

SCMP

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Ad hoc oil group to meet on prices^{v-2}

The Legislative Council's ad hoc group on oil prices is to have one more meeting, this time with the Consumer Council, before it reaches a conclusion on whether free competition exists in Hong-kong's oil market.

Group convenor Miss Maria Tam said yesterday the group had held interviews with oil company executives over the past few weeks.

She said so far most evidence seemed to point to free competition but stressed that no conclusion had yet been drawn.

Miss Tam said the group had now decided to limit its investigation to the period after October 1983 when the local currency was linked with the American dollar.

She explained that oil price fluctuations before October 1983 had often been caused by currency fluctuations which could not be taken as solid reference for the group's deliberation.

Speaking to reporters after a meeting with two top executives of the Shell Oil Co. Miss

Tam said the group was now studying all the information gathered.

Shell's managing director Mr Hanmer Webb-Peploe and marketing director Mr A. Morely-Fletcher spent nearly two hours with the group's seven members.

Miss Tam said the executives had explained in detail why local retail prices for oil products did not entirely fall in line with information provided by the Government.

Government information indicated a sharper fall in the imported prices of oil products than reductions on the local retail market, she said.

The executives told the group the Government information was based on import prices paid by all seven oil companies in the territory and did not take into account these firms' different methods of operation.

In addition, they said a large quantity of cheaper fuel oil went to power plants and did not reach factories which had to depend on the retail market for supplies.

The executives also claimed that an average price for imported oil would probably be lower than the actual price available on the retail market.

The ad hoc group was formed amid mounting concern over the oil companies' apparent slowness to cut prices at their pumps despite the persistent worldwide slide in crude oil prices.

Collusion between the oil companies was also suspected for a while in view of the uniformity of petrol retail prices.