Myanmar (Burma)

RISK & COMPLIANCE REPORT

DATE: November 2018

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Executive Summary - Myanmar (Burma)	
Sanctions:	EU Financial sanctions and Arms Embargo
FAFT list of AML Deficient Countries	No longer on list
Higher Risk Areas:	Non - Compliance with FATF 40 + 9 Recommendations US Dept of State Money Laundering Assessment Not on EU White list equivalent jurisdictions Corruption Index (Transparency International & W.G.I.) World Governance Indicators (Average Score) Failed States Index (Political Issues)(Average Score) International Narcotics Control Majors List (Cited) Offshore Finance Centre
Medium Risk Areas:	Weakness in Government Legislation to combat Money Laundering

Major Investment Areas:

Agriculture - products:

rice, pulses, beans, sesame, groundnuts, sugarcane; fish and fish products; hardwood

Industries:

agricultural processing; wood and wood products; copper, tin, tungsten, iron; cement, construction materials; pharmaceuticals; fertilizer; oil and natural gas; garments, jade and gems

Exports - commodities:

natural gas, wood products, pulses, beans, fish, rice, clothing, jade and gems

Exports - partners:

Thailand 40.5%, India 14.7%, China 14.2%, Japan 7.4% (2012)

note: import figures are grossly underestimated due to the value of consumer goods, diesel fuel, and other products smuggled in from Thailand, China, Malaysia, and India

Imports - commodities:

fabric, petroleum products, fertilizer, plastics, machinery, transport equipment; cement, construction materials, crude oil; food products, edible oil

Imports - partners:

China 37%, Thailand 20.2%, Singapore 8.7%, South Korea 8.7%, Japan 8.2%, Malaysia 4.6% (2012)

Investment Restrictions:

On November 3, 2012 President Thein Sein signed into law a new Foreign Investment Law (FIL). Most observers view the new law as a positive, pro-business step in the right direction, especially when compared to earlier protectionist versions of the law which had emerged during 2012. The FIL restricts foreign investment in only a limited number of sectors, such as small and medium businesses that can only be operated by a Burmese national

The stated objectives of the FIL are as follows:

- To support the extraction and export of the rich natural resources of the state for the benefit of the people;
- The creation and accumulation of jobs for the people;
- The development of human resources;
- The development of infrastructure such as banking and finance, modern roads, interstate highways, production of electricity and energy, and modern information technology;
- Transportation of rail, water and air via an international standard to enable citizens to do business throughout the world;
- The advent of businesses and investments which are in line with established international practices and norms.

According to the State-Owned Economic Enterprises Law, enacted in March 1989 and still in effect today, state-owned enterprises have the sole right to carry out the following economic activities:

- extraction of teak and sale of the same in the country and abroad;
- cultivation and conservation of forest plantations, with the exception of village-owned firewood plantations cultivated by the villagers for their personal use;
- exploration, extraction, sale, and production of petroleum and natural gas;
- exploration, extraction, and export of pearls, jade, and precious stones;
- breeding and production of fish and prawns in fisheries that have been reserved for research by the government;
- postal and telecommunications services;
- air transport and railway transport services;
- banking and insurance services;
- broadcasting and television services;
- exploration, extraction, and exports of metals;
- electricity generating services, other than those permitted by law to private and cooperative electricity generating services; and

- manufacturing of products relating to security and defense.

The Myanmar Investment Commission (MIC), "in the interest of the State", can make exceptions to this law. In the past, the MIC has routinely granted numerous exceptions including through joint ventures or special licenses in the areas of banking (for domestic investors only), mining, petroleum and natural gas extraction, telecommunications, radio and television broadcasting, and air transport services.

Contents

Section 1 - Background

Various ethnic Burmese and ethnic minority city-states or kingdoms occupied the present borders through the 19th century. Over a period of 62 years (1824-1886), Britain conquered Burma and incorporated the country into its Indian Empire. Burma was administered as a province of India until 1937 when it became a separate, self-governing colony; in 1948, Burma attained independence from the Commonwealth. Gen. NE WIN dominated the government from 1962 to 1988, first as military ruler, then as self-appointed president, and later as political kingpin. In response to widespread civil unrest, NE WIN resigned in 1988, but within months the military crushed student-led protests and took power. Multiparty legislative elections in 1990 resulted in the main opposition party - the National League for Democracy (NLD) - winning a landslide victory. Instead of handing over power, the junta placed NLD leader (and Nobel Peace Prize recipient) AUNG SAN SUU KYI (ASSK) under house arrest from 1989 to 1995, 2000 to 2002, and from May 2003 to November 2010. In late September 2007, the ruling junta brutally suppressed protests over increased fuel prices led by prodemocracy activists and Buddhist monks, killing at least 13 people and arresting thousands for participating in the demonstrations. In early May 2008, Burma was struck by Cyclone Nargis, which left over 138,000 dead and tens of thousands injured and homeless. Despite this tragedy, the junta proceeded with its May constitutional referendum, the first vote in Burma since 1990. Parliamentary elections held in November 2010, considered flawed by many in the international community, saw the ruling Union Solidarity and Development Party garner over 75% of the seats. Parliament convened in January 2011 and selected former Prime Minister THEIN SEIN as president. Although the vast majority of national-level appointees named by THEIN SEIN are former or current military officers, the government has initiated a series of political and economic reforms leading to a substantial opening of the long-isolated country. These reforms have included allowing ASSK to contest parliamentary by-elections on 1 April 2012, releasing hundreds of political prisoners, reaching preliminary peace agreements with 10 of the 11 major armed ethnic groups, enacting laws that provide better protections for basic human rights, and gradually reducing restrictions on freedom of the press, association, and civil society. At least due in part to these reforms, ASSK now serves as an elected Member of Parliament and chair of the Committee for Rule of Law and Tranquility. Most political parties have begun building their institutions in preparation for the next round of general elections in 2015. The country is preparing to chair the Association of Southeast Asian Nations (ASEAN) in 2014.


CHINA
Hkakabo Razi
BHU.
Brahmaputra
INDIA
CHINA
Myitkyinā
BANGL.
Bhamo
Irrawaddy
BANGL.
Mekong
Monywa
Mandalay
Chauk
Taunggyi
LAOS
Sittwe
Nay Pyi Taw
(administrative capital)
Pyay
Bay of Bengal
Bago
RANGOON
Pathein
Mawlamyine
THAILAND
Dawei
Andaman Sea
ANDAMAN ISLANDS
(INDIA)
Gulf of Thailand
0 100 200 km
0 100 200 mi
93
96
99
24
18
12

Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

Myanmar is no longer on the FATF List of Countries that have been identified as having strategic AML deficiencies

Latest FATF Statement - 24 June 2016

The FATF welcomes Myanmar's significant progress in improving its AML/CFT regime and notes that Myanmar has established the legal and regulatory framework to meet its commitments in its action plan regarding the strategic deficiencies that the FATF had identified in February 2010. Myanmar is therefore no longer subject to the FATF's monitoring process under its on-going global AML/CFT compliance process. Myanmar will work with the APG as it continues to address the full range of AML/CFT issues identified in its mutual evaluation report.

Compliance with FATF Recommendations

The last Mutual Evaluation follow-up Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Myanmar was undertaken in 2018. According to that Evaluation, Myanmar was deemed Compliant for 7 and Largely Compliant for 10 of the FATF 40 Recommendations. It was deemed Highly Effective for 0 and Substantially Effective for 0 of the Effectiveness & Technical Compliance ratings.

Key Findings from Mutual Evaluation Report (2018)

Myanmar is exposed to a large number of very significant ML threats. Higher risk predicate offences include drug production and trafficking, environmental crimes (including illegal resource extraction (jade), wildlife smuggling and illegal logging), human trafficking, corruption and bribery. There are complex contextual issues that increase Myanmar's risk profile, including significant areas of the country controlled by non-state actors and characterised by very serious threats from transnational profit driven crime trends and related ML.

Most relevant authorities demonstrate a reasonable understanding of TF risks, but do not demonstrate a credible understanding of Myanmar's much more serious ML risks. The preparation of the first NRA is a positive step; however, the NRA did not adequately identify and assess techniques of ML and TF. Policies and strategies to combat ML do not yet reflect the findings of assessments of risk.

Myanmar's AML/CFT system is, overall, characterised by inter-agency cooperation at policy and operational levels between LEAs. There are weaknesses with cooperation between supervisors.

Myanmar's FIU (MFIU) is located within the police AFCD, but there are limitations on the scope and quality of financial intelligence it develops due to weak analytical systems, poor STR reporting and overall resource constraints. DED and BSI make use of financial intelligence for a small range of predicate offences. A limited range of MFIU disseminations have been used to support ML investigations. MFIU disseminations are not regularly used to initiate predicate or ML investigations in keeping with the risk profile.

ML investigations are not prioritised, do not occur in parallel with investigation of predicate offences and are not in keeping with the risk profile. ML investigations almost exclusively focus on self-laundering and generally occur after successful prosecution of the predicate offence in order to trace and confiscate assets.

Myanmar lacks a policy or operational focus on pursuing and confiscating proceeds/instrumentalities of crime. Myanmar's confiscation results are minimal and do not reflect ML/TF risks. Significant proceeds of crime are not pursued beyond Myanmar's borders.

Myanmar has recently given some priority to investigating TF matters, largely in keeping with the risk profile, however no prosecutions have commenced.

Myanmar has sought to use TFS to combat domestic terrorism and TF, however overall implementation of TFS is slow and not well supported. Implementation of controls on NPOs is, to a reasonable extent, in keeping with the risks.

Myanmar has not yet instituted a regulatory and institutional framework to implement TFS against proliferation of WMD.

FIs and DNFBPs lack understanding of high-risk issues, and few banks have moved to a riskbased approach. Most DNFBPs do not have a basic understanding of AML/CFT obligations and have not begun to implement any AML/CFT controls. Only banks are reporting STRs, and the STRs that are filed are generally of low quality.

The scope and implementation of fit and proper checks on FIs require further improvement. For DNFBPs, measures to prevent criminals from controlling or owning the institutions require fundamental improvements, taking into account the risk and context.

Despite the very significant risks, there has been no supervision of DNFBPs. There are serious capability concerns for the bodies designated to be AML/CFT supervisors for most DNFBPs.

CBM has demonstrated significant progress towards risk-based supervision and has increased its capacity and the scope of supervision of banks. The current enforcement approach by CBM on banking institutions is ineffective, due to repetitive compliance issues and the absence of a structured enforcement framework.

While there appear to be relatively low risks from misuse of legal persons and arrangements in the Myanmar context, there are weaknesses with available basic information. The avenue of obtaining beneficial ownership information from FI's CDD holdings is not well supported or understood and CDD measures are missing or poorly implemented overall.

Myanmar does not pursue international cooperation as a priority or in a way that that is in keeping with its risk profile. There is no clear commitment or practice to pursue MLA. Myanmar makes some use of informal cooperation, especially with China and Thailand along shared borders, but this is fundamentally lacking when considering Myanmar's overall risk profile.

Risks and General Situation

Myanmar is a significant regional economy, and is one of the fastest growing economies in East Asia. The economy is largely cash based and, despite efforts of the government, remains highly dollarized.

Myanmar faces extremely high levels of proceeds generating crimes. Myanmar has historically been and remains a global centre for drug production and drug trafficking (opiates and amphetamine type substances (ATS)) in the 'golden triangle' region. Myanmar is also a significant regional economy for crime generated significant proceeds, including arms trafficking, human trafficking, illicit resource extraction (jade), environmental crimes and a range of other offences. The activities of large-scale transnational crime groups are closely related to the long-standing involvement of non-state ethnic armed groups, which control significant territory and economic resources in Myanmar and have been in decades long conflict with the Myanmar state - the so-called 'ceasefire groups'1. Myanmar has a high exposure to illegal cross-border illicit flows, due to its long coastal border and numerous land borders.

Despite a long history of political violence by insurgent and separatist groups over many decades, Myanmar has not, in general, faced significant transnational terrorism or TF risks from either local groups, groups operating in neighbouring countries or transnational terror groups from other regions. Myanmar authorities have closely assessed risks from foreign terrorist fighters moving from the territories formerly controlled by ISIL to SE Asian countries. No cases or active networks have been found. There are limited transnational TF links associated with the emergence of the Arakan Rohingya Salvation Army (ARSA). There is also some domestic funding of ARSA on a small scale.

