

# **1. General Information of Myanmar Special Economic Zones**

## **(i) The Quantity of SEZs**

The development of Special Economic Zones (SEZ) in Myanmar is governed by the Myanmar Special Economic Zone Law of 2014.

Under this Law, a Special Economic Zone is defined as the "zone notified and established by the Central Body as the Special Economic Zone by demarcating the boundary and issuing the notification under this Law", whereby the Central Body is a body formed by the Union Government. Vice President H.E. U Henry Van Thio is the Chairman of Myanmar Central Economic Zone Central Body.

## **(ii) The Name of SEZs**

There are currently three SEZs established in Myanmar:

- Thilawa SEZ
- Dawei SEZ
- Kyauk Phyu SEZ

### **Thilawa Special Economic Zone**

The government of Myanmar has identified three Special Economic Zones as pioneer projects namely Thilawa SEZ in Yangon Region, Dawei SEZ in Taninthayi Region and KyaukPhyu SEZ in Rakhine State. Among the three SEZs, Thilawa Special Economic Zone is one of the first most successful SEZ in Myanmar. The allocated land for Thilawa SEZ zone is approximately 5027 acres (approximately 2400 hectares) located in Thanlynn and Kyauktan townships in Yangon Region.

Thilawa SEZ is positioned in geographically strategic location on the bank of Yangon River and about 38 kilometers away from Mingaladon International Airport and 23 kilometers from downtown area of Yangon Commercial District. Thilawa SEZ project was realized by the close cooperation between Japan and Myanmar with Public Private Partnership format by forming Myanmar Japan Thilawa Development Limited - MJTD as the developer of the zone where Thilawa SEZ Management Committee – TSMC on behalf of the Government of Myanmar, Japan International Cooperation Agency - JICA on behalf of the Government of Japanese, Myanmar Thilawa SEZ Holdings Company - MTSH as Myanmar private consortium and Mitsubishi, Marubeni, Sumitomo- MMSTD as Japanese private consortium have stakes. Therefore, Thilawa SEZ has easy transport access to maritime, air and road for both domestic and international business.

Thilawa SEZ Management Committee –TSMC and the zone developer MJTD signed the agreement on the 5<sup>th</sup> June 2014 for the development of the Zone (A) plan comprising the area of 405 hectares as the first phase approving the right to lease the land for the total period of 75 years

with the initial 50 years of lease when signing agreement that is extendable for another 25 years. The inauguration of the grand opening of Zone (A) was held on the 23<sup>th</sup> September 2015. The sale of the industrial areas was faster than expected as more than 95% of the land in Zone (A) are reserved and leased by 90 investors from 17 countries.

The development of Zone (B) for 101 hectares was implemented on the 24<sup>th</sup> February 2017, an early completion of the internal basic infrastructure is expected to be accomplished before the end of June, 2018.

## 2. Tax Exemptions and Reliefs

The Investors and Zone Developer permitted in the Thilawa SEZ are given special privileges for tax exemptions and reliefs under the SEZ Law as follow;

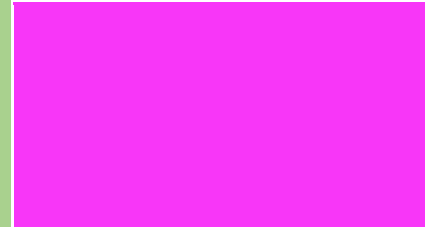
Investor		Developer	
Free Zone	income tax exemption for the first seven years from the commencement of commercial operation	Free Zone And	income tax exemption for the first eight years
Promotion Zone and Other Businesses in SEZ	income tax exemption for the first five years from the commencement of commercial operation	Promotion Zone	
Free Zone And Promotion Zone	fifty percent relief on the income tax rate for the second five years fifty percent relief of the income tax rate for the third 5 years on the which is obtained from the business if it is reinvested within 1 year in the business as a reserve fund	Free Zone And Promotion Zone	fifty percent relief on the income tax rate for the second five years Fifty percent relief of the income tax rate for the third 5 years on the profit which is obtained from the business if it is reinvested within 1 year in the business as a reserve fund.

