4 Evolution of current industry structure

Key points

- The Australian petroleum industry is changing in three fundamental ways:
  - Domestic refining capacity has been and continues to be rationalised.
  - Although a small proportion of total supply, independent imports are growing.
  - The refiner-marketers are withdrawing from fuel retailing.
- The result of these changes is that the refiner-marketers as a group are less dominant than they have been in the past.
- The factors that have brought about these changes include:
  - construction of refinery capacity in Asia capable of producing Australian-standard fuel
  - improved access to independently owned and operated import infrastructure
  - establishment of a large-scale retail presence by independent retailers selling petrol as part of a broader offering of non-fuel products and services.
- The factors that are driving changes in the industry appear to have long-term momentum.

4.1 Introduction

This chapter outlines the process by which the Australian downstream petroleum industry has evolved to its current structure.

The shape of the Australian downstream petroleum industry is changing in three fundamental areas:

- **Refining:** there is ongoing competitive pressure on domestic refining assets.
- **Independent imports:** there is growing competition from an expanding and increasingly viable independent imports sector.
- **Retail:** there is an increasing presence of specialist retailers as refiner-marketers reduce their involvement in the retail sector.

These trends represent manifestations of major structural changes to the way that petrol is being supplied to the market and sold to consumers.

In order to understand the forces that are driving these three changes, it is pertinent to look at how and why the industry evolved to the current structure.

These changes represent a reversal of what had been the defining characteristic of the Australian petrol industry since the 1950s and 1960s: control of all sectors of the industry by the refiner-marketers.

In essence, the story of the evolution of the Australian petroleum industry is the story of changes in the extent of vertical integration by the major petrol companies.

4.2 Vertical integration

Prior to the 1950s, the core business of the multinational oil companies in the Australian market was supplying crude oil and refined products into the wholesale market. There were just two refineries operating in Australia at the time, so the local subsidiaries of these companies mostly imported petrol and other refined products (either from the parent companies or other sources). In this environment there were opportunities for independent importers to become established and successful. The most significant examples were HC Sleigh (Golden Fleece) and Ampol, both of which gained good market shares and established a major presence in the Australian industry.

By the beginning of the 1950s, the supply and wholesale sectors comprised seven major oil companies:[36]

- four subsidiaries of major multinational oil companies: Shell, Vacuum (now Mobil), Caltex and Atlantic Union (later Esso, then Mobil)
- one joint venture between the Australian Government and a multinational (BP's predecessor): Commonwealth Oil Refineries (COR)
- two independent Australian-owned importers-wholesalers: Ampol and Sleigh.

Two of these companies owned a refinery (Shell had the Clyde refinery in Sydney and COR had a refinery at Laverton in Melbourne), but none had more than a small direct interest in petrol retailing. Since the 1920s, the major companies had owned some of the petrol pumps, though almost all retail sites were independently owned and operated, and often sold more than one brand of petrol (figure 4.1).

36 Royal Commission on Petroleum, *Marketing and pricing of petroleum products in Australia*, fourth report, 1976, pp. 15–30; Petroleum Information Bureau, The Australian oil industry, Melbourne, 1962, pp. 10–3. The subsidiaries' parent companies were: Shell—Royal Dutch Shell; Vacuum—Socony–Vacuum; Caltex—California Texas Oil; Atlantic Union—Standard Oil (New Jersey). While Vacuum's and Atlantic Union's parents merged their eastern hemisphere operations in 1933, the Australian operations did not merge until 1990 when Mobil purchased Esso's downstream business.

Figure 4.1 Petrol retail outlet, Sydney ca 1920–45

Source: AG Foster, Exterior view of the Four Ways Car Service station, Sydney, between 1920–45, National Library of Australia, http://nla.gov.au/nla.pic-vn3064432. Note the multiple bowsers offering fuel from a number of different companies.

