

**Workshop on the Role of Motorized  
Two-Wheelers in Sustainable  
Transport in Asia and the Future of  
Electric Two-Wheelers  
Country Input Philippines - Status quo,  
overview of policies and challenges**

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# Outline of Presentation



1. About Clean Air Asia
2. Role of two-wheelers in the Philippines
3. Policies
4. Current challenges and next steps

# CLEAN AIR ASIA

## OUR AIM

Clean Air Asia leads efforts to enable Asia's

## 1,000+ CITIES

to reduce both air pollution and CO<sub>2</sub> emissions, and thereby contribute to more livable and healthy cities with blue skies and a low carbon footprint. Emissions can be reduced through policies, plans, programs, and concrete measures that cover air quality, transport and industrial emissions, and energy use.



## OUR ROLE



Decision makers use **reliable analysis, knowledge, data and effective tools** to understand the program and identify solutions.

Stakeholders at the city, national and regional level **cooperate better through networks and partnerships.**

Policies and programs are in place that are **science-based, stakeholder-inclusive and effective.**

## OUR PROGRAMS



**Air Quality and Climate Change Program**



**Low Emissions Urban Development Program**



**Clean Fuels and Vehicles Program**



**Green Freight and Logistics Program**

# Role of two-wheelers in the Philippines



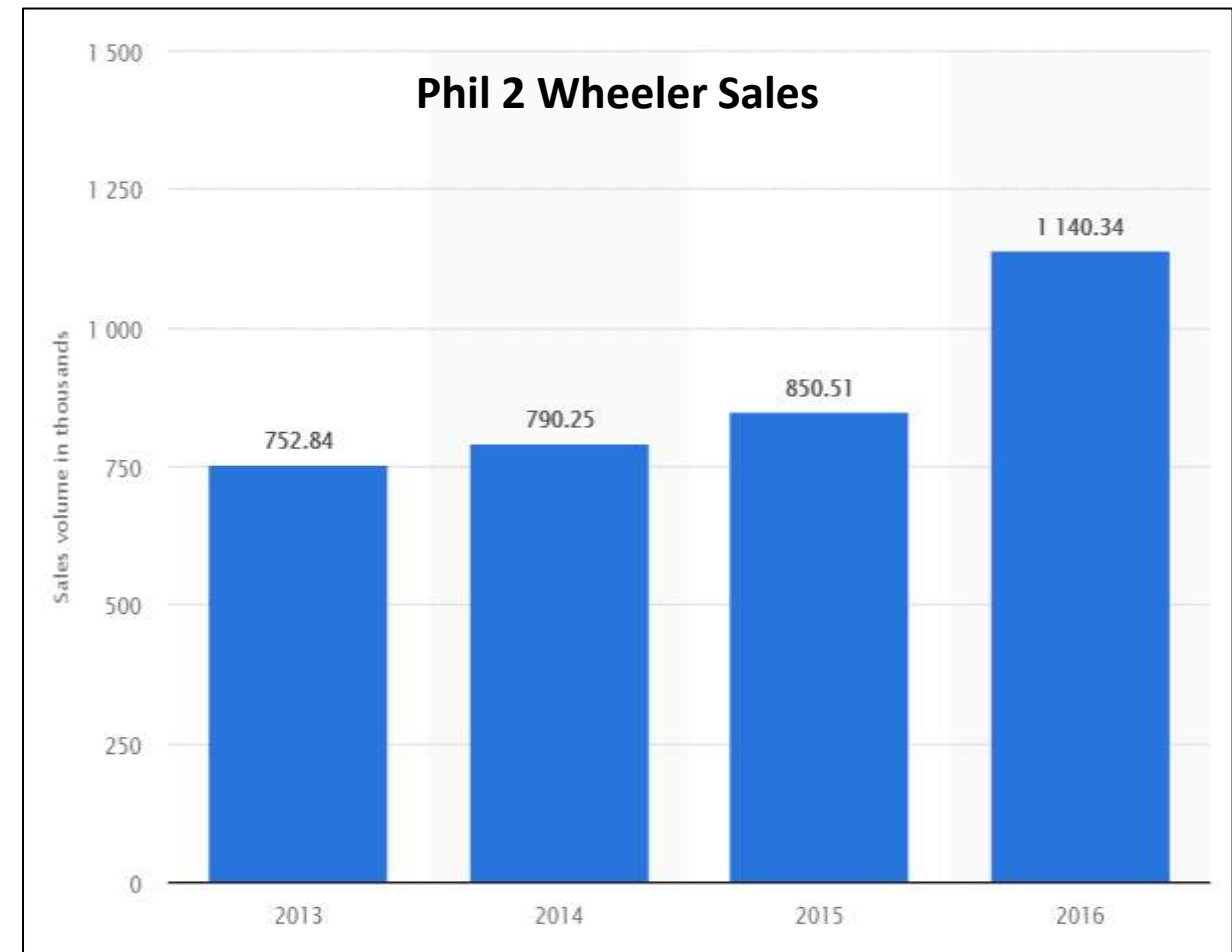
Photo from: [philippinetraveller.com](http://philippinetraveller.com)

