

**Instruction No.05/2016**

(7 October 2016)

**The Republic of the Union of Myanmar**

**The Management Committee**

**Thilawa Special Economic Zone**

**Instruction on SEZ Warehouse**

*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 establishment and operation of SEZ Warehouse owned and operated by Investors approved to do businesses as per Rule 51(b) and 54(d) of the Myanmar Special Economic Zone Rules ("Rules") as under;*

**1. Definitions**

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

**"Cargo"** means chattel, merchandise, consumer goods, food products, raw materials, semi-finished materials, components and packaging materials or otherwise any finished or unfinished goods which are not prohibited by the Law and the Rules and orders made thereunder and which have been brought into Myanmar and which are not otherwise classified as a Regulated Article;

**"Cargos Held on Account"** means Cargos in transit for storage in a Free Zone Warehouse pertaining to the temporary storage of Cargos from a Foreign Supplier without the payment of duties and other taxes until such time that such Cargos are withdrawn for consumption in Myanmar or shipped to another location outside of Myanmar;

**"Deposited Cargos"** means Cargos, except Cargos Held on Account, temporarily stored in a Free Zone Warehouse for the purpose of further processing for export to be added by the Operator before packing, packing before export, or storing until export for any other reason;

**"DTA"** means Domestic Tariff Area outside TSEZ;

**"Free Zone"** means the area which shall be deemed to be situated outside of the country;

**"Free Zone Warehouse"** means a warehouse owned and operated by an Operator located in the Thilawa Special Economic Zone for the purpose of storage of Deposited Cargos and/or Cargos Held on Account and/or other purposes as approved by the Management Committee. Whole premise and building or a part of these if clearly delineated as Free Zone Warehouse

part shall be an area or territory which is deemed to be situated outside the country as defined in the Article 3 (i) of the Myanmar Special Economic Zone Law.;

**“Foreign Supplier”** means a foreign person or entity, whether or not doing business in Myanmar, which has shipped Cargos into Myanmar for the purpose of storing the Cargos as Cargos Held on Account in a Free Zone Warehouse;

**“FZB”** means a Business which is provided with the same privileges as a Business located in a Free Zone, when a SEZ is not demarcated as a Free Zone and a Promotion Zone as stipulated in the Law and Rules;

**“Operator”** means an Investor approved to do businesses in the TSEZ as per Rule 54(d) of the Rules and owns and operate a Free Zone Warehouse.

**“OSSC”** means the One-Stop Service Center of the TSEZ

**“Other Business”** means a Business which is provided with the same privileges as a Business located in a Promotion Zone, when a SEZ is not demarcated as a Free Zone and a Promotion Zone as stipulated in the Law and Rules;

**“Regulated Cargos”** means any Cargo which requires special clearance as may be prescribed under relevant laws in Myanmar or by relevant authorities of Myanmar for importation into Myanmar, including 4-wheel and 2-wheel vehicles, regulated food products, pharmaceutical products, alcohol, tobacco, cigarettes, and other products, except explosives, the importation of which is specifically regulated by relevant Ministries;

**“SEZ Warehouse”** means a warehouse, which is located in a Special Economic Zone, owned and operated by an Investor who has been approved by the Management Committee to do businesses as logistics industry under Rule 54 (d) of Rule.

**“TSEZ”** means the Thilawa Special Economic Zone.

## **2. Structure of a SEZ Warehouses**

A SEZ Warehouse is basically deemed as a single Free Zone Warehouse but it may have a Promotion Zone Warehouse by dividing the open area and/or indoor space of a SEZ Warehouse into two (2) parts, namely a Free Zone Warehouse and a Promotion Zone Warehouse and by keeping separate two (2) distinct accounts respectively.

In case an Operator wishes to operate a Promotion Zone Warehouse on the same premise where a Free Zone Warehouse resides, such warehouse premise shall be clearly separated from the Free Zone Warehouse although it may be under one roof and shall have separate independent entrance. In such case, an Operator shall keep two separate accounts, one for Free Zone Warehouse business and the other for Non-free Zone Warehouse business. The latter account shall cover not only such Promotion Zone Warehouse business but also all businesses carried out by an operator in a Promotion Zone and/or DTA.

