

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Burma Liberalizes Retail and Wholesale Sector

Report Categories:

Trade Policy Monitoring

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Report Highlights:

The Ministry of Commerce (MOC) in Burma (Myanmar) announced Notification 25/2018, which allows foreign owned companies to enter the wholesale and retail sector if they meet minimum investment thresholds. This creates new opportunities for U.S. businesses.

General Information:

The Myanmar (Burma) Ministry of Commerce (MOC) announced Notification 25/2018 for Wholesale and Retail Trading on May 9, 2018. According to this notification, Myanmar now allows 100% foreign owned companies to operate in the wholesale and retail sectors, subject to minimum capital investment requirements. Previously, MOC only allowed foreign companies to import and sell certain items, including construction materials, fertilizers, seeds, pesticides and hospital equipment (Notification 36/2017).

On July 30, MOC conducted a stakeholder's meeting in Yangon to clarify the rules under Notification 25 /2018. According to the new details provided, agricultural products and animal feeds are included on the list of goods allowed for retail/wholesale distribution under Notification 25. However, when reviewing applications for permission to distribute, the regulations stipulate that MOC will consider companies that sell or add value to locally produced goods. In addition, applicants must get permission from the Local City Development Committee to open new outlets. The government of Myanmar is eager to attract more investment in the agricultural sector and indicated that they welcome U.S. companies to submit proposals. In the meeting, MOC staff suggested that if foreign companies are interested in investing in Myanmar, they can meet with MOC staff first to discuss their ideas before submitting a formal application if they want to ask questions. MOC also mentioned that it can help foreign companies find available space/land for their projects if needed. In summary, Notification 25/2018 creates new opportunities for U.S. companies who interested in selling their products in Myanmar.

Unofficial draft translations of the related documents are given below including

1) Notification No. 25/ 2018, Standard Operating Procedures (SOP) for Registering a Retailer/Wholesale; 2) Application Form for Wholesale/retail Registration; and 3) Priority List of goods which are allowed for wholesale/retail trading. More information can also be found on the MOC website: <https://www.commerce.gov.mm/my/article>.

**Ministry of Commerce
Union Minister's Office
Notification No. 25/ 2018**

10th Waning of Kasone, ME 1380
May 9, 2018

The Ministry of Commerce, the Republic of the Union of Myanmar, issues this Notification by exercising the power conferred by Section 13, sub-section (b) of the Export and Import Law.

Allowing retail and wholesale services within the country by foreign companies and joint venture companies between foreigners and Myanmar citizens

1. Ministry of Commerce, on the release date of this Notification, allows foreign-owned companies and joint venture companies between foreigners and Myanmar citizens to operate domestic retail and wholesale businesses in order to enable consumers to have more choice and pay less through the creation of better competition among retail and wholesale distributors, to develop the quality of goods and better service in the distribution sector, to develop technologies, and to develop small and medium enterprises through the creation of a bigger market for local products.
2. Any fully Myanmar citizen-owned company, fully foreigner-owned company or any joint-venture company engaged in retail/wholesale enterprise shall comply with and perform according to the attached Terms & Conditions.
3. The Terms & Conditions will be amended as needed.

Sd./
Dr. Than Myint
Union Minister
Ministry of Commerce

Source: <https://www.commerce.gov.mm/my/article>

Standard Operating Procedure for Registering a Retailer/Wholesaler as per the

Notification 25/2018

1. This Standard Operating Procedure (SOP) sets out the process to register as a retailer/wholesaler and the required documents and fees. The Ministry of Commerce may amend this SOP at any time.

Chapter 1

Categories of Companies

2. The process for registering as a retailer/wholesaler depends upon the category of the applying company. The four categories are as follows.

(a) **Category A: New Fully Foreign Owned or Joint Venture Companies Between Foreigners and Myanmar Citizens (Foreign Joint Venture Companies)**

This category covers 100% foreign owned and foreign joint venture companies that are incorporating for the first time in Myanmar and who wish to register as a retailer/wholesaler.

