

立法會

Legislative Council

LC Paper No. CB(1) 914/09-10
(These minutes have been seen
by the Administration)

Ref : CB1/PL/EA/1

Panel on Environmental Affairs

Minutes of meeting
held on Monday, 23 November 2009, at 2:30 pm
in Conference Room A of the Legislative Council Building

Members present : Hon Audrey EU Yuet-mee, SC, JP (Chairman)
Hon CHAN Hak-kan (Deputy Chairman)
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon James TO Kun-sun
Hon Andrew CHENG Kar-foo
Hon Albert CHAN Wai-yip
Hon LEE Wing-tat
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon CHEUNG Hok-ming, GBS, JP
Prof Hon Patrick LAU Sau-shing, SBS, JP
Hon KAM Nai-wai, MH
Hon Cyd HO Sau-lan
Hon CHAN Kin-por, JP
Hon Tanya CHAN

Member attending : Hon WONG Kwok-hing, MH

Members absent : Hon WONG Yung-kan, SBS, JP
Hon Miriam LAU Kin-yeet, GBS, JP

Public officers : **For item IV**
attending

Dr Kitty POON
Under Secretary for the Environment

Mr Vincent TANG
Assistant Director
(Nature Conservation & Infrastructure Planning)
Environmental Protection Department

Mr Joseph SHAM
Assistant Director (Country & Marine Parks)
Agriculture, Fisheries and Conservation Department

Mr Edward WONG
Senior Marine Parks Officer
Agriculture, Fisheries and Conservation Department

For item V

Dr Kitty POON
Under Secretary for the Environment

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

Mr MOK Wai-chuen
Assistant Director (Air Policy)
Environmental Protection Department

Mr Edmond HO
Principal Environmental Protection Officer
(Mobile Source)
Environmental Protection Department

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

Action

- I. Confirmation of minutes**
(LC Paper No. CB(1) 390/09-10 — Minutes of the special meeting held
on 16 October 2009)

The minutes of the special meeting held on 16 October 2009 were confirmed.

II. Information paper issued since last meeting

2. Members noted the following information papers which had been issued since last meeting -

LC Paper No. CB(1) 271/09-10 — Administration's response to the referral arising from the meeting between Legislative Council Members and Yau Tsim Mong District Council members on 4 June 2009 regarding the light pollution problem in urban area

LC Paper No. CB(1) 340/09-10(01) — Submission from the Hong Kong Retail Management Association requesting for a review of the effectiveness of the environmental levy scheme on plastic shopping bags

III Items for discussion at the next meeting and matters arising

(LC Paper No. CB(1) 392/09-10(01) — List of follow-up actions

LC Paper No. CB(1) 392/09-10(02) — List of outstanding items for discussion)

3. Members agreed to discuss the following items proposed by the Administration at the next regular meeting scheduled for Tuesday, 15 December 2009, at 10:45 am -

(a) 341DS – Harbour Area Treatment Scheme, stage 2A – upgrading of Stonecutters Island sewage treatment works and preliminary treatment works; and

(b) 359DS - North District sewerage, stage 1 phase 2B.

4. Referring to the submissions from the World Wide Fund for Nature Hong Kong, the New Territories Fishermen Fraternity Association and the Hong Kong Fishermen Consortium (all tabled at the meeting) regarding the Administration's proposal to ban commercial fishing in marine parks, the Chairman suggested and members agreed that deputations should be invited to express their views at the next meeting on 15 December 2009.

5. Noting that the Secretary for the Environment (SEN) would attend the United Nations Climate Change Conference to be held in Copenhagen in December 2009, the Chairman suggested that the Administration should be requested to brief the Panel on the outcome of the Conference at the regular meeting in January 2010. Opportunity would also be taken for the Administration to brief members on the findings of the public consultation on the Review of Air Quality Objectives, the consultation of which had ended on 30 November 2009.

6. The Chairman sought members' views on the re-activation of the Subcommittee on Combating Fly-tipping (the Subcommittee) in the current legislative session. She said that when the Subcommittee was first set up in the 2008-2009 session, it was agreed that the Subcommittee should complete its work within the session. The Subcommittee was subsequently dissolved after submission of the report on its work to the Panel in August 2009.

