

Key Financial Secrecy Indicators

15: International Judicial Cooperation

What is being measured?

This indicator measures the degree to which a jurisdiction engages in international judicial cooperation on money laundering and other criminal issues. We use the degree of compliance with [FATF recommendations](#)¹ 36 through to 40 as the appropriate measure.

The Financial Action Task Force (FATF) is the international body dedicated to counter money laundering. In 2003, the FATF established its [49 recommendations](#) concerning the laws, institutional structures, and policies considered necessary to address money laundering and terrorist financing.

[Recommendation 36](#)² exhorts countries to “provide the widest possible range of mutual legal assistance in relation to money laundering and terrorist financing investigations, prosecutions, and related proceedings”.

[Recommendation 37](#)³ requires that countries “to the greatest extent possible, render mutual legal assistance notwithstanding the absence of dual criminality”. Extradition or mutual legal assistance is to take place irrespective of legal technicalities as long as the underlying conduct is treated as a criminal offence (is a predicate offence) in both countries.

[Recommendation 38](#)⁴ requires a country to have “authority to take expeditious action in response to requests by foreign countries to identify, freeze, seize and confiscate property laundered, proceeds from money laundering or predicate offences, instrumentalities used in or intended for use in the commission of these offences, or property of corresponding value”. In addition, there should also be arrangements in place for coordinated action and sharing of confiscated assets.

[Recommendation 39](#)⁵ asks a country to “recognise money laundering as an extraditable offence”. It further details the grounds on which extradition is to take place, and in what manner.

[Recommendation 40](#)⁶ prompts countries to “ensure that their competent authorities provide the widest possible range of international co-operation to their foreign counterparts”. The competent authority denotes “all administrative and law enforcement authorities concerned with combating money laundering and terrorist financing, including the FIU and supervisors”.

Compliance with these recommendations means that a jurisdiction is not just willing to receive requests for cooperation by foreign authorities, but is able to act upon such requests.

Since 2003 the FATF, regional analogous bodies or the IMF have assessed the implementation of these recommendations in peer-review studies that are carried out in

five-year cycles. The comprehensive reports with results have generally been published online unless the review was carried out by the IMF.

The assessment methodology rates compliance with every recommendation on a four-tiered scale, from “compliant” to “largely compliant” to “partially compliant” to “non-compliant”. For our indicator, we have awarded a 100% score to indicate that all recommendations have been rated as “compliant”, whereas 0% would mean that all indicators have been rated as non-compliant.

As a source for the data we have used the mutual evaluation reports produced by the FATF, regional analogous bodies or the IMF. They usually contain a table at the end of the report showing the degree of compliance of a given jurisdiction to each recommendation. The assessment methodology rates compliance with every recommendation on a four-tiered scale, from “compliant” to “largely compliant” to “partially compliant” to “non-compliant”.

If a jurisdiction fully complies with a recommendation, we award 0.2 credit points. Where it is largely compliant, it receives 0.13 credit points and 0.7 credit points if it is only partially compliant. Thus, a jurisdiction receives full credit (1 point) if it fully complies with all five recommendations. See KFSI 11 for more details on these reports.

Why is this important?

In a world of unimpeded financial flows, money launderers find it easy to establish schemes for moving money across borders to cover their tracks. If judicial cooperation across borders is not as seamless as the criminal money flowing between two companies or bank accounts, law enforcement agencies such as public prosecutors or police will always remain one step behind the criminal.

From the stages of investigation and prosecution, to extradition of perpetrators and the confiscation and repatriation of criminal assets, at every step law enforcement processes are fragile and require cross-border cooperation. Without established means of cooperation, the only resort a judge may have consists of a letter rogatory, which is a time-consuming, costly and uncertain process

“In terms of efficiency, exchange of information through letters of rogatory may take months or years since some requests may have to be processed through diplomatic channels.” (OECD 2001⁷: 66).

