

政府總部
環境局
香港添馬添美道2號
政府總部東翼15至16樓



**ENVIRONMENT BUREAU
GOVERNMENT SECRETARIAT**

15/F & 16/F, East Wing,
Central Government Offices
2 Tim Mei Avenue, Tamar, Hong Kong

電話號碼 Tel : (852) 3509 8638
傳真號碼 Fax : (852) 2537 1002

本函檔號 Our Ref: ENB 24/17/10 Pt. 12
來函檔號 Your Ref: CB4/PL/EDEV

8 June 2017

Ms Shirley Chan
Clerk to Panel (Economic Development)
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Ms Chan,

**Panel on Economic Development
Follow-up to Meeting on 22 May 2017**

We would like to provide below our reply to your letter of 26 May 2017.

The existing "super bid" tendering arrangement is aimed at facilitating new entrants in acquiring a critical mass of petrol filling stations (PFS) sites to achieve economy of scale and enhance competition in the auto-fuel retail market. Since the introduction of the "super bid" tendering arrangement in 2003, two new operators have obtained 35 out of the 61 PFS sites put up for tender and successfully entered the market. The share of the three biggest incumbent operators in terms of the number of PFS has dropped from over 90 per cent to about 70 per cent.

Regarding the auto-fuel price data of local oil companies in 2005 and 2015, our records of the average prices (inclusive of Government duty) of the regular unleaded petrol and diesel are tabulated below:

HK\$/litre	Regular unleaded petrol (inclusive of Government duty*)	Diesel (inclusive of Government duty#)
Year 2005	11.69 to 13.24	7.06 to 8.27
Year 2015	14.14 to 15.59	10.12 to 11.47

* The payable duty on unleaded petrol is HK\$6.06 per litre.

From 7 July 2000 to 31 December 2008, the payable duty on ultra low sulphur diesel was HK\$1.11 per litre. During the period, the Government offered a concessionary duty rate of HK\$0.56 per litre for Euro V diesel commencing on 1 December 2007. Since then, all PFSs in Hong Kong have been exclusively offering Euro V diesel. Starting from 14 July 2008, the Government has waived the duty rate for Euro V diesel.

We need to point out that the figures shown in table above are the range of retail prices in the whole year. As oil companies provide different kinds of discounts and promotions to consumers, the actual prices paid by consumers were effectively lower than the pump prices listed at PFSs.

We do not possess the relevant records of the prices of oil products in overseas cities in the period concerned.

The retail prices of auto-fuels in Hong Kong are determined by oil companies having regard to commercial practices and their operating costs (including tax and other operating costs such as land premium, staff costs, transportation costs, advertising costs and costs of operating oil terminal, etc.). In addition, the retail prices of auto-fuel in different markets are determined by multiple factors (including whether crude oil is produced or refined locally, or whether oil products are imported; the structure and size of the markets; the quality of the products; the mode of operation, marketing strategy and operating costs of individual companies; and the local taxes and safety requirements of the concerned government, etc.). Therefore, it may not be able to reflect the effect of introducing competitors by simply comparing the changes of the general retail prices of oil products among local and overseas cities over the same period of time.

Yours sincerely,



(Ms Esther Wang)
for Secretary for the Environment