NARCO-JIHAD:
DRUG TRAFFICKING AND SECURITY
IN AFGHANISTAN AND PAKISTAN

By Ehsan Ahrari, Vanda Felbab-Brown, and Louise I. Shelley
with Nazia Hussain
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With much of the recent discussion about counterinsurgency efforts in Afghanistan focused on the question of possible shifts in broad U.S. strategy and new troop commitments, other dimensions of the conflict have faded from view. Perhaps chief among these is the role of narcotics trafficking and its impact on the central dynamics that underpin the quagmire in South-Central Asia. The situation that the United States and U.S. international allies face on the ground is driven by factors that far transcend al Qaeda and its regional affiliates.

A variety of regional tensions and festering problems—some of which date back decades—converge today on the Afghanistan-Pakistan border. Narcotics are significant not only as the chief economic driver among this cluster of issues but also precisely because they represent the single issue in which the greatest number of relevant players in the conflict have a direct stake. As Vanda Felbab-Brown points out in her contribution to this report, “a multitude of actors are deeply involved in Afghanistan’s opium poppy production, including the Taliban, all levels of the Afghan government, law enforcement, unofficial power brokers, and tribal elites.” Although opium proceeds may not serve as the Taliban’s single greatest source of income (donations from Islamic charities and private individuals in the Arab Gulf region contribute more to their coffers), narcotics are undoubtedly the economic lynchpin that connects the key players in the region. As Louise Shelley and Nazia Hussain illustrate in their piece, the dynamics in question are by no means confined to Afghanistan and Pakistan. Afghanistan provides the vast majority of the world’s opium supply as well as now being a major producer of cannabis resin. Global demand dynamics hence exert important pull effects in the immediate region. Likewise, with Russia and Central Asia serving as major through routes for narco-trafficking, this problem also needs to be seen in the context of broader regional factors, with Iran and Turkey also in the mix—a point also made by Ehsan Ahrari in his essay. When it comes to solutions, the analyses in this report illuminate key areas of potential impact. Felbab-Brown, for example, demonstrates that recent declines in poppy cultivation in Afghanistan are a result not so much of local counternarcotics efforts but rather stem from overproduction without commensurate increases in world demand. She also makes the crucial point that alternative agricultural solutions for Afghanistan that also rely on monocropping will likely fail to create the momentum needed for broad-based sustainable economic growth.

To invoke the concept of “narco-jihad,” then, is to recognize the seemingly counterintuitive juxtaposition of violence in the name of religious purity fueled in good measure by proceeds from illicit drugs. This NBR Special Report explores various facets of the phenomenon of narco-jihad in Afghanistan and Pakistan. Put together, the three papers that collectively compose this study represent a comprehensive, multi-perspective analysis that will be essential reading for policymakers and analysts of regional and global affairs alike.

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The Drug Economy in Afghanistan and Pakistan, and Military Conflict in the Region

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EXECUTIVE SUMMARY

This essay assesses the nexus between the narcotics economy and violent conflict in Afghanistan and Pakistan.

MAIN FINDINGS

• While opium production in Afghanistan declined in 2008–09, it was significantly higher than the estimated total global demand for illicit opiates. Overproduction, not counternarcotics efforts, primarily accounts for the reductions in cultivation and production over the past two years.

• Price profitability of opium poppy is not always the most important structural factor driving the narcotics economy in Afghanistan. Insecurity and the lack of infrastructure, value-added chains, assured markets, legal microcredit, land titles, access to land rent, dispute resolution mechanisms, and the rule of law are frequently more important factors than price profitability.

• Currently a multitude of actors are involved in Afghanistan's opium poppy production, including the Taliban, all levels of the Afghan government, law enforcement, unofficial powerbrokers, and tribal elites.

• Without a legal alternative economy in place, poppy bans and eradication campaigns have proven economically devastating for the population, socially and politically unsustainable, and counterproductive for the counterinsurgency effort.

• Without a reduction in the global demand for illicit opiates, a significant reduction in the opium poppy economy in Afghanistan will shift production elsewhere, including possibly to Burma, Central Asia, or Pakistan.

POLICY IMPLICATIONS

• An alternative legal economy cannot consist of a monocropping system, such as with wheat. For legal livelihoods to be sustainable and effective in Afghanistan, they need to consist of high-value, labor-intensive, diversified crops, such as fruits and vegetables.

• The longer alternative livelihood programs fail to provide economically sufficient replacements for opium poppies, the more problematic it becomes for local elites to endorse eradication and the more the local communities become susceptible to mobilization by the Taliban.

• A shift of the opium poppy economy to Pakistan would be highly detrimental to U.S. interests, further destabilizing the Pakistani government, threatening the government's territorial control and integrity, and fueling militancy by providing Pakistani jihadists and possibly also Baluchi insurgents with significant financial profits and extensive political capital that is currently not available to these groups.
This essay explores the interface of Islamic militancy with opium poppy cultivation and the drug trade in the Afghanistan-Pakistan region and draws implications for U.S. national security. It analyzes the evolution of the narcotics economy in the region since the late 1960s and the progressive involvement of various state and nonstate actors in the economy since then, with particular attention to current Islamist jihadi networks in the region. The essay also assesses the effectiveness of various counternarcotics policies, especially since 2001, and evaluates the effectiveness of these policies not only with respect to the narrow goal of narcotics suppression but also with respect to counterinsurgency, counterterrorism, state-building, and the stabilization of Afghanistan and Pakistan.

Although counternarcotics suppression policies progressively intensified in Afghanistan from 2001–09, they have not resulted in a substantial and sustainable reduction in the cultivation of opium poppies nor have they succeeded in curtailing the Taliban’s drug income. Instead, these policies have strengthened the bond between poppy farmers and the Taliban by alienating farmers from both the Afghan national government and local representatives, with negative repercussions for counterinsurgency efforts, including the diminishment of human intelligence flows on the Taliban and other jihadists. At the same time, efforts to promote alternative livelihoods have been underresourced and cast too narrowly, focusing almost exclusively on relative price ratios of opium to legal crops while largely ignoring the complex and multifaceted drivers of opium poppy cultivation.

After decades of cultivation and the collapse of legal economic opportunities, opium is deeply entrenched in the socio-economic fabric of Afghan society and underlies much of the country’s economic and power relations. Many more actors than simply the Taliban participate in the opium economy, and these actors exist at all social levels.

The longer alternative livelihoods efforts fail to generate sufficient and sustainable income for poppy farmers, the more problematic and destabilizing it will be for local elites to agree to poppy bans and the greater the political capital that the Taliban will obtain from protecting the poppy fields. An intense eradication campaign under current circumstances will likely make it impossible for the counterinsurgency effort to prevail. Yet, as many other cases of the nexus between drugs and insurgency and terrorism show, through greater resources and improved strategy, counterinsurgent forces can defeat insurgent groups deriving substantial income from drugs. Although the new U.S. counternarcotics strategy appropriately deemphasizes eradication, instead focusing both on interdiction of Taliban-linked traffickers and on alternative livelihoods, this strategy is not free of pitfalls. Its effectiveness with respect to counternarcotics and stabilization will be determined by the actual operationalization of interdiction and alternative livelihoods programs.

Without a decrease in the global demand for opiates, a precipitous collapse of the opium poppy economy in Afghanistan will result in the relocation of opium production elsewhere. Should production be relocated on a large scale to Pakistan, especially into the North-West Frontier Province (NWFP), Federally Administered Tribal Areas (FATA), Pakistan-administered Kashmir, or Baluchistan, the consequences for U.S. security interests would be even more severe and dangerous than if large-scale cultivation persists in Afghanistan. In such a case, jihadists targeting the United States and the government of Pakistan will be able to vastly increase their political capital with local populations, thereby enhancing their chances of greatly destabilizing the government of Pakistan and strengthening terrorism activities against the United States.
The essay proceeds as follows. The first section provides an overview of the narcotics economy in Afghanistan and Pakistan, including basic statistics, a brief history of the evolution of this economy in the region, and a survey of the myriad actors involved from the 1970s through the fall of the Taliban in 2001. Second, the essay analyzes the political economy of the drug trade in Afghanistan today and the trade’s structural drivers. Third, the essay provides an overview of the current actors involved in the narcotics economy, from village-level actors to official and unofficial powerbrokers to the Afghan and Pakistani Taliban groups and international smuggling networks. Fourth, the essay assesses the effects and evolution of counternarcotics policies in Afghanistan, from a laissez-faire approach to intensified eradication, interdiction, and alternative livelihoods efforts. The essay concludes with an assessment of the narcotics economy and counternarcotics efforts, including the implications of such efforts for stability in Afghanistan and Pakistan and regional conflict dynamics.

A Background of the Narcotics Economy in Afghanistan and Its Relationship to Conflict in Afghanistan and Pakistan

Current State of the Drug Economy in Basic Statistics

The latest survey of Afghanistan’s opium poppy economy by the United Nations Office of Drugs and Crime (UNODC) indicates that cultivation of poppy during the 2008–09 growing season stood at 123,000 hectares (ha) and opium production at 6,900 metric tons (mt). While representing a decline from the 2007–08 growing season of 22% and 10% respectively, both numbers still remain very high. Indeed, at 6,900 mt, the total production of opium in Afghanistan still significantly surpasses the total global estimated demand for illicit opium. For years, this demand was believed to be at approximately 3,000 mt a year. After several years of opium production in Afghanistan doubly or triply surpassing the estimated total global demand, the UNODC this year increased the total global demand estimate to 5,000 mt. Whether or not the actual level is 3,000 mt or 5,000 mt, however, it is very likely that multi-year overproduction in Afghanistan has resulted in significant stockpiles of either opium or heroin. Though stockpiles are regularly found in Afghanistan and many households hold some stocks of opium as an asset for times of economic stress, it is not clear whether most of the excess opium is held in Afghanistan or outside the country, nor is the size or ownership of the stockpiles known. A further contraction of opium production thus can be anticipated irrespective of counternarcotics efforts.

Indeed, most of the decline in poppy cultivation can be attributed to the multi-year overproduction, which has suppressed opium prices in Afghanistan to low levels, rather than to counternarcotics efforts. Moreover, given the unusually high price of wheat in Afghanistan last year, which made it prohibitive for many Afghans to buy enough subsistence cereal even with monocropping opium poppy, some Afghans switched a portion of their land to farm wheat to avoid purchasing wheat on the market.

The UNODC estimates that 1.6 million Afghans were involved in opium poppy cultivation during the 2008–09 growing period, representing 6.4% of the total population. This number,

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2 Ibid.
however—down from 2.4 million, or 9.8% of the population, in the 2007–08 growing period—vastly underestimates the actual level of employment the opium poppy economy provides and its criticality for the overall economy of Afghanistan. The opium poppy economy is highly labor-intensive and provides both on-farm and off-farm income opportunities (such as employment for itinerant laborers during harvesting), thus offering employment opportunities unparalleled in today’s licit and other illicit economies in Afghanistan. The opium poppy economy has multiple and strong spillover effects: income from this economy underlies the important sectors of Afghanistan’s legal GDP, including construction, trade in durables and non-durables, and services, such as roadside restaurants and hotels. Overall, the micro and macroeconomic significance is far greater than the UN estimate of the number of opium households suggests.

Although the 2009 UNODC survey did not provide an estimate of the size of the overall opium poppy economy as a percentage of GDP, based on previous years it is safe to assume that this economy is still somewhere between one-third and one-half of the overall GDP. Such a level of economic dependence on an illicit drug economy is truly unprecedented in the history of modern drug trade since the end of World War II. Also, given that Afghanistan continues to be the third-poorest country in the world with a very low human development index, the political implications of such a large illicit economy are inevitably also great.

From Afghanistan, opium and, increasingly, refined heroin is trafficked to Western Europe and Russia via Iran, Pakistan, and Central Asia. Given that China is once again becoming a significant consumer of opiates, however, some of Afghanistan’s heroin is likely also sent to China for consumption, despite the fact that Burma continues to be China’s primary supplier. Some of Afghanistan’s heroin is also destined for the United States, but Mexico and Colombia continue to fill most of U.S. heroin demand, despite recent decreases of opium poppy cultivation in Colombia. It is at these international traffic and consumer-country distribution stages where the most significant profits from the illicit trade are realized, many times surpassing the profits remaining within Afghanistan.

Overview of the History of the Narcotics Economy in Afghanistan and Pakistan

Afghanistan first became a significant opium producer in the mid-1950s, after poppy cultivation was banned in neighboring Iran. Initially Iran was Afghanistan’s principal market. But in the mid-1970s, when Western demand for heroin greatly expanded, and political instability and a prolonged drought disrupted the flow of drugs from Southeast Asia’s Golden Triangle, Afghanistan and Pakistan began to supply large quantities of illicit opiates to the global market.

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4 UNODC, “Afghanistan Opium Survey 2009.”
Throughout the 1980s, Pakistan’s production of opium surpassed Afghanistan’s, peaking at approximately 900 mt, and for at least brief periods Pakistan was the world’s number one producer of illicit opiates. Pakistan’s history of opium production dates back to the British Raj, when opium was produced legally and sold to opium dens first in Britain and later in China.

Unlike post-colonial India, Pakistan was not able to maintain the International Narcotics Control Board (INCB) license for legal production of medical opiates, such as morphine, due to the country’s inability to comply with INCB rules, including failure to prevent the illicit trade of opium. As a result and also due to the domestic politics of Pakistan’s president General Zia ul-Haq, who emphasized the Islamization of Pakistan, opium poppy cultivation became illegal in Pakistan in the 1970s. During the nadir of illicit poppy cultivation in Pakistan in the 1980s, opium poppy was grown in the FATA and the NWFP, with agencies such as Bannu, Khyber, and Dir being significant loci of cultivation. Opium poppy cultivation involved entire tribes and represented the bulk of the local economy in many of these highly geographically, politically, and economically isolated places. Pakistan was also the locus of heroin production and smuggling, with prominent and official actors, such as Pakistan’s military and the Inter-Services Intelligence (ISI), deeply involved in the heroin trade. Despite the ban on opium poppy cultivation, during the area of Zia ul-Haq, drug-related corruption in Pakistan reached the highest levels of the government, including Zia’s closest associates, such as General Fazle Haq, the governor of the NWFP.

 Armed Actors’ Involvement in Afghanistan’s Drug Economy until the Fall of the Taliban

Soviet occupation of Afghanistan provided a critical impetus for the massive expansion of the Afghan opium economy in the 1980s. Though Soviet forces were able to control the major cities, they never succeeded in controlling the countryside, where they could not distinguish insurgents from the rural population. As a result, Moscow ultimately resorted to a scorched-earth policy of systematically destroying agricultural production and infrastructure in Afghanistan, including orchards and irrigation systems, to drive the population out of the countryside and into the cities. Yet, since agriculture represented the predominant segment of the overall economy, the population was not able to cope economically in the cities and instead switched to opium poppy cultivation in the countryside. Unlike cultivation of legal crops, poppy cultivation did not require the same levels of irrigation, fertilizers, and other agricultural inputs. The switch was facilitated by the large Afghan refugee community in Pakistan that was involved in smuggling, including in opiates and by Pashtun tribal networks spanning the border that frequently participated in poppy cultivation on the Pakistani side.

Several Afghan mujahideen commanders became early sponsors of the opium poppy economy in Afghanistan. Among the most prominent were Gulbuddin Hekmatyar, who also controlled several opium refineries in Pakistan, and Mullah Nasim Akhundzada of Helmand’s Musa Qala

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district. On the Soviet side, Ismat Muslim from Kandahar’s Spin Boldak district came to control cultivation and trafficking in his area. (Although Ismat Muslim was at first one of the anti-Soviet mujahideen, he later switched to the Soviet side.) Sponsorship of the drug economy allowed these commanders to rise to the top of Afghanistan’s powerbrokers. It allowed them to supplement U.S. aid via ISI and Soviet aid with income from drugs, to build strong armies, and to withstand the collapse of U.S. aid at the end of the 1980s. Even more significantly, such sponsorship also allowed mujahideen commanders to develop political capital with the population in the areas they controlled by giving them the ability to deliver economic subsistence during a time of dire economic stress. This political capital further contributed to the demise of the traditional khans (tribal notables) and maliks (landowners) in Afghanistan, legitimized the rise of the mujahideen commanders as the new elites, and consolidated their regional and tribal dominance. The Akhundzadas, for example, emerged leaders of Helmand Province, where their dominance still continues today; and Ismat Muslim rose to lead the Achezai tribe.

During the civil war in Afghanistan in the early 1990s, opium poppy cultivation expanded beyond the southern region. Other warlords, such as Rashid Dostum and Ahmed Shah Massoud in the north and Ismail Khan in the west, also progressively became involved in the illicit economy through taxing opium poppy cultivation (which by then had spread to the entire country), processing, and shipments.

Throughout the 1990s, opium cultivation in Afghanistan continued to grow, driven by continued insecurity and the resulting failure of the legal economy to recover as well as by drug suppression efforts in Pakistan. Thus, by the time the Taliban emerged in Afghanistan in 1994, the opium poppy economy was pervasive and deeply entrenched. Despite the crop’s overwhelming economic significance, the Taliban’s first impulse was to prohibit the opium poppy economy as un-Islamic, as it had done with other social activities. The population in Helmand Province, where the Taliban ban took place in 1995, mobilized behind the Akhundzadas (despite the clan’s own previous experimentation with eradication and bans in the early 1990s to satisfy U.S. demands and obtain financial payoffs). The Taliban faced an acute prospect of losing power even in southern Afghanistan where its ethnic networks among the Ghilzai Pashtun and overall support base were strongest. Consequently, by the end of 1995 the Taliban abandoned its ban on opium poppy cultivation, changed its edicts to prohibit only consumption of opium rather than production, and eventually became deeply involved in the drug economy. The Taliban taxed both cultivation and trafficking, later eliminating some traffickers and taking over their roles. Under Taliban sponsorship of the opium poppy economy in the latter part of the 1990s, Afghanistan overtook Burma as the world’s largest supplier of illicit opiates.

