



**Asia / Pacific Group
on Money Laundering**

Annual Report 2000 - 2001

November 2001

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1. Foreword by the Co-Chairs of the APG

We have pleasure in presenting the Asia/Pacific Group on Money Laundering's annual report for the year ending 30 June 2001. This is the second annual report published by the APG.

This has been a year of consolidation, growth and real progress for the APG. We stated in our Foreword to the APG's *First Annual Report 1999 – 2000*, 'there are many challenges ahead for the APG as we have only really begun our journey towards greater international co-operation and co-ordination' in the fight against money laundering. While there still remains a long way to go, in 2000–01 the APG has taken some significant steps towards its mission to 'provide a co-operative regional solution to the global problem of money laundering'. Some of our achievements include:

- a further expansion of APG membership, to 22, with the addition of the Cook Islands, Macau, China and Niue;
- the completion of four comprehensive mutual evaluations of jurisdictions in the region (Samoa, Chinese Taipei, Labuan and Macau, China);
- a significant expansion of the APG's work in the area of technical assistance and training (a high priority in the region);
- successful conduct of the APG's 2001 Annual Meeting in Kuala Lumpur, Malaysia. The meeting was the largest ever held, with agreement reached on a range of issues, including an increased APG budget, revised Co-Chair arrangements, the adoption of four mutual evaluation reports and much discussion of technical assistance and training priorities for the next few years. The meeting's outcomes are described in chapter 3 of this report.

We would like to thank all the APG members and their dedicated officials for their efforts and support, without which these achievements would not have been possible. We would also like to encourage them to further enhance the effectiveness of the APG through continuing active participation in our joint efforts.

This year, in order to provide a more 'outcome-focussed' report, we have where possible reported on our activities under each of the Goals contained in the APG's *Strategic Plan 1999 – 2001*. These goals are described in chapter 2 of this report.

In conclusion, we wish to thank all those people and organisations who have continued to support the work of the APG. Co-operation remains the bedrock of our work. Without the willing co-operation and assistance of a wide range of people throughout the region and the world, it would not have been possible to make the progress we have made this year.

Gary Crooke QC
Co-chair
Australia



Dato' Huang Sin Cheng
Co-chair
Malaysia



2. Overview of the APG

Background

The APG was officially established as an autonomous regional anti-money laundering body in February 1997 at the Fourth (and last) Asia/Pacific Money Laundering Symposium in Bangkok, Thailand¹. This was the culmination of a process of 'awareness raising' in the Asia/Pacific region initiated by Financial Action Task Force on Money Laundering (FATF) in 1993 as part of its global strategy.

Purpose

The purpose of the APG is to facilitate the adoption, implementation and enforcement of internationally accepted anti-money laundering standards as set out in the Forty Recommendations of the FATF². This includes assisting jurisdictions in the region to enact laws dealing with the proceeds of crime, mutual legal assistance, confiscation, forfeiture and extradition. It also includes the provision of guidance in setting up systems for reporting and investigating suspicious transactions and helping in the establishment of financial intelligence units. The APG allows for regional factors to be taken into account in the implementation of anti-money laundering measures and provides for peer review by means of a mutual evaluation process.

Membership

Membership of the APG has expanded to a total of 22 members as at 30 June 2001. Membership currently comprises Australia; Bangladesh; Chinese Taipei; Cook Islands; Fiji Islands; Hong Kong, China; India; Japan; Macau, China; Malaysia; New Zealand; Niue; Pakistan; Republic of Indonesia; Republic of Korea; Republic of the Philippines; Samoa; Singapore; Sri Lanka; Thailand; United States of America and Vanuatu. There are also eight observer jurisdictions³ and 13 observer international and regional organisations⁴.

Membership of the APG is open to any jurisdiction within the Asia/Pacific region which:

- recognises the need for action to combat money laundering;
- recognises the benefits obtained through sharing knowledge and experience; and
- has taken or is considering taking steps to develop, pass and implement anti-money laundering legislation and other measures based on accepted international standards.

The membership requirements are spelt out in the APG Terms of Reference (a copy of which is at Annex A). It is not a precondition for participation in the APG that anti-money laundering laws be already enacted.

¹ This symposium was organised by the FATF Asia Secretariat, in co-operation with the Commonwealth Secretariat and other international bodies, with the aim of getting regional commitment and establishing a regional group with practical objectives.

² A copy of the APG Terms of Reference is at Annex A. A copy of the FATF's Forty Recommendations is at Annex B.

³ Brunei Darussalam; Canada; France; Nepal; Republic of the Marshall Islands; Republic of Nauru; Union of Myanmar; Vietnam.

⁴ ASEAN Secretariat; Asian Development Bank; Commonwealth Secretariat; Egmont Group of Financial Intelligence Units of the World; Financial Action Task Force on Money Laundering Secretariat; International Development Law Institute; International Monetary Fund; Interpol; Offshore Group of Banking Supervisors; Pacific Islands Forum Secretariat; United Nations Office of Drug Control and Crime Prevention; The World Bank; World Customs Organisation.

Mission Statement and Strategic Plan

Agreeing that co-operation was a vital part of the APG's work and purpose, at the APG's third Annual Meeting in June 2000, members adopted the following mission statement and goals as part of the APG's Strategic Plan:

Mission Statement

The APG's mission is to ***provide a co-operative regional solution to the global problem of money laundering.***

The **goals** of the APG are to achieve:

1. A better understanding of the nature, extent and impact of money laundering in the region;
2. Agreement on comprehensive measures to address the problem of money laundering;
3. Comprehensive anti-money laundering measures implemented across the region to an APG-endorsed standard; and
4. A systematic and periodic review of measures, standards and levels of implementation.

As noted in the Co-Chairs' Foreword, this annual report is structured around these four goals from the Strategic Plan.

Planning issues were discussed at the APG's Fourth Annual Meeting in May 2001, at which members:

- considered a paper on planning issues tabled by the APG Secretariat. The paper stated that while the APG Secretariat believed that most of the basic directions provided by the Strategic Plan 1999 – 2001 remain sound, there had been some significant developments in the past two years which had had an impact on the APG's strategic directions. These included the FATF's 'Non-Co-operative Countries and Territories' (NCCT) process, the FATF's current review of the Forty Recommendations, and the successful development by the APG of significant partnerships to deliver technical assistance and training in the region. In addition, the paper argued that the practical experience of recent years had given the APG a much better idea of what is achievable and realistic in countering money laundering in the Asia/Pacific;
- noted an outline of progress made against the Strategic Plan 1999 – 2001 and that much has been achieved during the past two years;
- agreed that a new Strategic Plan for the period July 2001 – June 2004 be developed by 31 October 2001;
- adopted the proposed format for an APG Business Plan for July 2001 – June 2002 and agreed the Business Plan be developed by the APG Secretariat for approval by 31 October 2001.

Co-Chairs

The APG Co-Chairs remained unchanged in 2000 – 01. They are:

Gary Crooke QC

Gary Crooke QC has been APG Co-Chair since 1999. Mr Crooke is the Chairman of the National Crime Authority, an Australian law enforcement agency established to combat complex, national organised crime. His appointment to this role follows a distinguished legal career spanning 33 years. In 1982 he was appointed a Queen's Counsel and in 1993 he was made a life member of the Bar Association of Queensland. He has acted as senior counsel assisting both the high-profile Fitzgerald Inquiry and the Wood Royal Commission into the New South Wales Police Service. Mr Crooke has also held the role of President of the Australian Bar Association and as Vice President of the Law Council of Australia.

Dato' Huang Sin Cheng

Dato' Huang Sin Cheng was appointed APG Co-Chair in June 2000. He has been the Deputy Governor of Bank Negara Malaysia (Central Bank of Malaysia) since May 2000. He joined Bank Negara Malaysia as an Administrative Officer in 1967 and has served the Bank for 33 years, including secondment as Chief Executive Officer of the Malaysian national mortgage corporation, Cagamas Berhad, for more than seven years. His long service with the Bank has enabled him to acquire expertise in many areas of central banking and financial operations.

Change to Co-Chair arrangements

At the APG's Fourth Annual Meeting, members agreed to a change to the APG's Terms of Reference regarding Co-Chair arrangements, agreeing to a proposal that:

- during the APG's formative years – defined as the current phase of the APG's development – Australia, as one of the Co-Chairs, will host the annual meeting in alternate years; and
- the other Co-Chair position be rotated every two years.

Previously, the Terms of Reference made no specific reference to arrangements regarding hosting of the Annual Meeting. This arrangement is expected to add continuity to the development of the group.

New Members

This year has witnessed a further expansion in the APG's membership. The Cook Islands, Macau, China and Niue were warmly welcomed as new members at the APG's Fourth Annual Meeting held in Kuala Lumpur, Malaysia in May 2001, bringing the membership to 22 jurisdictions.

At the Fourth Annual Meeting, members also considered an 'Explanatory Note on Membership' that the APG Secretariat had been asked to prepare the previous year at the Third Annual Meeting. Members adopted the Explanatory Note on Membership the purpose of which is to explain in greater detail several of the membership requirements contained in the APG Terms of Reference. Members also agreed to adopt procedures allowing for the admission of new members between annual meetings.

The primary rationale for the proposal to admit new members between meetings was that, unlike the FATF and some of the other regional anti-money laundering bodies, the APG meets in plenary only once a year. This means that a jurisdiction applying to join the APG between Annual Meetings would have to wait up to a year before its application could be approved. This could be to the detriment of both the jurisdiction and the APG, in that the jurisdiction would not have full access to the APG's work program and benefits, and the APG would have to wait before expanding its coverage in the region.

3. APG Annual Meeting 2001

Because of its significance to the APG's work program each year, this chapter reports on the general outcomes of the APG's annual meeting in some detail. Further information concerning particular subjects discussed at the annual meeting can be found in other chapters of this report.

The APG's Fourth Annual Meeting was the largest held to date and was very successful in terms of both its conduct and outcomes.

Representatives of thirty-eight jurisdictions and thirteen international and regional organisations and bodies attended the meeting, which was held in Kuala Lumpur, Malaysia from 22 to 24 May 2001.

The welcome address was made by The Honourable Tan Sri Dato' Dr. Zeti Akhtar Aziz, Governor, Bank Negara Malaysia. Dr Zeti noted that the meeting was designed to support members and observer jurisdictions in their efforts to prevent and deter money laundering and to provide an opportunity to discuss the practical issues associated with the implementation of anti-money laundering measures while taking into account each member's own particular economic, social and political characteristics. Dr Zeti also outlined Malaysia's anti-money laundering system, the banking system and initiatives taken by Bank Negara Malaysia to combat money laundering. Dr Zeti also highlighted the efforts of the National Co-ordination Committee to Counter Money Laundering in developing national policies and measures to counter money laundering.

The APG was honoured to have the Keynote Address given by The Honourable Y B Tun Daim Zainuddin, Finance Minister of Malaysia. In his speech, the Minister outlined the negative economic and other impacts of money laundering. He also emphasised the importance of the provision of ongoing technical assistance and training to facilitate compliance with the international anti-money laundering standards. The Minister then outlined Malaysia's response to the threat of money laundering, including its membership of the APG and the passage of Malaysia's Anti-Money Laundering Act 2001. The Minister concluded by stating that Malaysia was honoured to be a member of the APG and took pride in hosting and co-chairing the Annual Meeting.



The Honourable Y B Tun Daim Zainuddin, Finance Minister of Malaysia, gives the Keynote Address to the APG's 2001 Annual Meeting

The President of the Financial Action Task Force (FATF), Mr. José-María Roldán Alegre, addressed the meeting and highlighted current FATF initiatives designed to support the creation of effective anti-money laundering systems. He outlined the FATF's Non Co-operative Countries and Territories (NCCT) process, including:

- monitoring of progress made by jurisdictions previously listed as 'non co-operative' by the FATF;
- FATF members' willingness to provide technical assistance to jurisdictions identified as non co-operative; and
- the unintentional effect of the NCCT process in undermining the relationship between the FATF and the regional anti-money laundering bodies and how this might be addressed.

Mr Roldán also outlined the review of the Forty Recommendations currently being undertaken by the FATF.

As noted previously in this report, the Cook Islands, Macau, China and Niue were admitted as members of the APG at the meeting, bringing the APG's total membership to 22.



The Honourable Tan Sri Dato' Dr. Zeti Akhtar Aziz, Governor, Bank Negara Malaysia; APG Co-Chair Dato' Huang Sin Cheng; Head of APG Secretariat Rick McDonnell; APG Co-Chair Gary Crooke QC; and then President of the FATF, Mr. José-María Roldán Alegre at the APG Annual Meeting

Global Anti-Money Laundering Initiatives and the Regional Response

The meeting heard short reports from all international and regional organisations and bodies in attendance about the work they were doing to encourage and assist jurisdictions in their anti-money laundering efforts.

The meeting also received a report from the APG Secretariat on the APG Self Assessment Exercise 2001, the two basic purposes of which are:

- (i) to provide the APG with an overview of the anti-money laundering situation in the region, and
- (ii) to help the APG to assess the technical assistance and training needs of APG members.

