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**Before the
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Senate Foreign Relations Committee**

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U.S. Policy Toward Burma

Mr. Chairman, Senator Inhofe, and Members of the Subcommittee, thank you for inviting me here today to testify about U.S. policy toward Burma and a possible new direction for U.S.-Burma relations.

Let me take this opportunity to brief you on the overarching assessments that helped shape our review. The Administration launched a review of our Burma policy seven months ago, recognizing that political and humanitarian conditions in Burma were deplorable. Neither sanctions nor engagement, implemented alone, have succeeded in improving those conditions and moving Burma forward on a path to democratic reform.

Moreover, it was clear to us that the problems Burma presents, not only to its people, but to its neighbors, the wider region and the world at large, demand that we review and reconsider our approach. In addition to taking a hard look at the current situation inside Burma, we also focused on emerging questions and concerns regarding Burma's relationship with North Korea, particularly in light of the passage of UN Security Council Resolution 1874, which prohibits member states from engaging in trade with North Korea in virtually all conventional weapons as well as in sensitive technologies, including those related to ballistic missiles and nuclear and other WMD programs.

Our policy review also was informed by the fact that, for the first time in recent memory, the Burmese leadership has shown an active interest in engaging with the United States. But, let me be clear: we have decided to engage with Burma because we believe it is in our interest to do so.

We have consulted widely throughout the review process with Congress, other governments, and key stakeholders such as non-governmental organizations, business leaders, academics, and representatives of international organizations. We also have consulted with the National League for Democracy and other democratic activists inside Burma.

The conclusions of our policy review, just announced this week, reaffirmed our fundamental interests in Burma: we support a unified, peaceful, prosperous, and democratic Burma. While our goals in Burma remain the same as before, the policy review confirmed that we need additional tools to augment those that we have been using in pursuit of our objectives. A policy of pragmatic engagement with the Burmese authorities holds the best hope for advancing our goals. A central element of this approach is a direct, senior-level dialogue with representatives of the Burmese leadership. As the Secretary previewed in her remarks to the Friends of Burma last week, we hope a dialogue with the Burmese regime will lay out a path forward towards change in Burma and a better, more productive bilateral relationship.

Through a direct dialogue, we will be able to test the intentions of the Burmese leadership and the sincerity of their expressed interest in a more positive relationship with the United States. The way forward will be clearly tied to concrete actions on the part of the Burmese leadership addressing our core concerns, particularly in the areas of democracy and human rights.

We will also discuss our proliferation concerns and Burma's close military relationship with North Korea. Burma has said it is committed to comply fully with UN Security Council Resolutions 1718 and 1874. Nevertheless, we remain concerned about the nature and extent of Burma's ties with North Korea. Full and transparent implementation of these resolutions is critical to global peace and security, and we will be looking to the Burmese authorities to deliver on their commitments.

We expect engagement with Burma to be a long, slow, and step-by-step process. We will not judge the success of our efforts at pragmatic engagement by the results of a handful of meetings. Engagement for its own sake is obviously not a goal for U.S. policy, but we recognize that achieving meaningful change in Burma will take time.

We will work to ensure that the Burmese leaders have an absolutely clear understanding of our goals for this dialogue and the core issues on our agenda. A

fundamentally different U.S.-Burma relationship will require real progress on democracy and human rights. We will continue to press for the unconditional release of Aung San Suu Kyi and all political prisoners; an end to conflicts with ethnic minority groups; accountability of those responsible for human rights violations; and the initiation of a genuine dialogue among the Burmese government, the democratic opposition, and the ethnic minorities on a shared vision for the way forward in Burma. This last issue is critical, since only the Burmese people themselves can determine the future of their country. Our intent is to use our dialogue with the Burmese authorities to facilitate that process. Only if the government of Burma makes progress toward these goals will it be possible to improve our bilateral relationship in a step-by-step process.

In parallel to the dialogue on our core democracy, human rights and nonproliferation concerns, we hope to identify some initial positive steps the Burmese could take in other areas that would help build momentum in the talks and could potentially allow the United States to respond in an appropriate manner. There are a number of areas in which we might be able improve cooperation to our mutual benefit, such as counter-narcotics, health, environmental protection, and the recovery of World War II-era Missing-in-Action remains.

