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Myanmar News:

Trading of agricultural products and hospital equipment

November 2015

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After the relaxations of the Ministry of Commerce's trade prohibition earlier this year (see further below), the Ministry has recently issued Notification No. 96/2015 concerning the trade of agricultural and medical products of primary importance to the agricultural sector and public health of the Republic of the Union of Myanmar.

In this Notification No. 96/2015, the Ministry of Commerce has allowed the import and trade of specific products, namely fertilizers, seeds, pesticides and hospital equipment. Foreign investors interested in engaging in such trading activities are however required to operate as joint venture with a Myanmar partner.

Please find below an unofficial translation of Notification No. 96/2015.

**Government of the Republic
of the Union of Myanmar**
Ministry of Commerce
Minister's Office
Notification No. 96/2015
November 11, 2015

The Ministry of Commerce of the Government of the Republic of the Union of Myanmar hereby issues this Notification under the powers entrusted to it by Section 13(b) of the Export Import Law.

Permission to trade for foreign joint venture companies

1. Previously, foreign companies were permitted only to provide services but not to engage in trading. Now, with the objective of developing of the trade sector based on domestic needs according to international trade practices and WTO rules, as well as increase in the number of potential foreign investors and businessmen due to changed economic situation, foreign joint venture companies are permitted to engage in trading for the following articles which are of primary importance to the agriculture and public health of the nation:
 - a. chemical fertilizers;
 - b. seeds;
 - c. insecticides;
 - d. hospital equipment.

2. Said articles will be allowed to be imported only by foreign companies which are in joint venture with Myanmar companies, and foreign companies in joint venture may engage in trading only to the extent of the foreign currency amount officially brought in by them.
3. In permitting foreign joint ventures to trade in the goods permitted herein, the same procedures as applied to current domestic companies will be applicable.
4. The list of articles permitted to be traded by foreign joint ventures may be amended as needed, based on domestic requirements, market situation and status of domestic businesses.

(by) Win Myint
Union Minister
Ministry of Commerce
Government of the Republic of the Union of Myanmar

Background

Since late 2001, trading activities have effectively been prohibited for foreign companies in the Republic of the Union of Myanmar. Exempted from this prohibition was only the sale of goods produced by a foreign company in the Republic of the Union of Myanmar.

The ban of trading activities has been implemented by the Ministry of Commerce under the powers conferred to it pursuant to the Export and Import Law 2012, which allows the Ministry to regulate the import and export of goods, as well as Order No. 2/89 on the Registration of Business Representatives, which had been issued pursuant to the Control of Imports and Exports (Temporary) Act (1947).

Since 2001, the restriction on import and export of goods has consequently been treated as a general prohibition of trading activities by foreign companies in the Republic of the Union of Myanmar. It is enforced by restricting the issuance of Trade Permits and Import/Export Registration Certificates to foreign investors intending to carry out trading activities. In practice, new foreign companies were only incorporated upon execution of an undertaking not to carry out trading activities, and Import/Export Registration Certificates only issued upon execution of an undertaking not to trade the imported goods.

Since early 2015, the Ministry of Commerce has allowed selective relaxations of this general trade prohibition.

Already in January, the Ministry had announced a limited lift of its trade prohibition by permitting joint ventures operating car showrooms the import and sale of new automobiles. In May, the Management Committee of the Thilawa Special Economic Zone followed by allowing certain wholesale trading activities to companies incorporated in the Thilawa Special Zone.

Notification No. 96/2015 is the latest step on the way to a free and open market in line with the intentions and principles of the ASEAN Economic Community.

For further guidance and information, please feel free to contact us anytime.

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