

## Myanmar's Logistics Infrastructure Development Strategy and ASEAN Logistics Connectivity

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**Abstract:** The current political, economic and social reforms ongoing in Myanmar have made more urgent the necessity for improvements to the hard infrastructure in all modes of transport, in order to provide more efficient and effective logistics services for the international trade transactions. In this regard, this paper will present the current state the transport sector: road, rail, maritime, and air transport in Myanmar, and the concomitant policies and strategic programs for logistics infrastructure development enhancing these modes of transport. In addition, the master plan on sustainable national transport development in Myanmar will be discussed. Moreover, since logistics plays a vital role in the ASEAN region for the enhancement of its competitive advantages, this paper will also explain transport facilitation initiatives in connection with ASEAN logistics connectivity and how they are being treated by the government of Myanmar.

### 1. INTRODUCTION

The strategic location of Myanmar, it links the two economic giants of the Asian continent (China and India), as well as South and Southeast Asia, provides several strengths and opportunities to catalyze its transition to a market economy (ADB, 2012). With a strong commitment to political, social, and economic reforms, the government of Myanmar has acknowledged the need to improve connectivity with its neighboring, regional economies by increasing trade and cross-border investment (ADB, 2008). Recognizing the great importance of the nation's transport network, including sufficient infrastructure for the enlargement of regional and international trade, and enhanced logistics connectivity to

ensure national economic growth, the government has placed strong emphasis on the development of its transport and logistics sectors.

Accordingly, this study aims to scrutinize the strategic plans of transport infrastructure development leading to a provision of reliable and efficient logistics services covering all transport modes including road, rail, maritime, and air. It further intends to explain the transport facilitation initiatives taken thus far by the government of Myanmar for the successful integration of its logistics service into the ASEAN economic community based on the documentary evidence.

## **2. THE CURRENT STATUS OF THE TRANSPORT SECTOR IN MYANMAR**

According to the institutional structure of the government of Myanmar, the Ministry of Transport is responsible for maritime and air transport. Meanwhile, road and rail transport are managed by the Ministry of Rail Transportation. The Ministry of Construction takes charge of the construction and maintenance of roads, bridges, and airfields in the country, and the Ministry of Border Affairs is responsible for the construction and maintenance of roads and bridges in the border areas. However, urban transport operation is implemented by three city-development committees, namely the Naypyitaw City Development Committee, Yangon City Development Committee, and Mandalay City Development Committee.

### **2.1 Road Transport**

Most of the existing roads, and the new roads coming online, are connecting the North part of the country to the South, along the mountain ranges and rivers in Myanmar. Before 1988, the total road length throughout the country was 21,943 km. However, the government has made an effort to improve the road transport infrastructure by laying down the following road-network policies since 1988:

- (i) Making a union highway network master plan, constructing and upgrading 36 roads from North to South, and 49 roads from East to West, which will cut across 7 regions and 7 states of the country

- (ii) Giving priority to the development of every region, in order to increase friendship  
as well as attempt to reconsolidate the national races
- (iii) Facilitating and promoting economic activities, particularly trade and tourism  
between Myanmar and foreign countries

Accordingly, the road length has increased to 148,690 km in total as of March 2012. In addition to the efforts of the Ministry of Construction, there has been a coordination of the work of several government organizations as described in Table 2.1 for the successful implementation of the above road network policies. However, the percentage ratio of paved and unpaved road for the whole country, 21% and 79% respectively, highlights that there remains plenty of room for improvement in road transport infrastructure of Myanmar.

