



# The Taliban Strikes Back

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Following the unprecedented 9/11 terrorist attacks in 2001, an international coalition struck the Taliban, then ruling Afghanistan, due to their refusal to hand over Osama bin Laden. Twenty years later, after a conflict that caused 3,500 casualties to the Allies and took over USD 2.2 trillion from the U.S taxpayers, the Taliban is back. Who finances them? What is the impact upon countering terrorism financing?

Persians, Mongols, British, Soviets... The list of superpowers that found in Afghanistan a graveyard of dishonour is long. In 2021 another name is added to this list: the United States. In this case, there is much more at stake than a dismal retreat. Starting with the Bush administration, the US has financed the Afghan politicians and military with enormous amounts of monies.

The Taliban or "students" emerged in the early 1990s in northern Pakistan following the retreat of the Soviet Red Army from Afghanistan. In less than five years, they became a prominent group in Afghanistan and imposed their rule over other militias and political groups. The power struggle took five years, ending with the Taliban taking over in 1996.

Interestingly, thirty years later, the Taliban managed to gather all different belligerent factions and militias operating over the country in only a few weeks. So how did the Taliban succeed in striking back in less than two weeks? Conservative estimates show that they benefited from various fundings totalling USD 1 billion. While heroin trafficking is an essential source of revenue for the Taliban, it does not suffice to back such a massive operation. With the old global channels of terrorism financing being cut, the only remaining

Who is funding the Taliban?

possibilities are Pakistan and China. The Islamabad regime had historical ties with the Taliban and supported their previous reign. However, the Chinese interests are slightly different. An Islamist regime in Afghanistan is not a good driver model for China's Uyghur "problem". So, Beijing is instead interested in getting its hands on Afghanistan's unique mineral reserves, including lithium and precious stones. In fact, the Taliban are sitting on one of the world's biggest lithium reserves, a chemical element crucial for the switch from fossil to greener energy.

Let's remember that in 2016, Erik Prince, the ex-CEO of Blackwater, once upon the time the US's biggest private army, submitted a project to subcontract the war in Afghanistan to private firms that would benefit from mining the country's resources. The plan was not approved, but seemingly the idea made its way in the offices of other governments.

The Taliban comeback may signal a massive paradigm shift in the way financing terrorism works. After the uberisation of terrorism, commodities backed funding could be the new trend.


*"Afghanistan - where empires go to die."*

Mike Malloy, American radio broadcaster

## Focus: SF Energy Trading

In its early years, al-Qaeda's operations in Afghanistan depended on generous donors from the Gulf. Following the 9/11 event, the US and many other western countries passed a set of laws and regulations such as the "Patriot Act", aiming to hinder the channels of terrorism financing. Isolated in the Afghan mountains, al-Qaeda and the Taliban became more creative when they needed new streams of income.

The case of the Italian company "SF Energy Trading" that came up in the media seven years ago shows how terrorists evaded tax in



EU taxpayers' money ended in  
Afghanistan

Europe to finance their operations. In 2014 the Italian journal “Corriere della Sera” disclosed that in 2010 after a SEAL raid in a Taliban stronghold, British and American intelligence agencies found a pile of invoices concerning SF Energy Trading. The documents were found in a cave near the Afghanistan-Pakistan border – not far from the town where the US special forces killed Osama bin Laden in 2011. Those invoices concerned trades with environmental products, mainly carbon emissions allowances.

In 2012 the name SF Energy Trading appeared in an investigation of the Italian economic police (“Guardia di Finanza”) concerning the Italian energy firm Axpo Italia. Axpo Italia was investigated about its alleged involvement in tax fraud in the carbon emissions market. Jean Stephane Richet and Yakub Imran Ahmed, director of the Milan-based SF Energy Trading, were also indicted.

In 2014, the Italian police investigated not less than 38 people related to SF Energy Trading for their role in tax fraud with carbon emissions. Amongst the investigated, there was again a British-Pakistani citizen: Yakub Imran Ahmed. The amount of taxpayer money pocketed in this case only was estimated at 1.15 billion euros. Part of the proceeds was invested in precious stones and real estate in Dubai.

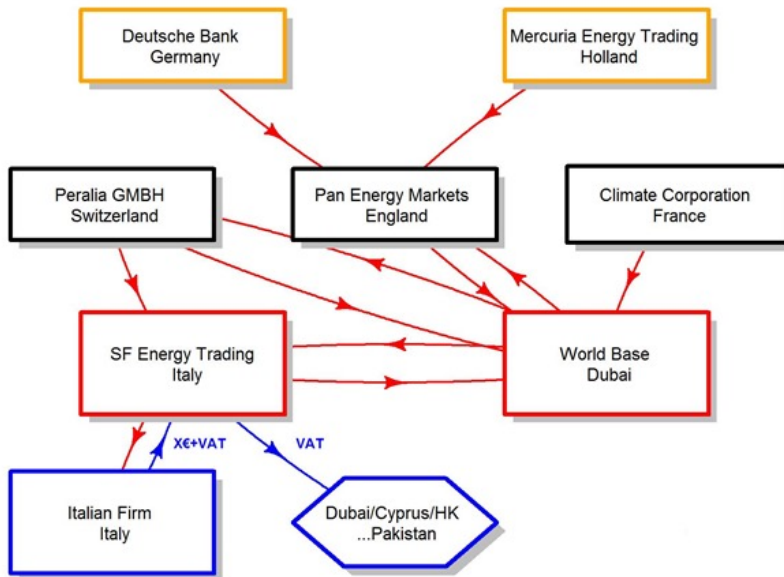
SF Energy Trading traded with companies in Denmark, Germany, the Netherlands, and the United Kingdom. A company with a similar name was also incorporated in France and headed by Jean Stephane Richet, who appeared in the Italian indictment. The funds were transferred through various banks in Cyprus, Hong Kong, and Dubai. The scammers used fake identities, fake addresses and links to companies based in China. This mechanism enables the real culprits to continue the scheme elsewhere.

The Figure shows a snapshot of the ke6 companies with direct or indirect links with SF Energy trading. The crime had a multi-layer structure, including fraudsters, buffers and big financial institutions.

SF Energy traded mainly with a company based in Dubai (World Base). Imran Ahmed was also an account manager for that

company. The companies involved directly in trades with SF Energy trading had their accounts for carbon emissions kept on the Danish registry. The Danish registry was before 2011 the main asset custodian for companies from all over the world involved in tax fraud on carbon emissions.

A Dutch investigation indicated that the Dutch company EcoDutch Carbon is linked to the SF Energy Trading case. Another Dutch company VDL Duty-Free Wholesale from Numansdorp appears in a tax scam on carbon emissions, allegedly related to terrorism financing.



[Figure. VAT fraud involving SF Energy Trading. Snapshot of various firms involved in the scam.](#)

## Word on the street: Heroin trafficking

Narco-terrorism is real

Afghan poppy cultivation serves over 85% of the world's consumption of diacetylmorphine, also known as heroin. The other suppliers of the narcotic are South East Asia, mainly the Golden

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Triangle, and Latin America. During their previous reign, the Taliban banned poppy cultivation. Nevertheless, over the past two decades of conflict with OTAN forces, the “students” became more flexible about the subject.

In a context of foreseeable isolation and financial crisis, the Taliban may tolerate and even encourage heroin trafficking to be able to subsist.

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