

14. Transnational Crime and Corruption [232]

Commitment

“We maintained our commitment to implement and promote the FATF recommendations, the UN Convention on Transnational Organized Crime, and the UN Convention Against Corruption.”

*Fighting High-Level Corruption*⁹³⁴

Background

Cognizant of the problems that non-transparent governance and corruption presents to economic growth and global stability, the G8 has fought transnational crime by creating specific institutions such as, the Financial Action Task Force (FATF) in 1989 to combat money laundering and terrorist financing, and the Senior Experts’ Lyon Group in 1995 to establish norms and recommendations for the international community. At Evian, the G8 committed to strengthening the OECD Anti-Bribery Convention, concluding the UN Convention Against Corruption and supporting the accelerated ratification of the UN Convention Against Transnational Organized Crime. However, the G8 must move to conclude its collective ratification of the UN Convention Against Corruption as several members including Canada, Germany, Italy, Japan and the European Community have yet to do so. Shortly after the St. Petersburg Summit, Italy became the second to last member to finally ratify the Convention on Transnational Organized Crime; Japan has signed but not ratified the treaty.

The G8 also pledged to encourage partner countries and companies, both in the private and public sectors, to disclose pertinent information to various IFIs such as, the World Bank or the IMF. At the 2004 Sea Island Summit, the G8 reiterated its commitment to fighting corruption and improving transparency and accountability in coordination with other relevant actors, and formed compacts with the governments of Georgia, Nicaragua, Nigeria, and Peru. More recently, the G8 pledged to continue its earlier efforts to “promote transparency in public financial management and accountability, including by following through on our 2004 Sea Island commitment to launch four compacts, and our 2005 Gleneagles commitment to increase support for the Extractive Industries Transparency Initiative (EITI) and countries implementing it.” As the G8 appreciates the connection between good governance and best practices, at St. Petersburg, the G8 committed both to prosecuting acts of corruption and to preventing corrupt politicians from holding office.

	UN Convention Against Transnational Organized Crime ⁹³⁵		UN Convention Against Corruption ⁹³⁶	
	Signed	Ratified	Signed	Ratified
Canada	14 Dec 2000	13 May 2002	21 May 2004	
France	12 Dec 2000	29 Oct 2002	09 Dec 2003	11 Jul 2005
Germany	12 Dec 2000	14 June 2006	09 Dec 2003	
Italy	12 Dec 2000	02 Aug 2006	09 Dec 2003	
Japan	12 Dec 2000		09 Dec 2003	
Russia	12 Dec 2000	26 May 2004	09 Dec 2003	09 May 2006
United Kingdom	14 Dec 2000	09 Feb 2006	09 Dec 2003	09 Feb 2006
United States	13 Dec 2000	03 Nov 2005	09 Dec 2003	30 Oct 2006
European Union	12 Dec 2000	21 May 2004	15 Sept 2005	

Team Leader: Susan Khazaeli

⁹³⁴ Fighting High Level Corruption, G8 Research Group, (Toronto), 16 July 2006. Date of Access: 12 January 2007. www.g7.utoronto.ca/summit/2006stpetersburg/corruption.html.

⁹³⁵ United Nations Convention Against Corruption, United Nations Office on Drugs and Crime, (Vienna), 21 May 2007. Date of Access: 21 May 2007. http://www.unodc.org/unodc/crime_signatures_corruption.html

⁹³⁶ United Nations Convention Against Transnational Organized Crime, United Nations Office on Drugs and Crime, (Vienna), 21 May 2007. Date of Access: 21 May 21, 2007. http://www.unodc.org/unodc/en/crime_cicp_signatures_convention.html

Assessment

2006 Final Compliance Score			
	Lack of Compliance	Work in Progress	Full Compliance
Canada		0	
France		0	
Germany		0	
Italy		0	
Japan		0	
Russia		0	
United Kingdom		0	
United States		0	
European Union		0	
Overall		0	

Canada: 0

Canada has taken many of the necessary steps toward registering compliance with its St. Petersburg commitment on transnational crime, specifically in the implementation of the Financial Action Task Force (FATF) recommendations, and in the support of the UN Convention Against Transnational Crime. Prior to the summit, former Assistant Deputy Minister of the Financial Sector Policy Branch in Canada's Department of Finance, Frank Swedlove assumed the presidency of the FATF, and shortly thereafter, from 9 to 13 October 2006, Canada hosted a plenary in Vancouver that saw the release of two reports on improved methods of combating money laundering and terrorist financing.⁹³⁷ In a keynote address at an American and Middle East and North Africa Private Sector Dialogue (US-MENA PSD) conference on the twin problems of anti-money laundering and counter-terrorist financing, on 7 December 2006, Swedlove encouraged the full implementation of the 40 + 9 Recommendations.⁹³⁷ Recognizing that the mounting problems of transnational crime can only be remedied through close, and concerted international cooperation and through the open exchange of information, he continued that "a truly global network with consistent application of the standards is essential if we are to ensure criminals and terrorists do not have access to the financial resources they need to survive and grow."⁹³⁸

As a state party to the UN Convention Against Transnational Organized Crime, Canada contributes to the global fight against transnational crime. Since the country understands the link from the proceeds of money laundering to terrorism and other crimes, the government has drafted plans for concentrated efforts to eliminate fraudulence and corruption. In March, Finance Minister Jim Flaherty announced the government's decision to pursue free trade securities alongside its G8 colleagues, which includes "moving towards a principles-based common securities regulator and cracking down on white collar crime and tax havens."⁹³⁹

Prompted by the sponsorship scandal that marred the previous government, the present government promised to deliver the Federal Accountability Act, which would seek to eliminate corruption and bribery among public officials and 'politically (foreign) exposed persons' (PEPs). The Act, which passed into law on 12 December 2006, "makes substantive changes to 45 statutes and amends over 100 others, delivers on the Government's promise to put in place a five year lobbying ban, to eliminate corporate and union donations, and to protect whistleblowers, among other reforms."⁹⁴⁰ This legislation complies with several FATF recommendations, including proposals for anti-bribery laws, detection, and reporting programs.