7. Mr LEE Wing-tat supported that the Subcommittee should be reactivated, and that it should resume work as soon as possible given the prevalence of fly-tipping and illegal land filling activities. His views were shared by Mr CHEUNG Hok-ming who said that joint efforts should be taken by the Administration and Heung Yee Kuk to combat the fly-tipping problem. The Chairman concluded that the Panel supported the re-activation of the Subcommittee. As regards commencement of work of the Subcommittee, the Chairman advised that according to House Rule 26(a), the maximum number of subcommittees on policy issues appointed by the House Committee (HC) and Panels that might be in action at any one time was eight. As there were already nine such subcommittees in action, the Subcommittee would automatically be put on the waiting list, and would not be able to commence work until two existing subcommittee finished its work, or unless HC so approved. Mr LEE opined that the Subcommittee should commence its work as soon as possible without having to await the completion of the work of two existing subcommittees, which might take months. With members' support, the Chairman said that a paper would be submitted to HC seeking approval to reactivate the Subcommittee and to allow it to commence work immediately.

8. The Chairman also reminded members of the joint meeting with the Panel on Development on Thursday, 10 December 2009, at 8:30 am to discuss the subject of "Green buildings".

(Post-meeting note: The joint meeting was subsequently postponed to 14 December 2009, at 10:45 am to avoid clashing with the anticipated extension of the Council meeting.)

IV. Banning of commercial fishing in marine parks

(LC Paper No. CB(1) 392/09-10(03) — Administration's paper on banning of commercial fishing in marine parks

LC Paper No. CB(1) 392/09-10(04) — Paper on banning of commercial fishing in marine parks prepared by the Legislative Council Secretariat)

9. The Chairman said that the banning of commercial fishing in marine parks was last discussed at the Panel meeting on 21 January 2009, during which the Administration was requested to report to the Panel outcome of consultation with the affected fishermen.

Consultation with affected fishermen

10. The Under Secretary for the Environment (USEN) said that pursuant to the Panel's request, the Administration had consulted and liaised with the relevant fishermen associations on the proposal to ban commercial fishing in marine parks. In general, the fishermen associations and fishermen both indicated that, should they be banned from conducting commercial fishing in marine parks, the Government should put in place suitable measures in order to alleviate the impact that the policy initiative would bring to them. The permit holders of existing marine parks generally were of the view that providing them Ex-gratia Allowance (EGA) could alleviate the impact of the ban. The Government would follow up on the views gathered from the consultation exercise, and would make reference to the established mechanism of providing EGA to fishermen who were affected by marine development works (the amount would be equivalent to the notional value of seven years' fish catch in the affected waters) in alleviating the impact of the ban. The Administration would set up an inter-departmental working group to handle all EGA applications submitted by affected fishermen.

11. The Assistant Director (Nature Conservation & Infrastructure Planning) said that the Administration had consulted the relevant District Councils (DCs), including Tai Po DC, North DC and Tuen Mun DC, on the proposed ban on commercial fishing in marine parks. They generally agreed that the Government should take measures to protect the ecology and resources in the marine parks, but were concerned about the impact of ban on the livelihood of affected fishermen. They suggested that the Administration should consider providing EGA to the affected fishermen and consult the latter in this respect. The Assistant Director (Country & Marine Parks) (AD(C&MP)) added that the Administration had conducted seven rounds of consultation with affected fishermen since March 2009. These included consultation meetings with 57 permit holders of marine parks at Ap Chau, Kat O, O Pui Tong, Sai Lau Kong and Sha Tau Kok on 4 March 2009 at the Sha Tau Kok Community Hall, 49 permit holders of marine parks at Cheung Chau, Castle Peak Bay, Ma Wan, Tung Chung, Tai O on 6 March 2009 at the Tuen Mun District Council Office, as well as 70 permit holders and 20 non-permit holders of marine parks at Sam Mun Chai, Shum Wan, Tap Mun, Tai Po, Yung Shue O on 9 March 2009 at the Tai Po District Council Office. Further consultation meetings with 25 permit holders were held on 15 May 2009 at the Ko Lau Wan Village Hall, and 32 permit holders at the Tap Mun Village Hall on 20 May 2009. The Administration also met with the Hong Kong and Kowloon Fishermen Fraternity Association and the New Territories Fishermen Fraternity Association on 17 August and 24 September 2009 respectively.

