

U.S. DEPARTMENT OF THE TREASURY

Treasury Sanctions Military Holding Companies in Burma

March 25, 2021

WASHINGTON – Today, the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) designated two military holding companies, Myanma Economic Holdings Public Company Limited (MEHL) and Myanmar Economic Corporation Limited (MEC). The Burmese military controls significant segments of the country’s economy through these holding firms, which enjoy a privileged position in the Burmese economy. The companies dominate certain sectors of the economy, including trading, natural resources, alcohol, cigarettes, and consumer goods. These sanctions specifically target the economic resources of Burma’s military regime, which is responsible for the overthrow of Burma’s democratically elected government and the ongoing repression of the Burmese people. These sanctions are not directed at the people of Burma.

“The United States stands with the people of Burma and urges a return to its democratically elected government,” said Director of the Office of Foreign Assets Control Andrea M. Gacki. “By designating MEC and MEHL, Treasury is targeting the Burmese military’s control of significant segments of the Burmese economy, which is a vital financial lifeline for the military junta.”

MEHL and MEC are designated pursuant to Executive Order (E.O.) 14014, “Blocking Property With Respect to the Situation in Burma,” for being owned or controlled by the military or security forces of Burma.

MYANMA ECONOMIC HOLDINGS PUBLIC COMPANY LIMITED

MEHL is a vast and secretive military conglomerate; it has business interests spanning the Burmese economy, from banking, trade, logistics, construction, and mining to tourism, agriculture, tobacco, food, and beverage. MEHL’s shareholder data show that profits are systematically distributed to Burma’s military, including to those responsible for widespread human rights abuses. MEHL also has 1,793 institutional shareholders, which include regional military commands and subordinate battalions, divisions, platoons, squadrons, and border guard forces. Shares are distributed across the armed forces with no public

accountability, creating secret slush funds that the military uses to augment its operational budget.

MYANMAR ECONOMIC CORPORATION LIMITED

MEC was established in 1997 with the declared objectives of contributing to Burma's economy, fulfilling the needs of the military, reducing defense spending, and ensuring the welfare of military personnel. Today, MEC is a holding company with businesses in the mining, manufacturing, and telecommunications sectors, as well as companies that supply natural resources to the military, and operate factories producing goods for use by the military. MEC is led by Sr. Gen. Min Aung Hlaing, whom OFAC designated on December 10, 2019, pursuant to E.O. 13818 in connection with serious human rights abuses, and pursuant to E.O. 14014 on February 11, 2021, in connection with his role in leading the February 1, 2021 coup.

SANCTIONS IMPLICATIONS

As a result of today's action pursuant to E.O. 14014, all property and interests in property of the entities named above that are in the United States or in the possession or control of U.S. persons are blocked and must be reported to OFAC. In addition, any entities that are owned, directly or indirectly, 50 percent or more by one or more blocked persons are also blocked.

Concurrent with these designations, OFAC is issuing four general licenses and related FAQs. Specifically, OFAC is issuing General License 1, "Official Business of the United States Government"; General License 2, "Official Activities of Certain Other International Entities"; General License 3, "Certain Transactions in Support of Nongovernmental Organizations' Activities"; and General License 4, "Authorizing the Wind Down of Transactions Involving Myanmar Economic Corporation and Myanma Economic Holdings Limited."

Unless authorized by a general or specific license issued by OFAC, or otherwise exempt, OFAC's regulations generally prohibit all transactions by U.S. persons or within (or transiting) the United States that involve any property or interests in property of designated or otherwise blocked persons. The prohibitions include the making of any contribution or provision of funds, goods, or services by, to, or for the benefit of any blocked person or the receipt of any contribution or provision of funds, goods, or services from any such person.

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