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 we have fuel inefficient fleet.
- The country has aging vehicle population.
- The country is further emitting more CO2 than the global average.
- Note: Task team is yet to 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.
THANK YOU
FROM TASK TEAM