



# The Freight Company takes the long road back to Myanmar

A word with Patrick Dick, managing director at The Freight Co. Ltd

By Victoria Bruce



The Freight Company hauls a heavy load in Thailand

Patrick Dick's love affair with Myanmar began almost four decades ago, when he spent one year living and working behind the bamboo curtain inside then regime-controlled Myanmar, on assignment with a European company assisting to build a hydropower dam. Now, he's back again and leading the drive to set up transportation and logistics firm, The Freight Company (Myanmar), with his local partner and friend, Captain Soe Min Aung.

"That year in Myanmar was the best time of my life and these memories continue to pull me back there," the group's managing director told M-ZINE+ during an exclusive interview in their Bangkok headquarters.

One evening in 1982, Mr Dick arrived at d Mingaladon Airport in Yangon after a grueling flight from his home country of Switzerland, and set foot in the Southeast Asian country (and upon the Asian continent) for the very first time. As soon as he stepped out of the plane onto the steamy tarmac to be greeted by the sweet smell of cheroot smoke from men in flip flops wearing the traditional Myanmar longyi, smiling at him with red betel-nut stained teeth, Mr Dick felt he was in another world. He was 24 years old, and tasked with a mission to receive tonnes of heavy equipment from the ports of Yangon and truck it hundreds of kilometres upcountry to a hydropower dam site situated in the country's north.

Mr Dick recalls his first impressions of Myanmar and says he fell in love with the country from day one. "I remember opening the curtains and looking out of the window of the Inya Lake hotel on my first morning, and thinking, WOW! You're in paradise; it was amazing!"

"My bosses in Switzerland told me I would be greeted the night before at the airport by a Soe La Maung and I was thinking to myself, what's a Soe La Maung?" Mr Dick said. He turned out to be a short, round, elderly Burmese man, driving a battered and ancient Austin Minor car, a relic from the days of British rule.

"It was a crystal clear wonderful night, so when we left the airport and drove over the first hill, the driver switched off the engine and the light and I said, "Oh... what happened?" and he replied, 'we're saving gasoline and we're saving battery!' as the car coasted down the hill," Mr Dick laughs.

In the 1980's, Myanmar was locked up under tight control of ex-general Ne Win, the long-time Myanmar strongman who took definitive control of the country during a military coup in 1962 and set up an authoritarian government that transformed Myanmar, at one point in its colonial history a fairly prosperous place, into one of the world's poorest nations.

With West Germany's armaments firm Fritz Werner one exception, foreign companies were typically not permitted to operate in Myanmar at this time. Mr Dick's employer, Swiss global

transportation and logistics firm Kuehne + Nagal, was one of the few foreign firms with a presence, as it was assisting in the building of a giant hydropower site for the Myanmar government in the country's north, and had sent Mr Dick in to get the job done. "The job description was receiving ships from Europe with all the power station equipment and making sure it gets to its location upcountry," Mr Dick told M-ZINE+.

"So I'd sit in Rangoon, as it was known in those days, sipping orange tea, waiting for the ships to come in, and it was a lot of fun."

But trucking tonnes upon tonnes of bulky equipment hundreds of kilometres over dilapidated roads, through acres of paddy fields, across rivers and up steep, narrow and winding mountain roads on the backs of ancient flatbed Ford and Dodge trucks came with a horde of challenges.

"We only had very old antiquated trucks, with wooden flatbeds and sagging spring shock absorbers, which you don't see on the road these days," Mr Dick recalls.

He remembers one time he was summoned from Yangon to dig a truck and a crane out of the mud a few hundred kilometres away after the truck's over-zealous driver attempted a river crossing during the monsoon season. Together with a group of Myanmar friends, they loaded their little made-in-Myanmar open top jeep with gallons of diesel, freshly purchased from black market suppliers, and set off from Yangon on the long and bumpy trip upcountry.

"Sure enough, about 350 kilometres north we found the truck and the crane stuck in the mud, and we saw a lot of beautiful rice fields and not much else," he said.

With limited resources and no one to call for help, the group managed to turn adversity into an adventure. They stumbled upon an antique bulldozer rusting in a paddock and, after negotiating with the local government officials and enlisting the help of some paddy workers, the truck and crane were rescued and sent on

their way to the job site. Mr Dick says his perseverance during that early year in Myanmar paid off both professionally and personally.

"I was the only person doing this in Myanmar – nobody else – and all the other contractors had huge problems trying to get their cargo to the job site," he said.

"So my German client gave me a huge thank you letter and gave me business for the next 25 years here in Thailand and the region." And to this day, he has retained the friendships he forged during long road trips and hours in the tea shops, which led him to his current local partner, Captain Soe Min Aung, director of local offshore oil supply firm Injynn Development Co Ltd.

