

Automobile Industry Development Policy, 2020 (Draft) এর উপর

মতামত প্রেরণ করুন নিম্নের ঠিকানায়:

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Automobile Industry Development Policy, 2020

(Draft)



Ministry of Industries
Government of the People's Republic of
Bangladesh

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List of Acronyms

ACD	= Auto Cluster Development
BAAMA	= Bangladesh Automobile Assemblers and Manufacturers Associations
BDT	= Bangladesh Currency
BOI	= Board of Investment
ASEAN	= Association of South East Asian Nations
BMTF	= Bangladesh Machine Tools Factory
BRTA	= Bangladesh Road and Transport Authority
CBU	= Completely Buildup Unit
CKD	= Completely Knocked Down
CNG	= Compressed Natural Gas
HCV	= Heavy Commercial Vehicles
HP	= Horse Power
HRP	= Human Resource Development
HSEL	= HS Enterprise Ltd.
IIPA	= Integrated Incentive on Productive Assets
JV	= Joint Venture
KIL	= Kornophuli Industries Limited
LCV	= Light Commercial Vehicles
LPG	= Liquefied Petroleum Gas
MUV	= Multi-purpose Utility Vehicle
NBR	= National Board of Revenue
NITA	= Nitol Motors and TATA Joint venture company
OE	= Original Equipments
OEM	= Original Equipment Manufacturers
PSV	= Public Service Vehicle
R&D	= Research and Development
SME	= Small and Medium Entrepreneur
SKD	= Semi Knocked Down
TEC	= Technical Evaluation Committee
TIV	= Total Industrial Volume
TSP	= Technology Support Program
VAT	= Value Added Tax

Automobile Industry Development Policy 2020 (Draft)

Chapter 1

1. Introduction

Bangladesh is one of the world's fastest growing economies. In the first quarter of 2020, Bangladesh is the world's seventh fastest growing economy with a rate of 7.3% annual real GDP growth. According to World Bank estimates, the Index of Industrial Production has increased at over 10% (World Bank Report 2018). Bangladesh Automobile Industry has been considering as a potential industrial sector during the last two decades, and has registered impressive annual compound growth and contributing in the national economy. The industry is moving towards attaining a critical mass of production, adopting and coping with latest technologies, improving human resource, and accomplishing supply chain and global connectivity, Bangladesh automobile Industry has potential to become a global part of the supply chain in future.

Rising purchasing power of individuals has resulted in a growing demand for cars, motorcycles and commercial vehicles. There is a need to have an Automotive Development Policy to provide a clear roadmap for detailing out the evolution of automotive ecosystem including the path of specific regulations and policies that govern design, technology, testing, manufacturing, import/ export, sale, use, repair and recycling of automotive vehicles, components and services.

Recognising the pivotal role of the Automobile sector in development of industry and its contribution to the socio-economic development of the country, the Government of Bangladesh pledges its full support by enacting this Policy for the purposes of:

- Restructuring the industry on a new paradigm conforming to international standards and practices;
- Creating an enabling and conducive environment to consolidate existing investments and to attract new investments;
- Encouraging the industry to procure new technologies and management systems to increase efficiency and productivity;
- Providing quality products to local and global consumers at competitive price;
- Alleviating poverty by creating new jobs across the full spectrum of the Auto Industry and allied commercial and trading activities, and

- Promoting pollution mitigation measures to protect public health and property.

Chapter 2

Definition

In this Policy, unless there is anything repugnant in the subject or context:

- Automobile** includes a vehicle, carriage or other means of conveyance propelled or which may be propelled on a road by electrical or mechanical power either entirely or partially.
- CBU** means **Complete Built Up** automobile when an automobile is imported/exported to/from some other country as a complete vehicle fully assembled unit.
- SKD** means Unit of parts composing of body in white (BIW) is supplied for local assembly. The welding assembly is not required. For example, primer painted body, or all coat painted body is supplied.
- CKD** means Parts separated into units of component are supplied. Local welding assembly and painting are required. For example, unit for in-house plant delivery at OEM makers is supplied.
- OEM** means an original equipment manufacturer (OEM) acting as a company for original producer of a vehicle's components
- Tax** means the tax imposed under the prevailing act of Bangladesh
- EEVs** include fuel-efficient internal combustion engine (ICE) vehicles, hybrid vehicles (HVs), electric vehicles and alternative fuelled vehicles such as CNG, LPG, biodiesel, ethanol, hydrogen, fuel cell. EEVs are defined as vehicles that meet a set of specification in terms of carbon emission level and fuel consumption. (As Bangladesh uses Euro 2M fuel quality standard, EEVs will be defined only based on fuel consumption Carbon emission level will only be used once Euro 4M standard is adopted).

Chapter 3

Policy Background

The automobile industry faces some kind of challenges like multiplicity of taxes; developing products at lower cost; achieving economics of scale; development of technical and human resource; stimulating domestic demand; lack of dedicated fund for technology and human resource development; lack of appropriate research and development and exploiting the international business opportunities; imposition of the royalty and technical fee; no opportunity to benchmarking the performance of industry against global practices, lack of adopting best manufacturing practices, lack of production techniques and producing globally acceptable quality products.

In order to cater these challenges, there is a need to have an Automotive Development Plan for 10 years (or similar time frame of 12-15 years) that provides a clear vision and mission for the automobile Industry in Bangladesh. Key areas that the policy needs to be focused on are:

- ▶ **Increase** Production, exports, contribution to the economy and generate employment etc.
- ▶ **Enhance** FDI norms for OEMs as well as component manufacturers and Tier-I suppliers over the period of 10 years.
- ▶ **Determine industry friendly** import duties to facilitate both domestic manufacturing as well as exports.
- ▶ **Introduce emission standards** adoptable both domestic manufacturing as well as export perspective.
- ▶ **Road map** on developing safety standards and institutional mechanisms to support the development and implementation of standards.
- ▶ **Inspection and certification regime** for ensuring roadworthiness of vehicles which are in line with the standards of testing.
- ▶ **Introduce and activate End of Life (EOL) policy** (a well-defined plan) to retire older vehicles.
- ▶ **FTA regime** to facilitate market access.
- ▶ **Tax breaks and fiscal incentives** to encourage local manufacturers.
- ▶ **Skill Development Plan** to ensure skill development in line with the requirements of the auto-industry.

2.1 Market Size and Local Production Advancement of Auto Industries

Theoretically, development stage of automobile industry can be divided into four stages, in order to explore possible auto makers advancement forms and policy measures to be taken, based on other countries experience.

(1) Initial Stage

In most countries, automobile supply markets start with import of CBU, in particular inexpensive used cars, and as the economy develops, they limit to low-aged cars and suitable cars for their traffic regulations, such as right- or left-handed vehicles. The environmentally friendly cars, such as hybrid and electric cars, can be given policy support preference reflecting the government policy and characteristics of the respective market.

