

NARRATIVE REPORT ON THE UNITED ARAB EMIRATES



PART 1: NARRATIVE REPORT

The United Arab Emirates (UAE) is ranked tenth in the 2020 Financial Secrecy Index, based on a small, but growing scale weighting of 0.21 combined with a notably high secrecy score of 78.

Origins of an offshore financial centre

The UAE's secrecy activity is largely centred in Dubai, one of the seven emirates in the UAE, and it hosts an important secrecy jurisdiction and offshore financial centre based in Dubai.

It capitalizes primarily on financial flows from an oil-rich region but also on its historical role as a trading entrepôt parked conveniently between Europe and a fast-growing Asia, making Dubai, among other things, India's third-[biggest trading partner](#), at least on paper.¹

Although the Dubai International Financial Centre (DIFC) describes itself in all of its materials as "an onshore financial centre,"² Dubai is unquestionably one of the world's best known secrecy jurisdictions, built on an increasingly complex array of offshore facilities that include free-trade zones, a low-tax environment, multiple secrecy facilities and lax enforcement. In addition, Dubai has an ask-no-questions, see-no-evil approach to commercial and financial regulation, as well as foreign financial crimes. It has consequently attracted large financial flows and some of the world's most high-profile criminals. A significant slice of the inbound money comes in the form of cash or gold.

Dubai is an island of political and economic stability in a turbulent region. As The Economist [explained](#) in 2013:

"This role as a regional hub—and a policy of being open to almost any kind of business—explains why Dubai has been, at least economically, the main beneficiary of the Arab spring. Instability in the rest of the region has diverted capital, commerce and people to the emirate. When neighbouring Saudi Arabia upped its social spending to pre-empt protests, for instance, much of the cash ended up in Dubai's shopping malls. More important, the emirate has clearly established itself as the region's safe haven."³

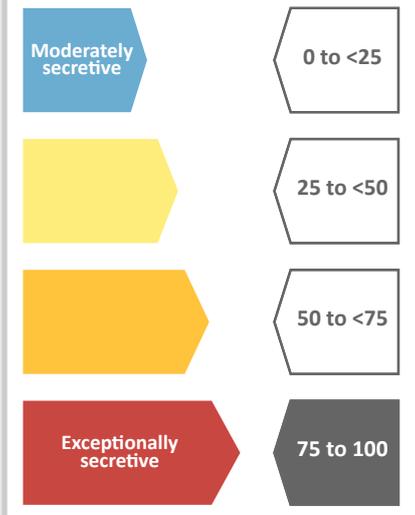
Remarkably, [70 per cent](#) of Dubai's 3.2 million resident population is male, a testament to a rapidly expanding economy built on manual labour and guest workers.⁴ Underlining this are the facts that expatriates make up [92 per cent](#) of the resident population⁵ and that Dubai's daytime population, which includes non-resident commuters from elsewhere, is estimated at 4.3 million, 25 per cent higher than the resident population.⁶ In its expatriate worker population, Dubai resembles [Luxembourg](#) – only much more dramatically.⁷

Dubai's laissez-faire attitude is certainly not to everyone's tastes. Craig Murray, a former senior British diplomat, [said](#) after visiting Dubai that it was:

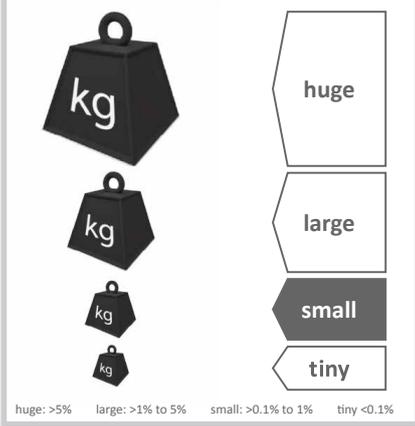
"apparently designed to gather together as many as possible of the nastiest people from all continents, and give them anything their heart desires [...] I met nicer people and my

Rank: 10 of 133

How Secretive? **78**



How big? **0.21%**



The United Arab Emirates accounts for 0.21 per cent of the global market for offshore financial services. This makes it a small player compared to other secrecy jurisdictions.

