

interest. Global mafias decide on the need for narcotics production and prices depend on the demand at the global level. An Afghan state, no matter how consolidated and legitimate, may not have enough of a say when it comes to curbing global demands. Finally, the scenario also seems to ignore the motivation of households at the micro-economic level. Decentralization may in fact see the flourishing of cross-border trade, including of narcotics for those with connections to onward traffickers.

### *1) The most pessimist: The Doom Scenario*

On the other side of the spectrum, the most negative vision consists of two different doom scenarios: One sees a north/south partition in Afghanistan along Taliban dominated Pashtuns/northern non-Pashtun lines, and the other a complete fragmentation of Afghanistan and a civil war that casts ideological, ethnic, religious and linguistic groups all against each other. The doom scenarios have at their basis the violent take-over of the Taliban, without reconciliation, and ensuing discriminatory practices inflicted upon non-Pashtun groups.

A north/south partition could potentially unite non-Pashtun commanders and opposition parties against the common enemy of the Taliban. Partition may also allow for the north to become a protected zone, where economic project could, conceivably, go on, both in order to prevent further instability and to prepare for a robust buffer zone against the potential Taliban-dominated south. Yet, the north/south rift would not bring stability. For one, it is hard to predict the extent to which the Taliban may agree to stay in their cordoned off areas and not seek to cast their grip over all of Afghanistan. Second, under such a partition scenario, non-Pashtun CA Jihadis which may have been allied with the Taliban but find themselves hitherto isolated, would most likely direct their attentions towards crossing borders instead of staying in Afghanistan to fight coalition troops in the north. Under this scenario, the next frontier of instability would inevitably move north, engulfing eventually Tajikistan, Kyrgyzstan and the Ferghana valley, potentially in that order.

The second subset scenario of the doom vision involves the extension of the civil war situation described above along ethno-linguistic-religious lines of fragmentation. The disintegration scenario sees the emergence of warlords and militant groups with their respective fiefdoms, and the loss of central command and control from Kabul. The eventual balkanization of Afghanistan would have a destabilizing and polarizing effect as other groups may intensify their separatist aspirations (such as the Pamiri Badakhshans in Tajikistan). It would also put additional pressure on CA countries which would have to deal with demands of support from their co-ethnic groups in Afghanistan. Support to kin groups across the borders would cast Tajikistan and Uzbekistan in competitive bilateral



involvement that could be at the detriment of each other.

The doom scenarios all would result in increased production of narcotics in Afghanistan and increases in trafficking, specifically because the trade of this commodity represents the easiest, fastest and most lucrative source of financing warfare. The implication here is that as political/ethnic/ideological groups compete with each other for influence (be they warlords of the north against each other, or Pashtun groups, or Taliban etc.), there would be further need for resources to fight, and further dependency on external clients. In this midst, narcotics become a convenient resource to trade for tools of war. Even if CA governments agree to support their co-ethnic commanders, they could potentially have more leverage on them to discourage collaboration with CA extremists (such as the Islamic Movement of Uzbekistan IMU) but would not be able to influence narcotics trafficking, which would remain the most lucrative source of barter Afghan commanders could offer.

With the breakdown of law and order, neither interdiction nor enforcement would be able to curb production or trafficking. The Taliban, even though had banned poppy cultivation during their rule in 1999-2000 when they controlled most of Afghanistan, would be more insecure this time around as they will only, supposedly, dominate

over the south. They would therefore increase production in the south to offset sources of income of the north from cross-border trade, etc. The result would not only be the resurrection of full fledged war economy based on trafficking rather than long term sustainable economy. It would also lead to skewed regional development where areas unable to compete in narcotics production are punished and further impoverished.

### *1) The in-between status quo: The Limbo Scenario*

Perhaps the most plausible scenario is the continuation of the situation as is today: A Kabul-centered administration (institutions, bureaucracy etc.) continues to function, albeit with decreased capacity, over a situation that can be described as neither war nor peace. Political groups continue to negotiate over semblance of power, because no group in Afghanistan would have de facto power.

The limbo scenario is not durable and would most likely slip into a more pessimistic one sooner or later as insecurity increases and trust in the political system erodes. While overall confidence is lost, lobby groups from different regions, ethnic, tribal or linguistic identity groups could further weaken the efficiency and legitimacy of the government. US and NATO forces would increasingly turn their attention to counter-terrorism and political/security



changes in the wider Middle East, leaving counter-insurgency to the quantitatively large but qualitatively weak and unprepared ANSF. The Taliban do not become included in the political process – since they do not have a political platform or their demands continue to be threatening to the very *raison d'être* of the Afghan Government. They are also neither defeated militarily nor do they have military power to hold territory themselves.

