



Myanmar

Compliance Risk Profile

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Summary

Myanmar is the 75th largest exporter and 68th largest importer in the world¹ and is located between South and Southeast Asia. With its location it has the potential to be a land bridge between China and these markets. Myanmar shares borders with Bangladesh, China, India, Lao PDR, and Thailand and has a 2,800 km coastline along the Bay of Bengal.

From a compliance risk perspective Myanmar has made some improvements in the governance, anti-money laundering and corruption areas in recent years. However, corruption remains a high-risk area for Myanmar due to its relatively inefficient government, lack of law enforcement in many areas of the country, and weakness in the overall rule of law. The World Economic Forum's (WEF) Global Competitiveness (GC) Report ranks Myanmar at 131 out of 140 countries analyzed for overall economic competitiveness.²

Multi-national companies operating in Myanmar should have strong local internal controls in-place as well as periodic monitoring and independent auditing to ensure compliance with sanctions, Customs and anti-corruption laws.

General Country Information

Myanmar has a total population of 66.2 million¹ with a demographic composition of 67.9% Bamar, 9.1% Shan, 7.0% Karen, 3.5% Rakhine, 2.5% Chinese, 2.0% Mon, and 8.0% Other¹. Myanmar has two cities, Yangon and Mandalay, with more than 1,000,000 inhabitants.¹ Most of the population (> 70%) lives in rural areas.¹⁰ The official language is Burmese and is the language spoken by a majority of the population¹ Myanmar has a GDP of \$67.1B USD² (\$1,867 USD per capita)¹ and it encompasses about 6,766,578 sq. km of land.¹

Governance and Regulatory

Legislation

The Companies Law (2017), the Financial Institutions Law (2016) and the Securities Exchange Law (2013) are the primary statutes governing companies, financial institutions and capital markets respectively in Myanmar.³ The Yangon Stock Exchange's (YSX) Business Regulations further regulates activities on the YSX. The Directorate of Investment and Company Administration (DICA) functions as the main regulator for investments and companies, with the Central Bank of Myanmar regulating financial institutions and the Securities and Exchange Commission of Myanmar (SECM) and YSX regulating capital markets and listed companies.³

In February 2020, the Advisory Committee for Corporate Governance Reform in Myanmar, constituted by the Ministry of Planning, Finance and Industry, announced that it has endorsed the draft notification on corporate governance, which is planned to be published and be effective in 2020.³

The notification covers key areas such as internal control systems, audit committee, independent directors and disclosures and is supposed to be applied to listed companies and public companies with more than 100 shareholders.

Environment

The 2020 World Bank's Ease of Doing Business² Report (EDB Report) ranks Myanmar overall 165 out of 190 countries analyzed for regulations that are conducive in fostering business activities and those that constrain it.

The World Bank's 2018 Worldwide Governance Indicator (WGI)⁴ for Regulatory Quality (RQ), with -2.5 being weak and +2.5 being strong governance performance, gave Myanmar a score of -0.75 which resulted in a ranking of 162 out of 209 countries analyzed. This represented a significant improvement from the 2009 score of -2.24 and ranking of 207 out of 210 countries. The RQ indicator "*Reflects perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development*"⁴.

The 2018 WGI Rule of Law (RL) indicator gave Myanmar a score of -1.03 which resulted in a ranking of 177 out of 209 countries analyzed. This represented an improvement from the 2009 score of -1.53 and ranking of 205 out of 212 countries. The RL indicator "*Reflects perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence*"⁴.

The 2018 WGI Government Effectiveness (GE) indicator gave Myanmar a score of -1.07 which resulted in a ranking of 183 out of 209 countries analyzed. This represented an improvement in performance from the 2009 score of -1.61 and ranking of 205 out of 210 countries. The GE indicator "*Reflects perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies*"⁴.

Enforcement

There is no publicly available information, published by the authorities, on governance enforcement cases in Myanmar.

GCSG's Compliance Risk Index (CRI) analyzed eight independent factors to score the **governance and regulatory area compliance risk**⁵ level for Myanmar as **High**.

