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The
G8 Research Group
at the Munk School of Global Affairs at Trinity College in the University of Toronto
presents the

2013 Lough Erne G8 Summit Final Compliance Report

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9. Crime and Corruption: Anti-Money Laundering [95]

“We are committed to ensuring enforcement of our AML/CFT requirements to ensure corporate wrongdoers are held to account.”

G8 Leaders Declaration on Crime and Corruption and Anti-Laundering

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Canada		0	
France			+1
Germany		0	
Italy	-1		
Japan		0	
Russia			+1
United Kingdom			+1
United States			+1
European Union			+1
Average Score		+0.44	

Background:

Crime and corruption has been one of the problems facing the G8 members in their attempts to promote economic growth and global stability.

The Financial Action Task Force was established in 1989 to “promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system.”⁶⁸³

The IMF, which has been very active for over ten years in this area notes that Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) controls can “mitigate the adverse effects of criminal economic activity and promote integrity and stability in financial market.”⁶⁸⁴ In a statement from Min Zhu, Deputy Managing Director of the IMF “Effective anti-money laundering and combating the financing of terrorism regimes are essential to protect the integrity of markets and of the global financial framework as they help mitigate the factors that facilitate financial abuse.”⁶⁸⁵ The G8 members have encouraged other world leaders to ensure their countries are meeting the AML/CFT requirements, including those of the FATF.

At the 2012 Camp David and 2013 Lough Erne Summits, G8 members continued to encourage other countries to ensure they meet the AML/CFT requirements.

⁶⁸³ “FATF: Home” Access Date: 3 December 2013. <http://www.fatf-gafi.org/pages/aboutus/>

⁶⁸⁴ “International Monetary Fund: Anti-Money Laundering/Combating the Financing of Terrorism” Access Date: 3 December 2013. <http://www.imf.org/external/np/leg/amlcft/eng/>

⁶⁸⁵ “International Monetary Fund: Anti-Money Laundering/Combating the Financing of Terrorism” Access Date: 3 December 2013. <http://www.imf.org/external/np/leg/amlcft/eng/>

Commitment Features:

In 2012, FATF revised its 40 recommendations on developing international standards to combat money laundering and the financing of terrorism and proliferation.⁶⁸⁶ These recommendations form the basis for AML/CFT and thus G8 members must enforce all 40. They are divided into seven categories:

1. Polices and Coordination
2. Money Laundering and Confiscation
3. Terrorist Financing and Financing Proliferation
4. Preventive Measures
5. Transparency and Beneficial Ownership of Legal Persons and Arrangements
6. Powers and Responsibilities of Competent Authorities and Other Institutional Measures
7. International Cooperation⁶⁸⁷

In order to achieve full compliance each member state must undertake concrete policy initiatives in each category.

Scoring Guidelines:

-1	G8 member has not devised new policy initiatives in any of the FATF's seven categories.
0	G8 member has begun implementing new policy initiatives in some of the seven categories outlined by the FATF.
+1	G8 member has fully implemented new policy initiatives in each of the seven categories outlined by the FATF.

Lead Analyst: Christine Jacob

Canada: 0

Canada has partially complied with its commitment to support and encourage AML/CFT strategies in other countries.

On 18 June 2013, Prime Minister Stephen Harper released Canada's G8 action plan on transparency on corporations and trusts. He stated of Canada's awareness of this complex global issue and committed to focus on three key areas that have already been enforced. It includes: (1) domestic assessment of money laundering and terrorist financing; (2) improving "customer due diligence measures"; and (3) public consultation of beneficial ownership regarding corporate transparency in accordance with the Economic Action Plan 2013.⁶⁸⁸ Harper also acknowledged the UK presidency for this focus and assured that Canada will continue to fulfill its responsibilities in this matter.⁶⁸⁹

⁶⁸⁶ FATF International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation. Access Date: 3 December 2013. <http://www.fatf-gafi.org/topics/fatfrecommendations/documents/internationalstandardsoncombatingmoneylaundryingandthefinancingofterrorismproliferation-thefatfrecommendations.html>

⁶⁸⁷ FATF International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation. Access Date: 3 December 2013. <http://www.fatf-gafi.org/topics/fatfrecommendations/documents/internationalstandardsoncombatingmoneylaundryingandthefinancingofterrorismproliferation-thefatfrecommendations.html>

⁶⁸⁸ PM Releases Canada's G8 Action Plan on Transparency of Corporations and Trusts, Office of the Prime Minister (Enniskillen) 18 June 2013. Access Date: 20 December 2013. <http://pm.gc.ca/eng/news/2013/06/18/pm-releases-canadas-g-8-action-plan-transparency-corporations-and-trusts#sthash.KjuZn8Lt.dpuf>

⁶⁸⁹ PM Releases Canada's G8 Action Plan on Transparency of Corporations and Trusts, Office of the Prime Minister (Ottawa) 18 June 2013. Access Date: 20 December 2013. <http://pm.gc.ca/eng/news/2013/06/18/pm-releases-canadas-g-8-action-plan-transparency-corporations-and-trusts#sthash.KjuZn8Lt.dpuf>

On 19 June 2013, Canada passed Bill S-14 “Fighting Foreign Corruption Act.” This act will allow the Government of Canada, regardless of where crimes have taken place to exert authority over Canadian citizens, permanent residents, and Canadian companies.⁶⁹⁰

On 5 July 2013, the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) addressed the Republic of Iran and the Republic of Korea’s failure to prevent terrorist financing and money laundering.⁶⁹¹ FINTRAC has also advised of monitoring the transactions related to these countries, as well as other jurisdictions that represent similar risks.⁶⁹²