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15 Rubin, Fragmentation of Afghanistan.
17 Felbab-Brown, “Kicking the Opium Habit?”
In the 1999–2000 growing season, however, the Taliban reversed several years of its pro-poppy policy and reinstituted a ban on cultivation in the areas it controlled. (The Northern Alliance of Massoud, hunkering down in the Panshir Valley, persisted with opium poppy cultivation during the ban.) The Taliban instituted the ban for several reasons, the most important of which was the desire to obtain international recognition as the governing authority of Afghanistan. Although by then controlling more than 90% of Afghanistan territory, the Taliban government was recognized only by Pakistan, Saudi Arabia, and the United Arab Emirates (UAE). Previous interactions with the UNODC led the Taliban to believe that by reducing poppy cultivation the government would acquire international recognition. As a result of the ban, cultivation indeed fell by a remarkable 90% from very high levels. Because the Taliban did not liquidate its opium stocks while the cultivation ban was in place, however, the group also stood to substantially profit from a subsequent rise in opium prices, which by the end of the 1990s had fallen to very low levels. The ban also allowed the Taliban to further consolidate control over the opium trade in Afghanistan and eliminate additional traders.

Nevertheless, the ban proved economically devastating for the population—all the more so because the Taliban either systematically destroyed or allowed to disintegrate all other vestiges of the legal economy, public administration, and social services. The opium trade was also the only large-scale economic activity in which the Taliban permitted women’s participation. Consequently, the economic effects of the ban were devastating for the population, with many households losing 90% of their income and becoming deeply indebted. The highly profitable smuggling of licit goods between the UAE, Pakistan, Iran, and Afghanistan continued to thrive under the Taliban’s sponsorship, but this non–labor-intensive economy did not generate sufficient employment to offset the socio-economic effects of the poppy ban. Thus, despite threats of brutal punishment and bribes to the tribes that the Taliban did not fully control, such as in Nangarhar, the population started violating the ban in the spring of 2001, and in September 2001 the Taliban revoked the ban. Inevitably and immediately, cultivation swung back to the early 1990s levels.

The Role of the Narcotics Economy in Afghanistan’s Local Political Economy

The structural drivers that enabled the expansion of the opium poppy economy in the 1990s and drove its recovery in 2001–02 persist today. Since the fall of the Taliban, they have been largely neglected in development efforts and not sufficiently addressed. Although price profitability of opium poppy frequently, though not always, significantly surpasses the price profitability of legal crops (often


by several times), price profitability is only one among a multitude of factors that drive opium poppy cultivation.\textsuperscript{23} Other structural drivers are often more important than price profitability.

The primary structural driver of illicit opium poppy cultivation is the lack of security that prevents the growth of a legal economy. Investors—whether domestic or international—will be highly reluctant to enter an environment where security cannot be assured on a sustained basis. Insecurity, including the fear of Taliban attacks, undermines the use of roads that have been rebuilt since 2001. For example, the ring road that connects Afghanistan’s major cities continues to be threatened by the resurgent Taliban’s attacks. Other actors are equally responsible for the lack of security necessary for economic development, including unofficial militias pervasive along Afghanistan’s roads, and the Afghan National Police (ANP), which frequently acts as a band of thieves in state-provided uniforms. The ANP and unofficial militias, as well as the Taliban, frequently charge exorbitant unofficial tolls at road checkpoints, thus raising the costs of transportation to such a point that many legal crops cease to be profitable, even if transported only to local markets. In the south, where the lack of security is far greater than in the north, the cost of transportation per kilometer can be 70\% higher than in the north.\textsuperscript{24}

Overall, the destruction of the basic economic infrastructure, including roads and irrigation systems, and the lack of electrification remain pervasive despite eight years of international recovery efforts and hamper the recovery of a legal economy. Moreover, legal agricultural products today face new international competitors that Afghanistan did not face prior to the Soviet invasion, when the country exported cereals, vegetables, and horticultural products. Afghanistan also lacks processing facilities, undermining the possibilities for the creation of value-added and the preservation of highly spoilable agricultural products.

Opium poppy cultivation, conversely, requires minimal inputs in terms of fertilizers and irrigation (even though it benefits from them). Once the resin is collected from the poppy capsule and dried, it also becomes essentially non-perishable, thus avoiding spoilage problems that legal crops face. Moreover, opium traders frequently pick up opium at the farm gate, thus eliminating transportation difficulties and costs for farmers.

Critical among the structural factors driving opium poppy cultivation is the lack of a legal microcredit system in Afghanistan. Large segments of the population do not make enough income to withstand the unproductive winter and cover their basic expenses but need to borrow money to secure even basic food consumption (they similarly need to borrow money to invest in any productive assets). For the majority of the population, the only microcredit available is one linked to opium poppy cultivation where creditors lend money against a promised amount of opium poppy.\textsuperscript{25} Although the government of Afghanistan's Microfinance Investment Facility for Afghanistan (MISFA) has been successful in delivering legal microcredit, MISFA still covers only about 8\% of the estimated credit need and is available almost exclusively in cities.\textsuperscript{26}


\textsuperscript{25} Mansfield, “The Economic Superiority of Illicit Drug Production.”

Since 2001, with ex-warlords capable of dominating the opium poppy economy to a great extent, land concentration has increased, and access to land for many sharecroppers is conditioned on the cultivation of opium poppy. This is especially problematic in Afghanistan, a country with a paucity of arable land, where land intensity problems make it hard to generate even enough subsistence with legal crops.

Finally, the lack of the rule of law is another crucial driver of illicit economies in general, including the narcotics economy in Afghanistan. This absence of rule of law should not be understood only as the institutional underdevelopment and pervasive corruption of Afghanistan’s law enforcement, but also as fundamental underprovision of effective and accountable judiciary, such as the lack of functioning courts and dispute resolution mechanisms. Without such mechanisms, legal economies are paralyzed.

Unless these various structural drivers are fully addressed, opium poppy will remain a low-risk crop in a high-risk environment. Counternarcotics suppression efforts, such as eradication, will not be able to alter the risk ratios to sustain opium poppy reductions without resorting to extensive and prolonged suppression through military force of the social protest such actions will generate. Such an approach, however, would be politically unsustainable internationally and would deliver the Afghan population into the Taliban’s hands.

Current Actors in the Narcotics Economy in Afghanistan and its Structure

Given that the illicit narcotics economy represents such a large portion of Afghanistan’s GDP and plays such a significant role in the overall economy, the economy inevitably affects and involves a multitude of actors beyond the Taliban, even though it is this movement’s participation that receives the most attention from the international community.

Actors in Afghan Villages

At the village level, the narcotics economy provides livelihoods to rural households, including small opium traders. Its aforementioned spillover effects, such as the expansion of resthouses and restaurants, retail of livestock and both consumer goods and durables, and growth in construction, however, mean that opium production also affects the economy in cities.

The management of the opium poppy economy also affects the political capital and survivability of the tribal leadership and district chiefs. On the one hand, the opium economy is frequently the only way for the tribe to maintain subsistence income (as well as any hope of socio-economic improvement), and hence the tribal leadership derives political capital from sponsoring it. On the other hand, the tribal leadership now also faces oversight from governors, the national government in Kabul, and the international community. Since the national government appoints both district chiefs and governors, Kabul exercises substantial control over local level decisionmaking. In order to satisfy governors, Kabul, and the international community, the tribal leadership and district chiefs frequently acquiesce (often in exchange for various payoffs) to eradication or poppy cultivation bans even though their local communities oppose such measures.

At the same time, because the power of tribal leaders over the local community is limited, they cannot completely ignore the community’s wishes. In counternarcotics efforts, tribal leaders thus need to balance legitimacy with the local population resulting from satisfying their economic needs, such as sponsoring the profitable-yet-illicit economy, against legitimacy with outside actors that accrues from suppressing poppy production. Local leaders thus engage in complex negotiations with both the local community and outside actors to balance the contradictory political imperatives. The longer alternative livelihoods programs fail to provide economically sufficient replacements for opium poppy, the more problematic this balancing act becomes for local elites and the more susceptible local communities become to Taliban mobilization.28

Furthermore, although local police forces and specialized counternarcotics units are tasked with suppressing the drug economy, many do in fact participate in the narcotics trade to a large degree at the village level and higher up the processing chain.

Regional Traffickers and International Smuggling Enterprises

Higher up the processing chain, the drug economy also involves regional traffickers with links to international smuggling enterprises. As a result of the way interdiction has been carried out since 2002—targeting small traders at the village level while not systemically removing powerful traffickers with links to the government—the drug industry in Afghanistan exhibits a high degree of vertical integration, with perhaps twenty or so large organizations coalescing around important powerbrokers, both with and without links to the government.29

Many such actors are former warlords who today hold positions in the Afghan national or regional governments and the parliament. They include, for example, President Hamid Karzai’s vice-presidential nominee, Mohammad Fahim, Hazrat Ali, Rashid Dostum, Ismail Khan, Jan Mohammad, Gul Agha Shirzai, and Ahmed Wali Karzai, President Karzai’s brother (even though no concrete evidence has ever been provided on Wali to support the extensive allegations).30

Despite complex links to the drug trade, many of these powerbrokers have managed to build sufficient organizational space between them and their drug networks in order to prevent Afghan authorities or the international community from obtaining sufficient evidence about their narcotics activities. Some powerbrokers have even “legitimized” themselves with the international community by conducting poppy eradication and interdiction efforts, frequently outside of the province where they maintain their own drug networks, thus permitting them to maintain drug profits and political capital while undermining political and drug competition. Gul Agha Shirzai and Hazrat Ali provide examples of this strategy: Both at various times have been in charge of counternarcotics in Nangarhar and have carried out large-scale suppression of opium poppy there while protecting their drug networks in Kandahar and Afghanistan’s north respectively.31

Thus, the existing illicit narcotics economy and the way counternarcotics efforts have been conducted each contribute to corruption in Afghanistan. The corruption deeply permeates the

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28 Based on author’s fieldwork in Afghanistan during the fall of 2005 and spring of 2009. For more information, see Vanda Felbab-Brown, “Peacekeepers Among Poppy,” International Peacekeeping 16, no. 1 (February 2009): 100–14.


political process. Opium poppy is far from the sole source of corruption in Afghanistan, however, nor is this corruption the greatest source of popular disaffection with the national government and its regional representatives. Rather, the disaffection and alienation of the population is as much a reaction to the targeting of the most vulnerable sectors of the society by counternarcotics efforts while rich powerbrokers escape such efforts. A further source of disaffection is the need to pay significant bribes in order to engage in any, not just illicit, economic activity and even to qualify for other routine procedures that should require no payment—such as being rotated out of Afghan National Army (ANA) kandaks (battalions) that are deployed to highly kinetic Helmand after completion of the mandated period.32

Beyond Afghanistan’s borders, only a few top Afghan or Pakistani traffickers are known, and the structure of the industry there does not appear to mimic the “cartelization” of the international drug traffic as witnessed in Latin America since the late 1970s. These known Afghan and Pakistani traffickers include, for example, Bashir Noorzai, Mohammad Essa, Haji Baz Mohammad (all three recently captured and extradited to the United States), and Ibrahim Dawood. Unlike the Latin American drug trade, international drug trafficking from Afghanistan appears to be highly segmented, with a multitude of organizations and actors—including Turkish and Kurdish drug trafficking organizations, the Russian mafia and military, members of Central Asian governments and law enforcement, the Chinese Triads, and Balkan smuggling outfits—having a piece of the trade in their territories, while organized crime groups in Western and Eastern Europe dominate distribution in consumer countries. Despite widespread allegations, there is little evidence beyond tangential associations that either al Qaeda or the Taliban have systematically penetrated, or are deriving extensive profits from, these international smuggling or retail distribution networks.

The Taliban in Afghanistan

At the same time, it is clear that the Taliban has once again penetrated the drug economy in Afghanistan.33 After the Taliban was expelled from Afghanistan to Pakistan in 2001–02, the organization was also expelled from the drug economy. Interdiction and eradication efforts undertaken since 2004, however, have enabled the Taliban to insert itself back into the economy by providing protection services to smuggling operations and for drug traffickers targeted by interdiction and by protecting poppy fields threatened with eradication.

The Taliban thus provides an enabling environment for the opium poppy trade by limiting the reach of law enforcement and also by preventing alternative livelihoods efforts. For these services, it charges protection fees to farmers and drug traffickers. Despite widespread allegations, however, field research in Afghanistan provides little support for the claim that the Taliban is forcing the rural population to cultivate poppies. Moreover, as the Taliban is a complex amalgam of actors—which includes the core Taliban around Mullah Omar; disgruntled tribes, such as Ghilzai Pashtuns; crime groups; local unemployed men; international jihadists; and Gulbuddin Hekmatyar’s and Jalaluddin and Sirajuddin Haqqani’s fighters—the organization’s relationship to the opium poppy economy is highly complex and frequently local-context dependent and varied. Some of the tribes that consider themselves the Taliban, such as around Musa Qala, for example, do so simply because they face eradication of their poppies. At the same time, many local drug

32 Author’s interviews with ANA military in Helmand and with shopkeepers in Kandahar, spring 2009.

groups choose to call themselves the Taliban to ride the coattails of its success and wrap themselves with greater legitimacy.

Estimates vary widely about how much money the Taliban derives from the drug economy: from $70 million a year to $500 million a year.\(^{34}\) Given the complexity of the Afghan drug trade as well as comparisons with other belligerent groups involved in the drug trade in Asia and Latin America, the lower estimates are probably more likely to be accurate. Similarly, estimates vary about the percentage of income that the Taliban derives from the drug economy, ranging from 20% to well over 50%. Once again, it is highly unlikely that the Taliban derives more than half of its income from drugs. Other significant sources of income include taxation of all economic activity in areas where the Taliban has sufficient presence—including government projects, such as those provided through the National Solidarity Program via community development councils; smuggling of legal goods from Pakistan; illicit logging, especially in the east, such as in Kunar Province where the Haqani networks operate;\(^{35}\) smuggling in gems; illicit trade in wildlife (including ibex, oryx, saker falcons, and snow leopards); and, importantly, fundraising in Pakistan and the larger Middle East.\(^{36}\)

Crucially, however, the benefits that the Taliban derives from the drug economy significantly go beyond the financial profits and the resulting simplification of procurement, logistics, and the increased ability to pay fighters wages greater than those supported by local legal markets. Most significantly, the sponsorship of the opium poppy economy provides the Taliban with important political capital, both with the wider rural population dependent on opium poppy cultivation for basic subsistence and with tribal elites and important powerbrokers. This resulting political capital consequently motivates the local population to deny intelligence provision on the Taliban to NATO and Afghan forces and provides the insurgents with both active and passive support.

Along with the Taliban’s provision of otherwise-lacking rule of law—or, given its brutality, “rule of order”—and mechanisms for dispute resolution of local conflicts, sponsorship of the opium poppy economy constitutes the most significant part of the Taliban’s political capital. In many ways, the support obtained from the Taliban’s prevention of eradication frequently trumps even its tribally and ethnically based legitimacy, given the complex multilayered fabric of subtribal and clan allegiances and rivalries that go well beyond simplistic divisions of Pashtuns versus non-Pashtuns or even Durrani versus Ghilzai Pashtuns.\(^{37}\)

**Pakistani Taliban**

On the Pakistan side, there is little evidence that either the Afghan Taliban or the Pakistani Taliban (including Tehrik-i-Taliban and Tehrik-e-Nafaz-e-Sharia-Mohammadi) has systematically


\(^{37}\) This is not to say that this ethnic- and tribal-based legitimacy does not remain important for the Taliban. Passively, the population also tolerates the Taliban simply out of the calculation that in its area the Taliban will prevail in the conflict or physically remain there and that the population would be subject to its retaliation if it supported the counterinsurgents.
penetrated the slightly resurgent opium poppy cultivation in the FATA and NWFP, even though they may have penetrated trafficking in drugs and precursor agents in Pakistan. Given the lack of systematic drug surveys in those areas of Pakistan, the extent of cultivation there is difficult to gauge, but some assessments report a resurgence of cultivation up to 2,000 hectares in recent years. It may well be more, however, considering the lack of economic alternatives in the area, the history of opium poppy cultivation there, and the fact that the level of poppy cultivation in Kashmir on both sides of the Line of Control is estimated at 8,000 hectares.38

So far, it appears that the main sources of the Pakistani Taliban’s income include: smuggling in legal goods, charging tolls and protection fees, taxation of all economic activity in the areas they operate (some being highly profitable, such as marble mining), theft and resale of NATO supplies heading to Afghanistan via Pakistan, illicit logging, and fundraising in Pakistan and the Middle East.39 While profits from such a diverse portfolio of activities can equate or even surpass profits from drugs, their main downside from the perspective of the belligerent actors is that these economic activities are not labor-intensive. Consequently, unlike when belligerent groups sponsor the highly labor-intensive cultivation of opium poppy, the jihadi groups in Pakistan cannot present themselves as large-scale providers of employment to the local population.

Counternarcotics Efforts in Afghanistan after the Fall of the Taliban and Their Effects

Counternarcotics efforts since the fall of the Taliban have neither succeeded in limiting the expansion and consolidation of the narcotics economy in Afghanistan nor prevented its penetration by the Taliban and other actors.40 In fact, elements of the counternarcotics strategy have contributed to Taliban penetration of the narcotics economy and to the cementing of its bond with the broader population.

