

Australia

RISK & COMPLIANCE REPORT

DATE: January 2017

Executive Summary - Australia	
Sanctions:	None
FAFT list of AML Deficient Countries	No
Higher Risk Areas:	Not on EU White list equivalent jurisdictions
Medium Risk Areas:	US Dept of State Money Laundering assessment Non - Compliance with FATF 40 + 9 Recommendations
<p>Major Investment Areas:</p> <p>Agriculture - products: wheat, barley, sugarcane, fruits; cattle, sheep, poultry</p> <p>Industries: mining, industrial and transportation equipment, food processing, chemicals, steel</p> <p>Exports - commodities: coal, iron ore, gold, meat, wool, alumina, wheat, machinery and transport equipment</p> <p>Exports - partners: China 29.5%, Japan 19.3%, South Korea 8%, India 4.9% (2012)</p> <p>Imports - commodities: machinery and transport equipment, computers and office machines, telecommunication equipment and parts; crude oil and petroleum products</p> <p>Imports - partners: China 18.2%, US 11.6%, Japan 7.8%, Singapore 5.9%, Germany 4.6%, Thailand 4.2%, South Korea 4% (2012)</p>	
Investment Restrictions:	

FDI in Australia accounts for 24 percent of total foreign direct investment in the country and is concentrated largely in resources and energy, manufacturing and the nonbank financial services sector.

All foreign persons, including U.S. investors, must notify the Australian government and get prior approval to make investments of five percent or more in the media sector, regardless of the value of the investment.

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Section 1 - Background

Prehistoric settlers arrived on the continent from Southeast Asia at least 40,000 years before the first Europeans began exploration in the 17th century. No formal territorial claims were made until 1770, when Capt. James COOK took possession of the east coast in the name of Great Britain (all of Australia was claimed as British territory in 1829 with the creation of the colony of Western Australia). Six colonies were created in the late 18th and 19th centuries; they federated and became the Commonwealth of Australia in 1901. The new country took advantage of its natural resources to rapidly develop agricultural and manufacturing industries and to make a major contribution to the Allied effort in World Wars I and II. In recent decades, Australia has become an internationally competitive, advanced market economy due in large part to economic reforms adopted in the 1980s and its location in one of the fastest growing regions of the world economy. Long-term concerns include aging of the population, pressure on infrastructure, and environmental issues such as floods, droughts, and bushfires. Australia is the driest inhabited continent on earth, making it particularly vulnerable to the challenges of climate change. Australia is home to 10 per cent of the world's biodiversity, and a great number of its flora and fauna exist nowhere else in the world. In January 2013, Australia assumed a nonpermanent seat on the UN Security Council for the 2013-14 term.



Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

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

Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Australia was undertaken by the Financial Action Task Force (FATF) in 2015. According to that Evaluation, Australia was deemed Compliant for 12 and Largely Compliant for 12 of the FATF 40 Recommendations.

Money Laundering/Terrorism Financing Risks (FATF Mutual Evaluation Report)

The NTA identified illicit narcotics, and tax frauds (and other frauds) as the major predicate crimes for ML. Drug trafficking and tax evasion generate the most significant amount of the illicit proceeds investigated by authorities. However, there is no current estimate of proceeds generating crime in Australia. The authorities utilize a conservative estimate, based on 2009 material, that organised crime costs the Australian economy 1.5% of GDP; however authorities do not have an estimated figure for the amount of criminal proceeds. For general context (but not for comparison) it is noted that Australia convicts around 135 000 offenders annually for predicate crimes (see chart at paragraph 2.28).³ The main predicate crimes where convictions are obtained are illicit drug offences, theft, and fraud or deception offences.

The channels that were identified as highly vulnerable to ML activity were the banking sector, money remitters (both licensed and underground operators), gatekeepers, and the abuse of corporate vehicles. The risks are exacerbated by launderers often using false identity documents. Australian drug markets are said to be some of the world's most profitable and most drugs can be obtained. They are a serious and growing issue. In 2012-13, drug seizures and arrests were at record or decade highs for nearly all drug types.⁴ Cannabis dominates domestically, but the drugs of greatest concern are amphetamine-type stimulants. Drug trafficking in Australia is linked to transnational organised crime groups, particularly from South East Asia and South America.

Authorities have found that organised criminal groups use complex corporate vehicles to conceal and launder proceeds, which are often sent out of Australia as part of the laundering process or to fund more drug-related activity. Trade-based ML may also be an emerging threat to Australia. China; Hong Kong, China; Macao, China; Singapore and the United Arab Emirates were seen as major source, destination, and/or transit jurisdictions for

proceeds of crime laundered into and out of Australia. Large amounts are suspected to be laundered out of China into the Australian real estate market. China and other countries within the Asia-Pacific region were also seen as likely sources of corruption proceeds that are laundered in Australia.

Authorities consider that international laundering of tax crime proceeds is primarily outwards, involving havens in Europe as well as Vanuatu in the Pacific although many such proceeds eventually return to Australia. Overall the authorities' view may downplay potential inwards laundering from the United States, the United Kingdom, and other parts of Europe, and outwards laundering in New Zealand, Canada, and the United States as evidenced by recent ML and proceeds related mutual legal assistance requests.

TF risk is largely influenced by international tensions and conflicts, in particular Syria and Iraq. The main domestic risks involve small-scale collection and use of legitimate and illegitimate funds by domestic cells aligned with or sympathetic to radicalised Islamic jihadist groups abroad, for the purposes of committing domestic terrorist acts.

The authorities have periodically and successfully disrupted domestic terrorism plots and associated funding (albeit involving relatively low levels of funds) although this remains a constant risk. In addition, in recent years and on isolated occasions, ransoms have been paid by families and businesses to release Australians held hostage by terrorists.

The most significant emerging TF risk is the potential for groups as well as other individuals to send money, directly or indirectly, or raise money for, or otherwise support Australians travelling to conflict zones abroad (especially Syria and Iraq) to support foreign terrorist groups and terrorist acts, both abroad and domestically. In this context, the primary destinations for current TF flows from Australia were understood to be Syria and Iraq, with the funds often passing through other jurisdictions en route. Some Australians have funded travel for themselves from legitimate sources to fight in conflict zones, and some funds have also been raised through abusing registered and informal "pop-up" charities linked to humanitarian fund-raising.

Charities and other NPOs are a channel of higher risk for use to raise funds for TF in or from Australia, although identified misuse of NPOs is low. However, the lack of a comprehensive sectorial risk assessment, the lack of subsequent outreach in relation to TF to the sector, and the lack of adequate preventive requirements or a supervisory framework that cover all relevant NPOs, leave them vulnerable to misuse by terrorist organisations.

[Read Full Report](#)

Extracted from IMF Report - 2011 ARTICLE IV Consultation (October 2011)

Extract from 2013 Asia Pacific Group on Money Laundering Yearly Typologies Report:

Trends:

Established typologies and potential vulnerabilities

The Typologies and case studies report 2012 provides details about established typologies. The report examines two typologies used to enable and commit transactional crimes and tax evasion which are currently of particular interest to law enforcement, namely:

- the use of cheques to evade tax; and
- the use of third-party cash couriers to undertake money laundering.

The report also examines a number of channels vulnerable to money laundering and terrorism financing, including:

- digital currencies and virtual worlds;
- voucher payment systems; and
- offshore online money remitters.

Although limited evidence exists to date of criminal misuse of these channels in Australia, overseas cases illustrate some of the ways in which they can be exploited.

US Department of State Money Laundering assessment (INCSR)

No longer categorised a Jurisdiction of Primary Concern however the 2017 Report has not yet been published and, therefore, below is the 2016 report

Australia was deemed a Jurisdiction of Primary Concern by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

Perceived Risks:

Australia's well-functioning financial markets include major products, such as money, debt, equities, foreign exchange, and derivatives. While not large compared to equivalent markets in economies such as the United States or Japan, trading activity in many Australian financial market sectors is higher than the size of the economy might indicate. For example, Australia's largest market sector is the foreign exchange market and the Australian dollar is the seventh most actively traded currency worldwide. Australia is also recognized internationally in areas such as infrastructure financing and structured products. As an emerging financial services center within the Asia-Pacific region, the country's financial sector is supported by a number of government initiatives, such as the implementation of an investment manager regime and measures to provide tax exemption or tax relief for foreign managers. Finance and insurance, significant sectors in the Australian economy, are estimated to annually contribute some A\$130 billion (approximately \$92 billion) to the Gross Domestic Product, accounting for 9.3 percent of total value added. Australia has one of the largest pools of consolidated assets under management globally, valued at A\$2.6 trillion (approximately \$1.85 trillion). It is also a major destination for foreign direct investment.

According to the Australian Crime Commission (ACC), financial crimes continue to increase in diversity, scale, and the level of overall harm they cause Australia. The ACC conservatively estimates that serious and organized crime costs Australia approximately A\$15 billion each year (\$10.67 billion). Money laundering remains a key enabler of serious and organized crime.

The Australian Transaction and Reports Analysis Center (AUSTRAC) – the country’s financial intelligence unit (FIU) and the national anti-money laundering/countering the financing of terrorism (AML/CFT) regulator – identifies key features of money laundering in Australia in its Annual Report: intermingling legitimate and illicit financial activity through cash intensive businesses or front companies; engaging professional expertise, such as lawyers and accountants; the use of money laundering syndicates to provide specific money laundering services to terrorists and domestic and international crime groups; and the “internationalization” of the Australian crime environment, a reflection of the pervasive international money laundering ties of Australia-based organized criminal groups. The report also notes that major money laundering channels are prevalent in banking, money transfer and alternative remittance services, gaming, and luxury goods. Less visible conduits include legal persons and arrangements, cash intensive businesses, electronic payment systems, cross-border movement of cash and bearer negotiable instruments, international trade, and investment vehicles.

Trade-based money laundering (TBML), and its potential role in drug trafficking and importation, is a concern of law enforcement agencies. Australia’s lack of free trade zones is considered to have lowered the risk of TBML.

