

The E-Book on East Asia Investment Practice

-Myanmar

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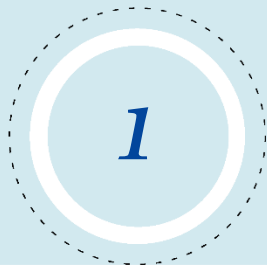
Preface

Myanmar is located in the northwestern part of Asia's Indo-China Peninsula and has rich forestry and mineral resources. In recent years, Myanmar has focused on exchanges and cooperation with international organizations such as the United Nations, World Trade Organization, International Monetary Fund, World Bank, etc. It is committed to jointly improving infrastructure and enhancing the global competitiveness of leading industries. In order to attract international investors to invest, Myanmar has gradually improved the investment access mechanism and the system of government service for investment, and granted large-scale investment incentives to enterprises.

Chapter I of this E-book briefs on Myanmar's national features including geography, politics, society and culture, etc.; Chapter II introduces Myanmar's overall business environment; Chapter III gives an introduction about Myanmar's economy and trade policies; Chapter IV outlines Myanmar's industrial development and foreign investment conditions; Chapter V gives an account of starting a business and provisions in Myanmar; Chapter VI introduces relevant laws and regulations for business operation in Myanmar; Chapter VII introduces the ways and approaches for settlement of economic and trade disputes; Chapter VIII demonstrates multi-lateral and bilateral free trade agreements such as the Regional Comprehensive Economic Partnership; Chapter IX introduces Myanmar's economic security and support policies amid the COVID-19 pandemic; Chapter X includes enterprise-related government departments, chambers of commerce & associations, intermediary organs, and relevant contact information.

We hope that the basic information of Myanmar's economy and trade displayed in this E-book can provide valuable guidance for enterprises and investors, contributing to the investment facilitation and healthy development of economic globalization.

Time constraints and competence deficiency might lead to inaccuracies in this E-book. We sincerely look forward to your valuable comments and suggestions for future improvement.



General Information

1.1 Geography

Geographical Location

The Republic of the Union of Myanmar (hereinafter referred to as “Myanmar”) is located in the northwestern part of Indochina Peninsula in Asia. It is bordered by China on the north and northeast, India and Bangladesh on the northwest, Laos and Thailand on the southeast, and the Bay of Bengal and the Andaman Sea on the southwest. It covers an area of 676,578 km², with a coastline of about 3,200 km long.

Natural Resources

Myanmar is rich in forestry and mineral resources. As of the end of 2018, the forest coverage rate was 41.3%, and there were about 2,300 types of trees, including 1,200 species, and about 60% of the world’s teak reserves.^① The main mineral resources include tin, tungsten, zinc, aluminum, antimony, manganese, gold, silver, etc. The gems and jade of the country enjoy a high reputation in the world. As of the end of 2019, there were a total of 104 oil and gas mining blocks, including 53 inland mining blocks and 51 offshore mining blocks, with approximately

① Myanmar Statistical Yearbook 2019: www.csostatat.gov.mm.

160 million barrels of oil and 20.11 trillion cubic feet of natural gas reserves.^① There are densely distributed rivers in Myanmar. The main rivers are the Irrawaddy, Chindwin, Salween, and Mekong.

Climate

Myanmar has a tropical monsoon climate. The average annual temperature is between 22-35°C. The seasons here are divided into hot season (March to Mid-May), rainy season (Mid-May to October) and cool season (November to February of the following year). Among them, the rainfall from May to October accounts for 90-95% of the annual rainfall.

Administrative Division

The whole country of Myanmar is divided into 7 provinces, 7 states and 2 municipalities directly under the Central Government. The 7 provinces include Yangon, Mandalay, Bago, Magway, Sagaing, Irrawaddy and Tanintharyi. The 7 states include Shan State, Kachin State, Kayah State, Mon State, Karen State, Chin State, and Rakhine State. The two Central Municipalities are Naypyidaw and Yangon. Most provinces and states have counties under their jurisdiction, counties have towns under their jurisdiction, and towns have village groups (sub-districts) under their jurisdiction.

In November 2005, Myanmar moved its capital to Naypyitaw. Naypyidaw is located in a narrow belt of the Sittang River Valley between the Bago Mountains and the Benlong Mountains, and boasts an important strategic position. Yangon is the largest city in Myanmar and the capital of Yangon Province. It is located about 390 kilometers south of the capital Naypyidaw. It is the economic, cultural and transportation center of the country.

① Asian Development Bank: www.adb.org.

1.2 Politics

Constitution

The Constitution of the Republic of the Union of Myanmar (2008) came into effect in January 2011. According to the Constitution, Myanmar is a presidential federal state with a multi-party democratic system. The legislative, executive and judicial powers of the country are separated from each other. In February 2019, the Myanmar Parliament approved the establishment of a constitutional amendment committee to study and amend the provisions of the 2008 constitution.^①

Parliament

The Parliament is the highest legislative body in Myanmar and is composed of the Federal President, the House of Nationalities (Upper House) and the House of Representatives (Lower House). The Federal Parliament is elected every four years and enacts national laws and regional bills. The House of Representatives was established to maintain national unity. All bills formulated and passed by the House of Nationalities must be submitted to the House of Representatives for discussion and amendment. The bills drafted by the House of Representatives also need to be discussed and revised by the House of Nationalities. When both houses disagree on any draft law, the draft shall be discussed and decided by the Federal Parliament.^②

Chief of State

The President of Myanmar is the chief of state and the head of government. He is elected by the joint meeting of the two houses of the parliament, with each term of office of 5 years, and can be re-elected for two consecutive terms. In March 2018, U Win Myint was elected as the 10th President of Myanmar.

① International IDEA: www.idea.int/news-media/news/looking-back-myanmar-constitution-amendment-process.

② CCPIT, Guide on the Business Environment of Foreign Countries for Investors—Myanmar (2019).

Government

The federal government is the highest administrative body in Myanmar, and the president has the executive power of the federal government. Government members include: President, the Vice President, the Counselor, and the Ministers under the Federal government and the Federal Attorney General.

The central government of Myanmar has 23 ministries, including: Ministry of Foreign Affairs, Ministry of Interior, Ministry of Defense, Ministry of Border Affairs, Ministry of Propaganda, Ministry of Electric Power and Energy, Ministry of Culture and Religious Affairs, Ministry of Commerce, Ministry of Industry, Ministry of Transport and Communications Ministry of Natural Resources and Environmental Protection, Ministry of Labor, Immigration and Population, Ministry of Intellectual Property, etc.^②

Political Parties

Myanmar implements a multi-party democracy system. As of March 2021, the main political parties included the National League for Democracy (“NLD”), the largest political party in Myanmar and the ruling party before the military coup in February 2021; the Union Solidarity and Development Party of Myanmar (referred to as “USDP”); Rakhine National Development Party; Shan Democratic League and National Unity Party.



Special Reminder:

On February 1, 2021, the military leader Min Aung Hlaing led a military coup to overthrow the democratically elected government of Aung San Suu Kyi. The military detained President Win Myint and declared a one-year state of emergency across the country. State power was transferred to Min Aung Lai, the commander-in-chief of the National Defense Forces, and Myanmar’s Vice President Myint Swe assumed the presidency for a time.^①

① Myanmar Times: www.mmtimes.com.

1.3 Economy

Macro Economy

From 2016 to 2019, Myanmar's economy showed a good development trend. After the outbreak of the COVID-19 epidemic, Trading Economics predicted that Myanmar's nominal gross domestic product (GDP) in 2020 was approximately 73.5 billion U.S. dollars, a year-on-year decrease of approximately 3.40%; per capita GDP was approximately 1,580 U.S. dollars, a year-on-year decrease of approximately 6.90%; and the real GDP growth was around 2%.^①

Table 1-1 Macro economy data of Myanmar, 2016–2020^③

Index	2016	2017	2018	2019	2020*
Nominal GDP (US\$ billion)	67.18	68.95	76.17	76.09	73.5*
Per capita GDP (US\$)	1,479.55	1,564.37	1,659.84	1,697.13	1,580*
Real GDP Growth Rate (%)	5.75	6.40	6.75	2.89	2*

* indicates the forecast data of Trading Economics.

Trade Scale^③

Commodity Trade. In 2019, Myanmar's goods trade totaled US\$24.53 billion, with an average growth of 4.01% over the four-year period; exports totaled US\$10.84 billion, with an average four-year growth of 5.67%; imports totaled US\$13.69 billion, with an average growth of 3.08% over the four-year period; trade deficit reached US\$2.85 billion.

The main exported goods include natural gas, jade, rice, etc. The main import commodities include petroleum and gasoline, commercial machinery, auto parts, etc.

The main export markets cover China, Thailand, Japan, India and Hong Kong, China etc.; and the main import markets include China, Singapore, Thailand, India and Indonesia.

① Trading Economics: tradingeconomics.com/Data sorting time: May 2021.

② World Bank: databank.worldbank.org/home.aspx.

③ Myanmar Bureau of Statistics www.csostat.gov.mm.

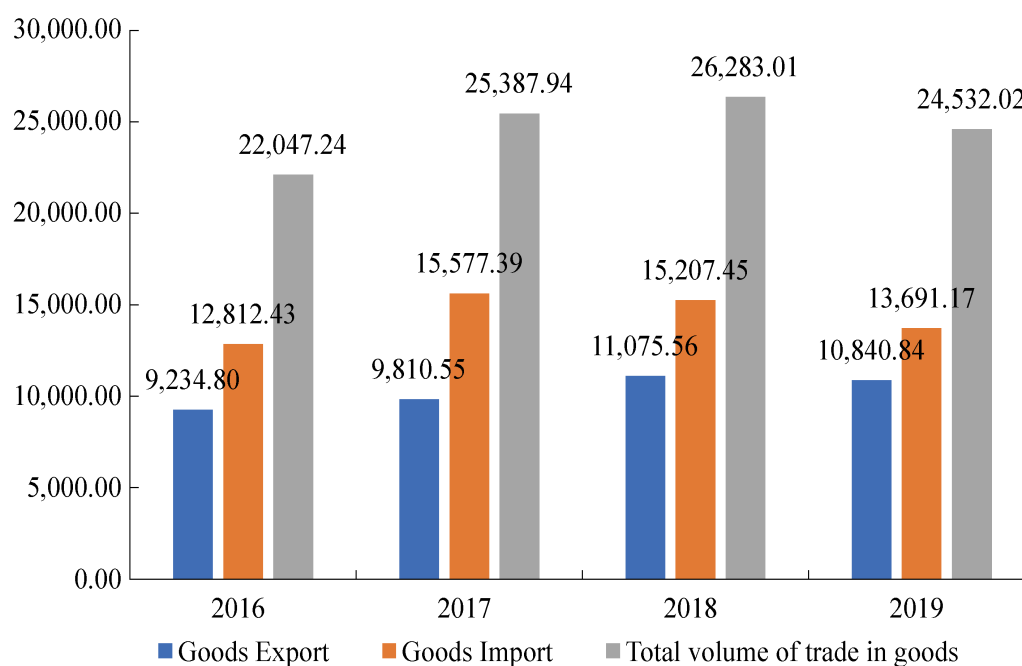


Fig. 1-1 Myanmar's commodity trade volume, 2016–2019 (Unit: million USD)^①

Service Trade. In 2019, Myanmar's total trade in services was US\$12.04 billion, a year-on-year decrease of 39.61%; of which exports totaled US\$7.16 billion, a year-on-year decrease of 40.72%; total imports were US\$4.89 billion, a year-on-year decrease of 37.91%; and the trade surplus was US\$2.27 billion.

The main exported service categories include tourism, other commercial services, transportation, government services, etc.;

The main imported service categories include transportation, other commercial services, construction services, telecommunications information services, etc. The main export markets cover China, Thailand, Japan, etc.; and the main import markets include China, Singapore, Thailand, India, and Indonesia.

① Myanmar Bureau of Statistics www.csostat.gov.mm.

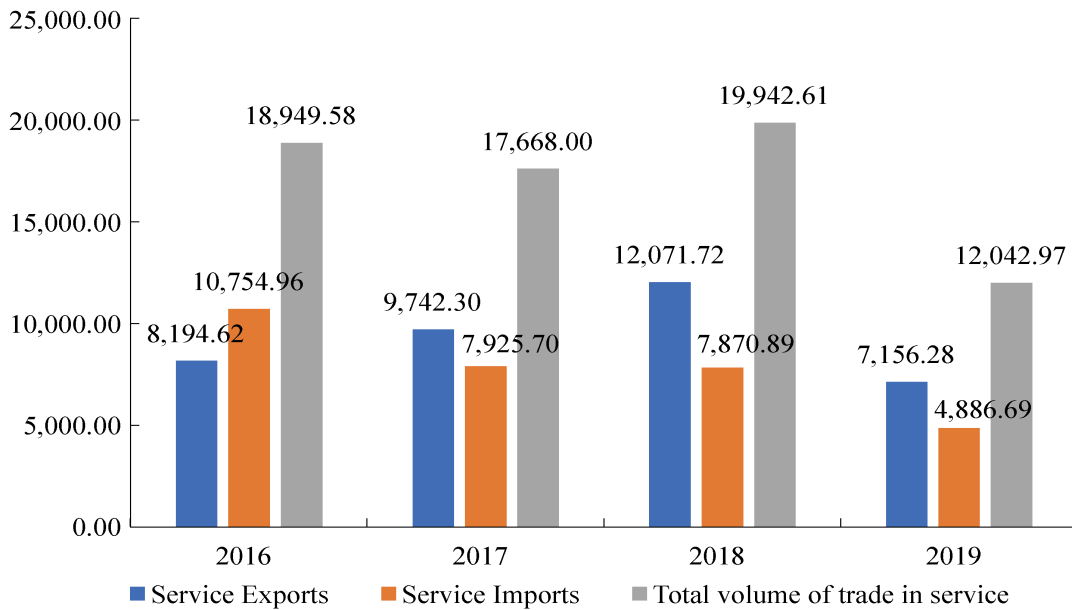


Fig. 1-2 Myanmar's trade in services, 2016–2019 (Unit: million USD)^①

Local Market

Consumption Expenditure.^② According to the data released by the Ministry of Planning, Finance and Industry of Myanmar, the total consumption of Myanmar in 2019 reached 6.45 billion kyats, accounting for 8.47% of GDP that year.

Price Level. In 2019, the Consumer Price Index (CPI) of Myanmar was 8.83%. In April 2021, the Asian Development Bank released economic data forecasts for ASEAN countries. It is estimated that Myanmar's CPI in 2020 would reach 5.70%, ranking first among the ten ASEAN countries.^③

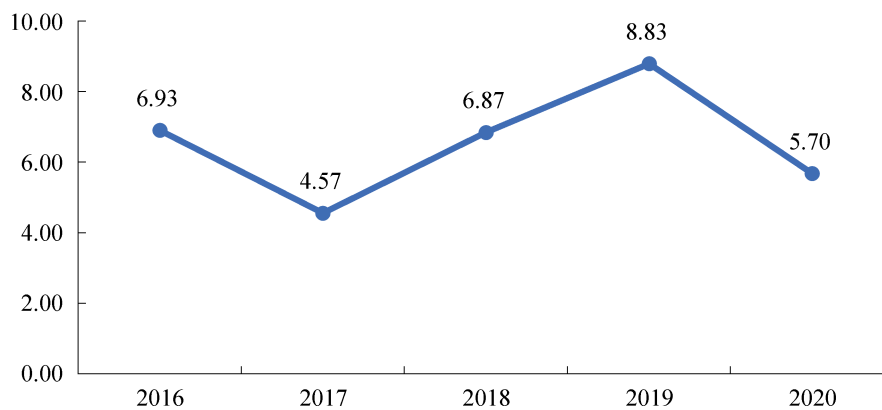


Fig. 1-3 Myanmar's CPI, 2016–2020 (Unit: %)^④

① Myanmar Bureau of Statistics www.csostatat.gov.mm.

② Ministry of Planning, Finance and Industry of Myanmar: www.mopfi.gov.mm/en.

③ Asian Development Bank: www.adb.org.

④ The World Bank: databank.worldbank.org/home.aspx. Among them, the data 2020 is the forecast data of the Asian Development Bank.

1.4 Society and Culture

Population^①

As of 2019, the total population of Myanmar was about 54.04 million people, with 8 major ethnic groups and 135 ethnic groups. The most populous ethnic group is the Burmese (about 65% of the total population).

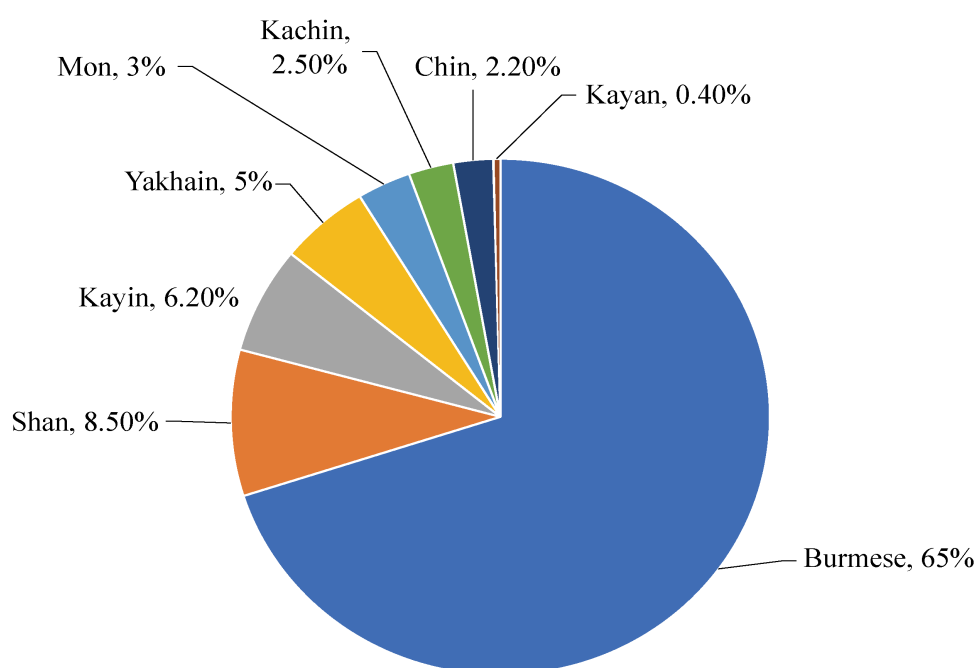


Fig. 1-4 Population distribution of various ethnic groups in Myanmar^②

Language

The official language is Burmese (Burmese), with more than 100 ethnic languages, including Burmese, Kachin, Kayah, Karen, Chin, Meng, Rakhine, Shan and other ethnic languages. In addition, English is quite popular in the local area.

Religion

Myanmar is a Buddhist country, but the people have freedom of belief. More than 85% of

① Myanmar Statistical Yearbook 2019: www.csostatat.gov.mm.

② Myanmar Statistical Yearbook 2019: www.csostatat.gov.mm.

Burmese believe in Buddhism, and about 8% believe in Islam.

Festivals and Holidays^①

Myanmar implements a five-day work system, and Saturdays and Sundays are public holidays.

Myanmar's holidays include statutory holidays and folk festivals. Legal holidays include: Independence Day (January 4); Federal Day (February 12); Farmers' Day (March 2); Army Day (March 27); Songkran Festival (around April 13) ; Labor Day (May 1); Martyrs' Day (July 19); National Day (December 1). Folk festivals include: Bathing Banyan Festival (late April, the full moon day of February in Burmese calendar); Lantern Festival (October, the full moon day in July in Burmese calendar); Respect for the Aged Day (October, July in Burmese calendar); Offering Robes Festival (from mid-to-late October to mid-to-late November, from July to August in the Burmese calendar).

Public Security

Myanmar does not allow private possession of guns, but there are dozens of local armed forces of ethnic minority in the country.

① Embassy of Myanmar in China: www.myanmarembassy.com/Holiday2021.html.



Business Environment

2.1 Overall Evaluation

World Bank Evaluation^①

The Doing Business Report released by the World Bank examines the regulatory rules in 190 economies that promote or restrict the business life cycle in 11 areas. In accordance with the *Doing Business Report 2020*, Myanmar was ranked the 165th, which is 6 places higher than in 2019 (171th), and is listed as one of the 20 countries with the most outstanding achievements in improving the business environment. Among them, the more prominent indicators of improvement include: starting a business (up by 96 places), handling construction permits (up by 27 places), property registration (up by 9 places), and protecting minority investors (up by 10 places).

World Intellectual Property Organization Evaluation^②

The Global Innovation Index, which was issued jointly by the World Intellectual Property Organization, the Cornell University of the USA, and the INSEAD, made evaluations on more than 130 economies by 2 measuring indicators, namely, innovation input and innovation output. According to *the Global Innovation Index 2020*, Myanmar ranked 129th in innovation input and

① The World Bank, Doing Business 2020.

② The World Intellectual Property Organization, Global Innovation Index 2020.

120th in innovation output.

Heritage Foundation Evaluation^①

The Heritage Foundation issued *the Index of Economic Freedom World Rankings*, which evaluated all countries' indexes of economic freedom with 4 guiding principles and 12 indicators. According to *the 2021 Index of Economic Freedom World Rankings*, Myanmar has increased by 1.2 points from the previous year, ranking 135th in the world. Among them, the degree of business freedom has increased rapidly (an increase of 6.9 points).

2.2 Infrastructure

Highway

In recent years, Myanmar's land traffic conditions have improved^②. By the end of FY2018, the total mileage of Myanmar's roads was 41,900 km, including 25,900 km of asphalt roads, 3,011 km of gravel roads, and 4,491 km of dirt roads.^③ Affected by the COVID-19 epidemic, from July 2019 to July 2020, passenger transportation and mileage in Yangon decreased by 40% compared with the same period of the previous year. The number of public transportations in the city decreased by 16.2%, and gross revenue decreased by 40.6%.^④

Railway

In Myanmar, railway is one of the most common modes of freight and passenger transportation. Myanmar's railway is generally of narrow gauge, and the main lines include Yangon-Mandalay, Yangon-Bago, Yangon-Mawlamyine, Yangon-Pyay, Mandalay-Myitkyina, etc. By the end of the transition period of FY 2018, Myanmar's railway was 6,112.29 kilometers long, mostly of narrow

① The Heritage Foundation, 2021 Index of Economic Freedom World Rankings.

