

LOGISTICS SITUATION IN MYANMAR

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Background

The Republic of the Union of Myanmar, commonly called Myanmar, is a country in South-East Asia formerly known as Burma (BBC, 2007). The country has a population of a little over 55 million (World Factbook, 2018), which is expected to grow to at least 57.8 million (Karasawa, 2018) or even 73.9 million by 2030 (Shibata, 2014). Myanmar is bordering India, Bangladesh, Thailand, Laos and China. It started transitioning from a military government to democracy in 2011 and has seen sanctions by the US and other countries lifted in 2016 (World Factbook, 2018). The lifting of sanctions has allowed foreign companies to engage in business with Myanmar companies and also to invest in the country (figure 1). This led to economic growth (figure 2), and growth in turn leads to an increase in cargo movements and logistics requirements.

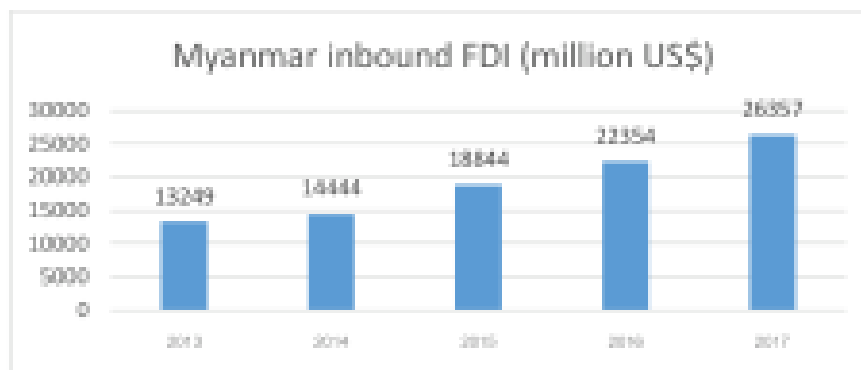


Figure 1: Myanmar Inbound FDI
Source: Adapted from DICA (2018a)



Figure 2: Myanmar GDP Growth
Source: Adapted from World Bank (2018a)

Myanmar is classified as a Least Developed Country (LDC) by the UN (2018). It has a Logistics Performance Index (LPI) of 2.3 and ranks 137 of 160 in the world (World Bank, 2018b). The logistics requirements on the country are increasing due to the rapid growth, but doubts may arise from the low LPI for any company considering to invest in the country.

Logistics requirements in Myanmar are expected to grow by 9.3% on average per year up to 2030, resulting in a total growth of 3.8 times in the period from 2015 to 2030, according to the National Logistics Master Plan (table 1). The main growth is expected in air transport (11.3%), followed by rail transport (10.5%). This will make the possible investor ask whether his logistics needs can be met.

Myanmar has a National Transport Master Plan (MYT) and National Logistics Master Plan (MYL) in place (Karasawa, 2018; Hyske, 2017). The MYT proposes investment of 29,271 billion Kyat, and the MYL for 24,909 billion Kyat (US\$ 18,207 million) until 2030 (Karasawa, 2018).

This paper aims to provide a snapshot of the current situation by each mode of transport as well as customs and the introduction of Special Economic Zones. Furthermore, some planned improvements are highlighted to facilitate decision making.

Demand Forecast of Logistics Corridor with Transport Mode								
Logistics Corridor	Major Landterminal	Year	Total	Road	Railway	Port Lodex	AVT	Air
Myanmar-India Corridor	Yangon-Mandalay	2015	3,000	300				3,000
		2030	13,000	3,000				8,000
North-South Corridor	Yangon-Bago	2015	10,000	14,000	3,000			
		2030	50,000	33,000	21,000			
	Bago-Mandalay	2015	12,000	5,000	4,000			
		2030	50,000	27,000	18,000			
Main River Corridor	Yangon-Mandalay	2015	7,000					7,000
		2030	19,000					19,000
Trans-Myanmar Corridor	Kyaungpye-Magway	2015	7,000	7,000				
		2030	10,000	10,000				
	Magway-Man Leth	2015	1,000	1,000				
		2030	4,000	4,000				
South-East Corridor	Bago-Maungmying	2015	15,000	10,000	3,000			
		2030	67,000	58,000	9,000			
	Maungmying-Myinabady	2015	3,000	3,000				
		2030	21,000	21,000				
	Maungmying-Thandayazan	2015	4,000	3,000	1,000			
		2030	27,000	21,000	10,000			
	Thandayazan-Dawei	2015	4,000	3,000	1,000			
		2030	19,000	13,000	6,000			
Coastal Marine Corridor	Sittoung-Yangon-Pantheung	2015	3,000			4,000		
		2030	13,000			13,000		
Aviation	Total for Cargo	2015	50					50
		2030	300					300
Total		2015	89,700	64,000	17,000	4,200	11,000	56
		2030	338,000	221,000	76,000	73,000	27,000	300
Change in Times		2030 / 2015	3.8	3.9	4.5	2.9	2.5	5.0
Change of Share by Transport Mode		2015	100%	69.9%	19.1%	4.7%	12.3%	0.1%
		2030	100%	65.4%	22.5%	3.8%	8.2%	0.1%
Average Annual Growth Rate		2015 - 2030	8.7%	9.3%	10.5%	7.2%	6.2%	11.3%

Table 1: Demand Forecast by transport mode
Source: Hyske (2017)

Logistica Activities and Modes of Transport

The authors summarise the publications according to modes of transport, customs clearance and Special Economic Zones.