Our dialogue with Burma will supplement rather than replace the sanctions regime that has been at the center of our Burma policy for many years. Lifting or easing sanctions at the outset of a dialogue without meaningful progress on our concerns would be a mistake. We will maintain our existing sanctions until we see concrete progress, and continue to work with the international community to ensure that those sanctions are effectively coordinated. We believe any easing of sanctions now would send the wrong signal to those who have been striving for so many years for democracy in Burma, to our partners in the region and elsewhere, and to the Burmese leadership itself. Through our dialogue, we also will make clear to the Burmese leadership that relations with the United States can only be improved in a step-by-step process if the Burmese government takes meaningful actions that address our core concerns. Moreover, we will reserve the option of tightening sanctions on the regime and its supporters to respond to events in Burma.

Some argue that sanctions should be lifted immediately because they hurt the people of Burma without effectively pressuring the regime. U.S. sanctions, implemented after the crackdown that began in September 2007, have been “targeted” – aimed not at the people of Burma but at the military leadership, its networks and state-owned companies, and the wealthy cronies that support the

government often through illicit activities. It is also important to keep in mind the nature of the country's economic system. Decades of economic mismanagement by Burma's military leadership have resulted in high inflation, endemic corruption, and poor regulation, which have stifled broad-based economic growth. Burma had an unfriendly business environment well before the imposition of sanctions by the United States, the European Union, Canada, and others. The country will continue to be an inhospitable place to invest unless the government introduces serious reforms, rule of law, and good governance. We believe that opening up Burma to the outside world can benefit the forces of change working for a better future for the people of this troubled country.

Our commitment to the Burmese people is unwavering. We will continue to address the urgent humanitarian needs of the population by expanding our assistance efforts in a manner designed to help those most in need without bolstering the regime. We know it can be done. In the wake of Cyclone Nargis, the U.S. Government provided nearly \$75 million in aid to the victims of the cyclone through responsible and effective international NGO partners. We also have broadly licensed financial support of not-for-profit humanitarian activities in Burma, and continue to take care to ensure that U.S. sanctions do not impede humanitarian activities by NGOs.

Regarding the elections that the Burmese regime plans to hold in 2010, we need to assess the conditions under which the elections will be held and determine whether opposition and ethnic groups will be able to participate fully. We do not yet know the date of the elections; the authorities also have not published the election laws. Given the way in which the Burmese government conducted its referendum on a new Constitution in the immediate aftermath of Cyclone Nargis, we are skeptical that the elections will be either free or fair. We will continue to stress to the Burmese authorities the baseline conditions that we consider necessary for any credible electoral process. They include the release of political prisoners, the ability of all stakeholders to stand for election, eliminating restrictions on media, and ensuring a free and open campaign.

We will emphasize, and ask that others do the same, that the 2010 elections will only bring legitimacy and stability to the country to the extent that they are broad-based and include all key stakeholders. This is why it is crucial for the regime to begin an internal dialogue now with democratic opposition leaders and representatives of the ethnic minorities. It is only through dialogue that the conditions can be established for all of Burma's political forces to participate. We

also intend to remain engaged with the democratic opposition to ensure that our engagement with the regime is not at cross purposes with their own objectives.

We recognize that we alone cannot promote change in Burma. We will need to work with friends and partners to achieve our goals, including stepped up dialogue and interactions with countries such as China and India that have traditionally close relationships with Burma's military leaders. We will continue to coordinate closely as well with ASEAN, the EU, Australia, Canada, Japan, and other actors such as the UN to reinforce our fundamental message on reform to the Burmese regime. We will work with our partners to encourage Burma to be more open and to promote new thinking and new ideas.

Although we hope to initiate these efforts immediately, we are realistic about our expectations. We must be prepared to sustain our efforts beyond the planned 2010 elections. Some day a new generation of leaders in Burma will come to power. If the country is more open to the outside world we can hope to influence that transition and encourage Burma's leaders to take a more positive, constructive, and inclusive path. The process of dialogue itself should give us greater insight into the thinking of Burma's political leadership and offer opportunities to influence the way in which they look at the world. Pressing for greater openness and exposure to new ideas and new thinking, particularly among members of the up-and-coming generation of leaders is likely, in the long run, to be the most effective means of encouraging change in Burma.

Thank you for extending this opportunity to me to testify today on this pressing and vitally important issue. I welcome any questions you may have.