
IRAQ STEPS UP RETALIATION AGAINST KURDISH INDEPENDENCE VOTE WITH DOLLAR BAN

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Syrian Kurds wave the Kurdish flag, in the northeastern Syrian city of Qamishli on September 27, 2017, during a gathering in support of the independence referendum in Iraq's autonomous northern Kurdish region.

Iraq stopped selling dollars to leading banks in Kurdistan and banned foreign currency transfers to the autonomous region on Tuesday, stepping up its retaliation for the Kurds' independence vote.

The financial sanctions follow a ban on direct international air travel to the region imposed by the central government on Friday.

Iraq's central bank informed the Kurdistan Regional government (KRG) that it would stop selling dollars to four major Kurdish banks and stop all foreign currency transfers to the region, banking and government sources told Reuters.

Businesses in need of foreign currency and foreign workers in Kurdistan, whose pay and remittances are usually in dollars, will be the most affected by the new measures.

Business people and expatriates were also the most directly hit by the ban on international flights to the Kurdish airports of Erbil and Sulaimaniya. It forces them to travel via airports in Baghdad and southern Iraq, increasing cost and adding delay.

"The condition for ending the dollar sale prohibition is to have the Kurdish banks under the central bank's control," said an Iraqi official.

But a Kurdish official in the KRG capital Erbil said the region's banks already reported to the central bank in Baghdad, and the airports of the Kurdish region already reported to the Iraqi Civil

Aviation Authority.

Iraq's parliament on Tuesday said it had voted for financial sanctions which would "preserve the interests" of Kurdish citizens and target the Kurdish leadership.

The Shi'ite Arab-led Iraqi government has rejected an offer by the Kurdish government to discuss independence. It has demanded that it cancel the result of the Sept. 25 referendum or face continued sanctions, international isolation and possible military intervention.

The U.S. administration strengthened its alliance with Iraq's Kurds during the war on Islamic State, but is taking the side of Baghdad in the crisis in refusing to recognise the referendum.

Iraq's powerful neighbors Iran and Turkey are backing Baghdad, fearing the spread of separatism to their own Kurdish populations.

Kaynak/Source: