

KARZO

Modernize Your Logistics

Myanmar Logistics Briefing (Quarterly Update)

Presented by:

Simon Howett (Chief Growth Officer & Regional CEO)

Aung Sithu (Chief Operating Officer)

Swe Lei Mu (Business Development Manager)

Hosted by:

British Chamber of Commerce Myanmar

29th October 2024



About Our Karzo Speakers



Simon Howett

Chief Growth Officer & Regional CEO

Over 20 years of experience in logistics operations and sales, with 15 years in the Southeast Asia region and 6 years at Karzo.



Aung Sithu

Chief Operating Officer

Over 15 years of experience in Oil & Gas logistics and operations. 7 years working in Brunei and 6 years with Karzo.



Swe Lei Mu

Business Development Manager

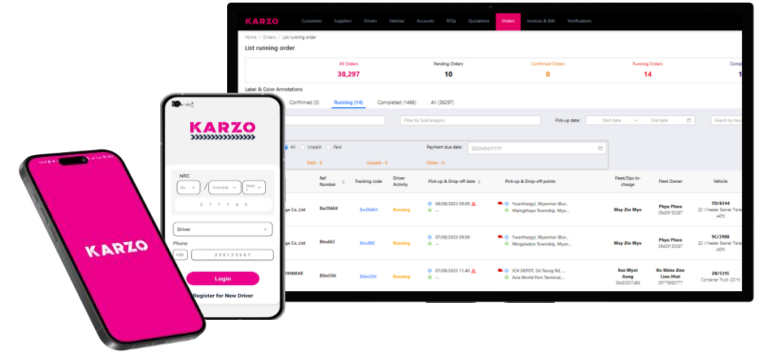
Over 10 years of experience in freight forwarding and logistics, including 5 years in Dubai and 3 years at Karzo.

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About Karzo

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Founded in 2017, an asset-lite B2B Digital Platform

Aggregating and managing small and medium fleet suppliers on our Digital Platform

Providing end-to-end Mekong Region Logistics Solutions

Now Operating in Myanmar, Thailand & Cambodia & expansion into Vietnam

Partners with over 90 LSPs and Vendors in Myanmar & Thailand

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Agenda

Agenda Topics	Speaker	Duration
<ul style="list-style-type: none">Domestic Transport & Regional Updates: Including major check points, main route pricing & fuel supply	Aung Sithu & Simon Howett	
<ul style="list-style-type: none">Flood Impact & Current Regional Issues Related to Logistics	Aung Sithu	1hr
<ul style="list-style-type: none">Cross Border Operations: Update on Tachileik, Myawaddy, and Kawthoung/Ranong	Simon Howett	
<ul style="list-style-type: none">Yangon Ports: General Operations, & Truck Supply	Simon Howett	
<ul style="list-style-type: none">Customs Clearance, Import Licenses & Major Regulatory Changes	Swe Lei Mu	
<ul style="list-style-type: none">Q&A (Both in English and Myanmar Sagar)	All Speakers	15mins



Domestic Transport: Major Route Update

From	To	Status
Yangon	Mandalay	Now fully operational, some closures during floods. Rates vary seasonally on demand for corn and cement transportation.
Yangon	Taunggyi	Heavy rainfall this monsoon has worsened road conditions, increasing lead times and prices by 20-40% in some areas.
Taunggyi	Tachileik	Flooding in Tachileik has rendered key transit routes from Taunggyi nearly impassable.
Yangon	Monywa - Kalay/Tamu	Occasional closures during crises lead to longer lead times and about 40% higher rates.
Yangon	Mawlamyine - Kawthaung	Access limited to Mawlamyine; EO fees are high, pushing trucking rates up by over 50%.
Yangon	Patheingyi	Fully operational with no reported issues.

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Domestic Transport: Major Route Update

From	To	Status
Yangon	Myawaddy	Asia Highway closed for one year; old roads accessible only by 6-wheelers carrying non-compliant cargo.
Yangon	Pyay	Fully operational with no reported issues.
Yangon	Sittwe	Rakhine State has been inaccessible due to security issues for over a year; limited cargo via coastal routes.
Mandalay	Myitkyina	Road conditions are unpredictable due to security issues, raising trucking rates by 200% and restricting mobile access.
Mandalay	Lashio - Muse	Local trucks can't reach beyond Pyin Oo Lwin; access to Lashio is only from Southern Shan State.

