



MYANMAR SANCTIONS RELIEF TO BOOST ECONOMY

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SUMMARY

- Myanmar State Counsellor Aung San Suu Kyi visited Washington, D.C. on September 14-15 ahead of the United Nations General Assembly (UNGA) in New York. She met with President Barack Obama, Vice President Joseph Biden, and Secretary of State John Kerry, as well as with members of Congress, business community leaders, and non-governmental organizations.
- The highlight of the trip was the joint announcement between Obama and Suu Kyi committing to remove remaining U.S. economic sanctions on Myanmar. This move should significantly ease the way for increased investment in Myanmar and closer bilateral economic ties.
- Suu Kyi's visit to the White House reinforces her position as the *de facto* leader of Myanmar. The Obama administration leveraged the meeting to cement the achievements of the President's pivot to Asia and renewed engagement with Myanmar.

ABOUT ASG

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WHAT WERE THE OUTCOMES OF THE VISIT?

The joint announcement between President Barack Obama and State Counsellor Aung Sau Suu Kyi committing to remove economic sanctions on Myanmar was the most significant outcome from the visit for the business community. The United States also agreed to restore Generalized System of Preferences (GSP) trade benefits to Myanmar. The joint decision on sanctions reflects U.S. support for the ongoing political transition and progress to date, as well as Suu Kyi's recognition that sanctions impede economic development in Myanmar.

During their meeting on September 14, Suu Kyi and Obama also announced a "U.S.-Myanmar Partnership" to expand cooperation to promote human rights, counter human trafficking, combat corruption, increase people-to-people ties, advance global health security, support small- and medium-sized enterprises (SMEs), strengthen rule of law, and work with Myanmar and other partners in the Association of Southeast Asian Nations (ASEAN) to address transnational challenges. Obama welcomed the Myanmar government's efforts to address longstanding concerns of all communities in Rakhine State and conveyed his support for the peace process.

While the general public in Myanmar has deep reverence for Aung San Suu Kyi, the new government is facing pressure to show that democratic leadership yields economic dividends. **Suu Kyi's endorsement of lifting sanctions reflects her willingness to relieve pressure on the economy, as well as explore alternative domestic tools to police bad actors and reinforce Myanmar's democratic evolution.** During the visit, Suu Kyi emphasized that it was time for Myanmar to tackle its economic and political issues without the support of sanctions from the United States.

ASG expects that in the coming weeks President Obama will issue a new order terminating the National Emergency and related orders with respect to Myanmar. **This will remove all sanctions covered under the International Emergency Economic Powers Act (IEEPA) and administered by the Office of Foreign Assets Control (OFAC), which includes de-listing individuals and entities currently sanctioned under the Specially Designated Nationals (SDN) list.** Some individuals and entities in Myanmar may still be sanctioned under other authorities, including the Global Narcotics Kingpin List and North Korea Sanctions.

WHAT IS THE LONGER-TERM IMPACT OF THE VISIT?

The joint decision to lift sanctions and create the U.S.-Myanmar Partnership marks a new chapter in the bilateral relationship. This was Suu Kyi's first trip to the United States since becoming State Counsellor of Myanmar following her party's 2015 landslide electoral victory, which put in place a civilian government for the first time in 50 years. The visit reinforces Suu Kyi's primacy on the international stage as the *de facto* head of her government, despite the constitutional ban on her assumption of the presidency. For many observers, Suu Kyi's visit as her country's leader symbolized the significant progress made in Myanmar, which is evolving from a military dictatorship to a democracy. Despite this progress, Suu Kyi and U.S. officials were quick to stress that much work remains, particularly in areas of national reconciliation, constitutional reform, and human rights, to advance the country toward a full democratic transition. **Most significantly, the trip and sanctions announcement will pave the way for greater economic development and increased investment in Myanmar.**

Suu Kyi leveraged the visit as an opportunity to attract responsible U.S. investment to meet the country's many economic needs. While addressing a business community reception, she indicated that the Myanmar government will look to U.S. companies to create jobs, bring high corporate standards, and provide vocational training. She also emphasized that the country's greatest needs are in construction and infrastructure, agricultural development, and power generation. According to Suu Kyi, Myanmar's plans to reform the economy and promote a stable business environment include a "zero tolerance" policy for corruption, support for SMEs, increased oversight and potential privatization of state-owned enterprises, new streamlined processes for starting a business, stronger financial institutions, a new investment law, establishment of a dispute settlement procedure, reform in the extractives industries, and public-private partnerships.

As her trip demonstrated, Suu Kyi maintains strong relationships on Capitol Hill. While in Washington she met with many prominent members of Congress, including the House Democracy Partnership, and expressed appreciation for their long-standing support of Myanmar's democratic transition. Ahead of her visit, several U.S. senators introduced legislation to increase U.S. support for Myanmar's economic development and political transition. On September 13, U.S. Senators Ben Cardin (D-Md.) and John McCain (R-Ariz.) introduced the "Burma Strategy Act of 2016", which would increase economic assistance,



establish incentives for private sector investment, allow for limited military-to-military engagement, and provide support for the government's efforts to reform the extractives sector. On September 14, Senator Cory Gardner (R-Co.) and Senator Dan Sullivan (R-Ak.) introduced the "Empower Burma Act", which would require the administration to produce a strategy for sustainable economic development in Myanmar, with a focus on helping the country meet its goal of 100 percent electrification by 2030. According to the press release, Senator Gardner's draft bill also expresses that "Congress must be closely consulted prior to lifting or amending any existing U.S. sanctions toward Burma."

Given the White House's sanctions announcement, these pieces of draft legislation will likely be revised. Some members criticized the White House decision to lift sanctions and may seek other avenues to impose restrictions on military-owned entities in the Myanmar economy. Congress will continue to play an important role in the bilateral relationship given the legislative branch's historic involvement in U.S. policy toward Myanmar and the strong relationships many members have with Suu Kyi.

ASG's Southeast Asia Practice has extensive experience helping clients navigate markets across Southeast Asia. For questions or to arrange a follow-up conversation please contact SoutheastAsia@albrightstonebridge.com.