### **3. Functions of a SEZ Warehouse**

- a. In a Free Zone Warehouse or Free Zone storage space
  - Storage of the products manufactured by a FZB until export
  - Processing, such as inspection, repairing, checking, ironing, labelling, packing, etc., to be added by an Operator or any other party designated by an Operator to the products manufactured by a FZB before export
  - Storage of Cargo imported by a FZB
  - Storage of Cargos Held on Account
  - Consolidation and un-consolidation of LCL Cargos to be exported or imported
  - Any other operations as the Management Committee deems appropriate and approves from time to time
- b. In a Promotion Zone Warehouse or Promotion Zone storage space
  - Storage of the products owned by an Investors in a Promotion Zone, an Other Business or an entity in DTA
  - Processing, such as inspection, repairing, checking, ironing, labelling, packing, etc., to be added by an Operator to the goods owned by an Investors in a Promotion Zone, an Other Business or an entity in DTA
  - Any other operations as the Management Committee may approve from time to time

### **4. Establishment of a Free Zone Warehouse**

- a. A Free Zone Warehouses shall be used for the storage of Deposited Cargos delivered by an Investor in a Free Zone or FZB, an Investor in a Promotion Zone or Other Business or any person or entity in DTA into Free Zone Warehouse for further processing, packing and/or storage before and until being exported or Cargos Held on Account (that may include Regulated Cargos) shipped into Myanmar with the intention to be imported into Myanmar or to be shipped to another destination outside Myanmar.
- b. A Free Zone Warehouse can be established and constructed to directly meet the needs of an Operator, but shall, in all cases, be subject to the following minimum requirements:
  - (1) The premises of the Free Zone Warehouse where Deposited Cargos and/or Cargos Held on Account are stored shall be separated from the immediate vicinity where it is located by barriers sufficient to restrict the entry and exit of goods and personnel, subject to security requirements and restrictions as may be imposed by the Customs Section of OSSC with an approval of the Management Committee.
  - (2) A Free Zone Warehouse shall include a dedicated office space able to accommodate a permanent and full-time auxiliary office of the Customs Section of OSSC, to be

located either within the warehouse facility or in the immediate vicinity of the warehouse complex, and subject to the Instruction of the Management Committee.

- (3) Adequate security measures should be in place for the protection of Deposited Cargos and/or Cargos Held on Account, which in all cases shall include adequate perimeter security and fencing, security monitoring by Close Circuit Television (CCTV), and 24-hour security monitoring by adequately trained security personnel.
- (4) The total area dedicated for storage of Cargoes Held on Account inside the Free Zone Warehouse shall be segregated in separate and distinct units of fixed and determinate size and boundaries, individually and clearly designated and delineated from the rest of the units. The segregation of the units must take into account the storage of Regulated Cargos, and must provide a definite area where Regulated Cargos may be stored and properly secured.
- (5) Storage of Cargos in the storage units must be made by the use of cases or receptacles that adequately meet the demands of the Deposited Cargos or Cargos Held on Account sought to be stored therein, and which, as much as practicable, prevent the mixture thereof.

- c. A registered logistics company located in the TSEZ shall submit the following documents to the Management Committee:

Design plans for a Free Zone Warehouse, clearly indicating the location of the Cargos storehouse, the segregated units of the storehouse, office of the Customs Section of OSSC, security offices, office space and working places.

The design plans must include information relating to security measures employed upon the premises including perimeter fencing, segregated areas for use only by authorized personal, the use of closed-circuit television (CCTV) cameras, and other security measures sought to be used at the facility.

If A Free Zone Warehouse will include facilities for the storage of liquids and gases, the design plans must also include details of the corresponding storage tank/s, such as outlets, inlets, and pipelines and must be certified as correct by the proprietor of the tank. A gauge table showing the capacity of the tank in gallons or litter per inch or fraction of an inch of height should be included and certified by the proprietor as correct. In such case, an Operator shall obtain the additional Fire Safety Approval and Environmental Approval from relevant Sections of OSSC.

- d. The operation of a Free Zone Warehouse shall be subject to the regular inspection of the Management Committee and the Customs Section of OSSC during reasonable hours of the business day, provided that such inspection shall not unduly interfere with the business and operations of the Free Zone Warehouse.

- e. An Operator shall be responsible to pay unpaid duties and other taxes if any Cargo is removed to a Promotion Zone or DTA from Free Zone Warehouse without payment of required duties and other taxes.

**5. Storage Period at a Free Zone Warehouse and a Promotion Warehouse**

There shall be no restriction on the period of storage of Deposited Cargos, Cargos Held on Account or any other cargo as approved by the Management Committee in the Free Zone Warehouse, however, maximum period of storage of Cargos in the Promotion Zone Warehouse is three years.

**6. Termination of a SEZ Warehouse operations**

The Management Committee shall notify an Operator of a SEZ Warehouse in writing if an Operator is in violation of any of the conditions prescribed under this Instruction. An Operator shall have thirty (30) days to correct any violations, and or to respond to the instruction, without prejudice to any other remedies an Operator may have under this Instruction.



Chairman

The Management Committee  
Thilawa Special Economic Zone