

## Treasury Sanctions Burma's Ministry of Defense and Regime-Controlled Financial Institutions

June 21, 2023

WASHINGTON – Today, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) designated Burma's Ministry of Defense and two regime-controlled financial institutions that facilitate much of the foreign currency exchange within Burma and enable transactions between the military regime and foreign markets, including for the purchase and import of arms and related materiel.

Following the military coup in 2021, Burma's military regime has employed brutal tactics to consolidate power and repress the people of Burma. The military has increasingly deployed aerial attacks that have destroyed villages, schools, and medical facilities. This campaign of violence has resulted in the death of more than 3,600 civilians, along with the destruction of tens of thousands of homes and other infrastructure, while also displacing nearly 1.5 million people.

To support its brutal repression across Burma, the military regime has relied on foreign sources, including sanctioned Russian entities, to purchase and import arms, dual-use goods, equipment, and raw materials to manufacture weapons. The military regime and other designated state-owned entities have relied on state-owned financial institutions that act as the primary foreign currency exchanges in Burma to facilitate these transactions.

"Burma's military regime has leveraged state-run access to international markets to import weapons and materiel, including from sanctioned Russian entities, to continue its violence and oppression," said Under Secretary of the Treasury for Terrorism and Financial Intelligence Brian E. Nelson. "We will continue to support the people of Burma and deny the regime access to the means to perpetuate ongoing atrocities."

### **BURMESE GOVERNMENT ENTITIES**

Burma's **Ministry of Defense** is responsible for the command and control of the armed forces, which has conducted decades of repressive military rule that was violently resumed following the coup in 2021. Since the coup, the Ministry of Defense has continued to import goods and materiel worth at least \$1 billion, including from sanctioned entities in Russia. These imports have both

provided revenue to Russia and provided access to military equipment that has facilitated the ongoing brutality inflicted on the people of Burma by the military.

**Myanma Foreign Trade Bank** (MFTB) and **Myanma Investment and Commercial Bank** (MICB) are state-owned financial institutions in Burma that primarily function as foreign currency exchanges and enable the conversion of kyat to U.S. dollars and euros and the reverse. This conversion allows Burma's revenue-generating state-owned enterprises, including Myanma Oil and Gas Enterprise (MOGE), access to international markets using offshore accounts and to transact more easily with foreign entities. While MFTB and MICB allow MOGE and other state-owned enterprises access to foreign markets for revenue generation, these financial institutions also enable Burma's Ministry of Defense and other sanctioned military entities to purchase arms and other materials from foreign sources.

Burma's Ministry of Defense, MFTB, and MICB are being designated pursuant to E.O. 14014 for being political subdivisions, agencies, or instrumentalities of the Government of Burma.

## **SANCTIONS IMPLICATIONS**

As a result of today's action, pursuant to E.O. 14014, all property and interests in property of the persons 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.

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.

The power and integrity of OFAC sanctions derive not only from OFAC's ability to designate and add persons to the Specially Designated Nationals and Blocked Persons (SDN) List but also from its willingness to remove persons from the SDN List consistent with the law. The ultimate goal of sanctions is not to punish but to bring about a positive change in behavior. For information concerning the process for seeking removal from an OFAC list, including the SDN List, please refer to OFAC's [Frequently Asked Question 897](#). [For detailed information on the process to submit a request for removal from an OFAC sanctions list, please click here.](#)

[For more information on the entities designated today, click here.](#)

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