For CA countries, this stalemate situation only buys time as it can only be a transition phase, more probably transiting towards degeneration rather than the more optimal scenario above. In response, CA countries would intensify their insulation while engaging in short economic projects, mainly in the north of the country. As the 'market' of Afghanistan decreases, competition may also increase among CA countries over natural resources.

Within this wait-and-see scenario, aid, investments, and support by the international community decrease and become more conditional on performance and curbing of corruption. As aid diminishes but the national economy does not pick up, narcotics production would inevitably increase in order to sustain an inflated economy. Increased production would lead to more criminalization of politics and corruption as politicians – and their constituencies – loose hope for the future and switch to survival behaviour with short-term gains. In this case, poppy plantation and narcotics trafficking become strategies not only for survival but also for securing the future of households within a general time of insecurity. Narcotics become saving strategies for precautionary measures. This buying-time scenario is built on the very concept of insecurity for the long term and is adapted to an environment where risky behaviour thrives.

### **Knowns and Unknowns**

The common fear underlying all the above scenarios from the point of view of CA states is the insecurity spillover, and more specifically, convergence between the methods, interests and resources of extremist and political-ideological groups with criminal groups. Such a convergence, based on common interests for instability, would guarantee sustained strength for the groups that the law enforcement bodies on both sides of borders are poised to fight using conventional methods of warfare.

The 'extremist fear' consists of the belief that the CA extremist groups, such as the IMU and the Islamic Jihad Union (IJU) among others, trained in the NWFP of Pakistan and currently engaged in Jihad in Afghanistan alongside the Taliban and al Qaeda fighters, would go back 'home' when after 2014. The 'criminality fear' is based on the potential increase in not only production but especially of trafficking, and flooding of narcotics in the region, which in turn can destabilize



the political system, delay the consolidation of national economy, cause public health threats in terms of addiction rates and contribute to criminality and corruption in CA politics.

The narrative of fears about the spread of extremism, criminality and narco-trafficking across borders is based with knowns and unknowns. These 'fears' are based on a number of known facts, although these are limited and many of them have to be analysed with their counter-factuals in order to grasp a realistic picture of the problem of narcotics in the region.

First, what is known is that the IMU and the IJU are currently engaged in Afghanistan together with Taliban and Al Qaeda fighters, and may have been responsible for a number of the attacks recorded in northern Afghanistan. Should they turn their attention to destabilizing CA regimes, the impact would be considerably greater, not only because of the scale but also because they would have received specialized training in Pakistan and exposed to the ideology and fighting tactics of other extremist and jihadist groups. However, what is not known is the ultimate goals of these groups. Returning fighters could, potentially, not pose an existential threat to stability because they lack a base of popular support and could be in fact incapable of standing up to the strong security apparatus of the CA states. How much they can join forces with the Taliban is also not clear since the Taliban (and al Qaeda) may not seek to pursue, alongside CA extremist groups, an Islamic order that challenges the rule of secular regimes in the wider region.

The most important grey area that is not precisely known, despite frequent assertion in policy circles, is the precise source of financing of extremist groups and their linkages with criminal networks.

The exact extent in which profits from the narcotics trafficking provide the resources for extremists and terrorists is not known precisely. Instead, it is an assumption which derives from the observation that since 9/11, interdiction efforts have made financing terrorism more difficult, in turn increasing the appeal of relying on criminal proceeds, including from the drug trade. Yet, no precise data exists on the linkages between terrorism and narco-funding in the region.

While some scholars decry that criminal trafficking, especially of narcotics, serves as source of financing for terrorist and extremist groups, others dispute the linkages, and claims that term narco-terrorism may in fact be too vague and counterproductive in terms of addressing either drug trafficking or terrorism since it conflates actors' methods, motivations and long term objectives. Furthermore, despite the fact that the terrorism and extremism problem in CA is often depicted as an external factor tied to the supply of criminal groups and



instability in Afghanistan and Pakistan, there is no denying that adverse political and socio-economic economic conditions, such as repression, marginalization, unemployment especially among the youth, social exclusion, etc. all make the terrain conducive for internal demand within Central Asia.