- it is a valid mode for transportation and accessibility.
- Serves as main transport mode for low to middle class.
- Used for both private transportation and business use such as delivery, utility service, marketing etc.
- Although, MCs are not originally intended for public transport, motorcycle innovation such as “tricycles and others of its kind like habal habal” has gained wide acceptance as modes of public transportation in most areas of the Philippines.

# Facts and Figures



- Major players: Honda, Kawasaki, Suzuki, Yamaha, Kymco
- Products: Scooters, underbone, mopeds
- 5000+ direct employees, 30,000+ indirect employees
- PHP 2.2 Billion in revenue for 2012
- PHP 3.4 Billion in Paid-Up Capital by major companies in 2011
- 95% of sales are Complete Knock Down (CKD) parts and components
- From 756,228 registered motorcycles in 2009 to 1,140,338 registered motorcycles in 2016.

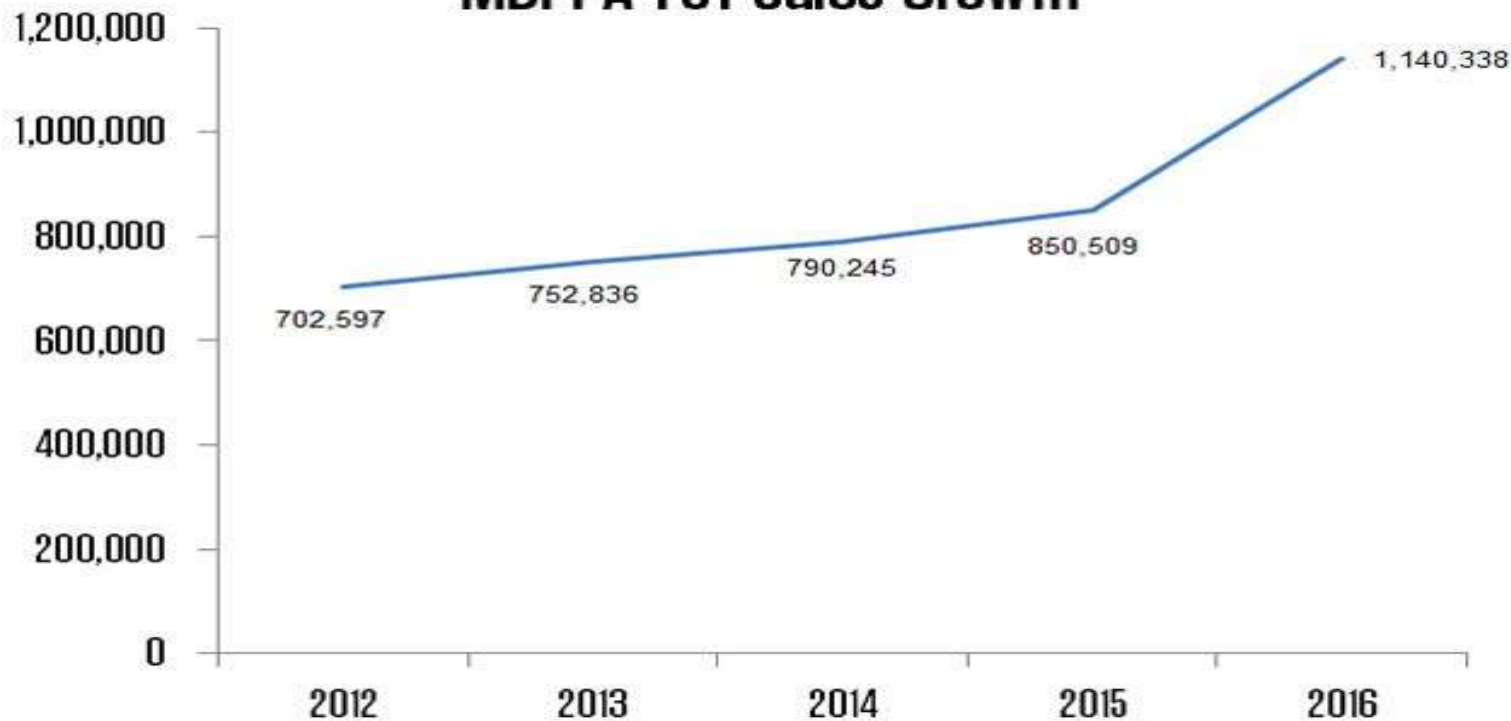


Source: <http://industry.gov.ph/industry/motorcycle/>

