

**Questions for the Record Submitted To
Principal Deputy Assistant Secretary of State Joseph Yun by
Senator James Inhofe
Senate Committee on Foreign Relations
April 26, 2012**

Secretary Clinton has established a new Bureau of Energy Resources. In announcing the Bureau, the Secretary recognized the critical importance that energy plays around the world. In describing the Bureau's key missions, she said that it would seek to "increase access to energy in developing countries, expand good governance, and deepen transparency." Secretary Clinton acknowledged that U.S. energy companies are instruments in advancing transparency and safe and sustainable operations.

Question:

Assuming you agree with Secretary Clinton's assessment in establishing the Bureau on Energy Resources, do you agree that U.S. oil and gas companies would be instruments that could positively influence transparency and other reform goals in Burma?

The Chinese, French, and other nations are looking to increase investment in Burma's oil and gas sector right now.

Answer:

In all of our actions with respect to Burma, from foreign assistance to any potential new investment, the United States is seeking to ensure that we advance our overarching goal of a more democratic, prosperous, and freer future for the diverse peoples of Burma. We believe that U.S. companies, including oil and gas companies, can play a positive role in this effort by demonstrating high standards of responsible business conduct and transparency, including respect for human rights.

As Secretary Clinton announced on May 17, we are taking steps to authorize new U.S. investment in Burma, as well as the export of U.S. financial services to Burma, across all sectors. We believe these steps will help bring the country into the global economy, spur broad-based economic development, and support ongoing reform. We will proceed in a careful manner that supports positive change in Burma and will continue to consult closely with Congress as we move forward.

Question:

If the U.S. government does not allow U.S. oil and gas companies to explore for and produce resources in Burma in the coming months, will those resources go undeveloped or will companies from other countries like China and France fill the void?

Answer:

On May 17, Secretary Clinton announced that the U.S. government will take steps to authorize new U.S. investment in Burma, as well as the export of U.S. financial services to Burma, across all sectors, with the exception of arms.

Chinese, South Korean, Vietnamese, Thai, and Indian companies are already active in Burma's oil and gas sector, as is Total, a French company. Chevron, a U.S. company, retains a minority stake in one project that predated the imposition of the sanctions on new investment. According to press reports, Burma's 2011 bid round resulted in awards of 10 new onshore blocks to companies from Russia, Oman, India, Thailand, Indonesia, Malaysia, Switzerland, and China. Although Burma has a difficult investment climate, we believe Burma's future bid rounds are likely to generate significant international interest.

Question:

Do you agree that if sanctions were eased to allow for U.S. oil and gas companies to conduct business in Burma, the U.S. could assert a positive influence there through close monitoring, and in collaboration with the international community, help ensure strict enforcement of the Specially Designated Nationals list?

Answer:

As we take steps to ease our financial and investment sanctions in Burma, we will continue to monitor the situation carefully, work with our regional and like-minded partners, and restrict transactions with individuals and entities on the U.S. Treasury Department's Specially Designated Nationals list. We will work in close collaboration with U.S. companies and U.S. and Burmese civil society leaders to encourage responsible investment consistent with our overall goals of supporting Burma's reform process.

American companies can play a positive role in Burma in contributing to broad-based and sustainable economic development and in modeling high standards of labor and human rights, environmental stewardship, and transparency.

Question:

Do you agree that U.S. oil and gas companies are more transparent, and generally operate in a more free market manner than Chinese, Russian, or many other nationally-owned oil companies?

Answer:

Many U.S. companies in the extractives sector helped to create, and are active participants in, international initiatives to promote transparency and respect for human rights, including the Extractive Industries Transparency Initiative and the Voluntary Principles on Security and Human Rights. All U.S. companies, including oil and gas companies, must abide by restrictions in the Foreign Corrupt Practices Act and other U.S. laws that prohibit bribery and other corrupt practices when operating overseas. Furthermore, Section 1504 of the Dodd-Frank Wall Street Reform Act requires all companies who file reports with the U.S. Securities and Exchange Commission to disclose payments they make to foreign governments. These initiatives and requirements – along with the voluntary responsible investment and corporate governance activities undertaken by many U.S. companies - encourage U.S. companies to maintain high standards of transparency and accountability, particularly in difficult investment environments with weak institutional governance and rule of law, as is the case in Burma.

Question:

As potential instruments of U.S. foreign policy, is it not in our nation's interest to allow U.S. oil and gas companies to conduct business in Burma and have an opportunity to engage with and advance free market reforms there, and compete against Chinese and Russian own petroleum companies which may not value or support free-market or transparency agendas?

Answer:

We support a peaceful transition in Burma to a more democratic, prosperous, and free-market system that respects the rule of law, the fundamental human rights of its diverse peoples, and all of its international obligations. We believe U.S. companies can contribute to advancing economic reform by promoting high standards of accountability and transparent business practices, as well as improving the lives of the Burmese

people through their activities, and we encourage them to do so. On May 17, we announced that we will take steps to ease our bans on the export of financial services and new investment in a manner that supports Burma's economic and political reform process and contributes to a brighter future for its people.