Myanmar's trade links to the economy of the DPRK increases the possibility of evasion of PF sanctions. Myanmar and the DPRK have had a long standing, close relationship at a political level. Myanmar authorities explained that at present, there is no relationship between the two countries, except diplomatic ties.

Overall Level of Effectiveness and Technical Compliance

Following the last APG evaluation in 2008, and Myanmar's inclusion in the FATF ICRG process, Myanmar's AML/CFT regime has undergone considerable reforms. The introduction of a revised money laundering offence and other measures in 2014 and a revised terrorist financing offence in 2015, together with organisational changes to a number of authorities, has led to changes and some improvements in Myanmar's AML/CFT system and an increase in technical compliance. However, improvements are still needed in key areas of preventive measures and criminal justice responses to the very significant ML risks facing Myanmar, as well as cooperation with international partners.

Changes to the legal and institutional framework have only begun to be implemented in limited areas, and few of the expected results have been achieved to support effectiveness.

Coordination is well supported and work to assess and respond to risks has commenced, although major improvements are needed. Myanmar requires fundamental improvements in the area of international cooperation and the investigation and prosecution of both money laundering and terrorist financing as well as in confiscation of the proceeds of crime, and in the application of measures to counter the financing of proliferation of weapons of mass destruction. Myanmar needs to make fundamental improvements in utilising a risk-based approach in regulating, supervising and enforcing compliance, as well as the application of targeted financial sanctions for TF, and measures to prevent the misuse of legal persons and arrangements.

Extracted from IMF Report: Myanmar - 2011 Article IV Consultation

Financial Sector Policies: Facilitating Development

The financial sector is small and repressed with administrative controls on financial intermediation. 5 Key obstacles are the deposit-to-capital ratio,6 onerous collateral requirements, administratively set interest rates, and segmented banking activities. These controls and the exchange restrictions led to a reportedly large unregulated shadow financial system. The regulatory treatment of state banks and private banks is uneven, bank governance is poor, and banking supervision does not follow the Basel Core Principles. There is no unified national electronic payments and settlement system, although plans are under way to develop the financial infrastructure.

Recently, the authorities eased some restrictions on the financial sector. Since March 2011, more than 40 new bank branches were allowed and the list of acceptable collateral was further expanded. These steps improved access to credit and led to acceleration in private sector credit growth, albeit from a very low base.

Staffs' views

Expediting financial sector modernization is essential to facilitate development and prepare the sector for the ASEAN Economic Community. While gradual liberalization of loan interest rates, as with deposit rates, should begin in tandem with reforms to the monetary policy framework, broader efforts are needed to improve financial intermediation. These include phasing out the deposit-to-capital ratio while strengthening capital requirements, further expanding the list of acceptable collateral, and easing administrative requirements on expanding branch networks. Joint ventures with foreign financial institutions would expedite the transfer of technology before the ASEAN financial integration in 2015.

Financial liberalization should be complemented with a stronger regulatory and supervisory framework. While there is a broad need to upgrade regulation and supervision, concurrent with financial liberalization the priority should be given to moving to internationally accepted definitions for loan classification and provisioning, strengthening conflict-of-interest requirements, and introducing a net open foreign currency position limit. Efforts to strengthen the AML/CFT regime should be guided by the action plan agreed with the Financial Action Task Force.

US Department of State Money Laundering assessment (INCSR)

Burma is categorised by the US State Department as a Country/Jurisdiction of Primary Concern in respect of Money Laundering and Financial Crimes.

OVERVIEW

Burma's economy and financial sector are underdeveloped and most currency is still held outside of the formal banking system. Burma has porous borders and significant natural resources, many of which are in parts of the country that the government does not fully control. Burma is also one of the largest source countries of methamphetamines. The lack of financial transparency, the low risk of enforcement and prosecution, and the large illicit economy breed criminal activity.

Burmese authorities have been making progress on a number of items related to AML/CFT, drug trafficking and organized crime, law enforcement cooperation, and public corruption. Although Burma is still designated as a jurisdiction of "primary money laundering concern" under Section 311 of the USA PATRIOT Act, the U.S. Department of the Treasury began waiving the legal ramifications in 2012 and issued an administrative exception in 2016 allowing U.S. financial institutions to provide correspondence services to Burmese banks. Additionally, in 2016, OFAC terminated U.S. economic and financial sanctions on Burma pursuant to executive order.

VULNERABILITIES AND EXPECTED TYPOLOGIES

Burma is the world's second largest source of opium cultivation and a major manufacturer and exporter of heroin. Burma has also become a major source for amphetamines and amphetamine-type substances (ATS). The country's narcotics cultivation and production occur in territory controlled by non-state armed groups, particularly along Burma's eastern borders, which complicates efforts to control the drug trade. Trafficking in persons and wildlife and illegal trading in gems and timber also generate illicit proceeds and fuel public corruption. Burma applied to be an Extractive Industries Transparency Initiative (EITI) candidate country in 2014 and is taking steps toward implementing the standard. The Burmese EITI annual progress report on natural resource revenue for July 2016-June 2017 is publicly available.

Many people in Burma rely on informal money transfer mechanisms, such as hundi, as the formal financial system is underdeveloped and has limited connectivity with international banks. The Myanmar Central Bank is working with international donors on regulations for these money services businesses.

Despite gambling being illegal, casinos target foreigners in border towns, especially near China. Little information is available about the regulation or scale of these enterprises. Many business deals and real estate transactions are done in cash. While bank usage has increased significantly over the past few years, from an estimated 14 percent of adults with a bank account in 2012 to 25 percent in 2016, Burma is still a largely cash-based economy, which makes it difficult for authorities to detect illicit financial flows.

KEY AML LAWS AND REGULATIONS

Burma passed its Anti-Money Laundering Law (AML Law) in 2014. The law criminalizes money laundering, defines predicate offenses, and includes CDD requirements for all reporting entities. Regulations to implement the AML law were issued in 2015. Burma has made steady progress in improving its legal and regulatory framework in line with international AML standards.

Burma is a member of the APG, a FATF-style regional body.

AML DEFICIENCIES

Burma's AML deficiencies mainly pertain to logistical challenges, such as insufficient technologies and limited government capacity and coordination. Financial institutions rely on paper-based record keeping and, when computers are available, on manual data entry. The government, in cooperation with donors, is increasing automation and electronic processing of reports and is phasing out paper-based record keeping.

The FIU relies on the cooperation of over 20 entities, including the customs agency, central bank, and law enforcement bodies, but these entities' comprehension of and familiarity with AML processes, best practices, and challenges is limited. Oversight of non-conventional financial services in Burma, such as money transfer services, microfinance institutions, and securities firms is only in the initial phases, and the central bank provides limited AML oversight of state-owned banks.

Burma applied to join the Egmont Group in March 2017 and identified sponsor FIUs.

Burma does not have a bilateral treaty on mutual legal assistance with the United States, but high-level law enforcement officials have stated they are willing to engage in an MOU. In December 2016, the Burmese Attorney General (AG) identified the AG Deputy Director General as the central authority for mutual legal assistance requests, although this channel remains untested between the United States and Burma.

ENFORCEMENT/IMPLEMENTATION ISSUES AND COMMENTS

Although Burma acceded to the 1988 UN Drug Convention in 1991, relevant implementation is still ongoing.

Since enactment of the AML Law, Burma's court systems have investigated 36 and prosecuted eight money laundering cases. The Burmese government, particularly the FIU, continues to build capacity. The FIU and donor organizations have held numerous seminars in Yangon, Nay Pyi Taw, and Mandalay to inform the private sector and law enforcement authorities of the FIU's organization and structure, Burma AML law, and their responsibilities under the law.

Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):

According to the US State Department, Myanmar does not conform with regard to the following government legislation: -

Arrangements for Asset Sharing - By law, regulation or bilateral agreement, the jurisdiction permits sharing of seized assets with third party jurisdictions that assisted in the conduct of the underlying investigation.

Ability to freeze assets without delay - The government has an independent national system and mechanism for freezing terrorist assets in a timely manner (including but not limited to bank accounts, other financial assets, airplanes, autos, residences, and/or other property belonging to terrorists or terrorist organizations)

EU White list of Equivalent Jurisdictions

Myanmar is not currently on the EU White list of Equivalent Jurisdictions

World Governance indicators

To view historic Governance Indicators Ctrl + Click here and then select country

Failed States Index

To view Failed States Index Ctrl + Click here

Offshore Financial Centre

Myanmar is not considered to be an Offshore Financial Centre

US State Dept Narcotics Report 2017 (Introduction):

Burma

Introduction

Burma continues to be a major source of opium and exporter of heroin. According to the 2016 United Nations Office on Drugs and Crime (UNODC) World Drug Report, twenty percent of the world's opium poppy cultivation occurs in Burma, second only to Afghanistan. Since the mid- 1990s, Burma has also been a significant source for amphetamine-type stimulants (ATS).
Production sites for heroin and ATS are often co-located and are primarily situated along Burma's eastern borders in areas controlled by ethnic armed groups beyond the Government of Burma's immediate control. While there is no reliable methodology to estimate ATS production, information derived from local and regional seizures indicates that ATS production and trafficking is increasing. In one example from May 2016, over 21 million ATS tablets were seized in a single case in Shan State.

After the new National League for Democracy (NLD) government took office in late March 2016, the government launched a series of "100 Day" efforts to demonstrate early progress on the new government's top priorities. To address Burma's drug problem, the government increased drug enforcement efforts (arrests and seizures) through two major operations in Rangoon and Mandalay; increased its drug awareness raising programs conducted by the Ministries of Information, Education, and Health; and took a firm public stance against corruption. Nevertheless, the Government of Burma continues to struggle with an underdeveloped legal system and weak institutional capacity to handle drug-related crimes.
Despite a 2015 ceasefire agreement between the government and eight ethnic armed organizations, fighting has continued and large swaths of territory, particularly in drug producing areas, remain under the control of non-state armed groups. Counternarcotics efforts are also hampered by extremely porous borders with India, China, Bangladesh, and Thailand, with precursor chemicals flowing into Burma and illegal narcotics flowing out.

Counternarcotics cooperation between the United States and Burma has steadily increased since it resumed in December 2011. In October 2016, officials from Burma's Drug Enforcement Division (DED) joined their Malaysian counterparts on a study tour to the United States organized by the U.S. Drug Enforcement Administration (DEA).

Conclusion

Under the leadership of the CCDAC, Burma continued efforts to eliminate the use of illicit drugs, control production, and reform and enforce Burma's narcotics laws. Continued seizures and arrests and growing international cooperation are positive indicators signaling continued government engagement on this issue. However, the efficacy of the country's counternarcotics efforts remains hindered by the limited resources and reach of the government and local law enforcement, particularly in ethnic-controlled areas in which significant production sites are located. To date, law enforcement has not appeared to possess the resources or political will to arrest and prosecute any high-level drug traffickers. Some ethnic organizations are hesitant to engage in government-sponsored alternative development programs while ceasefire and peace process efforts continue, while some ethnic groups continue to engage in narcotics production and trafficking as a primary source of income.

Burma requires legal and organizational reforms to facilitate effective criminal investigations and transparent criminal prosecutions, and needs to dedicate additional resources towards building law enforcement capacity to investigate and effectively prosecute drug traffickers and interdict drugs. Increased cooperation and information sharing and a more victim-centered approach to demand reduction and treatments are also critical to effectively implement reforms that can reduce both drug trafficking and drug abuse. While economic development is necessary to provide an alternative to drug production, long-term efforts will also require an internal political agreement and coordination with ethnic groups. Only sustained economic development, in conjunction with legal and law enforcement reforms, international cooperation, and additional resources, will reverse decades of narcotics production and trafficking.

US State Dept Trafficking in Persons Report 2016 (introduction):

Myanmar (Burma) is classified a Tier 3 country - a country whose government does not fully comply with the minimum standards and is not making significant efforts to do so.

