



# LAST MONTH IN BURMA

## News from and about Burma

JULY  
2008

### UN loses millions in exchange rate fraud

The UN has admitted losing millions of dollars of aid money to the Burmese junta because of the regime's foreign exchange controls. Under Burma's foreign exchange rules, dollars brought in by foreign agencies must be converted into Foreign Exchange Certificates (FEC) at government banks, and then converted into the local kyat currency. FECs are officially equal to the dollar but in reality they are worth much less. In an interview with the Financial Times, economist Sean Turnell said, "FECs trade currently at about 80 cents for every \$1 they supposedly represent. This means that for every \$1 supplied by the international agencies, 20 per cent is automatically unavailable for redemption into goods and services. Shorn of technicalities, a cut of 20 per cent to the regime is built in."

UN Under Secretary General for Humanitarian Affairs, John Holmes has described the loss as a "significant problem" and said that it would be addressed immediately. However, before the true extent of the exchange rate fraud was revealed by the media, Holmes had said that the issue was "not a significant problem."

The Burma Campaign UK has expressed surprise and concern about claims by the United Nations that they were "slow to recognise" the problem of Burma's military regime stealing aid money through a fixed exchange rate that is below the market rate. "It is astonishing that they are claiming ignorance, the United Nations has known about this problem for years," said Mark Farmaner, Director of the Burma Campaign UK. "In early 2006 we raised concerns with the UN in Rangoon about the regime taking aid money in this way. They downplayed it, and since then have taken no serious action to challenge it."

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### Regime declares NLD victory illegal

The Burmese junta has declared that the 1990 election victory by Aung San Suu Kyi's National League for Democracy "no longer legal," state media reported recently. The official New Light of Myanmar newspaper ran a headline declaring "Goodbye, 1990 election results" and has urged Suu Kyi's supporters to prepare for new elections.

The paper stated that the regime backed new constitution, internationally condemned as a sham, has invalidated previous election results. The paper stated that the 1990 result has been "ditched by the entire people". The NLD won 82% of seats in the 1990 vote but the regime never recognized the results of the election.

### Burma MPs urge UN to reject regime constitution

Members of Parliament from Burma, elected in the 1990 elections, have written to UN Secretary General Ban Ki-moon and members of the Security Council to urge them to reject

the junta's the seven-step roadmap and to declare the constitution illegitimate. "Now is the time for the United Nations to declare that the seven-step road map of the SPDC is no longer relevant and the constitution is not legitimate," the letter said.

The MPs called for the UN Security Council to adopt a binding resolution instructing the Burmese military regime to abandon its roadmap and start a meaningful and time-bound dialogue with Daw Aung San Suu Kyi, the National League for Democracy and ethnic representatives.

The Secretary General responded to the MPs' letter reiterating that the process in Burma should be a 'credible and inclusive' and that Special Envoy Gambari intends to further discuss these concerns in his next visit in August. He said he expected Gambari to meet with all stakeholders in the political process during the visit.

## **Democracy groups reject junta's 2010 election**

Democracy groups including MPs elected in the 1990 elections, monks and student leaders have rejected the regime's sham 'roadmap' process and issued a statement saying they will not take part in the 2010 election.

A statement from The Committee Representing the People's Parliament (CRPP) and Members of Parliament-elect, said, "We, Members of Parliament elected from the 1990 elections, will not recognize and accept the 2010 election, and will not contest in that election. We clearly announce that we continue to try to solve the problems in Burma by means of political dialogue and for emergence of a democratic government, as wished by the people of Burma."

A joint statement by the All Burma Monks' Alliance, the 88 Generation Students and All Burma Federation of Student Unions backed the call, saying, "We are encouraged by the statement issued by Members of Parliament-elect and Members of Committee Representing the Peoples' Parliament ... in which they bravely declared that they would not recognize and accept the 2010 election and they would not participate in that election. We support the courageous act of Members of Parliament, elected by the people of Burma in the 1990 general elections, who deserve to hold the offices as mandated by the people."

The statement also criticized the United Nations, saying they "had stepped back from its benchmarks, which is the realization of an all party-inclusive, democratic, participatory and transparent process of national reconciliation. Instead of working for these benchmarks, they have been allowing the Burmese military regime to embark on its unilateral and brutal path and forcing democracy forces to live in an untenable position."

## **UN Security Council discusses Burma**

UN Security Council discussed the situation in Burma during a meeting on 24 July ahead of Special Envoy Ibrahim Gambari's next visit to Burma in August. The United States said it wanted "concrete results" from next month's visit and that "tougher measures" may be

needed if that was not achieved. "My message to the regime is to take advantage of Mr. Gambari's visit, turn a new page ... or face more pressure — the choice is theirs in this regard," US Ambassador to the United Nations Zalmay Khalilzad said.

Britain's UN Ambassador John Sawers said "Things have gone backwards in Burma over the last six months or so."

Secretary General Ban Ki-moon also convened a meeting of the so-called 'Group of Friends', set up following last year's uprising, to discuss Gambari's visit. The group includes the five permanent members of the Security Council, India, Thailand, Indonesia, Singapore, Vietnam, Japan, Australia and the EU.

Ban said in a statement that the group made it clear that Gambari's visit "would need to yield tangible progress on the issues of concern to the international community."

