A foreign resident of Rangoon writes about economic sanctions

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(Letter) – As the review of the Burma sanctions by the European Union nears, the voices of the outspoken critics of the sanctions grow louder. The critics insist that the sanctions hurt the already under-developed economy and further increase the suffering of the poor in Burma. Such a statement is purely motivated by self-interest and neither demonstrates any understanding of the Burmese economy nor knowledge about the actual 'restrictive measures' adopted by the European Council which are effective until April 30, 2011.

Leaving aside the targeted sanctions which prohibit transactions with junta members, the administration, its business cronies and certain enterprises, the EU sanctions are ridiculously weak and limited.

In essence, the timid and ineffective sanctions by the EU only prohibit the export of equipment to Burma for the logging and timber industries, for metal mining, the gold and gem industries, and all goods and services linked to military or repressive activities. Likewise, the import of timber, gems, gold and metal products into the EU is prohibited. All other goods can be freely traded, even oil and gas.

The opponents of the sanctions repeat the accusation that the EU sanctions have ruined the textile and shoe industry in Burma and have caused widespread unemployment. This is simply wrong; no EU regulations prohibit the direct import of Burmese textiles and shoes into the European Union.

German, Austrian and other European companies legally produce shoes and textiles in Yangon and its vicinity. Other goods and services are also unaffected by sanctions, for example:

- Germany's DHL Express Service has a monopoly position in Burma and is highly profitable although it is partly owned by the federal government (through the state-owned Bank for Reconstruction (KfW)).

- Total S.A. of France operates a major gas pipeline in Burma.

Furthermore, nobody should blame the sanctions for the extremely low salaries of the Burmese factory workers; they are the result of the pure straightforward exploitation of the poverty in Burma by European and Asian companies. For example, one can buy branded shoes and shirts in retail shops in Yangon for US $3 to $10 dollars. Once can buy the same shirts in Bangkok's department stores for $20 to $30. The real question is who makes the biggest profit: the manufacturer, the exporter, the Burmese or Thai customs' authorities or the department stores? Certainly, it is not the worker in Yangon or other areas in Burma who earn one US dollar a day or less.

Likewise, the European Union does not restrict the export of civilian cars to Burma (see Senior General Than Shwe's Mercedes and Land Rover at military parades or Tay Za's Bentley, Lamborghini, etc.). Still, the car prices are the highest in the world and cripple the local transport infrastructure; today the price of a new Toyota Landcruiser in Burma is US $380,000. This has nothing to do with Western sanctions, only the Burmese domestic import and car registration regulations which make car import costs prohibitively expensive, e.g. in the case of a Landcruiser, the Burmese domestic price is five times higher than in neighbouring countries.

Not the sanctions but rather the erratic, unpredictable and obtuse economic policies of the Burmese government are responsible for the dire state of the economy and the poverty of its people. The last decades clearly demonstrated that even Asian neighbours including China shy away from any major manufacturing and production investments in Burma. Numerous examples have shown that the investment climate is not conducive to invest in any production facilities in Burma and does not benefit the local population through the generation of jobs.

The poor investment climate far outweighs any labour cost advantage Burma may have compared to its neighbours. As a result, Western companies prefer to manufacture outside and export the goods to Burma. Almost all Western goods are freely available in Burma whether it is Coca Cola or Pepsi Cola, Toyota or Volkswagen, Siemens or Sony. However, those goods are produced in Thailand, Malaysia, Singapore, China or Japan.

If European businesses now scramble for an end to the EU sanctions, it is very obvious that they are only interested in exploiting the natural resources of the country–oil, gas, hydro-energy, timber, metals and gems–and they are not interested in improving the living situation of the poor. See the example of China which builds its gigantic hydro-electric projects in northern Burma with ten of thousands of imported Chinese workers.

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