The ranking is based on a combination of its secrecy score and scale weighting.
 Full data is available here: <http://www.financialsecrecyindex.com/database>.
 To find out more about the Financial Secrecy Index, please visit <http://www.financialsecrecyindex.com>.
 The FSI project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 727145.
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soul was less disturbed upcountry in the middle of the Sierra Leone civil war.”⁸

The story: how Dubai became a secrecy jurisdiction

Dubai has served as a crossroads for foreign commercial trade for decades, and this laid the foundation for its general outlook on tax and regulation and its eventual emergence as an offshore secrecy jurisdiction.

By the late 19th century, Dubai was already the principal commercial port on the Gulf coast. In the late 1890s and early 1900s the ruler, Sheikh Maktum bin Hasher Al-Maktum, removed as many trade barriers as possible, including customs fees and licences for vessels, and Dubai’s first free port was born at the turn of that century.

The seven emirates in 1952 formed the Trucial State Council as a platform for co-operation, and the UAE was created in 1971 as a kind of decentralised confederation giving each emirate a high degree of autonomy, which allowed Dubai to implement independent economic policies. Occasional support payments from the oil-rich Emirate of Abu Dhabi during times of stress have helped smooth Dubai’s financial stability, a crucial underpinning for any financial centre. One might describe Dubai as the world’s only oil-backed secrecy jurisdiction.⁹

Having laid this groundwork, Dubai’s transformation into a modern financial centre began in the 1960s when Sheikh Rashid, who became Emir (ruler) of Dubai in 1958, began major infrastructural projects that quickly transformed a town of some 60,000 people into a major Middle Eastern trading centre. He took a tolerant view of what was known as ‘independent trading’ (more widely known as smuggling), and Dubai became particularly important as a hub for servicing India’s constant and gigantic demand for gold — so much so that Rashid was on Prime Minister Indira Gandhi’s list of most-wanted smugglers. In 1968 [it was estimated](#)¹⁰ that Dubai had imported 580 tonnes of gold from Zurich, London and Beirut, nearly all of it destined for the Indian subcontinent, and mostly using Swiss banks. In his book *Dubai: The Vulnerability of Success*, Jeremy Davidson notes of the 1960s:

“Most of the goods passing through Dubai’s free port were products ‘informally’ shipped out from the Indian subcontinent and the Far East. This merchandise was often destined to be re-exported back to Asia in such a way as to avoid local restrictions... this re-export trade was at

times indistinguishable from a large-scale smuggling racket.”¹¹

This was what one might call ‘trade round-tripping’ – akin to (and related to) the ‘[round tripping](#)’ of financial flows that many secrecy jurisdictions specialise in whereby someone in India, say, exports capital to a secrecy jurisdiction, dresses it up in financial secrecy, then brings the capital back home disguised as foreign capital to obtain various privileges available only to foreign investment.¹²

After the seven emirates united to form the UAE in 1971, the subsidy from Abu Dhabi (combined with revenues from Dubai’s own modest oil industry) enabled all Dubai citizens to be exempt from tax — a new zero-tax underpinning for the fledgling offshore financial centre. An ambitious diversification project with the construction of the giant Jebel Ali port in Dubai in the late 1970s proved highly successful, and this was bolstered by the opening of the Jebel Ali Free Zone in 1985.

Dubai: A twisted Switzerland of the Middle East

The political and economic stability that Dubai enjoyed, in contrast to the turbulent and wealthy region around it, helped Dubai [mimic Switzerland](#),¹³ and enabled it to eclipse [Lebanon](#),¹⁴ the traditional regional banking and financial centre, in many areas. In his book *McMafia*, the crime writer Misha Glenny explains:

In 1979, Dubai had learned a valuable lesson from the Iranian Revolution and the Soviet invasion of Afghanistan: trouble has its bright side. Frightened by the instability of their own countries, Iranian and Afghan traders moved to Dubai, bringing with them their businesses, thereby bolstering the local economy. With neither income nor sales tax, Dubai steadily developed a reputation for being a safe place in the Middle East to stash your money. Since then Dubai has always boomed during a regional crisis.

Similarly — and again, like Switzerland — Dubai also prospered during regional and world wars from its role as a neutral zone where economic players in belligerent countries could meet and do business. As a US Treasury Department report noted:

“Dubai, unlike many other South Asian nations, allows essentially unregulated financial dealings... money is often wired there to circumvent regulations elsewhere.

