



The Global Fuel Economy Initiative: Delivering Climate Action





FOREWORD

The Paris Climate Agreement, agreed in 2015, was historic. It brought together the countries of the world in recognition that climate change is an existential threat to humanity, and to commit to do something about it. Three years on, however, the world seems less united, and we have less time. The urgency of tackling climate change is ever more apparent. Devastating extreme weather events are a likely consequence of global temperature rises. We must do everything in our power to cut carbon emissions and change the disastrous path that we are on.

The Global Fuel Economy Initiative (GFEI) is playing its part and has stepped up. Recognising the scale of the challenge, GFEI radically increased the breadth and depth of its ambitions in Paris. We are now working with around 70 countries, supporting them to develop their own policies to cut vehicle emissions. Furthermore, we have expanded the scope of our work beyond internal-combustion engine passenger vehicles to include Electric Vehicles and Heavy Duty Vehicles. A comprehensive approach is needed to radically reduce emissions, covering all vehicles and all markets.

Our approach is country-led, based on the best evidence and tailored to local conditions. All

countries undertake a 'baseline' analysis of current vehicle emission trends, before working with local stakeholders to develop policy options that will be most effective for their context. Countries are able to learn from the experience of others that have gone before, and from GFEI's expert partners who are working at the leading edge of the transition to new forms of electric and energy-efficient mobility.

In 2015, GFEI made a '100 for 50by50' commitment, to work with 100 countries to support improvements in vehicle fuel economy – with the aim of doubling vehicle fuel economy. We will continue to push towards that goal, supporting and inspiring change to cut emissions and use the data we are gathering to continue to build the evidence case for urgent action. We must continue to fight to achieve the emissions reductions that are needed globally. Our experience of working with countries shows that change is possible. Whether this is in the Ukraine, which is prioritising electric vehicles, or Thailand and Vietnam that are improving consumer information on vehicle fuel economy, or African countries setting new age limits on imported vehicles, action is taking place. We must celebrate these successes and redouble our efforts to extend these globally.



Sheila Watson
Executive Secretary,
GFEI and Deputy
Director, FIA
Foundation



1 Introduction

For almost a decade, the Global Fuel Economy Initiative (GFEI) has been at the cutting edge of global action to cut carbon emissions – supporting countries to put in place policies to reduce harmful emissions from vehicles. This support initially focused on passenger vehicles, but now covers freight as well – encompassing the vast majority of vehicles on the road. GFEI partners are also at the forefront of supporting the transition to electric mobility. Partners also committed to supporting 100 countries as they work to achieve these fuel efficiency savings.

The urgency of climate action is more pressing than ever. 2018 is on track to be one of the hottest years on record, and climate change is associated with an increase in frequency of extreme weather events. Left unchecked, rising temperatures could lead parts of the globe to becoming uninhabitable in the coming years, with catastrophic flooding, sea level rises, storms and wildfires posing an increasing threat to life. The Paris Agreement, negotiated as part of the UN Framework Convention on Climate Change (UNFCCC), is vital. Governments, businesses and individuals need to take action to reduce emissions, as was promised, in order to keep temperature rises “well below 2 degrees Celsius above preindustrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius”.

GFEI supports policies that enhance the energy efficiency of vehicles. Fuel economy reduces carbon emissions and saves money as well as, for countries that import oil, bringing significant benefits in terms of energy security and for their balance of payments and even national budgets.

In 2009, GFEI set a bold goal – to double average new passenger vehicle fuel economy globally by 2030, and in all vehicles by 2050 – ‘50by50’. This would mean that on average the fuel used by any new vehicle would be half of that required previously. This improvement in efficiency is vital as vehicle numbers continue to grow – particularly in developing countries. GFEI’s goal for new vehicles corresponds with Sustainable Development Goal target 7.3 to double energy efficiency by 2030. Achieving the GFEI target would save over 1 Gt of CO₂ a year by 2025 and over 2 Gt/year by 2050, and result in savings in annual oil import bills alone worth over \$300 billion in 2025 and \$600 billion in 2050.

In 2016, recognising that heavy duty vehicles are now set to see the biggest increase in oil use as global trade increases, GFEI announced a further target to improve the



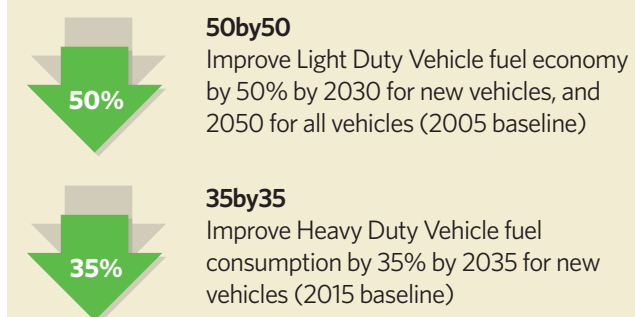
efficiency of HDVs by 35% by 2035, which would save millions of barrels of oil each day.

At the Paris Climate Change Conference in 2015, GFEI made announced a new ‘100 for 50by50’ commitment. This ambitious goal aimed to increase the number of countries to 100 that GFEI is working in order to meet GFEI’s ‘50by50’ goal of a 50% reduction (i.e. doubling) of average vehicle fuel economy by 2050. Doubling fuel economy will significantly reduce the expected increases in carbon dioxide emissions from transport.

2017 was a key year for GFEI, as it reached out to 65 developing countries and countries in transition. GFEI also supports policy development in developed countries and big markets like Australia, Canada, China, Saudi Arabia, and the U.S. Moreover, many national projects have resulted in the adoption of policies, for example:

- **The Philippines** has adopted a price-based progressive vehicle excise tax, lower taxes for electric and hybrid vehicles, and is developing a labelling scheme;
- **Mauritius** has adopted a stricter CO₂-based vehicle excise tax;
- **In Kenya**, an age-based vehicle excise tax scheme that puts less tax on imported second-hand vehicles 3 years old or younger was adopted;
- **Montenegro** has adopted a labelling scheme;
- **Vietnam’s** previously voluntary vehicle labelling scheme has now been announced as mandatory, and will be expanded to two- and three- wheelers;
- **In Sri Lanka**, they have revised vehicle excise tax to further support more efficient vehicles and electric vehicles;
- **Thailand** has adopted CO₂ vehicle tax and labelling;
- **Peru** has increased tax for gasoline and diesel vehicles and reduced tax for gas, electric, and hybrid vehicles; and
- **Ukraine** reduced taxes on electric vehicles.