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Flood Impact & Current Regional Issues Relating to Logistics

- Heavy torrential rain in September has caused flooding across Myanmar, affecting 34 townships in seven regions, including Naypyidaw, since September 11.
- Major corridor roads, such as Yangon-Mandalay and Tachileik-Taunggyi, were damaged during the flooding.
- There is a shortage of trucks in the market, leading to increased trucking prices.
- Cargo has suffered damage due to prolonged heavy rain, resulting in longer lead times.

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Pin Laung



Tachileik Border



Pin Laung



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Domestic Transport & Regional Updates: Trucking Prices Fluctuation Factors

Reasons why trucking prices change in Myanmar

- Seasonal Cargo: Agriculture, Construction, Garment, etc.
- Backhaul Shortages: Leading to higher prices
- Regional Entrance Taxes/Fees: Check Points, EOs, other organizations, etc.
- Regional Security Issues: Northern Shan, Rakhine, Myawaddy, Myitkyina, etc.
- Fuel Prices and Regional Fuel Shortages
- Recent Flood Impacts: Bridge Closures, longer lead time, isolated



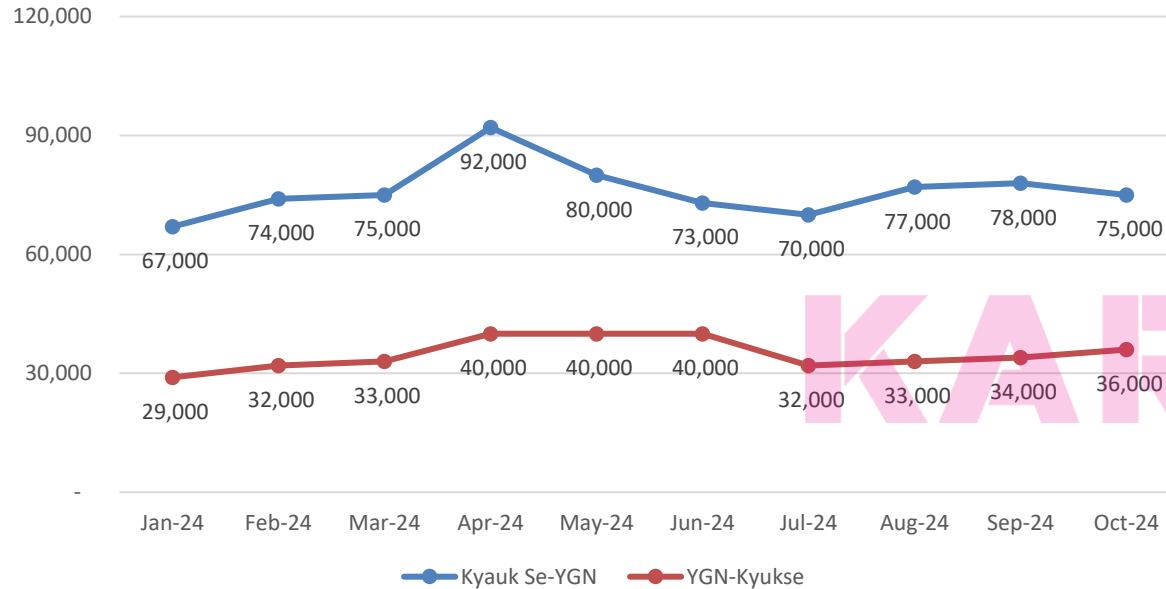
Domestic Transport & Regional Updates: Main Route Pricing

Date	2024 Truck Price Major Routes Data (Yangon, Mandalay, Taunggyi, Kyaukse)					
	YGN - MDY	YGN-TGI	YGN- Kyaukse	MDY-YGN	TGI-YGN	Kyaukse - YGN
Jan-24	31,000	41,500	29,000	71,167	110,500	67,167
Feb-24	35,000	40,000	32,000	79,636	126,000	74,364
Mar-24	36,333	43,333	33,167	78,333	138,000	75,333
Apr-24	42,100	49,600	39,800	87,100	144,000	91,600
May-24	42,071	45,786	39,429	87,357	107,885	78,286
Jun-24	43,333	45,333	39,333	85,500	110,595	72,833
Jul-24	33,857	36,286	32,286	79,929	96,110	68,615
Aug-24	36,000	38,000	33,692	92,462	104,998	76,462
Sep-24	37,385	38,154	33,769	93,385	107,982	77,692
Oct-24	42,667	46,556	36,444	86,556	106,177	73,333

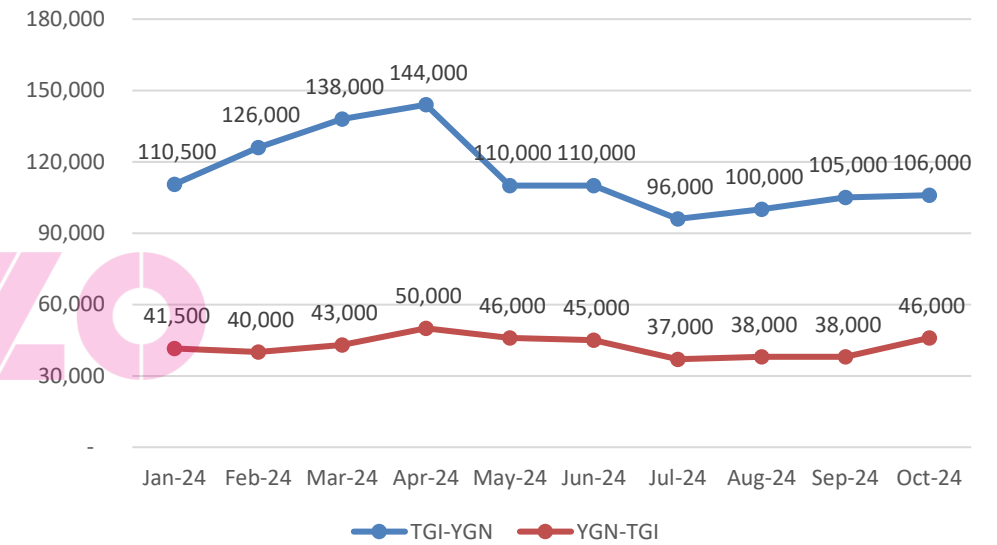


Domestic Transport & Regional Updates: Main Route Pricing

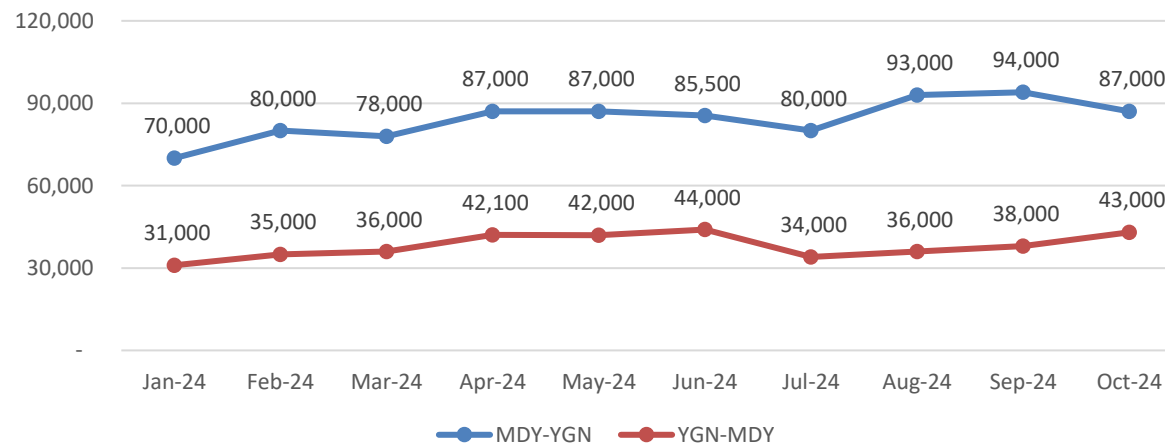
2024 Truck Price Major Routes Data (YGN-Kyukse-YGN)



