

AIRCRAFT LIENS ONLINE

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MYANMAR

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PART 1

1. LIENS

What is a lien under Myanmar law?

Myanmar law does not specifically define the term “lien”. However, within Myanmar’s general legal framework, a “lien” may be understood as the legal right of a creditor to take possession of the property of a debtor who fails to repay any debt obligation, until the payment of that debt.

MMR 1

2. AIRCRAFT LIENS

What aircraft liens exist under Myanmar law? What are their essential characteristics?

The Convention on International Interests in Mobile Equipment (the “Convention”) and the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment (the “Protocol”), which are incorporated into Myanmar law (please see MMR 15), mention the following aircraft liens:

MMR 2

- liens under a security agreement (art.1 of the Convention);
- liens under a title reservation agreement (art.1 of the Convention);
- liens in favour of employees for unpaid wages relating to work associated with an aircraft object which arise from the time of a declared default under a contract to finance, or lease, that object (Specific declaration under art. 39(1)(a) under the Convention);
- Liens in favour of the repairer of an object in their possession—to the extent of the services performed on, and which add to value to, that object (Specific declaration under art.39(1)(a) under the Convention);
- Liens or other rights of a State entity relating to taxes, or other unpaid charges, of any type whatsoever (Declaration under art.40 of the Convention);
- Bailee’s liens under bailment contracts (Contract Act of 1872 s.170).

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The law in this chapter is up to date to July 2025.

The above liens are registrable and they may be enforced without the leave of a court or other court action (Mandatory declaration under art.54(2) under the Convention).

3. REGISTRATION OF AIRCRAFT LIENS

Can aircraft liens be registered in the Myanmar Register of Civil Aircraft? Or in any other public register? What is the effect of registration?

MMR 3 Aircraft liens can be registered with the Registrar (art.17(5) of the Convention). As mentioned in MMR 9, a registered interest has priority over any other interest subsequently registered and over an unregistered interest (art.29(1)).

4. SELLER'S LIEN

What is a seller's lien? When will it arise in the case of aircraft?

MMR 4 Under the Myanmar Sale of Goods Act 1930, a seller's lien is the right of a seller to retain goods under its possession till the buyer pays or tenders to pay the full sale price.

Under a title reservation agreement, the seller of an aircraft does not pass ownership therein to the buyer until the fulfilment of the condition (or conditions) stated in the agreement (art.1 of the Convention). This reservation may be considered to comprise a seller's lien.

5. SALVAGE LIEN

What is a salvage lien? When will it arise in the case of aircraft?

MMR 5 The term "salvage lien" is not defined under Myanmar law. It arises in the case of aircraft in the circumstances referred to in the Aircraft Act 1934 which provides:

"The provisions of Part VII of the Myanmar Merchant Shipping Act of 1923, relating to wreck and salvage shall apply to aircraft on or over the sea or tidal waters as they apply to ships, and the owner of aircraft shall be entitled to a reasonable reward for salvage services rendered by the aircraft in like manner as the owner of a ship." (Aircraft Act of 1934 s.9 ("The Aircraft Act")).

Under Myanmar law, the Government or a person who finds, and delivers, a wreck to the Government shall be entitled to receive a reasonable sum for salvage (Myanmar Merchant Shipping Act of 1923 s.275). If the person claiming the wreck fails to pay the amount due for salvage, the receiver of the wreck may sell such wreck by way of public auction (Myanmar Merchant Shipping Act of 1923 s.275).

6. POSSESSORY LIEN

What is a possessory lien? When will it arise in the case of aircraft?

MMR 6 Myanmar law does not specifically define the concept of a "possessory lien". However, from the Convention (which is incorporated in Myanmar law), a possessory lien may be interpreted as:

- a security agreement under art.1 of the Convention;
- a remedy in the form of taking the possession, or control, of an aircraft under a security agreement under art.8(1) of the Convention;

- a remedy in the form of terminating a title reservation agreement or a lease agreement and taking the possession, or control, of an aircraft under art.10 of the Convention.

The above will arise with respect to aircraft in the event of default of a debtor (arts 8, 10 and 11 of the Convention).

Moreover, there is a “bailee’s particular lien” under Contract Act s.170, which will arise under the following circumstances:

“where the bailee has, in accordance with the purpose of the bailment, rendered any service involving the exercise of labour or skill in respect of the goods bailed, he has, in the absence of a contract to the contrary, a right to retain such goods until he receives due remuneration for the services he has rendered in respect of them.”

7. CONTRACTUAL LIEN

What is a contractual lien? When will it arise in the case of aircraft?

Myanmar law does not define the concept of a “contractual lien”. However, under Myanmar law: a security agreement, a title reservation agreement and a lease agreement may be considered to comprise contractual liens. Such a contractual lien will arise if the agreements:

MMR 7

- are in writing;
- relate to an aircraft which creditor has power to dispose of;
- enable the aircraft to be identified in conformity with the Protocol;
- in case of a security agreement, enable the secured obligations to be determined, but without the need to state a sum (or maximum sum) secured (art.7 of the Convention).

8. OTHER TYPES OF AIRCRAFT LIEN

Are there any other types of aircraft lien? Or similar rights that do not give rise to a lien?

As mentioned above, the terms “lien” and “aircraft lien” are not defined under Myanmar law.

MMR 8

Assuming the concept of “aircraft lien” is interpreted to comprise an agreement by which a debtor grants an interest in an aircraft in order to secure the performance of a debt obligation, then there is only one type of an aircraft lien—a security agreement under art.1 of the Convention.

Also, the concept “aircraft lien” can be interpreted to comprise the right of a creditor or the Government to retain the property of a debtor (or an offender) under a contract (or law). In such a case:

- a title reservation agreement;
- a lease agreement under art.1 of the Convention;
- liens arising pursuant to declarations under the Convention;
- a bailee’s particular lien under Contract Act s.170;
- and other transactions with similar rights

may be considered to comprise aircraft liens.

Please note that detention of an aircraft is discussed in *Pt 2*.