Strategic Patience: Sustainable Engagement with a Changed Afghanistan

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Executive Summary

One year after the United States withdrew its military from Afghanistan, relations between the two countries are stuck in a holding pattern. The United States remains the single largest humanitarian donor to the people of Afghanistan, with over $774 million USD distributed since the Taliban takeover, but the United States maintains no diplomatic presence in the country — nor does it send official diplomatic envoys.¹

U.S. sanctions have not altered the Taliban’s calculus on human rights or ties with al-Qaeda. The Taliban has proved intransigent and unrealistic in its relations not only with Washington but with neighboring countries like Pakistan. Its senior leaders lack a coherent vision for the country and its emir remains reclusive.²

Future U.S. policymakers might be tempted to disengage diplomatically and economically from Afghanistan and instead rely primarily on “over-the-horizon” counterterrorism.³ The most likely consequence of this approach would be a more isolated and unstable Afghanistan, which in turn could foster an even more permissive environment for transnational terrorists. Consistent diplomacy tied to long-term U.S. security objectives is likely to produce incremental results at best, but is still preferable to diplomatic disengagement or military intervention.

This brief provides a concise background and analysis of the most pressing issues affecting U.S. interests in Afghanistan. It draws on open source data; interviews with government officials — including from the de facto Taliban government; and interviews with private analysts that were conducted remotely or in person — in the United States, Pakistan, and Qatar.

³ The contemporary meaning refers to conducting counterterrorism with limited to no conventional forces on the ground primarily through clandestine intelligence gathering and lethal strikes by unmanned aerial drones.
Broad policy recommendations

- The United States should work closely with regional countries, including Pakistan, India, Tajikistan, and Uzbekistan to ensure they are prepared to handle security challenges as they emerge. If the Joint Comprehensive Plan of Action (JCPOA) is revived, opportunities may emerge to engage Iran on Afghanistan. These should include routine dialogue, intelligence sharing, and capacity building, such as policing and border security. Washington should engage separately with India and Pakistan to bolster humanitarian aid and limited commerce to Afghanistan.

- The United States should reiterate mutual responsibilities under the 2020 agreement it signed with the Taliban in Doha, but recognize that it lacks effective enforcement mechanisms and therefore is better understood as an aspirational framework.

- Formal recognition of the de facto Taliban government should be withheld until it demonstrates a clear commitment to its counterterrorism responsibilities and respect for basic human rights, including for women. But Washington should place diplomats in Afghanistan either through the creation of an in-country Afghanistan affairs unit, whether based in the prior U.S. Embassy or inside a friendly third country’s diplomatic mission, or by sending temporary delegations to Kabul, as our allies have. This should be coupled with multilateral steps to remove the leadership’s travel privileges. It is important that U.S. officials interact with Taliban cabinet members in Kabul and other Taliban stakeholders based in Kandahar.4 Direct outreach by U.S. military officials and the intelligence community may have utility but it is not a replacement for a coherent civilian-led diplomatic strategy.

- Sanctions intended to target the Taliban as a non-state actor now extend far beyond their original scope, since they became the de facto government of

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Afghanistan. If not yet determined, the U.S. government should communicate what steps the Taliban must take to be de-listed as a Specially Designated Global Terrorist Group.

Introduction

Much of the responsibility for Afghanistan's diplomatic and economic isolation lies with the country’s new Taliban government. Afghan women, ethnic and religious minorities, former government officials, journalists, and anyone who dares to criticize the Taliban have suffered over the last year. The U.N. has estimated there are hundreds of al-Qaeda members in Afghanistan, in at least 15 provinces. However, the U.S. National Security Council released a memo claiming that less than a dozen core al-Qaeda members remain in Afghanistan today. The intelligence services of various countries have warned that the Taliban maintains a relationship with al-Qaeda, and al-Qaeda leader Ayman al-Zawahri was in a safe house held by the Taliban's Interior Minister when a U.S. drone strike killed him.

U.S. interests in Afghanistan are rooted in managing the threats of terrorism and regional instability. During the U.S.-led war in Afghanistan, many analysts erroneously, and even disingenuously, assumed that U.S. objectives were synonymous with the interests of the Afghan people. This led to inaccurate analysis at best. At worst, it resulted in empty promises by U.S. officials to the people of Afghanistan and unrealistic expectations by Afghan leaders. The analysis presented here accepts that short-term U.S. interests in Afghanistan are not currently, and never have been, perfectly aligned with the diverse interests of the Afghan people. However, the well-being, human


development, prosperity, and human rights of Afghan men and women are a necessary precursor to long-term security and stability.

The Taliban have managed to maintain territorial control and a relative monopoly on violence despite pockets of anti-Taliban resistance and continued terrorism attacks by the Islamic State in Khorasan Province (IS-K). The Taliban’s offer of blanket amnesty to former government officials and security forces is undermined by frequent reports of collective punishment, arbitrary detentions, and targeted killings.\(^7\) IS-K continues to terrorize Afghans and in particular targets the predominantly Shi’a Hazara ethnic minority. The human and civil rights of Afghan women have been severely restricted with the imposition of severe limitations on freedom of movement, removal from the workforce with few exceptions, and the continued ban on secondary schooling for girls.\(^8\)

**The United States and broader international community must develop an Afghanistan policy that is sustainable in the face of Taliban intransigence and ready to capitalize on fleeting moments of Taliban pragmatism.**

Afghanistan is also facing a gradual economic collapse. The country’s growth was propped up for 20 years by a war economy that supported industries such as construction and fuel transport, but hurt traditional agriculture. Historically unprecedented levels of aid and international attention were connected to the U.S.-led war effort and immediately declined when the Taliban assumed power. Afghanistan’s growth was not commensurate with its real economic potential. Relying on the altruism

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8 Afghan girls attend secondary school in some provinces and localities due to the intervention of the local community. Suhail Shaheen, head of the Taliban’s political office in Doha, claimed during an interview with the author that private secondary schools for girls also remain operational but the ultimate decision sat with the senior leadership. But the Taliban could reverse their decision to allow these exceptions at any moment since girls are afforded no official access to secondary education under the Taliban’s own arbitrary legal rulings.
of a fickle international donor community will set Afghanistan on the same course as other long-ignored countries with humanitarian catastrophes.

