緬甸鋼鐵及用鋼市場現況與趨勢分析

Analysis on Steel and Steel Using Markets in Myanmar

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Overview of the Steel Market in Myanmar

According to Myanmar Industrial Development Committee (MIDC), there are currently about 100 private steel companies in Myanmar. Along the city of Yango and Irrawaddy River, there are about 15 enterprises including Myanmar Steel established by ITOCHU Corporation and a galvanizing joint-venture co-founded by UMEHL and POSCO (which has the production capacity of about 50,000 tons and is estimated to be completed in 2015). According to Myanmar Steel Association, the annual steel production of all the private companies in Myanmar totals 70,000-100,000 tons.

Southern Myanmar is an international area with many commercial activities and constructions compared to other areas. Myanmar is now developing 3 Special Economic Zones (Dawei, Thilawa, and Kyau kphy), dominated respectively by Thailand, Malaysia, Japan, and China. These SEZs are located near or in Southwestern Yango, while the rest of the SEZs are either too small in scale or still in the process of paperwork. Myanmar has 18 industrial zones in total. For the time being, Shwelin Ban, Hlaing Thar Yar, and South Dagon are the main industrial zones in the Yango region. Industries in these industrial zones are mostly labor-intensive industries such as apparels and food, but there is currently no steel-using industry in these zones.

In addition, the Thilawa industrial zone under construction spans the area of 2,400 hectares and Japanese and Korean car manufacturers and metal processing factories are expected to have operations there. Whether the industrial steel industry in Myanmar can be successfully developed or not may depend upon the development and the final result of Thilawa.

Current Situations and Market Trend of Steel Applications

Asian Development Bank's research indicates that, if Myanmar's reform continues, its economy can grow 7% to 8% annually. By 2030, its GDP per capita is expected to reach 3 times more than that in 2012 (approximately USD 3,000) and the income will increase to a medium level. The main areas that show great demand for steel are mainly urban and rural infrastructure, automobiles and motorcycles.

(1) Construction: The construction industry shows the largest demand for steel in the nation and its use of steel represents 65% of the total steel consumption. The number of new residential construction in Myanmar is increasing; however, with the effect of urbanization and more people moving into downtowns, the supply of housing units becomes seriously insufficient, forcing the local government to accelerate the construction of new housing units. Besides, Myanmar government is also working actively on the improvements of roads and port construction. As a result, the new residential construction and improvements on infrastructure will gradually facilitate steel consumption.

(2) Automobiles/Motorcycles: In recent years, Myanmar's automobile and motorcycle production has shown a 2-digit growth, and the sales and export quantity of automobiles also keep growing. In 2013, registrations for four-wheel vehicles in Myanmar reached about 3.61 million units, making Myanmar the fastest growing country in the Indo-China region. OICA forecast that the domestic production of four-wheel vehicles in Myanmar is very likely to reach 5 million units by 2016 and is very promising.

Trend Analysis on Steel for Auto Parts and Fastener Industries

The steel consumption (by total surface area or per capita) in Myanmar has been increasing in recent years. It is estimated that by 2030 the disposable income for each Myanmar's citizen will also increase. The promotion of urbanization and infrastructure, plus the low-labor cost that resulted in the prosperity of the production of small-size vehicles in Myanmar, are the driving force to boost steel demand. In addition, McKinsey & Co forecast that the total production value of the main industries including manufacturing, agriculture, infrastructure, energy, and telecommunication in Myanmar may exceed USD 2 trillion by 2030. During the period from 2010 to 2030, the average annual growth of urban population is expected to be 4.1% and the population living in big cities may increase around 25%, almost doubling the total population in Yango. Such large population can bring a surge in steel demand.

High quality steel is indispensable for infrastructure. Along with the economic development of Myanmar, high quality steel imported from Japan and China is often used in the infrastructure of Myanmar, which is considered the onset of the high quality steel market in Myanmar. In the past 3 years, Taiwan continued to export steel billets and forging alloy for wire production to Myanmar, indicating that there should be potential markets for auto parts and wire in the country.