② Note: The Ministry of Planning, Finance and Industry of Myanmar has designated April to September 2018 as the 'Financial Year Transition Period'. After that, the period of the financial year will be adjusted from October 1st to September 30th of the following year.

③ Myanmar Statistical Yearbook 2019: www.csostatat.gov.mm.

④ Ministry of Transport and Communication of Myanmar: www.motc.gov.mm.

gauge, with 960 stations. There is a ring railway in Yangon, Myanmar, with a total length of about 45.9 kilometers, connecting the urban area and the suburbs, and the whole journey costs about 3 hours. Currently, there is no city subway. By the end of the transition period of FY 2018, the total annual freight transported by railway was 458 million tons, and the total passenger transported was 1.905 billion^①. From July 2019 to July 2020, the total freight volume transported by railway increased by 11% year-on-year. And the total passengers transported by the same decreased by 57.3% year-on-year.^②

Aviation

Myanmar has 3 international airports, namely Yangon International Airport, Mandalay International Airport and Naypyidaw International Airport. There are 31 domestic airports, including Heho Airport, Bagan Airport, Tanduik Airport, etc. At present, major domestic cities and major tourist attractions are open to navigation. The main airlines include Myanmar Airlines, Myanmar International Airlines, Mandalay Airlines, Yangon Airlines, Gamboza Airlines, Bagan Airlines, Asian Wings Airlines, and Golden Myanmar Airlines. Air passenger transportation has gradually become one of Myanmar's main long-distance passenger transportation methods.^③

Water Transport

The transportation in Myanmar is mainly by water, and the inland waterway and sea transportation are relatively developed. The main ports are Yangon Port, Patheingyi Port and Mawlamyine Port, among which Yangon Port is the largest seaport in Myanmar. The inland waterway is approximately 14,842.6 kilometers, and it is responsible for approximately 90% of Myanmar's international maritime trade. Affected by the global COVID epidemic from June to

① Myanmar Statistical Yearbook 2019: www.csostatat.gov.mm.

② Ministry of Transport and Communication of Myanmar: www.motc.gov.mm.

③ Ministry of Transport and Communication of Myanmar: www.motc.gov.mm.

July 2020, the volume of inbound coastal trade decreased by 4.9% compared with the same period of the previous year, and the inbound tonnage decreased by 25.3%.^①

Information and Communication

As of the end of 2019, Myanmar has laid 43,000 kilometers of optical fiber and 23,000 communication base stations.^② There are 4 telecommunications operators in Myanmar, namely: Myanmar Post and Telecommunications Company (MPT), Qatar Telecommunications Company (Ooredoo), Norwegian Telecommunications Company (Telenor) and Myanmar Telecommunications International Co., Ltd. (Mytel). In addition, Myanmar has developed Myanmar's own satellite system, the Myanmar Sat-2 system, and has opened international satellite telephones, which are directly connected to 33 countries and regions through 20,000 Asian-Europe submarine optical cables.

Electricity^③

As of the end of 2019, Myanmar has 29 hydropower stations, 1 coal-fired power station, and 14 power stations that use natural gas and waste to generate electricity. Kayah, Yangon, and Mandalay provinces in Myanmar rank among the top three in terms of power supply rates, while Terindayi, Ayeyarwady and Rakhine states have lower power rates. According to the statistics of the Myanmar Statistical Yearbook 2019, as of the end of FY2018, the total installed power capacity of Myanmar was 5,651 MW (Fig. 2-1). In recent years, the demand for electricity in Myanmar has been increasing year by year, and there is still a large gap in industrial electricity, which is difficult to guarantee during the peak period of electricity consumption, and power outages are more common. As more and more power station projects are completed and put into operation and transmission lines are improved, the power consumption of industry and residents will gradually improve.

① Ministry of Transport and Communication of Myanmar: www.motc.gov.mm.

② Department of Telecommunications: <https://dot.gov.in/reports-statistic/2475>.

③ Ministry of Electric Power and Energy of Myanmar: www.moee.gov.mm/en/ignite/page/11.

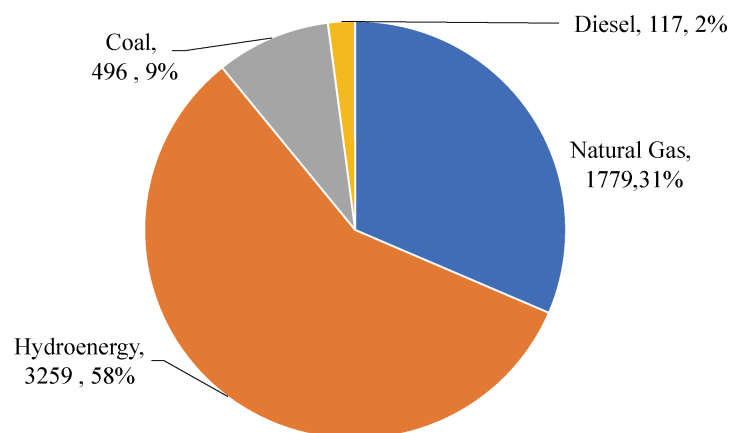


Fig. 2-1 The scale and proportion of various types of power generation in Myanmar in 2019 (Unit: MW) ①

2.3 Production Cost

Electricity Price

Myanmar implements a tiered electricity price charging standard. The current electricity price charging standard has been implemented since July 2019. The current electricity price in Myanmar is at a relatively low level in the world.

Table 2-1 Myanmar Electricity Price Charging Standard (From July 2019)^②

Monthly electricity consumption (Unit: degree)		Price (Unit: kyat/degree)
Household	0-30	35
	31-50	50
	51-75	70
	76-100	90
	101-150	110
	151-200	120
	201 and above	125
Commercial/Industrial	0-500	125
	501-5,000	135
	5,001-10,000	145
	10,001-20,000	155
	20,001-50,000	165
	50,001-100,000	175
	100,001 and above	180

① Myanmar Statistical Yearbook 2019: www.csostat.gov.mm.

② Ministry of Electric and Energy of Myanmar : moe.gov.mm/en/ignite/page/593.

Water Price

In Myanmar, large and medium-sized cities are provided with municipal water supply. Taking Yangon City as an example, the Yangon City Government is responsible for setting water tariff standards. The average water cost is about 55 kyats/m³ (about 0.04 US dollars/m³).

Table 2-2 Water tariff standards in Yangon, Myanmar (From Jun. 2017)^①

Type of water	Monthly water consumption	Price	
		Unit: Kyat/m ³	Unit: USD/m ³
Household	0-30m ³	34.98	0.02
	30.01-50.01m ³	50	0.03
	50.02-75.01m ³	69.99	0.05
	75.02-100.01m ³	89.99	0.06
	100.02-150.02m ³	109.98	0.08
	150.03-200.03m ³	119.99	0.08
	200.04m ³ and above	124.99	0.09

Natural Gas Price

Residents in Myanmar do not have natural gas pipelines, and ordinary residents usually buy canned natural gas. As of December 2020, the market price of canned natural gas is approximately 1,300 kyats/kg (approximately US\$1/kg).^②

Oil Price^③

As of the end of April 2021, the price of diesel in Myanmar was 973.77 kyats/liter (approximately US\$0.625/liter). The price of No. 92 gasoline is about 310 kyats/liter, the price of No. 95 gasoline is about 440 kyats/liter, and the price of No. 97 gasoline is about 760 kyats/liter.

Manpower Supply and Wages

According to the World Bank data, in 2020, the total employed population in Myanmar is

^① Global water supply and environmental infrastructure price network system platform: tariffs.ib-net.org/sites/IBNET/ViewTariff?tariffId=20575&countryId=0.

^② Global Petrol Price: www.globalpetrolprices.com/Burma-Myanmar/natural_gas_prices/.

^③ The Myanmar Times: www.mmmtimes.com/news/fuel-prices-continue-falling.html.

about 22.95 million, a decrease of 5.11% from the previous year; the unemployment rate is 1.79%, an increase of 2.58% from the previous year.^① The overall wage level in Myanmar is relatively low. Since May 2018, the minimum basic wage standard of 4,800 kyats (approximately US\$3.5) per day (except for small businesses and family businesses with less than 10 employees) has been implemented throughout the country. The average monthly salary of ordinary workers is 110,000-200,000 kyats (approximately US\$75-130).^②

Table 2-3 Employment data of Myanmar, 2017–2020^③

Items	2017	2018	2019	2020
Total labor forces (every 10 thousand people)	3,218.44	3,274.60	3,198.95	–
Employed population (every 10 thousand people)	2,428.59	2,469.19	2,418.81	2,295.14
Unemployment rate (%)	1.56	0.87	0.5	1.79

Land and Housing Price

In Myanmar, the price of land varies depending on the purpose of land use, location, surrounding facilities, etc. On average, the annual rent for industrial land is about US\$3-5/m², such as the annual rent for a completed building or factory. It is about US\$50-65/m²; the annual rent for agricultural land is about US\$8-15/acre. The land lease period is generally 50 years, and an extension can be applied for before the expiration of the term.

The monthly rent of office buildings in major domestic cities such as Yangon and Mandalay is US\$20-30/m², and the rent of office buildings in downtown Yangon amounts to US\$40-50/m²/month. In Myanmar, foreign companies can also choose to rent hotels or high-end private houses as their office space.

① World Bank: databank.worldbank.org/home.aspx.

② WageIndicator.org: wageindicator.org/labour-laws/labour-law-around-the-world/minimum-wages-regulations/minimum-wages-regulations-myanmar.

③ World Bank: databank.worldbank.org/home.aspx.

2.4 Financial Services

Currency and Exchange Rate

Kyat, the legal currency of Myanmar, is freely convertible. Since 2018, Myanmar has adopted a floating exchange rate system. From 2016 to 2020, the exchange rate of the kyat against the U.S. dollar fluctuates to a certain extent. On April 30, 2021, the closing price of the kyat against the U.S. dollar was US\$0.000642.^①

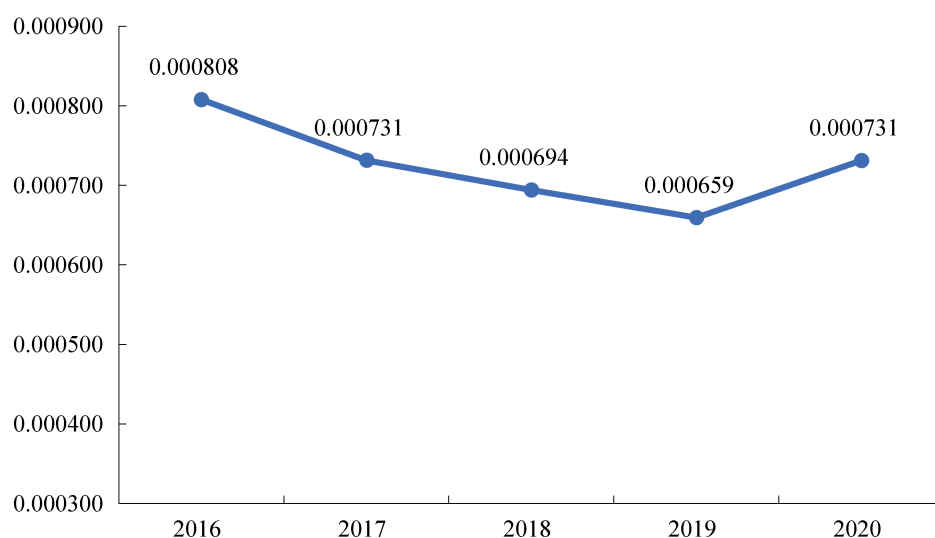


Fig. 2-2 Exchange rate between Kyat and USD, 2016–2020 (average value in current year)^②

Foreign Exchange Management^③

The Foreign Exchange Administration of the Central Bank of Myanmar is the administrative department for foreign exchange. Without the permission of the Administration of Foreign Exchange, no one may buy, sell, borrow, or exchange foreign currency. At present, Myanmar has not completely lifted foreign exchange control, but in recent years, it has gradually increased its opening up. Foreign investors can handle relevant foreign exchange business through local banks.

① Central Bank of Myanmar: www.cbm.gov.mm.

② Central Bank of Myanmar: www.cbm.gov.mm.

③ Central Bank of Myanmar: www.cbm.gov.mm.

Table 2-4 Main Regulations on Foreign Exchange Management^①

Items	Main Regulations
Cash management	Non-resident individuals can carry no more than US\$10,000 or equivalent foreign currency when entering Myanmar, and do not need to declare it to the customs.
Fund remittance management	Foreign investors can remit investment-related funds abroad. The main types of funds include: ①The capital specified in the provisions of the Central Bank of Myanmar on capital account; ②Income, dividends, royalties and other recurring income items; ③Funds obtained from investment projects or assets sold in whole or in part; ④Cash income from investment in Myanmar; ⑤Salaries and remunerations received by foreigners employed in Myanmar.
Funds exchange management	Starting from 2018, commercial banks are allowed to flexibly carry out fund exchange services in accordance with the reference exchange rate issued by the Central Bank, and can determine the specific exchange rate within the range of $\pm 0.8\%$ based on the reference exchange rate issued by the Central Bank.

Financial Institutions

Financial Regulators.^② The Central Bank of Myanmar is the unit that formulates and implements the monetary policy, is responsible for the management and supervision of financial institutions, and undertakes the functions of financial institution approval, license issuance, and industry management. The Financial Supervision Bureau (FRD) under the Ministry of Planning, Finance and Industry of Myanmar was formally established in 2014 to undertake the supervision of financial institutions (including banks, securities and insurance industries). The Myanmar Securities and Exchange Commission is responsible for issuing business licenses to the securities industry of Myanmar's companies and supervising the securities trading activities of the Yangon Stock Exchange.

Bank. There are 4 state-owned banks in Myanmar (Myanmar Economic Bank, Myanmar Investment and Commercial Bank, Myanmar Foreign Trade Bank and Myanmar Agricultural Development Bank), 27 private banks, 13 foreign banks and 51 representative offices of foreign banks and credit companies. As of the end of May 2020, the base rate of kyat is 7%, the lower

① Central Bank of Myanmar: www.cbm.gov.mm.

② Oxford Business Group: <https://oxfordbusinessgroup.com/myanmar-2019/financial-services>.

limit of deposit rate is 5%, the upper limit of secured loan rate is 10%, and the upper limit of unsecured loan is 14.5%.^①

Insurance.^② Myanmar's insurance market consists of national insurance companies, private insurance companies and foreign insurance companies. Among them, Myanmar Insurance Company is the only state-owned insurance institution, headquartered in Yangon, with 39 branches in the provinces/states across the country, offering 32 types of insurance including life, aviation, engineering, oil and gas, disability, and travel. The major domestic private insurance companies include: First National Insurance Company, IKBZ, etc., which focus on property insurance business. Life insurance business is still in its infancy and there are fewer types of insurance.

Securities.^③ Myanmar established the Yangon Stock Exchange in December 2015 and officially opened it for trading in 2016. As of April 2021, there are 6 listed companies on the main board, including: First Myanmar Investment Company (FMI), Myanmar Thilawa SEZ Holdings (MTSH), Myanmar Citizen Bank (MCB), First Private Bank (FPB), TMH Telecom Public Company Limited (TMH) and Ever Flow River Group (EFR). The main index is MYANPIX. Foreign citizens can buy shares from domestic companies in Myanmar on the Yangon Stock Exchange.



Special Reminder:

(1) From March 20, 2020, the Myanmar Securities and Exchange Commission has allowed foreigners to invest in the local stock market. Among the current six listed companies, Myanmar First Investment Corporation (FMI), Myanmar Thilawa SEZ Holdings (MTSH) and Ever Flow River Group (EFR) accept foreign shares.

① Central Bank of Myanmar: www.cbm.gov.mm.

② Myanmar Insurance Company: www.mminsurance.gov.mm.

③ Yangon Stock Exchange: ysx-mm.com.

(2) The Central Bank of Myanmar has spoken out to stabilize people's hearts, and banking services are gradually recovering.^① At present, the Myanmar military is trying to force banks to restart operations with fines and revocation of permits. However, due to the unstable security situation, it is difficult for bank staff to replenish cash for ATM machines. Many bank branches can only be temporarily closed.

It is understood that under the tense situation, each bank branch in Myanmar only issues 20 or a limited number of tokens per day. In addition, all international remittances entering Myanmar are subject to strict scrutiny, and the capital turnover of foreign-funded enterprises is time-consuming.

In order to stabilize the domestic financial situation, in May 2021, the Deputy Chairman of the Bank of Myanmar, Wu Wenduo, responded to the current situation of the domestic financial industry, saying that the central bank's restrictions on deposits and withdrawals are makeshift measures and will not affect depositors' deposits no matter what happens and will not bring losses to depositors. Since April 28, the public have been able to transfer money online through mobile data, and Myanmar's domestic banking network has gradually returned to normal. The country will further severely crack down on illegal behaviors such as cash increase transactions.

^① According to the relevant content of Tencent News.



Economy and Trade Policies

3.1 Market Access

Administrative Authorities

The Myanmar Investment Commission (MIC) is the government department in charge of investment. It examines, approves, and issues project permits for the credit status, project accounting, industrial technology, etc. of the declared projects in accordance with the *Foreign Investment Law* of Myanmar, the *Myanmar Citizen Investment Law*, etc. It also provides necessary assistance, supervision and guidance during the implementation of projects, and accept applications for extension, shortening or modification of the time limit of the license agreement. In addition, the Myanmar Investment Commission has the right to make regulations on the industries that encourage investment and the types of investment activities that are restricted or prohibited, and authorize investors to license or endorse. In order to improve the efficiency of foreign investment in Myanmar, the Myanmar Investment Commission has opened one-stop service windows in Yangon, Mandalay and Nayby.

Restricted / Prohibited Sectors

According to the *Foreign Investment Law*, domestic investment projects for foreign investors can be divided into three categories: prohibited investment projects, restricted investment projects and encouraged investment projects. Restricted investment projects can be

further divided into: ① investment projects that are only allowed to be implemented by the federal government; ② investment projects that are not allowed to be implemented by foreign investors; ③ investment projects that are joint venture projects owned together with Myanmar citizens or entities owned by Myanmar citizens only; ④ and investment projects implemented with the approval of relevant departments.

Table 3-1 Foreign investors prohibited/restricted industry categories^①

Items		Main Regulations
Projects prohibited for foreign investors		<ul style="list-style-type: none"> • Related projects that may cause toxic waste to enter Myanmar; • Except for the purpose of research and development, related projects of technologies, medicines, animals and plants that are still in the experimental stage or have not been approved for use, planting and cultivation; • Investment projects that may have an impact on the local traditional culture and customs of the country's ethnic groups; • Investment projects that may endanger public safety; • Investment projects that may have a significant impact on the natural environment and ecosystem; • Investment projects prohibited by current laws.
Restricted investment projects	Investment projects that only the federal government is allowed to implement	Production of security and defense products; production of national defense munitions; postal services; aviation services; maritime navigation services; forest management; radioactive metal production and feasibility studies; domestic power system management; power testing services.
	Only foreign investors are allowed to jointly carry out investment projects through joint ventures with their own citizens or entities owned by their own citizens	<ul style="list-style-type: none"> • Fishing ports and fish products trading activities; • Fish-related research activities; • Veterinary clinic; • Growing crops on agricultural land and selling or exporting them on the domestic market; • Manufacturing and selling plastic products in the domestic market; • Relying on available natural resources to produce and sell chemical products on the domestic market; • Manufacture or sale of combustible solid, liquid, gaseous fuel and aerosol (acetylene, gasoline, propane, hair spray, perfume, deodorant); • Production or sales of oxidants, corrosive chemicals, gaseous liquid and solid industrial chemical gases, biscuits, pancakes, various noodles and spaghetti and other food products, and various types of confectionery; • Production, processing, canning and sales of foods other than milk and dairy products; • Production or sale of malt, malt wine and non-gas liquids; • Manufacture, distillation, blending, rectification, bottling and sales of various spirits, alcohol, alcoholic beverages and non-alcoholic beverages; • Production or sale of pure ice, pure water, and various soaps; • Production and wholesale sales of various cosmetics; • Development, leasing or sales of residences/apartments; • Local tourism services.

① Directorate of Investment and Company Administration: www.dica.gov.mm/en/investment.

Continued

Items		Main Regulations
Restricted investment projects	Investment projects that need to be approved by relevant government departments	A total of 126 industry projects need to be carried out after the approval of relevant departments, including: ①activities related to the production and sales of drugs containing narcotics and psychotropic substances need to be approved by the Ministry of the Interior; ②investment activities in 6 industries including foreign language publications and radio programs to be approved by the Ministry of Propaganda; ③investment activities in 18 industries such as marine fishing and animal husbandry to be approved by the Ministry of Agriculture, Livestock and Irrigation; ④ investment activities in 55 industries such as motor vehicle inspection, railway construction and operation be approved by the Ministry of Transport and Communications.

3.2 Foreign Investment Incentives

Encouraging Foreign Investment Projects

The Directorate of Investment and Company Administration stipulates that foreign investor are encouraged to participate in investment projects covering industries such as agriculture, manufacturing, and information technology services.

Table 3-2 Industries that Myanmar encourages foreign investors to enter into^①

Industry	Main Regulations
Agriculture, Forestry, Livestock and Fishery	Agriculture and its related services (except cultivation and production of tobacco and virginia); Plantations and conservation of forests, and other businesses with forests; Livestock production, breeding and production of fishery products, and related services.
Manufacturing	Manufacturing (except manufacturing of cigarettes, liquor, beer, and other harmful products to health); Power generation, transmission and distribution; Production of renewable energy.
Infrastructure Construction	Establishment of industrial zones; Establishment of new urban areas; City development activities; Construction of roads, bridges and railway lines; Construction of seaports, river ports and dry ports; Management, operation and maintenance of airports; Maintenance of aircrafts.
Educational & other Service	Supply and transport services; Telecommunication businesses; Supply chain and logistics transportation services; Health services; Information technology services; Hotels and tourism; Science research development business.

