POLICY OPTIONS TO DECARBONIZE FREIGHT TRANSPORT IN THE PHILIPPINES

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NEW DECARBONISATION PLANS

How is the use of alternative fuels incentivized?

SUBSIDIES FOR ALTERNATIVE FUELS

FUEL TAXATION

Fuel taxation is an important tool for the incorporation of the external costs of transport and provides incremental incentives to purchase more efficient vehicles.

CARBON PRICING

While the fuel duties applied in most countries serve to minimize the carbon pricing gap in transport sector activity, the incorporation of transport within wider carbon pricing mechanisms can serve to influence vehicle purchasing decisions, promote technological advancement in vehicle efficiency and reduce overall travel.

Cost of fuel itself is enough of an incentive for ship owners to decarbonize.

RA 9513: RENEWABLE ACT OF 2008

Section 15.

Incentives for Renewable Energy Projects and Activities

- Income Tax Holiday (ITH)
- Duty-free Importation of RE Machinery, Equipment and Materials
- Special Realty Tax Rates on Equipment and Machinery.
- Net Operating Loss Carry-Over (NOLCO)
- Corporate Tax Rate
- Accelerated Depreciation
- Zero Percent Value-Added Tax Rate
- Cash Incentive of Renewable Energy Developers for Missionary Electrification
- Tax Exemption of Carbon Credits
- Tax Credit on Domestic Capital Equipment and Services

RA 9513: RENEWABLE ACT OF 2008

Section 21.
Incentives for RE Commercialization

- Tax and Duty-free Importation of Components, Parts and Materials
- Tax Credit on Domestic Capital Components, Parts and Materials
- Income Tax Holiday and Exemption
- Zero-rated value added tax transactions

RA 9513: RENEWABLE ACT OF 2008

Section 22. *Incentives for Farmers Engaged in the Plantation of Biomass Resources*

Duty-free importation and be exempted from Value-Added Tax (VAT) on all types of agricultural inputs, equipment and machinery such as, but not limited to, fertilizer, insecticide, pesticide, tractor, trailers, trucks, farm implements and machinery, harvesters, threshers, hybrid seeds, genetic materials, sprayers, packaging machinery and materials, bulk handling facilities, such as conveyors and mini-loaders, weighing scales, harvesting equipment, and spare parts of all agricultural equipment.

Purchase of RE Component
Tax rebate for the purchase of RE Components

Tax rebate for all or part of the tax paid for the purchase of RE equipment for residential, industrial or community as prescribed by DOF.

ARE THERE ANY FINANCIAL INCENTIVES TO MOTIVATE DECARBONISATION IN THE FREIGHT SECTOR?

In order to increase sales of electric vehicles, there are financial incentives for the purchase of electric vehicles, including cars, goods vehicles and transitioning to electric 2 and 3 wheelers in places these modes are prevalent.

- Japan adopted the first fuel economy standards for heavy vehicles with a gross vehicle weight greater than 3.5 tonnes in 2005 (phased in through 2015) based on kilometer per liter targets, resulting in a 12 percent reduction in fuel consumption.
- The Japanese regulatory targets also incorporate incentive mechanisms such as progressive taxes based on vehicle weight and engine size.
- China began the adoption of fuel consumption limits in 2012. China's Phase I standards apply to vehicles greater than 3.5 tonnes. Separate standards apply to straight trucks, tractors, and buses, and vary by gross vehicle weight.

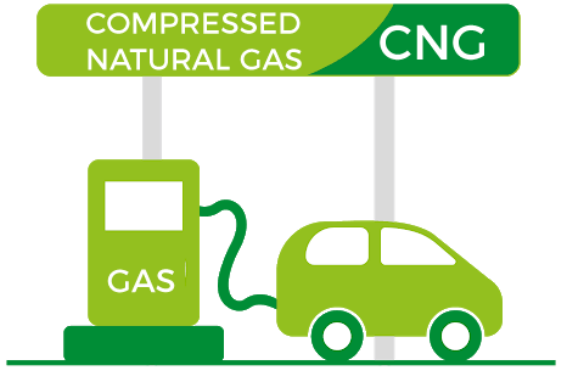
BIOFUELS

Under the Department Circular No. DC 2006-05-0006 Promulgating the Implementing Rules and Regulations of the Republic Act No. 9367 otherwise known as the Biofuels Act of 2006, the following additional incentives can be availed in the production and distribution of biofuels:

- 0% Specific Tax on local or imported biofuels component of the blend per liter of volume
- Exemption form Value Added Tax (VAT) of the sale of raw materials used in the production of biofuels
- Exemption from wastewater charges of all water effluents used as liquid fertilizers in the production of biofuels.

