Compilation of Foreign Motor Vehicle Import Requirements

United States Department of Commerce
International Trade Administration
Office of Aerospace and Automotive Industries

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Introduction

The Compilation of World Motor Vehicle Import Requirements is designed to provide motor vehicle exporters with market data and worldwide automotive import restrictions for the major automotive markets around the world.

The U.S. Department of Commerce, Office of Aerospace and Automotive Industries, Automotive Industries Team, collects, compiles, and disseminates the information available in this document. However, it should be noted that the assistance of Commerce's country specialists (MAC) and overseas representatives (USFCS) played an important role in making this document possible.

This document is updated periodically and every attempt is made to ensure its accuracy. Due to the numerous amounts of information sources and changes in countries' import requirements, the Office of Aerospace and Automotive Industries cannot guarantee the accuracy of all the material contained in this document.

The global automotive qualitative data is graciously supplied courtesy of Auto Strategies International Inc. Phone: 216.581.6323; Fax: 216.581.8551; email: *gene@autostrat.com*

This document is also available on the Office of Aerospace and Automotive Industries' homepage: http://www.ita.doc.gov/auto.

COUNTRIES OF THE WORLD THAT DRIVE ON THE LEFT SIDE OF THE ROAD

Anguilla Antigua Australia Bahamas Bangladesh Barbados Bhutan Botswana British Virgin Islands Brunei Cayman Islands Channel Islands Christmas Island Cooke Islands Cocos Island Cyprus Dominica Falkland Islands Fiji Granada Guyana Hong Kong India Indonesia Ireland Isle of Man Jamaica Japan Kenya Kiribati Lesotho Macao Malawi Malaysia Malta	Mauritius Montserrat Mozambique Namibia Naunu Nepal New Zealand Norfolk Islands Pakistan Papua New Guinea Pitcairn Island St. Helena St. Kitts and Nevis St. Lucia St. Vincent Seychelles Singapore Solomon Islands Somalia South Africa Sri Lanka Surinam Swaziland Tanzania Thailand Tonga Trinidad and Tobago Turks and Caicos Islands Uganda United Kingdom Virgin Islands (U.S.) Zambia Zimbabwe

NORTH AMERICAN COUNTRIES SURVEYED:

NAFTA

Motor vehicle trade between the USA, Canada, and Mexico are bound by the terms of the 1994 North American Free Trade Agreement (NAFTA), which may be found at: http://www.mac.doc.gov/nafta/naftatext.html. Specific coverage of the automotive sector is contained in Annex 300A of Chapter 3 of the Agreement. The text is available at: http://www.sice.oas.org/trade/nafta/anx300a1.asp. An exporter's guide may be accessed by clicking on the "NAFTA" tab of the U.S. Commerce Department's Trade Information Center web site at: http://www.trade.gov/td/tic/.

CANADA: -- New Motor Vehicle Registrations (in units)

	2002	2003	2004
Personal Use Vehicles	934,058	864,989	819,413
Commercial Use Vehicles	797,766	760,061	755,390
Total Motor Vehicles	1,731,824	1,266,060	1,574,803

Source: Auto Strategies International Inc.

The Canadian government maintains a web site for importers of motor vehicles at: http://www.tc.gc.ca/acts-regulations/general/m/mvsa/regulations/mvsrg/010/mvsr12.html

Regulations governing automotive trade between the United States and Canada were first liberalized by the Canada-U.S. Automotive Trade Products Act of 1965, and further relaxed by the Canada-U.S. Free Trade Agreement of 1989, before being subsumed into the NAFTA in 1994.

Duties:
There are no customs duties on Canadian imports from the United States of motor vehicles or of automotive parts that meet the NAFTA rule of origin (in essence, 62.5 percent of the value of the vehicle must originate within NAFTA). Vehicles and components that do not comply with the rule of origin are subject to a 6.1 percent duty.

Taxes:
All transactions are also subject to a "goods and services" tax (GST) of 7 percent, which is collected on the sum of the Customs-valued import and applicable duty. Vehicles with air conditioning and vehicles weighing more than 4,425 pounds are subject to an excise tax of $100 Canadian.

Safety and Emissions Compliance:
Most vehicles less than 15 years old (actual date of manufacture, not the "model year"), or buses manufactured on or after January 1, 1971, that exhibit a certification plate attesting compliance with U.S. federal motor vehicle safety and emission standards may be imported, so long as any recall notices issued subsequent to manufacture have been satisfied. These vehicles must be entered into Canada's Registrar of Imported Vehicles

(RIV) Program upon crossing the border. The RIV Program assures that qualifying vehicles are modified, inspected, and certified to meet Canadian safety standards. The RIV Program registration fee is $209 Canadian in all provinces, except Quebec where it is $224 Canadian. (effective November 1, 2005) For further information on the RIV program see website at: www.riv.ca/english/html/about_riv.html. Livingston International administers the RIV program on behalf of Transport Canada and can be reached at 1-888-848-8240, Fax: (416)-626-0366. All vehicles must be brought into conformity with Canadian safety and emissions regulations within 45 days of entry (See: http://www.tc.gc.ca/acts-regulations/general/m/mvsa/regulations/mvsrg/toc_mvsrg.htm.) Vehicles older than 15 years from the applicable date of manufacture that have U.S. certification may be imported without following the RIV procedure, but must comply with road safety requirements of the province in which registration is sought.

MEXICO: -- New Motor Vehicle Registrations (in units)

	2002	2003	2004
Personal Use Vehicles	747,593	744,588	798,475
Commercial Use Vehicles	395,652	384,044	453,113
Total Motor Vehicles	1,143,245	1,128,632	1,251,588

Source: Auto Strategies International Inc.

The North American Free Trade Agreement supplanted Mexico's Automotive Decrees on light and heavy vehicles, providing for the staged elimination of Mexican tariffs, local content requirements, market access restrictions, import trade balancing requirements, and market share restrictions. With only the two exceptions noted below, all barriers have been eliminated on imports from the U.S. that meet the NAFTA rule of origin.

Tariffs:

- Mexican import duties on cars and trucks produced in the U.S. or Canada that meet the NAFTA rule of origin were reduced to zero on January 1, 2003, one year ahead of schedule.
- Mexico maintains a 20 percent tariff on U.S. and Canadian vehicles not meeting the NAFTA rule of origin and on vehicles from all other countries, except members of the EU and Brazil. Vehicles that comply with the Mexico-EU free trade agreement (MEFTA) also enter duty free, but remain subject to quota restrictions until 2007. Imports in excess of the quota (15 percent of the previous year's total market for similar vehicles) are subject to a 10 percent duty. Up to 50,000 new vehicles per year manufactured in Brazil enter at an 8 percent tariff rates, in accordance with an agreement between the two countries. Additional units are subject to a rate of 20 percent.

Taxes:

- The Mexican Value Added Tax (VAT) is 10 percent for vehicles that are registered in the Northern border region. The VAT for the remainder of the country is 15 percent. The VAT is assessed on the sum of the Customs value of the vehicle, plus import duty, plus the Customs processing fee of 0.8 percent of the Customs value.

Rule of Origin:

- The NAFTA rule of origin is a regional content measurement that establishes the minimum criteria that products must meet in order to qualify for preferential tariff treatment between the U.S., Canada, and Mexico.
- As of January 1, 2002, at least 62.5 percent of a passenger car or light truck's net cost must be of value originating in North America. All other vehicles must reach 60 percent North American content to qualify for zero duty rates.
- There is an additional, special category for vehicle manufacturers setting up a new plant, or significantly retooling an existing plant, to produce a class or size of vehicle not previously produced at that plant. This provision allows for 50 percent regional content to meet rule of origin requirements, for a period of either two or five years (two years for production of a new type of vehicle at an existing plant, five years for a new type of vehicle in a new plant), beginning on the date the first prototype vehicle is produced in the (qualifying) plant.

Used Vehicles:

- As originally negotiated, NAFTA allowed Mexico to continue to restrict imports of used vehicles until January 1, 2009, when a 10-year phase out based on vehicle age would commence.
- However, starting August 25, 2005, the Mexican government began allowing the importation of used vehicles into Mexico for use by the importer. The move came four years ahead of the 2009 date originally agreed upon under NAFTA.
- To qualify, an imported used vehicle must be between ten and fifteen years old, and manufactured in the NAFTA region (the U.S., Canada or Mexico). The vehicle must also be for use by the importer – resale in Mexico of imported used cars is not permitted.
- The process for the registration and importation of an imported used vehicle into Mexico is as follows:
    1. Confirm that the vehicle meets the requirements stated in the NAFTA agreement:
        a. The vehicle must be between 10 to 15 years old
        b. The vehicle must have been manufactured within the NAFTA region (the U.S., Canada or Mexico)
    2. Assemble the following documents:
        a. Title
        b. Document stating value of the vehicle
        c. Name of the person legalizing the vehicle
        d. Copy of the customs official's identification
        e. Copy of the purchase receipt
    3. Retain the services of an authorized Mexican customs broker in the customs area where the importation procedure is to be performed. The customs broker will work with a Mexican customs agent to complete the transaction.
    4. If the Mexican customs agent determines that the vehicle does not meet the criteria, the registration process will be terminated.
    5. If the Mexican customs agent determines that the vehicle meets the criteria, the following taxes and fees must be paid to Mexican customs:
        a. General Importation Tax – 10% of the value of the vehicle

   b. Customs Handling Duties – 0.8% of the value of the vehicle
   c. New Vehicle Tax – 50-100% of the value of the vehicle
   d. Value Added Tax (IVA)
      i. 10% of 30% of the value of the vehicle if the importer lives within 25 miles of the U.S.-Mexico border
      ii. 15% of 30% of the value of the vehicle if the importer lives beyond 25 miles of the U.S.-Mexico border
6. Pay all taxes and fees at a designated bank and obtain the receipt necessary to continue the customs procedure.
7. Present the customs broker with payment receipt. The customs broker will work with the Mexican customs agent to receive all documents necessary to complete the process, and to receive the hologram registration sticker.
8. Pay the customs broker. Fees vary broker to broker on a competitive basis.

SOUTH/CENTRAL AMERICAN AND CARIBBEAN COUNTRIES SURVEYED:

ARGENTINA - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	189,011	254,839	448,518
Commercial Use Vehicles	87,646	133,998	211,384
Total Motor Vehicles	276,657	388,837	659,902

Source: Auto Strategies International Inc.

Argentina:

Tariffs:
- The tariff applied to cars is 21.5 percent.
- The tariff applied to trucks ranges from 15.5-21.5 percent.
- The tariff for auto parts (HTS 8407-08 and 8708) ranges from 1.5-19.5 percent (most in the 15.5-19.5 percent range).

Taxes:
- Value Added Tax (VAT): cars (21 percent); trucks (10.5 percent)
- An additional "advanced" VAT of 6-8 percent (based on CIF value plus the duty and the import statistics fee of 10 percent)
- Various provincial sales taxes
- Duty Surcharge (0.5 percent)
- Statistical tax (3 percent)
- A 3 percent advanced profit tax, charged on the custom value of goods

Other Measures:
- Not Applicable

Local Content/Regional Content Requirements:
- Local Content Requirements: The maximum allowable foreign content for vehicles of Categories A, B, and C are 24, 38 and 50 percent, respectively. Category A is defined as light-duty vehicles with a carrying capacity up to 1,500kg, derived from cars. Category B is light-duty trucks with a carrying capacity up to 1,500kg, not derived from cars. Category C is defined as the chassis and trays for heavy-duty trucks with carrying capacity greater that 1,500kg.

- The maximum percentage of imported components allowed for each model produced by terminal manufacturers is as follows (taken from Argentine Automotive Policy Decree 33/96): Category A: cars and pick-ups with load capacity lower than 1500kg: 1998--35 percent, 1999--32.5 percent; Category B: trucks and platforms with load capacity less than 1500kg: 1998--35 percent, 1999-- 32.5 percent. Calculation of the above maximum percentage of imported content is to be done as follows: sum of

FOB value of imported components in vehicle divided by price of vehicles to dealers before taxes x 100.

Import Restrictions:

- Import ban on used vehicles
- Import license required
- Foreign vehicles which do not have a domestic equivalent are subject to import quotas. This quota system limits imports to a percentage of total domestic production (for example, in 1994 this quota was 10 percent). The rights of the quotas are auctioned off, and the bidder willing to pay the most amount above the average duty wins the quota. However, dealers can bid on a portion of the quota allotment by offering to pay an additional import duty over the regular 20 percent. Individuals may also participate, along with dealers, in special periodic quota allotments, under the same bidding system. Both individuals and dealers are limited to two imported vehicles per year. Assemblers who also import vehicles are also committed to maintain a higher level of exports than imports.
- Import quotas and licensing are required for:
  - motor vehicles weighing less than 850kg, greater than 1,500kg and costing less than US$5,500 (HS 8702010101)
  - motor vehicles weighing between 850kg but less than 1,500kg with an ex-works price less than US$9,00 (HS 8702010120)
  - motor vehicles weighing more than 1,050kg with an ex-works price of less than US$16,000 (HS 8702010140)
  - motor vehicles weighing more than 1,050kg with an ex-works price of greater than US$16,000 (HS 8702010160)
  - chassis with gearbox in vertical position (HS 8702010161)
  - public transportation vehicles weighing less than 1,000kg and more than 1,000kg (HS 8702929001 and HS 8702929099, respectively)
  - Heavy goods vehicles weighing more than 1,000kg but less than 2,000kg and those weighing more than 2,000kg (HS 8702030104 and HS 8702030105, respectively)

- Bilateral Quota System: The Governments of Argentina and Brazil allow local automakers to import a certain number of cars and trucks from each other duty-free. This quota is adjusted each year by the respective Governments.

- Official distributors of foreign cars are limited to the importation of finished cars equal in value to the Argentine parts exported by the company.

- The import of used, rebuilt or remanufactured automotive parts is banned with the exception that Original Equipment Manufacturers (vehicle assemblers) can import and market remanufactured parts to service their own products.

Membership in Trade & Economic Agreements:

- MERCOSUR member
- ALADI

- Andean Community
- Chile (auto only)
- Bolivia
- Ecuador
- Mexico (auto with quota)
- European Community
- India
- Egypt
- WTO (no CKD bindings)

BOLIVIA - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	309	540	388
Commercial Use Vehicles	2,395	1,850	1,796
Total Motor Vehicles	2,704	2,390	2,184

Source: Auto Strategies International Inc.

Bolivia:

Tariffs:

- Bolivia has a three-tier tariff structure. Capital goods designated for industrial development may enter duty-free; non-essential capital goods are subject to five percent tariffs; and most other goods are subject to 10 percent tariffs. Heavy trucks greater than or equal to 6 tons are considered capital goods and are subject to 5 percent tariffs. All other automotive goods are subject to 10 percent tariffs.

Taxes:

- Bolivia levies a 14.94 percent effective value-added tax and a 10 percent specific consumption tax on car sales.
- Imported goods are also subject to customs warehouse fees (which vary with volume) and customs brokers' fees of up to 2 percent of the CIF price.

Other Measures:

- Bolivia requires pre-shipment valuation inspections.

Regional/Local Content:

- There are no regional or local content regulations or restrictions.

Import Restrictions:

- Both new and used vehicles (other than left-hand drive) may be imported.

Membership in Trade and Economic Agreements:

Andean Community

MERCOSUR associate member
Chile
Mexico
European Community
WTO

BRAZIL - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	1,273,084	1,167,940	1,318,648
Commercial Use Vehicles	289,840	300,850	385,895
Total Motor Vehicles	1,562,924	1,468,790	1,704,543

Source: Auto Strategies International Inc.

Brazil:

Tariffs:
- The tariff applied to cars is 35 percent.
- The tariff applied to trucks ranges from 14-35 percent (most at 35 percent).
- The tariff for auto parts (HTS 8407-08 and 8708) ranges from 0-19.5 percent (most in the 14-19.5 percent range).
- Auto manufacturers with plants in Brazil that are under the Brazilian Automotive Program import at reduced tariff rates, 24.5 percent for passenger vehicles and 22.5 percent for commercial vehicles.
- In December 1999, Brazil ended the import quota system which allowed automobile manufacturers and some independent importers to import 50,000 automobiles per year at a reduced tariff (23% in 1999).
- Import Taxes for trading within the Mercosul region are not subject to import tariff.
- Automobile and part manufacturers established in Brazil that benefited from import tariff reductions granted by the automotive program that expired in 1999, continue to enjoy a 40% reduction on the import tariff rate on imports of automotive parts.

Taxes:
- Import taxes are charged on the CIF value of the good:

Vehicles:	35%
Automotive parts:	14%; 16% and 18% (levels to be reached by 2006).

- The IPI (Industrial Product Tax) is a federal tax applicable to imported and locally manufactured products and varies according to the product. The IPI for auto parts ranges from 4 to 16 percent and for automobiles ranges from 5 to 25 percent. For example:

Vehicle category/ engine displacement	Current Tax rate
Automobiles up to 1000 cc	10
Automobiles up to 100 HP	25

Automobiles of up 127 HP	25
Automobiles of over 127 HP	25
Light commercials 4X4 (pick ups)	10
Diesel light commercials 4X2	10

Source: ANFAVEA (National Association of Automobile Manufacturers)

IPI is charged on the CIF price plus the import duty. It is not a cost item per se, because the paid value represents a credit to the importer. When the product is sold to the end-user, the importer debits the IPI, which is included in the final price of the product and is paid for by the end-user.