The Taliban government has the most agency to take tangible steps to reduce the suffering of Afghans. The international community is unlikely to bring significant influence to Taliban decision making in the short-term. The United States and broader international community must develop an Afghanistan policy that is sustainable in the face of Taliban intransigence and ready to capitalize on fleeting moments of Taliban pragmatism. Ultimately, Washington must prioritize broad relations with Afghanistan as a country rather than adopting a short-sighted focus on the political reality of the Taliban alone. The consequences of inaction will include putting thousands of Afghan lives at risk while undermining the security of both the region and the United States.

This brief assesses the risks of economic collapse, civil war, and transnational terrorist threats, followed by an updated policy framework to address these risks through diplomacy.

Risk of economic collapse and prolonged humanitarian disaster

Afghanistan’s economy was in desperate straits prior to the Taliban takeover and the subsequent departure of aid agencies. Afghanistan’s landlocked location, fraught relations with its neighbors, poor infrastructure, and high rates of illiteracy and innumeracy have for decades hindered its economic growth. Foreign grants accounted for 75 percent of public spending\(^9\) prior to the U.S. withdrawal, while urban poverty rose to 47.6 percent by 2019-20, compared to 41.6 in 2016-17, with poverty exacerbated by the COVID-19 pandemic.\(^{10}\)


The economy deteriorated further after the Taliban takeover. The United States immediately froze the country’s central bank (Da Afghanistan Bank or “DAB”) reserves, halted shipments of cash and temporarily ended humanitarian aid. Sanctions that the United States and U.N. had previously applied to the Taliban and Haqqani Network, as non-state actors, were now applied to them as the de facto government. Most qualified technocrats fled the country and were replaced by inexperienced Taliban loyalists. The Taliban government cabinet includes members of the Haqqani Network and at least 15 individuals sanctioned by the U.N.  

Rapid inflation followed the Taliban takeover. By January 2022 the price of wheat flour and diesel had increased by 52.7 percent and 40.3 percent since the last week of June 2021, just prior to the August collapse of the Afghan government. The price of bread, which is a staple for many Afghans, increased by 12.8 percent during the same period. As of the first week of August 2022, the price of wheat and diesel has increased by approximately 5 percent and 35 percent since January 2022. With drought, aid and investment flight, Taliban mismanagement, and economic isolation, Afghanistan risks becoming a failed state with universal poverty rates.

Taliban focused sanctions, comprehensive effect

The U.S. government was initially slow to act following the Taliban takeover, despite calls from Congress and the international aid community to prevent a humanitarian disaster. Since a designated terrorist group gaining control of an entire country is

11 Prime Minister Mohammad Hasan Akhund, Deputy Prime Minister Mullah Abdul Ghani Baradar, Second Deputy Prime Minister Abdul Salam Hanafi, Foreign Minister Amir Khan Muttaqi, Deputy Minister of Foreign Affairs Sher Mohammad Abbas Stanikzai, Interior Minister Sirajuddin Haqqani, Minister of Economy Qari Din Hanif, Minister for Haj and Religious Affairs Noor Mohammad Saqib, Acting Minister of Borders and Tribal Affairs Noorullah Noori, Minister of Higher Education Abdul Baqi Haqqani, Minister of Telecommunications Najibullah Haqqani, Minister of Refugees Khalil ur ahman Haqqani, Director of Intelligence Abdul Haq Wasiq, Minister of Civil Aviation and Transport Hamidullah Akhundzada, and Minister of Water and Energy Abdul Latif Mansoor.
15 See, for example, a letter to President Biden by members of the Congressional Progressive Caucus, December 20, 2021:
unprecedented, it was initially unclear if existing U.S. sanctions on the Taliban would apply to the new government or the entire jurisdiction of Afghanistan. On December 22, 2021, The Office of Foreign Assets Control (OFAC) published FAQ 951, which clarified that, “[i]n contrast to sanctions programs administered and enforced by OFAC with regard to North Korea, Cuba, Iran, Syria, and the Crimea region of Ukraine, there are no comprehensive sanctions on Afghanistan.” Nevertheless, the chilling effect of U.S. sanctions and a Taliban-led government have in effect subjected the country to comprehensive sanctions. Few countries or private sector entities have enough political or economic interest in Afghanistan’s economy to outweigh potential risks. This distinguishes Afghanistan from most other U.S. sanctions targets, which still receive foreign investment from other countries.

Limited sanctions relief

Since late September, OFAC has issued seven General Licenses (GLs) permitting personal remittances, various types of humanitarian aid and non-commercial development activities, and some commercial transactions (see Appendix A). For example, General License No. 19 permits certain transactions and activities involving the Taliban so long as they are “ordinarily incident and necessary” to carry out specified humanitarian and development projects which includes the “payment of taxes, fees, or import duties, or the purchase or receipt of permits, licenses, or public utility services.” These general licenses are self-executing — i.e., individuals or entities that wish to conduct activities pursuant to them do not require additional clearance from OFAC. But


Nothing in this brief is intended as legal advice or guidance related to sanctions or any other matter.
this provides little comfort to NGOs attempting to interpret the vague and ambiguous language of the GLs.

Sanctions have also added complexity to crucial cross-border trade between landlocked Afghanistan and its neighbors. The Afghanistan Pakistan Joint Chamber of Commerce and Industry reported that Afghan businesses are finding it difficult to sell exports to Pakistan, historically Afghanistan's second largest trading partner after India, due to sanctions that prevent the banking system from engaging in transactions with Afghan entities.\textsuperscript{21} Pakistan's place on the Financial Action Task Force (FATF) gray list makes its banking sector particularly risk averse concerning transactions with Taliban-led Afghanistan. OFAC initially addressed this by reiterating that no sanctions prohibit the export or reexport of goods to Afghanistan or flow of money so long as they do not involve sanctioned individuals or entities. Although commercial transactions were not technically subject to sanctions, when the Taliban assumed governing authority, commercial transactions were effectively restricted because any payments to the Taliban would have triggered the sanctions.\textsuperscript{22} Furthermore, the issuance of GLs permitting the payment of taxes and other fees related to humanitarian and development projects to the Taliban government implied that similar payments related to non-humanitarian or commercial activities were subject to sanctions.