Preliminary analysis of the responses indicated a number of members have made significant progress in implementing the Forty Recommendations since the APG conducted its last self-assessment exercise in 1998-99.

The meeting considered a document prepared by the APG Secretariat entitled “Draft outline of anti-money laundering laws passed or under consideration in the Asia/Pacific Region”, providing an update on the progress of anti-money laundering laws across the region. The outline collates information provided by jurisdictions about anti-money laundering legislation passed or under consideration. Members also made short oral reports to the meeting about the progress they had made in implementing anti-money laundering measures.

The Economic Implications of Money Laundering

Participants were given a special presentation by Mr Brent Bartlett, consultant to the Asian Development Bank, on the economic implications of money laundering. Mr Bartlett explained that the primary purposes of his research were:

- (i) to focus on the economic effects of money laundering in developing countries, and
- (ii) to ensure policy recommendations to counter money laundering are designed to benefit economies of countries adopting such measures.

Mr Bartlett outlined the sequence of economic effects of money laundering, the ultimate result of which could be macro-economic instability and a reduction in sustainable growth. Mr Bartlett stated that policies to counter money laundering have many of the same longer-term economic benefits as sound prudential and corporate governance policies.

A full report of this study will be presented to the next APG Annual Meeting.

Structure and Operation of the APG

APG members considered and/or made decisions on various issues including:

- the APG’s First Annual Report 1999 – 2000 and a timetable for preparation of future APG annual reports;
- APG Co-Chair arrangements (see page 3 of this report for further information);
- an Explanatory Note on Membership and admission of new members between annual meetings (see page 3 of this report for further information);
- APG Budget (see page 24 of this report for further information);
- revised APG Strategic Plan and Business Plan (see page 2 of this report for further information);
- update of APG Member and Observer Jurisdictions and Organisations Contact Points Lists.

APG Mutual Evaluations

Members noted and/or adopted the following papers and issues:

- a report by APG Secretariat on the conduct of Mutual Evaluations;
- a report on the Bangkok Training Workshop for Mutual Evaluators held in March 2001;
- APG Mutual Evaluation Procedures;
- update on response to the Mutual Evaluation Report on Vanuatu;

- Draft Mutual Evaluation Reports on Samoa, Chinese Taipei, Labuan International Offshore Financial Centre (Malaysia) and Macau, China;
- a schedule of future mutual evaluations.

Further details concerning APG mutual evaluations conducted in 2000 – 2001 can be found in chapter 6 and Annex D of this annual report.

Examining Money Laundering Methods and Counter-Measures

Members agreed on the need for continuing research into money laundering methods and trends and noted the next APG typologies workshop would be held in Singapore on 17 and 18 October 2001.

The meeting also received reports on the current status of the APG Typologies Working Group on Alternative Remittance and Underground Banking Systems (AR/UBS) including that a report on this subject will be presented to the meeting of the APG Typologies Working Group in Singapore in October 2001. The Working Group is further discussed in chapter 4.

International and Regional Co-operation

Members considered a paper tabled by the APG Secretariat which highlighted examples of significant co-operation during the previous 12 months. Members expressed strong support for continued co-operation and endorsed the general direction proposed in the paper that, rather than being considered a separate strategy to be developed and reported on, APG members acknowledge international and regional co-operation is an essential value underpinning the entire APG work program.

Members also decided to form a Working Group to examine ways to improve the formal and informal methods that can be used to enhance information sharing and mutual legal assistance and to examine other measures (such as analysis of suspicious transaction reports data) and their use on a regional basis.

Technical Assistance and Training

Technical assistance and training was a major focus of the meeting. Members:

- considered a report prepared by the APG Secretariat, noting the progress made during the past 12 months and proposed future steps and endorsing the recommendations outlined in the report;
- heard an oral report from Ms Elizabeth Joyce of the UN Office for Drug Control & Crime Prevention (ODCCP), the Chair of the International and Regional Organisations meeting which had been held the previous day. Ms Joyce reported that the meeting had emphasised the need for increased co-ordination and co-operation between international and regional organisations and the APG, and the use of joint projects as a concrete and practical manifestation of the commitment to improved co-ordination;
- received an oral presentation from Mr Motoo Noguchi, Counsel, Office of the General Counsel, Asian Development Bank on the Technical Assistance project for countering money laundering the ADB is funding in conjunction with the APG commencing in June 2001;

- received an oral presentation from Mr Richard Gordon, Senior Counsel, Legal Department, International Monetary Fund in which he outlined the background to the IMF's provision of technical assistance generally and its work in combating money laundering and noted the IMF's work in supporting the establishment of Financial Investigation Units in the Pacific, working in co-operation with the APG and the Pacific Islands Forum;
- heard an oral presentation by Police Colonel Peeraphan Prempooti, Deputy Secretary General, Anti-Money Laundering Office, Thailand in which he outlined the background to the ASEM's (Asia Europe Meeting) anti-money laundering strategy and noted the Thai and United Kingdom Governments were sponsoring the project which would begin in July 2001 with a meeting of participating countries in Bangkok;
- heard an oral report from Mr Paul Der Garabedian, Senior Policy Adviser, US Department of the Treasury on the meeting of the APEC Working Group on Financial Crime and Money Laundering held the previous day. Members heard that the report being prepared by the Working Group would include an assessment of the technical assistance and training needs of APEC member countries in the legal, financial and regulatory, and law enforcement areas. This report will be submitted to the APEC Finance Ministers meeting in September 2001; and
- discussed the need to avoid duplication and to ensure technical assistance and training efforts are both complementary and designed to meet members' identified needs. Members asked the APG Secretariat - as part of the calendar of major events to be prepared – to list all relevant technical assistance and training projects and ensure regular liaison between the Secretariat and project managers to support co-ordination of effort.

Further details on technical assistance and training issues can be found in chapter 5 of this annual report.

Report on Work Conducted in Pacific Island Countries

Mr Shaun Evans, Law Enforcement Liaison Officer, Pacific Islands Forum Secretariat and Rick McDonnell, Head of the APG Secretariat, reported on the major relevant criminal activities in the Pacific region. Members noted the steps taken in the region to address these activities, including establishment of domestic Financial Intelligence Units (FIUs) and preparation of a feasibility study on establishing a regional FIU.

Members also heard from Mr Richard Gordon of the IMF regarding the IMF's support for establishment of FIUs in the region, including the establishment of a Co-ordinating Office for the participating countries Anti-Money Laundering Initiative (COAMLI) to oversee implementation of the project with the support of a technical expert, financed by the IMF, and short-term consultants.

Conclusion

The meeting concluded with the Co-Chairs summarising the achievements, major issues and agreed action from the meeting, including that goodwill and co-operation within the APG is growing every year. Members expressed their gratitude to Malaysia for hosting the meeting, the arrangements for which had been of the highest quality.

4. A better understanding of the nature, extent and impact of money laundering in the region

This chapter of the annual report outlines progress made in achieving Goal 1 of the APG's Strategic Plan, which is to achieve *a better understanding of the nature, extent and impact of money laundering in the region*.

There are a number of ways in which the APG seeks to achieve this goal, including through:

- conducting an annual Typologies Workshop in which members are required to report on trends and methods of money laundering in their jurisdiction;
- as appropriate, establishing Working Groups to examine and report on aspects of money laundering; and
- exchanging information with other relevant anti-money laundering bodies and disseminating such information to APG members.

Typologies Workshop

No typologies workshop was held during the year in review.

The APG's Third Typologies Workshop was held in Bangkok, Thailand in March 2000 and its outcomes reported on in last year's annual report. Due to the APG's very busy work program in the first half of 2001, it was decided that, rather than being held in March 2001, the next APG typologies workshop would be held in Singapore in October 2001 and annually thereafter.

Working Group on Alternative Remittance and Underground Banking Systems

Background

The APG Typologies Working Group on Alternative Remittance and Underground Banking Systems (AR/UBS) was established at the Second APG workshop on money laundering typologies, held in Tokyo, Japan in March 1999. The Working Group was established to undertake 'a co-ordinated and intensive examination of money laundering through underground banking and alternative remittance systems'.

The first project of the Working Group concerned the collection of case studies on alternative remittance and underground banking systems from each of the participating jurisdictions, to enhance law enforcement knowledge of such systems. These case studies formed the basis of the Preliminary Report of the Working Group, which was presented to the Third APG Typologies Workshop, held in Bangkok, Thailand in March 2000. The report was also presented to the Third Annual Meeting of the APG held in Sydney, Australia in June 2000.

The work and preliminary findings contained in the Preliminary Report were positively received. It was agreed to continue to collect AR/UBS case studies, and to develop practical responses to the issues identified.

Working Group Membership

Sixteen jurisdictions are participating in the Working Group, namely: Australia; Canada; Chinese Taipei; Hong Kong, China; India; Indonesia; Japan; Kingdom of Cambodia; New Zealand; Pakistan; Republic of Korea; Thailand; the United States of America and Vietnam. Three international organisations (the Commonwealth Secretariat, Interpol and the World Customs Organisation) also belong to the Working Group.

The Working Group is currently co-chaired by Japan and Australia.

Future Work

In April 2001, the Working Group co-chairs wrote to members of the Group, proposing that the current phase of project be finalised by October 2001. The following work was proposed:

- case studies on the use of AR/UBS continue to be submitted, to ensure a comprehensive understanding of the issues involved;
- each jurisdiction to submit a report, addressing the following key issues:
 - Is there any regulation of AR/UBS in the member's jurisdiction?
 - If so, what form does this regulation take, and is it successful?
 - If AR/UBS is not regulated, would some form of control be beneficial? What types of regulation would be most suitable?
 - What strategies would be effective to identify money laundering occurring through AR/UBS, and to identify, investigate and prosecute offenders?

Members of the Working Group have been asked to submit reports addressing these issues on behalf of their jurisdictions by 30 June 2001.

A Final Report on AR/UBS will be presented to the October 2001 meeting of the APG Typologies Working Group (to be convened in Singapore).

Exchange of information with anti-money laundering bodies

The APG has established sound working relationships with the FATF and all regional anti-money laundering bodies. The APG Co-chairs and Secretariat have reciprocal rights of attendance at FATF meetings and APG representatives may attend FATF typologies workshops.

The APG also exchanges information with the FATF and other regional anti-money laundering bodies concerning money laundering methods and countermeasures including the development of new anti-money laundering recommendations.

5. Agreement on and implementation of comprehensive measures to address the problem of money laundering

This chapter reports on progress made to achieve Goals 2 and 3 of the Strategic Plan, which are:

Goal 2: *Agreement on comprehensive measures to address the problem of money laundering*

Goal 3: *Comprehensive anti-money laundering measures implemented across the region to an APG-endorsed standard*

Agreement on comprehensive measures to address the problem of money laundering

There are a number of ways in which the APG seeks to achieve this goal, including through:

- adopting the FATF Forty Recommendations as guiding principles for APG activity;
- contributing to the development, including any reviews, of the Forty Recommendations and representing members' views at relevant international forums; and
- as appropriate, developing and adopting regionally-specific anti-money laundering measures/recommendations.

As part of the APG's Terms of Reference, all APG members have committed to implementing the FATF's Forty Recommendations according to their particular cultural values and constitutional frameworks.

The FATF recently commenced a review of the Forty Recommendations that will continue throughout the coming year. The APG intends to contribute to this review, drawing on its experience in the region and all APG members have been encouraged to contribute to the review process.

The APG has considered but has not yet developed any regionally-specific anti-money laundering recommendations. The APG will consider doing so in the context of the FATF's review of the Forty Recommendations. It is possible that the Working Group on Underground Banking/Alternative Remittance Systems may propose additional measures not currently covered by the Forty Recommendations.

Comprehensive anti-money laundering measures implemented across the region to an APG-endorsed standard

Implementation of comprehensive anti-money laundering measures is clearly a key goal of the APG. It involves, amongst other things:

- each jurisdiction adopting a timetable for implementation; and
- identifying barriers to implementation and addressing them, for example through the provision of technical assistance and training.

This chapter outlines in general terms:

- the progress made by jurisdictions in the Asia/Pacific region (both APG members and non-members) in implementing several of the key anti-money laundering measures; and

- technical assistance and training activities undertaken during the year in review to assist jurisdictions to overcome barriers to implementation.

In addition, Annex E provides a brief summary by jurisdiction of the anti-money laundering situation in APG member jurisdictions.

Regional 'snapshot'

In the APG's First Annual Report 1999 – 2000, a 'regional snapshot' was provided of the situation as at 30 June 2000 together with a comparison with the situation in 1995. This snapshot indicated that APG members and other jurisdictions in the region had made considerable progress in recent years in implementing anti-money laundering legislative measures.

