Group Case Work

This is a case of a presumed horizontal agreement/cartel among the Kenya's major players in the petroleum industry. The complaints were triggered by:

(1) The supposedly high prices of the petroleum products in Kenya,

(2) Similarity in the pump prices of different oil companies and,

(3) The simultaneous upward changes in such prices almost by the same margin.

This tendency caused concern with in Kenya's Competition agency and a lot of outcry in the country. It was even discussed in parliament where they strongly condemned the existence of cartel by the multinationals in Kenya.

Facts

1. The petroleum market in Kenya is largely oligopolistic despite the incorporation of numerous small independent oil companies. The major oil companies (Total, Shell/ BP, Caltex, Mobil & Kenol/Kobil) control 85.3% of the market share for petroleum products as of September 2005.

2. Kenya imports 100% of all its petroleum products requirements.

3. More than 90% of cost is similar to all companies.

By Kanyi-MPC Kenya