\textbf{Policymakers must recognize that Afghanistan is effectively subjected to comprehensive sanctions, even if this is not legally the case.}

OFAC responded to this conundrum by issuing GL No. 20 on February 25, 2022. In practical terms, GL No. 20 does for commercial business what GL No. 19 did for humanitarian aid and development, opening up commercial transactions and


\textsuperscript{22} These payments would include incidental ones related to business such as taxes, customs duties, and licensing fees.
cross-border trade in Afghanistan by allowing for the kinds of incidental payments\textsuperscript{23} that are necessary to conduct business.\textsuperscript{24} However, neither of these GLs have fully overcome the chilling effect of powerful U.S. sanctions that instill more fear in law-abiding individuals and entities than those that flout them. Some humanitarian groups are accustomed to working in sanctioned jurisdictions, maintain close working relationships with the U.S. Treasury Department, and are motivated by a values-based mission that is willing to take on the sanctions risk. This is not necessarily true for private business and it is unclear that GL 20 has significantly alleviated the concerns of regional banks, let alone international financial institutions. Suhail Shaheen, head of the Taliban’s political office in Doha, claimed during an interview with the author that, while GL 20 produced a “positive” effect on the economy, many Afghan businessmen are still unable to utilize the international banking system for money transfers in and out of Afghanistan.\textsuperscript{25} Statements by analysts familiar with the regional banking sector suggest that most banks are too risk averse to take on transactions involving Afghanistan.\textsuperscript{26}

Policymakers must recognize that Afghanistan is effectively subjected to comprehensive sanctions, even if this is not legally the case. The effects of U.S. sanctions are felt far beyond their stated intent, as shown by the fact that Afghanistan, unlike Iran or Venezuela, offers little commercial incentive for investors and businesses to assume risk. In order to alleviate the stress on Afghanistan’s economy, the United States should devise a roadmap commensurate with specific and realistic Taliban actions that will allow it to rescind broad sanctions on the Taliban as an entity, while maintaining sanctions on individual members of the Taliban leadership, including the enforcement of previously lifted restrictions like the privilege of travel abroad. The primary victims of U.S. sanctions on the Taliban today are ordinary Afghans. As mentioned above, there is little evidence that sanctions have influenced the Taliban’s

\textsuperscript{23} Taxes, fees, or import duties, or the purchase or receipt of permits, licenses, or public utility services, provided that such payments do not relate to luxury items or services.


\textsuperscript{25} Remote author interview with Suhail Shaheen, July 2022. Shaheen noted that OFAC’s general licenses and GL20 in particular have produced a positive effect but that many banks are still unable or unwilling to transfer money into Afghanistan.

\textsuperscript{26} Author interview with individual familiar with Pakistan’s banking sector, March 2022.
behavior as an insurgency or government, or motivated them to break ties with al-Qaeda.

To punish the Afghan people for a foreseeable consequence of the U.S. decision to negotiate with the Taliban is nothing short of cruel.

The United States chose to negotiate with the Taliban and start the Doha process to extricate itself from Afghanistan. Achieving a political settlement to the war was an aspirational byproduct of this process which, if it had been successful, would likely have resulted in a new government inclusive of sanctioned senior Taliban figures. Even this best-case scenario would have required the United States to consider rescinding most sanctions on the Taliban. The collapse of the previous government was not an unforeseen possibility. India’s former ambassador to Afghanistan, Gautam Mukhopadhaya, argued early on that talks with the Taliban would provide Western governments the excuse that Afghans were offered an opportunity for peace but, “they squabbled amongst themselves and tore it up.”

To punish the Afghan people for a foreseeable consequence of the U.S. decision to negotiate with the Taliban is nothing short of cruel. Most importantly, sanctions on the Taliban as an entity do little to enhance U.S. security and may even undermine it. But their removal at this point will require significant actions by the Taliban to reassure the world they will not finance terrorism.

Liquidity crisis

The GLs issued by OFAC have facilitated some movement in humanitarian aid but are insufficient to address either U.S. sanctions or the broader liquidity crisis. Without liquidity the private sector cannot pay for imports and Afghan consumers cannot pay for

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basic necessities. With its foreign exchange reserves frozen, Afghanistan’s central bank is unable to maintain a balance of payments or regulate the national currency. No amount of aid can compensate for the loss of this function, and direct humanitarian aid is both inefficient and unsustainable over the long term. One prominent development economist with an area focus on Afghanistan concluded that “it makes little sense for the donor community to facilitate high-cost food imports via the World Food Programme while hindering commercial imports.”

As of January, some have indicated that cash injections of U.S. dollars into Afghanistan’s economy have gradually increased toward rates close to the Federal Reserve’s cash shipments into the country pre-August 15. However, Afghanistan’s economy finds itself in a kind of “liquidity trap,” whereby most money is hoarded or immediately exported rather than circulated within the economy. In February, the U.N. Development Programme in Afghanistan reported that it was unable to convert U.S. dollars deposited in the private Afghanistan International Bank into afghanis and therefore cannot withdraw cash to implement its programs on the ground. Moving money into Afghanistan is now more costly than ever, with one prominent global payments and foreign exchange company charging approximately 10 percent to move cash into Kabul and an additional 4 percent to reach Afghanistan’s provinces.

On February 11, 2022, President Biden signed Executive Order 14064, titled “Protecting Certain Property of Da Afghanistan Bank for the Benefit of the People of Afghanistan.”

