



## The Financial Action Task Force

The Financial Action Task Force (**FATF**) will hold its **Plenary meeting in Orlando, Florida** from **16th-21st June** wherein it could take up a **proposal to downgrade Pakistan to the blacklist** on terrorist financing **from its current greylisted status**.

- The FATF is an **inter-governmental body** that works to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system.
- **A country is put on the grey list** when it fails to curb terrorism financing and money laundering.
- **Putting a country on the blacklist** means shutting all doors to international finance for that country.

### Pakistan's status

- **Pakistan** has been under the FATF's scanner since **June, 2018**, when it was put on the **greylist** for terror financing and money laundering risks, after an assessment of its financial system and law enforcement mechanisms.
- In June 2018, Pakistan gave a high-level political commitment to work with the FATF and the **Asia Pacific Group (APG)** to strengthen its anti-money laundering/combating the financing of terrorism (AML/CFT) regime.
  - Based on this commitment, Pakistan and the FATF agreed on the monitoring of 27 indicators under a 10-point action plan, with deadlines.
- **Successful implementation** of the action plan and its physical verification by the APG **will move Pakistan out of the greylist; failure** by Pakistan will result in its blacklisting by September 2019.
- **FATF wants to see effective implementation** of targeted financial sanctions against all terrorists designated under **UN Security Council Resolutions 1267 and 1373**.
- The Joint Group of the APG has recently informed Pakistan that **the country's compliance on 18 of the 27 indicators is unsatisfactory**, though the FATF has agreed that there have been improvements in the AML/CFT regime and the integrated database for currency declaration arrangements.
- **At least three votes (out of 36) would be needed to block a move to blacklist Pakistan.** Pakistan may make a diplomatic push to thwart blacklisting.

### Impact of being blacklisted

- Pakistan's \$6 billion loan agreement with the International Monetary Fund (IMF) could be threatened.
- Pakistan faces an estimated **annual loss of \$10 billion if it stays in the greylist; if blacklisted**, its already fragile economy will be dealt with **a powerful blow**.

### India's Role

- **India is a voting member of the FATF and APG, and co-chair of the Joint Group.**
- India was not part of the group that moved the resolution to greylist Pakistan in 2018 in Paris. The movers were the US, UK, France, and Germany and China did not oppose.
- **As of now, India is pushing for Pakistan to be blacklisted.**

- There is also an opinion that by keeping Pakistan in the grey list one can continue to pressure the country as well as scrutinise its actions.

### **Asia Pacific Group**

The Asia/Pacific Group on Money Laundering is an **inter-governmental organisation**, consisting of 41 member jurisdictions, focused on ensuring that its members effectively implement the international standards against money laundering, terrorist financing and proliferation financing related to weapons of mass destruction.

### **UN Security Council Resolutions 1267 and 1373**

- **The UNSC resolution 1267** was adopted unanimously on October 15, 1999. It is a consolidated list of people and entities that UN has determined as being associated with Al Qaeda or the Taliban, and laws which must be passed within each member nation to implement the sanctions.
- **The UNSC Resolution 1373** was adopted on 28th September, 2001. It declares international terrorism a threat to international peace and security and imposes binding obligations on all UN member states.

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