

# Kiribati

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RISK & COMPLIANCE REPORT

DATE: January 2017

## Executive Summary - Kiribati

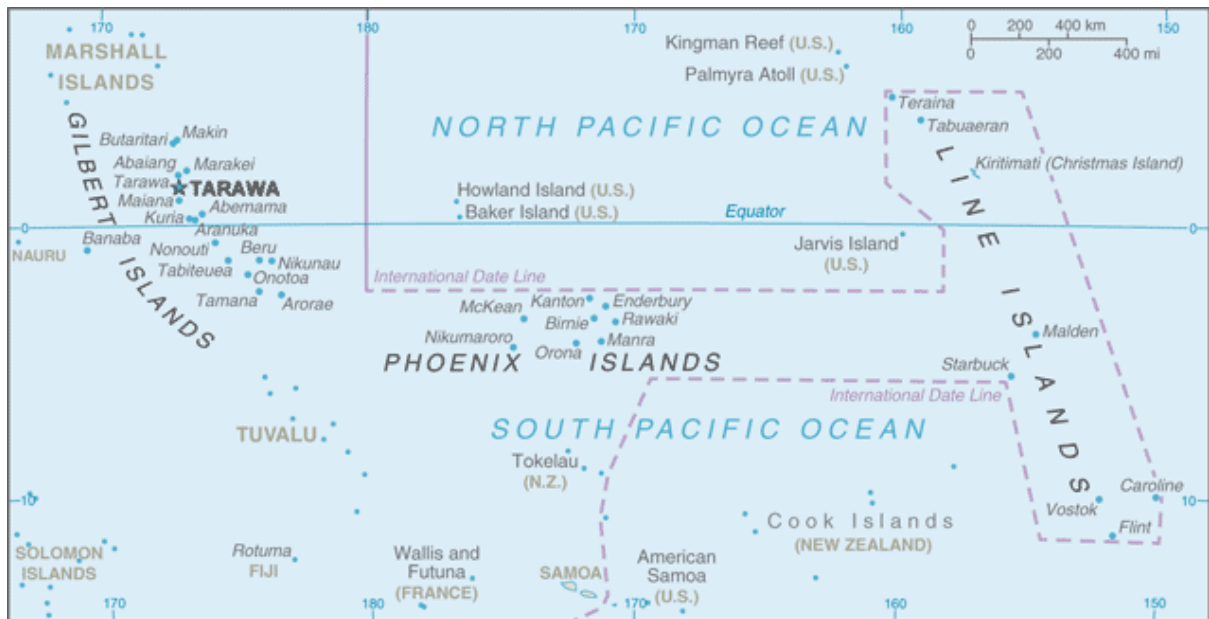
<b>Sanctions:</b>	None
<b>FAFT list of AML Deficient Countries</b>	No
<b>Higher Risk Areas:</b>	Not on EU White list equivalent jurisdictions
<b>Medium Risk Areas:</b>	Compliance with FATF 40 + 9 Recommendations (no mutual evaluation yet undertaken) Weakness in Government Legislation to combat Money Laundering (information unavailable) Corruption Index (Transparency International & W.G.I.) World Governance Indicators (Average Score) Failed States Index (Political Issues)(Average Score)
<b>Major Investment Areas:</b>  <b>Agriculture - products:</b> copra, taro, breadfruit, sweet potatoes, vegetables; fish  <b>Industries:</b> fishing, handicrafts  <b>Exports - commodities:</b> copra 62%, coconuts, seaweed, fish  <b>Imports - commodities:</b> foodstuffs, machinery and equipment, miscellaneous manufactured goods, fuel	

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## Section 1 - Background

The Gilbert Islands became a British protectorate in 1892 and a colony in 1915; they were captured by the Japanese in the Pacific War in 1941. The islands of Makin and Tarawa were the sites of major US amphibious victories over entrenched Japanese garrisons in 1943. The Gilbert Islands were granted self-rule by the UK in 1971 and complete independence in 1979 under the new name of Kiribati. The US relinquished all claims to the sparsely inhabited Phoenix and Line Island groups in a 1979 treaty of friendship with Kiribati.



