



NEWSLETTER

MYANMAR GARMENT MANUFACTURERS ASSOCIATION

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NEWS

Garment Occupational Safety and Health Guidebook Launching



Ministry of Labor, Immigration and Population, in cooperation with Denmark Embassy, held launching event of Garment Occupational Safety and Health Guidebook on 28th April 2018 at Chatrium Hotel, Yangon. The event was attended by Union Minister for the ministry, U Thein Swe, Ambassador of Denmark Embassy, H.E Peter Lysholt Hensen, Myanmar Garment Manufacturers Association Vice-Chairman U Kyaw Win and other dignitaries from related directive departments, representatives of employer and workers.

The Union Minister U Thein Swe said, in his opening speech, garment industry is contributing the country's economic development and it is expected that 1 to 1.5 million jobs can be created in the industry by 2020. MGMA Vice-Chairman U Kyaw Win said thanks to the ministry and embassy for writing and publishing the guidebook by tripartite workshop of government, employer and worker. He also said garment export value in 2017-18 fiscal year exceeded the target in the association's 10 years strategy. The guidebook can be downloaded here: https://drive.google.com/open?id=1PQWSBpyxv0RD_clrbqYD-5mm0j3omWBh. The Occupational Safety and Health Law Draft has been drawn to the parliament for discussing and enacting. The Union Minister U Thein Swe said this Garment Occupational Safety and Health Guidebook is just a guidebook which is not legally binding.

Forming Sub-Committees

To work on specific on area effectively and efficiently, Myanmar Garment Manufactures Association decided to form sub-committees in monthly EC Board meeting on 7th April 2018. Members of EC will be also members of sub-committees respectively and other MGMA members were also invited to participate in the committees voluntarily. Six sub-committees formed are as follow:

| | |
|--|---|
| 1. Management Committee | 4. Information Center |
| 2. Member Affairs and Advocacy Policy | 5. International Relation and Value Chain |
| 3. Productivity Center (Including MGRDC) | 6. Industrial Relation |



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All MGMA Members Starts Using Fully Online License System

In Myanmar Garment Manufacturers Association's 4th Annual General Meeting held on 10th March 2018, the association announced fully online license system and training plan of using the system. As the association had been conducting the trainings according to the plan, last training session has been finished on 3rd May 2018. Therefore, it is compulsory that all MGMA members will have to use online system for their import/export license applications.

PRIORITY

Procedure of National Minimum Wage Committee

National Minimum Wage Committee confirmed the minimum wage rate as 4800/- MMK per day in its committee meeting held on 5th March 2018. But, to get the confirmed rate legally effects on businesses, the committee will release notification with approval of cabinet in gazettes and newspapers for public awareness in accord with 2013 Minimum Wage Rules, Section 40 (A) and (B).

In 2015, the committee released notification, No. (2/2015) on 28th August 2015 and prescribed the minimum wage rate 3600/- MMK per day covering the whole country.

It is presumable that the committee will release notification to prescribed the confirmed minimum wage rate 4800/- MMK per day covering the whole country but no released notification yet until 3rd May 2018.

Therefore, MGMA distributed an information letter among members on 30th April 2018 so that members clearly know current situation. The letter and relevant rules and notification can be downloaded from the following links:

<https://drive.google.com/open?id=0B5M5oZ6z0tOhNkg1XzB5U3ZqQ0o1QXpKeDl1d0hqU0M1MzFr>

<https://drive.google.com/open?id=0B5M5oZ6z0tOhYnlUZEFJR2s5aGhBdjZaQkR1WXBfUDFHZmpJ>

<https://drive.google.com/open?id=0B5M5oZ6z0tOhOVF5YlJ6Sy1yZFBXV1N6OTdLRDVjTldick9v>

2018 Union Tax Law

Pyidaungsu Hluttaw enacted 2018 Union Tax Law on 30th March 2018. PDF version of the law can be downloaded here: <https://pyidaungsu.hluttaw.mm/laws/lawno103032018>.

Exemptions for CMP in 2018 Union Tax Law

5% Commercial Tax Exemption for CMP (Raw Materials, Accessories, Tools, Machines, etc...)

"Raw materials, goods which can be used directly as part of production or product and packing materials sent by business client living abroad for the production of processed goods on CMP basis, machines, machinery tools, tools and



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spare parts imported by businesses performing on CMP basis in needs of production, not for reselling” are granted exemption from 5% commercial tax in accordance with the section (14) (A), No (78) of the 2018 Union Tax Law.

5% Commercial Tax Exemption for CMP Services

“Services performed under a system in which raw materials are provided and finished goods are taken” are granted exemption from 5% commercial tax in accordance with the section (14) (D), No. (11) of the 2018 Union Tax Law.

Note: Translation is not official and referred to www.lincolnmyanmar.com. It is recommended to download 2018 Union Tax Law from the link above and read relevant sections.

Therefore CMP (Cutting-Making-Packing) factories are entitled to the exemptions for their raw materials imported with purpose of re-export and machines, tools and spare parts imported with purpose of using in production. MGMA’s recommendation is required for those imports to enjoy the exemptions from 5% commercial tax.

MGMA Chairman is a member of Myanmar CMP Supervision Committee which was formed to conduct inspections on businesses to ensure that they are following existing rules and regulations. As part of the committee, on behalf of CMP Import/Export License Application Inspection Group which was formed under the committee, MGMA gives recommendations for import license and CO (Country of Origin) for export of CMP garment factories. For more information, please contact to hot lines +95 9 443399441 and +95 9 443399442.

100% Export-oriented Investments can apply for tax exemptions or reliefs

Myanmar Investment Commission issued Notification No. 87/2017 on 20th Nov 2017 describing 100% export-oriented investments. In exercising of the power conferred under section 100(b) of the Myanmar Investment Law, the Myanmar Investment Commission has prescribed investment activities as 100% export-oriented investments if the investors supply all of their finished goods and semi-finished goods manufactured locally to investment businesses which are 100% export-oriented without supplying the domestic market.

The announcement is therefore made that such 100% export-oriented investments can apply for tax exemptions or reliefs in accordance with the section 77(b) of the Myanmar Investment Law.

Please contact to MGMA at +95 9 2314829, 2300253 for assistance with such application for tax exemptions or reliefs in accordance with the section above.



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NEW MEMBERS IN APRIL 2018

| Number of New Factories in April 2018 | | 1 |
|---------------------------------------|------------------|----------------|
| Country | No. of Factories | No. of Workers |
| Chinese | 1 | 1702 |
| TOTAL | 1 | 1702 |

MEMBERSHIP UPDATE AS OF 2018-05-03

| Status | Country | No. of Factories | No. of Workers |
|--------------|---------|------------------|----------------|
| Active | Myanmar | 199 | 58546 |
| | Chinese | 178 | 152975 |
| | Korea | 54 | 88763 |
| | Japan | 19 | 15754 |
| | Others | 59 | 57511 |
| Inactive | All | 54 | |
| TOTAL | | 563 | 373549 |

UPCOMING

| Description | Date | Place |
|---|----------------------------------|-------------------|
| 1. Buyer Forum, organized by Smart Myanmar and BIF | 24-25 May 2018 | |
| 2. MGMA-AVE project evaluation, to revise activities | 28 May - 1 June 2018 | MGMA |
| 2. HR Manager Development Training, funded by AVE Factory Training | June, July 2018 Aug, Oct 2018 | UMFCCI on-site |
| 3. Kick-off meeting for new EC board and training for active EC committee chairs, funded by AVE | 8-10 June 2018 | |