

FATF GROUP 'BLACKLISTS' PAKISTAN

Relevant for: International Relations | Topic: FATF

Pakistan has been placed on the lowest rung, or “blacklist”, of the Financial Action Task Force’s Asia Pacific Group (APG) for non-compliance and non-enforcement of safeguards against terror financing and money laundering.

The APG, one of nine regional affiliates of the FATF, met in Canberra from August 18 to 23 to discuss a five-year review of the Mutual Evaluation Report (MER) for Pakistan, and decided to place it among countries requiring “enhanced, expedited follow-up”.

Quarterly reporting

While the placing does not bring any new punitive measures on Pakistan, it will mean quarterly reporting to the group on improvement in its financial safeguards.

While the APG’s final report will be published in October, the group said in a statement that it had “adopted a number of follow-up reports for APG members and for joint APG/FATF members and also agreed on revised evaluation procedures for the coming year reflecting recent changes to global procedures”. Countries under review during the current session included China, Chinese Taipei, Hong Kong, China, Pakistan, the Philippines and the Solomon Islands

The APG process is one of three review processes that Pakistan faces in the next few months. On September 5, the APG will meet again, to take forward the main 15-month process of Pakistan’s FATF evaluation, which will present its recommendations for the FATF plenary session in Paris from October 18 to 23. At present, Pakistan is on the “greylist” of the FATF, a common group for countries that are termed “high risk and non-cooperative jurisdictions”.

The Paris plenary will decide whether to remove Pakistan from the greylist, continue the listing, or downgrade it to a blacklist of non-cooperative countries. Officials said the downgrade might not occur, given that any three countries in the FATF can veto it, and Pakistan is likely to secure the backing of China, Turkey and Malaysia. However, the APG decision on Friday would make it difficult for Pakistan to extricate itself from the greylist.

‘Wrong terminology’

In a statement, Pakistan’s Finance Ministry accepted that it had been placed in the enhanced follow-up, which requires it to report on a quarterly basis, but said that the term “blacklist” did not apply to the APG process, calling the terminology “incorrect and baseless”.

Pakistani officials said that since the APG process only looked at Pakistan’s actions till October 2018, it did not represent the decisions taken in the past year, which will be considered by the next two reviews.

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