

**Fabrice Pothier**

# Afghanistan: now you see me?: opium in Afghanistan: a reality check

## Report

**Original citation:**

Pothier, Fabrice (2009) *Afghanistan: now you see me?: opium in Afghanistan: a reality check*. IDEAS reports - strategic updates, Kitchen, Nicholas (ed.) SU001. LSE IDEAS, London School of Economics and Political Science, London, UK.

This version available at: <http://eprints.lse.ac.uk/43626/>

Originally available from [LSE IDEAS](#)

Available in LSE Research Online: May 2012

© 2009 The Author

LSE has developed LSE Research Online so that users may access research output of the School. Copyright © and Moral Rights for the papers on this site are retained by the individual authors and/or other copyright owners. Users may download and/or print one copy of any article(s) in LSE Research Online to facilitate their private study or for non-commercial research. You may not engage in further distribution of the material or use it for any profit-making activities or any commercial gain. You may freely distribute the URL (<http://eprints.lse.ac.uk>) of the LSE Research Online website.

## Opium in Afghanistan: a reality check

---

**O**pium poses an existential threat to Afghanistan's reconstruction: it feeds a systemic corruption and undermines governance, provides fresh funds to insurgents and criminal groups, and locks entire sections of the rural population in poverty. But to effectively tackle a problem of this scale, a counter-narcotics strategy requires functional institutions, relative government control, and a coherent reconstruction strategy. Today Afghanistan meets none of those conditions. Yet the opium problem is not going to go away without any sustained policy pressure. This is the close-to-impossible drugs policy dilemma that the international community and the Afghan people face.



With 90% of the Afghan opium produced in the southern provinces where the Taliban insurgency is at its fiercest, the policy ground has recently shifted. The geographic correlation between drugs and Taliban creates the dangerous temptation - which Western leaders seldom resist - to merge the war against the Taliban and the war on drugs. Under a view that has gained supporters within NATO and the US administration, drugs and insurgency have merged to form a super-threat, and should be dealt with simultaneously. This view rests on a simplified if not simplistic reading of the drugs-Taliban nexus, and results in a reliance upon short-term security gains where long-term economic solutions are needed.

Afghanistan's exceptional circumstances point to the need for a different approach to crack the opium dilemma. Failing to adopt a more focused and sequenced<sup>1</sup> counter-narcotics response, and rushing a business-as-usual policy, especially poppy eradication, in the current unstable conditions of Afghanistan will be unrealistic, ineffective and counter-productive to the immediate goals of restoring security and the long-term ones of sustaining rural development.

### THE LEADING INDUSTRY IN AFGHANISTAN

---

Afghanistan produces 92% of the world's illicit opium, an estimated 800 tonnes of heroin, almost twice the reported global demand. Most of the production is concentrated in seven provinces in southwestern Afghanistan, including Helmand, which alone accounts for 50% of the national production.

