



UNIVERSITY OF  
TORONTO

MUNK  
SCHOOL  
OF  
GLOBAL  
AFFAIRS

*Join the Global Conversation*

The  
**G20 Research Group**  
at Trinity College at the Munk School of Global Affairs in the University of Toronto  
presents the

# **2015 G20 Antalya Summit Interim Compliance Report: Part 1**

16 November 2015 to 5 April 2016

Prepared by  
Sarah Scott, Alissa Wang and the G20 Research Group,  
Toronto

17 July 2016  
[www.g20.utoronto.ca](http://www.g20.utoronto.ca)  
[g20@utoronto.ca](mailto:g20@utoronto.ca)

“The University of Toronto ... produced a detailed analysis to the extent of which each G20 country has met its commitments since the last summit ... I think this is important; we come to these summits, we make these commitments, we say we are going to do these things and it is important that there is an organisation that checks up on who has done what.”

— *David Cameron, Prime Minister, United Kingdom, at the 2012 Los Cabos Summit*

## Contents

Preface.....	3
Research Team Based at the University of Toronto .....	4
Introduction and Summary .....	5
Methodology and Scoring System .....	5
Commitment Breakdown .....	5
Selection of Commitments.....	5
Interim Compliance Scores .....	6
Interim Compliance by Member.....	6
Interim Compliance by Commitment.....	6
Table 1: 2015 G20 Antalya Summit Commitments Selected for Compliance Monitoring .....	7
Table 2: 2015 G20 Antalya Summit Interim Compliance Scores.....	8
Table 3: 2015 G20 Antalya Summit Interim Compliance by Country .....	9
Table 4: 2015 G20 Antalya Summit Interim Compliance by Commitment .....	9
Table 5: G20 Compliance by Member, 2008-2015 .....	10
Conclusions .....	11
Future Research and Reports.....	11
Considerations and Limitations.....	11
Appendix: General Considerations .....	12
1. Energy: Fossil Fuel Subsidies .....	13
2. Refugees .....	38
3. Macroeconomics: Fiscal Policies .....	65
4. Macroeconomics: International Monetary Fund.....	93
5. Trade: Protectionism .....	110
6. Financial Regulation: Terrorist Finance.....	131
7. Development: Aid for Trade.....	152
8. Development: Remittances.....	179
9. Development: Tax.....	196
10. Labour and Employment: Gender .....	213

## 6. Financial Regulation: Terrorist Finance

“We will continue to implement relevant FATF recommendations and instruments.”

*G20 Antalya Leaders’ Communiqué*

### Assessment

	No Compliance	Partial Compliance	Full Compliance
Argentina			+1
Australia		0	
Brazil	-1		
Canada			+1
China		0	
France			+1
Germany			+1
India		0	
Indonesia		0	
Italy			+1
Japan	-1		
Korea		0	
Mexico		0	
Russia			+1
Saudi Arabia		0	
South Africa		0	
Turkey			+1
United Kingdom			+1
United States			+1
European Union			+1
Average		+0.40	

### Background

On 16 November 2015, at the Antalya Summit, G20 members issued a “Statement on the Fight Against Terrorism” in which they reasserted their commitment to tackle terrorism financing. This commitment entails “enhanced cooperation on exchange of information and freezing of terrorist assets, criminalization of terrorist financing and robust targeted financial sanctions regimes related to terrorism and terrorist financing.”<sup>786</sup> G20 members called on the Financial Action Task Force (FATF) to continue to recommend relevant instruments and legal frameworks that will assist countries in combating terrorist financing.

The FATF is an inter-governmental body established in 1989 as the global standard-setter for measures to combat money laundering and terrorist financing. The FATF is currently the primary policy-making body which develops international standard and legal framework to combat terrorist financing. The FATF has developed the 40 Recommendations and produces regular assessment of their implementation by FATF member states.<sup>787</sup>

At the Antalya Summit, the FATF published its report to G20 leaders on the global implementation of key counter-terrorist financing measures recommended by the FATF. The FATF evaluated the progress of all of its 194 Member jurisdictions in the global anti-money laundering (AML) / counter-

<sup>786</sup> G20 Statement on the Fight Against Terrorism, G20 Information Centre (Toronto) 16 November 2015. Access Date: 20 February 2016. <http://www.g20.utoronto.ca/2015/151116-terrorism.html>

<sup>787</sup> Terrorist Financing: FATF Report to G20 Leaders - actions being taken by the FATF, Financial Action Task Force (Paris) 16 November 2016. Access Date: 6 March 2016. <http://www.fatf-gafi.org/documents/documents/terrorist-financing-fatf-report-to-g20.html>

terrorist financing (CFT) network in implementing FATF regulations pertaining to terrorist financing. In the conclusion of its report, the FATF proposed several measures that the G20 could take to further support the FATF’s work in combating money laundering and terrorist financing. Among them are assisting the FATF in “ensuring all jurisdictions have implemented fundamental measures to counter terrorist financing on an urgent basis, led by example, and assist implementation in low-capacity jurisdiction.”<sup>788</sup> These key aspects will form the basis of the following compliance assessment.

### Commitment Features

This commitment requires G20 member countries to continue to implement relevant Financial Action Task Force (FATF) recommendations and instruments geared towards combating money laundering and terrorist financing. As The FATF’s Report, Terrorist Financing, to the G20 leaders released in November 2015 highlighted three major areas that G20 countries could focus on to both implement essential counter terrorist financing measures and aid low capacity jurisdictions in implementing these essential measures. The three areas outlined are criminalizing terrorist financing, responding to foreign terrorist fighters, and implementing targeted financial sanctions.

Full compliance requires member states to take actions in all three areas. If member states take actions only in one *or* two out of the three areas outlined they will be awarded partial compliance. Failure to take action in any of the three areas results in negative compliance. Because the commitment requires member states to “continue to implement” FATF recommendations, full compliance does not require member states to intensify their current efforts or introduce new measures. Member states who continue existing efforts can be awarded full compliance as long as they meet all the three areas recommended by the FATF.

Criminalizing terrorist financing includes any actions that specify terrorist financing as a distinct legal offence. This may be achieved by including such clause within the national legal code. As defined in the FATF report, terrorist financing includes both the financing of a terrorist organization and financing an individual terrorist for purposes unrelated to committing a terrorist act.

Responding to foreign terrorist fighters includes any action, whether legal or technical, introduced to inhibit the financing of travel of foreign terrorist fighters. This report adopts the definition of foreign fighters used in UNSC Resolution 2178 (2014), which include “individuals who travel to a State other than their States of residence or nationality for the purpose of the perpetration, planning, or preparation of, or participation in, terrorist acts or ... armed conflict.” As outlined in the FATF report, ensuring expedited implementation of targeted financial sanctions and ensuring that financial institutions are subject to adequate regulation and implement FATF recommendations count towards compliance with this recommendation.<sup>789</sup>

### Scoring Guidelines

-1	Member does not take any actions to continue to implement ANY of the three relevant FATF recommendations to counter terrorist financing.
0	Member takes actions to continue to implement one OR two relevant FATF recommendations to counter terrorist financing.
+1	Member takes actions to continue to implement ALL three relevant FATF recommendations to counter terrorist financing.

*Lead Analyst: Carol Drumm*

<sup>788</sup> Terrorist Financing: FATF Report to G20 Leaders-actions being taken by the FATF, Financial Action Task Force (Paris) 16 November 2015. Access Date: 20 February 2016. <http://www.fatf-gafi.org/publications/fatfrecommendations/documents/terrorist-financing-fatf-report-to-g20.html>

<sup>789</sup> Terrorist Financing: FATF Report to G20 Leaders-actions being taken by the FATF, Financial Action Task Force (Paris) 16 November 2016. Access Date: 6 March 2016. <http://www.fatf-gafi.org/documents/documents/terrorist-financing-fatf-report-to-g20.html>

## Argentina: +1

Argentina has fully complied with its commitment to continue to implement relevant Financial Action Task Force (FATF) recommendations and instruments.

On 27 January 2016, President Mauricio Macri appointed a former International Monetary Fund (IMF) official to head Argentina's financial crimes agency.<sup>790</sup> Mariano Federici's appointment is a move to bolster the country's contribution to the global fight against money laundering and drug trafficking and to improve the agency's relations with its counterpart in the United States.<sup>791</sup> "We are going to put a very strong emphasis on fighting drug trafficking, which is a priority for Macri," Mr. Federici said in an interview last week.<sup>792</sup>

On 17 February 2016, Argentina's Ministry of Justice and Human Rights (MJDH) announced the creation of a new counter-terrorism financing (CTF) and anti-money laundering (AML) program to help monitor CTF/AML policy implementation, as well as strengthening and coordinating national, provincial, and municipal CTF/AML efforts.<sup>793</sup>

As of March 2016 Argentina has revised its Anti-terrorism Law to broaden the definition of terrorism and increased monetary fines and prison sentences for crimes associated with terrorist financing.<sup>794</sup> The Argentine Financial Intelligence Unit can freeze assets that are associated with terrorist financing. Additionally, Argentina has criminalized the financing of terrorist organizations, individuals and acts.<sup>795</sup> The FATF has explicitly stated that is satisfied with Argentina's progress in implementing its CTF/AML instruments.<sup>796</sup>

On 21 March 2016, Argentina announced that it and the United States will resume sharing intelligence on money flows to bolster the fight against drug gangs and organized crime.<sup>797</sup> "Not collaborating only benefits organized crime, the corrupt and potentially even terrorists," said Mariano Federici, who heads Argentina's Financial Information Unit.<sup>798</sup> Information sharing between the Argentine and US financial intelligence units was suspended in 2015, after the US Treasury's Financial Crimes Enforcement Network said its Argentine counterpart leaked confidential data.<sup>799</sup>

---

<sup>790</sup> New Head of Argentina's Financial-Crimes Agency Aims to Repair Ties With U.S., Wall Street Journal 27 January 2016. Access Date: 28 March 2016. <http://www.wsj.com/articles/new-head-of-argentinas-financial-crimes-agency-aims-to-repair-ties-with-u-s-1453872234>

<sup>791</sup> New Head of Argentina's Financial-Crimes Agency Aims to Repair Ties With U.S., Wall Street Journal 27 January 2016. Access Date: 28 March 2016. <http://www.wsj.com/articles/new-head-of-argentinas-financial-crimes-agency-aims-to-repair-ties-with-u-s-1453872234>

<sup>792</sup> New Head of Argentina's Financial-Crimes Agency Aims to Repair Ties With U.S., Wall Street Journal 27 January 2016. Access Date: 28 March 2016. <http://www.wsj.com/articles/new-head-of-argentinas-financial-crimes-agency-aims-to-repair-ties-with-u-s-1453872234>

<sup>793</sup> Boletín Oficial: Decreto 360/2016: Programa de Coordinación Nacional para el Combate del Lavado de Activos y la Financiación del Terrorismo. Creación, Ministerio de Justicia y Derechos Humanos 17 February 2016. Access Date: February 26, 2016. <https://www.boletinoficial.gob.ar/pdf/linkQR/SEtRNjXa3pOQzQrdTVReEh2ZkU0dz09>.

