

## Glossary

<b>AA</b>	Automobile Association.
<b>AER</b>	Association of Esso Retailers.
<b>All products distributor (APD)</b>	The designation adopted by <b>BP</b> and <b>Shell</b> for their <b>distributors</b> of petroleum products in some areas of the United Kingdom.
<b>AllStar</b>	PHH (AllStar) Ltd.
<b>Amoco</b>	Amoco (UK) Ltd.
<b>AUKOI</b>	Association of United Kingdom Oil Independents.
<b>Authorised distributor (AD)</b>	<p>In general, a person paid by a <b>wholesaler</b> to distribute his <b>petrol</b> (and other petroleum products) but, in the case of:</p> <ul style="list-style-type: none"><li>(a) Texaco, is an <b>independent wholesaler</b> which buys Texaco petrol and sells it at a discretionary margin under its own brand name;</li><li>(b) <b>Conoco</b>, is an <b>independent wholesaler</b> which buys Conoco petrol and sells it at a discretionary margin under a Conoco brand name;</li><li>(c) Petrofina, is either a wholly-owned subsidiary selling Petrofina petrol under a Petrofina brand name other than Fina, or an <b>independent wholesaler</b> selling Petrofina petrol under its own brand name; and</li><li>(d) the administration of the strategic stock requirements, is a person whose obligations to hold stocks in respect of the petrol that he sells are met by the refiner which supplied it.</li></ul> <p>See also <b>distributor</b>, <b>all products distributor</b> and independent distributor.</p>
<b>AWR</b>	Notional average wholesale revenue if all sales were made at <b>scheduled prices</b> .
<b>BofE</b>	Bank of England.
<b>Barrel (American)</b>	A common measure of crude oil in bulk: 158.99 litres.
<b>Block discount</b>	A discount on the invoiced price of <b>petrol</b> offered by a <b>wholesaler</b> to all <b>retailers</b> supplied by it within a defined area, in substitution for part or all of the <b>selective price support</b> previously given by it to some or all of them.
<b>BP</b>	BP Oil UK Ltd, a subsidiary of The British Petroleum Company PLC.
<b>BPA</b>	British Pipeline Agency Ltd.
<b>Burmah</b>	Burmah Petroleum Fuels Ltd, a subsidiary of The Burmah Oil PLC.
<b>CA</b>	Consumers' Association.

<b>C&amp;E</b>	HM Customs and Excise.
<b>Call option</b>	An arrangement under which an oil trader undertakes to provide petroleum products from stock on demand; sometimes called a 'ticket' in the context of the <b>strategic stock requirements</b> .
<b>cif</b>	Cost, insurance, freight (included within the price quoted).
<b>Commission agent</b>	A person authorised by the owner of a <b>petrol</b> retail outlet (usually a <b>wholesaler-owned</b> site) to sell that owner's <b>petrol</b> on commission at that outlet.
<b>Complex monopoly</b>	A monopoly situation defined in section 11 of the Fair Trading Act 1973. See paragraphs 8.15 to 8.23 for its application to this report.
<b>Conoco</b>	Conoco Ltd, a subsidiary of Conoco (UK) Ltd.
<b>Conurbations</b>	The 11 major urban areas in the United Kingdom within which the <b>OFT</b> has monitored ownership of retail outlets by <b>the principal wholesalers</b> .
<b>CSO</b>	Central Statistical Office.
<b>CT</b>	Corporation tax.
<b>Dealer</b>	See <b>independent dealer</b> .
<b>Deep-dive discounting</b>	A practice under which a <b>wholesaler</b> bidding for an <b>ICC</b> petrol supply contract may offer a high <b>rebate</b> on its <b>scheduled price</b> in order to secure the contract but, having secured the contract, may increase its <b>scheduled price</b> progressively.
<b>DEn</b>	Department of Energy.
<b>Derv</b>	Diesel engine road vehicle fuel.
<b>DGFT</b>	Director General of Fair Trading.
<b>Directly-managed outlet</b>	A <b>wholesaler-owned site</b> operated by an employee of the owner, or by a <b>commission agent</b> (who may have a <b>franchise</b> for a shop on the site).
<b>Distributor</b>	A person who distributes petroleum products. See also <b>authorised distributor</b> , <b>all products distributor</b> and <b>independent distributor</b> .
<b>Divestment</b>	The enforced sale of sites owned by <b>the principal wholesalers</b> , possibly specified as those in excess of a prescribed number.
<b>Divorcement</b>	A requirement that <b>the principal wholesalers</b> should not directly manage retail outlets owned by them or enter into exclusive petrol supply agreements with persons who manage those outlets.
<b>DoE</b>	Department of the Environment.
<b>Downstream activities</b>	In this report we have taken the downstream activities of an <b>oil company</b> to cover the refining of crude oil and feedstock into a range of petroleum products, the wholesaling of those products