Further progress has been made during the reporting period in the Asia/Pacific region. What follows is a 'snapshot' of the situation as at 30 June 2001. For the purposes of this summary the term "Asia/Pacific Region" includes the following 43 jurisdictions:

Australia; Bangladesh; Brunei Darussalam; Burma (Myanmar); Cambodia, Kingdom of; China, People's Republic of; Cook Islands; Chinese Taipei; Fiji, Republic of; Hong Kong, China; India; Indonesia, Republic of; Japan; Kiribati; Korea, Republic of; Laos (Lao People's Democratic Republic); Macau, China; Malaysia; Marshall Islands; Micronesia, Federated States of; Nauru, Republic of; Nepal; New Caledonia (France); New Zealand; Niue; Northern Mariana Islands; Pakistan; Palau; Papua New Guinea; Philippines, Republic of the; Pitcairn Islands (UK); Samoa; Singapore; Solomon Islands; Sri Lanka; Thailand; Tokelau; Tonga, Kingdom of; Tuvalu; United States of America; Vanuatu, Republic of; Vietnam; and Wallis and Futuna (France).

Caveats

The information in this summary is derived from a number of sources. While efforts have been made to ensure its accuracy it is possible that some changes have occurred since preparation. As a consequence readers should only rely on this summary as an outline.

Even though a jurisdiction may be shown to have money laundering laws in place, this does not necessarily mean that those jurisdictions have a complete 'package' of anti-money laundering laws (a criminal offence of money laundering, seizure, confiscation and forfeiture of criminal proceeds, a full suspicious transactions reporting regime and extradition for money laundering offences) or have established a financial intelligence unit.

Statistically the legislative position in the region as at 30 June 2001 was as follows (figures as at 30 June 2000 are shown in brackets for comparison):

24 (21)	Jurisdictions had acceded to, or ratified the Vienna Convention 1988
23 (21)	Jurisdictions had enacted anti-money laundering laws with respect to narcotic offences
15 (16)	Jurisdictions had draft anti-money laundering laws under consideration with respect to narcotic offences
20 (17)	Jurisdictions had enacted anti-money laundering laws with respect to serious offences
15 (16)	Jurisdictions had draft anti-money laundering laws under consideration with respect to serious offences
21 (17)	Jurisdictions had suspicious transaction reporting in place

Statistical Summary by Jurisdiction as at 30 June 2001

24 Jurisdictions have acceded to, or ratified the Vienna Convention 1988

Australia	Indonesia	Philippines
Bangladesh	Japan	Polynesia (Fr)
Brunei Darussalam	Korea	Singapore
Burma (Myanmar)	Malaysia	Sri Lanka
China, PRC	Nepal	Tonga
Fiji Islands	New Caledonia (Fr)	United States of America
Hong Kong, China	New Zealand	Vietnam
India	Pakistan	Wallis and Futuna (Fr)

23 Jurisdictions have enacted anti-money laundering laws with respect to narcotic offences

Australia	Japan	Polynesia (Fr)
Brunei Darussalam	Korea	Samoa
Burma (Myanmar)	Macau, China	Singapore
Cambodia	Malaysia	Thailand
China, PRC	Micronesia	United States of America
Chinese Taipei	New Caledonia (Fr)	Vanuatu
Fiji Islands	New Zealand	Wallis and Futuna (Fr)
Hong Kong, China	Pakistan	

15 Jurisdictions have draft anti-money laundering laws under consideration with respect to narcotic offences

Bangladesh	Nauru	Solomon Islands
India	Nepal	Sri Lanka
Indonesia	Niue	Tonga
Kiribati	Palau	Tuvalu
Marshall Islands	Philippines	Vietnam

20 Jurisdictions have enacted money laundering laws with respect to serious offences

Australia	Macau, China	Samoa
China, PRC	Malaysia	Singapore
Chinese Taipei	New Caledonia (Fr)	Thailand
Cook Islands	New Zealand	United States of America
Fiji Islands	Pakistan	Vanuatu
Hong Kong, China	Palau	Wallis and Futuna (Fr)
Japan	Polynesia (Fr)	

15 Jurisdictions have draft anti-money laundering laws under consideration with respect to serious offences

Bangladesh	Marshall Islands	Philippines
Brunei Darussalam	Micronesia	Solomon Islands
Cambodia	Nauru	Tonga
India	Nepal	Tuvalu
Kiribati	Niue	
Korea		

21 Jurisdictions have suspicious transactions reporting in place

Australia	Macau,China	Samoa
Brunei Darussalam	Malaysia	Singapore
Burma (Myanmar)	New Caledonia (Fr)	Thailand
Chinese Taipei	New Zealand	United States of America
Fiji Islands	Pakistan	Vanuatu
Hong Kong,China Japan	Palau	Wallis and Futuna (Fr)
Korea	Polynesia (Fr)	

It was noted last year that while much work remains to be done in the region, real progress had been made. The trend of steady progress continued in 2000 – 2001.

Technical assistance and training

As noted previously in this report, technical assistance and training was a major focus of the APG's Fourth Annual Meeting and of the year under review. Effective assistance is critical for many jurisdictions in the region if they are to meet international anti-money laundering standards.

There were major achievements and progress in this area during 2000 – 01 and technical assistance and training for APG members will continue to be a priority focus of the APG over the next few years.

Developments during the period include:

- *Asian Development Bank (ADB) Regional Technical Assistance (RETA) Project* – the ADB has approved and will fund a project in collaboration with the APG and with the APG Secretariat as the executing agency. The project is designed to deliver a number of sub-projects in the region. The scope of the project includes
 - (i) identifying institutional and regulatory reforms required to help each participating ADB member comply with established international standards, taking into account assessments and evaluations conducted by FATF and APG;
 - (ii) developing a comprehensive manual on money laundering issues and anti-money laundering measures for use in participating countries and other developing member countries;
 - (iii) developing a regional action plan to promote regional co-operation to counter money laundering;
 - (iv) holding a high-level conference and training workshops/seminars, and
 - (v) helping APG establish an on-line database on money laundering with links to other institutions' web sites;
- the APG Secretariat has either directly provided or arranged for the provision of advice, assistance and training to many jurisdictions in the region, including Thailand; Malaysia; Samoa; Pakistan; Indonesia; Niue; Republic of the Marshall Islands; Fiji; the Philippines; Vanuatu and Sri Lanka;
- the APG Secretariat has also been involved in providing advice about the establishment of Financial Intelligence Units in Vanuatu, Fiji, Samoa and the Cook Islands. The APG Secretariat has had productive discussions with the International Monetary Fund (IMF) resulting in an agreement that the IMF will fund a project to

assist Pacific Island countries establish domestic FIUs and scope the creation of a regional FIU;

- a Pacific Regional Crime & Enforcement Training & Technical Assistance Strategy Workshop was held in Wellington, New Zealand on 13 – 15 February 2001. The purpose of this workshop was to gain agreement from training and technical assistance providers about future co-ordination of work in the Pacific. This was chaired jointly by the APG Secretariat and the Pacific Islands Forum Secretariat. Outcomes included agreement to establish a calendar of training and technical assistance activities in the Pacific region to be maintained by the Forum Secretariat; agreement to possible joint efforts in training and technical assistance; and agreement to continuing development of a regional strategic approach to the coordination and delivery of training and technical assistance in the Pacific region
- a Training Workshop for Evaluators of Anti-Money Laundering Measures was held in Bangkok, Thailand on 20 – 22 March 2001. This was funded by the US State Department and organised by the APG Secretariat;
- *ASEM anti-money laundering initiative* – the APG Secretariat is aware that this initiative has been developed under the auspices of the Asia Europe Meeting (ASEM) and will be jointly sponsored by the European Commission and the UK. The aim of the project is to develop sustainable institutional capacity in the Asia region to address money laundering at a national, regional and international level. It is scheduled to commence in July 2001 and run for three years. The project will include technical co-operation; training; exchanges of experts; model law creation; in-depth study into different forms of organised crime and complementary relations between regions; and research projects. It involves an extensive training and technical assistance component for Asian member countries of ASEM, including the completion of a training and technical assistance needs analysis.

The APG Secretariat will continue to provide technical assistance to members where possible, both in accordance with the APG's Technical Assistance and Training Strategy and on an ad hoc basis. Feedback from members indicates that such assistance is an essential part of the Secretariat's function and can be of significant benefit.

Some Secretariat resources will be devoted over the next 12 months to the facilitation and co-ordination of the ADB and IMF projects referred to above.

The APG Secretariat will also continue to consult and co-ordinate with all relevant jurisdictions and international and regional organisations that have provided, or anticipate providing, technical assistance and training in the region. As the level of technical assistance and training in the region increases, such co-ordination will become more and more important to ensure that APG's training members' needs are met and duplication is avoided.

6. Systematic review of measures and levels of implementation

There are two ways in which the APG measures the progress made by its members: *self-assessment exercises* and *mutual evaluations*.

Self-assessment Exercise

As reported in chapter 3 of this annual report, the APG commenced its second self-assessment exercise in March 2001.

This exercise has used the FATF's self-assessment questionnaire and the APG would like to thank the FATF for its assistance in the conduct of the exercise.

The self-assessment questionnaire was sent to APG members in March 2001 and responses have been received from 13 members. The APG Secretariat hopes to complete a report on the exercise in October 2001.

The APG self-assessment exercise was also used by the APEC Working Group on Financial Crime and Money Laundering to help it to develop a training needs analysis of its members. The report being prepared by the APEC Working Group in conjunction with the APG Secretariat includes an assessment of the technical assistance and training needs of APEC member countries in the legal, financial and regulatory, and law enforcement areas.

The APEC Working Group will be tabling its report at the APEC Finance Ministers Meeting in September 2001.

Mutual Evaluations

Introduction

Each member's anti-money laundering system is being evaluated in turn by the APG on the basis of an evaluation conducted by a team of three or four selected experts, drawn from the legal, financial and law enforcement fields of other APG members. The mutual evaluation process is designed to give due recognition where the standard benchmarks are met, and to identify weaknesses and make appropriate recommendations with a view to rectification and improvement where they are not.

Mutual evaluations were a major focus of the APG's work program in 2000–2001 and significant progress was made during the year under review, with four mutual evaluations being completed, a training workshop for mutual evaluators being held in March 2001 and formal APG mutual evaluation procedures being adopted at the Fourth Annual Meeting.

The APG has found mutual evaluations to be of real, practical benefit to the jurisdiction being evaluated and have allowed the APG to assess in a rigorous and detailed way members' progress against the international money laundering standards.

Feedback from members has been very positive and some of the feedback received from members evaluated this year has been reproduced at the end of this chapter.

Bangkok Training Workshop for Mutual Evaluators

The Training Workshop for Evaluators of Anti-Money Laundering Measures was held from 20 – 22 March 2001 at the Civil Service Training Institute, International Law Enforcement Academy, Bangkok, Thailand.

Forty-five participants from 19 APG member jurisdictions took part in the course, which was generously funded by the US State Department and organized by the APG Secretariat.

Expert presenters were drawn from legal, financial and law enforcement agencies in Australia, Hong Kong, China, New Zealand, the United Kingdom and the United States as well as from the United Nations Drug Control Programme and the FATF Secretariat. From the feedback received by the APG Secretariat, the workshop was very successful and the presentations well received.

The first two days of the workshop comprised expert presentations, explanations and coverage of relevant resource documents. On the third day, the participants were divided into their respective disciplines – legal, financial and law enforcement – and encouraged to question the experts. Many questions were asked and answered in a free exchange of views. Participants indicated the sessions helped to provide a much clearer view about the requirements of conducting mutual evaluations and the relevance to each discipline.

The APG now has a good pool of future evaluators from across the region and several workshop participants have already taken part in APG mutual evaluations. As the APG develops and expands, there may be a need for similar workshops in the future.



Workshop participants for the APG Training Workshop for Mutual Evaluators

APG Mutual Evaluation Procedures

As at 30 June 2001, the APG has conducted mutual evaluations of five jurisdictions.

At the Fourth Annual Meeting, the procedures which have been used to guide the conduct of these evaluations were formally endorsed by members. These procedures are closely based on those used by the FATF and other regional anti-money laundering groups.

Mutual Evaluation of Vanuatu – update on response to report adopted at the Third Annual Meeting

As noted on page 7 of this annual report, at the APG's Fourth Annual Meeting members received a report from Vanuatu on progress made since the mutual evaluation report was adopted by the APG in May 2000.

Members noted the considerable progress made by Vanuatu over the preceding 12 months, including the enactment of new laws regarding suspicious transactions, the creation of an FIU, the issuing of guidelines to financial institutions and the drafting of new legislation on mutual assistance. It was noted that 13 of the 14 recommendations made in the mutual evaluation report have been implemented, with the remaining recommendation (ratification of the 1988 UN Vienna Convention) being the subject of legislation drawn up in October 2000 and currently before Parliament.

APG members commended Vanuatu on the progress it had made since the last annual meeting.

Mutual Evaluations conducted in 2000 – 2001

The APG conducted four mutual evaluations in 2000 – 2001, as follows:

- *Samoa*. This mutual evaluation was conducted jointly with the Offshore Group of Banking Supervisors (OGBS). The Evaluation Team visited Samoa in February 2001;
- *Chinese Taipei*. The Evaluation Team visited Chinese Taipei in March 2001;
- *Labuan International Offshore Financial Centre (Malaysia)*. This mutual evaluation was conducted jointly with the OGBS. The Evaluation Team visited Labuan in April 2001; and
- *Macau, China*. This mutual evaluation was also conducted jointly with the OGBS. The Evaluation Team visited Macau in April 2001.

