

**Pro-Aid, Pro-Sanctions, Pro-Engagement  
Position Paper on Humanitarian Aid to Burma**

Produced by The Burma Campaign UK  
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# **Pro-Aid, Pro-Sanctions, Pro-Engagement**

## **Position Paper on Humanitarian Aid to Burma**

Over the years there have been attempts to portray key Burma campaign organisations and indeed Burma's National League for Democracy (NLD) as opposed to humanitarian assistance to Burma. This position paper, supported by the undersigned, has been drafted so that no further confusion should arise. This amounts to clarification of a long-held policy position and does not signify any change in policy on the part of the undersigned.

*'Agencies' is used throughout this document to refer collectively to United Nations (UN) agencies, Donor Governments and national/international non-Government Organisations (NGO/INGOs).*

### **Summary**

We the undersigned share the concerns of the United Nations (UN) and the international community regarding the humanitarian situation in Burma. We are concerned about the long-term consequences for the country and believe the situation needs immediate attention.

Recognising the urgency of the situation, especially with regard to HIV/AIDS, Tuberculosis (TB) and Malaria, in addition to high malnutrition and child mortality rates and emerging health threats such as avian influenza, we support and encourage the provision of humanitarian assistance to Burma. There must however be transparency, accountability and monitoring of all aspects of the provision of this assistance in order that it reaches intended recipients and does not benefit the military authorities. (See *'The Right Kind of Aid'* below). In addition, Burmese nationals employed by agencies operating in the country, must be afforded protection from any reprisals by the regime for working on assistance or development programmes.

In supporting humanitarian assistance we emphasise that it is the lack of accountable governance in Burma that is at the heart of the current crisis. It is therefore imperative that humanitarian assistance complements and does not replace or undermine political pressure for democratic change. Both are essential and must be pursued simultaneously. Although not always appropriate for the same actors to pursue both strategies (for the UN and Donor Governments this is imperative), it's vital that all agencies recognise the political roots of the humanitarian crisis. We ask agencies to be vigilant in avoiding indirect and inadvertent contribution to the root of the problem and to be respectful to the perspectives of those working towards political solutions. Mutual respect for and support of both strategies is of paramount importance. We encourage all agencies to creatively explore opportunities for supporting the promotion of democracy both directly and across their projects. A democratic society in Burma is vital to ensuring truly effective humanitarian assistance that directly benefits all Burma's people.

We support the suspension of all non-humanitarian and development aid to Burma with certain exceptions (See *'Non-Humanitarian and Development Aid' below*). The principles that should be adopted for administration of effective aid in these exempted areas should mirror those proposed for strictly humanitarian assistance.

Our position on humanitarian aid complements our policy on effectively targeted economic sanctions. We continue to advocate for 'smart' sanctions as called for by the National League for Democracy - that target the regime and its support base but not ordinary Burmese people. We do not support the introduction of former Iraqi-style sanctions that would impact negatively on Burma's people. Nor do we call for the broader isolation of Burma.

Our position on humanitarian assistance reflects that of the National League for Democracy, National Coalition Government of the Union of Burma (NCGUB), Ethnic Nationalities Council (Union of Burma) and 88 Generation Students.

The challenges identified and principles proposed in this paper, for ensuring the effective administration of humanitarian assistance in Burma, have been drawn from a variety of sources including but not limited to:

1. 'Guidelines for UN Agencies, International Organisations and NGO/INGOs on Cooperation Programme in Myanmar', Ministry of National Planning and Economic Development - February 2006, Burma.
2. 'Additional Safeguards Policy', The Global Fund, 2005.
3. Country plan on Burma, Department for International Development (DFID), UK Government, October 2004.
4. 'Humanitarian Assistance to Burma. How to establish good governance in the provision of humanitarian aid – ensuring aid reaches the right people in the right way', Burma UN Service Office – New York 2003.
5. 'Joint Principles of International Organisations (INGOs) providing Humanitarian Assistance in Burma/Myanmar', June 2000.