In addition, Dubai offers a neutral meeting place for Indian and Pakistani businessmen, as tension between these countries makes travel between them difficult if not impossible.”¹⁵

In contrast to many other secrecy jurisdictions, Dubai’s offshore offering was not primarily built by ‘pure’ financial interests but instead piggy-backed on Dubai’s trade and commercial role. As Davidson noted, “Money laundering has for many years been a component of Dubai’s informal economy, but this is more a by-product of Dubai being the region’s most laissez-faire free port.”¹⁶

This external oil-backed stability was demonstrated again in late 2009 when Dubai World, one of the biggest government-related entities, announced that it could no longer repay its debts, threatening to plunge the entire economy and its financial sector into turmoil. The emirate was bailed out by loans from oil-rich Abu Dhabi, whose annual revenues of 200-odd billion Dhiraams in 2008-10 [\(p21\)](#) were around five times Dubai’s.¹⁷ Once again, Abu Dhabi’s stabilising role played an important part in reinforcing investors’ perceptions of Dubai as a safe haven, bolstered by its ongoing low-tax, ask-no-questions approach to finance.

New growth from the 1990s: the free-for-all

When Rashid died in the 1990s, Dubai was still relatively provincial, but his sons Maktoum bin-Rashid (1990-2006) and Mohammed bin Rashid, the current ruler, delivered a fresh period of rapid growth.

By the mid-1990s nearly two thirds of the UAE’s income was derived from non-oil sources and Dubai had effectively become one of the world’s largest and laxest free-trade zones, with a hinterland stretching from southern Europe to Singapore. “In the 1990s, it was a free-for-all in Dubai,” explained a European diplomat who worked on Dubai’s money laundering issues. “There were no controls here and the authorities were tenacious in resisting the FATF (Financial Action Task Force, which seeks to tackle money laundering).”¹⁸

Despite a heavy global crackdown in the wake of the 2001 terrorist attacks on the US, Dubai’s role as a safe, Western-friendly haven in an often hostile region won it many friends in the US and other western governments, presumably allowing the Emirate to get away with much that would otherwise have not been tolerated.

US and other intelligence agencies undoubtedly have deep interests in monitoring certain kinds of financial flows through Dubai, and we speculate that Dubai’s cooperation in sharing intelligence on this may have resulted in a measure of international forbearance to Dubai’s see-no-evil attitude in other areas such as tax evasion or the activities of run-of-the-mill criminal money. Paraphrasing the 19th century French prime minister Talleyrand, Glennly concludes:

“Dubai had become so useful for terrorists, the superrich, the United States, dictators, Russian oligarchs, celebrities, Europe, and gangsters that if it did not exist, the global élites would have to invent it.”¹⁹

Money laundering, crime lords and Hawala.

Predictably, given this history of laxity, Dubai has also attracted some of the world’s most unsavoury criminals. One of the most infamous, who operated out of Dubai in luxurious style from 1984, was India’s most wanted man, Dawood Ibrahim, who Glennly described as the “king of the Mumbai underworld.”²⁰ Ibrahim has [been accused](#) by US authorities and others of involvement in narcotics smuggling, helping finance terrorist attacks, and having links to Osama bin Laden and Al Qaeda. As Glennly summarises:

“For Dawood Ibrahim, Dubai was the perfect retreat. The city welcomes the wealthy; it welcomes Muslims; and it was not the least bit interested in how people had acquired their money or what they intended to do with it... Dubai had proved to be a civil host to many gangsters in the past two decades, provided they behave with discretion. ...the fact that Dawood and his people thrived and prospered in Dubai, well, it could not have happened without the knowledge and – in a sense – the complicity of the ruling family.”²¹

Others welcomed by Dubai include the ‘Merchant of Death’, Viktor Bout, who was allowed to operate out of the UAE with minimal interference, along with the largest cigarette smuggler in the Balkans, who reportedly set up his offices in Dubai’s giant Burj al-Arab building. Dubai was also [implicated](#) as a hub in the international network of A.Q. Khan’s Pakistani network trafficking nuclear materials;²² and six-figure sums were [reportedly](#) wired from Dubai to bank accounts in the US to finance the September 2001 terrorist attacks.²³

Concerns have often been raised about Dubai's role in the handling of drug money and other forms of money laundering. As the US International Narcotics Strategy Report [noted in 2015](#):

"There are some indications that trade-based money laundering occurs in the UAE, including through commodities used as counter-valuation in hawala transactions or through trading companies, and that such activity might support sanctions-evasion networks and terrorist groups in Afghanistan, Pakistan, and Somalia. Activities associated with terrorist and extremist groups include both fundraising and transferring funds. Bulk cash smuggling is also a significant problem.