_Laissez-faire, 2001–02_

The first counternarcotics policy adopted in Afghanistan between 2001 and 2002 was one of laissez-faire. This approach was to a large extent dictated by the small numbers of U.S. troops deployed to Afghanistan during that period and the consequent need to rely on local warlords of both the Northern Alliance and the disgruntled tribes in the south—not only for intelligence provision but also for direct military action against the Taliban. Inevitably, many of these warlords, such as Mohammad Fahim, Rashid Dostum, Mohammad Daoud, and Hazrat Ali, were involved in the drug economy (without the economy’s financial and political assets, these leaders would not have risen to their positions of power and been able to support their militias). As the Taliban was expelled from Afghanistan into Pakistan, these warlords were ideally placed to take over the Taliban’s role in the narcotics economy and consolidate their power over it.41

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38 Author’s interviews with UNODC, Indian, and Pakistani officials in New York, Washington, D.C., and Kashmir, India, during the spring, summer, and fall of 2008.


40 For details, see Felbab-Brown, *Shooting Up*, chap. 5.

41 Felbab-Brown, “Afghanistan: When Counternarcotics Undermine Counterterrorism.”
Compensated Eradication and Interdiction, 2002–03

Meanwhile, under the United Nations Assistance Mission for Afghanistan (UNAMA), the United Kingdom was charged with being the lead nation on counternarcotics. Concerned that forced eradication without alternative livelihoods would antagonize and further impoverish the Afghan population, the UK chose a two-pronged policy: compensated eradication and the interdiction of traffickers and processing laboratories. Under the compensated eradication scheme, farmers were to be paid between $250–$350 per every jerib (about one-fifth of a hectare) of land eradicated. The scheme relied on local powerbrokers to assess the amount of land seeded with opium poppy and the amount eradicated and to dispense compensation.

Immediately, however, the scheme was marred by multiple forms of fraud: local elites systematically overestimated both amounts to claim more money, farmers frequently did not eradicate, and the powerbrokers kept the money for themselves instead of distributing it. The amount allocated to the program consequently soon ran out and many farmers who did actually eradicate failed to receive compensation. At the same time, the set compensation level was nowhere close to offsetting the economic losses from eradicating opium poppy. In a classic moral hazard scenario, the north of the country, where poppy planting takes place later in the season than in the south, started cultivating more poppies only to collect greater compensation.

Because of these problems, the compensation program was aborted in 2003. Meanwhile, interdiction efforts by the British assistance mission in Afghanistan, undertaken alongside the compensated eradication program, were frustrated by the continuing reliance on local warlords and drug traffickers as intelligence and military assets.

Intensified Forced Eradication, 2004–09

By the end of 2004, it was determined that the warlords rather than the Taliban now represented the greatest threat to the stability of the country; and international pressure continued to build to address the burgeoning opium production. The United States subsequently set up new counternarcotics institutions in Afghanistan (outside of the Ministry of Counternarcotics nurtured by the United Kingdom) in order to greatly increase forced eradication as well as to beef up interdiction.

Increased interdiction, however, frequently ended up being politically manipulated by local powerbrokers targeting their ethnic and political opposition and eliminating rival drug groups. Interdiction also focused on the lowest-level traders, resulting in a significant vertical integration of the industry and giving rise to demands for Taliban protection services by these traders and higher-level traffickers.

Although aerial spraying advocated by many in the United States was not undertaken, increased manual eradication—carried out both by national units, such as the Central Poppy Eradication Force and its previous incarnations, and by provincial governors—nonetheless was adopted, nearly generating a provincial revolt in Kandahar in 2004 and major social protest in Nangarhar. Because of this frequently violent social protest and the Taliban provision of

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protection against eradication, eradication mostly resulted in small numbers of hectares being eradicated. The eradication of poppy fields was usually negotiated with local powerbrokers and targeted either damaged crops or crops of the poorest and most vulnerable farmers while rich, influential landowners were able to intimidate or bribe the eradication teams. (Considering that large landowners employ many poor sharecroppers and itinerant workers, even nominally targeting rich landowners also has negative economic effects on the poor segments of the population.) Overall, cultivation continued to increase.

Several opium bans and eradication campaigns in Nangarhar Province nonetheless succeeded in driving cultivation there to negligible levels. Because Nangarhar has historically been the second- or third-largest producer of opium in Afghanistan, after Helmand and Kandahar Provinces, these suppression drives carried out by the provincial governor (most recently Gul Agha Shirzai) have been hailed as major successes and a counternarcotics model to be emulated elsewhere in Afghanistan.

Yet, these suppression drives have proved economically unsustainable and politically destabilizing. Despite promises, alternative livelihoods have not materialized on any sufficient and extensive level; thus, the economic consequences of the bans have been devastating for many, especially anyone more than 20 km outside of the provincial capital Jalalabad and consequently without access to other forms of employment. Many growers experienced income losses of 90% and became heavily indebted. Those unable to repay debts (held in opium in the previously mentioned opium-linked microcredit system) either ended up as indentured labor, escaped to Pakistan where they frequently ended up in the pro-Taliban Deobandi madaris, or were forced to liquidate all of their assets and even resort to selling their daughters. After the first such drive in Nangarhar in 2005, opium production swung back to pre-ban levels by the end of 2007.

During 2008 and 2009, Governor Shirzai, motivated by a desire to score points with the international community since he intended to run for president of Afghanistan in 2009, maintained a new ban and eradication by further promises of aid, bribes to tribal elites, and punitive actions against violators, such as imprisonment, and threats that NATO would bomb the houses of those who failed to comply with the ban. But once again the promises of alternative livelihoods have failed to materialize, especially for those further away from Jalalabad, including in the strategically important Khogiani, Achin, and Shinwar districts that sit on the border with Pakistan. Antagonized local tribes stopped providing intelligence on the Taliban to NATO and Afghan forces, and have begun permitting Taliban forces to cross through their districts into Afghanistan, even though these tribes have traditionally had antagonistic relationships with the Taliban. In 2009, the narcotics suppression efforts in Nangarhar depressed the overall economy even in Jalalabad, and the city saw a rise of Taliban mobilization and attacks.

To summarize, eradication has had the following effects. First, it has not bankrupted the Taliban. In fact, eradication has yet to bankrupt or severely weaken one single belligerent group anywhere the strategy has been tried, including in Colombia after the most extensive and intensive aerial spraying in history, because the belligerents as well as the producers and traffickers can adapt


47 Author’s interviews with U.S. military personnel deployed to Nangarhar and political advisers to Kabul, spring 2008 and summer 2009.
in a variety of ways. Indeed, the Taliban reconstituted itself in Pakistan between 2002 and 2004, without access to large profits from drugs, by rebuilding its material base largely from donations in Pakistan and the Middle East and from profits from another illicit economy, the illegal traffic of licit goods between Pakistan and Afghanistan. Given that these and other forms of financing remain accessible to the Taliban, eradication has little chance of limiting the Taliban’s financial income to significantly weaken it militarily.

Second, eradication meanwhile strengthens the Taliban physically by driving economic refugees into its hands. Third, eradication alienates the local population from the national government as well as from local tribal elites that agree to eradication. The latter effect might seem quite innocuous but in fact is extremely dangerous and destabilizing, because such alienation undermines local leadership and enables the Taliban to penetrate the community at the village and tribal level.

Fourth, eradication not only critically undermines the motivation of the local population to provide intelligence on the Taliban to counterinsurgent forces. Eradication also motivates the population to provide intelligence to the Taliban on counterinsurgent and Afghan security and counternarcotics forces. Finally, local eradicators themselves are in the best position to profit from the drug trade by undermining drug and political rivals alike.

Nor should the decrease of opium poppy cultivation in the north of Afghanistan be attributed primarily to effective counternarcotics policies. To a large extent, the success of these so-called poppy-free provinces is ephemeral and driven by market and security conditions outside of the scope of counternarcotics policies. Historically, the north of the country served as a sort of pressure valve on narcotics production in the country, with production there increasing only when production in the south and east has been down for some reason. Given the massive multi-year overproduction in the south during the 2000s, a reduction in the north due simply to market correction is to be expected.

Further, because of far greater security in the north—although security in the region has been increasingly eroded by a Taliban campaign over the past two years, remobilization of local anti-Taliban militias, and the rise of street crime—legal economic development has taken off significantly more than elsewhere in the country. Especially near major cities in the north located along major trading routes, such as Mazar-i-Sharif and Fayzabad, local markets, particularly agricultural markets, have picked up, and vegetable traders have even begun mimicking opium traders in providing a variety of extension services at the farm, including microcredit, and collecting legal crops at the farm gate. Yet even in the north, particularly in areas farther away from major cities, opium has frequently been replaced by marijuana, the cultivation of which has greatly expanded in Afghanistan. Increasing insecurity in the north now threatens the legal markets there. Meanwhile, drug trafficking in the region continues unabated.

48 The substantial weakening of the Revolutionary Armed Forces of Colombia (FARC) cannot be attributed to eradication but rather to improved direct Colombian military action against the FARC, including pin-down strategies, as well as to local interdiction efforts that prevent the FARC from moving paste from some of its areas of operation to traffickers. Colombian military efforts have been critically enabled by U.S. training, resource provision, and the U.S. signal intelligence provision to the Colombian military. For more information, see Felbab-Brown, Shooting Up, chap. 4; and Vanda Felbab-Brown et al., “Assessment of the Implementation of the United States Government’s Support for Plan Colombia’s Illicit Crops Reduction Components,” USAID, April 2009, http://pdf.usaid.gov/pdf_docs/PDACN233.pdf.

49 Mansfield and Pain, “Counternarcotics in Afghanistan: The Failure of Success?”

50 Mansfield, “Beyond Metrics.”

Alternative Livelihoods

Efforts to promote alternative livelihoods have been slow to reach the majority of the population and generate sufficient income or employment. To some extent, this slow take-off is inevitable, as rural development is a complex and long-term undertaking. Yet, at least until the announcement of the new U.S. administration strategy in the summer of 2009, many of the previous and existing alternative livelihoods programs were mis-designed and underresourced.\(^{52}\)

Large sums of development money were sunk into quick buy-off projects for the local community through Commander’s Emergency Response Program (CERP)—funds that nonetheless proved unsustainable, such as building schools without having teachers or building clinics without having medical staff.\(^{53}\)

Even nominally long-term development projects frequently proved to be short-term cash-for-work programs, such as building roads and cleaning irrigation systems, that neither generated sufficient income nor provided lasting employment. At the same time, large sums of money were given to “white elephant” projects, such as the Kajaki dam, and failed to trickle down to the population while being particularly vulnerable to disruption or capture by the Taliban. Structural drivers of opium poppy were not addressed, agricultural development at the farm level was neglected and underfunded, and alternative livelihoods projects were not located within a broader rural socio-economic development.

During 2008–09, alternative development efforts in many parts of the country were essentially collapsed into a crop substitution program in the form of wheat distribution. This program was intensely undertaken in Helmand, sponsored by the province’s governor, Mohammad Gulab Mangal, and widely endorsed by the international community. Subsequently the program spread to other parts of Afghanistan.\(^{54}\) Although it is not possible to comprehensively assess the program because insecurity prevented systematic onsite evaluation of the effort, there are reasons to doubt the program’s effectiveness and sustainability.

First of all, one of the important lessons of counternarcotics alternative development efforts throughout the world over the past 40 years is that simplistic crop substitution programs do not work. In Afghanistan itself, previous efforts to replace wheat for opium have failed because of land intensity problems and landholdings per household that are too small to generate even enough subsistence from cereals.\(^{55}\) The 2008–09 wheat distribution campaign was driven mainly by the unusually favorable wheat-to-opium price ratio; however, this ratio is not sustainable, in part because Kazakhstan, Pakistan, and Iran dictate Afghan wheat prices. Nor did the wheat distribution program in any way address structural drivers of opium poppy cultivation.

Finally, because wheat is far less labor-intensive than opium poppy, farming this crop can employ only about 12% of the people that can be employed in opium poppy cultivation and processing. Consequently, if all poppy cultivators and opium producers in Afghanistan were to switch to wheat, Afghanistan would face a great rise in unemployment on top of the existing unemployment. What Afghanistan needs instead is the development of high-labor-intensive, high-value crops, such as diversified vegetables and fruits, and the development of assured value-added


\(^{53}\) Author’s interviews with members of provincial reconstruction teams (PRT) in Kandahar, Helmand, Zabul, and Uruzgan, spring 2009.

\(^{54}\) Author’s interviews with members of PRTs, Counternarcotics Advisory Teams (CNAT), and USAID officials, southern Afghanistan, spring 2009.

\(^{55}\) See, for example, Mansfield, “Sustaining the Decline?”
chains located within a broad program of socio-economic rural development. Sufficient and maintained security is an inescapable precondition for such an undertaking.

Assessment of Narcotics Economy on Stability and Regional Conflict Dynamics

Given the pervasiveness of the opium poppy economy and its micro- and macroeconomic significance, the political effects of opium production are inevitably large at all levels of society. The narcotics economy is deeply entrenched in Afghanistan and the country’s socio-economic fabric. Consequently, efforts to reduce the economy in a sustainable way compatible with the reduction of violent conflict—both insurgency and social violence—will require improvements in security and sustained economic and institutional development, particularly concerning the rule of law, over an extensive period of time (easily two decades).

A critical precondition for the success of counternarcotics policies is the significant reduction of violent conflict. Without security, counternarcotics efforts will not be effective, regardless of whether they emphasize strong-fisted eradication or rural development. Indeed, nowhere in the world have counternarcotics efforts succeeded in reducing cultivation and trafficking without a prior major reduction in conflict—not in Colombia, Peru, Thailand, Lebanon, Burma, or China.

At the same time, in all of these countries military forces were able to prevail against insurgents or other opponents involved in the drug trade despite their opponents’ high profits from and undiminished involvement in the drug trade as a result of the intensification of military and other resources devoted to the counterinsurgency campaign and improvements in counterinsurgency strategy. Even in Colombia, where conflict is still ongoing, the FARC has been greatly weakened, despite the fact that coca cultivation persists near record-high levels. The fact that the Taliban profits from poppy even at great levels does not by itself prevent its defeat. Efforts to bankrupt the Taliban by eradication, however, will hamper the counterinsurgency campaign unless legal alternatives for the affected population are in place rather than simply promised.

The new counternarcotics strategy in Afghanistan announced by the current U.S. administration—scaling back eradication and intensifying rural agricultural development and interdiction—well complements the new counterinsurgency focus on protecting the population and separating it from the Taliban through a hearts-and-minds and “stomachs” approach. How the new counternarcotics strategy is in fact operationalized will, however, determine its effectiveness in reducing the opium economy and enhancing counterinsurgency and stabilization efforts. If rural development efforts continue to be limited to the wheat distribution program, and rural diversification and development of value-added chains and secured markets fail to be established, alternative development efforts are unlikely to be effective. Furthermore, a failure to prepare Congress, the U.S. domestic audience, and the broader international community for how long rural development will take and to present realistic timelines will ultimately undermine support for appropriate counternarcotics efforts, even if such efforts are on the right track.

Similarly, the NATO effort to interdict Taliban-linked drug traffickers includes potential pitfalls, even though the initiative is far more supportive of the counterinsurgency effort than any possible NATO participation in eradication. First, just like eradication, such interdiction efforts

56 Felbab-Brown et al., “Assessment of the Implementation.”
are unlikely to bankrupt the Taliban or significantly curtail the organization’s drug income. Interdiction efforts have succeeded in limiting the income of belligerents only under the most auspicious circumstances and usually only at localized levels, such as in Peru in the early 1990s or in parts of Colombia today.\footnote{Vanda Felbab-Brown, “The Obama Administration’s New Counternarcotics Policy in Afghanistan: Its Promises and Potential Pitfalls,” Brookings Institution, Policy Brief, no. 171, September 2009, http://www.brookings.edu/~/media/Files/rc/papers/2009/09_afghanistan_felbabbrown/09_afghanistan_felbabbrown.pdf.}

Second, to actually succeed in bringing down entire Taliban-linked drug trafficking networks, the interdiction efforts will require intensive military and intelligence assets, potentially diverting resources from other aspects of the counterinsurgency campaign, such as protecting the population. Moreover, if this approach does indeed result in bringing down entire networks in the drug economy, such an outcome will easily affect thousands of people in particular locales previously dependent on that economy, and these effects will proximate those of eradication. The interdiction efforts will thus clash with the hearts-and-minds approach, undermine local human security, and potentially also conflict with an effort to peel off elements of the Taliban from the insurgents, such as certain tribes.

Even if such efforts remain limited to focusing on only certain Taliban-linked traffickers, such as the recently named 50, they will send the message that the best way to be a trafficker in Afghanistan is to be linked with the Afghan government, thus undermining rule of law and state-building in Afghanistan in the medium term, even if politically expedient in the short term. It is thus important to combine any selective NATO-led interdiction with carefully sequenced actions against at least some government-linked traffickers. Such interdiction efforts, however, need to be carefully sequenced so as to avoid triggering cartel wars among Afghanistan drug trafficking groups as has occurred in Mexico.\footnote{Ibid.}

A precipitous reduction of the illicit economy in Afghanistan without legal alternatives being in place will have vastly destabilizing economic and social consequences beyond the immediate conflict. Although providing livelihoods for a large segment of the population and generating much of the country’s GDP, the illicit narcotics economy also generates negative macroeconomic effects, including augmenting inflation, increasing exchange rate and currency instability as well as real estate speculation, undermining the development of legal export-oriented industries, giving rise to “Dutch disease,” and displacing legal production. Nonetheless, given its size, a rapid reduction in the narcotics economy in Afghanistan will give rise to capital flight, greatly destabilize the currency, and result in a significant contraction of the GDP.\footnote{Symansky, “Macroeconomic Impact of the Drug Economy and Counter-Narcotics Efforts.”} Such an outcome would negatively affect the rest of the economy in one of the world’s poorest places and thus generate a significant humanitarian crisis.

