

Voluntary Report – Voluntary - Public Distribution

Date: May 09, 2022

Report Number: BM2022-0008

Report Name: Burmese Government Tightens Enforcement of Import License Procedures

Country: Burma - Union of

Post: Rangoon

Report Category: FAIRS Subject Report

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Report Highlights:

The Burmese government requires importers to have an import license before product leaves the exporting country.

General Information

The Department of Trade (DOT), Ministry of Commerce (MOC) announced that it will no longer accept applications for import licenses and permits for products that have already arrived at port. The DOT issued Export/Import Bulletin 6/2022 (See Appendix I) on April 5, 2022, that reenforced previous notifications that require importers to have the necessary licenses and permits before products leave the exporting port. DOT claims that importers were taking advantage of the seven-day grace period during which DOT would allow the application of imported goods that had not received the required licenses and permits.

The DOT previous released Notification (Order Notice) 93/2015 in October 2015 that required imported goods to have the required import license before they leave the port of the exporting country. In addition, MOC published Notification (Order Notice) 50/2020 in July 2020 that stated, “All goods, except those imported for import to customs warehouse, shall not be shipped to the port without permission.” The DOT, however, had been accepting applications for import licenses and/or permits after the shipments had left the port of the exporting country, and sometimes even the day the shipment arrived in Burma, to facilitate trade. DOT had given importers a seven-grace period after the goods arrived at port to obtain the required licenses and/or permits while it processed the shipment through customs. If an importer was unable to receive the import license and permit before the end of the seven-day grace period, then the importers would have to pay a penalty fee based on how long it takes to obtain the permissions.

The DOT noticed a large number of importers abusing the seven-day grace period and applying for import licenses and permits only after the goods arrived at port. The most recent export/import bulletin (6/2022) reinforces the previous notifications and states that the DOT will no longer accept applications for import licenses and permits for products that have already arrived at port. DOT also reminded importers of the legal action for violating the [Export and Import Law](#). There remains some confusion on the application of the grace period (7 days) and whether importers would still have a grace period to present the required license and permits, but Myanmar Customs did say it would enforce the previous penalty fee system. The detention period can range between 8 and 60 days with the penalty fee ranging from 1-4 percent of the actual value. If the importer is not able to submit the import license or permits 60 days after arrival, the Government of Burma will confiscate the goods.

The requirement of obtaining the import licenses and permits before a shipment leaves the port of the exporting country has made it difficult for importers to plan shipments. Import licenses and permits are valid for three months, and DOT stopped issuing extensions in February 2022. Transit times of shipments are hard to predict given the current logistical challenges and uncertainties that importers face. In additions, importers have reported that the DOT is limiting the maximum CIF value per import license at \$50,000, making importers obtain several import licenses for one shipment depending on the value of the shipment.

Additional Importation Challenges

The Government of Burma has recently released several notifications on foreign currency utilization, exchange rates, and trading in an attempt to reduce the trade deficit by reducing imports.

The Central Bank of Myanmar (CBM) published [order 4/2022](#) on April 3, 2022, requiring all foreign currency entering an Authorized Dealer¹ (AD) licensed bank account to be converted to Myanmar Kyats at 1,850 MMK/USD within one working day from its arrival. In addition, the Foreign Exchange Supervisory Committee must approve the transfer of foreign currency out of Burma starting from April 4, 2022. The CBM also released notification 12/2022 (See Appendix II) that requires anyone with foreign currency earnings to send the foreign currency to a Foreign Exchange Trading (AD) licensed bank and convert it into Myanmar Kyats within one business day. The DOT is also requiring that a board of director must apply in person to purchase foreign currency. The CMB exempted certain organizations and groups of people from notification 12/2022, including foreign direct investment activities that are carried out with the permission of the Myanmar Investment Commission, investment activities operated in special economic zones, foreigners, staff members and diplomats at embassies, UN, other international Committees (e.g., Red Cross, International Labor Organization, etc.), INGOs and development agencies (e.g., TICA, JICA), and state/citizen international airlines (see Appendix III).

The DOT has limited the hours that importers can access [Tradenet 2.0](#), the application through which importers can obtain import licenses. Importers use to be able to access the application at any time, but DOT has now limited access to Tradenet between between 9:30 am and 4:30 pm Monday through Friday. Importers are reporting that they are experiencing difficulties in submitting applications for import licenses because Tradenet 2.0 is crashing due to the increased activity during the restricted timeframe.

The combination of the new foreign currency policies, the limited hours of Tradenet 2.0, and restrictive import license procedures is making it harder for importers to do business.

¹ Authorized dealer license bank means a bank with a license from the Central Bank to deal in foreign currency including dealing in foreign exchange operations.

