



Money Laundering Country Risk Index *Taiwan – Vietnam*

Taiwan

The country has more than 60,000 heroin addicts and is a trans-shipment point for Chinese heroin, thus creating a substantial money laundering risk. The presence of sophisticated organized crime groups and persistent corruption makes the situation worse. It is estimated that at least half of the funds laundered through Taiwan are then transferred abroad.

Tajikistan

Tajikistan is a drug transit country (from Afghanistan), but an unsophisticated banking apparatus makes the country an unattractive money laundering target.

Tanzania

A major drug transit country, some highly cash intensive businesses, high levels of official corruption and a rise in organized criminal activity are the minus points. Probably the only plus point is that the country is not a major financial centre. Rated 71st out of 102 (where 102 is the worst) of countries where corruption is perceived as a key problem in a survey by Transparency International in 2002 – a substantial improvement on 1999 when the country was rated 93rd out of 99.

Thailand

The country is trying to combat its money laundering problem. But, because of its cash based economy and geographical position, Thailand is particularly prone to money launderers, particularly for funds generated by illegal drugs in South East Asia.

Tunisia

Hard information difficult to obtain

Little information is available, but the presence of an offshore industry including banks, IBCs and casinos suggests that vulnerabilities exist.

Turkey

Turkey is becoming an increasingly relevant financial centre on a regional basis and also is on the transit route for drugs moving from Asia to Europe. However, money laundering problems appear to be domestic rather than international. Member of the FATF.

Turkmenistan

The country is the chief route in Central Asia for exporting opiates and hashish products produced in Afghanistan. Money laundering appears to be part of various 'mysteriously' funded luxury hotel and major building projects that are sprouting up.

Turks and Caicos Islands

This is an offshore financial centre that provides various vehicles to ensure anonymity, including International Business Companies where ultimate beneficial owners are not disclosed. It is vulnerable to money laundering.

Ukraine

Major organized crime problems

Named by FATF as 'non-cooperative' in September 2001; remained blacklisted as at February 2003 – countermeasures imposed December 2002

Large amounts of money are generated by domestic criminal groupings; Ukraine is also used as an entry point to the global banking system by international organized crime groups. In December 2002 the Parliamentary Committee on Combating Organized Crime and Corruption released a report that concluded that:

- The major problem in the country (and the most corrupt entities) is state law enforcement agencies.
- Criminal organizations are able to operate openly in every region of the country because law enforcement agencies do not stop their activities, and in many instances are in league with the criminals.
- Corruption in the country's court system is widespread.
- Organized crime 'has reached such proportions that it constitutes a real danger to the constitutional basis of government in Ukraine'.

Prior to this report a February 2002 opinion poll in the country found that 84 per cent of those questioned said that corruption was a nationwide problem; 67 per cent said that corruption was at its highest level amongst the political elite; and, to add to the depressing picture, 44 per cent said that such corruption can never be stopped. Examples quoted in November 2001 on the Criminal Ukraine Web site are: to bribe a tax inspector costs \$87 and to have a telephone line installed incurs a payment of \$200. To add to the problems are continuing allegations of government illegal arms dealing with (amongst others) Iraq and the Taliban. In December 2002 the FATF applied countermeasures against Ukraine, as the country had not addressed the deficiencies in its AML regime identified by the FATF in June 2001. The 2002 US Department of State report on human trafficking rates Ukraine at Tier 2 (a country not in compliance with minimum standards for the elimination of trafficking but making significant efforts). The report states that Ukraine is a source country for women and girls trafficked for sexual exploitation to Central and Western Europe together with the Middle East. Whilst the report praises the Government for efforts it has made in this respect, it is stated that 'a number of law enforcement officers may be corrupt thereby facilitating trafficking'. The country was rated 85th out of 102 (where 102 is the worst) of countries where corruption is perceived as a key problem in a survey by Transparency International in 2002. This is a marked decline from 1999 when the country was rated 75th out of 99.

United Kingdom

Because of its key strategic position as a global financial centre, the United Kingdom is a major laundering centre. In 2002 it was claimed that London is the cocaine capital of the world, with financial institutions indirectly fuelling the market through their staff. The continuing and accelerating trend of globalization and the ease of funds transfer make the City even more vulnerable to money laundering. If you are a money launderer then you know you have made it safely and successfully if your funds are accepted without question in London. The United Kingdom has its own domestic problems with home-grown criminal groupings, but also acts as a magnet for the new criminal order. Russian and other Eastern European crime groups favour London properties and banking system. They are also active in the vice trade, London metal market, art world and financial fraud. Hong Kong/Chinese Triads are active in fraud, drugs and prostitution (including human trafficking). Turkish/Kurdish gangs are responsible for 80 per cent of heroin smuggled into the country each year. There is increasing evidence of Colombian groups utilizing London Heathrow Airport as a gateway to mainland Europe. The Nigerian criminal gangs are heavily active in all types of banking and financial fraud. Member of the FATF.

United States

The United States is the country with everything: all major (and some not so major) organized crime groups are active here; specifically, there are large scale problems with drugs from across the border in South America. It is the one country in the world that has taken the threat of organized crime and money laundering seriously from the word go. New developments include Russian organized crime groups (both on their own account and in league with others such as Colombians) active in extortion, protection, drugs, prostitution, money laundering, credit card fraud and counterfeiting. They have a strong presence in Brooklyn, Los Angeles, Philadelphia, Boston, Miami and San Francisco. The Japanese Yakuza have a sizeable influence together with portfolio of property holdings in Hawaii. That is not to forget the traditional criminal elements such as New York crime families. The position of the United States at the cutting edge of new technology poses additional risks particularly to the country's citizens who compose a substantial proportion of the world's Internet users. The aftermath of 9/11 has put the prevention of money laundering very near the top of the US administration's agenda. One side effect of the focus on stopping terrorist funding is that the previous focus on tax evasion as money laundering has taken a back seat. Member of the FATF.

Vanuatu

As at April 2002 Vanuatu was classified as being an 'uncooperative tax haven' by the OECD because of its lack of commitment to the specified concepts of transparency and effective exchange of information.

Venezuela

Corruption, a weak banking system and proximity to Colombia make the country an important destination for drug money generated by the Colombian cartels. Rated 75th out of 99 (where 99 is the worst) of countries where corruption is perceived as a key problem in a survey by Transparency International in 1999 (the country was not included in the 2002 survey).

Vietnam

There exists little evidence to suggest that money laundering is a serious problem in Vietnam, but the country has a substantial grey economy that makes the identification of dirty money difficult. Vietnam, because of its geographical position, is a trans-shipment country for drugs from the Golden Triangle together with being an attractive target for overseas crime groups. Vietnam was rated 85th out of 102 (where 102 is the worst) of countries where corruption is perceived as a key problem in a survey by Transparency International in 2002.