# Growth from 2012 to 2016



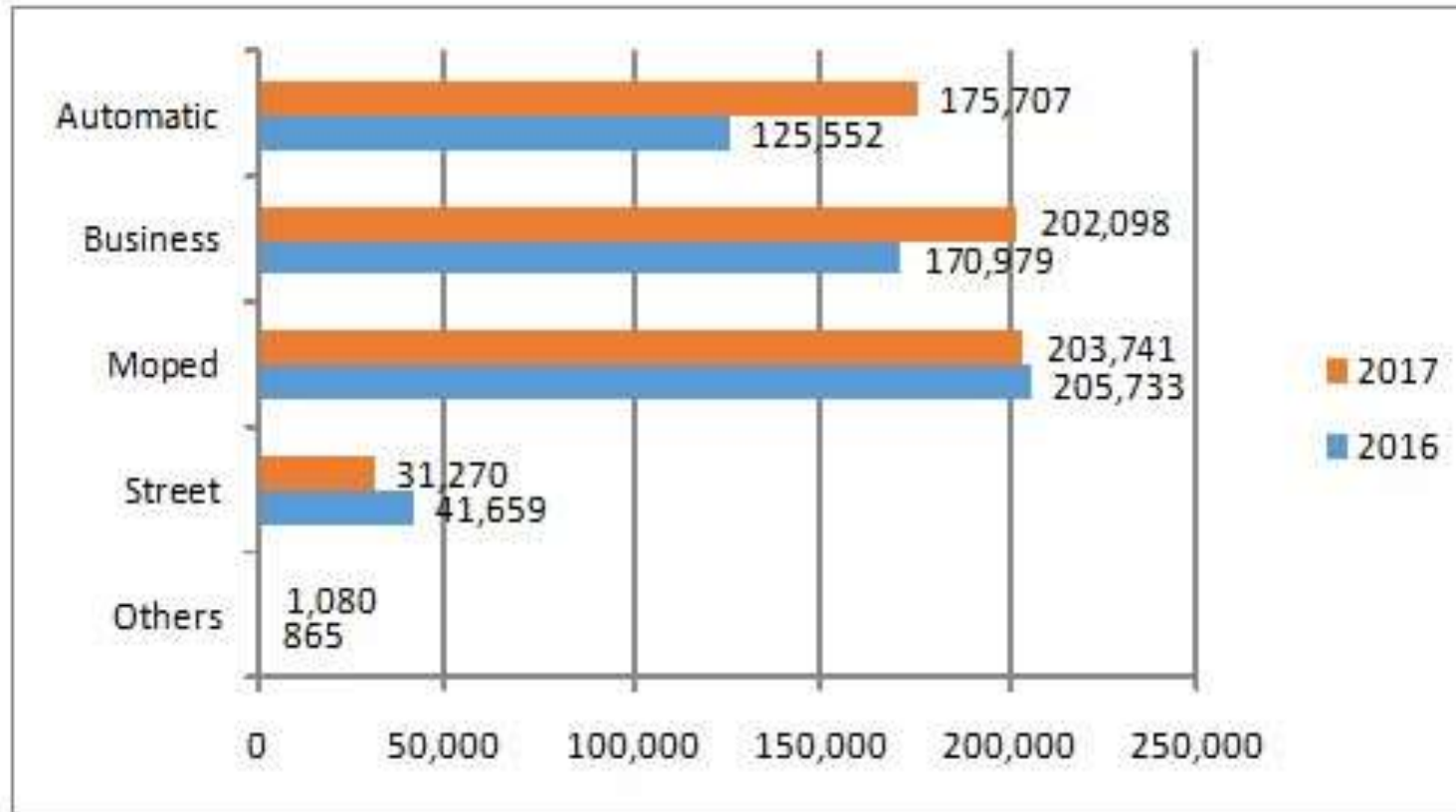
## MDPPA YoY Sales Growth



*TopGear.com.ph*

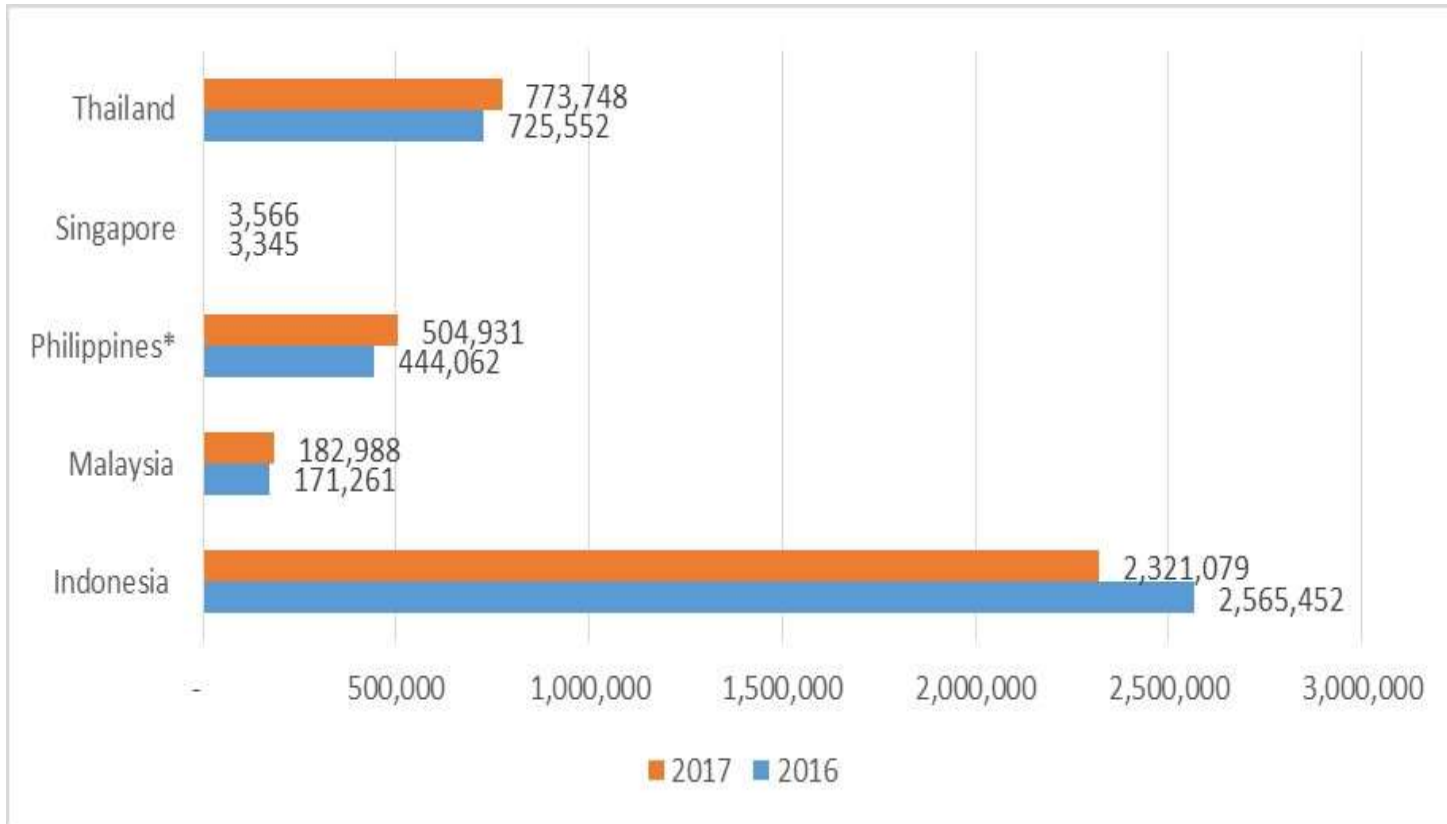
- In 2016, there are 1,140,338 units, or 34% growth compared to 2015.
- Big demand for motorcycles for private or business use, the introduction of new, exciting models, favorable foreign exchange rates, and strong remittances particularly from OFWs.
- about six million registered motorcycles in the country.

