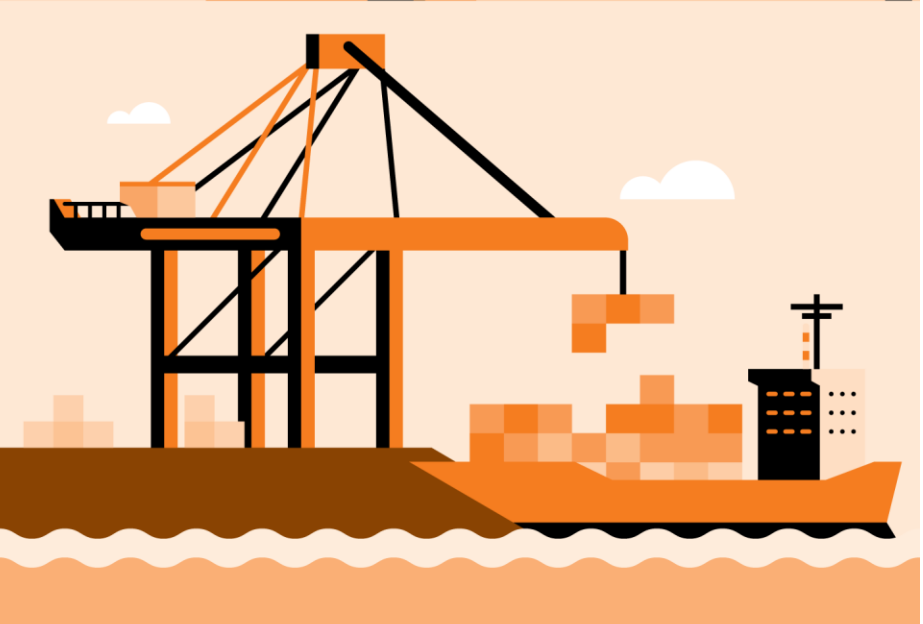


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Myanmar Infrastructure Monitoring

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Preface and acknowledgments

This Transport and Logistics Sector Monitoring Report, one of three reports in the Myanmar Infrastructure Monitoring series, presents a summary of major dynamics and challenges facing the transport and logistics sector in Myanmar. It first provides an overview of the transport sector developments and challenges in the last decade, followed by an analysis of major trends in the sector since February 2021 coup and their implications. The report relies on data obtained from private sector and third parties as well as open-source data and news that was analyzed and cross-checked as part of the monitoring work. Where news reports are referenced, additional efforts were made during the monitoring process to triangulate reports from several reputed news media sources to ensure veracity of information presented.

Transport and logistics sector monitoring was produced by Hongye Fan, Win Htein Lin, Myint Kyaw, Xuanyi Sheng and Sadig Aliyev. It was developed under the guidance of Benedict L. J. Eijbergen (Practice Manager, Transport), Mariam J. Sherman (Country Director, Myanmar, Cambodia, and Laos), and Ranjit Lamech (Regional Director, Infrastructure, East Asia and the Pacific). Ulrich Schmitt (Operations Manager) and Kim Alan Edwards (Program Leader, Senior Economist) provided valuable advice. Arnold Marseille, Kyaw Soe Lynn, Tin Hninn Yu and the ECR team provided guidance on publication.

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Abbreviations and acronyms

ADB	Asia Development Bank
ASEAN	Association of Southeast Asian Nations
MMK	Myanmar kyat
RAI	Rural Access Index
RON	Research Octane Number
TEU	Twenty-foot equivalent unit
UN	United Nations

Executive summary

Transport and logistics services in Myanmar have been substantially hit by the impacts of the February 2021 coup and the surge in COVID-19 cases. Logistics companies have been affected by rising fuel prices, border closures, and a shortage of shipping containers. From February to December 2021, import via laden containers (twenty-foot equivalent units – TEUs) dropped by 39 percent and export via containers dropped by 21 percent compared to the same period in 2020. The price of import and export containers increased by two to four times.

While the initial effects after the military coup on the transport sector were extremely severe, there have been signs of some recovery of transport services since May 2021. Seaport and customs clearance have returned to regular operation. However, sea trade still faces challenges due to the partial shortage of 20-foot containers and higher container freight rates. Additional mobility restrictions and roadblocks between each state and region and the need for travel authorizations have disrupted the accessibility and availability of transport and logistics services. Higher regulatory constraints have reduced the efficiency, quality, and frequency of the transport service operations.

Public transport in Yangon experienced a significant reduction in passenger demand in early months after the coup, subsequently recovering some ground by December 2021. Instead of a fixed rate as in the past, reports indicate that bus operators charge three to four times the fare depending on the destination. Rising bus fares, security risks, and the deteriorating quality of service continue to impact the financial position of bus operators.

Higher fuel prices and currency liquidity shortages significantly increased the cost of inland transport services. Fuel prices in Myanmar such as for premium diesel have nearly tripled since February 2021. Currency liquidity shortages and exchange rate fluctuations, along with banking sector disruptions, have contributed to higher transaction costs that further limit the transport operators' service quality and operational continuity.

Truck transportation has been severely affected by the rising fuel cost, vehicle accessories, and lubricants. Costs have also increased due to the need for additional payments at security checkpoints, cash shortages, and late payments by clients. According to transporters, each destination has around 6 to 10 checkpoints, leading to a significant increase in additional payments. The increased number of checkpoints has also lengthened transportation time, resulting in increased costs.

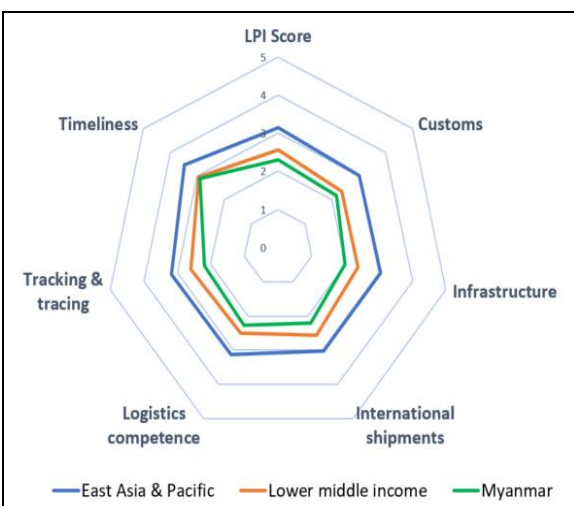
The aviation sector has also been severely affected by dual shocks of the pandemic and coup. The recorded air traffic movement in 2021 was the lowest in the last five years at Yangon International Airport, the main aviation gateway of Myanmar. Domestic flights have shown recovery, particularly since November 2021. Increasing fuel prices, rising maintenance costs, and depreciating local currency will negatively impact the sector recovery.

Transportation and logistics services are expected to be severely impacted by continuing high fuel prices, mobility constraints, political instability, and evolution of the pandemic. The local currency depreciation and high fuel prices could lead to mid- to long-term pressure on the recovery of road freight and public transport services. The export and import via container are expected to recover gradually due to agricultural and garment industry-led demand. However, improvement of exports and imports in the medium term is uncertain given the complexity of trade relations with international trade partners. In addition to effects of the coup and political conflicts, risks related to the pandemic would also significantly impact logistics supply chains and mobility in the near to mid-term.

Transport sector developments from 2011-2020 in the context of Myanmar

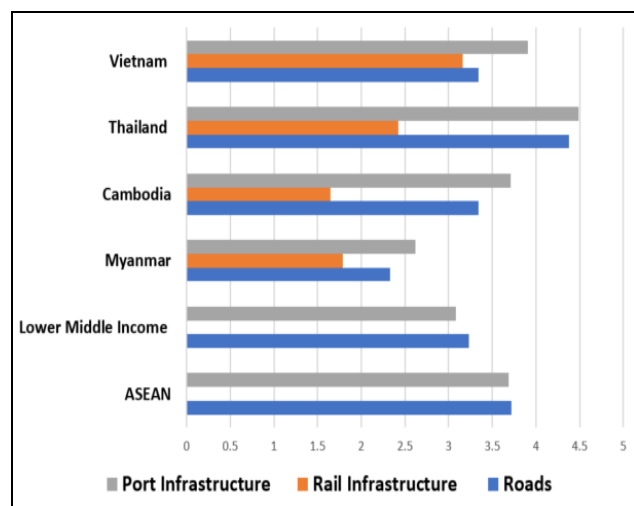
1. Despite Myanmar’s strategic location between the three major economies of China, India, and Association of Southeast Asian Nations (ASEAN), its decades of isolation resulted in long-lasting physical barriers for its regional integration and trade. Myanmar was ranked 137, the lowest among ASEAN countries, on the Logistics Performance Index in 2018 (Figure 1). Myanmar’s quality of transport infrastructure is lower than its regional peers and income group (Figure 2). Productivity growth in agriculture and garment sectors — both of which have an important share in employment and require efficient supply chain management — was particularly affected by the underdeveloped logistics sector and high transportation costs.

