

Financial institutions to expand business in Myanmar (3/6/17)

The US government has decided to cancel its programme of sanctions that includes restrictions on banking services and trade with Myanmar (Burma) as well as restrictions on dealings with its government. The programme has been in operation since 1997, and the decision is based on Myanmar's recent pro-democracy initiatives.

Myanmar to be removed from the US Treasury's blacklist

This move involves taking Myanmar individuals and entities off the US Treasury's special sanctions list.¹ US companies will now be able to do business with new partners and government agencies, including the company that runs the largest Myanmar port.

The restrictions on Myanmar jade and ruby imports into the US will also be lifted. However, the sanctions imposed by Congress to restrict the arms trade will stand. It's important to note that any offences committed during the operation of the sanctions may be investigated and the culprits punished, and this move doesn't apply to Myanmar residents who are involved in drug trafficking, for example.

Risks associated with business expansion

As a result of this decision, financial institutions and their customers are expanding operations in Myanmar. First of all, however, policies and procedures should be carefully revised to avoid the risk of violating the few restrictions still in place. Appropriate customer and transaction checks should also be conducted.

FinCEN has voiced concern about Myanmar's financial system, citing money laundering and corruption as causes for concern.

Overall, lifting the US sanctions against Myanmar is expected to speed up the development of trade relations, but concerns about the Myanmar military being constantly involved in the government and about human rights violations may lead to a renewal of the sanctions.

¹Specially Designated Nationals and Blocked Persons