ADVISORY

Understanding Money Laundering Risks in the Conflict Gold Trade From East and Central Africa to Dubai and Onward

By Sasha Lezhnev and Megha Swamy

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Executive Summary

This advisory highlights the money laundering risks stemming from the flow of conflict gold from four sub-Saharan African countries affected by armed conflict and corruption—the Democratic Republic of Congo (DRC), South Sudan, Sudan, and Central African Republic (CAR)—with a focus on risks in Dubai, United Arab Emirates (UAE), the destination point for an estimated 95% of gold from East and Central Africa.[1] Because gold is easily smuggled in high volumes, it is frequently used as a money laundering vehicle by armed groups, criminal networks, and corrupt actors, who can then mask its origins by melting it together with other gold.[2]

The record-breaking rise in world gold prices in recent years has driven a new artisanal gold mining and refining rush in conflict-affected and high-risk areas in East and Central Africa.[3, 4, 5, 6] Annually, over $3 billion in gold mined in the affected regions, including conflict gold from which armed groups and army units profit, reaches international markets in the United States, Europe, Asia, and the Middle East,[7] according to investigations by The Sentry and other organizations.[8]

Nearly all of this gold is first imported to Dubai, UAE, which has rapidly risen over the past 20 years to become one of the world's largest gold trading centers, particularly for artisanal and small-scale gold from sub-Saharan Africa, Latin America, and South Asia.[9] Artisanally mined gold from the DRC, South Sudan, and CAR is mainly smuggled or exported to one of six neighboring countries—Uganda, Rwanda, Cameroon, Kenya, Chad, or Burundi—before being exported to Dubai. Sudan mainly exports directly to the UAE.[10, 11]

The Financial Action Task Force (FATF),[12] the Organisation for Economic Co-operation and Development (OECD),[13] and gold industry associations such as the London Bullion Market Association (LBMA) have highlighted the financial crime and supply chain risks associated with the trade in gold from conflict and high-risk areas,[14] as have media and civil society reports. Yet a number of policy and regulatory loopholes and shortcomings in the UAE's anti-money laundering and countering the financing of terrorism (AML/CFT) regime have allowed for the trade in conflict and high-risk gold to flourish. Understanding the conflict gold trade and its associated predicate offenses and financial crime risks, particularly in the UAE, will help financial institutions; policymakers; law enforcement agencies; refiners; and electronics, jewelry, and other companies to more effectively address risks and disrupt the illicit flows fueling violence and corruption in East and Central Africa. Meanwhile, there is a small but growing conflict-free gold sector that benefits artisanal mining communities in the region and requires significantly increased support, both in policy changes and funding, to help formalize and incentivize responsible, conflict-free artisanal mining.[15]

Summary of recommendations

- The UAE government should close the regulatory loopholes that allow for trade in conflict and high-risk gold. The US government, the European Union (EU), and gold industry actors such as the LBMA should engage the UAE's authorities to require proof of payment for gold being imported into the country, require all gold refiners with a presence in the UAE to undergo independent, third-party audits, and ban cash transactions for gold above small amounts.
- The UAE government should address priority issues from the latest FATF evaluation relevant to the conflict gold trade.[16] These include increasing the collection and use of financial intelligence; better educating designated non-financial businesses and professions (DNFPBs) on suspicious

transaction monitoring and reporting obligations; implementing better mechanisms to allow for investigating cases of suspected money laundering; and enhancing understanding of "immediate and pressing" threats,[17] such as the foreign proceeds of crime.

- Gold refiners and electronics, jewelry, and automotive companies should conduct enhanced due diligence on their suppliers and refer to the red flags in the FATF gold typology report, as well as those listed in this advisory, to assess risks when purchasing gold from the UAE.[18]
- Financial institutions should carry out enhanced due diligence on customers who deal in gold, including miners, refiners, jewelry shops, and gold traders. This should include enhanced transaction monitoring in line with a risk-based approach, particularly around related-party transactions and for payments to or from countries listed in this advisory as source, transshipment, or destination.

