# [extract on] **Burma**

Burma is a major drug-producing country and its economy remains dominated by state-owned entities, including those affiliated with the military. Drug trafficking is a major source of money laundering in Burma. Wildlife, gems, timber, human trafficking victims, and other contraband originate in or flow through Burma and are additional sources of money laundering, as is public corruption. The steps Burma has taken over the past several years have reduced vulnerability to drug money laundering in the banking sector. However, with an underdeveloped financial sector and a large volume of informal trade, Burma remains a country where there is significant risk of drug money being funneled into commercial enterprises and infrastructure investment. Regionally, value transfer via trade is of concern and hawala/hundi networks frequently use trade goods to provide counter-valuation. Burma's border regions are difficult to control and poorly patrolled. In some remote regions where smuggling is active, ongoing ethnic tensions and, in some cases armed conflict, impede government territorial control. In other areas, collusion between traffickers and Burma's ruling military government, the State Peace and Development Council (SPDC), allows organized crime groups to function with minimal risk of interdiction. Although progress was made in 2009, the criminal underground faces little risk of enforcement and prosecution. Corruption in business and government is a major problem. Burma is ranked 178 out of 180 countries in Transparency International's 2009 Corruption Perception Index.

***Offshore Center:*** No
***Free Trade Zones:*** No
***Criminalizes narcotics money laundering:*** Yes
The Government of Burma's (GOB) 2004 anti-money laundering (AML) measures amended regulations instituted in 2003 that set out 11 predicate offenses, including narcotics trafficking. In 2007, the GOB further expanded the list of predicate offences to all serious crimes.
***Criminalizes other money laundering, including terrorism-related:*** Yes
See above.
***Criminalizes terrorist financing:*** No
(Please refer to the Department of State's Country Reports on Terrorism, which can be found here: http://www.state.gov/s/ct/rls/crt/)
It appears that Burma's AML measures do not account for funds derived from legitimate sources which may be used to finance acts of terrorism. Burma has not enacted a law specifically criminalizing terrorist financing and designating it as one of the predicate offenses to money laundering as well as making it an extraditable offense.
***Know-your-customer rules:***
Information is not available.
***Bank records retention:*** Yes
Reporting entities are obligated to maintain records for seven years.
***Suspicious transaction reporting:*** Yes
Regulations require banks, customs officials and the legal and real estate sectors to file suspicious transaction reports (STRs). In July 2007, the Central Control Board issued five directives to bring more non-bank financial institutions under the AML compliance regime. As of August 2008, a total of 1,495 STRs had been received, of which seven cases were identified as potential money laundering investigations. The Burmese financial intelligence unit (FIU) has investigated eight cases to date, three of which were sent to the courts for prosecution.
***Large currency transaction reporting:*** Yes
Regulations set a threshold amount for reporting cash transactions by banks and real estate firms at 100 million kyat (approximately $100,000 at the prevailing unofficial exchange rate in December 2009).
***Narcotics asset seizure and forfeiture:***
GOB case law for seizing assets falls under the Narcotic Drugs and Psychotropic Substance Law as well as the 2002 Control of Money Laundering Law. Under these laws, the GOB can seize instruments of crime such as conveyances used to transport narcotics, property on which illicit crops are grown or are used to support terrorist

activity, or intangible property such as bank accounts.

***Narcotics asset sharing authority:***

No information available.

***Cross-border currency transportation requirements:*** Yes

Foreign currency importation over $2000 must be reported at the port of entry. Mandatory declaration forms are used. There are no known outbound currency requirements. Burmese citizens are not permitted to possess foreign currency.

***Cooperation with foreign governments:*** Yes

There is cooperation on a case-by-case basis.