- The ICMS (Merchandise Circulation Tax) is a state tax, which varies according to the state, but ranges from 17-25 percent. The most common ICMS in the state of Sao Paulo is 18 percent and is charged on the CIF price plus the IPI. The ICMS is also assessed on locally-made goods. Although importers must pay the ICMS to clear customs, it is not an actual cost item per se, because -- similar to the IPI tax -- the paid value represents a credit to the importer. When the merchandise is sold to the end-user, the importer debits the ICMS, which is included in the final prices and is paid by the end-user.

- PIS/CONFINS: Contribution of 8.26 percent.

- Port Taxes and Costs:

  Compulsory Contribution to Custom Broker's Union
  2% of CIF, or minimum of US$140, maximum of US$280
  Customs Broker Average US$700
  Terminal Handling Charges Up to US$400 per container
  Merchant Marine Tax 25% of ocean freight
  Warehousing and Foremanship 0.65% of CIF

- Port and warehousing fees: vary according to the port or airport and on the period of time required to release imports from customs. These fees usually add up to 2 to 4% of the CIF price. Smaller ports outside Sao Paulo and Rio de Janeiro are usually less expensive than the ones in those states.

Other Measures:

- An import license is required for imports of most vehicles and some auto parts. Import licenses are issued by the Brazilian Foreign Trade Secretariat (SECEX) and take approximately two weeks to obtain. They are valid for 60 days.

Local/Regional Content Requirements:

- The Brazilian Automotive Program requires established automobile manufacturers to source 60 percent of all auto parts locally, whereas "newly-established" manufacturers are required to source 50 percent locally during the first three years of production and 60 percent thereafter.

- In the first half of 2000, Brazil and Argentina established the basis of a new Automotive Program that includes automobiles, chassis with engines, automobile bodies and automotive parts (parts, assemblies and sub-assemblies). The program, was to be in place from July 2000 until 2005. It features a monitored automotive trade balance among Brazil and Argentina, in which the surplus with its Mercosul partner may not surpass the following percentages:

  3% in 2000;
  5% in 2001;
  7.5% in 2002; and,
  10% in 2003

  However, this agreement has not entered into force and intra-MERCOSUR trade in the automotive sector is ruled by bilateral agreements.

Import Restrictions:

- Imports of used automobiles into Brazil are not allowed under any circumstances, and special authorization is required for the import of used parts.

- Brazil also has a ban on diesel passenger car imports, but still exports diesel cars to Argentina. Argentina is also currently considering a similar ban on imports and production of diesel passenger cars. There is a possibility this ban will be extended to the entire MERCOSUR region; however, this has yet to be determined under the CAP negotiations.

Membership in Trade & Economic Agreements:

- MERCOSUR member
- ALADI
- Andean Community
- European Community
- Suriname
- Bolivia
- Egypt
- India
- Chile (auto with quota)
- Mexico (auto with quota)
- WTO

CHILE -- New Motor Vehicle Registrations (in units)

	2002	2003	2004
Personal Use Vehicles	56,789	60,214	71,706
Commercial Use Vehicles	42,982	61,323	94,095
Total Motor Vehicles	99,771	121,537	165,801

Source: Auto Strategies International Inc.

Chile

Tariffs:

- All new imported motor vehicles and automotive parts coming from non-treaty countries are assessed Chile's uniform tariff rate of 6 percent, based on the CIF value (see Various Trade Arrangements).
- Used automotive parts coming from non-treaty countries are assessed an additional tariff surcharge equal to 50 percent of the tariff.

Taxes:

- Value Added Tax (VAT) of 19 percent, charged on the sum of the CIF value and the amount of the duty. This tax is chargeable to the importer, not the foreign supplier. (Imports by Chilean Government offices and Armed forces are not subject to import duties or taxes.)
- Luxury tax: based on CIF value and included in the calculation of VAT, the luxury tax is charged on 21.25 percent of the car's value in excess of an amount which is adjusted annually according to U.S. wholesale price index. (The dollar amount as of January 2006 is $ 27,726.85.) This tax is assessed on all items in excess of this annually determined value. This tax is applied using the following formula:
  (CIF- 27,726.85) x 0.2125.
- The luxury tax does not apply to buses, trucks, ambulances, off road vehicles, motor homes, or other special vehicles. The luxury tax is applied to those finished and semi-finished vehicles with a useful weight of under 2,000 Kg.

Other Measures:

- Import of remanufactured, rebuilt and/or used motor vehicle parts is allowed, however Chilean Customs tends to heavily question such imports with an apparent eye toward whether they will be used to assemble used vehicles or a significant portion of a used vehicle once in the country (see Import Restrictions below). Such investigations hamper the importation process of remanufactured rebuilt and/or used motor vehicle parts.

Import Restrictions:

- In Chile the importation of used vehicles is prohibited. Chile does allow imports of used ambulances, funeral hearse cars, fire-fighting vehicles, street cleaning vehicles, irrigation vehicles, towing vehicles, television projection equipment vehicles, armored commercial vehicles, workshop vehicles, cement making trucks, prison vans, radiological equipment vehicles, motor homes, off-road transportation vehicles, and other similar vehicles for special purposes, different from common transportation vehicles. These used vehicles pay a 9 percent import duty plus VAT. Fire-fighting vehicles are not subject to import duties, and pay the VAT on the CIF value only. A vehicle is considered new if: 1) It is of the current year; or The model is of the last year but the importation occurred before April 30th, and 2) the vehicle has no more mileage than that required to transport the vehicle from the factory to the point of sale and according to customs it corresponds to a first transaction vehicle (i.e., the invoice is from the distributor or the factory). Special laws allow tax-exempt new/used car imports by persons returning from exile or returning after living abroad (for one complete year or more) for studies or work after a determined number of years. People domiciled in two domestic free trade zones, Iquique in the north and Punta Arenas in the south may also import used cars. Imports in these areas are exempt from customs duties and VAT. (See Various Trade Arrangements).

- Automotive investment in Chile is governed by the "Automotive Statute", which allows any car assembly company to operate in Chile. The Statute establishes a 13 percent minimum of local content in vehicles assembled from completely knocked-down (CKD) kits and 3 percent for vehicles assembled from semi-knocked down (SKD) kits. Local vehicle assemblers and part manufacturers benefit from Article 3 of Law 18,483, which exempts imported auto parts and components from customs duties if the importer exports parts and components of specific, certified quality worth the same amount ex-factory. If exported alone, the parts must include in country value-added of at least 50 percent. If they are built into vehicles that are assembled in Chile and then exported, then the value-added component must be at least 70 percent. (This law is being replaced by a new law called the Arica Law which gives incentives to establish in the Arica industrial free trade zone for any manufacturing plant)

- An import report to the Central Bank is required, free of cost, for shipments above US$500, CIF for statistical record keeping purposes.

- In the Metropolitan Area gasoline powered vehicles under 2,700 Kgs., need to comply with TIER1 Federal/EURO III; diesel powered vehicles under 2,500 Kgs., must comply with TIER California 1/EURO IV. Vehicles over 2,700 Kgs., but under 3860 Kgs., must comply with EPA 91. Buses must follow EPA 98/EURO III. Trucks must abide with EPA 94/EURO II

Membership in Trade & Economic Agreements:

- United States
- Canada
- European Union
- Central America
- Korea
- Mexico
- MERCOSUR
- Argentina
- Ecuador
- Peru
- New Zealand
- Singapore
- Brunei
- Bolivia
- Colombia
- Venezuela

- ALADI
- WTO
- GATT
- Pending agreements with: China, India and Japan

COLOMBIA - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	43,510	72,282	104,782
Commercial Use Vehicles	48,824	34,359	41,036
Total Motor Vehicles	92,334	106,641	145,818

Source: Auto Strategies International Inc.

Colombia:

Tariffs:

- As a member of the Complementary Convention in the Automotive Sector and/or Andean Automotive Policy with Venezuela and Ecuador, Colombia shares common external automotive tariffs of 35 percent for automobiles (and Complete Knock Down (CKD) kits which do not meet the minimum assembly requirements), 15 percent for trucks and buses (10 percent for Ecuador), and zero tariff for CKD kits available to assemblers participating in the regional/local content scheme (see below).
- Automotive parts (HTS 8407-08 and 8708) tariffs range between 5 – 15 percent.

Taxes:

- VAT is assessed on the C.I.F. value plus applicable duties:
  - -- Four-wheel-drive vehicles (20 percent)
  - -- All other cars (35 percent); unless the C.I.F. value plus tariff is greater than or equal to US $35,000, in which case the VAT is 45 percent.
  - -- Ambulances and hearses (14 percent)

Other Measures:

- There are no limitations on the types of models imported, and no special import permits are required. However, imported vehicles must be registered with the Colombian government prior to shipment. Local assemblers are free to assemble vehicles of any model and are also allowed to import vehicles.
- Since January 1, 1994, Colombia has required gas emission/evaporation control systems (to reduce gasoline tank and carburetor emissions) and a gas emission control system or positive ventilation valve (to control crankcase gas emissions) on all gasoline engine motor vehicles imported into or assembled in Colombia.
- Since January 1, 1995, Colombia has required catalytic converters to be installed on imported and locally produced vehicles.
- Since November 2, 2005, Colombia distributing gasoline with 10 percent ethanol to comply with Law 693 of 2001 (for environmental protection).

Regional/Local Content:

- Under the Andean Automotive Policy, a regional/local content scheme was established f so that vehicles and parts could be traded amongst all three countries duty-free. For example, the 1995-96 minimum requirement was set at 30 percent for automotive parts and passenger vehicles with a capacity of up to 16 persons and merchandise transport vehicles of a total weight of 4.5 tons (Category 1), and at 15 percent for other types of vehicles (Category 2).

- To enjoy the privilege of importing CKD material with a 3 percent import duty, assemblers must incorporate local content of 33 percent for Category 1 vehicles and 18 percent for Category 2.

Import Restrictions:

- The Andean Automotive Policy bans imports from other countries of used cars, trucks, and buses, as well as new vehicles from previous years. It also bans trade in these vehicles among the member nations.

- Imports of remanufactured, rebuilt, and/or used motor vehicle parts are not authorized.

Membership in Trade & Economic Agreements:

- Andean Community Member
- ALADI
- CARICOM
- Panama
- El Salvador
- Nicaragua
- Guatemala
- Honduras
- Costa Rica
- Chile
- MERCOSUR
- European Community
- Group of Three
- WTO (no truck, CKD or automotive parts bindings)

COSTA RICA - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	7,381	5,861	6,636
Commercial Use Vehicles	10,798	7,795	10,561
Total Motor Vehicles	18,179	13,656	17,197

Source: Auto Strategies International Inc

Costa Rica:

Tariffs:

- passenger cars – 1-15%
- trucks and buses – 0-15%
- automotive parts – 10-15%

Taxes:

- Taxes on imported products are calculated on a cumulative basis and generally include: a) Ad valorem tax or duty --applied against CIF (cost, insurance & freight) value, (also known in Costa Rica as "D.A.I.")--duty rates currently range from 1 to 10 percent for motor vehicle parts; b) Consumption tax --applied against total cumulative sum of CIF value, plus the ad valorem tax --tax rates currently range from 0 to 25 percent for motor vehicle parts; c) Law 6946 tax --applied against CIF value -- currently 1 percent for all products; and, d) Sales tax --applied against total cumulative sum of CIF value, plus any ad valorem tax, plus the consumption tax, plus Law 6946 tax * currently 13 percent for all products.

Other Measures:

- To calculate tariffs and taxes on used vehicles, Costa Rica uses values reported by the U.S. N.A.D.A. Official Used Car Guide. This reference pricing for automobiles disadvantages U.S. models versus Korean models in the Costa Rican market. U.S. vehicle values are based upon NADA Blue Book values while Korean values are based upon an individual Korean company's publication which understates Korean car prices.
- Costa Rican law requires the exclusive use of the metric system but, in practice, accepts U.S. and European commercial and product standards.

Import Restrictions:

- The Government of Costa Rica prohibits the importation of used tires without rims, because mosquitoes carrying yellow fever or dengue fever breed in water accumulated in rimless tires.

Membership in Trade & Economic Agreements:

- Central American Common Market
- United States
- Mexico
- Dominican Republic
- Panama
- Association of Caribbean States
- WTO

GATT

DOMINICAN REPUBLIC - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	7,722	2,611	4,038
Commercial Use Vehicles	21,969	6,650	7,821
Total Motor Vehicles	29,691	9,261	11,859

Source: Auto Strategies International Inc

Dominican Republic:

Tariffs:
- passenger cars - 30%
- trucks and buses – 3-30%
- automotive parts – 10-25%

Taxes:
- The Dominican Republic assesses all imported new and used passenger vehicles (except pick-up trucks) with a variable ISC, and an eight percent sales tax. The tariff amount is not included in the calculation of the ISC; however, the sales tax is assessed on the sum of the vehicle's value plus the tariff plus the ISC. The DR modified the ISC by Presidential Decree #66-94 on March 25, 1994; it is now based on value rather than engine size. The table below explains the rates:

Dominican Republic ISC Tax Table

Price U.S. $	Basic-R.D. $	(%)*	Marginal Excess (%)
0 - 7,000	0	0	0
7,001 - 10,000	0	0	15
10,001 - 14,000	5,625	(4)	30
14,001 - 20,000	20,625	(12)	45
20,001 - 26,000	54,375	(21)	60
26,001 - 32,000	99,375	(30)	80
32,001 and above	---	(45)	---

*The percentages in parentheses indicate what the basic tax rate is for vehicles priced at the beginning of each range (using an exchange rate of 12.8 RD$/US$). The second percentage applies to the excess over the beginning value of the range. As an example, a car priced at US $12,000 would be subject to the basic amount of RD $5,625 or US $439, plus the marginal amount of US $600 (30 percent of US $2,000, the excess over US $10,000) = a total ISC of US $1,039.

- The system uses published official list prices for automobiles, instead of price lists supplied by the manufacturer, to determine the value upon which the ISC is based.

- The decree depreciates the value base for each model year of a car's age up to seven years according to the following scale: vehicles one year older than the current model year, 5 percent depreciation; two years older, 10 percent depreciation; three years older, 15 percent depreciation; four years older, 20 percent depreciation; five years older, 30 percent depreciation; six years older, 40 percent depreciation; seven years older or more, 50 percent depreciation. Thus, for a used car two years older than the current model year, the DR will deduct 10 percent from that model's new car price and use the resulting value as the base from which to calculate the tariff and ISC.

Membership in Trade & Economic Agreements:
- Association of Caribbean States
- Costa Rica
- Honduras
- Nicaragua
- El Salvador
- Panama
- United States
- WTO
- GATT

- WTO (no automotive parts bindings)
- GATT

ECUADOR - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	25,157	27,797	34,838
Commercial Use Vehicles	30,512	27,707	31,728
Total Motor Vehicles	55,669	55,504	66,566

Source: Auto Strategies International Inc.

<u>Ecuador:</u>

Tariffs:
- As a member of the Complementary Convention in the Automotive Sector and/or Andean Automotive Policy with Colombia and Venezuela, Ecuador shares common external automotive tariffs of 35 percent for automobiles and CKD kits, 10 percent for trucks and buses (15 percent for the other members), and a concession rate of 3 percent for CKD kits available to assemblers participating in the regional/local content scheme (see below).

- Automotive parts (HTS 8407-08 and 8708) are subject to customs duties ranging from 5 to 15 percent.

Taxes:

- VAT: 12 percent for vehicles and automotive parts
- Special tax: 5.15 percent (Special Consumption Tax – ICE) + 25 percent uplift (Commercialization Margin)
- Special Contribution: .5 percent (Childhood Development Funds FODINFA)

Non-Tariff Measures:

- Not Applicable.

Regional/Local Content:

- Under the Andean Automotive Policy, a regional/local content scheme was established for a five-year period so that vehicles and parts could be traded amongst all three countries duty-free. For example, the 1995-96 minimum requirement was set at 30 percent for automotive parts and passenger vehicles with a capacity of up to 16 persons and merchandise transport vehicles of a total weight of 4.5 tons (Category 1), and at 15 percent for other types of vehicles (Category 2).

- To enjoy the privilege of importing CKD material with a 3 percent import duty, assemblers must incorporate local content of 33 percent for Category 1 and 18 percent for Category 2.

- Based on current information we understand that the regional content requirement in 2000 was 24.8 percent, and will increase to 34.7 percent by 2009.

Import Restrictions:

- The Andean Automotive Policy prohibits imports from other countries of used cars, trucks, and buses, as well as new vehicles from previous years. It also bans trade in these vehicles among the member nations.
- Import of CKD's is subject to a quota assignment by the National Automotive Commission and regulated by the automotive development law. Importation is limited to those brands having a distributor and/or an authorized concessionary in the country to guarantee an adequate supply of spare parts.