GFEI TARGETS:



GFEI PARTNERS

GFEI brings together six expert partners who cooperate in three key ways:

- 1 to build a strong evidence base on the benefits of vehicle efficiency and global progress towards GFEI targets
- 2 to offer countries capacity-building support to promote greater fuel economy
- 3 to advocate for a greater focus on the key issue of vehicle efficiency

The six GFEI partners:

- the International Energy Agency (IEA);
- the United Nations Environment Programme (UN Environment);
- the International Transport Forum of the OECD (ITF);
- the International Council on Clean Transportation (ICCT);
- the Institute for Transportation Studies at University of California, Davis (UC Davis); and
- the FIA Foundation, which hosts the GFEI secretariat.

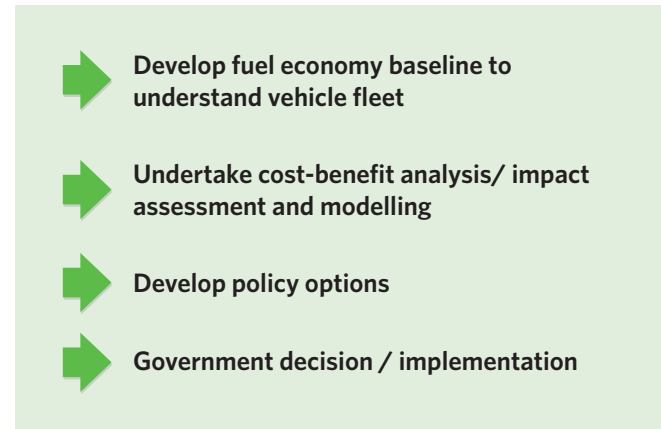
These technical specialists undertake detailed research on issues relating to vehicle efficiency, and provide practical

support to countries, as well as making the wider case for prioritising improved vehicle fuel economy because of the many benefits it brings. In addition, GFEI works with a series of national and regional partners, such as Clean Air Asia, Sustainable Transport Africa and Centro Mario Molina, Chile.

COUNTRY CAPACITY-BUILDING

GFEI's capacity-building work is at the heart of our mission to work for change. GFEI supports countries in three key ways:

- 1 building a shared understanding of the fuel economy of vehicles in their country – the baseline – against which any subsequent progress can be measured.
- 2 providing tools and a toolkit to inform policymakers of the potential impacts of different policy options. This toolkit is built on existing good practice from other countries facing the same sort of challenges: <https://www.globalfueleconomy.org/in-country/gfei-toolkit>
- 3 supporting countries as they engage with their own stakeholders and relevant local interests and as they chart their way towards developing policies. GFEI also supports global policy processes - such as the UNFCCC, G20 and the framework of the Sustainable Development Goals to showcase the progress which individual countries have made.



RESEARCH AND EVIDENCE

GFEI provides the most comprehensive and only global analysis of fuel economy trends. Led by the International Energy Agency (IEA), GFEI's regular benchmarking studies draw on detailed information about vehicle registrations to track annual progress in average fuel economy around the world.

In addition, the GFEI working paper series provides in-depth analysis on key issues that affect vehicle efficiency, including recent analysis looking at how the increasing size of vehicles is counter-acting many of the fuel efficiency improvements.

GLOBAL ADVOCACY

The sustainable mobility challenge is dependent not only on changes to the patterns of mobility but also in the way energy is generated. GFEI is a unique initiative in that it works across both of these sectors. An example of this engagement is GFEI's status as an 'accelerator' platform within the United Nation's Sustainable Energy for All (SE4ALL) initiative. GFEI is working to speed up the transition to cleaner and more efficient vehicles and fuels. Increasingly this will mean electric vehicles, and so it is vital that the energy generated to power these is low carbon and does not contribute to air pollution.

Global Process	GFEI's key role
G20	Implementing organisation of the Transport Task Group (TTG)
Climate Change (UNFCCC)	Identified as a transport 'Quick win' on Transport Sustainable Development and Climate Change as part of the Paris Process on Mobility and Climate
Sustainable Development Goals	Part of the Expert Group and High Level Panel for SDG7
SE4ALL	GFEI is at the heart of the Transport and Motor Vehicle 'Accelerator' initiative





Transport energy demand has been rising faster than any other sector. Energy consumption from transport is set to continue to grow, predominantly in non-OECD countries, with the greatest growth in Asia. As well as carbon dioxide, transport emissions are also responsible for 'black carbon' which contributes to warming in ice-covered regions by absorbing heat and reducing the amount of light reflected.

Road vehicles are responsible for the largest share of transport emissions. Improving the efficiency and fuel economy of vehicles helps to manage energy demand, saving money and mitigating climate and air quality impacts from emissions. As road transport increasingly

shifts towards electric mobility, it is vital that the electricity used is low carbon, and that local energy systems are able to manage and to respond to changes in demand.

In the ten years between 2005 and 2015, average vehicle fuel economy globally has improved by around 14% - the average amount of fuel needed to drive 100km has fallen from 8.8 litres of gasoline equivalent (lge) to 7.6 lge. However, faster progress is needed in order to reach GFEI's goal of doubling average vehicle fuel economy by 2030. The good news is that we know that the technology exists to drive forward vehicle efficiency, but there is a need for clear and consistent policy to cut emissions, save money and clean up the air.