The reports on these mutual evaluations were adopted at the APG's Fourth Annual Meeting in May 2001. In each case, Members:

- received an oral report on the mutual evaluation from the mutual evaluation team, highlighting the major findings and recommendations contained in each report.
- heard a response from the jurisdiction being evaluated;
- heard questions from Intervenors concerning matters canvassed in the report and the jurisdiction's answers to those questions; and
- formally adopted the mutual evaluation report.

The conclusions and recommendations contained in each evaluation report are reproduced at Annex D.

Feedback from evaluated members

Members evaluated in 2000 – 01 were asked to provide some feedback on their experience of the process. Some of their comments are reproduced below.

Labuan International Offshore Financial Centre

The Labuan Offshore Financial Services Authority (LOFSA) spearheaded preparation for the evaluation as it functions as the single regulatory body for offshore activities and offshore financial institutions in Labuan. Recognising the importance of this event, proper planning for the evaluation was viewed to be pertinent. As such, LOFSA organised several briefing sessions with the relevant government agencies and representatives from the financial sector to ensure that the evaluation proceeded smoothly.

LOFSA viewed the evaluation to be a success and appreciated the commitment and hard work demonstrated by the relevant government agencies and representatives of the financial sector.

In addition, LOFSA also viewed highly the professionalism demonstrated by the evaluation team in making the evaluation a success for Labuan. The evaluation on Labuan was conducted primarily on the basis of transparency and equity. LOFSA had ample time to sight the first draft of the evaluation report and make factual corrections before it was tabled at the Fourth APG Annual Meeting. It was on this basis that LOFSA viewed the report on the evaluation of Labuan to be one that is fair and constructive.

Labuan was reported to be a low risk jurisdiction for money laundering activities. Nevertheless, the evaluation team also made some recommendations for the improvement of Labuan in its efforts to combat money laundering. LOFSA viewed those recommendations seriously and currently is taking actions towards implementing the recommendations.

Macau, China

We feel that the mutual evaluation has been successful and it is worthwhile to mention the following which are considered important components in the whole evaluation process:

- the questionnaire before the on-site visit not only helps the evaluation team to briefly understand the system of the jurisdiction to be evaluated but also gives the evaluated jurisdiction a general idea on the areas that the evaluation will focus on;
- in addition to the questionnaire, the checklist of matters to be covered in the mutual evaluation is also very helpful for the preparation of information and coordination of all the related government agencies to participate in the evaluation;
- the composition of the evaluation team with experts in different areas covering laws and regulations, financial and business sector and the law enforcement greatly contributes to the efficient and effective evaluation work during the visit;
- the evaluation report is well presented with clear statements on the background and existing anti-money laundering status of the jurisdiction being evaluated. The summary of evaluation and recommendations in the last part can pinpoint the main

weaknesses of the existing system and corrective measures which should be taken to improve the situation;

- the adoption process provides an opportunity for the other APG members to raise questions on the evaluation result and also for the evaluated jurisdiction to give a feedback on the comments and recommendations given in the report.
- At last, we would like to express our gratitude for the support of the APG Secretariat in the whole evaluation process and for the work of the evaluation team. We look forward to our participation in future evaluations.

Samoa

One of the conditions for membership of the APG, is the subject of Mutual Evaluation to be undertaken in order to determine a member's performance against international recognised standards for combating money laundering. In this regard, Samoa undertook the Mutual Evaluation Assessment in February 2001, as conducted jointly by a team of experts representing the APG and the OGBS.

A comprehensive questionnaire was completed and submitted to the Mission Team for their preparations prior to the visit. A program of visits/meetings was arranged with all the relevant agencies and major financial institutions in Samoa to discuss key issues concerning the need to counter money laundering activities.

At this early stage of developments, Samoa found the assessment to be of useful value in enhancing all interested parties understanding of their respective roles and obligations under the Money Laundering Prevention Act 2000.

Further, the sharing of experiences coupled with professional advice and recommendations by the Mission, were enlightening and useful for Samoa, in its efforts to develop proper systems and controls, appropriate to prevent or detect money laundering activities. As such, Samoa is committed to adopt recognised international standards against the offence of money laundering, thus contributing to the maintenance of the integrity and stability of the domestic financial system.

Samoa acknowledges with appreciation the work of the APG in providing assistance and valuable advice for the development of its capacity to combat money laundering activities.

Chinese Taipei

The mutual evaluation is a wonderful scheme to improve the function of anti-money laundering system in our jurisdiction. As a contact point, you should coordinate with all agencies of anti-money laundering system, and work together.

If the APG Secretariat can offer the mutual evaluation questionnaire to the member two months before on-site visit, it will be more helpful for the jurisdiction.

Schedule of future mutual evaluations

A full program of mutual evaluations is planned for 2001 – 2002, with all APG members due to be evaluated by the end of 2003.¹

¹ Six APG members are members of the Financial Task Force on Money Laundering (FATF): Australia; Hong Kong, China; Japan; New Zealand; Singapore; and the United States of America. The FATF conducts its own mutual evaluations of its members. It is the APG's policy to accept the FATF's mutual evaluations for the purposes of the APG. Therefore, at this stage there are no plans to conduct APG mutual evaluations of the six APG/FATF jurisdictions.

7. Support services and financial statements

APG Secretariat

The work of the APG is supported by a small Secretariat based in Sydney, Australia. The work of APG Secretariat has expanded considerably since it was established in February 1997, with a current focus on providing information and advice on a daily basis to APG members. During the reporting year, the APG welcomed a new member to its Secretariat team, expanding from three to four staff.

Role of the Secretariat

The role of the Secretariat is to assist jurisdictions in the Asia/Pacific region to introduce internationally accepted anti-money laundering measures. Responsibilities of the Secretariat include:

- providing expertise and material concerning money laundering to member jurisdictions and other interested parties;
- organising/conducting the APG's annual and other meetings;
- preparing, conducting and chairing specialist law enforcement typology workshops (methods, trends and case studies on money laundering);
- reporting to and advising the APG annual meeting and Working Groups and the FATF;
- providing advice and information to and linkages between agencies (especially financial, legal and law enforcement agencies) on anti-money laundering matters;
- establishing and maintaining effective working relationships with relevant international and regional organisations in order to advance the APG's work and its regional strategy;
- implementing the APG's technical assistance and training strategy including improvements to information exchange mechanisms and financial investigation skills;
- preparing assessment mechanisms and conducting evaluations of the anti-money laundering systems in jurisdictions in the Asia/Pacific region.

Staff

In order to effectively support the APG's growing membership and increasingly busy work program, this year the Secretariat expanded from two full-time and one part-time to three full-time and one part-time staff members.

As at 30 June 2001, the staffing of the Secretariat was as follows:

Mr Rick McDonell	Head of APG Secretariat
Mr Eliot Kennedy	Executive Officer
Ms Anastasia Petropoulos	Project Officer/Administrator
Ms Helen Murphy	Administrative Assistant (part-time)

Rick McDonell has been Head of the APG Secretariat since its inception. Eliot Kennedy joined the Secretariat in March 2001. Anastasia Petropoulos joined the Secretariat in April 1998. Helen Murphy joined the Secretariat as Administrative Assistant in March 2001.



APG Secretariat members Anastasia Petropoulos, Rick McDonell and Eliot Kennedy

Contact details for the Secretariat are as follows:

APG Secretariat

1st Floor, 201 Elizabeth Street, Sydney 2000, Australia
GPO Box 5260, Sydney 2001, Australia

Telephone: 61 2 9373 2438
Facsimile: 61 2 9373 2499
Email: mail@apgml.org

Budget and Financial Statements

At the Third Annual Meeting held in June 2000, members agreed to an overall budget for the APG for the 2000 – 01 financial year of US\$325,000, excluding voluntary donations, and decided contributions would be in accordance with calculations determined by the agreed formula based on members' Gross Domestic Product (GDP).

The APG has continued in 2000 – 01 to operate within its overall budget.

While the APG's budget is expressed in US dollars in order to increase its transparency to members, the APG Secretariat is based in Sydney, Australia. Therefore, most of its expenses are incurred in Australian dollars, its accounts are held in Australia and its audited financial statements are expressed in Australian dollars.

The financial statements for the financial year 2000 – 01 are at Annex C.

At the APG's Annual Meeting in June 2000, members also decided that the budget formula for the APG should be further revised at the 2001 Annual Meeting and to that end directed the Secretariat to prepare alternative options for consideration. A budget paper was prepared for the 2001 Annual Meeting proposing revisions which aimed to simplify the formula, to make the APG's funding more certain and to better reflect members' ability to pay. Members agreed at the Fourth Annual Meeting to the proposed changes to the formula under which:

- members are required to pay contributions to fully fund the total estimated running costs of the APG (rather than relying in part on voluntary donations from some members);
- any voluntary donations are to be held in a separate fund to be used for contingencies and will be fully accounted for;
- members are divided into three groups based on their GDP and their required contributions calculated accordingly.

APG members also agreed to adopt an overall budget for the APG Secretariat for the 2001 – 2002 financial year of US\$396,000, excluding voluntary contributions. The increase in budget is largely explained by:

- adoption by members of a proposal to fund the travel and accommodation costs of the on-site visit by experts involved in APG mutual evaluation exercises; and
- the need to increase the APG Secretariat's staffing to handle the increased workload associated with the APG's growing membership and its expanding work program.

Members also decided that for the next annual meeting, the APG Secretariat should look at alternatives to the method of calculating members' contributions used in the budget formula and to that end the Secretariat should prepare options for consideration.

Public Affairs and Media

The APG Secretariat receives many calls and requests from the media throughout the year and since the Annual Meeting in 2000 has invited media to attend the opening of each APG Annual Meeting. This year in Malaysia, more than 20 journalists gathered for an outcomes media conference hosted by the Co-Chairs. The event attracted extensive print and broadcast coverage both in Malaysia and the region.

8. Future directions and priorities

During 2000 – 2001, significant progress was made in implementing a program of regional co-ordination in combating money laundering. Advances were made in the areas of mutual evaluation and technical assistance and training in particular.

Much, however, remains to be done. In 2001 – 02 and beyond, the APG will seek to build on the momentum created during the year under review by further expanding its mutual evaluation and technical assistance and training programs, conducting a typologies exercise and, it is hoped, expanding the APG's membership.

Co-operation – both between APG members and with relevant international organisations – will remain fundamental to the APG's efforts to promote a regional response to the global threat of money laundering. Without such co-operation, at both a strategic or policy level and in day-to-day dealings, the international community's response to money laundering will flounder.

The APG's 2001 – 02 work program aims to enhance in a practical way the region's anti-money laundering response. Highlights of the program include:

- mutual evaluations of a number of members prior to the Annual Meeting in June 2002, including Malaysia, the Cook Islands, Indonesia, Thailand and Fiji Islands;
- the conduct of a Typologies Workshop in October 2001 in Singapore;
- an extensive program of technical assistance and training;
- revision of the APG's Strategic Plan and adoption of a Business Plan for 2001 – 2002;
- conduct of the Fifth Annual Meeting in Brisbane, Australia in June 2002; and
- continued co-operation with related organisations and bodies, including the FATF, other regional anti-money laundering bodies, international and regional financial institutions, the UNODCCP, Interpol, World Customs Organisation, the Commonwealth Secretariat and the Pacific Islands Forum Secretariat.

As part of the ADB RETA project referred to in Chapter 5 of this report, 2001 – 02 should also witness the launch for the first time of an independent, comprehensive APG Internet website. The web site address will be www.apgml.org. It will be intended to serve as an important information resource for APG members and observer jurisdictions and provide information to the media, the public and other interested parties with access to key international documents, decisions, model laws and best practices, news and developments on international anti-money laundering efforts. It is hoped that the web site, which will be maintained and updated by the APG Secretariat, will be of great use to APG members and will increase the visibility of the regional anti-money laundering efforts.

Asia / Pacific Group on Money Laundering

Annual Report
2000 – 2001

ANNEXES



ANNEX A: APG Terms of Reference

As amended by the APG Annual Meeting, May 2001

BACKGROUND

The Asia/Pacific Group on Money Laundering (APG) was established at a meeting held in Bangkok, 25–27 February 1997. Terms of Reference for the APG were agreed and adopted at that meeting.

The Terms of Reference have been revised and approved at each of the APG's annual meetings – Tokyo, March 1998, Manila, August 1999, Sydney, June 2000, and Kuala Lumpur, May 2001.

TERMS OF REFERENCE

RECOGNISING IN BANGKOK ON 27 FEBRUARY 1997 THAT:

- Money laundering is a significant international issue which requires global action;
- The Asia/Pacific region needs to address this issue as part of the global response;
- The capacity of individual jurisdictions to deal with the issue is limited because of its nature, complexity and international scope;
- Close co-operation between jurisdictions is necessary and much can be gained by increasing understanding of the problem and its solutions;
- There are accepted international standards (the Financial Action Task Force's Forty Recommendations) but the best way to apply the standards within the region needs to be reviewed;
- There is an increasing risk of vulnerability to money laundering in the Asia/Pacific region as other regions introduce anti-money laundering measures; and
- A plan of action should be developed to address regional co-operation, the adoption of standards and to provide assistance to jurisdictions in tackling the problem,

JURISDICTIONS ESTABLISHED THE ASIA/PACIFIC GROUP ON MONEY LAUNDERING.

