

04 October 2019

**REPRESENTATIVE LORD ALLAN JAY VELASCO**

Chairperson  
Committee on Energy  
House of Representatives  
Batasang Pambansa Complex  
Constitution Hills, Quezon City

Dear **Senator Gatchalian**,

Dear **Representative Velasco**,

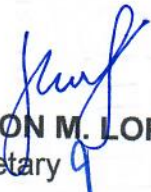
We are pleased to submit the Department's position on House Bill No. 4075, entitled:

***"An Act Providing the National Energy Policy and Framework for the Use of Electric Vehicles, and the Establishment of Electric Charging Stations".***

This is without prejudice to the Department's submission of additional inputs.

For your consideration.

Very truly yours,

  
**RAMON M. LOPEZ**  
Secretary



OFFICE OF THE SECRETARY

**House Bill No. 4075**

**An Act Providing the National Energy Policy and Framework for the Use of Electric Vehicles, and the Establishment of Electric Charging Stations**

The Department recognizes the intent of the bill to encourage the use of electric vehicles (EV) and other alternative sources of energy for public and private vehicles. We continue to support the bill's objectives which is to protect the well-being and improve the socio-economic condition of Filipinos through promoting energy independence and increasing access to safe and reliable transport – in the midst of climate change and technological advancements.

A report published by the ASEAN Secretariat in February 2019 entitled 'ASEAN Fuel Economy Roadmap for Transport Sector 2018-2025: With Focus on Light-Duty Vehicles' found that strong EV sales in the United States (US), Europe, Japan, and China are mainly driven by policy support.<sup>1</sup>

In addition to this, a study, commissioned by Nissan in 2018 entitled 'Future of Electric Vehicles in Southeast Asia', found that a third of Southeast Asian consumers are open to buying an EV. The study also found that while EV sales in ASEAN are generally weak – consumers in the Philippines recorded the greatest intention in buying an Electric Vehicle with 46% enthusiasm.<sup>2</sup>

The DTI, through the Board of Investments (BOI), Electric Vehicle Association of the Philippines (EVAP), Chamber of Automotive Manufacturers of the Philippines, Inc. (CAMPI), and the Manila Electric Co. organized the first ASEAN Electric & Hybrid Vehicles Summit in 2017, which promoted the Philippines as a potential hub for e-vehicles manufacturing. The Summit initiated the establishment of the ASEAN Federation of Electric and Hybrid Vehicle Industries (AFEHVI) which would serve as the unified voice of the ASEAN electric and hybrid vehicles industry.

To further promote the use of e-vehicles in the country, the DTI-BOI has included in the 2017 Investment Priorities Plan (IPP)<sup>3</sup> brand new buses that run on electric batteries and/or compressed or liquefied petroleum gas; PUVs identified by the Land Transportation Office (LTO), Land Transportation Franchising and Regulatory Board (LTFRB), and DOTr as part of the PUV Modernization Program; and the establishment of chargers/refueling stations for alternative energy vehicles. Currently, the DTI-BOI provides fiscal incentives under EO 226 or the Omnibus Investment Code of 1987, through the granting of income tax holidays (ITH) and taxes and duties exemption on importation of capital

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<sup>1</sup> ASEAN Secretariat, (2019). ASEAN Fuel Economy Roadmap for the Transport Sector 2018-2025: with Focus on Light-Duty Vehicles. Retrieved from <https://asean.org/storage/2019/03/ASEAN-Fuel-Economy-Roadmap-FINAL.pdf>

<sup>2</sup> Kidhir, S. (2019, May 7). ASEAN wants to go electric. THE ASEAN POST. Retrieved from <https://theaseanpost.com/article/asean-wants-go-electric>

<sup>3</sup> 2017 IPP is a rolling three-year plan to ensure continuity and consistency in policies, but will be reviewed annually over the three-year period. It is a blue print in guiding Filipino and foreign investors in matching their entrepreneurial and financial capacities in opportunities identified to steer the country's economic growth to a broader and sustainable path. Source: [www.boi.gov.ph](http://www.boi.gov.ph)



equipment (CE), to fourteen (14) E-Vehicle projects (Please see attached Annex A) which are into the manufacture of E-Trikes, E-Jeeps, E-Motorcycles, E-Scooters, and E-Cars.

Moreover, DTI-BOI, has been working continuously with local industries and other stakeholders to promote the use of clean transport technology by assisting the e-vehicle industry and promoting their usage. In line with this, the DTI-BOI has forged a partnership with EVAP in promoting and realizing the action plans and proposed strategies of the Electric Vehicle Industry Roadmap: Philippines, 2014-2024.<sup>4</sup>

The BOI has also collaborated with foreign partners to share knowledge and technology on e-vehicles, such as Memorandums of Understanding (MOUs) with the South Korean government and introduction of the Chinese battery association to the local industry were conducted.

