

Myanmar's Port Sector

*A regional perspective and
the way forward*

Conference Presentation



A. Introduction to Roland Berger



Roland Berger is a leading global strategy consulting firm with successful operations in all major international markets

Our profile

Founded in **1967** in Germany by Roland Berger

50 offices in **36** countries, with around **2,400** employees

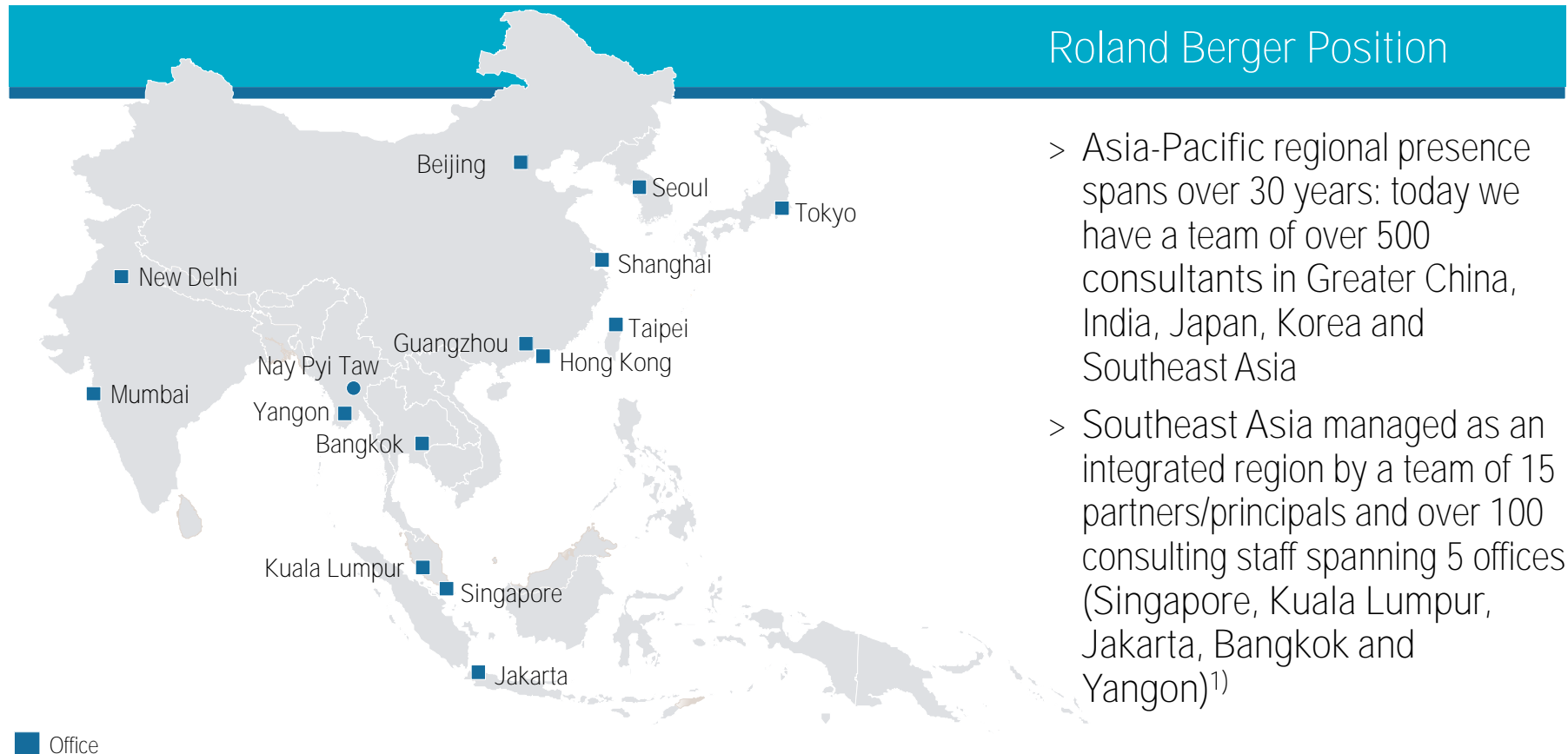
Nearly **220** RB Partners currently serving

~1,000 international clients



We have been an early mover into Asia and have been active in the region for over 30 years with 15 offices in Asia and ~ 600 staff

Roland Berger's presence in Asia-Pacific






1) Project office in Nay Pyi Taw, Myanmar

We have a global maritime practice covering the maritime value chain - ports, shipping (and shipbuilding)

