

Document Number: BIMSTEC/SGCFT/07/2015/04
Distribution: Restricted [For Delegates Only]
Date: 28 May 2015



**SECRETARIAT
BAY OF BENGAL INITIATIVE FOR MULTI-SECTORAL
TECHNICAL AND ECONOMIC COOPERATION
DHAKA**

**Seventh Meeting of the BIMSTEC Sub-Group on Combating the Financing of Terrorism
27-28 May 2015
Thimphu, Bhutan**

**Report of the Seventh Meeting of the BIMSTEC Sub-Group on Combating the Financing of
Terrorism**

Agenda 01: Opening of the Meeting

01. The Seventh Meeting of the BIMSTEC Sub-Group on Combating the Financing of Terrorism (SG-CFT) was held during 27-28 May 2015 in Thimphu, Bhutan, at the invitation of the Royal Government of Bhutan.

02. The Meeting was inaugurated by His Excellency Dasho Tshering Dorji, Secretary of the Ministry of Home and Cultural Affairs of the Royal Government of Bhutan as the Chief Guest. Delegations from the People's Republic of Bangladesh, the Kingdom of Bhutan, the Republic of India, the Republic of the Union of Myanmar, Nepal, the Democratic Socialist Republic of Sri Lanka and the Kingdom of Thailand participated in the Meeting. The list of the participants is at **Annex-I**.

03. At the beginning of the Meeting, a minute's silence was observed to mourn for the loss of valuable lives in Nepal resulting from a series of devastating earthquakes a month ago.

04. Mr. Sonam Topgay, Director General of the Ministry of Home and Cultural Affairs of the Royal Government of Bhutan, delivered the Welcome Address. In his address, the Director General extended warm welcome to all the distinguished delegates of the Meeting and emphasized that the financing of terrorism and transnational crime not only undermines the integrity and stability of financial institutions but also threaten national unity and sovereignty, tarnish a country's standing and discourage economic development as a whole. He mentioned that the advancement of technology together with the unstoppable growth of international trade had brought about numerous negative effects and challenges as terrorism had inarguably become transnational in nature. Mr. Topgay stressed on the need for concerted efforts at international and regional levels in the fight against terrorism and transnational crime. The full text of the Welcome Address is at **Annex-II**.

05. In the Keynote Address, His Excellency DASHO Tshering Dorji, Secretary of the Ministry of Home and Cultural Affairs of the Royal Government of Bhutan, stated that the widespread exploitation of social media by terrorist groups such as Facebook, Youtube and Twitter for communication, planning of attacks, radicalization and recruitment was a growing concern. He also mentioned that advanced technology could offer a dangerously powerful tool to terrorists to spread information, create propaganda and beyond. His Excellency Dorji emphasized that financing of terrorism posed a serious threat to global security and international cooperation was required to effectively combat global terrorism. He added that Bhutan had already successfully established a Financial Intelligence Unit (FIU) in 2011 and became signatory to eight international Conventions relating to terrorism as well as enacted internal laws and procedures relating to money laundering and financing of terrorism. The full text of the Keynote Address is at **Annex-III**.

06. The address of His Excellency Sumith Nakandala, Secretary General of BIMSTEC was delivered on his behalf by Mr. S. M. Nazmul Hasan, Director of the BIMSTEC Secretariat. In his address, His Excellency Nakandala expressed his deep gratitude to the Royal Government of Bhutan for hosting the Meeting. The Secretary General stated that the cooperation in counter terrorism and transnational crime among the BIMSTEC Member States were one of the few areas wherein remarkable achievements had been made including the *BIMSTEC Convention on International Terrorism, Transnational Organized Crime and Illicit Drug Trafficking*, signed by the Member States in Myanmar in 2009, and urged the remaining Member States for early ratification of the Convention. His Excellency Nakandala highlighted the growing global concerns and latest trends in relation to terrorism and its financing. The Secretary General pointed out that terrorist financing was dynamic in nature and thus required periodic review of relevant policies and procedures by the BIMSTEC Member States. His Excellency Nakandala emphasized on the need to design an effective and innovative system within BIMSTEC to make it harder, costlier, and riskier for terrorist groups in the region to solicit, raise and move their funds. The full text of the Address is at **Annex-IV**.