Customs

Myanmar is a member of ASEAN (ASEAN, n.d.). This means that, according to the ASEAN Trade in Goods Agreement (ATIGA), import of goods originating in other ASEAN countries is free of import duties for almost all goods (ASEAN, 2012). This facilitates international trade, which means that import and export customs clearances need to be smooth and efficient.

Myanmar implemented the Myanmar Automated Cargo Clearance Systems (MACCS) on 06 January 2017 (JICA, 2017). MACCS is a computer system for customs clearance and links into the National Single Window (NSW). In the NSW, all organisations involved in international cargo movements will be connected. As of 2016, 11 sea ports, 1 special economic zone and 1 airport are connected, with

the Food and Drug Administration, Animal Quarantine, Plant Quarantine, Fishery Department, Economic Bank, Ministry of Commerce, and Myanmar Port Authority to follow (ASEAN, 2016). The National Single Window is part of the ASEAN-wide ASEAN Single Window (ASW), to which the NSWs of all ASEAN member countries will be connected. This is to facilitate movements of goods among the ASEAN member countries.

Road Network

The Asian Development Bank (ADB) introduced the Economic Corridors in the Great Mekong Subregion (GMS) in 1998, which includes Myanmar. In the original plan, the Myanmar section of the East-West Economic Corridor (EWEC) would stretch from Myawaddy at the Thai-Myanmar border to Mawlaikyne. However, the latest proposal issued in 2016 shows not only an extension to Yangon now included, but also a possible extension to the port city of Panthein (figure 3). This new proposal connects Yangon, the main commercial area of Myanmar, to the EWEC and hence improves the connectivity from there via Thailand and Laos to Danang in Vietnam.

Furthermore, Myanmar's main highway from Yangon via Nay Pyi Taw to Mandalay is now proposed to be fully included in the North-South Economic Corridor (NSEC) in order to improve connectivity from central Myanmar and not only the northern parts of the country to China via Mandalay and Lashio to the border town of Muse. Before this new proposal, there was a gap between Meiktila and Mandalay in the plan.



Figure 3: Proposed Realignment and/or Extension of the Greater Mekong Subregion Economic Corridors

Source: ADB (2016)

To refine the ADB's economic corridor approach, the Ministry of Transport and Communications plans 10 corridors in their National Master Plan (Htike, 2017). The main national growth corridor is the Central North-South Corridor along the Yangon – Nay Pyi Taw – Mandalay – Mityina axis, with the major regional growth corridors being the East-West Corridor (Dawei – Mawlamyine – Yangon), The Northern Corridor (Yunnan – Muse – Mandalay) and the Western North-South Corridor.



Figure 4: National Transport Master Plan
Source: Htike (2017)

Myanmar is also part of the ASEAN Highway Road Network, which connects ASEAN and other Asian countries (JICA, 2014). JICA proposes upgrades on several of these roads (figure 5).



Figure 5: ASEAN Highway Road Network, and proposed upgrades in Myanmar
Source: JICA (2014)

Rail Network

Myanmar has an extensive rail network which they claim to be the longest rail transport network in ASEAN, with 5,405.285 km single track and 705.196 km double track lines totalling 6,110.481 km over 12,103 bridges and through 12 tunnels, serving 960 stations, as of 2016 (Hike, 2017). The World Bank puts Myanmar's rail lines (total route-km) at 3,185 km and Thailand at 3,735 km (World Bank, 2016c), citing the International Union of Railways, of which Myanmar Railways is not a member. The World Factbook (2018) shows 5,031 km as of 2008 – at rank 39 indeed the highest-ranking ASEAN member, with Thailand listed as the second-largest rail network in ASEAN at rank 45 in the world with 4,127 km as of 2017.

Myanmar Railways is a state-owned company under the Ministry of Rail Transportation and the only rail operator in the country. It uses a meter gauge, which is the same gauge as in the other contiguous ASEAN countries. Neighbouring China uses the standard gauge and neighbouring Bangladesh using both the meter gauge and the broad gauge, according to the World Factbook (2018).

