

**Delegation from**

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### **Position Paper for the Economic And Financial Committee**

Regarding the globalization of labor, São Tomé and Príncipe has taken part to many initiatives to weaken this problem. At the same time money laundering destroys the integrity of our worldwide financial system and for this reason our country has yet done something good and taken part to various initiatives.

#### ***I. The Globalization Of Labour***

##### ***Introduction***

The globalization of labor is a fundamental thematic that should be resolved as soon as possible. Nowadays, due to the increase of the world population and to the higher cost of life, people end up, usually in poorer countries, working for less money than they actually deserve.

This use of human strength for such a small amount of money let's not only the world's economy down but it also makes the involved countries less competitive, and these countries are usually the poorer countries, mainly from the African continent.

São Tomé and Príncipe has a huge potential due to his great exports of cocoa and for tourism that is slowly growing recently. This means that if we adopted the right measures regarding the globalization of labor we would have more money flowing.

In our country 66.2% (according to the CIA agency statistics) of the population lives under the poverty line gaining less than USD 1,25 a day. This statistic makes São Tomé and Príncipe, a micro-country with a huge potential, the 142<sup>o</sup> state in the world out of 185 for development (HDI, human development index). The economy of many states and of our country would rise a lot if we manage to globalize labor and tax workers the right way.

### ***Policy of São Tomé and Príncipe***

With the globalization of labor we are witnessing a radical change in the world of work involving all workers and their rights. One of the many problems connected to the globalization of the labor is the labor standards and the workers' rights: in fact, if there were not any law to defend the rights of workers, probably they would work under very poor and insecure conditions. In order to help people to work in good conditions, in 1998, the International Labor Organization (ILO) adopted the "Declaration" that commits Member States to respect and promote principles and rights in four categories, whether or not they have ratified the relevant Conventions. These categories are: freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced or compulsory labor, the abolition of child labor and the elimination of discrimination in respect of employment and occupation. The Declaration provides three ways to help countries, employers and workers achieve the full realization of the Declaration's objective. Firstly, there is an Annual Review composed of reports from countries that have not yet ratified one or more of the ILO Conventions that directly relate to the specific principles and rights stated in the Declaration. This reporting process provides Governments with an opportunity to state what measures they have taken towards achieving the respect of the Declaration. It also gives organizations of employers and workers a chance to voice their views on progress made and actions taken.

Connected with the world of work is the poverty and, in particular, child exploitation and this phenomenon is particularly present in Sub-Saharan Africa, that is the region of the planet with the highest rate of child labor: more than a third of children between 5 and 14 years old is exploited in

the most dangerous forms of work. Rules to limit the exploitation of children in Africa (and worldwide) have already been applied :on 2<sup>nd</sup> September 1990 entered into force the “Convention on the Rights of the Child” that has the fundamental function to defend the rights of the children and it can be summarized with the Article 1 and 6. Article 1:” For the purposes of the present Convention, a child means every human being below the age of eighteen years unless under the law applicable to the child, majority is attained earlier”. Article 6:”1.States Parties recognize that every child has the inherent right to life. 2. States Parties shall ensure to the maximum extent possible the survival and development of the child”. The United Nations Children's Fund (UNICEF) has also instituted the “Day of the African Child” that recalls the tragic incident happened in March 1976 in Soweto, South Africa when thousands of pupils and students took to the streets to protest against the poor quality of their education and to demand the right to receive an education in their own language. It has been a big step forward for the defense of the children’s rights but this step it has not been sufficient to block the phenomenon. The presence of more frequent checks from International Organizations is necessary to prevent people going against the rules and exploiting children for economic purposes.

The exploitation of children is also very widespread because of the poverty: in fact, a lot of families send their children to work to receive economic support from them.. Much of the population is still employed in agriculture. The economy of the country continues to rely on exports of cocoa, whose price has fallen, however in recent years. The drought and corruption have never allowed the plantations to reach the levels of productivity of the Portuguese dominion, although now the income is distributed more equitably among the population. To fight poverty in São Tomé and Príncipe, and in many other parts of the world, 189 Member states of the United Nations, including 147 heads of state and government, among which the President of the Democratic Republic of the São Tomé and Príncipe, in September 2001 signed “The Millennium Declaration”, that has given a fundamental help for the global cooperation, to help poor countries improve economically and, therefore, to reduce the gap between rich and poor countries.

