Pakistan and FATF

Why in News?

The Financial Action Task Force (FATF) at its plenary held in Paris decided to keep Pakistan on its "greylist" to monitor its record against terror financing.

What is FATF?

- Headquartered in Paris, it was set up in 1989 by the G7 countries.
- **Objective** - FATF acts as an 'international watchdog' on issues of money-laundering and financing of terrorism.
- It is empowered to curtail financing of UN-designated terrorist groups.
- It is to limit the concerned countries from sourcing financial flows internationally and thereby constraining them economically.
- **Members** - FATF has 39 members which comprise 37 member jurisdictions and 2 regional organisations, representing most major financial centres in all parts of the globe.
- India became a full member in 2010.

What is the story behind?

- In a plenary meeting held in 2018, the FATF had determined that Pakistan was to be placed on the "grey list".
- FATF also presented Pakistan with a **27-point list of actions**.
- These included freezing the funds of UN Security Council entities such as 26/11 mastermind Hafiz Saeed and designated groups such as Taliban.
- The actions also entailed a sustained effort to bring legal action against these groups.
- It called for changes to Pakistani law in line with global standards for measures against money laundering and financing terrorism.
- It also calls on Pakistan to begin prosecutions against terrorists and sanction entities that are flouting the UNSC's rules for designated terror organisations.

What does the recent decision mean?

- The FATF decided to keep Pakistan on its "greylist" at its Paris plenary.
- Pakistan government has yet to complete the 27-point action plan.
- But, according to the FATF, Pakistan has made some progress and has

cleared about 14 points.
- So, it has decided to extend Pakistan's September 2019 deadline until June 2020.
- Pakistan must comply with all 27-action points in the next four months or face financial strictures by being placed on the "blacklist".
- The FATF's Chairman said that there is a danger that Pakistan has not sustained punitive action against many designated terrorists and entities, will feel immunity from the process.

Can Pakistan slip through the new deadline?

- If Pakistan is able to ensure that **China, Turkey and Malaysia veto** any move to blacklist it, it can slip through the deadlines.
- These three countries have already pledged their support.
- Pakistan also appears to have benefited from playing a role in **U.S.-Taliban talks.**
- The U.S. and its allies are not enforcing the deadline to complete the action plan as before.
- A command performance of the Pakistani court is its conviction of LeT chief Hafiz Saeed on terror financing charges just before the Paris meet.
- Pakistan has submitted to the FATF that it cannot trace Masood Azhar, the leader of the terrorist organisation Jaish-e-Mohammed.

What could be done?

- Pakistan's submission about Masood Azhar must be scrutinised further by the FATF.
- During U.S. President's India visit, it is necessary that India raise the need to continue to hold Pakistan to account on terror.

Source: The Hindu

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