



Republic of the Union of Myanmar
National Unity Government

Sanction Policy

November 9, 2021

National Unity Government's policy on sanctions

Over the eight months since the attempted military coup began, the situation in Myanmar has continued to deteriorate. The National Unity Government (NUG) supports responsible business investment that contributes to national development and respects the human rights of Myanmar citizens. However, given the atrocities and human rights violations committed by the illegitimate military junta on the people of Myanmar, the NUG also recognises that the situation is such that it is now very difficult for foreign firms to operate responsibly in Myanmar. In particular, NUG declared as a terrorist organization, to the SAC that pays no respect to the rule of law, harms people and refuses to recognise the democratically elected representatives of the Myanmar people. So foreign firms must not provide assistance, support and communicate through their business activities to SAC.

To assist the international community and investors, the Ministry of Planning, Finance and Investment (MoPFI) of the NUG published a 3 Pillar Framework Guiding Responsible Investment and Continued Operations.¹ This Framework recognises the contributions made by investors to the economic and social development of Myanmar, and commits to protecting investor interests in accordance with the rule of law. Under the Framework, the NUG calls on business to

1. take every possible step to promote human rights
2. eliminate business interactions that support to the military junta's acts of terrorism and sustain the military junta.
3. promote employee welfare and safety.
4. The NUG maintains that our first and foremost principle is to separate the military from the economy. We want no military ownership or military-run businesses in the Myanmar economy. For this reason, our call for sanctions focuses on military-owned and military-linked businesses, entities, and individuals in order to starve the military junta of income and to subject the military to full civilian control. The junta must not be provided with access to funds that allow the generals to enrich themselves at the expense of the Myanmar people and to continue their acts of terrorism against the people of Myanmar.

Why sanctions and why is an NUG policy on sanctions needed?

The NUG would like the international community to know the NUG's stance on sanctions against the military junta.

Currently, Myanmar finds itself facing multiple, simultaneous crises – an attempted coup and a continuing people's revolution in response, ongoing atrocities including crimes against humanity and possibly genocide, economic collapse, and a Covid-19 third wave that the military junta has weaponised to eliminate political opponents. There is also a high possibility of a fourth wave of Covid-19. Taken together, our country is on the brink of a humanitarian catastrophe not seen in the region for the past half-century. The NUG would like to request

¹ <https://mopfi.nugmyanmar.org/announcement-6-2021/>.

ongoing aid from international donors and aid to be responsibly delivered bypassing the military and its associates.

The NUG calls on the international community to implement stronger, tougher and coordinated measures targeting the military's economic interests, in line with the findings of the report of the UN Fact-Finding Mission on Myanmar. We are much encouraged by sanctions so far imposed on the military-owned companies, individuals and other military interests by some States but these measures need to be adopted by a larger number of nations and strengthened to maximize their impact.

Beyond the military-owned conglomerates (Myanmar Economic Holdings Limited (MEHL) and Myanmar Economic Corporation (MEC)) which have been sanctioned by some members of the international community, there is a need to broaden sanctions to a wider number of enterprises that have fallen under the control of the military junta since the coup. Only broadening sanctions in this way will have a real impact on the military's income streams. Sanctions should be imposed on state-owned enterprises that are now under military control.² At the foremost of the sanctions regime, as well as MEHL and MEC, should be the Myanmar Oil and Gas Enterprise (MOGE), a Myanmar state-owned economic enterprise now under military control. MOGE is the military's most important financial lifeline – one of a handful of stable, predictable sources of finance used to procure weapons, surveillance technologies and jet fuel. The military does not use the lucrative revenues from the oil and gas sector for the benefit of the people of Myanmar, instead it uses the revenue to fund its war against the civilian population. Therefore, it is extremely important and urgent to sanction MOGE, a demand of the Myanmar people to the international community which is yet to be answered.

In this instance, the NUG outlines below the sanctions measures where it calls for urgent action:

The following business entities should be sanctioned:

- All state-owned enterprises now under the control of the junta, including MOGE;
- All businesses owned or controlled by or associated with the junta, especially MEHL and MEC;
- All private businesses owned by individual members of the junta or by senior military officers;
- All of the military's business partners and associates assisting the junta, including private sector firms owned by individuals that are known 'cronies' of the military.

All payments, including taxes, dividends, profits and rents, that provide income to the junta should be stopped.

Intent on targeting the military's economic interest, the sectors on which the NUG wants the international community to impose sanctions are shown below in their priority order:

1. **First priority:** Oil and gas. This is because oil and gas companies provide a large and steady stream of revenue to the junta.

² <https://specialadvisorycouncil.org/2021/03/brief-on-the-attempted-coup-and-business-by-chris-sidoti/>.

2. **Second priority:** Mining. This is because the military has a large share of the mining sector and profits directly flow to the military and their corrupt associates.
3. **Third priority:** Banking. Sanctioning International banks to prevent transactions involving the Myanmar military will hurt the military's ability to buy weapons and also to misappropriate the country's revenues for their personal gain.

What does the NUG want investors to do?

- Suspend all the business that are contributing to the military junta's acts of crimes against humanity and cut off all the finance in any forms which are helping the military acts of terrorism;
- Suspend all business dealings with all state-owned enterprises, including joint ventures with state-owned enterprises;
- Suspend all business ventures with the military-owned or controlled holding companies, including MEHL and MEC;
- Suspend all payments that provide income to the junta or to the military and instead place owed funds into a third party account that cannot be accessed by the junta;
- Suspend all outstanding loans to Business Holdings Limited;
- Do not co-operate with the businesses owned by members of the junta or of the senior military leadership or their families. Cancel the partnership if currently in business with them;
- Do not co-operate or do business with private sector firms owned by individuals that are known 'cronies' of the military;
- Prohibit entry of members of the junta or of the senior military leadership and their allies to other countries;

Responsible business operations and departure from Myanmar

In the event of businesses exiting Myanmar to relocate to another country and/or closing down in Myanmar, the businesses must pay proper compensation to workers. However, the NUG would like to remind that all business are instructed NOT to pay any tax or provide any income to the military regime of Myanmar. If it is not possible to avoid payment to the military, then the only option is to suspend the business operation until democracy is fully restored in Myanmar. In the case of exit from Myanmar and sale of an existing business, NUG expects the investors to be vigilant and to conduct human rights due diligence, in line with the UN Guiding Principles on Business and Human Rights, to verify responsible business conduct of the would-be buyer. It is vital that businesses are not sold to irresponsible buyers, including companies implicated in human rights abuses or associated with the military junta, as this would only exacerbate what is already a dire situation in Myanmar.

Overall, all businesses must conduct heightened human rights due diligence and be vigilant to avoid working with a local business partner that is connected to the illegal military junta. Under those circumstances, where there is a clear investment nexus, investors could be culpable for indirectly providing support to the military junta that is violating the human rights of the people of Myanmar. International investors should also carefully examine their own business and human rights policies and, if their presence in Myanmar is in conflict with their own principles and policies, they should consider responsible exit.

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