<sup>794</sup> Country Reports on Terrorism 2013, U.S. Department of State. Access Date: 8 March 2016. <http://www.state.gov/j/ct/rls/crt/2013/224825.htm>

<sup>795</sup> Country Reports on Terrorism 2013, U.S. Department of State. Access Date: 8 March 2016. <http://www.state.gov/j/ct/rls/crt/2013/224825.htm>

<sup>796</sup> Improving Global AML/CFT Compliance, FATF 24 October 2014. Access Date: 8 March 2016. <http://www.fatf-gafi.org/countries/a-c/argentina/documents/fatf-compliance-oct-2014.html>

<sup>797</sup> Argentina and the US will resume sharing financial intelligence, Business Insider 21 march 2016. Access Date: 28 March 2016. <http://www.businessinsider.com/argentina-and-us-to-resume-sharing-financial-intelligence-2016-3>

<sup>798</sup> Argentina and the US will resume sharing financial intelligence, Business Insider 21 march 2016. Access Date: 28 March 2016. <http://www.businessinsider.com/argentina-and-us-to-resume-sharing-financial-intelligence-2016-3>

<sup>799</sup> Argentina and the US will resume sharing financial intelligence, Business Insider 21 march 2016. Access Date: 28 March 2016. <http://www.businessinsider.com/argentina-and-us-to-resume-sharing-financial-intelligence-2016-3>

Argentina has criminalized terrorist financing, implemented financial sanction financing of foreign terrorist fighters and made efforts to combat foreign terrorist fighting.

Thus, Argentina has received a score of +1.

*Analyst: Aylin Manduric*

### **Australia: 0**

Australia has partially complied with its commitment to continue to implement relevant Financial Action Task Force (FATF) recommendations and instruments.

In April 2015, the FATF released the Mutual Evaluation Report on Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) measures in Australia. The report highlighted that Australian residential property is a haven for international money laundering, particularly from China, and recommended that Australia implement counter-measures to ensure that real estate agents, lawyers and accountants facilitating real estate transactions are captured by the regulatory net.<sup>800</sup> As of 28 March 2016, the Australian government has failed to implement the second tranche of the reform to the 2006 AML and CTF Act.<sup>801</sup> In 2003, Australia agreed to implement AML regulations that captured accountants, lawyers, real estate agents and other non-financial businesses. However, the second tranche is still under review.<sup>802</sup>

As of March 2016 Australia has criminalized the financing of terrorist acts under its Criminal Code.<sup>803</sup> Australia has specific offences for financing terrorism. Under this code, a person commits an offence if they make funds available to another person, provide funds or collect funds.<sup>804</sup> An offence is still committed even if a terrorist act does not occur or if the funds will not be used towards a specific terrorist act.<sup>805</sup>

On 11 March 2016, FATF released its Annual Report.<sup>806</sup> According to the FATF, an effective system to combat money laundering and terrorist financing has eleven key areas. Australia has met moderately satisfied six areas, substantially satisfied four and highly satisfied one.<sup>807</sup>

Australia has implemented actions pertaining to some relevant FATF recommendations and instruments, however not made significant reforms to AML and CTF.

Thus, Australia has received a score of 0.

*Analyst: Aylin Manduric*

---

<sup>800</sup> Australia must tighten its money laundering laws, MacroBusiness 9 March 2016. Access Date: 28 March 2016. <http://www.macrobusiness.com.au/2016/03/australia-must-tighten-its-money-laundering-laws/>

<sup>801</sup> Australia must tighten its money laundering laws, MacroBusiness 9 March 2016. Access Date: 28 March 2016. <http://www.macrobusiness.com.au/2016/03/australia-must-tighten-its-money-laundering-laws/>

<sup>802</sup> Australia must tighten its money laundering laws, MacroBusiness 9 March 2016. Access Date: 28 March 2016. <http://www.macrobusiness.com.au/2016/03/australia-must-tighten-its-money-laundering-laws/>

<sup>803</sup> Terrorism Financing in Australia 2015, Australian Transaction Reports and Analysis Centre. Access Date: 8 March 2016. <http://www.austrac.gov.au/sites/default/files/documents/terrorism-financing-in-australia-2014.pdf>

<sup>804</sup> Terrorism Financing in Australia 2015, Australian Transaction Reports and Analysis Centre. Access Date: 8 March 2016. <http://www.austrac.gov.au/sites/default/files/documents/terrorism-financing-in-australia-2014.pdf>

<sup>805</sup> Terrorism Financing in Australia 2015, Australian Transaction Reports and Analysis Centre. Access Date: 8 March 2016. <http://www.austrac.gov.au/sites/default/files/documents/terrorism-financing-in-australia-2014.pdf>

<sup>806</sup> FATF Annual Report 2014-2015, FATF 11 March 2016. Access Date: 28 March 2016. <http://www.fatf-gafi.org/media/fatf/documents/reports/Annual-report-2014-2015.pdf>

<sup>807</sup> FATF Annual Report 2014-2015, FATF 11 March 2016. Access Date: 28 March 2016. <http://www.fatf-gafi.org/media/fatf/documents/reports/Annual-report-2014-2015.pdf>

## **Brazil: -1**

Brazil has failed to comply with its commitment to continue to implement relevant Financial Action Task Force (FATF) recommendations and instruments.

On 19 February 2016, the FATF released outcomes from a plenary meeting in Paris.<sup>808</sup> The FATF stated that it is “deeply concerned by Brazil’s continued failure to remedy the serious deficiencies identified in its third mutual evaluation report adopted in June 2010. Brazil has not criminalised terrorist financing since 2004 when Brazil’s second mutual evaluation report was adopted. While we welcome progress by Brazil on the freezing of terrorist assets, further improvements are required to fully satisfy the FATF standards.”<sup>809</sup> The FATF calls on Brazil to enact counter terrorist financing legislation.<sup>810</sup> If Brazil fails to do this by the next FATF Plenary (20 June 2016), the FATF will consider what the next steps will be in the follow up process.<sup>811</sup>

On 16 March 2016, Brazil enacted Law No. 13,260 to regulate section XLIII of article 5 of the Constitution, on terrorism. Section XLIII states that the law will regard the practice of torture, illicit trafficking in narcotics and similar drugs, terrorism, and those crimes defined as heinous as not subject to bail, clemency, or amnesty. Liability for these crimes extends to individuals giving the commands for such acts, those executing these commands, and those failing to avoid the commission of these crimes although able to do so.<sup>812</sup>

In response to the legislation, Human Rights Watch (HRW) issued a strong objection. It stated that the bill, “contains overbroad and vague language that endangers basic human rights such as freedom of association and expression.”<sup>813</sup> “Imprecise definitions of terrorism open the door to potential misuse of the law against people who have nothing to do with terrorism,” said Maria Laura Canineu, HRW Brazil director. “The Chamber of Deputies should safeguard the fundamental rights of all Brazilians and reject the bill.”<sup>814</sup>

Brazil has failed to impliment two relevant FATF recommendations to counter terrorist financing. The ramifications of the new law are not yet known.

Thus, Brazil has received a score of -1.

*Analyst: Rochelle D’souza*

## **Canada: +1**

Canada has fully complied with its commitment to continue to implement relevant Financial Action Task Force (FATF) recommendations and instruments.

---

<sup>808</sup> Outcomes of the Plenary Meeting of the FATF, FATF (Paris) 19 February 2016. Access Date: 9 March 2016.

<http://www.fatf-gafi.org/countries/a-c/brazil/documents/outcomes-plenary-february-2016.html>

<sup>809</sup> Outcomes of the Plenary Meeting of the FATF, FATF (Paris) 19 February 2016. Access Date: 9 March 2016.

<http://www.fatf-gafi.org/countries/a-c/brazil/documents/outcomes-plenary-february-2016.html>

<sup>810</sup> Outcomes of the Plenary Meeting of the FATF, FATF (Paris) 19 February 2016. Access Date: 9 March 2016.

<http://www.fatf-gafi.org/countries/a-c/brazil/documents/outcomes-plenary-february-2016.html>

<sup>811</sup> Outcomes of the Plenary Meeting of the FATF, FATF (Paris) 19 February 2016. Access Date: 9 March 2016.

<http://www.fatf-gafi.org/countries/a-c/brazil/documents/outcomes-plenary-february-2016.html>

<sup>812</sup> Brazil: New Anti-Terrorism Law Enacted, Global Legal Monitor 15 April 2016. Access Date: 20 July 2016.

<http://www.loc.gov/law/foreign-news/article/brazil-new-anti-terrorism-law-enacted/>

<sup>813</sup> Brazil: Counterterrorism Bill Endangers Basic Rights, Human Rights Watch 15 November 2015. Access Date: 20 July 2016. <https://www.hrw.org/news/2015/11/13/brazil-counterterrorism-bill-endangers-basic-rights>

<sup>814</sup> Brazil: Counterterrorism Bill Endangers Basic Rights, Human Rights Watch 15 November 2015. Access Date: 20 July 2016. <https://www.hrw.org/news/2015/11/13/brazil-counterterrorism-bill-endangers-basic-rights>

As of March 2016, Canada has criminalized terrorist financing in accordance with international standards and freezes and confiscates terrorist assets without delay.<sup>815</sup> The Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA) in Canada facilitates ‘combating the laundering of the proceeds of crime and the financing of terrorist activities’ by implementing measures to detect, deter and prosecute offenders.<sup>816</sup>

As of March 2016, Canada has implemented instruments to address terrorist financing. Canada’s Anti-Money Laundering and Anti-Terrorist Financing (AML/ATF) Regime is a “horizontal initiative comprising eleven federal partner organizations,” which is led by the Department of Finance Canada.<sup>817</sup> The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) specifically monitors money laundering and terrorist financing and was developed in conjunction with the PCMLTFA, in order to “collect and analyze financial transaction reports and to disclose pertinent information to law enforcement and intelligence agencies.”<sup>818</sup>

On 1 April 2015, Government of Canada made amendments to the Immigration and Refugee Protection Regulations in order to “enable Canada to adopt a strengthened methodology in order to better identify high-risk travellers, such as persons known to be foreign fighters, and prevent them from travelling to Canada before they board a flight.”<sup>819</sup> This was an addition to the existing AML/TF regime in Canada which continuously checks on suspicious financial transactions which could potentially be used to fund the travel of foreign fighters.<sup>820</sup>

Canada has criminalized terrorist financing as a distinct offence and implemented relevant financial sanctions. It has also taken steps to address the threat arising from foreign terrorist fighters.

