

The logo for naamsa features a stylized blue and white circular emblem on the left, consisting of three concentric circles. To its right, the word "naamsa" is written in a bold, white, lowercase sans-serif font. The background of the slide is a gradient of blue with a black and white curved shape behind the logo.

naamsa

South Africa: Vehicle fuel quality and economy progress

Stuart Rayner: National Association of
Automobile Manufacturers of South Africa

Mauritius : October 2017

Presentation sections

- South Africa market background
- South Africa fuel and emissions standards
- SA Department of Energy/fuel economy labelling
- SA National Treasury CO₂ vehicle taxation
- Summary and lessons learnt

South Africa : Key Points

- Significant producer of new vehicles : BMW, Ford, GM, Mercedes Benz, Nissan, VW and Toyota all have assembly plants supporting local and export markets. EU Trade agreements in place. Used vehicles prohibited
- SA follows Europe in terms of vehicle design. SA participates in WP 29 and adopts ECE vehicle regulations.
- Fuel quality aligned with that of Europe is seen as a key enabler for local producers to import and manufacture latest generation fuel efficient vehicles.
- Repeated Requests made for improved fuel quality made by NAAMSA.
- Movement by Treasury came only after the CO₂ tax discussions highlighted the restrictions on new technology vehicles posed by fuel issues.

South Africa fuel and emission standards

2006 'Clean Fuels 1'

- lead phase out. 93 and 95 Metal free unleaded grades introduced
- Diesel sulphur reduced to 500 ppm
- 50 ppm diesel grade introduced
- EU stage 2 vehicle emission legislation

2016 Biofuels program E10/B5 – not implemented due to unfavourable costs

20XX 'Clean fuels 2' – delayed from 2017 intro

- Sulphur reduction to 10 ppm
- EU Stage 5 vehicle emission legislation
- Implementation timing now TBE but market forces now coming into play driving up 50 ppm demand

SA Government initiatives(1)

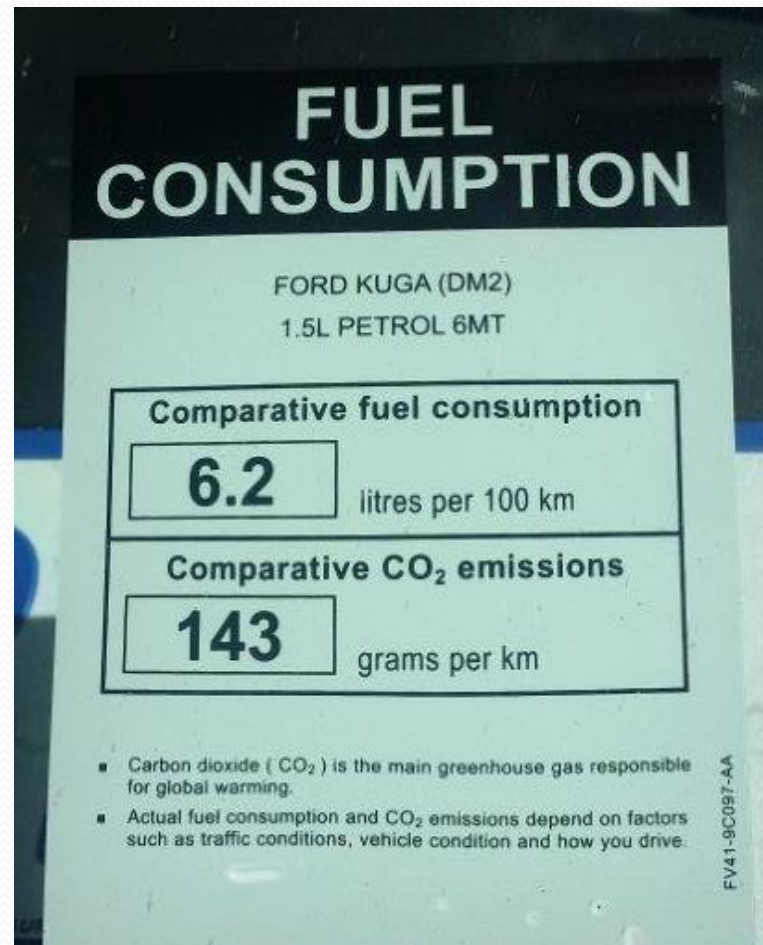
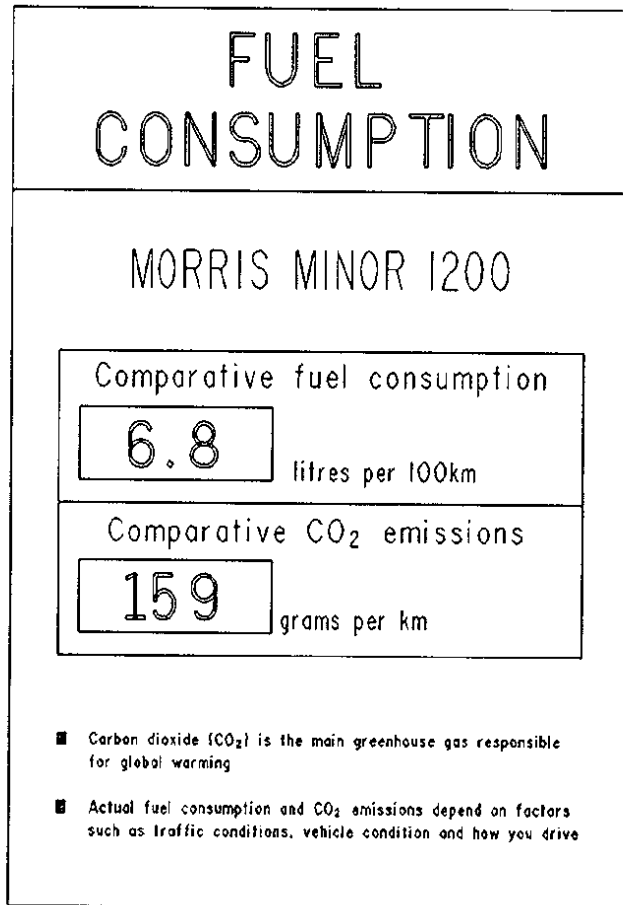
Department of Energy

