



LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

NEWSLETTER 170 - 1 September 2024

Dear Readers,

Welcome to a new edition of our newsletter.

Import of pharmaceuticals (and other items?) only with proof of export earnings

On 28 August 2024, the Department of Trade under the SAC notified the Myanmar Pharmaceutical and Medical Device Manufacturer Association that from 1 September 2024, import licenses for pharmaceuticals may only be granted if the importer can show export earnings, and that old import license applications (among them applications made in October 2023 worth USD 103,822,000) were cancelled and must be filed anew with proof of export earnings.

How importers would obtain this proof is not explained in the notice.

Central Bank data suggests that importers of pharmaceuticals (and other importers) have so far been able to access foreign currency through the Central Bank's [online trading platform](#) (at approx. MMK 3,480 for the dollar), and that most of this foreign currency comes from exports. Our understanding is that according to a Central Bank letter dated [3 July 2023](#), importers have been able to purchase foreign currency in this way only if they secured an import license beforehand.

On the other hand, the Trade Department's notice now makes proof of export earnings a condition for the issuance of an import license. This might imply that importers of pharmaceuticals (and, according to reports in independent media, other importers as well) must from now on try to make private arrangements with exporters to purchase their export earnings instead of going through the online trading platform. The notice is, however, silent on the procedure, other than saying that the issuance of an import license requires proof of export earnings and Foreign Exchange Supervisory Committee approval.

According to Central Bank Notification [27/2023](#), exporters must ensure that their export earnings are deposited in their bank account in Myanmar at the latest within 30 days (export to Asian countries) or 60 days (export to the rest of the world) from the date on which they shipped their goods out of the country.

Furthermore, according to Central Bank Notification [37/2024](#) dated 7 August 2024, 25% of the export earnings thus deposited are to be converted by the bank to MMK at the Central Bank rate of USD 1 = MMK 2,100 within one day. According to a Central Bank letter dated [16 August 2022](#), exporters may use the remaining 75% themselves or sell them to a third party (this would usually be importers) within 30 days from the deposit date.



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[One News Myanmar](#) quotes the executive director of the Myanmar Pharmaceutical and Medical Device Manufacturer Association as saying that “as there have been no detailed directives yet, it is not yet possible to tell the positive and negative effects on the pharmaceutical market”. We understand that 80% of the pharmaceuticals used in Myanmar are imported.

CONVENIENCE TRANSLATION - ACCURACY NOT GUARANTEED

**Government of the Republic of the Union of Myanmar
Ministry of Commerce
Department of Trade**

Letter No.: Ka Tha Ya (U) Import-1/2024-2025 (44404)

Date: 28 August 2024

To:

**Chairman
Myanmar Pharmaceutical and Medical Device Manufacturer Association**

Subject: **Notice**

1. According to guidelines from meeting no. 66/2024 of the Foreign Exchange Supervisory Committee, import licenses for pharmaceuticals may from 1 September 2024 be granted only after export earnings are submitted, so applications for import licenses for pharmaceuticals made until August 2024 will be deleted from the system in the Trade Net 2.0 system of the Department of Trade.
2. Concerning 716 applications worth USD 103.822 million by 116 companies that applied in October 2023 for import licenses for pharmaceuticals that were sent to the Myanmar Pharmaceutical and Medical Device Manufacturer Association for verification, an import license for pharmaceuticals may be issued only with a new import license application for pharmaceuticals after submission to the Foreign Exchange Supervisory Committee meeting and obtaining its approval.
3. Therefore, please be informed that import license applications for pharmaceuticals must be submitted with export earnings from 1 September 2024, pass on this information to companies importing pharmaceuticals, and note that also import license applications for



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oils may be filed anew only with new oil [sic].

On behalf of the Director General
Min Min, Director

We hope that you have found this information useful.

Sebastian Pawlita
Managing Director

About Lincoln Legal Services (Myanmar) Limited

Lincoln Legal Services (Myanmar) Limited provides the full range of legal and tax advisory and compliance work required by investors. We pride ourselves in offering result-oriented work, high dependability and a fast response time at very competitive prices. Please do not hesitate to contact us:

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