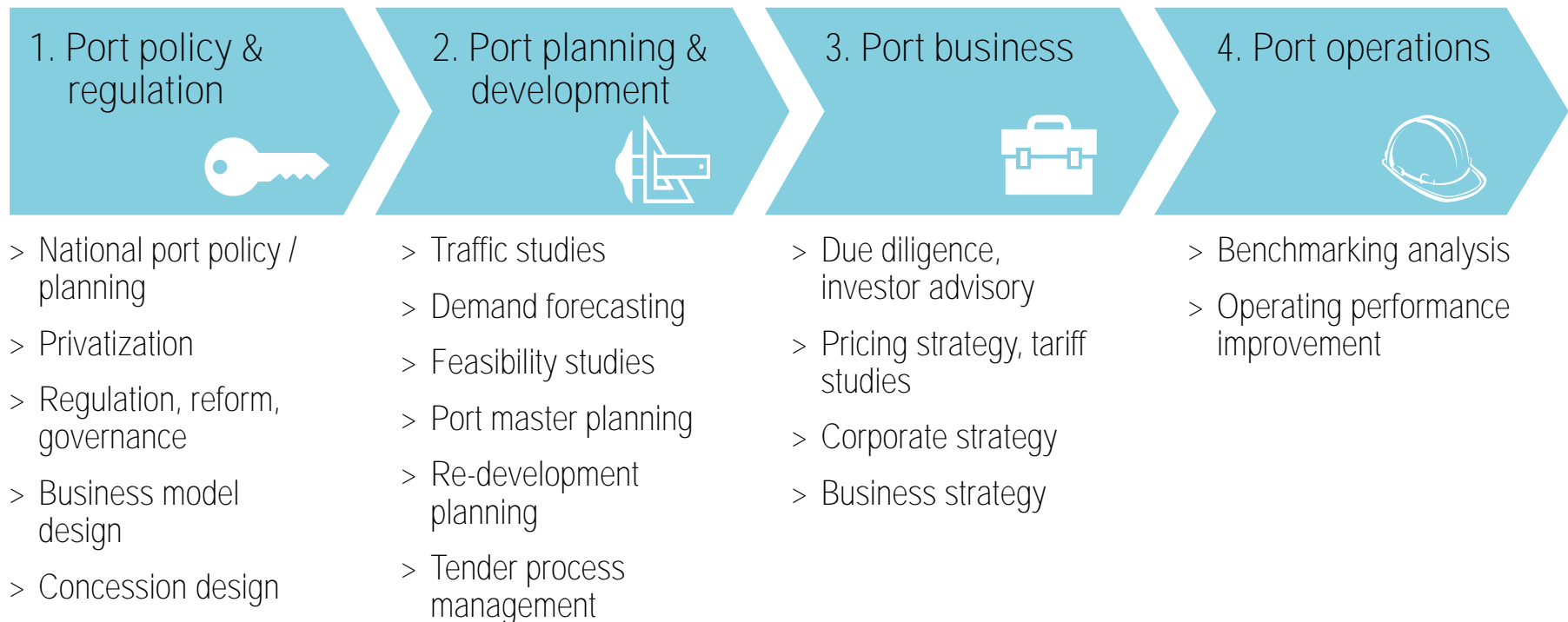
Selected Roland Berger clients in ports and shipping

<p>Ports </p> 	<p>Shipping </p> 
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-  We are proud to be a top 5 player in the global strategy market
-  We have deep global port planning and development experience
-  We also have deep global shipping industry experience

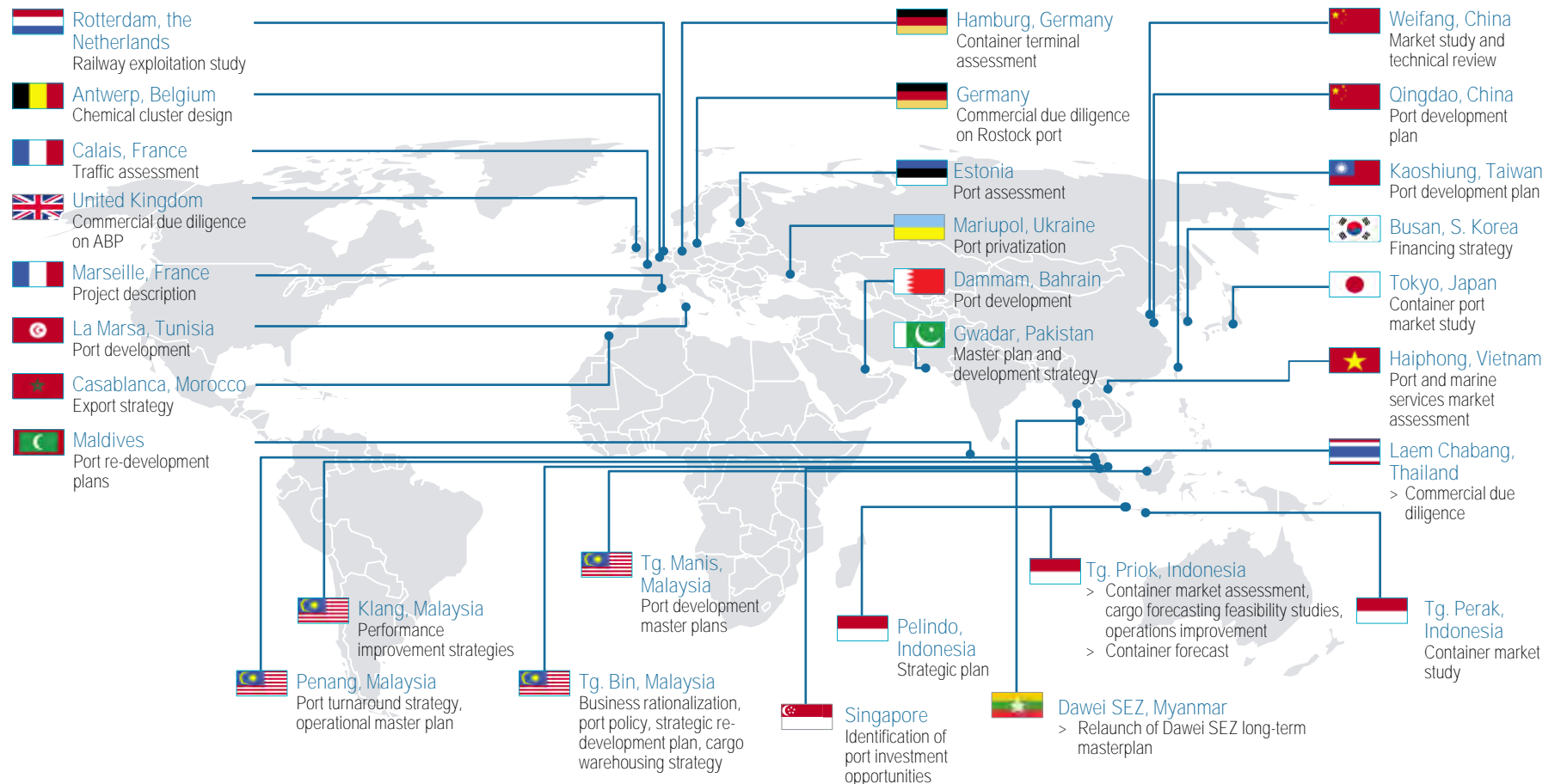
Our port competence center offers an integrated approach and specialized services for each phase of the project lifecycle