Figure 1: Myanmar logistic performance



Source: Logistics Performance Index, World Bank 2018.

Figure 2: Myanmar quality of transport infrastructure



Source: Global Competitiveness Index 2015.

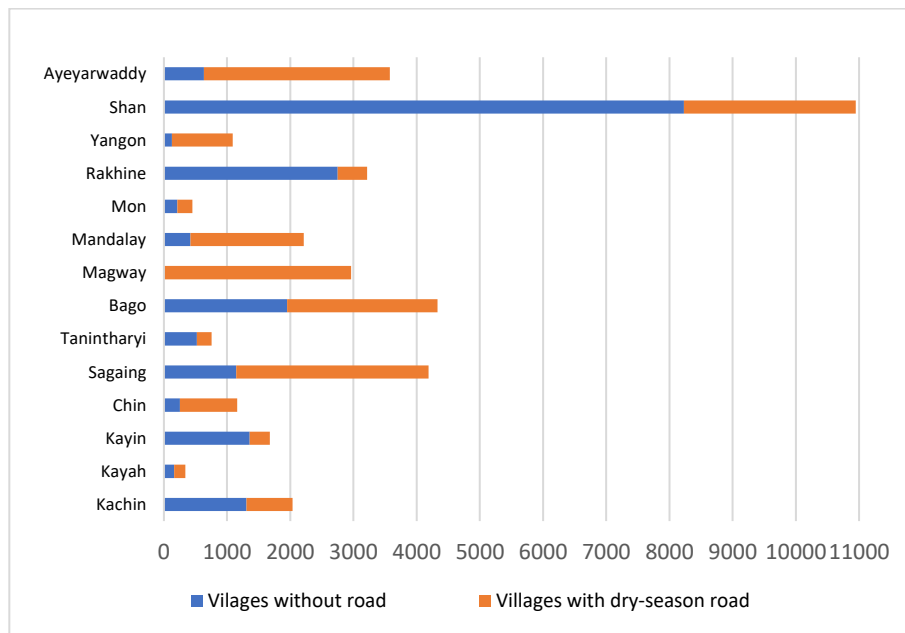
2. **Myanmar’s transport connectivity challenges are unique, both in scale and complexity.** Over 60 percent of highways and railways, which connect the main economic centers in the country, are in poor condition. About 20 million people in Myanmar lack basic access to all-season roads. Of this number, 9 million people live in villages that are not connected by any road.¹

3. **Physical isolation of many villages in Myanmar limits the potential of the rural population to benefit fully from poverty reduction efforts.** Myanmar’s Rural Access Index (RAI) was estimated at 36 percent, which is the second lowest in Asia, after Afghanistan.² There were about 24,000 villages without road access and about 20,000 villages that have road access only in dry season across most states (Figure 3). Physical isolation of many villages and populations results in high transportation costs to reach markets and affects productivity growth in the agriculture sector where most of rural population is employed. Extreme accessibility constraints also contribute to poor access to critical healthcare services and high dropout rates from schools in rural areas.

¹ Refers to motorable road, either paved or unpaved. Rural Roads and Access, Myanmar Transport Policy Note (ADB, 2016).

² Rural Roads and Access, Myanmar Transport Policy Note (ADB, 2016). RAI is an indicator that measures the portion of the rural population living less than 2 kilometers away from an all-season road. About 36 percent RAI implies that 64 percent of the rural population must travel more than 2 kilometers to reach an all-season road.

Figure 3: Number of villages in Myanmar without road access and with dry season road access



Source: ADB 2016.

4. **Transition to a market economy accelerated economic and population growth in cities over the last decade, burdening the existing underdeveloped urban transport infrastructure.** Yangon experienced adverse effects of increased motorization, when the number of cars doubled between 2011 and 2015. The average peak-hour traffic speed in Yangon dropped from 30 to 10 kilometers per hour over the past decade. In Mandalay, every household has more than two motorcycles, and public transport is practically non-existent. Most of the urban workforce in Myanmar is employed in microenterprises, with half of them operating from home. Affordable and reliable access to transportation infrastructure and services is important to livelihoods and jobs in urban areas.

5. **Transformation of the Yangon Region public transport regulatory (also known as *ma-hta-tha*) led by Yangon Regional Transport Authority in 2016 was a popular change at the time.** The Yangon Regional Transport Authority consolidated overlapping bus lines of the Yangon Bus Service, bringing the number down to 92 from more than 300. This widely acknowledged action reduced vicious competition and resulted in improvements in service quality, air conditioning, payments, waiting times, and safety measures between 2017-2020. Before COVID-19, the Yangon Bus Service served about 2 million passengers daily.³ Mobility was significantly affected during COVID-19; 550,000 passengers used the Yangon Bus Service in December 2020.⁴

6. **As demand for transportation and logistics increased over the past decade, logistics services improved gradually, accompanied by sectoral reforms and investments.** From 2011 to 2020, Myanmar experienced active growth in trade and logistics activities. The import volume via laden containers in 2020 was about 2.5 times the volume in 2011, and the export volume via laden containers tripled in 2020 compared to 2011. Although the National Transport Master Plan (2014) provided a good framework for

³ World Bank, 2019. "Urban Transport in Yangon and Mandalay."

⁴ The Myanmar Times, December 14, 2020. "[Bus Passenger Numbers Recover to Half A Million.](#)"

prioritization of sector investments, its implementation was slow because of limited capacity and large financing needs. Construction and upgrade of transport infrastructure, including railways, highways, and river transportation were implemented, or prepared with investment from development finance institutions and bilateral donors.

Effects of the dual shocks of the February 2021 coup and COVID-19

The section looks at the effects of the February 2021 coup and pandemic on seaport operations, railways, roads, Yangon bus service, and air transport.

Seaport Operations

7. Yangon seaports have played an important role in Myanmar's economic growth since 2011. From 2012 to 2016, over 90 percent of the total international trade cargo, including 75 percent of import goods, were transported via Yangon's ports.⁵ The February 2021 coup had an immediate impact on Yangon's seaports, which were already reeling from the COVID-19 pandemic. Between February and March 2021, operations at Yangon's ports were disrupted. Workers in the port logistics business such as container truck drivers and custom clearance agents joined the Civil Disobedience Movement, impacting truck services, payment processing, and certificates issuance for customs clearance. These issues affected export volume via containers by 50 and 70 percent in February and March 2021, respectively, compared to February and March 2020.

8. **Exports via ports and cross-border trade have also been affected, showing a downward trend** (Figure 4). Myanmar's maritime trade for export was down by around US\$1.2 billion, approximately 13 percent, from January to December 2021 compared with the same period in the previous year,⁶ whereas the overall cross-border export reduced by about 10 percent or US\$644 million.

