



Trading in Myanmar: Understanding the Import & Export Payment System in Myanmar

Myanmar Private Sector Investment Summit

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Annual Trade (million USD)

	2008-09	2009-10	2010-11	2011-12	2012-13 (Apr-Nov)
Export	6778.85	7586.94	8861.01	9135.60	5778.71
Import	4543.45	4181.40	6412.73	9035.06	6088.32
Total Trade	11322.30	11768.34	15273.74	18170.66	11867.03
Trade Balance	2235.40	3405.54	2448.27	100.54	(309.61)

Source: Ministry of Commerce

Export by Sector (million USD)

	2008-09	2009-10	2010-11	2011-12	2012-13 (Apr-Nov)
Gas	2,384.70	2926.70	2522.50	3502.50	2456.40
Agricultural Products	1403.17	1678.36	1800.39	2372.96	1548.61
Minerals and Metals	708.13	1017.57	2274.07	897.11	383.23
Wood and Wood Products	516.65	561.52	644.70	643.87	430.71
Fishery Products	464.90	466.90	498.61	705.93	432.75
Garments	291.80	283.10	379.10	497.50	407.50
Animal Products	10.16	24.15	93.77	92.89	33.91

Source: Ministry of Commerce

Import by Sector (million USD)

	2008-09	2009-10	2010-11	2011-12	2012-13 (Apr-Nov)
Capital Goods	1824.4	1530.53	2480.68	3843.31	2641.06
Raw Material for Business	1597.38	1635.98	2628.97	3451.05	2476.19
Consumer Goods	1121.67	1014.89	1303.08	1740.70	971.07

Source: Ministry of Commerce

Trade Organization and Agreement

- ❑ WTO: World Trade Organization
- ❑ ASEAN: Association of Southeast Asian Nations
 - Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam
 - Common Effective Preferential Tariff (CEPT): 0-5% tariff range for goods in Inclusion List
 - Elimination of non-tariff barriers
 - ASEAN Economic Community: regional economic integration by 2015
 - ASEAN + 1 agreement (preferential tariff schemes) with Australia-New Zealand, China, India, Japan, South Korea
- ❑ BIMSTEC: Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
 - Bangladesh, India, Myanmar, Sri Lanka, Thailand, Nepal, Bhutan
- ❑ GMS: Greater Mekong Sub-region
 - China, Laos, Myanmar, Thailand, Vietnam

Preferential Tariff Schemes

- ❑ Developed countries/EU: Generalized System of Preference
- ❑ South Korea: Preferential Tariff for LDCs
- ❑ India: Duty Free Tariff Preference
- ❑ China: Special and Preferential Tariff (SPT) scheme
- ❑ ASEAN: Common Effective Preferential Tariff (CEPT)
- ❑ ASEAN + 1 preferential tariff schemes

Procedures

Register as exporter/importer

Eligibility

- Myanmar citizens, associate citizens, naturalized citizens (if sole proprietor)
 - Partnership firms
 - Companies registered under Myanmar Companies Act and Special Company Act of 1950
 - Limited companies
 - Joint venture corporations
 - Co-operative societies registered under the Co-operative Societies Law
- Concerned Department: Directorate of Trade, Ministry of Commerce
- Fee: K50,000 for one year, K100,000 for two years

Procedures

Apply for export/import license separately for each export/import.

Concerned Departments

- Directorate of Trade, Ministry of Commerce (overseas trade)
- Department of Border Trade, Ministry of Commerce (border trade)

License Fees

Export - None

Import - 2-5% of Cost-Insurance-Freight (CIF) value

maximum fee of K50,000

Exempted for agricultural imports (fertilizers, farm implements, machinery, insecticides), pharmaceutical raw materials

Restrictions on Export

Prohibited items for export

- Agricultural products
 - Groundnut and groundnut oil
 - Red sesamum, brown sesamum, sesamum oil
 - Niger oil
 - Mustard and mustard oil
 - Sunflower seeds, sunflower oil
 - Oil-extracted cakes
 - Cotton and cotton products
- Minerals and metals: gold, diamond, petroleum
- Animals: ivory, buffalo, cow, elephant, horse and rare animals
- Marine: shrimp bran
- Miscellaneous: arms and ammunitions, antiques

* Recommendation of various departments required for exportation of rice, other minerals and metals, animal hide and teak.

Restrictions on Import

Prohibited items for import

- Frozen chicken, beef, pork, mutton
- Canned meat and fruits
- Processed meat like sausages and ham
- Liquor: alcohol, beer
- Chocolate
- Chewing gum
- Various types of cakes
- Egg products

* Limitation on import of automobiles

* Permission of various departments required for importation of drugs, narcotic drug, psychotropic substances and chemical precursors.

Method of Payment

- ❑ Exporters/importers need to have a foreign currency account in state-owned banks such as Myanmar Foreign Trade Bank or private banks with license for international banking Services

- ❑ Import licenses shall be allowed against the following types of foreign exchange in the foreign currency account:
 - Export earning
 - Service earning: port service charges, software service charges, house rent, salaries, etc.
 - Foreign capital brought into Myanmar
 - Foreign currency sent by a foreign company or a person abroad to a company/person in Myanmar to do business (after 10% revenue tax)
 - Currencies obtained by hotels and travel agencies (since 2010)
 - Domestic sales of jewelries (since 2010)

Method of Payment

- ❑ In the past, importers need to buy export earning papers from exporters. Now, importers can buy foreign exchange at authorized local money changers and ask for account transfer to their foreign currency account in a local bank.

- ❑ Exporters/importers can transfer money into and out of the country by Letter of Credit (L/C) or Telegraphic Transfer (TT) using foreign currency accounts.

- ❑ There are some restrictions on the currency to be used depending on the foreign bank to which importers have to transfer the money.
US Dollar, Euro, Singapore Dollar and Japanese Yen are usually used for overseas trade.
Myanmar Kyats, Chinese Yuan, Thailand Baht, Indian Rupee and US Dollar are usually used for border trade.

Restrictions for Foreign Companies

- ❑ Foreign companies are not allowed to do trading activities (export/import) in Myanmar.
- ❑ For export/import of general and household goods, foreign companies can get into contract with local partners who can export and import on behalf of them.
- ❑ Companies registered with Myanmar Investment Commission (MIC) under Foreign Investment Law (FIL) can import equipment and machinery necessary during construction period of business and raw materials for productions for three years with exemption or relief on customs duty and other internal taxes.
- ❑ FIL also states income tax and commercial tax relief on exportation of manufactured goods.
- ❑ Upcoming by-laws of FIL may allow exportation by foreign companies since FIL states tax incentives for exportation of manufactured goods.