

MYANMAR'S TRANSPORT AND LOGISTICS UPDATE

DISRUPTED CONNECTIVITY – DISRUPTED LIVELIHOODS

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PREFACE

This Myanmar Transport Monitoring Update continues the World Bank’s tracking of transport and logistics developments since the February 2021 takeover until May 2026, providing a periodic, evidence-based assessment of a sector operating under severe and rapidly shifting constraints. Produced under the Myanmar Infrastructure and Digital Sectors Monitoring and Analysis (P507337) program, it offers timely analysis where conventional data are scarce, focusing on trade and logistics, connectivity, and mobility to inform policy dialogue and engagement.

This edition extends analysis through early 2026 and is organized around three interconnected dynamics. First, external trade continues to reconfigure between maritime and land-border corridors, with substantial informal flows persisting despite tighter controls. Second, fuel price volatility, foreign-exchange constraints, and rising logistics costs are transmitting economy-wide pressures into supply chains, food prices, and household welfare. Third, aviation and tourism have only partially adjusted: passenger traffic remains well below pre-crisis levels while air cargo expands as a substitute for disrupted overland routes. Together, these trends reflect adaptation rather than recovery.

The update builds on a broader body of analytical work, including World Bank report on *Supply Chain Disruptions, Thick Borders, and Food Insecurity* (June 2024), which examined the impacts of trade restrictions, logistics bottlenecks, and rising costs. It also complements the bi-annual Myanmar Economic Monitor, which provides a wider macroeconomic perspective.

The report examines recent developments in trade, transport flows, and supply chains. It covers Yangon’s ports as the primary gateway, shifting cross-border trade with Thailand and China, and the impacts of trade policy and foreign-exchange constraints. It also reviews supply-chain disruptions, logistics costs, vehicle imports, and aviation and tourism trends. Seven chapters follow: maritime trade (*Chapter 1*), the trade and FX regime (*Chapter 2*), cross-border trade (*Chapter 3*), the fuel crisis (*Chapter 4*), logistics costs and the vehicle fleet (*Chapter 5*), and aviation, tourism, and policy implications (*Chapters 6–7*).

A defining feature of the period is the global fuel shock triggered by the escalation of the Middle East conflict. Disruptions to flows through the Strait of Hormuz have driven crude prices well above pre-crisis projections and translated into sharp fuel-price increases and rationing in Myanmar, which imports more than 90 percent of its fuel. Given its cross-cutting effects on trade, logistics, food security, and welfare, the shock is treated as a stand-alone chapter and referenced throughout.

Transport, logistics, and trade are central to livelihoods in Myanmar. Disruptions to border crossings, ports, and fuel supply translate quickly into firm closures, lost working hours, and declining wages. Manufacturing and agriculture—together employing more than half the workforce—depend on reliable inputs and freight. Garment employment has more than halved since 2020 even as export volumes have risen, while trucking, port-handling, and tourism services have contracted. With GDP projected to contract for a fourth consecutive year in FY2025/26, the cost of disruption is increasingly measured in lost livelihoods rather than lost tonnage.

This report is complemented by a companion study, *Yangon Traffic Big Data Analysis*, which examines urban mobility using non-traditional data. Together, the two provide a comprehensive view of how Myanmar’s transport system is functioning under current constraints.

ACKNOWLEDGEMENTS

The report was prepared by Cordula Rastogi (Senior Transport Specialist) and Win Htein Lin (Transport Consultant), with core contributions (in alphabetical order) from Megersa Abera Abate (Senior Transport Specialist), Sadig Aliyev (Lead Transport Specialist), Aka Kyaw Min Maw (Trade Consultant), Shigeyuki Sakaki (Senior Transport Specialist), and Daria Ulybina (Data Scientist), under the guidance of Benedict L.J. Eijbergen (Practice Manager, Transport), Melinda Good (Division Director), and Anne Tully (Country Manager, Myanmar).

The team thanks the peer reviewers — Kim Alan Edwards (Senior Economist, EEAM2), Chanin Manopiniwes (Senior Transport Economist, IEAT1) and Christelle Al Haddad (Young Professional, ILCT1)— for their thoughtful comments, which strengthened the analysis.

The report draws on data and insights generously shared by shipping lines and freight forwarders operating in Myanmar, fuel importers and distributors, airline operators and ground-handling companies, and partner agencies. We are grateful for their cooperation and for the candid discussions that underpin much of the analysis.

The findings, interpretations, and conclusions expressed in this report are those of the authors and do not necessarily reflect the views of the Executive Directors of the World Bank or the governments they represent.

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EXECUTIVE SUMMARY

Myanmar's transport system reflects adaptation under persistent strain rather than recovery. Since the February 2021 military takeover, political instability, armed conflict, macroeconomic stress, and successive natural disasters—most recently the March 2025 earthquake—have reshaped how goods and people move across the country. Energy, logistics, digital connectivity, and urban systems that once underpinned economic activity now operate in survival mode, with the sharpest costs borne by poor and conflict-affected households.

Trade has reconfigured around a single artery: Yangon's seaports. Containerized export volumes now exceed pre-crisis levels by roughly 25 percent, propelled by agricultural commodities and, to a lesser extent, garments. Imports tell the opposite story—down sharply since 2021 under foreign-exchange shortages, restrictive licensing, and the “Export First” approach—leaving visible gaps in intermediate inputs and consumer goods on shop shelves.

The shift from land to sea is structural rather than cyclical. Conflict along the Thai and Chinese borders has hollowed out formal road trade, pushing exporters and importers toward maritime channels including new Yangon–Ranong barge services. Yet mirror analysis with Thai and Chinese customs data reveals that informal cross-border flows—through ethnic-armed-group-controlled piers along the Moei River and Yunnan border points—remain large and entrenched. Official statistics now capture only part of the picture.

Policy remains the dominant source of volatility. Layered import licensing, multiple exchange rates, mandatory surrender requirements, and frequent rule changes have raised transaction costs, fragmented value chains, and pushed activity toward informal channels. The August 2025 reinstitution of the Foreign Exchange Supervisory Committee and the closure of the Myawaddy–Mae Sot crossing to large vehicles illustrate how quickly the operating environment can shift for traders and firms.

Rising logistics costs are now an economy-wide tax on welfare. Diesel prices, anchored to the parallel-market kyat and amplified by the conflict in Iran, have moved in tandem with retail rice prices in both Yangon and Mandalay. With more than 90 percent of domestic freight moving by road, fuel and trucking costs feed directly into food affordability. The disconnect is stark: rice exports have grown, yet low-quality rice in Yangon has risen by roughly 170 percent since 2021, while the official minimum wage has risen by only 63 percent.

Headline export numbers mask a hollowing-out of the domestic economy. Agriculture has become the dominant driver of containerized trade—beans, pulses, rice, and maize all reaching multi-year highs—even as domestic food prices erode purchasing power. Garments show a similar divergence: export volumes have risen by more than 40 percent on average since 2022, but employment in the sector has fallen by over half from pre-2020 levels. Resilience at the border is increasingly underpinned by declining inclusiveness at home.

Myanmar's road fleet is aging, fragmenting, and shifting eastward. Heavy-duty truck registrations have declined since 2021, while spare-parts shortages and foreign-exchange constraints continue to squeeze operators. Vehicle imports have pivoted from Japan toward China and Thailand, and electric-vehicle registrations have grown from around 320 at end-2021 to roughly 12,100 by end-2025. June 2025 tariff cuts that favor fully assembled imports over locally assembled vehicles add a further twist—supporting short-term availability while undercutting the domestic assembly base.

Aviation is slowly recovering for passengers but rapidly transforming for goods. Passenger traffic through Yangon and Mandalay remains roughly half of pre-pandemic levels, with secondary and tourism airports—Bagan, Heho, Thandwe—reduced to skeleton service or closure. International arrivals are still a fraction of pre-2019 volumes, despite expanded visa-on-arrival facilities. At the same time, air cargo has surged as overland routes have closed, with international freight at Yangon up sharply since 2023 and domestic air cargo now exceeding five times its 2019 level—reshaping aviation from a passenger industry into a logistics backbone.

A new external shock—the Iran-war fuel crisis—has compounded these dynamics in early 2026. Disruption of flows through the Strait of Hormuz has driven Brent crude well above pre-crisis projections, with retail diesel at Yangon pumps reaching levels roughly 70 percent above end-February prices at the April peak. The authorities responded with administrative rationing, including an odd-even license-plate scheme and a QR-code-based weekly fuel quota, which together reduced reported daily consumption by about 29 percent between February and April 2026. With Myanmar importing more than 90 percent of its fuel, the shock has fed directly into freight rates, food prices, agricultural input costs, and air connectivity. Because the fuel crisis cuts across every dimension of Myanmar’s transport and logistics system—and because its trajectory will depend on a geopolitical conflict beyond domestic policy reach—this edition treats it in a dedicated chapter rather than as a sub-section of supply chain disruption.

The cumulative effect is a labor market and growth path under strain. The garment sector has halved its pre-2020 workforce—from around one million jobs to roughly 500,000—even as containerized garment exports have risen by over 40 percent. Trucking operators face thinner margins and an aging fleet; public-transport vehicle registrations are down 20 percent nationally and 34 percent in Yangon; and tourism-dependent airports such as Bagan, Heho, and Thandwe operate at skeleton service, with downstream losses in hotels, restaurants, and guiding services. GDP growth has remained below pre-2021 levels and estimated to have contracted by 2.0 percent in FY2025-26 due to the March 2025 earthquake, protracted conflict, and chronic power shortages (World Bank, 2026). Transport, logistics, and trade disruptions are central to this trajectory: they raise the cost of doing business, narrow the country’s productive base, and erode the inclusive-growth channel that connectivity historically provided.

Taken together, the chapters point to a coherent set of policy implications. First, the trade and foreign-exchange measures designed to protect reserves are producing the opposite of their intent (*Chapters 1–3*): they push flows into informal corridors that bypass both revenue and oversight, suggesting that restoring predictability in licensing and exchange-rate management would do more for reserves than tightening controls. Second, the strong pass-through from diesel and parallel-market USD exchange rates to food prices (*Chapters 4 and 5*), amplified by Myanmar’s near-total fuel-import dependence, makes fuel-supply resilience—strategic storage, diversified sourcing, and transparent pricing—a food-security priority, not merely a sectoral one. Third, the agricultural-export boom alongside rising domestic food insecurity (*Chapters 1 and 5*) argues for rebalancing the “Export First” approach with explicit measures to protect domestic food affordability. Fourth, the persistent weakness in passenger aviation and tourism even as air cargo surges (*Chapters 6 and 7*) signals that connectivity policy should now be assessed against both mobility and logistics-resilience objectives. The common thread is that Myanmar’s transport and logistics sector is adapting—but the costs of that adaptation are increasingly falling on households, formal businesses, and the public-revenue base, making the policy choices ahead consequential well beyond the sector itself.

CHAPTER 1: YANGON PORTS –VITAL GATEWAY FOR MYANMAR’S TRADE

Yangon’s seaports are the connective tissue of Myanmar’s external economy — the channel through which most exports reach buyers, most imports reach factories and households, and most foreign exchange enters the system. Since 2021, this gateway has absorbed a compounding set of shocks: the military takeover and sanctions, foreign-exchange controls, tightened import licensing, and the loss of land-border trade routes to conflict around Myawaddy and Muse. The result is a port system doing more work with fewer flows — laden exports have recovered to 25 percent above 2019 levels, while imports remain roughly 42 percent below, and empty-container repositioning has surged more than fivefold to keep exports moving.

What this chapter covers. This chapter examines what trade flows and transport movements reveal about the wider economy. The first section maps maritime trade volumes through Yangon and the shift from land to sea routes. The following section looks at the commodities driving export resilience — garments, pulses, and rice — and the widening gap between export performance and jobs, with garment employment now less than half its pre-2020 level even as shipped volumes rise. Then, the chapter turns to imports, where licensing and foreign exchange restrictions are squeezing the inputs that manufacturing, construction, and agriculture need to sustain output and employment. Together, these dynamics frame the central tension the rest of the report unpacks: trade is flowing, but the link between trade, jobs, and broad-based growth has weakened.

Overview of Maritime Trade via Yangon Ports

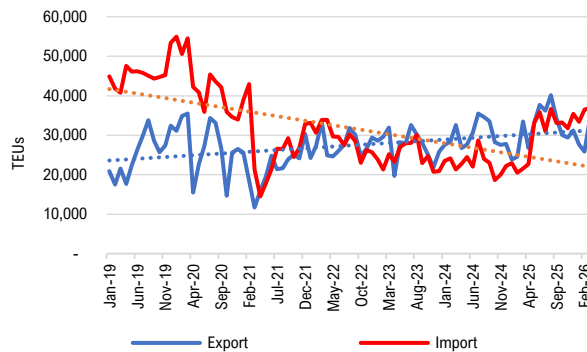
Since 2021, Myanmar’s shipping industry has endured multiple disruptions, ranging from the military takeover, import restrictions, multiple exchange rates to conflicts along key land borders. Despite these shocks, the sector has shown notable resilience on the export side: by 2025, laden export container volumes surpassed 2019 levels by 25 percent. Imports, however, have run roughly 42 percent below 2021 levels on average, held down by stringent import licensing requirements (Figure 1). Since July 2022, laden exports have consistently outpaced imports, leaving a shortage of containers available for export. To sustain export operations, empty container imports surged to 5.2 times the 2019 level in 2024.

Container throughput¹ at Yangon’s ports, the country’s main port system, dropped sharply in 2021 with some recovery (Figure 2). Between 2017 and 2020, the ports handled an annual average of about 1.1 million TEUs². In contrast, from 2021 to 2025, this figure fell to just 0.80 million TEUs in annual average, signaling a sharp contraction in port activity.

¹ Container throughput includes both laden and empty containers, encompassing both imports and exports.

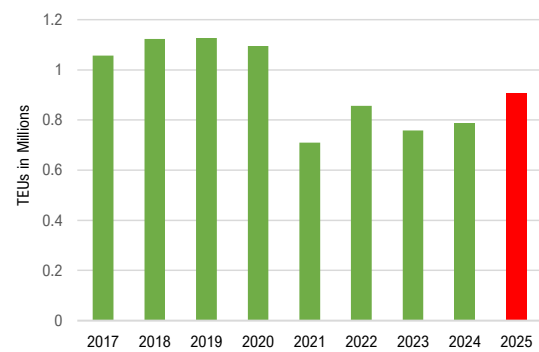
² Twenty-foot equivalent unit

Figure 1: Laden exports run 25% above 2019 while imports remain 42% below 2021



Source: Shipping Companies

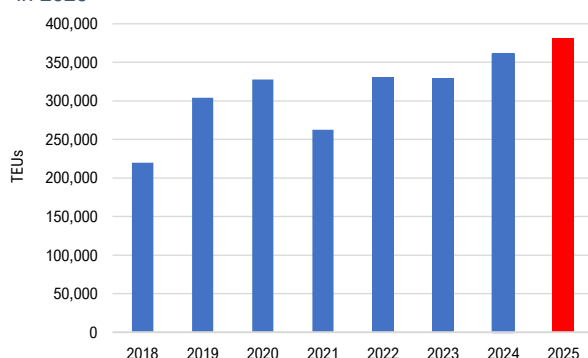
Figure 2: Yangon port throughput drops 27% from pre-military takeover average



Source: Shipping Companies

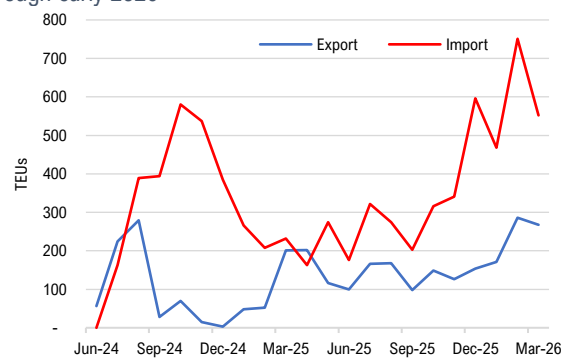
Conflict in Myawaddy, Myanmar's main land border trading hub with Thailand, has shifted trade from land to sea routes. According to the World Bank Firm Survey (Round 17) conducted in April 2024, 82 percent of the importing firms have shifted transport routes from land borders to sea routes (World Bank, 2024). In June 2024, a new barge service began operating to transport containers from Yangon to Ranong, Thailand, providing an alternative to established shipping routes (Figure 4). Initially, the service gained momentum, with increased barge frequency and rising trade volumes, especially in import volumes, which are in line with the World Bank firm's survey results. Volumes on this corridor declined through 2025 but rebounded between December 2025 and March 2026 as tighter land-border restrictions pushed cross-border trade toward maritime routes.

Figure 3: Yangon container exports reach an eight-year high in 2025



Source: Shipping Companies.

Figure 4: New Yangon-Ranong barge corridor rebounds through early 2026



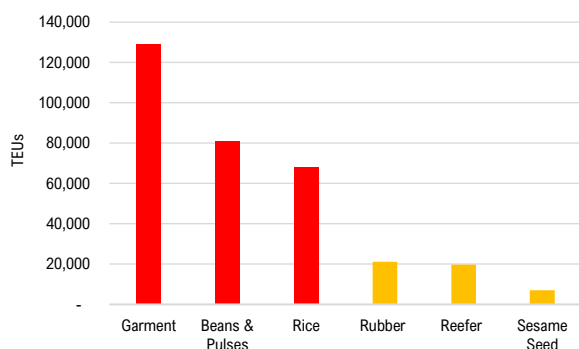
Source: Shipping Companies.

Main Commodities for Export

Garments, beans and pulses, and rice remain Myanmar's top export commodities (Figure 5). This growth in garments is particularly striking given the industry's persistent challenges - unreliable power supply, rising diesel costs for backup generation, difficulties importing raw materials, and a recent labor shortage driven by conscription laws and worker migration abroad (The Irrawaddy, 2024).

