
23 May 2024

HON. ARSENIO BALISACAN

Vice Chairperson

National Economic and Development Authority (NEDA) Board

Dear Secretary Balisacan:

The European Chamber of Commerce of the Philippines (ECCP) Automotive Committee applauds the recent approval by the National Economic and Development Authority (NEDA) Board to expand the coverage of Executive Order (EO) No. 12, s. 2023, to include a wide range of electric vehicles (EVs). This expansion encompasses e-motorcycles, e-bicycles, battery electric vehicles (BEVs), and plug-in hybrid electric vehicles (PHEVs) buses and trucks, among others. We commend this progressive step, which aligns with our long-standing advocacy for a broader inclusion of EVs in the zero duties scheme. In alignment with our position paper dated 18 March 2024 submitted to the Tariff Commission, we write to reiterate our support for these policies while emphasising the need for differentiated incentives for various types of hybrid vehicles.

The ECCP Automotive Committee has consistently advocated for the inclusion of two-wheelers and more than four-wheelers, such as buses and trucks, in the zero duties program for EVs. The NEDA Board's decision is a significant milestone that will help the industry meet the targets set in the Comprehensive Roadmap for the Electric Vehicle Industry (CREVI). These targets highlight motorcycles as a key focus, especially in both business-as-usual and clean energy scenarios. The extended elimination of EV tariffs is a positive step toward the development of EV infrastructure in the Philippines. This move will enhance the affordability of EVs, including HEVs and PHEVs, and serve as a driving force for the market penetration of BEVs. Encouraging the adoption of cleaner mobility solutions is crucial for the country's transition towards sustainable transportation.

While we applaud the incorporation of HEVs and PHEVs in the tariff reduction scheme, we reiterate our position that PHEVs should receive greater incentives compared to regular HEVs. Specifically:

- **PHEVs, which can operate with higher reliance on electric motors, should continue to be subject to zero tariffs.** Their enhanced electric capability justifies additional incentives, promoting their adoption and contributing to the reduction of greenhouse gas emissions.
- **We propose maintaining a reduced tariff duty for regular HEVs for at least four years. Particularly, we recommend that conventional HEVs be subject to half of the tax rates for internal combustion engine (ICE) vehicles indicated in the Republic Act (R.A.) No. 10963 or the Tax Reform Acceleration and Inclusion**

(TRAIN) Law¹. While lowering the duties for HEVs will enhance their affordability, a complete zero-tariff policy is not recommended at this stage.

This differentiation between PHEVs and HEVs will help find a balance between incentivising greener technologies and managing fiscal impacts.

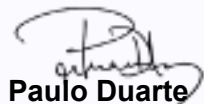
On a similar note, we remain steadfast in urging the extension of substantial incentives to EV charging station (EVCS) operators to ensure the successful rollout of necessary infrastructure. Particularly, we propose that the following incentives are granted in accordance with R.A. No. 9513 or the Renewable Energy Act of 2008:

- 7-year income tax holiday (ITH);
- Corporate tax rate of 10% on its net taxable income after 7 years of ITH;
- Duty-free importation of machinery, equipment, and materials; and
- 0% Value-Added Tax (VAT) rate on purchases of local supply of goods, properties, and services needed by EVCS operators in the development, construction, and installation of its charging stations.

These measures will collectively accelerate the transition towards cleaner and more sustainable transportation solutions in the Philippines. We would welcome the opportunity to further discuss our recommendations with you in **July 2024, preferably on 24 or 25 July**. For confirmations and other inquiries, please do not hesitate to contact Ms. Chin Nethercott at advocacy@eccp.com or via mobile at +63917-871-9778 (SMS/Viber).

Thank you very much in advance for your consideration.

Regards,



Paulo Duarte

ECCP President and Automotive Committee Co-Chairperson



Willy Tee Ten

ECCP Automotive Committee Co-Chairperson

¹ [Bureau of Internal Revenue](#)

ANNEX

Position Letter to the Tariff Commission dated 18 March 2024

Product	<ul style="list-style-type: none">• EO 12 products• Possible expansion of EO 12 product coverage (such as e-motorcycles and hybrid vehicles, and their parts and components)• (AHTN 2022 Chapter/Codes 85, 87.02, 87.03, 87.04, and 87.11)
Investigation No.	TCI (TM) No. MFN-2024-Electric Vehicles

A. General Information

- a. **Name of Organisation:** European Chamber of Commerce of the Philippines (ECCP)
- b. **Address:** 19F Philippine AXA Life Centre, Tindalo St, corner Sen. Gil J. Puyat Ave, Makati City
- c. **Contact Details**
 - i. **Contact Person:** Chienie Patricia R. Nethercott
 - ii. **Designation:** Advocacy Officer
 - iii. **Email address:** advocacy@eccp.com

B. Position/Proposal/Comments

The European Chamber of Commerce of the Philippines (ECCP) and its Automotive Committee remain steadfast in their dedication to advancing the electric vehicle (EV) industry in the Philippines. Building upon our previous position to the Tariff Commission dated 16 May 2022, we emphasise the critical importance of inclusive policies encompassing all types of EVs to realise the full potential of sustainable transportation.