Do FINANCIAL INSTITUTIONS engage in currency transactions related to international narcotics trafficking that include significant amounts of US currency; currency derived from illegal sales in the U.S.; or illegal drug sales that otherwise significantly affect the U.S.: NO

Criminalization of money laundering:

“All serious crimes” approach or “list” approach to predicate crimes: All serious crimes

Are legal persons covered: criminally: YES **civilly:** YES

Know-your-customer (KYC) rules:

Enhanced due diligence procedures for PEPs: Foreign: YES **Domestic:** YES

KYC covered entities: Banks; gaming and bookmaking establishments and casinos; bullion and cash dealers and money exchanges and remitters; electronic funds transferors; insurers and insurance intermediaries; securities or derivatives dealers; registrars and trustees; issuers, sellers, or redeemers of traveler’s checks, money orders, or similar instruments; preparers of payroll, in whole or in part in currency, on behalf of other persons; and currency couriers

REPORTING REQUIREMENTS:

Number of STRs received and time frame: 81,074: July 2014 - June 2015

Number of CTRs received and time frame: 4,694,287: July 2014 - June 2015

STR covered entities: Banks; gaming and bookmaking establishments and casinos; bullion and cash dealers and money exchanges and remitters; electronic funds transferors; insurers and insurance intermediaries; securities and derivatives dealers; registrars and trustees;

issuers, sellers, or redeemers of traveler's checks, money orders, or similar instruments; preparers of payroll, in whole or in part in currency, on behalf of other persons; and currency couriers

Money laundering criminal Prosecutions/convictions:

Prosecutions: 99: July 2013 - June 2014

Convictions: 77: July 2013 - June 2014

Records exchange mechanism:

With U.S.: MLAT: YES **Other mechanism:** YES

With other governments/jurisdictions: YES

Australia is a member of the FATF and of the Asia/Pacific Group on Money Laundering (APG), a FATF-style regional body.

Enforcement and implementation issues and comments:

The Government of Australia maintains a comprehensive system to detect, prevent, and prosecute money laundering. A statutory review of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CFT Act), conducted by the Attorney-General's Department with assistance from AUSTRAC, is underway to examine the objectives and scope of the AML/CFT regime, opportunities for deregulation, the risk-based approach to AML/CFT, and industry reporting obligations. The review is being conducted in the context of the government's deregulation agenda, and minimizing the compliance burden on industry is a priority. The report of the statutory review will be submitted to Government in the first half of the 2015-16 financial year.

Following amendments to the AML/CFT Act, customer due diligence (CDD) requirements became effective June 2014, which protect Australia's revenue base through enhanced collection and verification of customer information, and safeguard national security from organized criminals and money launderers misusing the complex business structures to conceal their ownership and controlling interest. A major enforcement tool to reduce money laundering risks inherent in the alternative remittance sector and informal value transfer systems is the ACC-led Eligo National Task Force (ENTF). The ENTF is an initiative involving the ACC, AUSTRAC, and the Australian Federal Police. In 2015, the ENTF resulted in 32 disruptions to criminal entities and identified 112 criminal targets previously unknown to law enforcement. The ENTF-initiated investigations resulted in seizures of more than A\$365.5 million (approximately \$262 million) in cash and drugs, 39 referrals to partner agencies, 40 financial intelligence reports to the Eligo Taskforce, and nine data mining information reports. As well as disrupting organized crime activities, the ENTF increases professionalism within the remittance sector to make it more resistant to organized crime. U.S. law enforcement agencies continue to collaborate with the ENTF.

AUSTRAC also works with Australian industries and businesses to promote their compliance with AML/CFT legislation. Australia has active interagency task forces, and consultations with the private sector are frequent. AUSTRAC signed seven new financial intelligence exchange agreements in 2015, increasing the number of Australia's exchange instruments with international counterparts to 72. Australian law enforcement agencies investigate an

increasing number of cases that directly involve offenses committed overseas. Australia's Criminal Assets Confiscation Task Force brings together agencies with key roles in the investigation and litigation of proceeds of crime matters. The task force identifies and conducts asset confiscation matters.

In May 2014, the government announced that the AUSTRAC Supervisory Levy would be replaced with the AUSTRAC Industry Contribution. From the 2014-15 financial year onwards, reporting entities will pay a levy that allows AUSTRAC to recover the costs of its regulatory and financial intelligence. In June 2015, AUSTRAC started preparations for the 2015-16 industry contribution which will commence early in the 2015-16 financial year.

For the third year in a row, Australia observed a notable increase in filings in the suspicious transaction report (STR) category 'Refusal to show ID/complete cash transaction report,' which can be attributed to the tightening of third-party currency transaction report (CTR) reporting obligations. Over the last two reporting years, the number of STRs filed with AUSTRAC increased approximately 45 percent. The increase reflects reporting entities' increased awareness of events occurring overseas that are relevant to Australia.

In 2014, AUSTRAC completed Australia's first classified National Risk Assessment on terrorism financing. A sanitized report titled "Terrorism Financing in Australia 2014" notes that Australia's banking and remittance sectors are used more frequently than other channels to send funds to individuals engaged in foreign insurgencies and conflicts. Terrorism financing in Australia varies in scale and sophistication, ranging from organized fundraising by domestic cells which are part of a larger, organized international network, to funds raised by small, loosely organized, and self-directed groups. While AUSTRAC is not currently preparing an updated version of its 2014 report, AUSTRAC disclosed that terrorism-related "suspicious matter reports" had increased threefold from 118 in 2013-14 to 367 in 2014-15.

In May 2015, the Government of Australia announced the establishment of a Serious Financial Crimes Taskforce (SFCT) to replace Project Wickenby, the cross-agency task force that played a key role in the fight against tax evasion, avoidance, and crime from 2006 until its termination on June 30, 2015. With a broader remit, and operational from July 1, the SFCT is also a multi-agency taskforce that forms part of the Australian Federal Police-led Fraud and Anti-Corruption Center. Drawing together the Australian Taxation Office, Australian Crime Commission, Australian Federal Police, Attorney-General's Department, Australian Transaction Reports and Analysis Centre, Australian Securities and Investments Commission, Commonwealth Director of Public Prosecutions, and Australian Customs and Border Protection Services, SFCT's primary role is to focus on operational activities, collect and share intelligence, identify reform measures with the aim of removing wealth from criminal activity, prosecute facilitators and promoters of serious financial crime, and deploy deterrent and preventative enforcement strategies.

Australia should require real estate agents, solicitors, and accountants to report suspicious transactions.

Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):

According to the US State Department, Australia conforms with regard to all government legislation required to combat money laundering

EU White list of Equivalent Jurisdictions

Australia 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

Australia is not considered to be an Offshore Financial Centre

US State Dept Narcotics Report

No report available

US State Dept Trafficking in Persons Report 2014 (introduction):

Australia is classified a Tier 1 country - is a country whose government fully complies with the Trafficking Victims Protection Act's (TVPA) minimum standards.

Australia is primarily a destination country for women subjected to forced prostitution and, to an increasing extent, for women and men subjected to forced labor. Child sex trafficking occurs with a small number of Australian citizens, primarily teenage girls, as well as foreign victims, exploited within the country. Some women from Thailand, Malaysia, the Philippines, South Korea, China, and to a lesser extent India, Vietnam, Indonesia, Eastern Europe, and Africa migrate to Australia voluntarily intending to work legally or illegally in a number of sectors, including the sex trade. Subsequent to their arrival, some of these women are coerced into prostitution. These foreign women and girls are sometimes held in captivity, subjected to physical and sexual violence and intimidation, manipulated through illegal drugs, and obliged to pay off unexpected or inflated debts to their traffickers. There were reports of some victims of sex trafficking and some women who migrated to Australia for arranged marriages being subsequently subjected to domestic servitude. In 2013, there were reports of an Australian female victim subjected to sex trafficking in the United States and other countries.

Men and women from several Pacific Islands, India, China, South Korea, and the Philippines are recruited to work temporarily in Australia. After their arrival, some are subjected by unscrupulous employers and labor agencies to forced labor in agriculture, horticulture, construction, cleaning, hospitality, manufacturing, seafaring, and domestic service. They may face confiscation of their travel documents, confinement on the employment site, threats of physical harm, and debt bondage through inflated debts imposed by employers or labor agencies. Most often, traffickers operate independently or are part of small organized crime networks that frequently involve family and business connections between Australians and overseas contacts.

The majority of identified victims were individuals on student visas in Australia. Many foreign students in the country spend significant sums in placement and academic fees. Some foreign students work in housekeeping, restaurants, and other service industries and are subject to a restriction of working a maximum of 20 hours per week under their visas. Unscrupulous employers coerce students to work in excess of the terms of their visas, which makes them vulnerable to trafficking because of their fears of deportation for immigration violations. There were reports that some foreign diplomats subjected household staff to forced labor in Australia.

The Government of Australia fully complies with the minimum standards for the elimination of trafficking. During the year, the government continued to prosecute a modest number of trafficking cases and convicted one offender. The government enacted legislation that enhanced protections for witnesses in trafficking cases, such as through granting the ability to provide testimony by video, and it continued to identify and refer victims to the government-funded support program. The government continued robust efforts to combat child sex tourism, including through prosecuting six cases and convicting three Australian nationals who committed this crime overseas.

US State Dept Terrorism Report 2015

Overview: Australia is a key partner in the global fight against terrorism, and leads regional efforts to counter radicalization and violent extremism. In 2015, Australian authorities conducted 10 domestic counterterrorism operations, resulting in 25 people being charged. The Australian Attorney General estimated there were 110 Australian foreign terrorist fighters in Syria and Iraq, approximately 190 persons in Australia providing support to individuals and groups in the conflicts in Syria and Iraq, and 400 high-priority counterterrorism investigations. In the 2014-2015 fiscal year, there were also 536 suspected terrorism financing cases in Australia.

