



Investing in Myanmar and Myanmar Maritime Industry

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1. Myanmar: Country Overview



1.1. Country Overview



- Capital : Nay Pyi Taw
- Date of Independence : April 1, 1948
- Size: 676,557 Km² (3.5 times of Korea peninsular)
- Population : 52.89 million (2016) [Burma (70%), minors (30%)]
- Religions : Buddhism(89.5%), Christian (5%), Muslim (3.9%)
- Newly Elective Government : April 1, 2016 (Term: till March 31, 2021)
- Credit Rating : OECD Level 7 (2016. 6emdrm), Korea Exim Level D1, S&P, Moodys etc. – Non
- GDP : US\$ 67.43 billion (7.1% increased in 2016)
- GDP per capita : \$ 1,275 (6.7% increase in 2016)
- Inflation rate : 11.4% (2015) → 9.8%(2016) (estimate)
- Currency : Myanmar Kyat(MMK)
- ※ US \$1 = MMK 1,360 (2017. 10. 9. Central Bank of Myanmar)
- Doing Business (WBG) : Doing Business Rank 170 out of 190
- Transparency International: Rank 136 out of 176

- 대한민국과 관계
 - 체결협정 : 무역협정(1967년), 이종과세방지협정(2002년), 투자보호협정 (2004년)
- 대 미얀마수출 US \$7.6 억불, 대 미얀마수입 US \$4.6억불 (무역흑자 US \$3억불)
- 미얀마 투자 : 누적 US\$34.9억 (6위, 전체투자의 5.23%)
[중국,싱가포르,태국,홍콩,영국,한국 순] (2016.11, MIC)
- 교민 : 총 교민수 약 4,000명 (2016년 추정)

1.2. Current GDP per capita of Myanmar

- Current GDP per capita of Myanmar, USD 1,275 in 2016, is equivalent to those of Korea in Year 1977-1978.

Country	Years (GDP crosses \$ 1,275)	Remark
Japan	1967 - 1968	
Singapore	1972 - 1973	
Korea	1977 - 1978	40 years
Malaysia	1978 - 1979	
Thailand	1988 - 1989	30 years
Indonesia	2005 - 2006	
Philippines	2005 - 2006	
Vietnam	2009 - 2010	8 years
Laos	2010 - 2011	
Cambodia	2015 - 2016	
Myanmar	2015 - 2016	



2. Changes in Investment Environment



2.1. International Changes

미국의 대미얀마 경제제재 해제

- 반민주주의 및 인권 탄압 등을 이유로 지난 20년간 미국 등 서방세계를 중심으로 미얀마에 대한 수출입 및 금융거래 제재가 실시되었음
- 미국은 미얀마가 민주화 되면서 2012년부터 점차 대미얀마 제재를 완화하였음
- 오바마 대통령은 2016년 경제제재를 전면 해제 하였음
- 군부, 다수의 재벌 기업 등을 SDN(Specially Designated Nationals) 목록에서 삭제함으로써 이들과 거래 허용 및 자산 동결을 폐지하였음
- 2016년 11월부터 미얀마를 GSP(일반관세특혜, Generalized System of Preferences) 대상으로 재지정하여, 5,000여개 품목에 대하여 관세 폐지 혜택 부여함
- 참고로 EU는 2013년 경제제재 해제

중국의 Belt and Road Initiative

- Award of Kyaukphyu Special Economic Zone project to Chinese conglomerate - The Myanmar government awarded the US\$14 billion Kyaukphyu Special Economic Zone project (comprising a deep sea port, industrial park, and integrated residential area spread over an area of 4,200 acres located in Rakhine state) to Chinese conglomerate CITIC in January, 2016 which will hold an 85 per cent stake with the Myanmar state retaining the rest (August 2017, Myanmar Times).

2.2. 투자 개방 범위 확대 및 행정실무 변화

증권시장 개소

- 증권거래법 제정에 따라 증권거래소 설치, 4개 기업 상장, 추가적인 기업 상장과 시장 활성화 기대

투자 개방 범위 확대

- Ministry of Commerce (MOC)는 2017년 6월 12일 외국회사(100% 외국지분)에게 의료설비(hospital equipment), 건설자재(construction material), 비료(fertilizer), 종자(seeds) 수입을 허용한다고 공표(MOC notification 36/2017). 양질의 설비 및 자재 수입을 허용함으로써 농업 및 의료관련 기반 사회시설의 향상이 기대됨
- 자동차수입판매면허(Showroom License)의 외국인과 합작법인 허용 (상공부 Notification No.20/2015 2105년 3월 공포)

