

**The ASEAN – German Technical Cooperation Programme
“Cities, Environment and Transport”**

Transport and Climate Change

**Fuel Efficiency Policy for the
Transport Sector in Vietnam and the
ASEAN Region**

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Energy Efficiency and Climate Change Mitigation in the Land Transport Sector – Transport and Climate Change

Project objective:

Develop, implement and monitor strategies and action plans towards the improvement of energy efficiency and GHG emissions

Partner countries:

Thailand, Philippines, Vietnam, Indonesia, Malaysia

ASEAN Bodies:

Relevant working groups such as Land Transport and Climate Change

Focus areas:





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TCC's works on fuel efficiency policies

Motivation and approaches:

- Fuel consumption from passenger cars and motorcycles is main source of local air pollution and GHG emissions in land transport sector, but also key opportunity for savings for individuals and on a national level.
- As specified in the ASEAN Transport Strategic Plan (2016-2025), fuel economy policies and standards are a priority in the sustainable transport chapter.
- By transferring technical experience from international experts and through the exchange of knowledge among regional experts, TCC supports the increasing energy efficiency for the land transport sector through fuel efficiency policies and measures, including raising consumer awareness.

Activities

- Fuel economy reports – studying current situation of FE policies/measures by stocktaking of data and existing policies/measures in Thailand and Vietnam
- Supports fuel economy work of the KLTSP on a regional level, including regional expert exchanges on e.g. labeling





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TCC I Impacts and achievements

Development of national action plans and improvement of MRV system

t-NAMAs developed/supported in TH, VN, PH and MY

Developed stocktaking reports for TH, VN (MY, PH near completion)

Strengthened CC in FYP 2016-2020 for MOT Indonesia

Strengthened domestic funding mechanism in PH for pollution control through improved guidelines and capacity building

Developed technical guidelines for baseline and emission reduction calculations in Indonesia

**National
Level**

Development of ASEAN regional strategy and common guidelines and templates

Helped to design sustainable transport goals for ASEAN Strategic Transport Plan 2016-2025

Regional green freight conference put topic on agenda of policymakers and triggered support request at national level (ID; VN)

Advanced regional understanding of fuel economy policies, expert group to develop regional roadmap

