

**16 December 2011**

**Remarks by the Asia/Pacific Group on Money Laundering to the UN Security Council Counter Terrorism Committee**

*Delivered by: Dr Gordon Hook, APG Executive Secretary and Mr. David Shannon, Principal Executive Officer.*

It is an honour to have been given this opportunity to address the United Nations Security Council Counter Terrorism Committee today.

Over the last three days the APG Secretariat has had a number of meetings with CTED officials. On behalf of the APG Co-Chairs, Australia and India, I would like to express my thanks for their hospitality and organisation of a number of meetings.

The Asia/Pacific Group on Money Laundering is the anti-money laundering and counter financing of terrorism body for jurisdictions in the Asia/Pacific region. APG does not set any regional standards. The standards are set by the FATF and include the UN Security Council Resolutions on terrorist financing and the UN Convention on the Suppression of the Financing of Terrorism.

Since beginning with 13 member jurisdictions in 1997, the APG has now grown to 41 members. Diversity of legal systems, economies, population, culture and geography characterise our membership.

A number of multilateral bodies are APG observers who support regional implementation of the FATF standards. In addition to the UN, they include the UNODC, IMF, World Bank, Asian Development Bank and APEC.

Hallmarks of the APG are an inclusive approach to membership; consensus based business decisions; robust processes for peer review of compliance with FATF standards and associated peer pressure; joint approaches to studying the environment of terrorist financing; and mutual support for technical assistance and training.

Capacity challenges with legal, financial and law enforcement systems are common to many APG members.

A key role for the APG is the coordination of technical assistance and training. APG aims to do this by enhancing information sharing between members and observers and includes a forum for dialogue between donors and members. APG's aim is to ensure that none of our developing members are left behind in the regional effort against terrorist financing and money laundering.

The Asia/Pacific region faces serious terrorist financing and money laundering threats that vary across the region - for example Pacific Islands face relatively low risks when compared with members in our other sub regions.

Over the last 10 years APG has conducted two rounds of assessing members' compliance. We have found some improvements in levels of compliance with the international standards, but compliance with counter terrorist financing obligations remains low across a majority of our 41 members.

Statistics for detecting and investigating cases of terrorist financing and the use of financial intelligence to detect terrorism has improved. However, there is a long way to go to meet compliance expectations within our region in both instances.

Often terrorist financing is not prosecuted when the same entities are involved in the principal terror act and the statistics for freezing, seizing and confiscating terrorist property in this context are low.

Compliance with targeted financial sanctions to freeze terrorist property without delay has been low.

Some of the elements behind this varied response to the threats from terrorist financing include:

- Officials and decision makers face gaps in their understanding of terrorist financing risks, and suitable responses (ie awareness of the international standards)
- Most APG members lack effective inter-agency coordination mechanisms.
- While most APG members have basic counter terrorist financing legislation and have established an FIU, very few APG members have used the new CFT tools to effectively 'follow the money' behind terrorist acts and terrorist groups.
- Many APG members are struggling to implement and effectively supervise preventative measures in the financial sector especially in non-banks.
- Very few of APG's developing members have applied preventative measures outside of the banking system
- Very few members have effective systems for detecting and responding to risks of cash couriers for terrorist financing;

APG continues to observe that often technical agencies in our members do not have good information about UN obligations (SC Resolution 1267 is an example). This is often a function of gaps in communication between a member's mission in New York and the implementing agencies in their capital cities.

Priority areas for assistance not currently receiving adequate donor attention include:

- establishment of coordination mechanisms;
- implementation of preventative measures including UNSCR 1267 & 1373 freezing mechanisms
- use of criminal justice tools to 'follow the money' behind terrorism;

- supervision and oversight of preventative measures for terrorist financing and money laundering;
- inclusion of alternative remittance in AML/CFT regimes and adequate oversight of NPOs to prevent abuse for TF purposes

International pressure is making a significant difference with APG members paying greater regard to CFT as a priority. International pressure assists technical-level officials to engage with decision makers to make the case for prioritising elements of CFT over members' other pressing priorities.

The FATF's blacklisting process, backed by the G20, is making a great deal of difference. In practice, APG has observed a renewed commitment by many members to take priority steps in relation to CFT legal and regulatory frameworks as well as their implementation.

The APG is working with our members to address these concerns raised by the FATF.

### ***Some final observations***

As the largest and most diverse FATF-style regional body, the APG is continuing to improve our approach to support implementation of the international standards in the Asia/Pacific region. APG processes continue to be enhanced to deepen working relationships between our members and providers of technical assistance and training.

APG looks forward to continued and increasing collaboration with the UN, APEC and other key regional and global bodies in the APG's work to target terrorist financing across the Asia/Pacific region.

Thank you for the opportunity to address the Committee today.