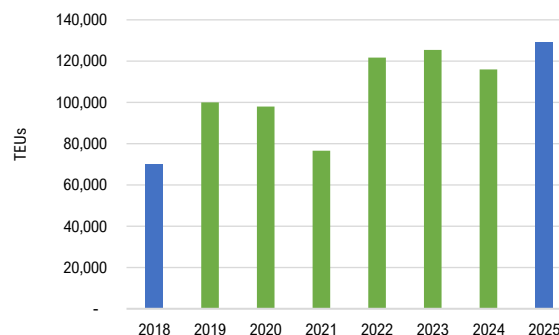
The garment sector continues to be a vital source of employment for Myanmar and has shown remarkable resilience through multiple crises. Yet the gap between rising export volumes and falling employment is widening. The sector employed around one million workers before 2020, but only 500,000 by January 2022 (World Bank, 2023), even as containerized garment exports rose roughly 43 percent on average over 2022–2025 compared with 2018–2021 (Figure 6). Recent UNDP estimates (2025) put current employment at around 500,000—a drop of about 50 percent from pre-2020 levels. This disconnect between export performance, and job creation raises concerns about the industry’s sustainability, labor conditions, and its capacity to support an inclusive recovery.

Figure 5: Beans, pulses, rice and garments anchor 2025 export basket



Source: Shipping Companies.

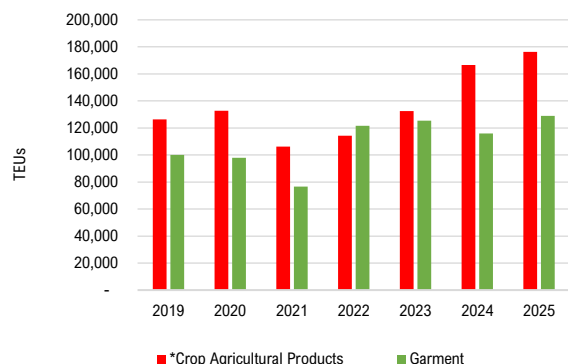
Figure 6: Garment shipments rise 43% even as employment more than halves



Source: Shipping Companies.

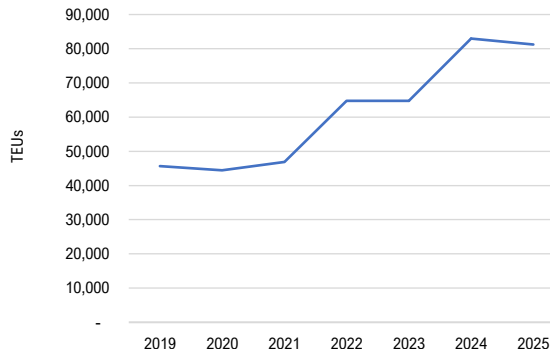
Myanmar’s agricultural sector has faced repeated crises since 2020, yet the agricultural value chain has shown remarkable resilience and adaptability. It has weathered COVID-19 lockdowns, natural disasters, the 2021 military takeover, and ongoing disruptions—a fragmented banking system, multiple exchange rates, mandatory surrender of export earnings, conflict along land borders, and rising transport and input costs. Containerized agricultural exports nonetheless grew for two consecutive years (2024–2025), exceeding 2019 and 2020 volumes and outpacing garment exports by roughly 40 percent on average in 2024 and 2025 (Figure 7). Exports of beans and pulses from Yangon ports reached their highest levels in five years in 2024 (Figure 8). Containerized exports of beans & pulses via Yangon seaports rose by approximately 82 percent compared to 2019. Instability at land borders has led exporters to favor seaports for international trade, driving this growth.

Figure 7: Crop exports overtake garments by 40% in 2024–2025



Source: Shipping Companies.³

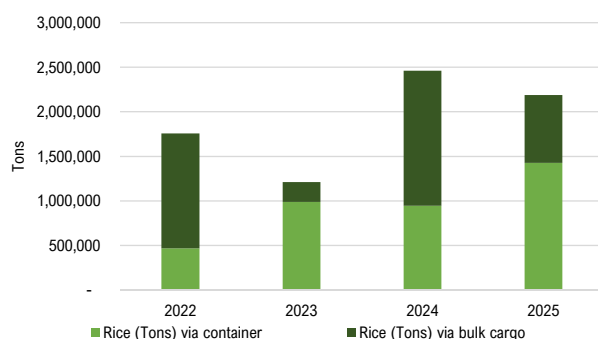
Figure 8: Beans & pulses containerized exports jump 82% above 2019 levels



Source: Shipping Companies.

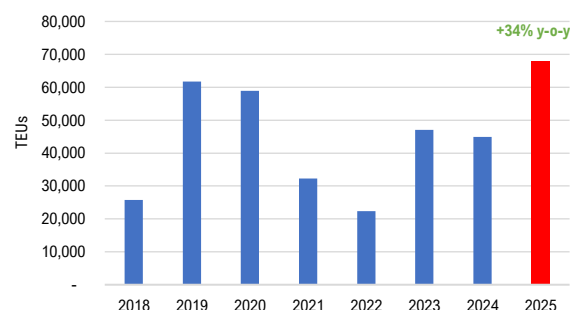
According to the state-run newspaper, Myanmar's rice exports for the 2024–2025 fiscal year⁴ reached approximately 2.48 million metric tons, consistent with data provided by shipping companies (Figure 9). Export via container in 2025 increased by around 34 percent against 2024, substantially grown from the levels in 2021 and 2022 (Figure 10). Meanwhile, domestic rice prices have surged, raising concerns about food affordability. Data from the World Food Programme (WFP) shows that by March 2026, the price of low-quality rice in Yangon had risen by approximately 170 percent compared to 2021 levels. In contrast, the official minimum wage increased from 4,800 MMK to 7,800 MMK per day on October 14, 2025⁵—a gain of only 63 percent. This widening disparity between staple food prices and wage underscores mounting pressure on household purchasing power and highlights the urgency for targeted policy measures to address food security.

Figure 9: Rice exports reach almost 2.5 million tons in 2024



Source: Shipping Companies.

Figure 10: Containerized rice exports climb 34% year-on-year in 2025



Source: Shipping Companies.

Myanmar's maize sector has emerged as a key beneficiary of the broader shift from land-based to maritime trade routes, a transition accelerated by ongoing conflict and border restrictions. Since 2019, Myanmar's maize exports have shifted from informal, border-based trade toward diversified, seaborne

³ Crop Agricultural products include Beans & Pulses, Rice, Yellow Maize and Rubber.

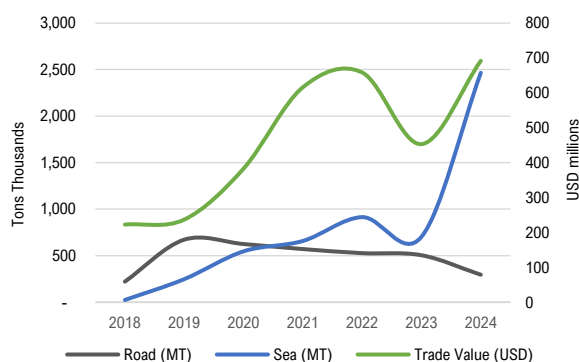
⁴ Myanmar's 2024–2025 fiscal year starts on April 1, 2024, and ends on March 31, 2025.

⁵ [https://www.dfdl.com/insights/legal-and-tax-updates/myanmar-minimum-wage-update/#:~:text=On%2014%20Oct%202025%2C%20the.kyats%20\(approximately%20USD%203.72\)](https://www.dfdl.com/insights/legal-and-tax-updates/myanmar-minimum-wage-update/#:~:text=On%2014%20Oct%202025%2C%20the.kyats%20(approximately%20USD%203.72))

markets, reshaping both volumes and export value (Goeb et al., 2025). One early success was the expansion of exports to Thailand via the Myawaddy border, where shipments exceeded 530,000 metric tons in 2019, easing pressure on the sector. While subsequent shocks including the military takeover in 2021 caused further disruptions, the sector demonstrated remarkable resilience, and the export volume more than doubled in 2024 compared to 2019. About 90% of maize exports were shipped by sea, opening access to new markets like India, the Philippines, and Viet Nam (Figure 11). In value terms, maize exports reached approximately USD 691 million in 2024, marking the highest level in past six years, underscoring the crop's growing role in Myanmar's agricultural export portfolio (United Nations Statistics Division, 2026).

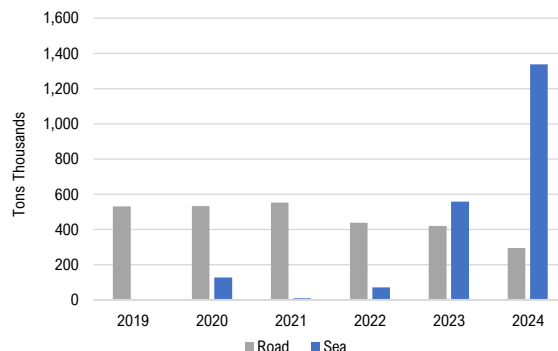
Thailand has remained Myanmar's largest maize market since 2020, with trade historically conducted through the Myawaddy land border. However, escalating conflict in the region has severely disrupted overland trade, prompting a major shift to maritime routes starting in early 2023. By that year, 82 percent of maize exports to Thailand moved by sea—the highest share on record (Figure 12). Exports to Thailand typically peak between February and August when duty-free corn imports are permitted. From September to January imports face a 73 percent tariff, sharply reducing trade during that period (USDA FAS, 2025, p.13).

Figure 11: Maize exports double 2019 volume, pivoting decisively to sea routes



Source: UN Comtrade.

Figure 12: 82% of maize shipments to Thailand now move by sea



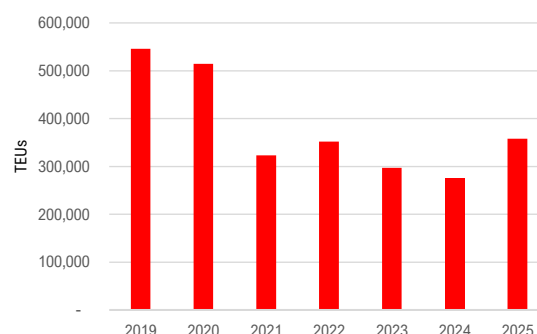
Source: UN Comtrade.

Import Regulations and Impacts

Containerized import volumes via Yangon seaports showed a modest rebound in 2025. Between January to December 2025, imports through Yangon ports rose by 30 percent compared to the same period in 2024 (Figure 13), partly driven by a surge in humanitarian shipments following the devastating March 2025 earthquake. Despite this short-term recovery, overall imports remain far below pre-military takeover levels - down an estimated 35 percent compared to 2019.

In August 2025, authorities introduced additional restrictions on imports via land and air, extending earlier limitations on maritime trade. These measures appear to target cargo transported through informal or illegal land-border channels, as well as selected air-freight services⁶. Restrictions on illegal imports, particularly along the Thailand border, have contributed to a sharp increase in the prices of imported goods, with some prices reportedly rising two- to threefold within a short period.⁷ As a result, trade flows may increasingly shift toward formal maritime channels, particularly the Yangon–Ranong route, which has recently recorded rising volumes. This development highlights the importance of maintaining secure and legally regulated trade corridors to stabilize supply chains, improve trade oversight, and contain price volatility.

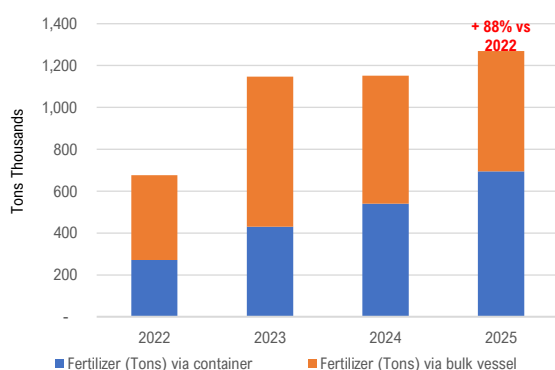
Figure 13: Imports rebound 30% in 2025 but stay 35% below 2019



Source: Shipping Companies.

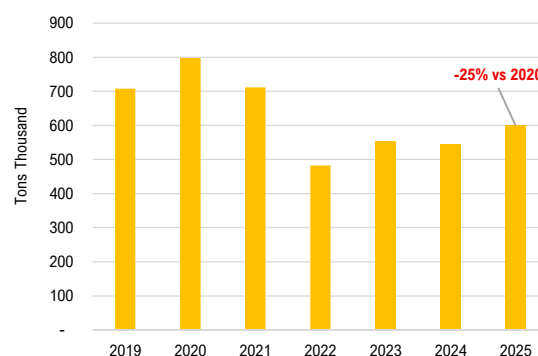
Fertilizer imports through Yangon ports continue to rise in 2025. From January to December 2025, fertilizer imports increased by approximately 10 percent compared to the same period in 2024 (Figure 14). Rising domestic rice prices, and robust export demand for beans, pulses, and maize, had boosted fertilizer demands. Despite increased in import volumes, a survey of agricultural input retailers conducted in August 2025 revealed a trend that Urea sales declined by 7 percent, and compound fertilizer sales dropped by 12 percent compared to 2024⁸.

Figure 14: Fertilizer imports rise 10% in 2025 despite weak retail sales



Source: Shipping Companies.

Figure 15: Palm oil imports fall to 29% of 2019–21 average



Source: Shipping Companies.

Cooking oil imports – particularly palm oil – remain well below pre-military takeover levels, continuing a downward trend since 2022 (Figure 15). Myanmar historically relied heavily on palm oil imports averaging 750,000 metric tons annually between 2019 and 2021. By 2024, imports fell to around 545,000 metric tons, reflecting both import restrictions and broader trade disruptions. This constrained supply has driven retail

⁶ <https://www.bbc.com/burmese/articles/crkzv5kv514o>

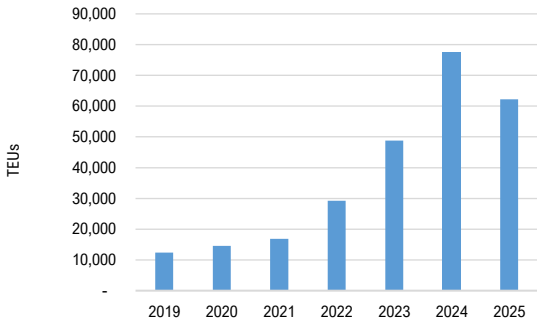
⁷ <https://www.frontiermyanmar.net/en/qa-policies-will-have-to-change/>

⁸ International Food Policy Research Institute Myanmar, September 2025. [“Agricultural input retailers in Myanmar: Insights from the 2025 monsoon season”](#)

prices sharply upward - from MMK 2,399 per liter in July 2021 to MMK 7,352 per liter by June 2025⁹. Unofficial reports¹⁰ state that prices topped to nearly MMK 9,000 per liter in Yangon region in March 2026, significantly affecting food affordability for low-income families.

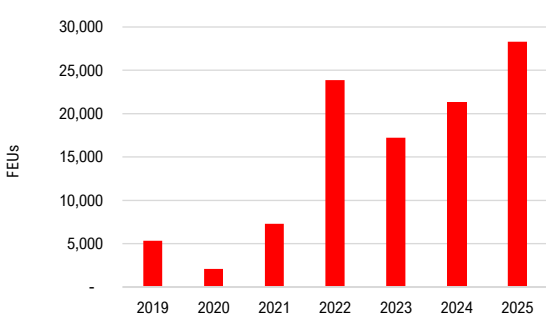
A shortage of empty 20- and 40-foot containers for export persists, as import volumes continue to decline. In 2024, the import of empty 20-foot containers increased by 36 percent compared to 2023, surging to more than six times the level of 2019 (Figure 16). Similarly, the import of empty 40-foot containers increased by 33 percent in 2025 compared to 2024, which is over five times the level of 2019 (Figure 17).

Figure 16: Empty 20ft container imports surge to six times 2019 level



Source: Shipping Companies.

Figure 17: Empty 40ft container imports run five times pre-military takeover levels



Source: Shipping Companies.

⁹ WFP Food Prices Myanmar

¹⁰ <https://english.dvb.no/the-price-of-palm-oil-three-times-above-regime-reference-rate-set-by-naypyidaw/>

CHAPTER 2: TRADE POLICY AND THE FOREIGN EXCHANGE REGIME

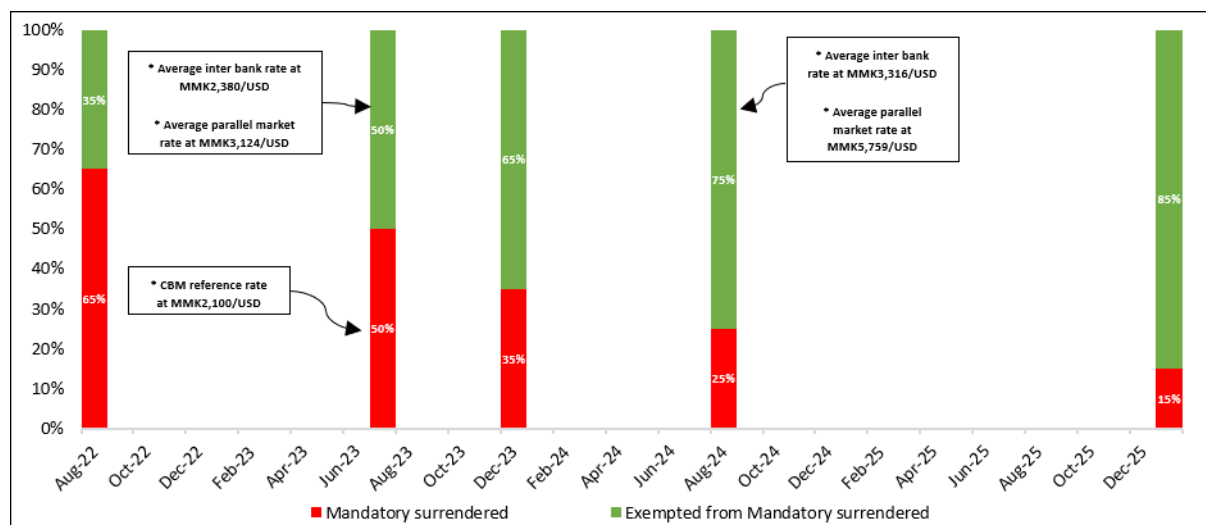
Trade policy and the foreign-exchange regime are the second major driver of both the composition and volume of flows through Myanmar's economy. Since 2022, the authorities have layered import-licensing restrictions, mandatory export-earnings surrender requirements, and a managed official exchange rate on top of an already strained external position. The stated aim is to defend reserves, channel scarce foreign currency to priority uses, and lift export performance. The actual effect has been a widening wedge between the official kyat rate and the parallel market — at times 40 percent or more — and a persistent tax on the exporters and producers who generate the country's foreign earnings.

