

Comments on **Senate Bill No. 678**: “AN ACT PROVIDING INCENTIVES FOR THE MAINSTREAM USE, MANUFACTURE, ASSEMBLY AND CONVERSION OF ELECTRIC, HYBRID AND OTHER ALTERNATIVE FUEL VEHICLES AND FOR OTHER PURPOSES” and **Senate Bill No. 709**: “AN ACT PROMOTING THE MAINSTREAM USE OF ELECTRIC, HYBRID AND OTHER ALTERNATIVE FUEL VEHICLES AND FOR OTHER PURPOSES”

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1. The proposed bills are important in the light of the increasing use of EV in developed and developing countries. Citing the forecast of Bloomberg New Energy Finance that more than half (54 percent) of new cars sold in 2040 will be an EV, Shani² sees the EV market making more progress in the coming years. Other agencies have made similar forecasts. The International Energy Agency in its report Global EV Outlook 2017 forecasted that EVs will be economical even without subsidies.

Shani (2017) attributes the growth of the EV segment to advancements in technology resulting in cheaper essential components like the battery. Another reason for the rapid growth of the EV segment is the vigorous support through government subsidies encouraging rapid development and expediting EVs’ penetration of the transportation market (OECD IEA 2018³).

2. Both bills cover electric, hybrid and other alternative fuel vehicles but it excludes vehicles powered by gasoline, petroleum, bio-diesel and bio-ethanol. Data shows that the most common e-vehicle sold in the country are e-trikes. Perhaps the strategy for PUV should be different for privately used vehicles including e-trikes or e-bikes. While the E-Vehicle industry as a whole is a growing sector that needs to be supported, there is a need for the bill to perhaps have a more defined and targeted strategy rather than a one-size-fits-all strategy that is somehow being proposed in the two laws. The strategy for assemblers and manufacturers, who tend to provide more employment, should be different than that of other players.
3. Recognizing the importance of government policy support, the SB 678 provides for incentives (exemptions to excise taxes and duties) to EV players (Sections 8 for manufacturers and assembles while Section 9 for importers). While the SB 678 provides for a 9-year bound for the application of these exemptions, it does not provide for a

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² <http://www.aseanenergy.org/blog/asean-entering-the-era-of-electric-vehicles/>

³ Available at https://webstore.iea.org/download/direct/1045?filename=global_ev_outlook_2018.pdf

performance-based condition which would ensure that EV players continue to develop the sector.

4. Section 11 of SB 678 and Section 8 of SB 709 presents the non-fiscal incentives that would be provided to owners/users of EMV. While incentives are important, there are other needs that are of equal importance not only to the sector but to the entire manufacturing sector. These would include: enhancing local suppliers; improving the business environment; facilitating importation of raw materials and key inputs; and providing infrastructure and logistics.
5. With the popularity of EV bikes and tricycles in the country, promoting further the use of such vehicles without strengthening the regulations governing them may result to further congestion of roads.