① Directorate of Investment and Company Administration: www.dica.gov.mm/en/investment.

Enterprises that have obtained the approval of the Investment Commission can enjoy preferential tax policies such as income tax and import tariff. The Government of the Union of Myanmar issued Notification 30/2021 in March 2021, clarifying the composition of the Investment Commission.

Table 3-3 Organizational structure of the Myanmar Investment Commission (according to Notification 30/2021)^①

Job title	Number of Personnel	Department of Origin
Committee Chairman	1	National Management Committee
Vice Chairman of the Committee	1	Ministry of Investment and Foreign Economic Relations
Committee members	6	Ministry of Resources and Environmental Conservation; Ministry of Commerce; Central Bank; Ministry of Agriculture, Livestock and Irrigation; Ministry of Planning, Finance and Industry, etc.
Committee Secretary	1	Directorate of Investment and Company Administration

Tax Incentives^②

Income Tax Reduction and Exemption. The *Myanmar Investment Law* stipulates those different types of investment regions are applicable to different tax exemption policies. Projects that invest in industries encouraged by the country in the region can apply for income tax reduction or exemption from the local Investment Commission.

Table 3-4 Regulations on income tax reduction and exemption in various regions

Investment location (region)	Township of province/state involved	Income tax reduction and exemption period
First-class area (Low-developed areas)	More than 160 townships in 13 provinces/states	7 years
Second-class area (Intermediately developed area)	122 townships in 11 provinces/states	5 years
Three types of areas (Developed area)	14 townships in Mandalay Province and 32 townships in Yangon Province	3 years

Other Tax Reductions and Exemptions. For investment projects that meet the following

① Directorate of Investment and Company Administration: www.dica.gov.mm/en/information-myanmar-investment-commission-mic

② Directorate of Investment and Company Administration: www.dica.gov.mm/en/topic/investment-promotion

conditions, investors can apply for tax incentives to the Directorate of Investment and Company Administration (DICA). After review by the DICA, relevant incentives will be granted, including:

(1) Importing machinery, equipment, parts and construction materials that cannot be obtained locally during the construction or preparation period of an investment project can be exempted from import duties and commercial taxes;

(2) Raw materials and semi-finished products imported for the production of export products are exempt from import duties and commercial taxes.

For investment projects that meet the following conditions, if the Directorate of Investment and Company Administration considers it to be necessary after review, the following incentives will be given to investors:

(1) If the profit from an investment project that has been approved for investment is reinvested in the same type of project or a similar type of project within one year, you can apply for a corporate income tax reduction or exemption;

(2) The accelerated depreciation method is allowed for fixed assets;

(3) Expenses incurred in conducting research and development activities in Myanmar may apply for tax credits.

Land Lease Discount^①

Foreign-funded enterprises investing in Myanmar can lease land from the Myanmar government. The *Myanmar Investment Law* allows the Myanmar Investment Commission to approve long-term land leases for foreign-funded enterprises. The lease term is up to 50 years. If certain conditions are met, it can be extended for 20 years. However, for foreign-funded enterprises, the longest period of land lease shall not exceed 70 years.

In addition, the *Myanmar Special Economic Zone Law* stipulates that foreign investor engaged in business or investment activities in the any special economic zone of Myanmar can

① Directorate of Investment and Company Administration: www.dica.gov.mm/en/topic/investment-promotion

obtain a land lease period of up to 75 years.

3.3 Special Economic Zones

The special economic zones planned for construction in Myanmar mainly include the Dawei Special Economic Zone in Tenasserim Province in southern Myanmar, the Kyauk Phyu Special Economic Zone in Rakhine State in western Myanmar, and the Thilawa Special Economic Zone in southern Yangon.

Table 3-5 Overview of Major Special Economic Zones in Myanmar^①

Special Economic Zone	Location	Scale/Region	Encouraged projects/leading industries
Dawei Special Economic Zone	Tenasserim Province	A total of 9 zones are divided into: high-tech industrial zone, information and communication zone, export product production zone, port zone, logistics and transportation zone, science and technology research and development zone, service zone, secondary trade zone, and zone temporarily designated by the government.	① Raw material processing, mechanized deep processing, warehousing, transportation, services; ② Import of raw materials, packaging materials, machine parts and machinery oil needed for investment from abroad; ③ Import and export trade; ④ Production of products other than medicines and food; ⑤ Upon approval of the Administrative Committee of the Special Zone, foreign-invested enterprises may set up offices in the Special Zone.
Kyauk Phyu Special Economic Zone	Within Rakhine State	The total planned area is approximately 1,000 acres (approximately 4,047 hectares).	It mainly includes 3 industrial projects: port projects, industrial zone projects and residential projects including housing and infrastructure.
Thilawa Special Economic Zone	Dingyin-Kyauktan Township, Yangon Province	The total planned area is approximately 2,400 hectares.	The Myanmar-Japan Thilawa Development Co., Ltd., jointly established by Myanmar-Japan private companies and government organizations in January 2014, is responsible for operation. It plans to attract investments in high-tech industries, labor-intensive industries, textiles and manufacturing in accordance with regulations.

Myanmar administers national special economic zones in accordance with the *Myanmar Special Economic Zone Law*. Investors can apply for being a *free zone investor* or *promotion zone investor* according to the type of business activities and the market in which they are located. Free trade zones are mainly for export markets, including manufacturing, transportation and

① Directorate of Investment and Company Administration: www.dica.gov.mm/en/special-economic-zones

wholesale. Enterprises registered in the free trade zone can enjoy tariffs and other reductions and exemptions. The *promotion zone* is mainly oriented to the domestic market, involving manufacturing, housing, department stores, banks, insurance, schools, hospitals, and entertainment venues.

Table 3-6 Preferential measures for special economic zones in Myanmar^①

Free Trade Zone Investors	Promotion Zone Investors
The corporate income tax shall be exempted for 7 years from the start of operation.	The corporate income tax shall be exempted for 5 years from the beginning of operation.
For 7-12 years from the start of operation, 50% of corporate income tax will be exempted.	For 5-10 years from the start of operation, 50% of corporate income tax will be exempted.
In the twelfth year and beyond, if the profits made within one year are reinvested, the corporate income tax can be reduced by 50%.	In the 10th year and beyond, if the profits made within one year are reinvested, 50% of corporate income tax will be exempted.
Exemption from commercial tax and value-added tax.	An investor can apply for exemption from commercial tax and value-added tax for a certain period of time.
Import duties and other taxes are exempted from raw materials for production, machinery and equipment, parts and accessories required for production, and buildings (such as factories, warehouses, offices, and motor vehicles, etc.).	Duties and other taxes on production machinery, replacement parts, and construction materials for buildings (such as factories, warehouses, offices, etc.) will be exempted for 5 years from the beginning of operation, and 50% tariffs and other taxes will be exempted for 5-10 years.
Import duties and other taxes are exempted for consignment goods and motor vehicles for wholesale or sale to the service industry, and other materials needed for business operations.	Tax rebates can be applied for goods and motor vehicles on consignment for wholesale or sale to the service industry and other materials needed for business operations.
Investors can apply for exemption from import tax or value-added tax, and exemption from customs duties and other taxes on goods imported from the revitalized trade zone to the free trade zone.	-

① Directorate of Investment and Company Administration: www.dica.gov.mm/en/special-economic-zones



Industrial Development

4.1 Development Planning

Myanmar Sustainable Development Plan (2018–2030)^①

In August 2018, the Ministry of Planning, Finance and Industry of Myanmar promulgated Myanmar Sustainable Development Plan (2018–2030), which contains 5 major goals, 28 strategies and 238 action plans for future economic development. The Sustainable Development Plan clarifies the country's three major development goals in the future: ①Peace & Stability (peace and security, national reconciliation, economic stability and strengthen macroeconomic control); ②Prosperity & Partnership between the government and the private sector (job creation, private sector-led growth); ③People & Planet (human resources & social development, natural resources & the environment for posterity of the nation).

Myanmar Investment Promotion Plan (2018–2036)^②

In October 2018, in order to further increase the attraction of foreign investors into the Myanmar market to carry out investment activities, the Myanmar Investment Commission issued a 20-year plan to promote foreign investment titled Myanmar Investment Promotion Plan (MIPP). The plan sets three phased goals for the promotion of foreign direct investment:

① Ministry of Planning, Finance and Industry of Myanmar: www.mopfi.gov.mm.

② Directorate of Investment and Company Administration: www.dica.gov.mm/en/topic/investment-promotion

①2016–2021 is a short-term plan period, and the annual foreign investment is set to 5.8 billion US dollars; ② 2021–2026 is a medium-term plan period, which will attract every year an amount of foreign investment of 8.5 billion U.S. dollars; ③and 2026–2036 is the long-term planning period, and the annual foreign investment is set to be between 12.3 billion and 17.6 billion U.S. dollars.

4.2 Key Industries

Myanmar is rich in forestry and mineral resources. 75% of the world’s teak is produced in Myanmar. Agriculture is the leading industry. Other key industries include processing and manufacturing, energy, and tourism.

Agriculture^①

Agriculture is the basic industry of Myanmar’s national economy. The number of agricultural employee’s accounts for more than 60% of the country’s total population. The arable land area is about 18.21 million hectares, and the per capita arable land area is 4.8 mu. The main crops in Myanmar include conventional crops (such as rice, wheat, corn, beans, etc.) and industrial crops (such as rubber, sugar cane, cotton, palm, etc.). Among them, beans have become one of the most important agricultural products in Myanmar for exporting foreign exchange.

The import demand for agricultural fertilizers is great. Myanmar’s agricultural inorganic fertilizers are mainly imported, and the use of chemical fertilizers follows seasonal trends. Farmers usually plant seasonal crops from May to July, and apply chemical fertilizers in the first few months of planting time and plant growth. Before the arrival of the monsoon season, the demand for fertilizer imports is great. From 2017 to 2020, most of Myanmar’s fertilizer was imported from May to June, accounting for about a quarter of the annual fertilizer imports on average. Most of the imported inorganic fertilizers come from Myanmar’s neighboring countries.

① Myanmar Agriculture Group: www.myanmaragriculture.com.

China is its largest source of imports, immediately followed by Malaysia and Thailand respectively. They are mainly imported through land and Yangon Port.

The labor market is relatively short. In recent years, there has been a widespread labor loss in Myanmar's agriculture. In order to seek high salaries, more workers in rural areas have gradually moved to Yangon and Irrawaddy to engage in construction-related activities. Some workers also choose to go to Thailand and Cambodia and other countries to engage in related jobs in tobacco and other industries. To a certain extent, this has caused a relative shortage of skilled labor in the country's agricultural sector, and also brought high demand for the level of mechanization in the country's agricultural sector.

Agricultural mechanization is gradually promoted. In Myanmar, in order to save labor costs, the use of tractors and combine harvesters and other mechanical equipment will become more common. Myanmar has developed a more convenient loan financing mechanism for farmers to purchase agricultural machinery, such as combine harvesters. Farmers usually only need to pay 10% of the total price as a down payment, and they can apply for a loan period of 2-3 years and repayment. You can choose to make repayments every six months. In addition, the Myanmar government is promoting the sustainable development of agricultural mechanization in the country through the Agricultural Mechanization Agency (AMD); for example, improving farm roads, drainage systems, irrigation networks and other facilities, and giving farmers technical training.

Textile & Garment Sector^①

Myanmar has the advantage of abundant labor resources and low cost, and enjoys the benefits of the Generalized System of Preferences (GSP) in developed countries. In recent years, the export of labor-intensive processing and manufacturing industries represented by textiles has grown rapidly. At present, the garment industry has become a representative industry of

① Myanmar Garment Processing Association: www.myanmargarments.org.

Myanmar's processing and manufacturing industry, with more than 200 domestic garment manufacturers. The Myanmar garment industry mainly adopts the CMP mode (i.e. cutting, making and packaging), and the level of specialization and technology in the country has improved rapidly, especially in professional products (such as technical ski suits and high-performance jackets, special sports gloves, airbags etc.) in terms of manufacturing. At the same time, it is committed to continuously improving the domestic industrial chain and forming a complete supply chain system from bleaching, dyeing, printing, finished products to product export. According to the Development Plan 2015–2024 formulated by the Myanmar Garment Manufacturers Association (MGMA), the garment industry will gradually transform from the CMP production model to the FOB (full distribution) model^① in the future so as to improve factory productivity, realize environment-friendly production, and optimize manpower market, create a local characteristic industrial culture, and broaden market access in core areas, etc.

In recent years, Myanmar's garment industry has adopted the mode of forming joint ventures or joint ventures with international organizations and enterprises to carry out processing and manufacturing business from production to trade. Representative companies include: the local Shwe Taung No.1 Garment Factory in Myanmar cooperates with the Japan International Cooperation Agency (JICA) and the Japanese Association in Myanmar to provide international business training for local factory employees; No. 9 textile Factory, located in Yongsheng City, Yangon Province and the Korean KATRI Inspection and Research Institute jointly have established a textile and garment inspection and quality certification center that meets international standards.

Energy Industry^②

Myanmar is rich in oil and gas resources, and natural gas is the most important field for

① Note: FOB refers to a series of service processes including fabric procurement, product proofing, production, packaging, ironing, and shipping.

② Ministry of Electric Power and Energy of Myanmar: www.moe.gov.mm/en/.

earning foreign exchange through exports. It is planned to significantly improve the electrification level of the country's residents by 2030. According to data from the Ministry of Electric Power and Energy of Myanmar, as of the end of 2019, there were 104 oil and gas mining blocks in the country, including 53 inland mining blocks and 51 offshore mining blocks. In 2019, a total of 17 foreign energy companies and Myanmar Oil & Gas Enterprise joined hands in the exploitation of natural gas in 26 inland blocks, and 19 foreign energy companies and Myanmar Oil & Gas Enterprise cooperated in the exploitation of natural gas in 37 offshore blocks.

The Ministry of Electric Power and Energy of Myanmar predicts that by 2040, most of Myanmar's electricity supply will come from natural gas and hydropower.

Tourism^①

The world-famous Shwedagon Pagoda of Yangon, Mandalay, the ancient cultural capital, Bagan, the city of Vantaa, Inle Lake's floating villages, and Ngapali beaches are all located in Myanmar. In 2019, Myanmar received a total of 4.3 million foreign tourists. Affected by the COVID-19 epidemic, the number of tourists in 2020 decreased by 75% compared with the previous year. The main sources of tourists are China, Thailand, South Korea, Japan and Vietnam.

The Myanmar government regards tourism as an important industry to promote economic growth, adopts measures to improve tourism infrastructure, and liberalizes visas on arrival. At present, more than 50 countries including Australia, Germany, Italy, Russia, Spain and Switzerland have been included in the signature list. With the launch of the online electronic visa application platform (mip.gov.mm) by the Ministry of Foreign Affairs of Myanmar, citizens of all EU member states can obtain Myanmar visas for tourism and business purposes. Citizens who meet the online application requirements only need to complete a simple online application within a few minutes and receive an e-visa sent directly to their e-mail address. Foreign citizens holding tourist visas can stay in Myanmar for 28 days, and those holding business e-visas can

① Embassy of Myanmar in China: www.myanmarembassy.com/Holiday2021.html.

stay in Myanmar for 70 days. Both visas are valid for 90 days from the date of issuance. In addition, Japanese and South Korean citizens can visit Myanmar visa-free for 30 days. Chinese citizens can apply for a Myanmar visa on arrival at designated windows such as Yangon International Airport, Naypyidaw International Airport, and Mandalay International Airport. Since the beginning of 2021, Myanmar’s tourism industry has shown a relatively strong momentum of development, and the annual growth rate of international tourism is expected to reach 4% in the future.

4.3 Foreign Investment

The main investment advantages that Myanmar boasts are: low price levels, superior geographical location, abundant labor resources and relatively low labor costs, and enjoy the Generalized System of Preferences (GSP) treatment in developed countries. With the promulgation and implementation of *Myanmar’s Investment Law, Investment Rules and Corporate Law* and other laws, the foreign investment environment has gradually improved. In FY 2019–2020, Myanmar absorbed US\$ 5.526 billion in foreign investment, an increase of US\$1.368 billion or 32.89% from the previous financial year.

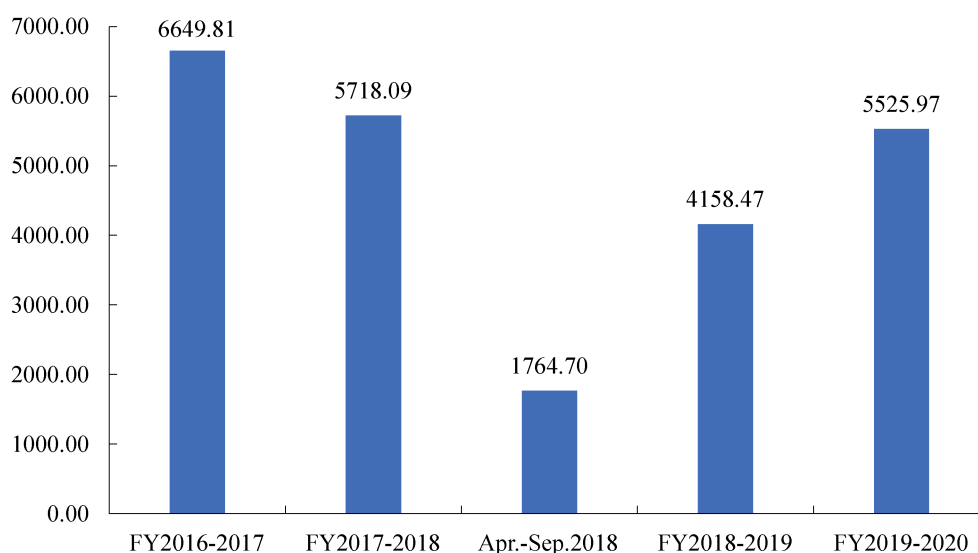


Fig. 4-1 FDI in Myanmar, 2016–2020 (Unit: US\$1 million)^①

① Directorate of Investment and Company Administration: www.dica.gov.mm/en/data-and-statistics

Foreign Capital Sources

In FY 2019–2020, the overseas markets with the largest investment in Myanmar are Singapore (33%), Hong Kong (26%), Japan (14%), China (10%) and the United Kingdom (8%).

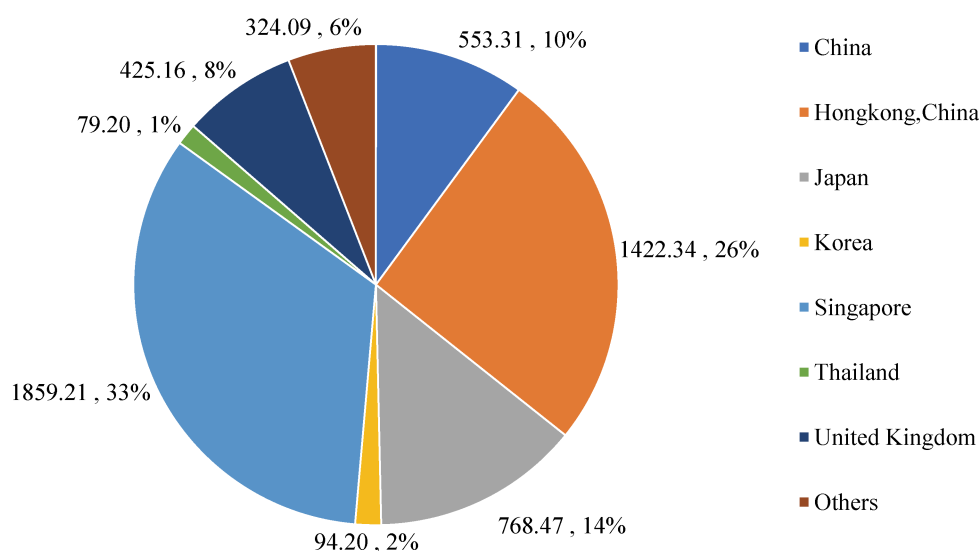


Fig. 4-2 Origin of Myanmar's FDI in the FY2019–2020 (Unit: US\$1 Million)^①

Industry Distribution of Foreign Investment

In FY 2019–2020, the energy industry represented the industry that attracted the most foreign investment in Myanmar, with an amount of about US\$1.672 billion, accounting for 30.26% of the total foreign investment; followed by manufacturing, attracting US\$1.128 billion in foreign investment, accounting for 20.42%; and the real estate industry, attracting foreign investment of US\$1.116 billion, accounting for 20.20%; the rest included, by sequence, other service industries, oil & gas industries, transport & communications, industrial parks, livestock, tourism & hospitality, agriculture and mining.

