

LEGISLATIVE COUNCIL QUESTION
No. 5(Written)

Date of Sitting: 31 March 1999

Asked by: the Hon Christine Loh

Answered by: Secretary for the Treasury

Question:

With regard to the use of duty-not-paid fuels by vehicles, will the Government inform this Council:

- (a) in respect of each type of fuel used by vehicles in 1997 and 1998 respectively,
- (i) of the quantity sold;
 - (ii) based on the Hong Kong Energy End-use Data compiled by the Electrical and Mechanical Services Department and other relevant information, of the quantity that should have been consumed by vehicles;
 - (iii) how the difference in quantities in (i) and (ii) above compares to the quantity of duty-not-paid fuels seized by the authorities;
 - (iv) of the estimated loss in duty in view of the difference in quantities in (i) and (ii) above; and
- (b) of the number of persons prosecuted for smuggling or selling duty-not-paid fuels in 1997 and 1998 respectively?

Reply:

(a)(i) The duty-paid quantities of petrol and light diesel oil in 1997 and 1998 are as follows

Year	Petrol ('000 litres)			Light Diesel Oil ('000 litres)
	Leaded	Unleaded	Total	
1997	75 007	392 238	467 245	697 422
1998	46 307	417 987	464 294	672 900

- (a)(ii) The quantities of petrol and light diesel oil, estimated based on the Hong Kong Energy End-use Data compiled by the Electrical and Mechanical Services Department, consumed by all vehicles (excluding franchised buses which are authorised to use duty-exempt fuels) in 1997 and 1998 are as follows -

Year	Petrol¹ (‘000 litres)	Light Diesel Oil (‘000 litres)
1997 ²	503 000	1 583 000
1998 ²	528 000	1 641 000

- (a)(iii)-(iv) The difference between (a)(i) and (ii) is as follows -

Year	Petrol (‘000 litres)			Light Diesel Oil (‘000 litres)		
	duty-paid quantity (a)	estimated consumption (b)	difference (a)-(b)	duty-paid quantity (c)	estimated consumption (d)	difference (c)-(d)
1997	467 245	503 000	-35 755	697 422	1 583 000	-885 578
1998	464 294	528 000	-63 706	672 900	1 641 000	-968 100

The quantities of duty not-paid fuels seized in 1997 and 1998 are as follows –

Year	Diesel Oil (‘000 litres)				Petrol (‘000 litres)
	light diesel oil	marked oil	detreated marked oil	Total	
1997	1 636	287	281	2 204	27
1998	1 833	3 093	166	5 092	139

However, it should be noted that under the Dutiable Commodities Regulations (Cap. 109 sub. leg.), the fuel in the fuel tanks of vehicles arriving from the Mainland is exempt from duty. Based on the number of incoming cross-border vehicle trips made by diesel-driven vehicles in 1998 and assuming that the fuel tank of each vehicle is on average 80% full when arriving Hong Kong from the Mainland, we estimate that around 876

¹ No breakdown for leaded and unleaded petrol is available.

² Only energy data up to 1994 are available at this stage. The figures for 1997 and 1998 are the preliminary trend projected figures based on the data in 1994.

000 000 litres of light diesel oil were brought into Hong Kong from the Mainland by those vehicles in 1998 (no statistics for 1997 are available). Details of the calculation are at the Annex. On this basis, we estimate the loss in duty from light diesel oil to have been \$184 million³ for 1998. We do not have sufficient information on the quantity of petrol brought into Hong Kong in the fuel tanks of vehicles arriving from the Mainland to be able to give an estimate of the loss in duty from petrol.

- (b) The number of persons prosecuted for smuggling or selling duty-not-paid fuels in 1997 and 1998 are as follows -

Year	Diesel Oil			Petrol	Others
	light diesel oil	marked oil	detreated marked oil		
1997	702	307	15	61	1 ⁴
1998	673	356	17	222	---

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³ It is assumed that in 1998 the duty rate for light diesel oil was \$2.00 per litre.

⁴ The offence involved diesel oil and kerosene.

**Estimated Quantities of Light Diesel Oil
brought into Hong Kong by Cross-Border Vehicles in 1998**

	Estimated No. of vehicle trips¹	Total volume of fuel (litre) (assuming the fuel tanks were 80% filled)
Vehicles of fuel tank size of 100 litres	169 863	13 589 040
Vehicle of fuel tank size of 200 litres	2 089 859	334 377 440
Vehicles of fuel tank size of 300 litres	2 069 160	496 598 400
Others (Passenger vehicle of fuel tank size of 224 litres ²)	175 187	31 393 510
Total	4 504 069	875 958 390