

PUBLIC STATEMENT ON THE 10TH EAG PLENARY MEETING

On June 10-11, 2009 the 10th EAG Plenary was held in St. Petersburg, Russia.



The Plenary was presided over by the EAG Chairman and Aide to the President of Russia, Oleg Markov.

Among the participants of the Plenary were representatives of the EAG member states including Belarus, China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan, and EAG observers including the FATF, UNODC, World Bank, Collective Security Treaty Organization, Organization for Security and Co-operation in Europe, Eurasian Development Bank, Asian Development Bank, Council of

Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) and participants from the EAG observer states including India, Italy, Poland, Moldova, the USA, Turkmenistan, Turkey and Ukraine.

The EAG Plenary session which started Monday, June 8 also comprised Consultations with the parliamentarians of the EAG member states, EAG Working group meetings and trilateral consultations with the private sector (Russia – India – China) on impacts of the global financial and economic crisis on the AML activities of financial and non financial institutions.

The agenda of the 10th EAG Plenary included:

- Progress of the EAG member states in building and developing national AML/CFT systems;
- Reorganization of the EAG into an international organization;
- Key money laundering and terrorist financing risks and vulnerabilities specific for the Eurasian region under conditions of global financial crisis. Anti-crisis measures and recommendations for the regional private sector;
- EAG public openness. Cooperation with the media. The new EAG Internet portal was presented;
- Enhancing role of the EAG observers.

As a result of the Plenary, the following decisions were made:

- The EAG Single Information Space (SIS) concept was approved;
- Unified EAG policy on the FATF ICRG Working group procedures was formed, in particular on increasing the role of the FSRBs in the activities of ICRG;
- The proposal to hold in 2010 a joint EAG/FATF Plenary meeting and a joint typology seminar with MONEYVAL was approved;
- The initiative to participate in the FATF/FSRBs Presidential forum was supported.

The 10th EAG Plenary emphasized the progress of the EAG member states in developing their national AML/CFT systems.

According to EAG Chairman Oleg Markov, the majority of the member states have created comprehensive legislative and institutional AML/CFT foundations and formed FIUs which implement effective instruments in fighting economic crime and the threat of international terrorism. Oleg Markov stated that the EAG expects its member states to complete building their AML/CFT regimes by the end of this year.

The 10th EAG Plenary focused on the following current achievements of the EAG member and observer states:

In **the Republic of Belarus** a complex Action plan on enhancing the national AML/CFT system on the basis of the EAG mutual evaluation recommendations is being implemented.

In **the Republic of Kazakhstan** measures are being undertaken to develop national AML/CFT legislation. In April-June 2009, the basic AML/CFT draft law has been approved by the Majilis and Senate.

In **the Kyrgyz Republic** national AML/CFT legislation has been successfully developed and harmonized. In May 2009 the Kyrgyz FIU joined the Egmont group.

The Russian Federation is implementing the Russian Government Plan for applying the recommendations of the FATF/EAG/MONEYVAL mutual evaluation. A law is adopted aimed at enhancing the procedure of PEPs' identification, accompanying transfers with originator information, as well as mandatory provision of identification documents if a financial institution suspects the participants of transactions in money laundering/terrorist financing.

The Republic of Uzbekistan adopted the necessary amendments to the Law 'On Combating Money Laundering and Terrorist Financing', aimed at bringing the national legislation into compliance with international standards. The adoption of the amendments by the Uzbek Parliament ahead of schedule signifies their commitment to developing a national AML/CFT regime in line with international standards. This step has been crucial not only for Uzbekistan and other EAG members but also for the whole international economic community and will allow the concern expressed earlier by the FATF to be mitigated.

At the same time **the Republic of Tajikistan** reported on its progress on developing a national AML/CFT system. Following the decisions of the 9th EAG Plenary, a working group, comprising the Executive administration of the Tajik President and competent agencies, was formed in order to create an FIU in Tajikistan and adopt AML/CFT legislation. The EAG will recommend Tajikistan to have adopted the basic AML/CFT law no later than the 3rd quarter of 2009. Until then, Tajikistan will remain on the enhanced follow-up procedure.

Another state towards which the international community has recently expressed its concern is the Republic of **Turkmenistan** which is an observer in the EAG. In April the EAG held a high level mission in Turkmenistan which comprised the EAG Deputy Chairman and heads of the EAG member-state FIUs. In the end of May Turkmenistan adopted basic AML/CFT law.

As a result of **the consultations with the parliamentarians**, the following recommendations were formulated so that the EAG members:

1. Further analyze national legislation regulating AML/CFT issues with their compliance with requirements of international treaties, FATF Recommendations as well as practical needs in light of the changing situation. Ensure adopting or amending domestic legislation in this area as necessary;
2. May consider the issue of becoming a party to the Warsaw Convention and implementation of its provisions into national legislations;
3. For the CIS member states that have not yet ratified the Dushanbe AML/CFT Treaty – consider the issue of ratifying this Treaty;
4. Take an active part in developing international standards on AML/CFT issues with regard to national and regional interests.

As a result of **the trilateral consultations with the private sector of Russia, India and China** the following risks were pointed out alongside the following recommendations to the private sector:

1. Lately foreign trade transactions seem to face increased risks associated with consumer goods smuggling. Therefore, it is recommended to strengthen internal interagency coordination, including its international aspect.
2. Under conditions of financial instability it is recommended to advise the financial institutions to enhance monitoring over movement of cash and detection of transfers of large amounts into accounts of companies registered in off-shore areas.
3. There is a stable trend in moving funds from the clearing settlements system into less controlled hand-to-hand circulation, especially into the extra-bank crediting and non-financial services. It is recommended to intensify the information sharing between the law-enforcement and supervisory bodies and the FIU on identified trends and participants of money laundering schemes.
4. In the period of financial instability, cash demand and payments in cash have increased dramatically. To prevent uncontrolled turnover of cash it was recommended to consider the issue of possible improvement of national legislation in terms of cash monetary funds control (if necessary).