' arrangements with retailers, <i>see</i> Solus system		
supply of ... ..	...	1, 164
United Kingdom market for ... ..	...	3
<i>see also</i> Prices and Margins in retail market; Rebate, petrol; Sales		
Petrol companies' case	47-49, 51, 53, 68-74, 83-87, 89-93, 113-128	
Petrol pumps, introduction of ... ..	...	14
Petrol stations, <i>see</i> Retail outlets		
Petrol supply agreements, <i>see</i> Solus system		
Petroleum Board ... ..	...	10, 18, 19, 21n
Petroleum products:		
pattern of demand for ... ..	...	13, 14, 19
petrol suppliers' sources of supply	6, 8, 96-98, 100, 102, 104-105	
supply of in United Kingdom ... ..	...	1, 13, 15-16, 20, 164
<i>see also</i> Derv; Kerosene; Lubricants Petrol		
Petroleum Retailers Association Ltd. [P.R.A.] ... ..	...	9, 73
views of ... ..	...	69-73
Phillips Petroleum Company ... ..	...	2
Power, Ministry of ... ..	...	5, 10
<i>see also</i> Controls, war-time and post-war		
Power Petroleum Co. Ltd.		
exclusive outlets, number of ... ..	...	35
sales of petrol ... ..	...	5
share of retail petrol market ... ..	...	5, 23
subsidiary of S.M. & B.P. ... ..	...	6, 8, 17, 20, 36
Price zones ... ..	...	10, 105, 165
Prices and margins in retail market:		
lubricants ... ..	...	18, 75, 77-78
petrol ... ..	...	9-10, 14-19
— Commission's comments on level of ... ..	...	138-140
— lower-priced brands	10-11 22, 25-28, 96-97, 100, 103-105	
— petrol companies' case on level of ... ..	...	121-122
— price cutting by retailers ... ..	...	15, 25, 28
<i>see also</i> Stamp trading		
— solus companies	10-11, 22-27, 100-102, 105, 120	
— views of retailers and others ... ..	...	108, 111
price competition		
— Commission's conclusions ... ..	...	129-130
— petrol companies' case ... ..	...	121
<i>see also</i> Resale price maintenance <i>and</i> Recommended retail prices		
Prices to commercial consumers ... ..	...	10, 96, 108
petrol companies' case ... ..	...	122
Rebate, lubricants, <i>see</i> Lubricants		
Rebate, petrol:		
exclusive buyers (pre-war) ... ..	...	16, 18
non-solus sites ... ..	...	36, 108, 120-121
quantity ... ..	...	104, 105, 108, 158
— Commission's comments ... ..	...	158
solus:		
— advances of, <i>see</i> Financial assistance to retailers by petrol companies		
— Commissions' comments on cost of ... ..	...	137
— petrol companies' case on cost of ... ..	...	120-121
Recommendations, Commission's ... ..	...	159-161
Recommended retail prices	10-11, 23-26, 77, 129-130, 139-140	
Reference, terms of ... ..	...	163

	<i>Pages</i>
Refineries	2, 6, 19-20, 98, 100, 102, 115
Regent Oil Co. Ltd., [Regent] (formerly Texas Oil Co. Ltd.):	
antecedents	17n
exclusive outlets, number of	35
Leading Dealer Plan	31n
ownership of share capital	17n
refinery	2
sales	
— lubricants	7, 28
— petrol	5
share of retail petrol market	5, 23
tyres, batteries and accessories [T.B.A.] arrangements	34-35, 86-89, 150-151
— <i>see also</i> Tyres, batteries and accessories	
Resale price maintenance	16-17, 24-25
Research, <i>see</i> Lubricants	
Retail outlets:	
number of	14, 21-22, 99, 100, 102-104, 134
— Commission's comments	140-141
— company-owned stations, <i>see</i> Company-owned stations	
— exclusive	35, 96, 97, 100
— petrol companies' case	68
— views of retailers and others	66-68, 111
types of	8-9
<i>see also</i> Motorway stations	
Retailers:	
effects of solus arrangements on, petrol companies' case	122-123
margins, <i>see</i> Prices and margins in retail market	
multiple	9, 28, 30, 37, 43, 100
views of	46-49, 51-53, 55, 56, 66-74, 81-83, 89, 92, 93, 107-109
<i>see also</i> Credit terms to retailers; Retail outlets; Company-owned stations.	
Royal Automobile Club [R.A.C.], <i>see</i> Motoring organisations	
Royal Scottish Automobile Club, <i>see</i> Motoring organisations	
Russian Oil Products [R.O.P.]	16, 17
S.M. & B.P. group, <i>see</i> Shell-Mex and B.P. Ltd.	
Sales:	
derv	3
lubricants	7, 28, 81
petrol	
— in retail market	3, 5, 22n, 58, 97, 100-101, 104, 130
— to commercial consumers	3, 97, 101, 104
Scottish Motor Trade Association [S.M.T.A.]	9, 56
views of	67
Selected Representation Scheme [S.R.], <i>see</i> Shell-Mex and B.P. Ltd.	
Shell group	
lubricants supplier	18
refineries	2
Shell-Mex and B.P. Ltd. [S.M. & B.P.]	
antecedents	13n, 17
exclusive outlets, number of	35
incorporation of	13n, 17
monopoly supplier, Commission's conclusion	130
ownership of share capital	6n, 17
sales,	
— lubricants	7, 28
— petrol	5, 130
Selected Representation Scheme [S.R.]	31, 34, 36, 79, 93, 94, 125n
share of retail petrol market	5, 6, 23
subsidiaries	6, 8, 15n, 17, 20, 36
<i>see also</i> "National companies"	

