

**STATEMENT
BY MR. DMITRY V. FEOKTISTOV,
DEPUTY DIRECTOR OF THE DEPARTMENT
ON NEW CHALLENGES AND THREATS
OF THE MINISTRY OF FOREIGN AFFAIRS
OF THE RUSSIAN FEDERATION
AT THE SPECIAL JOINT SESSION
OF THE UN SECURITY COUNCIL COUNTER-TERRORISM
COMMITTEE, THE UN SECURITY COUNCIL ISIL
AND AL-QAIDA SANCTIONS COMMITTEE, THE FATF
AND OTHER RELEVANT MULTILATERAL ORGANIZATIONS**

(New York, December 12, 2016)

Mr. Chairman,

On December 17, 2015, the UN Security Council unanimously adopted Resolution 2253 drafted by Russia jointly with the US to prevent the activities and financing of ISIL, Jabhat al-Nusra and affiliated terrorist organizations. Symbolically, it is the representatives of Russia and the US who open the first session of today's event. We hope that the cooperation against terrorism, including in Syria, will soon be given another powerful impetus.

Russia's approach to counterterrorism issues remains unchanged – a more effective fight against terrorism and its financing is possible only through strengthening the central coordinating role of the UN and its Security Council. Indeed, it is the UN decisions – Security Council Resolutions 1267 and 1373 – that laid the groundwork for the international cooperation in that area.

A year ago draft Resolution 2253 was cosponsored by 68 states. This amply demonstrates that there is a broad understanding of the nature of today's terrorist challenges posed primarily by ISIL, which in the aftermath of the bloody events of November 2015 in Paris was qualified by the UNSC in Resolution 2249 as "a global and unprecedented threat to international peace

and security". Today, ISIL remains the biggest terrorist challenge, including in the context of detecting and blocking its sources of financing.

During the period of 2015–2016, Russia has identified about 1,400 persons associated with ISIL and included them in the national section of the List of organizations and individuals known for their engagement in terrorism. We have frozen 1,500 bank accounts of those individuals with a total amount of about USD 120,000. Among them are, in particular, those who directly financed terrorism, raised funds for the said purposes, and other individuals acting on ISIL's instructions. We have found and handed over to the law enforcement agencies data on financing channels of 382 foreign terrorist fighters that joined ISIL's ranks and 82 members of ISIL affiliates operating in Russia.

Since September 2015, Russia has been undertaking immense efforts to destroy ISIL's capacities "on the ground", including its financing sources. Since the beginning of the counterterrorist operation against ISIL and other terrorist groups in Syria, the Russian Aerospace Forces have made around 10,000 sorties, destroying over 14,000 ISIL's and Jabhat al-Nusra's targets, including more than 200 facilities for producing, refining and pumping oil products and 3,000 tanker trucks, as well as about 35,000 "jihadists", 2,700 of whom were from Russia and the CIS countries, including 17 field commanders.

Destruction of ISIL's infrastructure reduces its financial capacities. According to experts, as a result of the Russian Aerospace Forces' operation, the proceeds of ISIL from trade in hydrocarbons have decreased by half in the current year – to USD 450 million. Therefore, the capacity of ISIL is diminishing on a number of fronts, which include recruitment of new fighters, further territorial expansion and intensified propaganda. Terrorists have to seek new sources of income, which means the international community should put in greater efforts to shut down all channels of terrorism financing.

We believe that an ultimate financial and economic defeat of ISIL requires a much more effective implementation of UNSCRs 2199 and 2253 aimed at strengthening the efforts to cut off channels of illegal support for ISIL and associated groups, including illegal trade in oil and oil products, arms, antiquities and other resources. We also think that we could go further and jointly consider imposing a comprehensive trade and economic embargo against the ISIL controlled territories in accordance with Article 41 of the UN Charter that would involve sanctions against those violating it.

There have been a number of precedents. On August 6, 1990, the UN Security Council adopted Resolution 661 banning the import of all goods and products manufactured in Iraq and Kuwait. On September 15, 1993, the Security Council adopted Resolution 864 not only prohibiting sale or supply of arms, oil and oil products to the Angolan organization UNITA but also calling states to impose penalties against all persons and entities violating the measures introduced by the Security Council. We are convinced that in the face of the threat posed by ISIL we should act just as decisively.

