



Financial Action Task Force on Money Laundering
Groupe d'action financière sur le blanchiment de capitaux



Organisation for Economic Co-operation and Development
Organisation de Coopération et de Développement Economiques

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FATF Annual Report for 2001-2002 released

The Financial Action Task Force on Money Laundering (FATF) issued its thirteenth annual report. The report outlines the main achievements of the FATF in 2001-2002 under the Presidency of Hong Kong, China, including the significant progress that has been made in combating terrorist financing and in the work on non-cooperative countries and territories (NCCTs).

A major priority of the FATF during 2001-2002 has been the implementation of its Plan of Action to counter terrorist financing, which includes a self-assessment process for all its members on their anti-terrorist financing measures. Only eight months after the creation of the Eight Special Recommendations, FATF members are working to quickly come into compliance. FATF will continue to strive for full compliance of these Recommendations, both with its own membership and globally.

In keeping with its commitment to global compliance, a voluntary self-assessment process for all other countries of the world was also launched, on the same basis as for FATF members, and the FATF has so far received more than 50 responses. FATF President Clarie Lo said: "We are very encouraged by the participation of non-FATF countries in this exercise and we will work to ensure that countries that have not yet replied to the questionnaire do so by 1 September." The FATF has also established a working group to identify, on the basis of the replies to the self-assessment questionnaire, centres that lack appropriate measures to counter terrorist financing for follow-up assessment and/or technical assistance by the IMF, World Bank and the United Nations.

The FATF removed Hungary, Israel, Lebanon; and St. Kitts and Nevis from the list of non-cooperative countries and territories (NCCTs) in the fight against money laundering. In line with past practice, the FATF will continue to monitor closely future developments in these jurisdictions.

The current list of NCCTs is as follows: **Cook Islands; Dominica; Egypt; Grenada; Guatemala; Indonesia; Marshall Islands; Myanmar; Nauru; Nigeria; Niue; Philippines; Russia; St. Vincent and the Grenadines; and Ukraine.** Accordingly, the FATF calls on its members to update their advisories requesting that their financial institutions give special attention to businesses and transactions with persons, including companies and financial institutions, in listed countries or territories to take into account the changes in the list.

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The FATF welcomed further progress made by a number of the 15 jurisdictions on the list.¹ On the basis of the progress made, Grenada, Niue, Russia and St. Vincent and the Grenadines will be invited to submit implementation plans to enable the FATF to evaluate the actual implementation of their legislative changes. At its next Plenary meeting on 9-11 October 2002, the FATF will review again the situation of each NCCT.

The FATF has decided to recommend the application of additional countermeasures (including the possibility of enhanced surveillance and reporting of financial transactions and other relevant actions) as of 31 October 2002 with respect to Nigeria if its government fails to enter into immediate contact with the FATF and enact adequate legal reforms. Due to the failure of Nauru to address the deficiencies of its offshore banking sector, FATF members will continue to apply counter-measures against this jurisdiction. The FATF believes that the existence of shell banks that have no physical presence presents an unacceptable money laundering risk and urges Nauru to abolish these entities.

The FATF is also concerned by the lack of progress in Ukraine in enacting appropriate legislation since its listing in September 2001. The FATF notes the 18 June 2002 statement by the President of Ukraine that passage of money laundering legislation introduced on 14 June is a priority. Absent enactment of comprehensive legislation by the next Plenary, the FATF will then consider the adoption of additional countermeasures.

With the aim of reinforcing the international anti-money laundering standard and for the first time since the adoption of its Forty Recommendations in 1990, the FATF has issued a Consultation Paper,² setting out a range of issues being considered as FATF reviews the Recommendations. Consultations regarding this paper are continuing and the review of the FATF world standards is expected to be completed early in 2003.

The FATF also announced that South Africa has been invited to join as an observer at its FATF's next meeting in October. This follows a political commitment by the South African government to endorse the FATF Recommendations, to undergo two mutual evaluations and to play an active anti-money laundering role in its region. Full membership will be effective upon a positive outcome of a first mutual evaluation.

