

The I.M.F. says it will block Afghanistan from getting \$460 million in reserve funds.



By Alan Rappeport

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The International Monetary Fund said on Wednesday that it will block Afghanistan from accessing emergency reserves in the aftermath of the Taliban's swift takeover of the country.

The decision came as the fund was scheduled to disburse about \$460 million in emergency currency reserves to Afghanistan next week and followed pressure from the Biden administration to ensure that the reserves, known as Special Drawing Rights, did not reach the Taliban.

"There is currently a lack of clarity within the international community regarding recognition of a government in Afghanistan, as a consequence of which the country cannot access S.D.R.s or other I.M.F. resources," Gerry Rice, an I.M.F. spokesman, said in a statement, adding that its decisions are guided by the views of the international community.

Earlier on Wednesday, the Biden administration was working to prevent the Taliban from getting the reserves, a Treasury Department official said.

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The I.M.F. is funded with contributions by its 190 member nations, and the United States is the largest shareholder. So its opposition to the Taliban obtaining access to the reserve assets, known as Special Drawing Rights, carries significant weight.

The I.M.F., which was established after World War II to help stabilize the global economy, approved a \$650 billion allocation of currency reserves earlier this month as part of an effort to help developing countries cope with the coronavirus pandemic. The reserve assets, which can be exchanged for dollars or other currencies, are divided among countries, and Afghanistan was set to receive its share next week.

The swift toppling of Afghanistan's government by the Taliban put the I.M.F. in a difficult position. The agency is guided by its member countries, and if a government is not recognized as legitimate then it cannot gain access to existing or new S.D.R.s, according to a person familiar with the matter who was not authorized to speak publicly.

Canada, the European Union and Russia have said publicly that they are not ready to recognize the Taliban as the government in Afghanistan.

Jake Sullivan, the White House's National Security Adviser, said Tuesday that it was too soon to address whether the United States will recognize the Taliban as the legitimate power in Afghanistan.

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"Ultimately, it's going to be up to the Taliban to show the rest of the world who they are and how they intend to proceed," Mr. Sullivan said. "The track record has not been good, but it's premature to address that question at this point."

Understand the Taliban Takeover in Afghanistan

Who are the Taliban? The Taliban arose in 1994 amid the turmoil that came after the withdrawal of Soviet forces from Afghanistan in

1989. They used brutal public punishments, including floggings, amputations and mass executions, to enforce their rules. Here's more on their origin story and their record as rulers.

The United States remains engaged with the Taliban over the transfer of power in Afghanistan but has been careful not to let go of any leverage it has over the group.

The Treasury Department moved over the weekend to block access to \$9.4 billion of international reserves held by Afghanistan's central bank, most of which is stashed in accounts at the Federal Reserve Bank of New York.

There is precedent for the I.M.F. to block countries from their currency reserves. Earlier this year, the fund said that Venezuela would not have access to the \$5 billion of S.D.R.s that it would have received because of a dispute over the Maduro government's legitimacy.

The Biden administration backed the allocation of new S.D.R.s this year over the opposition of some Republican lawmakers who argued that the United States was giving money to adversaries such as Russia, China and Iran. Treasury Secretary Janet L. Yellen has dismissed that idea, arguing that the United States would not agree to exchange dollars for S.D.R.s with a country it considers to be a bad actor.

A group of lawmakers sent a letter to Ms. Yellen on Tuesday, urging her to intervene in the scheduled release of \$650 billion in International Monetary Fund emergency reserves.

"The potential of the S.D.R. allocation to provide nearly half a billion dollars in unconditional liquidity to a regime with a history of supporting terrorist actions against the United States and her allies is extremely concerning," they wrote.