Burma is a source country for men, women, and children subjected to forced labor and for women and children subjected to sex trafficking, both in Burma and abroad. Some Burmese men, women, and children who migrate for work abroad—particularly to Thailand and China, as well as other countries in Asia, the Middle East, and the United States—are subjected to forced labor or sex trafficking. Men are subjected to forced labor in fishing, manufacturing, forestry, agriculture, and construction abroad, while women and girls are primarily subjected to sex trafficking, domestic servitude, or forced labor in garment manufacturing. NGOs report a continued increase in the number of Burmese males transiting Thailand en route to Indonesia and Malaysia, where they are subjected to forced labor, primarily in fishing and other labor intensive industries. Some Burmese men in the Thai fishing industry are subjected to debt bondage, passport confiscation, threats of physical or financial harm, or fraudulent recruitment; some are also subjected to physical abuse and forced to remain aboard vessels in international waters for years. Burmese women are transported to China and subjected to sex trafficking and domestic servitude through forced marriages to Chinese men; there have been reports that Burmese government officials are occasionally complicit in this form of trafficking. There were also limited reports of smuggled Rohingya individuals being abducted and sold into forced labor en route to other countries, or sold into forced marriage in Malaysia; some of these individuals may have become victims of domestic servitude or sex trafficking. Complicit officials in Burma, Thailand, and Malaysia reportedly facilitated the smuggling and exploitation of Rohingya migrants.

Within Burma, men, women, and children from ethnic areas—including the estimated 100,000 persons displaced by conflict in Kachin and northern Shan States and the estimated 120,000 displaced persons in Rakhine State—are at increased risk of trafficking. Rohingya individuals are particularly vulnerable to sex and labor trafficking in Rakhine State, including forced labor perpetrated by government authorities. Ethnic Rakhine are also reported to be victims of forced labor on the margins of conflict between the military and ethnic armed groups in Rakhine State. Local traffickers use deceptive tactics to recruit men into forced labor on palm oil and rubber plantations or in jade and precious stone mines. Children are subjected to sex trafficking or to forced labor (at times through debt bondage) in teashops, the agricultural and construction sector, and in begging. Children and adults are subjected to domestic servitude. A small number of foreign child sex tourists exploit Burmese children. Some military personnel, civilian brokers, border guard officials, and ethnic armed groups continue to recruit or use child soldiers, particularly in conflict-prone ethnic areas, although monitoring groups report the incidence of forced conscription into government armed forces continued to decrease significantly. As of the close of the reporting period, international monitors had verified three cases of child recruitment by the Burmese military that occurred in 2015. In some cases, recruiters use deception, offering incentives or coercing children or their families through false promises about working conditions, salary, and promotion opportunities. Men and boys are forced to serve in ethnic armed groups through intimidation, coercion, threats, and violence; in the past, the Burmese army has employed similar tactics, though no such cases were verified during the reporting period. Some child soldiers are deployed to the front-line as combatants. In addition to formally recruiting at least three children into its ranks, the military continues to use children for labor or other support roles; children in Rakhine State are particularly at risk. Some ethnic armed groups abduct or recruit children—including from internally displaced persons camps—for use as soldiers in fighting against the Burmese army.

The Burmese military, civilian officials, and some ethnic armed groups use various forms of coercion, including threats of financial and physical harm, to compel victims to provide forced labor. In areas with active conflict, local populations—mostly men, but also women and children as young as 12 years old—are used for forced labor. ILO reported it continued to receive reports indicating the actual use of forced labor is decreasing overall, but the number of complaints of forced labor through the ILO complaints mechanism remains significant. Reports of forced labor occur across the country; prevalence is higher in states with significant armed conflict, while reports have declined in cease-fire states. Reporting and verification mechanisms are weak or non-existent in conflict areas, making it difficult to assess fully the ongoing scale of forced labor. Officials continue to compel civilians to perform forced labor—at times using violence or threats of violence—including portering, mandatory work on public infrastructure projects, and activities related to the military's "self-reliance" policy. The army uses children as porters, cooks within battalions, or to carry supplies or perform other support roles. Under the self-reliance policy, military battalions are responsible for procuring their own food and labor supplies from local villagers – a major contributing factor to forced labor. Some observers noted forced labor practices are changing, resulting in a reported decrease in use of forced labor by the military and an increase in reports of forced labor in the private sector and by civilian officials. At the same time, international organizations reported forced labor remains common in areas affected by conflicts, particularly in Rakhine State. There were continued reports of widespread abuses by government soldiers, including forced labor of members of ethnic groups, in Shan, Karen, and Kachin states. Land confiscation by military, local government, and private businesses places agricultural workers at risk for forced labor, including on lands they previously occupied.

The Government of Burma does not fully meet the minimum standards for the elimination of trafficking and did not demonstrate overall increasing efforts compared to the previous reporting period. Although Burma meets the criteria for the Tier 2 Watch List, because it has been on the Tier 2 Watch List for four years, it is no longer eligible for that ranking and is therefore ranked Tier 3. The government continued to investigate and prosecute primarily cross-border sex and labor trafficking offenses and cooperate with international partners to identify and demobilize children forcibly recruited into the military's ranks. During the reporting period, the government released 146 child soldiers from its armed forces through implementation of its UN-backed action plan and launched a second national campaign to raise awareness about the recruitment and use of child soldiers. However, authorities continued to arrest and imprison deserters, including children who fled military service or were demobilized by civil society organizations. The government sent a delegation to Indonesia to advocate for victim screening and repatriation—conducted by an international organization—of more than 1,000 Burmese victims of forced labor on fishing vessels, and made efforts to provide limited reintegration assistance upon their return. Overall victim identification and protection, however, remained weak and a lack of adequate services left victims highly vulnerable to re-trafficking. Military and civilian officials continued to compel men, women, and children into forced labor, and army recruiters and civilian brokers continued to recruit children into the Burmese armed forces. Yet the government failed to make progress in holding civilian officials criminally accountable for trafficking offenses. The Ministry of Defense punished 11 officers and 14 noncommissioned personnel for child soldiering offenses, including through reprimands, fines, or a decrease in pension—but these penalties were not commensurate with the seriousness of the trafficking offenses committed. Despite several laws that prohibit underage recruitment into the military, the government has never prosecuted any military personnel or civilian brokers for child soldiering offenses in civilian courts. Furthermore, authorities have never used the 2012 Wards and Village Tracts Administration Act or other relevant laws to prosecute a forced labor offense committed by a public official.

Latest US State Dept Terrorism Report - 2009

The Government of Burma defined almost all anti-regime activities as "acts of terrorism," making little distinction between peaceful political dissent and violent attacks by insurgents or criminals. The government characterized dissident groups as aligned with terrorist organizations and has used this as justification to scrutinize and disrupt dissident activities. In December 2009, bombs exploded in Rangoon and other parts of Burma. The government attributed the bombings to subversives or insurgents intent on disturbing the stability of the state. Authorities have not made public any evidence of a genuine investigation nor have they identified the specific perpetrator(s). Requests by the U.S. Embassy to view either specific bomb scenes or remaining fragments of explosive devices were consistently denied.

In October, a Government of Burma liaison informed U.S. officials that its Special Branch police had arrested three members of an anti-Burma group that was planning to set off explosives in Rangoon, including targeting the U.S. Embassy. The Burmese liaison advised that the arrested persons were not members of a terrorist organization as defined by the U.S. government. This was a departure from past practice, in which, as noted, the Government of Burma defined all groups allegedly engaged in bombings as terrorists.

International Sanctions

EU Sanctions

The EU first adopted measures including an arms embargo against Burma in 1990 which was subsequently confirmed on 29 July 1991 by the General Affairs Council and Common Position 1996/635/CFSP. This embargo covers weapons and ammunition, weapon and non-weapon platforms and ancillary equipment. It also covers spare parts, repairs, maintenance and transfer of military technology.

The EU has since renewed, modified and extended the scope of the regulations. Council Decision 2013/184/CFSP http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:111:0075:0076:EN:PDF

- embargo on arms and related matériel

- ban on exports of equipment for internal repression

- ban on provision of certain services

- valid until 30.4.2015

- repeal of Council Decision 2010/232/CFSP

On May 20, 1997, the President issued Executive Order 13047 (E.O. 13047) determining that the Government of Burma has committed large-scale repression of the democratic opposition in Burma and declaring a national emergency with respect to the actions and policies of the Government of Burma. E.O. 13047, issued under the authority of section 570(b) of the Foreign Operations, Export Financing and Related Programs Appropriations Act, 1997 (Public Law 104-208), and the International Emergency Economic Powers Act (50 U.S.C. 1701-1706) (IEEPA), prohibits new investment in Burma by U.S. persons and U.S. persons' facilitation of new investment in Burma by foreign persons.

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	30
World Governance Indicator – Control of Corruption	31

Corruption is endemic in Myanmar, presenting companies with high risks. Many businesspeople rate corruption, a weak rule of law and complex and opaque licensing systems as serious barriers to investment and trade in Myanmar. The country suffers from high levels of corruption across all sectors. In November 2015, Myanmar held its first national election, ending 50 years of military rule. Aung San Suu Kyi's National League for Democracy (NLD) won a landslide victory, which is widely interpreted as a step towards an opening up of the previously isolated country. While the government is increasingly addressing corruption issues, these remain deeply rooted and pervasive in the public and private sectors. The Anti-Corruption Law criminalises active and passive bribery in the public sector, abuse of office and attempted corruption. Facilitation payments are not specifically addressed in the law, but should be considered illegal. Gifts are illegal in principle, but there are a number of specific exceptions. The maximum punishment for corruption is fifteen years' imprisonment and a fine. **Information provided by GAN Integrity.**

Corruption and Government Transparency - Report by US State Department

Corruption is endemic in Burma. Due to a complex and capricious regulatory/legal environment and extremely low government salaries, rent-seeking activities are ubiquitous. Bribes are expected – and given – to facilitate many official transactions, from the smallest to the largest. Most citizens view corruption as a normal practice and requirement for survival.

Many economists and businesspeople consider corruption one of the most serious barriers to investment and commerce in Burma. In its 2013 Corruption Perceptions Index, Transparency International rated Burma 157th out of 177 countries, though this was a jump up from its 2012 rating of 172nd out of 177. In their Doing Business 2014 report, the World Bank and the International Finance Corporation ranked Burma 182 out of 189 countries on ease of doing business, citing corruption as a major disruptive force in conducting business in the country. The major areas where investors run into corruption are when seeking investment permits, in the taxation process, when applying for import and export licenses, and when negotiating land and real estate leases.

The Government of Burma appears to recognize the international community's perception of corruption in the country. Consequently, on March 7, 2013, the Government of Burma enacted an Anti-Corruption Law (which stipulates the specific offenses and accompanying punishment in bribery cases as well as includes language on an anti-bribery enforcement mechanism), and followed implementation of the law with its February 25, 2014 formation of a national commission to address bribery and graft (as mandated under the law).

Section 3 - Economy

Since the transition to a civilian government in 2011, Myanmar has begun an economic overhaul aimed at attracting foreign investment and reintegrating into the global economy. Economic reforms have included establishing a managed float of the Burmese kyat in 2012, re-writing the Foreign Investment Law in 2012 to allow more foreign investment participation, granting the Central Bank operational independence in July 2013, enacting a new Anti-corruption Law in September 2013, and granting licenses to nine foreign banks in 2014 and four more foreign banks in 2016.

The government's commitment to reform, and the subsequent easing of most Western sanctions, led to accelerated growth in 2013 and 2014. In 2015, growth slowed because of political uncertainty in an election year, summer floods, and external factors, including China's slowdown and lower commodity prices. Myanmar's abundant natural resources, young labour force, and proximity to Asia's dynamic economies have attracted foreign investment in the energy sector, garment industry, information technology, and food and beverages. Pledged foreign direct investment grew from $4.1 billion in FY 2013 to $8.1 billion in FY 2014.

Despite these improvements, living standards have not improved for the majority of the people residing in rural areas. Myanmar remains one of the poorest countries in Asia – approximately 26% of the country's 51 million people live in poverty. The previous government's isolationist policies and economic mismanagement have left Myanmar with poor infrastructure, endemic corruption, underdeveloped human resources, and inadequate access to capital, which will require a major commitment to reverse. The Burmese government has been slow to address impediments to economic development such as insecure land rights, a restrictive trade licensing system, an opaque revenue collection system, and an antiquated banking system. The newly elected government, led by AUNG SAN SUU KYI, will likely focus on accelerating agricultural productivity and land reforms, modernizing and opening the financial sector, and improving fiscal management.

