



Australian Government

Department of Foreign Affairs and Trade

FACT SHEET – PASSENGER MOTOR VEHICLES AND SIMILAR VEHICLES

ASEAN is currently a minor market for Australian exports of motor vehicles. Tariff barriers within ASEAN countries are significant, with most tariffs in the 30%-80% range, and there are prospects for increased regional integration and exports to the ASEAN region as barriers are progressively removed. The rules of origin under AANZFTA are also designed to complement this trade liberalisation and facilitate integration of regional supply chains (see the Fact Sheet on Rules of Origin).

All tariffs will be eliminated in the Philippines, either at entry-into-force (EIF) or by 2012. In Indonesia and Malaysia, the elimination of tariffs on completely-knocked-down (CKD) passenger motor vehicles (PMV) will generally be achieved by 2012 or 2013. However, for the more valuable completely-built-up (CBU) PMV the outcomes are more mixed. Malaysia will phase tariffs on CBU PMV with engine capacity exceeding 2500 cc to 0% by 2013, and will phase tariffs on smaller engine CBU PMV to 5%, but not until 2017. Indonesia will phase tariffs on CBU PMV (spark-ignition engines) with engine capacity between 3000 and 4000cc to 0% in 2014, but on smaller engine cars not until 2019. It is only making modest reductions to tariffs on CBU PMV with spark-ignition engines above 4000cc, and all diesel engine CBU's.

Australia's Exports to ASEAN (Australian Produce)

Product (HS 8703, excluding 8703.10)	Exports to ASEAN 3 Year Average 2006-2008 (\$A million)	Exports to ASEAN as Percentage of Australia's Global Exports of Each Product 3 Year Average 2006-2008 %
Vehicles with spark-ignition engine, and capacity exceeding 1500cc but not exceeding 3000cc (HS 8703.23)	0.4	0.0
Vehicles with spark-ignition engine, and capacity exceeding 3000cc (HS 8703.24)	5.1	0.3
Vehicles with diesel or semi-diesel engine, and capacity not exceeding 1500cc (HS 8703.31)	1.1	85.1
Vehicles with diesel or semi-diesel engine, and capacity exceeding 2500cc (HS 8703.33)	0.3	2.3
Other	0.5	3.8
Total	7.4	0.2

Vietnam will only make modest reductions to its PMV CBU tariffs. While Australia will have tariff-free access to Thailand for all motor vehicles from 2010 under the Thailand-Australia Free Trade Agreement (TAFTA), Thailand will not eliminate all of its motor vehicle tariffs in AANZFTA until 2020, which will reduce the scope of Australian exporters to take advantage of regional supply chains in bilateral trade.

Summary of Outcomes

Australia

2005 base rate tariffs (for 32 tariff lines):

- Used passenger motor vehicles (PMV): a specific rate (10% plus \$12000/vehicle);
- New PMV: tariff of 10%.
- Other vehicles: tariff of 5%.

All tariffs will be eliminated on EIF, except for vehicles manufactured in Indonesia, Malaysia, and Thailand, which are subject to tariff elimination at later dates.

- Special slower phasing arrangements apply for tariffs on vehicles manufactured in Indonesia, Malaysia and Thailand:
 - Tariffs on used PMV will be eliminated at EIF for these 3 countries;
 - Tariffs on new PMV phase to 0% by:
 - 2013, 2014, 2019 or 2020, depending on engine size or engine type, if manufactured in Indonesia;
 - 2010 or 2017, depending on engine size, if manufactured in Malaysia;
 - 2020 if manufactured in Thailand;
 - Tariffs on other vehicles phase to 0% by:
 - 2013 or 2015 if manufactured in Indonesia;
 - 2010 if manufactured in Malaysia;
 - 2020 if manufactured in Thailand.
- For imports from other ASEAN countries, all tariffs will be eliminated at EIF.

Indonesia

2005 base rate tariffs (for 474 tariff lines):

- For CKD PMV (diesel and spark ignition):
 - 35% for engine capacity not exceeding 1500cc;
 - 40% for engine capacity 1500-3000cc (except 50% for diesel vehicles of 2500-3000cc);
 - 50% for engine capacity over 3000cc.
- For CBU PMV (diesel and spark ignition):
 - 65% for engine capacity not exceeding 1500cc;
 - 70% for engine capacity 1500-3000cc;
 - 80% for engine capacity over 3000cc.
- Other vehicles: Tariffs ranging from 25% to 80% apply to vehicles such as ambulances, prison vans, hearses, motor-homes, 4WD, used vehicles, and vehicles with non-spark ignition non-diesel engines.