12. Mr KAM Nai-wai questioned why no consultation meetings were held at the Southern District where most of the fishermen resided and where the Hong Kong Fishermen Consortium was located. AD(C&MP) explained that consultation meetings with fishermen were held at the venues close to the fishing grounds at the existing marine parks. Further meetings would be held with affected fishermen in different districts.

13. Contrary to the Administration's saying that it had consulted the fishermen associations which were agreeable to the ban if suitable measures were put in place to alleviate the impact on affected fishermen, Mr Jeffrey LAM noted that the two

fishermen associations had stated in their submissions tabled at the meeting that they had not been adequately consulted, and that they were opposed to the ban. On behalf of Mr WONG Yung-kan, who was unable to attend the meeting, Mr CHAN Hak-kan raised objection to the proposed ban on the following grounds -

- (a) it was unfair to hold local fishermen responsible for damaging the marine habitat and fishery resources which was in fact caused by cross-border illegal fishing activities involving the use of trawlers;
- (b) fishermen were strongly opposed to the ban as this would result in the cancellation of fishing permits of bona fide fishermen which would seriously affect their livelihood;
- (c) the Administration had not stated in the information paper the objections raised by the associations during consultation;
- (d) details of the compensation package as well as the measures to alleviate the impact of the ban had yet to be provided by the Administration; and
- (e) the setting of the EGA at an amount equivalent to the notional value of seven years' fish catch in the affected waters would not be sufficient to compensate the impact of the ban on the livelihood of affected fishermen.

Mr CHAN added that Members belonging to the Democratic Alliance for Betterment and Progress of Hong Kong and the Tai Po DC would not support the ban unless the Administration reached a consensus with the affected fishermen.

14. USEN said that divergent views had been received during the consultation on the proposed ban. Further views from affected fishermen would be sought on the measures to alleviate the impact of the ban and efforts would be made to reach a consensus with them. Apart from EGA equivalent to the notional value of seven years' fish catch in the affected waters, consideration would be given to assisting the affected fishermen to find alternative employment, including job opportunities arising from the development of ecotourism in geological parks and artificial reefs. In combating cross-border illegal fishing activities, the Agriculture, Fisheries and Conservation Department (AFCD) had been working in concert with the relevant Mainland authorities. The proposed ban would in effect assist both sides in taking enforcement actions against these activities. The Chairman opined that the Administration should have included the outcome of consultation in its paper as members would need such information to consider whether they would support the proposed ban or not. At members' request, the Administration agreed to provide a paper setting out the details and outcome of consultation with relevant DCs, fishermen associations and fishermen.

Admin

15. Mr CHEUNG Hok-ming said that the designation of marine parks as a means to protect the marine ecology had the support of the Tai Po DC. In the light of concern about the impact of designation on the livelihood of bona fide fishermen, the Administration had agreed to issue fishing permits to enable them to continue fishing in the marine parks. He failed to understand why the Administration had proposed to

stop issuing the fishing permits to bona fide fishermen, and resort to compensate them with EGA instead. While agreeing that the Administration should be reprimanded for not reflecting adequately the views gathered at the public consultation with fishermen associations, Mr KAM Nai-wai enquired about the policy intent of banning commercial fishing in marine parks. Mr Jeffrey LAM also enquired if commercial fishing was so harmful to the marine ecology in marine parks that warranted the ban. He was concerned that the ban would be extended to cover more marine areas in Hong Kong, thereby further affecting the livelihood of fishermen.

