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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 Final Compliance Report

16 November 2015 to 3 September 2016

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“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*

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Preface

Since the G20 leaders met at their first summit in 2008 in Washington, the G20 Research Group at the University of Toronto and the Center for International Institutions Research of the Russian Presidential Academy of National Economy and Public Administration (RANEPA), formerly with the International Organizations Research Institute at the National Research University Higher School of Economics (HSE), in Moscow have produced reports on their progress in implementing the priority commitments made at each summit. These reports monitor each G20 member's efforts to implement a carefully chosen selection of the many commitments produced at each summit. The reports are offered to the general public and to policy makers, academics, civil society, the media and interested citizens around the world in an effort to make the work of the G20 more transparent, accessible and effective, and to provide scientific data to enable the meaningful analysis of the causes of compliance and the impact of this important informal international institution. Previous reports are available at the G20 Information Centre at <http://www.g20.utoronto.ca/analysis>.

The G20 Research Group has been working with Marina Larionova's team at RANEPA and previously at HSE since initiating this G20 compliance research in 2009, after the Washington Summit in November 2008. The initial report, covering only one commitment made at that summit, tested the compliance methodology developed by the G8 Research Group and adapted it to the G20.

To make its assessments, the G20 Research Group relies on publicly available information, documentation and media reports. To ensure accuracy, comprehensiveness and integrity, we encourage comments from stakeholders. Indeed, scores can be recalibrated if new material becomes available. All feedback remains anonymous. Responsibility for the contents of this report lies exclusively with the authors and analysts of the G20 Research Group. Due to extenuating circumstances, stakeholders had limited time to submit feedback. This report reflects feedback submitted as of 5 September 2016. It includes seven commitments that could not be distributed for stakeholder feedback.

The interim report, published in July 2016, assessed performance by G20 members with 10 priority commitments among the total of 113 commitments made at the 2015 Antalya Summit, held on 15-16 November 2015. It covered the first part of China's G20 presidency up to 5 April 2016.

This final report assesses performance by G20 members on those same 10 commitments plus the seven that did not receive stakeholder feedback, for a total of 17.

I am most grateful to Sarah Scott and our G20 Research Group team, as well as Marina Larionova, Mark Rakhmangulov and their team in Moscow at RANEPA.

Professor John Kirton
Co-director, G20 Research Group

6. Terrorism: Financial Action Task Force Recommendations

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

G20 Antalya Leaders’ Communiqué

Assessment

	No Compliance	Partial Compliance	Full Compliance
Argentina			+1
Australia			+1
Brazil			+1
Canada			+1
China			+1
France			+1
Germany			+1
India			+1
Indonesia			+1
Italy			+1
Japan	-1		
Korea			+1
Mexico			+1
Russia			+1
Saudi Arabia		0	
South Africa		0	
Turkey			+1
United Kingdom			+1
United States			+1
European Union			+1
Average		+0.80	

Background

On 16 November 2015, at the Antalya Summit, G20 members issued a “Statement on the Fight Against Terrorism” prompted by growing threats by terrorist groups. In this statement, G20 members 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.”¹³²⁷ 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

¹³²⁷ 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>

financing. The FATF has developed the 40 Recommendations and produces regular assessment of their implementation by FATF member states.¹³²⁸

At the Antalya Summit, the FATF presented its recently-published report to G20 leaders on the global implementation of key counter-terrorist financing measures. In the report, the FATF evaluated the progress of all of its 194 Member jurisdictions in the global anti-money laundering (AML) / counter-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, lead by example, and assist implementation in low-capacity jurisdiction."¹³²⁹ 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

¹³²⁸ 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>

¹³²⁹ 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>

institutions are subject to adequate regulation and implement FATF recommendations count towards compliance with this recommendation.¹³³⁰

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

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.¹³³¹ 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 US.¹³³² "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.¹³³³

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.¹³³⁴

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.¹³³⁵ 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

¹³³⁰ 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>

¹³³¹ 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>

¹³³² 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>

¹³³³ 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>

¹³³⁴ 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>.

¹³³⁵ 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>

acts.¹³³⁶ The FATF has explicitly stated that is satisfied with Argentina's progress in implementing its CTF/AML instruments.¹³³⁷

On 21 March 2016, Argentina announced that it and the US will resume sharing intelligence on money flows to bolster the fight against drug gangs and organized crime.¹³³⁸ "Not collaborating only benefits organized crime, the corrupt and potentially even terrorists," said Mariano Federici, who heads Argentina's Financial Information Unit.¹³³⁹ 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.¹³⁴⁰

While Argentina has established the legal frameworks and frameworks and structures necessary to address terrorist financing, there have been few cases of assets seized and cases prosecuted.¹³⁴¹

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: +1

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

The 2015 Country Reports on Terrorism produced by the US. Department of State noted that Australia was conducting investigation into 536 suspected terrorism financing cases.¹³⁴²

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.¹³⁴³

¹³³⁶ 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>

¹³³⁷ 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>

¹³³⁸ 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>

¹³³⁹ 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>

¹³⁴⁰ 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>

¹³⁴¹ Country Reports on Terrorism 2015-Argentina, refworld 2 June 2016. Access Date: 23 July 2016. <http://www.refworld.org/cgi-bin/texis/vtx/rwmain?page=search&docid=57518ddf23&skip=0&query=Terrorist%20financing>

¹³⁴² Country Reports of Terrorism, Chapter 2: East Asia and Pacific Overview, US State of Department, 2015. Access Date: 1 Aug 2016. <http://www.state.gov/j/ct/rls/crt/2015/257515.htm#>

¹³⁴³ 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/>

On 16-18 November 2015, Australia and Indonesia co-chaired the first Southeast Asian Counter-Terrorism Financing Summit in which terrorist financing was the main issue discussed.¹³⁴⁴ During the Summit, Australia recognized that disrupting terrorist financing was a vital part of counter-terrorism efforts and noted that the Government of Australia had recently provided AUSTRAC, Australia's primary source of financial intelligence, with an additional AUD20 million to strengthen the detection and disruption of terrorism financing. The financial package was part the larger AUD630 million countering terrorism package.¹³⁴⁵

As of 27 February, 2016, Australia declared Iran and the Democratic People's Republic of Korea (DPRK) as prescribed foreign countries under the 2006 AML and CTF Act.¹³⁴⁶ As a result, reporting entities entering into a transaction with a party located or incorporated in Iran or the DPRK must conduct enhanced customer due diligence procedures as defined under Chapter 15 of the AML and CTF Act.¹³⁴⁷

As of March 2016, Australia has criminalized the financing of terrorist acts under its Criminal Code.¹³⁴⁸ 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.¹³⁴⁹ 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.¹³⁵⁰

On 11 March 2016, FATF released its Annual Report.¹³⁵¹ According to the FATF, an effective system to combat money laundering and terrorist financing has eleven key areas. Australia has met or moderately satisfied six areas, substantially satisfied four and highly satisfied one.¹³⁵²

Australia has continued to take actions in all three areas recommended by FATF.

Thus, Australia has received a score of +1.

Analyst: Aylin Manduric

Brazil: +1

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

¹³⁴⁴ Opening address: Joint Australia-Indonesia Counter-Terrorism Financing Summit, Minister for Justice, 17 November 2015. Access Date: 2 Aug 2016. <https://www.ministerjustice.gov.au/Speeches/Pages/2015/FourthQuarter/17-November-2015-Opening-address-Joint-Australia-Indonesia-Counter-Terrorism-Financing-Summit.aspx>

¹³⁴⁵ Opening address: Joint Australia-Indonesia Counter-Terrorism Financing Summit, Minister for Justice, 17 November 2015. Access Date: 2 Aug 2016. <https://www.ministerjustice.gov.au/Speeches/Pages/2015/FourthQuarter/17-November-2015-Opening-address-Joint-Australia-Indonesia-Counter-Terrorism-Financing-Summit.aspx>

¹³⁴⁶ Countermeasures, Australian Transaction Reports and Analysis Centre. Access Date: 23 July 2016. <http://www.austrac.gov.au/businesses/obligations-and-compliance/countermeasures>.

