

Transparency International EU

The global coalition against corruption

Open letter on adding UAE to EU anti-money laundering grey list

Roland Papp · Thursday, September 22nd, 2022

The following letter was sent on 22 September 2022 by Transparency International EU and the undersigned organisations. It is available as a pdf [here](#).

Josep Borrell Fontelles, High Representative of the Union for Foreign Affairs and Security Policy
Mairead McGuinness, Commissioner for Financial Services, Financial Stability and Capital Markets
Union

Brussels, 22 September 2022

Dear Mr High Representative/Vice-President, dear Commissioner,

The United Arab Emirates (UAE) are well known as a lavish, glamorous, and welcoming emirates for foreigners. Yet, its reputation as a tax haven and secretive jurisdiction casts an obscure shadow on this paradise in the Middle East. According to the Financial Action Task Force (FATF), the UAE's extensive involvement in financial, economic, corporate and trading activities as well as its involvement in oil, diamond and gold exports, poses significant risks for money laundering, and some non-financial sectors are especially lagging behind when it comes to understanding money laundering risk. Its geographic location in between seven emirates, two financial free zones and 29 commercial free zones makes the country an attractive destination for licit as well as illicit funds. The seven emirates have a total of 39 company registers, which may hamper the effective and timely work of authorities.

As reported by [OCCRP](#) and [C4DS](#), a major data leak back in 2018 exposed how sanctioned individuals and others linked to organised crime, corruption and other suspiciously acquired wealth chose the UAE to invest in high priced real estate, to safely park their allegedly criminal proceeds. This report provided additional evidence about the structural weaknesses of the UAE's anti-money laundering/countering the financing of terrorism systems. More recently, journalists also identified several members of the Russian political elite as well as businesspeople with close ties to the Kremlin who seem to have been taking advantage of UAE's opaque financial system to stash their wealth, potentially limiting the effective implementation of targeted sanctions. The ability of the EU to combat money laundering is significantly diminished if criminals can simply transfer their wealth to other jurisdictions such as UAE. The same goes for the effective imposition of sanctions.

On 04 March 2022, the FATF [decided](#) to include the UAE on its "grey list", placing the country under increased monitoring while it addresses strategic deficiencies in its anti-money laundering regime. This decision was reinforced in the June plenary of the international standard-setting

organisation. The undersigned civil society organisations urge you to assess the risks related to the UAE and include the jurisdiction in the list of third countries with strategic deficiencies in their anti-money laundering and counter terrorism financing regimes. The Union's list of high-risk third countries is a useful tool to make sure these jurisdictions are engaging in dialogue to improve their systems. Effective steps to stop the flow of dirty money requires actions beyond the EU. It is the responsibility of the Union to ensure that third countries with strategic deficiencies do not pose threats to the EU financial system.

Yours sincerely,

Transparency International EU
Fair Tax Foundation
The Daphne Caruana Galizia Foundation
The Sentry
Transparency International Czechia
Transparency International Estonia
Transparency International France
Transparency International Greece
Transparency International Ireland
Transparency International Lithuania
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