While the major oil companies were operating in a generally favourable environment, they had limited control over the movement of petrol in the retail sector.[37] They had to deal with a large number of independently owned and operated small businesses which were represented in their dealings with the oil companies by wholesaler and retailer 'trade associations'. These associations were able to exert significant countervailing power in their negotiations with the oil companies. The 1976 Royal Commission into the Australian petroleum industry observed that these associations were as powerful as the oil companies. They reportedly had agreements not to compete on price, open a new site without closing an existing one, or install pumps in new locations.[38]

In order to assume greater control over the retailing of their products, the multinational companies adopted a strategy of single-brand retailing. This was initiated in 1951 by Shell and immediately followed by Mobil, then Caltex within a few months. These companies signed up existing retailers to exclusively sell their products and also built their own sites in strategic locations. Rather than competing on price, the companies' strategy was to compete for market share by increasing the number of retail sites.[39]

37 Among other things, their wholesale margins were protected by price regulation. Royal Commission, fourth report, p. 330; Prices Surveillance Authority, *Inquiry in relation to the supply of petroleum products*, interim report, 1984, p. 14.

38 Royal Commission, fourth report, p. 37.

39 Ibid., pp. 22, 30, 38–9, 41–4.

The introduction of single-brand retailing profoundly changed the retail sector; the impacts are still evident today. Using their significant resources and experience operating single-brand retailing in other countries, the multinational companies had outmanoeuvred the Australian-owned/controlled companies: Ampol, Sleigh and COR. In 1952, BP bought out the Government's majority share of the COR joint venture and embarked on a massive investment in retail sites.[40]

The strategy also created difficulties for new entrants, even other multinational companies. Two that entered the Australian market after 1951, Total (1955) and Amoco (1962), had limited opportunities to sign up existing dealer-owned sites and had to build most of their own outlets.[41] They left the market in the 1980s after failing to develop a meaningful wholesale or retail customer base (table 4.1).

Table 4.1 Wholesale petrol market shares by company

	1974–75 %	1979 %	1986 %	1990 %	1995 %	2002–03 %	2006–07 %	2010–11 %
Shell	24	24	26	25	26	24	27	30
BP	22	19	21	21	20	12	17	18
Mobil	15	14	14	14	22	22	15	9
Caltex	+17	12	18	18	33	30	36	36
Ampol	8	10	14	16	na	na	na	na
Esso	7	8	8	7	na	na	na	na
HC Sleigh	+	7	na	na	na	na	na	na
Amoco	4	4	na	na	na	na	na	na
Total	3	4	na	na	na	na	na	na
Independent wholesalers	*	*	*	*	*	11	4	8

Source: Royal Commission on Petroleum, fifth report, *Towards a national refinery policy*, AGPS, Canberra, 1976, p. 246; Trade Practices Commission (TPC), *Price discrimination in the petroleum retailing industry*, AGPS, 1980, p. 24 (sums to over 100 due to slightly differing time periods used by the companies); ACCC, *Inquiry into the petroleum products declaration*, vol. 1, 1996, p. 12 (data from AIP and Department of Primary Industries and Energy); 2007 ACCC Petrol inquiry report, p. 69; ACCC analysis based on data obtained from firms monitored through ACCC's monitoring process

Notes: *In these years, it is difficult to determine the market share of the independent wholesalers as they were not measured separately.

+Caltex and Sleigh are combined.

na: not applicable as company was no longer operating in the downstream industry.

By the early 1950s, the multinational oil companies had taken control of most of the retail sector and were fully vertically integrated into the Australian market. To complement their large retail networks, they had their parent companies' oil fields and refineries to draw on for supplies of petrol. They also had their own import terminals, or shared access to a terminal with another major oil company.[42]

Given this level of integration and control in the early to mid-1950s, it is pertinent to ask why the four largest multinational oil companies operating in Australia decided to build local refineries.

40 R Murray, *Go well: 100 years of Shell in Australia*, Hargreen Publishing Company, Melbourne, 2001, pp. 148–9.

41 Royal Commission, fourth report, pp. 26, 31, 35.

42 Royal Commission, fourth report, pp. 44–5, 374–5; ACIL Economics and Policy Pty Ltd, *Turning point or crisis: a study of the Australian oil refining and marketing industry*, Canberra, 1997, p. 33.

4.2.1 Refining

It is likely that the decisions to open refineries in the early to mid-1950s were a result of a very favourable external environment, both domestic and international. First, at the time Australian refining was subject to limited competitive pressures from other refineries in the region.[43] Second, these companies had access to supplies of low-cost crude, often from the parent companies' upstream oil fields in the Middle East and other regions. Third, state governments offered significant levels of assistance, while the Australian Government provided tariff protection (for both defence and industry development purposes).[44] Finally, there was international and domestic price and demand stability. With control of the retail sector, increases in demand could be predicted with relative confidence and refineries could make the necessary incremental extensions using readily available capital.[45]

The refineries built in the mid-1950s were in three different states: Victoria, New South Wales and Western Australia (table 4.2).[46] By international standards of the time these refineries were small, likely as a consequence of each being designed to serve its local, usually state-based, market. The decisions to build small, geographically dispersed refineries partly explain the current structure of the refining sector, and the economic challenges that they are presently facing.