Second, it is a fact that narcotics production has increased in Afghanistan since the Taliban edict of 1999 was lifted and the Taliban regime toppled in 2001. The exponential growth in narco-trafficking is often blamed on the laissez faire attitude of US-led Coalition troops in Afghanistan, which avoided becoming entangled with poppy crop eradication in the initial years of the intervention. Increases in the production of opium in Afghanistan is however not the only factor to blame increased trafficking: High demands in Russia and Europe, the lucrative and quick cash nature of trafficking at times of high unemployment for CA populations, insufficient border controls, corruption in the law enforcement agencies and among customs officials and border troops, as well as the very important factor of vested interests by political elites have all facilitate the growth of the drug trade in the region. Even if production was curbed in Afghanistan, the possibility of a balloon effect whereas opium cultivation moves across the borders to CA should not be dismissed lightly, posing the risk of CA becoming a future drug production hub. It is the high demand for heroin in Europe (and increasingly Russia) which provides the large amounts of money flowing through CA and which ensures that employment in the drug trade will pay everyone better than almost any alternative. Opiate demand has picked up in Russia and China and will likely to increase, including within Central Asia itself. As long as the demand and supply forces abroad continue to drive illicit drug trade unabatedly, the drug transit problem in Central Asia will remain intractable.

Third, what also cannot be denied is the existence of the “Northern Route” through Turkmenistan, Uzbekistan and Tajikistan towards Russia, Europe, and by some accounts Western China, which have a different market than networks through Pakistan and Iran. The geography of 1,458 miles (2,246 km) of difficult-to-protect borders with Central Asia makes the region a natural route for cross border trafficking, even if the borders are well delineated, unlike the Durand line with Pakistan. But the mere existence of common borders and rough terrains are not the only factors that should automatically encourage trafficking. The geography of the region is in fact exacerbated by other factors having to do with borders: corruption which inhibits border controls, lack of capacity, resources and equipment for law enforcement agencies, lack of ability of CA countries to properly cooperate on border security, poverty that makes people vulnerable to quick cash, lucrative activities, and labour migration which creates ample opportunities for the clandestine movement of trafficked goods.



The fourth undeniable fact is that the drug trade affects economic stability because it introduces criminal lobby groups, inflated GDP and more importantly, corruption. As the legal economy remains very limited in not only Afghanistan but also CA countries with no natural resources, drug trafficking has become a highly lucrative contribution to household and even government budgets. The drug trade in turn hinders the emergence of viable legal economies because of its high profits neutralizing competition. This has deepened the endemic corruption in the states and among state authorities, including among the police, military, customs, courts and politicians. But, as some experts have noted, ambiguities abound, with narco traffickers operating “with official connivance, if not collusion.” Some experts have even labelled some of the countries as 'narco-states', referring to the involvement of politically powerful individuals in governments in the transit of narcotics. Increased criminality in business and politics, infiltration into state structures and economic and political co-option by criminal networks weaken the capacities of the CA states, which in turn, blame their neighbours for failing to contain the threat.

Fifth, it would be wrong to assume that mere production in Afghanistan is the source of evil in the region, when the trafficking of narcotics is exacerbated by a reverse flow of precursor chemicals. Transforming raw opium, which Afghanistan produces, into heroin requires a significant amount of precursor chemicals, which Afghanistan does not produce. These are smuggled into the country, mostly from Central Asia. The two way trafficking no doubt exacerbates the problem of heroin in the region.

## Conclusions

Since CA countries are unable to affect the curbing of global demand, current responses have concentrated mainly on the security/repressive approach (border closures, interdiction, crop eradication, tough measures for drug circulation and enforcement by counter narcotics agencies, etc.). What needs to come into the equation, besides the resolution of the situation in Afghanistan, is a developmental approach to curb conditions conducive to the spread of criminality. Such a strategy should focus first and foremost on boosting national and regional economies. The challenge, however, is to take the long and sustainable route to balanced regional development as opposed to relying on quick income derived from the production and trade of narcotics.

In the final analysis, the persistence of narco-trafficking in the region is not only due to the production of narcotics and instability in Afghanistan, no matter what scenarios await the country after 2014. Sustained trafficking is also and especially related to other factors, for which CA countries should also realistically take responsibility for: lack of proper incentives or capacity to



control, high demand in global markets, lack of alternative means of income, corruption, etc. These structural problems need to be tackled hand in hand with any interdiction policies that could be designed.

CA countries have all advocated for the creation of a cordon sanitaire around Afghanistan, especially as the future of the country remains unclear. However, as this essay has shown, it is not the mere fact of production in Afghanistan or instability there that is conducive to narcotics trafficking in the region. Other structural factors require a hard look at assumptions, responsibilities, and the genuine will for cooperation in the region to combat the drug curse collectively.