(b) **Category B: Established Fully Foreign Owned or Joint Venture Companies Between Foreigners and Myanmar Citizens (Foreign Joint Venture Companies)**

This category covers 100% foreign owned or foreign joint venture companies that are already established in Myanmar but that currently do not have the right to do retail/wholesale business and who wish to register as a retailer/wholesaler.

(c) **Category C: Established Fully Foreign Owned or Joint Venture Companies Between Foreigners and Myanmar Citizens (Foreign Joint Venture Companies) Currently Permitted to Do Retail/Wholesale Business**

This category covers 100% foreign owned or foreign joint venture companies that are currently permitted to do retail/wholesale activities in Myanmar under a MIC permit or through a previous notification allowing retail/wholesale activities to foreigners.

(d) **Category D: Myanmar Citizen Companies Doing Retail/Wholesale Business Covered by this Notification**

This category includes Myanmar Citizen companies carrying out retail/wholesale business and that have an investment level greater than US\$700,000 (or) the MMK equivalent. Myanmar Citizen retail/wholesale companies with less than US\$700,000 investments are not required to apply for retail/wholesale registration at the Ministry of Commerce.

Chapter 2

Retail/Wholesale Registration Process

3. This SOP shall apply to the retail/wholesale of goods sold only at a shop or location that is permitted to operate but shall not apply to goods sold through moveable distribution and door-to-door distribution services. As well, it does not apply to other services, including food and beverage services such as restaurants and cafes.

Rights of Registered Retailers/Wholesalers

4. If a company with a retailer/wholesaler registration certificate wishes to import goods for sale and distribution, it can do so by obtaining an exporter/importer registration certificate. It shall be able to carry out retail/wholesale business throughout the country for any goods that are included in the priority list of retail/wholesale goods issued by the Ministry of Commerce from time to time.

Application

5. An application form can be downloaded for free at www.commerce.gov.mm by the Department of Trade, Ministry of Commerce, and 2 copies of the fully completed application form should be submitted with supporting documents.

6. A company may apply for registration for either retail or wholesale, or for both retail and wholesale together. In the case of applying for both retail and wholesale business, the initial investment amount is calculated as the sum of the initial investment amount set out for a retail business and the initial investment amount set out for a wholesale business.

Priority List of Goods Allowed to be Sold

7. A priority list of goods that foreign and foreign joint venture companies is allowed to retail/wholesale has been issued by the Ministry of Commerce.

Place to Register

8. Category A, B and C companies shall apply for registration at the Office No.3, Department of Trade, Ministry of Commerce, Naypyitaw.

9. Category D shall apply at one of the following locations:

- (a) Export/import office (Yangon), Department of Trade, Ministry of Commerce, Yangon;
- (b) Export/import office (Mandalay), Department of Trade, Ministry of Commerce, Mandalay; and,
- (c) Office No (3), Department of Trade, Ministry of Commerce, Naypyitaw.

Supporting Documents to be Submitted for Retail/Wholesale Registration

10. All Category A, B and C companies registering to operate a retail/wholesale business shall apply for retail/wholesale registration with the following supporting documents:

- a. Company registration certificate;
- b. MIC's approval or endorsement (copy);
(only for foreign companies or foreign joint venture companies that are required to obtain MIC's approval or endorsement);
- c. Recommendation from the respective City Development Committee or Region/State

Township Development Committee;

- d. List of groups of goods proposed for sale in the retail/wholesale distribution business;
- e. A 5-year business plan that states how the company will carry out its retail/wholesale business, which shall include:
 - i. capital investment amount (both initial and the plan to inject capital over the next 5 years);
 - ii. distribution, sales and management plan;
 - iii. location and space;
 - iv. A description of how the company will promote the objectives of the Notification allowing retail and wholesale, such as job creation, technology transfer, consumer choice such as lower prices or better quality and promotion of small to medium enterprises.
- f. The number and location of any intended new outlet; (if applicable, describe the exact location); and
- g. Make a deposit of the initial investment amount from abroad to a local bank and provide a deposit receipt from the bank as evidence.