Our port practice offerings



We deliver port consulting projects all over the world on a range of topics and challenges

Recent port projects – selected samples only

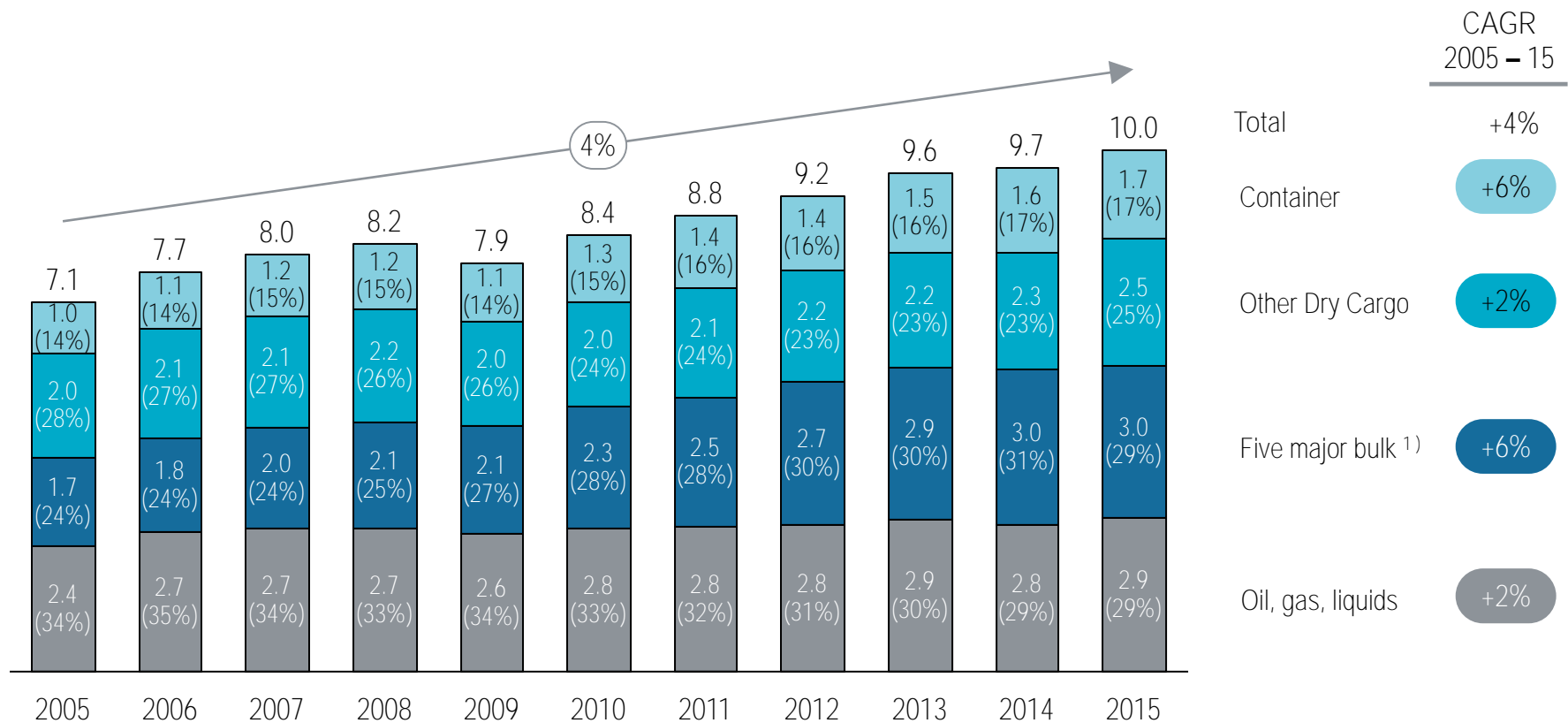


B. Global Maritime Trends and Regional Trade Developments



In tonnage terms, global maritime trade has grown by about 4% per year during 2005 – 2015

