

The  
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presents the

## **2015 Schloss Elmau G7 Summit Interim Compliance Report**

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*“We have meanwhile set up a process and there are also independent institutions monitoring which objectives of our G7 meetings we actually achieve. When it comes to these goals we have a compliance rate of about 80%, according to the University of Toronto. Germany, with its 87%, comes off pretty well. That means that next year too, under the Japanese G7 presidency, we are going to check where we stand in comparison to what we have discussed with each other now. So a lot of what we have resolved to do here together is something that we are going to have to work very hard at over the next few months. But I think that it has become apparent that we, as the G7, want to assume responsibility far beyond the prosperity in our own countries. That’s why today’s outreach meetings, that is the meetings with our guests, were also of great importance.”*

Chancellor Angela Merkel, Schloss Elmau, June 8, 2015

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## 9. Terrorism: Terrorists' Assets

"We reaffirm our commitment to effectively implement the established international framework for the freezing of terrorists' assets, and will facilitate cross-border freezing requests among G7 countries."

*G7 Schloss Elmau Summit Declaration*

### Assessment

	Lack of Compliance	Work in Progress	Full Compliance
Canada			+1
France			+1
Germany		0	
Italy			+1
Japan	-1		
United Kingdom			+1
United States		0	
European Union			+1
Average		+0.50	

### Background

In the wake of emergent national security threats, G7 has given considerable attention to international terrorism. At the 2002 Kananaskis Summit, the G7 "committed to sustained and comprehensive actions to deny support, or sanctuary to terrorists, to bring [them] to justice, and to reduce the threat of terrorist attacks."<sup>384</sup> One year later at the Evian Summit, the G7 created the Counter-Terrorism Action Group (CTAG), an institutional commitment to coordinating political will and counter-terrorism activities to help eradicate the root causes of terrorism. At the 2005 Gleneagles Summit, the G7 committed to enhancing the CTAG by working to improve intelligence sharing between member states.<sup>385</sup>

The Financial Action Task Force (FATF) 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."<sup>386</sup>

The G7 has also institutionally committed to supporting the Government of Afghanistan in its transition to democracy and its attempts to combat terrorism. At the 2009 L'Aquila Summit, member states committed to "provide assistance to the electoral process, to provide comprehensive assistance to the new Afghan Government, and to support capacity building at all levels."<sup>387</sup> In Muskoka in 2010, the G7 supported the International Security Assistance Force's (ISAF) transition strategy, as well as ongoing efforts to establish an Afghan-led reconciliation process.<sup>388</sup> A similar push for the advancement of good governance in Afghanistan occurred at the 2011 Deauville Summit, despite the existence of other pressing terrorism priorities.

At the 2012 Camp David Summit, the G7 members continued to support the Government of Afghanistan during the transition process "with a close coordination of our security, political and economic strategies."<sup>389</sup>

<sup>384</sup> The Kananaskis Summit Chair's Summary, Kananaskis, Canada, 27 June 2002. Date of Access: 2 January 2016.

<http://www.g8.utoronto.ca/summit/2002kananaskis/summary.html>

<sup>385</sup> "2005 Gleneagles Final Compliance Report." G8 Research Group, 12 June 2006.

[http://www.g8.utoronto.ca/evaluations/2005compliance\\_final/index.html](http://www.g8.utoronto.ca/evaluations/2005compliance_final/index.html). Date of Access: 02 January 2016.

<sup>386</sup> "FATF: Home". Date of Access: 2 January 2016. <http://www.fatf-gafi.org/pages/aboutus/>

<sup>387</sup> "2009 L'Aquila Final Compliance Report." G8 Research Group, 4 July 2010. Date of Access: 02 January 2016, p.323.

<http://www.g8.utoronto.ca/evaluations/2009compliance-final/index.html#intro>.

<sup>388</sup> "2010 Muskoka G8 Final Compliance Report." G8 Research Group, 24 May 2011. Date of Access: 02 January 2016.

<http://www.g8.utoronto.ca/evaluations/2010compliance-final/index.html>.

<sup>389</sup> Camp David Declaration, 19 May 2012. Date of Access: 2 January 2016.

<http://www.g8.utoronto.ca/summit/2012campdavid/g8-declaration.html>

Member states also maintained their support for external conferences, such as those in Bonn and Tokyo, where the world community generates further long-term support for assistance to Afghanistan.

