

Based on information collected up to June 2004

1. TARIFF MEASURES

Structure of the tariff schedule

Myanmar applies an eight-digit tariff nomenclature based on the Harmonized Commodity Description and Coding System (HS 96) as of 1 January 1996. Myanmar is receiving technical assistance from the World Customs Organization for implementation of the 2002 Harmonized System.

Tariff publications

Current information on customs related matters is available from the Customs Department, Ministry of Finance and Revenue, 132 Strand Road, Yangon, Myanmar.

11 Statutory Customs Duties

The import tariff covers 21 sections of 98 chapters, consisting of 1241 headings and 6062 subheadings. There are 22 bands of import tariffs ranging from zero to a maximum of 40%. Raw materials and other essential goods are taxed at very low rates, while the highest rates are applied to cars, luxury items, jewellery and items produced in Myanmar. Tariffs on most other items including consumer goods are moderate, with industrial inputs, machinery and spare parts facing tariffs of about 15%. Fertilizers, agricultural machinery and implements, insecticides and pesticides, medicines, and raw materials enter duty free. Assessment of import duty is based on the assessable value, which is the sum of c.i.f. value and the landing charge (0.5%) for the imported goods.



12 MFN Duties

Myanmar has bilateral trade agreements with the Republic of Korea, People's Republic of China, Thailand, Bangladesh, India, Pakistan, Vietnam, Laos, and Philippines in the Asian region, and with six countries in Eastern Europe. Articles of the agreements are generally based on the most-favoured nation (MFN) principle of WTO.



16 Temporary reduced duties

Under section 23 of the Sea Customs Act, exemption from the total or partial payment of duties may be granted on a case-by-case basis by the Ministry of Finance and Revenue on behalf of the head of State. The Customs Department, However, has authority to grant exemptions for specific import items. In the case of joint ventures and firms established under foreign investment programme, the Foreign Investment Commission may authorize the exemption from the payment of duties in exercising the power conferred by the section 22 of the Foreign Investment Law.



Preferential duties under trade agreements

19.2 Regional and sub-regional agreements

The Association of South-East Asian Nations (ASEAN) decided in 1992 to establish an ASEAN Free-Trade Area (AFTA) by the year 2008, later brought forward to 2003 for the six original founding members of ASEAN (Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore, and Thailand). Vietnam joined in 1995, Laos and Myanmar in 1997, and Cambodia in April 1999. In December 1998, the ASEAN members decided to accelerate the completion of the ASEAN Free-Trade Area. In this regard, the six original founding members would advance their tariff reductions to 0-5% from 2003 to 2002. Vietnam would implement its tariff reductions to 0-5% by 2003, and Laos and Myanmar by 2005. The plans are in accordance with Fast Track and Normal Track committed under ASEAN for the AFTA-Common Effective Preferential Tariff (CEPT) scheme. Under Myanmar's CEPT scheme, imports are classified in four categories: inclusion, temporary exclusion, sensitive, and general exception. The inclusion list consists of commodities that will follow the CEPT scheme on a fast track (0-5% tariff rate within 5-8 years) and a normal track (0-5% tariff rate within 10 years). Products in the temporary exclusion list will be phased into the inclusion list during 2001-2005 in five equal annual instalments.

In the year 2015, final reductions will be achieved by these four countries.

Since 1 of January 2003, the ASEAN countries have announced the abolishment of tariffs on 60 per cent of trade goods and the introduction of a 5% on import tariffs within its six original members, i.e. Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore and Thailand. Products affected essentially by this measure are electronic products, machinery items and petrochemicals. Goods excluded from the tariff reduction agreements are goods of key industries in some of the member countries; for example, the Philippines and Indonesia will delay the 5% cap on sugar and petroleum, and Malaysia will shelve the cap on car imports until 2005. As for Myanmar, Cambodia, Lao People's Democratic Republic and Vietnam, the four ASEAN's latecomers will introduce the 5% tariff cap only in 2010.



19.3 Bilateral agreements

BIMST-EC, an economic grouping comprising Bangladesh, India, Sri Lanka, Myanmar and Thailand was formed in 1997.

BIMST membership is confined to countries having direct access to the Bay of Bengal, its objective is to work towards a preferential trade agreement among its members in view of establishing a Free Trade Area.

TREATI, or Trans-Regional EU-ASEAN Trade Action Plan, was launched on 9 July 2003 by the European Commission with the objective of boosting trade between the two regions. This action aims at enhancing relations with ASEAN members.



