

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE GOVERNMENT OF THE REPUBLIC OF INDIA

AND

THE GOVERNMENT OF THE REPUBLIC OF

THE UNION OF MYANMAR

FOR APPOINTMENT OF A PRIVATE OPERATOR

FOR

OPERATION AND MAINTENANCE OF SITTWE PORT,

PALETWA INLAND WATER TRANSPORT

TERMINAL AND ASSOCIATED FACILITIES

22nd October 2018

**MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN THE
GOVERNMENT OF THE REPUBLIC OF INDIA AND THE GOVERNMENT OF
THE REPUBLIC OF THE UNION OF MYANMAR FOR APPOINTMENT OF A
PRIVATE OPERATOR FOR OPERATION AND MAINTENANCE OF SITTWE
PORT, PALETWA INLAND WATER TRANSPORT TERMINAL AND
ASSOCIATED FACILITIES**

1. Introduction

1.1 The Government of the Republic of India (GOI) and the Government of the Republic of the Union of Myanmar (GOM) (hereinafter referred to as the Parties) have taken note of the completion of Sittwe Port (Port, IWT Terminal, Associated Facilities); Paletwa Terminal (IWT and Associated Facilities); Six Self-Propelled Barges and Navigational Aids/ Channel; and of the commencement of construction of road from Paletwa to Zorinpui on India- Myanmar border.

1.2 In consideration of the Framework Agreement between GOI and GOM for the Construction and Operation of a Multi-Modal Transit Transport Facility on Kaladan River connecting the Sittwe Port in Myanmar with the State of Mizoram in India, signed on 2nd April 2008, as well as relevant clauses in the Protocol on Facilitation and the Protocol on Maintenance & Administration on Kaladan Multimodal Transit Transport (KMTT) Facility, the Parties have agreed on appointment of a private operator for operation and maintenance of Sittwe Port, Paletwa Inland Water Transport (IWT) Terminal and associated facilities during the period until the completion of road component or five years, whichever is earlier.

1.3 The Parties have also agreed on the 'Terms & Conditions' of the proposed operation and maintenance of the completed Port, IWT Terminals and all the associated facilities.

2. Scope

2.1 As the Port & IWT works defined under the original scope of waterways component of KMTT project are completed and remaining works, i.e., road component of the KMTT project from Paletwa to Zorinpui and additional facilities of Port & IWT components, are under implementation, both the Parties have identified the need to appoint a private operator for operation and maintenance of completed waterways facilities, maintenance dredging of Port basin, and Sittwe approach channel, the maintenance for the waterways of Kaladan River between Sittwe and Paletwa and to promote and facilitate day to day commercial operations by vessels plying between Indian Ports to Sittwe and vice versa, as well as inland water transport between Sittwe and Paletwa.

2.2 All six barges with associated items have been built and handed over to the Inland Water Transport (IWT), Ministry of Transport and Communications, Government of Myanmar on 26th June 2017.

2.3 On completion of road component, a mutually agreed revised MoU will be adopted by both Parties.

3. Terms and Conditions

3.1 The Port Operator shall be jointly selected by GOI and GOM, through a competitive bidding process with the technical assistance of the Inland Waterways Authority of India (IWAI), which is the Project Development Consultant for Waterways Component of KMTT Project.

3.2 Only Indian firms or Joint Venture (JV) between Indian and Myanmar firms, with the Indian firm as a lead partner, shall be allowed to participate in the tender.

3.3 On appointment of Port Operator, the Port, IWT Terminals and associated facilities will be made available to the Port Operator through Myanma Port Authority (MPA), GOM for operational functions.

3.4 IWAI shall supervise the work of Port Operator and shall provide required technical support and periodic reports to GOI/GOM.

3.5 The Working Committee of Kaladan Multi Modal Transit Transport (KMMTT) Project comprising representatives of both Parties shall also monitor and review the O & M activities by Port Operator.

3.6 GOM shall take care to get statutory permissions from customs & immigration at Sittwe Port, to get the letter of declaration for international port issued by customs department, hydrographic survey, berthing/ un-berthing, pilotage and channel marking. The conservancy charges shall be exempted by GOM during the MOU period. Port Operator has to take care of customs & immigration facilities at Sittwe Port, mooring, tug assistance, maintenance of navigational aids, channel dredging, in front of the jetty dredging and channel navigation etc. There shall be no financial obligation on GOI and GOM but the Port Operator has to bear financial matter on the terminal operation functions.

3.7 GOI shall engage and bear the expenses towards the services of an agency to look after the completed assets till a Port Operator is appointed. However the commercial utilisation of facilities during this period, as and when required, shall be taken care of by GOM.

3.8 During the construction period of the road from Paletwa to Zorinpui on India-Myanmar border, Indian vessels and GOI endorsed chartered vessels calling at Sittwe

with cargo will be considered as Myanmar vessels and not as Foreign Going (FG) vessel for the purpose of port tariff, charges.

3.9 GOI shall undertake removal of two ship wrecks identified in the Sittwe Port basin.

4. Conclusion

4.1 This MOU shall enter into force immediately upon signature in respect of facilities at Sittwe and Paletwa and would remain valid till completion of road from Paletwa to Zorinpui or five years, whichever is earlier.

4.2 Any difference or dispute between the Parties concerning the interpretation and/or implementation and/or application of the provisions of this MoU shall be settled amicably through mutual consultation and/or negotiation between the Parties.

4.3 The validity of MoU can be extended as per actual requirement by Parties through mutual consent.

Done at Nay Pyi Taw, the Republic of the Union of Myanmar on the 22nd day of October, in the year 2018 in two originals each in Hindi, Myanmar and English Languages, all the text being equally authentic. In case of any different or doubt, the English text shall prevail.

For and on behalf of the Government
of the Republic of India

For and on behalf of the Government of the
Republic of the Union of Myanmar

(Vijay Gokhale)

Foreign Secretary of India

(Win Khant)

Permanent Secretary

Ministry of Transport and Communications