¹³⁴⁷ Countermeasures, Australian Transaction Reports and Analysis Centre. Access Date: 23 July 2016. <http://www.austrac.gov.au/businesses/obligations-and-compliance/countermeasures>.

¹³⁴⁸ 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>

¹³⁴⁹ 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>

¹³⁵⁰ 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>

¹³⁵¹ 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>

¹³⁵² 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>

On 19 February 2016, the FATF released outcomes from a plenary meeting in Paris.¹³⁵³ 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.”¹³⁵⁴ The FATF calls on Brazil to enact counter terrorist financing legislation.¹³⁵⁵ 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.¹³⁵⁶

On 16 March 2016 Law 13.260 was enacted which criminalizes terrorist financing and responds to foreign terrorist financing.¹³⁵⁷ This law penalizes anyone, who for the purpose of terrorism, recruits, organizes, carries or equips individuals traveling to a country other than that of their residence or nationality.¹³⁵⁸

Since February 2016, Brazil has taken steps toward strengthening its counter terrorism policies by enacting a law that criminalizes terrorist financing.¹³⁵⁹ The FATF believes that this is a significant step toward Brazil’s compliance with FATF standards and recommendations.¹³⁶⁰ As a result, the FATF has decided not to take the next steps in the follow up process.¹³⁶¹ Despite this progress, there are still several shortcomings in the Brazilian counter-terrorist financing regime. The FATF has stated that “Brazil must address these shortcomings in order to reach a satisfactory level of compliance with the FATF standards.”¹³⁶²

Through the Council for Financial Activities Control (COAF), a largely independent entity within the Finance Ministry, Brazil has implemented the UN 1267/1989/2253 ISIL (Da’esh) and al-Qa’ida sanctions regime.¹³⁶³ However, Brazil has not reported any assets, accounts, or property in the names of persons or entities.¹³⁶⁴

Brazil has enacted legislation that criminalizes terrorist financing, responded to foreign terrorist fighters and implemented financial sanctions.

¹³⁵³ 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>

¹³⁵⁴ 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>

¹³⁵⁵ 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>

¹³⁵⁶ 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>

¹³⁵⁷ LEI Nº 13.260, DE 16 DE MARÇO DE 2016, Presidência da República 18 March 2016. Access Date: 24 July 2016. http://www.planalto.gov.br/ccivil_03/_Ato2015-2018/2016/Lei/L13260.htm

¹³⁵⁸ LEI Nº 13.260, DE 16 DE MARÇO DE 2016, Presidência da República 18 March 2016. Access Date: 24 July 2016. http://www.planalto.gov.br/ccivil_03/_Ato2015-2018/2016/Lei/L13260.htm

¹³⁵⁹ Outcomes of the Plenary meeting of the FATF, Busan Korea, 22-24, FATF (Busan) 24 June 2016. Access Date: 24 July 2016. <http://www.fatf-gafi.org/publications/fatfgeneral/documents/plenary-outcomes-june-2016.html#Brazil>

¹³⁶⁰ Outcomes of the Plenary Meeting of the FATF, Busan Korea, 22-24, FATF (Busan) 24 June 2016. Access Date: 23 July 2016. <http://www.fatf-gafi.org/publications/fatfgeneral/documents/plenary-outcomes-june-2016.html>

¹³⁶¹ Outcomes of the Plenary Meeting of the FATF, Busan Korea, 22-24, FATF (Busan) 24 June 2016. Access Date: 23 July 2016. <http://www.fatf-gafi.org/publications/fatfgeneral/documents/plenary-outcomes-june-2016.html>

¹³⁶² Outcomes of the Plenary Meeting of the FATF, Busan Korea, 22-24, FATF (Busan) 24 June 2016. Access Date: 23 July 2016. <http://www.fatf-gafi.org/publications/fatfgeneral/documents/plenary-outcomes-june-2016.html>

¹³⁶³ Country Reports on Terrorism 2015-Brazil, United States Department of State 2 July 2016. Access Date: 24 July 2015. <http://www.refworld.org/docid/57518dd5a.html>

¹³⁶⁴ Country Reports on Terrorism 2015-Brazil, United States Department of State 2 July 2016. Access Date: 24 July 2015. <http://www.refworld.org/docid/57518dd5a.html>

Therefore, 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.

As of August 2016, Canada has criminalized terrorist financing in accordance with international standards and freezes and confiscates terrorist assets without delay.¹³⁶⁵ 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.¹³⁶⁶

As of August 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.¹³⁶⁷ 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.'¹³⁶⁸

On 1 April 2015, the 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."¹³⁶⁹ 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.¹³⁷⁰

On 10 April 2016, the Group of 7 (G7) Foreign Ministers met in Hiroshima, Japan. At this meeting, a counter terrorism action plan was written and is to be released at the G7 Summit in May 2016. In this plan members reaffirmed "the importance of the work underway by the Financial Action Task Force to counter terrorist financing through the effective implementation of FATF standards."¹³⁷¹

On 26 April 2016, Prime Minister Justin Trudeau upheld Canada's no-ransom policy, in efforts to facilitate the release of Canadian hostages from capture by terrorists. Trudeau stated that "Canada does not and will not pay ransom to terrorists, directly or indirectly," arguing that "ransom payment

¹³⁶⁵ 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>

¹³⁶⁶ 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>

¹³⁶⁷ 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>

¹³⁶⁸ 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>

¹³⁶⁹ 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>

¹³⁷⁰ 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>

¹³⁷¹ Address by G7 Foreign Ministers, G7 Meeting (Hiroshima) 10 April 2016. Date of Access: 22 July 2016 http://eeas.europa.eu/statements-eeas/2016/160411_02_en.htm

simply serve to fund terrorism and criminal activity...”¹³⁷² Prime Minister Trudeau and British Prime Minister David Cameron has both agreed to work together to discourage allies from paying ransoms to terrorists.¹³⁷³

On 21 May 2016, the FATF president attended the G7 Finance Ministers and Central Bank Governor’s meeting in Sendai, Japan. At this meeting the G7 “published an action plan on combating the financing of terrorism [...] which acknowledges FATF’s decisive role in tackling terrorist financing”¹³⁷⁴

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: +1

China has fully 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 2008.¹³⁷⁵ 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).¹³⁷⁶ In October 2012, the FATF recognized that China had made significant progress in addressing the deficiencies identified in the 2008 Mutual Evaluation Report.¹³⁷⁷ 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.¹³⁷⁸

On 14 December 2015, China publicly proclaimed its new national anti-terror guidelines which included prevention of cross-border terrorism. The guidelines also sought to strengthen the nationwide terrorist intelligence-sharing system, destruction of audio and video material related to

¹³⁷² Britain and Canada to urge other nations halt ransom payments to terrorists, The Guardian (Toronto). 27 April 2016. Access Date: 21 July 2016.

<https://www.theguardian.com/world/2016/apr/26/britain-canada-halt-ransom-payments-terrorists-john-ridsdell-killing>
¹³⁷³ Trudeau rules out ransom for hostages as rescue mission explored, The Globe and Mail (Kananaskis and Ottawa). 26 April 2016. Access Date: 21 July 2016.

