

KELVIN CHIA YANGON

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Kelvin Chia Yangon Ltd. (KCY) has been in active operation in Myanmar since 1995, currently with offices in Yangon and Mandalay. KCY is the firm of choice for those seeking to navigate, where we have gained extensive experiences and expertise across all the fast-changing legal and regulatory landscape in Myanmar areas of commercial practice.

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FOREIGNERS OPERATING IN JOINT VENTURE WITH MYANMAR CITIZENS ARE NOW ALLOWED TO TRADE IN CONSTRUCTION MATERIALS

On 7th July 2016, the Ministry of Commerce issued Notification No. 56/2016 allowing foreigners to trade construction materials in joint venture with Myanmar citizens.

Previously on 11 November 2015, the Ministry of Commerce (“MOC”) issued Notification No. 96/2015, relaxing long-standing trading restrictions upon foreigners that enter into joint venture arrangements with Myanmar citizens. The products that were covered under such notification were: (a) fertilizers (b) seeds (c) pesticides (d) hospital equipment.

With the issuance of Notification No. 56/2016 (the “**Notification**”), foreigners may now engage in the wholesale or retail of construction materials in joint venture with Myanmar citizens subject to the following conditions:

1. The joint venture company must be legally established as a company that is eligible to conduct trading.
2. The equity ratio of the joint venture company to be allowed for trading shall be the same ratio that was approved during the company registration.
3. Only the foreign currency legally brought into Myanmar (that is, transacted through licensed local and foreign financial institutions) may be used in trading.
4. The joint venture company must obtain the Export/Importer Registration Certificate from the MOC.
5. The imported construction materials must meet the standards and specifications prescribed by relevant ministries.

The Notification does not explain the scope of the term construction materials, or whether equipment, hardware and components which are to be integrated into construction works are also considered “materials” and therefore included in the items allowed for trading by joint ventures. In allowing foreigners to trade construction materials, the Notification cites the primary reason as the “increasing number of foreign investors and in order for local construction firms to be able to use materials of better quality.” This may suggest that the trading of other products may, in time, also be allowed, depending on market demand and the government’s policies. This is recognized in the Notification which provides that the “goods which are allowed to be traded by joint venture companies may be changed and fixed according to the needs of the country, the market and the situation of local investors.”