## Size and trends of the illicit drug economy in Afghanistan

Martin Raithehuber  
Statistics and Surveys Section





## Content

- The national level: Export value of opiates and GDP
- Agriculture: Income, prices and farm-gate values
- The household level: A growing divide
  - Focus on Helmand province and its food zone
  - Conclusions

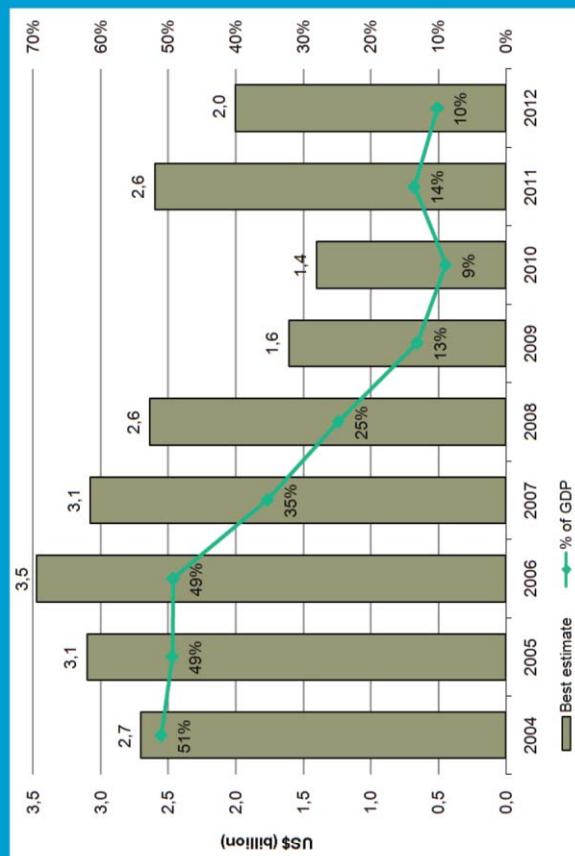




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## Gross export value of Afghan opiates 2004-2012 (US\$ billion) as % of GDP of Afghanistan

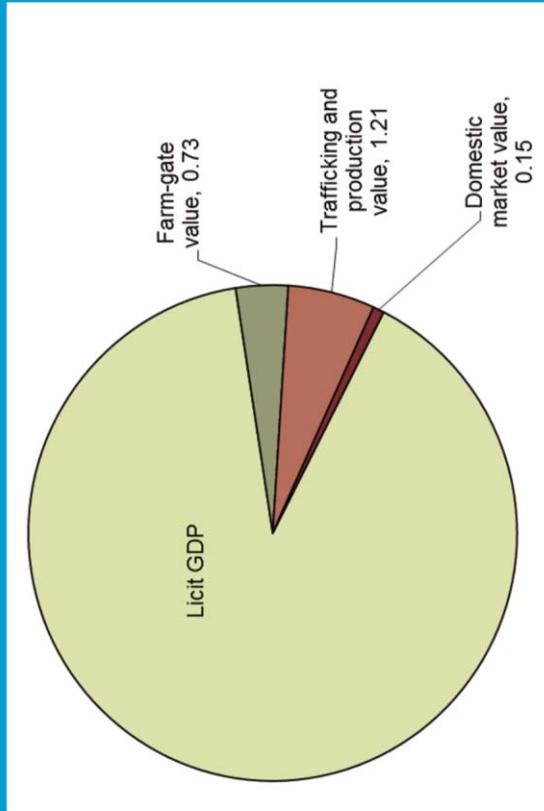


Source: GDP (current GDP); World Bank (2004-2011), IMF (2012). Export value: Ministry of Counter Narcotics/UNODC, Afghanistan Opium Surveys (2004-2012). Note: GDP figures were updated compared to the Afghanistan Opium Survey reports.

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## GDP and net value of opiate industry in Afghanistan 2012 (US\$ billion)



Source: GDP (current GDP): Gov. of Afghanistan, Central Statistical Office. Opiate value: Ministry of Counter Narcotics/UNODC, Afghanistan Opium Surveys 2012.

