

APG POLICY STATEMENT OBSERVERS



**Asia/Pacific Group
on Money Laundering**

2015

Asia/Pacific Group on Money Laundering
October 2015

**APG Policy Statement - Observers
2015**

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on Money Laundering

APG POLICY STATEMENT OBSERVERS

Purpose

1. This document sets out the APG's policy on observer jurisdictions and observer organisations and includes a recent decision by the APG membership in July 2015 on member/observer outreach.

Background

2. Pursuant to article 5.5 of the APG Terms of Reference 2012, observers are:
 - jurisdictions which are considering membership in the APG;
 - organisations which support the objectives of the APG; and
 - any other jurisdiction or organisation invited by the Co-Chairs for specific activities.

Jurisdictions

3. Since its establishment in 1997, APG policy has been to conduct outreach to non-member jurisdictions within the Asia-Pacific region to encourage them to join the global network, first as observers then as full participating members in order to be evaluated under the FATF's assessment methodology. The policy has been successful and has seen the APG grow from its original 13 founding members in 1997 to 41 members as at July 2015.
4. The APG also has eight observer jurisdictions¹ some of which are eligible for membership, while others are observers in a supporting role. Those in a supporting role are ones without an Asia-Pacific presence or jurisdictions that were already members of the FATF, an FSRB (or both) but maintain an interest in the work of the APG and/or participate in the APG's technical assistance programme as a donor or provider.
5. Prior to the changes agreed by the membership in July 2015, once a jurisdiction became an observer it was encouraged to participate in APG activities over a five-year period with a view to becoming a full member within that time period. Failure to participate to the satisfaction of the APG membership within that period may have resulted in termination of observer status. In one case, termination of observer status occurred.
6. As at July 2015, most jurisdictions in the Asia-Pacific region were either APG members or observers. Few Pacific jurisdictions were non-participating jurisdictions (e.g. Commonwealth of Northern Mariana Islands, American Samoa, Guam) and of the Pacific jurisdictions that were observers but not members, most being low capacity countries (Federated States of Micronesia, Kiribati, Tuvalu) with difficulty attending APG events without sponsorship funding. One large Pacific jurisdiction is a dependency of an FATF member and is exempt from observer outreach.²

¹ DPRK, Kiribati, Federated States of Micronesia, Tuvalu, United Kingdom, France, Germany and the Russian Federation.

² French Polynesia is a dependency of France (a FATF member). The APG has not undertaken outreach to this jurisdiction on the basis of APG Terms of Reference 2012, article 5.3.1(iii) which provides that where a jurisdiction is a dependency/territory of an FATF/FSRB member which applies its AML/CFT laws to the dependency/territory, it does not need to apply for status in the APG. France includes French Polynesia when being evaluated by the FATF.

Organisations

7. The APG currently has 27 observer organisations including the FATF and all FATF associate member FSRBs. Some of the other observer organisations are assessor bodies and many have technical assistance programmes that are of direct benefit to the APG, including the IMF, World, ADB, Commonwealth Secretariat, UNODC, CTED and others.
8. The APG has also reached out to organisations to encourage them to become observers as well (most recently to Pacific Islands Chiefs of Police and Pacific Islands Law Officers' Network) in order to leverage their expertise for a variety of purposes, including technical assistance.

ICRG and Global Network Outreach Policy

9. Since 2008, the FATF's International Cooperation Review Group (ICRG) has had, as one of its referral criteria, a rule that if a jurisdiction is not a member of the FATF or an FSRB it may be referred to the ICRG for review.
10. In consultation with FATF associate members, in 2014 the FATF adopted a strategy for reaching out to non-participating jurisdictions to encourage engagement with the global AML/CFT network and foster increased acceptance of, and compliance with, the FATF recommendations. FSRBs have the lead in relation to jurisdictions that are not yet covered by the global network, without requiring FSRBs to adopt a written membership policy. This allows the global network to remain ambitious, yet pragmatic, in relation to the desire to cover all jurisdictions and territories by the global network.³
11. Recognising that there is no expectation that all jurisdictions and territories join an FSRB, either as an observer or as a member within a fixed period of time, the FATF strategy also encourages FSRBs to have an understanding of the possible risks in non-participating jurisdictions so as to be better informed of the environment within their region.

APG Observer Outreach Policy 2015

Jurisdictions

12. At the 2015 annual meeting, APG members reviewed the observer policy which included outreach to non-member and non-observer jurisdictions in the Asia-Pacific region and the 'five year rule' referred to in paragraph 5 above.
13. Recognising the capacity constraints of Pacific jurisdictions to fully participate in APG activities, but also recognising the benefits of remaining as observers indefinitely even though they may not have the resources to become full members, the APG decided that with respect to current observers:
 - no further pressure will be exerted on those jurisdictions to join the APG as full members although joining as members is encouraged;
 - observers will continue to have access to APG information available on the secure APG website, including receiving updates on AML/CFT developments, and are encouraged to engage on money laundering and terrorist financing issues of concern and emerging issues that affect those jurisdictions;

³ Report of the GNCG Co-Chairs FATF/PLEN/RD(2014)10 - October 2014.

- the APG secretariat will work with observer jurisdictions to better understand the money laundering and terrorist financing risks they face and to report those risks, if any, to the membership.

Organisations

14. The APG will continue to encourage international and regional organisations not currently observers to become observer organisations.

Issued by:

APG Co-Chairs
(with approval of the Steering Group)

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