Table 2.1 Total Road Length of Myanmar in 2012

No.	Organization	Concrete Road (km)	Bituminous Road (km)	Metaled Road (km)	Gravel Road (km)	Earth Road (km)	Mule Road (km)	Total (km)
<b>Ministry of Construction</b>								
1	Expressway & Highway	611.7	11733.0	2440.8	2700.3	1973.5	44.1	19503.2
2	Regional & State Roads	49.7	5451.8	3299.6	2941.4	6497.1	1340.0	19579.5
	<b>Sub-total</b>	<b>661.4</b>	<b>17184.8</b>	<b>5740.4</b>	<b>5641.7</b>	<b>8470.6</b>	<b>1384.1</b>	<b>39082.7</b>
<b>Ministry of Border Areas</b>								
3	Urban Road	6.6	4880.7	2215.5	660.8	3509.0	-	11272.6
4	Village & Border Road	120.1	4073.0	17041.5	4976.7	55888.5	-	82099.9
	<b>Sub-total</b>	<b>126.7</b>	<b>8953.7</b>	<b>19257.0</b>	<b>5637.5</b>	<b>59397.5</b>	<b>-</b>	<b>93372.5</b>
5	<b>Yangon City Development Committee</b>	1237.9	1747.5	12.9	454.9	472.9	-	3928.0
6	<b>Mandalay City Development Committee</b>	10.8	573.4	119.7	-	309.8	-	1013.8
7	<b>Naypyitaw City Development Committee</b>	246.1	1219.3	43.0	734.9	1130.8	-	2284.1
8	<b>Directorate of Military Engineers</b>	393.4	61.8	605.3	166.4	6822.7	-	8049.5

**Table 2.1 Total Road Length of Myanmar in 2012**

No.	Organization	Concrete Road (km)	Bituminous Road (km)	Metaled Road (km)	Gravel Road (km)	Earth Road (km)	Mule Road (km)	Total (km)
9	Ministry of Electrical Power	48.3	88.5	542.1	-	280.2	-	959.2
	<b>Total</b>	<b>2726.3</b>	<b>28739.1</b>	<b>26320.4</b>	<b>12635.4</b>	<b>76884.6</b>	<b>1384.0</b>	<b>148689.9</b>

Source: Public Works, Ministry of Construction

## 2.2 Rail Transport

Myanmar Railways (MR) is the state-owned enterprise that undertakes the rail transport operation throughout the country. MR has also expanded its rail transport network since 1988, with the intention of socio-economic development in the remote areas. At present, the total length of the rail network, including single lane and double lane track running to various regions of the country, is 5,878.14 km, compared with a total track length of 7,693.44 km nationwide. In addition, MR has the aim to improve the railway service for container transport as an effective and efficient driver of the logistics system, leading to the development of multimodal transport serving regional and international trade transactions. According to MR statistics, the fleet of locomotives, rail buses, passenger coaches, and freight wagons currently engaging in the operation of rail transport all over the country is not sufficient for fulfilling the higher demand. The existing volume of passenger and freight traffic in rail transport is shown in Table 2.2.

**Table 2.2 Rail Transport Traffic Volume: Passenger and Freight**

<b>Classification</b>	<b>2007- 2008</b>	<b>2008- 2009</b>	<b>2009- 2010</b>	<b>2010- 2011</b>	<b>2011- 2012</b>	<b>2012-Nov. 2013</b>
<b>No. of Passengers (in millions)</b>						
Main	36.731	34.587	33.741	34.102	31.246	23.532
Suburban	39.228	38.974	37.861	33.548	33.106	30.326
<b>Total</b>	<b>75.959</b>	<b>73.561</b>	<b>71.602</b>	<b>67.650</b>	<b>64.352</b>	<b>53.858</b>
Passenger/Day	0.210	0.200	0.200	0.190	0.180	0.148
Passenger Mile (in 100 million)	33.784	33.489	33.376	33.287	31.428	23.867
<b>Ton Carried (in millions)</b>	<b>2.930</b>	<b>2.950</b>	<b>3.330</b>	<b>3.410</b>	<b>3.580</b>	<b>2.850</b>
Ton/Day (in thousands)	8.030	8.090	9.120	9.340	9.830	7.808
Ton Miles (in 10 million)	53.540	56.990	65.830	69.780	72.270	60.304
Average Lead Miles/Ton	182	193	198	205	200	210

Source: Myanmar Railways

### 2.3 Maritime Transport

In the maritime transport subsector, the Myanmar Port Authority (MPA), Myanmar Inland Water Transport (MIWT) and Myanmar Shipyards organizations play a major role in facilitating both the sea and river transportation of the country. Yangon Port is the premier port of Myanmar, which handles about 90% of seaborne trade of the country as a river port. There are also 8 other coastal ports, known as outports, along the coast of Myanmar. In the Yangon port area, there are 3 inland container depots (ICD) and 18 international wharves operated at Bo AungKyaw Street Wharf (BSW), Hteedan Port Terminal (HPT), Sule Pagoda Wharf (SPW), Myanmar Industrial Port (MIP), Asia World Port Terminal (AWPT), and the Hteedan Oil Berth (HOB). Further, there are also 6 international wharves in the Thilawa port area, which are managed by the Myanmar International Terminal Thilawa (MITT) and Myanmar Integrated Port Limited (MIPL). Detailed information on the current facilities of these international wharves is provided in Table 2.3. Among the stated terminals, AWPT, MIP, MITT and MIPL are operating under foreign port management companies, by way of a BOT investment scheme. According to the MPA, the volume of general cargo and containers handled in Yangon port continues to increase year by year and it is necessary to prepare for potential larger trade flows resulting from the current reforms of the government.

