MYANMAR EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (MEITI)

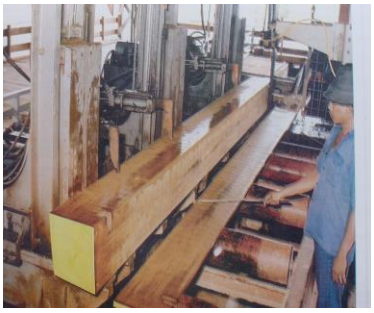
EITI REPORT FOR THE PERIOD APRIL 2014 - MARCH 2015

FORESTRY SECTOR

Draft

April 2018





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LIST OF ACRONYMS	
AAC	Annual Allowable Cut
ADB	Asian Development Bank
BD	Budget Department
CBM	Central Bank of Myanmar
CESD	Myanmar Development Resources Institute
CFI	Community Forestry Instructions
CIF	Cost, Insurance and Freight
CoC	Chain-of-Custody
COP	Conference of the Parties
CRMS	Custom Reform and Modernisation Strategy
CSO	Civil Society Organisation and Central Statistical Office
CSR	Corporate Social Responsibility
DfID	Department for International Development
DG	Director General
DICA	Directorate of Investment and Company Administration
ECAF	Existing Controls and Audit Framework
EIA	Environmental Investigation Agency
ETTF	European Timber Trade Federation
EU FLEGT	European Union's Forest Law Enforcement Governance Trade
EUTR	EU Timber Regulation
FAO	Food and Agriculture Organization
FD	Forest Department
FESR	Framework of Economic and Social Reform
FPJVC	Forest Products Joint Venture Corporation Ltd.
FSC	Forest Stewardship Council
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GAD	General Administration Department
GDP	Gross Domestic Product
GEF	Global Environmental Facility
GHG	Greenhouse Gas
GOUM	Government of the Union of Myanmar
HRD	Human Resource Development
HRM	Human Resource Management
IA	Independent Administrator
IAA	Initial Assessment of Assurance
IAS	International Accounting Standard
IDA	International Development Association
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
INDC	Intended Nationally Determined Contribution
INTOSAI	International Organisation of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
IRD	Internal Revenue Department
ISA	International Auditing Standard
ISRS	International Standards for Related Services
IT	Information Technology

LIST OF ACRONYMS	
ITTA	International Tropical Timber Agreement
ITTO	International Tropical Timber Organization
IU	Implementation Unit
IUCN	International Union for Conservation of Nature
JICA	Japan International Co-operation Agency
KOICA	Korea International Cooperation Agency
LTO	Large Taxpayer Office
MAC	Myanmar Accountancy Council
MAS	Myanmar Accounting Standard
MATA	Myanmar Alliance for Transparency and Accountability
MCA	Myanmar Companies Act
MCD	Myanmar Customs Department
MCL	Myanmar Company Law
MCRB	Myanmar Centre for Responsible Business
MDAP	Myanmar Development Assistant Policy
MEB	Myanmar Economic Bank
MEC	Myanmar Economic Corporation
MEITI	Myanmar EITI
MFCC	Myanmar Forest Certification Committee
MFIL	Myanmar Foreign Investment Law
MFP	Multi Function Panel
MFRS	Myanmar Financial Reporting Standard
MFTB	Myanmar Foreign Trade Bank
MIC	Myanmar Investment Commission
MICB	Myanma Investment and Commercial Bank
MICPA	Myanmar Institute of Certified Accountants
MIL	Myanmar Investment Law
MIR	Myanmar Investment Rules
MMK	Myanmar Kyat
MMK million	One million (1,000,000) Myanmar Kyat
MMPFMP	Myanmar Modernization of Public Finance Management Project
MMSIS	Myanmar Information System
MNPED	Ministry of National Planning and Economic Development
MOC	Ministry of Commerce
MoHA	Ministry of Home Affairs
MOI	Ministry of Information
MONREC	Ministry of Natural Resources and Environmental Conservation
MoPF	Ministry of Planning and Finance
MRV	Measurement, Reporting and Verification
MSDP	Myanmar Sustainable Development Plan

LIST OF ACRONYMS	
MSG	Multi-Stakeholder Group
MTE	Myanma Timber Enterprise
MTFF	Medium Term Fiscal Framework
MTLAS	Myanmar Timber Legality Assurance System
MTO	Medium Taxpayer Office
NA	Not Applicable
NBSAP	National Biodiversity Strategy and Action Plan
NC	Not communicated
NCDP	National Comprehensive Development Plan
NCEA	National Commission for Environmental Affairs
NCS	National Coordination Secretariat
NFMP	National Forest Master Plan
NGO	Non-governmental organisation
NLC	National Land Commission
NRGI	Natural Resource Governance Institute
NTFP	Non-Timber Forest Products
NWCD	Nature and Wildlife Conservation Division
OA	Other Accounts
OAGM	Office of the Auditor General of the Union
OAS	Official Assessment System
OT	Open Tender
PAC	Public Accounts Committee
PD	Planning Department
PEFA	Public Expenditure and Financial Accountability
PEFC	Programme for the Endorsement of Forest Certification
PEP	Politically Exposed Person
PER	Public Expenditure Review
PFM	Public Finance Management
PIP	Public Investment Program
RT	Reporting template
SAS	Self Assessment System
SEE	State Economic Enterprise
SEZ	Special Economic Zone
SGT	Specific Goods Tax
SME	Small and Medium Enterprise
SOE	State-Owned Enterprise
SOS	Standing Orders for Extraction Staff
SOT	Special Open Tender
STB	State Timber Board
STO	Small Taxpayer Office

LIST OF ACRONYMS	
SWG	Sub-Sector Working Group
TAPL	Tax Administration and Procedures Law
TC	Timber Corporation
TD	Treasury Department
TIN	Taxpayer Identification Number
TLAS	Timber Legality Assurance System
ToR	Terms of Reference
TRO	Township Revenue Officer
UBL	Union Budget Law
UFA	Union Fund Account
UGDA	Union Government Deposit Account
UNCCD	United Nations Convention to Combat Desertification
UNCTAD	United Nations Conference on Trade and Development
UNEP	United Nations Environment Programme
US $	United States Dollars
US$ million / US$ m	One million (1,000,000) US$
VAT	Value-Added Tax
VFV	Vacant, Fallow and Virgin
VPA	Voluntary Partnership Agreement
WBG	World Bank Group
WHT	Withholding Tax
WTO	World Trade Organization

INTRODUCTION

Extractive Industries Transparency Initiative

The Extractive Industries Transparency Initiative (EITI) is a global Standard to promote open and accountable management of natural resources. It seeks to strengthen government and company systems, inform public debates and enhance trust. In each implementing country, it is supported by a coalition of governments, companies and civil society organisations working together.

The EITI was first announced at the World Summit on Sustainable Development in Johannesburg in 2002 (the Earth Summit 2002) and was officially launched in London in 2003. EITI is currently being implemented in 51 countries around the world.

The EITI Standard sets out the requirements which countries need to meet in order to be recognised, first as EITI Candidates and subsequently as EITI Compliant country. The Standard is overseen by the International EITI Secretariat, with which comprises members from Governments, extractive companies and civil society organisations.[1]

EITI in Myanmar

The timeline of the EITI in Myanmar (MEITI) is summarised in Table 1 below.[2]

Table 1: Timeline of MEITI

Date	Event
December 2012	Myanmar's President announces Commitment to EITI.
18 February 2014	A Multi-Stakeholder Group (MSG) was appointed to oversee EITI implementation in Myanmar. Three sub-committees have also been set up to take forward the work on reporting, outreach and communications, and work plan and governance. The MSG comprises 21 representatives from Government (6), civil society organisations (9) and the private sector (6). MSG laid out four overarching objectives for MEITI: • to contribute to broader reform of resource governance in Myanmar; • to create enabling environment for EITI; • to prepare and facilitate the process for implementing EITI; and • to increase the accessibility of data on natural resources in Myanmar.
May 2014	Myanmar submitted its application to become an 'EITI Candidate' country to the EITI Board.
July 2014	Myanmar becomes Candidate country.
Early 2015	A National MEITI Office, staffed by civil servants, was set up in the Fiscal Policy, Strategy, and EITI Division, under the Budget Department of the Ministry of Planning and Finance (MoPF). However, Myanmar Development Resources Institute (CESD) continued to share responsibility for EITI implementation with this Division.
December 2015	Myanmar's First EITI Report was published. (Period covered: April 2013 - March 2014 / Sectors covered: Oil, Gas and Mining).
19 December 2016	A new MEITI Leading Committee was formed, U Kyaw Win, Union Minister for Planning and Finance was appointed as the Chair of the EITI Leading Committee, and Renaissance Institute was designated as the MEITI National Coordinator.
17 January 2017	The Government of the Union of Myanmar signed a Grant Agreement with the World Bank for funding support to cover implementation of the MEITI Work Plan for 2017 to 2019.
15 March 2017	MSG approved the ToR of the Independent Administrator (IA) for the second and third EITI Reports. MSG agreed to publish separate EITI Reports for the forestry sector.
March 2018	Myanmar Second and Third EITI Reports were published. (Periods covered: April 2014 - March 2015 and April 2015 - March 2016 / Sectors covered: Oil, Gas and Mining).
1 July 2018	Myanmar's Validation against the EITI Standard (2016) will commence.

[1] Source: https://eiti.org/eiti
[2] For more information, please refer to MEITI's website on http://www.myanmareiti.org/ and EITI's website on https://eiti.org/myanmar

Objective

The purpose of this Report is to reconcile the data provided by companies operating in the forestry sector (hereafter referred to as “Companies”) with the data provided by relevant Government Ministries and Bodies (hereinafter referred to as “Government Agencies”).

The overall objectives of the reconciliation exercise are to assist the Government of the Union of Myanmar (GOUM) in identifying the positive contribution that the forestry sector makes to the economic and social development of the country and to realise its potential through improved resource governance that encompasses and fully implements the EITI principles and criteria.

Nature and Extent of our Work

We have performed our work in accordance with the International Auditing Standards applicable to related services (ISRS 4400 Engagements to perform agreed upon procedures regarding Financial Information). The procedures performed were those set out in the terms of reference (ToR) as set out in the Request for Proposal and approved by MSG.

The reconciliation procedures carried out were not designed to constitute an audit or review in accordance with International Standards on Auditing or International Standards on Review Engagements and as a result we do not express any assurance on the transactions beyond the explicit statements set out in this report. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

The Report consists of seven chapters presented as follows:

1. Executive summary;
2. Approach and methodology;
3. Contextual information;
4. Determination of the reconciliation scope;
5. Reconciliation results;
6. Other information; and
7. Recommendations.

Reported data disaggregated by individual companies, Government Agencies and revenue streams, are included as Annexes to this Report. The amounts in this Report are stated in **Myanmar Kyat (MMK) million**, unless otherwise stated.

This Report incorporates information received up to 23 April 2018. Any information received after this date has not been included in the Report.

1. EXECUTIVE SUMMARY

This Report summarises information about the reconciliation of tax and non-tax revenues from the forestry sector in Myanmar as part of the EITI implementation. Additionally, this Report includes the reconciliation of cash flows contributed by Myanma Timber Enterprise (MTE) to the State budget.

1.1. Revenue Generated from the Forestry Sector

The receipts reported by the Government Agencies during the period from 1 April 2014 to 31 March 2015, after reconciliation, are summarised as follows:

1.1.1. Direct payments made by companies[1]

Total revenue collected from the companies amounted to **MMK 626,567 million** during FY 2014/15.[2] The revenue stream from the forestry sector is mainly composed of timber. The contribution of NTFP is less than 1%.

Details of these revenues streams are set out in table 2 below:

Table 2: Myanmar Forestry revenues by sub-sector (FY 2014/15)

in MMK million

Sub-sector	Tax revenues	Non-tax revenues			Total revenues	%
		MTE	FD	Total		
	{A}	{1}	{2}	{B} = {1} + {2}	{A} + {B}	
Timber	250,440	371,955	2,504	374,459	**624,899**	**100%**
NTFP	1,636	0	32	32	**1,668**	**0%**
Total	**252,076**	**371,955**	**2,536**	**374,492**	**626,567**	**100%**
%	**40%**	**99%**	**1%**	**60%**	**100%**	

EITI figures indicate that MTE and IRD accounted for more than 99% of revenues received from companies during FY 2014/15.

1.1.2. Detail of revenues by Government Agency and by source of revenues

Table 3 below sets out details of revenues by Government Agency and by source of revenues:[3]

Table 3: Collection of forestry revenues (FY 2014/15)

in MMK million

	Revenues received from forestry sector					
	MTE	IRD	FD	MCD	Total	%
Timber sub-sector	**372,057**	**248,301**	**4,483**	**59**	**624,899**	**100%**
Sale of the state's share of production	*371,955*		*2,504*		***374,459***	*60%*
MTE		*243,778*			***243,778***	*39%*
Companies	*101*	*4,522*	*1,979*	*59*	***6,662***	*1%*
NTFP sub-sector	**0**	**0**	**1,668**	**0**	**1,668**	**0%**
Sale of the state's share of production	*0*		*32*		***32***	*2%*
Companies			*1,636*		***1,636***	*98%*
Total	**372,057**	**248,301**	**6,152**	**59**	**626,567**	**100%**
%	**59%**	**40%**	**1%**	**0%**	**100%**	

1.1.3. Transfers made by MTE

Table 4 below sets out the allocation of revenues collected by MTE during FY 2014/15.

[1] This does not include transfers made by MTE to the State Budget Account.
[2] Source: EITI Data reported by Government Agencies after reconciliation adjustments.
[3] Source: EITI data reported by Government Agencies after reconciliation adjustments.

Table 4: Transfers of revenues collected by MTE (FY 2014/15)

in MMK million

Amount received	Transfer from MTE to State Budget			MTE Other accounts	Total
	IRD	State contributions	Total		
	{1}	{2}	{A} = {1} + {2}	{B}	{A} + {B}
372,057	243,778	38,356	**282,134**	408,401	**690,535**

Further explanation on the collection process of forestry revenues in Myanmar is included in Section 3.7 of the Report.

1.1.4. Government receipts from forestry sector

MTE retained more than half of the total revenues / net receipts from forestry sector for the FY 2014/15. Forestry revenues net receipts collected by the State Budget Account accounted for approximately 42% of which more than 97% related to MTE transfers.

Table 5 below sets out the breakdown of Government receipts from the forestry sector during FY 2014/15.

Table 5: Total Government Receipts from the Forestry sector (FY 2014/15)

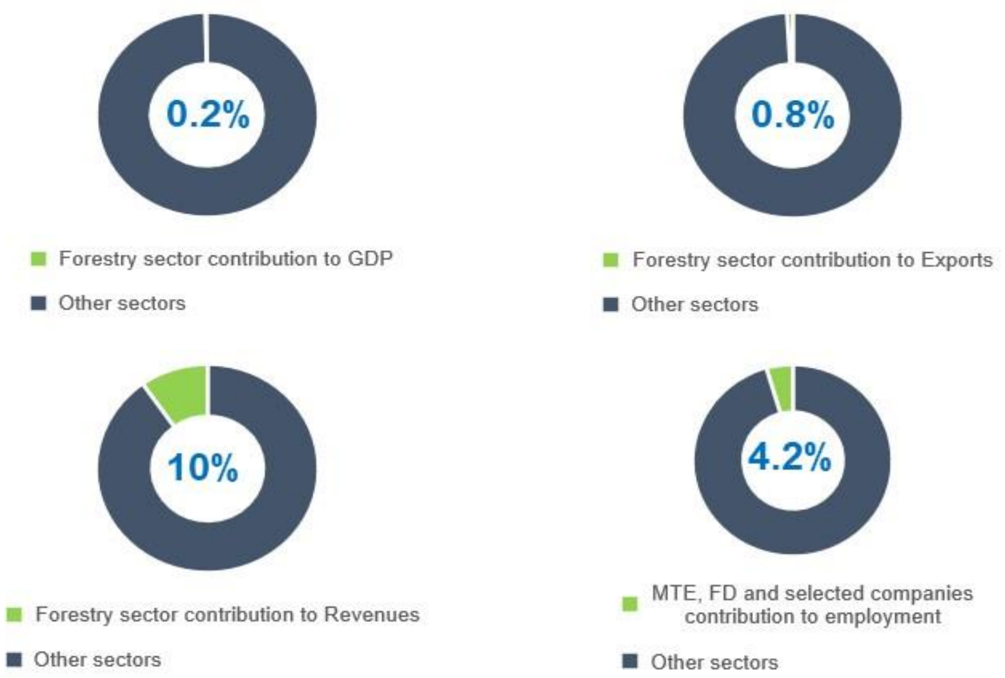
in MMK million

	Timber	NTFP	Total	%
MTE's net receipts	408,401	0	**408,401**	**58%**
Transfers from MTE	282,134	0	**282,134**	**40%**
Tax revenues	4,581	0	**4,581**	**1%**
Non-Tax revenues	2,081	1,636	**3,716**	**1%**
Total	**697,197**	**1,636**	**698,833**	**100%**

1.1.5. Significance to Myanmar economy

The contribution of the forestry sector to the GDP, State revenues, exports and employment for FY 2014/15 is presented in Figure 1 below. More details are set out in Section 3.1.4 of this Report.

Figure 1: Macro-economic indicators for the forestry sector (FY 2014/15)



1.2. Timber Production, Sales and Exports

1.2.1. Timber Production

The table below sets out the production of timber during FY 2014/15 by MTE and companies:

Table 6: Myanmar Timber production (FY 2014/15)

in Tons

Product	Hardwood	%	Teak	%	Total	%
MTE	191,104.00	30%	23,931.00	54%	215,035.00	32%
Companies	436,548.00	70%	20,429.00	46%	456,977.00	68%
Total	**627,652.00**	**100%**	**44,360.00**	**100%**	**672,012.00**	**100%**

Companies selected in the reconciliation scope were required to disclose their production data. Production reported by in-scope companies represents **77%** of total production made by all companies. The table below sets out the reconciliation of production between companies and MTE.

Table 7: Reconciliation of timber production (FY 2014/15)

in Tons

Product	Per Company			Per MTE			Final difference	%
	Original	Adjust	Final	Original	Adjust	Final		
Hardwood	339,994.87	-4,314.69	335,680.18	343,314.00	-26.00	343,288.00	-7,607.82	-2.22%
Teak	14,355.58	-97.58	14,258.00	14,258.00	0.00	14,258.00	0.00	0.00%
Total	**354,350.45**	**-4,412.27**	**349,938.18**	**357,572.00**	**-26.00**	**357,546.00**	**-7,607.82**	**-2.13%**

The difference is explained mainly by the fact that Chin Su (Myanmar) failed to report its production despite several reminders sent by the Independent Administrator.

Details of the production are presented in Sections 3.1.6 and 5.3 of the Report.

1.2.2. Timber Sales

Table below sets out details of timber sold by MTE during FY 2014/15.[1]

Table 8: Volume and value of timber sold (FY 2014/15)

Type	Quantity	Unit	US$ million	%
Local	619,189	Hoppus Tons	368.12	91%
Local/Export	41,206	Cubic tons	34.35	9%
		Total Sales	**402.46**	**100%**

Further details of timber sales are presented in Section 3.1.7 and Annex 1 to this Report.

1.2.3. Timber Exports

According to the data provided by MCD, timber exports amounted to **US$ 95.68 million** during FY 2014/15 of which USD 40.73 million (or 43%) were destined for India.

Further details of timber sales are presented in Section 3.1.4 and Annex 2 to this Report.

1.3. Scope of the Data Collection and Reconciliation

The scope of payment flows selected in the reconciliation scope for FY 2014/15 includes:

- all tax payments and non-tax payments made or reported by companies selected in the scope and revenues received by or reported to the Government Agencies during the FY 2014/15; and
- all transfers made by MTE and revenues received by Government Agencies during the FY 2014/15.

[1] Source : MTE data.

Payments made by companies not selected in the scope and cash flows from the sale of the State's production share are disclosed unilaterally and do not form part of the reconciliation process.

1.3.1. Companies

MSG identified eighteen companies to be included in the reconciliation process for the first MEITI Report on the forestry sector. The companies listed in Section 4.2.1 meet one or both the two materiality thresholds of **MMK 100 million** for payments or extraction of **10,000 tons** of timber or more.

Table 9 below shows that 89% of payments made by companies were included in the reconciliation scope.

Table 9: Reconciliation coverage rate (FY 2014/15)

Companies	Number	%	Total revenues (in MMK million)	%
In-scope	18	49%	4,070	89%
Out of scope	19	51%	511	11%
Total	**37**	**100%**	**4,581**	**100%**

1.3.2. Government Agencies

MSG agreed that all Government Agencies which received forestry revenues from companies should be included within the reconciliation scope. Accordingly, five Government Agencies have been included as listed in Section 4.3 of the Report.

1.4. Comprehensiveness and Reliability of Data

1.4.1. Data submission

Both companies and Government Agencies included in the reconciliation scope have submitted their reporting templates (RT) according to the reporting instructions and withing the deadline approved by MSG, except for Nature Timber Trading Co. Ltd which was delayed.

1.4.2. Reliability of data submitted

Selected companies

As decided by MSG, RTs should be approved by an authorised company official, supported by detail of payments reported and accompanied by a copy of the audit report.

Accordingly, all companies have followed the instructions as detailed in Annex 3 to this Report.

Government Agencies

With regards to Government Agencies including MTE, RTs should be signed by an authorised officer, supported by detail of payments reported and certified by the Office of Auditor General (OAG).

All Government Agencies have submitted signed RTs and supported by detail of payments reported.

OAG has certified RTs provided by MTE and all other Government Agencies.

1.4.3. Summary

We do not audit the figures presented and rely on assurances from reporting entities.

All companies have submitted a copy of their audit report for the FY 2014/15.

We concluded that the final assessment of the overall comprehensiveness and reliability of reconciled financial data from the companies, MTE and Government Agencies to be satisfactory.

1.5. Summary of the Reconciliation Results

Total revenues received from the companies as declared by Government Agencies amounted to **MMK 626,567 million** during FY 2014/15. Table 10 below presents the forestry in accordance with the reconciliation scope.

Table 10: Total forestry revenues (FY 2014/15)

	Total revenues (in MMK million)	%
Payments from companies selected in the reconciliation scope	249,925	99%
Payments from companies not selected in the reconciliation scope	2,151	1%
Total payments	**252,076**	**100%**
Sales of the State share of production	374,492	
Total	**626,567**	

1.5.1. Reconciliation of payments to the Government Agencies

We have been contracted to reconcile payments reported by companies and Government Agencies in order to identify and clarify any potential discrepancies in the payments reported in the declarations. Disaggregated reporting is detailed in Section 5 of this Report.

A net difference of **MMK (80,970) million**[1] representing (32.40%) of Government RTs after adjustments remained unreconciled. Table 11 below sets out the breakdown of this difference between positive and negatives amounts.

Table 11: Final reconciliation differences

in MMK million

			MTE	Companies	Total revenues
Companies		*{1}*	164,761.01	4,193.67	**168,954.68**
Government Agencies		*{2}*	245,731.83	4,193.25	**249,925.08**
Net Differences	*Amount*	*{A} = {1} - {2}*	**-80,970.81**	**0.42**	**-80,970.40**
	%	*{A} / {2}*	**-32.95%**	**0.01%**	**-32.40%**
Positive differences	*Amount*	*{B}*	0.00	2.00	**2.00**
	%	*{B} / {2}*	**0.00%**	**0.05%**	**0.00%**
Negative differences	*Amount*	*{C}*	-80,970.81	-1.59	**-80,972.40**
	%	*{C} / {2}*	**-32.95%**	**-0.04%**	**-32.40%**
Cumulative Differences	*Amount*	*{D} = {B} - {C}*	80,970.81	3.59	**80,974.41**
	%	*{D} / {2}*	**32.95%**	**0.09%**	**32.40%**

The unreconciled difference of (32.40%) is above the agreed materiality deviation of 0.1% of the total forestry revenues.

This difference comes from MTE and is mainly related to commercial tax. In fact, MTE reported a total of MMK 114,872 million while IRD reported MMK 195,834 million, hence a significant difference of MMK (80,962) million.

Based on our meetings with MTE and FD, we understood that this difference was because MTE pays commercial tax before the end of March (i.e. FY 2013/14) and flag receipts are issued in April due to the lengthy process between the transfer date and the date of the receipt.

Details of this discrepancy by company and by tax are presented in the Section 5.1 of the Report.

[1] Approximately US$ 81.36 million.

1.5.2. Reconciliation of transfers made by MTE

According to MSG's decision, transfers made by MTE to MoPF and other Government Agencies were also reconciled.

The main difference was, as stated above, related to commercial tax transferred to the IRD. No differences were noted with regards state contribution transferred to the Tresaury Department and amount transfer to MTE other accounts. The table below shows the reconciliation results of transfers.

Table 12: Reconciliation results of transfers made by MTE

in MMK million

	MTE	Government Agency	Difference
Transfers to IRD	162,816.55	243,778.29	**-80,961.74**
Transfers to TD	38,355.73	38,355.73	**0.00**
Other accounts - MTE own Accounts	408,401.48	408,401.48	**0.00**
Total	**609,573.76**	**690,535.49**	**-80,961.74**

RT of MTE showing the reconciliation work is set out in Annex 4 of this Report.

1.6. Outstanding Information

Table below sets out four outstanding information:

Table 13: List of outstanding information

N°	Information	In-charge
1	Contracts with MTE's sub-contractors	MTE
2	Information required by the EITI Standard (section 2.3): • coordinates of the license area; • size and location of the license area; • date of application; • date of award; and • duration of the license.	MTE
3	Value of the production.	MTE/FD
4	Breakdown of production by product type.	MTE/FD

1.7. Findings and Recommendations

We raised several findings and have made recommendations with a view to improve the EITI process in Myanmar and governance of the forestry sector and revenue management. Table 14 below sets out the findings we raised:

Table 14: IA Findings

N°	Findings
	Governance of the Forestry Revenues
1	Lack of Unique Taxpayer Identification Number
2	Lack of Resource Revenue Sharing System for Forestry Revenues
3	Lack of distinction between Forestry and Non-Forestry Revenues
	Management of the Forestry Sector
4	Lack of Timber Trade and Traceability
5	Regulatory Framework and Law Enforcement
6	Improving Governance of MTE
	EITI implementation
7	Completeness of the data reported on License Register
8	Award of contracts
9	Unclear NTFP Licencing Process
10	Lack of Reporting System for Employment data
11	Accuracy of Production Data
12	Accuracy of Exports Data
13	Reliability of the Data Reported
14	Lack of reporting at project level
15	Lack of EITI Reporting Regulations

These findings and the associated recommendations are detailed in Section 7 of this Report.

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30 April 2018

2. APPROACH AND METHODOLOGY

The reconciliation of revenues from the forestry sector consisted of the following steps:

- conduct a scoping study to determine the scope of the reconciliation exercise;
- preparation of a RT (See Annex 3 to this Report) and reporting instructions;
- collection of payment and other data from Government Agencies and companies which provide the basis for reconciliation;
- comparison of payments and other data reported by Government Agencies and companies to determine if there are discrepancies between the amounts reported as being received by the authorities and the amounts reported as being paid by taxpayers; and
- contact Government Agencies and companies to investigate and resolve identified discrepancies.

2.1. Scoping Study

Under the ToR for the Engagement, we were required to carry out a scoping study which eventually determined the scope of the first MEITI Report for forestry sector, including a proposal of:

- the materiality threshold for receipts and payments;
- taxes and revenues to be included;
- companies and Government Agencies to be included in the report; and
- assurances to be provided by reporting entities to ensure credibility of the data being reported.

The financial flows to be included in the reconciliation, the Government Agencies and companies which were required to report were determined by MSG based on the scoping study we conducted.

The scope of the EITI Report as decided by MSG during their meeting of 29 January 2018 is described in Section 4 of this Report.

2.2. Data Collection

A standard RT and instructions were designed to facilitate the process for the reporting entities. The template was designed to include the revenue streams paid to each Government Agency and was formatted in such a way that companies could easily identify and determine the appropriate amounts to be disclosed. The RTs were sent electronically to the reporting entities.

Companies and Government Agencies were required to report directly to the IA and to submit a breakdown of payments by date and by receipt in the supporting schedules. They were also requested to to direct any questions on the RTs to the IA.

The 10th MSG meeting held in Nay Pyi Taw on 29 January 2018 agreed that the deadline for submission of the RTs by companies would be 21 March 2018 for the soft copies and 30 March 2018 for the signed hard copies.

The 13th MSG meeting held in Yangon on 30 March 2018 agreed to extend the deadline for submission of the Certified RTs on hard copies by Government Agencies and MTE from 18 to 27 April 2018 upon a request formulated by the OAG.

2.3. Reconciliation and Investigation of Discrepancies

The reconciliation exercise was carried out between 22 March and 7 April 2018. In carrying out the reconciliation, we performed the following procedures:

2.3.1. Initial Reconciliation Procedures

Figures reported by companies were compiled item by item and compared with figures reported by Government Agencies. As a result, all discrepancies identified have been listed by item in relation to each Government Agency and company.

In cases where the reported revenue data from Government Agencies agreed with a company's reported payment data, with deviation within the allowable variance as described in Section 2.3.2 below, the Government figures were considered to be confirmed and no further action was undertaken.

In cases where the reported revenue data from Government Agencies did not agree with a company's reported payment data and the difference was not within the allowable variance, discrepancies were identified for each company and Government Agency and the discrepancies were subject to further investigations before completing the initial reconciliation report.

2.3.2. Reconciliation Variance and Level of Effort

As part of the RT finalisation, a variance threshold of MMK 8 million was set to help determine an acceptable level of effort to be spent in attempting to resolve discrepancies.

In cases where the reported revenue data from Government Agencies did not agree with the company's reported payment data, and the discrepancies were at or below the variance threshold, we concluded that the discrepancies were not material to the MEITI Report.

2.3.3. Follow-Up Procedures to Investigate Differences

In cases where the reported revenue data from Governmental Agencies did not agree with the company's reported payments and the discrepancies were outside the variance, we considered the discrepancies to be material and further investigations were performed in a bid to resolve these discrepancies. In such instances, the Government Agencies and companies were requested to provide supporting documents and/or confirmations in respect of any adjustments to the data provided in the original RTs.

We contacted the reporting entities and arranged meetings with relevant officials. We also reviewed additional supporting documentation evidencing the payments reported. In instances where we were unable to identify the reason for the discrepancies following the review of additional supporting evidence, we concluded that the discrepancies were "undetermined / unexplained". The results of our work are presented in Section 5 of the report. Adjustments made to RTs are presented in Annex 5 to this Report.

2.4. Reliability and Credibility of Data Reported

2.4.1. Initial assessment of assurance procedure

The EITI Standard requires that a credible assurance process applying international standards should be in place. The approach adopted for the 2014/15 MEITI Report incorporated constraints existing in Myanmar and insufficiencies noticed during the previous reconciliation.

We applied our professional judgement to assess the extent to which reliance can be placed on the Existing Controls and Audit Framework (ECAF) of the companies, MTE and Government Agencies. This step helps in determining the Initial Assessment of Assurance (IAA) for each of the reporting. In short, when the AF is rated low, the IAA is rated low (i.e. low assurance).

The assessment is based on the key factors such as accounting standards applied (international standards, local reliable standards, other standards), existing governance and internal controls, audit standards applied where the entities are audited, and the reliability of the auditor where an auditor exists.

In order to comply with Requirement 4.9 of the EITI Standard (2016) which aims to guarantee the credibility of the data submitted by reporting entities, MSG agreed the following approach for the preparation of the 2014/15 MEITI Report.

a. Companies

The classification was made based on the accounting standards applied (see Section 3.9.1), audit standards applied where the companies are audited. ECAF and IAA for the companies were considered low.

Companies selected in the scope were requested to submit their RTs:

- signed by a person authorised to represent the company; and
- supported by details of payments reported.

Companies having their accounts audited were also requested to provide a copy of their audited financial statements.

b. Government Agencies and MTE

Usually, in most developing countries central Government Agencies and SOEs are in a low range of the rating for ECAF and thus for IAA.

Based on the above, MSG agreed that for the 2014/15 Report that all Government Agencies and MTE selected in the scope should submit a RT:

- signed by a person authorised to represent the Government Agency;
- accompanied by payment details reported; and
- certified by the OAG.

2.4.2. Final assessment of assurance procedure

We have analysed the data received from Government Agencies and from companies as described in the section above and applied the following criteria for assurance:

- non-submission of a RT signed by a person authorised to represent the Government Agency, MTE or the company reduced the level of assurance;
- non-submission of payment details for the amounts reported also reduced the level of assurance; and
- lack of audit reports or reporting reduced the level of assurance.

Thus, the level of assurance for each entity selected was categorised as follows:

- Low: entities which are not audited and did not provide signed copies of the RT;
- Medium: entities which provided audit reports but no signed copies of the RT; and
- High: entities which provided signed copies of the RT as well as audit reports.

We can assess the level of assurance for companies within high range as all companies have submitted signed copies of the RT together with a copy of their audit report for the FY 2014/15.

We can assess the level of assurance for Government Agencies and MTE within high range as they have submitted signed copies of the RT together with OAG's certification.

2.4.3. Assessment of the overall comprehensiveness and reliability of reconciled data

We concluded that the final assessment of the overall comprehensiveness and reliability of reconciled financial data from companies, MTE and Government Agencies were satisfactory.

2.5. Basis and Period of Reporting

In order to comply with Requirement 2 of the EITI Standard, MSG agreed that the 2014/15 MEITI Report would be based on data for the FY 2014/15.

MSG defined the reporting period as the FY. For the 2014/15 MEITI Report, the reconciliation has been carried out on data for FY 2014/15, which is 1 April 2014 through 31 March 2015.

The revenue streams included in the reconciliation scope relate to only the payments made by companies and revenues received by Government Agencies during FY 2014/15. The period in which companies incur the fees is not relevant, but rather the period in which the fees were actually paid.

The reporting currency is MMK million unless stated otherwise.

2.6. Procedures for the Management and Protection of the data collected

In order to protect the confidentiality of the data collected from the reporting entities, the following measures have been applied:

- only the data required by the EITI Standard, ToR and reconciliation exercise has been requested. Any irrelevant information inadvertently communicated has been deleted and/or destroyed;
- data collected is processed on password-protected laptops and e-mail communications are performed via secure messaging servers;
- reporting entities were requested to address the completed RT and any information considered sensitive or confidential directly to the IA's generic email address: (meiti.forestry@moorestephens.com); and
- all requests for additional information from Government Agencies or companies for the reconciliation purposes were processed in accordance with the above protocol.

3. CONTEXTUAL INFORMATION

3.1. Forestry Sector in Myanmar

3.1.1. Forest Lands and Ownership

Myanmar is the largest country on mainland South East Asia with a total area of 68 million hectares. According to the latest FAO's Global Forest Resource Assessment, approximately 43% of Myanmar's total land area consists of forests.[1] Despite a high proportion of remaining forest cover, the country has seen substantial deforestation and forest degradation over recent decades, with annual deforestation rates of approximately 1.2% between 1990/2015. The remaining primary forests ecosystems are of global significance due to their high biodiversity.

According to Forest Department (FD),[2] the main reason of losing forest cover in Myanmar are:

1. Conversion of land use in other purpose;
2. Over-logging in the formal sector;
3. Increase population and extension of villages and towns;
4. Increase demand of timber and woods for fire-wood, charcoal, and other products of local; household daily use and living; and
5. Over-logging and illegal timber extraction in the informal sector.

In the forestry governance system of Myanmar, forests are classified as follows:[3]

- **Reserved Forests** are specifically allocated for timber production, to be managed under detailed Management Plan, Reserved Forests are typically divided in 30 approximately similar sized compartments, so that each can be extracted from successively in a 30-year rotation;
- **Protected Public Forests**, are ostensibly for domestic supply. However, there is no regulatory mechanism to manage extraction at sustainable levels; and
- **Unclassified Forests** (under the Ministry of Agriculture and Irrigation), which despite having forest cover are available for concession and conversion to plantation or other use.

Around 20.5 million ha (70%) of the forests are designated for production. In 2013, the area of planted forests was 944,000 ha (roughly 4% of production forest), including plantations established for timber production, village wood supply, and watershed management.

In Myanmar, the State owns all lands. The responsibility for management of forest resources rests with the FD, a division of the Ministry of Natural Resources and Environmental Conservation (MONREC). By law, the state-owned forest enterprise (Myanmar Timber Enterprise, MTE) has the monopolistic right to extract timber. Teak and other valuable hardwoods are considered to be 'reserved species' in the forest policy. This means that they are owned by the State, and that only the State has permission to harvest them and profit from them.

The Community Forestry Instructions (CFI, 1995) gives legal backing for rural communities to co-managed forests. The overall principles in CFI are for local communities to fulfil basic livelihood needs for firewood, farm implements and small timber, as well as reforest degraded forestlands. The role of community forests in the county's commercial forestry sector is very small.

3.1.2. Forest Management and Products

Myanmar's formal forest management system was originally established during the British colonial era to manage its vast teak *(Tectona grandis)* forests. The management system is based on sustainable utilisation of forest resources, defined by the estimated growth and yield of the forests and the annual allowable cut (AAC). To ensure the sustained yield of the forests, the volume of

[1] Source: FAO Global Forest Resource Assessment 2015.
[2] Source: Stakeholder Mapping, August 2016, FLEGT Action Plan of Myanmar.
[3] Source: Forest Law, n°8/92 (1992).

extracted timber should be lower than the AAC, which is defined by FD. Forests are managed following a 30-year Master Plan for the period from 2001 to 2031, 10-year forest district management plans and annual operational plans.

During recent decades, the formal management system has been ignored, which has resulted in significant deforestation and degradation of the country's forests.[1] For a long time, the harvested volumes exceeded the AAC defined by FD. The development has been driven by the timber production targets set by the government, which have arisen from political and financial pressures and not from the actual AAC. Based on these state revenue requirements, target production volumes were calculated which were then translated downwards into logging quotas for each logging district.

Until early 2016, MTE subcontracted a significant part (up to 70%) of extraction tasks to private sector subcontractors, which partially resulted in poor law enforcement and non-transparent supply chains of timber.

Following major political reforms in Myanmar, the forestry and timber sector is also currently undergoing a reform process. This is indicated by many policy changes, most significantly the 2014 log export ban which made it illegal to export unprocessed logs, the 2016 logging ban which halted all timber extraction in the country for one logging season, and the 10-year logging ban in the Pegu Yoma region. Furthermore, the government's engagement in a Voluntary Partnership Agreement (VPA) process with the European Union's Forest Law Enforcement Governance and Trade (EU FLEGT) initiative, requires transparency and compliance improvements within the sector. Myanmar is also engaged in the REDD+ process, an initiative to reduce emissions from deforestation and forest degradation, and foster conservation, sustainable management of forests, and enhancement of forest carbon stocks.

A significant step towards sustainability and improved transparency of the forest sector was seen in early 2017, when MTE announced further decreases in timber production targets, and agreed that all future timber extraction would be carried out directly by MTE. Due to the lack of harvesting and transport equipment within MTE, contractors are still being used for extraction, but they are now operating under MTE and will be paid in cash instead of in kind timber allocations.[2] MTE's production target for the FY 2017/18 for teak is 15,000 hoppus tons (27,000 m^3) and for other hardwood 350,000 hoppus tons (631,000 m^3). This is only around 10% of the volume of teak extracted in Myanmar between 2006 and 2014, and around 40% of the volume of other hardwoods extracted during the same period. Most of the timber is sourced from natural forests, and there is no data on the volume of timber extracted from forest plantations. However, the volume of timber from tree plantations is currently low, as there has been no significant investments to commercial plantations during recent decades. The development has been hindered by the lack of sound investment and land tenure security, but this is beginning to receive more serious attention by MONREC.

The extracted teak and hardwood volumes from 2006 to 2015 are presented in Table 15 and Figure 2 below.[3] The official volumes do not account for the illegal extraction of timber, which has been reported to be widespread especially in areas close to China. This can also be seen from MTE's timber sales statistics, where a significant source of revenue has been confiscated (i.e. illegally extracted) timber. To mitigate the risks of illegal cross-border timber trade, the Myanmar government has made significant attempts to ensure that all timber is transported to and exported out of Yangon's ports. Furthermore, the extracted volume does not account for the timber extracted when clearing land prior to development of land concessions (i.e. agricultural plantations, hydropower, mines and road projects). It has been acknowledged, that this "conversion timber" is a significant source of timber in the country.

