

PRESS RELEASE

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Fukuoka

The G-7 Finance Ministers discussed the recent report of the Financial Action Task Force (FATF), which published its review of the rules and practices of 29 countries and territories and identified 15 jurisdictions as non-cooperative and as having failed to take adequate measures to combat international money laundering. They join other FATF members in announcing the issuance of advisories to their domestic financial institutions informing them of the FATF action and calling on these financial institutions to apply enhanced scrutiny with regard to transactions involving the identified jurisdictions. This coordinated, multilateral response to international money laundering is a landmark step that reflects a new international commitment to curb financial abuse around the world.

Just as the globalization of the economy has offered unprecedented opportunities for legitimate business and finance, so has it facilitated the ability of international money launderers to provide the financial underpinnings for terrorists, narcotics traffickers, organized criminals, and corrupt foreign officials. The advisories are intended to notify their domestic financial institutions of money laundering risks that they face in the identified jurisdictions, and to protect their financial systems from the corrupting influence of money laundering.

The G-7 Finance ministers noted the importance of maintaining an ongoing dialogue with and, where appropriate, providing technical assistance to help the identified countries and territories take concrete steps to bring their counter-money laundering regimes into compliance with international standards. When this occurs, each G-7 country will, as appropriate, revise or rescind outstanding advisories. However, in due course, with regard to jurisdictions that fail to fully join the international fight against money laundering, the Ministers will also begin to consider additional countermeasures, including the possibility to condition or restrict financial transactions with those jurisdictions and to condition or restrict support from international financial institutions to them.

Taken together with recent actions by the Financial Stability Forum (categorizing offshore financial centers according to their perceived quality of supervision and degree of regulatory cooperation) and the OECD (addressing harmful tax competition), FATF's action reflects a new international commitment to curb financial abuse around the world. These measures are crucial steps in the effort to ensure that global mobility of capital remains a strong positive force for economic growth and prosperity worldwide.