The Australian government took significant actions to counter terrorism by: providing additional funding to intelligence agencies and enhancing their ability to access communications data; creating the roles of the National Counterterrorism Coordinator and the Minister Assisting the Prime Minister for Counterterrorism; attending the White House Summit on Countering Violent Extremism in February; hosting a Regional Countering Violent Extremism Summit; co-hosting the first Southeast Asian Counter-Terrorism Financing Summit; developing a Combating Terrorist Propaganda initiative to monitor and contest online terrorist messages; and developing a revised National Terrorism Threat Advisory System.

On October 15, the Prime Minister convened a National Meeting on Countering Violent Extremism that included policy and law enforcement officials from federal, state, and territory agencies. In July, the federal and state governments released "Australia's Counter-Terrorism Strategy."

In 2015, Australia was a major contributor of military assistance to the Global Coalition to Counter ISIL. Since May, Australia deployed 300 military personnel to contribute to the international Building Partner Capacity (BPC) mission in Iraq, following the September 2014 announcement of sending 200 personnel to "advise and assist" Iraqi forces and about 400 personnel to support Australian air operations against ISIL. Australia began air strikes against ISIL targets in Iraq in October 2014 and extended strikes into Syria in September 2015 using six FA-18s. Australia and the United States regularly discussed counterterrorism cooperation, including at the annual AUSMIN Foreign and Defense Ministers' meeting.

2015 Terrorist Incidents: On October 2, 15-year-old Farhad Jabar (Australian) killed New South Wales police employee Curtis Cheng outside a police station in the Sydney district of Parramatta. Australian authorities believe this was a terrorist incident and Jabar was

subsequently killed in a shoot-out with police. Three men were also arrested on terrorism and criminal offenses related to the incident.

Legislation, Law Enforcement, and Border Security: Australia's legal framework to counter terrorism includes significant penalties for the following: committing terrorist acts; recruiting for and supporting terrorist organizations; financing terrorism; urging violence and advocating terrorism; and traveling abroad to commit terrorist acts and recruitment offenses. Authorities are authorized to detain individuals under "preventative detention orders" for a maximum of 48 hours, and to restrict activities and movement of individuals under "control orders."

Since mid-2014, five tranches of national security legislation have been enacted. In October 2014, parliament passed legislation targeting returning foreign terrorist fighters which includes granting additional powers to security agencies, strengthening border security measures, and cancelling welfare payments for persons involved in terrorism. In May 2015, parliament passed legislation requiring telecommunications providers to retain and to secure data for two years, and the government appointed the first Commonwealth Counterterrorism Coordinator. On July 1, the Department of Immigration and Border Protection and the Australian Customs and Border Protection Service were merged into a single Department of Immigration and Border Protection. On August 13, parliament passed legislation strengthening the combined agency's biometric program into a single updated framework used by border agents to collect biometric identity information. In December, parliament passed legislation allowing for the revocation of citizenship for dual nationals involved in terrorism, established the crime of advocacy of genocide, and lowered the minimum age for which control orders can be imposed from 16 to 14. (A control order is issued by a court [at the request of the Australian Federal Police] to allow obligations, prohibitions and restrictions to be imposed on a person, for the purpose of protecting the public from a terrorist act.)

Since the terrorism alert level was raised to "High" in 2014, security and law enforcement agencies have foiled six attacks, and police conducted 10 counterterrorism operations in Australia resulting in 26 people being charged with terrorism-related offenses. Australian Border Force Counter-Terrorism Units, established in August 2014, offloaded 336 passengers from commercial flights through June 2015, which according to an ABF press release, prevented a number of minors from travelling to the conflict areas in Syria and Iraq. The number of high priority targets investigated by the Australian Security Intelligence Organization (ASIO) doubled to more than 400. From September 2014 to the end of 2015, the number of Australian foreign terrorist fighters in Iraq and Syria identified by Australian security services grew from 70 to 110; the number of suspected Australians killed in the conflict rose from 15 to at least 41; the number of people suspected in Australia of providing support to individuals and groups in the conflict grew from 110 to 190; and the number of passports cancelled to prevent travel to the conflict expanded from 60 to 146. In July 2015, the Council of Australian Governments (the Prime Minister, state and territory Premiers and Chief Ministers, and the President of the Australian Local Government Association), agreed to develop a new threat advisory system, which was unveiled in November. The new five-tiered threat system provides ASIO with greater flexibility to make terrorist threats clearer to the public. At the end of 2015, the level was set at "Probable," the third highest tier.

Arrests included:

- On February 10, police arrested and charged Omar Al-Kutobi (Iraqi born, naturalized Australian citizen) and Mohammad Kiad (Kuwaiti citizen with Australian spousal visa) in Sydney with planning to carry out an imminent terrorist attack against a civilian.
- On April 18, five teenage Australian boys were arrested in Melbourne following a counterterrorism operation in relation to a planned terrorist act, which included targeting police officers. One was charged with terrorism offenses; one was charged with weapons offenses; and one had terrorism charges dropped and pleaded guilty to weapons offenses. The other two were released without charges.
- On May 8, police raided a Melbourne home and arrested a 17-year-old Australian man after finding three IEDs.

Australian law enforcement entities, such as the Australian Federal Police (AFP), have clearly demarcated counterterrorism units, as well as effective working relationships with provincial and municipal law enforcement. In September, the State of Victoria Police Department established a Counterterrorism Command, and in November, counterterrorism funding to the Victorian police almost doubled when the State of Victoria allocated \$49.4 million for hiring additional intelligence experts and analysts. Australia has an extensive border security network and makes excellent use of travel document security technology, biographic and biometric screening capabilities at ports of entry, information sharing with other countries, and collection of advance Passenger Name Record information on commercial flights. Australian security forces effectively patrolled and controlled land and maritime borders.

Countering the Financing of Terrorism: Australia is a member of the Financial Action Task Force. Australia served as the organization's President from July 1, 2014 until June 30, 2015. Australia is a founding member and co-chair of the Asia/Pacific Group on Money Laundering, a FATF-style regional body. In 2015 Australia's mutual evaluation, executed jointly by FATF and APG, was adopted. The assessment concluded that Australia has strong legal, law enforcement and operational measures for combating money laundering and terrorism financing.

Australia faces a range of terrorism financing risks, largely motivated by international tensions and conflicts, and counters the risks with a comprehensive legal and administrative framework. Australia can automatically freeze UN-designated terrorism-related assets and has made numerous domestic designations as well.

As a founding member of the Egmont Group, AUSTRAC, Australia's financial intelligence unit, assisted the Southeast Asian region to develop a regional profile of financial characteristics of foreign terrorist fighters. Australia implements its obligations to restrict terrorism financing, including funding to violent extremist groups operating in Syria and Iraq, as well as freezing assets and economic resources in accordance with UNSCRs 1373 (2001) and 2253 (2015; which updates UNSCRs 1267 and 1989), as well as UNSCRs 2178 (2014), 2170 (2014), and 2199 (2015).

AUSTRAC detects, prevents, and deters money laundering and financing of terrorist activities. In addition, AUSTRAC regulates money transfers and remittance services, however, charities are not a regulated sector for the purposes of suspicious matter reports (SMRs). Using its rigorous detection and monitoring processes, AUSTRAC referred 536 SMRs in the 2014-2015 fiscal year to the AFP and the ASIO on suspicion of terror financing links, a 300 percent increase from the year before. Amounting to more than \$37.6 million, the 536 reports were

linked primarily to Australians traveling to join terrorist groups in Syria and Iraq. As of June 30, 2015, AUSTRAC stated that it was monitoring more than 100 persons of interest. AUSTRAC is also a core member of a multilateral information-sharing project on the financing of foreign terrorist fighters in Syria and Iraq. In November in Sydney, Australia and Indonesia co-hosted the first Counterterrorism Financing Summit in the Asia-Pacific Region, attended by more than 150 people from 19 countries. Australia is also a member of the Counter-ISIL Finance Working Group and co-chairs its Foreign Terrorist Fighter sub-group.

Countering Violent Extremism: The Australian Attorney-General's Department leads the implementation of the government's four main goals to counter violent extremism (CVE): building strength in diversity and social participation; targeted work with vulnerable communities and institutions; addressing terrorist propaganda online; and diversion and de-radicalization. The Australian Government created the Living Safe Together website (<http://www.livingsafetogether.gov.au/>), which offers multiple resources and perspectives on building community resilience to violent extremism.

In February, the Australian Attorney-General attended the White House Summit on Countering Violent Extremism (CVE) and announced the \$12.8 million Combatting Terrorist Propaganda in Australia initiative focused on the internet and social media. In June, Australia hosted the Regional Summit to Counter Violent Extremism to further goals outlined at the White House CVE Summit and to build on UNSCR 2178 and the UN Global Counter-Terrorism Strategy. Following the October shooting in Parramatta, Prime Minister Malcolm Turnbull convened an urgent meeting of officials from Federal, State, and Territory agencies and Muslim leaders to discuss Australia's approach to countering violent extremism. On November 2, the New South Wales Premier announced a \$33.4 million CVE package to stop radicalization of young people focused primarily on schools and community organizations. In December, Prime Minister Malcolm Turnbull stated that the government would provide \$1.78 million over five years to the Commonwealth Secretariat dedicated to countering extremism and radicalization.

Building on its experience partnering with the UAE through the Sawab counter-messaging center in 2015, Australia is supporting Malaysia in the development of its regional counter-messaging center in Kuala Lumpur.

International and Regional Cooperation: Australia is a regional leader in the fight against terrorism, and worked to strengthen the Asia-Pacific region's counterterrorism capacity through a range of bilateral and regional initiatives in organizations such as ASEAN, the ASEAN Regional Forum, and the Pacific Island Forum. Australia participated in the APEC Counter-Terrorism Task Force, the Global Initiative to Counter Nuclear Terrorism, and worked closely with NATO, including in the NATO-led Resolute Support Mission in Afghanistan. Australia is a member of the Global Coalition to Counter ISIL, a member of the Global Counterterrorism Forum (GCTF) and co-chair of the Forum's Detention and Reintegration Working Group (DRWG), which grew out of the former Southeast Asia Working Group. In April, Australia and the EU agreed to intensify counterterrorism cooperation, building on the launch of the first EU-Australian Counterterrorism Dialogue in November 2014.