2024 Truck Price Major Routes Data (YGN-TGI-YGN)

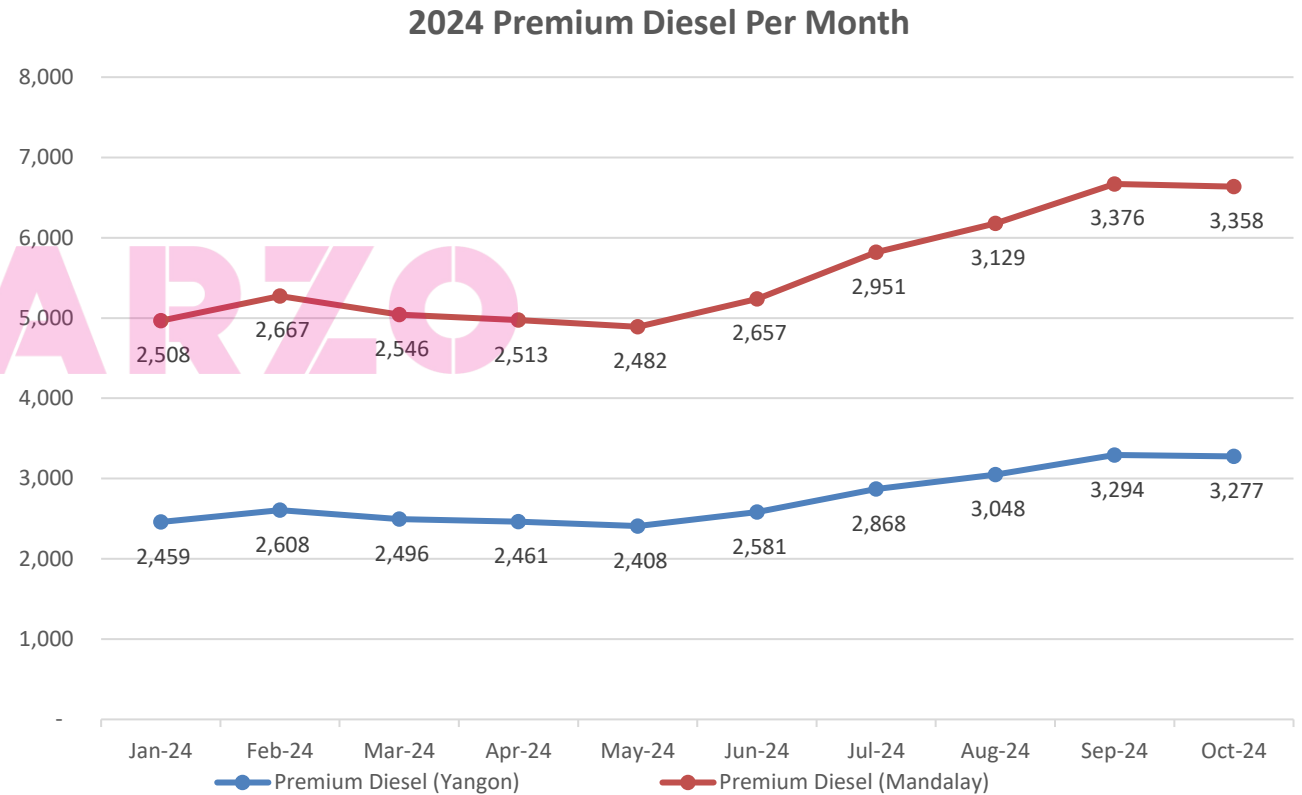


2024 Truck Price Major Routes Data (YGN-MDY-YGN)



Domestic Transport & Regional Updates: Fuel Supply (Yangon & Mandalay)

Date	Premium Diesel Per Month	
	Yangon	Mandalay
Jan-24	2,459	2,508
Feb-24	2,608	2,667
Mar-24	2,496	2,546
Apr-24	2,461	2,513
May-24	2,408	2,482
Jun-24	2,581	2,657
Jul-24	2,868	2,951
Aug-24	3,048	3,129
Sep-24	3,294	3,376
Oct-24	3,277	3,358



Cross Border Operations

Tachileik Border

- Import Licenses: Approximately 5%-10% approved for Tachileik border
- Truck size & Delays: Limited to 6-wheelers (10 MT) and 12-wheelers (17 MT), with 20-day lead time to Yangon due to poor roads
- Cargo Compliance: Mostly non-compliant, localized cargo transiting via Taunggyi
- Road Conditions: Taunggyi – Tachileik route in disrepair due to recent flooding
- EOs Taxes: Increased fees from Ethnic Armed Organizations due to regional security issues



Cross Border Operations

Muse Border

- Limited Operations: Only Kanpaikti, Lweje, and Chin Shwe Haw borders for local trade.
- Non-Complaint Cargo: Open borders primarily handle non-compliant imports
- Trade Disruptions: Regional conflicts heavily impact cross-border activity
- Increased Uncertainty: Businesses face limited compliant routes.
- Latest update: Border Closure: Trade halted at Muse in last week by Chinese Government. - not official.



