

## 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**