On 11 February 2014, opening remarks were made by Director Gerald Cossette to ACAMS (Association of Certified Anti-Money Laundering Specialists) Montreal Chapter for the opening of its “first francophone ACAMS chapter in North America.”⁶⁹³ This will lead to greater collaboration among the business sectors in terms of addressing the challenges associated with money laundering and terrorist financing. He also acknowledged that it is “Canada’s and Quebec’s best defense against those who attempt to use legitimate channels to conceal the proceeds of their illegal activities.”⁶⁹⁴ He listed of the FINTRAC priorities in order to “deter” those involved in such acts, and work towards a framework to discontinue its prevalence.⁶⁹⁵

According to Canada’s budget in 2014, money laundering and terrorist financing are focused on by the federal government. It has announced to “improve Canada’s compliance with international standards.”⁶⁹⁶ Furthermore, the charity that comes to Canada from foreign states will now be monitored and refused if “listed as a supporter of terrorism for the purposes of the State Immunity Act, or from an agency of such a state.”⁶⁹⁷

On 17 February 2014 Minister of Finance Jim Flaherty acknowledged the Financial Action Task Force (FATF). It has “endorsed Canada’s anti-money laundering and anti-terrorist financing regime.”⁶⁹⁸ The Mutual Evaluation of Canada report was also acknowledged here, in which Canada’s

⁶⁹⁰ Canada’s Fight against Foreign Bribery — Fourteenth Annual Report to Parliament (Ottawa) 26 November 2013. Access Date: 20 December 2013. <http://www.international.gc.ca/trade-agreements-accords-commerciaux/topics-domaines/other-autre/corr-14.aspx?lang=eng>.

⁶⁹¹ FINTRAC Advisory, Financial Transactions and Reports Analysis Centre of Canada (Ottawa) 5 July 2013. Access Date: 20 December 2013. <http://www.fintrac-canafe.gc.ca/new-neuf/avs/2013-07-05-eng.asp>.

⁶⁹² FINTRAC Advisory, Financial Transactions and reports Analysis Centre of Canada (Ottawa) 5 July 2013. Access Date: 20 December 2013. <http://www.fintrac-canafe.gc.ca/new-neuf/avs/2013-07-05-eng.asp>.

⁶⁹³ Opening remarks by Director Gérald Cossette Financial Transactions and Reports Analysis Centre of Canada to ACAMS Montréal Chapter (Montreal) 11 February 2014. Access Date: 15 April 2014. <http://www.fintrac-canafe.gc.ca/new-neuf/ps-pa/2014-02-12-eng.asp>

⁶⁹⁴ Opening remarks by Director Gérald Cossette Financial Transactions and Reports Analysis Centre of Canada to ACAMS Montréal Chapter (Montreal) 11 February 2014. Access Date: 15 April 2014. <http://www.fintrac-canafe.gc.ca/new-neuf/ps-pa/2014-02-12-eng.asp>.

⁶⁹⁵ Opening remarks by Director Gérald Cossette Financial Transactions and Reports Analysis Centre of Canada to ACAMS Montréal Chapter (Montreal) 11 February 2014. Access Date: 15 April 2014. <http://www.fintrac-canafe.gc.ca/new-neuf/ps-pa/2014-02-12-eng.asp>.

⁶⁹⁶ Canada Budget 2014: 10 things you need to know, Financial Post (Canada) 11 February 2014. Access Date: 15 April 2014. <http://business.financialpost.com/2014/02/11/canada-budget-2014-10-things-you-need-to-know/>.

⁶⁹⁷ Canada Budget 2014: 10 things you need to know, Financial Post (Canada) 11 February 2014. Access Date: 15 April 2014. <http://business.financialpost.com/2014/02/11/canada-budget-2014-10-things-you-need-to-know/>.

⁶⁹⁸ Minister of Finance Welcomes Findings of the Financial Action Task Force, Department of Finance Canada (Ottawa) 17 February 2014. Access Date: 16 April 2014. <http://www.fin.gc.ca/n14/14-023-eng.asp>.

maintenance of FATF standards are prominent, along with FINTRAC's implementation of "international standards."⁶⁹⁹

On 3 March 2014, FINTRAC Advisory Canada reported of FATF statement regarding money laundering and terrorist financing. They addressed that Iran and Democratic People's Republic of Korea have not met the FATF standards regarding money laundering and terrorist financing.⁷⁰⁰ Furthermore, FATF investigated on several other jurisdictions that possess similar threats, as well as those that have taken measures to counter these threats.⁷⁰¹

On 6 March 2014, according to the Department of Finance Report on *Plans and Priorities of 2014-15*, money laundering and terrorist financing act remain a priority.⁷⁰² The mandate of ensuring that the standards are met has been set forth as well. This includes the planning to be implemented and the financial budget to be allocated to this framework.⁷⁰³

Canada has taken steps to reaffirm its support of AML/CFT standards and encouraged countries to adhere to its standards. Therefore, Canada has been scored 0 for partial compliance.

Analyst: Saima Jahan

France: +1

France has fully complied with its commitment to anti-money laundering.