Other Measures:

- Importers require a "Conformity Certificate" provided by INEN (Ecuadorian National Standards Institute). Once obtained, it is presented for approval to the central bank.
- Every automobile (CDU) must come with a technical report verifying it complies with applicable environmental standards.
- There are no regulations concerning engine emissions, safety, or noise.
- Local assemblers are free to assemble vehicles of any model and are also allowed to import vehicles.
- There are no requirements or standards for parts imports, nor are there labeling requirements.

- The chaotic customs systems, creates disincentives to import goods through formal channels, and incentives for contraband. Many auto parts, for example, enter disguised as other goods that carry lower (or zero) customs duty.

Membership in Trade & Economic Agreements:
- Andean Community Member
- ALADI
- Chile
- Uruguay
- Paraguay
- Argentina
- MERCOSUR
- European Community
- WTO (no automotive parts bindings)
- GATT

EL SALVADOR - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	3,904	4,012	4,180
Commercial Use Vehicles	8,030	8,736	8,107
Total Motor Vehicles	11,934	12,748	12,287

Source: Auto Strategies International Inc

El Salvador:

Tariffs:
- passenger cars – 0-30%
- trucks and buses – 0-1%
- automotive parts – 1%

Taxes:
- Unlike new parts, the importers of used, remanufactured, and rebuilt parts do not have to show an invoice from the manufacturer to calculate the 13% value added tax (vat); vat on these parts are estimated by customs authorities. These estimates can undervalue the goods giving them an import vat tax benefit. Importers of new parts complain about this practice, claiming that many new parts are imported in used part containers.

Membership in Trade & Economic Agreements:
- CACM - Central American Common Market
- Association of Caribbean States
- Dominican Republic
- Panama
- United States

- Chile
- Argentina
- Ecuador
- Peru
- WTO
- GATT

GUATEMALA - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	9,386	12,172	13,484
Commercial Use Vehicles	11,031	13,514	15,740
Total Motor Vehicles	20,417	25,686	29,224

Source: Auto Strategies International Inc

<u>Guatemala</u>:

Tariffs:
- passenger cars – (5 passengers or less) 20%, (6-9 passengers) 15%
- trucks and buses – 5-10%
- automotive parts – 20%

Other Measures:
- Many importers report that Guatemalan customs arbitrarily assigns values to imported products.
- In Guatemala City, model year restrictions exist preventing the operation of buses in the city by denying permits to use them.

Membership in Trade & Economic Agreements:
- CACM - Central American Common Market
- Association of Caribbean States
- Dominican Republic
- Panama
- United States
- Chile
- WTO
- GATT

HONDURAS - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	1,320	1,713	1,523
Commercial Use Vehicles	5,486	6,387	6,703
Total Motor Vehicles	6,806	8,100	8,226

Source: Auto Strategies International Inc

Honduras:

Tariffs:

- passenger cars - 15%
- trucks and buses – 5-10%
- automotive parts – 5-10%

Taxes:

- A general 12% sales tax is applied to most products. Trucks are exempted from this tax. A 15% sales tax is assessed on new cars.

Import Restrictions:

- Under the Financial Balance and Social Protection Act, imports of ground motor vehicles over seven years old and passenger buses over ten years old are prohibited, except for those considered to be classic collectible cars.
- Imports of refurbished and right-hand drive vehicles are also prohibited.

Membership in Trade & Economic Agreements:

- CACM - Central American Common Market
- Association of Caribbean States
- Dominican Republic
- Panama
- United States
- Chile
- WTO
- GATT

JAMAICA - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	1,299	1,614	1,744
Commercial Use Vehicles	3,119	2,459	2,669
Total Motor Vehicles	4,418	4,073	4,413

Source: Auto Strategies International Inc

Jamaica:

Tariffs:

- passenger cars –5-40%
- trucks and buses – 0-10%
- automotive parts – 0-25%

Membership in Trade & Economic Agreements:

- CARICOM - Caribbean Community and Common Market
- Association of Caribbean States
- Colombia
- Venezuela
- WTO
- GATT

NICARAGUA - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	1,109	1,357	1,869
Commercial Use Vehicles	2,861	3,021	3,642
Total Motor Vehicles	3,970	4,378	5,511

Source: Auto Strategies International Inc

<u>Nicaragua</u>:

Tariffs:

- passenger cars – 5-10%
- trucks and buses – 0-5%
- automotive parts – 5-10%

Taxes:

- Although the 1997 tax law eliminated many special tax exemptions, investors still express frustration at the arbitrary and centralized decision making in taxation and customs procedures.
- Tariffs and import taxes for most used goods are not assessed on a CIF/bill of lading basis, but rather on a "reference price" determined by Customs at the time of entry inspection. This reference price can be significantly higher than the actual amount paid by importers. Presentation of a bill of sale (or other evidence of purchase price) certified by a Nicaraguan consular official is often, but not always, accepted by Customs inspectors as proof of the value of used goods.
- A luxury tax is levied through the specific consumption tax (IEC) on 609 items. The tax generally is lower than 15 percent. The IEC for domestically produced goods is based on the manufacturer's price and for imported goods it is based on CIF. Cars with large engines (greater than 4000 cc) face an IEC tax of 25 percent. Vehicles with smaller engines are charged between zero and three percent IEC tax.

Other Measures:

- The government has established a mandatory registration for importers (RNI). Importers claim that the RNI creates additional costs, since they must be cleared by several agencies that have nothing to do with many importer's commercial activities (i.e., the tax agency, Nicaraguan customs, the electricity distribution company, and the ENITEL telephone company).

- The Consumer Protection Law enacted in 1995, as well as its regulations promulgated in 1999, introduced product labeling standards and consumer rights to Nicaragua. While most U.S. products will likely meet Nicaraguan regulations by following U.S. guidelines, the following should be noted: the label must list product origin, contents, price, weight, production date, and expiration date.
- Although information is required to be in Spanish, historically Nicaragua has not enforced its language requirements.

Membership in Trade & Economic Agreements:

- CACM - Central American Common Market
- Association of Caribbean States
- Dominican Republic
- Panama
- United States
- Chile
- Argentina
- Ecuador
- Peru
- WTO
- GATT

PANAMA - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	6,595	7,860	9,702
Commercial Use Vehicles	8,463	10,052	10,995
Total Motor Vehicles	15,058	17,912	20,697

Source: Auto Strategies International Inc

<u>Panama</u>:

Tariffs:

- Panama assesses new passenger car duties based on the vehicle's CIF value.
- From USD 0 to 5,000 is assessed a 15 percent tax.
- From USD 5,001-12,000 is assessed 15 percent tax.
- From USD 12,001-14,500 is assessed 18 percent tax.
- Over USD 14,500 is assessed a 20 percent tax.
- Pick-up trucks, all other trucks for the transport of merchandise, small buses, and chassis with engines pay a flat tariff of 10 percent.
- 4x4 trucks range from 15-18 percent. Four-wheel-drive vehicles duties are also based on CIF value, from USD 0 to USD 12,000, a 15 percent tariff is assessed; from USD 12,001 not exceeding USD 18,000 is assessed at 15 percent. Startinf from USD 18,000 and all others assessed 18 percent tax.

- Ambulances, hearses, prison vans, and all other special purpose vehicles pay a flat 10 percent duty.
- Truck tariffs range from 5-10 percent depending on the weight. Dump Trucks 10 percent, all other diesel trucks weighting less than 5 tons 8 percent, from 5 tons to 20 tons 5 percent, more than 20 tons 10 percent.
- Decree 56, issued by Panama's Cabinet Council, allows partial duty exemptions of automobiles, buses, and repair parts for taxi and bus operators. Taxi operators ("selectivos") are exempt from 95 percent of duties on new cars valued at USD 7,000 or less and 75 percent on used cars under five years old. They are allowed to import up to 12 new tires at 95 percent off of regular import duties. Bus operators can import up to 18 tires. Bus operators ("collectives") receive import exemptions ranging from 80 percent on six- to ten-year-old buses to 95 percent on new buses.
- Parts tariffs range from 0-15 percent (HTS numbers 8707-08).
- Parts such as air brakes, diesel motors, differentials, and transmissions receive import exemptions of 95 percent, but are subject to quantity limitations.

Other taxes:
- Panama assesses a Value Added Tax of 5 percent.
- Panama assesses a Customs Administration fee of $70 for shipments over $2,000 in value.
- Law 61 of December 26, 2002, created the Selective Consumption Tax. Beginning April 1, 2003, 5 percent tax is added to the sale price of new cars if the CIF value is above USD$15,000 for passenger cars and USD 18,000 for 4X4.

Other Measures:
- Panama requires legalization of documents for products shipped by surface transportation. See the Guatemala section for an explanation of this procedure.
- Some auto parts import volume is limited.

Membership in Trade & Economic Agreements:
- Association of Caribbean States
- Costa Rica
- Honduras
- Nicaragua
- El Salvador
- Dominican Republic
- United States
- Canada
- Mexico
- Colombia
- Chile
- WTO
- GATT

PARAGUAY - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	1,259	590	951
Commercial Use Vehicles	1,316	2,385	4,147
Total Motor Vehicles	2,575	2,975	5,098

Source: Auto Strategies International Inc.

Paraguay:

Tariffs:

- Motor vehicle tariffs currently range from 10 to 20 percent depending on engine displacement.
- Truck tariffs range from 10 to 16 percent.
- Automotive parts (HTS 8407-08 and 8708) ranges from 0-19.5 percent (most in the 10-16 percent range).

Taxes:

- A transfer tax is applicable on all auto sales, and a separate registration fee is also charged in addition to any applicable municipal vehicle tax.

Other Measures:

- Not Applicable

Regional/Local Content:

- For trade among the MERCOSUR countries, all products that have at least 60 percent regional content are traded among these countries with a 0 percent import tax, although trade is not free. Only Paraguay allows imports of MERCOSUR made vehicles with 0 percent import tariff without restriction.

Import Restrictions:

- Not Applicable

Membership in Trade & Economic Agreements:

- Ecuador
- MERCOSUR
- Andean Community
- European Community
- Chile
- Egypt

- Bolivia
- India
- Mexico
- WTO
- GATT
- ALADI

PERU - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	4,885	5,429	4,893
Commercial Use Vehicles	5,400	4,554	6,635
Total Motor Vehicles	10,285	9,983	11,528

Source: Auto Strategies International Inc.

Peru:

Tariffs:
- Trucks, buses and minibuses for public transport have a 4 percent tariff.
- The tariff applied to cars is 12 percent.
- Automotive parts (HTS 8407-08 and 8708) are subject to customs duties ranging from 4 to 12 percent.

Taxes:
- 19 percent Vat Added Tax (VAT)

- Imported new cars and light trucks are subject to a Selective Consumption Tax (SCT) of 10 percent based on the sum of the C.I.F. value and the tariff amount. Imported used vehicles are subject to an SCT of 30 percent. All other imported vehicles and automotive parts are exempt from the SCT. Automotive parts are not subject to the consumption tax.

Other Measures:
- New or used vehicles with right-hand steering gear entering through the southern ports of Ilo and Matarani, which are reconditioned locally are exempt from the SCT. (Reconditioning refers to converting the steering gear to the left side.)

Regional/Local Content:
- Not Applicable.

Import Restrictions:
- Bans on used vehicles based on age: Peru does not allow the entry of used personal use vehicles that are more than 5 years old and does not allow the entry of used commercial vehicles that are more than 8 years old.

Membership in Trade & Economic Agreements:

- Andean Community (does not participate in Automotive program with Colombia, Ecuador and Venezuela)
- ALADI
- Chile
- MERCOSUR
- European Community
- WTO (no auto tariff bindings)
- GATT

URUGUAY - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	5,191	2,289	2,940
Commercial Use Vehicles	4,671	1,124	2,287
Total Motor Vehicles	9,862	3,413	5,227

Source: Auto Strategies International Inc.

Uruguay:

Tariffs:

- The tariff applied to cars is 23 percent.
- The tariff applied to trucks ranges from 7 to 8 percent.
- The tariff for auto parts (HTS 8407-08 and 8708) ranges from 0-21 percent (most in the 8-21 percent range).

Taxes:

- Value Added Tax (VAT): 23 percent
- Special Tax: ranges from 9.6-60 percent

Other Measures:

- No clear Customs criteria exist for the importation of remanufactured, rebuilt, and/or used motor vehicle parts.

Local Content/Regional Content Requirements:

- Regional Content Requirements: For trade among the MERCOSUR countries (Brazil, Argentina, Uruguay and Paraguay) all products that have at least 60 percent regional content (30 percent of which must be from Argentina) are traded duty free among these countries.

Import Restrictions:

- Import ban on used vehicles.

Membership in Trade & Economic Agreements:

- MERCOSUR
- ALADI
- Ecuador
- Mexico (auto with quota)
- Andean Community
- European Community
- Bolivia
- Chile
- Egypt
- India
- WTO
- GATT

VENEZUELA - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	48,478	44,290	99,759
Commercial Use Vehicles	52,936	29,673	70,454
Total Motor Vehicles	101,414	73,963	170,213

Source: Auto Strategies International Inc.

Venezuela:

Tariffs:

- As a member of the Complementary Convention in the Automotive Sector and/or Andean Automotive Policy with Colombia and Ecuador, Venezuela shares common external automotive tariffs of 35 percent for automobiles (range from 20 to 35 percent, but most are at 35), 15 percent for trucks and buses (range from 5-35 percent, but most are at 15; 10 percent for Ecuador), and a concession rate of 3 percent for CKD kits available to assemblers participating in the regional/local content scheme (see below).
- Automotive parts (HTS 8407-08 and 8708) tariffs range from 5 to 15 percent.

Taxes:

- VAT 14.5 percent, based on price of vehicle: CIF value, plus duty paid, plus customs fee
- Transfer/local customs and service tax (5 percent), based on CIF value
- Customs handling fee (2 percent), based on CIF value

Other Measures:

- There are no limitations on the types of models imported, and no special import permits are required.

- Local assemblers are free to assemble vehicles of any model and are also allowed to import vehicles. However all local assemblers are subject to a "Foreign Exchange Program", which amounts to 50 percent of foreign exchange outflow in the case of passenger cars.
- Significant progress has been achieved in removing a non-tariff barrier involving certification requirements. This was based on obligatory quality and manufacturing standard certificates required for certain imports where the Venezuelan standards office COVENIN had established standards for Venezuelan products. Since customs demanded to see an "official" certificate to the effect that the imports complied with similar standards in their countries of origin, importers had the problem in cases where either such standards did not exist or no official standards institute was established which could certify adherence to standards. In the case of U.S. products, there was no official institution which could certify adherence to for instance ASTM or ASI standards or similar. However, importers have by now been able to overcome this and COVENIN appears to accept a statement by the foreign manufacturer to the effect that established standards have been applied. In cases, where the importers have not been able to provide any type of certification, COVENIN is now requesting a quality test by a local testing laboratory, a costly and time-consuming procedure, which the importers are protesting. COVENIN obligatory standards exist for the following products: batteries, safety belts and safety belt anchors, McPherson struts, brake cylinders, helicoidal springs, steel wheels, brake servos, radiator caps, safety glass, spark plugs, tires. retreading material, V-belts, rubber belts, mufflers, steering terminals, wheel lugs, water hoses, brake disks and drums and suspension parts. This list is subject to changes as COVENIN might add other items.
- There are no labeling, marking or packaging requirements. Since there is some resistance by end users against non-identifiable manufacturers or countries of origin, it is advisable to print on the package or label the name of the manufacturer and his address or at least "Made in the USA". In the case of generic parts, it is helpful to list the automobile brands, model and model years for which the component is applicable.
- Luxury Tax: 10 percent over $30,000.

Regional/Local Content:

- Under the Andean Automotive Policy, a regional/local content scheme was established so that vehicles and parts could be traded amongst all three countries duty-free. For example, the 1995-96 minimum requirement was set at 30 percent for automotive parts and passenger vehicles with a capacity of up to 16 persons and merchandise transport vehicles of a total weight of 4.5 tons (Category 1), and at 15 percent for other types of vehicles (Category 2).

- To enjoy the privilege of importing CKD material with a 3 percent import duty, assemblers must incorporate local content of 33 percent for Category 1 and 18 percent for Category 2.

Based on current information we understand that the regional content requirement in 2000 was 24.8 percent, and will increase to 34.7 percent by 2009.

Import Restrictions:

- The Andean Automotive Policy prohibits imports from other countries of used cars, trucks, and buses, as well as new vehicles from previous years. It also bans trade in these vehicles among the member nations.

Membership in Trade & Economic Agreements:

- Andean Community Member
- ALADI
- CARICOM
- Chile
- Costa Rica
- El Salvador
- Guatemala
- Guyana
- Honduras
- Nicaragua
- Trinidad and Tobago
- Andean Community – MERCOSUR
- Andean Community - European Union
- Group of Three
- WTO (no parts bindings)
- GATT

MIDDLE EAST COUNTRIES SURVEYED:

IRAN- New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	469,159	548,284	715,278
Commercial Use Vehicles	73,260	40,412	107,581
Total Motor Vehicles	542,419	588,696	822,859

Source: Auto Strategies International Inc.

