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INTERNATIONAL CONFEDERATION OF FREE TRADE UNIONS (ICFTU)

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European Union position on Burma "weak"

Brussels, 5th November 2004 (ICFTU Online): The EU's common position on Burma is nothing short of "seriously inadequate", said the International Confederation of Free Trade Unions (ICFTU) and the European Trade Union Confederation (ETUC) in a statement released today. The two trade union bodies, which together represent over 150 million workers, said that the EU's position still has a long way to go in terms of fully prohibiting multinational enterprises from having business links with Burma (Myanmar), and that the EU is therefore failing to fulfil its responsibility.

Whilst the ICFTU and ETUC welcomed international focus on the situation in the south east Asian country, the EU common position came under criticism for seemingly putting commercial interests before human rights.

"The new EU measures are highly unlikely to significantly affect the financial income which Burmese generals tap daily from foreign investment and international trade. Instead, they will be able to retain the financial advantages they get from foreign involvement and continue to assert their authority to the detriment of their citizens," said the ICFTU today.

Areas of concern include the omission of some of the most important Burmese state-owned enterprises from the annex to the EU position, which is meant to be a list of Burmese companies which European enterprises are prohibited to have certain links with. Surprisingly, companies such as MOGE (Myanmar Oil and Gas Enterprise) fail to make the list despite the fact that it operates in the oil and gas sector - a major source of income for the authoritarian Burmese regime.

Further examples of companies omitted from the EU's list include the four state-owned banks that are permitted to handle foreign exchange transactions - the Central Bank of Burma, the Myanmar Foreign Trade Bank, the Myanmar Investment and Commercial Bank and the Myanmar Economic Bank - as well as the Myanmar Timber Enterprise and the Myanmar Post and Telecom company.

Another problem with the EU common position is the fact that it is permitted for European companies to continue to operate in Burma "if [the] extension is compulsory under an agreement concluded with the Burmese state-owned enterprise [...] before the entry into force of [the] common position." In essence, this probably means that most enterprises that already operate in Burma are welcome to stay.

Furthermore, potential new investors have, at first glance, not much to fear either, as the new EU position only prohibits "the acquisition or extension of a participation in Burmese State-Owned enterprises as listed", "including the acquisition in full of such enterprises and the acquisition of shares and securities of a participating nature." In the end, this may not mean much, as the secretive and closed Burmese business environment does not usually allow foreign companies to buy shares in Burmese companies anyway.

Given that most large foreign investors in Burma are forced to set up a joint-venture, any sanctions will be meaningless if they do not address this issue. It is, at this point, unclear whether creating a new joint venture in Burma, even with one of the listed State-owned companies,

would be prohibited under the new EU position. Any new joint venture could be seen as a new company. It would therefore not be a 'listed' company and it may not even be seen as state-owned. Such joint ventures, unless they are considered as "acquisition or extension of a participation in Burmese State-Owned enterprises", would therefore not fall under the scope of the EU measures.

Earlier anticipated problems also remain as the EU position uses a list of named companies. It may well be that the only thing the Burmese junta has to do to circumvent the sanctions is to set up a new company or rename one, something which, in Burma's business environment, can easily be done overnight.

The adoption of weak measures on Burma is especially regrettable since it follows two recent events that strengthened the position of the dictators of Burma: the admission of Burma into ASEM (Asia-Europe Meeting*) and the ultra-hardliners' recent consolidation of power in what is already a hard-line dictatorship. Burma was accepted into ASEM on 9 October 2004 in a move seen as a political victory by Burmese generals (<http://www.icftu.org/displaydocument.asp?Index=991220644&Language=EN>). One week later, the Burmese military deposed the country's Prime Minister, Lt. General Khin Nyunt, placing him under arrest.

"There is much concern that admitting Burma into ASEM has only strengthened the regime's belief in its highly undemocratic cause" said the ICFTU. "We now face a scenario where the release of Aung San Suu Kyi and other opposition leaders, as well as the opposition NLD party's ability to operate freely, seem even further away. In fact, never was the need for a strong EU position on Burma greater".

The ICFTU said it would plead for a strengthening of measures against Burma's military regime during the forthcoming meeting of the International Labour Organisation (ILO) Governing Body, scheduled to discuss Burma on 18 November in Geneva. Last June, the ILO Conference had given Rangoon until November to take effective measures aimed at preventing forced labour and to release several detained leaders of the underground Federation of Trade Unions - Burma (FTUB) from jail, or face a strengthening of measures adopted against Burma in June 2000. The ILO June meeting had for the first time made a specific reference to foreign direct investment (FDI).

(*) ASEM is the Asia-Europe Meeting, created in 1996 between the then 15 member states of the European Union and 10 countries of the Asia-Pacific region (Brunei, China, Indonesia, Japan, Korea, Malaysia, Philippines, Singapore, Thailand and Vietnam).

For more information on the ICFTU and ETUC's earlier recommendations for the EU's common position Burma, please click here:
<http://www.icftu.org/displaydocument.asp?Index=991220608&Language=EN>

The ICFTU regularly publishes lists of multinational companies operating in Burma:
<http://www.icftu.org/displaydocument.asp?Index=991220263&Language=EN>

The most recent list is available here:
<http://www.global-unions.org/burma/>

The ICFTU represents 148 million workers in 234 affiliated organisations in 152 countries and territories. ICFTU is also a member of Global Unions: <http://www.global-unions.org>

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