행정실무 변화(부패 방지 관련 입법)

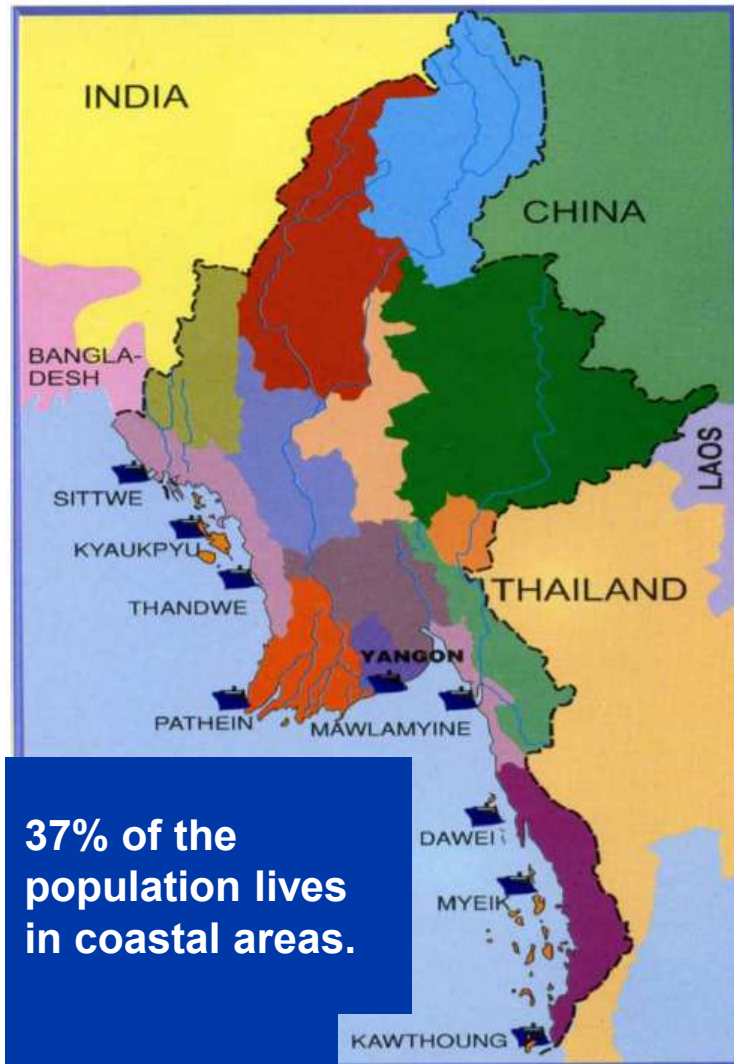
- 부패방지법 공포(2013년) 및 부패방지위원회 설립(2014년)
- 공무원 선물수취 가이드라인(2016. 4. 1.): (i) 공무원의 직무와 관련한 선물 및 재산상 이익 수취 금지, (ii) 25,000짜트 이하 선물(1년간 100,000짜트 이하), 직무 무관 개인적 선물, 종교명절시 선물(100,000짜트 이하), 외국정부 제공 선물(400,000짜트 이하), 출장비, 장학금, 의료비는 예외



3. Maritime Industry



3.1. Maritime Environment in Myanmar



- Total land area : 676,557 km²
- Total length of coastline : 2,228 km
 - Rakhine coastline (North-West area, 713 km)
 - Delta coastline (Lower delta area, 437 km)
 - Tanintharyi coastline (Southern area, 1078 km)
- A continental shelf of 228,000 km²
- Territorial sea of 486,000 km²
- 9 Ports in Myanmar
- Kyaukpyu Deep Sea Port and Dawei Deep Sea Port. An oil pipeline of 781 km and a natural gas pipeline of 870 km is constructed from Kyaukpyu to China

Source from Department of Marine Administration

3.2. Hub of Maritime Trade in Asia

“Our government recognises that transport is one of the key sectors for our national economic development and that sustainable growth of our country depends on establishing an efficient and integrated transport system in which ports development is a crucial element,”

- Kyaw Myo, deputy minister for transport and communications, interview with - Myanmar Eleven (July 10, 2017)