- Energy Efficiency Strategy
- Energy Efficiency Accord

Department of Energy: Energy Efficiency Strategy 2009: Objectives

- Targets to be met by 2015
- Industry and Mining – 15% final energy demand reduction
- Power Generation – 15% reduction in parasitic electrical usage
- Commercial and Public Sector Buildings – 15% final energy demand reduction
- Residential sector – 10% final energy demand reduction
- **Transport sector – 9% final energy demand reduction (achieved)**

South Africa: New passenger car Fuel Economy/CO₂ label

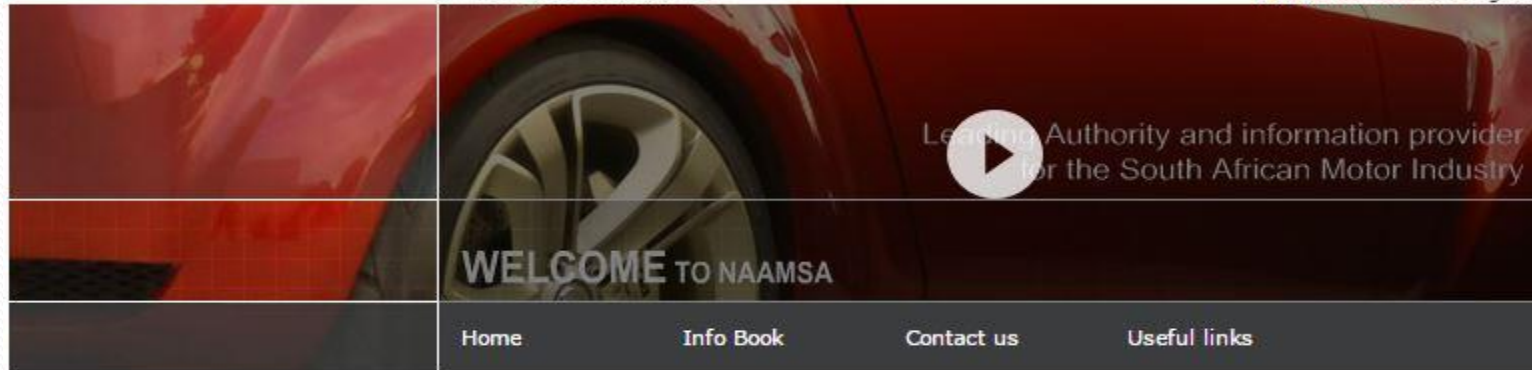


NAAMSA Fuel Economy/CO₂ Database



National Association of Automobile
Manufacturers of South Africa

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COMPARATIVE PASSENGER CAR FUEL ECONOMY AND CO₂ EMISSIONS DATA

Firstly, please select the **MAKE** of your vehicle.