^① Directorate of Investment and Company Administration: www.dica.gov.mm/en/data-and-statistics

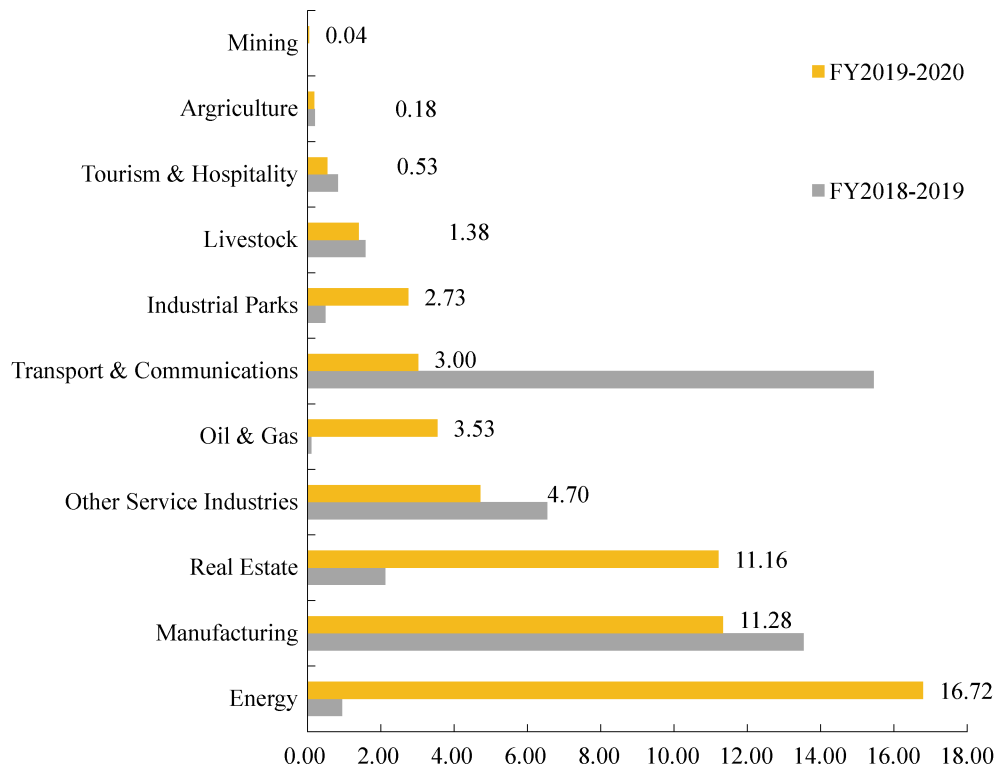


Fig. 4-3 Industry Distribution of Myanmar’s FDI, FY2018–2020 (Unit: US\$ 1 Billion)^①

① Directorate of Investment and Company Administration: www.dica.gov.mm/en/data-and-statistics



Starting a Business

5.1 Registering a Business

Competent Authorities

The Myanmar Investment Commission is the competent authorities for foreign investment. It manages Myanmar's investment affairs and reviews foreign investment projects in accordance with the *Myanmar Investment Law 2016*. The Investment Commission examines and approves the credit status, project accounting, industrial technology of the declared projects, issues project licenses, and provides necessary assistance, supervision and guidance in the process of project implementation. Each province/state in Myanmar has a provincial/state Investment Commission responsible for the approval of investment projects in each province/state. The upper limit of investment approval authority at the provincial/state level is US\$ 5 million (or 6 billion kyats). If the amount exceeds the above amount or involves special investment projects, it must be approved by the National Investment Commission. In order to improve the efficiency of foreign investment registration in Myanmar, Yangon, Mandalay, and Naypyidaw have opened one-stop service windows to provide enterprises with services such as business registration and renewal in conjunction with relevant departments and institutions.

The Ministry of Planning, Finance and Industry of Myanmar is formed by the merger of the

former Ministry of National Planning and Economic Development and the Ministry of Finance, and consists of the Central Statistical Organization, Ministry of Investment and Foreign Economic Relations, Directorate of Investment and Company Administration, and the Project Development Evaluation Bureau. Among them, the Directorate of Investment and Company Administration is a government department established in accordance with the 2016 *Myanmar Investment Law*. It serves as an investment promotion agency in Myanmar, provides investment policy recommendations, and reviews and encourages investment projects.

Entity Types

According to *the Corporate Law* of Myanmar 2017, foreign investors can establish wholly-owned companies, joint stock companies, branches, representative offices and joint ventures in Myanmar.

Sole Proprietorship. In Myanmar, a sole proprietorship can obtain domestic labor, raw materials, land, public facilities, etc., and investors are responsible for operation and management and also their own profits and losses.

Joint Venture. Foreign investors can set up joint ventures together with Myanmar natural persons, private enterprises, cooperatives, and state-owned enterprises. Usually, foreign investors provide machinery and equipment, technology, working capital, public facilities, etc., and partners in Myanmar provide land, labor, or raw materials. Under normal circumstances, when the contract expires, all the assets of the enterprise can be owned by the party providing the land, and the other party completely withdraws. *The Corporate Law* of Myanmar imposes clear shareholder restrictions on joint venture companies established by foreign investors, that is, at least 2 shareholders (at least 1 foreign investor and 1 national citizen) are required, and the registered capital of the enterprise shall not be less than US\$ 50,000.

Stock Company. Also known as a public limited company, *the Corporate Law* of Myanmar

stipulates that at least 7 shareholders and a minimum registered capital of US\$50,000 are required to establish a joint-stock company. To get listed on the Yangon Stock Exchange, a registered capital of at least US\$ 500,000 is required. In Myanmar, the access barriers for service industries such as hotels, restaurants, and consulting agencies are relatively low, while the entry barriers for import and export trade and production industries are relatively high.

Branches. *The Corporate Law* of Myanmar stipulates that the minimum registered capital of a branch established by a foreign company in the country is US\$ 50,000. The number of shareholders of the branch shall not be less than one, and the authorized representative of the company can be either a national or a foreign citizen. Branches in Myanmar can carry out business activities and issue invoices within the country, and the parent company shall bear full responsibility for it.

Representative Office. Foreign companies can set up representative offices in Myanmar. *The Corporate Law of Myanmar* stipulates that the number of shareholders must be at least one and the registered capital must be at least US\$50,000. Representative offices can engage in local liaison or marketing activities on behalf of the headquarters, but their businesses are limited to market surveys, feasibility studies, data collection, etc. They cannot engage in activities related to production or commerce, nor can they independently issue invoices.

Registration Procedure

Since August 2018, investors can choose to register their company on the MyCo-Myanmar Companies Online electronic platform (www.myco.dica.gov.mm/) of the Directorate of Investment and Company Administration.

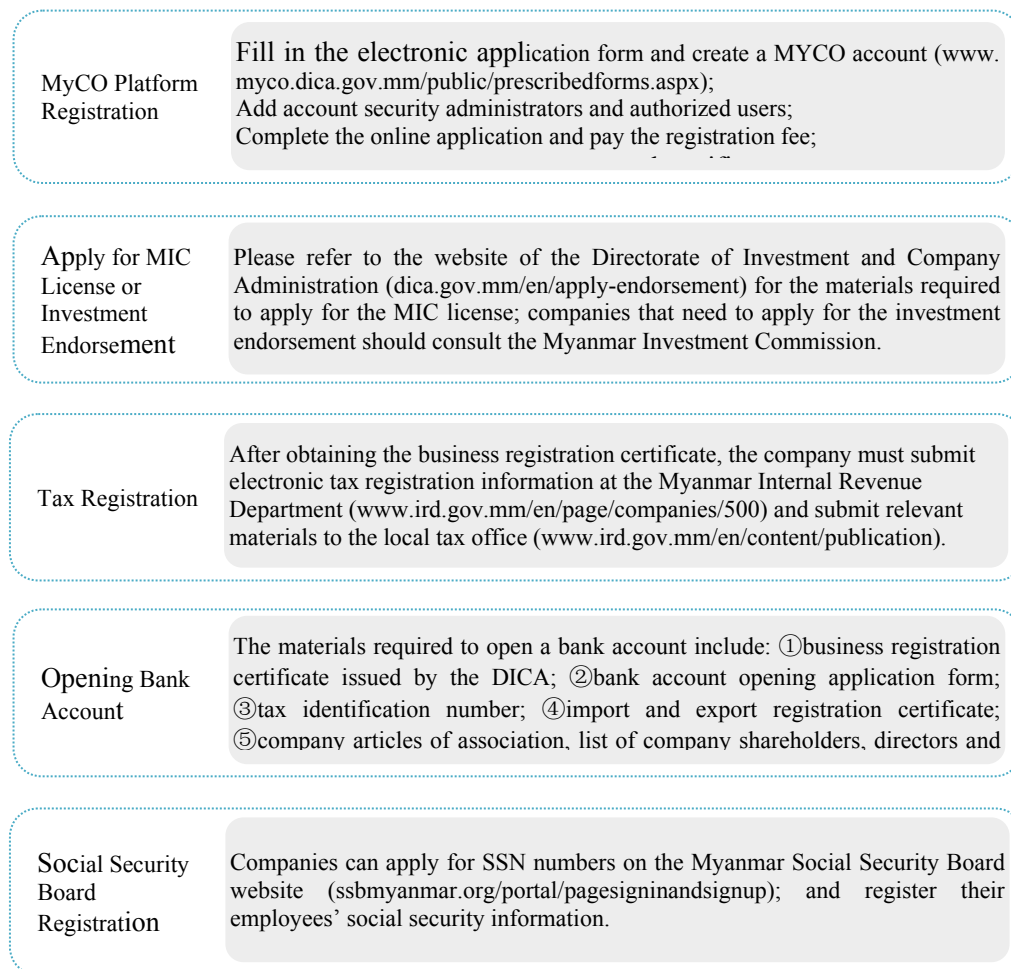


Fig. 5-1 Main Procedures for Business Registration

When foreign investors engage in the following business activities, they need to apply for the MIC license of the Investment Commission:^①

(1) Activities that are vital to the national strategy, including: information and communication, medical, biotechnology, logistics/energy infrastructure projects, urban development, new urbanization, multimedia, etc. (investment value more than US\$ 20 million) projects; Projects carried out in cooperation with the government (with an investment value of more than US\$ 20 million); investment projects in border areas or military conflict areas; investment projects involving cross-border, cross-provincial/state or cross-regional investment; need to occupy or use more than 1,000 local areas Investment projects of acres of agricultural land; ⑥investment projects that require the occupation or use of more than 100 acres of local non-agricultural land.

^① Directorate of Investment and Company Administration: www.dica.gov.mm/en/.

- (2) Large-scale and capital-intensive projects;
- (3) Projects that may have a greater impact on the environment and local communities;
- (4) Using state-owned land and buildings;
- (5) Other projects required by the government to be submitted to the Investment Commission (MIC).

The procedure for foreign investors to apply for the MIC license of the Investment Commission is shown in Fig. 5-2.

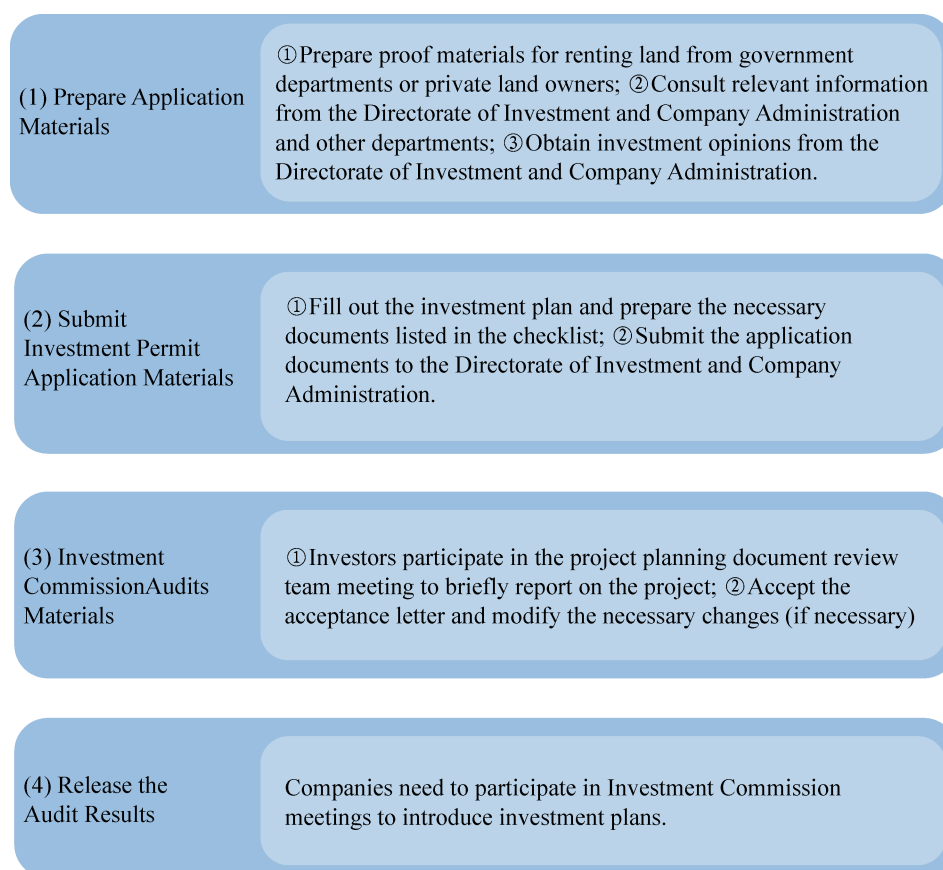


Fig. 5-2 Procedures of Applying for MIC License^①



Special Reminder:

(1) In order to obtain preferential policies such as long-term land use rights and tax deductions as stipulated in *the Investment Law of Myanmar 2016*, investors may need to apply for

^① Directorate of Investment and Company Administration: www.dica.gov.mm/en/.

investment endorsement from the Investment Commission.

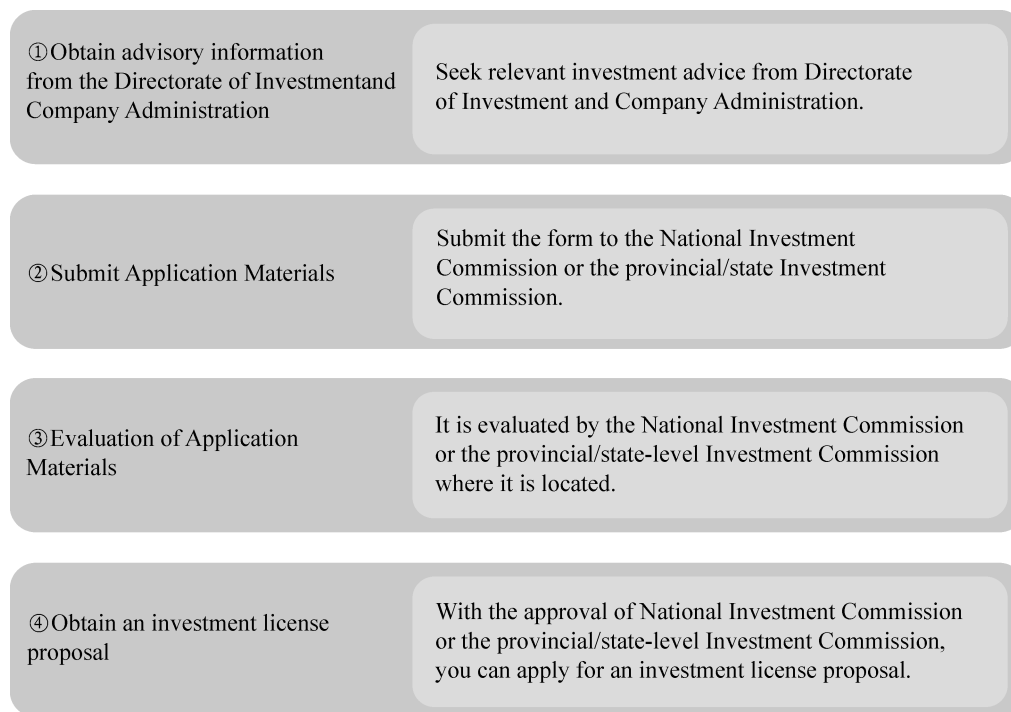


Fig. 5-3 Procedures for investment endorsement application^①

(2) Investors can receive tax relief when they carry out encouraged investment projects, but they must submit an application for tax incentives to the Directorate of Investment and Company Administration in advance.

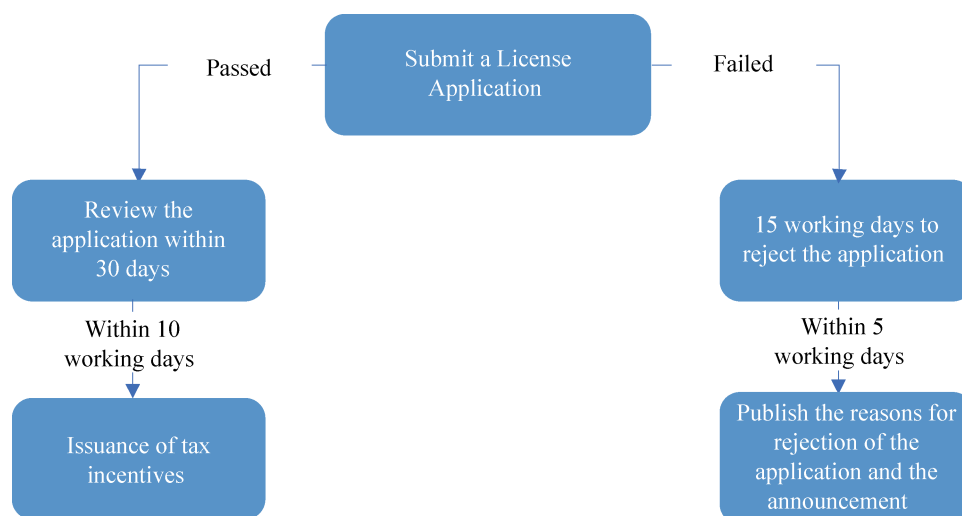


Fig. 5-4 Main procedures for applying for tax incentives^②

① Directorate of Investment and Company Administration: www.dica.gov.mm/en/.

② Directorate of Investment and Company Administration: www.dica.gov.mm/en/.

5.2 Project Contracting

Acquiring Information

Under normal circumstances, various departments of the Myanmar government and subordinate departments or bureaus or directly affiliated enterprises can directly release project bidding information. Provincial governments also invite bids for some self-funded projects, but the number of bids for projects below the municipal level is very small. Mainstream media in Myanmar (e.g. *The New Light of Myanmar* and *The Mirror*) also regularly publish project bidding information. Investors can directly log on to the project bank website (projectbank.gov.mm) for detailed information.

Obtaining Qualifications of Bidder^①

In recent years, the PPP model has been widely used as a project operation model of government and social capital cooperation in the field of public infrastructure. In 2020, the Myanmar National Plan and the Public-Private Partnership Center (PPP Center) under the Ministry of Planning, Finance and Industry issued the Non-Government Bidding Project Implementation Measures (hereinafter referred to as the “Implementation Measures”) to facilitate all levels of departments to propose and review project proposals for private enterprises. The Implementation Measures apply to investment projects worth 2 billion kyats or more, and projects worth less than 2 billion kyats will still be implemented in accordance with the previous measures.

① Ministry of Planning, Finance and Industry of Myanmar: www.mopfi.gov.mm.

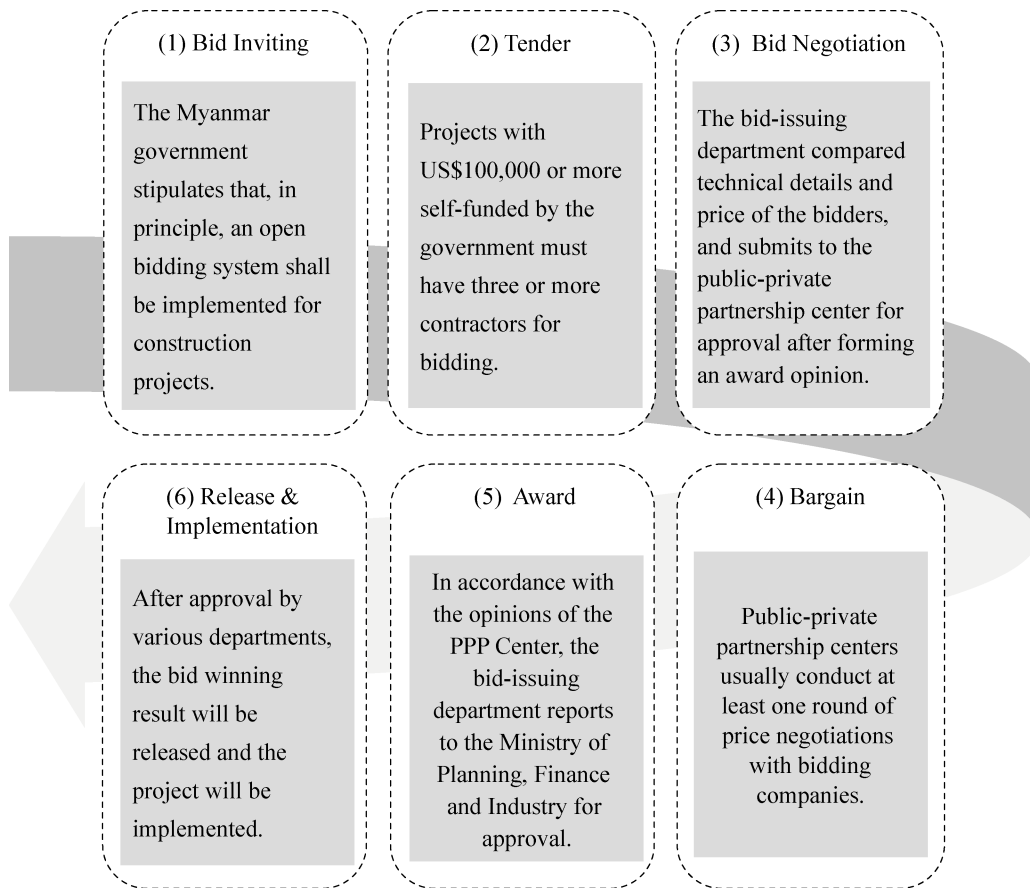


Fig. 5-5 Basic Process of Bidding for Engineering Projects^①

Bidding^②

For some projects with tight schedules and clear instructions from the government, it is possible to adopt limited bid invitation or bid negotiation methods. In addition, credit projects that are funded by enterprises generally adopt bid negotiation methods. In 2020, the Ministry of Construction of Myanmar announced a list of more than 1,000 enterprises that have registered to contract government construction projects. Registered enterprises can contract the construction projects of federal-level organizations, federal ministries, Naypyidaw municipal committees, and various provincial/state government agencies, and can participate in all government-organized bidding projects. The business license is renewed once a year, and there is no need to pay registration fees and annual fees.

① Ministry of Planning, Finance and Industry of Myanmar: www.mopfi.gov.mm.

② Myanmar's Ministry of Construction: construction.gov.mm.

Prohibited Areas

Although there is no express provision, in actual operation, foreign companies are generally not allowed to intervene in development projects involved in sensitive projects such as Myanmar's military and national defense, as well as precious mineral resources (such as gem mines and jade mines).