As the market develops, policy incentive can be applied for SKD production by asking foreign auto makers. The capacity of SKD production may vary widely from 2,000~3,000 units to 12 thousand units per year, however, if the annual sales is expected to be less than 5,000, the auto makers prefer for OEM production to local companies, rather than making direct investment.

The current market situation in Bangladesh is that the passenger cars market is 23 thousand per year, among which the number of new cars is estimated to be about 3,000 units, considered to be in Initial Stage. In case of Myanmar, the new car market was 3,000 units in 2012, then Suzuki started local production in 2013, the new car sale in 2018 jumped to 17 thousand units, partly due to used car restriction policy.

(2) Local Assembly Promotion Stage (market size less than 100,000 per year)

The next stage is to shift from SKD production to CKD production which brings higher value added locally. Although the CKD production still imports most of the parts and components, it requires to have production process such as pressing, welding, painting and assembling at the local factory with much larger production size. The auto maker needs to judge if there is sufficient market size exists or prospect to expand to the feasible level.

While the host country's government try to promote CKD production by providing policy incentives such as tariff reduction, the auto maker side is tend to be quite careful in estimating the market size

Another constraint factor in starting local production, by SKD or CKD in providing new cars in the market, is building marketing and service network in the country. Unlike used cars, the auto makers are required to provide functional guarantee and services after sale. The marketing and sales promotion activities are also needed to be penetrated, once certain level of car production started, in cooperation with local dealer network throughout the country.

(3) Local Production Promotion Stage (market size: more than 100,000 per year)

The level of local procurement of auto parts for CKD production depends on foreign auto parts manufacturers' advancement or growth of local manufacturers, which cannot be decided only by auto makers. Automobile assembling requires number of different kinds of parts and components, varying from ones easier in local procurement and difficult ones. The auto parts manufacturing also depends on market size of automobiles. In case of Thailand, the localization ratio started to be progressed after the production level reached 300,000 units per year.

(4) Liberalization and International Competition Stage (market size: more than 300~500 thousand units)

When the domestic production system already established and price competitiveness started to appear, open policy is more suitable, than protection policy, for catching up technological innovation and mass production for pursuing scale economy. If the export market is captured after the competition, the automobile industry can be flourished further.

The stage-by-stage steps for automobile industry advancement, developing mechanism, promotional policy and market size, described above, can be briefly illustrated in the table below.

Automobile Industry's Development Stage, Promotion Policy and Market Size

Stage	Automobile Industry and Promotion Policy	Market Size (passenger cars*)
1. Initial	Shifting from CBU imports to starting SKD assembly by policy initiative/ Used cars to new car market expansion	---
2. Assembly Promotion	Shifting from SKD to CKD assembly with promoting local procurement or production of limited categories of auto parts	Less than 100,000
Local 3. production Promotion	Mainly through CKD assembly, deepening local procurement and production/ Investment promotion to invite foreign auto-parts Manufacturers	More than 100,000
Liberalization 4. / International Competition	Each auto-makers establishes Local production network/ technological innovation and mass-production/ export promotion policy	More than 300,000 to 500,000

Source: JICA Project Team

Chapter 4

POLICY STATEMENT

Vision

To emerge as a leading sector in the country with substantial contribution to national economy for manufacturing of automobiles and automobile components with output reaching 10% of the GDP by 2030.

Mission:

Develop an automotive production base with strong domestic supply chains for modern, competitive and viable automobile and auto-parts industry by 2030 through:

- New investment measures;
- Tariff rationalisation;
- Rationalisation of Import Policy;
- Establishment of infrastructure for Quality, Safety, and Environmental Standards;
- Ensure consumer welfare, and
- Establishment of Bangladesh Automotive Institute.

OBJECTIVES:

The overall objective of this policy is to provide the domestic industry with opportunities to achieve competitiveness in manufacturing and engineering of automotive products.

The specific objectives of the National Automotive Industry Development Policy 2020 are to:-

i. Enhance value addition

The policy promotes local manufacture of automotive products that meet the standards and specifications of Original Equipment Manufacturers (OEMs). This will provide opportunities for Joint ventures with global value chain players to produce affordable brands and models in Bangladesh.

ii. Increase contribution to GDP

To support the growth of the automotive industry in Bangladesh for both domestic and export consumption, thereby becoming a significant

contributor of the manufacturing sector GDP by 2030, with an initial impact realized by 2025.

iii. **Enhanced market access**

To scale-up local production for import substitution and increase exports of automotive products to SAARC and Middle East region.

iv. **Skills development and job creation**

To create a dynamic skill development eco-system and establish Bangladesh as a manufacturing skills centre of excellence. This focuses on quantitative and qualitative improvements in skills to ensure competitiveness and build a solid foundation for direct and indirect job creation in the automotive sector, over the next decade.

v. **Enhance innovation, Research and Development**

To give a supportive environment for Innovation, R&D in the automotive sector for local design and engineering that includes developing and acquisition of disruptive technologies. This will also promote clean, safe, efficient and comfortable mobility products in the country and within the region, with a focus on environmental protection and affordability.

Chapter 5

STRATEGIES TO DEVELOP AUTOMOBILE INDUSTRY

Strategy 1: Promotion and Development of Local Assembly

5.1.1.1 The Government will prioritize the production of commercial vehicles (buses, trucks and minibuses). Measures will also be put in place to promote production of passenger vehicles (saloons, station wagons, Sports Utility Vehicles (SUVs)), and motorcycles through:-

- a) Providing incentives on different levels of vehicle breakdown (Knockdown). The level of incentivization will depend on local value-addition; degree of technology transfer; improvement in level of expertise; level of foreign exchange earnings; strengthening of

- manufacturing value chain; developing linkages within the industry; and investment in R&D;
- b) Promotion of a phased incubation approach to grow and graduate the local entrepreneurs in motor vehicle component manufacturing in Bangladesh;
 - c) Encouraging and facilitating sub-contracting amongst established assemblers and the local SMEs;
 - d) Hastening progression and phased advancement from SKD to CKD.

1.2 The Government will review the fiscal and non-fiscal incentive structure periodically to encourage demand, promote the growth of auto industry and prevent Bangladesh from becoming a dumping ground for international rejects through-

- a. The incidence of import tariff will be fixed in a manner so as to facilitate development of manufacturing capabilities as opposed to mere assembly without giving undue protection; ensure balanced transition to open trade; promote increased competition in the market and enlarge purchase options to the Bangladeshi customer.
- b. The Government will review the automotive tariff structure periodically to encourage demand, promote the growth of the industry.
- c. In respect of items with bound rates viz. Buses, Trucks, Tractors, CBUs and Auto components, Government will give adequate accommodation to indigenous industry to attain global standards.
- d. In consonance with this Policy objectives, in respect of unbound items i.e., Motor Cars, MUVs, Motorcycles, Mopeds, Scooters and Auto Rickshaws, the import tariff shall be so designed as to give maximum fillip to manufacturing in the country without extending undue protection to domestic industry.
- e. Used vehicles imported into the country would have to meet environmental requirements as per BRTA laid down specific standards and other criteria for such imports.
- f. Appropriate measures including anti dumping duties will be put in place to check dumping and unfair trade practices.