Throughout Afghanistan's transition process, the G7 has supported the Roma-Lyon Group that seeks to counter threats of terrorism and organized crime. The G7 endorsed the Roma-Lyon Group for its efforts to "enhance cooperation against terrorism; counter improvised explosive devices; combat illicit drug production and trafficking."<sup>390</sup>

At the 2013 Lough Erne Summit, G7 members stated that they would continue to assist the Government of Afghanistan to "strengthen their institutions of governance, to combat terrorism and the threat of terrorism."<sup>391</sup>

Most recently at the 2015 Elmau Summit, G7 members reaffirmed their commitment against financing terrorism and to ensuring "an effective implementation of FATF standards, including through a robust follow-up process."<sup>392</sup>

### Commitment Features

This particular commitment focuses on G7 members' compliance in implementing an established international framework for the freezing of terrorist assets and their compliance in facilitating cross border freezing requests by other G7 members. This can mean investments in counter-terror financing, anti-money laundering, and individualized sanctions or broader multi-lateral innovations.

### Scoring Guidelines

-1	G7 member does not take any measures to implement an international framework to freeze terrorist assets AND does not facilitate cross-border freezing requests by other G7 members.
0	G7 member takes measures to implement an international framework to freeze terrorist financing OR facilitates cross-border freezing requests by other G7 members.
+1	G7 member takes measures to implement an international framework to combat terrorist financing AND facilitates cross-border freezing requests by other G7 members.

*Lead Analyst: Christine Jacob*

### Canada: +1

Canada fully complied with its commitment to effectively implement the established international framework for the freezing of terrorists' assets and facilitate cross-border freezing requests among G7 members.

The Proceeds of Crime (Money Laundering) and Terrorism Financing Act (PCMLTFA) is the main framework in Canadian law dealing with the tracking, prevention, and deterrence of terrorism financing. The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) and the Ministry of Finance are responsible for enforcing this act.<sup>393</sup> FINTRAC is the body that detects, prevents, and deters financing of terrorist activities.<sup>394</sup>

PCMLTFA allows Canada to heighten its abilities to counter terrorist activity, specifically terrorism financing. This act specifically allows Canada to cooperate with other countries in the international counter-

<sup>390</sup> G8 Foreign Ministers Meeting Chair's Statement, Washington DC, 12 April 2012. Date of Access: 2 January 2016. <http://www.g8.utoronto.ca/foreign/formin120412.html>

<sup>391</sup> G8 Lough Erne Leaders Communiqué, 18 June 2013. Date of Access: 2 January 2016. <http://www.g8.utoronto.ca/summit/2013lougherne/lough-erne-communique.html>

<sup>392</sup> Leaders' Declaration: G7 Elmau Summit, 8 June 2015. Access Date: 2 January 2016. <http://www.g8.utoronto.ca/summit/2015elmau/2015-G7-declaration-en.html>

<sup>393</sup> Proceeds of Crime (Money Laundering) and Terrorist Financing Act, Government of Canada (Ottawa) 30 May 2015. Date of Access: 26 January 2016. <http://www.fintrac-canafe.gc.ca/act-loi/1-eng.asp>

<sup>394</sup> Financial Transactions Reports Analysis Centre of Canada, Government of Canada (Ottawa) 12 January 2016. Date of Access: 26 January 2016. <http://www.fintrac-canafe.gc.ca/intro-eng.asp>

terrorism effort.<sup>395</sup> Thus, Canada has the ability to facilitate freezing requests by G7 members as well as other countries.

Canada already has a framework in place to facilitate asset-freezing requests by other G7 members. The Department of Global Affairs (formerly the Department of Foreign Affairs and International Trade) helps negotiate and enforce resolutions in international organizations such as the G7, the G20, the International Monetary Fund and the World Bank.<sup>396</sup> The Canadian government continues to use asset-freezing frameworks already in place for its counter-terrorism effort.

Canada was awarded a score of +1 due to its ongoing efforts to counter terrorism financing in form of anti-terrorism legislation, amendments to the Criminal Code and Canada's constant cooperation with the international community's effort to counter terrorism financing.

*Analyst: Steven Camit*

### **France: +1**

France has fully complied with its commitment to implement the established international framework for the freezing of terrorists' assets and facilitate cross-border freezing requests among G7 members.