On the other hand, large screw and nut plants are rarely seen in Myanmar, so the demand for these products is basically dependent upon imports. China, owing to its proximity to Myanmar, shared the highest import volume. Taiwan was in the 2nd place and its import/export volumes and values for the period from 2001 to 2014 are listed in **Table 1**. Myanmar's fastener demand shows a growing trend. With the premise of less fastener manufacturing activities in Myanmar, Taiwanese suppliers can consider Myanmar one of the emerging markets for their fastener exports.

Table 1. Volumes and Values of Fasteners Exported from Taiwan to Myanmar

Year	Export Volume (KG)	Export Value (NTD)
2001	134,583	4,167,000
2002	78,516	2,223,000
2003	198,083	4,318,000
2004	143,230	7,378,000
2005	20,264	1,669,000
2006	47,049	3,036,000
2007	146,490	7,654,000
2008	161,865	7,144,000
2009	211,696	5,870,000
2010	583,336	25,885,000
2011	571,371	38,530,000
2012	240,425	15,458,000
2013	444,065	25,760,000
2014	903,491	53,065,000
Total	3,884,464	202,157,000

Source：Compiled by TIER /MIRDC MII-IT IS

Conclusion and Suggestion

The high season for steel consumption in Myanmar is usually in the period from October to April (before Songkran Water Festival), while the low season is usually in the rainy period from April to September when only in-house work (instead of outdoor work) can be done. In the current steel market of Myanmar, it is very difficult to sell high quality materials, as there has not been mature technology for steel applications yet and the market is completely price-oriented. A Japanese businessman in Myanmar once said, "Users in Myanmar are used to choosing steel by appearance, and they always think that steel from China has good-looking appearance and color." As steel imported from China to Myanmar (representing 60% of Myanmar's total steel import) can be directly shipped via land, the total cost of transportation and production can be thus greatly reduced to the level lower than the cost for steel imported from Japan or South Korea.

In the long-term, the global manufacturing activity will be gradually moved to the low-cost areas. Thus, Myanmar is a good choice. Myanmar has abundant resources, labors, and a competitive financing cost, all of which will benefit investors. Although the steel production in Myanmar keeps growing, the clustering effect of its steel industry is still low and needs to be improved. Furthermore, Myanmar mostly depends on import to compensate for domestic steel demand, and the wires and wire rods import for fastener production continues to grow every year.

Table 2. Steel Wire Import and Export of Myanmar from 2010 to 2014

Unit: Ton, 1,000 USD

	2010	2011	2012	2013	2014	CAGR (2010-2014)
Import Volume	26,442	30,800	35,741	46,240	63,736	24.60%
Export Volume	0	137	0	0	16	-
Import Value	4,967	27,056	30,209	33,319	43,533	72.06%
Export Value	0	111	0	0	6	-

Table 3. Alloy Steel Wire Rod Import and Export of Myanmar from 2010 to 2014

	2010	2011	2012	2013	2014	CAGR (2010-2014)
Import Volume	9,497	8,425	26,768	48,428	89,402	75.16%
Export Volume	0	0	200	0	0	-
Import Value	859	5,881	14,932	25,733	43,047	166.06%
Export Value	0	0	168	0	0	-

Table 4. Alloy Steel Wire Import and Export of Myanmar from 2010 to 2014

	2010	2011	2012	2013	2014	CAGR (2010-2014)
Import Volume	907	2,020	2,074	2,246	2,598	30.09%
Export Volume	0	19	2	0	0	-
Import Value	774	2,351	2,090	1,995	2,084	28.10%
Export Value	0	40	15	0	0	-

Source：Compiled by ITC /MIRDC MII-ITIS

Most materials and fasteners demanded by the manufacturing industry in Myanmar are mainly imported. Thus, Myanmar, commonly called as the last border of Southeastern Asia, is now in the focus of the world. Senior officials and leaders from the U.S, China, Japan, or Korea paid their visit to Myanmar in the past two years and enterprises followed after to tap into the Myanmar market. All in all, the potential of Myanmar is unlimited and this country is a good place for companies to expand their business, too.

Source

1.Myanmar's moment:Unique opportunities,major challenges

2.World Steel Association www.worldsteel.org/

3. Automotive in Myanmar IpsosBusiness Consulting

4.China Steel Corp. www.csc.com.tw/

5.TIER — Import and Export Archive，http://www.tier.org