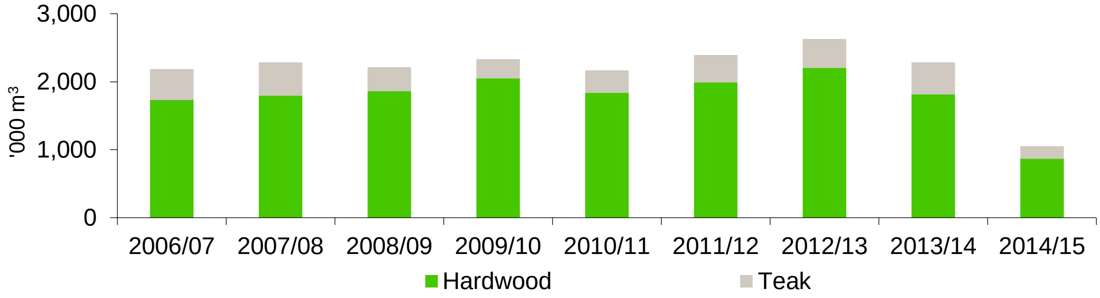
Table 15: Teak and Hardwood Logs extraction in Myanmar (2006/2015)

'000 m^3

Product	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Hardwood	1,723	1,796	1,862	2,049	1,837	1,988	2,205	1,817	869
Teak	457	487	351	284	330	406	425	466	181
Total	**2,180**	**2,283**	**2,213**	**2,333**	**2,167**	**2,394**	**2,630**	**2,283**	**1,050**

[1] EU FLEGT Facility, Baseline Study 4, Myanmar: Overview of Forest Law Enforcement, Governance and Trade, August 2011.
[2] Current Situation of MTE and the Future Plans & Documentation for Myanmar Timber Export, August 2017.
[3] Myanmar Agricultural Statistics, CSO. 2017.

Figure 2: Teak and Hardwood Logs Extraction in Myanmar (2006/2015)



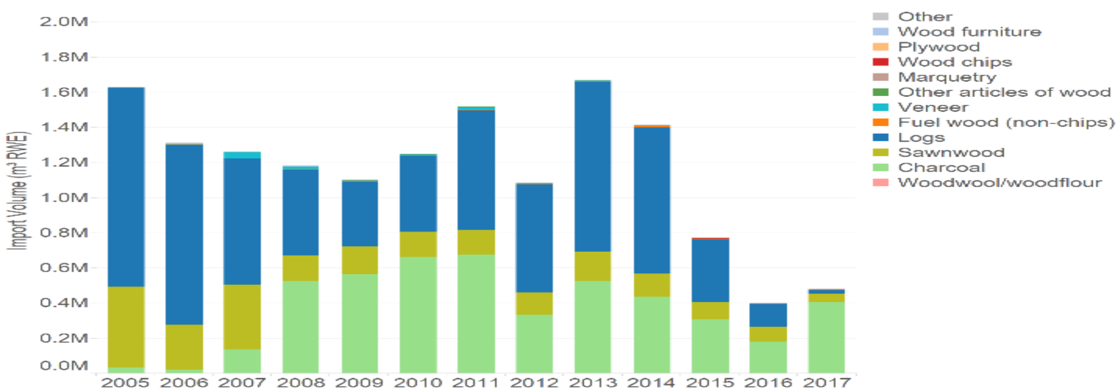
The most valuable and commonly harvested species has traditionally been teak, but the country is also a source of several other high-valued tropical hardwood species, such as rosewoods. While the teak resources have depleted, the role of other hardwoods has increased. Timber remains a significant source of revenue for the government, although relatively less as the oil, gas, hydropower and other energy related business surge. Timber and other forest products represent a significant source of income especially for the ethnic groups, most notably in Kachin State along the border with China and Karen State along the Thai border.

Until 2014, most of the logged timber has been exported as roundwood logs, with the largest export destinations being India, China, and Thailand. It is highly likely that Myanmar wood is being re-exported from these countries, although it is difficult to track this information systematically. The 2014 log export ban was announced to stop roundwood exports and support of the domestic wood processing industries to capture more value before export. However, the wood processing industry in Myanmar is still relatively undeveloped and consists mostly of small-scale sawmills and a small number of plywood and other wood processing factories. In general, the capacity to process timber further to produce higher value products is limited, and most of the extracted timber is now exported mostly in rough sawn and semi-finished format. Very little information can be found about the domestic supply and demand for wood products.[1]

In addition to timber, the forests in Myanmar provide other goods and services, especially for rural communities. The main commercial NTFP extracted include charcoal, rattan, bamboo poles, and cutch. Furthermore, more than 70% of the Myanmar population resides in rural areas and depend heavily on forests for basic needs. Moreover, harvesting and utilisation of NTFP and hunting support rural people for their sustenance and additional income.[2]

Figure 3 below shows that most of China Timber products imported from Myanmar during FY 2014/15 were logs despite the ban on log exports.[3]

Figure 3: China's Imports of Timber Products from Myanmar (2005-2017)



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[1] EU FLEGT Facility, Baseline Study 4, Myanmar: Overview of Forest Law Enforcement, Governance and Trade, August 2011.
[2] Source: Forest landscape restoration for Asia-Pacific forests, Bangkok, 2016.
[3] Source: China Customs statistics as compiled by Forest Trends. Myanmar/China Forest Products Trade, Forest Trends, February 2018.

Plantation of NTFP

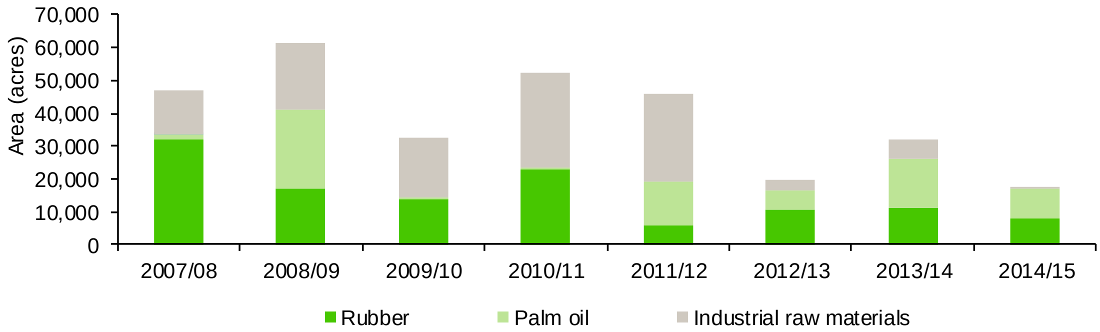
Table 16 and Figure 4 below show the evolution of plantation of NTFP (rubber, palm oil and industrial raw materials) in Myanmar between FYs 2007/08 and 2014/15:[1]

Table 16: Plantation of NTFP (FYs 2007/08 and 2014/15)

Acres

Product	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	Total
Rubber	32,234	17,159	13,622	23,030	5,842	10,748	11,384	7,726	**121,745**
Palm oil	1,600	24,183	810	660	13,137	5,596	14,538	9,084	**69,608**
Industrial raw materials	13,198	19,841	18,054	28,606	26,916	3,482	6,185	860	**117,142**
Total	**47,031**	**61,182**	**32,486**	**52,296**	**45,895**	**19,826**	**32,108**	**17,670**	**308,495**

Figure 4: Plantation of NTFP (FYs 2007/08 and 2014/15)



3.1.3. Timber flow chart[2]

Myanmar timber flow chart presented in Figure 5 below was prepared by the Stakeholder Mapping, FLEGT Action Plan of Myanmar.

It describes the steps and the process of timber flow rather than people and players. It is trying to reflect the actual snap shot of timber flow as at August 2016.

This diagram has been developed by different key stakeholder groups from their own viewpoints. The final flow chart presented in this report is the version that synthesizes three diagrams together with all of these three main sectors after a thorough discussion amongst their representatives. The flow chart has three main important components. They are:

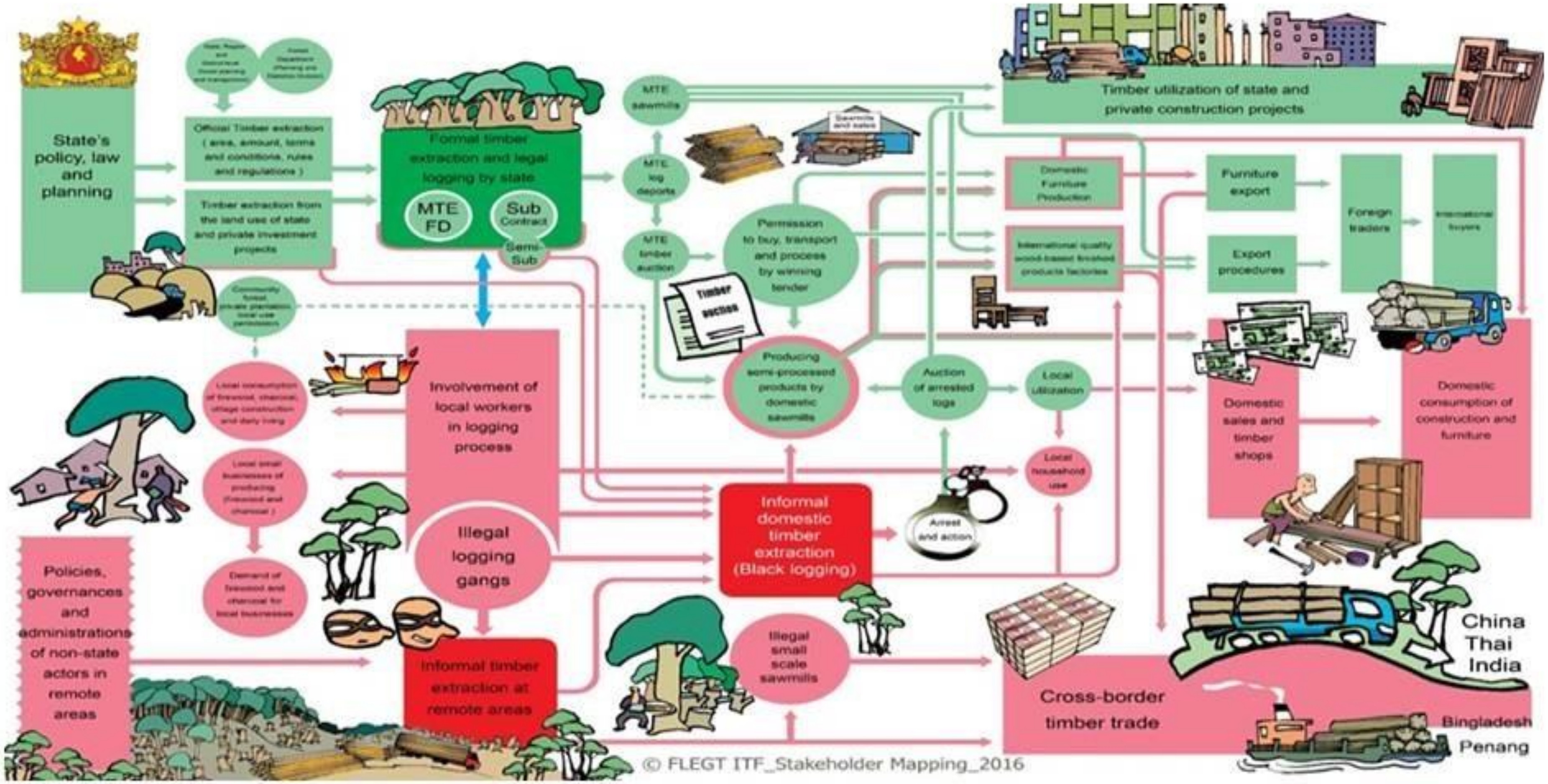
1. Legal and formal timber extraction under supervision of FD and MTE;
2. Informal timber extraction and supply chain (Local people called it “Black”); and
3. Informal timber extraction, supply chain and trade carried out at the border area with the administration and involvement of non-state actors.

Green Lines and boxes show steps in the formal chain of timber extraction, supply chain and trade while red ones show informal and illegal flows of timber, which are often intertwined with the formal chain.

A more simplified timber flow char provided by MTE is presented in Annex 6 to this Report.

[1] Source: FD.
[2] Updates from Stakeholders Mapping Report, August 2016.EU FLEGT Action Plan, Myanmar. This report is facilitated and developed by Sagawa Development Consultancy Co., Ltd. For FLEGT Interim Task Force (ITF), Myanmar and Supported by European Forest Institute (EFI).

Figure 5: Timber flow chart



3.1.4. Contribution in the Economy

a. Gross Domestic Product (GDP)

The forestry sector accounted for approximately **0.2%** to the country's GDP during FY 2014/15. Table 17 shows the breakdown of Myanmar's GDP by sector:[1]

Table 17: Breakdown of Myanmar's GDP by sector (FY 2014/15)

Sectors	MMK million	%
Agriculture	**18,162,255**	**27.8%**
Agriculture	12,780,581	19.6%
Livestock and Fishery	5,243,294	8.0%
Forestry	138,380	0.2%
Industry	**22,508,629**	**34.5%**
Processing and Manufacturing	13,007,190	19.9%
Construction	3,777,091	5.8%
Energy	4,011,384	6.1%
Electric Power	926,866	1.4%
Mining	786,099	1.2%
Services	**24,591,208**	**37.7%**
Trade	12,217,492	18.7%
Transportation	7,513,069	11.5%
Social and Administrative Services	2,025,534	3.1%
Rental and Other Services	1,537,312	2.4%
Communications	1,158,120	1.8%
Financial Institutions	139,681	0.2%
Total GDP	**65,262,093**	**100.0%**

b. Revenues

The forestry sector accounted for **10%** to the country's revenues during FY 2014/15.[2] Table 18 shows the breakdown of Myanmar's revenues by tax.

Table 18: Breakdown of Myanmar's revenues by tax (FY 2014/15)

Designation	MMK million	%
Tax levied on inland productions and public consumption	**1,464,488**	**21.0%**
Commercial tax	1,291,082	18.5%
Taxes on Transport	105,470	1.5%
Sales proceeds of stamps	31,000	0.4%
State Lottery	28,000	0.4%
Licence fees on imported goods	8,000	0.1%
Excise duty	935	0.0%
Income-Tax	**1,664,933**	**23.9%**
Taxes levied on utility of State owned properties	**1,571,160**	**22.6%**
Tax levied on Communication Services	1,225,000	17.6%
Tax on extraction of petroleum and natural gas	329,343	4.7%
Tax levied on extraction of electricity	11,460	0.2%
Minerals Tax and Treasure Tax	1,400	0.0%
Tax on extraction of forest produces	1,848	0.0%
Tax on Fisheries	1,084	0.0%
Tax on extraction of mineral	7	0.0%
Taxes on land (Land Revenue)	1	0.0%
Tax levied on rubber	1	0.0%
Water Tax and Embankment Tax	1,017	0.0%
Customs duties	**190,000**	**2.7%**
Non-tax Revenues	**2,074,794**	**29.8%**
Total State Receipts	**6,965,375**	**100.0%**
Total State Receipts from the forestry sector	**697,197**	
%	**10.0%**	

[1] Central Statistical Organisation (CSO), 2016 Myanmar Statistical Yearbook, Table 8.01.
[2] Union Budget Law 2015.

c. Exports

According to MCD, timber exports amounted to US$ 95.68 million during FY 2014/15 of which US$ 8 million (or 8%) made by land to China and Thailand.

Timber exports represented **0.8%** of total Myanmar export during FY 2014/15:[1]

Designation	US$ million
Total exports	12,524
Forestry product exports	96
%	**0.8%**

❖ Details by product

The following table sets out the breakdown of exports by product during FY 2014/15.

Table 19: Breakdown of exports by product

Product	Total Amount (in US$ million)	%
Teak	45.49	48%
Face Veneer	20.87	22%
Hardwood	15.26	16%
Other products	14.06	15%
Total	**95.68**	**100%**

❖ Details by exporter

Timber exports were made through 155 companies during FY 2014/15. Top 10 exporters contributed to 55% of total exports. The following table sets out the breakdown of exports by company.

Table 20: Breakdown of exports by company

N°	Exporter	Total Amount (in US$ million)	%
1	Myanmar Rice Trading Co., Ltd	13.38	14%
2	MTE	12.77	13%
3	Concorde Ind Ltd	5.89	6%
4	Centuryply M'r Priva	5.87	6%
5	National Wood Indts	4.53	5%
6	Greenply Inds:(M) Pvt	3.78	4%
7	Global Veneer Co Ltd	1.85	2%
8	Tropical Woods Co Lt	1.45	2%
9	Ruili Jing	1.41	1%
10	Zabu Hlwan Co Ltd	1.41	1%
	Top 10	**52.34**	**55%**
	Other 145 Exporters	43.34	45%
	Total	**95.68**	**100%**

❖ Details by destination

43% of timber were exported to India during FY 2014/15. Top 5 countries contributed to 91% of total exports. The following table sets the breakdown of exports by country.

Table 21: Breakdown of exports by country

N°	Destination	Total Amount (in US$ million)	%
1	India	40.73	43%
2	Singapore	18.85	20%
3	China	14.59	15%
4	Thailand	9.06	9%
5	Malaysia	3.62	4%
	Top 5	**86.86**	**91%**
	Other 39 Destinations	8.82	9%
	Total	**95.68**	**100%**

Volumes of exports made FY 2014/15 are detailed by product, exporter and destination in Annex 2 to this Report.

[1] Source: Selected monthly economic indicators CSO, April 2016.

3.1.5. Employment

The following table sets out key figures of labour force statistics in 2015:[1]

Designation		Male	Female	Total
Working age population (15 years and above)	*(a)*	15,553,856	18,380,805	**33,934,661**
Labour force	*(b)*	12,474,495	9,485,302	**21,959,797**
Labour force participation rate	***(b) / (a)***	**80.20%**	**51.60%**	**64.71%**
Employment		12,391,395	9,399,940	**21,791,335**
Unemployment	*(d)*	83,100	85,362	**168,462**
Unemployment rate	***(d) / (b)***	**0.67%**	**0.90%**	**0.77%**
Weekly average working hours		52.74	49.97	**51.55**
Daily average wage (in MMK)		5,320	3,990	**4,760**
Monthly average wage (in MMK)		147,200	119,040	**134,490**

The forestry sector's contribution to employment represents 4.2% of the total Country's 2015 labour force. It comprises staff working at FD, MTE and companies and detailed in the table below:

Table 22: Employment in the forestry sector (FY 2014/15)

FY 2014/15	Local employees	Foreign employees	Total
FD	898,986	0	**898,986**
MTE	20,694	0	**20,694**
Selected companies	4,307	4	**4,311**
Total	**923,987**	**4**	**923,991**

FD does not have any information regarding the number of individuals operating on Non-Timber Forestry Products (NTFP).

MTE does not have any information regarding its subcontractors' employment.

3.1.6. Production

MTE has the exclusive right to harvest timber in Myanmar. This was made through its own facilities and its sub-contractors until 1 April 2016.

a. Hardwood and teak

In addition to MTE, sixty-four sub-contractors were active during the FY 2014/15. They are listed in Annex 7 of this Report.

Table 23 below indicates that Top 10 companies contributed for **78%** to the total hardwood harvested during the FY 2014/15 while Table 24 shows that Sagaing region contributed for approximately **64%** to the total hardwood harvested during the same period.[2]

[1] Source: Myanmar Labour Force, Child Labour and School-to-Work Transition Survey-2015.
[2] Source: MTE data.

Table 23: Quantities of hardwood harvested by company (FY 2014/15)

N°	Company	Quantity (Tons)	%
1	MTE	191,104	30.4%
2	Myat Noe Thu	91,115	14.5%
3	Tin Win Tun Inter Trading	54,549	8.7%
4	Momentum Trading	35,013	5.6%
5	Nature Timber Trading	29,668	4.7%
6	Myanmar Rice Trading	25,550	4.1%
7	FPJVC	23,686	3.8%
8	Global Star	14,705	2.3%
9	Pacific Timber	13,252	2.1%
10	Wood World	12,087	1.9%
	Top 10	**490,729**	**78.2%**
	Other 54 companies	136,923	21.8%
	Total	**627,652**	**100.0%**

Table 24: Quantities of hardwood harvested by region/state (FY 2014/15)

N°	Region/State	Quantity (Tons)	%
1	Sagaing Region	401,094	63.9%
2	Shan State	47,050	7.5%
3	Bago Region	42,645	6.8%
4	Tanintharyi Region	39,307	6.3%
5	Ayeyarwady Region	31,093	5.0%
	Top 5	**561,189**	**89.4%**
	Other 9 States/Regions	66,463	10.6%
	Total	**627,652**	**100.0%**

Table 25 below indicates that Top 10 companies contributed for approximately **94%** to the total teak harvested during the FY 2014/15 while Table 26 shows that Sagaing region contributed for approximately **58%** to the total teak harvested during the same period.

Table 25: Quantities of teak harvested by company (FY 2014/15)

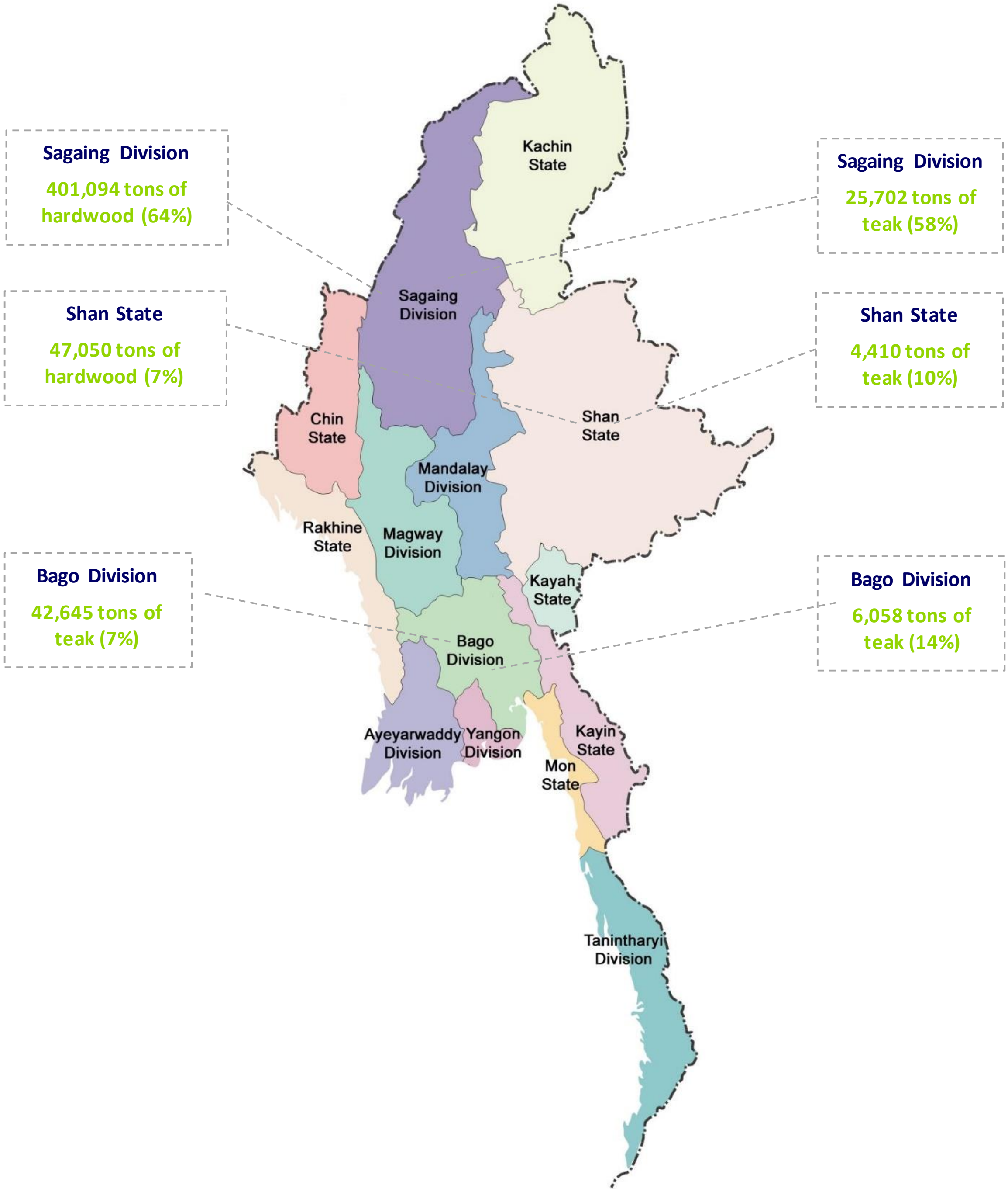
N°	Company	Quantity (Tons)	%
1	MTE	23,931	53.9%
2	Pacific Timber Enterprise	3,337	7.5%
3	Tin Myint Yee Trading	3,245	7.3%
4	FPJVC	2,935	6.6%
5	Myat Noe Thu	2,000	4.5%
6	Win Marlar Aung	1,620	3.7%
7	Tin Win Tun International Trading	1,385	3.1%
8	U Soe Lwin	1,162	2.6%
9	NTC	1,011	2.3%
10	Myanmar Rice Trading	888	2.0%
	Top 10	**41,514**	**93.6%**
	Other 13 companies	2,846	6.4%
	Total	**44,360**	**100.0%**

Table 26: Quantities of teak harvested by region/state (FY 2014/15)

N°	Region/State	Quantity (Tons)	%
1	Sagaing Region	25,702	57.9%
2	Bago Region	6,058	13.7%
3	Shan State	4,410	9.9%
4	Magway Region	3,689	8.3%
5	Chin State	2,331	5.3%
	Top 5	**42,190**	**95.1%**
	Other 4 States/Regions	2,170	4.9%
	Total	**44,360**	**100.0%**

Figure 6 below shows the main geographical distribution of production of hardwood and teak during FY 2014/15 across the territory of Myanmar.

Figure 6: Main geographical distribution of production of hardwood and teak (FY 2014/15)



b. Detail by contract

Production is detailed by contract in Annex 8 to this Report.

c. Comparison of the actual production with the Annual Allowable Cut[1]

The volume of hardwood and teak produced by MTE and its sub-contractors reached 91% of Annual Allowable Cut (AAC) during FY 2014/15 detailed as follows:

Product	Operator	AAC (Tons) (1)	Performance (Tons) (2)	Performance % (2) / (1)
Hardwood	MTE	216,150	191,104	88.4%
	Private	461,851	436,548	94.5%
	Total	**678,001**	**627,652**	**92.6%**
Teak	MTE	27,200	23,931	88.0%
	Private	31,050	20,429	65.8%
	Total	**58,250**	**44,360**	**76.2%**
Total	**MTE**	**243,350**	**215,035**	**88.3%**
	Private	**492,901**	**456,977**	**92.7%**
	Total	**736,251**	**672,012**	**91.3%**

Annexes 9 and 10 to this Report show the Comparison of the actual production with the AAC by State and Region and operator for teak and hardwood.

d. Accuracy of production data

We noted a significant discrepancy on production data between FD and MTE detailed by product as follows:

Product	FD	MTE	Diff. in tons	Diff. in %
Teak	165,926	44,360	**121,566**	**274.0%**
Hardwood	694,726	627,652	**67,074**	**10.7%**
Total	**860,652**	**672,012**	**188,640**	**28.1%**

We have not yet obtained an explanation of this difference.

Table 27 below shows the differences on production data between FD and MTE during FY 2014/15 detailed by region and state:

Table 27: Differences on production data between FD and MTE (FY 2014/15)

No.	Region and State	Teak				Hardwood			
		FD	MTE	Diff. in tons	Diff. in %	FD	MTE	Diff. in tons	Diff. in %
1	Kachin State		603	**-603**	**-100.0%**	24,535	10,491	**14,044**	**133.9%**
2	Kayah State	4,988	1,348	**3,640**	**270.0%**	2,008	4,061	**-2,053**	**-50.5%**
3	Kayin State	22	19	**3**	**17.0%**	1,915	1,167	**748**	**64.1%**
4	Chin State	8,067	2,331	**5,736**	**246.1%**	4,922	5,023	**-101**	**-2.0%**
5	Sagaing Region	75,597	25,702	**49,895**	**194.1%**	387,158	401,094	**-13,936**	**-3.5%**
6	Tanintharyi Region			**0**	**na**	87,094	39,307	**47,787**	**121.6%**
7	Bago Region	25,793	6,058	**19,735**	**325.8%**	95,538	42,645	**52,893**	**124.0%**
8	Magway Region	14,310	3,689	**10,621**	**287.9%**	33,711	20,602	**13,109**	**63.6%**
9	Mandalay Region	466		**466**	**na**	10,447	7,416	**3,031**	**40.9%**
10	Mon State	12		**12**	**na**	6,110	4,068	**2,042**	**50.2%**
11	Rakhine State	1,984		**1,984**	**na**	1,699	3,007	**-1,308**	**-43.5%**
12	Yangon Region			**0**	**na**			**0**	**na**
13	Shan State	34,209	4,410	**29,799**	**675.7%**	15,529	47,050	**-31,521**	**-67.0%**
14	Ayeyarwady Region	17		**17**	**na**	10,801	31,093	**-20,292**	**-65.3%**
15	Naypyidaw Union Territory	462	200	**262**	**131.2%**	13,259	10,628	**2,631**	**24.8%**
	Total	**165,926**	**44,360**	**121,566**	**274.0%**	**694,726**	**627,652**	**67,074**	**10.7%**

[1] Source: MTE.

e. Stock at the beginning and end of each period

Table 28 below presents the stocks of timber in disaggregated data by States/Regions with teak and hardwood species at the beginning and end of FY 2014/15.

Table 28: Stock of timber at the beginning and end of FY 2014/15

Cubic tons

No.	Region and State	Teak		Hardwood	
		31 March 2014	31 March 2015	31 March 2014	31 March 2015
1	Kachin State	285	603	7,982	7,719
2	Kayah State	4,176	390	8,068	3,718
3	Kayin State		48	653	1,045
4	Chin State	2,729	3,645	12,799	8,586
5	Sagaing Region	66,211	40,225	421,290	435,490
6	Tanintharyi Region			40,330	27,596
7	Bago Region	5,824	3,187	58,794	34,684
8	Magway Region	9,204	5,002	29,623	29,830
9	Mandalay Region	8,921	4,234	35,761	25,203
10	Mon State			6,272	3,570
11	Rakhine State			4,197	3,445
12	Shan State	62,240	59,760	35,151	45,682
13	Ayeyarwady Region			10,384	27,787
14	Naypyidaw Union Territory	261	205	5,795	8,297
	Total	**159,852**	**117,300**	**677,101**	**662,652**

3.1.7. Timber sales

Table 29 below sets out the breakdown of MTE's timber sales detailed by market.

Table 29: Timber sales (FY 2014/15)

Type	Quantity	Unit	US$ million	%
Teak Log	175,372	Hoppus Tons	205.77	56%
Hardwood Log	443,817	Hoppus Tons	162.34	44%
Total Local	**619,189**	**Hoppus Tons**	**368.12**	**91%**
Teak conversion	11,085	Cubic tons	13.32	39%
Woodbase	27,621	Cubic tons	11.79	34%
Hardwood conversion	2,501	Cubic tons	9.24	27%
Total Local/Export	**41,206**	**Cubic tons**	**34.35**	**9%**
Total Sales			**402.46**	**100%**

Annex 1 to this Report sets out timber sales during FY 2014/15 including the breakdown by:

- product type;
- buying company;
- volume;
- price; and
- market.

3.1.8. Transportation of timber

Following our discussion with MTE, we understood that transportation of timber was performed by its sub-contractors. Financial terms of the transportation cost are inserted in the contract.

We have not yet received an example of contract to confirm this.

3.1.9. Non-timber forest products (NTFP)

Table 30 below shows the production data provided by FD in respect of NTFP for FY 2014/15.

Table 30: NTFP production (FY 2014/15)

No.	Product	Unit	Target	Production
1	Bamboo	Num (000)	181,995	174,262
2	Bark (for tanning)	Viss	1,433,800	1,297,647
3	Bat's Guano	Viss	285,290	243,580
4	Bee-Wax	Viss	1,147	1,147
5	Bomma-Yaza *(Rauvolfia serpentina)*	Viss	32,850	30,950
6	Charcoal	Cubic Ton	256,290	231,168
7	Cutch	Viss	392,800	172,203
8	Dani/Thetke (Thatch)	Byit	82,000	67,863
9	Edible Bird's Nest	Viss	1,170	1,550
10	Firewood	Cubic Ton	317,175	276,052
11	Hardwood	Cubic Ton	0	87,651
12	Honey	Viss	17,405	18,036
13	Indwe/Pwenyet	Viss	281,600	257,599
14	Kalamet (Red Sandalwood)	Viss	5,150	3,550
15	Kanyin Resin (Resin of Dipterocarp)	Viss	665	665
16	Lac	Viss	101,490	81,080
17	Lacquer (Thitsi)	Viss	32,770	32,359
18	Phalar (Cardamon)	Viss	1,025,000	1,015,653
19	Pole (Teak & Hardwood)	Num	132,730	103,707
20	Post (Teak & Hardwood)	Num	87,090	101,269
21	Rattan	Num (000)	10,137	8,848
22	Shaw (Fibre)	Viss	79,870	81,346
23	Te (*Diospyros burmanica*)	Viss	1,280	1,280
24	Teak	Cubic Ton	0	41,683
25	Thanatkha (*Limonia acidissima*)	Viss	291,430	270,217
26	Thinbaung (*Phoenix paludosa*)	Num (000)	93	103
27	Turpentine	Viss	0	13,641

3.1.10. Illegal logging

Forest Trends has released in December 2014 a note in respect of recent trends in the timber products trade between China and Myanmar, using Chinese customs data from 2000 through 2013.[1]

The main finding is that most Chinese imports of Myanmar's timber products are recorded through the Kunming customs district, implying illegality.

The Government of Myanmar requires that all timber products be exported by sea from the southern port of Yangon and be stamped by the MTE. However, in 2013, 94% of Myanmar's timber product exports to China were registered in Kunming, the capital of Yunnan, a landlocked Chinese province bordering Kachin state in Myanmar. It is likely that all Myanmar timber imports registered in Kunming were transported overland through trade posts along the Yunnan border (Kudo 2008).

Confiscated timber represents **7%** of the volume produced during FY 2014/15. Table 31 below presents the allocation of confiscated timber:[2]

[1] This note is publicly available on: (http://www.forest-trends.org/documents/files/doc_4775.pdf)
[2] Source: FD.

Table 31: Allocation of confiscated timber (FY 2014/15)

In tons

Designation	Teak		Hard Wood		Other		Total
	Log	Sawn timber	Log	Sawn timber	Log	Sawn timber	
Stock Pile of the confiscated timber as at 1 April 2014	**14,249**	**3,998**	**6,138**	**5,097**	**15,746**	**7,136**	**52,363**
Confiscated timber during FY 2014/15	9,985	3,147	7,706	12,307	11,748	7,510	**52,402**
Total	**24,234**	**7,145**	**13,844**	**17,404**	**27,493**	**14,645**	**104,765**
Yearly Transfer/Sale							
a. Transfer to the Military	-	-	-	28	47	1,045	**1,120**
b. Transfer to MTE	8,243	2,851	4,674	9,171	7,056	2,633	**34,630**
c. Departmental Use	126	32	298	160	390	591	**1,596**
d. Auction and Direct sale to Public	2,266	984	2,064	2,004	6,365	4,303	**17,985**
e. Destroyed	1,205	640	1,334	328	1,591	354	**5,451**
Total (Yearly Transfer/Sale)	**11,840**	**4,507**	**8,370**	**11,691**	**15,449**	**8,926**	**60,783**
Stock Pile as at 31 March 2015	**12,394**	**2,638**	**5,474**	**5,713**	**12,044**	**5,720**	**43,982**

Confiscated timber is transferred to MTE. Payments received by FD during FY 2014/15 amounted to MMK 557.03 million.

3.2. Legal Framework

3.2.1. Government Agencies

The main Government Agencies involved in the forestry sector in Myanmar are:

- Ministry of Planning and Finance;
- Ministry of Natural Resources and Environmental Conservation; and
- Ministry of Commerce.

a. Ministry of Planning and Finance

The Ministry of Planning and Finance (MoPF) aims to formulate and implement effective monetary and financial policies to meet political, economic, social, and other development objectives laid down by the State.

Further information on MoPF is available on its website http://www.mof.gov.mm

The main departments within MoPF involved in the forestry sector are detailed as follows:

❖ **Budget Department**

The Budget Department (BD) formulates and implements Annual State Budget within a macroeconomics framework under the guidance of MoPF for a given period.

According to Section five of the State Constitution, BD is responsible to draw the Union Budget and State/Region Budgets. To fulfil this responsibility, BD opened fourteen State/Regional Budget offices, one Self-Administered Division Budget office and five Self-Administered Zone Budget offices in year 2010 and every State/Region Budget office formed two Budget Sections.

❖ **Internal Revenue Department**

The Internal Revenue Department (IRD) assist the taxpayers with taxpayer education programs and other services so that they will understand their tax obligations. Furthermore, the IRD contributes towards the building of a new modern and developed nation by collecting necessary tax revenue.

Starting from FY 2011/12 onwards, the IRD is collecting the following four kinds of taxes and duties:

No.	Tax	Relevant Law
1	Income tax	Income Tax Law (1974)
2	Commercial tax	Commercial Tax Law (1990)
3	Stamp duty	Myanmar Stamp Act (1899)
4	State Lottery tax	Directives Pertaining to State Lottery

❖ Customs Department

The Myanmar Customs Department (MCD) aims to enhance trade facilitation through simplification of customs procedures and to ensure proper collection of customs duties and taxes. MCD is collecting Customs duties pursuant to the Sea Customs Act, (1878)[1] and the Land Customs Act (1924) as modified in 2015.[2]

❖ Treasury Department

The Treasury department (TD) aims mainly to manage the cash in the country. It comprises the following six divisions:

1. Cash Management;
2. Debt Management;
3. Accounting and Reporting;
4. Treasury Policy and Quality Promotion;
5. Information Technology; and
6. Administration and Accounts.

❖ Central Statistical Office

The Central Statistical Organization (CSO) is the national statistical authority of the GOUM. It aims to build a coherent National Statistical System in Myanmar that produces comprehensive, accurate and socio-economic statistics.

Further information on CSO is available on its website: http://www.csostat.gov.mm:8888/cso-beta/.

Statistical information can either be purchased in printed version from CSO or be downloaded in electronic version from the Myanmar Information System (MMSIS) platform: http://mmsis.gov.mm/sub_menu/statistics/fileDb.jsp.

b. Ministry of Natural Resources and Environmental Conservation

The Ministry of Natural Resources and Environmental Conservation (MONREC) is structured as follows:

N°	Department
1	Forest Department
2	Dry Zone Greening Department
3	Environmental Conservation Department
4	Survey Department
5	Department of Mines
6	Department of Geological Survey and Mineral Explorer

N°	Enterprise
1	Myanma Timber Enterprise
2	No.1 Mining Enterprise
3	No.2 Mining Enterprise
4	Myanmar Gems Enterprise
5	Myanmar Pearl Enterprise

Further information on MONREC is available on its website http://www.mining.gov.mm/

The main departments within MONREC which are involved in the forestry sector are detailed as follows:

[1] This law is publicly available on: https://www.myanmarcustoms.gov.mm/pdf/Sea%20Customs%20Act%20(27.7.2015).pdf
[2] This law is publicly available on: https://www.myanmarcustoms.gov.mm/pdf/The%20Land%20Customs%20Act%20(27.7.2015)-1.pdf

❖ Forest Department

The functions and responsibilities of the Forest Department (FD) are as follows:[1]

- implementation of Government's forestry policies;
- implementation of the plans relating to conservation of water, soil, bio-diversity and environment, sustained yield of forest products and protection of forest covered land;
- management of forest lands;
- submitting proposals to the Minister Natural Resources and Environmental Conservation for the determination, alteration or cancellation of reserved forest, protected public forest and species of reserved trees;
- set up and manage schools and training courses relating to forestry and sending trainees abroad;
- administering a Forestry Institute;
- inventorying forest resources; and
- carrying out forest research.

❖ Myanma Timber Enterprise

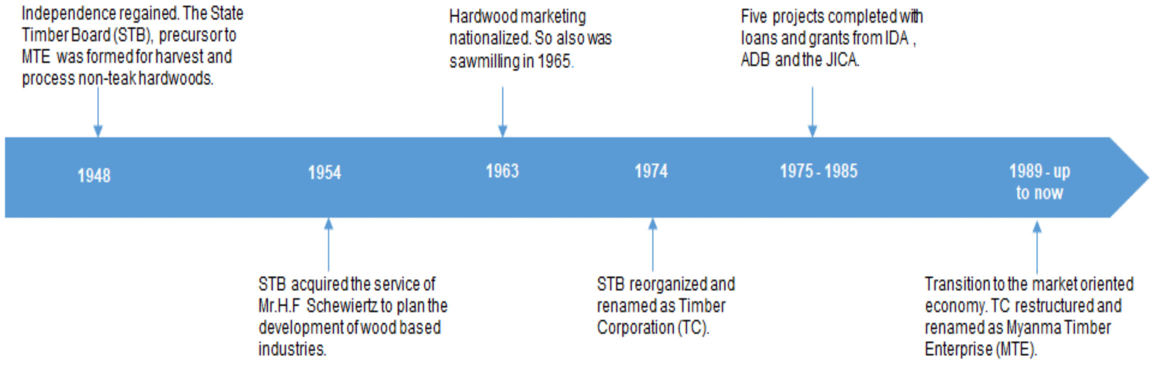
Myanma Timber Enterprise (MTE) is the unique SOE operating in the forestry sector in Myanmar. Its responsibilities can be summarised as follows:

- timber harvesting;
- parcel preparation;
- milling and downstream processing; and
- marketing.

Brief History

Figure 7 below presents a brief history about how MTE was formed.

