

立法會
Legislative Council

LC Paper No. CB(1) 416/07-08
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Panel on Environmental Affairs

**Minutes of special meeting
held on Friday, 9 November 2007, at 3:15 pm
in the Chamber of the Legislative Council Building**

- Members present** : Hon Audrey EU Yuet-mee, SC, JP (Chairman)
Hon Emily LAU Wai-hing, JP (Deputy Chairman)
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon SIN Chung-kai, SBS, JP
Hon Howard YOUNG, SBS, JP
Hon Miriam LAU Kin-yee, GBS, JP
Hon CHOY So-yuk, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon CHEUNG Hok-ming, SBS, JP
- Member attending** : Hon LEUNG Kwok-hung
- Members absent** : Hon Martin LEE Chu-ming, SC, JP
Hon WONG Yung-kan, SBS, JP
Hon LAU Kong-wah, JP
Hon LEE Wing-tat
- Public officers attending** : Environmental Protection Department

Mr Carlson K S CHAN
Deputy Director of Environmental Protection (3)

Mr TSE Chin-wan
Assistant Director of Environmental Protection (Air Policy)

Mr MOK Wai-chuen
Principal Environmental Protection Officer (Mobile Source Control)

Transport and Housing Bureau

Miss Winky SO
Principal Assistant Secretary for Transport and Housing
(Transport)

Financial Services and the Treasury Bureau

Mr Kenneth CHENG
Principal Assistant Secretary for Financial Services and
the Treasury (Treasury)

**Attendance by
invitation**

: Public Omnibus Operators Association Ltd

Mr TANG Chi-keung
Committee Member

Hong Kong Association of Aircargo Truckers Ltd

Mr Richard TSANG
Chairman

Kowloon Truck Merchants Association Ltd

Mr LEUNG Kun-kuen
Chairman

Transport and Logistics Worker Union

Mr TAM Wai-to
President

William Car Services Co

Mr Ben LEUNG

Hong Kong, Kowloon and New Territories Public and
Maxicab Light Bus Merchants' United Association

Mr LEUNG Hung
Chairman

Concrete Industry Workers Union

Mr TSE Kwong-yiu
Chairman

Hong Kong Dumper Truck Drivers Association

Mr LEE Chi-fai
Chairman

Federation of Hong Kong Transport Worker Organizations

Mr CHAN Sam-choi
Chairman

Public Light Bus General Association

Mr LING Chi-keung
Chairman

Hong Kong Container Tractor Owner Association Ltd

Mr CHAN Fu-chuen
Director

Lok Ma Chau China Hong Kong Freight Association

Mr Stanley CHAING
Chairman

China Hong Kong and Macau Boundary Crossing Bus Association

Mr Alan CHAN
Secretary-General

Taxi and Public Light Bus Concern Group

Mr LAI Ming-hung
Chairman

Hong Kong Vehicle Transportation Association

Mr KONG Chi-keung
Chairman

Lam Tin Wai Hoi Public Light Bus Association

Mr NGAI Chor
Chairman

Van's Calling Centre Association

Mr WONG Yung-shing

Hon Wah Public Light Bus Association Ltd

Mr CHAU Yee-sun
Chairman

The Hong Kong Union of Light Van Employees

Mr IP Moon-lam
Chairman

中重型貨車關注組

Mr LAI Kim-tak
Chairman

Clerk in attendance : Miss Becky YU
Chief Council Secretary (1)1

Staff in attendance : Mrs Mary TANG
Senior Council Secretary (1)2

Miss Mandy POON
Legislative Assistant (1)4

I. Measures to promote the use of more environment-friendly fuels

Meeting with Public Omnibus Operators Association Ltd
(LC Paper No. CB(1) 221/07-08(01))

