

**Center for Strategic and International Studies**

**Southeast Asia Program**

**Keynote Address by Ben Rhodes at the “The United States and  
Myanmar: Next Steps” Conference**

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**Location: CSIS Headquarters, Washington, D.C.**

**Time: 9:30 a.m. EDT**

**Date: Monday, September 12, 2016**

(Applause.)

BEN RHODES: Great. Well, thank you, everybody, for being here today. And I know you have a good day of panel discussions. I'll just give you some opening comments on how we're looking at the visit from State Counselor Aung San Suu Kyi, who will be arriving in Washington later today.

And I do think it's sometimes hard to recall just how improbable this is. I was thinking of it recently when we were in Laos for the U.S.-ASEAN meeting and the East Asia Summit. And the first ASEAN meeting we had, in 2009, I recall there was an extensive debate over whether we would even shake hands with the Burmese president. Aung San Suu Kyi was under house arrest. And so being in Laos and looking over at the Burmese seat and seeing it occupied by Aung San Suu Kyi in her capacity as state counselor I think really speaks to the enormous transformation that has taken place inside of Myanmar over the course of the last eight years.

Of course, this process is not complete by any measure, and I'll speak a little bit about that today as well. But I do think that that perspective has to bear in our minds as we prepare for what is a truly historic visit.

During her time here, Aung San Suu Kyi will be meeting with President Obama tomorrow. She'll also be meeting with Vice President Biden at his residence, a number of Cabinet members, and of course members of Congress who have been critical to our Burma policy for many years, as well as the business community. And she's very interested in trying to promote greater investment in Burma.

You know, I'll just step back for a moment and put in perspective some of the changes that have taken place over the last several years. You know, we have to recall that Burma is a country where our policy was rooted in promoting democracy and human rights for many decades. And it's been a shared goal of every U.S. administration and the Congress, particularly since the crackdown by the Burmese military in 1988 and the subsequent refusal to allow Aung San Suu Kyi and the National League for Democracy to take power following elections after their overwhelming victory in 1990.

And so, over many years, we had robust sanctions in place and restrictions on individuals and entities in Burma to try to bring about change from the military junta. And for many years, that was met with resistance.

When we took office in 2009, we initiated a review of our policy to see if there would be openings for engagement to try to move things forward and try to see if we could get further with engagement than purely through a policy of isolation. Around the same time, the military authorities who assumed power in 2011 began an initial process of reform, and they demonstrated some degree of a commitment to change and they created an opening for us to begin to ease our own restrictions. And that led by President Obama announcing in 2011 that we would be sending Secretary Clinton to visit for the first time, and ultimately also she then announced that we would be sending an ambassador, Derek Mitchell, who's here today, so that we'd begin the process of normalizing our diplomatic relationship.

Over the course of the next several years, we began to ease our sanctions. We began to engage the government. There was a sense of things opening up, of political prisoners being released, of there a desire for there to be greater investment and interconnectivity with the global economy. Clearly, that was something that had been desired by the Burmese people, by the NLD, by Aung San Suu Kyi, but

also some of the military leadership was clearly indicating that they wanted to move in a different direction.

I remember when I visited Burma for the first time with President Obama. You had a sense of an overwhelming thirst for this engagement with the United States. We had never really seen crowds like that greet a motorcade, even in all the travels that President Obama had done around the world. You know, I think what was most striking to me is when we came in from the airport, at first there were kind of uniformed schoolchildren greeting us and it felt like, you know, a ceremony arranged by the government. But then, when we passed through that phalanx of people, suddenly the crowds swelled to the tens of thousands, in a country where gatherings of people in any – in any number had previously been restricted. And so you had a sense of a pent-up desire to engage the world and to take the future of the country into the hands of the people.

The next time I visited, Derek was ambassador, and I don't think he was sleeping very much because there was so much to do. There was such a desire for an engagement with the United States, and there was also an enormous need for capacity in the government, in all of the ministries, in terms of how to attract investment, in terms of how to govern more effectively. And a lot of the space that we sought to fill, that I'll speak about in a moment, was building up the capacity for there to be a democratic transition. It's both an issue of will on the part of the government; it's also an issue of whether or not we can support the capacity-building necessary to ensure a dividend along with democracy.

