



Financial Action Task Force on Money Laundering

Groupe d'action financière
sur le blanchiment de capitaux

Review to Identify Non-Cooperative Countries or Territories: Increasing The World-Wide Effectiveness of Anti-Money Laundering Measures

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EXECUTIVE SUMMARY OF THE JUNE 2002 NCCTs REPORT

1. In order to reduce the vulnerability of the international financial system, increase the world-wide effectiveness of anti-money laundering measures, and recognise progress made in these areas, the FATF agreed to the following steps:

Removal of countries from the Non-Cooperative Countries and Territories (NCCTs) list

- It recognises that Hungary, Israel, Lebanon, and St. Kitts and Nevis, listed as non-cooperative in the fight against money laundering in June 2000 and June 2001, have addressed the deficiencies identified by the FATF through the enactment of legal reforms. These countries have also taken concrete steps to implement these reforms and are therefore removed from the NCCT list. Consequently, the procedures prescribed in FATF Recommendation 21 are withdrawn. To ensure continued effective implementation of these reforms, the FATF will monitor the developments in these countries, in consultation with the relevant FATF-style regional bodies and particularly in the areas laid out in this NCCT report.

Identification of new NCCTs in September 2001

- Following an assessment of additional countries and territories, in September 2001, the FATF identified two new jurisdictions -- Grenada and Ukraine -- as non-cooperative in the fight against money laundering. The report contains a brief explanation of the issues or deficiencies identified in September and progress made since that time.

Progress made since June 2000 and June and September 2001

- It welcomes the progress made by the Cook Islands, Dominica, Egypt, Grenada, Guatemala, Indonesia, Marshall Islands, Myanmar, Niue, the Philippines, Russia, and St. Vincent and the Grenadines in addressing deficiencies and calls upon them to continue this work. Until the deficiencies have been fully addressed and the necessary reforms have been sufficiently implemented, it believes that scrutiny of transactions with these jurisdictions, as well as those with Nauru and Ukraine, continues to be necessary and reaffirms its advice of June 2000 to apply, in accordance with Recommendation 21, special attention to such transactions. The FATF notes with particular satisfaction that Grenada, Niue, Russia, St. Vincent and the Grenadines have enacted most, if not all legislation needed to remedy the deficiencies previously identified. On the basis of this progress, the FATF will invite those countries to submit implementation plans to enable the FATF to evaluate actual implementation of the legislative changes in each jurisdiction according to the principles agreed upon by its Plenary.
- With respect to jurisdictions delisted in June 2001 and subject to the monitoring process from June 2001- June 2002, any future monitoring for the Cayman Islands and Panama will be conducted within the context of the Caribbean Financial Action Task Force's (CFATF's) relevant monitoring mechanisms. Future monitoring of Liechtenstein will be conducted within the Council of Europe's PC-R-EV and its relevant monitoring mechanisms.

Countermeasures

- In December 2001, due to the failure of the Nauru Government to enact appropriate legislative amendments by 30 November 2001, members of the FATF agreed they would apply additional counter-measures to Nauru. Due to the failure of Nauru since that time to address the main deficiencies of its offshore banking sector, FATF members will continue to apply countermeasures against this jurisdiction. The FATF believes that the existence of approximately

400 shell banks that have no physical presence is an unacceptable money laundering risk. Therefore Nauru should abolish them.

Jurisdictions potentially subject to countermeasures

- It recommended that its members apply countermeasures as of 31 October 2002, to Nigeria unless its government begins immediate, substantive communications with the FATF and takes concrete steps to address the money laundering deficiencies identified by FATF. The FATF urges Nigeria to place emphasis on the criminalisation of money laundering; the mandatory creation of a suspicious transaction reporting regime; the establishment of proper customer identification requirements; and international co-operation.

Jurisdictions that have not made adequate progress

- It noted with concern the failure by the government of Ukraine to enact any significant reforms to address its deficiencies. However, the FATF welcomed the statement by the President of Ukraine on 18 June 2002 indicating the importance of this issue and his intention to prioritise the approval of an anti-money laundering bill. The FATF urges Ukraine to prioritise the enactment and enforcement of comprehensive anti-money laundering legislation, which will be a fundamental first step in addressing the deficiencies previously identified by the FATF.

2. The FATF looks forward to adequate progress being made by Nigeria so that countermeasures can be avoided. The FATF also looks forward to progress by Nauru so that countermeasures can be rescinded. With respect to those countries listed in June 2000, June 2001, and September 2001 whose progress in addressing deficiencies has stalled, the FATF will consider the adoption of additional counter-measures as well.

3. In sum, the list of NCCTs is comprised of the following jurisdictions: Cook Islands; Dominica; Egypt; Grenada; Guatemala; Indonesia; Marshall Islands; Myanmar; Nauru; Nigeria; Niue; Philippines; Russia; St. Vincent and the Grenadines; and Ukraine. The FATF calls on its members to update their advisories requesting that their financial institutions give special attention to businesses and transactions with persons, including companies and financial institutions, in those countries or territories identified in the report as being non-cooperative.