***U.S. or international sanctions or penalties:*** Yes.

The United States maintains sanctions on Burma, which include restrictions on trade, new investment, and financial transactions, as well as a visa ban on selected individuals and a targeted asset freeze. Under the Tom Lantos Block Burmese JADE (Junta's Anti-Democratic Efforts) Act of 2008, the Burmese Freedom and Democracy Act, and several Executive Orders, the United States bans the exportation of financial services to Burma from the United States or by any U.S. person, freezes assets of the SPDC and other designated individuals and entities, including banks, parastatals and regime cronies, and prohibits the importation of Burmese-origin goods into the United States, as well as jadeite, rubies, and articles of jewelry containing them (even if the jadeite or rubies have been substantially transformed in third countries). Additionally, other U.S. legislation, such as the Narcotics Control Trade Act, the Foreign Assistance Act, the International Financial Institutions Act, the Export-Import Bank Act, the Export Administration Act, and the Customs and Trade Act, the Tariff Act (19 USC 1307), place further restrictions on financial transactions and assistance to Burma.

In September 2008, the United States Government identified Burma as one of three countries in the world that had "failed demonstrably" to meet its international counter-narcotics obligations. On November 13, 2008, the Office of Foreign Assets Control in the Department of the Treasury named 26 individuals and 17 companies tied to Burma's Wei Hsueh Kang and the United Wa State Army (UWSA) as Specially Designated Narcotics Traffickers pursuant to the Foreign Narcotics Kingpin Designation Act (Kingpin Act). Wei Hsueh Kang and the UWSA were designated by the President as Foreign Narcotics Kingpins on June 1, 2000 and May 29, 2003, respectively.

***Enforcement and implementation issues and comments:***

The GOB established a Department against Transnational Crime in 2004. Its mandate includes anti-money laundering activities. It is staffed by police officers and support personnel from banks, customs, budget, and other relevant government departments. There has been only one conviction for money laundering since 2004 out of 23 money laundering investigations.

***U.S.-related currency transactions:***

The prevalent informal use of the U.S. dollar in Burma makes cash courier/currency smuggling of U.S. dollars a common and attractive method of laundering illicit proceeds. The criminal underground faces little risk of enforcement and prosecution.

***Records exchange mechanism with U.S.:*** None

***International agreements:***

Burma's Mutual Assistance in Criminal Matters Law (MACML) 2004 Act provides that Burma can provide legal assistance according to stipulated conditions. Over the past several years, the GOB has expanded its counter narcotics cooperation with other states. The GOB has bilateral drug control agreements with India, Bangladesh, Vietnam, Russia, Laos, the Philippines, China, and Thailand. These agreements include cooperation on drug-related money laundering issues. Burma is not a member of the Egmont Group of Financial Intelligence Units.

Burma is a party to:

- the UN Convention for the Suppression of the Financing of Terrorism – Yes
- the UN Convention against Transnational Organized Crime - Yes
- the 1988 UN Drug Convention - Yes
- the UN Convention against Corruption - No

Burma is a member of the Asia/Pacific Group on Money Laundering (APG), a Financial Action Task Force-style regional body. Its most recent mutual evaluation can be found here:
http://www.apgml.org/documents/docs/17/Myanmar%202008.pdf

***Recommendations:***

The Government of Burma (GOB) has in place a framework to allow mutual legal assistance and cooperation with overseas jurisdictions in the investigation and prosecution of serious crimes. To fully implement a strong anti-money laundering/counter-terrorist financing regime, Burma must provide the necessary resources to administrative and judicial authorities who supervise the financial sector so they can successfully apply and enforce the government's regulations to fight money laundering. Burma also must continue to improve its enforcement of the new regulations and oversight of its financial sector. The GOB should end all government policies that facilitate the investment of drug money and proceeds from other crimes in the legitimate economy. The FIU should become a fully funded independent agency that is allowed to function without interference. Customs should be strengthened and authorities should monitor more carefully trade-based money laundering and how trade is used to sometimes provide counter-valuation for hawala/hundi networks. Burma should become a party to the UN Convention against Corruption. The GOB should take serious steps to combat smuggling of contraband and its link to the pervasive corruption that permeates all levels of business and government. The GOB should respond adequately to any foreign requests for cooperation. The GOB should criminalize the financing of terrorism. Finally, the GOB should adhere to all laws and regulations that govern anti-money laundering and counter-terrorist financing to which it is committed by virtue of its membership in the UN and the APG.