



AUSTRALIAN PETROLEUM MARKETER NEWS

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MOBIL SELLOUT

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Mobil Australia (a subsidiary of ExxonMobil) has today announced that it has reached agreement, subject to regulatory approval, to sell its retail network of some 300 sites to Caltex Australia.

The announcement was made today by Mr Paul Rae, Mobil's Fuels Director, in which it was advised that the sale does not include any other part of ExxonMobil's Australian operations. Mobil will continue to compete in the supply, terminal ling and wholesale marketing of fuels products in Australia, as well as with its lubricants, petroleum specialities, refining and chemical businesses

This much rumoured announcement does not come as any surprise to the local petroleum industry, but is particularly conspicuous for what it does not say.

The Mobil petroleum distributor network and their attendant Mobil branded retail sites are not included within the sale. Of particular concern to Mobil Distributors will be that apparently the Mobilcard facility will no longer be available at sale completion.

How will that substantial business segment now be accommodated?

The attitude of the ACCC to such a sale will also no doubt become of great concern to the consuming public. With Caltex, already the largest petroleum marketer in Australia, including its Woolworths alliance, holding about 38% of the retail petrol market, the acquisition of Mobil's retail segment of around 10%, will lift its market share to around 48%.

It is also noteworthy that if the ACCC permits the sale to proceed to Caltex, the retail petrol market in Australia will be dominated by the Caltex/Woolworths and Shell/Coles alliances to the 75% level.

One has to ask how could such a dominance of market power in an essential community service industry be permitted to proceed.

There are many aspects of this proposed sale yet to be fleshed out, none the least of which will be the government's and its ACCC watchdog reaction to such a move. The consumer public too, will no doubt be expressing its alarm at the dominance of market power this proposed sale will create.

Further views and commentary on this major change within the petroleum industry in Australia will be provided in the next issue of our monthly email newsletter (APMN) due out next week.

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