Mining Gold: Corruption and Armed Control

Gold continues to fuel armed conflict and corruption in CAR, eastern DRC, Sudan, and South Sudan, where armed groups, criminal networks, and army units that profit from gold have massacred civilians, engaged in mass rape, and embezzled hundreds of millions of dollars.[19] Millions of men and women work in artisanal mines in the region—an estimated 250,000 miners in eastern DRC alone—and artisanal gold is an important source of livelihood for them and for their communities.[20] While there is a burgeoning conflict-free, responsible trade, miners are also very frequently exploited by corrupt officials, criminal traders, armed units, and poor government policies.[21]

The Democratic Republic of Congo

An estimated 10 to 20 tons of gold is smuggled out of the DRC each year, or an estimated $300 to $600 million.[22] According to the United Nations (UN), conflict gold provides the largest source of revenue to armed actors in the conflict in eastern DRC.[23, 24] Through raiding of mines, illegal taxation, and collaboration with smugglers, these groups capture profits from artisanal mines to keep themselves funded.[25] As of the most recent survey in 2016, 71% of artisanal gold miners in eastern DRC worked at mines controlled by armed actors, including DRC army units and armed militias.[26]

Central African Republic

In CAR, where in recent years gold production has significantly increased to an estimated 5.7 tons per year (worth approximately $235 million),[27] various armed groups control the gold mines in the western and eastern parts of the country with little to no state authority.[28, 29] Central African government agencies estimate that 90% of the gold produced continues to be trafficked out of the country.[30]

Sudan

Sudan's Energy and Mining Minister Adil Ibrahim estimated Sudan's 2018 gold production at 93 tons, which would make the country the third-biggest gold producer in Africa.[31] However, a sizable portion of Sudan's gold, including both artisanal and industrial production, is linked to violence. Non-state armed groups, including the Sudan Liberation Army-Abdul Wahid (SLA-AW) and the Sudan People's Liberation Movement-North (SPLM-N), have found new sources of financing in recent years by engaging in artisanal mining,[32, 33] and companies linked to security agencies have established a growing presence in the artisanal and industrial mining sectors and a controlling position in the business of trading and exporting gold.[34]

South Sudan

In South Sudan, armed groups "exploit, tax, and trade gold," according to the UN.[35, 36] Two of the largest armed opposition groups in South Sudan, the Sudan People's Liberation Movement/Army in Opposition (SPLM/A-IO) and the National Salvation Front (NAS), confirmed to the UN that they mine gold for themselves and tax civilians partaking in gold mining, using the proceeds to finance their efforts against the South Sudanese government.[37]