A portion of the money laundering/terrorist financing (ML/TF) activity in the UAE is likely related to proceeds from illegal narcotics produced in Southwest Asia. Narcotics traffickers from Afghanistan, where most of the world's opium is produced, are increasingly reported to be attracted to the UAE's financial and trade centers. Financial networks operating both in and outside the UAE almost certainly control the funds...

Other money laundering vulnerabilities in the UAE include the real estate sector, the misuse of the international gold and diamond trade, and the use of cash couriers to transfer illicit funds."²⁴

For example, large volumes of cash leaving Kabul airport in Afghanistan — [reportedly estimated](#) at US \$4.5 billion in 2011 alone²⁵ (equivalent to a quarter of Afghan GDP), and much of it believed to be from the heroin trade²⁶ — have been substantially facilitated by Dubai. As the Washington Post reported in 2010:

"A blizzard of bank notes is flying out of Afghanistan - often in full view of customs officers at the Kabul airport... flows mostly to the Persian Gulf emirate of Dubai, where many wealthy Afghans now park their families and funds.

Efforts to figure out just how much money is leaving Afghanistan and why have been hampered by a lack of cooperation from Dubai. Dubai's financial problems, said a U.S. official, had left the emirate eager for foreign cash, and "they don't seem to care where it comes from."²⁷

A significant part of the exiting Afghan money, often in the hands of politically exposed persons, is [reportedly](#) being ploughed into Dubai real estate, again with few or no questions asked.²⁸ A US embassy cable published by Wikileaks [reported](#) that Afghan Vice President Ahmad Zia Massoud was stopped in Dubai after arriving with US \$52 million in cash, but "was allowed to go on his way without explaining where the money came from."²⁹ Other cables allege the widespread looting of Afghanistan by public officials who stashed much of the proceeds in Dubai, thus, as one cable put it, "actively undermining Afghan government counter-insurgency policy."³⁰

Dubai is suspected of being involved in large-scale money laundering involving many countries; among other cases that have been positively identified are those including the [oil industry of Azerbaijan](#);³¹ Russia's celebrated [Magnitsky scandal](#);³² [conflict gold](#) from the Democratic Republic of Congo; and many more.³³

The most recent is the 'GuptaLeaks' state capture scandal in South Africa, where a trove of leaked emails suggests that the billionaire Gupta family has used its close relationship with President Zuma and his family to win kickback-fueled state contracts and to manipulate political appointments, using a series of [shell companies incorporated in Dubai](#). Zuma and the Guptas deny the allegations.³⁴

A significant feature of Dubai's role in regional financial distress is due to its being a major global centre for hawala, a trust-based system used to transfer money across countries and continents, outside formal banking networks. Hawala is extremely hard to regulate (it [does not appear](#) to violate any UAE regulations)³⁵ and law enforcement agencies have expressed serious concerns about its potential for money laundering and terrorist financing. Although money handlers in the UAE are supposed to keep records and alert the authorities to suspicious transactions, many continue to trade without registering and seemingly face little incentive to do so. As [one journalist](#) was told:

"We are not registered, nobody is registered here," said one shop owner in the centre of the city. "Every textile shop is doing hawala."³⁶

State capture: The Dubai International Financial Centre (DIFC)

Under Sheikh Mohammad's laissez-faire leadership, over 35 separate low-tax free zones emerged in Dubai, including the Dubai International Financial

Centre (DIFC), which started operations in 2004, supervised by the Dubai Financial Services Authority (DFSA),³⁷ the first financial free zone in the UAE (there were already several free trade zones). The DIFC is an independent jurisdiction under the UAE constitution, with its own independent civil and commercial laws.

One of the defining features of secrecy jurisdictions is that their legislative machinery and political structures are ‘captured’ by offshore financial-services interests. Usually, the offshore financial sector is carefully insulated from domestic (or foreign) democratic consultation, meaning that offshore financial interests can operate with relatively few democratic constraints and can get laws rapidly and easily changed in their favour. It is a system of ‘sovereignty for sale’ with no accountability to those populations elsewhere that are most affected by those laws.

Dubai exhibits a form of state capture but one that differs from many jurisdictions in two main ways. First, whereas many secrecy jurisdictions (such as [Cayman](#)³⁸ or the [BVI](#)³⁹) never were major commercial centres and developed their offshore industries from scratch for pure financial interests, Dubai’s financial services industry has (as mentioned above) emerged more as a result of Dubai’s long-standing role as a commercial entrepôt, and the capture is not so much by pure financial interests as by a mix of financial and commercial ones.

The Dubai International Financial Centre (DIFC) currently makes a fairly modest contribution to Dubai’s overall economy (though that may change, and Dubai has many other offshore financial services offerings beyond the DIFC).

Second, in Dubai’s case the capture takes the form of highly personalised control of large sectors of the economy, including large parts of the jurisdiction’s offshore finance sector, by the ruling family monarchy, which has ruled Dubai since 1833.

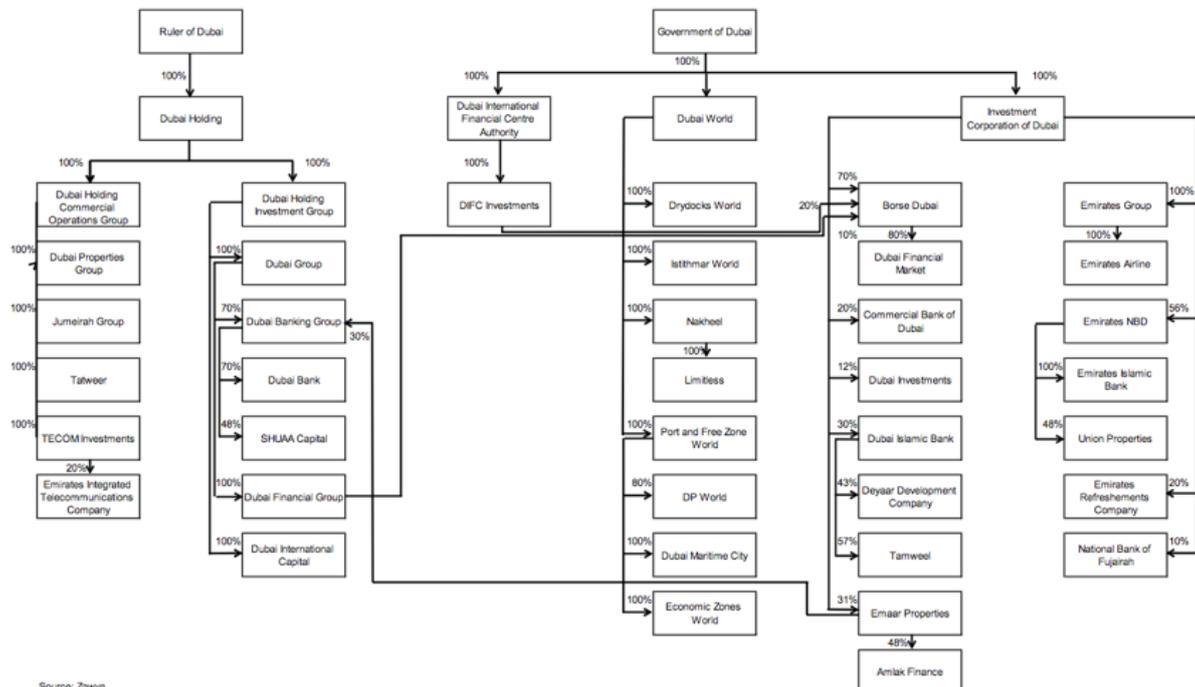
Sheikh Mohammed, who calls himself the “CEO of Dubai” starkly epitomises the capture. A diagram provided by [the IMF](#) shows the remarkable degree of personal control he and his family exert over the economy.⁴⁰

More specifically, the DIFC itself is [controlled by Sheikh Maktoum bin Mohammed Bin Rashid al Maktoum](#), the third son of Dubai’s ruler.⁴¹

The Dubai Financial Services Authority, the regulator, is also structurally beholden to the ruling family. As the IMF notes ([p9](#)), “All board members are appointed by the DIFC President.”⁴²

There’s also an interesting link to the City of London, as this article from [The Economist](#) in July 2004, the year of the DIFC’s inception, suggests:

Figure I.1. Dubai Inc.