(The MOC will issue only a temporary retail/wholesale registration certificate if a company cannot submit the evidence in the form of a bank deposit receipt for the initial investment amount when applying for the registration, and the MOC will issue a retail/wholesale registration certificate only after receiving the evidence of the bank deposit within 30 days to any local bank from abroad.)

Note: It is required to give priority to employ Myanmar citizens while operating the retail/wholesale businesses.

11. All Category D companies shall apply for retail/wholesale registration within 150 days from the issuing of the Notification with the following supporting documents:
- a. Company registration certificate;
 - b. A business plan that states how the company will carry out its retail/wholesale business, including:
 - (i.) a list of groups of goods for sale in the retail/wholesale distribution business;
 - (ii.) the operating budget of the retail/wholesale distribution over the past year;
 - (iii.) distribution, sales and management plan; and
 - (iv.) location and space.
 - c. If there are other outlets, provide the number of such outlets along with a list of groups of goods sold, and a business plan.

Chapter 3

The Minimum Initial Investment Amount on Sales of Goods

12. The retail/wholesale registered company shall make the initial investment amount on goods to be sold as set out in the Notification and shall follow the prescribed methods to deposit the minimum initial investment depending on the category of companies.

- a. Category A and B companies shall invest the minimum investment amount for the sales of goods, not including costs for leasing land, as set out in the following table:

Prescribed Period	Minimum Deposit Required
Within 30 days from the date of applying the retail/wholesale registration certificate	To deposit at least 50% of the total initial investment amount over goods to be sold to a local bank from abroad, and to submit evidence of the bank deposit.
The second year	To deposit at least 80% of the total initial investment amount over the goods to be sold to a local bank from abroad, and to submit evidence of the bank deposit no later than the last month of the second year of business operation.
The third year	To deposit the remaining amount to meet 100% of the total initial investment amount over goods to be sold to a local bank from abroad, and to submit evidence of the bank deposit no later than the last month of the third year of business operation.

- a. If a Category B company is manufacturing and distributing goods within Myanmar and wishes to sell imported goods in addition to the aforementioned goods, the company shall invest the minimum investment amount for the goods to be sold, not including costs of leasing land, as set out in the following table:

Prescribed Period	Minimum Deposit Required
Within 30 days from the date of application for registration and for the first year	<p>To deposit at least 50% of the total initial investment amount from abroad to a local bank during the first year since the business started. The deposit can be made in two instalments as follows:</p> <ul style="list-style-type: none"> • Submit evidence of the value of goods manufactured in Myanmar to be sold and distributed through retail/wholesale at the time of registration, and deposit at least 20% of the total initial investment amount for the sales of goods to a local bank from abroad and submit evidence of the deposit (in 30 days). • Deposit the remaining 30% of the total initial investment amount for the sales of goods to a local bank from abroad and submit evidence of the deposit no later than the last month of the

	first year of business operation.
The second year	Deposit at least 80% of the total initial investment amount for the sales of goods to a local bank from abroad and submit evidence of the bank deposit no later than the last month of second year of business operation.
The third year	Deposit the remaining amount of the total initial investment to a local bank from abroad and submit evidence of the bank deposit no later than the last month of third year of business operation.

a. The minimum investment amount to be made by Category C Companies for the sales of goods is as follows:

- i. Submit evidence of the investment on the sale of goods already made from the start of retail/wholesale business to 30 days before the date of.
- ii. If companies do not have the required investment amount, they shall fulfil the initial investment amount required for fully foreign owned companies and joint venture companies between Myanmar citizens and foreigners as prescribed in Notification No. 25/2018 within 5 years from the date of submitting application for retail/wholesale registration. Also provide the plan to fulfil such required investment amount with the first 5-year term of registration.
- iii. Submit evidence in the form of a bank deposit of the required initial investment amount for the first 5 years at the time of submitting application to renew the retail/wholesale registration.

a. **Category 4 Companies only need to apply for retail and wholesale registration without any limitation on the initial investment amount.**

13. If Category A, B and C companies have fulfilled the full amount of the required initial investment within the first year, they are not required to submit evidence of any additional investment made. Bank deposits/transfers from abroad can be made to any government, private banks (domestic or foreign) that have received a license from the Central Bank of Myanmar to operate in Myanmar.