Table 2.3 Facilities of International Wharves

No.	Name	Type of Terminals	Quay Length (meter)	Apron Width (meter)	Vessel DWT	Back Up Area (acre)
1	SPW (1)	GC	137	12.2	15000	} 37.78
2	SPW (2)	GC	137	12.2	15000	
3	SPW (3)	GC	137	12.2	15000	
4	SPW (4)	GC	137	12.2	15000	
5	SPW (5)	GC	168	15.2	15000	
6	SPW (6)	GC	162	15.2	15000	
7	SPW (7)	GC	162	15.2	15000	} 24.37
8	BSW (1)	GC/ Container	137	15.2	15000	
9	BSW (2)	GC/ Container	137	15.2	15000	
10	BSW (3)	GC/ Container	183	30.0	15000	} 30.00
11	AWPT (1)	GC/ Container	198	30.5	15000	
12	AWPT (2)	GC/ Container	156	19.5	15000	
13	AWPT (3)	GC/ Container	260	30.5	15000	} 17.36
14	MIP (1)	GC/ Container	155	18.0	12000	
15	MIP (2)	GC/ Container	155	18.0	12000	} 0.88
16	HOB	Edible Oil	120	15.0	5000	
17	HPT (2)	GC/ Container	213	30.0	15000	} -
18	HPT (3)	GC/ Container	213	30.0	15000	
19	MITT (1)	GC/ Container	200	30.0	20000	} 185
20	MITT (2)	GC/ Container	200	30.0	20000	
21	MITT (3)	GC/ Container	200	30.0	20000	
22	MITT (4)	GC/ Container	200	30.0	20000	
23	MITT (5)	GC/ Container	200	30.0	20000	
24	MIPL	GC/ Liquid bulk	200	17.0	20000	37

Source: Myanmar Port Authority

As a state-owned enterprise for serving inland river transportation, Myanmar Inland Water Transport (MIWT) is making an effort to optimize its transport performance for public needs. MIWT is currently operating passenger and cargo transportation services along the navigable waterways of the country. MIWT also operates the ferry services at major river crossing points for the transportation of vehicles. According to MIWT statistics, there are a total of 38 service routes for inland water transport, together with 218 domestic waterways ports throughout the country. The total service route mileage is 7,482. However, there have

not yet been terminals established for container handling services for inland water transport in Myanmar.

## 2.4 Air Transport

As a regulatory body, the Department of Civil Aviation (DCA) controls air transport operations in Myanmar. The air transport service is currently being provided in 33 airports throughout the country. Among them, three airports: (i) Yangon International Airport with passenger handling capacity of 2.7 million, (ii) Mandalay International Airport with 3 million, and (iii) Naypyitaw International Airport with 3.5 million are operated as international air ports, while the others serve as domestic airports. Today, there are 7 domestic airlines in Myanmar which provide air transport services in 27 domestic airports. Meanwhile, Myanmar Airways International (MAI), Golden Myanmar Airlines and Air Bagan are operating international scheduled services between Myanmar and some regional destinations. There are also a number of foreign airlines involved in the air transport industry of Myanmar, and the international air routes operated by these foreign airlines are described in Table 2.4.