Source: Zawya.

“The Dubai Financial Services Authority (DFSA) was chaired by Ian Hay Davison, a veteran of the struggle to clean up Lloyd’s insurance market in the 1980s, and [Philip Thorpe](#), formerly of London’s Financial Services Authority.”⁴³

Their appointment was greeted by one [article](#) which asked, “Has the City of London taken over Dubai?”⁴⁴ Dubai is, of course, enormously more independent than the headline would suggest, but it does highlight the [City of London’s role](#) in having pollinated so many financial centres and secrecy jurisdictions around the world.⁴⁵ It is worth noting that Davison and Thorpe were fired the same year, apparently after objecting to apparent corruption and nepotism in the creation of the DIFC.

The Dubai Financial Services Authority’s website has stated, “The DFSA’s regulatory approach is to be risk-based and to avoid unnecessary regulatory burden.” This is typically libertarian, ask-no-questions language from an offshore secrecy jurisdiction. The DIFC itself appears to be more stringently regulated than the rest of Dubai’s economy, however, and comments from the IMF and other international bodies suggest its laws are not so far out of line with (rather toothless) international regulatory standards.

The DIFC has been a significant but minority economic sector in Dubai, with [2,289 active, registered firms, 671 of which are licensed](#) to provide financial services.⁴⁶ Its GDP is estimated at \$7.7 billion or about 7 percent of Dubai’s total GDP, but it is growing fast.⁴⁷ The number of firms grew by 14 percent in 2019 and by 2024, DIFC says it aims to have 1,000 financial firms operating from the centre.⁴⁸ Its total assets now amount to roughly \$425 billion.⁴⁹

Dubai as an offshore financial centre today

In the financial realm, Dubai and the DIFC offer [several](#) facilities that are classic tax haven offerings.⁵⁰ On the corporate side, servicing [more than 5,000](#) multinational companies,⁵¹ Dubai offers:

- A zero per cent tax rate on corporate income and profits.
- A [wide network of double tax treaties](#)⁵² available to UAE-incorporated entities. This makes Dubai a classic corporate ‘conduit’ haven, among other things.⁵³ The UAE has the most aggressive double tax treaties towards African countries, curtailing their treaty-based

taxing rights more than any other nation.

- 100 per cent foreign ownership of Dubai-registered corporations is possible; there are no exchange controls; free capital convertibility; and a variety of legal vehicles can be established with ‘capital structuring flexibility’.

The UAE ranks 12th on Tax Justice Network’s [Corporate Tax Haven Index](#).⁵⁴

Furthermore, Dubai’s unwillingness to enforce its own laws effectively in many cases, or to require local agents to collect information necessary for law enforcement agencies and others, means it will continue to pose risks in many areas.

In 2016 for example, a Global Forum review of the UAE’s exchange of information over a three-year period found that although the UAE said it had exchanged information on request (usually on company ownership) in ‘many’ cases, “it is clear that ownership and identity information has not been exchanged in a number of cases.” This was partly due to a large number of unprocessed requests from 2012 and 2013, and partly due to “difficulties in obtaining information (such as not being able to identify the company)” ([see here, p66](#)).⁵⁵

Dubai does require information on legal ownership of companies to be collected by the authorities, although the 2016 Global Forum review quoted above raises questions about the extent to which this is enforced. At that time there was no requirement to collect, let alone make public, information on beneficial ownership of companies. That has changed under new law, but it only requires name registration, which makes it insufficient to identify individual owners conclusively. In June 2018, Dubai joined the Base Erosion and Profit Shifting Inclusive Framework, with its (albeit limited) country-by-country reporting requirements.⁵⁶

The UAE began automatic exchange of information under the Common Reporting Standard in 2019.

