Treasury Statement on European Commission List of Jurisdictions with Strategic AML/CFT Deficiencies

February 13, 2019

Washington – Today, the European Commission issued a list of purportedly high-risk jurisdictions “posing significant threats” to the European Union’s financial system as a result of strategic deficiencies in their Anti-Money Laundering and Countering the Financing of Terror (AML/CFT) regimes. The U.S. Department of the Treasury has significant concerns about the substance of the list and the flawed process by which it was developed.

The Financial Action Task Force (FATF) is the global standard-setting body for combating money laundering, terrorist financing, and proliferation financing. The FATF, which includes the United States, the European Commission, 15 EU member states, and 20 other jurisdictions, already develops a list of high-risk jurisdictions with AML/CFT deficiencies as part of a careful and comprehensive process. Because of the FATF’s work, virtually all countries around the world are subject to a rigorous peer-review methodology that examines the legal frameworks to counter illicit finance as well as how effectively jurisdictions implement them. These reviews are an intensive process involving careful review of the legal framework, extensive fact-gathering, and onsite visits in which assessors engage in robust, iterative dialogues with assessed jurisdictions.

The European Commission’s process for developing its list contrasts starkly with FATF’s thorough methodology. First, the Commission’s process did not include a sufficiently in-depth review necessary to conduct an assessment related to such a serious and consequential issue. Second, the Commission provided affected jurisdictions with only a cursory basis for its determination. Third, the Commission notified affected jurisdictions that they would be included on the list only days before issuance. Fourth, the Commission failed to provide affected jurisdictions with any meaningful opportunity to challenge their inclusion or otherwise address issues identified by the Commission. As a result, the European Commission produced a list that diverges from the FATF list without reasonable support.

Beyond our concerns with the listing methodology, the Treasury Department rejects the inclusion of American Samoa, Guam, Puerto Rico, and the U.S. Virgin Islands on the list. The commitments and actions of the United States in implementing the FATF standards extend to all

U.S. territories. The same AML/CFT legal framework that applies to the continental United States also generally applies to U.S. territories. Moreover, the Treasury Department was not provided any meaningful opportunity to discuss with the European Commission its basis for including the listed U.S. territories.

The Treasury Department does not expect U.S financial institutions to take the European Commission's list into account in their AML/CFT policies and procedures.

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