Basic information

2017/2203(INI) INI - Own-initiative procedure	Procedure completed
Cutting the sources of income for Jihadists - targeting the financing of terrorism. Recommendation to the Council, the Commission, and the EEAS **Subject** 6.10.02 Common security and defence policy (CSDP); WEU, NATO 7.30.20 Action to combat terrorism	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
AFET Foreign Affairs	NART Javier (ALDE)	11/07/2017
	Shadow rapporteur ADAKTUSSON Lars (PPE) MOODY Clare (S&D) TANNOCK Timothy Charles Ayrton (ECR) SAKORAFA Sofia (GUE/NGL) BUCHNER Klaus (Verts/ALE) CASTALDO Fabio Massimo (EFDD) BORGHEZIO Mario (ENF)	

European Commission

Commission DG	Commissioner
European External Action Service	MOGHERINI Federica

Key events

Date	Event	Reference	Summary
05/10/2017	Committee referral announced in Parliament		
21/02/2018	Vote in committee		
26/02/2018	Committee report tabled for plenary	A8-0035/2018	Summary
01/03/2018	Decision by Parliament	T8-0059/2018	Summary
01/03/2018	Results of vote in Parliament		

01/03/2018	Debate in Parliament		
01/03/2018	End of procedure in Parliament		

Technical information	
Procedure reference	2017/2203(INI)
Procedure type	INI - Own-initiative procedure
Legal basis	Rules of Procedure EP 121
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	AFET/8/11118

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE612.229	23/10/2017	
Amendments tabled in committee		PE615.223	06/12/2017	
Committee report tabled for plenary, single reading		A8-0035/2018	26/02/2018	Summary
Text adopted by Parliament, single reading		T8-0059/2018	01/03/2018	Summary

European Commission

Document type	Reference	Date	Summary
Commission response to text adopted in plenary	SP(2018)292	23/07/2018	

Cutting the sources of income for Jihadists - targeting the financing of terrorism. Recommendation to the Council, the Commission, and the EEAS

2017/2203(INI) - 26/02/2018 - Committee report tabled for plenary, single reading

The Committee on Foreign Affairs adopted the report by Javier NART (ALDE, ES) on a European Parliament recommendation to the Council, the Commission and the Vice-President of the Commission/High Representative of the Union for Foreign Affairs and Security Policy on cutting the sources of income for jihadists - targeting the financing of terrorism.

Members considered that one of the key elements of the fight against terrorism is to **cut off its sources of financing**, including through the hidden circuits of fraud and tax evasion, money laundering and tax havens.

Illicit trade in goods, firearms, oil, drugs, cigarettes and cultural objects, among other items, as well as trafficking in human beings, slavery, child exploitation, racketeering and extortion, have become ways for terrorist groups to obtain funding.

Members pointed out that ISIS/Daesh and Al-Qaeda have become financially self-reliant. A number of international non-profit organisations, charities, other foundations, networks and private donors, which have or claim to have social or cultural goals, laid the foundation for the financial capacities of ISIS/Daesh, Al-Qaeda and other jihadist organisations and act as a cover for abusive practices.

The global nature of terrorism calls for a **global response** involving coordination among financial institutions, law enforcement and judicial bodies and the exchange of information on natural and legal persons and suspicious activities, while ensuring respect for fundamental rights concerning the protection of personal data.

Members called on the European Parliament to address the following recommendations to the Council, the Commission and the European External Action Service:

- develop preventive strategies based on the sharing of best practice and exchange of suspicious and relevant information among intelligence agencies through the setting up of a stable **European counter-terrorism financial intelligence platform**, within the framework of existing structures (e.g. EUROPOL) so as to avoid the creation of another agency, with an in-depth focus on the proactive exchange of information on the financial support for terrorist networks;
- step up the **monitoring of suspicious organisations** engaged in these kind of activities, such as illicit trade, smuggling, counterfeiting and fraudulent practices via the formulation of joint investigation teams with Europol;
- observe the rules on **police cooperation and judicial cooperation**, particularly in the context of criminal proceedings;
- take the necessary legislative measures to guarantee that banks **monitor pre-paid debit cards** closely so as to ensure that they can only be reloaded via bank transfers and personally identifiable accounts;
- propose and implement measures for the close monitoring of financial flows and **tax havens**;
- draw up a **list of individuals and entities** operating under opaque regimes and with high rates of suspicious financial transactions, where there is evidence that relevant authorities have failed to act;
- step up the application of **selective sanctions** and other restrictive measures against all individuals and entities that in any way make available economic resources to ISIS/Daesh, Al-Qaeda or other jihadist groups;
- establish a monitoring and clearing system to ensure that **places of worship and education**, institutions, centres, charities, cultural associations and similar entities, where there is reasonable suspicion of having ties to terrorist groups, provide details on whom they receive funds from and how the funds they receive are distributed, both within and outside the EU;
- make it mandatory for agents carrying out the transactions to declare to the relevant authorities every significant transaction made using traditional informal money transfer systems;
- propose the legislation required to better monitor all electronic financial transactions and e-money issuing companies, including intermediaries, in order to prevent funds from being converted for users who are not fully identified. Exchanging **encrypted money** for actual money and vice versa must, as a compulsory requirement, be done using an identifiable bank account;
- increase their monitoring regarding regulating and controlling trafficking in gold, precious stones and precious metals;
- introduce a **traceability certificate** for **artworks and antiques** entering the EU market;
- enhance **cooperation** with countries in which the proceeds of drug trafficking, human trafficking or traffic in goods are held and with countries of origin of illicit cigarettes, so that they can be seized.