Thus, Canada has received a score of +1.

*Analyst: Kertia Johnson*

## **China: 0**

China has partially complied with its commitment to continue to implement relevant Financial Action Task Force (FATF) recommendations and instruments.

On 19 October 2012, the FATF has released the Follow-up Report to the Mutual Evaluation Report of Hong Kong, China, which was adopted on 11 July 2008.<sup>821</sup> In the 2008 Mutual Evaluation Report, China was rated partially compliant (PC) on a number of key (Recommendation 3, SR I and III) and core recommendations (Recommendations 5, 10 and SR II).<sup>822</sup> In October 2012, the FATF recognized that China had made significant progress in addressing the deficiencies identified in the

---

<sup>815</sup> Country Reports on Terrorism 2013, U.S. Department of State. Access Date: 8 March 2016. <http://www.state.gov/j/ct/rls/crt/2013/224825.htm>

<sup>816</sup> Proceeds of Crime (Money Laundering) and Terrorist Financing Act, Government of Canada (Ottawa) 12 February 2016. Access Date: 25 February 2016. <http://laws-lois.justice.gc.ca/eng/acts/p-24.501/page-1.html>

<sup>817</sup> Report on Plans and Priorities 2015-16: Supplementary Information Tables, Department of Finance Canada (Ottawa) 31 March 2015. Access Date: 25 February 2016. <http://www.fin.gc.ca/pub/rpp/2015-2016/st-ts-03-eng.asp>

<sup>818</sup> Report on Plans and Priorities 2014-15: Supplementary Tables: Department of Finance Canada (Ottawa) 6 March 2014. Access Date: 25 February 2016. <http://www.fin.gc.ca/pub/rpp/2014-2015/st-ts-04-eng.asp>

<sup>819</sup> Regulations Amending the Immigration and Refugee Protection Regulations, Canada Gazette (Ottawa) 1 April 2015. Access Date: 16 February 2016. <http://canadagazette.gc.ca/rp-pr/p2/2015/2015-04-22/html/sor-dors77-eng.php>

<sup>820</sup> Guideline 2: Suspicious Transaction, Financial Transactions and Reports Analysis Centre of Canada (Ottawa) December 2010. Access Date: 16 March 2016. <http://www.fintrac.gc.ca/publications/guide/guide2/2-eng.asp>

<sup>821</sup> Follow-up report to the mutual evaluation report of Hong Kong, China, FATF 19 October 2012. Access Date: 28 March 2016. <http://www.fatf-gafi.org/countries/d-i/hongkongchina/documents/follow-upreporttothemutualevaluationreportofhongkongchina.html>

<sup>822</sup> Follow-up report to the mutual evaluation report of Hong Kong, China, FATF 19 October 2012. Access Date: 28 March 2016. <http://www.fatf-gafi.org/countries/d-i/hongkongchina/documents/follow-upreporttothemutualevaluationreportofhongkongchina.html>



2008 Mutual Evaluation Report.<sup>823</sup> The FATF agreed that China should now report on any further improvements to its Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) system on a biennial update basis.<sup>824</sup>

On 15 December 2015, Chinese officials held bilateral talks in New York.<sup>825</sup> During two days of talks, China and the United States discussed combating terrorist financing, national risk assessments for money laundering and a Sino-US anti-money laundering pact, the People's Bank of China said in a statement on its website.<sup>826</sup> The meeting is the latest effort of China and the US to improve cooperation to fight terrorism.<sup>827</sup>

On 16 December 2015, following two days of talks between China and the US, a memorandum of understanding (MOU) on money laundering and countering terrorist financing has been signed between China and the United States.<sup>828</sup> The MOU was signed between the China Anti-Money Laundering Monitoring and Analysis Center (CAMLMAC) and the US Financial Crimes Enforcement Network (FinCEN).<sup>829</sup>

On 27 December 2015, China's parliament passed a counter terrorism law.<sup>830</sup> The official Xinhua news agency reported that the law had been passed unanimously by the Standing Committee of the National People's Congress, saying it was intended to "address terrorism at home and help maintain global world security."<sup>831</sup> A final draft of the law was not immediately available.<sup>832</sup>

On 25 January 2016, Prime Minister Narendra Modi and French President Francois Hollande issued a joint statement on terrorism. This statement included resolutions to increase bilateral cooperation to "stop sources of terrorist financing, dismantle terrorist infrastructure, and prevent supply of arms to terrorists."<sup>833</sup>

On 25 March 2016, the People's Bank of China announced it will establish a technical support system to tackle money laundering and "terror" financing.<sup>834</sup> The National Internet Finance Association of China will monitor suspicious online trade activity, Pan Gongsheng said at an event

---

<sup>823</sup> Follow-up report to the mutual evaluation report of Hong Kong, China, FATF 19 October 2012. Access Date: 28 March 2016. <http://www.fatf-gafi.org/countries/d-i/hongkongchina/documents/follow-upreporttothemutualevaluationreportofhongkongchina.html>

<sup>824</sup> Follow-up report to the mutual evaluation report of Hong Kong, China, FATF 19 October 2012. Access Date: 28 March 2016. <http://www.fatf-gafi.org/countries/d-i/hongkongchina/documents/follow-upreporttothemutualevaluationreportofhongkongchina.html>

<sup>825</sup> China urges U.S. cooperation to battle terrorism financing, Reuters 15 December 2016. Access Date: 28 March 2016. <http://www.reuters.com/article/uk-china-usa-terrorism-idUSKBN0TY1GT20151215>

<sup>826</sup> China urges U.S. cooperation to battle terrorism financing, Reuters 15 December 2016. Access Date: 28 March 2016. <http://www.reuters.com/article/uk-china-usa-terrorism-idUSKBN0TY1GT20151215>

<sup>827</sup> China urges U.S. cooperation to battle terrorism financing, Reuters 15 December 2016. Access Date: 28 March 2016. <http://www.reuters.com/article/uk-china-usa-terrorism-idUSKBN0TY1GT20151215>

<sup>828</sup> China, US sign MOU on money laundering and terrorism, China Daily 16 December 2015. Access Date: 28 March 2016. [http://www.chinadaily.com.cn/world/2015-12/16/content\\_22724877.htm](http://www.chinadaily.com.cn/world/2015-12/16/content_22724877.htm)

<sup>829</sup> China, US sign MOU on money laundering and terrorism, China Daily 16 December 2015. Access Date: 28 March 2016. [http://www.chinadaily.com.cn/world/2015-12/16/content\\_22724877.htm](http://www.chinadaily.com.cn/world/2015-12/16/content_22724877.htm)

<sup>830</sup> China approves controversial antiterrorism law, Financial Times 27 December 2015. Access Date: 28 March 2016. <http://www.ft.com/intl/cms/s/0/078a8b42-ac7b-11e5-b955-1a1d298b6250.html#axzz44FI7fugY>

<sup>831</sup> China approves controversial antiterrorism law, Financial Times 27 December 2015. Access Date: 28 March 2016. <http://www.ft.com/intl/cms/s/0/078a8b42-ac7b-11e5-b955-1a1d298b6250.html#axzz44FI7fugY>

<sup>832</sup> China approves controversial antiterrorism law, Financial Times 27 December 2015. Access Date: 28 March 2016. <http://www.ft.com/intl/cms/s/0/078a8b42-ac7b-11e5-b955-1a1d298b6250.html#axzz44FI7fugY>

<sup>833</sup> Full Text of India-France Joint Statement on Terrorism, NDTV (New Delhi) 25 January 2016. Access Date: 23 February 2016. <http://www.ndtv.com/india-news/full-text-of-india-france-joint-statement-on-terrorism-1269835>

<sup>834</sup> China to establish body to tackle money laundering, terrorism financing, Reuters 25 March 2016. Access Date: 28 March 2016. <http://uk.reuters.com/article/us-china-cenbank-regulations-idUSKCNOWR05T>

marking the launch of the body.<sup>835</sup> New regulations on internet financing would be issued “soon,” Pan said.<sup>836</sup>

As of March 2016, China has resolved many of its technical deficiencies concerning the criminalization of money laundering. Regarding the “implementation of international instruments related to terrorist financing,” FATF found in 2012 that China has not brought the level of compliance to a sufficient level.<sup>837</sup> No new evidence has been found suggesting China has taken action to address this.<sup>838</sup> A remaining concern is that self-laundering is not independently criminalized.<sup>839</sup>

China has taken some actions to address relevant FATF recommendations however, has not addressed the financing of foreign terrorist fighters.

Thus China has received a score of 0.

*Analyst: Kertia Johnson*

### **France: +1**

France has fully complied with its commitment to continue to implement relevant Financial Action Task Force (FATF) recommendations and instruments.

On 8 December 2015, European Union finance ministers broadly agreed to a French-led initiative to better track and freeze terrorist funding across the bloc.<sup>840</sup> The bloc had already agreed to toughen existing anti-money-laundering rules earlier this year, but governments had until 2017 to implement those rules.<sup>841</sup> The French government wants a swifter application of those measures, plus more intelligence sharing and wider-ranging tracking measures.<sup>842</sup> French Finance Minister Michel Sapin said there was broad agreement on the measures he circulated in a 13-page discussion paper.<sup>843</sup>

On 28 December 2015, Terrorist Financing FATF Report to the G20 Leaders was released.<sup>844</sup> The report stated that since 2010, France had the fifth greatest number of convictions for terrorist financing among the top ten jurisdictions.<sup>845</sup> The report also stated that France had applied targeted financial sanctions on their own motion on 79 ‘designated individuals and entities’ up to 15 August

---

<sup>835</sup> China to establish body to tackle money laundering, terrorism financing, Reuters 25 March 2016. Access Date: 28 March 2016. <http://uk.reuters.com/article/us-china-cenbank-regulations-idUSKCNOWR05T>

<sup>836</sup> China to establish body to tackle money laundering, terrorism financing, Reuters 25 March 2016. Access Date: 28 March 2016. <http://uk.reuters.com/article/us-china-cenbank-regulations-idUSKCNOWR05T>

<sup>837</sup> Mutual Evaluation 8th Follow-Up Report, FATF (Paris) 17 February 2012. Access Date: 9 March 2016. <http://www.fatf-gafi.org/media/fatf/documents/reports/mer/Follow%20Up%20MER%20China.pdf>

<sup>838</sup> Mutual Evaluation 8th Follow-Up Report, FATF (Paris) 17 February 2012. Access Date: 9 March 2016. <http://www.fatf-gafi.org/media/fatf/documents/reports/mer/Follow%20Up%20MER%20China.pdf>

<sup>839</sup> Mutual Evaluation 8th Follow-Up Report, FATF (Paris) 17 February 2012. Access Date: 9 March 2016. <http://www.fatf-gafi.org/media/fatf/documents/reports/mer/Follow%20Up%20MER%20China.pdf>

