



Maritime in Myanmar

Myanmar is a country in a relatively favorable situation with respect to water resources. It has more fresh water per capita than all surrounding countries. All water resources of Myanmar are within the national borders and 3 out of 4 are national rivers. Myanmar and The Netherlands, both with large and low lying deltas and large river systems, share many common challenges. Inland river transport is one of the main ways of transport in Myanmar. Challenges like sedimentation of rivers, outdated vessels, offshore oil & gas developments and new ports and terminals provide opportunities for the Dutch maritime sector.

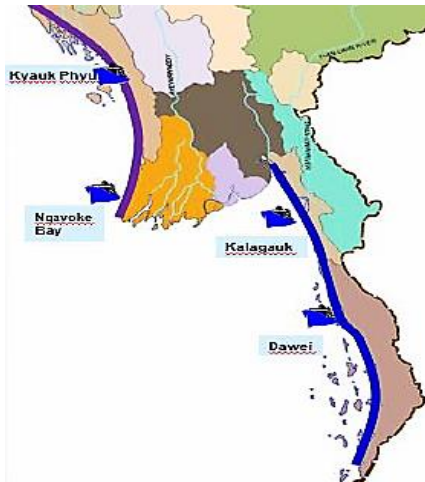
Due to the fast economic developments in the country since 2012 and with the new government since 2016, many maritime opportunities are expected, varying from port development to fisheries and from shipping to offshore developments.

Ports and Terminals

One-third of Myanmar's total perimeter forms an uninterrupted coastline of over 2000 km along the Bay of Bengal and the Andaman Sea. The Myanmar coastline is divided into three areas: the Rakhine coastline (North-West area, 713 km), the Delta coastline (Lower delta area, 437 km) and the Tanintharyi coastline (Southern area, 1078 km). Currently, the largest existing port complex can be found in Yangon, which can serve vessels up to 15,000–20,000 dwt, with works underway to increase up to a 35,000 dwt vessel capacity. Thilawa International Port, developed by a Japanese Joint Venture company and relevant for the Special Economic Zone, is located only 16 km from Yangon.

Two deep sea port projects are currently being developed: Kyaukpyu Deep Sea Port and Dawei Deep Sea Port. An oil pipeline of 781 km and a natural gas pipeline of 870 km is constructed from Kyaukpyu to China. The Dawei Special Economic Zone is being developed into a deep-sea port with involvement of Thailand and Japan.

Yangon Port shortly handles 85% of Myanmar's import and export. If the GDP will continue its growth at a pace of 8% annually, Yangon Port cannot handle the national requirements with its existing capacity. All deep-sea port projects are in planning and negotiating stages, thus waiting for implementation. The port management system is still in public hands. Yangon Port development is still at upstream areas instead of downstream. There are conflicting interests with city development and traffic congestion. It is necessary to dredge continuously. In addition, it is required to improve the hydrodynamic complexity of two rivers and one creek confluence.



Vessels calling to the Yangon Port and Thilawa Port are generally dependent on flood tides. Daily maintenance dredging is carried out to reach sufficient water depth. Myanmar Port Authority (MPA) is taking initiatives to improve the Yangon River access channel. Sedimentation is a continuous problem at some locations of the Yangon Port's navigational channel. Regular maintenance dredging is required by using trailing suction hopper dredgers, especially designed for the localized siltation. The planned deep-sea ports will require design and construction of breakwaters. MPA needs technology regarding design and construction of medium-sized dry docks for its port services vessels, up to the capacity of 2,000 dwt. There is a need for modernization of the port facilities of Yangon Port, inner harbor and upstream terminals. Other opportunities include harbor tugs, supply vessels, search and rescue vessel & pilot vessel construction, marine supply base in Yangon and at Deep Sea Ports, installing a proper energy supply base in all ports, realizing an LNG station for Yangon City, development of port facilities and capacity building for port management.