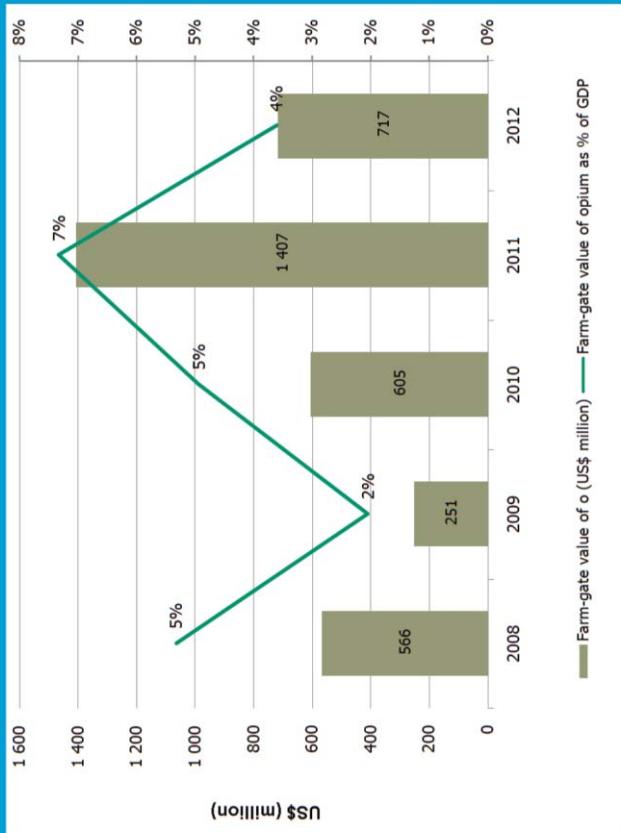


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## Farm-gate value of opium production in Afghanistan and as % of GDP 2008-2012



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## Income of farming households in Afghanistan



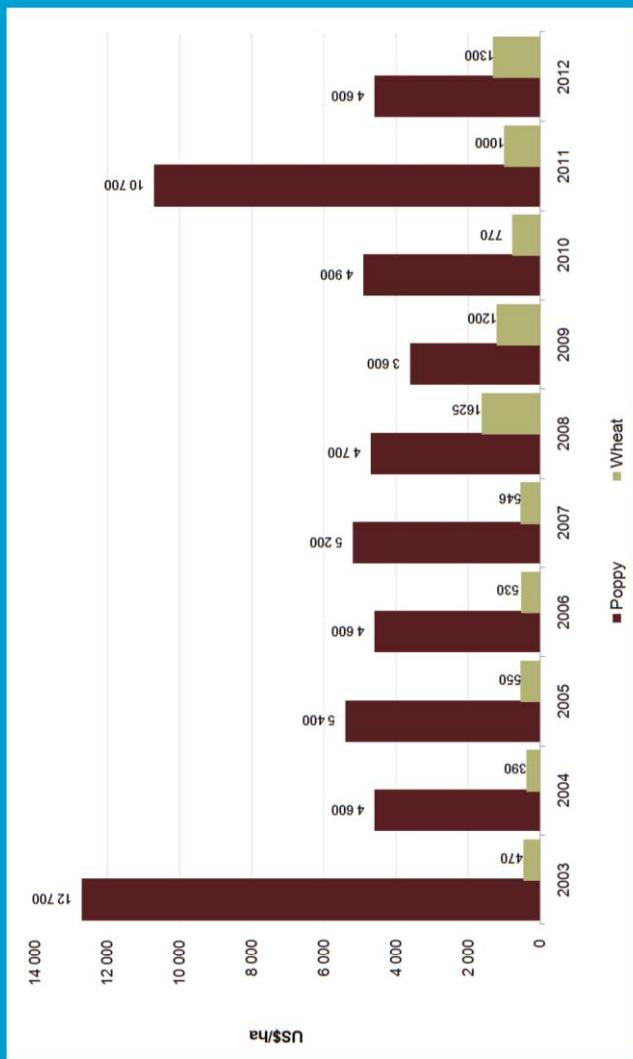
2011 income, reported in 2012. Ministry of Counter Narcotics/UNODC: Afghanistan Opium Survey 2012.