NOTING THAT

The Working Party, established by the APG met in Beijing 7 - 9 July 1997 and agreed that:

The Forty Recommendations are the guiding principles for action for the creation of an effective anti-money laundering framework. Member jurisdictions will implement the Forty Recommendations according to their particular cultural values and constitutional frameworks thus allowing them a measure of flexibility rather than prescribing every detail.

Purpose

The APG:

1. Provides a focus for co-operative anti-money laundering efforts in the region;
2. Provides a forum in which:
 - (a) regional issues can be discussed and experiences shared,
 - (b) operational co-operation among member jurisdictions is encouraged;
3. Facilitates the adoption and implementation by member jurisdictions of internationally recognised money laundering measures;
4. Enables regional and jurisdictional factors to be taken into account in the implementation of international anti-money laundering measures;
5. Encourages jurisdictions to implement anti-money laundering initiatives including more effective mutual legal assistance; and
6. Co-ordinates and provides practical support, where possible, to jurisdictions in the region which request it.

Nature

The APG is voluntary and co-operative in nature. The APG is established by agreement among its members and is autonomous. It does not derive from an international treaty. It is not part of any international organisation. However, it will need to keep itself informed of action taken or formal agreements made by relevant international and regional organisations or bodies in order to promote a consistent global response to money laundering.

The work to be done by the APG and its procedures will be decided by agreement among its members.

Membership

Membership of the APG is open to any jurisdiction within the Asia/Pacific region which:

1. Recognises the need for action to be taken to combat money laundering;
2. Recognises the benefits to be obtained by sharing knowledge and experience; and
3. Has taken or is considering taking steps to develop, pass and implement anti-money laundering legislation and other measures based on accepted international standards;
4. Subject to its domestic laws, commits itself to implementing the decisions made by the APG;
5. Commits itself to participation in the mutual evaluation programme;
6. Contributes to the APG budget in accordance with arrangements agreed by the APG.

It is not a precondition for participation in the APG that anti-money laundering laws be already enacted.

Each jurisdiction will decide on the particular steps it will take to combat money laundering. The response by individual jurisdictions will, however, be significantly assisted by participation in the APG.

The APG will welcome new members from the Asia/Pacific region. Smaller jurisdictions whose direct involvement may be difficult may wish to participate in the APG through an appropriate sub-regional forum. To those jurisdictions not yet ready to assume the requirements of full membership, the APG offers a form of participation in its activities through observer status.

Observer Status

The APG recognises that there are significant benefits for members from continuing contact with non-member jurisdictions. As such, the meetings of the APG will also serve to provide opportunities for regular consultation with non-member jurisdictions from within and outside the region who could be invited to attend as observers.

The APG recognised that many international organisations have a strong interest in anti-money laundering initiatives. In addition to the FATF, the organisations which attended the inaugural meeting (ASEAN Secretariat, Asian Development Bank, International Monetary Fund, International Organisation of Securities Commissions, INTERPOL, Offshore Group of Banking Supervisors, United Nations Crime Prevention and Criminal Justice Division, United Nations International Drug Control Programme and World Customs Organisation) and any other international organisation with an interest in effectively combating money laundering will be encouraged to participate in future meetings of the APG as observers.

The APG welcomes the support and co-operation from international organisations and other, non-member jurisdictions that may be willing to provide resources to assist the work of the APG. The participation (and the nature of such participation) of non-member jurisdictions and international organisations will be determined by the APG on a case-by-case basis.

Meetings

The APG will meet at least once each year.

Meetings will normally be held in member jurisdictions. In addition to an annual meeting of the APG, meetings may be conducted to coincide with money laundering methods meetings. Some meetings may be limited to APG members only.

Invitations to the annual meeting may be extended to non-member jurisdictions to attend as observers.

While meetings will generally be open to observers some parts of a meeting may be limited to members only to enable the APG to conduct formal consideration of issues which require the agreement of its members.

To ensure a global approach to anti-money laundering, members of the APG will work closely with the Financial Action Task Force (FATF). The FATF Secretariat will attend APG meetings on the same basis that the APG Secretariat attends FATF meetings.

Meetings should be held at the same time each year.

Secretariat

Secretariat services will be provided by the Asia/Pacific Group on Money Laundering Secretariat. The APG Secretariat is located in Sydney, Australia. The APG Secretariat will provide a similar service to that provided by secretariats of other anti-money laundering bodies.

Working Parties

To enable the work of the APG to be addressed between meetings, Working Parties may be formed. Members may participate in all APG Working Parties, Typologies Workshops and ad hoc committees established in response to specific issues.

Chairing of the APG

There will be two co-chairs of the APG. During the formative stage of the APG, one co-chair position will be held by Australia which will host the annual meeting in alternate years. The other co-chair position will be rotated every two years amongst member jurisdictions. The rotating co-chair position will be decided every second year at an annual meeting and will carry with it the responsibility of hosting the following annual meeting.

Resources

The APG recognises that the ongoing work of the APG, and in particular the capacity of the Secretariat to assist jurisdictions will depend on the resources available to it. In the future, members will need to determine the work programme, priorities and available resources of the APG. It will also need to determine a fair and equitable procedure to meet the costs of undertaking APG activities.

Contact Points

Each member jurisdiction is required to nominate a person to act as the central contact point for the APG Secretariat. In addition, each member will nominate an appropriate contact point for the three relevant money laundering sectors: legal, financial and law enforcement.

Non-member jurisdictions will be requested to nominate a person or persons who will be the first point of contact in relation to money laundering matters and the work of the APG.

ANNEX B: The Forty Recommendations of the FATF

A. GENERAL FRAMEWORK OF THE RECOMMENDATIONS

1. Each country should take immediate steps to ratify and to implement fully, the 1988 United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (the Vienna Convention).
2. Financial institution secrecy laws should be conceived so as not to inhibit implementation of these recommendations.
3. An effective money laundering enforcement program should include increased multilateral co-operation and mutual legal assistance in money laundering investigations and prosecutions and extradition in money laundering cases, where possible.

B. ROLE OF NATIONAL LEGAL SYSTEMS IN COMBATING MONEY LAUNDERING

Scope of the Criminal Offence of Money Laundering

4. Each country should take such measures as may be necessary, including legislative ones, to enable it to criminalise money laundering as set forth in the Vienna Convention. Each country should extend the offence of drug money laundering to one based on serious offences. Each country would determine which serious crimes would be designated as money laundering predicate offences.
5. As provided in the Vienna Convention, the offence of money laundering should apply at least to knowing money laundering activity, including the concept that knowledge may be inferred from objective factual circumstances.
6. Where possible, corporations themselves - not only their employees - should be subject to criminal liability.

Provisional Measures and Confiscation

7. Countries should adopt measures similar to those set forth in the Vienna Convention, as may be necessary, including legislative ones, to enable their competent authorities to confiscate property laundered, proceeds from, instrumentalities used in or intended for use in the commission of any money laundering offence, or property of corresponding value, without prejudicing the rights of bona fide third parties.

Such measures should include the authority to: (1) identify, trace and evaluate property which is subject to confiscation; (2) carry out provisional measures, such as freezing and seizing, to prevent any dealing, transfer or disposal of such property; and (3) take any appropriate investigative measures.

In addition to confiscation and criminal sanctions, countries also should consider monetary and civil penalties, and/or proceedings including civil proceedings, to void contracts entered into by parties, where parties knew or should have known that as a result of the contract, the State would be prejudiced in its ability to recover financial claims, e.g. through confiscation or collection of fines and penalties.

C. ROLE OF THE FINANCIAL SYSTEM IN COMBATING MONEY LAUNDERING

8. Recommendations 10 to 29 should apply not only to banks, but also to non-bank financial institutions. Even for those non-bank financial institutions which are not subject to a formal prudential supervisory regime in all countries, for example bureaux de change, governments should ensure that these institutions are subject to the same anti-money laundering laws or regulations as all other financial institutions and that these laws or regulations are implemented effectively.

9. The appropriate national authorities should consider applying Recommendations 10 to 21 and 23 to the conduct of financial activities as a commercial undertaking by businesses or professions which are not financial institutions, where such conduct is allowed or not prohibited. Financial activities include, but are not limited to, those listed in the attached annex. It is left to each country to decide whether special situations should be defined where the application of anti-money laundering measures is not necessary, for example, when a financial activity is carried out on an occasional or limited basis.

Customer Identification and Record-keeping Rules

10. Financial institutions should not keep anonymous accounts or accounts in obviously fictitious names: they should be required (by law, by regulations, by agreements between supervisory authorities and financial institutions or by self-regulatory agreements among financial institutions) to identify, on the basis of an official or other reliable identifying document, and record the identity of their clients, either occasional or usual, when establishing business relations or conducting transactions (in particular opening of accounts or passbooks, entering into fiduciary transactions, renting of safe deposit boxes, performing large cash transactions).

In order to fulfil identification requirements concerning legal entities, financial institutions should, when necessary, take measures:

- (i) to verify the legal existence and structure of the customer by obtaining either from a public register or from the customer or both, proof of incorporation, including information concerning the customer's name, legal form, address, directors and provisions regulating the power to bind the entity.
- (ii) to verify that any person purporting to act on behalf of the customer is so authorised and identify that person.

11. Financial institutions should take reasonable measures to obtain information about the true identity of the persons on whose behalf an account is opened or a transaction conducted if there are any doubts as to whether these clients or customers are acting on their own behalf, for example, in the case of domiciliary companies (i.e. institutions, corporations, foundations, trusts, etc. that do not conduct any commercial or manufacturing business or any other form of commercial operation in the country where their registered office is located).

12. Financial institutions should maintain, for at least five years, all necessary records on transactions, both domestic or international, to enable them to comply swiftly with information requests from the competent authorities. Such records must be sufficient to permit reconstruction of individual transactions (including the amounts and types of

currency involved if any) so as to provide, if necessary, evidence for prosecution of criminal behaviour.

Financial institutions should keep records on customer identification (e.g. copies or records of official identification documents like passports, identity cards, driving licenses or similar documents), account files and business correspondence for at least five years after the account is closed.

These documents should be available to domestic competent authorities in the context of relevant criminal prosecutions and investigations.

13. Countries should pay special attention to money laundering threats inherent in new or developing technologies that might favour anonymity, and take measures, if needed, to prevent their use in money laundering schemes.

Increased Diligence of Financial Institutions

14. Financial institutions should pay special attention to all complex, unusual large transactions, and all unusual patterns of transactions, which have no apparent economic or visible lawful purpose. The background and purpose of such transactions should, as far as possible, be examined, the findings established in writing, and be available to help supervisors, auditors and law enforcement agencies.

15. If financial institutions suspect that funds stem from a criminal activity, they should be required to report promptly their suspicions to the competent authorities.

16. Financial institutions, their directors, officers and employees should be protected by legal provisions from criminal or civil liability for breach of any restriction on disclosure of information imposed by contract or by any legislative, regulatory or administrative provision, if they report their suspicions in good faith to the competent authorities, even if they did not know precisely what the underlying criminal activity was, and regardless of whether illegal activity actually occurred.

17. Financial institutions, their directors, officers and employees, should not, or, where appropriate, should not be allowed to, warn their customers when information relating to them is being reported to the competent authorities.

18. Financial institutions reporting their suspicions should comply with instructions from the competent authorities.

19. Financial institutions should develop programs against money laundering. These programs should include, as a minimum:

- (i) the development of internal policies, procedures and controls, including the designation of compliance officers at management level, and adequate screening procedures to ensure high standards when hiring employees;
- (ii) an ongoing employee training programme;
- (iii) an audit function to test the system.

Measures to Cope with the Problem of Countries with No or Insufficient Anti-Money Laundering Measures

20. Financial institutions should ensure that the principles mentioned above are also applied to branches and majority owned subsidiaries located abroad, especially in countries which do not or insufficiently apply these Recommendations, to the extent that local applicable laws and regulations permit. When local applicable laws and regulations prohibit this implementation, competent authorities in the country of the

mother institution should be informed by the financial institutions that they cannot apply these Recommendations.

21. Financial institutions should give special attention to business relations and transactions with persons, including companies and financial institutions, from countries which do not or insufficiently apply these Recommendations. Whenever these transactions have no apparent economic or visible lawful purpose, their background and purpose should, as far as possible, be examined, the findings established in writing, and be available to help supervisors, auditors and law enforcement agencies.

Other Measures to Avoid Money Laundering

22. Countries should consider implementing feasible measures to detect or monitor the physical cross-border transportation of cash and bearer negotiable instruments, subject to strict safeguards to ensure proper use of information and without impeding in any way the freedom of capital movements.

23. Countries should consider the feasibility and utility of a system where banks and other financial institutions and intermediaries would report all domestic and international currency transactions above a fixed amount, to a national central agency with a computerised data base, available to competent authorities for use in money laundering cases, subject to strict safeguards to ensure proper use of the information.