E-vehicles are the future, with the fast-paced innovation and technological developments. Therefore, the automotive industry, including e-vehicles, is one of the 12 priority sectors of the new industrial policy, Inclusive Innovation Industrial Strategy (I3S), where the government promotes the adaption of Industry 4.0 technologies in the sectors. As such, the Philippines should harness these kinds of vehicles by positioning them as part of the innovative solution to fossil fuel dependence, pollution, and road congestion issues.

The following are the Department's specific comments/recommendations on the proposed legislations:

- **On the Explanatory Note** – The Department would like to propose the expansion of the objective of the bill, to read:

*“The Bill seeks to create a national policy to encourage the usage of electric vehicles by mandating parking areas and charging stations for electric vehicles, establishing an accreditation mechanism for all charging station providers, creating green routes exclusive to the electric vehicles, and crafting an Electric Vehicle Investment Strategy Program (EVIS) that shall provide comprehensive fiscal and non-fiscal support to jumpstart the development of the industry including innovation and R&D and human resource development.”*

- **On Section 2. Declaration of Policy** – The Department would like to propose additional important declarations in the e-vehicles bill, to read:

*“Promote inclusive and sustainable industrialization through the country’s Inclusive Innovation Industrial Strategy (i<sup>3</sup>S) which aims to grow globally competitive and innovative industries and to support their transition to new technologies arising from the Fourth Industrial Revolution.”*

*“Accelerate the development of e-vehicles and other next generation vehicles and parts sector, and enable the sector to seize the opportunities from*

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<sup>4</sup> Electric Vehicle Roadmap 2014-2024 was submitted to BOI by EVAP on 2012.



*adopting new technologies which can attract investments, upgrade our participation in regional supply chain, spur Small to Medium Enterprise (SME) growth, and generate more and better jobs.”*

- **On Section 4. Definition of Terms** - The Department would like to propose the inclusion of the definition of completely knocked down (CKD) units, to read:

*“Completely knocked down (CKD) parts and components – refer to vehicle parts and components that are either locally produced or imported for assembly purposes. The imported CKDs shall refer to sub-parts/ parts and sub-assemblies/ assemblies/ components minus local parts and components.”*

The above definition is based on BOI Memorandum Circular No. 2018-04, series of 2018 (please see attached Annex B).

Further, the DTI would like to expand the definition of the Electric Vehicle Manufacturing Roadmap (EVMR), to read:

*“Electric Vehicle Manufacturing Roadmap refers to an annual plan to incentivize, increase, and improve manufacturing of EV and strategic EV parts and components, batteries, charging facilities including auto electronics, auto informatics, engineering services outsourcing, auto software and firmware design in the country, whether for domestic or international use, taking into consideration the EVR, PEP, and PDP as well as the incentives provided for in this Act and other relevant laws, rules, and regulations.”*

Further, the DTI would like to propose the inclusion of the definition of Inclusive Innovation Industrial Strategy (I<sup>3</sup>S), to read:

*“Inclusive Innovation Industrial Strategy (I<sup>3</sup>S) refers to the national industrial strategy of the government, which aims at growing innovative and globally competitive manufacturing, agriculture, and services while strengthening their linkages into domestic and global value chains with innovation at the core of the country’s policies and programs.”*

- **On Section 8. Role of the Department of Trade and Industry** – The Department would like to expand the role of the Department in crafting the Electric Vehicle Manufacturing Roadmap (EVMR), to read:

*“The DTI shall prepare the EVMR, in coordination with DOE, DOTr, BOI, and other relevant government agencies with focus on electric vehicle and the manufacture of its parts and battery to harness the vast reserves of nickel and cobalt in the country that could be leveraged to attract investments in battery production as well as the manufacture of charging facilities. Given our strength in Information Technology (IT) and electronics, the roadmap shall also focus on auto electronics, auto informatics, automotive software and firmware design and development, engineering services outsourcing, and how the country can deepen its participation in the EV global value chains towards becoming a hub in EV manufacturing and these related activities as well.”*



- **On Section 17. Fiscal Incentives** – The Department would like to propose the streamlining of the fiscal incentive as such:

*“The Board of Investments (BOI) shall craft an Electric Vehicle Incentive Strategic Program (EVIS) that shall provide comprehensive fiscal and non-fiscal support to enable the shift of traditional motor vehicle industry to Electric Vehicles and jumpstart domestic manufacturing of EV and EV parts and building of charging infrastructure. The program shall narrow the cost gap between the electric vehicle and conventional vehicles, attract investments in the manufacture of CKDs, strategic parts and components such as batteries, establishment of testing facilities, and production of charging facilities. The EVIS Program shall grant incentives that are time-bound, targeted, performance-based, and transparent.”*

- The Department would also like the proposed legislation to include sections on Research and Development and Human Resource Development components to ensure a competitive and sustainable ecosystem for the Electric Vehicle Industry, \_\_\_\_\_ to \_\_\_\_\_ read:

*“Sec. (n) Research and Development. – DTI, together with DOST, shall craft an Innovation and R&D Program to accelerate the growth and development of a competitive EV and EV parts sector in the country. Fiscal and non-fiscal support shall be provided to innovation and research and development activities in the transport sector to provide an efficient and safe transportation system at a lower cost.”*

*“Sec. (n) Human Resource Development – DTI, TESDA, and CHED shall formulate a human resource development strategy for the EV industry covering, but not limited to, training/curricular programs, certification programs, regulations development, and testing to develop and introduce the necessary capacity building policies and programs for the EV and EV parts sector.”*

*An EV institute would be established for R&D and HRD by DTI with support from DOST, TESDA, CHED, and the academe.*

Finally, the Department continues to recognize that it is of utmost importance that the overall approach on creating a competitive, innovative, and sustainable electric vehicle and electric vehicle parts and components industry ecosystem should be based on strong collaboration among government, academe, and industry, which would be crucial in emissions control, energy supply and distribution, registration, and licensing/franchising, among others. The LGUs must be equally committed in supporting, growing, and developing the e-vehicle industry in the Philippines. A whole-of government approach should, therefore, be adopted in the e-vehicle sector policy making.

*Myapting Chay*

**Bureau of Trade and Industrial Policy Research**

**04 October 2019**

Ref: BTIPR-092019-72(1)

/azva



**MEMORANDUM CIRCULAR NO. 2018-04**  
 Series of 2018

**SUBJECT :** IMPLEMENTATION OF THE MOTOR VEHICLE DEVELOPMENT PROGRAM (MVDP) UNDER EXECUTIVE ORDER NO. 156

**To :** ALL MVDP PARTICIPANTS AND APPLICANTS

Please be informed that the Board, in its meeting of 14 February 2018, issued the following resolution:

**Resolution No. 06-24, Series of 2018**

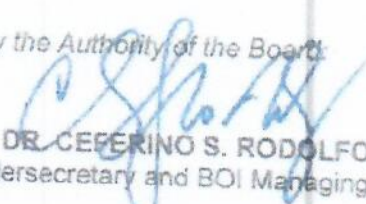
**RESOLVED**, that the Board **AFFIRMS** the following existing definition of terms based on existing laws, rules, and regulations for the guidance of the implementation of the Motor Vehicle Development Program (MVDP):

1. Completely Knocked-Down (CKD) Parts and Components shall refer to parts and components that are either locally produced or imported for assembly purposes by registered participant of the MVDP. The imported CKDs shall refer to subparts/parts and sub-assemblies/assemblies/components minus local parts and components, as may be determined by BOI.
2. Knocked-down (KD) Parts and Components shall refer to parts forming part of the CKD pack that may have been left out of the CKD importation. They may also be warranty parts (replacement of defective parts or wrong components) or parts of the CKD minus the components that are locally sourced.

For the avoidance of doubt, the manufacture and/or assembly operation of MVDP participants shall refer to the basic assembly of vehicle, whether in CKD or KD condition. This shall involve at least the basic assembly processes of welding, painting, trimming, and quality testing/inspection pursuant to Section 2.1.3 of Executive Order No. 156, *Providing for a Comprehensive Industrial Policy and Directions for the Motor Vehicle Development Program and its Implementing Guidelines* and Section 2 (d), Article 1 of EO No. 877-A, s. 2010, otherwise known as *The Comprehensive Motor Vehicle Development Program*.

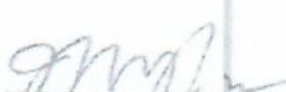
26 February 2018, Makati, Philippines.

*By the Authority of the Board:*

  
**DR. CELERINO S. RODOLFO**  
 DTI Undersecretary and BOI Managing Head

**SECRETARY'S CERTIFICATE**

This is to certify that this Memorandum Circular has been approved by the Board of Investments through Resolution No. 06-24, Series of 2018.