Mr TANG Chi-keung, Committee Member, said that despite the introduction of financial incentives for the use of environment-friendly fuels, the transport trades were not able to benefit from these incentives because the oil companies had somehow been able to use various excuses (such as high transport and cleaning costs, increased land costs etc) to increase rather than lower the fuel prices, thereby encroaching the incentives provided by the Government. By way of illustration, the price of ultra low sulphur diesel (ULSD) had increased from \$6.29 per litre in 2000 to \$9.52 per litre in 2007. The situation had been further aggravated as the Government had declined the transport trades' repeated requests for lowering the fuel duty. As a result, the fuel prices in Hong Kong were much higher than that of the Mainland and Singapore, which stood at \$5.2 and \$7.5 per litre respectively. He added that vehicle emissions were not the only source of pollution and more should be done to improve air quality through reduction of emissions from power companies and urban activities. Given that the switch to use Euro V diesel by Euro I, II and III diesel vehicles could only reduce the respirable suspended particulates by 5% and carbon dioxide from 1% to 3%, he did not see the urgency of pushing ahead with the switch. As such, the Public Omnibus Operators Association Ltd was opposed to the proposed introduction of Euro V diesel.

2. Mr TANG also requested the Administration to -
 - (a) take measures to prevent oil companies from profiteering from the duty concessions;
 - (b) reduce fuel duty to take account of the operating difficulties of the transport trades and bring the duty rate in line with the Mainland and Singapore; and
 - (c) re-consider the introduction of Euro V diesel given that the switch would only bring about minor improvements to air quality, and that the price level of Euro V diesel was not certain at the present stage.

Meeting with Hong Kong Association of Aircargo Truckers Ltd

3. Mr Richard TSANG, Chairman, opined that the Government was unaware of the operating difficulties of the transport trades. He said that it was unrealistic for the switch to the Euro V diesel when only limited details on the incentive scheme, particularly on the oil price, were given to the trades.

Meeting with Kowloon Truck Merchants Association Ltd
(LC Paper No. CB(1) 221/07-08(02))

4. Mr LEUNG Kun-kuen, Chairman, was of the view that the proposed incentive for the Euro V diesel, which was said to be more environment-friendly, was unnecessary since past experience showed that any duty concessions offered by the Government for the switch to more environment-friendly fuels would only benefit oil companies and not the transport trades. He pointed out that the Administration should waive the fuel duty to ease the operational difficulties which the transport trades were facing.

Meeting with Transport and Logistics Worker Union
(LC Paper No. CB(1) 221/07-08(03))

5. Mr TAM Wai-to, President, said that the Union considered it necessary for the Administration to formulate a competition policy on fuel supply and to bring in more oil companies to prevent monopoly. Consideration should also be given to reducing the Government rent for oil companies so that they could not use high Government rent as an excuse to increase fuel prices. The ultimate solution would be for the Administration to waive the fuel duty in an attempt to facilitate the development of the transport and logistics trades. He said that the Union was prepared to support the proposed incentive for Euro V diesel if the three requests were acceded to.

Meeting with William Car Services Co

6. Mr Ben LEUNG said that the Government should make efforts to prevent oil companies from further increasing the fuel prices as the transport trades had been

having a hard time in coping with high operating costs.

Meeting with Hong Kong, Kowloon and New Territories Public & Maxicab Light Bus Merchants' United Association

(LC Paper No. CB(1) 221/07-08(04))

7. Mr LEUNG Hung, Chairman, said that the transport trades had a hard time in coping with the high diesel price which amounted to \$9.52 per litre. In view of the greatly improved fiscal condition, the Association urged the Government to waive the fuel duty. He added that while supporting measures to improve air quality, the transport trades would be reluctant to switch to Euro V diesel when Euro IV diesel vehicles were not commonly used in Hong Kong.

Meeting with Concrete Industry Workers Union

(LC Paper No. CB(1) 221/07-08(05))

8. Mr TSE Kwong-yiu, Chairman, said that the cost of fuel accounted for almost 40% of the operating cost of concrete industry drivers. With the high fuel cost, drivers in the concrete industry were struggling for survival. Hence, there was an urgent need for the Administration to reduce the fuel duty which was much higher than that in the Mainland.

