

立法會
Legislative Council

LC Paper No. CB(3) 164/06-07

Ref : CB(3)/M/OR

Tel : 2869 9205

Date : 24 November 2006

From : Clerk to the Legislative Council

To : All Members of the Legislative Council

Council meeting of 13 December 2006

**Proposed resolution under
the Dutiable Commodities Ordinance**

I forward for Members' consideration a proposed resolution which the Secretary for Financial Services and the Treasury will move at the Council meeting of 13 December 2006 under the Dutiable Commodities Ordinance. The President has directed that "it be printed in the terms in which it was handed in" on the Agenda of the Council.

2. The Chinese version of the speech, which the Secretary for Financial Services and the Treasury will deliver when moving the proposed resolution, is also attached. The English version of the speech will be issued as soon as it is available.

(Mrs Justina LAM)
for Clerk to the Legislative Council

Encl.

DUTIABLE COMMODITIES ORDINANCE

RESOLUTION

(Under section 4(2) of the Dutiable Commodities Ordinance (Cap. 109))

RESOLVED that Schedule 1 to the Dutiable Commodities Ordinance (Cap. 109)

be amended, in paragraph 1A of Part III –

- (a) in subparagraph (a), by repealing “31 December 2006” and substituting “31 December 2008”;
- (b) in subparagraph (b), by repealing “1 January 2007” and substituting “1 January 2009”.

(Translation)

Speech by the Secretary for Financial Services and the Treasury
at the Legislative Council on 13 December 2006

Proposed Resolution to Extend the Concessionary Duty Rate for
Ultra Low Sulphur Diesel

Madam President,

I move that the motion under my name, as printed on the Agenda, be passed to extend the existing concessionary duty rate of \$1.11 per litre for ultra low sulphur diesel (ULSD) to 31 December 2008, with a view to implementing the proposal announced earlier by the Government.

2. When ULSD was introduced to Hong Kong in 2000, we set the duty at a concessionary level of \$1.11 per litre to encourage drivers to switch from regular diesel to this cleaner, but more costly, fuel. The concessionary duty rate was originally scheduled to revert to \$2.89 per litre on 1 January 2002. However, to relieve the pressure on the transport industry brought by the economic downturn, we have extended the concessionary duty rate for ULSD seven times. According to the resolution passed by the Legislative Council in December last year, the duty rate for ULSD is scheduled to revert to \$2.89 per litre on 1 January 2007.

3. The oil prices, while easing off somewhat in recent months, have remained high throughout the year. We appreciate the impact of high oil prices on certain industries, especially the transport industry. Taking into account the operating environment of the transport industry, the overall economic conditions of Hong Kong, and our fiscal position, the Financial Secretary has decided to propose a further extension of the duty concession for ULSD for two years to the end of 2008. We believe that this measure can help relieve the operating difficulties of the industry.

4. Based on the regular rate of \$2.89 per litre, the Government's yearly revenue to be generated from the ULSD duty should be about \$1.8 billion. However, the revenue generated under the current concessionary duty rate of \$1.11 per litre would only be about \$700 million a year. Therefore, we estimate that the extension of the concessionary duty rate would cost the Government about \$1.1 billion in each of the next two years.

5. I hope Members will support the motion.
6. Thank you, Madam President.