Dubai has also been moving aggressively into the area of ‘fake residency’ — a fast-growing international phenomenon used to escape global transparency requirements. The trick is simple: If your assets are subject to information-sharing, then you register yourself as a ‘fake’ resident of a jurisdiction like Dubai. The fake residency jurisdiction will then receive all the information about your assets and can then be trusted to fail to do anything about it. Dubai’s offering has been particularly pernicious: individuals [can obtain](#) fake residency simply by

incorporating their own company in Dubai.⁵⁷ (More peculiarly, investors in the Ajhman Uptown project in UAE will also [be able to obtain](#) citizenship of Antigua & Barbuda).⁵⁸

The Tax Justice Network (TJN)'s private conversations with client advisers have indicated that Dubai has been particularly diligent in reassuring people that their undocumented accounts won't be investigated. In October 2018, the Organization for Economic Co-operation and Development put the UAE on its 'golden passport' blacklist, which flags jurisdictions that give "access to a low personal tax rate on income from foreign financial assets and do not require an individual to spend a significant amount of time in the jurisdiction."⁵⁹

In late 2017, the EU blacklisted the UAE as a non-cooperative tax haven but moved it to its 'grey list' shortly thereafter when the UAE promised to meet its new standards.⁶⁰ The EU put the UAE back on its blacklist in March 2019 for failing to make progress on its commitments, noting that it "facilitates offshore structures and arrangements aimed at attracting profits without real economic substance and has not yet resolved this issue."⁶¹

In June 2019, the UAE issued the Cabinet of Ministers Resolution No. 31 of 2019, which imposed economic-substance regulations in line with EU requirements.⁶² Those regulations require companies to have economic substance in the UAE to be tax-resident there, meaning they need to be managed and directed in the UAE and have 'adequate' staffing and physical presence. The EU removed the UAE from its blacklist in October 2019.⁶³ These economic substance rules are unlikely to curtail profit shifting.⁶⁴

Further reading:

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- 2 <https://www.difc.ae/business/start-ing-business/>
- 3 <https://www.economist.com/news/finance-and-economics/21569036-gulf-emirate-flashy-ever-it-still-has-structural-problems>; 26.01.2018.
- 4 https://www.dsc.gov.ae/Report/DSC_SYB_2018_01%20_%2001.pdf; 20.11.2019.
- 5 https://www.dsc.gov.ae/Report/DSC_SYB_2018_01%20_%2003.pdf; 20.11.2019.
- 6 <https://gulfbusiness.com/dubais-resi-dent-population-crosses-3-1-million/>; 12.12.2019.
- 7 <http://www.financialsecrecyindex.com/PDF/Luxembourg.pdf>; 26.01.2018.
- 8 <https://www.craigmurray.org.uk/archives/2012/03/a-new-goethe-needed/>; 26.01.2018.
- 9 It may be interesting for political scholars to ponder the uniqueness of this oil-backed haven, particularly given that there are no other oil-dependent economies which have succeeded in creating an offshore financial sector of any size. The problem for oil-dependent (or mineral-dependent) countries appears to be the well-known phenomenon of the [Resource Curse](#), whereby countries dependent on minerals like oil suffer slower growth, greater military and economic instability, higher levels of political corruption, and other ailments. Dubai's success in pulling off this trick may be connected to the fact that the oil backing comes from another Emirate, which ring-fences it against Resource Curse-like taint.
- 10 <https://books.google.de/books?id=GrQQxVrtJ3sC&pg=PA43&lpg=PA43&dq=dubai+india+gold+trade&source=bl&ots=-1MJyx-BZvu&sig=wUbloTdJRtytR5l-NXyNmN-QcN9Y&hl=en&sa=X&ved=0CFAQ6AEwCGoV-ChMI4ITx0qTlyAIVg1UaCh0Z-AL1#v=onepage&q=dubai&f=false>; 26.01.2018.
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- 18 Glenny, Misha. *McMafia: A Journey Through the Global Criminal Underworld* <https://books.google.com/books/about/McMafia.html?id=fN7noidk2KsC> p149
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- 21 https://www.treasury.gov/press-center/press-releases/Documents/fact_sheet.pdf; 26.01.2018.
- 22 <http://carnegieendowment.org/2005/09/07/a-q-khan-nuclear-chronology/6jq>; 26.01.2018.
- 23 <https://www.theguardian.com/business/2010/jan/24/dubai-crime-money-laundering-terrorism>; 26.01.2018.
- 24 <https://www.state.gov/documents/organization/239561.pdf>; 26.01.2018.
- 25 <http://edition.cnn.com/2012/03/26/world/asia/afghanistan-cash-loss/index.html>; 26.01.2018.
- 26 Officials [believe](#) some of the money leaving for Dubai – and that is merely the money that is legally declared at Kabul airport – is transported overland into Afghanistan from Pakistan, raising serious concerns about whether this money is from the heroin trade. Large-scale exports of gold to Dubai from Afghanistan – not a gold mining country – raise further concerns. This