<sup>840</sup> EU Sees Broad Agreement on Fighting Terrorist Financing, The Wall Street Journal 8 December 2015. Access Date: 29 March 2016. <http://www.wsj.com/articles/france-presses-on-terrorist-financing-1449577369>

<sup>841</sup> EU Sees Broad Agreement on Fighting Terrorist Financing, The Wall Street Journal 8 December 2015. Access Date: 29 March 2016. <http://www.wsj.com/articles/france-presses-on-terrorist-financing-1449577369>

<sup>842</sup> EU Sees Broad Agreement on Fighting Terrorist Financing, The Wall Street Journal 8 December 2015. Access Date: 29 March 2016. <http://www.wsj.com/articles/france-presses-on-terrorist-financing-1449577369>

<sup>843</sup> EU Sees Broad Agreement on Fighting Terrorist Financing, The Wall Street Journal 8 December 2015. Access Date: 29 March 2016. <http://www.wsj.com/articles/france-presses-on-terrorist-financing-1449577369>

<sup>844</sup> Terrorist Financing FATF Report to the G20 Leaders, FATF 28 December 2015. Access Date 29 March 2016. <http://g20.org/English/Documents/PastPresidency/201512/P020151228375596818045.pdf>

<sup>845</sup> Terrorist Financing FATF Report to the G20 Leaders, FATF 28 December 2015. Access Date 29 March 2016. <http://g20.org/English/Documents/PastPresidency/201512/P020151228375596818045.pdf>

2015 equaling EUR231,888.<sup>846</sup> Amounts frozen includes funds subsequently un-frozen or confiscated, as well as funds frozen currently.<sup>847</sup>

On 10 February 2016, French and German finance ministries met and discussed measures to better prevent money laundering and terrorist financing, including a Europe-wide ban on cash transactions of more than EUR5,000.<sup>848</sup> France has a limit of EUR1,000 on cash transactions, which was lowered from EUR3,000 after the terrorist attacks on Charlie Hebdo and a Jewish supermarket in January 2015.<sup>849</sup> The country also lowered its cash transaction limit for tourists from EUR15,000 to EUR10,000. Negotiations are still ongoing.<sup>850</sup>

As of March 2016, France has implemented many of the FATF approaches to counter terrorist financing. The financing of terrorism is a distinct offense under French criminal law.<sup>851</sup> Steps have also been taken to criminalize the travel of terrorist fighters.<sup>852</sup> France has been a supporter of the use of targeted sanctions against terrorism and its supporters.<sup>853</sup> French financial institutions are subject to regulation regarding money laundering and terrorist financing, and are monitored by the financial intelligence unit Tracfin to ensure compliance.<sup>854</sup> Additionally France has taken steps to counter potential threats posed by its nationals traveling abroad to engage in terrorist activity.<sup>855</sup> These measures predate the Antalya Compliance cycle, but continue to be implemented.

France has continued to implement relevant FATF recommendations and sanctions, has continued criminalizing terrorist financing and has addressed foreign terrorist fighters.

Thus, France has received a score of +1.

*Analyst: Andrew Aulthouse*

### **Germany: +1**

Germany has fully complied with its commitment to continue to implement relevant Financial Action Task Force (FATF) recommendations and instruments.

---

<sup>846</sup> Terrorist Financing FATF Report to the G20 Leaders, FATF 28 December 2015. Access Date 29 March 2016.

<http://g20.org/English/Documents/PastPresidency/201512/P020151228375596818045.pdf>

<sup>847</sup> Terrorist Financing FATF Report to the G20 Leaders, FATF 28 December 2015. Access Date 29 March 2016.

<http://g20.org/English/Documents/PastPresidency/201512/P020151228375596818045.pdf>

<sup>848</sup> Cash is Not King: Germany, France Discuss €5,000 Cap to Fight Terrorism, Sputnik News 10 February 2016. Access Date: 29 March 2016. <http://sputniknews.com/europe/20160210/1034515521/5000-euros-cash-ban-terrorism.html#ixzz44KrlBbu2>

<sup>849</sup> Cash is Not King: Germany, France Discuss €5,000 Cap to Fight Terrorism, Sputnik News 10 February 2016. Access Date: 29 March 2016. <http://sputniknews.com/europe/20160210/1034515521/5000-euros-cash-ban-terrorism.html#ixzz44KrlBbu2>

<sup>850</sup> Cash is Not King: Germany, France Discuss €5,000 Cap to Fight Terrorism, Sputnik News 10 February 2016. Access Date: 29 March 2016. <http://sputniknews.com/europe/20160210/1034515521/5000-euros-cash-ban-terrorism.html#ixzz44KrlBbu2>

<sup>851</sup> France Counter-Terrorism, Legislationline.org, Office for Democratic Institutions and Human Rights, OSCE (Warsaw) 2016. Access Date: 1 March 2016. <http://www.legislationline.org/topics/country/30/topic/5>

<sup>852</sup> France Proposes Anti-Terrorist Travel Bans, BBC (London) 9 July 2014. Access Date: 1 March 2016. <http://www.bbc.com/news/world-europe-28231947>

<sup>853</sup> United Nations Sanctions, French Diplomatie (Paris) 24 December 2013. Access Date: 1 March 2016. <http://www.diplomatie.gouv.fr/en/french-foreign-policy/united-nations/fields-of-action/peace-and-security/article/united-nations-sanctions>

<sup>854</sup> France and the Fight Against Money-Laundering, Financing of Terrorism and Corruption, France Diplomatie (Paris) October 2014. Access Date: 1 March 2016. <http://www.diplomatie.gouv.fr/en/french-foreign-policy/defence-security/money-laundering-and-corruption/article/france-and-the-fight-against-money>

<sup>855</sup> Country Reports on Terrorism 2014, U.S. Department of State. Access Date: 8 March 2016. <http://www.state.gov/j/ct/rls/crt/2014/239406.htm>

On 8 December 2015, European Union finance ministers broadly agreed to a French-led initiative to better track and freeze terrorist funding across the bloc.<sup>856</sup> The bloc had already agreed to toughen existing anti-money-laundering rules earlier this year, but governments had until 2017 to implement those rules.<sup>857</sup> Germany has been a strong supporter of the plan, however cautioned that similar deals took long periods to negotiate.<sup>858</sup>

On 28 December 2015, Terrorist Financing FATF Report to the G20 Leaders was released.<sup>859</sup> The report stated that Germany had applied targeted financial sanctions on their own motion on four 'designated individuals and entities' up to 15 August 2015 equaling EUR5,300.<sup>860</sup> Amounts frozen includes funds subsequently un-frozen or confiscated, as well as funds frozen currently.<sup>861</sup>

On 10 February 2016, French and German finance ministries met and discussed measures to better prevent money laundering and terrorist financing, including a Europe-wide ban on cash transactions of more than EUR5,000.<sup>862</sup> Germany and France want to impose a Europe-wide ban on cash transactions of more than 5,000 (\$5,600) in order to better prevent money-laundering and terrorist financing, German finance minister Wolfgang Schauble told the press after meeting with French colleagues. Germany, along with Austria, is one of a minority of EU member states that currently do not have a limit on cash transactions. Negotiations are still ongoing.<sup>863</sup>

According to the FATF 2014 Mutual Evaluation Report Germany's amendments of the AntiMoney Laundering (AML) Law made it possible to remedy all technical deficiencies, thus making Germany 'largely compliant'.<sup>864</sup> "Germany has demonstrated sufficient progress with respect to all core Recommendations previously rated PC."<sup>865</sup> The report determined that due to the progress Germany had made in various recommendations of the FATF can be considered sufficient to be removed from the regular follow-up process.<sup>866</sup>

As of March 2016 Germany has criminalized the financing of terrorism and travel related to terrorism as distinct criminal offenses.<sup>867</sup> Germany has been largely compliant with FATF

---

<sup>856</sup> EU Sees Broad Agreement on Fighting Terrorist Financing, The Wall Street Journal 8 December 2015. Access Date: 29 March 2016. <http://www.wsj.com/articles/france-presses-on-terrorist-financing-1449577369>

<sup>857</sup> EU Sees Broad Agreement on Fighting Terrorist Financing, The Wall Street Journal 8 December 2015. Access Date: 29 March 2016. <http://www.wsj.com/articles/france-presses-on-terrorist-financing-1449577369>

<sup>858</sup> EU Sees Broad Agreement on Fighting Terrorist Financing, The Wall Street Journal 8 December 2015. Access Date: 29 March 2016. <http://www.wsj.com/articles/france-presses-on-terrorist-financing-1449577369>

<sup>859</sup> Terrorist Financing FATF Report to the G20 Leaders, FATF 28 December 2015. Access Date 29 March 2016. <http://g20.org/English/Documents/PastPresidency/201512/P020151228375596818045.pdf>

<sup>860</sup> Terrorist Financing FATF Report to the G20 Leaders, FATF 28 December 2015. Access Date 29 March 2016. <http://g20.org/English/Documents/PastPresidency/201512/P020151228375596818045.pdf>

<sup>861</sup> Terrorist Financing FATF Report to the G20 Leaders, FATF 28 December 2015. Access Date 29 March 2016. <http://g20.org/English/Documents/PastPresidency/201512/P020151228375596818045.pdf>

<sup>862</sup> Cash is Not King: Germany, France Discuss €5,000 Cap to Fight Terrorism, Sputnik News 10 February 2016. Access Date: 29 March 2016. <http://sputniknews.com/europe/20160210/1034515521/5000-euros-cash-ban-terrorism.html#ixzz44KrlBbu2>

<sup>863</sup> Cash is Not King: Germany, France Discuss €5,000 Cap to Fight Terrorism, Sputnik News 10 February 2016. Access Date: 29 March 2016. <http://sputniknews.com/europe/20160210/1034515521/5000-euros-cash-ban-terrorism.html#ixzz44KrlBbu2>

<sup>864</sup> Mutual Evaluation of Germany, FATF (Paris) 2014. Access Date: 2 March 2016. <http://www.fatf-gafi.org/media/fatf/documents/reports/mer/FUR-Germany-2014.pdf>

<sup>865</sup> Mutual Evaluation of Germany, FATF (Paris) 2014. Access Date: 2 March 2016. <http://www.fatf-gafi.org/media/fatf/documents/reports/mer/FUR-Germany-2014.pdf>

<sup>866</sup> Mutual Evaluation of Germany, FATF (Paris) 2014. Access Date: 2 March 2016. <http://www.fatf-gafi.org/media/fatf/documents/reports/mer/FUR-Germany-2014.pdf>

<sup>867</sup> Germany: New Anti-Terrorism Legislation Entered Into Force, Library of Congress Global Legal Monitor (Washington D.C.) 10 July 2015. Access Date: 2 March 2016. <http://www.fatf-gafi.org/media/fatf/documents/reports/mer/FUR-Germany-2014.pdf>

recommendations about regulating its financial system to prevent money laundering and terrorist financing.<sup>868</sup>

Germany has continued to implement relevant FATF recommendations and sanctions, has continued criminalizing terrorist financing and has addressed foreign terrorist fighters.