Bribery and Corruption

Legislation

The major legislation regulating corruption related matters within Myanmar is found within the Penal Code and the Anti-Corruption Law.⁶ The police, prosecutors and the Myanmar Anti-Corruption Commission (ACC) have the authority to investigate corruption.⁷ The prohibition on corruption in the Anti-Corruption Law is focused on public officials and the public sector. Potential penalties include imprisonment and/or fines. For companies and body corporates, DICA has issued an announcement on the Anti-Corruption Code of Ethics for Companies and Body Corporates (2018) to prevent corruption. This announcement sets out the activities that are prohibited for companies and body corporates incorporated in Myanmar when carrying out business activities.⁷ Myanmar is not a member of the OECD Anti-Bribery Convention.⁷

Environment

Transparency International's 2019 Corruption Perceptions Index⁸, with zero being the most corrupt and 100 being the least corrupt, gave Myanmar a score of 29 which resulted in a ranking of 130 out of 180 countries surveyed. This represents a significant improvement over the 2014 score of 21 and ranking of 156 out of 174 countries surveyed.

Trace International's 2019 Bribery Risk Matrix⁸, with 100 being the most corrupt and zero being the least corrupt, gave Myanmar a score of 64 which resulted in a ranking of 158 out of 200 countries surveyed. This represents a significant improvement over the 2016 score of 92 and ranking of 194 out of 199 countries surveyed.

The 2018 WGI Control of Corruption indicator⁴, with -2.5 being weak and +2.5 being strong governance performance, gave Myanmar a score of -0.59 which resulted in a ranking of 146 (tied with Egypt and El Salvador) out of 209 countries. While not a good score, the improvement from 2009 to 2018 was significant (2009 score of -1.66 and a ranking of 209 out of 210 countries). The WGI Control of Corruption indicator "*Reflects perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests*"⁴.

The 2014 WEF Enabling Trade Report¹⁴ (WEF Trade Report) listed corruption at the border (4th) as one of the most problematic factors for importing into Myanmar.

Enforcement

In recent years there have been a few high-profile corruption cases in Myanmar including the case of former Tanintharyi chief minister Daw Lae Lae Maw, who was accused of bribery and misusing her position to commit corruption.⁹ In addition, the ACC has filed a number of anti-corruption cases, of which one case is against the former director general of the Food and Drug Administration (FDA), U Than Htut, who was accused of receiving private construction work for his properties from a company that had won a tender from the FDA.⁹ According to the Myanmar Times, there were 10,543 corruption complaints handled by the Anti-Corruption Commission in 2018 with 46 investigated under the Anti-Corruption Law and another 1,795 transferred to the ministries of concern or other regional or state governments.⁹

GCSG's Compliance Risk Index (CRI) analyzed four independent factors to score the **bribery and corruption area compliance risk**⁵ level for Myanmar as **High**.

Trade

Legislation

The Myanmar import and export standards are primarily governed by the Sea Customs Act (1878), the Land Customs Act (1924), the Export Import Law (2012), and the Tariff Law (1992). The Ministry of Commerce oversees trade regulation in Myanmar with the Customs Department regulating customs clearance and the Ministry of Planning, Finance and Industry regulating tariffs.¹⁰ Myanmar is also a member of the WTO (1995) and ASEAN.¹⁰

Environment

Facilitation. The 2012 Asian Development Bank (ADB) Myanmar Transport Sector Initial Assessment (TSIA)¹⁰ says the transport system in Myanmar is poor and many state transport enterprises operate inefficiently. The WEF Trade Report¹⁴ gave Myanmar an overall score of 3.2, ranking Myanmar 121 out of 138 countries that were evaluated for trade facilitation performance. Burdensome import procedures (1st), tariffs (2nd), domestic and technical requirements and standards (3rd) were the top three most problematic factors for importing into Myanmar.¹⁴ Inappropriate production technology and skills (1st), technical requirements and standards abroad (2nd), and difficulties in meeting quality/quantity requirements of buyers (3rd) were listed as the most problematic factors for exporting from Myanmar.¹⁴ The EDB Report² ranks Myanmar 168 out of 190 countries for "trading across borders" which includes evaluating the time and cost to export and import.

In 2017, Myanmar exported \$15B and imported \$21.2B.¹ Its top export destinations were China, Thailand, Japan, India, and Germany and its top exports were petroleum gas, dried legumes, non-knit women's coats, rice, and refined copper.¹ Myanmar's one significant maritime port is Yangon which handled about 12M tons of import/export freight in 2011.^{10,11}

Compliance. The United States formally concluded economic sanctions against Myanmar in October 2016. The European Union lifted most restrictive measures against Burma in April 2013 but has maintained an arms embargo.¹² However, there remain sanctioned individuals and entities within Myanmar.¹² A U.S. GAO report¹³ did not indicate Myanmar to be a country to watch as a transshipment hub with a potential for higher risk of illicit transshipment. Myanmar is a party to the Biological Weapons Convention (BWC) and Chemical Weapons Convention (CWC) but is not a member of the multi-lateral export control regimes Nuclear Suppliers Group (NSG), Wassenaar Arrangement, Australia Group, or Missile Technology Control Regime (MTCR).¹⁵

Enforcement

There is no publicly available information, published by the authorities, on trade enforcement cases in Myanmar.