Agenda 02: Chairing of the Meeting and Business Arrangements

07. According to the existing BIMSTEC practice, Mr. Sonam Topgay, Director General, Ministry of Home and Cultural Affairs, Royal Government of Bhutan, as the Leader of the Delegation of the Host Country and Ms. Pranee Kaoian, Director of the International Cooperation Division, Anti-Money Laundering Office (AMLO), Thailand, as the Leader of the Delegation of the Lead Shepherd Country, were elected as Chair and Co-Chair of the Meeting, respectively.

Agenda 03: Adoption of Agenda

08. The Thai Delegation proposed that under Agenda Item 7 (Other Matters), the Meeting might discuss updating the list of Contact Points for the Sub-Group. The Bangladesh Delegation proposed that under Agenda Item 7 (Other Matters), the Meeting might deliberate

on the extension of the mandate of the Sub-Group to cover the financing of other types of transnational crime including money laundering.

09. The Meeting unanimously adopted the Agenda incorporating the suggestions made by the Delegations of Bangladesh and Thailand. The revised Agenda is contained in the Secretariat's Document Number BIMSTEC/SGCFT/07/2015/01/Rev.1 which is at **Annex-V**.

Agenda 04: Progress Report from the Sixth Meeting of the BIMSTEC Sub-Group on Combating the Financing of Terrorism held from 05-07 February 2014 in New Delhi, India

10. The Meeting referred the Report of the Sixth Meeting of the BIMSTEC Sub-Group on Combating the Financing of Terrorism held during 05-07 February 2014 in New Delhi, India.

11. The Co-Chair briefed the Meeting on the Report of the Sixth Meeting of the BIMSTEC Sub-Group on Combating the Financing of Terrorism held during 05-07 February 2014 in New Delhi, India, wherein the Member States agreed to:

- a. conclude bilateral Memorandums of Understanding (MoUs) on the Exchange of Financial Intelligence with each other on a priority basis;
- b. convey List of Designated Individuals/Entities;
- c. provide useful information for SG-CFT Webpage developed by AMLO, Thailand;
- d. and provide additional Contact Points as suggested by Bangladesh.

In that Meeting, India suggested for a regional mechanism for cooperation in investigation and the creation of an annual calendar of technical assistance programmes.

Agenda 04.01: Discussion on the Challenges in Implementing the BIMSTEC Consolidated List of Designated Individuals/Entities

12. The Thai Delegation raised some concerns faced by AMLO that the lists submitted comprised mainly entities, which caused difficulties in tracking and monitoring the movement of funds and individuals. Therefore, the Thai Delegation, as the administrator of the BIMSTEC SG-CFT Webpage, requested other Member States to focus on submitting the names of individuals, in addition to the names of entities and organizations. The Thai Delegation also requested the Member States to submit the list in the previously agreed format.

13. **The Meeting decided that:**

- a. as per the Concept Paper on the List of Designated Individuals/Entities, the Member States shall perform monthly checks on the BIMSTEC Consolidated List of Designated Individual/Entities and shall respond immediately to the Member State which provided the domestic list once any suspicious movement is flagged;
- b. for better monitoring system, feed-back on the Consolidated List of Designated Individuals/Entities should be conveyed by the Member States on a quarterly basis to report on actions taken regardless of whether any activities related to the individuals or entities designated on the List had been found;
- c. the feedback so acquired would not be published in the SG-CFT Webpage but shared between the Member States concerned through a secure channel; and
- d. the BIMSTEC Secretariat should remind the National Focal Points (NFPs) about the feedback 15 days prior to the prescribed timeline and the Member States would convey to the Secretariat without any details that the feedback has been shared with the concerned Member State.

14. The Meeting **decided** that once the BIMSTEC Secretariat becomes ready, the responsibility of publishing the Consolidated List of Designated Individuals/Entities and its regular updating would be transferred from AMLO, Thailand, to the BIMSTEC Secretariat.

Agenda 04.02: Discussion on the Memorandum of Understanding on Exchange of Financial Intelligence/Egmont sponsorship

15. The Bangladesh Delegation informed the Meeting that they had already signed bilateral MoUs with all BIMSTEC Member States, the latest MoU being signed with Bhutan during the last Asia Pacific Group (APG) Annual Meeting in 2014.

The Bhutan Delegation stated that they were under negotiations with Sri Lanka, India and Thailand.