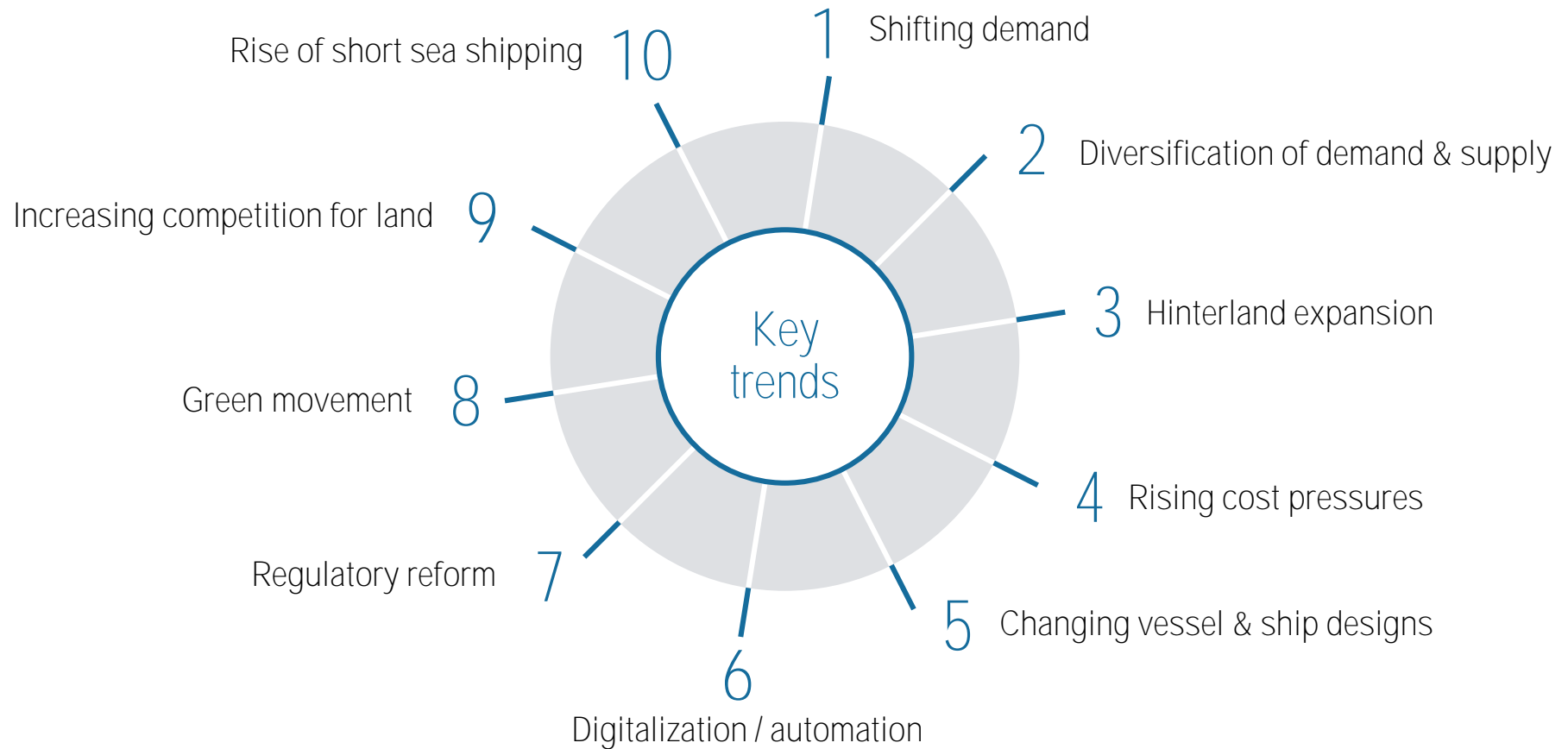
International seaborne trade [bn tonnes loaded]



1) Iron ore, coal, grains, bauxite & alumina, phosphate rock

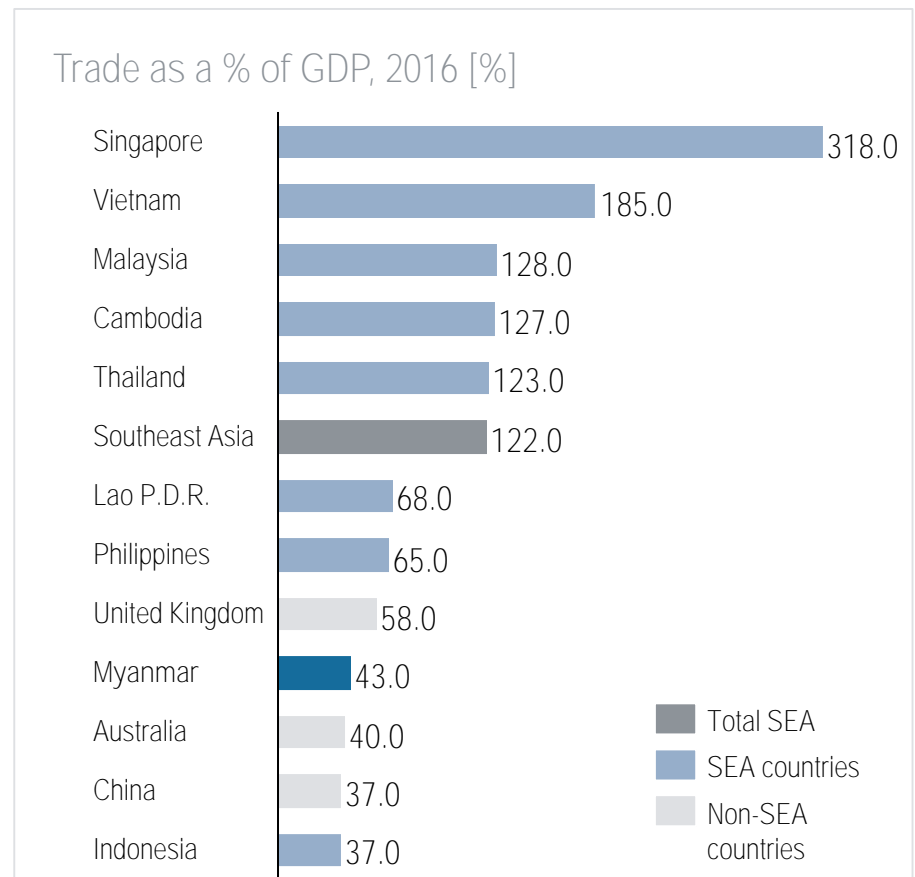
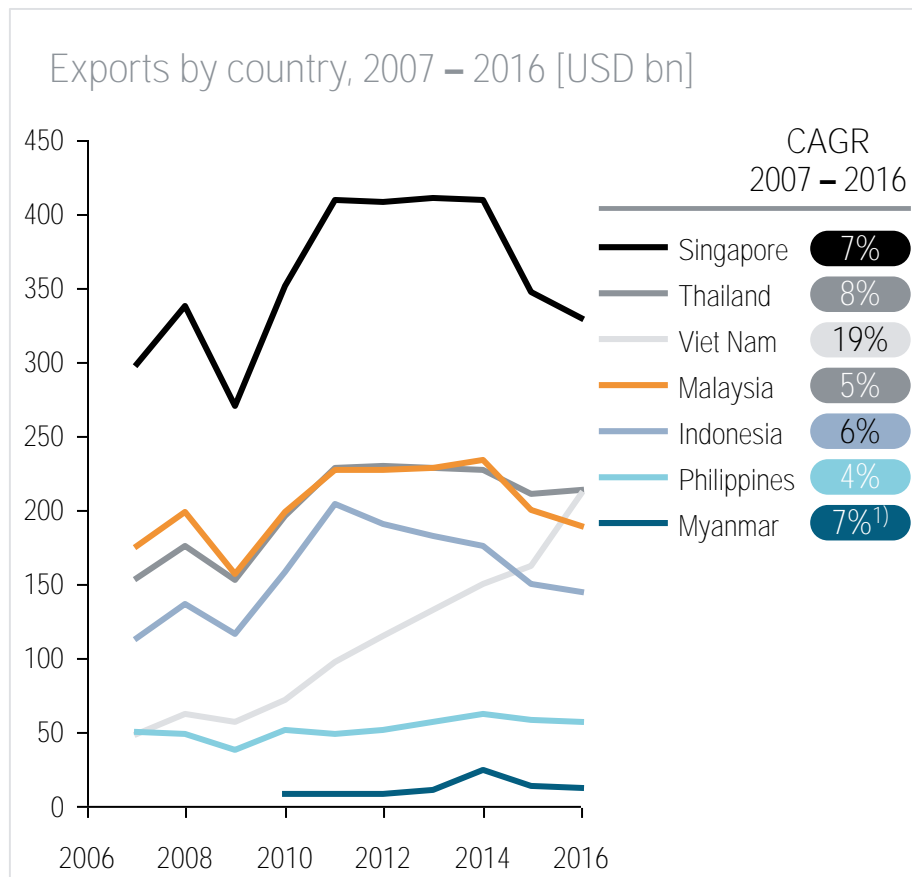
Growing and shifting demand puts pressure on ports – everywhere – to continuously adapt to changing market conditions