- **U.S. companies are <u>not</u> allowed to export goods and services to Iran as outlined by Executive Orders 12613, 12957, and 12959.**

- In early 1992, Iran lifted its 10-year ban on automobiles.

- Individuals are now allowed to import permitted makes including (Mercedes Benz, BMW, Volkswagen, Peugeot, Volvo, Mitsubishi, Honda, Subaru and Toyota).

ISRAEL- New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	77,470	76,635	103,125
Commercial Use Vehicles	32,767	25,664	30,489
Total Motor Vehicles	110,237	102,299	133,614

Source: Auto Strategies International Inc.

<u>Israel</u>:

- There are no import duties on U.S. motor vehicles

- 89% sales tax (The treasury decided to lower sales tax on cars from 95% to 89% from December 1, 2005. By 2010 it will reach 72% of the cost of the car.)

- 16.5% VAT

- 1.5% port tax on motor vehicles

- Israel accepts European motor vehicle standards, but not those of the United States. Most U.S. lighting and safety standards are accepted, however, headlamp standards are still a problem. Lead free gasoline is now becoming more readily available.

- All new automobiles with engines over 2,000 cc's must run on unleaded gasoline.

- Beginning January 1, 1996, the Israeli government began using a car's value, rather than its engine size, as the basis for income tax valuation. Similarly, engine size no longer forms the basis for car registration fees. The 2,000 cc engine size ceiling for government fleet procurement was also eliminated.

- By 2008, the Treasury will phase-out tax incentives on safety accessories such as ABS braking systems and air bags.

KUWAIT- New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	42,820	47,235	48,135
Commercial Use Vehicles	31,814	45,212	43,082
Total Motor Vehicles	74,634	92,447	91,217

Source: Auto Strategies International Inc.

- 5% import tariff on motor vehicles (part of Gulf Cooperation Council (GCC) Customs Union rate—applied to all non-originating GCC products)

- Imports of motor vehicles more than five years old are restricted.

- Unleaded gasoline is difficult to find, causing problems with U.S.-built cars with catalytic converters.

- 2006: introduction of a conformity assessment system

SAUDI ARABIA- New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	149,904	151,649	180,744
Commercial Use Vehicles	156,425	131,937	138,419
Total Motor Vehicles	306,329	283,586	319,163

Source: Auto Strategies International Inc.

- No local content regulations or import restrictions

- 12% tariff on motor vehicles, based on C.I.F. value

- Imported vehicles, new or used, must be equipped to operate on leaded gasoline; therefore cars should not be equipped with catalytic converters.

- Historically, Saudi Arabia has not enforced their vehicle standards. However, the officials of Saudi Arabian (SASO) standards organization have reported that they intend to increase enforcement of their vehicle standards.

UAE- New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	61,109	66,760	81,623
Commercial Use Vehicles	59,248	58,811	75,027
Total Motor Vehicles	120,357	125,571	156,650

Source: Auto Strategies International Inc.

- No local content regulations or import restrictions on vehicles.
- 4% tariff on motor vehicles, based on C.I.F. value.

ASIAN COUNTRIES SURVEYED:

China - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	1,358,908	2,428,405	2,786,866
Commercial Use Vehicles	2,211,540	2,545,555	2,873,981
Total Motor Vehicles	3,570,448	4,973,960	5,660,847

Source: Auto Strategies International Inc.

China and Hong Kong:

Auto tariffs are currently 28%, dropping to 25% on July 1, 2006.

Auto Part tariffs are currently between 10-14%

On March 31, 2006, the United States and the European Union filed a trade case against China. The case alleges that China is taxing certain combinations of parts that it considers to be a whole car, the higher whole car rate, rather than the lower rate applied to auto parts.

China applies a 17% VAT.

China instituted a new excise tax on April1, 2006. Rates range from 3% for cars with engines less than 1.5 liters to 20% for cars with 4 plus liters.

Quotas on autos were phased out.

Companies are able to freely distribute autos and auto parts.

Non-bank financial institutions are permitted to provide auto financing without any market access or national treatment limitations.

Chinese Taipei - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	246,050	242,321	268,288
Commercial Use Vehicles	152,832	171,593	216,004
Total Motor Vehicles	398,882	413,914	484,292

Source: Auto Strategies International Inc.

Chinese Taipei:

Tariffs:

Motor Vehicles:
Chinese Taipei assesses a 30 percent import tariff on passenger cars and trucks with an engine displacement of 3,500 cc or less. Other commercial vehicles are assessed a 42 percent tariff, except for refrigerated and insulated trucks. Chinese Taipei uses the invoice price of a vehicle as the basis for calculating the tariff-paying value.

Automotive Parts and Components:
Automotive parts import tariff rates range from as high as 25 percent for certain internal engine parts to as low as 3.5 percent for ignition wiring sets. The average auto-parts and Completely-Knocked-Down (CKD) component import tariff is between 15-19 percent

Taxes:
Motor Vehicles:
For vehicles with a displacement of 2,000cc or less, the commodity tax is 25 percent. However, vehicles at 2,001cc or more, the commodity tax is 30 percent.
The commodity tax for commercial vehicles is 15 percent.
Chinese Taipei's license plate tax ranges from under $100 for passenger vehicles with an engine displacement of 500cc or less, to over $5,500 for a passenger vehicle with an engine displacement between 6,601cc-7,800cc. Most U.S.-built passenger vehicles pay between $400- $2,500.

Import Bans:
Import of used vehicles for other than personal use is prohibited.
Import of diesel vehicles (except Jeeps) and two-stroke engine cars are prohibited.

Japan: - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	4,441,345	4,460,019	4,768,129
Commercial Use Vehicles	1,350,739	1,368,164	1,085,250
Total Motor Vehicles	5,792,093	5,828,183	5,853,379

Source: Auto Strategies International Inc.

Japan:

Tariffs:
- Import duties on motor vehicles have been waived indefinitely since 1978.

Taxes:
- Japan currently levies a 5 percent consumption tax on vehicles. This tax was increased from 3 percent in April of 1997.
- In addition to the consumption tax, there is an annual automobile tax, which increases by engine size, ranging from 29,500 to 111,000 yen.
- Japan maintains no local content requirements or quantitative restrictions.

- Japan assesses acquisition tax on the acquisition of an automobile, whether now or used, based on the purchase price. This tax is 5 percent of the purchase price (3 percent for commercial and mini-vehicles. Exempted for vehicle purchased for 500,000 yen or less.)
- Japan also levies tonnage tax according to vehicle weight at each vehicle inspection. The tonnage tax for passenger cars is 6,300 yen per year for each 0.5 ton of gross vehicle weight. The tax for truck varies from 4,400 to 6,300 yen per year.
- These taxes apply to both domestic and imported vehicles.

SOUTH KOREA- New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	720,312	596,819	531,845
Commercial Use Vehicles	923,358	741,950	589,443
Total Motor Vehicles	1,643,670	1,338,769	1,121,288

Source: Auto Strategies International Inc.

<u>Korea:</u>

On October 20, 1998, Korea and the United States signed a Memorandum of Understanding Regarding Foreign Motor Vehicles in the Republic of Korea (1998 U.S.-Korea Auto MOU) to improve access for foreign motor vehicles in the Korean market. The MOU resulted in changes to Korea's automotive trade regime and described further commitments into the future. The current state of Korea's import requirements is described below.

Tariffs:

- Passenger vehicles are assessed an applied tariff rate of eight percent. The applied tariff rate for commercial vehicles is ten percent.
- Per the 1998 MOU, The Korean Government agreed to notify the World Trade Organization (WTO), within 30 days of entry into force of the MOU, that it would lower its bound tariff rate on passenger vehicles from 80 percent to its current applied rate of eight percent, constraining the Korean Government's ability to raise this tariff rate in the future.
- The applied tariff rate for most automotive parts and components is eight percent or lower.

Taxes:

- The taxes described below are calculated cumulatively, but several are applied as percentages of other automotive taxes. Due to the complexity of the multiple tax categories and rates and the methodology for calculating tax rates on various values of the vehicle, more detailed information than is contained in this report can be obtained from the Office of Aerospace and Automotive Industries.
- The Korean Government imposes eight different taxes on passenger cars, which are assessed on the C.I.F. value of the vehicle plus the 8 percent tariff. Three of the taxes

are based on engine displacement. The Korean engine displacement taxes are currently applied such that a disproportionate financial burden falls on vehicles with larger engines (over 2,000cc).

Taxes Levied at the Purchase Stage:

- At the purchase stage, the following three taxes are levied: 1) *special consumption tax* (a percentage of the C.I.F. value of the vehicle plus duty, based on engine displacement), 2) *education tax* (30% of the special excise tax), and 3) a 10% *value added tax* (VAT), calculated on the vehicle value inclusive of the special consumption tax and the education tax.
- The special consumption tax is based on engine displacement, with the following rates:

0-800 cc	0%
801-2000 cc	5%
2001cc and over	10%

Taxes Levied at the Registration Stage:

- At the registration stage, the Korean Government levies the following three taxes: 1) *registration tax* (5% of the retail price before VAT), 2) *acquisition tax* (2% of the retail price before VAT) and 3) *subway bond* (based on engine displacement).
  - The subway bond is another tax based on engine displacement. The engine displacement categories and rates are calculated as a percentage of the retail price as follows:

Below 1000cc	4%
1001cc-1600cc	9%
1,601cc-2000cc	12%
2,001 and over	20%
<u>Sport utility vehicles:</u>	5% (regardless of engine size)

Taxes Levied at the Ownership Stage:

- The Korean Government also assesses two taxes at the ownership stage: 1) *annual vehicle tax* (based on engine size), 2) *annual vehicle education tax* (30% of the annual vehicle tax).
  - The annual vehicle tax is based on engine displacement with the following rates:

800cc and below	80 Won/cc
801cc-1,000cc	100 Won/cc
1,001cc-1,600cc	140 Won/cc
1,601cc-2,000cc	200 Won/cc
over 2,001cc	220 Won/cc

Other Measures:
Standards and Certification Procedures:

- The Korean Government maintains a self-certification system for motor vehicle safety standards.
- U.S. vehicle manufacturers continue to encounter problems on a periodic basis with individual safety and emissions regulations due to less than transparent standards development processes, and/or standards that deviate from international norms.

Bias Against Imported Products:

- In the past, pervasive anti-import sentiments limited marketing opportunities and intimidated potential customers of foreign vehicles in Korea.
- At the time of the signing of the 1998 MOU, the Korean public feared that purchasing an imported passenger vehicle would risk subjecting them to public backlash and scrutiny by the Korean Government. This perception stemmed from the Korean Government's past support for campaigns and programs that discouraged the purchase of imported products. For example, in December 1996 and early 1997, the National Tax Office (NTO) engaged in broad action directed at lessees of imported autos. Though withdrawn after complaints by foreign governments, the threat of tax audits for lessees of imported cars had a chilling effect on sales of imported vehicles.
- As a result of severe economic downturn, a resurgence in early 1997 of frugality campaigns launched by civic organizations ostensibly to reduce conspicuous consumption and ameliorate Korea's trade deficit, frequently deteriorated into the fomenting of anti-import bias among the average consumer. While domestic sales declined generally due to the economic downturn in Korea, imports of vehicles fell precipitously in great part as a result of this bias. An increase in vandalism and other forms of discrimination against U.S. and other foreign vehicles was also reported.
- In recent years, these problems have been dramatically reduced and Korean consumers' acceptance of imported vehicles is on the rise. Nevertheless, fear of a resurgence in a time of future economic recession remains a concern.
- As part of its commitments in the 1998 MOU, the Korean Government will continue and reinvigorate efforts to address effectively and expeditiously such instances of anti-import activity and to preclude discrimination against foreign motor vehicles.
- The Korean Government has also engaged in public activities to promote the equal treatment of foreign and domestic motor vehicles through such means as direct outreach to civic groups, in an attempt to improve the environment for sales of foreign motor vehicles.

INDIA- New Motor Vehicle Sales (in units)

	2000-01	2001-02	2002-03	2003-04	2004-2005
Commercial use Vehicles	136,585	146,671	190,682	260,114	318,438
Personal use Vehicles	690,560	675,116	707,198	902,096	1,061,290

Source: Society of Indian Automobile Manufacturers (SIAM)

Tariffs:

- **Basic Duty**: New motor vehicles (HS 8703) are assessed a basic customs duty of 15 percent of the value listed on the manufacturer's invoice if imported in a completely knocked down form. For motor vehicles in any other form (i.e., semi-knocked-down or completely built unit), the basic custom duty is 60 percent.
- **Additional Duty**: An additional duty of 24.48%, also known as the countervailing duty, is also applicable. Additional duty or CVD is equivalent to the excise duty on similar articles produced locally, and is levied on the C.I.F. value of the vehicle *plus* all other duties of custom other than antidumping duties. .
- **Education tax**: An education tax of customs is levied on all items imported into India. It is chargeable at 2 percent on the aggregate of duties of customs (except safeguard, antidumping and countervailing duty).
- The total effective duty on the import of CKD units works out to 44 percent, and that for SKD and CBU approximately 101.2 percent
- The basic customs duty on most auto parts is 15 percent.
- The Central Board of Excise and Customs ruled January 21, 1998, that CKD/SKD kits, which are taxed at the same rates as CBUs, are eligible for a credit for the full additional duty as they are considered inputs for manufacture. However, if the kits contain all of seven essential parts, components or sub-assemblies (engine, gear box, chassis, transmission, body/cab, suspension system, front/rear axles), the kits treated as finished motor vehicle for purpose of assessing customs duties.
- India's auto tariffs are not bound in the WTO.
  (Please refer: www.cbec.gov.in, chapter 87)
- Certain importers are eligible to import vehicles without a license, but on a foreign exchange neutrality basis, meaning that no foreign exchange is permitted to leave India to finance the import. Categories of eligible importers include:
  Persons settling permanently in India
  Foreign nationals married to Indian nationals
  Foreign nationals working in India
  Foreign firms, companies and institutions established in India
  Companies incorporated in India having foreign equity
  Journalists/correspondents of foreign news agencies
  Indian firms executing contracts abroad
  Charitable and missionary institutions
  Physically handicapped persons
  Honorary consuls of foreign governments

  - The Government of India prescribes the requirements and conditions under which the eligible importers listed above may bring vehicles into India. Please refer to the following web site for additional information: *http://konark.ncst.ernet.in/customs/Car.htm*

NEPAL

- An import license is required.
- The import duty is levied at around 94 percent on public carriers and around 117 percent on mini-buses (customs duty of 25 percent on public carriers and 40 percent on mini-buses, 32 percent excise duty on the gross of Invoice Value + Customs Duty, 1.5 percent local development tax on invoice value, 5 percent special tax on invoice value, and 13 percent value added tax (VAT) on the gross of invoice value + additional duties and taxes).
- The import duty on other vehicles is around 176 percent (80 percent customs duty, and additional duty and taxes as applicable on mini-buses and public carriers).

PAKISTAN- New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	37,954	76,596	57,369
Commercial Use Vehicles	16,828	23,281	30,191
Total Motor Vehicles	54,782	99,877	87,560

Source: Auto Strategies International Inc.

Pakistan - Customs Duties and Taxes on Motor Vehicles

Customs Duties

Following is the schedule of customs duties, assessed on the C&F value of new vehicle imports:

Passenger Cars:	Type	Customs Duty
	(including station wagons and 4X4):	
	Up to 1000cc	75%
	1,001-1,500cc	100%
	1501-1800cc	125%
	Other	200%
Commercial Vehicles:	(Buses, vans and Coaches Transporting 10 or more passengers)	20%
Completely Knocked Down: Kits (CKDs)	All	35%
Completely Built Units **(CBUs):**	**All**	**35%**

Taxes

- A 15% General Sales Tax (a VAT tax), is assessed on all motor vehicles (personal, commercial, CKDs, and CBUs.

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Other Measures

Vehicles as Personal Gifts and Baggage:

- Pakistan permits the importation of motor vehicles as a personal gift, or as personal baggage accompanying a returning Pakistani after a residence abroad. The schedule of duties is listed in Appendix G of the Import Trade and Procedure Order, 2002-2003 (www.paksearch.com).

Exemption from Customs Duties:

- The Government of Pakistan exempts custom duty on the import of certain categories of motor vehicles by diplomats, tour operators/travel agents and privileged organization/offices/agencies as defined under Customs Rules and Procedures 2002-2003 (www.paksearch.com).

Prohibited Import Items:

HS Code	Description
8710.0000	Tanks and other armored fighting vehicles, motorized, whether or not fitted with weapons, and parts of such vehicles.

Investment Measures:

- On a case-by-case basis, with the permission of the Government of Pakistan, organizations engaged in infrastructure projects such as petroleum, gas, refinery, CNG, LPG, energy conservation, environment and safety control are exempt from duties and taxes on vehicles not manufactured locally.