Thus, Germany has received a score of +1.

*Analyst: Andrew Aulthouse*

### **India: 0**

India has partially complied with its commitment to continue to implement relevant Financial Action Task Force (FATF) recommendations and instruments.

In June 2015, the United State Department released Country Terrorism Reports 2014 and criticized India for ineffective implementation of anti-money laundering (AML) and counterterrorist financing (CFT) laws arguing that even when Washington supplied Modi government officials with intelligence on terrorism-related funds, basic seizures were not followed up with investigations, thus ceding ground on a more comprehensive approach.<sup>869</sup> The Department noted that despite India aligning its domestic AML-CFT regime with international standards, “The Indian government has yet to implement the legislation effectively, however, especially with regard to criminal convictions.” No evidence was found suggesting these concerns were addressed within the compliance cycle.

On 28 December 2015, Terrorist Financing FATF Report to the G20 Leaders was released.<sup>870</sup> The report stated that India had applied targeted financial sanctions on their own motion on 37 ‘designated individuals and entities’ up to 15 August 2015 equaling EUR300,000.<sup>871</sup> Amounts frozen includes funds subsequently un-frozen or confiscated, as well as funds frozen currently.<sup>872</sup>

On 25 January 2016, Prime Minister Narendra Modi and French President Francois Hollande issued a joint statement on terrorism. This statement included resolutions to increase bilateral cooperation to “stop sources of terrorist financing, dismantle terrorist infrastructure, and prevent supply of arms to terrorists.”<sup>873</sup>

On 26 January 2016, Indian government agencies launched a National Risk Assessment (NRA) exercise “to identify the sectors that are susceptible to money laundering and terror funding, and plug the loopholes.”<sup>874</sup> The NRA exercise will take a year, involving the collection of data on “sectors that are prone to money laundering in high, medium, and lower categories at the national level.”<sup>875</sup> India

---

<sup>868</sup> Mutual Evaluation of Germany, FATF (Paris) 2014. Access Date: 2 March 2016. <http://www.fatf-gafi.org/media/fatf/documents/reports/mer/FUR-Germany-2014.pdf>

<sup>869</sup> India failing to curb terror funds: U.S., The Hindu 20 June 2015. Access Date: 29 March 2016. <http://www.thehindu.com/news/international/india-failing-to-curb-terror-funds-us/article7334733.ece>

<sup>870</sup> Terrorist Financing FATF Report to the G20 Leaders, FATF 28 December 2015. Access Date 29 March 2016. <http://g20.org/English/Documents/PastPresidency/201512/P020151228375596818045.pdf>

<sup>871</sup> Terrorist Financing FATF Report to the G20 Leaders, FATF 28 December 2015. Access Date 29 March 2016. <http://g20.org/English/Documents/PastPresidency/201512/P020151228375596818045.pdf>

<sup>872</sup> Terrorist Financing FATF Report to the G20 Leaders, FATF 28 December 2015. Access Date 29 March 2016. <http://g20.org/English/Documents/PastPresidency/201512/P020151228375596818045.pdf>

<sup>873</sup> Full Text of India-France Joint Statement on Terrorism, NDT (New Delhi) 25 January 2016. Access Date: 23 February 2016. <http://www.ndtv.com/india-news/full-text-of-india-france-joint-statement-on-terrorism-1269835>

<sup>874</sup> Operation begins to curb money laundering, terrorist funding, The Hinu (New Delhi) January 2016. Access Date: 23 February 2016. <http://www.thehindu.com/news/national/operation-begins-to-curb-money-laundering-terror-funding/article8152688.ece>

<sup>875</sup> Operation begins to curb money laundering, terrorist funding, The Hinu (New Delhi) January 2016. Access Date: 23 February 2016. <http://www.thehindu.com/news/national/operation-begins-to-curb-money-laundering-terror-funding/article8152688.ece>

will prepare an action plan based on that level of risk. However, as of March 2016 India has not implemented legislation regarding the criminalization of terrorist financing and money laundering.<sup>876</sup>

India has implemented some financial sanctions, however has not implemented other relevant FATF recommendations.

Thus, India has received a score of 0.

*Analyst: Rebecca Dickey*

### **Indonesia: 0**

Indonesia has partially complied with its commitment to continue to implement relevant Financial Action Task Force (FATF) recommendations and instruments.

On 28 December 2015, Terrorist Financing FATF Report to the G20 Leaders was released.<sup>877</sup> The report stated that Indonesia had applied targeted financial sanctions on their own motion on one 'designated individuals and entities' up to 15 August 2015 equaling an undisclosed amount.<sup>878</sup>

In 2010, the Government of Indonesia made an amendment to its criminal code to strengthen its commitment to counter terrorist financing. The Law criminalizes terrorist financing as a distinct criminal offense.<sup>879</sup>

As of March 2016, Indonesia regulates its financial system against money laundering and terrorist financing, through the Indonesian Financial Transaction Reports and Analysis Centre (PPATK).<sup>880</sup> Terrorist travel has become a crime in Indonesia following the terrorist attacks in Jakarta on 14 January 2016.<sup>881</sup>

Despite not being a member of the FATF, Indonesia has contributed to combating money laundering and terrorist financing through legislation concerning terrorist financing and travel, and through the support of targeted sanctions against terrorism. It has also taken steps to regulate its financial system against the threat of money laundering and terrorist financing, and criminalized terrorist financing as a distinct offence. However, Indonesia has not fully addressed the threat arising from foreign terrorist travel and the financing of it.

Thus, Indonesia has received a score of 0.

*Analyst: Andrew Aulthouse*

---

<sup>876</sup> Country Reports on Terrorism 2014, U.S. Department of State. Access Date: Operation begins to curb money laundering, terrorist funding, The Hindu (New Delhi) January 2016. Access Date: 23 February 2016.

<http://www.thehindu.com/news/national/operation-begins-to-curb-money-laundering-terror-funding/article8152688.ece9> March 2016. <http://www.state.gov/j/ct/rls/crt/2014/239408.htm>

<sup>877</sup> Terrorist Financing FATF Report to the G20 Leaders, FATF 28 December 2015. Access Date 29 March 2016.

<http://g20.org/English/Documents/PastPresidency/201512/P020151228375596818045.pdf>

<sup>878</sup> Terrorist Financing FATF Report to the G20 Leaders, FATF 28 December 2015. Access Date 29 March 2016.

<http://g20.org/English/Documents/PastPresidency/201512/P020151228375596818045.pdf>

<sup>879</sup> LAW OF THE REPUBLIC OF INDONESIA NUMBER 8 YEAR 2010, THE PRESIDENT OF THE REPUBLIC OF INDONESIA (Jakarta) 22 October 2010. Access Date: 13 March 2016.

[http://www.flevin.com/id/lgso/translations/Laws/Law%20No.%208%20of%202010%20on%20Prevention%20and%20Eradication%20of%20Money%20Laundering%20\(MoF\).pdf](http://www.flevin.com/id/lgso/translations/Laws/Law%20No.%208%20of%202010%20on%20Prevention%20and%20Eradication%20of%20Money%20Laundering%20(MoF).pdf)

<sup>880</sup> Rethinking the Anti-Terrorism Strategy in Indonesia, The Jakarta Post (Jakarta) 19 June 2015. Access Date: 2 March 2016. <http://www.thejakartapost.com/news/2015/06/19/rethinking-anti-terrorism-strategy-indonesia.html>

<sup>881</sup> Jakarta Attacks Prompt Tougher Anti-Terrorism Laws in Indonesia, The Guardian (London) 17 February 2016. Access D Operation begins to curb money laundering, terrorist funding, The Hindu (New Delhi) January 2016. Access Date: 23 February 2016. <http://www.thehindu.com/news/national/operation-begins-to-curb-money-laundering-terror-funding/article8152688.eceate>: 2 March 2016. <http://www.theguardian.com/world/2016/feb/17/jakarta-attacks-prompt-tougher-anti-terrorism-laws-in-indonesia>

## Italy: +1

Italy has fully complied with its commitment to continue to implement relevant Financial Action Task Force (FATF) recommendations and instruments.

On 28 December 2015, Terrorist Financing FATF Report to the G20 Leaders was released.<sup>882</sup> The report stated that Italy had applied targeted financial sanctions on their own motion on 17 ‘designated individuals and entities’ up to 15 August 2015.<sup>883</sup>

On 11 February 2016, FATF published Mutual Evaluation Report Italy 2016. It provides a summary of the anti-money laundering and combating the financing of terrorism (AML/CFT) measures in place in Italy.<sup>884</sup> The report found, “Italy has a strong legal and institutional framework to fight money laundering and terrorist financing and authorities have a good understanding of the risks the country faces. There are areas where improvements are needed such as its money laundering investigative and prosecutorial action on risks associated with self-laundering, standalone money laundering, and foreign predicate offences, and the abuse of legal persons.”<sup>885</sup>

Since March 2016, Italy has criminalized terrorist financing under articles 270 and 270 of its Criminal Code.<sup>886</sup> Through the Anti-Mafia Code, Italy can freeze the assets of “EU Internals,” and supplement a gap in the EU framework.<sup>887</sup> Italy has also supplemented the EU framework via LD 109/2007 to include “assets” that are “owned or controlled” by a listed person within the scope of the freezing measures.<sup>888</sup> Additionally, Italy has enacted Decree Law on foreign terrorist fighters which addresses the financing of travel for foreign fighters.<sup>889</sup>

Italy has continued to implement relevant FATF recommendations and sanctions, has continued criminalizing terrorist financing and has addressed foreign terrorist fighters.

Thus, Italy has received a score of +1 for full compliance.

*Analyst: Motahareh Nabavi Niaki*

## Japan: -1

Japan has failed to comply with its commitment to continue to implement relevant Financial Action Task Force (FATF) recommendations and instruments.