Meeting with Hong Kong Dumper Truck Drivers Association

(LC Paper No. CB(1) 221/07-08(06))

9. Mr LEE Chi-fai, Chairman, said that the cost of diesel, amounting to over \$6,000 per truck per month, had accounted for almost 55% of the operating cost of dumper truck drivers. As such, the transport trades would support reduction of the fuel duty rate and mandatory use of ULSD by the Government as in the case of the Mainland and some Southeast Asian countries. On the proposed incentive for Euro V diesel, the transport trades were generally concerned whether pre-Euro and Euro I diesel vehicles were adaptable to the switch to Euro V diesel. They also requested for measures to prevent profiteering by oil companies which might try to benefit from the duty concessions provided by Government to encourage the use of more environment-friendly fuels.

Meeting with Federation of Hong Kong Transport Worker Organizations

(LC Paper No. CB(1) 221/07-08(07))

10. Mr CHAN Sam-choi, Chairman, said that vehicle emissions had all along been identified as the main cause for poor air quality and various measures had been introduced to reduce diesel emissions. However, these measures were not found to be effective despite the high cost involved. A more effective way was to reduce emissions from power plants and industrial activities from across the border, as both sides were sharing the same airshed. In line with the practice of the Mainland and some Southeast Asian countries, Hong Kong should provide fuel subsidies for the benefit of the transport trades and mandate the use of ULSD. He said that the

Organizations were concerned whether Euro V diesel was suitable for use by pre-Euro and Euro I diesel vehicles, whether it would be more cost effective to introduce biodiesel at the same time, whether measures would be introduced to prevent profiteering by oil companies; and whether there was a need to standardize the quality and duty of diesel on both sides of the border.

Meeting with Public Light Bus General Association

11. Mr LING Chi-keung, Chairman, said that instead of reducing the duty rate from \$1.10 to \$0.56 per litre, the Administration should consider waiving the fuel duty. This was because the trades might not be able to benefit from the proposed duty concessions given that fuel prices were market driven.

Meeting with Hong Kong Container Tractor Owner Association Ltd
(LC Paper No. CB(1) 221/07-08(08))

12. Mr CHAN Fu-chuen, Director, said that the Government should learn from past experience with the introduction of duty concessions for ULSD and take measures to prevent oil companies from profiteering again this time. He said that the Association held the view that the reduction in duty rate for Euro V diesel should not be confined to a period of two years but should be for an unlimited period so as to encourage the continued use of the more environment-friendly fuel. The Administration should also consider waiving the fuel duty for Euro V diesel; setting up mechanisms to regulate the retail prices of fuels; introducing more oil companies to Hong Kong to enable fair competition; and providing more duty concessions to encourage the switch.

Meeting with Lok Ma Chau China-Hong Kong Freight Association
(LC Paper No. CB(1) 221/07-08(09))

13. Mr Stanley CHAING, Chairman, urged the Administration to consider waiving the fuel duty as the transport trades in Hong Kong were losing their competitiveness to their counterparts in the Pearl River Delta Region who were enjoying a much lower duty rate. It should also liaise with the Mainland authorities to require the transport trades in the Mainland to use more environment-friendly fuels as otherwise the efforts made by Hong Kong to reduce vehicle emissions would be futile. Meanwhile, measures should be introduced to regulate the retail prices of fuels to ensure that the proposed duty concessions would benefit the customers direct. Consideration should also be given to setting up Government-owned companies for the oil supply as in the case of Singapore.