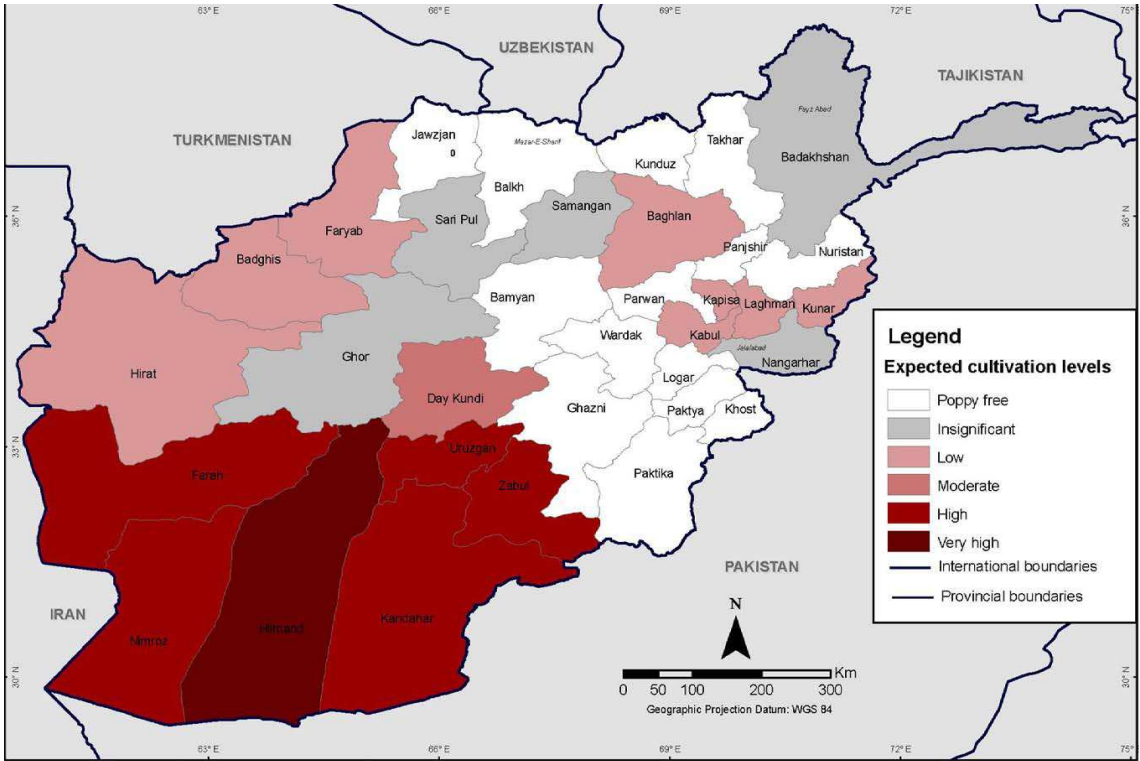
Over the last few years, the opium industry has followed three interrelated though contrasting trends: a slight decrease in cultivation, a geographic concentration, and a vertical integration and consolidation.

---

<sup>1</sup> For a through-provoking proposal on the need to better focus and sequence the international efforts in Afghanistan, see Gilles Dorronsoro, 'Focus and Exit: An Alternative Strategy for Afghanistan', *Carnegie Policy Brief*, January 2009



**Fabrice Pothier** is Director of Carnegie Europe. He was formerly at the Senlis Council, where he travelled regularly to Afghanistan and developed extensive expertise on the illegal drug trade and conducted special reports and advocacy programs on the intersections between counter-narcotics, poverty, and violence.



Source: UNDOC Opium Winter Assessment, January 2009

Since 2007, when production reached an 8,200-tonne pick, the annual production has decreased slightly. This fall is mainly due to rural economics: the fall in opium prices caused by over production in the past years combined with an increase in wheat prices due to the global food crisis, as well as unfavourable agricultural conditions including drought. The number of provinces with low or close-to-zero poppy production has increased to 18 in 2008 from 12 a year earlier. Three points of caution must be attached to the concept of 'poppy-free' provinces. First, if those provinces currently experience low level of production, they are not necessarily free from opium-related activities, especially trafficking and smuggling as it is the case in the northern and western border regions, which are crossed by important heroin smuggling routes. So the notion of 'poppy free' provinces should not lead to underestimating the much greater threat posed by trafficking. Second, the close-to-zero decrease was mostly driven by local economic factors, in particular the increase in wheat price in the north. Third, 'poppy free' is not a permanent state and requires as many sustained efforts to consolidate as for poppy producing provinces. The case of the eastern province of Nangahar, which reached close to zero opium cultivation in 2005, only to increase by 346% in 2006 and 285% in 2007, is a salient lesson of the failure to follow up eradication policy with sustained alternative development efforts.

However this first trend is partially offset by the fact that the production has further concentrated and consolidated in the southwestern provinces of Afghanistan, which now produce 90% of the national production compare to 50% few years ago. So despite an increase in 'poppy free' provinces and a slight reduction in the overall crop production, the opium problem remains massive, and exacerbated by its concentration in areas where the Taliban are strong.

At the same time, a 100% rise in chemical precursors seizures from 2003 to 2007 points to an increasingly large share of the opium processed into heroin in Afghanistan itself. According to the UN, an

estimated 70% of the production was directly processed into heroin in Afghanistan in 2008. This vertical integration means that the opium industry is becoming increasingly sophisticated: middle and top players concentrate more value, regional and international criminal groups play a more active role inside the country, and a less fragmented industry means more organised and lethal actors.

