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Myanmar Highlights

January 2016

New Myanmar Mining Law to incentivise foreign investment in Myanmar's mining sector

On 22 December 2015 the Myanmar Government approved amendments to Myanmar's 1994 Mines Law (**Mining Law**). The amendments will become law 90 days from the date of approval. The original Mining Law categorised mining activities as mineral exploration, measurements, production, and large-scale and small-scale mining. The new draft amendments introduce provisions relating to medium-scale production, as well as purifying and trading activities. The licence period for large-scale mining has been extended from five to 15 years whereas the licence period for small-scale mining has been increased from three to seven years. Royalty rates have been fixed at between 2% and 5%, depending on the target mineral. The new rates are in line with royalty rates in major mining jurisdictions. The rate is 5% for gold, platinum and uranium, 4% on silver, copper, tin, nickel and titanium, and 3% on iron, zinc and lead. For industrial raw minerals and gems, the tax will be 2%. The original 1994 Mining Law specified a similar set of tax rates – 4% to 5% for precious metals like silver, gold and platinum, and 3% to 4% for iron, zinc and copper, but the actual rates that applied came from by-laws set by the Ministry of Mining. It is these rates that will be supplanted by the new Mining Law amendments. One of the biggest faults with the old Mining Law was that it contained production sharing provisions demanding operators surrender up to 30% of output to the Government, a requirement out of line with most mining jurisdictions globally. Production sharing generally applies to oil and gas projects, but not mineral operations. The new Mining Law proposes that the Government can instead elect to take equity interest in projects rather than production sharing. New implementing regulations are required to be introduced.

(Source: <http://www.mmtimes.com/index.php/business/18394-mining-amendment-comes-in-force-soon.html>, 8 January 2016 and <http://oilprice.com/Finance/investing-and-trading-reports/New-Mining-Laws-Here-Make-For-A-Promising-2016.html>, 4 January 2016)

Kanbawza Group aiming to establish private OTC market

Myanmar's Kanbawza Group (**KBZ**) has announced it is interested in establishing its own over the counter (**OTC**) market in 2016. Two KBZ's group companies - KBZ Stirling Coleman Limited and KBZ Bank Authorized Fund Settlement Bank Limited - have already been granted licences to provide underwriting and settlement services respectively to the new Yangon Stock Exchange. Pursuant to the Myanmar's Securities and Exchange Law a minimum of three securities companies can jointly apply to the Securities and Exchange Commission to establish an OTC market. The Myanmar Securities Exchange Centre (**MSEC**) operates Myanmar's only existing OTC market. The MSEC operated market lacks technological infrastructure and trading in its two listed companies is rare. (Source: <http://www.mmtimes.com/index.php/business/18234-kbz-group-eyes-otc-market.html>, 22 December 2015)

Government approves issue of cross-border transport licences to 28 Myanmar companies

The Myanmar Government has given its preliminary approval in relation to the issuing of 'cross-border transport services' licences to 28 wholly Myanmar-owned companies. Full parliamentary approval is expected to be granted in 2016. The licences will allow Myanmar companies operate cross-border between Myanmar, India and Thailand. Applicants were required to have a minimum of Ks.40 million in bank deposits.

The crossing point into Myanmar from Thailand is Phitsanulok, and Kolkata from India. The licences are for a period for one year and have been issued in anticipation of improved road and infrastructure between Myanmar and neighbouring countries.

(Source: <http://www.mmtimes.com/index.php/business/18235-india-myanmar-thailand-to-work-on-cross-border-transport.html>, 22 December 2015)

Kospa Cold Chain Logistics opens US\$5 million multi-temperature storage facility in Yangon

Kospa Cold Chain Logistics Company Limited (**Kospa**) - a joint venture company owned by Yoma Strategic Holdings Limited and Japan's Kokubu Corporation - has opened a new US\$5 million multi-temperature storage facility in Yangon. The storage facility is located on Highway 3 at the Yangon exit of the Naypitdaw–Mandalay Highway. The 4,500 sq. meter facility includes fully racked storage chambers with independently managed and controlled storage temperature conditions. The storage chambers will be ISO International Standards and HACCP (Hazard Analysis Critical Control Point) compliant. The facility is also designed to serve both large- and small-scale clients and includes adjustable truck docking facilities to allow for maximum operational flexibility. Kospa intends to build a network of end-to-end cold chain logistics facilities throughout Myanmar. (Source: <http://consult-myanmar.com/2015/12/25/yoma-opens-kospa-a-new-us5-mil-multi-temperature-storage-facility-in-yangon/>, 25 December 2015)

Telenor and Yoma to launch mobile payment service

Telenor Myanmar (**Telenor**) and Yoma Bank Limited (**Yoma**) have announced they will cooperate to launch a new mobile money transfer service. According to Telenor and Yoma, the new service “Wave Money” will enable Telenor’s 12 million users to “transfer money anywhere anytime” via approximately 6,000 approved agents. The new service is expected to be in operation by the end of March 2016 providing that the Myanmar Central Bank issues new rules regulating the mobile banking services. Wave Money is the registered trade mark of Digital Money Myanmar Limited, a joint-venture company established between Telenor and Yoma. (Source: <http://www.irrawaddy.com/business/the-irrawaddy-business-roundup-dec-26-2015.html>, 26 December 2015)

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