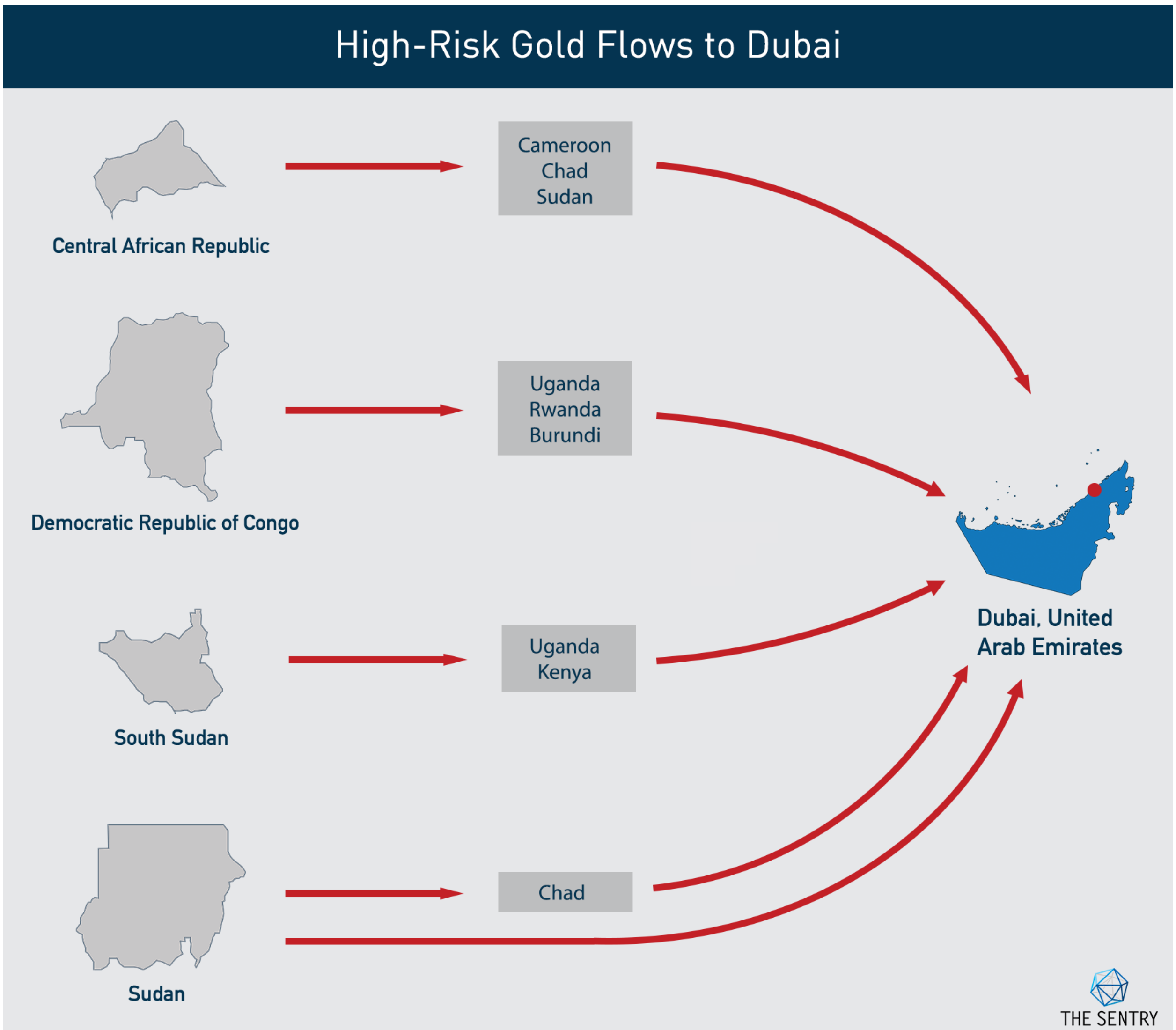
The Effects of the Conflict Gold Trade on Civilians in East and Central Africa

Country	Armed group or military unit benefiting from conflict gold	Alleged human rights violations
Sudan	• Rapid Support Forces (RSF) • General Intelligence Service (GIS, formerly the National Intelligence Security Service, or NISS) • Sudan Armed Forces (SAF)	Civilian killings, sexual violence, forced displacements, unlawful detentions, torture of detainees[38, 39, 40, 41]
DRC	• Nduma défense du Congo-Rénové (NDC-R) • Mai-Mai Yakutumba • DRC army units • Mai-Mai Malaika • Raia Mutomboki[42]	Sexual violence, massacres of civilians, forced displacement, child soldiering, forced labor[43, 44, 45, 46]
CAR	• Union pour la paix en Centrafrique (Union for Peace in CAR, or UPC)[47] • Front populaire pour la renaissance de la Centrafrique (Popular Front for the Rebirth of the Central African Republic, or FPRC) • Mouvement patriotique pour la Centrafrique (CAR Patriotic Movement, or MPC) • Front démocratique du peuple centrafricain (Democratic Front of the Central African People, or FDPC) • anti-Balaka militias[48]	Killings of civilians, humanitarian aid workers, and peacekeepers; child soldiering; sexual violence; torture[49, 50, 51, 52, 53]
South Sudan	• SPLM/A-IO and NAS[54]	Child soldier recruitment, sexual violence, forced displacement[55, 56, 57]

Transporting and Refining Gold: Supply by Smuggling to Neighboring Countries

Neighboring countries to CAR, the DRC, South Sudan, and Sudan are the next main stops along the conflict gold supply chain.