Agriculture - products:

rice, pulses, beans, sesame, groundnuts; sugarcane; fish and fish products; hardwood

Industries:

agricultural processing; wood and wood products; copper, tin, tungsten, iron; cement, construction materials; pharmaceuticals; fertilizer; oil and natural gas; garments; jade and gems

Exports - commodities:

natural gas; wood products; pulses and beans; fish; rice; clothing; minerals, including jade and gems

Exports - partners:

China 37.7%, Thailand 25.6%, India 7.7%, Japan 6.2% (2015)

Imports - commodities:

fabric; petroleum products; fertilizer; plastics; machinery; transport equipment; cement, construction materials; food products� edible oil

Imports - partners:

China 42.2%, Thailand 18.5%, Singapore 11%, Japan 4.8% (2015)

Banking

The Central Bank of Myanmar (CBM) was established in February 1948 under the Union Bank of Burma (Myanmar) Act of 1947. The Bank is now governed by the CBM Law that was enacted in 1990 and which confers upon the Central Bank broad powers to operate with relative independence and to exercise regulatory and supervisory authority over a wide range of financial institutions, both state and privately owned. The CBM is responsible for acting as the adviser to the Government on economic matters; issuance of currency and securities; acting as a banker to the government as well as to financial institutions; formulating and implementing monetary policy; managing the international reserves of the State; controlling foreign exchange transactions; and licensing, inspecting, supervising and regulating financial institutions.

Since 1992, the CBM has granted licenses to domestic private banks to conduct banking business. The CBM has allowed foreign banks to open representative offices in Myanmar since 1990. These representative offices are allowed to deal in liaison business only.

The Myanmar Foreign Trade Bank was established in 1976 under the Bank Law of 1975 and is subject to the Financial Institutions of Myanmar Law enacted in July 1990. The bank conducts most commercial foreign exchange transactions for the Government of Myanmar. The bank renders such banking services as accepting deposits in specified foreign currencies; accepting and confirmation of Bills of Exchange; sales and purchase of travellers' cheques and foreign currencies; and all matters relating to letters of credit, remittances and bank guarantees. The MFTB has no domestic branches but has a correspondent banking network in 48 countries including in England, Hong Kong, Japan, Norway, Singapore and Sweden.

The Myanmar Investment and Commercial Bank commenced business in September 1989, as a subsidiary of the MEB. It became an independent entity in September 1990 under the Financial Institutions of Myanmar Law. The Bank is now functioning as a commercial, investment and development bank for local and foreign investors, joint venture companies, and local and foreign business enterprises. Both domestic banking and foreign facilities are provided by the bank. It has performed its savings deposit taking function since October 1994.

MICB is performing its foreign banking operations through its correspondent network in 25 countries. These include Austria Belgium, China, France, Germany, Hong Kong, Indonesia, India, Italy, Iran, Japan, Korea, England, Macau, Malaysia, Pakistan, Singapore, Thailand and Vietnam.

Stock Exchange

Myanmar has one securities company, the Myanmar Securities Exchange Centre Co., Ltd (MSEC), which is a Joint Venture between the between the Ministry of Finance and Revenue and the Japanese Daiwa Institute of Research and was launched in April, 1996. Generally, trading activities are low and investors hold the shares as another savings instrument.

The establishment of a stock exchange in Myanmar in the near future is unlikely due to state control over the economy, the lack of a credible currency exchange rate and poor regulation of financial institutions and transactions.

Section 4 - Investment Climate

Executive Summary

Following years of isolation from the global economy, Burma in 2011 embarked on a new course and began implementing significant reforms to spur economic development and create an attractive business climate meant to generate more inward foreign investment. With the success of Burma's historic nation-wide Parliamentary elections in November 2015, followed by the first transition to a democratic government in over 50 years in April 2016, the prospects are promising for a continued focus on inclusive economic growth. Over the past several years, the government has addressed some of the challenges facing Burma's economy, including eliminating multiple exchange rates; reducing trade restrictions; reforming tax policy and administration; passing new arbitration, investment and labor laws; and easing some of the administrative hurdles to doing business in Burma. A revised investment law is expected to be passed in 2016. In their Doing Business 2016 report, the World Bank ranked Burma 167 out of 189 countries on the ease of doing business, a jump from the 2015 ranking of 177. Burma's progress in the World Bank's rankings was driven in part by improvements in regulations, costs, and procedures related to establishing a new venture and the creation of a one-stop shop for registering new businesses. The incoming government of Aung San Suu Kyi's National League for Democracy (NLD) has already emphasized its focus on countering corruption throughout the government.

Burma's move towards economic liberalization has improved its macroeconomic outlook. Initial forecasts of multilateral financial institutions suggest that for the fiscal year ending March 31, 2016, Burma's real GDP growth was 7 percent, which is a decline from growth of 8.3 percent in FY 2014/15, mainly because of flood damage following Tropical Cyclone Komen and delays related to uncertainty regarding the 2015 elections and government transition. Growth is expected to rebound to 7.8 to 9 percent in FY 2016/17 because of agriculture-sector recovery and increased levels of investment after the new democratically-elected government is in place. Rising inflation affected Burma's economic performance during FY 2015/16, driven by food shortages caused by midyear nationwide flooding, rising deficit spending, high levels of liquidity, and rising demand for consumer goods. The IMF reported inflation at 16.3 percent in October 2015, decreasing to 10.1 percent in January 2016. A recent census put Burma's population 9 million people below previous figures. In turn, this increased per capita GDP from USD800 in 2010 to about USD1,200. According to the U.N.'s Development Program, this puts the country on track to fulfilling the per capita income criteria for graduation from least-developed country status by 2024.

Despite the reforms undertaken and improving economic indicators, the government has more work to do in order to create the foundation for a healthy investment environment that contributes to economic development and attracts foreign interest. The government has limited capacity and must prioritize among its long list of desired reforms. Currently, the country has many laws and regulations that are outdated and inadequate. Property rights are not well-established and conflicts over land title are a major concern. Investor protection, and the criteria for foreign investment, is not well-defined, and rule of law is weak. There is limited reliable market and consumer base information. The outgoing government's investment approval procedures were at times unclear and excluded foreign participation in certain sectors.

According to the OECD's investment policy review in 2014, Burma's potential to attract Foreign Direct Investment (FDI) remains largely untapped. The majority of the investment that Burma received in past decades went into natural resource sectors, with only a small portion of that investment going to the manufacturing or services sectors. However, this has started to change. The sectors receiving the largest share of FDI since 2011 include oil and gas, transport and communication, tourism and power sectors.

Moving forward, observers expect the manufacturing and tourism sectors to continue growing and attracting more FDI, given the inauguration of a democratically-elected government, Burma's re-entry into the global economy, and the removal of the majority of international sanctions. Conversely, observers suggest that political uncertainty and the rising influence of civil society might temporarily have halted or deterred new large-scale investments in the power and mining sectors that did not have sufficient support from the local communities most affected by the projects. Foreign investors are starting to explore investment opportunities in power, aircraft leasing, protection services, education, health services, banking, financial services such as accounting, and telecommunication.

However, as the World Bank's 2014 Enterprise Services Report notes, reforms to improve Burma's investment climate are urgently needed across a number of areas, especially in access to finance, land, electricity and skilled workers. In addition, private firms also indicate that the incidence of corruption as measured by bribe payments is one of the highest in the region. Addressing these key constraints is critical to ensuring a fair and transparent business environment in which all enterprises can grow and create jobs.

The international business community's interest in Burma and the unique opportunities the country presents – including a rich natural resources base, a large market potential, a young labor force, and a strategic location between India, China and the countries that make up the Association of South East Asian Nations (ASEAN) – continues to grow. The U.S. Government has eased many of its economic sanctions on Burma, allowing U.S. investment, the importation of Burmese products into the United States, and the export of financial services, although remaining U.S. sanctions prevent U.S. persons from dealing with Specially Designated Nationals (SDN) and ban the import of Burmese jade and rubies into the United States. U.S. companies have expressed concern over the difficulty that remaining U.S sanctions, especially the SDN list, causes them in trying to do business in Burma. Some have also asserted reputational risks associated with Burma, given the remaining sanctions. The U.S. Government has designed the sanctions regime to target specific individuals who undermine the reform process while promoting broad and inclusive economic development, with the goal of bringing opportunities to both U.S. investors and the people of Burma, and continues to review the sanctions regime to ensure that it supports reform efforts in the country. Following the nation-wide elections in November 2015, and the inauguration of a democratically-elected government in 2016, the United States is encouraging U.S. economic engagement in Burma during this pivotal time in the country's history. In May 2016, the U.S. Department of Treasury's Office of Foreign Assets Control issued regulatory amendments to support U.S. trade and investment in Burma.

While the government's efforts to date indicate tentative progress toward the goal of a sound investment framework, investors should prepare to do extensive due diligence and research in the market.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	156 of 175	transparency.org/cpi2014/results
World Bank's Doing Business Report "Ease of Doing Business"	2015	177 of 189	doingbusiness.org/rankings
Global Innovation Index	2015	140 of 143	globalinnovationindex.org/content/page/data-analysis
U.S. FDI in partner country ($M USD, stock positions)	2014	1	http://bea.gov/international/di1usdbal.htm
World Bank GNI per capita	2014	n/a	data.worldbank.org/indicator/NY.GNP.PCAP.CD

Millennium Challenge Corporation Country Scorecard

The Millennium Challenge Corporation, a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a per capita gross national income (GNI) of $4,125 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here: http://www.mcc.gov/pages/selection/scorecards. Details on each of the MCC's indicators and a guide to reading the scorecards are available here: http://www.mcc.gov/pages/docs/doc/report-guide-to-the-indicators-and-the-selection-process-fy-2015.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

Since 2011, Burma has made significant reforms to improve its legal and regulatory framework in order to create an attractive business climate capable of generating more inward investment. Over the past several years, Burma's attitude towards Foreign Direct Investment (FDI) has been positive, and recent measures undertaken by the government, including ongoing revision of the Foreign Investment Law (FIL), a new Special Economic Zone law, labor reform and the award of certain tenders and licenses to foreign businesses, illustrate the government's commitment to further opening its economy and to aligning itself with international standards. Many investors regard Burma's historical 2015 elections – the degree to which they were open, transparent and inclusive, as well as the government's actions after the elections – as a key indicator of the government's ability to continue reforms. Observers note that Burma's democratic transition has led to a slowdown in FDI, with a number of investors waiting until the new government is in place to continue with their investment activities. Following the transition to a new government in April 2016, FDI to Burma is expected to continue growing in the short-term, but further liberalization will be critical for sustaining FDI growth in the medium- to long-term. International investors are closely watching to see what actions Burma's new government will take to reform the economy, promote inclusive growth and attract investment.

Other Investment Policy Reviews

The OECD conducted an investment policy review of Burma in March 2014. The entire report can be found at: http://www.oecd.org/daf/inv/investment-policy/Myanmar-IPR-2014.pdf.

The World Trade Organization (WTO) conducted a trade policy review of Burma in March 2014. The entire report can be found at: https://www.wto.org/english/tratop_e/tpr_e/s293_e.pdf.

The World Bank's Doing Business 2016 report includes an analysis of Burma's investment sectors and business environment, and can be found at: http://www.doingbusiness.org/data/exploreeconomies/myanmar/

The World Bank also conducted an enterprise survey of Burma in 2014, the results of which can be found at: http://www.enterprisesurveys.org/data/exploreeconomies/2014/myanmar.

Burma's Directorate of Investment and Company Administration (DICA) released its own investment guide in 2014 which can be found at: http://www.dica.gov.mm/files/document-files/myanmarinvestmentguide_2014.pdf?_ga=1.181010606.820975682.1458969219 DICA has announced that it will be publishing a new investment guide in 2016.

Laws/Regulations on Foreign Direct Investment

The Myanmar Investment Commission (MIC) is a government-appointed body, with Burma's President appointing MIC's Chairman and its members. The MIC reports directly to Burma's President. MIC was formed under the FIL and the Myanmar Citizen Investment Law. The Directorate of Investment and Company Administration (DICA) is the Secretariat of MIC, and falls under the newly merged Ministry of Planning and Finance. However, DICA reports directly to the Chairman of MIC.

The main law applicable to foreign investors is the FIL, which was approved in November 2012. A new draft Investment Law, which would see a consolidation of the 2012 FIL and the 2013 Myanmar Citizen Investment Law, is currently being considered by the government of Burma. The draft law has been released for public comment 12 times and was last posted on DICA's website in October 2015. The new Parliament is expected to take up the draft law in 2016.

The stated objectives of the 2012 FIL are to support:

- The extraction/export of the rich natural resources of the state for the benefit of the people;
- The creation and accumulation of jobs for the people;
- The development of human resources;
- The development of infrastructure such as banking and finance, modern roads, interstate highways, production of electricity and energy, and modern information technology;
- Transportation of rail, water and air via an international standard to enable citizens to do business throughout the world; and
- The advent of businesses and investments which are in line with established international practices and norms.

