



Financial Action Task Force
Groupe d'action financière

An Address by Mr Frank Swedlove
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Introduction

Governor, Secretary, Commissioners, Co-chairs of the APG, distinguished guests and delegates of the Asia Pacific Group on money laundering. It is a great pleasure for me to be with you at your 9th Annual Meeting and to have the opportunity to attend this meeting so early in my Presidency of the FATF. I would like to thank the APG Co-chairs for their invitation to speak and the Bangko Sentral nang Pilipinas and AMLC for their hospitality. The fact that we will soon hear from Her Excellency, President Arroyo, at what is the second APG Annual Meeting hosted in the Philippines, is indeed a indication of the commitment of the Government of the Republic of the Philippines to countering money laundering and terrorist financing.

I am also pleased to be here at this particular meeting, not only as my first official function as FATF President, but also this morning Canada will be considered for full membership in the APG. It is also a busy year for Canada in terms of our international commitment to fighting money laundering and terrorist financing since Toronto, Canada has just been selected by the Egmont Group of FIUs as the host for the permanent Egmont Group Secretariat.

I am pleased to be able to provide you an update on the work of the FATF, focussing on our priorities for the coming year. Most importantly, I want to highlight how important the partnership with the APG is to the FATF, and how crucial the contribution of the APG is to the global network against money laundering and terrorist financing.

One of the priorities of the FATF is to develop an international network of organisations to combat money laundering and terrorist financing. This means reaching out to as many countries as possible, although the FATF's own membership is in fact fairly restricted. The FATF encourages and supports the development of FATF-Style Regional Bodies or as we call them, FSRBs. Like the FATF, each FSRB comprises jurisdictions that are committed to implementing effective systems to combat money laundering and terrorist financing.

At last count, the broader FATF network comprised more than 150 jurisdictions; 31 FATF members and a further 121 members of the 8 FSRBs. As such, FSRBs play a pivotal role in the international fight against money laundering and terrorist financing. They make this fight, and the FATF's standards, truly global in their reach.

As you know, FSRBs such as the APG, provide leadership in their regions and are an important means for promoting consistency in application of the FATF standards. FSRBs deliver the global AML/CFT message, monitor their members' progress in implementing the 40+9 Recommendations, and are instrumental in providing feedback and highlighting regional issues which can inform the policy directions taken by the FATF. Clearly the work of the APG on alternative remittance systems has been one such area where an FSRB had a real impact on the FATF's policy directions. In addition, FSRBs in many regions are the key focal point for technical assistance and training, and I congratulate the APG on the leadership it has provided in coordinating and delivering technical assistance and training in this region.

It is a constant reality that criminals and terrorists quickly modify their operations to avoid detection. They exploit gaps between, as well as within, our national systems. It is for this reason that a truly global network, with consistent application of recognised standards, is essential if we are to ensure criminals and terrorists do not have access to the financial resources they need to survive and grow.

To use the words of Aristotle, the ancient Greek Philosopher, "The whole is more than the sum of its parts." And that is what we must work towards. A consistent truly global network will be much more effective at combating money laundering and terrorist financing than hundreds of jurisdictions working alone could ever be.

It is therefore essential that the FSRBs continue to be an integral part of the FATF's work. That is why the FATF has offered FSRBs the possibility of becoming Associate Members and why this issue of FSRBs obtaining Associate Member status at the FATF is now a priority. I am happy to congratulate the APG on becoming an Associate Member of the FATF. I, and the FATF, look forward to working even more closely with you over the next year and for many years to come.

The joint Plenary meeting held with the APG in Singapore last year was the first Plenary meeting held with an FSRB. Following the success of that joint meeting, a FATF Plenary was hosted jointly with the Eastern and South African Anti-Money Laundering Group (ESAAMLG) in February 2006. It is likely that these joint Plenaries will now become a regular element of FATF's work and I look forward to the joint Plenary with MONEYVAL, the Committee of the Council of Europe, to be held in February 2007.

At the joint Plenary session of the FATF and the APG, our organisations agreed to further explore the relationships between AML/CFT and anti-corruption efforts, and in particular, ways in which corruption can undermine AML/CFT systems. The project group comprises 12 jurisdictions including 7 APG members; Australia, Hong Kong, China, India, Indonesia, Korea, Malaysia and Thailand. A number of international organisations and FSRBs are also involved in the project. I look forward to important outcomes from this project over the coming year.