A vast majority of the gold is first traded or trafficked to border cities and then to neighboring countries before making its way mainly to the UAE. Sudan is an exception, with the majority of its gold reaching the UAE directly.



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By moving the gold covertly across borders, smugglers are able to conceal the gold's connection to armed groups or army units as it enters formal markets for the first time. In these neighboring countries, refiners, aggregators, and traders who source gold from smugglers may contribute to that concealment by not conducting proper due diligence to determine the origin of the gold.[64, 65, 66]

Significant discrepancies in trade statistics reinforce the presence of smuggling and trade-based money laundering in the regional gold market. Little gold is officially exported from the main producing countries in the region,[67] with the exception of Sudan, yet over $2 billion in gold is exported to the UAE annually from the neighboring countries.[68]

Discrepancies in Gold Trade Statistics[69]

Country	Estimated domestic annual gold production	UAE gold imports (2018)[70]
Uganda	3 tons[71, 72, 73]	29.8 tons ($1.1 billion)
Rwanda	0.03-0.36 tons[74, 75, 76]	18.1 tons ($637 million)
Cameroon	0.8-1.8 tons[77, 78]	11.7 tons ($415 million)
Kenya	0.3 tons[79]	3.2 tons ($111 million)
Burundi	0.5 tons[80]	3.1 tons ($115 million)
Chad	0.014 tons[81]	4.5 tons ($136 million)

Significantly, the UAE has recorded importing far more gold from these countries than the countries themselves are reporting. For example, Sudan officially exported approximately 151,457 kilograms (kg) (152 tons) of gold to Dubai between 2010 and 2014, but Dubai reportedly received approximately 248,342 kg (248 tons) from Sudan during the same period,[82] suggesting that at least 39% of the country's gold was smuggled during the five-year period. Of the 107,000 kg (107 tons) produced in Sudan in 2017,[83] statistics from the Central Bank of Sudan only account for 37,517 kg (37.5 tons) in official exports.[84] Trade economists have said that this type of behavior is a red flag for illicit activity.[85]

Risk factors in neighboring countries

The Sentry has identified three risk factors for potential trade-based money laundering in these neighboring countries: major gold tax discrepancies between the producing countries and their neighbors, new high-risk refineries that have not undergone or passed conflict minerals audits, and corruption and weak controls at borders and airports.

Gold tax or official price discrepancies

In several cases, stark disparities in gold export taxes or official government prices between producing and neighboring countries incentivize smuggling. For example, the DRC taxes gold at 9-13%, which is one of the highest rates in the world, but neighboring Uganda and Rwanda have 0% and 0.5% gold export taxes, respectively.[86, 87, 88] Similarly, CAR's gold export tax rate is 5.25%, whereas Cameroon charges about half that, at 2.5%.[89] In Sudan, smuggling may have increased due to the Central Bank of Sudan's policy of buying gold from artisanal miners at prices lower than those of the international gold market.[90] Price and tax issues are not major risk factors in South Sudan.