## The need

Burma is one of the poorest countries in Asia. Four decades of military rule and economic mismanagement have resulted in widespread poverty, poor health care and low educational standards. It is estimated that 75% of the population live below the poverty line, although reliable figures are scarce<sup>1</sup>. By contrast to the 30-50% of the budget spent on the armed forces, the government allocates only 3% of its budget to health and 8% to education<sup>2</sup>. In terms of health care delivery, the World Health Organisation ranks Burma 190<sup>th</sup> out of 191 countries<sup>3</sup>. Public investment in education and healthcare combined is less than \$1 per person per year - one of the lowest levels of public investment in the world<sup>4</sup>. Burma's poorest and most vulnerable population groups lack adequate food supply. There is widespread malnutrition with one quarter of all infants born underweight, one in three children aged five being moderately to severely malnourished and one in ten dying before they reach the age of five<sup>5</sup>. Maternal mortality is additionally amongst the highest in the region.<sup>6</sup> Although dire across the country, the humanitarian situation for people in ethnic nationality areas along Burma's borders remains particularly severe.

The situation in Burma with regards to HIV/AIDS, TB and Malaria is extremely serious. Burma is the most HIV/AIDS affected country in South East Asia after Cambodia with the disease now spreading from high-risk groups into the general population<sup>7</sup>. UNAIDS estimates that between 170,000 to 610,000 people are currently infected, the high-end equivalent to 2.2% prevalence among adults. The regime has now revised its own point estimate upwards to 340,000, doubling its published 2002 figure<sup>8</sup>.

Burma has among the highest TB rates in the world with 97,000 new cases detected each year and multi-drug resistant TB on the increase<sup>9</sup>. Malaria is the leading cause of morbidity and mortality and the biggest cause of death of children under the age of five. 71% of the population is at risk and 3000 deaths are reported yearly. Multi-drug resistant malaria is widespread<sup>10</sup>. Drug resistance rates for both malaria and TB are now among the highest in the region due to poor monitoring of drug supplies and high rates of counterfeit drugs.

The same conditions driving the high prevalence of HIV/AIDS, Malaria and TB in Burma have also given rise to other emerging health threats, most recently Avian influenza<sup>11</sup>.

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<sup>1</sup> *Economist Country profile 2004*

<sup>2</sup> *Economist, July 21, 2005, The mess that the army has made of Myanmar*

<sup>3</sup> *Burma: Time for Change: Report of Independent Task Force, Council on Foreign Relations, June 2003*

<sup>4</sup> *DFID Country Plan – Burma, October 2005*

<sup>5</sup> *UNDP Human Development Report, 2005*

<sup>6</sup> *DFID Country Plan – Burma, October 2005*

<sup>7</sup> *Global Fund Factsheet, 18 August, 2005*

<sup>8</sup> *UNAIDS, Joint Programme for HIV/AIDS, 19 October, 2005*

<sup>9</sup> *Global Fund Factsheet, 18 August, 2005*

<sup>10</sup> *Global Fund Factsheet, August 2005*

<sup>11</sup> *Responding to AIDS, TB, Malaria and Emerging Infectious Diseases in Burma, John Hopkins Bloomberg School of Public Health, March 2006*

## Root cause of Burma's humanitarian crisis

*"The underlying cause of the social, political and economic crises which have created untold hardships for the people is the lack of good governance."*<sup>12</sup>

Aung San Suu Kyi

The root cause of the humanitarian crisis is the lack of an accountable democratic government. This must be acknowledged in any provision of humanitarian aid to Burma. It is vital that UN agencies, Donor Governments and INGO/NGOs are not blind to this fact. Better governance remains the only ultimate answer to Burma's humanitarian crisis<sup>13</sup>.

The causes underlying the crisis situation are well documented: economic mismanagement; oppression of civil society; perpetuation of armed conflict which disproportionately affects ethnic groups, the forced displacement, impoverishment and brutalisation of entire communities, and widespread and systematic human rights abuses. The regime continues to prioritise military spending, which consumes anything up to 50% of its annual budget. The resulting expansion in military capacity is incompatible with any national reconciliation process and incompatible with any genuine attempt to tackle the causes of Burma's humanitarian crisis. There is no evidence of any political will within the regime to address the issues perpetuating Burma's crisis. The Asian Development Bank's Asian Development Outlook report, 2002 states: "There are no clear prospects for the introduction of widespread economic reforms by the government of Myanmar to correct macroeconomic imbalances and reduce poverty"<sup>14</sup>.

Burma's authorities have a clear responsibility to engage with the seriousness of the humanitarian situation in Burma and are currently failing to do so. It remains the task of the international community to convince them of the tremendous costs for the country and its people of not doing so.