Now we are at a critical juncture. A lot of our effort went into ensuring that the election that took place last year was credible and inclusive and allowed the Burmese people to express their voice. And ultimately, that is what took place. And, as in 1990, you had an overwhelming victory for the NLD, very much because of the leadership of Aung San Suu Kyi but also because of a desire for change in the country. I think at each juncture there as skepticism. Would the election go off well? Would international monitors be able to participate? Would there be broad access to the polls across the country? And that was the case. And then there was, I think, a question about whether or not there would be a peaceful transition of power, and whether or not the military would respect the result of the election. And, indeed, they did, in part because of outreach from the NLD, in part because there was a sincere commitment to a democratic transition from President Thein Sein and some of the military leadership.

Again, that's not to say that the process is by any means complete. But, of course, we had the first peaceful transition of power with the inauguration earlier this year of President Htin Kyaw as the first elected civilian president in more than 50 years. And then, of course, Aung San Suu Kyi, as the leader of the NLD, assumed the position of state counselor, and it's in that capacity that she's visiting the United States.

To put this in perspective, there are now over 100 former political prisoners serving as parliamentarians in the Union Parliament. We continue to engage not just the leadership and Aung San Suu Kyi, but parliamentarians and ministries, so that we're most effective in building the capacity that I spoke about.

The new government has released another 63 political prisoners. They've dropped charges against almost 200 individuals who were facing conviction on political grounds.

Thus far, the military has abided by this transition, accepted the outcome. And there's been tentative engagement between the NLD and the military. And when I was there last – it was right after Martyrs' Day – and at first the commander in chief had attended the Martyrs' Day commemoration with Aung San Suu Kyi and had lunch at her house, certainly a symbolic demonstration of respect for the civilian government.

Now, there are enormous challenges – economic challenges, ethnic armed groups that need to be brought into the political process, and of course the situation in Rakhine State. But I think what we find heartening is the government is now beginning to take on the most controversial issues in the country.

To give you a few examples of that, the Burmese government is suspending operations at more than 2,000 jade mines until environmental impact studies have been completed, an issue that has long been of concern to the United States and many other countries around the world, and the Burmese people themselves. In July, the government decided not to renew hundreds of jade licenses. And this is a part of a commitment they have made to have a more transparent sector that has long been a bastion of corruption.

We also see the government beginning the process of addressing the plight of the Rohingya and the situation in Rakhine State, which has been plagued by chronic underdevelopment and a lack of opportunity, and where the conditions for ethnic conflict still remain very ripe. The new government has made reconciliation in Rakhine State a priority. Less than two months after taking office, the government formed a national committee, chaired by Aung San Suu Kyi, to take on the hard work of promoting peace and development in Rakhine, and also beginning a process of citizenship verification which has repeatedly stalled. And again, the demonstration will be in the follow-through here, but there is a new focus originating from the government.

In addition, the government recently announced the establishment of an advisory commission on Rakhine State that will be led by the former U.N. secretary-general, Kofi Annan. This has been a critical focus of ours for many years, to have greater international participation in promoting development and reconciliation and improved humanitarian conditions in Rakhine State.

Derek, as ambassador, worked with many likeminded countries to shine a spotlight on these issues and to advocate for humanitarian access to IDP camps, and to have a process for citizenship verification. That work is now being continued by Scot Marciel, our new ambassador to Burma. And we believe having some international participation in the effort in Rakhine State is going to be critical to making sure that there is not a process that stalls; and that, again, we're looking holistically at getting people out of IDP camps in the long run, having freedom of movement and humanitarian access for NGOs, and ultimately having a solution that allows for citizenship for people who deserve it and who deserve to be a part of the future of Myanmar.

The peace process is also a top priority for the new government, and is now beginning a critical phase. The previous government pursued a nationwide ceasefire and was able to reach agreements with a number of ethnic groups. And now Aung San Suu Kyi has made this a priority, to reach out to the armed forces and to the ethnic armed groups so that she can learn more about their policy priorities and begin to promote a process of mutual understanding. In May, she formed the National Reconciliation and Peace Center, dedicated to those efforts. And then, on August 31<sup>st</sup>, she began a process towards national reconciliation with a major peace conference that was a revival of the

Panglong Conference chaired by her father in 1947. All major armed ethnic groups, along with representatives from civil society and the military and the government, attended.