Chapter 4 Sales Floor Space

14. Category D companies can operate individual outlets without any limitation on floor space.

For Retail

15. The individual outlet for a retailer must be at least 929 square meters and above; it may be

calculated to include small office space and storage under one roof within the outlet. But it must exclude external storage, offices or car parking.

16. For a shopping mall, the space must be above 929 square meters suitable for a mall. The owner of a mall or a mall operator must apply for a registration but individual shop owners that are operating in the mall will not be required to apply for a registration.

For Wholesale

17. Depending on the types of goods to be sold, the outlet must have sufficient space to operate a wholesale business. In the case of direct wholesale distribution from a storage, the storage must be located at an appropriate place.

For both Retail and Wholesale

18. It will be examined whether the location and space of a retail/wholesale distribution is accurate and appropriate. If the information included in the business plan is different from the information described in the recommendation of respective City Development Committee or if there is doubt about the accuracy of the location or space, the concerned authority will conduct field inspections.

Chapter 5

Expending Outlets

19. The retail/wholesale registered companies under Category A, B, C and D that wish to open a new outlet shall submit the following supporting documents with the attention to the Director General, Department of Trade at the following places either in person or with the postal service 90 days in advance.

a. Places to apply

1. Export/import office (Yangon), Department of Trade, Ministry of Commerce, Yangon
2. Export/import office (Mandalay), Department of Trade, Ministry of Commerce, Mandalay
3. Office No (3), Department of Trade, Ministry of Commerce, Naypyitaw.

a. The supporting documents to be submitted

1. Location and space of intended outlet or outlets;
2. The name of the new intended outlet and the business plan if the new name is different from that of the previous; and
3. Recommendation from respective City Development Committee or from the States/Regions Development Committee.

20. If Category A, B and C companies plan to open a new outlet, they must operate with the initial investment amount and the space required by Notification No. 25/2018.

Chapter 6

Validity of Retail/Wholesale Registration Certificate

Validity of Registration and Registration Fee

21. The validity of a retail/wholesale registration certificate is 5 years from the day that the registration is issued.

Registration Fee

22. The fee to register a retail/wholesale business is MMK 50,000.

Registration Renewal and Renewal Fee

23. A registration can be renewed two months before the expiration date by submitting an application form with the company's letterhead along with the company director list, shareholders list and a business plan for 5 years (excluding evidence of additional investment). The renewal fee is MMK 50,000.

Fines for Expired Registration

24. The following fines will be applied if a renewal application for registration is submitted after the expiration date:

Renewal Period	Fines
60 days after the expiration date	Kyat 20,000 (Twenty thousand kyat)
120 days months after the expiration date	Kyat 30,000 (Thirty thousand kyat)

Suspension of Retailer/Wholesaler Registration

25. If a company does not renew the registration until more than 4 months after the expiration date, the retail/wholesale registration will be suspended, and its right to import retail/wholesale goods will be terminated.

26. If a company with a temporary retail/wholesale registration certificate fails to provide evidence of a bank deposit of the minimum investment amount to a local bank from abroad within 30 days from the date of receiving a temporary registration, such temporary registration will be cancelled.

Taking Action

27. If a company is carrying out retail/wholesale business with all requirements but without a registration, the following action will be taken:

- a. A warning letter will be issued two times, ordering such company to submit a registration application; and
- b. If companies, whether Myanmar citizen or foreigner companies, fail to submit a registration application despite such warnings, their exporter/importer registration certificate will be cancelled and their right to import goods will be terminated.