Five more refineries were opened in the mid to late 1960s: four were newly constructed and one was a bitumen plant which was converted to oil refining. Following the precedent set in the previous decade these were spread across four states, and were even smaller than the existing refineries.[47]

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43 Refer to chart 4.1 in section 4.2.2

44 Royal Commission, fifth report, pp. 89–90.

45 Ibid., pp. 12–13. Before World War II, refineries around the world had been built near the source of crude. The trend after 1945 was to be located near markets.

46 In 1954, a bitumen and lubricating oil plant at Altona was converted to an oil refinery by joint venture partners Mobil/Esso, and Shell also opened its Geelong refinery (and substantially rebuilt Clyde around the same time); in 1955, BP opened Kwinana; and in 1956 Caltex opened Kurnell.

47 In 1963, Mobil/Esso opened a joint refinery at Port Stanvac (closed in 2003); in 1965, Ampol opened at Lytton, while across the Brisbane River Amoco opened Bulwer Island; and in 1966, BP opened a refinery at Westernport (closed in 1985). In 1969, a bitumen plant in Matraville, Sydney, was converted to oil refining, though it was very small and closed in 1984.

Table 4.2 Major Australian petroleum refineries operating since 1970

Refinery location	City/state	Ownership (years)	Current status	Capacity (ML pa) 1976	1983	1992	2003	2009
Clyde	Sydney	William Fell (1926–27); Shell (1927–current)	Planned to be converted to import terminal by mid-2013	4 062	5 281	4 353	4 991	4 740
Altona	Melbourne	Mobil/Esso (65/35) (1954–90); Mobil (1990–current)	Operating (1949–54 lubricating oil and bitumen plant)	5 803	5 803	6 268	7 834	4 640
Geelong	Victoria	Shell (1954–current)	Operating	5 919	7 660	6 384	6 906	6 530
Kwinana	Perth	BP (1955–current)	Operating	6 383	6 383	7 138	8 037	8 280
Kurnell	Sydney	Caltex (1956–current)	Operating	7 312	8 937	6 210	7 225	7 810
Port Stanvac	Adelaide	Mobil/Esso (65/35) (1963–90); Mobil (1990–2003)	Closed in 2003 (4526 ML pa capacity)	4 178	4 178	4 179	4 526	na
Lytton	Brisbane	Ampol (1965–95); Caltex (1995–current)	Operating	3 482	3 482	4 504	6 122	6 300
Bulwer Island	Brisbane	Amoco (1965–84); BP (1984–current)	Operating	1 625	2 611	3 308	5 107	5 910
Westernport	Victoria	BP (1966–85)	Closed in 1985 (3482 ML pa capacity)	3 482	3 482	na	na	na
Matraville	Sydney	Boral/Total (1969–71); Total (1971–83); Ampol (1983–84)	Closed in 1984 (696 ML pa capacity) (1948–68 bitumen-plant)	696	696	na	na	na
Total capacity				**42 942**	**48 513**	**42 342**	**50 747**	**44 210**

Source: Royal Commission, fourth report, pp. 16, 20, 23, 25–6, 31; Industry Commission, *Petroleum products*, 1994, AGPS, Melbourne, p. 8; 2007 ACCC petrol inquiry report, p. 50; Australian Institute of Petroleum, *Petroleum gazette (statistical review)*, 1993, pp. 5–6; *Downstream petroleum*, 2003, p. 5; and Downstream petroleum, 2009, p. 5; D Ferguson, *The petroleum retailing industry in Australia*, 1984, prepared for the Australian Automobile Association, Canberra, p. 13 (AIP data); RM Murray, *Fuels rush in: oil and gas in Australia*, Macmillan, South Melbourne, 1972, pp. 56–7; Petroleum Information Bureau, Melbourne, 1962, pp. 10–3, 19–20.

