

The background image shows a young boy in a blue shirt looking up at a soccer ball in a rubble-strewn area. In the background, there are several large, multi-story buildings that have been severely damaged, with their roofs and walls partially collapsed. The sky is clear and blue. The overall scene suggests a post-war environment where children are playing soccer in a desolate, war-torn area.

BETWEEN WAR & PEACE

THE AFGHANISTAN ESSAYS

Understanding Afghanistan's Poppy Economy

Najmuddin Shaikh

The Afghanistan Essays

This 2018 short-essay series by the Jinnah Institute (JI) reflects a range of Pakistani thought leadership on Afghanistan and its complex history with Islamabad. With the region in the current crosshairs of a seemingly intractable conflict, these essays attempt to spur old and new thinking on the history of Pakistan's relationship with Afghanistan and existing challenges. The essays cover a range of subject matter on Afghanistan-Pakistan including efforts for peace and reconciliation, threats to security, the broader geopolitical dynamic, and the role of civil society and economy.

This essay titled 'Understanding Afghanistan's Poppy Economy' examines the central role of opium production and trafficking in fuelling warlordism and terrorism in Afghanistan.

The essays by no means attempt to be a comprehensive commentary on the subject, nor do they claim to offer definitive conclusions. All views are attributable to the authors, and do not necessarily reflect the views of the Institute.

About the Author

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UNDERSTANDING AFGHANISTAN'S POPPY ECONOMY

Najmuddin Shaikh



Conflict, Violence & the Opium Trade

The issue of opium cultivation and trafficking in Afghanistan makes for a fascinating study. Despite its ebb and flow, the economy around opium production has helped support warlordism and fuelled the rise of local strongmen responsible for much of the country's corruption and instability. This chaos has propelled the insurgency, and constricted prospects for peace and stability. Research on opium cultivation is based largely on the annual reports of the United Nations Office on Drugs and Crime (UNODC).

Official numbers suggest that the country harvested a record crop in 2017, more than doubling last year's production. Insecurity, meanwhile, has kept Kabul from adequately implementing its poppy eradication programs, leading to a 63 percent jump in total land (328,000 hectares) dedicated to crop production. According to another estimate, an informal but lucrative opium trade is providing more than half of the Taliban's estimated \$400 million in annual funding. The most revealing statistic that has come out however, is that the Taliban control 85% of poppy farm land, which means that almost 50,000 hectares is watched over by warlords who operate with impunity.

The starting point for this essay is 2000, the turn of the millennium, and the last year before the Taliban – then virtually masters of all Afghanistan – allowed poppy cultivation before enforcing a blanket ban on it in 2001. UNODC estimates from 2000 suggest that 82,172 hectares of cultivable land was used to grow poppy. The total crop that year was 3,276 MT or about 40-kilograms per hectare. The average farm gate price of opium was \$30 per kilogram. That is just over \$98 million in gross revenue. Compare that to the 2017 numbers of 9000 MT in production, that generated \$1.4 billion in revenue – roughly 7% of Afghan GDP – and one begins to question what successive US backed governments have achieved.

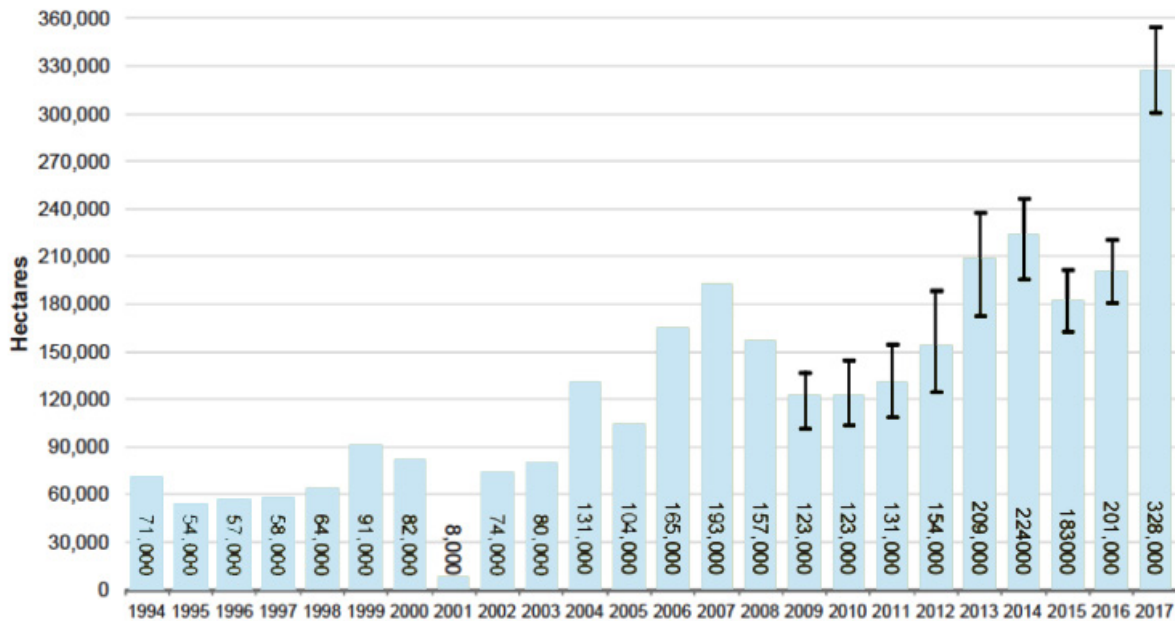
FACT SHEET: AFGHANISTAN OPIUM CULTIVATION