5.3 House Leasing

The Parliament of the Union of Myanmar promulgated the *Condominium Law* on January 29, 2016, and the Ministry of Construction promulgated the Implementation Rules for *Condominium Law* in December 2017. According to the law, foreigners can purchase apartments in accordance with the law, but the area of apartments held by foreigners shall not exceed 40% of the saleable area of the project. *Myanmar's Apartment Law* applies to apartment buildings with an area of no less than 20,000 square feet (about 1,858 square meters) and no less than 6 floors. In Myanmar, after both parties of a house lease sign a house lease agreement, both the lessor and the lessee need to pay the intermediary the remuneration, usually equivalent to one month's rent each.^①

Table 5-1 Some of the intermediary platforms for renting houses in Myanmar

Agent Name	Contact Information
iMyanmarHouse.com	Telephone: +097 7070 5000 Website: www.imyanmarhouse.com Address: 561, 11th Floor, 567 Merchant Rd, Yangon City
Real Estate Myanmar	Telephone: +097 9492 0181 Website: www.realestate-myanmar.com Address: 185-B Thudathana Rd, Thingangyun Township, 11071, Yangon
Myanmar-Housing	Telephone: +951 230 3086 Website: www.myanmar-housing.com Address: No.237-239, China Town Condo 8F, Corner of 10th street and Anawrahta Road, Lanmadaw Township, Yangon City

^① MLR Law Library: www.myanmar-law-library.org/spip.php?page=pdfjs&id_document=79.

Continued

Agent Name	Contact Information
Property.com.mm	Telephone: +094 4004 7477 Website: www.property.com.mm Address: Shwe Hintha Tower, Pyay Road, Hlaing Township, Yangon

5.4 Opening a Bank Account

A foreign company can open a company account in a local bank in Myanmar. The required account opening materials include: ①company registration certificate; ②MIC license (if any); ③clauses of the organization’s memorandum (if any); ④Investment Commission endorsement (if any); ⑤import and export Permit (if any); ⑥the company’s shareholder list; ⑦passport, visa, residence certificate and other identity documents of the legal representative and authorized agent. At the same time, it is stipulated that all materials must be stamped with the company’s official seal, and all documents must be provided with originals for review.^①



Special Reminder:

Before 2020, the Burmese currency deposit and loan interest rates set by the Central Bank of Myanmar have remained stable for more than 10 consecutive years. Since the promulgation of the economic relief plan for the COVID-19 epidemic in 2020, the Central Bank of Myanmar has repeatedly adjusted the base rate of kyat and deposit and loan rates. Local commercial banks can set their own foreign currency demand deposits and time deposit interest rates.

5.5 Employee Recruitment

Myanmar employee recruitment channels can be roughly divided into four categories: traditional online recruitment, fresh graduate recruitment, headhunting recruitment and government-sponsored recruitment platforms.

^① Sources: Myanmar’s KBZ Bank: www.kbzbank.com

Table 5-2 Myanmar's Employee Recruitment Channels

Channels	Name	Website
Traditional online recruitment	JobNet.com.mm	www.jobnet.com.mm
	Jobboard Finder	www.jobboardfinder.com
	MyJobs.com.mm	www.myjobs.com.mm
	JobSeeker	www.jobseeker.com.mm
Fresh graduate recruitment	University of Yangon (University of Yangon)	www.uy.edu.mm
	University of Mandalay (University of Mandalay)	www.mu.edu.mm
	Yezin Agricultural University (Yezin Agricultural University)	www.yau.edu.mm
Head-hunting	Asia-HR	www.asia-hr.com
	My World	www.myworld.com.mm/client/recruitment-services
	New Horizons	www.nhglobalpartners.com/countries/myanmar/recruitment-headhunting-in-myanmar/
Government-sponsored recruitment platform	Myanmar Job	www.myanmarjob.gov.mm

5.6 Financing

Bank Loans

Local banks in Myanmar can provide financing for foreign companies, using asset mortgage as the main financing guarantee, and they can also choose to use guarantees or standby letters of credit issued by other banks as guarantee conditions. These banks are mainly divided into two types: bank overdrafts and fixed-term commercial loans.

Table 5-3 Regulations for bank loan application^①

Item	Bank overdraft	Commercial loans for small, medium and micro enterprises
Scope of application	For business development and domestic capital flow needs	Improve the liquidity of SME working capital
Loan term	1 year	Usually, 3 years and below (It depends on the situation of each bank)
Repayment	Loan interest is paid along with the principal	Interest is paid monthly; principal can be applied for monthly/quarterly/semi-annual/annual payment
Type of Collateral	Real estate, treasury bonds and other types of securities, machinery and equipment, fixed deposits or savings deposits, inventories, gold, company shares, etc.	

^① Myanmar's KBZ Bank: www.kbzbank.com

Continued

Item	Bank overdraft	Commercial loans for small, medium and micro enterprises
Loan application materials	Company materials include: company business license, company registration information form, tax return for the past three years, and company financial statements for the past three years; in addition, a company registration certificate, company articles of association, articles of association, company employees, and shareholder information, etc. must be issued from the Directorate of Investment and Company Administration (DICA); loan information approved in writing by the board of directors, and an updated audited balance sheet; companies engaged in import and export business must hold an import and export license with a valid date; Personal materials include: personal identity certificate and copy, household registration certificate, residence information certificate, etc.; Collateral materials include: title deeds and related documents, real estate history, collateral photos, etc.	
Others	Generally, the loan term cannot be extended directly. If you need to extend the loan, you need to reapply for the loan limit.	Borrowers are allowed to use up to 20% of the total loan amount for company capital, and the other 70% must be used for working capital investment.

In addition, the state encourages the provision of commercial loans for enterprises engaged in farming and livestock breeding, small, medium and micro enterprises, and construction enterprises. Myanmar's state-owned bank, Myanma Economic Bank (MEB), has formulated a special loan plan for enterprises in related industries.

Table 5-4 Notification of Disbursement of Medium-term Loan from MEB to SMEs^①

Sector	Business	Sector to Disburse	Interest rate	Periods
Agriculture	Agriculture, animal husbandry, farming and livestock breeding enterprises	Disbursement of loans through the Myanmar Agricultural Development Bank (MADB)	9%	3-5 years
Small and Medium Enterprises Sector	Agricultural export-oriented enterprises, recyclable and energy-saving enterprises, technology-based enterprises and services	Disbursed directly by the Myanma Economic Bank	9%	
Construction Industry	Building materials production enterprises	Disbursement of loans through the Myanmar Construction and Housing Development Bank (CHID)	11%	

Bond Issuance^②

As of the end of 2020, Myanmar has not yet supported the issuance of corporate bonds by foreign companies. According to information from the Myanmar Bond Market Forum, the

① Myanma Economic Bank: www.meb.gov.mm/en/?p=167.

② Myanmar Bond Market Forum: www.myanmarbondmarketforum.org/en/characteristics-of-the-myanmar-bond-market.

government has established a corporate bond supervision system, which will promote the further development of the bond market in the future.

The Myanmar bond market is dominated by government bonds, including government bonds, U.S. dollar bonds and Treasury bonds. At present, the government bonds issued by the Myanmar government to financial institutions, government departments, other institutional investors and retail investors are divided into 2-3 years and 5 years. Treasury bonds are divided into 3 months, 6 months and 12 months, and all allow bonds to be traded in the secondary market. The bond price is set by the authorized sales agent appointed by the Central Bank of Myanmar (CBM) at the time of auction and/or sale.

Listing on the Exchange^①

The development of the Myanmar securities market is relatively small. Relative to the listing on the Myanmar Stock Exchange, companies usually raise funds through private equity financing. In 2019, venture capital institutions such as DCM Dai Sheng Capital (New Zealand), Anthem Asia (Myanmar), Daiwa PI Partners (Japan) and Yangon Capital Partners (Thailand) initiated and established the Myanmar Private Equity & Venture Capital Association (PE&VCA). PE&VCA aims to provide a resource co-construction and sharing platform for private equity investment institutions in Myanmar, and help member institutions find high-quality investment projects in Myanmar through regular meetings, training, online negotiations and other activities.

5.7 Applying for Patents and Registering Trademarks

Application for Patents

The Ministry of Intellectual Property of Myanmar adopts the registration system for registration of patents. According to current regulations, foreigners cannot directly apply for patent registration. They must apply in the name of a legally registered Myanmar-based company

① Myanmar Private Equity & Venture Capital Association: mpevca.org.

or as an individual Myanmar-based local agent.

Application Materials. The application form, patent ownership declaration (signed and notarized); in addition, the registration number, the country and the background information must be attached to the declaration if it has been registered in other countries, The power of attorney of the patent agent (signed and notarized), the signature and seal of the notary must be verified by the embassy of relevant country in Myanmar.

Application Procedures.

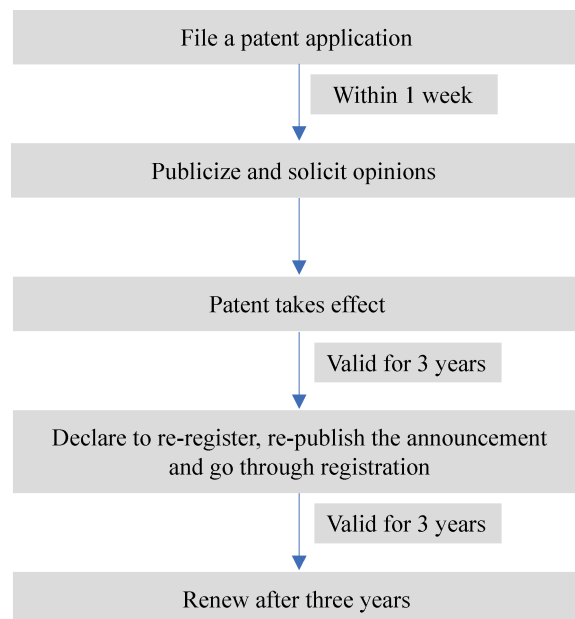


Fig. 5-6 Invention patent application process in Myanmar^①

Registration for Trademark

The Ministry of Intellectual Property of Myanmar, in accordance with provisions of the *Trademark Law*, implements the “First-to-file principle” for trademark registration applicants, that is, trademark ownership cannot be applied for until the actual application is filed. Both local and foreign trademark owners can apply for trademark registration, and foreign applicants should appoint a local agent to apply. As of April 2021, the Ministry of Intellectual Property of Myanmar will accept new trademark registration applications, and simultaneously cancel the trademark registration priority of the “original prior trademark” that has not been resubmitted during the

① Ministry of Intellectual Property of Myanmar: www.ipd.gov.mm/copyright.

“transition period” (October 2020-March 2021) .

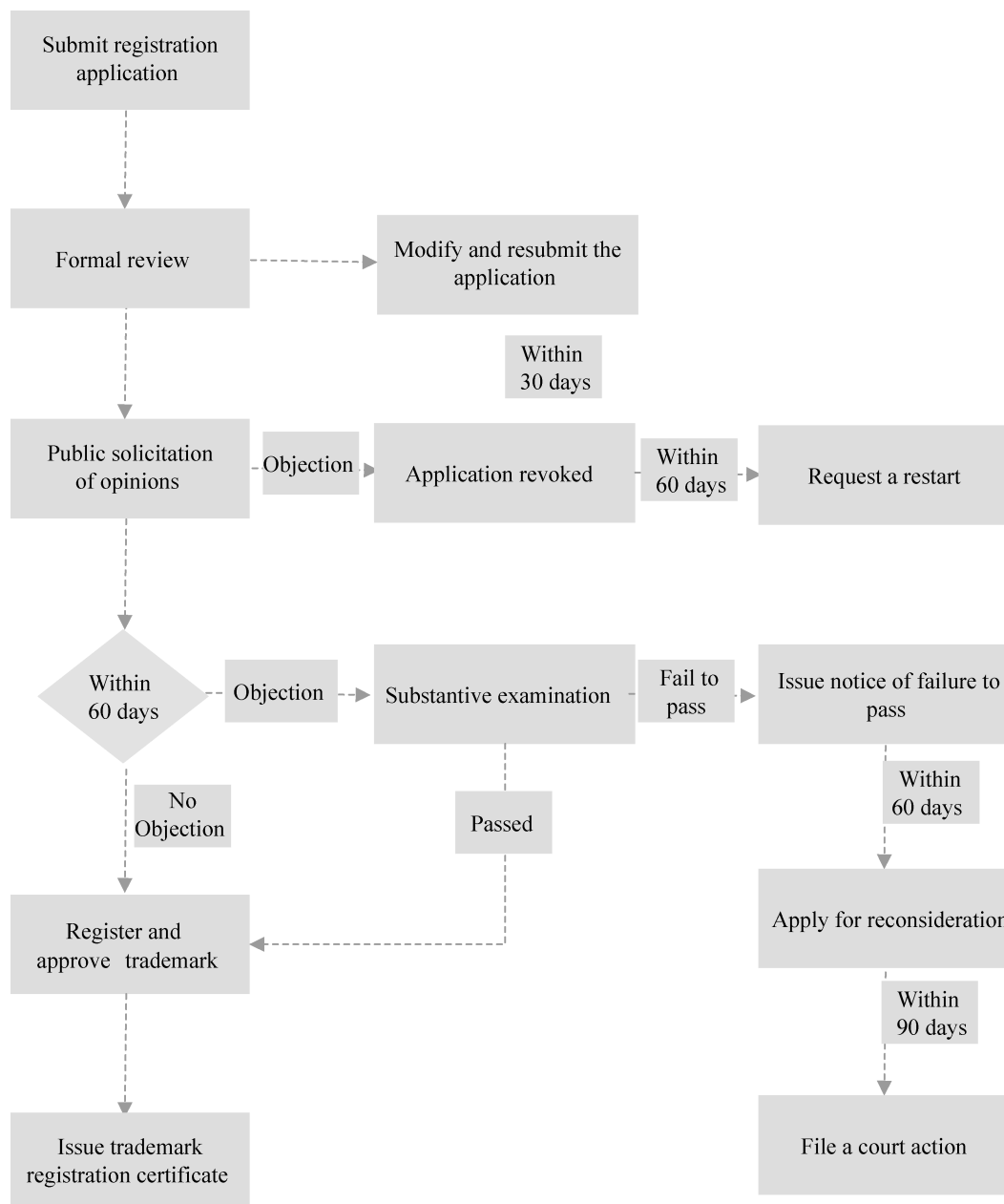


Fig. 5-7 Application process for trademark registration in Myanmar^①

5.8 Tax Payment

Tax Declaration

The Ministry of Planning, Finance and Industry of Myanmar stipulates that the time varies

① Ministry of Intellectual Property of Myanmar: www.ipd.gov.mm/trademark.

slightly for declaration of corporate income tax, individual income tax, business tax and capital gains tax.

Table 5-5 Tax declaration period and time in Myanmar^①

Tax	Payment/Declaration Cycle	Time Limit for Payment
Corporate Income Tax	Declaration by quarter	Completed within 10 days after the end of each quarter
Individual Income Tax	Declaration by month	The employer must complete the tax payment and submit relevant instructions to the inland tax bureau within 7 days after it deducts the employee's individual income tax each month
Business Tax	Payment by month, declaration by quarter	Pay up tax prior to the 10th of the following month
Capital Gains Tax	Declaration by transaction time	Complete tax payment and declaration within 1 month since disposal of the assets

Tax Declaration Channels

Enterprises need to declare tax to local tax administrators of relevant provinces/states and transact the tax receipts in accordance with the requirements of taxation authorities. The tax collection period is the same as the fiscal year (Sep.1st to Aug. 31st of the following year).

Table 5-6 Myanmar's tax categories and declaration documents

Taxpayer	Tax categories declared	Tax declaration documents/deadline
Corporate	Consumption tax	①Importers who are required to pay consumption tax should submit a consumption tax declaration form to the customs administration; ②Manufacturers and exporters subject to consumption tax must submit the consumption tax return to the relevant agency within one month of the taxable quarter; ③The consumption tax return is submitted every quarter.
	Business Tax	Submit the return within one month after the end of the taxable quarter.
	Corporate Income Tax	The documents must be submitted to the Inland Taxation Bureau within three months after the end of the taxable year.
Individual	Individual Income Tax	Required documents include: ①personal income statement; ②breakdown of property lease within three months after the end of the taxable year; ③breakdown of purchase and construction of real estate, vehicles, ships and shares within 30 days after the sale of related assets.
Sole Proprietorship	Consumption tax	①Importers who are required to pay consumption tax should submit a consumption tax declaration form to the customs administration; ②Manufacturers and exporters who are required to pay consumption tax must submit the consumption tax return to the relevant township/town tax bureau within one month of the taxable quarter; ③The consumption tax return is submitted every quarter.

① Internal Revenue Department of Myanmar: www.ird.gov.mm/en/page/29635.

Continued

Taxpayer	Tax categories declared	Tax declaration documents/deadline
Sole Proprietorship	Business Tax	Within one month after the end of the taxable quarter, submit the declaration form to the relevant township/town tax office.
	Individual Income Tax	The income tax return of a sole proprietorship business must submit the documents to the township/town tax office within three months after the end of the taxable year.

Tax Declaration Procedures

Tax-paying enterprises in Myanmar need to hire a local certified accountant to assist in sorting out the accounts and issuing the tax return. After being signed, the tax return will be delivered by the accountant to local tax authority, which will in turn notify the enterprise to pay the tax after the tax is ratified.



Legal Provisions

6.1 Land^①

Competent Authorities and Relevant Laws

The current laws and regulations governing land management include the *Agricultural Land Law* and its implementation rules, the *Open Land, Idle Land and Wasteland Management Law* and its implementation rules, etc. Land resource management departments in Myanmar are relatively decentralized, and the main management departments include the Ministry of Agriculture, Livestock & Irrigation, the Ministry of Construction, the Ministry of Forestry, and the National Open Land, Unused Land and Wasteland Management Committee.

Ministry of Agriculture, Livestock & Irrigation is mainly responsible for managing arable land resources across the country, and formulating the land tax collection rate of relevant agricultural land, collecting land taxes and fees, carrying out lease registration and agricultural land management.

Ministry of Forestry manages the country's forestry land, and examines and approves private enterprises' lease of idle forestry land, etc.

Ministry of Construction is responsible for the construction, maintenance and refurbishment

① Legal Affairs Department of CCPIT, Studies on Laws of the “Belt & Road” Countries-Myanmar.

of roads & bridges, construction projects and residential projects within the budget determined by other departments etc.

Ministry of Land Management, Urban Planning and Construction is responsible for examining and approving state-owned, cooperative, joint venture and other enterprises that want to use open land, idle land and wasteland to engage in cultivation, breeding and related economic development businesses, and grant loans to those who have obtained the right to use land according to their cultivation and breeding scale.

Land Classification

Myanmar is abundant with land resources, mainly including arable land and construction land. In Myanmar there is still a large portion of lands awaiting reclamation and exploitation for other purposes such as arable land and construction. *The Union Constitution (2008)* stipulates that Myanmar implements the state-owned land system, with land types being divided into agricultural land, forestry land, engineering construction land, and residential land.

Provisions on Acquisition of Land by Foreign-funded Enterprises

Myanmar has imposed relatively rigorous restrictions on the operation and use of land by foreign investors. In general, before the right to use land or the farming right is sold, pledged, leased, or donated to or exchanged with foreigners or foreign organizations, relevant permits shall be first obtained for foreign enterprises that have obtained the MIC license, the first land lease period is 30 years. At the expiration of the lease, application for an extension of 15 years under the approval of the MIC may be submitted. According to the *Land Law*, fine or administrative penalty will be imposed on those in breach of relevant laws, and those involved in criminal offences will be investigated from their criminal responsibilities in accordance with the *Criminal Law*. Foreign-funded enterprises can obtain the right to use land mainly through the following three ways:

(1) After approval by the government, obtain the right to use land from the government or individuals by means of leasing;

(2) Apply for the right to use land in the name of a joint venture with Myanmar citizen as investor;

(3) Obtain the right to use land from development of real estate project based on the build-operate-transfer mode (BOT) can Such projects can be wholly foreign-owned or jointly funded with the government.



Special Reminder:

Foreign-funded enterprises can apply to the Ministry of Agriculture, Livestock & Irrigation to rent idle land in Myanmar for cultivation of crops. In addition, *the Land Law* stipulates that land users shall pay corresponding land taxes and fees, and the tax rate depends on the specific investment project. *The Land Law* also prescribes that after the user obtains the right to use land, he must operate and use the land in strict accordance with the approved business project or the crops type, and shall not change the crops type at will.

6.2 Tax

Competent Authorities and Relevant Laws

Myanmar's taxation is managed by the Ministry of Planning, Finance and Industry, the Ministry of Home Affairs, and Myanmar Customs, etc. Main laws and regulations in relation to tax include *Union Tax Law*, *Investment Law*, *Income Tax Law*, *Commercial Tax Law*, *Tariff Law*, and *Yangon Municipal Development Law*.

Tax System

Myanmar adopts the local taxation system. The tax structure is mainly composed of 15 tax types, which fall into four categories including taxation of domestic production and public

consumption, taxation of income, taxation of the right to use state-owned assets, and customs duties. Myanmar government adjusts the tax rate each year. Main tax rates include: income tax, profit tax, commercial tax, capital gains tax, stamp tax and customs duties, etc.



Special Reminder:

In September 2020, the Government of the Union of Myanmar amended *the Union Taxation Law* to adjust business tax, special commodity tax and income tax, and the amendment took effect on October 1st, 2020.

For non-resident companies registered with the Investment Commission, they only need to pay taxes on income derived from Myanmar.

Table 6-1 Myanmar's Corporate Income Tax Rate^①

Taxation Type	Tax Rate (%)
Resident enterprises established in accordance with Myanmar's <i>Corporate Law</i>	25
Resident enterprises registered with the Investment Commission or special economic zones	
Non-resident enterprises or branches of foreign enterprises established in accordance with the <i>Corporate Law</i>	

Individual Income Tax. According to the 2020 *Union Taxation Law*, Myanmar continues to implement the original progressive individual income tax system.

Table 6-2 Myanmar's Individual Income Tax for Non-Resident Taxation^②

Taxable Income (Unit: kyat)	Tax Rate (%)
1-2,000,000	0
2,000,001-5,000,000	5
5,000,001-10,000,000	10
10,000,001-20,000,000	15
20,000,001-30,000,000	20
30,000,001 above	25

According to the 2020 *Union Taxation Law*, the income used to purchase, build infrastructure or start new business or expand existing business can be exempt from individual income

① Myanmar Internal Revenue Department: www.ird.gov.mm.

