

PUBLIC STATEMENT ON THE 11-TH EAG PLENARY

December 7-9, 2009 the EAG Working Group meetings and 11th EAG Plenary were held in Guilin, China.



The Plenary meeting was chaired by the EAG Chairman Mr. Oleg Markov, Aide to the President of the Russian Federation.

Among the participants of the Plenary were heads and representatives of the financial intelligence units and other competent authorities of the EAG member states including Belarus, China, Kazakhstan, the Kyrgyz Republic, Russia, Tajikistan and Uzbekistan, and experts from the EAG observers.

By the unanimous decision of the Plenary, Mr. Markov was reelected the EAG Chairman for the next two year term. The participants of the Plenary meeting noted that under Mr. Markov's chairmanship the EAG has implemented crucial steps in creating an infrastructure for providing assistance to the member states in developing national AML/CFT regimes. It has also launched a number of strategic initiatives aimed at enhancing the cooperation of the Eurasian countries in combating economic crimes and terrorist financing.

One of such initiatives is represented by the project of transforming the EAG into an international organization in the framework of which the 11th EAG Plenary adopted the draft Agreement on EAG, Regulation on the procedure for forming and implementing the EAG budget and the draft Regulation of the EAG Secretariat.

The range of the EAG observers has been expanded by the decision of the EAG Plenary to grant observing status to the Asia-Pacific Group on money laundering (APG).

Mutual evaluation follow up reports of Belarus, China, the Kyrgyz Republic, Russia and Tajikistan were discussed and adopted (the mutual evaluations were completed in 2006-2008). The Plenary also heard information on the reports on progress in strengthening AML/CFT national systems by of Uzbekistan, Kazakhstan and Turkmenistan.

The 11th EAG Plenary noted the following progress of the EAG member states and observers:

Following the EAG mutual evaluation recommendations, **the Republic of Belarus** implemented steps to enhance the national AML/CFT regime. The EAG notes the high effectiveness of the Belarus FIU –Financial Monitoring Department of the State Control Committee, which is proved by considerable practical results of the FIU's activities in terms of the quantity of criminal cases and propriety confiscated to the Belarus budget, based on the FIU materials. In order to enhance the national AML/CFT regime and bring it into compliance with the FATF Recommendations, the Republic of Belarus developed a number of draft laws which are expected to be adopted in 2010. The EAG also recognizes the active role of the Republic of Belarus in formulating and implementing the EAG strategic initiatives.

The People's Republic of China has been continuously enhancing AML/CFT legislation and law enforcement practice according to the recommendations of the FATF/EAG mutual evaluation. Concrete steps were taken to address deficiencies in criminalization of TF, and enhance the implementation of more efficient preventive and regulatory measures in the financial sector. The EAG also recognizes significant progress made in enhancing the effectiveness of criminal prosecution and supervisory regime.

The Republic of Kazakhstan launched work on developing national AML/CFT legislation. In particular, in September 2009 the basic AML/CFT law was adopted and will come into force in March 2010. According to the schedule of the EAG mutual evaluations, approved by the Plenary meeting, Kazakhstan will undergo the ME in July 2010.

The Kyrgyz Republic has been actively developing the national AML/CFT system in the framework of the Republican administrative and regulatory reforms. The Kyrgyz FIU has taken considerable steps to enhance legislation in AML/CFT and combating financing of extremism. This work is recognized by EAG experts as prominent experience and could be implemented as 'best practices'. The comprehensive review of the Kyrgyz AML/CFT regulatory framework is expected to be completed in 2010.

The Russian Federation has taken essential steps to enhance the national AML/CFT regime, following the Action plan adopted by the Russian government. In this regard, Russia developed a number of draft laws aimed at bringing the national system into compliance with the FATF Recommendations which are expected to be adopted in 2010.

The EAG recognizes progress of **the Republic of Tajikistan** in creating the FIU – Financial monitoring department under the National Bank of Tajikistan as well as developing the legislation framework necessary for its operation. In this regard, the Republic of Tajikistan is recommended to adopt additional regulations required to launch and apply AML/CFT measures to credit institutions, before the end of February 2010.

The Republic of Tajikistan is also recommended to adopt a comprehensive AML/CFT law governing all aspects of the national AML/CFT regime, in accordance with the FATF Recommendations, before September 2010.

EAG welcomes the adoption of necessary AML/CFT laws by **the Republic of Uzbekistan** and considers the finalization of all secondary legislation as a top priority. The EAG mutual evaluation mission to Uzbekistan took place

this November. The adoption of the Uzbekistani mutual evaluation report is expected in June 2010.

The EAG Plenary meeting adopted the reports on the Working Group activities. Based on the research of the Working Group on Typologies conducted throughout 2009, the EAG experts recognize the following money laundering and terrorist financing vulnerabilities:

- Laundering of proceeds from budget funds embezzlement and abuse of power by heads of organizations with state ownership,
- External trade transactions as means of money laundering,
- Laundering of proceeds from drugs, psychotropic agents and their precursors trafficking.

Executive summaries of the typologies research reports will be available on the EAG website shortly.

The 11th EAG Plenary approved of the draft Concept for the deployment of EAG technical assistance system, envisaging the following areas of activities:

- providing regulatory support for national AML/CFT systems of the EAG member states;
- enhancing the activities of the national FIUs and developing their IT and analytical infrastructure;
- providing staff training;
- providing for integration of the EAG member states into the common information interaction infrastructure.

The Plenary meeting also approved of the Memorandum of understanding between the EAG and CSTO which is aimed at enhancing cooperation between the two organizations in combating illegal drug trafficking and laundering proceeds from drugs as well as strengthening 'financial security belts' around Afghanistan.

The key results of the 11th EAG Plenary were shared with the Chinese and international media in the course of a press conference chaired by the EAG Deputy Chairman Mr. Valery Yaroshevsky – Director of the Financial Monitoring Department of the State Control Committee of the Republic of Belarus, Head of the AML Bureau of PBC Mr. Tang Xu and the EAG Executive Secretary Mr. Igor Nebyvaev.