

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 the [Financial Action Task Force recommendations](#)¹ 36 through 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 36² 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 37³ 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 38⁴ 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 39⁵ 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 40⁶ 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 take effective action to cooperate with such requests.

Since 2003 the FATF, regional analogous bodies or the IMF have assessed the implementation of the FATF recommendations in peer-review studies that are carried out in five-year cycles. The comprehensive reports usually contain a table showing the degree of compliance of a given jurisdiction to each recommendation. The reports have generally been published online and were the main source⁷ for this indicator.

FATF's 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 according to FATF, we award 0.2 credits. Where it is largely compliant, it receives 0.13 credits and 0.07 credits 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 2001⁸: 66).

Compliance with FATF-recommendations 36 through 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?

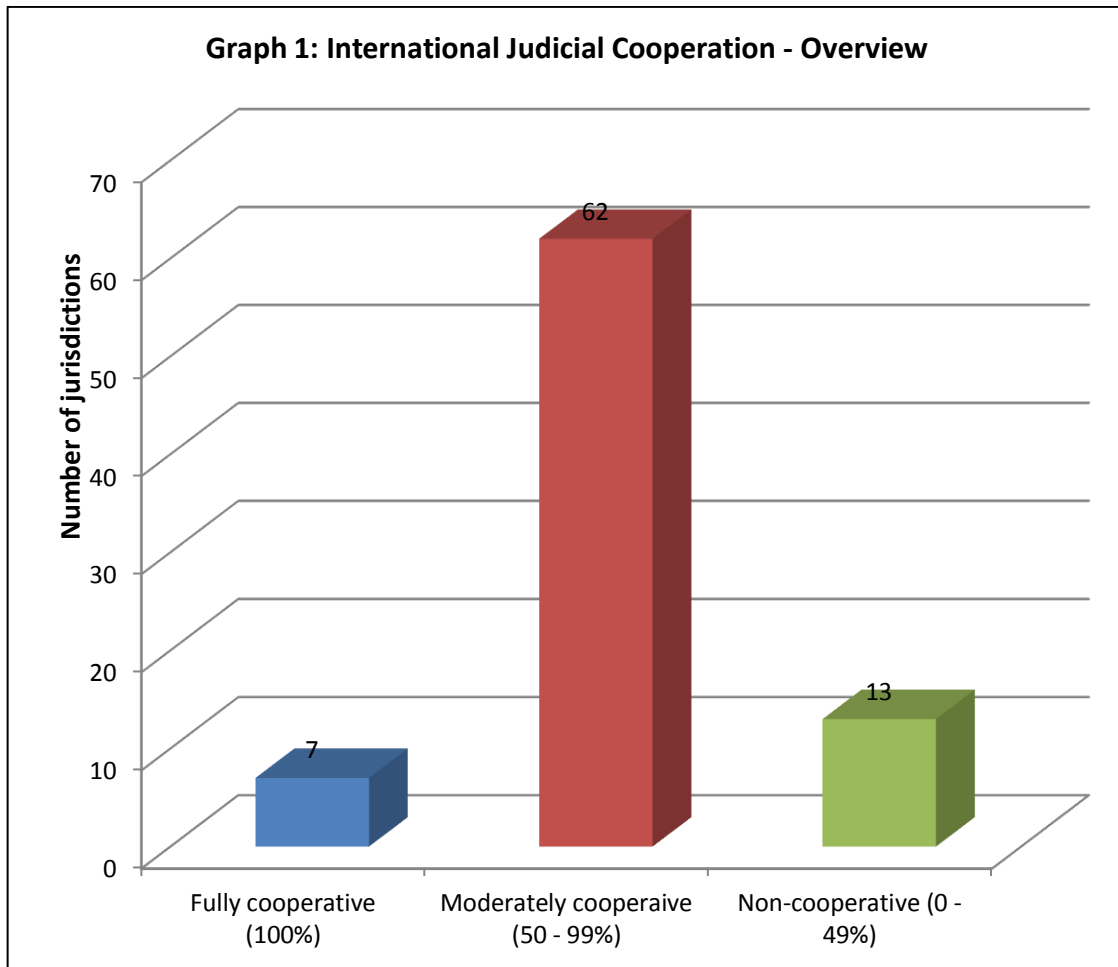
If a country has a poor record in conforming to these recommendations, the crimes left unchallenged, hidden or covered might include bribery, drug trafficking, human trafficking, insider trading, product piracy, terror financing and the support of transnational organised crime.

