



July 13, 2015

Mr. Andrew Keller
Deputy Assistant Secretary for Counter Threat Finance and Sanctions
Bureau of Economic & Business Affairs
U.S. Department of State
2201 C Street, NW Room 4844
Washington, DC 20001

Dear Mr. Keller:

As you know, the International Wood Products Association (IWPA) was granted an OFAC license (License No. BU-2013-30511.1) last year for IWPA and its individual members, including those that are U.S. persons, to engage directly or indirectly in transactions involving the Myanmar Timber Enterprise (MTE), a Specially Designated National (SDN). Over the past year, our members have demonstrated their commitment to responsible trade, promoting sustainable harvesting and legal timber supply chains, and development of improved Burmese institutions -- and have acted consistently to advance reform in Burma's timber sector. Our efforts are summarized below.

On April 15th 2014, the Burmese government instituted a ban on the export of round logs from Burma. As a result of this export ban, entities wishing to purchase from Burma wood products made from those logs would need to deal directly or indirectly with MTE, which has monopoly control of the Burmese timber trade. Burmese wood, in particular teak, is utilized in significant sectors of the U.S. economy, such as boating, furniture, decking, flooring, home restorations, and other areas. Although teak is the most important wood export from Burma, Burmese forests may have other wood that could be important inputs into U.S. import and export markets.

As you know, the U.S. is the only country to maintain economic sanctions against Burma. This license will keep the playing field even for U.S. importers and allow them to engage in the same types of trade in which the European Union and Australia are already engaged. It will also permit IWPA and U.S. importers to participate in dialogue with MTE, related Burmese institutions, and civil society in Burma, to advance sustainable and responsible trade in Burmese timber.

IWPA Activities Under Current License

During the current license, and in close consultation with the State Department, IWPA and its members have engaged in the following activities in connection with the reform effort:

1. Almost immediately after the License was issued on July 1, 2014, IWPA developed and implemented a multinational trade mission to Burma for meetings with MTE and others to advance the objectives of the License and to support the U.S. Government's policy of responsible commercial engagement in Burma. IWPA did so in consultation with the State

Department in Washington and the U.S. Embassy in Yangon, officials from the European Union, Australia and Burma, its international private sector counterparts, and members of civil society, including non-government organizations focused on human rights and responsible trade in lumber. IWPA mounted a three-day event and dialogue from September 29–October 1, 2014 in Burma among (i) industry, (ii) Burmese, U.S., European, Australian, United Kingdom, and Finnish government officials, and (iii) non-government organizations from Burma.

- a. The three-day program, held in Yangon, was organized under the rubric of the Global Timber Forum, of which IWPA is a member. IWPA organized the program in collaboration with the EU and Australia because all three jurisdictions have prohibitions on the trade in illegally logged timber products and have a common interest in strengthening relevant Burmese institutions, regularizing timber trade with Burma, and ensuring transparency and legality in sourcing. The trade mission, which we expect to be repeated in the coming year, provided the forum with real-time communication among key stakeholders.
 - b. IWPA and three of its members attended the sessions and communicated clearly and repeatedly to Burmese industry, MTE, Myanmar Forestry Department and the Ministry of Environmental Conservation and Forestry the importance of ensuring that logging in Burma is done in a sustainable manner and in full compliance with Burmese law. IWPA and its members will continue to communicate these priorities to relevant Burmese officials and industry in all appropriate forums, including follow-up missions and other engagement that IWPA and its counterparts will organize in the future.
 - c. While in Yangon, IWPA and its participating members also met with the Myanmar Timber Merchants Association (MTMA) and potential Burmese business partners (both governmental and private companies) and emphasized the need for the mills and other parties associated with Burmese timber supply to work toward independent legality verification.
2. IWPA then worked with the European Timber Trade Federation, the Australian Timber Importers Federation, and the Global Timber Forum manager to craft a letter to MTE following up on our meetings with entities related to the Burmese timber trade that set forth expectations on responsible foresting and related matters. The letter was developed in consultation with the European Union and the U.S. Department of State.
 3. IWPA engaged the Tropical Forest Foundation/Indonesia to examine the official timber trade in Myanmar and perform a preliminary gap analysis to assist sawmills in improving their supply chain legality verification and traceability and to provide important information for the EU FLEGT / VPA discussions. This project was conducted in conjunction with the Global Timber Forum.
 4. IWPA, in very close consultation with the State Department, recently invited MTE to a meeting in Burma that would follow up on the successful three days of meetings in the fall of 2014 and the above-mentioned letter outlining expectations going forward. IWPA has been working with the U.S. Embassy in Yangon on proposed agenda topics for the meeting.

