

Kaieteur News Interview with Sir Ronald on parliamentary impasse in Guyana

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Anti-money laundering legislations...

Former CFATF Chairman blasts Guyana stalemate

By Leonard Gildarie

Sunday, 9 March 2014: How the current anti-money laundering legislation that has triggered a stalemate between Government and the Opposition in the Parliament is handled is one of Guyana's biggest tests of its parliamentary democracy in recent times.

It will call for "maturity and balance" to settle the impasse urgently as Guyana faces the very real prospect of being blacklisted by the powerful member countries of the Financial Action Task Force (FATF) that set the guidelines for anti-money laundering and countering terrorism financing.

This was the advice and warning of Sir Ronald Sanders, the Guyanese-born, former Chairman of the Caribbean Financial Action Task Force (CFATF).

Sanders, a respected Caribbean diplomat, columnist and consultant, in an exclusive interview with Kaieteur News during a visit here last week, urged the Government and Opposition to resolve their differences swiftly or the national economy, financial institutions, businesses and even ordinary people will be adversely affected.

Sanders said that "the legislation before the Guyana Parliament is not unique to Guyana; it is legislation that exists in almost every jurisdiction in the world. Further, it is only the first step in a lengthy process. Therefore, the longer it takes to adopt the legislation the longer will be the period during which Guyana will be at the very least on a grey list."

The Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Act has been before Parliament since early last year for passage. The law changes are critical for Guyana to be compliant with measures being demanded by the international community. However, the Opposition, which has the majority in the National Assembly, has been demanding changes to the proposed legislations. One party has also made the establishment of the long-overdue Public Procurement Commission (PPC) a condition of its support.

The passage of the law changes has been pushed back time and again with no headway made in negotiations. Last November, CFATF, the regional body tasked with overseeing compliance with the

FATF rules, advised its member states to take steps to protect themselves from risks arising from financial transactions with Guyana. At least one US bank has reportedly ceased doing business with its correspondent bank in Guyana and businesses have been reporting delays in payments amidst increasing scrutiny of transactions.

According to Sir Ronald, a Chairman of CFATF from 2003 to 2004 and before that Vice Chairman from 2001-2003, it is critical to note that the government had not introduced the legislation in Parliament several years ago when CFATF had warned that if Guyana did not do so, it would face sanctions from the FATF.

However, he said, the present Parliamentary standoff will place the country in difficulty and all the parties in Parliament should place the interests of the country first. "Clearly in the present circumstances, it cannot be business as usual. There is an urgent need for compromise and balance with due respect and regard given to the negotiators on both sides."

Sanders said he was "alarmed" at the "strident remarks" being made by some negotiators publicly in the old game of scoring narrow political points when the nation's interest is at stake.

Compromise

The situation, Sir Ronald said, is not unlike the US when the Republican Party controls both Congress and the Senate, forcing any Democratic Party administration to engage in "meaningful bargaining" in order to pass its own legislation and even to secure a budget.

Critical of the statements coming from both sides of the House over the issue, the former diplomat said it is impossible to conduct negotiations in a mature manner in such a situation.

"It is a critical phase for Guyana and, the biggest test in terms of democracy and governance. I know one thing... if this legislation is not passed, Guyana is going to be blacklisted by FATF, But adopting the Legislation is only a first. Other crucial measures have to be taken. The legislation is only the enabling framework."

He added: "The current impasse over this legislation demands great maturity by all the political players. It calls for compromise...this is not unusual in democratic governance."

With the CFATF literally bursting onto the local scene last year, surprising many who were not even aware that the body existed, Sanders explained that the CFATF has been in existence for over a decade and was formed in the wake of FATF specifically to curb money laundering. Countering the financing of terrorism was added in the wake of the 9/11 atrocities in the US when terrorists blew-up the Twin Towers in New York killing hundreds of people.

One size fits all fallacy

Sir Ronald said that when CFATF was formed prior to 9/11 the Caribbean member countries regarded it as a buffer against the demands of FATF which was a body formed by the world's powerful Western Nations to fight money laundering. He said the FATF rules are in the fashion of "one size shoe fits all

feet”, when, in fact, conditions in small Caribbean countries are not comparable to those in large industrialised nations.

He pointed out, for instance, that “all the money in all the financial institutions in all the Caribbean countries do not add up to one percent of the monies in the international system; therefore Caribbean jurisdictions pose no great threat to the global financial system and the draconian rules of the FATF were not necessary to ensure that banks in Caribbean countries do not allow themselves to be used for money laundering and terrorism financing.”

He pointed out that the majority of money laundering and terrorism financing through financial institutions have taken place in Europe and North America.

For the region to be compliant, millions of dollars have been spent by governments and by financial institutions, and further demands are made every year.

But, Sir Ronald said: “There is no point debating this now; for better or worse the majority of governments in the world have accepted the validity of AML/CTF legislation and its enforcement mechanisms. In the G20, even China and India have now endorsed the AML/CTF strategy and methodology and it has become part of the Financial Sector Appraisal of countries by the International Monetary Fund (the IMF).”

The seasoned diplomat declared: “In this regard, Guyana cannot now stand apart from the necessity of the AML/CFT legislation and its enforcement machinery without making itself a ‘rogue state’; not even China will stand with Guyana on this now. In essence, Guyana has no choice but to pass the legislation early; and the politicians on both sides of the Legislature have to demonstrate maturity and balance in the national interest.”