Then select from the next dropdown box for the **TYPE** of your vehicle (eg FORD Focus).

Then click the **SHOW MODELS** button. Upon clicking this, your results will appear.

Make: FORD Type: FORD Fiesta

Model	Body shape	Transmission	Fuel	CC	Consumption (l/100KM)	CO ₂ Emissions (g/KM)
Fiesta 1.0 EcoBoost Ambiente 5-dr MY15 Powershift	Hatch (5-dr)	Elec	Petrol	1.0	4.9	114
Fiesta 1.0 EcoBoost Ambiente 5-dr MY16	Hatch (5-dr)	Man	Petrol	1.0	4.3	99
Fiesta 1.0 EcoBoost Titanium 5-dr MY13	Hatch (5-dr)	Man	Petrol	1.0	4.3	99
Fiesta 1.0 EcoBoost Titanium 5-dr MY15 Powershift	Hatch (5-dr)	Elec	Petrol	1.0	4.9	114
Fiesta 1.0 EcoBoost Trend 5-dr MY13 Powershift	Hatch (5-dr)	Elec	Petrol	1.0	4.9	114
Fiesta 1.0 EcoBoost Trend ESP 5-dr MY16	Hatch (5-dr)	Man	Petrol	1.0	4.3	99
Fiesta 1.4 Ambiente 5-dr MY14	Hatch (5-dr)	Man	Petrol	1.4	5.7	130
Fiesta 1.5 TDCi Ambiente 5-dr Dsl MY16	Hatch (5-dr)	Man	Diesel	1.5	3.6	94
Fiesta 1.5 TDCi Trend 5-dr Dsl MY16	Hatch (5-dr)	Man	Diesel	1.5	3.6	94
Fiesta 1.6 ST 3-dr MY13	Hatch (3-dr)	Man	Petrol	1.6	5.9	138
Fiesta 1.6 TDCi Trend 5-dr Dsl MY13	Hatch (5-dr)	Man	Diesel	1.6	3.6	95

SA Government initiatives (2)

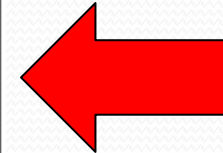
National Treasury

- Environmental based taxation proposals: April 2006
- CO₂ taxation: New passenger cars and D/Cab LCV's.

National Treasury Environmental Fiscal Reform Draft: Reforming existing tax

Table 7: Options for reforming existing environmentally-related taxes

Theme	Instrument	Incentive mechanism	Shortcomings and key technical considerations
Transport (National Government)	General fuel levy	<ul style="list-style-type: none"> Increases the price of transport fuels, thereby suppressing demand; Discourage vehicle use; Encourage the use of public transport / vehicle sharing; Encourage the development of fuel efficient technologies; and Could encourage the use of certain fuels over others. 	<ul style="list-style-type: none"> Not differentiable for time and location of infrastructure use; Relatively far removed from the main source of environmental externality; Complementary policies required to increase its effectiveness such as information campaigns; Potentially regressive.
	Vehicle customs and excise duties	<ul style="list-style-type: none"> Increase the price of certain vehicles (building on the idea of a luxury tax) thereby suppressing demand for passenger and light commercial vehicles; Encourage the use of public transport / vehicle sharing; Could encourage the use of selected types of vehicles / technologies through differential taxation. 	<ul style="list-style-type: none"> High information requirements on vehicle types and technologies; Difficult to link tax to the time and frequency of infrastructure use (if desirable);
Transport (Provincial Government)	Vehicle licensing fees	<ul style="list-style-type: none"> Increase vehicle ownership costs and therefore suppress vehicle demand; By altering the fee structure to include environmental criteria, appropriate incentives could be offered to vehicle users; Could be used to increase scrapping rate of older vehicles (i.e. differentiate fees according to the age of the vehicle). 	<ul style="list-style-type: none"> The environmental incentive is likely to be small; Must avoid over-complication of fee structure; and Potentially regressive.