This is a start, but it's only a start. It's on the first step in promoting an inclusive political dialogue that can help bring the country together into a truly democratic union in which the rights of all people are respected. This is a process that's going to have to include confidence-building, include the pursuit of ceasefires. And ultimately, it's going to have to include the pursuit of constitutional reforms to ensure that, again, there is a place and a voice for all of the different peoples of Myanmar.

One sensitive issue in this area has been the role of different countries, including China, you know, given their relations with a number of the different ethnic groups. We have encouraged positive relations between the NLD-led government and China, and we see it as a positive step that Aung San Suu Kyi has pursued that outreach. We believe that this is not a zero-sum circumstance, and that ultimately the U.S., China, India, our European allies, Japan, many other countries have an interest in a stable and democratic Myanmar.

Another issue that we've focused on with the new government is labor rights, which is important to our capacity to promote greater investment in the country. And so we've supported efforts to establish independent labor unions, a minimum wage, and overtime and severance pay standards in Myanmar. Now, these will be difficult to implement, but we see the government setting out a clear action plan, and pursuing legislative changes in the parliament as well. This is aided by the fact that some of the political prisoners I spoke of who are in the parliament were once labor leaders and imprisoned for those efforts. And so this is an area that also holds promise for Burma's future, and we feel compelled to support the government's efforts so that workers are a part of building the economy in a place where corruption too often in the past has enriched a handful of cronies to the exclusion of broader-based economic growth.

We also see the government pursuing economic policies that try to promote a greater climate for investment that can facilitate job creation and economic growth. For instance, the government is implementing major financial sector reforms, including a new financial services law and the new digital financial services regulation. And on August 30<sup>th</sup>, the government approved major microfinance reforms that have the potential to bring in larger amounts of funding into rural agricultural areas. Again, all of this is critical to showing that democracy can bring a dividend – that democracy can bring, again, not just a greater political voice for the people of Myanmar, but ultimately improve livelihoods. And this is going to be a critical focus in our engagement with the government over the next several days and going forward.

Now, of course, despite this progress, we see enormous challenges that remain. We're dealing with a country that has suffered under not just decades of dictatorship, but also corruption, armed conflict, and isolation from the rest of the world. And so the new government is going to have to steadily and methodically address those issues as they continue their democratic transition.

Now, some of these problems, particularly with democratization, are inherent in the constitution, which continues to provide the military with a disproportionate influence over the legislative process. They still have 25 percent of parliamentary seats, for instance. They still have control over certain key ministries and sectors of the economy. So we're very clear-eyed about these challenges. And we do believe that, just as the issue of constitutional reform is part of the outreach to ethnic groups, there has to be additional constitutional reform in the years to come to ensure a full transition to a democratic and civilian government.

Now, of course, even as the government is pursuing reconciliation, we continue to see unique challenges, particularly in areas like Kachin and Shan States, where there's been ongoing violence and where chronic underdevelopment has also been a major obstacle to peace. And of course, in Rakhine State, where over 100,000 Rohingya remain in IDP camps, we want to make sure that the government follows through on the plans that I mentioned. We don't just want to see announcements of new processes; we want to see a sustained investment in resolving both the humanitarian challenges and the structural challenges there. What we would like to have happen is the international community having an opening to support a process, so that in addition to applying pressure we can be a constructive partner in improving the situation in Rakhine State.

So neither we nor Aung San Suu Kyi nor the government of Burma would declare all of their problems solved. In fact, this is really the beginning of the work. This will take an incredible amount of work by the people of Burma, and there are certainly going to be ups and downs. At any given time, the issues I discussed are going to have mixed results. But we believe that our engagement is essential to helping move things in the right direction.

