

*Opening Ceremony
XXII Plenary Meeting and XII Ministerial Meeting
of the Caribbean Financial Action Task Force (CFATF)
Friday November 4, 2005
Ritz Carlton Hotel, Rose Hall, St. James, Jamaica*

*Feature Address
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Welcome and Introduction

1. On behalf of the Government of Jamaica, let me begin by welcoming you all to Jamaica. It is our pleasure and honour to host you at this Twenty-second Plenary Meeting and Twelfth Ministerial Meeting of the CFATF. It is also Jamaica's honour to assume, through our Solicitor General, Mr. Michael Hylton, the Chairmanship of the organization. I am sure that you will join me in wishing him well in leading the business of the CFATF over the next year.

2. This morning, I wish to spend some time addressing the issue of the threat of money laundering as well as some of the things Jamaica has been doing to combat and reduce this threat within its borders.

The Threat of Money Laundering

3. There have been fundamental changes in international standards over the past decade and a half. Certainly the revised **40+9 FATF Recommendations**, which translate into approximately 120 rating criteria, bear little resemblance to the original **40 Recommendations**. The concerns of terrorism and its financing have

been very forcefully added to the international agenda, especially since the events of 9/11. Our CFATF Member Countries must face the fact that money laundering and the financing of terrorism are issues that are not limited to the financial sector but also extend to the wider business, professional and social spheres.

4. The events of 9/11 and the FATF recommendations relating to the **financing of terrorism** have introduced a new and significant dimension to the previous focus on money laundering and on attacking the proceeds of crime. Efforts to combat terrorism have brought additional demands on each country's resources and on those persons charged with protecting us against this threat.

5. The days of the **NCCT** or so called "Black List", in which already struggling small states were named by the FATF and OECD, are now behind us. But still fresh in our minds is the significant economic fallout suffered by these States. It was a heavy price to pay to have them fall in line with the dictates of the Paris Plenary. I would like to suggest that in the future, we must seek to first exhaust **all** avenues of dialogue, including the representations and interventions of the FATF style body involved. Furthermore, such measures must be, and must be seen to be, applied on a consistent, objective and transparent basis across the FATF member jurisdictions.

6. That being said, I must commend the CFATF for their efforts to have all its members removed from the NCCT listing. It is important that organizations such

as these are proactive in providing real and compelling representation on behalf of their membership. I urge the incoming CFATF Administration to continue to build upon this work.

7. I am pleased to note that we have seen a greater involvement of the IMF and World Bank in the Mutual Assessments of the Members States through the development of the new Evaluation Methodology. However, I would suggest that the key criteria must be the relevance and fairness of any assessment methodology to the country being assessed. The methodology would seem to require, for full implementation, significant legal and institutional superstructures, spanning not only the financial and law enforcement sectors, but also new areas such as the regulation and compliance monitoring of non-financial institutions, charities and vendors of large value consumables.

8. I call on these bodies – the Fund, the Bank and the FATF – to work with the CFATF and its members in finding cost effective solutions to effective implementation. I realize that flexibility in implementing standards is a slippery slope, but the reality is that emerging economies such as those of our region have very real limits in terms of resources and capacity. These limits should not condemn a country in the eyes of the FATF and the world community. When I speak of resources, I hasten to add that I refer more to human rather than financial limitations. In Jamaica, we had to simply designate Mrs. Audrey Anderson,

Senior Deputy Governor of the Bank of Jamaica to assume coordinating responsibilities.

9. Finally, a note on the financing of the CFATF. The work of the CFATF is too important to place it in any uncertainty as regards its financial future. We support transparency and good management and accountability by the executives of the CFATF at all times. However, Jamaica takes the view that CFATF countries must begin to move towards shouldering the lion's share of the obligations. COSUN contributions should be budgeted for and taken account of, but they cannot continue to be the governing consideration in determining the activities and effectiveness of the CFATF.