# Sales Performance Comparison per Model



- Moped has the highest market share
- Significant increase in business units mostly due to expanding good personal delivery market
- Automatic motorcycles has the biggest percent sales increase
- Street motorcycle sales declined as market preferred automatic version for convenience
- Other variants including big bikes, three wheelers and ATVs recorded a 25 percent sales growth

# Status of Motorcycle Sales in the Philippines



Source: MDPPA, Inc.

- Based on ASEAN Sales Statistics from January to May 2017, Philippines posted highest motorcycle sales growth in ASEAN.
- The Philippines achieved the biggest sales volume growth in the ASEAN region with 13 percent year over year increase for 1<sup>st</sup> half of 2017
- Indonesia had 10% while Malaysia, Singapore and Thailand all had 7 percent increase in sales.



# Challenges and Reasons for Rapid Growth



- Room for growth
- Poor public transport
- Traffic congestion
- Unpaved roads ( mostly in rural areas )
- Economical and cost competitive vis a vis public transport
- “Attractive” Financing
- Significant improvement in fuel economy

# Policies on 2-wheelers



- DENR Administrative Order 2010-24 issued last September 27, 2010, requires all local motorcycle manufacturers, assemblers, and importers to produce only Euro 3-compliant products beginning September 27, 2017.
- Prior to registration of a motorcycle unit, manufacturers and importers are required to secure a Certificate of Conformity (COC) obtained from the DENR to be able to get a Certificate of Stock Report (CSR) from the Land Transportation Office (LTO).
- 'Motorcycle Development Program Participants Association (MDPPA) expressed its support for the DENR policy
- DENR is not yet equipped with the proper emission testing facility, which would cost the government millions of pesos, to be able to accurately check the Euro emission level of a motorcycle product.