Meeting with China Hongkong and Macau Boundary Crossing Bus Association
(LC Paper No. CB(1) 221/07-08(10))

14. Mr Alan CHAN, Secretary-General, said that the Association was supportive of the "Blue Skies Campaign", but was very concerned about the effectiveness of measures to improve air quality. By way of illustration, the \$3.2 billion incentive

scheme to encourage pre-Euro and Euro I diesel vehicle owners to switch to Euro IV diesel vehicles had not been successful as this had only provided an opportunity for vehicle dealers to profiteer from the scheme. As such, the present proposal of reducing the duty rate of Euro V diesel without regulating the retail price would not be effective in encouraging the switch because oil companies would make excuses to increase the fuel prices. In the end, the customers could not benefit from the duty concessions. In order to encourage the switch to more environment-friendly fuels, there was a need to maintain a price differential of at least 10% through subsidies from Government, similar to the switch to liquefied petroleum gas (LPG). A better and more effective way was to waive the fuel duty altogether for the benefit of the public at large.

Meeting with Taxi & PLB Concern Group

(LC Paper No. CB(1) 221/07-08(11))

15. Mr LAI Ming-hung, Chairman, expressed concern about the adaptability of existing diesel vehicles to Euro V diesel. He said that the existing Euro IV diesel vehicles were experiencing problems, such as engine breakdown, with the use of ULSD. He also shared the concern that the duty concessions provided by the Government might in the end benefit the oil companies rather than the transport trades.

Meeting with H.K. Vehicle Transportation Association

(LC Paper No. CB(1) 221/07-08(12))

16. Mr KONG Chi-keung, Chairman, opined that the transport trades would not be able to benefit from the proposed reduction of duty rate for Euro V diesel. Based on past experience with the introduction of duty concessions for ULSD, oil companies could manage to profiteer from the concessions by making various excuses to increase the retail prices of fuels. He urged the Government to take measures to regulate the retail prices of fuels instead of just reducing the duty rate. There was also a need to ensure the compatibility of existing diesel vehicles with the use of Euro V diesel. Consideration should be given to introducing more effective measures to reduce vehicle emissions, such as enhancing vehicle repair and maintenance, and encouraging the switch to more environment-friendly vehicles.

Meeting with Lam Tin Wai Hoi Public Light Bus Association

(LC Paper No. CB(1) 221/07-08(13))

17. Mr NGAI Chor, Chairman, said that the transport trades could not benefit much from the proposed reduction of duty rate from \$1.10 to \$0.56 as the fuel prices had been rising rapidly over the years and the current retail price now stood at \$9.52 per litre. He therefore urged the Administration to waive the fuel duty for the benefit of the transport trades.

Meeting with Van's Calling Centre Association

18. Mr WONG Yung-shing, member, opined that the proposed reduction in duty rate of Euro V diesel could not benefit the transport trades but provide an opportunity for profiteering by oil companies. He urged the Administration to introduce more oil companies to enable fair competition so that the fuel prices could become more competitive.

Meeting with Hon Wah Public Light Bus Association Ltd
(LC Paper No. CB(1) 221/07-08(14))

19. Mr CHAU Yee-sun, Chairman, expressed regret at the absence of representatives from oil companies at the meeting to exchange views on the Government's proposal of reducing the duty rate for Euro V diesel. He urged the Administration to consider waiving the fuel duty rate taking into account the improved fiscal position.

Meeting with The Hong Kong Union of Light Van Employees

20. Mr IP Moon-lam, Chairman, said that while the transport trades had made efforts to participate in the various schemes to reduce vehicle emissions, it was the car dealers and oil companies which benefited from the schemes. To assist the transport trades in the switch to more environment-friendly fuels, the best way was to waive the duty rate in respect of fuels.

Meeting with 中重型貨車關注組

21. Mr LAI Kim-tak, Chairman, said that there had not been evidence to suggest that the use of Euro V diesel would bring about significant improvements to air quality. The transport trades would urge for the waiving of fuel duty rather than the reduction of duty rate for Euro V diesel as the latter might have benefited the oil companies only. Despite the recovery of the economy, the transport trades were still struggling for survival. He would object to the proposed introduction of the Euro V diesel.

