

### **Near miss at FATF**

It appears that Pakistan had another narrow escape at the meeting of the Financial Action Task Force held in Orlando, Florida, a few days ago. Despite strong pressure to move towards blacklisting Pakistan's financial system through a resolution moved by India, the final vote averted that outcome. It is encouraging to note, according to reports trickling out from the secretive deliberations, that Pakistan seems to have found support from countries beyond the traditional three — China, Turkey and the GCC delegation that includes Saudi Arabia. According to these reports, some European countries that have in the past supported the resolutions traditionally tabled by India voted against it this time round. As a result, Pakistan averted being blacklisted despite immense pressure. Credit for this must be given to the delegation that represented the country in Orlando as well as the Foreign Office that organised a strong outreach effort in the run-up to the meeting.

But there is no time to celebrate. All that has really been won at the table is a little more time — a few months. The statement released by FATF after the meetings lists 10 areas in which the government needs to show strong progress, and each of these areas is focused entirely on actual, material outcomes on the ground. The days of simply passing laws and putting in place regulations to make a case for compliance with the global body's demands that Pakistan shield its financial system from entities and groups designated by the UN as terrorist entities are clearly over. The list of areas in which concrete progress now needs to be witnessed ranges from action against cross-border cash couriers to ensuring that law-enforcement agencies "target designated persons and entities, and persons and entities acting on behalf or at the direction of the designated persons or entities". Another item in which compliance is being sought is "demonstrating that facilities and services owned or controlled by designated person are deprived of their resources and the usage of the resources".

FATF has also signalled that it is running out of patience with Pakistan when it pointedly says that the country has "failed to complete its action plan items" with a January deadline as well as those due in May 2019. The statement ends with a veiled threat, saying that FATF "strongly urges Pakistan" to ensure full compliance by the October meetings, "[o]therwise, the FATF will decide the next step at that time for insufficient progress". Pakistan committed to an action plan last year which is set to expire by October, so if any residual compliance shortfalls remain by that time, there is now a strong likelihood of full blacklisting. It is important to do everything possible to avert this outcome in the narrow window of opportunity that deft diplomacy has granted.

Editorial