Australian Foreign Minister Julie Bishop attended the GCTF Ministerial in September. Australia's Ambassador for Counterterrorism played a key role in coordinating policy cooperation, capacity building, and operational collaboration between Australian agencies and

international counterterrorism partners. Australia signed 19 counterterrorism memorandums of understanding with partners around the world. Australia increasingly collaborates with India on counter-messaging and counterterrorism legal reforms.

International Sanctions

None applicable

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	79
World Governance Indicator – Control of Corruption	95

US State Department

Australia maintains a comprehensive system of laws and regulations designed to counter corruption. In addition, the government procurement system generally is transparent and well regulated, thereby minimizing opportunities for corrupt dealings. Corruption has not been a factor cited by U.S. businesses as a disincentive to investing in Australia, or to exporting goods and services here. Non-governmental organizations interested in monitoring the global development or anti-corruption measures, including Transparency International, operate freely in Australia. Australia is perceived internationally as having low corruption levels. Transparency International's Corruption Perception Index in December 2013 ranked Australia ninth, ahead of Korea, Japan, the United Kingdom and the United States.

Australia is an active participant in international efforts to end the bribery of foreign officials. Legislation to give effect to the anti-bribery convention stemming from the OECD 1996 Ministerial Commitment to Criminalize Transnational Bribery was passed in 1999. Legislation explicitly disallowing tax deductions for bribes of foreign officials was enacted in May 2000. At the Commonwealth level, enforcement of anti-corruption laws and regulations is the responsibility of the Attorney General's Department. Australia introduced federal public sector whistleblower protection legislation in mid-2013.

Corruption and Government Transparency - Report by Global Security

Political Climate

Australia, officially referred to as the Commonwealth of Australia, is a federal state with three tiers of government: commonwealth (federal), state/territory, and local government bodies. In August 2010, a federal election was held, where the incumbent Australian Labour Party (ALP), led by Prime Minister Julia Gillard, won her second term against the centre-right conservative coalition of the Liberal Party and the National party. However, neither of the two parties won a majority of seats in the parliament, resulting in the first balanced parliament since 1940. The next Australian federal election will be held by 30 November 2013.

Traditionally, political parties in Australia are sponsored by donations and financial gifts from the country's biggest corporations and trade unions. Members of the Parliament actively engage with various donors and businesses with the aim of raising funds for their political

parties. According to a 2012 article by ABC News, the Australian public is vigorously concerned about the constantly increasing threshold for disclosure of political donations, which in 2011 reached AUD 12,000, meaning that disclosure of information about gifts and donations received by political parties is not required below this minimum threshold. Critics, such as the Australian Shareholder Association are concerned with the political donations, as many of the donor companies conduct business in an area affected by government policy and are likely to benefit from the government contracts, thus making the donations a form for bribery. The current legislative framework increases the possibility of corruption in the Australian political system, since there is no upper limit for donations and the influence of individual companies or persons can be ensured by a large donation, as reported by Democracy Watch. The current legislation has several major loopholes that make conflicts of interest of the elected politicians harder to track and detect.

The largest political corruption scandal to hit Australia in recent years involved the National Secretary of the Health Services Union (HSU), Craig Thomson. According to a 2012 article by The Telegraph, Thomson allegedly spent AUD 270, 000 of the HSU funds without authorisation, to sponsor his election campaign and win the seat of Dobell for the Australian Labour Party. Thomson was suspended from the ALP in April 2012 and the court proceedings began in October 2012. The case is still on-going. Australian citizens surveyed in Transparency International's Global Corruption Barometer 2010-2011, perceive political parties to be the most corrupt institution in the country. Furthermore, 21% of the surveyed households consider the current government's actions in the fight against corruption as ineffective and 54% believe that corruption has increased in the past three years. Nevertheless, Australia continues to remain one of the most corruption free countries in the world, supported by several international sources, including Freedom House 2012.

Business and Corruption

Corruption is ranked as one of the least problematic factors for doing business in Australia, as illustrated in the World Economic Forum Global Competitiveness Report 2012-2013. According to another survey conducted by Transparency International, Bribe Payers Index 2011, Australia ranks 6th out of the world's 28 largest economies, indicating that the perceived likelihood of Australian companies engaging in bribery abroad is relatively low. The results of the survey also demonstrate that Australia did not experience any change in ranking since 2008, when the last Bribe Payers Index was released. However, the surveyed Australian households in Transparency International's Global Corruption Barometer 2010-2011 perceive the private sector to be the second most corrupt institution in Australia, with 43% believing it to be 'corrupt' or 'extremely corrupt'.

Australian companies surveyed in Deloitte's Bribery and Corruption Survey 2012 have reported an increasing exposure to foreign bribery and corruption when performing offshore operations. Among the organisations that operate in high-risk industries, such as energy, manufacturing, and financial services, 21% have experienced a bribery and corruption incident in the past five years. Only 25% of the surveyed executives reported that their company has a comprehensive understanding of relevant legislation, and almost half of all companies do not have any formal policy or compliance program to manage corruption risk. Furthermore, only about 20% of the surveyed companies stated that they have a comprehensive knowledge of the Australian Criminal Code Act 1995 with regard to prohibiting foreign bribery and corruption.

Significant economic activity of the international companies across borders and the associated corruption risks have also become a concern for the OECD Working Group on Bribery in 2012. A growing part of Australian companies are exposed to risks of foreign bribery, as reported in the OECD 2012 report. The OECD Working Group criticised Australia for the lack of overall enforcement of the foreign bribery offence. According to the report, over the past 13 years, only one foreign bribery case has led to prosecution, while out of 28 reports of foreign bribery offences received by the Australian Federal Police (AFP), 21 were concluded without charges. Furthermore, the report also points out that the current anti-corruption legislation creates a substantial confusion about the scope of the facilitation payment defence, which makes the procedure of compliance with the record-keeping requirements problematic for companies operating in Australia. However, there are signs that Australia may be improving in this regard. In December 2012, Australia's first National Anti-Corruption Plan was adopted and the government made the foreign bribery offence its priority, raising the financial penalties against legal persons for foreign bribery and adopting guidance to clarify the value of payments considered as a facilitation payment. Companies that are planning to invest in or are already doing business in Australia are recommended to implement integrity systems and to conduct extensive due diligence when contracting agents to facilitate business transactions in the country.

Regulatory Environment

Australia's regulatory environment is one of the world's most transparent, efficient and open to foreign investors. Foreign investment is welcomed especially in the energy, manufacturing and the non-bank financial sector, as reported by the US Department of State 2013. According to the Heritage Foundation 2013, foreign and domestic investors receive equal treatment; however, legislation allows for foreign investments above a certain threshold to be screened. The Foreign Investment Review Board (FIRB) reviews the investment proposals from foreign companies and is entitled to make recommendations to the Australian Treasury Department about blocking or imposing conditions on investments that are not in the nation's interest. In the World Economic Forum Global Competitiveness Report 2012-2013, the surveyed companies cite restrictive labour regulations and the inefficient government bureaucracy as the most problematic factors for doing business in Australia. None of the business executives surveyed considered corruption to be a problem for doing business in Australia.

Australia's business environment is highly conducive to entrepreneurship. According to the World Bank & IFC Doing Business 2013, starting a company in Australia requires an entrepreneur to go through 2 procedures, taking an average of 2 days at a cost of only 0.7% of per capita income- which is much less time-consuming, less cumbersome and less costly than the regional and the OECD average. This makes Australia the second easiest country to start a business in, according to Doing Business 2013. Openness to foreign investment has secured Australia a fast rebound from the global recession and makes the country's business climate one of the most attractive in the world.

Property and contractual rights in Australia are generally secured and enforcement of them is reliable, thanks to Australia's independent and well-functioning judiciary. Moreover, both domestic and foreign companies enjoy the substantial flexibility in licencing, regulation and employment practices. The Australian court system is based on English Common Law, and

the court system conducts and/or supervises litigation and arbitration, as well as alternative dispute processes. According to the US Department of State 2013, Australia excels in the development and provision of the court dispute resolution mechanisms, and organisations exist to provide international dispute resolution processes. Over the course of 2011, there were only a few investment disputes involving foreign companies, according to the same report. Australia is a member of the International Centre for the Settlement of Investment Disputes (ICSID). Access the Lexadin World Law Guide for a collection of laws in Australia.

Section 3 - Economy

The Australian economy has experienced continuous growth and features low unemployment, contained inflation, very low public debt, and a strong and stable financial system. By 2012, Australia had experienced more than 20 years of continued economic growth, averaging 3.5% a year. Demand for resources and energy from Asia and especially China has grown rapidly, creating a channel for resources investments and growth in commodity exports. The high Australian dollar has hurt the manufacturing sector, while the services sector is the largest part of the Australian economy, accounting for about 70% of GDP and 75% of jobs. Australia was comparatively unaffected by the global financial crisis as the banking system has remained strong and inflation is under control. Australia has benefited from a dramatic surge in its terms of trade in recent years, stemming from rising global commodity prices. Australia is a significant exporter of natural resources, energy, and food. Australia's abundant and diverse natural resources attract high levels of foreign investment and include extensive reserves of coal, iron, copper, gold, natural gas, uranium, and renewable energy sources. A series of major investments, such as the US\$40 billion Gorgon Liquid Natural Gas project, will significantly expand the resources sector. Australia is an open market with minimal restrictions on imports of goods and services. The process of opening up has increased productivity, stimulated growth, and made the economy more flexible and dynamic. Australia plays an active role in the World Trade Organization, APEC, the G20, and other trade forums. Australia has bilateral free trade agreements (FTAs) with Chile, Malaysia, New Zealand, Singapore, Thailand, and the US, has a regional FTA with ASEAN and New Zealand, is negotiating agreements with China, India, Indonesia, Japan, and the Republic of Korea, as well as with its Pacific neighbors and the Gulf Cooperation Council countries, and is also working on the Trans-Pacific Partnership Agreement with Brunei Darussalam, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, the US, and Vietnam.