“ Steering vehicles towards a low-carbon world supports the SE4All agenda on doubling the improvement rate of energy efficiency. As the global car fleet is predicted to triple by 2050 - with most of the growth in developing countries - maximising fuel efficiency is not an option, but an obligation. The GFEI therefore importantly contributes towards the energy efficiency target of the Sustainable Energy for All Initiative. ”

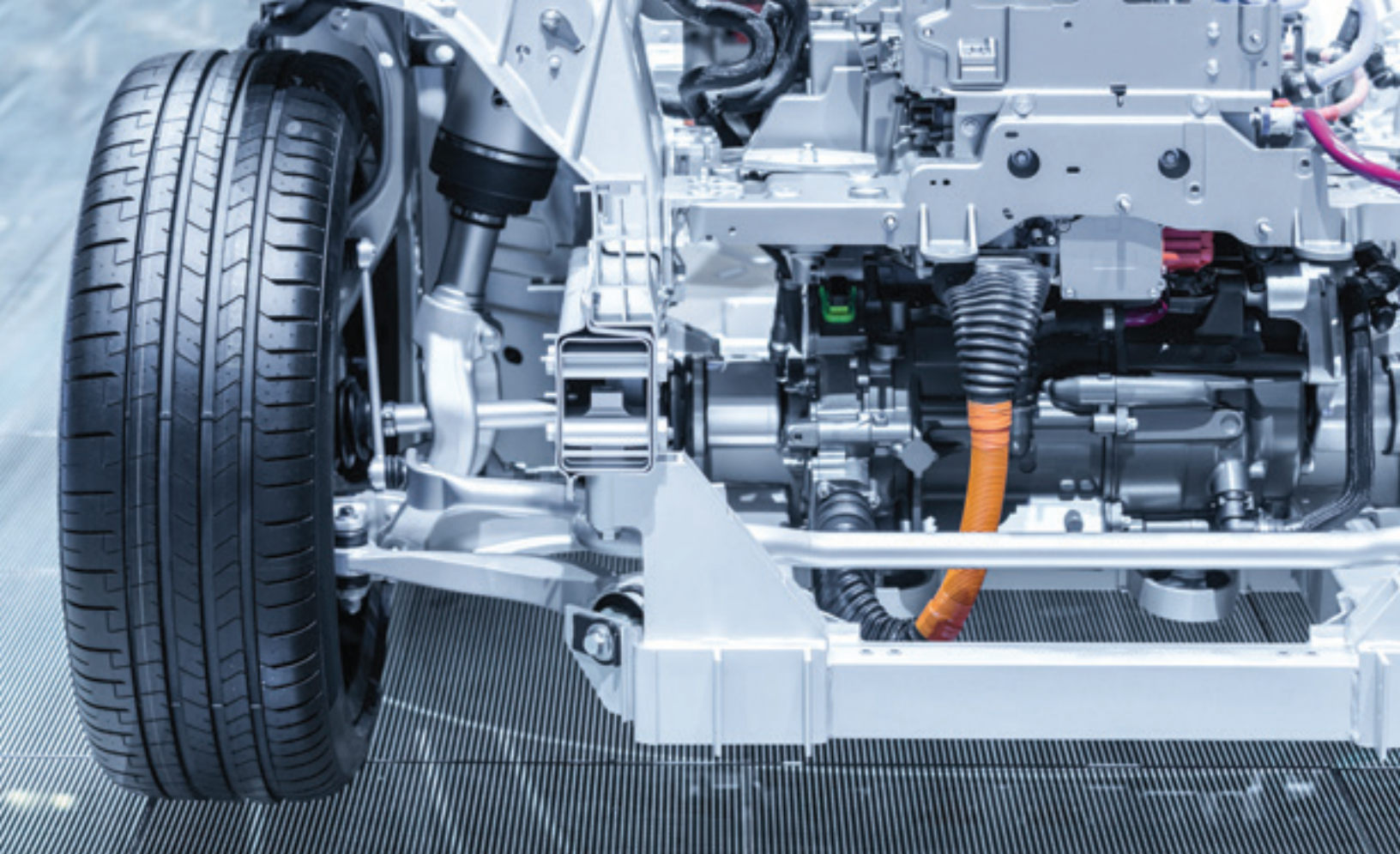


Rachel Kyte
Chief Executive Officer,
Sustainable Energy for
All (SE4All) Initiative

2 Transport and Climate: Where are we now?

Vehicle fuel economy is vital to reducing carbon emissions from transport. It also helps valuable resources go further, reducing waste and boosting productivity. At the global level, the transport sector was responsible for 23% of global energy-related greenhouse gas (GHG) emissions. Transport is the largest energy consuming sector in nearly half of countries around the world, and the second largest sector in most other countries.





3 GFEI - reducing vehicle CO₂ emissions country by country

Starting from just four pilot countries in 2009, GFEI has now extended its support to over 70 countries, across different continents and regions. GFEI is unparalleled in its reach, and is able to connect countries facing similar challenges in different locations to share experiences and learn from each other and provide support through the process of policy change. By including electric vehicles and heavy-duty vehicles in its remit for greater vehicle efficiency, GFEI is the only truly comprehensive initiative focusing on vehicle efficiency and climate change. As such, it is unique in the support which it is able to offer countries.

GFEI works with countries to analyse the fuel economy trends in newly registered vehicles in order that they can develop a country-specific policy response. By setting a baseline of fuel economy before any intervention, it also allows countries to monitor the impacts of any policies they introduce. In addition, GFEI's experts have developed analytical tools to model the local impact of potential policies, and decide the best approach.

GFEI takes a comprehensive approach, targeting both the major vehicle markets and also smaller ones. The International Council on Clean Transportation (ICCT) leads work focused on G20 countries, while UN Environment provides support in developing countries and emerging markets. In all cases further technical support and analysis is provided by IEA, ITF and UC Davis. By ensuring that all countries have frameworks for clean and efficient vehicles, GFEI is supporting countries as they invest in the future, learning lessons from the experiences of other developed and developing countries, often in the face of massive vehicle fleet growth.

There are a wide range of policy options from which countries can choose. Fuel economy improvements can be achieved through improved aerodynamics, engines and powertrains; changes to alternate fuel sources such as promoting electric and zero emission vehicles through new standards; and fiscal incentives and improved consumer information. In addition, it is possible to introduce measures to improve the efficiency of trucks, including fuel economy standards and voluntary "green freight" initiatives to improve vehicle efficiency and consolidate journeys through advanced logistics and hubs where possible.

Other action that can lead to improvements includes phasing out inefficient transport-related fossil-fuel subsidies, including direct and indirect policies that encourage wasteful consumption. Another priority is research in efficient batteries and energy storage systems, including hydrogen and fuel-cell technologies, to reduce prices and increase the range of electric-powered vehicles and develop the necessary charging/refuelling infrastructure.

GFEI provides expert input to support countries to develop policy options. By hosting a country workshop GFEI helps convene the key stakeholders in each country in order to identify the key issues affecting the country and the optimal approach to improving vehicle efficiency given the particular characteristics currently observed.