The strides that have been made by the country and the International Community have been very important, but not sufficient to give a twist to the problem of the globalization of labor and the poverty. There are, however, still limits that prevent the resolution of the problem and that must be overcome; there are many objectives to achieve but they can be summarized as follows: the reduction of the gap between rich and poor countries and the need to ensure that workers (among them must not be included children who have the right to the education and must not be subjected to forced labor) can enjoy their rights and are not enforced to work in inhuman conditions and with miserable salaries.

### ***Solutions***

We believe that this abuse of workers should stop and that there should be equal right globally for all of them globally. In the last decades things started to slowly change but many workers still end up working in horrible conditions, and we believe that this has to stop, in our state as well as in the whole world. We believe that all the countries that are placed under the 50<sup>th</sup> place in the HDI statistic should take part to this project. We think that there should be an entire renovation in the system with which the public workers are registered and followed by the state in order. In many of the richest countries in the entire world there are important trade unions that secure the safety and the rights of employees alongside with the fact that we want to stop child exploitation that is another important problem.

The UN has never adopted such a strict measure, but the globalization of labor as of late is growing fast, and so is the percentage of people that live under the line of poverty and it is increasingly necessary to introduce new laws to give a twist to the problem.

## ***II. Money Laundering***

## *Introduction*

The topic of money laundering is a very important and widespread because it does not concern only one country but it is a global problem. Money laundering is a “bridge” between crime and civil society and it has a measurable impact on the worldwide economy ,due to the enormous amount of money that is illegally laundered – 2.5% of the global Gross Domestic Product (GDP). The sheer volume of financial transactions that occur makes it easy for criminals to engage in money laundering, a crime defined by The United Nations Office on Drugs and Crime (UNODC) as “the process by which one conceals the existence, illegal source, or illegal application of income and then disguises or converts that income to make it appear legitimate”. An important action against money laundering was carried out by the European Union on 16 November 2007. This rule, as well as important aspects regarding the definition, requires to limit the use of cash as an essential tool in the fight against money laundering, increasing the number of parties responsible in communications to the authorities in case of suspicious transactions. These crimes threaten the safety of citizens across the world and , for this reason, the United Nations (UN) has determined that money laundering used to finance serious crimes represents a major threat to the integrity, reliability, and stability of financial and government structures across the world. Money laundering has existed for centuries and the UN was the first international organization to take major steps in criminalizing money laundering. At the Vienna Convention in 1998, the UN Drug Control Program (UNDCP) helped adopt an international agreement to combat the funding of drug trafficking. The UNDCP adopted the Convention Illicit Against in Narcotic Drugs and Psychotropic Substances. The convention formally introduced the concept of money laundering and officially labelled it as a crime. The International Convention Against Transnational Organized Crime, also known as the Palermo Convention, was adopted in 2000 and contains “a broad range of provisions to fight organized crime and commits countries that ratify this convention to implement its provisions through the passage of domestic laws. The Palermo Convention first specifies that money laundering applies to all serious crimes,

regardless of where they are committed. This specification is important because in many instances of money laundering, money crosses national borders. Although national laws are still not identical to each other, the Palermo Convention was an important step for standardizing national laws regarding money laundering.

There are many non-governmental organizations that help the UN classify countries based on money laundering risks. One of these, the Financial Action Task Force (FATF), was created in 1989 to set and promote implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing, and other related threats to the integrity of the international financial system. São Tomé and Príncipe is one of the most high-risk countries for money laundering that has been included in this organization.

