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Report on the 55th JASIC Asia Expert Meeting

Date: Friday, February 22, 2019, 13:30-17:00

Place: Conference Room, Ministry of Industry (MOI), Zeya Htani Road, Nay Pyi Taw, Myanmar

Agenda: Type approval system

Participants:

Myanmar:

Dr. Soe Naing (Director-General, MOI)

Daw Tin Tin Htoo (Deputy Director-General, MOI)

Daw Yi Yi Kyaw (General Manager, MOI)

U Arkar Soe (RTAD, MOTC)

U Tay Zar Aung (RTAD, MOTC)

Daw Myat Mon Thein (Assistant General Manager, MOI) and others (25 people in total)

Japan:

Mr. Nakatani (Chief Representative of JASIC Jakarta Office), Mr. Takagi (JAMA),

Mr. Yamada (JICA), Ms. Mori and Mr. Tsuburai (JASIC Headquarters)

Overview:

- An expert meeting was held on the type approval system.
- Briefings were given on the registration and type approval systems by JASIC experts and on the type approval system in Japan and an outline of the 1958 Agreement and the IWVTA by JASIC Secretariat members.
- The Myanmar participants included officials from various ministries and animated Q&A sessions with questions on a variety of subjects (the number of vehicles that can be produced after certification, issuance of certificates, taxes, inspection of used vehicles, etc.)
- They also seemed interested in how the system is being developed in other ASEAN countries, eager not to get behind them in the preparation for ASEAN MRA.

I. Opening Speeches

Dr. Soe Naing: Thank you for gathering for this expert meeting. This is the third expert meeting we have in Myanmar. So far, we have learned about UN organizations and how Japan worked on the issue so far. As you know, Myanmar is a bit behind other countries. The first meeting dealt with the 1958 Agreement and the second meeting dealt with the UN regulations on tires with Myanmar tire automakers attended. The third meeting today focuses on the type approval systems used in Japan and the United Nations. I hope what we learn here today will help us discuss the issue in Myanmar after the meeting. Our priority here is to better understand the technical aspects of the UN regulations. I understand also that the Contracting Parties to the 1958 Agreement (CPs) must follow the harmonization process and the mutual recognition process. So far Myanmar has had no standards, of which development is now under way.

As a member of ASEAN, we have to follow the UN regulations. It is important to introduce appropriate regulations and standards. There are many challenges. In Myanmar, we want to build SKD factories while helping developing a parts industry in response to market demands. There are many ways to go to CKD. The MOI is supposed to inspect new vehicles and issue type approval certificates, but because we have no facilities of our own, test results may differ depending on the SKD factory. We have 13 or so factories assembling vehicles on an SKD basis and we would much appreciate if we could have JASIC's advice on SKD. Lastly, I hope today's meeting will be a good opportunity for us to freely and frankly discuss and exchange our opinions.

Mr. Nakatani: Thank you very much for hosting the seminar on vehicle type approval system today. I would like to take this opportunity to express my special thanks to Director-General Dr. Soe Naing, Deputy Director-General, and Directors of the MOI as well as the officials of the MOI and the Ministry of Transport present here. At present, we think discussion is under way in the ASEAN countries for the mutual approval of industrial products, which, we understand, include automotive products and that is why Myanmar also is interested in vehicle type approval system. Today we would like to explain the basics of the type approval system. I hope today's meeting will be something meaningful and we could hold many more such seminars in the future.

II. Photo Session

See Attachment

III. Registration and Type Approval Systems

- Mr. Takagi, an expert from JASIC, gave a presentation on the registration system and the type approval system.

The presentation discussed the type approval system in general, vehicle regulations, conformity check of representative vehicles, vehicle certification, conformity check of mass-produced vehicles, registration and made a recap. A Q&A session followed:

Q: Do you conduct that type approval test for every vehicle?

A: There are 5 million vehicles rolling off every year in Japan, so it's just impossible for the government to check every vehicle produced. What we do is ask automakers to send us a sample for every model they produce and test it. When vehicles roll off the production line, the automaker puts every single vehicle to a completion test. If the owner shows a certificate of completion test, they can get their vehicle registered.

Q: I think, if I'm not mistaken, ISO 90001 requires certain procedures for imported vehicles depending on the kinds of vehicles. What kind of procedure exactly does it require for imported vehicles?

A: Imported vehicles are OK if the importer has a type approval certificate under the UN regulations. At the same time, if the SKD factory gets a type approval, they can issue a completion test certificate so the owner can get the vehicle registered.

Q: There's no law in Myanmar on type approval. Can we issue a certificate without? If so, who?

A: Basically, you can't issue any certificate without a governing law.