THE ROLE OF ELECTRIC VEHICLES

Fully electric (plug-in) vehicles are about three times as efficient as conventional cars and almost twice as efficient as hybrids. Across the world, countries are increasingly adopting policies to incentivise electric vehicles. The two main electric car markets are China and the United States. Alongside the United States, six other countries reached market shares

for electric cars of more than 1% in 2016: Norway, the Netherlands, Sweden, France, the United Kingdom and China. In 2017, several more reached this level, including Belgium, Finland, Switzerland, Iceland and Japan.

GFEI partners are proactively working to integrate policies stimulating the adoption of electric vehicles in their technical assistance and capacity building support. However, electric vehicles should not yet be seen as replacing efficiency improvements of the internal combustion engine, as many countries do not yet have the infrastructure needed for a complete shift to electric mobility, but rather electric vehicles should be seen as an increasingly important instrument to achieve greater vehicle efficiency overall.

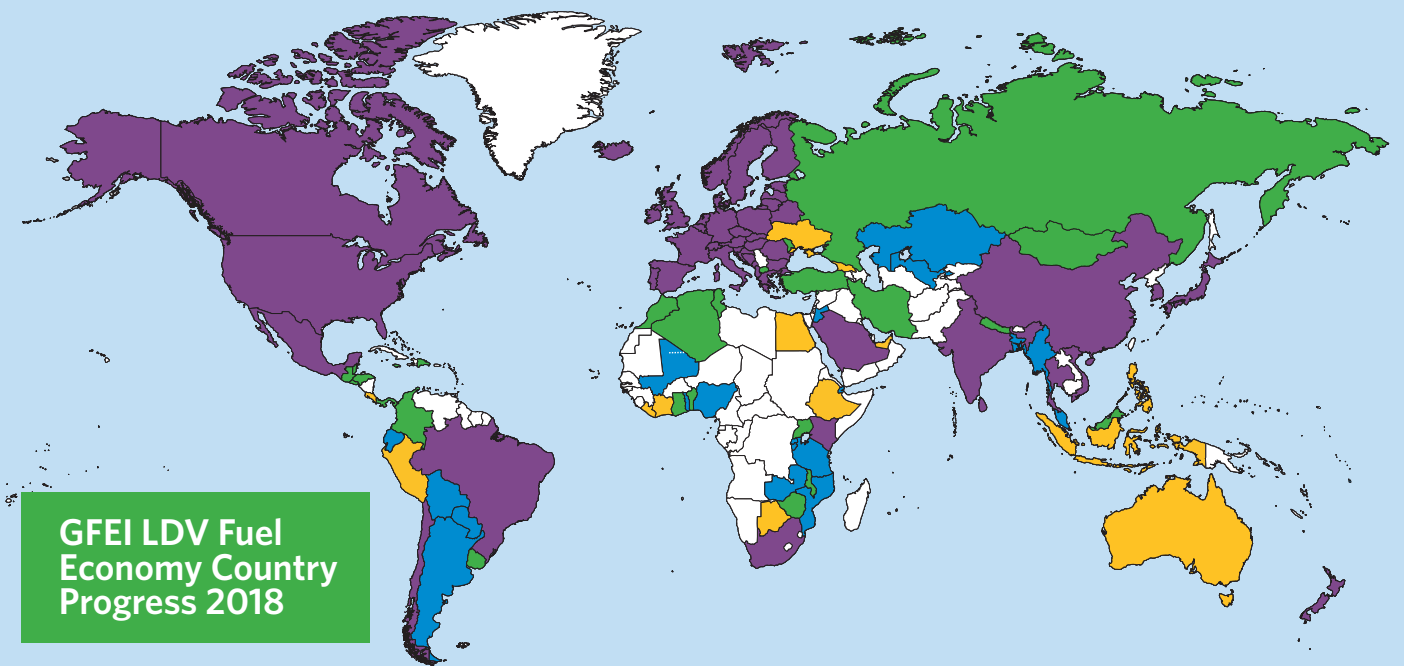
HEAVY DUTY VEHICLES (HDVS)

Without action, worldwide fuel consumption from HDVs is on track to overtake passenger vehicles in the next decade or two.

There is more diversity between regions in HDV vehicle types and drive cycles compared to passenger vehicles, which means that policies need to be tailored to each market. This is significant as modern HDVs engine, powertrain and emissions control technologies may in many instances be unsuitable for many developing countries that lack the requisite fuel quality and maintenance infrastructure to ensure the durability and continued effectiveness of emissions control technologies. GFEI partners supporting countries therefore take a comprehensive approach, working on improving fuel quality alongside clean and efficient vehicles.

GFEI partners will increasingly highlight the potential of HDV fuel economy programmes through global networks and assist countries in establishing technically sound HDV efficiency policies and standards.





4 GFEI's Climate Action



In 2015, as world leaders committed to action for sustainable development and tackling climate change, GFEI set out its own bold vision to substantially expand the number of countries committed to improving vehicle fuel economy. This vision, known as '100 for 50 by 50' aims to increase the number of countries working on doubling vehicle fuel efficiency by 2050 (50by50) to over one hundred. With funding from the European Commission, the Global Environment Facility (GEF) and the FIA Foundation, GFEI is now working with around seventy countries, and continues to work with others through regional activities and networks such as the G20.

GFEI works with countries to develop a baseline analysis of vehicle trends and support policy proposals.

AFRICA	Country	Baseline completed	Policy proposals developed	Policy Implemented
	Algeria			
	Benin			
	Botswana			
	Egypt			
	Ethiopia			
	Ghana			
	Ivory Coast			
	Kenya			
	Liberia			
	Malawi			
	Mali			
	Mauritius			
	Morocco			
	Mozambique			
	Nigeria			
	Rwanda			
	Senegal			
	South Africa			
	Tanzania			
	Togo			
	Tunisia			
	Uganda			
	Zambia			
	Zimbabwe			

ASIA PACIFIC	Country	Baseline completed	Policy proposals developed	Policy Implemented
	Australia			
	Bangladesh			
	China			
	Fiji			
	India			
	Indonesia			
	Malaysia			
	Myanmar			
	Nepal			
	Philippines			
	Sri Lanka			
	Thailand			
	Vietnam			

EASTERN EUROPE AND THE CAUCUSES	Country	Baseline completed	Policy proposals developed	Policy Implemented
	Georgia			
	Macedonia			
	Moldova			
	Montenegro			
	Russia			
	Ukraine			

MIDDLE EAST AND WEST ASIA	Country	Baseline completed	Policy proposals developed	Policy Implemented
	Bahrain			
	Iran			
	Jordan			
	Kazakhstan			
	Lebanon			
	Mongolia			
	Saudi Arabia			
	Turkey			
	UAE			

KEY	Legend
	New country
	Policy proposals developed
	Baseline completed
	Policy Implemented
	G20 Transport group Participants: Australia, Brazil, Canada, China, the European Union, Germany, India, Italy, Japan, Mexico, Russia, United Kingdom and the United States.

