

LEGAL ALERT

Myanmar
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Myanmar opens up retail and wholesale business sectors to foreign-owned companies

In a recent move to liberalise and promote a more open economy in Myanmar, on 9 May 2018, the Ministry of Commerce (“MOC”) issued Notification No.25/2018 (“the Notification”) to permit 100% foreign-owned companies as well as joint ventures between local and foreign investors (“JVs”) to conduct retail and wholesale business domestically. Previously, foreign participation was only allowed in the trading of six limited commodities (seeds, pesticides, fertilizers, medical equipment, agricultural equipment and construction material).

1. The aim of the Notification

The Notification sets out the framework, guidelines and qualifications for the conduct of retail and wholesale activities. According to the MOC, the aim of the Notification is to:

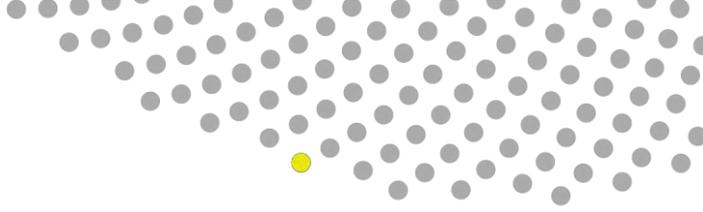
- bring down prices by encouraging healthy competition between retailers and wholesalers;
- allow for the development of quality products, better services and technology;
- restrict unfair competition and exploitation of consumers;
- facilitate growth and enhance the development of small and medium enterprises (SMEs);
- attract foreign investment; and
- increase job opportunities.

2. Minimum investment capital requirement

The Notification allows retail and wholesale trading of all types of commodities which are manufactured domestically or imported. This will allow foreign companies to bring in their products or business into the country directly, rather than indirectly through local importers, as was done previously.

Under the Notification, the minimum investment capital requirements are as follows:

	Joint Venture	Foreign Companies
Wholesale	<p>Investment Capital: USD 2 million and above (excluding rental fees for land lease with equity ratio of local investor not less than 20%. A joint venture company with less than 20% of local shareholdings shall be deemed a foreign company.</p>	<p>Investment Capital: USD 5 million and above (excluding rental fees for land lease)</p>
Retail	<p>Investment Capital: USD 700,000 and above (excluding rental fees for land lease) with equity ratio of local investor not less than 20%. A joint venture company with less than 20% of local shareholding shall be deemed a foreign company.</p>	<p>Investment Capital: USD 3 million and above (excluding rental fees for land lease)</p>



3. Registration of foreign companies and JVs

Assuming they satisfy the minimum investment capital requirements, interested foreign companies and JVs will then need to apply for a Retail and Wholesale Registration Certificate supported by the following documents:

- incorporation certificate;
- Myanmar investment commission approval, endorsement or permit;
- approval or recommendation letter from the relevant township or regional development committee; and
- a detailed business plan specifying the location, floor space, initial capital of the planned retail and wholesale activities, and products to be sold and distributed.

All companies must apply to the MOC to register their business in the retail and wholesale sector. Companies that are 100% domestically-owned with a capital of less than USD700,000 are exempted from registration.

Existing domestic companies with a capital of USD700,000 or more are required to register within 150 days from 9 May 2018 and to submit to the MOC the following documents:

- company registration card;
- list of products that are being distributed; and
- detailed business plan specifying the location floor space and initial capital of the retail and wholesale activities. Where there is more than one branch, the detailed business plan should include the number of branches and products that are to be sold at each branch.

Where a company is opening a new branch or expanding its business, the Notification provides that the MOC must be notified within 90 days of the opening or expansion.

4. Restrictions

The Notification provides that foreign companies and JVs are prohibited from doing the following:

- engaging in retail and wholesale activities that are prohibited under any existing laws, notifications or regulations; and
- operating mini-markets and convenience stores with a floor area less than 929 square metres.

All companies that are engaged in wholesale or retail activities in Myanmar must abide by the laws, rules and regulations of the country and not engage in any unfair competition practices.

If you have any questions or require any additional information, you may contact [Dr Maung Maung Thein](#), [Geraldine Oh](#) or the ZICO Law partner you usually deal with.

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