Biofuel production, processing and distribution projects may avail of the following incentives:

- Income tax holiday;
- Minimum tax and duty of 3% and value-added tax on imported capital equipment;
- Tax credit on domestic capital equipment;
- Exemption from contractor's tax;
- Unrestricted use of consigned equipment;
- Exemption from taxes and duties on imported spare parts; and
- Such other applicable incentives under Article 39 of E.O. No. 226.



Section 5 of E.O. 290 ***"Implementing the NGVPPT"*** provides for the following privileges and incentives that may be availed of by NGVPPT participants:

- Income tax holiday
- 1% rate of duty on imported NGV, NGV engines and other NGV industry related equipment, facilities, parts and components as certified by the DOE;
- Issuance by the Land Transportation Office (LTO) Certificates of Compliance with Emissions Standards to NGVs;
- Preferential and exclusive franchises from the Land Transportation Franchising Regulatory Board (LTFRB) for NGVs to newly opened routes;
- **Accelerated issuance by the DENR of Environmental Compliance Certificate (ECC) for NGV facilities and refueling stations;**
- Affordable and commercially tenable financial packages from Government Financing Institutions (GFIs);
- Manpower development and capability building through training and technology transfer programs;
- Attractive CNG prices which translate to a discount to diesel prices; and,
- Other privileges and incentives that may be subsequently provided.

WHO ARE THE KEY STAKEHOLDERS INVOLVED?

Freight transport is a profit-driven sector ***dominated by private companies****. Their buy-in is critical, as they will quickly adopt new practices if and where they see benefits.*

NEW DECARBONISATION PLANS *GLOBAL GREEN FREIGHT PROJECT*

- Most freight is moved by diesel-powered ships, trucks, and trains. Their contribution to greenhouse gases and short-lived climate pollutants (SLCPs), particularly black carbon, is significant.

- Initiated by the Climate and Clean Air Coalition as part of a large-scale effort to reduce the climate and health impacts and improve the energy and economic efficiency of transporting goods and materials.

- *The Climate and Clean Air Coalition (CCAC) brings together governments, companies, NGOs and international organizations to align existing green freight efforts, develop and support new global green freight programs, and incorporate black carbon reductions into green freight programs.*

- ❑ DIESEL ROAD FREIGHT TRANSPORT IS RESPONSIBLE FOR OVER 150,000 TONS OF BLACK CARBON EMISSIONS ANNUALLY.
- ❑ FREIGHT MOVEMENT WILL GROW 430% BY 2050 IN DEVELOPING COUNTRIES.
- ❑ CLIMATE POLLUTANTS FROM FREIGHT PROJECTED TO EXCEED PASSENGER TRANSPORT IN TWO DECADES.
- ❑ FREIGHT TRANSPORT IS OFTEN INEFFICIENT – FOR EXAMPLE, 40% OF TRUCKS RUN EMPTY IN MANY DEVELOPING COUNTRIES.

“GREEN FREIGHT” IS A NEW PARADIGM FOR THE SECTOR – IT USES ADVANCED TECHNOLOGIES AND STRATEGIES TO REDUCE GREENHOUSE GAS EMISSIONS AND AIR POLLUTANTS, AND IMPROVE FUEL EFFICIENCY WHILE MAINTAINING COMPETITIVENESS AND ECONOMIC GROWTH.

OBJECTIVE

To facilitate collaboration among governments, the private sector, and civil society to enhance the efficiency of global goods movement in ways that significantly reduce climate, health, energy, and economic impacts.

COMMITMENTS

- Align and harmonize existing green freight programs
- Develop and support new green freight programs.
- Incorporate black carbon reductions into green freight programs.

What CCAC and its members are doing

- Information exchange and collaboration between existing initiatives and relevant stakeholders
- Development and harmonization of tools, methodologies, and procedures for use across green freight programmes
- Guidance and capacity building for green freight programme implementation
- Adoption of technologies and strategies
- Improved information and increased awareness on black carbon and freight
- Integration of black carbon into green freight programmes' supporting tools, methodologies, technologies and strategies

Partners

Lead Implementers: Canada, USA, Clean Air Asia International Council on Clean Transportation, Smart Freight Centre

GLOBAL GREEN FREIGHT WEBSITE

central portal for information and guidance on how to develop or improve national green freight programs.