  
**ATTY. MARJORIE O. RAMOS-SAMANIEGO**  
 Board Secretary



## REGISTERED E-VEHICLE PROJECTS UNDER E.O. 226 (as of July 2019)

No.	Name of Company	Activity	Plant Location	Registration No./Date	Start of Commercial Operation	Capacity	Project Cost	Employment ent	Incentives Available	
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1	Erators, Inc.	New Domestic Producer/Assembler of Electric Vehicle (Tricycle)	107 South Science Avenue, 111, Laguna	2012-1-30/24 July 2012	Oct-14	E-Trikes - 2,000 units	106,933,566	25	X	X
2	PII-V (Philippine Utility Vehicle), Inc.	New Domestic Producer of Electric Vehicles (E-Trikes and E-Jeep)	Lot 7 Bldg. 5, Cavite Light Industrial Park, Magway, Silang, Cavite	2013-1-16/23 July 2013	Jul-13	E-Trikes - 6,000 units E-Jeeps - 200 units	18,905,000	97	X	X
3	Ken Industrial Corporation	New Domestic Producer of Electric Vehicle (E-Trikes)	179 Wakas St., Mambog 4, Breezer Cavite	2013-1-16/17 July 2013	Dec-13	E-Trikes - 70 units	13,779,800	21	X	X
4	Phil-Evo EV, Inc.	New Domestic Producer of Electric Motorcycle	Almazora Bldg. 3, Technology Ave., People's Tech Complex, Special Economic Zone, Cainta, Cavite	2013-3-20/17 Oct 2013	Jan-14	E-Motorcycles - 10,000 units	79,767,237	97	X	X
5	Togo Motors Corporation	New Domestic Producer of Electric Vehicle (E-Trikes)	Merridan Ave., 3rd St Merridan Ind'l Complex II, Alabang, Sta Rosa, Laguna 4076	2014-01/16 Jan 2014	Jan-14	E-Trikes - 205 units	20,975,000	41	X	X
6	Pinoy/Ako corp	New Domestic Producer of Electric Vehicle	RPT Warehouse Bldg. 4, Redford Logistic Center, 27 Morning Glory St., V.V. Soliven Center, Calina Rizal	2014-1-18/03 Aug 2014	Aug-14	E-Trikes - 24 units E-Bikes - 200 units	4,214,660	26	X	X
7	Pinoy/Ako corp	New Domestic Producer of Electric Vehicle	54 Magsaysay Road, San Antonio, San Pedro, Laguna 4023	2015-01/12 05 Aug 2014	Feb-15	E-Trikes - 24 units E-Bikes - 21 units	2,015,660	8	X	X
8	Proza Unose Manufacturing, Inc.	New Domestic Producer of Electric Vehicle	9th St., Golden Mile Business Park, Marikina, Cainta, Cavite Mr. Michael Del Rosario (michaelrosario@punecorators.com)	2014-1-16/26 Sept 2014	Sep-14	E-Trikes - 2,500 units	94,517,000	42	X	X
9	Pangsa Philippines, Inc.	New Domestic Producer of Electric Vehicle	Aceña Road, Brgy Malabing, Calamba, Laguna	2014-1-18/27 Oct 2014	Jan-15	E-Trikes - 1,500 units E-Scooters - 100 units	88,615,348	27	X	X
10	Terminators Philippines Corp.	New Domestic Producer of Electric Vehicle	SPVA Bldg. 3A, Block 151A of 26A, 9th St., Golden Mile Business Park, Brgy. Marikina, PTC-SI/ZA, Cainta, Cavite	2015-01/22 Jan 2015	Jan-15	Combined 14,000 units	36,000,000	206	X	X
11	Gerweiss Motors Corp.	Existing Domestic Producer of Electric Vehicle	Sario Pineda, Cainta, Marikina, Alabang Cavite	2015-01/23 Feb 2015	N/A	E-Trikes - 4,000 units	28,000,000	43	X	X
12	Rogah-Teco Corporation	New Domestic Producer of Electric Vehicles (E-Trikes)	Phase 1, Subic Bay Ind'l Park, Airport Highway corner Bantelcent St., Subic Bay Freeport Zone	2015-2/9/08 Dec 2015	N/A	E-Trikes - 13,000 units	54,000,000	115	X	X
13	1st Gender International E-Trike Electronics Assembly Philippines, Inc.	New Domestic Producer of Electric Vehicles (E-Trikes)	365 Grimm St., Canela Homes Classic, Salina A, Breezer, Cavite	2018-13/18 July 2018	Jan-19	E-car - 5,000 units/year E-jeep - 5,000 units/year E-Trikes - 10,000 units/year	199,037,182	124	X	X