Figure 7: Brief history of MTE

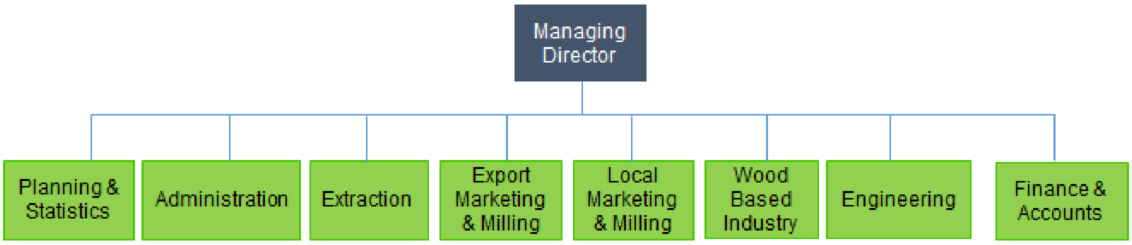


[1] Source: Forest Law, Chapter IV, Article 9.

Organisation

MTE comprises eight departments as detailed in Figure 8 below.

Figure 8: Organisation of MTE



Major Tree Species in Myanmar

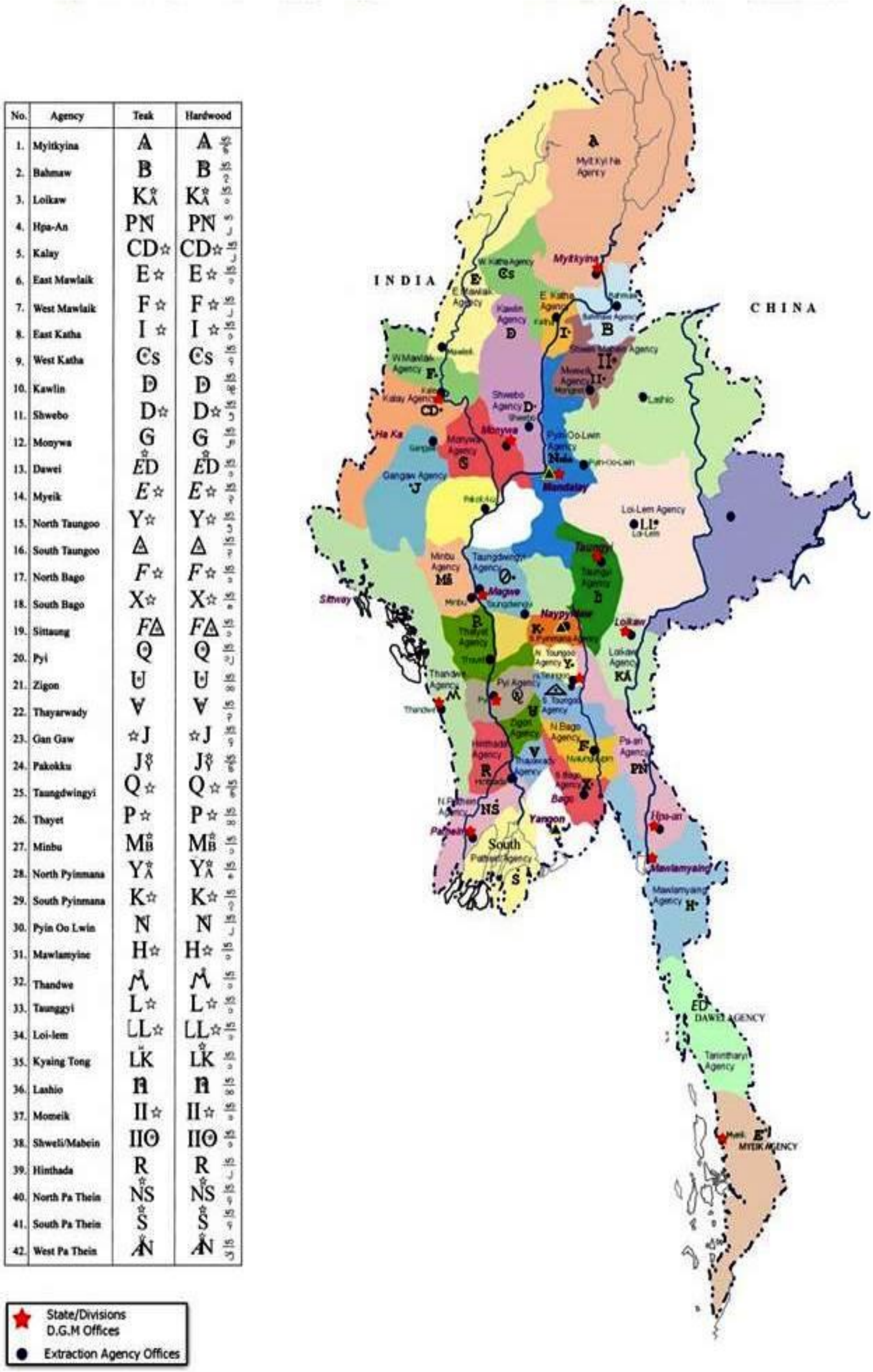
The following table shows the Major Tree Species in Myanmar.

Table 32: Major Tree Species in Myanmar

No.	Local Name	Scientific Name
1	Teak	Tectona grandis
2	Pyinkado	Xylia dolarbriformis
3	Padauk	Pterocarpus Macrocarpus
4	In / Kanyin	Dipterocarpus tuberculus
5	Thinwin	Mellettia pendula
6	Yemane	Gmelina arborea
7	Hnaw	Adina cordifolia
8	Thitya	Shorea oblongifolia
9	Taukkyant	Terminalia tomentosa
10	Thadi	Protium serratum

MTE's map

Figure 9: MTE's map



Round Logs Process

The round logs process comprises the following seven phases:

Phase	Description
1 - Transportation	Green teak logs and hardwood logs are carried CB, rail, truck.
2 - Receiving	Counting / Measuring / Checking.
3 - Measuring	Line up / measuring tape in feet-inch / girth at mid-length of log in feet -inch / length of two extreme ends of log in feet / volume measurement in hoppus ton / measurement imperial system.
4 - Classification	• teak veneer quality (Special,1st, 2nd, 3rd, 4th Quality) • teak sawing grade quality (SG-1, 2, 3, 4, 5, 6 and 7) • Padauk (Grade 1, 2, 3, 4, 5, and 6) • hardwood (export quality and non-exportable quality)
5 - Grading	Prescribed export grading rules / based on defects of the log / teak veneer quality / teak sawing grades quality.
6 - Parcel Preparation	Species wise, quality wise, grade wise / piling, stacking / numbering / paint marking / pieces per lot.
7 - Preparation of specification	Prepared lot by lot / contract no. / merchandise / grade / measurement / pieces / hoppus ton / revenue no., royalty mark, standing tree no. / price, buyer, destination.

Sales Systems

MTE has three organised committees:

- Local and Export Sales Committee;
- Open Tender Sales Committee, and
- Pricing Committee.

Teak logs, hardwood logs, teak conversion and hardwood conversion are sold through the following systems:

Tender type	Open Tender	Special Open Tender
Product sold	Higher grade teak logs	Lower grade teak logs and hardwood logs / Teak and hardwood conversions
Frequency	Monthly	Monthly
Sales currency	US$	US$
Basis	Ex-deport	Ex-site

Standing Orders for Extraction Staff

The Standing Orders for Extraction Staff known as SOS has been issued on 10 December 1970.

The extraction department of MTE is the responsible division of timber harvesting for the supply of logs both for local and export demands. In order to run the process of extraction activities smoothly, the whole department is comprised of one head office located in Yangon and 45 extraction/ rafting agencies throughout the country. Various sections are sub-divided for the matters of human, elephant, mechanical strength and management, budget, planning, and work.

All staff should to abide the rules, regulations, orders and instructions by its own department in addition to Forests Laws and Rules. The SOS are prescribed for the staff to facilitate the office matters as well as the harvesting operations.

The SOS include the procedures for the general office matters, pre, during and post-harvest plans, extraction of logs, aunging (straightening congested logs), neap counting (counting logs stranded along floating streams), railing of logs, rafting and management of main river depots, employing, store management, care and management of timber working elephants, maintenance of trucks, loader, dozer, etc.[1]

[1] Source: http://myanmatimber.com.mm/index.php/en/extraction-department/instruction/72-standing-orders-for-extraction-staff-sos

The SOS includes twelve chapters listed as follows:[1]

No.	Chapter
1	General introduction
2	Disciplines and Procedures
3	Diaries
4	Preparation for Timber Extraction
5	Felling of Teak and Logging
6	Measurement of logs
7	Facilitating smooth flow of dry teak logs in the streams and counting logs stranded along floating streams
8	Extraction of Logs
9	Log deport and Log landings
10	Transportation of logs by railway and deports
11	General Instructions for Extraction
12	Instructions for Hardwood Extraction

This SOS is publicly available on: https://www.dropbox.com/s/82b5uwe8n9gd9rg/SOS.pdf.

Harvesting practices

FD (district level) and MTE (agency level) agreed to exercise transparently the Annual Contract System for Timber harvesting. Harvesting will be done by MTE's own strength without any sub-contractors. But due to its own limited assets and resources, MTE will practice the service providers which can hire and provide the equipment, elephants and transportation carriers of domestic private services for the following five kinds of services:

- felling;
- stumping;
- road construction;
- trucking; and
- loading and unloading.

For these services, MTE shall not allocate the quota of timber in-kind but in cash.

Before 1 April 2016, MTE's sub-contractors were harvesting timber.

Further information on MTE are available on its website http://www.myanmatimber.com.mm/

c. Ministry of Commerce

The Ministry of Commerce (MOC) aims to:

- increase trade volume;
- encourage private sector development in accordance with the Market-Oriented Economic system;
- expand market shares for Myanmar Products in the world market; and
- provide support for trade facilitation.

Starting from 2015, the MOC is organised as follows:

- Minister Office;
- Department of Trade;
- Department of Consumer Affair; and
- Myanmar Trade Promotion Organisation.

[1] Unofficial brief translation from Myanmar Language to English made by the NCS.

3.2.2. Laws and Regulations

The forestry sector in Myanmar is mainly governed by the following legislations:

N°	Management	N°	Environment	N°	Investment	N°	National Plans
1	Forest Law, 1992	1	Protection of Wildlife and Conservation of Natural Areas Law, 1994	1	State-owned Economic Enterprises Law, 1989	1	National Forest Master Plan (2001-2002 to 2030-2031)
2	Forest Policy, 1995	2	National Environmental Conservation Rule, 1994	2	Investment Law, 2016	2	National Comprehensive Development Plan (2011-2012 to 2030-2031)
3	Community Forestry Instruction, 2016	3	Myanmar Agenda 21, 1997	3	Investment Guidebook of Forestry Sector in Myanmar, 2016	3	National Biodiversity Strategy and Action Plan (NBSAP) 2015-2020.
4	National Land Use Policy, 2016	4	Rules relating to the Protection of Wildlife and conservation of Natural Areas, 2002				
5	FD instruction	5	Environmental Conservation Law, 2012				

a. Management

- ❖ **Forest Law n°8/92 (1992)**

This Law highlights forest protection, environmental and biodiversity conservation. It also expands coverage of permanent forest estates and protected areas and encourages stronger community participation-based approach towards managing natural forests and plantations.[1]

The law aims to:

- implement Government's forestry policies;
- implement Government's environmental conservation policies;
- promote public co-operation in implementing Government's forestry and environmental conservation policies;
- develop Myanmar's economy, satisfy public food, clothing, and shelter needs, and ensure enjoyment of the forests;
- carry out policies relating to conservation of forests and of environment in accordance with international agreements;
- prevent the dangers of forest destruction and biodiversity loss, fire outbreaks, insect infestation, and plant diseases;
- simultaneously carry out natural forest conservation and forest plantations development; and
- contribute towards the fuel requirement of the country.

This law is publicly available on: http://www.burmalibrary.org/docs11/Forest-Law-1992.pdf

- ❖ **Forest Policy (1995)**

Forest policy focuses on sustainable production, satisfying basic needs, institutional strengthening, and improvements in efficiency, forest and biodiversity protection, and participatory forestry. It also formalised the commitment and intent of the Government to ensure sustainable development of forestry resources while conserving wildlife, plants and ecosystems.[1]

[1] Source: http://www.forestlegality.org/risk-tool/country/myanmar

The rules deal with reserved forest, the declaration of areas as protected public forest, the management of forest lands, the establishment of forest plantations, and the procedures for obtaining permission to extract forestry products. They also cover procedures for:

- harvesting forest products;
- establishing and operating timber depots;
- establishment of wood-based industries;
- investigation of violations;
- administrative actions, such as imposing fines and confiscating the timber, to penalize violations; and
- offences and penalties.

This policy is publicly available on: http://www.burmalibrary.org/docs20/1995-Forest_Policy+1996-Forest_Policy_Statement-en-tu.pdf

- **Community Forestry Instruction (2016)**

In exercise of the power conferred by Section 70 (b) of Forest Law 1992, MONREC has issued the Community Forestry Instructions (CFI).

FD issued CFI in 1995 to provide a regulatory framework to promote community forestry in the country as a policy response to the widespread forest degradation and increased demand of growing rural communities for forest products and services.

CFI has been repealed by a new instruction in 2016. It aims to:[1]

- support basic forestry related needs such as wood and NTFP for local communities;
- reduce rural poverty through employment and income opportunities for local community;
- increase forest cover area and ensure sustainable utilisation of forestry products;
- promote forest management system with people participation; and
- enhance environmental services that can support climate change mitigation and adaption by protecting against deforestation and forest degradation.

Unofficial version of the CFI is publicly available on:
http://www.share4dev.info/kb/documents/5360.pdf

- **National Land Use Policy (2016)**

This National Land Use Policy aims to implement, manage and carry out land use and tenure rights in the country systematically and successfully, including both urban and rural areas, in accordance with the objectives of the Policy and shall be the guide for the development and enactment of a National Land Law, including harmonisation and implementation of the existing laws related to land, and issues to be decided by all relevant departments and organisations relating to land use and tenure rights.

The objectives of the National Land Use Policy are to:

- promote sustainable land use management and protection of cultural heritage areas, environment, and natural resources for the interest of all people in the country;
- strengthen land tenure security for the livelihoods improvement and food security of all people in both urban and rural areas of the country;
- recognise and protect customary land tenure rights and procedures of the ethnic nationalities;
- develop transparent, fair, affordable and independent dispute resolution mechanisms in accordance with rule of law;

[1] Source: Community Forestry Instructions, Notification N°84/2016, 16 August 2016.

- promote people centred development, participatory decision making, responsible investment in land resources and accountable land use administration in order to support the equitable economic development of the country; and
- develop a National Land Law in order to implement the above objectives of National Land Use Policy.

This policy is publicly available on: http://extwprlegs1.fao.org/docs/pdf/mya152783.pdf

❖ FD instruction on confiscated timber

This instruction to FD, dated on 9 October 2015, regulates the management of confiscated timber. FD should comply with the following procedure:

- determine the volume of damaged timber;
- inform MTE of the remaining balance within twenty days;
- transfer the balance to MTE within ten days; and
- make public sales if MTE refuse to accept it or in case of no response within the twenty days.

b. Environment

❖ Protection of Wildlife and Conservation of Natural Areas Law (1994)

This law aims to:

- implement Government policies for wildlife protection;
- implement Government policies for natural areas conservation;
- carry out the protection and conservation of wildlife, ecosystems and migratory birds in accordance with International Conventions;
- protect endangered species of wildlife and their natural habitats;
- contribute to the development of research on natural science; and
- protect wildlife by the establishment of zoological and botanical gardens.

This law is publicly available on: http://www.burmalibrary.org/docs15/1994-Protection-of-Wildlife-and-Conservation-of-Natural-Areas-Law-1994.pdf

❖ National Environmental Policy (1994)

This Policy was drafted by the National Commission for Environmental Affairs (NCEA) in 1994 to establish sound environment policies, utilisation of water, land, forests, mineral, marine resources and other natural resources, in order to conserve the environment and prevent its degradation.[1]

❖ Myanmar Agenda 21 (1997)

Myanmar Agenda 21 was developed in 1997 and was a collaborative effort made by various government agencies including NCEA in order to form the National Land Commission (NLC) to steer a process of sustainable land use management. It is divided into four Parts and nineteen Chapters, and it reviews policies to be undertaken for improving environmental protection in Myanmar. It also aims at creating a national framework legislation on the environment to improve coordination and cooperation between ministries on issues related to the environment; and creating legislation that requires environmental impact assessments to be done before any development project is undertaken.

The Agenda 21 Framework is as follows:[1]

- strengthening protected area management;
- promoting international cooperation;

[1] Source: http://www.forestlegality.org/risk-tool/country/myanmar#tab-laws

- developing a national database of biodiversity;
- strengthening laws and legislation for biodiversity conservation management;
- protecting threatened and endangered species of plants and animals;
- strengthening sustainable use of natural resources;
- enhancing institutional capacity for biodiversity conservation and management;
- promoting education awareness and involvement of local communities in biodiversity conservation and management; and
- studying the economic issues related to biodiversity.

❖ **Rules relating to the Protection of Wildlife and conservation of Natural Areas (2002)**

These rules were implemented and put into effect since October 2002 to support the previous law published in 1994. The purpose of these rules is detailed as follows:[1]

- to define criteria of how determining natural areas;
- how to establish zoological gardens or botanical gardens;
- how determine the wildlife that should be protected; and
- to determine rights, prohibitions and duties relating to natural areas and wildlife protected.

❖ **Environmental Conservation Law n°9 (2012)**

The Law is designed to reclaim ecosystems as may be possible which are starting to degenerate and disappear and to ensure that the relevant Government Agencies and organisations shall, in accordance with the guidance of the Union Government and the Committee, carry out the conservation, management, beneficial use, sustainable use and enhancement of regional cooperation of forest resources.

The law is publicly available on:
http://www.altsean.org/Docs/Laws/Environmental%20Conservation%20Law.pdf

c. Investment

❖ **State-owned Economic Enterprises (SEE) Law (1989)**

The SEE Law sets out twelve economic activities that can only be carried out by the GOUM:

1. extraction and sale of teak in Myanmar and abroad;
2. cultivation and conservation of forest plantations, with the exception of village-owned firewood plantations cultivated by the villagers for their personal use;
3. exploration, extraction and sale of petroleum and natural gas and production of products of the same;
4. exploration, extraction and exportation of pearls, jade and precious stones;
5. breeding and production of fish and prawns in fisheries that have been reserved for research by the GOUM;
6. postal and telecommunications services;
7. air and railway transport services;
8. banking and insurance services;
9. broadcasting and television services;
10. exploration, extraction and exportation of metals;
11. electricity generating services, other than those permitted by law to private and cooperative electricity generating services; and
12. manufacture of products relating to security and defence which the GOUM has, from time to time, prescribed by notification.

[1] Source: Rules relating to the Protection of Wildlife and Conservation of Natural Areas, Notification n°37/2002, October 2002.

This law is publicly available on: http://www.burmalibrary.org/docs12/SOEAct.pdf

❖ Foreign Investment Law (2016)[1]

In October 2016, the Government passed a new Myanmar Investment Law (MIL),[2] which supersedes the previous 2012 Foreign Investment Law (MFIL)[3] and the 2013 Myanmar Citizens Investment Law[4] to create a single law for both foreign and domestic/citizen investors. In March 2017, the Myanmar Investment Rules (MIR) were adopted.[5] The new Law and Rules introduces a number of changes to the previous 2012 Foreign Investment Law, including:

- The introduction of an 'endorsement' process, instead of a full Myanmar Investment Commission (MIC) Permit:

There are now types of permit possible, one being a 'full' MIC Permit, and the other an approval or 'Endorsement' for permission to use land; the second process supposedly being a faster process. Full MIC Permits will be necessary for strategic, large or environmentally or socially impactful projects (Section 36 MIL, defined further in Article 3-11 of the MIR).

- The Law applies to all investors:

The previous 2012 MFIL applied only to those foreign investors holding an MIC permit. Under the new Law, everyone who invests in Myanmar is an investor subject to the 2016 MIL, irrespective of whether they hold an MIC permit or not.

- Tax incentives have changed:

The 5-year tax holiday which was previously automatically granted to foreign investors receiving an MIC permit has been removed. The granting of tax holidays is now at the discretion of MIC. A number of other tax incentives have also changed.

- Myanmar law has been brought in line with international investment laws:

The new law includes common international standards of protection for investors found in many bilateral investment treaties, including national treatment, most favoured nation, and fair and equitable treatment. This is in line with Myanmar's obligations in some of its existing bilateral investment treaties.

- New protections for workers:

The law includes a new set of employer obligations regarding workers: investors can only cease or close their business after compensating workers; workers need to be paid during a temporary closure; and investors must pay compensation for workplace injury, sickness, death or loss of limbs.

How these new provisions will play out in practice remains to be seen and there are a number of aspects that warrant further clarification/elaboration in subsequent regulation or notifications to the Law, including:

- Defining what types of project will fall under Article 36, i.e. be classified as types of projects that will require a full MIC permit because they inter alia have a large potential impact on the environment and the local community;
- Defining how the provisions and definitions of the new Law relate to connected legal requirements; for example, how community consultation and consent provisions pursuant to Article 5 of the 2015 Law on Protection of the Rights of Ethnic Nationalities and Environmental Investigation Agency (EIA) requirements outlined in the 2012 Environmental Conservation Law and 2015 EIA Procedure are reflected in MIC decision-making processes regarding the granting of permits and approvals;
- Clarifying what types of projects will trigger the Article 46 requirement for national parliamentary approval for projects;
- Elaborating the role of state/region governments in permitting decision-making, including provisions for consultation with the local communities who are potentially impacted by a project

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[1] Updates provided Myanmar Centre for Responsible Business (MCRB).
[2] VDB, Client Briefing Note: What Changes in Practice Under the New Investment Law?, 8 October 2016.
[3] 2012 Foreign Investment Law.
[4] 2013 Myanmar Citizens Investment Law.
[5] Myanmar Investment Rules, MIC Notification 35/2017, 31 March 2017.

early in the permitting decision-making, e.g. through a requirement that MIC must seek comments from regional/state governments who in turn are obliged to consult with the relevant local communities.

In April 2017, MIC issued an updated list of Restricted Investment Activities[1] under Chapter 10, which restated the previous approach and that in the 2015 Amended Mining Law.

The 2016 MIL and 2017 Rules include transparency and information disclosure provisions for projects seeking MIC Permits but these have yet to be properly implemented. According to Rule 45 the Commission will, after screening a Proposal for a Permit (which should probably happen at Feasibility stage for the mine), publish a summary of this within 10 working days. Rule 196 requires the investor to publish online an annual report giving details on the investment.

The 2016 MIL does not contain requirements for local content or employment of Myanmar nationals.[2] The previous 2012 MFIL contained thresholds for minimum percentage appointments of Myanmar nationals and the requirement that foreign and Myanmar workers holding the same qualifications ought to be paid the same salary.

In most circumstances, land cannot be sold or transferred to a foreign individual or company through a private transaction. However, the Government may allow exemptions from these restrictions. Furthermore, private investors cannot acquire Vacant, Fallow and Virgin (VFV) land rights or farmland through private transactions without the permission of the Government. Under the 2016 MIL, foreign investors with a Permit or Endorsement can obtain leases for up to 50 years, extendable for 10 years twice.[3] Foreign investors are prohibited from leasing religious lands or areas of cultural or natural heritage.[4]

❖ **Investment Guidebook of Forestry Sector in Myanmar (2016)**

The investment Guidebook of Forestry Sector was implemented to support foreign companies or investors wishing to invest in the forestry sector in Myanmar, such as the setting up plantation, management and trade with the existing laws, policies, rules and regulations by using as the reference book as a guide.

This guidebook aims at:[5]

- controlling illegal timber trade in Myanmar;
- understanding existing laws, rules and regulations related to plantation, management, trade and investment for the foreign investment company or investors;
- guiding the investment company or investor on the utilisation of forest resources and in accordance with existing laws, rules and regulations, and to develop their investment;
- enhance the mutual understanding and goodwill between the host and investor, and
- get mutual benefits in technology and employment opportunities for both host and investor countries.

d. National Plans

The forestry sector is also governed by:

❖ **National Forest Master Plan (2001/02 to 2030/31)**

The National Forest Master Plan (NFMP) outlines the long-term plan for the sector development between 2001 and 2030. NFMP is comprehensive: it covers natural forest management, forest plantation development, forest protection, forest regeneration and rehabilitation, environmental conservation, and watershed management.

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[1] MIC Notification 15/2017, List of Restricted Investment Activities 10 April 2017.
[2] VDB, What Changes in Practice Under the New Investment Law, 8 October 2016, p. 7.
[3] VDB, What Changes In Practice Under the New Investment Law, 8 October 2016, p. 2.
[4] Government of the Republic of the Union of Myanmar, Notification 11/2013, Foreign Investment Rules, 31 January 2013, Chapter 15, paragraph 125.
[5] Source: Investment Guidebook of Forestry Sector in Myanmar, June 2016.

It sets out community forestry as an integral part of the strategy to achieve sustainable forest management and to obtain forestry products on a sustainable basis.

❖ **National Comprehensive Development Plan (2011/12 to 2030/31)**

The National Comprehensive Development Plan (NCDP) outlines the long-term plan for the sector development between 2011 and 2030.

It sets out relevant international cooperation with relevant institutions in order to maintain sustainable land management and implement environmentally sound policies and practices.

Main institutions are:

- United Nations Convention to Combat Desertification (UNCCD);
- United Nations Environment Programme (UNEP);
- Japan International Co-operation Agency (JICA); and
- Korea International Cooperation Agency (KOICA).

❖ **National Biodiversity Strategy and Action Plan (2015-2020)**

The National Biodiversity Strategy and action plan (NBSAP) prepared by the FD with collaboration of the International Union for Conservation of Nature (IUCN) and published in October 2015.

The revised NBSAP takes advantage of a wealth of new data and information to set targets that preserve the species and habitats that are truly irreplaceable and influence decisions across multiple sectors that impact biodiversity conservation.

The targets were designed to be specific and realistic given the five-year timeframe and available human resources. Some of the key targets relate to:[1]

- launching an initiative to restore millions of hectares of forest that are commercially exhausted and subject to conversion to plantations or agriculture;
- expanding the protected area network to cover 30% of the country's coral reefs and key gaps in the terrestrial system, including mangrove forests, through both government and community-based approaches;
- developing an ecosystem-based fisheries management plan with private sector and civil society participation and endorsement and developing an inter-agency system to control illegal and destructive fishing in the Myeik Archipelago; and
- ensuring that national law recognises customary tenure as a way to protect indigenous knowledge and genetic plant resources and provide a practical incentive for community participation in biodiversity conservation.

NBSAP is publicly available on: https://www.cbd.int/doc/world/mm/mm-nbsap-v2-en.pdf

3.2.3. Ongoing reform

a. MTE

Under the guidance of MONREC, MTE has to change and restructure the corporatization style. It will be assigned an autonomous status so that it runs on a business enterprise.

b. Myanmar Company Law

In 2013, the Directorate of Investment and Company Administration (DICA)[2] at the Ministry of National Planning and Economic Development (MNPED) started to draft the Myanmar Company

[1] Source: National Biodiversity Strategy and Action Plan 2015/2020, October 2015.
[2] As per its website, DICA is in charge of handling company registrations for local and foreign businesses under the Companies Act. It also serves as a secretary to the Myanmar Investment Commission (MIC), which is the responsible body for investment applications.

Law (MCL). This new law is intended to be consistent with international best practice and replace the Myanmar Companies Act (MCA) of 1914.

The new law aims to improve transparency and corporate governance and alleviate the burdens on small and medium enterprises.

The official briefing seminar on the MCL (2017) was jointly organized by the DICA and the Asian Development Bank (ADB) on 13 December 2017 in Yangon.

The briefing seminar provided an overview of the new MCL and implementation plans, including key reforms in the new law, the plans for the establishment of the new electronic registry and the timeline for implementation.[1]

MCL was enacted by the Pyidaungsu Hluttaw on December 6, 2017, replacing the MCA of 1914. It included the following eight chapters:

1. Preliminary;
2. Constitution, incorporation and powers of companies;
3. Shares and matters relating to a company's capital;
4. Management, administration and governance; offers of securities to the public; grant of security by a company; maintenance of company accounts;
5. Winding up;
6. The registrar, registration office, registration of documents, powers of inspection and fees; removal of companies from the register;
7. Proceedings; offences; regulations and transitional provisions; and
8. Miscellaneous.

VDB Loi[2] has examined some positive developments that the MCL brought about regarding companies wishing to do business in Myanmar.[3]

N°	Point	Description
1	Nearly all sectors previously reserved for Myanmar nationals are now open to foreign minority ownership	Perhaps the biggest change to be enacted by the MCL is the fact that the definition of a Myanmar company has been liberalised extensively. Those familiar with the current legal framework will know all too well about the restrictive definition attributed to a Myanmar company under the 1914 Act, which precluded even a minute possibility of having a foreign shareholder. This is all set to change with the redefinition of a Myanmar company as capable of accommodating a 35% foreign ownership interest. This position is certainly advantageous as much as it is a break from tradition. Types of investment that are off limits for foreigners (notably financial services, trade, and land ownership) will open up to joint venture companies with at least a foreign minority interest.
2	Simplified group structuring and having only one shareholder	The MCL replaces the old requirement of having at least two shareholders. In practice, this meant that a company could not hold 100% and typically had to give a 1% to a director or other companies. The MCL now allows for only one shareholder, thereby getting rid of the unnecessary complication caused by the former two shareholder requirement. Consequently, company structuring will be simplified, allowing for 100% ownership in companies, negating having to give a minority interest by law.
3	Dividend distribution	The position under the 1914 Act was that no dividends could be paid, apart from the profits of the year or other undistributed profits of the company. Now, under the MCL, dividends are not required to be paid out of company profits; instead, a statutory solvency test must be complied with. In other words, dividends can be paid out even if the company has accumulated losses, subject to satisfying the following requirements: i. Satisfaction of the **solvency test** after the payment of the dividend; ii. The making of the dividend must be **fair and reasonable**; and iii. The dividend must not **materially prejudice** the ability of the company to pay its creditors. It remains to be seen how the solvency test will operate in practice; nonetheless, this remains a positive development, as it recognises the commercial reality that companies may not be continuously making a profit.

[1] Source: http://www.dica.gov.mm/en/news/holding-official-briefing-seminar-myanmar-companies-law
[2] VDB Loi is a network of leading law and advisory member firms and affiliated companies that comprises 10 partners and over 100 lawyers and advisers, with offices in Cambodia, Indonesia, Laos, Myanmar and Vietnam, and representatives in Japan and Singapore. (http://www.vdb-loi.com/)
[3] www.vdb-loi.com/mlw/five-things-to-like-in-the-new-companies-law/

N°	Point	Description
4	Small companies and administrative exemptions	Undoubtedly, small companies will appreciate the provision in the MCL that will exempt companies with less than 30 employees and an aggregate annual revenue of less than MMK 50,000,000 from several administrative requirements. The effects of these exemptions are that a small company need not hold an annual general meeting: unless the Constitution includes otherwise; unless the members pass an ordinary resolution requiring it; or, unless the Registrar of companies, in his or her discretion, determines that the company should hold an annual general meeting. The same applies to various obligations such as maintaining records of all money received and expended, assets and liabilities, a directors' report, and appointment of an auditor. This is prefaced by the three exceptions listed above. It should be noted that the audit exemption is a controversial provision with a voice of dissent against its enactment in the lower house of Parliament. It is questionable at this juncture whether or not the audit exemption provision will make the final act. Nonetheless, these exemptions provide welcomed simplicity and will reduce overhead costs, particularly for companies in the early stages of market penetration.
5	Technology and holding company meetings	The MCL allows for companies to integrate smart technology into their corporate governance. Examples can be seen in the MCL: • Allowing directors' meetings to be held using any type of technology which the directors agree upon (including telephone or video conferences); and • The calling or holding of general meetings using technology available to its members. By recognising the holding of key corporate meetings through video link, for example, conducting business in Myanmar will be more efficient, as doing business now no longer requires a 'boots on the ground' approach to holding meetings.

VDB Loi has also outlined five potential drawbacks regarding the MCL and how they may affect companies in practice.[1]

N°	Point	Description
1	Registration problems for overseas corporations	The MCL provides that an overseas corporation or any other body corporate must not carry on business in Myanmar unless it has registered under the MCL. This could have onerous implications on a wide range of companies, such as drilling and other service companies, which may now need to register under the MCL when they were not previously required to do so. However, the MCL indicates several exceptions in the form of activities that are not deemed as 'carrying on business' in Myanmar. Accordingly, if a company engages, inter alia, in any of the following activities, registration is not required: • Maintaining a bank account; • Conducting an isolated transaction which is completed within 30 days; or • Investing funds or holding property.
2	Uncertainty in Transitional Period	The MCL implements a transitional phase of twelve months from the date of commencement of the act (the "Transition Period"). During the Transition Period, the objects clause in the current memorandum of association will remain in force unless the company decides to abolish it. Once the Transition Period has passed, the objects clause of the company will lapse by default. Other transitional issues, however, are less clear. For instance, although several provisions of the MCL refer to rules for clarification, such rules have yet to be issued. Until these rules are published by the authorities, companies will be lacking crucial guidance on how to interpret and apply the new law.
3	Increased risk of shareholder interference	The MCL adds two causes of action that shareholders of the company may take; the first is a cause of action to address oppressive conduct by the company against the applicant shareholder's interest. The second cause of action is one allowing, for the first time in Myanmar, intervention in proceedings to which the company is a party. The right to sue is vested in any member of the company (i.e., any person who holds a share in the company) who has received a share either by operation of law or by will. This means that holding just one share entitles a member to bring the above causes of action. At best, these tools are an effective means of protection for minority shareholders; however, at worst, they will provide opportunities for obstruction and petty account settling. The MCL contains a certain number of provisions that may protect the company against frivolous lawsuits, e.g., requiring the claimant to act in good faith or in the interest of the company. However, these provisions are still abstract and it will be up to the courts to make them effective. In the short term, companies are well advised to keep the circle of shareholders as small and controlled as possible.

[1] http://www.vdb-loi.com/mlw/five-potential-pitfalls-in-the-myanmar-companies-law/

N°	Point	Description
4	The conversion of incorporation documents into a singular constitution	The MCL indicates that the memorandum and articles of association in existence under the previous MCA 1914 shall automatically be converted into one 'constitution'. This is meant to avoid unnecessary costs for existing companies. However, there is a catch. A great majority of companies refer to the default provisions contained in Table A of the MCA 1914. The MCL provides no guidance as to how such references should be treated. Are they void because they refer to an abolished law? If so, then an important number of corporate issues would be regulated by the default provisions of the MCL. On the other hand, is the reference to Table A valid because its provisions can still be consulted and applied? Then the company's constitution would deviate from the MCL on certain issues. It should be noted that both interpretations appear plausible. The question is not merely academic. Take pre-emptive rights as an example: the 1914 Act and Table A grant the existing shareholders a right to acquire newly issued shares to avoid dilution of their participation in the company. Under the MCL, such right is not granted by default but must be contained in the constitution. Depending on the interpretation of the reference to Table A, a shareholder may or may not enjoy a pre-emptive right. Unless the rules to be issued after the enactment of the MCL provide clear and authoritative guidance, companies should consider amending their constitution and removing the reference to Table A. They may then replace their existing articles of association with the new template if and when this template is available.
5	The resident director	The MCL provides that a company registered pursuant to the MCL must have "at least one director who must be ordinarily resident" in Myanmar. The MCL requires that in order for a director to be considered a resident director in the proper sense, such "person", which may extend to legal persons, must be resident in Myanmar for at least 183 days during every calendar year. Companies might find this requirement unduly burdensome in practice, as it means that companies would need to arrange for a full-time resident director in Myanmar. According to the MCL, companies established under the MCA 1914 will have until the end of the Transition Period to appoint a resident director.

3.2.4. International Processes and Agreements

a. Myanmar REDD+ process, including the Roadmap

In 2011, Myanmar joined the UN-REDD Programme (United Nations collaborative initiative on Reducing Emissions from Deforestation and Forest Degradation in developing countries). The REDD+ Core Unit was established at the Ministry of Environmental Conservation and Forestry. A REDD + Readiness Roadmap has been prepared.

The REDD+ Readiness phase is putting in place capacities, infrastructure and systems necessary to conduct accurate national forest inventories, monitoring of forest cover and cover change, and measurement, reporting and verification (MRV) of forest-based greenhouse gas (GHG) emissions. Myanmar is taking actions in line with the REDD+ Roadmap. Preparatory studies have been completed or initiated.

In 2015, Myanmar submitted at the twelfth session of the Conference of the Parties to the United Nations Convention to Combat Desertification (UNCCD COP12) the Intended Nationally Determined Contribution (INDC), that identified mitigation actions and policies in the primary areas of forestry and energy they will deliver both reductions in GHG emissions and significant development co-benefits, and based the 2030 target on the National Forestry Master Plan targets summarized above.

b. EU FLEGT and its VPA

Myanmar is committed to the FLEGT process. It joined the programme in 2014, and officially entered the preparation stage in the beginning of 2015. The purpose of the preparation phase is to prepare and establish strong foundations for a successful negotiation should Myanmar actually pursue the VPA.

A FLEGT Interim Task Force (ITF) has been set up and is currently transitioning towards a multi-stakeholder group (MSG). It has taken some steps to develop a negotiation roadmap but a clearer understanding of the commitments is still being worked out. Work has also started to develop the Timber Legality Assurance System (TLAS), which will assure the legality of timber exports from Myanmar. The first legality definition workshop took place in December 2017 and the existing chain of custody for timber in Myanmar is being mapped out, which are all important steps towards the development of the TLAS. The future TLAS will be expected to cover elements and controls related to compliance with legislation on taxation, royalties, duties, etc. As part of the preparation phase, the ITF (future MSG) is also discussing institutional reform needs and synergies with the peace process.

There are significant synergies between VPAs and the EITI. Transparency is a key objective of VPAs, which include a specific annex on transparency and disclosure of information. The inclusion of Myanmar's timber sector into EITI reporting and the FLEGT process reinforce each other because they strengthen stakeholders' understanding on the need for greater transparency and expand multi-stakeholder engagement. Work on transparency as part of EITI reporting is expected to improve the understanding of transparency needs, which will facilitate and focus discussions once the VPA transparency annex is developed.[1]

c. Forest Certification

Currently, Myanmar does not have any internationally recognised forest certification standard, such as Forest Stewardship Council (FSC) of the Programme for the Endorsement of Forest Certification (PEFC).

Myanmar Forest Certification Committee (MFCC) has been formed and is currently formulating the Myanmar Forest Certification Scheme, which will include independent Timber Certification Bodies or Auditors. PEFC International has recently announced a joint initiative with MFCC to work on sustainable forest management in the country. The ongoing revision of the Forest Law will also likely offer lead to improved chain-of-custody (CoC) systems and verification of timber legality.

3.2.5. Latest Analysis

a. Stakeholder Mapping Report (2016)

Table 33 below sets out the main key findings raised in the Stakeholder Mapping Report (2016) with regards to the forestry sector in Myanmar.

Table 33: Key findings of the Stakeholder Mapping Report (2016)

N°	Key findings	Description
1	Unseen and disguised players	There are players such as brokers, agents, catalysts, international buyers behind local names, big buyers of informal sectors from border trade, etc., are found out. While there are some players obviously identified and visible in the market, there are other unnoticed players behind the scenes.
2	Informal sector is not separate but intertwined with the formal one	The complex links between the formal and informal sectors can be seen in the Timber Flow Chart (Figure 5). The informal sector is parallel to the formal and in places intertwined with the formal sector. These are the main factors that contributed to informal timber flows: 1. Large demand by buyers from neighboring countries, using the power of advanced payments which allow the informal suppliers to be able to invest and compete to get the quality products; 2. Huge domestic demand for timber and wood-based products from basic household needs to industrial demand and construction; 3. Livelihoods and socio-economic situation of communities in forest areas who mainly depending on timber and other forest products due to the lack of alternative options for their scarcity of other job opportunity, capital, technical know-how, education and awareness, etc.; 4. Easy access of equipment, supplies and informal supporting industry; 5. Incomplete system of legislation, rules and regulations for the industry; 6. Failure in rule of law, corruption, and mismanagement; and 7. Less/No control in the remote areas due to the security situation. (It is how the whole situation has been considered currently from the side of Union Government. On the other hand, to see the situation from the other side, it is rather political and it is based on the improvement of the peace building process which hopefully would be able to lead to a clearer decision of allocation and management of natural resource in those areas).
3	The Government sector has many players	Many players who can influence the process are in the Government sector. Myanmar military and people's police forces are also counted in many roles significantly. Some of the Government players have primary roles in formal supply chains: i.e., in policy formulation, regulation and actual management while some of them are in the secondary roles such as law enforcement and security. However, some also have secondary roles, with a high level of influencing power and interest in the process. The likely reason is their role in regulation and management and the incomplete system of legislation, rules and regulations for the industry, as well as weak rule of law, corruption, and mismanagement.

[1] Source: European Union, Myanmar.