10. Viewing these developments, as a Minister of Finance of a developing country, and, more importantly, as a Jamaican, there are many aspects of the issues of money laundering and the financing of terrorism that are deeply troubling. These threats are insidious, with vicious criminal organizations penetrating and spreading their influence through countries' business and professional sectors, financial systems and even charitable organizations.

11. But apart from the financial issues, there are also troubling social issues to consider. Of greatest significance to us is how to reduce the attractiveness to our citizens and our young men in particular, of becoming a part of the international criminal organizations, which would seek to violate our laws. In this regard, we

need significant assistance and cooperation from the international community. However, the improvement in our **per capita** income and other indicators of socio-economic progress has been used to justify “graduation” of many countries in our region, from qualifying for support from both bilateral and multilateral sources. Although discussion of a question such as this may seem to be outside of the terms of reference of the CFATF, I am mentioning it here to emphasize that the challenges we face are real; they threaten socio-economic stability in our countries. As such, it is incumbent on this organization and similar ones to exert their influence, on our behalf, to identify ways in which the international community can assist us in addressing the root causes of the challenges.

12. The scourge of high levels of crime, especially violent crime, is one that has persistently plagued Jamaica and other areas of the Caribbean and the Americas. Sometimes crimes such as money laundering are not placed in the limelight because these financial flows are viewed as beneficial despite their sources. This is a fallacy. Money laundering can destabilize an economy through added costs, undermining of institutions, loss of business confidence, unfair competition, fundamental reputation damage to a country’s international image, losses of revenue and control over monetary policies. However, these financial concerns pale in comparison to the social costs of dislocation. The continuous loss of lives and the loss of our young people to lives of crime are the greatest tragedy of all.

13. The need for global co-operation on all fronts is critical. Launderers and terrorist financiers are attracted to the path of least resistance. Our chain of AML (Anti-Money Laundering) and CFT (Combating the Financing of Terrorism) standards and compliance is only as strong as its weakest link. I submit that countries whose populace fuel the demand for hard drugs have a strong obligation to attack these problems at the root. It is a problem we all face and to which there are no easy answers.
14. This Plenary has already heard on Wednesday, details of Jamaica's Country Report, so I will not go into the details in terms of the various pieces of legislation we are piloting through Parliament here. However, I wish to highlight some areas of the regulatory environment which we have sought to strengthen over the past few years.
15. With the deposit-taking financial institutions already under the prudent regulation of the BOJ, we have moved to consolidate the regulation of the non-deposit taking sector through the establishment of the Financial Services Commission (FSC), which oversees the Securities, Insurance and Pensions sectors. Regulation of the overall system therefore, now falls within the purview of one of two institutions, the BOJ and the FSC. In that regard, we now also have a completely new Insurance Act, which is far superior to the previous one, and the new Pensions Act replaces the minimal provisions for the sector that were contained in the Income Tax Act.

16. Complementing the BOJ and the FSC is the Jamaica Deposit Insurance Corporation (JDIC) which was established to protect savers, particularly those most vulnerable, such that Government is not put in the position it was placed in some years ago.
17. There is still more to be done, such as finalizing the regulations for the Credit Union sector, but the work is ongoing, and we intend to continuously aim to improve our legislation and regulations, bearing in mind the changing environment.
18. As to the findings of the Mutual Evaluation Report, we are pleased with the results. I wish to put on record Jamaica's commitment to be fully compliant with all the recommendations and I am sure that our Country Response demonstrates our commitment to that goal.

Conclusion

19. From a policy perspective, Jamaica is grateful for the Mutual Evaluation Review process particularly as it will assist in providing crucial indicators in our blueprint for the further development of our systems in keeping with international best practice standards. We now issue our commitment to implement the report's findings as a matter of urgency.

20. Again I commend the work of the Plenary and wish the new Chair and his team the very best. To all of our visitors, I hope each of you enjoys your stay with us and that you will come again.