

17 September 2019

SENATOR SHERWIN T. GATCHALIAN

Chairperson
Committee on Energy
Senate of the Philippines Bldg.,
Diosdado Macapagal Boulevard
Pasay, 1300, Metro Manila

Dear **Senator Gatchalian**,

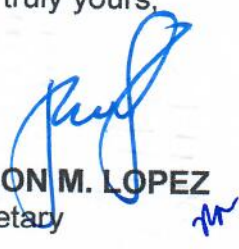
We are pleased to submit the Department's position Senate Bill No. 174, entitled:

"An Act Providing the National Energy Policy and Regulatory 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

DTI Position on

Senate Bill No. 174

An Act Providing the National Energy Policy and Regulatory 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 new and alternative sources of energy for public and private vehicles. We support the bill's objective in protecting the well-being and improving the socio-economic condition of Filipinos, promoting energy independence and security, and optimizing the country's energy sources.

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

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.²

To further promote the use of-vehicles in the country, the DTI-BOI has included in the 2017 Investment Priorities Plan (IPP)³ 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 grant of Income Tax Holidays (ITH) and Taxes and Duties Exemption on Importation of Capital 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

¹ 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>

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

³ 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

a partnership with EVAP in promoting and realizing the action plans and proposed strategies of the Electric Vehicle Industry Roadmap: Philippines, 2014-2024.⁴

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

Recognizing that e-vehicles are the future, with their fast-paced innovation and technological developments, the DTI has identified, the automotive industry, including e-vehicles, as one of the 12 priority sectors of its new industrial policy - Inclusive Innovation Industrial Strategy (I³S), where the government promotes the adoption 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 Section 2. Declaration of Policy** – The Department would like to provide additional important declarations in the e-vehicles bill, to read:

“Promote inclusive and sustainable industrialization through the country’s Inclusive Innovation Industrial Strategy (I³S) 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 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

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

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 (I³S), to read:

“Inclusive Innovation Industrial Strategy (I³S) 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 propose additional important roles for DTI in the e-vehicles bill, to read:

“The DTI shall be responsible for growing and developing a globally competitive e-vehicle industry in the Philippines by ensuring that the industry is integrated in the global value chains of the foreign e-vehicle manufacturers.

The DTI shall conduct and regularly update market studies to understand demand for e-vehicles and characteristics of consumers which are crucial in developing new business models to attract investments to the industry.”

We would like to expand the provision on the role of DTI in preparation of the EVMR, to read:

“Prepare the EVMR, in coordination with DOE, DOTr, BOI, and other relevant government agencies with focus on both EV and EV strategic parts, particularly battery manufacturing, 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 IT and electronics, the roadmap will focus on auto electronics, auto informatics, automotive software and firmware design and development, and engineering services outsourcing and how the country can deepen its participation in EV global value chains towards becoming a hub not only in EV manufacturing but as well as in these EV activities.”

- **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 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, 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 policy making.

