

## **FATH: INTERNATIONAL RELATION**

**NEWS:** FATF condemns Pahalgam attack, to release report on ‘state-sponsored terror’ for first time  
**WHAT’S IN THE NEWS?**

The FATF officially condemned the 2025 Pahalgam terrorist attack and is set to recognize *state-sponsored terrorism* as a distinct category of terror financing, aligning with India’s long-standing position against Pakistan. This marks a rare global policy shift and could lead to stricter scrutiny and sanctions on state sponsors of terror.

### **Significance of FATF Condemnation**

- FATF officially condemned the 22 April 2025 Pahalgam terrorist attack, marking only the third such condemnation in the past decade.
- The condemnation emphasized that such attacks could not occur without financial and logistical support — directly linking terrorism to its funding sources.
- This move underscores the exceptional severity of the attack and strengthens global acknowledgment of financial links to terrorism.

### **Growing International Concern**

- The international community reportedly exerted diplomatic pressure on FATF, signaling a strong global consensus on the seriousness of the attack.
- The reaction reflects increasing frustration with Pakistan’s persistent role in cross-border terror financing.

### **Forthcoming FATF Report – A Policy Shift**

- FATF is set to release a report that will, for the first time:
  - Officially recognize “**state-sponsored terrorism**” as a distinct source of terror financing.
  - Align with India’s long-standing position regarding Pakistan’s state complicity in terrorism.
- India’s **National Risk Assessment** is currently the only such report that explicitly flags state-sponsored terror (especially from Pakistan) as a financing risk.

### **New FATF Tools and Mechanisms**

- FATF has developed a **Terror Financing Risk & Context Toolkit**:
  - Designed to counter misleading or incomplete data submitted by countries like Pakistan.
  - Ensures greater transparency, consistency, and accountability in assessing terror financing threats.

### **Public-Private Engagement**

- FATF will host a **webinar** to engage public and private sector stakeholders on:
  - New and emerging terror financing risks.
  - The importance of compliance, reporting, and vigilance in detecting financial crimes.
- Aims to strengthen multi-stakeholder cooperation across banking, fintech, and security systems.

### India's Strategic Diplomacy at FATF

- India submitted a detailed **dossier** to FATF urging renewed scrutiny of Pakistan.
- Likely objective: push for **re-greylisting** or possible blacklisting by exposing ongoing violations of FATF conditions by Pakistan.

### Broader Implications

- The move legitimizes India's global narrative on Pakistan's role in terror financing.
- It may lead to **stricter global sanctions**, greylisting or even blacklisting of states complicit in supporting terrorism.
- Marks a global shift in how **state complicity** in terrorism is treated within multilateral frameworks.

### About FATF – Key Facts

- **Established:** 1989 at the G7 Summit in Paris.
- **Headquarters:** Paris, France.
- **Members:** 39 (including India).
- **Secretariat:** Hosted by the OECD.
- **Mandate:**
  - Combat money laundering, terror financing, and proliferation of WMDs.
  - Set global standards through its **40 Recommendations**.
- **Maintains:**
  - **Grey List:** Jurisdictions under increased monitoring.
  - **Black List:** High-risk jurisdictions with serious deficiencies.
  - Conducts **Mutual Evaluations** to assess country compliance.

### India and FATF

- India became a full member in **2010**.

- Has consistently supported the inclusion of Pakistan in the **Grey List** for state-backed terror financing.

### **Recent FATF Shift – Recognizing State-Sponsored Terrorism**

- The move to officially include **state-sponsored terrorism** as a financing source is unprecedented.
- It reflects a significant global policy change that could reshape how countries enabling terrorism are sanctioned and scrutinized.

Source: <https://www.thehindu.com/news/national/global-watchdog-fatf-condemns-pahalgam-attack-enhances-focus-on-steps-by-countries-to-combat-terror-financing/article69701439.ece>