Ten global mega trends & challenges in ports



In terms of national trade, Myanmar is well behind its neighbors – Greater investments in infrastructure will fuel growth

SEA trade growth and dependency



1) CAGR for Myanmar from 2010-2016

The Myanmar Government is committed to developing the port sector – Many projects are in different stages of development

Myanmar's key port projects (planned + under development) – Not exhaustive

Port development – Yangon

- > Yangon – capacity expansion and rationalization, both for river and sea traffic
- > Main zones of the city will be connected through waterways utilizing the main riverways cutting across the city
- > Recent proposal to build SEZ (industrial zone and port) south of Yangon

Deep sea port project – Kyauk Pyu

- > Planned Kyaukpyu Special Economic Zone (4,289 acres) containing port and industrial area
- > **China's CITIC Group to lead project** – start point for their oil pipeline
- > Environmental studies to start in 2017 and construction in 2018
- > China is seeking 70-85% ownership of the port – negotiations ongoing

Port development – Patheingyi

- > **Patheingyi's** plan has been proposed in 2014 and includes, in addition to a new deep sea port, a couple of SEZs around Patheingyi and expressway and railway links between Yangon and Patheingyi

Port expansion – Thilawa

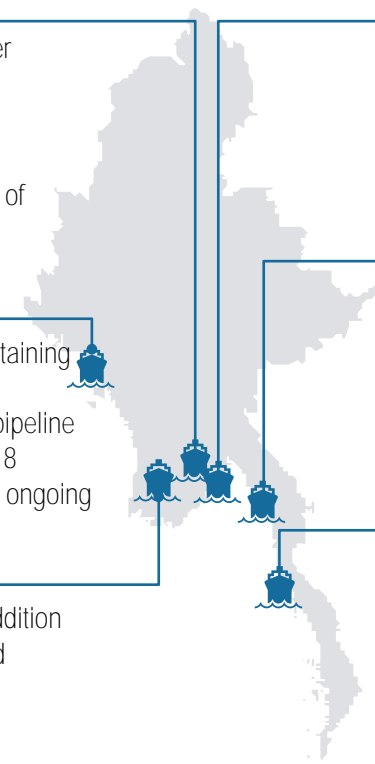
- > Small new container terminal scheduled for completion in late 2018 – annual capacity of 187k TEUs¹⁾ and ships up to 20k DWT
- > **Japan's Toyo Construction will lead the project and signed a USD 118m contract with the MPA**

Deep sea port project – Kalagauk

- > Centennial Energy (Thailand) signed agreement in 2015 to build a deep water port – port investment estimated to be USD 15bn
- > As of March 2016, the project is still under review for feasibility

