

AUTHORS

Lindsay B. Meyer
Carrie A. Kroll
Jana del-Cerro

RELATED PRACTICES

International Trade and
Customs

ARCHIVES

2012	2008	2004
2011	2007	2003
2010	2006	2002
2009	2005	

International Trade Alert

May 2012

U.S. Suspends Restrictions on Investment and Exports of Financial Services to Burma

U.S. businesses will soon be able to invest in Burma and provide financial services for the first time since the United States implemented sanctions against the country fifteen years ago. Secretary of State Clinton announced the United States' "suspension" of the sanctions program during a joint press conference with Burmese Foreign Minister, Wunna Maung Lwin, in Washington on May 17, 2012.

The United States initiated its sanctions program in 1997 in response to the Government of Burma's large-scale repression of democratic opposition. Current U.S. sanctions against Burma are implemented through the Burmese Sanctions Regulations ("BSR") (31 C.F.R. Part 537), administered by the U.S. Treasury Department's Office of Foreign Assets Controls ("OFAC"). Initially limited to a prohibition against U.S. persons' "new investment" in, or facilitation of new investments in Burma, the sanctions were expanded through a series of subsequent Executive Orders and Acts. Today, in addition to these original prohibitions, the BSR include a total restriction on the importation of Burmese products, as well as the exportation or reexportation to Burma of "financial services" from the United States or by U.S. persons, wherever located.

Pursuant to Secretary Clinton's remarks, OFAC will amend the BSR to include a General License (a type of blanket authorization under which no specific authorization from OFAC is required) "that will enable American businesses to invest across the economy, [and] allow [Burmese] citizens access to international credit markets and dollar-based transactions." The general license will cover all sectors of the economy. Secretary Clinton specifically noted that upon issuance of the general license, American oil and gas companies, mining companies, and financial services companies will "be free to look for investments" in the country.

This step is the latest in the Obama Administration's efforts to ease U.S. sanctions against Burma in recognition of the Government's progress toward "democratization and national reconciliation." OFAC issued a General License on April 17, 2012 granting blanket authorization for certain financial transactions in support of humanitarian, religious and other not-for-profit activities in Burma.

Nevertheless, Secretary Clinton underscored the United States' measured approach with respect to Burma. Secretary Clinton emphasized that the United States will be keeping relevant laws "on the books as an insurance policy," thereby providing the United States with the flexibility to tighten sanctions again as may be warranted should recent Burmese democratic reforms recede. Similarly, in recognition of reported corruption and human rights abuses committed by the Burmese military and the companies owned and operated by the military, the United States will continue to designate such person(s) on OFAC's "Specially Designated Nationals" list of restricted end-users. These individuals and entities will remain ineligible to receive any U.S. financial services or new investment. Additionally, the U.S. will maintain the arms embargo against Burma currently implemented by the U.S. Department of State.

The United States' announcement follows a similar move by the European Union and the United Kingdom in April of this year. Both officially announced a "suspension" of the majority of their sanctions against Burma/Myanmar for one year – with the exception of the comprehensive arms embargo. E.U. officials also publicly emphasized that the move constituted a "suspension" and not a "lifting" of the sanctions, and that the E.U. will continue to closely monitor developments in the country over the year and reassess as necessary.

Venable's [International Trade and Customs Group](#) will continue to follow the U.S. sanctions against Burma during the coming months.