What this chapter covers. This chapter traces how that policy architecture has evolved and what it has done to trade flows and the broader economy. It walks through the key milestones — from the April 2022 surrender rule, through the August 2024 "Export First Policy," to the January 2026 reduction in the surrender share to 15 percent — and shows how each iteration has interacted with the import-licensing regime. It then examines the consequences: agricultural exporters squeezed by below-market conversion, manufacturers and traders rationed for inputs, and a recorded trade surplus that masks a sharp contraction in import-dependent activity. The jobs-and-growth signal is clear — when the foreign exchange regime taxes exporters and the licensing regime starves importers of inputs, the firms that hire, invest, and pay wages are the ones bearing the cost.

In mid-2024, the "Export First Policy" was introduced to strengthen export performance by tightening import licensing requirements. Under this policy, importers must provide proof of export earnings to obtain import licenses. While designed to prioritize foreign exchange for exports, the policy has effectively made importers reliant on exporters, forcing them to purchase foreign currency earnings to meet their import needs. This dependency has created opportunities for exporters to charge commissions or fees, adding extra costs for importers. To further incentivize exports, a policy adjustment was announced in early 2026, reducing mandatory surrender of export earnings from 25 percent to 15 percent. The history of relevant policies are summarized in Annex A.

The persistence of multiple exchange rates in Myanmar has significantly burdened exporters, particularly in the agricultural sector. Beginning in April 2022, exporters have been obligated to convert part of their foreign revenues at the exchange rate determined by the Central Bank of Myanmar (CBM), which is below the market rate. This policy results in exporters receiving less local currency for their foreign earnings compared to market rates. At the outset, the gap between the official rate and the parallel market rate was about 80 to 100 percent. Despite lowering the surrender requirement from 65 percent to 15 percent by January 2026, the gap between the parallel market rate and official rates continued to widen. After fulfilling surrender obligations, the rest of export earnings must be sold on the interbank market, which is lower than the market rates. As of August 2024, the surrender requirement is 25 percent, with the remaining 75 percent exchanged via the interbank market (Figure 18). This rate remains below market-clearing levels.

Figure 18: Parallel rate stays double the official rate as surrender narrows to 15%



Source: Study team summary, based on data collected from various publicly available sources.

Despite these policy constraints and currency distortions, Myanmar's agricultural sector has shown resilience: export volumes have continued to rise, particularly through Yangon's seaports. This growth is due to land border closures and rising conflicts near borders, leading exporters to depend on maritime routes. According to official sources, Myanmar posted a trade surplus of USD 2.3 billion¹¹ for the 2024–2025 fiscal year¹². However, growth in laden container exports remained modest, despite a shift from land borders to maritime routes driven by ongoing conflict. Compared to 2019, containerized export volumes increased by 19 percent in 2024 and 25 percent by 2025 (Figure 1). The year-on-year increase was mainly attributable to the efforts to boost exports through the “Export First Policy,” which contributed positively to overall trade volume.

¹¹ <https://www.gnlm.com.mm/myanmars-trade-facilitation-body-meets-to-tackle-supply-chains/>

¹² Myanmar's 2024–2025 fiscal year starts on April 1, 2024, and ends on March 31, 2025.

CHAPTER 3: MIRROR ANALYSIS OF CROSS-BORDER TRADE

Official trade statistics tell only part of Myanmar's cross-border story. Conflict around Myawaddy and Muse, tightened licensing, and shifting policy at the borders have reshaped how goods actually move between Myanmar, Thailand, and China — and a growing share of those flows now sits outside the formal record. Mirror analysis, which compares Myanmar's reported trade with what its partners report on the other side of the border, is the most practical way to size that gap and track where informal or unrecorded trade is concentrating. For a country where cross-border trade underpins jobs in agriculture, light manufacturing, and small-trader logistics, understanding the true direction and composition of these flows is central to any read on resilience and recovery.

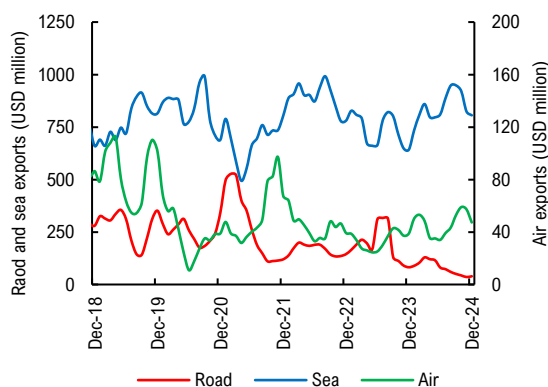
What this chapter covers. This chapter uses mirror trade analysis to examine Myanmar's trade patterns by transport mode and to gauge the scale of underreporting and informal flows. Mirror analysis compares Myanmar's reported trade with the corresponding figures reported by Thailand and China; persistent gaps — especially in road trade — point to informal or unrecorded activity. The gaps are indicative rather than exact, since discrepancies can also arise from tariff misclassification, recording lags, errors in origin or destination, currency conversion, CIF-versus-FOB valuation, and transit-trade misreporting (Cantens 2015).¹ Data sources are mixed. Myanmar's statistics and Thailand's mirror data come from UN Comtrade; China's mirror data come from the General Customs Department of China. Because China does not publish trade by transport mode, road trade is proxied by border flows through Yunnan, with the remainder treated as sea and air. Myanmar's UN Comtrade data by transport mode currently extend only through 2024, so the analysis does not capture 2025 developments.

Overview of Myanmar's trade patterns by transport mode

Myanmar's trade patterns in 2024¹³ reflected a significant shift across transport modes, with road-based trade declining sharply amid mounting border disruptions while sea trade remained the dominant channel for formal trade (Figure 19 and Figure 20). Myanmar's reporting data from UN Comtrade showed that road imports and exports fell by 59 percent and 80 percent, respectively, compared to 2023. Sea exports weakened notably only in the second half of 2024, whereas sea imports remained weak throughout the year, reflecting the impact of persistent import restrictions, including controls on import licenses and restrictions on certain imports through land borders. Overall, sea imports declined by 14 percent compared to 2023, while sea exports increased by 18 percent. These trends suggest a partial shift from road to sea trade, particularly for exports, as firms adjusted to disruptions along key land-border routes. In contrast, air trade remained relatively stable, with only minor fluctuations and a consistently small share of total trade.

¹³ At the time of report writing, Myanmar data from UNComtrade for 2025 was not available yet, and 2024 was the latest available data.

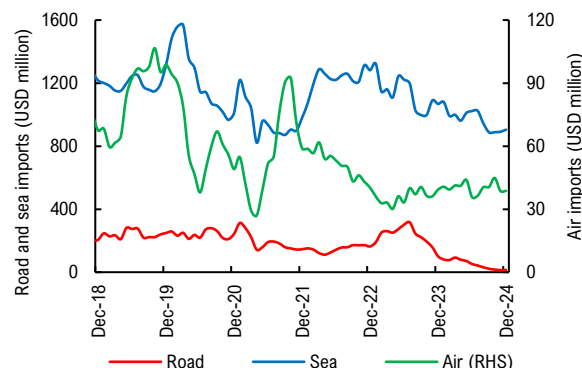
Figure 19: Myanmar's export trends by transport mode



Source: UN Comtrade

Note: Data reflects 3-month moving average, and data excludes Myanmar's natural gas through pipelines.

Figure 20: Myanmar's import trends by transport mode



Against this backdrop, the following sections examine these shifts in greater detail through mirror trade analysis with Thailand and China, Myanmar's two major trading partners. In particular, the analysis assesses the extent to which disruptions in formal road trade were accompanied by persistent gaps between Myanmar's reported trade data and partner-reported statistics, which may signal the continued importance of informal or under-recorded cross-border trade flows.

Myanmar's trade with Thailand: shift from road to sea, with informal trade persisting

Amid persistent disruptions along the Myanmar–Thailand border, particularly at the Myawaddy–Mae Sot crossing, a portion of trade with Thailand shifted from road to sea routes in 2024 (Figure 21 and Figure 22). This transition accelerated in mid-2024 with the introduction of container shipping services connecting Yangon, Kawthaung, and Ranong, as border disruptions intensified amid conflicts.¹⁴ In 2024, road exports dropped by 67 percent, while sea exports surged by 128 percent, compared to 2023. Similarly, road imports declined by 81 percent (or a decline of USD 1,182 million), but sea imports grew by 39 percent (or an increase of USD 244 million) compared to 2023. However, with road trade accounting for a larger share of Myanmar–Thailand trade in the years preceding 2024, the shift to sea routes did not fully offset the losses – resulting in an overall 5 percent decline in exports and a 45 percent decrease in imports.

¹⁴ <https://www.gnlm.com.mm/container-vessels-boost-myanmar-thai-border-trade/>

Figure 21: Myanmar's export to Thailand by transport mode

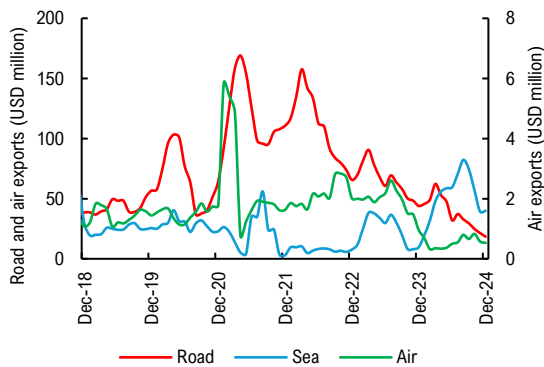
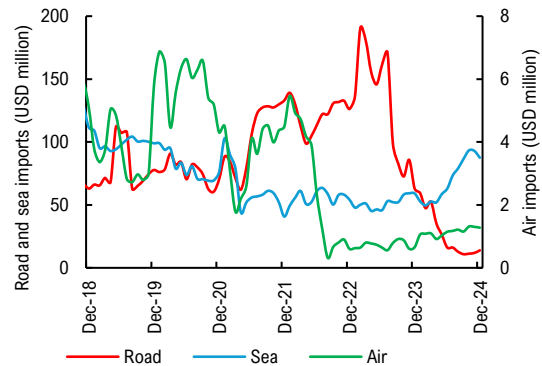


Figure 22: Myanmar's import from Thailand by transport mode



Source: UN Comtrade

Note: Data reflects 3-month moving average, and data excludes Myanmar's natural gas through pipelines.

Mirror analysis broadly confirms the overall trend—road exports declined sharply (Figure 23), while sea exports increased before easing again in late 2024 (Figure 24). For sea trade, both Myanmar's reported data and mirror data show a similar upward trend, though with slight divergence toward the end of 2024. Myanmar's reported data suggests modest recovery, whereas mirror data continues to decline. In terms of the magnitude of the gap, data reported by Myanmar indicates a 128 percent increase (or an increase of USD 373 million) in sea exports in 2024, compared to a 56 percent increase (or an increase of USD 244 million) in the mirror data. Road exports, however, reveal a much larger discrepancy. Road export data reported by Myanmar dropped sharply in the second half of the 2024, while Thailand's mirror data shows only a slight decline. Specifically, Myanmar records a 67 percent fall (or a decline of USD 851 million), whereas Thailand reports an 11 percent decrease (or a decline USD 59 million). This gap reflects long-standing informal flows through the Myawaddy–Mae Sot corridor, including Moei River crossings, controlled by ethnic armed groups in Myanmar, indicating informal routes that have become even more entrenched amid conflict.¹⁵

Figure 23: Myanmar's road exports to Thailand: reporting vs. mirror data

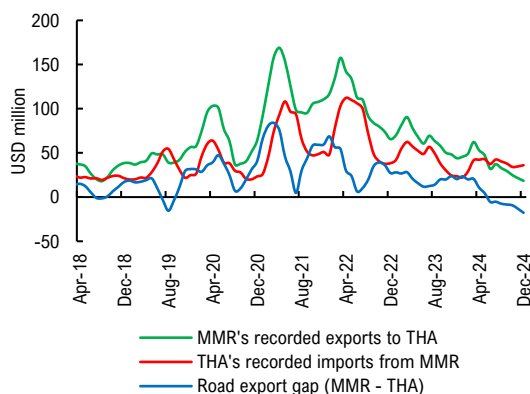
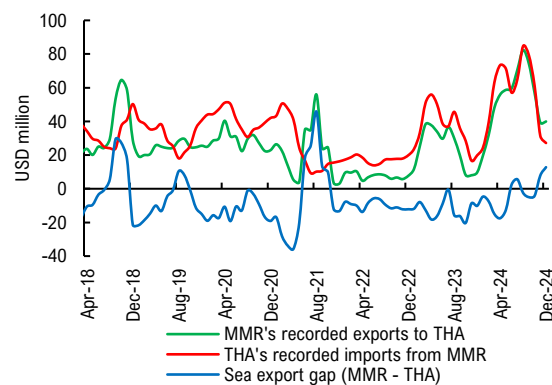


Figure 24: Myanmar's sea exports to Thailand: reporting vs. mirror data



Source: UN Comtrade

Note: Data reflects 3-month moving average.

¹⁵ <https://karennews.org/2025/08/thai-goods-routed-through-karen-eaos-controlled-piers-after-junta-closes-border-bridge/>

Mirror data on imports by transport mode do not fully align with Myanmar's reported data. While both sources show an overall decline in road trade, part of road imports likely continue through informal channels (Figure 25). In comparison, sea import data from both sources demonstrate a higher degree of consistency (Figure 26), where Myanmar's reporting shows a 39 percent increase (or an increase of USD 244 million) in 2024, compared to 2023, closely matching mirror data which records a 40 percent increase (or an increase of USD 333 million). Road transport, however, reveal a much larger discrepancy. Myanmar's reporting indicates an 81 percent decrease (or a decline of USD 1,182 million) while mirror data shows only a 15 percent decline (or a decline of USD 510 million). The divergence suggests that a substantial share of road imports continue through informal channels, notably via river crossings along the Moei (Thaungyin) River controlled by ethnic armed organizations (EAOs)¹⁶. Despite a decline in formal land imports and the emergence of container routes from Yangon to Kawthaung and Ranong, informal flows persist.

Figure 25: Myanmar's road imports from Thailand: reporting vs. mirror data

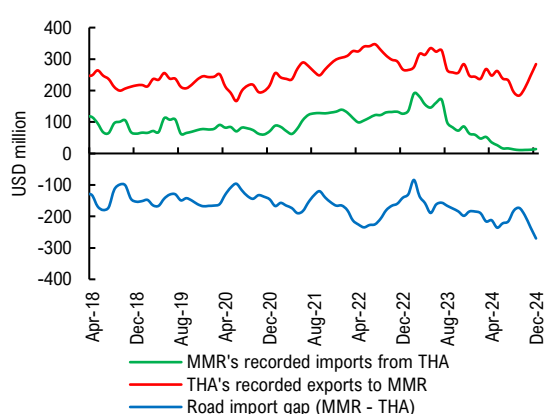
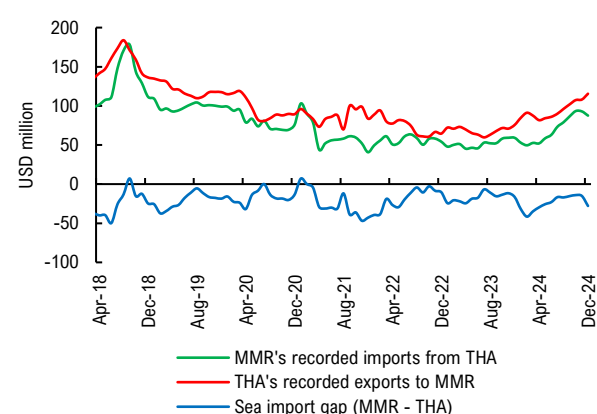


Figure 26: Myanmar's sea imports from Thailand: reporting vs. mirror data



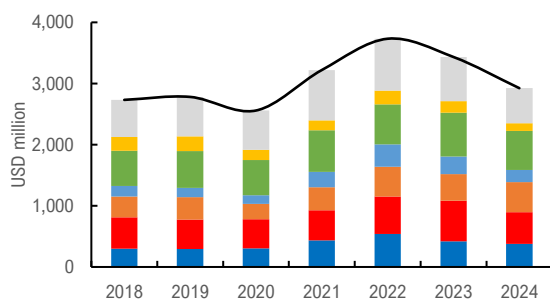
Source: UN Comtrade

Note: Data reflects 3-month moving average.