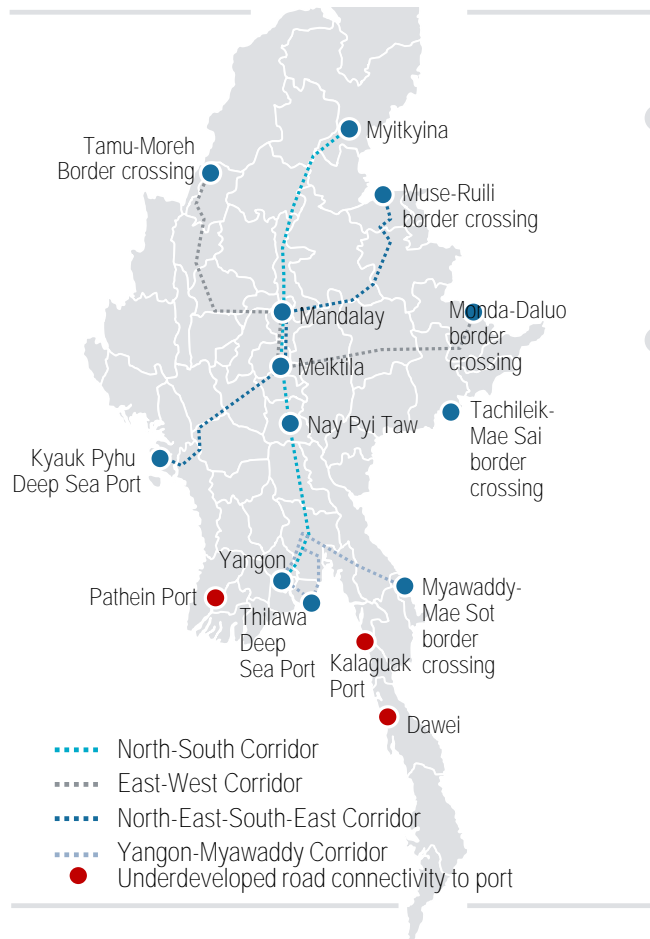
Deep sea port and SEZ project – Dawei

- > Deep-sea port planned
- > Largest SEZ in size in South-East Asia focused on exports to western markets (e.g. textile, fishery)



1) TEU = twenty foot equivalents

Hinterland land road connectivity development is a major challenge – Road connectivity to key ports is underdeveloped



Summary road network master plan

- > 34400 km of roads 2015-2035
- > To be funded mainly by foreign aid and loans

Concerns

- > Foreign investment in infrastructure limited
- > Lack of clarity on policies hinders long term capital investment plans
- > It is difficult to obtain the necessary approvals
- > Land acquisition processes need are not streamlined and frequently lead to delays
- > Decisive action in terms of setting up single window accelerated approval process for various infrastructure projects has been lacking

However, Myanmar has many geo-strategic advantages and significant regional opportunities

Opportunities for Myanmar

Non-exhaustive



Greater Mekong Sub region economic co-operation program



- > Six countries (Cambodia, China, Lao, Myanmar, Thailand, and Viet Nam) launched the Greater Mekong Sub region (GMS) Economic Cooperation Program to enhance economic relations
- > The program envisions robust connectivity and trade through land and sea among the countries
- > Myanmar can leverage the program for significant port and road infrastructure development



China's One Belt One Road strategy



- > China is aggressively implementing its one belt one road strategy (OBOR) with significant investments across the region especially for integrated road, rail and sea connectivity
- > Myanmar plays a central part in China's OBOR strategy with road and gas pipeline planned across the country connecting China to the Indian Ocean



Cross border trade with Thailand and India

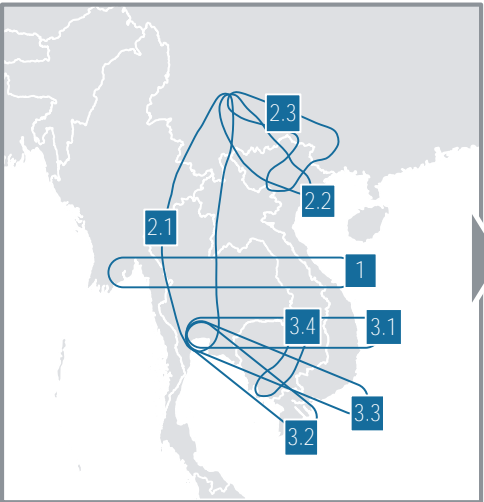


- > The trade between Thailand and Myanmar is growing fast is expected to be doubled within next two years
- > For example, Dawei special economic zone (under development) can accelerate the trade among two countries further
- > Dawei SEZ master plan includes a deep sea port that is expected to be the biggest port in Myanmar and one of the largest in the region
- > Access to India also provides significant opportunities (significant economic growth and trade expected)

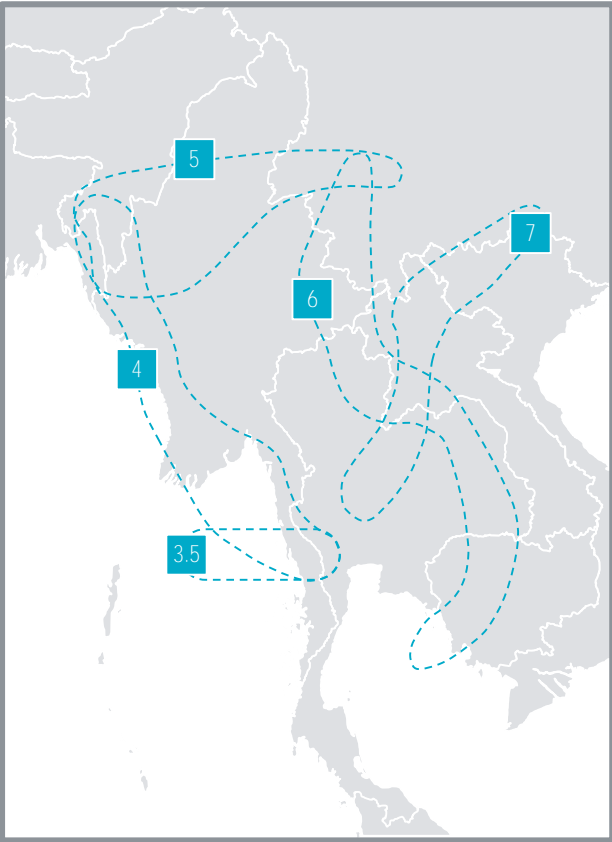
Greater Mekong Sub region – New corridors have a strong focus on connectivity development for Myanmar