Mr. Chairman,

Russia has been consistently advocating broader practical cooperation between the UN and the FATF in combating ISIL financing. When reviewing the FATF mandate in 2012, it was our understanding that the FATF should have the capability to swiftly respond to the new most acute and urgent challenges and threats related first and foremost to international terrorism. On Russia's initiative, a provision regarding the cooperation of the FATF with the UN and its Security Council was included into the FATF mandate. Similarly, the role of the FATF in global counterterrorism efforts was set forth in a number of UNSC decisions, including Resolution 1617, which contains a direct call to states to comply with the FATF international Standards.

At Russia's suggestion, the FATF Plenary meeting last June came to an agreement that further systematic work to identify new sources of ISIL

financing is necessary. Now all interested jurisdictions can send on a voluntary basis and in a timely manner to the FATF Secretariat their analysis of sources and channels of ISIL financing. These materials will be published three times a year as an update to the fundamental research conducted by the FATF in 2015. Also, on Russia's proposal, which was strongly supported by the US, the issue of combating ISIL financing will be included on a permanent basis in the FATF Plenary meetings' agenda starting in February 2017.

New information on ISIL's financial chains was presented at the October FATF Plenary in Paris. In particular, a number of delegations provided data on ISIL financing received from trafficking in human organs, revenues from fish farms in Iraq and construction companies in Germany. It was also reported that ISIL had tried to invest funds in real estate in Europe, the US, particularly in New York, and Turkey. We call on our international partners to thoroughly analyze this and other incoming information in order to promptly disrupt new channels of ISIL financing.

And finally, spurred by Russia's efforts, the last FATF Plenary meeting made an important decision to amend the FATF Standards – Interpretive Note to Recommendation 5 and the Glossary – to ensure the comprehensive implementation of UNSCRs 2199 and 2253. Thus, for the first time in the twenty-five-year history of the FATF upon Russia's initiative changes were made to the universal Standards against terrorist financing, which now unequivocally prohibit not only financial, but also any other kind of material support to ISIL, including trade in hydrocarbons and other natural resources.

Mr. Chairman,

During its FATF Presidency from June 2013 to June 2014 Russia launched a project in the FATF to track down illicit financial flows linked to Afghan drug production and trafficking. The analysis of a considerable amount of information has led to two major conclusions. The first one confirms the link between Afghan drug money and terrorist financing. The second one indicates

11 suspected international money-laundering centers, some of which are located in rather "posh" countries. The Russian delegation is regularly raising at the FATF the issue of placing these centers under special control and taking best account of the survey's practical findings in the FATF's current work.

Reports of ISIL's efforts to establish, primarily in the northern provinces of Afghanistan, its control over trafficking in Afghan opiates, which generates the total annual income of about USD 110 billion, reaffirm the relevance of this initiative. In order to finance their activities, terrorists have already set up at least seven drug laboratories across the north of the country. With a 43-percent increase in drug production in Afghanistan forecasted for 2016, this information raises particular concern.

Russia supports further enhancement of the FATF's cooperation not only with the UN, but also with the G20, which approves the FATF's mandate and sets its priority tasks. Russia insisted on including into paragraph 45 of the G20 Leaders' final communique adopted in Hangzhou on September 5, 2016, the call "for the swift, effective and universal implementation" of the FATF Standards and of the provisions of the UNSCR 2253 to counter ISIL. We consider it essential to implement all UN, FATF and G20 decisions aimed at shattering ISIL's financial foundations.

Combating ISIL financing is the common task. Our meeting includes participants from relevant regional organizations that can significantly contribute to this important mission. Following Russia's proposal, on September 16, 2016, the CIS Heads of State at the summit in Bishkek indicated in the Final Statement their shared determination to fight ISIL. The same message was repeated in the Joint Statement of the CSTO Member States at the current 71st UN General Assembly session in New York on October 3, 2016. The Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG) has been consistently working to identify and disrupt financial flows related to ISIL. Head of the Russian Financial Intelligence Unit, Director

of the Federal Financial Monitoring Service (Rosfinmonitoring) Yuri Chikhanchin in his capacity of the EAG Chairman will brief the UN Security Council Counter-Terrorism Committee (CTC) at its meeting on December 15. EAG representative will also make an intervention today during Session II.

Mr. Chairman,

Russia will remain in the forefront of global efforts to combat international terrorism and its financing. We call on our partners to continue this work without politization and double standards, to aim at establishing a broad counterterrorism coalition, as President of the Russian Federation Vladimir Putin proposed in his address to the 70th UN General Assembly in 2015. We hope that the participants of this meeting will actively contribute to that common effort, since the security of our states and peoples depends directly on its success.

Thank you, Mr. Chairman.