Q: Who issues in Japan?

A: The type approval authority (TAA) in Japan is the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) and the organization reported as the technical services (TS) is the National Traffic Safety and Environment Laboratory (NTSEL).

Q: Do you mean you can issue the certificate because you have the type approval system?

A: The MLIT issues the certificates. Japan had a type approval system of its own under domestic law since before it joined the 1958 Agreement, so the MLIT stays in charge of the issuance of those certificates.

Q: A question about legislation. The automaker is responsible for abiding by regulations, but how many years does the automaker guarantee?

A: Besides warranty for parts, tires, etc. and compensation for traffic accidents, automakers are responsible for recalling defective parts and equipment. This is what we call *product liability*, which means whenever there was an accident, etc. involving an industrial product, the producer is held liable to the extent it was caused by a defect in it. The type approval is the minimum necessary rule we should abide by. Apart from the type approval system, there is a wider liability than type approval called *user's product liability*, which means the user of the product is held liable to ensure safety of the product, such as screws not projecting, etc.

Q: Regarding the type approval system, is the self-certification system mentioned in slide 6 in place in Japan?

A: No, not in Japan. This regards only the safety regulations in the US and Korea.

Q: I think Cambodia is in a similar situation to Myanmar's. Cambodia hasn't signed the 1958 Agreement either, so I suppose their situation wouldn't be much different, but don't you know how far they have progressed?

A: You are right. Currently, there's no type approval system, so they plan to work on it now and ask us to help them.

Q: JASIC has held expert meetings on UN regulations, etc. for us, thanks, but I attended also overseas meetings. Some ASEAN countries don't have type approval system or COP system yet. We in Myanmar too want to work on this issue without delay. We would much appreciate if you could support us in many other ways than just expert meetings.

Q: Regarding slide 4, when I register a vehicle with a complete test certificate, do I need a complete test certificate for each single vehicle?

A: When you register your vehicle, the registrar makes sure the complete test

certificate is for the vehicle. The dealer takes care of the procedure.

IV. Japanese Type Approval System

- Mr. Nakatani gave a presentation on the type approval system in Japan. A Q&A session followed:

Q: Regarding the type approval system, is there any limit on the number of vehicles to be produced after the confirmation of the certificate of type approval?

A: There is no limit on the amount of production. You may produce as many vehicles as you want. Only, there is a rule that the country that issued the type approval check if the automaker is capable of producing them properly. So they do an audit every year and check the vehicle concerned.

Q: What about the tax system?

A: That's how it's shown in slide 2. Upon the registration, the user pays tax. There are two taxes, national tax and local tax. The user needs to pay both taxes. They are payable at the time of registration, not at the time of manufacture by the automaker. In Japan, you have to pay those taxes not only upon new vehicle registration, but also at every vehicle inspection. You need to have the first vehicle inspection three years after new car registration for passenger cars and every two years thereafter.

By the way, I said there's no limit on the amount of production earlier, but safety regulations getting more and more stringent these days, it doesn't mean once you got a type approval for a vehicle under safety regulations of decades ago you can produce the same vehicle as many as you can. If that's not in compliance with the current safety regulation, the type approval is no longer valid.

For example, if there's an amendment to the safety regulation related to collision-safety, the automaker of a model which has been in compliance so far, but *isn't any more under the amendment*, has to get a type approval anew for that model.

Q: Does the tax increase as the vehicle gets older? Is it smarter to buy a new vehicle than to keep an old, rarely driven one?

A: Maybe. In Japan, such a policy was once taken as an incentive for people to buy new vehicles, because in fact new vehicles were safer for people and better for the environment. Indeed older vehicles were imposed higher taxes several times.

(The Director-General, MOI, leaves the meeting)

Q: From now on, we would like to do tests in Myanmar, too. We would like to test not only new vehicles but also those in service as well at the time of vehicle inspection. What do you think of testing older vehicles at a test center?

A: In Japan, we inspect more than ten million vehicles a year, so it is not practical to test them one by one on a test course. In Japan, it is done on test courses as done at RTSD. Those tested on test courses are only new vehicles.

Q: Many old vehicles are running in Myanmar, so we would like to check them. Should we build a test course? Under what conditions do you inspect them?

A: It is true old vehicles may have safety problems, but it is not practical to check them in detail. I would say it's more practical to raise taxes.

Q: We have eleven automakers in Myanmar, but once made, vehicles are sold and used right away without any test. It's not good for safety. OK, we can't test old vehicles for now, but isn't there any way we test them in the future technically? This is a question I want answered as an engineer.

