

# POLICY RECOMMENDATIONS

TASK TEAM

# Introduction

- ▶ To come up with recommendations, the task team reviewed international best practices and recommended those that can suit our situation.
- ▶ The major options of **Fuel tax options** and **vehicle options** were reviewed
  - ▶ **Fuel tax options** -tax and levies on the amount of fuel consumed by the vehicle
  - ▶ **Vehicle Options** this include the following interventions related to vehicle being imported or used-Age; emissions; engine capacity e.t.c.

## Currently Fuel Economy Related Policies In Malawi

- ▶ Tax differential on vehicles with higher engine capacity than those with lower capacity
- ▶ Promotion of importation of fairly used vehicles by providing tax incentive for vehicles of 0-8 years and for goods vehicles of 0-15 years
- ▶ Blending of petrol with Ethanol
- ▶ Diesel fuel standard of 50ppm
- ▶ **Note that the analysis shows that the tax incentives on vehicle options has yielded minimal overall impact.**

# Findings of Fuel Economy Study

- ▶ Malawi has above average fuel efficiency rate which implies that the we have fuel inefficient fleet
- ▶ The country has aging vehicle population
- ▶ The country is further emitting more CO<sub>2</sub> than the global average
- ▶ ***Note task team is yet for fully finalize the CBA which will help to quantify in monetary terms the effects of policy options.***

# Policy Recommendations

- ▶ Introduction **Stiffer differential tax rates based on age of the vehicle being imported.** Stiffer taxes will deter would be importers. Higher taxes imposed on older vehicles than on newer ones.
- ▶ Introduce **stiffer tax rates based on engine capacity for vehicles being imported.** This will ensure that new vehicles should be relatively cheaper than old vehicles.
- ▶ Introduced additional **environmental levy** for older vehicles.
- ▶ On aging vehicle fleet, Malawi should introduce **Vehicle Re-cycling Policy.**

# Other Policy Recommendations

- ▶ Vehicle labeling- vehicles contain Fuel Economy and Environmental Labels.
- ▶ Malawi to consider the introducing maximum age limit for imports of second hand vehicles as in Mauritius and Kenya
- ▶ The development of vehicular emission standards and ensure its enforcement
- ▶ Public Transport System in major cities- city lines and opposed to mini buses to reduce congestion in town.
- ▶ Encourage use of non-motorized transport by amongst other things providing the necessary infrastructure

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**THANK YOU**

FROM TASK TEAM