N°	Key findings	Description
4	Crony players remain in the High-Power – High-Interest group	The group recognised as "Cronies" remain in the system, despite policy having recently been changed to end sub-contracting by MTE for timber extraction. These players fall in the High-Power – High-Interest group due to their possession of financial, technical, material and human resources, as well as their access and relationship to power actors in the formal sector. One more interesting finding in this mapping is their involvement which used to be with formal system in the timber flow.

b. EU FLEGT in Myanmar: A conflict-sensitivity analysis

International Alert[1] has published this Conflict-Sensitivity Analysis[2] in October 2017, it provided an overview analysis of forest governance in Myanmar to inform the process of negotiating the VPA.[3]

The main key forest governance issues identified in this analysis are listed as follows:

- Political economy of the timber trade;
- Illegal logging and timber legality system challenges;
- Community-driven action against illegal logging; and
- Land rights governance.

3.2.6. Types of permits

a. Permits for Timber Extraction

According to MTE, there is no specific procedure for the selection of sub-contractors for timber extraction. Both individuals and companies can apply to MTE with the indication of the volume of teak and hardwood to be extracted.

The Extraction Department of MTE will then examine the application according to the Department Instruction n°39 dated on 5 June 1958 that states the following criteria:

- priority will be given to sub-contractors that have undertaken timber extraction as main business and have already showed in the past a good performance;
- extraction permit shall be awarded based on the sub-contactor's working capacity within one or two operational seasons;
- sub-contractors shall not be assigned as individuals rather than combined with existing experienced contractors observing proven performance as reliable sub-contractor, then that sub-contractors shall be permitted individually;
- sub-contractors shall be assigned based on their working capacity which can be increased depending on the performance achieved.

After that, the application will be submitted to MONREC for decision stipulating:

- the extraction area;
- the product type (teak and hardwood); and
- the allowed quantity.

The list of sub-contractors operating during FY 2014/15 is presented in Annex 7 to this Report.

Some information required by the EITI Standard (section 2.3) are not yet obtained from MTE such us:

- coordinates of the license area;
- size and location of the license area;
- date of application;

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[1] International Alert is a non-profit organisation focusing on peacebuilding activities.
[2] According to International Alert, ''Conflict sensitivity'' is a term that refers to recognising the two-way dynamics of the impact of an intervention on the context in which is undertaken, as well as the impact of context on interventions, such as governance reform.
[3] http://www.international-alert.org/sites/default/files/Myanmar_ForestGovernanceTrade_EN_2017.pdf

- date of award; and
- duration of the license.

b. Permits for Extraction of Forest Produce

Forest produce may only be extracted after obtaining a permit. However, if it is for domestic or agricultural or piscatorial use not on a commercial scale, forest produce may be extracted in an amount not exceeding the stipulated quantity, without obtaining a permit.

In permitting the extraction of forest produce, FD shall use the competitive bidding system if the extraction is on a commercial scale. However, extraction for the following purposes may be permitted without using the competitive bidding system:

- where extraction of forest produces and sales in and outside the country are carried out as a SEE;
- where the Minister is empowered by the GOUM in respect of the extraction of forest produce;
- where minor forest produce is permitted to be extracted on a commercial scale; and
- where forest produce to be used in the following works not on a commercial scale is permitted to be extracted:
    - research and education work; and
    - work beneficial to the public or religious work.

In respect of permission for extraction of forest produce on a commercial scale:

- the Minister may grant permission for a period of **five years and above**;
- DG may grant permission for a term extending from **over two years to four years**; and
- the State/Divisional Forest Officer may grant permission for a term which may extend to **one year.**

The person granting permission for extraction of forest produce may, for sufficient reason, extend the term of the permit for not more than **six months** at a time and not more than twice.[1]

c. Establishment of Forest Plantation

The Director General (DG) of FD may, with the approval of the Minister, set up the following plantations on a forest land or land at the disposal of the GOUM:

- commercial plantation;
- industrial plantation;
- environmental conservation plantation;
- local supply plantation;
- village firewood plantation; and
- other plantation.

If permission is obtained from the GOUM:

- any person or any organisation has the right to carry out plantation activities in joint venture; and
- any person or any organisation has the right to carry out in accordance with the stipulation, cultivation and maintenance of forest plantations with the exception of village-owned firewood plantations cultivated by the villagers for their use.

DG may grant permission to set up with stipulation the following village-owned firewood plantations in a reserved forest or protected public forest or on land at the disposal of the government in the vicinity of the village:

[1] Source: Forest Law, Chapter VI.

- firewood plantation set up by FD for one year and then transferred to be maintained and used as village-owned; and
- village-owned firewood plantation established, maintained and used by the villages by collective labour.

An individual holding the rights to extract forest produce on a commercial scale who has the responsibility of setting up forest plantations or carrying out natural regeneration under a permit for the State shall carry out the same at his own expense and in accordance with stipulation.[1]

d. Establishment of Wood-based Industry

A private entrepreneur who is desirous of establishing a sawpit, sawmill, tongue-and groove mill, plywood mill, veneer mill or a wood-based industry with the exception of wood-based cottage industries and furniture industries has to seek a permit from the Forest Officer empowered for this purpose.

DG may, with the approval of the Minister, determine the rates of royalties, and terms and conditions of the permit.[2]

3.2.7. Policy on disclosure of contracts

Contract terms remain largely unknown. MTE has not yet provided us with a contract with one of its sub-contractors.

3.2.8. Local contents and social payments

We understand that currently, there is no specific law relating to CSR for the forestry companies in Myanmar.

3.3. Fiscal Regime

3.3.1. Tax administration

a. Taxable period

The taxable period of a company is the same as its financial year, which starts on 1 April and ends on 31 March.

b. Tax returns

In general, annual income tax returns must be filed within **three months** from the end of the financial year, i.e. by 30 June of the financial year.

c. Payment of tax

Advance corporate tax payments are made in quarterly instalments within **ten days** from the end of the relevant quarter throughout the income tax year based on the estimated total income for the year. The advance payments and any taxes withheld are creditable against the final tax liability. The date for settling the final tax liability is specified in the notice of demand issued by IRD.

[1] Source: Forest Law, Chapter V.
[2] Source: Forest Law, Chapter IX.

3.3.2. Common taxes

Table 34 below sets out the list of common taxes applicable in Myanmar:

Table 34: Definition of common taxes

<table>
<tr><th>N°</th><th>Taxes</th><th>Description</th></tr>
<tr><td>1</td><td>Income Tax</td><td> Income tax rates depend on whether the joint venture company is a ‘resident’ (i.e., formed under Myanmar law) or a non-resident formed under a law other than Myanmar law, such as a ‘branch office’. For resident companies, the income tax rate is 25% of profits. For non-resident companies, the income tax rate has been 25% since April 2015. For enterprises or individuals permitted and operating under the Myanmar Investment Law (MIL), and foreign organisations engaged by special permission in a state-sponsored project, enterprise or undertaking, the income tax is 25%. Foreign individuals engaged by special permission in a state-sponsored project, enterprise or undertaking are subject to income tax at a 20%. </td></tr>
<tr><td>2</td><td>Capital Gains Tax (CGT)</td><td> The sale, exchange or transfer of capital assets are levied for income tax purposes on gains calculated based on the difference between gross sales and the purchase cost of assets plus any additions less depreciation. Capital assets for income tax purposes are defined as lands, buildings, vehicles, or any other asset owned by an entity including shares, bonds and intangibles. CGT is levied at 10% on the capital gain and payments are required to be made within thirty days from the date of disposal of the capital assets. </td></tr>
<tr><td>3</td><td>Commercial Tax (CT)</td><td>Notification No. 117/2012, last amended in April 2015, prescribes commercial taxes of between 5 and 100% depending upon the different goods and services businesses concerned. The application for registration must be in the prescribed form and filed one month before the commencement of business.</td></tr>
<tr><td>4</td><td>Stamp Duty</td><td>Stamp duties collected from the sale of judicial and non-judicial stamps represent fees payable under the Court Fees Act. Non-judicial stamp duty is levied on various types of instruments required to be stamped under the Myanmar Stamp Act.</td></tr>
<tr><td>5</td><td>Withholding Tax</td><td> Withholding tax (WHT) is a tax where any person or company making certain payments is required to deduct from such payments and remit to the Government Agencies. The tax withheld must be paid to IRD within seven days from the date of withholding. Tax withheld from payments to residents will be set off against the tax due on their final tax assessments. Tax withheld from payments to non-resident companies (except the branches registered in Myanmar) is a final tax. Latest updates starting from 1 April 2017 | Notification 2/2017 WHT will not apply to payments in local currency of less than MMK 500,000 within a financial year. WHT will not apply to payments among Government organisations, SEE or interest payments made to branches of foreign banks. The table below sets out the changes to the rates of WHT:
<table>
<tr><th rowspan="3">Kind of payment</th><th colspan="4">Percentage to be deducted from payments to:</th></tr>
<tr><th colspan="2">Residents</th><th colspan="2">Non-residents</th></tr>
<tr><th>New rate from 1 April 2017</th><th>Old rate</th><th>New rate from 1 April 2017</th><th>Old rate</th></tr>
<tr><td>Interest payment for a loan or indebtedness or a transaction of a similar nature.</td><td>0%</td><td>0%</td><td>15%</td><td>15%</td></tr>
<tr><td>Royalties for the use of licenses, trademarks, patent rights, etc.</td><td>10%</td><td>15%</td><td>15%</td><td>20%</td></tr>
<tr><td>Payment for the purchase of goods, work performed or supply of services, and hiring arrangements within the country under a tender, contract, quotation or other modes.</td><td>2%</td><td>2%</td><td>2.5%</td><td>3.5%</td></tr>
</table></td></tr>
<tr><td>6</td><td>Import duties</td><td>Goods imported in Myanmar are subject to Customs Duties and are required to be declared to MCD accordingly. Currently, Customs Duties levied on the import of machinery, spare parts, and inputs generally range from 0% to 40% of the value of the goods imported. For exports of goods, export duty is levied on certain commodities but not on timber.</td></tr>
</table>

3.3.3. Specific tax

The main specific tax paid by MTE is royalty on extraction paid to FD. Table 35 below sets out the latest update of royalties' tariffs issued by the FD on 27 April 2015.

Table 35: Royalties' tariffs

MMK

No.	Product	Unit	Rates up to 30 April 2015	Rates starting from 1 May 2015
1	Teak	Ton	3,750	15,000
2	Hardwood (1)			
	(1) Padauk/Tamalan	Ton	1,875	15,000
	(2) Except Padauk/Tamalan	Ton	1,875	8,000
3	Hardwood (2)	Ton	938	4,000
4	Hardwood (3)(4)(5)	Ton	625	3,000
5	Teak Log	Log	200	500
6	Hardwood Log	Log	100	300
7	Myaw (100)	Log	200	500

Royalties collected during FY 2014/15 are detailed in Annex 11 to this Report.

3.3.4. Other payments

a. MTE

As other SEEs, MTE has to allocate its profit as follows:

- Income Tax (25%) to be paid to IRD;
- State contribution (20%) to be paid to MoPF; and
- the residual profit (55%) to be put on other accounts.[1]

The template of Profit and Loss Statement used by SEEs is presented in Annex 12 of this Report.

b. Forest Products Joint Venture Corporation Ltd (FPJVC)

MTE and FD hold 45% and 10% respectively of the FPJVC's capital. The latter regularly distributes dividends.

FD has confirmed that dividends received from FPJVC are deposited annually to the Government Budget (the Union Fund).

c. FD

FD collects other forestry revenues as follows:

- Rubber Tax;
- Land rental fees;
- Fees: Sawmill license fees, elephant registration fees and premium fees for land;
- Fines: Fines from forest offences, compensation fees for clearing of trees by development projects; and
- Confiscation: Income from selling of seized forest products other than timber.

[1] Other Accounts are used by SEEs to manage their own-source revenue under the supervision of Parliament.

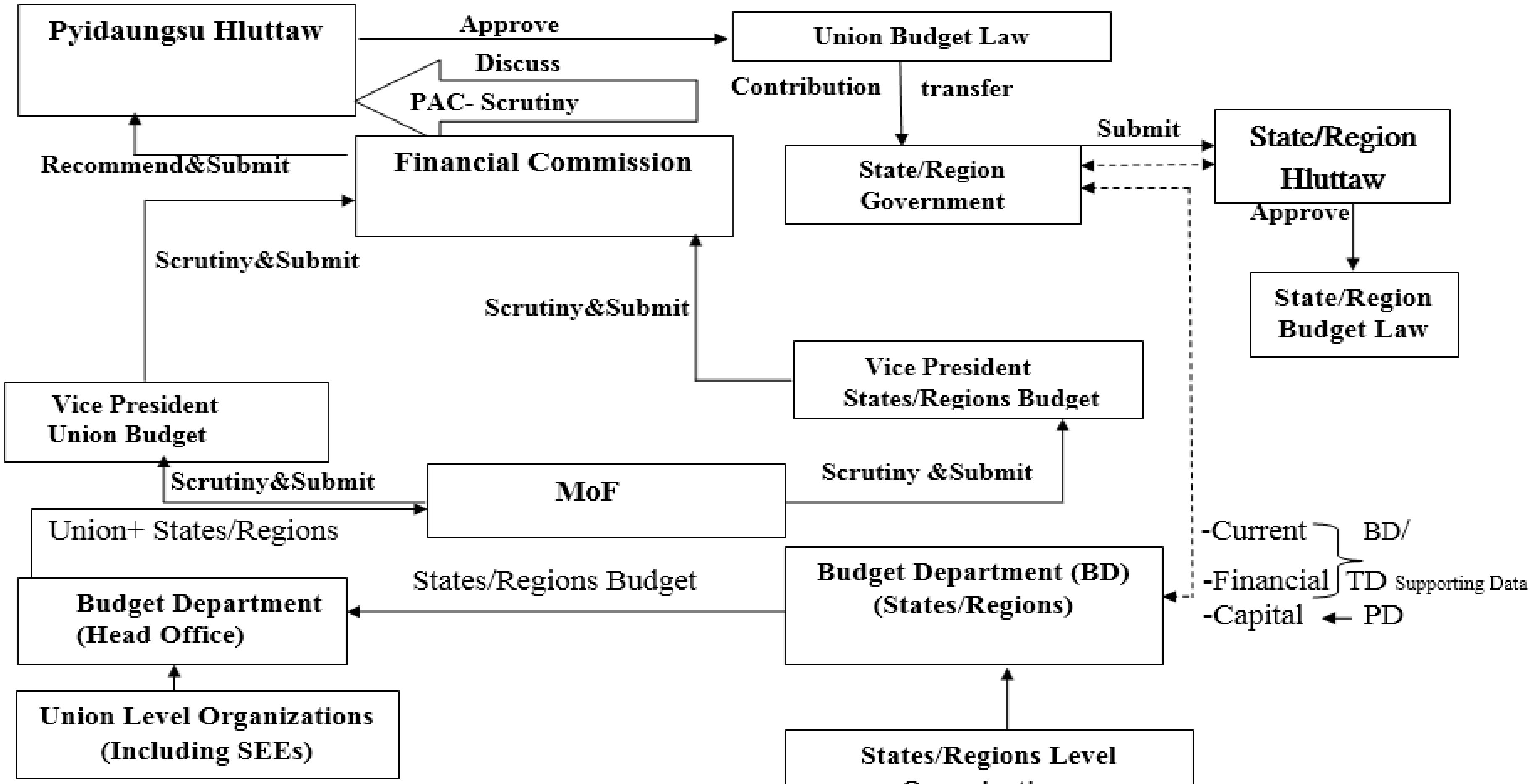
3.4. Budget Process

In Myanmar, the fiscal year is from 1 April to 31 March. The MoPF issues the Budget Calendar to the Government Agencies. The Union level Organizations (including SEEs) submit their budget proposal to the BD (Head Office). BD is responsible for current expenditures. Planning Department (PD) is responsible for capital expenditures and TD is responsible for financial expenditures. After that BD compiles the current, capital and financial expenditures and submits to Deputy Minister of Planning and Finance. The Deputy Minister scrutinizes the budget for each department after preliminary scrutinizing. Then, Minister of Planning and Finance scrutinizes and submits to Vice Presidents for scrutinizing. After scrutinizing by Vice Presidents, the proposed budget is submitted to the Financial Commission for further scrutinizing and discussion. The MoPF on behalf of the Union Government submits the Union Budget Bill and Budget Proposal to Pyidaungsu Hluttaw[1] with the recommendation of Financial Commission. After discussing and approving by the Pyidaungsu Hluttaw, the President sign the Union Budget Law (UBL) and it is enacted. It is published in newspapers and MoPF website (www.mof.gov.mm). The BD issues the Budget sanction to Government Agencies according to UBL. The UBL includes the funds transfer from Union to States/Regions. Parliamentary discussions on Budget sanction can be found on TV channels and local Newspapers.

The budget preparation process can be presented as follows:

[1] Assembly of the Union.

Figure 10: Budget Preparing Process



PAC- Public Account Committee
TD- Treasury Department
PD- Planning Department
BD- Budget Department

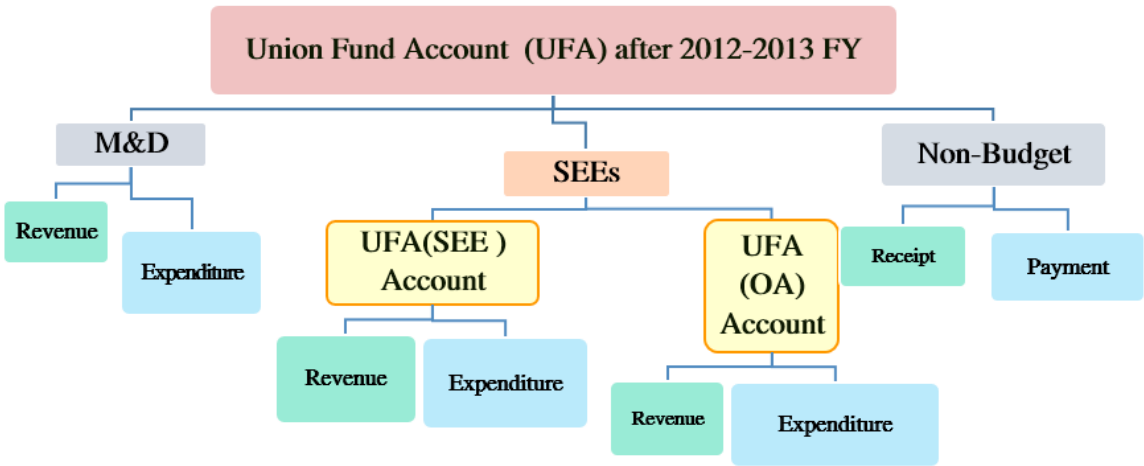
In Myanmar, Government accounting is on a cash basis, following the single entrysystem. The budget of Myanmar is financed by funds from four primary sources:

- tax revenues;
- revenues from natural resources;
- income from SEEs; and
- other non-tax revenue (various government fees and charges).

Starting from FY 2012/13, there have been significant budgetary developments in Myanmar which include changes in the ways in which SEEs are financed and how they contribute to the budget. Fiscal decentralization has also begun albeit on a limited basic. SEEs are required to find their own funding to finance raw materials, fuel and other direct costs of production, and they can borrow the money with four percent interest rate from MEB when they needed. This is expected to increase overall fiscal space, as well as fiscal space of the social sector.

Although SEEs budget is included in State Budget, some portions of their budgets run with their own funds. Financing of the budget deficit of SEEs will be provided or loaned from Union Fund which approved by cabinet of Union Government.[1] According to our interviews with BD representatives, the structure of the Union Fund for FY 2012/13 can be presented in Figure 11 below.

Figure 11: Structure of the Union Fund Account (UFA) for FY 2012/13



In 2015/16, if SEEs get profit, 100% of the purchase of raw materials, Commercial Tax, Income Tax and State Contribution under the current expenditure shall be carried out their own fund and the rest of current expenditure, capital expenditure and financial expenditure shall be carried out the Union Fund. If SEEs get loss, 100% of the purchase of raw materials and commercial tax under the current expenditure shall be carried out their own fund and the rest of current expenditure, capital expenditure and financial expenditure shall be carried out the Union Fund.

Moreover, according to the UBL 2015, Section 16 (a) *"the State-owned Economic Organizations shall, with their own budget programmes, carry out the expenditure for the purchase of raw materials, income tax, contribution to the State and commercial tax under the required current expenditure for production of goods, services and trading according to the organizations as the working capital for carrying out their functions in accord with the stipulation of the Ministry of Finance in carrying out commercially and in accord with the principle of subsistence on their own fund. If the working capital for carrying out their functions is not sufficient to carry out with their own budget programmes, it may be taken loan from the State-owned banks established under the Myanmar Financial Institutions Law".*[2]

[1] http://www.mof.gov.mm/en/content/budget-department
[2] http://www.mof.gov.mm/sites/default/files/Budget%20Law%20English%20PDF_0.pdf

The Section 16 (b) of UBL 2015 stipulates that "*The State-owned Economic organizations shall carry out other current expenditures other than the expenditures contained in section 16 (a), the expenditures for repayment of loans to abroad and capital expenditures with the Union Budget Programme*".

The Section 17 of UBL 2015 stipulates that "*For the purpose of compiling the debit and credit of the State-owned Economic Organizations, it shall be shown in the accounts of the Union Fund*".

From the above section of the UBL and according to our interviews with BD representatives, we understand that all the receipts and expenditures of the SEEs, including those carried from their Other Accounts are consolidated under the Union Budget.

Since 2011, the Parliament has set up two specialised committees for the purpose of providing oversight of the Government's public finances:

- The Public Accounts Committee (PAC) has a bipartisan membership and vets the budget bill and the audit report; and
- The Planning and Finance Development Committee is responsible for reviewing the national development plan and legislative matters relating to the financial sector.

Since 2012/13 these committees have reviewed and rationalized the executive budget proposal significantly and have been instrumental in having the approved Budget Law published in the local press.

In order to coordinate and integrate state and regional budgets with the Union Budget, the Government has also set up the Financial Commission and the National Planning Commission. Since 2011, the new planning and budgeting practices has resulted in a decentralization of Public Financial Management (PFM) policy functions from the President's Office to the Ministry of Finance and the Ministry of National Planning and Economic Development (MNPED) respectively.

When it comes to the account of the Union Government, Union Fund Account (UFA) is opened and kept at MEB and Union Government Deposit Account (UGDA) is opened and maintained at CBM.

All the branch offices of MEB have to consolidate the balance of the accounts of the Government. Thus, the Head Office of MEB has to consolidate the UFA surplus or deficit balances, prepare a total consolidated balance of UFA surplus and deficits and go through the accounts with CBM weekly and monthly.

The funds that are deposited or drawn from UGDA at CBM are:

- Net surplus or deficit of UFAs;
- State Contributions or refunds of SEEs;
- Sales and redeemable of Treasury Bills;
- Sales and redeemable of Treasury Bonds;
- Financing the budget deficits of Regions and States; and
- Accounts opened at CBM to process the net surplus and deficits of the sub-national vaults.

Figures 12, 13 and 14 below set out the operation of UFA and UGDA.

Figure 12: Operation of UFA

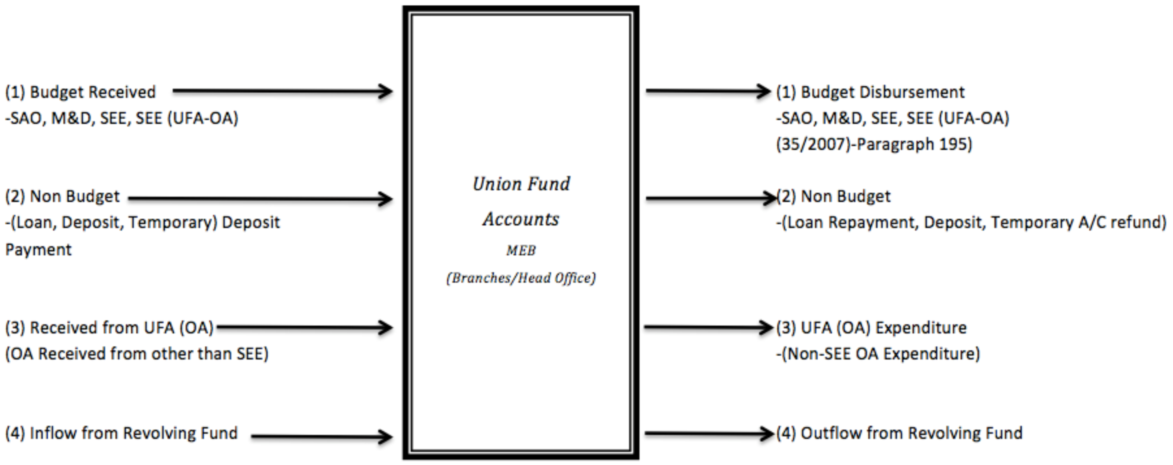


Figure 13: Operation of UFA and UGDA

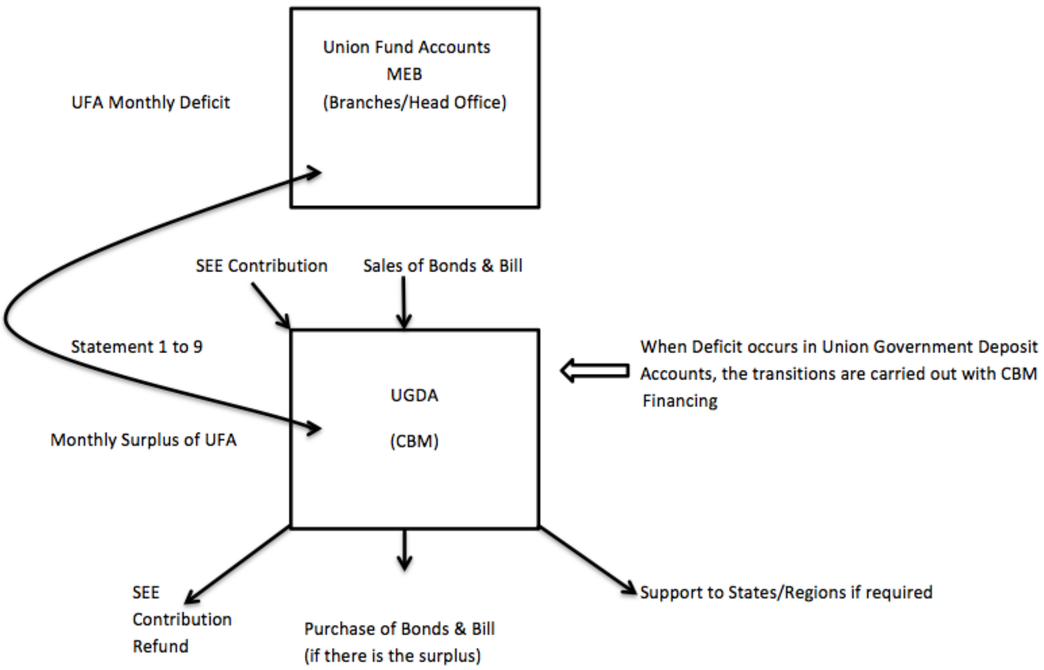
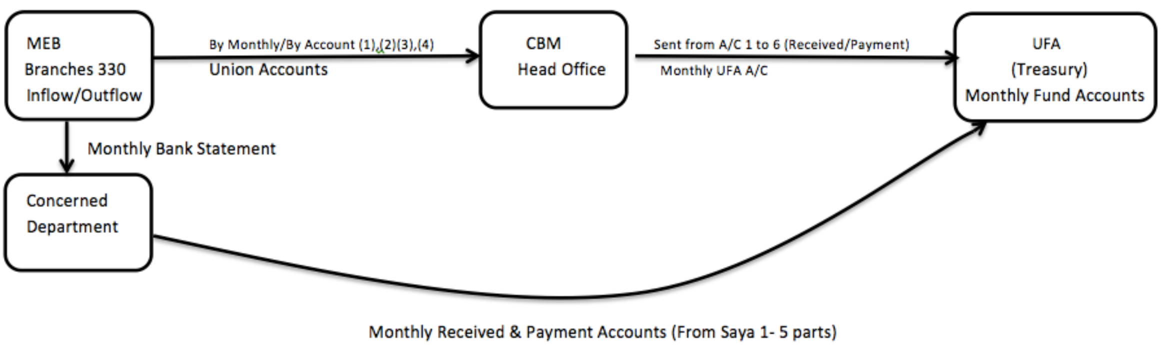


Figure 14: Monthly consolidated A/C of UFA



Further information on the Budget process are available on the MoPF's website http://www.mof.gov.mm/en/content/budget-department

3.5. Public Finance and Revenues Management Reforms

3.5.1. Public Finance Management reform in Myanmar

The World Bank's Board of Executive Directors approved a US$ 30 million credit from the International Development Association (IDA) for Myanmar's Modernisation of Public Finance Management Project in 2014. The Australian Government (US$ 8.5 million) and the UK's Department for International Development (DfID) (US$ 16.5 million) co-financed the project through a multi-donor trust fund for Myanmar.

The project aims to support efficient, accountable and responsive delivery of public services through the modernisation of Myanmar's Public Finance Management Systems. The project will also help strengthen revenue administration, which will increase the effectiveness of tax and non-tax revenue mobilisation. Increased revenues in turn will create fiscal space for increasing expenditure on public services that will help reduce poverty and promote shared prosperity.

The main steps achieved can be summarised as follows:

- assessment on Public Expenditure and Financial Accountability in Myanmar and publication of Public Financial Management Performance Report in 2013 with collaboration of the World Bank;
- establishment of PFM Strategy (2013) for PFM reform;
- setting-up a Public Expenditure Review (PER) in order to analyse the resulting expenditure patterns and related sector outcomes from PFM System with the aim of assessing public resources achieving the desired development objective. There are six areas in PER's first phase: Macro Fiscal Context, Broad Revenue and Expenditure, Intergovernmental Fiscal Relation, Electric Power and Energy, Health and Education.
- setting-up a PFM Sub-Sector Working Group (SWG) under Public Administration Working Group among seventeen SWGs (Nay Pyi Taw Accord);
- setting-up Myanmar Modernization of Public Finance Management Project (MMPFMP), a five-year project from 2014 to 2019.

The PFM modernization project has five components:

1. Revenue Mobilisation;
2. Budget Preparation and Planning;
3. Budget Execution;
4. External Oversight; and
5. Capacity Building.

<u>Revenue Mobilisation</u>

The following reforms are in progress:

- Conducting Tax Policy and Tax Administration Reform;
- Establishing Large Taxpayer Office (LTO) and Medium Taxpayer Office (MTO 1, 2 & 3);
- Transformed Official Assessment System (OAS) into Self-Assessment System (SAS) and started to practice at LTO and MTO;
- Identified Specific Goods Tax and Enacted Specific Goods Tax Law in 2015;
- Changed Commercial Tax to Value added tax and special commercial tax;
- Updated information technology system;
- Installing IT Equipment; and
- Increased Tax to GDP ratio year by year.

Budget Preparation and Planning

The following reforms are being implemented in the budget preparation and planning:

- Separated the consolidated State Fund into the Union Fund and States/ Regions Fund since 2011;
- Practiced Medium Term Fiscal Framework (MTFF) since FY 2015/16 in order to improve the budget formulation process year by year and to support macroeconomic stability and development
- Allocated more expenditure to Social Sector such as Education & Health by setting up the top point in Expenditure Policies with respect to prioritized areas of the country;
- Provided subsidies and fiscal transfers to the States/Regions by practicing MTFF (six indicators: total population, poverty index, area, per capita GDP, urban population as percent of total state population and per capita tax collection);
- Developed a system of top-down budgeting and bottom-up planning;
- The Budget Department is the implementer of MTFF process;
- Improved fiscal decentralization;
- Improved fiscal transparency (Enacted Budget Law has been publishing in newspapers and MoPF's website, Citizen's Budget has been publishing starting from FY 2015/16); and
- Updated Financial Rules and Regulation.

3.5.2.IRD Strategic plan 2014-2020

Table 36 sets out the objectives of IRD strategic plan 2014/2020.

Table 36: Objectives of IRD strategic plan (2014/2020)

No.	Objectives	Description
1	Develop a robust legal Framework within which the IRD can operate effectively	Legislation will be reviewed and updated to support the new administrative approaches such as self-assessment. A tax administrations procedures code will be developed and the revenue acts will be re-written. Value-Added Tax (VAT) legislation system will be introduced.
2	Re-organise IRD to fit with the new administrative approaches	The organisation will be restructured based on functions (taxpayer service, return and payment processing, return filing compliance and arrears, Audit, Disputes resolution, Legal and tax rulings) with a strong taxpayer segment (LTO, MTO and STO) orientation. Headquarters will be reorganized to better guide and direct the organisation.
3	Modernize the process for assessing taxation	Move from an official assessment system (OAS) where the IRD calculates the tax to a self-assessment system (SAS) where the taxpayer calculates the tax payable within strict guidelines. introduce a VAT system of indirect taxation.
4	Streamline and simplify all business process and procedures and make full use of technology	All business processes will be reviewed and technology will be utilized throughout the tax administration functions.
5	Balance services and enforcement approaches to address revenue risk	Develop capacity to focus on the management of systemic and segment-related risks. A range of taxpayer services will be developed based on the needs of taxpayers and the revenue. Enhance enforcement activity to ensure those who do not comply will be identified and dealt with.
6	Develop our people and maximise their potential	All human resource systems, processes and procedures will be reviewed and modified to support the new administrative approaches. Development programs will be established for segments, functions and individuals to bring skill levels in line with the changes.
7	Develop and implement leadership and governance arrangements to manage the changes	Capacity will be developed and put procedures in place to manage these significant changes as they impact on our systems, our people and stakeholders. Processes will be put in place to ensure engagement occurs with our people and key stakeholders in particular.
8	Build transparency and accountability into all aspects of the administration	External and internal transparency and accountability structures will be built. These structures will help create an environment of public trust in the integrity of the tax system.

IRD use the following approaches to manage the reforms:

- reforms will be managed and led by the Republic of the Union of Myanmar Revenue Department;
- new approaches will be implemented progressively;
- all reforms will be implemented in LTO initially before being applied to the rest of IRD;
- headquarters will be re-organised to better support the new approaches, and guide and direct the organisation;
- international best practices adjusted for Myanmar environment will be applied to the reforms;
- all projects and activities will be planned;
- project management disciplines will be applied to all activities; and
- all projects when completed will have a post implementation review undertaken so lessons can be learned.

3.5.3.IRD reform journey – a plan to mobilise domestic revenues 2017/18 to 2021/22

IRD commenced the process of transforming to a modem tax administration in 2012. The main changes are as follows:

- the national headquarters have been restructured along functional lines;
- a reform program governance mechanism has been introduced;
- the Large Taxpayer Office has been established to manage high value taxpayers under a system of self-assessment;
- preparations have commenced for the first Medium Taxpayer Offices to expand the self-assessment system to more taxpayers
- changes have been made to the tax policy and legislation framework with: an excise tax (known as specific goods tax (SGT)); a unified Tax Administration and Procedures Law (TAPL) has been drafted; and proposals are underway to modernize the Income Tax law;
- an interim IT system has been developed (Tax Revenue Management System) to support the LTO;
- implementation of a data center to network key IRD offices and provide email, desktop applications and document sharing is nearing completion;
- improvements in service to taxpayers;
- improvements in enforcement activity; and
- steps taken to combat corruption.

Table 37 below sets out the strategic outcomes of the IRD reform journey.

Table 37: IRD reform journey's strategic outcomes

No.	Outcomes	Description
1	Maximise revenue	Maximize revenue collection over time and within the law.
2	Broaden the tax base	All those who should be in the system, are in the system. Indirect taxes in the form of VAT will be a feature of the tax system.
3	Maintain and improve compliance	Taxpayers will understand their obligations and comply voluntarily. Enforcement activity is targeted at those who choose not to comply. Systems and processes are aligned to ensure all taxpayers are treated equally and information is available.
4	Modernise Tax administration	Tax administration is modernized and based on international best practice tailored for the needs of Myanmar.

<u>Integrity, transparency and accountability</u>

Integrity, transparency and accountability will be achieved through a number of programs such as modem tax laws, human resource management, technology and streamlined processes and procedures. The work outlined will build on the work done to date within IRD to address integrity issues. However, expanding the focus of Internal Audit and establishing the Internal Affairs Unit are tangible steps IRD will take to ensure the integrity of its operations.

The outcomes expected by 2022 are as follows:

- Internal Audit Directorate established and focused on ensuring integrity of accounting and operational procedures and manage enterprise risks;
- Internal Affairs unit established to identify and take action against conapt behaviour;
- Separation of duties to minimize opportunities for conapt behaviour;
- Public perceptions of integrity have improved;
- the operational activities are monitored against an agreed set key performance indicator;
- Extensive use of data to monitor IRD's core tax functions; and
- A taxpayer charter and staff code of conduct in place.

Modern Tax Laws

The tax laws need to be updated to meet good practice in tax administration and to support a system of self-assessment. The laws need to help taxpayers understand their obligations and compliance responsibilities. They must also ensure that we have the authority to collect taxes due under the law. Enacting a uniform tax procedure law, an updated income tax law and in time a new value added tax law will position Myanmar as a truly modern tax regime.

The outcomes expected by 2022 are as follows:

- Tax Administration and Procedures Law enacted;
- Income Tax Law rewritten; and
- VAT policy developed.

Functional based organisation with segmentation

Modem tax administrations have strong direction and management from the central headquarter group. IRD has made some important changes to organize our headquarters along functional lines. New directorates are building their capacity and capability. Further units/directorates will be added to our headquarters and we will enhance our management of both the delivery of our current operations, but also delivery of the changes detailed in this plan.

The outcomes expected by 2022 are as follows:

- Headquarters structure and governance mechanisms strengthened;
- New headquarters units will be established: DDG Reform, Internal Affairs, Communications, Office of the Director General, Risk and Intelligence Unit;
- Taxpayer segments accurately identified; and
- Proposal for expansion of self-assessment to small and micro taxpayers developed.

Large Taxpayer Office

IRD established a LTO based in Yangon. This group has paved the way for implementing a system of self-assessment for a selected group of large companies. They have also developed new processes and procedures for administering the tax laws. These processes and procedures will form the basis for the MTOs. However, over time the LTO needs to evolve to be the group responsible for all aspects of tax liabilities for the highest value taxpayers in Myanmar.

The outcome expected by 2022 is to strengthen LTO to be able to manage all large taxpayers for all key tax types.

Medium Taxpayer Office

Building on the success of the Large Taxpayer operations IRD is establishing the MTOs. The first of the MTOs will start assessing returns based on the same approach as the LTO for the 2017/18 processing year (2016/17 income year).

The outcome expected by 2022 is to make MTOs operating on functional basis in Yangon, Mandalay and other key sites.

Effective change management

Delivering the changes set out in a systematic and timely manner is crucial for the integrity of IRD going forward.

The outcomes expected by 2022 are as follows:

- Reform strategy, operational plans and key performance indicators reflect changes needed;
- Progress is monitored and used to help decision making; and
- Staff and key stakeholders (members of parliament, tax agents and taxpayers).

People and Human Resources

A key focus is the development of human resources. As IRD become a more modem tax administration so too does the needs and capabilities of staff change. Recruiting new staff, developing existing staff and providing clear statements of our expectations of the roles and responsibilities of the staff of IRD are critical aspects for our next phase of reform.

The outcomes expected by 2022 are as follows:

- HR strategy for recruitment and retention of skilled staff, appropriate remuneration policies and practices to reduce corrupt behaviour will be developed and implemented; and
- Workforce planning and training programs will be in place.

Streamlined processes and procedures

IRD need to move away from paper-based processes and leverage the opportunities that technology provides for the IRD. Streamlining processes will allow IRD to work in more rewarding jobs and ensure that its services and operations are effective and efficient.

The outcomes expected by 2022 are as follows:

- Efficiencies in key areas -taxpayer services unit established, centralized data capture team, and telephone services especially for LTO and MTO taxpayers;
- Processes and procedures reflect good international practice and leverage technology; and
- Headquarters monitoring compliance across IRD with mandated processes.

Risk based service and enforcement

A self-assessment tax regime is supported by education of taxpayers who want to do the right thing and strict enforcement of the law where taxpayers do not comply with their legal obligations. To encourage compliance, IRD need to have a balance between service and enforcement, a key characteristic of self-assessment systems. A Compliance Improvement Strategy, based on analysis of data received directly by the IRD and sourced from third parties will guide our service and enforcement strategies.

The outcome expected by 2022 is to use Risk based compliance (based on accurate data) to improve on-time filing, on-time payment and accurate reporting of tax liabilities for self-assessed taxpayers.

Technology

Technology improvements will be a key feature of this phase of the reform journey. Implementation of a data centre and networking the computers will enable staff to use an internal email domain (name@ird.gov.mm). share documents and communicate electronically. The implementation of the new core IT system (ITAS) will provide the platform for registration, processing, accounting, and case work.

The outcomes expected by 2022 are as follows:

- Integrated tax administration system operating in key sites headquarters, Yangon, and Mandalay; and
- New and updated e-services: IRD intranet and email domain, website, telephone services, e-file and e-pay mandated for large and medium taxpayers.

System of Self-Assessment

A key feature of modern tax administrations is the shift to self-assessment. IRD commenced this with its LTO and is in the process of expanding this to the first of its MTOs. A future VAT will depend on its ability to manage a system of self-assessment couple with a good information technology system.