NORTH AMERICA	Country	Baseline completed	Policy proposals developed	Policy Implemented
	United States			
	Canada			
	Mexico			

LATIN AMERICA AND CARIBBEAN	Country	Baseline completed	Policy proposals developed	Policy Implemented
	Argentina			
	Belize			
	Brazil			
	Chile			
	Colombia			
	Costa Rica			
	Dominican Republic			
	El Salvador			
	Guatemala			
	Honduras			
	Jamaica			
	Panama			
	Paraguay			
	Peru			
	Uruguay			



AFRICA

Countries across Africa have benefitted from GFEI's in-country support and regional training. In March 2018 countries from across Africa were brought together for the first Africa Clean Mobility Week, hosted by UN Environment in Nairobi. Representatives from across Africa were able to share experiences and hear from policy experts about how to improve vehicle fuel economy.

GFEI's work in Africa is led by UN Environment. UN Environment works together with regional partners, such as Sustainable Transport Africa. The International Council on Clean Transportation (ICCT), which leads on G20 countries, is providing capacity building to South Africa.

In total, GFEI is working with nearly 30 countries across Africa. There are wide differences between countries. For example, Kenya (which has an import age limit of 8 year old vehicles) has an average fuel economy of 7.3 litres/100km for new vehicles, whereas Uganda (which does not have a limit, and where the average age of newly registered vehicles is 16 years) has a considerably higher average fuel economy at 12.0 litres/100km. In some areas, such as West Africa, GFEI is also taking a regional approach to fuel economy by working with the ECOWAS community. One of the leading countries, Mauritius, which has for several years had a 'feebate'

incentivising more fuel efficient vehicles, has recently adopted a new stricter CO₂-based vehicle excise tax.



KENYA

The Global Fuel Economy Initiative has supported Kenya to develop policies to improve fuel economy, based on analysis of the fuel economy of the vehicle fleet. It has supported the government to explore a range of policy options, including labelling, and variable taxation schemes. This includes a variable taxation scheme that charges more for importing used vehicles more than five years old (the limit is eight years old). The country is also continuing to develop proposals for a fuel economy label.

TOGO

Togo is one of around a dozen African countries that have recently launched a GFEI national project. The country held a successful launch and is working on the analysis for the fuel economy baseline to understand the current fuel economy levels in the country before developing policy options.

Togo has reported its performance through a voluntary national review every year since the SDGs were agreed in 2015, with its 2018 report the third year that the country has made progress.

IVORY COAST

GFEI partner UN Environment is co-ordinating work among ECOWAS countries in West Africa. In July 2017, nine ECOWAS countries, the ECOWAS Commission and UN Environment participated in a workshop. This drew on the findings of a national fuel economy meeting in the Ivory Coast which had identified policy options for the country to promote imports of fuel efficient vehicles. Among these policy recommendations was for a vehicle labelling and a fee/rebate taxation system to encourage imports of more fuel efficient vehicles.



MALI

The national GFEI project was launched in a workshop, held in Bamako in May 2017. The lead agency in Mali for GFEI work is Direction Nationale de l'Assainissement et du Contrôle des Pollutions et des Nuisances (DNACPN). The country has started data collection to develop a vehicle inventory baseline of the average fuel economy of new cars. Subsequently a study will be carried out to assess the options for clean and efficient vehicle policies and potential impacts in Mali, which will also include fiscal policies. By the end of the year, the task force that is spearheading the activity is expected to have a report on fuel economy proposed policy options and draft policies which will be submitted to government.

SOUTH AFRICA

GFEI has also been supporting South Africa to explore vehicle fuel economy policies. South Africa's new passenger vehicle fleet is the largest on the African continent and the 18th largest globally. South African manufacturers sold more than 412,000 new vehicles in 2015, and exported more than 333,000 units in that year.

Analysis by the International Council for Clean Transportation (ICCT) for GFEI indicated that South Africa's passenger car fleet emits 21% more CO₂ than the average European passenger car, indicating lower average efficiency of vehicles in South Africa. However, the study also identified large potential improvements in fuel economy through adopting new standards.

OTHER PROGRESS IN AFRICA

GFEI is supporting work across Africa. In North Africa, GFEI has recently worked with Egypt through partner CEDARE (Centre for Environment and Development for the Arab Region and Europe) and developed policy options for improved fuel economy.

In West Africa, in addition to Ivory Coast, Togo and Liberia, GFEI is working with Ghana, Mali and Nigeria. Ghana has recently completed its vehicle fuel economy baseline analysis, while Mali and Nigeria have held launch events and are completing their vehicle inventory.

In East Africa, GFEI is currently working with Rwanda, Tanzania and Uganda. Work in Rwanda and Tanzania is at an early stage, while Uganda has completed a vehicle inventory and Makere University developed policy options, including a possible ‘feebate’ tax incentive scheme for more efficient vehicles.

In Southern Africa, GFEI is working with Botswana, Mozambique, Malawi, Zambia, and Zimbabwe, as well as South Africa. Botswana, Malawi, South Africa and Zimbabwe have completed baseline analysis and are developing (or have developed) policy recommendations, while Mozambique and Zambia are still continuing to develop their vehicle inventory and analysis.



COLOMBIA

The GFEI project for Colombia started in January 2017 with the aim to help create an enabling environment that will lead to the development and implementation of national fuel economy policies. The Cleaner and More Efficient Fuels and Vehicles project, led by UN Environment, CEGESTI, and the Centro Mario Molina Chile, supports the work that Colombia has been carrying out in the transportation sector, and will produce a fuel economy baseline study for their light duty vehicle fleet.