On 8 December 2015, Japan launched its counter terrorism unit (CTU-J). The CTU-J consists of 20 officials from various government bodies including Foreign Ministry, Defense Ministry and the

---

<sup>882</sup> Terrorist Financing FATF Report to the G20 Leaders, FATF 28 December 2015. Access Date 29 March 2016. <http://g20.org/English/Documents/PastPresidency/201512/P020151228375596818045.pdf>

<sup>883</sup> Terrorist Financing FATF Report to the G20 Leaders, FATF 28 December 2015. Access Date 29 March 2016. <http://g20.org/English/Documents/PastPresidency/201512/P020151228375596818045.pdf>

<sup>884</sup> Italy’s Measures to Combat Money Laundering and Terrorist Financing, FATF (Paris) February 2016. Access Date: 26 February 2016. <http://www.fatf-gafi.org/publications/mutualevaluations/documents/mer-italy-2016.html>

<sup>885</sup> Italy’s Measures to Combat Money Laundering and Terrorist Financing, FATF (Paris) February 2016. Access Date: 26 February 2016. <http://www.fatf-gafi.org/publications/mutualevaluations/documents/mer-italy-2016.html>

<sup>886</sup> Italy’s Measures to Combat Money Laundering and Terrorist Financing, FATF (Paris) February 2016. Access Date: 26 February 2016. <http://www.fatf-gafi.org/publications/mutualevaluations/documents/mer-italy-2016.html>

<sup>887</sup> Detailed Assessment Report on Anti-Money Laundering and Combating the Financing of Terrorism, IMF (Washington) February 2016. Access Date: 9 March 2016. <https://www.imf.org/external/pubs/ft/scr/2016/cr1643.pdf>

<sup>888</sup> Detailed Assessment Report on Anti-Money Laundering and Combating the Financing of Terrorism, IMF (Washington) February 2016. Access Date: 9 March 2016. <https://www.imf.org/external/pubs/ft/scr/2016/cr1643.pdf>

<sup>889</sup> Counter-Terrorism Committee visit to Italy focuses on foreign terrorist fighter threat, law enforcement and border control challenges, Security Council Counter-Terrorism Committee 29 May 2015. Access Date: 9 March 2016. [http://www.un.org/en/sc/ctc/news/2015-05-29\\_CTC\\_Italy\\_FTF.html](http://www.un.org/en/sc/ctc/news/2015-05-29_CTC_Italy_FTF.html)

National Police Agency. Its representatives will be sent to areas with high levels of terrorist activity, including Southeast Asia, the Middle East, and northwestern Africa.<sup>890</sup>

As of March 2016, the FATF is still concerned with Japan's continuous failure to "remedy the numerous and serious deficiencies identified in its third mutual evaluation report adopted in October 2008, despite Japan's high-level political commitment."<sup>891</sup> The most important deficiencies are incomplete criminalization of terrorist financing, the incomplete mechanism for the freezing of terrorist assets and the failure to ratify and fully implement the Palermo Convention.<sup>892</sup>

Japan has failed to implement relevant FATF recommendations.

Thus, Japan has received a score of -1.

*Analyst: Motahareh Nabavi Niaki*

### **Korea: 0**

Korea has partially complied with its commitment to continue to implement relevant Financial Action Task Force (FATF) recommendations and instruments.

On 28 December 2015, Terrorist Financing FATF Report to the G20 Leaders was released.<sup>893</sup> The report stated that Korea had applied targeted financial sanctions on their own motion on 64 'designated individuals and entities' up to 15 August 2015 equaling EUR211,710.<sup>894</sup> Amounts frozen includes funds subsequently un-frozen or confiscated, as well as funds frozen currently.<sup>895</sup>

Since March 2016, Korea has tightened its legislative framework and administrative procedures to combat terrorist financing in accordance with United Nations (UN) Security Council Resolution 1267 and 1373. Korea's Prohibition of Financing for Offenses of Public Intimidation Act (PFOPIA) implemented the UN Convention for the Suppression of the Financing of Terrorism.<sup>896</sup> Under the Act, funds for public intimidation offenses are identified as "any funds or assets collected, provided, delivered, or kept for use in any of the following acts committed with the intention to intimidate the public or to interfere with the exercise of rights of a national, local, or foreign government."<sup>897</sup> Additionally, this Act explicitly criminalizes the financing of terrorism.<sup>898</sup> An amendment to the Act expanded the government's ability to confiscate funds related to terrorism, enabling the government to confiscate the direct proceeds of terrorism and the funds and assets derived from those proceeds.<sup>899</sup>

---

<sup>890</sup> Japan brings forward launch of anti-terror intelligence unit for overseas ops, Russia Today. 4 December 2015. Access Date: 26 February 2016. <https://www.rt.com/news/324779-japan-anti-terrorism-unit/>

<sup>891</sup> FATF calls on Japan to implement adequate anti-money laundering and counter terrorist financing legislation, FATF 27 June 2014. Access Date: 9 March 2016. [http://www.fatf-gafi.org/publications/?hf=10&b=0&q=Japan&s=desc\(fatf\\_releasedate](http://www.fatf-gafi.org/publications/?hf=10&b=0&q=Japan&s=desc(fatf_releasedate)

<sup>892</sup> FATF calls on Japan to implement adequate anti-money laundering and counter terrorist financing legislation, FATF 27 June 2014. Access Date: 9 March 2016. [http://www.fatf-gafi.org/publications/?hf=10&b=0&q=Japan&s=desc\(fatf\\_releasedate](http://www.fatf-gafi.org/publications/?hf=10&b=0&q=Japan&s=desc(fatf_releasedate)

<sup>893</sup> Terrorist Financing FATF Report to the G20 Leaders, FATF 28 December 2015. Access Date 29 March 2016. <http://g20.org/English/Documents/PastPresidency/201512/P020151228375596818045.pdf>

<sup>894</sup> Terrorist Financing FATF Report to the G20 Leaders, FATF 28 December 2015. Access Date 29 March 2016. <http://g20.org/English/Documents/PastPresidency/201512/P020151228375596818045.pdf>

<sup>895</sup> Terrorist Financing FATF Report to the G20 Leaders, FATF 28 December 2015. Access Date 29 March 2016. <http://g20.org/English/Documents/PastPresidency/201512/P020151228375596818045.pdf>

<sup>896</sup> Country Reports on Terrorism 2009, Embassy of the United States (Seoul) 5 August 2010. Access Date: 9 March 2016. [http://seoul.usembassy.gov/p\\_sr\\_080610a.html](http://seoul.usembassy.gov/p_sr_080610a.html)

<sup>897</sup> Country Reports on Terrorism 2009, Embassy of the United States (Seoul) 5 August 2010. Access Date: 9 March 2016. [http://seoul.usembassy.gov/p\\_sr\\_080610a.html](http://seoul.usembassy.gov/p_sr_080610a.html)

<sup>898</sup> Mutual Evaluation Report, FATF (Paris) 26 June 2009. Access Date: 9 March 2016. <http://www.fatf-gafi.org/media/fatf/documents/reports/mer/MER%20Korea.pdf>

<sup>899</sup> Country Reports on Terrorism 2009, Embassy of the United States (Seoul) 5 August 2010. Access Date: 9 March 2016. [http://seoul.usembassy.gov/p\\_sr\\_080610a.html](http://seoul.usembassy.gov/p_sr_080610a.html)



Korea currently has two parallel regimes for restricting the financial activities of entities designated in accordance with S/RES/1267(1999) and S/RES/1373(2001): the first under the Foreign Exchange Transactions Act (FETA), and the second (most recent) under PFOPIA.<sup>900</sup>

Korea has implemented terrorist financing sanctions, however has not addressed the financing of travel for foreign terrorist fighters.

Thus, Korea has received a score of 0.

*Analyst: Sonia Arora*

### **Mexico: 0**

Mexico has partially complied with its commitment to continue to implement relevant Financial Action Task Force (FATF) recommendations and instruments.

On 28 December 2015, Terrorist Financing FATF Report to the G20 Leaders was released.<sup>901</sup> The report did not note that Mexico had applied any targeted financial sanctions on their own motion as of August 2015. No other evidence was found suggesting it had within the compliance cycle.

As of March 2016, the FATF has acknowledged the progress Mexico has made to reduce its deficiencies that were outlined in its 2008 Mutual Evaluation Report.<sup>902</sup> Key measures that have been taken are amending the Federal Criminal Code and regulations to criminalize money laundering and the financing of terrorism consistent with the FATF standards, improving the efficiency of the prevention and combating of money laundering and establishing an asset freezing regime for terrorists, those that finance terrorism, and money launderers.<sup>903</sup>

Mexico has criminalized terrorist financing however, has not responded to the financing of foreign terrorist fighters.

Thus, Mexico has received a score of 0.

*Analyst: Sonia Arora*

### **Russia: +1**

Russia has fully complied with its commitment to continue to implement relevant Financial Action Task Force (FATF) recommendations and instruments.

On 18 November 2015, Russia created an interdepartmental commission dedicated to combating terrorism financing.<sup>904</sup> The commission is to receive information on suspicious activity from various domestic departments, including the Prosecutor General's Office, Russian Central Bank, and regional authorities.<sup>905</sup>

---

<sup>900</sup> Mutual Evaluation Report, FATF (Paris) 26 June 2009. Access Date: 9 March 2016. <http://www.fatf-gafi.org/media/fatf/documents/reports/mer/MER%20Korea.pdf>

<sup>901</sup> Terrorist Financing FATF Report to the G20 Leaders, FATF 28 December 2015. Access Date 29 March 2016. <http://g20.org/English/Documents/PastPresidency/201512/P020151228375596818045.pdf>

<sup>902</sup> Mutual Evaluation of Mexico: 7<sup>th</sup> Follow-up Report, FATF (Paris) February 2014. Access Date: 25 February 2016. <http://www.fatf-gafi.org/documents/news/fur-mexico-2014.html>

<sup>903</sup> Mutual Evaluation of Mexico: 7<sup>th</sup> Follow-up Report, FATF (Paris) February 2014. Access Date: 25 February 2016. <http://www.fatf-gafi.org/documents/news/fur-mexico-2014.html>

<sup>904</sup> Putin sets up commission to combat terrorism financing, Reuters (Moscow) 18 November 2015. Access Date: 1 March 2016. <http://www.reuters.com/article/us-mideast-crisis-russia-financing-idUSKCN0T70X120151118>

<sup>905</sup> Putin sets up commission to combat terrorism financing, Reuters (Moscow) 18 November 2015. Access Date: 1 March 2016. <http://www.reuters.com/article/us-mideast-crisis-russia-financing-idUSKCN0T70X120151118>

On 28 December 2015, Terrorist Financing FATF Report to the G20 Leaders was released.<sup>906</sup> The report stated that since 2010, Russia had the seventh greatest number of convictions for terrorist financing among the top ten jurisdictions.<sup>907</sup> The report also stated that Russia had applied targeted financial sanctions on their own motion on 3887 “designated individuals and entities” up to 15 August 2015, equaling EUR44,929.<sup>908</sup> Amounts frozen includes funds subsequently unfrozen or confiscated, as well as funds frozen currently.<sup>909</sup>

As of March 2016, Russia has criminalized terrorist financing as a distinct offence in Article 205.1 of Russia’s Criminal Code (CC).<sup>910</sup> This targets any support or contribution to terrorist activity and is linked to 10 different terrorist crimes.<sup>911</sup> The CC also provides for targeted financial sanctions against perpetrators of terrorism finance through Article 104.1 CC.<sup>912</sup> Russia requires the freezing of terrorist assets without delay, but not later than one working day.<sup>913</sup> Russia has also worked to combat foreign terrorist fighters.<sup>914</sup> These laws are in accordance to FATF requirements and continue to combat the finance of terrorism.