22. The Chairman also drew members' attention to the following submissions from deputations not attending the meeting -

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|----------------------------------|---|
| LC Paper No. CB(1) 221/07-08(15) | — Submission from Motor Transport Workers General Union |
| LC Paper No. CB(1) 221/07-08(16) | — Submission from Exxon Mobil Hong Kong Ltd |
| LC Paper No. CB(1) 221/07-08(17) | — Submission from Shell Hong Kong Ltd |
| LC Paper No. CB(1) 221/07-08(18) | — Submission from Federation of Hong Kong Industries) |

Meeting with the Administration

(LC Paper No. CB(1) 221/07-08(19) — Administration's paper on measures to promote the use of environment-friendly fuels)

23. The Deputy Director of Environmental Protection (3) (DDEP(3)) said that the Administration was aware of the concerns of the transport trades on the suitability of Euro V diesel for existing diesel vehicles and the cost-effectiveness of using this more environment-friendly fuel. He assured the transport trades that Euro V diesel was suitable for all existing diesel vehicles and would not impair their engines. In fact, Hong Kong had already been using Euro V diesel as about 40% of the motor vehicle diesel imported to Hong Kong in the first eight months of the year had met the specification of Euro V diesel. He added that the purpose of encouraging the switch to Euro V diesel was to reduce vehicle emissions and improve roadside air quality. As compared with ULSD, the use of Euro V diesel could reduce sulphur dioxide and respirable suspended particulates by 80% and 5% respectively. The Secretary for the Environment (SEN) had personally met with all the major oil companies to encourage them to pass on the benefits derived from the reduction in duty rate from \$1.10 to \$0.56 per litre to their customers. The oil companies had responded positively and pledged to duly reflect the duty concessions on the retail price of Euro V diesel after deducting the cost increase. Based on the imported prices provided by the Census and Statistics Department during the period, Euro V diesel was more costly than ULSD by up to about \$0.1 per litre. While the future price differential between ULSD and Euro V diesel would be subject to market factors, such as supply and demand situations, the proposed concessionary duty rate of \$0.56 per litre for Euro V diesel should render Euro V diesel more price competitive than ULSD.

24. Noting with disappointment that oil companies had declined to attend the meeting, Ms Miriam LAU opined that it was irresponsible on the part of oil companies that they had chosen not to meet with the transport trades. While acknowledging that Euro V diesel contained 80% less sulphur than ULSD, Ms LAU said that this might not necessarily mean that there should be 80% reduction in sulphur dioxide emissions from vehicles. She sought clarification on the actual improvements to roadside air quality which the use of Euro V could bring. The Principal Environmental Protection Officer (Mobile Source Control) (PEPO(MSC)) confirmed that since Euro V diesel contained 80% less sulphur than ULSD, fueling diesel vehicles with Euro V diesel could reduce 80% of their sulphur dioxide emissions. At members' request, the Administration agreed to provide an information note setting out the environmental benefits of Euro V diesel.

25. Given that about 40% of the motor vehicle diesel imported to Hong Kong in the past eight months met the specification of Euro V diesel, and that the trades had since been paying similar prices for both ULSD and Euro V diesel, Ms Miriam LAU asked if the retail price for Euro V diesel could be fixed at the current level so that any duty concessions provided by Government could be deducted from the retail price and benefit customers direct. Taking into account that Euro V diesel was more costly than ULSD by about \$0.1 per litre, and that the Government was prepared to reduce