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29 Author interview with Haroun Rahimi.
30 Author interview with William Byrd of the United States Institute of Peace, January 27, 2022. Byrd noted that WFP and other U.N. agencies are currently operating with very high overheads reflecting challenging conditions in Afghanistan.
31 Author interview with William Byrd.
34 Author interview with Graeme Smith of International Crisis Group, January 14, 2022. The international community has scrambled to provide basic food items and other humanitarian aid but even international NGOs with significant experience and networks inside the country find themselves hitting a wall due to “limited access to physical bank notes” and a “steep and sometimes prohibitive rise in transfer fees,” according to Smith. See also “Life and Death: NGO access to financial services in Afghanistan.” Norwegian Refugee Council, January 2022. https://www.nrc.no/resources/reports/life-and-death-ngo-access-to-financial-services-in-afghanistan/.
The executive order split in half the approximately $7 billion USD of Afghanistan's central bank foreign exchange reserves held in the United States. It set aside $3.5 billion in a consolidated account with the stated intention of facilitating access to those assets for the “benefit of the Afghan people.” It also left more than $3.5 billion of those funds to remain the subject of ongoing litigation by 9/11 plaintiffs in cases where the Taliban is a named co-defendant. Since this litigation is ongoing, President Biden's hands were effectively tied; denying those litigants their day in court would have potentially constituted a violation of their constitutional rights. In February 2022, U.S. Special Representative Thomas West indicated U.S. willingness to recapitalize Afghanistan's banking sector with $3.5 billion of the foreign exchange reserves set aside for the benefit of the Afghan people. This process was first hindered by serious concerns over the Taliban's willingness and ability to combat the financing of terrorism and money laundering. It was further delayed by the Taliban's decision to prohibit girls from attending school. The presence of al-Qaeda leader Ayman al-Zawahiri in Kabul has raised serious and legitimate concerns over whether the Taliban can be trusted with billions in foreign exchange reserves. One option would be to create a trust fund in a third country for limited disbursements; in late July, Reuters reported talks about this alternative were underway between the United States and Switzerland.

Providing sanctions relief and returning at least part of the foreign exchange reserves to Afghanistan's central bank, or an intermediary institution, should be a U.S. policy objective because it will help prevent Afghanistan from becoming a failed state. But it


requires the Taliban-led government to take certain actions, including verifiable counterterrorism assurances, demonstrating a real commitment to preventing money laundering, and basic respect for human rights. The Taliban have increased their revenues by reducing corruption at customs checkpoints, but this is not enough to run their government effectively or save the economy. Afghanistan’s economy would remain in crisis even with broad sanctions relief and a return of the frozen foreign exchange reserves.

Refugee crisis

The United States should encourage regional countries to streamline the process of granting some form of status to Afghan refugees which would allow the refugees to live dignified lives.

Economic hardship and fears over a Taliban-led government have led to a new surge in refugee outflows from Afghanistan. There are 2,070,956 Afghans registered as refugees in neighboring countries, according to the UNHCR, with 182,590 having left since the beginning of 2021. Of this figure, 62 percent are located in Pakistan and 37.7 percent in Iran. This places significant stress on regional host countries already facing high inflation and economic stagnation. The refugees have no path to fully legal status in either Pakistan or Iran, leaving them unable to work or build a future, and sometimes prompting them to return to Afghanistan out of desperation. A significant number of Afghan refugees entering Iran hope to reach Europe, which involves undertaking extremely dangerous journeys. Despite the significant risk of being deported from Europe and returned to Afghanistan, thousands make the journey out of desperation. The United States should encourage regional countries to streamline the process of


granting some form of status to Afghan refugees which would allow the refugees to live dignified lives. Washington can begin by improving its own process by which those who served alongside U.S. forces as interpreters apply for special immigrant visas.

**Risks of transnational terrorism and civil war**

Most assessments of the effect of a U.S. military withdrawal from Afghanistan predicted a period of protracted civil war, during which the Taliban would have a military advantage, but few imagined such a rapid collapse of the Afghan government and security forces. In the weeks following the dissolution of the Afghan National Security Forces (ANDSF) some former Afghan commandos continued fighting in the Panjshir valley — a historical stronghold of the anti-Taliban Northern Alliance that was never brought under the control of the first Taliban emirate. Nevertheless, by mid-September the Taliban took control of Panjshir, forcing resistance groups to reorganize outside Afghanistan.

The two most prominent resistance groups are the National Resistance Front (NRF) and Afghanistan Freedom Front. Other groups include the Afghanistan Islamist National and Liberation Movement and Unknown Soldiers of Hazaristan. The Taliban has faced recurrences of armed resistance in the Panjshir Valley, but these groups lack the supplies and numbers to hold territory. U.N., Western government, and NGO assessments of the threat these groups present to the Taliban's hold on power are sometimes exaggerated, especially when compared to past assessments of the ANDSF when they were in a far weaker position. Resistance groups unable to procure basic supplies are highly unlikely to present a challenge to the Taliban's monopoly on power.

IS-K may present the greatest threat to the Taliban. It does not have the capacity to hold territory, but by committing assassinations and acts of terrorism it threatens one of the

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45 For example, the UNSC assesses that “Taliban forces may be hard pressed to counter several insurgencies simultaneously.” United Nations Security Council. “Letter dated 25 May 2022 from the Chair of the Security Council Committee established pursuant to resolution 1988 (2011) addressed to the President of the Security Council.” 12.
Taliban’s core claims to legitimacy — i.e., the ability to provide security. But IS-K is also a phenomenon feared equally by the Taliban, regional countries, Europe, and the United States. Special Envoy Thomas West has said that in his assessment the Taliban are genuinely committed to fighting IS-K, but may lack the capacity. Preventing its spread is more important than any perceived benefit that could be gained by allowing IS-K to harass the Taliban. But a more cooperative relationship also requires the Taliban to create the necessary conditions. Taliban leaders have continued to downplay the threat of IS-K and ignore its real causes. Suhail Shaheen, head of the Taliban’s political office in Doha, claimed during an interview with the author that IS-K attacks were orchestrated by outside opponents of the Taliban but also largely inconsequential; intelligence assessments indicate the threat is homegrown even if its funding model remains opaque. U.S. officials said they indicated to the Taliban that they might be willing to share actionable intelligence about threats — in part to encourage less draconian choices — but the Taliban showed little interest.