⁹³⁷ Current initiatives of the FATF Key note address to the US-MENA PSD, Financial Action Task Force, (New York), 12 December 2006. Date of Access: 12 January 2007. www.fatf-gafi.org/dataoecd/45/58/37865158.pdf.

⁹³⁸ Current initiatives of the FATF Key note address to the US-MENA PSD, Financial Action Task Force, (New York), 12 December 2006. Date of Access: 12 January 2007. www.fatf-gafi.org/dataoecd/45/58/37865158.pdf.

⁹³⁹ Perkins, Tara, "Securities: Canada will pursue trade in them with U.S., rest of G7," *Globe and Mail*, (Toronto), 19 March 2007, Date of Access: 22 April 2007. <http://www.theglobeandmail.com/servlet/story/RTGAM.20070319.wbudgettrade20/BNStory/budget2007>

⁹⁴⁰ Federal Accountability Act becomes Law, Office of the Prime Minister, (Ottawa), 12 December 2006, Date of Access: 8 May 2007. <http://www.pm.gc.ca/eng/media.asp?category=1&id=1455>

While Canada is party to the Convention Against Transnational Crime, it has not agreed to the terms of the Protocol against the Illicit Manufacturing of and Trafficking in Firearms, Their Parts and Components and Ammunition.⁹⁴¹ At the same time, Canada has not yet ratified the UN Convention Against Corruption. However, on 22 March 2007, Minister of Justice Rob Nicholson declared that the requisite changes were made to the Criminal Code so as to allow the country to ratify and implement the Convention.⁹⁴² Nicholson reasserted the government's commitment to fighting crime, saying, "Canada is proud to be taking this step on the road toward full participation in the UN Convention Against Corruption. The Convention is a global instrument that takes preventive measures against corruption, which is a scourge for democratic societies the world over. In calling upon countries to criminalize acts of corruption, the Convention promotes international cooperation in the fight against corruption."⁹⁴³ Canada is thus working toward achieving compliance with its commitment to transnational crime.

Analyst: Susan Khazaeli

France: 0

France has complied with the commitments set out at the St. Petersburg summit. Although France has worked toward promoting the Financial Action Task Force (FATF) and United Nations (UN) Conventions, it has not undertaken any specific steps toward implementing the commitments' objectives on a more domestic level. Since St. Petersburg, it has yet to create initiatives on anti-corruption or on combating transnational crime domestically, however, France has promoted several anti-corruption initiatives abroad.

France has attended several regional anti-corruption conferences. A French delegation to the Group of States Against Corruption (GRECO) was among those in attendance at the 30th and the 31st plenary sessions, held from the 9 –13 October and the 4 to 8 December 2006 respectively.⁹⁴⁴ At the latter session, the head of the Legal Studies and Control Division within the department of Legal Affairs of the National Assembly of France presented on political party financing.⁹⁴⁵ As an observer member, France also sent a delegation to the Middle East and North Africa Financial Action Task Force (MENAFATF) meeting in the United Arab Emirates, which was held from the 13 to 15 November 2006.⁹⁴⁶ France continued with its initiatives to support anti-corruption legislation in the Middle East when the Embassy of France in Bahrain co-hosted a regional training program on anti-money laundering techniques on 28 to 29 March 2007.⁹⁴⁷ In addition, France hosted the joint meeting between the FATF and the Council of Europe's MONEYVAL in Strasbourg from 21 to 23 February 2007.⁹⁴⁸

In keeping with its commitment to promote the UN Convention Against Corruption, France contributed a legal delegation to helping Indonesia establish anti-corruption laws, specifically concerning the proper application of the Convention.⁹⁴⁹ The following month, from 14 to 15 December, France attended the Fifth Plenary meeting of the Eurasian Group (EAG) to review the levels of cooperation

⁹⁴¹ "Protocol against the Illicit Manufacturing of and Trafficking in Firearms, Their Parts and Components and Ammunition, supplementing the United Nations Convention against Transnational Organized Crime: Signatories," United Nations Office on Drugs and Crime, (Vienna), 2006. Date of Access: 18 April 2007. http://www.unodc.org/unodc/crime_cicp_signatures_firearms.html

⁹⁴² Minister of Justice Announces proposed amendments to the Criminal Code to allow Canada to ratify and implement the UN Convention Against Corruption, Department of Justice, (Ottawa), 22 March 2007, Date of Access: 8 May 2007. http://www.justice.gc.ca/en/news/nr/2007/doc_31993.html

⁹⁴³ Minister of Justice Announces proposed amendments to the Criminal Code to allow Canada to ratify and implement the UN Convention Against Corruption, Department of Justice, (Ottawa), 22 March 2007, Date of Access: 8 May 2007. http://www.justice.gc.ca/en/news/nr/2007/doc_31993.html

⁹⁴⁴ Calendar of GRECO meetings, Group of States Against Corruption, (Strasbourg), November 2006, Date of Access: 4 January 2007. www.coe.int/t/dg1/greco/meetings/calendar2006_en.asp.

⁹⁴⁵ Revised Draft Agenda 31st Plenary Meeting, Group of States Against Corruption, (Strasbourg), 21 November 2006, Date of Access: 4 January 2007. [www.coe.int/t/dg1/greco/documents/2006/GRECO\(2006\)OJ31rev_en.pdf](http://www.coe.int/t/dg1/greco/documents/2006/GRECO(2006)OJ31rev_en.pdf).

⁹⁴⁶ Laundering clamp hailed, Gulf Daily News, (Bahrain), 6 December 2006, Date of Access: 20 December 2006. www.gulf-daily-news.com/1yr_arc_Articles.asp?Article=163663&Sn=BUSI&IssueID=29261&date=12-6-2006.

