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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
- **AWPT** Asia World Port Terminal
- **ADB** Asian Development Bank
- **BOT** Build-Operate-Transfer
- **BRI** Belt and Road Initiative
- **EFI** European Investment Bank
- **FEU** Forty foot container
- **GVW** Gross Vehicle Weight
- **IFC** International Finance Corporation
- **SEZ** Special Economic Zone
- **Ks** Myanmar Kyats
- **LPI** Logistics Performance Index
- **BSW** Bo Aung Kyaw Street Wharf
- **CBM** Cubic meter
- **FY** Fiscal Year
- **GMA** Golden Myanmar Airlines
- **GVW** Gross Vehicle Weight
- **IWT** Inland Water Transport
- **LPI** Logistics Performance Index
- **MACCS** Myanmar Automated Cargo Clearance System
- **MIP** Myanmar Industrial Port
- **MITT** Myanmar International Terminal Thilawa
- **MOC** Ministry of Construction
- **MoU** Memorandum of Understanding
- **MPA** Myanmar Port Authority
- **MR** Myanma Railway
- **RTAD** Road Transportation Administration Department
- **TEU** Twenty foot container
- **USD** United States Dollar

Units of Measurement

- 1 gallon (imperial gallon) = 4.56 litres
- 1 tonne= 1,000 kilograms
- 1 mile = 1.6 kilometres
- 1 viss = 1.62 kilograms

Exchange Rate

- 1 USD = 1,570 MMK

Executive Summary

According to the latest World Bank's Logistics Performance Index (LPI), Myanmar placed 137 out of 160 countries, behind the neighbouring countries: Laos and Bangladesh. It has been almost three decades Myanmar's logistics industry was in a struggle to recover from being behind the other countries. The Government expects the improvements of road, rail and port infrastructure and a network of dry ports to bolster the logistics industry in Myanmar. Dry ports could feature a vital role in facilitating cargo movement in conjunction with upgrades to railways and roads.

Trucking Industry

After the end of rainy season, the road cargo transportation burgeoned. The road conditions on Muse and Sittwe routes become improved. Fluctuations in transport rates were revealed in the survey. Rates were higher on some Yangon routes and there were frequent variations of transport rates from Mandalay's Swe Taw Trucking Terminal. A leading committee for the implementation of One Belt One Road (OBOR) has been formed with the State Counsellor DAW AUNG SAN SU KYI as chairperson. The China-Myanmar Economic Corridor (CMEC) stretches from Yunnan Province of China to Yangon and KyaukPhyu area. CMEC is part of One Belt One Road (OBOR) or Belt and Road Initiative (BRI) which is a project that involves the designated locations which are the strategic areas for the bilateral collaboration in trade, investment and transportation.

Inland Water & Coastal Cargo Transport Industry

Cargo transportation on the Monywa-Homalin water route was suspended due to the sand banks formed in Chindwin River. The route could be accessed in November; nevertheless, transporters faced difficulties in transporting cargo via the route. The demand of inland water and coastal cargo transport remained declined. The higher rates were observed due to the rise of operation costs including vessel fuel charges, berthing charges and labour costs. The development of the multi-billion dollar Kyauk Phyu deep sea port project, a strategic location along the coast of the Bay of Bengal will move forward. The survey revealed that there will be a development project of inland jetty including river view hotels and restaurants along the Irrawaddy River.

Domestic Air Cargo Transport Industry

The rates regarding to the domestic air cargo transport were not higher despite the global oil prices remained on the rise. The rising fuel prices could contribute further cost pressures to already struggling aviation industry in Myanmar. Higher aircraft maintenance expenses and shortage of refuelling infrastructure were highlighted as other factors included in high operational costs of airlines. Compared to the previous report in May 2018, the study

observed 10% progress of the new airport construction undertaking in Falam (Surbung) in Chin State.

Rail Cargo Transport Industry

Trains are the most expedient transportation mode for moving commodities. Due to the less used of trains, about 70% of cargo transportation primarily relies on trucking. The study revealed the developments of railway infrastructure. These projects were expected to aid in improving Myanmar's logistics network since the logistics system is insufficient; costs were high across the transport value chain. For this purpose, logistics hubs including dry ports to support improve the logistics system. The Ywar Thar Gyi dry port was aimed to serve the Yangon River and Thilawa ports and reduce transportation costs by eliminating traffic congestion issues and boosting efficiency.

Freight Forwarding Industry

Higher demand of imports was observed as the peak season is drawing closer. In terms of exports, CMP garments were mostly in demand. Freight rates were on the rise along with the peak of exchange rate. Delays in notifying of updated rules and regulations from relevant departments caused difficulties for forwarders. Kyaukphyu Special Economic Zone (SEZ) project will be developed after the Kyaukphyu deep sea port project in Rakhine State. Myanmar and India is planning to sign a contract for Government-to-Government pulse trading this fiscal year. Experts suggested escalating the country's exports in order to fightback against trade deficit and recovering from the higher import costs in upcoming months.

Customs Clearance Industry

Customs agents lost the market for clearance procedures of export items due to the declined of exports. The customs clearance rates were higher compared to the previous survey. Fluctuations in exchange rate highlighted as the reason for the variations of customs clearance rates. The customs clearance in Yangon become precise after strictly prohibited the bribery issues by some customs staffs. However, the agents faced difficulties due to the technology failure of MACCS in Yangon. The study revealed the new establishment of Economic Cooperation Zone along China-Myanmar border which is potential for business opportunities of customs agents along with the accelerating border trade. Similarly, the No.2 Friendship Bridge is expected to bring the burgeoned trade between Thailand and Myanmar via the Myawaddy-Maesot border.

Warehousing Industry

The warehouses in Yangon market were increasing that caused unbalance with the scarcity to cargo storage demand. Conversely, the higher demands were observed in Myawaddy and Muse borders. However, the rental rates remained similar since rentals tend to be in long term, range from one year to ten years contract. The locations of warehouses were

highlighted as the crucial factor and the study revealed the distanced locations of warehouses lead the main issue for businesses. The renting of flats or apartments dominating the warehouse markets due to the fair price and nearby locations. The Government was planning to offer loans for the warehouse operators who intend to build the standard warehouse for storing agri-products.