Typologies meetings are also held jointly with the FSRBs each year. The FATF, together with GAFISUD, the FSRB for South America, held a joint experts' meeting in Rio de Janeiro, Brazil, in November 2005. This year the joint experts meeting on typologies will be held with the Eurasian Group, the EAG, in Shanghai, China. These joint typologies exercises, and typologies work with the Egmont Group of FIUs, are an important means by which the policies and standards of the FATF can be informed by the experiences in all regions. The APG has built considerable experience and expertise in the area of typologies over the past 9 years, experience which the FATF could benefit from. I would like to see us host a joint FATF/APG typologies exercise in the not too distant future.

But it is not just the FSRBs that the FATF seeks to more closely include in its work. The FATF has begun to look seriously at its future, in particular examining the possibility of measured expansion of its membership. This is not a simple process, as there are considerations including the need to include countries of strategic importance, the need for improved geographic balance and the need to maintain procedural and operational efficiency for the organisation. I am pleased to say that some membership applications are being progressed. In fact I have recently had the pleasure of meeting with our South Korean colleagues in Seoul to discuss their membership application and my predecessor visited India in April. These application processes will continue and, I hope, will result in successful outcomes.

While this inclusive approach is very important, the FATF's ultimate objective must always be to ensure that all countries effectively implement the FATF Recommendations.

We were very pleased to see the recognition of the FATF standards reinforced by the United Nations Security Council in Resolution 1617 of July 2005. The Security Council endorsed

the FATF 40+9 Recommendations as the comprehensive international standards in this area, and strongly urged all member states to implement them in the context, especially, of terrorism. Similarly, the G7 commended the work of the FATF at the end of last year. And a little over a month ago the G8 Finance Ministers noted the need for continued actions by all countries to strengthen their adherence to the FATF Recommendations. I am encouraged by this level of recognition of the FATF's standards in other international fora as this underscores the universality of their application.

The FATF continues its work on the standards, most recently issuing a revised Interpretative Note providing greater detail concerning the implementation of Special Recommendation VIII on non-profit organisations.

Let me now turn to mutual evaluations.

Mutual evaluations are the primary tool used by the FATF and its partners for ensuring that the global standards are implemented by their members. Mutual evaluation programmes constitute an enormous challenge for many groups, not least due to the resources required for this work. Still, mutual evaluation programmes are essential. It is only through mutual evaluations and peer pressure, both at global and regional levels, that we can ensure that the global network against money laundering and terrorist financing exists and is effective in its task. The FATF is dedicated to making the mutual evaluation process a success. To that end, the FATF will continue to support the FSRBs and contribute to the success of mutual evaluations conducted by regional groups, including the APG. We can, in particular, contribute to the training of APG assessors, as we have already done, and we stand ready to provide more help if needed.

We have now begun the third round of mutual evaluations, assessing implementation of the 2003 standards, with a focus on examination of the actual effectiveness of the systems in place. Already 10 countries have been assessed by FATF in the third round, including two joint APG / FATF evaluations (of Australia and the United States of America). Numerous others have been evaluated by the FSRBs and International Financial Institutions including the joint APG/OGBS evaluations of Samoa and Vanuatu, the APG evaluation of Sri Lanka and the World Bank evaluation of Fiji, which you will of course be discussing this week.

These comprehensive peer reviews are a critical element of FATF membership and the FATF's continued effectiveness. The FATF will continue to work in conjunction with the 8 FSRBs and the International Financial Institutions to achieve consistency in the manner in which countries are assessed against FATF standards. We must make every effort to ensure that all assessments, regardless of who conducts them, are done in a similar and comparable way, and that the methodology and FATF standards are applied universally in a comprehensive, transparent, and consistent manner.

Conclusion

Earlier this month it was my pleasure to outline to the FATF Plenary meeting my priorities for the coming year. Essentially I plan to build on key areas of the FATF's current work as well as focusing on some newer priorities.

I have already mentioned two of the important new priorities for FATF in the coming year; enhancing the role and function of the FSRBs within the FATF, and, in a measured way, increasing the membership of the FATF. In addition, we will do more in the area of communications, working to provide useful information to the private sector and others including through direct dialogue and through publications and the media. We will also start the important process of the FATF mid-term review by initiating discussions on the strategic direction of the FATF.

I believe I have set an ambitious but achievable program of important priorities for the FATF's work over the next year. I look forward to working with you on these and other areas of our work.

Thank you for your attention and for this opportunity to speak to you today. I want to assure you of my high regard for your achievements and my best wishes for your work this week.

Thank you.