⁹⁴⁷ CBB, Embassy of France to host regional event on anti-money laundering techniques, AME Info (Dubai) 25 March 2007, Date of Access: 31 March 2007. <http://www.ameinfo.com/114674.html>

⁹⁴⁸ Chairman's Summary of the FATF/MONEYVAL Plenary in Strasbourg 21 - 23 February 2007, Financial Action Task Force, (Strasbourg), 23 February 2007, Date of Access: 16 April 2007. <http://www.oecd.org/dataoecd/28/6/38164024.pdf>

⁹⁴⁹ France Helps Amend Corruption Law, Tempo Interactive, (Jakarta), 14 November 2006, Date of Access: 19 November 2006. www.tempointeractive.com/hg/nasional/2006/11/14/brk,20061114-87672,uk.html.

between the Group and other regional or international organizations and to discuss the ties between corruption and money laundering.⁹⁵⁰

In a daily briefing, the Ministry of Foreign Affairs spokesperson emphasized the importance of the 1st meeting of the states party to the United Nations Convention against Corruption, held in Jordan from 10 to 14 December 2006. This conference reviewed the Convention's implementation one year after its entry into force.⁹⁵¹ France also attended the ministerial Global Forum V on Fighting Corruption and Safeguarding Integrity, which was held from 2 to 5 April 2007 in Johannesburg, as a follow up to the December meeting in Jordan on implementing the UN Convention Against Corruption.⁹⁵²

In regards to the UN Convention on Transnational Organized Crime, at its third session, held in Vienna from 9 to 18 October 2006, the Conference of the Parties to the Convention adopted three decisions regarding the implementation of the Convention.⁹⁵³

Analyst: Hilary Peden

Germany: 0

Germany has made significant strides toward fulfilling its St. Petersburg commitments through promoting the Financial Action Task Force (FATF) recommendations, the UN Convention Against Transnational Organized Crime, and the UN Convention Against Corruption.

Following the conclusion of the summit, German Chancellor Angela Merkel declared at a press conference on 21 August 2006 that widespread corruption in Africa is greatly contributing to the continent's development challenges.⁹⁵⁴ As the host of the upcoming summit, Germany reaffirmed its intention to fight corruption in Africa. This year's agenda will focus on "improving systemic stability and transparency of financial markets" and on "the need to develop structures that will encourage private investment... more democracy, less corruption."⁹⁵⁵

Germany has also made considerable progress with regard to implementing the FATF recommendations. Germany attended the FATF Vancouver Plenary from 9 to 13 October 2006,⁹⁵⁶ as well as, encouraged reforms in the Romanian departments of justice and home affairs during a preparatory bilateral meeting, held on 2 November 2006, between Romanian Prime Minister Calin Popescu-Tariceanu and Chancellor Merkel.⁹⁵⁷ Foreign Minister Steinmeier made similar recommendations to Bulgaria regarding its entry into the EU along with Romania on 1 January 2007. Through the Financial Intelligence Union at the Federal Criminal Police Office, Germany continued efforts at investigating suspicious financial transactions in cooperation with other federal organizations and countries.⁹⁵⁸ Additionally on 29 March 2007, Germany, as president of the EU, engaged in talks with five central Asian republics on corruption, transnational and organized crime within the region.⁹⁵⁹

An informal meeting of the EU Ministers of Justice and Internal Affairs, held in Dresden from 14 to 16 January 2007, highlighted the fight against terrorism and crime as integral to shaping and

⁹⁵⁰ On the 5th EAG Plenary meeting, Eurasian Group, (Moscow), 15 December 2006, Date of Access: 2 January 2006. www.eurasiangroup.org/14.htm.

⁹⁵¹ Amman summit on fight against corruption, French Embassy in the United Kingdom, (London), 8 December 2006, Date of Access: 16 April 2007. <http://www.ambafrance-uk.org/Excerpts-from-the-Spokesperson-s,8213.html>

⁹⁵² Global Anti-Corruption Forum To Focus on Turning Words into Deeds, USINFO, (Washington), 1 March 2007, Date of Access: 31 March 2007. http://media-newswire.com/release_1044647.html

⁹⁵³ Third session of the Conference of the Parties to the United Nations Convention against Transnational Organized Crime, United Nations Office on Crime and Drugs, (Vienna), Date of Access: April 16 2007. http://www.unodc.org/unodc/organized_crime_untoc_2006_decisions_3.html#decision2

⁹⁵⁴ [Pressekonferenz von Bundeskanzlerin nach der Sommerpause] Press Conference by the Federal Chancellor after the summer break, Federal Government, (Berlin), 21 August 2006. Date of Access: 22 November 2006. www.bundesregierung.de/nn_774/Content/DE/Mitschrift/Pressekonferenzen/2006/08/2006-08-21-pk-merkel.html.

⁹⁵⁵ Focuses of the German G8 Presidency, Federal Government, (Berlin), 18 October 2006. Date of Access: 20 November 2006. www.bundesregierung.de/nn_6516/Content/EN/Artikel/2006/10/2006-10-18-schwerpunkte-deutsche-g8-pr_C3_A4sidentschaft_en.html

⁹⁵⁶ Financial Action Task Force. Chairman's Summary: Vancouver Plenary, (Paris), 13 October 2006. Date of Access: 13 January 2007. www.fatf-gafi.org/searchResult/0,2665,en_32250379_32235720_1_1_1_1_1,00.html.

⁹⁵⁷ Agreement on European Policy Issues, Federal Government, (Berlin), 26 September 2006. Date of Access: 20 November 2006. www.bundesregierung.de/nn_6516/Content/EN/Artikel/2006/11/2006-11-02-einig-in-europapolitischen-fragen_en.html.

