



January 12, 2015

U Khin Maung Yee
Managing Director
Myanmar Timber Enterprise (Head Office)
Gyogone Forest Compound
Bayint Naung Road,
Insein Township, Yangon, Myanmar

Dear U Khin Maung Yee:

We are the leading import associations representing timber traders in United States of America (International Wood Products Association), Europe (European Timber Trade Federation) and Australia (Australian Timber Importers Federation).

In connection with potential increased trade opportunities we visited Myanmar jointly as a trade delegation in late September 2013 and met with representatives from MTE, civil society, the private sector, the government, and our respective Embassies.

We particularly appreciated our very productive meetings with MTE during our visit. We welcomed the willingness of MTE representatives to share MTE's privatization plans and to discuss trade from both our perspectives. We appreciated MTE's candor in discussing its operations and challenges, and its willingness to include representatives of domestic industry and civil society at the discussions.

Although the U.S., European and Australian markets are still small compared with some other importers of timber from Myanmar, we collectively represent great potential for being important markets for value-added wood products exported from Myanmar. Our markets are growing and can continue to grow substantially in the coming years.

As we look forward to expanding our trade with Myanmar, we are well aware that our traders must comply with our respective domestic requirements that prohibit illegally forested timber from be imported into our respective markets. Our hoped-for increases in trade with Myanmar -- and our future strengthened relationship with MTE -- will therefore only be possible if MTE continues its efforts toward increasing transparency in chain of custody of lumber and toward ensuring legality of log extraction and exports.

In this connection, we are encouraged by recent reforms in Myanmar such as the country's introduction of the log export ban, which can serve to facilitate increased government oversight of extraction and processing of lumber. We support this and other efforts that recognize the importance of ensuring that logs are harvested in

Myanmar in a sustainable manner and in full compliance with domestic law. We encourage Myanmar to develop an independent multi-stakeholder national verification scheme with a chain of custody that would be implemented by mills supplying wood products for export. We intend to work with the Myanmar Timber Merchants Association (MTMA) and supplying mills to identify lesser-known wood species that could have a market, and promote sustainable harvesting and legality verification in these timber species.

In our discussions with stakeholders during our recent trade mission, the importance of involving civil society and the domestic trade in developing a 'roadmap' for improved government oversight was clear. Improvements in government oversight of forest management and log harvesting; trade and transport; and the ability to assure illegal materials are not mixed in during transport and processing were among the items discussed. Only with such oversight can Myanmar undertake activities and regulatory reform that will help achieve sustainable forest management.

The MTMA's draft roadmap includes logical steps to achieve a multi-stakeholder definition of legality, verification of supply chains and ultimately implement good forest management. The MTMA proposed roadmap includes establishing the supply chain while the definition of legality is being constructed; upgrading the supply chain with stakeholder involvement; verifying the supply chain under the internationally recognized process; ensuring the plan is in line with the EUTR-VPA; and the establishment of a certified forest system in Myanmar. The sensible MTMA approach will help achieve the long-term sustainability of Myanmar's forest resources. We hope that it can be used as a starting point and that MTE can, with the support of stakeholders, develop and publicize the roles of the various stakeholders to support transparency initiatives.

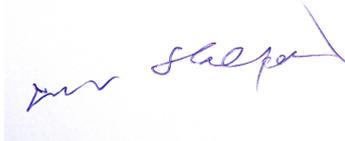
Through the MTMA effort and other initiatives, it should be possible to develop the technical ability to have clear targets to measure progress through a clearly defined process, with widespread knowledge of relevant legal requirements, and with stakeholders included as appropriate. This will take time but transparency and vigorous law enforcement is necessary for Myanmar and countries like ours that have strict legal requirements for importers.

In the case of the United States, the International Wood Products Association (IWPA) is currently operating under a one-year license issued by the United States Treasury Department on July 1, 2014, that permits its members to trade directly with MTE and/or its affiliates and subsidiaries, as well as other Burmese entities that source wood and wood products from MTE. In the first few months of 2015, IWPA plans to apply for another license that, if granted, would take effect when this first license expires. Our license is conditioned on our proactive engagement with MTE in reform efforts and we will be explaining our efforts in our submission. Top-level MTE commitment to a roadmap with particular milestones and timelines for reform, and definitive action on that roadmap, would go a long way to demonstrate progress, and is one way of demonstrating MTE's willingness to engage in change. Therefore, we all appreciated the excellent dialogue that began during our trade mission and look forward to continuing that dialogue in the coming year.

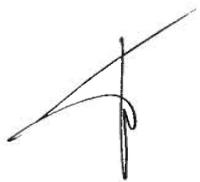
We look forward to a future bilateral relationship where investment is maximized to produce higher-value products that we know your industry has the expertise to deliver; along with well-governed forest management practices that result in a sustainable future for Myanmar's forest and timber sector. The international trade community in this area is dominated by small, often family businesses that are in this trade for the long term. We believe and advocate that timber is the most environmentally friendly renewable raw material if it is sourced from sustainably managed forests.

We recognize it is the responsibility of the Ministry of Environmental Conservation and Forestry through the Forest Department and MTE, along with the stakeholders of Myanmar, to manage and make positive changes in its forestry management regime. From our side we pledge to support and encourage initiatives that contribute to the implementation of such a roadmap.

Sincerely,



John Halkett, General Manager
Australian Timber Importers Federation



Andre De Boer, Secretary General
European Timber Trade Association



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

cc: Myanmar Timber Merchants Association