Historically, Thailand's recorded exports to Myanmar have been twice Myanmar's recorded imports, reflecting these informal practices. Both countries share a similar product mix in their trade data, except for minerals—primarily refined petroleum oil—which are absent from Myanmar's records (Figure 27 and Figure 28). The discrepancy points to ongoing informal trade and underreporting. Despite the shift of some road trade to official sea routes, much still moves through informal channels.

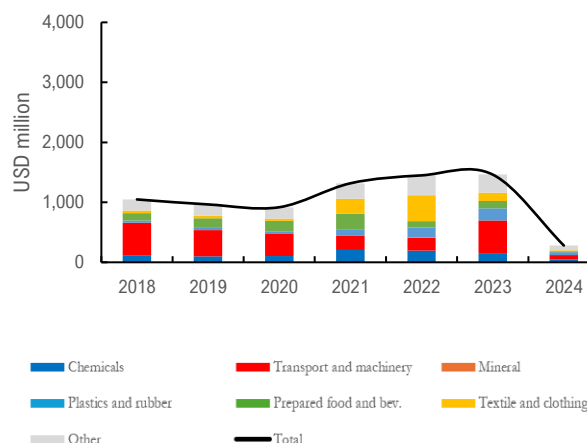
¹⁶ ibid

Figure 27: Thailand's recorded road exports to Myanmar – by product



Source: UN Comtrade

Figure 28: Myanmar's reporting road imports from Thailand - by product



Myanmar's trade with China: road trade in decline but informal or unrecorded trade remains substantial

In 2024, Myanmar's trade with China reflected a sharp drop in road-based trade, while sea trade partially offset these losses—underscoring continued disruptions at land borders (Figure 29 and Figure 30). Road exports fell by 48 percent, whereas sea exports rose by 51 percent, compared to 2023, resulting in a modest overall export increase of 1 percent. Road imports plunged by 78 percent, and sea imports slipped by 1 percent, driving an overall 18 percent decline in imports from China. Air trade, though small in volume, grew steadily: exports increased by 21 percent (or an increase of USD 23 million) and imports by 44 percent (or an increase USD 38 million).

Figure 29: Myanmar's export to China by transport mode

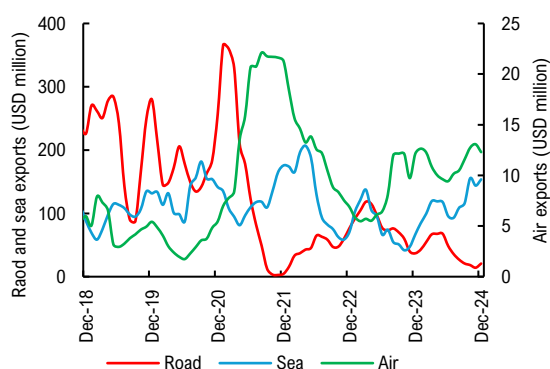
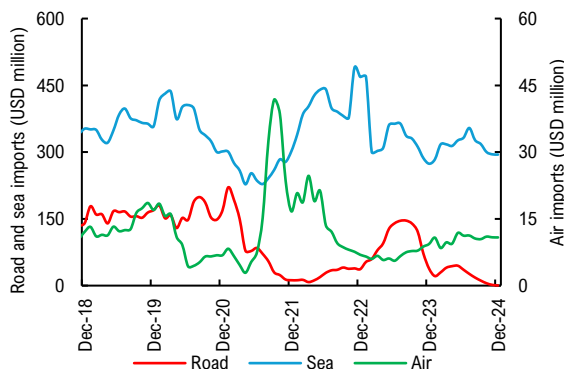


Figure 30: Myanmar's import from China by transport mode



Source: UN Comtrade

Note: Data reflects 3-month moving average, not including Myanmar's natural gas export through pipelines.

Mirror analysis confirms a consistent decline in road exports to China, but a significant gap between the two data sources points to the continued role of informal trade (Figure 31). In 2024, Myanmar's reporting shows a 48 percent drop in road exports compared to 2023, while mirror data indicates a similar trend—a 44 percent decline. Despite these aligned trends, the difference between the two sources exceeds half a billion dollars, largely due to rare earth exports recorded by China but absent from Myanmar's data (Figure 31 and Figure 34). Rare earths accounted for 55 percent of Yunnan Province's total imports through its

border with Myanmar in 2024. These minerals are sourced from Kachin State, with lesser amounts coming from Shan State, where extraction is controlled by ethnic armed groups. Most of these shipments move informally across the border, bypassing Myanmar's official customs records but being recorded in China.^{17,18,19} For sea and air trade (or non-road trade), the two sources diverge: Myanmar reports an increase, while China shows a decline—partly due to reduced stone trade, which is not captured on Myanmar's side (Figure 32).

Figure 31: Myanmar's road exports to China: reporting vs. mirror data

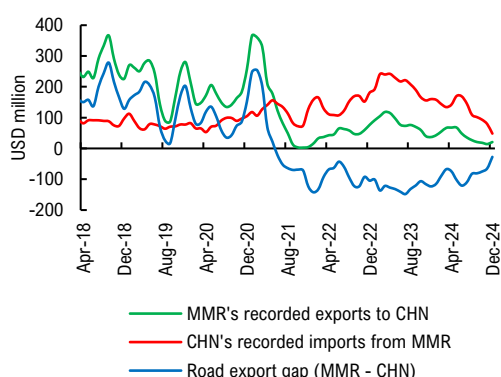
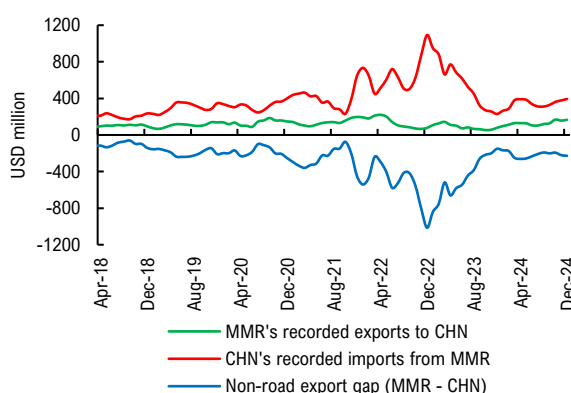


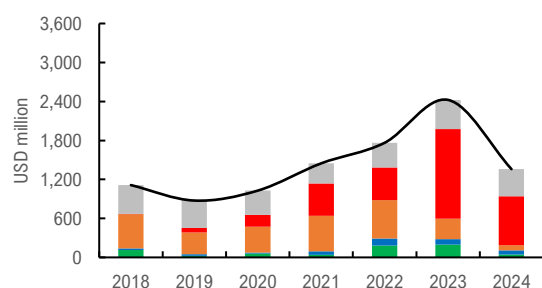
Figure 32: Myanmar's non-road exports to China: reporting vs. mirror data



Source: UN Comtrade, and General Customs Department of China

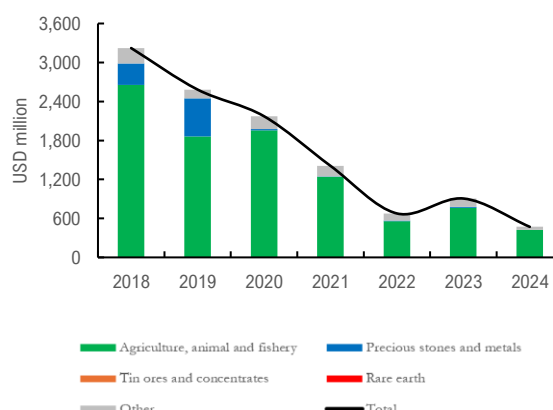
Note: Data reflects 3-month moving average, and data excludes Myanmar's natural gas through pipelines. In mirror data involving China, information on transport mode is not provided directly. Road trade figures are determined by evaluating goods exported to or imported from Yunnan Province through the border trade regime. In contrast, non-road trade for China, or when comparing with China, refers to the total trade excluding road trade, which includes both sea and air shipments.

Figure 33: China's recorded road imports from Myanmar – by product



Source: UN Comtrade and General Customs Department of China

Figure 34: Myanmar's recorded road exports to China - by product



Note: Data reflects 3-month moving average, and data excludes Myanmar's natural gas through pipelines. In the case of mirror data involving China, the transport mode is not explicitly reported. Road trade is quantified by tracking border-trade goods transported through Yunnan Province, whereas non-road trade encompasses shipments made via maritime and air routes.

Mirror analysis confirms a sharp decline in road imports from China (Figure 35). In 2024, Myanmar's reporting shows a 78 percent decline in road imports compared to 2023, while China's mirror data indicates

¹⁷ <https://www.reuters.com/markets/commodities/myanmar-rebel-group-allows-export-rare-earth-inventories-china-sources-say-2025-03-27/>

¹⁸ <https://www.reuters.com/world/china/china-backed-militia-secures-control-new-rare-earth-mines-myanmar-2025-06-12/>

¹⁹ <https://globalwitness.org/en/campaigns/transition-minerals/fuelling-the-future-poisoning-the-present-myanmars-rare-earth-boom/>

only a 34 percent drop. Despite similar downward trends, the gap between the two sources remains large at USD 398 million, suggesting that a substantial share of road-based shipments continue to move informally—a long-standing pattern along the China–Myanmar border that has deepened amid conflict, as ethnic armed organizations expand control over key trade routes. However, underreporting may also play a role.

Figure 35: Myanmar's road imports from China: reporting vs. mirror data

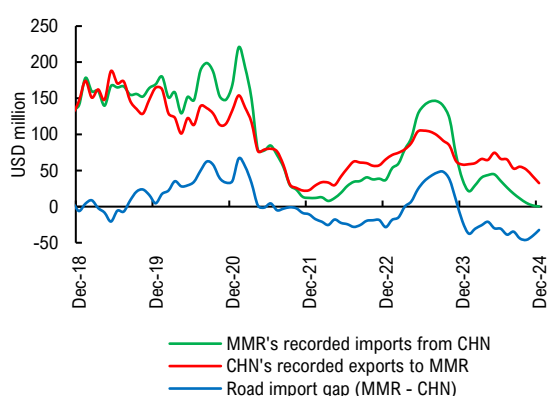
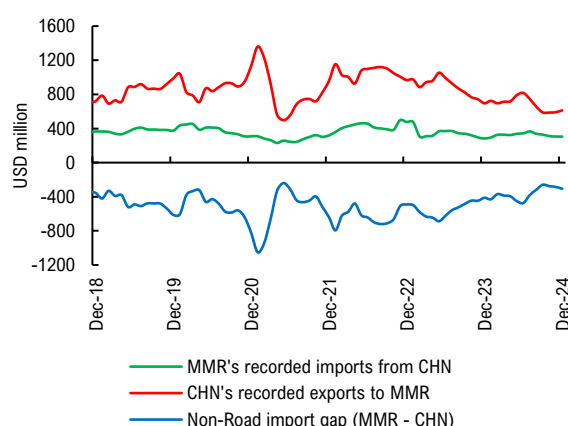


Figure 36: Myanmar's non-road imports from China: reporting vs. mirror data



Source: UN Comtrade, and General Customs Department of China

Note: Data reflects 3-month moving average, and data excludes Myanmar's natural gas through pipelines. China's mirror data lacks transport mode details. Road trade refers to goods exported or imported through Yunnan Province's border. In contrast, non-road trade for China, or when comparing with China, refers to the total trade excluding road trade, which includes both sea and air shipments

For non-road imports (by sea and air), discrepancies are even greater, pointing to possible under-recording in sea and air imports (Figure 36). Myanmar's reporting suggests a negligible increase (0.3 percent or USD 13 million), while the mirror data reveal a significant decline of 21 percent (or a decline of USD 2.2 billion). The gap between the two sources stood at USD 4.3 billion in 2024—with mirror data roughly double Myanmar's reported figures—though narrower than in 2023. This persistent gap reflects under-recording in Myanmar's sea and air imports, as informal imports are less common through these channels. Despite these discrepancies, both data sources confirm that Myanmar's overall imports from China declined in 2024.

Stricter trade controls and cross-border disruptions

Myanmar's trade regulatory framework remains highly regulated with stringent export and import licensing requirements that are reinforced by periodic enforcement actions and border closures as detailed below:

- **Export Licensing:** All products are subject to export licenses. Of 11,849 Harmonized System (HS) 10-digit items²⁰, 1,556 items (13%) fall under non-automatic licensing, while 10,293 items (87%) under automatic licensing, aside from temporary changes introduced in 2025.²¹

²⁰ HS 10-digit codes refer to product classifications under the Harmonized System (HS) at the 10-digit level of disaggregation, allowing for highly detailed identification of traded products beyond the internationally standardized 6-digit HS classification. The additional digits are typically country-specific extensions used for customs and tariff purposes.

²¹ In April 2025, the MOC briefly exempted export licenses due to the earthquake in March 2025 (Bulletin No. 1/2025). From June 15 to August 31, the ministry temporarily shifted 97 items at the 10-digit HS level from non-automatic to automatic licensing (Bulletin No. 2/2025). Later, this change was limited to sea trade only (Bulletin No. 3/2025).

- *Import Licensing*: Even more restrictive than export as almost all imports are subject to non-automatic licensing, with only 72 items (out of 11,849) under automatic licensing.
- In May 2024, d *stricter enforcement measures* were announced effectively on July 1, 2024, including inspections and legal action against goods lacking proper import licenses.²² As a result, authorities raided markets, warehouses, and retail outlets to seize informally imported goods²³. The most severe disruption occurred in August 2025, when the Foreign Exchange Supervisory Committee (FESC), responsible for overseeing foreign exchange approvals for imports, was reinstituted. Authorities suspended imports of thirty-five goods—primarily consumer products—through the land border and closed the Myawaddy–Mae Sot crossing for large vehicles, severely impacting border trade.^{24,25,26}

Myanmar’s 2024 trade patterns reveal a decline in formal road trade, with a partial shift to sea trade routes. However, mirror data analysis reveals that these shifts are only partial, and informal cross-border trade remains. Long-standing informal channels—such as river crossings along the Moei (Thaungyin) River on the Thai border and cross-border flows from Kachin and Shan into Yunnan controlled by ethnic armed groups—appear increasingly entrenched under current conflict conditions, limiting authorities’ ability to monitor and record trade. Combined with tightened licensing requirements and enforcement measures, these dynamics point to a trade regime where formal flows are shrinking, while informal and under-recorded trade continues, albeit on a declining trajectory.

²² The MOC’s Bulletin No. 3/2024 issued on May 30, 2024

²³ <https://eng.mizzima.com/2024/10/12/14967>

²⁴ <https://monnews.org/2025/08/19/imports-banned-by-military-junta-lead-to-shortages-and-rising-prices-in-mon-state/>

²⁵ <https://eng.mizzima.com/2025/08/16/25448>

²⁶ <https://karennews.org/2025/08/500-trucks-stranded-at-thailand-myanmar-border-as-junta-blocks-imports/>

CHAPTER 4: THE IRAN WAR FUEL CRISIS

Diesel and gasoline are the lifeblood of Myanmar's economy — moving freight, powering factory generators, running irrigation pumps, and underpinning jobs across trade and logistics. With more than 90 percent of fuel imported, the 2025–26 oil shock has exposed a system already strained by sanctions, foreign-exchange restrictions, and border conflict. The escalation of the Middle East conflict has triggered one of the most severe global oil-supply disruptions on record, with direct consequences for Myanmar. Beginning with the "Twelve-Day War" in June 2025 and intensifying into full-scale military operations by early 2026, the conflict has cut flows through the Strait of Hormuz from a pre-crisis average of around 20 million barrels per day (mb/d) — roughly a quarter of seaborne oil trade — to about 3.8 mb/d by early April 2026 (IEA 2026a, 2026b). Cumulative Gulf supply losses had exceeded one billion barrels by May 2026, and the IEA projects an average global supply decline of 3.9 mb/d for 2026 as a whole (IEA 2026c). Brent has spiked above USD 100/bbl against pre-crisis projections near USD 60/bbl.

What this chapter covers. The chapter sets out Myanmar's structural vulnerability, traces the retail-price surge and rationing response and their pass-through to logistics, food prices, and households, and lays out forward-looking scenarios for the conflict's path and the implications for transport-dependent jobs and growth.

Myanmar's Structural Vulnerability

Myanmar enters the global shock from a position of acute structural fragility. The country imports between 90 and 97 percent of its fuel needs, making it one of the most import-exposed economies in Southeast Asia to oil-price movements. This exposure compounds a fourth consecutive year of GDP contraction—projected at -2.0 percent for FY2025/26 by the World Bank and -2.2 percent by the ADB—persistent inflation in the 19–25 percent range, a widening fiscal deficit (4.9–5.0 percent of GDP), and an estimated USD 11 billion in damage from the March 2025 earthquake. As a result, Myanmar has very little macro-buffer to absorb either the price shock or the volume shock. Domestic transmission is amplified by structural features discussed elsewhere in this report: a deeply depreciated kyat (*Chapter 2*), multiple exchange rates that distort the cost of fuel imports (*Chapter 2*), and a logistics system in which more than 70 percent of freight moves by road (*Chapter 5*).