On 26 July 2013, The French Legislature passed The Law of July 26th 2013 which improves several AML tools available to French authorities.⁷⁰⁴ The law aims at reforming the regulation framework of the financial and banking sector, in particular:

- 1) Separation of activities within banks
- 2) Banking resolution
- 3) Macro-prudential supervision
- 4) Transparency and the fight against financial failings
- 5) Enhanced AMF powers
- 6) Supervision of clearing houses and counterparties in derivatives and transactions

Furthermore, France also passed the Law of December 2013, which seeks to improve legislation on numerous accounts⁷⁰⁵, including:

⁶⁹⁹ Minister of Finance Welcomes Findings of the Financial Action Task Force, Department of Finance Canada (Ottawa) 17 February 2014. Access Date: 16 April 2014. <http://www.fin.gc.ca/n14/14-023-eng.asp>.

⁷⁰⁰ Financial transactions related to countries identified by the Financial Action Task Force (FATF), Financial Transactions and Reports Analysis Centre of Canada (Ottawa) 3 March 2014. Access Date: 16 April 2014. <http://www.fintrac-canafe.gc.ca/new-neuf/avs/2014-03-03-eng.asp>.

⁷⁰¹ Financial transactions related to countries identified by the Financial Action Task Force (FATF), Financial Transactions and Reports Analysis Centre of Canada (Ottawa) 3 March 2014. Access Date: 16 April 2014. <http://www.fintrac-canafe.gc.ca/new-neuf/avs/2014-03-03-eng.asp>.

⁷⁰² Report on Plans and Priorities 2014–15, Department of Finance Canada (Ottawa) 6 March 2014. Access Date: 15 April 2014. <http://www.fin.gc.ca/pub/rpp/2014-2015/rpp-1415-eng.asp>

⁷⁰³ Report on Plans and Priorities 2014–15, Department of Finance Canada (Ottawa) 6 March 2014. Access Date: 15 April 2014. <http://www.fin.gc.ca/pub/rpp/2014-2015/rpp-1415-eng.asp>

⁷⁰⁴ The Law on the Separation and Regulation of Banking Activities, Autorite Des Marches Financiers, 1 October 2013. Date of Access: 30 May 2014. http://www.amf-france.org/en_US/Reglementation/Textes-nationaux/Reformes/La-loi-de-separation-et-de-regulation-des-activites-bancaires----Impacts-pour-l-AMF.html?langSwitch=true

-
- 1) Establishment of a Public Prosecutor specialized in financial crime with a competency regarding money laundering
 - 2) Public centralized registry for trusts
 - 3) Extending the competence of judicial customs to money laundering
 - 4) Sanctions for not declaring a banking account to the centralized registry of banks
 - 5) The obligation to declare more than EUR10 000 when passing borders now includes gold, casino gambling chips and prepaid cards

Thus, as a result of France's legislative efforts, they are in full compliance of their commitment.

Analyst: Senda Sparks

Germany: 0

Germany has partially complied with its commitment to support and implement the FATF's standards and to encourage AML/CFT strategies in other countries.

On 17 August 2013 German Federal Financial Supervisory Authority (BaFin) began investigating Germany's largest bank, Deutsche bank.⁷⁰⁶ The goal of the investigation is to determine whether the bank must improve the preventative measures it has put in place against money laundering.⁷⁰⁷

On 4 December 2013 the Vatican's Financial Information Authority issued a press release stressing the importance of its agreement of understanding with Germany's Federal Criminal Police Office.⁷⁰⁸ This represents an effort by Germany to combat money-laundering operations in the state alongside increasing investments in Germany by the Vatican Bank.

Germany has partially complied with its commitment to anti-corruption and FATF standards. It has taken some action against combating money-laundering. Thus, Germany receives a score of 0.

Analyst: Syed Fahd Ahmed

Italy: -1

Italy has not complied with its commitment to anti-money laundering.

Italy has not taken any significant actions towards implementing FATF recommendations, improving transparency or combating AML/CFT deficiencies in this compliance cycle.

Thus, Italy has been awarded a score of -1 for non-compliance.

Analyst: Senda Sparks

⁷⁰⁵ LOI n 2013-1117 du 6 decembre 2013 relative a la lute contre la fraude fiscal et la grande delinquance economique et financiere, Legifrance.gouv.fr, 1 February 2014. Date of Access: 30 May 2014.

<http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000028278976>

⁷⁰⁶ Regulator probes Deutsche Bank over money laundering controls: report, Reuters (New York) 17 August 2013. Access Date: 22 December 2013. <http://www.reuters.com/article/2013/08/17/us-deutschebank-bafin-laundering-idUSBRE97G05620130817>.

⁷⁰⁷ Regulator probes Deutsche Bank over money laundering controls: report, Reuters (New York) 17 August 2013. Access Date: 22 December 2013. <http://www.reuters.com/article/2013/08/17/us-deutschebank-bafin-laundering-idUSBRE97G05620130817>.

⁷⁰⁸ Vatican finance group signs agreement with German counterpart, Catholic News Agency (Vatican City) 4 December 2013. Access Date: 22 December 2013. <http://www.catholicnewsagency.com/news/vatican-finance-group-signs-agreement-with-german-counterpart/>.

Japan: 0

Japan has partially complied with its commitment to implement AML/CFT policies and encourage international participation.

Japan has signed Statements of Cooperation between Financial Intelligence Units with numerous countries on the topic of money laundering. This includes agreements signed with Slovenia on 14 June 2013, Turkmenistan on 12 September 2013, and Poland on 15 November 2013.⁷⁰⁹

Japan has continued efforts to address laundering and terrorist financing through the formation of the “Working Group on the National Risk Assessment of Money Laundering and Terrorist Financing.”⁷¹⁰ This group will be producing a national risk assessment by the end of 2014.