② Myanmar Internal Revenue Department: www.ird.gov.mm.

tax if evidentiary documents on the source of income are provided; in case of failure to provide such evidentiary documents, the income tax will be still levied in accordance with regulations (Table 6-3).

Table 6-3 Tax Rates on Income with Uncertified Sources (Till Sep. 30th, 2021)

Taxable Income (Unit: kyat)	Tax Rate (%)
1-100,000,000	6
100,000,001-300,000,000	10
300,000,001-1,000,000,000	20
1,000,000,001-3,000,000,000	20
3,000,000,001 above	30

Commercial Tax (CT).^① According to the *Commercial Tax Law*, commercial tax shall be paid in production of specified products or provision of specified services, import of products, and export of certain products in Myanmar. Commercial taxes on imported products are levied by Myanmar Customs along with customs duties. The commercial tax rate for general goods and services is set at about 5%, and some products and services are subject to specific tax rates. For details, please consult to the Myanmar Internal Revenue Department (www.ird.gov.mm):

① A total of 42 categories of goods (such as food and specified health products) are exempt from the commercial tax

② A total of 31 types of services (such as banking and medical services) are exempt from the commercial tax;

③ The commercial tax rate for the sale of real estate is 3%;

④ The commercial tax rate for electricity export is 8%.

Withholding Tax. In Myanmar, capital gains tax is levied on the gains from the sale, exchange and transfer of assets. Assets include not only lands, houses, and vehicles, but stocks, bonds, and contracts. Except for companies that invest and operate in Myanmar oil and natural gas sector, other capital gainers are subject to a 10% capital gains tax. A portion of the withholding

① Myanmar Internal Revenue Department: www.ird.gov.mm.

tax can be reduced or exempted in accordance with the Myanmar Double Taxation Treaty. If the total annual payment is less than 1 million kyats, the withholding tax will be exempted.

Table 6-4 Withholding Tax, FY2020–2021^①

Income type	Applicable tax rate	
	Resident	Non-resident
Dividends	–	–
Interest	–	15%
Royalties	10%	15%
Government organizations, development commissions, Naypyidaw Government Affairs Committee, state-owned enterprises, local enterprises, local governments, etc. shall pay in the form of tendering, contract, and quotation of prices, for products and services they purchase in Myanmar.	2%	2.5%
Paid by public-private joint ventures, joint ventures, companies, associations and other organizations.	–	2.5%

Stamp Tax. According to *Stamp Tax Law*, the Myanmar government imposes stamp tax on different types of contract documents that need to be stamped. For taxable contracts denominated in foreign currencies, the contract value, before the taxation, shall be converted into kyat based on the exchange rate that is issued by the Central Bank of Myanmar for the day. The stamp tax rate depends on the type of contract document.

Table 6-5 Stamp Tax, FY2020–2021^②

Type	Taxation Standard
Real estate lease contract-lease term below three years	0.5% of the annual rent
Real estate lease contract-lease term of more than three years	2% of the annual rent
Sale or transfer of real estate	2% of consideration amount or value for transfer of the property*
Sale or transfer of equity	0.1% of equity value
*Real estate located in Nay Pyi Taw, Yangon and Mandalay is subject to an additional stamp tax, which is equivalent to 2% of the market value of the property.	

Tariff. In Myanmar, most imported products are subject to import tariff of the Myanmar Customs. Myanmar's *Customs Tariff Law* was promulgated and implemented in March 1992. Currently, the tariff rate for imported equipment and spare parts ranges between 0% and 40% of

① Myanmar Internal Revenue Department: www.ird.gov.mm.

② Myanmar Internal Revenue Department: www.ird.gov.mm.

the value of imported products. For details, please visit the website of the Myanmar Customs (customs.gov.mm).

Special Goods Tax Rate (SGT). For special commodities such as cigarette products, alcohol, vehicles, jewelry, petrochemical products etc., special commodity tax is levied based on the sales volume or sales amount. Certain products such as natural gas, rare gems, jewelry, timber, etc. are also subject to special commodity tax. For specific taxation standards, please consult the Myanmar Internal Revenue Department (www.ird.gov.mm).

Table 6-6 Tax rates for special commodities of cigarette products, FY2020–2021^①

Sales Price (Unit: kyat)	Taxation Standard (Per Cigarette)
≤ 600 kyats (about US\$ 0.45)	9 kyats (about US\$ 0.006)
601 kyats (about US\$ 0.45)-800 kyats (about US\$ 0.60)	18 kyats (about US\$ 0.01)
801 kyats (about US\$ 0.60)-1,000 kyats (about US\$ 0.75)	23 kyats (about US\$ 0.017)
> 1,000 kyats (approximately US\$0.75)	26 kyats (about US\$ 0.019)

6.3 Employment

Competent Authorities and Relevant Laws

The Ministry of Labor, Immigration and Population of Myanmar is the department in charge of labor and employment. Myanmar officially promulgated the *Labor Law* in 1951, which is the guiding law in the field of labor forces and employment in Myanmar. Other laws and regulations include: *Labor Organization Law*, *Labor Dispute Resolution Law*, *Labor Dispute Resolution Law Implementation Rules*, *Minimum Wage Law*, *Employment and Skill Development Law*, *Leaves Law and Wage Payment Law*.

Main Clauses^②

Labor Contracts. The *Labor Law* stipulates that a contract must be signed between the

① Myanmar Internal Revenue Department: www.ird.gov.mm.

② Myanmar Ministry of Labour, Immigration & Population: www.mip.gov.mm.

employer and the employee, in order to determine the employment relationship. Labor contracts are divided into fixed-term labor contracts and non-fixed-term labor contracts. The type of contract and the length of the contract term shall be determined by the employer and the employee through negotiation. The labor contract usually stipulates that the probation period for the employees shall not exceed 3 months. After the labor contract is signed, a duplicate must be submitted to the township/town labor office for record. If either side of the labor contract needs to terminate the labor contract in advance, it must notify the other side one month in advance. Where the employer will terminate the fixed-term labor contract in advance, if the employee's working period is less than 3 years, the employer must pay the employee 3 months of salaries as compensation. If the working period is longer than 3 years, the employer must pay the employee 5 months of salaries as compensation. If the employee takes the initiative to terminate the labor contract in advance, the employee shall pay the employer certain number of liquidated damages.

Working Hours. Employees of companies, shops, trade centers, service-oriented enterprises, and entertainment venues work 8 hours a day, no more than 48 hours a week; workers of factories, oil fields, and mines work 8 hours a day, no more than 44 hours a week. Employees of private enterprises can enjoy 6 days of temporary leave each year, 30 days of sick leave, 10 days of paid annual leave and 21 days of public holidays.

Salary Payments. According to different types of work, the salaries of workers are paid based on piece-work system, hourly work system, daily work system or monthly work system. The Myanmar government promulgated the national minimum salary level 4,800 kyats (currently in force) in 2018.

Medical Insurance and Social Insurance. According to *Social Welfare Law*, any employer who hires more than 5 employees shall complete social security registration within 30 days as of the opening date, as well as paying social premium on a monthly basis. Myanmar's social security system mainly falls into two categories, including health and social care insurance and

work-related injury insurance. The social premium base is the employee's basic salary (calculation base is capped at 300,000 kyats/month), and the ratio is set at 5%, among which the employee contributes 2% (withheld and paid by the employer) and the employer contributes 3%. Myanmar does not levy pension premium and unemployment premium at present.

Hiring Foreign Employees

Foreigners who intend to work in Myanmar need to tackle issues concerning visa extension and residence permit (Table 6-7).

Table: 6-7 Regulations on hiring foreign employees in Myanmar^①

Type	Competent Authorities	Main Regulations
Business Visa	Ministry of Labour, Immigration & Population	Foreign citizens who intend to work in Myanmar must hold a valid passport and obtain a business visa in advance. To apply for a business visa, a work/business invitation letter must be issued by relevant departments of the Myanmar government or enterprises. The business visa is valid for 70 days and can be extended.
Temporary Residence Permit		Foreign citizens who need to stay in Myanmar for more than 90 consecutive days must apply for a temporary residence permit at the Immigration Bureau in advance. Those who fail to apply for a temporary residence permit will be denied visa extension.
Extension of business visa and residence permit		Employees of foreign-funded enterprises officially registered in Myanmar, local employees in Myanmar, or employees of third-country foreign-funded enterprises registered in Myanmar, can apply to the Myanmar Investment Commission for assistance in transaction of visa and residence permit extension.



Special Reminder:

Myanmar is a typical Buddhist country that enjoys a time-honored history and a profound traditional culture. In Myanmar, the trade unions have a strong voice, so that worker-related activities like strike sometimes take place. Foreign investors should sum up experience and lessons, fully respect the differences in culture and politics, discover problems in time, and proactively adopt localized methods to resolve problems from the source, in order to ensure the normal running of their business activities.

^① Myanmar Ministry of Labour, Immigration & Population: www.mip.gov.mm.



Investment Practice:

Thousand-people strike breaks out in opposition to the salary calculation means in Myanmar^①

In December 2019, a 20-day strike broke out in an apparel company. More than 1,800 workers participated in the strike, and the actual loss of the factory exceeded US\$1 million.

The cause of the strike was that the company abolished a work process. There are 5 working processes in the garment-making flow. Employees at various positions are responsible for different work processes and are paid by the work process. Since the workers lack relevant skills, a work process in the Third Workshop was completed by workers of other workshops, but workers of the Third Workshop still received salary for the total of 5 work processes. In October 2019, the factory discovered this problem when calculating the salary and labor costs, thus it decided to revoke the pay for the unavailable work process in the Third Workshop, and required the workshop director to issue a notice and exchange ideas fully with the employees.

The director of the Third Workshop, for some reasons, failed to talk with the workers in time. As a result, workers of the Third Workshop could not understand the reason for the “shortage” of the salary or the salary calculation principle. On December 3rd, they organized a strike and blockaded the main gate of the factory, preventing the Company from transporting containers full of ready-made garments to the terminal for shipment.

After being informed of this circumstance, the Company said that it was ready to return the deducted salaries to the workers. Since the trade union got involved in the workers’ strike beforehand, it refused to accept the company’s refund on behalf of the workers and brought forth 10 propositions to the Company for example, resumption of the remuneration scheme that was suspended two years ago, sharp increase of the reward for service age and assignment of

① Sources: www.mmgpmedia.com.

production work based on employees' working capability rather than standard working hours' system (CAM).

However, no prior application for this strike was filed to the government, and also there was no approval document from the government or no advanced notice made to the employer. On December 12th, the Department of Labour, Immigration & Population of Yangon determined this strike as an illegal strike, and the employer had the right to fire the workers who participated in the strike. Shortly after this, workers on strike broke into the Management Office, and committed a series of aggressive behaviors. For example, they destroyed the monitoring cameras, locked and covered the doors/windows, and confiscated the management's mobile phones with force. The Company then filed a suit against 15 strike leaders.

Comment: When investing in Myanmar, foreign-funded enterprises should pay attention to timely communication with employees. Particularly in matters concerning salary, holiday, overtime work, etc., effective notices shall be issued to employees. In addition, in Myanmar garment industry, there are a large number of trade unions with strong voice in Myanmar.

6.4 Protection of Intellectual Property Rights

Competent Authorities and Relevant Laws

The Department of Intellectual Property of Myanmar is responsible for trademark, industrial design and matters in relation to patent application. As of January 2019, Myanmar successively revised a series of laws pertinent to intellectual property rights, including *Trademark Law*, *Industrial Design Law*, *Patent Law*, and *Copyright Law*.

Applying for Patents and Registering Trademarks^①

Applying for Patent. According to the *Patent Law*, patents are divided into two categories including Invention Patent and Petty Patent. An invention patent should be novel, creative and of practical use, while a small patent should be novel and of practical use only. An invention patent is valid for 20 years, while a small patent is valid for 10 years. According to the *Patent Law*, the principle of “first to file” also applies to patent application.

Registering Trademark. According to the *Trademark Law*, Myanmar adopts the “first to file” principle for trademark registration, that is, the trademark right is granted to the person who filed first rather than the person who used it first. The validity period for trademark registration is 3 years, and it can be extended when expired, and each application for extension shall be filed 6 months in advance.

Punishment Measures^②

The *Trademark Law* and the *Patent Law* do not set clear restrictions on the penalties against various forms of infringement upon trademark rights or patent rights. The *Copyright Law* imposes a fine of more than 20 kyats but not more than 500 kyats on behaviors of infringement upon copyrights. Since the law was revised in 1914, the penalty cannot attain originally desired effect at present. In Myanmar, disputes over trademark rights or patent rights are usually settled through friendly negotiations. In case of related disputes, investors should refer to the *Specific Remedies Law* and other civil and criminal laws to protect their rights and interests.

6.5 Import and Export Management

Competent Authorities and Relevant Laws

The Ministry of Commerce of Myanmar is the competent authority in charge of import and

① Legal Affairs Department of CCPIT, Studies on Laws of the “Belt & Road” Countries-Myanmar.

② Legal Affairs Department of CCPIT, Studies on Laws of the “Belt & Road” Countries-Myanmar.

export of the country, under the Ministry of Commerce there are Department of Trade, Department of Consumer Affairs, and the Myanmar Trade Promotion Organization, which respectively exercise their management responsibilities. The Import and Export Coordination Committee is responsible for tackling disputes arising from the import and export process. Relevant regulations include *Import and Export Law*, *Plant Inspection and Quarantine Law*, *Commodity Sales Law*, *Competition Law*, *Customs Tariff*, *Proposals on Export Quarantine of Animals*, *Animal Products and Feed*, *Proposals on Export of Fishery Products*, *Recommendations on Imported Fishery Products*, *Notice on Issuing Import and Export Licenses*, etc.

Inspection and Quarantine^①

According to provisions of the *Myanmar Plant Quarantine Law*, the Agricultural Service Bureau under the Ministry of Agriculture, Livestock & Irrigation is responsible for carrying out specific inspections and issuing import certificates and inspection & quarantine certificates. Plants and plant products for export abroad shall be disinfected and sterilized if necessary, and a plant quarantine certificate shall be issued. SPS qualification certificate can be applied for at Yangon Headquarters and all border checkpoints in accordance with the law. Imported live animals, animal products, animal feed and veterinary drugs also demand the import inspection license issued by the Ministry of Aquatic Products, Animal Husbandry and Rural Development and the Ministry of Health and Sports.

According to the *Myanmar Plant Bacteria Epidemic Prevention Law*, no one is allowed to import plants, plant products, bacteria, beneficial organisms and soil from abroad until obtaining an import license. When necessary, insecticide-spraying and sterilization shall be implemented for the plants or plant products that will be shipped abroad. Meanwhile, a Certificate of Sterility shall be issued after the operation.

① Legal Affairs Department of CCPIT, Studies on Laws of the “Belt & Road” Countries-Myanmar.

Regulations^①

According to requirements of the General Tariff Agreement of the WTO, the Myanmar Ministry of Commerce prohibits the import and export of certain commodities that endanger public morality and jeopardize lives of human beings, animals, and plants, for example, imported gold and silver, weapons & ammunitions, and the like. Tariff schedule of Myanmar currently in force is the *Customs Tariff (2017)* (www.customs.gov.mm/Tariff%20Law), which clarifies the tariff rates of various commodities. In addition, Myanmar within ASEAN jointly implements the *ASEAN Trade in Goods Agreement (ATIGA)* together with other ASEAN members, and has signed free trade area treaties with China, South Korea, Japan, Australia, New Zealand, India and other countries, in order to enter into specific timetable for tariff concession. The importer records and certifies the origin of the goods through the certificate of origin issued by the exporting country, and has decided whether to grant tariff concessions on the goods.



Special Reminder:

In Myanmar, certificates of origin are divided into preferential and non-preferential certificates of origin. Herein, non-preferential certificates of origin mainly refer to general certificates of origin (CO), which are issued by the Myanmar Federation of Industry and Commerce (UMFCCI) and other organizations. The preferential certificate of origin mainly includes the GSP certificate of origin (FORMA) and various regional preferential certificates of origin (FTA).

6.6 Environment Protection

Competent Authorities and Relevant Laws

The environmental authority in Myanmar is the Ministry of Resources and Environmental

① Legal Affairs Department of CCPIT, Studies on Laws of the “Belt & Road” Countries-Myanmar.

Conservation. The Ministry of Agriculture, Livestock & Irrigation is responsible for environmental protection in various fields. Relevant laws include *Environmental Protection Law*, *Animal Health and Development Law*, *Plant Inspection and Quarantine Law*, *Forest Law*, *Wild Animals, Plants and Natural Area Protection Law*, etc.

Regulations on Environmental Assessment^①

The *Environmental Impact Assessment Procedure* issued by the Ministry of Resources and Environmental Conservation of Myanmar stipulates that for investment projects that have potential negative impacts on the environment according to the Ministry of Resources and Environmental Conservation of Myanmar, an environmental assessment report shall be submitted in advance; for projects in small scale that have small potential impact on the environment, only preliminary inspection report shall be submitted; for investment projects of Category 141 including energy, agriculture, manufacturing, garbage disposal, water supply, infrastructure, transportation, mining, etc., environmental assessment reports or preliminary inspection reports shall be submitted.

The environmental assessment report must be prepared by a qualified third-party institution. The responsible organ in charge of deliberation of the environmental assessment report shall be organized by the Ministry of Resources and Environmental Conservation, and composed of experts from relevant departments, governmental departments, professional institutions and civil society organizations (CSO). There are no clear regulations in respect of environmental impact assessment cost and time, but in general, environmental impact assessment period is relatively long, lasting for half a year or more. Enterprises need to enhance the contact with environmental protection departments, provide relevant documents according to requirements of the Ministry of Resources and Environmental Conservation, and get through specific examination and approval procedures.

① The Ministry of Resources and Environmental Conservation of Myanmar: www.ecd.gov.mm/sites/default/files/Law%20PDF/EIA%20procedure.pdf.



Investment Practice:

SZ Company encounters environmental problems after investing in Myanmar^①

In 2010, SZ signed an agreement with relevant authorities of Myanmar to rent 13 hectares of farmlands near Yangon to grow corn. In June 2012, a large number of villagers blocked the office shed of SZ, expressing their protest and demanding that SZ company must move out of local area. Some villagers even went directly into the corn growing land, cutting down and damaging the corns, which exerted a huge impact on the company's production and operation.

According to the villagers, SZ had grown corn for three consecutive years, and the single farming means would cause loss of soil nutrients. In addition, SZ abused chemical fertilizers and sprayed pesticides excessively, which damaged the soil and polluted local water sources, that accordingly caused deterioration of nearby agricultural environment, endangered normal growth of the organisms, and jeopardized the ecological balance.

Comment: Myanmar is a large agricultural country that consumes a large quantity of chemical fertilizers each year. Foreign-funded enterprises should choose the types of chemical fertilizers with caution, and strictly control the quality of chemical fertilizers. Also, they should adopt scientific farming methods, strengthen environmental protection management, develop ecologically and environmentally friendly agriculture, observe Myanmar's environmental protection policies and regulations, and regulate their environmental protection behaviors.

6.7 Anti-commercial Bribery^②

Competent Authorities and Relevant Laws

The competent authority in charge of anti-commercial bribery in Myanmar is the Anti-Corruption Commission, which is responsible for investigating and filing lawsuits against

① CCPIT, Guide on the Business Environment of Foreign Countries for Investors-Myanmar (2019)

② Lexology Law Firm: www.lexology.com/library/detail.aspx?g=f6a3d43f-e409-492b-a706-1547f914bcfc.

behaviors in breach of the *Anti-Corruption Law*, helping and supervising private sectors like the company to formulate code of business ethics and the anti-bribery & anti-corruption mechanism. In 2018, the Directorate of Investment and Company Administration issued the *Anti-Corruption Code of Ethics for Companies and Body Corporates Announcement* (Anti-Corruption Code of Ethics for Companies and Body Corporates), which applies to all corporate entities registered in Myanmar. That year, the *Anti-Corruption Law* was revised to clearly set forth corruptive behaviors.

Concept of Commercial Bribery

In Myanmar, activities that are considered as commercial bribery mainly include:

- (1) Gifts from direct or indirect sources, and all entertainment-related concessions;
- (2) Provide financial convenience directly or indirectly to obtain business opportunities;
- (3) Provide political donations directly or indirectly;
- (4) Serve on a company or organization and give aids directly or indirectly for the private interests.

Punishment Measures

There are 3 ways to deal with related benefits such as gifts from commercial bribery: ① benefits are directly returned; ② the receiving party gives the sending party the cash equivalent (that is, fair consideration equivalent to the market value of the gift is given); ③ perishable gifts (e.g., fruits and flowers) received may be given to others; In addition, the *Anti-Corruption Law* stipulates that up to 15 years of imprisonment and penalty of relative amount will be imposed on government officials and civil servants in breach of relevant regulations.



Dispute Resolution

7.1 Judicial System

In Myanmar, the national judicial institution is mainly composed of the Union Supreme Court, provincial/state high courts, autonomous prefecture/county courts, county/township courts, military courts, and constitutional courts. Myanmar has set up a Union Supreme Court with 7-11 judges. Each province/state has a provincial/state high court with 3-7 judges. In addition, county and township courts are set up in the provinces/states without autonomous regions. Where there are autonomous regions in provinces/states, autonomous prefecture and township courts are set up in autonomous prefectures; autonomous county courts and township courts are set up in autonomous counties, and county/township courts are set up in districts directly under the Union government. The Constitutional Court is composed of 9 members, which are recommended by the President (3 members), the Chairman of the People's Chamber (3 members), and the Chairman of the National's Chamber (3 members). Among them, one member is elected as the President of the Constitutional Court for a tenure of 5 years. At the expiration of the tenure, the President of the Constitutional Court can continue performing duties until establishment of a new Constitutional Court. The Constitutional Court is responsible for ruling on cases in dispute among the Union government, provinces/states, and autonomous regions.

7.2 Dispute Resolution

Litigation

General Civil Litigation. The system of civil procedure rules in Myanmar is complex, including dress for court hearing, court discipline, court language, evidence presentation and cross-examination, court debate, making verdict, and enforcement procedure, etc.

