Identifying high-risk third countries with strategic deficiencies: adding Kenya and Namibia to the table in point I of the Annex and deleting Barbados, Gibraltar, Panama, Uganda and the United Arab Emirates from that table

2024/2688(DEA) - 23/04/2024 - Text adopted by Parliament, single reading

The European Parliament adopted by 490 votes to 64, with 56 abstentions, a resolution **objecting** to the Commission delegated regulation of 14 March 2024 amending Delegated Regulation (EU) 2016/1675 as regards adding Kenya and Namibia to the table in point I of the Annex and deleting Barbados, Gibraltar, Panama, Uganda and the United Arab Emirates from that table.

Commission Delegated Regulation (EU) 2016/1675, its annex and the amending Commission delegated regulation of 14 March 2024 identify high-risk third countries with strategic deficiencies as regards anti-money laundering and countering terrorist financing (AML/CTF) which represent a threat for the Union financial system and for which enhanced customer due diligence measures should be applied by Union obliged entities under Directive (EU) 2015/849.

The Commission largely relies on the assessments of third countries carried out by international bodies, such as the Financial Action Task Force (FATF), since the assessment by the FATF follows due process based on objective criteria and the specific thresholds for being listed permit identification of countries presenting very material and profound strategic deficiencies. In principle, any third country representing a risk to the international financial system, as identified by the FATF, is presumed to represent a risk to the internal market.

The Commission’s assessment is, however, an autonomous process which must be carried out in a comprehensive and unbiased manner, assessing all third countries based on the same criteria.

Parliament expects the Commission to conduct its **own assessment** attending to the specific vulnerabilities of the internal market and **not to rely solely on the assessments conducted by the FATF**.

It is Parliament’s view that the list of criteria set out in Directive (EU) 2015/849 of the European Parliament and of the Council on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing is non-exhaustive and that predicate offences to money laundering, such as the evasion of sanctions, may fall under these criteria and should be duly taken into account in the autonomous assessment process of the Commission.

On 14 March 2024, the Commission adopted this Commission delegated regulation amending Delegated Regulation (EU) 2016/1675 as regards adding Kenya and Namibia to the table in point I of the Annex and deleting Barbados, Gibraltar, Panama, Uganda and the United Arab Emirates from that table.

Parliament recalled that the recent evidence suggesting that the UAE, Gibraltar and Panama lack efforts in addressing, or even facilitate the evasion of, sanctions imposed on Russia, including targeted financial sanctions on individuals, as a response to the Russian war of aggression against Ukraine. Moreover, there are credible indications that the UAE plays a significant role in cash-for-gold schemes providing Russia with millions of USD and EUR banknotes despite such exports of banknotes being banned.

Panama is suspected of facilitating the evasion of the G7 imposed Russian oil cap.

The agreement between the European Union and the United Kingdom regarding the colony of Gibraltar has not yet been concluded after Brexit. The agreement is essential, not only for the socio-economic effects on the area, but also for the stability and good governance of a crucial, vulnerable external gateway of the European Union with a third country.

According to the final report of 15 January 2024 by the UN Panel of Experts on the Sudan, entities based in UAE play a role in laundering proceeds from conflict zones such as from Sudan's gold mines. In spite of the FATF re-assessment, credible civil society organisations have recently highlighted outstanding deficiencies in the UAE's AML/CFT framework and lack of genuine commitment to address deficiencies in countering money laundering and financial crime.

In light of these concerns, Parliament objects to the Commission delegated regulation and called on it to submit a new delegated act which takes account of the concerns set out above.