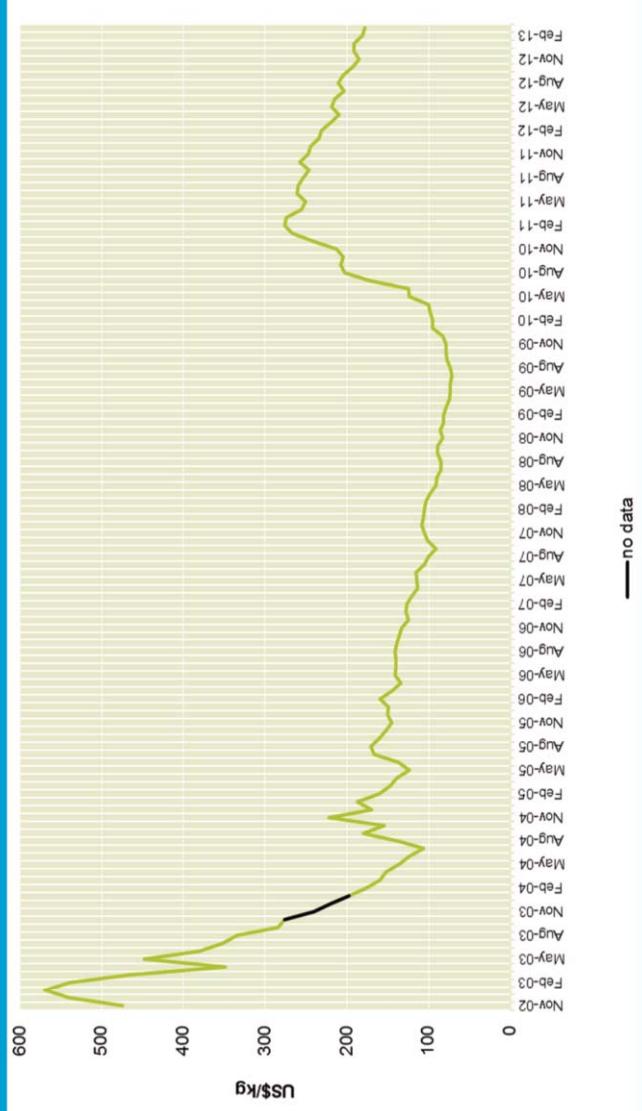
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## Afghanistan: Per-hectare income from wheat and opium 2003-2012



## Afghanistan: Farm-gate price of dry opium (US\$/kg), Nov 2002-Mar 2013

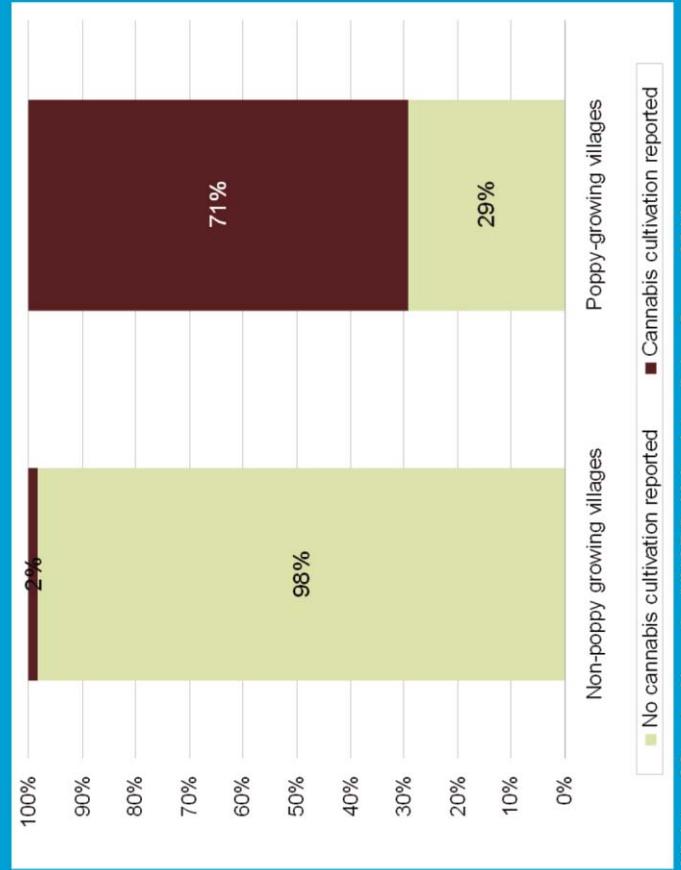




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## Cannabis cultivation in villages by poppy-cultivating status