Inland Shipping

In Myanmar, the commercial navigable length is 6951 km and inland shipping mainly takes place at the rivers Ayeyarwady, Chindwin, Thanlwin and Sittaung River. The governmental Inland Water Transport (IWT) fleet has a capacity of about 100,000 tons and privately owned ships can serve around 500,000 tons. The IWT fleet consists mainly of barges and mixed cargo and passengers ships. IWT is currently facing financial issues due to the large private fleets. The development of inland water transport is of critical importance to the national transport system. Adopting multimodal transport systems and providing reliable and efficient maritime related logistics services are targeted. Difficult ship operations in shallow water regions in the low water season are a challenge. The Ayeyarwady river is a wide river with a lot of turning, grounding, deterioration of river and rapid changing of the route, making navigation and cargo loading unsafe. The Chindwin valley has no other transport means except inland waterways and thus relies



heavily on river transport on the Chindwin river. It shows the importance of river transport in some areas in Myanmar. There are problems such as narrow and shallow water channels and in the rainy season difficulty in ship handling because of rapid currents, collisions with piers or bridges, lack of adequate waterway signals and modern equipment for navigating at night. Furthermore, port facilities for inland waterways are very poor. Cargo loading and discharging are still being manually operated. Myanmar requires innovative cargo loading and discharge possibilities and improvement of port facilities like jetties.

Shipping

A substantial development of the Myanmar shipping industry can be expected, following the steady increase of international trade in terms of value and volume. The development of ports, terminals and inland waterways, an improved information and communication infrastructure and the improved banking system will all add to this development. The newly formed Ship owners' Associations can help the professionalization process. Finally, foreign investments in maritime education and training centers, and foreign investments in shipping lines will be triggered. Myanmar Five Star Line (MFSL) has been the only state-owned national flag carrier and privatized in 2010. The rapid economic development will increase trade flows and waterborne transport, growth of Foreign Direct Investment (FDI), growth of international trade, development of infrastructure, growing manufacturing economy and abundance in natural resources.

Shipbuilding and Repair

The Ministry of Transport plays an important role in the shipbuilding sector. Under the Ministry, Myanmar Shipyards (MS) and Inland Water Transport (IWT) are the two major shipbuilding and repair departments. Myanmar Shipyards is a state-owned enterprise, and serves as a ship repair yard for government owned vessels. With the aim of gaining capital, technology and markets to enlarge the enterprise, Myanmar Shipyard invites foreign investors. The potential of the market lies in the political reforms, with the government trying to attract foreign investments.



The shipbuilding industry of Myanmar is a small-scale industry, which focuses on the construction and maintenance of the domestic inland cargo and cruise vessels market. Despite the low labour costs, the sector is not able to compete internationally due to lack of facilities, skills, shipbuilding rules and regulations, lacking technology and an unfavorable tax climate.

The map displays the following locations:

- Central District (Yellow):** PSC-A1, PSC-A2, PSC-A3, PSC-A4, PSC-A5, PSC-A6, PSC-A7, PSC-A8, PSC-A9, PSC-A10, PSC-A11, PSC-A12, PSC-A13, PSC-A14, PSC-A15, PSC-A16, PSC-A17, PSC-A18, PSC-A19, PSC-A20, PSC-A21, PSC-A22, PSC-A23, PSC-A24, PSC-A25, PSC-A26, PSC-A27, PSC-A28, PSC-A29, PSC-A30, PSC-A31, PSC-A32, PSC-A33, PSC-A34, PSC-A35, PSC-A36, PSC-A37, PSC-A38, PSC-A39, PSC-A40.
- East District (Orange):** PSC-B1, PSC-B2, PSC-B3, PSC-B4, PSC-B5, PSC-B6, PSC-B7, PSC-B8, PSC-B9, PSC-B10, PSC-B11, PSC-B12, PSC-B13, PSC-B14, PSC-B15, PSC-B16, PSC-B17, PSC-B18, PSC-B19, PSC-B20, PSC-B21, PSC-B22, PSC-B23, PSC-B24, PSC-B25, PSC-B26, PSC-B27, PSC-B28, PSC-B29, PSC-B30, PSC-B31, PSC-B32, PSC-B33, PSC-B34, PSC-B35, PSC-B36, PSC-B37, PSC-B38, PSC-B39, PSC-B40.
- South District (Light Blue):** PSC-C1, PSC-C2, PSC-C3, PSC-C4, PSC-C5, PSC-C6, PSC-C7, PSC-C8, PSC-C9, PSC-C10, PSC-C11, PSC-C12, PSC-C13, PSC-C14, PSC-C15, PSC-C16, PSC-C17, PSC-C18, PSC-C19, PSC-C20, PSC-C21, PSC-C22, PSC-C23, PSC-C24, PSC-C25, PSC-C26, PSC-C27, PSC-C28, PSC-C29, PSC-C30, PSC-C31, PSC-C32, PSC-C33, PSC-C34, PSC-C35, PSC-C36, PSC-C37, PSC-C38, PSC-C39, PSC-C40.
- West District (Dark Blue):** PSC-D1, PSC-D2, PSC-D3, PSC-D4, PSC-D5, PSC-D6, PSC-D7, PSC-D8, PSC-D9, PSC-D10, PSC-D11, PSC-D12, PSC-D13, PSC-D14, PSC-D15, PSC-D16, PSC-D17, PSC-D18, PSC-D19, PSC-D20, PSC-D21, PSC-D22, PSC-D23, PSC-D24, PSC-D25, PSC-D26, PSC-D27, PSC-D28, PSC-D29, PSC-D30, PSC-D31, PSC-D32, PSC-D33, PSC-D34, PSC-D35, PSC-D36, PSC-D37, PSC-D38, PSC-D39, PSC-D40.