	2016	CHANGES FROM 2016	2017
Net opium poppy cultivation	201,000 ha	+63%	328,000 ha
Number of poppy-free provinces	13	-3	10
Number of provinces affected by opium poppy cultivation	21	+3	24
Potential production of opium	4,800 MT	+87%	9,000 MT
Average farm-gate price (weighted by production) of fresh opium at harvest time	\$152/KG	-14%	\$131/KG
Average farm-gate price (weighted by production) of dry opium at harvest time	\$187/KG	-17%	\$155/KG
Total farm-gate value of opium production	\$0.90 billion	+55%	\$1.4 billion

Source: United Nations Office on Drugs and Crime

Reported by the UNODC, the table shows that the number of provinces involved in poppy-cultivation has increased and so has the number of provinces affected by the trade indirectly.

In 2001, the ban on opium cultivation was implemented almost fully in Taliban controlled areas. Subsequently, 7,200 hectares of land was used for opium cultivation that year in Badakhshan, Samangan and Takhar – regions controlled by the Northern Alliance. The 218 hectares in Nangarhar remained the only opium growing area under Taliban control. The total production that year was 185 MTs.



Source: United Nations Office on Drugs and Crime

The Fall & Rise of the Taliban

Opium cultivation skyrocketed almost immediately after the overthrow of the Taliban administration. Warlords – brought back to prominence by invading forces – were instrumental in revitalizing the drug economy. American forces, deployed outside Kabul, turned a blind eye, seeing the resurrection of the drug mafia as a small price to pay for the support they were getting in targeting Al-Qaeda operatives. Currently, the Taliban impose a tax of \$350 on each hectare of cultivated land. Heroin laboratories are taxed separately, as is the guarantee of safe passage to markets in and outside Afghanistan.

To extract more granular data on eradication drives by the government, I went back to earlier reports. One such report, an article in the New Yorker from July 9, 2007, provides a detailed account of the effort made by contract employees of a US programme for the eradication of poppy cultivation under the Afghan Eradication Force in Uruzgan province. What emerged from the report was the fact that despite the powers vested in drug eradication campaigners, there was no cooperation, by their account, from officials responsible for security in the province. Local officials were insistent that only certain areas be cleared while the rest remain protected. Thus, in the absence of exact figures, it is possible to assume that a considerable amount of the profits from opium were channelled to government officials, or to those under their protection and patronage. News reports from Garmser and Marja in Helmand province are equally illuminating: local officials asked the mairab (the farmers' employee responsible for ensuring water supply from canals and wells) to measure the area used to cultivate opium, before imposing a flat tax of \$350 per hectare. This tax, in Garmser alone, was estimated to yield \$3 million. The farmer paid because, even after the tax, the opium crop paid him three times what any other crop would have. Local officials have been known to collect tax revenues indirectly, through informal channels.

It is equally clear that the opium eradication program on which the British government has spent some \$7 billion, followed by another \$8 billion sunk in by the Americans, has failed to plug

opium cultivation. Instead, numbers suggest that cultivation has grown and that there is reason to believe that benefits are shared almost equally between the Taliban on the one hand and corrupt government officials and warlords on the other.

The Bigger Picture

What has been the impact of the growth of opium and its easy availability on the broader region? In 2010, UN experts estimated that there were about one million regular drug users in Afghanistan, most of whom used opium as “a kind of self-medication against the hardships of life.” They warned that addiction was following “the same hyperbolic growth of opium production.” By 2015, the number of addicts in the country had soared to 3 million, an astonishing 12 per cent of the populace, with heroin being the most commonly used drug. A growing number of users today are women and children, raising grave questions about the future of Afghanistan’s next generation.