Figure 37: Brent crude lifts off the USD 60 baseline and holds above USD 100 from early 2026

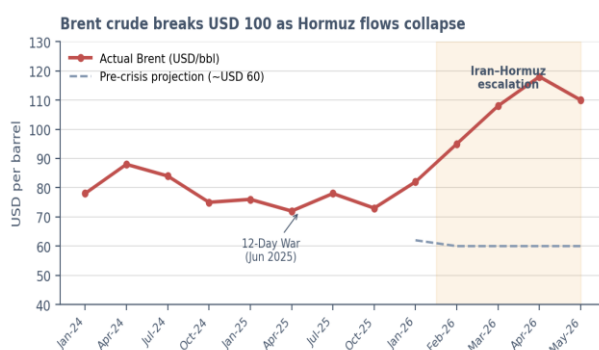
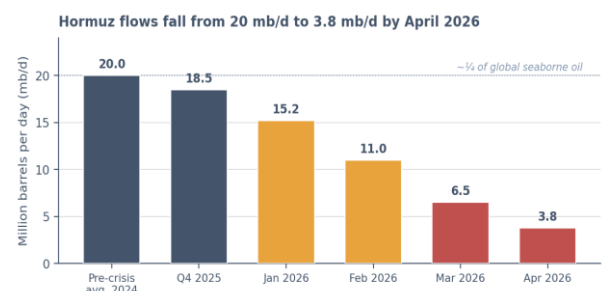


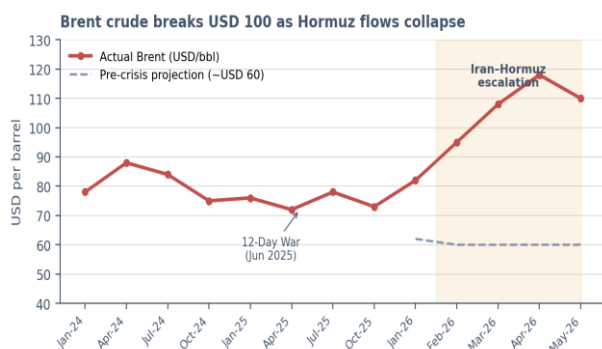
Figure 38: Hormuz transit collapses from 20 mb/d to under 4 mb/d by April 2026



The 2025–26 oil shock did not arrive on a stable baseline. Brent crude had been trading near USD 60 per barrel under pre-crisis projections, and the escalation of the U.S.–Israel–Iran conflict pushed prices above USD 100 per barrel and held them there through early 2026.

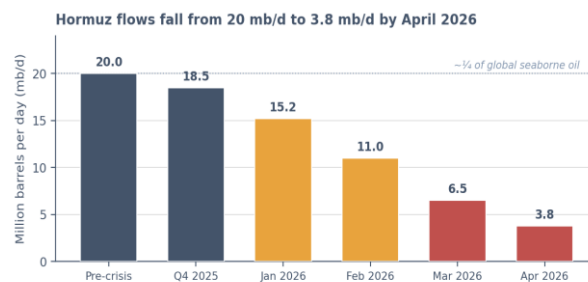
Figure 37 traces the trajectory: a gradual drift through 2024 and early 2025, the June 2025 “Twelve-Day War” spike, and the sustained step-change above USD 100 once the Hormuz disruption broadened in early 2026. For an economy importing 90–97 percent of its fuel and lacking access to subsidized regional supply, the gap between the actual price line and the dashed pre-crisis baseline is the cost shock that has flowed through every downstream sector covered in this report.

Figure 37: Brent crude lifts off the USD 60 baseline and holds above USD 100 from early 2026



Source: IEA Oil Market Report (April 2026), monthly Brent averages.

Figure 38: Hormuz transit collapses from 20 mb/d to under 4 mb/d by April 2026



Source: IEA monthly chokepoint flow estimates (2024–2026).

The price spike is itself a symptom of an underlying volume shock. Pre-crisis, roughly 20 million barrels per day moved through the Strait of Hormuz — about one-quarter of all seaborne oil. By April 2026, that flow had collapsed to about 3.8 million barrels per day (Figure 38). Myanmar imports the bulk of its refined products from Singapore, Malaysia, and the Middle East, and the Hormuz contraction has reshaped regional pricing, freight insurance costs, and tanker availability across exactly the corridor that feeds Yangon-area receiving terminals. Compounding macro fragility — fourth consecutive year of GDP contraction, 19–25 percent inflation, a fiscal deficit near 5 percent of GDP, and USD 11 billion of unmet earthquake reconstruction needs — leaves essentially no policy space to absorb either dimension of the shock. Together, the price and volume views frame the rest of this chapter: a shock whose magnitude is set by global geopolitics, but whose welfare cost in Myanmar is set by the country’s own structural exposure.

Retail Fuel-Price Surge and Rationing Response

Retail fuel prices in Myanmar have experienced extraordinary volatility in 2026, with pass-through from world prices faster and steeper than in regional comparators because the shock is layered on a depreciated kyat and constrained import financing. Between March 13 and March 20, premium diesel rose by more than MMK 1,260 per liter — a 35 percent jump in a single week. By end-March, Octane-92 had reached MMK 4,450/liter (up from MMK 2,830 two weeks earlier), Octane-95 MMK 4,975/liter, and premium diesel MMK 6,085/liter (see *Chapter 5*, Figure 41). Prices peaked in the third week of April, with premium diesel roughly 65 percent above end-of-February levels, before easing modestly by mid-May.

The administrative response moved equally fast. Measures summarized in *Chapter 5*, Table 1 included odd-even license-plate restrictions in Yangon and Mandalay starting March 7, weekly per-vehicle QR-code fuel quotas, and explicit prioritization of agricultural pumps, freight trucks moving essential cargo, and ambulances. Reported daily consumption fell from 3.54 million gallons in February to 2.5 million gallons in

April — a 29 percent contraction that reflects rationing, not demand response²⁷. Operational impacts, including queues of up to six hours at filling stations, are discussed further in *Chapter 5*. The downstream transmission is uneven. Filling-station queues stretched to six hours during the March peak; informal resale prices in border markets ran well above the official posted prices; and freight operators have absorbed only part of the diesel pass-through into haulage rates, eating into margins on routes already squeezed by border-trade disruption (see *Chapter 5*). Food prices have moved with diesel rather than with rice harvests, indicating that logistics costs — not staple-crop supply — are now the binding constraint on household food inflation in the cities. The rationing regime has bought time but cannot substitute for either physical supply or import financing.

Forward-Looking Scenarios

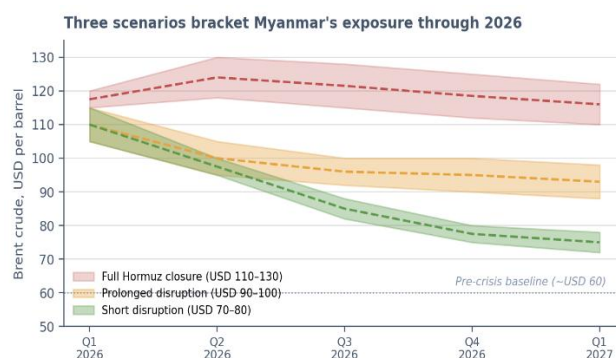
The trajectory of the crisis depends on a geopolitical conflict well beyond domestic policy reach, but three broad scenarios bracket the range of plausible outcomes for Myanmar. In a short-disruption scenario, Brent falls back to USD 70–80/bbl by mid-2026, providing partial retail relief but with prices remaining elevated relative to 2025. In a prolonged disruption scenario, Brent stays at USD 90–100/bbl through end-2026, sustaining the rationing regime and the current pattern of food-price and freight-cost pressure. In a full-Hormuz-closure scenario, Brent rises to USD 110–130/bbl, and import financing becomes severely constrained, with the IEA flagging the potential for a global supply gap of up to 6 mb/d in Q2 2026. Even in the most favorable scenario, Myanmar’s structural vulnerabilities—high import dependence, a depreciated kyat, fragmented distribution, and ongoing conflict—mean that any easing of global prices will take months to translate into relief at the pump or in supply chains. The World Bank projects poverty to rise by a further

2.4 percentage points in FY2026, a figure that is likely to be revised upward as the fuel shock works through the economy.

The scenarios in Figure 39 imply very different timelines for relief, but all three share an important feature: even the short-disruption path keeps Brent meaningfully above the USD 60 pre-crisis baseline through end-2027. For Myanmar specifically, the lag between any easing of global prices and relief at the pump is unusually long. Refined-product inventories at the Thilawa terminal complex have been kept thin through the rationing regime, foreign-exchange access for new term contracts has tightened (*Chapter 2*), and the kyat has not appreciated alongside softer global prices in past cycles. Even under the most favorable scenario, household relief in Myanmar should be measured in quarters, not weeks.

Three areas of opportunity stand out regardless of which scenario materializes. First, modest strategic refined-product buffers — on the order of 30–45 days of cover at Yangon and Mandalay receiving points — would help dampen the next price spike and reduce reliance on the queue-and-quota response that has

Figure 39: Three Brent paths through 2027 — none returns to the pre-crisis baseline



Source: World Bank staff scenarios calibrated to IEA Oil Market Report (April 2026) and OPEC monthly bulletins.

²⁷ <https://elevenmyanmar.com/news/fuel-stocks-stable-with-40-days-of-petrol-and-50-days-of-diesel-26-tankers-planned-for-april>.

dominated the current episode. Second, there is scope for fuel importers and shippers to diversify routes and contracting structures away from spot-market reliance on the most Hormuz-exposed supply lanes, which would shorten the price-transmission lag. Third, the current rationing regime has suppressed observed demand but has also shifted activity into informal channels and pushed up haulage costs on essential corridors; any pathway back toward market-based fuel distribution — through private retailers, freight cooperatives, and humanitarian logistics partners — would help close that gap. The World Bank's baseline projection of a further 2.4 percentage-point rise in the poverty rate in FY2026 is almost certainly an underestimate of the welfare cost once the fuel shock fully transmits to food prices, transport tariffs, and informal labor incomes; the IEA's warning of a potential 6 mb/d global supply gap in Q2 2026 is the tail risk that would push that revision sharply higher.

CHAPTER 5: LOGISTICS, SUPPLY CHAIN, AND VEHICLE FLEET

The 2025–26 oil shock is not the start of Myanmar's fuel-supply problem — it is the latest amplifier. Since the 2021 takeover, the country has cycled through recurrent diesel shortages and price spikes driven by banking disruption, foreign exchange scarcity, import-financing constraints, and thin domestic storage. Waiting times at fuel tankers reached more than eight days in late 2023, and rationing has become a familiar response. The new shock layers a global supply squeeze on top of these structural weaknesses, with direct consequences for trucking, freight rates, and the cost of getting goods to market.

What does this chapter cover. The chapter starts by setting out domestic fuel supply, storage gaps, and the rationing response. Then, it traces how rising fuel and logistics costs are passing through to freight rates, food prices, and household welfare. This is followed by a section that examines fuel imports through Yangon Port — the single chokepoint through which most of the country's diesel and gasoline enters. The last section turns to the vehicle fleet itself: the aging trucking stock, the collapse in new-vehicle imports, and the implications for fleet renewal, road safety, and the EV transition. Read together, the four sections show how an external price shock becomes a domestic jobs-and-growth story.

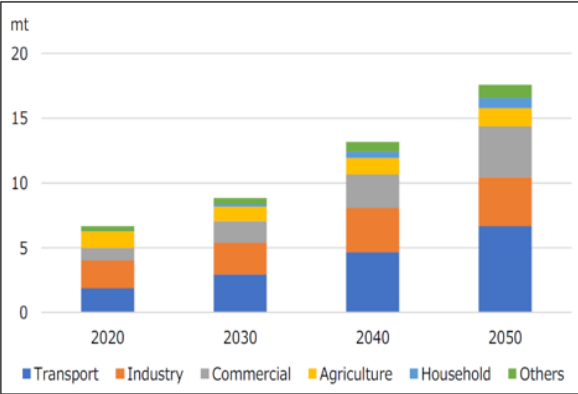
Domestic Fuel Supply, Storage Gaps, and Rationing

The Economic Research Institute for ASEAN and East Asia projects Myanmar's fuel demand to grow by roughly 3 percent per year from 2019, reaching 18 million tons by 2050. In 2022, transport was the second-largest fuel-consuming sector at 28 percent of total demand, behind industry (32 percent) and ahead of agriculture (19 percent) and commercial use (14 percent). Transport is projected to overtake industry by 2050, rising to a 38 percent share (Kimura and Morikawa, 2023). Against this backdrop, diesel shortages and fuel-price spikes hit the transport sector particularly hard, pushing up freight costs, disrupting mobility, and feeding inflation into domestic supply chains. With more than 90 percent of freight moving by road, Myanmar's logistics system is heavily exposed to diesel-price movements—an exposure amplified by difficult terrain and under-developed transport infrastructure.

The Iran crisis has intensified Myanmar's fuel-price and supply pressures, creating a major external shock to the transport sector. However, this shock should not be viewed as an isolated or entirely new phenomenon. Since the 2021 military takeover, Myanmar has faced recurrent fuel shortages and price spikes, driven by a combination of financial disruption, import constraints, exchange-rate pressures, and logistics bottlenecks. The first phase began soon after the military takeover, when fuel prices rose sharply amid banking disruptions, transport interruptions, and wider macroeconomic instability. A second major episode occurred in April 2022, when domestic fuel prices increased sharply and supply shortages became more visible across the country. Further shortages emerged toward the end of 2023, partly reflecting

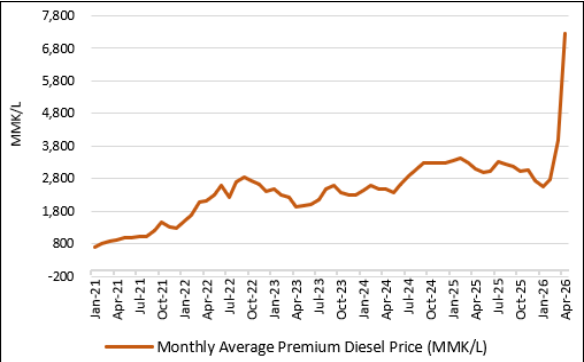
foreign-currency shortages and import-financing constraints (Figure 41), with the average waiting time for fuel tankers rising to more than eight days (Rastogi et al. 2023).

Figure 40: Transport projected to overtake industry as top fuel-consumer by 2050



Source: Kimura and Morikawa, 2023.

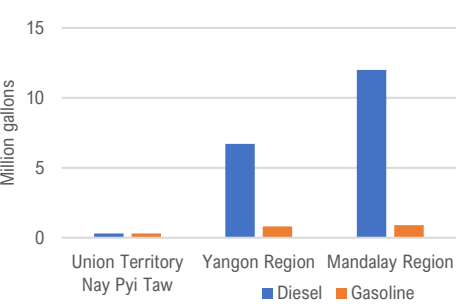
Figure 41: Diesel prices reach record highs through the 2026 Iran fuel shock



Source: Various fuel distributor.

Myanmar’s diesel demand has continued to increase amid frequent electricity blackouts, as households, businesses, hospitals, and essential services rely more heavily on diesel generators. However, this growing demand is taking place within a highly vulnerable fuel-supply system. Myanmar’s dependence on imported fuel was estimated at around 95 percent in 2019 (ERIA, 2023), reflecting limited domestic refining capacity and weak supply resilience. This vulnerability has been further intensified by conflict along land-border trade routes, which has reduced the reliability of overland fuel supply and increased dependence on imports through Yangon’s seaports. In addition, Myanmar lacks a formal strategic fuel stockpiling system, while storage capacity remains limited in key demand centers such as Yangon and Mandalay. As a result, the country is highly exposed to sudden external and domestic shocks, including geopolitical conflicts, natural disasters, foreign-exchange constraints, and port or logistics disruptions.

Figure 40: Storage capacity concentrated in Yangon and Mandalay



Source: Kimura and Morikawa, 2023.

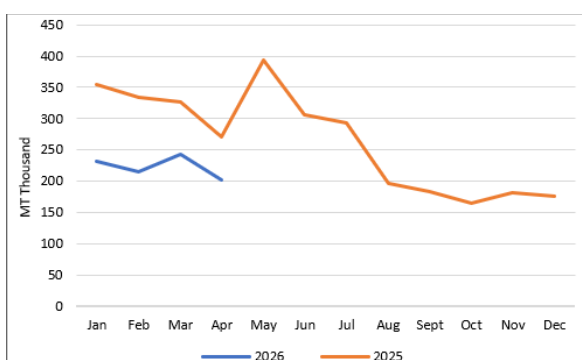
Table 1: Coping Mechanism has been mainly administrative rationing

Coping mechanism	Description
Odd–even vehicle-use restriction	From 7 March 2026, Myanmar introduced an odd–even system for private vehicles. Vehicles with even-numbered license plates could operate on even dates, while odd-numbered vehicles could operate on odd dates.
Fuel rationing at petrol stations	Motorists were required to queue and buy fuel according to controlled schedules, including alternate-day access based on license-plate numbers.
Barcode and QR-code fuel distribution system	The rationing system was upgraded into a digital system using barcode or QR-code scanning to verify vehicles, track purchases, and monitor weekly fuel allowances.
Weekly purchase quotas by vehicle type and engine size	Weekly limits were introduced according to vehicle type and engine size. Private cars received lower quotas, while taxis, trucks, and pickups received higher allocations.
Prioritizing agriculture and essential services	Fuel allocation reportedly gave special consideration to agriculture and essential-service vehicles, while rice farmers struggled to access diesel for irrigation, tractors, and harvesting.

The coping mechanism has been mainly administrative rationing, the authorities have tried to control demand, monitor distribution, prevent hoarding, and prioritize essential users. Table 1 breaks down the main coping mechanisms since the Iran crisis. Diesel import in the first four months of 2026 is down by 31

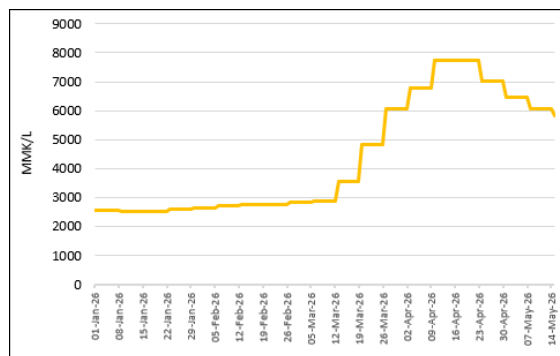
percent compared to the same period of 2025 (Figure 43). Since the Iran crisis begin, the official fuel prices reach its peak in the third week of April 2026. At its peak, the prices of premium diesel have increased by about 65 percent compared to the prices at the end of February 2026. But the prices have slightly reduced towards the mid of May 2026 (Figure 44).

