**FATF and its contradictory policies**

[Usman Ali Khan](https://nation.com.pk/authorpost/columnists/usman-ali-khan/)

On **Mar 7, 2022**

**Share**

After the 9/11 attacks in the United States, the Financial Action Task Force (FATF) became a lynchpin institution for monitoring counter-terrorist financing and money laundering. Pakistan’s engagement with it is not new. The country faced FATF indictments during 2008, 2012 to 2015, and 2018. In 2018, Pakistan was placed on the ‘Grey List’.  
Pakistan is on the horn of a dilemma and is stuck in a catch-22 situation. Despite its efforts to fully comply with the conditions laid down by FATF and huge diplomatic commitments, the global anti-money laundering watchdog keeps up pressure on Islamabad. Other countries get clearance after fulfilling 80 percent compliance. However, Pakistan has been pressurised for 100 percent compliance with the action plan. Despite Islamabad’s commitment to comply, perceptual enigmas prevail at times. For instance, as Pakistan’s Prime Minister Imran Khan was on a visit to Russia, the US Federal Reserve Board announced a $20.4 million penalty against the National Bank of Pakistan.  
It is important to note that Islamabad has made great strides in implementing FATF’s 2021 action plan by addressing four out of the seven new items. The country continues to remain on the grey list despite having sacrificed around 80,000 lives and suffering the economic loss of $150 billion after joining the US-led War on Terror. All of this raises serious questions on the integrity of the watchdog. It shows that organisations like the FATF operate at the whims of world powers.  
Pakistan should ‘do more’ is the mantra of international financial regulator. One gets astounded by knowing that in 2016, the EU-mandated Conflict Armament Research’s report regarding weapon-specific issues in conflict areas stated that seven Indian companies along with others were found incorporating components used by the Islamic State (IS) to fabricate improvised explosive devices (IEDs). More importantly, the report noted that ‘seven Indian companies manufactured most of the detonators, detonating cord, and safety fuses documented by Conflict Armament Research (CAR) field investigation teams. Under Indian laws, the transfer of this material requires a license.” Regardless, the world’s powerful states have ignored these Indian follies along with many other incidents, which include the unearthing of a nuclear smuggling racket in India.  
India has been struggling hard to shape international opinion and using every possible means to discredit its adversaries, especially Pakistan since its inception. This was debunked recently by the EU Disinfo Lab. In December 2020, it made revelations in its report on the “widespread Indian network of subversive activities” vindicated Pakistan’s position and exposed its detractors. The report tracked these operations back to a Delhi-based holding company, the Srivastava Group (SG). EU Disinfo Lab, an independent EU-focused NGO which monitors disinformation online, revealed in the report ‘India Chronicles’ that there is an entire network of coordinated UN-accredited NGOs that supported and propagate Indian interests and criticise Pakistan in the Geneva and other multilateral forums. “It is the largest network we have exposed,” said Alexandre Alaphilippe, Executive Director of EU DisinfoLab, which undertook the investigation and published an extensive report. Such disinformation campaigns by India do not only undermine Pakistan’s image, but on a broader term, lampoon the world community, international organisations and state systems.  
In the backdrop of all this, battling misinformation remains the biggest challenge for Pakistan. It ranges to a number of issues but the most important issue lies with the case of FATF. It is an open secret that India wanted to place Pakistan on the FATF’s ‘black-list’, however, it has failed miserably. Since India joined FATF in 2011, it has been pushing hard to black-list Pakistan through fake evidences as Pakistan’s addition to the grey list has plenty to do with the geopolitics in South Asia and Asia-Pacific Region. Pakistan’s FATF woes are far more political than financial in nature. The Indian Foreign Minister’s confessional statement vindicates Pakistan’s firm stance that FATF is being influenced politically and has fallen for the negative propaganda by India against Pakistan. The Indian Foreign Minister’s statement also proves the discrimination of FATF.  
Islamabad has come a long way in the past ten years: militancy has reduced, the economy has grown, and international companies are investing in the country. Pakistan has rationalised its laws to curb terrorist financing, forced banks to better implement KYC (Know Your Customer) protocols etc. There remains no doubt that FATF has become a political tool for world powers to further India’s strategic needs especially pushing Pakistan to the wall with a sinister agenda. It is so, because of two reasons. Firstly, India is seen as the major player by the U.S. in the Asia-Pacific and South China Sea and as a counterweight to China. Secondly, India provides a market for the Western Military Industrial Complex. This is evident from India being blessed with 16 nuclear deals. Many scholars state that these deals will help India divert nuclear fuel from its unsafeguarded civil nuclear reactors towards weapons development. Islamabad being placed in the grey list has much to do with how international lenders, as well as major powers desired long for an agenda that is beyond the scope and limits of FATF. Islamabad will have to engage pro-actively with the global community to get off of the grey list. Alongside, the politicisation of FATF must stop.