**Regional
Level**

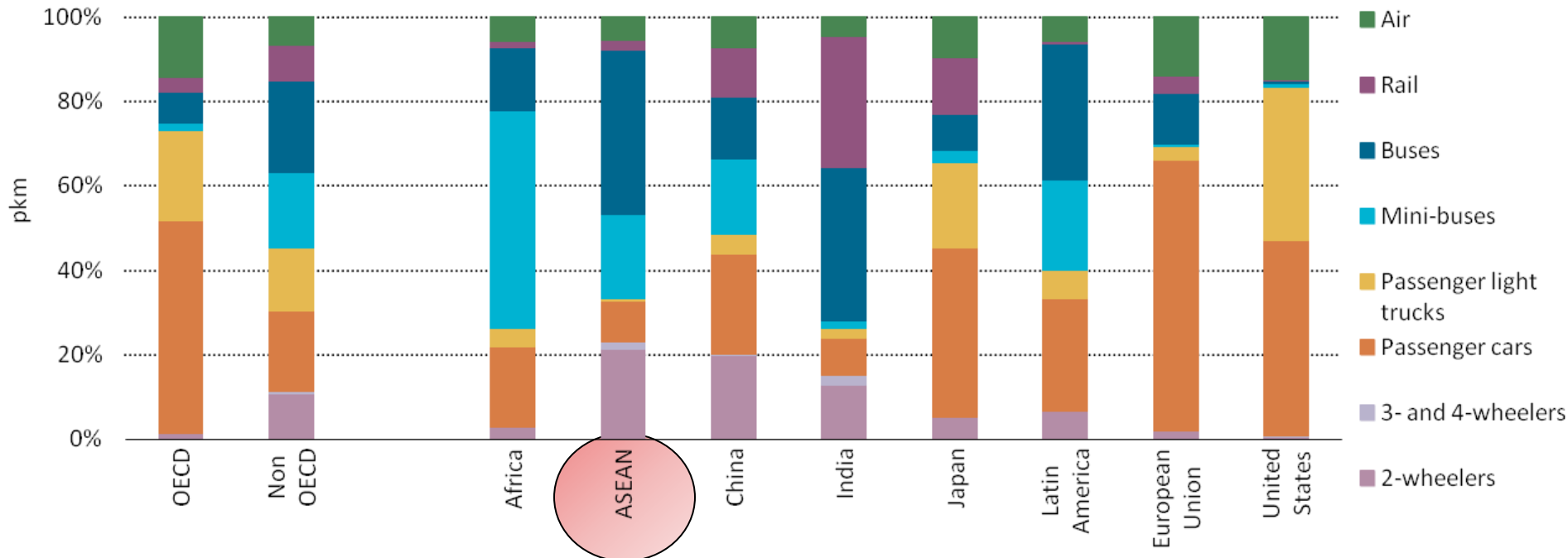


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World's mobility habits are diverse

Most regions and countries increasingly relying on energy intensive transportation modes -> Avoid/Shift/Improve strategy needed





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Main challenges and opportunities

In EE&CC in the land transport sector in ASEAN

- **Regional differences: development (factor of 50), environmental considerations, political diversity**
- **Process of integration (ASEAN Economic Community) with transport/connectivity as key topic**
- **Increasing awareness of environmental issues**
- **No energy-efficiency standards in the land transport sector**
- **Wide-spread use of two-wheelers**



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Fuel efficiency policies and measures

- **Fuel economy standards considered in four out of five TCC countries (not Malaysia)**
 - **In Vietnam they are also considered for motorcycles**
- **Car labelling is in place in Vietnam and Thailand, though not with average comparative value**
- **CO₂-based taxation is coming online in Thailand, but there are exemptions for pick-up trucks, which skew overall effect**
- **No policies in place nor considered for low-rolling resistance tyres**



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Institutional challenges

- **Avoid/Shift policies often with Ministry of Transport, ‘Improve’ with Ministry of Energy**
 - **Exception: Vietnam**
- **Important roles for Ministries of Trade, Industry, Finance, Environment**
- **Conflicting policy objectives (industry versus transport/environment) complicate decisionmaking**
- **Ministries of Transport do not always possess a mandate for policy design, but sometimes function as an implementing and licensing body.**
- **Scattered responsibilities and insufficient inter-ministerial coordination**

