
IRKED US SQUEEZES IRAQ WITH CASH DELAYS, SHORT WAIVERS

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Irked by Iraqs close ties to neighboring Iran, Washington has begun following through on threats to squeeze Baghdads fragile economy with delays to crucial cash deliveries and slashed sanctions waivers.

This week, the US granted Iraq last-minute leave to import Iranian gas for its crippled power grids, despite American sanctions on Tehran.

But Washingtons patience seems to be running out: The latest waiver was hacked from the usual 90 or 120 days to just 45.

This is the beginning of death by a thousand cuts, warned financial analyst Ahmed Tabaqchali, of the Iraq-based Institute of Regional and International Studies.

The shorter the waiver, the more we cant afford for things to go wrong in that time.

Iraq is at a crucial crossroads. Its new premier is struggling to form a cabinet, massive anti-government protests are filling the streets and skyrocketing tensions between its two main allies, Tehran and Washington, have already spilled blood on its territory.

While Iran enjoys tremendous political and military sway in Iraq, the US still holds a major trump card: The economy.

Every month or so, Iraqs central bank flies in \$1-\$2 billion in cash from the US Federal Reserve in New York, where all its oil revenues are kept, to pay for official and commercial transactions.

But the mid-January shipment was more than a week late, a top Iraqi official and an oil industry source said, citing political reasons for the White Houses decision.

We are on a knives edge, the Iraqi official said.

It was the first sign Washington may implement a January threat to block Iraqi access to its money were Baghdad to oust the roughly 5,200 US troops stationed in Iraq.

That was the Iraqi parliaments response to a US strike on its soil that killed a top Iranian commander and an Iraqi paramilitary chief.

Washington has considered blocking the funds to pressure Iraq for months, a senior US diplomat in Baghdad describing it last year as the nuclear option.

While February's dollars arrived on time, Iraqi officials said they expect Washington to start restricting how much cash Baghdad can bring in.

Losing access to its funds would have devastating ramifications for Iraq, whose economy relies almost entirely on oil exports paid with the greenback.

And if the sanctions waiver expires, Iraq would have to either stop buying Iranian gas and face mass outages, or keep importing and risk US sanctions itself.

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