## Emission Standards for In-Use Vehicles Motorcycle/tricycle and Moped

Vehicle Registration Date	CO (% by volume)	HC (ppm as hexane)	White smoke (% opacity)
Registered for the first time prior to January 1, 2003	6.0	6,500	30
Registered for the first time from January 1, 2003 up to December 31, 2011	4.5	6,500	30
Registered for the first time on or after January 1, 2012	3.5	4,500	30

Source:

[http://pcieerd.dost.gov.ph/images/downloads/presentation\\_materials/clrv\\_06142012/06\\_Emission\\_standards\\_PCIEERD\\_14jun2012JNR.pdf](http://pcieerd.dost.gov.ph/images/downloads/presentation_materials/clrv_06142012/06_Emission_standards_PCIEERD_14jun2012JNR.pdf)

# EXECUTIVE ORDER NO. 156



## Restructured Motor Vehicle Development Program (EO 156)

- The restructuring of the Motor Vehicle Development Program provides for the following:
- Ban the importation of all types of used motor vehicles and parts and components, except those that may be allowed under certain conditions
- Restructure the Most Favored Nation (MFN) tariff rates for motor vehicles and their raw materials and parts and components at such rates that will encourage the development of the industry
- Restructure the current excise tax system for motor vehicles with the end view of creating a simple, fair and stable tax structure
- Continue the application of ASEAN Industrial Cooperation scheme as may be adopted by ASEAN consisted with the implementation of the ASEAN- Common Effective Preferential Tariff (CEPT)
- Grant incentives to assemblers and parts and components makers for the export of CBUs and parts and components

