

LCQ8: Retail prices of oil products in Hong Kong

Following is the question by the Hon Lau Kong-wah and a written reply by the Secretary for Economic Development and Labour, Mr Stephen Ip, in the Legislative Council today (October 13):

Questions:

Will the Government inform this Council whether:

- (a) it has compared the prices net of tax of various types of oil in Southeast Asian countries and advanced countries in Europe and America with those of Hong Kong; if so, of the results of the comparison; and
- (b) it has looked into the reasons for the oil price differences between the above countries and Hong Kong, and whether the reasons include the import of oil from different places, and the differences in costs of setting up filling stations?

Reply:

Madam President,

(1) The average retail prices (exclusive of duty) of unleaded petrol and auto-diesel, in certain countries in Asia, Europe and America obtained from the International Energy Agency (IEA) are set out in the [Annex](#). The retail prices (exclusive of duty) of unleaded petrol and ultra low sulphur diesel (ULSD) in Hong Kong are also shown in the [Annex](#).

(2) The retail price of oil products in a market is determined by various factors, including -

- (i) whether crude oil is available locally, whether oil refining is done locally, whether refined products are imported;
- (ii) the structure and size of the market;
- (iii) the quality of the product;
- (iv) the mode of operation, marketing strategy and operating costs (including the costs of setting up filling stations) of individual companies; and
- (v) the safety requirements of the concerned government.

Due to the above factors, the retail prices of oil products in Hong Kong are different from many places and it would be difficult to have direct comparison. For example, all oil products in Hong Kong are imported. For environmental and other reasons, the quality of auto-fuels used in Hong Kong is generally better than other places. For instance, the Ron value of unleaded petrol imported by Hong Kong is generally higher while the sulphur content of the ULSD imported is generally lower. In addition, the operating costs of local petrol filling stations are also relatively high. For example, being a densely populated city, our safety requirements for storage, transportation and distribution of oil products are more stringent.

Ends/Wednesday, October 13, 2004