### ***Policy of São Tomé and Príncipe***

As already mentioned São Tomé and Príncipe is an high-risk country for money laundering and has shown great awareness for this topic, taking part in the initiatives to combat this problem. Our country is very interested in the problem of money laundering and so it has provided for the enforcement of its Anti-money Laundering (AML) / Counter-Financing of Terrorism (CFT) law bringing into force the new Penal Code. Our country has taken part to the Financial Action Task Force (FATF), that is the global standard setting body for anti-money laundering and combating the financing of terrorism. In order to protect the international financial system from money laundering and the financing of terrorism risks and to encourage greater compliance with the AML /CFT standards, the FATF identified jurisdictions that have strategic deficiencies and works with them to address those deficiencies that pose a risk to the international financial system. So São Tomé and Príncipe is working very hard to combat money laundering and financial terrorism, and to face the proliferation of weapons of mass destruction. We want to set standards and promote effective implementation of legal, regulatory and operational measures for combating these problems.. Despite São Tomé and Príncipe's high-level political commitment to work with the FATF and Inter

Governmental Action Group Against Money Laundering In West Africa (GIABA) to address its strategic AML/CFT deficiencies, our country has made some progress in implementing its action plan but certain strategic deficiencies remain. So we have to continue to work on implementing our action plan to address these deficiencies. Until now we have done large and fundamental steps forward but it is important to continue on this path for further progress against these global problems.

### *Description of the issue*

As an active member of GIABA, since 2013 São Tomé and Príncipe is working to make sure that there is a stop against money laundering. Nearly ten years ago our country was one of those where this crime was most common and during these past years our government has worked to make sure that there was an end to this problem. The amount of laundered money decreased enormously, as thank to the new Penal Code we adopted.

On an International level, the United Nations On Drugs and Crime (UNODC) has been adopting a better and more developed system of laws to make sure that all money flown from one place of the world to another does not end up helping terrorist organizations. In a resolution dated 2011 the assembly stated that : “Concerned about the links between various types of transnational organized crime, including, as appropriate, drug trafficking and related offences provided for in the United Nations Convention against Transnational Organized Crime (UNCTO), and their impact on development as well as, in some cases, on security”.

Many model provisions were made but the last one in 2009 in the introduction stated that “These model provisions on money laundering, financing of terrorism, proceeds of crime and civil forfeiture are the outcome of a collaboration between the Commonwealth Secretariat, the International Monetary Fund (IMF) and the United Nations Office on Drugs and Crime (UNODC). They form a starting point for State authorities as they evaluate the measures that should be incorporated into domestic law in order to prevent, detect, and effectively sanction money laundering, the financing of

terrorism and the proceeds of crime.”

Model Provisions for Common Law Legal Systems on Money-Laundering, Terrorist Financing, Preventive Measures and the Proceeds of Crime which has been finalized by the United Nations Office on Drugs and Crime (UNODC), in joint collaboration with the Commonwealth Secretariat, International Monetary Fund (IMF) and by a panel of experts from common law countries.

The problem of money laundering during the last ten years decreased a lot, but nowadays it is still a threat because of new terrorist organizations. The FAFT, which is the intergovernmental organization against money laundering, is promoting new model legislations and measures to the States significantly affected by the problem, and we believe that this is the best way to solve the problem, that has to be addressed globally as soon as possible.

### ***Solutions***

The road to fight or at least limit money laundering is still long and, although several initiatives have been already taken and São Tomé and Príncipe has taken part in various organizations like FATF and GIABA, we should take other choices and initiatives to solve this problem, which concerns not only our country, but all over the world. our country believes that the key points to keep in mind for solving this problem are: adequately criminalizing money laundering and terrorist financing; establishing a fully operational and effectively functioning Financial Intelligence Unit; ensuring that financial institutions and DNFBPs (Designated Non-Financial Businesses and Professions) are subject to adequate AML/CFT regulation and supervision; and implementing effective, proportionate and dissuasive sanctions in order to deal with natural or legal persons that do not comply with the national AML/CFT requirements. We have to protect the economic system to prevent the re-investment in the production process of large sums of capital produced by organized crime, intercepting them in the time of their contact with the banking and financial system. In practice, money laundering is the act of illicit funds invested in lawful activities, so first of all we have to combat the organized crime and find the various illegal activities. To achieve this goal we



could invest more money to stimulate fiscal controls on the different investments to prevent this phenomenon. But there is another important thing: in fact, money laundering takes place mostly in another State than that in which it committed the predicate offense, it is essential that the fight against money laundering is internationally coordinated, so as to avoid as far as possible to be created empty legislative and judicial. This coordination may be possible by standardizing national regulations and for this purpose international standards have been adopted to provide a basis for national regulations.

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**Topic II:**

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