High-risk refiners

Several new high-risk refiners or gold aggregators have opened in East and Central Africa,[91] particularly in Uganda, Rwanda, Cameroon, and the DRC. Today, "as many as 26 [refiners] are now either operating or under construction across 14 countries from Mali to Tanzania, including in states which mine little gold at home."[92] According to data from the Responsible Minerals Initiative (RMI), however, none of the refiners in East and Central Africa have undergone or passed independent third-party audits on conflict minerals in line with internationally accepted due diligence standards.[93] This includes audits by independent third-party auditors in line with OECD due diligence guidance or the auditing programs of the LBMA or the RMI. Similarly, the International Conference on the Great Lakes Region (ICGLR) has reported that gold refiners in the region have not participated in or passed their third-party audits.[94]

Gold Refiner Audits

Refiners melt together gold from different sources, making it difficult to trace the gold back to its point of origin once it has been refined. Independent third-party audits of refiners in line with internationally accepted OECD standards are central to the global fight against conflict gold and other minerals, as they provide a chokepoint in the supply chain to identify the origin of the minerals being refined and to conduct due diligence on them. [95]

Weak controls at border points

Most of the gold smuggled from producing countries in East and Central Africa is hand carried and transported by road or by air on commercial flights,[96, 97, 98] and so weak airline baggage policies and the corruption of customs and other border and airport officials are further risk factors in the region.[99]

The UN Group of Experts on the DRC reports that couriers with gold in their hand luggage are not checked for proper documentation and identification at Entebbe Airport in Uganda. In 2018, the Group of Experts "confirmed that, in Entebbe Airport, companies sell empty seats. As previously documented, empty seats are used by smugglers to transport gold concealed in hand luggage."[100] In South Sudan, smugglers have been noted to fly through Juba International Airport to Dubai with gold in their hand luggage,[101] while in Sudan, several senior officials under the previous regime of Omar al-Bashir have pointed to Khartoum International Airport (KIA) as the main outlet for smuggling the bulk of Sudan's gold production.[102] The problem persists even under the transitional government, which ordered the establishment of a technical committee to implement immediate measures, including tightening security, to curb gold smuggling through KIA.[103]

Additionally, Rwandan customs and border controls remain insufficient in identifying smuggled gold as it leaves the country, according to the UN. Customs officers in Rwanda frequently do not question the authenticity of presented documents, despite the prevalence of forged documents.[104]

Similarly, smugglers moving gold by road to Uganda from Butembo and Bunia in the DRC have described using fraudulent export documents and bribing customs officials in the DRC to get across the border,[105, 106] noting that they were often not required to show papers in Uganda.[107]

Dubai, UAE: Hub for Conflict Gold

The UAE is by far the biggest destination for artisanal and small-scale gold from East and Central Africa, importing an estimated 95% of officially exported artisanal and small-scale gold from the countries highlighted above.[108] From the UAE, the gold is sold onward, mainly to India, Switzerland, and the Middle East.[109] The gold reaches Western companies and consumers as jewelry and in cars and electronics, according to recent corporate filings,[110] and it reaches India, China, and the Middle East as jewelry.[111]

The UAE's regulatory and AML/CFT shortcomings attract traders and smugglers of artisanal and small-scale gold from sub-Saharan Africa and other regions, as they can bring the gold in legally with minimal documentation. These shortcomings also allow several refiners and dealers to operate with minimal oversight.[112] The vast majority of artisanal gold is first sold in the Dubai Gold Souk, a large trading and jewelry market,[113] and then traded onward to refiners and jewelers.[114] As one recent nongovernmental organization (NGO) report stated, "The process of reselling ASGM [artisanal and small-scale gold mining] freely exported from red-flagged sources to Dubai jewelers and refiners (via the emirate's bustling souk) essentially launders illicit ASGM gold into a refined product that is acceptable to the world's most reputable gold hubs."[115]

Most gold enters the UAE from East and Central Africa in one of three ways. When exported from countries neighboring conflict zones—Uganda, Rwanda, Cameroon, Kenya, Chad, or Burundi—the gold is most frequently sold as bars directly to UAE-based refiners or as doré to traders in the Dubai Gold Souk.[116, 117] For example, of the 26.8 tons of gold (approximately $1.1 billion) exported from Uganda to the UAE in 2019, the majority (14.2 tons) was directly exported as gold bars, 10.6 tons were exported as doré ingots to jewelers, and 115 kg were exported via hand carry.[118] When the gold originates in producing countries, gold doré is typically smuggled to a neighboring country, flown to Dubai, and hand carried to the souk; this represents a much smaller percentage of the trade.[119]