Agriculture - products:

wheat, barley, sugarcane, fruits; cattle, sheep, poultry

Industries:

mining, industrial and transportation equipment, food processing, chemicals, steel

Exports - commodities:

coal, iron ore, gold, meat, wool, alumina, wheat, machinery and transport equipment

Exports - partners:

China 29.5%, Japan 19.3%, South Korea 8%, India 4.9% (2012)

Imports - commodities:

machinery and transport equipment, computers and office machines, telecommunication equipment and parts; crude oil and petroleum products

Imports - partners:

China 18.2%, US 11.6%, Japan 7.8%, Singapore 5.9%, Germany 4.6%, Thailand 4.2%, South Korea 4% (2012)

Banking

The four largest retail banks in Australia are Westpac Banking Corporation, Commonwealth Bank, Australian New Zealand Bank (ANZ), and National Australia Bank (NAB). These are four of the ten global banks that carry AA ratings. Nevertheless, trade finance liquidity is an issue here as in the rest of the world.

While the banking system in Australia is reliable and transparent, there are structural and operational differences from the American system. Historically, Australian banks have not operated under the restrictions that limited U.S. bank operations between 1933 and the repeal of the Glass-Steagall Act. In Australia, the distinction between retail banks and investment banks has become increasingly blurred.

The Australian banking system is undergoing progressive deregulation and privatization. Foreign banks are allowed to enter the financial market. Retail banks, in general, now provide a wider range of financial services, including: life and general insurance, stockbroking, and security underwriting to retail customers, in addition to making corporate and consumer loans. This places them in competition with brokerage houses and merchant banks.

The Australian Government permits non-Australian banks to operate as branches to serve the wholesale market. Banking regulations, however, only allow retail banking activities through a locally-incorporated subsidiary.

The Reserve Bank of Australia (RBA) sets monetary policy and regulates the payment system. The Australian Prudential Regulation Authority (APRA) oversees banks, credit unions, building societies, general insurance and reinsurance companies, life insurance, friendly societies (co-ops), and most members of the superannuation industry. APRA currently supervises institutions holding approximately USD3.6 trillion in assets for 21 billion Australian depositors, policyholders, and superannuation fund members.

Stock Exchange

In 2009, the Australian Stock Exchange (ASX) was the 13th largest in the world and the market capitalization of shares of domestic companies on the ASX was about US\$1.3 trillion, the fourth largest in the Asia-Pacific region. With 2,050 listed companies, the Australian stock market is currently the second largest liquid stock market in the Asia-Pacific (behind only Japan) at US\$936 billion.

Executive Summary

Australia welcomes foreign investment and is a large recipient of overseas direct and indirect investment. The United States is the largest direct investor in Australia, with approximately US\$132 billion in total direct investments. U.S. direct investment in Australia accounts for over 28 percent of total foreign direct investment and is concentrated largely in resources and energy, manufacturing and the nonbank financial services sectors.

The current government came into office in September 2013 with newly elected Prime Minister Tony Abbott declaring that Australia was “open for business”. The administration pledged to reduce red tape and “green tape” that slowed investment projects and delayed environmental approvals. However, early in the administration’s term in office the Treasurer rejected a U.S.-based Archer Daniels Midland’s proposed A\$3.4 billion purchase of Australian grain handler GrainCorp. This was the first time a Treasurer denied a U.S. investment into Australia.

Nevertheless, Australia generally has an open environment to foreign investment. Australia has a well-established legal and court system for the conduct or supervision of litigation and arbitration, as well as alternate dispute processes. Australia is a world leader in the development and provision of non-court dispute resolution mechanisms, and is a signatory to all the major international dispute resolution conventions. There are few disputes that involve foreign investors.

Australia generally provides strong intellectual property rights protection and enforcement through legislation that, among other things, criminalizes copyright piracy and trademark counterfeiting.

Australia has an AAA international credit rating with a well-developed, deep and sophisticated financial market, regulated in accordance with international norms. Australia’s four leading banks are highly ranked in terms of financial security and international rankings, and have one of the lowest non-performing loan rates of economies surveyed by the International Monetary Fund.

The Australian government supports the negotiation of comprehensive Free Trade Agreements (FTAs) that are consistent with the World Trade Organization investment rules and guidelines and which complement and reinforce the multilateral trading system. Australia’s FTAs contain chapters on investment. The Australia-U.S. FTA (AUSFTA) establishes a dispute settlement mechanism for investment disputes arising under the Agreement. However, AUSFTA does not contain an investor-state dispute settlement mechanism that would allow individual investors to bring a case against the Australian government.

Note on Exchange Rate and Table of Contents: The 2014 Investment Climate Statement for Australia uses the exchange rate of A\$1 = U.S. 94 cents which was the average rate over the year.

1. Openness to and Restrictions upon Foreign Investment

Australia welcomes foreign investment. The United States is the largest direct investor in Australia, while Australia is the tenth largest source of foreign direct investment (FDI) for the United States. In 2012, U.S. direct investment in Australia was US\$132 billion while Australian direct investment in the United States was US\$52 billion. U.S. FDI in Australia accounts for over 28 percent of total foreign direct investment and is concentrated largely in resources and energy, manufacturing and the nonbank financial services sector.

Inward foreign investment in Australia is regulated by the Foreign Acquisitions and Takeovers Act 1975 and Australia’s Foreign Investment Policy. The Foreign Investment Review Board (FIRB), a division of Australia’s Treasury, screens potential foreign investments in Australia above a threshold value of A\$244 million (U.S.\$229 million) and A\$1,078 (US\$1,013 million) for U.S. investors. Based on advice from the FIRB, the Treasurer may deny or place conditions on the approval of particular investments above that threshold on national interest grounds.

Under the Australia-U.S. Free Trade Agreement (AUSFTA), all U.S. “greenfield” investments are exempt from FIRB screening. AUSFTA also raised the threshold for screening of most U.S. acquisition investments in Australia, which now stands at A\$1,078 million (US\$1,013 million). All foreign persons, including U.S. investors, must notify the Australian government and get prior approval to make investments of five percent or more in the media sector, regardless of the value of the investment.

Proposed Investment by ADM Blocked

While the FIRB generally approves U.S. investment, in November 2013 the Treasurer intervened to block U.S. agribusiness Archer Daniels Midland’s proposed A\$3.4 billion purchase of Australian company GrainCorp on national interest grounds. This was the first time a Treasurer denied a U.S. investment into Australia.

Table1: Measures of Openness

Measure	Year	Index/Ranking
TI Corruption Index	2013	9th
Heritage Economic Freedom	2013	3rd
World Bank Doing Business	2013	11th
MCC Government Effectiveness	2013	Not listed
MCC Rule of Law	2013	Not listed
MCC Control of Corruption	2013	Not listed
MCC Fiscal Policy	2013	Not listed
MCC Trade Policy	2013	Not listed

MCC Regulatory Quality	2013	Not listed
MCC Business Start Up	2013	Not listed
MCC Land Rights Access	2013	Not listed
MCC Natural Resource Management	2013	Not listed

2. Conversion and Transfer Policies

The Australian dollar is a fully convertible currency. The government does not maintain currency controls or limit remittance, loan or lease payments. Such payments are processed through standard commercial channels, without governmental interference or delay.

3. Expropriation and Compensation

The Australian legal system is firmly grounded on the principles of equal treatment before the law, procedural fairness, judicial precedent, and the independence of the judiciary. Strong safeguards exist to ensure that people are not treated arbitrarily or unfairly by governments or officials. Private property can be expropriated for public purposes in accordance with established principles of international law. Due process rights are well-established and respected, and prompt, adequate and effective compensation is the norm.

4. Dispute Settlement

Australia has an established legal and court system for the conduct or supervision of litigation and arbitration, as well as alternate dispute processes. The traditional approach to commercial dispute resolution involves litigation, arbitration and more modern methods of alternative dispute resolution. Australia is a world leader in the development and provision of non-court dispute resolution mechanisms. It is a signatory to all the major international dispute resolution conventions and has organizations that provide international dispute resolution processes.

Property and contractual rights are enforced through the Australian court system, which is based on English Common Law. There are few investment disputes involving foreign companies. Australia is a member of the International Center for the Settlement of Investment Disputes.

AUSFTA establishes a dispute settlement mechanism for disputes arising under the Agreement. In the first instance disputes are to be settled through consultation between the parties. Where these consultations are not effective in resolving the dispute, the Agreement provides for an arbitral panel to consider the matter.

The dispute settlement mechanism provides for compensation for breaches of the agreement, which may include requiring the breach to be corrected, trade compensation to be provided, or monetary compensation in lieu of trade compensation. The FTA does not allow private investors to directly challenge government decisions, but individual investors are able to raise concerns about their treatment by the Australian government with the U.S. government.

5. Performance Requirements and Investment Incentives

As a general rule, foreign firms establishing themselves in Australia are not subject to performance requirements and incentives.

6. Right to Private Ownership and Establishment

The common law system which forms the basis of Australian jurisprudence guarantees the right to private ownership and the establishment of private business enterprises.

7. Protection of Property Rights

A strong rule of law protects property rights in Australia and operates against corruption. Both foreign and domestically-owned businesses enjoy considerable flexibility in their licensing, regulation, and employment practices.

Intellectual Property Regime

Australia generally provides strong intellectual property rights (IPR) protection and enforcement through legislation that, among other things, criminalizes copyright piracy and trademark counterfeiting. Under the AUSFTA, Australia must notify the holder of a pharmaceutical patent of a request for marketing approval by a third party for a product claimed by that patent. U.S. and Australian pharmaceutical companies have raised concerns that unnecessary delays in this notification process restrict their options for action against third parties that would infringe their patents if granted marketing approval by the Australian Therapeutic Goods Administration.

