Marathon Petroleum Corp., an Ohio-based energy company, has agreed to certain conditions to settle charges that its proposed acquisition of Express Mart would violate federal antitrust law. Marathon’s wholly owned subsidiary Speedway operates the second-largest chain of company-owned and -operated gasoline and convenience stores in the United States. Express Mart is a Syracuse, N.Y.-based operator of convenience stores and retail fuel outlets.

According to the Federal Trade Commission’s complaint, the acquisition would harm competition for both retail gasoline and retail diesel in five local markets in New York State: Farmington, Fayetteville, Johnson City, Rochester, and Whitney Point.

In four of the five local gasoline retail markets, the proposed acquisition would reduce the number of significant competitors from three to two. In the fifth, it would reduce the number from four to three.

In three of the five retail diesel markets, the proposed acquisition would result in a merger to monopoly. In the fourth, the proposed acquisition would reduce the number of significant competitors from three to two. In the fifth, the proposed acquisition would reduce the number of significant competitors from four to three.

The complaint alleges that, without a remedy, the acquisition would substantially lessen competition for the retail sale of gasoline and diesel in these five local markets. Retail fuel outlets compete on price, store format, product offerings, and location. They also pay close attention to nearby competitors that share similar store characteristics and face similar traffic flow of potential customers. The acquisition would increase the likelihood that Marathon could unilaterally raise prices in each of the five local markets, and also would enhance the incentives for interdependent behavior in all five local markets.
Under the terms of the proposed consent order, Marathon would be required to divest to Sunoco retail fuel assets in Farmington, Fayetteville, Johnson City, Rochester, and Whitney Point within 90 days after the acquisition is completed. Marathon and Express Mart would be required to maintain the competitiveness of the divestiture assets during the divestiture process.

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.

FTC staff worked closely with the New York State Attorney General’s office on this matter.

The Commission vote to issue the complaint and accept the proposed consent order for public comment was 5-0. 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 Nov. 26, 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 $41,484.

The Federal Trade Commission works to promote competition, and protect and educate consumers. You can learn more about how competition benefits consumers or file an antitrust complaint. Like the FTC on Facebook, follow us on Twitter, read our blogs, and subscribe to press releases for the latest FTC news and resources.

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