16. USEN said that there were currently four marine parks covering about 2% of Hong Kong waters. The proposed ban was meant to protect the marine ecology and fishery resources in marine parks, since commercial fishing was deleterious to the marine ecology. With the banning of commercial fishing in marine parks, the marine biodiversity and fishery resources would be significantly recovered in 10 years' time. After the marine parks were relieved of fishing pressure, there would be an increase in fishery resources not only within the marine parks, but also to the adjacent waters, hence benefiting the overall marine environment. While consideration would be given to designating more marine parks following the establishment of geological parks, the total area of marine parks would not exceed 4% of Hong Kong waters. In other words, bona fide fishermen would still have sufficient fishing grounds for commercial fishing in Hong Kong waters. In addition, the Food and Health Bureau would formulate plans and measures on the development of sustainable fisheries. To alleviate the impact of the proposed ban, the Administration would consider providing the affected fishermen with EGA and other forms of assistance.

17. Mr KAM Nai-wai asked if the fishery resources were centralized in the marine parks. AD(C&MP) said that the reduction in fishing activities inside marine parks would indeed help rehabilitate the fishery resources and benefit the adjacent waters in the long run. By way of illustration, the no-fishing core areas in Tung Ping Chau Marine Park showed a progressive increase in finfish biomass from 2005 onwards. The effect would be more pronounced with the implementation of the ban on commercial fishing in marine parks. In response to Mr KAM's further question on the number of families to be affected by the proposed ban, USEN said that AFCD had issued 380 fishing permits to bona fide fishermen. The number of families to be affected would be more or less the same.

18. Mr CHEUNG Hok-ming enquired whether the ban would apply to fishing permits of local residents, and whether non-local residents could apply for such permits. AD(C&MP) said that the ban would not apply to fishing by local residents as their fishing was primarily confined to small-scale cage trapping, hand lining and hand netting only. Unlike commercial fishing which used large quantities of gill net, purse seine, long line and hand trawl, fishing activities by local residents were in small scale and conducted sporadically which would have limited impacts on marine habitats. As regards issuance of fishing permits to non-local residents, AD(C&MP) said that following meetings with the village representatives and residents of Tung Ping Chau, it was agreed that former residents returning from overseas satisfying the eligibility criteria could apply for fishing cards from AFCD in order to fish in the marine parks.

19. Mr Albert CHAN expressed grave disappointment that the Environmental Protection Department and AFCD had paid no heed to the livelihood of bona fide fishermen, who had much difficulty in earning a living because the former had not done enough to protect and develop fishery resources. He recalled that the provision of EGA equivalent to the notional value of seven years' fish catch in the affected waters had been proposed as a temporary relief to fishermen after he had had several rounds of discussion with the Administration in the 1990s. It was also at that time when the then Secretary for Economic Services had suggested the development of artificial reefs in marine parks to improve the fishery resources in Hong Kong. He found it objectionable that the Administration now proposed to ban commercial fishing in marine parks, and to offer EGA to the affected fishermen. Such arrangements would have adverse impact on the livelihood of fishermen. He added that it was most unfair that local residents and village representatives as well as those returning from overseas could be allowed to continue fishing in marine parks while bona fide fishermen were banned from doing so. He called upon other members to object to the proposed ban on commercial fishing in marine parks. The Administration should withdraw the proposal and re-submit plans to develop the fishery resources in Hong Kong, including restrictions on the mode of fishing as well as the size and number of fish and marine organisms which could be caught. In response, USEN stressed the need to protect the marine habitat and fishery resources. She said that the Administration would discuss with the affected fishermen on measures to alleviate the impact of the ban on their livelihood.

Calculation of EGA

20. Given the contribution of fishermen to the economy of Hong Kong in the past, Mr Jeffrey LAM emphasized the need for measures to alleviate the impact of the ban on the affected fishermen. USEN said that apart from EGA, the Administration would try to identify alternative employment opportunities for them. These might include jobs arising from the development of eco-tourism. Training as appropriate would be provided to the affected fishermen in facilitating the change of job.