In Myanmar, township courts are responsible for handling civil cases with litigation amount of not greater than 10 million kyats; autonomous prefecture/county courts are responsible for handling civil cases with litigation amount of above 10,000 kyats and less than 1 billion kyats. For civil cases with litigation amount exceeding 1 billion kyats, the court of first instance must be a provincial/state high court.

Main Proceedings.^① For example, the lawsuit on labor dispute and contract dispute gets through three steps below:

(1) Pre-trial Meeting. The trial judge is responsible for accepting the case, and assigning the case to subordinate judges for trial according to the re-registered litigation amount and the judge's power of civil adjudication.

(2) Hearing or Trial Procedures. The plaintiff is responsible for presenting the evidence, and filing the lawsuit. After the trial is over, both parties shall make closing statement, and the judge will announce the verdict and register the case.

(3) Judgment Results and Appeal. If the court decides in favor of the plaintiff, the verdict and decree will be enforced by the plaintiff against the defendant. In addition, if any party disagrees with the verdict made by the court of first instance, it can appeal to the higher court relative to first-instance court. For example, if a party has disputes over the first-instance verdict of a town-level court, it can file a lawsuit with an autonomous prefecture/county-level court. If there is a dispute over the verdict of an autonomous prefecture/county-level court, it can appeal to

^① ASEAN Chief Justice Council: cacj-ajp.org/web/myanmar/court-procedure-and-court-processes.

a high court at provincial/state-level.

Arbitration

Arbitration Institution. Federation of Chambers of Commerce and Industry officially established the Myanmar Arbitration Center (MAC) in 2019, which is responsible for handling domestic arbitration cases. Main international arbitration institutions in the country are Singapore International Arbitration Center (SIAC), International Chamber of Commerce (ICC) and Hong Kong International Arbitration Center (HKIAC).

Arbitration Provision.^① Myanmar officially acceded to the New York Convention in 2013, and *the Arbitration Law* was revised and put into force in 2016, establishing regulations for domestic and international arbitrations. Regarding the types of labor disputes, *the Arbitration Law* stipulates that for issues that fail to be settled through conciliation a detailed report containing opinions for the handling must be submitted, together with the case, to the Myanmar Arbitration Center (MAC) within 2 days, and the arbitration center will form a trial jury for hearing. The Arbitration Center must make an arbitration decision within 14 days (exclusive of statutory holidays) from the date when it receives the case, as well as deliver the arbitral award to the parties concerned within 2 days (exclusive of statutory holidays).

Mediation

Mediation Institution. In Myanmar, labor disputes must first be mediated by the Township/Town Workers Supervision Committee. If mediation fails, the dispute can be resolved through arbitration or litigation. In addition, for disputes arising from business activities, both parties to the dispute may apply for mediation to the Investment Commission that issued the investment license. If mediation by the Investment Commission fails, the dispute shall be submitted to the Office of Economic Dispute Resolution.

① Legal Affairs Department of CCPIT, Studies on Laws of the “Belt & Road” Countries-Myanmar.

Mediation Procedures.^① Taking labor disputes as an example, either the employer or the employee can submit their claims to the individual dispute mediation organization. If there is any objection to the mediation organization's decision, they can apply to the negotiation organization. The negotiation organization shall deal with the dispute in the following way: ①properly handle it within 3 days (exclusive of statutory holidays) from the day when it knows or receives the case; if the mediation is successful, it must sign a mediation agreement; ②if the mediation is unsuccessful, the mediation documents shall be forwarded to the arbitration organization for mediation by means of arbitration, or be settled by means of litigation.

7.3 The International Commercial Dispute Prevention and Settlement Organization

Organization and Scope of Business

The International Commercial Dispute Prevention and Settlement Organization (hereinafter referred to as "ICDPASO") is an international non-governmental and non-profit organization jointly initiated and established by China Council for the Promotion of International Trade (CCPIT) and China Chamber of International Commerce. In accordance with the concept of "Consultation, Contribution and Shared Benefits", ICDPASO is composed of commercial institutions, trade associations, legal service providers as well as other entities in the field of international commerce around the world on the voluntary basis. On October 15, 2020, the Inauguration Ceremony of ICDPASO was successfully held in Beijing. At present, the secretariat of ICDPASO is officially operational.

ICDPASO is committed to providing the diversified services covering the international commercial dispute prevention and settlement, protecting the legitimate right of the parties, creating the business environment with high efficiency, fairness and justification, and facilitating

① Legal Affairs Department of CCPIT, Studies on Laws of the "Belt & Road" Countries-Myanmar.

the construction of a more justifiable and equitable international economic order. The headquarter of ICDPASO shall be located in Beijing, the People's Republic of China.

The main organizational structures of ICDPASO include (1) the General Assembly of Members; (2) the Council; (3) Secretariat; (4) Advisory Committee; (5) the Committee of Supervision; (6) the business departments which include publicity and training, compliance construction, bankruptcy reorganization, proof of foreign law, commercial arbitration, commercial mediation, investment disputes and other departments etc..

In accordance with the Charter approved by the First General Assembly, the Scope of business of ICDPASO includes: To provide the service of international commercial dispute prevention and settlement subject to the relevant laws, including but not limited to the following activities: publicity and training, dialogue and consultation, construction of compliance of laws and regulations, pre-caution measures, promotion of the standard contract and multi-mechanism of dispute settlement including arbitration and mediation, ect.; To organize international conferences and seminars, to build up the platform for sharing and communicating the information and sources; To collect the opinions, suggestions and interest requests concerning the international commercial dispute prevention and settlement, and to participate in the international events relating to the deliberation, adoption and modification of international rules under the auspices of relevant international institutions or organizations; To make the publication of the statistical data and survey report concerning the international dispute prevention and settlement, to strengthen the capability of managing the information and analyzing the Big Data with respect to the international commercial cases; To cultivate legal talents with international vision, to promote the sharing of experiences and business cooperation among commercial organizations, dispute resolution institutes, academic institutions and think tanks around the world, and to jointly maintain a fair and stable international business transaction environment. ICDPASO is committed to resolving disputes in advance through dispute prevention on the one hand, and providing

one-stop dispute resolution services for parties through diversified dispute resolution methods on the other.

Suggestions for Dispute Prevention and Settlement

(1) Any differences or controversies arising out of or in connection with in a commercial contract shall be eliminated by the dispute prevention services provided by the International Commercial Dispute Prevention and Settlement Organization (“ICDPASO”), including amicable consultation, early intervention, conflict avoidance panels and early neutral evaluation.

(2) All disputes arising out of or in connection with the contract, shall be referred to mediation administered by the International Commercial Dispute Prevention and Settlement Organization (“ICDPASO”) in accordance with the Mediation Rules of ICDPASO in force at the time of filling application.

Any settlement reached in the course of the mediation shall be made a settlement agreement on agreed terms, all parties shall earnestly implement and comply with the award.

In case of failure of the mediation process, the disputes shall be referred to arbitration administered by ICDPASO in accordance with the Arbitration Rules of ICDPASO in force at the time of filling application. The arbitral award is final and binding upon all parties.

(3) All disputes arising out of or in connection with the contract, shall be referred to and finally resolved by arbitration administered by the International Commercial Dispute Prevention and Settlement Organization (“ICDPASO”) in accordance with the Arbitration Rules of ICDPASO in force at the time of filling application.



Free Trade Agreements

8.1 Bilateral Free Trade Agreements

As of May 2021, Myanmar had not signed any bilateral free trade agreement with other countries.^①

8.2 Multilateral Free Trade Agreements

Myanmar has acceded to the ASEAN Free Trade Agreement, through which it signed free trade agreements with China, South Korea, Japan, India, Australia, New Zealand and other countries.^② On November 15th, 2020, the Regional Comprehensive Economic Partnership Agreement (RCEP) was signed among 15 countries, including 10 countries within ASEAN (Singapore, Indonesia, Malaysia, Thailand, Brunei, Cambodia, Laos, Myanmar, the Philippines and Vietnam), as well as China, Japan, South Korea, Australia and New Zealand.

Table: 8-1 Free trade agreements signed by Myanmar

Multilateral Free Trade Agreements
ASEAN- Australia and New Zealand Free Trade Agreement
ASEAN-People's Republic of China Comprehensive Economic Cooperation Agreement
ASEAN-Hong Kong, China Free Trade Agreement

^① Directorate of Investment and Company Administration: www.dica.gov.mm/en/investment-agreements.

^② CCPIT, Guide on the Business Environment of Foreign Countries for Chinese Investors—Myanmar (2019).

Continued

Multilateral Free Trade Agreements
ASEAN-India Comprehensive Economic Cooperation Agreement
ASEAN-Japan Comprehensive Economic Partnership
ASEAN- Republic of Korea Comprehensive Economic Cooperation Agreement
ASEAN Free Trade Area
Regional Comprehensive Economic Partnership

8.3 Regional Comprehensive Economic Partnership (RCEP)

Among the multilateral free trade agreements signed by Myanmar, the “Regional Comprehensive Economic Partnership” (RCEP) is one of the most important multilateral agreements.

Overview of RCEP

On November 15, 2020, the 10 ASEAN countries and the 5 countries including China, Japan, Korea, Australia and New Zealand signed the Regional Comprehensive Economic Partnership Agreement (RCEP). This is the most important achievement made in the construction of East Asian economic integration program in the past 20 years, marking the official launch of the free trade zone with the largest population, the largest size of economy and trade, and the most potential for development in the world. Currently, the total population, total GDP and total exports of the 15 member states of RCEP account for about 30% of the global total respectively.

RCEP consists of preamble, 20 chapters (including: initial clauses and general definitions, trade in goods, rules of origin, customs procedures and trade facilitation, sanitary and phytosanitary measures, standards, technical regulations and conformity assessment procedures, trade remedies, services trade, temporary flows of natural persons, investment, intellectual property rights, e-commerce, competition, small-and medium-sized enterprises, economic and technical cooperation, government procurement, general terms and exceptions, institutional terms, dispute resolution, final clauses), and 4 attached market access commitment sheets (including: tariff commitment

sheet, specific service commitment sheet, commitment sheet on investment reservation and non-conforming measures, and specific commitment sheet on the temporary flows of natural persons).

RCEP allows the unity of high quality and inclusiveness. The share of final zero-tariff products in goods trade will exceed 90% overall, and the overall opening-up of service trade and investment will expand significantly. Meanwhile, RCEP also considers the national circumstances of different countries and grants special and differential treatment to the least developed countries to promote the inclusive and balanced development of the regions. As a result, all parties can fully share the results of RCEP and significantly improve the level of economic integration in East Asia.

RCEP will promote the integration of regional industrial chains, supply chains and value chains, and regional economic growth. The economic structures of RCEP members are highly complementary, with complete capital, technology, and labor elements in the region. RCEP has further relaxed the market access of goods, services, investment and other fields among member countries, gradually unified the rules of origin, customs procedures, inspection and quarantine, and technical standards, etc., significantly optimized the overall business environment in the region, greatly reduced the institutional costs of enterprises, strengthened the cooperation of members in the division of production, promoted the free flow of economic factors in the region, further enhanced the trade creation effect brought by the free trade agreement, and promoted the expansion and upgrading of the consumer market in the region. According to the calculations by an internationally renowned think tank, by 2025, RCEP is expected to drive the exports, foreign investment stocks, and GDP of its member countries to increase by 10.4%, 2.6%, and 1.8% respectively from the baseline.

Myanmar's Commitment to RCEP

SCHEDULE OF TARIFF COMMITMENTS. This Schedule is based on the 2012 ASEAN

Harmonised Tariff Nomenclature version of the national tariff nomenclature of Myanmar. Myanmar shall, as of the effective date of the RCEP, grant concessions to the tariffs levied on the goods of origin under this agreement, and tariff lines indicated with “U” in each stage of reduction in this Schedule shall be excluded from any commitment of tariff reduction or elimination.^①

SCHEDULE OF SPECIFIC COMMITMENTS FOR SERVICES. The *Schedule of Specific Commitments for Services* of Myanmar^② adopts the “positive list” to make commitments to trade in services,” and the “negative list” to make commitments to investment in non-service industries (e.g., manufacturing, agriculture, forestry, fishing, and mining). It sets out specific commitments concerning national treatment, most-favored-nation treatment, prohibition of performance requirements, senior management and board appointments.

Table: 8-2 Schedule of Specific Commitments for Service in Myanmar

Sector or Subsector	Limitations on Market Access	Limitations on National Treatment	
Modes of Supply: (1) Cross-border Supply ;(2) Consumption abroad; (3) Commercial presence; (4) Presence of natural persons			
All Sectors	(1)(2)(3)(4) (a) Commercial presence of foreign service suppliers or providers are permitted in accordance with Myanmar Companies Law 2017, Partnership Act 1932, the Special Companies Act 1950, the Myanmar Investment Law 2016, the Myanmar Investment Rules 2017, and existing Notifications of Myanmar Investment Commission. As stipulated in the Myanmar Investment Law 2016, the investment may be carried out in any of the following forms: (i) Carrying out an investment by a foreigner with 100 percent foreign capital on the business permitted by the Commission; (ii) Carrying out a joint venture between a foreigner and a citizen or the relevant government departments and organization;	(a) Tax (1)(2)(3)(4) According to the notification No.47/20181, non-resident foreigner will be subject to with-holding tax as follows;	
		Type	Tax rate
		Interest.	15%
		Royalties for the use of licenses, trademarks, patent rights etc.	15%
		Payments by Union organizations, Union Ministries, Nay Pyi Taw Council, State and regional governments, state-owned enterprises, Development Committees for purchase of goods, work performed, or supply of services within the state under a tender, an auction, perfect competition, contract, agreement, or other modes	2.5%

① Myanmar Schedule of Tariff Commitments: rcepsec.org/wp-content/uploads/2020/11/Myanmar-Schedule-of-Tariff-Commitments.pdf.

② Myanmar Schedule of Tariff Commitments: rcepsec.org/wp-content/uploads/2020/11/Myanmar-Headnotes.pdf.

③ Myanmar Schedule of Specific Commitments for Services: rcepsec.org/wp-content/uploads/2020/11/Myanmar-Schedule-of-Specific-Commitments-for-Services.pdf.

Continued

Sector or Subsector	Limitations on Market Access	Limitations on National Treatment	
All Sectors	(iii) Carrying out by any system contained in the contract which is approved by both parties	Payment by public-private partnerships, joint venture, local companies, body of persons, partnership firms registered and established under an existing law, foreign enterprises for purchase of goods, work performed, or supply of services under contract, agreement or other modes.	2.5%
	(b) Incorporation of an enterprise, not involving a state enterprise is to be made under the Myanmar <i>Companies Law</i> 2017, with effect from 1 August 2018. (c) Services activities are restricted under section 3 of the State-owned Economic Enterprises Law 1989. However, these activities may be permitted by cabinet notification in accordance with section 4 of the State-owned Economic Enterprises Law 1989. The proposed investment may be refused subject to such implications as financial arrangements, security risk involved, and compliance with existing conditions. Informing the form of investment in Myanmar, it shall be formed as a company in accordance with existing law	In accordance with subparagraph 23 (a) of section 7 of the Union Taxation Law 2019, in respect of the following kind of tax payer, before the relief under section 6 of the Income Tax Law 1974 shall be deducted, 25 per cent of income tax shall be assessed on the total net profit income: Other income except income under the salary heading of non-resident foreigner And under paragraph 24 of section 7 of the Union Taxation Law 2019, in the case of a non-resident foreigner, the relief under section 6 and 6-a of the Income Tax Law 1974 shall not be deducted in the case of income under the salary heading, income tax shall be assessed on the total income at the tax rates under subsection 19 (c) of the Union Taxation Law 2019.	
-	Tax (d) Tax exemption or relief may be granted by Myanmar Investment Commission in accordance with the Myanmar Investment Law 2016. (e) All foreign-funded enterprises and foreign workers shall abide by Myanmar Investment Law 2016, Myanmar Immigration (Emergency Provisions) Act 1947, the Myanmar Immigration (Emergency Provisions) Extension Act 1949, the Foreigners Act 1846, the Foreigners Act 1947, the Registration of Foreigners Act 1940, the Registration of Foreigners Act 1949, Myanmar Architect Council Law 2014, and Immigration Rules, Regulations, and Procedures of Myanmar Individual Services Providers who work with the approval of respective authorities, laws, rules, regulations and procedures of the Ministry of Labor, Immigration and Population, and existing laws, rules, regulations, and procedures of Myanmar	Section 3 (k) of the Income Tax Law 1974 prescribes the resident foreigners as follows: (i) In the case of individual, a foreigner who resides in Myanmar for not less than 183 days during the income year; (ii) in the case of a company, a company formed under the Myanmar Companies Law 2017 or any other existing law wholly or partly with foreign shareholders; (iii) in the case of an association of persons other than a company, an association formed wholly or partly with foreigners and where the control, management, and decision making of its affairs is situated and exercised wholly in Myanmar. In this regard, foreign workers and staff who work for not less than 183 days in Myanmar and the foreign enterprises formed in Myanmar may be assumed as the resident foreigners.	
	(1)(2)(3)(4) Myanmar reserves the right to adopt or maintain any measures to protect its essential security interests to another Party including measures in conformity with this Schedule and Myanmar's Schedule in Annex III (Schedules of Reservations and Non-Conforming Measures for Services and Investment).	(b) Foreign lawyers may perform service to client in Myanmar but are not allowed to practice in Myanmar courts of law. (c) The commercial presence of foreign service providers shall be subject to the licensing by the government authorities concerned.	

Continued

Sector or Subsector	Limitations on Market Access	Limitations on National Treatment
	<p>Union Taxation Law of Myanmar is enacted yearly and Foreign Labor Law is currently being drafted.</p>	<p>(d) According to the Farm Land Law 2012, the Transfer of Immovable Property Restriction Law 1987, and the Law Amending the Transfer of Immovable Property Restriction Law 2005, foreign organizations and persons are not allowed to own land in Myanmar. However, land may be acquired on long-term lease, depending on individual circumstances.</p> <p>(e) Any foreigner who engages in joint venture, representative offices, or other types of judicial person or individual services provider shall receive the approval of the respective authority.</p> <p>(f) Regarding recognition of the educational certificates and technical standard certificate, Myanmar only determines equivalent factor depending on syllabus, contents, volume, and time frame. Myanmar needs syllabus, contents, volume, and time frame of respective countries in the English language.</p>
-	<p>(1)(3)(4) Myanmar reserves the full rights to maintain or adopt any measures on Economic Needs Test requirements (ENT) including terms and conditions, limitation, qualification, and other required testing or examination of temporary entry of natural person.</p> <p>(4) For the purposes of this schedule, natural person of another Party does not include permanent residents of that other Party. Myanmar reserves the full rights to maintain or adopt any measures with respect to permanent residents of another Party.</p>	<p>(1)(3)(4) Myanmar reserves the rights to adopt or maintain any measures to protect its essential security interests to another Party including measures in conformity with this Schedule and Myanmar's Schedule in Annex III (Schedules of Reservations and Non-Conforming Measures for Services and Investment).</p>
	<p>(1)(2)(3)(4) Commercial presence of foreign service suppliers or providers and cross-border supply of services is permitted in accordance with Electronic Transaction Law 2014, the Law Amending the Electronic Transaction Law 2014, the Telecommunication Law 2013, the Law Amending the Telecommunication Law 2017, the Law Amending the Evidence Act 2015, the Law Protecting the Privacy and Security of Citizens 2017, the Computer Science Development Law 1996.</p>	<p>(1)(2)(3)(4) Union Taxation Law of Myanmar is enacted yearly and Foreign Labor Law is currently being drafted.</p> <p>(1)(3)(4) Myanmar reserves the full rights to maintain or adopt any measures on Economic Needs Test requirements (ENT) including terms and conditions, limitation, qualification, and other required testing or examination of temporary entry of natural person.</p> <p>(4) For the purposes of this Schedule, natural persons of another Party do not include permanent residents of the other Party. Myanmar reserves the full rights to maintain or adopt any measures with respect to permanent residents of another Party.</p>
Accounting, auditing and bookkeeping services	<p>(1) None (2) None (3) Joint venture or partnership with Myanmar locally registered public accountants is encouraged after fulfilling the requirements prescribed by Myanmar Investment Law 2016, provided that the foreign counterpart must be qualified and duly registered as a practicing public accountant in his or her country. Up to 70% foreign equity participation is permitted.</p>	<p>(1)(2)(3)(4) None.</p>

Continued

Sector or Subsector	Limitations on Market Access	Limitations on National Treatment
Accounting, auditing and bookkeeping services	(4) Foreign practicing accountant holds an accountancy certificate or degree conferred by any foreign country and recognized by the Myanmar Accountancy Council-MAC. He or she is registered in the list of practicing accountants managed by his or her country. Subject to MAC's licensing requirements. Not allowed to engage in CPC8621 Accounting and Auditing services.	(1)(2)(3)(4) None.

Rights Reserved or Maintained by Myanmar:

(1) Myanmar reserves the right to adopt or maintain any measure that accords more favorable treatment to the investors of non-Parties under any international agreement or arrangement in force or signed before the date of entry into force of this Agreement.

(2) Myanmar reserves the right to adopt or maintain any measure and mechanism relating to: ① Preferential treatment accorded to investors or their investments under any existing or future bilateral, regional or international agreements or arrangements, or any form of economic or regional cooperation of which Myanmar is or may become a party; and ② Any existing or future preferential treatment accorded to investors or their investments in any agreement or arrangement between or among Member States of ASEAN.

(3) Myanmar reserves the right to adopt or maintain any measure relating to investment or the supply of services in sectors or industries other than those recognized or should have been recognized by the Government of Myanmar at the date of entry into force of this Agreement for it. Any sectors or industries classified positively and explicitly in ISIC or CPC, at the date of entry into force of this Agreement for Myanmar should have been recognized by the Government of Myanmar at that time.

Myanmar reserves the right to adopt or maintain any measure with respect to new sectors or industries Any sector classified in the ISIC Code version 3 or CPC version 2.1 as of the date of entry into force of this Agreement shall not be considered a new sector or industry for the

purposes of this entry.

(4) Myanmar reserves the right to adopt or maintain any measure relating to national defense, public order and security.

