



# LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

NEWSLETTER 89 - 12<sup>th</sup> June 2022

Dear Readers,

Welcome to a new edition of our newsletter.

## 1. Compulsory use of, and conversion to, MMK (again)

- (a) [Nikkei](#) reports that in a meeting with banks on 7<sup>th</sup> June 2022, the Central Bank informed attendants that all foreign-invested companies were to be exempted from compulsory conversion. We are aware of at least one bank that contacted customers the following day, collecting data to check whether they would qualify for the exemption (the criteria appears to be, “more than 10% foreign-owned”).

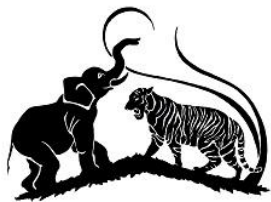
However, the Central Bank has not issued a corresponding notification yet. If indeed this goes ahead, we will publish details in the “[Laws in English](#)” section of our homepage.

- (b) On 2<sup>nd</sup> June 2022, the Ministry of Transport and Communications [informed logistics companies](#) that they were exempted from conversion requirements as follows:
- (aa) Each member company of the Myanmar International Freight Forwarders Association (MIFFA) may have a monthly balance of USD 300,000 in foreign currency and must exchange any amount in excess of USD 300,000 to MMK.
- (bb) Each shipping line being a member of the Myanmar Mercantile Marine Development Association may have a balance of USD 2,000,000 and must exchange any amount in excess of USD 2,000,000 to MMK.
- (cc) Each business providing freight forwarding services, or ground handling services for international airlines, may have a balance of USD 100,000 and must exchange any amount in excess of USD 100,000 to MMK.

## 2. Replacement of revoked exporter/importer registration certificates

With a notice dated 24<sup>th</sup> May 2022, the Department of Trade under the Ministry of Commerce informed exporters and importers that export companies whose exporter/importer registration certificate was revoked for failure to repatriate foreign exchange earnings may apply for a new one, provided that they resolve their export earnings issue.

We have [explained the procedure to do so](#).



### 3. **Distribution by foreign-invested companies**

As we are receiving this question once in a while:

It is perfectly possible to establish a “35/65” company (35% foreign- and 65% Myanmar-owned) and obtain an exporter/importer registration certificate, as well as licenses from other authorities that may be required to import specific goods, without registering as a wholesaler and/or retailer with the Ministry of Commerce (i.e., without contributing the minimum capital set by the Ministry of Commerce for foreign trading companies).

### 4. **Decommissioning of oil and gas platforms**

On 6<sup>th</sup> June 2022, *Myanmar Energy Monitor* [interviewed us](#) about how decommissioning should work, challenges that can arise when the legal framework for this process is scant, and the outlook for Yetagun.

### 5. **2021 solar tender**

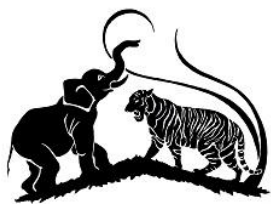
[Myanmar Energy Monitor](#) reports that 5 out of the 11 solar projects tendered in 2021 (Sidoktaya and Kye Ohn Kye Wa, both in Magway with 30 MW each; Sedawgyi and Kinda, both in Mandalay with 30 MW each; and Shwegyin in Bago with 40 MW) were going ahead and being implemented by PowerChina. Only a handful of companies had reportedly submitted bids in the tender, and no official winners were ever announced.

### 6. **“Control measures to prevent a shortage of fuel in the market and to stabilise prices”**

On 2<sup>nd</sup> June 2022, the Petroleum Products Regulatory Department under the Ministry of Energy published a [text](#) dated 1<sup>st</sup> June 2022 with the above-mentioned headline which we think is required reading ([English translation](#)).

In essence, it confirms what has been reported previously in independent media: Private market mechanisms in fuel distribution have been replaced by the micromanagement of import, pricing and allocation of quotas by a recently established supervisory committee.

Prices are determined daily on the basis of the average price in Singapore, adjusted for transport and other costs. Vendors selling at a higher price “will be given a warning first and thereafter action will be taken”.



### 7. Pinpet steel plant

On 6<sup>th</sup> April 2022, the Heavy Industry (1) department under the Ministry of Industry established (or reorganised) [a committee](#) to oversee the restart of the Pinpet steel plant, a previously discontinued heavy industry project in Shan State that the SAC expects to resume with Russian help.

### 8. Immigration compliance checklist

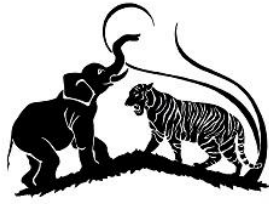
This is [part two](#) of our new “checklist” series (rather short this time).

We have a large compliance handbook composed of checklists in the format “What to do? Which authority to deal with? When? Potential penalty?”, from which we will publish excerpts over time.

We hope that you have found this information useful.

Sebastian Pawlita  
Managing Director

Nyein Chan Zaw  
Director



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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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