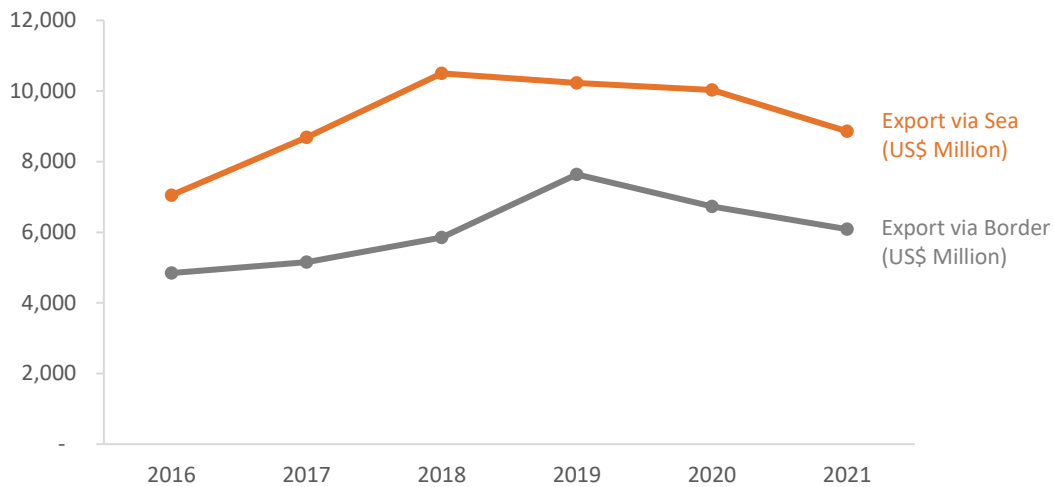
9. **On the other hand, cross-border trade experienced mixed results depending on the trading partners.** Exports to China from January to December 2021, for example, were down by approximately 27 percent, and the imports were down by over 58 percent compared to the same period in 2020. Exports to Thailand from January to December 2021 increased by 27 percent (approximately US\$669 million), and imports grew by 96 percent compared with the same period in 2020.⁷

⁵ The data collection survey for the development of Yangon port in Republic of the Union of Myanmar (Japan International Cooperation Agency, February 2019).

⁶ Ministry of Commerce, Republic of the Union of Myanmar, "[Trade Situation of Myanmar in 2020-2021 Fiscal Year Compared to the Same Period of 2019-2020 Fiscal Year.](#)"

⁷ Ministry of Commerce, Republic of the Union of Myanmar, "[Department of Trade by Border Station Export/Import Trade Situation of Myanmar in \(1-10-2020\) to \(30-9-2021\) Compared to the Same Period of 2019-2020 fiscal year.](#)"

Figure 4: Comparison of export via sea and border (2016–2021)



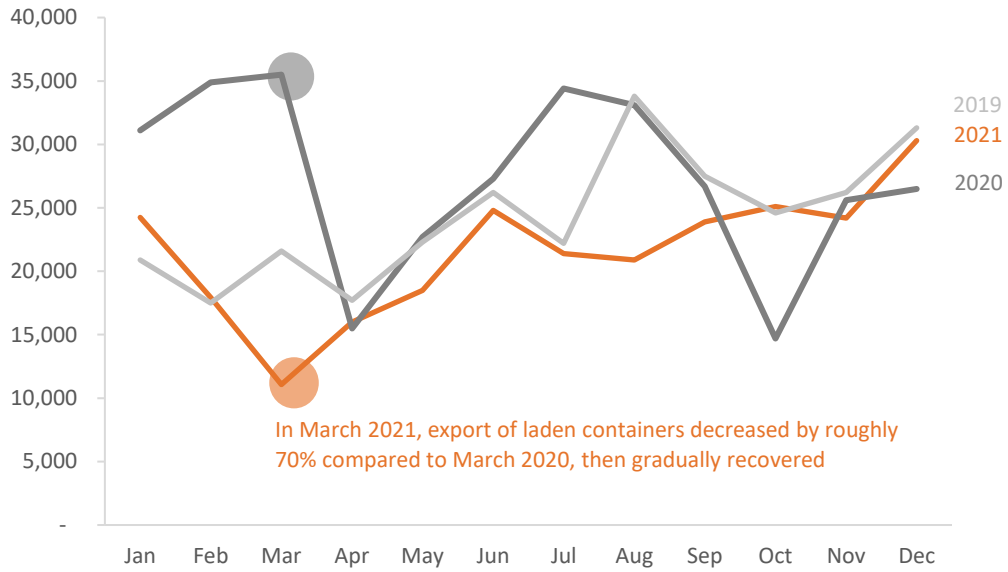
Source: Myanmar Ministry of Commerce.

Note: *Each year represents January to December for ease of comparison and consistency.

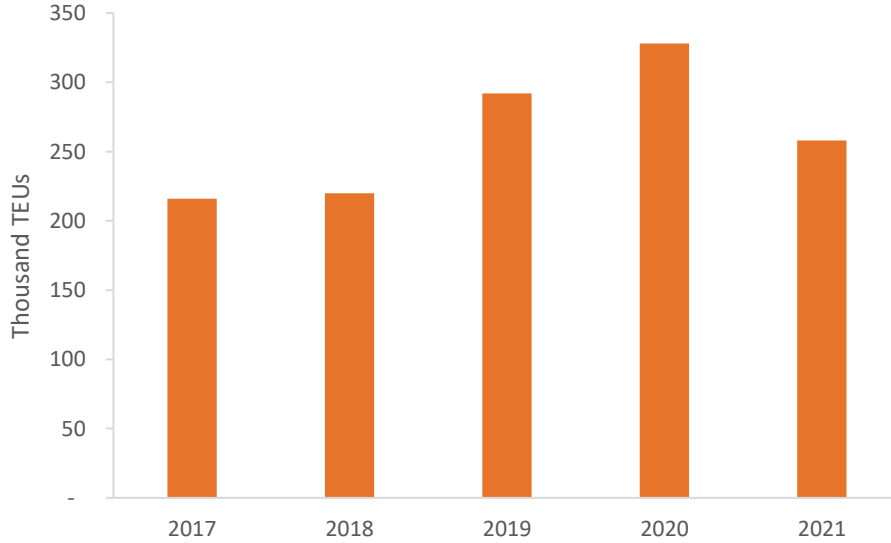
10. **Myanmar's exports via laden container from February to December 2021 were down by 21 percent compared to the equivalent period in 2020 (Figure 5A).** In March 2021, export via container decreased by roughly 70 percent compared to March 2020. From April 2021, the export sector showed some signs of recovery despite the rise in container freight rates, reduction in vessels calling to Yangon ports, and the effects of COVID-19 and the coup. Export via container in June 2021 increased by more than 55 percent compared to March 2021. However, the export via container from January to December 2021 declined by 11 percent and 21 percent in the same period in 2019 and 2020, respectively (Figure 5b). The first two-month of 2022 exports via container through Yangon ports performed better than the same period in 2021.

Figure 5: Export of laden containers

(a) January–December 2021 versus 2019 and 2020 (TEUs)



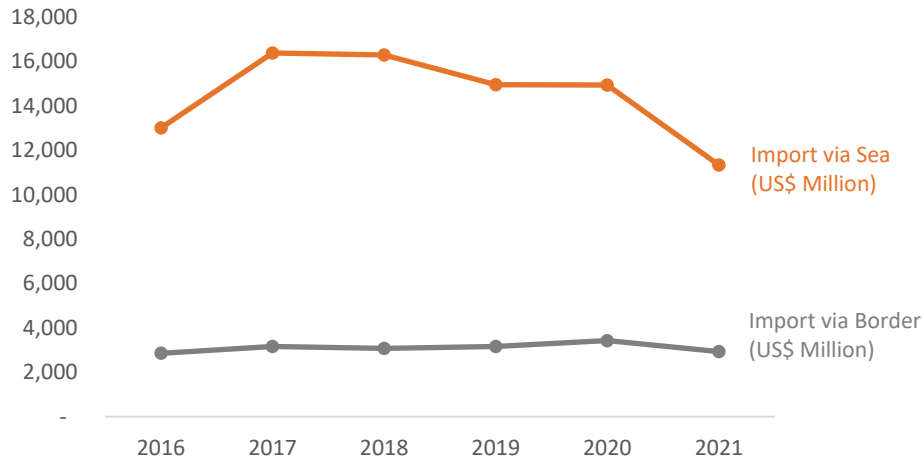
(b) January–December 2017 to 2021 (thousand TEUs)



Source: Shipping operators.

11. **Myanmar’s maritime trade for imports from January to December 2021 was down by 24 percent, amounting to approximately US\$3.6 billion in monetary value, when compared with the same period in 2020** (Figure 6).⁸ Similar trends could be observed with the laden containers’ import data, which fell by roughly 38 percent from January to December 2021, compared with the same period in 2020. Cross-border trade for imports did not experience as considerable a drop compared to the maritime trade. From January to December 2021, cross-border trade was down by nearly 15 percent, amounting to approximately US\$499 million, when compared with the same period in 2020.

Figure 6: Import via sea and border comparison (2016–2021)



Source: Myanmar Ministry of Commerce.

