



JAPAN AUTOMOBILE MANUFACTURERS ASSOCIATION, INC.



Tokyo, 4 March 2024

**JAMA response to the Australian Government’s  
“New Vehicle Efficiency Standard—Cleaner, Cheaper to run Cars for Australia”  
Consultation paper**

The Japan Automobile Manufacturers Association, Inc. (JAMA) is a non-profit industry association which represents the interests of Japan’s fourteen automobile manufacturers.\* We appreciate the invitation to comment on the Australian Government’s consultation paper referred to above.

\*Daihatsu Motor / Hino Motors / Honda Motor / Isuzu Motors / Kawasaki Motors / Mazda Motor / Mitsubishi Motors / Mitsubishi Fuso Truck and Bus / Nissan Motor / Subaru / Suzuki Motor / Toyota Motor / UD Trucks / Yamaha Motor

**5. Please rank the proposed options in order of preference**

**If you do not support any of the proposed options, please proceed to question 6**

N/A

**6. Briefly, what are your reasons for your choice?**

JAMA is making a concerted effort with the global automobile industry to achieve carbon neutrality by 2050. The NVES proposed by the Australian Government is a very important legislative initiative that will contribute to carbon neutrality in Australia, and JAMA for its part will spare no effort to contribute to the pursuit of that goal. On the other hand, JAMA also believes that the impacts of a NVES on vehicle users should be minimized. Therefore, in order to attain the ambitious goal of making carbon neutrality a reality, we would like to request that the following points be granted further consideration while ensuring that a variety of options tailored to users’ needs be maintained.

a) Implementation (enforcement) date [lead time]:

The proposed implementation of fuel efficiency standards from 1 January 2025 is too hasty, given the need for regulatory monitoring mechanisms (managing penalties and credit transfers, etc.) and the lead time required for the introduction of those mechanisms. In addition, by unifying emissions regulations and the test method applied, the burden on OEMs at the time of obtaining vehicle type approval can be reduced, and the calibration of fuel efficiency values owing to the differences in test cycles becomes unnecessary. Therefore, we request that implementation start no earlier than after the completion of WLTP application for all vehicles.

b) Projected CO2 reduction levels:

The projected average annual CO2 reduction levels (in %) in all three options are lower than in global trends and in FCAI’s current voluntary regulation. Those CO2 reduction levels are based on a high BEV penetration rate, which could lead to a rise in vehicle prices. Higher vehicle prices

could put a brake on consumers' willingness to replace their vehicles and consequently on the scrapping of older vehicles and on improved environmental conditions (i.e., cleaner air). These various potential impacts must be taken into account. Moreover, a high BEV penetration rate underscores the need for a sufficiently developed recharging infrastructure.

c) Promoting the use of LZEVs [infrastructure, subsidies]:

In order to promote the wider use of electrified vehicles, it is essential that government implement the requisite measures (expansion of recharging infrastructure, introduction of incentives for users, etc.) in addition to the measures taken by OEMs. We also call for the supply of cleaner energy, including renewable electricity and e-fuel.

d) Flexibility in achieving compliance:

As with the FCAI's current voluntary regulation, we request that the following be introduced to facilitate compliance with a high electrification target: Supercredits to promote electrification in the market in a short period of time; off-cycle credits to contribute to CO2 reduction in real-world use; and a pooling/trading system for supercredits and off-cycle credits.

e) Vehicle categories:

If referring to U.S. fuel efficiency regulations, we request that the vehicle category be fully consistent with the current category in the U.S.

Example: "MA category vehicles with second- or third-row seats that can be flat" and "MC category vehicles" shall be of LCV class, etc.