24. Countries should further encourage in general the development of modern and secure techniques of money management, including increased use of checks, payment cards, direct deposit of salary checks, and book entry recording of securities, as a means to encourage the replacement of cash transfers.

25. Countries should take notice of the potential for abuse of shell corporations by money launderers and should consider whether additional measures are required to prevent unlawful use of such entities.

Implementation, and Role of Regulatory and other Administrative Authorities

26. The competent authorities supervising banks or other financial institutions or intermediaries, or other competent authorities, should ensure that the supervised institutions have adequate programs to guard against money laundering. These authorities should co-operate and lend expertise spontaneously or on request with other domestic judicial or law enforcement authorities in money laundering investigations and prosecutions.

27. Competent authorities should be designated to ensure an effective implementation of all these Recommendations, through administrative supervision and regulation, in other professions dealing with cash as defined by each country.

28. The competent authorities should establish guidelines which will assist financial institutions in detecting suspicious patterns of behaviour by their customers. It is understood that such guidelines must develop over time, and will never be exhaustive. It is further understood that such guidelines will primarily serve as an educational tool for financial institutions' personnel.

29. The competent authorities regulating or supervising financial institutions should take the necessary legal or regulatory measures to guard against control or acquisition of a significant participation in financial institutions by criminals or their confederates.

D. STRENGTHENING OF INTERNATIONAL CO-OPERATION

Administrative Co-operation

Exchange of general information

30. National administrations should consider recording, at least in the aggregate, international flows of cash in whatever currency, so that estimates can be made of cash flows and reflows from various sources abroad, when this is combined with central bank information. Such information should be made available to the International Monetary Fund and the Bank for International Settlements to facilitate international studies.

31. International competent authorities, perhaps Interpol and the World Customs Organisation, should be given responsibility for gathering and disseminating information to competent authorities about the latest developments in money laundering and money laundering techniques. Central banks and bank regulators could do the same on their network. National authorities in various spheres, in consultation with trade associations, could then disseminate this to financial institutions in individual countries.

Exchange of information relating to suspicious transactions

32. Each country should make efforts to improve a spontaneous or "upon request" international information exchange relating to suspicious transactions, persons and corporations involved in those transactions between competent authorities. Strict safeguards should be established to ensure that this exchange of information is consistent with national and international provisions on privacy and data protection.

Other forms of Co-operation

Basis and means for co-operation in confiscation, mutual assistance and extradition

33. Countries should try to ensure, on a bilateral or multilateral basis, that different knowledge standards in national definitions - i.e. different standards concerning the intentional element of the infraction - do not affect the ability or willingness of countries to provide each other with mutual legal assistance.

34. International co-operation should be supported by a network of bilateral and multilateral agreements and arrangements based on generally shared legal concepts with the aim of providing practical measures to affect the widest possible range of mutual assistance.

35. Countries should be encouraged to ratify and implement relevant international conventions on money laundering such as the 1990 Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime. *Focus of improved mutual assistance on money laundering issues*

36. Co-operative investigations among countries' appropriate competent authorities should be encouraged. One valid and effective investigative technique in this respect is controlled delivery related to assets known or suspected to be the proceeds of crime. Countries are encouraged to support this technique, where possible.

37. There should be procedures for mutual assistance in criminal matters regarding the use of compulsory measures including the production of records by financial institutions and other persons, the search of persons and premises, seizure and obtaining of evidence for use in money laundering investigations and prosecutions and in related actions in foreign jurisdictions.

38. There should be authority to take expeditious action in response to requests by foreign countries to identify, freeze, seize and confiscate proceeds or other property of corresponding value to such proceeds, based on money laundering or the crimes underlying the laundering activity. There should also be arrangements for co-ordinating seizure and confiscation proceedings which may include the sharing of confiscated assets.

39. To avoid conflicts of jurisdiction, consideration should be given to devising and applying mechanisms for determining the best venue for prosecution of defendants in the interests of justice in cases that are subject to prosecution in more than one country. Similarly, there should be arrangements for co-ordinating seizure and confiscation proceedings which may include the sharing of confiscated assets.

40. Countries should have procedures in place to extradite, where possible, individuals charged with a money laundering offence or related offences. With respect to its national legal system, each country should recognise money laundering as an extraditable offence. Subject to their legal frameworks, countries may consider simplifying extradition by allowing direct transmission of extradition requests between appropriate ministries, extraditing persons based only on warrants of arrests or judgements, extraditing their nationals, and/or introducing a simplified extradition of consenting persons who waive formal extradition proceedings.

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ANNEX C: APG Financial statements

For the Year Ended 30 June 2001

STATEMENT OF FINANCIAL PERFORMANCE for the period ended 30 June 2001

	NOTES	2000-01 \$	1999-00 \$
Revenues from Ordinary Activities			
Revenues from government	3A	250,000	270,000
Other	3B	589,618	358,363
<i>Total revenues from ordinary activities</i>		839,618	628,363
 Expenses from Ordinary Activities			
Employees	4A	430,813	374,358
Suppliers	4B	340,813	217,853
Other		-	-
<i>Total expenses from ordinary activities</i>		771,626	592,211
 Net operating surplus (deficit) from ordinary activities		67,992	36,152
 Net surplus (deficit)		67,992	36,152

The above statement should be read in conjunction with the accompanying notes.

The above extracts have been taken from the report prepared, audited and approved by the Australian National Audit Office (ANAO). All amounts are expressed in Australian dollars.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2001

ASSETS

	Notes	2000-01 \$	1999-00 \$
Financial Assets			
Cash		110,540	42,548
Receivables	5	182,235	100,518
Total financial assets		292,775	143,066
 Total assets		 292,775	 143,066

LIABILITIES

Provisions			
Employees	6	182,235	100,518
Total provisions		182,235	100,518
 Total liabilities		 182,235	 100,518

EQUITY

	Notes	2000-01 \$	1999-00 \$
Capital		-	-
Reserves		-	-
Accumulated surpluses (deficits)		110,540	42,548
Total equity	7	110,540	42,548
 Current liabilities		 177,171	 100,518
Non-current liabilities		5,064	-
Current assets		292,775	143,066
Non-current assets		-	-

The above statement should be read in conjunction with the accompanying notes

STATEMENT OF CASH FLOW

For the period ended 30 June 2001

OPERATING ACTIVITIES

	Notes	2000-01 \$	1999-00 \$
Cash received			
Appropriations for outputs		250,000	270,000
Sales of goods and services		2,407	1,061
Other		587,211	357,302
<i>Total cash received</i>		839,618	628,363
Cash used			
Employees		430,813	378,672
Suppliers		340,813	217,853
<i>Total cash used</i>		771,626	596,525
Net cash from (used by) operating activities	8	67,992	31,838
<i>Net increase (decrease) in cash held</i>		67,992	31,838
Cash at the beginning of the reporting period		42,548	10,710
<i>Cash at the end of the reporting period</i>		110,540	42,548

The above statement should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of Asia/Pacific Group on Money Laundering

The purpose of the Asia/Pacific Group on Money Laundering (APG) is to facilitate the adoption, implementation and enforcement of internationally accepted anti-money laundering standards in particular the Forty Recommendations of the Financial Action Task Force on Money Laundering (FATF). This includes assisting jurisdictions in the region to enact laws dealing with the proceeds of crime, mutual legal assistance, confiscation, forfeiture and extradition. It also includes the provision of guidance in setting up systems for reporting and investigating suspicious transactions and helping in the establishment of financial intelligence units. The APG allows for regional factors to be taken into account in the implementation of anti-money laundering measures and provides for peer review by means of a mutual evaluation process.

1.2 Basis of Accounting

The financial statements are a special purpose financial report.

The statements have been prepared where relevant in accordance with:

- Australian Accounting Standards and Accounting Interpretations issued by Australian Accounting Standards Boards;
- Other authoritative pronouncements of the Boards; and
- Consensus Views of the Urgent Issues Group.

The statements have been prepared having regard to:

- Statements of Accounting Concepts; and

The Statements of Financial Performance and Financial Position have been prepared on an accrual basis and are in accordance with historical cost convention, except for the certain assets which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. Assets and liabilities arising under agreements equally proportionately unperformed are however not recognised unless required by an Accounting Standard. Liabilities and assets which are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies

Revenues and expenses are recognised in the Statement of Financial Performance and when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

1.3 Changes in Accounting Policy

The accounting policies used in the preparation of these financial statements are consistent with those used in 1999-2000.

1.4 Revenue

The revenues described in this Note are revenues to the core operating activities of the APG.

(a) *Revenues from Australian Government*

Membership contributions by the Commonwealth of Australia to the APG is recognised as revenue when received.

(b) Contributions from other member countries

Membership contribution to APG received from other member is recognised as revenue when received.

(c) Other Contributions

Revenue from the sale of goods and services is recognised upon the delivery of goods or service to members.

1.5 Employee Entitlements*(a) Leave*

The liability for employee entitlements includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Group is estimated to be less than the annual entitlement for sick leave.

The liability for annual leave reflects the value of total annual leave entitlements of all employees at 30 June 2001 and is recognised at the nominal amount.

The non-current portion of the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 2001. In determining the present value of the liability, the Group has taken into account attrition rates and pay increases through promotion and inflation.

(b) Superannuation

Staff contribute to the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme of Australia. Employer contributions amounting to \$38,605 (1999-00: \$30,091) in relation to these schemes have been expended in these financial statements.

No liability for superannuation is recognised as at 30 June as the employer contributions full extinguish the accruing liability which is assumed by the Commonwealth of Australia.

Employer superannuation Productivity Benefit contributions totalled \$5,104 (1999-00: \$4,452).

1.6 Cash

Cash means notes and coins held and deposits held at call with a bank or financial institution.

1.7 Financial Instruments

Accounting policies for financial instruments are stated at Notes 12.

1.8 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring administrative arrangements. In the latter case, assets are initially recognised in the transferor agency's accounts immediately prior to the restructuring.

1.9 Taxation

The Group is exempt from all forms of taxation except fringe benefits tax and the goods and services tax.

1.10 Foreign Currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date. Associated currency gains and losses are not material.

1.11 Insurance

National Crime Authority has insured on behalf of the Group's Australian assets and employees for risks through the Australian Government's insurable risk managed fund, called "Comcover". Workers compensation is insured through Comcare Australia.

1.12 Comparative Figures

Comparative Figures have been adjusted to conform to changes in presentation in these financial statements where required.

1.13 Rounding

Amounts have been rounded to the nearest dollar.

Note 2: Events Occurring after Balance Date

No events have occurred after balance date that has materially effected the 2000-2001 financial statements.

Note 3: Operating RevenuesNote 3A – Contributions From Australian Government

	2000-01 \$	1999-00 \$
Appropriations for Australian Government	250,000	250,000
Contribution from National Crime Authority (APG Annual Meeting)	-	20,000
Total	250,000	270,000

Note 3B – Contribution from other member Countries/ Organisations

	2000-01 \$	1999-00 \$
Members Contribution		
United States of America	143,775	114,825
Japan	125,397	106,908
Hong Kong, China	39,032	-
Korea	19,620	-
Chinese Taipei	16,151	-
Singapore	11,586	-
New Zealand	10,000	10,000
Samoa	4,280	-
Philippines	4,204	-
Malaysia	4,220	-
	378,265	231,733

	2000-01 \$	1999-00 \$
Other Contributions		
USA – State Department Mutual Evaluator Workshop	162,945	-
International Monetary Fund – Washington Workshop	13,889	-
International Monetary Fund – Samoa Workshop	2,407	-
Australian Federal Police – South Pacific Mission	10,112	25,565
Australian Federal Police – APG Annual Meeting, 2001	15,000	-
Canada – Pacific Rim Workshop	5,827	-
New Zealand – FIU Workshop	1,173	-
Australian Prudential Regulation Authority – APG Annual Meeting, 2000	-	5,000
Austrac – APG Annual Meeting, 2000	-	20,000
AusAid – APG Annual Meeting, 2000	-	50,000
Australian Customs Service – APG Annual Meeting, 2000	-	20,000
Reserve Bank of Australia – APG Annual Meeting, 2000	-	5,000
Other	-	1,065
	211,353	126,630
Total	589,618	358,363

Note 4: Operating Expenses

Note 4A – Employee Expenses

	2000-01 \$	1999-00 \$
Remuneration (for services provided)	418,229	374,358
Separation and redundancy	-	-
Total remuneration	418,229	374,358
Other employee expenses	12,584	-
Total	430,813	374,358

Note 4B – Suppliers Expenses

	2000-01	1999-00
	\$	\$
Travel – Staff	135,181	92,127
Travel – Mutual Evaluator Workshop	80,809	-
Travel – Overseas Sponsored Attendees	17,017	-
Conferences	56,314	81,648
Motor Vehicle Costs	15,962	9,265
Office Requisites	13,705	14,980
Other Expenses	21,825	19,833
	340,813	217,853

