



**First Preparatory Meeting of the 20th OSCE Economic and Environmental Forum
Anti-Money Laundering and Countering the Financing of Terrorism
6 February 2012, OSCE Congress Centre, Hofburg, Vienna**

Opening Address by Minister of State, Brian Hayes, T.D.

Thank you Mr. Chairman.

Secretary General, Excellencies, Ladies and Gentlemen,

I am honoured to address this opening session of the First Preparatory Meeting of the 20th OSCE Economic and Environmental Forum which takes place this year during the Chairmanship of our Organisation by Ireland. I would like to convey a warm welcome to all participants both personally, and on behalf of my good colleague, Deputy Prime Minister Eamon Gilmore, the OSCE Chairperson-in-Office.

I am delighted that such a high number of distinguished participants are taking part in this conference – officials and experts from participating states, representatives from international organisations, civil society, private sector and academics. I look forward in particular to the contributions from my fellow speakers in this morning session, the OSCE Secretary General Ambassador Lamberto Zannier; the OSCE Co-ordinator for Economic and Environmental Activities, Mr. Goran Svilanović, Mr. Drew Sullivan, an Investigative Journalist from the Organised Crime and Corruption Reporting Project, based in Bosnia and Herzegovina; and Mr. Vincent Schmoll, a Senior Policy Analyst from Financial Action Task Force.

Both the FATF and the media play crucial but very different roles in the fight against money laundering and terrorist financing. The FATF are at the forefront of inter-governmental efforts to develop and promote national and international policies to combat these threats. The media and civil society more broadly, help encourage accountability on the part of Governments and assist in raising awareness on issues. Both interventions I am sure, will be very helpful in providing an introduction to the key issues and current challenges.

This conference is the first of this year's Economic and Environmental Forum. From here we will travel to Dublin for the Second Preparatory Meeting in April and then finally on to Prague in September for the Final Meeting of the Forum where this process will conclude. We find ourselves positioned today at the outset of a journey, embarking on what I hope and believe will be a stimulating and fruitful endeavour. I would intend, therefore, in these

opening remarks to offer some observations, drawn from the experience and activities of Ireland and the OSCE to date.

I hope our expectations will be ambitious but at the same time grounded in identifying practical options for this Organisation through cooperation between participating States and in cooperation with our international partners.

Each year the OSCE Economic and Environmental Forum offers a platform to bring together OSCE participating States, OSCE Partners for Cooperation, and our partners in international organisations and civil society to discuss issues of relevance to our work in the Economic and Environmental Dimension. Today, as we find ourselves facing unprecedented economic and environmental challenges, the relevance of our work and its links to security in our states, is all the more pertinent.

The theme for this year's Economic and Environmental Forum is "Promoting Security and Stability through Good Governance". It has been acknowledged by OSCE participating States that good governance at all levels contributes to prosperity, stability and security. It makes the work of governments more transparent. In addition, clear legal and institutional frameworks attract inward investment – a factor particularly relevant in the current economic climate.

Good governance is, therefore, an issue, which Ireland believes should be at the heart of the work of a security organisation such as the OSCE.

Our discussions over the course of the Forum process will address issues related to the fight against corruption, money laundering and terrorist financing. All of these are challenges shared by participating States. All flourish where governance is weak and ineffective. All, if left unchecked, undermine economic development and expose states to greater security risks. Combating them requires political will and close cooperation between governments, the private sector and civil society, and in this regard, Ireland believes that the OSCE and indeed this Forum process, offers an excellent platform from which to progress this.

The OSCE documents and decisions agreed to-date are aimed at bolstering the OSCE's work in this area. Strengthening good governance is given a high priority in the OSCE Strategy document for the Economic and Environmental Dimension, which was adopted in Maastricht in 2003. This document also includes a commitment by participating States to develop, implement and enforce financial legislation and regulations on combating money laundering and corruption and criminalising the financing of terrorism. This specific commitment forms the basis for our discussions over the coming days.

The commitments on Good Governance contained in the so-called Maastricht Strategy have also been supplemented by several Ministerial Council and Permanent Council Decisions on specific issues such as: combating corruption; combating transnational organised crime; enhancing legal cooperation in criminal matters to counter terrorism; addressing transnational threats; suppressing terrorist financing; and supporting initiatives related to the work of the Financial Action Task Force.

Taking into account the scale of the issues which our Forum theme will address, and the level of support which I believe exists amongst the participating States for activities in this area, the number and scope of our OSCE commitments on such matters, to date, is limited.

However, that has not prevented the OSCE, through the work of the Office of the Coordinator for Economic and Environmental Activities, led by Mr. Goran Svilanovic, and the OSCE Field Operations, from undertaking vital work aimed at assisting participating States to prevent money laundering and combat the financing of terrorism. I wish to commend the OSCE for its increased efforts in recent years to tackle these destabilising activities.

Currently, the OSCE supports the participating states in adopting and following the Financial Action Task Force's 40+9 Recommendations on anti-money laundering and countering the financing of terrorism. At the request of countries, the OSCE has organised public and private sector trainings, workshops and national capacity training largely with national financial intelligence units (FIUs).