2. PARA-TARIFF MEASURES

Additional taxes and charges

22.3 Import licence fee

All imports are subject to payment of licence fees. Import licence fee is payable on c.i.f. value at a minimum of K 250 up to a maximum of K 50,000. The rates are shown in the following table:

- up to a c.i.f. value of 10,000: K 250
- from a c.i.f. value of 10,001 to 25,000: K 625
- from a c.i.f. value of 25,001 to 50,000: K 1,250
- from a c.i.f. value of 50,001 to 1,00 000: K 2,500
- from a c.i.f. value of 1,00 001 to 2, 00 000: K 5,000
- from a c.i.f. value of 2,00 001 to 4, 00 000: K 10,000
- from a c.i.f. value of 4, 00 001 to 10,00 000: K 20,000
- from a c.i.f. value of 10,00 001 and above: K 50,000

The following commodities are exempted from import licence fees: 67 links of medicines and pharmaceutical raw materials used in the manufacture of drugs and medicines for the purpose of supporting the improvement of public health and the welfare of the people receiving medical treatment, commodities imported for the development of the agricultural sector (fertilizers, farm implements, agriculture machinery, and insecticides), commodities transported through the territory of Myanmar under the Transit Trade System, materials used in the business during the construction period under the foreign investment permit issued by the Myanmar Investment Commission, and commodities imported for departmental use by the state organizations.

22.9 Additional charges n.e.s.

A landing charge is levied at a rate of 0.5% of the c.i.f. value.

Internal taxes and charges levied on imports

23.1 General sales taxes

Commercial tax is charged according to the schedules appended to the Commercial Tax Act 1991. Schedule I details tax free items which comprises 65 essential and basic commodities such as fertilizers, agricultural machinery and implements, insecticides and pesticides, medicines, and raw materials. Schedules II to V specify tax rates of 5%, 10%, 20%, and 25% depending on the nature of the goods. Schedule VI represents specific types of goods such as cigarettes, petroleum products, alcoholic beverages, pearls, jade and other precious stones carrying rates of 30% to 200%.

4. FINANCE MEASURES

42 Multiple exchange rates

Myanmar maintains a dual exchange rate system. In addition to the official exchange rate, Foreign Exchange Certificates (FECs) have been issued by the Central Bank of Myanmar since February 1993 against six major convertible currencies. Foreign Exchange Certificates (FECs) are dollar

denominated local currency notes at a rate of 1FEC=1US\$. FECs are not freely convertible into foreign exchange. The rate at which FECs are exchanged for the domestic currency (kyat) is market-determined and the introduction of FECs in 1993 represented a de facto devaluation. In addition, an unofficial parallel market for foreign exchange exists where US cash dollars are traded for kyat at a premium up to 15 per cent above the FEC rate.

The official rate is so overvalued, that most trade is conducted at the market-determined exchange rate (all private sector transactions occur at the market-determined exchange rate), leaving public sector imports (government and State Economic Enterprise transactions) as the only transactions that are conducted at the official exchange rate.

43.9 Restrictive official foreign exchange allocation n.e.s.

State Economic Enterprises obtain foreign exchange directly from the Myanmar Foreign Trade Bank, within the approved foreign exchange budget.

45 Regulations concerning terms of payment for imports

Private sector imports are largely financed from the importer's foreign exchange account.

In November 1997, border trade was required to be conducted in U.S. dollars. Payments for border imports may be effected directly from export proceeds.

Payments of imports are made in foreign currency since the Burmese kyat is a non convertible currency.

49 Finance measures n.e.s.

Export proceeds must be fully repatriated.

Incentives to private exporters are offered by allowing 100 per cent retention of export earnings for importation of goods.

Foreign exchange operations are limited to two state-owned banks, the Myanmar Foreign Trade Bank (MFTB) and the Myanmar Investment and Commercial Bank (MICB).

6. QUANTITY CONTROL MEASURES

Non-automatic licensing

Licensing under the authority of

Ministry of Commerce,

Directorate of Trade and Department of Border Trade,

228-240, Stand Road, Yangon, Myanmar.

Directorate of Trade is authorized to issue import licences and permits for imports of overseas. Department of Border Trade is authorized to issue import licences for cross border trade.

61.1 Licence with no specific ex-ante criteria

All imports by private business enterprises and state enterprises are subject to import licences/permits issued by the Ministry of Trade.

As part of the foreign exchange budget, an import programme for the public sector is prepared annually by the Ministry of National Planning and Economic Department, and the Ministry of Finance and Revenue.

Under Order No. 4/98 of 20 March 1998, the Ministry of Commerce announced two priority lists (A) and (B):

List A - essential goods including machinery and spare parts, industrial raw materials, agriculture related materials, foodstuffs, construction materials, building materials, materials for fishery, components and spare parts for transportation, medicines, materials for livestock breeding, electrical goods, stationery, petroleum products, agricultural items, sports items, educational items, health items, and items to be prescribed from time to time.