- Yangon Port handles about 95 % of maritime export and import cargoes
 - Maritime transportation served more than 85 % of the nation’s trade
 - Yangon ports can now accommodate 36 vessels at the same time – 26 vessels at Yangon inner harbour terminals and 10 at the Thilawa area. Currently, 46 vessels from 20 container shipping lines usually utilise Yangon ports for trading directly with 10 countries – Singapore, Malaysia, Iran, India, China, Sri Lanka, Indonesia, Vietnam, Bangladesh and Thailand
 - 37 waterfront land plots (a total of 15 hectares) were allocated in the form of a BOT (build, operate and transfer) system and joint ventures. In Thilawa, 10 plots were developed and an additional 20 plots are under construction.
 - Yangon Port: accessible to vessels of 167m LOA, 9m draft, 15,000 DWT.
 - ThilawaPort: accessible to vessels of 200m LOA, 9m draft, 20,000 DWT.
- (Source from Myanmar Eleven (July 10, 2017))

3.3. Hot Issues : Deep-Sea Port

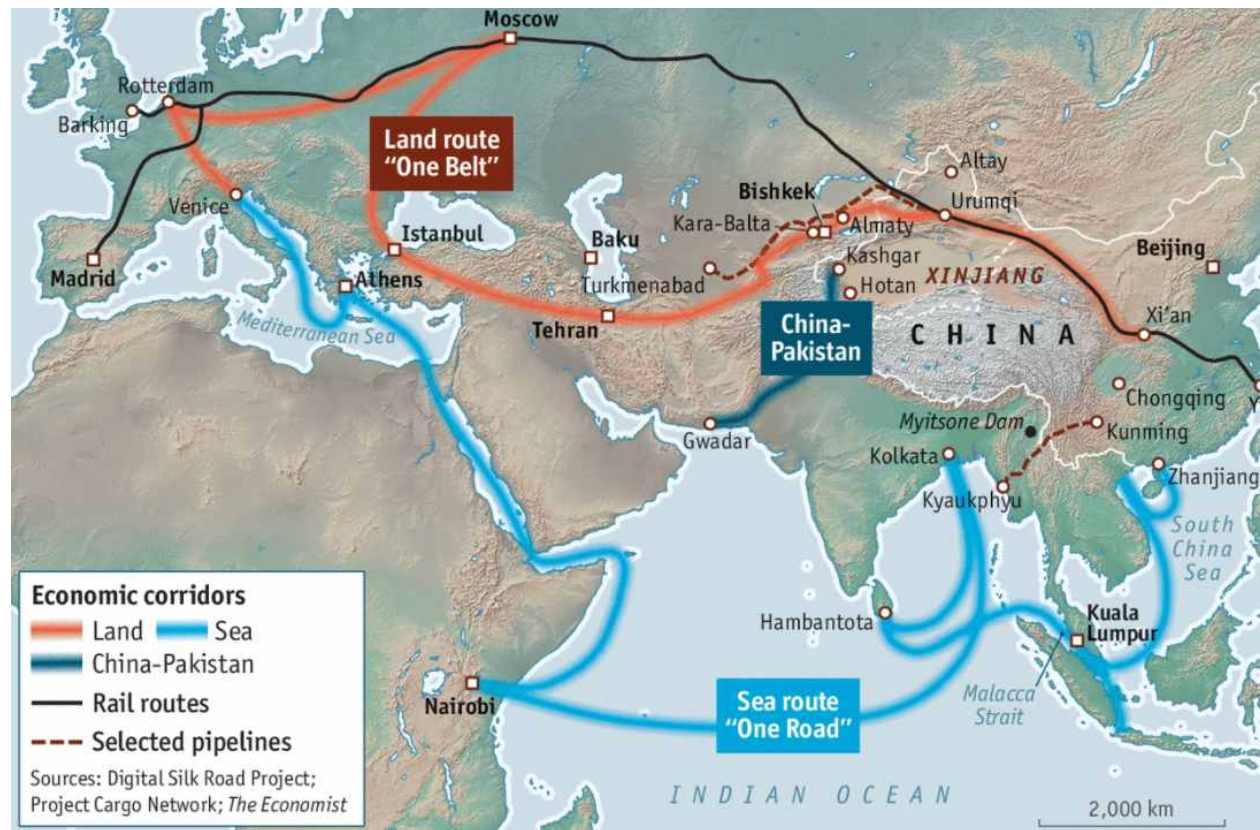
- Currently NO deep-sea port in Myanmar
- Issues
 - Cargo bottleneck – Yangon port handles 95 %
 - Yangon and Thilawa ports : 10 metres. Vessel size should be less than 2,100 TEUs cf. 18,000 ~ 20,000 TEU ships on Asia – Europe routes
 - Navigation issues – narrow river channels require high tide and daylight hours