The FATF reinforced collaboration with the international financial institutions. FATF endorsed the use of a comprehensive methodology, based on all FATF 40 and 8 Recommendations in conducting assessments as part of the IMF/World Bank Financial Sector Assessment Program and its Reports on Observance of Standards and Codes process. FATF also agreed to make available experts in anti-money laundering and combating terrorist financing issues from FATF and FATF-style regional bodies for IMF/World Bank-led mission teams to assess compliance based on the comprehensive methodology.

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

The FATF is an independent international body whose Secretariat is housed at the OECD. The twenty nine 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; Singapore; Spain; Sweden; Switzerland; Turkey; United Kingdom and the United States. Two international organisations are also members of the FATF: the European Commission and the Gulf Co-operation Council.

For further information regarding the news conference, please 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).

¹ An update of the action taken by NCCTs since January-February 2002 is annexed. A full report on NCCTs 2001-2002 is available at: http://www.fatf-gafi.org/NCCT_en.htm.

² Available at (www.fatf-gafi.org/40RecsReview_en.htm)

ANNEX

Update on Action Taken by NCCTs Since January-February 2002

Four jurisdictions have enacted most, if not all, legislation and regulations to remedy their previously identified deficiencies.

- Grenada enacted the International Financial Services (Miscellaneous Amendments) Act 2002 (no. 2 of 2002); the Grenada International Financial Services Authority (Amendment) Act 2002 (No. 13 of 2002); the Offshore Banking (Amendment) Act 2002 (No. 14 of 2002); the Money Laundering (Prevention) (Amendment) Act 2002 (No. 15 of 2002); and the International Companies (Amendment) Act 2002 (No. 16 of 2002).
- Niue enacted the International Banking Repeal Act 2002 which was brought into force on 5 June 2002, and which will eliminate Niue's offshore banks by October 2002.
- In Russia, the law "On Combating the Legalisation of Income by Criminal Means" came into effect on 1 February 2002. Government Ordinance No. 211 of 2 April 2002 provided the Financial Monitoring Committee (FMC) with specific authorities in line with the responsibilities of a financial intelligence unit. Government Ordinance No. 245 of 17 April 2002 "On Approval of the Regulation on the Procedure for Submitting Information to the FMC by Organizations Performing Operations with Money and Other Property" specified reporting procedures for obligated institutions.
- St. Vincent and the Grenadines enacted amendments to various Acts in April and May 2002, and the Exchange of Information Act no. 29 of 2002 of 30 May 2002 that repealed the previously restrictive Confidential Relationships Preservation (International Financial Act). St. Vincent and the Grenadines also enacted: the Proceeds of Crime (Money Laundering) Regulations 2002 of 29 January 2002 (S.R.&O. No. 5 of 2002); the Proceeds of Crime (Money Laundering) (Amendment) Regulations 2002 of 26th April 2002 (S.R.&O. n° 29 of 2002); the Financial Intelligence Unit (Amendment) Act n° 24 of 2002 of 28th May 2002; the Proceeds of Crime and Money Laundering (Prevention) (Amendment) Act n° 25 of 2002 of 28th May 2002; the International Business Companies (Amendment) Act n° 26 of 2002 of 28th May 2002; the International Trusts (Amendment) Act n° 27 of 2002 of 28th May 2002; and the International Banks (Amendment) Act n° 30 of 2002 of 30th May 2002.

Other jurisdictions have passed legislation or are taking steps to implement the recently enacted legislation.

- The Cook Islands' Money Laundering Prevention Regulations, promulgated on 23 January 2002, came into force on 7 February 2002.
- Dominica enacted the Exchange of Information Act on 31 January 2002.
- Egypt enacted Law no. 80-2002 for Combating Money Laundering on 22 May 2002.
- Guatemala enacted significant reforms, including the Banks and Financial Groups Law No. 19-2002 on 1 June 2002 and its implementing regulations on 3 June 2002, as well as the Regulation No. 118-2002 for the "Anti-Money or Other Assets Money Laundering Law" on 27 April 2002.
- Indonesia enacted Law of the Republic of Indonesia no. 15/2002 concerning Money Laundering Criminal Acts on 17 April 2002.
- The Marshall Islands enacted regulations that provide standards for reporting and compliance on 27 May 2002.
- On 17 June 2002, Myanmar enacted the "Control of Money Laundering Law".
- In the Philippines, implementing rules for the Anti-Money Laundering Act of 2001 took effect on 2 April 2002.