

## FATF and Pakistan

### Why in news?

The Financial Action Task Force has decided to retain Pakistan on its greylist.

### What is FATF?

- Headquartered in Paris, the Financial Action Task Force (FATF) 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.
- India became a full member in 2010.

### What does the FATF's decision mean?

- The decision of the FATF has disappointed the Imran Khan government.
- His cabinet had projected confidence that the country would be taken off the greylist.
- For this, Pakistan government had monitored jurisdictions on terror financing and money laundering activities.
- It had cleared on 21 of the 27 mandated action points.

### What will be the implications of this decision?

- Pakistan will face international strictures on its markets and on its ability to procure loans until the next FATF plenary in February 2021.
- By this time, Pakistan is expected to complete the six pending issues.
- A bigger problem for Pakistan was that Turkey was the only other country in the FATF to push for Pakistan to be let off.
- It suggested that the last six points be cleared by an "on-site" visit by an FATF team.
- The proposal was dropped when even other traditional backers of Pakistan such as China, Saudi Arabia and Malaysia did not support it.

## **What options does Pakistan have?**

- It has little option but to complete its tasks in the next four months.
- The tasks that it needs to complete include:
  1. More action against UNSC-banned terrorists and terror groups,
  2. Action against charitable organisations (Non-Profits) linked to these banned entities,
  3. Tracing fugitive terrorists and pursuing convictions against them,
  4. Revising the list of banned entities under the Anti-Terrorism Act to reflect all those banned by the UNSC, and
  5. Cracking down on other channels of terror financing through narcotics and smuggling.

## **What is there for India in this?**

- For those in India watching the outcome of the FATF decision, there are some broader dividends to consider from this process.
- To begin with, Pakistan's deadline for action ended in September 2019.
- But, the FATF has retained Pakistan on the greylist for the third time this year and was not automatically downgraded it to the blacklist.
- This has ensured that the pressure has continued to make Pakistan accountable on terror.
- The Khan government has been forced to make a real legislative push to bring Pakistani anti-terror laws in line with international standards.
- At least for now, it will ensure sufficient pressure on groups such as the LeT that target India, to refrain from publicly raising funds.

## **What is crucial?**

- Pakistan's support to the U.S.-led Afghan process and talks with the Taliban are crucial to the peace process.
- FATF process has made Pakistan more amenable to help Afghanistan.
- It remains to be seen if the actions it takes will permanently change Pakistan's course in supporting cross-border terror groups.

## **What does India want?**

- India's goal is for Pakistan to fully dismantle the infrastructure of terror in the understanding that it is in Pakistan's own interests to do so.
- It is hoped that the prolonged FATF process will enable this realisation in Islamabad.

**Source: The Hindu**

