

The Virgin Islands Consortium

Arabs Have Stranglehold On St. Croix Gas Market; Local Owners Say (Part 1)

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Ernice Gilbert **March 03, 2016**



ST. CROIX -- Businessmen of Arab descent have such a stranglehold on the price of gas on St. Croix that it would be near impossible for the few locally owned gas stations here to mount a price drop war and win, according to Senator Novelle Francis, a co-owner of One Love Service Station, who as an elected official is under pressure to comment on the high prices of gas in the territory, even as the price of oil has tumbled in recent months, with gas price averages falling well under \$2 per gallon in the U.S. and neighboring Puerto Rico.

The majority of gas stations on this island are ran by residents of Arab descent, who own operations that line the Queen Mary Highway from Christiansted to Frederiksted, and are

continuously building new operations, with the most recent being two gas stations called Gas City, built in close proximity of each other in La Grande Princesse, and owned by the same individual, Safi Hamad.

"The individuals that are responsible for importing the gas right now, are some of the very same owners of gas stations. They are the ones that are now charged with brokering and bringing in the fuel. And retailers are purchasing fuel from them," Mr. Francis said. The senator refused to name who these brokers were, citing his relationship as a customer, but The Consortium, through well-placed government sources, learned that at least one such person is Siri Hamad, who owns Budget Gas in Golden Rock.

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"It puts local gas stations in a perplexed situation because all of our purchases are made from these very same individuals," Mr. Francis went on. "The oil, the sodas, candies -- whatever that goes in gas stations and convenient stores, they are being purchased from these individuals, the Middle Easterners."

Another local gas station owner, speaking on condition of anonymity because he too purchases gas through Mr. Siri, and feared souring an already fragile relationship, told The Consortium that a price drop war with the Arab-owned gas stations would be hard to sustain; because if a local gas station lowers the price of gas, the Arab businesses would immediately follow with price drops of their own, and at times even lower than the local owner.

"It becomes difficult for us to sustain, because they have the great advantage," said this gas station owner.

Mr. Francis said the current situation is the result of one group monopolizing an industry.

"They have all the gas stations, the grocery stores and all this stuff. So that's what they do. They have cornered the market in this area. I truly believe that should be looked at, in terms of their ability to monopolize that type of industry. And while there are local gas station owners, we're still forced to purchase items that's sold at these very gas stations from these individuals. They set the prices, Mr. Francis said.

He added: "Imagine if we didn't have the very few local gas stations that we have in the market, including One Love Service Stations, what would happen? Mr. Francis asked rhetorically. "I always say that if we could stop for a second and think about what would happen if we didn't have these local operations, perceptions would change."

"And I'm challenged by this," he went on. "Because a lot of times people ask whether I'm in collusion with setting gas prices, but how can I be? They are our direct competition. We see where these individuals are boxing in local gas stations, One Love Service Station in La Grande Princesse in particular, where they are making it even more difficult. Our store sale is at the lowest its been right now, because of a situation where there are gas stations that continue to open up in a matter of 50 to 100 feet away from each other." Mr. Francis said.

Moving from one supplier to the next is not as simple as it may sound, according to Mr. Francis, telling The Consortium that with ArcLight [recent purchase of HOVENSA](#), and their contract obligation to reopen the fuel rack and sell gas to retailers at fair market value, One Love Service Stations will be able to sell gas at a cheaper rate "and cutoff the middle man to offer better prices to our consumers."

The Arab gas station owners get the fuel in bulk from Puerto Rico suppliers, allowing them to purchase a discounted price, Mr. Francis said. But local gas station owners don't have the wherewithal to make such purchases, and even if they did, the problem of storage arises. Arab owners don't have this problem because they own most of the gas stations on island and have immediate customers among themselves for their bulk purchases, Mr. Francis explained.

"Because of our affairs, we can't afford to buy that magnitude of fuel, so we buy individually, purchasing just the amount that could be sold and turned over. We don't have fuel coming in as often as we used to because we just don't have the demand for it, as we're not selling that much fuel as we have sold before," Mr. Francis.

And if One Love chain decided to lower its prices, Mr. Francis said their supply could be affected because of sudden complications that may arise from the Arab dealers.

"The quandary that we're in is that there arises a delay in delivering gas to us or some willful act that then complicates our ability to provide fuel," Mr. Francis said.

"It's a crazy industry to be in because of the situation that we're facing, caused by the ones providing the fuel. It's really a bad situation. It's difficult. When you look at our grocery stores, furniture stores and all these other areas, it's the same issue we're up against," Mr. Francis concluded.

This is the first of a four-part series.