<http://www.theglobeandmail.com/news/politics/canada-does-not-and-will-not-pay-ransom-to-terrorists-trudeau/article29761342/>

¹³⁷⁴ FATF at G7 meeting in Sendai, FATF (Paris) 23 May 2016. Date of Access: 22 July 2016

<http://www.fatf-gafi.org/publications/fatfrecommendations/documents/fatf-at-g7-meeting-in-sendai.html>

¹³⁷⁵ 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>

¹³⁷⁶ 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>

¹³⁷⁷ 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>

¹³⁷⁸ 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>

terrorism and violence being spread through online, strengthen border controls to prevent overseas terrorists entering China and elimination of religious extremism.¹³⁷⁹

On 15 December 2015, Chinese officials held bilateral talks in New York.¹³⁸⁰ During two days of talks, China and the US 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.¹³⁸¹ The meeting is the latest effort of China and the US to improve cooperation to fight terrorism.¹³⁸²

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 US.¹³⁸³ The MOU was signed between the China Anti-Money Laundering Monitoring and Analysis Center (CAMLMAC) and the US Financial Crimes Enforcement Network (FinCEN).¹³⁸⁴

On 27 December 2015, China's parliament passed a counter terrorism law.¹³⁸⁵ 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."¹³⁸⁶

On 1 January 2016, China's Counter-Terrorism law took effect. This enhanced the existing AML and TF regimes in place. The General Provision of the Law made terrorist financing a distinct legal offence. Article 14 of the Law specifically required "[f]inancial institutions and designated non-financial organizations [to] immediately freeze capital or other assets of terrorist organizations and personnel. This new law provided tougher and more targeted penalties for non-compliance or non-cooperation, including fines and criminal charges, against financial services providers and responsible individuals (Articles 83, 86, and 91)".¹³⁸⁷

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.¹³⁸⁸ The National Internet Finance Association of China will monitor suspicious online trade activity, Pan Gongsheng said at an event

¹³⁷⁹ New China guidelines for prevention of cross border terrorism, The Economic Times, 14 December 2015. Access Date: 2 Aug 2016. http://articles.economictimes.indiatimes.com/2015-12-14/news/69033721_1_anti-terrorism-cross-border-terrorism-religious-extremism

¹³⁸⁰ 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>

¹³⁸¹ 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>

¹³⁸² 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>

¹³⁸³ 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

¹³⁸⁴ 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

¹³⁸⁵ 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>

¹³⁸⁶ 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>

¹³⁸⁷ Counter-Terrorism Law (2015), English Translation, China Law Translate, 27 December 2015. Access Date: 2 Aug 2016. <http://chinalawtranslate.com/%E5%8F%8D%E6%81%90%E6%80%96%E4%B8%BB%E4%B9%89%E6%B3%95-%EF%BC%882015%E6%89/?lang=en>

¹³⁸⁸ 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.¹³⁸⁹ New regulations on internet financing would be issued in the immediate future¹³⁹⁰

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.¹³⁹¹ No new evidence has been found suggesting China has taken action to address this.¹³⁹² A remaining concern is that self-laundering is not independently criminalized.¹³⁹³

China has taken all actions to address relevant FATF recommendations.

Thus China has received a score of +1.

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, EU finance ministers broadly agreed to a French-led initiative to better track and freeze terrorist funding across the bloc.¹³⁹⁴ The bloc had already agreed to toughen existing anti-money-laundering rules earlier this year, but governments had until 2017 to implement those rules.¹³⁹⁵ The French government wants a swifter application of those measures, plus more intelligence sharing and wider-ranging tracking measures.¹³⁹⁶ French Finance Minister Michel Sapin said there was broad agreement on the measures he circulated in a 13-page discussion paper.¹³⁹⁷

On 28 December 2015, Terrorist Financing FATF Report to the G20 Leaders was released.¹³⁹⁸ The report stated that since 2010, France had the fifth greatest number of convictions for terrorist financing among the top ten jurisdictions.¹³⁹⁹ 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

¹³⁸⁹ 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>

¹³⁹⁰ 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>

¹³⁹¹ 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>

¹³⁹² 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>

¹³⁹³ 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>

¹³⁹⁴ 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>

¹³⁹⁵ 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>

¹³⁹⁶ 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>

¹³⁹⁷ 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>

¹³⁹⁸ 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>

¹³⁹⁹ 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 EUR231,888.¹⁴⁰⁰ Amounts frozen includes funds subsequently un-frozen or confiscated, as well as funds frozen currently.¹⁴⁰¹

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 EUR5,000.¹⁴⁰² 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 2015.¹⁴⁰³ The country also lowered its cash transaction limit for tourists from EUR15,000 to EUR10,000. Negotiations are still ongoing.¹⁴⁰⁴

On 10 April 2016, the Group of 7 (G7) Foreign Ministers met in Hiroshima, Japan. They worked on a counter terrorism action plan to be released at the G7 Summit in May, in which they reaffirmed “the importance of the work underway by the Financial Action Task Force to counter terrorist financing through the effective implementation of FATF standards.”¹⁴⁰⁵

On 21 May 2016, the FATF president attended the G7 Finance Ministers and Central Bank Governor’s meeting in Sendai, Japan. At this meeting the G7 “published an action plan on combating the financing of terrorism [...] which acknowledges FATF’s decisive role in tackling terrorist financing”¹⁴⁰⁶

As of July 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.¹⁴⁰⁷ Steps have also been taken to criminalize the travel of terrorist fighters.¹⁴⁰⁸ France has been a supporter of the use of targeted sanctions against terrorism and its supporters.¹⁴⁰⁹ 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.¹⁴¹⁰ Additionally France has taken steps to counter

¹⁴⁰⁰ 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>

¹⁴⁰¹ 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>

¹⁴⁰² 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>

¹⁴⁰³ 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>

¹⁴⁰⁴ 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>

¹⁴⁰⁵ Address by G7 Foreign Ministers, G7 Meeting (Hiroshima) 10 April 2016. Date of Access: 22 July 2016 http://eeas.europa.eu/statements-eeas/2016/160411_02_en.htm

¹⁴⁰⁶ FATF at G7 meeting in Sendai, FATF (Paris) 23 May 2016. Date of Access: 22 July 2016 <http://www.fatf-gafi.org/publications/fatfrecommendations/documents/fatf-at-g7-meeting-in-sendai.html>

¹⁴⁰⁷ 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>

¹⁴⁰⁸ France Proposes Anti-Terrorist Travel Bans, BBC (London) 9 July 2014. Access Date: 1 March 2016. <http://www.bbc.com/news/world-europe-28231947>

¹⁴⁰⁹ 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>

¹⁴¹⁰ 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>

potential threats posed by its nationals traveling abroad to engage in terrorist activity.¹⁴¹¹ France has been an enthusiastic supporter of FATF. 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.

On 8 December 2015, EU finance ministers broadly agreed to a French-led initiative to better track and freeze terrorist funding across the bloc.¹⁴¹² The bloc had already agreed to toughen existing anti-money-laundering rules earlier this year, but governments had until 2017 to implement those rules.¹⁴¹³ Germany has been a strong supporter of the plan, however cautioned that similar deals took long periods to negotiate.¹⁴¹⁴

On 28 December 2015, Terrorist Financing FATF Report to the G20 Leaders was released.¹⁴¹⁵ 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 EUR5,300.¹⁴¹⁶ Amounts frozen includes funds subsequently un-frozen or confiscated, as well as funds frozen currently.¹⁴¹⁷

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 EUR5,000.¹⁴¹⁸ 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

¹⁴¹¹ 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>

¹⁴¹² 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>

¹⁴¹³ 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>

¹⁴¹⁴ 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>

¹⁴¹⁵ 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>

¹⁴¹⁶ 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>

¹⁴¹⁷ 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>

¹⁴¹⁸ 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>

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.¹⁴¹⁹

According to the FATF 2014 Mutual Evaluation Report Germany's amendments of the AML Law made it possible to remedy all technical deficiencies, thus making Germany "largely compliant."¹⁴²⁰ "Germany has demonstrated sufficient progress with respect to all core Recommendations previously rated PC."¹⁴²¹ The report determined that due to Germany's progress in various recommendations of the FATF can be considered sufficient to be removed from the regular follow-up process.¹⁴²²

As of March 2016, Germany has criminalized terrorist financing and travel related to terrorism as distinct criminal offenses.¹⁴²³ Germany has largely complied with FATF recommendations about regulating its financial system to prevent money laundering and terrorist financing.¹⁴²⁴

On April 10 2016, the Group of 7 (G7) Foreign Ministers met in Hiroshima, Japan. They worked on a counter terrorism action plan to be released at the G7 Summit in May, in which they reaffirmed "the importance of the work underway by the Financial Action Task Force to counter terrorist financing through the effective implementation of FATF standards."¹⁴²⁵

On 21 May 2016, the FATF president attended the G7 Finance Ministers and Central Bank Governor's meeting in Sendai, Japan. At this meeting the G7 "published an action plan on combating the financing of terrorism [...] which acknowledges FATF's decisive role in tackling terrorist financing"¹⁴²⁶

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: +1

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

¹⁴¹⁹ 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#ixzz44KrIBbu2>

¹⁴²⁰ 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>

¹⁴²¹ 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>

¹⁴²² 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>

¹⁴²³ 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>

¹⁴²⁴ 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>

¹⁴²⁵ Address by G7 Foreign Ministers, G7 Meeting (Hiroshima) 10 April 2016. Date of Access: 22 July 2016 http://eeas.europa.eu/statements-eeas/2016/160411_02_en.htm

¹⁴²⁶ FATF at G7 meeting in Sendai, FATF (Paris) 23 May 2016. Date of Access: 22 July 2016 <http://www.fatf-gafi.org/publications/fatfrecommendations/documents/fatf-at-g7-meeting-in-sendai.html>

On 28 December 2015, Terrorist Financing FATF Report to the G20 Leaders was released.¹⁴²⁷ 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 equalling EUR300,000.¹⁴²⁸ Amounts frozen includes funds subsequently un-frozen or confiscated, as well as funds frozen currently.¹⁴²⁹

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."¹⁴³⁰

On 26 January 2016, Indian government agencies launched a National Risk Assessment exercise "to identify the sectors that are susceptible to money laundering and terror funding, and plug the loopholes."¹⁴³¹ The 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."¹⁴³² India will prepare an action plan based on that level of risk. As of March 2016, India had not implemented legislation regarding the criminalization of terrorist financing and money laundering.¹⁴³³

In June 2016 India signed a series of seven memorandum of understanding (MoU) agreements with Qatar, one of which highlights fighting the illegal transfer of money between the two countries¹⁴³⁴. "A number of black money investigations have taken Indian authorities to Qatar's shores and such an MoU is seen as a move to help combat money offences." (PTI, 2016).¹⁴³⁵ The same agreement also talks about fighting terrorist financing together.

India has implemented all relevant FATF recommendations.

Thus, India has received a score of +1.

Analysts: Rebecca Dickey and Tanzeel Fatima

¹⁴²⁷ 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>

¹⁴²⁸ 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>

¹⁴²⁹ 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>

¹⁴³⁰ 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>

¹⁴³¹ 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.ece>

¹⁴³² 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.ece>

¹⁴³³ 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.ece> 9 March 2016. <http://www.state.gov/j/ct/rls/crt/2014/239408.htm>

¹⁴³⁴ India, Qatar sign agreement to check money laundering, and terrorist funding, International Business Times June 5th 2016. Access Date June 29 2016. <http://www.ibtimes.co.in/india-qatar-sign-agreement-check-money-laundering-terror-funding-681467#2KLrrqy5AvsSQST.97>

¹⁴³⁵ India, Qatar to share intelligence to combat hawala, terrorist funding, The India Express June 6 2016. Access Date: June 29 2106. <http://indianexpress.com/article/india/india-news-india/india-qatar-to-share-intelligence-to-combat-hawala-terror-financing-2836261/>

Indonesia: +1

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

Since 2003, terrorist financing has been criminalized by Articles 11-13 of Law 15/2003 Concerning Government Regulation in Lieu of Law 1/2002 Concerning Combating Criminal Acts of Terrorism.¹⁴³⁶ In 2009, the Government of Indonesia further specified its regulations over anti-money laundering and terrorist financing in the 2009 Bank of Indonesia Regulation Concerning the Implementation of Anti-Money Laundering and Combating the Financing of Terrorism Program for Commercial Bank.¹⁴³⁷

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.¹⁴³⁸

Beginning in June 2015, Indonesia was no longer “[s]ubject to the FATF’s On-Going AML/CFT Compliance Process” as FATF welcomed “Indonesia’s significant progress in improving its AML/CFT regime” and noted that “Indonesia has established the legal and regulatory framework to meet its commitments in its action plan regarding the strategic deficiencies that the FATF had identified in February 2010.”¹⁴³⁹ Indonesia’s action plan was a high political commitment to work improve its AML/CFT regime to meet FATF standards by: “(1) adequately criminalising money laundering and terrorist financing; (2) establishing adequate procedures to identify and freeze terrorist assets; and (3) enacting laws or other instruments to fully implement the 1999 International Convention for the Suppression of Financing of Terrorism.”¹⁴⁴⁰

On 28 December 2015, Terrorist Financing FATF Report to the G20 Leaders was released.¹⁴⁴¹ 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.¹⁴⁴²

The 2015 Country Reports on Terrorism produced by the US Department of State noted that in 2015, Indonesia had brought 13 cases and obtained nine convictions under its new terrorism

¹⁴³⁶ 2010 International Narcotics Control Strategy Report (INCSR)--Volume II: Money Laundering and Financial Crimes Country Database--Indonesia through Mongolia, BUREAU OF INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT AFFAIRS, U.S. Department of State, 4 May 2010. Access Date: 2 Aug 2016. <http://www.state.gov/j/inl/rls/nrcrpt/2010/database/141519.htm>

¹⁴³⁷ Bank Indonesia Regulation No.14/27/PBI/2012 - Concerning Implementation of Anti Money Laundering and Combating the Financing of Terrorism Program for Commercial Bank, Bank of Indonesia. Access Date: 2 Aug 2016. http://www.bi.go.id/en/peraturan/perbankan/Documents/3f0d634841a24159ba82c5f07ec70078pbi_1128091.pdf

¹⁴³⁸ 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%20Er adication%20of%20Money%20Laundering%20\(MoF\).pdf](http://www.flevin.com/id/lgso/translations/Laws/Law%20No.%208%20of%202010%20on%20Prevention%20and%20Er adication%20of%20Money%20Laundering%20(MoF).pdf)

¹⁴³⁹ Jurisdictions no Longer Subject to the FATF’s On-Going Global AML/CFT Compliance Process, FATF. Access Date: 4 Aug 2016. <http://www.fatf-gafi.org/publications/high-riskandnon-cooperativejurisdictions/documents/fatf-compliance-june-2015.html#Indonesia>

¹⁴⁴⁰ Improving Global AML/CFT Compliance: on-going process, FATF, 27 February 2015. Access Date: 5 Aug 2016. <http://www.fatf-gafi.org/publications/high-riskandnon-cooperativejurisdictions/documents/fatf-compliance-february-2015.html#Indonesia>

¹⁴⁴¹ 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>

¹⁴⁴² 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>

financing law.¹⁴⁴³ The same report noted Indonesia had prosecuted 56 terrorism-related cases between January and October 2015.¹⁴⁴⁴

As of August 2016, Indonesia regulates its financial system against money laundering and terrorist financing, through the Indonesian Financial Transaction Reports and Analysis Centre (PPATK).¹⁴⁴⁵ Terrorist travel has become a crime in Indonesia following the terrorist attacks in Jakarta on 14 January 2016.¹⁴⁴⁶

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.

Thus, Indonesia has been awarded a score of +1.

Analyst: Andrew Aulthouse

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.¹⁴⁴⁷ The report stated that Italy had applied targeted financial sanctions on their own motion on 17 'designated individuals and entities' up to 15 August 2015.¹⁴⁴⁸

On 10 February 2016, the International Monetary Fund (IMF) issued a report detailing Italy's financial regulation. The report said "Italy has a mature and sophisticated AML/CFT regime, with a correspondingly well-developed legal and institutional framework. It is nonetheless confronted with a significant risk of money laundering (ML) stemming principally from tax crimes and activities most often associated with organized crime, such as corruption, drug trafficking, and loan sharking. All the main authorities have a good understanding of the ML and terrorist financing (TF) risks, and generally good policy cooperation and coordination. Italy is now developing a nationally coordinated AML/CFT strategy informed by its 2014 national risk assessment (NRA). Law enforcement agencies (LEAs) access, use, and develop good quality financial intelligence. The authorities are able to

¹⁴⁴³ Country Reports of Terrorism, Chapter 2: East Asia and Pacific Overview, US State of Department, 2015. Access Date: 1 Aug 2016. <http://www.state.gov/j/ct/rls/crt/2015/257515.htm#>

¹⁴⁴⁴ Country Reports of Terrorism, Chapter 2: East Asia and Pacific Overview, US State of Department, 2015. Access Date: 1 Aug 2016. <http://www.state.gov/j/ct/rls/crt/2015/257515.htm#>

¹⁴⁴⁵ 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>

¹⁴⁴⁶ 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>

¹⁴⁴⁷ 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>

¹⁴⁴⁸ 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>

successfully undertake large and complex financial investigations and prosecutions, and have confiscated very large amounts of proceeds of crime.”¹⁴⁴⁹

On 11 February 2016, FATF published Mutual Evaluation Report Italy 2016. It provides a summary of the AML/CFT measures in place in Italy.¹⁴⁵⁰ 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.”¹⁴⁵¹

Since March 2016, Italy has criminalized terrorist financing under articles 270 and 270 of its Criminal Code.¹⁴⁵² Through the Anti-Mafia Code, Italy can freeze the assets of “EU Internals,” and supplement a gap in the EU framework.¹⁴⁵³ Italy has also supplemented the EU framework via LD 109/2007 to include “assets ... owned or controlled” by a listed person within the scope of the freezing measures.¹⁴⁵⁴ Italy has also enacted Decree Law on foreign terrorist fighters which addresses the financing of travel for foreign fighters.¹⁴⁵⁵

On 20 February 2016, Italy adopted a new counterterrorism law which “criminalized participation in a conflict in a foreign territory in support of a terrorist organization.”¹⁴⁵⁶

On 7 April 2016, Italy held the fourth Counter-Islamic State of Iraq and Levant Finance Group meeting. It “focused on the significant made in disrupting ISIL’s finances and brainstormed how they can take the “next steps in developing and implementing specific countermeasures to disrupt cross border illicit financial flows, ISIL’s financial support to affiliates, oil and resource exploitation, and looting of antiquities.”¹⁴⁵⁷

On 31 May 2016, Ignazio Visco, governor of the Bank of Italy at the public meeting presenting the Annual Report stated, “the Bank of Italy endeavours to prevent money laundering and terrorist

¹⁴⁴⁹ Italy: Detailed Assessment Report on Anti-Money Laundering and Combating the Financing of Terrorism, IMF 10 February 2016. Access Date: 13 July 2016. <http://www.imf.org/external/pubs/cat/longres.aspx?sk=43690.0>

¹⁴⁵⁰ 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>

¹⁴⁵¹ 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>

¹⁴⁵² 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>

¹⁴⁵³ 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>

¹⁴⁵⁴ 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>

¹⁴⁵⁵ 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

¹⁴⁵⁶ Country Reports on Terrorism 2015 – Italy, United Nations High Commissioner for Refugees, (Geneva) 2 June 2016. Date of Access: 22 July 2016

<http://www.refworld.org/docid/57518db313.html>

¹⁴⁵⁷ United States, Italy, and the Kingdom of Saudi Arabia Hold Fourth Plenary of the Counter-ISIL Finance Group in Rome, US Department of the Treasury (Washington) 11 April 2016. Date of Access: 22 July 2016.

<https://www.treasury.gov/press-center/press-releases/Pages/jl0416.aspx>

financing in Italy, working directly with its Directorate General of Financial Supervision and Regulation and through the Financial Intelligence Unit.”¹⁴⁵⁸

On April 10 2016, the Group of 7 (G7) Foreign Ministers met in Hiroshima, Japan. They worked on a counter terrorism action plan to be released at the G7 Summit in May, in which they reaffirmed “the importance of the work underway by the Financial Action Task Force to counter terrorist financing through the effective implementation of FATF standards.”¹⁴⁵⁹

On 21 May 2016, the FATF president attended the G7 Finance Ministers and Central Bank Governor’s meeting in Sendai, Japan. At this meeting the G7 “published an action plan on combating the financing of terrorism [...] which acknowledges FATF’s decisive role in tackling terrorist financing”¹⁴⁶⁰

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.

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 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.¹⁴⁶¹

On 27 June 2014, in a report the FATF stated concern 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.”¹⁴⁶² 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.¹⁴⁶³

On 10 April 2016, the Group of 7 (G7) Foreign Ministers met in Hiroshima, Japan. They worked on a counter terrorism action plan to be released at the G7 Summit in May, in which they reaffirmed

¹⁴⁵⁸ Address by Governor Ignazio Visco of the Bank of Italy, Bank of Italy (Rome) 31 May 2016. Date of Access: 22 July 2016 <https://www.bis.org/review/r160602a.htm>

¹⁴⁵⁹ Address by G7 Foreign Ministers, G7 Meeting (Hiroshima) 10 April 2016. Date of Access: 22 July 2016 http://eeas.europa.eu/statements-eeas/2016/160411_02_en.htm

¹⁴⁶⁰ FATF at G7 meeting in Sendai, FATF (Paris) 23 May 2016. Date of Access: 22 July 2016 <http://www.fatf-gafi.org/publications/fatfrecommendations/documents/fatf-at-g7-meeting-in-sendai.html>

¹⁴⁶¹ 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/>

¹⁴⁶² 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)

¹⁴⁶³ 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)

“the importance of the work underway by the Financial Action Task Force to counter terrorist financing through the effective implementation of FATF standards.”¹⁴⁶⁴

On 21 May 2016, the FATF president attended the G7 Finance Ministers and Central Bank Governor’s meeting in Sendai, Japan, where discussions of money laundering and terrorist financing took place. Subsequently, the G7 “published an action plan on combating the financing of terrorism [...] which acknowledges FATF’s decisive role in tackling terrorist financing.”¹⁴⁶⁵

On 25 May 2016, the upper house of Japan’s national legislature approved a bill to regulate domestic digital currency exchanges, a move that comes nearly two years after discussions about how to regulate the technology first began. The decision will now require digital currency exchange operators to register with the Financial Services Agency (FSA), the government agency that oversees finance activities in the country. Included in the law are provisions mandating that such firms separate the oversight and management of fiat and virtual currency funds, as well as enforce anti-money laundering (AML) and know your customer (KYC) rules.¹⁴⁶⁶

Japan has failed to implement relevant FATF recommendations.

Thus, Japan has received a score of -1.

Analyst: Motahareh Nabavi Niaki

Korea: +1

Korea 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.¹⁴⁶⁷ 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 EUR211,710.¹⁴⁶⁸ Amounts frozen includes funds subsequently un-frozen or confiscated, as well as funds frozen currently.¹⁴⁶⁹

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.¹⁴⁷⁰ 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

¹⁴⁶⁴ Address by G7 Foreign Ministers, G7 Meeting (Hiroshima) 10 April 2016. Date of Access: 22 July 2016
http://eeas.europa.eu/statements-eeas/2016/160411_02_en.htm

¹⁴⁶⁵ FATF at G7 meeting in Sendai, FATF (Paris) 23 May 2016. Date of Access: 22 July 2016

<http://www.fatf-gafi.org/publications/fatfrecommendations/documents/fatf-at-g7-meeting-in-sendai.html>

¹⁴⁶⁶ Japan Enacts Regulation for Digital Currency Exchanges, Coindesk 25 May 2016. Access Date: 18 August 2016.

<http://www.coindesk.com/japan-enacts-regulation-digital-currency-exchanges/>

¹⁴⁶⁷ 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>

¹⁴⁶⁸ 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>

¹⁴⁶⁹ 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>

¹⁴⁷⁰ 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

public or to interfere with the exercise of rights of a national, local, or foreign government.”¹⁴⁷¹ Additionally, this Act explicitly criminalizes the financing of terrorism.¹⁴⁷² 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.¹⁴⁷³ 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.¹⁴⁷⁴

The FATF confirmed communication for an FATF Training and Research Institute in Korea in June 2016.¹⁴⁷⁵ This institute will assist national authorities to combat money laundering and the financing of terrorism and proliferation. The Korean government proposed the idea which will contribute greatly to the FATF global network.¹⁴⁷⁶

Korea has implemented all FATF recommendations.

Thus, Korea has received a score of +1.

Analyst: Sonu Arora

Mexico: +1

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

On 11 February 2014, the Senate approved amendments to the Federal Penal Code, the Federal Criminal Procedure Code, the Organized Crime Law, the Federal Fiscal Code, the Asset Forfeiture Law, and Constitutional implementing legislation. These amendments strengthened Mexico’s legal framework to address acts of terrorism, terrorist financing and third-party assistance to terrorist financing, attacks against internationally protected persons, the conspiracy to commit terrorism, theft of radioactive or nuclear materials, and the sanctioning of the freezing or forfeiture of terrorist assets based on domestic and international intelligence sources. The amendments also increase the minimum sentences for acts of terrorism from six to 40 years to a minimum of 15 to 40 years, strengthened the penalties for crimes committed using illicit resources, and created an exception to rules governing the dissemination of third-party fiscal data in order to comply with new terrorist financing laws.¹⁴⁷⁷

On 18 July 2016, Mexican President Enrique Peña Nieto signed into law the implementing legislation for Mexico’s National Anti-Corruption System (SNA). The constitutional amendment that created the SNA as a forum for coordination between all levels of government to fight corruption was

¹⁴⁷¹ 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

¹⁴⁷² 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>

¹⁴⁷³ 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

¹⁴⁷⁴ 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>

¹⁴⁷⁵ Outcomes of the Plenary meeting of the FATF, Busan Korea, 22–24 June 2016. Access Date: 29 July 2016. <http://www.fatf-gafi.org/publications/fatfgeneral/documents/plenary-outcomes-june-2016.html>

¹⁴⁷⁶ Outcomes of the Plenary meeting of the FATF, Busan Korea, 22–24 June 2016. Access Date: 29 July 2016. <http://www.fatf-gafi.org/publications/fatfgeneral/documents/plenary-outcomes-june-2016.html>

¹⁴⁷⁷ 2014 Country Reports on Terrorism, Chapter 2 Western Hemisphere Overview, State Department (2014) Access Date: 25 July 2016. <http://www.state.gov/j/ct/rls/crt/2014/239409.htm>.

published on May 27, 2015, and the Mexican legislature subsequently approved seven secondary legislative packages. Of note, one of the new laws, the General Law on Administrative Responsibilities (GLAR), requires public officials to declare their assets, conflicts of interest, and taxes and provides that companies may be able to mitigate the penalties assessed against them for corruption-related violations by implementing effective compliance programs and by self-reporting and cooperating with authorities.¹⁴⁷⁸

These amendments also sought to more closely align Mexico's federal legislation with several of the international instruments related to countering terrorism, such as the International Convention for the Suppression of the Financing of Terrorism, the International Convention for the Suppression of Terrorist Bombings, and the Convention on the Prevention and Punishment of Crimes against Internationally Protected Persons.¹⁴⁷⁹ On 5 February 2014, Mexico passed a national code of criminal procedure that aimed to harmonize the criminal justice systems of Mexico's 31 states and Federal District, and increase justice sector transparency, efficiency, and impartiality.¹⁴⁸⁰

On 28 December 2015, Terrorist Financing FATF Report to the G20 Leaders was released.¹⁴⁸¹ 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.¹⁴⁸² 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.¹⁴⁸³

On 18 July 2016, the President of Mexico Enrique Peña Nieto approved the laws of Mexico's National Anti-Corruption System.¹⁴⁸⁴ This clause requires all individuals and companies that receive and spend public funds to submit statements of assets, interests and proof of tax filings to authorities.¹⁴⁸⁵

Mexico has taken all actions to address relevant FATF recommendations

Thus, Mexico has received a score of +1.

Analyst: Sonu Arora

¹⁴⁷⁸ Top Ten International Anti-Corruption Developments For July 2016, News on Compliance (2016) Access Date: 3 September 2016. <http://newsoncompliance.com/2016/08/top-ten-international-anti-corruption-developments-for-july-2016/>

¹⁴⁷⁹ 2014 Country Reports on Terrorism, Chapter 2 Western Hemisphere Overview, State Department (2014) Access Date: 25 July 2016. <http://www.state.gov/j/ct/rls/crt/2014/239409.htm>.

¹⁴⁸⁰ 2014 Country Reports on Terrorism, Chapter 2 Western Hemisphere Overview, State Department (2014) Access Date: 25 July 2016. <http://www.state.gov/j/ct/rls/crt/2014/239409.htm>.

¹⁴⁸¹ 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>

¹⁴⁸² Mutual Evaluation of Mexico: 7th Follow-up Report, FATF (Paris) February 2014. Access Date: 25 February 2016. <http://www.fatf-gafi.org/documents/news/fur-mexico-2014.html>

¹⁴⁸³ Mutual Evaluation of Mexico: 7th Follow-up Report, FATF (Paris) February 2014. Access Date: 25 February 2016. <http://www.fatf-gafi.org/documents/news/fur-mexico-2014.html>

¹⁴⁸⁴ Mexico Enacts New Anti-Corruption Laws. Access Date: 29 July 2016. <http://www.mondaq.com/mexico/x/515382/White+Collar+Crime+Fraud/Mexico+Enacts+New+AntiCorruption+Laws>

¹⁴⁸⁵ Mexican Lawmakers Revise Antigraft Legislation. Access Date: 29 July 2016. <http://www.wsj.com/articles/mexican-lawmakers-revise-antigraft-legislation-1467843958>

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.¹⁴⁸⁶ 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.¹⁴⁸⁷

On 28 December 2015, Terrorist Financing FATF Report to the G20 Leaders was released.¹⁴⁸⁸ The report stated that since 2010, Russia had the seventh greatest number of convictions for terrorist financing among the top ten jurisdictions.¹⁴⁸⁹ 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 EUR44,929.¹⁴⁹⁰ Amounts frozen includes funds subsequently unfrozen or confiscated, as well as funds frozen currently.¹⁴⁹¹

As of March 2016, Russia has criminalized terrorist financing as a distinct offence in Article 205.1 of Russia's Criminal Code (CC).¹⁴⁹² This targets any support or contribution to terrorist activity and is linked to 10 different terrorist crimes.¹⁴⁹³ The CC also provides for targeted financial sanctions against perpetrators of terrorism finance through Article 104.1 CC.¹⁴⁹⁴ Russia requires the freezing of terrorist assets without delay, but not later than one working day.¹⁴⁹⁵ Russia has also worked to combat foreign terrorist fighters.¹⁴⁹⁶ 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.

¹⁴⁸⁶ 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>

¹⁴⁸⁷ 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>

¹⁴⁸⁸ 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>

¹⁴⁸⁹ 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>

¹⁴⁹⁰ 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>

¹⁴⁹¹ 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>

¹⁴⁹² 6th 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>

¹⁴⁹³ 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>

¹⁴⁹⁴ 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>

¹⁴⁹⁵ 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>

¹⁴⁹⁶ 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/iniiciativy-rossii-v-oon/-/asset_publisher/lt9FJKw0JOXM/content/id/669180

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 AML 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 finance of terrorism 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 fulfillment of its FATF commitments. The Saudi Arabian Monetary Agency has standing requirements for all financial institutions within the country's jurisdictions to implement recent anti-money laundering and counter-terrorist financing recommendations issued by the FATF.¹⁴⁹⁷

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 was approved.

On 26 April 2016, the 23rd plenary meeting of the Middle East and North Africa Financial Action Task Force (MENAFATF) started in Doha and was held for three consecutive days. At this plenary, a new draft typologies project on "Money Laundering through Electronic Means"¹⁴⁹⁸ was introduced. Work is expected to begin in May 2016 for one year under the leadership of the Kingdom of Saudi Arabia and the Sultanate of Oman in partnership with a number of Member States.¹⁴⁹⁹

On 31 March 2016, Saudi Arabia and the US imposed sanctions on four individuals and two organisations tied to terrorist groups. The sanctions entail property freezes and prohibitions on transactions with Americans.¹⁵⁰⁰

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

Thus, Saudi Arabia has received a score of 0.

Analyst: Mustafa Sayedi

¹⁴⁹⁷ Country Reports on Terrorism 2015-Saudi Arabia, United States Department of State 2 June 2016. Access Date: 24 July 2016. <http://www.refworld.org/cgi-bin/texis/vtx/rwmain?page=search&docid=57518d8d13&skip=0&query=terrorism%20&coi=SAU>

¹⁴⁹⁸ Press Releases: Outcomes of MENAFATF 23rd Plenary meeting to Combat Money Laundering and Terrorist Financing, MENAFATF (Doha) 4 May 2016. Access Date: 24 July 2016. <http://www.menafatf.org/ArticleDetail.asp?rid=1267>

¹⁴⁹⁹ Press Releases: Outcomes of MENAFATF 23rd Plenary meeting to Combat Money Laundering and Terrorist Financing, MENAFATF (Doha) 4 May 2016. Access Date: 24 July 2016. <http://www.menafatf.org/ArticleDetail.asp?rid=1267>

¹⁵⁰⁰ United States and Saudi Arabia Designate Terrorist Fundraising and Support Networks, US Department of the Treasury (Press release) 31 March 2016. Access Date: 21 July 2016. <https://www.treasury.gov/press-center/press-releases/Pages/jl0400.aspx>

South Africa: 0

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

In 2009, FATF issued a report on South Africa which stated 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.¹⁵⁰¹ Staff were guided by the current FATF 40 Recommendations and assessment methodology.¹⁵⁰² 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 2008.¹⁵⁰³ Furthermore, it noted that the number of ML investigations has increased since 2009.

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.¹⁵⁰⁴

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

Turkey: +1

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

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.¹⁵⁰⁵ The law also authorizes the Financial Crimes Investigation Board (MASAK) under the

¹⁵⁰¹ 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>

¹⁵⁰² 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>

¹⁵⁰³ 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>

¹⁵⁰⁴ 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>

¹⁵⁰⁵ 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/>

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.¹⁵⁰⁶

On 22 October 2014, FATF release a Mutual Evaluation Report.¹⁵⁰⁷ 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 2007.¹⁵⁰⁸ 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 (UN) 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.¹⁵⁰⁹ FATF approved the exit from follow-up of Turkey.¹⁵¹⁰

In June 2015, the US Department of State released the Country Reports on terrorism, which details the actions of several countries in regard to AML/CTF.¹⁵¹¹ 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.¹⁵¹² 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.¹⁵¹³ 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.¹⁵¹⁴

On 1 February 2016, a law was drafted that deems human smuggling as an act of terrorism and authorises the seizure of financial assets of human smugglers. The draft law would combat human trafficking, reduce the influx of higher number of refugees and comply with FATF recommendations by implementing means by which Turkey can freeze terrorist organization assets.¹⁵¹⁵

¹⁵⁰⁶ 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/>

¹⁵⁰⁷ 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>

¹⁵⁰⁸ 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>

¹⁵⁰⁹ 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>

¹⁵¹⁰ FATF Plenary meetings - Chairman's Summaries, FATF (2016) Access Date: 5 April 2016. <http://www.fatf-gafi.org/about/outcomesofmeetings/>

¹⁵¹¹ Country Report on Terrorism 2014, US Department of State June 2015. Access Date: 05 April 2016. <http://www.state.gov/documents/organization/239631.pdf>

¹⁵¹² Country Report on Terrorism 2014, US Department of State June 2015. Access Date: 05 April 2016. <http://www.state.gov/documents/organization/239631.pdf>

¹⁵¹³ Country Report on Terrorism 2014, US Department of State June 2015. Access Date: 05 April 2016. <http://www.state.gov/documents/organization/239631.pdf>

¹⁵¹⁴ Country Report on Terrorism 2014, US Department of State June 2015. Access Date: 05 April 2016. <http://www.state.gov/documents/organization/239631.pdf>

¹⁵¹⁵ Turkey: People Smuggling to be Classified as Terrorist Act, Library of Congress 2016. Access Date: 23 July 2016. <http://www.loc.gov/law/foreign-news/article/turkey-people-smuggling-to-be-classified-as-terrorist-act/>

Turkey's Financial Intelligence Unit (MASAK) continues to operate in cooperation and coordination with the law enforcement authorities and prosecutors at the national level.¹⁵¹⁶ MASAK also cooperates with other Financial Intelligence Units and actively contributes to the efforts of the FATF.¹⁵¹⁷ Turkey has created a legal framework in line with FATF recommendations to implement UN Security Council resolutions 1267 and 1373, which call for criminalizing terrorist financing and freezing terrorist assets.¹⁵¹⁸ Turkey's Ministry of Foreign Affairs reports that Turkey has bilateral agreements with more than over 70 countries around the world in the field of counterterrorism.¹⁵¹⁹ These agreements provide the legal basis for bilateral cooperation against illegal entities including terrorist organization and facilitate exchange of information among the relevant agencies.¹⁵²⁰

Turkey has implemented all relevant FATF measures.