The outcomes expected by 2022 are as follows:

- self-assessment taxpayers account for 80-90 percent of revenue collection; and
- more public information material is available in a variety of media (brochures and website).

3.5.4.Custom Reform and Modernisation Strategy 2017- 2021

Custom Reform and Modernisation Strategy (CRMS) is intended to guide the MCD towards fulfilling its vision and mission, and thus to contribute to Government outcomes. CRMS promotes the progressive development of organisational capability in all the functions for which the Department is responsible, supported by the modernisation of systems, resources, and working practices. This will be achieved through a well-trained, flexible workforce that meets the highest standards of integrity and public service. CRMS reflects the reform objectives of the GOUM and is aligned with all relevant legislative frameworks.

Both the strategy and the strategic action plan will enable the MCD to:

- enhance revenue collection, and prevent evasion and loss of revenue, by implementing effective fiscal control measures on the one hand, whilst introducing a range of measures to facilitate trade on the other;
- protect society and the environment by implementing effective control measures to prevent smuggling of prohibited and restricted goods;
- modernise and standardise Customs procedures to bring them in line with international standards and best practices;
- collect data for compilation of statistics on foreign trade;
- co-operate and co-ordinate with other customs administrations and law enforcement agencies; and
- promote public trust by enhancing the integrity of Customs personnel.

Table 38 below sets out the focus areas and strategic objectives of the CRMS:

Table 38: Focus areas and strategic objectives of the CRMS

No.	Focus areas	Strategic objectives
1	Implementation of modern international customs practices	- Achieve compliance with the Standards of the Revised Kyoto Convention; - Introduce an authorised economic operator scheme; - Introduce a post clearance audit; - To develop and apply a comprehensive and coherent system of risk management in all areas of customs control; - To introduce an effective system of prevention, deterrence, investigation and enforcement; - To implement controls over the value of imported goods which are fully and consistently compliant with the World Trade Organization's Valuation Agreement; - To meet the customs standards in the WTO Trade Facilitation Agreement; and - To develop and introduce a modern system of customs warehousing.
2	Establishment of a Modern IT Environment	- Establish, Staffs and Equip a New IT Division within the Department; - Continue the Rollout of MACCS and MCIS; - Contribute to the Development of a National Single Window; - Upgrade the Myanmar Customs Department Website; - Develop and Introduce a range of New IT Systems and Applications; and - Develop a Myanmar Customs Intranet.
3	Reforming the Organisation, and Developing its Human Resources	- To introduce and progressively allocate staff to a new organisation structure; - To develop and introduce Human Resource Management (HRM) Systems and Procedures which win support the implementation of the strategy and organisation structure; and - To develop and introduce Human Resource Development (HRD) Systems and Procedures which will support the implementation of the strategy and organisation structure.
4	Creating and Nurturing Effective Partnerships	- To develop effective relationship with the private sector; - To develop effective cooperation arrangements with Other Government Departments and Customs Administrations.

3.5.5.Myanmar Sustainable Development Plan

The draft of Myanmar Sustainable Development Plan (MSDP) has been issued in February 2018. MSDP is conceived as an overarching national development policy framework for the Government that localizes the global SDG agenda along with Myanmar's other regional and global commitments. It is also strategically linked to the development of general project screening and prioritization framework for national development projects under the rubric of the new initiative known as Public Investment Program (PIP).

MSDP is founded upon the objective of giving coherence to the policies and institutions necessary to achieve genuine, inclusive and transformational economic growth. The product of the work of multiple agencies and individuals in Myanmar, and the active consultation of a myriad of stakeholders.

MoPF will serve as the focal entity responsible for overseeing implementation of the MSDP, and for housing the MSDP Implementation Unit (MSDP-IU), which shall oversee the creation of necessary implementation structures, coordination frameworks and monitoring mechanisms.

The MSDP sets out an action plan for improving land governance and sustainably managing resource-based industries. Speeding up the compliance with the EITI requirements was defined as one of the actions to be implemented.

Myanmar Development Assistant Policy (MDAP), which is available online - Ministry of Information (MOI) web portal, has been prepared by the Development Assistance Coordination Unit together with the Foreign Economic Relations Department of MOPF. MDAP is the policy to implement the Sustainable Developments Goals, which are stated in the MSDP.

3.6. Fiscal Devolution

Under the current system, as Union government spending is recorded in the budget by sector ministry rather than by location, the total levels of Union government expenditure in each state or region are not available.[1]

State and regional Governments in Myanmar were created by the 2008 Constitution and set up in March 2011. Myanmar today comprises seven states and seven regions, five self-administered zones, one self-administered division, and Nay Pyi Taw as a Union territory. State and regional Governments are led by chief ministers who are appointed by the President from among members of the state/region Hluttaw (parliament).

Under the 2008 Constitution, state and regional Governments are empowered to enact laws and collect taxes from the extractive sector, but only for marginally significant types of operation. In each state or region, there is a unicameral Hluttaw (with two elected members per township, and 25% of the parliament sourced from the Defense Services), as well a Chief Minister and a Cabinet. The Chief Minister is selected by the President and confirmed by the Hluttaw. The sub-national Hluttaw is entitled to set its own budgets (under Article 252), based on the threshold set by the annual Union budget.

Below regions and states there are several layers of subnational authorities, including districts, townships, towns, villages and urban wards. These lower layers of administration have vague mandates and are controlled by the central government's General Administration Department (GAD) of the Ministry of Home Affairs (MOHA).[2]

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[1] The deconcentrated channel of funds for states and region departments of union ministries are not presented in national budget documents; the parent union ministry is the primary budget unit, and there is not currently a secondary budget classification that clearly breaks out state/region spending at union level. Together, these factors mean that it is currently very difficult to answer the most basic question about fiscal decentralization: how much of Myanmar's public spending is decentralized, and to what levels?' (Nixon and Joelene, 2014)
[2] World Bank (2015) Myanmar Public Expenditure Review 2015. World Bank Group, September 2015.

Under the 2008 Constitution, subnational involvement in natural resource management and revenue collection is limited. The legislative areas and administrative responsibilities of state and region Governments are listed in Schedule Two of the 2008 Constitution.

Schedule Five of the 2008 Constitution stipulates the taxes collected by states and regions. These include taxes on allowed timber species and forest products collected by the FD.

State and regional Governments may levy excise taxes, land taxes, water taxes, road tolls and taxes, and royalties on fisheries. They may also sell or lease state or regional government property and make profits on state or regional government-owned enterprises.

Self-administered zones and divisions function differently according to Schedule Three of the 2008 Constitution. Revenues for self-administered zones and division are drawn from Union, regional and state budgets.

In addition to the formal decentralization process initiated by the 2008 Constitution, since 2011 the GOUM has undertaken several reforms in the direction of fiscal decentralization. For instance, state and regional budgets for public services and development projects have increased substantially. In FY 2013/14, the Union allocated 3.4 percent of the national budget to state and region loans and grants. The budgeted amount increased to 7.6 percent of the budget in the FY 2014/15 and 8.7 percent of the budget, or MMK 1.8 trillion, in FY 2015/16.[1]

Natural resource-related payments to Union ministries or the IRD are not generally reported to the MoPF according to their region of derivation. A company, for example, would pay profit tax from its company headquarters to the township officer of the IRD, not at the site of resource extraction.

Actually, the transfers made to the regions are note based on a revenue sharing formula. The only exception to this principle has been the 5% of fiscal transfers allocated to 'development funds' which are divided on the basis of poverty incidence rates.[2]

3.7. Revenues Collection

3.7.1. Public financial management

The Assembly of the Union (Parliament) and the Union Government are the main entities that oversee the management of the state financial system. The GOUM prepares the projection of revenues and expenditures in the annual budget proposal and presents it to Parliament.

According to the UBL, the national budget revenue consists of tax and non-tax revenues. Non-tax revenues include:

- Receipts from the State-owned Economic Organisations;
- Current receipts;
- Interest receipts;
- Grant receipt;
- Capital receipts;
- Receipts from foreign aids;
- Receipts from investment in organisations; and
- Receipts from saving.

In Myanmar, there is no single system for public financial management (PFM). Instead, Government Agencies and institutions each maintain separate systems, generating redundancy. For example, there is no internal audit system in most ministries, meaning that in many cases there is no way to verify compliance of applied process and transaction. Subnational Governments are not informed of the size of fiscal transfers in a timely manner, meaning they cannot plan their budgets.

[1] https://www.mmtimes.com/national-news/13864-u-thein-sein-govt-s-last-budget-approved.html
[2] https://asiafoundation.org/publication/local-development-funds-in-myanmar/

According to the World Bank's Public Expenditure and Financial Accountability (PEFA) assessment and the International Budget Partnership's Open Budget Survey, Myanmar's budgeting process has traditionally been one of the World's most opaque. Basic information regarding revenues and expenditures, debt stocks, financial assets and budget outcomes has not been disclosed to the public. Audits and contracts on large capital projects have generally remained secret.

The ongoing Modernization of Public Financial Management project supported by the World Bank and the Australian and UK Governments is working to address many of these issues. Among the initiatives underway are:

- Establishing a Large Taxpayers' Office;
- Implementing a medium-term fiscal framework that includes the subnational level;
- Establishing a single computerized financial management system to store and organise information;
- Establishing common procurement rules and practices;
- Establishing a Public Account Committee Office to undertake independent analysis of the budget; and
- Enhancing the capacity of OAG.

3.7.2. Revenues collection

Currently, Myanmar employs a range of tax instruments. The most important are the Commercial Tax and the Income Tax. Together, these instruments generated around 98% of total tax revenues.

Some of the revenues from forestry sector are passed on to the Union Government and some are retained by MTE as shown in graphic below.

MTE contributes to the Union's budget through two main fiscal instruments. The first is the profit tax applicable to all enterprises (both public and private) at a 25% rate. The second instrument is a form of Union Dividend, consisting in a direct transfer of 20% of its profit to the Government budget. The remaining share is either used to self-finance investment or is transferred to the Union.

a. Revenues Collected by Regions or States

According to article 254 (a) of the Constitution of the Republic of the Union of Myanmar, 2008, the Region or State shall collect the taxes and revenues listed in schedule five in accordance with the law and deposit them in the Region or State fund.[1]

The Region or State has the right to expend the Region or State fund in accordance with the law.

The list of taxes collected by regions or States as stated in schedule five is detailed in Annex 13 to this Report.

b. Revenues Collected by the Union

According to article 231 of the Constitution, the Union shall, with the exception of the taxes and revenues listed in schedule five to be collected by Regions or States, collect all other taxes and revenues in accord with the law and deposit them in the Union Fund.

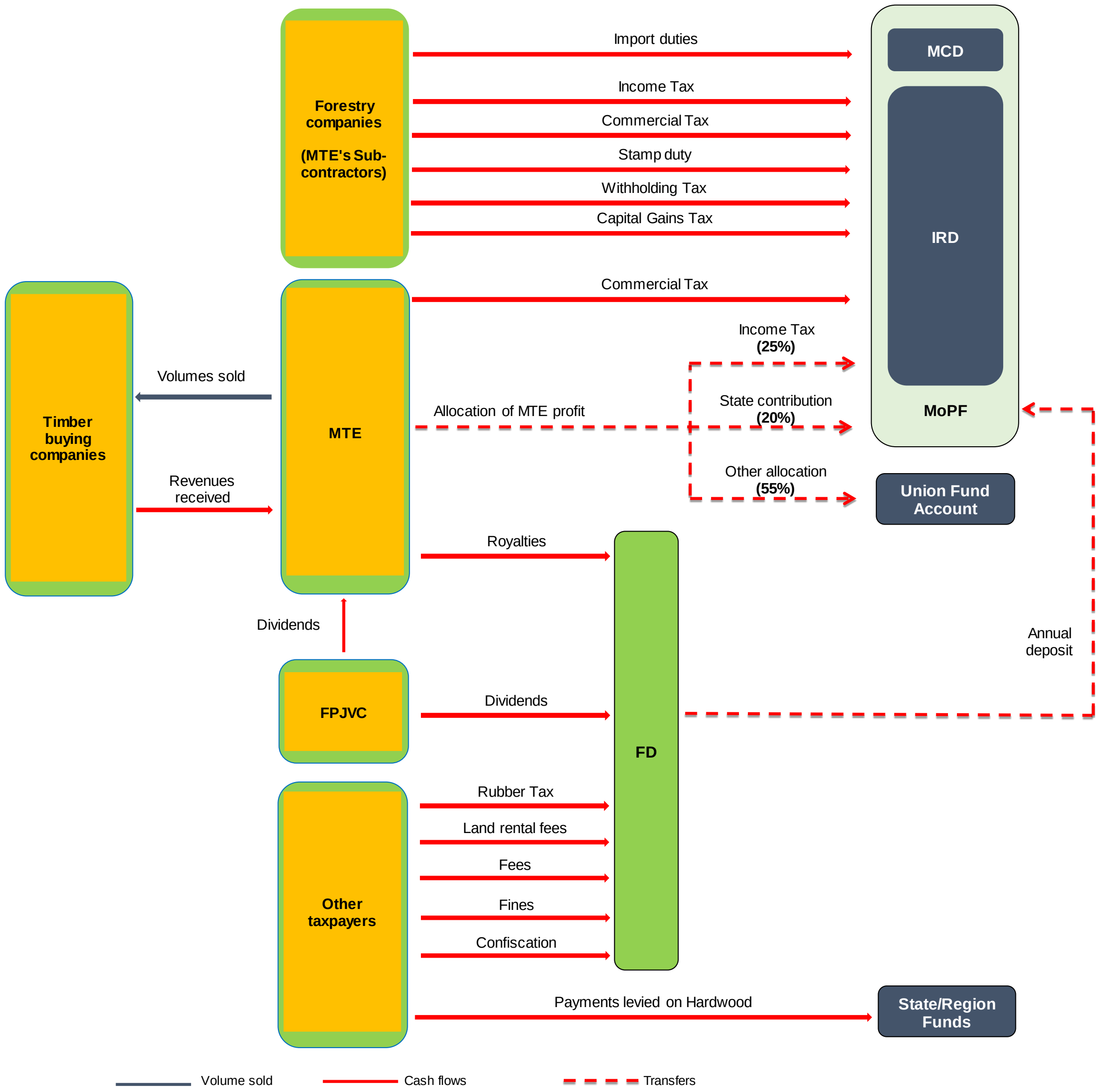
The Union has the right to expend the Union Fund in accordance with the law.

Pursuant to the notification n°17/2013 from MONREC dated on 14 February 2013, some revenue levied for Teak and Hardwood total are to be deposited in the Union Fund while others will be deposited in the State/Region Funds starting from 1 April 2013.

Figure 15 below sets out the revenues flow chart from the forestry sector.

[1] Source: http://www.burmalibrary.org/docs5/Myanmar_Constitution-2008-en.pdf

Figure 15: Revenue flow chart



3.7.3. Revenues allocation

In the diagrams above, the Budget and Treasury Departments within MoPF coordinate the receipt of information on the types on tax and non-taxes received from MTE and its sub-contractors.

Meanwhile, IRD and MCD within MoPF collect taxes such as income tax (including withholding taxes), commercial tax, capital gains tax, stamp duties and customs duties either in local or foreign currency.

MTE is required to submit reports about their revenue sources and expenditure in cash and in kind at the time of the budget review on an annual basis.

Forestry revenue payments in cash are transferred by the taxpayer or the contractually responsible entity to the Myanmar Economic Bank (MEB) when the payment is in national currency and to the Myanmar Foreign Trade Bank (MFTB) when it is in foreign currency. Both MEB and MFTB are state owned commercial banks and are controlled by the Central Bank of Myanmar as well as by the MoPF through its reporting line process.

Allocation of SOE other accounts

According to the EITI data, over 65% of forestry revenues, are collected by MTE through “Other Accounts”.

Pursuant to the notification No. 547/2012 of MoPF, SEE has been allowed to open SEE Accounts and Other Accounts (OA). It was mainly based on two policies. One policy is to operate their business activities more commercially and the other is to be stand financially on their own. These policies were established and implemented so that SEEs will act more commercially in line with the market economic system and not be a financial burden on the State. It differs in the fact that SEE account has strict regulations for transactions and SEE OA can facilitate transactions quickly.

The SEE OA is opened at MEB and it should include all the incomes including the revenues generated and all the incurred expenditures.

We understand that all expenditures debited on the SEE OA are submitted to the prior approval of of the Union Government to Pyidaungsu Hluttaw (Union Parliament). If SEEs need modifying their expenditures estimates as required by their operations, they can make modifications after submitting them with the agreement of the Union Government to Pyidaungsu Hluttaw (Union Parliament) for approval. We also understand that SEEs OA are used under the supervision of the MoPF.

After paying income tax according to the Income Tax Law, State contribution, the remaining balance of SEE OA can be carried forward to the next FY. If SEEs have surplus and if they want to make these funds as financial investment, they can only invest in Treasury Bills. But they can only invest after they have already paid in full the working capital or any revolving funds borrowed from MEB, State contribution and taxes. An Economic Enterprise cannot lend the funds to another.

According to the MoPF, SEEs OA are part of the Union Fund and therefore are part of the Union Budget. Thus, SEEs OA are consolidated with the budget accounts and are used for the budget deficit financing which means that OA surplus are in fact spent for SEEs as well as the expenditures of non-revenue making ministries such as Education, Health and Sport, Social Welfare, Relief and Resettlement.

3.8. Beneficial Ownership

3.8.1. Legal and regulatory framework governing companies

The legal framework governing companies incorporated in Myanmar is the Companies Act (1914)[1] and subsidiary legislation, Myanmar Companies Rules (1940), Myanmar Companies Regulations (1957) and Special Companies Act (1950) (if joint venture with government enterprise) (together, the “Companies Legislation”).

The Companies Legislation provides guidelines for the formation, administration, and winding up of registered corporate bodies. The Companies Legislation is expected to be reformed in the near future to include further transparency and disclosure provisions in the law.

There are various types of companies which can be formed in Myanmar; namely limited by shares, limited by guarantee and unlimited companies. Furthermore, in Myanmar a company can be classified either as a private company or a public company. A “private company” means a private company limited by shares, a company limited by guarantee or an unlimited company. On the other hand, a “public company” means a company incorporated as such, being a company satisfying §13A of the Companies Act (1914).

3.8.2. Beneficial ownership in Myanmar’s legal and regulatory framework

a. Disclosure requirements for private companies

The definition of “beneficial ownership” should not necessarily be linked to share ownership. Owning more than a certain percentage of shares certainly gives a meaningful indication of beneficial

[1] Abolished by the New MCL of 2017.

ownership. However, in identifying the real beneficial owner, the focus should also be on contractual and informal arrangements.

The notion of control or beneficial ownership has not been treated by the Companies Legislation and there is no requirement to disclose information about the ultimate beneficial owners.

b. Disclosure requirements for companies

There are no obligations or restrictions on the disclosure of beneficial ownership information by the Government, SEE and private companies under the forestry legislation. MONREC and companies do not currently disclose such information publicly.

It should be noted that beneficial ownership details can be fairly sensitive information for private companies to disclose, and the forestry industry in Myanmar is dominated by smaller privately owned companies with limited experience in transparency standards.

c. Disclosure requirements for Government officials

Currently, there are no specific rules for government officials to disclose their interests, incomes or assets in/from the forestry sector.

Only the members of the Anti-Corruption Commission are required to disclose money, property, assets and liabilities of their families including beneficial ownership to the President according to the provisions of the Anti-Corruption Law 2013.

3.8.3. Proposed Definition of Beneficial Ownership

Based on the review of Myanmar's legal framework which does not include provisions relating to the beneficial ownership definition or disclosure and considering EITI Requirement 2.5, MSG has agreed on the following definition of Beneficial Ownership:

Proposal for a definition of beneficial ownership

A beneficial owner is a natural person(s) who, directly or indirectly, ultimately owns or controls a public or private company or corporate entity. A person is automatically considered to be a beneficial owner if they own or control **5%** or more of the public or private company or corporate entity.

- the individual holds, directly or indirectly, **5%** and above of the shares within reporting period in the public or private company or corporate entity.
- the individual holds, directly or indirectly, **5%** and above within reporting period of the voting rights in the public or private company or corporate entity. Voting rights held by the public or private company or corporate entity, itself are disregarded for this purpose.
- the individual holds, directly or indirectly, the voting rights in the public or private company or corporate entity. Voting rights held by the public or private company or corporate entity, itself are disregarded for this purpose.
- the individual holds the right, directly or indirectly, to appoint or remove a majority of the board of directors of the public or private company or corporate entity.
- the individual has the right to exercise, or actually exercises, significant influence or control over the public or private company or corporate entity.

Reference to "ultimately owns or controls" refer to situations in which ownership/control is exercised through a chain of ownership or by means of control other than direct control. This definition should also apply to a beneficiary under a life or other investment."

The MSG has agreed on the following definition of Politically Exposed Persons (PEPs):

Politically Exposed Persons (PEPs)

PEPs are defined as individuals belong to one of the following categories:

- **Domestic PEPs:** individuals who are or have been entrusted domestically with prominent public functions, for example, Cabinet Members at Union level & State and regional level, Members of Parliament both Union level and state and regional level, senior government (Deputy Ministers, Permanent secretaries, DGs, DDGs, Directors, Auditor General, Central Bank, etc..) , judicial or military officials including Ethnic Armed Organisations' senior leaders and officials, senior executives of state owned corporations, important political party central committee members and key influencers.

Politically Exposed Persons (PEPs)
- **Foreign PEPs:** individuals who are or have been entrusted with prominent public functions by a foreign country, for example Heads of State or of government, senior politicians, senior government Officials, judicial or military officials, senior executives of state owned corporations, important political party officials and diplomats.
- **International organisation PEPs:** persons who are or have been entrusted with a prominent function by an international organisation, refers to members of senior management or individuals who have been entrusted with equivalent functions, i.e. directors, deputy directors and members of the board or equivalent functions, International Financial institution's leaders and senior staffs.
PEPs shall also be defined to include:
- **Family members** who are related to a PEP in one of the categories above either directly (consanguinity) or through marriage or similar (civil) forms of partnership, to the second degree of relation.
- **Close associates** who are closely connected to a PEP in one of the categories above, either socially or professionally.

As the country moves towards compliance for this EITI requirement, a roadmap was developed by the MSG that would address the definition of beneficial ownership and the threshold or percentage of ownership to be considered material. Details of the roadmap can be found in the following link: https://eiti.org/sites/default/files/documents/bo_roadmap_-_myanmar.pdf

3.8.4. Beneficial ownership declaration

According to the above proposed definition, the companies selected for reporting information on their beneficial ownership were required to submit a beneficial ownership declaration. Accordingly, the following information should be made available:

- **Name of beneficial owner**. full name(s) of the company's beneficial owner(s) and information on their identity (ies) including:
  - **Name of any politically exposed person,** where any owner is also a 'politically involved person', this should be mentioned.
  - **Identifying details.** Additional details are required in order to narrow down a beneficial owner to one individual.
- **Contact.** Means of contacting the beneficial owner such as business address.
- **Means of control.** A description of how the beneficial owner and any politically engaged persons exercise control over the company. If there is a chain of companies between the beneficial owner and the natural resource asset, for example, this would mean the name of every company within the chain. In some cases, there may be an additional link, such as a private agreement between the beneficial owner and the owner of the last company in the chain, in which case this additional link should also be declared. Third parties should then be in a position to verify some, if not all, information declared in the shareholder registers.
- **Signed statement of accuracy:** a senior official from the company should sign a statement to confirm that the information provided is accurate.

All the selected companies have submitted their beneficial ownership declaration except for Chin Su (Myanmar) Co., Ltd. No Politically Exposed Persons (PEPs) were disclosed.

3.9. Audit and Assurance Practices

3.9.1. Private companies

Under the Myanmar Companies Act (MCA), companies must keep proper books of accounts at their registered office. Financial statements must be prepared in accordance with Myanmar Accounting Standards (MAS).

Accounting practices in Myanmar have been historically based on British accounting standards and Generally Accepted Accounting Principles (GAAPs). For several years, Myanmar adopted International Accounting Standards (IAS) for reporting purposes, while the Myanmar Accountancy

Council (MAC), through the Myanmar Institute of Certified Accountants (MICPA) has adopted the majority of International Accounting Standards that existed in 2003 and 2004. In 2010, MAC withdrew all thirty International Accounting Standards and replaced them with twenty-nine new Myanmar Accounting Standards and eight new Myanmar Financial Reporting Standards (MFRS) that were identical to the 2010 International Financial Reporting Standards (IFRS). Such standards were published in the Official Gazette and became effective on 4 January 2011.

Currently, Myanmar has no stock exchange, only an over the counter market for the sale of shares of a number of publicly accountable companies.

Public companies and financial institutions are required to apply MFRS (which are a word-for-word equivalent of IFRS). Small and Medium Enterprises (SMEs) must apply MFRS for SMEs (word-for-word equivalent of IFRS for SMEs).

The tax assessment year runs from 1 April to 31 March. This is mandatory even for branches of foreign companies which may have a different financial year-end.

MCA requires companies to appoint an auditor and companies are required to submit audited financial statements to the tax authorities annually by 30 June.

Section 145 (1) of the MCA requires an auditor to report to the members of a company on the financial statements examined by the auditor at the annual general meeting. The auditor's report must state, amongst others, whether or not in their opinion the balance sheet and profit and loss account referred to in the auditor's report are drawn up in accordance with law, whether or not the balance sheet gives a true and fair view of the state of affairs of the company. The opinion should also state whether the company's accounting records have been kept by the company as required by law.

Following the enactment of the new MCL, the requirements of Financial Reports and Audit are prescribed in Division 24 of the Law. The requirement of Repeal of certain existing Regulations and continued effect of others is prescribed in Article 471,472 of the Law.

The companies selected in the EITI reconciliation scope were asked to confirm whether their financial statements for the FY 2014/15 had been audited. Details on the confirmations received can be found in Annex 14 to this Report.

3.9.2. Public sector and SEEs

In Myanmar there is a special Government Agency – Office of the Auditor General of the Union (OAGM) – the supreme audit institution of Myanmar, which is accountable to the President and the Parliament simultaneously. This body carries out controls over the execution of the State's budget and payment of taxes and other mandatory payments, including payments from SEEs and partners.

OAGM was set up under the 2008 Constitution as an independent agency, for the appointment of the Auditor General. This was made by the President with the approval of the Parliament.

OAGM performs audits consistent with Generally Accepted Auditing standards comparable with International Organisation of Supreme Audit Institutions (INTOSAI) audit standards.

All SEEs are required to submit bi-annual financial reports which have been prepared in accordance with Generally Accepted Accounting Standards to OAGM. According to OAGM, the annual audit includes all tax and non-tax payments made by all partners to the extractive industries sector project. Other Accounts, held by the SEEs, are state fund accounts that are audited by the OAGM, as are all the state accounts held at MEB.

We have received MTE audit reports for the period from April to September 2014 and from October 2014 to March 2015.

However, we note that these audit reports are not publicly available.

Union Auditor General has the authority to audit Government ministries, SEEs and to give comment on the appointment of their Joint Ventures auditors. According to the amendment of Union Auditor General Law (2018), Union Auditor General has a duty to audit the Joint Ventures companies jointly owned by the Government if necessary. The Myanmar Economic Corporation (MEC), a military-affiliated company, remains exempt from auditing or taxation. Union Auditor General also has a duty to re audit the accounts of private companies which have been already audited by a certified public accountant and practicing accountant relating to taxes and revenues to be paid to the Union if necessary, but currently lacks the capacity and the resources to do so. OAG's effectiveness and capacity to hold government ministries, SEEs and the Parliament to account has yet to be determined, and its reports are not disclosed to the public.

OAGM sends bi-annual summary reports both to the President and the Parliament simultaneously. However, there are no penalties for delayed submissions.

The Union Auditor General is also Chairman of the Myanmar Accountancy Council which deals with accounting standards in Myanmar. Accounting standards have been developed for the commercial sector which is also applicable to SEEs in the "commercial" form of their accounts. But, to date, there are no standards or statements of practice that apply to the Government's financial statements which include SEEs activities prepared on a cash basis in parallel.

Government departments maintain their accounting system on cash basis and SEEs maintain their accounting system in accrual basis, however, the current form of the financial statements does not fully reflect the IPSAS requirements.

4. DETERMINATION OF THE RECONCILIATION SCOPE

The payment flows to be included in the reconciliation and the Government Agencies and companies which were required to report were determined by the MSG based on the scoping study we performed before the reconciliation work.

4.1. Selection of Payment Flows

4.1.1. MTE

The MSG has agreed to reconcile all payments made by MTE during FY 2014/15.

4.1.2. Companies

The MSG has agreed to include companies which paid taxes of more than MMK 100 million with individual revenue streams above MMK 20 million in the reconciliation scope for the FY 2014/15.

All sub-contractors paying taxes not exceeding MMK 100 million and all individual revenues streams not exceeding MMK 20 million will be considered in the 2014/15 EITI Report through unilateral disclosure from Government Agencies.

According to the above, seven revenues streams will be included in the 2014/15 reconciliation scope detailed by taxpayer as follows:

No.	Revenue stream	Paid by		
		MTE	Sub-contractors	FPJVC
1	Royalty	✓		
2	Commercial tax	✓	✓	
3	Income tax	✓	✓	
4	State contribution	✓		
5	Other accounts	✓		
6	Customs duties		✓	
7	Dividends			✓

The description of each payment flow detailed as follows, are set out in Annex 15 to this Report.

4.1.3. Other consideration

To avoid omissions that may be considered significant, a line entitled "Other significant payments flows" has been included in the RT for companies to report any significant payment not already included in the scope which is above MMK 20 million.

4.1.4. Production data

The MSG decided to reconcile the production data. Both MTE and its sub-contractors will be requested to report quantities of timber logged during FY 2014/15.

4.1.5. Sale of the State's Share of production

For the sale of the State's Share of production, the MSG decided to disclose the revenues received by MTE without reconciling with the trading companies.

The latter will be requested to report the detail of timber sales during FY 2014/15 including the breakdown by:

- product type,
- buying company,
- volume,
- price, and
- market.

4.1.6. Transfers from MTE to the MoPF

According to the MSG decision, the revenue streams in scope for reconciliation include all the transfers made or reported MTE and revenues received by or reported to the Government Agencies during the FY 2014/15, accordingly the payments below have been selected in the reconciliation scope:

N°	Transfers from MTE
Transfers to budget accounts	
1	Income Tax (IT)
2	Commercial Tax
3	Customs duties
4	Withholding tax
5	Royalties
6	State contribution
7	Other material transfers (> MMK 20 million)
Other accounts - MTE Other Accounts	
8	Transfers to MTE Other Accounts

4.2. Selection of Companies

In addition to the payment criteria, the MSG agreed to include companies producing 10,000 tons of timber or more in the reconciliation scope regardless their payments made during FY 2014/15.

4.2.1. Results of the agreed approach

Based on the agreed approach, nineteen companies will be included in the reconciliation scope and will form part of the reconciliation exercise for the EITI Report for FY 2014/15. These companies are presented as follows:

No.	Name
	Selected based on payments > MMK 100 million and production > 10,000 tons
1	MTE
2	Myat Noe Thu Co., Ltd
3	FPJVC
4	Nature Timber Trading Co., Ltd
5	Wood World Trading Enterprise Ltd
6	Pacific Timber Enterprise Company Ltd
7	Lucre Wood Company Ltd
8	Momentum Trading Enterprise Ltd
	Selected based on payments > MMK 100 million
9	Tin Myint Yee Trading Company Ltd
10	Green Hardwood Enterprise Ltd
11	Golden Flower Company Ltd
12	Manaw Phyu Company Ltd
13	Htoo Trading Co., Ltd
14	Chin Su (Myanmar) Co., Ltd
15	Htun Myat Aung Company Ltd
16	Shwe Moe Thar Group Co., Ltd
	Selected based on production > 10,000 tons
17	Tin Win Tun International Trading Company Ltd
18	Myanmar Rice Trading Co., Ltd
19	Global Star Co., Ltd

4.2.2. Companies below the materiality threshold

Based on the agreed approach, nineteen companies will be included in the EITI Report through unilateral disclosure from Government Agencies in FY 2014/15. Individual payments made by these companies are presented in Annex 16 to this Report.

4.3. Selection of Government Agencies

Based on the proposed approach of companies and payments flows selected for 2014/15 EITI Report, **5** Government Agencies and **1** SEE will be required to report the revenues collected from forestry sector as follows:

No.	Name
	State Economic Enterprise (SEE)
1	Myanma Timber Enterprise (MTE)
	Government Agencies
2	Forest Department (FD)
3	Internal Revenue Department (IRD)
4	Treasury Department (TD)
5	Budget Department (BD)
6	Myanmar Customs Department (MCD)

4.4. Fiscal Year

The period covered by the first EITI Report for Myanmar is the FY 2014/15. Therefore, payment flows made between 1 April 2014 and 31 March 2015 should be reported by companies and Government Agencies in the 2014/15 EITI Report.

The dates to be considered are those mentioned on the flag receipts or the dates of the cheques/bank transfers.

4.5. Level of Disaggregation

The MSG agreed that the RTs and the data are submitted:

- by company;
- by Government Agency; or SEE for each company selected in the reconciliation scope; and
- by tax and by type of payment flows as detailed in the RT.

For each payment flow reported, companies and Government Agencies should produce details by receipt payment, by date and by beneficiary.

The companies will also be requested to provide:

- information on their beneficial ownership; and
- the audited financial statements for FY 2014/15.

All data and the level of detail that would be required as part of the reconciliation period are presented in Annex 3 to this Report.

4.6. Other Considerations

4.6.1. Revenue levied on Hardwood in State/Region Funds

We understood that some payments levied on hardwood were paid to state/region funds during FY 2014/15. Since those payments were not material, the MSG decided to consider them in the EITI Report through unilateral disclosure.

These payments are detailed by state/region in Annex 17 to this Report.

4.6.2. Companies operating in both forestry and non-forestry activities

During the scoping phase we have identified some companies making material payments to the IRD despite their relatively low volume of production.

We understood that those companies are operating in both forestry and non-forestry activities, thus their payments are not fully extractive.

The MSG has decided to include these payments in the reconciliation scope.

4.6.3. Sub-national payments

Based on the information collected and interviews held with Government focal points no revenue stream was paid by companies directly to subnational Government Agencies (EITI Requirement 4.6).

As a result, sub-national payments are not applicable in the context of forestry sector in Myanmar.

4.6.4. Sub-national transfers

We understand that 5% of income tax are transferred to the regional states.

The MSG agreed to reconcile this sub-national transfer (EITI Requirement 5.2).

We have been informed on 6 March 2018, that the 5% of income tax transferred by the IRD to the fund of Township Development Council[1] is related to income tax paid by individuals only, hence outside the reconciliation scope.

4.6.5. Social expenditures

Based on the information collected and meetings held with Government focal points no social expenditure was made by companies (EITI Requirement 6.1).

As a result, social expenditure is not applicable in the context of the forestry sector in Myanmar.

4.6.6. Infrastructure provisions and barter arrangements

Based on the information collected and meetings held with Government focal points, no infrastructure provisions and barter arrangements (including loans, grants and infrastructure works) took place or were ongoing during FY 2014/15 (EITI Requirement 4.3).

As a result, infrastructure provisions and barter arrangements are not applicable in the context of the forestry sector in Myanmar.

4.6.7. Quasi fiscal expenditures

Quasi-fiscal expenditure includes arrangements whereby SEE(s) undertake public social expenditure such as payments for social services, public infrastructure, fuel subsidies and national debt servicing, etc. outside of the national budgetary process (EITI Requirement 6.2).

MSG decided that MTE discloses unilaterally any quasi fiscal expenditure made during FY 2014/15 despite the fact no such expenditures appear as per its Consolidated Income Statement.

[1] Source: Income Tax Law, Article 59, Notification No. (49/2012), Nay Pyi Taw, dated on 22 June 2012.

5. RECONCILIATION RESULTS

We present below detailed results of the reconciliation exercise, as well as differences noted between amounts paid by companies and amounts received by Government Agencies. We have highlighted the amounts initially reported and the adjustments made following our reconciliation work, as well as the final amounts and unreconciled differences.

Individual reconciliation sheets are presented in Annex 18 of this Report.

5.1. Payments of Companies

5.1.1. Cash flows reconciliation by company

The table below summarises the final differences between the payments reported by companies and receipts reported by Government Agencies.

Table 39: Reconciliation results by company (FY 2014/15)

in MMK million

N°	Company	Per Company			Per Government			Final difference	
		Original	Adjust	Final	Original	Adjust	Final	Amount	%
1	FPJVC	704.42	31.33	**735.75**	735.75	0.00	**735.75**	**0.00**	**0.00%**
2	Manaw Phyu	594.13	0.00	**594.13**	594.13	0.00	**594.13**	**0.00**	**0.00%**
3	Golden Flower	448.26	0.00	**448.26**	446.26	0.00	**446.26**	**2.00**	**0.45%**
4	Myat Noe Thu	188.82	136.29	**325.11**	334.01	-8.89	**325.11**	**0.00**	**0.00%**
5	Nature Timber	303.81	0.00	**303.81**	20.72	283.09	**303.81**	**0.00**	**0.00%**
6	Chin Su (Myanmar)	294.03	-15.93	**278.10**	13.66	264.44	**278.10**	**0.00**	**0.00%**
7	Htoo Trading	150.52	79.30	**229.82**	176.59	53.23	**229.82**	**0.00**	**0.00%**
8	Pacific Timber	229.34	0.00	**229.34**	229.34	0.00	**229.34**	**0.00**	**0.00%**
9	Green Hardwood	29.46	191.65	**221.12**	224.64	-3.52	**221.12**	**0.00**	**0.00%**
10	Htun Myat Aung	81.94	106.87	**188.81**	190.40	0.00	**190.40**	**-1.59**	**-0.83%**
11	Shwe Moe Thar	153.32	0.00	**153.32**	0.00	153.32	**153.32**	**0.00**	**0.00%**
12	Momentum Trading	138.24	0.00	**138.24**	138.24	0.00	**138.24**	**0.00**	**0.00%**
13	Lucre Wood	128.20	-13.69	**114.52**	102.02	12.50	**114.52**	**0.00**	**0.00%**
14	Wood World	89.57	0.00	**89.57**	89.57	0.00	**89.57**	**0.00**	**0.00%**
15	Tin Myint Yee	293.94	-213.91	**80.04**	67.86	12.17	**80.04**	**-0.00**	**0.00%**
16	Global Star	59.82	-30.00	**29.82**	32.32	-2.50	**29.82**	**0.00**	**0.00%**
17	Tin Win Tun	18.40	0.00	**18.40**	19.98	-1.58	**18.40**	**0.00**	**0.00%**
18	Myanmar Rice	37.36	-21.84	**15.52**	0.00	15.52	**15.52**	**0.00**	**0.00%**
	Payments made by companies	**3,943.60**	**250.07**	**4,193.67**	**3,415.47**	**777.78**	**4,193.25**	**0.42**	**0.01%**
	Payments made by MTE	**116,308.72**	**48,452.30**	**164,761.01**	**245,692.73**	**39.10**	**245,731.83**	**-80,970.81**	**-32.95%**
	Total payments	**120,252.32**	**48,702.36**	**168,954.68**	**249,108.20**	**816.88**	**249,925.08**	**-80,970.40**	**-32.40%**

5.1.2. Cash flows reconciliation by revenue stream

The table below shows the total payments reported by companies and Government Agencies, taking into account all adjustments and detailed by revenue stream:

Table 40: Reconciliation results by Revenue stream (FY 2014/15)

in MMK million

N°	Revenue stream	Per Company			Per Government			Final difference	
		Original	Adjust	Final	Original	Adjust	Final	Amount	%
1	Income Tax	2,555.42	231.57	**2,786.99**	2,354.58	431.99	**2,786.58**	**0.42**	**0.01%**
2	Commercial Tax	1,248.50	34.43	**1,282.93**	906.90	376.03	**1,282.93**	**0.00**	**0.00%**
3	Customs Duties	15.93	-15.93	**0.00**	30.24	-30.24	**0.00**	**0.00**	**-**
4	Dividends	123.75	0.00	**123.75**	123.75	0.00	**123.75**	**0.00**	**0.00%**
	Payments made by companies	**3,943.60**	**250.07**	**4,193.67**	**3,415.47**	**777.78**	**4,193.25**	**0.42**	**0.01%**
5	Income Tax	40,631.47	7,313.20	**47,944.67**	47,944.67	0.00	**47,944.67**	**0.00**	**0.00%**
6	Commercial Tax	73,732.78	41,139.10	**114,871.88**	195,833.62	0.00	**195,833.62**	**-80,961.74**	**-41.34%**
7	Customs Duties	0.00	0.00	**0.00**	3.55	-3.55	**0.00**	**0.00**	**-**
8	Royalties	1,944.46	0.00	**1,944.46**	1,910.89	42.65	**1,953.54**	**-9.08**	**-0.46%**
	Payments made by MTE	**116,308.72**	**48,452.30**	**164,761.01**	**245,692.73**	**39.10**	**245,731.83**	**-80,970.81**	**-32.95%**
	Total payments	**120,252.32**	**48,702.36**	**168,954.68**	**249,108.20**	**816.88**	**249,925.08**	**-80,970.40**	**-32.40%**

5.1.3. Unreconciled discrepancies

a. Companies

Following adjustments made (see Annex 5 of this Report), the total unreconciled discrepancies amounted to MMK 416,514 representing (0.01%) of total payments reported by Government Agencies. This is the sum of positive differences of MMK 2,004,685 and negative differences amounting to MMK (1,588,171). All these unreconciled differences are below a materiality threshold of MMK 8 million set for the reconciliation work as described in the Section 2.3.2 above.

b. MTE

This difference comes from MTE and related essentially to commercial tax. In fact, MTE reported a total of MMK 114,872 million while IRD reported MMK 195,834 million, hence a discrepancy of MMK (80,962) million.

