

that the aforementioned expenses are the only ones involved from a wholesale marketing standpoint due to the fact that shipments move directly from refineries to wholesalers.

Contingency Reserve charges all apply to retail gasoline because no relative provision was made in respect to wholesale gasoline Accounts Receivable.

AVERAGE SELLING PRICE OF ALL GASOLINE

The average selling price of all gasoline was determined on the basis of the total sales value of gasoline divided by total gallonage involved in the sales.

An examination was made by us into the basis of establishing prices of gasoline of Imperial Oil Limited during the years 1929, 1930 and 1931, with a view to determining the following factors:—

- (a) Constancy of gasoline price movements up and down in relation to fluctuations in crude oil posted prices plus added charges of excise tax, sales tax, freight surcharge and exchange.
- (b) A comparison of Imperial Oil gasoline prices with competitive prices in United States.
- (c) Relationship of the difference between the gasoline prices based upon crude and the competitive United States prices applied to the specific and dumping duties.

Taking 1929 as a starting point with a Mid-Continent crude oil well price of \$1.45 per barrel and working up to the end of 1931, during which latter year crude fell to 18 cents a barrel at the well plus the fluctuating elements of additional costs, it was determined that the Imperial Oil Limited tank wagon prices were kept in definite line with the fluctuations in the price of crude oil regardless entirely of specific and dumping duties up to October, 1931, from which latter date to December, 1931, the refinery prices of crude, including the added charges mentioned, advanced without corresponding increases in the price of gasoline. Our tests embodied the following points:—

Calgary,	Regina,	Hamilton,
Edmonton,	Brandon,	Toronto,
Saskatoon,	Winnipeg,	Border Cities.

It was also found that the price of kerosene normally moving in line with gasoline was reduced to the Western farmer in the middle of 1931 to a greater extent than was warranted by the reduction in the price of crude oil.

A comparison of United States competitive gasoline prices with Imperial Oil prices shows the following result:

- (a) Imperial Oil service station and tank wagon prices below United States prices without any specific or dumping duties.
- (b) Imperial Oil service station and tank wagon prices over competitive United States prices after allowance for specific duty in part or in whole.
- (c) Imperial Oil service station and tank wagon prices over competitive United States prices after allowance for specific duty plus dumping duty in part or in whole.

We placed before the Committee detailed information covering various points in Canada showing differences between United States competitive prices and those of Imperial Oil, Limited, and it was stated in conclusion of our evidence in this respect that no ground existed for any statement contending that the Company took undue advantage of either the specific or dumping duty because, as hereinbefore stated, the establishment of gasoline prices by Imperial Oil, Limited, to consumers during the years 1929, 1930 and 1931 were based