Security Union: Commission welcomes agreement on its proposal to tackle illicit cash flows

The reinforced rules complement the EU's anti-money laundering rules and form part of the European Agenda on Security and work to fight the financing of terrorism. Today's decision was taken following a final round of negotiations this evening in Brussels.

Putting tighter controls on large cash flows strengthens the capacity of the EU to tackle money laundering, fight terrorism and organised crime, making it harder for terrorists and criminals to finance their activities. Cutting off the sources of financing is one of the most effective ways to stop potential terrorist attacks and criminal activities in the EU and worldwide.

Welcoming the political agreement, Pierre **Moscovici**, Commissioner for Economic and Financial Affairs, Taxation and Customs, said: *"We are going further than ever before in the fight against money laundering and terrorism, with the aim of ensuring a safer society. We are responding to the expectations of our citizens, who are understandably outraged by the criminals and terrorist activity on our soil. I welcome today's agreement to curb the circumvention of cash controls at the EU's external borders."*

While the measures agreed today will help to ensure that illicit cash flows cannot find their way to criminals operating in the EU, they do not impose any restrictions on levels of cash payments in Member States.

The main elements of the new rules will:

- **Tighten cash controls** on people entering or leaving the EU with €10,000 or more in cash;
- Enable authorities to **act on amounts lower than the declaration threshold** of €10,000, where there are suspicions of criminal activity;
- **Improve the exchange of information** between authorities (Customs and Financial Intelligence Units) and Member States;
- **Extend customs controls to cash sent in postal parcels or freight shipments, to prepaid cards and to precious commodities** such as gold, which are not currently subject to customs control..

Background

Current rules on the movement of cash in and out of the EU, known as the 'Cash Controls Regulation', apply since 2007 and are an integral part of the EU's Anti Money Laundering (AML) and Terrorist Financing (TF) framework. Under this legislation, travellers entering or leaving the EU are legally obliged to declare amounts of cash valued at €10,000 or more (or its equivalent in other currencies or bearer negotiable instruments) to customs authorities. Today's agreement extends this obligation to commodities such as gold and prepaid cards.

Recent events have shown that terrorists have managed to find ways to circumvent the rules on cash controls. Criminal organisations whose illicit activities generate large volumes of cash should not be able to take advantage of loopholes in the current system to move and launder their money.

Next steps

The provisional agreement must now be formally approved by the European Parliament and the Council of the EU. Following approval, the regulation will be published in the EU's Official Journal and enter into force 20 days later.

For more information

FACTSHEET: Security Union – A Europe that protects

MEMO on the Commission's proposal to update EU rules on cash controls (December 2016)

Commission web page on cash controls