Following our meetings with MTE and FD, we understood that this difference arose because MTE pays commercial tax before the end of March (i.e. FY 2013/14) and flag receipts are issued in April due to the lengthy process between the transfer date and the date of the receipt.

5.2. Transfers from MTE to MoPF

According to MSG's decision, transfers made by MTE to MoPF and other Government Agencies were also reconciled.

The main difference was, as stated above, related to commercial taxes transferred to IRD. No differences were noted with regards to the State's contribution transferred to TD and amounts transferred to MTE other accounts. The table below shows the reconciliation results of transfers.

Table 41: Reconciliation results of transfers made by MTE

in MMK million

	MTE	Government Agency	Difference
Transfers to IRD	162,816.55	243,778.29	**-80,961.74**
Transfers to TD	38,355.73	38,355.73	**0.00**
Other accounts - MTE own Accounts	408,401.48	408,401.48	**0.00**
Total	**609,573.76**	**690,535.49**	**-80,961.74**

The RT of MTE showing the reconciliation work is set out in Annex 4 of this Report.

5.3. Production

5.3.1. Hardwood

The table below shows the differences in hardwood production reported by companies and MTE.

Table 42: Reconciliation of hardwood production (FY 2014/15)

in Tons

N°	Company	Per Company			Per MTE			Final difference
		Original	Adjust	Final	Original	Adjust	Final	
1	Myat Noe Thu	91,115.00	-	**91,115.00**	91,115.00	-	**91,115.00**	**-**
2	Tin Win Tun	54,549.00	-	**54,549.00**	54,549.00	-	**54,549.00**	**-**
3	Momentum Trading	35,013.00	-	**35,013.00**	35,013.00	-	**35,013.00**	**-**
4	Nature Timber Trading	29,668.00	-	**29,668.00**	29,668.00	-	**29,668.00**	**-**
5	Myanmar Rice Trading	25,550.00	-	**25,550.00**	25,550.00	-	**25,550.00**	**-**
6	FPJVC	23,763.98	-77.98	**23,686.00**	23,686.00	-	**23,686.00**	**-**
7	Global Star	14,705.15	-	**14,705.15**	14,705.00	-	**14,705.00**	**0.15**
8	Pacific Timber	13,252.00	-	**13,252.00**	13,252.00	-	**13,252.00**	**-**
9	Wood World Trading	12,087.00	-	**12,087.00**	12,087.00	-	**12,087.00**	**-**
10	Lucre Wood	10,000.00	-	**10,000.00**	10,000.00	-	**10,000.00**	**-**
11	Green Hardwood	8,029.00	-	**8,029.00**	8,029.00	-	**8,029.00**	**-**
12	Chin Su (Myanmar)	-	-	**-**	7,624.00	-	**7,624.00**	**-7,624.00**
13	Htun Myat Aung	5,000.00	-	**5,000.00**	5,000.00	-	**5,000.00**	**-**
14	Manaw Phyu	4,203.00	-	**4,203.00**	4,229.00	-26.00	**4,203.00**	**-**
15	Shwe Moe Thar	4,000.33	-	**4,000.33**	4,000.00	-	**4,000.00**	**0.33**
16	Tin Myint Yee Trading	2,597.00	-	**2,597.00**	2,597.00	-	**2,597.00**	**-**
17	Htoo Trading	5,502.00	-4,236.71	**1,265.29**	1,250.00	-	**1,250.00**	**15.29**
18	Golden Flower	960.41	-	**960.41**	960.00	-	**960.00**	**0.41**
	Total	**339,994.87**	**-4,314.69**	**335,680.18**	**343,314.00**	**-26.00**	**343,288.00**	**-7,607.82**

5.3.2. Teak

The table below shows the differences between teak production reported by companies and MTE.

Table 43: Reconciliation of teak production (FY 2014/15)

in Tons

N°	Company	Per Company			Per MTE			Final difference
		Original	Adjust	Final	Original	Adjust	Final	
1	Pacific Timber	3,337.00	0.00	**3,337.00**	3,337.00	0.00	**3,337.00**	**0.00**
2	Tin Myint Yee	3,245.00	0.00	**3,245.00**	3,245.00	0.00	**3,245.00**	**0.00**
3	FPJVC	3,032.58	-97.58	**2,935.00**	2,935.00	0.00	**2,935.00**	**0.00**
4	Myat Noe Thu	2,000.00	0.00	**2,000.00**	2,000.00	0.00	**2,000.00**	**0.00**
5	Tin Win Tun	1,385.00	0.00	**1,385.00**	1,385.00	0.00	**1,385.00**	**0.00**
6	MRT	888.00	0.00	**888.00**	888.00	0.00	**888.00**	**0.00**
7	Manaw Phyu	468.00	0.00	**468.00**	468.00	0.00	**468.00**	**0.00**
	Total	**14,355.58**	**-97.58**	**14,258.00**	**14,258.00**	**0.00**	**14,258.00**	**0.00**

5.4. Reconciliation of EITI Data with data from Other Sources

5.4.1. Timber production data

According to ITTO, 2015,[1] Myanmar's timber sector produced about 6 million m^3 (or about 4.2 million cubic tons)[2] of logs in 2014.[3]

Although we cannot compare data for calendar year with data for fiscal year, we note a significant discrepancy with Government Agencies' data, as both MTE and FD reported figures of less than one million cubic tons.

It therefore appears that there are material discrepancies between the various information sources published and a need for greater detail and consistency with regards to definitions and presentations. These material differences represent a risk with regards to the accuracy of the data reported. These differences must be analysed and reconciled in a bid to resolve them.

5.4.2. Timber exports data

We present below some data of the forestry sector in Myanmar as published by some relevant international institutions.

a. European Timber Trade Federation

We noted a significant difference on exports value between MCD and the European Timber Trade Federation (ETTF)[4] as detailed below:

Source	MCD	ETTF	Difference
Timber Export value (in US$ million)	**95.68**	**1,780.60**[5]	**-1,684.92**
Period	**FY 2014/15**	**2014**	

The same applies for exports volume. In fact, ETTF reported a total of 2,285 thousand m^3 in 2014 while FD data did not even reach 100 thousand m^3 during FYs 2013/14 and 2014/15.

b. Forest Trends

In March 2015, Forest Trends[6] published total exports value US$ 1.6 billion for 2013[7] which is also significantly higher than FD data.[8]

The same applies for exports volume. In fact, Forest Trends reported a total of over 3.3 million m^3 in 2013 while FD data did not even reach the level of 100 thousand m^3 during FYs 2012/13 and 2013/14.

[1] The International Tropical Timber Organization (ITTO) is an intergovernmental organisation promoting the conservation and sustainable management, use and trade of tropical forest resources. Further information on the ITTO are available on its website: http://www.itto.int/.
[2] One cubic ton is equal to 1.415 cubic meter for teak and other hardwoods.
[3] Source: http://www.timbertradeportal.com/countries/myanmar/
[4] ETTF promotes the interests of the timber trade across Europe, representing key national federations for importers, merchants and distributors. Further information on the ETTF are available on its website: http://ettf.info/.
[5] Source: International Tropical Timber Organization (ITTO, 2015) http://www.timbertradeportal.com/countries/myanmar/
[6] Forest Trends is a non-profit organisation that connects with economic tools and incentives for maintaining ecosystems. Further information on Forest Trends are available on its website: http://www.forest-trends.org/.
[7] Based on importing country statistics.
[8] Source: Forest Trends Report Series, Commercial Agriculture Expansion in Myanmar: Links to Deforestation, Conversion Timber, and Land Conflicts, Kevin Woods, March 2015. The Report is publicly available on (http://forest-trends.org/releases/uploads/Conversion_Timber_in_Myanmar.pdf)

Myanmar/China Forest Products Trade

According to China Customs statistics compiled by Forest Trends,[1] Chinese Imports of Logs from Myanmar exceeded US$ 300 million during FY 2014/15 while MCD data indicate US$ 15 million for the same period.

There are material discrepancies between the various sources of information published and a need for greater detail and consistency of definition and presentation. These material differences emphasise a risk regarding the accuracy of the reported data. These differences must be analysed and reconciled in order to identify their causes and resolve them.

5.5. Companies Profile and Legal Ownership

Annexes 19 and 20 to this Report present companies' profile and their legal ownership.

[1] Source: Myanmar – China Forest Products Trade 2014-2017, Forest Trends, February 2018.

6. OTHER INFORMATION

6.1. Payments made by Companies not Selected in the Reconciliation Scope

According to MSG's decisions, SOEs were required to disclose aggregated revenues received from companies not selected in the reconciliation scope. Unilateral revenues received by Government Agencies amounted to MMK 511.42 million and are summarised in Annex 16 to this Report.

6.2. Quasi-Fiscal Expenditures

MTE was requested to disclose the quasi-fiscal contributions made to Government. Nothing has been reported for FY 2014/15.

7. RECOMMENDATIONS

The recommendations below are based on the findings and weaknesses that we noted during the scoping and reconciliation phases for the preparation of the 2014/15 MEITI report.

7.1. Governance of the Forestry Revenues

7.1.1. Lack of Unique Taxpayer Identification Number

During the scoping phase, we noted that the statements of revenues received from IRD and MCD do not include the Taxpayer Identification Number (TIN) of the companies. The names of some companies have been spelt differently from one Government Agency to another. These differences may be also due to the translation of these statements from Burmese to English.

Moreover, we noted that IRD and MCD do not hold a comprehensive list of the extractive companies neither do they have any specific identification number for the forestry companies.

IRD and MCD identified the revenues based on the list of forestry companies provided by MTE only, which emphasises the risk regarding the comprehensiveness of their statements of revenues.

We **recommend** that all Government Agencies use a unique TIN to record the payments received from the extractive companies. This will require a perpetual and close cooperation among all Government Agencies in order to address the situation of the existing companies.

For the new companies, the TIN should be allocated at the time they are incorporated and their TIN should be communicated to all Government Agencies. Their use should be mandatory for EITI reporting.

7.1.2. Lack of Resource Revenue Sharing System for Forestry Revenues

Forestry revenues are generated in nearly every state and region in Myanmar and mainly in the Sagaing Region, Shan State, Bago Region, Tanintharyi Region, Magway Region, Ayeyarwady Region, Kayah State and Chin State.

In these areas and others, forestry activities have significantly impacted livelihoods of local inhabitants as well as the environment.

Even though there are some payments made to these Region/State funds, the largest share is deposited in the Union Fund.

Given that local communities are the ones directly affected by forestry activities, we **recommend** that the Government should consider setting up a special fund arising from revenues earned from forestry companies or revenue sharing mechanisms so that these may be allocated towards projects that would contribute to:

- the rehabilitation and development of communities impacted by forestry operations;
- mitigate or prevent violent conflicts;
- respond to local claims for benefits, based on ideas of local ownership; and
- promote regional income equality between resource and non-resource rich regions.

For better transparency and efficiency, the revenue sharing system would require stakeholder consensus on any revenue sharing formula.

7.1.3. Lack of distinction between Forestry and Non-Forestry Revenues

During the scoping phase we have identified some companies making material payments to IRD despite their relatively low volume of production.

We understand that these companies are operating in both forestry and non-forestry activities, thus their payments are not entirely related to the extractive sector.

It is therefore not currently possible for IRD to establish how much of each payment relates to forestry activity and how much relates to non-forestry at the time the payment is made.

When making payments to IRD, companies are highly encouraged to distinguish forestry from non-forestry payments so that the payment can be allocated to the appropriate tax stream.

It is also highly **recommended** that IRD seeks to make amendments to its data recording systems to enable this distinction and include the information about the company activity(ies).

7.2. Management of the Forestry Sector

7.2.1. Lack of Timber Trade and Traceability

The complexity and lack of transparency relating to the transfer of logs from harvest sites to the export site is considered to be a challenge for the Myanmar forestry sector. Although a log tracking system is in place, the actual log transport and ownership transfers are complex and involve multiple transactions where the risks for human errors and corrupt practices can take place. Additionally, the current data collection system does not provide sufficient details of the origin of the wood. The current log tracking and reporting system does not separate timber from sustainably managed natural forests and tree plantations properly. The system is unable to distinguish between the timber flows and as a result confiscated timber and timber originating from illegal conversion of forest lands could easily be mixed with timber from sustainably managed natural forests.

We therefore **recommend**, that the efforts towards improved chain-of-custody, data collection and reporting systems are strengthened. This includes investments in modern log-tracking systems and as well as capacity building of relevant FD staff.

Over the past decade, several major timber product consumer regions and countries have put into place new regulations aimed at curtailing the import of illegally sourced wood products (e.g. the Lacey Act in the US, EU Timber Regulation (EUTR), the Australian Illegal Logging Prohibition Act). Illegal logging, as defined in these three regulations, is the harvesting of timber in contravention of the laws and regulations of the country of harvest. The main requirements of these regulations can be summarised as follows:

- illegal timber should not be placed on the market; and
- due diligence is required, including calls for importers to:
  - provide access to information about the origin and legality of the material;
  - conduct risk assessment that timber originates from illegal sources; and
  - mitigate any significant risks.[1]

These new regulations have changed the timber markets, providing challenges to timber exporting countries such as Myanmar.[2]

In order to remain abreast of developments in the international timber markets and to ensure market access for the export industry, we **recommend** that the Government of Myanmar adopts these new regulations. Some initiatives already exist to ensure compliance with the relevant standards (e.g. the development of Myanmar's Timber Legality Assurance System, MTLAS), but more effort is still required to the practical implementation of the standards (i.e. capacity building and reporting systems).

7.2.2. Regulatory Framework and Law Enforcement

a. Forest Law

In paper, the current legislation and regulations for harvesting and transportation of forest products seem to form a relatively solid framework for the sustainable utilisation of Myanmar's forest

[1] Tackling Timber Regulations: A Guide for Myanmar, Forest Trends, 2013.
[2] http://www.flegt.org/news/content/viewItem/swedish-court-rules-myanmar-timber-documentation-inadequate-for-eu-importers/15-11-2016/57

resources. However, in practice it has been acknowledged that the framework governing forest resources appears inadequate to fully ensure legal and sustainable forest management. Therefore, the Forestry Law is currently being revised. It is important to ensure that the new law is in line with international best practices and promotes all aspects of sustainable forest management.

To ensure this, we **recommend** that the Government of the Union of Myanmar (GOUM) follow an international consultation process in the law's revision which involves international and non-governmental organisations as well as the private sector including EITI MSG Members.

This process may comprise the following stages:

- setting the agenda;
- planning the revision project;
- publishing a discussion paper;
- publishing an exposure draft; and
- publishing the final new law.

b. Law enforcement

Forest Law enforcement in Myanmar is weak. FD is continuously making efforts to improve law enforcement and fight illegal timber trade, but its resources are extremely limited. Although the theoretical framework for sustained yield forest management exists, the policies, laws and rules do not appear to be followed in practice. FD does not have a presence in many areas where illicit timber trafficking occurs (especially along the border with China[1]), and there is a general lack of resources to investigate possible crimes. This allows organised crime, as well as low/mid-level players, to continue trafficking timber with minimal fear of prosecution.

We **recommend** that the Government of Myanmar allocates more resources to FD and focuses on building its institutional capacity to improve forest law compliance. Guidance for this can be found, for example, from the FAO, which has gathered best practices to improve legal compliance in the forestry sector, based on the experiences of countries in Asia, Latin America and Africa, and supports countries in the efforts through the FAO-EU FLEGT Programme.

7.2.3. Improving Governance of MTE

We understand that MTE has to change and restructure to become a business enterprise. This will avoid conflicts of interests, improve its governance and will lead to better and longer-term regulations in the forestry sector.

We **recommend** that this restructuring is completed as soon as possible. It is also recommended that MTE publishes regular statistical reports including key financial indicators including revenues collected, profit margins, cash flow from forestry activities, gross investment, as well as transfers to the Government.

7.3. EITI Implementation

7.3.1. Completeness of the data reported on License Register

The EITI Standard requires implementing countries to maintain a publicly available register or cadastral system including comprehensive information regarding each of the licenses relating to companies covered in the EITI Report (EITI Requirement 2.3-b).

This register should cover the following information:

i. license holder(s);

ii. coordinates of the license area;

[1] Analysis of the China-Myanmar Timber Trade, Forest Trends, 2014.

iii. date of application, date of award and duration of the license; and

iv. in the case of production licenses, the commodity being produced.

We note that license register does not include information about the application date, award date, duration and coordinates of the licensed area.

We **recommend** that MTE and FD systematically update these data in the register and that the register is made accessible to the public via their websites.

7.3.2. Award of contracts

The information we received from MTE regarding the licensing process for timber does not disclose clearly the technical and financial criteria used to evaluate the license application.

Even though MTE follows an internal instruction for selecting sub-contractors for timber extraction, we note that this instruction has not been updated for approximately 60 years.

Permits have been awarded to sub-contractors based mainly on their production capacities and experience without clear technical and financial criteria.

Although, MTE no longer uses sub-contractors for timber extraction, it nevertheless uses external providers for equipment, elephants and transportation.

We **recommend** that these contracts are awarded in an open and competitive process. The evaluation of the bidders should be based on clear technical and financial criteria. MTE must disclose the identity of all the candidates and should investigate and record the beneficial owners of the licenses.

7.3.3. Unclear NTFP Licencing Process

The information we received from FD regarding the licensing process for non-timber forest products (NTFP) does not disclose clearly the technical and financial criteria used to evaluate the license application.

Even though FD follows an internal procedure for private plantations (rubber, palm oil and industrial raw materials), we note that this procedure is inadequately detailed to enable proper performance monitoring and assessment of outcomes of the sector.

We **recommend** that these rights are awarded in the form of an open and competitive process. The evaluation of the bidders should be based on clear technical and financial criteria. FD must disclose the identity of all candidates and should investigate and record the beneficial owners of the licenses.

7.3.4. Lack of Reporting System for Employment data

The EITI Standard stipulates that implementing countries must disclose information about employment in the forestry sector in absolute terms and as a percentage of the total employment (EITI Requirement 6.3 (e)).

We note that neither FD nor MTE have a system providing data on the direct impact of employment in the forestry sector. Thus, employment data collected and stated in this Report is partial and does not reflect the comprehensive forestry sector contribution to the country's total workforce.

In order to improve the accuracy and accessibility of contextual information, we **recommend** that FD and MTE periodically (at least annually) update their system with data on employment in the forestry sector.

7.3.5. Accuracy of Production Data

In accordance with the EITI Standard, implementing countries must disclose production data in volume and value (EITI Requirement 3.2).

We note that production data provided by FD and MTE was in volume only.

Furthermore, we note an unreconciled discrepancy on production data between FD and MTE detailed by product as follows:

Product	FD	MTE	Difference in tons	Difference in %
Teak	165,926	44,360	**121,566**	**274%**
Hardwood	694,726	627,652	**67,074**	**11%**
Total	**860,652**	**672,012**	**188,640**	**28.0%**

We **recommend** that FD and MTE set up their own mechanisms, processes and procedures to collect and control production data.

It is also **recommended** that FD and MTE carry out periodic reconciliations of the production volumes declared by the companies with the measurements of the agency for each reporting year. These reconciliations should be done at least quarterly and any significant discrepancies should be fully investigated and reported to the EITI Secretariat.

7.3.6. Accuracy of Exports Data

In accordance with the EITI Standard, implementing countries must disclose information about exports from the forestry sector in absolute terms and as a percentage of total exports (EITI Requirement 6.3 (c)).

We noted an unreconciled discrepancy on export data reported by MCD when compared with that of MOC, detailed as follows:

Product	MCD	MOC	Difference in US$ m	Difference in %
Timber	95.68	23.67	**72.01**	**304%**

We **recommend** that MCD and MOC set up their own mechanisms, processes and procedures to collect and control exports data.

It is also **recommended** that MCD and MOC carry out periodic reconciliations of the export volumes declared by companies with the data reported by each agency. These reconciliations should be done at least quarterly and any significant discrepancies should be fully investigated and reported to the EITI Secretariat.

7.3.7. Reliability of the Data Reported

In accordance with EITI Requirement 4.9, the reliability of data is one of the critical points for assessing a country's transparency and therefore compliance process.

The Office of the Auditor General does not publish any reports relating to audits carried out on Government Agencies. We requested audit reports from OAG for the Government Agencies involved in the forestry sector. However, we were informed that these documents are not available to the public and could not therefore be shared with us.

With the view to ensuring the reliability of financial information relating to the forestry sector in accordance with international standards, we **recommend** that OAG reports are made publicly available. This would at the same time raise awareness of the citizens of importance of the forestry sector in Myanmar.

7.3.8. Lack of reporting at project level

In accordance with EITI Requirement 4.7, reporting at project level is required in certain circumstances.

The MEITI Report does not contain this level of disaggregation because Government Agencies, MTE and companies do not allocate revenue streams between projects.

We **recommend** Government Agencies, MTE as well as companies assess how to disaggregate revenue streams between projects wherever possible, in order to report these revenue streams at project level.

7.3.9. Lack of EITI Reporting Regulations

In Myanmar EITI has been adopted by Presidential Decree n°99/2012 of December 2012 which formally states the Government's intention and commitment to implement EITI.

However, we understand that the EITI reporting obligations are not covered by any existing law in the country aimed at organising the process of collection. This can lead to delays in submitting EITI RTs by some companies and also the lack of contextual information covering the forestry sector in Myanmar.

We **recommend** the strengthening of the legal framework for EITI in Myanmar, by enacting an EITI act that can be harmonised with existing legislations. The EITI act can include provisions relating to:

- reporting obligations for companies and Government Agencies, while specifying the level of disaggregation of the data to be submitted; and
- a time schedule for updating and publishing RTs and instructions as well as the selection of the reporting entities to be included within the scope and submission of declarations and completion of the reconciliation exercise.

ANNEXES

Annex 1: Breakdown of Timber Sales (FY 2014/15)

N°	Name of Buying company	Product type	Volumes sold		Revenues received (US$)	
			Total	Unit	Unit price	Amount
1	CONCORDE	Teak Log	25,830.6	Hoppus Tons	1,244	32,121,265
2	THAI SAWAT	Teak Log	15,516.8	Hoppus Tons	1,187	18,411,357
3	GREEN HW	Teak Log	12,876.4	Hoppus Tons	1,185	15,261,921
4	TERRESTRIAL	Teak Log	11,011.6	Hoppus Tons	966	10,642,067
5	PHYO SI THU	Teak Log	7,323.0	Hoppus Tons	1,263	9,247,152
6	M R T	Teak Log	8,276.4	Hoppus Tons	948	7,843,663
7	WORLD BEST	Teak Log	6,075.9	Hoppus Tons	1,210	7,354,206
8	TIN MYINT YEE	Teak Log	8,705.2	Hoppus Tons	819	7,130,346
9	PACIFIC TIMBER	Teak Log	5,399.3	Hoppus Tons	1,260	6,801,394
10	MYAT NOE THU	Teak Log	5,189.9	Hoppus Tons	1,258	6,526,671
11	N T C	Teak Log	3,451.2	Hoppus Tons	1,373	4,737,970
12	MA NAW PHYU	Teak Log	3,058.3	Hoppus Tons	1,353	4,137,685
13	ALKEMAL	Teak Log	2,899.8	Hoppus Tons	1,317	3,820,159
14	LOI HEIN	Teak Log	2,696.9	Hoppus Tons	1,239	3,340,892
15	TIN WIN TUN	Teak Log	2,476.3	Hoppus Tons	1,280	3,170,185
16	SIMLA AGENCIES	Teak Log	3,046.3	Hoppus Tons	922	2,809,566
17	M T I	Teak Log	2,329.2	Hoppus Tons	1,049	2,442,619
18	MAYAR(HK)	Teak Log	1,632.5	Hoppus Tons	1,403	2,289,767
19	MC COY	Teak Log	1,696.7	Hoppus Tons	1,302	2,208,910
20	HLAING MYITTAR	Teak Log	1,690.7	Hoppus Tons	1,290	2,180,307
21	NATIONAL WOOD	Teak Log	2,154.4	Hoppus Tons	1,004	2,163,117
22	TROPICAL WOODS	Teak Log	1,568.1	Hoppus Tons	1,323	2,075,088
23	THARAPHU DÉCOR	Teak Log	1,542.5	Hoppus Tons	1,200	1,850,926
24	NATURE TIMBER	Teak Log	1,471.3	Hoppus Tons	1,228	1,806,087
25	YANGON TOUCH WOOD	Teak Log	1,537.0	Hoppus Tons	1,138	1,748,630
26	DIAMOND MERCURY	Teak Log	1,551.3	Hoppus Tons	1,045	1,620,661
27	AYEYAR PHOENIX	Teak Log	1,318.3	Hoppus Tons	1,197	1,578,492
28	WIN MARLAR AUNG	Teak Log	1,155.7	Hoppus Tons	1,288	1,488,056
29	F J V	Teak Log	1,155.7	Hoppus Tons	1,284	1,483,578
30	GOLDEN POLLEN	Teak Log	1,527.4	Hoppus Tons	934	1,426,716
31	HTEE PWINT KAN	Teak Log	1,137.2	Hoppus Tons	1,203	1,368,351
32	I G E	Teak Log	1,003.8	Hoppus Tons	1,292	1,296,409
33	GOLDEN ONE STAR	Teak Log	1,155.0	Hoppus Tons	1,048	1,210,181
34	WIN ENT;	Teak Log	710.2	Hoppus Tons	1,560	1,108,245
35	WAJILAM	Teak Log	931.1	Hoppus Tons	1,165	1,084,865
36	ZABU HLWAN	Teak Log	1,045.1	Hoppus Tons	1,024	1,069,803
37	U SOE LWIN	Teak Log	857.8	Hoppus Tons	1,230	1,054,870
38	ASIA ABILITY	Teak Log	802.6	Hoppus Tons	1,272	1,020,726
39	KAUNG MYAT	Teak Log	655.7	Hoppus Tons	1,525	1,000,214
40	HEIWA PLASTIC	Teak Log	830.8	Hoppus Tons	1,180	980,577
41	K K N	Teak Log	550.8	Hoppus Tons	1,751	964,496
42	NEW WAVE	Teak Log	632.4	Hoppus Tons	1,352	855,061
43	HTAY KYAW	Teak Log	593.0	Hoppus Tons	1,372	813,631
44	SHWE MOE THAR	Teak Log	609.2	Hoppus Tons	1,325	807,214
45	LUCRE WOOD	Teak Log	604.8	Hoppus Tons	1,255	759,213
46	4G INVESTMENT	Teak Log	584.0	Hoppus Tons	1,248	728,567
47	C I F G	Teak Log	644.7	Hoppus Tons	1,091	703,530
48	MYANMAR MAY KAUNG	Teak Log	604.3	Hoppus Tons	1,131	683,493
49	MT WOOD	Teak Log	446.7	Hoppus Tons	1,442	644,174
50	NAY WUN MYAT	Teak Log	493.4	Hoppus Tons	1,254	618,733
51	M T K	Teak Log	507.2	Hoppus Tons	1,181	599,200
52	SAN MAY	Teak Log	204.5	Hoppus Tons	2,920	597,130
53	XIN ZE(WOOD)	Teak Log	336.0	Hoppus Tons	1,758	590,711

N°	Name of Buying company	Product type	Volumes sold		Revenues received (US$)	
			Total	Unit	Unit price	Amount
54	SHWE GAY HAR	Teak Log	451.9	Hoppus Tons	1,287	581,636
55	U SAW THAW MAS(AD-AE)	Teak Log	438.1	Hoppus Tons	1,298	568,811
56	N W S	Teak Log	238.4	Hoppus Tons	2,338	557,467
57	UNITED WOOD	Teak Log	597.0	Hoppus Tons	889	530,813
58	CHIT PO	Teak Log	420.5	Hoppus Tons	1,258	529,016
59	KANBAWZA THITSAR HLAING	Teak Log	343.4	Hoppus Tons	1,425	489,459
60	ZIN YU CHO	Teak Log	502.5	Hoppus Tons	964	484,381
61	GREEN LAUREL	Teak Log	282.4	Hoppus Tons	1,601	452,137
62	MOMENTUM	Teak Log	360.7	Hoppus Tons	1,250	450,903
63	GREAT WALL	Teak Log	762.9	Hoppus Tons	563	429,532
64	HTAY FAMILY	Teak Log	331.9	Hoppus Tons	1,229	408,020
65	KOJU	Teak Log	299.4	Hoppus Tons	1,355	405,566
66	UNIVERSAL GREEN	Teak Log	385.2	Hoppus Tons	1,033	398,018
67	NAGANI GROUP	Teak Log	282.6	Hoppus Tons	1,310	370,050
68	U MYOH PE(AD-AE)	Teak Log	350.5	Hoppus Tons	1,043	365,634
69	CHID WOOD	Teak Log	353.3	Hoppus Tons	1,027	362,771
70	TREASURE TIMBER	Teak Log	286.2	Hoppus Tons	1,231	352,138
71	U ZAW OO(AD-AE)	Teak Log	272.4	Hoppus Tons	1,252	341,095
72	M A F	Teak Log	273.4	Hoppus Tons	1,196	326,872
73	MYAT MEKIN	Teak Log	227.6	Hoppus Tons	1,427	324,642
74	WIN DANA	Teak Log	222.7	Hoppus Tons	1,325	295,043
75	KHINE THIT	Teak Log	219.3	Hoppus Tons	1,277	280,082
76	MYANMAR TOKIWA	Teak Log	293.5	Hoppus Tons	954	279,988
77	SK WOOD	Teak Log	205.2	Hoppus Tons	1,250	256,540
78	TOSEVA	Teak Log	208.9	Hoppus Tons	1,218	254,419
79	BO OH FAMILY	Teak Log	268.3	Hoppus Tons	910	244,075
80	PANN THI	Teak Log	156.3	Hoppus Tons	1,317	205,939
81	THEIN THAN HTUN	Teak Log	384.0	Hoppus Tons	520	199,680
82	U KYAW TIN	Teak Log	167.1	Hoppus Tons	1,174	196,135
83	SHWE PYI THIT	Teak Log	173.9	Hoppus Tons	1,096	190,490
84	AH SHAE THAN LWIN	Teak Log	146.2	Hoppus Tons	1,233	180,345
85	N T I	Teak Log	143.5	Hoppus Tons	1,250	179,365
86	LIN WIN	Teak Log	50.7	Hoppus Tons	3,463	175,458
87	MOGOK PRIDE	Teak Log	158.1	Hoppus Tons	1,084	171,453
88	TWO TRIANGLE	Teak Log	136.4	Hoppus Tons	1,205	164,438
89	PAN TAW TDG;	Teak Log	129.4	Hoppus Tons	1,250	161,715
90	SAN SHAAR FAMILY	Teak Log	121.0	Hoppus Tons	1,325	160,336
91	MYANMAR PELTIER BOIS	Teak Log	102.1	Hoppus Tons	1,501	153,298
92	HEIN SOE	Teak Log	113.9	Hoppus Tons	1,338	152,424
93	TOYAVA	Teak Log	112.7	Hoppus Tons	1,308	147,497
94	M G P TDG;	Teak Log	114.3	Hoppus Tons	1,272	145,400
95	WIN & WIN	Teak Log	285.6	Hoppus Tons	506	144,510
96	U WIN MAUNG(AD-AE)	Teak Log	132.1	Hoppus Tons	1,058	139,723
97	TRIANGLE POWER	Teak Log	75.1	Hoppus Tons	1,741	130,743
98	MOE HTET MYINT MOH	Teak Log	97.8	Hoppus Tons	1,325	129,569
99	MAY THU HTIKE	Teak Log	101.8	Hoppus Tons	1,250	127,300
100	GREAT APEX	Teak Log	90.0	Hoppus Tons	1,308	117,668
101	CHIN SU MYANMAR	Teak Log	31.9	Hoppus Tons	3,694	117,654
102	WOOD WORLD	Teak Log	79.2	Hoppus Tons	1,325	104,993
103	CHEER TOP	Teak Log	77.6	Hoppus Tons	1,325	102,759
104	GREEN ART	Teak Log	94.9	Hoppus Tons	1,070	101,577
105	SHWE YOMA YADANAR	Teak Log	83.1	Hoppus Tons	1,174	97,550
106	MYIT MA KHA	Teak Log	61.9	Hoppus Tons	1,356	83,848
107	ASIA WOOD	Teak Log	59.3	Hoppus Tons	1,351	80,065
108	PRAISE INT'L MINING CO	Teak Log	59.8	Hoppus Tons	1,322	79,111
109	TEN WAYS	Teak Log	49.3	Hoppus Tons	1,390	68,520

N°	Name of Buying company	Product type	Volumes sold		Revenues received (US$)	
			Total	Unit	Unit price	Amount
110	FUTURE SOLUTION	Teak Log	49.4	Hoppus Tons	1,281	63,225
111	GLOBAL STAR	Teak Log	46.3	Hoppus Tons	1,350	62,476
112	OUR STYLE	Teak Log	38.5	Hoppus Tons	1,432	55,175
113	GOLDEN POWER	Teak Log	36.4	Hoppus Tons	1,495	54,361
114	MYANMAR FRIEND SHIP	Teak Log	43.4	Hoppus Tons	1,250	54,295
115	SAW TDG;	Teak Log	36.6	Hoppus Tons	1,302	47,606
116	SHWE MIN OO	Teak Log	49.7	Hoppus Tons	939	46,693
117	U MAUNG SEIN	Teak Log	34.9	Hoppus Tons	1,325	46,290
118	LAY PYAY HNYIN	Teak Log	36.4	Hoppus Tons	1,250	45,453
119	EXCEL WOOD	Teak Log	35.5	Hoppus Tons	1,250	44,388
120	MYANMAR SLP WOOD	Teak Log	23.7	Hoppus Tons	1,789	42,442
121	TUN LIN TUN	Teak Log	49.4	Hoppus Tons	850	41,968
122	NATURE WOOD	Teak Log	10.6	Hoppus Tons	3,930	41,729
123	SMART EXP 7 IMP	Teak Log	30.3	Hoppus Tons	1,288	38,975
124	SEIN & SAN	Teak Log	41.2	Hoppus Tons	871	35,910
125	SINOCOM	Teak Log	27.8	Hoppus Tons	1,174	32,583
126	KHINE LIN	Teak Log	26.2	Hoppus Tons	1,140	29,922
127	CHINDWIN RIVER	Teak Log	21.6	Hoppus Tons	1,369	29,521
128	CHAN MYA SHWE YEE	Teak Log	34.6	Hoppus Tons	714	24,724
129	U SAW KA PAW SAY(AD-AE)	Teak Log	26.2	Hoppus Tons	937	24,556
130	GOOD WOOD	Teak Log	16.0	Hoppus Tons	1,325	21,195
131	U SAN SHARR	Teak Log	10.1	Hoppus Tons	1,685	16,951
132	THIT MIN YADANAR	Teak Log	31.4	Hoppus Tons	525	16,507
133	NEW TELESONIC	Teak Log	31.9	Hoppus Tons	404	12,869
134	POUNG LOUNG WOOD	Teak Log	8.2	Hoppus Tons	1,325	10,849
135	ASIA GREEN	Teak Log	3.3	Hoppus Tons	971	3,173
136	CHEUNG HING CO.	Teak Log	0.5	Hoppus Tons	1,174	552
	Sub-Total - Teak Log		**175,372.0**			**205,771,902**
137	THAI SAWAT	Hardwood Log	12,283.3	Hoppus Tons	758	9,306,107
138	MT WOOD	Hardwood Log	20,634.1	Hoppus Tons	377	7,787,295
139	HUNDRED SMILES	Hardwood Log	15,498.8	Hoppus Tons	424	6,567,638
140	CHIN SU MYANMAR	Hardwood Log	22,976.9	Hoppus Tons	255	5,867,050
141	M K T I	Hardwood Log	20,456.6	Hoppus Tons	269	5,503,000
142	CENTURY PLY MYANMAR	Hardwood Log	13,904.0	Hoppus Tons	390	5,425,948
143	WORLD BEST	Hardwood Log	10,426.1	Hoppus Tons	491	5,123,200
144	GREEN HW	Hardwood Log	16,802.0	Hoppus Tons	303	5,092,543
145	ALKEMAL	Hardwood Log	12,392.2	Hoppus Tons	356	4,413,593
146	FARLIN	Hardwood Log	10,348.9	Hoppus Tons	421	4,361,368
147	M R T	Hardwood Log	10,652.6	Hoppus Tons	376	4,008,368
148	GOLDEN MASTER	Hardwood Log	4,438.9	Hoppus Tons	676	2,998,873
149	CONCORDE	Hardwood Log	6,571.2	Hoppus Tons	436	2,864,264
150	MYANMAR MAY KAUNG	Hardwood Log	8,671.5	Hoppus Tons	324	2,805,683
151	NATURE TIMBER	Hardwood Log	10,350.7	Hoppus Tons	260	2,689,117
152	ZABU HLWAN	Hardwood Log	7,642.4	Hoppus Tons	333	2,547,072
153	GREEN PLY	Hardwood Log	6,871.0	Hoppus Tons	358	2,460,345
154	KAUNG MYAT	Hardwood Log	6,419.3	Hoppus Tons	368	2,363,244
155	GLOBAL STAR	Hardwood Log	5,298.6	Hoppus Tons	440	2,331,385
156	HEIWA PLASTIC	Hardwood Log	708.5	Hoppus Tons	3,273	2,318,937
157	TIN WIN TUN	Hardwood Log	7,050.8	Hoppus Tons	301	2,122,234
158	ZHANG JIA GANG	Hardwood Log	5,921.7	Hoppus Tons	314	1,862,092
159	WAIWELL	Hardwood Log	927.2	Hoppus Tons	1,953	1,811,145
160	TIN MYINT YEE	Hardwood Log	828.3	Hoppus Tons	2,177	1,803,058
161	I G E	Hardwood Log	4,787.4	Hoppus Tons	366	1,751,934
162	SAW TDG;	Hardwood Log	5,545.9	Hoppus Tons	316	1,751,703
163	MAYAR(HK)	Hardwood Log	3,083.4	Hoppus Tons	551	1,697,825
164	BAMAW VENEER TIMBER	Hardwood Log	4,034.1	Hoppus Tons	416	1,677,036