Figure 41: Diesel imports through Yangon down 31% in early 2026



Source: Shipping operators.

Figure 42: Premium diesel peaks 65% above end-February levels in April 2026



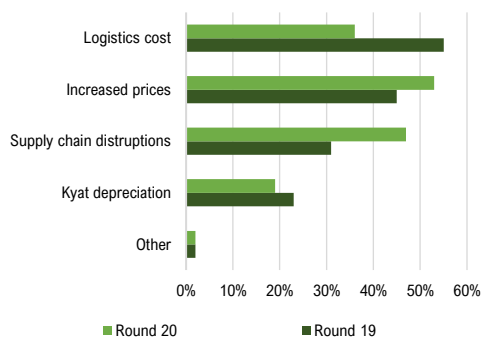
Source: Various fuel distributor.

Rising Logistics Costs and Impact

According to Rounds 19 and 20 of the Myanmar Firm Survey²⁸, rising logistics costs and supply chain disruptions were the main drivers of increased supply costs among firms (World Bank, 2025 and 2026a). Round 19 was conducted nationwide between April and May 2025, while Round 20 was carried out between October and November 2025. The survey remains the only nationally representative assessment of firms in Myanmar during this period. Approximately 65 percent of surveyed firms reported higher supply costs, primarily due to increased logistics expenses and disruptions to supply chains (Figure 45). Similarly, transportation emerged as the most frequently cited challenge among agricultural input retailers, according to an August 2025 survey conducted by the International Food Policy Research Institute (IFPRI). Transportation constraints remain the primary operational challenge for these retailers, driven by high transport costs, checkpoints, and roadblocks that disrupt distribution routes (Goeb, Htar, and Zu, 2025) (Figure 46). Because most fertilizers are imported through Yangon ports and then transported across the country, retailers and farmers, particularly those located far from Yangon face significantly higher logistics costs due to long-distance road transport requirements.

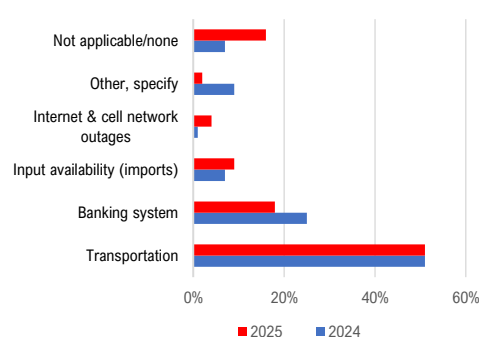
²⁸ According to the Round 19 firm survey, 65 percent of firms experiencing an increased in the cost of supply, driven primarily by price factor.

Figure 43: Logistics and supply chain top drivers of firms' rising input costs



Source: World Bank firm survey Round 20 and 19.

Figure 44: Transport remains the top disruption for agricultural input retailers

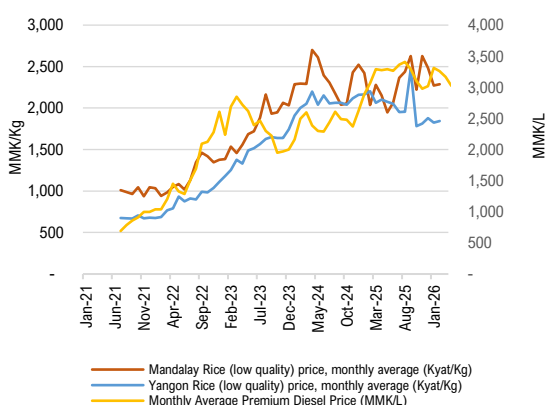


Source: Goeb, Htar, and Zu, 2025.

Fuel Imports through Yangon Port

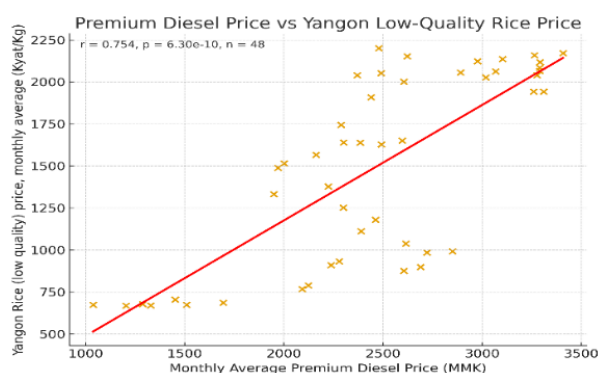
Fuel is mainly brought into Yangon ports and sent across the country by road, which raises transport costs. In addition, ongoing conflicts along Myanmar's primary land borders with China and Thailand have disrupted fuel imports through official channel via overland routes, intensifying supply chain challenges. Figure 47 presents average diesel prices alongside prices of low-quality rice in the Yangon and Mandalay regions. The data reveals a strong positive correlation. In Yangon, the Pearson correlation coefficient is 0.75 ($p < 0.001$), indicating a robust and statistically significant association between rising diesel and rice prices. The scatter plot supports this, with data points closely clustered along an upward-sloping regression line (Figure 48). A comparable pattern has emerged in Mandalay, with a statistically significant correlation (Pearson's coefficient = 0.73, $p < 0.001$) substantiating the presence of a consistent relationship across various regions.

Figure 45: Diesel and rice prices move in lockstep across Yangon and Mandalay



Source: World Food Program data and Denko Myanmar

Figure 46: Diesel and Yangon rice prices show a 0.75 correlation

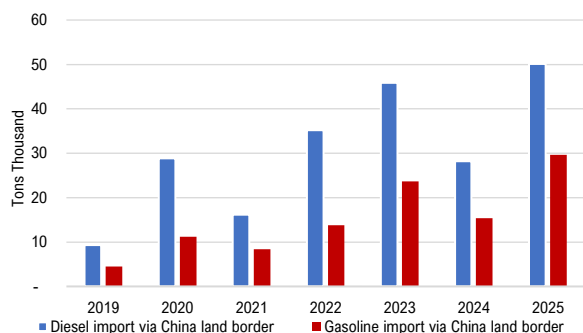


Source: WB staff calculations

Chinese customs data indicate that diesel and gasoline imports through land-border channels have continued. Fuel imports from China via the land border increased steadily and reached a peak in 2023, with an import value of nearly USD 57 million, equivalent to approximately 70,000 tons of diesel and gasoline. In 2025, land-border fuel imports rose further, reaching about 80,000 tons (Figure 49). However, imports through land borders with China and Thailand still accounted for less than 2 percent of total fuel import

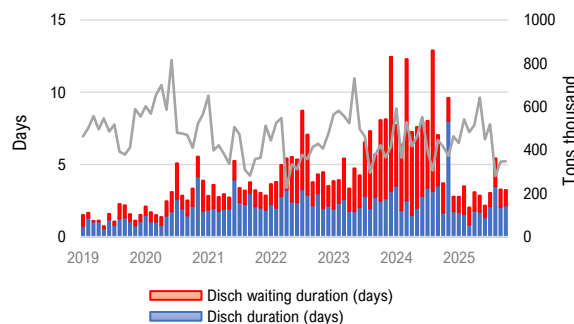
volumes handled through Yangon seaport. This indicates that fuel imports via Yangon seaport remain a critical source of supply for Myanmar's transport and logistics sector.

Figure 47: Land-border fuel imports from China reach 80,000 tons in 2025



Source: General Customs Department of China

Figure 48: Tanker waiting times at Yangon fall from five days to one in 2025



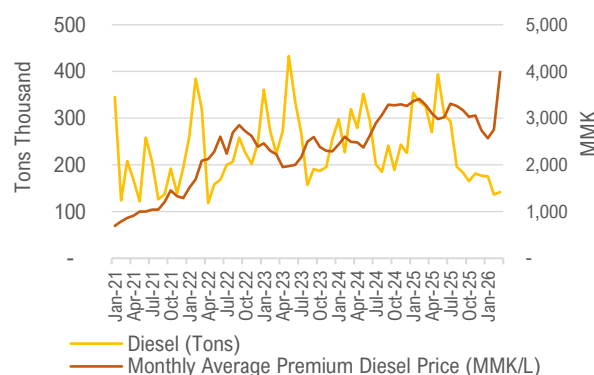
Source: AXSMarine Tanker

Operational indicators at Yangon port also suggest an improvement in liquid bulk handling performance.

Tankers carrying diesel, gasoline, and other liquid bulk commodities no longer face prolonged anchorage delays before discharge. The average waiting time for tankers declined from nearly five days in 2024 to around one day in 2025 (Figure 50). Terminal efficiency has also improved, as measured by the duration of the discharge process: average liquid bulk discharge time fell from around three days in 2024 to 1.89 days in 2025. Overall, liquid bulk operations appear to have returned to performance levels broadly comparable to those observed before 2021.

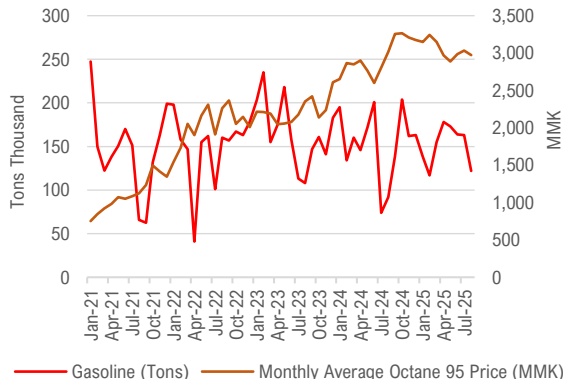
The import volume of diesel through Yangon Port showed a slight increase (Figure 51), while gasoline down by around 3 percent (Figure 50 52) in 2025. Compared to 2024, diesel imports in 2025 have remained steady, with no reported shortages. Between January and December 2025, import volumes slightly increased by around 4 percent compared to the same period in 2024. This growth reflects the kyat's relative stability against the U.S. dollar since October 2024. Fuel importers benefit from the Central Bank of Myanmar's favorable exchange rates as fuel is classified as an essential commodity. This advantage is possible under Myanmar's system of multiple exchange rates, which include the official reference rate (MMK 2,100 per USD), the online platform rate (MMK 3,540 per USD). Whereas the average parallel market rate (MMK 4,281 per USD) in 2025.

Figure 49: Diesel imports hold steady in 2025 despite price pressures



Source: Shipping Companies and fuel suppliers

Figure 50: Gasoline imports edge down 3% as retail prices stay elevated

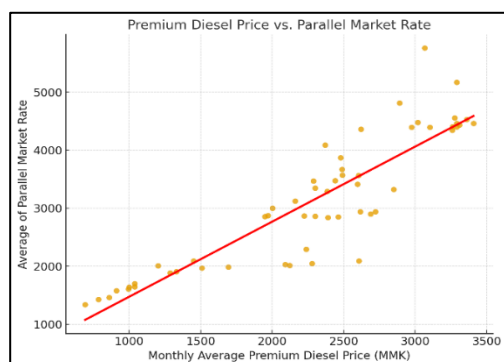


Source: Shipping Companies and fuel suppliers

According to the statistical correlation analysis, domestic diesel prices and the USD/MMK parallel market exchange rate exhibit a strong positive relationship (Figure 53). Specifically, the premium diesel price is highly correlated with the parallel market exchange rate, with a Pearson correlation coefficient of 0.89 ($p < 0.001$). This indicates that increases in diesel prices are closely associated with increases in the parallel market value of the U.S. dollar against the kyat.

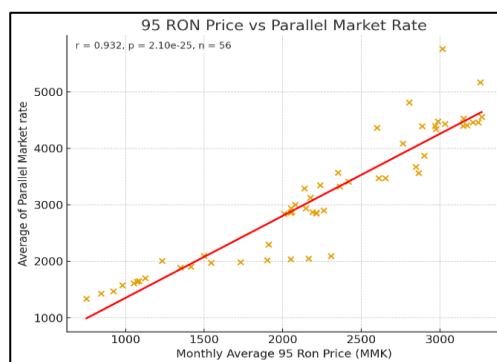
Similarly, gasoline prices show an exceptionally strong positive association with the USD/MMK parallel market exchange rate (Figure 54). The Pearson correlation analysis indicates a strong positive relationship between the monthly average 95 RON gasoline price and the parallel market exchange rate ($r = 0.932$, $p < 0.001$). In practical terms, higher 95 RON gasoline prices closely coincide with depreciation of the kyat in the parallel market.

Figure 51: Diesel prices and the parallel-market kyat show a 0.89 correlation



Source: World Bank staff calculations.

Figure 52: 95-RON gasoline tracks the parallel kyat at 0.93 correlation



Source: World Bank staff calculations.

Both Pearson correlations indicate that the domestic prices of diesel and gasoline have a strong positive correlation with the US dollar exchange rate to the Myanmar Kyat. When the Myanmar Kyat depreciates against the US dollar, the domestic fuel prices move in parallel. Despite fuel importers having access to official reference rates which do not fluctuate, the fuel price is highly correlated with the parallel market exchange rate of US dollar to Kyat. Increases in fuel prices are associated with higher transportation costs. Fuel imports via Yangon's port are likely to increase due to conflicts disrupting land routes with China and Thailand.

Vehicle Fleet and Imports

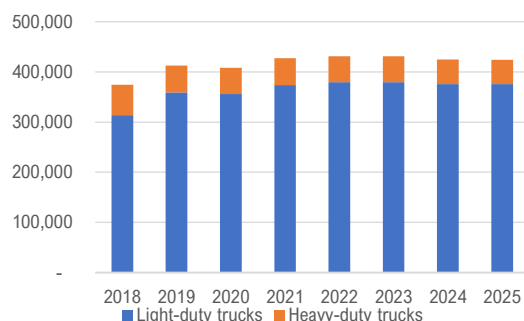
The road transport sector, which manages 90 percent of Myanmar's long-distance freight, plays a critical role in the country's logistics system. Even before the February 2021 takeover, the sector faced an aging fleet, underutilization, and thin profit margins. After the 2012 easing of vehicle import restrictions and taxes, the trucking fleet expanded sharply.²⁹ The number of registered trucks increased from 138,000 in 2014 to 412,000 in 2019, showing the tripling of the truck fleet over the five-year period. However, this growth stalled in 2021 due to new limitations on vehicle import permits. According to the Road Transport Administration Department (RTAD), the total light duty truck³⁰ fleet increased by only 0.5 percent between 2021 and 2025 (Figure 55). Notably, the number of registered heavy-duty trucks declined by 9 percent

²⁹ https://openjicareport.jica.go.jp/pdf/12305694_01.pdf

³⁰ Light duty truck is less than 3 tons

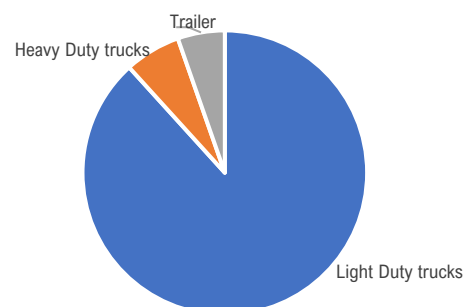
during the same period (Figure 56). In contrast, the trailer fleet expanded significantly, rising by 21 percent, reaching 23,500 units as of December 2025, compared to 2021.

Figure 53: Light-duty truck fleet flat since 2021 while heavy trucks decline 9%



Source: RTAD.

Figure 54: Heavy-duty trucks make up just over a tenth of Yangon's registered fleet



Source: RTAD.

Aging truck fleets and declining operational efficiency are becoming increasingly problematic due to limited access to spare parts and equipment. Ongoing border conflicts and stringent import restrictions have made it difficult to obtain essential maintenance components. Trucking companies also face significant challenges in purchasing new vehicles, particularly heavy-duty trucks, due to the authority's import restrictions, which aim to curb the outflow of foreign currency. In addition, the depreciation of the Myanmar Kyat has further driven up the cost of imported trucks, parts, and equipment.

The major transport axis linking the north and south of Myanmar, the Yangon-Mandalay route via Bago, has seen a nearly doubling of transport rates. Despite this, trucking operations on this route have remained stable since the military takeover, due to strong demand and intense competition. As a result, transport rates along this corridor remain among the lowest in the country. However, cost pressures have worsened following the March 2025 earthquake, which caused further infrastructure damage. In contrast, conflict-affected areas such as Rakhine and Kachin have seen transport costs per metric ton increase two to threefold. These figures exclude delays from checkpoints and route disruptions.

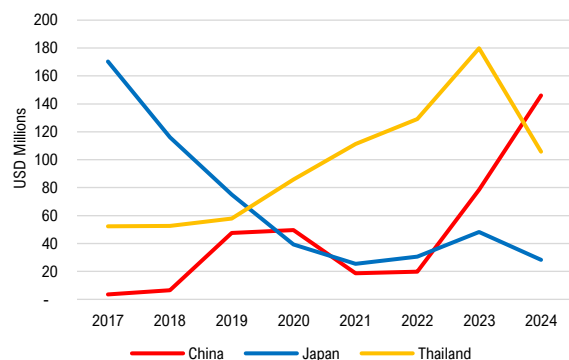
China's emergence as a rapidly growing supplier, Japan's steady decline in import volumes, and Thailand's fluctuating but significant role as an importer, now showing signs of contraction due to conflict-related disruptions (Figure 57). Import restrictions and land border conflicts had shifted the trend of traditional imports of motor vehicles from Japan to China and Thailand. Between 2017 and 2024, the trends of motor vehicle import diverged significantly across these three countries. China, which initially accounted for low import values, saw a dramatic surge in 2023–2024, reaching USD 146 million and surpassing Thailand. The import from Thailand, traditionally a key source, saw a steady rise from USD 58 million in 2019 to a peak of USD 180 million in 2023. However, this figure dropped sharply to USD 106 million in 2024 due to escalating border conflicts that disrupted overland trade³¹. In contrast, Japan—once the leading source of motor vehicle imports in 2017—has experienced a long-term decline. Imports from Japan fell to just USD 28 million in 2024, reflecting the impact of both shifting market preferences and import restrictions on gas-powered vehicles.

