

財經事務及庫務局
(庫務科)
香港下亞厘畢道
中區政府合署

**FINANCIAL SERVICES AND THE
TREASURY BUREAU**
(The Treasury Branch)
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來函檔號 Your Ref. :

4 August 2006

Mr Andy Lau
Clerk to Panel on Economic Services
Legislative Council
Legislative Council Building
8 Jackson Road
Central, Hong Kong

Dear Mr Lau,

Panel on Economic Services meeting on 24 April 2006

At the Panel on Economic Services meeting held on 24 April 2006, Hon Miriam Lau requested the Administration to reduce the excise duties on auto-fuel in order to maintain the competitive edge of Hong Kong and to relieve the burden of the affected economic sectors. Hon Lau requested the Administration to convey members' view to the Financial Secretary for consideration.

The Administration fully understands that Hong Kong, like other countries in the world, has been affected by the global increase of oil price. To alleviate the impact of the surging international oil prices on the transport trade, the Government has extended the ultra low sulphur diesel concessionary duty rate for seven times since 2000. The concessionary duty rate, currently at \$1.11 per litre, is already some 60% less than the original rate of \$2.89 per litre.

The Government will review this concessionary duty rate by the end of this year having taken into account Members' and public's views, government's financial position and the operating conditions of the transport trade. Should we

consider that there be a need for extension, we would propose to this Council that the extension be for two years.

Should you have any enquiries, please feel free to contact the undersigned at 2810 2370 or Mr Steve Tse at 2810 2400.

Yours sincerely,

(Vincent TANG)
for Secretary for Financial Services and the Treasury

c.c. Secretary for Economic Development and Labour
(Attn: Mr Jonathan McKinley)
[Fax: 2868 4679]