Russia has continued to implement relevant FATF recommendations and sanctions, has continued criminalizing terrorist financing and has addressed foreign terrorist fighters.

Thus, Russia has received a score of +1.

*Analyst: Mustafa Sayedi*

### **Saudi Arabia: 0**

Saudi Arabia has partially complied with its commitment to continue to implement relevant Financial Action Task Force (FATF) recommendations and instruments.

As of March 2016 Saudi Arabia has implemented the Anti-Money Laundering Law (Royal Decree No. M/31, 2 April 2012) and the Law on Terrorism Crimes and Financing (Royal Decree No. M/16, 27 December 2013), which establish and solidify a process to criminalize terrorism of finance as a distinct offense, impose targeted financial sanctions on perpetrators, and provide the regulatory oversight required to ensure financial institutions implement Financial Action Task Force (FATF) regulations. Saudi Arabia continues to use these laws towards the fulfill its FATF commitments.

---

<sup>906</sup> Terrorist Financing FATF Report to the G20 Leaders, FATF 28 December 2015. Access Date 29 March 2016. <http://g20.org/English/Documents/PastPresidency/201512/P020151228375596818045.pdf>

<sup>907</sup> Terrorist Financing FATF Report to the G20 Leaders, FATF 28 December 2015. Access Date 29 March 2016. <http://g20.org/English/Documents/PastPresidency/201512/P020151228375596818045.pdf>

<sup>908</sup> Terrorist Financing FATF Report to the G20 Leaders, FATF 28 December 2015. Access Date 29 March 2016. <http://g20.org/English/Documents/PastPresidency/201512/P020151228375596818045.pdf>

<sup>909</sup> Terrorist Financing FATF Report to the G20 Leaders, FATF 28 December 2015. Access Date 29 March 2016. <http://g20.org/English/Documents/PastPresidency/201512/P020151228375596818045.pdf>

<sup>910</sup> 6<sup>th</sup> Follow-up Report: Mutual Evaluation of the Russian Federation, Financial Action Task Force (Paris) 21 October 2013. Access Date 28 February 2016. <http://www.fatf-gafi.org/media/fatf/documents/reports/mer/FUR-Russian-2013.pdf>

<sup>911</sup> Second Mutual Evaluation Report: Anti-Money Laundering and Combating of the Financing of Terrorism – Russian Federation, Financial Action Task Force (Paris) 20 June 2008. Access Date: 29 February 2016. <http://www.fatf-gafi.org/media/fatf/documents/reports/mer/MER%20Russia%20ful.pdf>

<sup>912</sup> Second Mutual Evaluation Report: Anti-Money Laundering and Combating of the Financing of Terrorism – Russian Federation, Financial Action Task Force (Paris) 20 June 2008. Access Date: 29 February 2016. <http://www.fatf-gafi.org/media/fatf/documents/reports/mer/MER%20Russia%20ful.pdf>

<sup>913</sup> Country Reports on Terrorism 2014, U.S. Department of State. Access Date: 8 March 2016. <http://www.state.gov/j/ct/rls/crt/2014/239406.htm>

<sup>914</sup> Statement for the press on the UN resolution on foreign terrorist fighters, The Ministry of Foreign Affairs of the Russian Federation 26 September 2014. Access Date: 8 March 2016. [http://www.mid.ru/en/initiativy-rossii-v-oon/-/asset\\_publisher/lt9FJKw0J0XM/content/id/669180](http://www.mid.ru/en/initiativy-rossii-v-oon/-/asset_publisher/lt9FJKw0J0XM/content/id/669180)

Saudi Arabia has been deemed at least “largely compliant” to the core and key recommendations of the FATF, which includes those relating to terrorist financing. Therefore, its request to move from regular follow-up to biennial updates has been approved. The next update is due at the 23rd plenary meeting of the Middle East and North Africa Financial Action Task Force (MENAFATF) in April/May 2016.

Although Saudi Arabia has criminalized terrorist financing and implemented appropriated financial sanction, it has not addressed foreign terrorist fighters.

Thus, Saudi Arabia has received a score of 0.

*Analyst: Mustafa Sayedi*

### **South Africa: 0**

South Africa has partially complied with its commitment to continue to implement relevant Financial Action Task Force (FATF) recommendations and instruments.

On 19 February 2016, the Parliament of the Republic of South Africa published a report confirming that the Financial Intelligence Centre Amendment Bill and Financial Sector Regulation (FSR) Bill are currently being deliberated on in the National Assembly. The FSR Bill proposes reforms to financial regulation in South Africa to specifically improve its capacity to maintain financial stability and counter terrorist financing. The Bill specifically proposes the establishment special committees tasked with the enforcement of the new financial rules.<sup>915</sup>

According to the latest FATF Report on South Africa published in 2009, South Africa has “criminalized terrorist financing in section 4 of the Protection of Constitutional Democracy against Terrorist and Related Activities Act (POCDATARA).” The FATF particularly notes that the POCDATARA is “comprehensive and criminalizes the collection or provision of property with the intention that it be used for the purpose of committing a terrorist act, or by a terrorist organization or individual terrorist for any purpose.”

In March 2015, The International Monetary fund (IMF) released a report assessing the state of anti-money laundering (AML) and combating the financing of terrorism (CFT) in South Africa.<sup>916</sup> Staff were guided by the current FATF 40 Recommendations and assessment methodology.<sup>917</sup> The report found that South Africa has made significant progress in improving its AML/CFT legal and institutional framework since it was last assessed against the AML/CFT standard in 2008.<sup>918</sup> Furthermore, it noted that the number of ML investigations has increased since 2009.

South Africa has made some progress towards implementing relevant FATF recommendations to counter terrorist financing. However, South Africa has not taken any actions in regard to foreign terrorist financing.

Thus, South Africa has received a score of 0.

*Analyst: Ron Shnaidstein*

---

<sup>915</sup> South Africa: National Treasury Requests Public Comments on Draft Financial Intelligence Centre Amendment Bill 2015, All Africa (Pretoria) 21 April 2015. Access Date: 11 March 2016. <http://allafrica.com/stories/201504221424.html>

<sup>916</sup> South Africa Financial Sector Assessment Program, IMF March 2015. Access Date: 4 April 2016. <https://www.imf.org/external/pubs/ft/scr/2015/cr1551.pdf>

<sup>917</sup> South Africa Financial Sector Assessment Program, IMF March 2015. Access Date: 4 April 2016. <https://www.imf.org/external/pubs/ft/scr/2015/cr1551.pdf>

<sup>918</sup> South Africa Financial Sector Assessment Program, IMF March 2015. Access Date: 4 April 2016. <https://www.imf.org/external/pubs/ft/scr/2015/cr1551.pdf>

## Turkey: +1

Turkey has fully complied with its commitment to continue to implement relevant Financial Action Task Force (FATF) recommendations and instruments.

On 22 October 2014, FATF release a Mutual Evaluation Report.<sup>919</sup> The report stated that Turkey has made significant progress in addressing the deficiencies in its anti-money laundering/countering the financing of terrorism (AML/CFT) measures, as identified in the mutual evaluation report of February 2007.<sup>920</sup> Since the 2007 report, Turkey has: amended the money laundering offence in the Criminal Code, by lowering the threshold for predicate offences and including elements required by the relevant United Nations conventions; adopted new regulations and amendments to existing regulations, which strengthen the requirements on customer due diligence, beneficial ownership, risk and simplified/enhanced due diligence; strengthened the reporting requirements for suspected terrorist financing transactions; and adopted a new regime on the Prevention of the Financing of Terrorism.<sup>921</sup> FATF approved the exit from follow-up of Turkey.<sup>922</sup>

On 16 February 2013, the Law on the Prevention of the Financing of Terrorism entered into force which defines “financing of terrorism” to include individuals and organizations who support terrorism at the national or international level by providing funds, and any person who sends money to a terrorist organization listed in relevant United Nations Security Council resolutions would be prosecuted.<sup>923</sup> The law also authorizes the Financial Crimes Investigation Board (MASAK) under the Ministry of Finance to “freeze” assets of those suspected of financing terrorism as a “preventive measure,” when a strong suspicion exists about the individual or organization concerned.<sup>924</sup>

In June 2015, the United States Department of State released the Country Reports on terrorism, which details the actions of several countries in regard to AML/CTF.<sup>925</sup> It stated that the Government of Turkey intensified efforts to interdict the travel of suspected foreign terrorist fighters through Turkey to and from Syria and Iraq.<sup>926</sup> These efforts include the development and implementation of a “banned from entry list,” as well as the deployment of “Risk Analysis Units” to detect suspected foreign terrorist fighters at airports, land border crossings, and border cities.<sup>927</sup> Cooperation with other source countries increased during the year in response to the foreign terrorist fighter threat, with both Turkey and source countries seeking to improve information sharing in particular. Turkey is an active member of the Global Coalition to Counter ISIL.<sup>928</sup>

---

<sup>919</sup> Mutual Evaluation of Turkey : 15th Follow-Up Report, FATF 22 October 2016. Access Date 5 April 2016. <http://www.fatf-gafi.org/publications/mutualevaluations/documents/fur-turkey-2014.html>

<sup>920</sup> Mutual Evaluation of Turkey : 15th Follow-Up Report, FATF 22 October 2016. Access Date 5 April 2016. <http://www.fatf-gafi.org/publications/mutualevaluations/documents/fur-turkey-2014.html>

<sup>921</sup> Mutual Evaluation of Turkey : 15th Follow-Up Report, FATF 22 October 2016. Access Date 5 April 2016. <http://www.fatf-gafi.org/publications/mutualevaluations/documents/fur-turkey-2014.html>

<sup>922</sup> FATF Plenary meetings - Chairman's Summaries, FATF (2016) Access Date: 5 April 2016. <http://www.fatf-gafi.org/about/outcomesofmeetings/>

<sup>923</sup> Turkey: Law to Combat Financing of Terrorism, Global Legal Monitor (Washington) 12 March 2013. Access Date: 13 March 2016. <http://www.loc.gov/law/foreign-news/article/turkey-law-to-combat-financing-of-terrorism/>

<sup>924</sup> Turkey: Law to Combat Financing of Terrorism, Global Legal Monitor (Washington) 12 March 2013. Access Date: 13 March 2016. <http://www.loc.gov/law/foreign-news/article/turkey-law-to-combat-financing-of-terrorism/>

<sup>925</sup> Country Report on Terrorism 2014, US Department of State June 2015. Access Date: 05 April 2016. <http://www.state.gov/documents/organization/239631.pdf>

<sup>926</sup> Country Report on Terrorism 2014, US Department of State June 2015. Access Date: 05 April 2016. <http://www.state.gov/documents/organization/239631.pdf>

<sup>927</sup> Country Report on Terrorism 2014, US Department of State June 2015. Access Date: 05 April 2016. <http://www.state.gov/documents/organization/239631.pdf>

<sup>928</sup> Country Report on Terrorism 2014, US Department of State June 2015. Access Date: 05 April 2016. <http://www.state.gov/documents/organization/239631.pdf>

MASAK continues to operate in cooperation and coordination with the law enforcement authorities and prosecutors at the national level.<sup>929</sup> MASAK also cooperates with other Financial Intelligence Units and actively contributes to the efforts of the FATF.<sup>930</sup> Turkey has created a legal framework in line with the FATF recommendations in order to implement effectively UN Security Council resolutions 1267 and 1373, which calls for criminalizing terrorist financing and freezing terrorist assets.<sup>931</sup> The Turkish Ministry of Foreign Affairs reports that Turkey has made bilateral agreements with more than over 70 countries around the world in the field of counterterrorism.<sup>932</sup> These agreements provide the legal basis for bilateral cooperation against illegal entities including terrorist organization and facilitate exchange of information among the relevant agencies.<sup>933</sup>

Turkey has implemented all relevant FATF measures.