## **'Vote No' activists appear in court**



Two National League for Democracy members who were detained for allegedly campaigning against the regime's draft constitution in the run-up to the 10 May referendum have appeared in court. Both activists were arrested for wearing T-shirts with a 'No' symbol on them in April. According to the Assistance Association for Political Prisoners, more than 80 activists were arrested across the country for participating in the 'Vote No' campaign. Most are still in detention.

## **Famine in Chin State**

Thousands of people in Chin State, Western Burma, are facing famine after a plague of rats destroyed their entire rice crop earlier this year. The crisis has been caused by the mass flowering of bamboo, which happens every 50 years, and which has led to an explosion in the rat population. Approximately one fifth

of Chin State is covered with bamboo forests. According to a report by the Chin Human Rights Organization, 'Critical Point: Food Scarcity and Hunger in Burma's Chin State', "as many as 200 villages may be directly affected by severe food shortages, and no less than 100,000 people or 20 percent of the entire population of Chin State may be in need of immediate food aid." The CHRO has called on the international community to intervene.

### **ASEAN Foreign Ministers call for release of Aung San Suu Kyi**

ASEAN Foreign Ministers meeting in July expressed their "deep disappointment that Daw Aung San Suu Kyi's detention under house arrest had been extended by the Myanmar Government" and repeated their call for her release. They also called on the regime to "engage in a meaningful dialogue with all political groups, and work towards a peaceful transition to democracy in the near future," and urged them to allow UN envoy Gambari "access to senior leaders and to facilitate meetings with the widest possible range of contacts, including Daw Aung San Suu Kyi" in his forthcoming visit.

### **Foreign investment in Burma falls sharply**

According to official figures, foreign investment in Burma has fallen by 77 percent over the past year. In the 12 months to March 31, 2008, total income for the oil, gas and electricity sectors was 172.72 million dollars. That compares with 2006-07, when 11 enterprises invested 471.48 million dollars in oil and gas, and 281.22 million dollars in electricity the National Planning and Economic Development ministry said.

### **Regime gives China gas bargain, shuns Indian offer**

It has emerged that Burma's generals rejected India's bid for the Shwe gas reserves in favour of China's bid, even though China will pay less for the gas. India's state owned Gail reportedly bid \$4.41 per million British thermal units (mBtus) compared with \$4.27 offered by Chinese state firm PetroChina. Analysts claim that the junta chose China's bid in return for political, military and economic support. The move has reportedly angered the South Korean government as the Junta also forced South Korean company Daewoo to reduce its stake in the project from 60 to 51 percent. The Shwe gas fields, discovered in 2003 are expected to

hold one of the largest gas yields in Southeast Asia. They are destined to become the Burmese military government's largest single source of foreign income.

### **G8 makes Burma statement**

Meeting in Hokkaido, Japan, in July the G8 called on the Burmese authorities to lift all restrictions on the delivery of aid to the survivors of Cyclone Nargis and to improve the transparency of aid delivery. The G8 also reiterated its concern over the political situation in the country calling on the junta to "foster a peaceful transition to a legitimate, democratic, civilian government...(engaging) all stakeholders in an inclusive and transparent political process." The statement concluded calling for the release of Aung San Suu Kyi and all other political prisoners and expressing support for the UN special envoy Gambari.

### **Thailand shamed for forcing refugees back to Burmese conflict zone**

Human Rights Watch condemned Thailand for forcing 52 Karen refugees to return to a conflict zone in Burma. Thai troops ejected the Karen refugees, predominantly women and children, from two refugee camps in Mae Hong Son province. Calling on the European Union, United States and the United Nations High Commissioner for Refugees (UNHCR) to put pressure on the Thai government, HRW stated that "The Thai government has ignored its obligations to protect refugees fleeing violence in Burma...sending these people back to conflict zones dominated by the Burmese army is disgraceful. Forcing civilians back into an active war zone may be an easy answer for Thailand, but it's a completely inhumane and unacceptable solution".

### **US increase targeted sanctions on Burma**

The US authorities have taken a series of steps to increase pressure on Burma's generals. The Block Burmese JADE (Junta's Anti-Democratic Efforts) act aims to ensure that gems from Burma cannot enter the US via third countries such as China, Thailand and Singapore. The legislation maintains sanctions against the ruling military generals until certain conditions are met, including steps toward reconciliation and democratisation, an end to attacks on ethnic minorities and the release of all prisoners of conscience. The US also extended sanctions

against regime owned companies and renewed sanctions first imposed in 2003.

### **Pro-junta USDA Rangoon offices bombed**

The pro junta militia group, Union Solidarity and Development Association, offices in northern Rangoon were bombed in July. No casualties were reported and no group was blamed for the attack. Senior General Than Shwe, Burma's leader, is also the leader of the USDA. It is being transformed into a political party for the elections scheduled for 2010.

### **Insurance companies slammed for helping to finance junta**



A new report by the Burma Campaign UK, *Insuring Repression*, exposes how some of the biggest insurance companies in the world have helped to provide a financial lifeline to the Burmese regime. The report also highlights that some of the world's insurance giants have bowed to pressure from the Burma Campaign and no longer provide insurance services to companies in Burma. Insurance is vital to the foreign companies that operate in Burma and provide the regime's financial lifeline. The report marks the launch of a new campaign against those insurance companies that continue to insure the foreign companies operating in Burma.

The full report can be read here:

[www.burmacampaign.org.uk/insurance.php](http://www.burmacampaign.org.uk/insurance.php)

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