## Section 2 - Anti – Money Laundering / Terrorist Financing

### FATF status

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

### Compliance with FATF Recommendations

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

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

Information unavailable

### EU White list of Equivalent Jurisdictions

Kiribati is not currently 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

Kiribati is not considered to be an Offshore Financial Centre

### US State Dept Trafficking in Persons Report 2013 (introduction)

Kiribati is classified a Tier 2 country - a country whose government does not fully comply with the Trafficking Victims Protection Act's minimum standards, but is making significant efforts to bring themselves into compliance with those standards.

Kiribati is a source country for girls subjected to sex trafficking within the country. Crew members on foreign fishing vessels in Kiribati or in its territorial waters around Tarawa and Kiritimati Island allegedly exploit prostituted children, some reportedly as young as 14, in local hotels and aboard their vessels. Local I-Kiribati, sometimes family members of potential victims, but also hotel and bar workers or owners of small boats, may facilitate trafficking by transporting underage girls to the boats for the purpose of prostitution or by failing to intervene in such situations of child prostitution. The girls generally received cash, food, alcohol, or goods in exchange for sexual services. Women and underage girls in prostitution at bars and on foreign fishing vessels are collectively referred to by the term ainen matawa and are stigmatized in I-Kiribati society.

The Government of Kiribati does not fully comply with the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. During the year, government officials acknowledged the existence and gravity of human trafficking, especially child sexual exploitation, and expressed their commitment to combating the crime. The government, however, failed to employ policies to proactively identify trafficking victims among the women and underage girls in prostitution or prosecute potential offenders. The government's purported anti-trafficking activities were organized around thwarting the activities of women and underage girls in prostitution, but did not adequately protect and identify victims, or prosecute and punish those who exploit or facilitate the commercial sexual exploitation of children.

## International Sanctions

None Applicable

## Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	N/A
World Governance Indicator – Control of Corruption	64



### Section 3 - Economy

A remote country of 33 scattered coral atolls, Kiribati has few natural resources and is one of the least developed Pacific Islands. Commercially viable phosphate deposits were exhausted at the time of independence from the UK in 1979. Copra and fish now represent the bulk of production and exports. The economy has fluctuated widely in recent years. Economic development is constrained by a shortage of skilled workers, weak infrastructure, and remoteness from international markets. Tourism provides more than one-fifth of GDP. Private sector initiatives and a financial sector are in the early stages of development. Foreign financial aid from the EU, UK, US, Japan, Australia, New Zealand, Canada, UN agencies, and Taiwan accounts for 20-25% of GDP. Remittances from seamen on merchant ships abroad account for more than \$5 million each year. Kiribati receives around \$15 million annually for the government budget from an Australian trust fund.

#### **Agriculture - products:**

copra, taro, breadfruit, sweet potatoes, vegetables; fish

#### **Industries:**

fishing, handicrafts

#### **Exports - commodities:**

copra 62%, coconuts, seaweed, fish

#### **Imports - commodities:**

foodstuffs, machinery and equipment, miscellaneous manufactured goods, fuel

## Section 4 - Government

### Chiefs of State and Cabinet Members:

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

### Legal system:

English common law supplemented by customary law

### International organization participation:

ACP, ADB, AOSIS, C, FAO, IBRD, ICAO, ICRM, IDA, IFAD, IFC, IFRC, ILO, IMF, IMO, IOC, ITU, ITUC (NGOs), OPCW, PIF, Sparteca, SPC, UN, UNCTAD, UNESCO, UPU, WHO, WMO

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

### **Section 3 - Economy**

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

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

### **Section 4 - Foreign Investment**

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

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

### **Section 5 - Government**

Names of Government Ministers and general information on political matters.

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

### **Section 6 - Tax**

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

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

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