In April 2013, the Intellectual Property Laws Act was amended under the "Raising the Bar" legislation which raised the quality of granted patents closer to international standards and gave innovators more certainty when applying in Australia and other jurisdictions. It also introduced improved mechanisms for trademark and copyright enforcement, and greater penalties for trademark infringement, bringing them into line with penalties for copyright infringement.

Australia was an active participant in the Anti-Counterfeiting Trade Agreement (ACTA) negotiations and signed ACTA in October 2011. It has not yet ratified the agreement. ACTA establishes an international framework that will assist Parties in their efforts to effectively combat the infringement of intellectual property rights (IPRs), in particular the proliferation of counterfeiting and piracy.

Australia is currently considering options to address piracy via peer-to-peer file sharing, but negotiation of a voluntary industry code of conduct between Internet service providers and content owners has yet to produce an agreement. A 2012 High Court ruling found ISPs were not responsible for policing online piracy. The court rejected an argument by the film industry that an Australian ISP, iiNet, had the power to prevent its customers from infringing copyright by issuing warnings and suspending or terminating customer accounts. Copyright holders, including U.S. companies, retain the option of suing individuals that breach copyright, but this option is costly.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Embassy point of contact: Peter Thorin ThorinPD@state.gov

Local attorneys list: <http://canberra.usembassy.gov/lawyers.html>

8. Transparency of the Regulatory System

Australia subscribes to the 1976 declaration of the Organization for Economic Cooperation and Development (OECD) concerning International Investment and Multinational Enterprises. The instruments cover national treatment and investment incentives and disincentives, and spell out voluntary guidelines for the conduct of multinational enterprises in member countries. Australia also subscribes to two OECD codes of liberalization, one covering capital movements and the other invisible transactions.

Australia ranked third in 2013 (behind Hong Kong and Singapore) on the Heritage Foundation's rankings for 'economic freedom.' The survey ranks Australia highly in the ten economic freedoms: "Australia's modern and competitive economy performs well on many of the 10 economic freedoms. The country has a strong tradition of openness to global trade and investment, and transparent and efficient regulations are applied evenly in most cases."

Tax Issues

U.S. businesses have expressed concern over changes to Australia's cross-border transfer tax regime which give the Australian Taxation Office (ATO) significant powers to investigate alleged retrospective tax avoidance. As a result U.S. companies could face significant, unexpected and backdated tax obligations back to 2004 based on the ATO's reconstruction of "arm's length" transactions between parent and subsidiary companies.

Further, the amount of interest that can be deductible under "thin capitalization" can be disputed retrospectively if the ATO considers it to be in excess of arm's length dealing. In addition, the regime applies only to countries with tax treaties. Other companies are exempt from this measure. The Australian government confirmed in November 2013 that it would proceed with changes to the "thin capitalization" rules, due to start on July 1, 2014. The rules are designed to make it harder for companies to shift profits to countries with lower tax rates, restricting multinationals from allocating large amounts of debt to their Australian operations.

U.S. financial firms are subject to a 10 percent interest withholding tax on funding to bank branches from overseas head offices, which can make it difficult to compete with domestic financial services firms.

9. Efficient Capital Markets and Portfolio Investment

Australia has an AAA international credit rating with a well-developed, deep and sophisticated financial market, regulated in accordance with international norms. In terms of global turnover, Australia's foreign exchange market is the eighth largest in the world, and the Australian dollar/U.S. dollar is the fifth most traded single currency and the fourth most traded currency pair globally (BIS, Triennial Central Bank Survey, September 2013).

Australia's four leading banks are highly ranked in terms of financial security and international rankings. Australian banks have one of the lowest non-performing loan ratios of economies surveyed by the IMF. Australia has an open and transparent approach to mergers and acquisitions. There are no "cross-shareholding and "stable shareholder" arrangements used by private firms to restrict foreign investment through mergers and acquisitions. Measures used by private firms to defend against hostile takeovers are not focused on foreign investors. In 2011, Chi-X became Australia's second stock exchange operator in a policy change designed to increase competition.

In December 2013, the Australian government announced a wide-ranging Financial System Inquiry to examine how to develop a more efficient, competitive and flexible financial system, consistent with financial stability. A final report is to be provided to the Treasurer by November 2014.

10. Competition from State-Owned Enterprises (SOEs)

Australia has steadily privatized most of its SOEs and few remain. Private enterprises are generally allowed to compete with public enterprises under the same terms and conditions with respect to markets, credit, and other business operations, such as licenses and supplies. Public enterprises are not generally accorded material advantages in Australia. Remaining SOEs do not exercise power in a manner which discriminates against or unfairly burdens foreign investors or foreign-owned enterprises. Australian Commonwealth and state governments have followed policies of privatizing their remaining state-owned assets in areas such as electricity generation, transmission, distribution, and retailing to both domestic and foreign investors. A new wave of privatizations of government-owned agencies is expected to occur in 2014.

Australia has one sovereign wealth fund, the Future Fund, which was established by the Future Fund Act 2006 to help future governments meet the cost of public sector superannuation (i.e. retirement pension) liabilities by delivering investment returns on contributions to the Fund. There is no regulation prescribing the proportion of the Future Fund's assets which must be invested in Australia or offshore. The Future Fund plans to increase its foreign exposure, including in the United States, but most funds are invested in Australia.

11. Corporate Social Responsibility

In Australia, there is a general awareness of corporate social responsibility among both producers and consumers. Both foreign and local enterprises tend to follow generally accepted corporate social responsibility (CSR) principles such as the OECD Guidelines for Multinational Enterprises. Firms that pursue CSR are often rated highly in surveys of corporate behavior.

12. Political Violence

As in all liberal democracies, political protests (e.g., rallies, demonstrations, marches, public conflicts between competing interests) form an integral, though generally minor, part of Australian cultural life. Such protests rarely degenerate into violence.

13. Corruption

Australia maintains a comprehensive system of laws and regulations designed to counter corruption. In addition, the government procurement system generally is transparent and well regulated, thereby minimizing opportunities for corrupt dealings. Corruption has not been a factor cited by U.S. businesses as a disincentive to investing in Australia, or to exporting goods and services here. Non-governmental organizations interested in monitoring the global development or anti-corruption measures, including Transparency International, operate freely in Australia. Australia is perceived internationally as having low corruption levels. Transparency International's Corruption Perception Index in December 2013 ranked Australia ninth, ahead of Korea, Japan, the United Kingdom and the United States.

Australia is an active participant in international efforts to end the bribery of foreign officials. Legislation to give effect to the anti-bribery convention stemming from the OECD 1996 Ministerial Commitment to Criminalize Transnational Bribery was passed in 1999. Legislation explicitly disallowing tax deductions for bribes of foreign officials was enacted in May 2000. At the Commonwealth level, enforcement of anti-corruption laws and regulations is the responsibility of the Attorney General's Department. Australia introduced federal public sector whistleblower protection legislation in mid-2013.

14. Bilateral Investment Agreements

The Australian Government supports the negotiation of comprehensive Free Trade Agreements (FTAs) that are consistent with the World Trade Organization rules and guidelines and which complement and reinforce the multilateral trading system. Australia has FTAs with the United States, Thailand, Singapore, Korea, Chile, Malaysia, and a multilateral FTA with New Zealand and the countries of the Association of Southeast Asian States (ASEAN), all of which contain chapters on investment. The countries covered by these FTAs account for 28 percent of total trade. Negotiations with Japan for a bilateral FTA are completed, and the agreement is expected to be signed in mid-2014.

Australia is currently engaged in seven FTA negotiations – three bilateral FTA negotiations: China, India and Indonesia; and four plurilateral FTA negotiations: the Trans-Pacific Partnership Agreement (TPP), the Regional Comprehensive Economic Partnership (RCEP, consisting of the ASEAN+6 group of nations), the Gulf Cooperation Council (GCC), and a Pacific trade and economic agreement (PACER Plus). The countries covered by these negotiations account for a further 44 percent of Australia's trade.

Since 2009, the United States has been engaged in negotiations for an Asia-Pacific trade agreement called the Trans-Pacific Partnership (TPP), with the objective of shaping a high standard, broad-based regional agreement. This agreement will create a potential platform for economic integration across the Asia-Pacific region, a means to advance U.S. economic interests with the fastest-growing economies in the world, and a tool to expand U.S. exports, which are critical to U.S. economic recovery and the creation and retention of high-paying, high-quality jobs in the United States. In addition to Australia and the United States, the TPP negotiating partners currently include Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam.

Australia-United States FTA (AUSFTA): The Australia-United States FTA (AUSFTA) entered into force on January 1, 2005. The comprehensive agreement covers goods, services, investment, financial services, government procurement, standards and technical regulations, telecommunications, competition-related matters, electronic commerce, intellectual property rights, labor and the environment. The agreement has guaranteed U.S. access to the Australian market and the gradual expansion of this access. Under the FTA, trade in goods and services as well as foreign direct investment has continued to expand. More than 99 percent of U.S. exports of manufactured goods are now duty-free. The FTA will also eliminate tariffs on textiles within 10 years of entry into force.

Other Free Trade Agreements: Australia signed a free trade agreement with the Association of Southeast Asian Nations and New Zealand, which became effective in January 2010. The 2003 Singapore-Australia Free Trade Agreement (SAFTA) eliminated most tariffs and increased market access for services. It also harmonized competition policy, government procurement, intellectual property, e-commerce, customs procedures, and business travel.

The Thailand-Australia FTA cut tariffs to zero on virtually all goods from January 2010. The Australia-Chile FTA will eliminate tariffs on all merchandise trade between Australia and Chile by 2015.

The Australia-Malaysia FTA (MAFTA) took effect from January 1, 2013 and provides for 98 percent of Australian goods currently exported to Malaysia to be eligible for tariff-free treatment, rising to 99 percent in 2017. Service providers benefit from increased access to the Malaysian market and an easing of rules on control of Malaysian businesses. All remaining Australian tariffs on Malaysian goods have been removed.