Japan has implemented preventive measures “in combating money laundering and terrorist financing” under the Act on Prevention of Transfer of Criminal Proceeds, put into full enforcement on 1 April 2013.⁷¹¹

Japan has partially fulfilled its commitments to combat money laundering and financing off terrorism and proliferation. Though Japan implemented policy initiatives in some areas, little concrete action has been taken to address transparency and beneficial ownership or the powers and responsibilities of competent authorities and other institutional measures. Thus, Japan has received a score of 0.

Analyst: Sasha Boutilier

Russia: +1

Russia has fully complied with the commitment on the enforcement of the AML/CFT requirements.

On 28 June 2013, Russian President Vladimir Putin signed Federal Law on Amendments to Certain Legislative Acts of the Russian Federation regarding Prevention of Illegal Financial Operations.⁷¹² The law aims to ensure transparency of the beneficial ownership of companies and legal arrangements, expands the list of financial operations and entities subject to mandatory control, and “makes it possible to block (freeze) non-cash monetary funds or non-certified securities and assets of physical persons and legal entities suspected of financing and engaging in terrorist activity.”⁷¹³

In September 2013, the Russian Federal Financial Monitoring Service published an Action Plan to enhance transparency and prevent misuse of companies and other legal entities. The action plan provides for taking legislative action to support implementation of Federal Law on Amendments to Certain Legislative Acts of the Russian Federation regarding Prevention of Illegal Financial Operations. The Federal Financial Monitoring Service mentioned that the Action Plan was adopted

⁷⁰⁹ Statements of cooperation between JAFIC and foreign FIUs concerning Exchange of Information related to Money Laundering and Terrorist Financing. Japan Financial Intelligence Center. Access Date: 22 December 2013. http://www.npa.go.jp/sosikihanzai/jafic/en/kokusai_e/mousin_e.htm.

⁷¹⁰ Annual Report [2013]. Japan Financial Intelligence Center. Access Date: 25 April 2014. http://www.npa.go.jp/sosikihanzai/jafic/en/nenzihokoku_e/data/jafic_2013e.pdf.

⁷¹¹ Annual Report [2013]. Japan Financial Intelligence Center. Access Date: 25 April 2014. http://www.npa.go.jp/sosikihanzai/jafic/en/nenzihokoku_e/data/jafic_2013e.pdf.

⁷¹² Introduction of amendments to certain legislation in order to prevent illegal financial operations, President of Russia 30 June 2013. Access Date: 13 January 2014. <http://kremlin.ru/news/18424>.

⁷¹³ Amendments to several laws in order to prevent illegal financial operations, President of Russia 30 June 2013. Access Date: 24 February 2014. <http://eng.kremlin.ru/news/5662>.

in accordance with the FATF Standards and the commitment made by the Russian Federation at the G8 Leaders summit.⁷¹⁴

Russia has started to implement the Action Plan. In particular, on 19 September 2013, the Russian Central Bank issued the guidelines on informing the regulator about measures to freeze (block) assets and about the results of identifying clients whose assets should be frozen (blocked) by commercial banks.⁷¹⁵

On 29 October 2013, the Russian President following the Russian-Ecuadorian talks stressed that the two countries would continue their cooperation in the area of combating terrorism financing, and money laundering.⁷¹⁶

On 28 January 2014, Russia and the EU signed an agreement on combating terrorism aimed to strengthen bilateral cooperation in tackling terrorist financing, and enhance legal cooperation, including on “extradition and legal assistance on criminal cases, identification, arrest, confiscation and return of property acquired through terrorist activities.” To this end, the parties agreed to promote cooperation between the relevant Russian and EU authorities, including Eurojust and Europol.⁷¹⁷

On 10 February 2014, Russian Prime Minister Dmitry Medvedev instructed the Federal Customs Service to hold talks with the Fiscal Intelligence and Investigation Service of the Netherlands on the agreement on information cooperation in the area of combating money-laundering and the financing of terrorism during trans-border cash transfers by individuals.⁷¹⁸

Russia has taken measures to amend its legislation in accordance with the 2012 FATF recommendations on AML/CFT and strengthened mutual legal assistance in the area on the bilateral level. Thus, it is awarded a score of +1.

Analyst: Andrey Shelepon

United Kingdom: +1

The United Kingdom has fully complied with its commitment to support and implement the policies and standards of the Financial Action Task Force (FATF) regarding anti-money laundering and counter-terrorist financing, and has also encouraged other countries to adhere to these standards.

On 9 August 2013, the United Kingdom’s Financial Conduct Authority (FCA) fined the UK subsidiary of Nigeria’s Guaranty Trust Bank EUR 525,000 for failing to have adequate controls to prevent money laundering.⁷¹⁹

⁷¹⁴ Action Plan to enhance transparency and prevent misuse of companies and other legal entities, Federal Financial Monitoring Service September 2013. Access Date: 24 February 2014. http://www.fedsfm.ru/en/international-cooperation/action_plan.

⁷¹⁵ Bank of Russia Bulletin No. 62 (1458), Bank of Russia 14 November 2013. Access Date: 24 February 2014. <http://cbr.ru/publ/vestnik/ves131114062.pdf>

⁷¹⁶ Press statement following Russian-Ecuadorian talks, President of Russia 29 October 2013. Access Date: 24 February 2014. <http://eng.kremlin.ru/transcripts/6187>.

⁷¹⁷ Joint EU-Russia statement on combatting terrorism, President of Russia 28 January 2014. Access Date: 24 February 2014. <http://eng.news.kremlin.ru/media/events/eng/files/41d4b9fc4bb11a050563.pdf>.