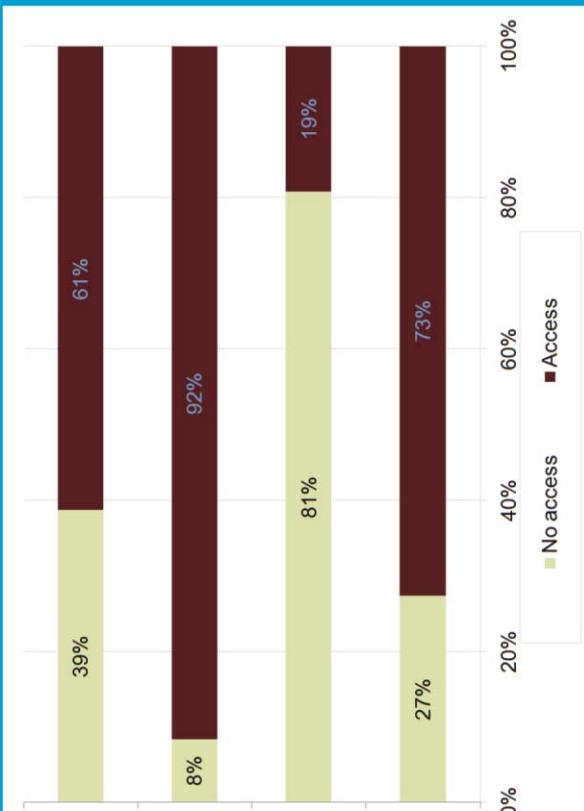


Ministry of Counter Narcotics/UNODC: Afghanistan Opium Survey 2012.





## Afghanistan: schools and poppy cultivation 2012





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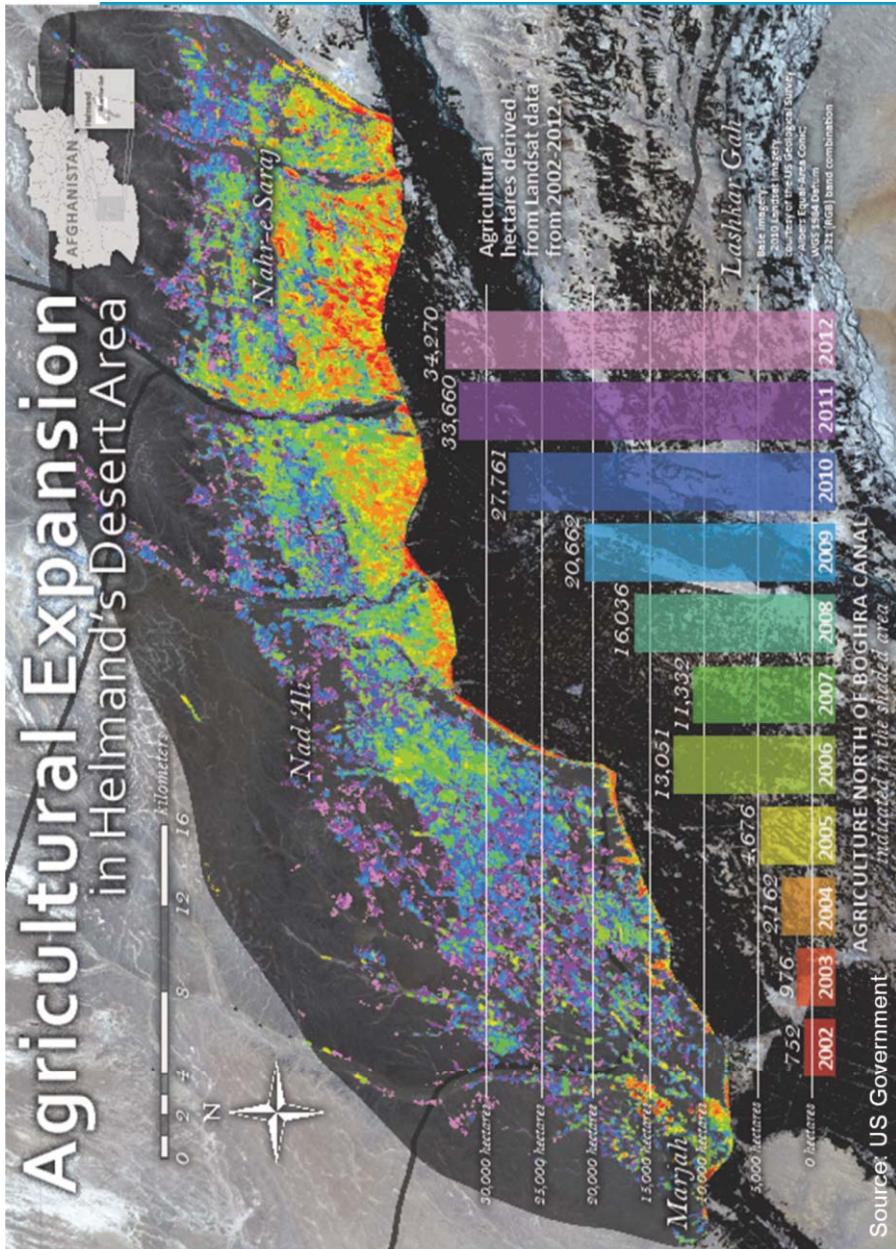
International Seminar “Challenges in addressing the illicit drugs problems in the context of withdrawal of international forces from Afghanistan in 2014”

