FATF ◆ GAFI

Financial Action Task Force ◆ Groupe d'action financière

FATF TARGETS CROSS-BORDER CASH MOVEMENTS BY TERRORISTS AND CRIMINALS

The Financial Action Task Force (FATF), meeting in Paris from 20-22 October, has added a key element to the world's counter-terrorist financing defences. The new measure, Special Recommendation IX, calls on countries to stop cross-border movements of currency and monetary instruments related to terrorist financing and money laundering and confiscate such funds. It also calls for enhanced information-sharing between countries on the movement of illicit cash related to terrorist financing or money laundering.

"We want to put an end to cash smuggling used to fund terrorism and criminal activities," said Jean-Louis Fort, President of FATF. "We're going to make it tougher to move terrorist money across borders and make it harder for terrorists to operate."

A webcast of the closing FATF news conference is available at: www.minefi.gouv.fr.

FATF members have withdrawn the counter-measures against Myanmar and Nauru, as these countries have now introduced new measures to remedy anti-money laundering deficiencies. Myanmar has enacted rules for the Mutual Assistance in Criminal Matters Law on 14 October 2004; Nauru has taken several significant steps to ensure that offshore banks previously licensed in Nauru no longer exist and no longer conduct banking activity. However, both countries will remain on the list of non-cooperative countries and territories (NCCTs) until they address remaining deficiencies and adequately implement the necessary laws. The FATF also welcomes the additional progress made by the Cook Islands, Indonesia and the Philippines and plans to visit these countries to confirm the effective implementation of their reforms.

The FATF continues to use the NCCT list to call on financial institutions to scrutinise transactions with persons, businesses, or banks in listed countries or territories with inadequate anti-money laundering infrastructures. The current list of NCCT countries is: Cook Islands, Indonesia, Myanmar, Nauru, Nigeria and the Philippines. The FATF will continue to work towards ensuring that all countries implement effective anti-money laundering/counter terrorist financing (AML/CFT) systems.

FATF-style regional bodies are important components of the global network of international organisations and bodies that combat money laundering and terrorist financing. These bodies are committed to implementing the FATF Recommendations. To further increase its co-operation with such bodies, the FATF will hold a joint session with the Asia/Pacific Group on Money Laundering in June 2005 in Singapore to highlight AML/CFT initiatives in the region.

At the beginning of October in Moscow, a new regional body, the Eurasian Group (EAG), was formed. Mr. Fort stated: "FATF very much welcomes the creation of the EAG and its admission as an observer to FATF. Initiated by the Russian Federation, the EAG also includes Belarus, the People's Republic of China, Kazakhstan, Kyrgyzstan and Tajikistan. It spans a huge area of the globe and provides a new and necessary mechanism for fighting terrorists and money launderers in this region."

FATF also looks forward to the creation of a new regional body in the Middle East and North Africa (MENAFATF). A group of countries from the Middle East and North Africa will hold a Ministerial meeting to form this body on 29-30 November in Bahrain.[1] The FATF fully supports this initiative, and Mr. Fort will attend the inaugural meeting.

Before the end of the year, Mr. Fort will lead a high level delegation to Beijing to meet with senior officials. This is an important step towards China's membership in FATF. If successful, the visit would be followed by an evaluation of China's anti-money laundering and counter-terrorist financing system.

Notes to editors:

1. For further information, journalists are invited to contact Helen Fisher, OECD Media Relations (tel.: +33 1 45 24 80 97 or helen.fisher@oecd.org) or the FATF Secretariat, 2, rue André-Pascal, 75775 Paris Cedex 16 (tel.: +33 1 45 24 79 45, fax: +33 1 45 24 17 60 or e-mail: contact@fatf-gafi.org).

2. Further information about the FATF, its efforts to combat money laundering and terrorist financing, and the current list of non-cooperative countries and territories can be found at http://www.fatf-gafi.org.

3. The FATF is an inter-governmental body whose purpose is the development and promotion of policies, both at national and international levels, to combat money laundering and terrorist financing. The FATF Secretariat is housed at the OECD. The thirty-one member countries and governments of the FATF are: Argentina; Australia; Austria; Belgium; Brazil; Canada; Denmark; Finland; France; Germany; Greece; Hong Kong, China; Iceland; Ireland; Italy; Japan; Luxembourg; Mexico; the Kingdom of the Netherlands; New Zealand; Norway; Portugal; the Russian Federation; Singapore; South Africa; Spain; Sweden; Switzerland; Turkey; the United Kingdom; and the United States. The European Commission and the Gulf Co-operation Council are also members of the FATF.

[1] The anticipated initial members include: Algeria, Bahrain, Egypt, Jordan, Kuwait, Morocco, Lebanon, Oman, Qatar, Saudi Arabia, Syrian Arab Republic, Tunisia, United Arab Emirates and Yemen.

ANNEX

SPECIAL RECOMMENDATION IX: CASH COURIERS

Countries should have measures in place to detect the physical cross-border transportation of currency and bearer negotiable instruments, including a declaration system or other disclosure obligation.

Countries should ensure that their competent authorities have the legal authority to stop or restrain currency or bearer negotiable instruments that are suspected to be related to terrorist financing or money laundering, or that are falsely declared or disclosed.

Countries should ensure that effective, proportionate and dissuasive sanctions are available to deal with persons who make false declaration(s) or disclosure(s). In cases where the currency or bearer negotiable instruments are related to terrorist financing or money laundering, countries should also adopt measures, including legislative ones consistent with Recommendation 3 and Special Recommendation III, which would enable the confiscation of such currency or instruments.

A full text of the Interpretative Note is available at www.fatf-gafi.org.