Going Forward: Activities and Reporting Under License Renewal

IWPA and its members appreciate the support received during the license period from the State Department, and are fully prepared to continue their work to advance U.S. policy interests and priorities.

In this connection, we discussed the following actions that IWPA and its members can take to further objectives aligned with U.S. policies and best practices.

- IWPA will continue to communicate to mills supplying products to U.S. importers, Burmese industry, MTE, and the Burmese Government the importance of ensuring that logs are harvested legally, in a sustainable manner, and in full compliance with Burmese law and that they are not harvested from ethnic conflict areas. IWPA will communicate these priorities to relevant Burmese officials and industry in all appropriate forums, including in a letter following the renewal of the license and in any meetings and workshops with the Burmese timber industry. IWPA will make publicly available on our website its correspondence with MTE and other key actors in the Burmese timber trade. It will also continue to include in its periodic reports to the State Department (discussed below) a summary of these engagements and information on its other communications with MTE and other key actors in the Burmese timber trade, including information on what IWPA has communicated.
- U.S. importers operating under the license will encourage all mills supplying product to U.S. importers to work toward independent legality verification, and will provide guidance to those mills based on their experience and collaboration with existing efforts in Burma, on the ways to achieve this objective. In this connection, the U.S. importers have every reason to conduct legality verification because of their responsibilities under U.S. laws, including the 2008 amendment to the Lacey Act that expanded the scope of that law to include wood and wood products.
- IWPA will continue to provide support, wherever appropriate, to the efforts of the European Union Forest Law Enforcement, Governance, and Trade (FLEGT) Action Plan for Burma. IWPA will continue to provide information and explanations to its members on its activities to support the FLEGT process. To that end, IWPA will continue to consult with representatives overseeing the FLEGT process.
- IWPA will continue to consult with the Burmese civil society community during the license period and IWPA will share the results of its discussions with MTE with interested stakeholders.
- IWPA will share with its members that are operating under the license available information, including information learned during the first license period, to identify chain of custody gaps and suggest improvements to saw mills, and will urge its members to encourage their business partners to support and seek independent legality verification.
- IWPA will encourage its members to be responsible purchasers from MTE and other Burmese institutions and to be mindful of the U.S. Government's concerns that trade enhance broad-based development and reinforce political and economic reform, which are reflected in the Reporting Requirements on Responsible Investment in Burma. IWPA will continue to educate its members on relevant U.S. sanctions on Burma. In addition, if IWPA members meet the requirements of investors in Burma that trigger reports under the Reporting Requirements on Responsible Investment in Burma program and IWPA is aware of this information, IWPA will encourage them to fulfill their obligations under that program.

Writ large, IWPA understands the State Department would like to see improved behavior from all Burmese listed entities, including reducing their ties with the military, respecting human rights and the environment in which they operate, and ensuring that profits from natural resources benefit the citizens of Burma.

If a renewal is granted, the IWPA will not be working alone to advance U.S. interests and reforms in the Burmese timber industry, as IWPA's European and Australian counterparts share the same goals and are already working in these areas. Specifically, with a renewal, IWPA and its members can continue to coordinate with the Australian Timber Importers Association and the European Timber Trade Federation through the Global Timber Forum network to encourage and support the development of forestry reform

and a multi-stakeholder forest standard and would be able to help the developing Myanmar Timber Legality Assurance System meet domestic and international requirements and move the sector to longer-term sustainability. The IWPA understands the importance of reforms in the timber industry in Burma and will report to the Department of State on the actions it and its members have taken pursuant to the commitments stated above.

At the end of each four month period during the effective period of a renewed license, IWPA will summarize in written form for the Department of State Bureau of Economic and Business Affairs actions it and its members have taken pursuant to the commitments stated above in support of those U.S. government objectives, including information about the establishment of business relationships and the efforts made by IWPA and its members to help MTE and other Burmese entities create a transparent and sustainable lumber supply chain. IWPA will make these reports public with minimal redactions.

If you have questions, please contact Cindy Squires, IWPA's Executive Director, at (703) 820-6696 or cindy@iwpawood.com, or our outside counsel, Samuel Witten, Arnold & Porter LLP, (202) 942-6115, samuel.witten@aporter.com. Thank you for your consideration of this license request.

Sincerely,



Cindy L. Squires, Esq.
Executive Director
International Wood Products Association