Appendix I: Ministry of Commerce's Notification 6/2022

(Unofficial Translation)

Government of the Republic of the Union of Myanmar
Ministry of Commerce
Department of Trade
Export/ Import Bulletin
Notification 6/2022

Date: April 5, 2022

Subject: Further notification to comply with Regulation Notification No. 50/2020 regarding Import of goods required to apply for import license

1. To make easier and faster for the application of import license and permit, The Ministry of Economy and Commerce allowed the advanced loading of imported goods before the import permit is granted and the export license and permit must be granted at the date of arrival. If the import license or permit is not obtained on arrival date, MOC also previously allowed under the scheme of "Valid for Prior Arrival".
2. However, taking advantage of the above opportunities, some entrepreneurs start license application process after the goods arrive Yangon port and MOC issued a notification No 93/2015 dated October 2015 entitled "Myanmar Import and Export Activity" which stated that goods must not be shipped to port without permission for import licenses."
3. In addition, in order to harmonize with the customs procedures, in Notification No. 68/2019 issued by the Ministry of Planning and finance, MOC issued. Notification No. 50/2020 dated July 8,2020, stating "All goods except those imported for import to then customs warehouse shall not be shipped to the port without permission."
4. Despite the announcement, importers were not complying with the order issued by the Ministry and MOC examined that the large number of applications for import licenses and permits after the goods arrive port against the notification. Shipping should be done only after obtaining import license and permit in order to avoid unwanted losses and the application of import license and permits after good's arrival will not be carried out from April20, 2022. MOC notify import again to comply the provisions Notification No. 50/2020, the legal action will be taken according to the Export and Import Law if there is verification that the goods have arrived at the port without import license and permit.

Department of Trade

Appendix II: Central Bank of Myanmar's Notification 12/2022

**Republic of the Union of Myanmar
Central Bank of Myanmar
Notification No. 12/2022**

3rd Waxing of Tagu, 1383 ME
3 April 2022

1. The Central Bank of Myanmar has issued this notification in exercise of the authority conferred under sub-section (b) of Section 49 of the Foreign Exchange Management Law.
2. According to the provisions of Section 11, Section 12 and Section 13 of the Foreign Exchange Management Law, the foreign exchange earnings of the locals must be sent back to Myanmar to the foreign currency account opened at the Foreign Exchange Trading (AD) licensed banks and exchange for Myanmar Kyats within one working day.
3. In case of exemption in carrying out in accordance with paragraph (2), it shall be issued separately.
4. Transferring foreign currency abroad must be carried out through the AD licensed banks with the permission of the Foreign Exchange Supervisory Committee.
5. Foreign currency in various foreign currency accounts that have entered Myanmar before the date of issuance of this notification shall also be made in accordance with paragraph (2) of this notification.
6. The Central Bank of Myanmar revokes Notification No. 35/2021 issued on 3-10-2021 with this notification.
7. This notice shall take effect from the date of issue.
8. Failure to comply with this notice will result in legal action under the Foreign Exchange Management Law.

Than Nyein
Governor

Appendix III: Central Bank of Myanmar Letter No. FE-1/69

CONVENIENCE TRANSLATION –ACCURACY NOT GUARANTEED

Republic of the Union of Myanmar

Central Bank of Myanmar

Letter No. FE - 1/69

Date: 20th April 2022

Subject: Matters concerning CBM Notification 12/2022

Reference: Notification No. 12/2022 dated 3rd April 2022 issued by the Central Bank of Myanmar

1. The meeting of the Foreign Exchange Supervisory Committee No. 4/2022 discussed and decided exemptions under article 3 of the referenced CBM Notification.

2. Therefore, the following items are not covered by the referenced CBM Notification No. 12/2022 according to meeting no. 4/2022 of the Foreign Exchange Supervisory Committee.

- (a) Foreign direct investment activities carried out with the permission of the Myanmar Investment Commission (MIC).
- (b) Investment activities operated in special economic zones.
- (c) Foreign diplomats and their family members at embassies established in Myanmar from countries with diplomatic relations with Myanmar; foreign staff members of the diplomatic corps with the same rank as the diplomats serving at these embassies.
- (d) Staff of the UN and its agencies established in Myanmar and Myanmar nationals holding a UN staff (laissez-passer) passport.
- (e) Foreign staff at development agencies assisting Myanmar.
- (f) Diplomatic foreign staff of international organizations (e.g., International Committee of the Red Cross, International Labor Organization, etc.), INGOs and development agencies (e.g., TICA, JICA).
- (g) state/citizen international airlines.

3. When carrying out foreign currency activities mentioned in para. 2 above that are not covered by Notification No. 12/2022, banks with a foreign exchange dealer license Authorized dealer (AD) may do so only with documentation certifying that the organization falls under para. 2 and after having done Know Your Customer (KYC) and Customer Due Diligence (CDD) procedures. Actions must be reported to the Central Bank of Myanmar and documented. The bank is responsible for any defects.

Translated by Lincoln Legal Service (Myanmar) Limited

Attachments:

No Attachments.