

One step forward?

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The June 24 meeting of the Financial Action Task Force in Paris is fast approaching and till now all signs have pointed to Pakistan being grey-listed by the international financial watchdog. An earlier proposal made by the government to avoid being sanctioned was reportedly rejected by the FATF as inadequate and now the caretaker government will be submitting a new plan after a meeting of the National Security Council reaffirmed Pakistan's commitment to continue cooperating with the body. To avoid being grey-listed, Pakistan will have to satisfy the FATF that there will be an improvement in the monitoring and regulation of financial transactions, that unlawful transactions will be prosecuted and that there will be a clampdown on militant organisations. The first two demands will require better enforcement capabilities than have been shown thus far. Pakistan has been on both the FATF blacklist and greylist previously as well, and will need to show that it is maintaining international banking standards. On the third point, there has been some progress. In response to FATF worries, we seized the bank accounts and property of the Jamaat-ud-Dawa and passed an ordinance declaring that any outfits identified as terror groups by the UN Security Council sanctions committee list would also be banned here.

Despite these positive steps, Pakistan will be expected to show that it is ready to do more. This is mainly down to the US. The superpower, along with its Western European allies, had initiated the process of punishing Pakistan at the FATF to pressure us into taking action against the Haqqani Network and Afghan Taliban. It is no coincidence that the FATF suddenly discovered the weakening of Pakistan's banking system just as the US was preparing to send more troops into Afghanistan and relations with Pakistan were at a particularly low ebb because Pakistan wasn't willing to refocus according to American priorities. Ironically, it is US involvement in Afghanistan that may end up saving Pakistan from the burden of FATF censure. In the past week, caretaker Prime Minister Nasir Mulk and Army Chief Qamar Bajwa have held talks with US Vice President Mike Pence and Secretary of State Mike Pompeo about kick-starting a peace and reconciliation process in Afghanistan. The US seems to have finally realised that it can't militarily win a war in the country and knows it needs Pakistan to bring the Afghan Taliban to the negotiating table. The FATF controversy was always more about power politics than financial misconduct and we may finally have some leverage of our own to avoid punishment.