

## Executive Summary

Strategic oil stockpiling incurs capital and fuel costs. However, it also returns some benefits, such as (i) continuous use of petroleum products at lower prices during emergencies (oil price hikes during emergencies), (ii) mitigation of economic and social damage during emergencies, and (iii) declining oil consumption applying short-term measures of emergency preparedness and response. The benefits are usually bigger than the costs if an oil price hike is significant compared to an ordinary oil price.

There are several ways of constructing strategic oil stockpiling. Ticket stockpiling is the lowest way, followed by joint stockpiling, underground, onshore tanks, and offshore tankers. At the initial stage, this report recommends applying ticket stockpiling with a foreign country, such as Thailand and Viet Nam, if available. At the next stage, joint stockpiling is recommended, such as ASEAN joint stockpiling in collaboration with Middle East countries such as Saudi Arabia and the United Arab Emirates. Lastly, Myanmar will establish a physical stockpiling system applying underground, onshore, and offshore ways.

However, before starting the construction of strategic oil stockpiling, the government should consider the regulatory framework of stockpiling. Under the legal framework of strategic oil stockpiling, the public and private sectors can proceed with an appropriate oil stockpiling system on a mandatory basis.

Due to the current regulation, private oil companies are requested to stock 34 days of petroleum products. However, this report suggests that the Ministry of Energy, Myanmar, hold 45 days by 2030 and 60 days by 2040 nationwide considering the increase in petroleum demand in the future and for emergencies and actual stockpiling of international society. In addition, 5 days of international cooperation ticket stockpiling will be secured. These 60 days national stock will come from the private sector (40) and the Strategic Petroleum Reserves (SPR) by the government (20). If Myanmar installs a refinery with a 5 Mt/y capacity, oil stockpiling in 2040 will change to products (50), crude oil (10), and ticket and joint stockpiling (10). By contributor, the private sector will hold the products for 34 days, followed by SPR by the government (26).

How can 60 days of national oil stockpiling be achieved? This report suggests the following steps until 2040:

2022–2025: Forming national consensus on the necessity of stockpiling system and (i) finalising a stockpiling plan, (ii) amending laws and legislation, (iii) conducting site feasibility study, and (iv) consulting with potential partners regarding the ticket and joint stockpiling.

2025–2030: (i) Larger stock obligation for the private sector, (ii) establishment of SPR, (iii) construction, (iv) knowledge transfer from International Energy Agency (IEA) countries, (v) periodical emergency drills, and (vi) signing ticket and joint stockpiling agreement

2030–2040: (i) Build up private stock, (ii) build up SPR, (iii) transfer knowledge from IEA countries, (iv) periodical emergency drills, (v) build up ticket and joint stockpiling

A 20-year stockpiling establishment plan is appropriate for Myanmar. The Oil and Gas Planning Department, Ministry of Energy of Myanmar, will prepare this plan with the support of the Organisation for Economic Co-operation and Development (OECD) countries, such as Australia and Japan.