The Ministry of Environment and Sustainable Development was identified as focal point for the project. The development of the fuel economy baseline was undertaken by the University of Technology of Pereira. A further workshop to present the baseline report with analysis and recommendations took place in March 2018. Additionally, the next activities for Phase 2 of policy development were discussed, which will be taken forward in the coming months.

LATIN AMERICA AND CARIBBEAN

GFEI is supporting a range of countries to develop fuel economy policies in South America and the Caribbean. One of the first countries that GFEI supported was Chile, which has introduced a series of policies to promote improved fuel economy, including labelling and tax incentives for more efficient vehicles. Other countries, such as Argentina are now following suit, by proposing a new vehicle labelling scheme.

GFEI’s work in the South America and Caribbean is led by UN Environment. UN Environment works together with regional partners, such as Centro Mario Molina, Chile and CEGESTI. The International Council on Clean Transportation (ICCT), which leads on G20 countries, has provided capacity building support to Brazil. The International Energy Agency (IEA) provide global analysis and vehicle efficiency training.

“ Centro Mario Molina Chile supports GFEI because it provides a clear answer to the sustainable transport challenge in Latin America. The vehicle fleet in the region is growing rapidly but our regulations and policies are not yet ready to prevent increasing GHG emissions and energy risk.

The GFEI approach in Chile has been to conduct a baseline study of vehicle fuel economy in the market and support a mandatory labelling scheme and tax disincentives for new vehicles with poor fuel economy and high emissions. This same successful experience is starting to be adopted for another countries in the region. If we build on these efforts we can reach the 50by50 target in Latin America. ”



Gianni López
Director, Centro Mario Molina Chile



PERU

GFEI has been supporting the government of Peru since 2016. The launch event involved around 40 national participants from various public and private institutions related to transportation, energy efficiency and fuels, and subsequently a national working group was convened to discuss possible regulations and other instruments for promoting cleaner and more efficient vehicles.

In January 2018, GFEI held a follow up workshop which included analysis of the vehicle fleet. Representatives of four Peruvian ministries—Environment, Energy, Transport, and Economy and Finance—participated. The baseline analysis shows that more than 99% of vehicles imported since 2013 were new. This means that the government has a good opportunity to introduce policy measures to ensure that these vehicles have advanced technologies to improve fuel efficiency.

At the workshop Ms. Zifei Yang from GFEI partner the International Council on Clean Transportation (ICCT) provided an overview of financial incentives and feebates, a system of fees and rebates, as tools to improve vehicle fuel efficiency for Peru. Ms. Miryam Yepes Salazar from the Ministry of Economy and Finance provided an overview of the existing vehicle and fuel taxation system in Peru and discussed the progress of on-going reforms, which incentivize use of natural gas, hybrid, and electric vehicles.

ARGENTINA (NEW LABELLING)

GFEI started working with Argentina in 2016. A fuel economy baseline is being led by the Ministry of Environment and Sustainable Development and Centro Mario Molina Chile.

A first result of the project, Argentina adopted a resolution in 2017 on Energy Efficiency for the labelling of light duty vehicles that requires fuel consumption to be declared for each new vehicle model starting from 2018, an Energy Efficiency vehicle label will then be developed and applied from 2019 (Resolution 797-E / 2017).

DOMINICAN REPUBLIC

GFEI was launched in the Dominican Republic in December 2016 and the national fuel economy baseline analysis commenced in January 2017, coordinated by the Ministry of Energy and Mines. The fuel economy baseline report was presented at a national workshop in December 2017.

There is a high level of interest and commitment from the country, although the country also has major challenges with their fuel quality as they have two refineries producing fuel with high sulphur levels (7,000ppm). In collaboration with the Climate and Clean Air Coalition, GFEI partner UN Environment has started a further project to help the country address the fuel quality and vehicle emissions standards issues.

OTHER HIGHLIGHTS

GFEI is also providing ongoing support to Belize, Brazil, Guatemala, Honduras, Panama, Paraguay and Uruguay. Of these countries, all have undertaken a baseline and held national workshops to develop plans with the exception on Honduras and Panama, which are still finalising these, and Paraguay and Uruguay which are preparing to hold their launch event. The largest economy, Brazil already has some fiscal incentives and a fuel economy label, but is developing a new project with GFEI to review further opportunities to improve vehicle fuel economy. GFEI has already provided support to Costa Rica.



EASTERN EUROPE, MIDDLE EAST AND WEST ASIA

GFEI works across Eastern Europe and the Caucasus, as well as the Middle East and West Asia. In Eastern Europe, many countries are particularly looking to align their policy frameworks with the European Union. Across the Middle East a number of countries have introduced fuel economy measures, including Saudi Arabia, which has introduced fuel economy standards, and the UAE, Bahrain, Kuwait, Oman and Qatar which all have introduced vehicle fuel economy labelling schemes.

GFEI's work in Eastern Europe is led by UN Environment. UN Environment works together with regional partners, such as REC (the Regional Environment Centre for Central and Eastern Europe).

GFEI's work in the Middle East and West Asia is led by UN Environment. UN Environment works together with regional partners, such as CEDARE (Centre for Environment and Development for the Arab Region and Europe). The International Council on Clean Transportation (ICCT), which leads on G20 countries, has provided capacity building support to Saudi Arabia.

MONTENEGRO (NEW LABELLING)

Montenegro has introduced a new labelling programme for passenger vehicles. It has also developed a new vehicle database and explored policy options including a one-time CO₂ tax for passenger vehicles. GFEI held a conference to conclude the country support it has provided to Montenegro in October 2017 in Podgorica. The conference was organised and held by the Montenegro country office of the Regional Center for Central and Eastern Europe (REC).

The conference commenced with an opening speech by Ms. Srna Sudar, Director of REC Montenegro, who emphasised how the project had been successful in creating an enabling environment that will lead to a new national fuel economy policy in Montenegro. Mr. Mugosa Director of Directorate for Climate Change from the Ministry of Sustainable Development and Tourism gave the opening and closing remarks. He stressed the importance of combating climate change highlighting the current role of the Paris Agreement that Montenegro has recently officially ratified, pledging to reduce greenhouse gas emissions as part of the fight against climate change.

