US Government: Report to the Congress Regarding Conditions in Burma and U.S. Policy Toward Burma (Memorandum of April 12, 2001)

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Memorandum for the Secretary of State

Pursuant to the requirements set forth under the heading ``Policy Toward Burma'' in section 570(d) of the Fiscal Year 1997 Foreign Operations Appropriations Act, as contained in the Omnibus Consolidated Appropriations Act (Public Law 104-208), a report is required every 6 months following enactment concerning:

1) progress toward democratization in Burma;

2) progress on improving the quality of life of the Burmese people, including progress on market reforms, living standards, labor standards, use of forced labor in the tourism industry, and environmental quality; and

3) progress made in developing a comprehensive, multilateral strategy to bring democracy to and improve human rights practices and the quality of life in Burma, including the development of a dialogue between the State Peace and Development Council and democratic opposition groups in Burma.

You are hereby authorized and directed to transmit the attached report fulfilling these requirements for the period September 28, 2000, through March 27, 2001, to the appropriate committees of the Congress and to arrange for its publication in the Federal Register.

(Presidential Sig.)B

THE WHITE HOUSE,

Washington, April 12, 2001.

Billing code 4710-10-M

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Plan for Implementation of Section 570 of Public Law 104-208 (Omnibus Appropriations Act, Fiscal Year 1997) Conditions in Burma and U.S. Policy Toward Burma for the Period September 28, 2000-March 27, 2001

Introduction and Summary

Over the past 6 months, Burma's military regime appears to have moved from a consistent policy of confrontation with the National League for Democracy (NLD) to a policy of negotiation and dialogue with the NLD's General Secretary, Aung San Suu Kyi. It is still too early to determine the regime's intentions and motivations.

While both sides have held the substance of this dialogue in strictest confidence, there have been a number of goodwill gestures, including the release of some political prisoners and a halt to the vicious attacks on Aung San Suu Kyi and the NLD by the regime-owned press. Nonetheless, the government continues to hold over 1,600 political prisoners. Aung San Suu Kyi remains in detention in her home, but has told visitors from the United Nations, the European Union, and the United States that she supports the current dialogue and is comfortable with her current circumstances.

The quality of life in Burma has continued to deteriorate. Poverty is widespread, and the economy has begun to show the stresses of a severe foreign exchange shortage, corruption, mismanagement, and diversion of resources to the military. Human rights abuses have also continued. Burma's citizens live subject to the arbitrary and sometimes brutal dictates of the military regime. In ethnic minority areas, there were continuing reports of extrajudicial killings, rape and disappearances. Prison conditions are harsh and life- threatening, and arbitrary arrest and detention for the expression of dissenting political views are a common occurrence.

Forced labor also continues to be a serious problem. In November 2000, the Governing Body of the International Labor Organization (ILO) concluded that the Government of Burma had not taken effective action to deal with the ``widespread and systematic" use of forced labor in the country. For the first time in its history, the ILO has taken action to secure a member state's compliance with worker rights standards. Acting on a June ILO Conference decision, the ILO Director General called on all ILO members to review their ties with the regime to ensure that those ties did not abet the practice of forced labor in Burma. The United States strongly supported this decision.

U.S. policy goals in Burma include progress towards democracy, restoration of civilian government, improved human rights and a more effective counternarcotics effort. We support the ongoing dialogue between Aung San Suu Kyi and the military regime and hope that it will lead to meaningful democratic change. We also consult regularly, at senior levels, with countries that share our concerns regarding Burma's current human rights practices.

In coordination with the European Union and other states with similar but not identical policies, the United States has imposed sanctions on Burma. These include an arms embargo, an investment ban, a visa ban on high-level officials, and other measures. Our goal in applying these sanctions was to encourage a transition to democratic rule and greater respect for human rights. Should there be significant progress towards those goals--whether as a result of the current dialogue between Aung San Suu Kyi and the military regime or otherwise–then the United States would be obliged to look seriously at measures to support constructive change.

