

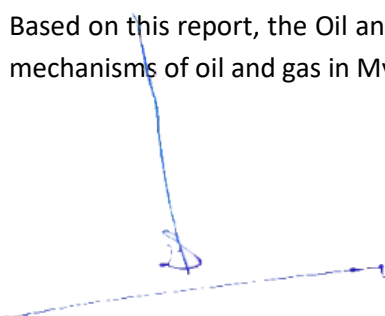
Preface

Oil and gas are very important for Myanmar's energy market; according to the 2019 national energy balance table, 45% of the total primary energy supply was oil and gas and the remaining was biomass at 46%. Myanmar still produces a small amount of crude oil, with some being exported and the remainder refined locally. Thus, 96% of petroleum products such as gasoline and diesel oil are imported, mainly from Singapore, with the price of petroleum products fully linked to Singapore petroleum product market prices. However, Myanmar has a plan to construct a large refinery in the near future.

Regarding gas, 73% of Myanmar's production was exported to Thailand and China in 2019. The primary internal use of gas is power generation, followed by industry. However, gas production is expected to decline year by year, leading Myanmar to import gas for its future internal use according to the Gas Master Plan for Myanmar, prepared by ERIA (2018).

To cope with changing oil and gas circumstances, Myanmar needs new pricing mechanisms of oil and gas markets. These entail a national price index under a mix of domestic and imported petroleum products in Myanmar's petroleum market, and a national price index under a mix of domestic and imported gas or liquefied natural gas at Myanmar's gas market.

Based on this report, the Oil and Gas Planning Department will formulate new strategic pricing mechanisms of oil and gas in Myanmar.



His Excellency U Myo Myint Oo
Union Minister
Ministry of Energy, Myanmar

Acknowledgements

Energy is an intermediate good as well as final product and prices should distinguish between the producers and consumers. Energy pricing represents a major instrument of the overall energy policy of any country. Myanmar is an importer of petroleum products; therefore, it has little ability to control their cost. This study is designed to research a given field at the same time that it is changing.

On behalf of the Ministry of Energy, I am especially grateful the Economic Research Institute for ASEAN and East Asia (ERIA). Likewise, I also have my sincere thanks to the authors from the Institute of Energy and Economics, Japan (IEEJ) and ASIAM RI for their contribution towards the preparation of this thematic report.

Special acknowledgements are also given to Shigeru Kimura of ERIA and his team for their excellent contribution to this project.

Here, special thanks goes to the Oil and Gas Planning Department for their leading role in this regard. I also appreciate the Steering Committee and Working Group members of the Oil and Gas pricing policy in Myanmar participating in this research. I do believe that this report will be useful for the regulation of domestic oil and gas price levels, and it would ideally be suitable for government policy investment frameworks.



U Win Maw
Director General
Oil and Gas Planning Department
Ministry of Energy, Myanmar