



JCRA Media Release

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JCRA publishes road fuels market report

A review of the road fuels market in Jersey has found that, once taxes and duties are removed from the pump price, Jersey prices are amongst the highest in Europe.

The report also found that the road fuels market could be more competitive and that margins in both the retail and wholesale markets are higher than might be expected.

The report, published by the Jersey Competition Regulatory Authority (JCRA), examined the retail and wholesale road fuels markets in Jersey and is part of a series of studies the JCRA is conducting into fuel and energy prices.

“Taxes aside, we believe that Jersey motorists pay on average about 14 pence per litre (ppl) more than UK consumers on undiscounted unleaded pump prices. While we do not expect the price in Jersey to be the same as the UK, given the additional costs in getting fuel to Jersey and the lack of economies of scale, the difference in margin is still more than might be expected in a more competitive market,” said John Curran, Executive Director of the JCRA.

The report found that the prices vary significantly from retailer to retailer in Jersey, with an undiscounted difference of about 13ppl between the most expensive price and the cheapest price of the major retailers. The report also concludes that Jersey is over supplied in fuel forecourts and that this may be a contributing factor to the higher prices consumers pay.

“In Jersey we have over 2.5 times the number of forecourts per person compared to the UK and half as many again as the Isle of Man. Many of the forecourts in Jersey have small

volumes compared to other markets. This is an indicator that competitive forces could be stronger,” said Mr Curran.

The JCRA believes requiring fuel forecourts to publish the price of fuel more clearly may help improve the level of competition in the market. This would enable consumers to compare prices more easily and make more informed decisions on where to buy fuel.

“One key difference between Jersey and other countries is that it is uncommon in Jersey for the price of road fuel to be displayed so it is clearly visible to passing motorists. Of the 34 retail forecourts in Jersey, only nine displayed the price of fuel so that it can be seen clearly from the road, and out of these nine, we identified that only five displayed the price so that a passing motorist would notice it without specifically looking for it. This can be easily improved and should be made a legal requirement,” said Mr Curran.

On the wholesale side, whilst Total has gained some market share over time from Esso and Fuel Supplies (Channel Islands) Limited, the number of retailers switching between wholesale suppliers cannot be described as high. Some longer term exclusive contracts between wholesalers and retailers are due to come to an end and it remains to be seen whether competition further improves at the wholesale side.

Mr Curran said: “Consumer behaviour is a key factor in competitive conditions in a market and at the retail side, there does appear to be scope for consumers to shop around more, which could drive greater competition. We do not see direct regulatory intervention as an appropriate way to reduce wholesale margins; however, we hope that by stimulating competition at the retail level, this may, in turn, impose some additional pressures at the wholesale level by retailers switching to find the best deal.”

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All enquiries should be directed to the JCRA’s Executive Director, John Curran, on +44 (0)1534 514990.

Full report is on the JCRA website, www.jcra.je.

About the JCRA

The JCRA is an independent authority established by the States of Jersey to enforce Jersey's competition law and regulate its telecommunication and postal sectors. In each of these areas, the JCRA's primary mission is to promote consumer welfare through efforts that encourage lower prices and greater choice and innovation in the goods and services available in Jersey. The JCRA is recognized internationally as a leading voice in the application of competition law and policy in small economies.