the duty rate for Euro V diesel from \$1.1 to \$0.56 per litre, the price difference of \$0.46 should be duly reflected in the retail price of Euro V diesel. With the said price differential, she was quite sure that the switch to Euro V diesel could take effect at once and without further delay. However, based on past experience with the introduction of ULSD, oil companies would make different excuses to increase the retail price. By way of illustration, the retail price of ULSD had increased by \$0.89 per litre because oil companies needed to cleanse their oil tanks for storage of ULSD. By allowing oil companies to set the retail prices of Euro V diesel after deducting the cost increase, the Administration would have given oil companies the opportunity to encroach the duty concessions meant for their customers. To this end, the Administration should take measures to ensure that the duty concessions would benefit the transport trades direct rather than being profiteered by oil companies. Ms LAU also recalled that when ULSD was introduced in 2000, the oil companies had made known to the public that there would be a cost increase of \$0.89 per litre for the cleansing cost which was factored into the incentive scheme for ULSD to work out the duty concessions to ensure that the price of ULSD remained competitive. The transport trades were well aware of the said arrangement and the likely retail price of ULSD. However, no similar arrangement was made this time for the Euro V diesel and the transport trades had no idea on the cost increase associated with the supply of Euro V diesel by oil companies. She queried why the cost increase, which could range from cleansing to promotional costs, could not be made known at the present stage, particularly when 40% of the motor vehicle diesel imported to Hong Kong in the past eight months met the specification of Euro V diesel. She considered that as a responsible Government, it should obtain more information from the oil companies regarding the cost increase associated with the supply of Euro V diesel.

26. DDEP(3) responded that the purpose of the proposed reduction of duty rate of Euro V diesel was to encourage the switch to this more environment-friendly fuel with a view to improving the roadside air quality. In consultation with the Financial Services and Treasury Bureau, it was decided that the duty rate of Euro V diesel could be reduced from the present \$1.11 to \$0.56 per litre. The oil companies had been requested to duly reflect the duty concessions on the retail price of Euro V diesel after deducting the cost increase. As to the extent to which the duty concessions could be reflected in the retail price, DDEP(3) explained that future retail price of diesel would be subject to a host of factors, including the additional costs to be incurred by the oil companies, market supply and demand situations. Hence, the Government was not in a position to make any guarantee regarding the future retail price of Euro V diesel. With the reduction in duty rate of Euro V diesel, it was hoped that oil companies would import more Euro V diesel which would in turn promote the use of this environment-friendly fuel. He also agreed to liaise with oil companies regarding the cost increase associated with the supply of Euro V diesel.

(Post-meeting note: An information note explaining the benefits of Euro V diesel and reporting on oil companies' responses to questions relating to the retail price of Euro V diesel was circulated to members vide LC Paper No. CB(1) 258/07-08 on 15 November 2007.)

27. While supporting the use of more environment-friendly fuels, Miss CHOY So-yuk shared the concern that oil companies would make various excuses to increase the retail price, as shown by previous experience, thereby defeating the purpose of the duty concessions provided by the Government. The situation would be further aggravated if the use of Euro V diesel was made mandatory. She considered it necessary for the Administration to take measures to ensure that the duty concessions would benefit the transport trades and encourage them to switch to the use of more environment-friendly fuels. DDEP(3) said that SEN had personally met with all the major oil companies to encourage them to pass on the benefits derived from the reduction in duty rate to their customers. The oil companies had responded positively and pledged to duly reflect the duty concessions on the retail price of Euro V diesel after deducting the cost increase. The Administration would continue to monitor the trend in international and import prices, as well as local retail prices.

28. Mr Howard YOUNG remained concerned about the suitability of Euro V diesel for use by all types of diesel vehicles. He asked if any additional installations and/or extra costs would be incurred on the part of vehicle owners in switching to this more environment-friendly fuel. He also enquired about the fuel efficiency of Euro V diesel and how it compared with other diesels. DDEP(3) explained that it was the Administration's understanding that Euro V diesel was suitable for all existing diesel vehicles. He reiterated that Euro V diesel was being used in Hong Kong now since about 40% of the motor vehicle diesel imported to Hong Kong within the first eight months of the year had already met the Euro V standard. As for the fuel efficiency of Euro V diesel, PEPO(MSC) advised that it was on a par with the existing ULSD.