The Indian Delegation informed the Meeting that they had already signed MoUs with Bangladesh, Nepal, Sri Lanka and Thailand. It was mentioned that India was negotiating a MoU with Bhutan and were looking forward to signing a MoU with Myanmar as well.

The Nepal Delegation informed that Nepal was negotiating a MoU with Bhutan.

The Sri Lankan Delegation briefed about the progress in negotiations for the MoUs with Bhutan and Thailand, which were likely to be signed at the next APG annual meeting in July 2015.

The Thai Delegation informed that Thailand was negotiating MoUs with Bhutan and Sri Lanka.

The updated status of the signed bilateral MoUs between the BIMSTEC Member States was shown in the following matrix:

	Bangladesh	Bhutan	India	Myanmar	Nepal	Sri Lanka	Thailand
Bangladesh		yes	yes	yes	yes	yes	yes
Bhutan	yes		no	no	no	no	no
India	yes	no		no	yes	yes	yes
Myanmar	yes	no	no		yes	yes	yes
Nepal	yes	no	yes	yes		yes	yes
Sri Lanka	yes	no	yes	yes	yes		no
Thailand	yes	no	yes	yes	yes	no	

16. The Meeting urged the Member States to sign bilateral MoUs with each other in remaining cases on a priority basis.

17. With regard to Egmont sponsorship, the Bangladesh Delegation informed the Meeting that Bhutan was being sponsored jointly by Bangladesh and South Korea.

The Thai Delegation informed that Thailand was sponsoring Nepal and Myanmar to become Egmont Group members. In March 2015, AMLO sent officials to Kathmandu to inspect the operations of Nepal's FIU IT system. Nepal was expected to become a new member of Egmont Group in its Annual Meeting in June 2015.

Agenda 04.03: Discussion on the BIMSTEC SG-CFT Webpage

18. Through extensive deliberations, **the Meeting decided that:**

- a. until such time the BIMSTEC Secretariat takes over, management of the BIMSTEC SG-CFT Webpage would remain with AMLO;
- b. BIMSTEC Secretariat and AMLO would discuss the transfer of responsibilities with regard to the BIMSTEC SG-CFT Webpage;
- c. information for the BIMSTEC SG-CFT Webpage such as respective national laws, rules, regulations and agency details should be conveyed by the Member States to AMLO Thailand within next two months starting from the conclusion of this Meeting;
- d. the List of the Designated Individuals/Entities for the BIMSTEC SG-CFT Webpage shall be updated by the Member States on a regular basis; and BIMSTEC SG-CFT Webpage should contain all the meeting reports of this Sub-Group.

Agenda 05: Presentation of Case Studies on “Terrorism Financing related cross-border movement of funds” by the Member States

19. The Delegations of Thailand, Nepal, India and Sri Lanka made their presentations of case studies on cross-border movement of funds while Myanmar submitted a relevant presentation. The Meeting appreciated the presentations made by the respective delegations as those were useful and informative for other delegations.

20. **The Delegation of Thailand**, in its presentation titled ‘Customs Control Measures on Terrorism Financing Related Cross- Border Movement of Funds’ included the following points: Customs jurisdiction as well as Customs related national legislations including currency control and relevant tools/instruments, specific cases of currency smuggling, Anti-Money Laundering Office (AMLO) and its role, and statistics with regard to currency smuggling. The presentation is at **Annex-VI**.

21. **The Delegation of Nepal** presented a case study reflecting the only case currently under the judicial process pertaining to terrorism financing, wherein the information was received from a neighbouring country and the subsequent investigation proved involvement of citizens from neighbouring countries in cross-border movement of funds relating to terrorism financing. The presentation is at **Annex-VII**.

22. **The Delegation of India** made a presentation on ‘Terror Finance: Cross-Border Movement of Funds’ elaborating the funding pattern of terrorism, sources and channels of terror finance, India’s own experience and particular case studies, impact of terror finance, and the important role played by the National Investigation Agency (NIA) and the Financial Intelligence Unit (FIU) in preventing terror finance.

23. While making presentation on Financing of Terrorism, **the Delegation of Sri Lanka** referred to one of the terrorist groups and its global financing network. The presentation also elaborated the relevant funding mechanism and structure with the example of a particular NGO involved in terror financing. The presentation is at **Annex-VIII**.

