

July 11, 2012

## **U.S. Department of State, Office of the Spokesperson: Administration Eases Financial and Investment Sanctions on Burma**

### Fact Sheet

President Obama and Secretary of State Clinton announced in May that the United States would ease certain financial and investment sanctions on Burma in response to the historic reforms that have taken place in that country over the past year. Today, the U.S. Government has implemented these changes to permit the first new U.S. investment in Burma in nearly 15 years, and to broadly authorize the exportation of financial services to Burma. The United States supports the Burmese Government's ongoing reform efforts, and believes that the participation of U.S. businesses in the Burmese economy will set a model for responsible investment and business operations as well as encourage further change, promote economic development, and contribute to the welfare of the Burmese people.

As these vital economic and political reform efforts move forward, the United States will continue to support and monitor Burma's progress. We have and will continue to urge the Burmese Government to continue its reform process and we expect the Burmese Government to implement measures that increase socio-economic development and safeguard the human rights of all its people, including political rights and civil liberties.

The United States remains concerned about the protection of human rights, corruption, and the role of the military in the Burmese economy. Consequently, the policy we are announcing today is carefully calibrated and aimed at supporting democratic reform and reconciliation efforts while aiding in the development of an economic and business environment that provides benefits to all Burma's people. A key element of this policy is that we are not authorizing new investment with the Burmese Ministry of Defense, state or non-state armed groups (which includes the military), or entities owned by the foregoing. Moreover, the core authorities underlying our sanctions remain in place. U.S. persons are still prohibited from dealing with blocked persons, including both listed Specially Designated Nationals (SDNs) as well as any entities 50 percent or more owned by an SDN. The Treasury Department's Office of Foreign Assets Control (OFAC) publishes a list of SDNs available [here](#).

Also today, the President issued a new Executive Order that will allow the U.S. Government to sanction individuals or entities that threaten the peace, security, or stability of Burma, including those who undermine or obstruct the political reform process or the peace process with ethnic minorities, those who are responsible for or complicit in the commission of human rights abuses in Burma, and those who conduct certain arms trade with North Korea. Individual or entities engaging in such activities would be subject to Treasury action that would cut them off from the U.S. financial system.

*OFAC General License No. 16 Authorizes the Exportation of Financial Services to Burma*

- OFAC has issued General License No. 16 (GL 16) authorizing the exportation of U.S. financial services to Burma, subject to certain limitations. Reflecting particular human rights risks with the provision of security services, GL 16 does not authorize, in connection with the provision of security services, the exportation of financial services to the Burmese Ministry of Defense, state or non-state armed groups (which includes the military), or entities owned by the foregoing. GL 16 also does not authorize the exportation of financial services to any person blocked under the Burma sanctions program. Transfers of funds to or from an account of a financial institution that is blocked under the Burma sanctions program are authorized, however, provided that the account is not on the books of a U.S. financial institution.

- Because the transactions authorized by GL 16 include activities formerly authorized by other general licenses (such as financial transactions in support of humanitarian, religious, and other not-for-profit activities in Burma, and noncommercial, personal remittances to Burma), General License No. 14-C and General License No. 15 are replaced and superseded by GL 16.

#### *OFAC General License No. 17 Authorizes New Investment in Burma*

- The Secretary of State, pursuant to a delegation of authority from the President, has waived the ban on new U.S. investment in Burma set forth in the Foreign Operations, Export Financing, and Related Programs Appropriations Act of 1997.

- Consistent with this waiver, OFAC has issued General License No. 17 (GL 17) authorizing new investment in Burma, subject to certain limitations and requirements. GL 17 does not authorize new investment pursuant to an agreement, or pursuant to the exercise of rights under such an agreement, that is entered into with the Burmese Ministry of Defense, state or non-state armed groups (which includes the military), or entities owned by the foregoing, or any person blocked under the Burma sanctions program.

