

See 130

COMPETITION TRIBUNAL

IN THE MATTER OF an Application
by the Director of Investigation
and Research under sections 92 and
105 of the Competition Act,
R.S.C., 1985, c.C-34, as amended;

AND IN THE MATTER OF the acquisition
by Imperial Oil Limited of the shares
of Texaco Canada Inc.

COMPETITION TRIBUNAL TRIBUNAL DE LA CONCURRENCE	
FILED AUG 18 1989 <i>RB</i> REGISTRAR - REGISTRAIRE	PROD UIT
OTTAWA, ONT. <i>#143</i> Applicant	

B E T W E E N :

**THE DIRECTOR OF INVESTIGATION
AND RESEARCH**

**COMPETITION TRIBUNAL
TRIBUNAL DE LA CONCURRENCE**

File No. CT-89/3
No. du dossier

- and -

Director v Imperial
et

IMPERIAL OIL LIMITED

Respondent

Exhibit No 14-2
No. de la pièce

- and -

Filed on Oct. 24/89; 10h27
Déposée le

Registrar A. Lagani
Greffier

ATTORNEY GENERAL OF QUEBEC

Intervenor

SUPPLEMENTARY AFFIDAVIT OF GEORGE LERMER

I, George Lerner, of the City of Lethbridge, in the
Province of Alberta in Canada MAKE OATH AND SAY AS FOLLOWS:

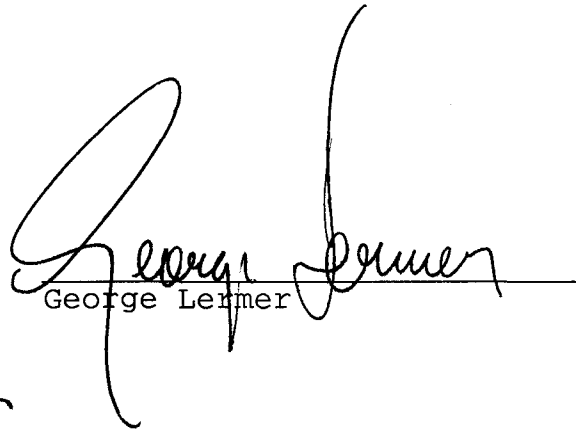
1. I am the Dean of the Faculty of Management at the
University of Lethbridge and have been retained by the
Director of Investigation and Research, Consumer and
Corporate Affairs - Canada, to assist the Director in the
preparation of his Application, his Consent Order Impact
Statement and to provide my opinion on the Draft Consent
Order's ("DCO") merits as a remedy for the merger.

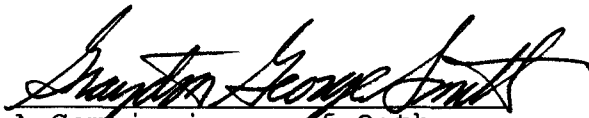
2. This affidavit is supplementary to my affidavit dated the 17th of July, 1989 and sets out certain comments which were overlooked and not included in Exhibit "A" of my earlier affidavit. These comments do not affect my view, expressed therein, that with the approval of the DCO, the merger of Imperial Oil Limited and Texaco Canada Inc. would be unlikely to substantially lessen competition in the three distinct Canadian gasoline wholesale and retail markets identified by the Director in his Application.

3. The DCO addresses potential concerns about competition in the Prairies and British Columbia. The DCO's divestments are required because potential competition problems are significant in the Prairies, given the weakness of the import option and that Imperial's share of refinery capacity, although unaffected by the merger, is large. After demand grows to absorb surplus refinery capacity the risk of cartelization must be considered for the same reasons set out in the discussion dealing with the Quebec/Ontario market. To the extent that the DCO's divestitures strengthen third and fourth ranking refiner-marketers, the regional refiner-marketers or the independent marketers, the probability is reduced that the majors would be in a position to assert market power by raising gasoline prices. It is on this basis

that I concluded, as set out in my affidavit of July 17, 1989 and as referred to in paragraph 2 above, that with the DCO, Imperial's acquisition of Texaco's assets in the Prairies and British Columbia will not likely reduce competition substantially.

SWORN before me at the)
City of Hull, in the)
Province of Quebec)
this 18th day of)
August, 1989)


George Lermer


A Commissioner of Oath

THE COMPETITION TRIBUNAL

IN THE MATTER OF an
Application by the Director of
Investigation and Research
under sections 92 and 105 of
the Competition Act,
R.S.C. 1985, c.C-34, as
amended;

AND IN THE MATTER OF the
acquisition by Imperial Oil
Limited of the shares of
Texaco Canada Inc.

B E T W E E N:

THE DIRECTOR OF INVESTIGATION
AND RESEARCH

Applicant

- and -

IMPERIAL OIL LIMITED

Respondent

- and -

ATTORNEY GENERAL OF QUEBEC

Intervenor

SUPPLEMENTARY AFFIDAVIT OF
GEORGE LERMER

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