Strategy:2 Development of Automobile Market

5.2.1 In order to achieve critical volume levels in this industry for both domestic and external markets, and enjoy economies of scale, the Government will:-

- a) Give priority to local manufactures/assemblers in public procurement of automotive products and accessories;
- b) Support mechanisms for distinguishing between locally assembled and fully built imported units through adoption of technologies for proof-marking, coding, including microdot technologies;
- c) Enhance negotiation towards harmonization of rules of origin and elimination of Non-tariff barriers within the region trading blocs, as well as bilateral and multi-lateral trade agreements to facilitate growth and development of the automotive industry;
- d) MUVs are an important mode of economical mass transport in rural Bangladesh due to poor road infrastructure and lack of good State transport system. They are the first vehicle purchased by a number of farmers, traders, small businessmen in rural and semi-urban markets. The Government will try to provide fiscal incentives to this sector.
- e) Presently excise duty on commercial vehicles sold by a manufacturer whether as a chassis or with a complete body is very low. However, no duty is levied on the body that is built by an independent body builder on chassis bought from a manufacturer. This dispensation inveigles production of the complete trucks and buses by the chassis manufacturer and is detrimental to safety standards. The duty imposed on the construction of bodies by an independent body builder, small or organized sector, shall be equal to that of bodies built by a chassis manufacturer.
- f) The Government will encourage fabrication of bus body on bus chassis designed for better passenger comfort instead of truck chassis as is the current practice.

Strategy 3: Development and Promotion of Local Parts/ Components Production

5.3.1 Government, assemblers and OEMs will promote growth of local component industry through:-

- a.) Working with the local components manufacturers to generate a list of products which can be manufactured locally for use in vehicle assembly and after sales.
- b) Supporting capacity building of component manufacturers to produce local content that meet the quality standards of the OEMs. This will include developing mechanisms which will facilitate the component manufacturers to acquire the requisite technologies, designs and testing facilities; facilitating OEMs to invest in or establish their plants in Bangladesh.
- c) Introducing tax rebate of amount invested in automobile sector will be allowed in attractive ways and initiatives for competitiveness and development of technology in line with the local resources and exporting aspects will be encouraged and be subject to higher priority.
- d) Assembling and manufacturing convenient and affordable cars, three wheelers, bus, truck, tractors, other commercial vehicles, ambulances and its components will be promoted and be subject to remain special incentive program.
- e) All producers of parts that may replace imported parts will be allowed bank facilities and tax holiday for 7-8 years.
- f) All buyers of locally assembled/manufactured vehicles will be given certain percentage of income tax relief to the value of purchase.
- g) Exports of vehicles by CKD assembling/manufacturing factories will be given 15% cash incentive.
- h) Component parts producers who will invest in Bangladesh from other countries will be given a guarantee for full repatriation of their profit and their initial investment.

5.3.2 Local Contribution Guidelines:

The manufacturers shall concentrate on increasing local value addition. The scheme for local contribution that shall be followed by the manufacturers for availing fiscal and non-fiscal incentives is given below:

Local Contribution Rate:-

Vehicle Type	Years in Operation				
	1 st Year	3 rd Year	5 th Year	8 th Year	10 th Year
3Wheeler	5%	10%	20%	30%	50%
Sedan	5%	10%	12%	15%	20%
SUV	5%	10%	12%	15%	20%
Bus	5%	10%	15%	20%	25%
Truck	5%	10%	15%	25%	30%

Strategy 4: Used Car Import Phased out Plan

5.4.1 Impose a total ban on import of Completely Built-up Units (CBU) of used commercial vehicles. Besides, a phase-out plan on import of completely built up units of used passenger motor vehicles will be introduced. This initiative will facilitate the local manufacturers to assemble and manufacture affordable vehicles for diverse domestic market segments and attract both local and foreign investors offering enormous socio-economic benefits. Towards this, the age limit of imported passenger vehicles will be progressively reduced to expand the market for locally assembled vehicles. The phase-out scheme shall be implemented by next 5 years as given below:

Year	Age limit of imported used cars
2 nd Year	4-year old
3 rd year	3-year old
4 th year	2-year old
5 th year	1-year old
The last year	No import of used car

- a. While contracting/appointing dealers, the assemblers and the manufacturers of new passenger motor vehicles shall be given priority to existing used/reconditioned motor vehicle dealers over the new contenders.
- b. To encourage investment in assembling and manufacturing of new motor vehicles, depreciation on used car/SUV shall be charged as depreciation allowance at 10% regardless of usage of vehicles by years.

- c. Improve accessibility to new and safe motor vehicles in the country through following measures:
 - i. The government will support to develop vehicle purchase schemes to enable individuals and companies to purchase new locally assembled vehicles;
 - ii. The government will support a progressive leasing policy for the public sector to expand access to new vehicles made in Bangladesh; and develop a Vehicle Scrapping Policy that will among others, grant scrapping rebates to individuals and companies to replace aged vehicles, particularly PSVs with locally assembled new vehicles. In addition, it will establish mechanisms for collection of end of life vehicles to facilitate recycling, reuse and remanufacturing;
 - ii. Encourage development of standards for after sales service for training in after sales service, maintenance and repair, including accreditation and licensing of garages and service providers. This will enhance professionalism, safety and compliance to emission standards and reduction in the costs of operations.

Strategy-5: Strengthening of Vehicle Registration and Inspection (Fitness Test) System

5.5.1 Government will take initiatives to establish a potential automobile manufacturing environment through introducing following measures:

- a. Revise the existing Motor Vehicle Act and other relevant provisions concerning safety/quality/emission regulations, for the purpose of ensuring roadworthiness of registered vehicles especially electric or eco-friendly vehicles.
- b. Strengthen the vehicle inspection system, so that fitness test can properly check if safety/quality/emission levels accord to the prescribed standards while rehabilitating the inspection facilities held by BRTA.
- c. Formulate vehicle scrapping policy preferably with 3R (reduce, reuse, recycle) standards, which propose a collection mechanism of End-of – Life (EOL) vehicles.
- d. Commence a statutory collection system of EOL vehicles to facilitate manufacturing of new automobiles.

Strategy 6: Promotion of R&D and Development of Design/ Testing

5.6.1 Government will take initiatives :

- i.) To ensure safety, product efficiency and environmental sustainability automotive industry, programs will be put in place promote research, design, and development for locally produced automotive products.

5.6.2 Testing and certification facilities need to be revised and strengthened in accordance with safety standards of global order. Government, in partnership with industry, will tend to this requirement.

5.6.3 The Government will promote Research & Development in automotive industry by strengthening the efforts of industry in this direction by providing suitable fiscal and financial incentives.