Having a structure of small, dispersed refineries made the sector vulnerable to changes in the external environment, which by the early 1970s was becoming less favourable. The refiner-marketers were about to face three major challenges:

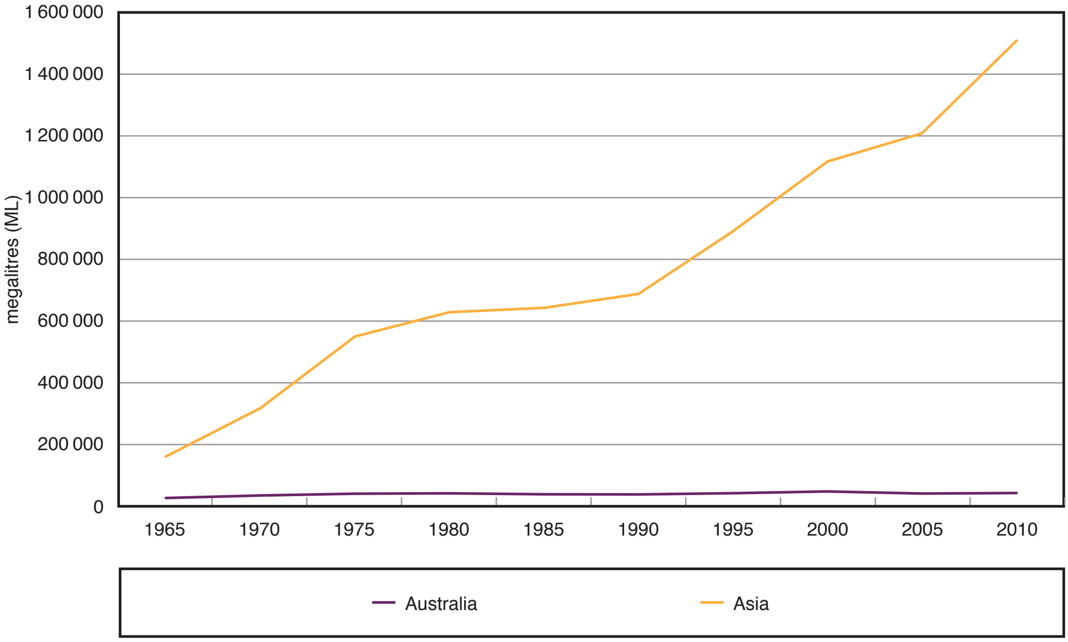
- competition from independent importers
- loss of access to low-cost crude
- an increasingly competitive retail sector.

The resulting increase in price and demand volatility led to profound short and long-term changes in the structure of the industry which are, to varying degrees, still having significant impacts today. These are analysed in the rest of this chapter.

4.2.2 Independent imports

The economic development of countries in Asia and the ensuing dramatic increase in refining capacity in the region has been a key ongoing factor driving change in Australia's refining sector (chart 4.1). Most significantly, this provided opportunities for independent firms to purchase petrol from sources other than the domestic refiner-marketers and to directly compete against them.

Chart 4.1 Australian and Asian oil refining capacities, 1965–2010



Source: BP, Statistical review of world energy, 2011, at http://www.bp.com/sectionbodycopy.do?categoryId=7500&contentId=7068481, accessed 30 November 2011

The growth of large independent wholesalers and retailers has been inextricably linked to the potential for independent imports.

In the years since the establishment of effective control over the domestic petrol industry by the current refiner-marketers in the 1950s, there have been three major opportunities for independent importing to become established as a part of the structure of the industry.

The first was in 1966, when two companies, XL Petroleum and Daylube Oil Company, imported petrol from Japan and Korea. Subsequently, they obtained further cheap distress cargoes, all of which they initially sold in Geelong at prices below those in the local markets.[48] These were largely opportunistic attempts at importing and were not successful at creating a viable independent import sector. However, they highlighted the potential for selling discounted petrol that had been independently sourced from overseas refineries.