List B - less essential goods including 60 items grouped under personal goods, household goods, foodstuffs, construction materials, textiles, electrical and electronic products, and miscellaneous items. Private importers are required to import in a ratio of at least (List A) 80 per cent to (List B) 20 per cent.

Some commodities which are not included in the list of prohibited items, restricted items, and priority items are allowed to be imported as in the List B within the right of a 20 per cent ratio.

61.2 Licence for selected purchasers

Selected SEEs and joint-ventures that need to import frequently under the Foreign Investment Law require an approval from the Ministry of Commerce on a case-by-case basis.

Liquor, beer, and cigarettes are not allowed to be imported except by Duty Free Shops subject to recommendation from the Ministry of Hotel and Tourism.

Prohibited foodstuffs may be imported subject to authorization from the Ministry of Hotel and Tourism granted to hotels only.

61.3 Licence for specified use

All border trade is transacted by the private sector and requires an import permit. Myanmar has signed border trade agreements with five neighbouring countries, using border trade as a mechanism for trade expansion.

1. People's Republic of China in August 1988,
2. Republic of India in January 1994,
3. People's Republic of Bangladesh in May 1994,
4. Thailand in March 1996,
5. Laos (exchanging draft agreements).

61.52 Importers' own foreign exchange

Only exporters and others who can document legitimate earnings of foreign exchange are eligible to apply for import licences.

61.6 Licence combined with or replaced by special import authorization

Trucks, busses, saloon vehicles, and motor cycles may be imported subject to a permission from the Trade Council.

Quotas

62.1 Global quotas

Generally no quota or ceiling is fixed for imported items so long as the requirement to import the prescribed amount of priority items is fulfilled, with the exception of edible oil.

Prohibitions

63.1 Total prohibition

Opium and other narcotics, playing cards, and gold and silver bullion may not be imported from any source.

63.3 Seasonal prohibition

63.7 Prohibition for sensitive product categories

Under order No. 2/2000 of 25 February 2000, the Ministry of Commerce specified commodities not allowed to be imported both in overseas trade and from border areas by normal trade procedures. Prohibited items include mono sodium glutamate, soft drinks, biscuits, chewing gum, cake, wafer, chocolate, canned foods (meat and fruits), all sorts of fresh fruits, noodles, alcohol, beer, and cigarettes. This list of prohibited imports is subject to ad hoc amendments in accordance with the situation of domestic market requirements.

63.9 Prohibitions n.e.s.

Myanmar applies trade embargoes decreed by the United Nation's resolutions. Imports from a few countries with which Myanmar has cut off diplomatic relations are prohibited as well. In addition an import ban is set to goods originating in North Korea or Taiwan.

The importation of galvanized corrugated sheets for roofing is prohibited.

Export restraint arrangements

66.4 Export restraint arrangements on textiles outside MFA

Export licences for textiles and clothing products to countries that apply import quotas under the WTO Agreement on Textiles and Clothing are issued up to the limit allowed to the importing country.

8. TECHNICAL MEASURES

Technical regulations

81.1 Product characteristics requirements

Fruits and vegetables, and all plants and plant products must be covered by phytosanitary certificates.

Veterinary health certificates are required for live animals.

A certificate of age may be required for spirits.

Shaving brushes made of hair or bristle must be accompanied by health certificates guaranteeing that they are free from anthrax.

Importation of cement, and M.S. rods is allowed upon receipt of certificate from the Housing Committee and Foreign Capital Evaluation Committee.

In conformity with law No. 92 on pharmaceutical products of 30 October 1992, imports of drugs and medicines must be registered with the Myanmar Food and Drugs Board of Authority with effect from 1 April 1993.



81.11 To protect human health

81.13 To protect plant health

Sanitary certificate requirement for imports of plants, plant products except tobacco from India, fruits and vegetables; furthermore it must state that goods are free from injurious insects and diseases, and are fit for human consumption.



81.3 Labelling requirements

Foreign merchandise bearing any English wording must have a definitive and adequate indication of the country of origin.

Food products are subject to labelling requirements indicating the name of the product, the list of ingredients, including food additives, the name, address and telephone number of the manufacturer, net weight or volume in metric units, and instructions for storage and use when applicable.

"Made in U.S.A." in letters as large and conspicuous should be printed or stamped on every article, label, or wrapper even on the barrel and cap of a fountain pen, on American-made goods, bearing any words in the English language.

However goods labelling forbids the use of images of Buddha and the national flags to appear as well on trademarks.



81.5 Testing, inspection and quarantine requirements

With a view to guaranteeing the availability of generic quality, safe and hygienic food, the Government of Myanmar has enacted the National Food Law since March 1997. Both imported and exported food items are required to be checked if they are up to the prescribed and required standard.