UKRAINE (NEW EV POLICY)

Ukraine chose to launch a new incentive policy for electric vehicles at the Global Fuel Economy Initiative meeting in Kiev in October 2017. The Ministry of Infrastructure announced plans for the national EV industry to be backed by a 40% decrease in VAT for electric vehicles (EVs) in the next 5 years, with EVs allowed to use bus lanes and receiving free parking for 15 years. In addition, there will be 0% corporate tax on lithium extraction and battery production - Ukraine has one of the largest lithium deposits in Europe. The regulation is in effect on a temporary pilot basis for 2018. A more comprehensive regulation is being developed to create a sustainable environment for further development of electric mobility in Ukraine.

OTHER COUNTRIES

GFEI is also working in Lebanon, Jordan and Iran as well as Moldova and Kazakhstan. Work in Jordan and Lebanon is just beginning, whereas in Kazakhstan, Moldova and Iran the fuel economy baseline analysis is nearly complete.



ASIA

GFEI has been working across Asia to improve vehicle fuel economy. GFEI partner the International Council on Clean Transportation (ICCT) supports the larger G20 countries, including India and China, which have both introduced fuel economy policies. Across the other countries, there has been a range of progress, with increasing numbers of countries, such as Thailand and Vietnam introducing fuel economy policies such as labelling. GFEI's work in developing countries in Asia is led by UN Environment. UN Environment works together with regional partners, such as Clean Air Asia and other local country partners. GFEI also provides regional support across Asia through ASEAN and other groups, helping to develop a fuel economy roadmap for countries to work towards, and leading fuel economy dialogue at the Asia Pacific Clean Air Partnership.

VIETNAM

UN Environment together with regional implementation partner, Clean Air Asia, has supported the Vietnam Register under the Ministry of Transport to develop fuel economy standards for Vietnam. National Fuel Consumption Limits for Motorcycles, Mopeds, and Light-Duty Vehicles were developed and subsequently adopted as voluntary standards. Vietnam Register implemented vehicle labelling for locally assembled and imported light-duty vehicles with up to 7 seats by 1 January 2015. Car manufacturers or importers must publish fuel economy data for car models tested in Vietnam or in reputable foreign laboratories, and the labelling scheme has been mandatory since 2018. Follow-up activities on fuel economy are now being conducted by Vietnam Register to further develop their vehicle fuel economy policies.



SRI LANKA

Sri Lanka has included fuel economy as one of the 'main messages' in its 2018 Voluntary National Review, which highlights how "fuel efficient vehicles are being introduced to modernize transport".

Sri Lanka has promoted fuel economy by basing the vehicle excise tax system to imports of promote cleaner, more efficient vehicles. Electric vehicles have the lowest excise rate, followed by hybrid petrol vehicles, whereas diesel vehicles have the highest rate. This incentive structure has led to high sales of hybrid vehicles in recent years - over 130,000 in 2017.

GFEI, together with the country partner Clean Air Asia, has been engaging with the government around the vehicle excise tax. Clean Air Sri Lanka members together with key government agencies discussed the potential options for the country's revised vehicle excise tax, which was introduced

in 2018. The updated tax is based on engine capacity, with duty on electric vehicles removed altogether. There are also proposals to develop a fuel economy labelling scheme for the country that includes electric vehicles.

PHILIPPINES (NEW TAXATION AND LABELLING)

GFEI has been supporting the Philippines since 2016, which has particularly focused on developing a fuel economy-based vehicle excise taxation scheme with the Department of Finance and the development of the fuel economy label with the Department of Energy.

For the vehicle excise tax scheme, GFEI partner UN Environment supported Clean Air Asia in meeting with relevant stakeholders including testifying in a Senate hearing. The approved vehicle excise tax was based a progressive scheme based on price, as shown below.

- 4% for up to PHP 600,000 (-US\$12,000)
- 10% for over PHP 600,000 (-US\$12,000) to PHP 1 million (-US\$20,000)
- 20% for over PHP 1 million (-US\$20,000) up to PHP 4 million (-US\$80,000)
- 50% for over PHP 4 million (-US\$80,000)

The approved vehicle excise tax exempts electric vehicles, and hybrid vehicles are charged only half of the effective excise tax. Based on analysis by Clean Air Asia, this approach should bring about a 2% improvement in vehicle fuel economy leading to less fuel consumption and emissions. The fuel economy label is expected to be adopted by the end of 2018.

“GFEI is an essential platform that helps shape fuel economy trajectories around the globe. Such a platform is critical in influencing markets such as those in developing Asia, where even small improvements in vehicle fuel economy can lead to huge cumulative benefits.”



Bjarne Pedersen
Executive Director
Clean Air Asia



CHINA (NEW EV MANDATE)

China's Ministry of Industry and Information Technology (MIIT) recently published their final rule on passenger car fuel economy standards, which includes a new mandate for ultra-low/zero emission Electric Vehicles (EVs). The existing fuel economy standards with a target of 5 L/100 km in 2020, will stay the same.

This will be the world's first ZEV mandate policy at the national level, which will significantly drive China's EV sales, especially after the phase-out of China's national purchase subsidy for NEVs in 2021. The mandatory requirements on New Energy Vehicle credits will start in 2019. They are equivalent to a zero emission vehicle (ZEV) mandate, such as has been implemented in California.

Drew Kodjak, Executive Director of GFEI partner the International Council on Clean Transportation said "It is vital for the climate and urban air quality that governments adopt policies to promote a rapid transition to efficient, zero emission vehicles. Since China is the world's largest auto market, this policy will undoubtedly speed up the global transition to a zero emission fleet. We will continue to track the market response to this new innovative policy."

OTHER COUNTRIES

GFEI is also supporting new work in Fiji, as well as Bangladesh, Nepal, Mongolia, Malaysia and Myanmar. In these countries, work is being undertaken to develop the fuel economy baseline before policy options are developed. GFEI is also working with other organisations in the region in the effort to promote a sub-regional roadmap for fuel economy policy development for the Association of Southeast Asian Nations and its member states (ASEAN).





5 Working with the UNFCCC

The Global Fuel Economy Initiative (GFEI) is playing a vital role in supporting countries to reduce harmful CO₂ emissions from transport. GFEI's '100 for 50by50' campaign, launched in Paris at 2015, aims to work with 100 countries to introduce fuel economy policy measures to double the average fuel economy of vehicles globally by 2050, and new vehicles by 2030. At the Bonn climate talks in 2017, GFEI announced that it will increasingly take a comprehensive approach, expanding its focus to support efforts to improve the fuel consumption of HDVs as well as passenger vehicles, and integrate electric vehicles into vehicle fuel economy policy frameworks.