Without genuine political change the people of Burma will continue to be impoverished, oppressed and abused. It is vital therefore that humanitarian assistance by donor countries does not replace political pressure for democratic change. Political strategies must be pursued together with humanitarian strategies. A solution that bridges the gap between providing humanitarian relief and fostering a process that leads to sustainable development and sound democratic governance must be found<sup>15</sup>.

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<sup>12</sup> Daw Aung San Suu Kyi, *Workshop on Humanitarian Aid to Burma, May 1999*

<sup>13</sup> Daw Aung San Suu Kyi, *August 2002*

<sup>14</sup> [www.adb.org/Documents/Books/ADO/2002/Update/southeastasia.pdf](http://www.adb.org/Documents/Books/ADO/2002/Update/southeastasia.pdf)

<sup>15</sup> NCGUB *Workshop to address Humanitarian Aid in Burma, May 1999*

## Key challenges for agencies operating in Burma

In February 2006, the Burmese authorities distributed a set of new restrictive guidelines for delivery of humanitarian aid in Burma<sup>16</sup>. A more detailed Burmese version of the guidelines laid down harsher restrictions still on the operation of agencies within an already tightly constrained environment.<sup>17</sup> The challenges for agencies posed by the Burmese version of the guidelines, if strictly imposed, are numerous:

- Conditions demanded for the employment of national staff (that agencies will be provided with a list of qualified staff by the respective ministry to select from) run entirely contrary to acceptable practice and are a direct challenge to agencies' independence.
- The guidelines insist on regime approval of all travel plans to project sites and on regime "officials" accompanying project staff.
- The new guidelines require all foreign project funds to be channelled through the regime-controlled Myanmar Foreign Trade Bank (MFTB) and withdrawn as Foreign Exchange Certificates (FEC). This raises concerns about financial benefit to the authorities once there is any divergence in rates between FEC-Kyat and \$US-Kyat (as there was following Burma's banking crisis in 2003).
- Administrative hurdles and clearance procedures relating to: approval of project proposals; registration of offices; appointment of staff; securing of visas; import of vehicles and goods and internal travel, in addition to the regime's proposals for the centralised 'co-ordination' of all projects, appear to make the future operating environment for agencies increasingly fragile.

If the new guidelines as they currently stand are applied - the Burmese version in particular - then excessive political interference and a heavy bureaucratic burden will reduce the possibility of timely and effective delivery of assistance in Burma. Under these circumstances it is highly likely that many agencies, unable to effectively continue their work, will be forced to scale down their operations or leave. The Henri Dunant Centre for Humanitarian Dialogue has perhaps proved the first unfortunate casualty of the new restrictions - the Centre announced the closure of its office in Burma at the end of February 2006 after failing to have its annual agreement with the Burmese authorities extended.<sup>18</sup>

The International Committee of the Red Cross (ICRC) is currently under extreme pressure too – prevented from making prison inspections since December 2005 after officials from the regime-backed Union Solidarity

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<sup>16</sup> Ministry of National Planning and Economic Development, *Guidelines for UN Agencies, International Organisations and NGO/INGOs on Cooperation Programme in Myanmar. February 2006.*

<sup>17</sup> *Guideline for systematic and effective plan to implement development activities with the cooperation of UN, NGOs, INGOs and International Organisations (unofficial translation).*

<sup>18</sup> <http://www.hdcentre.org/Myanmar>

Development Association (USDA), insisted they must be allowed to supervise the trip, in contravention of ICRC policy.<sup>19</sup>

### **Other on-going challenges for agencies:**

- ***Bureaucratic inefficiencies and delays***

*“The SPDC is unaccountable and decision-making is top down...”*  
Department for International Development, 2005<sup>20</sup>

Aid agencies require a Memorandum of Understanding (MOU) from the relevant government ministry(ies) to operate. Signing and approval of an MOU is a lengthy and complex process, as is the opening of offices. A directive requiring all ministries to refer major decisions to the Ministry of Defence is slowing up the process still further<sup>21</sup>. NGOs are additionally finding it difficult to obtain visas for foreign staff, who first have to be approved by the ministry(ies) concerned.

- ***Restricted Independence***

Many international aid agencies are pressured to have partnerships with government organized NGOs.

