

Kiribati

RISK & COMPLIANCE REPORT

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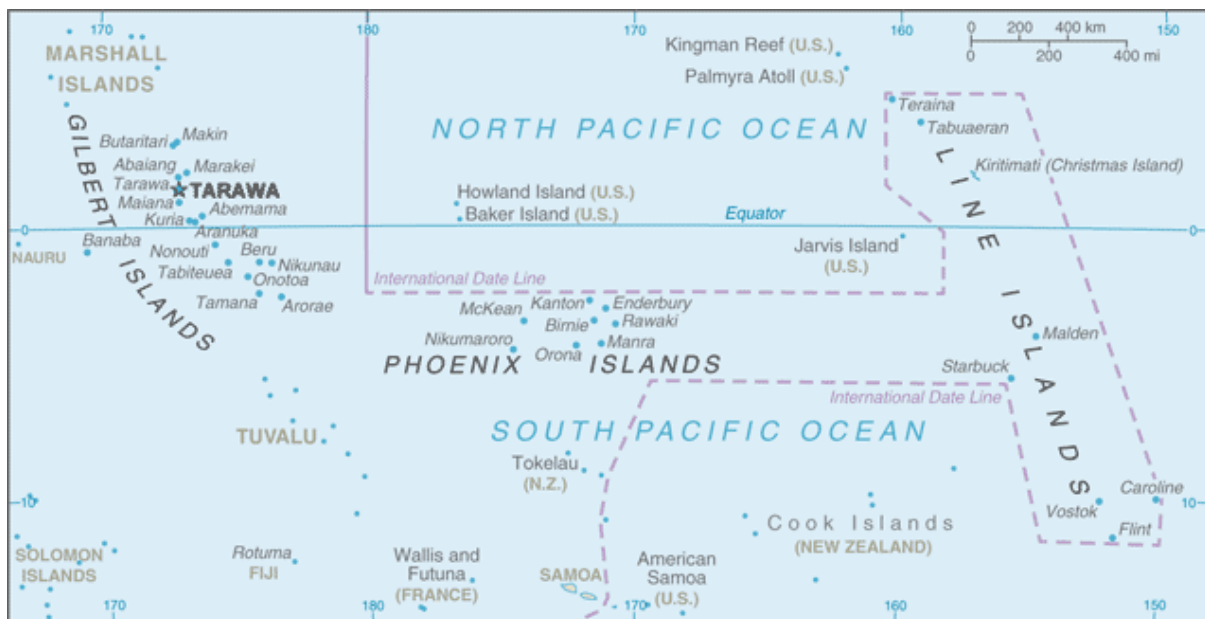
Executive Summary - Kiribati	
Sanctions:	None
FAFT list of AML Deficient Countries	No
Higher Risk Areas:	Not on EU White list equivalent jurisdictions
Medium Risk Areas:	<p>Compliance with FATF 40 + 9 Recommendations (no mutual evaluation yet undertaken)</p> <p>Weakness in Government Legislation to combat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

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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 2016 (introduction)

Kiribati is classified a Tier 2 Watch List 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. Visiting ship crew members, mainly Asian men, exploit children and some women in commercial sex. A local NGO reported as many as 20 I-Kiribati girls, some as young as 15 years old, may be subject to child sex trafficking in local bars and hotels. Some I-Kiribati—including family members of potential victims, older women, and hotel and bar workers—may facilitate child sex trafficking by providing a venue for commercial sex with minors. Others fail to assist trafficking victims or alert authorities to situations of child sex trafficking. These girls generally receive financial support, food, alcohol, or goods in exchange for sexual services.

The Government of Kiribati does not fully meet the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. Despite these measures, the government did not demonstrate overall increasing anti-trafficking efforts compared to the previous reporting period; therefore Kiribati is placed on Tier 2 Watch List. During the reporting period, the government conducted anti-trafficking training for police and welfare officials, conducted outreach programs on sexual violence and exploitation, and developed counselling guidelines for schools to enhance the protection of minors. While the government enacted the Employment and Industrial Relations Act, criminalizing the trafficking of children, it assigned penalties that were not sufficiently stringent for the crime. The government did not prosecute cases against potential traffickers or punish those who exploited or facilitated the commercial sexual exploitation of children. The government also did not employ procedures to proactively identify child sex trafficking victims, particularly among individuals in prostitution. It did not provide assistance to any victims or refer them to or support organizations that did so.

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 Island countries. Commercially viable phosphate deposits were exhausted by the time of independence from the United Kingdom in 1979. Earnings from fishing licenses and seafarer remittances are important sources of income, however, remittances and the number of seafarers employed have declined since the global crisis. In 2013, fishing license revenues contributed close to half of government's total revenue and total remittances from seafarers were equivalent to 6% of GDP.

Economic development is constrained by a shortage of skilled workers, weak infrastructure, and remoteness from international markets. The public sector dominates economic activity, with ongoing capital projects in infrastructure including the road rehabilitation, water and sanitation projects, and renovations to the international airport, spurring some growth.

Kiribati is dependent on foreign aid, which was estimated to have contributed over 43% in 2013 to the government's finances. The country's sovereign fund, the Revenue Equalization Reserve Fund (RERF), which is held offshore, had an estimated balance of \$668 million in 2013, equivalent to 381% of GDP. The RERF seeks to avoid exchange rate risk by holding investments in more than 20 currencies, including the Australian dollar, United States dollar, the Japanese yen, and the Euro. Drawdowns from the RERF helped finance the government's annual budget

Agriculture - products:

copra, breadfruit, fish

Industries:

fishing, handicrafts

Exports - commodities:

fish, coconut products

Imports - commodities:

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

Section 3 - Economy

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

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

Section 4 - Foreign Investment

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

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

Section 5 - Government

Names of Government Ministers and general information on political matters.

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

Section 6 - Tax

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

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

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