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FURTHER UPDATE – BORDER TRADE: CBM ISSUES ADDITIONAL TO FOREIGN CURRENCY CONVERSION APPROVAL AND CONVERSION REQUIREMENT

Following regulations issued by the Central Bank of Myanmar (the “CBM”) requiring the conversion of foreign currency earned or held by Myanmar persons (see <http://kcyangon.com/wp-content/uploads/2022/04/Issue-No.-64-CBM-Instruction-FC-Account.pdf> and <http://kcyangon.com/wp-content/uploads/2022/04/Issue-No.-65-2022-UTL-Law-and-CBM-Instruction-6-2022.pdf>), and after issuing an initial round of exemptions, including for foreign direct investments conducted with the approval of the Myanmar Investment Commission and investments inside Special Economic Zones (see <http://kcyangon.com/wp-content/uploads/2022/04/Issue-No.-66-Foreign-Currency-Conversion-Requirement-Exemptions.pdf>), the CBM under Order No. 7/2022 of 26 April 2022 further expanded these exemptions to include **exporters and importers conducting border trade under China-Myanmar Border Trade and Thai-Myanmar Border Trade programs.**

Order No. 7/2022, issued to banks authorized to conduct Yuan-Kyat direct transactions and Bhat-Kyat direct transactions, also instructs the foreign currency transactions of exporters and importers conducting China-Myanmar border trade and Thai-Myanmar border trade to be conducted as follows:

- (a) Importers conducting payments for imports are not required to seek approval from the Foreign Exchange Supervisory Committee, and may conduct their transactions through banks allowed to conduct Yuan-Kyat direct transaction and Bhat-Kyat direct transactions,
- (b) For the export proceeds of exporters, banks are to assess and ensure that they are received into the accounts of exporters within the country in accordance with the stipulations under the Foreign Exchange Management Law and its Regulations,
- (c) After the receipt of the export proceeds at the banks holding Authorized Foreign Exchange Dealer License (“AD Banks”), the exporters may utilize such export proceeds in foreign currency themselves or to sell it to the bank, and the balance remaining is to be sold to the bank without fail (AD Banks are to proceed to convert the balance of export earnings remaining after one month into Kyats)
- (d) To report to the Foreign Exchange Management Department using the Border Trade Module of the Electronic Reporting System of the foreign currency transactions relating to the China-Myanmar border trade and Thai-Myanmar border trade.

Notably, the exemption under the Order No. 7/2022 is only applicable to exporters and importers conducting border trade at China-Myanmar border and Thai-Myanmar border, and is not applicable to exporters and importers trading through border checkpoints with other countries, and is also not applicable to importers and exporters conducting maritime trade.

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About Kelvin Chia Yangon (KCY)

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 Myanmar's fast-changing and complex regulatory landscape, a jurisdiction in which KCY has gained in-depth legal expertise from the numerous transactions it has handled.

Our main practice areas

Foreign Investments | Incorporation and Company Maintenance | General Corporate and Commercial | Due Diligence | Mergers and Acquisitions | Joint Ventures and Production Sharing Agreements | Investment Funds | Energy/Oil and Gas | Natural Resources/Mining | Banking | Project and Project Financing | Manufacturing | Education | Agriculture | Real Estate | Infrastructure | Construction | Telecommunications | Compliance / Regulatory | Licensing and Permits | Labour and Employment | Immigration | Taxation | Insurance | International Arbitration | Intellectual Property | Special Economic Zones

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