Now, when we look at what our tools are to accomplish those objectives, we have a number of ways in which we can provide assistance. First of all, since 2012, we have provided more than \$500 million in assistance to the government and people of Burma. And again, just as we have applied pressure over the years, we have also invested in civil society, independent media, and a greater voice for the people of Burma, and we're going to continue to do that. We have also focused our diplomatic and development assistance efforts to support populations like the Rohingya who have suffered mightily over the years, and also to address the broader issues in Rakhine State. And so, in addition to the diplomatic work that I mentioned, we want to make sure that our development assistance can come in behind dialogue and processes of citizenship verification in Rakhine State so that, again, the international community is investing in lasting peace and reconciliation in addition to applying diplomatic pressure.

We've also expanded our assistance in other areas. When I was recently in Burma in July, we announced an additional \$21 million in economic support funds. And this is going to help improve economic governance by strengthening the ability of the legislature and justice sector to provide oversight, to provide protection services to victims of human trafficking – and we're working with the government to have a plan to upgrade their efforts to crack down on human trafficking – and also we can invest development assistance in building trust among the different ethnic communities so that they're improving their livelihoods even as they are pursuing peace and reconciliation with the government and the military.

We also want to increase the competitiveness of the private sector inside of Burma, and expand access to both finance and land, increase openness to trade and investment, increase the use of digital tools and services – and there is a tremendous amount of energy in places like Yangon to have that connectivity – and also to connect farmers to markets. And this is an issue that Derek and I worked on when he was there. A lot of the agricultural planning that had been done over the years prioritized things like meeting certain metrics of rice production rather than looking at how can a farmer improve their livelihood by getting a product to market that has demand in the international community.

We also continue to support not just the election, but the parliament. And at a time when we see many different countries cracking down on assistance for democracy, we recently, several years ago, opened up a parliamentary resource center in Naypyidaw that is helping parliamentarians develop their

own capacity. So this is a comprehensive engagement through our assistance that aims to build capacity in areas like improving the investment climate, improving governance, and supporting reconciliation in the country.

Furthermore, we're going to continue to provide humanitarian assistance. We've helped with disaster response in a country that is often plagued by natural disaster. And we're going to continue, again, to provide the type of assistance that allows the Burmese to take greater ownership of their economy.

Now, again, this is going to take continued legislative and regulatory reforms. What we hear from the business community is that there needs to be a framework for a more open and fair economy, where the rules are clear to everyone and investment procedures are clear to everyone so that someone inside of Burma knows how they can start a business, so that someone who wants to invest in Burma knows how they can establish a partnership. So this is going to be an ongoing focus for us.

With respect to the military, given its outsized role in politics and the economy, we've been very cautious and calibrated in our military-to-military engagement. The basic principle that we have is that there should be civilian control of the military, so that any assistance that we provide or engagement we have with the military is going to flow through the civilian government and is going to be guided by the decisions of the civilian government.

Thus far, we've aimed at promoting the values of a professional military in a democracy, again, on issues like how is there civilian control of the military, respect for the rule of law, and human rights. And so we've had strict limitations on engagement beyond that, and Congress has also supported strict limitations on broader military-to-military engagement. So this is something that we will calibrate going forward based on the progress inside of the country. If we see ongoing transition to civilian control of the military, and if the civilian government demonstrates an interest in increased U.S. engagement with the military, then we will calibrate our approach on these issues.

Of course, there's also the issue of sanctions, which always get a lot of attention. The aim of the sanctions that we put in place, we have to recall, was to bring about a democratic, civilian government that respects human rights and promotes economic development and welfare for all of the people of Myanmar. After the transition to a democratically elected government, we began to review our sanctions policy. In May we eased some of the restrictions and we took other steps to support the Burmese government. All of these steps, again, were aimed at showing that there was a democratic dividend. And we continue to review the efficacy of our sanctions policy.

We hear frequently that the ongoing sanctions regime serves as a chill on investment from the United States, in some cases other international firms. And so we want to make sure that our sanctions are not preventing the type of economic development and investment that we believe can improve the livelihoods of the people of Burma. And in this discussion, and in these decisions, we want to be guided, again, by consultation with Aung San Suu Kyi and the NLD-led government.

