



**STATEMENT BY THE HONOURABLE JOSEPH HEW,
MINISTER FOR COMMERCE, PLANNING & INFRASTRUCTURE**

**TO THE
LEGISLATIVE ASSEMBLY OF THE CAYMAN ISLANDS**

**Duty Incentives to Increase Use of Electric, Hybrid and Energy
Efficient Vehicles and Non-Fossil Fuel Transportation**

Mr. Speaker,

Honourable Members,

I am pleased to announce that the Government of the Cayman Islands, this week, approved import duty incentives for clean energy transportation in support of the Islands' National Energy Policy.

The duty waiver will apply to electric, hybrid, energy efficient vehicles and non-fossil fuel transportation.

Mr. Speaker, the new tiered customs tariff structure for **electric and hybrid vehicles**:

Electric Vehicles		
Public Transport	Personal Use Vehicles	Commercial Use Vehicles
@ 0% Customs Duty	\$1-\$29,999 @ 0% Customs Tariff	\$1-\$29,999 @5% Customs Tariff
	\$30,000 -\$60,999 @ 5% Customs Tariff	\$30,000 -\$60,999 @ 10% Customs Tariff
	\$61,000-99,000 @ 10% Customs Tariff	\$61,000-99,000 @ 15% Customs Tariff
	\$100,000 and Above @ 15% Customs Tariff	\$100,000 and Above @ 17% Customs Tariff

Hybrid Vehicles		
Public Transport	Personal Use Vehicles	Commercial Use Vehicles
@ 5% Customs Duty	\$1-\$29,999 @ 10% Customs Tariff	\$1-\$29,999 @12% Tariff
	\$30,000 -\$60,999 @ 12% Customs Tariff	\$30,000 -\$60,999 @ 15% Customs Tariff
	\$61,000-99,000 @ 15% Customs Tariff	\$61,000-99,000 @ 17% Customs Tariff
	\$100,000 and Above @ 17% Customs Tariff	\$100,000 and Above @ 20% Customs Tariff

Further, **Mr. Speaker**, the tariff for electric motor cycles, electric bicycles and bicycles will be 0%.

The current vehicle import tariff structure for public transportation is 27.5%, motor cars between 27.5% and 40%, and motorcycles up to 35%.

The benefits of switching to energy efficient transportation will not only be environmental but also economical.

The Cayman Islands transportation sector is the second largest energy consumer in the country, accounting for approximately 30% of imported fuels. It is also the second largest emitter of carbon dioxide. Cars and trucks make up the majority of licensed vehicles consuming mainly gasoline and diesel fuel.

Preventative action must be taken to reduce our dependency on fossil fuels in this sector.

Mr. Speaker, the Ministry of CPI recognises that the transportation sector has vast potential for energy efficiency and energy conservation and so we see this initiative as a kick start to assist our

citizens with switching to low emissions vehicles for the wider social and environmental benefits to be gained from reducing greenhouse gases and petroleum dependence.

We are optimistic that this position taken by the Government to incentivise electric, hybrid, alternative fuel vehicles and non-fossil fuel transportation will encourage Caymanians to make choices that are sustainable and are aligned with both local and global sustainability.

When we consider the socio-economic impact that international fuel prices have on our economy, the Government believes that improving our energy security is paramount to our Islands.

In the implementation of this new duty waiver programme, the Ministry of the CPI will work closely with the Ministry of Finance and Economic Development as well as the Customs and Border Force Agency. I would like to thank them for their partnership on this very important initiative.

Mr. Speaker, it cannot be business as usual if the Cayman Islands are going to achieve the targets set out in the National Energy Policy.

The National Energy Policy established the target of 70% of total electricity generation to come from renewable sources by 2037; and total peak greenhouse gas emissions for the Cayman Islands by 2020 while not exceeding 2014 per capita emissions levels.

The Policy aim is to achieve the aspirational goal of the 2015 Paris Agreement of 4.8 tonnes of carbon dioxide of greenhouse gas emissions per capita by 2030. In Grand Cayman in 2014, it was estimated that diesel-fired generation accounted for approximately 7.2 tonnes per capita, thus making it a clear imperative for the Cayman Islands to concentrate on the reduction of diesel fuel.

In addition to the waiver of duty for electric and hybrid vehicles, the Government of the Cayman Islands has taken multiple steps in the adoption of the Energy Policy.

These actions include:

- A **review of the import duty regime for renewable energy systems** such as allowing the bulk importation of renewable energy systems for non-utility scale systems. This is to lower the cost of renewable energy systems for the consumers.
- **Implementing EV charging stations at Government facilities** around the Islands including town hall and civic centers.
- In order to facilitate wind energy the Government is currently **reviewing the Doppler radar exclusion zone** with the National Weather Services and the Airport Authority and their experts.
- **Developing amendments to the Building Code** to allow safe and easy incorporation of renewable energy systems into building design **and** to mandate energy efficiency for non-residential buildings of a certain size.

Mr. Speaker, in the near future, we plan to look at developing incentive programmes for energy efficient appliances and sustainable building materials.

And, in a case of leading by example, the Cayman Islands Government's plans for vehicle installation has begun with the roll out of charging infrastructure at the Government Administration Building, all civic centres, libraries and other government buildings.

Mr. Speaker, to realise our target of 70% of total electricity generation from renewable sources, the National Energy Policy calls for more renewables in the form of distributed generation and utility scale generation.

This requires the regulator (OfReg) to work closely with the utility companies to develop programmes to promote more access to renewables for citizens who would like to generate electricity using the roofs of their homes.

It also requires OfReg to provide more opportunity by issuing Requests for Proposals (RFPs) for large or utility scale renewable projects.

OfReg has a wide ambit with regards to energy. Its role includes monitoring the energy sector but also being proactive by encouraging and facilitating the utilities providers transitioning to renewable energy.

If further enabling legislation is required, this would be a matter for Government.

The recently approved CUC Integrated Resource Plan by OfReg supports the use of significantly greater amounts renewable generation and alternatives in order to hit targets in the National Energy Policy.

Mr. Speaker, the Government is anxious to see more movement on the renewable energy front but we are also mindful that we

are dependent on OfReg taking charge and being innovative when it comes to allowing for new renewables to come on line.

With all the tools at OfRegs disposal, we urge them to help the Cayman Islands make the clean energy transition.

For the Cayman Islands to achieve the targets set out in the National Energy Policy, we will require concerted efforts by all stakeholders, and from every area of our economy that consumes energy.

Thank you, **Mr. Speaker.**

Honourable Joseph Hew

Minister of Commerce, Planning and Infrastructure

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