Further liberalization of trading in Myanmar

Changes announced
In November 2015, the Ministry of Trade and Commerce issued notification 96/2015 to broaden the types of goods that could be imported and sale by joint ventures between Myanmar companies and foreign investors to include fertilizer, seeds, herbicides and medical equipment. Prior to the above, the only goods that could be imported by joint ventures were motor vehicles. The Ministry of Trade and Commerce has just issued notification 56/2016 on 7 July 2016 to add the importation and sale of construction materials to the above list of goods that can be imported and sold by joint ventures.

Key points to note
It is encouraging that the Ministry is taking into account the needs of the market for better quality construction materials in the midst of the construction boom in Myanmar. More importantly, investors should note that this is the first liberalisation for trading activities to be approved under the new administration in Myanmar. Thus far, the observable trend is that the Ministry has been focusing on improving the key constituents on important industries such as agriculture, healthcare and infrastructure construction.

Whilst the notification itself does not provide much details, it does mention that the joint ventures importing construction materials will be subject to the same rules and regulations as per local companies. However, there does not seem to be any guidance in relation to the minimum percentage of Myanmar shareholders or the minimum amount of capital required for the joint venture.

How can KPMG help
Investors in industries that have not been liberalised as yet but would like to be prepared could start preparations by starting the search for potential suitable joint venture partners. KPMG could assist in the shortlisting and advise foreign investors during their selection for such partners.

KPMG can provide advice in areas of concern for investors as well as how best to approach the above application. Thereafter, KPMG will also be able to assist in the incorporation of the proposed joint venture as well as in the application for the above import permits.

About Tax Alerts
KPMG Client Alerts highlight the latest tax and regulatory developments, impending change to law or regulations, current practices and potential problem areas that may impact your company. As certain issues discussed herein are time sensitive, it is advisable to make your plans accordingly.

"Client Alert" is issued exclusively for the information of clients and staff of KPMG Advisory (Myanmar) Ltd and should not be used or relied upon as a substitute for detailed advice on the basis for formulating business decisions.
The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2016 KPMG Advisory (Myanmar) Ltd. a Myanmar limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.