By prioritising this area, the Office of the Coordinator for Economic and Environmental Activities has developed a number of important objectives to enable the OSCE to aim to work at its full potential. They include:

- Improving the understanding of the underlying threat at the national, regional and international level in order to most effectively address threats to economic stability;
- Developing a coherent OSCE role that complements the activities of others;
- Proactively engaging with other international organisations, including the World Bank, IMF and the United Nations Office on Drugs and Crime (UNODC).

Last year, the OSCE made some significant strides in this field. The Organisation worked with a number of participating States to assist with international information exchange aimed at addressing money laundering and terrorist financing. The OSCE also assisted a number of states to bolster domestic interagency co-operation with the aim of increasing the effectiveness of national efforts.

Looking ahead, the OSCE plans to focus on a small number of core activities including national risk assessments, interagency co-operation, capacity building, international information exchange and better coordination between public, private and international organisations.

Ireland is particularly supportive of the work undertaken by the OSCE on national risk assessments, which it does in partnership with the World Bank and the International Monetary Fund. A national risk assessment is a process by which a threat of money laundering is identified, the country's vulnerability is examined and the likelihood of money laundering successfully occurring is assessed. As evidence of our support, Ireland is funding the preparation of an OSCE publication on Anti-Money Laundering national risk assessments. A key aspect of the publication is to provide guidance on the collection of data for a national risk assessment and to assist on how the findings of such assessments may be used to formulate national policy. This publication will be launched at the second preparatory conference in Ireland in April.

I would like to turn briefly to the situation in Ireland. In 2010, the Irish Government introduced new legislation – the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 – which strengthened Irish law against money laundering and terrorist financing and brought it in to line with the 3rd Money Laundering Directive and the latest FATF recommendations. It incorporates the Directive and FATF requirements regarding the adoption of a risk-based approach. This will allow the effected financial and other bodies to

concentrate their resources where the risks of money laundering and terrorist financing are greatest.

Effective implementation of anti-money laundering legislation is critical. For this reason, the 2010 Act assigns specific responsibility to the Central Bank of Ireland and to other competent authorities to monitor compliance and to take whatever measures are reasonably necessary to secure compliance with the provisions of the Act.

It is no secret that the Irish banking sector has been through a turbulent time lately. All of us in Ireland have been affected one way or another by this crisis. Stronger and more effective regulation in the financial services sector has been identified as an essential building block of the recovery which is now underway. Effective compliance has to be the new cornerstone of this new thinking. That is now universally recognised.

In the context of money laundering, the Central Bank of Ireland clearly recognises the importance of better and more robust regulation. The money laundering unit of the Central Bank of Ireland is one of the few areas of the Irish public service which is recruiting new staff to ensure that the money laundering legislation is implemented effectively by the sectors for which it has responsibility.

The enactment of Ireland's money laundering legislation represents a significant element in the new and stronger regulatory regime for the financial services sector. It represents a commitment on the part of the State to have a legislative regime in respect of money laundering and terrorist financing which will be equal to the very best in the international arena.

Another critical aspect of the fight against money laundering and other serious crimes is a state's ability to confiscate the proceeds of criminal activity. Ireland provided a role model in this area with the establishment of the Criminal Assets Bureau in 1996 to confiscate the proceeds of crime in cases where there is no criminal conviction. The Criminal Assets Bureau is a multi-agency body consisting of police officers, customs officers, tax officers and benefit agency personnel who are able to pool the information available to each agency. Although the Criminal Assets Bureau continues to be successful in targeting the proceeds of criminal activity, the Irish Government is committed to further strengthening its powers.

At international level, the Bureau continues to work closely with similar agencies in other jurisdictions to identify, track down, and seize assets gained through criminal activity. I am aware that this topic, and specifically the work of the Criminal Assets Bureau, will be addressed by the April conference in Dublin where it is planned to have a discussion on the identification and recovery of stolen assets.

Conclusion

Ladies and Gentlemen, money laundering and the financing of terrorism are in many cases transnational in nature. Certainly, they represent common challenges from which no state is immune. Although efforts to combat them rely on effective policies at a national level, these are enhanced and reinforced when they form part of a broader multilateral and international approach. International organisations and multilateral fora play an important role in promoting good governance. They facilitate the crucial cooperation that is needed between states to counter challenges such as corruption, as well as to foster mutual accountability.

The OSCE is only one of a number of such organisations working on these issues. I am delighted that many of these organisations are represented here today. The task for the OSCE is to better define the role that it can play in supporting existing international efforts, both collectively and within participating States.

I also believe there is such scope. We will bring forward proposals in this regard as we prepare, later in the year, for the Dublin OSCE Ministerial Council in December. We would welcome the ideas and suggestions of all organisations represented at the Forum on what shape this might take. In this regard, I hope we will have an extremely productive discussion over the next two days.

To conclude, I would like to thank all those who have agreed to speak and moderate over the different sessions. I am certain you will offer us much food for thought and am sure your presentations will stimulate much interesting discussion both within the sessions and also outside of the meeting.

As I mentioned at the outset, the next stage in our dialogue will take place in Dublin in April. We look forward to extending you a warm welcome on that occasion.

Thank you.