Results Overview

Table 1: International Judicial Cooperation - Overview

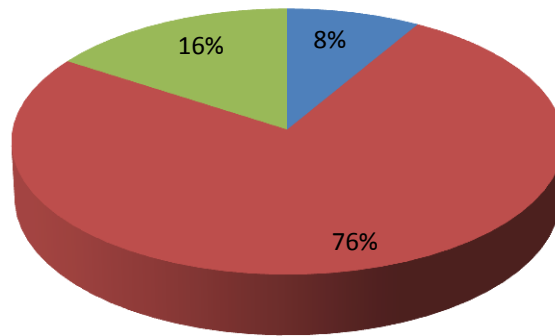
Number of jurisdictions assessed fully cooperative (100%)	7
Number of jurisdictions assessed moderately cooperative (50 - 99%)	62
Number of jurisdictions assessed non-cooperative (0 - 49%)	13

Graph 1: International Judicial Cooperation - Overview



Results Detail

Graph 2: International Judicial Cooperation - Details



- Fully cooperative (100%): AU; HU; IE; IT; MT; PT; VG
- Moderately cooperative (50 - 99%): All other jurisdictions
- Non-cooperative (0 - 49%): BZ; DO; GH; JP; LC; LR; MC; MO; MV; NL; SC; SM; WS

Table 2: International Judicial Cooperation – Transparency Credits

ID	Country	ISO	Credits	ID	Country	ISO	Credits
1	Andorra	AD	0.59	42	Korea	KR	0.72
2	Anguilla	AI	0.93	43	Latvia	LV	0.8
3	Antigua & Barbuda	AG	0.86	44	Lebanon	LB	0.65
4	Aruba	AW	0.54	45	Liberia	LR	0.28
5	Australia	AU	1	46	Liechtenstein	LI	0.54
6	Austria	AT	0.53	47	Luxembourg	LU	0.72
7	Bahamas	BS	0.86	48	Macau	MO	0.35
8	Bahrain	BH	0.79	49	Malaysia (Labuan)	MY	0.59
9	Barbados	BB	0.67	50	Maldives	MV	0.14
10	Belgium	BE	0.72	51	Malta	MT	1
11	Belize	BZ	0.46	52	Marshall Islands	MH	0.53
12	Bermuda	BM	0.79	53	Mauritius	MU	0.65
13	Botswana	BW	0.53	54	Monaco	MC	0.47
14	Brazil	BR	0.72	55	Montserrat	MS	0.65
15	British Virgin Islands	VG	1	56	Nauru	NR	0.53
16	Brunei	BN	0.53	57	Netherlands	NL	0.47
17	Canada	CA	0.72	58	New Zealand	NZ	0.72
18	Cayman Islands	KY	0.93	59	Norway	NO	0.66
19	Cook Islands	CK	0.65	60	Panama	PA	0.86
20	Costa Rica	CR	0.53	61	Philippines	PH	0.66
21	Curacao	CW	0.72	62	Portugal (Madeira)	PT	1
22	Cyprus	CY	0.86	63	Russia	RU	0.86
23	Denmark	DK	0.79	64	Samoa	WS	0.28
24	Dominica	DM	0.66	65	San Marino	SM	0.47
25	Dominican Republic	DO	0.47	66	Saudi Arabia	SA	0.53
26	France	FR	0.72	67	Seychelles	SC	0.41
27	Germany	DE	0.65	68	Singapore	SG	0.86
28	Ghana	GH	0.35	69	South Africa	ZA	0.79
29	Gibraltar	GI	0.67	70	Spain	ES	0.93
30	Grenada	GD	0.86	71	St Kitts and Nevis	KN	0.8
31	Guatemala	GT	0.66	72	St Lucia	LC	0.27
32	Guernsey	GG	0.86	73	St Vincent & Grenadines	VC	0.93
33	Hong Kong	HK	0.79	74	Sweden	SE	0.86
34	Hungary	HU	1	75	Switzerland	CH	0.79
35	India	IN	0.65	76	Turks & Caicos Islands	TC	0.61
36	Ireland	IE	1	77	United Arab Emirates (Dubai)	AE	0.53
37	Isle of Man	IM	0.8	78	United Kingdom	GB	0.93
38	Israel	IL	0.86	79	Uruguay	UY	0.86
39	Italy	IT	1	80	US Virgin Islands	VI	0.79
40	Japan	JP	0.47	81	USA	US	0.79
41	Jersey	JE	0.79	82	Vanuatu	VU	0.53

¹ These recommendations refer to the 49 FATF recommendations of 2003. While the FATF consolidated its recommendations to a total of 40 in 2012, the old recommendations are used here because the assessment of compliance with the new recommendations will only begin in 2013. The relevant new FATF recommendations from 2012 are recommendations 37, 38, 39 and 40. In the next FSI, the results of the new assessments will be taken into account. The old recommendations can be viewed at: www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF%20Recommendations%202003.pdf; 22.07.2013.

² See page 10 in: www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF%20Recommendations%202003.pdf; 22.07.2013.

³ See page 10 in: www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF%20Recommendations%202003.pdf; 22.07.2013.

⁴ See page 10 in: www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF%20Recommendations%202003.pdf; 22.07.2013.

⁵ See pages 10-11 in: www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF%20Recommendations%202003.pdf; 22.07.2013.

⁶ See page 11 in: www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF%20Recommendations%202003.pdf; 22.07.2013.

⁷ To see the sources we are using for particular jurisdictions please check out the assessment logic table in Annex C here <http://www.financialsecrecyindex.com/PDF/FSI-Methodology.pdf> and the corresponding information for individual countries in our database, available at www.financialsecrecyindex.com/database/menu.xml.

⁸ Organisation for Economic Co-Operation and Development 2001, Behind the Corporate Veil: Using Corporate Entities for Illicit Purposes, Paris.