

Stop the Looting Of Burma

The international community can make it harder for the generals to steal the proceeds of Burma's oil and gas exports.

By [MATTHEW SMITH](#)

The hunt for Hosni Mubarak's ill-gotten wealth is underway, with banks and governments cooperating to return what belongs to the people of Egypt. However, it may be too late to recover most of what Mr. Mubarak and his cronies stole, and in many other cases it may be impossible to prevent such losses as they are happening. There is one place, though, where it is both indisputable that the authoritarian rulers are looting the country's wealth and possible to do something about it right now: Burma.

The military junta has been diverting profits from the lucrative energy sector for nearly two decades. Natural gas sales to Thailand alone have generated billions of dollars, accounting for roughly 35% of annual export earnings. But instead of generating prosperity and hope for Burmese, this wealth has largely disappeared into the generals' pockets.

Part of the problem is that very little of the gas revenue ever officially enters Burma. A well-documented dual accounting method ensures most of the profit, paid to the military in U.S. dollars, remains outside of the country's national budget. In some cases it is located in shadowy offshore bank accounts held in trust by entities designed to avoid international sanctions.

So what can the international community do? The U.S. could fully implement existing financial sanctions that were designed to target the generals' offshore bank accounts. Section 5(c) of the JADE Act of 2008 already authorizes the Treasury Department to prohibit Burmese individuals and foreign banks from accessing the U.S. financial system if they hold cash or facilitate transactions for the Burmese regime.

Restricted access to the U.S. financial system is a risk foreign banks will not take lightly. This should have little adverse impact on Burma's general population, since they are already largely isolated from the global financial system, but it will make it more difficult for the generals to hide public money.

While the full weight of the U.S. legislation has never been applied, recent reports from Singapore suggest some banks in the island state have started refusing accounts held by

politically exposed persons from Burma. This shows that bankers are very aware of the risk of tougher sanctions, and that such sanctions might be very effective.

Working with Egypt and other transitioning countries to recover lost or stolen assets is a step in the right direction, but it's not enough. A military junta should not be allowed to openly loot a country's resources with the help of the international financial system. Cutting the generals off from the tools they need to launder their stolen money is a sound measure that can change their behavior and help the people of Burma recover what is rightfully theirs.

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