29. To encourage the continued use of more environment-friendly fuels, Ms Miriam LAU enquired whether the duty concessions for Euro V diesel could last for an indefinite period instead of for a period of two years. The Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (PAS(FST)) said that the Administration's intention was to reduce the duty rate for Euro V diesel to \$0.56 per litre for a period of two years, starting from 1 December 2007. A review of the effectiveness of the incentive scheme would be conducted before a decision was reached to make the use of Euro V diesel mandatory in January 2009 in tandem with the European Union (EU). Ms LAU asked if, after the said review, the duty concessions would be provided for an indefinite period, instead of a time-limited period. PAS(FST) said that the Administration would take into account the effectiveness of the incentive scheme as well as the feedback from the transport trades in its review.

30. Ms Miriam LAU was concerned about the confusion which might arise with the use of Euro V diesel given that its supply was not guaranteed. DDEP(3) said that supply should not be a major cause for concern given the relatively small size of the market for diesel in Hong Kong. Besides, the proposed reduction in duty to \$0.56 would provide a great incentive for oil companies to switch to supplying Euro V diesel. However, it might take some time for the oil companies to fully adjust to the import of motor vehicle diesel which met the specification of Euro V diesel.

31. Mr TANG Chi-keung/Public Omnibus Operators Association Ltd expressed concern that the increase in retail price of Euro V diesel would offset the proposed reduction in duty rate. He was also dissatisfied that the Administration's failure to consult the transport trades, which were the actual users, before introducing incentive schemes to encourage the switch to environment-friendly vehicles and fuels. Mr LAI Kim-tak/中重型貨車關注組 shared the concerns that the reduction in duty rate would only benefit oil companies and would not be reflected in the retail price of Euro V diesel. Mr Stanley CHAING/Lok Ma Chau China-Hong Kong Freight Association said that while the Government had been putting the blame on diesel vehicles for the poor air quality, it was worth noting that these vehicles were still commonly used in EU countries because they were more energy-efficient and less fuel-consuming and hence more environment-friendly. He also pointed out that the EU countries had allowed for the blending of 5% to 10% biodiesel in ULSD but this was not allowed in Hong Kong. He therefore urged the Administration to consider introducing biodiesel in Hong Kong to facilitate competition which would in turn render the fuel prices more competitive. The ultimate solution was for the Administration to waive the fuel duty. Mr Alan CHAN/China Hongkong and Macau Boundary Crossing Bus Association echoed that the Environmental Protection Department had failed to consult the transport trades before proposing to reduce the duty rate of Euro V diesel. He supported that the use of Euro V diesel should be tried out under a pilot scheme before applying across the board in Hong Kong. There was also a need to ensure that the duty concessions were reflected in the retail price of Euro V diesel. Mr LING Chi-keung/Public Light Bus General Association was concerned that the proposed reduction in duty rate of Euro V diesel would only be valid for a period of two years and not subject to extension upon the review. He therefore urged for the entire removal of the fuel duty.

32. Given that more than half of the public light buses (PLBs) in Hong Kong were running on liquefied petroleum gas (LPG) which were duty free while the remainder were running on diesel, Mr LAI Ming-hung/Taxi & PLB Concern Group held the view that the fuel duty for these diesel PLBs should be waived. He said that some of the PLB owners did not wish to switch to LPG PLBs because they were concerned about the limited availability of LPG filling stations. PAS(FST) said that as the environmental performance of LPG was better than that of diesel, fuel duty was waived in respect of LPG in an attempt to encourage the switch. The Administration intended to maintain such a duty incentive.

33. The Chairman reminded members that SEN would move a resolution under section 4(2) of the Dutiable Commodities Ordinance (Cap. 109) at the Council meeting on 14 November 2007 to reduce the duty of Euro V diesel to a concessionary rate of \$0.56 per litre from 1 December 2007 to 30 November 2009. Ms Miriam LAU said that she would request to speak on the motion so that her views and concerns about the proposal could be recorded at the proceedings.

II. Any other business

34. There being no other business, the meeting ended at 5:05 pm.

Council Business Division 1
Legislative Council Secretariat
12 December 2007