The FIL continues to limit certain types of foreign investment (see list of industries below in "Limits on Foreign Control and Right to Private Ownership and Establishment").

The government did issue a number of notices to clarify the joint-venture activities of foreign companies such as Notification 96/2015 issued on November 11, 2015 allowing for a Burmese company and a foreign company to form a joint venture with the ability to import and trade specified goods. Imports are limited to fertilizer, insemination seeds, pesticides and hospital equipment. Foreign owned companies are still not permitted to be involved in trading.

On December 22, 2015 the government passed an amendment to the FIL decentralizing decision making authority to local (state and regional) government, while streamlining the coordination between the local and central governments in approving investments.

Although many foreign investors feel that the FIL's stated objectives point to a positive, forward-thinking approach by the government, the OECD notes that the FIL "still leaves many questions unanswered, notably with respect to investor protection and the procedures for admitting foreign investors." In addition, Burma's current regulatory investment framework remains complex, and can cause confusion for investors given the numerous laws that regulate the entry of investors depending on the sector and the location, and depending on whether the investor is local or foreign. Investors have complained that the government's investment approval process (outlined below) is opaque, complex, onerous with regard to the paperwork required, and lengthy.

Business Registration

All investors must register with the DICA – except for those in a joint venture with a State equity formed under the Special Company Act 1950. DICA has a website where businesses can register: http://www.investinmyanmar.com/myanmar-company-registration/. In 2013 DICA updated the registration process in an effort to make doing in business in Burma easier. However, observers have seen process improvements play out just this past year. Once a company submits their completed paper work to DICA and has deposited the registration fee in the Myanma Economic Bank, DICA will issue a temporary registration certificate within

2-3 days, allowing for the company to commence activities, such as applying for an investment permit. In the meantime, DICA will apply for the company's "no objection certificate" with the relative ministries, yielding the company's permanent registration certificate or the "Company Incorporation Certificate."

The Ministry of Industry is responsible for issues pertaining to Small and Medium Size Enterprises. The MIC, using the Ministry of Industry's definition, defines small enterprises to include no more than 50 employees and medium enterprises to include no more than 100 employees. However, according to the 2015 Small and Medium Enterprise Law, these categories can change according to sectors. For instance, a labor intensive manufacturer is considered a small enterprise with 300 or less employees and medium sized if it has less than 600 employees. In these cases the turnover in capital is also considered in its classification. As of March 2016, the Ministry of Industry had not implemented this definition because government officials on the ground have yet to receive implementing instructions. Because of this, the government is still using an outdated definition of SMEs from the 1990 Private Industrial Enterprise Law. A complete table illustrating these definitions can be found on Burma's Central Department of Small and Medium Enterprise Development at http://www.smedevelopmentcenter.gov.mm/?q=en/def_sme.

Industrial Promotion

Different ministries and agencies promote investment into different sectors (e.g., the Ministry of Hotels and Tourism promotes responsible tourism investment), although DICA is officially mandated to coordinate investment promotion under the FIL. DICA is responsible for encouraging and facilitating foreign investment by providing information, fostering coordination and networks between investors, and continually exploring new opportunities in Burma that would benefit both nation and the business community. Currently, DICA's main office is in Rangoon, but as of March 2015, it has six branches throughout the country including Pathein, Monywa, Dawei, Taunggyi, Mawlamiyine and Mandalay. DICA is paying particular attention to attracting FDI in labor intensive industries; agriculture and its related industries including products manufactured from raw agricultural materials, agricultural construction, building and heavy equipment; and projects that benefit infrastructure including transportation, energy and manufacturing. DICA uses seminars, workshops, investment fairs and other events to promote the above investment, as well as its website: http://www.dica.gov.mm/en

On May 26, the Ministry of Commerce launched its new National Trade Portal and Repository, an online platform that has all of Burma's Laws, processes, forms, and points of contact for trade. The U.S. Agency for International Development funded the development of the Portal. This portal represents increased transparency in Burma and also meets Burma's requirements under Articles 12 and 13 of the ASEASN Trade in Goods Agreement. http://www.myanmartradeportal.gov.mm/index.php

Limits on Foreign Control and Right to Private Ownership and Establishment

The FIL limits certain types of foreign investment. Specifically, foreign investments cannot be made in the following businesses and services: administration and conservation of natural forests; production of traditional medicines; drilling of oil wells whose depth does not exceed 1,000 feet; small and medium scale mining; cultivation and production of traditional herbal plants; wholesale trading of components and scrap-iron; traditional food production; production of religious items and wares; production of traditional and cultural items and wares; handicraft production; private specialist traditional hospitals; trading of raw materials used for traditional medicines; medical research and operation of laboratories for traditional medicine; ambulance services; care centers for the elderly; catering on trains, freight forwarding using trains, cleaning of coaches, management of trains; agency services; [erection and operation of] power plants with less than 10 megawatts; and printing, publishing and distribution of periodicals in local languages spoken in Burma.

The FIL restricts foreign investment in certain agriculture and farming businesses, certain animal husbandry businesses, and certain fishery businesses. In addition, the implementing rules list those sectors requiring a joint venture (with a maximum of 80 percent foreign equity), as well as other foreign equity limitations and joint ventures permitted only with the state.

On March 24, 2016 MIC issued notification 26/2016 which amends the list of economic activities that require joint venture under the FIL, and now permits 100 percent foreign investment in the production and distribution of hybrid seeds and the production and propagation of high-yield seeds and local seeds.

The FIL has no minimum capital requirement for foreign ownership, except for (as noted) joint ventures in restricted sectors, although individual ownership requirements can be established by the MIC, which is in charge of assessing business proposals, setting requirements and conditions for investment and interpreting and overseeing the implementation of the FIL.

In addition to the FIL, the State Owned Economic Enterprises Law, enacted in March 1989, and still in effect today, also regulates certain investments and economic activities. However, the government of Burma is in the process of drafting a new Privatization Law. New laws such as the Myanmar National Aviation Law are leading to the corporatization of State Owned Enterprises (SOEs), including the Myanmar National Airlines and the Yangon Electricity Supply Board. Under the 1989 law, SOEs continue to have the sole right to carry out the following economic activities: extraction of teak and sale of the same in the country and abroad; cultivation and conservation of forest plantations, with the exception of village-owned firewood plantations cultivated by the villagers for their personal use; exploration, extraction, sale, and production of petroleum and natural gas; exploration, extraction, and export of pearls, jade, and precious stones; breeding and production of fish and prawns in fisheries that have been reserved for research by the government; postal and telecommunications services; banking and insurance services; broadcasting and television services; exploration, extraction, and exports of metals; electricity generating services, other than those permitted by law to private and cooperative electricity generating services; and manufacturing of products relating to security and defense; air transport and railway transport services. On this last, according to a new January 2016 Rail Transportation Enterprise Law, foreign and local business can make certain investments in railways, such as in the form of Private Public Partnership (PPP).

However, the MIC, "in the interest of the State," can make exceptions to this law. In the past, the MIC has routinely granted numerous exceptions including through joint ventures or special licenses in the areas of banking (for domestic investors only), mining, petroleum and natural gas extraction, telecommunications, radio and television broadcasting, and air transport services. The 2012 Foreign Investment Law and its implementing regulations continue to grant the MIC broad discretion with regard to its decisions on investments. This can at times be beneficial to investors wishing to engage in economic activities in certain prohibited economic sectors.

Although, as the OECD 2014 IPR notes, the system gives the government flexibility "to open progressively and selectively to foreign investment and to try to maximize the potential benefits from that investment," the same flexibility also creates uncertainty for investors "concerning the criteria upon which the decision to admit them is based [and] creates opportunities for corruption when individual officials are given responsibility for deciding on what basis to admit an investment project."

The Burmese armed forces are involved in many commercial activities via the Union of Myanmar Economic Holdings, Ltd. (UMEHL) and the Myanmar Economic Corporation (MEC). Under General License No. 17 issued by the Department of Treasury's Office of Foreign Assets Control (OFAC) on July 11, 2012, U.S. businesses are not allowed to invest or enter into an agreement with the Burmese Ministry of Defense or any state or non-state armed group, or any entity in which any of the above own a 50 percent or greater interest.

Privatization Program

According to the government of Burma, the private sector accounts for a majority of the country's GDP, with the State participating in telecommunication services, social and public administration, energy, forestry, construction, and electricity. The activities of MEHL, MEC, and other military-dominated companies are not included in the budget's data.

Prior to 2011, foreign participation was not allowed in the privatization process. In 2012, President Thein Sein created a new Privatization Commission headed by a Vice President. As of April 2016, the new government has yet to appoint the new members of the Privatization Commission. Between 2011 and 2016, privatization took the forms of the private leasing of state-owned assets and the establishment of joint ventures and PPPs. Bidding for these leases lacked transparency, but the Privatization Commission adopted new privatization procedures that emphasized open tenders and PPPs.

On January 19, 2013, President Thein Sein's administration announced the Framework for Economic and Social Reform (FESR), a 45-page report calling for further reforms on commercialization and possible privatization of SOEs, to include creating step-by-step privatization plans, establishing regulatory frameworks and institutions, commercializing SOEs, and attracting PPPs. The FESR also requires all Burmese government ministries to take a judicious and cautious approach in privatizing public utilities and infrastructure industries that are critical to the functioning of the economy and are strategic to Burma's "natural monopolies."

SOEs are in different stages of privatization, with some, such as the Myanmar National Airlines, operating independently while still owned by the government.

Screening of FDI

The MIC plays a leading role in the regulation of foreign investment, and approves all investment projects receiving incentives except those in special economic zones, which are handled by the Central Working Body, set up under the existing Special Economic Zone Law.

Joint ventures between foreign investors and SOEs are the responsibility of the relevant line ministries. There is no evidence that the MIC discriminates against foreign investors.

The FIL's outlines the procedures the MIC must take in considering foreign investments. Investment approvals are made on a case-by-case basis. The MIC evaluates foreign investment proposals and stipulates the terms and conditions of investment permits. To obtain an investment permit, the investor must submit a proposal in the prescribed form to the MIC, together with supporting documentation including details of intended activities and the financial credibility of the company/individual; an undertaking not to engage in trading activities; and annual reports for the last two financial years, or copies of the company's Head Office's balance sheet and profit and loss account for the last two financial years, notarized by the Burmese Embassy in the country where the company is incorporated. The MIC accepts or rejects an application within 15 days, and decides whether to approve the proposal within 90 days. In November 2015, the government's Cabinet approved an Environmental Impact Assessment Procedure. The Chairman of the MIC gives the final approval.

The MIC does not record foreign investments that do not require MIC approval, particularly for investors forming a joint venture with a military-controlled enterprise. Many smaller investments may also go unrecorded. Once licensed, foreign firms may register their companies locally, use their permits to obtain resident visas, lease cars and real estate, and obtain import and export licenses from the Ministry of Commerce. Foreign companies may register locally without an MIC license, in which case they are not entitled to receive the benefits and incentives provided for in the FIL.

More information on the MIC and DICA can be found at:
http://www.dica.gov.mm/en/apply-mic-permit

Competition Law

A new Competition Law was passed on February 24, 2015, and will go into effect on February 24, 2017. The objective of the law is to protect public interest from monopolistic acts, limit unfair competition, and prevent abuse of dominant position and economic concentration which weakens competition. Specifically, the Competition Law sets a foundation for creation of a regulatory body with investigative and adjudicative powers, addresses the three standard pillars of competition law (agreements that restrain competition, abuse of dominance and mergers) as well as unfair trade practices, and establishes a comprehensive penalty regime.

The law classifies four types of behavior as sanctionable violations: acts restricting competition (applicable to all persons); acts leading to monopolies (applicable only to entrepreneurs); unfair competitive acts (applicable only to entrepreneurs); and business combinations such as mergers. The law also restricts the production of goods, market penetration, technological development and investment, although the government may exempt restrictive agreements "if they are aimed at reducing production costs and benefit consumers" such as reshaping the organizational structure and business model of a business so as to improve its efficiency; enhancing technology and technological advances for the improvement of the quality of goods and service; and promoting competitiveness of small and medium sized enterprises.

The Competition Law prohibits efforts to monopolize markets by: controlling prices of goods or services; limiting the availability of a good or service with the aim of controlling prices; reducing the availability of a good or service without appropriate reasons or lowering the quality of a good to reduce market demand; controlling or restrict the geographic market for sales to prevent entry and control market share; and interfering in another business' operations in an unfair manner.