⁷¹⁸ On the agreement on information cooperation in the area of combating money-laundering operations between the Russian Federal Customs Service and the Fiscal Intelligence and Investigation Service of the Kingdom of the Netherlands, Government of Russia 10 February 2014. Access Date: 24 February 2014. <http://government.ru/en/docs/10348>

⁷¹⁹ FCA Fines Nigerian Bank £525,000 over money-laundering controls, Reuters (NewYork) 9 August 2013. Access Date: 20 December 2013. <http://uk.reuters.com/article/2013/08/09/uk-gtbank-fine-idUKBRE9780RJ20130809>.

On 31 October 2013, the FCA warned London city firms to strengthen their defenses against financial crime after it found serious failures in wealth and asset managers' anti-money laundering and corruption measures.⁷²⁰

On 31 October 2013 the United Kingdom announced that a central register of companies' beneficial owners will be made accessible to the public.⁷²¹ The goal of the public registry is to allow for greater transparency and contribute to combating tax evasion.⁷²² Britain will be the first country to commit to an obligatory public register.⁷²³

On 5 November 2013 the Government of the United Kingdom signed an automatic tax information sharing agreement with the Cayman Islands.⁷²⁴ The agreement will provide HM Revenue and Customs (HMRC) with financial information on UK taxpayers with accounts in the Cayman Islands.⁷²⁵ It is intended to help the HMRC ensure that the correct amount of tax is being paid by citizens with Cayman Island accounts and increase its ability to track tax evasion.

Between 12 and 15 November 2013, the British Embassy funded workshops to train Cuban officials in strategies to tackle international financial crime.⁷²⁶

On 9 December 2013, Foreign Secretary William Hague reaffirmed the United Kingdom's commitment to anti-laundering by stating "Reducing corruption and increasing transparency is at the heart of this Government's agenda."⁷²⁷ This statement reflects the principles of the FATF and displays the United Kingdom's continued support for FATF standards.

On 10 December 2013 the British Government announced that it will partner with the Government of Burma and the Burmese private sector to share expertise and training on international best practices in the fields of Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT).⁷²⁸ The training will be provided in early 2014 by the UK organization, GovRisk. GovRisk and the British Embassy have met with key stakeholders in the fight against financial crime,

⁷²⁰ City of London banks told to improve protection against money laundering, The Guardian (London) 31 October 2013. Access Date: 20 December 2013 <http://www.theguardian.com/business/2013/oct/31/banks-told-improve-protection-against-money-laundering>.

⁷²¹ Register of companies' beneficial owners will be made public, Cameron says, Pinsent Masons LLP (London) 4 November 2013. Access Date: 20 December 2013. <http://www.out-law.com/en/articles/2013/november/register-of-companies-beneficial-owners-will-be-made-public-cameron-says/>.

⁷²² UK: Government announces introduction of public register of companies' beneficial owners, Lexology (London), 1 November 2013. Access Date: 20 December 2013. <http://www.lexology.com/library/detail.aspx?g=ec422c62-3249-4f95-98bb-47f300a0a307>.

⁷²³ Register revealing firms' true owners will be open to public, says Cameron: The Guardian (London) 31 October 2013. Access Date: 19 December 2013. <http://www.theguardian.com/business/2013/oct/31/public-register-firms-secret-owners-cameron>.

⁷²⁴ Cayman Islands signs tax information exchange agreement, HM Treasury (London) 5 November 2013. Access Date: 20 December 2013. <https://www.gov.uk/government/news/cayman-islands-signs-tax-information-exchange-agreement>.

⁷²⁵ Cayman Islands signs tax information exchange agreement, HM Treasury (London) 5 November 2013. Access Date: 20 December 2013. <https://www.gov.uk/government/news/cayman-islands-signs-tax-information-exchange-agreement>.

⁷²⁶ The UK and Cuba work together on tackling money laundering: British Embassy Havana (Havana) 29 November 2013. Access Date: 20 December 2013. <https://www.gov.uk/government/world-location-news/el-reino-unido-y-cuba-unen-esfuerzos-en-la-lucha-contra-el-lavado-de-dinero-y-el-financiamiento-del-terrorismo>.

⁷²⁷ Reducing corruption and increasing transparency are vital for global stability and prosperity, British Embassy Hanoi (Hanoi) 9 December 2013. Access Date: 20 December 2013. <https://www.gov.uk/government/world-location-news/reducing-corruption-and-increasing-transparency-are-vital-for-global-stability-and-prosperity>.

⁷²⁸ Burma: Cleaning up financial crime: British Embassy Rangoon (Rangoon) 10 December 2013. Access Date: 20 December 2013. <https://www.gov.uk/government/world-location-news/burma-cleaning-up-financial-crime>.

including the Financial Intelligence Unit, the Central Bank, the Ministry of Finance, Office of the President, and with representatives from Burma's banking and insurance sectors.⁷²⁹ A five-day workshop for these stakeholders is planned to take place in February 2014.

The United Kingdom has expressed ongoing support for FATF standards and has taken action to combat money laundering. It has encouraged other countries to develop anti-money laundering and counter-terrorism financing measures and thus has been awarded a score of +1 for full compliance.

Analyst: Syed Fahd Ahmed

United States: +1

The United States has complied with its commitment to reaffirm continued support for the Financial Action Task Force (FATF) policies and its implementations in anti-corruption.