Myanmar Railways (former known as Burma Railways) was founded in 1877 by the British colonialists. Much of the track system is in need of upgrade, and 13 lines have been identified for modernisation (Thiha, 2018). The main author of this paper took a train from Mandalay to Yangon in 2016, a distance of 620.5 km (JICA, 2018), which should take 12 hours according to the schedule. It actually took 17 hours, resulting in an average speed of 36.5 km/h. This railway line should be upgraded within the year 2023 to accommodate train speeds of 100 km/h (ibid.), which will result in a reliable railways network.

Water Transport

Myanmar has international seaports, river ports along the two main rivers, and dry ports. This section will separate the literature accordingly.

Seafreight

According to Logistics Cluster (2018), the main ports of Myanmar can be found in 9 cities: Sittwe, Thandwe, Kyauk Phyu (Rakhine State), Patheingyi (Ayeyarwaddy Division), Yangon (Yangon Division), Mawlamyine (Mon State), Dawei, Myeik and Kawthaung (Tanintharyi Division), with Yangon being the main port (Hike, 2017). Yangon port is divided into two ports, the bigger being at Thilawa, 16 km outside of Yangon, with two main terminals, Myanmar International Terminal Thilawa (MITT) and Myanmar Integrated Port Limited (MIPL).

Road access between Yangon and Thilawa (both the port and the Special Economic Zone, see below) are being improved with loans from JICA (Karasawa, 2018).

The other Yangon port is in downtown Yangon, consisting of four terminals and 15 wharfs, including Asia World Port Terminal (AWPT) and Myanmar Industrial Port (MIP), which are the biggest (Logistics Cluster, 2018) Yangon faces a lot of vehicular traffic, so that trucks were banned from driving in the city from 6am to 9pm, which attracted criticism from the industry (Paing, 2016), as it led to congestion for trucks trying to leave the port. The regulations have since been relaxed again from 11am to 3pm, except on nine main roads (Nilar, 2017), including Strand Road, which is the major road at the ports but also a major downtown road for private vehicular traffic.

Inland Waterway

The two main rivers of Myanmar, the Ayeyarwaddy (also spelled Irrawaddy) and the Chindwin River, are both used for transport. Ports along the Ayeyarwaddy are Sinkham Port, Mandalay Port, Pakakku Port and Magway Port and along the Chindwin River there are Momywa Port and Kalewa Port (Hike, 2017). The National Logistics Master Plan includes 33 projects for sustainable transport along the inland waterways within 2030, so improvements can be expected.

Dry Ports

There are currently two projects under way to establish dry ports in Myanmar, Ywathargyi at Yangon

and Mitinge at Mandalay and are expected to be operational in April 2019 (Swe, 2017). A total of eight Dry Ports are planned, in Tamu, Muse, Monywa, Mandalay, Yangon, Bago and Mawlamyine.

Air Transport

Myanmar has three international airports (Yangon, Nay Pyi Taw and Mandalay) and 30 operational domestic airports according to Htike (2017). The World Factbook (2018) puts the figure at 36 airports, 28 of which unpaved. Yangon Mingaladon International Airport is the largest airport. Freighter aircraft to this airport are operated by Qatar Airways (Livingston, 2017; Qatar Cargo, 2018).

Hanthawaddy International Airport, a new airport in Bago Region, 80km north of Yangon, is being planned. A framework agreement had been signed with a Singapore-based consortium (Yong, 2018), but the negotiations fell apart and the government is now negotiating with Japan (Thu, 2018).

Special Economic Zones

Currently, there are three Special Economic Zones (SEZ) in development: Kyauk Phyu in Rakhine State, Dawei in the Thanintharyi Region and the Thilawa in Yangon Region (DICA, 2018b), of which Thilawa SEZ has been operational since 2015 as the first SEZ in Myanmar (Thilawa SEZ Management Committee, 2015). Three more SEZs have been approved along the China border at Kanpikeli town, in Kachin State's Special Region 1, under the control of the New Democratic Army-Kachin militia; Chinshwehaw, in Shan State's Laukkai Township, part of the Kokang Self-Administered Zone; and in Shan State's Muse Township (Lwin, 2018).

In Myanmar, there are two types of Special Economic Zones: Free Zones and Promotions Zones. These two types come with different privileges for the investors (DICA, 2018b).

Discussion and Conclusion

The Republic of the Union of Myanmar is still a Least Developed Country, but it is growing fast. This creates logistics challenges.

The literature research has shown that the government is actively working on in cooperation with international ODA organisations, including JICA and ASEAN. For each of the modes of transport and other logistics activities covered in this paper, development projects are under way within a fixed time frame, and have been identified as important and leading to increased efficacy of logistics. This includes the master plans that are in place up to the years 2025 and 2030 respectively.

In conclusion, Myanmar is a country that is actively and rapidly developing, and the researchers are confident that the improvements proposed or planned will greatly benefit investors and bring prosperity to the country.

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