FTC Requires Divestitures as Condition of 7-Eleven, Inc. Parent Company's $3.3 Billion Acquisition of Nearly 1,100 Retail Fuel Outlets from Competitor Sunoco

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Seven & i Holdings Co., Ltd, the Tokyo-based parent company of the 7-Eleven network of convenience stores, has agreed to certain conditions in order to settle Federal Trade Commission charges that its proposed $3.3 billion acquisition of approximately 1,100 retail fuel outlets from Sunoco would violate federal antitrust law.

According to the complaint, which also names Seven & i's U.S. subsidiary, 7-Eleven, Inc., and Sunoco LP, the acquisition would harm competition in 76 local markets across 20 metropolitan statistical areas.

Retail fuel stations compete on price, convenience store format, product offerings, and location, and they pay close attention to nearby competitors. Since few consumers are willing to travel great distances to purchase fuel, the markets for retail fuel are localized, generally ranging from a few blocks to a few miles. In some situations, a single station competes in more than one of these small, local markets. The complaint alleges that, without a remedy, the acquisition would result in a highly concentrated market in 76 local markets. In 18, there would be a monopoly. In 39, the number of competitors would be reduced from three to two, and in 19, the number of competitors would be reduced from four to three.

The complaint alleges that without a remedy, the acquisition would increase the likelihood either that 7-Eleven could unilaterally raise prices or that the small number of remaining competitors could increase prices by coordinating their actions.

Under the terms of the consent agreement, 7-Eleven is required to sell 26 retail fuel outlets that it owns to Sunoco, and Sunoco is required to retain 33 fuel outlets that 7-Eleven otherwise would

have acquired. Sunoco intends to convert the acquired or retained stations from company-operated sites to commission agent sites. Sunoco will have full control over fuel pricing and supply at all of these locations.

Further details about the consent agreement, which includes an asset maintenance order and allows the Commission to appoint a monitor trustee, are set forth in the analysis to aid public comment for this matter.

The Commission vote to issue the complaint and accept the proposed consent order for public comment was 2-0. The FTC will publish the consent agreement package in the Federal Register shortly. The agreement will be subject to public comment for 30 days, beginning today and continuing through Feb. 20, 2018 , after which the Commission will decide whether to make the proposed consent order final. Comments can be filed electronically or in paper form by following the instructions in the "Supplementary Information" section of the Federal Register notice.

NOTE: The Commission issues an administrative complaint when it has "reason to believe" that the law has been or is being violated, and it appears to the Commission that a proceeding is in the public interest. When the Commission issues a consent order on a final basis, it carries the force of law with respect to future actions. Each violation of such an order may result in a civil penalty of up to $40,654.

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