Final CO2 Standards and Taxation

- The rate of emissions tax on passenger vehicles is **R75*** per gram CO₂ emissions in excess of **120 g/km** based on ECE 101 based test reports.
- The rate of emissions tax on **double cabs** is **R100** per gram CO₂ emissions in excess of **175 g/km** based on ECE 101 based test reports.
- Not applied to heavy commercial vehicles
- If **no test report** is available the CO₂ emissions will be calculated according to the following formula:
 - Passenger vehicles < 3000 cm³: $120 + (0.05 \times \text{cm}^3) = \text{g/km CO}_2$
 - Passenger vehicles > 3000 cm³: $175 + (0.05 \times \text{cm}^3) = \text{g/km CO}_2$
 - Double-cabs: $195 + (0.07 \times \text{cm}^3) = \text{g/km CO}_2$

* R100 per gram CO₂ from April 2016

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SOUTH AFRICA

Bakkies escape carbon emissions tax for now



August 25, 2010

By Roy Cokayne

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The government has made a partial U-turn on the extension of the vehicle emissions tax to light commercial vehicles, but plans to extend the tax to also include used cars.

Finance Minister Pravin Gordhan told Parliament yesterday that the greenhouse gas emissions tax on passenger cars would proceed as scheduled at the beginning of next month.

However, Gordhan said that he had taken into account some concerns of the industry and had agreed that the tax on sales of new double cabs would be delayed slightly.

It would now come into effect on an agreed date "in the next few months", added Gordhan.

Gordhan added that the intention was that this tax would be extended to all other light commercial vehicles "at a later date".

This means single-cab bakkies will be excluded from the tax for now.

But the finance minister said that the National Treasury was considering the implementation of a vehicle emissions tax on all cars, both new and old, although this would not be implemented this year.

"This will be implemented by reviewing our approach to vehicle licence fees, which are implemented by provinces.

"As we improve our public transport, we could also impose higher fuel levies and demand better quality of fuel standards. All in all, there is a place for all these mechanisms if we want to reduce the emission of greenhouse gases and ensure that we leave our children

http://www.mg.co.za/article/2010-01-14-sa-to-introduce-new-car-tax-despite-concerns

Mail & Guardian online

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SA to introduce new car tax despite concerns

WENDELL ROELF | CAPE TOWN, SOUTH AFRICA - Jan 14 2010 08:27

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The National Treasury will press on with plans to introduce a new tax on vehicles designed to curb carbon dioxide emissions, an official said on Wednesday, despite concerns this could hamper the ailing car sector's recovery.

The motor industry is struggling to get back on its feet after being hit by the global economic crisis and depressed local demand, which saw new vehicle sales fall to six-year lows in 2009.

The new tax, mooted last February, is part of government efforts to limit greenhouse gas emissions as well as increase tax revenues that have declined sharply as Africa's economy grappled with its first recession in 17 years, which it exited in the third quarter of 2009.

"The adjusting of existing ad valorem excise duties on motor vehicles to take CO2 emissions into account will still be implemented on March 1 2010," said Treasury spokesperson Thoraya Pandey on Wednesday.

The National Association of Automobile Manufacturers (Naamsa) says it accepts the new tax in principle, but its early timing could hinder recovery prospects for struggling car makers.