24. **The Delegation of Myanmar** submitted a presentation featuring the existing national legal framework in relation to anti-money laundering, counter-terrorism and combating financing of terrorism. The presentation also mentioned Myanmar’s existing pertinent international cooperation. The presentation is at **Annex-IX**.

Agenda 06: New Initiatives

Agenda 06.01: Information and Intelligence Sharing

25. The Meeting referred the Report of the Fourth Meeting of BIMSTEC Sub-Group on Intelligence Sharing which was held in Colombo, Sri Lanka from 30-31 March 2015.

26. The issue of information and intelligence sharing in general, with reference to the Report of the Fourth Meeting of the BIMSTEC Sub-Group on Intelligence Sharing

(Colombo, 30-31 March 2015), was discussed at length and the Meeting **decided** that the Secretariat may seek further guidance and clarification during the Seventh Meeting of the Joint Working Group on Counter Terrorism and Transnational Crime (JWG-CTTC).

Agenda 06.02: Identification of needs for Human Resources Development and Capacity Building

27. The Meeting agreed that human resources development and capacity building is an essential element for combating the financing of terrorism. In this respect, the Meeting **decided** that the BIMSTEC Secretariat-with a view to developing an annual calendar of capacity building programmes based on the requirements and offers of the Member States-would formally request the Member States immediately to identify their respective needs for training programmes as well as their respective capacity/expertise in particular areas and willingness to host (including hosting details) such training programmes for fellow Member States. Upon receipt of the request from the Secretariat, the Member States would convey their response within two months' time.

Agenda 06.03: Cooperation on Information Technology Infrastructure and Technical Assistance in Combating the Financing of Terrorism

28. The Meeting agreed to undertake similar exercise for cooperation on Information Technology infrastructure and technical assistance in combating the Financing of Terrorism as agreed for Agenda Item 06.02.

Agenda 07: Other Matters

Agenda 07.01: Updating of the Contact Points

29. As requested by the Thai Delegation, the Meeting **decided** that all Member States would convey their updated Contact Points within the next one month.

Agenda 07.02: Expansion of the Mandate of the SG-CFT

30. As proposed by the Bangladesh Delegation, **the Meeting decided to** recommend to the Seventh Meeting of the JWG-CTTC for endorsement on expanding the mandate of this Sub-Group to also cover financing of other transnational crimes including money laundering. In the event of the recommendation being approved, the Sub-Group could be renamed as "BIMSTEC Sub-Group on Anti-Money Laundering and Combating the Financing of Terrorism (SG-AML/CFT)" or as deemed appropriate.

Agenda 08: Date and Venue of the Eighth Meeting of the BIMSTEC Sub-Group on Combating the Financing of Terrorism

31. As per the existing BIMSTEC practice of following alphabetical order, although the next Meeting of the Sub-Group was to be held in Myanmar, in view of its expression of

interest to host the Meeting in 2017, the Head of Sri Lankan Delegation informed the Meeting that Sri Lanka would like to host the Eighth Meeting of the BIMSTEC Sub-Group on Combating the Financing of Terrorism in Colombo tentatively in March 2016. The time and date of the meeting would be circulated through the Secretariat in due course.

Agenda 09: Consideration and Adoption of the Report of the Seventh Meeting of the BIMSTEC Sub-Group on Combating the Financing of Terrorism

32. The Meeting considered and adopted the Draft Report of the Seventh Meeting of the BIMSTEC Sub-Group on Combating the Financing of Terrorism for its submission to the Seventh Meeting of the BIMSTEC Joint Working Group on Counter-Terrorism and Transnational Crime to be held in Bangkok, Thailand on 04-05 August 2015.

Agenda 10: Closing of the Meeting

33. The Meeting conveyed its deep appreciation to the Royal Government of Bhutan for the warm hospitality extended to the participants and for the excellent arrangement made for the Meeting. The Co-Chairs of the Meeting thanked the Delegations for their valuable contribution during the Meeting while the Delegates appreciated the able stewardship and guidance provided by the Co-Chairs.

34. The Meeting also expressed its sincere thanks to the Secretariat for the hard work done in facilitating the Meeting to a successful conclusion. The Director of BIMSTEC Secretariat thanked the Delegates for their active participation and praised the Co-Chairs for their crucial role in steering the Meeting.