We do frequently encourage the business community, again, to share with us not just concerns about sanctions but ways in which the government can build capacity to facilitate investment, to improve labor standards and anti-corruption initiatives. So this is not just a process of reviewing sanctions, it's also a process of reviewing what more can be done to facilitate more transparent and successful development inside of the country.

The last thing I'd focus on is people-to-people ties, which is critical. This is a country where there's, again, a huge desire for engagement with the United States. Our Young Southeast Asian Leadership Initiative, YSEALI, is investing in Burmese youth. There are over 4,800 YSEALI members in Burma. And we've provided opportunities for nearly 100 fellows to travel here to the United States. This is a long-term investment in future leaders of government and civil society and entrepreneurship in the country.

We've also dramatically expanded our American center in Yangon, which provides an amazing platform to engage the people of Burma in areas like English language instruction and the provision of scholarships to U.S. institutions, and the building of networks between Burmese young people and people in the United States as well. We're also very proud that the Peace Corps is coming to Burma. And that's going to begin with English language instruction from volunteers who are going to begin their work in the Yangon region. And ultimately our hope is that this expands across the country.

So we have a very robust set of tools, from development assistance, to people-to-people ties, to diplomatic engagement, to efforts to review our sanctions policy and open up greater investment in the country. And all this is going to be on the agenda during Aung San Suu Kyi's visit. We'll want to hear from her directly about how she's viewing our sanctions regime, about how she wants to promote greater investment in the country, about how we can focus our assistance in ensuring a democratic dividend.

I will say, as a closing note, it's been interesting to watch the transition that she has made from an icon to a politician, and a democratically elected leader of a country. You know, I think sometimes the impatience that we feel in the United States for change is often channeled through iconic figures, like Aung San Suu Kyi, who stood for so many years for democracy and human rights in the country. As a democratically elected leader of a government, she has to tackle problems one-by-one. She has to make progress that is incremental. And we have to respect the fact that democratic transitions take time, not just in Southeast Asia, but everywhere around the world.

If you look at a country like Indonesia, you know, there is still a process of transition as it relates to the role of the military in the economy, even as there has been a consistent pattern of democratic elections and a greater democratization in the country. So this will be an ongoing effort. But we cannot lose sight of the fact that in a world in which there are significant headwinds to democracy, and in a region in which you sit at that ASEAN table and there are not many people around the table who can claim to have been democratically elected, this is an enormous bright spot.

And the success of democracy inside of Myanmar would be good for the people of the country, but it would also be good for the region and the world. It is setting an example that we hope other countries follow. And so we feel a huge responsibility with our remaining time in office to do everything we can to assure that there is that democratic dividend, and that where we've seen tough decisions taken by leaders that those decisions are rewarded, and that we not be passive in the face of change that is going to take time, that we continue to stand up for what we believe in and speak out where we think that there are problems, but we do so as a partner of a government that is trying to do the right thing and trying to move a country with an incredibly complicated and difficult history in a new direction.

So with that, I'd be happy to turn to the questions.

AMY SEARIGHT: Thank you very much for that really great overview of our relationship with Burma. Sure. Let me ask you just a little bit more about sanctions, and how much leverage they may provide. I mean, human rights groups and Aung San Suu Kyi advisors, you know, have said that we need to keep sanctions for leverage to continue to transition to democracy to get the constitutional reforms that you mentioned and to deal with some human rights issues, human rights concerns in Rakhine state. But another view is that, you know, we have – we get a lot of leverage by engaging and providing assistance, building capacity, that you described, but also, you know, providing that democratic dividend. And that easing sanctions is really critical to get the economy up and running to really provide support for the democratic transition.

So I just wonder if you can share your thoughts about sanctions and how much leverage you think it really provides us, and if sanctions is really the right tool to continue to push Burma towards democracy.

MR. RHODES: Well, you know, first of all, let me start by saying there's no scenario under which there are not going to be certain restrictions and limitations in our relationship with Burma. For instance, at the very least, we will, you know, have restrictions on the military and our engagement with the military for some time, given their continued outsized role on politics.

