



WAREHOUSING INDUSTRY

2019 Report



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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

- ATM Automated Teller Machine
- BRI Belt and Road Initiative
- CBM Cubic Meter
- CMEC China-Myanmar Economic Corridor
- CMP Cut-Make-Pack
- GI Sheet Galvanized Iron Sheet
- INGO International Non-Governmental Organization
- MoU Memorandum of Understanding
- SEZ Special Economic Zone
- UMFCCI Union of Myanmar Federation of Chambers of Commerce and Industry
- WHO World Health Organization
- WMS Warehouse Management System

Units of Measurement

- 1 gallon (US) = 4 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 (Oct'17)
- 1 USD = 1,320 MMK (Feb'18)
- 1 USD = 1,347 MMK (May'18)
- 1 USD = 1,473 MMK (Aug'18)
- 1 USD = 1,570 MMK (Nov'18)

Abstract

Myanmar Logistics Performance Index (LPI) is 137 from 16015, in the lower third but improving rapidly. Warehousing, one of the supporting sectors in the logistics industry is predominantly general and cold storage driven by the local consumption and the immense export of rice, sugar, meat, beans and pulses to neighbouring countries including China. The study covers 17 warehouses and the warehouses in the study are located Yangon, Mandalay, Muse, Myawaddy and Patheingyi. As China and Thailand are the country's main border trading partners, there are major warehouses in both Muse and Myawaddy. In addition, Patheingyi is the capital of Ayeyarwaddy region and is the top producer of rice which is the country's main agricultural product to be exported. However, the warehouses in Patheingyi are 60-year old warehouses owned by Myanmar Agriculture Produce Trading and private. There are around 120 warehouses in Yangon and Mandalay, 75 in Muse, 50 in Myawaddy and 20 warehouses in Patheingyi.

Keywords: warehouses, warehouse operators, border trade, logistics service providers, refrigerated warehouse, standard warehouse, basic warehouse, warehouse rental rates.

Warehousing Industry (2018-2019 Report)

Key Findings

- **Warehouse modernization is needed to be paid more attention by the government to support industrial development and economic growth in Myanmar.**
- **The warehouses in Yangon and Mandalay are rented by annual contracts; this shows no significant changes to the demand and rental rates on monthly basis.**
- **The exports to China faced a decline in February 2018, which caused the exported products to be struck in Muse and this increased the storage demand of Muse warehouses.**
- **In the warehousing industry, 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.**
- **Similarly, the renting of flats or apartments dominated the warehouse markets due to fair price and nearby locations.**
- **The establishment of cargo warehouse in Mandalay airport will save both time and cost of delivering Mandalay local products to Yangon airport for export.**
- **Myanmar's largest distribution warehouse which can store varieties of goods was opened in Thilawa.**
- **The Government is planning to offer loans for the warehouse operators who intend to build standard warehouses for storing agri-products.**
- **The Customs Department will introduce customs warehouses or bonded warehouses**
- **A Distribution Solutions Centre worth approximately \$10 million was opened in March 2019 by Sea Lion.**
- **In order to tap into growing border trade with Myanmar, Shenzhen-listed SF Holding will take a minority stake in Yoma Strategic's logistics business.**