*“The attitude and practice of the authorities discourages independent NGOs, and tends to limit their number, size and activities. With a mixture of threat and incentive, the SPDC encourages people to participate in government organized non-governmental organisations (GONGOs) whose leadership is drawn from the military commanders and their wives”.*  
Department for International Development<sup>22</sup>

An MOU does not guarantee international aid agencies independence in selection of project sites, hiring, delivery of materials and other issues related to project implementation and evaluation<sup>23</sup>.

- ***Restricted access***

There is restricted access to project beneficiaries in grant implementation areas. New travel clearance procedures imposed in July 2005 further restricted access to project sites - a key reason for the withdrawal from Burma of both the Global Fund in 2005<sup>24</sup> and Medecins Sans Frontieres (MSF) France in March 2006. "The Burmese regime wants absolute control over any humanitarian actor present in these politically-sensitive regions," explained Dr. Herv Isambert, Programme Manager for the French section of MSF in Burma. "If we accept the restrictions imposed on us today, we

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<sup>19</sup> ABC Asia Pacific News, February 28, 2006, Reuters February 27, 2006

<sup>20</sup> DFID Country Plan – Burma, October 2005

<sup>21</sup> Irrawaddy, June 21, 2005

<sup>22</sup> DFID Country Plan – Burma, October 2005

<sup>23</sup> Humanitarian Assistance to Burma. Burma UN Service Office, March 2003

<sup>24</sup> Global Fund Factsheet, August 2005

would become nothing more than a technical service provider subject to the political priorities of the junta. It appears that the Burmese authorities do not want anyone to witness the abuses they are committing against their own population."<sup>25</sup>

Access to ethnic nationality areas is particularly problematic, and to areas of internally displaced persons almost impossible. Lengthy delays are common in getting the required documentation for non-Burmese staff to visit sites outside the capital. The new guidelines insist on "officials from Myanmar side"<sup>26</sup> accompanying agency personnel on all trips.

The World Food Programme (WFP) recently reported that it had taken more than three months to gain access to areas of Arakan State, where people were reported to be on the brink of major food shortages<sup>27</sup>.

- **Financial constraints/Corruption**

*"Corruption and arbitrary decision-making at all levels of authority hinder implementation of policies and affect the poor most of all... Local civilian and military authorities also regularly demand donations of money, goods or labour."*

Department for International Development<sup>28</sup>

#### *Exchange Rate*

Aid brings hard currency to the regime as a result of the 3-tiered exchange system. Burma's authorities operate an official exchange rate (Kyat-Dollar) of K6:\$US1. However, an unofficial black-market rate also operates and currently stands at around K1300: \$US1, two hundred times below the official rate. Access to foreign currency at anything close to the official rate therefore presents the authorities with immediate windfall gains<sup>29</sup>.

In addition to the official and unofficial exchange rates, another 'semi-official' rate of exchange currently applies for UN agencies and INGOs<sup>30</sup>. A rate of K450:\$US1 officially applies for all funds brought into Burma by these agencies - those exchanging at this rate effectively providing the authorities with foreign exchange at less than 'half-price'<sup>31</sup>. However, most agencies reportedly manage to circumvent this 'semi-official' rate and exchange at the street rate and so far this arrangement has been 'tolerated' by the authorities.

The new guidelines issued in February 2006 insist on the channelling of all agency funds through the regime-owned Myanmar Foreign Trade Bank and

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<sup>25</sup> <http://www.msf.org>

<sup>26</sup> Ministry of National Planning and Economic Development, *Guidelines for UN Agencies, International Organisations and NGO/INGOs on Cooperation Programme in Myanmar*. February 2006.

<sup>27</sup> Clive Parker, *Irrawaddy*, November 10, 2005

<sup>28</sup> DFID Country Plan – Burma, October 2005

<sup>29</sup> *Burma's Economic Prospects - Dr Sean Turnell, Burma Economic Watch, March 2006*

<sup>30</sup> *Burma's Economic Prospects - Dr Sean Turnell, Burma Economic Watch, March 2006*

<sup>31</sup> *Burma's Economic Prospects - Dr Sean Turnell, Burma Economic Watch, March 2006*

on the withdrawal of all funds as Foreign Exchange Certificates. The major concern here relates to the difference in exchange rate between FEC-Kyat and US\$-Kyat. At present, this difference is minimal (approx 10 Kyat). However, any significant divergence will immediately provide benefit to the authorities and may, if that benefit is substantial, prove a real challenge to the continued operation of agencies inside. There is concern that the recent dramatic increases in salaries for civil servants and escalating inflation may soon start to cause significant divergence.