and their retailing through the refiner's own petrol retail outlets.

<b>DTp</b>	Department of Transport.
<b>Duty</b>	United Kingdom hydrocarbon duty: at the time of this report, 20.44 <b>ppl</b> on 4-star <b>petrol</b> ; and 17.72 <b>ppl</b> on unleaded; payable on release from bond, or shortly afterwards by prior agreement with HM Customs and Excise.
<b>EC Commission</b>	Commission of the European Communities.
<b>EFTPOS</b>	Electronic funds transfer from the point of sale.
<b>Elf</b>	Elf Oil (GB) Ltd, a subsidiary of Elf Aquitaine UK (Holdings) Ltd.
<b>Equity crude</b>	Crude oil produced by the company which refines it or by another company within the same corporate group or by an associate company or by an affiliate in an oil production consortium.
<b>Esso</b>	Esso Petroleum Company Ltd, a subsidiary of Esso UK PLC.
<b>Exchange agreement</b>	A bilateral agreement made between <b>wholesalers</b> (usually, but not necessarily, <b>refiners</b> ); each party makes petrol available at locations convenient to the other, in quantities and grades that are wholly or largely self-balancing in value over the term of the agreement; any residual difference in the value may be adjusted between the parties either by payment according to a negotiated formula or by delivery in bond of petrol to the amount required.
<b>FIFO</b>	First in, first out: the calculation of the cost of stocks on the basis that the quantities in hand represent the latest purchases or production.
<b>Fina</b>	The brand name of <b>Petrofina</b> petrol.
<b>fob</b>	Free on board (see cif).
<b>Franchise</b>	A <b>licence</b> which incorporates the right to use intellectual property, such as brand names and trade marks.
<b>Fuel oil</b>	Heavy distillates.
<b>Gallon</b>	Imperial gallon, or 1.20 US gallons.
<b>Gas oil</b>	Middle distillates, heating oil and derv.
<b>Gasoline</b>	<b>Petrol or motor spirit.</b>
<b>Globe</b>	A brand name of <b>Conoco</b> petrol.
<b>GPSS</b>	Government Pipeline and Storage System.
<b>Gulf</b>	Gulf Oil (Great Britain) Ltd, a subsidiary of Chevron UK Ltd.
<b>H&amp;I</b>	Highlands and Islands (of Scotland).