Ryaptin Chay

Bureau of Trade and Industrial Policy Research

17 September 2019

Ref: BTIPR-072019-306

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	Incentives Availd	
									ITF	CE
1	Emotors, Inc.	New Domestic Producer/Assembler of Electric Vehicle (Tricycle)	107 South Science Avenue, L111, Laguna	2012-139/24 July 2012	Oct-14	E-Trikes - 2,000 units	106,933,566	25	X	X
2	PHUV (Philippine Utility Vehicle), Inc.	New Domestic Producer of Electric Vehicles (E-Trikes and E-jeep)	Lot 7 Bk 5, Cavite Light Industrial Park, Maysyam, Silang, Cavite	2013-165/23 July 2013	Jul-13	E-Trikes - 6,000 units E-Jeeps - 200 units	18,905,000	97	X	X
3	Kea Industrial Corporation	New Domestic Producer of Electric Vehicle (E-Trikes)	179 Wakas St., Mambog 4, Bacoor Cavite	2013-164/17 July 2013	Dec-13	E-Trikes - 70 units	13,779,800	24	X	X
4	Phil-Etro E.V., Inc.	New Domestic Producer of Electric Motorcycle	Almazora Bldg. 3, Technology Ave, People's Tech. Complex, Special Economic Zone, Cannaon, Cavite	2013-209/17 Oct. 2013	Jan-14	E-Motorcycles - 10,000 units	79,767,257	97	X	X
5	Tojo Motors Corporation	New Domestic Producer of Electric Vehicle (E-Trikes)	Meridian Ave., 3rd St Meridian Ind'l Complex II, Marchaling, Sta. Rosa, Laguna 4026	2014-011/16 Jan. 2014	Jan-14	E-Trikes - 205 units	20,975,000	41	X	X
6	PhonyAko corp	New Domestic Producer of Electric Vehicle	RFI Warehouse Nido 4, Redgold Logistic Center, 27 Morning Glory St., V. V. Soliven Center, Canita Real	2014-118/05 Aug. 2014	Aug-14	E-Trikes - 24 units E-Bikes - 200 units	4,214,660	26	X	X
7	PhonyAko corp	New Domestic Producer of Electric Vehicle		2015-036/12 05 Aug. 2014	Feb-15	E-Trikes - 24 units E-Bikes - 24 units	2,015,660	8	X	X
8	Prozza Hirose Manufacturing, Inc.	New Domestic Producer of Electric Vehicle	54 Magsaysay Road, San Antonio, San Pedro, Laguna 4023	2014-151/12 Sept. 2014	Sep-14	E-Trikes - 2,500 units	94,517,000	42	X	X
9	Pangea Philippines, inc.	New Domestic Producer of Electric Vehicle	9th St., Golden Mile Business Park, Madya, Cannaon, Cavite Mr. Michael Del Rosario (undelrosario@pangeamotors.com)	2014-164/26 Sept. 2014	Sep-14	E-Jeep - 4,000 units	42,466,215	175	X	X
10	Terramotors Philippines Corp.	New Domestic Producer of Electric Vehicle	Acacia Road, Brgy Makiling, Calamba, Laguna	2014-185/27 Oct. 2014	Jan-15	E-Trikes - 1,500 units E-Scoters - 100 units	88,645,348	27	X	X
11	BEMAC Electric Transportation Philippines, Inc.	New Domestic Producer of Electric Vehicles (E-Trikes)	SPV3 Bldg. 3A, Block 15 Lot 26A, 9th St., Golden Mile Business Park, Brgy. Madya, PTC-SFZ, Cannaon, Cavite	2015-013/22 Jan. 2015	Jan-15	Combined 14,000 units	36,000,000	206	X	X
12	Gerweiss Motors Corp.	Existing Domestic Producer of Electric Vehicle	Sitio Pinal, Catidan, Malay, Aklan	2015-045/23 Feb. 2015	N.A.	E-Trikes - 4,000 units	28,000,000	43	X	X
13	Ropal-Teco Corporation	New Domestic Producer of Electric Vehicles (E-Trikes)	Phase 1, Subic Bay Ind'l Park, Argonaud Highway corner Bravelent St., Subic Bay Freeport Zone	2015-269/08 Dec. 2015	N.A.	E-Trikes - 43,000 units	54,000,000	115	X	X
14	Le'Gander International E-Trike Electronics Assembly Philippines, Inc.	New Domestic Producer of Electric Vehicles (E-Car, E-Jeepney, E-Trikes)	265 Gemini St., Camella Homes Classic, Salina 3, Bacoor, Cavite	2018-153/18 July 2018	Jan-19	E-car - 5,000 units/year E-jeep - 5,000 units/year E-Trikes - 10,000 units/yr	199,037,483	124	X	X

1,050

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

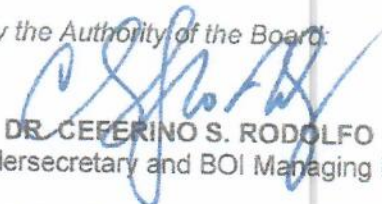
RESOLVED, that the Board **AFFIRMS** the following existing definition of terms based on existing laws, rules, and regulations for the guidance of the implementation of the Motor Vehicle Development Program (MVDP):

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*.

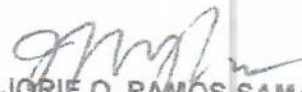
26 February 2018, Makati, Philippines.

By the Authority of the Board:


DR. CEFERINO 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