Myanmar's limited production and refining capacity are insufficient to meet domestic consumption for crude oil and petroleum products, making the country a net oil importer. Natural gas however comprises 90 percent of the total production and Myanmar is the 10th largest producer of natural gas globally, the bulk of which exported to China and Thailand (UKTI). Myanma Oil and Gas Enterprise (MOGE) published a concession map with in total 51 blocks, 26 for shallow water and 25 for deep water.

Seismic surveys are taking place in 2015 and 2016 for the exploration of activities and the development of wells to be drilled in 2016-2018. This is a good opportunity for service contractors who will be involved in exploration works. Most offshore areas already proved hydrocarbon and production potential. There is an outspoken need for suitable offshore supply bases and logistic support. It is now partly organized from Thailand and Singapore, but due to the large distances, this is too costly and time consuming. There is a large demand for this type of operational support in offshore operations. Royal Dutch Shell is an active player, especially now British Gas has been taken over. In 2015, Shell entered into an agreement with Thai companies to develop a liquefied natural gas (LNG) terminal at the Dawei special economic zone. Opportunities include dredging support.

Fisheries

Myanmar is rich in its marine resources and certainly has the potential to accelerate the fishing industry. The fishery sector is considered one of the most important agricultural sectors in Myanmar. Fish and prawn are regarded as not only a staple foodstuff for people but also one of the important sources of foreign exchange income for country. In 2009-2010, the fishery sector contributed 7.6% to the national GDP. Exportable fish earn was 7% of total fish production in the 2013-2014 fiscal year. The major export items consist of seawater shrimp (headless, head-on), seawater fish (frozen), seawater fish (chilled), dried fish, lobster, and live fish. Being a member of ASEAN and AFTA in the region, international trade is opening up for Myanmar. There is a large local and international market because of high fish consumption per capita. However technical know-how is lacking, intensive capital investments are required, building marketing channels is difficult, and public support is too weak for a rapid development. Policies and regulations regarding fisheries and enforcement are a challenge in Myanmar. Also the fisheries ships are outdated and could be improved, e.g. including fishing equipment, fishing cooling systems and other related fishing innovations.



The Department of Marine Administration (DMA), one of the departments under the Ministry of Transport, manages marine education and training. Seafarers' education and training standards are in accordance with the International Maritime Organization (IMO), Standards of Training, Certification and Watch keeping for Seafarers (STCW) standards as ratified by Myanmar. Myanmar Mercantile Marine College (MMMC) and Myanmar Maritime University (MMU) are the main maritime institutions. Since maritime training and education is included in the government development strategy, support by government has increased to facilitate investments in training equipment and promote cooperation among industry and training institutions. Opportunities are prevalent in engineering, maritime related and seafaring education and training. Cooperation and support of industry and affiliated maritime institutions in the research and development of marine engineering, shipping and port, and seafaring is important. The Myanmar seafarers market is a niche market which has the potential to be developed into a global seafarer's source. Seafarer jobs are historically considered attractive in Myanmar and have a good reputation. Opportunities exist supporting the infrastructure to align to international

requirements and to implement stronger procedures and systems at the DMA.