Local Content Requirements:

- Pakistani companies, which manufacture automobiles, must comply with local content requirements. Within a specified time period the Pakistani plant must adhere to a specific local content ratio on the production line. The local content requirements vary for different types of vehicles and are determined by the Engineering Development Board of Pakistan (EDB). Further information may be obtained on EDB's website: http://www.engineeringindustry.info.

Safety and Emissions Standards and Certification Procedures:

- Pakistan does not have regulations concerning automobile safety and emissions standards and certification procedures. All U.S. and European vehicle specifications are accepted.

ASEAN

Ten countries currently form the membership of the Association of South East Asian Nations (ASEAN). These countries include Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar (Burma), the Philippines, Singapore, Thailand and Vietnam. The ASEAN Free Trade Area (AFTA), under which all internal tariffs on manufactured products have been lowered to 0-5 percent, as applied by the common effective preferential tariff (CEPT). The less developed countries of Vietnam, Laos, Burma and Cambodia have longer phase in periods (Vietnam 2006, Laos and Burma 2008, Cambodia 2010).

The main trade scheme in ASEAN that has an impact on automotive trade within the region is the AICO (ASEAN Industrial Cooperation). Under the AICO scheme, approved companies are eligible to benefit immediately from the AFTA 0-5% preferential tariff rate, for trade in approved items. In the automotive sector this applies to completed vehicles, parts, half-finished goods and material. In order to qualify, products must have 40 percent ASEAN content and demonstrate resource sharing between participating companies. In addition, ASEAN members are required to abolish the localization schemes in each country as well as the import tariff exemptions and local capital requirements.

BURMA -- New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	28,400	30,700	33,500
Commercial Use Vehicles	675	470	1,300
Total Motor Vehicles	29,075	31,170	34,800

Source: Auto Strategies International Inc.

For imported vehicles, customs duties ranging from 1-40 percent are levied depending on the type of vehicle (e.g. 1 percent for Ambulances, 30 percent for the vehicles between 1500 cc and 2500 cc, and 40 percent for the vehicles between 2500 cc and 3000 cc.).

Exceptions to the de facto import ban are made for:

(a) Foreign investment companies and joint ventures with government organizations with official recommendation from the Myanmar Foreign Investment Commission and approval/permission from the Trade Policy Council.
(b) Diplomats of foreign missions.
(c) Anyone with special import permission from the Trade Policy Council.

Preexisting regulations allow the import of only certain vehicles, including:

(a) Passenger buses with a capacity of 24 passengers and more, trucks of three tons and above, and heavy-duty vehicles for business use. None may be older than seven years.

(b) Pick-up type (inclusive of mini-truck below 3 tons) and mini-buses with the capacity of the carrying 8 passengers and more. These must have been manufactured during the past five years.

(c) Saloon cars, sedans, vans, and mini-buses to be utilized for trade. None may be older than three years.

Used Vehicle Bans (All vehicles should be reconditioned):

The import of used parts is currently banned. To import reconditioned vehicles, the vehicles must meet safety requirements and only after the following six conditions have been met: tested engine; replaced necessary parts; overhaul of breaks, repaired to met safety standards; the vehicle body must be in perfect condition; cleaned interior; new battery and tires; and inspection must be done by an authorized agency.

INDONESIA -- New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	26,922	38,925	22,929
Commercial Use Vehicles	290,175	315,704	458,023
Total Motor Vehicles	317,097	354,629	480,315

Source: Auto Strategies International Inc.

Indonesia:

Tariffs:

- Tariffs on Completely Built-up (CBU) passenger vehicles range from 65, 70 and 80 percent depending on engine displacement.
- A 45 percent tariff is applied to CBU Commercial vehicles.
- CBU Pickup trucks and buses tariff rates range from 5, 40, 45 percent depending on engine size.
- Tariffs on non-passenger car kits are a uniform 25 percent.
- Tariffs on auto components and parts imported for local assembly of passenger cars and minivans are a uniform rate of 15 percent.

Taxes:

- In addition to the duty and luxury tax, Indonesia applies a 10 percent Value Added Tax (VAT).
- Luxury Tax Chart inserted below for applied rates:

PP 41/2005 dated 25 Oct 2005

Category	Engine Size	Luxury Tax	
		Old (%)	New (%)
Sedan	cc < 1.5	30	30
	1.5 < cc < 3.0 (P) 2.5 (D)	40	50
	cc > 3.0 (P) 2.5 (D)	75	75
MPV (4x2)	cc < 1.5	10	10
	1.5 < cc < 2.5	20	25
	2.5 < cc < 3.0 (P)	40	50
	cc > 3.0 (P) 2.5 (D)	75	75
SUV (4x4)	cc < 1.5	30	30
	1.5 < cc < 3.0 (P) 2.5 (D)	40	50
	cc > 3.0 (P) 2.5 (D)	75	75
Commercial	GVW 0.5 tons (P/D) all cc	20	25
Double Cabin			
4x2 and 4x4			

Note:
CBU (Completely Built Up)
CKD (Completely Knocked Down)
Lt (Liter)

Import Bans and Quotas:

- Used vehicles and automotive parts imports are prohibited.

MALAYSIA -- New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	388,917	334,593	393,860
Commercial Use Vehicles	107,309	160,582	173,477
Total Motor Vehicles	496,226	495,175	567,337

Source: Auto Strategies International Inc.

Malaysia:

Taxes/Tariffs:

- 10 percent sales tax is applied to all imported vehicles
- See below for tax and tariff details

Vehicle Type/ Engine Capacity	ASEAN (CEPT) Import Duty	ASEAN (CEPT) Excise Duty	Non-ASEAN (MFN) Import Duty	Non-ASEAN (MFN) Excise Duty
Passenger Car				
<1800 cc	15 %	80%	30%	80%
≥1800 - < 2000 cc	15 %	100%	30%	100%
≥2000 - 2500 cc	15 %	125%	30%	125%
≥2500- ≤3000cc	15 %	160%	30%	160%
>3000cc	15 %	200%	30%	200%
MPV/Van				
≤1500cc	15%	55%	30%	122%
>1500 - 1800cc	15%	55%	30%	122%
≥1800 - < 2000 cc	15 %	75%	30%	150%
≥2000 - 2500 cc	15 %	115%	30%	207%
≥2500- ≤3000cc	15 %	140%	30%	243%
>3000cc	15 %	160%	30%	272%
Four Wheel Drive				
<1800 cc	15 %	55%	30%	55%
≥1800 - < 2000 cc	15 %	75%	30%	75%
≥2000 - 2500 cc	15 %	115%	30%	115%
≥2500 - ≤3000	15 %	140%	30%	140%
>3000cc	15 %	160%	30%	160%
Motorcycles				
≥150	15 %	20%	30%	20%
>150 - ≤ 200	15 %	30%	30%	30%
>200 - ≤250	15 %	35%	30%	35%
>250 - ≤500	15 %	35%	30%	35%
>500 - ≤800	15 %	40%	30%	40%
>800	15%	50%	30%	50%

National Car Policy:

$ The national cars (Proton and Perodua) are granted a 50 percent reduction in excise taxes not available to the United States or most foreign manufacturers.

Import Bans and Quotas:

$ An approval permit (license) is required for imports of motor vehicles, which limits importers total market volume for completely built-up units (CBUs), effectively acting as an import quota.

ASEAN Free Trade Area (AFTA):

$ Malaysia was granted an extension until 2008 to meet AFTA CEPT rate for all manufactured products internal tariffs.

Investment Requirements:

$ *Foreign investors may retain up to 100 percent equity if the firm…*

$ Malaysian companies must be 30 percent Bumiputra (native Malay) owned.

PHILIPPINES - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	21,728	24,321	33,277
Commercial Use Vehicles	63,859	68,015	54,798
Total Motor Vehicles	85,587	92,336	88,075

Source: Auto Strategies International Inc.

Philippines:
Tariffs:

- CBU tariffs on motor cars and other motor vehicles principally designed for the transport of persons (Tariff Heading 87.03) are based on engine displacement; motor vehicles designed for the transport of goods (Tariff Heading 87.04) – on gross vehicle weight (GVW); motor vehicles for the transport of ten or more persons (Tariff Heading 87.02) – on passenger capacity and GVW; motorcycles (Tariff Heading 87.11) – on engine displacement
  - 30% for motor vehicles falling under Heading 87.03
  - 20% to 30% for motor vehicles falling under Heading 87.04
  - 30% for motorcycles (Heading 87.11)
  - 15% to 20% for motor vehicles falling under Heading 87.02
- CKD/ KD tariffs
  - 3% for the assembly of vehicles falling under Heading 87.03
  - 1% for the assembly of vehicles falling under Headings 87.02, 87.04 and 87.11
- Under Executive Order No. 397, s. 2004 - 0% on CKD/KD parts for the assembly of hybrid motor vehicles and motor vehicles with engine displacement not more than 1,000 cc. *(Note: EO 397, s.2004 shall be effective for a period of one year only, subject to review)*
- Under Executive Order No. 419, s. 2005 *(Note: EO 419, s.2005 shall be effective for a period of one year only, subject to review)*
  - +5% on motor vehicles falling under Heading 87.02
    - 8702.10 – with cylinder capacity exceeding 3200 cc
    - 8702.90 – with cylinder capacity exceeding 2100 cc
  - +5% on motor vehicles with cylinder capacity exceeding 2100 cc falling under Heading 87.03
  - +5% on motor vehicles with cylinder capacity exceeding 3200 cc falling under Heading 87.04
  - +5% on motorcycles with cylinder capacity exceeding 250 cc
- Under Executive Order No. 488, s.2006 – 0% on CKD/KD parts for the assembly of hybrid (electric and gasoline/ diesel), electric, flex-fuel (bio-ethanol and bio-diesel) and compressed natural gas (CNG) vehicles.

Taxes:

- Excise taxes on motor vehicles are assessed and levied based on the net manufacturer's/ importer's selling price. Vehicles with a net manufacturer's/importer's selling price of:
  - 600,000 pesos and below, the tax is 2 percent;
  - Over 600,000 to 1.1 million pesos, the tax is 12,000 pesos plus 20 percent of the amount in excess of 600,000 pesos;
  - Over 1.1 to 2.1 million pesos, the tax is 112,000 pesos plus 40 percent of the amount in excess of 1.1 million pesos; and
  - Over 2.1 million pesos, the tax is 512,000 pesos plus 60 percent of the amount in excess of 2.1 million pesos.

- A 12% VAT is assessed on the domestic sale of all goods, including motor vehicles and automotive parts and components.
- Commercial vehicles, except for pick-up trucks, 4 x 4 vans and Asian Utility Vehicles (AUVs), are not subject to the excise tax.

Other Measures:

- Executive Order 418, s. 2005 imposes an additional specific duty of 500,000 pesos on the importation of used motor vehicles falling under Headings 87.02, 87.03 and 87.04, except for used motor vehicles exempt from the general import prohibition under EO156, s. 2002.
- On February 20, 2006, the Supreme Court has issued a ruling declaring that Article 2, Sec. 3.1 of EO 156 is VALID insofar as it applies to the Philippine territory outside the presently fenced-in former Subic Naval Base area, and void with respect to its application to the secured fenced-in area in former Subic Naval Base are.

  The Supreme Court also clarified that "used motor vehicles that come into the Philippine territory *via* the secured fenced-in former Subic Naval Base area may be stored, used or traded therein, or exported out of the Philippine territory, but they cannot be imported into the Philippine territory outside of the secured fenced-in former Subic Naval Base area".

SINGAPORE - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	49,682	59,868	62,623
Commercial Use Vehicles	17,537	32,841	46,333
Total Motor Vehicles	67,219	92,709	108,956

Source: Auto Strategies International Inc.

Singapore:

Tariffs:

- Singapore does not apply any tariffs to vehicles or components.

Taxes:

- The excise tax on all vehicles is 20 percent.
- Registration fee: $140 Sing dollars
- Singapore levies a road tax on vehicles, which is based on engine displacement. There are five categories for this tax: less than or equal to 600cc, 601cc - 1000cc, 1001cc - 1600cc, 1601cc - 3000cc and above 3000cc. Tax is determined by a graduated formula, with larger engine sizes charged a higher tax rate (for additional details, see the Singapore Land Transport Authority's web page atwww.onemotoring.com.sg)

THAILAND- New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	126,253	179,005	209,110
Commercial Use Vehicles	282,989	354,171	416,916
Total Motor Vehicles	409,242	533,176	626,026

Source: Auto Strategies International Inc.

Thailand:

Tariffs:

Motor Vehicles:

- Pick-ups are assessed a 40 percent import duty.
- Passenger cars are assessed an 80 percent import duty.
- Heavy-duty trucks and buses are assessed a 40 percent import duty.

Automotive Parts and Components:

- CKD kits (passenger cars, pickups and sport utility vehicles) are assessed a 30 percent import duty.
- Vehicle components which are not brought in as CKD material (i.e. service parts/missing/damaged parts) are subject to 0- 30 percent duties
- The tariff on raw materials ranges from 0-10%.

Taxes:

- The excise tax is computed under the following formula:

$$\frac{\text{Vehicle Price (including tariff) x Excise Tax Rate}}{\text{1 - (1.1 x Excise Tax Rate)}}$$

- The municipal tax is 10% of the amount of the excise tax.
- The VAT is 7% times the price including tariff, excise tax and municipal tax.

Import Bans:

- Ban on used vehicles
- Ban on buses with 30 seats and over

VIETNAM - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	7,347	10,838	11,520
Commercial Use Vehicles	14,476	20,004	15,874
Total Motor Vehicles	21,823	30,842	27,394

Source: Auto Strategies International Inc.

Vietnam:
Taxes:

- The Special Consumption Tax (SCT) for vehicles is 50% percent for vehicles with five seats or less, 30% for those with 6 to 15 seats, and 15 % for those with 16 to less than 24 seats.
- The SCT for both Completely Knocked-down vehicles (CKD) and Completely Build-up vehicles (CBU) are harmonized (effective January 1, 2004).
- The provision on SCT reduction for local auto assembler has been eliminated.
- The Value Added Tax (VAT) is 5% for all vehicles

Tariffs:

- CBU MFN rate is 90 percent for all vehicles
- CKD ASEAN Free Trade Area (AFTA) Common Effective Preferential Tariff (CEPT) rates are 0 or 5%, going to 0% by 2012 for all vehicles.
- CBU passenger cars are still on the GE list. The latest proposal of CEPT Roadmap to reduce AFTA rates for CBU passenger cars which is approved by the Prime Minister is:
    - CBU vehicles with 10 to 30 seats: 20% (2007) and 5% (2009)
    - CBU vehicles under 10 seats 20% (2008) and 5% (2010).
- CKD MFN rates, scheduled to increase 5 to 10 points per year, appear to be holding at 25 percent and rising for passenger cars and PPV and 15 percent and rising for minivans/bus, pickups, and trucks equal or less than 5 tons
- MFN rate for all used autos and trucks not exceeding 5 tons is 150%

Prohibitions:

- Beginning in 1998, Vietnam has a prohibition on the importation of used passenger vehicles. The ban should be phased out by April 2006.

AUSTRALIA- New Motor Vehicle Sales (in units)

	2002	2003	2004
Passenger Cars	540,240	588,511	589,985
Commercial Vehicles	284,069	321,300	365,244

Source: Auto Strategies International Inc.

Motor vehicle trade between the United States and Australia is bound by the terms of the U.S./Australia Free Trade Agreement, which went into effect on January 1, 2005. The agreement can be found on the web at:
http://www.ustr.gov/Trade_Agreements/Bilateral/Australia_FTA/Section_Index.html

The automotive terms are outlined below. The terms for goods not qualifying under the agreement are also described in a following section.

Tariffs under the FTA:

For those motor vehicles that meet the necessary rule of origin to qualify for preferential treatment under the FTA, the following tariff rates apply:

- Australian tariffs on U.S. vehicles in the light truck passenger segment – including four-wheel drive, SUVs, minivans, and pickup trucks – were eliminated immediately on implementation. This includes the vast majority of US vehicle exports to Australia.

- Australian tariffs on imported U.S.-built passenger cars were reduced from 15% to 8% on implementation, and will be phased down on a linear basis to 0% by 2010.

Rule of Origin under the FTA:

Details of the Rules of Origin can be found at the Australian Customs Website: http://www.customs.gov.au/site/page.cfm?u=4270.

- The agreement uses the "net cost" method of calculating origin, which does not include most post-production costs, such as sales promotion, marketing, after sales service costs, royalties, shipping and packing costs, and non-allowable interest costs. The Agreement sets a minimum "net cost" regional value content of 50% for automotive products, (sourced from the US and Australia) in order to enjoy duty-free treatment.

Used cars under the FTA:

- To ensure that the agreement is not used to allow third-party used cars to be transshipped through either party, in addition to meeting the automotive rule of origin, passenger vehicles will be required to pass a 'change in tariff classification' test – which ensures that the vehicle underwent manufacturing processes one of the two parties.