I think as it relates to the sanctions, you know, for many years it was a very important source of leverage, in that it cut off the country from the rest of the world, it restricted in some cases individuals from traveling and accessing certain financial resources. And it really closed off Burma. But now the country's opening up. And there is investment flowing in. And you know, the question is, how do we balance the need to continue to demonstrate that this transition is not complete with the fact that we don't want to shut ourselves and responsible investment out of the country.

You know, when you look at some of the changes that have taken place, they were the express purpose of the sanctions. Aung San Suu Kyi released from prison, participating in politics, a democratic election. At the same time, as I said, this process is still incomplete. However, we have to have a sense of what the metrics are that make—that guide our judgements on sanctions policy. You know, if we are going to wait for all of these problems to be resolved, that is a recipe for not lifting sanctions for a decade or more because in Burma and many of the countries in the region, you are going to have certain individuals with an outsized role in the economy.

We also I think have to understand that there's a limitation to how much easing of sanctions can open up investment because, at the end of the day, companies are going to make decisions based on risk. And if they see a risk of being crosswise with our sanctions regime, particularly in a country where certain individuals have significant assets, you know, that is going to be a chill on investment and they're going to make different decisions. And ultimately, that could restrict the flow of investment that we believe can create broader economic prosperity.

So the basic principle for us is how do we make these decisions with the democratically elected government. They are the ones who are making determinations about how to grow their economy. They're the ones who are making determinations about how to engage the military. And so in our decisions, we want to be guided by a consultation with the government. And so that's the discussion that will take place with Aung San Suu Kyi when she's here tomorrow. We want to get her thinking on what we can do that is most effective in promoting the democratic transition and promoting greater economic growth.

I do think that there's diminishing leverage when there is investment flowing in from other places. But there's still an important opportunity to signal that there's not a clean bill of health. And so that's the balance that we're aiming to strike. How do we demonstrate through our sanctions policies and other restrictions on engagement that this process is not complete, but how do we also not set an impossible standard that is going to take so long that we are essentially denying the type of dividend that is going to be necessary for ensuring that democratization succeeds? That's the balance that we wrestle with our sanctions policy. And I think that will be the focus of our discussions tomorrow with the state counsellor.

MS. SEARIGHT: Thank you very much. Let me open it up for questions. Please identify yourself and then we'll bring a microphone to you. And we're running short on time, so just please keep your questions –

Q: David Steinberg, Georgetown University emeritus.

A question. I applaud U.S. policy on the Obama administration towards Myanmar. But every May the president issues a statement saying that Burma is a threat to the international security and foreign policy of the United States. And isn't that incongruous? And what do the Burmese actually feel about this sort of statement, given the U.S. engagement?

MR. RHODES: Well, actually, that's, you know, directly relevant to the previous question. You know, one of the centerpieces of the sanctions regime is the executive order that is based on the national emergency. And the national emergency language that accompanies that executive order identifies Myanmar as a threat to the national security of the United States. I think what we have to look at is what was the original purpose of the sanctions in the national emergency? What is the efficacy today in continuing that policy? Does it serve as a source of pressure on the government, or does it serve as a limitation on our ability to promote democratization in the country?

And that – and, again, that is the root of the balance that we were aiming to strike. We don't want to shut ourselves out and deny ourselves the capacity to support democratic change in the country. You know, we have to, again, be vigilant in calling out challenge where we see them – in Rakhine state, in some of the ethnic areas, in parts of the economy. But we also, again, don't want to lose sight of the fact that this is a country that has advanced far beyond its neighbors in democratic progress – neighbors who are not sanctioned by the United States in many ways.

I do think, though, that the view of the government matters a lot to us. So they're the ones who have been elected by the people. And their judgement as to how we approach sanctions policy is going to be important to us in our decision making.

MS. SEARIGHT: And we'll take one more question, over here. OK, we'll take a couple more. One over here. Please identify yourself.

Q: Thank you. I'm Steve Hirsch. I'm a journalist who follows Burma.

At this point in Burma, are there significant pockets of resistance to the reform and democratization moves that have happened? What are their aims? And how does this government assess their chances of success?