Whilst the threat does not appear to be immediate, it is possible that a further tightening up of the system may at some point also threaten agencies' ability to exchange at the street rate. This would again provide considerable financial benefit to Burma's authorities.

### *Import of goods*

Goods imported into the country for distribution often require separate authorization for duty-free customs clearance. Delays are common<sup>32</sup>. The regime has posed particular problems for the importation of vehicles by agencies. Exorbitant taxes – or gestures of goodwill – have reportedly been demanded. The Ministry of Health have laid claim to a number of vehicles intended for use by agencies working in the country. Reportedly, the United Nations Population Fund (UNFPA) was forced to negotiate over the import of two vehicles several years ago. In the end, one vehicle was issued to UNFPA whilst the other was retained for the use of the Ministry of Health<sup>33</sup>.

In July 2005, it was reported that additional procedures for review of the procurement of medical and other supplies were imposed by Burma's authorities – a further reason for the Global Fund's withdrawal<sup>34</sup>.

Rent, electricity and other commodities are often charged to international aid agencies at inflated prices also benefiting the regime.<sup>35</sup>

- ***Limited opportunity for capacity-building***

It is difficult for international aid agencies to engage in capacity-building or ensure the long-term sustainability of their projects given the level of oppression of civil society. There are few community-based organizations to engage with and pressure from the authorities to partner with government organised NGOs.

- ***Excessive Scrutiny by the authorities***

International aid agencies implement projects under intense scrutiny by the regime. This is likely to be the reason some agencies' have proved reluctant to engage with the NLD and ethnic border groups.

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<sup>32</sup> *Humanitarian Assistance to Burma. Burma UN Service Office, March 2003*

<sup>33</sup> *BCUK source*

<sup>34</sup> *Global Fund Factsheet, August 2005*

<sup>35</sup> *Purcell International NGOs in Burma, 1999*

- ***Manipulation for public relations purposes by the regime***

The presence of international aid agencies has been used by the regime to counter charges of human rights violations and to convey an impression of international legitimacy. The regime used the International Committee of the Red Cross's (ICRC) presence and UN Rapporteur Pinheiro's visit to Shan state in 2002 to counter allegations of widespread rape in the area<sup>36</sup>.

## **The right kind of aid**

We urge all agencies to consider carefully the challenges of working in Burma and the underlying cause of Burma's humanitarian crisis. We accept that these challenges demand considerable rigour from agencies across all aspects of their operations. However, given the urgency of the humanitarian need we support them in redoubling their efforts to meet the challenges posed.

It is our belief that any effective aid programme in Burma should abide by the following principles.

### ***It is essential that:***

- ***Agencies acknowledge the root cause of the crisis - poor governance.*** Humanitarian assistance must aim to complement progress towards national reconciliation not replace or undermine it. Both humanitarian assistance and political pressure are essential and must be pursued simultaneously. Although not always appropriate for the same actors to pursue both strategies (for the UN and Donor Governments this is essential), it is vital that all agencies recognise the political roots of the humanitarian crisis. We ask agencies to be vigilant in avoiding indirect and inadvertent contribution to the root of the problem and to be respectful to the perspectives of those working towards political solutions. Mutual respect for and support of both strategies is of paramount importance. We encourage all agencies to creatively explore opportunities for supporting the promotion of democracy both directly and across their projects. A democratic society in Burma is vital to ensuring truly effective humanitarian assistance that directly benefits all Burma's people.
- ***Programmes are transparent, accountable and independently monitored.*** In order to ensure respect for human rights and international humanitarian law, transparency, accountability and non-discrimination in the delivery and distribution of humanitarian aid, proper monitoring mechanisms have to be established. We encourage agencies to scale up from small to large scale funding of projects only once these mechanisms have been validated. Agencies' commitment to transparency and accountability has to be prioritised as it is the key means of ensuring that money does not benefit the authorities and that

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<sup>36</sup> *Asian Tribune, December 3 2002*

aid is distributed in an unbiased fashion. They must implement mechanisms that ensure all assistance reaches intended targeted beneficiaries and is not diverted by the government or any other party. They should be prepared to discontinue assistance if they become unable to ensure this. A clear exit strategy – setting out limits and conditions - should be formulated by all agencies on starting operations in Burma.