**Destabilizing Prospects of Cultivation Relocation**

Moreover, unless there is a substantial decline in the global demand for illicit opiates, a significant reduction of the opium production in Afghanistan will simply shift cultivation elsewhere. There are at least three likely recipients of such an outcome, even though opium poppy can be grown in the vast majority of locales in the world.

First, opium production could once again expand in Burma, where counternarcotics efforts centered on eradication without alternative livelihoods have economically squeezed former opium
poppy farmers. Many have food security for merely eight months a year and avoid famine during the remaining months only because of a UN food distribution program. Though some farmers have switched to other illicit economies prevalent in Burma, including trade in gems, illicit logging, and illicit trade in wildlife, many are forced to rely on foraging in Burma’s forests. Given that poppies in the Golden Crescent (Central Asia through Pakistan) have both a greater opium yield and higher alkaloid content than poppies in the Golden Triangle, however, a wholesale shift to Southeast Asia is not probable since traffickers are likely to continue favoring the Crescent’s opium and have deeply established trafficking networks there.

Most likely, opium production would disperse partly into Central Asia—such as into Tajikistan, which has already been an important producer—and most perniciously back to Pakistan. Such a relocation would be highly detrimental to U.S. interests because it would critically undermine the Pakistani state and fuel jihadi insurgency. Such a shift would not only increase profit possibilities for Pakistani belligerents but also provide them with significant political capital through the sponsorship of a labor-intensive economy in the FATA, NWFP, and potentially also Baluchistan—all areas with minimal employment opportunities.

Alternative development efforts in Pakistan’s drug producing areas in the 1990s, consisting mainly of small rural infrastructure projects and special economic opportunity zones (similar to the ones for textiles promoted by the current U.S. administration), brought many benefits to both the local economy and the Pakistani state. These benefits included better links between isolated areas of Pakistan and the rest of the country and the increased identification of the local populations with Pakistan. Until these development efforts in the 1990s, many in the FATA never identified themselves as Pakistanis and their identification was solely tribal-based, frequently in direct opposition to the Pakistani state. The alternative development efforts in the 1990s also increased the weakening legitimacy of local political elites and pro-Islamabad political agents.

These positive political and economic effects frequently proved ephemeral, however, as alternative livelihoods efforts failed to generate sustainable employment, consigning many to continued subsistence agriculture, trucking and smuggling, and migration to other parts of Pakistan, such as Karachi. Despite their limited effectiveness, the alternative development efforts were still far less politically destabilizing than previous poppy eradication drives in Pakistan in the late 1980s and early 1990s. Enforced by military coercion, the eradication efforts proved unsustainable even for the military dictatorship of Zia ul-Haq.

The dominant reason for the decline in opium poppy cultivation in Pakistan, however, was not counternarcotics efforts but rather the wholesale shift of cultivation to Afghanistan. At the same time, Pakistani trafficking networks frequently remained undiminished by the shift.

If opium poppy cultivation were to again shift to Pakistan on a large scale, Pakistan today would find it far more difficult to mount effective counternarcotics measures. Given the hollowing out of the Pakistani state, the multifaceted collapse of the government’s administrative capacity in the FATA and NWFP, and the overall macroeconomic crisis of the country, acutely

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62 Asad and Harris, *The Politics and Economics of Drug Production*.
63 Author’s interviews with former civilian and military officials in the NWFP during the fall of 2008 and spring of 2009.
felt in the FATA and NWFP, the state would find it far more difficult to develop sufficient legal employment opportunities.

Because of the continuing geographic, political, and social isolation of these areas, the lack of rule of law, and the paucity of productive assets—both physical resources and human capital—generating employment opportunities in those areas will be highly challenging under the best of circumstances. The current development efforts in the FATA and the NWFP sponsored by the United States thus need to take advantage of the fact that these efforts do not face competition from an entrenched labor-intensive illicit economy (the existing illicit economies in those areas, primarily smuggling, are not labor intensive). At the same time, it is imperative to advance and intensify the current development efforts as much as possible and direct them toward sustainable job creation—not simply temporary employment in short-term, small-scale rural infrastructure-building—to prepare for needing to mitigate the social, economic, and political effects of any extensive relocation of opium poppy cultivation to the area in the future.

The depletion of the political capital of both Pakistan’s civilian elites and its military during the 1990s and 2000s would also make any forced eradication far more politically costly and difficult to sustain. Considering the belligerency in the regions that would be the most likely recipients of any opium poppy relocation—the FATA, NWFP, Pakistan-administered Kashmir, and Baluchistan—forced eradication would greatly fuel militancy and generate far greater negative security externalities than it did in the 1980s and early 1990s when social protest had not congealed into a highly organized form, social networks were not premobilized, and pernicious political entrepreneurs were not ready to capitalize on social discontent.

A large-scale shift of opium poppy cultivation to Pakistan in the near- and medium-term would thus further weaken the Pakistani state and undermine its control of, and even reach to, some of the most jihadi-susceptible areas in Pakistan. Such a large-scale shift of cultivation would also likely leak into Baluchistan, where heroin processing facilities and trafficking networks are already extensively present. This shift would thus enable Baluchi nationalists to tap into the drug economy and strengthen the Baluchi insurgency in a multifaceted way, thus further threatening the territorial integrity of Pakistan and diverting the state’s attention from the jihadi threat. Assisting the government of Pakistan today to the greatest extent possible—both in rural development efforts in critical regions and in enhancing the effectiveness of the government’s interdiction and law enforcement capacity—could reduce the possible security and political threats of such a relocation of opium production to Pakistan.
Narco-Trafficking in Pakistan-Afghanistan Border Areas and Implications for Security

Louise I. Shelley with Nazia Hussain
EXECUTIVE SUMMARY

This paper explores the global dynamics of the drug trade in the Afghanistan-Pakistan border area and analyzes the interface of regional actors with key players and networks outside the region.

MAIN FINDINGS

• Afghanistan produces 90% of the world’s opium supply, a third of which is transited through Pakistan. Opium is not the only illicit trade in the Pakistan and Afghanistan border regions, however. Afghanistan is now the second-largest cannabis resin producer in the world. There is also significant illicit trade in timber, antiquities, and cigarettes in the border areas.

• In addition to southern routes through Pakistan, drug traffickers rely on western routes via Iran and northern routes through the Central Asian states. As Russia became deeply integrated into the global drug market due to inadequate border controls and large-scale migration among the Soviet successor states, routes through Central Asian states have become extremely important in the global drug trade.

• The drug trade across the Afghanistan-Pakistan border is not only weakening state control but also cementing linkages among drug traffickers throughout the larger region, Taliban, insurgents, and criminal groups. In turn, this nexus of drugs, crime, and insurgents threatens NATO supply routes and offers resistance to ongoing military operations in Afghanistan and Pakistan’s tribal areas. This nexus also poses a significant challenge because the networks of the drug trade that support the conflict are not contained within the Afghanistan-Pakistan region.

POLICY IMPLICATIONS

• A culture dependent on illicit trade develops along with the societal norms supportive of this criminal activity. This suggests the need for incentives other than legitimate employment to encourage growers and marketers away from the drug business.

• Analysts and policymakers should not ignore drug-related activities of the warlords. Drugs and crime are not a peripheral problem to the establishment and maintenance of order. Now that the drug problem has grown significantly, in the future warlords involved with drug trafficking, once they no longer receive support from U.S. and NATO troops, will be less likely to cooperate in fighting terrorists. The warlords’ accommodation is temporary and one of convenience.
The drug trade in the Afghanistan-Pakistan border areas has important implications for regional and global security that transcend the problem of the sale of drugs as an income source for citizens and conflict. Although the illicit drug trade constitutes a significant portion of Afghanistan’s revenues, its impact is far more than economic. The instability and insurgency funded by the drug trade compound and perpetuate the political instability of Afghanistan, which now dates back 30 years to the time of the Soviet invasion.

Similar to the situation in Colombia, the drug trade aggravates the instability of decades of internal conflict. The situation in Afghanistan is even more acute, however. The revenues tied to the drug trade in Afghanistan represent a much greater share of national revenue than in Colombia. Drugs are believed to account for one-third of GNP in Afghanistan—a multiple of the situation in Colombia where, at the height the drug trade, drug production possibly accounted for a maximum of 10% of the economy.\(^1\) Moreover, Afghanistan may be unique in that, according to the former finance minister, an estimated 60% of the country’s economy is based on illicit trade.\(^2\) Although the drug trade is the largest of the trade in illicit commodities, it is not the sole one. There is also a large illicit trade in antiquities, timber, and cigarettes, the latter being particularly important in funding terrorism.\(^3\)

The consequences of the drug trade and other forms of illicit trade in Afghanistan are particularly acute. In Afghanistan, in contrast with Pakistan and Colombia, there is no central government that has control over a significant share of national territory. The control of the central government does not extend far beyond Kabul. Throughout the country, local warlords and tribal chiefs control territory at the regional level. Therefore, counter-drug policies established at the national level are very difficult to implement at the local level.

Policy focused on stabilizing Afghanistan and removing the support structure for terrorism without also effectively addressing the drug trade is erroneous. A short-term military focus on containing the militant elements in the Afghanistan-Pakistan border areas that ignores the long-term destabilizing implications of a drug economy in this region is likewise highly problematic.

Without containment at the source, drugs from Afghanistan and Pakistan flow to Russia, Western Europe, and Asia. The drugs transit through all the bordering countries, increasing addiction among the citizens of neighboring states and aggravating already elevated and destabilizing levels of corruption. The global impact of the drug trade—and its concomittant destabilizing effects—are evident elsewhere, such as on the U.S.-Mexican border and, more recently, in West Africa.

What is needed is a cohesive approach to these problems that addresses both the conflict in Afghanistan and Pakistan and the spillover effects on Central Asia and Iran as a transit corridor for narco-trafficking to other parts of the world. In this context, the prioritization of counterterrorism over counternarcotics is an erroneous and unsustainable distinction, given that stability in the Afghanistan-Pakistan frontier cannot be achieved as long as the drug economy continues to be a central source of funding for terrorists operating in these countries.

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2. Author’s interview with Ashraf Ghani, Dubai, November 2008.

This essay attempts to explore the global dynamics around narco-trafficking in the Afghanistan-Pakistan border area by analyzing the interface of regional actors with key players and networks outside the region and assessing the implications for U.S. security interests in the region. The first section proceeds with a brief background of how illicit drug-related activity in Afghanistan and Pakistan fits into the broader picture of the global narcotics industry. The second section explains the role of global supply and demand factors and their impact on the regional drug economy in Afghanistan and Pakistan, and the third section identifies key push and pull factors, drivers, and force multipliers within the global narcotics economy. The fourth section of the essay highlights the role key actors, groups, and networks assume in drug trafficking in the region. Lastly, a fifth section assesses the ongoing impact of the global narcotics industry on the conflict in the Afghanistan-Pakistan region and the prospects for stability, with specific reference to U.S. security interests.

Study of the Afghan-Pakistan Border Area and Research Sources Used

The Afghanistan-Pakistan border area is a region of particular security concern. Although under separate governments, the populations on both sides of the border share common armed groups, with tribal linkages that transcend national borders. The loyalties of these groups to clan and tribe are greater than to the nation-state. The border regions of both societies contain impoverished populations and possess poor social indicators, rendering their residents susceptible to the pressures of criminal groups through direct or implied threats of violence. The great wealth acquired by these criminal and insurgent groups through the highly profitable drug trade allows them to exercise inordinate influence over the populations of the border regions.

The Pakistan-Afghan border, also known as the Durand Line, is 1,640 miles of difficult terrain spanning the southern deserts of Baluchistan to the northern mountain peaks of the North-West Frontier Province (NWFP) to the Federally Administered Tribal Areas (FATA).4 Baluchistan, the largest and least-developed province, incorporates the entire length of Pakistan’s border with Iran. The local insurgency, which aims to control the area’s natural resources, makes Baluchistan a particularly dangerous area in Pakistan.5 The NWFP of Pakistan shares the frontier with Afghanistan.6 The province, which is contiguous with Baluchistan, has a predominantly Pushtun ethnic make-up and is governed according to Islamic precepts combined with tribal traditions.7 The FATA constitutes around 25% of the NWFP but is administered according to legal and administrative systems established in the colonial period.8

Pakistan and Afghanistan are intricately linked through the drug trade; a quarter of the drugs produced in Afghanistan pass easily through Pakistan’s border areas.9 The border has always been a tribal area, over which Pakistan’s central government has had limited control. In particular,

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7 Ibid.

8 Ibid.

Waziristan, the NWFP, and the Swat Valley have become increasingly destabilized and fertile territory for drug smuggling.

Yet, the illicit drug trade is not confined to Pakistan and Afghanistan—there is a spillover effect on other countries in the region. Over the last decade, drugs have exited Afghanistan via the northern route through Central Asia.10 Given the corruption, extreme poverty, increasing fundamentalism, and existence of some terrorist groups in these countries, the drug trade in Pakistan and Afghanistan presents an even broader security challenge.

Research Sources

A variety of sources have been used to inform this essay. The quantitative data provided is largely drawn from the United Nations Office on Drugs and Crime (UNODC). This UN body has highly trained people on the ground and has great access to the regions where cultivation is underway.11

The essay is also informed by newspaper reports, primarily from Western sources. Even though one of the authors is fluent in Urdu and Punjabi, there is an absence of much in-depth coverage in newspapers in these languages. Pakistani newspapers generally report on drug seizures and destruction of drugs, and while Afghan newspapers report with greater in-depth coverage of the situation, not much data proved useful for the essay.12

The authors reviewed numerous analytical reports by experts in the region as well as congressional hearing documents. The essay further draws on one of the authors’ decades of experience studying the drug trade in the former Soviet Union, including field work in the countries close to Afghanistan and Pakistan, and makes use of the extensive materials belonging to the Silk Road Studies project funded by a Swedish center. This project brings together specialists in the region who have extensive language and cultural knowledge of the Silk Road region countries; their research has focused on the drug trade, crime, and criminality.13

In addition, the authors referenced the research of Western scholars and specialists who have more recently focused on the drug trade in Pakistan and Afghanistan,14 and also relied on the insights of scholars of the Pakistan Society of Criminology, who have conducted on-the-ground analyses of the drug trade in the border region and the links between such trade and insurgents.15

Much of the existing analyses reviewed for this study are fragmentary and deliberately selective. Moreover, many of these works do not correctly analyze the challenges of the drug trade due to a limited understanding of the complex tribal relations and the distinct culture and history of the region.

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10 Author’s discussions with high-level officials in the Kyrgyz drug control agency, October 2009.
11 The authors, however, exercised caution in relying on the qualitative analyses provided in these sources, due to perceived biases in the data interpretation. For example, the same document attributes both greed and need to the residents of the south as explanations for the growth of poppy cultivation. These two motivations can occur simultaneously, but it is difficult to describe people who the UN has identified as living under one dollar a day as greedy.
13 For example, the journal China and Eurasia Forum Quarterly has analyzed the drug issue, as have many of the project’s research publications available on the Silk Road Studies website, http://www.silkroadstudies.org/new/inside/.../CEF_quarterly.htm. One of the authors was in residence at the center when it was located in Uppsala, Sweden.
Drug-Related Activity in Afghanistan and Pakistan and the Global Narcotics Industry

Global Trends in Drug Cultivation, Production, and Trafficking

Drug cultivation occurs in many different countries. For example, in 2005, cannabis was identified as growing in 83% of the world’s countries. The UNODC World Drug Report 2009 identifies the major producers of opiates in Latin America as Colombia, Mexico, Peru, and Bolivia, although other countries are also involved in growth and trade. Sub-Saharan Africa is more involved in the opium trade, whereas North African countries are major producers of cannabis, with Morocco now being the world’s leading supplier of cannabis resin. In Asia, the Golden Triangle (Laos, Myanmar, and Thailand) has traditionally been a major supplier of drugs. This region has diversified away from the opium trade: Myanmar and Laos have reported heavy involvement in methamphetamine manufacture, catering to high demand for methamphetamines in South and Southeast Asia. Other neighboring countries are involved as precursor chemicals enter from India, China, and Thailand. This presents a disturbing picture of world drug production where the region surrounding Afghanistan and Pakistan now trades not only in opium but also in cannabis resin and synthetic drugs.

In the past, the raw production of the drugs occurred in the poorest regions of the world, whereas refinement occurred in more developed third world countries before being shipped to markets in the most developed countries. There have been certain important changes in this pattern in recent years. Synthetic drugs, requiring more technical capacity, are being produced in wealthy countries as well as in traditional drug cultivation countries such as Myanmar. Processing poppy into heroin is no longer done exclusively in more developed countries as in the past. Instead, very poor countries such as Afghanistan now refine heroin internally, as the recent importation of large quantities of precursor chemicals into Afghanistan reveals. The ability to process chemicals is a new and rapidly acquired capability in Afghanistan—just two years ago the country only exported raw opium.

Major drug trafficking organizations exist in Latin America, Africa, and Asia, although the mafia in Italy became wealthy after its entry into the international drug trade in the 1960s and 1970s. Drug flows cross multiple continents. For example, one of the most recent trends is the movement of drugs from South America to West Africa before shipment to Europe. This is reflective of the drug traffickers constant search for weak and corrupt states through which they can operate.