Electric vehicle (EV) registrations in Myanmar have surged dramatically since 2021. According to RTAD, around 320 electric vehicles were registered by the end of 2021. By December 2025, that number had risen sharply approximately to 12,100. The increase is associated with the 2022 ban on gas-powered vehicles

³¹<https://comtradeplus.un.org/TradeFlow?Frequency=A&Flows=M&CommodityCodes=870310&Partners=104&Reporters=156&period=2016&AggregateBy=none&BreakdownMode=plus>

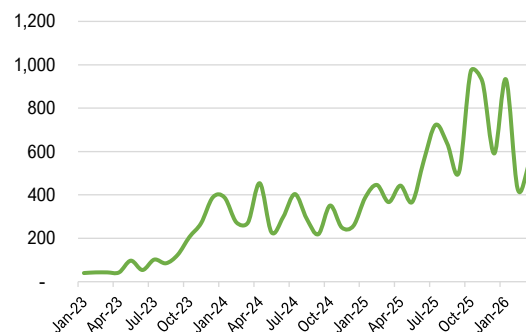
and the implementation of tax exemptions for EV imports. The first exemption on import tariffs was in effect from November 2022 to March 2024, followed by the second round, valid from April 1, 2025, to March 31, 2026. Since the introduction of these exemptions, EV import volumes via Yangon ports have increased significantly rising by 88 percent year-over-year 2025 compared to 2024 (Figure 58). In addition, as of May 2025, the National-Level Electric Vehicle and Related Industry Development Steering Committee reported eighty-seven licensed companies actively engaged in EV-related import and business activities, reflecting growing private sector interest in the EV market.

Figure 55: China overtakes Japan and Thailand as top vehicle import source



Source: UN Comtrade.

Figure 56: EV imports surge 88% in 2025 as registrations top 12,100



Source: Shipping operators.

In a surprising move, a significant reduction in customs duties was announced on fuel-powered vehicle imports valid from June 2025, including a zero percent tariff on Completely Built-Up (CBU) vehicles, down from 30–40 percent. In contrast, locally assembled vehicles imported under Semi-Knocked Down (SKD) and Completely Knocked Down (CKD) systems received only modest tax reductions. Under the new scheme, SKD vehicles remain subject to a 5 percent tariff, while CKD vehicles incur a 3 percent tariff (Table 2)³². The policy shift appears contradictory, as fully assembled imported vehicles (CBUs) now benefit from more favorable tax treatment than locally assembled ones, potentially undermining incentives for domestic automotive production. The revised tariff rates are valid for one year until May 2026.

Table 2: Tariff cuts favor fully built imports over local assembly

Vehicle Type	Import System	Previous Rate	New Rates
Passenger cars (<2000cc)	CBU	30%	0%
	SKD	7.5%	5%
	CKD	5%	3%
Passenger cars (>2001cc)	CBU	40%	0%
	SKD	7.5%	5%
	CKD	5%	3%
Auto parts for trucks, commercial three-wheelers, and buses	CBU	10%	0%
	SKD	7.5%	3%
	CKD	5%	3%

Source: DFDL, 2025.

The number of public transports vehicles in Myanmar has been declining nationwide, with the sharpest decrease observed in Yangon. By the end of 2019, there were 30,634 registered vehicles designed to carry

³² https://www.vdb-loi.com/mm_publications/customs-duty-relief-on-the-importation-of-fuel-powered-vehicles/

15 or more passengers across the country which include both private and public transport bus. However, by the end of 2025, the total number of such vehicles had fallen nearly 20 percent nationwide. Public transport vehicle registrations in the Yangon Region have decreased by 34 percent during the same period. This trend is especially concerning, as Yangon historically accounts for the largest share of public transport vehicles in the country and serves as the core of Myanmar's urban mobility network.

CHAPTER 6: AVIATION, TOURISM, AND AIR CARGO

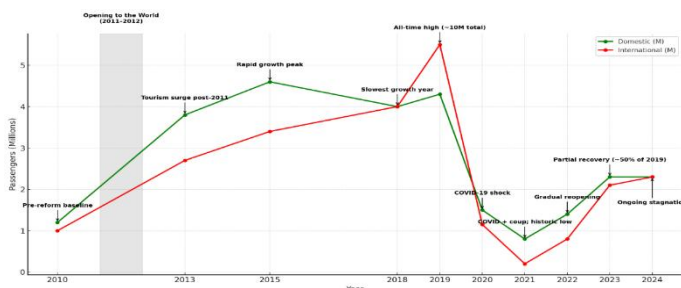
Aviation links Myanmar to the regional economy that buys its tourism, ships its high-value exports, and underwrites jobs in hospitality, ground services, and air cargo logistics. A decade of post-liberalization expansion-built capacity, routes, and skills across hotels, airports, ground handlers, and freight forwarders. The combined shocks of COVID-19, the 2021 takeover, and the 2025 earthquake have compressed the sector, and the partial recovery now underway is reshaping where aviation-dependent activity—and the jobs it supports—are located.

What this chapter covers. The first section traces passenger traffic and route-network trends, including the hollowing-out of secondary and tourism airports. The next section turns to tourism and the policy environment, with attention to arrivals, source markets, and the jobs and earnings at stake. Finally, this chapter examines air cargo traffic, the belly-hold dependency, and the implications for high-value exports and time-sensitive supply chains.

Passenger Traffic and Trends

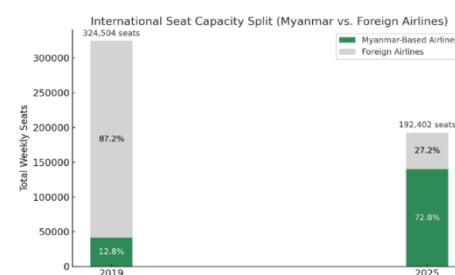
Myanmar's air passenger traffic has had a dramatic cycle of growth, stagnation, collapse, and fragile recovery since 2010. Figure 59 illustrates the passenger traffic volume history from 2010 to 2024. After the country's political opening in 2011–2012, both domestic and international air travel surged, with passenger volumes tripling by 2015 as tourism and business travel boomed. Growth moderated after 2016, with 2018 marking the first decline in domestic traffic since the political opening, while international demand eked out modest gains, cushioned by booming China–Myanmar routes. In 2019, the total traffic peaked at 10 million passengers, split roughly evenly between domestic and international markets. The COVID-19 pandemic and February 2021 military takeover precipitated a collapse: volumes plunged by more than 80 percent, reaching historic lows in 2021. A recovery started in 2022–2023 with the reopening of some borders; however, by 2024, demand was still approximately half of what it was before the pandemic. Overall, the figure underscores Myanmar's vulnerability to political and external shocks, with air travel volumes still far below their 2019 peak despite signs of gradual reopening.

Figure 57: Air passenger traffic still half of its 2019 peak in 2024



Source: CAPA

Figure 58: Myanmar carriers capture 73% of international seat capacity by 2025

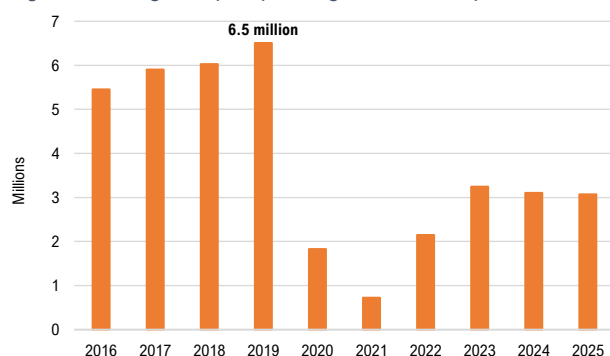


Source: CAPA

International seat capacity dropped by 41 percent between 2019 and 2025 (from 324,500 weekly seats to 192,400). More striking is the swing in market shares (Figure 60). Market shares shifted sharply: Myanmar-based airlines held just 12.8 percent of international capacity in 2019, with foreign carriers from Thailand, Singapore, Malaysia, and China dominating (AIN, 2016). By 2025, Myanmar Airways International (MAI) and Myanmar National Airlines (MNA) together held nearly 73 percent as foreign carriers scaled back operations amid political and security concerns—consolidation that earlier CAPA analyses had anticipated (CAPA, 2019; 2016).

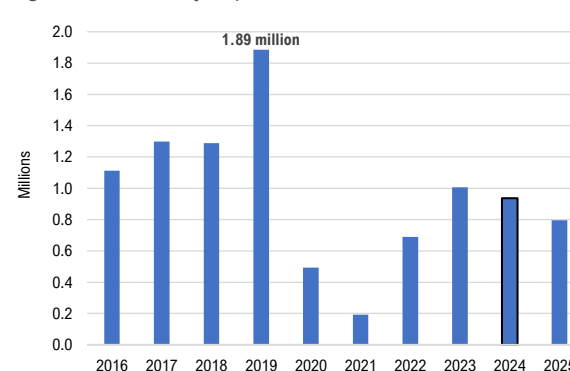
Infrastructure damage due to the earthquake, rising domestic tickets prices and closure of a few domestic airports had affected the Myanmar aviation sector in 2025. Passenger Traffic Movement³³ at Yangon and Mandalay airports dropped slightly in 2025 compared to 2024 (Figure 61 and Figure 62). Yangon International Airport (YIA) managed approximately 3.07 million passengers, while Mandalay Airport recorded around 0.796 million, including both arrivals and departures.

Figure 59: Yangon airport passenger volumes slip in 2025



Source: Civil Aviation Authority and Yangon International Airport.

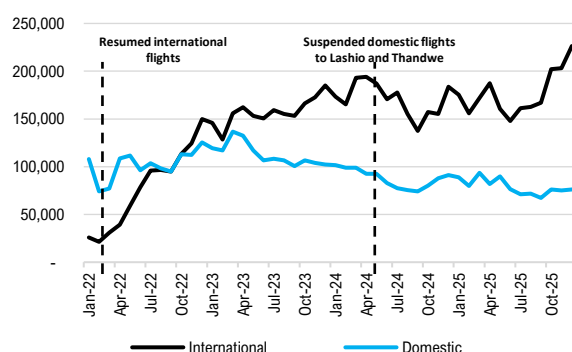
Figure 60: Mandalay airport traffic eases in 2025



Source: Civil Aviation Authority.

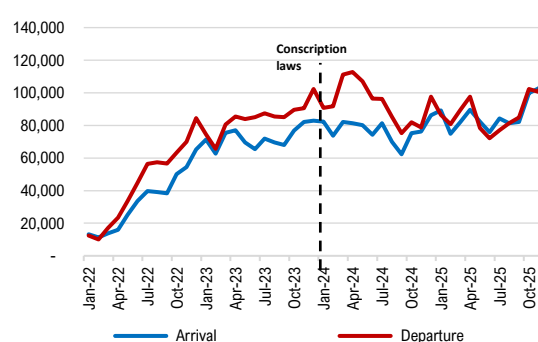
In 2025, domestic passenger traffic movement at YIA recorded a modest decline compared to the same period in 2024. Domestic passenger traffic movement at YIA fell by approximately 10 percent in 2025 compared to the same period of 2024. During this period, international passenger traffic movement through YIA increased by around 3.5 percent (Figure 63). Following the introduction of the conscription law in 2024, international departures initially increased by 11 percent compared to 2023, as more individuals sought to exit the country (Figure 64). However, this trend reversed in 2025, due to the enforcement of stricter exit controls. New restrictions introduced in early 2025 include limits on the departure of conscription-aged³⁴ individuals and the suspension of special permits that had previously allowed workers to seek employment abroad. These measures, which were not in place during 2024, represent a significant policy shift that has had a direct impact on international travel trends.

Figure 61: Yangon domestic traffic down 10% while international edges up 3.5%



Source: Civil Aviation Authority and Yangon International Airport.

Figure 62: International departures retreat in 2025 after 2024 conscription surge



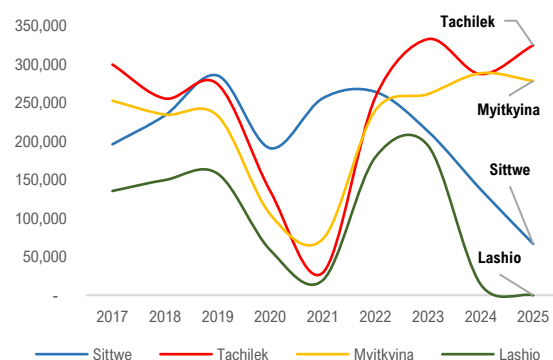
Source: Civil Aviation Authority.

³³ Passenger Traffic Movement encompasses the total number of international and domestic passengers, including both arrivals and departures.

³⁴ The conscription age range for men from 18 to 35 and women from 18 to 27

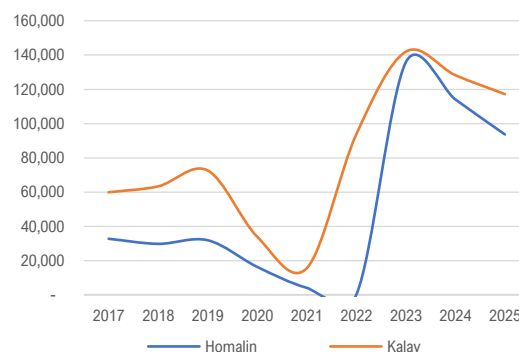
Although conflict has shuttered several major domestic airports and weakened regional connectivity, a small number of airports have seen atypical passenger growth. Lashio Airport in Shan State ceased all flight operations in May 2024 due to escalating armed conflict. Once a key hub in the domestic air network, Lashio's closure has significantly affected regional connectivity. Similarly, Thandwe Airport, which serves Ngapali Beach—a major tourist destination for both domestic and international travelers—suspended operations in July 2024. The conflict in Thandwe has also disrupted the broader Rakhine Region, where passenger volumes at Sittwe Airport, the region's main hub, have sharply declined throughout 2024 and 2025. Despite ongoing instability, passenger traffic at Myitkyina and Tachilek airports continued to increase in 2025 (Figure 65) as travel via land has been restricted due to military conflicts along the way. The similar situation also experiencing in the Sagaing Region, intensified armed clashes have forced residents in the border towns of Homalin and Kalay, both located near the Indian border, to rely heavily on-air transport — a trend that has accelerated since mid of 2022 (Figure 66). Representing rare exceptions to the widespread decline in Myanmar's domestic air travel sector.

Figure 63: Myitkyina and Tachilek post atypical growth as land routes close



Source: Civil Aviation Authority and Yangon International Airport.

Figure 64: Homalin and Kalay air traffic accelerates after 2022 border conflict



Source: Civil Aviation Authority and Yangon International Airport.

Seat capacity trends indicate a strong post-crisis consolidation of Myanmar's air transport system around Yangon, with secondary and tourist airports remaining highly marginalized (Figure 67). Yangon International Airport remained the hub, peaking at 13 million seats in 2019 before collapsing to 1 million in 2021, and partially recovering to 7 million in 2025. Mandalay (MDL) expanded to 3.5 million seats in 2019—driven by Chinese and Thai carriers—but sits at only 1.6 million in 2025. Tourist gateways—Bagan (NYU), Heho (HEH), and Thandwe (SNW)—all lost the bulk of their connectivity, falling from 0.4–0.7 million seats in 2019 to negligible levels by 2025.

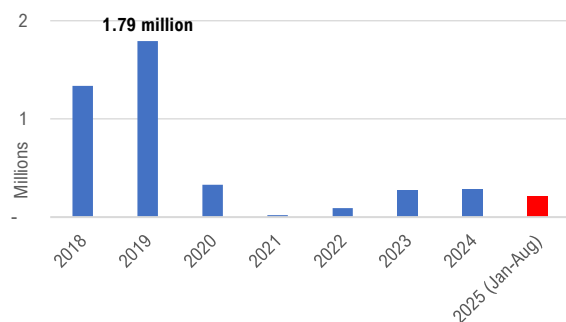
Tourism and Policies

Despite the introduction of several supportive measures, including the expansion of visa-on-arrival services at international airports, international visitor arrivals remained sluggish in 2025. Total international arrivals declined by 1.1 percent compared to 2023, reaching only 280,000 visitors in 2024, a stark contrast to the pre-pandemic peak of 1.79 million in 2019 (Figure 68). A similar trend also in 2025, from January to August only 206,000 international visitors were recorded³⁵. Ongoing armed conflict and political instability continue to significantly deter foreign tourists from traveling to Myanmar. Visa-on-arrival privileges for Chinese and Indian visitors have been

extended until August 29, 2026, to boost tourism. Additionally, effective October 21, 2024, the program was broadened to encompass citizens of Japan, the Republic of Korea, and Macau. Nevertheless, the persistent security concerns and unstable political environment remain major obstacles to a meaningful recovery in the tourism sector, limiting the effectiveness of these facilitative measures.

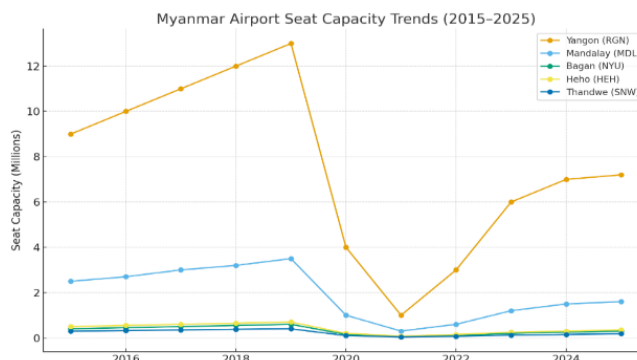
Meanwhile, once popular international tourist destinations such as Nyaung U (Bagan), Heho, and Thandwe have continued to experience a significant decline in air passenger arrivals (Figure 69). Among them, Nyaung U and Heho have been the most severely affected, with sustained declines in total passenger traffic since 2020. As of 2025, these airports have not recovered to 2021 levels, remaining well below 2017 volumes despite efforts to revive tourism.

