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Hearing on U.S. Policy towards Burma

**Senate Committee on Foreign Relations, Subcommittee on East Asian and Pacific Affairs
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Introduction

Chairman Webb, Ranking Member Inhofe, and distinguished members of the Committee: Thank you for the opportunity to appear before you today to discuss current U.S. sanctions against Burma and how we are responding to the positive developments in that country. I am pleased to be here with Deputy Assistant Secretary Joseph Yun and Assistant Administrator Nisha Biswal.

Response to Recent Developments

Sanctions are an instrument of U.S. foreign policy and need to match and reflect developments in that policy. We have all witnessed over the past eight months dramatic and rapid developments in Burma, including election of Aung San Suu Kyi and her party to the parliament, the release of hundreds of political prisoners, and other important political reforms. We must recognize the important role that our broad-based array of sanctions have played, but we also must adapt our framework in response to the progress we see on the ground. We intend to proceed cautiously; the United States still has concerns in Burma, including the remaining political prisoners, ongoing conflict in ethnic minority areas and serious human rights abuses, as well as Burma's troubling military ties to North Korea. What Secretary Clinton announced on April 4 was the beginning of a targeted process to ease certain sanctions in a manner that will contribute to our overarching principled engagement policy. We understand the importance of retaining flexibility to tighten and ease our sanctions as warranted by developments on the ground.

Background: Use of Sanctions against Burmese Officials and Junta Cronies

As one tool among many that the United States and the international community have used to address concerns in Burma, our array of sanctions have played a central role in our policy on Burma over the past 20 years. In the wake of the Burmese regime's 2007 crackdown on Buddhist monks, the Administration and Congress intensified our sanctions by expanding the scope of our authorities and increasing our efforts to identify and track the assets of bad actors. President Bush issued two new Executive orders and worked with Congress to enact the Tom Lantos Block Burmese JADE (Junta's Anti-Democratic Efforts) Act of 2008. On September 27, 2007, the Department of the Treasury's Office of Foreign Assets Control ("OFAC") designated 14 senior officials of the Burmese regime.

Throughout 2008 and into January 2009, the Treasury Department continued to target bad actors in Burma aggressively, designating 56 entities and 12 individuals. Treasury targeted wealthy

cronies of the Burmese regime and their companies and commercial holdings, highlighting their ties to illicit activities including drug trafficking and arms dealing. Treasury sanctioned the holdings of regime cronies Win Aung, including his Dagon companies, and Steven Law and Cecilia Ng, including their Asia World and Golden Aaron companies. We also expanded sanctions against regime crony Tay Za to include his Htoo Group and Air Bagan.

U.S. economic sanctions have made it more difficult and more costly for the Burmese regime and its financial supporters to profit from their repressive policies. Senior Burmese officials, such as the Foreign Minister, have publicly complained about sanctions and called for them to be lifted. And, in private conversations, influential businessmen in Rangoon with connections to the regime have complained about the detrimental effects sanctions have had on their business operations and lives. Between July 1, 2007 and March 24, 2011, 355 transactions totaling approximately \$11,100,000 involving Burmese individuals or entities were reported to the Treasury Department as blocked.

At the same time, we have worked diligently to minimize the adverse impact of our sanctions on the Burmese people in every way possible. Our sanctions do not restrict travel or the exchange of information, to or from Burma. In May 2008, in response to Cyclone Nargis, OFAC swiftly issued a new general license to facilitate the flow of aid to the Burmese people by authorizing certain financial transactions in support of not-for-profit humanitarian or religious activities in Burma. In addition, OFAC regularly issues specific licenses authorizing financial transactions in support of a range of not-for-profit activities in Burma, including conservation, higher education, civil society development, and certain non-commercial development projects.

In recognition of both the historic reform efforts underway in Burma, as well as the remaining concerns about those who oppose this transformation, Secretary of State Clinton outlined on April 4 several key steps the Administration would take. In particular, Secretary Clinton announced that we would enable a broader range of nonprofit activities in Burma, and begin a targeted easing of the bans on the exportation of financial services to Burma and new investment in Burma, as part of our broader efforts to accelerate economic modernization and political reform. At the same time, Secretary Clinton underlined that sanctions and prohibitions would stay in place against those individuals and institutions that thwart efforts at ongoing reform.

Treasury is working to implement these commitments, and on April 17 OFAC issued a general license authorizing financial transactions in support of a broad range of not-for-profit activities in Burma. This general license replaces the earlier license issued in response to Cyclone Nargis authorizing financial transactions in support of not-for-profit humanitarian and religious activities. It expands that authorization to allow funds to be sent to Burma in support of not-for-profit activities such as conservation, education, democracy building and good governance, and certain non-commercial development projects.

We are now preparing to take additional steps with regard to new investment and financial services. But, as Secretary Clinton announced, these measures will not constitute a wholesale lifting of sanctions. We will retain sanctions targeting, among others, parastatals, cronies of the former regime and their corporate holdings. And our sanctions framework is fluid and flexible – if developments in Burma reverse course, we can revoke licenses and reverse other measures.

In our use of sanctions to pressure the Burmese government to change, the United States has not acted alone. Sanctions have maximum effect when they are part of a coordinated multilateral effort. Although we have not had the benefit of a UN Security Council Resolution, the United States has worked with friends and allies around the world, including the European Union, Canada, and Australia, to coordinate sanctions actions against the former regime in Burma. In recent days, our friends and allies have lifted and suspended their respective sanctions regime on Burma; the United States, like our friends and allies, agree that steps need to be taken to recognize the changes that have occurred in Burma and encourage further progress. However, we intend to pursue a careful and calibrated approach and will continue close and strong coordination with our partners to ensure continued progress on our remaining concerns.

Conclusion

The Department of the Treasury will continue to use a balanced regime of relaxing and continuing sanctions where appropriate to incentivize the Burmese government down the road of political reform and toward a more free and prosperous Burma. As the Burmese people determine their way forward and embrace the opportunity for democratic representation, Treasury stands ready to work with our colleagues across the Administration to assist them.