

The Drug Trade and the Future of Afghanistan



PRINCETON UNIVERSITY

Woodrow Wilson School of Public and International Affairs
Junior Task Force
WWS 401b
Fall 2006

PROFESSOR
Ambassador Robert Finn

COMMISSIONERS
Elyse Colgan
Jonathan Elist

PARTICIPANTS

Connor Cobean	Sonya Hsieh
Shriram Harid	Carey MacRae
Walter Hopkins	Kayvon Tehranian
Elizabeth Horner	Cathy Yan

The Drug Trade and the Future of Afghanistan
Woodrow Wilson School of Public and International Affairs
Junior Task Force
WWS 401b
Fall 2006

Report Outline:

I. Current Afghan Security Issues

- a. Cathy Yan, The New Narco-Terrorism: Al Qaeda, the Taliban and the Afghan Drug Trade
- b. Shriram Harid, Constructing a Viable Security Sector in Afghanistan: A Five-Pronged Approach to Security Sector Reform (SSR)

II. Current Afghan Development Policies

- a. Connor Cobean, Infrastructure and the Drug Trade in Afghanistan
- b. Walter Hopkins, Opium Eradication in Afghanistan
- c. Elizabeth Horner, Uprooting Opium: A Multi-Pronged Framework for Alternative Livelihoods Development in Afghanistan

III. Regional / International Approach to the Afghan Opium Situation

- a. Kayvon Tehranian, The Opium Connection: How U.S. Relations with Pakistan and Iran Can Help Extirpate Afghanistan's Opium Addiction
- b. Cary MacRae, A Regional Study on the Trafficking and Impact of Afghan Narcotics: Central Asia, the Caucasus, and Russia
- c. Sonya Hsieh, The Modern Opium War: Western Efforts to Combat European Trafficking of Afghan Opium

I. Current Afghan Security Issues

In the first section of our Task Force's final report, Cathy Yan and Shriram Harid analyze the pressing security issues that exist in Afghanistan and the surrounding region. In particular, this section looks into the use of opium drug trafficking as an increasingly lucrative funding source for terrorism, representing a threat to both U.S. and Afghan security. This section also explores the need for a comprehensive approach to Security Sector Reform within Afghanistan.

Cathy Yan begins her report by discussing the traditional sources of terrorist funding: individual donors and charity organizations. She then discusses how these resources have become compromised by the United States' anti-terror campaigns after 9/11. She argues that the once centralized and traceable sources of funding have become more difficult and expensive to operate, forcing terrorist networks to find new, more clandestine avenues to raise and to move their money. One promising source is the opium drug trade. Yan argues that Al Qaeda and the Taliban have been directly and indirectly profiting from the international drug market, creating a "hybrid" system of international organized crime. She argues that this new system creates political unrest within Afghanistan, incites the growth of Islamic fundamentalism both within the region and abroad, and represents a serious threat to U.S. national security.

In her recommendations, Yan suggests that combating sources of terrorist funding be given a higher priority in U.S. and international policies against terrorism. Some of her specific reform measures include making the *hawala* system of money exchange more transparent, exercising stricter regulation of formal financial institutions, and encouraging better cooperation between counter-narcotics and counter-terror agencies.

Shriram Harid centers his report on a "5-prong" approach to Security Sector Reform. He argues that security and stability within Afghanistan must be achieved through a comprehensive reform process that includes the government, military and judicial systems. Harid asserts that all of these sectors are interrelated in their contributions to Afghan security, and a holistic effort is the only way to insure a successful SSR.

More specifically, Harid's "5 prong" approach includes policy reforms that 1) combat insurgency and push for democracy in Pakistan; 2) achieve the Disarmament, Demobilization, and Reintegration (DDR) objective as well as the goals for the Disbandment of Illegal Armed Groups (DIAG); 3) improve the National Afghan police; 4) stabilize the Afghan National Army so it is less influenced by changes in bureaucracy; and 5) improve the judiciary system on several levels, from the quality of university law facilities to the judge selection process.