Now, the two are working to set up The Freight Company Myanmar via a 70/30 joint venture arrangement where Mr Dick holds the majority share.

Although, as a services company, Mr Dick's firm could set up shop with 100 percent foreign capital under Myanmar law, he says having a local partner can provide the local knowledge and connections essential for a successful business. "I believe that in Myanmar the local connections are really important," he said.

"Myanmar has very good people there with inroads in virtually every government department you're looking at," he said. He says having good connections with the government will be important for businesses looking at winning government contracts or contributing to public works, unlike in Thailand where business mostly comes from the private sector.

"Here in Thailand the business outlook is quite different and we're not looking to the government [for] contacts or contracts," Mr Dick says.

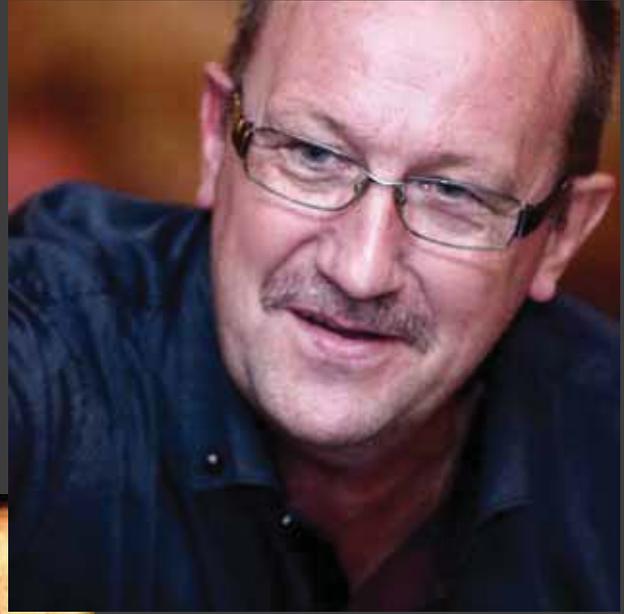
"But in Myanmar there will be a mix of government involvement as well as private sector involvement and therefore we decided we want to have a local partner who has his inroads," he says.

Founded in Thailand in 1996 to provide tailor-made integrated logistics solutions including air, ocean, truck, rail, customs brokerage, warehousing and distribution, The Freight Co Ltd has offices in China, Thai-

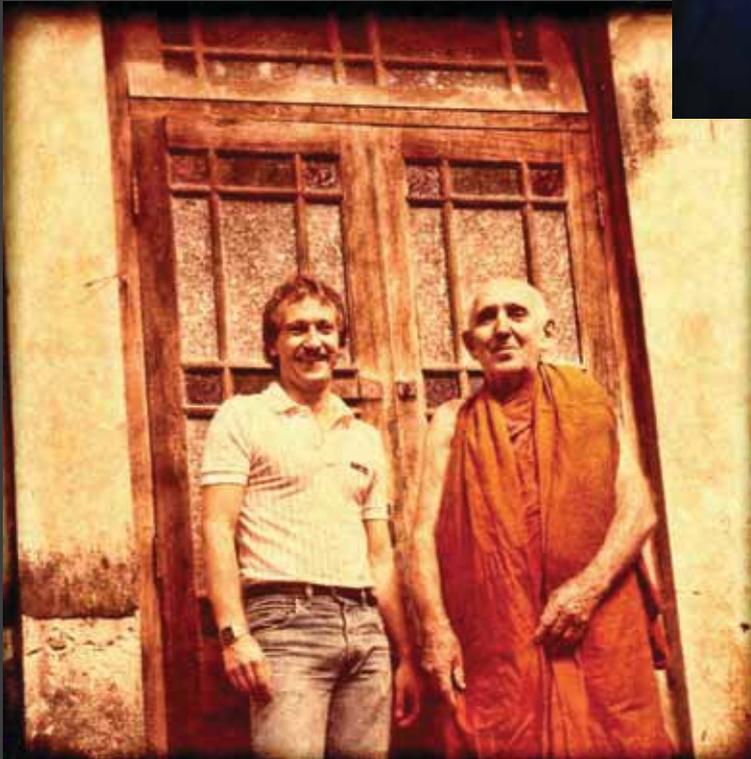
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LOOKING BACK TO THE 1980s