Tariffs phase to 0% by 2013 for 157 lines, 2014 for 17 lines, 2015 for 131 lines, and 2019 for 45 lines. Tariffs will be reduced but not eliminated for 124 lines:

- Tariffs on CKD PMV phase to 0% by 2013, except for vehicles with spark ignition engines exceeding 4000cc on which tariffs phase to 0% by 2015.
- Tariffs on CBU PMV:
 - Phase to 0% by 2014 for vehicles with spark ignition engines 3000-4000cc;
 - Phase to 0% by 2019 for vehicles with spark ignition engines not exceeding 3000cc;
 - Reduce to 50% in one step in 2025 for vehicles with spark ignition engines exceeding 4000cc, and for all PMV with diesel engines.
- Tariffs on other vehicles phase to 0% (e.g. on hearses, prison vans, motor-homes, ambulances), or will be reduced but not eliminated (e.g. on CBU vehicles with engines other than spark ignition, electric or diesel).

Malaysia

2005 base rate tariffs (for 172 tariff lines):

- For CKD vehicles, tariffs are generally 10% (vehicles with engine capacity not exceeding 2500cc) or 35% (larger engines);
- For CBU vehicles, tariffs are generally 30% (vehicles with engine capacity not exceeding 2500cc) or 50% (larger engines);
- For ambulances tariffs are 5%, motor-homes 35%, and other vehicles 20%-50%.

Tariffs phase to 0% for 130 tariff lines or to 5% for 42 tariff lines:

- For CKD vehicles, tariffs phase to 0% by 2012 (engine capacity not exceeding 2500cc) or by 2010 (larger engine capacity);
- For CBU vehicles, tariffs phase to 0% by 2013 (engine capacity exceeding 2500cc) or phase to 5% by 2017 (engine capacity not exceeding 2500cc);
- Tariffs on ambulances phase to 0% by 2010, and on motor-homes by 2013.

New Zealand

2005 base rate tariffs (for 24 tariff lines):

- 17.5% for ambulances and motor-homes;
- 0% for other vehicles.

All tariffs will be eliminated by 2012 at the latest.

- Tariffs of 0% will be bound at EIF, while tariffs of 17.5% will be eliminated in 2010 (for ambulances) or phase to 0% by 2012 (for motor-homes).

Note: Australia already benefits from bound 0% tariffs under ANZCERTA.

Philippines

2005 base rate tariffs (for 319 tariff lines):

- 3% on some components imported for assembly (30 lines);
- 30% on CKD and CBU vehicles (289 lines).

Tariffs will be eliminated at EIF or phase to 0% for all tariff lines:

- Tariffs on 187 tariff lines will be eliminated at EIF (ambulances, hearses, prison vans, components imported for assembly, and CKD vehicles);

- Tariffs will be eliminated in 2010 for CBU vehicles with an engine capacity exceeding 3000 cc (34 tariff lines);
- Tariffs phase to 0% by 2012 on remaining 98 tariff lines (other smaller engine CBU vehicles).

Singapore

- **All tariffs bound at 0% at EIF.**

Note: these tariff commitments are the same as in SAFTA.

Thailand

2005 base rate tariffs (for 20 tariff lines):

- 10% on ambulances (6 tariff lines);
- 80% on other vehicles (14 tariff lines).

All tariffs will be eliminated by 2020:

- Tariffs on ambulances phase to 0% by 2017;
- Tariffs on other vehicles phase to 0% by 2020.

Note: tariff commitments are better in TAFTA.

Vietnam

2005 base rate tariffs (for 174 tariff lines):

- Tariffs on new CBU vehicles are 100% (127 tariff lines);
- Lower tariffs of 10% apply to ambulances (10 tariff lines), hearses and prison vans (22 tariff lines);
- Tariffs of 100% or 150% apply to used vehicles (15 tariff lines);
- CKD vehicles are accorded the same tariff treatment as automotive parts.

Tariffs phase to 0% (for 23 tariff lines) or to 50% (for 126 tariff lines). Tariffs will be bound at the base rate of 10% for a further 10 tariff lines. Another 15 tariff lines are excluded from tariff commitments:

- Tariffs on new CBU vehicles of highest potential export interest will be reduced to 80% in 2018 and further reduced to 50% in 2022 (39 tariff lines). Tariffs on other new CBU vehicles will be reduced in one step to 50% in 2022 (88 tariff lines);
- Tariffs of 10% on hearses and prison vans phase to 0% by 2020, with reductions commencing in 2012;
- Tariffs on ambulances will be bound at 10% at EIF, but will not be reduced;
- Used vehicles are excluded from tariff commitments.