The U.N. Security Council’s Analytical Support and Sanctions Monitoring Team concluded that the relationship between the Taliban and al-Qaeda “remains close and is underscored by the presence, both in Afghanistan and the region, of al-Qaeda core leadership and affiliated groups” and that “core al-Qaeda leadership under Aiman Muhammed Rabi al-Zawahiri is reported to remain in Afghanistan: more specifically, the eastern region from Zabul Province north towards Kunar and along the border with Pakistan.” We now know that al-Zawahiri certainly reached Kabul under the protection of the Taliban’s senior leadership.

Al-Qaeda remains degraded and will likely face some limitations in movement and activities from the Taliban. The Taliban have also allowed the Tehrik-i-Taliban Pakistan (TTP) to take refuge in Afghanistan as the group engages in attacks on Pakistan’s

47 Author interview with U.S. officials. The officials did not indicate which threats in particular.
security forces. But policymakers should be careful not to assume that pragmatism will overcome ideology and personal connections in the case of the Taliban’s continued support for al-Qaeda or the TTP.

**Fashioning a sustainable long-term Afghanistan policy**

**Regionalizing counterterrorism**

The U.S. invasion of Afghanistan and its Global War on Terror (GWOT) placed an invisible thumb on the scale of regional security calculations. In particular, the Afghanistan policies of India, Iran, and Pakistan became reactive to U.S. actions in the country. This discouraged regional countries from developing sustainable approaches to Afghanistan and enabled counterproductive state behavior by subsidizing overall regional security with U.S. boots on the ground. Pakistan and Iran took advantage of this by supporting the Taliban’s insurgency without concern that it would topple the Afghan government. India reaped the benefits of a friendly U.S.-backed government in Kabul without much skin in the game, although this was partly due to NATO’s admonition that a larger Indian footprint would rile Islamabad.

India felt excluded by the United States and other NATO countries, which preferred to cultivate a closer relationship with Pakistan when it came to Afghanistan. Pakistan’s tendency to publicly place the onus of internal instability on India is just one example of a counterproductive state narrative that was quickly deconstructed after the U.S. military withdrew. One Pakistani analyst observed, “[w]hile externalizing the extremist trends in Pakistan is not without merit, the multi-decade sustenance of extremist groups, ideology, and organizational network — combined with the incredible power of social media as a force multiplier for extreme political and social ideas and narratives —

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49 The TTP operates with the support of the Afghan Taliban although it has its own chain of command and a senior Taliban official indicated that while the TTP pledged allegiance to the Afghan Taliban’s emir Hibatullah Akhundzada, the Afghan Taliban’s leadership have not formally accepted that pledge.

means that the bulk of the burden of extremism in Pakistan in 2021 is domestic, and not foreign.51

*Policymakers should be careful not to assume that pragmatism will overcome ideology and personal connections in the case of the Taliban’s continued support for al-Qaeda or the TTP.*

Prevailing U.S. narratives about the role of regional countries in Afghanistan’s conflict were also counterproductive. The United States encouraged India to invest in Afghanistan, but dismissed its concerns over Washington’s commitment to the country’s stability. Pakistan was viewed as a double-dealing partner of necessity rather than an independent country with its own unique set of security concerns. This was due in part to Pakistan’s own short-sighted decisions to support some militants and not others. But strategic coordination between Washington and Islamabad was rarely achieved even when their priorities overlapped. Pakistan’s military establishment became an easy scapegoat for U.S. policymakers due to its shortsightedness and outsized influence over Pakistan’s foreign policy. But this dismisses the significant losses Pakistan’s military endured at the hands of militant groups and the fact that Washington was content to take advantage of the expediency of routing U.S. demands through Pakistan’s generals rather than its civilian politicians. A more assertive civilian government in Pakistan may or may not have been a more cooperative partner in GWOT.

Washington should learn from these mistakes. It should take advantage of having removed U.S. troops from harm’s way by encouraging regional countries to take a greater lead in dealing with the challenges of Afghanistan and counterterrorism. It can start by working closely with regional countries, including Pakistan, Tajikistan, Uzbekistan, India, and, to the extent possible, Iran, to ensure they are prepared to handle security challenges as they emerge. This cooperation should include routine dialogue,

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intelligence sharing, bilaterals, and capacity building, particularly policing and border security. Just as it was a mistake to create the Afghan military in the image of the U.S. military, encouraging regional countries to recreate a U.S.-style GWOT would be a mistake of similar magnitude. This is not only because regional countries have different domestic and technological constraints, but also a recognition that the tactics of GWOT were often ineffective or unsustainable. However, there is a risk of regional countries replicating these tactics in unproductive ways. On April 16, 2022, Pakistan conducted strikes in Khost and Kunar, Afghanistan's eastern provinces, which killed 47 people, including civilians and children. Pakistan carried out the strikes in response to escalating TTP attacks on its security forces, but it is unclear that Pakistan managed to kill a single TTP leader.

Critics of over-the-horizon counterterrorism typically point to the impracticality of conducting traditional air and drone strikes without maintaining U.S. boots on the ground to facilitate logistics and intelligence gathering. Most of this criticism implicitly assigns value to recreating conditions as close as possible to the status quo of the last decade of U.S. military operations in Afghanistan and the region. This skepticism is valid but misses the bigger picture in that U.S. policymakers must place counterterrorism strategy and tactics into context by closely examining civilian casualties, resilience of terrorist groups and their ability to replace leadership, cost and sustainability of high tempo drone strikes, effect on other U.S. policy priorities, and the overall terrorism risk relative to other threats. Much of the practices that came to define GWOT would not stand up against such a balancing test. Regional countries face greater domestic constraints and lack the budget and technological capacity to conduct counterterrorism campaigns à la GWOT.

