

**Progress Report on Actions Taken in Respect of the Motion on
“Alleviating the burden of fuel costs on the public and relevant trades”
moved by Hon. Miriam Lau at the Legislative Council Meeting
of 12 November 2008**

At the Legislative Council Meeting of 12 November 2008, the motion on “Alleviating the burden of fuel costs on the public and relevant trades” was carried. Follow-up actions taken in respect of the recommendations put forward by Members in the motion are summarized below:

Urge oil companies to immediately reduce the local prices of auto-fuel, marine fuel and industrial fuel as well as gaseous fuel according to the level of reductions in international oil prices

2. In a free market economy, retail prices of auto-fuel and LPG in Hong Kong are determined by oil companies having regard to commercial practices and their operating costs. The Government does not have the power to dictate the retail prices of fuel products. We appreciated the impact of the fuel prices on the local economy. We have asked the oil companies to promptly adjust prices in tandem with international oil price movements and be more transparent in price setting.

3. We note that the international oil price has come down continuously since July 2008. We have been in close contact with oil companies and urged them to promptly adjust prices in tandem with international oil price movements to lessen the burden on the public. Since July 2008, the local oil companies have reduced the retail prices of unleaded petrol and motor vehicle diesel 13 times and 12 times respectively (an individual oil company even reduced the retail price of unleaded petrol 15 times to align with the market price). We will continue to monitor whether the fuel prices are “quick going up, slow coming down”.

4. Regarding the gas price, Shell adjusted the LPG price in November 2008 following its voluntary pricing mechanism. The price of LPG from central has dropped to \$6.29 per cubic metre with a decrease of 17%. The wholesale price of cylinder LPG has dropped by \$2.58 per kilogram with a decrease of

over 20%. We noted that other oil companies also reduced the LPG prices following Shell's price adjustment on the same day.

Publish more detailed data on the prices of international oil and gaseous fuel products and the import prices of local oil and gaseous fuel products, so that the public can monitor relevant price changes more effectively

5. We have posted onto Environment Bureau's website from 22 October 2008, on a weekly basis, the movements of local import prices and retail prices of auto-fuel in comparison with the movements of Singapore free-on-board prices for unleaded petrol and motor vehicle diesel for the public to monitor the retail prices.

6. In addition, starting from 20 November 2008, the Consumer Council has also been publishing weekly the local retail prices of auto-fuel and the promotional offers of different oil companies. Consumers can have a better grasp on the market situation and make a smart choice. The Consumer Council also plans to launch a calculator function on its website in January 2009. By inputting a pre-set amount of money (e.g. \$1,000), the calculator can work out the discount offered by different oil companies, based on which the consumers can make the best choice.

Auto-LPG Price of Dedicated LPG Filling Stations

7. Following the drop of international LPG price, auto-LPG ceiling prices of dedicated LPG filling stations had been reduced since 1 December 2008 by \$1.35 to \$1.36 per litre to \$2.86 to \$3.25 per litre. The prices had been further reduced since 1 January 2009 by \$0.65 to \$0.66 per litre to \$2.21 to 2.6 per litre.

**Environment Bureau
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