

EU raids oil majors in probe over possible price fixing

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The Commission did not name any of the companies involved in Tuesday's raids but British energy giant BP, Shell and Norway's Statoil said that their offices had been visited.

The Commission statement explained that even small [distortions](#) of the market could have a "huge impact on the prices of [crude oil](#), refined oil products and biofuels purchases and sales, potentially harming final consumers".

In a statement, BP confirmed it "is one of the companies that is subject to an investigation ... We are cooperating fully with the investigation and unable to comment further at this time."

A Shell spokesman said: "We can confirm that Shell companies are currently assisting the [European Commission](#) in an inquiry into trading activities.

Norwegian firm Statoil and Platts, the world's leading oil price reporting agency, also both confirmed they were being investigated.

"The suspected violations are related to the Platts' Market-On-Close (MOC) price assessment process, used to report prices in particular for crude oil, refined oil products and biofuels, and may have been ongoing since 2002," said Statoil, which is 67 percent owned by the [Norwegian government](#).

The European Commission said officials "carried out unannounced inspections at the premises of several companies active in and providing services to the crude oil, refined oil products and biofuels sectors.

"These inspections took place in two EU member states," a statement said, adding that one country in the European Economic Area (EEA)—of which Norway is a member—was also involved.

"The Commission has concerns that the companies may have colluded ... to manipulate the published prices for a number of oil and [biofuel](#) products," it said.



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Additionally, the firms "may have prevented others from participating in the price assessment process, with a view to distorting published prices."

British motoring groups and politicians lined up to voice their anger at the allegations.

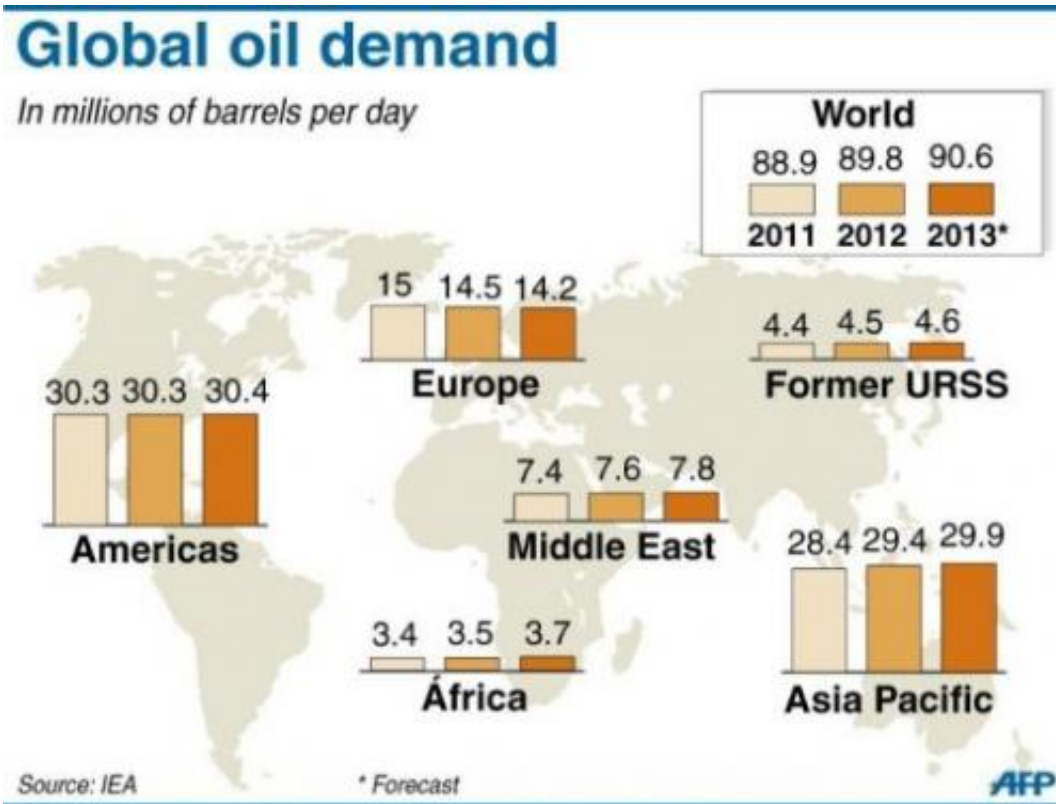
The Automobile Association predicted that "the lid is about to be blown off", telling the Daily Mail that it "has been warning since 2005 about the activity of speculation in oil and fuel markets."

David Bizley, technical director of car services company RAC, said the

claims were "worrying news for motorists" and vowed his company would campaign for greater transparency in the UK fuel market.

Shadow energy and climate change secretary Caroline Flint called the reports "very concerning", which if true, suggested "shocking behaviour" in the oil market.

"When the allegations of [price fixing](#) in the gas market were made, Labour warned that opaque deals and relying on price reporting agencies left the market vulnerable to abuse.



Map of the world showing global and region oil demand from 2011 to 2013.

"These latest allegations of price fixing in the oil market raise very

similar questions," added the Labour MP. "Consumers need to know that the prices they pay for their energy or petrol are fair, transparent and not being manipulated by traders."

Colleague Chris Leslie said any evidence of price fixing would be "a shocking scandal for our financial markets" while Conservative MP Robert Halfon repeated his calls for a full investigation into alleged cartels and market manipulation.

"Last year, in a debate that I pressed for, parliament voted unanimously for an investigation into the oil market," he explained.

"These latest allegations underline why that must happen urgently.

"High [oil](#) prices are crushing families across Britain. Motorists are being taken for a very expensive ride."

Britain's Office of Fair Trading (OFT) ruled out a probe four months ago, concluding there was "very limited evidence" that pump prices were being manipulated.

Former Liberal Democrat treasury spokesman Matthew Oakeshott compared the allegations to the Libor scandal, which resulted in several banks paying out huge settlements over claims they manipulated the key interest rate.

Larry Neal, the president of Platts, rejected similar accusations in a letter to the Financial Times earlier this week.

"Your comparison of PRA (price reporting agency) activity to Libor is a false one," he said.

"While PRAs do obtain information from 'traders who may have a

vested interest in moving the markets,' the agencies do not have any such vested interest," he added. "In contrast, our role is providing market transparency."

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