Sudan provides the one exception, as it has a refinery,[120] and so it exports gold bars directly to UAE refiners. Still, in its final report for 2016, the UN Panel of Experts estimated that between 2010 and 2014, an estimated 96,885 kg of gold valued at $4.6 billion was smuggled from Sudan to the UAE.[121]

Regulatory weakness

Weak oversight and controls in the UAE allow for the smuggling and trade of conflict and high-risk gold. The Sentry has identified four key risk factors: weak customs controls, inadequate oversight of the gold souk, the continued allowance of large cash transactions, and inadequate oversight of refiners.

Weak customs controls for hand-carried gold

Hand-carried gold continues to be a loophole for smuggling gold from East and Central Africa into the UAE,[122] and Dubai Customs has failed to take the necessary steps to ensure the proper documentation of imported hand-carried gold. Customs frequently does not seek any documentation verifying the legality of the gold's import or proof of payment for the gold. On occasions when customs conducts checks, officials reportedly only verify that the boarding pass matches the name of the departure country.[123, 124] Gold traders have reported that they are able to misrepresent the origin of gold by presenting a boarding pass from a stop in a neighboring country, without having to show proof of origin or payment documentation.[125] Once through customs, jewelers have explained to the UN that only personal identification and a customs certificate are required to sell gold in the souk.[126, 127]

After proposals and discussions with the DRC, the UN Group of Experts, and Kuwait, the UAE established new procedures in 2019 to better monitor gold arriving in hand luggage, but the UAE government has yet to fully implement the procedures and proof of origin and payment are still not required.[128, 129, 130]

Inadequate oversight over souks

The UAE gold souks, particularly in Dubai, are major destinations for gold from conflict and high-risk countries in East and Central Africa, and government controls and company due diligence practices are weak in the souks.[131, 132, 133] There are official UAE due diligence requirements for souk gold dealers, but these are rarely enforced.[134] Many souk dealers falsely record purchases as scrap, according to recent reporting,[135] and research by the organization IMPACT found that many gold dealers in the Dubai Gold Souk were not interested in checking the provenance of the gold, including 10 who said they would buy hand-carried gold with no questions about its origins.[136]

Allowance of large cash transactions

Despite the large volume of gold being imported from high-risk countries, the UAE continues to allow gold transactions to take place in cash or barter, making traceability for that gold next to impossible. A large number of gold transactions in the Dubai souk are made in cash, but cash transactions are not limited to the souk.[137] Some large-scale refiners have dealt in cash, as well.[138] The 2020 FATF mutual evaluation of the UAE identified that the government needs to improve on cross-border movements of cash and precious metals.[139]

Inadequate oversight over refiners

The UAE has a number of high-risk refiners that have not undergone independent audits on conflict minerals issues: there are 11 main refiners based in the UAE and nine of them have not passed the third-party audits.[140, 141] Most gold refiners in the country now have internal policies prohibiting the purchase of hand-carried gold or gold directly imported from high-risk countries, following reports by the UN Group of Experts and controversies in the 2000s. However, several sources claim that many of the refiners still source from jewelers and gold traders in the gold souks in Dubai and the other emirates.[142, 143, 144, 145] A limited number of UAE-based refiners have developed policies to cease sourcing from the Dubai souk, but many UAE-based refiners continue to source from it and trade with one another.[146]

The UAE also does not require all refiners to be audited according to international due diligence standards on conflict and high-risk sourcing.[147] In fact, only two UAE-based refiners have passed third-party audits by the Dubai Multi-Commodities Centre (DMCC).[148] Importantly, these two refiners have also passed third-party audits by the electronics industry Responsible Minerals Initiative.[149] The DMCC recommended in 2019 that all UAE-based refiners (including non-DMCC members) conduct supply chain checks in line with DMCC due diligence guidance, but this has not yet been implemented.[150]