On 1 September 2015, the Ministry of Finance and Public Accounts (FICOBA) decreased its cash limit. Cash limits for French residents decreased by two thirds while limits for non-residents decreased by one third.<sup>397</sup>

France has committed to improving its freezing capabilities. The Ministries of Finance and Interior now have the power to freeze assets of suspected terrorists for six months. This coincides with their anti-terrorist commitment with the European Union and their adoption of law on "transparency of economic life."<sup>398</sup>

The French government has promoted cooperation between its ministries to better control cash flow. These measures include better control of physical capital transfers, strict restrictions on prepaid credit cards, more identification requirements when making transactions of EUR1000 or more, and giving FICOBA more control of "nickel" accounts.<sup>399</sup>

Following the attacks in Paris on 13 November 2015, the French government accelerated its anti-terrorist financing measures to help prevent the financing of terrorism on national, European and international levels.<sup>400</sup> In particular, France called on European Union members to take swifter action on toughening rules that would combat money laundering. The deadline for these rules was originally 2017.<sup>401</sup>

France's leadership has made effective contributions to the international framework on countering terrorist financing, and has granted G7 members' requests to freeze assets within its jurisdiction. Thus, France has been awarded a score of +1.

*Analyst: Steven Camit*

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<sup>395</sup> Proceeds of Crime (Money Laundering) and Terrorist Financing Act, Government of Canada (Ottawa) 30 May 2015. Date of Access: 26 January 2016. <http://www.fintrac-canafe.gc.ca/act-loi/1-eng.asp>.

<sup>396</sup> Building Resilience Against Terrorism: Canada's Counter-Terrorism Strategy, Government of Canada (Ottawa) 2013. Date of Access: 26 January 2016. <http://www.publicsafety.gc.ca/cnt/rsrscs/pblctns/rslnrc-gnst-trrrsm/rslnrc-gnst-trrrsm-eng.pdf>.

<sup>397</sup> Action Plan to Counter Terrorist Financing, Ministère des Finances et des Comptes publics (Paris) March 2015. Date of Access: 23 January 2016. [http://www.economie.gouv.fr/files/info\\_terrorisme\\_en\\_infographie.pdf](http://www.economie.gouv.fr/files/info_terrorisme_en_infographie.pdf).

<sup>398</sup> Dossier de presse: Lutter contre le financement du terrorisme, Government of France (Paris) November 2015. Date of Access: 23 January 2016. <http://proxy-pubminefi.diffusion.finances.gouv.fr/pub/document/18/20086.pdf>.

<sup>399</sup> Lutter contre le financement du terrorisme, Government of France (Paris) 30 November 2015. Date of Access: 23 January 2016. <http://www.gouvernement.fr/partage/5954-lutter-contre-le-financement-du-terrorisme>.

<sup>400</sup> La lutte contre le financement du terrorisme s'accélère, Government of France (Paris) 24 November 2015. Date of Access: 23 January 2016. <http://www.gouvernement.fr/argumentaire/la-lutte-contre-le-financement-du-terrorisme-s-accelere-3316>.

<sup>401</sup> EU Sees Broad Agreement on Fighting Terrorist Financing, The Wall Street Journal (New York) 8 December 2015. Date of Access: 23 January 2016. <http://www.wsj.com/articles/france-presses-on-terrorist-financing-1449577369>.

**Germany: 0**

Germany has partially complied with its commitment to effectively implement the established international framework for freezing terrorists' assets and facilitate cross-border freezing requests among G7 members.

Following the 2015 summit, the German government added a new section (89c) on terrorism financing to the Criminal Code.<sup>402</sup> This section replaces the previously existing section (89a, paragraph 2, number 4), and criminalizes all forms of terrorism financing.<sup>403</sup> The changes to the criminal code reflect recommendations by the Financial Action Task Force (FATF).

According to the November 2015 Terrorist Financing FATF Report to G20 Leaders, Germany is one of 37 jurisdictions out of a total of 194, which has applied targeted financial sanctions at its own will, equaling a total of EUR5,300 frozen.<sup>404</sup>

In December 2015, Germany voted to join the American-led fight against ISIS and agreed to commit a total of USD145 million in military aid for the cause.<sup>405</sup> This decision was made following the French request for German support in combatting ISIS after the Paris attacks in November 2015.