The Competition Law also prohibits mergers where the merger is intended to lead to excessive domination of the market; the merger will reduce competition in a market with few competitors; or the resulting market share exceeds the thresholds prescribed by the Competition Commission. However, the law permits an otherwise prohibited merger where the resulting enterprise remains a SME; one of the merging parties was, or was likely to become, bankrupt; or the merger promotes exports or development of technology, systems or innovation.

The Competition Law creates the Competition Commission, the principal regulatory authority under the law and the Investigation Committee which will investigate conduct that may infringe the law. The penalties provided for "acts restricting competition" in Burma range from imprisonment up to three years and/or a fine of up to $15,000.

Burma is not party to any bilateral or regional agreement on anti-trust cooperation.

2. Conversion and Transfer Policies

Foreign Exchange

Since 2012 Central Bank of Myanmar manages a managed float of the Burmese kyat. Although the exchange rate is determined by daily dollar auctions at Burma's Central Bank, the open market often sells foreign exchange at illegal rates outside of the 0.8 percent band around the Central Bank's daily rate.

Remittance Policies

According to the FIL's, foreign investors have the right of remittance of foreign currency. Foreign investors are allowed to remit foreign currency overseas through banks which are authorized to conduct foreign banking business at the prevailing exchange rate. Banks began introducing remittance services during 2012 and the volume of such formal transfer is low but growing, according to local bank managers.

Nevertheless, in practice, the transfer of money in or out of Burma has been difficult, as many international banks have been slow to update their internal prohibitions on conducting business in Burma, given the long history of U.S. and European sanctions that had isolated the country. The majority of foreign currency transactions are conducted through banks in Singapore. Despite an abundance of Burmese banks that are not on Treasury's OFAC list, some U.S. banks still decline to process financial transactions with the Burmese market.

The difficulties presented by the formal banking system are reflected in the continued use of informal sources of finance for loans and remittances by both the public and businesses. Although these informal sources tend to have higher interest charges, they offer an alternative to the limited loan services offered by banks, which provide almost only short-term credit for trade on a limited basis and require collateral. Remittances are also often made through a well-developed informal financial network (commonly known as the "Hundi System").

Burma is a "country of primary concern" in the 2015 International Narcotics Control Strategy Report. According to the report, Burma is not a regional or offshore financial center, and its economy is underdeveloped and its historically isolated banking sector is just beginning to reconnect to the international financial system. However, Burma's prolific drug production and lack of financial transparency make it attractive for money laundering. Burma enacted anti-money-laundering laws on March 14, 2014 and issued relevant rules on September 11, 2015. Burma's Financial Intelligence Unit (FIU) is the agency to investigate and take legal action. The FIU is now a part of Burma's police force under Ministry of Home Affairs. The FIU is now strengthening their duties and functions to become an independent unit in line with the recommendations of the Financial Action Task Force.

Burma does not engage in currency manipulation tactics.

3. Expropriation and Compensation

According to the OECD's 2014 IPR, Burma's "expropriation regime . . . does not appear to protect investors against indirect expropriations." In addition, it reports that Burma has not incorporated the principle of non-discrimination into its investment framework. Other than a constitutional safeguard that states that the government will not nationalize economic enterprises, there is no specific provision in Burma's legislation against expropriation without compensation. The FIL's prohibits nationalization and states that foreign investments approved by the MIC will not be nationalized during the term of their investment. In addition, the law guarantees that the government of Burma will not terminate an enterprise without reasonable cause, and upon expiry of the contract, the government of Burma guarantees an investor the withdrawal of foreign capital in the foreign currency in which the investment was made. Finally, the law states that "the Union Government guarantees that it shall not cease an investment enterprise operating under a Permit of the Commission before the expiry of the permitted term without any sufficient reason."

Aside from the possibility of outright expropriation by the government of Burma, private businesses in the past have been subject to predatory practices by regime-linked cronies. Given the weak rule of law in Burma and the pervasive and powerful system of patronage, larger and more well-connected entities were generally able to muscle out smaller competitors by denying access to markets, forcing the sale of assets, or otherwise disrupting business operations. However, public scrutiny of businesses is beginning to increase due to a freer and more vibrant local press and an increasingly energetic Parliament, and that scrutiny is beginning to limit – or at least reduce the overt exercise of – such practices.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Burma's legal system is a unique combination of customary law, English common law and statutes introduced through the pre-independence India Code, and post-independence Burmese legislation. Examples include the Evidence Act, and the Civil and Criminal Procedure Codes. Where there is no statute regulating a particular matter, courts are to apply Burma's general law, which is based on English common law as adopted and molded by Burmese case law. Every State and Region has a High Court, with lower courts in each district and township. High Court judges are appointed by the President while District and Township judges are appointed by the Chief Justice through the Office of the Supreme Court of the Union. The Union Attorney General's Law Officers operate sub-national offices in each State, Region, district, and township.

Following the transfer of power to a civilian government in March 2011, a new Attorney General enforces standards of due process in the criminal justice system and provides the government's Law Officers (prosecutors) with a mandate to act as an independent check in the criminal justice system. The military-run Ministry of Home Affairs retains control the Myanmar Police Force, which files cases directly with the courts. Foreign companies have the right to bring cases to and defend themselves in local courts, but this option was rarely exercised due to concern about the impartiality and lack of independence of the courts.

In order to address the concerns of foreign investors regarding dispute settlement, the government took the significant step of acceding, on April 16, 2013, to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards ("New York Convention"). On January 5, 2016 Burma's parliament enacted the much-anticipated Arbitration Law, putting the New York Convention into effect and replacing arbitration legislation that was more than 70 years old. As of April 1, 2016, foreign companies can now pursue arbitration in a third country. However, the Arbitration Law does not eliminate all risks. There is still no track record of enforcing foreign awards in Burma and inherent jurisdictional risks remain in any recourse to the local legal system. The new Arbitration Law however brings Burma's legislation more in line with internationally accepted standards in arbitration.

Bankruptcy

There is no bankruptcy law in Burma. Existing, antiquated insolvency laws – such as The Insolvency Act of 1910 and The Insolvency Act of 1920 – are rarely used.

Investment Disputes

To date, Burma has not been party to any investment dispute. In addition, Burma has not been party to any dispute settlement proceeding at the WTO.

International Arbitration

The new 2016 Arbitration Law is based on the UNCITRAL Model Law (Model Law), addressing arbitration in Burma as well as the enforcement of a foreign award in Burma. For example, the provisions relating to the definition of an arbitration agreement, the procedure of appointing arbitrator(s) and the grounds for setting aside an award, are mirrored in the Arbitration Law and the Model Law; however there are some differences between these two laws. For instance, while parties are free to decide on the substantive law in an international commercial arbitration, the Arbitration Bill provides that arbitrations seated in Burma must adopt Burmese law as the substantive law if those arbitrations do not fall within this definition. This may create uncertainty as to what can be defined as an international commercial dispute, such that parties are allowed to adopt any foreign law as substantive law under this provision. According to the Arbitration Law, foreign arbitral awards can be enforced if they are the result of a commercial dispute and were made at a place covered by international conventions connected to Burma and as notified in the State Gazette by the President. If the Burmese court is satisfied with the award, it has to enforce it as if it were a decree of a Burmese court. While observers note that there are still issues to be ironed out, the Arbitration Law brings Burma's legislation much closer to international arbitration standards and legislation.

ICSID Convention and New York Convention

Burma is not a party to the 1965 Convention on the Settlement of Investment Disputes between States and Nationals of other States (ICSID). On January 5, 2016 the Burmese parliament enacted the Arbitration Law, putting the 1958 New York Convention into effect (see international arbitration above).

Duration of Dispute Resolution – Local Courts

No data available.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

Burma is a World Trade Organization member. To date, no claims have been raised against Burma on its maintenance of any measures that are inconsistent with the WTO's Trade Related Investment Measures (TRIMs) requirements.

Investment Incentives

According to Article 27 of the FIL, in order to promote foreign investment, the government of Burma will grant new investors a five year tax holiday with an option for further exemption if the enterprise is beneficial to the State. Other exemptions and avenues of relief include a three year exemption on custom duties and relief from commercial tax for goods produced for export. In addition, Article 27 (j) grants an exemption from customs duty or other internal taxes for any machinery or equipment, or materials imported in order to expand the business.

The Myanmar Economic Zones Law also contains certain investment incentives for investors. Under the law, investors located in a Special Economic Zone (SEZ) may apply for income tax exemption for the first five years from the date of commencement of commercial operations, followed by a reduction of the income tax rate by 50 percent for the proceeding five year period. Under the law, if profits during the next third five year period are re-invested within one year, investors can apply for a 50 percent reduction of the income tax rate for profits derived from such re-investment. On August 27, 2015 the Ministry of National Planning and Economic Development issued new rules governing the SEZs including the establishment of a One Stop Service Department to ease the approval and permitting of investments in SEZs, incorporate companies, issue entry visas, issue the relevant certificates of origin, collect taxes and duties, approve employment permits and/or permissions for factory construction and other investments See also section 17 – Foreign Trade Zones/Free Ports/Trade Facilitation

Research and Development

There is no data that indicates foreign firms are able to participate in government/authority financed and/or subsidized research and development programs.

Performance Requirements

Foreign investors must recruit at least 25 percent of their skilled employees from the local labor force in the first two years of their investment. The local employment ratio increases to 50 percent for the third and fourth years, and 75 percent for the fifth and sixth years. The investors are also required to submit a report to MIC with details of the practices and training methods that have been adopted to improve the skills of Myanmar nationals.

Data Storage

The government of Burma does not follow forced localization, and foreign investors are not yet required to use domestic content in goods or technology. The government of Burma is currently developing laws, rules and regulations on information technology (IT), and does not have in place requirements for foreign IT providers to turn over source code and/or provide access to surveillance.

6. Protection of Property Rights

Real Property

To date, foreigners cannot purchase and own land. However, according to Article 31 of the FIL, foreigners can invest in real estate development through a joint venture or through 100 percent ownership of a build-operate-transfer (BOT) lease agreement with the government. Under the joint venture scheme, foreign participation is limited to 80 percent. The BOT lease agreements provide full ownership to foreign investors, although they are limited to 70 years. The law also allows foreigners to take over BOT leases from locals.

However, a continuing area of concern for foreigners involves investment in large-scale land projects. Property rights of large plots of land for investment commonly are disputed because ownership is not well-established, particularly following a half-century of military expropriations; it is not uncommon for foreign firms to face complaints from communities about inadequate consultation and compensation regarding land that they are seeking to lease from the government or private parties.

The government did make legislative changes with regards to foreign investment in agricultural land through the 2012 Farmland Law and the 2012 Vacant, Fallow and Virgin Land Management Law (VFVLM). Under the Farmland Law, the township authority issues a Land Use Certificate to the individual user, allowing them the right to sell, transfer or mortgage the land, a departure from previous user rights. The VFVLM allows for the Central Committee to grant investors the right to use the land, but only in areas where citizens are unable to carry out the land development activity such as agriculture, mining, raising livestock and other ventures. This is an effort to ensure that people do not purchase land and leave it vacant, but that investors make the land economically productive. Furthermore, the VFVLM also stipulates that foreign firms can use farmland only through ventures with Burmese entities (per the FIL) and that MIC can approve a land lease for commercial activities with the permission of the Central Committee on Vacant, Fallow and Virgin Land.

In January 2016, the government published the approved National Land Use Policy. The policy includes provisions on ensuring the use of effective environmental and social safeguard mechanisms; improving public participation in decision-making processes related to land use planning; improving public access to accurate information related to land use management; and developing independent dispute resolution mechanisms. The policy is to be updated every five years as necessary and stipulates that a new national land law will be drafted and enacted using this policy. This policy will also be used as a guide for the harmonization of all existing laws relating to land in the country.

After three year of debate, Burma's parliament passed the Condominium Law on January 22, 2016. The law states that up to 40 percent of condominium units can be sold to foreign buyers on a building's sixth floor and above. As per the new law, condominium owners shall have the shared ownership of both the land and apartment. However, new residential condominiums built in Rangoon will not meet the criteria stipulated in the law as most of the projects were built by foreign investors on government land under build-operate-transfer (BOT). Such private-public partnership investments cannot be considered condominiums under the new law. The Ministry of Construction is drafting rules to clarify the new law.

In accordance with the Transfer of Immovable Property Restriction Law of 1987, mortgages of immovable property are prohibited if the mortgage is a foreigner, foreign company or foreign bank.