The Dubai-based gold refining giant Kaloti Jewelry Group was highlighted in the recent International Consortium of Investigative Journalists' (ICIJ) "FinCEN Files" leaks. According to ICIJ's reporting, "The Dubai-based conglomerate had become a key cog in the dirty gold trade, buying the precious metal from sellers suspected of laundering money for drug traffickers and other criminal groups, a U.S. Drug Enforcement Administration-led task force determined. Kaloti often paid in cash — sometimes so much it had to be hauled in wheelbarrows — and wired money for suspect clients to other businesses, investigators believed." While the ICIJ report acknowledged that the US government has declined to proceed with either charges or a designation against Kaloti, it alleges that the cash payments to suppliers were reportedly worth millions of dollars. Between 2007 and 2015, several banks filed suspicious activity reports with the US Department of the Treasury's Financial Crimes Enforcement Network (FinCEN), flagging over $9 billion in Kaloti-related transactions.

Additionally, ICIJ reported that according to a former partner at the firm then known as Ernst & Young, auditors "discovered that Kaloti had purchased gold from Sudan — where the precious metal has financed a militia group under investigation for genocide — without properly vetting its suppliers." A Kaloti spokesperson quoted by ICIJ said that the company "vehemently denies any allegations of misconduct" and has never "knowingly engaged with any criminal or criminal group." The spokesperson further stated that "the company has not been found by any regulators, international bodies or auditors to have conflict minerals, 'or even the likelihood of such,' in its supply chains."[151]

Red Flags

The Sentry's investigations on the trade in conflict and high-risk gold from East and Central Africa to the UAE have highlighted a number of red flags specific to this supply chain. These red flags can be useful to law enforcement, regulators, financial institutions, and refiners in understanding the conflict and high-risk gold trade to the UAE and the associated money laundering risks. These build on and complement the FATF-issued comprehensive red flags for money laundering and underlying predicate crime activity in the wider gold trade.[152]

Red flags associated with dealing in conflict gold from East and Central Africa include the following:

Predicate crime activity indicators

- Hand-carried gold worth large amounts from conflict-affected and neighboring countries in East and Central Africa
- "Cash payments for high-value orders"[153]
- Lack of or fraudulent provenance, payment, import, or export documentation, including the use of false certificates of origin
- "The development of mining activities in prohibited areas"[154]
- "Gold is shipped to or from a jurisdiction designated as 'high risk' for money laundering activities or sensitive / non co-operative jurisdictions"[155]
- "Natural person or business sells gold saying that it comes from a place with no extraction license or from places with no gold mines"[156]
- "Production and commercialisation of gold by a person or business without a license"[157]
- "The development of mining activities without compliance with the administrative, technical, social and environmental regulation"[158]
- Gold comes from countries that neighbor countries affected by armed conflict and corruption, including those where mines are controlled by armed actors and there is little to no state authority
- Gold comes from countries where illegal taxation, raiding of mines, and collaboration with smugglers are commonplace
- Corruption and weak controls at borders and airports
- Gold is transported via countries where it is commonplace to bribe customs officials and security agents at airports

Trading behavior

- Sourcing gold from souks in the UAE
- "Natural person or business sells gold saying that it comes from a place with no extraction license or from places with no gold mines"[159]
- Ease of resale of artisanal and small-scale gold that is freely exported from red-flagged sources
- Recording of purchases as recycled gold or scrap
- Paying in cash for gold

Product differentiation

- "The bullion has physical characteristics that are inconsistent with industry standards"[160]
- "Gold prices higher than those of the local gold market"[161]

