

## US Temporarily Lifts Sanctions on Myanmar Shipping Hubs to Boost Trade

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In an effort to bolster Myanmar's newly elected government, the United States said it would ease remaining trade restrictions to allow all shipments to move through the South Asian nation's ports and airports for the next six months.

Myanmar held its first nationwide free elections in 25 years following decades of military rule, and Aung San Suu Kyi's National League for Democracy (NLD) won in a landslide.

The U.S. had imposed sanctions on the country during its contentious military reign and only began lifting them in 2011 when a civilian government was formed. The remaining sanctions included restrictions on using ports and airports controlled by individuals and entities on the U.S. sanctions blacklist.

Those bans curtailed what an unnamed official told Reuters was "many, many dozens" of shipments.

After discovering that Myanmar's major shipping terminal, the Asia World port, was on the blacklist, U.S. banks like Citigroup, Bank of America and PNC Financial balked, Reuters reported in November, and weren't backing Myanmar trade. Third country exporters and financial institutions were doing their part to hinder trade, too.

Exporters use that bank backing to finance trade and ensure they get paid once shipments arrive, and according to Reuters, the banks' withdrawal led to a "sharp decline in U.S. shipments to Myanmar."

Keith Rabin, president of KWR International, an Asia-focused business and investment development firm, said when the sanctions hit, it was nearly impossible for brands to do business there and many companies that had set up shop in the country picked up and moved on.

Myanmar's garment sector was once its fastest growing, with exports exceeding \$800 million in 2001, but growing human rights concerns and still-in-place sanctions kept companies at bay until the last couple of years.

"There can be a way to initiate trade," Rabin said. "With a new and effective government, removing a lot of the

obstacles and if a lot of the sanctions can be removed, the U.S. and these other large private sector developments that are in planning can be moved forward. There's plenty of opportunity."

Brands like [Gap](#) have ventured back into the country, but even with Myanmar's manufacturing legacy and low-cost labor, challenges have hardly been few.

In a report last year, Gap said little rule of law, limited and loosely enforced compliance standards and child and forced labor were among its top concerns for sourcing in Myanmar.

Capacity is also a problem, according to Rabin.

"It's hard to find capacity," he said. "Part of that is due to the sanctions legacy, part due to inadequate electricity, part of it has to do with not as sophisticated business practices."

But Myanmar isn't without promise.

"There's tremendous potential—a fairly educated, eager workforce, less corruption than you'll find in other countries in the region. The infrastructure needs to be improved, but the basic structures are there," Rabin said. "There's also a fair amount of wealth and money in Myanmar, there's not as much outright poverty as Bangladesh, for example. There is at least the beginnings of market consumption in Myanmar, and that's something people should look at as well."

Easing the sanctions for a even a non-permanent period for now is one solution the U.S. sees as a way to boost Suu Kyi's party as it establishes its position over the next few months.

"The U.S. has been very much a proponent of U.S. businesses entering and increasing trade and economic ties," Peter Kucik, a former U.S. Treasury Department senior sanctions advisor told Reuters. "Impediments like this really need to be dealt with quickly and efficiently to make sure they don't undermine that very intention."

U.S. officials reportedly said they would consider an extension of the sanctions relief in a few months.