Overall, despite the sustained decrease in production, mostly due to economic and agronomic factors, opium still represents a structural and structuring factor entrenched in all dimensions of Afghanistan's society, economy and politics.

The export value of the crop is equivalent to half of the Afghan GDP, or around US\$ 3bn. As a comparison, the export value of the Colombian cocaine is equivalent to less than 1% of the GDP of Colombia, and yet represents a serious security and economic challenge to stability in Latin America. These figures give a sense of the sheer scale of the illicit drugs problem in Afghanistan, one of the world's poorest countries. Not only is opium a huge illicit economy, but it also sustains the licit ones, fuelling a booming building sector and providing the capital for the informal rural credit system. Despite earning comparatively more than with licit crops, the 3 million rural Afghans who depend directly on poppy cultivation are also kept in dire poverty, chained to a poppy credit system. The dependency is such that, according to World Bank experts, too sudden a reduction of the poppy economy would create an economic shock throughout the country. Beyond this first group, which represent 15% of the total population, there are as many if not more benefiting indirectly from opium-related cash and activities.

Opium also affects the Afghan institutions that the West is trying to build. From the district level, the province, to national institutions, opium-fuelled corruption is ever-present and poses a real threat to building functional and fair institutions that serve the Afghan people rather than the greedy and powerful. According to press reports, Afghan government officials are involved in 70% of opium trafficking and a quarter of the 249 members of the Afghan Parliament have connections with the drug trade. Members of the police force are allegedly involved in the opium trade as facilitators, protectors and even consumers. A recent leaked report by a British official estimates that 60% of the police force in Helmand is dependent on opium and/or heroin. Poppy politics is also another factor, with competition between local power holders for shares of the opium industry. Local power-holders, including individuals from local government and police, manipulate crop eradication operations for their own ends, including securing funds from the international community and extorting bribes from local farmers. Finally, opium provides fresh funds to the Taliban insurgency in southern Afghanistan, through a reported 10% tax or usher levied on local cultivation and smuggling. Perhaps more importantly, by offering protection to opium cultivators and facilitators, the Taliban have gained a significant political leverage with local populations against the central government and their international partners. However, if the Taliban's relationship with opium is opportunistic, there is little evidence indicating that cutting the flow of drugs will significantly weaken the insurgency, which uses multiple sources of revenue, and is driven by political goals.

What feeds this multi-billion dollar industry is the basic law of conflict economics, against which traditional law and order tools have little effect. Opium represents the most viable economic resource available to many rural communities: even though most farmers only receive a small fraction of the opium market value (less than 20%), opium still provides more value than other crops. It also works as the main capital for the rural credit system, is easy to stock and does not require access to markets as, typically, traders collect the production at the farm gate. In the high risk environment of rural Afghanistan, with its near-inexistent financial and transport infrastructures, opium simply stands as the most competitive and viable crop. The latest UN opium survey and various reports clearly indicate

that the more resources available to a farmer (i.e. alternative cash and food crops, access to markets, water, and credit, security), the less the reliance on opium (as is the case in the northern regions), whilst the fewer resources and the highest risk environment, the more opium is an attractive choice.<sup>2</sup>

In a country where the main strategy of rural communities is one of survival or at best of meeting basic economic needs from one planting season to another, and where government exerts little real control, opium stands as the optimum economic option for many farmers.

## ENDING COUNTER-PRODUCTIVE POLICIES

---

What policy options are left to the Afghan government and its international partners? Counter-narcotics in Afghanistan has suffered from an all too familiar fragmentation of institutional players, lack of follow-through on the ground, multiple and contradictory strategies, and under-investment in Afghan institutional capacity. The formulation of the Afghan counter-narcotic strategy is also complicated by the fact that drugs policy is a highly ideological field, with proponents of prohibition on one side, and those of legalisation on the other, leaving little oxygen for a reasonable and evidence-based approach.