Once the potential for independent imports had been established, other wholesaler-retailers entered the market. However, during the 1970s and '80s they primarily obtained supply from the smaller refiner-marketers and did not establish a significant market presence.[49] They were hindered

48 Royal Commission, fourth report, p. 124.

49 Ibid., pp. 32–5, 125–6, 134; Ferguson, pp. 20, 23; Industry Commission, pp. 11, 13–4.

by poor access to import terminals, and the absence of a retail customer base. For some of this time they were also disadvantaged by a requirement under the Crude Oil Allocation Scheme (COAS) to purchase and refine quantities of indigenous crude in line with their market shares.[50]

The second opportunity for significant independent import activity was in the 1990s. By this time, the prospect of ongoing surplus petrol at Asian refineries stimulated construction and expansion of independently owned import terminals in or near most capital cities.[51] At the same time, opportunities were arising to supply retailers, the most significant being Trafigura's arrangement with Woolworths. While Australia's overall imports by the early 2000s were small, the percentage by independents increased to around 52 per cent in 2002–03.[52]

The progressive introduction of higher national fuel standards over the period 2002 to 2006 stalled this process as it had the effect of restricting the number of overseas refineries from which independent importers could source petrol. By 2006–07, the percentage of imports by independents had fallen to just 9 per cent.[53]

The third, and current, opportunity for independent importers to become established emerged in the late 2000s, when an increasing number of Asian refineries were able to refine petrol to Australian standards. By this time, independent importers had access to import terminals at an increasing number of locations.[54]

A further indication of improvements in terminal access in the last few years is the fact that independent importers are now sharing terminal space with refiner-marketers (see appendix C).

The evidence strongly suggests that, unlike the situation that has existed since the mid-1950s, the current structure of the industry continues to provide significant opportunities for new and existing independent importers to establish and expand their presence in the industry.

4.2.3 The end of low-cost crude oil

The ability of independents to establish a presence in the Australian market was assisted by two events which combined to end Australian refineries' access to low-cost crude from their parent companies' oil fields.[55] Firstly, as a result of the discovery of commercial quantities of indigenous crude oil in the late 1960s in Bass Strait, the Australian Government enacted the COAS to encourage use of the newly discovered crude. The scheme effectively forced refineries to process a proportion of indigenous crude (at a predetermined price).[56] Secondly, in the early 1980s the 'oil price shocks' by the Organisation of the Petroleum Exporting Countries (OPEC) had significantly increased the price of crude oil paid by Australian refineries.[57]

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50 Ferguson, p. 20; Industry Assistance Commission, *Certain petroleum products: taxation measures,* AGPS, Canberra, 1986, pp. 37–8.

51 ACIL, pp. 33–4. The terminals were in Hastings, near Melbourne; Port Botany, Sydney; Eagle Farm, Brisbane; and two in Kwinana, near Perth.

52 ACCC, 2007, pp. 60, 63, 81–3.

53 Ibid., pp. 60, 63.

54 ACCC, 2010 petrol monitoring report, p. 73. See also chapter 3, section 3.5.3.

55 The only exception was Esso, a minority partner in two refineries, whose parent Exxon had a 50 per cent share in the Bass Strait fields.

56 Companies also had to undertake substantial modifications to allow them to process the lighter and higher petrol-yielding indigenous crudes (most had been designed to process their parent company's heavier crudes). Ferguson, pp. 18–20; Royal Commission, fifth report, p. 73.

57 PSA, 1984, pp. 2–3.

The oil price shocks and ensuing price volatility led to a dramatic fall in demand, and excess refining capacity which continued until the late 1980s. The refiners responded by reducing capacity, including closing two refineries (see table 4.2).[58]

This rapidly changing external environment forced fundamental changes which in essence have led to the current industry structure. As the level of competition increased, it became increasingly more difficult for the refiner-marketers to subsidise unprofitable operations, leading to substantial rationalisation in the refining and retailing sectors, and consolidation among refiner-marketers.

Rationalisation of refining assets started in the 1980s, as noted above, and has continued in recent years. While domestic refining capacity peaked in 2003, the refinery sector continues to be under competitive pressure, as evidenced by the announced closure of the Shell Clyde refinery in Sydney.[59] The closure of the Clyde refinery in 2013 will be the second refinery to be closed by the major petrol companies in 10 years after the closure of the Mobil refinery in Port Stanvac in 2003.

4.2.4 Retailing

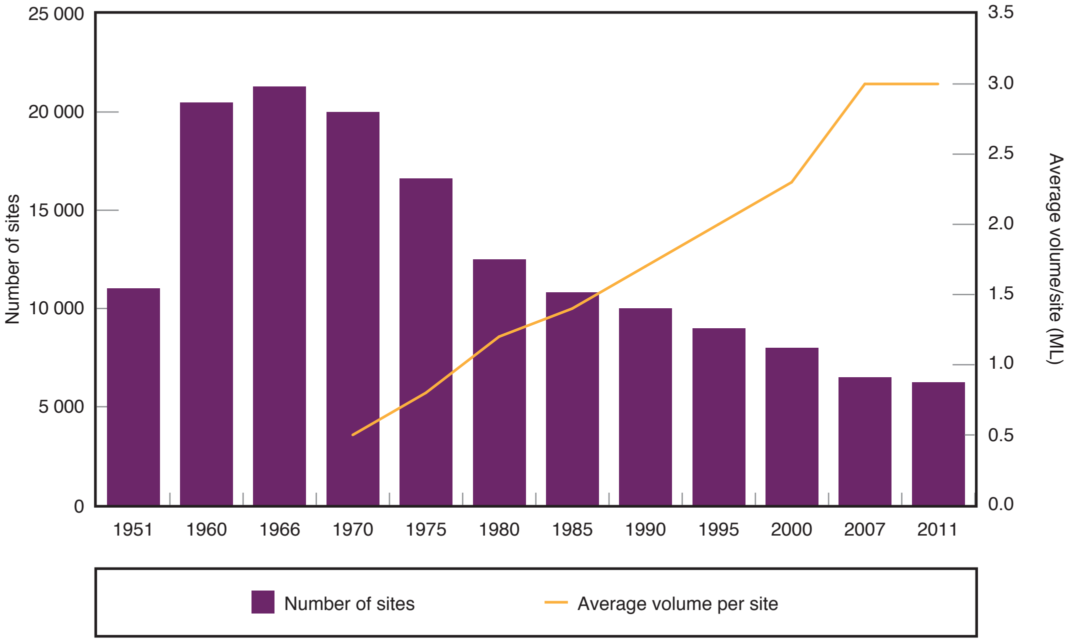
Adoption of the single-brand marketing strategy, and the pursuit of non-price competition, led to a rapid increase in the number of retail sites in the 1950s (chart 4.2). A large number of low-volume, inefficient and financially unviable retail sites were being subsidised by the companies' upstream profits and profitable sites.[60]

However, by the 1970s, this strategy was no longer sustainable as a result of the changed external environment. While the refiner-marketers recognised their strategy was unsustainable, they were at first reluctant to close sites. The initial decline in retail sites was mostly sites that had become unviable, and were predominately independently owned.[61]

It was not until the enactment of the Australian Government's *Petroleum Retail Marketing Sites Act 1980* that the number of sites directly operated by the refiner-marketers significantly decreased.[62] From then, the number of sites continued to decline, and in 2010–11 sites directly owned and operated by the refiner-marketers represented just 5.8 per cent of total sites (chapter 3, table 3.9). Chart 4.2 suggests that since the mid-2000s the number of retail sites has plateaued at between 6000 and 6500 sites, with average annual petrol sales of around 3 ML per site.

58 Ibid., p. 6.
59 Shell Australia, 'Shell to cease refining at Clyde', media release, 27 July 2011.
60 Royal Commission, fourth report, pp. 254, 324.
61 Ibid., pp. 163–6, 257, 405.
62 Industry Commission, pp.152–3, 155.

Chart 4.2 Number of retail sites and average annual petrol sales volume per site



Source: Royal Commission, fourth report, pp. 43, 57, Annexure A; PSA, *National inquiry into petroleum prices*, 1990, pp. 14, 17–8; ACCC, 1996, pp. 9, 17; ACCC, 2007, p. 78; combined with data from the Department of Resources, Energy and Tourism, the Bureau of Infrastructure, Transport and Regional Economics, and Informed Sources.

During the 1970s and 1980s there were other structural changes in the retail sector:[63]

- a move to large-volume and self-service sites
- independents' expanded their presence in the retail sector
- lowering of retail margins as a result of growth in independent retail sites and the resulting price competition
- mechanical workshops being replaced by convenience stores.

The introduction of self-service in 1976 led to significant growth in commission agents, which received a commission on sales of fuel owned by a refiner-marketer. Shell was the leader in introducing self-service. One effect of this was that the ensuing reduction in site operating costs gave retailers the scope to reduce prices and compete with the aggressive discounting of the independents.[64]

The emergence of specialist independent petrol retailers in the 1970s radically changed the way petrol was marketed and sold to motorists.[65] Competition from specialist retailers transformed petrol retailing from simply being a means for delivering petrol to motorists to a stand-alone business. Convenience stores provided a retail alternative at a time of changing community attitudes to shopping outside traditional shopping hours. They offered petrol at discounted prices to attract customers to their range of convenience store products.