- All used vehicles must also obtain quarantine clearance from the Australian Quarantine and Inspection Service (AQIS) after the vehicle has arrived at the port of entry. This is to prevent the entry of diseases, noxious weeds and insect pests into Australia. Quarantine authorities inspect all vehicles on arrival and may require them to be properly cleaned. This is usually done by steam cleaning. All exporters should remove all soil and any other matter from the vehicle (including the underside) prior to exportation to Australia. For more information visit the AQIS website on www.aqis.gov.au

For vehicles not meeting the rule of origin under the FTA, the following terms apply:

The Australian government maintains web pages regarding motor vehicle import procedures and requirements at: http://www.dotars.gov.au/transreg/str_imp-cert.htm http://www.customs.gov.au/site/page.cfm?u=4781 and at http://www.customs.gov.au/webdata/resources/files/importguidePrivOwnMV.pdf the following summarizes significant aspects of Australia's regulations and requirements.

Tariffs:

- New and used passenger motor vehicles, campervans/mobile homes, and their components are presently subject to a 6.5% percent customs duty. Each year this duty will decrease by 1.5 percentage points ultimately becoming tariff free by the first day of 2010.
- New and used commercial and all-wheel drive vehicles and their components are duty free.
- Used passenger vehicles more than 30 years old are exempt from customs duties.
- Import duty is collected on the vehicle's "customs" value as determined by Australian Customs Service (ACS). Generally, ACS includes all arms-length expenditures to acquire ownership/title to the vehicle in a foreign country. However, international shipping and related insurance costs are not included. Alternative valuation methods may be employed at the discretion of ACS.

Import Tax:

- Used vehicles imports also are subject to a specific additional charge of $12,000 Australian, unless a wavier is granted for approved "specialty or enthusiast" vehicles (a.k.a. "collector cars"). This tax is applicable to all used vehicles, even those qualifying for preferential treatment under the FTA.
- Used vehicles imported for personal use, or models that do not compete with locally assembled vehicles, and for which fewer than 25 units are to be imported annually, usually are exempt.

Taxes:

- A 10 percent federal goods and service tax (GST) is levied on the assessed value of all imported new and used vehicles, inclusive both of applicable customs duties and international freight and insurance charges.

- Passenger vehicles designed to carry a load of less than two metric tons and fewer than nine passengers are subject to a 25 percent federal luxury car tax (LCT). To establish the taxable basis, compute the sum of the following: ACS derived value of the import, international shipping and insurance charges, applicable Customs duties, and GST. A tax of 25 percent is collected on ninety-one percent of any amount of that sum above the taxable threshold, currently $57,009 Australian.
- Note: Australian-assembled vehicles are also subject to the GST and LCT, but have no Customs duty included in their taxable basis.

Other Measures:

Prior Approval:

- Importers must submit a formal request for "Import Approval" to the Department of Transport's Vehicle Safety Standards Branch prior to a vehicle's entry into Australian territory. Payment of $50 Australian fee must accompany each application, which may include multiple vehicles of the same model.

Duty Wavier:

- Until 2005, local vehicle assemblers could claim an import duty credit equal to 25 percent of the value of their production of motor vehicles, engines and engine components, multiplied by the relevant tariff rate, plus10 percent of the value of new investment in plant and equipment. Local component producers could claim a credit equal to 25 percent of the value of their investment in plant and equipment and of 45 percent of the value of investment in R&D. The total value any firm may claim in any year was limited to 5 percent of its total local sales. The credits could be applied by the firm--or traded to other importers--as payment of customs duty on vehicles or components they import. This program is to be reduced beginning in 2006 and terminated in 2015.

Vehicle Safety and Emissions Requirements:

- All imported vehicles less than 15 years old must be modified to comply with Australian Design Rules (ADRs) regarding safety, emissions and anti-theft measures. Details can be found at: http://www.dotars.gov.au/transreg/str_adrindx.aspx. If import volume exceeds 100 new vehicles per year, destructive testing (e.g., crash test) may be required.
- The ADRs require that with only a few exceptions, left-hand drive vehicles, regardless of the scheme under which imported, must be converted to right-hand drive prior to licensing for road use.
- Beginning May 3, 2003, up to 100 examples of specific vehicle models listed on the "Specialist and Enthusiast Vehicles Scheme"(see: http://www.dotars.gov.au/transreg/str_sevs.aspx) may be imported by Registered Automotive Workshops (RAWs) without being subject to the full requirements of the ADR. Australian residents must contract with a RAW, or become one in order to import registry-listed vehicles.

- Vehicles 15 years or older may be imported without regard for the ADR. An "Import Approval" application and payment of applicable duties and taxes are required. To be licensed for use on public roads, the vehicle must meet the safety regulations of the state or territory in which it will be registered.
- A "Personal Import" program allows one vehicle per year to be imported by an individual of legal driving age without proof that it meets the ADR, provided that the vehicle has been owned and used abroad by the import applicant for a continuous period of at least 12 months. The applicant must be either an Australian citizen or permanent resident, or must have applied for either status.

NEW ZELAND- New Motor Vehicle Registrations (in units)

	2002	2003	2004
Passenger Cars	64,068	73,024	74,755
Commercial Vehicles	27,993	27,847	24,037

Source: Auto Strategies International Inc.

The Government of New Zealand maintains a web site providing complete information on import entry requirements for motor vehicles at: http://www.ltsa.govt.nz/importing/index.html . The following is a brief synopsis of key issues.

Tariffs:
- The import duty for motor vehicles, except motor homes and ambulances, was reduced to zero on December 1, 2000. The latter two categories are charged customs duties at the rate of 17.5 percent.

Taxes:
- A 12.5 percent goods and services tax (GST), is levied upon all sales transactions in New Zealand, including automobiles. The tax is based on the landed value of the vehicle, including all purchase, registration, shipping and insurance costs (as well as all taxes and duties paid in the selling country, unless those charges have been rebated prior to the vehicle's arrival in New Zealand); NZ customs duties, if any; less a depreciation deduction for a private importer's prior ownership and use abroad of the vehicle. The GST on imports is collected by the New Zealand Customs Department at the time of entry.

Other Measures:

Right Hand Drive:
- Left hand drive vehicles are permitted entry. However, they cannot be registered for use on public roads until converted to right-hand drive, except for a vehicle imported

for personal use by the importer-owner. Both the vehicle and the individual importer are subject to several additional requirements.

Safety Standards and Certification Procedures:

- Vehicles must have proof of compliance with the safety standards either of Australia, the EU, Japan, or the USA, before they may be registered for use on public roads.

- Phytosanitary regulations require either pre-shipment or post-arrrival inspection and certification that imported used vehicles are free of regulated pests, including gypsy moths, larvae, or eggs. Charges for inspection and sanitizing are borne by the importer.

AFRICAN COUNTRIES SURVEYED:

ALGERIA- New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	35,359	34,091	68,963
Commercial Use Vehicles	20,371	31,339	46,478
Total Motor Vehicles	55,730	65,430	115,441

Source: Auto Strategies International Inc.

- 15% tariff on all motor vehicles
- 17% VAT on motor vehicles
- In 1990, automakers were allowed to set up dealerships in Algeria, so private imports made by Algerians paying hard currency were stopped (still relevant?)
- Only war veterans and Algerian migrant workers returning to Algeria are allowed to import vehicles (still relevant?)
- All imported vehicles for onward sale must be less than 3 years old
- Beginning in early 2003, the Government of Algeria began a program to implement strict and regular inspection standards for both commercial and personal use vehicles

BURKINO FASO - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	157	134	94
Commercial Use Vehicles	173	220	169
Total Motor Vehicles	330	354	263

Source: Auto Strategies International Inc.

- 49% import duty on motor vehicles, based on value
- No local content regulations
- No import restrictions

EGYPT - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	60,788	63,217	67,360
Commercial Use Vehicles	24,442	23,007	24,214
Total Motor Vehicles	85,230	86,224	91,574

Source: Auto Strategies International Inc.

- Import duties on motor vehicles range from 40-160 percent, based on engine displacement:

    40%: engine displacement less than or equal to 1 liter

55%: engine displacement between 1-1.3 liters
100%: engine displacement between 1.3-1.6 liters
135%: engine displacement between 1.6-2.0 liters
160%: engine displacement over or equal to 2.0 liters

- A sales tax is also levied on motor vehicles that ranges from 10-45%, based on engine displacement:
  10%: engine displacement up to 1.6 liters
  20%: engine displacement between 1.6-2.0 liters
  45%: engine displacement over 2.0 liters

GHANA - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	866	1,063	1,094
Commercial Use Vehicles	2,732	2,392	3,317
Total Motor Vehicles	3,598	3,455	4,411

Source: Auto Strategies International Inc.

- 10% import duty on all motor vehicles
- No local content requirements
- No export performance requirements
- Import ban on vehicles older than 10 years old (implemented in June 1998)
- Sales tax on all motor vehicles, based on engine size:
- 0%: vehicles with engines under 1900cc
- 15%: vehicles over 1900cc
- Additional 17.5 % special tax on vehicles over 2500cc

IVORY COAST - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	2,079	1,366	1,732
Commercial Use Vehicles	1,519	973	1,473
Total Motor Vehicles	3,598	2,339	3,205

Source: Auto Strategies International Inc.

- Xx% Import duty?
- No local content regulations
- No import restrictions on new motor vehicles
- Since 1996 the Ivorian Government has taken steps to liberalize the market for used vehicles

KENYA - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	1,420	1,473	1,448
Commercial Use Vehicles	5,693	7,542	9,339
Total Motor Vehicles	7,113	9,015	10,787

Source: Auto Strategies International Inc.

- 50% import duty on motor vehicles, based on the C.I.F. value
- 40% sales tax
- 25% import duty on components for vehicle assembly
- No local content requirements exist, but components manufactured locally may not be imported.
- No export requirements
- An import license accompanied by a 100 percent refundable prior import deposit is required
- Importing medium and heavy-duty commercial vehicles with a 3-ton or more load capacity is prohibited unless they are completely dismantled and contain no components that may be produced locally.
- Importers have been directed to seek 90 to 180 days credit overseas.
- Import protection is accorded to local producers of the following automotive components: sealers, adhesives, batteries, tires, tubes, paints, flat glass, canvas, soft trim, upholstery, insulation, radiators, exhaust systems, leaf springs, spare wheel carriers, seat frames, wiring harnesses, and brake linings.

MADAGASCAR - Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	68	217	102
Commercial Use Vehicles	529	1,414	1,781
Total Motor Vehicles	597	1,631	1,883

Source: Auto Strategies International Inc.

- 40-80% import duty on motor vehicles, depending on the type of vehicle and based on CIF value
- No local content regulations
- No import restrictions
- 20% VAT

MOROCCO - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	36,571	36,939	32,822
Commercial Use Vehicles	24,541	26,227	35,925
Total Motor Vehicles	61,112	63,166	68,747

Source: Auto Strategies International Inc.

- 45% import duty on all motor vehicles
- No local content regulations
- No import restrictions
- 12.5% sales tax
- VAT based on engine size
- 19% VAT on vehicles under 1800cc
- 30% VAT on vehicles over 1800cc

SOUTH AFRICA - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	231,602	247,259	301,151
Commercial Use Vehicles	118,452	121,211	148,443
Total Motor Vehicles	350,054	368,470	449,594

Source: Auto Strategies International Inc.

Tariffs:

- 32% on light vehicles (passenger cars and light trucks) and heavy duty trucks
- 20% on most automotive parts

Taxes:

- AD VALORUM duty on all vehicles (approximately 2% – depending on value)
- 14% value added tax (VAT)
- Imported used car values reflect their depreciated value, up to a limit of 45% (If purchased brand new and up until 4 years old = 60%)

Non-Tariff Measures:

Local Content:

- South Africa's Phase VI local content program for the automotive manufacturing sector sets a value-based minimum local content level of 55 percent for South African built vehicles. The value of exported parts or vehicles can count for 5 percent of the local content requirement. In addition, the Phase VI local content program allows vehicle manufacturers to import original equipment free from the excise duty. (Previously, the program required all manufacturers to attain 66 percent local content measured by weight.) The Phase VI program induces companies to reach a local content value of 75 percent.

Other:

- The major hindrance to investment is probably the uncertainty as to whether government auto policy will call for integration of the existing assemblers into a smaller, more efficient industry.

Importation of Used Vehicles:

Strict control measures ensure that only a limited number of legal import permits are issued to allow used vehicles into SA. In terms of current legislation, used vehicles qualifying for an import permit include those for returning residents and immigrants, vintage cars, racing cars, donated vehicles for welfare organizations and adapted vehicles for persons with physical disabilities. Without a legal import permit, imported used vehicles cannot be registered on the National Information Transport System (NaTIS) while the system also combats stolen and non-complying vehicle registrations. All vehicle-manufacturing plants have also been linked on line to the system to facilitate the collation of data of vehicles produced.

Government and industry are engaged in various actions and initiatives to effectively combat the illegal import of used vehicles into SA. The focus of the task teams has been extended to also include imported new vehicles not complying with the SA Bureau of Standards compulsory vehicle specifications as well as illegal registrations on the NaTIS. In this regard the SABS Letter of Authority (LOA) was introduced in 2000 as a means of certification of compliance with SABS standards. The LOA has been instrumental in combating the increasing levels of imports of non-complying vehicles that tend to have sub-standard safety features to the detriment of road safety. In addition, SABS homologation is the procedure to ensure that all new vehicle models comply with the relevant SA legislation, standards and specifications, as well as codes of practice, for motor vehicles intended for use by the public on public roads. The process for homologation must be carried out before any motor vehicle model is introduced into the SA market. This prevents the need to withdraw a motor vehicle model before it enters the market and reduces the possibility of resultant legal action against the supplier. A process of homologation is also required in respect of motor vehicle tires.

TUNISIA- New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	7,099	10,159	9,593
Commercial Use Vehicles	10,203	10,828	14,191
Total Motor Vehicles	17,302	20,987	23,784

Source: Auto Strategies International Inc.

- 17.5% import duty on all motor vehicles
- All imported vehicles must be less than 3 years old
- All taxes and duties must be paid in convertible currency

- 0.25% sales tax
- 15% PFI duty
- 19% VAT
- Consumption tax, based on engine size
- 11-25% consumption tax on vehicles under 900cc
- 207-256% consumption tax on vehicles larger than 2500cc

Recent Tunisian tax reforms (under the "Loi de Finances" 2003) generated three fiscal regimes for the acquisition of cars:

- In general, the fiscal regime remains unchanged, maintaining low prices on the less powerful models.

- The new "preferential fiscal regime", which entered into force in January 2003, relates to purchases of cars locally assembled or imported via authorized agents

- FCR ("Fin de Changement de Résidence," or End of Change of Residence) status, which allows returning Tunisian émigrés to bring their foreign-purchased automobiles back with them duty-free.

General present fiscal regime:

Imported vehicles must be less than 3 years old. All taxes and duties must be paid in convertible currency.

Car size	Consumption tax (Customs) in percent	Accumulated taxes (ConsumptionTaxes + VAT+ Other local indirect taxes) in percent
1000 –1300 cc	55	85
1301 –1500 cc	100	140
1501 – 1700 cc	125	170.5
1701 – 2000 cc	170	225
Larger than 2400	295	N/A

Source: Value-Added Tax (VAT) Code

Preferential fiscal regime:

Car size	Consumption tax (Customs)	Accumulated taxes (Cons.Taxes + VAT+ Other local indirect taxes)
1000 –1300 cc	20	42.8

1301 –1500 cc	45	73.2
1501 – 1700 cc	55	85
1701 – 2000 cc	80	115
2300 - 2400 cc	140	N/A

Source: Journal Officiel de la République Tunisienne (Official State Gazette) (12/17/02)

The *"preferential fiscal regime"* was implemented to combat growing parallel market imports (and a notable increase in illegal commercial practices). As a result, lower car prices within the authorized dealers' networks should render them more competitive and thereby increase tax receipts in the long run.

In addition, the Government hopes to lighten the demand pressure on smaller-engine cars, which are the only type of vehicle benefiting from the special tax discount under the implementation of the new *"preferential fiscal regime"*.

ZIMBABWE - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	1,673	1,130	960
Commercial Use Vehicles	4,283	3,693	2,774
Total Motor Vehicles	5,956	4,823	3,734

Source: Auto Strategies International Inc.

- XX% import duty on motor vehicles
- All imported vehicles must be less than 4 years old
- No local content regulations
- The maximum value of an imported vehicle without a general import license has been increased from $1,500 to $4,500
- Vehicles can only be resold after 1 year of ownership.

EUROPEAN UNION (EU)

Enlargement

The European Union (EU) expanded from 15 to 25 members on May 1, 2004, with the accession of 10 Central and Eastern European and Mediterranean countries (Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia).

Collective Trade Barriers

No local content regulations or import/export requirements are maintained by any of the EU member states.

Tariff Rates

Motor vehicle imports from non-EU and non-EFTA countries are subject to common external tariffs (CET) that range from 5.3 to 22 percent.

Passenger Cars:

10%: passenger cars
12.5%: electric-motored cars

Trucks:

The CET for diesel- and gas-engine trucks is either 11 or 22 percent, depending on the vehicle engine capacity.