On 17 September 2013, the United States Financial Crimes Enforcement Network (FinCEN) published an advisory addressing FATF updates to the list of jurisdictions with "strategic AML/CFT deficiencies."⁷³⁰ In this advisory, FinCEN outlined "a broad range of restrictions and prohibitions" that U.S. financial institutions are subject to in Iran and the Democratic People's Republic of Korea.⁷³¹ The advisory also encouraged U.S. financial institutions to "apply enhanced due diligence ...when maintaining correspondent accounts for foreign banks operating under a banking license issued by Ecuador, Ethiopia, Indonesia, Kenya, Myanmar, Pakistan, Sao Tome and Principe, Syria, Tanzania, Turkey, Vietnam, and Yemen"⁷³² as FATF jurisdictions subject to enhanced due diligence.

On 24 October 2013, the United States and Mexico signed the "first-ever Memorandum of Understanding to exchange Financial Information to Thwart Drug Crime."⁷³³ The MOU facilitates information exchange for the purposes of anti-money laundering and AML/CTF missions.

The United States has seen continued success of its FinCEN anti-laundering, transparency, terrorist financing, and financing proliferation policies. On 7 February 2014, a Michigan money services business was forced to shut down due to FinCEN Penalties for violation of anti-money laundering controls.⁷³⁴

The United States has also issues new policy guidelines relating to prevention of crime and corruption for "financial institutions seeking to provide services to marijuana businesses."⁷³⁵ The guidelines seek to promote transparency and effective cooperation between different branches of government to enable effective regulation and law enforcement on marijuana business activity.

⁷²⁹ Burma: Cleaning up financial crime: British Embassy Rangoon (Rangoon) 10 December 2013. Access Date: 20 December 2013. <https://www.gov.uk/government/world-location-news/burma-cleaning-up-financial-crime>.

⁷³⁰ Advisory on the FATF-Identified Jurisdictions with AML/CFT Deficiencies, Financial Crimes Enforcement Network. Access Date: 22 December 2013. http://www.fincen.gov/statutes_regs/guidance/pdf/FIN-2013-A006.pdf.

⁷³¹ Advisory on the FATF-Identified Jurisdictions with AML/CFT Deficiencies, Financial Crimes Enforcement Network. Access Date: 22 December 2013. http://www.fincen.gov/statutes_regs/guidance/pdf/FIN-2013-A006.pdf.

⁷³² Advisory on the FATF-Identified Jurisdictions with AML/CFT Deficiencies, Financial Crimes Enforcement Network http://www.fincen.gov/statutes_regs/guidance/pdf/FIN-2013-A006.pdf.

⁷³³ U.S. and Mexican AML/CFT Supervisors Sign First-Ever MOU to Exchange Financial Information to Thwart Drug Crime, Financial Crimes Enforcement Network. Access Date: 22 December 2013. http://www.fincen.gov/news_room/nr/html/20131024.html.

⁷³⁴ Michigan MSB Shuts Down Following FinCEN Penalty for Sending Thousands of Wire Transmissions to Yemen without Anti-Money Laundering Controls, Financial Crimes Enforcement Network (Washington) 7 February 2014. Access Date: 25 April 2014. http://www.fincen.gov/news_room/nr/pdf/20140207.pdf.

⁷³⁵ FinCEN Issues Guidance to Financial Institutions on Marijuana Businesses, Financial Crimes Enforcement Network (Washington) 14 February 2014. Access Date: 25 April 2014. http://www.fincen.gov/news_room/nr/pdf/20140214.pdf.

The United States has fully complied with its commitment to reaffirm support for FATF policies and to its commitment to encourage countries to adhere to FATF corruption and transparency standards. Thus, the United States receives a score of +1 for full compliance.

Analyst: Sasha Boutilier

European Union: +1

The European Union has fully complied with its commitment to support and implement the Financial Action Task Force (FATF) standards and encourage anti-money laundering/counterterrorism financing (AML/CFT) strategies in other countries.

On 7 November 2013, the European Union-Thailand Partnership and Cooperation Agreement (PCA) was finalized in Brussels. This agreement is aimed towards strengthening mutual interests on global issues.⁷³⁶ On 15 November 2013, the Council of the European Union looked into the international account standards. The report has addressed three issues to be focused on. It includes (1) the adoption of International Financing Reporting Standards (IFRS); (2) any governance matters associated with the European Financial Reporting Advisory Group (EFRAG); and (3) funding issues in general.⁷³⁷ These are to be looked into in details and addressed again in forthcoming meetings.

In terms of bank resolution, the Council is also working towards a “Single Resolution Mechanism” (SRM) that will enter into force on January 2015.⁷³⁸ In November, the ECB also prepared a draft document providing recommendations for the security of mobile payments.⁷³⁹ The EU, along with its European Economic Area (EEA) member states are focusing on mobile transactions in order to monitor risks associated with frequent use of technology.⁷⁴⁰

On 6 December 2013, the Money Laundering and Terrorist Financing project (MOLI Serbia) organized a presentation at the National Assembly of the Republic of Serbia. It was organized by the Administration for the Prevention of Money Laundering (APML) for the Members of the EU Parliament.⁷⁴¹ From 1 to 4 October 2013, it also made a four-day visit to Rome, Italy and organized a project on money laundering and terrorist financing.⁷⁴²

⁷³⁶ Press Release — European Union — Thailand Partnership and Cooperation Agreement initialed, European Union External Action (Brussels) 7 November 2013. Access Date: 20 December 2013.

http://eeas.europa.eu/statements/docs/2013/131107_02_en.pdf.

⁷³⁷ Press Release — 3271st Council Meeting, Economic and Financial Affairs, Council of the European Union (Strasbourg) 15 November 2013. Access Date: 20 December 2013.

http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/139626.pdf.

