



Myanmar: New Petroleum and Petroleum Products Law

Mark Tudor, Yusuke Yukawa, Hiroyasu Konno, Yoshiaki Otsuki, Jun Katsube

Introduction

The Myanmar Parliament enacted a new Petroleum and Petroleum Products Law (the “Law”) on August 1, 2017, and the Law came into force immediately. The old Petroleum Act is repealed by the Law.¹

Scope of the Law

The Law applies to “Petroleum” and “Petroleum Products” and regulates business activities regarding petroleum and petroleum products by providing a licensing and permitting regime, and provides which ministries are responsible for supervising such activities.

“Petroleum” is defined as fossil fuel that is a mixture of hydrocarbons (and includes crude oil, condensate and natural gas). “Petroleum Product” means any product obtained from the refining or blending of petroleum including petrol, gasoline, diesel, aviation fuel, kerosene, paraffin, engine oil, lubricant oil, compressed natural gas (CNG), liquefied natural gas (LNG), liquefied petroleum gas (LPG), bio-fuel mixed with any petroleum products, wax, pitch and any products that may be defined as petroleum products from time to time by the Ministry of Electricity and Energy (the “MOEE”).

The Law applies to petroleum and petroleum products business and covers the main business activities regarding petroleum and petroleum products (ie import, export, transportation, transit, storage, possession, refining or blending, distribution, examination, and

¹ Rules, regulations, notifications, orders, directives, and procedures issued under the previous Petroleum Act still apply if they are not contrary to the Law.

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testing of petroleum and petroleum products).²

Prohibition

The regulated businesses may not be conducted without the relevant license.

Issuance of licenses and permits, and stipulation of terms and conditions

The following authorities are given power to issue licenses:³

(i) Ministry of Commerce: Export and Import Licenses

The Ministry of Commerce (the “MOC”) is responsible for issuing licenses regarding the exportation and importation of petroleum and petroleum products. The MOC is also authorized to prohibit export and import in the case of exporting to or importing from locations other than certain designated locations.

(ii) MOEE: Various Key Activity licenses

The MOEE is responsible for issuing licenses regarding the refining or blending, transit, transport by pipelines, distribution, examination, and testing of petroleum and petroleum products.

The Law also allows the MOEE to determine the ratio and amount of mineral substances that can be contained in any petroleum and petroleum products. Further, the MOEE can also prohibit such mineral substances.

A license is not required to transport or store non-dangerous petroleum and petroleum products in quantities of 500 gallons or less. However, for storage, a package must not exceed 200 gallons.

(iii) Ministry of Transport and Communications: Licenses relating to transportation

The Ministry of Transport and Communications (the “MOTC”) is authorized to issue a license to vehicles, vessels, and their trailers that carry petroleum and petroleum products. The MOTC must designate ports for the vessels and their trailers that transport petroleum and petroleum products by water and must supervise such vessels and their trailers in accordance with the appropriate procedures.

In addition, the MOTC is responsible for taking necessary action in accordance with existing law where there are accidents and leakage during the importing, exporting, transporting, or distribution of petroleum and petroleum products by water.

Six gallons of dangerous petroleum can be stored, imported, and transported without a license and 20 gallons of dangerous petroleum can be stored, imported, and transported for use in specified machinery without a license or permit.

² Definitions of each business activity are provided in the Law.

³ The MOEE, with the approval of the Union Government, may waive the requirements of any provision regarding petroleum and petroleum products.

(iv) Ministry of Natural Resources and Environmental Conservation: Storage Licenses and Transportation Permits

The Ministry of Natural Resources and Environmental Conservation (the “MONREC”) has the authority to issue licenses for storage of petroleum and petroleum products.

The MONREC is also responsible for issuing permits for the vehicles, vessels, and their trailers that carry any petroleum or petroleum products.

The MONREC must conduct field inspections where there is any environmental impact caused by petroleum and petroleum products businesses and is required to take necessary action where this happens.