Instead, U.S. policymakers should revisit approaches to counterterrorism in tandem with regional partners to build a more sustainable toolkit. This could involve going back to the basics by investing in a covert intelligence gathering architecture enhanced by current cyber capabilities. It may also involve bolstering the capacity of regional
countries. This capacity-building should not necessarily focus on traditional military units, special operations, or intelligence agencies. Building local police capacity and enhancing the ability of partner countries to track and control terrorist movements may prove more effective in the long-run. As one analyst advises, “[r]ather than jumping straight to the discussion of drone basing, the United States should offer something of value to these countries: border security training and equipment.” Perhaps most importantly, Washington should take steps to increase confidence building, intelligence sharing, and cooperation with and among regional countries, like China, Pakistan, India, and to the extent possible, Iran and Russia on the limited goal of preventing transnational terrorists from using Afghanistan to conduct attacks abroad. As one Rand report recently concluded, “Afghanistan has proved more a burden than an asset and is better conceived of as a common challenge than a source of great power discord.” The next generation of terrorist attacks will be more effectively prevented by proactive communication between partners than reactive firepower.

Robust diplomacy

The United States should take steps to move towards the resumption of a limited diplomatic mission for the benefit of the Afghan people, its own security, and the security of its allies. This could begin with diplomatic envoys visiting Afghanistan, then transition to the establishment of a more permanent physical presence on the ground. The current status quo of meeting the Taliban at international forums only enhances the group’s legitimacy; the United States and its partners should consider a push to suspend the waivers that allow Taliban leaders to travel abroad, or simply refuse to meet them outside Afghanistan. It is also crucial that U.S. diplomats meet with various Taliban cabinet members in Kabul and stakeholders in Kandahar. Direct outreach by U.S. military officials and the intelligence community may have utility, but it is not a replacement for a coherent civilian-led diplomatic strategy.

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Some of the United States’ closest allies during the war in Afghanistan have sent senior diplomats to meet with Taliban officials in Kabul even in the absence of a physical diplomatic mission in the country. These include Hugo Shorter, the U.K.’s intérim chargé d’affaires; Jasper Wieck, Germany’s special envoy for Afghanistan and Pakistan; Markus Potzel, then Germany’s Special Representative for Afghanistan and Pakistan; and Emiel de Bont, the Dutch Special Envoy for Afghanistan.

**The United States and its partners should consider a push to suspend the waivers that allow Taliban leaders to travel abroad, or simply refuse to meet them outside Afghanistan.**

Various countries in Asia and the Middle East have maintained permanent diplomatic missions in Afghanistan. The E.U. also announced plans to establish a diplomatic presence in the country, without recognizing the Taliban government. A similar action by the United States is not without precedent. In 1977, at the height of the Cold War, the United States opened an Interests Section in its former embassy building in Havana. It was staffed by U.S. diplomats accredited to the Embassy of Switzerland and remained operational until the U.S. embassy reopened in 2015. Until 2019, the U.S. Consulate General in Jerusalem also served as the primary diplomatic link with the Palestinian people and leadership. It now houses the State Department’s Palestinian Affairs Unit, which serves a similar purpose.

55 He now serves as Deputy Special Representative (Political) for Afghanistan in the United Nations Assistance Mission in Afghanistan (UNAMA).
56 These countries include China, Indonesia, Iran, Kazakhstan, Kyrgyzstan, Pakistan, Qatar, Russia, Saudi Arabia, Tajikistan, Turkey, Turkmenistan, United Arab Emirates, and Uzbekistan.
A U.S. diplomatic mission in Afghanistan will facilitate consular services, including for the approximately 78,00060 Special Immigrant Visa (SIV) applicants left in Afghanistan after the U.S. withdrew, and advance U.S. national security. The very presence of U.S. diplomats in the country will raise the stakes for any failure on the part of the Taliban to live up to its commitments under the U.S.-Taliban agreement signed in February 2020. It will also enhance our ability to react to fluid changes on the ground and demonstrate to our partners and foes that we are still engaged in the region.

More often U.S. interest sections are administered by the embassies of friendly countries, such as the Embassy of Switzerland in Tehran. Alternatively, they are located in friendly third countries: the Venezuelan Affairs Unit, for example, is housed in the U.S. embassy in Bogotá, Colombia. The expedited establishment of a formal interests section or Afghan affairs unit in a regional country could advance U.S. interests and fulfill our promise to continue supporting the people of Afghanistan.61

Afghanistan presents a unique set of security challenges for U.S. diplomats. Because terrorist groups like IS-K are capable of staging mass casualty terrorist attacks inside Kabul, the security of U.S. diplomats is a real concern. The Taliban regime has expressed openness to a U.S. diplomatic mission in the country but significant security challenges remain. A more sustainable first step may be to find ways to send small delegations for brief periods.

Economic engagement

Afghanistan’s economy will inevitably contract; this is a necessary step in shifting towards a more sustainable model of growth. But as one expert observed: “the [Afghan] population needs a glide path to a diminishing level of support, rather than the abrupt

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cutoff that hit the economy with a shock wave.\textsuperscript{62} Humanitarian aid cannot provide this “glide path” without a functioning economy.

Keeping Taliban-led Afghanistan financially isolated may appear attractive to U.S. policymakers concerned about the group’s positions on human rights and terrorism, but this approach is unlikely to alter the Taliban’s core beliefs and behavior; on the other hand it is guaranteed to turn Afghanistan into a failed state, with all the negative consequences for the region and the United States. The future of the Taliban is uncertain and Afghanistan’s modern history suggests that regime turnover is the rule—not the exception. But destroying Afghanistan’s economy and undermining its institutions to promote regime change may make the country ungovernable by any authority for the foreseeable future.

European partners are unlikely to take the lead in addressing Afghanistan’s worsening economic situation if doing so contradicts U.S. policy. As one European official expressed to the author, the U.S. lack of consistent coordination on Afghanistan since the Trump administration and extending into the August withdrawal only solidified the tendency of these countries to be risk averse.\textsuperscript{63} Washington must continue to lead in order to avoid a complete breakdown of Afghanistan’s economy.