#### *Reporting Requirements on Responsible Investment in Burma*

- Any U.S. person (both individuals and entities) engaging in new investment in Burma pursuant to GL 17 whose aggregate new investment exceeds \$500,000 must provide to the State Department the information set forth in the State Department's "Reporting Requirements on Responsible Investment in Burma," available here.

- These reporting requirements will undergo public notice and comment in accordance with the Paperwork Reduction Act of 1995. The Department of State expects to issue its 60-day Federal Register notice of proposed information collections in the coming days.

- There are several components to these new reporting requirements, which will apply to investors with more than \$500,000 in aggregate new investment in Burma. Investors will be required to file reports with the State Department on an annual basis, and will include a version that the Department will make publicly available, consistent with relevant U.S. law. Key information that companies will report on

include information regarding policies and procedures with respect to human rights, workers' rights, environmental stewardship, land acquisitions, arrangements with security service providers, and, aggregate annual payments exceeding \$10,000 to Burmese government entities, including state-owned enterprises. The purpose of the public report is to promote greater transparency and encourage civil society to partner with our companies toward responsible investment. The above reporting requirements apply to any new investment, whatever corporate form it might take.

· In addition, individuals or entities undertaking new investment pursuant to an agreement, or pursuant to the exercise of rights under such an agreement, that is entered into with the Myanmar Oil and Gas Enterprise (MOGE) must notify the State Department within 60 days of their new investment.

#### *New Executive Order Targeting Persons Threatening the Peace, Security, or Stability of Burma*

· In signing this Executive Order, the President has provided the United States Government with additional tools to respond to threats to the peace, security, or stability of Burma, and to encourage further reform in Burma. The order provides new authority to impose blocking sanctions on persons determined by the Secretary of the Treasury, in consultation with or at the recommendation of the Secretary of State: to have engaged in acts that directly or indirectly threaten the peace, security, or stability of Burma, such as actions that have the purpose or effect of undermining or obstructing the political reform process or the peace process with ethnic minorities in Burma; to be responsible for or complicit in, or responsible for ordering, controlling, or otherwise directing, or to have participated in, the commission of human rights abuses in Burma; to have, directly or indirectly, imported, exported, reexported, sold or supplied arms or related materiel from North Korea or the Government of North Korea to Burma or the Government of Burma; to be a senior official of an entity that has engaged in the foregoing acts; to have materially assisted any of the foregoing acts, or a person whose property and interests in property are blocked pursuant to the order; or to be owned or controlled by, or to have acted for or on behalf of, such a person.

#### *Designation of the Directorate of Defense Industries*

· The Directorate of Defense Industries (DDI) carries out missile research and development at its facilities in Burma, where North Korean experts are active. During a trip to Pyongyang in November 2008, Burmese military officials, including the head of the Directorate of Defense Industries, signed a memorandum of understanding with the DPRK to provide assistance to Burma to build medium range, liquid-fueled ballistic missiles. In the past year, North Korean ships have continued to arrive at Burma's ports carrying goods destined for Burma's defense industries.

· DDI has been designated pursuant to Executive Order \_\_\_\_\_ of July 11, 2012 ("Blocking Property of Persons Threatening the Peace, Stability, or Security of Burma"), which provides the authority to block the property and interests in property of persons determined to have, directly or indirectly, imported, exported, reexported, sold or supplied arms or related materiel from North Korea or the Government of North Korea to Burma or the Government of Burma or to have materially assisted, sponsored, or

provided financial, material, or technological support for, or goods or services to or in support of, such acts.

*Designation of Innwa Bank*

· Innwa Bank has been designated pursuant to Executive Order 13464 as an entity that is owned or controlled by Myanmar Economic Corporation, a company previously designated by OFAC pursuant to Executive Order 13464. The Myanmar Economic Corporation is a conglomerate owned by the Ministry of Defense that has extensive interests in a variety of Burmese economic sectors.