Financial climate

The Myanmar financial climate is improving largely, with the coordinated efforts of the Central Bank, foreign and international financial institutions. Reform measures are being taken in order to wake up the financial system. There is a need for project finance from banks and access to credit for private business. Longer-term project finance is absent. Since 2011, installation of ATMs, the establishment of a payment union, and granting licenses to Foreign Banks have been witnessed. Nine Foreign bank branches have started the business mostly in 2015, The Bank of Tokyo-Mitsubishi UFJ, Ltd. being the first bank that has started business in 2015. Many other foreign banks, 48 in number have representative offices. ADB, World Bank and several international development funds are active, making large-scale infrastructural projects possible. In spite of this, the ambitious Special Economic Zone (SEZ) policy encounters difficulties in financial project partnerships. Foreign banks are still prohibited from engaging in a number of activities such as operation of retail-banking business, extension of any form of lending facility to local business. In later stages of liberalization, foreign banks will be permitted to incorporate 100% foreign owned subsidiaries and to open branches.

Business support

Most development partners have re-engaged with Myanmar and embarked on the formulation and implementation of programmes. After the enactment of a new foreign investment law in November 2012 high added value / high revenue potential sectors such as oil & gas, power generation, industrial zone development and related port and maritime infrastructure attracted massive foreign investor interest. Development partners like the World Bank and Asian Development Bank are involved in the field of water via technical assistance grants, concessional loans, a Trust fund and a NL funded Water programme.

Others are IFC, UNDP, EU, and EIB. Furthermore the engagement of private finance (equity & debt) through PPP arrangements or other forms of private sector participation is rapidly developing. The Netherlands has several instruments available to support Dutch business to enter the market in Myanmar, like the fund for smaller demonstration projects, feasibility studies and investment studies (DHI), and DRIVE (infrastructure projects). Please check for the latest news: www.rvo.nl or contact the Embassy. Furthermore, Myanmar is on the country list of PUM, CBI, Atradius and FMO.

Further reading

Contact the Embassy of the Kingdom of The Netherlands or take a look at our website (<http://myanmar.nlembassy.org/>) for an overview of recently published reports and activities in the field of water in Myanmar. In March 2016, a Maritime Quicksan for business opportunities in Myanmar has been developed and will be available on request. This factsheet on

maritime opportunities in Myanmar is completely based on the results of this Quicksan.

Relevant fairs

17-19 May 2016: **Annual Myanmar Upstream Oil & Gas Summit & Exhibition**

Topics: updates on oil & gas production sharing contracts, geological data, updates on the fiscal regime and a platform for debate and discussion relating the sustainable development of hydrocarbon resources

Venue: Sule Shangri-La Hotel in Yangon

23-24 May 2016, **Global Water Conference**

<http://www.globalwaterconference.com/>

Venue: Sule Shangri-La Yangon

2-4 August 2016, **Urban and City Planning Conference**

Topics: City Planning, Urban Build & Transport Infrastructure, as well as Heritage & Real Estate Conservation

Venue: to be announced, Yangon

28-30 Sept 2016, **Myanmar Aqua Fisheries conference**

Venue: to be announced, Yangon

20-22 Oct 2016, **MyanWater**

<http://www.myanwater.com>

Venue: Myanmar Event Park, Yangon

1-3 December 2016, **Myanmar Water**,

www.myanmarwater.org

Venue: to be announced, Yangon

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- Embassy of Myanmar in Brussels: www.embassyofmyanmar.be
- Union of Myanmar Federation of Chambers of Commerce: www.umfcci.net
- Netherlands Water Partnership (NWP): www.nwp.nl
- Nederland Maritiem Land (NML) – Maritime By Holland: www.maritimebyholland.com

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