

## **Sanctions Farce: The US' Move to Steal the Afghan People's Money**

The Biden administration's decision to freeze \$ 7 billion of Afghanistan's assets, which has pushed the country into a deeper economic and humanitarian crisis, is widely decried.

The United States, which is responsible for the current crisis in Ukraine, announced today a \$1 billion humanitarian aid fund and additional \$ 320 million for democracy and human rights funds to Ukraine and its surrounding countries. On the other hand, the UNITED STATES, which invaded and ward for two decades and destroyed Afghanistan, the Joe Biden administration took the decision to freeze \$ 7 billion in assets belonging to Da Afghanistan Bank (DAB), Afghanistan's central bank, parked in the Federal Reserve Bank of New York.

US President Joe Biden issued an executive order invoking emergency power to freeze money that belongs to the people of Afghanistan. Afghanistan has another \$ 2 billion similarly invested in European banks. This money, too, cannot be withdrawn by the Afghan government because of the US sanctions on the Taliban. Until last year, DAB used to withdraw funds from these accounts regularly to ensure liquidity and stabilise the bank rate in the country.

The Biden administration also announced that it would be seeking permission from a court to move \$ 3.5 billion of the frozen monies to compensate the families of the victims who perished in the September 11, 2001, terror attacks on New York. In September 2021, a group of 150 relatives of the US victims of the attacks succeeded in getting a judge in New York to pass an order to serve "a writ of petition" to seize the Afghan accounts in the Federal Reserve Bank of New York. The Biden administration, invoking presidential prerogative and "national interests", intervened and told the court that only half of the assets would be seized and distributed to the kin of the victims who had sued and the rest of the money in a trust fund intended to help the people of Afghanistan. Some \$ 0.5 billion of the amount seized belongs to commercial banks where the savings of Afghan citizens were deposited.

The Taliban, which seized power in 2021, has not interfered with the working of the DAB, which was designed by US economists. It has retained the governing board that the previous government had put in place. Two US citizens continue to serve on the governing board. Also, the Taliban has not changed the banking laws.

Shah Mehrabi, an economics professor in a US college and serves on the central bank's supreme council, said: "All the foreign exchange reserves that are in the US and Europe belong to the Afghan people. The decision to release only part of the funds will

continue to hurt millions of Afghan children, women and families who are suffering one of the worst humanitarian crises in the world.”

### **Questionable Decision**

Some relatives of the victims of the September 11 attacks have openly disagreed with Biden’s decision to expropriate a poor country’s scarce foreign exchange reserves. They have said that all the money should go to the people of Afghanistan. As it is, the victims of the attacks have already received significant compensation, over \$ 2 million per victim, from the US government. Barry Amundson, who lost his brother in the September 2001 terror strike on the Pentagon, told media persons that he would have preferred all the money to go to the suffering people of Afghanistan. He said that it would be a betrayal of Afghans if the money is given to families of the September 11 victims. The September 11 attacks may have been planned in Afghanistan by Al Qaeda’s top leadership, which was based there at the time. But the Taliban, according to most counter-terrorism experts, could not have been privy to the plot. Fifteen of the 19 persons involved in carrying out the September 11 attacks were Saudi nationals.

The Biden administration’s move will further undermine the stability of the banking system in Afghanistan. The Biden administration seems to have forgotten that the government that ran the economy to the ground was a US-backed one. The corruption and mismanagement were going on right beneath the watchful Americans. After taking power in Kabul, the Taliban government immediately asked for the funds to be transferred back to its central bank. The US sanctions imposed on the country after the Taliban’s takeover made things worse for the Afghan people. With access to international financial institutions cut and the government coffers empty, the Taliban government was in desperate need of cash infusion.

### **Impact on Society**

The financial strain is impacting, among other areas, the country’s health infrastructure too. It is on the verge of collapse as doctors and nurses have not been paid for months. According to reports, 90 per cent of the country’s health clinics will be forced to shut down in the coming months owing to a lack of funding and medical supplies. The banks in the country have virtually run out of foreign currency and the value of the Afghan currency has depreciated by more than 25 per cent since the Taliban took over. The International Monetary Fund (IMF) said that since the freezing of the country’s reserves, “cash shortages and loss of corresponding banking relationships have crippled Afghan banks”. Most of the Afghan population is currently unemployed and hungry. Aid organisations are saying that more than a million Afghan children are in danger of dying of hunger if urgent food aid does not materialise. In rural areas, where the majority of the population lives, most of the farmers have stopped cultivating their holdings.

Antonio Guterres, UN Secretary-General, told the UN Security Council in January that Afghanistan “was hanging by a thread”, and called on all member states to suspend all sanctions that impede the delivery of humanitarian relief to the country. The UN also appealed to international donors seeking \$5 billion in aid to ward off a humanitarian disaster.

The Taliban government had repeatedly requested the US government to lift the draconian sanctions it had imposed on the country and release the central bank's frozen funds that the country so desperately needs. After Biden announced his decision to unilaterally give half of the DAB's monies to the families of the September 11 attack victims, the Taliban warned that it would reconsider its policy towards the US unless the money belonging to Afghanistan was returned. The Taliban government reiterated that Afghans had nothing to do with the September 11 attacks. Mullah Yaqoob, Afghanistan's acting Defence Minister, said: "No Afghan was involved in that incident at all." He is the son of the Taliban's founder, Mullah Mohammed Omar. Residents in Afghanistan are also shocked by the US move, especially the decision to give half of the money to the families of September 11 attack victims.

Khalid Zadran, the spokesman for the Afghanistan police force, said on Twitter that his countrymen will fight like they did for 20 years to get back the money frozen by the US as it was their right.

Some members of the US Congress have written to Biden saying that the "confiscation" of Afghanistan's currency reserves was plunging the country "deeper into an economic and humanitarian crisis". Senator Bernie Sanders urged the Biden administration in January to "immediately release billions in frozen Afghan government funds" to avert a humanitarian catastrophe and prevent the deaths of millions of people. But the Biden administration is unrelenting. Many Americans say that the US is now conducting its "forever war" in Afghanistan through economic sanctions and other means. Decades of civil strife and US occupation have left the country almost totally dependent on foreign aid and assistance for survival, at least in the short term.

As was widely predicted, the US' moves that led to blocking of funds and curtailing of aid precipitated the economic meltdown and complicated the situation created by the ongoing drought. The aim of the US sanctions is to alienate the public from the Taliban government by destabilising civil society. The US sanctions on Afghanistan are similar to those imposed by it on Cuba, Venezuela, Syria and other countries, with Russia being the latest entrant into the league.

Amir Khan Muttaqi, the acting Afghan Foreign Minister, exposing US hypocrisy on the issue said that the Biden administration "froze our assets and then told us it will provide humanitarian aid".

**Source:**

1. White House: Fact Sheet, March 24<sup>th</sup>, 2022.
2. Frontline: World Affairs, March 25<sup>th</sup>, 2022 issue.