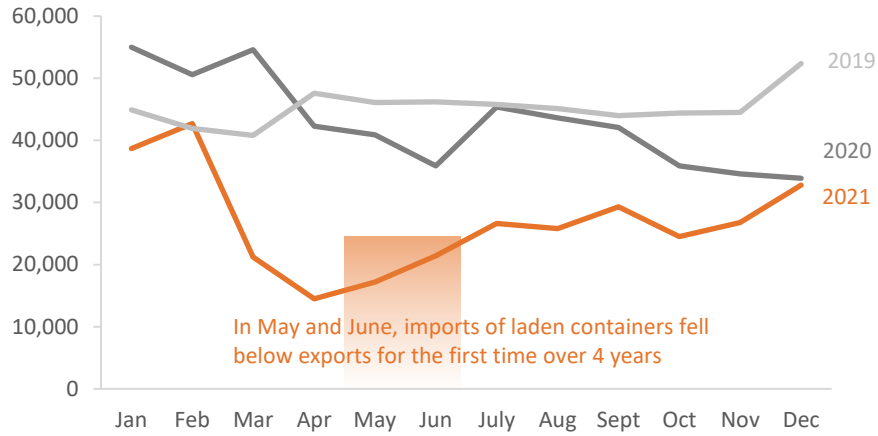
Note: *Each year represents January to December for ease of comparison and consistency.

12. **Myanmar’s imports via laden container have experienced the largest downturn since March 2021.** In May and June 2021, imports fell below exports via laden container for the first time in four years. Between July and December 2021, imports recovered some ground (Figure 7a). When comparing import data from 2019 and 2020 (January-December), the import volumes in January-December 2021 dropped by 41 percent in 2019 and 38 percent in 2020 (Figure 7b). The fall in imports via laden containers has caused export container shortages and forced shipping lines to import empty containers to ease the shortage.

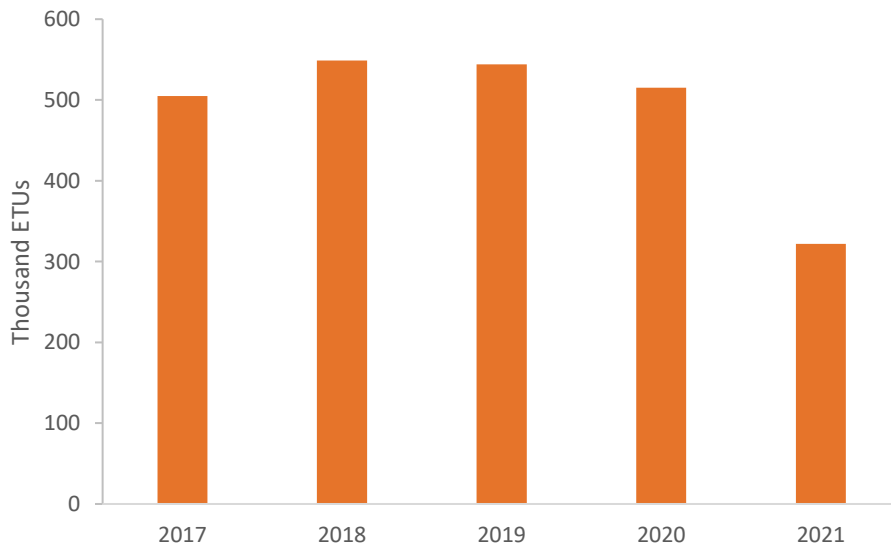
⁸ Ministry of Commerce, Republic of the Union of Myanmar, [“Trade Situation of Myanmar in 2020-2021 Fiscal Year Compared to the Same Period of 2019-2020 Fiscal Year.”](#)

Figure 7: Import of laden containers

(a) January–December 2021 versus 2019 and 2020 (TEUs)



(b) January–December 2017 to 2021 (thousand TEUs)



Source: Shipping operators.

13. **Imports via container continue the downward trend for January and February of 2022.** These imports have dropped by roughly 23 percent compared to the same period in 2021; when compared to 2020, they drop further by nearly 40 percent. This drop resulted in the increased import of empty 20-foot containers into Myanmar in the first two months of 2022.

14. **Since February 2021, export container freight charges have continued to rise by 2 to 4 times of pre-coup levels** (Table 1). The container freight rates for the export of beans and pulses have seen a steep rise, adversely affecting agricultural export profits. Unlike in the garment sector where the shipment is

pre-selected or arranged by the consignee, the steep rise in freight rates could further affect agricultural exports. The freight prices have risen partly due to the global shortage of containers and partly due to falling imports via container to Myanmar. The freight rates for export containers have stabilized since July 2021 but are unlikely to return to January 2021 freight rates in the short term. Table 2 presents commodities exported via containers in Myanmar.

Table 1: 20-foot container freight prices (February–September 2021)

Destination	February	July	Aug	September
			US\$	
Yangon - Singapore 20-foot container	500	1,000	1,000–1,200	2,000–3,000
Yangon - Nhava Sheva (India) 20-foot container	900	2,000	2,000–2,300	3,000–4,000

Source: Freight forwarding agent.

Table 2: Commodities exported via containers in Myanmar

	Dimension	Export commodities
20-foot standard container	Length: 5.9 m (19.4 ft), Width: 2.35 m (7.8 ft), Height: 2.39 m (7.9 ft) Payload: 21 to 25 MT (21,000 kg to 25,000 kg)	Beans, pulses, rice, sesame seeds, garment
40-foot standard container	Length: 12.03 m (39.5 ft), Width: 2.4 m (7.9 ft), Height: 2.39 m (7.9 ft) Payload: 21 to 25 MT (21,000 kg to 25,000 kg)	Garment, beans, rubber, rubber wood, veneer

Note: m=meter; ft=feet; MT=metric tons; kg=kilogram

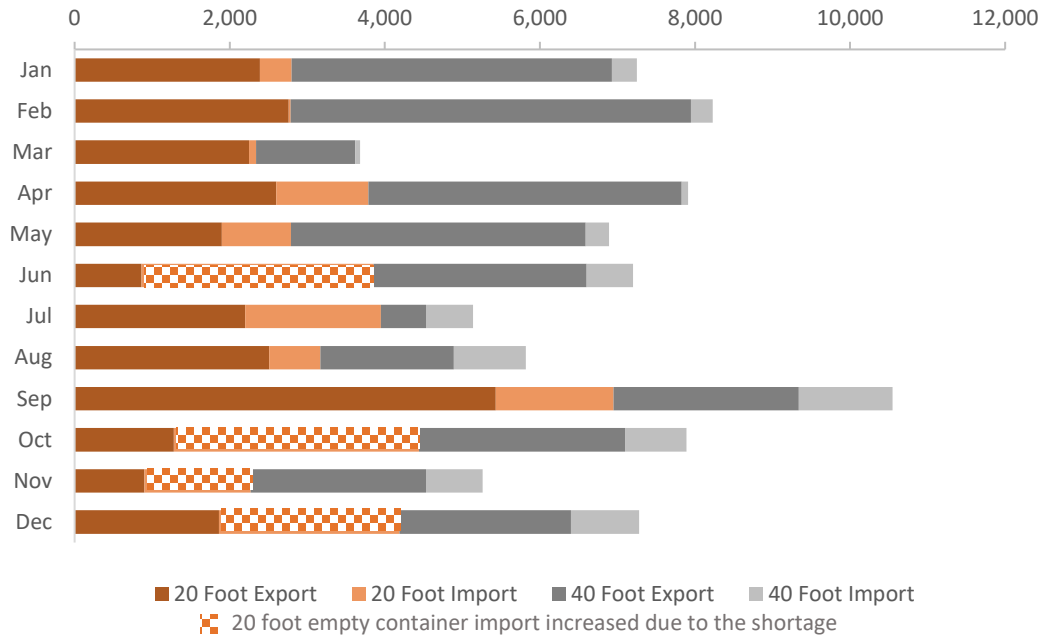
15. **The rates of import container freight have also risen 2 to 3 times compared to pre-coup rates.** The increase in freight rates is partly due to the global shortages of available containers and unfavorable trade routes to Myanmar. In addition, changes in rules and regulations and delays in issuing import permits have also caused an increase in freight rates for the importers.