- Need for deep-sea port
- “The existing facilities of ports are questionable for the traders as there have been serious port congestion problems at the terminals in the past. For the time being, the current main terminals are all river terminals which means that shipping lines are unable to bring in larger-sized vessels,” report by the European Chamber of Commerce in Myanmar, Myanmar Times (September 19, 2017)
- Plans to build in Delta region, Kyaukphyu, Patheingyi and Dawei

3.4. Hot Issues : Belt and Road Initiative

- China suggested its investment in Kyaukphyu Special Economic Zone (SEZ) and deep-sea port in Rakhine State.
- Kyaukphyu is key to the BRI; China's economic access to the Bay of Bengal and the Indian Ocean.



3.5. Foreign Ownership Restriction on Maritime Business

- Foreign ownership restriction is stipulated in Myanmar Investment Law and its notification.
- Investment activities allowed to be carried out only by the Union
 - Pilotage Services (CPC 6752)
- Investment activities that are not allowed to be carried out by foreign investors
 - Fresh water fisheries and relevant services (ISIC 0312, CPC 0421, 8615)
- Investment activities allowed only in the form of a joint venture with any citizen owned entity or any Myanmar citizen (Local share 20% or above)
 - Construction for fish Landing site/ Fishing Harbour and Fish Auction Market (ISIC 5210)
 - Research activities related with fishery (CPC 8114)

3.5. Foreign Ownership Restriction on Maritime Business

- Investment activities to obtain the approval of the Ministry of Transport and Communication (No restriction)

Dry port services relevant with Rail Transport	Brokerage service for ship
Maritime Education and Training Centre	Survey and Inspection service for ship's standard
Shipyards capable of operating for building and repairing of ships and afloat structures	the construction of switchback/slipway, dockyard, wet/dry dockyard, landing and mud dock (a narrow basin at foreshore area for docking), building of jetty and landing stage and vessel landing by drainage in the river-creek boundary, bank boundary and waterfront boundary
Coastal and inland water transport service for passenger	the construction of warehouse, soils, tanks, container yard & port related infrastructure in the bank boundary and waterfront boundary
Coastal and inland water transport service for cargo	Construction of inland river-port
Supporting service for water transport	Conservation works and improvement works of waterways
International transport service for passenger (not including coastal)	Expansion of port area and port limit area
International transport service for cargo (not including coastal)	Service for port and waterway
Vessel leasing Without crew	Service for salvage the sunken ship
Vessel leasing With crew	Shipping agency service
Tow boat & Tug boat Service	Deep sea port and international multi-purpose port
Ship demolition service	

3.6. Port Terminal Development (1/2)

- **Myanmar Port Authority Law**
- **International Port Development**
 - National Development Plan : Open tender
 - Unsolicited Proposal : Private initiate the offer
 - Private Port
- **Foreign Ownership Restriction**
 - No specific restriction
 - Requires Ministry of Transport and Communication per MIC notification
 - Local only or Joint Venture (local & foreign party)
- **Most ports are built under Build-Operate-Transfer system (BOT)**
 - Public sector – Myanmar Port Authority (MPA) owns the basic infrastructure
 - Private sector – leases the infrastructure, build superstructure and operate the port

3.6. Port Terminal Development (2/2)

- **BOT terms**
 - Roles and responsibility
 - Construction of superstructure
 - Operations plan
 - Lease fees and other fees
 - Tariff
 - Transfer

- **Licensing/Permit Process**
 1. Preliminary : Tender etc. Understanding with MPA
 2. Project Agreement : BOT contract/Land Lease Agreement/Joint venture Agreement (if necessary) – shall be agreed by MPA
 3. Review by Attorney General Office
 4. MIC's assessment (PAT meeting, MIC meeting)
 - Comments/Approval by relevant ministry or by relevant region/state government
 5. MIC permit issued

3.7. Status of National Legislation

Responsible Department	No.	Law
DOT	1	The Multimodal Transport Law 2014
DMA	2	The Myanmar Registration of Ships Act
DMA	3	The Inland Vessel Law 2015
DMA	4	The Myanmar Merchant Shipping Law 2013
DMA	5	The Convention for the Unification of Certain Rules of Law with respect to Collisions between Vessels
DMA	6	The Myanmar Coastal and Inland Water Transport License Law 2015
DMA	7	The Bills of Lading Act 1856
DMA	8	The Carriers Act 1865
DMA	9	The Myanmar Carriage of Goods by Sea Act 1925
DWIR	10	The Obstructions in Fairways Act 1881
DWIR	11	The Defile Traffic Act 1907
MPA	12	Myanmar Port Authority Law 2015
MPA	13	The Myanmar Lighthouse Act 1937