21. Miss Tanya CHAN said that there was a need to ascertain the impact of the proposed ban on the fish catch of local fishermen to determine the amount of EGA to be granted. USEN said that according to past experience, the amount of fish catch in the four marine parks was around \$10 million per year which represented a very small percentage of the total fish catch in Hong Kong. Based on the notional value of seven years' fish catch in the affected waters, the estimated amount of EGA was around \$150,000 per permit holder. Mr Albert CHAN questioned why the proposed EGA was much higher than that offered to the fishermen affected by the reclamation of Penny's Bay. At members' request, the Administration agreed to provide the percentage contribution of fish catch from the four marine parks, and the basis for calculating EGA with reference to that adopted for affected fishermen in the case of the Penny's Bay.

Admin

22. In response to Miss Tanya CHAN's further question on the time for recovery of fishery resources in marine parks after fishing pressure was relieved as a result of the ban, USEN said that a significant increase in fishery resources inside the marine parks was expected within 10 years after the imposition of the ban.

Development of sustainable fisheries

23. Mr WONG Kwok-hing considered that a long-term policy to ensure sustainability of the fishing industry and the livelihood of fishermen was more worth pursuing than the proposed ban on commercial fishing. He held the view that the Environment Bureau (ENB) was not familiar with the fishing industry and was only concerned about the protection of marine ecology in marine parks. As the proposed ban would in effect force local fishermen out of business, he could not support the proposal. USEN said that the Administration would endeavour to identify measures to assist the affected fishermen with a view to alleviating the impact of the ban. It was worth noting that a consultancy study on the direction and long-term goals for sustainable development of local fishery industry had been completed, and the findings were being examined by the Food and Health Bureau (FHB). Given the latest development, Mr WONG opined that consideration should be given to withdrawing the proposed ban until release of the outcome of the study. There should be more coordination between ENB and FHB in the future development of sustainable fisheries.

Enforcement against illegal fishing activities

24. Mr WONG Kwok-hing noted from the fishing associations' submissions that Government's efforts were targeting at local fishermen rather than cross-border illegal fishing activities. He enquired whether local fishermen were allowed to fish in all Hong Kong waters, and whether there was estimate on the number of Mainland fishermen fishing in Hong Kong waters. AD(C&MP) said that local fishermen were allowed to fish in all Hong Kong waters except that in marine parks where only non-trawling fishing with permit would be allowed. As for Mainland fishermen, their vessels were not normally allowed to enter Hong Kong. In response to Mr CHEUNG Hok-ming's enquiry on the joint enforcement actions taken by both sides to combat illegal fishing activities, AD(C&MP) said that there were some 10 prosecution cases in the past year. Statistics on the enforcement actions against Mainland fishermen could be provided for members' reference.

V. Introduction of Euro V standard for motor vehicle fuel

(LC Paper No. CB(1) 392/09-10(05) — Administration's paper on introduction of Euro V standard for motor vehicle fuel

LC Paper No. CB(1) 392/09-10(06) — Paper on introduction of Euro V standard for motor vehicle fuel prepared by the Legislative Council Secretariat (background brief)

25. USEN briefed members on the Administration's proposal to tighten the specifications of motor vehicle diesel and unleaded petrol to Euro V standards with effect from 1 July 2010.

Compatibility of Euro V fuels with existing vehicles

26. While supporting the proposal which would help reduce emissions from vehicles, Mr CHAN Kin-bor enquired if Euro IV vehicles could be able to switch to use Euro V motor vehicle fuels, and whether assessment had been made to ascertain the effect of the switch on the performance of vehicles. Expressing similar concern, Mr WONG Kwok-hing noted that professional drivers had reservation about the switch because the use of Euro V diesel by Euro IV diesel vehicles would lead to frequent breakdown. He enquired if the Administration had consulted the trades on the use of Euro V vehicle fuels. Given that Euro V vehicle emission standards had yet to be implemented in Hong Kong partly because Japan, the major importer of heavy duty commercial vehicles, required more time to produce Euro V compliant vehicles, he failed to see the urgency for tightening the specifications of motor fuels to Euro V fuel standards with effect from 1 July 2010. Mr KAM Nai-wai also enquired about the timeframe for the implementation of Euro V vehicle emission standards.

