**FATF and Pakistan**

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In the opening paragraph of its report issued on June 17, the FATF has told Russia in no uncertain terms that Moscow’s role and influence within the platform, being a member of FATF, has been ‘severely limited’ as a result of its invasion of Ukraine. By expressing its ‘deepest sympathies for the people of Ukraine’ and its resolve to ‘continue to deplore the huge loss of life caused by the ongoing Russian invasion of Ukraine’, the Financial Action Task Force (FATF) has confirmed certain fears of countries like Pakistan. Besides being technical-in-nature, the FATF has after all, some politically motivated objectives as well. Otherwise, why would a purely technical-in-nature Intergovernmental money-laundering watchdog take sides on any unrelated geo-strategic subject?
FATF is believed to be technical-in-nature because promulgation and complete implementation of laws on money laundering or terrorist financing requires certain concrete steps. It is assumed to be political because a decision to paint any country as ‘grey’ or ‘black’ is taken by a politically motivated international body that provides relief or otherwise by applying a kind of ‘flexible’ criteria. A cursory look at the countries presently placed under black and grey lists would reveal the FATF’s political inclination unless it is purely coincidental.
To identify non-complying countries, the FATF has maintained its blacklist or the ‘Call for Action’ countries and the FATF grey list or the ‘Other monitored jurisdictions’ since 2000. The blacklist is the Agency’s official list of Non-Cooperative Countries or Territories (NCCTs) which it judges to be non-cooperative in the global fight against money laundering and terrorist financing. Would it surprise you to see only Iran and North Korea in the blacklist?
The list of countries or jurisdictions under increased monitoring are often referred to as ‘grey’. Out of the twenty-three countries reflected in the FATF’s grey list, Pakistan is the only nuclear state with ‘strategic deficiencies’ and under ‘increased monitoring’. The latest grey list issued by the FATF at its Plenary, ended last week, reflects twenty-two other countries including Turkey, Yemen, Syria, Nicaragua, Morocco, Jordon, UAE and Philippines. These countries are required to address strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing within agreed upon timeframes. Would you be surprised to know that being America’s strategic ally, India has erroneously been overlooked to grace any of these lists?
In this regard, a deeper look at the composition of this heavily West-dominated watchdog might also reveal the true political nature of the FATF. Besides the US, as many as thirty European or pro-West countries are members of this thirty-nine-member Paris-based Agency. The recent inclusion of Turkey and UAE in the grey list might tell a story. Last week’s removal of Malta and inclusion of Gibraltar may also indicate the same pattern. Surprisingly, Chinese presidency of the FATF could not help its strategic partner Pakistan out of the grey list but during the German presidency, Pakistan received an ‘all well’ report from the FATF with strong hopes of getting white. Does Pakistan’s recently adopted ‘appeasement’ posture as opposed to the ‘defiance mode’ have something to do with it?
Yes, being a member of FATF, India must have played dirty against a non-member Pakistan and why not? What else would you expect from a sworn enemy? Understandably, during the FATF Plenaries in the past four years and numerous meetings of the Asia-Pacific Group (APG), India would not have let any opportunity pass by in maligning Pakistan. It must have twisted facts, fabricated stories particularly about the ‘strategic condition’ and happily provided any corroborating evidence to the global terror finance watchdog. But let’s be clear. Had it been only on India, Pakistan would never ever wriggle out of the FATF’s rigmarole. Hence, let’s not give the devil more than its due.
Now the real question: would Pakistan come out of the FATF’s grey list?
Well, you need to wait for another three months to know the answer. The fact of the matter is that Pakistan has ‘largely addressed its 2021 Action Plan ahead of the set times’ and has ‘substantially completed its two Action Plans, covering 34 items’. Those who have the capability to interpret the words ‘largely addressed’ or ‘substantially completed’ would know the underlying message. There is still some homework to do before getting a clean chit. The ‘white list’ remains elusive for Pakistan until all the conditions are fulfilled completely. Therefore, one is not surprised at Marcus Pleyer’s decision on having an onsite inspection by FATF in Pakistan in October before a formal announcement on its removal from the grey list is made. Hopefully, Islamabad got the message loud and clear.
And what does this ‘onsite’ visit entail? Well, the onsite visit will ‘verify that the implementation of Pakistan’s Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) reforms has begun and is being sustained, and that the necessary political commitment remains in place to sustain implementation and improvement in the future.’ Read carefully the expressions: ‘verify’, ‘being sustained’, ‘political commitment remains in place’, ‘sustain implementation’ and ‘improvement in the future’ and you could easily see that the FATF’s Sword of Damocles would keep on hanging over Islamabad even after the October onsite visit was undertaken. Rest assured, the demon of FATF would keep haunting Pakistan even after grey turns into white. Unless Pakistan ‘behaves’.
Credit-takers of Pakistan’s high performance at the FATF would relish their efforts to wriggle out of the FATF’s three-dimensional cobweb. The nation as a whole would take a sigh of relief on achieving the feat without even knowing the involved intricacies. In celebrating an overdue but yet to be confirmed good news, it would only be fair if the credit-takers also accounted for the reasons for Pakistan being on the grey list, in the first place. Or, why a small country like Hong Kong is a permanent member of the FATF but not a nuclear Pakistan?