Germany has made effective contributions to the international framework on countering terrorist financing. However, Germany has not granted G7 members' requests to freeze assets within its jurisdiction. Thus, Germany has been awarded a score of 0.

*Analyst: Courtney Hallink*

**Italy: +1**

Italy has fully complied with its commitment to effectively implement the established international framework for the freezing of terrorists' assets and facilitate cross-border freezing requests among G7 members.

Italy has made a number of diplomatic initiatives aimed at improving measures to counter terrorist financing.

In December 2015, at a meeting of the finance ministers of the members of the United Nations Security Council, Italy co-sponsored Resolution 2253, drafted by the United States and Russia, regarding ISIS counter financing.<sup>406</sup> The resolution renamed the existing 126/1989 al Qaeda Sanctions Regime and List to incorporate the Caliphate, calling for sanctions on any country, individual or group associated with ISIS,

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<sup>402</sup> Jenny Gesley, "Global Legal Monitor," Germany: New Anti-Terrorism Legislation Entered Into Force, July 10, 2015, Date of Access: 7 February 2016. <http://www.loc.gov/law/foreign-news/article/germany-new-anti-terrorism-legislation-entered-into-force>.

<sup>403</sup> Jenny Gesley, "Global Legal Monitor," Germany: New Anti-Terrorism Legislation Entered Into Force, July 10, 2015, Date of Access: 7 February 2016. <http://www.loc.gov/law/foreign-news/article/germany-new-anti-terrorism-legislation-entered-into-force>.

<sup>404</sup> Terrorist Financing FATF Report to G20 Leaders: Actions Being Taken by the FATF, Financial Action Task Force, November 2015, Date of Access: 7 February 2016. <http://www.fatf-gafi.org/publications/fatfrecommendations/documents/terrorist-financing-fatf-report-to-g20.html>

<sup>405</sup> Alistair Jamieson, "Germany Sends Jets to Aid U.S.-Led Strikes Targeting ISIS," NBC News, December 2015, Date accessed: 7 February 2016. <http://www.nbcnews.com/storyline/isis-terror/germany-votes-join-u-s-led-fight-against-isis-syria-n474161>.

<sup>406</sup> Unanimously Adopting Resolution 2253 (2015), Security Council Expands Sanctions Framework to Include Islamic State in Iraq and Levant, United Nations 17 December 2015. Date of access: 26 January 2016. <http://www.un.org/press/en/2015/sc12168.doc.htm>

comprising asset freeze, travel ban and ban on transfer of arms.<sup>407</sup> The resolution further called for increased engagement with private sector financial institutions to improve identification of terrorist activity.<sup>408</sup>

In September 2015, Italian Minister of Foreign Affairs Paolo Gentiloni, with Nasser Judeh, Jordan's Minister of Foreign Affairs, presented an initiative entitled Protecting Cultural Heritage — An Imperative for Humanity. The initiative intended to increase protection of cultural heritage targeted by terrorists and traffickers, given the prevalence of artifact trafficking and looting of cultural heritage sites for income generation by ISIS.<sup>409</sup> At the third meeting of the Counter-ISIL Finance Group held in August 2015, four subgroups created to allow coalition members to cooperate on specific aspects of counter terror finance.<sup>410</sup> Italy is chairing the group working to counter the smuggling of archeological artifacts by ISIS militants.<sup>411</sup>

Italy has made effective contributions to the international framework on countering terrorist financing, and has granted G7 members' requests to freeze assets within its jurisdiction. Thus, Italy has been awarded a score of +1.

*Analyst: Sanjana Shah*

### **Japan: -1**

Japan has not complied with its commitment to effectively implement the established international framework for freezing terrorists' assets and facilitate cross-border freezing requests among G7 members.

Prior to the 2015 Elmau Summit, the Japanese cabinet approved the proposed legislation to freeze terrorist assets after receiving criticism from Financial Action Task Force for its inadequate role in the international effort against terrorist financing.<sup>412</sup> The cabinet also agreed on an amendment to the Prevention of Transfer of Criminal Proceeds Act, which will serve to strengthen the anti-money laundering procedures. The proposed legislation and amendment, however, have not yet been put into force.<sup>413</sup>

In December 2015, Japan created the International Counterterrorism Intelligence Collection Unit.<sup>414</sup> The intelligence unit is to be made up of personnel from the Foreign and Defence Ministries, the National Police Agency, and the Cabinet Intelligence and Research Office.<sup>415</sup>