**Table 2.4. International Air Routes Operated by Foreign Airlines**

Foreign Airlines	Air Route
Thai Airways International, Bangkok Airways	Bangkok-Yangon
Thai Air Asia	Bangkok-Yangon, Bangkok-Mandalay
Malaysia Airlines, Air Asia Berhad	Kuala Lumpur-Yangon
Silk Air, Jet Star Asia, Singapore Airlines	Singapore-Yangon
Air China	Kunming-Yangon
China Eastern Airlines	Kunming-Yangon, Nanning-Yangon Kunming-Mandalay
China Southern Airlines	Guangzhou-Yangon
China Airlines	Taipei-Yangon (Regular Charter)
Vietnam Airlines	Ha Noi-Yangon, Ho Chi Minh-Yangon
Indian Airlines	Kolkata-Yangon
Korean Air	Inchon-Yangon

**Table 2.4. International Air Routes Operated by Foreign Airlines**

Foreign Airlines	Air Route
Eva Air	Taipei-Yangon
Qatar Airways	Dohar-Yangon

Source: Department of Civil Aviation

According to DAC statistics, inbound and outbound international and domestic passenger traffic passing through Yangon International Airport has been increasing year by year as described in Figure 2.1. In 2012, international passenger traffic reached 1.92 million passengers, an increase of 32.9 % from the 2011 figure, and domestic passenger traffic of 1.13 million passengers represents an increase of 14.12% from 2011. However, there has not been substantial cargo traffic in the air transport sector of Myanmar until recently, due to the lack of sufficient infrastructure and freighter flights to support air cargo services. At present, air cargo handling and warehousing services are being provided by Mingalardon Cargo Service Co., Ltd. (MCS), under a BOT contract scheme.

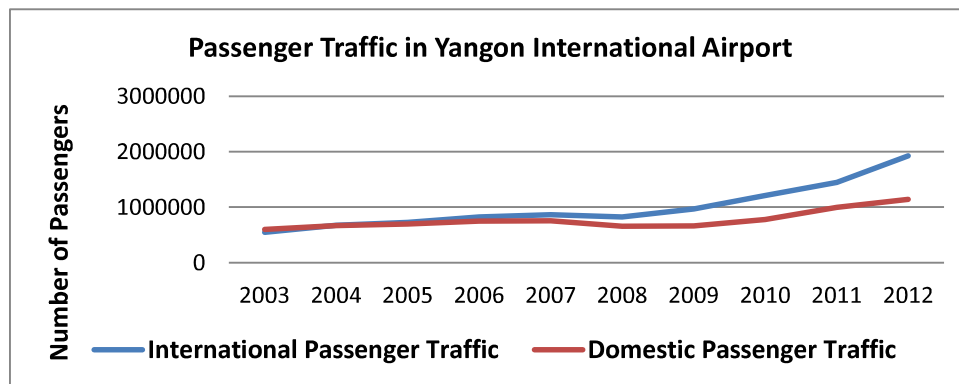


Figure 2.1. Passenger Traffic in Yangon International Airport

Source: Department of Civil Aviation

### 3. MYANMAR'S LOGISTICS INFRASTRUCTURE DEVELOPMENT STRATEGY

Since transport infrastructure and its concomitant network are essential for freight movements and logistics, the government of Myanmar has placed great emphasis on the development of physical infrastructure in all modes of transport - road, rail, maritime, and air.



### 3.1 Strategic Plan for the Development of Road Transport Infrastructure

For logistics-related road infrastructure development in Myanmar, there are a number of projects to be implemented under the regional development programs. These projects mainly include: (i) Asian Highways, (ii) ASEAN Highways, (iii) GMS Economic Corridors, and (iv) road connectivity with neighboring countries. Some projects are being carried out with the financial aid of UNESCAP, ADB and JICA. Others are implemented under BOT contracts in line with the public-private partnership (PPP) scheme. The routes and associated lengths of roads which have been or will be built in Myanmar, for linking up with international road networks, are described in Table 3.1.