Thus Turkey has received a score of +1 for full compliance.

*Analyst: Rebecca Dickey*

### **United Kingdom: +1**

The United Kingdom has fully complied with its commitment to continue to implement relevant Financial Action Task Force (FATF) recommendations and instruments.

The UK government has criminalized terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act (TACT) 2000, and the Money Laundering Regulations 2007.<sup>934</sup> The UK government has also adopted the relevant European Union measures, including measures to prevent the financing of terrorism. The EU Funds Transfers Regulation, which also binds the UK government, imposes identification and verification requirements on payers and by payment service providers.<sup>935</sup>

Under Sections 15-18 of TACT, the UK government criminalizes acts of “inviting, providing, or receiving” as well as “using or intending” and “being involved in an arrangement” which makes “money or other property available with the intention or reasonable suspicion that it will be used for the purposes of terrorism.” This, therefore, includes the financing of foreign fighter travel for

---

<sup>929</sup> Turkey’s Contributions to International Community’s Efforts to Fight Terrorism, Ministry of Foreign Affairs (2016) Access Date: 05 April 2016. [http://www.mfa.gov.tr/turkey\\_s-contributions-to-international-community\\_s-efforts-to-fight-terrorism.en.mfa](http://www.mfa.gov.tr/turkey_s-contributions-to-international-community_s-efforts-to-fight-terrorism.en.mfa)

<sup>930</sup> Turkey’s Contributions to International Community’s Efforts to Fight Terrorism, Ministry of Foreign Affairs (2016) Access Date: 05 April 2016. [http://www.mfa.gov.tr/turkey\\_s-contributions-to-international-community\\_s-efforts-to-fight-terrorism.en.mfa](http://www.mfa.gov.tr/turkey_s-contributions-to-international-community_s-efforts-to-fight-terrorism.en.mfa)

<sup>931</sup> Turkey’s Contributions to International Community’s Efforts to Fight Terrorism, Ministry of Foreign Affairs (2016) Access Date: 05 April 2016. [http://www.mfa.gov.tr/turkey\\_s-contributions-to-international-community\\_s-efforts-to-fight-terrorism.en.mfa](http://www.mfa.gov.tr/turkey_s-contributions-to-international-community_s-efforts-to-fight-terrorism.en.mfa)

<sup>932</sup> Turkey’s Contributions to International Community’s Efforts to Fight Terrorism, Ministry of Foreign Affairs (2016) Access Date: 05 April 2016. [http://www.mfa.gov.tr/turkey\\_s-contributions-to-international-community\\_s-efforts-to-fight-terrorism.en.mfa](http://www.mfa.gov.tr/turkey_s-contributions-to-international-community_s-efforts-to-fight-terrorism.en.mfa)

<sup>933</sup> Turkey’s Contributions to International Community’s Efforts to Fight Terrorism, Ministry of Foreign Affairs (2016) Access Date: 05 April 2016. [http://www.mfa.gov.tr/turkey\\_s-contributions-to-international-community\\_s-efforts-to-fight-terrorism.en.mfa](http://www.mfa.gov.tr/turkey_s-contributions-to-international-community_s-efforts-to-fight-terrorism.en.mfa)

<sup>934</sup> UK national risk assessment of money laundering and terrorist financing, Home Office (London) October 2015. Access Date: 11 March 2016. [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/468210/UK\\_NRA\\_October\\_2015\\_final\\_web.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/468210/UK_NRA_October_2015_final_web.pdf)

<sup>935</sup> UK national risk assessment of money laundering and terrorist financing, Home Office (London) October 2015. Access Date: 11 March 2016. [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/468210/UK\\_NRA\\_October\\_2015\\_final\\_web.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/468210/UK_NRA_October_2015_final_web.pdf)

terrorist-related activities. As of March 2016, at least 17 convictions have been made under sections 15-18 of TACT since its introduction in September 2001.<sup>936</sup>

The Terrorist Asset-Freezing Act (TAFA) 2010 authorizes the UK government to freeze the assets of terrorists and prohibit their nationals and persons within its jurisdiction from making funds, resources or financial services available. Through TAFA, the UK has particularly complied FATF Recommendation 6 which requires freezing 'without delay' of the assets of individuals or entities designated under United Nation Security Council Resolutions 1267 and 1373.<sup>937</sup>

As of March 2016, the UK government has continued to enact all the above regulations which satisfy all the three relevant FATF recommendations.

Thus, the UK has been awarded a score of +1 for full compliance.

*Analyst: Tatiana Ferrara*

### **United States: +1**

The United States has fully complied with its commitment to continue to implement relevant Financial Action Task Force (FATF) recommendations and instruments.

As of March 2016, the US has explicitly criminalized terrorist financing under the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 and money laundering under the Money Laundering Control Act (1986). The Office of Terrorist Financing Crimes (TFFC) works across all elements of the national security community, including law enforcement, regulatory, policy, diplomatic and intelligence communities and with the private sector and foreign governments to identify and address by all forms of illicit finance. TFFC has initiatives and strategies to combat money laundering and terrorist financing at home and abroad. These include initiatives that apply and implement targeted financial sanctions to national security threats. TFFC works to advance and implement FATF regulations and instruments.

The US has implemented relevant FATF recommendations, criminalized terrorist financing and addressed the financing of foreign terrorist fighters.

Thus, the US has received a score of +1.

*Analyst: Ron Shnaidstein*

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

The European Union has fully complied with its commitment to continue to implement relevant Financial Action Task Force (FATF) recommendations and instruments.

On 2 February 2016, the European Commission published a communication to the European Parliament and Council on an Action Plan for strengthening the fight against terrorist financing.<sup>938</sup> The Action Plan focuses on tracing terrorists through financial movements and preventing them from moving funds and disrupting the sources of revenue used by terrorist organizations. The European

---

<sup>936</sup> UK national risk assessment of money laundering and terrorist financing, Home Office (London) October 2015.

Access Date: 11 March 2016.

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/468210/UK\\_NRA\\_October\\_2015\\_final\\_web.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/468210/UK_NRA_October_2015_final_web.pdf)

<sup>937</sup> UK national risk assessment of money laundering and terrorist financing, Home Office (London) October 2015.

Access Date: 11 March 2016.

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/468210/UK\\_NRA\\_October\\_2015\\_final\\_web.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/468210/UK_NRA_October_2015_final_web.pdf)

<sup>938</sup> Communication to the European Parliament and the Council, European Commission (Brussels) 2 February 2016.

Access Date: 16 February 2016. [http://ec.europa.eu/justice/criminal/files/com\\_2016\\_50\\_en.pdf](http://ec.europa.eu/justice/criminal/files/com_2016_50_en.pdf)

Commission pledged that all proposed actions would be carried out by the end of 2017.<sup>939</sup> Some proposals have already been tabled, such as the strengthening of the EU legal framework with a comprehensive definition of the crime of terrorist financing, in line with the standards set by the Financial Action Task Force. Actions have also been taken to enhance the effectiveness of sanctions and asset freezing measures within the EU and in third countries. Especially the procedural improvements for ensuring swift and effective freezing measures based on United Nations Security Council Resolution are in the process of being implemented – without a need for specific legislative changes.

As of 2 February 2016, the Fourth Anti-Money Laundering Package is still being adopted by Member States.

This piece of legislation prevents the use of the financial system for the purposes of money laundering or terrorist financing.<sup>940</sup> The Commission has called on Member States to commit to do this by the end of 2016.<sup>941</sup>

As of March 2016, the EU has criminalized terrorist financing, implemented financial sanctions and criminalized and the funding of recruitment, training and travel for terrorism purposes.<sup>942</sup> Additionally, the European Union has programs that address specific FATF recommendations. The Regulation on funds transfers implements Special Recommendation VII of the FATF to ensure that identifying information accompanies wire transfers.<sup>943</sup> FATF Special Recommendation VI on alternative remittances was addressed by the Payments Services Directive.<sup>944</sup>

The EU has continued to criminalize terrorist financing, respond to foreign terrorist travel, and implement targeted financial sanctions.

Thus, the European Union has received a score of +1.

*Analyst: Aylin Manduric*

---

939 Press Release: Commission presents Action Plan to strengthen the right against terrorist financing, European Commission (Strasbourg) 2 February 2016. Access Date: 23 February 2016. [http://europa.eu/rapid/press-release\\_IP-16-202\\_en.htm](http://europa.eu/rapid/press-release_IP-16-202_en.htm)

940 Commission presents Action Plan to strengthen the fight against terrorist financing, European Commission (Strasbourg) 2 February 2016. Access Date: 8 March 2016. [http://europa.eu/rapid/press-release\\_IP-16-202\\_en.htm](http://europa.eu/rapid/press-release_IP-16-202_en.htm)

941 Commission presents Action Plan to strengthen the fight against terrorist financing, European Commission (Strasbourg) 2 February 2016. Access Date: 8 March 2016. [http://europa.eu/rapid/press-release\\_IP-16-202\\_en.htm](http://europa.eu/rapid/press-release_IP-16-202_en.htm)

942 Directive 2005/60/EC of the European Parliament and of the Council, Official Journal of the European Union 26 October 2005. Access Date: 8 March 2016. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:319:0001:0036:EN:PDF>

943 Regulation (EC) No 1781/2006 of the European Parliament and of the Council, Official Journal of the European Union 15 November 2006. Access Date: 8 March 2016. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:319:0001:0036:EN:PDF>

944 Directive 2007/64/EC of the European Parliament and of the Council, Official Journal of the European Union 13 November 2007. Access Date: 8 March 2016. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:319:0001:0036:EN:PDF>