A: In Japan, there are converted vehicles with many devices, which may be dangerous. Since they are all unique vehicles, we cannot put them to destructive inspection but to appearance check only, lacking better solution. The best we can do for now is calculate their strength and accept or reject them.

Q: Nissan and Suzuki knock down and sell their vehicles in Myanmar, too, but we don't think they properly inspect their vehicles rolling off the line. We don't think we will have the facility in place immediately, but we do want to get dangerous vehicles out of our roads. We would like to have inspection people and private stakeholders too in the discussion and exchange opinions. We would like to discuss how to proceed with MOI and other ministries.

Q: I understand that the body that has the authority to issue or withdraw the type approval under UN regulations is the TAA. But what if you are a country that hasn't signed the 1958 Agreement yet and hasn't any TAA?

A: There's no requirements that you have a TAA. It's just that, if you haven't any TAA, however, you wouldn't be able to issue any type approval certificate under the

UN regulations and, so, there would be no interest for you even if you have signed the 1958 Agreement.

Thailand has joined the 1958 Agreement, but they haven't much advanced in the adoption of UN regulations, so they can't do much mutual recognitions. They don't feel the advantage of MRA. Even if you manage to complete the ASEAN MRA, you can't use the MRA under this 1958 Agreement.

Q: I think Indonesia isn't a member of the 1958 Agreement, either. Do you know how they are doing?

A: Well, as to Indonesia, they are trying to make best of the 1958 Agreement in the framework of the ASEAN MRA. There is no doubt they are updating the level of their TS. Since the ASEAN MRA are based on the UN regulations, the more you get experienced in the ASEAN MRA, the better you will be ready to the 1958 Agreement. It would be easier for you if you will mark the 1958 Agreement beyond the ASEAN MRA. I think it is just that way Indonesia is moving. In the ASEAN MRA, Myanmar must accept test reports issued by Indonesia. You need a TAA to do MRA.

Q: Is it possible for Myanmar to make a TAA and TS?

A: Yes. Then you will be able to do MRA within ASEAN.

Q: I trade in motor vehicles. Let's suppose I bring buses from abroad and assemble them here. What should I do if there's any problem?

A: In Japan, automakers who build motor vehicles by remodeling vehicles or assembling parts, too, are held responsible for recall whenever a defect is found in their product. The one who built it has to recall it free of charge. If Myanmar introduces the system, you will have to replace parts, etc. free of charge.

Q: Are Japanese automakers held responsible for recall in Myanmar?

A: If Myanmar hasn't introduced that system, Japanese automakers will not be held responsible here.

Q: About the role of type designation in page 2, I mean their tax, the third one, the weight tax..., why and how do you collect this tax?

A: The more heavy trucks keep running, the more the roads get damaged. That's why vehicles are taxed. How? If it's passenger cars, they get taxed for 2 years in sync with inspection intervals. Vehicles of all categories are taxed. The tax is collected first at

the time of new vehicle registration and thereafter at the time of biennial inspection.

Q: Regarding the type designation flow in page 4: I would like to sell them in Thailand as soon as they get approved in Japan. Now, is the Japanese type approval valid in Thailand, too? Or should they get a type approval in Thailand again?

A: There's no mutual recognition system yet between Thailand and Japan, so they need to get the type approval anew in Thailand. It would be nice if there was a MRA system established between us just as between France and Germany in Europe, by which they can sell their vehicles in each other's territory, but we haven't such an MRA between Japan and Thailand yet.

Q: Two questions. The first is you say the approval isn't valid yet between Japan and Thailand (not mutually recognized), but does it mean that it would be valid if there is a type approval certificate? What do you need as documents? Second, Myanmar is knocking down vehicles and Cambodia and Indonesia are doing the same, but, for conducting tests, we would like JASIC to support those tests as a third party.

A: Regarding the first question, it is possible that the Thai system solves the problem by having automakers carry out type approval tests themselves and submit the test reports. I'm not sure if it is a good way to do that, but everything depends on *how* automakers and the government do that. Regarding the second question, I think, yes, Indonesia does have a testing service, but it's an organization under the MOT. In Indonesia, automakers now carry out tests and get type approval because there's a type approval system now.

V. Basic Outline of the 1958 Agreement and IWVTA

- Ms. Mori from JASIC Secretariat gave an outline of the 1958 Agreement and IWVTA.
- There was no particular questions.

VI. Closing Speech

Mr. Daw Tin Tin Htoo: That's all for today's meeting. I would like to thank JASIC for their continued support. And thanks a lot to all other participants from relevant ministries and private sectors. Thanks a lot to the experts from Japan for their

presentations. We would like to hold an expert meeting with JASIC once a year. We would much appreciate your continued support in the future.

Attachment:

