



CHAIRMAN'S SUMMARY, CAPE TOWN PLENARY, 15-17 FEBRUARY 2006

The Financial Action Task Force (FATF) and the Eastern and Southern Africa Money Laundering Group (ESAAMLG) held their first joint Plenary meeting in Cape Town, South Africa with a view to mutual reinforcement of the fight against money laundering and terrorist financing in the region (AML/CFT). The meeting was the second FATF Plenary under the South African Presidency and the first joint meeting to take place between the FATF and one of its sister bodies on African soil.

Joint Plenary Meeting

400 delegates from 44 jurisdictions, members of FATF and ESAAMLG, discussed ways to build effective anti-money laundering and counter-terrorist financing infrastructures in emerging economies. Among the issues considered were customer identification, interplay between AML/CFT requirements and facilitating increased access to banking services, physical cross-border transportation of criminal proceeds, and implications related to putting AML/CFT measures in place in cash-based economies. The joint Plenary also examined the issue of corruption associated with money laundering, along with specific responses from countries in the ESAAMLG region.

Following the joint meeting with the ESAAMLG, the FATF pursued its Plenary meeting with consideration of a number of topics:

FATF Membership

The FATF continues to examine the issue of further expansion of our membership. China has made impressive progress toward satisfying entry requirements, and the FATF hopes to be able to conduct a mutual evaluation of China, the next step in the membership process later this year. India has also reaffirmed its commitment to seek FATF membership, and the FATF President expects to undertake a formal visit soon.

Countering Terrorist Financing

The FATF adopted an interpretative note which clarifies the requirements of Special Recommendation VIII on non-profit organisations. This note further explains the objectives of this Special Recommendation and offers specific measures that countries should put into place to ensure that their non-profit sectors are not misused for terrorist financing purposes. The FATF has also begun a series of reviews of national level regimes for the freezing and confiscation of terrorist assets with a view toward further enhancing the effectiveness of these measures.

Mutual Evaluations

The FATF continues assessing the level and effectiveness of implementation of its revised 40+9 Recommendations on combating money laundering and terrorist financing. It has now completed two more evaluations – Ireland and Sweden. These are the sixth and seventh members to be examined in the third round of FATF mutual evaluations using the comprehensive new standards agreed to in June 2003. Detailed summaries of the reports

will be available on the FATF website, and the full reports will also be published there in the coming weeks.

Non Co-operative Countries and Territories (NCCT)

Myanmar and Nigeria remain on the list of countries and territories that are non co-operative in the international community's efforts to fight money laundering. The FATF is encouraged by the progress these countries have made but urges them to fully implement their enacted reforms so that they can be removed from the list in the future. The FATF noted the continued efforts of Indonesia, Philippines and Ukraine after they were removed from the NCCT list and has therefore stopped monitoring them directly.

Implementing FATF Standards and Outreach to the Private Sector

The FATF is working to ensure that its standards are implemented uniformly and effectively. It continues to monitor and refine the assessment standards and procedures used not only by the FATF but also by FATF-style regional bodies, the International Monetary Fund and the World Bank. This work is complemented by training initiatives shared by FATF, the regional groups and the international financial institutions. Furthermore, the FATF is making a renewed effort to exchange views with the private sector on issues related to implementation of the FATF standards. A meeting with private sector representatives took place in Brussels in December 2005 that looked specifically at customer due diligence and challenges associated with a risk-based approach to putting the Recommendations into effect. The FATF has adopted a plan for further collaboration and exchanges of views with representatives of the private sector.

FATF Typologies

The FATF, together with GAFISUD, the FATF-style regional body for South America, held a joint experts' meeting in Rio de Janeiro in November 2005. This meeting, which was attended by over 45 countries, is part of the ongoing initiative of the FATF to study money laundering and terrorist financing methods and trends on a global scale. Currently, studies are underway to examine the ML vulnerabilities of new payment technologies, the misuse of companies and trusts, trade-based money laundering and, jointly with GAFISUD, complex money laundering schemes from a South American perspective. The FATF also continues to look at further refining analytical processes to help better identify trends and indicators. The FATF will publish reports on these projects later in 2006.

Links between anti-corruption and AML/CFT issues

The FATF is exploring ways in which to address links between corruption and money laundering / terrorist financing as a complement to rather than duplication of existing anti-corruption efforts of other international organisations. The FATF will work in particular with the Asia Pacific Group, the Eurasian Group, ESAAMLG and GAFISUD to further refine the general understanding of these linkages.

The third FATF Plenary under the South African presidency will take place in June 2006 in Paris.

***Professor Kader Asmal
Chairman, Financial Action Task Force
Cape Town, 17 February 2006***

Notes to editors:

1. For further information, journalists are invited to contact Helen Fisher, OECD Media Relations (tel.: +33 1 45 24 80 97 or helen.fisher@oecd.org) or the FATF Secretariat, 2, rue André-Pascal, 75775 Paris Cedex 16 (tel: +33 1 45 24 79 45, fax: +33 1 44 30 61 37 or email: contact@fatf-gafi.org).

2. Further information about the FATF, its efforts to combat money laundering and terrorist financing, and the current list of non-cooperative countries and territories can be found at <http://www.fatf-gafi.org>.

3. The FATF is an inter-governmental body whose purpose is the development and promotion of policies, both at national and international levels, to combat money laundering and terrorist financing. The FATF Secretariat is housed at the OECD.

The thirty-three members of the FATF are: Argentina; Australia; Austria; Belgium; Brazil; Canada; Denmark; the European Commission; Finland; France; Germany; Greece; the Gulf Co-operation Council; Hong Kong, China; Iceland; Ireland; Italy; Japan; Luxembourg; Mexico; the Kingdom of the Netherlands; New Zealand; Norway; Portugal; the Russian Federation; Singapore; South Africa; Spain; Sweden; Switzerland; Turkey; the United Kingdom; and the United States. The People's Republic of China is an observer.

The members of the ESAAMLG are: Botswana, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Namibia, the Seychelles, South Africa, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe.

The FATF and ESAAMLG are part of a global network that is committed to combating money laundering and terrorist financing. This network also includes other FATF-style regional bodies: the Asia Pacific Group, the Caribbean Financial Action Task Force, the Eurasian Group, GAFISUD, MENAFATF and Moneyval. The Offshore Group of Banking Supervisors is a part of this network as well.