Measuring Progress toward Democratization

During the review period (September 2000 to March 2001), Burma's military regime moved from a consistent policy of confrontation with National League for Democracy to a policy of negotiation and dialogue with the NLD's General Secretary, Aung San Suu Kyi. However, it is still too early to

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know if the move represents a genuine change. After twice preventing Aung San Suu Kyi from traveling outside of Rangoon City, and confining her incommunicado in her home starting on September 21, 2000, the military regime, on the advice of UN Special Representative Razali Ismail, and in the face of increasing international condemnation, particularly over human rights abuses and its policy of imposing forced labor, opened a quiet dialogue with Aung San Suu Kyi in October 2000. This dialogue has apparently contributed to some greater mutual understanding. While none of the substance of the current dialogue has yet been revealed by either side, there have been a series of confidence-building gestures. In December, the regime released six of the NLD's nine central executive committee members from detention in their homes. The current efforts here have also halted the virulent attacks on Aung San Suu Kyi and the NLD that had become a staple of newspaper coverage in Burma and have allowed the NLD to resume some normal party activities.

At the specific request of UN Special Representative Razali Ismail, the Burmese regime also released about 100 political prisoners. These included a number of aged

and ill prisoners, such as U Chein Poh, a respected lawyer who was unjustly imprisoned in September; five political prisoners who had been held past the term of their sentences in Mandalay; and approximately 85 NLD supporters who had been arrested at the time Aung San Suu Kyi was detained on September 21, 2000. However, approximately 1,600 political prisoners remain, a number that may be higher than at the beginning of 2000.

The regime has also gradually increased access to Aung San Suu Kyi. Since December, visitors have included Aung San Suu Kyi's son and his family, select members of the NLD's central executive committee, UN Special Representative Razali Ismail, representatives of the European Union, Australian human rights specialist Chris Sidoti, and U.S. Deputy Assistant Secretary of State Ralph Boyce. In each of these meetings, Aung San Suu Kyi has emphasized that, although she remains under virtual house arrest, she is content with the status of her dialogue with the regime. However, she has not revealed any portion of the substance of that dialogue to any outsider.

Counternarcotics

Burma remains the world's second largest producer of illicit opium and heroin. However, production of both heroin and opium has declined in Burma since 1996. In 2000, Burma produced an estimated 1085 metric tons of opium, down approximately 60 percent from the 2,560 metric tons of opium produced in 1996.

Although opium production has declined, methamphetamine production has soared, particularly in outlying regions that are governed by former ethnic insurgent groups which have signed cease-fire agreements with the government. In 2000, the Burmese Government seized approximately 27 million methamphetamine tablets, compared with approximately 6 million tablets in 1996.

There is no evidence that the Burmese Government is involved on an institutional level in the drug trade. However, there are persistent and reliable reports that officials, particularly corrupt army personnel posted in outlying areas, are either directly involved in drug production and trafficking or provide protection to those who are. In addition, while the Government has encouraged ethnic insurgents who

have signed cease-fire agreements to curb narcotics production and trafficking, it has not, in general, taken action against them. One exception to this general rule occurred in November 2000, when the government occupied the territory of the Mong ko Defense army and arrested its leader, Mon Sa La, on drug trafficking charges. The United States does not believe that Burma's current counternarcotics efforts are commensurate with the scale of the problem in Burma. Nevertheless, the United States has continued to work with the UN Drug Control

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Program (UNDCP) and other donors to support opium reduction and crop substitution programs. In September 2000, the United States obligated approximately $600,000 to support UNDCP's Wa Alternative Development Project, which is targeted at the reduction of opium production in the territories of the United Wa State Army, now the largest cease-fire group in Burma.

The Quality of Life in Burma

While potentially one of the richest countries in the region, Burma remains one of the world's poorest with an average per capita GDP of approximately $300, according to World Bank figures. Primarily an agricultural economy, Burma also has substantial mineral, fishing and timber resources. However, almost four decades of military misrule and mismanagement and the diversion of resources to military use have produced a chaotic economy characterized by widespread poverty.

Over the past 6 months, a growing foreign exchange shortage has produced a rapid depreciation in Burma's official currency, the kyat, against the dollar. Valued at approximately 360 kyat to the dollar in September 2000, that rate has now fallen to approximately 500 kyat per dollar. At the same time, a breakdown in public confidence in the FEC (foreign exchange certificate), a scrip the government circulates in place of the dollar, has resulted in a sharp decline in its value against the dollar as well. In rural areas, government restrictions on private sector rice exports in the face of a bumper crop reduced rice prices to levels below farmer costs, but in urban areas, this same policy helped hold down living costs and inflation. According to an urban retail price index calculated by the U.S. Embassy, between

September 2000 and March 2001, inflation in urban areas of Burma dropped from an average annual rate in excess of 30 percent to a rate of approximately 15 percent. Severe human rights abuses also continued throughout Burma during the reporting period. Burma's citizens live subject to the arbitrary and sometimes brutal dictates of Burma's military regime. In ethnic minority areas, in particular, there continued to be many credible reports of extrajudicial killings, rape, and disappearances, as well as systemic forced labor. Prison conditions remained harsh, and arbitrary arrest and detention for the expression of dissenting political views were common occurrences.