Each Ministry has the authority to determine the period of license application, forms, authority to permit such licenses, fees, procedures, and terms and conditions for the licenses and permits within its control.

Environmental and Safety Requirements

The Law provides various environmental and safety requirements:

- Danger signage must be in place when transporting dangerous petroleum.
- Petroleum and petroleum products must be imported, transported, stored, or distributed in the manner stipulated under the Law and all environmental impacts must be taken into account.
- Distributors must comply with the specified standards and quality requirements for petroleum and petroleum products.
- Licensees are required to inform the nearest authority in the case of fire or explosion at the site of the petroleum enterprise or if there is a possibility of fire near such site.

Conclusion

The Law grants broad powers to the different Ministries to license the petroleum and petroleum products business.

Although the Law is already in force, the procedures for application and issuance of licenses under the Law are not yet in place as the Law does not detail the process for implementation. The rules and regulations, terms, and conditions for each license are to be determined and issued by each relevant Ministry. At present the timing for the issuance of these by each Ministry is unknown and the Law is likely to have little practical impact until such rules, and regulations, terms, and conditions are determined and issued by the Ministries.



Mark Tudor

Partner (Foreign Law Partner*)

E-mail: m_tudor@jurists.co.jp

Mark Tudor joined Nishimura & Asahi in May 2016 and has over 18 years experience advising in the energy and natural resources (with 10 of those years being in Japan with an international law firm). Most recently he worked for an FPSO and engineering contractor and has experience advising on onshore and offshore FEED, EPC and other engineering and construction contracts and on development of oil, gas and LNG projects.

*Please note that we are not engaged in a Gaikokuho Kyodo Jigyo (the operation of a foreign law joint enterprise).



Yusuke Yukawa

Partner, Yangon Office Representative

E-mail: y_yukawa@jurists.co.jp

Yusuke Yukawa graduated from Keio University (LL.B.) in 1998 and Stanford Law School (LL.M.) in 2007. He has been stationed in Myanmar since January 2013 and provides a wide range of advice to many Japanese companies.

Further, he has established a broad network in Myanmar based on various activities, including engaging in law reform projects, delivering lectures at the University of Yangon, and participating in activities held by the Japan Chamber of Commerce and Industry, Myanmar.



Hiroyasu Konno

Attorney-at-Law

E-mail: h_konno@jurists.co.jp

Hiroyasu Konno advises clients on various matters of energy and natural resources transactions, such as LNG SPAs, oil upstream projects and metal mining projects. Besides such transactions, he was a committee member of Agency for Natural Resources and Energy's Study Group on Procurement Method of Raw Materials (2014-2015), and has been a committee member of the Institute of Energy Economics, Japan's Study Group on Energy and Law (2015-). While he was a deputy director of the Strategic Planning Division of Japan, Oil Gas and Metals National Corporation, he led LNG research project (2014) and rare earth research project (2015).



Yoshiaki Otsuki

Attorney-at-Law

E-mail: y_otsuki@jurists.co.jp

Yoshiaki Otsuki joined Nishimura & Asahi in 2004 after graduating University of Tokyo and admitted in Japan in 2004. He mastered L.L.M of University of Southern California Gould School of Law in 2011 and was admitted in New York in 2012. He worked for Nippon Steel & Sumitomo Metal Corporation from 2012 to 2014. He is now seconded to Japan Oil, Gas and Metals National Corporation (JOGMEC). Recently he has been involved in LNG development and its procurement projects for Japanese clients.



Jun Katsube

Attorney-at-Law

E-mail: j_katsube@jurists.co.jp

Jun Katsube joined Nishimura & Asahi in 2006. He mastered L.L.M of University of Southern California Gould School of Law in 2013 and was admitted in New York in 2014 and California in 2017. He worked for the legal department of Mitsui & Co. from 2014 to 2016 where he dealt with various energy and natural resources projects in South East Asia region. Recently he has been working for LNG development, mining and FPSO projects.