5.6.4 Vehicle manufacturers will also be considered for a rebate on the applicable excise duty for every 1% of the gross turnover of the company expended during the year on Research and Development carried either in-house under a distinct dedicated entity, faculty or division within the company assessed as competent and qualified for the purpose or in any other R&D; institution in the

country. This would include R & D leading to adoption of low emission technologies and energy saving devices.

5.6.5 Government will encourage setting up of independent auto design firms by providing them tax breaks, concessional duty on plant/equipment imports and granting automatic approval.

5.6.6 The government will promote investments in research and development of commercially viable technologies such as electric powered cars including the batteries and charging stations. This will be done through setting up a 'Technology Acquisition Fund' to acquire technologies.

7. Formulation (Harmonization) and Enforcement of Automobile Standards (safety, quality, emission, etc)

5.7.1 For harmonization of motor vehicle, UN agreements adopted in 1958, 1997 and 1998 provide a legal and regulatory framework and provision related to performance oriented test requirements and procedures for contracting parties. Bangladesh will domesticate global regulations and standards by:-

- a) Harmonizing all regulations and Standards affecting the motor vehicle industry so as to support the policy and hence the development of the Industry. This will be achieved through:
 - i. Identifying the missing gaps in standards and regulations for the industry and developing such standards and regulations to fill the gaps;
 - ii. Identifying inadequacy in capacity to implement the existing regulations and establishing mechanisms to develop such capacity;
 - iii. Development of standards including definitions of SKD/CKD. This will assist in rationalization of models in the region to lower the cost of maintenance. It will also enhance road safety through periodic testing and certification based on harmonized regional standards.

Strategy 8: Development of Industrial Human Resources

5.8.1 In order to address the mismatch in the training and industry skills requirements, given that the curriculum is not in-tandem with the technology, skills development and training eco-systems will be improved to provide industry demand-driven training. Industry will collaborate with relevant technical institutions in the development of relevant curriculum. In Government in collaboration with the industry players will facilitate the establishment of automotive training institute for demand driven training. In addition, capacity building will be enhanced through apprenticeship and attachments of learners to the established assemblers and manufacturers.

Strategy 9: Improvement of investment/Business Climate

5.9.1 This policy envisages three categories of New Investment with different incentives:

Category-A: Greenfield Investment is defined as the construction of new and independent automotive assembly and manufacturing facilities by an investor for the production of vehicles of make not already being manufactured/assembled in Bangladesh.

Category-B: Brownfield Investment is defined as the revival of existing non-operational or closed assembly and manufacturing facilities since before June 30, 2020 either independently by original owners or new investors or under joint venture agreement with foreign Principal or by foreign Principal independently through purchase of plant.

Category- C: Greenfield investment by auto parts makers. The policy extends the scope of New Investment Policy to auto parts makers in order to attract global Tier I and Tier II auto parts manufacturers to make investment in Bangladesh, either independently or in joint venture with Bangladeshi auto parts makers. Scope shall also be extended to local investment in a new Plant to produce critical components of Engine, Transmission and Suspension not produced before for any OEM in Bangladesh

5.9.2 Special Incentives

SKD Operations

- Import of 100 % Semi Knocked Down (SKD) Parts at 10% rate of customs duty for a period of seven years in respect of passenger cars after which CKD Tariff regime shall apply.

Other incentives for CKD & SKD Operations

- All incentives, facilities and tax exemptions available under Special Economic Zone Act shall be available to all Category-A investors, including 100% exemption from custom duties and taxes on the import of plant, machinery, equipment and tooling equipments such as dies, molds, jigs and fixtures for production, inspection and testing of vehicles on one time basis.

- An investor shall be allowed to import 100 vehicles of same variant in CBU form at 25% of the prevailing duty for test marketing after ground-breaking.

5.9.3 Category-B Investor shall be entitled to the following incentives:

- ▶ Import of non-localized parts at 10% rate of customs duty and localized parts at 25% duty for a period of five years in respect of Passenger Cars and LCVs from 800cc and above category
- ▶ Import of 100% parts at prevailing custom duty applicable to non-localized parts for a period of four years in respect of Buses, Trucks, Tractors and Prime Movers
- ▶ 100% exemption from customs duties on import of tooling equipments such as dies, molds, jigs and fixtures for production, inspection and testing of vehicles

5.9.4 Category- C Investor shall be entitled to the following incentives:

A Category C investor shall be entitled to enjoy all incentives as SEZ Act.

5.9.5 Eligibility Criteria

An investor shall be registered with Bangladesh Investment Development Authority (BIDA). BIDA shall ascertain category of the company according to the provisions laid down by this policy and, if satisfied, will register the company and inform Ministry of Industries, Road, Transport and Highways Division, Bangladesh Road Transport Authority and National Board of Revenue.

5.9.6 Withdrawal of Incentive

In case of material deviation from the approved commercial operation schedule, withdrawal of incentives shall take effect. Ministry of Industries will initiate suitable action after necessary verification that may lead to the stoppage or withdrawal of benefits allowed. Details and mechanism for this will be covered in the Investment Agreement to be signed between the Government and the Investor.

Chapter 6

Development of Eco-friendly Vehicles

6.1.0 The Government highly encourages Bangladesh to be the hub for Energy Efficient Vehicles (EEV) through strategic investments and adaptation of high technology for domestic market and to penetrate regional and global markets by 2030.

6.1.1 Government will introduce more attractive Tax exemption/ Tax holiday to investments of energy-efficient vehicle (EEV) assembly, regardless of their plant locations outside EZs and also introduce import duty/VAT reduction (against parts/components/materials) for promoting local EEV assembly, through issuance of SRO

6.1.2 To introduce tax rebate facility to assemblers and parts/components producers, against expenditures for R&D activities either in-house or outsourcing and new technology acquisition on EEVs, high-efficiency battery, power-charging station, low emission, fuel-saving (e.g. for those which annually expend at least one percent of gross annual turnover).

6.2.1 Hydrogen and Fuel Cell. The EEV technical specification for fuel consumption is per in the following table:

a) For Passenger and Commercial Vehicles

Segment	Description	Kerb Weight (Kg)	Fuel Consumption (L/100km)
A	Micro Car	< 800	4.5
	City Car	801 – 1,000	5.0
B	Super Mini Car	1,001 – 1,250	6.0
C	Small Family Car	1,251 – 1,400	6.5
D	Large Family Car	1,401 – 1,550	7.0
	Compact Executive Car		
E	Executive Car	1,550 – 1,800	9.5
F	Luxury Car	1,801 – 2,050	11.0
J	Large 4x4	2,051 – 2,350	11.5
Others	Others	2,351 – 2,500	12.0

b) For Three Wheelers

ENGINE SIZE (cc)	Fuel Consumption (L/100KM)
151 – 250	2.5-3.0
251 -400	3.0- 4.0

6.3.1 At the Initial Stage, import of EV shall be allowed having prior confirmation about environmental protection and safety measures taken by the importer regarding recycling and disposal of lithium-ion batteries used in such cars as they contain radio-active materials and some elements detrimental to health. Government shall facilitate re-export of lithium-ion batteries for recycling by a third country. It is suggested that:

An importer shall certify and submit the agreement that he has entered into with a government approved company which is entrusted with the responsibility for reprocessing, recycling or disposal of lithium-ion batteries in compliance with relevant laws in force in Bangladesh and practices followed by other countries of the world.