GCSG's Compliance Risk Index (CRI) analyzed five independent factors to score the **trade compliance area risk**⁵ level for Myanmar as **High**.

Financial

Legislation

The Anti-Money Laundering Law (2014) (AMLL) and the Counter-Terrorism Law (2014) are the main legislations regulating money laundering and countering the financing of terrorism in Myanmar.¹⁶ The Office of the President, the CBM, the DICA and the SECM have issued further orders, guidelines, notifications and directives relating to powers of investigation of the authorities, customer due diligence measures, and reporting and disclosure requirements.¹⁶ The Myanmar Financial Intelligence Unit (FIU) enforces the AMLL. Myanmar is also a member of the Asia / Pacific Group on Money Laundering (APG).¹⁷

Environment

Access to Finance. The WEF Trade Report¹⁴ gave Myanmar a score of 2.5 (1-7 best) and a ranking of 134 out of 138 economies for access to finance.

Financial Secrecy and Money-Laundering. The latest Financial Secrecy Index (FSI)¹⁸ did not review Myanmar. The 2019 International Narcotics Control Strategy Report¹⁹ (NCSR) lists Myanmar as a country of concern for money laundering activities. The NCSR report on Myanmar said, “The lack of financial transparency and understanding of AML standards, the low risk of enforcement and prosecution, and the large illicit economy foster criminal activity...many business deals...are conducted in cash.”

Enforcement

Between 2014 and 2018, the FIU investigated 59 cases under the AMLL, with 15 cases under deliberation by the courts, 21 cases closed, and 23 cases still under investigation.¹⁹

GCSG's Compliance Risk Index (CRI) analyzed two independent factors to score the **financial area compliance risk**⁵ level for Myanmar as **Moderate**.

Data Privacy

Legislation

Currently, there are no specific laws or regulations in Myanmar concerning the handling of personal information or data security. However, the Constitution of the Republic of the Union of Myanmar (2008) and the Law Protecting the Privacy and Security of the Citizen (2017) set out the provisions for the protection of privacy and security of communications of Myanmar citizens.²⁰ In addition, there are separate provisions under the Financial Institutions Law (2016), the Telecommunications Law (2013), the Competition Law (2015) and the Law relating to Private Health Care Services (2007) that provide for protection against the disclosure of confidential information related to different industry sectors.²⁰

Environment

The DLA Piper data protection laws comparison world graphic does not provide data on Myanmar.²¹ Comparitech's assessment of privacy protection and the state of surveillance did not rank Myanmar in its ranking of 47 countries.²¹

The Global Cybersecurity Index (GCI) 2018 lists Myanmar in Table 3 which indicates a low level of commitment to the five cybersecurity pillars rated in the index with a score of 0.172 and global rank of 128 out of 175 countries analyzed.²¹ The National Cyber Security Index (NCSI) did not rank Myanmar in its ranking of 152 countries. NCSI is “a global index, which measures the preparedness of countries to prevent cyber threats and manage cyber incidents.”²¹

Enforcement

There is no publicly available information, published by the authorities, on data privacy enforcement in Myanmar.

GCSG's Compliance Risk Index (CRI) does not score **the data privacy and cyber security area compliance risk**⁵ level.

Country Risk Rating

GCSG's Compliance Risk Index (CRI) analyzed 19 independent factors to score the **overall compliance risk**⁵ for Myanmar at **8.74** (1-10 Highest). This score assigns an overall **Highest** compliance risk level for multi-national businesses operating within and/or conducting cross-border trade with entities operating within Myanmar.

Note: GCSG's third-party risk ranking tool (assesses risk at the entity level), and our due diligence reports can be used to further drill down on risks posed by your supply channel and sales channel third parties. Click [here](#) to learn more.

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www.globalcompliancesg.com
info@globalcompliancesg.com

+1.225.229.2984

Contact us to learn more!

ALLEN & GLEDHILL

www.allenandgledhill.com
enquiries@allenandgledhill.com

+95 1 925 3716