

LEGAL  
ALERT

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## Wholesale and retail registration required for exempted commodities

Previously, the Ministry of Commerce (“MOC”) issued Notification No. 25/2018 (“[Notification No. 25](#)”) allowing 100% foreign-owned companies as well as joint ventures between local and foreign investors (“JVs”) to apply for wholesale or retail registration in order to conduct retail and wholesale business domestically. In this respect, the trading of seeds, pesticides, fertilisers, medical equipment, agricultural equipment and construction material (“[Commodities](#)”) are exempted from wholesale and retail registration.

Further to Notification No. 25 and Bulletin 3/2018, which details 24 types of priority goods permitted to be sold through wholesale and retail by foreign and JV companies, MOC has now issued Notification No. 23/2019 (“[Notification No. 23](#)”) on 21 May 2019. Notification No. 23 requires foreign companies and JVs who trade in Commodities to register for wholesale and retail in accordance with the stipulations stated in Notification No. 25 and Bulletin 2/2018, regarding standard operating procedures, within 90 days from the issued date of Notification No. 23, i.e. 21 May 2019.

Under Notification No. 25, the minimum investment capital requirements set out for wholesale and retail are as follows:

	Joint Venture	Foreign Companies
Wholesale	USD2 million and above (excluding rental fees for land lease) with equity ratio of local investor not less than 20%. A JV company with less than 20% of local shareholding shall be deemed as a foreign company.	USD5 million and above (excluding rental fees for land lease)
Retail	USD700,000 and above (excluding rental fees for land lease) with equity ratio of local investor not less than 20%. A JV company with less than 20% of local shareholding shall be deemed as a foreign company.	USD3 million and above (excluding rental fees for land lease)

Foreign companies and JVs are prohibited from operating mini-markets and convenience stores with a floor area less than 929 square meters. However, Notification No. 23 provides that if the stipulated investment capital and floor area are not met at registration, such requirements can be completed within five years from the date of registration.

Furthermore, companies who fail to comply with Notification No.23 would be penalised in accordance with the existing laws, regulations, notifications, directives and orders issued by MOC.



Notification No.23 repeals the following notifications:

- (1) Notification No.96/2015: Permission for JVs to import and sale of agriculture products and hospital equipment
- (2) Notification No.11/2016: Process for JVs to obtain permission to trade agriculture products and hospital equipment
- (3) Notification No.56/2016: Permission for JVs to trade construction materials
- (4) Notification No.85/2016: List of HS Code for hospital equipment and construction materials
- (5) Notification No.36/2017: Permission for import and sale of chemical fertilisers, seeds, pesticides, hospital equipment and constructions materials to foreign-owned companies
- (6) Notification No.55/2017: Permission to JVs to trade farm equipment
- (7) Notification No.63/2017: Additional HS Code for construction materials for JVs and foreign-owned companies

With the passing of Notification No. 23, Commodities now falls within the spectrum of conventional and retail operations. This allows for foreign-owned and JVs to register and secure a wholesale and retail registration certificate, though do take note that the prescribed timeframe for the registration is 90 days from 21 May 2019.

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

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