

ASIA PACIFIC  
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PARKROYAL on Beach Road, Singapore



# MYANMAR MARKET UPDATES, POLICIES & REGULATIONS CHANGES

## Mr. Khin Maung Han

President, Myanmar Federation of Mining Association

Chairman, Myanmar Gold Development Public Company

Vice Chairman, Myanmar Gold Entrepreneurs Association

Secretary General, Implementation Committee for Myanmar Gold, Gems and Minerals Market (PPP)

3-5 JUNE 2018

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This presentation serves as a brief overview into the recent changes to policies & regulations since Her Excellency Daw Aung San Suu Kyi's party won the elections in Nov 2015 and became the de facto government after assuming office in Jan 2016.

It will be broken down into 3 main segments which are market updates, major policies & regulations, and gold specific policies.

The opportunities segment will be presented tomorrow on 5<sup>th</sup> June.

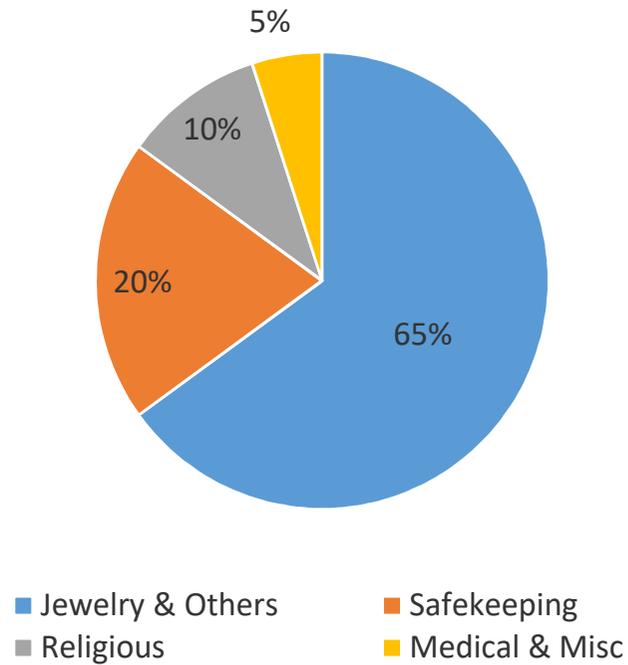
## Market updates

1. Daily spot gold transaction approximately US\$6-8+ million.
2. Daily deferred delivery gold transactions approximately US\$60-80+million or a minimum of 10x more than spot gold transactions.
3. Total domestic gold transactions:-
  - US\$66-88 million daily total spot and deferred gold transactions.
  - US\$15.77 - 21.03 billion annual domestic gold transactions or 360-480+ tons.
  - Based on 239 work days (52 weekends and 22 public holidays, 126 non work days)
4. Inland Revenue department report (Jan 2018) on gold jewelry from retail shops are as follows:-
  - 7 months revenue from beginning June to end December 2017 is Kyats 16+ billion or US\$11.7 million.
  - Based on 1% commercial tax.
  - Actual sales value is calculated at US\$ 1.117 billion in jewelry sales (or approximately US\$2.02 billion in 12 months).
  - Does not include gold sold/collected from recycled jewelry and other non-retail outlets, e.g. brokers/trading offices.

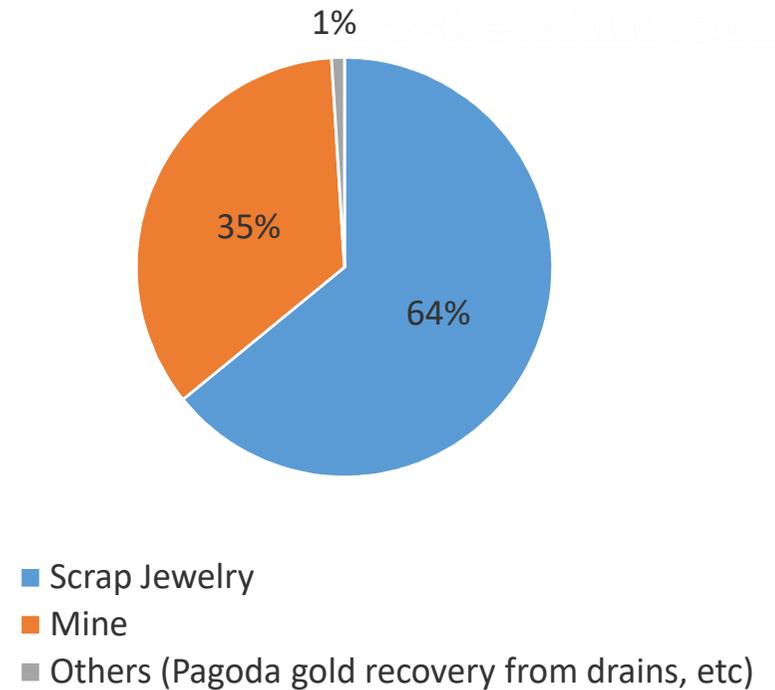
## Market updates (2)