⁷³⁸ Press Release — 3271st Council Meeting, Economic and Financial Affairs, Council of the European Union (Strasbourg) 15 November 2013. Access Date: 20 December 2013.

http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/139626.pdf.

⁷³⁹ Recommendations for the Security of Mobile Payments, European Central Bank (Frankfurt) November 2013. Access Date: 21 December 2013. <http://www.ecb.europa.eu/paym/cons/pdf/131120/recommendationsforthesecurityofmobilepaymentsdraftpc201311en.pdf>

⁷⁴⁰ Recommendations for the Security of Mobile Payments, European Central Bank (Frankfurt) November 2013. Access Date: 21 December 2013. <http://www.ecb.europa.eu/paym/cons/pdf/131120/recommendationsforthesecurityofmobilepaymentsdraftpc201311en.pdf>.

⁷⁴¹ MOLI Serbia: Project against Money Laundering and Terrorist Financing in Serbia, Council of the European Union (Strasbourg) 6 December 2013. Access Date: 20 December 2013.

http://www.coe.int/t/DGHL/cooperation/economiccrime/corruption/Projects/MOLI_Serbia/Default_en.asp.

⁷⁴² MOLI Serbia: Project against Money Laundering and Terrorist Financing in Serbia, Council of the European Union (Strasbourg) 6 December 2013. Access Date: 20 December 2013.

http://www.coe.int/t/DGHL/cooperation/economiccrime/corruption/Projects/MOLI_Serbia/Default_en.asp.

On 12 December 2013, the EU donated an amount of EUR 2.5 million towards a program that associates the Serbian Central Bank with the European System of Central Banks (ESCB).⁷⁴³ From 16 to 18 December 2013, Moli Serbia drafted the national AML/CFT strategy and action plan in Ruma, Serbia. This provided a direct outline of goals to be accomplished within 2014-2019.⁷⁴⁴

On 29 January 2014, EU submitted report on the “restrictive measures in force,” which is based on Article 215 *Treaty on the Functioning of the European Union* (TFEU).⁷⁴⁵ This makes it legitimate for the EU to give sanctions to third countries in accordance to the “common foreign and security policy (CFSP).”⁷⁴⁶ It lists of the “restrictive measures” to be provided to countries in order to counter terrorism and prevent money laundering among groups or individuals. The country list includes: Afghanistan; Burma; Africa, china; Congo; Egypt, guinea; Haiti; Iran; Iraq; North Korea; Lebanon; Liberia; Libya; Moldova; Somalia; Sudan; Syria; Yugoslavia; Zimbabwe.⁷⁴⁷ It also lists of other terrorist groups to be focused on (such as al Qaeda).⁷⁴⁸

Also on 29 January 2014, Franz-Michael Mellbin, EU special representative in Afghanistan, issued a statement that addressed the 2014 agenda in terms of the EU partnership with Afghanistan.⁷⁴⁹ The Afghanistan government is called upon to focus on the AML/CFT law.⁷⁵⁰ The EU is committed to help secure Afghanistan and its people through all means.⁷⁵¹

On 11 February 2014, statement by the European Commission, ECB, and IMF on the *third review mission to Cyprus* looked into the economic situation and financial sectors of Cyprus.⁷⁵² It also focused on the need to “strengthen implementation of banking sector regulation and supervision as well as of the anti-money laundering framework.”⁷⁵³

⁷⁴³ Press release — EU, ECB and National Bank of Serbia complete extensive cooperation programme, European Central Bank (Frankfurt) 12 December 2013. Date of Access: 20 December 2013.

<http://www.ecb.europa.eu/press/pr/date/2013/html/pr131212.en.html>

⁷⁴⁴ MOLI Serbia: Project against Money Laundering and Terrorist Financing in Serbia, Council of the European Union (Strasbourg) 16 to 18 December. Access Date: 20 December 2013.

http://www.coe.int/t/DGHL/cooperation/economiccrime/corruption/Projects/MOLI_Serbia/Default_en.asp

⁷⁴⁵ European Commission – Restrictive measures in force (Article 215 TFEU) 29 January 2014. Access Date: 20 April 2014. http://eeas.europa.eu/cfsp/sanctions/docs/measures_en.pdf.

⁷⁴⁶ European Commission – Restrictive measures in force (Article 215 TFEU) 29 January 2014. Access Date: 20 April 2014. http://eeas.europa.eu/cfsp/sanctions/docs/measures_en.pdf.

⁷⁴⁷ European Commission – Restrictive measures in force (Article 215 TFEU) 29 January 2014. Access Date: 20 April 2014. http://eeas.europa.eu/cfsp/sanctions/docs/measures_en.pdf.

⁷⁴⁸ European Commission – Restrictive measures in force (Article 215 TFEU) 29 January 2014. Access Date: 20 April 2014. http://eeas.europa.eu/cfsp/sanctions/docs/measures_en.pdf.

⁷⁴⁹ Statement on behalf of the European Union, The European Union Special Representative in Afghanistan (Kabul) 29 January 2014. Access Date: 20 April 2014. <http://eeas.europa.eu/delegations/afghanistan/documents/news/20140129.pdf>

⁷⁵⁰ Statement on behalf of the European Union, The European Union Special Representative in Afghanistan (Kabul) 29 January 2014. Access Date: 20 April 2014. <http://eeas.europa.eu/delegations/afghanistan/documents/news/20140129.pdf>

⁷⁵¹ Statement on behalf of the European Union, The European Union Special Representative in Afghanistan (Kabul) 29 January 2014. Access Date: 20 April 2014. <http://eeas.europa.eu/delegations/afghanistan/documents/news/20140129.pdf>

⁷⁵² Press Release - Statement by the European Commission, ECB and IMF on the Third Review Mission to Cyprus, European Central Bank (Frankfurt) 11 February 2014. Access Date: 17 April 2014.