GREEN FREIGHT PROGRAM TRAINING GUIDE AND CURRICULUM

train program administrators and other partners develop and implement programs.

TECHNICAL BACKGROUND RESEARCH

developed by USEPA to provide information on technologies and strategies that reduce fuel use and emissions in all modes of freight transport

Global Framework for Logistics Emissions Methodologies

first universal and transparent way of calculating logistics emissions.

globalgreenfreight.org

National support for green freight

Bangladesh, Benin, Canada, Central African Republic, Chile, Cote d'Ivoire, France, Ireland, Japan, Liberia, Mexico, Morocco, Netherlands, Nigeria, Norway, Peru, Philippines, Poland, Russian Federation, Sweden, Switzerland, Togo, United States of America, Vietnam

57 countries, companies and organizations now support the Global Green Freight Action Plan. 26 countries worldwide now have green freight programmes.

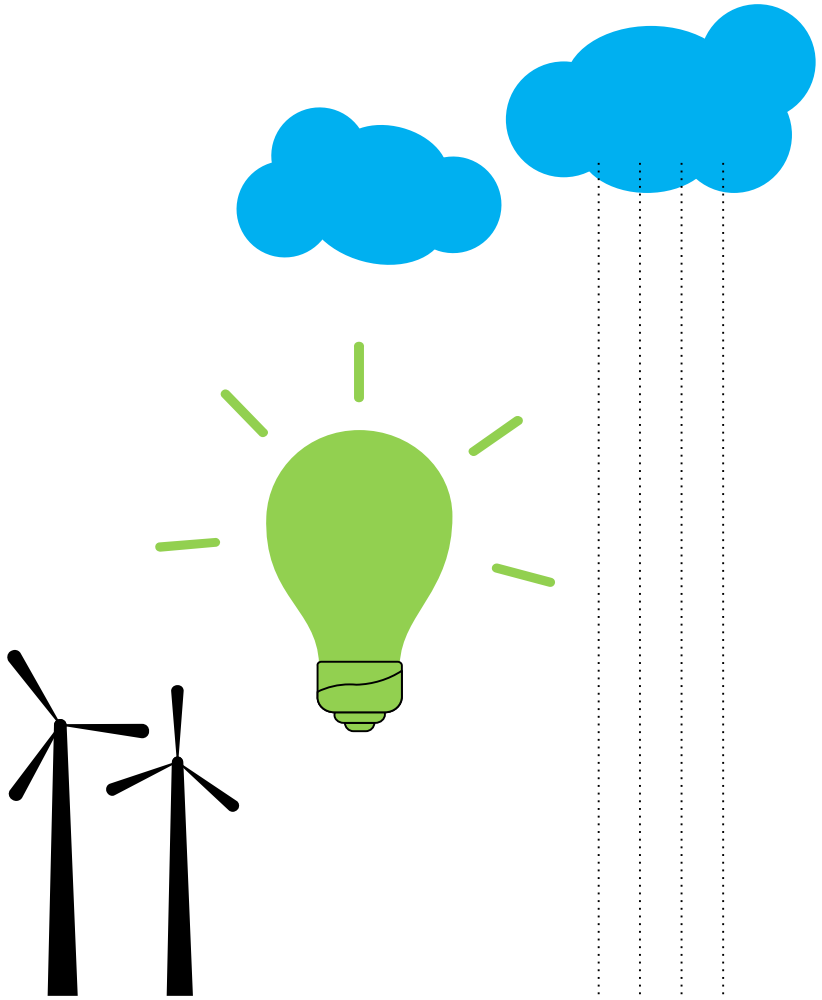
NEW DECARBONISATION PLANS

Reducing Maritime Transport Emissions in East and Southeast Asian Countries (Blue Solutions project)

As countries continue to transition their maritime transport sector towards a low-carbon future, the Germany's International Climate Initiative (IKI) in collaboration with the International Maritime Organization (IMO) and Partnerships in Environmental Management for the Seas of East Asia (PEMSEA) propose to assist them through the preparation of a five-year, EUR 15 million project entitled 'Reducing Maritime Transport Emissions in East and Southeast Asian Countries' (Blue Solutions).

The scope of the project proposal, which aims to decarbonize maritime transport and includes ships, ports and hinterland transport, was further developed by PEMSEA and IMO.

a) Assessment of the current GHG status and future scenarios
b) Development of strategies, Action Plans and Roadmaps
c) Demonstration of Selected Decarbonization Pilot Projects
d) Capacity Building, Knowledge Creation and Dissemination



THANK YOU.