Brief Background on Drug Activities in Afghanistan and Pakistan

In the last few years the role of the Golden Crescent, including Afghanistan and Pakistan, in the international drug trade has increased in importance. Even before the recent uptick in

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17 Ibid.
18 Ibid.
19 Ibid.
production, Afghanistan was the largest drug producer in Eurasia. As early as 2005, Afghanistan produced 85% of the world’s opium, and that figure has now risen to 90%. Pakistan has reported cultivation of opium in border areas, while minor residual amounts are grown in Iran on a non-commercial scale.

It has also been reported that Afghanistan is now the second-largest cannabis resin producer in the world. Although there is no reliable figure available for cannabis cultivation in 2008, it is believed that the extent of cannabis production is approaching the cultivation area of Morocco, the leading producer of cannabis resin. In 2006, Afghanistan produced 1,603 metric tons of cannabis, second only to Morrocan production of 1,915 metric tons. Steadily increasing production is due to relatively higher prices for cannabis products as compared to opium. The UNODC has identified at least 20 out of 34 provinces in Afghanistan with substantial cannabis production. It is difficult to provide exact estimates regarding how much land is dedicated to cultivation of cannabis resin. Unlike the UNODC’s use of advanced satellite technology to measure levels of coca and poppy cultivation, no such methods to locate and survey cannabis cultivation can be used without field research. According to reliable estimates, however, the area under cannabis cultivation in Afghanistan was equivalent to 36% of the area under opium poppy cultivation, with an increase in the area cultivated from 30,000 hectares in 2004–05 to 50,000 hectares in 2005–06 and 70,000 hectares in 2006–07.

In 2008, Afghanistan cultivated 189,000 hectares (one hectare equals 2.5 acres) of opium poppies. The tribal areas of Pakistan reported a steady 2,000 hectares under cultivation over the last five years. Despite reports of reduced cultivation, Afghanistan produced high yields of opium. Of approximately 7,700 tons, 60% was reported to have been converted into morphine and heroin within the country and 40% exported as opium. The presence of heroin labs in the north facilitates the northern route toward Tajikistan (which shares a porous border of 1,200 km with Afghanistan) and onward toward Kyrgyzstan.

Though cultivation of opium has remained constant over the past years for Pakistan, the cultivation figures have been reported to be around 2,000 hectares of opium poppy in the border area with Afghanistan. Pakistan’s cultivation of opium poppy declined during the 1990s but
re-emerged in 2001. Cultivation was reported for the first time in Baluchistan in 2003.\textsuperscript{36} The UNODC reports that since 2005 the Khyber Agency in Pakistan (bordering Nangarhar Province in Afghanistan) in the FATA has harvested the bulk of opium cultivated.\textsuperscript{37}

The area under poppy cultivation in Pakistan during 2007 was around 1.2\% of the area cultivated in Afghanistan. Yet cultivation in Pakistan could increase substantially unless there are sustained prevention efforts.\textsuperscript{38} Currently poppy cultivation is mostly concentrated in the FATA due to ongoing counterterrorism operations, lack of available security forces, and the trend of cultivating poppy in walled compounds to conceal crops from authorities, especially in the region of the Khyber Agency.\textsuperscript{39}

\textbf{Drug Trafficking Routes from Afghanistan}

Pakistan shares a 1,600 mile border with Afghanistan through which at least one-third of Afghan drugs are transited. Precursor chemicals used to process opium into heroin are brought in across the Pakistan-Afghanistan border.\textsuperscript{40} Most processing occurs in small, mobile laboratories in the border areas.\textsuperscript{41}

Currently there is limited information on drug trafficking routes of the narcotics leaving Afghanistan. According to the UNODC, drug traffickers rely on three main routes through the region to Western Europe and other destinations. These include western routes via Iran, southern routes through Pakistan, and northern routes through the Central Asian states.\textsuperscript{42} The route from Afghanistan into the NWFP is used predominantly to transport heroin destined for foreign markets.\textsuperscript{43} Previously the southern routes were used to transport 90\% of the drugs, but more recently the routes through the Central Asian states to Russia and the Caucasus or through the Balkans have become more important and are assuming a significant part of the trade.\textsuperscript{44}

It is estimated that one-third of Afghan opium goes through Iran on the way to Turkey and Europe.\textsuperscript{45} After the drugs cross the Afghanistan-Baluchistan border, many travel to Turkey and Western Europe via the Iranian province of Sistan-Baluchistan.\textsuperscript{46} The main ports of Karachi and Port Qasim and smaller fishing ports and open areas of the Makran coast are vulnerable to drug smuggling activities in the Gulf States.\textsuperscript{47}

Pakistan has assumed a major role in the diversification of trafficking routes. Heroin has reportedly been shipped directly (mainly by air) from Pakistan to destinations in China as well as via Dubai.\textsuperscript{48} According to the UNODC, while the amount of heroin being shipped may be modest,
it represents emerging trafficking patterns.\textsuperscript{49} Pakistan is now a stop on the way to Malaysia, from where heroin shipments go to Australia, and is also a conduit along with India for heroin exports to organized crime groups in Ontario and British Columbia in Canada.\textsuperscript{50}

With an estimated $4 billion illicit export value, opium represents around one-third of Afghanistan’s total GDP, if one counts both the country’s illicit and licit economies.\textsuperscript{51} In many parts of the country, officials charge a tax of one-tenth of the income of opium farmers. This tax is estimated to have generated $50–$70 million in 2008. Furthermore, opium processing and trafficking also potentially raises an additional $200–$400 million.\textsuperscript{52} According to the UNODC, local strongmen, warlords, drug lords, and insurgents have accrued almost half a billion dollars through so-called tax revenues by obtaining payments from drug farmers, producers, and traffickers.\textsuperscript{53}

The rise of cannabis production in Afghanistan is also having an impact on the regional and global drug trade. With the surge of cannabis resin cultivation in Afghanistan, most cannabis makes its way through Pakistan. Pakistan continues to be an important source according to both annual and individual seizure information.\textsuperscript{54} In 2007, Southwest Asia reported the second-highest level of cannabis seizures worldwide, representing 22% of the global total. Pakistan reported 8% of the global seizures or 110 metric tons.\textsuperscript{55}

Drug control authorities, however, have considered control over cannabis production, eradication, and seize a low priority.\textsuperscript{56} Thus, while the information regarding cannabis production is sketchy, the claim that cannabis is widely grown, freely available, and consumed at comparatively low prices is generally held as a fact.\textsuperscript{57} Although mostly originating in Afghanistan, the cannabis is processed in the inaccessible areas of Pakistan’s Orakzai and Kurram Agencies and the Tirah area of the Khyber Agency.\textsuperscript{58} The cannabis subsequently travels through the tribal areas bordering the NWFP in the direction of Baluchistan toward Iran or the Mekran coast.\textsuperscript{59} Cannabis processed in Afghanistan is trafficked through the Central Asian republics.\textsuperscript{60}

The Impact of Global Supply and Demand on the Regional Drug Economy in Afghanistan and Pakistan

According to the UNODC, the bulk of all opiates produced in Afghanistan are consumed in Iran, Pakistan, the Central Asian countries, and to some extent India. The most lucrative markets are in Europe.\textsuperscript{61} The highest concentration of drug abuse relative to the population aged 15–64

\textsuperscript{49} UNODC, World Drug Report 2009.
\textsuperscript{50} Ibid.
\textsuperscript{52} UNODC, Afghanistan: Opium Survey 2008 (Kabul: United Nations Office on Drugs and Crime, 2008).
\textsuperscript{54} UNODC, World Drug Report 2009.
\textsuperscript{55} Ibid.
\textsuperscript{56} “Pakistan: Country Profile.”
\textsuperscript{57} Ibid.
\textsuperscript{58} Ibid.
\textsuperscript{59} Ibid.
\textsuperscript{60} Ibid.
\textsuperscript{61} Ibid.
years is found along the main drug trafficking routes close to Afghanistan. This indicates that rates of consumption and abuse increase with close proximity to the drug trade. The Asian markets are larger (around 5 million users) than the markets in West and Central Europe (around 1.4 million users). Yet the markets in Russia have also grown enormously, and it is estimated that 5–6 million Russians use illicit drugs. Not all these drugs originate from Afghanistan, however, as synthetic drugs arrive from Europe and Asia and are consumed by the population. Drug traffickers now have a large consumer base, reinforcing trafficking patterns through Pakistan, Iran, and Central Asian states. India, for example, has the highest rate of opiate use in the sub-region, with an estimated 3.2 million users.

Studies suggest that heroin is also commonly consumed by drug abusers in India, Sri Lanka, and Bangladesh. Population surveys reveal the following patterns of drug consumption: 1.4% used opiates in Afghanistan in 2005, 2.8% (0.7–1.6 million people) in Iran, and one study estimated 630,000 opiate users in Pakistan, equivalent to 0.7% of those in the 15–64 years age bracket. The rise in HIV infection in Pakistan attributed to drug abusers attests to the impact of the growth of the heroin trade.

Central Asia and the Caucasus sub-region also reported drug consumption levels above the global average, particularly in Kazakhstan, Kyrgyzstan, Uzbekistan, and Tajikistan. Turkmenistan has high rates of drug abuse, particularly among urban youth. Combined with drug use is the onslaught of the HIV epidemic mainly among opiate-injecting users in the region—particularly in Uzbekistan, Tajikistan, and Kyrgyzstan.

Western Europe is the target for many traffickers because the mark-up on drugs is so high. Drugs that cost $600 a kilo in Afghanistan retail for $30,000 a kilo in Europe. Opiate use is reportedly stable in many Western European countries, with an estimated 3.4–4.0 million opiate users that consume a higher grade of opium. Increased consumption levels have been noted in Eastern and Southeastern Europe. The suppliers of much of this heroin to Western European markets are Turkish and Balkan organized crime groups, reflecting the role of transit countries in the trafficking of heroin out of Afghanistan. Europe is the end destination for much of the Afghan exports; little Afghan heroin is exported to the United States. According to an analyst in

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62 “Pakistan: Country Profile.”
63 Ibid.
66 Ibid.
67 Ibid.
70 Anonymous official Turkmen and U.S. sources.
73 “Pakistan: Country Profile.”
Central Asia, insufficient attention is paid to reducing European demand; instead, much of the blame is placed on the failure of the weak states of Afghanistan and Central Asia to control the drug trade.\textsuperscript{76}

Thus, the global demand in opiates has concomitantly led to the diversification of drug trafficking routes for Afghan opiates. Yet, this diversification is also a reflection of the ability of the traffickers along the drug routes to create a local clientele for the drugs they are transporting. The new drug production and processing areas that are emerging in the Central Asian Republics, when combined with the displacement of trafficking northward from Afghanistan to Russia and the European market, represent a serious development, because this diversification gives the traffickers greater markets and protection against countertrafficking measures.\textsuperscript{77}

**Russian and European Demand for Imported Narcotics**

The high levels of opium production in Afghanistan are not just a function of poverty or insecurity but are also tied to long-standing historical traditions of consumption in other regions. For instance, at the turn of the nineteenth century and beginning of the twentieth century, morphine, cannabis, and other opiates were freely consumed in Russia's largest cities, and at that time one million people regularly smoked hashish or opium in Central Asia.\textsuperscript{78} With the collapse of the Soviet Union, Russia has increasingly become integrated into the international drug trade.\textsuperscript{79}

With inadequate border controls and large-scale migration between the Soviet successor states, Russia is now deeply integrated into the global drug market with synthetic drugs imported from Western Europe and Asia and heroin imported from Central Asia.\textsuperscript{80} This is far from just a transit problem. Russia has one of the world's fastest-rising drug abuse problem. The youth population is particularly affected. Drugs are so pervasive that there is hardly any Russian city without a drug addiction problem.\textsuperscript{81}

The Russian drug trade is inextricably linked with drug trafficking routes through Central Asian countries that transit a bulk of Afghan opiates. Through the porous borders, opiates from Afghanistan have made their way to Russia and then Europe, worsening drug addiction and risk of HIV on the way.\textsuperscript{82} According to the UNODC, the bulk of demand for Afghan opiates is found along trafficking routes.\textsuperscript{83}

The lucrative European markets also serve as a factor in pushing opium cultivation figures higher in Afghanistan. European markets serve as a hub of international drug trafficking, providing a market for marijuana, heroin, and synthetic drugs.\textsuperscript{84}

\textsuperscript{76} This is in some ways analogous to the U.S.-Mexican relationship. See Marat, “The Impact of Drug Trade,” 61.

\textsuperscript{77} Ibid.


\textsuperscript{79} Ibid.


\textsuperscript{81} Shelley and Cornell, “The Drug Trade in Russia,” 196–216.


\textsuperscript{83} UNODC, *World Drug Report 2009*.

\textsuperscript{84} UNODC, *World Drug Report 2009*. 
Key Actors, Groups, and Networks in Regional Drug Trafficking and the Local Narcotics Economy

Almost 70% of opium cultivation takes place in Afghanistan’s five provinces bordering Pakistan, creating serious implications for drug production and trafficking networks in Pakistan. The common variables of poor human indicators, weak state control, tribal linkages, and the presence of criminal networks across both sides of the Afghanistan-Pakistan border provide opportune conditions for the opium economy to thrive.

The Pakistani provinces of Baluchistan and the NWFP that border Afghanistan are the poorest provinces of the country, marked by low literacy levels, poor quality of public services in education, health, rural water supply and sanitation, and major deficits in the availability of infrastructure in the communication and rural development sectors. Conditions on the Afghan side of the border are even worse, with low literacy rates, dire poverty, low life expectancy, and compromised rule of law. Yet while Afghanistan lacks state control on a pervasive basis, the central government in Pakistan exercises control over the country, even if compromised in the aforementioned provinces.

The opium economy operates in an environment of insecurity and pervasive risk and provides many rural households with the means to survive under such abysmal conditions. There are complex links among the phenomenon of corruption, state officials, local power holders, and insurgents. These relationships coexist with the reality that opium provides the only means of survival for many ordinary people in extremely volatile conditions of insecurity and weak governmental control. Local strongmen compete for political and economic domination in regard to the drug trade. For instance, in some districts, farmers were coerced not to cultivate opium poppy, or forced to eradicate their crop completely. In other areas, local strongmen used their power to protect opium crops in areas from which they draw their political and military support.

The History of Afghanistan’s War Economy

Understanding the political economy of the opium trade requires a nuanced understanding of the established links among government officials, insurgents, and criminal groups that profit from the narcotics trade. This full understanding is not possible without considering the history of Afghanistan’s war economy that developed during the Soviet occupation.

During this time, huge financial and military inflows to assist the mujahideen fueled the expansion of a war economy and produced rentier rebels and a rentier state. This laid down the base for production, processing, and trafficking of opium by warlords, who in turn funded...
the insurgency and enjoyed untaxed control over resources. The next generation of leaders in Afghanistan rose from the ranks of these warlords who were adept at fundraising. The lawlessness and corruption of this period led to considerable support for the Taliban by the Pakistani government and the local Afghan population as a means of securing peace. A political coalition between the Taliban and the merchant class emerged in the border areas, where trucking and smuggling enterprises were undermined by the chaos of warlord rule. Pakistani officials were also allegedly involved with heroin trafficking. By 1984, 70% of the world’s heroin supply was produced in or smuggled through Pakistan, according to European police estimates.

As the Taliban established their rule over Afghanistan and controlled the means of predation and coercion, they also consolidated the opium economy. They allowed local mullahs to collect a 10% agricultural tithe and imposed a 20% zakat (an Islamic levy) on truckloads of opium leaving farms. Furthermore, the Taliban taxed road exports and turned the state-run Ariana Airlines into a “narco-terror” charter service that carried Islamic militants, timber, weapons, cash, and heroin to the United Arab Emirates and Pakistan.

The fall of the Taliban, however, did not result in the dismantling of the coercion networks that had sustained the warlords and made them powerful. Post-Taliban Afghanistan witnessed cooptation of the same warlords and militia leaders into the political milieu, thereby buttressing the familiar power networks. For instance, according to one verified account, it was common knowledge in Kandahar that the major leaders of the province, who provided militias to help the United States fight the Taliban, split the proceeds from taxing the opium trade.

These power holders not only benefitted from drug profits but also garnered political influence. They controlled drug production by switching it on or off through coercion and made deals with local powerbrokers and traders and promised development assistance. Eradication and interdiction also played into the hands of powerful actors who were able to exercise greater control over the opium economy, possibly through management and control of eradication (providing leverage over production), harassment of smaller traders, and seizure of stock, which forced smaller traders out of the market.

In the eastern provinces, regional strongmen and their enforcement structures were successful in producing overwhelming reductions in cultivation in the span of a year—a disturbing sign of their control over the opium economy. Even their Western supporters had no doubts that these power holders benefited from the opium economy directly or indirectly as political patrons and providers of security. For example, in Nangarhar, an analyst working for ISAF (International

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93 Goodhand, "Corrupting or Consolidating"; and see Felbab-Brown, "Kicking the Opium Habit?"
96 Goodhand, "Corrupting or Consolidating."
97 Peters, How Opium Profits the Taliban.
98 Goodhand, "Corrupting or Consolidating."
99 Peters, How Opium Profits the Taliban.
100 Ibid.
102 Mansfield and Pain, “Evidence from the Field.”
104 Jan Koehler, “Conflict Processing and the Opium Poppy Economy in Afghanistan,” ARC Berlin, Jalalabad, June 2005 (internal document written for Project for Alternative Livelihoods funded by Deutsche Gesellschaft für Technische Zusammenarbeit [GTZ]).
Security Assistance Force) headquarters in Kabul claimed that the governor supported the production of cultivation until he reduced the cultivation substantially in 2005. However, this did not prevent the governor from increasing support for opium processing, thereby profiting financially while retaining his political privileges.

