

Biofuels

Position – NZ motor industry

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Motor Industry Association (Inc)

21st April 2005



Who do we represent

- The new vehicle industry
- Companies that are the official representative of a vehicle marque in New Zealand
- Members collectively account for 98% of all new vehicles
- Website address:-

www.mia.org.nz

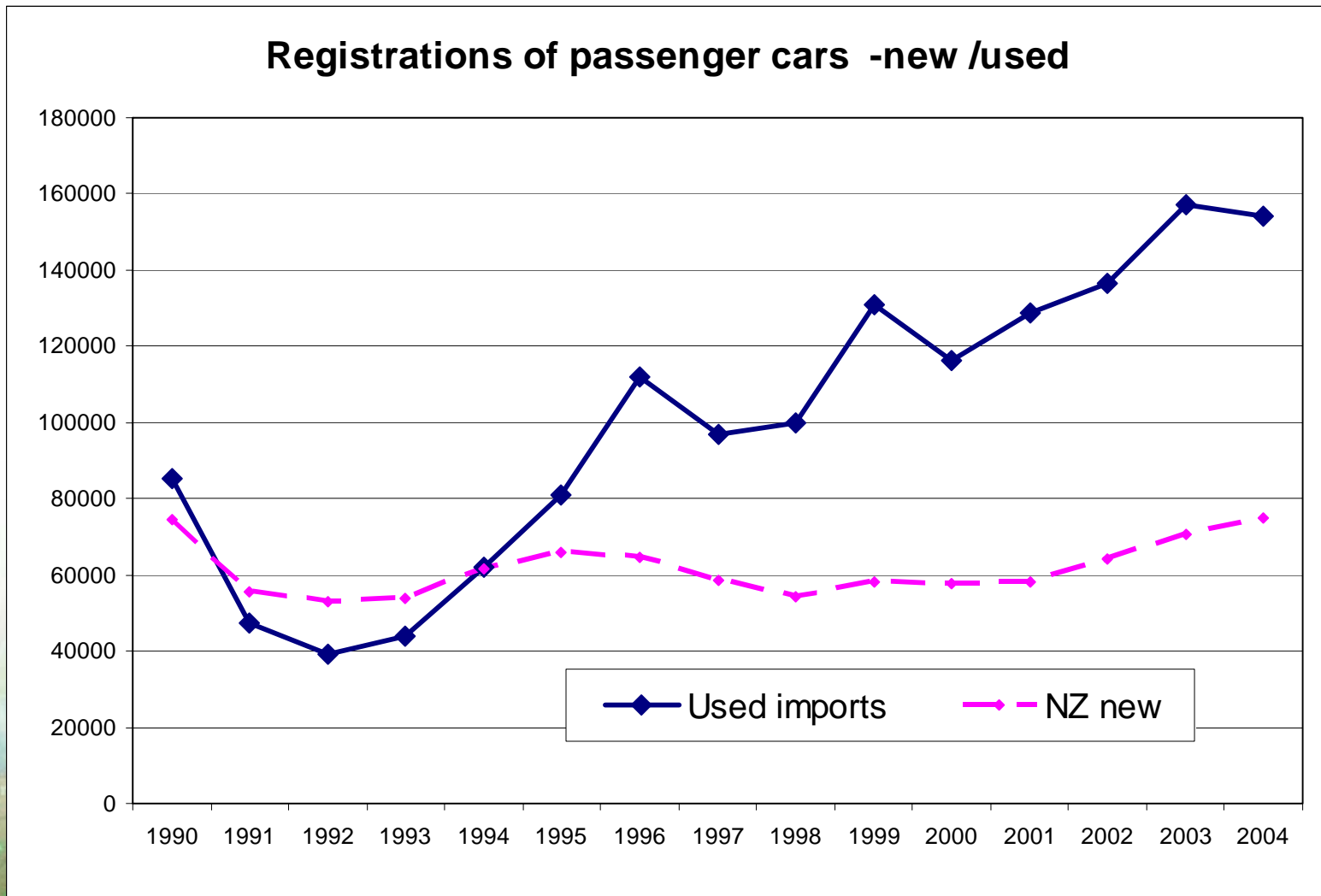


New Zealand vehicle market

- Unique in global context
- Up to 1998 did have a local assembly industry – based on CKD kits
- CKD industry closed plants; tariffs phased out; we have no specific motor vehicle sales taxes
- GST applies
- Accept safety standards from (so called) source markets Japan, Europe, Australia, USA
- Very flexible system/low cost
- Means that used vehicles can be imported



New Zealand vehicle market (cont)



New Zealand vehicle market (cont)

- Diverse range and number of models (2004 data):

NZ new	350
Used imports	1019

These figures represent the number of different models, i.e. Legacy/Maxima/Corolla