The United States should continue to communicate to the Taliban what actions it must take for sanctions to be lifted. At a minimum, OFAC should continue to clarify the scope of GLs by providing comprehensive FAQ guidance. Public and private sector entities should be encouraged to apply for specific licenses. Currently remittances sent to Afghans are only permitted for non-commercial uses. Regulating remittances by a specified value rather than the non-commercial status of the use will allow Afghans in the diaspora to help support small businesses while still providing protections against the financing of terrorism. Lastly, letters offering assurances to specific entities about sanctions-exempt transactions should be edited and redacted before they are published.


\textsuperscript{63} One European official expressed in their personal capacity that European partners are looking to Washington to develop a clear and coordinated strategy to earnestly address Afghanistan’s economic freefall and would likely support such an effort so long as it was initiated by Washington.
to protect the privacy of the original entity, while offering clarity to others engaged in similar types of permitted transactions.

**Engagement with the Afghan people**

The United States should continue to engage in proactive diplomacy with the people of Afghanistan, regardless of the state of its relations with the Taliban-led government. This can be achieved by restarting the Fulbright Program, exploring the funding and sponsorship of third country and remote learning programs for Afghan girls and women, and remaining engaged with Afghan civil society inside and outside Afghanistan.

Because Afghan women are particularly vulnerable, the United States must base its demands for girls to attend school and women to work outside the home on upholding human and civil rights, rather than on making mere concessions in exchange for legitimacy or greater engagement. No amount of aid or financial integration will allow Afghanistan to develop if half its population remains shuttered in their homes. Nevertheless, clear inducements must be provided to expedite the protection of human and civil rights for women. It is also crucial that the Biden administration increase efforts to assist the evacuation of former interpreters and other Afghans who closely assisted the U.S. mission in Afghanistan.

**Utility of the U.S.-Taliban agreement**

Both the United States and the Taliban have arguably violated aspects of the U.S.-Taliban agreement. The Taliban continue to reference the U.S.-Taliban agreement in their public and private statements and appear to view it as in effect, even as they violate its terms. The agreement was inherently unbalanced as it was negotiated because the primary objective of both parties was the withdrawal of U.S. troops. The revelation that Ayman al-Zawahiri, the leader of al-Qaeda, was living in a home owned by the Taliban's interior minister is assuredly a violation of the Taliban's duty to “send a clear message that those who pose a threat to the security of the United States and its allies have no place in Afghanistan...” This is particularly true given that al-Zawahiri recently released videos threatening the United States. However, since the agreement is
currently the only framework the two countries have for conducting diplomacy, scrapping it based on violations would risk ending whatever degree to which the Taliban have adhered to the agreement. Instead, it should be used as an aspirational framework that can guide future dialogue. Ultimately, strategic patience in diplomacy rather than war is required to develop a relationship with a modicum of trust.

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**Conclusion**

The United States was the single most important actor in Afghanistan for 20 years, which disincentivized sustainable development and fostered dysfunction in Afghanistan’s government. During this period Afghanistan occupied a disproportionate amount of U.S. government attention relative to other foreign policy priorities. The withdrawal of U.S. troops reduced the importance of each country to the other. But it would be a mistake reminiscent of the 1990s for Washington to disengage from Afghanistan or the region entirely. Instead, the United States must engage in gradual and consistent diplomacy with the Taliban and the Afghan people. Change will be incremental and there will be many setbacks, but there is no viable alternative.

U.S. policymakers should anticipate Taliban intransigence, accept the limits of outside influence, craft policies to prevent Afghanistan from becoming a failed state, and promote its long-term stability. Neither China nor Russia, nor any regional powers, have demonstrated a desire to fill the role played by the pre-withdrawal United States; policymakers should avoid viewing Afghanistan through the lens of great power
competition or regional rivalries. Rather, there is a limited window in which the overall interests of most countries are aligned in Afghanistan.

It is crucial that U.S. policymakers seek a middle ground between a harshly punitive approach (and potential military intervention) or disengagement reminiscent of the 1990s. This will require the government to find creative ways of confronting terrorism rather than pouring resources into a forward-deployed GWOT. The United States should take steps commensurate with Taliban actions to issue GLs and ultimately rescind broad sanctions that were never intended to be used against the Taliban as a de facto government. This will require communicating clearly to the Taliban’s leadership precisely what actions will lead to a reassessment of U.S. sanctions policy. Ambiguity will not work with the Taliban, nor will holding out dialogue as a reward for concessions, rather than a starting point.

Formal recognition should be predicated on the Taliban upholding its commitments to counterterrorism and basic human rights, including for women. But U.S. diplomats must still use the framework of the U.S.-Taliban agreement to engage with the government that exists, which is likely to be the Taliban for the foreseeable future. This requires U.S. diplomats to travel to Afghanistan and ideally establish a semi-permanent diplomatic presence that can serve the Afghan people. Relying on diplomatic engagement in third countries separates U.S. decision makers from the Taliban’s senior leadership and unnecessarily grants the Taliban the privilege of international travel.

The United States and its allies have an interest in preventing Afghanistan from becoming a failed state. Fighting al-Qaeda will be easier with some semblance of a relationship with the Taliban than none at all. Disengagement will do little to undermine the Taliban or dismantle terrorist groups but much to hurt Afghanistan and the Afghan people. With U.S. troops out of Afghanistan policy makers finally have an opportunity to consider long-term interests rather than short-term necessities.

# Appendix A: Current U.S. and U.N. exemptions to sanctions

*See FAQs 928-931; 949-955; 957-963; 991-997; and 1032 for scenario specific guidance.