27. In response, USEN said that no specific timeframes had been set for the implementation of Euro V vehicle emission standards since a sufficient supply of compliant Euro V vehicles had yet to be secured from Japan. The Administration would keep the situation under review and revisit the matter taking into account the supply of compliant vehicles. Given that there was a wide availability of Euro V motor vehicle fuels, and that there were no incompatibility problems for existing vehicles, including Euro IV vehicles, to use Euro V motor vehicle fuels (i.e. for both diesel and petrol), it was relatively easier to tighten the specifications of motor vehicle fuel standards to Euro V standards. It was expected that the amount of sulphur dioxide emissions would be reduced by 80% as a result of the switch. USEN assured members that the transport trades would be consulted before making the Euro V vehicle emission standards statutory requirements.

28. Mr WONG Kwok-hing requested to put in the record the Administration's undertaking on consultation with the trades before implementing the Euro V vehicle emission standards. Apart from the views of the oil companies, he asked whether the views of the transport trades had been sought in respect of the compatibility of vehicles with Euro V fuels. The Assistant Director of Environmental Protection (Air Policy) (ADEP(AP)) reiterated that existing diesel vehicles could run on Euro IV fuel without problem. To promote the use of more environment-friendly fuels, the Administration had reduced the duty rate for Euro V diesel on 1 December 2007 and since then diesel vehicles had also been using Euro V diesel without problem. As for Euro V petrol, its import volume in the first seven months of 2009 already made up 45% of total petrol supply. There was no evidence of its incompatibility with existing petrol vehicles.

29. While supporting the use of cleaner fuels and vehicles from an environmental perspective, Mr CHAN Hak-kan said that experience had shown that Euro IV vehicles were quite problematic when used in Hong Kong contrary to their good performance in European countries. Given that Euro V diesel was widely available in Hong Kong, he enquired if the Administration had conducted any study on the impact of Euro V diesel on vehicle performance and if so, the outcome of the study. His views were shared by Mr KAM Nai-wai. ADEP(AP) advised that the European Union (EU) had implemented the Euro V standard for motor vehicle fuel since January 2009. Euro V

diesel was now being offered exclusively for diesel vehicles at all filling stations in Hong Kong while Euro V petrol had gradually become widely available. The actual experience had indicated that Euro V motor vehicle fuels could be used by existing vehicle types. In response to Mr KAM Nai-wai's enquiry about the difference between Euro IV and Euro V fuels, ADEP(AP) explained that the major difference was the tightening of the cap on sulphur content from 0.005% to 0.001%. As Euro V petrol contained less sulphur, it could improve the emission performance of vehicles. For example, an existing petrol vehicle using Euro V petrol would emit about 10% less carbon monoxide, nitrogen oxides and hydrocarbons.

30. Noting that the import volume of Euro V petrol already comprised 45% of the total petrol supply, Ms Cyd HO questioned the need for oil companies to require an advance notice of six months before Euro V petrol was made mandatory. She held the view that the legislation on the mandatory use of Euro V motor vehicle fuels should be implemented as soon as possible. ADEP(AP) explained that once Euro V standard became mandatory for petrol, the oil companies would need to make arrangements to ensure a stable supply of Euro V petrol. A reasonable lead time would be required for the preparatory arrangements. In response to Ms HO's further enquiry on when the existing stock of Euro IV petrol would be exhausted, ADEP(AP) said that the existing stock of Euro IV was not expected to be very high as there were at least monthly shipments of petrol to Hong Kong.