<p><b>Free Zone</b></p>	<p>Exemptions of customs duties and other relevant taxation for the import of</p> <ul style="list-style-type: none"> <li>- raw materials for production, machinery instruments and necessary spare parts for production; construction materials and motor vehicles for building factory, warehouse and own office</li> </ul>	<p><b>Free Zone</b></p> <p><b>And</b></p> <p><b>Promotion Zone</b></p>	<p>exemptions of customs duties and other relevant taxation on the import of the construction materials for the infrastructures and own offices; machine instruments; machinery; motor vehicles for works and work materials</p>
	<p>-exemptions of customs duties and other relevant taxation for the import of trading goods, consignment goods, motor vehicles</p>		
<p><b>Free Zone</b></p>	<p>and other materials which are essential for the business for free-tax wholesale trading, export trading and services of provision and transportation.</p>	<p><b>Free Zone</b></p> <p><b>And</b></p> <p><b>Promotion Zone</b></p>	
<p><b>Promotion Zone and Other Businesses in SEZ</b></p>	<p>Exemptions of customs duties and other relevant taxation for the first 5 years from the business commencement on the import of equipment and instrument not for sales and their required spare parts, the construction materials for factory, warehouse</p>		
	<p>and own office, the motor vehicles and other materials which are essential for the business, and 50% relief of the</p>	<p><b>Free Zone</b></p> <p><b>And</b></p>	

	customs duties and other taxation for the consecutive five years		
<b>Promotion Zone and Other Businesses in SEZ</b>	<p>-shall regularly pay the customs duties and other taxation upon the importations of raw materials and other goods for production.</p> <p>-may apply to refund of the customs duties and other taxations paid at the time of exporting abroad or into the free zone as finished or semi-finished goods.</p>	<b>Promotion Zone</b>	
<b>Free Zone</b>	<p>-exemption of commercial tax or value-added tax.</p> <p>-may apply the exemption for import tax or value-added tax for the goods imported from the local or promotion to free zone.</p>	<b>Free Zone</b>  <b>And</b>	
<b>Promotion Zone and Other Businesses in SEZ</b>	-exemption and relief of the commercial tax and value-added tax during the period of relief provided in the SEZ Law.	<b>Promotion Zone</b>	
<b>Free Zone</b>	-may apply the exemption of income tax for the dividends distributed to each shareholder based on the profits accrued locally for which tax has been paid.	<b>Free Zone</b>  <b>And</b>	expenses of conducting local training and providing the business research and development are deductible from the taxable income.



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### **3. Establishment of One Stop Service Center (OSSC) for Effective Attraction of Investors**

Thilawa SEZ Management Committee (TSMC) has established the One Stop Service Center (OSSC) from various government departments under its close supervision in order to provide efficient and fast services to customers and investors. Thilawa SEZ Management Committee (TSMC) together with its One Stop Service Center (OSSC) team comprised of designated officers from 13 relevant ministries are providing quick and reliable, predictable services to all investors by maximizing use of advance technology and best practices, and minimizing use of direct communication among people to people approach. Road and Transportation Administration Department and Food and Drug Administration Department are not directly stationed but are on call whenever investors required services.

The One Stop Service Center (OSSC) is designed with Front Office and Back Office, where Front Office staff are hired from private sector in order to avoid direct contact between investors and back office to ensure that back office staff are in compliance with Anti-Corruption Agreement which was signed between the government of Myanmar and Japanese government.

There are also many national laws and regulations that investors in SEZs should comply. However, procedures and necessary documents for obtaining approval and/or permit on making registration described in the Standard Operating Procedures (SOP) of One Stop Service Center (OSSC) of Thilawa SEZ shall supersede those provided for in the national laws and regulations.

### **4. Provision of Investment Permit to Investors**

Investors that are located in the Zone A of the first phase of Thilawa SEZ were scrutinized based on (9) priority factors that mainly include (a) number of employees (b) investment amount (c) level of exports (d) whether or not the technology is new to Myanmar (e) whether or not the investor is a reputable and transparent entity (f) investment per hectare (g) number of employee per hectare (h) level of water consumption and (i) level of electricity consumption. The quantitative assessment system ensures that each investor gets adequate level of weighted average points (that are calculated based on given priority factors) to be granted investment license.

Under the Special Economic Zone law and Investment policy, investors are granted license within the period of one-month time from the date of application lodged. These investors widely range from export-oriented investors to domestic market oriented investors, manufacturers, assemblers, packaging, service providers, real estate developers, logistics service and bonded

warehouse providers, and traders which investments contribute towards development of respective economic sectors by providing technology and product that are new to Myanmar, import-substitutions, and services that could facilitate investments, are considered priorities, and given more weight when quantitative and qualitative assessments are done in granting investment approval.

87 companies have been granted investment permission with the total investment amount of 1,199.85 US million Dollar (one billion one hundred and ninety-nine million eight hundred and fifty thousand US Dollar) as of 31<sup>st</sup> December 2017.