Despite a comprehensive 8-pillar Afghan counter-narcotic strategy on paper, the strategy that is delivered on the ground depends on what gets funded and what capacity is available. In both cases, crop eradication has been at the forefront of the policy response on the ground, mostly because it receives significant and direct funding from the US administration – law enforcement, including eradication, represent more than half of the annual US\$ 800 million spent annually against drugs in Afghanistan by the United States. The problem is that despite local and temporary gains, from a strategic view point, eradication in instable and insecure conflict environments like southern Afghanistan has had the opposite effect: drawing people away from the government, benefiting the anti-government groups who position themselves as protectors of the rural communities, inflaming the local power struggles to the detriment of the central authorities, and compromising vital intelligence to conduct effective counter-insurgency operations.<sup>3</sup>

In that respect, looking beyond Afghanistan, the success story of Thailand in eradicating opium in the 1990s provides two interesting lessons: firstly, the government needs to develop on a 10 to 20 years basis attractive and comprehensive economic alternatives to rural communities; secondly, and most importantly, that law enforcement is effective only if the local environment is already relatively stable.

## THE WAY FORWARD

---

A more effective way forward should start focusing first and foremost on security, and put counter-narcotics second. Indeed, we should first concentrate on creating the conditions for relative security through counter-insurgency operations and by building Afghan security capacity. Once those conditions have improved, a mix of criteria need to be met, district-by-district, of greater government con-

---

<sup>2</sup> See David Mansfield and Adam Paine for more on this question in 'Counter-Narcotics in Afghanistan: the Failure of Success?', Briefing Paper Series, Afghanistan Research and Evaluation Unit, December 2008

<sup>3</sup> For a pointed analysis of the political effects of crop eradication, see Vanda Felbab-Brown in 'Peacekeepers Among Poppies: Afghanistan, Illicit Economies and Intervention' in *International Peacekeeping*, 16:1, 2009, 100 - 114

trol, increased support from the local population, a receding Taliban presence, and rural economic development, to allow the deployment of the counter-narcotics tool box in progressive phases. This will involve the range of comprehensive rural development approaches, but also crop eradication to exert pressure on the margin and only if economic alternatives are provided, and robust law enforcement to target traffickers and corrupters and inject risk in the upper level of the opium value chain.

Here are 5 recommendations for a de-conflicting counter narcotic strategy for Afghanistan:

1. De-couple counter-narcotics from counter-insurgency: security and Afghan institutional capacity should come first and will provide the backbone for a sustained comprehensive counter-narcotic effort in a second stage.
2. Emphasise counter-narcotics in rural development, capacity building, and social development policies. These are the areas that will address the economic root causes of the opium problem in Afghanistan.
3. Build Afghan capacity and institutions, for example by channelling more funds via the Counter Narcotic Trust Fund, which has a staggering shortfall of US\$ 800 million on a US\$ 900 million target budget, and accounts for less than 10% of the funds allocated by US, UK and EU to fighting drugs. If necessary loosen the Fund's procurement processes, accepting marginal waste and risk rather than having no Afghan counter narcotic capacity in the long-term.
4. Set up district-level counter-narcotic groups to assess evolving security situations, advising on the best balance of economic and law enforcement measures adapted to local conditions.
5. Engage countries who are the prime consumers of Afghan heroin – India, Iran, Russia and the former Soviet republics. A supply reduction strategy cannot work if it is not articulated with comprehensive health-based demand reduction efforts in the consumer markets.

## CONCLUSION

---

Drugs are a challenging issue because of the multiple dimensions – economic, security, health, social – they represent as much as because our policy response itself is saturated with ideological and intuitive preconceptions that keep us from thinking pragmatically and effectively. Afghanistan is a sad and worrying example of this policy dilemma. And despite the urgency of the problem, a rushed response, however well intentioned, will only make things worse, for the Afghans themselves, especially the poor farmers, but also for the security of International and Afghan troops. After 7 years of counter-productive efforts and with limited military and political resources (even with a troop surge), the US and its international partners, together with the Afghans, cannot afford to follow the old policy thinking. It is time to accept that there is no quick-fix to Afghanistan's greatest challenge but only a policy based on evidence, local thinking and, above all, patience.