While we commend the government's initiatives such as the Comprehensive Roadmap for the Electric Vehicle Industry (CREVI) in accordance with the EV Industry Development Act and issuance of Executive Order (EO) No. 12, which temporarily modifies import duties on EVs, parts, and components, we advocate for a broader scope in tariff removal. The ECCP Automotive Committee strongly urges the **extension of tariff exemptions to cover all types of EVs coming from all countries. This should include two-wheelers and buses, as well as more than four-wheelers such as trucks.** Similarly, we underline the need for an **extended elimination of EV tariffs spanning at least eight years**, affording ample time for the alignment of EV development and maturity of charging station infrastructure.

In the pursuit of fostering sustainable transportation practices, it is imperative to establish targeted tariff policies that incentivise the adoption of EVs. Irrespective of the number of wheels, battery electric vehicles (BEVs) should be subject to zero tariffs. This measure aims to eliminate financial barriers associated with the import or purchase of BEVs, thereby

encouraging their widespread adoption and accelerating the transition towards cleaner mobility solutions.

With the significance of two-wheelers in mind as a primary mode of transport for many Filipinos, we emphasise the necessity of its inclusion in the zero duties scheme. We strongly recommend including two-wheelers in the list of zero-tariff EVs for at least five years, similar to four-wheeled EVs, to aid the industry in achieving the targets set in the CREVI, which outlines motorcycles as the unit with the highest targets both in the business-as-usual and clean energy scenarios. A shorter applicability of tariff removal for e-motorcycles would be a challenge for any manufacturer to plan and execute a completely knocked down plant (CKD) plant. This inclusion of e-motorcycles and other two-wheelers not only promotes accessibility to electric mobility solutions but also aligns with efforts to address urban congestion and reduce carbon emissions.

Expanding tariff exemptions to hybrid electric vehicles (HEVs) is essential to facilitate a smoother transition towards greener transportation alternatives. Plug-in hybrid electric vehicles (PHEVs), distinguished by their ability to operate primarily on electric power, should receive enhanced incentives compared to conventional hybrids. This is justified by their higher reliance on electric motors. Considering the Department of Trade and Industry (DTI)'s recent rejection of including HEVs in the list of zero-tariff EVs, **we propose revisiting this decision to include PHEVs in the zero-tariff list or maintaining a reduced tariff duty of 15% for at least four years to encourage their widespread adoption.** Acknowledging the increasing demand for PHEVs, removing or lowering the duties to be applied would greatly enhance their affordability and serve as a driving force for the eventual market penetration of BEVs.

Anchored on the objective to promote sustainability and consistent with Philippine energy policies, we likewise put forward our recommendation to extend to EV charging stations (EVCS) operators the incentives provided under the Renewable Energy Act of 2008 or Republic Act No. 9513.² Particularly, we highly suggest that the following incentives are granted:

- 7-year income tax holiday (ITH);
- Corporate tax rate of 10% on its net taxable income after 7 years of ITH;
- Duty-free importation of machinery, equipment, and materials; and
- 0% Value-Added Tax (VAT) rate on purchases of local supply of goods, properties, and services needed by EVCS operators in the development, construction, and installation of its charging stations.

The ECCP Automotive Committee highlights the importance of inclusive policies that promote the development and adoption of EVs across all segments of transportation. By

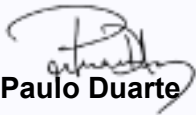
² Official Gazette. (2008). Republic Act No. 9513. Retrieved from <https://www.officialgazette.gov.ph/2008/12/16/republic-act-no-9513/>.

extending tariff exemptions and incentives to encompass all types of EVs, we can collectively propel the Philippines toward a more sustainable future.

Should you have any questions or concerns, please do not hesitate to contact Ms. Chin Nethercott at advocacy@eccp.com or via mobile at 0917-871-9778 (SMS/Viber).

Thank you very much in advance for your consideration.

Regards,



Paulo Duarte
ECCP President and Automotive Committee Co-Chairperson



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