**State-Level Power Holders**

At the state level, power holders, usually officials or ministers, exercise their control over cultivation and thereby profit generously from the drug trade. By reducing cultivation, the leadership is able to win political credit from national and international actors. The web of actors, networks, and institutions involved in the opium economy is footloose, and the patterns of corruption can willfully shift across ministries to evade regulatory mechanisms.

**Insurgents, Criminal Groups, and Drug Traffickers**

Corruption at the state level is one aspect of the political economy of opium, the other is the integral link between the opium economy and the insurgents, criminal groups, and drug traffickers that operate in the lawlessness of Afghanistan and the Afghanistan-Pakistan border areas. Ethnic linkages between Tajik, Uzbek, Pashtun, and Baluch Afghans and their counterparts in Central Asia, Pakistan, and Iran provide a basis for the organization and networking fundamental to delivering Afghan opiates to regional markets and hence to international trafficking organizations. The lines between criminal groups, traffickers, and insurgents are blurry, especially in the border areas.

The core Taliban in the south and extremist groups, such as al Qaeda, are reportedly closely tied to crime along the Afghanistan-Pakistan border, diversifying into other criminal activities, including extortion, kidnapping for ransom, and in some areas human trafficking. Major drug traffickers pay money directly to the Taliban leadership, often millions of dollars, in order to earn influence among the top decisionmaking group, the Quetta Shura. Traffickers have paid for fighters’ medical expenses, provided Toyota Hilux pickup trucks, and built madaris (Islamic schools) in Pakistan. According to some estimates, the Taliban and other extremist groups operating along the Pakistan-Afghanistan border earn as much as half a billion dollars annually.

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105 Author’s interview with David Connell (an international consultant for ISAF headquarters in Kabul), Ottawa, October 25, 2006.
106 Ibid.
108 Mansfield and Pain, “Evidence from the Field.”
112 Gretchen Peters cites former Drug Enforcement Administration (DEA) chief of operations Michael Braun, who mentioned heavy involvement of al Qaeda in Afghan opium trafficking. See Peters, *How Opium Profits the Taliban*.
113 There is scant confirmed information on Quetta Shura. The Shura has been described as a grouping of Taliban leadership operating out of the Pakistani city of Quetta that derives funding from the narcotics trade and external donors. The Shura is not considered as the major planner that coordinates other militant groups but is deemed as the first-order threat to U.S. interests in a recent report by General McChrystal. See Gen. Stanley A. McChrystal, “Comisaf’s Initial Assessment,” Department of Defense, Washington, D.C., August 30, 2009; and Peters, *Seeds of Terror*, 126–28.
from drug profits. These earnings help pay the Taliban’s operational funding, the salaries of fighters, food, weapons, fuel, and so forth.

While Taliban insurgents provide protection for opium farmers, they also tax opium yields. In some districts they collect *ushr*, a 10% Islamic agricultural levy. The Taliban tracks how much farmers and other members of the local community are earning by maintaining informants in each community. Each village-level subcommander pays a percentage of the opium proceeds to the district-level military commander, who in turn pays off the district-level Taliban governor. A portion of these funds, often in the form of raw or partially refined opium, filters up the Taliban chain of command to the provincial commander, which is then given to the Taliban’s central financial committee. It has also been reported that Taliban commanders have run opium refineries in the Pakistan-Iran border regions.

According to Gretchen Peters, the command and control system for the drug trade, as relates to Taliban and the insurgency, is located in Pakistan. Guesthouses in Quetta and Peshawar are reportedly used as meeting points every four to six weeks for drug-related financial transactions. The Taliban’s central financial committee based in Quetta then decides how drug money is to be spent as well as whether subcommanders should rise or drop in the organization’s ranking based on their fundraising ability. This command and control system oversees how drug money is filtered into the insurgent hierarchy in the south and southwest, allowing the Quetta Shura to maintain authority over dispersed Taliban commanders. Thus, the interplay of insurgents, criminal networks, and local power holders manages to control the opium economy to quite a considerable extent.

The Impact of the Global Narcotics Industry on Regional Stability and Conflict

While the dynamics of the opium economy represent a serious threat to regional and global security, so does an incomplete understanding of the complex relationship that links state level corruption, insurgency, and drug profits. Without considering the diverse sources of income from illicit trade, extortion, and protection money, analysts overestimate the impact of drug profits on the insurgency. Understanding the dynamics of drug trafficking requires understanding the forces that affect opium cultivation.

The opium economy operates in a high-risk environment, providing access to welfare and security to many in the rural population in regions of the country where there is extreme political

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115 Peters, *How Opium Profits the Taliban*.
116 Although Peters asserts that the drug trade pays the bulk of these expenses, others such as Joshua Foust suggest that much funding comes from other sources such as extortion of foreign aid groups, cell phone communications companies following the destruction of cell phone towers, and illicit trade in timber and other items. See Peters, *Seeds of Terror*, 124; the Registan blog, http://www.registan.net; and Joshua Foust, “Narcotics Trade in Afghanistan” (conference presentation, Redefining Central Asia, Trudeau Centre and Munk Centre for International Studies, University of Toronto, October 11, 2009).
118 Ibid., 123–25.
119 Ibid.
120 Peters, *How Opium Profits the Taliban*.
122 Ibid.
123 Ibid.
and financial insecurity.\textsuperscript{124} Opium provides a major source of funds for investment in durable goods, housing, and, less frequently, working capital. The drug economy is linked with the non-drug economy in many ways.\textsuperscript{125} Rural credit and access to land and water have become strongly linked to poppy production, as factors of production prices are linked to opium prices.

Recent estimates by the UNODC show that 14\% of the Afghan population is involved in opium cultivation.\textsuperscript{126} The statistic has been characterized as nothing less than a “social revolution” by critics, with one-seventh of the Afghan population directly involved in production of a cash crop for global market.\textsuperscript{127} This was not the case a few years ago when drugs were not produced on such a large scale.

Yet, according to the UNODC, insecurity rather than poverty drives opium cultivation in the volatile south. Farmers in the south, particularly in Helmand, are prosperous in comparison to poppy-free provinces, and yet these more affluent areas are responsible for the cultivation of 70\% of Afghan opium.\textsuperscript{128} On the contrary, other researchers have produced damning evidence that suggests that farmers associated with poppy cultivation in Helmand subsist on less than a dollar a day while having extremely low literacy rates.\textsuperscript{129} Furthermore, local strongmen and provincial governors have enjoyed success in preventing farmers from cultivating opium. The ease with which these players control opium cultivation reveals the entrenchment of their control and the integration of corruption into the political economy of opium cultivation.\textsuperscript{130}

Measuring success by determining the extent to which a province is poppy-free based on efforts of a governor or local strongmen, therefore, is a questionable benchmark of success. Furthermore, relying on these players to prevent opium cultivation weakens the central government’s writ because it strengthens the position of the local strongmen by providing them with political clout in Kabul, thereby enhancing their positions as key players who can call the shots.

Such reasoning reveals a shallow understanding of a complex problem that threatens the very survival of the state. This reasoning translates into faulty policymaking, thereby entrenching prevalent exploitative patterns that target insecure, poverty-ridden Afghans while rewarding corrupt strongmen. It would seem that these policy responses work at cross purposes to the strategy of winning the hearts and minds of Afghans and thus threaten U.S. security interests, as do the drug profits that fund the insurgents.

There are both “soft security” and “hard security” implications for U.S. interests in the region.\textsuperscript{131} In terms of soft security, the drug trade across the Afghanistan-Pakistan border is not only weakening state control further but is also cementing linkages between drug traffickers, criminalized groups, and insurgents. Tribal linkages that exist throughout the region and that are crucial in drug trafficking in and out of Afghanistan through Pakistan and Central Asia weaken the writ of the states while cementing patron-client relationships.

\textsuperscript{124} Mansfield and Pain, “Evidence from the Field.”
\textsuperscript{125} UNDP, Millennium Development Goals: Islamic Republic of Afghanistan (Kabul: United UNDP, 2005).
\textsuperscript{126} UNODC, Afghanistan: Opium Survey, 2007.
\textsuperscript{127} Barnett R. Rubin and Jake Sherman, Counter Narcotics to Stabilize Afghanistan: the False Promise of Crop Eradication (New York: Center on International Cooperation, 2008).
\textsuperscript{128} UNODC, Is Poverty Driving the Afghan Opium Boom? (Vienna: UNODC, 2008).
\textsuperscript{129} For detailed studies, see Rubin and Sherman, Counter Narcotics to Stabilize Afghanistan; and Mansfield and Pain, “Evidence from the Field.”
\textsuperscript{130} For example, Koehler, Conflict Processing and the Opium Poppy Economy; and Jan Koehler and Christoph Zeurcher, “Statebuilding, Conflict and Narcotics in Afghanistan: The View from Below,” International Peacekeeping 14, no.1 (January 2007): 62–74.
\textsuperscript{131} For a useful discussion of hard and soft security in greater Central Asia, see Cornell and Swanstrom, “The Eurasian Drug Trade.”
Furthermore, the United States and Pakistan are employing tribal *lashkars* in the war against terrorism, and juxtaposed with the free flow of drugs, weapons, and foot soldiers, it seems there is little margin for error. Lashkars in the FATA share the same Pashtun ethnicity with Taliban fighters, are often hesitant to fight their kin, and are fiercely independent, answering mainly to elders but rarely to outside authorities. These tribal militias respond to local, specific grievances and are uncomfortable with the use of Predator drones by U.S. military operations in the region that go into tribal areas—a policy that is deeply unpopular with the civil society in Pakistan but agreed to by Islamabad. Some have warned that employing tribal lashkars to fight in the war against terrorism will push Pakistan's tribal areas to civil war.

In terms of hard security, the linkages between drug trafficking, Taliban insurgents, and criminal networks threaten NATO supply routes and offer resistance to ongoing military operations in Afghanistan and in Pakistan's tribal areas. The networks to transport weapons, drugs, and fighters across the breadth of greater Central Asia are becoming more sophisticated and intransigent. The links between local and transnational networks of armed groups are blurring. For instance, during a raid in Karachi, police arrested members of the banned Lashkar-e-Jhangvi movement (with heroin stashes, suicide vests, and explosives) that was planning attacks on government officials, police, and offices of intelligence agencies in the city. According to police investigations, the gang shipped heroin to China, Malaysia, Singapore, and the United Arab Emirates and transferred profits to a Taliban commander in Chaman, an area on Pakistan's southwestern border with Afghanistan.

Such networks can replicate and collude with other players, thereby making powerful linkages with them in other countries in Central Asia. In particular, via trafficking routes for Afghan opium, such networks can spread to Kyrgyzstan and Uzbekistan—both of which house U.S. military bases.

**Conclusion**

First, the concentration on poppy cultivation in southern Afghanistan is not as successful as many suggest. The pronouncements on poppy-free provinces ignore the fact that there is large-scale and recent cannabis and hashish cultivation in at least twenty provinces that are considered poppy-free in Afghanistan. In a short period, farmers in these areas have become the leading producers of hashish and cannabis in the world. This trend suggests two important forces that have not been sufficiently considered. First, Afghan tribal leaders in non-southern regions may have decided to leave the poppy trade only because of the temporary benefits for them. Second,
the leaders of regions outside the south are committed to making money through criminal means. This is a trend found in other societies where conflict and drugs have been pervasive for a long time. A culture dependent on illicit trade develops alongside the societal norms supportive of such criminal activity. This suggests that there must be other incentives than legitimate employment to shift growers and marketers out of the drug business.

Second, the culture of corruption has been institutionalized. Corruption is so widespread that it has not only been linked to the drug trade but also to the presidential family. In fact, many blame high levels of corruption and the protection of the drug trade on President Karzai’s family, particularly his brother. The accuracy of these charges is not questioned, but the problems of corruption and its destabilizing influence seem to be more entrenched. For example, there is enormous corruption tied to the foreign aid process. Reliable information suggests that much of the foreign aid is siphoned off by international aid organizations to pay the Taliban and insurgent groups for protection. The protection funds extracted from every major project are allegedly one of the richest sources of funding for Taliban.

Third, drugs are not the only illicit trade in the Pakistan and Afghanistan border regions. Rarely mentioned is the large-scale illicit trade in timber and antiquities. The deforestation resulting from illegal logging exacerbates the problems of survival farming for a population that is highly dependent on agriculture for its welfare. The former minister of finance, Ashraf Ghani, suggests that total illicit trade accounts for 60% of the Afghan economy. The very large trade in illicit cigarettes also funds the insurgency. Though intelligence has yet to be collected on this illicit trade, it can be confirmed by the analytical services of the cigarette industry, investigative journalists, and the head of the NWFP police research in Peshawar.

Fourth, analysts oversimplify the relationship between drugs and violence in the region. Although instability helps explain thriving opium cultivation in the south, it does not explain why there has been a rapid rise in cannabis production in Afghanistan’s relatively peaceful provinces. Moreover, in these provinces there seems to be an inverse relationship between production and violence. For example, in areas where cultivation has decreased—one case in point being Nangarhar, a region deemed poppy-free by UNODC—there has been more violence. Ironically, the opium economy that existed previously seemed to have a positive effect on local conflicts by easing pressure on local resources and thereby reducing violent competition among inhabitants of the region.


142 It has been reported that the Taliban takes a percentage of billions of dollars in aid from the United States and other international coalition partners that goes to large organizations and their subcontractors for development projects in exchange for protection in remote areas controlled by the insurgency. Richard Holbrooke, U.S. special envoy to Afghanistan and Pakistan, has noted on the record that drugs accounted for a smaller share of Taliban funding than was previously thought. See Jean Mackenzie, “Funding the Afghan Taliban,” Global Post, August 7, 2009.

143 Mackenzie, “Funding the Afghan Taliban.”

144 Author’s discussion with Ashraf Ghani.

145 Author’s discussions with the director of counter-illicit trade of one of the world’s major cigarette companies, fall 2009. For more information on the illicit trade of tobacco, see “Tobacco Underground: The Booming Global Trade in Smuggled Cigarettes,” Center for Public Integrity, International Consortium of Investigative Journalists, http://www.publicintegrity.org/projects/entry/887/; and correspondence with the research director of the Pakistani police for the NWFP.


Fifth, the drug related activities of the warlords should not be ignored. Drugs and crime are not a peripheral problem to the establishment and maintenance of order. Now that the drug problem has grown significantly, warlords involved with drug trafficking will be less likely to cooperate with the Afghan state and NATO security forces.

Finally, the failure to address the crime-terrorism nexus immediately after 2001 has allowed these relationships to solidify. The insistence until recently that crime and terrorism need to be analyzed separately has not given the U.S. government the tools necessary to pursue valuable strategies. No efforts have been made to engage local researchers—for example in Pakistan, especially in the NWFP—in long-term research relationships that could help explain the dynamics of crime in this region by people steeped in the local culture. Furthermore, the continued analysis of documents and patterns of behavior by terrorism experts who do not understand crime patterns has led to a simplistic and sometimes erroneous understanding of the threat.

Terrorism cannot be separated from the issue of an illicit drug economy. The trade in illicit drugs is not pernicious merely because it is illegal—and probably will remain so, given that the legalization of drugs and harmonization of laws to regulate trade in heroin is unlikely in the coming decades in the region or in the markets where such drugs are sold—but also because the drug trade destroys societies and corrupts communities and their values. Drug lords cannot uphold agreements and are at best unreliable partners in counterterrorism operations; there is no honor among thieves.

Unlike in legitimate trade, where contracts—formal and informal—are observed, in the illicit narcotics trade partners compete through violence, which is an integral form of competition. By virtue of the corrosive nature and influence of the very substance involved, participants in the drug economy operate with a criminal mentality. Once an environment is saturated by crime, it becomes a petrie dish for terrorism, rather than a stabilizing factor for a society.
The Dynamics of “Narco-Jihad” in the Afghanistan-Pakistan Region

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NOTE The views expressed herein are strictly those of the author and do not reflect those of the APCSS, the Department of Defense, or the U.S. government.
EXECUTIVE SUMMARY

This essay explores the global dynamics surrounding narco-trafficking in the Afghanistan-Pakistan border area, and assesses the implications for U.S. security interests in the region.

MAIN FINDINGS

• A narco-jihad is being funded by the opium-related system of trade in narcotics in Afghanistan and Pakistan. In Afghanistan the narco-jihad has escalated to intense levels, while in Pakistan the strength of the narco-jihad is still growing.

• Afghanistan is the predominant global supplier of opium, and Pakistan is becoming increasingly involved with opium processing. Narco-trade in both Afghanistan and Pakistan interfaces with actors in Iran, Turkey, and Central Asia, which serve as transit routes to the global market. Terrorist groups and transnational drug and crime syndicates are involved in protection, price control, and distribution of opium to regional and global markets.

• In Afghanistan, narco-jihad is being sustained by the “iron triangle” of warlords, corrupt government officials, and the Taliban–al Qaeda nexus. In Pakistan, narco-trade is bringing in extensive amounts of laundered money. The Taliban in Pakistan are using these funds to carry out their own version of narco-jihad with an aim to weaken and eventually overthrow the civilian government in Islamabad.

POLICY IMPLICATIONS

• The opium narco-trade in Afghanistan and Pakistan strengthens the chances of the prolongation of insurgency, as such trade funds a growing narco-jihad in the region.

• Narco-trade in Afghanistan functions through a variety of actors, each of whom is as important as the other. The physical removal or significant weakening of one of these actors will weaken the narco-trade, but only temporarily.