4. Myanmar Investment Law



4.1. Key Points – Myanmar Investment Law

	미얀마투자법
투자허가	<ul style="list-style-type: none"> • 투자허가가 필요한 사업분야를 제한적으로 규정 <ul style="list-style-type: none"> - 전략 사업 - 대규모 자본투자 투자사업 - 자연환경과 지역사회에 중대한 영향을 미치는 투자사업 - 연방 소유 토지 및 건물을 사용하는 투자사업 • 위 사업분야 이외에 투자하는 경우 MIC 투자허가 없이 투자 가능함 • 외국인투자가 가능한 범위를 확대하고 투자절차를 간소화
법인세 면제 혜택	<ul style="list-style-type: none"> • 지역별 개발 수준 및 투자촉진 사업분야인지 여부에 따라 3년, 5년, 또는 7년간 면제
수입설비에 대한 면세	<ul style="list-style-type: none"> • 수입설비에 대한 상업세 및 관세 감면

4.1. Key Points – Myanmar Investment Law

	미얀마투자법
고용	<ul style="list-style-type: none"> • 비숙련공 : 전부 미얀마인 • 숙련공 : <u>미얀마인 채용의무 삭제</u>
양여허가 절차 신설	<ul style="list-style-type: none"> • MIC 투자허가 없어도 토지사용권(50년 +10년+10년) 취득 및/또는 조세감면 혜택을 부여받기 위하여 신청하는 절차가 신설됨 • 양여허가 제도의 취지는 MIC 투자허가 절차에 비하여 신청 및 심사 절차를 대폭 단순화하여 투자를 촉진하기 위한 것

- 기타 MIC 투자허가 및 양여허가의 신청 및 심사 절차를 간소화하고 법정 기한을 보다 세밀하게 두어 전체적으로 심사 기간이 단축될 것으로 기대
- 투자보장 사항으로 투자자 비차별, 국유화 금지, 송금자유, 분쟁해결 조항이 강화되었다는 특색이 있음

4.2. Incentives – Tax Holidays

- 법인세 면제 혜택 기간을 다음과 같이 구분하여 규정
- 이는 최근 미얀마에 대한 외국인투자가 증가하고 있는 상황에서 무차별적으로 투자를 유치하기보다는 개발의 필요성이 높은 산업/지역에 대한 투자를 촉진하여 미얀마 경제의 균형적 발전을 도모하겠다는 취지로 이해됨

Category	Areas	Exemption period
Zone (1)	least-developed area	7 years
Zone (2)	moderately developed area	5 years
Zone (3)	adequately developed area	3 years

- 다만, 담배, 술(리큐 및 맥주) 등 건강에 해로운 제품의 생산과 관련된 경우 면제 혜택을 부여하지 않음



5. Myanmar Labour



5.1. Minimum Wages and Employment Conditions

Minimum Wages Act amended in 2013. Minimum wage set by Notification 2/2015, 28 AUG 2015

- Applied to all business (Exception: small business with less than 15 employee or family business)

Amount of Minimum Wage

- General: 450 kyat / 1 hour, 3,600 kyat /day (8 hours), 108,000 kyat/month ~ 111,600 kyat/month
- Probation: 75% above (probation period shall be 3 months or less) / Apprentice : 50% above
- \$86/month. cf. China \$332, Malaysia \$265, Vietnam \$143, Laos \$135

Other Employment Conditions

[Non Factory Worker] Shops and Establishment Act	[Factory Worker] Factory Act
<p>(a) Work hour: 8 hrs/day, 48 hrs/week</p> <p>(b) Work days: 6 days/week</p> <p>(c) Break time: minimum 30 minutes every 4 consecutive hours of work</p> <p>(d) Weekly holiday: 1 day per week. Employer can fix the day with discretion. Sunday is common.</p> <p>(e) Overtime</p> <ul style="list-style-type: none"> • Shall be voluntary • Overtime charge is 2 times of ordinary salary 	<p>(a) Work hour: 8 hrs/day, 44 hrs/week</p> <p>(b) Work days: 6 days/week</p> <p>(c) Break time: minimum 30 minutes every 5 consecutive hours of work</p> <p>(d) Weekly holiday: 1 day per week.</p> <p>(e) Overtime</p> <ul style="list-style-type: none"> • Shall be voluntary • Overtime charge is 2 times of ordinary salary