⁹⁵⁸ Combating the Financing of Terrorism, Federal Ministry of the Interior, (Berlin). 2007. Date of Access: 16 April 2007. http://www.eu2007.bmi.bund.de/cln_028/nn_211020/Internet/Content/Themen/EuropaInternationales/DatenundFakten/Bekae mpfung_der_Finanzierung_des_Id_93033_en.html

⁹⁵⁹ [Außenministertreffen der EU-Troika mit den fünf Staaten Zentralasiens Rede von Staatsminister Erler im Deutschen Bundestag zur Zusammenarbeit der EU mit Zentralasien] Speech of State Minister Erler to the German Bundestag on Cooperation between the EU and Central Asia on the meeting of the EU-Trio Foreign Ministers with the five central-Asian states, (Berlin). 29 March 2007. Date of Access: 12 April 2007. <http://www.auswaertiges-amt.de/diplo/de/Infoservice/Newsletter/pdf-Anlagen/Monatsrueckblick0703.pdf>.

empowering European freedoms, including security and justice. In preparation for this meeting German Federal Minister of Internal Affairs, Dr. Wolfgang Schäuble added that the fight against crime and terrorism "is an area where our citizens expect Europe to provide common solutions."⁹⁶⁰

Through the communiqué issued by the preparatory meeting of the G8 Finance Ministers held on 9 to 10 February 2007, Germany agreed to work with the FATF to fight money laundering by encouraging the Task Force to continue to work in jurisdictions that have failed to meet international standards.⁹⁶¹ In recognizing the vulnerability of countries with large extractive industries to corruption, Germany repeated the importance of the Extractive Industries Transparency Initiative (EITI) in ensuring that revenues from the natural resource industries are properly collected and accurately recorded.⁹⁶² It further reiterated on 18 December 2006 that the poor distribution of oil revenues to social and economic development programs in African oil-producing countries would become the next target in the fight against corruption.⁹⁶³

Nevertheless, Germany's progress in fighting transnational crime and corruption through the presidency of the EU, support for the EITI and the FATF, and setting the agenda for the Heiligendamm Summit are all off-set by its continued failure to ratify the UN Convention Against Corruption.⁹⁶⁴ This failure therefore precludes Germany from achieving full compliance.

Analyst: Tatyana Lanshina and Alexandra Lapin

Italy: 0

Italy has not taken sufficient measures toward attaining compliance with its St. Petersburg commitments on transnational crime and corruption. Following the summit, on 2 August 2006, Italy ratified the UN Convention Against Transnational Organized Crime and all of its associated protocols.⁹⁶⁵ However, Italy has signed but, not yet ratified the UN Convention Against Corruption.⁹⁶⁶

Italy has contributed to the global fight against transnational organized crime. From 9 to 13 October, Italy participated in the Financial Action Task Force (FATF) Vancouver Plenary.⁹⁶⁷ It also supplied legal expertise to a Task Force assessment force scrutinizing anti-money laundering practices in Iceland, and ensuring their accordance with the FATF Forty Recommendations plus the Nine Special Recommendations.⁹⁶⁸ Still, corruption, extortion, and bribery remain serious problems in the country. According to the 2006 Transparency International's Corruption Perception Index (CPI) for Western Europe and the European Union, Italy lags behind other G8 members in position 45, with a low score of 4.9.⁹⁶⁹ The acquittal of former Prime Minister, Silvio Berlusconi, in a corruption case has raised new concerns about the ability or the willingness of the justice system to effectively prosecute public officials and the elite.⁹⁷⁰

⁹⁶⁰ Speech of Federal Minister of the Interior Dr. Wolfgang Schäuble at the Informal Meeting of EU Ministers of Justice and Home Affairs, Bundesministerium der Justize, (Berlin), 16 January 2007. Date of Access: 3 April 2007. http://www.bmj.bund.de/enid/7b4f091901b99de770b362bab6f34c1e,eb883d706d635f6964092d0933393832093a095f7472636964092d0933303335/Press_Releases_and_Speeches/Press_Releases_zg.html.

⁹⁶¹ Draft Communiqué of the G7 Finance Ministers Meeting, 9-10 February 2007, (Rome). 10 February 2007. Date of Access: 12 April 2007. http://www.dt.tesoro.it/Aree-Docum/Relazioni-/G7-e-gli-a/G7/Documentaz/2007/4th-draft-communiqué-f-r-JW_clean.pdf.

⁹⁶² Report of the International Advisory Group, The Extractive Industries Transparency Initiative, (London), October 2006. Date of Access: 24 November 2006. www.eitransparency.org/UserFiles/File/oslo2006/finaliagreport.pdf. Statement of Outcomes, Third EITI Plenary Conference, Norwegian Ministry of Foreign Affairs, (Oslo), 16-17 October 2006. Date of Access: 24 November 2006. www.eitioslo.no/About+the+conference/statement+of+outcomes.htm.

⁹⁶³ Germany to turn spotlight on Africa's energy problems, Department of Foreign Affairs, (Berlin), 18 December 2006. Date of Access: 25 December 2006. www.auswaertiges-amt.de/diplo/en/WillkommeninD/D-Informationen/Nachrichten/061218-1.html.

⁹⁶⁴ Website of the United Nations Office on Drugs and Crime, (Vienna), 30 December 2006. Date of Access: 17 April 2007. www.unodc.org/unodc/crime_signatures_corruption.html.

⁹⁶⁵ United Nations Convention against Transnational Organized Crime, UN Office on Drugs and Crime, (Vienna). Date of Access: 9 November 2006. www.unodc.org/unodc/en/crime_cicp_signatures_convention.html.

⁹⁶⁶ United Nations Convention against Corruption: Signatories. United Nations Office on Drugs and Crime, (Vienna), 2006. Date of Access: 27 November 2006. www.unodc.org/unodc/crime_signatures_corruption.html.

⁹⁶⁷ Financial Action Task Force. Chairman's Summary: Vancouver Plenary, (Paris), 13 October 2006. Date of Access: 13 January 2007. www.fatf-gafi.org/searchResult/0,2665,en_32250379_32235720_1_1_1_1_1,00.html.

⁹⁶⁸ Financial Action Task Force, The Third Mutual Evaluation Report: Anti-Money Laundering and Combating the Financing of Terrorism: Iceland, (Paris), 13 October 2006. Date of Access: 12 January 2007. www.fatf-gafi.org/dataoecd/54/38/37706239.pdf.

