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II. BURMA

A. SUMMARY EVALUATION

12. There has been a significant, if modest improvement in the position of the U.S. in Burma and in the attitudes and actions of the Burmese Government as they bear on U.S. objectives. However, the Soviet Union and Communist China have been able to continue their economic activities in Burma, even though, domestically, both communism and Marxist ideology have received a sharp setback. On January 29 Prime Minister Nu, with unanimous approval of the Anti-Fascist Peoples Freedom League (AFPFL) Executive Committee, announced the Government Party's complete disavowal of Marxism as its guiding political philosophy.

B. MAJOR OPERATING PROBLEMS FACING THE UNITED STATES

13. General. We necessarily attempt to accommodate our assistance programs to the political sensitivities and the technical deficiencies of the Burmese Government. However, difficulties in coping with Burmese attitudes, which often fail to take account of MSP legislation and ICA procedures, result in protracted and continual delays. While these disagreements thus far have been reconciled amicably, the consequent delays inevitably tend to vitiate the favorable results we hope to derive from assistance programs.

As a result there may be unfortunate contrast between our seeming rigidity and the apparent flexibility of the communist bloc in its economic and technical aid programs.

14. PL 480 Sales. The signing of a new PL 480 Sales Agreement with Burma has been delayed by Burmese Government requests for special treatment which though not inconsistent with the law required repeated exceptions to established policies. The fact that the Burmese Government is aware that substantial concessions have been made in the PL 480 agreements with other countries, particularly Poland, has complicated these negotiations. Final agreement appears to be at hand.

15. Development Assistance. An approach by the Burmese for a new Development Assistance Loan in the amount of \$75 million is anticipated. Difficulties in developing projects on an acceptable basis under the present \$25 million loan portend inevitable difficulties in the use of the DLF for financing future Burmese projects.

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