Lastly, Members reaffirmed the view that confronting and defeating ISIS/Daesh, Al-Qaeda and other jihadist groups, whether financially, militarily or ideologically, must remain at the top of the security and defence agenda.

Cutting the sources of income for Jihadists - targeting the financing of terrorism. Recommendation to the Council, the Commission, and the EEAS

2017/2203(INI) - 01/03/2018 - Text adopted by Parliament, single reading

The European Parliament adopted by 533 votes to 24, with 43 abstentions, a European Parliament recommendation to the Council, the Commission and the Vice-President of the Commission/High Representative of the Union for Foreign Affairs and Security Policy on cutting the sources of income for jihadists - targeting the financing of terrorism.

Members considered that one of the key elements of the fight against terrorism is to **cut off its sources of financing**, including through the hidden circuits of fraud and tax evasion, money laundering and tax havens.

While some financing may come from within European countries for use elsewhere by terrorist organisations, other funding comes from outside Europe, in order to finance radicalisation and actual terrorist acts. **Cutting off the sources of financing** of terrorism should be part of an EU broader strategy integrating both external and internal security dimensions.

Illicit trade in goods, firearms, oil, drugs, cigarettes and cultural objects, among other items, as well as trafficking in human beings, slavery, child exploitation, racketeering and extortion, have become ways for terrorist groups to obtain funding.

A number of international non-profit organisations, charities, other foundations, networks and private donors, which have or claim to have social or cultural goals, laid the foundation for the financial capacities of ISIS/Daesh, Al-Qaeda and other jihadist organisations and act as a cover for abusive practices. ISIS/Daesh and Al-Qaeda have become financially self-reliant.

The global nature of terrorism calls for a **global response** involving coordination among financial institutions, law enforcement and judicial bodies and the exchange of information on natural and legal persons and suspicious activities, while ensuring respect for fundamental rights concerning the protection of personal data.

Parliament called on the European Parliament to address the following recommendations to the Council, the Commission and the European External Action Service:

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develop preventive strategies based on the sharing of best practice and exchange of suspicious and relevant information among intelligence agencies through the setting up of a stable **European counter-terrorism financial intelligence platform**, within the framework of existing structures (e.g. EUROPOL) so as to avoid the creation of another agency, with an in-depth focus on the proactive exchange of information on the financial support for terrorist networks. Such a platform would create a joint database for data on physical and legal persons and suspicious transactions;

- provide funding for programmes fostering the sharing of best practices among their intelligence agencies, including on the investigation and analysis of terrorists and terrorist organisations' methods of recruiting and transferring terrorist financing;
- identify and work with UN member states with strategic anti-money laundering and countering terrorist financing deficiencies;
- step up the **monitoring of suspicious organisations** engaged in these kind of activities, such as illicit trade, smuggling, counterfeiting and fraudulent practices via the formulation of joint investigation teams with Europol;
- observe the rules on **police cooperation and judicial cooperation**, particularly in the context of criminal proceedings;
- take the necessary legislative measures to guarantee that banks **monitor pre-paid debit cards** closely so as to ensure that they can only be reloaded via bank transfers and personally identifiable accounts;
- propose and implement measures for the close monitoring of financial flows and **tax havens**;
- draw up a **list of individuals and entities** operating under opaque regimes and with high rates of suspicious financial transactions, where there is evidence that relevant authorities have failed to act;
- step up the application of **selective sanctions** and other restrictive measures against all individuals and entities that in any way make available economic resources to ISIS/Daesh, Al-Qaeda or other jihadist groups;
- establish a monitoring and clearing system to ensure that **places of worship and education**, institutions, centres, charities, cultural associations and similar entities, where there is reasonable suspicion of having ties to terrorist groups, provide details on whom they receive funds from and how the funds they receive are distributed, both within and outside the EU;
- make it mandatory for agents carrying out the transactions to declare to the relevant authorities every significant transaction made using traditional informal money transfer systems;
- propose the legislation required to better monitor all electronic financial transactions and e-money issuing companies, including intermediaries, in order to prevent funds from being converted for users who are not fully identified. Exchanging **encrypted money** for actual money and vice versa must, as a compulsory requirement, be done using an identifiable bank account;
- increase their monitoring regarding regulating and controlling trafficking in gold, precious stones and precious metals;
- introduce a **traceability certificate** for **artworks and antiques** entering the EU market;
- enhance **cooperation** with countries in which the proceeds of drug trafficking, human trafficking or traffic in goods are held and with countries of origin of illicit cigarettes, so that they can be seized;
- lead initiatives in the **international fora** to enhance corporate ownership transparency.

Parliament reaffirmed the view that confronting and defeating ISIS/Daesh, Al-Qaeda and other jihadist groups, whether financially, militarily or ideologically, must remain at the top of the security and defence agenda.

It called on the Council and the Commission to establish and implement an annual benchmark reporting mechanism to Parliament on measures taken by the Member States and the Commission against the funding of terrorism.