

Tuvalu

RISK & COMPLIANCE REPORT

DATE: January 2017

Executive Summary - Tuvalu

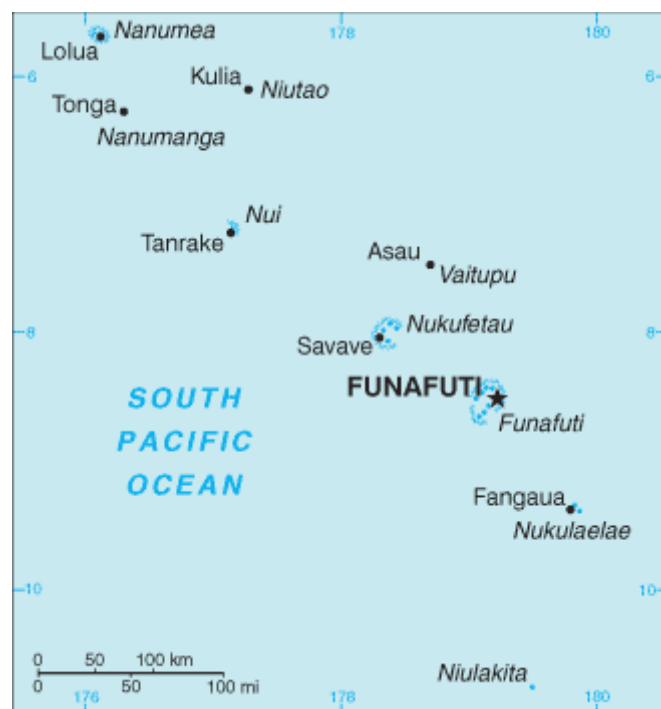
Sanctions:	None
FATF list of AML Deficient Countries	No
Higher Risk Areas:	Not on EU White list equivalent jurisdictions
Medium Risk Areas:	Compliance with FATF 40 + 9 Recommendations (no evaluation yet undertaken) Corruption Index (Transparency International & W.G.I.) World Governance Indicators (Average Score)
Major Investment Areas: Agriculture - products: coconuts; fish Industries: fishing, tourism, copra Exports - commodities: copra, fish Imports - commodities: food, animals, mineral fuels, machinery, manufactured goods	

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Section 1 - Background

In 1974, ethnic differences within the British colony of the Gilbert and Ellice Islands caused the Polynesians of the Ellice Islands to vote for separation from the Micronesians of the Gilbert Islands. The following year, the Ellice Islands became the separate British colony of Tuvalu. Independence was granted in 1978. In 2000, Tuvalu negotiated a contract leasing its Internet domain name ".tv" for \$50 million in royalties over a 12-year period.



Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

Tuvalu is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

Compliance with FATF Recommendations

Tuvalu has not yet undertaken a Mutual Evaluation relating to the implementation of anti-money laundering and counter-terrorist financing standards.

EU White list of Equivalent Jurisdictions

Tuvalu is not on the EU White list of Equivalent Jurisdictions

World Governance indicators

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

Failed States Index

[To view Failed States Index Ctrl + Click here](#)

Offshore Financial Centre

Tuvalu is not considered to be an Offshore Financial Centre

International Sanctions

None Applicable

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	N/A
World Governance Indicator – Control of Corruption	59

Section 3 - Economy

Tuvalu consists of a densely populated, scattered group of nine coral atolls with poor soil. Only eight of the atolls are inhabited. The country has no known mineral resources and few exports and is almost entirely dependent upon imported food and fuel. Subsistence farming and fishing are the primary economic activities. Fewer than 1,000 tourists, on average, visit Tuvalu annually. Job opportunities are scarce and public sector workers make up most of those employed. About 15% of the adult male population work as seamen on merchant ships abroad, and remittances are a vital source of income contributing around \$2 million in 2007. Substantial income is received annually from the Tuvalu Trust Fund (TTF) an international trust fund established in 1987 by Australia, NZ, and the UK and supported also by Japan and South Korea. Thanks to wise investments and conservative withdrawals, this fund grew from an initial \$17 million to an estimated value of \$77 million in 2006. The TTF contributed nearly \$9 million towards the government budget in 2006 and is an important cushion for meeting shortfalls in the government's budget. The US Government is also a major revenue source for Tuvalu because of payments from a 1988 treaty on fisheries. In an effort to ensure financial stability and sustainability, the government is pursuing public sector reforms, including privatization of some government functions and personnel cuts. Tuvalu also derives royalties from the lease of its ".tv" Internet domain name with revenue of more than \$2 million in 2006. A minor source of government revenue comes from the sale of stamps and coins. With merchandise exports only a fraction of merchandise imports, continued reliance must be placed on fishing and telecommunications license fees, remittances from overseas workers, official transfers, and income from overseas investments. Growing income disparities and the vulnerability of the country to climatic change are among leading concerns for the nation.

Agriculture - products:

coconuts; fish

Industries:

fishing, tourism, copra

Exports - commodities:

copra, fish

Imports - commodities:

food, animals, mineral fuels, machinery, manufactured goods

Section 4 - Government

Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

Legal system:

mixed legal system of English common law and local customary law

International organization participation:

ACP, ADB, AOSIS, C, FAO, IBRD, IDA, IFRC (observer), ILO, IMF, IMO, IOC, ITU, OPCW, PIF, Sparteca, SPC, UN, UNCTAD, UNESCO, UNIDO, UPU, WHO

Methodology and Sources

Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD Global Forum on Transparency and Exchange of Information for Tax Purposes](#) [PKF International](#))

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