In January 2016, Prime Minister Shinzo Abe proclaimed that Japan would not join the US-led fight against ISIS in the near future. Abe also stated that Japan's support would be limited to humanitarian aid.<sup>416</sup>

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<sup>407</sup> Unanimously Adopting Resolution 2253 (2015), Security Council Expands Sanctions Framework to Include Islamic State in Iraq and Levant, United Nations 17 December 2015. Date of access: 26 January 2016. <http://www.un.org/press/en/2015/sc12168.doc.htm>

<sup>408</sup> Unanimously Adopting Resolution 2253 (2015), Security Council Expands Sanctions Framework to Include Islamic State in Iraq and Levant, United Nations 17 December 2015. Date of access: 26 January 2016. <http://www.un.org/press/en/2015/sc12168.doc.htm>

<sup>409</sup> At UN, global initiative launched boost protection of cultural heritage targeted by terrorists and traffickers, UN News Center 27 September 2015. Date of access: 28 January 2016. <http://www.un.org/apps/news/story.asp?NewsID=51994#.VqrgvIMrJsM>

<sup>410</sup> The Third Counter ISIL Finance Meeting Convened at Treasury, U.S. Department of the Treasury 10 August 2015. Date of access: 26 January 2016. <https://www.treasury.gov/connect/blog/Pages/The-Third-Counter-ISIL-Finance-Meeting-Convened-at-Treasury.aspx>

<sup>411</sup> Italy Heads Fight Against Smuggling of Archaeological Treasures by ISIL, Sputnik News 2 November 2015. Date of access: 26 January 2016. <http://sputniknews.com/world/20151102/1029503139.html#ixzz3ybMV736e>

<sup>412</sup> Monami Yui and Takako Taniguchi, "Japan's Cabinet Approves Proposal to Freeze Terrorist Assets," Bloomberg.com, October 9, 2014, Date of Access: 7 February 2016. <http://www.bloomberg.com/news/articles/2014-10-10/japan-s-cabinet-approves-proposal-to-freeze-terrorist-assets>.

<sup>413</sup> Katarina Svitekova, "Japan's Anti-money Laundering Law," Japan's Anti-money Laundering Law, January 2015, Date of Access: 7 February 2015. <http://www.nortonrosefulbright.com/knowledge/publications/129379/japans-anti-money-laundering-law>.

<sup>414</sup> Russia Today, "Japan Brings Forward Launch of Anti-terror Intelligence Unit for Overseas Ops," RT International, Date of Access: 7 February 2016. <https://www.rt.com/news/324779-japan-anti-terrorism-unit/>.

<sup>415</sup> Russia Today, "Japan Brings Forward Launch of Anti-terror Intelligence Unit for Overseas Ops," RT International, Date of Access: 7 February 2016. <https://www.rt.com/news/324779-japan-anti-terrorism-unit/>.

Japan has not taken measures to address terrorist financing through an international framework, nor has it granted the request of G7 members to freeze assets in their jurisdiction. Thus, Japan has been awarded a score of -1.

*Analyst: Courtney Hallink*

**United Kingdom: +1**

The United Kingdom has fully complied with the commitment to combat terrorism.

Since the 2015 Elmau Summit, the UK has taken measures to implement an international framework to freeze terrorist assets and facilitate cross-border freezing requests by other G7 members.

At the 17 December 2015 meeting of the United Nations Security Council (UNSC), George Osborne, Chancellor of the Exchequer, stated that the United Kingdom had submitted a list of British nationals who had travelled to Syria and put their names forward to the United Nations for listing.<sup>417</sup> Osborne also stated that the United Kingdom would legislate domestically in order to implement United Nations sanctions as soon as possible.<sup>418</sup>

The November 2015 Terrorist Financial Action Task Force Report to G20 Leaders identified the UK as one of the 37 jurisdictions that has applied targeted financial sanctions on its own motion.<sup>419</sup> As of 15 August 2015, there were 158 individuals and entities designated in response to impositions by UNSC resolutions on al Qaeda and the Taliban, with asset amounts frozen totalling EUR214,000.<sup>420</sup>

In response to the fourth report from David Anderson, the Independent Reviewer of Terrorism Legislation in the United Kingdom, the Government of the United Kingdom issued a document in July 2015 outlining the increase in the number of new designations under the Terrorist Asset-Freezing etc. Act 2010. and agreeing that putting one member of the asset-freezing case review group forward to present a “devil’s advocate” case against designation could supplement the level of challenge that takes place during the review group meeting and advance the rigour and effectiveness of these meetings.<sup>421</sup>

The United Kingdom has taken measures to address terrorist financing through an international framework and has remained committed to granting the requests of G7 members to freeze assets in their jurisdiction. Thus, the United Kingdom has been awarded a score of +1.