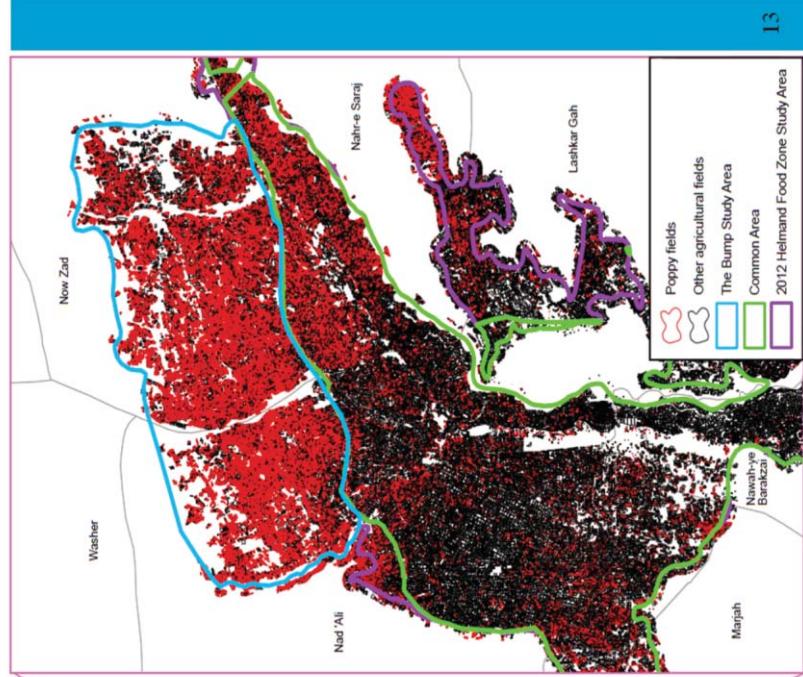
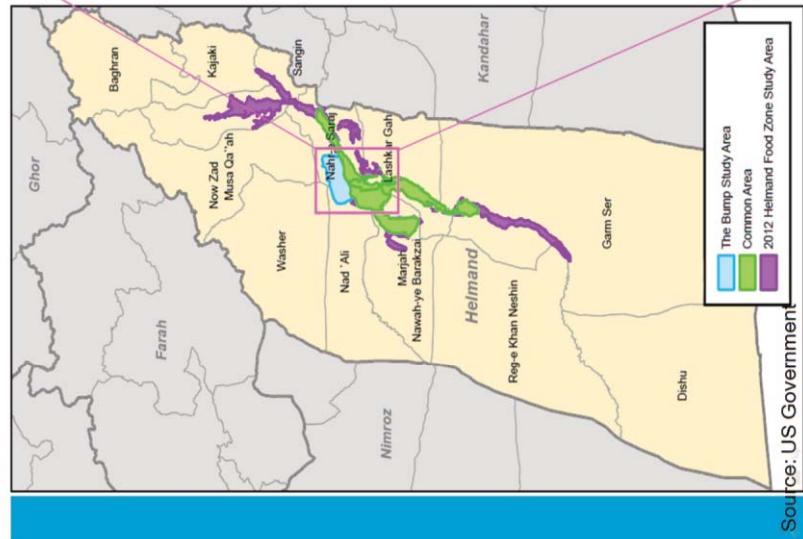
## A growing divide

- Strong link between opium and cannabis cultivation on the village and farmer level
- Strong link between illicit cultivation and lack of security, agricultural assistance and schools (particularly girls' schools)
- Regional concentration of phenomenon but also divide within provinces (Hilmand example)



# Agricultural Expansion in Helmand's Desert Area







## Conclusions and post-2014 outlook

- Value of opiate economy both in absolute and relative terms (as % of GDP) was higher in mid-2000s than in 2012
- Importance of opiate economy high by comparison with other drug producing countries -> Prospect of gaining importance post-2014?
- Risk of growing divide between areas under government control with development opportunities where cash income alternatives to poppy/cannabis are present or have a chance of being developed
  - ... and areas with high levels of insecurity where farmers concentrate more and more on poppy cultivation in alliance with insurgent influence/protection and absence of government services/development activities
- Post-2014 challenge: expand licit alternatives in areas under government control and prevent divide from deepening at the same time. But how to approach farmers in areas where licit alternatives are not an option?