• Given the regional dynamics of the drug trade, a comprehensive strategy that treats Afghanistan and Pakistan as a single theater of war holds the most promise for defeating the narco-jihad.
“narco-jihad” is being waged in Afghanistan and in Pakistan. The ferocity of this jihad in Afghanistan is quite intense and its strength in Pakistan is also growing. It is being funded by the opium-related system of narco-trade, which in turn increases the chances that the insurgency will be prolonged while also strengthening the major players in the narco-trade system. In the process, narco-jihad ensures that the central government of Afghanistan remains weak. The pervasive nature of narco-jihad poses a challenge to the efforts of the international security assistance force (ISAF), particularly with regard to whether to give priority to dismantling the narco-trade system or to nation-building efforts aimed at strengthening the capabilities of the central government and thereby enhancing governmental legitimacy.

In this essay the term “narco-jihad” describes a religion-based justification of the opium trade. Narco-jihad—i.e., jihad that is being funded by the narcotics trade—stems from the fact that the Taliban government in the 1990s imposed a strict ban on the cultivation of hashish because hashish was consumed by Afghans and Muslims. As one Afghan official explained to Pakistani journalist Ahmed Rashid, “Opium is permissible because it is consumed by Kafirs [unbelievers] in the West and not by Muslims or Afghans.” Because the opium trade remains a major source of financing for the jihad led by the Taliban and al Qaeda in the Afghanistan-Pakistan (AfPak) area—and for the “holy” cause of defeating the Western “crusading” forces and returning Afghanistan to an Islamic government—the struggle itself has been characterized as narco-jihad.

In particular, this essay explores the global dynamics of narco-trafficking in the AfPak border area, analyzes the interface of regional actors with key players and networks outside the region, and assesses the implications for U.S. security interests in the region. Given the intricate and ever-widening scope of the narco-trade, the major underlying question is what are the prospects of defeating the forces of narco-jihad? Toward this end, the essay will first provide explanations that are at the base of narco-jihad in Afghanistan and examine how the current political environment in Pakistan is promoting the narco-jihad in both countries. Second, the essay will identify the actors in Afghanistan that form an “iron triangle” and describe how those actors and other external actors are interacting to promote global narco-trade. Pakistan’s role as an external promoter of narco-trade will also be discussed in that section. The third section will analyze the regional and global force multipliers. Finally, considering the escalating presence of U.S. forces in Afghanistan, this essay will conclude with an analysis of the implications of narco-jihad and the resulting instability for U.S. security.

Afghanistan and Pakistan: Theaters of Narco-Jihad

The Roots of Narco-Jihad in Afghanistan

The very term narco-jihad—or any religious rationale for creating “killing fields” in Afghanistan and Pakistan—is inherently anti-Islamic. Considering the radicalized environment of both countries, however, it is not surprising that such a rationale has emerged. Afghanistan, in particular, has not seen peace for several decades. Given the historical legacies of the past, Afghans are disinclined to trust foreigners, especially the British and the Americans; and the Afghans trust Pakistan even less. As fervently religious people, Afghans are likely to lend a sympathetic ear to any rhetoric that is couched in the language of Islam. In this context, the Taliban–al Qaeda nexus

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in Afghanistan characterizes jihad as being waged against the ISAF forces in a way similar to the so-called jihad waged against the Soviets occupying Afghanistan in the 1980s. The Afghans detest the U.S.-led ISAF campaign to “win the hearts and minds” of the Afghans with the same intensity as they did the Soviet Union’s explanation that that the Afghan regime had “invited” Soviet occupation. For many Afghan people, both campaigns are instances of occupation that legitimize the implementation of the jihad.

During the Afghan war against the Soviet occupation, mujahideen commanders started taxing the opium crop because the economy had fallen victim to the ravages of war. Increasing competition among the various jihadist groups necessitated the need for independent sources of funding to minimize the reliance on funds controlled by others. Opium cultivation and taxation of the crop emerged as one source. The mujahideen also sought to lessen their dependence on Pakistan—the chief conduit for distributing U.S. assistance in the struggle against Soviet occupation. Pakistan’s intelligence service, the Inter-Services Intelligence (ISI), was perceived to have its own strategic priorities and preferred groups for conducting the war. Consequently, opium cultivation became increasingly significant for bankrolling the struggle against the Soviet Union. By the mid-1980s, Afghanistan was producing one-third of the world’s opium. Around this time “there was an arms pipeline going in, and a drugs pipeline coming out of Afghanistan.” The “Kalashnikov culture,” which systematically destroyed peace and stability in Pakistan and Afghanistan between the 1990s and the first decade of the 21st century, emerged with a vengeance.

After capturing power in 1996, the Taliban were the first to use the opium trade to achieve political and economic ends. Primarily driven by their version of Islamic zeal, they had to justify the use of opium—which from the perspective of traditional Islam is forbidden—for the victory of their version of Islam. Though recognizing the “evil” nature of drugs, the Taliban allowed poppy cultivation. Mullah Omar, Afghanistan’s head of state, periodically expressed his willingness to both the United States and the United Nations to end poppy cultivation if his regime were given international recognition. The most significant aspect of the narco-jihad under the Taliban was when they started collecting 20% of the value of a truckload of opium as zakat (Islamic tax). The Taliban continued to use the opium trade as an economic tool in the post-Taliban era.

Although narco-trade did not initiate the conflict in Afghanistan, such trade sustains and is sustained by the conflict. Narco-trade has strengthened the capacity of the insurgent movements in both Afghanistan and Pakistan while weakening the internal order and governments of both countries.

The Rise of Narco-Jihad in Pakistan

The term narco-jihad has a powerful meaning among the Taliban of Pakistan and their fellow radical Islamists. The Pakistani Taliban came into existence as an entity fairly recently (roughly around 2001, although the movement itself has been around since the early 1990s). Other radical
Islamists, however, were nurtured for at least a couple of decades by Pakistan’s ISI as a foreign policy tool against Indian-administered Kashmir. Between 2007 and 2009, this nexus of radicals turned against the Pakistani government, attempting to replace it with an Islamist one.

In Pakistan, even though the narco-trade has not yet reached the level that has prevailed in Afghanistan, the capacity of the insurgents to destabilize the government is on the rise. The AfPak border areas—including southern Afghanistan as well as the North-West Frontier Province (NWFP) and the Federally Administered Tribal Areas (FATA) of Pakistan—have remained important transit routes for narco-trade. In those regions, and in the contiguous Baluchistan province of Pakistan, the government’s authority to maintain law and order has been steadily eroding, the Pakistani Taliban- and Baluchistan-related insurgencies are escalating, and Pakistan seems to be edging toward becoming another narco-state. The cumulative effect, in the words of Rashid, is that

Pakistan is close to the brink, perhaps not to a meltdown of the government, but to a permanent state of anarchy…we can expect a slow, insidious, long-burning fuse of fear, terror, and paralysis that the Taliban have lit and that the state is unable, and partly unwilling, to douse.6

The Nexus between AfPak and Global Narco-Trade

*Afghanistan's Predominance as the World's Opium Supplier*

The intensification of internal conflict over several decades, in combination with foreign occupation, was the primary driver in the dramatic escalation of Afghanistan’s opium cultivation and production. Prior to the occupation by Soviet forces in 1978, “Afghanistan was self-sufficient in food production. Agriculture produce also accounted for 30% of exports, earning the country $100 million annually in much needed foreign exchange.”7 According to one estimate, at the time of the pro-Communist coup of 1978 “Afghan farmers produced 300 metric tons (MT) of opium annually, enough to satisfy most local and regional demand and to supply a handful of heroin production facilities whose products were bound for Western Europe.”8 However, Soviet counterinsurgency operations conducted in the 1980s devastated the rural economy, causing a major decline in food production.

Afghanistan now leads the global production of opium. According to the UN’s World Drug Report 2008, the area of Afghanistan under opium poppy cultivation accounted for 82% of the global total and over 92% of the world’s opium production. Afghanistan also had a reported 32% rise in total farm gate value of opium production and a total export value of opiates to neighboring countries around $4 billion in 2007. For the same year, 14% of Afghan households were reported to be involved in the opium trade.

Though the total number of provinces involved in the activity dropped in 2007, over two-thirds of the opium poppy cultivation was located in the southern region of the country, with the

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southern province of Helmand accounting for 53% of total cultivation. Moreover, “during the 2006–2007 poppy season, Afghanistan produced a world record opium poppy crop that yielded 8,200 MT of illicit opium—an estimated 93% of the world’s supply.” The dramatic growth of opium supplies in Afghanistan since 1978 is certainly a consequence of civil war and rising insurgency there over the past 30 years.

In 2008, 98% of the opium cultivation was restricted to Helmand, Kandahar, Uruzgan, Zabul, Farah, and Nimruz, largely because of poor security conditions in these regions. One ray of hope is that the number of Afghan provinces reportedly free of poppies rose from six in 2006 to thirteen in 2007.11

Opium processing used to take place in Pakistan, Iran, and Turkey. Due to increased destruction of laboratories in these countries, however, Afghanistan emerged as an important center for processing as well as for cultivation. In 2009, the knowledge of opium processing had so proliferated in the neighborhoods of Afghanistan that the dismantlement of labs in one or more of the aforementioned countries accelerated processing in another.12

Even though the global consumption of opiates is reported as relatively stable (consumption is stable in Europe but is declining in North America), an expansion in consumption is reported in consumer markets in and bordering Afghanistan, and, to a certain extent, along trafficking routes. In the AfPak border area where opium poppy is grown, “a cultivation increase of about 10% to around 1,700 ha [hectare, which is a unit of area equal to 10,000 square meters] was reported.”13 In other regions of the world, however, such as the Russian Federation, the Ukraine, Central Asia, the Caucasus region, and other Commonwealth of Independent States (CIS) countries, a very low level of cultivation is reported.14

The statistics on global opiate seizures also reflect the significance of Afghanistan in the global narco-trade. Areas bordering Afghanistan reported a high level of seizure activity: “South-West Asia, South and Central Asia together accounted for 73% of global opiate seizures in 2006.”15 Iran and Pakistan are the most popular exit points for the bulk of Afghan opiates. For 2006, the UN Office on Drugs and Crime (UNODC) estimates suggest that “53% of all opiates left Afghanistan via Iran, 33% via Pakistan, and 15% via Central Asia (mainly via Tajikistan).”16 For 2007, however, Pakistan and Iran had a role reversal in terms of popularity as exit points. The overall proportion of opiates exiting Pakistan rose slightly to 35%, whereas those exiting Iran fell to 50%.17 Pakistan, Iran, Turkey, and the Balkan countries were exit points for opiates from Afghanistan to Western Europe. Pakistan also served as a direct route to Europe (notably the United Kingdom) and to Europe via the Middle East, East Africa, and West Africa.18

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9 This and the following background information were extracted from the United Nations Office on Drugs and Crime (UNODC), World Drug Report 2008 (New York: United Nations, 2008).
10 Ibid.
14 Ibid., 37, 39.
15 Ibid., 45.
16 Ibid., 47.
17 Ibid.
18 Ibid., 48.
AfPak and the Global Narco-Trade Nexus

If global narco-trade may be envisioned in the form of a series of concentric circles, Afghanistan, Pakistan, and Iran formulate the innermost ring. These countries play a crucial role in opium cultivation and processing. Although Afghanistan is still the epicenter for cultivation, production in Pakistan and Iran is picking up speed following the escalation of military operations in Afghanistan. The level of technology is such that processing is being done increasingly on the back of pickup trucks in order to avoid capture and destruction.

The second concentric ring includes Pakistan, Iran, Turkey, and Central Asia as transit routes. A UNODC report from June 2009 states that about 80% of the drugs derived from opium poppy (opium, morphine, and heroin) are smuggled out of Afghanistan through Iran and Pakistan. A 2006 report from the same agency underscores the significance of Iran by stating that 37% of all opiates seized worldwide were seized in that country.19

The third concentric ring involves terrorist organizations in Afghanistan; transnational terrorist entities, such as the Taliban (who is a major force in Afghanistan and Pakistan), al Qaeda (which has a global presence), Hezbollah (which operates in the Middle East, Africa, and South America), and regional and global drug syndicates. These terrorist groups and transnational drug and crime syndicates are also involved regionally and globally in such activities as protection, price control, and distribution. The modus operandi within each concentric ring is that, based on the recognition that the financial stakes involved are escalating by leaps and bounds, the element of mutual support is also rising, and the price of collaboration with law enforcement groups is instant punishment in the form of extermination. This type of behavior has been the sine qua non in traditional narco-trade areas of South America; it is also catching on fast in the AfPak region. The second modus operandi of narco-trade is that mutual support between two or more concentric rings is also mounting, thereby making the job of regional and global law enforcement forces increasingly strenuous. An overview of these activities and linkages is provided in Table 1 below.

<table>
<thead>
<tr>
<th>Opium cultivation</th>
<th>Routing and processing</th>
<th>Drug-terrorism nexus</th>
<th>Linkages</th>
</tr>
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</table>
| Afghanistan       | Pakistan, Iran, Turkey, and Central Asia | • **Micro:** Within Afghanistan, Pakistan, Iran, Turkey, and Central Asia  
                   |                        | • **Macro:** Regional syndicates or terrorist groups that are steadily developing into global syndicates (Taliban, al Qaida in South Asia, the Middle East, and North Africa) | • **Within one country:** Iron triangle among warlords, insurgents, and corrupt officials  
                   |                        |                     | • **Regional:** Transnational terrorist groups such as the Taliban, al Qaida, and drug cartels coordinating activities  
                   |                        |                     | • **Global:** Drug cartels and money laundering linkages are hard to track and defeat because of the prevalence of the hawala system and other new techniques that are popping up due to increased globalization |

Global Demand and International Financing

Money laundering is an extremely crucial activity governing the flow of capital, especially profits accrued through narco-trade, across countries and regions. Given the massive size of the narcotics trade in the AfPak region and bordering areas, terrorist groups and narcotic and crime syndicates are evolving new techniques to convert “dirty” money into “white” money. In this regard, it is important to also make brief mention of the hawala system, usually referred to as the informal system of transfer of funds across borders. Even though this is not an illegal way of transferring funds, narcotics traders and terrorists have been using hawala to transfer huge sums of illicit money both trans-nationally and trans-regionally on a daily basis.

According to global law enforcement agencies, the issue of money laundering—that is, a multi-stepped process whereby money gained through illicit sources is made to look as if it is earned through legal transactions—is becoming immensely difficult to tackle, due to increasing globalization and the rising tide of global financial arrangements playing a crucial role in daily global trade. Worldwide money laundering operations are so numerous that the UNODC has developed five regional programs to cover the geographical areas of East Asia and the Pacific, East Africa, the Caribbean, Central America, and the Balkans. In addition, the UNODC has established joint operations in conjunction with the Organization of American States (OAS), the African Union (AU), and the Organization for Security and Cooperation in Europe (OSCE).20 Regarding regional cooperation in South and West Asia, the UNODC has persuaded Pakistan, Afghanistan, and Iran to become part of a trilateral initiative that is focused on strengthening counternarcotics cooperation, intelligence-sharing, and confidence-building among these neighbors.21

As long as narco-trade prospers within Afghanistan, such trade will also widen in scope and intensity in the neighboring countries that serve as transit routes to distant markets. At least one neighbor of Afghanistan—Pakistan—has been showing classical symptoms of a failing state. The jihadists in Pakistan, who are financed by funds from the opium trade, have intensified their attacks on the government while proactively spreading their variant of Islam throughout the NWFP and the FATA and threatening to escalate their presence southward.

But this is just the beginning of the ostensibly long limbs of the hydra-like monster that reach into Pakistan in the form of narco-trade and its related financing. It is through the conversion of this drug money into legal money that the Taliban and other Islamists in Pakistan are destabilizing the civilian government. Narcotics from Afghanistan are also reaching East Asia via Central Asian routes, Europe via Turkey and Iran, and even the United States.

Key Actors in Afghanistan’s and Pakistan’s Narco-Trade

Afghanistan

The informal networks and nexuses of actors intermingle in such a way to make the narco-trade in Afghanistan run like a well-oiled machine. Though a variety of actors are involved, each is as important as the other. The most significant categories of actors include farmers; the so-called iron triangle of warlords, insurgents, and corrupt officials; and the regional and global opium

21 “Triangular Cooperation Fights Transnational Trafficking.”
syndicates. The physical removal or significant weakening of one will only temporarily debilitate the narco-trade. One important feature of this trade is that thus far it has been highly adaptable.

**Farmers.** Afghan farmers participate in the opium trade at the grass-roots level. While an Afghan farmer may be individually weak, collectively farmers are the life blood of narco-trade. According to one report, 80% of Afghans are employed in the agricultural sector, and only 31% of the country’s GDP results from non-opium agriculture. Given that opium cultivation is a source of income in civil war conditions, Afghan farmers will likely cultivate poppy as long as the country is unstable and violent.

In particular, the *salaam* (or crop-for-credit) system has created financial incentives for poor farmers to cultivate opium. Salaam enables the farmers to alleviate misery by receiving cash from creditors for promise of repayment in the future. Most loans taken out under this system must be paid in opium rather than in currency. This system ensures that creditors will inevitably be repaid through the revenues of opium sales. However, farmers remain highly vulnerable to weather conditions, eradication policies, and price fluctuations in their struggle to repay such debts. This system not only guarantees prolonged misery for farmers but also keeps them dependent on opium cultivation until their country becomes a normal, stable place.

Opium cultivation also favors the farmers monetarily because “opium is valued at over $4,500 per hectare, as opposed to only $266 for wheat.” Thus, despite the fact that Hamid Karzai’s government has outlawed the salaam system, the financial incentives to cultivate opium continue to entice poor farmers. Besides, the absence of effective measures for implementing that law allows the salaam system to remain in operation.