Chapter 7

Implementation, Monitoring and Evaluation of the Policy

7.1.0 Time frame for implementation

The Automobile Industry Development Policy 2020 will be implemented over a 10-year period, beginning from the date of its approval. As with policy, it will be forceful and be revised from time to time, taking into account new needs and developments, based on findings of impact evaluation and monitoring activities.

7.2.1 Institutional arrangements

1. A National Council on Automobile Industry Development will be created for the purpose of overseeing implementation at the national level as well as follow-up and monitoring.

7.2.2. The National Automobile Council will be established under the Minister, Ministry of Industries and it will consist of members representing the following:

1	Minister, Ministry of Industries	Chairman
2	State Minister, Ministry of Industries	Vice Chairman
3	Secretary, Ministry of Industries	Member
4	Executive Chairman BIDA	Member
5	Secretary, Ministry of Commerce	Member
6	Secretary, Roads and Highways Division	Member
7	Secretary, Public Security Division	Member
8	Secretary, Finance Division	Member
9	Secretary, Energy Division	Member
10	Chairman, National Board of Revenue	Member
11	Secretary, Technical and Madrasah Education Division	Member
12	Secretary, Ministry of Science and Technology	Member
13	Secretary MOLE	Member
14	Secretary, Ministry of Environment, Forest and Climate Change	Member

15	Chairman, Tariff Commission	Member
16	Director General , Bangladesh Standards and Testing Institutes	Member
17	Chairman, BSEC	Member
18	Chairman BRTA	Member
19	Executive Chairman BEZA	Member
20	Registrar, Department of Patent, Design and Trade Marks	Member
21	Professor , Dept of mechanical Engineering ,BUET (Nominated by Bangladesh University of Engineering and Technology)	Member
22	Professor, (any renowned Private University Representative, Nominated by the Ministry of Industries)	Member
23	Director, Bangladesh Council of Scientific and Industrial Research (BCSIR) Bangladesh	Member
24	Director General, Department of Environment	Member
25	DG PMO	Member
26	President, Bangladesh Federation of Chambers of Commerce and Industries Bangladesh	Member
27	President, BMAMA	Member
28	President, Dhaka Chamber	Member
29	President, Metropolitan Chamber of Industries	Member
30	President, International Chambers of Commerce and Industries, Bangladesh	Member
31	President BARVIDA	Member
32	President, Bangladesh Women Chamber of Commerce and Industry	Member
33	President, BAAMA	Member
34-35	Two Prominent Industrialists of Automobile sector (nominated by the Ministry of Industries)	Member
36-38	Three automobile sector experts (nominated byassociation)	Member
39	Joint Secretary/Deputy Secretary Ministry of Industries, Bangladesh	Member Secretary

The Council can co-opt any required number of members as per its necessity.

7.2.3. The responsibility of the National Automobile Council will be as follows:

1. The National Automobile Council will be responsible for facilitating policy coherence between national and sectoral development policies, and the integration of this policy.
2. It will facilitate and coordinate national positions on Automobile industries development issues for national as well as international purposes.
4. The Council will monitor the impact of the policy in various sectors of the economy.

7.2.4. The Council will oversee the periodic review of the Automobile Industries Development Policy to keep it up-to-date with evolving national development priorities.

7.2.5. The council will sit at least twice in a year.

7.3.1 Popularization of the Policy

i) In order to generate momentum and popularize promotion and in the context of implementing recommendation of the National Automobile Council, the government may consider declaring 2022/2023 as “Year of the Automobile Manufacturing”.

ii) Government will undertake a comprehensive national mapping exercise, identify areas in various sectoral development policies, plans and strategies where Automobile Industries’ promotional issues interfaces exist and can play a contributory role.

iii) The Government will promote within its organizations the need for institutional/organizational innovation and social innovation and ensure the diffusion of innovation and industry in economic development. PMO may issue guidelines time to time in this regard.

iv) The Ministry of Industries in cooperation with relevant public and private bodies may undertake a campaign to sensitize all relevant stakeholders, including potential users, government officials, business community and the general people about the policy following its adoption.

7.4.1 Mobilization of resources

i) Implementation of the policy will need adequate financing.

ii) The national road map for implementation therefore needs to identify the strategies to mobilize necessary funding sources for the successful implementation of this policy.

iii) The possible sources, in addition to the government may include development partner countries, international donor agencies, regional and

international intellectual property organizations, and private sector organizations.

7.5.1. Collaboration Mechanisms in the Industry

The Government will facilitate development of the automotive industry through structured collaborations as follows:-

a. Intra government collaboration

For successful implementation of this Policy and the full support of the manufacturing sector, all government entities that interface with the industry (Ministries, Departments, Associations and Agencies) will continuously consult on implementation and review of this Policy.

b. Industry and academia collaboration

The government proposes to establish the National Automotive Council (NAC) as the institutional framework to support the implementation of the policy. NAC in collaboration with stakeholders in the sector including research institutions, universities and other learning institutions in the following areas:

c. Assemblers Collaboration:

The Government will undertake periodic facility inspections to verify and accredit CKD assemblers that meet the full requirements of CKD assembly in terms of facilities, parts assembled, CKD kits, testing facilities, local content procured and other applicable parameters. This will be necessary for monitoring CKD progression, moving up the value chain towards full local manufacturing.

i. Vehicle Assemblers and Component Manufacturers Collaboration:

To enhance uptake of local components, the Government will facilitate constant and structured collaboration between vehicle assemblers and component/parts manufacturers to progressively grow the local content to achieve a target of 40% by 2030, in line with the international best practice. In addition, the Government will promote the development of SMEs through subcontracting and partnership exchange between SMEs and the big assemblers.

7.6.1 Monitoring, evaluation and review of The Automobile Industry Development Policy 2020

i) The implementation and impact of the Automobile Industry Development Policy 2020 will be monitored and assessed to determine whether the policy objectives and the various goals set to address identified policy issues are met.

ii) The National Automobile Council will be the main body responsible for monitoring and evaluating authority to oversee and assessing the implementation and impact of this policy.

iii) The Council will devise mechanisms of monitoring the implementation and impact of this policy. The mechanisms will include reviews of the policy implementation reports of the different relevant institutions.

iv) The implementation and impact of The Automobile Industries Development Policy will be evaluated and reviewed by independent consultants after five years or at any other time as the need arises to evaluate the progress and impact of the implementation of the policy.

7.7.1 Working Committee

There will be a working committee to monitor the regular progress of this policy under the leadership of Secretary, Ministry of Industries. The working committee may nominate any number of members as per its requirement and has the inherent power to form as many as sub-committee or the Task Force as the scenario demands.