11%: diesel or semi-diesel trucks with an engine capacity of 2.5 liters and below; gas-engine trucks not exceeding 2.8-liter engine capacity

22%: diesel or semi-diesel trucks with an engine capacity exceeding 2.5 liters; gas-engine trucks exceeding 2.8 liters

Dump trucks are subject to either a 6 or 17 percent duty, depending on engine capacity

6%: dump trucks with an engine capacity of 2.5 liters and below
17%: dump trucks with an engine capacity exceeding 2.5 liters

All trucks made specifically for the purpose of transporting highly radioactive materials are subject to a 5.3 percent CET.

EU's Single Internal Market ("EC-92")
and the Type-Approval Directive

The EU's single internal market became official on January 1, 1993. Part of the "EC-92" effort includes the initiative to remove technical barriers to the free movement of products within the EU. The program's greatest impact on the automotive sector has been in the area of standards. The EU Commission has attempted to harmonize automotive technical and environmental standards between the member states. EU legislation also covers noise and particulate emissions, as well as safety. For example, as of January 1, 1993, all motor vehicles in the EU must have a catalytic converter.

In addition, the EU's type-approval directive (EU Council Directive 92/53) eliminates the need for national type-approval requirements by establishing one set of rules for automobiles and their parts throughout the EU. This directive aims to clarify the type-approval procedure for motor vehicles, separate technical units (i.e., trailers), and components. It simplifies the documentation, designates the type-approval number on a separate technical unit as certification of conformity, and defines vehicles, separate technical unit(s), and component(s). Certificates of conformity, as specified in Annex IX of EU Directive 92/53, will be required in order for an automobile to enter into service. For component approvals, an approval issued under relevant regulations of the U.N. Economic Commission for Europe (UNECE) is recognized as equivalent to an approval granted under comparable EU legislation.

In March 1992, the EU Council formally adopted the few remaining pieces of component-related legislation necessary to make whole-vehicle type approval a reality for passenger cars. In June 1992, EU member state officials approved the adoption of EU legislation creating a single system for certifying that passenger cars meet safety and other technical requirements. The legislation established a EU type-approval system to replace the twelve member state national schemes.

In 1996, the EU type-approval system became mandatory. Vehicles with EU type-approval can be marketed anywhere in the Community. Therefore, a vehicle need only receive type-approval certification in one EU country to be accepted in all other member countries. To receive type-approval, products may either be brought to a testing facility or manufacturers may opt to maintain their own approved, on-site equipment. Nevertheless, U.S.-and EU-origin automobiles must still be certified to this single set of rules by an authorized member state agency. A similar system was adopted for type-approval of two and three wheeled vehicles, and became effective on January 1, 1994. Should you need further information or would like to obtain these addresses, please contact the Department of Commerce: European Union Affairs Office at (202) 482-5279.

Value-added taxes (VAT)

As part of the establishment of the single internal market, the EU member states have also begun to harmonize their VAT rates into a narrow band of approximately 15 percent. Until that time, VAT rates are country-specific, and in some cases, sector-specific; the rates fluctuate between standard, reduced and luxury VAT rates. However, standard VAT rates are generally applied to vehicles throughout the EU. EU VAT rates currently range from 15 to 25 percent. VAT rates for each EU member are listed below:

VAT Rates

Austria	20%	Greece	18%	Poland	22%
Belgium	21%	Hungary	25%	Portugal	19%
Cyprus	15%	Ireland	21%	Slovakia	19%
Czech Republic	19%	Italy	20%	Slovenia	20%
Denmark	25%	Latvia	18%	Spain	16%
Estonia	18%	Lithuania	18%	Sweden	25%
Finland	22%	Luxembourg	15%	United Kingdom	17.5%
France	19.6%	Malta	18%		
Germany	16%	Netherlands	19%		

EU-Japan Voluntary Restraint Agreement (VRA)

In anticipation of fully opening EU markets to Japanese competition in the year 2000, the EU and Japan agreed in 1991 to an orderly transition period under a VRA. From January 1993 to December 1999, motor vehicle exports from Japan to the EU were restricted in relation to total EU market sales. Japanese access to the EU market after this period became unlimited.

EUROPEAN COUNTRIES SURVEYED:

AUSTRIA - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	279,493	298,465	311,292
Commercial Use Vehicles	31,740	34,731	40,992
Total Motor Vehicles	311,233	333,196	352,284

Source: Auto Strategies International Inc.

- EU-wide tariff and non-tariff barriers mentioned above
- VAT: 20% (autos for the handicapped and electric vehicles are exempted from VAT)
- Vehicle registration tax (based on price and fuel consumption; maximum of 16%)
- Annual vehicle tax
    - Passenger cars (based on kilowatt)
    - Commercial vehicles (based on weight)
- Automobiles must be approved for sale in Austria in accordance with EU regulations. This approval can be granted in any EU country. Most vehicles are approved for EU sale in the EU country of entry, where the vehicle is then tested.

BELGIUM & LUXEMBOURG - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	510,972	502,564	532,991
Commercial Use Vehicles	64,642	66,566	73,808
Total Motor Vehicles	575,614	569,130	606,799

Source: Auto Strategies International Inc.

<u>Belgium:</u>

- EU-wide tariff and non-tariff barriers mentioned above
- 21 % VAT (assessed on the effective invoice price at the time of sale of the vehicle)
- Registration Tax (applied to new cars, minibuses and motorcycles, not commercial vehicles), based on age and fiscal horsepower/engine size, and assessed on invoice price. (This tax increases steeply for cars with larger engines, and diesel engines pay more.) On second-hand vehicles, the registration tax is generally 25 percent (only when non taxable vendor).
- Ownership tax
    - Passenger cars (based on cylinder capacity)
    - Commercial Vehicles (based on weight and axles)
- Road tax (based on engine size)
- Annual liability premium
- Energy tax which affects the price of gasoline

Luxembourg:

- EU-wide tariff and non-tariff barriers mentioned above
- 15% VAT
- No vehicle registration tax
- Ownership tax
    - Passenger cars (based on cylinder capacity)
    - Commercial vehicles (based on weight and axles)
- The Luxembourg agency responsible for establishing and enforcing safety and road-worthiness requirements for autos, tucks and motorcycles is the Societe National de Controle Technique (SNCT). This agency is responsible for both national and EU type approval. SNCT's registration department allows new vehicles to enter into service if they are covered by a EU whole vehicle type approval and accompanied by a valid certificate of conformity as specified in Annex IX of EU Directive 92/53.

DENMARK - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	111,594	93,901	121,472
Commercial Use Vehicles	36,157	35,233	49,944
Total Motor Vehicles	147,751	129,134	171,416

Source: Auto Strategies International Inc.

- EU-wide tariff and non-tariff barriers mentioned above
- VAT: 25%
- Vehicle registration tax (based on price)

The tax is based on the landed cost plus VAT. For the first 62,700 Danish Kroner (DK), the tax is 105 percent and for the remaining landed value, 180 percent.

- Ownership tax
    - Passenger cars (based on fuel consumption and weight)
    - Commercial vehicles (based on weight)

The Danish government body responsible for establishing and enforcing national and EU auto, truck and motorcycle requirements, and type approval is the Traffic Safety Division within the Danish Ministry of Justice in Copenhagen.

FINLAND - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	117,034	147,419	142,642
Commercial Use Vehicles	18,333	18,831	22,099
Total Motor Vehicles	135,367	166,250	164,741

Source: Auto Strategies International Inc.

- EU-wide tariff and non-tariff barriers mentioned above
- VAT: 22%
- Vehicle registration tax (28%: 650 euro (petrol); 450 euro (diesel))
- Ownership tax
  - Passenger cars (based on time, weight)
  - Commercial vehicles (based on weight, axles)

Only passenger cars with catalytic converters are allowed to be imported into Finland.

In September 2002, Finland agreed to a European Court of Justice ruling to remove its 30 percent tax on imported used cars, falling into step with Europe's drive to form a single car market. (This is expected to boost used car imports to Finland, especially from Germany.)

FRANCE - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	2,145,071	2,009,246	2,013,709
Commercial Use Vehicles	460,937	432,344	459,851
Total Motor Vehicles	2,606,008	2,441,590	2,473,560

Source: Auto Strategies International Inc.

- EU-wide tariff and non-tariff barriers mentioned above
- VAT: 19.6%
- No vehicle registration tax
- Ownership tax
  - Passenger cars (none)
  - Commercial vehicles (weight, axles and suspension)

GERMANY - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	3,252,898	3,229,953	3,266,826
Commercial Use Vehicles	271,856	264,502	283,401
Total Motor Vehicles	3,524,754	3,494,455	3,550,227

Source: Auto Strategies International Inc.

- EU-wide tariff and non-tariff barriers mentioned above
- VAT: 16%
- No vehicle registration tax

- Ownership tax
  - Passenger cars (based on cylinder capacity and exhaust emissions)
  - Commercial vehicles (based on weight, pollution and noise)
- German government encourages the use of lead-free gas by giving tax incentives to purchasers of cars with these features

GREECE - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	268,287	257,293	289,753
Commercial Use Vehicles	20,296	20,710	26,225
Total Motor Vehicles	288,583	278,003	315,978

Source: Auto Strategies International Inc.

Greece:

- EU-wide tariff and non-tariff barriers mentioned above
- VAT: 18%
- Vehicle registration tax (based on engine size; 2,000cc equals 40%)
- Ownership tax
  - Passenger cars (based on cylinder capacity and horsepower)
  - Commercial vehicles (based on payload)

Greece also applies a high and complex special consumption tax (SCT) to motor vehicles. The SCT effectively raises the retail price of a small car to 250 percent of C.I.F. value and of a large car to 600 percent.

Due to the formation of the EU's single internal market, the Government of Greece is being pressured to reduce its high taxes.

The Greek agency responsible for both national and EU type approval for all vehicles is the Directorate of Vehicle Technology within the Ministry of Transport and Communications in Athens.

IRELAND - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	176,612	145,339	154,141
Commercial Use Vehicles	52,079	45,543	34,411
Total Motor Vehicles	228,691	190,882	188,552

Source: Auto Strategies International Inc.

Ireland:

- EU-wide tariff and non-tariff barriers mentioned above
- VAT: 21%

- Vehicle registration tax (based on engine size)
    - Below 1,400cc: 22.5%
    - Between 1,400-1,900cc: 25%
    - Above 1,900cc: 20%
- Ownership tax
    - Passenger cars (based on cylinder capacity)
    - Commercial vehicles (based on weight)

Gasoline and insurance are extremely expensive and heavily taxed in Ireland.

ITALY - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	2,270,900	2,251,307	2,258,861
Commercial Use Vehicles	288,574	202,100	222,015
Total Motor Vehicles	2,599,474	2,453,407	2,480,876

Source: Auto Strategies International Inc.

- EU-wide tariff and non-tariff barriers mentioned above
- VAT: 20%
- Vehicle registration tax (IPT 150.81 euros)
- Ownership tax
    - Passenger cars (based on kilowatt)
    - Commercial vehicles (based on payload, weight and axles)

THE NETHERLANDS - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	510,744	488,977	483,885
Commercial Use Vehicles	95,537	90,992	109,433
Total Motor Vehicles	606,281	579,969	593,318

Source: Auto Strategies International Inc.

- EU-wide tariff and non-tariff barriers mentioned above
- VAT: 19%
- Vehicle registration tax (45.2%: 1,540 euros (petrol); 328 euros (diesel))
- Ownership tax
    - Passenger cars (based on weight and province)
    - Commercial vehicles (based on weight)

Additionally, manufacturers or importers of passenger cars have to pay a special consumption tax (SCT) of 18-27 percent, depending on the price of the vehicle.

A sales tax of 45.2 percent is also assessed on the net value, less an adjustment based on fuel type.

There is a 10 percent luxury tax calculated on the gross value of a vehicle older than 90 months.

PORTUGAL - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	226,092	189,551	197,584
Commercial Use Vehicles	84,729	73,187	76,611
Total Motor Vehicles	310,821	262,738	274,195

Source: Auto Strategies International Inc.

- EU-wide tariff and non-tariff barriers mentioned above
- VAT: 19%
- Vehicle registration tax (based on cylinder capacity)
- Ownership tax
  - Passenger cars (based on cylinder capacity)
  - Commercial vehicles (based on weight, axles and suspension)

Portugal also maintains a special progressive tax, based on engine size, ranging from 95 to 1700 escudos per cc. Used vehicles benefit from a 15 percent discount.

Portugal has both a private and government agency that are responsible for establishing and enforcing auto, truck and motorcycle requirements. The private agency is called the Associacao do Comercio Automovel de Portugal and the government agency is called the Direccao de Servicos de Vehiculos. Both are located in Lisbon.

SPAIN - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	1,331,878	1,381,681	1,616,180
Commercial Use Vehicles	302,602	333,085	275,277
Total Motor Vehicles	1,634,480	1,714,766	1,891,457

Source: Auto Strategies International Inc.

- EU-wide tariff and non-tariff barriers mentioned above
- VAT: 16%
- Vehicle registration tax (based on engine size; below 1,600cc 7%; above 1,600cc 12%)
- Ownership tax
  - Passenger cars (based on horsepower)

- Commercial vehicles (based on payload)

In Spain, the agency responsible for national and EU motor vehicle type approval is the Direccion General de Tecnologia y Seguridad Industrial within the Ministerio de Industria y Energia (Ministry of Industry and Energy) in Madrid.

SWEDEN - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	254,589	261,048	264,246
Commercial Use Vehicles	34,576	34,169	37,371
Total Motor Vehicles	289,165	295,217	301,617

Source: Auto Strategies International Inc.

Sweden:

- EU-wide tariff and non-tariff barriers mentioned above
- VAT: 25%
- No vehicle registration tax
- Ownership tax
    - Passenger cars (based on weight)
    - Commercial vehicles (based on weight and axles)

There is a scrap fee assessed for passenger cars and vans.

Sweden maintains non-restrictive import licenses, as well as stringent safety and emission standards.

Under certain conditions, Swedish producers receive a rebate of all duties paid on imported components incorporated into a vehicle that is to be exported.

TURKEY- New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	254,569	245,890	463,006
Commercial Use Vehicles	213,965	218,414	441,435
Total Motor Vehicles	468,534	464,304	904,441

Source: Auto Strategies International Inc.

Tariffs:

In conjunction with its January 1, 1996 accession to the European Union's Customs Union, Turkey has adopted a new import regime. The new regime applies the EU's common external tariff for third country imports and provides zero duty rates for non-agricultural items of EU/EFTA origin. The automotive industry was considered a "sensitive" industry. In this area, the EU agreed to a delay in the application of the common external tariff for five years, until the end of 2000. Turkey maintained higher customs duties for automotive imports during this period and Turkey decreased these rates each year, and reached the common external tariff by the end of 2000. According to this agreement, customs duties applied as of 2003 are as follows:

Passenger Cars*:

Engine Size (in cc)	Vehicles with Gasoline Engines (% x CIF value)	Vehicle with Diesel Engines (% x CIF value)
0-1500	10	10
1500-1600	10	10
1600-2000	10	10
2000 and above	10	10

* A passenger vehicle is defined as "a vehicle with a higher capacity to hold passengers than transporting goods."

Commercial Vehicles:

Transportation Capacity	Vehicles with Gasoline Engines (% x CIF value)	Vehicle with Diesel Engines (% x CIF value)
0-5 tons		
0-2500cc	10	10
2500cc and up	22	22
5-20 tons	22	22
20 tons and up	22	22

Taxes:

Value Added Tax (VAT):

Passenger Cars: 18%, based on CIF value

Commercial Vehicles: 18%, based on CIF value

Special Consumption Tax

Engine Size	Passenger Cars	Commercial Vehicles
0-1600 cc	27%	4%
1601-200 cc	46%	4%
above 2000 cc	50%	4%

This tax is calculated over retail price that includes CIF price plus VAT. This tax replaced all other taxes that were paid previously.

Other Measures:

Turkey's liberalized foreign trade regime permits the unrestricted import of foreign made vehicles. The only restriction is the age: the imported vehicle should either be manufactured in the year it is imported, or should carry the next year's model. Document to show the age of the vehicle is only valid for six months. Any document older than six months is not valid.

If a company plans to import vehicles exceeding a certain amount of units (currently 75) for sales purposes, it needs to obtain a Maintenance, Repair and Service Certificate from the Turkish Minister of Industry and Commerce prior to import. Importer needs to establish at least 20 efficient service stations in seven geographic regions in Turkey and keep sufficient spare parts. All these stations have to receive quality certificates from the Turkish Institute of Standards. A Recent law states that both local manufacturers and importers have to run and operate at least one service station themselves. The Ministry does not give a certificate unless it believes that the whole service station network is satisfactory, both in quality and quantity.

UNITED KINGDOM - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	2,563,631	2,579,050	2,567,269
Commercial Use Vehicles	322,258	366,151	389,923
Total Motor Vehicles	2,885,889	2,945,201	2,957,192

Source: Auto Strategies International Inc.