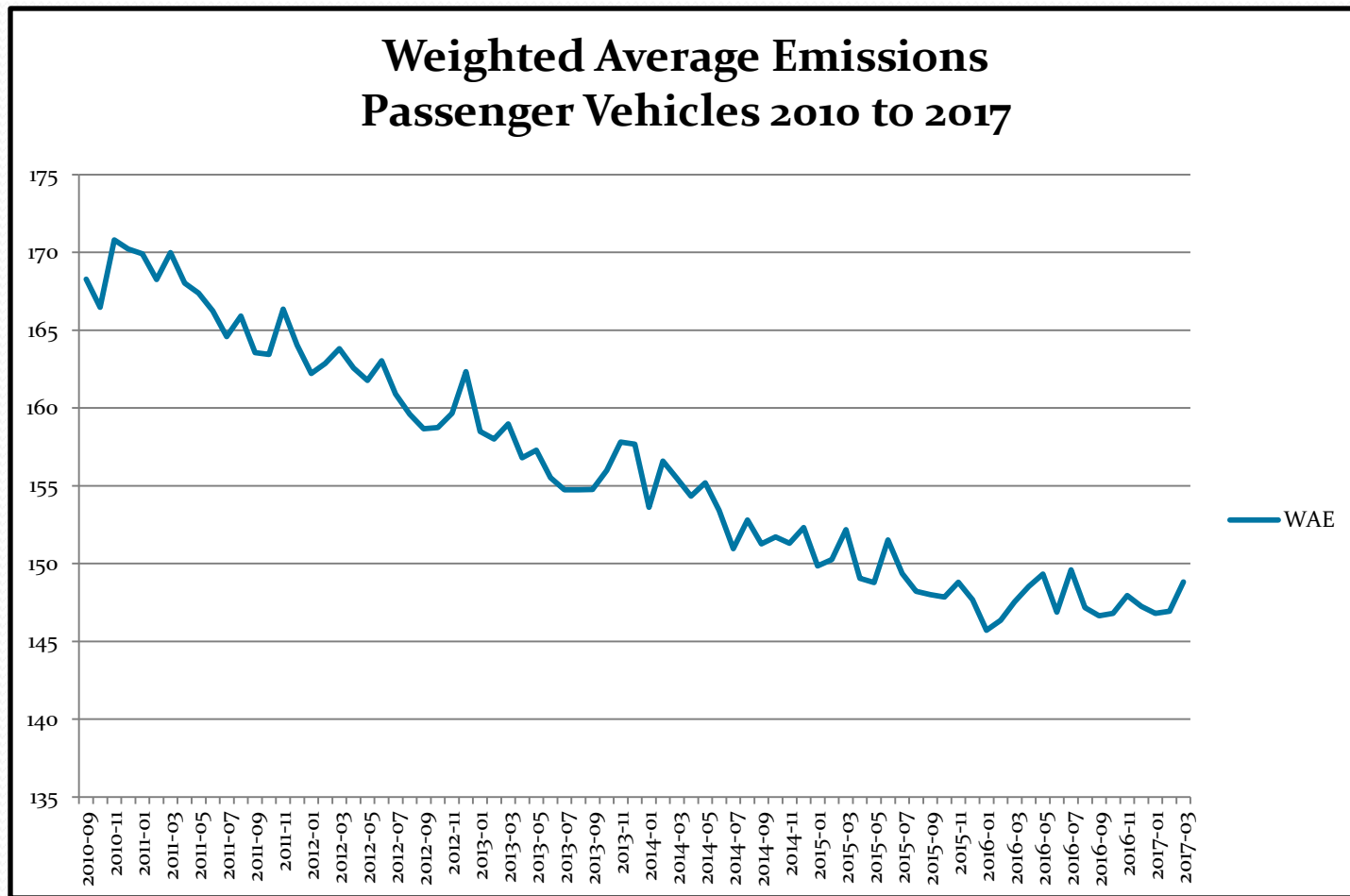
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South Africa: Passenger car CO₂ emission data and trend



South Africa: Key points

- Fuel economy in South Africa has improved at approx' 1% per annum since measurements began, utilising progressively available **reduced sulphur level diesel and metal free petrol and used import restriction**
- In line with many 'developing market' spec vehicles **significant improvements in CO₂/fuel economy are possible, given the appropriate fuel quality.**
- While diesel vehicles are becoming less popular in Europe the introduction of the latest generation petrol vehicles is **not possible in most African countries due to the presence of high petrol sulphur levels**
- Significant further fuel efficiency progress is now largely dependant on the 'Clean Fuels 2' program however this is not envisaged to be implemented prior to 2022

World-Wide Fuel Charter



- First established in 1998 to promote greater understanding of fuel quality needs of motor vehicle technologies and to harmonize fuel quality world-wide in accordance with vehicle needs
- This is the go-to document for fuel quality information.
- Covers both gasoline and diesel, with four levels of each for fuel quality based on emission requirements
- Biofuels covered by separate document
- Access from AutoAlliance.org
 - <http://www.autoalliance.org/files/WWFC.pdf>

End

Stuart Rayner

National Association of Automobile
Manufacturers of South Africa.