### Update 3 :

#### Gold movement



#### Gold feed



## Major and significant policies

### 1. Myanmar's 12 point economic policy (29 July 2016).

- Highlighting national reconciliation and job creation as basic considerations for the policy.
- Guarantees nationwide equitable development.
- Ranging from the privatization of some state-owned enterprises to the development of infrastructures.
- Includes electrification facilities and ports to implementing an ID card system, the Digital Government Strategy and the e-Government System.
- To create opportunities for new generations with all-round capacity.
- Will draw separate policies to attract foreign investment and to promote use of copyright and the rule of law as well as establish an effective and fair tax system.
- A competitive equitable economy.

### 2. Participant in the Belt and Road Initiative.

- China-Myanmar Economic Corridor.
- Future possibility of a China>HK>Singapore>Myanmar>UAE gold corridor.

## Major and significant policies (2)

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3. ASEAN Economic Community (AEC) Blue print 2025.
  - A highly integrated and cohesive economy
  - A competitive, innovative, and dynamic ASEAN
  - Enhanced connectivity and sectorial cooperation
  - A resilient, inclusive, people-oriented and people-centered region
  - A global ASEAN.
4. New foreign investment law 2016 and rules 2017, to encourage and protect foreign investors.
5. New Company laws announced Jan 2018, to allow local companies to have up to 35% foreign ownership. To be enacted approximately by 1<sup>st</sup> August 2018.
6. Globalization via the development of an International Finance Centre (Economic region) incorporating an International Financial System.

## Major and significant policies (3)

7. Mines rules 2018, a comprehensive and detailed compendium to the mines laws released in 2015, e.g. Increase in number of years for production, foreign participation, stricter ESIA criteria.
8. Extractive Industries Transparency Initiative.
9. Ministry of Commerce's announcement on foreign investment for the operation of large scale retail outlets and wholesale centers.
10. No longer a high risk country since 2016, under Financial Action Task Force (FATF) / Asia Pacific Group (APG) for AML/CFT. AML/CFT and Customer Due Diligence policy have been fully implemented in 2016. \*OECD/LBMA policies are in line with FATF guidelines.

## Policies on Gold

1. After 5 decades of being banned from export, the liberalization for gold export has been announced in late 2017/18.
2. Ministry of Planning and Finance's inland revenue department (IRD) 0% tax on pure gold (24K) for export (LBMA to be implemented eventually). Other purity will have a 1% tax.
3. Public-Private-Partnership (PPP)-Implementation committee formed to study and established a gold exchange and gold mercantile center (for other forms of gold).
4. Further development including importing standard gold at 0% tax and duties, as well as other forms for reprocessing and export.
5. Official announcement of Ministry of Commerce to start exporting gold in various forms on Jan 2018.
6. In line with point no.5, there will be a gold export/import One Stop Service Centre (OSSC) to be established within the next 2-3 months. This will be spearheaded by Myanmar Gold Development Public Co., and supported by her sister associations.

## Summary

Myanmar is one of the fastest growing economies in the world. With the recent establishment of the new government, policies have been constantly pushed forward to create a more conducive and lucrative environment for both foreign investors and local businesses.

The policies and regulations presented here are just the tip of the iceberg, as more adjustments and fine tuning based on private sector feedback are constantly being reviewed and implemented.

We are also aware that time is a factor in implementing many of the development that the policies and regulation have allowed.

To close, please note that the opportunities segment will be presented tomorrow on the 5<sup>th</sup> June between 9-10am. We look forward to seeing you then.

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Thank You