16. **January and February 2022 have experienced an increase in return of empty 40-foot containers out of Myanmar.** The return of empty 40-foot containers in July 2021 fell sharply by nearly 90 percent compared to February 2021 (Figure 8). However, this has steadily increased since August 2021, partly due to the high demand for 40-foot containers in the market and due to the reduction of raw materials imports via containers. The import of cut-make-pack raw material for the garment industry fell by around US\$610 million in FY20/21,⁹ compared with the same period of FY19/20. The return of 40-foot containers in January and February 2022 has increased by around 48 percent compared to the last two months of 2021.

17. **The demand for 20-foot empty containers in Myanmar is increasing.** In June 2021, there was a temporary slowdown, but the number of returns has increased significantly from July 2021 (Figure 8). The decline in imports did not result in a reduction in the return of empty 20-foot containers in September 2021; instead, the return of 20-foot containers increased by more than 84 percent compared to June 2021. While there was a slowdown in October and December 2021 in the return of empty 20-foot containers, empty container import increased in the last three months of the year. Between June and December 2021, empty 20-foot container import accounted for nearly 48 percent of total empty 20-foot container import and export.

⁹ The Myanmar fiscal year is from October 1, 2020, to September 30, 2021 (FY20/21).

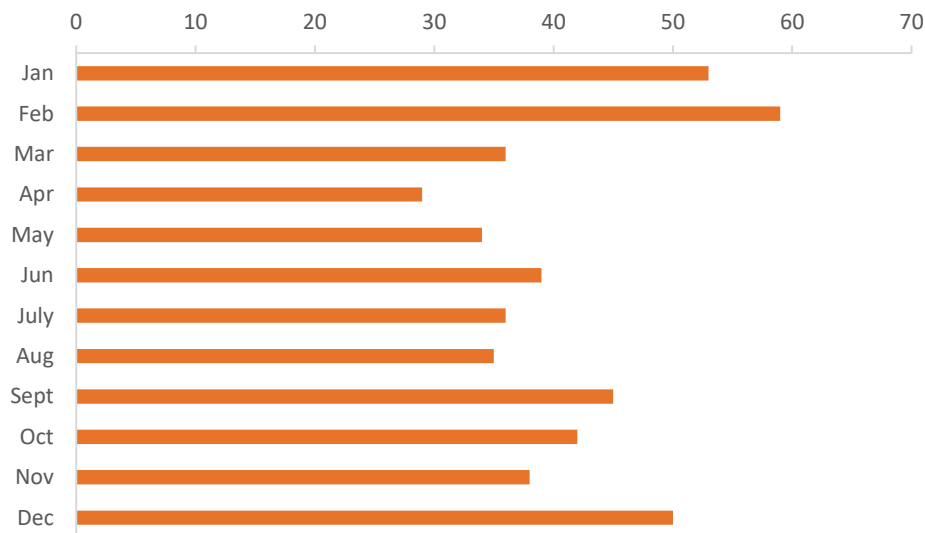
Figure 8: 20- and 40-foot empty containers' export and import (January–December 2021)



Source: Shipping operators.

18. **The number of container vessels calling at Yangon ports remained low from March to August 2021 and experienced a slight recovery in September and December 2021** (Figure 9). From March to November 2021, the average number of vessels calling at Yangon was around 37 vessels per month. The number of vessels calling at Yangon ports increased in December 2021; however, it is uncertain if this trend will continue. Falling imports and exports via containers are the primary reason for the drop in the number of vessels calling at Yangon ports.

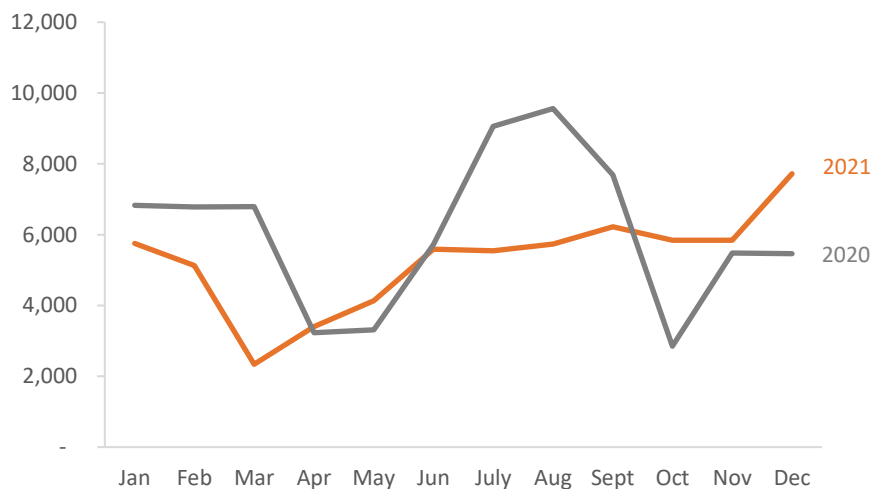
Figure 9: Number of container vessels (January–December 2021)



Source: Shipping operators.

19. **Myanmar’s garment exports were significantly impacted in March 2021, as the number of 40-foot containers exported dropped by approximately 60 percent in March compared to January 2021** (see Figure 10).¹⁰ Garment exports began to recover in May 2021, and the recovery continued from June to December 2021. The export of 40-foot containers by December 2021 reached pre-coup levels in January 2021 despite the shutdown of factories in Hlaing Tharyar and Shwe Thanlwin industrial zones from February to September 2021. Overall, 40-foot laden container exports from January to December 2021 decreased by over 13 percent compared to the same period in 2020 (refer to Figure 10). The early months of 2022 recorded some increase in exports of 40-foot laden containers.

Figure 10: 40-foot general container export (January–December 2021 versus 2020)



Source: Shipping operators.

20. **Imports of raw materials used by the cut-make-pack garment industry dropped to US\$1.57 billion in FY20/21, reflecting a decrease of US\$609.57 million from the same period of FY19-20.**¹¹ Since the coup, Myanmar’s garment industry has been confronted by multiple challenges: declaration of martial law in some Yangon townships, lack of garment workers in Yangon’s main industrial areas, logistical problems, and reduction in orders leading to insufficient demand for raw materials.¹²

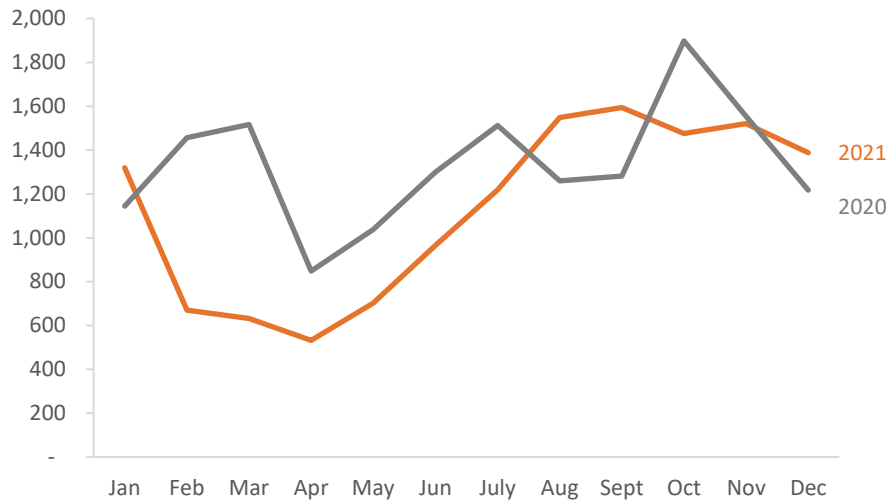
21. **The export volume of reefer containers (used by seafood industry) in 20-foot equivalent units has demonstrated a U-shape trend since February 2021.** The increase in freight rates and breakdown of port operation in February and March 2021 adversely affected the seafood industry. While downward trends persisted until May 2021, the lowest point was hit in April 2021 with exports down by 60 percent compared to January 2021 (Figure 11). Reefer container exports began to recover in June 2021, and the total number of 20-foot equivalent units of reefer container exports surpassed the 2020 level in August, September, and December 2021. Overall, 20-foot equivalent units of reefer container exports from January to December 2021 dropped by around 15 percent compared to the same period in 2020.

¹⁰ The garment sector predominately uses 40-foot containers for export.