- As at 31 December 2004 just over half of the New Zealand fleet was comprised of used imports; of which 95% originated in Japan:

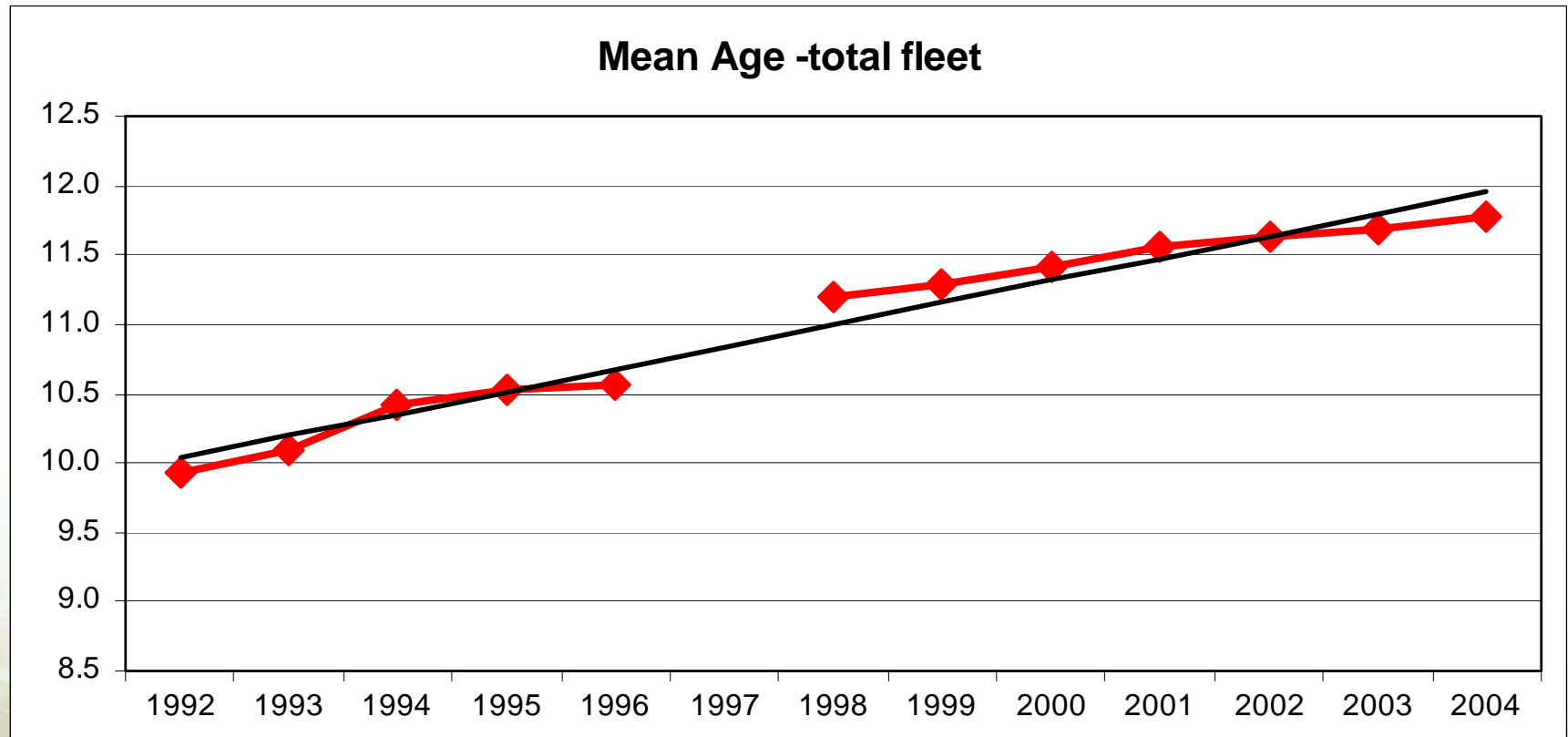
1,263,891	NZ new
1,264,174	Used imports

New Zealand vehicle market (cont)

New Zealand, when compared to other similar countries, i.e. U.K., Australia, has an old vehicle fleet and its getting older



Mean age of vehicle fleet



mise en
pratique

ressources

What is the relevance of this?

The New Zealand fleet is to all intents a Japanese domestic fleet, albeit an older version



New Zealand motor industry's position

- Very competitive market
- Globally the New Zealand market is extremely small
- Very limited opportunity for unique models
- Limited technical expertise within New Zealand
- Relying on information from source plants
- Get conflicting information

Global vehicle market

- As a general rule vehicle/engine manufacturers prefer neat petroleum fuels
- More stringent international emissions and fuel consumption standards require cleaner and cleaner fuels



Biofuels - Ethanol

Motor company responses – confusing and apparently in conflict with other countries.

