

**Statement of Commissioner Pamela Jones Harbour
Regarding the Bureau of Economics Staff Study
“The Petroleum Industry: Mergers, Structural Change,
and Antitrust Enforcement”**

Today, a majority of the Commission has voted to authorize the issuance of a Bureau of Economics staff report on mergers in the petroleum industry. This report is a carefully-researched and well-written historical exegesis describing the structural evolution of the petroleum industry, including a detailed discussion of this agency’s review of petroleum mergers over the last 20 years.

Unfortunately, I would have preferred that the Commission defer this report until after it produces a comprehensive report about skyrocketing gasoline prices. The public wants to know why gas prices have increased so dramatically in the short term, and why the pricing of refined petroleum products is so variable over the long term. People question whether refineries are being closed for anticompetitive reasons. They wonder whether the industry might be engaging in marketing practices that drive prices up, without any offsetting advantages to consumers. And charges continue to be leveled that domestic producers deliberately have manipulated the supply of gasoline and other refined petroleum products in order to increase their own profits.

The Commission and its staff have produced high-quality work discussing most of these issues. Over the last few years, the Commission has disseminated a considerable amount of information on the factors that influence both the level and volatility of gasoline prices.¹ Some of that learning was incorporated in very recent Commission testimony before two different committees of the U.S. House of Representatives.² However, because relevant information has been produced piecemeal in response to numerous inquiries, the Commission’s work is scattered

¹See, e.g., FTC Press Release, *FTC to Hold Second Public Conference on the U.S. Oil and Gasoline Industry in May 2002* (Dec. 21, 2001), available at <http://www.ftc.gov/opa/2001/12/gasconf.htm>; see also Federal Trade Commission, *Public Conference: Factors That Affect Prices of Refined Petroleum Products*, available at <http://www.ftc.gov/bc/gasconf/index.htm> (links to agendas, transcripts, public comments, and other materials from the two public conferences).

²Prepared Statement of the Federal Trade Commission, *Market Forces, Anticompetitive Activity, and Gasoline Prices: FTC Initiatives to Protect Competitive Markets*, Hearing on Status of the U.S. Refining Industry, Subcommittee on Energy Policy, Natural Resources and Government Affairs, Committee on Government Reform, U.S. House of Representatives (July 7, 2004), available at <http://www.ftc.gov/os/2004/07/040707gaspricetestimony.pdf>; Prepared Statement of the Federal Trade Commission, *Market Forces, Anticompetitive Activity, and Gasoline Prices: FTC Initiatives to Protect Competitive Markets*, Hearing on Status of the U.S. Refining Industry, Subcommittee on Energy and Air Quality, Committee on Energy and Commerce, U.S. House of Representatives (July 15, 2004), available at <http://www.ftc.gov/os/2004/07/040715gaspricetestimony.pdf>.

in various places.

I believe it is essential for the Commission to expedite the production of a single report that addresses gas pricing issues in a clear and comprehensive manner. I would have preferred to see the Commission's limited resources directed toward producing such a report. For these reasons, I choose to abstain from the Commission's vote to authorize the staff of the Bureau of Economics to issue the petroleum mergers report at this time.