N°	Name of Buying company	Product type	Volumes sold		Revenues received (US$)	
			Total	Unit	Unit price	Amount
165	HLAING MYITTAR	Hardwood Log	6,354.2	Hoppus Tons	258	1,640,620
166	MA NAW PHYU	Hardwood Log	786.2	Hoppus Tons	2,067	1,625,033
167	ORCHID	Hardwood Log	9,011.9	Hoppus Tons	166	1,500,378
168	N T C	Hardwood Log	2,003.2	Hoppus Tons	676	1,354,412
169	GOLDEN ONE STAR	Hardwood Log	1,869.1	Hoppus Tons	721	1,346,949
170	JEWELLERY LUCK	Hardwood Log	5,272.1	Hoppus Tons	239	1,257,574
171	F J V	Hardwood Log	5,327.2	Hoppus Tons	234	1,246,133
172	THIT MIN YADANAR	Hardwood Log	4,273.2	Hoppus Tons	290	1,237,678
173	LUCRE WOOD	Hardwood Log	4,184.1	Hoppus Tons	295	1,235,173
174	TROPICAL WOODS	Hardwood Log	1,841.9	Hoppus Tons	652	1,201,557
175	PRIME VENEER	Hardwood Log	4,112.7	Hoppus Tons	286	1,175,570
176	PENG SHENG EXP-IMP	Hardwood Log	513.1	Hoppus Tons	2,196	1,126,690
177	MYANMAR BEAN & TIMBER	Hardwood Log	3,770.8	Hoppus Tons	283	1,067,919
178	MYANMAR VENEER & PLYWOOD	Hardwood Log	3,877.0	Hoppus Tons	275	1,067,012
179	RUBY LION	Hardwood Log	3,450.2	Hoppus Tons	289	996,441
180	FUTURE WIN	Hardwood Log	4,450.7	Hoppus Tons	222	988,475
181	MAK (MYANMAR) PLYWOOD	Hardwood Log	2,712.4	Hoppus Tons	338	915,793
182	FLY MAN	Hardwood Log	2,292.1	Hoppus Tons	375	858,691
183	GLOBAL VENEER	Hardwood Log	2,697.5	Hoppus Tons	318	858,117
184	GRAND MANF;	Hardwood Log	2,986.7	Hoppus Tons	282	842,686
185	S S O E	Hardwood Log	2,005.3	Hoppus Tons	414	829,455
186	SK WOOD	Hardwood Log	1,781.1	Hoppus Tons	441	784,778
187	SHWE WOOD	Hardwood Log	1,723.2	Hoppus Tons	452	779,117
188	PYI PHYO TUN	Hardwood Log	3,365.7	Hoppus Tons	230	774,117
189	GLOBAL WOOD	Hardwood Log	2,998.9	Hoppus Tons	255	764,716
190	SIMLA AGENCIES	Hardwood Log	1,927.7	Hoppus Tons	395	762,362
191	SUDIMA	Hardwood Log	2,767.7	Hoppus Tons	275	762,028
192	ZAW THAN OO	Hardwood Log	305.3	Hoppus Tons	2,428	741,228
193	FINE PLY	Hardwood Log	1,956.4	Hoppus Tons	360	703,817
194	MYAT MEKIN	Hardwood Log	1,916.6	Hoppus Tons	366	701,283
195	U SOE LWIN	Hardwood Log	2,299.1	Hoppus Tons	302	693,353
196	WIN SHWE SIN	Hardwood Log	1,736.4	Hoppus Tons	397	688,588
197	GOLDEN NOBEL	Hardwood Log	2,331.1	Hoppus Tons	295	687,670
198	SHWE WINT HTET	Hardwood Log	198.5	Hoppus Tons	3,354	665,784
199	ASIA ABILITY	Hardwood Log	2,360.1	Hoppus Tons	269	634,007
200	PACIFIC TIMBER	Hardwood Log	1,345.7	Hoppus Tons	457	614,576
201	SHWE YOMA YADANAR	Hardwood Log	2,972.4	Hoppus Tons	200	594,537
202	CHIT PO	Hardwood Log	3,109.0	Hoppus Tons	189	586,744
203	MYAT NOE THU	Hardwood Log	4,173.0	Hoppus Tons	140	583,295
204	WOOD LAND	Hardwood Log	1,889.8	Hoppus Tons	292	552,150
205	SUNDAY WORLD	Hardwood Log	370.5	Hoppus Tons	1,447	536,250
206	BEAUTIFUL WOOD	Hardwood Log	1,490.3	Hoppus Tons	352	525,195
207	AYEYAR PHOENIX	Hardwood Log	1,345.8	Hoppus Tons	386	519,261
208	M T K	Hardwood Log	763.2	Hoppus Tons	678	517,439
209	WIN MARLAR AUNG	Hardwood Log	1,588.6	Hoppus Tons	320	508,998
210	NAY WUN MYAT	Hardwood Log	514.7	Hoppus Tons	976	502,264
211	AUSTINPLY MYANMAR	Hardwood Log	1,573.3	Hoppus Tons	315	495,396
212	WAJILAM	Hardwood Log	852.5	Hoppus Tons	578	493,039
213	CHEER TOP	Hardwood Log	1,014.1	Hoppus Tons	482	488,754
214	CROWN VENEER & TIMBER MAF;	Hardwood Log	1,616.3	Hoppus Tons	301	486,910
215	GREEN ART	Hardwood Log	2,190.5	Hoppus Tons	217	474,490
216	AMAZON EXP	Hardwood Log	1,687.7	Hoppus Tons	275	464,207
217	EVERGREEN TEAK	Hardwood Log	1,093.7	Hoppus Tons	421	460,560
218	SINMA FURNITURE	Hardwood Log	1,695.3	Hoppus Tons	269	456,702
219	MYEIK PLYWOOD	Hardwood Log	2,012.8	Hoppus Tons	226	455,686
220	SHWE GAY HAR	Hardwood Log	201.3	Hoppus Tons	2,230	448,982

N°	Name of Buying company	Product type	Volumes sold		Revenues received (US$)	
			Total	Unit	Unit price	Amount
221	GOLDEN VENEER	Hardwood Log	1,510.0	Hoppus Tons	295	445,454
222	PURI TIMBER	Hardwood Log	1,593.9	Hoppus Tons	278	443,870
223	GREAT APEX	Hardwood Log	1,690.4	Hoppus Tons	247	417,064
224	HOKUSAN	Hardwood Log	148.1	Hoppus Tons	2,671	395,593
225	OCEAN EXPRESS	Hardwood Log	68.6	Hoppus Tons	5,580	382,676
226	KANBAWZA THITSAR HLAING	Hardwood Log	1,247.9	Hoppus Tons	290	361,927
227	MYANMAR KOREA TIMBER	Hardwood Log	1,192.4	Hoppus Tons	295	351,753
228	S'PORE MERCANTILE	Hardwood Log	1,117.2	Hoppus Tons	311	347,164
229	MOTHER TDG;	Hardwood Log	2,118.4	Hoppus Tons	161	341,051
230	CHAN MYA SHWE YEE	Hardwood Log	2,997.6	Hoppus Tons	113	339,384
231	N W S	Hardwood Log	1,172.1	Hoppus Tons	286	335,813
232	GOLDEN TAI YANG	Hardwood Log	608.0	Hoppus Tons	543	329,892
233	KOJU	Hardwood Log	864.2	Hoppus Tons	353	305,269
234	M T I	Hardwood Log	798.1	Hoppus Tons	362	289,242
235	SHWE MOE THAR	Hardwood Log	633.1	Hoppus Tons	438	277,281
236	MYANMAR SHWE HTAIK LON	Hardwood Log	1,019.9	Hoppus Tons	270	275,860
237	SHWE TUN KYAW YAN AYE	Hardwood Log	1,146.7	Hoppus Tons	238	273,387
238	THEIN THAN CHI	Hardwood Log	231.7	Hoppus Tons	1,169	270,751
239	YADANA WORLD	Hardwood Log	120.3	Hoppus Tons	2,174	261,528
240	OAK THAR KYAW	Hardwood Log	850.2	Hoppus Tons	290	246,334
241	AH SHAE THAN LWIN	Hardwood Log	110.4	Hoppus Tons	2,197	242,645
242	HTAY KYAW	Hardwood Log	638.4	Hoppus Tons	379	242,179
243	KHAING SU THU	Hardwood Log	108.3	Hoppus Tons	2,174	235,384
244	PRECIOUS WOOD	Hardwood Log	542.3	Hoppus Tons	431	233,673
245	MYIT MA KHA	Hardwood Log	600.3	Hoppus Tons	387	232,543
246	MOE HAN OO	Hardwood Log	387.9	Hoppus Tons	591	229,321
247	YE TUN	Hardwood Log	858.4	Hoppus Tons	257	220,567
248	MOGOK PRIDE	Hardwood Log	797.6	Hoppus Tons	273	217,491
249	LABH PHYO THIT	Hardwood Log	443.8	Hoppus Tons	488	216,384
250	MAY THU HTIKE	Hardwood Log	89.3	Hoppus Tons	2,373	211,845
251	HEIN SHIN TDG;	Hardwood Log	1,288.4	Hoppus Tons	164	211,444
252	SHRI KRISHNA	Hardwood Log	563.6	Hoppus Tons	373	210,432
253	DAUNG NYI NAUNG	Hardwood Log	793.8	Hoppus Tons	258	204,699
254	WIN & WIN	Hardwood Log	609.1	Hoppus Tons	331	201,834
255	ASIA GREEN	Hardwood Log	1,925.6	Hoppus Tons	104	200,086
256	U SAW KA PAW SAY(AD-AE)	Hardwood Log	89.5	Hoppus Tons	2,179	195,059
257	MOE HTET MYINT MOH	Hardwood Log	302.0	Hoppus Tons	642	193,914
258	PHYO SI THU	Hardwood Log	386.3	Hoppus Tons	473	182,682
259	GOOD WOOD	Hardwood Log	308.8	Hoppus Tons	591	182,634
260	CHAN NYEIN INT'L	Hardwood Log	1,090.0	Hoppus Tons	163	177,528
261	N T I	Hardwood Log	771.9	Hoppus Tons	223	172,006
262	SHIVAH SAWA SHOJI	Hardwood Log	382.8	Hoppus Tons	440	168,425
263	CHEUNG HING CO.	Hardwood Log	411.2	Hoppus Tons	405	166,501
264	SHWE MYA NANDAR	Hardwood Log	622.4	Hoppus Tons	257	159,731
265	C & W	Hardwood Log	360.4	Hoppus Tons	440	158,670
266	FAMILY WIN TDG;	Hardwood Log	1,039.0	Hoppus Tons	150	156,000
267	U WIN AUNG(AD-AE)	Hardwood Log	553.8	Hoppus Tons	272	150,625
268	ZENOS	Hardwood Log	238.6	Hoppus Tons	609	145,255
269	BUSINESS GATE	Hardwood Log	695.2	Hoppus Tons	201	139,657
270	PRAISE INT'L MINING CO	Hardwood Log	257.4	Hoppus Tons	538	138,612
271	WIN PHYO AYE CO	Hardwood Log	498.0	Hoppus Tons	255	126,991
272	CENTURY DRAGON	Hardwood Log	542.0	Hoppus Tons	219	118,550
273	SHWE PYI THIT	Hardwood Log	430.9	Hoppus Tons	275	118,416
274	WIN ENT;	Hardwood Log	444.8	Hoppus Tons	261	115,962
275	INDO SINO	Hardwood Log	263.0	Hoppus Tons	435	114,529
276	SAI KHAM NAW MINING	Hardwood Log	392.7	Hoppus Tons	267	104,743

N°	Name of Buying company	Product type	Volumes sold		Revenues received (US$)	
			Total	Unit	Unit price	Amount
277	SPECIAL REJION (2)	Hardwood Log	399.9	Hoppus Tons	255	101,973
278	HEIN SOE	Hardwood Log	482.3	Hoppus Tons	210	101,310
279	GREAT WALL	Hardwood Log	210.8	Hoppus Tons	450	94,856
280	LINN PHONE PYAE	Hardwood Log	364.5	Hoppus Tons	260	94,711
281	MYANMAR ASIA EXPRESS	Hardwood Log	434.2	Hoppus Tons	215	93,358
282	MOEMEIK TATILATIONAL	Hardwood Log	361.6	Hoppus Tons	246	89,042
283	MC COY	Hardwood Log	500.3	Hoppus Tons	174	87,056
284	TEN WAYS	Hardwood Log	969.7	Hoppus Tons	84	81,931
285	AUNG PHYO PWINT OO	Hardwood Log	282.1	Hoppus Tons	282	79,544
286	MYO THIT SAR	Hardwood Log	536.6	Hoppus Tons	146	78,211
287	MYAMMAR WIN STAR	Hardwood Log	300.0	Hoppus Tons	255	76,497
288	DOH BAMAR	Hardwood Log	299.7	Hoppus Tons	255	76,434
289	SRI KRISHNA	Hardwood Log	174.5	Hoppus Tons	432	75,469
290	HTAY FAMILY	Hardwood Log	433.6	Hoppus Tons	174	75,452
291	HTOO	Hardwood Log	268.1	Hoppus Tons	269	72,217
292	LOI KHONE GOLD & MINING	Hardwood Log	234.2	Hoppus Tons	299	70,099
293	MAHANDI MARITIME SERVICE	Hardwood Log	164.8	Hoppus Tons	396	65,316
294	MYANMAR VALIANI	Hardwood Log	156.4	Hoppus Tons	392	61,315
295	UNILITE IND;	Hardwood Log	404.8	Hoppus Tons	144	58,281
296	RCHMONNYA UNITED	Hardwood Log	289.6	Hoppus Tons	200	57,918
297	PRO MYANMSR	Hardwood Log	189.4	Hoppus Tons	305	57,852
298	DIAMOND MERCURY	Hardwood Log	206.5	Hoppus Tons	278	57,395
299	WOOD INDUSTRY	Hardwood Log	101.0	Hoppus Tons	543	54,825
300	VENTURE MYANMAR	Hardwood Log	260.7	Hoppus Tons	205	53,451
301	GOOD ASIA	Hardwood Log	212.7	Hoppus Tons	250	53,177
302	ASSOCIATE GLOBAL	Hardwood Log	123.0	Hoppus Tons	415	51,036
303	KHINE LIN	Hardwood Log	198.2	Hoppus Tons	255	50,533
304	TOSEVA	Hardwood Log	77.5	Hoppus Tons	644	49,937
305	HONDA (MYANMAR)	Hardwood Log	22.4	Hoppus Tons	2,210	49,438
306	WIND FALL ENERGY	Hardwood Log	1,565.7	Hoppus Tons	29	46,065
307	LAY PYAY HNYIN	Hardwood Log	180.1	Hoppus Tons	253	45,571
308	MYANMAR WIN STAR	Hardwood Log	207.4	Hoppus Tons	200	41,567
309	WELL BORN INT'L	Hardwood Log	107.2	Hoppus Tons	335	35,916
310	ASIA WIN	Hardwood Log	86.5	Hoppus Tons	372	32,177
311	SHWE THAN THAR HEIN	Hardwood Log	146.5	Hoppus Tons	219	32,029
312	MYANMAR SLP WOOD	Hardwood Log	180.0	Hoppus Tons	175	31,507
313	NOBEL WOOD	Hardwood Log	191.6	Hoppus Tons	163	31,200
314	GOLDEN POLLEN	Hardwood Log	79.8	Hoppus Tons	326	26,011
315	SEIN & SAN	Hardwood Log	161.7	Hoppus Tons	160	25,802
316	FU SHING STAR	Hardwood Log	130.6	Hoppus Tons	190	24,777
317	CHAN CHIN	Hardwood Log	120.5	Hoppus Tons	175	21,093
318	NEW WAVE	Hardwood Log	50.1	Hoppus Tons	411	20,585
319	THEIN THAN HTUN	Hardwood Log	51.3	Hoppus Tons	268	13,739
320	WN MARLAR AUNG	Hardwood Log	40.5	Hoppus Tons	335	13,553
321	HTUN MYAT AUNG	Hardwood Log	49.9	Hoppus Tons	231	11,532
322	SHANGHAI CHINA	Hardwood Log	40.1	Hoppus Tons	250	10,014
323	GA YA VICTORY	Hardwood Log	131.4	Hoppus Tons	69	9,094
324	HEIN YE SOE	Hardwood Log	30.2	Hoppus Tons	255	7,691
325	THARAPHU DÉCOR	Hardwood Log	25.2	Hoppus Tons	295	7,429
326	ZAR NI ZAW	Hardwood Log	117.8	Hoppus Tons	27	3,210
327	HAY MAN TDG;	Hardwood Log	6.0	Hoppus Tons	302	1,800
328	CHAN MYAE THAR	Hardwood Log	4.0	Hoppus Tons	260	1,037
329	C I F G	Hardwood Log	0.4	Hoppus Tons	642	271
	Sub-Total - Hardwood Log		**443,816.5**			**162,343,313**
	Total Local Sales		**619,188.6**			**368,115,215**

N°	Name of Buying company	Product type	Volumes sold		Revenues received (US$)	
			Total	Unit	Unit price	Amount
330	T P S	Teak Conversion	905.0	Cubic tons	2,861	2,588,922
331	HANA	Teak Conversion	1,105.8	Cubic tons	1,593	1,760,979
332	THAI SAWAT	Teak Conversion	1,954.4	Cubic tons	852	1,666,035
333	N E C	Teak Conversion	556.6	Cubic tons	1,872	1,041,858
334	THEIN THAN HTUN	Teak Conversion	969.0	Cubic tons	772	747,628
335	PACIFIC TIMBER	Teak Conversion	1,712.9	Cubic tons	378	647,922
336	THARAPHU DÉCOR	Teak Conversion	387.9	Cubic tons	1,275	494,683
337	K K N	Teak Conversion	297.4	Cubic tons	1,375	408,873
338	GREEN LAUREL	Teak Conversion	199.8	Cubic tons	1,939	387,314
339	SANTI FORESTRY	Teak Conversion	311.7	Cubic tons	1,128	351,465
340	CONCORDE	Teak Conversion	299.6	Cubic tons	1,132	339,159
341	WANIBE	Teak Conversion	212.5	Cubic tons	1,447	307,436
342	YANGON TOUCH WOOD	Teak Conversion	122.0	Cubic tons	2,387	291,321
343	KUDUSONS TRADE	Teak Conversion	125.9	Cubic tons	2,253	283,626
344	CARSON TDG;	Teak Conversion	83.9	Cubic tons	2,548	213,715
345	HEIWA PLASTIC	Teak Conversion	215.7	Cubic tons	853	184,009
346	TRANS CONTINENTS	Teak Conversion	75.7	Cubic tons	1,726	130,570
347	SHWE ZALAT	Teak Conversion	109.5	Cubic tons	957	104,796
348	NATIONAL WOOD	Teak Conversion	48.4	Cubic tons	1,916	92,650
349	SEIN & SAN	Teak Conversion	130.2	Cubic tons	681	88,648
350	GOOD DEED ENTERNATIONAL	Teak Conversion	40.8	Cubic tons	2,069	84,420
351	MA NAW PHYU	Teak Conversion	40.5	Cubic tons	2,067	83,703
352	LIN WIN	Teak Conversion	236.7	Cubic tons	328	77,649
353	CHOON BOK	Teak Conversion	24.0	Cubic tons	2,876	69,133
354	PS GROUP	Teak Conversion	45.4	Cubic tons	1,513	68,687
355	OPAL INTERNATIONAL	Teak Conversion	29.5	Cubic tons	2,301	68,002
356	DOWLET	Teak Conversion	57.8	Cubic tons	1,055	60,953
357	T K K	Teak Conversion	304.6	Cubic tons	180	54,706
358	SAN MAY	Teak Conversion	12.5	Cubic tons	4,300	53,793
359	HAY MAN TDG;	Teak Conversion	60.6	Cubic tons	830	50,317
360	N Y T	Teak Conversion	30.5	Cubic tons	1,599	48,759
361	NEW WAVE	Teak Conversion	19.7	Cubic tons	2,356	46,432
362	M T I	Teak Conversion	16.8	Cubic tons	2,725	45,806
363	DIMEI WOODEN	Teak Conversion	18.6	Cubic tons	2,401	44,658
364	THIT MIN YADANAR	Teak Conversion	28.5	Cubic tons	1,540	43,931
365	HENG WOOD	Teak Conversion	25.1	Cubic tons	1,667	41,874
366	GOLDEN POLLEN	Teak Conversion	36.2	Cubic tons	1,142	41,290
367	LABH PHYO THIT	Teak Conversion	18.1	Cubic tons	1,800	32,639
368	SHWE TUN KYAW YAN AYE	Teak Conversion	80.0	Cubic tons	399	31,969
369	MOGOK PRIDE	Teak Conversion	30.8	Cubic tons	986	30,417
370	CHAN MYA SHWE YEE	Teak Conversion	27.7	Cubic tons	914	25,364
371	SOUTHERN MATERIALS IND;	Teak Conversion	19.4	Cubic tons	907	17,635
372	OAK THAR KYAW	Teak Conversion	8.8	Cubic tons	1,896	16,697
373	UNITED WOOD	Teak Conversion	9.5	Cubic tons	1,530	14,489
374	DIAMOND MERCURY	Teak Conversion	17.6	Cubic tons	661	11,647
375	PYAE MOE THOUT	Teak Conversion	11.7	Cubic tons	895	10,487
376	CHEUNG HING CO.	Teak Conversion	1.9	Cubic tons	1,876	3,605
377	ROYAL RIVER	Teak Conversion	1.8	Cubic tons	1,051	1,877
378	TRIANGLE POWER	Teak Conversion	3.0	Cubic tons	518	1,554
379	NEW TELESONIC	Teak Conversion	1.7	Cubic tons	902	1,528
380	PACIFIC WOODEN	Teak Conversion	0.5	Cubic tons	1,646	823
381	TECK LEE	Teak Conversion	0.5	Cubic tons	1,284	642
382	TALLY WOOD	Teak Conversion	0.1	Cubic tons	1,729	177
	Sub-Total - Teak Conversion		**11,084.8**			**13,317,268**
383	WIN & WIN	Woodbase	6,786.0	Cubic tons	308	2,090,431
384	MT WOOD	Woodbase	1,201.9	Cubic tons	1,500	1,802,821

N°	Name of Buying company	Product type	Volumes sold		Revenues received (US$)	
			Total	Unit	Unit price	Amount
385	GOLDEN NOBEL	Woodbase	1,111.0	Cubic tons	1,163	1,291,843
386	ORCHID	Woodbase	4,944.0	Cubic tons	146	722,349
387	PRIME VENEER	Woodbase	1,993.2	Cubic tons	341	678,919
388	ZABU HLWAN	Woodbase	2,565.4	Cubic tons	242	620,485
389	SHRI KRISHNA	Woodbase	902.1	Cubic tons	634	571,603
390	RUBY LION	Woodbase	1,049.4	Cubic tons	420	440,765
391	UNIVERSAL GROUP	Woodbase	789.1	Cubic tons	557	439,165
392	WASON PRIVATE	Woodbase	868.3	Cubic tons	504	437,798
393	HLAING MYITTAR	Woodbase	726.4	Cubic tons	554	402,632
394	KAR DAR PTE	Woodbase	851.2	Cubic tons	425	361,906
395	NATIONAL WOOD	Woodbase	271.4	Cubic tons	1,217	330,166
396	GOLDEN VENEER	Woodbase	1,215.1	Cubic tons	264	321,182
397	NATURE WOOD	Woodbase	217.3	Cubic tons	1,404	305,064
398	WOOD LAND	Woodbase	695.8	Cubic tons	351	244,550
399	GREEN LINKS	Woodbase	516.2	Cubic tons	355	183,142
400	MOGOK PRIDE	Woodbase	759.2	Cubic tons	221	168,083
401	BO OH FAMILY	Woodbase	40.1	Cubic tons	3,373	135,280
402	COTSWOLD FURNITURE	Woodbase	21.4	Cubic tons	3,392	72,542
403	BTW BK TEAK WOOD	Woodbase	33.6	Cubic tons	1,852	62,131
404	WIN TIMBER	Woodbase	11.0	Cubic tons	4,996	55,004
405	BAHRAIN ALUMINIUM KITCHEN	Woodbase	8.6	Cubic tons	2,254	19,331
406	LIN WIN	Woodbase	18.1	Cubic tons	1,012	18,293
407	PHYO SI THU	Woodbase	21.1	Cubic tons	542	11,424
408	TONE SHIN	Woodbase	3.9	Cubic tons	404	1,571
	Sub-Total - Woodbase		**27,620.6**			**11,788,479**
409	HEIWA PLASTIC	Hardwood Conversion	643.1	Cubic tons	3,295	2,118,968
410	CHAN CHIN	Hardwood Conversion	254.8	Cubic tons	6,648	1,694,081
411	MA NAW PHYU	Hardwood Conversion	438.5	Cubic tons	3,711	1,627,164
412	TRIANGLE POWER	Hardwood Conversion	163.2	Cubic tons	4,574	746,313
413	BEAUTIFUL WOOD	Hardwood Conversion	242.7	Cubic tons	2,703	655,998
414	ASIA HTOO HTET	Hardwood Conversion	114.0	Cubic tons	4,061	462,974
415	HTET MYAT HLAING	Hardwood Conversion	111.1	Cubic tons	3,375	375,052
416	MYANMAR MAY KAUNG	Hardwood Conversion	137.9	Cubic tons	2,622	361,690
417	HTOO NAY CHI	Hardwood Conversion	51.5	Cubic tons	5,500	282,988
418	MYANMAR SHWE HTAIK LON	Hardwood Conversion	41.0	Cubic tons	4,775	195,694
419	ROYAL MYANMAR ABILITY	Hardwood Conversion	76.1	Cubic tons	2,457	187,021
420	MYANMAR WIN STAR	Hardwood Conversion	67.5	Cubic tons	2,498	168,554
421	OCEAN EXPRESS	Hardwood Conversion	19.1	Cubic tons	5,150	98,348
422	AH SHAE THAN LWIN	Hardwood Conversion	12.3	Cubic tons	7,200	88,299
423	PENG SHENG EXP-IMP	Hardwood Conversion	23.0	Cubic tons	3,057	70,183
424	SINMA FURNITURE	Hardwood Conversion	54.7	Cubic tons	653	35,683
425	NEW WAVE	Hardwood Conversion	20.0	Cubic tons	1,699	33,950
426	MILA SHWE THAR	Hardwood Conversion	9.1	Cubic tons	2,300	20,992
427	ASIA WOOD	Hardwood Conversion	12.7	Cubic tons	625	7,919
428	PACIFIC TIMBER	Hardwood Conversion	6.2	Cubic tons	802	5,008
429	GOLDEN POLLEN	Hardwood Conversion	1.2	Cubic tons	2,800	3,242
430	YIN MAR MYAT NOE	Hardwood Conversion	1.4	Cubic tons	620	879
	Sub-Total - Hardwood Conversion		**2,501.0**			**9,241,000**
	Total Local/Export Sales		**41,206.4**			**34,346,747**
	Total Sales		**660,395.0**			**402,461,961**

Annex 2: Details of Exports by Product and Destination (FY 2014/15)

See MS Excel sheet

Annex 3: RTs and Supporting Schedule

See MS Excel sheet

Annex 4: MTE Reconciliation Sheet

in MMK million

Government agency Payment flow	Per Company			Per Government			Final difference
	Original	Adjust	Final	Original	Adjust	Final	
IRD	**114,364.26**	**48,452.30**	**162,816.55**	**243,778.29**	**0.00**	**243,778.29**	**-80,961.74**
Income Tax	40,631.47	7,313.20	47,944.67	47,944.67	0.00	47,944.67	0.00
Commercial Tax)	73,732.78	41,139.10	114,871.88	195,833.62	0.00	195,833.62	-80,961.74
FD	**1,944.46**	**0.00**	**1,944.46**	**1,910.89**	**42.65**	**1,953.54**	**-9.08**
Royalty	1,944.46	0.00	1,944.46	1,910.89	42.65	1,953.54	-9.08
TD	**32,505.18**	**5,850.55**	**38,355.73**	**38,356.00**	**-0.27**	**38,355.73**	**0.00**
State Contribution	32,505.18	5,850.55	38,355.73	38,356.00	-0.27	38,355.73	0.00
BD	**408,401.48**	**0.00**	**408,401.48**	**408,401.48**	**0.00**	**408,401.48**	**0.00**
Other accounts	408,401.48	0.00	408,401.48	408,401.48	0.00	408,401.48	0.00
Total payments	**557,215.37**	**54,302.84**	**611,518.22**	**692,450.21**	**38.82**	**692,489.03**	**-80,970.81**

Annex 5: Adjustments to RTs

Appendix 5.1. Adjustments to companies' data

The adjustments were carried out based on confirmations from companies and Government Agencies and were supported by adequate evidence wherever deemed appropriate. The adjustments made are detailed as follows:

Adjustments to company payments	Total Amount (in MMK million)
Tax paid not reported (a)	**691.45**
Tax reported but not paid (b)	**-227.85**
Tax paid reported but outside the period covered (c)	**-176.29**
Tax amount incorrectly reported	**-21.30**
Tax paid reported but outside the reconciliation scope	**-15.93**
Total	**250.07**

(a) Tax paid not reported

Corresponds mainly to payments of FY 2014/15 made by companies and not reported in their RTs. The amount was confirmed with the companies before adjustment. The detail by tax and by company is set out in the table below:

in MMK million

Company	Total	Income Tax	Commercial Tax	Withholding Tax
Green Hardwood	221.12	149.52	70.16	1.44
Myat Noe Thu	201.47	73.50	125.84	2.14
Htun Myat Aung	106.87	106.87	-	-
Htoo Trading	100.60	38.00	62.60	-
FPJVC	31.33	11.28	20.05	-
Lucre Wood	30.07	-	-	30.07
Total	**691.45**	**379.16**	**278.65**	**33.64**

(b) Tax reported but not paid

Some companies stated during the reconciliation work that certain payments were not actually made. Accordingly, we adjusted their RTs. We set out in the table below a summary of the adjustments made by company:

in MMK million

Company	Total	Income Tax	Commercial Tax
Tin Myint Yee Trading	-184.10	-6.25	-177.86
Lucre Wood	-43.75	-8.63	-35.12
Total	**-227.85**	**-14.88**	**-212.97**

(c) Taxes paid reported but outside the period covered by the EITI Report

These are payments reported, but which fall outside the reconciliation period, i.e. before 1 April 2014 or after 31 March 2015. We set out in the table below a summary of the adjustments made by company:

in MMK million

Company	Total	Income Tax	Commercial Tax	Withholding Tax
Myat Noe Thu	-65.18	-	-	-65.18
Global Star	-30.00	-	-30.00	-
Tin Myint Yee Trading	-29.80	-	-	-29.80
Green Hardwood	-29.46	-19.75	-1.24	-8.47
Myanmar Rice Trading	-21.84	-	-	-21.84
Total	**-176.29**	**-19.75**	**-31.25**	**-125.30**

Appendix 5.2. Adjustments to Government Agencies data

The adjustments were carried out based on confirmations received from companies or from Government Agencies and supported by payment receipts wherever deemed appropriate. These adjustments are detailed as follows:

Adjustments to Government Agencies revenues	Total Amount (in MMK million)
Tax received not reported (a)	**837.75**
Tax received reported but outside the reconciliation scope	**-30.24**
Tax reported but not received	**-17.49**
Tax received reported but outside the period covered	**-12.23**
Total	**777.78**

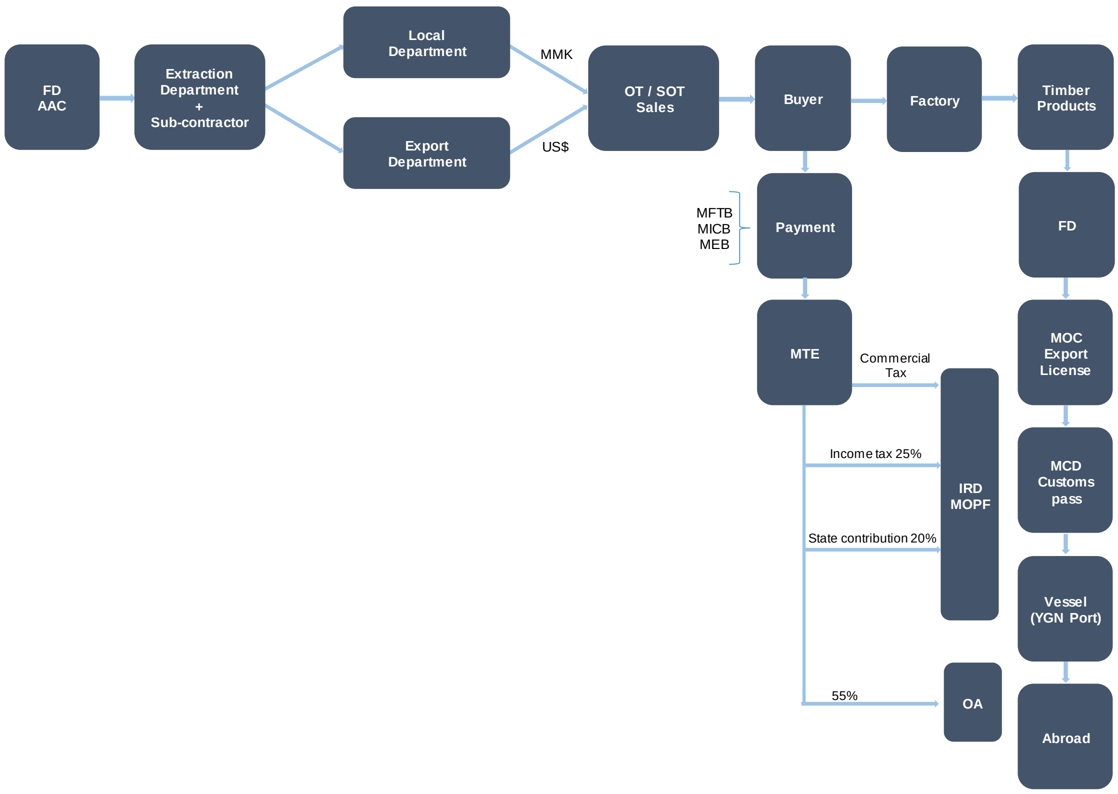
(a) Taxes received not reported

These are payment flows reported by companies but not reported by Government Agencies. We set out in the table below a summary of the adjustments made to Government Agencies' initial reporting:

in MMK million

Company	Total	Income Tax	Commercial Tax	Withholding Tax
Nature Timber Trading	283.09	118.81	164.28	-
Chin Su (Myanmar)	278.10	198.00	80.10	-
Shwe Moe Thar	153.32	50.74	102.57	-
Htoo Trading	53.23	53.23	-	-
Lucre Wood	29.99	-	18.17	11.82
Tin Myint Yee Trading	24.41	-	-	24.41
Myanmar Rice Trading	15.52	-	-	15.52
Global Star	0.09	0.09	-	-
Total	**837.75**	**420.87**	**365.12**	**51.75**

Annex 6: Timber flow chart[1]



[1] Source: MTE.

Annex 7: List of MTE's Sub-Contractors (FY 2014/15)

N°	Name	N°	Name	N°	Name
1	Asia Ability	23	MRT	45	U Htay Kyaw
2	Ayar Ahar Mann	24	Mya Htay Kywe Linn	46	U Kyayaw Minelar Special Part IV
3	Century Dragon	25	Myat Mikhin	47	U Maung Maung Win
4	Chin Su (Myanmar)	26	Myat Noe Thu	48	U San Shar
5	Daw Than Than Htay	27	Myeik Ply	49	U Saw Kabaw Saii
6	East Than Lwin	28	Nant Thar Phyu	50	U Saw Maung Maung
7	FJVC	29	Nature Timber	51	U Saw Toe Toe
8	Global Star	30	Nay Wun Myat	52	U Soe Lwin
9	Gloden One Star	31	NTC	53	U Tun Naing
10	Golden Flower	32	Pacific Timber	54	U Win Aung
11	Great Apex	33	Pann Thi	55	U Ye Htun
12	Green Hard Wood	34	Phyo Si Thu	56	Wa - 2
13	Hlaing Kyaw Oo	35	Poung Long Wood	57	Wa - 4
14	Htay Family	36	Pyae Phyo Tun	58	Win & Win
15	Htee Pwint Kan	37	Regional ADAE	59	Win Kuday
16	Htoo	38	Shwe Moe Thar	60	Win Marlar Aung
17	Kaung Myat	39	Stark Industries	61	Wood Industry
18	Khaing Thit	40	Sure Co.,	62	Wood World
19	Lucre Wood	41	Tah Moe Ngel'	63	Yadana Moe Pyae Tun
20	Ma Naw Phyu	42	Tin Myint Yee	64	Zaw Than Oo
21	May Thu Htike	43	Tin Win Tun		
22	Moementun	44	Tun Myat Aung		

Annex 8: Detail of Production (FY 2014/15)

Name	Contract No.	Area	Region/State	Teak (Tons)	Hardwood (Tons)
Asia Ability	46/AD-AE/2014-2015	Mawlaik (West)	Sagaing Region		1,149
Ayar Ahar Mann	36/MP/2014-2015	Myeik	Tanintharyi Region		2,459
Century Dragon	56/AD-AE/2014-2015	Kawlin	Sagaing Region		2,000
Chin Su (Myanmar)	64/AD-AE/2014-2015	Mawlaik (East)	Sagaing Region		7,624
Daw Than Htay	33/AD-AE/2014-2015	Momeik	Shan State		7,565
East Than Lwin	19/MP/2014-2015	Loikaw	Kayah State		431
FJVC	90/AD-AE/2014-2015	Katha (West)	Sagaing Region	1,011	
FJVC	60/AD-AE/2014-2015	Kawlin	Sagaing Region		7,319
FJVC	65/AD-AE/2014-2015	Mawlaik (East)	Sagaing Region	1,504	15,000
FJVC	54/AD-AE/2014-2015	Taungoo (North)	Bago Region	420	1,367
Global Star	71/AD-AE/2014-2015	Mawlaik (East)	Sagaing Region		14,705
Gloden One Star	47/AD-AE/2014-2015	Mawlaik (West)	Sagaing Region	300	1,000
Golden Flower	37/MP/2014-2015	Myeik	Tanintharyi Region		960
Great Apex	45/AD-AE/2014-2015	Mawlaik (West)	Sagaing Region	244	2,547
Green Hard Wood	69/AD-AE/2014-2015	Katha (West)	Sagaing Region		2,002
Green Hard Wood	29/AD-AE/2014-2015	Kawlin	Sagaing Region		6,027
Hlaing Kyaw Oo	8/Army group/2013-14	Loi-Lem	Shan State		2,308
Htay Family	91/AD-AE/2014-2015	Katha (West)	Sagaing Region		2,762
Htee Pwint Kan	38/MP/2014-2015	Loikaw	Kayah State	190	637
Htoo	40/AD-AE/2014-2015	Taungoo (South)	Bago Region		1,250
Kaung Myat	41/MP/2014-2015	Dawei	Tanintharyi Region		923
Kaung Myat	93/AD-AE/2014-2015	Katha (West)	Sagaing Region		2,250
Kaung Myat	57/AD-AE/2014-2015	Kawlin	Sagaing Region		2,002
Kaung Myat	81/AD-AE/2014-2015	Myeik	Tanintharyi Region		1,013
Khaing Thit	17/MP/2014-2015	Loikaw	Kayah State		419
Lucre Wood	63/AD-AE/2014-2015	Mawlaik (East)	Sagaing Region		10,000
Ma Naw Phyu	14/AD-AE/2014-2015	Gangaw	Magway Region	468	
Ma Naw Phyu	31/AD-AE/2013-2014	Kalay	Sagaing Region		26
Ma Naw Phyu	79/AD-AE/2014-2015	Kawlin	Sagaing Region		2,984
May Thu Htike	20/MP/2014-2015	Loikaw	Kayah State		144
Moementun	25/AD-AE/2014-2015	Homalin	Sagaing Region		20,012
Moementun	72/AD-AE/2014-2015	Mawlaik (East)	Sagaing Region		15,001
MRT	26/AD-AE/2014-2015	Homalin	Sagaing Region		22,359
MRT	101/MP/2014-2015	Loikaw	Kayah State	888	
MRT	21/MP/2013-2014	Myeik	Tanintharyi Region		3,191
MTE	na	Nay Pyi Taw (North)	Naypyidaw Union Territory		3,088
MTE	na	Nay Pyi Taw (South)	Naypyidaw Union Territory	200	4,818
MTE	na	Myintkyina	Kachin State	603	3,676
MTE	na	Bamaw	Kachin State		6,815
MTE	na	Kalay	Chin State	2,331	5,023
MTE	na	Homalin	Sagaing Region		7,016
MTE	na	Mawlaik (East)	Sagaing Region	1,102	16,613
MTE	na	Mawlaik (West)	Sagaing Region	2,540	9,410
MTE	na	Katha (East)	Sagaing Region	1,639	7,188
MTE	na	Katha (West)	Sagaing Region	4,995	6,767
MTE	na	Kawlin	Sagaing Region	3,010	9,326
MTE	na	Shwebo	Sagaing Region	707	3,900
MTE	na	Monywa	Sagaing Region		7,955
MTE	na	Taungoo (North)	Bago Region	708	2,159
MTE	na	Taungoo (South)	Bago Region	1,016	4,006

Name	Contract No.	Area	Region/State	Teak (Tons)	Hardwood (Tons)
MTE	na	Bago (North)	Bago Region	1,347	3,052
MTE	na	Bago (South)	Bago Region		2,477
MTE	na	Sittaung Rft	Bago Region		1,971
MTE	na	Paya	Bago Region		4,505
MTE	na	Zikone	Bago Region	825	2,936
MTE	na	Tharyarwady	Bago Region	306	4,416
MTE	na	Gangaw	Magway Region	2,097	9,672
MTE	na	Taung Dwin Gyi	Magway Region		4,004
MTE	na	Thayet	Magway Region	502	3,536
MTE	na	Minbu	Magway Region		3,390
MTE	na	Thandwei	Rakhine State		3,007
MTE	na	PyinOoLwin	Mandalay Region		7,416
MTE	na	Taunggyi	Shan State	3	4,034
MTE	na	Momeik	Shan State		7,004
MTE	na	Shweli Mabein	Shan State		6,001
MTE	na	Hintada	Ayeyarwady Region		5,768
MTE	na	Pathein (North)	Ayeyarwady Region		7,020
MTE	na	Pathein (South)	Ayeyarwady Region		9,074
MTE	na	Pathein (West)	Ayeyarwady Region		4,061
Mya Htay Kywe Linn	73/MP/2014-2015	Mawlamyine	Mon State		712
Myat Mikhin	53/AD-AE/2014-2015	Taungoo (North)	Bago Region	296	1,374
Myat Noe Thu	78/AD-AE/2014-2015	Katha (West)	Sagaing Region	2,000	6,000
Myat Noe Thu	27/AD-AE/2014-2015	Kawlin	Sagaing Region		25,698
Myat Noe Thu	67/AD-AE/2014-2015	Mawlaik (East)	Sagaing Region		45,000
Myat Noe Thu	6/MP/2014-2015	Myeik	Tanintharyi Region		14,417
Myeik Ply	35/MP/2014-2015	Myeik	Tanintharyi Region		1,365
Nant Thar Phyu	77/AD-AE/2014-2015	Mawlaik (West)	Sagaing Region	366	543
Nature Timber	11/AD-AE/2014-2016	Homalin	Sagaing Region		20,071
Nature Timber	22/MP/2013-2014	Myeik	Tanintharyi Region		870
Nature Timber	99/AD-AE/2014-2015	Nay Pyi Taw (North)	Naypyidaw Union Territory		2,722
Nature Timber	19/AD-AE/2013-2014	Taunggyi	Shan State		6,005
Nay Wun Myat	21/MP/2014-2015	Loikaw	Kayah State	39	156
NTC	95/AD-AE/2014-2015	Sittaung Rft	Sagaing Region	511	3,026
NTC	80/AD-AE/2014-2015	Taungoo (South)	Bago Region	500	2,251
NTC	44/AD-AE/2014-2015	Zigon	Bago Region		3,004
Pacific Timber	102/AD-AE/2014-2015	Kalay	Sagaing Region	994	1,017
Pacific Timber	75/AD-AE/2014-2015	Mawlaik (East)	Sagaing Region	1,001	5,836
Pacific Timber	31/AD-AE/2014-2015	Mawlaik (West)	Sagaing Region	1,342	4,012
Pacific Timber	9/AD-AE/2014-2015	Taung Dwin Gyi	Shan State		2,387
Pann Thi	43/AD-AE/2014-2015	Taungoo (North)	Bago Region	297	1,141
Phyo Si Thu	16/MP/2013-2014	Myeik	Tanintharyi Region		1,561
Poung Long Wood	7/MP/2014-2015	Myeik	Tanintharyi Region		3,750
Pyae Phyo Tun	5/MP/2014-2015	Myeik	Tanintharyi Region		5,491
Regional ADAE	145/Deve;/2013-14	Myeik	Tanintharyi Region		1,317
Shwe Moe Thar	66/AD-AE/2014-2015	Mawlaik (East)	Sagaing Region		4,000
Stark Industries	3/MP/2014-2015	Dawei	Tanintharyi Region		591
Stark Industries	71/MP/2014-2015	Myeik	Tanintharyi Region		246
Sure Co.,	18/MP/2014-2015	Loikaw	Kayah State	200	222
Tah Moe Ngel'	62/AD-AE/2014-2015	Mawlaik (East)	Sagaing Region		4,834
Tin Myint Yee	106/MP/2014-2015	Loi-Lem	Shan State	3,245	598
Tin Myint Yee	58/MP/2014-2015	Taunggyi	Shan State		1,999
Tin Win Tun	61/AD-AE/2014-2015	Homalin	Sagaing Region	1,385	24,549
Tin Win Tun	68/AD-AE/2014-2015	Mawlaik (East)	Sagaing Region		30,000