	<i>Pages</i>
Shell Transport and Trading Company	13
Signal Oil & Gas Company, acquisition of interest in Isherwoods Petrol Co. Ltd.	104
Site values, Rise in	57
Commission's conclusions	153
petrol companies' case	68-69, 125-126
views of retailers and others	66-67
Smaller petrol companies	6, 22, 98-100
company-owned stations, number of	103
solus arrangements	102
<i>see also</i> Smaller suppliers of petrol	
Smaller suppliers of petrol 5, 6, 10-11, 15-17, 22-23, 27-29, 38, 96, 98-99, 114	
case	100, 101, 114n
entry to market	19, 22-23, 27-28, 60n, 125-126, 153
views of	106
<i>see also</i> Smaller petrol companies <i>and</i> Wholesale petrol distributors	
Snowdrift Lubricants Ltd.	76
<i>see also</i> Lubricants manufacturers, Independent	
Solus system:	
arrangements of smaller suppliers	101, 102
Commission's conclusions	135-142, 157-159
Commission's recommendations	159, 161
development of	30-35
essential features of	29-30
introduction of	20
operation of	35-39
<i>see also</i> Company-owned stations; Continuity of retailers' solus obligations; Credit terms to retailers; Equipment, supply of; Financial assistance to retailers by petrol companies; First refusal on sale of retailers' premises; Grants to retailers under solus agreements; Term of solus arrangements	
petrol companies' case	90-92, 114-116, 119, 125-126
views of retailers and others	106-112
<i>see also</i> Distribution arrangements	
Stamp trading	28
Sternol Ltd.	7, 14, 76
<i>see also</i> Lubricants manufacturers, Independent	
Supplies of petrol, Withholding of:	
Commission's conclusions	132-133, 159
petrol companies' case	93-95
views of retailers and others	93
Tenants of company-owned stations, <i>see</i> Company-owned stations	
Term of solus arrangements 30-40, 44, 45, 50-51, 54-55, 60-62, 79-80, 101, 105	
Commission's conclusions	142-143, 159
Commission's recommendations	159, 161
petrol companies' case	51, 70, 74, 116-117
views of retailers and others	51, 69-70, 73-74
Texas Oil Co. Ltd: change of name to Regent Oil Co. Ltd.	17n
Total Oil Products (G.B.) Ltd.	6, 99-101, 126
company-owned stations, number of	101-103
entry to market	22-23, 25, 100-101
refinery	2n, 102
sales of petrol	101
solus arrangements	100-102
subsidiary of Compagnie Française des Pétroles	22, 100
<i>see also</i> Smaller petrol companies <i>and</i> Smaller suppliers of petrol	
Trade Associations	9
<i>see also</i> names of individual bodies	
Transport, Ministry of	12, 21, 37-38, 39n, 110, 115n, 156-157

	<i>Pages</i>
Trinidad Leaseholds Ltd.	17, 18
Tyres, batteries and accessories [T.B.A.]:	
petrol companies' arrangements with retailers	34-35, 86-89
— Commission's conclusions	149-151, 159
— Commission's recommendations	160-161
— petrol companies' case	87, 89
— views of trade associations	89
Vacuum Oil Company Ltd.	14, 18, 20
change of name to Mobil Oil Co. Ltd.	14n, 20
Wakefield, C.C. & Co. Ltd.	14, 18, 28
change of name to Castrol Ltd.	14n
Waleran Committee, Report of	21
Commission's comments	138
Wholesale petrol distributors ... ..	...6, 47, 66-67, 98-100, 103, 105-106
<i>see also</i> Smaller suppliers of petrol	
Williams, Rowland & Co. Ltd.	99
<i>see also</i> Smaller suppliers of petrol <i>and</i> Wholesale petrol distributors	