<b>HCOP</b>	Historical cost operating profit.
<b>HSE</b>	Health and Safety Executive.
<b>Hydrocarbon duty</b>	See <b>duty</b> .
<b>Hypermarket</b>	Within the retailing industry the expression hypermarket is commonly used for self-service stores of 5,000 square metres or more. In this report (reflecting the petrol trade practice) we have used the expression to include any large store which retails <b>petrol</b> as a significant part of its business.
<b>ICC</b>	Industrial or commercial customer.
<b>ICI</b>	Imperial Chemical Industries PLC.
<b>Independent dealer</b>	A petrol <b>retailer</b> whose premises are not owned by a petrol <b>wholesaler</b> .
<b>Independent distributor</b>	A person who is subject to a stockholding direction under the <b>strategic stock requirements</b> .
<b>Independent oil company</b>	An <b>oil company</b> engaged in wholesaling <b>petrol</b> within the United Kingdom, but not operating petrol refining capacity in the EC.
<b>Independent retailer</b>	See <b>independent dealer</b> .
<b>Independent wholesaler</b>	See <b>independent oil company</b> .
<b>IOP</b>	Institute of Petroleum.
<b>Jet</b>	<b>Conoco's</b> principal brand of <b>petrol</b> .
<b>Kuwait</b>	Kuwait Petroleum (GB) Ltd, a subsidiary of Kuwait Petroleum (UK Holdings) Ltd.
<b>Licence</b>	The grant of permission, by a <b>wholesaler</b> which is the owner of a petrol retail outlet and which supplies it with petrol, to a person (not being an employee or agent of the <b>wholesaler</b> ) to carry out the business of that outlet on prescribed terms.
<b>Licensee</b>	A person operating a retail <b>petrol</b> outlet under <b>licence</b> from the <b>wholesaler</b> which owns the outlet and supplies it with <b>petrol</b> .
<b>LIFO</b>	Last in, first out: the calculation of the cost of stocks on the basis that the quantities in hand represent the earliest purchases or production.
<b>LTA</b>	Landlord and Tenant Act 1954 (as amended).
<b>MAA</b>	Motor Agents' Association.
<b>Major retailers</b>	A group not precisely defined but including some of the larger <b>hypermarket</b> operators; the larger <b>MSA</b> concessionaires; and the larger <b>independent retailers</b> .
<b>Majors, the five</b>	The five largest <b>petrol refiners</b> in the United Kingdom: <b>Esso, Shell, BP, Texaco</b> and <b>Mobil</b> .

<b>Margin</b>	In the context of <b>petrol</b> retailing, the difference between the unit cost of <b>petrol</b> to the <b>retailer</b> (including <b>duty</b> and <b>VAT</b> ) and the unit price at which he sells it (including <b>duty</b> and <b>VAT</b> ).
<b>Marker site</b>	A <b>petrol</b> retail outlet whose prices are taken into account by a <b>wholesaler</b> in deciding whether to grant <b>selective price support</b> to a neighbouring <b>retailer</b> supplied by it. See <b>selective price support</b> .
<b>Mini-majors, the</b>	The six smaller <b>refiners</b> of petrol in the United Kingdom: <b>Petrofina, Total, Conoco, Gulf, Amoco</b> and <b>Murco</b> .
<b>Mobil</b>	Mobil Oil Company Ltd, also known as MOCL, a subsidiary of Mobil Holdings (UK) Ltd.
<b>Motor spirit</b>	<b>Petrol</b> or <b>gasoline</b> .
<b>MSA</b>	Motorway service area.
<b>Murco</b>	Murco Petroleum Ltd, a subsidiary of Murphy Petroleum Ltd.
<b>Naphtha</b>	A distillate of petroleum boiling in the <b>gasoline</b> range.
<b>NCC</b>	National Consumer Council.
<b>Non-refining wholesalers</b>	<b>Wholesalers</b> with no refining capacity in the United Kingdom.
<b>NRMRP</b>	National recommended maximum retail price.
<b>NRP</b>	Net realisations/proceeds.
<b>OFT</b>	Office of Fair Trading.
<b>Oil company</b>	A vertically-integrated company with wholesale and retail <b>petrol</b> operations in the United Kingdom and refinery capacity within the EC.
<b>Oil trader</b>	A person trading in the oil market, usually a <b>refiner</b> or <b>wholesaler</b> .
<b>OPEC</b>	Organisation of Petroleum Exporting Countries, representing Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela.
<b>OTO</b>	Oil Taxation Office.
<b>OXERA</b>	Oxford Economic Research Associates Ltd.
<b>PBIT</b>	Profit before interest and tax.
<b>Petrofina</b>	Petrofina (UK) Ltd.
<b>Petrol</b>	<b>Gasoline</b> or <b>motor spirit</b> .
<b>Petrol retailer</b>	See retailer.
<b>Petroleum Argus</b>	An oil trade journal, giving the Rotterdam (and other) assessed market prices of petroleum products.