Chapter 8

Conclusion

8.1 The automotive industry is very important to Bangladesh. One of the main factors to ensure a competitive domestic automotive industry is operational efficiency and effectiveness. In this regard, the National Automobile Industry Development policy 2020 will focus on efforts to enhance the supply chain development of the domestic component and spare parts manufacturers. To ensure a sustainable automotive industry, the Government will take various measures to ensure that the automotive industry is competitive, domestically and globally. This will be done through the improvements and ensuring:

- (i) quality management system;
- (ii) operational management system;
- (iii) business management system; and
- (iv) testing and validation capabilities.

TIME BOUND ACTION PLAN

SI	Strategy/ Area of actions	Proposed Action	Responsible Ministry/Division/Agency	Associate Institution	Implementation
Strategy-1: Promotion and Development of Local Assembly					
	Provision of incentives (corporate income tax exemption/holiday)	To introduce attractive corporate income tax (CIT) exemption or holiday to new investments of automobile assembly (Category-A=green-field), and re-investments for expansion or upgrading (Category-B=brown-field), regardless of their plant locations outside economic zones (EZs) which hold a separate regime of CIT incentive, through an issuance of SRO	Income Tax Wing National Board of Revenue (NBR)	Ministry of Industries (MOI) in consultation with BAAMA/ACAMA	
	Provision of fiscal incentives (import duties on parts/components) based on the level of knocked-down	To introduce import duty/VAT reduction (against parts/components/ materials) for promoting local assembly in more favour of CKD and in less favour of SKD/CBU (in view of shifting from CBU to SKD to CKD in case of commercial vehicle in general), by setting sufficiently attractive difference between the applicable duties on each of assembly system, as stipulated in the policy, through issuance of SRO (and revision of the existing STO NO.176-ACT/2019/33-VAT and customs duty exemption for CKD parts import for vehicle assembler).	Customs -Vat Wing/Wing NBR	MOI in consultation with ACAMA/BAAMA BD Triff Commission (BTC)	
		To formulate the definition of both CKD and SKD along with the policy, which are qualified for import duty/VAT reduction, through an issuance of SRO.	Customs -Vat Wing/Wing NBR	MOI in consultation with ACAMA/BAAMA	
	Implementation of overseas promotion activities	To periodically design and organize the overseas investment promotion active in the form of seminar/mission delegation focused on automobile related industries at the country such as Japan, Korea, China, India, Germany, Thailand, Indonesia, Malaysia, Vietnam, etc.	BD Investment Authority .Dev (BIDA) BD Economic Zones Authority (BEZA)	Diplomatic Missions of BD MOI	
		To conduct direct visit to auto-makers and arts/components producers (tier-1/Tjier-2 suppliers, other key service providers of mould die/jig, etc.) identified among the promoted countries for facilitation for their .making-investment decision	BIDA/BEZA	Diplomatic Missions of BD MOI	
		PR /To prepare a series of promotion tools dedicated for automobile ,industries including sector profile form of soft and hard both in the .copies	BIDA	-	
Strategy 2: Development of Automobile Market					

SI	Strategy/ Area of actions	Proposed Action	Responsible Ministry/Division/Agency	Associate Institution	Implementation
	Provision of concessional loan facilities for vehicle purchase	To revise and extend concessional consumer loan facilities to facilitate and public private ,general consumers sectors to purchase the particular types of passenger vehicles that are locally assembled	Bangladesh (BB)Bank		Scheduled banks
		To revise and extend concessional loan facilities to facilitate both private and public sector to replace their ag vehicles with locally assembled new vehicles	BB		Scheduled banks
	Provision of tax benefits on the vehicle purchase	To introduce personal income tax and CIT relief against the value (PIT) of the particular types of commercial vehicles to /passenger public /general consumers and private organizations respectively of locally assembled vehicles	income Tax NBR-Wing	-	
		introduce reduced Vat for purchase To of the particular types of commercial vehicles that /passenger .are locally assembled	NBR-VAT Wing	-	
	Compulsory public procurement of locally assembled vehicles	y issue a regulation of compuls To assembled procurement of locally vehicles by any ministeies and along with Public)agencies .(2008Procurement Rules	.Central Procure Tech Unit -(CPTU) Ministry of (MOP)Planning	-	
		To introduce a progressive leasing policy to extend sccess of public .d vehiclessector to locally assemble	MOP-CPTU	-	
	Restriction of reconditioned vehicle importation	To place a total banning on importation of rcondition commerical x202vehicles by	Ministry of commerce (MOC)	-Customs Wing NBR	
		out plan on -To place a phased importation of reconditioned which would ,passenger vehicles progressively raise the age limit for vehicles with engine capacity not form :as follow ,XXX cc ,exceeding X from ,2021old in -five to four years from ,X202old in -four to three years .X202three to zero in	Ministry of commerce (MOC)	-Customs Wing NBR	
	Development of after-service	To formulate the standards for after-service including accreditation/licensing of service providers (workshop for vehicle repairing and maintenance)	MOC		BD Accreditation Board (BAB)
		To prepare and put the vehicle recall system in place in line with the global	BD Road Transport		MOC

SI	Strategy/ Area of actions	Proposed Action	Responsible Ministry/Division/Agency	Associate Institution	Implementation
		practice	Authority (BRTA)		
	Development of export market	To harmonize the rule of origin and eliminate non-tariff barriers among the regional trading bloc (South-Asian countries)	MOC	Ministry of Foreign Affairs (MOFA)	
		To provide cash incentive (XX%) against the value of exported Vehicles that are locally assembled in CKD system	Export promotion Bureau (EPB)- MOC	Finance Division, Ministry of Finance (MOF)	
Strategy-3: Development and promotion of Local Parts/Components Production					
	Provision of fiscal incentives for additional investments by vehicle assemblers for local production of parts/components (investments allowance)	To introduce investment allowance facility for vehicle assemblers to facilitate additional capital investments required for replacement of imported parts/components with locally produced ones.	Income Tax Wing-NBR	MOI in consultation with BAAMA/ACAMA	
	Provision of fiscal incentives for local procurement initiatives by vehicle assemblers (CIT deduction) VAT ,allowance (exemption	To introduce CIT deduction VAT exemption against the / (allowance) cpenses for assemblers' activities of technical assistance for potential provision ,components suppliers/parts ,etc ,quality test ,tools/of raw material for their pruchasing locally produced ones	Income VAT /Tax NBR-Wing	MOI in consultation with ACAMA/BAAMA	
	Provision of fiscal local incentives for production of components /parts CIT) (holiday/exemption	To entitle CIT exemption or holiday to new investments of any automobile components production and /parts ,(C-Category)related services regardless of their plant locations a separate outside EZs which hold through an ,regime of CIT incentive .issuance of SRO	Income VAT /Tax NBR-Wing	MOI in consultation with ACAMA/BAAMA	
	Provision of fiscal incentives for local production of components /parts import duties on) -sub/materials (parts	VAT /import duty To introduce for (parts-sub/materials)reductions components /promoting local parts production focusing on key ones duly confirmed through the consultation in view of ,among stakeholders facilitating replacement of imported ky ly produced components with local/parts .ones	Income VAT /Tax NBR-Wing	MOI in consultation with ACAMA/BAAMA BTC	
	Development of capability of components /parts production including)	viable mechanism To develop and run a that facilitates local potential producers ,knowleges/to acquire skills management system so that /production components /they can produce key parts	BD Industry Technology & Assistance Centre -(BITAC)	-	

