

China to continue oil product pricing reform

China announced Wednesday that it will continue to reform its oil product pricing mechanism based on changes in the domestic and international markets.

"The reform of refined oil pricing and affiliated fuel tax incentives has produced prominent results in the past year. The significant measures spell out China's resolution to save energy and balance energy consumption," the National Development and Reform Commission (NDRC), the nation's economic planning agency, said in a statement on its website.

On Jan. 1, the government started to change benchmark retail prices of oil products when the international crude price rises or falls by a daily average of 4 percent over 20 days.

The new mechanism aimed to indirectly link domestic prices to global crude prices "in a controlled manner," after domestic refiners suffered huge losses because of a gap between government-set retail prices and soaring global crude prices.

The new measures reflected international price fluctuations, corporate production costs, domestic demand, and oil resource scarcity, and were also conducive to environmental protection and introduced competition in distribution, the statement said.

The benchmark price of gasoline currently sits at 7,100 yuan a tonne and that of diesel 6,360 yuan a tonne, after five price rises and four cuts in the past year.

As more than half of China's domestic oil supply depended on imports, the new measures helped ensure adequate domestic supply and played a positive role in the economic growth, it said.

The reform also annulled six types of fees for road maintenance and management, which removed more than 1,400 toll stations along 77,400 kilometers of road.

Consumption tax revenue rose almost 80 percent to 355 billion yuan (52.21 billion U.S. dollars) in the first nine months after the rise in gasoline and diesel consumption tax, the statement said.

Source: Xinhua