

Government of the Republic of the Union of Myanmar

Ministry of Commerce

Union Minister's Office

Notification No.25/2018

10th Waxing of Kasone, M.E 1380 M.E

(May 9, 2018)

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

Allowing Retail and Wholesale services within the country by foreign companies and joint venture companies between foreigners and Myanmar citizens

1. The 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 business 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 citizens-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

Circulation:

President Office
Office of Union Parliament
Office of Union Hluttaw
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Director General, Myanmar Trade Promotion Organization

Director General, Press and Publishing Department [With request for publishing in the Myanmar Gazette)

Chairman, Union of Myanmar Federation of Chambers of Commerce and Industry (With request for dissemination to its affiliate organizations)

Terms & Conditions for Retail/Wholesale

Justification

1. In the economic reforms of the Union of Myanmar, relaxation [of rules] is being provided in commercial sectors in order to increase employment opportunities and to improve technology through foreign investment. In doing so, it has become necessary to allow foreigners to carry out sales and distribution services in the domestic market, not only to provide better prices and more choice in quality to consumers, but also to be in accord with regional treaties. Hence, to bring about conditions favorable to the interest of the consumer and also not detrimental to the domestic Small-and-Medium Enterprises, retail/wholesale among commercial activities related to distribution and sales will be allowed for foreigners.

Objectives

2. The objectives of these Terms & Conditions are as follows:
 - (a) To afford better price and more choice to consumers through increased competition among **retail and wholesale** distributors;
 - (b) To improve quality and volume of good and services, technology [employed] through inputs to domestic goods and services of sales and distribution enterprises;
 - (c) To further development Small-and-Medium Enterprises due to expanding market share by domestic goods;
 - (d) To enable operation under rules and regulations to prevent uncompetitive practices between distributors in exploitation of consumers;
 - (e) To increase ~~promote~~ foreign investment inflow;

- (f) To increase employment opportunities of citizens.

Definitions

- 3. Definitions are as follows: –
 - (a) **Retail** means the sale ~~selling~~ of goods ~~directly~~ to the public and not for re-sale; and,
 - (b) **Wholesale** means the sale of goods in large quantities to ~~the~~ retailers for re-sale, or to manufacturers to use as input in production.

Right to sell

- 4. Fully citizens-owned company, Fully foreigner-owned company, and a joint venture between citizens and foreigners will be allowed to carry on the retail/wholesale as follows:
 - (a) [It] may engage in retail/wholesale in accordance with the prescribed procedures for domestically produced or imported goods, other than restricted/ prohibited goods;
 - (b) [It] may engage in retail/wholesale in accordance with the prescribed procedures for any State/Regions-Development Committee.

Prescribed Conditions Regulations

- 5. Fully citizen-owned company, fully foreigner-owned company, and a joint venture between citizen and foreigner, shall comply with the following in carrying out retail/wholesale within the country:
 - (a) A fully foreigner-owned company desiring to engage in:
 - (1) **wholesale** – shall make an initial investment, excluding land rent, of USD five million or more in goods to be sold; and,

- (2) **Retail** – shall make an initial investment excluding land rent, of USD three million or more in goods to be sold.
 - (b) A company that engages in retail/wholesale under joint-venture between citizens and foreigners:
 - (1) where the equity ratio of citizen is twenty per cent or more:
 - (aa) **in case of wholesale** – shall make an initial investment, excluding land rent, of USD two million or more goods to be sold; and,
 - (bb) **in case of retail** – shall make an initial investment, excluding land rent, of USD seven hundred thousand or more goods to be sold.
 - (2) where the equal ratio of citizen is less than twenty per cent-it shall comply with conditions of Paragraph 5a.
6. A fully citizen-owned company may engage in retails/wholesale enterprise within the country:

Compliance

7. Fully citizen-owned company, fully foreign-owned company, and a joint-venture between citizen and foreigner, shall comply with the following in carrying out retail/wholesale within the country:
- (a) any of the above types of companies established subsequent to the issuance of these Terms & Conditions, shall apply for retail/wholesale registration to the Ministry of Commerce with the following supporting documents:
 - (1) Company Registration Certificate;
 - (ii) MIC's Endorsement (Copy)ጣ MIC's Permit (Copy) (for those companies that are required to obtain approval from the MIC);