⁹⁶⁹ CPI 2006 Regional Results. Transparency International, (Brussels), 6 November 2006, Date of Access: 1 December 2006. www.transparency.org/policy_research/surveys_indices/cpi/2006/regional_highlights_factsheets.

⁹⁷⁰ "Italian Court Acquits Berlusconi in Corruption Case," ABCNews Online, 27 April 2007. Date of Access: 7 May 2007. <http://www.abc.net.au/news/newsitems/200704/s1908720.htm>

Despite its perceived corruption problems, Italy has implemented the recommendations of the OECD Working Group on Bribery (WGB) in several areas. For instance, Italy has made many improvements in the laws related to false accounting and forged audits.⁹⁷¹ However, it stands to improve methods on the reporting and detection of bribery. A recent OECD report on Italy's progress, released on 27 March 2007, was critical of the country's efforts to offer better protection for whistleblowers.⁹⁷² With regard to the commitment on transnational crime and money laundering, Italy has acted satisfactorily. Nonetheless, further action is required for full compliance.

Analyst: Aisha Khan and Susan Khazaeli

Japan: 0

Japan has made steps toward achieving compliance, but has failed to reach full compliance. Most significantly, Japan has still not ratified the United Nations Convention Against Corruption or the United Nations Convention Against Transnational Organized Crime.⁹⁷³ However, Japan has demonstrated some regional leadership on the issue and has taken several internal measures to comply with Financial Action Task Force (FATF) recommendations.

In late September, Japan hosted an inter-agency coordination meeting on collaborative interventions to counter trafficking in persons, as a precursor to the Conference of the Parties to the United Nations Convention against Transnational Organized Crime, scheduled the following month in Vienna.⁹⁷⁴ During a session of the General Assembly, the Japanese delegation issued a statement on the problems of transnational crime, specifically regarding policy cooperation between governments, non-governmental organizations and the United Nations Office on Crime and Drugs.⁹⁷⁵

Japan, as a member of the Asia-Pacific Economic Cooperation (APEC), attended the Public-Private Dialogue on Anti-Corruption and Ensuring Transparency in Business Transactions, which was held in Da Nang, Vietnam from the 9 to 10 September.⁹⁷⁶ At the APEC Summit on 16 November 2006, Japan, along with other APEC nations, confirmed its commitment to fighting corruption and fostering good governance.⁹⁷⁷ There, the APEC leaders agreed to implement the principles of the United Nations Convention Against Corruption and stressed the "importance of adopting preventive measures and market integrity systems to ensure transparency and to boost the grouping's anti-corruption war."⁹⁷⁸ In addition, as a founding member of the Asia Pacific Group on Money Laundering, in November, Japan attended the Special Plenary and Typologies Workshop in Jakarta, Indonesia.⁹⁷⁹

Japan has also maintained its commitment to the FATF. It attended the FATF's Vancouver Plenary on 13 October, where the interrelated problems of money laundering and terrorist financing were discussed.⁹⁸⁰ Shortly thereafter, on 27 December 2006, Japan's Financial Intelligence Office (JAFIO) entered into a bilateral agreement with the Indonesian Transaction Reports and Analysis Centre, detailing the pooling of information on suspicious transactions in connection with money laundering or

⁹⁷¹ OECD Anti-Bribery Convention and Italy: Report on Progress of the implementation of the Phase 2 Recommendations since November 2004, OECD: Organisation for Economic Cooperation and Development, (Paris), 27 March 2007. Date of Access: 7 May 2007. <http://www.oecd.org/dataoecd/30/36/38313133.pdf>

⁹⁷² OECD Anti-Bribery Convention and Italy: Report on Progress of the implementation of the Phase 2 Recommendations since November 2004, OECD: Organisation for Economic Cooperation and Development, (Paris), 27 March 2007. Date of Access: 7 May 2007. <http://www.oecd.org/dataoecd/30/36/38313133.pdf>

⁹⁷³ United Nations Convention against Transnational Organized Crime, UN Office on Drugs and Crime, (Vienna). 2006, Date of Access: 9 November 2006. www.unodc.org/unodc/en/crime_cicp_signatures_convention.html. and United Nations Convention against Corruption, UN Office on Drugs and Crime, (Vienna). 2006, Date of Access: 9 November 2006. www.unodc.org/unodc/crime_signatures_corruption.html.

⁹⁷⁴ Inter-agency coordination meeting on collaborative interventions to counter trafficking in persons, held in Tokyo on 26 and 27 September 2006 report to the secretariat, UN Office on Drugs and Crime, (Vienna), 10 October 2006, Date of Access: 2 January 2007. www.unodc.org/pdf/ctoccop_2006/V0657611e.pdf.

⁹⁷⁵ Statement by Makoto Hashizume Delegation of Japan, The Ministry of Foreign Affairs of Japan, (Tokyo), 5 October 2006, Date of Access: 2 January 2007. www.mofa.go.jp/announce/speech/un2006/un0610-7.html.

⁹⁷⁶ 2006 Anti-Corruption and Transparency Task Force, Asia-Pacific Economic Cooperation, (Singapore), Date of Access: 25 November 2006. www.apec.org/content/apec/documents_reports/anti_corruption_experts/2006.html.

⁹⁷⁷ APEC ministers agree to consider laws to deny safe haven to corrupt individuals, the International Herald Tribune, International Herald Tribune, (Paris), 16 November 2006, Date of Access: 25 November 2006. www.ihrt.com/articles/ap/2006/11/16/business/AS_GEN_APEC_Corruption.php.

⁹⁷⁸ APEC ministers agree to consider laws to deny safe haven to corrupt individuals, the International Herald Tribune, (Paris), 16 November 2006, Date of Access: 25 November 2006. www.ihrt.com/articles/ap/2006/11/16/business/AS_GEN_APEC_Corruption.php.

