



**Promoting Cleaner Fuels – A Shell Perspective**  
**Submission to Panel on Environmental Affairs**  
Special Meeting (November 9, 2007)

**I. Promoting sustainability and cleaner fuels**

Promoting sustainability and cleaner fuels is a longstanding policy of Shell. We share the local community's aspirations for a cleaner environment, and we support the Government's latest initiative to introduce Euro V diesel to Hong Kong as a further measure to improve air quality.

*Importing Euro V Diesel*

Importing Euro V diesel is just one of the many environment-friendly initiatives that Shell has adopted for the benefit of the territory over the years. We are committed to sourcing cleaner fuels, and we have been working closely with the Government to champion their use in the territory. To cite a few examples, we took the lead in importing Ultra-Low Sulphur Diesel into the Hong Kong market in 2000, and we were the first oil company to phase out leaded petrol and then introduce unleaded petrol. We also fully supported the Government's decision to introduce auto-LPG in 1997 and further rolled out a program to retrofit as many fuel stations as we could.

We are in the process of sourcing Euro V diesel to ensure that we can be in compliance with the schedule set by the Government. We will continue to discuss with the Government on the details, including the logistics and cost, of importing the fuel into Hong Kong.

We also welcome the Government's proposed concession for the duty charged on Euro V diesel and would like to reaffirm our commitment that any such reduction will be fully reflected in the duty rate of our retail list price.

**II. Knowledge and experience-sharing with stakeholders**

As a champion for cleaner fuels, we at Shell are keen to share our knowledge and experience in respect of market trends and technological developments in the energy sector. We firmly believe that promoting better understanding of such areas is the key to arriving at more informed conclusions.

To this end, we have been hosting a number of sharing sessions with our stakeholders since 2005. The first of such session took place in late 2005 when we invited our international fuel experts to Hong Kong to share our views on cleaner fuel options and experiences with our customers, officials from the Environmental Protection Department (EPD), academics and green groups. This engagement program is an ongoing effort that has been extended over the past two years to cover more government agencies, political parties, business groups and

non-governmental organizations. These sessions have been very valuable as they have covered a wide range of issues including Euro V fuels, other cleaner fuel options and how to rate them in terms of sustainability using CO<sub>2</sub> emission on a “well-to-wheel” basis.

### **III. Shell’s commitment to the future**

Shell will continue to do its best to provide quality products and services to the local community in a sustainable manner. We would also like to add that there are cleaner fuel options in addition to Euro V diesel which are worth exploring. Recently, we successfully concluded a six-month trial of Shell’s synthetic GTL (Gas to Liquid) Fuel on Shanghai’s Euro II buses. The findings proved that GTL produces significantly lower level of black smoke, particles, NO<sub>x</sub> and emissions than those of conventional diesel fuel. The Shanghai experience is a useful reference for our future study of the Hong Kong market. In the globe, Shell has been involved in developing biofuels for over 30 years and we believe that we are the largest distributor of transport biofuels. Shell has also taken a leading role in joint government and industry discussions and partnerships to plan and develop hydrogen and fuel cell activities. More information about our cleaner fuel efforts can be found on our website, [www.shell.com/fuels](http://www.shell.com/fuels).

Shell understands the importance of communicating with our stakeholders, and we look forward to collaborating with the Government and addressing practical solutions to any stated energy policy in the future.

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