Figure 66: International arrivals at 16% of 2019's peak despite expanded visa-on-arrival



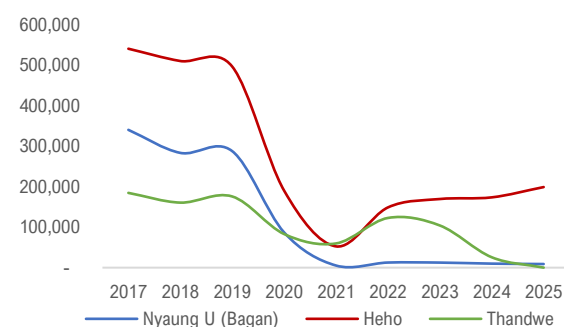
Source: Ministry of Hotels and Tourism Myanmar.

Figure 65: Myanmar carriers capture 73% of international seat capacity by 2025



Source: OAG.

Figure 67: Bagan, Heho and Thandwe traffic remain well below 2017 levels



Source: Civil Aviation Authority.

³⁵ Ministry of Hotels and Tourism Myanmar, tourism arrival statistics (January-August 2025).

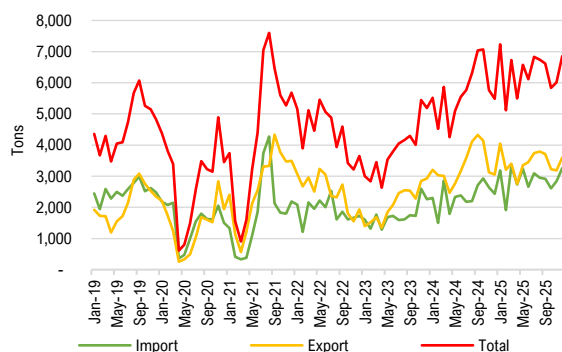
Cargo Traffic and Trends

Cargo throughput at YIA has increased significantly on both international and domestic routes since 2023.

The increase is driven by armed conflicts along the borders with China and Thailand and the closure of key land border gates and import restriction. These disruptions have redirected high-value cargo to air transport, prompting Myanmar's national carriers to expand their cargo operations accordingly. Over the past two years, Myanmar's national airlines have added two Boeing freighter aircraft to their fleets to accommodate rising demand. As a result, in 2024, the air cargo export volume from YIA surged by 57 percent, while the import volume increased by approximately 35 percent compared to the previous year. Combined, the total international air cargo throughput rose by 47 percent year-on-year (Figure 70). In 2025 the total volume had increased by 12 percent against the 2024 volumes.

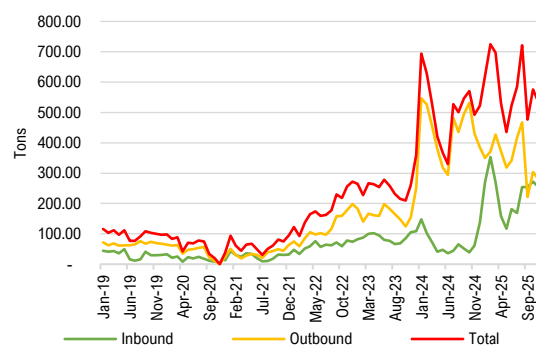
Similarly, domestic air freight volumes via YIA increased sharply due to continued conflict and escalating costs of land transportation. This shift previously unobserved in Myanmar's cargo landscape—led to a near doubling of domestic air cargo in 2024 compared to 2023, with volumes exceeding five times the level recorded in 2019. Outbound domestic air cargo from Yangon has surged, driving growth (Figure 17). In 2025, the upward trend continues for domestic air cargo volumes with an increase of around 13 percent in comparison with 2024.

Figure 68: International air cargo at Yangon up 47% in 2024 and another 12% in 2025



Source: Civil Aviation Authority and Yangon International Airport.

Figure 69: Domestic air cargo from Yangon now five times its 2019 level

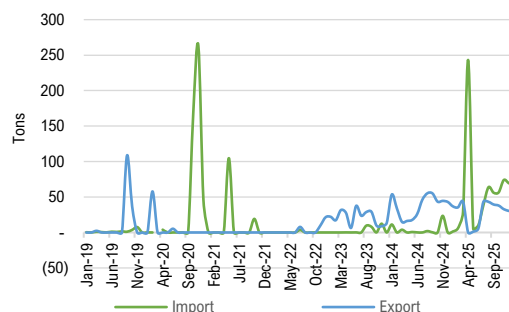


Source: Civil Aviation Authority.

Mandalay International Airport experienced a substantial increase in cargo handling volumes in 2024 and 2025. While the airport has primarily catered mostly to passenger traffic with minimal air freight activities historically, the international cargo grew by approximately 72 percent in 2024 compared to 2023 (Figure 72). But in 2025 the international grew further by 104 percent compared to 2024. And the domestic cargo rose dramatically from approximately 383 tons in 2023 to over 3,200 tons in 2024, while in 2025 slightly reduced to 2,580 tons (Figure 73). This rapid growth highlights a growing reliance on air cargo as a viable alternative to land routes that have been compromised by conflicts. The airport opened the international cargo terminal in September 2019³⁶.

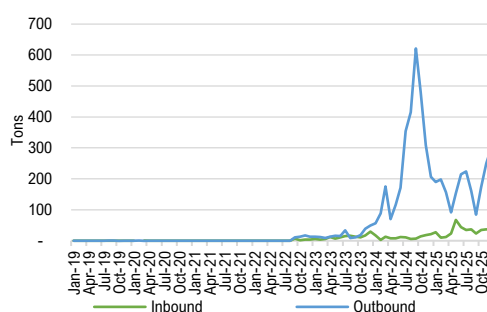
³⁶ <https://www.mandalayintlairport.com/news?page=13>

Figure 70: Mandalay international cargo more than doubles in 2025



Source: Civil Aviation Authority.

Figure 71: Mandalay domestic cargo grows eightfold in a single year



Source: Civil Aviation Authority.

Domestic flight ticket prices continued to rise into the third quarter of 2025, with particularly sharp increases observed at airports located in conflict-affected regions (Table 3). Throughout the year, domestic air travel followed a downward trend, due to the suspension of services to key conflict zones, including Lashio and Thandwe. Higher fares—up to six to twelve times above 2021 prices—further reduced demand. Additionally, foreign nationals face significantly higher fares than local passengers, often paying more than double the rate charged to Myanmar citizens.

Table 3: Domestic airfares now six to twelve times their 2021 level

Destination	January 2021	October 2023	October 2025
Yangon - Mandalay	53,000	130,000 - 170,000	270,000 - 320,000
Yangon - Sittwe	50,000	180,000 - 200,000	599,000 - 655,000
Yangon - Tachilek	90,000	210,000 - 240,000	860,000 - 910,000
Yangon - Myitkyina	100,000	310,000 - 350,000	790,000 - 850,000
Yangon - Lashio	90,000	220,000 - 250,000	Suspended All Flights to Lashio

Source: flymyanmar and Travel agents.

CHAPTER 7: CONCLUSIONS

The picture that emerges across these chapters is of a transport, logistics, and trade system that is still functioning — but at a steadily higher cost to firms, workers, and households. Each chapter has pointed in the same direction: exports flow but jobs do not follow at the same pace; imports are rationed, narrowing the inputs that manufacturing, agriculture, and construction need to grow; fuel shocks pass through to freight rates and food prices; informal channels expand as formal ones contract; and aviation and tourism — major employers in their own right — are operating well below pre-2020 capacity. The jobs-and-growth signal running through the report is unambiguous: resilience at the macro level is being purchased by erosion at the micro level.

What this chapter covers. The chapter sets out six thematic opportunities: fuel security and energy resilience; trade-corridor diversification and the informal-trade response; the foreign-exchange regime and import financing; logistics costs, food prices, and household welfare; the vehicle fleet, infrastructure, and the EV transition; and aviation, tourism, and regional connectivity. A closing cross-cutting observation pulls these threads together around the jobs-and-growth implications and the choices that will shape Myanmar's transport and logistics sector — and the workers and firms that depend on it — over the next several years.

This monitoring update documents a transport and logistics system that is adapting under sustained stress, but in ways that increasingly transfer costs to households, narrow the country's productive base, and deepen reliance on informal channels. Drawing together the findings from Chapters 1 through 6, six thematic opportunities emerge for the period ahead — areas where private firms, development partners, humanitarian actors, and households are already adjusting, and where targeted engagement by non-state actors and external partners can reduce the welfare cost of the shock.

Fuel Security and Energy Resilience

Chapter 4 shows that Myanmar entered the 2026 Iran-driven oil shock with around 90 percent fuel import dependence, no strategic stockpile, and storage capacity concentrated in Yangon and Mandalay. Retail premium-diesel prices spiked by roughly 65 percent within weeks, administrative rationing was imposed, and daily fuel consumption fell by 29 percent between February and April 2026. Three opportunities stand out for the period ahead: (i) modest strategic fuel buffers at Yangon and Mandalay; (ii) more diversified import routes beyond a single coastal gateway, drawing on regional traders and shipping partners; and (iii) sustained fuel access for agriculture, public transport, and humanitarian logistics during future shocks — areas where humanitarian agencies, cooperatives, and private operators already carry much of the load.

Trade Corridor Diversification and Informal Trade

Chapters 1 and 3 show that the collapse of overland trade with Thailand and China has only partly shifted to maritime routes, with substantial volumes absorbed by informal channels. Mirror-data gaps reached approximately USD 4.3 billion with China and over USD 500 million in road imports from Thailand in 2024, indicating the scale of unrecorded trade and the entrenchment of crossings controlled by ethnic armed organizations. More predictable formal corridors — including the Yangon–Ranong barge route, secondary seaports, and selected border crossings — offer an opportunity to lower transaction costs for legitimate trade, improve visibility of cross-border flows for food-security planning, and reduce the welfare and governance costs of expanding informality. Logistics firms, freight forwarders, regional traders, and partner-country customs agencies all have a role to play in re-establishing these channels as conditions permit.

Foreign Exchange Regime and Import Financing

Chapter 2 documents a multiple-exchange-rate regime in which the surrender requirement has narrowed from 65 to 15 percent since 2022, but the official reference rate (MMK 2,100/USD) remains well below the parallel market rate (averaging MMK 4,281/USD in 2025). The resulting distortions effectively tax exporters and ration import financing. *Chapter 5* shows the downstream effect: domestic diesel and gasoline prices are strongly correlated with the parallel-market rate (Pearson r of 0.89 and 0.93 respectively), so currency depreciation transmits directly into transport and food costs. Closer convergence between official and market rates, paired with predictable foreign-exchange access for essential imports—fuel, fertilizer, medicines, and edible oil—would reduce price volatility and lower the implicit tax on agricultural exporters.

Logistics Costs, Food Prices, and Household Welfare

With road transport carrying around 90 percent of long-distance freight and fuel accounting for 30 to 50 percent of trucking costs, the 2026 fuel shock has translated almost directly into higher domestic food prices. Low-quality rice in Yangon is now approximately 170 percent above 2021 levels, while the minimum wage has risen only 63 percent; palm-oil retail prices have nearly tripled over the same period. With 12.4 million people facing acute hunger in 2026 (WFP, 2026), targeted transport measures—preferential fuel allocations for grain haulage, subsidized inland barge and rail freight where feasible, and continued World Food Programme price monitoring—should be treated as food-security instruments rather than narrowly as transport subsidies. The widening gap between export growth and household welfare highlighted across *Chapters 1* and *5* will not close without explicit attention to domestic logistics costs.

Vehicle Fleet, Infrastructure, and the EV Transition

Chapter 5 documents an aging trucking fleet operating under import and foreign-exchange constraints, alongside a 20 percent national decline (and 34 percent in Yangon) in public-transport vehicle registrations since 2019. The June 2025 tariff reductions on completely built-up vehicles risk undermining domestic assembly while doing little for the heavy-duty trucks that carry the country's freight. Three opportunity areas stand out: (i) sustaining commercial-vehicle assembly activity, where domestic assemblers and regional industrial partners are the natural investors; (ii) expanding spare-parts availability through private import and distribution channels; and (iii) keeping the EV pathway open, where private operators, and charging-network developers are best placed to lead deployment. Maintaining freight capacity while supporting longer-term diversification away from imported fossil fuels offers one of the clearer paths to reducing Myanmar's exposure to future global energy shocks.

Aviation, Tourism, and Regional Connectivity

Chapter 6 shows aviation reorienting from passenger recovery to a cargo-substitution role, with international air freight at Yangon up 57 percent in 2024 and Mandalay international cargo more than doubling in 2025. Passenger recovery, by contrast, remains constrained by conscription-related exit controls, airfare inflation of six to twelve times pre-crisis levels on key domestic routes, and the closure of tourist-gateway airports. Sustained safe air-cargo capacity for high-value and time-sensitive goods — together with reduced friction on domestic mobility for labor and tourism — represents an opportunity to reconnect regional economies that overland disruptions have isolated and partially restore the inclusive growth channel aviation historically provided. Airlines, tour operators, ground-handling firms, and air-cargo customers will largely lead this recovery as conditions permit.

Jobs, Growth, and Inclusion

Transport, logistics, and trade disruptions are increasingly visible in Myanmar's labor market and growth performance. Garment employment has fallen by more than half since 2020 despite rising export volumes, public-transport vehicle registrations are down 20 percent nationally (34 percent in Yangon), and tourism-related aviation has been reduced to skeleton service at key destinations—each a direct loss of jobs for urban workers, drivers, hospitality staff, and guides. Trucking operators face aging fleets, spare-parts shortages, and rising fuel costs that have compressed margins and forced informal cost-sharing arrangements that reduce driver earnings. With GDP projected to contract for a fourth consecutive year and poverty rising by an additional 2.4 percentage points in FY2026, the transport and logistics agenda is best understood as an employment and growth agenda rather than a narrowly sectoral one. Accessible corridors, predictable fuel access, and a functioning import regime for productive inputs are pre-conditions for any meaningful labor-market recovery — particularly in the manufacturing, agro-processing, and services sectors that have historically anchored inclusive growth, and where private firms, workers, and development partners are best positioned to drive that recovery as conditions allow.

A Cross-Cutting Observation

The pattern across these six areas is consistent: Myanmar's transport sector is sustaining external trade and aggregate throughput, but at the cost of rising informality, declining inclusiveness, and growing household vulnerability. A focus narrowly on export volumes or formal trade balances risks missing the welfare deterioration captured throughout this report. An integrated lens — linking fuel security, foreign-exchange management, and logistics costs to food security and labor-market outcomes — better reflects the system's actual constraints and the populations bearing them, and offers a stronger foundation for World Bank programming, partner coordination, and private-sector engagement as conditions allow.

ANNEX A: FOREIGN-EXCHANGE POLICY TIMELINE

This annex consolidates the descriptive timeline of foreign-exchange policy changes referenced in *Chapter 2*. The table below traces the gradual narrowing of the mandatory export-earnings surrender requirement from 65 percent in 2021 to 25 percent in late 2024, alongside related licensing and import-control adjustments. It is provided here as reference material to keep the main chapter focused on the analytical implications rather than the chronology.

Table 4: FX surrender requirement narrows from 65% to 15% over four years

Date	Policy	Detail
Apr 3, 2022	Mandatory export earnings conversion to MMK within one working day	Central Bank of Myanmar (CBM) requires export earnings to be converted into Myanmar Kyat (MMK) at the reference rate (MMK 1,850/USD) within one working day. The gap between CBM's official rate and the market rate is between 20 and 25 percent.
Aug 5 and 26, 2022	Export earnings are to be surrendered at a fixed percentage at the CBM rate.	CBM issued a notification directing exporters to convert 65 percent of their export earnings to MMK at the CBM reference rate. Exporters may utilize the remaining 35 percent, provided such utilization occurs within a 30-day period. CBM reference rate increased to MMK2,100/USD. Utilization of the remaining 35 percent from export earnings, if it is used for other non-trade matters, requires approval from the Foreign Exchange Supervisory Committee (FESC).
Jun 21, 2023	Introduction of CBM's foreign currency online trading system	CBM opened an online trading system and required foreign currency sales between private parties, excluding banks and money changers, to use the system and capped the rate at CBM's official rate.
Jul 13, 2023	Reducing the mandatory surrender percentage of export earnings	CBM reduced the mandatory surrender percentage from 65 percent to 50 percent of exporters' earnings (CBM's official exchange rate remained at MMK 2,100/USD)
Dec 5, 2023	Removing CBM's official rate on the online trading system	CBM removed the official exchange rate and moved to market rates determined between sellers and buyers.
Dec 6, 2023	Reducing the mandatory surrender percentage of export earnings	CBM reduced the mandatory surrender percentage from 50 to 35 percent (the rate remained at MMK 2,100/USD) and the remaining 65 percent can be sold via the foreign exchange online trading system.
Aug 8, 2024	Reducing the mandatory surrender percentage of export earnings	CBM reduced the mandatory surrender percentage from 35 to 25 percent.
Jan 7, 2026	Further reduction of mandatory surrender percentage	CBM reduced the mandatory surrender percentage from 25 to 15 percent (the rate remained at MMK 2,100/USD) and the remaining 85 percent can be sold via the foreign exchange online trading system.
Source: Study team summary, based on data collected from various publicly available sources.		

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