⁹⁷⁹ APG Special Plenary – Jakarta, The Asia/Pacific Group on Money Laundering, (Sydney), 16 November 2006, Date of Access: 2 January 2007. www.apgml.org/about/newsDetail.aspx?newsID=33.

⁹⁸⁰ Chairman's Summary: Vancouver Plenary, Financial Action Task Force, (Paris), 13 October 2006. Date of Access: 13 January 2007. www.fatf-gafi.org/searchResult/0,2665,en_32250379_32235720_1_1_1_1_1,00.html.

terrorist financing.⁹⁸¹ Japan continued its involvement with the FATF by attending the joint meeting between the FATF and the Council of Europe's MONEYVAL in Strasbourg from 21 to 23 February 2007.⁹⁸²

On 1 April 2007, Japan implemented a domestic money laundering law that expanded the types of businesses required to report suspicious transactions to include also real estate and jewelry dealers. However, this new law is not in full compliance with the guidelines set out by the FATF, which requires accountants, lawyers, and other professionals to report such transactions -- not just dealers.⁹⁸³

Japan moved up on the Corruption Perception Index, compiled by Transparency International, from the 21st position with a score of 7.3 to the 16th with a score of 7.6.⁹⁸⁴ While it seems that Japan has made significant gains in reducing corruption from within, Japan must take further action in complying with FATF recommendations, the UN Convention on Transnational Organized Crime and the UN Convention Against Corruption to achieve full compliance.

Analyst: Hilary Peden

Russia: 0

There are signs that the Russian government is beginning to address the corruption issue, as it is perceived to stifle Russian economic advancement. In 2006 several high-ranking officials were replaced (Vladimir Ustinov, Alexander Zherikhov, etc.)⁹⁸⁵ In May 2006 Russia ratified United Nations Convention against Corruption⁹⁸⁶. On the 1st of February 2007 the Russian Federation became the 44th member of the Group of States against Corruption (GRECO)⁹⁸⁷. President Vladimir Putin signed a decree establishing an interdepartmental working group to draft amendments to Russian laws in conformity with the UN Convention against Corruption of October 31, 2003, and the Council of Europe Criminal Law Convention on Corruption of January 27, 1999⁹⁸⁸. This working group is to be established by August 1, 2007 and will be accountable to the President.

In October, 2006 at a trilateral meeting of heads of financial intelligence committees (Russia, USA and UK) Russian representatives proposed to create a standing committee consisting of representatives of control and police services of Russia, USA and UK and also member states of Eurasia Group⁹⁸⁹.

Fighting corruption has been made a major goal in Russia; Russian President has called for a "dictatorship of the law"⁹⁹⁰.

But according to International Herald Tribune, many experts say that the problem has worsened at all government levels since 2000. In November 2006 Russia was ranked only 121 out of 163 in Transparency International Corruption Perceptions Index⁹⁹¹. According to the Transparency International estimates corruption in Russia has grown 700% since 2001.

Cooperation with non-governmental organizations in the fight against corruption is carried out through the Public Chamber. In February 2007 the Public Chamber published a report stating that corruption had become a "part of the state machine" and an "inseparable component in its relations with citizens"⁹⁹². However, many experts point out that the measures being taken by the Russian

⁹⁸¹ News Release Japan Financial Intelligence Office, (Tokyo), 27 December 2006, Date of Access: 2 January 2007. www.fsa.go.jp/fiu/fiue.html.

⁹⁸² Chairman's Summary of the FATF/MONEYVAL Plenary in Strasbourg 21 - 23 February 2007, Financial Action Task Force, (Strasbourg), 23 February 2007, Date of Access: 16 April 2007. <http://www.oecd.org/dataoecd/28/6/38164024.pdf>

⁹⁸³ Money-laundering law a work in progress, The Daily Yomiuri Online, (Tokyo), 7 April 2007, Date of Access: 16 April 2007. <http://www.yomiuri.co.jp/dy/national/20070407TDY04005.htm>

⁹⁸⁴ Corruption Perceptions Index 2006, Transparency International, (Berlin), 11 August 2006. Date of Access: 7 November 2006. www.transparency.org/policy_research/surveys_indices/cpi/2006.

⁹⁸⁵ Moscow launches major anti-corruption drive, Date of Access: 15 April 2007. http://jamestown.org/edm/article.php?article_id=2371775

⁹⁸⁶ UN Office on Drugs and Crime, Date of Access: 15 April 2007, http://www.unodc.org/unodc/crime_signatures_corruption.html

⁹⁸⁷ Russia joins the Group of States against Corruption, 2.02.2007, <http://www.russia-ic.com/news/show/3385/> Date of Access: 15.04.2007

⁹⁸⁸ One more attempt to combat corruption, February 16, 2007, http://www.mr-spb.ru/story/opinion/story_847.html?template=31 Date of Access: 15.04.2007

⁹⁸⁹ KFM, (Moscow), 1 November 2006, Date of Access: 29 December 2006. http://www.kfm.ru/news_01112006_243.html

⁹⁹⁰ Kremlin advisory board: Corruption in Russia threatens national security, International Herald Tribune, (Paris), 21 February 2007, <http://www.iht.com/articles/ap/2007/02/21/europe/EU-GEN-Russia-Corruption.php> Date of Access: 15.04.2007

⁹⁹¹ Transparency International Corruption Perceptions Index 2006, 6 November 2006, Date of Access: 15 April 2007, http://www.transparency.org/content/download/10825/92857/version/1/file/CPI_2006_presskit_eng.pdf Date of Access: 15 April 2007.

⁹⁹² The Public Chamber has revealed the scale of corruption in Russia, 21 February 2007, Date of Access: 15 April 2007. <http://news.iof.ru/lenta.ru/2007/02/21/118>

government are both not efficient and not sufficient⁹⁹³. Thus despite the compliance with the formal part of the commitment the score for Russia is "0".