<https://www.ecb.europa.eu/press/pr/date/2014/html/pr140211.en.html>

⁷⁵³ Press Release - Statement by the European Commission, ECB and IMF on the Third Review Mission to Cyprus, European Central Bank (Frankfurt) 11 February 2014. Access Date: 17 April 2014.

<https://www.ecb.europa.eu/press/pr/date/2014/html/pr140211.en.html>

On 3 March 2014, the European Commission submitted the joint staff working document on the *implementation of the European neighborhood policy in Lebanon progress in 2013 and recommendations for actions*.⁷⁵⁴ Along with highlighting political and economic issues in Lebanon, it also addressed money laundering and terrorist financing. In terms of money laundering, steps have been taken to “better control the operations of the money exchange companies.”⁷⁵⁵ However, terrorist related issues remain to be focused on furthermore as there have not been much progress in this field.⁷⁵⁶

On 17 March 2014, joint press release of the EU and UNODC (United Nations Office on Drugs and Crime) was submitted. The aim is to “expand investigators expertise and train local police to counter money laundering and terrorist financing”⁷⁵⁷ in cities of Hanoi and Ho Chi Minh.⁷⁵⁸ The focus is on Southeast Asia as the challenge regarding AML/CFT seems to be prominent here.⁷⁵⁹ Such an effort is appreciated by the counter terrorist department of Vietnam as well.⁷⁶⁰

On 26 March 2014, joint statement in Brussels reported of the EU’s commitment to a “strong partnership” with the U.S and set forth an agenda to be focused on.⁷⁶¹ Countering terrorism is a priority on the agenda and they are ensuring that this partnership will bring forth some positive results.⁷⁶² They have also called on other countries to take these issues seriously and commit to the EU standards.⁷⁶³ On 27 March 2014, ECB provided a draft report on the measurement of credit and country risk of bank groups.⁷⁶⁴ This is to “detect credit and country risk of Austrian groups of credit institutions and their foreign subsidiary banks.”⁷⁶⁵

The EU has taken measures to reaffirm its support for FAFT standards and has encouraged other countries to adhere to its standard. For its full compliance, it has been awarded a score of +1.

Analyst: Saima Jahan

⁷⁵⁴ Joint Staff Working Document, European Commission (Brussels) 3 March 2014. Access Date: 16 April 2014. http://eeas.europa.eu/delegations/lebanon/documents/news/20140328_3_en.pdf.

⁷⁵⁵ Joint Staff Working Document, European Commission (Brussels) 3 March 2014. Access Date: 16 April 2014. http://eeas.europa.eu/delegations/lebanon/documents/news/20140328_3_en.pdf.

⁷⁵⁶ Joint Staff Working Document, European Commission (Brussels) 3 March 2014. Access Date: 16 April 2014. http://eeas.europa.eu/delegations/lebanon/documents/news/20140328_3_en.pdf.

⁷⁵⁷ Joint Press Release - EU and UNODC offer training for Vietnam’s Counter-Terrorism Police, European Union (Ho Chi Minh) 17 March 2014. Access Date: 16 April 2014.

http://eeas.europa.eu/delegations/vietnam/documents/press_corner/2014/20140317_counter_terrorism_en.pdf.

⁷⁵⁸ Joint Press Release - EU and UNODC offer training for Vietnam’s Counter-Terrorism Police, European Union (Ho Chi Minh) 17 March 2014. Access Date: 16 April 2014.

http://eeas.europa.eu/delegations/vietnam/documents/press_corner/2014/20140317_counter_terrorism_en.pdf.

⁷⁵⁹ Joint Press Release - EU and UNODC offer training for Vietnam’s Counter-Terrorism Police, European Union (Ho Chi Minh) 17 March 2014. Access Date: 16 April 2014.

http://eeas.europa.eu/delegations/vietnam/documents/press_corner/2014/20140317_counter_terrorism_en.pdf.

⁷⁶⁰ Joint Press Release - EU and UNODC offer training for Vietnam’s Counter-Terrorism Police, European Union (Ho Chi Minh) 17 March 2014. Access Date: 16 April 2014.

http://eeas.europa.eu/delegations/vietnam/documents/press_corner/2014/20140317_counter_terrorism_en.pdf.

⁷⁶¹ Joint Statement – EU-US Summit, European Union External Actions (Brussels) 26 March 2014. Access Date: 17 April 2014. http://eeas.europa.eu/statements/docs/2014/140326_02_en.pdf.

⁷⁶² Joint Statement – EU-US Summit, European Union External Actions (Brussels) 26 March 2014. Access Date: 17 April 2014. http://eeas.europa.eu/statements/docs/2014/140326_02_en.pdf.

⁷⁶³ Joint Statement – EU-US Summit, European Union External Actions (Brussels) 26 March 2014. Access Date: 17 April 2014. http://eeas.europa.eu/statements/docs/2014/140326_02_en.pdf.

⁷⁶⁴ Opinion of the European Central Bank (Frankfurt) 27 March 2014. Access Date: 15 April 2014. http://www.ecb.europa.eu/ecb/legal/pdf/en_con_2014_23_f_sign.pdf.

⁷⁶⁵ Opinion of the European Central Bank (Frankfurt) 27 March 2014. Access Date: 15 April 2014. http://www.ecb.europa.eu/ecb/legal/pdf/en_con_2014_23_f_sign.pdf.