**The iron triangle of Afghanistan: warlords, insurgents, and corrupt officials.** Armed warlords and their fiefdoms have been important players in narco-trade since the beginning of the Afghan struggle in 1979 to overthrow Soviet rule. In the absence of a peacetime economy, taxing the opium trade emerged as an emergency measure during that era. The implementation of opium taxes eventually developed into a trend that all the country’s kingmakers followed in order to maximize their advantage.

In the post-Taliban era, the weak central government began to rely on warlords as security guarantors. This created a perception among the Afghan populace that the warlords were either an extension of the legitimate government or were so strong (since their militias were enforcing their rules at the local level) that the central government actually answered to the warlords. Either way, that perception did nothing to augment the legitimacy of the central government. The United States also engaged the warlords to fight against al Qaeda and the Taliban in Afghanistan. Therefore, these warlords were not disarmed and their fiefdoms, which included many poppy fields, were also left intact.

During this period, the Taliban and al Qaeda functionaries also started relying on the narco-trade to finance their insurgency. As the U.S.-led campaign closed most avenues of terrorist financing, the insurgents of South Asia increasingly relied on narco-trade.

The corrupt provincial and district officials are also an important part of the iron triangle. These officials not only look the other way regarding opium-related activities, but a large number of them are also actively involved in the opium trade. According to numerous reports, even the

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brother of President Karzai, Ahmad Wali Karzai, is a key player in narcotics trafficking. Hamid Karzai has vehemently denied this charge.

This iron triangle operates on the basis of latent mutual support. Moreover, the strength of the triangle is actually reinforced by the lack of systematic evidence that mutual cooperation among these actors is occurring. The warlords and insurgents need money to conduct their respective operations. While the warlords wish to sustain their fiefdoms, the insurgents require funds to conduct terrorist operations against the ISAF and against “traitors and collaborators” (phrases used to describe pro-Western Afghan elements). On the other hand, local officials seek survival and a good life. As long as officials do not attempt to impose law and order or cooperate with the Western security forces in military operations, the warlords and the insurgents will not try to eliminate them. This is the essence of the symbiotic nature of the iron triangle.

The strong triangle that exists among the warlords, insurgents, and government officials at all levels allows opium trade-related activities to flourish. The Afghan warlords survive by ensuring that opium cultivation and processing stay alive. The Taliban–al Qaeda groups support and protect these activities because the drug money finances their own narco-jihad. Government officials want to protect the opium industry because doing so is highly profitable for them. As long as narco-trade generates funds and continues to be a major force in the economic activities of the country, the government of Afghanistan will remain ineffective and be deemed illegitimate. The central factor here is that all of the domestic beneficiaries must ensure that narco-trade not only endures but also expands in scope by finding safe transit routes via Pakistan, Iran, Turkey, Central Asia, and Africa to reach the far-off markets of Europe and the United States.

Pakistan

Pakistan plays a major role in narco-trade as a key processing location and transit route to the Middle East, Europe, and Central Asia. Pakistani drug dealers are also quite active on the Arabian Peninsula. Their major allies are Yemeni drug dealers, who are at a major advantage to distribute opium derivates given the Yemeni dealers’ knowledge of the local language and proximity to Saudi Arabia. Indian and U.S. intelligence sources (more frequently Indian intelligence officials) have stated that the Pakistani ISI plays a role in opium trade and, most significantly, money laundering conducted through the hawala system. According to an Indian source, “When one sees that Pakistan as a nation got only 4.5 billion US dollars from IMF, the money which Taliban/ISI axis are controlling in Afghanistan is mind boggling.” A Pakistani source states that the amount of black money available related to the drug trade is so enormous that the Pakistani government “provided money laundering schemes to the black economy (although these were termed as good economic measures to dig out black money).”

The nature of the relationship between the Pakistani drug traffickers may best be described as an extension of the iron triangle relationship beyond the borders of Afghanistan. It is also mutually cooperative in nature and is aimed at sustaining advantages over police and security forces in Afghanistan and Pakistan.

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Regional and Global Opium Syndicates

Regional and global opium syndicates play a crucial role in the transfer of opiates to global markets. Opium syndicates are organizational and extra-organizational arrangements that cover the production of opium derivatives and the distribution of opium to different regions throughout the world. Opium syndicates even work with the lowest-level street peddlers. Because these activities involve huge finances and profits, drug syndicates acquire state of the art means of rule enforcement, usually through a high degree of violence and terror. They co-opt poorly paid law enforcement officials worldwide through generous bribes and assassinate those who resist or betray them. Currently, Afghanistan and Pakistan are experiencing the evolution of drug syndicates. Increasingly there is cooperation between drug syndicates and regional syndicates, resulting in trade that is beginning to resemble a drug cartel.

A good way to understand the role of the regional and global drug syndicates is to keep in mind the hierarchy of prices provided by Michel Chossudovsky. This hierarchy describes a steady upward move in prices from the farm gate in Afghanistan to the final retail prices paid on the streets of London, Paris, and New York. The final retail price is “80-100 times the price paid to the farmer.” As opiate products move from Afghanistan to trans-shipment countries, where they are transported to the consumer nations, higher prices are regularly demanded by Western-organized crime. According to estimates by the UNODC in 2004, 4,100 tons of the opium produced resulted in the production of approximately 410,000 kg of pure heroin. The Afghan farmers’ share of the gross revenue for that amount of heroin was $1.3 billion and the local traffickers’ share was $1.5 billion. Given the increased production of opium in Afghanistan in 2008, the current revenues generated from the narco-trade must be significantly greater.

The Role of Global Supply and Demand and Regional and Global Force Multipliers

One major focus of security operations in Afghanistan is to lower and ultimately eradicate opium cultivation. However, UNODC officials are of the view that reduction in cultivation is not likely to have a palpable negative effect on the global prices of opiates. Indeed, it appears that in 2009 the Afghan insurgents have reversed their previous policy of escalating production in the highly productive southern provinces of that country and instead are actively discouraging increased production. Their action is based on the expectation that smaller poppy crops will only raise the price of opiates globally.

A great challenge for global law enforcement agencies is the mounting evidence that country-specific and regional insurgent groups are steadily learning the modus operandi of drug cartels. There are a number of similarities between these entities. First, both operate under the constant threat of being captured or eradicated by law enforcement forces. Second, both groups attach high value to accessing the latest money laundering techniques to evade capture by international police

forces. Third, these groups have an urgent need for decentralized operations that minimize the debilitating effects of a major drug bust scored by regional and global police authorities. Finally, both entities require a high degree of adaptability—to emerge in a new and unrecognizable form—for survival. Hence, these groups regularly change their names, modus operandi, and, in some instances, even their locations.

Since these insurgents look and function like drug cartels, they are likely to become major players in global narco-trade. Presently, there is growing evidence that regional narco-terrorist networks are very much alive. Al Qaeda in the Maghreb is involved in hashish trafficking; the Taliban in Afghanistan and Pakistan are carrying out heroin and opium trade; Hezbollah forces in the Bekaa Valley of Lebanon are involved in cannabis and heroin trade; the FARC (Revolutionary Armed Forces of Colombia) in Colombia is carrying out coca trafficking; and the PKK (Kurdistan Workers’ Party) in Europe is involved in heroin trafficking.

The U.S. State Department’s International Narcotic Control Strategy of 2009 states that there is “a direct connection between traditional Colombian drug trafficking and money laundering organizations and Middle Eastern money launderers tied to Hezbollah.”

Given the common ideology shared by al Qaeda and the Taliban, there is a high probability of the integration of narco-networks among South Asia, West Asia, and North Africa. Hezbollah is a Shia organization and al Qaeda is a Sunni-Wahhabi entity. As such, they have acute theological differences and antipathy. Considering the enormity of the financial stakes associated with narco-trade, however, the potential for cooperation between these groups in the near future cannot be ruled out. By the same token, even though there is no current evidence of any collusion between the Middle Eastern, South Asian, and North African insurgents and the major drug cartels of Mexico, the possibility of such collusion over the long term cannot categorically be discounted.

The chief driver in the AfPak narco-jihad is the continued success of the insurgents in those countries. In Afghanistan, this narco-jihad cannot be defeated as long as the iron triangle remains intact. In Pakistan, according to all indications, a similar iron triangle exists but in a much more rudimentary form. In that country, the insurgents are definitely receiving help from narco-trade, though to a lesser extent. In both countries, however, the insurgents know how important narco-trade is for their continued effective operations.

In discussing the role of regional and global force multipliers, it is necessary to consider the role of Dawood Ibrahim, an Indian drug baron, who is reported to be hiding in Pakistan. Ibrahim's mega finances generated through the drug trade were frequently mentioned by the Indian media as being responsible for the Mumbai terrorist attacks in November 2008. The alleged role of Ibrahim in narco-trade and terrorist financing attracted global publicity in December 2008 through the news report that the Russian and Indian intelligence services were cooperating on tracking his activities. The reason for Russia’s interest was that Ibrahim’s drug trafficking network might be reaching the Russian markets. If such allegations are indeed true, then Russia should be worried that Ibrahim’s network is financing Muslim secessionists in Chechnya and Muslim republics of the Russian Federation, which Russian security forces are busy fighting.

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Implications of Narco-Jihad and Related Instability for U.S. Security Interests

Efforts to defeat or eradicate the Taliban–al Qaeda nexus in the Afghanistan-Pakistan region may also be deemed as fighting narco-jihad. Despite the commonality of insurgency and narco-trade in Afghanistan and Pakistan, however, these countries face markedly different problems that require different solutions.

Although the focus has been on winning the war in Afghanistan, to date there has been no clear-cut vision of assigning primacy to eradicating narco-trade in the country. The situation has been further complicated by the dilemma of engaging warlords in Afghanistan—who preside over the domestic narco-trade—in the struggle against terrorist groups. In this context, pursuit of a drug war risks alienating not only the warlords assisting in the counterterrorism operations but also the large percentage of the Afghan population that is economically dependent on the opium trade.

The current dilemma that the United States faces is in deciding which of the following issues should be assigned the highest priority: fighting the insurgency, eradicating the opium trade, or reducing governmental corruption. From the U.S. point of view, these problems are indeed interlinked. Developing a strategy that is equally focused on all of these problems, however, is well-nigh impossible, and the first and foremost priority has been defeating the insurgency. The opium cultivation problem is not completely being ignored, though, and both the U.S. and British governments committed in August 2009 “to spend millions of dollars over the next two months to try to persuade the Afghan farmers not to plant opium poppy, by far the country’s most profitable cash crop.”

The best part of the crop substitution policy is that such a strategy also contains a variety of dimensions that, if fully implemented, hold some promise of success. First, crop substitution is aimed at creating a stake for the Afghan farmers in the program, which includes buying vouchers for seeds and fertilizers for about 10% of their value. Second, “cash will be distributed only as credit or for work performed.” This will minimize the chances of farmers taking the cash while not abandoning poppy cultivation activities. Third, thousands of U.S. and British forces are clearing the villages in the Helmand region of insurgents, who were forcing or persuading farmers to grow opium by making cash offers, and are staying in those villages to provide security. Fourth, the United States is sending agriculture experts—even though they are slow in arriving—to Afghanistan and is introducing “a micro-finance loan program.” This particular aspect of the current strategy is especially promising. Fifth, as part of this strategy, there are plans to escalate “efforts to interdict drug shipments and destroy stockpiles.”

The United States is also sending Drug Enforcement Administration (DEA) agents to train “Afghan police in counternarcotics investigations,” and the Department of Justice “is developing a program for Afghan prosecutors.” Despite promising aspects, the biggest enemy of this strategy

32 It should be noted, however, that there is no paucity of suggested solutions. For a discussion of these, see David Kilcullen, “Crunch Time in Afghanistan-Pakistan,” Small Wars Journal blog, February 5, 2009, http://smallwarsjournal.com/blog/2009/02/crunch-time-in-afghanistanpaki/.
34 Ibid.
35 Ibid.
36 Ibid.
is the pure and simple opium economy, which promises better wages to farmers. For instance, "the average daily wage for construction work, the United Nations reported, is $3.60. Wheat harvesting earns $4.40, and opium ‘lancing/gum collection’ pays $9.50. Wages in Helmand for lancing, $15 a day, are the highest in the country."\textsuperscript{37}

A very significant challenge to countering terrorism as well as narco-terrorism in Afghanistan is the apparent reluctance of the Afghan government to act against, or even assist in breaking up, the iron triangle of warlords, insurgents, and corrupt Afghan officials mentioned earlier. Indeed, in many cases the government apparatus in Afghanistan is accused of perpetuating the triangle. In order to succeed in Afghanistan, the United States will need to work with the Afghan government to reinforce efforts to break up this iron triangle along with pursuing counterinsurgency efforts in the region.

In Pakistan, the focus has been on capturing or killing the remainder of the al Qaeda and Taliban leaders and fighters. Although there is ample recognition that Pakistan remains a major transit route for the export of opium derivatives, there is a palpable absence of direct and specific policy measures to eradicate narco-trade in that country. It is a well-known fact that Baitullah Mehsud—leader of the Tehrik-e-Talabai-Pakistan (TTP), who was killed last August in an unmanned predator drone attack—had a multimillion dollar (some even estimate a multi-billion dollar) financial reserve to bankroll his war against the Pakistani government and to support the insurgency-related activities of the Haqqani group, which is sponsoring and supporting the insurgency against the United States and the ISAF forces in Afghanistan.\textsuperscript{38} Such efforts to eliminate TTP leaders may slow down the pace and narrow the scope of narco-trade in Pakistan.

It must be appreciated, however, that Pakistan’s location next to Afghanistan—and, equally importantly, the country’s highly established channels of underworld financial transactions to and from the Persian Gulf region—render Pakistan akin to an impenetrable fort in the war against narco-jihadist forces as well as against drug syndicates with a highly pronounced presence in West Asia and Africa.

Conclusion

Narco-jihad in the AfPak region is a mega strategy (or even part of a global grand strategy) of the Islamist forces fighting against, in their perception, the “crusading forces” of the ISAF under the leadership of the “chief infidel,” the United States. As was the case during the Soviet occupation of Afghanistan in the 1980s, the presence of Western forces in Afghanistan—a country whose historical moniker is “graveyard of empires”—provides an ideological advantage to the al Qaeda–Taliban nexus in that country as well as to the TTP and other Islamist forces in Pakistan. Islamist insurgents in both countries perceive that they are fighting a war—in which narco-trade is an important driver—against a superpower that will inevitably meet the fate of other “empires” in that region.

These ideological rationales would sound hollow or even vacuous if they were not supported by well-funded and even well-trained insurgent forces in both Afghanistan and Pakistan. The narco-jihadists have learned the significance of implementing effective tactics in insurgency operations.

\textsuperscript{37} DeYoung, “U.S. and Britain Target Afghan Poppies.”

They are investing enormous capital to acquire fourth-generation warfare technologies and tactics to employ against well-armed Western forces that have yet to master the operational techniques of counterinsurgency warfare.39

The narco-jihadists of Afghanistan also enjoy the advantage of a highly fertile political arrangement in the iron triangle, of which they are an extremely crucial part. These insurgents are flush with cash and can buy the ever-willing and corrupt officials of that country to leave them alone, provided that these officials are paid well for that favor. The insurgents encounter no competition from the warlords, whose very survival and effectiveness emanates from their ability to preside over large opium crops. Further, although once perceived as part of the solution, Karzai has long remained a major obstacle in endeavors to wage an effective counternarcotics war.

At the same time, the chances that current efforts in Afghanistan will succeed in developing a more nuanced strategy for tackling insurgency and narco-terrorism must be approached with guarded optimism. Many things could go wrong, largely because Afghanistan still remains a major epicenter for terrorist forces. Though this description could also be applied to Pakistan, there is, at present, no similarly nuanced strategy for addressing the narco-jihadist problem in that country.

The chief advantage of the narco-jihadists is that they have plenty of cash at their disposal to wage a war against the “crusading forces.” Secondly, unlike the United States or other democratic countries whose forces are fighting in Afghanistan, narco-jihadists have no concern about absorbing large casualties. Finally, as reflected in a current sad joke circulating in Afghanistan, although the U.S. and ISAF forces in Afghanistan own wristwatches, it is the Taliban that have time on their side.

The greatest concern with regard to Pakistan is that the country not only plays a crucial role as an outpost of narco-trade but also is armed with nuclear weapons. No U.S. government can forget that or can afford to be even slightly cavalier about Pakistan’s security and stability.

Defeating the forces of narco-jihad in Afghanistan and Pakistan would be the first crucial step toward an enormously ambitious goal of arresting the growth of global narco-trade and then eventually defeating it. In order to defeat narco-jihad in Afghanistan, the current U.S. administration has adopted a promising multi-faceted strategy toward that country. What is seriously lacking is a similarly comprehensive strategy toward Pakistan. Thus far, the administration’s focus has primarily been on fighting the Islamist insurgents in that country; what is needed is a strategy that also tackles the forces that are sustaining Pakistan’s role as a major outpost for connecting the Afghan narco-trade to West Asia and the markets of Asia, Europe, and Africa.

39 These include heavy use of “improvised explosive devices” (IED) and even suicide bombings. The bottom line explanation of this type of warfare is that it is waged by the weak against a strong opponent. The weak opponent looks for vulnerable points of the strong and develops tactics to attack those weak points in order to gain maximum possible advantage. Even the People’s Republic of China is reportedly using its own version of fourth generation (or even fifth generation warfare) in its “assassin’s mace.” See Andrew F. Krepinevich, Jr., “The Pentagon’s Wasting Assets: The Eroding Foundations of America’s Power,” Foreign Affairs 88, no. 4 (July/August 2009), http://www.csbaonline.org/Publications/PubLibrary/O.20090630.Pentagons_Wasting_/O.20090630.Pentagons_Wasting_.pdf.
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