**Table 3.1 Regional Highway Projects and Route Sections Implemented in Myanmar**

No.	Project/Route	Length (km)
<b>Asia Highways</b>		
AH <sub>1</sub>	Myawaddy-Yangon-Mandalay-Tamu	1650
AH <sub>2</sub>	Tachileik-Meikhtila-Tamu	807
AH <sub>3</sub>	Mongla-Kyaingtong	93
AH <sub>14</sub>	Muse-Mandalay	453
<b>Total Length (km)</b>		<b>3003</b>
<b>ASEAN Highways</b>		
AH <sub>1</sub>	Tamu-Mandalay-Meikhtila-Yangon-Bago-Phayargyi-Thaton-Myawaddy	1656
AH <sub>2</sub>	Meikhtila-Loilem-Kyaingtong-Tachileik	807
AH <sub>3</sub>	Mongla-Kyaingtong	93
AH <sub>14</sub>	Mandalay-Thibaw-Muse	453
AH <sub>111</sub>	Thibaw-Loilem	239
AH <sub>112</sub>	Thaton-Mawlamyine-Thanbyuzayat-Ye-Dawei-Lehnya-Khamaukyi	1145
AH <sub>123</sub>	Dawei-Maesamee Pass	141
<b>Total Length (km)</b>		<b>4534</b>
I	GMS North-South Economic Corridor(China-Lao/Myanmar-Thailand)	
	❖ Mongla-Kyaingtong-Tachileik (completed)	257
II	GMS East-West Economic Corridor (Vietnam-Lao-Thailand-Myanmar)	
	❖ In progress	201
III	GMS Southern Economic Corridor (Vietnam-Cambodia-Thailand-Myanmar)	140

**Table 3.1 Regional Highway Projects and Route Sections Implemented in Myanmar**

No.	Project/Route	Length (km)
	❖ In progress	
IV	GMS Northern Economic Corridor (China-Myanmar-India)	
	❖ Kunming-Ruili-Muse-Mandalay-Tamu (completed)	603
V	GMS Western Economic Corridor (India-Myanmar-Thailand)	
	❖ Tamu-Mawlamyine (completed)	1360

Source: Public Work, Ministry of Construction.

The road connectivity of Myanmar with neighboring countries under the bilateral agreements is now an ongoing process, details of which are provided below:

- Connectivity with China: Establishing the Ruili (China) to Kyaukpyu (Myanmar) Corridor
- Connectivity with India: (i) Construction of the Tamu-Kalay-Kalaywa Road , (ii) Rehabilitation of Kalay-Tamu Road including upgrade of 70 bridges to RC standard, (iii) Upgrading the Tiddim-Rhi Road in the Chin state of Myanmar, and (iv) Construction of the Maritwa-Satpyitpyin-Paletwa-Kalaywa Road under the Kaladan Multimodal Project
- Connectivity with Lao PDR : Establishing the Myanmar-Laos Friendship Bridge (722 m)
- Connectivity with Thailand:(i) Establishing the 2<sup>nd</sup> Thailand-Myanmar Friendship Bridge, (ii) Upgrading the Myawaddy-Thingannyinaung Road in the Kayin state of Myanmar, (iii) Construction of the Thingannyinaung-Kawkareik Road in the Kayin state of Myanmar, and (iv) Construction of the road link between Myanmar's Dawei SEZ in Tanintharyi region and Phunamron in Thailand.

In addition to the road construction, upgrades and maintenance projects in various regions throughout the country, there are also a number of proposed projects for new bridge construction to be carried out in the future in order to meet the international norms and standards of logistics services in relation to the carriage of goods. The proposed list consists of 16 new bridges to be constructed throughout the country, with an additional 21 old bridges are being proposed for rehabilitation.

### **3.2 Strategic Plan for the Development of Rail Transport Infrastructure**

Being a vital tool for improvements of political, social and economic status in the remote areas, the government of Myanmar has made a strategic effort to implement a number of short-term and long-term projects which will reinforce the rail transport subsector by fulfilling the requirements of reliable and efficient rail transport service and also developing rail-related logistics infrastructure. Most of the projects focus on the construction and upgrade of rail line and track, increasing the number of passenger coaches and locomotives, and the installation of an IT system for monitoring traffic. Moreover, in-line with the national transport strategy to accelerate Myanmar's regional integration, feasibility studies are being conducted on several cross-border railways connections between Myanmar and neighboring countries, including China, India, and Thailand. Building such rail connections is intended to facilitate the commodity flow of border trades. Myanmar also has a plan to strengthen its ties with integrated rail-freight transport networks such as Trans-Asian Railways and Pan-Asian Trunk Railways.