¹¹ Ministry of Commerce, Republic of the Union of Myanmar, [“Myanmar’s Import by Commodity Group in 2020-2021 Fiscal Year Compared to the Same Period of 2019-2020 Fiscal Year.”](#)

¹² Eurocham Myanmar, May 2021, [“The Garment Industry in Myanmar: Status Update and Current Dilemmas: Should We Stay or Should We Go?”](#)

Figure 11: Reefer container export, January–November 2021 versus 2020 (TEUs)



Source: Shipping operators.

22. **There was a severe shortage of container truck drivers in February and March 2021 due to workers joining the Civil Disobedience Movement, which brought Yangon’s ports to a standstill.** Driver shortages have pushed up container trucking prices by approximately 40 percent. Between May and July 2021, trucking prices stabilized as drivers gradually returned to work. However, due to the rise in fuel cost, trucking prices could not match rates from January 2021. Trucking prices increased again in September 2021 due to a substantial increase in fuel prices as the Myanmar Kyat continued to depreciate against the US dollar. Overall container trucking prices have increased around 50 percent.¹³

23. **Ports and customs clearance returned to regular processing in June 2021.** As reported by multiple sources, customs clearance at ports has been smooth in recent months, but with some challenges. There have been difficulties in withdrawing cash from banks causing clearance agents to demand cash payment in advance for detention and demurrage.¹⁴ Also, issuance of tax exemption certificates for UN agencies and international non-governmental organizations has been delayed. The continuous operation of Yangon ports amid the third wave of COVID-19 in Myanmar eased its negative impact on imports and exports.

Railways

24. Following the coup, railway engine factory operations were suspended due to lack of skilled workers. The Myitnge railway engine factory, under Myanmar Railways located in Mandalay, dismissed over 1,000 employees on August 20, 2021.¹⁵ The Myitnge railway engine factory had 1,684 staff. Reportedly, 1,500 staff joined the Civil Disobedience Movement at its peak in April 2021 forcing the engine factory to stop operations since April 2021.

¹³ These trucking prices are based on Yangon city ports to Hlaing Tharyar and Shwe Pyi Thar industrial zones, where most factories are located.

¹⁴ ‘Demurrage’ refers to the time containers spend outside the port, while ‘detention’ refers to the time spent on port grounds.

¹⁵ The Irrawaddy, August 31, 2021. “မြစ်ငယ် CDM မီးရထားဝန်ထမ်း ၁၀၀၀ ကျော် ရာထူးမှထုတ်ပယ်ခံရ.”

25. **Yangon circular train services have resumed its operation.** Yangon circular trains were in operation for two shift rotations in the morning and evening. However, across the country, railway workers who joined Civil Disobedience Movement have been removed from their posts and staff housing. In July 2021, Yangon circular train services resumed operating despite the lockdown. In October 2021, there were several incidents involving explosive devices on the railway line from Yangon to Mandalay to Pyin Oo Lwin. The passenger usage has decreased due to the fear of violence on the trains. Other routes to Mandalay, Mawlamyine, Pyay, and Naypyidaw are reportedly running according to schedule. The route to Myitkyina was suspended due to violence and instability in the region, but an official closure has not been announced.

Road Transportation

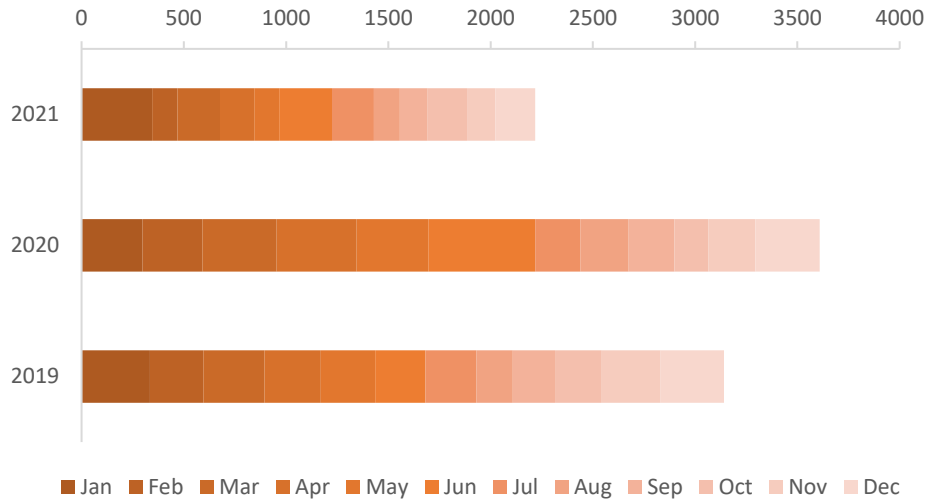
26. Road transportation services have been affected by rising fuel prices, which have nearly tripled since February 2021. Imports account for more than 98 percent of the country's total fuel consumption. On February 1, 2021, premium diesel was at MMK 700 per liter and increased to MMK 1,055 per liter by the end of August 2021.¹⁶ By September 30, 2021, it had reached MMK 1,525 per liter, an increase of 100 percent of February 2021 price. Since the end of February 2022, the surge of world crude oil prices has pushed the fuel prices in Myanmar to record MMK 2,422 per liter for premium diesel. A similar trend followed for gasoline prices. On February 1, 2021, the average retail price of 92-RON and 95-RON gasoline in Yangon was MMK 650 and MMK 770 per liter, respectively; and reached on average MMK 2,316 in the second week of March 2022. The skyrocketing fuel prices have forced an increase of an additional MMK 30,000 per way for container trailers above the original price charged by the logistic companies. This increased rate for container trailers could remain at this level if the price of diesel remains between MMK 1,778 to MMK 2,666 per liter. If the fuel price surpasses this threshold, container trailers will be charged an additional MMK 20,000 per way.¹⁷

27. **The constraints in import of diesel and gasoline have affected transportation services.** Fuel import has declined from January to December 2021 (Figure 12 and Figure 13). The import volume of diesel and gasoline from January to December 2021 was lower by over 39 percent and 15 percent, respectively, compared with the same period of 2020. January and February 2022 saw an increase in diesel imports into the country. Gasoline import in January and February of 2022 has not changed significantly.

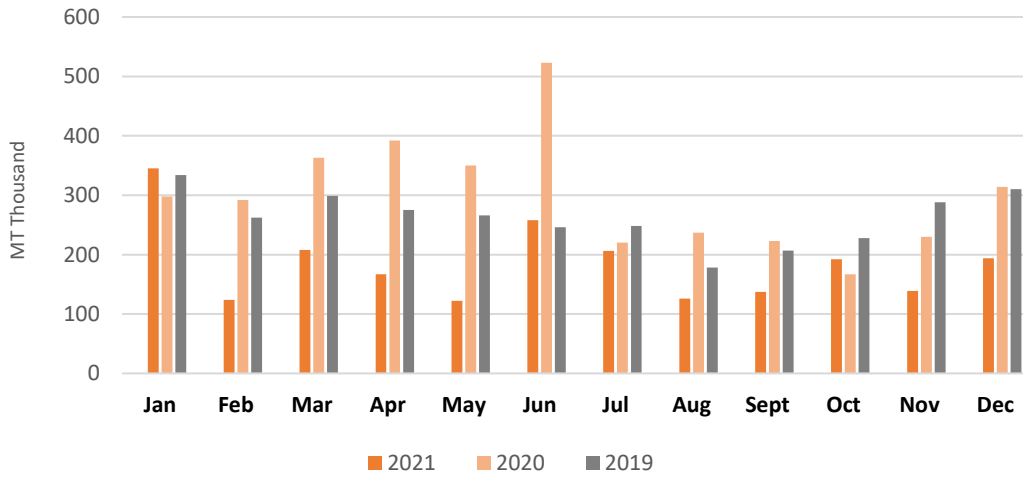
¹⁶ US\$1 = MMK 1,776 (March 29, 2022) based on Central Bank of Myanmar.

¹⁷ Myanmar Container Trucking Association, March 09, 2022.