*Analyst: Elizabeth Gross*

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<sup>416</sup> Russia Today, “Japan Brings Forward Launch of Anti-terror Intelligence Unit for Overseas Ops,” RT International, Date of Access: 7 February 2016. <https://www.rt.com/news/324779-japan-anti-terrorism-unit/>.

<sup>417</sup> Unanimously Adopting Resolution 2253 (2015), Security Council Expands Sanctions Framework to Include Islamic State in Iraq and Levant, 7587<sup>th</sup> Meeting of the United Nations Security Council (New York City) 7 December 2015. Date of Access: 24 January 2016. <http://www.un.org/press/en/2015/sc12168.doc.htm>

<sup>418</sup> Unanimously Adopting Resolution 2253 (2015), Security Council Expands Sanctions Framework to Include Islamic State in Iraq and Levant, 7587<sup>th</sup> Meeting of the United Nations Security Council (New York City) 7 December 2015. Date of Access: 24 January 2016. <http://www.un.org/press/en/2015/sc12168.doc.htm>

<sup>419</sup> Terrorist Financing FATF Report to G20 Leaders: Actions Being Taken by the FATF, Financial Action Task Force (Paris) November 2015. Date of Access: 25 January 2016. <http://www.fatf-gafi.org/publications/fatfrecommendations/documents/terrorist-financing-fatf-report-to-g20.html>

<sup>420</sup> Terrorist Financing FATF Report to G20 Leaders: Actions Being Taken by the FATF, Financial Action Task Force (Paris) November 2015. Date of Access: 25 January 2016. <http://www.fatf-gafi.org/publications/fatfrecommendations/documents/terrorist-financing-fatf-report-to-g20.html>

<sup>421</sup> Operation of the Terrorist Asset-Freezing Etc. Act 2010: Response to independent reviewer’s fourth report, Economic Secretary to the Treasury (London) July 2015. Date of Access: 24 January 2016. [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/445619/Response\\_to\\_the\\_recommendations\\_final.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/445619/Response_to_the_recommendations_final.pdf)

**United States: 0**

The United States has partially complied with its commitment to effectively implement the established international framework for the freezing of terrorists' assets and facilitate cross-border freezing requests among G7 members.

The United States has contributed to the establishment of an effective international framework for countering terrorist financing. In December 2015, US Treasury Secretary Jacob Lew chaired a meeting of finance ministers of the members of the United Nations Security Council (UNSC) on the topic of terrorist financing.<sup>422</sup> The United States sponsored a UNSC resolution in conjunction with Russia aimed at improving measures to counter terror financing by criminalizing all terror-related financial transactions.<sup>423</sup> The resolution encourages financial sanctions against individuals aiding terror recruitment, training or travel even in the absence of direct links to terrorist activity.<sup>424</sup>

The United States has adopted diplomatic measures in its efforts to counter terrorist financing. In September 2015, the United States announced a State Department Reward for Justice offer of USD5 million for information regarding disruption of the sale of oil or antiquities profiting the ISIS.<sup>425</sup> The Treasury Department designated over 30 ISIS officials, facilitators and fighters under Executive Order 13224.<sup>426</sup> As a result, these individuals were designated by the UN under UNSC Resolution 1267 and Resolution 1989 for targeted financial sanctions and travel bans.<sup>427</sup> The US-led coalition committed to destroying ISIS in both military and financial terms, welcomed new members Malaysia, Nigeria and Tunisia to the existing 60-member coalition.<sup>428</sup>

The United States has further chosen to target terrorist financing through military measures. On 12 January 2016, President Barack Obama's State of the Union address discussed the role of US-led air strikes in targeting ISIL finances as he declared a key source of ISIS finance, a bank in Mosul, was bombed the same day.<sup>429</sup> The United States launched Operation Tidal Wave II in October 2015 specifically targeting ISIS oil facilities and infrastructure in Deil-ez-Zour, having conducted over 68 airstrikes to date.<sup>430</sup> On October 21 2015, the US-led coalition hit 26 targets in the Omar oil field, one of the two largest oil production sites in

<sup>422</sup> Fact Sheet: UN Security Council Meeting of Finance Ministers on Countering the Financing of Terrorism, United States Mission to the United Nations December 17 2015. Date of access: January 26 2016. <http://usun.state.gov/remarks/7058>

<sup>423</sup> UN Security Council puts sanctions focus on Islamic State, Reuters 17 December 2015. Date of access: 26 January 2016. <http://www.reuters.com/article/us-mideast-crisis-islamic-state-un-idUSKBN0U030P20151217>

<sup>424</sup> UN Security Council puts sanctions focus on Islamic State, Reuters 17 December 2015. Date of access: 26 January 2016. <http://www.reuters.com/article/us-mideast-crisis-islamic-state-un-idUSKBN0U030P20151217>

<sup>425</sup> FACT SHEET: Leaders' Summit to Counter ISIL and Violent Extremism, the White House 29 September 2015. Date of access: 28 January 2016. <https://www.whitehouse.gov/the-press-office/2015/09/29/fact-sheet-leaders-summit-counter-isil-and-violent-extremism>

<sup>426</sup> FACT SHEET: Leaders' Summit to Counter ISIL and Violent Extremism, the White House 29 September 2015. Date of access: 28 January 2016. <https://www.whitehouse.gov/the-press-office/2015/09/29/fact-sheet-leaders-summit-counter-isil-and-violent-extremism>

<sup>427</sup> FACT SHEET: Leaders' Summit to Counter ISIL and Violent Extremism, the White House 29 September 2015. Date of access: 28 January 2016. <https://www.whitehouse.gov/the-press-office/2015/09/29/fact-sheet-leaders-summit-counter-isil-and-violent-extremism>

<sup>428</sup> FACT SHEET: Leaders' Summit to Counter ISIL and Violent Extremism, the White House 29 September 2015. Date of access: 28 January 2016. <https://www.whitehouse.gov/the-press-office/2015/09/29/fact-sheet-leaders-summit-counter-isil-and-violent-extremism>

<sup>429</sup> Remarks of President Barack Obama – State of the Union Address As Delivered, the White House, 13 January 2016. Date of access: 28 January 2016. <https://www.whitehouse.gov/the-press-office/2016/01/12/remarks-president-barack-obama-%E2%80%93-prepared-delivery-state-union-address>

<sup>430</sup> FACT SHEET: Maintaining Momentum in The Fight against ISIL, the White House 15 January 2016. Date of access: 28 January 2016. <https://www.whitehouse.gov/the-press-office/2016/01/15/fact-sheet-maintaining-momentum-fight-against-isil>

Syria, producing approximately 30,000 barrels a day.<sup>431</sup> Since November 2015, US-led strikes are believed to have reduced ISIS oil revenues by 30 per cent.<sup>432</sup>

The US has not demonstrated complete international cooperation on the issue of terrorist financing. As per the Terrorist Finance Tracking Program of 2010, signed by the US and the European Union, the EU countries rely on the US for information regarding terrorist financial flows.<sup>433</sup> Yet, the United States refused to respond to French inquiries regarding terrorist funding sources tied to the ISIS attack in November 2015 in Paris.<sup>434</sup>

The United States has made effective contributions to the international framework on countering terrorist financing, but has not granted G7 members' requests to freeze assets within its jurisdiction. Thus, the United States has been awarded a score of 0.

*Analyst: Sanjana Shah*

### **European Union: +1**

The European Union has fully complied with its commitment to combat terrorism.

Since the 2015 Elmau Summit, the EU has taken measures to implement an international framework to freeze terrorist assets and facilitate cross-border freezing requests by other G7 members.