Thus Turkey has received a score of +1.

Analyst: Rochelle D'souza

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 2007.¹⁵²¹ The UK government has also adopted the relevant EU 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.¹⁵²²

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

¹⁵¹⁶ 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

¹⁵¹⁷ 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

¹⁵¹⁸ 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

¹⁵¹⁹ 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

¹⁵²⁰ 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

¹⁵²¹ 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

¹⁵²² 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

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 2001.¹⁵²³

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 1373.¹⁵²⁴

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

In April 2016, the UK Home Department and Treasury outlined the UK’s anti-money laundering (AML) and counter-terrorist financing (CTF) plan for the coming years in a policy paper¹⁵²⁵. The UK confirmed action in several areas to address AML and CTF, as well as specific actions to enhance international responses to terrorist finance. Also, the UK has pledged ongoing support to building capacity for overseas partners to investigate and stop terrorist financing, including the Counter-ISIL Finance Group. In addition, the UK indicated that it would continue ongoing support for UK-based charities operating abroad, in order to mitigate the risk that the charity’s’ funds would be used to support terrorist activities.¹⁵²⁶

On 10 April 2016, the Group of 7 (G7) Foreign Ministers met in Hiroshima, Japan. They worked on a counter terrorism action plan to be released at the G7 Summit in May, in which they reaffirmed “the importance of the work underway by the Financial Action Task Force to counter terrorist financing through the effective implementation of FATF standards.”¹⁵²⁷

On 21 May 2016, the FATF president attended the G7 Finance Ministers and Central Bank Governor’s meeting in Sendai, Japan. At this meeting the G7 “published an action plan on combating the financing of terrorism [...] which acknowledges FATF’s decisive role in tackling terrorist financing”¹⁵²⁸

The UK has implemented all relevant FATF measures. Thus, the UK has been awarded a score of +1 for full compliance.

Analyst: Aylin Manduric

¹⁵²³ 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_fina_l_web.pdf

¹⁵²⁴ 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_fina_l_web.pdf

¹⁵²⁵ Action Plan for Anti-Money Laundering and Counter-Terrorist Finance, Home Office and Her Majesty’s Treasury (London) 21 April 2016. Access Date: 23 July 2016. <https://www.gov.uk/government/publications/action-plan-for-anti-money-laundering-and-counter-terrorist-finance>.

¹⁵²⁶ Action Plan for Anti-Money Laundering and Counter-Terrorist Finance, Home Office and Her Majesty’s Treasury (London) 21 April 2016. Access Date: 23 July 2016. <https://www.gov.uk/government/publications/action-plan-for-anti-money-laundering-and-counter-terrorist-finance>.

¹⁵²⁷ Address by G7 Foreign Ministers, G7 Meeting (Hiroshima) 10 April 2016. Date of Access: 22 July 2016 http://eeas.europa.eu/statements-eeas/2016/160411_02_en.htm

¹⁵²⁸ FATF at G7 meeting in Sendai, FATF (Paris) 23 May 2016. Date of Access: 22 July 2016 <http://www.fatf-gafi.org/publications/fatfrecommendations/documents/fatf-at-g7-meeting-in-sendai.html>

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.

On 10 April 2016, the Group of 7 (G7) Foreign Ministers met in Hiroshima, Japan. They worked on a counter terrorism action plan to be released at the G7 Summit in May, in which they reaffirmed “the importance of the work underway by the Financial Action Task Force to counter terrorist financing through the effective implementation of FATF standards.”¹⁵²⁹

On 21 May 2016, the FATF president attended the G7 Finance Ministers and Central Bank Governors meeting in Sendai, Japan. At this meeting the G7 “published an action plan on combating the financing of terrorism [...] which acknowledges FATF’s decisive role in tackling terrorist financing.”¹⁵³⁰

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.¹⁵³¹ The 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 Commission pledged that all proposed actions would be carried out by the end of 2017.¹⁵³² Some proposals have already been tabled, such as strengthening the EU legal framework with a comprehensive definition of the crime of terrorist financing, in line with FATF standards set. Actions have also been taken to enhance the effectiveness of sanctions and asset freezing measures within the

¹⁵²⁹ Address by G7 Foreign Ministers, G7 Meeting (Hiroshima) 10 April 2016. Date of Access: 22 July 2016 http://eeas.europa.eu/statements-eeas/2016/160411_02_en.htm

¹⁵³⁰ FATF at G7 meeting in Sendai, FATF (Paris) 23 May 2016. Date of Access: 22 July 2016 <http://www.fatf-gafi.org/publications/fatfrecommendations/documents/fatf-at-g7-meeting-in-sendai.html>

¹⁵³¹ 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

¹⁵³² Press Release: Commission presents Action Plan to strengthen the fight 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

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.¹⁵³³

As of 2 February 2016, the Fourth Anti-Money Laundering Package is still being adopted members. This legislation prevents the use of the financial system for money laundering or terrorist financing.¹⁵³⁴ The Commission has called on members to commit to do this by the end of 2016.¹⁵³⁵

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.¹⁵³⁶ Additionally, the EU 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.¹⁵³⁷ FATF Special Recommendation VI on alternative remittances was addressed by the Payments Services Directive.¹⁵³⁸

On 4 May 2016, the Governing Council of the European Central Bank (ECB) concluded a review of the denominational structure of the Europa series. It has decided to permanently stop producing the EUR500 banknote and to exclude it from the Europa series, taking into account concerns that this banknote could facilitate illicit activities. The issuance of the EUR500 will be stopped around the end of 2018, when the EUR100 and EUR200 banknotes of the Europa series are planned to be introduced. The other denominations (from EUR5 to EUR200) will remain in place.¹⁵³⁹

Further, Regulation 2015/847 sets out rules on information of payers and payees, accompanying transfers of funds, in order to prevent, detect and investigate money laundering and terrorist financing.¹⁵⁴⁰ This regulation is based on recommendations made by the FATF. This regulation has been passed and applies from 26 June 2017.

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

¹⁵³³ Council conclusions on the fight against the financing of terrorism, European Council 2 February 2016. Access Date: 04 July 2016. <http://www.consilium.europa.eu/en/press/press-releases/2016/02/12-conclusions-terrorism-financing/>

¹⁵³⁴ 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

¹⁵³⁵ 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

¹⁵³⁶ 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-](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:319:0001:0036:EN:PDF)

[lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:319:0001:0036:EN:PDF](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:319:0001:0036:EN:PDF)

¹⁵³⁷ 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-](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:319:0001:0036:EN:PDF)

[lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:319:0001:0036:EN:PDF](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:319:0001:0036:EN:PDF)

¹⁵³⁸ 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-](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:319:0001:0036:EN:PDF)

[lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:319:0001:0036:EN:PDF](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:319:0001:0036:EN:PDF)

¹⁵³⁹ ECB ends production and issuance of €500 banknote, European Central Bank 4 May 2016. Access Date: 04 July 2016. <https://www.ecb.europa.eu/press/pr/date/2016/html/pr160504.en.html>

¹⁵⁴⁰ Traceability of money transfers, EUR-Lex 13 October 2015. Access Date: 23 July 2016. [http://eur-](http://eur-lex.europa.eu/legal-content/EN/LSU/?uri=celex:32015R0847)