



**Dear Readers,**

Welcome to the first edition of our newsletter in the new year.

### **1. New minimum wage**

With Notification 1/2018 dated 2 January 2018 (English translation available to our premium subscribers), the National Committee for Setting the Minimum Wage proposes a new minimum wage of Ks. 600 per hour (Ks. 4,800 for a day with eight working hours). The current minimum wage is Ks. 450/hour (Ks. 3,600/day).

The present Ks. 450/3,600 minimum wage was adopted on 28 August 2015. If the National Committee's proposition is adopted, the minimum wage will rise by 33% - which is more than the loss of purchase power due to inflation since 2015 (annual inflation is about 8% in Myanmar) and reflects the fact that the present minimum wage really is very "minimum", at least in Yangon.

The proposition is the result of a research and consultation process involving in particular the government and representatives of employers and workers. The consultation process is not over yet: Anybody wishing to object or comment may do so within two weeks after the date of the Notification (i.e., until 16 January 2018) by filing a specified form with the Committee for Setting the Minimum Wage in the respective region or state.

Thereafter, the Regional and State Committees have 30 days to review the submissions and propose a new minimum wage to the National Committee. The National Committee then has 60 days to review the proposals together with representatives from the government, employers and workers and announce a new minimum wage.

Whether the new minimum wage will be Ks. 600/4,800 is therefore not certain yet, but, against the background of the research and consultation process that has taken place already, it may well be.

The National Committee proposes to exempt small businesses with less than 10 (presently: 15) workers and family businesses from paying the minimum wage.

The National Committee proposes to apply the minimum wage to all workers (with the exception of those working in small and family businesses) in Myanmar irrespective of their location and type of work.



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In what is a bit of a contradiction to the preceding paragraph, Notification 1 also states that with regard to special economic zones, their respective management committee shall propose a minimum wage to the National Committee based on the type of business. The carving out of special economic zones from the nationwide minimum wage is provided for in section 9 Minimum Wage Law, but as of the date of this newsletter, no separate minimum wages have been set.

Notification 1 codifies administrative practice that overtime premiums and bonuses (if any) have to be paid in addition to the minimum wage (which is logical but contradicts section 2 (e) Minimum Wage Law).

Furthermore, Notification 1 codifies administrative practice according to which the permissible probationary period is three months. During the probationary period, at least 75% of the minimum wage has to be paid. If the probationary period is preceded by a training period (of three months, according to Rule 43 (l) of the Minimum Wage Rules), at least 50% of the minimum wage have to be paid during the training period.

### **2. The new Condominium Rules**

We still have places at our seminar on 9 January; if you are interested, please contact [sebastian@lincolnmyanmar.com](mailto:sebastian@lincolnmyanmar.com) or [nyeinchanzaw@lincolnmyanmar.com](mailto:nyeinchanzaw@lincolnmyanmar.com). The seminar invitation can be found here: <https://tinyurl.com/yd9vled2>

### **3. Branches of foreign banks allowed to provide export financing**

We forgot to mention it in two newsletters, but the Central Bank allowed branches of foreign banks to provide export financing on 8 December 2017. Please find a translation of Directive 9/2017 here: <https://tinyurl.com/y76dwnf7>

### **4. Electricity and energy news**

(a) **COSCO signs MoU with PetroChina to transport crude oil to Kyaukphyu:**  
<https://tinyurl.com/ycb4srvm>

(b) **Parami to start selling LPG imported through its jetty in Thanlwin:**  
<https://tinyurl.com/y73ahmpj> (The background is that the government wants LPG to replace electricity and firewood for cooking; the LPG market is expected to grow significantly. The jetty is owned by the Ministry of Electricity and Energy and leased by Parami; it is the first time that the government has leased out state-owned facilities for the import, storage and distribution of LPG.)



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### 5. Market access and other news

- (a) **Tender winner for the Yangon Central Railway Comprehensive Development Project to be announced next month:** <https://tinyurl.com/yc69tdu4> (This is a USD 2.5 billion project at Yangon Central Station, not to be confused with the former headquarters of the Burma Railway Company nearby which is presently being developed by FMI and foreign partners. The Yangon Central Station tender is apparently going to be decided between FMI and Mindama Construction Company.)
  
- (b) **Yangon Municipal Bill to be submitted to Regional Parliament's next session:** <https://tinyurl.com/ya8om7n9> (No copy of the bill has been made public, but we suppose that it will, if enacted, replace the City of Rangoon Municipal Act of 1922 and the Yangon City Development Affairs Law of 2013.)

We hope that you have enjoyed reading our newsletter and found it useful. We wish our readers a Happy 2018!

Sebastian Pawlita  
Managing Director

Nyein Chan Zaw  
Director