6. Myanmar Tax



6.1. Tax Issues, Income Tax

Tax Issues	<ul style="list-style-type: none"> • Application of tax treaty (interest, royalty, license, business profit, etc.) • Offsetting input commercial tax (limited) (Manufacturing, Trading, Construction Services) • Enforcement on Stamp Duty (Penalty is 10 times of missing stamp) • Enforcement on Tax Assessment • Enforcement on Withholding tax (MoFP notification 2/2017, 2017. 4. 1.) • Large Taxpayers Office (Self Assessment) expanded 															
Corporate Income Tax	<p>1) Tax rate</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Entity</th> <th style="text-align: center;">Rate</th> <th style="text-align: center;">Remark</th> </tr> </thead> <tbody> <tr> <td>Company under Myanmar Company Act</td> <td style="text-align: center;">25%</td> <td>Worldwide income</td> </tr> <tr> <td>Foreign Branch</td> <td style="text-align: center;">25%</td> <td></td> </tr> <tr> <td>Company incorporated under MIC or Special Company Act</td> <td style="text-align: center;">25%</td> <td>Cf. Tax holiday</td> </tr> <tr> <td>Non-resident foreign company</td> <td style="text-align: center;">Withholding tax</td> <td>Service provided by the non-resident foreign company</td> </tr> </tbody> </table> <p>2) Tax year: from April 1 to March 31</p> <p>3) Quarterly advance income tax payment to be made. Annual tax return by June 30 every year.</p> <p>4) 10 % penalty on non-filing or late-tax payment</p>	Entity	Rate	Remark	Company under Myanmar Company Act	25%	Worldwide income	Foreign Branch	25%		Company incorporated under MIC or Special Company Act	25%	Cf. Tax holiday	Non-resident foreign company	Withholding tax	Service provided by the non-resident foreign company
Entity	Rate	Remark														
Company under Myanmar Company Act	25%	Worldwide income														
Foreign Branch	25%															
Company incorporated under MIC or Special Company Act	25%	Cf. Tax holiday														
Non-resident foreign company	Withholding tax	Service provided by the non-resident foreign company														
Personal Income Tax	<p>1) Taxable Income</p> <p style="padding-left: 20px;">Resident foreigner – worldwide income</p> <p style="padding-left: 20px;">Resident = more than 183 days in a tax year</p> <p>2) Payment method</p> <p style="padding-left: 20px;">A. Tax year: from April 1 to March 31</p> <p style="padding-left: 20px;">B. Annual tax return by June 30 every year</p> <p style="padding-left: 20px;">C. 7 days from the date of payment if the employer pays the salary</p> <p>3) Tax rate : Resident – 0% ~ 25%, Non-resident : 25%</p> <p>4) Resident can claim deductions(basic/parents/spouse/children/social security board/donation while non-resident can not claim the deductions</p> <p>5) 10 % penalty on non-filing or late-tax payment</p>															

6.2. Withholding Tax, Commercial Tax, Stamp Duty

Withholding Tax	Types of Income	Residents	Non residents
		(ex. Local company)	(ex. Head office)
	Interest	-	15%*
	Royalty	10%	15%**
	Goods (locally purchased goods & not imported goods) and Services	2%	2.5%
	<p>(*) if payee is the resident of the country that Myanmar has a tax treaty: 10%</p> <p>(**) if payee is the resident of the country that Myanmar has a tax treaty: 10% ~ 15%</p> <p>Withholding tax shall be paid within 7 days from the date of payment</p>		
Commercial Tax	<p>1) Commercial tax is similar to VAT and is levied on (i) Local production and sale of goods, (ii) Importation of goods, (iii) Trading, (iv) Provision of services.</p> <p>2) Payment: within 10 days from the end of each month</p> <p> Quarterly Return : within 1 month from the end of each quarter</p> <p> Annual Return : with 3 months from the end of each tax year</p> <p>3) Offsetting input and output commercial tax.</p> <p>4) Rate : generally 5%</p>		
Stamp Duty	<p>1) All legal documents stipulated by Stamp Duty Act shall be stamped. (Lease Agreement, Service Agreement, Joint Venture Agreement, Loan Agreement, etc.). Stamp shall be affixed before or at the time of execution.</p> <p>2) The amount of stamp varies on each cases.</p> <p>3) 10 times of penalty if not properly stamped.</p>		

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