**7. Do you support the Government's preferred option (Option B)?**

N/A

**8. Do you have any feedback on the analysis approach and key assumptions used?**

- On page 19 in the Australian Government's Consultation Impact Analysis, it is stated that "A 2023 study in the US by the consumer organization Consumer Reports found 'After adjusting for inflation, vehicle prices didn't increase during the time period studied - model years 2003 through to 2021'." However, during that same time period, the transition to EVs did not proceed at the same pace as it is proceeding at present, so that observation is not considered helpful. And while New Zealand introduced ambitious fuel efficiency standards in 2023, the impact on vehicle prices is likely to come later on.
- Achieving the CO2 targets (in g/km) is considered to be difficult unless the BEV ratio reaches 40% or higher in 2027. We request the reappraisal of the CO2 target values assuming a more realistic BEV ratio. Although the BEV sales ratio has increased year by year owing in large part to efforts made by government and individual OEMs, the gap between the actual ratio and the BEV sales ratio target is still very significant. JAMA hopes that the analysis-based assessment that the BEV sales ratio target can be achieved in just a few years is not based on an unrealistically optimistic scenario.

**9. Briefly, describe how the NVES might impact your organisation**

- Not only a significant impact on business, such as reconsideration of product development and expansion of development costs, but also a possible disruption in the market
- Decrease in sales due to a sudden increase in vehicle prices
- Without infrastructure development and incentives, expanded use of electrified vehicles in the market does not occur.

**10. Who should the regulated entity be?**

N/A

**11. If you wish to provide any further information, you can upload a submission by using the button below**

- a) We request an appropriate postponement of the implementation date for the following reasons.
- Since the vehicle replacement cycle in Australia is generally about 5 to 7 years, OEMs require an adequate amount of time to consider regulatory proposals providing a short lead time because of model changes etc. and because CAFE regulations affect not only individual models, but also business management strategies such as individual companies' vehicle lineup and sales plans. Regarding the implementation date for the proposed regulation, we request that it be established taking into account the need to provide OEMs with sufficient lead time, particularly since OEMs are currently in the process of taking the measures necessary to ensure compliance with Australia's strengthened tailpipe emissions regulations.
  - In the proposed regulation there is a conversion factor from NEDC to WLTP, but because the deterioration cost owing to the driving cycle changes varies depending on the vehicle, there is a concern in this regard about fairness. From that point of view, it is desirable that implementation start no earlier than after the completion of WLTP application for all vehicles.
  - Moreover, considering that regulatory monitoring mechanisms (managing penalties and credit transfers, etc.) and new legislation to introduce such mechanisms are needed and that a regulator ("Cleaner Car Regulator") needs to be created, we question whether such provisions will be ready in time for implementation in 2025.
- b) We request expanded measures to enable the wider use of electrified vehicles in Australia, for the following reasons.
- We recognize that the main purpose of the fuel efficiency regulation is to promote the use of electrified vehicles to reduce carbon emissions and that the proposed regulatory values have been determined on the basis of that goal. However, achieving that goal requires not only the introduction and enforcement of strict regulatory values but also the creation of the necessary recharging infrastructure as well as a government subsidization program to incentivize the purchase of LZEVs. We reiterate what we have stated in 9. above—namely, "Without infrastructure development and incentives, expanded use of electrified vehicles in the market does not occur"—and ask that the Australian Government address this reality.
  - More specifically, Australia is characterized by huge geographical expanses with low population density, mainly in inland areas, and long distances between towns, and these areas also often experience severe environmental conditions. In such circumstances and in the event that a





# Organisation questionnaire response

**Privacy Setting:** I agree for my response to be published with my name and position withheld.

<b>What organisation do you represent?</b>  (required)	Japan Automobile Manufacturers Association, Inc.
<b>Please rank the proposed options in order of preference.</b>  (optional)	Option A - 0th, Option B - 0th, Option C - 0th
<b>Briefly, what are your reasons for your choice?</b>  (optional, 3000 character limit)	Please see attached the file.
<b>Do you support the Government's preferred option (Option B)?</b>  (optional)	NULL
<b>Do you have any feedback on the analysis approach and key assumptions used?</b>  (optional, 3000 character limit)	Please see attached the file.
<b>Briefly, describe how the NVES might impact your organisation</b>  (optional, 3000 character limit)	Please see attached the file.
<b>Who should the regulated entity be?</b>  (optional, 3000 character limit)	N/A