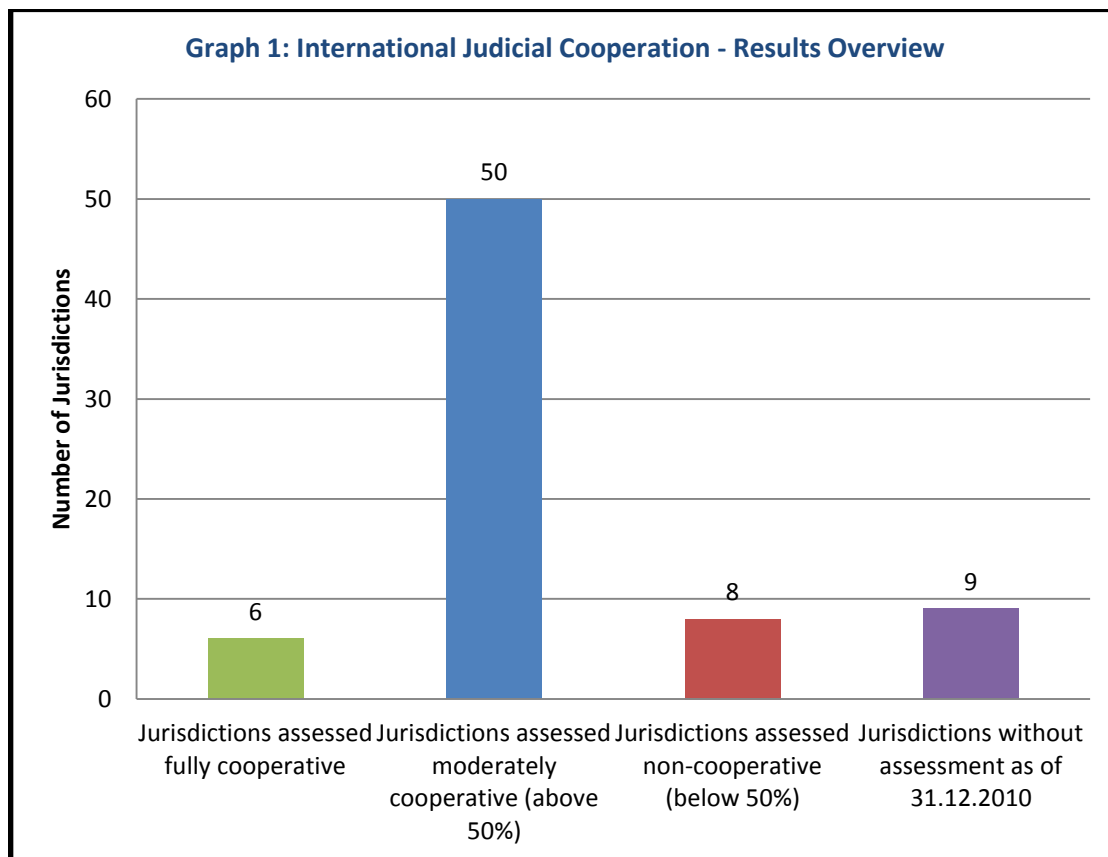
Compliance with the FATF-recommendations 36 through to 40 can be seen as the minimum threshold of judicial cooperation required to take part in the international financial system.

What are the crimes and abuses that might hide behind deficient international judicial cooperation?

If a country has a poor record in conforming to these recommendations, the crimes left unchallenged, hidden or covered through this jurisdiction include tax fraud and evasion, bribery, drug trafficking, terror financing and the support of transnational organised crime.

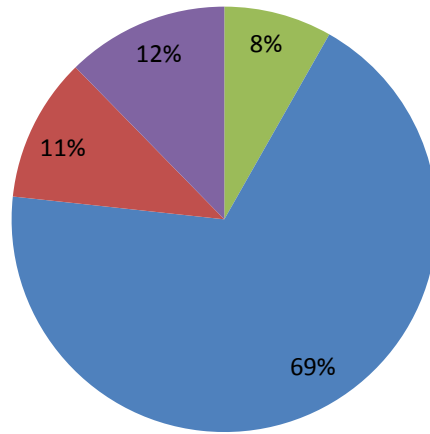
Results Overview

Table 1: International judicial cooperation - Results Overview	
Number of jurisdictions assessed fully cooperative:	6
Number of jurisdictions assessed moderately cooperative (above 50%):	50
Number of jurisdictions assessed non-cooperative (below 50%):	8
Number of jurisdictions without assessment at 31.12.2010:	9



Results Detail

Graph 2: International Judicial Cooperation - Results Details



■ Jurisdictions assessed fully cooperative: VG HU IE IT MT PT

■ Jurisdictions assessed moderately cooperative (above 50%): AT BW CR AE VU AW LI AD MY TC CK DE IN LB MU DM GT PH BB GI BE CA KR LU BH BM BN DK HK JE CH USV US IM LV KN AG BS CY GD GG IL PA SG UY AI KY ES VC GB