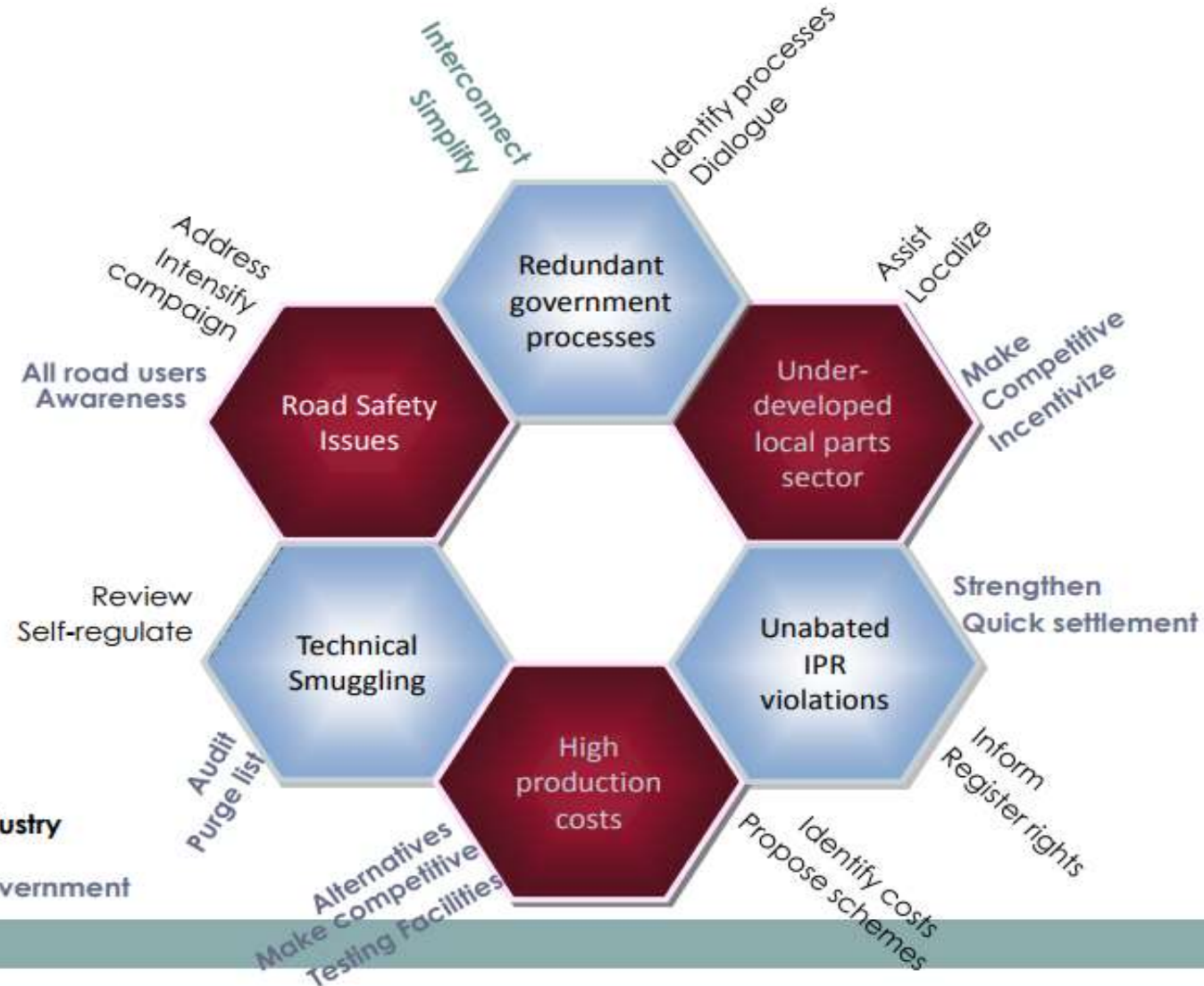
# SWOT Analysis by MDPPA



<b>STRENGTHS</b>	<ul style="list-style-type: none"><li>• Recognized as alternative mode of transport</li><li>• MVDP Participants</li><li>• Association of established manufacturers</li><li>• Strong dealer network</li><li>• Low barrier for entry of new players</li><li>• Common models marketed among ASEAN members</li></ul>
<b>WEAKNESSES</b>	<ul style="list-style-type: none"><li>• Lesser attention given to the industry (involvement in policy formulation)</li><li>• Underdeveloped local parts manufacturing sector</li><li>• Lack of raw materials local manufacturers</li><li>• Lack of testing facilities</li><li>• Inadequacy/inaccessibility of industry data i.e. importation, production, registered mc per area, accident per causes</li><li>• Weak enforcement of government regulations</li></ul>
<b>OPPORTUNITIES</b>	<ul style="list-style-type: none"><li>• Continuing increase in demand</li><li>• Development of supporting industry i.e., die making, precision machining</li></ul>
<b>THREATS</b>	<ul style="list-style-type: none"><li>• Proliferation of copycat motorcycles and fake parts and components</li><li>• Road safety issues affecting MC sales (incorrect implementation of MC lanes, road infrastructures posing risks to MC)</li><li>• Complex government procedures i.e., importation, registration</li><li>• Inconsistency of ordinances/regulations (local vs national)</li><li>• Weak enforcement of government regulations</li></ul>

Source: MDPPA 2015

# Challenges and next steps



- Strict monitoring of participants' compliance to Motor Vehicle Development Program (EO 156) requirements
- Strict enforcement of intellectual property laws
- Harmonization of technical standards
- Upgrade testing facility capability
- Efficient implementation of road infrastructures posing risks to MC

For more information: [www.cleanairasia.org](http://www.cleanairasia.org)



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### Clean Air Asia Country Networks

[www.cleanairinitiative.org/portal/node/6218](http://www.cleanairinitiative.org/portal/node/6218)

China • India • Indonesia • Nepal • Pakistan • Philippines • Sri Lanka • Vietnam

#### Clean Air Asia Center Members

- Shell
- Asia Clean Fuels Association

#### 240 Clean Air Asia Partnership Members

- Cities
- Environment ministries and government agencies
- Development agencies and foundations
- Non-government organizations
- Academic and research institutions
- Private sector companies and association

#### Donors in 2014

Asian Development Bank • Cities Development Initiative for Asia • ClimateWorks Foundation • DHL/IKEA/UPS • Energy Foundation • Fredskorpset Norway • Fu Tak lam Foundation • German International Cooperation (GIZ) • Institute for Global Environmental Strategies (IGES) • Institute for Transport Policy Studies • Institute for Transportation and Development Policy • International Union for Conservation of Nature • L'Agence Française de Développement (AFD) • MAHA • Pilipinas Shell • Rockefeller Brothers Fund • Shakti Foundation • Shell Foundation • United Nations Environment Program Partnership for Clean Fuels and Vehicles (UNEP PCFV) • USAID CEnergy • Veolia • World Bank