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TEXTS ADOPTED

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**P8\_TA(2019)0216**

**Urgency for an EU blacklist of third countries in line with the Anti-Money Laundering Directive**

**European Parliament resolution of 14 March 2019 on the urgency for an EU blacklist of third countries in line with the Anti-Money Laundering Directive (2019/2612(RSP))**

*The European Parliament,*

- having regard to the Commission Delegated Regulation (EU) .../... of 13 February 2019 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council by identifying high-risk third countries with strategic deficiencies,
- having regard to Article 290 of the Treaty on the Functioning of the European Union,
- having regard to Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (4AMLD), and in particular Articles 9(2) and 64(5) thereof<sup>1</sup>, and as amended by Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU (5AMLD), in particular Article 1(5)<sup>2</sup>,
- having regard to the Commission roadmap ‘Towards a new methodology for the EU assessment of High Risk Third Countries under Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing’<sup>3</sup>,
- having regard to the Commission staff working document of 22 June 2018, ‘Methodology for identifying high risk third countries under Directive (EU) 2015/849’ (SWD(2018)0362), which inter alia defines Priority 1 and Priority 2 third countries,

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<sup>1</sup> OJ L 141, 5.6.2015, p. 73.

<sup>2</sup> OJ L 156, 19.6.2018, p. 43.

<sup>3</sup> See: <https://data.consilium.europa.eu/doc/document/ST-11189-2017-INIT/en/pdf>

- having regard to the letter of 25 February 2019 from the Chair of the Special Committee on Financial Crimes, Tax Evasion and Tax Avoidance (TAX3) to Commissioner Jourova on the delegated act on high-risk third countries with strategic deficiencies in their anti-money laundering and countering financing regimes,
  - having regard to the letter of 5 March 2019 from the TAX3 Chair on the Council’s position on the Commission’s list of high-risk third countries presenting deficiencies as regards anti-money laundering and counter-terrorist financing (AML/CTF),
  - having regard to the exchange of views held on 6 March 2019 between Commissioner Jourova and Parliament’s Committee on Economic and Monetary Affairs (ECON) and Committee on Civil Liberties, Justice and Home Affairs (LIBE),
  - having regard to the Council’s Statement 6964/1/19 on the Commission Delegated Regulation (EU) of 13 February 2019 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council by identifying high-risk third countries with strategic deficiencies (C(2019)1326),
  - having regard to Rule 123(2) of its Rules of Procedure,
- A. whereas the delegated regulation and its annex and amending delegated regulations are intended to identify high-risk third countries with strategic deficiencies as regards anti-money laundering and countering terrorist financing (AML/CTF) which represent a threat to the EU financial system and for which enhanced customer due diligence measures are necessary at EU obliged entities under 4AMLD;
  - B. whereas a delegated act adopted pursuant to Article 9 of 4AMLD shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of one month of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object;
  - C. whereas Parliament rejected two of five proposed amending delegated regulations (C(2016)07495 and C(2017)01951) on the grounds that the Commission’s process for identifying high-risk third countries was not sufficiently autonomous;
  - D. whereas Parliament supports the establishment by the Commission of a new methodology that does not rely exclusively on external information sources to identify jurisdictions presenting strategic deficiencies in tackling money laundering and the financing of terrorism;
  - E. whereas the objective of the list is to protect the integrity of the Union’s financial system and internal market; whereas the inclusion of a country on the list of high-risk third countries does not trigger the imposition of any economic or diplomatic sanction, but, rather, requires obliged entities such as banks, casinos and real estate agencies to apply enhanced due diligence measures on transactions involving these countries, and to make sure that the EU financial system is equipped to prevent money laundering and terrorist financing risks coming from third countries;
  - F. whereas countries could be removed from the list should they remedy their AML/CTF deficiencies;

- G. whereas on 13 February 2019 the Commission adopted its delegated act, including a list of 23 countries and territories: Afghanistan, American Samoa, Bahamas, Botswana, Democratic People's Republic of Korea, Ethiopia, Ghana, Guam, Iran, Iraq, Libya, Nigeria, Panama, Pakistan, Puerto Rico, Samoa, Saudi Arabia, Sri Lanka, Syria, Trinidad and Tobago, Tunisia, US Virgin Islands and Yemen;
- H. whereas the Council, in its statement of 7 March 2019, stated that it objected to the delegated act since the proposal was not established in a transparent and resilient process actively incentivising affected countries to take decisive action while also respecting their right to be heard;
- I. whereas the new methodology was set out in a Commission Staff Working Document published on 22 June 2018, which applies the revised criteria for the identification of high-risk third countries;
- J. whereas the Commission started to consult third countries listed in the delegated act as of 23 January 2019, and met with all those countries which requested more information on the reasons for their listing;
- K. whereas on 7 March 2019 the Council rejected the delegated act in the Justice and Home Affairs Council;
1. Welcomes the fact that on 13 February 2019 the Commission adopted a new list of 23 third countries with strategic deficiencies in their anti-money laundering and counter-terrorist financing frameworks;
  2. Regrets that the Council objected to the delegated act proposed by the Commission;
  3. Encourages the Commission to take into account all the concerns expressed and to come up with a new delegated act as soon as possible;
  4. Commends the work done by the Commission to adopt a self-standing list based on strict criteria agreed by co-legislators; stresses the importance for the Union of having an autonomous list of high-risk third countries presenting AML/CTF deficiencies, and welcomes the Commission's new methodology for identifying high-risk countries under 4AMLD and 5AMLD;
  5. Recalls that Article 9(2) of Directive (EU) 2015/849 as amended by 5AMLD obliges the Commission to independently assess strategic deficiencies in several areas;
  6. Considers that in order to safeguard the integrity of the list of high-risk countries, the screening and decision-making process should be carried out on the basis of the methodology alone, and must not be affected by considerations that go beyond the area of AML/CTF deficiencies;
  7. Notes that lobbying and diplomatic pressure by the listed countries have been and will be part of the process of identifying high-risk countries; underlines that such pressure should not undermine the EU institutions' ability to tackle money laundering and to counter terrorism financing linked to the EU in an effective and autonomous manner;
  8. Calls on the Commission to publish its assessments of the listed countries so as to ensure public scrutiny in such a way that they cannot be abused;

9. Calls on the Commission to ensure a transparent process with clear and concrete benchmarks for countries which commit to undergo reforms so as to avoid being listed;
10. Notes that the assessment of the Russian Federation is still ongoing; expects the Commission to include the latest 'Troika Laundromat' revelations in its assessment; recalls that the work of the ECON, LIBE, and TAX3 committees during this legislative term has raised concerns over the Russian Federation's anti-money laundering and counter-terrorist financing frameworks;
11. Calls on the Commission to engage with the Member States to increase the Council's ownership over the Commission's proposed methodology;
12. Calls on those Member States which have yet to do so to transpose 4AMLD and 5AMLD into their national legislation;
13. Calls for more human and financial resources to be devoted to the relevant unit in the Commission's competent Directorate-General, i.e. the DG for Justice and Consumers (DG JUST);
14. Calls on the Commission to advance substantially with the assessment phase for Priority 2 third countries;
15. Recalls that the EU delegated act is a separate process from the FATF listing and should remain exclusively an EU matter;
16. Instructs its President to forward this resolution to the Council, the Commission and the governments and parliaments of the Member States.