Several high-profile political prisoners were released during the review period. These included James Mawdsley, a British citizen, who was released in October 2000, shortly after the UN Working Group on Arbitrary Detention informed the Burmese Government that Mawdsley's detention violated international standards of human rights. As of March 2001, however, among the more than 1,600 political prisoners under detention or in prison, there were 38 members of parliament.

Forced labor also remained an issue of serious concern. In November 2000, the International Labor Organization (ILO) Governing Body concluded that the Government of Burma had not taken effective action to deal with the ``widespread and systematic" use of forced labor in the country and, for the first time in its history, took action under its Constitution to compel a member state to comply with ILO worker rights standards. Pursuant to that decision, taken by the International Labor Conference in June, the ILO Director General in December 2000 called on all member governments, worker and employee delegations, and sister UN organizations to review their ties with Burma to ensure that they did not abet the practice of forced labor. The United States strongly supported this decision, but has deferred action on the ILO's call pending the outcome of the ongoing dialogue between Aung San Suu Kyi and the military government.

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Development of a Multilateral Strategy

U.S. policy goals in Burma are progress towards democracy, restoration of civilian

rule, improved human rights, and more effective counternarcotics efforts. We support the ongoing dialogue between Aung San Suu Kyi and the military government in the hope that it will eventually lead to meaningful democratic change in Burma. We also consult regularly, at senior levels, with countries with major interests in Burma and/or major concerns regarding Burma's human rights practices.

The United States has co-sponsored annual resolutions at the UN General Assembly and the UN Commission on Human Rights that target Burma. We have also supported the ILO's unprecedented decision to compel Burma's compliance with its obligations to respect worker rights, in particular, to end the pervasive use of forced labor. We strongly support the mission of the UN Secretary General's Special representative for Burma, Razali Ismail, who helped persuade the military government to open a dialogue with Aung San Suu Kyi over Burma's political future.

In coordination with the European Union and other states with similar, but not identical, policies, the United States has imposed sanctions on Burma. These sanctions include a total arms embargo, a ban on all new U.S. investment in Burma, the suspension of all bilateral aid, the withdrawal of general system of preferences privileges, the denial of Overseas Private Investment Corporation and Eximbank programs, visa restrictions on Burma's senior leaders, and a hold on all new lending or grant programs by the World Bank, the International Monetary Fund, the Asian Development Bank, and other international financial institutions in which the United States has a major interest. We have also downgraded the level of our diplomatic representation from Ambassador to Charge d'Affaires. Our goal in applying these sanctions is to encourage a transition to democratic rule, civilian government, and greater respect for human rights. Should there be significant progress towards those goals, whether as a result of the current dialogue between Aung San Suu Kyi and the military government or otherwise, then the United States would be obliged to look seriously at measures to support this process of constructive change.

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Title 3-- The President

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Notice of May 15, 2001

Continuation of Emergency With Respect to Burma On May 20, 1997, the President issued Executive Order 13047, certifying to the Congress under section 570(b) of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1997 (Public Law 104-208), that the Government of Burma has committed large-scale repression of the democratic opposition in Burma after September 30, 1996, thereby invoking the prohibition on new investment in Burma by United States persons, contained in that section. The President also declared a national emergency to deal with the threat posed to the national security and foreign policy of the United States by the actions and policies of the Government of Burma, invoking the authority, inter alia, of the International Emergency Economic Powers Act (50 U.S.C. 1703(c)).

The national emergency declared on May 20, 1997, must continue beyond May 20, 2001, because the Government of Burma continues its policies of committing large-scale repression of the democratic opposition in Burma, threatening the national security and foreign policy of the United States. Therefore, in accordance with section 202(d) of the National Emergencies Act (50 U.S.C. 1622(d)), I am continuing the national emergency with respect to Burma. This notice shall be published in the Federal Register and transmitted to the Congress.

(Presidential Sig.)B

THE WHITE HOUSE,

May 15, 2001.