

CPPI Responds to “Behind the Numbers”, Accuses Authors of Advocating Price Regulation in Disguise

For Immediate Release

OTTAWA (May 10, 2007) -- The Canadian Petroleum Products Institute (CPPI) “categorically rejected” the report by the Canadian Centre for Policy Alternatives “Behind the Numbers” calling it simplistic, ignoring market realities and a thinly veiled argument for price regulation in Canada.

“If I follow the logic of the Centre’s paper, then the price of a house should only be based on the market value of nails, wood, asphalt shingles and labor as opposed to its location, attractiveness and other factors.” The fact is the market sets the price”, said Tony Macerollo, VP Public and Government Affairs, CPPI.

Explained Macerollo, “the retail gasoline market is driven by three interacting markets:

1. The world crude oil market.
2. The wholesale market as influenced by the prices of gasoline typically set in North America by the New York Mercantile Exchange.
3. Local and unique competitive realities.”

“There is no unique Canadian market, explained Macerollo. The gasoline market is set in a North American context and even more so since free trade. If you follow the Centre’s line of thinking, public policy makers should decide the profit of private sector companies – which is price regulation by any name – and price regulation has always lead to higher prices not lower”.

However, Macerollo did comment on the need for better information in the market place, expressing support for a petroleum monitoring agency – one of many proposals debated in the House of Commons on May 8, 2007. This is a concept that has been supported by CPPI since it was first recommended by the Standing Committee on Industry Science and Technology in 2003.

“A healthy competitive environment is made healthier by an informed consumer,” concluded Macerollo.

CPPI is a national association of major Canadian companies involved in the refining, distribution and/or marketing of petroleum products for transportation, home energy and industrial uses. Collectively, CPPI member companies operate 16 refineries (representing over 80 per cent of Canadian refining capacity) and supply over 7,000 branded retail outlets with transportation fuels across Canada.