

## **Myanmar Industrial Logistics**

Despite the COVID-19 induced disruptions across the region, the year 2020 concluded with a total USD5.5 billion worth of investment from countries such as Singapore, Japan, and China. Almost half of that went mainly into manufacturing, real estate, industrial estate, and other service sectors increasing the demand for warehouses and distribution centers, not least in Yangon region. Thilawa, thus far, remains as the only international port terminal as well as the only Special Economic Zone (SEZ) in the country with the largest aggregation of multinational manufacturers and logistics occupiers. Given the recent inauguration of Korea-Myanmar Industrial Complex and Singapore-Myanmar Industrial Park coupled with upcoming expressway roads, it is recommended that developers and manufacturers to focus on townships in the east and southeast of Yangon for their future warehousing opportunities according to Colliers Myanmar. Insein and Shwe Pyi Thar are two of the townships at the threshold of Yangon along Pyay Road that stretches from north to south. Their proximity to the Yangon International Airport and major industrial townships such as Hlaing Thar Yar enables several manufacturers to set up their warehouses while strategically placing them at the intersection of major transport routes. The gradual relocation of some mid-size companies producing construction materials, household goods, rubber, electrical and metal products from Hlaing Thar Yar to Shwe Pyi Thar area in recent years is anticipated to add the warehouse requirement in the vicinity. There are Major Logistics Occupiers such as DB Schenker, Senko (Insein), Nordic Group Ltd. (Shwe Pyi Thar). Both Korea Myanmar Industrial Complex (KMIC) by Korea Land and Housing Corporation (LH) and Myanmar Singapore Industrial Park (MSIP) by Sembcorp are in fact located in Helgu Township being only a few minutes' drive away from Mingalardon. Looking closely, the Yangon-Mandalay Expressway starts from the toll gate bordering Mingalardon and Hlegu townships, and both of which geared up into developing the next front and center of industrial activities in years to come. Propped up by the upcoming elevated

express way, it is expected to witness the proliferation of residential and commercial projects in the next three years alongside the pending industrial estate developments. At present, the industrial tenants based in Mingalardon area mostly specialize in construction materials, electronics, household goods, appliances, and metal products. In Mingaladon, there are Major Logistics Occupiers such as KOSPA Ltd., Savvy International, Nordic Group Ltd. Linked directly to the Thanlyin and Kyauk Tan townships via the Thanlyin Bridge No.2, Dagon Seikkan also stands out as one of the most logistically promising pivot trade areas in the near term. Due to existing arterial roads, the trucks to and from the Thilawa Special Economic Zone and International Port Terminal have been able to circumvent around the existing Thanlyin residential areas through the Thanlyin Bridge No.2 and the Bago River Ring Road, avoiding any potential congestion. Several 3PL firms have opened their bases on the Dagon Seikkan side of the Bago River since 2017 making it more suited among companies specializing in cold storage, rack storage and distribution. Meanwhile, East Dagon has similarly emerged as an up-and-coming township where the Thailand-Backed Yangon Amata Smart and Eco City Industrial Park Project will be implemented. This project is slated to have a total of 2,000 acres in size of which 1,200 acres would be in East Dagon. There are DHL, Maersk, Suzue Corporation, Damco, Kuehne+Nagel, Nordic Group Ltd. (Dagon Seikkan), Kerry Logistics (East Dagon), Sojitz (North Dagon), Elan Logistisc (Tharketa). With a combined area of more than 1,400 acres covering Thanlyin and Kyauktan, Thilawa Special Economic Zone (SEZ) commenced its operation since 2015. Over the course of last few quarters, the completion of the newly upgraded four-lane road connecting Thanlyin Bridge No.1 and the SEZ bolstered the transport mobility and created warehousing opportunities along Kyaik Khauk Pagoda Road. Given the ongoing construction of Thanlyin Bridge No.2 as well as the upcoming arterial highway connecting Bago and Thanlyin for logistics route, it is recommended for investors and tenants to also look into Thanlyin and Kyauktan townships in considering for their next

warehouse locations. There are Major Logistics Occupiers such as Nippon Express, Yusen Logistics, Daizen, Fujitrans, Bok Seng, Konoike Group. According to Myanmar Project Bank wherein the national level major investment projects are listed, the Ministry of Construction plans to coordinate approximately USD3.8 billion of investment in to building major highways and expressways before 2030, linking key trade cities such as Yangon, Mandalay, Bago and Patheingyi to the cross-border trade points along the border with China, India, and Thailand.

*Learnt from: Colliers Myanmar (1<sup>st</sup> April, 2021)*

### **Kyat depreciates in the two months following February 1 takeover**



Myanmar Kyat

Myanmar's currency has been depreciating since the Feb. 1 coup, considerably increasing the prices of imported goods according to Nikkei Asia report. The value of the kyat against the U.S. dollar dropped 14% in the two months following the coup. While the price of gasoline jumped more than 20%, imported foodstuffs are also becoming expensive, leading to more strains on consumers. A money exchange in Yangon posted a rate of 1,600 kyats to the dollar for buyers of the U.S. currency on 9<sup>th</sup> April. Under Myanmar's managed floating rate system, which keeps the kyat's rate within a set range, the reference rate set by the country's central bank was 1,330 kyats to the dollar on Feb. 1.

*Learnt from: Mizzima News (13<sup>th</sup> April, 2021)*

### **India's Adani Ports removed from S&P Dow Jones Indices**

According to S&P Dow Jones Indices, it has removed India's Adani Ports and Special Economic Zone Ltd from its sustainability index due to the firm's business ties with Myanmar's military, as Reuters reported. India's largest private multi-port operator is building a \$290 million port in Yangon on land leased from the military-backed Myanmar Economic Corporation (MEC). It will be removed from the index prior to the open on Thursday, April 15.

*Learnt from: Mizzima News (13<sup>th</sup> April, 2021)*

### **South Korea's POSCO to end joint-venture with MEHL**



South Korea's POSCO Coated & Color Steel Co Ltd (POSCO C&C) has announced that it will end its joint venture with Myanmar Economic Holdings Public Co Ltd (MEHL) according to Reuters report. The South Korean firm said it is in talks to buy MEHL's 30% stake to continue operations with full ownership. The venture mainly makes sheet metal for residential and factory roofing, earning 2020 operating profit of 2 billion won (\$1.79 million). According to POSCO C&C spokesman, POSCO plan to carry on with our business in Myanmar.

*Learnt from: Mizzima News (19<sup>th</sup> April, 2021)*

**Chinese auto manufacturer to press ahead  
with plans to operate in Myanmar**



Guangzhou Automobile Group (GAC) is pressing ahead with plans to start manufacturing vehicles in Myanmar this year as part of the Chinese state-owned group's ambitious internationalization plan according to Nikkei Asia report. Many investors from Japan and elsewhere, by contrast, have put Myanmar investment plans on hold or retreated from ventures in the nation amid continuing violence between protesters and military forces. Toyota Motor had been scheduled to open a new \$52 million factory but has held off on the launch.

*Learnt from: Mizzima News (23<sup>rd</sup> April, 2021)*