SI	Strategy/ Area of actions	Proposed Action	Responsible Ministry/Division/Agency	Associate Institution	Implementation
	provision of loan facilities for the development of components /parts (industries)	standards required by /that meet quality through the partnership ,assemblers ssemblers and the development with a collaboration with relevant technical as demonstrated by)support institutions (3-project component (the JICA	MOI		
		To provide concessional loan facility producers to components/for parts facilitate their competitiveness and through the ,technology upgrading initiatives of process ,modenization/automation/improvement advanced technology and adoption of ,adoption/acquisition ,jig/die/new tools such as mould	BB	MOI	
		To encourage fabrication of body for chassis designed for the better -bus instead of ,passenger comfort of buses chassis -manufacturing buses with truck .that is currently prevailing practice	MOI-BITAC	ACAMA/BAAMA	
	Facilitation of venture -joint ,partnership supplier matching and local procurement of components/parts	components /To generate a list of parts to be locally produced for the usage of (potential)and ,sales-assembly after ,components/producers of such parts	MOI-BITAC	ACAMA/BAAMA	
		To annually design and organize a trade fair for ,fair for automobile related insutries the purpose of facilitating matching between local assemblers and overseas suppliers (potential)local /suppliers	MOI	MOC	
		investors with To help foreign components /identifying potential parts and ,suppliers for local procurement venture -business partners for joint .formation	BIDA BEZA	MOI in consultation with ACAMA/BAAMA	
	Preparation of local contribution guidelines	To categorize automobile parts/components into the group according to the degree of technology requirement and difficulty in localizing production (by learning from the experiences of ASEAN countries) so that the Local contribution Guidelines can properly select target parts/components for localization by stage	MOI	BAAMA/ACAMA	
		To study and preparation of the guidelines of local contribution of (production and procurement) components with setting target /parts which can be associated ,rate by phase in ,fiscal incentives-with fiscal and non	MOI	BAAMA/ACAMA Customs Wing/VAT Wing-NBR	

SI	Strategy/ Area of actions	Proposed Action	Responsible Ministry/Division/Agency	Associate Institution	Implementation
		view of enhancing local value addition			
Strategy-4: Used Car Import Banning Phased out Plan					
	Impose a total ban on import of Completely Built-up Units (CBU)	The phase-out scheme will be implemented by next 5 years starting from 2024	MOI/NBR	Ministry of Road Transport & Bridges	
	Improve accessibility to new and safe motor vehicles in the country	a. support to develop vehicle purchase schemes to enable individuals and companies to purchase new locally assembled vehicles; b. support a progressive leasing policy for the public sector to expand access to new vehicles made in Bangladesh c. development of standards for after sales service	MOI/BSTI	(MORTB)	
Strategy-5: Strengthening of Vehicle Registration and Inspection (Fitness Test) System					
	Revision of the Motor Vehicle Ordinance 1982	To revise the Motor Vehicle Ordinance 1982 and other relevant provisions concerning safety/quality/emission regulations, for the purpose of ensuring roadworthiness of registered vehicles.	BRTA-MORTB	-	
	Strengthening of vehicle inspection (fitness test) system	To Strengthen the vehicle inspection system, so that fitness test can properly check if safety/quality/emission levels accord to the prescribed standards. While rehabilitating the inspection facilities held by BRTA.	BRTA-MORTB	-	
	Introduction of scrapping policy	To formulate vehicle scrapping policy preferably with 3R (reduce, reuse, recycle) standards, Which propose a collection mechanism of End-of-Life (EOL) vehicles	BRTA-MORTB	-	
		To commence a statutory collection of EOL vehicles for facilitate	BRTA-MORTB	-	
Strategy-6: Promotion of R&D and Development of Design/ Testing Facilities					
	Establishment of Bangladesh Automotive Institute	To establish Bangladesh Automotive Institute (BAI) for planning and implementation of activities of automobile-related research, technology development, HRD, and vehicle testing, etc.	MOI	-	
	Provision of fiscal incentives for R&D activity, development of design house/testing facility	To introduce tax rebate facilities to the assemblers and parts/components producers, which annually expend at least one percent of gross annual turnover for R&D activity (either in-house or outsourcing) and new technology acquisition.	Income Tax Wing-NBR	MOI in consultation with BAAMA/ACAMA	

SI	Strategy/ Area of actions	Proposed Action	Responsible Ministry/Division/Agency	Associate Institution	Implementation
		To introduce CIT exemption/holiday for investments to establish automobile design house and testing facility, and import duty/VAT exemption for imported equipment/other capital goods.	NBR	MOI	in consultation with BAAMA/ACAMA BTC
Strategy-7: Formulation (Harmonization) and Enforcement of Automobile Standards (safety, quality, emission, etc)					
	Formulation (Harmonization) of automobile standards	To join the World Forum for Harmonization of Vehicle Regulations (WP29) under the United Nations Economic Commission for Europe (UNECE), initially as an observer	MOI/BD Standard & Testing Institute (BSTI)	Ministry of Road Transport & Bridges	
		To domesticate the international Standards (Performance-based requirements) along with WP29, through the following manners: i) Establishing the committee for automobile standards; ii) Formulating/revising the standards along with WP29 and homologation system for vehicle type (revision of the Motor Vehicle Ordinance 1982), while identifying the gaps between the international and domestic standards, and; iii) Identifying capacity inadequacy in enforcing the standards and establishing the mechanism of capacity development	MOI-BSTI	(MORTB)	
	Introduction of vehicle homologation system	To become a party of the international Whole Vehicle Type Approval (IWVTA) for acknowledging the UNRO which prescribes the procedure of implementing the IWVTA	MOI-BSTI	(MORTB)	
		To commence the vehicle type homologation system which issues the certificate of approval for qualitatively approved vehicles after inspection, and enforce the standards system of vehicle production along with WP29	MOI-BSTI	BD Road Transport Authority (BRTA) MORTB	
	Development of public testing facility	To establish testing facility (either in the proposed Automobile institute or establishing separate testing centre), Which can test conformity with the internationally harmonized standards, in partnership with foreign investors/private sector (to be facilitated through introducing fiscal and non-fiscal incentives)	MOI/BSTI	(MORTB)	
Strategy-8: Development of Industrial Human Resources					
	Flexible operation of expatriate work	To allow more flexible operation of expatriate work permit policies for	BIDA BEZA	-	

