

MEPs Disagree on Blacklisting of “High-Risk Countries”

Thomas Wahl

News

In mid-December 2017 – in line with its custom of following the lead of the international Financial Action Task Force (FATF) – the Commission decided to include Tunisia, Sri Lanka, and Trinidad & Tobago to its blacklist, sparking controversy within the EP. On 7 February 2018, MEPs approved, by close vote, the Commission’s proposal to add Tunisia, Sri Lanka, and Trinidad & Tobago to the EU’s money laundering blacklist.

A motion by MEPs that opposed this listing did not reach the necessary absolute majority of 376 votes. In the end, 357 MEPs voted in favour of the motion, 283 voted against it, and there were 26 abstentions. Supporters of the motion mainly opposed the inclusion of Tunisia on the list, because they thought that the listing would be counterproductive for the country’s efforts to become a democracy.

The divide within the EP reflects a long-standing dispute between the EP and the Commission. The latter draws up the list based on the Union’s anti-money laundering rules (see also [eucrim 2/2016](#), p. 73). The EP largely disagreed with the methodology used by the Commission to compile the list (see [eucrim 2/2017](#), p. 67).

According to Art. 9(1) of the fourth Anti-Money Laundering Directive 2015/849 (“4AMLD”), third-country jurisdictions with strategic deficiencies in their AML/CFT regimes that pose significant threats to the financial system of the Union (“high-risk third countries”) must be identified in order to protect the proper functioning of the internal market. Art. 9(2) of the Directive empowers the Commission to adopt delegated acts in order to identify such high-risk third countries, taking into account strategic deficiencies, and laying down the criteria upon which the Commission’s assessment is to be based. Based on this identification, Art. 18(1) of the 4AMLD calls upon obliged entities to apply enhanced customer due diligence measures when establishing business relationships or carrying out transactions with natural persons or legal entities established in the listed countries. However, the EP has the right to veto the blacklist.

After the initial disagreement, the Commission worked out a new methodology by which to identify high-risk third countries. It agreed with the EP that the new methodology is to be introduced at the beginning of 2018 in order to add and remove countries.

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