

justification for the wide spreads which obtained in the retail selling prices of oils as compared with those of gasolines. It was contended—and with some force—that the expenses of handling oils were heavy when compared with the quantity sold, making it necessary to obtain wide margins in order to earn a profit.

Comparison of prices paid for automobile lubricating oils in Ontario as compared with those at several United States points indicated that moderate discrepancies existed in some instances, but that for the most part little difference existed after adjustment to cover quantity variations, duties, freight and other necessary costs.

Gasolines sold in Ontario are derived from two sources, namely: (a) From the refining of crude oils produced in or imported into Ontario; (b) by the importation into Ontario, as refined products, of gasolines, which are sold to the public either in the same condition as purchased, or else blended with other gasolines (refined in or imported into Ontario) following which the products so obtained are sold to the public.

Gasolines are manufactured in Ontario by the Imperial Oil Company, Limited, with a refinery at Sarnia; the British American Oil Company, Limited, with a refinery in Toronto; and Canadian Oil Companies, Limited, with a refinery near Sarnia. McColl Bros., Limited, had a refinery under construction in Toronto, but it was not in operation in the periods under review. The Imperial Oil Company, Limited, imports a limited amount of light gasolines for refinery purposes, while the British American Oil Company, Limited, and Canadian Oil Companies, Limited, import gasolines—in a refined state—from the United States of America, and in important quantities. Gasolines sold in Ontario by the Shell Oil Company of Canada, Limited, McColl Bros., Limited, the Sun Oil Company, Limited, the Cities Service Oil Company, Limited, and the Ontario Supply Company of Simcoe, are imported into Ontario by such companies—as are also gasolines distributed and sold by a number of jobbers and retail dealers who have railway trackage and capacity facilities. Upon occasions gasolines manufactured to defined specifications are sold by Ontario refiners to other of such refiners and wholesale dealers.

Under the Canadian Tariff crude oil is admitted into Canada free of duty. Gasolines under  $\cdot 725$  specific gravity at 60 degrees temperature (known commercially as "64-66" or high test gasolines) are admitted free of duty but are subject to an import tax of five per cent. Gasolines  $\cdot 725$  specific gravity and heavier, but not heavier than  $\cdot 750$  specific gravity at 60 degrees temperature (commonly called "58-60" gasolines), are subject to a duty of one cent per imperial gallon and five per cent import tax.

Crude oils produced in Canada are sufficient, according to evidence adduced, to supply not more than three per cent, to four per cent of Canadian requirements—accordingly the people of Ontario are dependent upon foreign countries and particularly the United States of America for their supply. The Mid-Continent fields situate in the States of Oklahoma, Kansas, Arkansas and Texas, are the largest producing fields nearest to Ontario, and prices ruling there govern, under normal conditions, the costs necessary to be paid in Ontario for products derived from the refining of crude oils.

Evidence indicates that while contracts have upon occasions been entered into by refiners in Ontario for the purchase in the United States of America of crude oil at fixed prices over limited periods of time, crude oils are, as a general rule and almost entirely, purchased by such refiners at the posted prices ruling from day to day in the Mid-Continent fields or other fields of production. Crude oils imported from countries other than the United States of America are not refined in Ontario to any material extent, but where imported into Canada the prices paid for such oils would also appear to have been adjusted to accord with the United States prices. These conditions and other evidence