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[MOC Letterhead]

Minister's Office
Notification No. 25/2018
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Exercising the powers conferred by Section 13b of the Export Import Law, the Government of the Republic of the Union of Myanmar, Ministry of Commerce, hereby issues this Notification.

Allowing retail/wholesale within the country by foreign companies and joint-ventures between foreigner and Myanmar citizens

1. With the objectives of providing increased choice and reduced prices for consumers arising from the development of fair competition among retail/wholesale distributors; improvement in the quality of goods and services and in technology employed in sales and distribution; increased development of Small-and-Medium Enterprises through greater market share for domestically produced goods, foreign companies and joint-ventures between foreigners and Myanmar citizens are allowed to engage in retail/wholesale enterprises within the country with effect from the date of issuance of this Notification.
2. Any wholly Myanmar citizen-owned company, wholly foreign-owned company or any joint-venture between a foreign-owned and a Myanmar citizen-owned company engaged in retail/wholesale enterprise shall comply with and act according to the attached Terms & Conditions.
3. The Terms & Conditions may be amended as necessary.

(by)

Dr Than Myint
Union Minister
Ministry of Commerce

Letter No.: SaKa-11/2-18/2018(5)

Date: 2018-MAY-09

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Terms & Conditions for Retail/Wholesale

Justification

1. In the economic reforms of the Union of Myanmar, easing of regulations is being done in commercial sectors in order to increase employment opportunities and improvement in technology through foreign investment. In doing so, it has become necessary to allow foreigners to carry out sale and distribution services in the domestic market, not only to provide better prices and more choice in quality to consumers, but also to be in accord with regional treaties. Hence, to bring about conditions favorable to the interest of the consuming public without being detrimental to domestic Small-and-Medium Enterprises, retail and wholesale distribution shall be, from among those commercial activities related to distribution and sale, allowed to be carried out by foreigners.

Aim

2. The aim of these Terms & Conditions are as follows:
 - a. To reduce prices and increase choice to consumers through increased competition among retail and wholesale distributors;
 - b. To improve quality and volume of goods, services and technology through the increased inputs to domestic goods and services;
 - c. To further develop Small-and-Medium Enterprises by capturing more market share of domestic goods;
 - d. To enable operations under relevant rules and regulations to prevent uncompetitive practices between distributors in exploitation of consumers;
 - e. To encourage greater foreign investment;
 - f. To increase employment opportunities for citizens.

Definitions

3. Definitions are as follows:
 - a. **Retail** sale means the sale of goods to the public in small quantities for consumption and not for re-sale.
 - b. **Wholesale** means the sale of goods in large quantities to retailers for re-sale, or to manufacturers to use as input in production.

Right to sell

4. Wholly citizen-owned company, wholly foreign-owned company and joint-venture company between citizen(s) and foreigner(s) shall be allowed to engage in retail/wholesale activities as follows:
 - a. retail/wholesale of domestically produced or imported goods, other than restricted/prohibited goods, in accordance with prescribed procedures.
 - b. retail/wholesale in any city within any region or state, in accordance with prescribed procedures.

Prescribed Conditions

5. A wholly citizen-owned company, wholly foreign-owned company or joint-venture company between citizen(s) and foreigner(s) shall comply with the following in carrying out retail/wholesale activities within the country:
 - a. A wholly-foreign owned company that engages in:
 - (1) wholesale shall make an initial investment, excluding land rent, of USD five million or more in goods to be sold.
 - (2) retail shall make an initial investment, excluding land rent, of USD three million or more in goods to be sold.
 - b. A company that engages in retail/wholesale in a joint-venture between citizen(s) and foreigner(s):
 - (1) where the equity ratio of the citizen(s) is twenty per cent or more:
 - (aa) in the case of wholesale, shall make an initial investment, excluding land rent, of USD two million or more in goods to be sold.
 - (bb) in the case of retail, shall make an initial investment, excluding land rent, of USD seven hundred thousand or more in goods to be sold.
 - (2) where the equity ratio of citizen(s) is less than twenty per cent, it shall comply with the conditions set out in Paragraph 5a .
6. A wholly citizen-owned company may engage in a retail/wholesale enterprise with any initial investment amount that it can afford.