Australia and Japan concluded negotiations for an FTA on April 7, 2014. Australia and South Korea signed an FTA on April 8, 2014. 84% of Australian exports (by value) enter Korea duty free, to rise to 99.8% of exports on full implementation of the agreement. Australia removed many tariffs on entry into force of the agreement and will eliminate the rest over several years.

15. OPIC and Other Investment Insurance Programs

The Australian Government provides assistance to business for the development or expansion of export markets, and business advice on exporting and financial grants through the Export Market Development Grants scheme and the activities of Austrade, Australia's export promotion agency. The Export Finance and Investment Corporation (EFIC) provides export financing assistance to Australian businesses and sometimes overseas buyers. The U.S. Overseas Private Investment Corporation (OPIC) excludes Australia, as it is not a developing country. In some cases, the U.S. Export-Import Bank (EXIM) can support major resources and energy projects in Australia to support U.S. jobs and exports.

16. Labor

The Australian Government is a party to all International Labor Organization (ILO) conventions.

Australia's unemployment rate was 6.0 percent in February 2014, the highest rate in a decade. In the year to May 2012, annual average weekly earnings in Australia grew 3.5 percent. The core inflation rate was 2.5 percent for 2013. Real wages have grown strongly over the last decade but increased only 2.6% in 2013, the smallest rise since 1997.

The Fair Work Act provides a safety net of enforceable minimum employment terms and conditions through the National Employment Standards (NES). The Australian government is currently seeking to amend the Act to increase workplace flexibility.

The number of industrial disputes is low by historical standards. There were 219 disputes in 2013, 15 more than in the previous year, but the number of working days lost halved to 131,000, compared with 273,000 in the previous year.

The Superannuation Guarantee (Administration) Act 1992 requires employers to contribute a minimum of nine percent of each employee's base salary into that employee's superannuation (i.e., retirement pension) account. Employees may make additional contributions and are entitled to choose their superannuation fund. In the 2011 Federal budget the government announced that the superannuation guarantee rate will gradually increase from 9 percent to 12 percent between July 2013 and July 2019.

In 2001, the Government established the General Employees Entitlements Redundancy Scheme (GEERS), a taxpayer-funded insurance scheme, in response to growing community concerns about the loss of employee entitlements after several companies collapsed. GEER is a basic payment scheme established to assist employees who have lost their employment due to the liquidation or bankruptcy of their employer and who are owed certain employee entitlements. The scheme covers capped unpaid wages, annual and long-service leave, capped payment in lieu of notice, and capped redundancy pay. Employees currently stand ahead of unsecured creditors, but behind lenders with fixed security in the creditors' queue following a company collapse.

General Skilled Migration Program: Immigration has always been an important source for skilled labor in Australia. The Immigration Department has a 'skilled occupations list' (SOL) which can be used by potential applicants seeking to nominate skilled occupations which are acceptable for permanent and temporary skilled migration to Australia under the General Skilled Migration program, and the Employer Nominated Scheme. Applicants must have a nominated occupation when they apply which is applicable to their circumstances.

In 2013-14, 190,000 people are expected to migrate to Australia unchanged from the 2012-13 Migration Program, with a skilled worker component of about two-thirds of the total.

Over time, there has been an increase in the employer-sponsored program to around 40 percent of the skill stream, as part of the government's policy to directly target skills shortages through a more demand-driven approach. New Zealand was Australia's largest source of migrants in 2012-13 with a total 27,015 places, followed by India (18,395) and China (18,041) respectively. The government continued to provide for family reunions which account for about one third of the total migration program.

The 457 Long Stay Business visa: If an overseas business decides to establish a presence in Australia and relocate for its business operations, it may apply for the status of a Business Sponsor and sponsor personnel for a 457 visa through the Department of Immigration. Business can use the 457 visa program to gain access to priority processing and approval to sponsor skilled workers for six years under a new accreditation scheme. The scheme applies to business that used 457 visas for three years and has a commitment to ensure 75 percent of their workforce is Australian. The 457 visa program aims to alleviate skill shortages in sectors such as mining.

17. Foreign Trade Zones/Free Ports

Australia does not have free trade zones.

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic data, U.S. FDI in host country/economy

	Host Country Statistical source*	USG or international statistical source	USG or international Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
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Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (Millions U.S. Dollars)	2013	US\$1,488	2013	US\$1,500	http://www.worldbank.org/en/country https://www.dfat.gov.au/geo/fs/aust.pdf
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (Millions U.S. Dollars, stock positions)	2012	A\$131,255	2012	US\$132,000	(BEA) click selections to reach. http://www.abs.gov.au http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/5352.02012?OpenDocument
Host country's FDI in the United States (Millions U.S. Dollars, stock positions)	2012	A\$103,383	2012	US\$43,000	http://www.bea.gov http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/5352.02012?OpenDocument
Total inbound stock of FDI as % host GDP (calculate)	2012	6.9%	2012	8.8%	http://www.bea.gov https://www.dfat.gov.au/geo/fs/aust.pdf http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/5352.02012?OpenDocument

Table 3: Sources and Destination of FDI

Australia, 2011

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	571,886	100%	Total Outward	385,821	100%
United States	136,571	24%	United States	107,570	28%
United Kingdom	82,633	14%	United Kingdom	58,509	15%
Japan	63,681	11%	New Zealand	46,142	12%
Netherlands	33,575	6%	Singapore	11,267	3%
Singapore	24,788	4%	China, P.R.: Mainland	8,705	2%
"0" reflects amounts rounded to +/- USD 500,000.					

Source: <http://cds.imf.org>

Comment: This data is consistent with the national statistics from the Australian Bureau of Statistics (ABS)

Table 4: Sources of Portfolio Investment

Australia, End of June 2013

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
World	21,765	100%	World	12,800	100%	World	8,965	100%
United States	20,427	94%	United States	11,803	92%	United States	8,624	96%
Luxembourg	682	3%	Luxembourg	682	5%	Brazil	294	3%
Brazil	397	2%	Spain	124	1%	Germany	39	0.44%
Spain	124	1%	Brazil	103	1%	Chile	4	0.05%

Germany	40	0.18%	China, P.R.: Mainland	22	0.17%	Uruguay	3	0.03%
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Source: <http://cpis.imf.org/>

Comment: This data is NOT consistent with the national statistics from the Australian Bureau of Statistics (ABS): see:

<http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/5352.02012?OpenDocument>

The correct table for portfolio investment into Australia by country is given below (from ABS, see link).

Portfolio Investment Assets, 2012								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
World	1,238,154	100%	World	353,479	100%	World	884,675	100%
US	372,246	30.1	US	140,539	39.8	US	231,707	26.2
UK	291,805	23.6	UK	137,724	39.0	UK	154,081	17.4
Japan	56,623	4.6	Japan	3,405	1.0	Japan	53,218	6.0
Lux	20,408	1.6	Lux	-	-	Lux	20,402	2.3
Switz	16,933	1.4	Switz	2187	0.8	Switz	14,747	1.7

Levels of Foreign Investment: The level of foreign investment in Australia increased by A\$148 billion (US\$133 billion) in 2012 to reach A\$2,168 billion (US\$1951 billion). Portfolio investment accounted for A\$1,238 billion (US\$1114 billion) or 57 percent, direct investment for A\$550 billion (US\$495 billion or 25 percent), other investment liabilities for A\$286 billion (US\$257 billion or 13 percent), and financial derivatives for A\$94 billion (US\$85 billion or 4 percent). Of the portfolio investment liabilities, debt securities accounted for A\$885 billion (US\$797 billion or 71 percent) and equity securities for A\$313 billion (US\$282 billion or 29 percent).

The leading investor countries in 2012 by level of investment were the United States, with A\$618 billion (US\$556 billion or 28 percent), the United Kingdom with A\$496 billion (US\$446 billion or 23 percent), Japan with A\$126 billion (US\$113 billion or 6 percent), the Netherlands with A\$37 billion (US\$33 billion or 2 percent), Singapore with A\$56 billion (US\$50 billion or 3 percent) and the Hong Kong Special Administrative Region with A\$39 billion (US\$35 billion or 2 percent). Note: Australian foreign investment statistics are based on current market values.

The stock of foreign direct investment (FDI) in Australia in 2012 was A\$550 billion (US\$495 billion) and the ratio of FDI to GDP of A\$1.5 trillion was 37 percent. There is no official listing of major foreign investments by U.S. companies or other companies. The Australian Bureau of Statistics collects this information, but does not release it on a disaggregated basis due to

confidentiality provisions. A list of major new resources and energy projects, which often involve significant foreign investment, is compiled by the Australian Bureau of Resources and Energy Economics (BREE). In October 2013 BREE reported 63 committed projects worth A\$240 billion (US\$216 billion) of which over 70 percent were gas and petroleum projects.

Australian Investment Abroad: The level of Australian investment abroad reached A\$1,298 billion (US\$1,168 billion) in 2012, an increase of A\$111 billion (US\$100 billion) in the previous year. Direct investment abroad accounted for A\$371 billion (US\$334 billion or 29 percent), portfolio investment for A\$447 billion (US\$402 billion or 38 percent), other investment for A\$259 billion (US\$233 billion or 21 percent), reserve assets for A\$47 billion (US\$42 billion or 4 percent), and financial derivatives for A\$105 billion (US\$95 billion or 9 percent). Equity has been the leading form of Australian investment abroad during the past decade but this share has declined and in 2012, equity of A\$653 billion (US\$588 billion) represented 50 percent of the total level of investment.

The leading destination country in 2012 was the United States, which accounted for A\$434 billion (US\$391 billion) or 33 percent of the stock of Australian investment abroad. Other major countries of investment were the United Kingdom with A\$218 billion (US\$196 billion, 17 percent), New Zealand with A\$74 billion (US\$67 billion, 6 percent), Canada with A\$43 billion (US\$45 billion, or 3 percent), Japan with A\$39 billion (US\$36 billion, or 3 percent), France with A\$30 billion each (US\$28 billion, 2 percent) and the Netherlands with A\$28 billion (US\$287 billion or 2 percent).