28. If Category A, B and C companies fail to deposit the initial investment amount for the sales of goods to a local back from abroad within the set period, or fail to provide evidence of bank deposit within the set period:

- a. A warning letter will be issued two times to such companies, ordering them to provide evidence of the bank deposit;
- b. If companies fail to provide evidence of the bank deposit by the period required by the warning letter, their exporter/importer registration certificate will be cancelled and their right to import goods will be terminated.

APPLICATION FORM FOR RETAIL/WHOLESALE REGISTRATION CERTIFICATE

To:
Director General
Department of Trade
Ministry of Commerce
Office No.3, Nay Pyi Taw

1. Applicant Company

.....Company Name :

.....Company Registration No :

(Please describe separately if the registered company and business name are different)

.....Business Name :

1.Company MD Name :

..... NRC No/Passport No :

1.Head Office Address

:

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1. _____ Mailing Address
:
2. _____ Business Telephone Number(s):
3. _____ Cellular Number
:
4. Electronic Addresses:

_____ Website: E-
mail Address:

1. Address of the Business (Please give exact address)

_____ i. Selling Point/Place :

_____ ii. Storage :

1. If a Foreign Company:
 - i. 100% foreign own company
 - ii. Joint venture company cooperating with equity 20% and above of Myanmar citizen
 - iii. Joint venture company cooperating with less than equity 20% of Myanmar citizen
2. The Application is for:

i. Wholesale

- i. Retail
- ii. Both Wholesale and Retail

1. _____ Goods Category List for Selling :

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If a Company Already Has a Certificate of Retail/Wholesale Registration;

i. _____ Retail/Wholesale Registration No :
i. _____ Business Place for which :

Granted

i. _____ Whether Retail or Wholesale:

already is carried out or not

i. _____ Date of Granted Registration Certificate :

ii. _____ Whether the Registration Certificate is :

Still Valid or Not

i. _____ If Not, Expired Date :

ii. _____ Reasons for Non-renewal :

iii. Suspension/Cancellation Date :

(If suspended/cancelled)

i. _____ Number of Retail or Wholesale Outlet:

Signature of the Applicant(s)
(The company's officially Authorized Person)

Place:

Date:

FOR USE IN OFFICE OF REGISTERING AUTHORITY

Date of receipt:

Name and designation of Officer receiving the application.

**The Priority List of Groups of Goods for Retail/Wholesale Distribution
for foreign companies and joint venture companies**

1. Consumer Goods (including clothing, clock and watch, cosmetics products)
2. Food and Beverage Products, including the following:
 - a. Agricultural Products (except prohibited goods for importing)
 - b. Marine Products
 - c. Animal Products
 - d. Instant Food
 - e. Soft Drinks
 - f. Locally Produced Alcoholic Beverages
3. Household Products (Ceramics, Pottery, Glass including glassware products)
4. Kitchenware Products
5. Medicine and Medical Products, Hospital Equipment
6. Animals Feed and Veterinary Medicine
7. Stationary Products
8. Furniture
9. Sporting Products
10. Communication Products (Including Camera and Phone)
11. Electronic Products
12. Construction Products and Equipment
13. Electrical Products
14. Industrial Chemicals
15. Seeds, Agricultural Inputs and Agricultural Products
16. Agricultural Equipment
17. Various Types of Machinery and other accessories
18. Bicycles
19. Motorcycle/Motorbike and related parts
20. Automobile parts and machinery and parts
21. Toys
22. Home Decorative Products (Including Flowers and Plants)
23. Souvenir and Handicrafts Products
24. Art Materials, Musical Instruments Parts & Accessories (Antique items are not included)

Remarks:

25. When selling the above items by retail/wholesale register certificates, they must prioritize adding values to locally produced goods and sell them.
26. When importing goods from abroad, laws, regulations, procedures and rules of relevant Ministries shall be complied according to types of goods.
27. The priority list of groups of products may be amended as necessary by the government.