Intellectual Property Rights

Burma does not have adequate intellectual property rights protection. Patent, trademark, industrial design, and copyright laws and regulations are antiquated and deficient, and there is minimal regulation and enforcement of existing statutes. For example, the registration of patents and designs in Burma is still governed by the Indian Patents and Designs Act of 1911, enacted under British colonial rule. The British colonial government also published a Copyright Act in 1914, but neither the colonial government nor the government of Burma ever instituted a means to register copyrights. Consequently, there is no legal protection in Burma for foreign copyrights. In addition, Burma has no trademark law, although trademark registration is possible. Some firms place caution notices in local newspapers to declare ownership of their trademarks. After publication, the owners can take criminal and/or civil action against trademark infringers. Title to a trademark depends on use of the trademark in connection with goods sold in Burma.

Burma does not have in place a judicial court specifically dealing with intellectual property rights. Disputes related to the infringement of intellectual property rights are governed by common rules of civil and criminal procedure. Similarly, there is no institution in charge of supervising the administration, registration and enforcement of intellectual property.

The lack of adequate intellectual property rights translates to piracy and other intellectual property rights violations in Burma. Piracy of music CDs, video CDs, CD-ROMS, DVDs, books, software, and product designs is evident nationwide, especially in border regions and in the two major urban centers of Rangoon and Mandalay. Most consumers of information technology products in Burma, both in the private sector and in government, use pirated software. However, in September 2015 and November 2015, two large local firms signed multi-year software licensing agreements with a foreign company in an effort to raise local business practices to international business standards and best practices. Given the small number of local customers, poor state of the economy, and lack of infrastructure, piracy does not have a significant adverse impact on U.S. products.

The government of Burma is attempting to address these legal deficiencies and the high level of piracy within Burma. After Burma joined ASEAN in 1997, it agreed to modernize its intellectual property laws in accordance with the ASEAN Framework Agreement on Intellectual Property Cooperation. The Ministry of Science and Technology, with advice from external stakeholders and experts, drafted four new intellectual property laws – on trademarks, copyrights, patents, and industrial design – with the aim of creating a modern, comprehensive legal framework for intellectual property rights and improving Burma's business climate. Draft trademarks and industrial designs laws were submitted to Parliament in June/July 2015, whereas draft copyrights and patent laws are still being considered within the government. Burma is also exploring the establishment of a single national Intellectual Property Office that would monitor compliance with intellectual property laws and be responsible for further developing intellectual policy and regulations. In addition, the WTO has delayed required implementation of the Trade Related Aspects of Intellectual Property (TRIPs) Agreement for Least Developed Nations – including Burma – until 2021.

Burma is not listed in USTR's Special 301 report or in USTR's notorious market report.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/en/.

Resources for Rights Holders

For Intellectual Property Rights issues in Burma, please contact:

Peter N. Fowler, Regional IP Attaché
U.S. Patent and Trademark Office
American Embassy Bangkok, Thailand
Tel: (662) 205-5913
Email: Peter.Fowler@trade.gov

Information on the American Chamber of Commerce (AmCham) Myanmar Chapter can be found at: http://www.amchammyanmar.com/

Information on legal service providers available in Burma can be found at:
http://burma.usembassy.gov/legal_assistance.html

7. Transparency of the Regulatory System

Burma lacks regulatory and legal transparency. In the past all existing regulations were subject to change with no advance or written notice, and without opportunity for public comment.

The government of Burma, however, is attempting to enhance transparency in the public sector by using websites to publish information online and by establishing websites through which businesses can access trade information. The Ministry of Commerce publishes a weekly Commerce Journal and a monthly Trade News booklet, providing trade-related information. In the past three years, the government of Burma has also published new regulations and laws in government-run newspapers and "The Burma Gazette" more frequently than in the past. The U.S.-based International Budget Partnership's 2015 Open Budget Index, the only independent, comparative measure of central government budget transparency, places Burma as tied second-to-last among countries surveyed globally, stating that the Burmese government provides the public with "scant" budget information.

As part of the government's commitment to transparency of its regulatory system, Burma became a candidate country in the Extractive Industries Transparency Initiative in 2014, and on January 2, 2016 Burma's Extractive Industries Transparency Initiative (EITI) National Coordination Office, a global standard for the promotion of revenue transparency, submitted the country's first EITI report covering three sub-sectors for 2013-2014 – Oil and Gas, Gems and Jade, and other minerals. The next EITI report is due on January 2, 2017 followed by a validation procedure. The World Bank, and a multi-stakeholder group, is guiding Burma on the conditions it must fulfill as part of the EITI program. (See https://eiti.org/report/myanmar/2013)

8. Efficient Capital Markets and Portfolio Investment

Burma has very small publicly traded equity and debt markets. Banks are the primary buyers of government bonds issued by Burma's Central Bank, which has established a fledgling bond market auction system. The Central Bank issues government treasury bonds with maturities of two, three and five years. Several Burmese companies sell bonds privately on a very small scale and a small number of firms have shares traded over-the-counter.

The Burmese government opened the Yangon Stock Exchange on December 9, 2015, and the first company was listed on March 25, 2016. Six companies (one diversified enterprise, two real estate and construction companies, one agricultural firm, and two relatively small banks) have been approved to list on the stock exchange. Japan Exchange Group and Japan-based Daiwa Securities Group helped launched the bourse, owning a combined 49 percent of the stock exchange, with the remaining 51 percent owned by the state-owned Myanma Economic Bank. On July 30, 2013, the Securities Exchange Law came into effect, establishing a securities and exchange commission and helping clarify licensing for securities businesses (such as dealing, brokerage, underwriting, investment advisory and company's representative). Foreign entities will not be able to acquire Yangon stock exchange-listed shares until the Burmese government passes an updated Companies Law, and Burma also needs to adopt, implement, and enforce sound practices such as rules for company disclosures, transparency and corporate governance requirements, and share-holder voting rights to increase international and domestic appeal.

Money and Banking System, Hostile Takeovers

Burma's banks continue to face a number of significant regulatory restrictions that limit the growth of the formal financial sector. Burma's Central Bank is tasked with supervisory and regulatory functions for the banking sector. The Central Bank's policy objectives include domestic price stability, financial stability, and efficient payment systems, and it is responsible for approving new banks and supervising new and existing banks. In 2013, the Central Bank Law established the Central Bank as nominally independent from the Ministry of Finance.

There are four state-owned banks: the Myanmar Economic Bank (MEB), the Myanmar Foreign Trade Bank (MFTB), the Myanmar Investment and Commercial Bank, and the Myanmar Agricultural Development Bank. The role of the MEB, the largest bank in Burma, is to provide domestic and international banking services. The MFTB specializes in international banking. The Myanmar Investment and Commercial Bank carries out domestic and international banking business and extends banking services to private companies, including foreign joint ventures. The MADB extends agricultural credits to farmers. According to the government, the regulatory regime is the same for state-owned banks and private banks.

In October 2014, the government awarded limited banking licenses to nine foreign banks – all from the Asia-Pacific region – allowing each bank to set up one branch and provide loans to foreign companies. All nine banks began operations by the end of October 2015. In mid-December 2015, the Burmese government announced a second round of foreign bank licensing, designed to increase the presence of banks headquartered in a wider variety of countries, and in early March the Central Bank granted new licenses to banks headquartered in India, South Korea, Taiwan, and Vietnam. Foreign banks are restricted to providing loans to foreign entities and are required to partner with local banks in order to lend in local currency and lend to local companies.

In Burma's unusual credit market, more than 90 percent of credit is extended through 12-month loans, the maximum duration the Central Bank allows, and these are routinely rolled over with capitalization of interest, masking non-performing loans both to banks, the Central Bank, and international financial institutions. Insufficient access to formal sources of credit is the most frequently identified obstacle to doing business in Burma, and a more significant constraint than access to land, electricity, and skilled labor, according to the World Bank's 2014 Myanmar Investment Climate Assessment. Only 1 percent of fixed-asset investment costs were financed by bank borrowing, for example, while 92 percent of firms rely on their own funds. Only 30 percent of Burmese firms report having a bank account—the lowest level among all the World Bank's comparator countries. There are high levels of informality throughout the economy, with a pervasive, unregulated financial sector constituting the large majority of lending. An estimated 9.2 million adults have a loan from an unregulated financial services provider with total outstanding debt as high as USD5.7 billion, according to a 2013 study conducted by the Centre for Financial Regulation and Inclusion.

9. Competition from State-Owned Enterprises

As noted above, the government of Burma reserves many lucrative sectors and sectors deemed sensitive for state-owned enterprises (SOEs). These include: agriculture, construction, building and heavy equipment; environmental technologies; information and communication; energy and mining (including exploration and downstream operations); industrial equipment and supplies; textiles, apparel, and sporting goods; health technologies; finance; food processing and packaging; services; travel; and publishing. Despite these limitations, the government has licensed some private sector competitors to operate in these nominally restricted sectors, including in the aviation and banking and non-banking financial sector.

During the Burmese 2015-16 fiscal year, the government published a brochure, the "Citizen Budget," which summarizes the budget and lists the SOEs under each ministry (Burmese language only). SOEs primarily contribute to the government's budget through the State Fund Account (SFA) using two fiscal instruments. The first is the profit tax or income tax from all enterprises (both private and public enterprises are the same) at 25 percent rate and the second is characterized as a "state contribution" to the union budget at a direct transfer of 20 percent of the profits of SOEs. The remaining 55 percent of the net revenues are retained in company-controlled "Other Accounts" that are not subject to the regular annual budget process. Hard budget constraints do not apply to the SOE sector as a whole, but they apply to the many individual enterprises that have historically been operating at a loss and have relied on budget subsidies or borrowing from banks for their survival.

Starting in 2012, the government of Burma began taking steps to reduce SOEs' reliance on government support and to make them more competitive through joint ventures. This included reducing budget subsidies for financing the raw material requirements of SOEs. The government of Burma continues efforts to privatize or lease enterprises and real estate properties to both foreign and domestic investors.

The government of Burma has taken the direction of public private partnership, corporatization, and privatization. However, in some sectors that are open to both the private sector and foreign competition, SOEs receive a larger percentage of government contracts and business than their private sector competitors. Burma is not party to the Government Procurement Agreement (GPA) within the framework of the WTO.

Private enterprises do not have the same access to financing as SOEs. In some instances, SOEs can secure loans at very low interest rates from other SOEs within the same ministry, with approval from the Ministry of Transport and Finance. SOEs can secure loans from state owned banks, with approval from the cabinet. Private enterprises, unlike SOEs, are forced to provide land or other real estate as collateral in order to be considered for a loan. However, SOEs are now subject to stricter financial discipline, as the government has sharply cut direct subsidies to the SOEs while opening markets for competition with the private sector. Furthermore, the government is removing the easy credit from state banks. SOEs also have an advantage over private entities in terms of land access since, according to the Constitution, the State owns all the land (see Real Property section above).

OECD Guidelines on Corporate Governance of SOEs

Corporate governance of state-owned enterprises (SOEs) is not transparent, and they are not required by law to publicly release annual reports. There are no specified ownership policies, guidelines, or governance code regarding SOEs as per OECD guidelines. In general, a regulatory framework for corporate governance, including both private sector companies and state-owned ones, is lacking. In addition, the Government of Burma requires that SOEs use only state-owned banks for their financial transactions. This practice is changing for some SOEs, such as the Myanmar National Airlines, which under the Myanmar National Airlines Law in 2015, can now use commercial banks for its financial transactions. Private enterprises do not compete on the same terms and conditions as SOEs. As a result, Burmese SOEs are inefficient and are unlikely to be able to compete with the private sector, especially foreign companies, on a level playing field.

Many SOEs are in different stages of corporatization, with some having government-appointed Boards of Directors but independent operations, while others are moving towards this stage. For instance, the Myanma Port Authority Law, announced in late 2015, instructs the Myanma Port Authority (MPA) to reform its structure, to include a Board of Directors and a CEO, and to hand over administration to MPA. On the other hand, the senior management of other SOEs report directly to the line minister of the relevant ministry. Corporate governance of these SOEs is less transparent, but their de facto management practices appear to be grounded in the internal procedures of each ministry and the companies under its purview, rather than in any formal mechanisms or legislation. These SOEs still exist as agencies within the ministry structure, and do not include an independent Board of Directors – their Board members are political appointments.

Sovereign Wealth Funds

Burma does not have a sovereign wealth fund.