### **3.3 Strategic Plan for the Development of Maritime Transport Infrastructure**

In accordance with the economic reforms, the Myanmar government has made a plan to develop the Yangon inner-harbor area, principally to provide sufficient infrastructure to handle the larger volume of cargo of various types in the future. A number of implementation efforts are underway in this regard. These include: (i) expansion of the back-up area of Botataung foreshore, by constructing revetment and reclamation where there is a project to establish recreational and commercial buildings on the premises, (ii) upgrading the Nanthidar and Pansodan-Dala passenger jetties to be a modern passenger terminal, as well as constructing modernized commercial buildings in the back-up area, (iii) upgrading and renovating the Sule Wharves as a multi-purpose terminal to accommodate international general and container cargo vessels, (iv) upgrading the local jetties as international inland port terminals, and (v) constructing modernized commercial buildings in the Lanmadaw foreshore area between Ywarthit creek and Sintoodan Jetty.

Secondly, Thilawa port area, which is about 16 km downstream of Yangon Port, has been earmarked to carry out the port expansion for the enhancement of higher cargo throughput.

Hence, a projected port development scheme together with a special economic zone in the Thilawa area has been implemented by foreign and local investors, following BOT terms for the joint venture. To cope with the growth of seaborne cargo traffic and to lessen logistics costs in maritime trade by providing accessibility for bigger vessels to be called at Yangon and Thilawa ports, MPA is now making an increased effort to improve Yangon river channel access based upon the existing conditions.

Since all existing ports of Myanmar are river ports and not deep enough for larger conventional and container vessels, the government has taken the initiative to develop deep sea commercial ports at suitable sites along the coast of Myanmar. This includes three deep sea port projects to be implemented in Myanmar: (i) Kyaukphyu Deep Sea Port in the Rakhine state on the West coast, (ii) Kalagauk Deep Sea Port between Mawlamyine and Ye region on the South coast, and (iii) Dawei Special Economic Zone together with Deep Sea Port in the Tanintharyi region on the South coast. These deep sea port projects can be summarized in Table 3.2. In addition to the development of infrastructure for seaborne trade, in accordance with the national maritime transport development plan, priority is also given to the development of inland water transport which is of critical importance to fostering a multimodal transport system and providing reliable and efficient maritime related logistics services. The detailed plan, which is deigned to be implemented between 2011-2012 and 2015-2016, is presented in Table 3.3

Table 3.2 Deep Sea Port Projects in Myanmar

<b>Kyaukphyu Deep Sea Port</b>	<b>Kalagauk Deep Sea Port</b>	<b>Dawei Deep Sea Port</b>
<b><u>Location</u></b> Made Island, 11.2 km S/E of Kyaukpyu	<b><u>Location</u></b> Between Mawlamyine and Ye in Mon State	<b><u>Location</u></b> Lies at Nabule area, North-West of Dawei City
<b><u>Geographical position</u></b> 19 H 22'. 6N, 93 H 40'. 8E	<b><u>Geographical position</u></b> 15 H 32' N, 97 H 38' E	<b><u>Geographical position</u></b> 13 H 48'.5N, 98 H 04' E
<b><u>Approach channel</u></b> LAD 24 m, Tidal Range 2~2.7 m	<b><u>Approach channel</u></b> LAD 15 m, Tidal Range 3~5 m	<b><u>Approach channel</u></b> LAD 15 m, Tide Range 5 m
<b><u>Harbor area</u></b> LAD 20 m, Sea Room 1000m~1600 m	<b><u>Harbor area</u></b> LAD 18 m, Sea Room 4.8 km	<b><u>Harbor area</u></b> LAD 15 m, Sea Room 3.2 km
<b><u>Prosperity</u></b> (i)Most appropriate approach to tie western corridor (ii)Saving sailing distance about 5000 km comparing with existing sea route through Malacca Strait to China East Coast (iii) Main outlet of ocean route for land locked regions' trade (iv) Opportunity for transporting container, general cargo, crude oil, and gas (v)Shortest trade route from India to China	<b><u>Prosperity</u></b> (i)The West-East Economic Corridor Working Group has identified the development of the deep sea port, supporting with industrial estate at Kalagauk area, where it was stretched and covered between Mawlamyine and Ye coast line in Mon State (ii)The route of West-East Economic Corridor (WEC) will act as land bridge linking Indian and Pacific Oceans, and cutting the distance of conventional circuitous sea route passing the Malacca Strait by almost two thirds (iii)The project will certainly benefit the countries along the corridor such as Vietnam, Lao, Cambodia, Thailand, and China as well (iv)This deep sea port will serve as a gate way of WEC on the west side	<b><u>Prosperity</u></b> (i)Dawei area will become a hub of GMS, South and South East Asia countries (ii)The project will provide a competitive advantage as a communication link with direct access from GMS countries and China to the Andaman Sea and India Ocean for the transportation of goods (iii)The project will consist of a number of businesses such as industry, tourism, fisheries, mining, and energy <b><u>Scope of Project</u></b> The project will cover deep sea port, ship yard, industrial estate, petro-chemical complex, oil refinery plant, steel mill, fertilizer plant, power plant, road and rail link to Thailand, oil and gas pipeline.

