ongoing trend of consolidation and concentration in this industry. In recent months, we have seen the merger of BP and Amoco -

line.

In examining mergers, particularly in this industry, the Commission recognized - and continues to recognize - that it must look both at broad effects on broad markets, such as the worldwide crude oil market, and narrow effects on specific local and regional markets. A merger that did not substantially reduce competition nationally might nonetheless substantially reduce competition in specific parts of the country - as the Commission found in both *BP/Amoco* and *Shell/Texaco.*

1980s, the Commission acted to preserve competition in Gulf Coast refining in connection with Standard of California's merger with Gulf by requiring the divestiture of a Louisiana refinery and an interest in the Colonial Pipeline, one of the two pipelines that carries gasoline and other fuels from the Gulf Coast to southeastern and northeastern markets. When Shell and Texaco combined their refining and marketing arrangements, the Commission required a similar pipeline divestiture.[(7)]

Not all parts of the country have access to Gulf Coast gasoline supply, and some areas - in particular the Rocky Mountains and the West Coast - have substantially less refinery competition. Not surprisingly, these areas also tend to have higher prices for gasoline and other fuels. In the *Shell/Texaco* merger, and is continuing to examine the marketing of gasoline in California. Based on this experience, the Commission in *BP/Amoco* required divestitures and other relief intended to prevent substantial increases in concentration in branded gasoline marketing.

Prior Commission Enforcement Actions. The Commission has examined every significant petroleum industry merger over the last 20 years, and has used its enforcement authority to protect consumers from petroleum mergers that would lessen competition on at least 10 occasions during that period, several of which I have already mentioned:

- In *BP/Amoco*, the Commission acted to preserve marketing competition in 30 local gasoline markets.

- In *Shell/Texaco*, the Commission acted to preserve competition in local gasoline markets in San Diego and Hawaii, and to preserve competition in broader refining and pipeline markets in the Pacific Northwest, California and the Southeast.

- In *Shell/Exxon (additives)*, the Commission required the joint venturers to sell Exxon's viscosity index improver business to Chevron, rather than allow them to create a joint venture that would have more than half the U.S. market for that motor oil additive.

- In *Shell/Exxon (Guam)*, the Commission prepared to challenge Shell's acquisition of Exxon's gasoline marketing on Guam, which would have left Guam with only two gasoline marketers - Shell and Mobil. The parties abandoned the deal.

- In *PRI/Shell*, the Commission prevented a merger that would have reduced gasoline marketing competition in Hawaii.

- In *Chevron/Gulf*, the Commission required the divestiture of a refinery and marketing assets in the southeast, as well as pipelines and other assets, to prevent a reduction in regional competition from that merger.

- In *Texaco/Getty*, the Commission required the divestiture of a refinery and marketing operations in the northeast, and pipelines and other assets, to prevent a reduction in regional competition from that merger.

These are all cases where the Commission believed that *local* or *regional* competition was sufficiently threatened to require enforcement action. We carefully tailored our relief to address the problems and to restore any competition that would have been lost from the merger or other combination. If competition could not be preserved through divestiture, the Commission has gone to court to block anticompetitive mergers in the petroleum industry in their entirety.

What we have learned from these and other investigations is that competition is critical to this industry and that concentration, as well as increases in concentration - even to levels that the antitrust agencies call "moderately concentrated" - can have substantial adverse effects on competition.

7. *Chevron Corp.*, 104 F.T.C. 597, 608 (1984); *Shell Oil Co.*, Docket No. C-3803 (April 21, 1998).

8. Energy Information Administration, "Motor Gasoline Assessment: Spring 1997," pp. 25-30 (1997).

9. "Refinery Closure Hasn't Hit Retail Gas Prices - Yet," *San Francisco Chronicle* (March 4, 1999).

10. *BP/Amoco*, FTC File No. 981-0345 (Dec. 30, 1998) (terminals in nine markets); *Shell/Texaco*, Docket No. C-3803 (April 21, 1998) (terminal in Oahu, Hawaii); *Shell/Exxon*, FTC File No. 971-0003 (terminal on Guam; transaction abandoned); *Sun/Atlantic* (1988) (terminals in Pennsylvania and New York); *FTC v. Pacific Resources, Inc.*, (1987) (terminal in Oahu, Hawaii); *Texaco, Inc.*, 104 F.T.C. 241 (1984); *Chevron Corp.*, 104 F.T.C. 597 (1984).