A 17 November 2015 European Commission fact sheet detailed progress made in addressing priorities outlined in the European Agenda on Security (adopted on 28 April 2015) including legal and technical improvements to the Schengen Information System database, the establishment of an EU Referral Unit in Europol, the establishment of a Radicalisation Awareness Network Centre of Excellence, and notably, the establishment of a platform bringing together Financial Intelligence Units from the EU members.<sup>435</sup>

Shortly after the 16 November 2015 G20 summit in Antalya, the European Union Justice and Home Affairs ministers met on 20 November to discuss how to improve the EU's response to terrorism.<sup>436</sup> They approved a set of conclusions including an effort to combat the financing of terrorism through: 1) inviting the European Commission to present proposals to strengthen, harmonize and improve the powers of, and the cooperation between Financial Intelligence Units to bolster the fight against money laundering and terrorist financing in line with FATF recommendations; and 2) committing to ensure a swift and effective freezing of terrorist assets throughout the Union, whether through autonomous EU decisions or in compliance with UN Security Council Resolutions.<sup>437</sup> However, these proposals have yet to pass into legislation.

In December 2015, French Finance Minister Michel Sapin proposed strategies to further cross-border cooperation between financial investigators, freeze terrorist assets throughout the EU, more rigorously assess the use of prepaid cards and virtual currencies, and to access data related to suspicious SWIFT wire transfers

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<sup>431</sup> U.S. Steps Up Its Attacks on ISIS-Controlled Oil Fields in Syria, New York Times 12 November 2015. Date of access: 26 January 2016. <http://www.nytimes.com/2015/11/13/us/politics/us-steps-up-its-attacks-on-isis-controlled-oil-fields-in-syria.html>

<sup>432</sup> FACT SHEET: Maintaining Momentum in The Fight against ISIL, the White House 15 January 2016. Date of access: 28 January 2016. <https://www.whitehouse.gov/the-press-office/2016/01/15/fact-sheet-maintaining-momentum-fight-against-isil>

<sup>433</sup> U.S. leaves French requests on terror financing information unanswered – source, Reuters UK, 17 December 2015. Date of access: 26 January 2016. <http://uk.reuters.com/article/uk-france-shooting-us-idUKKBN0T33J20151217>

<sup>434</sup> U.S. leaves French requests on terror financing information unanswered – source, Reuters UK, 17 December 2015. Date of access: 26 January 2016. <http://uk.reuters.com/article/uk-france-shooting-us-idUKKBN0T33J20151217>

<sup>435</sup> European Agenda on Security – State of Play (Brussels) 17 November 2015. Date of access: 27 January 2016. [http://europa.eu/rapid/press-release\\_MEMO-15-6115\\_en.htm](http://europa.eu/rapid/press-release_MEMO-15-6115_en.htm)

<sup>436</sup> Response to foreign terrorist fighters and recent terrorist attacks in Europe, European Council (Brussels) 21 December 2015. Date of access: 27 January 2016. <http://www.consilium.europa.eu/en/policies/fight-against-terrorism/foreign-fighters/>

<sup>437</sup> Conclusions of the Council of the EU and of the Member States meeting within the Council on Counter-Terrorism, Council of the EU (Brussels) 20 November 2015. Date of access: 27 January 2016. [http://www.consilium.europa.eu/press-releases-pdf/2015/11/40802205351\\_en\\_635836435200000000.pdf](http://www.consilium.europa.eu/press-releases-pdf/2015/11/40802205351_en_635836435200000000.pdf)

in Europe.<sup>438</sup> Sapin's ministerial counterparts agreed to accelerate action, both on previously agreed strategies and the additional measures introduced by France.<sup>439</sup> Sapin stated that the European Commission will commence work promptly on new proposals, to be settled at a subsequent EU finance minister meeting.<sup>440</sup>

The European Union has taken measures to address terrorist financing through an international framework and has remained committed to granting the requests of G7 members to freeze assets in their jurisdiction. Thus, the European Union has been awarded a score of +1.

*Analyst: Elizabeth Gross*

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<sup>438</sup> EU ups its fight against terrorist financing, Deutsche Welle (Berlin) 8 December 2015. Date of access: 27 January 2016. <http://www.dw.com/en/eu-ups-its-fight-against-terrorist-financing/a-18903083>

<sup>439</sup> EU ups its fight against terrorist financing, Deutsche Welle (Berlin) 8 December 2015. Date of access: 27 January 2016. <http://www.dw.com/en/eu-ups-its-fight-against-terrorist-financing/a-18903083>

<sup>440</sup> EU ups its fight against terrorist financing, Deutsche Welle (Berlin) 8 December 2015. Date of access: 27 January 2016. <http://www.dw.com/en/eu-ups-its-fight-against-terrorist-financing/a-18903083>