- (iii) Recommendation of the City Development Committee concerned or the Township Development Committee in the region/state concerned;
 - (iv) List of commodity classification of goods to be distributed through retail/wholesale; and,
 - (v) Detailed Business Plan, including initial investment amount, location of distribution, dimensions, etc cetera.
- (b) Fully citizen-owned companies, which had made an initial investment of USD seven hundred thousand or more (or MMK equivalent) prior to the date of issuance of these Terms & Conditions, shall within 150days after such date, apply for retail/wholesale registration at the Ministry of Commerce, with the following supporting documents:
 - (i) Company Registration Certificate
 - (ii) List of commodity classification of goods being distributed through retail/wholesale;
 - (iii) detailed Business Plan, including working capital, location of distribution, dimensions, etc cetera; and,
 - (iv) In case of having more than one retail or wholesale business, the number of branches and detailed business plan of each business, including list of commodity classification of goods being distributed.
- (c) Retail/Wholesale companies shall open for business at prescribed locations, dimensions and number of outlets. At prescribed days and hours in compliance with the rules and regulations of the Nay Pyi Taw/Yangon/Mandalay City Development Committees, or the township development committee in the Region/State concerned, and local authorities.

- (d) Retail/wholesale companies shall comply with and performs according to relevant laws, rules, procedures and regulations in order to ensure that the goods distributed are safe and of specified quality, and to provide after-sale service in accordance with warranties, and to avoid damage to the environment.

Prohibitions

- 8. A company allowed to engage in retail/wholesale shall not distribute retail/wholesale goods restricted or prohibited under prevailing laws, notifications and regulations.
- 9. A fully foreign-owned company or a joint-venture between citizen and foreigner, shall not engage in retail distribution, including mini-markets and convenience stores, [in premises of] less than 929 square meters in floor area.
- 10. A retail/wholesale company shall comply with and perform according to the laws, rules and regulations prescribed by the Republic of the Union of Myanmar, and shall refrain from unfair competition in the sale of goods and services.

Tax Compliance

- 11. A company allowed to engage in retail/wholesale shall, in the import and distribution [of goods], pay taxes in accordance with the prevailing laws, rules, regulations, procedures, orders [and] directives of departments concerned.

Supervision

- 12. The Ministry of Commerce, in cooperation with relevant departments, may monitor as needed compliance of the aforementioned Terms & Conditions,

and adherence to their business plan, and for improvement in domestic distribution and sales industry. Retail and wholesale operators shall cooperate and provide necessary data and evidence toward effective monitoring.

Taking Action

13. A retail/wholesale operator found to be in violation of these Terms & Conditions shall have action taken against it under rules and regulations contained in the law, rules, orders and directives issued by the Ministry of Commerce.
14. In addition to laws [and] regulations issued by the Ministry of Commerce, a retail/wholesale operator shall also comply with and perform according to other prevailing laws [and] regulations related to the sale, distribution and provision of services, and in case of failure to do so, will have action taken against it under applicable law, rules and regulations.

Miscellaneous

15. These Terms & Conditions shall be applicable to all fully citizen-owned companies, fully foreigners-owned companies and citizen-foreigners joint-venture companies engaged in retail/wholesale distribution.
16. However, fully citizen-owned companies engaged in retail/wholesale with initial investment capital of less than USD seven hundred thousand (or equivalent in MMK) are exempted from the requirement for registration under Paragraph 7a of these Terms & Conditions.
17. Companies registered as retail/wholesale enterprise, which are desirous of opening additional branches or extending them, shall, within 90days prior to such opening or extension, notify the Ministry of Commerce, and such

additional/extended branches shall also comply with the prescribed Terms & Conditions.

18. These Terms & Conditions for retail/wholesale distribution will be amended in accordance with the needs of the State.