(5) Myanmar reserves the right to adopt or maintain any measure relating to the following sectors: ① investment which is administered and operated by law of the concerned ministries and organizations; ② banking, insurance and financial services.

(6) Myanmar reserves the right to adopt or maintain any measure and condition imposed in approvals for licenses or permits to the companies or projects which were in existence before the date of entry into force of this Agreement.

(7) Myanmar reserves the right to adopt or maintain any measure, with respect to the establishment or acquisition of an investment pursuant to Section 47(a) of the Myanmar Investment Law (2016).

(8) Myanmar reserves the rights to adopt or maintain any measure relating to investment activities which may socially or economically disadvantage the indigenous people.

(9) Myanmar reserves the rights to adopt or maintain any measure relating to the acquisition or usage of land in the territory of Myanmar, including development and usage of land or other type of activities which may be conducted on land in accordance with its land zoning, land usage, urban planning, development control, conservation and preservation policies as well as policies relating to environmental protection, nature reserve and national park.

(10) Myanmar reserves the right to adopt or maintain any measure relating to health assessment, cultural heritage impact assessment, environmental impact assessment and social impact assessment.

(11) Myanmar reserves the right to adopt or maintain any measure with respect to real estate development, supply, management, sale and rental services.

(12) Myanmar reserves the right to adopt or maintain any measure affecting the land,

cultural heritage, natural and mineral resources associated with land.

(13) Myanmar reserves the right to adopt or maintain any measure affecting the administration, management and operation of any state-owned economic enterprises.

(14) Myanmar reserves the right to adopt or maintain any measure with respect to investor or investment relating to portfolio investments.

(15) Myanmar reserves the right to adopt or maintain any measure relating to special preferences or treatments granted to small and medium enterprises.

(16) Other Relevant Provisions.

SCHEDULE OF SPECIFIC COMMITMENTS FOR INVESTMENT. The *Schedule of Reservations and Non-conforming Measures for Investment of Myanmar*^① sets out the minimum restriction with respect to Myanmar's national treatment, most-favored-nation treatment, prohibition of performance requirements, senior management and board appointments. This list sets out, pursuant to the *Reservations and Non-conforming Measures*, Myanmar's existing measures that do not conform to the obligation under the *Article 10* of RCEP.

(1) If investors desire to engage in a fishery in the exclusive economic zone, they shall apply to the Department of Fisheries in the prescribed form. Such an investor shall form a joint venture with State Organization, current joint venture company or private Myanmar company, subject to the approval of the Government of Myanmar. In exceptional circumstances, the investor may apply for permission to operate a fishery in other fisheries water. [Chapter 3, para 6 of the Law relating to the *Fishing Rights of Foreign Vessels (Law No. 11/89)*

An investor who has been granted a fishery right on application under Section 6 of the Law relating to the *Fishing Rights of Foreign Vessels (Law No. 11/89)* shall obtain a license and register at the Department of Fisheries.

(2) According to the *Notification No. 86/2017 of Myanmar Investment Commission*, a

① Myanmar Schedule of Reservations and Non-conforming Measures for Investment Table: rcepsec.org/wp-content/uploads/2020/11/Myanmar-Schedule-of-Reservations-and-Non-Conforming-Measures-for-Investment.pdf.

foreign investor shall not be allowed to operate in wood-based industries which use raw timber extracted from natural forests of Myanmar

(3) According to Section 3 of the *State-owned Economic Enterprises Law 1989*, exploration and extraction of natural gas and petroleum are restricted activities to be carried out solely by the Government of Myanmar. However, an investor who wants to engage in these activities shall complete the international bidding round.

According to the agreement between the Ministry of Electric and Energy of Myanmar and the investor, the Management Committee shall consist of a total of seven members, four from the Myanmar side, one of whom shall act as Chairman and three from the investor side.

(4) State is the ultimate owner of all lands, and all-natural resources above and below the ground, above and beneath the water and in the atmosphere in the State. In addition, State shall permit citizens right of private property, right of inheritance, right of private initiative and patent in accordance with the Law under the Myanmar Constitution 2008.

Item (a) of Part 50 of the *Myanmar Investment Law (2016)* states that investors who have obtained approval or endorsement under the provisions of this law shall have the right to obtain long-term services from private individuals, relevant government departments, or governmental organizations operated by the Myanmar government. Lease land or buildings, or carry out investment business in accordance with national regulations. Section 50(a) of the *Myanmar Investment Law (2016)* provides that an investor who obtains a permit or an endorsement under this Law has the right to obtain a long-term lease of land or building from the private owned or from the relevant government departments, governmental organizations managed by the Government of Myanmar, or owned by the Union in accordance with the stipulations, in order to do investment. Citizen investors may invest in their own land or building in accordance with relevant laws

Section 50(e) of the *Myanmar Investment Law 2016* provides that the Government of

Myanmar may grant more favorable terms and conditions for the lease of land and the use of land by Myanmar citizen investors.

However, government-owned lands, lands owned by the government department, organization and private lands owned by the citizens can be leased up to initially 50 years depending upon the category of business, industry and the volume of amount and can be extendable for two consecutive terms of 10 years subject to the approval of the Myanmar Investment Commission.

(5) According to Section 76 of the *Myanmar Investment Law (2016)*, Myanmar reserves the right to adopt or maintain existing non-conforming measure with respect to:

①Funding, capacity building and training for Myanmar Citizen investors and citizen-owned small and medium enterprises; exemptions and ②reliefs for the locations where Myanmar Citizen-owned business operate or undertake other economic activities. and

(6) Myanmar reserves the right to maintain existing measures relating to the following investments activities which are stipulated as the prohibited investments under Section 41 of *Myanmar Investment Law*:

①Investment activities which may bring or cause hazardous or poisonous wastes into the Union;

②Investment activities which may bring technologies, medicines, flora and fauna and instruments which are still being tested abroad, or which have not obtained approvals to use, plant or cultivate, except the investments which are made for the purpose of research and development;

③Investment activities which may affect the traditional culture and customs of the ethnic groups within the Union;

④Investment activities which may affect the public;

⑤Investment activities which may cause an enormous harmful impact to the natural

environment and ecosystem;

⑥ Investment activities which manufacture goods or provide services that are prohibited under the applicable laws.

SCHEDULE OF SPECIFIC COMMITMENTS ON TEMPORARY MOVEMENT OF NATURAL PERSONS. This Schedule sets out Myanmar's commitments in relation to the temporary entry and temporary stay of natural persons of another Party. Only Business Visitor and Intra-Corporate Transferee (ICT) Categories shall be granted a Visa, Stay Permit, or Working Permit from competent authorities subject to the relevant laws, rules, regulations, and procedures and other existing laws, rules, and regulations of Myanmar.. Such natural persons will be granted temporary entry for a maximum stay of 70 days, and renewable for a period of three months to one year with recommendation of the ministry concerned. Such natural persons have to register at the Department of Labour of the Ministry of Labour, Immigration, and Population. ENT will be applied to all categories of natural persons.^①

^① Myanmar Schedules of Specific Commitments on Temporary Movement of Natural Persons: rcepsec.org/wp-content/uploads/2020/11/Myanmar-Schedule-of-Specific-Commitments-on-Temporary-Movement-of-Natural-Persons.pdf.



Support Measures against COVID-19

9.1 Economic Security Policies

International Organization's Financial Assistance to Myanmar^①

Since the outbreak of the COVID-19 pandemic (the pandemic for short), the Myanmar government has successively received financial supports from the Asian Development Bank, the European Union, and the International Monetary Fund. Among them, the Asian Development Bank provided Myanmar with a loan of approximately US\$171 million, for improving the country's power infrastructure and the electrification level among local residents. This project will also help the Myanmar government build a relatively stable power infrastructure for the country's rural areas.

The European Union will grant about 7.9 billion kyats to boost economic recovery of Myanmar. In addition, the International Monetary Fund approved of an emergency financial aid of approximately US\$350 million to alleviate the economic and social impact of the pandemic on Myanmar economy and to provide economic relief to vulnerable groups. As of January 2021, the International Monetary Fund has provided Myanmar with a total capital of about US\$700 million. Besides, the International Monetary Fund has allocated a Special Drawing Rights (SDR)

^① International Monetary Fund: www.imf.org/en/News/Articles/2021/01/13/pr219-myanmar-imf-execboard-approves-sdr258-4m-disburse-under-rcf-purchase-rfi-address-covid19.

quota of approximately US\$86.1 million to Myanmar, and has delivered the Special Drawing Rights (SDR) quota of about US\$172.3 million through a set Rapid Financing Facility (RFI).

COVID-19 Economic Relief Plan (CERP)^①

In April 2020, the Myanmar government promulgated the “COVID-19 Economic Relief Plan” (CERP), which comprises 7 goals, 10 strategies, 36 action plans and 76 actions for protection of the national economy, as well as covers a series of fiscal and social measures.

Goal 1: Improve macroeconomic environment through monetary stimulus. Monetary stimulus is triggered through the following measures by the Ministry of Planning, Finance and Industry and the Central Bank of Myanmar: Decrease of banks’ deposit and lending rate ceilings by 3.0%; Decrease of the minimum reserve requirement on banks; Credit auctions and reduction in treasury bonds/bill auctions.

Goal 2: Ease the financial impact on the private sector. The six measures to ease the impact of the pandemic on specific sectors are as follows:

(1) Provision of low-cost funds to the private sector in Myanmar: reoffering 100 billion kyats worth of one-year working capital loans focused on micro, small and medium-sized enterprises (MSME) and companies in the hotel and tourism sectors at an interest rate of 1% per annum; Ensuring access by microfinance institutions (MFIs) to low-cost funding; facilitate the expansion of existing commercial lending programs to affected townships.

(2) Government credit guarantee schemes of up to 50% for any new loans made by banks to Myanmar enterprises, whose turnover is less than 1 billion kyats, for working capital, conditional upon maintenance or rehire of staff employed as of February 2020, and to firms in selected high-growth sectors.

(3) Tax/fees deferrals or waivers Deferment of corporate income tax and commercial tax up to September 30th 2020 and Social Security Board (SSB) contributions up to three months.

① Global Compliance News: globalcompliancenews.com/myanmar-the-covid-19-economic-relief-plan-20200504/

Waiver of 2% withholding tax, annual fees charged by the Ministry of Hotels and Tourism, Specific Goods Tax, customs duties and commercial tax for critical medical supplies and products related to the prevention, control and treatment of COVID-19 and toll fees for cargo trucks on major roads/bridges.

(4) Increase in flexibility on capital requirements, large exposure and non-performing loans (NPLs), and the establishment of an asset management company where potential NPLs held by banks may be set aside for five to seven years.

(5) Promotion of investments through: A fast-track approval process for international investments.

(6) Establish a 100 billion kyats of fund for trade financing, facilitation of importation processes for COVID-19-related products, a waiver of import licensing, and simplification of Food & Drug Administration (FDA)'s review of export applications.

Goal 3: Easing the impact on laborers and workers. Health care benefits for the unemployed are extended from six months to one year from the date of unemployment and medicine and travel benefits are extended from six months to one year from the date of unemployment.

Goal 4: Easing the impact on households. Exemption from electricity tariffs for all households, excluding embassies and international organizations, up to 150 units per month; Cash transfers to vulnerable and affected households.

Goal 5: Promoting development of e-commerce products and platforms. During the construction of its e-commerce platform, gradually promote the use of mobile payment services, bank transfers or card payments for e-commerce sales, and encourage retail businesses to use e-commerce and social commerce systems.

Goal 6: Strengthening health care systems. Increase and improve the supply of domestic epidemic prevention facilities, convert some government premises into medical facilities, recruit more medical staff, expedite importation of key medical products, and improve the waste

treatment system.

Goal 7: Increasing access to COVID-19 response financing. Re-allocate government budget funds of 2019–2020 to COVID-19 contingency fund, expand external financing channels, and ensure sufficiency of domestic funds against the pandemic.

9.2 Economy Revitalization Measures

As of October 2020, the Myanmar government embarked on ^①drafting the *Myanmar Economic Recovery and Reform Plan (MERRP)*, which is based on the *COVID-19 Economic Relief Plan (CERP)* and aimed to maintain macroeconomic stability and ease the impact of the pandemic on the national economy. Sources said that the Myanmar government, based on the CERP, would further redouble efforts in implementation of associated measures, in order to maintain macroeconomic and financial stability. According to the Minister of Myanmar Investment and Foreign Economic Relations, U Thaung Tun, MERRP comprises 6 goals, 16 strategic guidelines and more than 130 action plans, and some of the plans are extensions of the previous CERP Plan.

The MERRP plan will focus on macroeconomic and financial stability, and prioritize green and sustainable economic growth strategies, such as investments in energy resources that are renewable. It will also include support for agriculture, infrastructure, human capital, and innovation.

^① The Myanmar Times: www.mmmtimes.com/news/govt-drafts-new-recovery-reform-plan-myanmar-economy.html.



Contact Information of Relevant Departments and Institutions

10.1 Contact Information of Government Departments and Related Institutions

Information on all governmental websites and the departments are available on the official website of Myanmar Government (www.nugmyanmar.org/en/).

Table: 10-1 Contact information of some government departments and relevant institutions in Myanmar

Department	Telephone	Website
Ministry of Foreign Affairs	+95 067 412 192	fm.gov.om
Ministry of the President's Office	+95 067 409 559	www.president-office.gov.mm/en
Ministry of Education	+95 067 407 116 /407 119	www.moe.gov.mm/en
Ministry of Electric Power and Energy	+95 067 411 083	www.moee.gov.mm/en
Ministry of Home Affairs	+95 067 412 432 /412 436	moha.gov.mm
Ministry of Defense	+95 067 404 445	www.mod.gov.mm
Ministry of Border Affairs	+95 067 409 035 /409 022	www.mba.gov.mm
Ministry of Information	+95 067 412 019 /412 004	www.moi.gov.mm
Ministry of Culture and Religious Affairs	+95 067 408 023 /408 032	www.mora.gov.mm
Ministry of Agriculture, Livestock & Irrigation	+95 067 410 004	www.moali.gov.mm
Ministry of Transport and Communication	+95 067 407 234 /407 351	www.motc.gov.mm
Ministry of Resources and Environmental Conservation	+95 067 405 004 /405 072	monrec.gov.mm
Ministry of Labour, Immigration & Population	+95 067 404 122 /404 026	www.mip.gov.mm
Ministry of Industry	+95 067 408 063 /408 066	www.industry.gov.mm
Ministry of Commerce	+95 067 408 006 /408 008	www.commerce.gov.mm
Central Statistical Organization	+95 067 406 328	www.csostatat.gov.mm

Continued

Department	Telephone	Website
Ministry of Health and Sports	+95 067 411 356 /411 350	www.mohs.gov.mm
Ministry of Planning, Finance and Industry	+95 067 407 023 /407 085	www.mopfi.gov.mm
Ministry of Construction	+95 067 407 584 /407 068	construction.gov.mm
Ministry of Social Welfare, Relief & Resettlement	+95 067 404 023 /404 021	www.moswrr.gov.mm
Ministry of Investment and Foreign Economic Relations	+95 067 340 7368	mifer.gov.mm
Directorate of Investment and Company Administration Myanmar Investment Commission	+95 1 658 102	www.dica.gov.mm
Internal Revenue Department	+95 067 252 543	www.ird.gov.mm
Ministry of Hotels & Tourism	+95 067 406 450 /406 454	tourism.gov.mm
Ministry of Ethnic Affairs	+95 067 412 069	moea.gov.mm
Ministry of International Cooperation	+95 067 412 192	moic.gov.mm
Ministry for Union Government Office	+95 067 409 559	www.mougo.gov.mm
Central Bank of Myanmar	+95 067 543 764	www.cbm.gov.mm
Financial Regulatory Department	+95 067 202 6925	frd.gov.mm
Myanmar Insurance	+95 1 379 696	www.mminsurace.gov.mm
Securities and Exchange Commission of Myanmar	+95 1 373 959	secm.gov.mm/en/home/
Social Security Board	+95 1 381 216	ssb.gov.mm/portal/home
Department of Intellectual Property	+95 067 430 570	www.ipd.gov.mm
Ministry of Forestry	+95 067 408 434	forestdepartment.gov.mm
Myanmar Customs	+95 1 389 879	customs.gov.mm
Food and Drug Administration	+95 1 377 029	www.fdamyanmar.gov.mm
Anti-Corruption Commission ACC Myanmar	+95 067 810 3347	www.accm.gov.mm
Yangon City Development Committee	+95 067 286 592	www.ycdc.gov.mm

10.2 Contact Information of Business Association and Service Provider

Table: 10-2 Contact information of some chambers of commerce, association and service providers in Myanmar

Association name	Telephone	Website
The Union of Myanmar Federation of Chambers of Commerce & Industry	+95 1 246 495	www.umfcci.com.mm
Federation of Chambers of Commerce and Industry	+95 067 214 344	www.umfcci.com.mm
Myanmar Chinese Chamber of Commerce	+95 1 246 076	mccoc.com.mm
Myanmar Livestock Association	+95 1 643 126	www.moali.gov.mm

Continued

Association name	Telephone	Website
Myanmar Computer Industry Association	+95 1 664 250	mcia.org.mm
Myanmar Construction Entrepreneurs Association	+95 1 579 547	mes.org.mm
Myanmar Garment Manufacturers Association	+95 1 220 879	www.myanmargarments.org
Myanmar Pharmaceutical and Medical Equipment Entrepreneurs Association	+95 1 245 674	mccpmd.org/index.php/en
Myanmar Printers & Publishers Association	+95 1 252 638	mppa-myanmar.org
Myanmar Women Entrepreneurs Association	+95 1 254 400	www.mweamdy.com
MICT Park-Myanmar Information and Communication Technology Park	+95 1 652 272	www.mictdc.com.mm



Frequently Asked Questions

1. What are the categories of work visas in Myanmar?^①

The Ministry of Labour, Immigration and Population of Myanmar is responsible for issues in relation to business visa application. Myanmar visas fall into the following categories: business visa, official visa, meeting visa, journalist visa, crew visa, and so on.

The documents for application mainly include: ①passport, and job invitation letter by local company in Myanmar; ②business registration information of current employer; ③duplicate of business license (local enterprise) or ④branch registration certificate (foreign-funded enterprise), etc. Myanmar business visa is valid for 90 days as of the date of issuance, and a foreign citizen with the business visa is permitted to stay for up to 70 days as of the date of arrival. The business visa can be extended with recommendation from relevant authorities of Myanmar government.

As stipulated in local regulations of Myanmar, those with passports from specified countries and regions can apply for e-visa visas on the official website of the Ministry of Labour, Immigration and Population of Myanmar. For the application authority by country, visit the website of the Ministry of Labour, Immigration and Population of Myanmar (moip.gov.mm). In general, it takes the applicants three working days to apply for e-visa. The e-visa only keeps valid for single entry, so you have to reapply for it for the second entry.

^① Myanmar Ministry of Labour, Immigration and Population: evisa.moip.gov.mm/Home/NoticeToBusiness/en-US.

2. How to immigrate to Myanmar?^①

The Immigration Bureau under the Ministry of Foreign Affairs of Myanmar is responsible for examining and approving immigration-related matters. Investment immigration is common in Myanmar at present foreign investors qualified for investment immigration can obtain Myanmar immigration passport, and Myanmar stipulates that a foreign citizen with immigration passport can choose to continue living in her or his original country. Myanmar Naturalization Program for Immigrants facilitates the applicants to obtain Myanmar passport and become a naturalized citizen of Myanmar as soon as possible. Applicants with this certificate are at liberty to work, study, and do business, in Myanmar as well as enjoy medical and educational benefits of Myanmar.

3. How is Myanmar's education system?

The education system in Myanmar falls into three categories, including pre-school education, basic education and higher education, among which, Pre-school education comprises daycare kindergartens and pre-school schools, which enroll children aged 3-5; the basic education system lasts for 10 years, including 4 years of compulsory primary school education., 4 years of junior high school education, and 2 years of senior high school education; the higher education system lasts for 4-6 years. There are 40,876 basic education schools, 108 universities and institutes, 20 teachers' colleges, 63 science & technology universities, and 22 universities and institutes directly under the ministries in Myanmar, famous universities include Yangon University, Mandalay University, etc.

4. How is Myanmar's medical and healthcare quality?^②

In Myanmar, there are a total of about 900 hospitals, which fall into public hospitals and

① Sohu.com: www.sohu.com/a/115257864_398609.

② CCPIT, Guide on the Business Environment of Foreign Countries for Chinese Investors—Myanmar (2019).

private hospitals, with registered doctors totaling 30000 or so. (+95)192 is the emergency medical service hotline in Myanmar.

Public hospitals in Myanmar adopts *Separation of Doctors and Drugs* system, in which patients enjoy free doctor services, but they need to buy drugs at the drugstores. Main public hospitals in Yangon include Yangon General Hospital, People's Hospital and Children Hospital. Relative to public hospitals, private hospitals provide better environment, but their charges are relatively high. Patients need to reserve the medical service in advance. Main private hospitals in Yangon include Asia Royal Hospital and City Hospital.

5. What are the main public transpotations in Myanmar?^①

Main means of transportation in Yangon include taxi, bus, long-distance coach and ferry boat. Local taxis in Myanmar are equipped with taximeters, but passengers usually bargain with the taxi drivers for the fare before taking the taxi. Local drivers in Myanmar can understand basic English. The fare in the downtown and surrounding areas is 1000-2000 kyats or so. Taxi fare can be calculated by hour (3000 kyats per hour) or by day (around US\$20-30 per day). There are about 250 bus lines in Yangon, all bus stop signboards are made in Burmese. To take long-distance coaches, passengers need to buy tickets ahead of schedule. In Yangon City there are four major passenger terminals, some of which are used as sightseeing routes.

6. How to buy a car in Myanmar?^②

Myanmar car market is basically monopolized by cars imported from Japan. Foreign citizens can buy cars only in the name of a company, for they are not allowed register the cars with their own names. In purchase of a second-hand car, the buyer can search the vehicle information via Cards App.

① Hotels.com: www.hotels-myanmar.com/yangon/yangon-transportation.htm.

② CCPIT, Guide on the Business Environment of Foreign Countries for Chinese Investors—Myanmar (2019).