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<th>GENERAL LICENSE NO. 14 (Sep. 24, 2021)</th>
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<td>Relevant Text</td>
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<tr>
<td>“[... ] all transactions involving the Taliban or the Haqqani Network [...] ordinarily incident and necessary to the provision of humanitarian assistance to Afghanistan or other activities that support basic human needs in Afghanistan by the following entities and their employees, grantees, contractors, or other persons acting on their behalf are authorized.” [Emphasis added]</td>
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<tr>
<td>1. USGOV</td>
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<td>2. NGOs</td>
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<td>3. UN</td>
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<td>4. International Centre for Settlement of Investment Disputes (ICSID) and Multilateral Investment Guarantee Agency (MIGA)</td>
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<td>6. Red Cross and Red Crescent</td>
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<td>7. Islamic Development Bank</td>
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<td>“[... ] all transactions involving the Taliban or the Haqqani Network [...] ordinarily incident and necessary to the exportation or reexportation of agricultural commodities, medicine, medical devices, replacement parts and components for medical devices, or software updates for medical devices to Afghanistan, or to persons in third countries purchasing specifically for resale to Afghanistan, are authorized.” [Emphasis added]</td>
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<td>“[... ] all transactions involving the Taliban or the Haqqani Network [...] that are ordinarily incident and necessary to the transfer of noncommercial, personal remittances to Afghanistan, including through Afghan depository institutions, are authorized.” [Emphasis added]</td>
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“Noncommercial, personal remittances do not include charitable donations of funds to or for the benefit of an entity or funds transfers for use in supporting or operating a business, including a family-owned business.” [Emphasis added]

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<th>GENERAL LICENSE NO. 17 (Dec. 22, 2021)</th>
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<td>Relevant Text</td>
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<td>“[... ] all transactions and activities involving the Taliban or the Haqqani Network [...] that are for the conduct of the official business of the United States Government by employees, grantees, or contractors thereof are authorized.” [Emphasis added]</td>
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### GENERAL LICENSE NO. 18 (Dec. 22, 2021)

**Relevant Text**

"[...] all transactions and activities involving the Taliban or the Haqqani Network [...] that are for the conduct of the official business of the following entities by employees, grantees, or contractors thereof are authorized:“ [Emphasis added]

8. UN  
9. International Centre for Settlement of Investment Disputes (ICSID) and Multilateral Investment Guarantee Agency (MIGA)  
11. Red Cross and Red Crescent  
12. Islamic Development Bank

### GENERAL LICENSE NO. 19 (Dec. 22, 2021)

**Relevant Text**

"[...] all transactions and activities involving the Taliban or the Haqqani Network [...] that are ordinarily incident and necessary to the activities described in paragraph (b) by nongovernmental organizations are authorized." [Emphasis added]

1. "Activities to support humanitarian projects to meet basic human needs in Afghanistan, including drought and flood relief; food, nutrition, and medicine distribution; the provision of health services; assistance for vulnerable or displaced populations, including individuals with disabilities, the elderly, and survivors of sexual- and gender-based violence; and environmental programs;" [Emphasis added]  
2. "Activities to support the following in Afghanistan: rule of law, citizen participation, government accountability and transparency, human rights and fundamental freedoms, access to information, and civil society development projects;" [Emphasis added]  
3. "Activities to support education in Afghanistan, including combating illiteracy, increasing access to education, international exchanges, and assisting education reform projects;" [Emphasis added]  
4. "Activities to support non-commercial development projects directly benefiting the Afghan people, including related to health, food security, and water and sanitation; and“ [Emphasis added]  
5. "Activities to support environmental and natural resource protection in Afghanistan, including the preservation and protection of threatened or endangered species, responsible and transparent management of natural resources, and the remediation of pollution or other environmental damage." [Emphasis added]

"This general license does not authorize:"

1. "Financial transfers to any blocked person described in paragraph (a), other than for the purpose of effecting the payment of taxes, fees, or import duties, or the purchase or receipt of permits, licenses, or public utility services;“ [Emphasis added]  
2. "Any debit to an account on the books of a U.S. financial institution of any blocked person described in paragraph (a);“  
3. "Any transactions or activities otherwise prohibited by the GTSR, the FTOSR, or any other part of 31 CFR chapter V, or E.O. 13224, as amended."
(a)...all transactions involving Afghanistan or governing institutions in Afghanistan prohibited by the Global Terrorism Sanctions Regulations, 31 CFR part 594 (GTSR), the Foreign Terrorist Organizations Sanctions Regulations, 31 CFR part 597 (FTOSR), or Executive Order (E.O.) 13224, as amended, are authorized.

“This general license does not authorize:

1. “Financial transfers to the Taliban, the Haqqani Network, any entity in which the Taliban or the Haqqani Network owns, directly or indirectly, individually or in the aggregate, a 50 percent or greater interest, or any blocked individual who is in a leadership role of a governing institution in Afghanistan, other than for the purpose of effecting the payment of taxes, fees, or import duties, or the purchase or receipt of permits, licenses, or public utility services, provided that such payments do not relate to luxury items or services;” [Emphasis added]

2. “Transfers of luxury items or services to any blocked person described in paragraph (b)(1) of this general license; (3) Any debit to an account on the books of a U.S. financial institution of any blocked person; or (4) Any transactions involving any person blocked pursuant to the GTSR, the FTOSR, or E.O. 13224, as amended, other than the blocked persons described in paragraph (b)(1) of this general license, unless separately authorized.”
About the Author

Adam Weinstein is a Research Fellow at the Quincy Institute. Before joining Quincy, Adam worked for KPMG’s international trade practice and assisted multinational clients in navigating Asia’s changing trade landscape. Prior to that, he worked as senior law and policy analyst at the National Iranian American Council, where he focused on the securitization of U.S. immigration policy and its effect on communities. Adam is an attorney by trade and received his J.D. from Temple University Beasley School of Law with a concentration in international law. During law school, he contributed to a brief that was presented to the International Criminal Tribunal for the Former Yugoslavia (ICTY). He has presented papers at the 2016 International Society of Public Law Conference and 2019 Constitutional Resilience in South Asia Workshop sponsored by Oxford University and Melbourne Law School. He served as a U.S. Marine and deployed to Afghanistan in 2012.

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