Name	Contract No.	Area	Region/State	Teak (Tons)	Hardwood (Tons)
Htun Myat Aung	28/AD-AE/2014-2015	Kawlin	Sagaing Region		5,000
U Htay Kyaw	55/AD-AE/2014-2015	Taungoo (North)	Bago Region	343	726
U Kyayaw Minelar Special Part IV	59/ (1)/2014-2015	Loi-Lem	Shan State		839
U Maung Win	164/Deve;/2013-14	Loi-Lem	Shan State		434
U San Shar	138/AD-AE/2013-2014	Kalay	Sagaing Region	53	
U Saw Kabaw Saii	22/MP/2014-2015	Loikaw	Kayah State		63
U Saw Maung	98/AD-AE/2014-2015	Pathein (North)	Ayeyarwady Region		2,101
U Saw Toe	16/AD-AE/2014-2015	Momeik	Shan State		1,993
U Soe Lwin	82/MP/2014-2015	Taunggyi	Shan State	1,162	
U Soe Lwin	39/MP/2014-2015	Taunggyi	Shan State		1,998
U Tun Naing	92/AD-AE/2014-2015	Kawlin	Sagaing Region		2,037
U Win Aung	72/MP/2013-2014	Pha-An	Kayin State	19	862
U Ye Htun	52/MP/2014-2015	Mawlamyine	Mon State		3,356
U Ye Htun	24/MP/2014-2015	Pha-An	Kayin State		305
Wa - 2	84/MP/2014-2015	Loi-Lem	Shan State		1,084
Wa - 4	83/MP/2014-2015	Loi-Lem	Shan State		2,279
Win & Win	41/AD-AE/2014-2015	Bago (North)	Bago Region		3,005
Win & Win	42/AD-AE/2014-2015	Sittaung Rft	Sagaing Region		3,015
Win Kuday	9/Army group/2013-14	Loi-Lem	Shan State		522
Win Marlar Aung	35/AD-AE/2013-2014	Gangaw	Magway Region	622	
Win Marlar Aung	30/AD-AE/2014-2015	Mawlaik (West)	Sagaing Region	998	4,500
Wood Industry	8/AD-AE/2014-2015	Bago (South)	Bago Region		999
Wood World	13/AD-AE/2014-2015	Bago (North)	Bago Region		2,006
Wood World	76/AD-AE/2014-2015	Mawlaik (East)	Sagaing Region		7,012
Wood World	85/AD-AE/2014-2015	Pathein (West)	Ayeyarwady Region		3,069
Yadana Moe Pyae Tun	34/MP/2014-2015	Myeik	Tanintharyi Region		1,153
Zaw Than Oo	33/MP/2014-2015	Loikaw	Kayah State	31	
Zaw Than Oo	23/MP/2014-2015	Loikaw	Kayah State		1,989
			Total	**44,360**	**627,652**

Annex 9: Comparison of Hardwood Produced with the AAC (FY 2014/15)

No.	Region/State	Operator	AAC (Tons) (1)	Performance (Tons) (2)	Performance % (2) / (1)
1	**Naypyidaw Union Territory**	**Sub-total**	**15,000**	**10,628**	**70.85%**
	Naypyidaw (North)	**Sub-total**	**10,000**	**5,810**	**58.10%**
		MTE	5,500	3,088	56.15%
		NTT	4,500	2,722	60.49%
	Naypyidaw (South)	**MTE**	**5,000**	**4,818**	**96.36%**
2	**Kachin State**	**Sub-total**	**20,001**	**10,491**	**52.45%**
	Myintkyinar	MTE	4,000	3,676	91.90%
	Bahmaw	MTE	16,001	6,815	42.59%
3	**Kayah State**	**Sub-total**	**9,000**	**4,061**	**45.12%**
		Nay Wun Myat	600	156	26.00%
		Htee Pwint Kan	2,200	637	28.95%
		Sure	600	222	37.00%
		Zaw Than Oo (MRT)	3,600	1,989	55.25%
		East Than Lwin	350	431	123.14%
		May Thu Thike	400	144	36.00%
		Khaing Thit	450	419	93.11%
		Saw Kabaw Saii	800	63	7.88%
4	**Kayin State**	**Sub-total**	**5,000**	**1,879**	**37.58%**
		U Win Aung	1,000	862	86.20%
		U Ye Tun	3,000	305	10.17%
		Mya Htay Kywe Linn	1,000	712	71.20%
5	**Chin State**	**Sub-total**	**7,000**	**6,066**	**86.66%**
		MTE	4,750	5,023	105.75%
		PTE	1,500	1,017	67.80%
		Ma Naw Phyu	750	26	3.47%
6	**Sagaing Region**	**Sub-total**	**414,500**	**394,010**	**95.06%**
	Homalin	**Sub-total**	**98,500**	**94,007**	**95.44%**
		MTE	7,000	7,016	100.23%
		NTT	20,000	20,071	100.36%
		Momentun	20,000	20,012	100.06%
		MRT	22,000	22,359	101.63%
		Tin Win Tun	24,500	24,549	100.20%
		Tar Moe Ngel Chantha	5,000		0.00%
	Mawlaik (East)	**Sub-total**	**180,000**	**175,625**	**97.57%**
		MTE	20,200	16,613	82.24%
		Wood World	7,000	7,012	100.17%
		Momentun	15,000	15,001	100.01%
		Tin Win Tun	30,000	30,000	100.00%
		Global Star	15,000	14,705	98.03%
		FJV	15,000	15,000	100.00%
		Tar Moe Ngel Chantha	5,000	4,834	96.68%
		Lucre Wood	10,000	10,000	100.00%
		Myat Noe Thu	45,000	45,000	100.00%
		Pacific	5,800	5,836	100.62%
		Chi Su Myanmar	8,000	7,624	95.30%
		Shwe Moe Thar	4,000	4,000	100.00%
	Mawlaik (West)	**Sub-total**	**30,000**	**23,161**	**77.20%**
		MTE	12,000	9,410	78.42%
		GA	2,500	2,547	101.88%
		AA	2,000	1,149	57.45%
		WMLA	4,500	4,500	100.00%
		GOS	1,000	1,000	100.00%
		PTE	4,000	4,012	100.30%
		NTP	4,000	543	13.58%
	Katha (East)	**MTE**	**10,000**	**7,188**	**71.88%**
	Katha (West)	**Sub-total**	**20,000**	**19,781**	**98.91%**

No.	Region/State	Operator	AAC (Tons) (1)	Performance (Tons) (2)	Performance % (2) / (1)
		MTE	7,000	6,767	96.67%
		Green Hard Wood	2,000	2,002	100.10%
		Htay Family	2,750	2,762	100.44%
		Kaung Myat	2,250	2,250	100.00%
		Myat Noe Thu	6,000	6,000	100.00%
	Kawlin	**Sub-total**	**62,000**	**62,393**	**100.63%**
		MTE	9,000	9,326	103.62%
		MNT	25,500	25,698	100.78%
		TMA	5,000	5,000	100.00%
		GHW	6,000	6,027	100.45%
		KM	2,000	2,002	100.10%
		CD	2,000	2,000	100.00%
		MNP	3,000	2,984	99.47%
		UNT	2,000	2,037	101.85%
		FJV	7,500	7,319	97.59%
	Shwe Bo	**MTE**	**6,000**	**3,900**	**65.00%**
	Monywa	**MTE**	**8,000**	**7,955**	**99.44%**
7	**Tanintharyi Region**	**Sub-total**	**30,000**	**39,307**	**131.02%**
	Dawei	**Sub-total**	**5,000**	**1,514**	**30.28%**
		Kaung Myat	2,000	923	46.15%
		Stark Industries	3,000	591	19.70%
	Myeik	**Sub-total**	**25,000**	**37,793**	**151.17%**
		Regional (AD/AE)	0	1,317	na
		PPT	6,000	5,491	91.52%
		Myeik Ply	2,250	1,365	60.67%
		KM	2,250	1,013	45.02%
		Yadana Moe Pyae Tun	2,920	1,153	39.49%
		Myat Noe Thu	4,610	14,417	312.73%
		Poung Long Wood	3,750	3,750	100.00%
		Ayar Ahar Mann	1,460	2,459	168.42%
		Gloden Flower	1,460	960	65.75%
		MRT	0	3,191	na
		NTT	0	870	na
		SI	0	246	na
		Phyo Sithu	0	1,561	na
		MAE	300	0	0.00%
8	**Bago Region**	**Sub-total**	**52,500**	**48,686**	**92.74%**
	Taungoo (North)	**Sub-total**	**7,500**	**6,767**	**90.23%**
		MTE	2,200	2,159	98.14%
		MMK	1,400	1,374	98.14%
		JV	1,750	1,367	78.11%
		UHK	900	726	80.67%
		PT	1,250	1,141	91.28%
	Taungoo (South)	**Sub-total**	**7,500**	**7,507**	**100.09%**
		MTE	4,000	4,006	100.15%
		NTC	2,250	2,251	100.04%
		Htoo	1,250	1,250	100.00%
	Bago (North)	**Sub-total**	**8,000**	**8,073**	**100.91%**
		MTE	3,000	3,052	101.73%
		Win & Win	3,000	3,015	100.50%
		Wood World	2,000	2,006	100.30%
	Bago (South)	**Sub-total**	**4,000**	**3,476**	**86.90%**
		MTE	3,000	2,477	82.57%
		Wood Industry	1,000	999	99.90%
	Sittaung Rft	**Sub-total**	**8,000**	**8,002**	**100.03%**
		MTE	2,000	1,971	98.55%
		NTC	3,000	3,026	100.87%
		Win & Win	3,000	3,005	100.17%

No.	Region/State	Operator	AAC (Tons) (1)	Performance (Tons) (2)	Performance % (2) / (1)
	Bago (West)		**17,500**	**14,861**	**84.92%**
		MTE	**5,500**	**4,505**	**81.91%**
		MTE	4,000	2,936	73.40%
		NTC	3,000	3,004	100.13%
	Tharyarwady	MTE	**5,000**	**4,416**	**88.32%**
10	**Magway Region**	**Sub-total**	**35,000**	**22,989**	**65.68%**
	Gangaw	**Sub-total**	**15,000**	**9,672**	**64.48%**
		MTE	9,000	9,672	107.47%
		Pacific	3,500	0	0.00%
		Ma Naw Phyu	1,500	0	0.00%
		U Myot Phyu	1,000	0	0.00%
	Taung Twin Gyi	**Sub-total**	**8,000**	**6,391**	**79.89%**
		MTE	5,000	4,004	80.08%
		Pacific	3,000	2,387	79.57%
	Thayet	**MTE**	**6,000**	**3,536**	**58.93%**
	Minbu	**MTE**	**6,000**	**3,390**	**56.50%**
11	**Mon State**	**Sub-total**	**7,000**	**3,356**	**47.94%**
		U Ye Tun	2,000	3,356	167.80%
		Regional	5,000	0	0.00%
12	**Rakhine State**	**MTE**	**3,000**	**3,007**	**100.23%**
13	**Mandalay Region**	**MTE**	**8,000**	**7,416**	**92.70%**
14	**Shan State**	**Sub-total**	**40,000**	**44,663**	**111.66%**
	Taunggyi	**Sub-total**	**15,000**	**14,036**	**93.57%**
		MTE	4,000	4,034	100.85%
		Tin Myint Yee	2,000	1,999	99.95%
		U Soe Lwin	2,250	1,998	88.80%
		NTT	6,750	6,005	88.96%
	Loi-Lem	**Sub-total**	**1,000**	**8,064**	**806.40%**
		Tin Myint Yee	1,000	598	59.80%
		"Wa" - 4	0	2,279	na
		"Wa" - 2	0	1,084	na
		Hlaing Kyaw OO	0	2,308	na
		Win Kyday	0	522	na
		U Kyayaw	0	839	na
		U Maung Maung Win	0	434	na
	Momeik	**Sub-total**	**18,000**	**16,562**	**92.01%**
		MTE	9,000	7,004	77.82%
		Than Than Htay	7,000	7,565	108.07%
		Saw Toe Toe	2,000	1,993	99.65%
	Shweli-Mabain	**MTE**	**6,000**	**6,001**	**100.02%**
16	**Ayeyarwady Region**	**Sub-total**	**32,000**	**31,093**	**97.17%**
	Hinthada	**MTE**	**6,000**	**5,768**	**96.13%**
	Pathein (North)	**Sub-total**	**9,000**	**9,121**	**101.34%**
		MTE	5,000	7,020	140.40%
		Saw Maung Maung	2,000	2,101	105.05%
		U Kyaw Ohn	2,000	0	0.00%
	Pathein (South)	**MTE**	**10,000**	**9,074**	**90.74%**
	Pathein (West)	**Sub-total**	**7,000**	**7,130**	**101.86%**
		MTE	4,000	4,061	101.53%
		Wood World	3,000	3,069	102.30%
	Total		**678,001**	**627,652**	**92.57%**

Annex 10: Comparison of Teak Produced with the AAC (FY 2014/15)

No.	Region/State	Operator	AAC (Tons) (1)	Performance (Tons) (2)	Performance % (2) / (1)
1	**Naypyidaw Union Territory**	**MTE**	**500**	**200**	**40.00%**
2	**Kachin State**	**MTE**	**2,000**	**603**	**30.15%**
3	**Kayah State**	**Sub-total**	**5,250**	**1,348**	**25.68%**
		MRT	4,000	888	22.20%
		Nay Wun Myat	350	39	11.14%
		Htee Pwint Kan	500	190	38.00%
		U Zaw Than Oo	200	31	15.50%
		Sure	200	200	100.00%
4	**Kayin State**	**U Win Aung**	**1,000**	**19**	**1.90%**
5	**Chin State**	**Sub-total**	**3,000**	**3,378**	**112.60%**
		MTE	2,000	2,331	116.55%
		Pacific	1,000	994	99.40%
		San Shar		53	na
6	**Sagaing Region**	**Sub-total**	**27,000**	**24,144**	**89.42%**
	Mawlaik (East)		**4,500**	**3,607**	**80.16%**
		MTE	2,000	1,102	55.10%
		Pacific	1,000	1,001	100.10%
		FJVC	1,500	1,504	100.27%
	Mawlaik (West)		**7,000**	**5,790**	**82.71%**
		MTE	3,000	2,540	84.67%
		Great Apex	300	244	81.33%
		Win Marlar Aung	1,000	998	99.80%
		Golden One Star	500	300	60.00%
		Pacific	1,200	1,342	111.83%
		Nant Thar Phyu	1,000	366	36.60%
	Katha (East)	**MTE**	**2,000**	**1,639**	**81.95%**
	Katha (West)		**8,000**	**8,006**	**100.08%**
		MTE	5,000	4,995	99.90%
		FJVC	1,000	1,011	101.10%
		Myat Noe Thu	2,000	2,000	100.00%
	Kawlin	**MTE**	**3,000**	**3,010**	**100.33%**
	Shwe Bo		**2,500**	**2,092**	**83.68%**
		MTE	1,000	707	70.70%
		Homalin	1,500	1,385	92.33%
7	**Bago Region**	**Sub-total**	**6,500**	**6,569**	**101.06%**
	Taungoo (North)		**2,000**	**2,064**	**103.20%**
		MTE	700	708	101.14%
		Myat Mi Khin	300	296	98.67%
		FJVC	400	420	105.00%
		U Htay Kyaw	300	343	114.33%
		Pann Thi	300	297	99.00%
	Taungoo (South)		**1,500**	**1,516**	**101.07%**
		MTE	1,000	1,016	101.60%
		NTC	500	500	100.00%
	Bago (North)		**1,700**	**1,858**	**109.29%**
		MTE	1,200	1,347	112.25%
		Sittaung Rft	500	511	102.20%
	Bago (West)		**1,300**	**1,131**	**87.00%**
	Zigon	MTE	1,000	825	82.50%
	Tharyarwady	MTE	300	306	102.00%
8	**Magway Region**		**3,000**	**3,689**	**122.97%**
	Gangaw		**2,500**	**3,187**	**127.48%**
		MTE	2,000	2,097	104.85%
		Ma Naw Phyu	500	468	93.60%

No.	Region/State	Operator	AAC (Tons) (1)	Performance (Tons) (2)	Performance % (2) / (1)
		Win Marlar Aung		622	na
	Thayet	**MTE**	**500**	**502**	**100.40%**
9	**Shan State**		**10,000**	**4,410**	**44.10%**
	Taunggyi		**3,000**	**1,165**	**38.83%**
		MTE	0	3	na
		U Soe Lwin	3,000	1,162	38.73%
	Loi-Lem	**Tin Myint Yee**	**7,000**	**3,245**	**46.36%**
	Total		**58,250**	**44,360**	**76.15%**

Annex 11: Royalties Collected on Timber (FY 2014/15)

No.	Region and State	Production				Confiscated Timber				Total	
		Teak		Hardwood		Teak		Hardwood			
		Ton	in MMK million	Ton	in MMK million	Ton	in MMK million	Ton	in MMK million	Ton	in MMK million
1	Kachin			24,535	23	3,895	24	13,643	92	**42,073**	**139**
2	Kayah	4,988	19	2,008	6	2,907	11	4,224	22	**14,127**	**57**
3	Kayin	22	0	1,915	2	4	0			**1,941**	**2**
4	Chin	8,067	30	4,922	6	225	1	56	1	**13,271**	**39**
5	Sagaing	75,597	275	387,158	379	1,049	17	3,710	82	**467,513**	**753**
6	Tanintharyi			87,094	81		0	257	4	**87,352**	**85**
7	Bago	25,793	91	95,538	138	3,713	20	322	4	**125,366**	**253**
8	Magway	14,310	50	33,711	47	287	2	261	9	**48,568**	**109**
9	Mandalay	466	0	10,447	12	966	5	5,748	94	**17,627**	**112**
10	Mon	12	0	6,110	4	27	0	88	2	**6,236**	**7**
11	Rakhine	1,984	5	1,699	2	342	0	114	3	**4,138**	**10**
12	Yangon					42	1	35	2	**77**	**2**
13	Shan	34,209	128	15,529	27	6,402	29	10,952	113	**67,092**	**297**
14	Ayeyarwaddy	17	0	10,801	12	14	0	191	4	**11,022**	**15**
15	Naypyitaw	462	2	13,259	15	1,211	10	285	4	**15,218**	**30**
	Total	**165,926**	**601**	**694,726**	**753**	**21,082**	**122**	**39,887**	**435**	**921,622**	**1,911**

Annex 12: SEE's Profit and Loss Statement

Calculation Procedures	
1	Proceeds of sales of goods or of services
2	Production Cost or Cost of Services
3	**Gross Profit (+) or Loss (-) (1-2)**
4	Administrative Expenditure
5	Sales and Distribution Expenditure
6	Invention and Research Expenditure
7	Export Expenditure
8	Commercial Tax
9	**Total Expense (4+5+6+7+8)**
10	Profit or Loss **{3-9}**
11	Other Income
12	Financial Cost and Write off
13	**Net Profit (+) / Loss (-) {10+(11-12)}**
14	**Income Tax {13x25%}**
15	**State Contribution {13x20%}**
16	Total Revenue **(1+11)**
17	Total Expenditure **(2+9+12)**
	Operating Ratio (Excluding Interest) (17/16) %

Annex 13: Taxes Collected by Region or States

No.	Tax
1	Land revenue.
2	Excise revenue.
3	Water tax and embankment tax based on dams and reservoirs managed by the Region or State and tax on use of electricity generated by such facilities managed by the Region or State.
4	Toll fees from using roads and bridges managed by the Region or State.
5	(a) Royalty collected on fresh water fisheries. (b) Royalty collected on marine fisheries within the permitted range of territorial water.
6	Taxes collected on vehicles on road transport and vessels on inland waterway transport, in accord with law, in a Region or a State.
7	Proceeds, rent fees and other profits from those properties owned by a Region or a State.
8	Fees, taxes and other revenues collected on services enterprises by a Region or a State.
9	Fines imposed by judicial courts in a Region or a State including Region Taya Hluttaw or State Taya Hluttaw and taxes collected on service provision and other revenues.
10	Interests from disbursed by a Region or State.
11	Profits returned from investment of a Region or State.
12	Taxes collected on extraction of the following items from the forests in a Region or a State: (a) Taxes collected on all other woods except teak and other restricted hard woods; (b) Taxes collected on firewood, charcoal, rattan, bamboo, bird nests, cutch, thanetkha, turpentine, eaglewood and honey-based products.
13	Registration fees.
14	Taxes on entrainments.
15	Salt tax.
16	Revenue received from the Union Fund Account.
17	Contributions by development affairs organizations in a Region or State concerned.
18	Unclaimed cash and property.
19	Treasure trove.

Annex 14: Detail of Submission of the RTs by company

N°	Companies	Soft copy	Hard copy	Audited Report	Submission status
1	Chin Su (Myanmar) Co., Ltd	Yes	Yes	Yes	Within the agreed deadline
2	FPJVC	Yes	Yes	Yes	Within the agreed deadline
3	Global Star Co., Ltd	Yes	Yes	Yes	Within the agreed deadline
4	Golden Flower Company Ltd	Yes	Yes	Yes	Within the agreed deadline
5	Green Hardwood Enterprise Ltd	Yes	Yes	Yes	Within the agreed deadline
6	Htoo Trading Co., Ltd	Yes	Yes	Yes	Within the agreed deadline
7	Htun Myat Aung Company Ltd	Yes	Yes	Yes	Within the agreed deadline
8	Lucre Wood Company Ltd	Yes	Yes	Yes	Within the agreed deadline
9	Manaw Phyu Company Ltd	Yes	Yes	Yes	Within the agreed deadline
10	Momentum Trading Enterprise Ltd	Yes	Yes	Yes	Within the agreed deadline
11	Myanmar Rice Trading Co., Ltd	Yes	Yes	Yes	Within the agreed deadline
12	Myat Noe Thu Co., Ltd	Yes	Yes	Yes	Within the agreed deadline
13	Nature Timber Trading Co., Ltd	Yes	Yes	Yes	Delayed
14	Pacific Timber Enterprise Company Ltd	Yes	Yes	Yes	Within the agreed deadline
15	Shwe Moe Thar Group Co., Ltd	Yes	Yes	Yes	Within the agreed deadline
16	Tin Myint Yee Trading Company Ltd	Yes	Yes	Yes	Within the agreed deadline
17	Tin Win Tun International Trading Company Ltd	Yes	Yes	Yes	Within the agreed deadline
18	Wood World Trading Enterprise Ltd	Yes	Yes	Yes	Within the agreed deadline

Annex 15: Payment Flows Description

N°	Payment flows	Definition
1	Commercial Tax (CT)	Commercial tax is levied on the gross sales of timber as defined in the Commercial Tax Law (Schedule 5). For imported goods, commercial tax is calculated via the "cost, insurance and freight" (CIF) value of goods. Commercial tax is levied at 5%.
2	Customs Duties	Goods imported in Myanmar are subject to Customs Duties on importation and are required to be declared to the MCD accordingly. Currently, the Customs Duties levied on the import of machinery, spare parts, and inputs generally range from 0% to 40% of the value of the goods.
3	Dividends	Dividends paid to MTE and FD for their participation in FPJVC's capital.
4	Income Tax	An enterprise registered under the Myanmar Companies Act, an entity registered under the Myanmar Foreign Investment Law (MFIL) and a registered Myanmar branch of a foreign entity which enjoys incentives under MFIL are subject to income tax at 25%.
5	Other accounts	Other accounts: 55% of MTE's profit.
6	Royalty	It is levied on timber extraction and paid by MTE to the FD.
7	Withholding Tax (WHT)	Withholding tax (WHT) is a tax where any person or company making certain payments is required to deduct from such payments and remit to the Government Agencies.
8	Other significant payments (> MMK 20 million)	To avoid omissions that may be considered significant, a line entitled "Other significant payments flows" has been included in the RT for companies to report any significant payment which is above MMK 20 million.

Annex 16: List of Companies Below the Materiality Threshold

in MMK million

No.	Name	Customs duties	Commercial Tax	Income Tax	Withholding Tax	Stamp Duty	Total per company
1	Nant Thar Phyu	0.60	-	91.74	-	-	**92.34**
2	Kaung Myat	9.96	51.48	26.78	-	-	**88.22**
3	Pyae Phyo Tun	27.89	-	44.61	-	-	**72.50**
4	Asia Ability	-	35.31	33.53	-	-	**68.84**
5	Win Marlar Aung	-	30.13	25.18	-	-	**55.31**
6	Century Dragon	20.06	0.04	7.19	5.72	0.15	**33.17**
7	NTC	-	3.94	9.08	14.11	-	**27.13**
8	U Htay Kyaw	-	0.69	12.79	-	-	**13.48**
9	Poung Long Wood	-	-	8.10	3.76	-	**11.86**
10	Wood Industry	-	-	8.37	1.77	-	**10.14**
11	Pann Thi Group Co., Ltd	-	1.32	0.51	4.25	-	**6.08**
12	Nay Wun Myat	-	-	-	5.30	-	**5.30**
13	Sure Co.,	-	-	4.44	0.69	-	**5.13**
14	Daw Than Than Htay	-	-	-	5.06	-	**5.06**
15	Zaw Than Oo	-	-	-	4.92	-	**4.92**
16	U Saw Kabaw Saii	-	-	-	4.55	-	**4.55**
17	Htee Pwint Kan	-	-	2.98	-	-	**2.98**
18	Win & Win	0.03	0.01	2.78	-	-	**2.82**
19	May Thu Htike	-	-	1.23	0.37	-	**1.60**
	Total per revenue stream	**58.55**	**122.91**	**279.31**	**50.50**	**0.15**	**511.42**

Annex 17: Revenues levied on Hardwood in State/Region Funds (FY 2014/15)

MMK million

No.	State / Region	MTE	Private	Total
1	Kachin	0.21	3.07	**3.27**
2	Kayah		0.19	**0.19**
3	Kayin	0.44	1.66	**2.10**
4	Chin		0.02	**0.02**
5	Sagaing		11.08	**11.08**
6	Tanintharyi	12.22	39.65	**51.87**
7	Bogo	5.08	25.10	**30.18**
8	Magway	1.35	12.64	**13.99**
9	Mandalay	1.10	13.48	**14.58**
10	Mon	1.55	4.98	**6.54**
11	Rakhine	3.57	25.29	**28.86**
12	Yangon		8.08	**8.08**
13	Shan	6.46	7.73	**14.19**
14	Ayeyarwady	9.87	33.26	**43.13**
	Total	**41.84**	**186.22**	**228.06**

Annex 18: Reconciliation Sheets by Company

See MS Excel sheets.

Annex 19: Companies Profile

N°	Company	Registry Number	Establishment date	Core business activities	Secondary business activities	Capital (in MMK million)	Auditor Name
1	Chin Su (Myanmar)	50 FC/1993-94	11/10/1993	Timber extraction	NA	50.00	Win Tin & Associates
2	FPJVC	638/1993-1994	21/10/1993	Timber extraction	Value Added Wood Products Joint Production Agreement	1,000.00	U Hla Tun & Associated Ltd.
3	Global Star	1507/2008-2009	27/02/2009	Timber extraction	NA	100.00	Daw Khin Su Htay And Associates Ltd
4	Golden Flower	211/1991-1992	02/09/1991	Timber extraction	Construction	107.75	Myat Lwin Moe
5	Green Hardwood	623/1992-1993	08/12/1992	Timber extraction	NA	100.00	U Win Myint
6	Htoo Trading	122/1989-1990	07/01/1190	Timber extraction	Zoo and Gardens, FM Bagan, Pathein Hotel, Espace Café	10,003.00	Famat Group
7	Htun Myat Aung	86/1997-1998	09/04/1997	Timber extraction	NA	2,800.00	MA NAN And GROUP
8	Lucre Wood	238/2003-2004	13/08/2003	Timber extraction	NA	50.00	Win Group
9	Manaw Phyu	921/2007-2008	16/11/2007	Timber extraction	Commercial Space Leasing	5,000.00	Daw San Kyi
10	Momentum Trading	529/2000-2001	14/07/2000	Timber extraction	NA	300.00	Myint Thein
11	Myanmar Rice	1062/2000-2001	25/01/2001	Timber extraction	NA	100.00	Daw Kyawt Kyawt Khaing
12	Myat Noe Thu	439/2002-2003	25/09/2002	Timber extraction	NA	30.00	U Tun Ne Win
13	Nature Timber	52/2009-2010	23/04/2009	Timber extraction	NA	40.00	U Khaing Win
14	Pacific Timber	306/1999-2000	23/06/1999	Timber extraction	NA	50.00	Daw May Si
15	Shwe Moe Thar	1254/2000-2001	23/03/2001	Timber extraction	NA	37.50	U Myaing
16	Tin Myint Yee	12/2006-2007	05/04/2006	Timber extraction	NA	100.00	Win Group
17	Tin Win Tun	1962/1997-1998	18/03/1998	Timber extraction	NA	1,000.00	Daw Cho Cho Toe
18	Wood World	519/2000-2001	13/07/2000	Timber extraction	NA	5.00	Myint Thein

Annex 20: Legal Ownership

N°	Company	Wholly owned subsidiary of publicly listed company? (Y/N)	Name of publicly listed owner	Name/Entity	Level of owner-ship	Nationality of the owner	Publicly Listed entity (Y/N)	Name of the Stock exchange
1	Chin Su (Myanmar)	No	NA	Mr. Lee Wei Shan	24.00%	Taiwanese	No	NA
				Mrs. Lee Wu Shu Hsin	18.00%	Taiwanese	No	NA
				Mr. Lee Yen Yi	14.00%	Taiwanese	No	NA
				Mr. Lee Ya Ting	12.00%	Taiwanese	No	NA
				Mrs. Tsai Shu Hui	12.00%	Taiwanese	No	NA
				U Kyaw Win	8.00%	Burmese	No	NA
				Daw Khin Kyi	3.00%	Burmese	No	NA
				U Htun Htun Win	3.00%	Burmese	No	NA
				U Tin Shwe	3.00%	Burmese	No	NA
				U Tin Maung.	3.00%	Burmese	No	NA
2	FPJVC	No	NA	Myanmar Timber Enterprise	45.00%	NA	No	NA
				Forest Department	10.00%	NA	No	NA
				Public	45.00%	NA	No	NA
3	Global Star	No	NA	U THURANE AUNG	92.50%	Burmese	No	NA
				U KYAW ZAW AUNG	2.50%	Burmese	No	NA
				DAW THIDAR THAW	2.50%	Burmese	No	NA
				DAW MYINT MYINT THAUNG	2.50%	Burmese	No	NA
4	Golden Flower	No	NA	U Aung Htwe	0.93%	Burmese	No	NA
				U Lim Ei Pain	95.31%	Burmese	No	NA
				U Lim Ei Gyoke	0.93%	Burmese	No	NA
				U Lim Ei Khein	0.93%	Burmese	No	NA
				Daw Khin Win Myint	0.93%	Burmese	No	NA
				U Aung Aung Kyaw Myint	0.46%	Burmese	No	NA
				U Lim Un Gu	0.51%	Burmese	No	NA
5	Green Hardwood	No	NA	U Khin Maung Lay	30.00%	Burmese	No	NA
				U Myint Thein Guru Samy	30.00%	Burmese	No	NA
				Daw Khin Than	16.00%	Burmese	No	NA
				Daw Thidar	20.00%	Burmese	No	NA
				U Kyaw Moe Htet	2.00%	Burmese	No	NA
				U Sein win	2.00%	Burmese	No	NA
6	Htoo Trading	No	NA	U Tay Za	93.97%	Burmese	No	NA
				U Thi Ha	2.00%	Burmese	No	NA
				U Pye Phyo Tay Za	0.01%	Burmese	No	NA
				U Minn Thein	2.00%	Burmese	No	NA
				U San Oo	0.01%	Burmese	No	NA
				U Aung Lin Oo	0.01%	Burmese	No	NA
				Daw Khin Ma Kyu Pe	2.00%	Burmese	No	NA
7	Htun Myat Aung	No	NA	U Htay Aung	75.00%	Burmese	No	NA
				Daw May Su Aung	12.50%	Burmese	No	NA
				USoe Myint	12.50%	Burmese	No	NA
8	Lucre Wood	No	NA	U Thet Naing	80.00%	Burmese	No	NA
				U Sai Lu Htwe	20.00%	Burmese	No	NA
9	Manaw Phyu	No	NA	Daw Ni Ni	46.00%	Burmese	No	NA
				Daw Kay Thi New	32.00%	Burmese	No	NA
				Daw Nan Khin Nyein Chan	22.00%	Burmese	No	NA
10	Momentum Trading	No	NA	U KYI SWE	28.00%	Burmese	No	NA
				U CHIT MAUNG	2.80%	Burmese	No	NA
				DAW MYO MYO KHINE	11.30%	Burmese	No	NA
				U CHAIN SAINT EAIN	57.40%	Burmese	No	NA
				U THEIN HAN	0.50%	Burmese	No	NA
11	Myanmar Rice	No	NA	U Ne Aung	99.50%	Burmese	No	NA
				Daw Khin Moe Nyunt	0.50%	Burmese	No	NA

N°	Company	Wholly owned subsidiary of publicly listed company? (Y/N)	Name of publicly listed owner	Name/Entity	Level of owner-ship	Nationality of the owner	Publicly Listed entity (Y/N)	Name of the Stock exchange
12	Myat Noe Thu	Yes	U Kyaw Soe Lwin	U Kyaw Soe Lwin	55.00%	Burmese	Yes	NC
				Daw Thu Thu Tin	45.00%	Burmese	No	NA
13	Nature Timber	No	NA	U Tin Nyunt	62.50%	Burmese	No	NA
				U Nyi Nyi Lwin	12.50%	Burmese	No	NA
				Daw Thin Thazin	12.50%	Burmese	No	NA
				Daw Thida Myint	12.50%	Burmese	No	NA
14	Pacific Timber	No	NA	U NYI NYI AUNG	16.70%	NC	No	NA
				U BO BO	16.66%	NC	No	NA
				U SETTE AUNG	16.66%	NC	No	NA
				U SOE WIN	16.66%	NC	No	NA
				U WUNNA MAUNG	16.66%	NC	No	NA
				U AUNG MYIN	16.66%	NC	No	NA
15	Shwe Moe Thar	No	NA	U Tin Maung Aye , Myanmar	89.00%	Burmese	No	NA
				Daw Mon Mon Naing, Myanmar	11.00%	Burmese	No	NA
16	Tin Myint Yee Trading	No	NA	U Tin Myint	40.00%	NC	No	NA
				U Aung Thein Naing	30.00%	NC	No	NA
				Daw Hla Yin	29.00%	NC	No	NA
				U Aung Myint Oo	0.50%	NC	No	NA
				Daw Nan Myat Wit Yee	0.50%	NC	No	NA
17	Tin Win Tun	No	NA	U TIN WIN	52.10%	Burmese	No	NA
				U TIN LIN	11.04%	Burmese	No	NA
				U TIN MAUNG SOE	9.20%	Burmese	No	NA
				U KYAW THANT ZIN	1.62%	Burmese	No	NA
				DAW TIN HLA	4.25%	Burmese	No	NA
				DAW KHIN SWE WIN	5.25%	Burmese	No	NA
				DAW TIN TIN HTAY	7.35%	Burmese	No	NA
				U THEIN WIN AUNG	9.20%	Burmese	No	NA
18	Wood World Trading	No	NA	U TIN MAUNG SOE	19.53%	Burmese	No	NA
				U MYINT TUN	25.00%	Burmese	No	NA
				DAW NEW LIN	11.72%	Burmese	No	NA
				DAW SU TIN	7.81%	Burmese	No	NA
				U CHEIN SAINT EAIN	35.94%	Burmese	No	NA

Annex 21: Persons Contacted or Involved

Persons involved

Independent Administrator (IA)	
Moore Stephens LLP	
Tim Woodward	Partner
Ben Toorabally	Mission Director
Radhouane Bouzaiane	Team Leader
Hedi Zaghouani	Audit Supervisor
Ghazi Khiari	Audit Senior
Mohamed Rdissi	Audit Senior
Indufor Oy	
Lauri Tamminen	Forestry Expert
Cho Cho Toe & Associates	
Cho Cho Toe	Local Consultant (sub-contractor)
Khin Thandar Kyaw	Local Consultant (sub-contractor)

Persons contacted

National Coordination Secretariat (NCS)	
U Soe Win	National Coordinator
U Aung Khine	Deputy National Coordinator
U Htun Paw Oo	Technical Specialist
Phway Phway	Program Manager
Daw Zin Mar Myaing	Program Manager
Daw Tar Yar Maung	Technical Advisor
Aye Chan Wai	Communication Assistant

Budget Department (BD)	
Sun Win	Director
Daw Chaw Su Khine	Assistant Director

Forest Department (FD)	
Nyi Nyi Kyaw	Director General
Kyaw Kyaw Lwin	Deputy Director General
Tin Htun	Director
U Kyaw Zaw	Director
Daw Aye Aye Nyein	Assistant Director
U Tint Swe	Director, Research and Training Division
U Pyo Zin Mon Naing	Assistant Director

Myanma Timber Enterprise (MTE)	
U Saw John Shwe Ba	Managing Director
U Thwin Naing	Deputy General Manager (Finance)
Gyaw Thet Aung	Deputy General Manager (Marketing)
Daw Tin Tin Oo	Assistant General Manager

Treasury Department (TD)	
Yee Yee Khaing	Director
Hay Mar Hnin	Staff Officer

Internal Revenue Department (IRD)	
Daw Mya Mya Oo	Deputy Director General
Nay Lin Soe	Director (Statistics Directorate)
Daw Min Min Khaing	Assistant Director

Internal Revenue Department (IRD)	
Ma Ei Ni Tar	Staff Officer
Daw Cho Thandar Myint	Staff Officer

Myanmar Customs Department (MCD)	
U Kyaw Htin	Director General
U Maung Maung Htwe Swe	Director
U Than Swe Tint	Assistant Director
U Zaw Zaw	Assistant Director

Office of the Auditor General (OAG)	
Daw Naing Thet Oo	Director General
Daw San San Win	Deputy Director General
Daw Khaing Khaing Ag	Deputy Director General
Daw Htar Yee	Director
Daw Si Si Chain	Director
Daw Hla Than	Deputy Director (Natural Resources)
Daw Mary	Assistant Director
Daw Kywat Kywat Htun	Asssitant Director

Trade Information and Research Division	
U Win Myint	Director of Trade Information and Research Division

Central Statistic Organisation (CSO)	
Dr Wah Wah Maung	Acting Director General

Natural Resource Governance Institute (NRGI)	
Maw Htun Aung	Myanmar Country Manager

Myanmar Alliance for Transparency and Accountability (MATA)	
Su Hlaing Myint	MSG member
Htoo Aung	Program Coordinator (EITI / Communication)

World Bank Group (WBG)	
Shona Kirkwood	EITI Implementation Support Coordinator
Tinzar Htun	EITI Implementation Support Consultant

Forest Products Joint Venture Corporation Ltd. (FPJVC)	
Khin Maung Oo	Managing Director

Myanmar Centre for Responsible Business (MCRB)	
Vicky Bowman	Director