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United Kingdom: 0

The United Kingdom has exerted a positive effort in demonstrating its support to the St. Petersburg commitment to fight transnational crime. The government has taken significant measures to support the Financial Action Task Force (FATF) recommendations, and to further its commitment both to the UN Convention Against Transnational Crime and to the Convention Against Corruption.

The United Kingdom has expressed continued support for the FATF. From 9 to 13 October, the United Kingdom took part in the FATF's Vancouver Plenary, where the issue of money laundering was discussed.⁹⁹⁴ Later that month, on 31 October, it hosted trilateral talks with the financial intelligence heads of the United States and Russia on the twin problems of drug trafficking and terrorist financing.⁹⁹⁵ More recently, on 28 February 2007, the United Kingdom's HM Treasury published a document entitled, "Financial Challenge to crime and terrorism."⁹⁹⁶ The report seeks to describe "the key priorities for increasing the financial challenge to crime and terrorism in the future."⁹⁹⁷ Further complementing the strategy, on 2 April 2007, UK Chancellor and the Treasury's Representative for Promotion of the City, James Sassoon was appointed to the presidency of the FATF from July 2007 to July 2008.⁹⁹⁸ As president, Sassoon intends to advocate anti-money laundering policies and to combat the financing of terrorism.⁹⁹⁹

Despite this progress, the United Kingdom has failed to ratify the Fourth Protocol against the Illicit Manufacturing of and Trafficking of Firearms. Further action is required if it is to register compliance with its commitment.¹⁰⁰⁰

Analyst: Anita Li

United States: 0

The United States has partially complied with its St. Petersburg commitment on the issue of transnational crime. The United States has built on previous efforts in supporting both the UN Convention Against Transnational Crime and the UN Convention Against Corruption.

The United States was among those present at the Financial Action Task Force (FATF) Vancouver Plenary this past October, where improved methods of combating the difficult problems of money laundering and terrorist financing were discussed.¹⁰⁰¹ Later that month, on 31 October 2006, the United States engaged in trilateral talks in London with the financial intelligence heads of the United Kingdom and Russia, where the three G8 member-states focused on tackling drug trafficking and terrorist financing.¹⁰⁰² More recently, on 1 February 2007, officials of the American Administration and the European Commission met international representatives of industry in Geneva to measure progress in the Euro-American initiative to fight counterfeiting and piracy. This joint strategic action

⁹⁹³ Russia is granted a chance to combat corruption but is not likely to exercise it, GIAC, (Moscow), 20 March 2007, <http://www.giac.ru/w-News.asp?ID=332203> Date of Access: 15.04.2007

⁹⁹⁴ Financial Action Task Force. Chairman's Summary: Vancouver Plenary, (Paris), 13 October 2006. Date of Access: 13 January 2007. www.fatf-gafi.org/searchResult/0,2665,en_32250379_32235720_1_1_1_1_1,00.html.

⁹⁹⁵ News Bulletin, Russian news agency KFM, (Moscow), 1 November 2006. Date of Access: 29 December 2006. www.kfm.ru/news_01112006_243.html.

⁹⁹⁶ "Financial challenge to crime and terrorism," HM Treasury (London), 28 February 2007. Date of Access: 18 April 2007. http://www.hm-treasury.gov.uk/documents/financial_services/money/fin_money_financialchallenge.cfm

⁹⁹⁷ "Financial challenge to crime and terrorism," HM Treasury (London), 28 February 2007. Date of Access: 18 April 2007. http://www.hm-treasury.gov.uk/documents/financial_services/money/fin_money_financialchallenge.cfm

⁹⁹⁸ "Appointment of the UK President of the Financial Action Task Force," HM Treasury (London), 2 April 2007, Date of Access: 18 April 2007. http://www.hm-treasury.gov.uk/newsroom_and_speeches/press/2007/press_43_07.cfm

⁹⁹⁹ "Appointment of the UK President of the Financial Action Task Force," HM Treasury (London), 2 April 2007, Date of Access: 18 April 2007. http://www.hm-treasury.gov.uk/newsroom_and_speeches/press/2007/press_43_07.cfm

¹⁰⁰⁰ "Protocol against the Illicit Manufacturing of and Trafficking in Firearms, Their Parts and Components and Ammunition, supplementing the United Nations Convention against Transnational Organized Crime: Signatories," United Nations Office on Drugs and Crime, (Vienna), 2006. Date of Access: 18 April 2007. http://www.unodc.org/unodc/crime_cicp_signatures_firearms.html

¹⁰⁰¹ Financial Action Task Force. Chairman's Summary: Vancouver Plenary, (Paris), 13 October 2006. Date of Access: 13 January 2007. www.fatf-gafi.org/searchResult/0,2665,en_32250379_32235720_1_1_1_1_1,00.html.

¹⁰⁰² News Bulletin, Russian news agency KFM, (Moscow), 1 November 2006. Date of Access: 29 December 2006. www.kfm.ru/news_01112006_243.html.

for the global observance of intellectual property rights (IPR) primarily works toward reinforcing customs cooperation, embarking on "joint action on the ground in the countries in which counterfeiting originates," and increasing collaboration with the private sector, "which most often falls victim to piracy and counterfeiting."¹⁰⁰³ The initiative, which was first launched at the EU/United States summit in Vienna in June 2006, will unveil a 'scoreboard' of joint strategic action at the EU/United States economic Summit this June.¹⁰⁰⁴

In addition, the US Department of State's International Information Programs issued a press release on 12 April 2007, in which US Treasury Under Secretary Timothy Adams urged the International Monetary Fund (IMF) to "boost its surveillance of currency markets."¹⁰⁰⁵ Adams also stated that the IMF "has a unique and serious responsibility for exchange rate surveillance [and] should play a stronger role in ensuring that countries do not manipulate the values of their currencies."¹⁰⁰⁶

Notwithstanding the aforementioned positive efforts, the United States has not yet ratified the final protocol of the UN Convention against Transnational Crime, that is, the Protocol against the Illicit Manufacturing of and Trafficking of Firearms.¹⁰⁰⁷ To achieve full compliance, the United States must also display further evidence of support both for FATF recommendations and for UN initiatives.