10. Responsible Business Conduct

Burma's awareness for corporate social responsibility (CSR) is growing. However, many local companies (and some international firms) still equate CSR with in-kind donations or charitable contributions. In recent years the Union of Myanmar Chambers of Commerce and Industry (UMFCCI), Burma's largest private sector association, has been promoting the United Nations Global Compact and CSR principles in general. Burma's Cabinet approved the Environment Impact Assessment (EIA) Procedure in November 2015, requiring investors to not only accept social and environmental conservation, but to also highlight transparency and publicize their work in "real time". Investors are required to self-monitor projects and report concerns to the relevant government departments. Since 2011, Burmese civil society organizations have become more vocal in protesting against companies or government sponsored projects which they view as violating social standards. As mentioned in section 8 - Transparency of the Regulatory System, Burma became a candidate country in the Extractive Industries Transparency Initiative in 2014, an indication of its growing commitment to responsible investment and CSR principles.

Private companies owned by foreign nationals from China, South Korea, Japan or other ASEAN countries may practice some form of CSR, but such practices are largely absent in the Burmese market. Several U.S. companies are actively incorporating CSR as an integral part of their entry (or pre-entry) strategy for Burma.

The United States remains concerned about the protection of human rights, corruption, and the role of the military in the Burmese economy and as such require all new U.S. investment in excess of USD500,000 to be subject to certain reporting requirements available at http://www.humanrights.gov/2012/07/11/burmaresponsibleinvestment/. There are several components to these reporting requirements. Investors are required to file reports with the State Department on an annual basis, to include a version of the report that the Department will make publicly available, consistent with relevant U.S. law. Key information that companies report on include information regarding policies and procedures with respect to human rights, workers' rights, environmental stewardship, land acquisitions, arrangements with security service providers, and, aggregate annual payments exceeding USD10,000 to Burmese government entities, including state-owned enterprises. The purpose of the public report is to promote greater transparency and encourage civil society to partner with our companies toward responsible investment. The above reporting requirements apply to any investment, whatever corporate form it might take. In addition, individuals or entities undertaking new investment pursuant to an agreement or pursuant to the exercise of rights under such an agreement, that is entered into with the Myanma Oil and Gas Enterprise (MOGE) must notify the Department of State within 60 days of their new investment.

Burma has not implemented the OECD Guidelines for Multinational Enterprises.

11. Political Violence

Historic national parliamentary elections were held in November 2015, where the National League for Democracy won a landslide victory. The campaign season and post-election period were generally peaceful, although there were several isolated incidents of violence against politicians from ethnic political parties, allegedly by ethnic armed groups. Although political demonstrations and rallies are normally peaceful, spontaneous rioting and attacks on individuals can occur. In February and March 2015, student demonstrators protesting a new education law and police forces clashed in Rangoon and in Letpadan, leading to violent police crackdowns. In February 2015, garment workers on strike in an industrial zone in Rangoon also clashed with police forces (see section 15 – Labor).

While violence or demonstrations rarely target U.S. or other Western interests in Burma, several ethnic armed groups are engaged in ongoing civil conflict with the government of Burma. Since 2011, the government has signed cease-fire agreements with 14 ethnic armed groups. On October 15, 2015 the government of Burma and eight ethnic armed groups signed a Nationwide Ceasefire Agreement (NCA); however, several ethnic armed groups did not sign this new agreement and conflict with the government of Burma has escalated in some parts of the country.

The government is sensitive to the threat of terrorism and is engaged with international partners. There is no evidence to suggest that terrorist organizations have operational capacity in Burma or are actively targeting Western interests. Burma experiences periodic small-scale bombings. These bombings are often perpetrated by ethnic armed groups and are usually designed to intimidate, harass, or extort. In 2015, there were bombings in northern, western, and eastern Burma, and unexploded improvised explosive devices (IEDs) were discovered in Shan and Kachin states. Some of these bombings caused casualties.

Certain states in Burma have also experienced ethnic or religious violence in the recent past. Burma has a minority Muslim population, and violence between Buddhists and Muslims has led to enhanced international scrutiny, but there were no significant cases of such violence in 2015.

12. Corruption

There are high levels of corruption in Burma. Due to a complex and capricious regulatory and legal environment and extremely low government salaries, rent-seeking activities are ubiquitous. Bribes are expected – and given – to facilitate many official transactions, from the smallest to the largest. Most citizens view corruption as a normal practice and requirement for survival. The newly elected government has stated that reducing corruption is a priority, and one of the first acts of the new government was partly geared toward streamlining government and eliminating opportunities for corruption. In March 2016 the government consolidated the number of ministries from 36 into 21. The NLD's five pillars of economic reform, published in August 2015, also focus on the need to address corruption within the government.

Many economists and businesspeople consider corruption one of the most serious barriers to investment and commerce in Burma. In its 2015 Corruption Perceptions Index, Transparency

International rated Burma 147 out of 177 countries, a jump up from the 2014 ranking of 156. Areas where investors run into corruption are when seeking investment permits, during the taxation process, when applying for import and export licenses, and when negotiating land and real estate leases. The World Bank's 2014 Myanmar Enterprise Survey, however, contained a surprising survey result that business owners and managers did not cite corruption as a major constraint for doing business in Burma. The survey – which included survey results from business owners and managers from 632 private firms in five urban areas in Burma - cited access to financing as the top constraint facing businesses. Less than one percent of businesses owners and managers cited corruption as the top business constraint facing their firms. World Bank officials stressed that the World Bank continues to view corruption as a serious problem in Burma, adding that perceptions among local businessmen of corruption as a "fact of life" may have contributed to the low figure.

The government of Burma appears to recognize the international community's perception of corruption in the country. Consequently, on March 7, 2013, the government of Burma enacted an Anti-Corruption Law (which stipulates the specific offenses and accompanying punishment in bribery cases as well as includes language on an anti-bribery enforcement mechanism), and followed implementation of the law with its February 25, 2014 formation of a national commission to address bribery and graft (as mandated under the law). In 2016, the government issued Anti-Corruption Rules detailing the powers and functions of an investigation board and Anti-Corruption Commission. The rules also outline obligations of banks in response to an investigation, but do not create an obligation for proactive reporting of corruption suspicion.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Burma signed the UN Anticorruption Convention in 2005, and ratified it December 20, 2012.

Burma is not party to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

Resources to Report Corruption

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13. Bilateral Investment Agreements

Burma has signed and ratified several bilateral investment agreements with China, India, Japan, Philippines, and Thailand. It has also signed bilateral investment agreements with Israel, Laos, South Korea, and Vietnam although these have not yet entered into force. Burma has engaged in investment treaty negotiations with Bangladesh, China, Hong Kong, Iran, Mongolia, Russia, and Serbia. Texts of the agreements or treaties that have come into force are available on the UNCTAD website at:
http://investmentpolicyhub.unctad.org/IIA/CountryBits/144

In 2013, the United States and Burma signed a Trade and Investment Framework Agreement. Burma does not have a bilateral investment treaty or a free trade agreement with the United States.

Through its membership in ASEAN, Burma is also a party to the ASEAN Comprehensive Investment Agreement, as well as to the ASEAN-Australia-New Zealand Free Trade Agreement, the ASEAN-Korea Free Trade Agreement, and the China-ASEAN Free Trade Agreement, all of which contain an investment chapter that provides protection standards to qualifying foreign investors.

Burma has bilateral trade agreements with Bangladesh, Sri Lanka, China, South Korea, Laos, Malaysia, the Philippines, Thailand, and Vietnam in the Asian region, as well as with a number of Eastern European countries.

Bilateral Taxation Treaties

Burma does not have a bilateral taxation treaty with the United States.

14. Foreign Trade Zones/Free Ports/Trade Facilitation

The government has set aside 48 industrial zones, large tracts of land surrounding Rangoon, Mandalay, and other major cities, and is exploring the creation of more such zones. All these areas are merely zoned for industrial use in niche industries. The draft Investment Law includes incentives for both foreign and domestic investors including easier land acquisition, tax and customs exemptions, and duties and relevant levies on the import of machinery and construction or raw materials.

Burma enacted a Special Economic Zone Law in January 2011 that was replaced by the Myanmar Economic Zones Law which was ratified in January 2014. Under the newer law, investors located in a Special Economic Zone (SEZ) may apply for income tax exemption for the first five years from the date of commencement of commercial operations, followed by a reduction of the income tax rate by 50 percent for the proceeding five year period. Under the law, if profits during the preceding five year period are re-invested within one year, investors can apply for a 50 percent reduction of the income tax rate for profits derived from such re-investment. The law also mandates the formation of an SEZ central authority and a management committee. The management committee will be responsible for setting wage levels and monitoring the ratio of local and foreign labor. (See section 16 - Labor for employment and other labor requirements within the SEZ.)

On August 27, 2015, the Ministry of National Planning and Economic Development issued new rules governing the SEZs including the establishment of a One Stop Service Department to ease the approval and permitting of investments in SEZs, incorporate companies, issue entry visas, issue the relevant certificates of origin, collect taxes and duties, approve employment permits and/or permissions for factory construction and other investments. The new rules also provide the minimum requirements for businesses operating in SEZs, such as requiring that a minimum of 75 percent of goods manufactured within an SEZ be exported. As discussed above, the new SEZ Rules also established a One Stop Service Center which includes several government departments under one roof enabling easier applications by investors regarding matters including labor permits, investment permits, company registration, export/import licenses, permits to establish factories, tax filing, entry visas and permits for foreigners, and other necessary permits and licenses for business operations.

15. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*		USG statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) ($M USD)	2014	$54.53 billion	2014	$64.33 billion	www.worldbank.org/en/myanmar
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country ($M USD, stock positions)	n/a	n/a	2014	1	http://bea.gov/international/di1usdbal.htm
Host country's FDI in the United States ($M USD, stock positions)	n/a	n/a	2014	<1	http://bea.gov/international/di1usdbal.htm
Total inbound stock of FDI as % host GDP	n/a	n/a	2014	<1%	n/a

* Data is from Burma's December Central Statistical Yearbook (p. 198, Table 8.01)

Table 3: Sources and Destination of FDI

Burma has not reported any data to the IMF's Coordinated Direct Investment Survey.

The data on inward direct investment presented below is sourced from the government of Burma's Ministry of National Planning and Economic Development's Selected Monthly Economic Indicators (January 2016) publication. A disproportionately large percentage of inward direct investment appears to come from Singapore, and this can be explained by U.S., and other international companies routing their investments to Burma through their presence/branches in Singapore for ease of logistics and transfer. Local contacts report that Hong Kong's large share of inward direct investment can be explained by Chinese companies routing their investments to Burma through Hong Kong. Of note is the presence of India and Japan on the top five list of direct investment: this is a recent phenomenon as neither were top five investors last year. Last year sizeable investments from Vietnam and the U.K. placed them on this list.

Burma did not present any data on outward direct investment in the Ministry of National Planning and Economic Development's Selected Monthly Economic Indicators (January 2015) publication.

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations *(US Dollars, Millions)*					
Inward Direct Investment 2014-2015			Outward Direct Investment		
Total Inward	5233	100%	Total Outward	N/A	100%
Singapore	3204	61%			
China	688	13%			
India	222	4%			
Hong Kong	214	4%			
Japan	208	4%			
"0" reflects amounts rounded to +/- USD 500,000.					

Table 4: Sources and Destination of Portfolio Investment

Data not available.

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments

Legal system:

mixed legal system of English common law (as introduced in codifications designed for colonial India) and customary law

International organization participation:

ADB, ARF, ASEAN, BIMSTEC, CP, EAS, FAO, G-77, IAEA, IBRD, ICAO, ICRM, IDA, IFAD, IFC, IFRCS, IHO, ILO, IMF, IMO, Interpol, IOC, IOM, IPU, ISO (correspondent), ITU, ITUC (NGOs), NAM, OPCW (signatory), SAARC (observer), UN, UNCTAD, UNESCO, UNIDO, UNWTO, UPU, WCO, WHO, WIPO, WMO, WTO

Section 6 - Tax

Exchange control

For further information - http://www.president-office.gov.mm/en/

Treaty and non-treaty withholding tax rates

For further information - http://www.president-office.gov.mm/en/

Methodology and Sources

Section 1 - General Background Report and Map

(Source: CIA World Factbook)

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	**Medium Risk**	**Higher Risk**
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: CIA World Factbook)

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: US State Department)

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: CIA World Factbook / https://www.cia.gov/library/publications/world-leaders-1/index.html)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: OECD Global Forum on Transparency and Exchange of Information for Tax Purposes PKF International)

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