Investment Inflows: Foreign investment in Australia recorded a net inflow of A\$94 billion (US\$90 billion) for 2012, an increase of A\$10 billion (US\$9 billion) over the previous year. The leading investor countries were the United States with A\$44 billion (US\$39 billion) or 47 percent, the United Kingdom with A\$12 billion (US\$11 billion) or 13 percent, Japan with A\$12 billion (US\$11 billion) or 13 percent and France with A\$11 billion (US\$10 billion) or 12 percent.

Investment Outflows: Australian investment abroad recorded a net outflow of A\$38 billion (US\$34 billion) for 2012, a decrease of A\$13 billion (US\$12 billion). There was a net decrease in outflows to the United States and the United Kingdom. Investment outflows to Germany increased by \$6 billion (US\$18 billion or 16 percent), Japan with A\$3 billion (US\$3 billion) or 8 percent and Canada with A\$3 billion (US\$3 billion) and Hong Kong with A\$3 billion (US\$3 billion) or 8 percent.

Section 5 - 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:

common law system based on the English model

International organization participation:

ADB, ANZUS, APEC, ARF, ASEAN (dialogue partner), Australia Group, BIS, C, CD, CP, EAS, EBRD, EITI (implementing country), FAO, FATF, G-20, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IEA, IFC, IFRC, IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC (NGOs), MIGA, NEA, NSG, OECD, OPCW, OSCE (partner), Paris Club, PCA, PIF, SAARC (observer), SICA (observer), Sparteca, SPC, UN, UN Security Council (temporary), UNCTAD, UNESCO, UNHCR, UNMISS, UNMIT, UNRWA, UNTSO, UNWTO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO, ZC

Section 6 - Tax

Exchange control

Where more than AUD \$10,000 of Australian currency is physically taken out of Australia, the departing individual must report this to an Australian Customs Officer or to the Australian Transaction Reports and Analysis Centre (AUSTRAC). Equivalent amounts of foreign currency that are brought into Australia must also be reported.

Treaty and non-treaty withholding tax rates

Australia has signed **82 agreements** (45 DTC and 37 TIEA agreements) providing for the exchange of information.

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Andorra	TIEA	24 Sep 2011	not yet in force	Yes	Yes	
Anguilla	TIEA	19 Mar 2010	17 Feb 2011	Yes	Yes	
Antigua and Barbuda	TIEA	30 Jan 2007	14 Dec 2009	Yes	Yes	
Argentina	DTC	27 Aug 1999	31 Dec 1999	Yes	No	
Aruba	TIEA	16 Dec 2009	17 Aug 2011	Yes	Yes	
Austria	DTC	8 Jul 1986	1 Sep 1988	No	No	
Bahamas, The	TIEA	30 Mar 2010	1 Jul 2010	Yes	Yes	
Bahrain	TIEA	15 Dec 2011	15 Dec 2012	Yes	Yes	
Belgium	DTC	13 Oct 1977	1 Nov 1979	Yes	No	
Belgium	DTC Protocol	24 Jun 2009	not yet in force	Yes	Yes	
Belize	TIEA	31 Mar 2010	1 Jul 2010	Yes	Yes	
Bermuda	TIEA	10 Nov 2005	20 Sep 2007	Yes	Yes	
Brunei Darussalam	TIEA	6 Aug 2013	not yet in force	Unreviewed	Yes	
Canada	DTC	21 May 1980	29 Apr 1981	Yes	No	
Cayman Islands	TIEA	30 Mar 2010	14 Feb 2011	Yes	Yes	
Chile	DTC	10 Mar 2010	8 Feb 2013	Yes	Yes	
China	DTC	17 Nov 1988	28 Dec 1990	Yes	No	
Cook Islands	TIEA	27 Oct 2009	2 Sep 2011	Yes	Yes	
Costa Rica	TIEA	1 Jul 2011	13 Dec 2012	Yes	Yes	
Curaçao	TIEA	1 Mar 2007	4 Apr 2008	Yes	Yes	
Czech Republic	DTC	28 Mar 1995	27 Nov 1995	Yes	No	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Czech Republic	DTC Protocol	9 Mar 2012	not yet in force	Yes	Yes	
Denmark	DTC	1 Apr 1981	27 Oct 1981	Yes	No	
Dominica	TIEA	31 Mar 2010	8 Dec 2011	No	Yes	
Fiji	DTC	15 Oct 1990	28 Dec 1990	Unreviewed	No	
Finland	DTC	20 Nov 2006	10 Nov 2007	Yes	Yes	
France	DTC	20 Jun 2006	1 Jun 2009	Yes	Yes	
Germany	DTC	24 Nov 1972	15 Feb 1975	Yes	No	
Gibraltar	TIEA	26 Aug 2009	26 Jul 2010	Yes	Yes	
Grenada	TIEA	30 Mar 2010	9 Jan 2012	Yes	Yes	
Guatemala	TIEA	26 Sep 2013	not yet in force	Unreviewed	Yes	
Guernsey	TIEA	7 Oct 2009	27 Jul 2010	Yes	Yes	
Hungary	DTC	29 Nov 1990	10 Apr 1992	Yes	No	
India	DTC	25 Jul 1991	30 Dec 1991	Yes	Yes	
Indonesia	DTC	22 Apr 1992	14 Dec 1992	Yes	No	
Ireland	DTC	31 May 1983	21 Dec 1983	Yes	No	
Isle of Man	TIEA	29 Jan 2009	5 Jan 2010	Yes	Yes	
Italy	DTC	14 Dec 1982	5 Nov 1985	Yes	No	
Japan	DTC	31 Jan 2008	3 Dec 2008	Yes	Yes	
Jersey	TIEA	10 Jun 2009	5 Jan 2011	Yes	Yes	
Kiribati	DTC	23 Mar 1991	28 Jun 1991	Unreviewed	No	
Korea, Republic of	DTC	12 Jul 1982	1 Jan 1984	Yes	No	
Liberia	TIEA	11 Aug 2011	23 May 2012	Yes	Yes	
Liechtenstein	TIEA	21 Jun 2011	21 Jun 2012	Yes	Yes	
Macao, China	TIEA	12 Jul 2011	20 Jun 2012	Yes	Yes	
Malaysia	DTC	20 Aug 1980	26 Jun 1981	Yes	Yes	
Malta	DTC	9 May 1984	20 May 1985	Yes	No	
Marshall Islands	TIEA	12 May 2010	25 Nov 2011	Yes	Yes	
Mauritius	TIEA	8 Dec 2010	1 Jan 2011	Yes	Yes	
Mexico	DTC	9 Sep 2002	31 Dec 2003	Yes	No	
Monaco	TIEA	1 Apr 2010	13 Jan 2011	Yes	Yes	
Montserrat	TIEA	22 Nov 2010	25 Nov 2011	Yes	Yes	
Netherlands	DTC	17 Mar 1976	27 Sep 1976	Yes	No	
New Zealand	DTC	26 Jun 2009	19 Mar 2010	Yes	Yes	
Norway	DTC	8 Aug 2006	12 Sep 2007	Yes	Yes	
Papua New Guinea	DTC	24 May 1989	29 Dec 1989	Unreviewed	No	
Philippines	DTC	11 May 1979	17 Jun 1980	Yes	No	
Poland	DTC	7 May 1991	4 Mar 1992	Yes	No	
Romania	DTC	2 Feb 2000	11 Apr 2001	Unreviewed	No	
Russian Federation	DTC	7 Sep 2000	17 Dec 2003	Yes	No	
Saint Kitts and Nevis	TIEA	5 Mar 2010	11 Jan 2011	Yes	Yes	
Saint Lucia	TIEA	30 Mar 2010	1 Jul 2010	Yes	Yes	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Saint Vincent and the Grenadines	TIEA	5 Mar 2010	11 Jan 2011	Yes	Yes	
Samoa	TIEA	20 Mar 2010	24 Feb 2012	Yes	Yes	
San Marino	TIEA	4 Mar 2010	11 Jan 2011	Yes	Yes	
Singapore	DTC	11 Feb 1969	4 Jun 1969	Yes	Yes	
Sint Maarten	TIEA	1 Mar 2007	4 Apr 2008	Yes	Yes	
Slovakia	DTC	24 Aug 1999	22 Dec 1999	Yes	No	
South Africa	DTC	1 Jul 1999	21 Dec 1999	Yes	Yes	
Spain	DTC	24 Mar 1992	10 Dec 1992	Yes	No	
Sri Lanka	DTC	18 Dec 1989	21 Oct 1991	Unreviewed	No	
Sweden	DTC	14 Jan 1981	4 Sep 1981	Yes	No	
Switzerland	DTC	30 Jul 2013	not yet in force	Unreviewed	Yes	
Switzerland	DTC	28 Feb 1980	13 Feb 1981	No	No	
Thailand	DTC	31 Aug 1989	27 Dec 1989	Unreviewed	No	
Timor-Leste	DTC	20 May 2002	20 May 2002	Unreviewed	No	
Turkey	DTC	29 Apr 2010	5 Jun 2013	Yes	Yes	
Turks and Caicos Islands	TIEA	30 Mar 2010	1 Jul 2010	Yes	Yes	
United Kingdom	DTC	21 Aug 2003	17 Dec 2003	Yes	No	
United States	DTC	6 Aug 1982	1 Dec 1983	Yes	No	
Uruguay	TIEA	10 Dec 2012	not yet in force	Yes	Yes	
Vanuatu	TIEA	21 Apr 2010	1 Sep 2011	No	Yes	
Viet nam	DTC	13 Apr 1992	10 Dec 1992	Unreviewed	No	
Virgin Islands, British	TIEA	27 Oct 2008	12 Apr 2010	Yes	Yes	

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](#) [PKF International](#))

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