trade is also believed to be helping Iran circumvent U.S. and European sanctions. Plenty of the money leaving Afghanistan is not illegal, and is merely placed in Dubai because, in the words of [one analyst](#): “The closest functioning banking system is here, so a lot of the money coming in could be legitimate but a lot of it is not.” A [December 2012 report](#) for the US Special Inspector General for Afghanistan Reconstruction said that these cash flows “raise the risk of money laundering and bulk cash smuggling — tools often used to finance terrorist, narcotics and other illicit operations.”

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PART 2: SECRECY SCORE

OWNERSHIP REGISTRATION

- 47 1. Banking Secrecy
- 100 2. Trust and Foundations Register
- 75 3. Recorded Company Ownership
- 100 4. Other Wealth Ownership
- 100 5. Limited Partnership Transparency

LEGAL ENTITY TRANSPARENCY

- 100 6. Public Company Ownership
- 100 7. Public Company Accounts
- 100 8. Country-by-Country Reporting
- 75 9. Corporate Tax Disclosure
- 100 10. Legal Entity Identifier

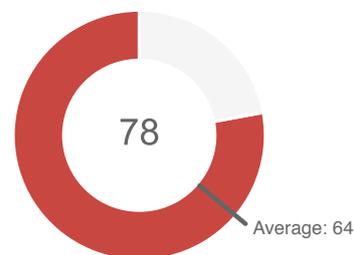
INTEGRITY OF TAX AND FINANCIAL REGULATION

- 100 11. Tax Administration Capacity
- 100 12. Consistent Personal Income Tax
- 100 13. Avoids Promoting Tax Evasion
- 100 14. Tax Court Secrecy
- 75 15. Harmful Structures
- 80 16. Public Statistics

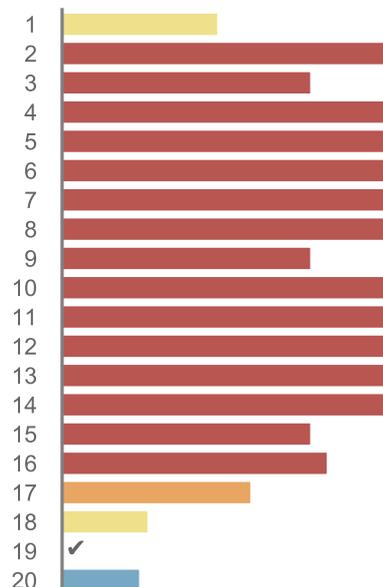
INTERNATIONAL STANDARDS AND COOPERATION

- 57 17. Anti-Money Laundering
- 26 18. Automatic Information Exchange
- 0 19. Bilateral Treaties
- 24 20. International Legal Cooperation

Secrecy Score



Key Financial Secrecy Indicators



Notes and Sources

The FSI ranking is based on a combination of a country's secrecy score and global scale weighting (click [here](#) to see our full methodology).

The secrecy score is calculated as an arithmetic average of the 20 Key Financial Secrecy Indicators (KFSI), listed on the right. Each indicator is explained in more detail in the links accessible by clicking on the name of the KFSI.

A grey tick in the chart above indicates full compliance with the relevant indicator, meaning least secrecy; red indicates non-compliance (most secrecy); colours in between partial compliance.

This report draws on data sources that include regulatory reports, legislation, regulation and news available as of 30 September 2019 (or later in some cases).

Full data is available here: <http://www.financialsecrecyindex.com/database>.

To find out more about the Financial Secrecy Index, please visit <http://www.financialsecrecyindex.com>.