



**FEBRUARY
2018**



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About this publication

MMRD Research Division offers range of syndicated products with the aim to support the needs of our clients. We are a pioneer in researching logistics industry on a quarterly basis in Myanmar. Our goal is to provide up-to-date information of the logistics sector by producing quarterly reports and data. With that, our objectives are to identify the freight rates in various modes of transport, make quarterly comparison in the freight rates to highlight the trends and changes in the logistics sector, underline the issues experienced by the local transporters and traders in each logistics sector and make quarterly forecast over the potential trends in the Myanmar transport and logistics sector.

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Abbreviations

• AIPT	Alone International Port Terminal
• Air KBZ	Air Kanbawza
• ATM	Automated Teller Machine
• AWPT	Asia World Port Terminal
• CBM	Cubic meter
• EIA	Environmental Impact Assessment
• FDA	Food and Drug Administration
• FEU	Forty foot container
• FY	Fiscal Year
• GI Sheet	Galvanized Iron Sheet
• GVW	Gross Vehicle Weight
• Ks	Myanmar Kyats
• MACCS	Myanmar Automated Cargo Clearance System
• MIC	Myanmar Investment Commission
• MIP	Myanmar Industrial Port
• MITT	Myanmar International Terminal Thilawa
• MMRD	Myanmar Marketing Research & Development
• MNA	Myanmar National Airline
• MOC	Ministry of Construction
• MPA	Myanmar Port Authority
• MR	Myanmar Railway
• SEZ	Special Economic Zone
• SIA	Social Impact Assessment
• TEU	Twenty foot container
• USD	United States Dollar

Definitions

- **Viss:** A Burmese unit of measurement for weight that is equivalent to 1.6 kilograms (3.6 pounds)
- **Transshipment:** Transshipment is the shipment of goods or containers from one method of transport to another method of transport. (E.g. truck to truck, truck to train, truck to vessel, etc.)
- **Tonne:** A unit of mass equivalent to 1,000 kilograms. By common usage it is also known as a ton.
- **TEU:** Twenty-foot Equivalent Container
- **FEU:** Forty-foot Equivalent Container

Units of Measurement

- 1 gallon (imperial gallon) = 4.5 litres
- 1 tonne= 1,000 kilograms
- 1 tonne = 600 viss
- 1 viss = 1.6 kilograms
- 1 mile = 1.6 kilometre

Exchange Rate

- 1 USD = 1,320 MMK

Executive Summary

Myanmar Logistics Sector Report (February 2018) is the second installment of MMRD's *quarterly study* on the logistics sector. The report covers (7) different sub-industries_ trucking, inland water & coast cargo transport, air cargo transport, rail cargo transport, freight forwarding, custom clearance and warehousing industries_ in the logistics sector. The report well describes the freight rates, changes in trends, issues and market forecast in the respective industries.

Trucking Industry

MMRD's study on the trucking industry in February, 2018, covered the major trucking routes from Yangon, Mandalay, Patheingyi and Mawlamyithar, to be consistent with the last study in October, 2017. Trucking still dominates the Myanmar logistics industry. However, the trucking industry in February, 2018, experienced a slowdown due to Chinese New Year Eve. There has been lower traffic on the major trucking route (Yangon – Mandalay – Muse) which is related with the trade with China due to the holidays which stopped the business transactions in Ruili during the festival. The industry was impacted by the decrease in the demand of rice from China which has made agreement to import rice from America, which caused the decline in the Myanmar trucking industry. In most truck routes, the freight rates were raised by 5 – 7% compared to the study in October, 2017. The transport rates for transporting from ports to industrial zones in Yangon peaked. Due to the increased in fuel costs, road tolls and truck spare parts the transport rates within Yangon were higher.

Inland Water & Coastal Cargo Transport Industry

The main river for inland waterways is Ayeyarwaddy River, which stretches from Delta Region of the country to upper Myanmar (over 2,000 km). Myanmar's inland water routes still require many improvements to facilitate smooth transport transactions. The inland water transport in February, 2018, worsened due to limited navigability of the rivers during the peak of the dry season. Starting from February, the water levels receded restricting the movement of vessels in the rivers. There was a higher demand on some coastal transport routes due to good weather condition during the dry season.

Air Cargo Transport Industry

The freight rates in the air cargo transport were the highest (7 to 10 times higher) among all other modes of transport. The information for air freight rates was obtained from the airlines and agents. The study covered the two main bases of air transport: Yangon and Mandalay. Air cargo transport was related with the hospitality industry which demands the transport of cargo within the short time. In February, there was an increase in the demand on domestic air cargo transport in some transport routes due to the Chinese New Year Festival and peak travel season. There was a significant difference in the rates between the airlines and agents. Among other modes, the freight rates in the air cargo industry had the least change compared to the study in October, 2017.

Rail Cargo Transport Industry

MMRD's study in February encompassed the rail routes in upper Myanmar and lower Myanmar. The flow of cargo by rail to the upper parts of Myanmar increased in February. The study finds that Myanmar rail freight required extra locomotives and wagons due to the increased flows. The freight rates covered in this report were mainly obtained from the agents as the rail cargo transport services are mainly offered by the agents. The study highlighted that the rates levied by the agents were slightly higher than the rates set by the state owned Myanma Railways. It was because the rates by the agents covered the expenses like loading/unloading labour charges. There were new India's diesel – electric locomotives on Mandalay – Myitkyina rail route.

Freight Forwarding Industry

China came in as the top destination for both import and export. Myanmar is an import intensive country. The value of import accounted for \$1.56 billion, whereas the export was only \$0.75 billion in total trade in January 2018. Myanmar's freight forwarding industry is highly connected with the regional countries in Asia. The freight forwarding rates for imports were much higher than exports due to the country's dependency on imported products. Myanmar's main exports were agricultural products and fisheries and the main imports were raw materials and industrial products. The country faced a decline in pulses and bean export to India which caused the freight forwarding rates to decline as of February.

Custom Clearance Industry

MMRD covered the study on custom clearance industry in Yangon, Muse and Myawaddy, where the country's main import and export activities take place. Yangon is concerned with oversea trade, whereas Muse and Myawaddy are concerned with border trade. There is a huge variation in the custom clearance rates between custom clearance companies in Yangon. The custom clearance rates between the custom clearance agents in Muse and Myawaddy were very similar. It was observed that Myanmar Customs Broker Association is now in the progress of planning to propose the implementation of Customs Broker Law. Moreover, there was a progress in the implementation of MACCS in Myawaddy.

Warehousing Industry

The demand was higher for the warehouses in Muse, but lower for the warehouses in Myawaddy in February compared to the previous months. The survey conducted in February 2018 revealed that the exports to China faced a decline, which caused the exported products to be struck in Muse. This increased the demand on the warehouses in Muse to store cargo before the exports to China may rebound. The warehouses in Yangon and Mandalay are rented by annual contracts. There is a significant difference in the warehouse rental rates between Yangon and other cities. Because of higher rental rate of warehouses, instead of renting the whole warehouses some of the warehouse operators only rent land plots to be more cost effective.