The problem is not restricted to Afghanistan alone. An estimated 40 per cent of all Afghan narcotics production enters Pakistan for local consumption or export. UNODC surveys show that in 2013, Pakistan was home to 6.7 million drug users who consumed 59 MT of opiate and cannabis products annually. A later survey was part of the report presented to the Senate’s Standing Committee on Interior and Anti-Narcotics in July 2015. This report stated that more than three million Pakistanis between the ages 15 and 64 used heroin regularly, and that there were almost five million cannabis users addicted to high-grade hashish or chars. It also revealed that an estimated 44 tons of processed heroin is consumed annually in Pakistan – almost thrice the average consumption in the United States.

Official figures also suggest that 30 per cent of the drugs produced in Afghanistan are smuggled into Iran, both for local consumption and for movement to Western markets. The Balkan Route through Iran and Turkey brings Afghan drugs to the UK, France Germany and Italy, a market valued at \$28 billion. To the north, Russia remains concerned about drug trafficking through the Central Asian Republics, particularly Tajikistan. According to estimates, 35 per cent of Tajikistan’s GDP comes from drug trafficking. Russian routes are increasingly used to transfer large amounts of cannabis products, originating from Southern CIS countries and Afghanistan, into Western Europe. Russian Foreign Minister Lavrov has sought to hold the US responsible for allowing the growing and trafficking of opium, but has not closed the door to prospects for multilateral cooperation to end the flow if possible.

It used to be the case that the process of converting opium into heroin was predominately undertaken in transit countries, most notably Pakistan, Iran and Turkey. Recent reports, backed by statements from US Assistant Secretary for Drugs and Law Enforcement, suggest that nearly all of Afghanistan’s opium is now being processed within the country. However, while the UNODC says that there is anecdotal evidence of this, there isn’t enough to justify a claim that the Taliban have a systematic programme of running factories.

Challenges Going Forward

On November 19th, US and Afghan forces launched a series of bombings in the Helmand province, targeting alleged Taliban opium labs. The aerial strike campaigns are a new directive issued by the Trump Administration, that hopes to block the main source of revenue for the Taliban. However, a matter of serious concern is the networks within the Afghan government that benefit from the opium trade. Officials are directly participating in turf wars for taxing poppy crops and revenues

move all the way up to senators and assembly members in Kabul. While there have been multiple reports of government involvement in the drug trade in Garmser - a southern district in Helmand - airstrikes have so far been limited to northern Helmand. Prioritizing certain areas over others points to the risk of local intelligence - that over the years has pursued its own interests - turning US forces in directions that may not necessarily be legitimate targets.

The most worrying anecdote from all of this is that opium production is growing and things don't look like they will get better anytime soon. We understand that Afghanistan's drug mafia has reached other parts of the world, feeding their populations with heroin. We must however appreciate that the opium problem is now a shared responsibility. Not all the revenues generated end up with the Taliban or local warlords. Billions of dollars are made by transporting opiates to other markets, including the West. Given Afghanistan's weak government and lack of reach over its own territories, the rest of the world must step up - as in many other instances concerning Afghanistan's problems - to ensure the eradication of the opium trade.

Afghanistan is one of the least-developed countries in the world with problems that seem to be bigger than an uncontrollable drug mafia. However, the many multi-layered problems in Afghanistan means that all illicit trades - especially those that generate billions of dollars - hit the economic, and developmental growth of the country even harder. Many rural economies are now entirely dependent on poppy cultivation, and it is reinforcing the vicious cycle of criminality and underdevelopment. Extremist groups are now intertwined with the drug mafia, who use the former as militias to threaten any who stand in their way. The mass availability of dangerous narcotics has the potential to further destabilize the social structure of the country.

Vested interests on both sides of the insurgency are unwilling to let this source of revenue disappear, and disappear it would if reconciliation were to come and genuine peace were to return to Afghanistan. Today the situation in Afghanistan is distressing. Much of the ideological drive of the Taliban has dissipated. Al-Qaeda has almost entirely disappeared. The emergence of Daesh is a disparate collection of the Pakistani Taliban (TTP) and the Islamic Movement of Uzbekistan (IMU). With the notable exception of President Ashraf Ghani and Chief Executive Abdullah Abdullah who are looking for means to further the country's national interests, nearly all other political actors in Afghanistan are bent on promoting parochial or personal interests. In such circumstances, a source of easy money from opium - not only its cultivation but its processing and its trafficking to lucrative markets - is a key factor in perpetuating conflict. And of the many consequences of almost 40 years of conflict, the money that opium cultivation and trafficking generates is arguably the most potent in fuelling instability in Afghanistan and beyond.