- **Agencies have unencumbered access to project beneficiaries.** Agencies must have direct access to project beneficiaries and their communities to assess, evaluate and monitor projects<sup>37</sup>. Access and provision of assistance to vulnerable communities, particularly internally displaced people, has to be a priority.
- **Agencies must be prepared to deliver assistance across national borders.** Agencies should be prepared to explore flexible and innovative ways of delivering assistance. This should include cross border assistance whenever and wherever this proves the most effective means of delivery or if it is not possible to reach the most needy areas because of obstruction by the Burmese authorities.
- **Agencies insist on wide and democratic consultation with all stakeholders.** Agencies - critically the UN and Donor Governments - must insist on wide and democratic consultation with and between stakeholders, including the NLD and ethnic nationality representatives. It is of vital importance in crafting, implementing, monitoring and evaluating projects that there is genuine and official consultation and cooperation not just with the NLD but also with other relevant political and ethnic nationality representatives, and local communities. For the UN and Donor Governments this consultation has to be essential.
- **Agencies maintain independence.** The Joint Principles of Operation of International Non-Governmental Organisations (INGOs) providing Humanitarian Assistance in Burma/Myanmar states that agencies should not “provide funds or materials directly or indirectly to government departments, or parastatal organizations for project implementation”<sup>38</sup>. This must include Government organized NGOs (GONGOs) and the Union Solidarity Development Association (USDA).

Programmes should be implemented and delivery of assistance made directly to project beneficiaries, through UN agencies and independent non-governmental organisations.

Delivery of assistance through decentralized local civilian administrations (non-military, technical teams within local branches of health and education ministries) is supportable if this is the only means of delivery, and where there is no risk of diversion of funds or other

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<sup>37</sup> *Joint Principles of International Non-Governmental Organisations (INGOs) providing Humanitarian Assistance in Burma/Myanmar, June 2000*

<sup>38</sup> *Joint Principles of Operation of INGOs, June 2000*

benefits (financial or political) that might be co-opted by the authorities. Clearly, the principles of transparency, accountability and independent monitoring are of paramount importance in such an instance.

Agencies must not allow themselves to be used to gather information of a political, military, or economically sensitive nature for governments or other bodies that may serve purposes other than those purposes that are strictly humanitarian<sup>39</sup>.

- **Agencies afford protection for Burmese staff.** National staff must be recruited on the basis of suitability and qualification for the job directly by the agency concerned. In addition, Burmese nationals must be afforded protection from any reprisals by the regime for working on assistance or development programmes. Organisations need to consider plans for the safe re-settlement of in-country staff if they should need to terminate activities in Burma.
- **Agencies support civil society.** Development of a decentralized and independent civil society is crucial for effective and accountable humanitarian and development assistance. Agencies should, despite constraints, operate in a way that supports civil society and builds the capacity for human resources in the country<sup>40</sup>. International assistance must support and strengthen the development of independent partner groups. This should be an essential component of any sustainable programme.
- **Agencies promote respect for human rights.** As set out in the Joint Principles of Operation of International Non-Government Organisations (INGOs) providing Humanitarian Assistance in Burma - Agencies must “promote an environment in which fundamental human rights are respected” and must “balance the importance of advocacy activities with the importance of operations”. Programmes should “take a constructive approach to advocate for rights of individuals as consistent with program objectives in the communities where (they) work”.
- **Agencies exercise care to avoid manipulation by the authorities.** Agencies should work to ensure the regime is unable to take credit for activities conducted, use their presence to counter charges of human rights violations or to convey an impression of international legitimacy.

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<sup>39</sup> Joint Principles of INGOs providing Humanitarian Assistance in Burma/Myanmar, June 2000

<sup>40</sup> Joint Principles of INGOs providing Humanitarian Assistance in Burma/Myanmar, June 2000

## **Non-Humanitarian and Development Aid**

We support the suspension of non-humanitarian aid and development in Burma except where provided in support of:

- (a) human rights, democracy, good governance, conflict prevention and building the capacity of civil society,
- (b) health and education, poverty alleviation and in particular the provision of basic needs and livelihoods for the poorest and most vulnerable populations,
- (c) environmental protection, and in particular programmes addressing the problem of non-sustainable, excessive logging resulting in deforestation.

