

# Washington eases economic sanctions on Burma

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The Obama administration announced last Thursday that it would ease restrictions on US investments in Burma. The move follows the suspension of sanctions and announcement of greater economic involvement in Burma by the European Union (EU), Japan, South Korea, Canada and Australia.

The immediate pretext for the decision was the by-elections held on April 1. They resulted in the opposition National League for Democracy (NLD), led by Aung San Suu Kyi, winning 43 of the 46 vacant parliamentary seats. The parliament, along with all the main levers of state power in Burma, remains under the tight control of the military.

The Obama administration's efforts to forge stronger ties with Burma have nothing to do with promoting democratic rights. Rather, Washington's primary aim is to weaken China's longstanding relations with Burma as part of its aggressive campaign to undermine Chinese influence throughout Asia.

The US and its allies imposed sanctions on Burma following the military crackdown on mass strikes and protests in 1988 and the subsequent abrogation of the 1990 election that was won by the NLD. Facing international isolation, the Burmese junta turned to Beijing for economic and political support.

US Secretary of State Hillary Clinton announced the easing of Washington's investment ban after meeting with Burmese Foreign Minister Wunna Maung Lwin in Washington last Thursday. On the same day, the State Department's special envoy Derek Mitchell was named as the new US ambassador to Burma—the first such appointment for 22 years.

American corporations have been pushing for an end to the sanctions. The decision will provide openings for US investment in mining, resources and infrastructure, which have been largely monopolised by Chinese corporations, along with opportunities to exploit the cheap labour of Burma's 60 million people.

Clinton warned that laws imposing sanctions would remain on the books and that they could be re-imposed if the regime did not meet US demands for further "reforms". She cited the EU's suspension of most sanctions for a year as a precedent.

The Obama administration has been under pressure to relax sanctions. On May 4, Democrat Jim Webb and Republican James Inhofe from the Senate foreign relations committee wrote a joint public letter to Clinton calling for the lifting of all US sanctions. Senator Webb has played a significant role since 2009 in establishing contact with the Burmese regime, led now by President Thein Sein, a former general.

Webb and Inhofe criticised the Obama administration for lifting sanctions sector by sector, and warned that maintaining bans on major industries like petroleum was "a strategic mistake." Underlying their complaint is the fear that US corporations will lose out as their rivals from EU, Japan and South Korea take advantage of the new openings.

Clinton's announcement came just after a visit to Burma by South Korean President Lee Myung-bak. Lee offered to expand grants and development loans and to cooperate with the regime in energy and resource development and infrastructure construction. Japan has

already made similar moves and the EU has opened an office in Rangoon.

American companies are queuing up. General Electric vice chairman John Rice told reporters in Hong Kong that GE was working with the Burmese regime on possible infrastructure projects and involvement in health care and the energy sector. Wamar International CEO Nabeel Barakat met senior government officials last week to discuss repairing gas-fired power plants in Rangoon. A Ford Asia spokesman told Reuters: “We are sure Ford will find opportunities to participate in this ongoing transformation.”

The Burmese junta has become increasingly concerned about its economic and strategic dependence on China. Chinese corporations had made huge investments in energy and resource projects in Burma, but these had created unsustainable economic imbalances. Burma’s suspension last September of the Chinese-funded Myitsone dam project signalled a shift away from Beijing.

The regime is also seeking closer security ties with the US. In February, *Kyodo News* reported the Burmese military, using Thai contacts, had expressed an interest in joining the annual “Gold Cobra” military exercises. These longstanding US-led war games involve Thailand, Singapore, Japan, South Korea, Indonesia and Malaysia.

Clinton has indicated that Central Intelligence Agency chief David Petraeus will visit Burma later this year.

The NLD have shifted their stance, in line with the Obama administration. Suu Kyi, who previously insisted that sanctions should remain in place until free and fair elections were held, has tacitly accepted the country’s anti-democratic constitution and elections. The NLD represents those sections of the Burmese bourgeoisie whose interests were stymied by the junta and wanted to open up the country to foreign investment.

China has a great deal at stake in Burma, not only as a vital source of raw materials and energy, but also as a

means of countering US efforts at encirclement. Beijing has plans to build a transport and pipeline corridor from Burmese ports on the Indian Ocean to southern China. The route would provide an alternative to the US-dominated Malacca Strait for transporting China’s imports of energy and raw materials from the Middle East and Africa.

To date, China’s reaction to the lifting of sanctions has been muted. Previously, Vice Foreign Minister Cui Tiankai expressed the hope that Burma’s improved ties with the US were not aimed at excluding China. Tensions, however, are certain to rise as Western capital begins to compete for energy and raw materials and as Washington exploits its growing influence in Burma to cut across Chinese strategic interests.



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