Sector wise lists of Investment permit granted for 87 investors from 25 November 2014 to 31 December 2017 are listed as below:

**Permitted Enterprises of Thilawa Special Economic Zone  
(By Industry, Investing)**

**As of 31 Dec, 2017**

No.	Sector	Total Permitted Enterprises		
		No	Approved Investment Amount (US\$) in Million Dollar	%
1	Manufacturing	65	896.80 **,**	74.50
2	Logistics	8	77.25 *	6.50
3	Trading	8	127.76 *	10.75
4	Services	4	56.04	4.72
5	Real Estate	1	30.00 *	2.52
6	Hotel	1	12.00	1.01
	<b>Total</b>	<b>87</b>	<b>1199.85 *</b>	<b>100.00</b>

\* Increase

\*\* decrease

Country wise lists of Investment permit granted for 87 investors from 25 November 2014 to 31 December 2017 are listed as below:

**Permitted Enterprises of Thilawa Special Economic Zone  
(By Country, Investing)**

**As of 31 Dec, 2017**

No.	Country	Total Permitted Enterprises
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		No	Approved Investment Amount (US\$) In Million	%
1	Singapore	23	452.91 **	38.12
2	Japan	30	361.05 *,	29.54
3	Thailand	10	125.31 *	10.55
4	Hong Kong	5	46.65 *	3.93
6	Republic of Korea	4	54.60	4.60
5	Myanmar	4	46.50 *	3.91
7	UAE	1	15.16	1.28
8	Austria	1	15.35	1.29
9	Panama	1	13.91	1.17
10	China	1	12.00	1.01
11	Malaysia	1	15.93	1.34
12	Australia	1	7.00	0.59
13	Vietnam	2	7.58 *	0.50
14	Brunei Darussalam	1	8.50 *	0.72
15	Taiwan	1	16.00 *	1.35
16	Netherlands	1	1.40	0.12
	<b>Total</b>	<b>87</b>	<b>1199.85 *</b>	<b>100.00</b>

\* increase

\*\* decrease

## 5. Firms that are in Commencement of Commercial Operations

Among the 87 investors that are granted investment permit as of 31<sup>st</sup> December 2017, 39 companies have been issued certificate of commencement of commercial operations which are in fully operations of their respective business activities.

## 6. The Ongoing Implementation of Zone A and Zone B

The development of zone (A) that encompasses of 370 hectares of Industrial Zone out of 405 hectares of which 95% has been sold out to investors with the remaining 11 plots which are available for sales.

The size of 39 hectares out of 405 hectares is reserved for Residents and Commercial Area (R&C A) which is being developed by the Thilawa Property Development (TPD) Company, a subsidiary of MJTD. There are three buildings of workers' dormitory, 4 buildings of shop-house and office have been recently completed and are available for lease. Super Hotel from Japan has

been granted permission to run hotel business which started its foundation for the hotel building at the Residents and Commercial Area (R&C A) in Thilawa Zone A.

The main road facing the east part of Thilawa SEZ Zone (A), the Thilawa-Development Road, has been upgraded to a 44 feet wide concrete road which is at the stage of full completion.

Thilawa SEZ Management Committee takes initiative to cooperate and collaborate with local police forces from Thanlynn and Kyauktan area by taking precautions measures to protect the safety of investors within the compound of Zone (A) area.

The ongoing implementation of the development Internal Basic Infrastructure of Zone (B) phase 1 area (2-1) and (2-2) have been continued as schedule with the plan to be completed by end of May this year 2018.

The project affected (91) households who were former residents of the Zone (B) phase 1 area (2-1) and (2-2) have been moved and resettled at the new ward of Myaingthaya, Kyauktan since June 30, 2017. The monthly internal monitoring program is being regularly carried out to make sure the resettlement, rehabilitation and income restoration plans are in compliance with the guidelines of JICA, World Bank, ADB bank and IFC, implemented by joint forces of Thilawa SEZ Management Committee in close cooperation with JICA, Nippon Koei Company Limited and third party local NGO to ensure that roads, drains, sewages, wells, pumping water, waste management and greenery area are well managed in accordance with the Thilawa SEZ resettlement plan.

## **7. Future Plans and Activities to be Implemented**

Thilawa SEZ Management Committee (TSMC) has been committed to exert its efforts to apply in its implementation of IT infrastructure of Enterprise Resource Plan - ERP for provision of integrated online service required by investors and customers since September 2017. The ERP system is currently being utilized for Import and Export Procedures such as applying for Master List, Material List, BOM list and soon the integrated complete services provided by OSSC will be in full operation. Several sessions have been held to train investors on the usage of online ERP system in November and December 2017.

In order to create and ensure a favorable investment environment within Thilawa SEZ, the Thilawa SEZ Management Committee has formed an Inspection Team, apart from the regular patrol from a joint operation with local police forces, which will regularly carry out an internal monitoring and random inspection within the Zone A and B to ensure that investors are in compliance with the rules and regulations as well as to check any discrepancies and incongruities with the permits and approval provided.

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Secretary

Thilawa SEZ Management Committee



## Photo of Thilawa SEZ

