

Executive Summary

The petroleum market in Myanmar is fully related with the Singapore spot market since imported gasoline and diesel oil constituted 95% of total petroleum consumption in 2019. As a result, Myanmar Petroleum Enterprise will construct a new refinery that will refine 5–10 Mtoe of imported crude per year, or 100,000–200,000 barrels per day. Once the new refinery is in operation, the Myanmar petroleum market will be a mix of domestic and imported products. Thus, Myanmar's petroleum price index will need to refer to both markets, i.e. the international crude oil market such as West Texas Intermediate and Brent, and the Singapore petroleum spot market. Regarding the competitiveness of the new refinery vis-à-vis Singapore's refineries, the Nelson Index is calculated under some assumptions of secondary equipment capacities such as Vacuum Distillation Unit and Fluid Catalysis Cracking. The Oil and Gas Planning Department of the Ministry of Energy should prepare the price index of gasoline and diesel oil to keep the Myanmar petroleum market competitive.

Myanmar is known for natural gas production, with more than 70% of the produced gas exported mainly to Thailand and China. Internal consumption is for gas power plants and industry, as well as for transport fuel such as compressed natural gas. Currently, gas production is declining, leading Myanmar to import natural gas due to increased domestic usage. The imported gas will be mainly consumed for gas power generation. Since the Ministry of Electricity negotiates electricity purchase prices with Independent Power Producers that import and consume gas for their power generation, this does not reflect the Myanmar gas market. Since some of imported gas will go into industry and transport sectors as combustion fuel, the Myanmar Oil and Gas Enterprise (MOGE) will formulate a basic gas price index based on the domestic gas price and imported price to reflect the international market. Due to increased usage of imported gas, foreign private companies will construct receiving terminals with tanks and regasification equipment, with appropriate regulations on safety and environmental issues set up by the Oil and Gas Planning Department.

Myanmar plans to be carbon-neutral by 2050, meaning gas will be important as a transition fuel. Eventually, Myanmar might export hydrogen instead of natural gas as a result of applying electrolysis technology to its rich hydropower potential. Appropriate gas price mechanisms will contribute to making Myanmar carbon-neutral.