Source: Myanmar Port Authority

**Table 3.3 Inland Water Transport Development Plan**

Target	Projects
Development of water resources and waterways	(i) Maintenance of Ayeyarwaddy and Chindwin rivers (ii) Multidimensional development of Ayeyarwaddy river
Development of inland water transport	(i) Purchasing 37 new vessels (ii) Upgrading the Dala Dockyard (iii) Fulfilling 3 ferries for Pansoedan-Dala Ferry Line (iv) Establishing/Upgrading six domestic ports along the Ayeyarwaddy and Chindwin rivers
Installation of navigation equipments	Installing signals, buoys, GPSs, radios, telecommunication systems, and modern tools

Source: Myanmar Inland Water Transport

Furthermore, there are some projects to be undertaken over the long term for the sustainable development of inland water transport. These include: (i) replacement of hovercraft and passenger vessels as well as modern cargo handling equipment, (ii) installation of barges which can carry 1000 tons and above, (iii) conducting freight transport agency services with warehouse facilities, (iv) establishment of container ports, yards, and hubs in the ports of Yangon and Mandalay, (v) installation of container crane barges to support the multimodal transport operation in the future, (vi) supplementing the coastal container fleet according to the vision of the potential flow of goods after the completion of the Dawei and Kyaukphyu deep seaports, and (vii) upgrading existing dockyards.

### 3.4 Strategic Plan for the Development of Air Transport Infrastructure

The prevailing political, social and economic reforms of Myanmar have encouraged the air transport subsector to: (i) update aviation related Acts and Rules, (ii) set up an Airport Authority, (iii) cooperate with international organizations, (iv) promote technology and develop human resources, (v) improve and upgrade the existing international and domestic airports in the short term, starting from 2011-2012 to 2015-2016, in order to meet international standards and requirements. The strategy of allowing foreign investment in the aviation subsector will be a strong driver for the development of logistics-related air

transport infrastructure. The public-private partnership (PPP) scheme will also be deployed for the implementation of the airport development plan, as stated in Table 3.4.

**Table 3.4 Airport Development Plan**

<b>Airport Name</b>	<b>Project Description</b>
Hantharwaddy International Airport (New Construction)	To be the major gateway, meeting international standards and requirements, and fulfilling the demand capacity in 2030
Yangon International Airport	To be an airport which has a passenger handling capacity of 5.5 million
Mandalay International Airport	To be a major logistics hub in the region
Dawei Airport	Upgrading domestic airport to the international airport
Thandwe Airport	Upgrading terminal and related facilities
Nyaung U Airport	Upgrading terminal and related facilities
Heho Airport	Upgrading terminal and related facilities
All airports	Environmental impact assessment

Source: Department of Civil Aviation.

#### **4. MYANMAR'S TRANSPORT FACILITATION INITIATIVES IN CONNECTION WITH ASEAN LOGISTICS CONNECTIVITY**

It has been acknowledged that transport facilitation initiatives of the government of Myanmar are essential for the integration of its improved logistics service into the incoming ASEAN logistics network for ensuring the associated regional competitive advantages.

##### **4.1 Foreign Direct Investment in Transport Infrastructure**

Foreign direct investment (FDI) in transport infrastructure is of critical importance to the development of the transport sector in Myanmar. Foreign investment at 100% is allowed by the Myanmar Foreign Investment Law (FIL), which was first promulgated in 1988. In accordance with the FIL, Myanmar Investment Commission (MIC) has been formed to issue an MIC permit to foreign investors after reviewing investment proposals. However, the 1988 FIL was repealed by the New Foreign Investment Law on 2 November, 2012.