GMS connectivity outlook

Existing corridor



Proposed new corridor



 Existing corridors
 Proposed new corridors

- 1 East-west economic corridor
- 2.1 North-south economic corridor (west)
- 2.2 North-south economic corridor (central)
- 2.3 North-south economic corridor (east)
- 3.1 Southern economic corridor (central)
- 3.2 Southern economic corridor (southern coastal)
- 3.3 Southern economic corridor (north)
- 3.4 SEC-NSE Intercorridor link
- 3.5 Southern economic corridor (western extension)
- 4 Western corridor
- 5 Northern corridor
- 6 North south corridor via Lao PDR
- 7 Northeastern corridor

Myanmar plays a pivotal role in China's One Belt One Road policy – Chinese infra investment in Myanmar requires control concessions

China One Belt One Road implications to Myanmar

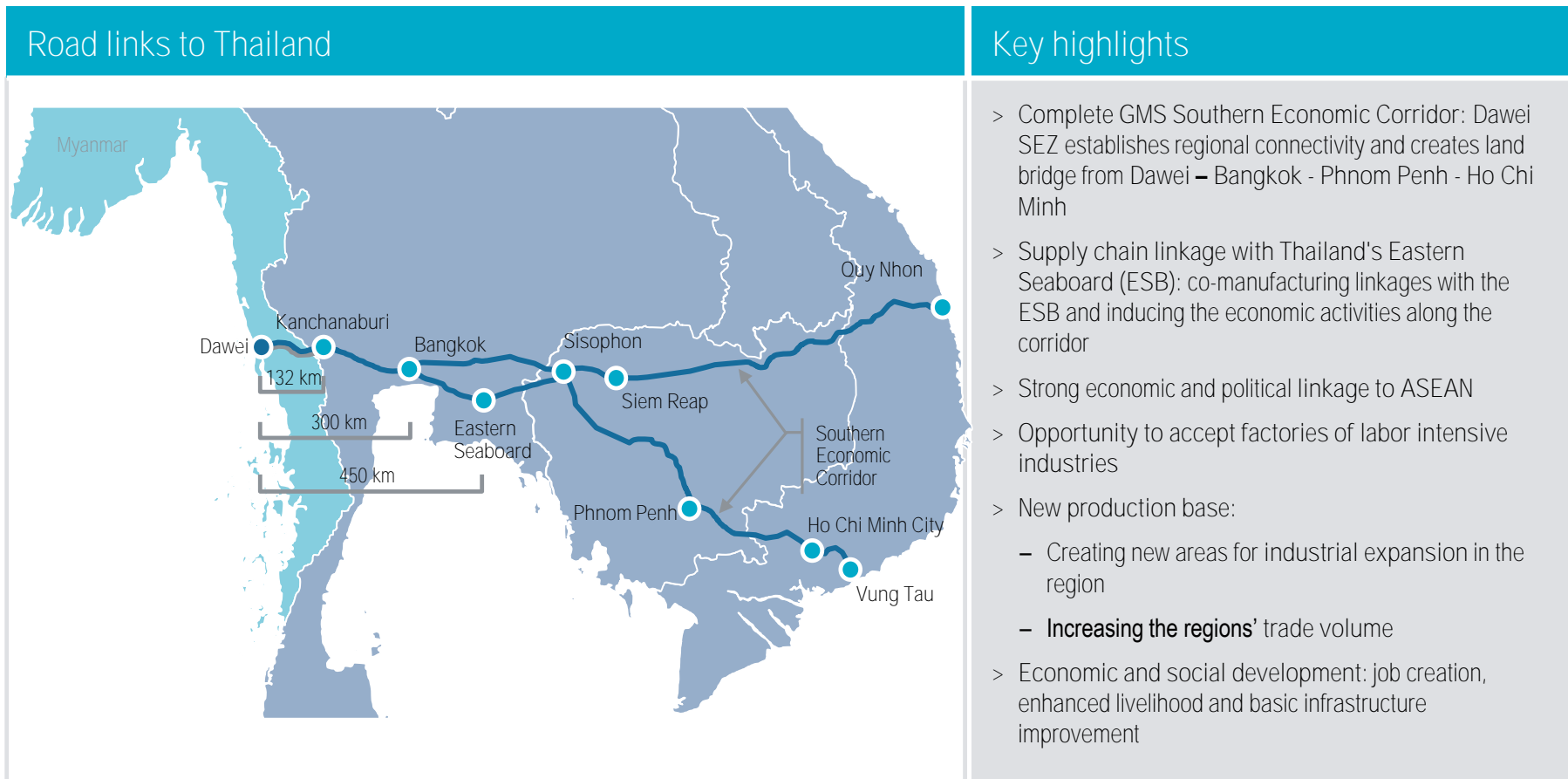


- > Myanmar is an important potential part of China's One Belt One Road strategy given its strategic location in between China and the Bay of Bengal
 - Oil and gas pipelines leading to western China originate at Kyau Phyu port and run across the country into China
 - China plans to invest in port and infrastructure development at Kyauk Phyu
- > Myanmar's collaboration with China and foreign partners allows access to resources needed to develop its deep water ports and road infrastructure to support economic development
 - The cost for the inflow of investment and resources to build the required infrastructure will be conceding partial control over the infrastructure



Dawei SEZ completes GMS Southern Economic Corridor, connecting regional supply chain linkage through Thailand's Eastern Seaboard