■ Jurisdictions assessed non-cooperative (below 50%): LC WS GH MO SC JP MC SM

■ Jurisdictions without assessment at 31.12.2010: BZ FR LR MV MH MS NR NL AN

Table 2: International Judicial Cooperation

ID	Jurisdiction	ISO	Cooperation	ID	Jurisdiction	ISO	Cooperation
1	Andorra	AD	0,59	38	Korea	KR	0,72
2	Anguilla	AI	0,93	39	Latvia	LV	0,8
3	Antigua & Barbuda	AG	0,86	40	Lebanon	LB	0,65
4	Aruba	AW	0,54	41	Liberia	LR	NA
5	Austria	AT	0,53	42	Liechtenstein	LI	0,54
6	Bahamas	BS	0,86	43	Luxembourg	LU	0,72
7	Bahrain	BH	0,79	44	Macau	MO	0,35
8	Barbados	BB	0,67	45	Malaysia (Labuan)	MY	0,59
9	Belgium	BE	0,72	46	Maldives	MV	NA
10	Belize	BZ	NA	47	Malta	MT	1 (Full)
11	Bermuda	BM	0,79	48	Marshall Islands	MH	NA
12	Botswana	BW	0,53	49	Mauritius	MU	0,65
13	British Virgin Islands	VG	1 (Full)	50	Monaco	MC	0,47
14	Brunei	BN	0,79	51	Montserrat	MS	NA
15	Canada	CA	0,72	52	Nauru	NR	NA
16	Cayman Islands	KY	0,93	53	Netherlands	NL	NA
17	Cook Islands	CK	0,65	54	Netherlands Antilles	AN	NA
18	Costa Rica	CR	0,53	55	Panama	PA	0,86
19	Cyprus	CY	0,86	56	Philippines	PH	0,66
20	Denmark	DK	0,79	57	Portugal (Madeira)	PT	1 (Full)
21	Dominica	DM	0,66	58	Samoa	WS	0,28
22	France	FR	NA	59	San Marino	SM	0,47
23	Germany	DE	0,65	60	Seychelles	SC	0,41
24	Ghana	GH	0,35	61	Singapore	SG	0,86
25	Gibraltar	GI	0,67	62	Spain	ES	0,93
26	Grenada	GD	0,86	63	St Kitts and Nevis	KN	0,8
27	Guatemala	GT	0,66	64	St Lucia	LC	0,27
28	Guernsey	GG	0,86	65	St Vincent & Grenadines	VC	0,93
29	Hong Kong	HK	0,79	66	Switzerland	CH	0,79
30	Hungary	HU	1 (Full)	67	Turks & Caicos Islands	TC	0,61
31	India	IN	0,65	68	United Arab Emirates (Dubai)	AE	0,53
32	Ireland	IE	1 (Full)	69	United Kingdom	GB	0,93
33	Isle of Man	IM	0,8	70	Uruguay	UY	0,86
34	Israel	IL	0,86	71	US Virgin Islands	VI	0,79
35	Italy	IT	1 (Full)	72	USA	US	0,79
36	Japan	JP	0,47	73	Vanuatu	VU	0,53
37	Jersey	JE	0,79				

¹ http://www.fatf-gafi.org/document/28/0,3343,en_32250379_32236930_33658140_1_1_1_1,00.html; 21.6.2011.

² http://www.fatf-gafi.org/document/29/0,3746,en_32250379_32236920_43734685_1_1_1_1,00.html; 22.6.2011.

³ http://www.fatf-gafi.org/document/47/0,3746,en_32250379_32236920_43734703_1_1_1_1,00.html; 22.6.2011.

⁴ http://www.fatf-gafi.org/document/26/0,3746,en_32250379_32236920_43734746_1_1_1_1,00.html; 22.6.2011.

⁵ http://www.fatf-gafi.org/document/34/0,3746,en_32250379_32236920_43734754_1_1_1_1,00.html; 22.6.2011.

⁶ http://www.fatf-gafi.org/document/16/0,3746,en_32250379_32236920_43734928_1_1_1_1,00.html; 22.6.2011.

⁷ Organisation for Economic Co-Operation and Development 2001: Behind the Corporate Veil. Using Corporate Entities for Illicit Purposes, Paris.