Figure 12: Diesel import (January–December 2021 versus 2019 and 2020)

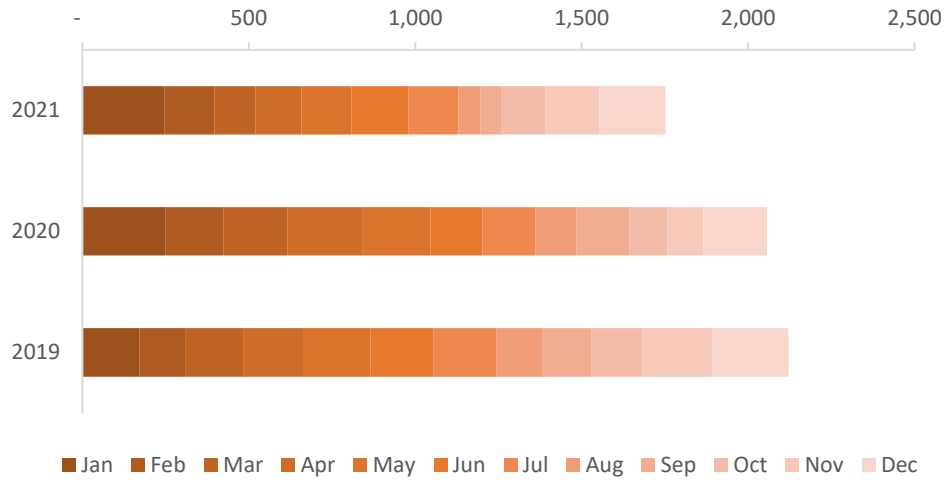


Diesel Import (Metric Ton - MT) monthly via Yangon Ports

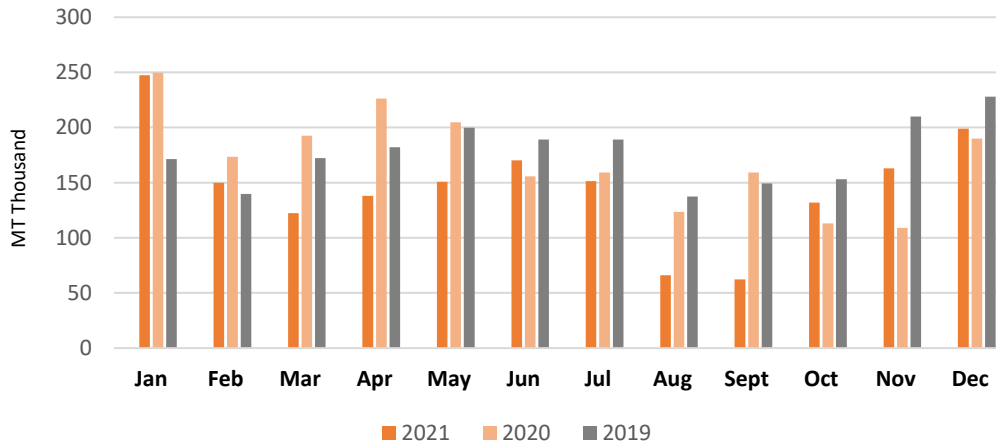


Source: Shipping operators.

Figure 13: Gasoline import (January–December 2021 versus 2019 and 2020)



Gasoline Import (Metric Ton - MT) monthly via Yangon Ports



Source: Shipping operators.

28. **Truck transportation has been severely affected by rising fuel prices, vehicle accessories and lubricants, additional payment at security checkpoints, cash shortage, and late payments by clients.** An increase in fuel price had incurred losses for ongoing contracts which had been signed when the fuel price was low before the coup. The price rise of truck spare parts such as tires and lubricants also pushed up the cost for transporters. If the spare parts are from Europe, the cost could rise three to four times compared to the costs before the coup. And according to transporters, most destinations have around 6 to 10 checkpoints that require increased payments and transport time delays. Furthermore, the cash liquidity impacted the operation of small and middle-size transport and logistics companies. Since clients often pay the transport companies with bank transfers, the transport companies must pay an additional 3 to 10 percent to the agent to withdraw cash informally through a third party. Payment delays had been only 30 days from the invoice submission date but have now extended to 60 to 90 days.

29. Increased transportation costs also impact increases in prices of essential food commodities.

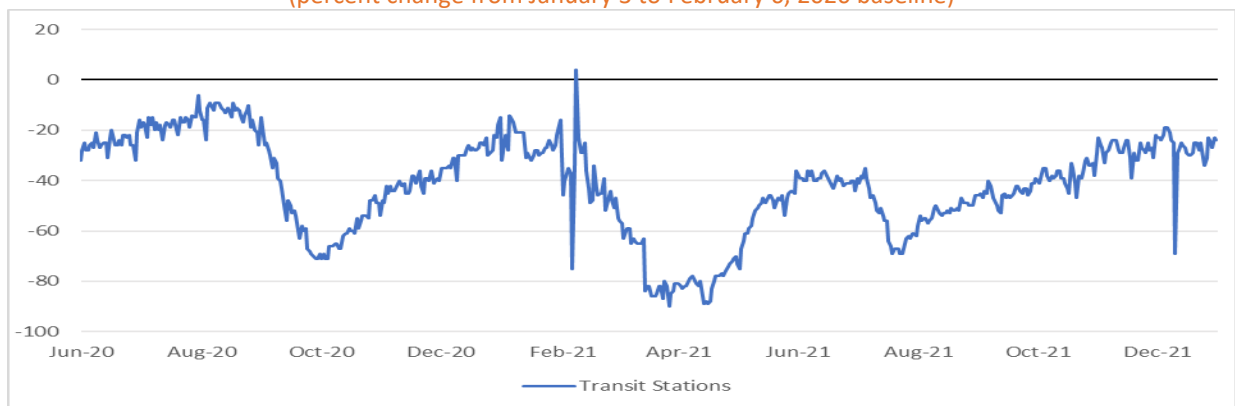
The Myanmar market price in June 2021 for basic food commodities increased substantially since January 2021.¹⁸ Food oil prices have increased by 51 percent in a year’s time compared to June 2020. Rice prices have increased by 13 percent compared to January 2021. Tomato prices have increased by 48 percent compared to January 2021. Transportation across state and regions is slowed by travel restrictions and roadblocks, and further hampered by required travel authorizations, military checkpoints, and distribution plans when delivering aid items. On top of these restrictions is the added costs of fuel. Many distributors and agencies face the added cost of delays to apply for travel authorization. The application procedure usually takes about 2 to 3 weeks and requires a rigid distribution plan for the commodities transported.

30. Vehicle import permits were suspended in October 2021. Vehicle imports initiated by individuals, car dealers, and officials who had previously obtained import permission were suspended to ease the shortage of foreign currencies.

Yangon Bus Services

31. Dual shocks of the pandemic and coup have significantly impacted financial and operational performance of public bus services. The Yangon Bus Service daily ridership was down to 550,000 in December 2020, about 27 percent of the passenger volume before COVID-19. After the coup, daily ridership dropped further to 150,000.¹⁹ The once fixed bus fare is now 3 to 4 times more than the pre-Covid rate depending on the destination, according to multiple reports. Overall public bus usage in Yangon was down by nearly 80 percent from March to April 2021. In June and July 2021, it recovered slightly but remained around 40 percent down, but in August 2021 it fell further due to the third wave of COVID-19, which significantly affected the operation of public transport services in Yangon. In September 2021, mobility trends in Yangon recovered by around 10 percent compared to July 2021 and continued to grow between October and December 2021. In the first week of March 2022, the average daily ridership of the Yangon Bus Service reached to 642,000.²⁰

Figure 14: Yangon Metropolitan Area mobility data (percent change from January 3 to February 6, 2020 baseline)



Source: Google COVID-19 Community Mobility Reports, <https://www.google.com/covid19/mobility/>.

¹⁸ UN World Food Programme - “Myanmar Market Price Update June 2021.”

¹⁹ Myanmar Times, February 16, 2021. “YBS Passengers Fall by Over 90 Percent.”