Examples (Australia/New Zealand) for E10:

	AUSTRALIA	NEW ZEALAND
BMW	All petrol engines since 1986 will operate satisfactorily.	Vehicles are not capable of operation on E10 fuel.
Daihatsu	Use of E10 in any Daihatsu model vehicles is not recommended because of material incompatibility.	E10 fuel is not recommended.

Biofuels – Ethanol (cont)

Honda	<p>All Honda vehicles should use the fuel recommended in the Owner's Manual.</p> <p>The following models will operate satisfactorily on E10; Insight – 2004 onwards; Civic range (including Civic Hybrid) – 2004 onwards; S2000 – 2004 onwards; CRV – 2003 onwards; MD-X – 2003 onwards; Accord & Accord Euro – 2003 onwards.</p> <p>Honda does not recommend E10 for other vehicle models because there may be driveability issues.</p>	<p>All petrol engine Honda vehicles since 1996 can operate on E10 fuel.</p>
Peugeot	<p>E10 fuel is not recommended because of driveability and/or material incompatibility issues</p>	<p>E10 fuel is not recommended</p>

and so it goes on

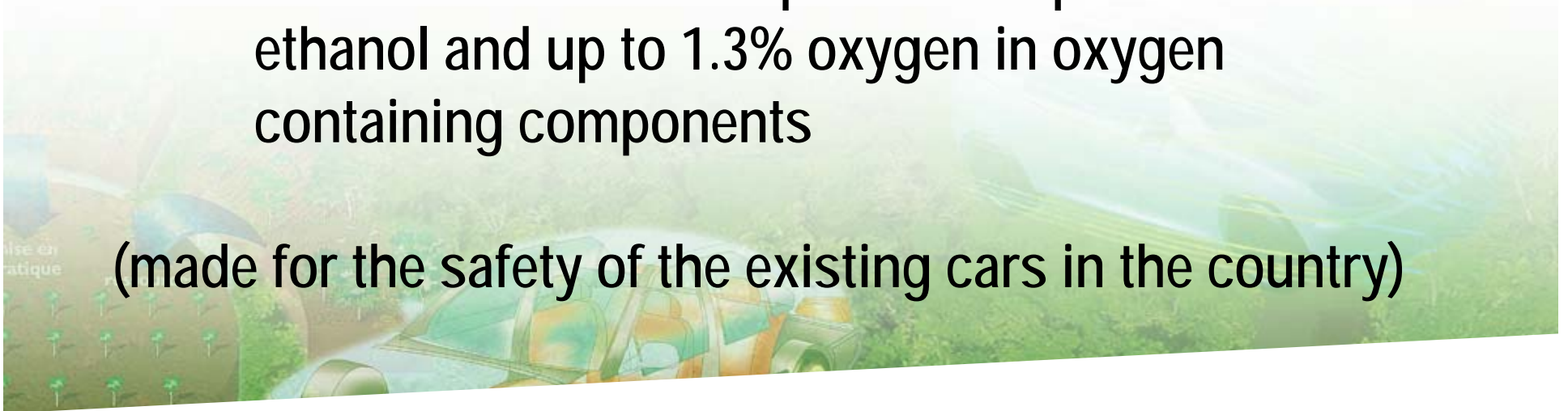
Japanese Government position

25 June 2003

Energy from Synthetic Sources' Regulation Committee

announced that the permissible level of alcohol content in car petrol - of up to 3% ethanol and up to 1.3% oxygen in oxygen containing components

(made for the safety of the existing cars in the country)



MIA's position

- Japanese franchises unable to confirm the suitability of E5/E10 in Japanese domestic specification vehicles (just didn't know because they have never tested/ needed to test the models).
- Following Japanese Government announcement, gave unconditional support for an E3 blend – still our position.
- European franchises in the main can only support E5 blends.
- Mitsubishi, Subaru, Daihatsu cannot support E5 for all New Zealand new models.

Other issues (Ethanol)

- Non-automotive use, i.e.
 - marine
 - aviation
 - small engines – lawn mowers etc
- Automotive:
 - motorbikes
 - ATV's



Biofuels - Biodiesel

- MIA party to Standards Committee working on NZ Biodiesel Standard
- Biodiesel for retail sale limited to a 5% blend maximum (B5)
- Current draft Standard contains a “Specifications Table” specific to B5 – duplicates properties in Petroleum Products Specifications Regulations 2002



MIA's position

- JAMA cautious; Japanese Government / industry undertaking testing programme
- European manufacturers support B5
- Some even go higher – Peugeot and Citroen are trialling a captured fleet to run on B30 conforming to quality norms



Questions ?