Note 5: Financial AssetsNote 5 – Receivables

	2000-01	1999-00
	\$	\$
National Crime Authority Employee Benefits	182,235	100,518
Receivables (gross) are aged as follows:	182,235	100,518
Not overdue	182,235	100,518

Note 6: ProvisionsNote 6 – Employee Provisions

	2000-01	1999-00
	\$	\$
Leave	182,235	100,518
Current	177,171	70,405
Non-current	5,064	30,113

Note 7 Equity

Item	Accumulated results		TOTAL EQUITY	
	2000-01 \$	1999-00 \$	2000-01 \$	1999-00 \$
Balance 1 July 2000	42,548	6,396	42,548	6,396
Net surplus/ (deficit) after extraordinary items	67,992	36,152	67,992	36,152
Equity injection: Appropriation	-	-	-	-
Restructuring transfers	-	-	-	-
Dividends	-	-	-	-
Capital use charge	-	-	-	-
Net revaluation increments/ decrements	-	-	-	-
Balance 30 June 2001	110,540	42,548	110,540	42,548

Note 8: Cash Flow Reconciliation**Reconciliation of Cash per Statement of Financial Position to Statement of Cash Flows**

	2000-01 \$	1999-00 \$
Cash at year end per Statement of Cash Flows	110,539	42,548
Statement of Financial Position items comprising above cash: "Financial Asset – Cash"	110,539	42,548

Reconciliation of operating surplus to net cash provided by operating activities:

	2000-01 \$	1999-00 \$
Net surplus (deficit)	67,992	31,838
Increase in receivables	(81,717)	(96,204)
Increase in employee liabilities	81,717	96,204
Net cash provided (used) by operating activities	67,992	31,838

The above extracts have been taken from the report prepared, audited and approved by the Australian National Audit Office (ANAO)

ANNEX D: Summaries of mutual evaluation reports adopted in 2000 – 2001

Mutual Evaluation of Samoa

Samoa was the subject of a joint mutual evaluation by the Asia Pacific Group on Money Laundering (APG) and the Offshore Group of Banking Supervisors (OGBS). The evaluation team visited Samoa from 19 to 22 February 2001.

Conclusions

Samoa does not have a major drug or organised crime problem. The extent of money laundering relating to overseas proceeds is unknown. Whilst few cases of suspected money laundering have been identified or investigated, Samoa has the potential to be used for money laundering purposes. It is a tax haven, has no foreign exchange regulations and has efficient domestic and offshore banking systems.

Samoa does not at this time meet the anti-money laundering standards set out in the Financial Action Task Force's Forty Recommendations. Samoa has expressed an intention to comply with international anti-money laundering standards. If that intention is put into practice, Samoa should be able to reach the international standards within a reasonable time frame. Although there is a legislative platform in place, there is need for further steps to be taken to amend the law if Samoa is to meet international standards.

There is also a need to ensure that regulators, law enforcement agencies and prosecutors have the skills and resources to effectively identify, investigate and prosecute money laundering offences. The basis for a professional and well managed law enforcement system exists; however, the police and customs service have very limited capacity and experience in the area of financial crime generally. Additional resources and further training of relevant personnel will be required to enable them to effectively carry out their responsibilities both at the domestic level and within the offshore centre.

The evaluation team concludes by recognising the important steps that Samoan authorities have already taken to combat money laundering in their jurisdiction. It also wishes to acknowledge the competence and professionalism of officials in both the financial and legal sectors, and Samoa's expressed willingness to meet the international standards within a reasonable time frame.

Recommendations

The Evaluation Team made a number of recommendations designed to strengthen Samoa's anti-money laundering system. Several of the matters identified within the recommendations are already being addressed by the relevant authorities. In such instances, the efforts already undertaken have been recognised by the wording "work in progress." Some of these recommendations include:

- sign, ratify and implement the Vienna Convention (*United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances 1988*) and Palermo Conventions at the earliest opportunity;
- issue regulations and/or guidelines to the financial sector in order to provide clear guidance on how financial organisations can fulfill their obligations under the Money Laundering Prevention Act 2000 (MLPA). (Work in progress);

- introduce statutory customer identification requirements for all financial institutions, with relevant provisions to be included in both the money laundering and regulatory laws and ensure that the customer identification requirements relate to the opening of all account and to on-going relationships;
- remove the \$30,000 threshold for record-keeping of information related to transactions and the reporting of suspicious transactions contained in section 12 of the MLPA;
- remove all remaining constraints in the regulatory laws that prevent access by the regulators to all records maintained by financial institutions, including customer records. (Work in progress);
- introduce specific provisions in the MLPA to permit the Money Laundering Authority, as part of its powers and duties, to co-operate and exchange information with foreign counterpart FIUs;
- take measures to ensure a clear distinction in operational terms between the role of the Central Bank as the MLA and its role as supervisor of the banking system. (Work in progress);
- remove the obligation on the auditors (contained in some of the regulatory laws) to forewarn financial institutions of the intention to report suspicious activity or evidence of criminal activity and malpractice to the regulatory authorities;
- introduce common provisions in all the regulatory laws requiring that shareholders and directors of financial institutions are fit and proper and review the background of all existing shareholders and directors of offshore financial institutions to establish whether they meet fit and proper criteria;
- extend the current system of on-site examinations of the domestic banks by the Central Bank to include specific attention to the banks' compliance with their obligations under the MLPA. (Work in progress);
- implement measures in the short term to "immobilise" bearer shares issued by IBCs, by requiring their safe-keeping by licensed financial institutions; and in the longer-term to remove the ability for any company to issue bearer shares;
- develop the capacity and expertise of the police to enable them to assist with money laundering investigations and provide training to the agencies with powers conferred by section 19 of the MLPA, to assist them in the exercise of those powers.
- recruit additional staff into the Office of the Registrar of International and Foreign Companies to improve the depth of regulatory and accounting skills and resources. (Work in progress).

At the APG's Fourth Annual Meeting, members heard a response from Samoa, noting Samoa's commitment to international anti-money laundering measures and that work had already begun to address some of the deficiencies identified in the report but that a lack of resources/capacity was a problem.

Mutual Evaluation of Chinese Taipei

The Evaluation Team visited Chinese Taipei, from 26 to 29 March 2001.

Conclusions

Chinese Taipei has taken some important steps to combat money laundering. Its recently enacted anti-money laundering legislation conforms to international standards in relation to creating a money laundering offence and requiring the reporting of suspicious transactions and a co-ordinated anti-money laundering policy is now beginning to take shape.

The Evaluation Team has made a number of recommendations which, if adopted, would further strengthen Chinese Taipei's anti-money laundering system. Many of the recommendations relate to amendments to the Money Laundering Control Act to clarify certain vague areas and legislatively to provide for systems that will comply with the FATF's Forty Recommendations.

The fairly large number of recommendations is to be taken in the context of enhancing and fine-tuning Chinese Taipei's existing anti-money laundering system. The Chinese Taipei authorities made it clear that they would appreciate receiving specific recommendations from the Team. It is also noted that some of the recommendations relate to problems which have already been identified and are being addressed by the Chinese Taipei authorities.

The Evaluation Team wishes to conclude by recognising the many important measures Chinese Taipei has taken to ensure that the risk of money laundering is minimised and the political and official commitment to improving its anti-money laundering system. The Evaluation Team also wishes to acknowledge the very professional and co-operative attitude of the authorities with whom it dealt in the course of this mutual evaluation and to thank them for the assistance they provided to the Evaluation Team throughout the evaluation process.

Recommendations

The Evaluation Team made a number of recommendations. The Chinese Taipei authorities are already addressing several of these issues, and where this applies the recommendation is marked "work in progress" in recognition of the fact. Some of these recommendations include:

- amendments to Money Laundering Control Act and related matters, including that consideration be given to the creation of an "assets forfeiture fund" into which confiscated funds are deposited; provisions be introduced which allow for the freezing of assets at the request of another jurisdiction; Article 14 of the MLCA be amended to spell out the procedures necessary to provide the mechanisms to make and receive mutual legal assistance requests and, in appropriate circumstances, to exchange information with law enforcement and regulatory authorities; and amendments to the law to include "structuring" or "smurfing" as an offence.
- the Evaluation Team believes that Chinese Taipei's efforts would be enhanced if the Public Prosecutor's Office exercised greater co-ordination and oversight authorities and recommended that the Public Prosecutor, in conjunction with the MLPC form a working group of all relevant agencies;
- legislative amendments that would provide the necessary authority to conduct undercover operation and controlled deliveries in money laundering matters should

be introduced [work in progress] and the authorities should establish guidelines for the conduct of undercover operations including the use of controlled deliveries;

- although it has been made illegal, the full extent of underground banking is unknown to government authorities. This avenue of money laundering is therefore open to abuse and it is recommended that this illegal activity be fully investigated;
- the Evaluation Team made a number of detailed recommendations regarding the sample set of guidelines issued by the Bankers Association;
- in relation to the role of the Central Bank and Money Laundering Prevention Center, all inspection programs should include a specific reference to verify that training programs are up to date. The inspection process should include both induction and yearly refresher training;
- in relation to significant currency transactions, the Evaluation Team recommended that the authorities should introduce laws to reduce the amount of significant currency transactions to NT\$1million and report these transactions to the MLPC [work in progress] and that a specific reporting period should be defined as part of the proposed amendment. The Team also recommended that this reporting obligation apply to all non bank financial institutions;

At the APG's Fourth Annual members heard a response from Chinese Taipei indicating a positive response to the recommendations contained in the report.

Mutual Evaluation of Labuan International Offshore Finance Centre

Labuan is an international offshore financial centre (IOFC) established by the Malaysian Government in 1990. Labuan IOFC is the third jurisdiction in the Asia/Pacific region to be evaluated jointly by APG and the OGBS.

It was decided that separate evaluations of the Labuan IOFC and Malaysia would be appropriate and effective in the circumstances but that the evaluation of Labuan IOFC would of course need to take into account the national laws of Malaysia which apply in Labuan.

The evaluators visited Labuan IOFC from 2 to 4 April 2001 and Kuala Lumpur on 5 and 6 April 2001.

Conclusions

Labuan IOFC does not appear to have a serious organised crime or money laundering problem. While there is as yet no comprehensive anti-money laundering law in Malaysia, the new Anti-Money Laundering Bill 2001 has just been introduced which when passed should significantly enhance the anti-money laundering regime. An assessment that Labuan IOFC fully complies with the Forty FATF Recommendations is contingent upon passage of this legislation.

The Evaluation Team has made several recommendations which, if adopted, would further strengthen Labuan IOFC's anti-money laundering system. However, the Evaluation Team wishes to conclude by recognising the many important measures mainland Malaysian and Labuan authorities have taken to ensure that the risk of money laundering in Labuan IOFC is minimised.

The Evaluation Team also wishes to acknowledge the very professional and co-operative attitude of the Labuan and Malaysian authorities with whom it dealt in the course of this mutual evaluation.

Recommendations

In order to address the issues identified during the mutual evaluation, the Evaluation Team recommended that Labuan IOFC take steps to implement a number of recommendations, including:

- introduce amendments to the regulatory laws to rationalise the secrecy provisions, and to remove any perceived impediment to the access by the Labuan Offshore Financial Services Authority (LOFSA) of information relating to the business of regulated entities, including the identity of customers.
- make explicit the ability of LOFSA to acquire information from regulated institutions on behalf of overseas regulatory authorities, and clarify that the sharing of information is not restricted in relation to customer details, subject to reciprocal confidentiality provisions;
- produce updated guidelines for the financial sector in relation to anti-money laundering systems and procedures, once the Anti-Money Laundering Bill 2001 is enacted;
- introduce procedures into the on-site examination process undertaken by LOFSA to focus on institutions' compliance with proper anti-money laundering systems;
- require both the internal and external auditors, as part of their audits, to report routinely on their assessment of the adequacy of the anti-money laundering systems and controls;
- amend the guidelines for internal auditors to indicate the extent to which their work should address money laundering issues;
- introduce a general obligation on auditors to report immediately to LOFSA any evidence of criminal activity that they might acquire in the course of their audit of regulated institution and provide the auditors with statutory protection against civil liability for making such reports.
- introduce a statutory requirement that the controllers and directors of all trust companies should be fit and proper, in line with the requirement applicable to other sectors of the IOFC.

At the APG's Fourth Annual Meeting members heard a response from Labuan which indicated that it thought that the evaluation report was fair and positive and that all the recommendations would be seriously considered.

Mutual Evaluation of Macau,China

Macau,China was the fourth jurisdiction in the Asia/Pacific region to be evaluated jointly by the APG and the OGBS.

The evaluators visited Macau,China from 9 to 11 April 2001.

Conclusions

Macau's significant dependence on gambling activities and the free movement of cash across its borders mean that Macau needs to ensure that it adopts international best practice to address money laundering. The Macau authorities told the Evaluation Team that this is vital for ensuring Macau's future economic growth as well as to promote a reputation that it is not harbouring or becoming a transit for money laundering activities.

