

LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

CONVENIENCE TRANSLATION - ACCURACY NOT GUARANTEED

Government of the Republic of the Union of Myanmar
Ministry of Commerce and Trade
Minister's Office
Notification 25/2018
10th Waning Day of Kasone, 1380
(9th May, 2018)

The Government of the Republic of the Union of Myanmar, Ministry of Commerce and Trade, hereby issues this notification according to the authority given by sub-section (b), section (13) of the Export and Import of Goods Law.

Permitting wholesale and retail within the country by foreign companies and joint venture companies

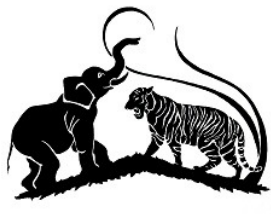
1. The Ministry of Commerce and Trade allows the performance of wholesale and retail business within the country by foreign companies and joint venture companies from the date of the issuance of this notification in order to enable consumers to have more choice and pay less through the creation of better competition among the wholesale and retail distributors, to develop the quality of goods and better service in the distribution sector, to develop technologies, and to develop small and medium enterprises through the creation of a bigger market for local products.
2. When performing a wholesale or retail business, the attached rules shall be complied with irrespective of whether the company is 100% foreign-owned, 100% Myanmar-owned or a joint venture [*literally: "the company is fully operated by foreigners, fully operated by citizens or operated jointly by foreigners and citizens"*].
3. The rules for the performance of a wholesale or retail business may be amended from time to time and announced accordingly.

(Signed) Dr. Than Myint
Union Minister
Ministry of Commerce and Trade

Letter no. SaKa-11/2-18/2018(5)

Date: 9th May 2018

Distribution list [*omitted*]



Rules permitting wholesale and retail sale and distribution

Background

1. As part of the reform of the Myanmar economy, restrictions in the trading sector are now being reduced to create jobs and employment and to develop technologies through foreign investment. Furthermore, the participation of foreigners in distribution in the local market is required in order to enable consumers to enjoy more choice of quality goods and lower prices and in order to be in conformity with regional treaties. Therefore, foreign investors are now, within the trading sector, allowed to engage in wholesale and retail sales for the benefit of citizen consumers and in order to create a situation which does not cause damage to local owners of small and medium-sized enterprises.

Objectives

2. The objectives of the rules are as follows:
 - (a) To create more choice and lower prices for consumers through the development of competition among wholesale and retail dealers;
 - (b) to cause the development of quality and quantity of goods, better service and better technologies;
 - (c) to cause the development of small and medium enterprises by creating bigger markets for local products;
 - (d) to restrict unfair competition among distributors and the exploitation of consumers;
 - (e) to cause more foreign investment;
 - (f) to create more job opportunities for citizens.

Definitions

3. The definitions are as follows:
 - (a) “**Retail**” means the sale of goods in low quantity purchased by citizens for consumption and not for resale.
 - (b) “**Wholesale**” means the sale of goods in large quantity purchased by retailers or by manufacturers for production.



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Permission to sell

4. The performance of a retail or wholesale business by 100% Myanmar-owned companies, 100% foreign-owned companies and joint venture companies shall be allowed as follows:
 - (a) Goods manufactured in the country or imported except prohibited items may be sold and distributed through retail or wholesale according to the prescribed procedures.
 - (b) Retail and wholesale may be performed in any township in the Regions and States according to the prescribed procedures.

Qualifications

5. 100% foreign-owned companies and joint venture companies shall fulfill the following qualifications in order to engage in a retail or wholesale business within the country.
 - (a) If the retail or wholesale is done by a 100% foreign-owned company -
 - (1) In case of wholesale, the initial investment for goods shall be USD 5 million or more, excluding the rent for the land.
 - (2) In case of retail, the initial investment for goods shall be USD 3 million or more, excluding the rent for the land.
 - (b) If the retail or wholesale is done by a joint venture company -
 - (1) The following qualifications shall be fulfilled if Myanmar citizens have an equity ratio of 20% or more in the company -
 - (aa) In case of wholesale, the initial investment for goods shall be USD 2 million or more, excluding the rent for the land.
 - (bb) In case of retail, the initial investment for goods shall be USD 700,000 or more, excluding the rent for the land.
 - (2) If Myanmar citizens have an equity ratio of less than 20% in the company, the company shall comply with the provision in paragraph 5 (a).
6. 100% Myanmar-owned companies may engage in a retail or wholesale business with the amount of initial investment that they can afford.