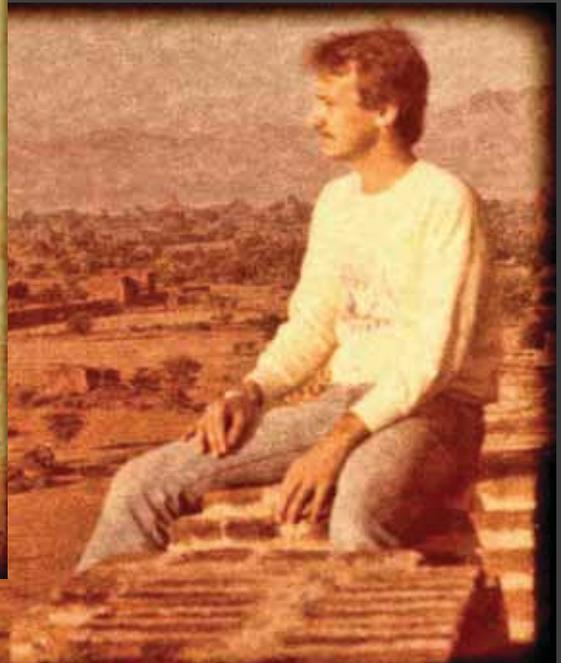
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Patrick Dick today



Early days in the 1980s



land and Vietnam. Mr Dick’s vision for Myanmar is to grow to a medium-sized company with around 30-40 local employees and, as a services company, his main investment will be in his people and his equipment.

“In our business, logistics, you can go up two alleys – assets based or non-assets based,” Mr Dick said.

“In an emerging market it’s normally advisable to go in non-assets based as you can be much more flexible,” he said.

However, he’s playing with the idea of bringing in one piece of equipment – a special hydraulic trailer that retails at upwards of US \$1 million fresh out of the shop, or around US \$250,000 second-hand.

“It’s versatile in length [and] width and gives you a decent payload to move around a multitude of cargo from construction equipment such as excavators, cranes and bulldozers – anything that is wide, large and heavy,” he said. “That would be the only capital invest-



ment we would do.”

He shows us a flashy new model spread across both pages of a high-gloss logistics magazine but says that for Myanmar, a second-hand model will do. “I would absolutely insist to go second hand because of the road conditions in Myanmar – you would destroy anything that is new,” Mr Dick said.

“I’d also advise anyone else – don’t bring in new equipment – it’s stupid. Bring in second-hand.” He says his company will specialize in heavy and oversized transportation and tips the petroleum, mining and energy sectors to be the first big boom industries.

“Certainly the power [sector] will be one of the leaders there since there’s such a high demand for it at



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“We’re looking at industries such as oil and gas, mining, construction and in a multitude of others such

as bottling plants for Coke, Pepsi, water or beer, cement plants, or printing presses for media companies,” he says.

Some of the major challenges for a freight and logistics company in Myanmar will be the lack of physical infrastructure, including ports, roads and bridges, as well as an outdated and heavily regulated customs

system, Mr Dick says.

“What you don’t want in logistics is for any equipment you have, be it a truck, airplane or ship, to be standing around because that costs money,” he says. “When these things move, they produce money.”

He said neglected ports, narrow, pot-holed and washed-out roads, shallow, silt-filled rivers and antiquated bridges incapable of bearing the weight of heavy vehicles are some of the key transport challenges in modern-day Myanmar. “In Thailand we have almost no transport challenges,” Mr Dick said. “But in Myanmar, it’s the opposite.”

And accessing Myanmar’s mountainous upcountry region, rich in natural resources such as forestry and minerals and geographically suitable for vital energy sources from hydropower, will prove a monumental task for keen investors.

“The more upcountry you go and the higher into the mountains, the more challenges you will encounter,” Mr Dick said. “Hydropower and mining are all upcountry.”

He says the red tape surrounding Myanmar’s customs regulations shares similarities with the Thailand of 20 years ago, before the introduction of an electronic system wiped out the majority of person-to-person contacts.

“I made it my job to overcome red tape and fight against it,” Mr Dick says. “I was successful here by going with my Thai people to the ports and saying, ‘if you don’t release that container now, we’re in trouble.’ And gradually we came close to western standards.

“Today customs is online so that wipes out a lot of personal contact by not giving customs officials the opportunities anymore.

“But in Myanmar, for the next couple of years until customs goes online, there is obviously always the opportunity to try and block and make a little pocket money,” he predicted.

He says in the interim, businesses can save themselves time and headaches by ensuring they are well organized with impeccable paperwork.

“If you send something by air, make sure to get the documents before you fly it and tell your partner overseas that when it’s ready to fly, that he can go ahead with it. But if you’re not ready, then don’t give the green light because otherwise you have it sitting in the hangar and there’s no help and this only creates costs,” he said.

“I make it my challenge in Myanmar, the same as in Thailand, to work with the locals, to work with the customs itself to make sure we can make friends and work together.” +



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