MR. RHODES: Well, I'd say a few things. One is, the military is a critical player here. And I think the military has preserved a degree of ambiguity in terms of how it's viewing events. On the one hand, the military has not sought to block this transition. They've not interfered in the election or the transition process. On the other hand, they have not supported constitutional reforms and they've been an impediment to constitutional reforms that would allow for a fuller democratic transition. So I think they've in some ways kept their options open. And that's why I think we have to be, you know, vigilant in ensuring that there's a continued pathway to civilian control.

I think Daw Suu Kyi has been very deliberate in engaging the military in the transition process. And in recent months, you know, there has been some incremental progress there. But I think none of us would suggest that there's civilian control of the military to our satisfaction, or to her satisfaction, at this point. So you know, the military, I think, has balanced an openness to this process with a bit of a hedge.

It is difficult, though, when they see the overwhelming support that she and the NLD enjoys. That election result was not close. It was incredibly decisive. And so the strengthening of a democratic government I think provides incentives for the military to go along with the democratic transition over time. I think that they'll want to ensure that some of their interests are protected. And that's what we've seen in other transitions, again, in places like Indonesia. But we want to make sure that the trend lines are moving in the right direction.

Another threat had been some of the extremism that we saw in politics, particularly some of the more extremist elements in Buddhism, the Ma Ba Tha, in particular, as an organization. I was very heartened when I traveled – well, let me say when I was not heartened. When I traveled before the election you had a degree of speech that was very concerning – singling out minorities, Muslims, and some very severe intercommunal tensions, not just in Rakhine state but in other parts of the country.

When I went last time, there had been kind of an unprecedented series of statements from government officials rebuking the Ma Ba Tha for some of its actions. The chief minister of Yangon, followed by other NLD officials and other Buddhist authorities in the country, making clear that, you know, there were certain types of activities that are counter to the democratic transition. So we've seen, I think, positive steps by the government to address some of the extremism politics that was concerning to us.

MS. SEARIGHT: And one more question. Here in the front row.

Q: Hi. This is Melvin Punt (sp) from Gilmer (ph), doing business in Myanmar.

Going back to the point on the sanctions, there are certain strict requirements on the KYC in relation to international banks. And it's caused a number of issues in terms of chilling of activities. One example I would give is I was trying to make a payment to the British Council in Myanmar, and that was blocked by an international bank on the basis that they don't really want to figure out who is making the payment or who the payment is being made to. Is any thought of how the unblocking of the international banking activities can be achieved in parallel with the sanction discussions?

MR. RHODES: Well, I think there's two approaches here. One is, how can you make adjustments to the existing sanctions regime? And two is, how can you fundamentally alter the existing sanctions regime. You know, I've heard a lot of these stories. And let me be clear, I've heard these from large U.S. businesses. You know, you go and you meet the chamber out in Yangon. But

I've also heard it from ordinary Burmese. I remember Derek and I had a meeting in Yangon with entrepreneurs who were just trying to attract investment for startups and small businesses from Singapore. And they were having enormous difficulties accessing international financial transactions. And if you're, you know, a venture capital fund in Singapore, and you're making decisions about where to put money, you're going to weigh that risk.

The two ways in which we've gone about it, one is what can we do through general licensing to indicate that there's essentially a clean bill of health to work through elements of the financial system, or to work with some of the larger entities in the country that might otherwise be tied up in our sanctions regime. We've tried to calibrate our sanctions, including the latest round of easing in May, to clarify what types of activities are allowed. But at the same time, as long as you have the executive order in place, there is going to be some degree of uncertainty, particularly in a country where there's a fairly opaque banking sector and very large entities that touch many different elements of the economy.

And so this is exactly the question that we're weighing, is how much can we do through licensing and delisting of certain entities to clarify that this is permitted activity? And at what point, in consultation with the government, do we want to more comprehensively lift restrictions so there is greater clarity for businesses and ultimately greater investment? And that's going to be, again, a focus of our discussions tomorrow.

MS. SEARIGHT: Well, thank you, Mr. Rhodes. We have many more questions for you, but we need to move on to our first panel. So, please, if you will remain seated for our next panel, and join me in thanking Ben Rhodes for his remarks. Thank you. (Applause.)

(END)