Dawei SEZ completes the GMS Southern Economic Corridor



Dawei SEZ opens a new gateway to the West - linking India, Europe, Africa and Middle East with ASEAN & East Asia

Dawei SEZ strategic location: new gateway to the West



Key highlights

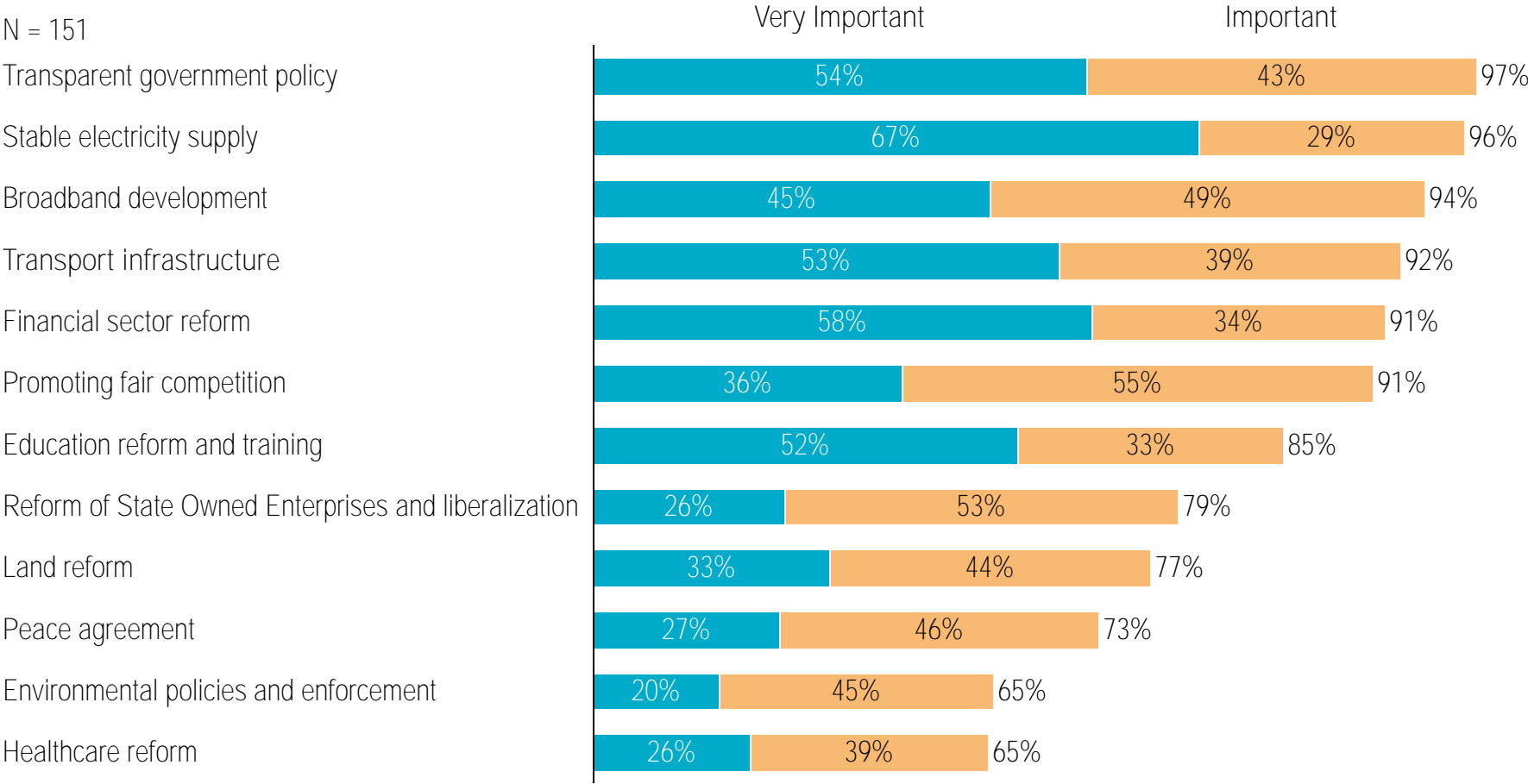
- > Strategic location: New gateway to the West connecting Indian and Pacific Oceans
 - Linking between Southeast Asia and South Asia, the Middle East, Europe and Africa
 - Providing alternative trade route to the Strait of Malacca – with time and cost savings on logistics
 - Shortening the distance by approximately 50% or 2,000 km and reducing 3 days of the shipment time from Bangkok to Chennai, India¹⁾
- > Connecting GMS Southern Economic Corridor markets to the West: ~USD 120 bn total trade flow of Thailand, Cambodia, Vietnam to the Western markets
- > MIEC²⁾ linkage: complete linkage to India via Chennai – Dawei's deep sea port
- > Dawei SEZ will support Myanmar's regional development throughout the southern area as there are no big cities in the southern area except Dawei and Myeik

1) from 4,500 km via the Malacca Strait vs 2,500 km via Dawei's deep sea port; 2) Mekong-India Economic Corridor

Government can boost the economy through transparent policy, electricity supply, broadband, transport and financial sector reform

Important Government measures to boost economic growth [%]

N = 151



An integrated approach to port development strategy formulation is required to optimize and maximize economic development

Key questions

- > How to leverage Myanmar's strategic location and international initiatives (One Belt One Road, GMS, etc), for benefit of Myanmar?
- > What are the best locations for port development? Which ones to select?
- > Which is the best port management model?
- > What is the best way to finance port (re-) development?
- > How to manage and integrate ports, inland infrastructure and industry?
- > How to do port master planning?
- > How to improve port performance? And streamline operations / procedures

Strategies that need to be developed



Please contact us if you have any further questions



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