

Chairmen's Summary Strasbourg Plenary, 21-23 February 2007

23 February 2007

The FATF and the Council of Europe's MONEYVAL committee held a joint Plenary meeting at the Council of Europe. The meeting was opened by the Secretary General of the Council of Europe, Mr Terry Davis, and was jointly chaired by the FATF President, Mr Frank Swedlove, and the MONEYVAL Chairman, Mr Vasil Kirov.

FATF membership

In a move to strengthen the worldwide fight against money laundering and terrorist financing, the FATF welcomed India as an observer at this Plenary meeting - the first step toward full membership in the FATF. China and the Republic of Korea are already FATF observers.

Assessments of Turkey and Georgia

The Plenary adopted the FATF report assessing Turkey's anti-money laundering and counter-terrorist financing system for compliance with the global standards; the FATF 40+9 Recommendations. It also adopted the MONEYVAL report assessing Georgia's anti-money laundering and counter-terrorist financing system.

A summary of the FATF report will soon be available on the FATF website¹, and the full report will be published there in the coming weeks. A summary of the MONEYVAL report will be available on the MONEYVAL website², and the full report will also be published there.

MONEYVAL follow-up processes

A progress report was received from Cyprus one year after the adoption of its evaluation report. This progress report was discussed and adopted and will be published on the website.

MONEYVAL Compliance Enhancing Procedures were lifted in respect of Armenia. Azerbaijan remains under monitoring.

¹ www.fatf-gafi.org

² www.coe.int/moneyval

Release of two reports on money laundering and terrorist financing methods

The FATF issued two reports on money laundering methods and vulnerabilities in specific sectors.

The first, a report on Laundering the Proceeds of VAT Carousel Fraud, examines the laundering of the proceeds of a particular type of tax fraud. Value Added Tax (VAT) "Carousel Fraud" is an abuse of common duty areas to generate substantial profits – where essentially criminals use a contrived chain of transactions to steal government revenues through the VAT reclaim system.

The second report focuses on money laundering and terrorist financing schemes in South America. The research builds on and updates work previously conducted by GAFISUD, the FATF and other international bodies. It identifies five primary methods; a) Illicit foreign currency arbitrage transactions; b) Structured international remittances; c) The black market peso exchange; d) International loan simulation and capitalisation of legitimate companies with illegal funds; e) Physical transportation of the proceeds of crime.

These reports will be available on the FATF website in the coming weeks.

Additional typologies studies on money laundering and terrorist financing are underway on various areas including real estate, terrorist financing and drug trafficking.

Enhanced dialogue and work with the private sector

A priority of the Canadian Presidency of the FATF is to expand the FATF's outreach to, and dialogue with, the private sector. In November 2006 the FATF held a productive meeting with representatives of the legal, notarial and accounting professions and with trust and company service providers. In addition, a number of high level meetings have been held with representatives of different sectors regarding the implementation of the FATF standards.

The FATF is carrying out a joint project with industry associations and bodies in the banking and securities sectors with a view to adopting best practice guidelines on the implementation of a risk-based approach to combating money laundering and terrorist financing. The FATF intends to extend the results of this work to other relevant sectors once the initial project is completed.

Mr Frank Swedlove
President, Financial Action Task Force

Mr Vasil Kirov
Chairman, MONEYVAL, Council of Europe

Strasbourg, 23 February 2007

Notes:

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), Estelle Steiner, Council of Europe press officer (tel.: +33 3 88 41 33 35 or estelle.steiner@coe.int) 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. 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.
3. 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. India, the People's Republic of China and the Republic of Korea are Observers. The APG, GAFISUD and MONEYVAL are Associate Members.
4. MONEYVAL members are: Albania; Andorra; Armenia; Azerbaijan; Bosnia and Herzegovina; Bulgaria; Croatia; Cyprus; Czech Republic; Estonia; Georgia; Hungary; Latvia; Liechtenstein; Lithuania; Malta; Moldova; Monaco; Poland; Romania; Russian Federation; San Marino; Serbia; Slovak Republic; Slovenia; "the former Yugoslav Republic of Macedonia" and Ukraine. Two countries designated by the FATF presidency are also members of MONEYVAL, currently France and the Netherlands. Other participants include the European Commission and the Secretariat General of the Council of the European Union. Observer countries and organisations are: Canada; Holy See; Japan; Mexico; United States of America; Secretariat of the Financial Action Task Force on Money Laundering (FATF); ICPO-Interpol; Commonwealth Secretariat; International Monetary Fund (IMF); United Nations Drug Control Programme (UNDCP); United Nations Counter-Terrorism Committee (CTC); United Nations Crime Prevention and Criminal Justice Division; World Bank; European Bank of Reconstruction and Development (EBRD); Offshore Group of Banking Supervisors (OGBS); Egmont Group; Eurasian Group on Combating Money Laundering and Terrorist Financing (EAG). Israel's application to become an active observer undergoing evaluation was accepted by the Committee of Ministers in 2006.
5. The global network that is committed to combating money laundering and terrorist financing also includes other FATF-Style Regional Bodies: the Caribbean Financial Action Task Force, ESAAMLG, the Eurasian Group, GIABA and MENAFATF. The Offshore Group of Banking Supervisors is a part of this network as well.