

INSTRUCTION No.02/2015

(27 May 2015)

**The Republic of the Union of Myanmar
The Management Committee
Thilawa Special Economic Zone**

**Instruction on the Scope of “Trading” Activities Permitted for Investors in the
Thilawa Special Economic Zone**

The Management Committee of Thilawa Special Economic Zone (“Management Committee”) hereby issues this Instruction in accordance with Section 11(f) of the Myanmar Economic Zone Law (“Law”) on the scope of “Trading” activities permitted for Investors in the Thilawa Special Economic Zone (“SEZ”).

I. Definitions

In this instruction, the following words shall have the following meanings and the capitalized terms used but not defined in this Instruction shall have the meanings given to them in the Law:

“Parent Company” means the company which controls the Investor by holding a majority of its voting shares and/or by having the power to appoint directors and includes the ultimate parent company of the Investor.

“Group Company” means any company which the Investor controls by holding a majority of its voting shares and/or by having the power to appoint directors.

“Locally Procured Products” means the products procured from Free Zone or Free Zone Businesses, Promotion Zone or Other Business or Domestic Tariff Area in Myanmar.

“Other Products” means the products other than Own Products.

“Own Products” means the products manufactured by the Investor, its Parent Company and/or by any Group Company and/or sold under the brand name of the Investor, its Parent Company and/or its Group Company.

“Specified Products” means any kind of 4-wheel vehicles, or motorcycles and any other products which are restricted in Domestic Tariff Area outside Special Economic Zone and/or are so designated by the Management Committee from time to time.

“Wholesale” means the sale of products to other businesses for resale or for use by other businesses in the manufacture of goods or supply of services and shall be deemed to include (i) the direct sale in bulk of industrial materials to the end-users and/or (ii) the direct sale of industrial machinery and equipment which has the sales price of USD 500,000 or more per transaction to the end-users.

II. Activities permitted for Investors in the SEZ

The following activities are permitted in the SEZ subject to the requirements stipulated below.

1. Business in the Free Zone or Free Zone Business

1.1 The export or sale of Own Products manufactured in the Free Zone or by Free Zone Businesses is permitted under following conditions:

- (i) Export to overseas markets: Permitted with no additional requirement.
- (ii) Sale to Promotion Zone, Other Business or to outside the SEZ: Permitted subject to requirements in clause 1.5 below.

1.2 The export or sale of Other Products manufactured in the Free Zone or Free Zone Businesses is permitted under the following conditions:

- (i) Export to overseas markets: Permitted with no additional requirement
- (ii) Sale to Promotion Zone, Other Business or outside the SEZ: Permitted subject to requirements in clause 1.5 below.

1.3 The import, storage and re-export of Own Products and/or Other Products not manufactured in the SEZ is permitted, if an Investor establishes its own warehouse at its own lot in the SEZ.

1.4 The import, storage and sale of Own Products and/or Other Products not manufactured in the SEZ to Promotion Zone, Other Business or to outside the SEZ is permitted, if an Investor establishes its own warehouse at its own lot in the SEZ and subject to requirements in clause 1.5 below.

1.5 Sale to Promotion Zone, Other Business or outside the SEZ permitted pursuant to the clause 1.1 (ii), 1.2 (ii) and 1.4 (a) shall be limited to Wholesale, (b) shall not include the Specified Products and (c) shall be subject to a limit of maximum 25% of the total value of the Investor's annual sales.

2. Business in Promotion Zone or Other Business

2.1 The import, Wholesale and/or retail of Own Products (excluding Specified Products) within the SEZ is permitted under the following conditions:

(i) Any of the value adding activities or services listed in (a) or (b) shall be provided at its own lot in the SEZ;

(a) value adding activities: including, but not limited to, repacking, labelling, or any other form of processing to the Own Products after import;

(b) value adding services: including, but not limited to, quality control , testing laboratory , maintenance , or any other technical services.

(ii) Amount to be invested, including the costs of the factory building but excluding the leasing costs for the land at its own lot in the SEZ, for providing the value adding activities or services stipulated in above (i) shall not be less than USD 2million; and

(iii) An Investor must establish its own warehouse at its own lot in the SEZ.

2.2 The import and Wholesale of Own Products (excluding Specified Products) to outside the SEZ is permitted under the same conditions as stipulated in 2.1.

2.3 The import and retail of Own Products (excluding Specified Products) to outside the SEZ is not permitted.

2.4 The import, Wholesale and/or retail of Other Products (excluding Specified Products) within the SEZ is permitted under the following conditions:

(i) An Investor shall have an official agency or distributorship relationship with the manufacturers of the Other Products and is certified as such;

(ii) An Investor, its Parent Company, or any Group Company has a minimum of 10 years of experience in international trading business with a minimum 3 years average annual consolidated sales amount of at least USD500 million and an established place of business in at least 5 countries;

- (iii) An Investor, its Parent Company, or any Group Company has a minimum paid-up capital of at least USD 25 million;
- (iv) Any of the value adding activities or services listed in (a) or (b) shall be provided in the SEZ;
 - (a) value adding activities: including, but not limited to, repacking, labelling, or any other form of processing to the Own Products after import;
 - (b) value adding services: including, but not limited to, quality control , testing laboratory , maintenance , or any other technical services.
- (v) Amount to be invested, including the cost of factory building but excluding the leasing costs of the land at its own lot in the SEZ, for providing the value adding activities or services in above (i), shall not be less than USD 3 million; and
- (vi) An Investor must establish its own warehouse at its own lot in the SEZ.

2.5 The import and Wholesale of Other Products (excluding Specified Products) to outside the SEZ is permitted under the same conditions as stipulated in 2.4.

2.6 The import and retail of Other Products (excluding Specified Products) to outside the SEZ is not permitted.

2.7 The wholesale of the Locally Procured Products within the SEZ is permitted. The wholesale of the Locally Procured Products that exclude agricultural, fishery, precious gems and mineral products outside the SEZ is permitted. Retail of the Locally Procured Products is permitted only within the SEZ.

2.8 The export of Own Products manufactured in the Promotion Zone is permitted.

2.9 The export of Other Products manufactured in the Promotion Zone is permitted.

III. Miscellaneous

1. For wholesale activities permitted in above section II, the Investor in the SEZ may set up its facilities, including sale offices outside the SEZ, if it leases the land for a lease term of one year or less.
2. The requirements or any other provision in this Instruction shall be subject to modification made by decision of the Management Committee. However, any approval

granted by the Management Committee prior to the modification shall not be affected by such modification.

3. If the products to be sold or distributed inside SEZ and/or in the Domestic Tariff Area outside the SEZ require license or registration for sale or distribution as per the relevant laws, rules, regulations, directives, instructions of relevant ministries, they shall not be sold or distributed outside the SEZ until such necessary license is acquired or registration is done."
4. The permitted trading activities in relation to Specified Products shall be separately stipulated by the Management Committee.



Chairman

The Management Committee
Thilawa Special Economic Zone