Analyst: Anita Li

European Union: 0

The European Union has made some progress in achieving full compliance with its St. Petersburg commitments on transnational crime by implementing the recommendations of the Financial Action Task Force (FATF) and by supporting the Conventions of the United Nations.

Shortly following St. Petersburg, on 3 August 2006, the European Commission adopted technical measures in executing the Third Directive on preventing money laundering and terrorist financing.¹⁰⁰⁸ The Third Directive, which is aimed at securing the financial system from money laundering and terrorist financing, details the responsibilities of all goods providers and merchants in reporting on suspicious, particularly large cash transactions.¹⁰⁰⁹ The European Union has also demonstrated support for the recommendations of the FATF. On 21 February 2007, at a joint meeting between MONEYVAL and the FATF, Council of Europe's Secretary General Terry Davis discussed the relationship between money laundering and terrorism and stressed the need for concerted effort in securing financial systems against organized crime.¹⁰¹⁰ He stated that, "By reinforcing the controls which prevent the use of financial systems by terrorists, we can effectively cut off or restrict their access to funds and thus limit their capacity to strike whenever and wherever they choose."¹⁰¹¹

The addition of two new members, Bulgaria and Romania, however has reflected poorly on the EU as both countries received low scores on Transparency International Corruption Perception Index.¹⁰¹² Nonetheless, Romanian Premier Calin Popescu Tariceanu asserted that his country is taking action to improve domestic corruption. He said, "We have formed structures to control the flow of money in

¹⁰⁰³ "What's Up at the U.S. Mission to the EU: January 2007," The United States Mission to the European Union, (Brussels), 2006-2007. Date of Access: 18 April 2007. http://useu.usmission.gov/About_The_Mission/2006_US_Mission_Activities.asp

¹⁰⁰⁴ "What's Up at the U.S. Mission to the EU: January 2007," The United States Mission to the European Union, (Brussels), 2006-2007. Date of Access: 18 April 2007. http://useu.usmission.gov/About_The_Mission/2006_US_Mission_Activities.asp

¹⁰⁰⁵ "U.S. Seeks Boost in Monetary Fund Currency Market Surveillance," U.S. Department of State International Information Programs, (Washington), 12 April 2007. Date of Access: 18 April 2007. <http://usinfo.state.gov/xarchives/display.html?p=washfile-english&y=2007&m=April&x=20070412181150zjsredna0.2157709>

¹⁰⁰⁶ "U.S. Seeks Boost in Monetary Fund Currency Market Surveillance," U.S. Department of State International Information Programs, (Washington), 12 April 2007. Date of Access: 18 April 2007. <http://usinfo.state.gov/xarchives/display.html?p=washfile-english&y=2007&m=April&x=20070412181150zjsredna0.2157709>

¹⁰⁰⁷ "Protocol against the Illicit Manufacturing of and Trafficking in Firearms, Their Parts and Components and Ammunition, supplementing the United Nations Convention against Transnational Organized Crime: Signatories," United Nations Office on Drugs and Crime, (Vienna), 2006. Date of Access: 18 April 2007. http://www.unodc.org/unodc/crime_cicp_signatures_firearms.html

¹⁰⁰⁸ Commission adopts 'Level 2' implementing measures to Third Directive. The EU Single Market, European Commission, (Brussels), 3 August 2006, Date of Access: 15 November 2006. ec.europa.eu/internal_market/company/docs/financial-crime/midday20060803_en.pdf.

¹⁰⁰⁹ Adoption of Anti-Money Laundering Directive will strike a blow against crime and terrorism, European Commission, (Brussels), 7 June 2005, Date of Access: 15 November 2006. ec.europa.eu/rapid/pressReleasesAction.do?reference=IP/05/682&format=HTML&aged=0&language=EN&guiLanguage=fr.

¹⁰¹⁰ Speech by Terry Davis, Secretary General of the Council of Europe, at the joint plenary of MONEYVAL and with the Financial Action Task Force (FATF), Council of Europe, (Strasbourg), 21 February 2007. Date of Access: 9 May 2007.

¹⁰¹¹ Speech by Terry Davis, Secretary General of the Council of Europe, at the joint plenary of MONEYVAL and with the Financial Action Task Force (FATF), Council of Europe, (Strasbourg), 21 February 2007. Date of Access: 9 May 2007.

¹⁰¹² Gallu, Joshua, "Are Romania and Bulgaria Ready? New EU Members Score Badly in Corruption Ranking," Spiegel Online International, 6 November 2006. Date of Access: 7 May 2007. <http://www.spiegel.de/international/0,1518,446803,00.html>

strict accordance with the EU Commission. It is in our own interest to make the best use of this money in a fully transparent way that will be monitored by us and the EU Commission."¹⁰¹³ In addition, the European Union has taken collective measures to support the UN Convention Against Transnational Organized Crime. For instance, in efforts to reduce corruption, the European Union announced, in December, its plans to adopt transparent financial rules to administer the disclosure of all Community Funding by member-states.¹⁰¹⁴ Despite this, the European Commission has not ratified the UN Convention Against Corruption.¹⁰¹⁵

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¹⁰¹³ Gallu, Joshua, "Are Romania and Bulgaria Ready? New EU Members Score Badly in Corruption Ranking," Spiegel Online International, 6 November 2006. Date of Access: 7 May 2007. <http://www.spiegel.de/international/0,1518,446803,00.html>

¹⁰¹⁴ New EU financial rule will aid corruption fight. Transparency International, (Brussels), 13 December 2006, Date of Access: 3 January 2007. www.transparency.org/news_room/latest_news/press_releases/2006/2006_12_13_eu_financial_rule.

¹⁰¹⁵ Website of the United Nations Office on Drugs and Crime, (Vienna), 30 December 2006. Date of Access: 17 April 2007. www.unodc.org/unodc/crime_signatures_corruption.html.