31. Mr Jeffrey LAM considered it necessary for the Administration to confirm that the performance of Euro I, II, III and IV vehicles would not be affected by the switch to Euro V fuels. He also pointed out that, unlike overseas countries where fuels with different octane contents were available to suit the performance of different vehicles, not much choice was offered in filling stations in Hong Kong due to site constraints. As a result, consumers would have no choice but to use whatever fuels available in Hong Kong even if their vehicles did not require the support of fuels with higher octane levels at a higher price. To this end, consideration should be given to providing a wider choice of fuels with different price ranges for consumers to choose from. USEN said that apart from the need to comply with the statutory standards, the types of fuels to be provided in Hong Kong were decided by the oil companies taking into account market needs and site constraints. ADEP(AP) said that the Environmental Protection Department was responsible for setting and enforcing the standards for vehicle fuels to be supplied in Hong Kong for the sake of controlling exhaust emissions. In line with EU, the statutory standards set out certain minimum requirements for octane numbers. It was up to oil companies to decide on the exact octane numbers of their fuel as long as the minimum requirements were fulfilled. Given that the petrol in Hong Kong usually contained higher octane levels than necessary, Mr LAM enquired about the types of vehicles which could only use such types of fuels. ADEP(AP) advised that vehicle performance would differ with different models. In view of the huge price difference between high standard fuel and average standard fuel, Mr LAM remained of the view that a wider choice of fuels should be made available for consumers.

32. Mr CHAN Hak-kan said that biodiesel was not popular in Hong Kong because the Government did not require oil companies to supply biodiesel. He opined that it was pointless to introduce labeling requirements for biodiesel if no efforts were made to promote its use. He asked if Government vehicle fleet would take the lead in

using biodiesel to promote its use. USEN explained that the Government would act as a facilitator in the use of biodiesel. The introduction of labeling requirements for motor vehicle biodiesel was meant to boost consumer confidence and to prevent excessive exhaust emissions due to poor biodiesel quality. The supply of motor vehicle biodiesel would depend on the demand for the fuel, and whether the filling stations had the capacity to accommodate the additional supply of biodiesel. On the use of biodiesel by Government vehicles, ADEP(AP) said that Government vehicles would consider using biodiesel when this became available at the filling stations where they would fill their tanks. USEN added that Government diesel vehicles could use diesel with 5% biodiesel content. With the introduction on the specifications for motor vehicle biodiesel, it was expected that subject to the availability of the fuel, they could switch to this fuel.

Pricing of fuels

33. Noting that the price premium of Euro V petrol relative to Euro IV petrol could be less than \$0.2 per litre, Mr CHAN Kin-bor enquired if the Government was prepared to introduce concessionary fuel duty for Euro V petrol, in line with that for Euro V diesel, in an attempt to encourage the switch. USEN said that it was difficult to predict the price of Euro V petrol which was determined by market force. According to records, the import volume of petrol in compliance with the tightened sulphur requirement of Euro V fuel standard had increased from 10% in 2008 to about 45% in the first seven months of 2009, indicating that Euro V fuels had become widely available. It was expected that the price of Euro V petrol would be competitive with that of Euro IV petrol. The Administration would monitor the supply and demand of the fuel. The Deputy Director of Environmental Protection (3) said that commercial vehicles were predominantly diesel-driven vehicles. To help allay concern over the potential impact of fuel switch on the operating costs of businesses, the Government introduced concessions in fuel duty on Euro V diesel. However, this was not the case for Euro V petrol which was used mostly by private cars. Besides, as both Euro V and Euro IV petrol were currently selling at the same price at pump stations, the price differential between the two types of fuel was unlikely to be substantial.

34. Mr Albert CHAN expressed concern that the oil companies would use different excuses to increase the price of Euro V petrol with a view to profiteering from the switch. He enquired about the measures to safeguard consumers' interests and avoid profiteering by oil companies. USEN said that the Consumer Council had been closely monitoring fuel prices, information of which had been uploaded onto its website. Data on the import and retail prices of fuels were also made available on Government's website. The Administration would keep monitoring the situation upon tightening of the specifications of motor vehicle fuels to Euro V standard. Mr CHAN further enquired about the supply of environment-friendly vehicles, including Euro V and electric vehicles. He considered it necessary for the Government to formulate a strategy on the promotion of environment-friendly vehicles, based on their supply and availability. USEN said that it was a Government policy to promote the use of more environment-friendly vehicles and fuels. While efforts had been made to introduce electric vehicles to Hong Kong, Euro V vehicle models remained more popular in the near future than electric vehicles since the technological development of the latter was relatively new.

VI Any other business

35. There being no other business, the meeting ended at 4:20 pm.

Council Business Division 1
Legislative Council Secretariat
22 January 2010