

## **Commerce Minister responds to query on permit for import of cars under 2000cc**

NAY PYI TAW, 22 March-At today's Amyotha Hluttaw session, representative Dr Myat Nyana Soe of Yangon Region Constituency-4 put a question about "permit for import of cars under 2000cc".

He said that he would like to put a question on import permit for cars under 2000cc with a view to promoting the living standard of the people according to Section 36 and Sub-section (c) in Chapter-1 of the Constitution, based on six basic principals of the State.

Using new cars in public transportation sector will have the benefits. The new cars mean both brandnew and recondition.

Due to high prices, cars manufactured in industrial zones have yet to be within middle-class people's reach. The majority of present-running cars are model 1990. Using these cars causes accidents. It can be found that people can buy Cherry cars in China and (Narno) Tar Tar cars in India at affordable prices. Since 1997, the government has granted permission to import small cars. So, import of these cars should be taken into consideration. He also asked whether or not the directives could be revoked because import of cars under 2000cc is not prescribed by the Law, a car owner can buy a latest model car after entrusting his oldmodel car to the government auction, the government auction board would put the old-model cars up for auction and tax rate imposed on import of new cars would be reduced.

In response to the question, Minister for Commerce U Tin Naing Thein said that the government is placing much emphasis not only on development of agricultural sector but also on being an industrial-developed nation. In importing materials and goods, the government gives priority to import of industrial raw materials needed for national building tasks and household utensils. For industrial development, import of goods that can be produced in the country is limited and encouragements are given to produce import-substitute goods.

Regarding the import of heavy machinery, priority is given to import of machinery, trucks and public buses more than 500 cars a month.

It can be seen as a tradition that every country is trying every possible way for development of their countries. With joint venture system, China and India manufactured cars in cooperation with foreign car companies before Cherry wagon and (Narno) Tar Tar cars. They got experiences in car manufacturing. In 18 industrial zones, there are 300 carmakers. Ministry of Industry-2 and private companies manufacture more than 10,000 cars a year. During the period from 2003-04 to 2010-11, 65975 cars have been manufactured there.

In manufacturing cars, most of engine parts and car bodies are imported from the foreign countries. The question of use of new cars in public transport sector could benefit is put into practice from their standpoints.

But, due to traffic jam caused by small cars, even some developed countries have disadvantages such as traffic jam, more fuel consumption and having affects on domestic industries by allowing import of car from foreign countries, etc. So, the directives shall not be abolished because the government is putting

limit on import of cars under 2000cc at present time. Restriction on import of single items is not usually prescribed by the law and import and export procedures are occasionally issued.

It is not possible to put the points included in the question into practice. According to the nature of selling and buying private property privately, the auction of cars by both the government and the private enterprises are not popular in international. Government-owned old vehicles are being substituted with new cars of Industry-2.

As government's intervention in private sector has become unpopular in international, the wish to take part in the private sector by the government is outdated during the period of transition to market-oriented system.

Regarding the question to reduce tax rate on import of new cars, Customs Department exercised trade revenue and custom duties on import of cars since the department announced the list of Myanmar customs duties in accord with Section 3 and 4 of Customs Duties Law, 1992. According to list of Myanmar custom duties 2007 which comes into practice on 1 April 2007, cars above 2000cc are taxed 40 per cent and cars under 2000cc 30 per cent.

Under AFTA agreement, only 5 per cent is to be paid for imports of cars with country of origin certificates manufactured in ASEAN countries. Customs duties of all ASEAN member countries have to be reduced to zero per cent in 2018. Internal Revenue Department could not afford to reduce trade revenues on import of cars.

***Source: NLM 2011-03-23***