²⁰ Yangon Regional Transport Authority, March 8 and 13 2022

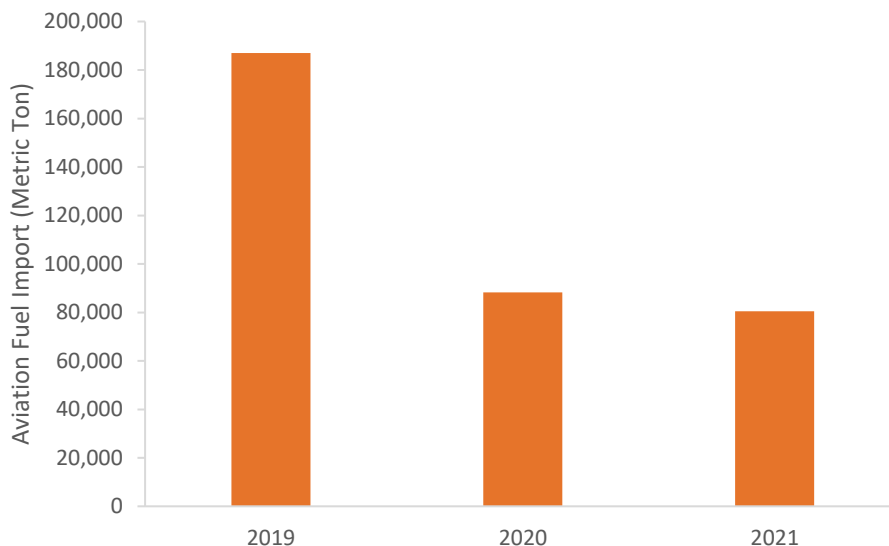
32. **The quality of the Yangon Bus Services has deteriorated.** Increasing fuel prices and security threats pose a major risk to the financial viability of public bus operations. This will likely adversely affect service quality, and impact more economically vulnerable urban residents who depend on bus services for mobility to access to jobs and services.

Air transport

33. The aviation sector has also been severely affected by the dual shocks of the pandemic and the coup. International commercial passenger flights were suspended from March 30, 2020. As a result, low-cost air freight providers have exited the market. Airlines that continued to operate only accept cargo at premium freight charges. International relief flights continued operations by the UN World Food Programme (Kuala Lumpur to Yangon to Kuala Lumpur) and Myanmar Airways International to Kuala Lumpur, Seoul, and Bangkok. Singapore Airlines reduced the number of outbound relief flights in July 2021 due to the third wave of COVID-19 in Myanmar. The number of relief flights has increased since December 2021 with an average of 12 flights per month from Yangon to Singapore. It has recently been announced that all international commercial flights to and from Myanmar will resume on April 17, 2022.

34. **Domestic flights have recovered with exceptions.** Air travel to Lashio, Keng Tung (Shan state), Myitkyina (Kachin state), and Kayah (Kayah state) is not available due to ongoing conflicts from July to November 2021. The import of aviation fuel from January to December 2021 was 9 percent lower than compared to the same period in 2020 (Figure 15). Despite the outbreak of COVID-19 and the closure of international flights in 2020, Myanmar imported more aviation fuel in 2020 than in 2021.

Figure 15: Aviation fuel import (January–December 2021 versus 2019 and 2020)



Source: Shipping operators.

35. **December 2021 had the highest monthly air traffic movement in 2021.** The lowest point of air traffic movement was in February 2021 with a recorded 950 flights; but in December 2021, over 2,600 flights were recorded (Figure 16). The rise in domestic flights has lifted total air traffic movements. Overall, 2021 air traffic movement dropped by around 29 percent compared to 2020. Figure 17 illustrates air traffic movement from 2016 to 2021.

Figure 16: Air Traffic Movement, Yangon International Airport (January–December 2021)

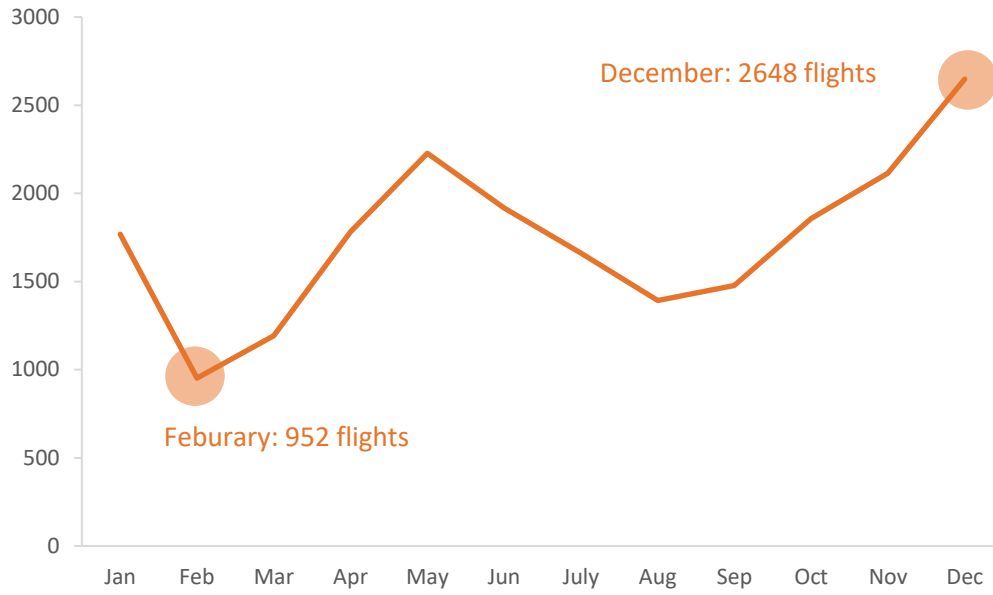
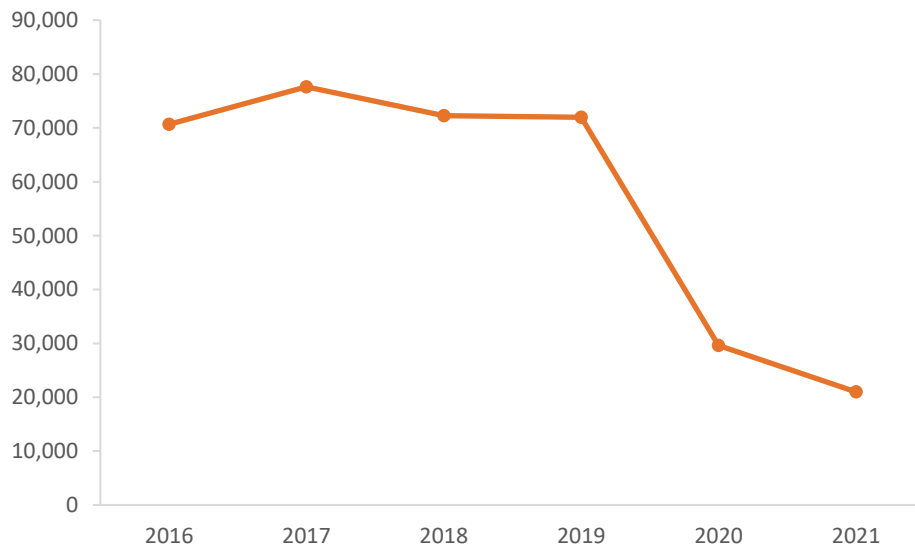


Figure 17: Air Traffic Movement, Yangon International Airport (2016-2021)



Source: Yangon International Airport

Outlook and risks

36. Impacts on transportation and logistics services are expected to continue with high fuel prices, mobility constraints, political instability, and evolution of the pandemic. The local currency depreciation and increasing fuel prices could lead to mid- to long-term pressure on the recovery of road freight. In addition to effects of the coup, the pandemic-related risks and effects of conflict could also significantly impact logistics supply chains and mobility in the near- to mid-term.

37. **Surging fuel prices pose a major risk on transportation services.** Fuel prices such as for premium diesel have nearly tripled in Myanmar since February 2021. Since the end of February 2022, the surge of world crude oil prices has pushed the fuel prices in Myanmar to surpass MMK 2,000 per liter for premium diesel. The steep rise in fuel prices has forced increasing costs for container trailers; these costs are in addition to the original price charged by the logistic companies. Additional mobility restrictions and roadblocks between each state and region and the need for travel authorizations also increase transportation costs and disrupt the accessibility of transport and logistics services. Increasing transportation costs will have a significant impact in the short to medium term on logistics supply chains, commodity prices, and broader economic activities.

38. **Exports and imports via container at seaports are expected to recover gradually due to increasing demand observed in agricultural sector and garment industries.** However, it is uncertain to what extent this trend could be sustained given the complexity of relations with international trade partners. Rising container freight charges will continue to have a negative impact on local transport and logistics sector operators in the country.

39. **Increasing fuel prices and security threats pose a major risk to the financial viability of public bus operations.** This will likely adversely affect service quality, and impact more economically vulnerable urban residents who depend on bus services for mobility to access to jobs and services. Yangon Bus Service remains a relevant mode of transport for city residents due to its relatively affordable bus fare and large transport network.

