

MAURITIUS ON THE NEW EU LIST

COMMUNIQUE FROM THE PRIME MINISTER'S OFFICE

On May 07, 2020, the European Commission announced the adoption of a new list of third countries which, according to the Commission, had strategic deficiencies in their anti-money laundering and counter terrorism financing (AML-CFT) regimes.

On the very same day, the Commission announced that it had come up with a new methodology to establish this list. This is how Mauritius, much to its surprise, was included therein.

This high risk third-country list, in the form of a Delegated Regulation, if approved by the European Council and the European Parliament within one month, with a possible extension of one additional month would become effective on October 01, 2020.

Government is determined to convince the European Union to remove Mauritius from this list.

Since its independence, Mauritius has maintained a close relationship with the European Union. Such a privileged relationship has been founded on our common and strong values of Democracy, Rule of Law, Justice, Freedom and above all Social Justice and Equity.

This historic partnership is now on the verge of being seriously compromised.

Over the years, Mauritius has thrived as a peaceful multicultural society. It also adopted a socio-liberal economic approach, and an inclusive development agenda in which the financial services sector plays a pivotal role.

Mauritius has always adhered to international standards of good governance, transparency and taxation. To recall, the EU and the OECD have recently confirmed that Mauritius' tax regime is in conformity with their governing standards. Mauritius has also incorporated FATCA and CRS requirements into its domestic laws and has ratified the OECD's Multi-Lateral Instrument (MLI).

Our determination to convince the EU to remove Mauritius from this list is premised on the following:

Laws and Procedures: The Regulation was published on May 07, 2020, on the very same day that the Commission unilaterally adopted the new methodology.

Mauritius, was not given an opportunity to provide any explanation or make any representation to the Commission prior to its inclusion on the list. Mauritius was furthermore neither consulted nor heard, let alone informed that a new methodology had come into effect.

The fundamental right of the states to be heard before an impactful decision is taken against their interests, has therefore not been respected, despite the fact that this fundamental right is clearly spelt out in Article 41 of the EU Charter of Fundamental Rights.

Furthermore, in contravention with its own procedures, the Commission merely replicated the findings of the Financial Action Task Force (FATF) without considering the intrinsic and fundamental differences between countries that form part of the FATF blacklist as compared to other countries like Mauritius, that are on the monitoring list.

In so doing, the Commission literally amalgamated Mauritius with a number of countries that are traditionally classified as blacklisted by the FATF. We reiterate that all of this was done without even providing Mauritius with an opportunity to make any representation whatsoever.

The Commission further disregarded the fundamental principle of proportionality in failing to measure the seriousness of the consequences of including Mauritius on this list as compared to the actual risks posed to the EU financial system.

Economic impact: This decision comes at a time when Mauritius is experiencing the brutal economic effects of the COVID-19 pandemic. The Commission's list, if approved, will exacerbate the recession already caused by the pandemic.

Placing Mauritius on the blacklist will cause irreversible damage to our reputation. This will undermine investor confidence, reduce cross-border investment flows and lead to a severe disruption of our banking system. As a result, further harm will be caused to our economy.

It is obviously disproportionate to penalise our country so harshly on the basis of "unproven risks".

Mauritius has over the decades mobilised its effort to be recognized as a model of political and economic stability in the region as evidenced by the presence of multinational corporations, development finance institutions, and investment funds, amongst others.

Our initiative

The Mauritius International Financial Centre is internationally recognised as a jurisdiction of choice and substance. It has been established on the basis of a strong legal framework supported by an independent Judiciary.

In January of this year, Mauritius took cognisance of the FATF conclusions on its legal and regulatory framework on AML-CFT. It immediately formulated and agreed upon a detailed action plan with the FATF, with specific deadlines to remedy the identified shortcomings. It is noteworthy to mention that out of a total of 58 recommended actions, Mauritius has only 5 outstanding actions to implement by September 2021.

Mauritius had initially reviewed the implementation programme with the assistance of its technical advisers in order to complete the exercise by the end of the year. It subsequently decided to further accelerate this process with a final completion target of August 2020.

As such, our Government commits to implement the action plan one year ahead of the schedule which was initially agreed with the FATF.

We have already engaged into discussions with the European institutions with a view to reconsidering the Commission's decision. Those discussions have been initiated by a small island developing state that is already experiencing the dire consequences of the COVID-19 pandemic.

Our Government sincerely trusts that the European Council, the Commission and the Parliament, in their own wisdom, will favourably consider our request to remove Mauritius from the proposed list. Our request is based on solid moral and legal foundations.