Cross Border Operations

Myawaddy - Maesot Border

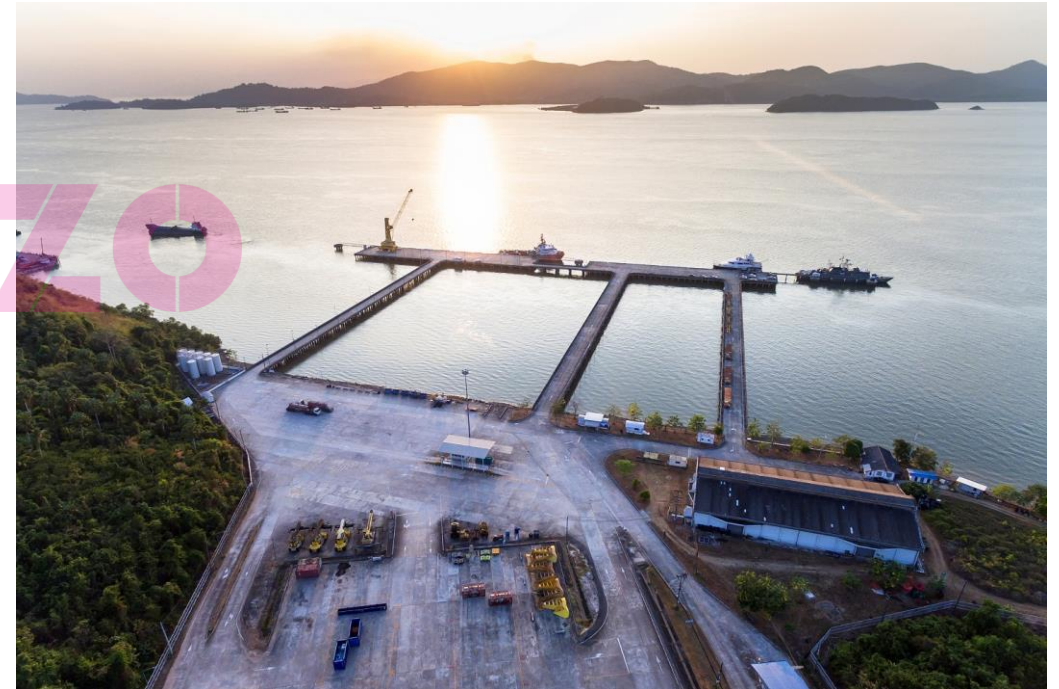
- Import Licenses: Less than 10% approved for Myawaddy-Maesot border
- Highway Closure: Myawaddy-Hpa-an road closed for over 1 year, affecting lead time and handling of cargo
- Current Access: Old road becomes early impassable in the rainy season, limiting access to 4x4 pickups and 6-wheelers (10mT) & 12 wheelers (17mT)
- Cost Surge: Trucking prices up 200% due to logistical challenges. MMK 2,500,000 per mT to Yangon.



Cross Border Operations

Kawthaung-Ranong Border

- Major Import Route: 60% of cross-border imports are through Ranong-Kawthaung
- Bulk cargo and containerization services are available
- Primary Operators: Some logistics agencies and other costal water-way operators are mainly operating
- Transloading Process: Land transloading and costal transloading are now being available but facing high entrance taxes and double handling costs
- Logistical Challenges: This includes road closures, lead time delays, and cargo damage
- Current cost for 20/CTR YGN to BKK or LCBP is approx \$3,500 all in



Yangon Ports

General Operations, & Truck Supply

- Container Arrivals: 52 vessels from 15 shipping lines expected in October
- Export Container Shortage: Shortage of 20ft containers due to lower imports
- Customs Delays: Customs processing halts after 4 PM at Myanmar Industrial Port
- Increased Costs: Delays lead to extra night and day charges
- Truck Capacities: Container truck supply normalizing post-peaked garment export season
- Higher Port Charges: Increased lift-on/lift-off fees and AWPT demurrage fees due to the exchange rates



Customs Clearance, Import/Export Licenses & Major Regulatory Changes

- Export/Import Customs Clearance timeline is 2 to 3 days
- If include duty exemption for import, it takes about 4 to 5 days
- For export license, even for auto-license applying time is taking longer than before. Before it was maximum 3 days only and now it takes about 7 to 10 days.
- For import license, to get approval business has to show export earnings
- Starting from 1st August 2024 , Commodity lines (1460) are changed from Automatic Licensing to Non-Automatic Licensing and still allow for commodity lines 72 with Automatic Licensing for import process.
- Suggest that to apply first, advance ruling at customs house
- Export Earning % changed from 65%-35% to 75 %-25%



Karzo's Mekong Regional Logistics Services



Transportation & Distribution



Cross Border Operations



Warehousing



Container Drayage



Customs Clearance



Freight Forwarding



Bulk Shipments



Project Logistics





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