Company behavior

> "Non-reporting to the FIU [financial intelligence unit] by the gold industry organisations (where there is an obligation to report)"[162]
> "Changes to business name of entities registered to deal in gold"[163]
> "Registration of a trading company in a tax haven even though its business relates to another jurisdiction"[164]
> "No clarity of how the company transports the merchandise it has bought"[165]
> Complex ownership structures with foreign affiliates
> Companies involved in the import and export of gold linked to security agencies
> Persons involved in companies are part of armed groups or military units responsible for alleged human rights violations
> Ownership by known associates of foreign politically exposed persons (PEPs)
> Little to no evidence that gold refiners, aggregators, or traders have conducted due diligence on the origin of the gold
> Lack of or failing independent third-party audits
> Lack of adequate due diligence policies and procedures for sourcing high-risk gold
> Lack of documentation of payment or origins for high-risk artisanal and small-scale gold

Recommendations

The UAE government should close the regulatory loopholes that allow for the trade in conflict and high-risk gold by implementing reasonable steps in line with international best practice. The US Departments of the Treasury and State, the EU, and gold industry actors such as the LBMA should engage the UAE's authorities to implement these measures, which include:

- **Customs documentation requirements:** UAE Customs should require proof of payment for gold being imported into the country. This would significantly improve traceability and help authorities, financial institutions, and refiners conduct greater due diligence on the origins of the gold. Customs should also require all persons importing gold to declare the party to whom they plan to sell the gold and to provide evidence of how they paid for the gold and to whom the payments were made. All payments should be made to the owners of the gold, not to third parties.
- **Audit requirements:** The UAE Central Bank should require all gold refiners with a presence in the UAE to undergo a third-party audit that includes due diligence on high-risk and conflict-affected gold in line with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and the DMCC's Dubai Good Delivery rules. This would enable international customers to buy more confidently from the emirates. Additionally, requiring refineries that failed their audits to still be bound by DMCC Dubai Good Delivery rules would increase business credibility.

- **Banning cash transactions:** The UAE Central Bank should ban all cash and barter transactions for gold above small amounts, such as 5 kg. This would increase the transparency and traceability of the trade, allowing banks and the UAE government to have greater oversight. This is a reasonable step, as gold traders of any significance who travel to Dubai have bank accounts, as do souk gold dealers.

Furthermore, in its latest evaluation of the UAE's AML/CFT regime, the FATF laid out priority actions for the UAE government to implement in order to address domestic shortcomings.[166] Several of these measures can also directly address the trade in conflict gold from East and Central Africa, including taking steps to:

- Increase the collection and use of financial intelligence, including by customs officials
- Better educate designated non-financial businesses and professions (DNFPBs), including dealers in precious metals and stones, on their suspicious transaction monitoring and reporting obligations
- Implement better mechanisms to allow for investigating cases of suspected money laundering in the movement of cash or precious metals and stones
- Enhance the UAE's understanding of "immediate and pressing" threats,[167] such as the foreign proceeds of crime
- Harmonize the country's corporate registries

Additionally, refiners and electronics, jewelry, and automotive companies should conduct enhanced due diligence on their suppliers and refer to the red flags in the FATF gold typology report, as well as those listed in this advisory, to assess risks when purchasing gold from the UAE.[168]

Financial institutions should carry out enhanced due diligence on customers who deal in gold, including miners, refiners, jewelry shops, and gold traders. This should include enhanced transaction monitoring in line with a risk-based approach, particularly around related-party transactions and for payments to or from countries listed in this advisory as source, transshipment, or destination. Financial institutions should remain vigilant of any red flags and report suspicious activity to local financial intelligence units as appropriate. This would ensure that they are not inadvertently aiding in laundering the proceeds of conflict gold.

Conclusion

International regulations, due diligence standards, and industry auditing programs established over the past decade to combat the conflict gold trade have improved awareness; however, serious problems remain.

Increased awareness and action by UAE authorities, as well as by private sector and banking entities that purchase gold in and from the UAE and process related transactions, will be crucial to disrupting the conflict and high-risk gold trade and supporting the trade in responsibly mined, conflict-free gold. Without more attention and action, the conflict and high-risk gold trade will continue to pose risks to the international financial system while fueling war, grave human rights violations, and corruption in East and Central Africa.

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