- EU-wide tariff and non-tariff barriers mentioned above
- VAT: 17.5%
- No vehicle registration tax
- Annual tax (145 British pounds)
- Ownership tax
    - Passenger cars (based on CO2 emissions)
    - Commercial vehicles (based on weight and axles)

European type-approvals are enforced in the U.K. by the Vehicle Certification Agency (VCA), a Department in the Ministry of Transport. During the type approval process, the VCA coordinates with motor manufacturers on vehicles currently in production. Appointed test houses carry out the inspections and tests on behalf of the VCA. National type approvals on vehicles already in service are carried out by the vehicle inspectorate, an executive agency of the Department of Transport. They enforce the heavy goods vehicle (HGV) test and the Ministry of Transport test for cars, motorcycles and light vehicles. Tests are carried out by appointed HGV test stations and commercial garages respectively.

NEW EUROPEAN UNION MEMBERS:

CYPRUS - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	16,003	15,138	27,717
Commercial Use Vehicles	12,085	10,532	8,599
Total Motor Vehicles	28,088	25,670	36,316

Source: Auto Strategies International Inc.

- EU-wide tariff and non-tariff barriers mentioned above
- VAT: 15%
- Ownership tax
    - Passenger cars (based on cylinder capacity and CO2)
    - Commercial vehicles (based on weight and axles)

THE CZECH REPUBLIC & SLOVAKIA - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	303,280	316,995	292,655
Commercial Use Vehicles	42,791	45,827	48,662
Total Motor Vehicles	346,071	362,822	341,317

Source: Auto Strategies International Inc.

Czech Republic:

- EU-wide tariff and non-tariff barriers mentioned above
- VAT: 19%
- No vehicle registration tax
- Ownership tax
    - Passenger cars (none)
    - Commercial vehicles (based on weight and axles)

Slovakia:

- EU-wide tariff and non-tariff barriers mentioned above
- VAT: 19%
- No vehicle registration tax
- Ownership tax
  - Passenger cars (none)
  - Commercial vehicles (based on weight and axles)

Estonia:

- EU-wide tariff and non-tariff barriers mentioned above
- VAT: 18%
- No vehicle registration tax
- Ownership tax
  - Passenger cars (none)
  - Commercial vehicles (based on weight and axles suspension)

HUNGARY- New Motor Vehicle Sales (in units)

	1997	1998	1999
Personal use Vehicles	139,872	108,000	129,318
Commercial use Vehicles	20,766	30,400	36,772

Source: Auto Strategies International Inc.

Hungary:

- EU-wide tariff and non-tariff barriers mentioned above
- VAT: 25%
- Vehicle registration tax, based on age and engine size (i.e., 2,000cc equals 20%)
- Ownership tax
  - Passenger cars (based on weight)
  - Commercial vehicles (based on weight)

- Most automobiles require an import license and special permit from the Hungarian Ministry of Economic Affairs. There is still a global quota on consumer goods, which includes new and used cars and minivans. In 1998, the Hungarian government granted import licenses for 68,000 new and 63,000 used cars.

- As of May 1, 1995, the Hungarian government implemented a new consumption tax for passenger cars, based on engine size (10 percent for cars below 1.6 liters, rising to 20 percent for all other models).

- Native Hungarians are prohibited from importing used passenger vehicles older than 4 years and commercial vehicles older than 8 years. However, specialized older vehicles may still be imported after passing a special technical test.

Latvia:

- EU-wide tariff and non-tariff barriers mentioned above
- VAT: 18%
- No vehicle registration tax
- Ownership tax
    - Passenger cars (based on weight)
    - Commercial vehicles (not available)

Lithuania:

- EU-wide tariff and non-tariff barriers mentioned above
- VAT: 18%
- No vehicle registration tax
- Ownership tax
    - Passenger cars (none)
    - Commercial vehicles (not available)

Malta:

- EU-wide tariff and non-tariff barriers mentioned above
- VAT: 18%
- Vehicle registration tax based on engine size (i.e., 2,000cc equals 65%)
- Ownership tax
    - Passenger cars (based on cylinder capacity)
    - Commercial vehicles (not available)

POLAND- New Motor Vehicle Sales (in units)

	1997	1998	1999
Personal use Vehicles	477,960	513,000	640,820
Commercial use Vehicles	55,303	65,200	78,100

Source: Auto Strategies International Inc.

Poland:

- EU-wide tariff and non-tariff barriers mentioned above
- VAT: 22%, calculated on the C.I.F. price plus customs duty and excise tax
- Vehicle registration tax: based on engine size (i.e., 2,000 cc equals 3.1%)
- Ownership tax
    - Passenger cars (none)
    - Commercial vehicles (not available)

(Not sure if information below still applies after Poland's accession to the EU)

- In July 1998 the Polish Ministry of Finance announced its plans to introduce a 2 percent excise tax on the import and sale of all cars, not just luxury cars (as currently). If introduced this year, the tax will be effective starting January 1, 1999.
- Currently, cars exceeding 7500 European Currency Units (ECU) are subject to 10 percent excise tax if they are produced in Poland, and 15 percent if they are imported into Poland. The current system has had a negative impact on the safety of the cars offered on the Polish market because it was the additional equipment offered (ABS, extra air bag, etc.) which made the value of some cars exceed 7,500 ECU, and consequently fall into excise tax brackets. This situation resulted in the importation of poorly equipped cars, which were additionally upgraded with some extra equipment after sale in Poland.
- The new excise tax system would provide for a 2 percent excise tax levied upon each transaction in the sales chain until the car is registered for the first time. The new system will result in significant decrease in the cost of luxury cars, but it will also lead to an increase of prices of medium and low-priced segments of the market.

Other Measures:

- Polish law prohibits the import of two-stroke engines and bans the import of cars older than 10 years and trucks older than 3 years.
- Prompted by further environmental concerns, the Polish Parliament has required that all cars produced or imported into Poland should be fitted with catalytic converters (since July 1995).

Homologation:

- The Polish Road Traffic Law (published in Dziennik Ustaw on February 6, 1992) requires manufacturers and importers of vehicles and vehicle parts to receive the national type-approval (through the homologation system), which is granted by the Minister of Transport and Maritime Economy. The certification agency, appointed by the Ministry, tests the product and determines whether it is consistent with Polish standards and therefore can be sold in Poland.
- The national type-approval system in Poland is closely connected to the EU system because Poland partly adopted the EU directive 70/156/EEC into the national type-approval system.
- The chief agency for testing automobiles is the Motor Transport Institute. Automobiles, which have homologation certificates issued by certification agencies outside of Poland, are sometimes recognized by Polish authorities if the certificates state that vehicles fulfill the requirements of various standards (active safety, passive safety, environmental protection and others). These autos can receive Polish homologation certificates from the Ministry of Transport and Maritime Economy after shorter tests, which are performed by the Motor Transport Institute. These tests take approximately six weeks to complete. When vehicles do not have such certificates, the certification procedure is longer and requires additional tests, which are performed by designated Polish institutes.

- The two major vehicle certification agencies are:

Instytut Transportu Samochodowego
(Motor Transport Institute)
ul. Jagiellonska 80
03-301 Warsaw
Tel: (48 22) 811-0944, 811-3231
Fax: (48 22) 811-0906
Contacts:
Mr. Wojciech Przybylski, Director, Homologation Dept.
Tel: (48 22) 811-2510
Mr. Jozef Majka, Deputy Director, Homologation Dept.
Tel: (48 22) 811-40-82

Przemyslowy Instytut Motoryzacji
(Industrial Institute of Motorization)
ul. Jagiellonska 55
03-301 Warsaw
Tel: (48/22) 811-3389, 811-4231 ext. 127
Fax: (48/22) 811-0975
Contact: Mr. Jan Leszczynski, Chief Specialist

- Both Institutes perform homologation tests for vehicles that are imported in quantities in excess of 50 units per model. The homologation tests usually take one to two months to complete. After completion, a final "conformity certificate" is granted, allowing the legal sale of the imported vehicles.
- Those who individually import U.S. made vehicles are required to meet Polish road regulations in order to register their car. The main differences between U.S. and Polish standards are headlights (they must clearly and separately beam and light) and sidelights (they must be yellow, not red). In addition, exhaust pipes must be directed to the right side of the vehicle.

Slovenia:

- EU-wide tariff and non-tariff barriers mentioned above
- VAT: 20%
- Vehicle registration tax based on price (1-13%)
- Ownership tax
    - Passenger cars (none)
    - Commercial vehicles (not available)

EUROPEAN FREE TRADE ASSOCIATION:

NORWAY - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	88,271	89,921	115,645
Commercial Use Vehicles	28,523	31,317	38,407
Total Motor Vehicles	116,794	121,238	154,052

Source: Auto Strategies International Inc.

- Import duties on motor vehicles range from 5.3-28 percent:
  3%: passenger car, based upon C.I.F. value
  12-28%: trucks and buses

- On January 1, 1996 the Norwegian Government implemented a complicated taxation system for imported automobiles. The system is based on value, weight, maximum engine capacity and stroke volume of the automobile. This tax system places a higher burden on larger vehicles and vehicles with larger engine sizes.

- VAT: 23% of the amount comprising customs value, customs duty and import tax

- Passenger cars are subject to an additional tax that is based on the weight of the vehicle. The first 1150 kg are taxed at Norwegian Kroner (NOK) 23.35/kg, the next 250 kg are taxed at NOK 46.7/kg, and any remaining weight over 1,400 kg is taxed at NOK 93.4/kg.

- Effective January 1, 1997, the Norwegian Government introduced a 100 percent taxation fee for all expensive models of automobiles, with expensive being defined as those vehicles with C.I.F. exceeding NOK 175,000 (USD 24,000). The fee covers 100 percent of the value above NOK 175,000.

- Automobiles using CFC air-conditioning equipment cannot be imported.

SWITZERLAND - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	293,034	268,892	267,476
Commercial Use Vehicles	26,781	24,096	25,265
Total Motor Vehicles	319,815	292,988	292,741

Source: Auto Strategies International Inc.

- Import duty:
  Xx%: passenger cars

Xx%: trucks

- VAT: 7.5% of the value of the imported vehicle. This tax is levied at the border or port of entry.

CENTRAL AND EASTERN EUROPE:

Central European Free Trade Area (CEFTA)
In May 2004, 5 members of the CEFTA joined the EU: the Czech Republic, Hungary, Poland, Slovakia, and Slovenia. The remaining CEFTA countries are: Albania, Bulgaria, Croatia, Macedonia, and Yugoslavia.

ALBANIA:

- There are no local content, export requirements or import restrictions.

- Until January 1991, private ownership of automobiles was prohibited in Albania. Since the restriction was lifted, used cars have been imported from Yugoslavia, Greece and other West European countries to meet Albanian consumer demand.

- Financing remains a substantial obstacle to auto sales.

BULGARIA - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	16,090	18,793	19,443
Commercial Use Vehicles	15,666	7,901	6,494
Total Motor Vehicles	31,756	26,694	25,937

Source: Auto Strategies International Inc.

Bulgaria:

- All new and used vehicles imported with a EUR1 certificate are exempt from duties. One exception to this rule, introduced on the basis of the EU Accession Agreement with Republic of Bulgaria, is the import of vehicles from FYROM (Macedonia), which are accompanied by a EUR1 certificate, which are nonetheless subject to a 3 per cent duty.

- Calculation of applicable duties and taxes starts with determination of the customs value. Then any duties are assessed, resulting in the landed (customs paid) value.

- According to the Excise Tax Act, all new and used passenger vehicles with an engine greater than 120 kW (DIN) (1 kW = 1.36 hp) or 128 kW (SAE) (1 kW =

1.36 hp) are subject to a 40 percent excise tax assessed on the landed value. Further information on Bulgarian excise taxes may http://www.minfin.government.bg/en/Laws/Publik_pdf/ExciseAct_2000.pdf.

- All new vehicles imported into Bulgaria, whether or not they have a EUR1 certificate, are then subject to a 20 per cent VAT which is assessed on the value after the duties and any applicable excise taxes are added.

- Imported vehicles remain under customs control until all duties and taxes are paid.

- All duties and taxes must be paid in Bulgarian levs. The exchange rate (ROE) used is the average official weekly ROE.

DUTIES ON NEW IMPORTED VEHICLES

The customs value of all new vehicles (HS Codes 8702 and 8703) imported into Bulgaria is the invoice value. Customs duties are 0 percent for vehicles with a EUR1 certificate (except 3 percent for vehicles with EUR1 certificates imported from FYROM). For all other gasoline engine vehicles, the duty is 10 percent if the engine displacement is up to 3,000 cc and 12 percent if greater than 3,000 cc, with special rates depending on engine displacement varying from 5 percent to 13 percent for ambulances and from 13 percent to 15 percent for campers. For all diesel engine vehicles the duty is 10 per cent (except 0 percent for vehicles with a EUR1 certificate).

DUTIES ON USED IMPORTED VEHICLES

Customs duties are assessed on used vehicles imported without a EUR1 certificate. The customs value of used imported vehicles is not the invoice value, but a calculated value that depends on the power of the engine measured either in DIN horsepower, SAE horsepower, or kilowatts.
The customs value calculated as above is reduced for vehicles at least one year old as of the date of its import into Bulgaria. The customs value of vehicles more than one year old but less than two years old is reduced 20 percent, vehicles between two and three years old 30 percent, three and four years old 40 percent, and four or more years old 50 percent.

For buses and other vehicles with 10 or more seats (HS Code 8702), if the engine is rated in horsepower (HP) per the DIN (Deutsche Industrie Norme) standard, the dutiable value is calculated by multiplying the HP by the Bulgarian lev (BGN) equivalent of $100. If the engine is rated in HP per the SAE standard, the dutiable value is calculated by multiplying the BGN
equivalent of $95. If the engine is rated in Kilowatts (KW), the dutiable value is calculated by multiplying the KW by the BGN equivalent of $136 (DIN) or $129 (SAE). The duty rate is 25 percent for buses and 10 percent for other such vehicles.

For other vehicles (HS code 8703), the DIN HP is multiplied by the BGN equivalent of $60, the SAE HP is multiplied by the BGN equivalent of $57, or the KW is multiplied by $82 (DIN) or $78 (SAE). Except for the 10 percent rate for ambulances, all other used vehicles in this HS Code have a 15 percent customs duty rate.

Further information on Bulgarian tariffs may be found at http://www.minfin.government.bg/en/Laws/CastomTar/index.html.

ROMANIA - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	93,127	98,609	145,120
Commercial Use Vehicles	23,196	24,745	35,807
Total Motor Vehicles	116,323	123,354	180,927

Source: Auto Strategies International Inc.

Romania:

- There are no longer any restrictions on the import of autos and auto parts.

- The Government of Romania announced a new tariff schedule in early 1992; the maximum tariff rate is 30 percent.

COMMONWEALTH OF INDEPENDENT STATES

Russia - New Motor Vehicle Sales (in units)

	2002	2003	2004
Personal Use Vehicles	1,232,100	1,069,797	1,520,579
Commercial Use Vehicles	398,388	292,482	322,572
Total Motor Vehicles	1,630,488	1,362,279	1,843,151

Source: Auto Strategies International Inc.

Russia:

- The customs duty on all cars, new and used, is currently 25 percent.

- Imported vehicles must also pay a 20 percent VAT tax which is calculated on the sum of the C.I.F. value plus the tariff plus the excise tax, a 5 percent excise tax and a freight cost of 0.15 percent.

- Some vehicles may also be subject to a luxury tax of as much as 70 percent. Vehicles purchased through a Russian-based dealership but ordered for a specific individual are assessed duties under the individual, not company, tariff regime.

- On February 5, 1998, President Yeltsin signed a decree that will exempt foreign companies from custom duties and some taxes, which are for automobiles and parts. The decree requires companies to invest at least 1.5 billion rubles ($250 million) over five years and to source half of their components domestically by the end of that period. (During the first year 10 percent local sourcing is required, the second year 20 percent, etc., until 50 percent is reached.) Therefore, this decree will only apply to companies that are building vehicles in Russia. It is not clear how many vehicle imports might be affected over the five-year period. This decree could potentially be a Trade Related Investment Measure (TRIM) in violation of WTO principles.

- Russia also permits the importation of used cars. Used cars, two or more years old, imported by companies are assessed a 40 percent tariff instead of 46 percent tariff, plus excise tax plus VAT. Individuals importing used cars pay the same tariff of about 4 dollars per cc of engine displacement.

Ukraine

<u>Ukraine:</u>

- In Ukraine there are two tariff rates for motor vehicles - Special and General.

- Special rates apply to goods coming from 30 most favored nations (including the U.S.), as well as from 145 developing countries. Special rates of duty are paid by "legal" entities. Legal entities are those groups identified by the Ukrainian government as having special status (government entities).

- General rates apply to all goods imported by individuals (private entities) that exceed the value of $1,400 (1994).

- Commercial vehicles are assessed a special tariff rate of between 10-30 percent and a general tariff rate of between 20-40 percent.

- Buses are assessed a special tariff rate of 0 percent and general tariff rate of 30 percent.

- Passenger cars are assessed a special tariff rate of 0 percent and a general tariff rate of 20 percent.

- In addition, all goods must pay a 20 percent VAT.