We echo the current EU Common Position on Burma with respect to a-c above<sup>41</sup>. In all of these areas the challenges and principles identified for the effective provision of humanitarian assistance detailed above must apply.

## **Compatibility with sanctions policy**

### **Current sanctions**

Contrary to popular belief there are currently only very limited economic sanctions in place with regard to Burma. The US Government imposed a ban on new investment in Burma in 1997 and a subsequent ban on the import of goods from Burma in 2003 (with exemptions for timber, very limited effect on gems and no effect on natural gas - given no gas is exported to the US).

The EU has no effective economic sanctions on Burma. Preferential trading (GSP) privileges were withdrawn from Burma in 1997 due to forced labour practices – having minimal impact. An asset freeze on funds held within the EU by members of the regime was introduced in 1998 (no significant funds have since been identified). A ban on ‘the acquisition or extension of a participation in Burmese state-owned enterprises’ and ‘the granting of any financial loan or credit to Burmese state-owned enterprises’ was introduced in 2004 with much grandstanding. This too has proved meaningless given investment in Burmese state-owned companies is already prohibited under Burma’s Foreign Investment Law. In addition, there is no evidence that loans/finance have ever been provided by EU companies to the Burmese companies listed by the EU. Key state-enterprises Myanmar Oil and Gas Enterprise (MOGE), Myanmar Timber Enterprise (MTE) and Myanmar Post and Telecommunications (MPT) have all anyway been left off the EU’s selective list. Oil, Gas, Timber and Gems - the regime’s most important revenue sectors - have all been left untouched by these measures. Similarly, no EU company - either doing business or wishing to enter into business in Burma - has been impacted. It

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<sup>41</sup> *Council Common Position 2004/730/CFSP 25 October 2004*

remains legal for EU companies to invest directly in Burma and to sign joint-venture agreements with key state-owned companies.

### **Support for targeted sanctions**

Our position on humanitarian assistance to Burma is entirely compatible with one that calls for carefully targeted economic sanctions. We do not support the introduction of former Iraqi-style sanctions.

We support the imposition of economic sanctions as called for by the National League for Democracy. We advocate for sanctions that target foreign investment and Burma's larger scale formal economy industries such as teak, natural gas and gems. The formal economy is in the main owned by the military establishment, their families and their associates. Three quarters of Burma's people live off the land and the vast majority do not work in industries targeted by these proposed sanctions. Given the highly centralised nature of ownership of the Burmese economy, negative consequences arising from sanctions will have the greatest impact on the military and its close associates<sup>42</sup>.

Sanctions of this kind are aimed at minimising impact on ordinary Burmese people and we are confident they will not contribute negatively to Burma's humanitarian crisis. On the contrary, coupled with vigorous diplomatic engagement a carefully considered sanctions regime will help achieve democratic progress and ultimately better governance – the single most vital ingredient for effective and sustainable humanitarian assistance.

### **Diplomatic Engagement**

We have never called for the isolation of Burma but have consistently advocated for vigorous diplomatic engagement with Burma by the international community. To this effect we wholeheartedly endorse the United Nations Security Council resolution proposed in the recent report 'Threat to the Peace – A call for the UN Security Council to Act in Burma'<sup>43</sup>. This resolution if passed, would encompass the most significant attempt yet to engage Burma's regime diplomatically. It has achieved a united Burmese call for action from all Burman and ethnic pro-democracy groups inside and outside the country, including the National League for Democracy (NLD), the Committee Representing the People's Parliament (CRPP), the Ethnic Nationalities Council (ENC), the National Coalition Government of the Union of Burma (NCGUB), the National Council for the Union of Burma (NCUB) and the 88 Generation Students.

The proposed resolution would require the regime to: work with the UN Secretary-General to implement a plan for national reconciliation and restoration of a democratic government; release Aung San Suu Kyi and all

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<sup>42</sup> *The EU and Burma – the case for targeted sanctions*

[http://www.burmacampaign.org.uk/reports/targeted\\_sanctions.htm](http://www.burmacampaign.org.uk/reports/targeted_sanctions.htm)

<sup>43</sup> *Threat to the Peace – A call for the UN Security Council to Act in Burma, September 2005*