SI	Strategy/ Area of actions	Proposed Action	Responsible Ministry/Division/Agency	Associate Institution	Implementation
	permit policies	automobile assemblers and parts/components producers, by relaxing expatriate-to-local ratio in favour of expatriate before the commercial operation, in view of facilitating technology/skills transfer to local employees.			
	Development of model polytechnic schools/vocational institutions	To develop needs-oriented educational/training program for auto-mechanics/engineering/repairing & maintenance in collaboration with automobile assemblers, through selecting and strengthening the model polytechnic schools/ vocational institutions for curriculum and facility improvement.	Directorate of Technical Education (DTE)/BD Technical Education Board (BTEB)-Ministry of Education (MOE)	MOI in consultation with BAAMA/ACAMA National Skills Dev. Agency (NSDA)	
	Development of learning courses for manager level on business/industrial management	To develop the short-term learning courses for managers/supervisors or above specialized in automobile industries, in collaboration with automobile assemblers and training institutes concerned with business/production/quality management.	BAAMA/ACAMA	Relevant training institutes inc. Institute of Management (BIM)	
	Introduction of proficiency measurement system	To introduce proficiency measurement (skills examination) system on the skills of welding, painting, vehicle repairing and maintenance.	DTE/BTEB-MOE	MOI in consultation with BAAMA/ACAMA NSDA	
	Provision of fiscal incentives for HRD activity	To introduce tax rebate facility to assemblers and parts/components production, dealership, after-service (repairing/maintenance).	Income Tax Wing-NBR	MOI in consultation with BAAMA/ACAMA	
Strategy-9: Improvement of investment/Business Climate					
	Repatriation of profit, royalty / technical assistance-related fees divestment proceeds	To assure repatriation of profits (i.e. dividend) with ease, by stopping authorized dealers (ADs) requesting additional document submission (eliminating de facto prior appraisal)	BB	Authorized Dealers (ADs)	
		To revise the guidelines for repatriation of royalty/technical assistance related fees. which allows investors to remit overseas increased amount with extended scope of such fees in automatic route (without prior-approval by the authority)	BIDA	BB	
		To assure a reasonable mechanism for full repatriation of divestment proceeds (liquidated capital), by allowing investors (non-publicly listed companies) to remit the amount exceeding the net asset value of the company at the time of liquidation	BB		
	Deregulation of trade	To allow the settlement by telegraphic n	BB	MOC	

SI	Strategy/ Area of actions	Proposed Action	Responsible Ministry/Division/Agency	Associate Institution	Implementation
	settlement	transfer upon the importation from the parent/affiliate companies by domestic market-oriented industries (producing for local market) which are registered with BIDA and approved by BEZA.			
		To allow the moratorium (usance) up to a certain period on payment for the importation of finished goods for consumers usage (i.e.new vehicles).	BB	MOC	
	Deregulation of import policies for second hand machinery	To deregulate import policies for second-hand machinery, equipment or other categories of capital goods (that are utilized for automobile assembly and parts/components production)	MOC	Customs Wing – NBR	
	Deregulation of foreign term-loan borrowing	To ease the approval procedure of foreign term-loan borrowing at least from parent/affiliate company, by eliminating the submission of the proving document for the aspects that are to be appraised beforehand by the lenders responsibility.	BB	BIDA BEZA	
		To extend the usage of foreign term-loan to the initial working capital required for the proposed investment.	BB	BIDA BEZA	
	Improvement (speed-up) of customs clearance service	To further promote the Authorized Economic Operator (AEO) system and extend the beneficiaries to automobile industries.	Customs Wing – NBR	MOC	
		To adopt the customs valuation based on transaction value.	Customs Wing – NBR	MOC	
		To early materialize the electronification/computerization of customs clearance through the extended development and operation of ASYCUDA system and single-window system.	Customs Wing – NBR	Any stakeholders concerned	
	Development of readily available land with infrastructure	To develop readily available land with infrastructure/road connection with trunk lines, for facilitating the cluster formulation of automobile industries, through setting particular locations of EZs which can offer the competitive prices of lease or purchase.	BEZA		
Chapter 6: Development of Eco-friendly Vehicles					
	Provision of fiscal incentives for EEV assembly (corporate income tax exemption/holiday)	To introduce more attractive CIT exemption/holiday to investments of energy-efficient vehicle (EEV) assembly, regardless of their plant locations outside EZs, through an issuance of SRO.	Income Tax Wing-NBR	MOI in consultation with BAAMA/ACAMA	
	Provision of fiscal incentives for EEV (import	To introduce import duty/VAT reduction (against parts/components/materials) for promoting local EEV assembly, through an issuance of SRO	Customs Wing/VAT Wing-NBR	MOI in consultation with BAAMA/ACAMA BTC	

SI	Strategy/ Area of actions	Proposed Action	Responsible Ministry/Division/Agency	Associate Institution	Implementation
	duties on parts/components)				
	Technology development of EEVs	To introduce tax rebate facility to assemblers and parts/components producers, against expenditures for R&D activities either in-house or outsourcing and new technology acquisition on EEVs, high-efficiency battery, power-charging station, low emission, fuel-saving (e.g. for those which annually expend at least one percent of gross annual turnover).	Income Tax Wing-NBR	MOI	in consultation with BAAMA/ACAMA
	Infrastructure development for EEVs	To develop necessary infrastructure (power-charging station) for running EEVs, through securing the government budget.	???	???	
		To provide concessional loan facility and fiscal incentives for infrastructure development through PPP approach.	PPP Office-Prime Minister's Office (PMO)	???	
Chapter 7: Institutional Development for Industry Development					
	Establishment of National Automobile Council	To establish the National Automobile Council (NAC) as an institutional framework for overseeing and coordination the policy implementation, and facilitating the policy actions in the areas of industry competitiveness, R&D, DRD, institutional development Standards, regulatory improvement, safety environment, etc	MOI	PMO	
	Monitoring and review of the policy implementation	To monitor and review the policy (by reporting) in accordance to the progress of the policy implementation and achievement of the policy goals (after five of the policy launching or at any time as requested). through organizing NAC twice a year.	NAC	MOI	
	Establishment of taskforce for regular monitoring	To establish a taskforce which monitor the progress of the policy implementation on a regular basis.	MOI	MOI	
	Declaration of the Year of Automobile manufacturing	To declare the year of automobile manufacturing in FY2022/2023 for undertaking a series of campaign to widely publicize the policy, and promotion activity for automobile industry.	NAC	MOI	
	Establishment of mechanism for accreditation and inspection of assemblers	To issue a rule of registration system of assemblers (including those of EEV) and producers of parts/components, which recognizes their category and assemble system?	Customs Wing/VAT Wing-NBR	MOI	
		To establish and run the mechanism for accrediting and periodically inspecting	Customs Wing/VAT Wing-	MOI	

SI	Strategy/ Area of actions	Proposed Action	Responsible Ministry/Division/Agency	Associate Institution	Implementation
		assemblers along with the definitions of SKD/CKD (facility/managerial/operational requirements including local content in the future), and producers of parts/components, for the purpose of granting or cancelling incentives of import duty exemption incentives.	NBR		