

2013 Annual International Arab Banking Summit for 2013

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Resolution 1540 (2004) and the prevention of proliferation of weapons of mass destruction to non-State actors – message from the Chairman of the 1540 Committee, H.E. Mr. Kim Sook

**Mr. Secretary General of the Union of Arab Banks,
Distinguished representatives of Arab banks,
Distinguished participants,
Dear colleagues,**

I would like to thank the Union of Arab Banks for inviting the 1540 Committee and its group of experts to participate in this important gathering to engage in discussions on UN Security Council resolution 1540 (2004) and on its impact on the financial sector. I wish I could attend and interact with you in person, but other important commitments in New York made it impossible, to my regret. I am grateful to Mr. Khalil Hashmi, from Pakistan, and an esteemed colleague of the 1540 Committee, who has accepted to represent the Committee in spite of his heavy agenda. Mr. Hashmi is actually the ideal member of the Committee to engage with you on my behalf, having already represented the Committee at the *Conference of International, Regional and Sub-Regional Industry Associations* held in Wiesbaden, Germany, in April 2012, an important interaction between the Committee and the private sector, including the Union of Arab Banks; his participation in today's meeting offers an opportunity to deepen this dialogue, in a spirit of continuity. I would like also to express my appreciation to the Austro-Arab Chamber of Commerce and to the UN Office for Disarmament Affairs (UNODA), including its Vienna Office.

By placing resolution 1540 (2004) on its agenda, the Union of Arab Banks has chosen to dedicate its attention to a key international instrument aimed at preventing proliferation of weapons of mass destruction to non-State actors such as terrorists or other criminals. Resolution 1540 (2004) represents a

significant milestone in the efforts of the international community to curb the proliferation of weapons of mass destruction and their means of delivery, by placing upon each UN Member State specific obligations in order to prevent the proliferation of such weapons of mass destruction to non-state actors.

Three main obligations for States stem from resolution 1540 (2004):

- an obligation to refrain from providing any form of support to non-state actors that attempt to develop, acquire, manufacture, possess, transport, transfer or use nuclear, chemical or biological weapons and their means of delivery;
- an obligation to adopt and enforce appropriate effective laws which prohibit any non-State actor to manufacture, acquire, possess, develop, transport, transfer or use nuclear, chemical or biological weapons and their means of delivery, in particular for terrorist purposes, as well as attempts to engage in any of such activities, participate in them as an accomplice, assist or finance them; and,
- an obligation for States to establish domestic controls over materials, equipment and technology covered by relevant multilateral treaties and arrangements, or included on national control lists, which could be used for the design, development, production or use of weapons and mass destruction and their means of delivery. Those domestic controls take the form of:
 - o effective measures to account for and secure such items in production, use, storage or transport;
 - o effective physical protection measures;
 - o effective border controls and law enforcement efforts to detect, deter, prevent and combat the illicit trafficking and brokering in such items;
 - o effective national export and trans-shipment controls over such items, including appropriate laws and regulations to control export, transit, trans-shipment and re-export and controls on providing funds and services related to such export and trans-shipment such as financing, and transporting that would contribute to proliferation, as well as establishing end-user controls.

As participants can see, these obligations cover a wide array of issues, and effective implementation requires the active involvement, at the national level, of different agencies and professional communities who need to work together in a coordinated way to achieve full compliance.

Resolution 1540 (2004) does not directly establish obligations for private sector entities; it imposes obligations upon States only, leaving it to them to decide the modalities of implementation. This being said, private entities, including the financial sector are in most cases the addressees of related legislation, and resolution 1540 (2004) calls upon States to develop appropriate ways to work with and inform industry and the public; to fully implement resolution 1540 (2004) in all its aspects, States might therefore consider articulate ways that best fit their particular situations to involve the private sector. The importance of the financial sector in the prevention of proliferation of weapons of mass destruction to non-State actors can obviously not be overstated; the financial sector is an important partner in the global fight against proliferation of weapons of mass destruction.

Preventing the financing of proliferation-related activities requires active efforts from States, in partnership as appropriate with the relevant private sector entities. The Committee is aware of efforts and initiatives by States to actively engage the financial sector in this endeavor, and recommends that such efforts are intensified. Indeed, depriving non-State actors such as terrorists and criminals from funds and other resources needed for proliferation-related activities is key in the prevention of proliferation of weapons of mass destruction.

Organisations such as the Financial Action Task Force (FATF) play a key role in developing relevant guidance and can usefully assist States in their efforts. The Committee noted with appreciation the adoption of revised standards by FATF in February, and in particular its important Recommendation 2 that addresses the matter of proliferation financing, recommending that *“countries should ensure that policy-makers, the financial*

intelligence units, law enforcement authorities, supervisors and other relevant competent authorities, at the policy-making and operational levels, have effective mechanisms in place which enable them to cooperate, and, where appropriate, coordinate domestically with each other concerning the development and implementation of policies and activities to combat money laundering terrorist financing and the financing of proliferation of weapons of mass destruction". In this context, the Best Practices Paper on "Sharing Among Domestic Competent Authorities Information Related to the Financing of Proliferation", adopted by FATF in February 2012 provides useful guidance.

The meeting convened by the Union of Arab Banks will contribute to raising awareness of resolution 1540 (2004) in the financial sector and to discussing possible ways forward, including for the private sector, to facilitate the implementation of the resolution 1540 (2004) by States.

I wish you the best success in your work and the most fruitful discussions.