The Global Fuel Economy Initiative is playing an important role in supporting governments to introduce policies to help reduce carbon emissions from transport. It is clear that in order to prevent dangerous global temperature rises, there needs to be comprehensive reductions in carbon dioxide emissions from across all sectors. Transport has a key role to play, as it is currently responsible for nearly a quarter of all emissions, with road transport responsible for the highest proportion within transport. GFEI contributes as a non-state actor to the United Nations Framework Convention on Climate Change (UNFCCC), and plays a key role in coalitions and campaigns working to accelerate action on transport and climate.

GFEI announced its '100 for 50 by 50' commitment at the Paris climate talks in 2015. Shortly afterwards, GFEI Executive Secretary Sheila Watson was invited to chair a Technical Experts Meeting (TEM) in Bonn in May 2016 as part of a special UNFCCC session focused on sharing evidence on ways to reduce emissions from transport. GFEI also works closely with SLoCaT (the Sustainable Low Carbon Transport coalition) and the Paris Process on Mobility and Climate (PPMC). The PPMC identified GFEI as a 'Quick Win' for climate action on transport at the Marrakech climate talks

in 2016. At the 2017 talks, hosted by Fiji in Bonn, GFEI also played a key role, publishing a progress report and announcing an expanded focus on HDVs and electric vehicles.

Transport is currently off-track to meet the Paris Agreement, which aims to reduce emissions to limit global temperature rises to well below 2 degrees Celsius, and to pursue efforts to achieve 1.5 degrees. SLoCaT estimate that to achieve a 1.5 degree increase would require transport emissions to be no more than 2 Gt by 2050, compared with a round 8Gt today. SLoCaT estimate that the current 'Business as Usual' scenario is currently 3.5 times higher than a 2-degree scenario, and nine times higher than a 1.5 degree scenario. It is clear that radical changes are required to reduce emissions to the levels required.

Reducing emissions from transport will require a range of measures across the 'Avoid-Shift-Improve' spectrum, including interventions to reduce unnecessary travel, switch journeys to lower-emission modes, and technological improvements to improve energy efficiency. GFEI offers governments a way of influencing reductions in emissions from vehicles, by providing support to them to establish suitable policy frameworks for their context.





NATIONALLY DETERMINED CONTRIBUTIONS

Countries are responsible for taking action to reduce carbon emissions. Article 4, paragraph 2 of the Paris Agreement requires all countries to prepare, communicate and maintain details of the Nationally Determined Contributions (NDCs) that they intend to achieve, taking into account their own circumstances. Taken together these documents outline the cumulative actions that countries are taking to reduce emissions around the world, and give an opportunity to assess progress, and identify further opportunities.

At least 160 NDCs representing 187 countries have been submitted to the United Nations Framework Convention on Climate Change, representing the majority of all economy-wide emissions. Analysis by SLoCaT has identified that around 75% explicitly identify transport

as a mitigation area, with a further 18% including transport as a component of the energy sector. There is currently a far greater emphasis on the passenger sector than freight.

Among the vehicle sector, countries identify a range of improvements that they are intending to make, including a focus on improving fuel economy, as well as a wider focus on vehicle and fuel standards, improving inspection and maintenance and removing fuel subsidies. Countries as diverse as Afghanistan, Antigua and Bermuda and Benin have included a focus on improving vehicle fuel economy within their NDCs. Over fifty of the NDCs include explicit reference to vehicle fuel economy or vehicle emissions. However, one of the weaknesses of the current NDCs is that there is no standard format, and different countries have included different levels of detail – so it is likely that many more countries are taking action, but have not included the information in their submission.

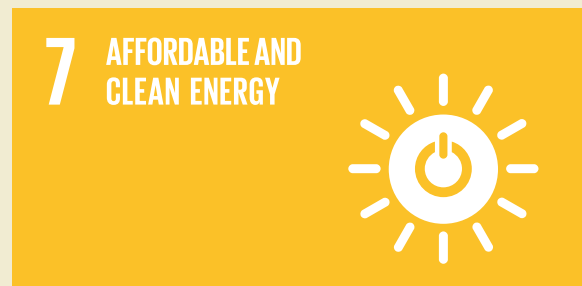
NDCs are submitted every five years, with the next round of NDCs (new or updated) due in 2020. A 'global stocktake' to assess progress is planned every five years, starting from 2023, to review collective efforts, and identify further actions that countries could take. Countries should look to include fuel economy improvements as part of these updated submissions, and GFEI partners may be able to provide expert support as appropriate.

“ The cars of the future have to be cleaner and more efficient. GFEI has taken a strong leadership role in building policy approaches which tell to the vehicle industry that governments are serious about fuel economy. ”

The partnership for sustainable low carbon transport (SLoCaT)



SUSTAINABLE DEVELOPMENT GOAL 7



Goal 7 of the Sustainable Development Goals aims to ensure access to affordable, reliable, sustainable and modern energy for all. As part of this, target 7.3 aims to double the global rate of improvement in energy efficiency. This includes vehicle fuel economy.

WHAT CAN FUEL ECONOMY DELIVER?

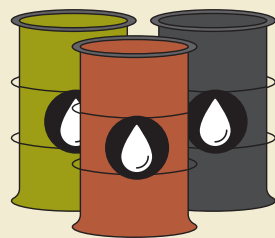
FINANCIAL SAVINGS



\$2 trillion savings

A total of **\$2 trillion** could be made in fuel savings by 2025, **\$500 billion** of which would fund the costs of initiating a transition to electric vehicles.

REDUCED DEPENDENCE ON OIL



SUSTAINABLE DEVELOPMENT GOAL 13



Goal 13 aims to take urgent action to combat climate change and its impacts. The transport sector is responsible for nearly a quarter of CO₂ emissions, and improved fuel economy can help reduce this.

LOWER CARBON EMISSIONS



300 fewer power stations

The **33Gt** of CO₂ that could be saved between 2015 and 2050 is roughly the equivalent of closing **300** coal power stations over the same time period.

AIR QUALITY BENEFITS



From associated improved vehicle emissions standards





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