<b>Platt's</b>	Platt's European Marketscan, an oil trade journal, giving the <b>Rotterdam</b> (and other) assessed market prices of petroleum products.
<b>Platt's prices</b>	See <b>Rotterdam (market) prices</b> .
<b>ppg</b>	Pence per gallon.
<b>ppl</b>	Pence per litre.
<b>PRA</b>	Petrol Retailers' Association.
<b>Price support</b>	See <b>selective price support</b> .
<b>Principal wholesalers, the</b>	The 14 <b>wholesalers</b> each of which supplies more than 1 per cent of the United Kingdom retail petrol market; the five majors ( <b>Esso, Shell, BP, Texaco</b> and <b>Mobil</b> ); the six <b>mini-majors</b> ( <b>Conoco, Total, Petrofina, Gulf, Amoco</b> and <b>Murco</b> ); and three wholesalers which do not refine <b>petrol</b> in the United Kingdom ( <b>Burmah, Elf</b> and <b>Kuwait</b> ).
<b>PRT</b>	Petroleum revenue tax.
<b>Pump price</b>	The unit price of <b>petrol</b> at retail outlets (which must be shown on the pump in <b>ppl</b> if <b>petrol</b> is sold by the litre, and in <b>ppg</b> if it is sold by the gallon; the price must be shown in <b>ppl</b> if displayed on a roadside sign).
<b>Q8</b>	<b>Kuwait's</b> principal brand of <b>petrol</b> .
<b>RAC</b>	Royal Automobile Club.
<b>Rack</b>	See <b>under the rack</b> .
<b>RCOP</b>	Replacement cost operating profit; when reporting RCOP results the oil companies generally apply replacement cost only to the materials used in products sold and use historical costs for all other purposes. In this report RCOP is used in this limited sense to describe this hybrid accounting convention.
<b>Rebate</b>	A reduction in a <b>wholesaler's</b> published <b>scheduled price</b> for <b>petrol</b> .
<b>Refiner</b>	A company which refines petroleum products, including petrol, from crude oil.
<b>Refining wholesaler</b>	A <b>wholesaler</b> which refines <b>petrol</b> in the United Kingdom.
<b>Retailer</b>	A person who sells <b>petrol</b> by retail through any form of retail outlet, eg a filling station (whether or not owned by the retailer) or a <b>hypermarket</b> or an <b>MSA</b> .
<b>Replacement cost</b>	The cost at which an identical asset could be purchased or manufactured.
<b>RMRM</b>	Recommended maximum retail margin.
<b>RMRP</b>	Recommended maximum retail price.
<b>ROCE</b>	Return on capital employed.

<b>Rotterdam (market) prices</b>	Prices, or price ranges, actual or inferred, gathered by, and reported in, oil trade journals (notably <i>Platt's European Marketscan</i> , and hence commonly called <b>Platt's prices</b> ), for unit quantities of crude oil and petroleum products traded, and for delivery cif, in North-West Europe. See <b>Petroleum Argus</b> , <b>Platt's</b> and <b>spot price</b> .
<b>RPI</b>	Retail Price Index.
<b>RPM</b>	Resale price maintenance.
<b>Scheduled price</b>	A wholesaler's published price of petrol.
<b>Selective price support</b>	A temporary, usually non-contractual, but invariably discretionary, reduction by a <b>wholesaler</b> in the invoiced price of <b>petrol</b> to a <b>retailer</b> , usually in response to local price competition from specified <b>marker sites</b> . See <b>marker sites</b> .
<b>Shell</b>	Shell UK Ltd, a subsidiary of The Shell Petroleum Company Ltd.
<b>Small load premium</b>	An additional charge made by <b>wholesalers</b> for <b>petrol</b> deliveries in small quantities.
<b>Soft loan</b>	A loan to a retailer on favourable terms from the <b>wholesaler</b> supplying him.
<b>Solus dealer</b>	An <b>independent retailer</b> who has an exclusive <b>petrol</b> supply agreement with a <b>wholesaler</b> .
<b>Solus tie</b>	A petrol supply agreement between a <b>retailer</b> and a <b>wholesaler</b> under which, <i>inter alia</i> , the <b>retailer</b> agrees to sell the petrol which only the <b>wholesaler</b> supplies.
<b>Spot market</b>	The open market for crude oil and petroleum products; usually the <b>Rotterdam market</b> for transactions in North-West Europe.
<b>Spot price</b>	The open market price of petrol for early delivery.
<b>Strategic stock requirements</b>	Obligations to maintain prescribed stocks of petroleum products placed on certain <b>wholesalers</b> by the Secretary of State for Energy, exercising statutory powers of direction.
<b>Tenant</b>	A person retailing <b>petrol</b> on premises owned by the <b>wholesaler</b> which supplies the <b>petrol</b> , and leased to that person on terms giving the full protection of the <b>LTA</b> .
<b>Terminal, dry</b>	Vehicle parking space and office accommodation used by a <b>petrol wholesaler</b> at a <b>wet terminal</b> not operated by it.
<b>Terminal, wet</b>	Premises used by a <b>petrol wholesaler</b> for the storage and distribution of <b>petrol</b> .
<b>Texaco</b>	Texaco Ltd.
<b>Tonne</b>	Metric tonne, a common measure of petroleum products in bulk.
<b>Total</b>	Total Oil Great Britain Ltd, a subsidiary of Total Oil Holdings Ltd.