Investors under the 1988 FIL continue to be governed by the terms and conditions in their existing MIC permit and relevant agreement until the date it expires. Those investors can get a number of benefits from their MIC permit including: (i) the ability to engage in services or industrial companies, (ii) the ability to obtain import/export registration and licenses, (iii) the ability to get tax and foreign exchange benefits, and (iv) the ability to obtain a long-term lease on commercial property. Under the New Foreign Investment Law, foreign investments are further allowed, provided they meet the specific conditions of benefiting the State and people.

#### **4.2 Legal Framework of Operating Logistics Services in Relation to Transport**

Foreign investors, in addition to Myanmar citizens, are allowed to establish logistics services relating to transport in Myanmar, in the form of joint ventures with the State or citizens under the Myanmar Foreign Investment Law. The other acts and laws, such as the Myanmar Registration of Ships Act, Bills of Lading Act (1856), Carriers Act (1865), Yangon Port Act (1905), Ports Act (1905), Out Ports Act (1914), Inland Steam Vessels Act (1917), Myanmar Merchant Shipping Act (1923), Myanmar Carriage of Goods by Sea Act (1925), Myanmar Lighthouse Act (1937), Maritime Navigation Treaties Act (1952), and Maritime Administration Act (1952) are also applicable to the logistics and shipping related operations. Additionally, the Multimodal Transport Law is currently being drafted.

#### **4.3 Harmonization of Customs Regulations with Logistics Service**

The Customs Department under the Ministry of Finance and Revenue is one of the major players in enhancing transport facilitation, ultimately for the benefit of integrated logistics services. The customs clearances of imported and exported goods are processed under the respective customs declarations together with necessary documents as described in Table 4.1. In order to provide the customs services effectively, the document processing programs were installed in the Customs Department on 26 April, 2013. The Customs Department of Myanmar complies fully with the system of the World Customs Organization (WCO-1992, 1996) on customs tariffs. Moreover, the basic principles of the national valuation system are in compliance with the prescribed acts and laws, including the Sea Customs Act (1878), the Land Customs Act (1924), and the Tariff Law (1992). The



above-mentioned Acts and Law are further applied in taxation. In accordance with the Myanmar Special Economic Zone Law enacted on 27 January, 2011, the Customs Department will apply its control procedures on Free Zones (FZ) and Special Economic Zones (SEZ) to carry out one-stop declaration, one-stop document inspection, and one-stop goods inspection within the shortest possible time.

**Table 4.1 Requirements for Import and Export Customs Clearance**

Import Clearance	Export Clearance
(a) Import license (from the Ministry of Commerce)	(a) Export License (from the Ministry of Commerce)
(b) Invoice	(b) Sale contract/Letter of credit
(c) Packing list	(c) Invoice
(d) Airway bill/ Bill of lading	(d) Sample
(e) Letter of Credit	(e) Packing list
(f) Recommendation from the department concerned (if necessary)	(f) Airway bill/ Bill of lading
	(g) Other related documents from the department concerned (if necessary)

Source: Myanmar Customs Department

#### 4.4 Strategy of Developing Logistics Sector

Since logistics is one of the 12 priority sectors of ASEAN integration in order to establish the ASEAN Economic Community by 2015 (Wattanaputtipaisan, 2008), the Ministry of Transport has paid great attention to the development of the logistics sector in Myanmar. The National Level Workshop on Economic Development through the Integration of Logistics Services was held in Naypyitaw in 2008 and consequently has produced the following outcomes: (i) organizing the Consultative Committee, (ii) forming the National Logistics Development Committee, and (iii) establishing the National Logistics Association. In order to formulate the policies, time frame, and action plans for logistics sector development, five consultative committees have been formed, consisting of (i) infrastructure development, (ii) transport services development, (iii) laws, rules, and regulations, (iv) human resource development, and (v) IT development. The logistics-related cooperation and coordination work is being undertaken by these committees to

implement the measures under the roadmap for integrating logistics services of ASEAN countries.

## **5. CONCLUSION**

This study scrutinized the current status of Myanmar's transport sector, highlighting the need for the development of the hard infrastructure which is necessary for the increasing trade volume and the subsequent economic growth of the nation. Then, the infrastructure development plans to be implemented in the short-term and long-term in every transport mode were thoroughly presented. The transport facilitation initiatives mentioned in this study are expected to support the smooth flow of trade as well as the improvement of logistics services and contribute to the great enhancement of ASEAN logistics connectivity in the near future.

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