63 PSA, 1984, p. 8; Industry Commission, pp. 17–8, 28.
64 TPC, pp. 27–8.
65 Industry Commission, p. 16.

In the 1990s, these trends continued. Growth in convenience stores continued to gather momentum as petrol retailers tried to spread their overheads over a wider range of products. They took advantage of a gradual relaxing of retail trading restrictions which enabled, among other things, retailers to sell petroleum as well as other retail products. By 1993, non-petrol sales were a significant source of secondary income, and there were also dedicated convenience stores where petrol was a sideline.[66]

In 1996, there was a further major change in the retail sector with the entry of Woolworths, which was supplied by an independent importer (Trafigura). By offering discounts for their supermarket customers, this retailer was able to rapidly expand its petrol business. This was taken to the next stage in 2003, when Coles and Shell entered into an alliance, and Woolworths made an agreement with Caltex for branding and supply at their existing sites.[67] Through the alliance with Coles, Shell had a reliable outlet for its products, without the need for direct involvement in retailing.

The current trend towards the refiner-marketers reducing their direct involvement in retailing represents a partial return to the structure of the industry prior to 1951, with three key differences:

- all sites now sell under a single (refiner-marketer or other) brand
- the refiner-marketers have retained some influence over price at some sites through the use of price support, franchise agreements and other means
- a significant and growing presence of large independent retail chains and supermarkets.

4.3 Summary

The evolution of Australia's petrol industry is an account of the major petrol companies moving down and then back up the vertical integration continuum.

The evolution of the Australian downstream petroleum industry to its current structure is the story of how the four largest multinational refiner-marketers operating in Australia in the 1950s first established control over each sector of the industry, and then relinquished or lost some of that control.

In the process, the industry has seen profound changes. The role of the major oil companies has changed from being initially fully integrated from crude oil production to refining to retailing, to a situation where they are now increasingly scaling back their retailing and to a degree their refining activities.

In the 1950s, the multinational oil companies' initial strategy was based on two main planks. First, they took control of the retail sector through significant investments in large retail networks to maximise volumes. Competition in the retail sector focused on convenience and brand recognition rather than price. Second, encouraged by the congruence of a number of positive external factors, they built and refurbished refineries.

While the implementation of this strategy was expensive, it fundamentally changed the industry. It established the framework for the subsequent dominance of the industry by the four largest multinational refiner-marketers operating in Australia in the 1950s, which continues today.

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66 Ibid., p. 17.

67 ACCC, 2007, pp. 77, 181–2.

This strategy directly influenced the evolution of the industry until the 1970s, which was a watershed decade. The OPEC price shocks had the twin effects of reducing demand and increasing supply costs. The shocks combined with the COAS to effectively end the refiner-marketers continued access to cheap crude. Subsequently, they also faced increasing competition from Asian refineries, which provided opportunities for independent importers to supply their own and other retail sites. The refiner-marketers were forced to compete in an increasingly dynamic domestic and international environment. The inefficient and unprofitable sectors of the industry were exposed, leading to further consolidation and rationalisation in the subsequent two decades.

While the industry today is dominated by the same four refiner-marketers that were the first-movers in the 1950s, their strategies are now very different. Instead of seeking to vertically integrate, they are now being forced to wind back their control over the supply chain by competitive pressures. In refining, competition from the more efficient Asian refineries has forced domestic refiners to rationalise their refinery assets. In wholesale, there is now competition from independent importers and other wholesalers. In the retail sector, specialist independent retailers have now achieved critical mass in a number of geographic markets.

These changes in the refining, wholesale and retail sectors appear to have become embedded into the structure of the industry.

4.4 Conclusions

The key forces that have driven changes since about the 1970s appear to have momentum. To this extent, it is likely that they will continue to shape the structure of the industry in the following ways:

- Growth of high-quality refining capacity in Asia will continue to provide credible sources of alternative supplies for independent importers and maintain pressure on domestic refineries.
- It is likely that independent importers will have increasingly greater access to import terminals.
- Specialist retailers are likely to continue making inroads into petrol retailing.
- The search for opportunities in upstream activities is likely to continue as rising crude prices improve the prospects for upstream businesses.
- Government policies are likely to continue emphasising transparency and competitive processes.