<b>UKOP</b>	United Kingdom Oil Pipelines Ltd.
<b>UKPIA</b>	United Kingdom Petroleum Industry Association.
<b>Under the rack, buying</b>	The purchase of <b>petrol</b> (usually unbranded) from a <b>refiner</b> , usually (but not necessarily) in small quantities and at irregular intervals, and without any contractual commitment by the <b>refiner</b> to supply, or by the purchaser to accept, further quantities thereafter.
<b>Undertakings, the</b>	Formal assurances, given to the Secretary of State for Prices and Consumer Protection in 1976 by certain <b>petrol wholesalers</b> , and still in force at the time of this report, revising assurances first given by them in 1966 to the President of the Board of Trade, governing their relationships with <b>retailers</b> supplied by them, in furtherance of recommendations in the 1965 Monopolies Commission <i>Report on the Supply of Petrol to Retailers in the United Kingdom</i> ; both the 1966 and the 1976 assurances were given by <b>Amoco, BP, Burmah, Chevron, Conoco, Elf, Esso, Gulf, ICI, Mobil, Murco, Petrofina, Shell, Texaco and Total</b> ; Kuwait accepted the 1976 Undertakings when it entered the United Kingdom retail market in 1983; and <b>Chevron</b> and <b>ICI</b> ceased to be bound by them when they withdrew from that market, in 1984 and 1987 respectively.
<b>Upstream activities</b>	The exploration and drilling for, and the production and transportation of, crude oil, by an <b>oil company</b> .
<b>VAT</b>	Value added tax (15 per cent at the time of this report).
<b>Vertical integration</b>	An <b>oil company</b> whose operations cover the whole range of activities from exploration for crude oil to the marketing of petroleum products.
<b>Wholesaler</b>	A person (who may be a <b>refiner</b> or an importer or a bulk purchaser) who supplies <b>petrol</b> to another <b>wholesaler</b> or to a <b>retailer</b> .
<b>Wholesaler-owned site</b>	A petrol retail outlet owned by the petrol wholesaler which supplies it (often referred to as a company-owned site).
<b>WZP</b>	Wholesale zonal price; the wholesale price within a defined geographic area. See <b>zonal price differential</b> .
<b>Zonal price differential</b>	An amount, related to the distance of a specified zone from a <b>wholesaler's</b> refinery or terminals, added to its published scheduled wholesale price for <b>petrol</b> it delivers to that zone.

### Conversion factors

1 litre	= 0.22 imperial gallons.
1 imperial gallon	= 4.55 litres = about 7.5lbs <sup>1</sup> of petrol
1 tonne	= 2,204.6 lbs = about 298 <sup>1</sup> imperial gallons or about 1,355 <sup>1</sup> litres of petrol
1 ppl	= 4.55 ppg

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<sup>1</sup>These approximate figures have been used in this report, but the precise relationship between volume and weight depends upon the specific gravity of the petrol.