Rules to be complied with

7. 100% Myanmar-owned companies, 100% foreign-owned companies and joint venture companies shall comply with the following rules when engaging in a retail or wholesale business in the country.
- (a) 100% Myanmar-owned companies, 100% foreign-owned companies and joint venture companies formed after the date of the issuance of these rules shall apply to the Ministry of Commerce and Trade for the registration of a retail or wholesale business permit with the following documents -
- (1) Company registration certificate;
 - (2) MIC endorsement (copy), MIC permit (copy) (for 100% foreign-owned companies and joint venture companies which are eligible to obtain an MIC endorsement);
 - (3) recommendation from the relevant city development committee or township development committee of the relevant Region or State;
 - (4) list of groups of goods which will be distributed through retail or wholesale;
 - (5) detailed business plan specifying the initial investment amount for the retail or wholesale business, the location and the area.
- (b) 100% Myanmar-owned companies established before the date of the issuance of these rules and operating a retail or wholesale business with an initial investment amount of USD 700,000 and above or an equivalent amount in MMK shall apply to the Ministry of Commerce and Trade for the registration of a retail or wholesale business within 150 days of the date of the issuance of these rules with the following documents -
- (1) Company registration certificate;
 - (2) list of groups of goods which are being distributed through retail or wholesale;
 - (3) detailed business plan specifying the investment amount for the retail or wholesale business, the location and the area.
 - (4) If the retail or distribution is done at more than one location, the number of the outlets, a list of the groups of goods which are being distributed at these outlets and a detailed business plan shall be submitted.



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- (c) Retail or wholesale companies shall perform the business on the specified date and time according to the location, area and number of outlets permitted by the Nay Pyi Taw, Yangon or Mandalay City Development Committee or the township development committees of the relevant Regions or States and the local authorities.
- (d) Retail or wholesale companies shall comply with the relevant laws, rules, procedures and regulations in order to distribute safe and standard goods, provide guarantee services for sold items, and avoid an impact on the environment.

Prohibitions

- 8. 100% Myanmar-owned companies, 100% foreign-owned companies or joint venture companies having obtained a permit for retail or wholesale business shall not distribute, through retail or wholesale, items prohibited according to the laws, notifications and rules in force.
- 9. 100% foreign-owned companies or joint venture companies shall not operate a minimart or convenience store with a floor area of less than 929 square metres.
- 10. 100% Myanmar-owned companies, 100% foreign-owned companies or joint venture companies operating a retail or wholesale distribution shall comply with the laws, rules and procedures in Myanmar and shall not engage in unfair competition.

Paying specified duties

- 11. 100% Myanmar-owned companies, 100% foreign-owned companies or joint venture companies operating a retail or wholesale distribution shall pay the specified duties with regard to the import or distribution of goods according to the law, rules, regulations, procedures, orders and directives of the relevant departments.

Scrutinising

- 12. The Ministry of Commerce and Trade, together with the relevant department, may scrutinise whether the above rules are being complied with and whether performance reflects the business plan, and scrutinise the development of the distribution sector in the country. Retail and wholesale dealers shall cooperate and provide the required information and documents for efficient scrutiny.

Taking action

- 13. If a 100% Myanmar-owned company, 100% foreign-owned company or joint venture company operating a retail or wholesale distribution has been found to have violated these rules, it shall



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be taken action against according to the laws [sic], rules, orders and directives issued by the Ministry of Commerce and Trade.

14. A 100% Myanmar-owned company, 100% foreign-owned company or joint venture company operating a retail or wholesale distribution shall comply with other laws and regulations for the service sector in addition to the laws [sic] and regulations issued by the Ministry of Commerce and Trade and, in case of failure to comply, be taken action against.

Miscellaneous

15. These rules shall bind all 100% Myanmar-owned companies, 100% foreign-owned companies or joint venture companies operating a retail or wholesale distribution.
16. However, 100% Myanmar-owned companies operating a retail or wholesale business with an initial investment amount of less than USD 700,000 or an equivalent amount in MMK are exempt from the registration of the retail or wholesale business according to paragraph 7 (a).
17. If companies having registered a retail or wholesale distribution business wish to open a new outlet or to expand an existing outlet, they shall inform the Ministry of Trade and Commerce 90 days in advance and operate the outlets according to the terms specified.
18. The rules for retail or wholesale distribution may be amended according to the requirements of the State.



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About Lincoln Legal Services (Myanmar) Limited

Lincoln Legal Services (Myanmar) Limited provides the full range of legal and tax advisory and compliance work required by investors. We pride ourselves in offering result-oriented work, high dependability and a fast response time at very competitive prices. Please do not hesitate to contact us:

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