Macau has taken some important steps to combat money laundering. Macau's recently enacted anti-money laundering legislation conforms with international standards in relation to creating a money laundering offence and requiring the reporting of suspicious transactions, but it is too early to make definitive conclusions about the effectiveness of the legislation. It is however clear that there are too few suspicious transaction reports and therefore investigations into money laundering and that there is considerable scope to enhance the law enforcement regime.

The Evaluation Team has made a number of recommendations which, if adopted, would strengthen Macau's anti-money laundering system.

The Evaluation Team wishes to acknowledge the co-operative attitude of the Macau SAR authorities with whom it dealt in the course of this mutual evaluation and to thank them for the assistance they provided to the Evaluation Team throughout the evaluation process.

Recommendations

The Evaluation Team made a number of recommendations. The Macau, China authorities are already addressing several of these issues, and where this applies the recommendation is marked "work in progress" in recognition of the fact. Some of these recommendations include:

- the Monetary Authority of Macau (AMCM), the Department for Financial Services, the Department for Economic Services and the Macau Trade and Investment Promotion Institute should pursue a concerted and co-ordinated approach to raise awareness and provide training on the issue of money laundering;
- given Macau's unique dependence on gambling activities, the need to address money laundering issues should be facilitated by strong public education programs to facilitate greater "buy ins" and better co-operation from the public. [Work in Progress];
- the Department for Economic Services should provide guidelines on money laundering and anti-money laundering measures to the industries which it supervises and the AMCM should review its guidelines on money laundering to the banking sector with the objective of updating and enhancing their contents. [Work in Progress];
- in relation to confiscation, the various provisions that may be applied to confiscate the proceeds of crime should be clarified to make clear which rules govern money laundering cases, depending on the predicate offences;
- in order to facilitate the monitoring of cash movements and for the purpose of financial intelligence, the Macau Government could consider introducing a requirement to report cash carried in and out of Macau across its borders. Should such requirements be introduced, certain enforcement measures would also have to be carried out to penalise instances of non-declaration or false declaration;

- the proposed reform of the gambling industry should, inter alia, aim to improve the regulation and transparency of all entities involved, as well as the 'fit an proper' testing of all operators, managers and staff of casinos. [Work in Progress];
- all casino junket tour operators should be licensed and consideration should be given to ensuring that all participants on junket tours are identified;
- the functions, powers, staffing levels and supervisory capacity of the Gambling Inspection and Co- ordination Services need to be considered to determine whether they need to be enhanced or whether a separate statutory body should be created to oversee the law enforcement aspects of casino operations.
- the capacity of the supervisory agencies needs to be enhanced further to ensure that dedicated resources can be devoted to address suspicious transactions in the various sectors under their supervision.
- a more co-ordinated approach needs to be considered to ensure that the identification, reporting and prosecution of money laundering activities can be done more successfully and speedily. A central, multi-disciplinary agency (usually referred as a financial intelligence unit), responsible for receiving, analysing and disseminating to the competent authorities disclosures of financial information concerning suspected proceeds of crimes should be put in place.
- immediate efforts should be made to ensure improved co-operation in the areas of drafting/amending of anti-money laundering legislation, enforcement of the law and international co-operation;
- a mechanism (e.g. a working group) should be put in place as soon as possible to ensure co-ordination among all relevant government agencies that are involved in the fight against money laundering, in consultation with relevant associations, financial and non-financial institutions. One purpose of this mechanism would be to review money laundering trends and typologies and to develop a co-ordinated strategy to detect and attack money laundering in Macau. [Work in Progress]

ANNEX E: Summary of anti-money laundering measures in APG member jurisdictions at 30 June 2001

Australia currently holds one of the two co-chairs of the APG. Australia has a developed anti-money laundering system and is one of the founding members of the APG and is also a member of the FATF. Australia has ratified the UN Vienna Convention 1988, enacted anti-money laundering laws with respect to narcotic offences and with respect to all serious offences. Australia has established a Financial Intelligence Unit.

Bangladesh is currently strengthening its anti-money laundering system. Bangladesh has ratified the UN Vienna Convention 1988 and has under consideration draft anti-money laundering laws with respect to narcotics offences and with respect to serious offences. Bangladesh has not yet established a Financial Intelligence Unit but is developing a system for reporting suspicious transactions.

Chinese Taipei has a developed anti-money laundering system having enacted anti-money laundering laws with respect to narcotic offences and with respect to serious offences. Chinese Taipei has established a Financial Intelligence Unit.

Cook islands is currently strengthening its anti-money laundering system. The Cook Islands has not yet ratified the UN Vienna Convention 1988 but is in the process of enacting anti-money laundering laws with respect to narcotic offences and with respect to serious offences. The Cook Islands is also in the process of establishing a Financial Intelligence Unit and is developing a system for reporting suspicious transactions.

Fiji Islands has a developed anti-money laundering system having ratified the UN Vienna Convention 1988 and having enacted anti-money laundering laws with respect to narcotic offences and with respect to all serious offences. Fiji Islands has not yet established a Financial Intelligence Unit but has capacity to report suspicious transactions.

Hong Kong,China has a developed anti-money laundering system and is one of the founding members of the APG and is also a member of the FATF. Hong Kong,China has ratified the UN Vienna Convention 1988, enacted anti-money laundering laws with respect to narcotic offences and with respect to serious offences. Hong Kong,China has established a Financial Intelligence Unit.

India is currently strengthening its anti-money laundering system having ratified the UN Vienna Convention 1988. India has under consideration draft anti-money laundering laws with respect to narcotics offences and with respect to serious offences. India has not yet established a Financial Intelligence Unit but is developing a system for reporting suspicious transactions.

Japan has a developed anti-money laundering system and is one of the founding members of the APG and is also a member of the FATF. Japan has ratified the UN Vienna Convention 1988, enacted anti-money laundering laws with respect to narcotic offences and with respect to serious offences. Japan has established a Financial Intelligence Unit.

Macau,China has a recently developed anti-money laundering system. Macau,China has ratified the UN Vienna Convention 1988 and has enacted anti-money laundering laws with respect to narcotic offences and with respect to serious offences. Macau,China has not yet established a Financial Intelligence Unit but has capacity to report suspicious transactions.

Malaysia currently holds one of the two co-chairs of the APG. Malaysia has a recently developed anti-money laundering system having ratified the UN Vienna Convention 1988 and having enacted anti-money laundering laws with respect to narcotic offences and with respect to serious offences. Malaysia has capacity to report suspicious transactions and is in the process of establishing a Financial Intelligence Unit.

New Zealand has a developed anti-money laundering system and is one of the founding members of the APG and is also a member of the FATF. New Zealand has ratified the UN Vienna Convention 1988, enacted anti-money laundering laws with respect to narcotic offences and with respect to all serious offences. New Zealand has established a Financial Intelligence Unit.

Niue is currently strengthening its anti-money laundering system. Niue has not yet ratified the UN Vienna Convention 1988 but is enacting anti-money laundering laws with respect to narcotics offences and with respect to serious offences. Niue has not yet established a Financial Intelligence Unit.

Pakistan has a developed anti-money laundering system having ratified the UN Vienna Convention 1988 and having enacted anti-money laundering laws with respect to narcotic offences and with respect to serious offences. Pakistan has not yet established a Financial Intelligence Unit but has capacity to report suspicious transactions.

Republic of Indonesia is currently strengthening its anti-money laundering system having ratified the UN Vienna Convention 1988. The Republic of Indonesia has under consideration draft anti-money laundering laws with respect to narcotics offences and with respect to serious offences. The Republic of Indonesia has not yet established a Financial Intelligence Unit but is planning to do so and is developing a system for reporting suspicious transactions.

Republic of Korea has a recently developed anti-money laundering system. The Republic of Korea has ratified the UN Vienna Convention 1988, enacted anti-money laundering laws with respect to narcotic offences and is in the process of enacting its anti-money laundering law with respect to serious offences. The Republic of Korea has established a Financial Intelligence Unit.

Republic of the Philippines is currently strengthening its anti-money laundering system having ratified the UN Vienna Convention 1988. The Republic of the Philippines has under consideration draft anti-money laundering laws with respect to narcotics offences and with respect to serious offences. The Republic of the Philippines has not yet established a Financial Intelligence Unit but is planning to do so and is developing a system for reporting suspicious transactions.

Samoa has a recently developed anti-money laundering system. Samoa has enacted anti-money laundering laws with respect to narcotic offences and with respect to serious offences. Samoa has not yet ratified the UN Vienna Convention 1988. Samoa has established a Financial Intelligence Unit.

Singapore has a developed anti-money laundering system and is one of the founding members of the APG and is also a member of the FATF. Singapore has ratified the UN Vienna Convention 1988, enacted anti-money laundering laws with respect to narcotic offences and with respect to serious offences. Singapore has established a Financial Intelligence Unit.

Sri Lanka is currently strengthening its anti-money laundering system having ratified the UN Vienna Convention 1988. Sri Lanka has under consideration draft anti-money laundering laws with respect to narcotics offences and with respect to serious offences. Sri Lanka has not yet established a Financial Intelligence Unit.

Thailand has a recently developed anti-money laundering system having enacted anti-money laundering laws with respect to narcotic offences and with respect to certain serious offences. Thailand has not yet ratified the UN Vienna Convention 1988. Thailand has established a Financial Intelligence Unit.

United States of America has a developed anti-money laundering system and is one of the founding members of the APG and is also a member of the FATF. The United States of America has ratified the UN Vienna Convention 1988, enacted anti-money laundering laws with respect to narcotic offences and with respect to serious offences. The United States of America has established a Financial Intelligence Unit.

Vanuatu has a developed anti-money laundering system. Vanuatu has enacted anti-money laundering laws with respect to narcotic offences and with respect to serious offences. Vanuatu has not yet ratified the UN Vienna Convention 1988. Vanuatu has established a Financial Intelligence Unit.

ANNEX F: Websites and list of acronyms

WEBSITES

Not all the bodies listed below are mentioned in this Annual Report. They are however included to make this Annex a more useful resource.

ADB	Asian Development Bank	www.adb.org
APEC	Asia Pacific Economic Co-operation	www.apecsec.org.sg
APG	Asia/Pacific Group on Money Laundering	www.apgml.org
ASEAN	Association of South East Asian Nations	www.asean.or.id
AusAID	Australian Agency for International Development	www.ausaid.gov.au
FATF	Financial Action Task Force on Money Laundering	www.fatf-gafi.org
IMF	International Monetary fund	www.imf.org
IMoLIN	International Money Laundering Network	www.imolin.org
IDLI	International Development Law Institute	www.idli.org
ODCCP	United Nations Office for Drug Control & Crime Prevention	
UNDCP	United Nations Drug Control Programme	
UNTOC	United Nations Draft Convention of Transnational Crime	
UNICRI	United Nations Inter-regional Crime & Justice Research Institute	
	United Nations home page:	www.un.org
OECD	Organisation for Economic Co-operation & Development	www.oecd.org
Pacific Islands Forum Secretariat		www.forumsec.org.fj
SAARC	South Asian Association for Regional Co-operation	www.saarc.org
World Bank	The World Bank Group	www.worldbank.org
WCO	World Customs Organisation	www.wcoomd.org

ACRONYMS

APEC	Asia Pacific Economic Co-operation
ASEAN	Association of South East Asian Nations
ADB	Asian Development Bank
AMLID	Anti Money Laundering International Database (UNDCP)
AusAID	Australian Agency for International Development
AUSTRAC	Australian Transaction Reports & Analysis Centre
ASEM	Asia Europe Meeting
CFATF	Caribbean Financial Action Task Force
CSCAP	Council for Security Co-operation in the Asia Pacific
COE	Council of Europe
ESCAP	Economic & Social Commission for Asia and the Pacific (UN)
EEC	European Economic Community
Egmont Group	Egmont Group of the Financial Intelligence Units of the world
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group
FSF	Financial Stability Forum
FIU	Financial Intelligence Unit
FSA	Financial Services Authority (UK)
FINCEN	Financial Crimes Enforcement Network (USA)
FATF	Financial Action Task Force on Money Laundering
FCO	Foreign & Commonwealth Office (UK)
FEMM	Finance and Economic Ministers Meeting (a South Pacific body)
GAFISUD	Grupo de Acción Financiera de Sudamérica (South American Financial Action Task Force on Money Laundering)
IMF	International Monetary Fund
IDLI	International Development Law Institute
IOSCO	International Organisation of Security Commissions
ME	Mutual Evaluations
NCCT	Non Co-operative Countries & Territories (FATF initiative)
ODCCP	United Nations Office for Drug Control & Crime Prevention
OECD	Organisation for Economic Co-operation & Development
OGBS	Offshore Group of Banking Supervisors
PFTAC	Pacific Financial Technical Assistance Centre
PC-R-EV	Council of Europe Select Committee of Experts on the Evaluation of Anti-Money Laundering Measures
RETA	Regional Technical Assistance (ADB)
SAARC	South Asian Association for Regional Co-operation
SEACEN	South East Asian Central Banks Training Institute
UNDCP	United Nations Drug Control Programme
UNTOC	United Nations Convention on Transnational Organized Crime
USDEA	US Drug Enforcement Agency (aka DEA)
WCO	World Customs Organisation
WTO	World Trade Organisation