Compliance

7. A wholly citizen-owned company, wholly foreign-owned company or joint-venture company between citizen(s) and foreigner(s) shall comply with the following in carrying out retail/wholesale within the country:
 - a. any of the above types of companies established subsequent to the issuance of these Terms & Conditions shall apply to the Ministry of Commerce with the following supporting documents in order to register a retail/wholesale enterprise:
 - (1) certificate of incorporation;
 - (2) MIC Endorsement (copy), MIC Permit (copy) (for wholly foreign-owned companies or joint venture companies which are required to procure MIC Endorsement or Permit);
 - (3) recommendation of the city development committee concerned or the township development committee in the region/state concerned;
 - (4) list of commodity classification of goods to be distributed by retail/wholesale;
 - (5) detailed Business Plan including initial investment amount, location of distribution business, dimensions of premises etc..

- b. Wholly citizen-owned companies which had made an initial investment of USD seven hundred thousand or more (or MMK equivalent) prior to the date of issuance of these Terms & Conditions shall, within 150-days from such date, register the retail/wholesale enterprise at the Ministry of Commerce, with the following supporting documents:
- (1) certificate of incorporation;
 - (2) list of commodity classification of goods being distributed retail/wholesale;
 - (3) detailed Business Plan including working capital, location of distribution business, dimensions of premises etc.;
 - (4) where there is more than one distribution business, the number of branches, and detailed Business Plan of each business including list of commodity classification of goods being distributed.
- c. Retail/wholesale companies shall abide by the rules and regulations of the Nay Pyi Taw / Yangon / Mandalay City Development Committees, or the township development committee in the region/state concerned and local authorities, and shall open for business at prescribed locations, with approved dimensions for the premises, and number of outlets, at prescribed days and hours.
- d. Retail/wholesale companies shall comply with and act according to relevant laws, rules, procedures and regulations in order to ensure that the goods distributed are safe and of specified quality, and to provide after-sale service in accordance with warranties, and to avoid damage to the environment.

Prohibitions

8. A wholly citizen-owned company, wholly foreign-owned company or joint-venture company between citizen(s) and foreigner(s) allowed to engage in retail/wholesale shall not distribute retail/wholesale goods that are restricted or prohibited under prevailing laws, notifications and regulations.
9. A wholly foreign-owned company or a joint-venture company between citizen(s) and foreigner(s) shall not engage in retail distribution, including mini-markets and convenience stores, in premises of less than 929 sq meters in floor area.
10. A retail/wholesale enterprise that is a wholly citizen-owned company, a wholly foreign-owned company, or a joint-venture company between citizen(s) and foreigner(s) shall comply with and act according to the laws, rules, regulations prescribed by the Union of Myanmar, and shall refrain from unfair competition in the sale of goods and services.

Payment of stipulated taxes

11. A company allowed to engage in retail/wholesale shall, in the importation and distribution of goods, pay taxes in accordance with the prevailing laws, rules, regulations, procedures, orders and directives of departments concerned.

Oversight

12. The Ministry of Commerce, in cooperation with relevant departments, will as necessary oversee the compliance of the aforementioned Terms & Conditions, ensure adherence to the Business Plan submitted, and provide oversight to improve the

domestic distribution and sale industry. Retail and wholesale operators shall cooperate and provide necessary data and evidence toward effective oversight.

Sanctions

13. A wholly citizen-owned, wholly foreign-owned or joint venture retail/wholesale operator found to be in violation of these Terms & Conditions shall be sanctioned in accordance with the disciplines and procedures set out under the laws, rules, orders and directives issued by the Ministry of Commerce.
14. In addition to laws and regulations issued by the Ministry of Commerce, a wholly citizen-owned, wholly foreign-owned or joint venture retail/wholesale operator shall also comply with and act according to other prevailing laws and regulations related to sale and distribution services, and in case of failure to do so, will be sanctioned under the applicable laws, rules and regulations.

Miscellaneous

15. These Terms & Conditions shall be applicable to all wholly citizen-owned companies, wholly foreign-owned companies and joint-venture companies engaged in retail/wholesale distribution.
 16. However, wholly citizen-owned companies engaged in retail/wholesale distribution with an initial investment capital of USD seven hundred thousand or less (or equivalent in MMK), are exempted from the requirement for registration under Paragraph 7a of these Terms & Conditions.
 17. Companies registered as retail/wholesale enterprises that wish to open additional branches or expand them shall, within 90-days prior to such opening or expansion, notify the Ministry of Commerce, and such additional/expanded branches shall also comply with the prescribed Terms & Conditions.
 18. These Terms & Conditions for retail/wholesale distribution may be amended as necessary by the State.
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