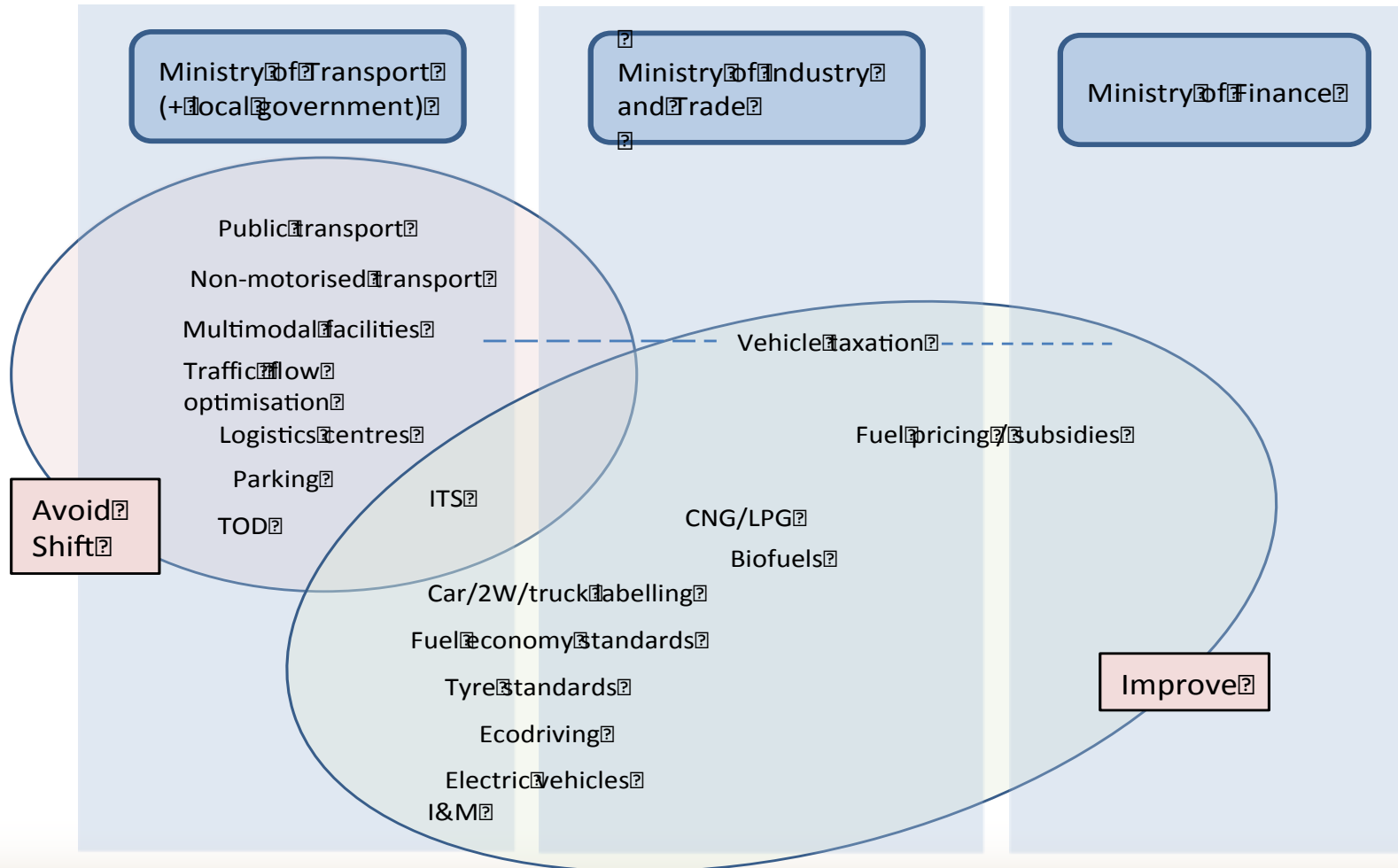


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Overview of responsibilities for transport policymaking in Vietnam



Source: GIZ Tracking Sustainable Transport in Vietnam (2015)



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Policy table for transport policymaking in Vietnam

| Fuel Economy Baseline Calculations | Fuel Economy Standards | Type of Vehicles Covered | Fuel Quality and Vehicle Emissions Standards | Fuel Economy Vehicle Labeling | Fiscal incentives and/or other Tax Instruments | Public Information programs |
|------------------------------------|------------------------|-----------------------------------|---|--|--|-----------------------------|
| | | Light-duty vehicles 2-wheelers | <p>Fuel quality</p> <p>Gasoline: Sulfur Euro 2 max 500mg/kg; Euro 3 max 150 mg/kg; Euro 4 max 50 mg/kg.</p> <p>Diesel: Sulfur Euro 2 max 500mg/kg; Euro 3 max 350 mg/kg; Euro 4 max 50 mg/kg.</p> <p>Euro 4 for manufactured, assembled and imported cars mandatory from 1 Jan 2017</p> <p>Euro 3 for manufactured, assembled and imported Motorcycles mandatory from 1 Jan 2017</p> | Voluntary from 1 Jan 2014 and <u>mandatory</u> from 1 Jan 2015 | | |



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Roles and responsibilities for FE

| | Philippines | Thailand | Vietnam | Indonesia | Malaysia |
|-------------------------------|-----------------------------|---|----------|-----------|----------|
| Taking the lead on FE | DoEnergy | DEDE | MoT | | |
| Convener | | | | | |
| ASEAN link | DoTC | MoT | MoT | MoT | MoT |
| Labeling | Bureau of Product Standards | OIE | MoT | | |
| Standards | | | MoST | | |
| Modeling and scenarios | | EPPO | MoT | | |
| Data collection | | | VR (MoT) | | |
| Fiscal policies | | Excise Tax Department | MoF | MoF | |
| Implementation | | | MoT | | |
| Enforcement | | | MoT | | |
| Type approval | | Thailand Automotive Institute, PCD | VR (MoT) | | |
| Fuel quality | | | MoIT | MoEnv | |