Cathy Yan and Shriram Harid's reports represent different sub-topics in the greater, more general assessment of security within Afghanistan. Their topics reinforce the idea that regional instability, the opium drug trade, and terrorist groups are all mutually reinforcing agents. Their specific recommendations offer comprehensive steps towards improving security both within Afghanistan and the international community.

II. Current Afghan Development Policies

In this section of the final report, Task Force Participants Connor Cobean, Walter Hopkins, and Elizabeth Horner explore the various facets of Afghan development policy and its relation to the

opium situation. The combination of their three reports represents a new approach to rebuilding Afghanistan's internal economic and political structures on a local, provincial, and national level, all contributing to diminished levels of opium cultivation and production over the medium and long-terms.

Cobean begins this section with an investigation into the key sectors of Afghanistan's infrastructure: roads, irrigation, and electricity. The most viable means to success is Afghan participation on all levels to the extent that it is possible based on existing capabilities. This approach has been hugely successful in Laos. In cases where Afghans do not have the means to complete certain development projects, Afghan teams are recommended to mirror foreign efforts in order for Afghan firms to adopt best practices and self-sufficiency in development over the long-term.

In terms of electricity development, Cobean recommends the building of a power line from Uzbekistan as well as pursuing biomass technology. For irrigation, he recommends a national water management plan including small river dams in addition to cleaning up the Kabul River, an effort that highlights his point on the symbolic nature of infrastructure development and its garnering of Afghan support. Finally, Cobean's recommendations in terms of roads include the completion of the Ring Road, large roads connecting Afghanistan to neighboring countries, and connecting provincial capitals to national highways and to other provincial urban areas.

Cobean makes a connection between foreign donor funds, infrastructure development, and economic growth in the 1950s and 1960s in Afghanistan. Hopkins continues with this point on growth by using economic models to shed light on current opium eradication efforts and their failures thus far. Because the scope of eradication has not been comprehensive enough, and because of the "balloon effect" whereby successful eradication in one area correlates with increased poppy cultivation in neighboring provinces, Hopkins emphasizes a five-year "developmental grace period."

Hopkins argues that the Afghan government needs time to develop alternative livelihoods. Once economically viable alternatives are made available, eradication can then take place without incurring grave consequences. Premature eradication leads, amongst various repercussions, to increased Taliban support, a point that is further developed by Cathy Yan's work.

Overall, Hopkins suggests that the governments and organizations involved in Afghan drug eradication reassess their priorities so that their efforts are concentrated on developing viable alternative livelihoods, diminishing corruption levels, concentrating on infrastructure development, and reforming current institutions.

Horner's work further develops Hopkins's point on alternative livelihoods with specific possibilities. Horner cites UN surveys as well as past experiences in Laos and Pakistan as evidence that alternative livelihoods have a drastic impact on opium production levels. Horner divides her work between macro and micro-level principles.

The macro-level principles include cooperation with Pakistan in addition to ensuring that efforts are equal amongst all Afghan provinces. Horner also discusses a realistic timetable for alternative livelihood implementation because industrial and infrastructural growth can take years to fully develop and must precede alternative livelihood efforts. In terms of specific alternative livelihoods, Horner's recommendations go hand-in-hand with Cobean's regarding

infrastructure. For example, Horner suggests that for traditional and luxury foodstuffs and the export of such products, Afghanistan will have to rebuild its *karez* (underground aqueduct) system. For its industrial parks and manufacturing sector, Afghanistan will need electricity, pipelines, and other infrastructure projects. Furthermore, just as in Cobean's work, Horner emphasizes the increased need for international financial assistance.

Second, in terms of micro-level principles, Horner discusses the untapped potential of women in the formal employment sector and the education of women. She also explores the potential of minority, non-Pashtun economic participation.

Overall, Cobean, Hopkins, and Horner create a comprehensive plan for development in Afghanistan as a means to reducing opium levels in the long-term. Cobean's emphasis on infrastructure is a necessary precursor to the development of alternative livelihoods, the latter being a concept that Hopkins argues is more effective than eradication and that Horner explores with great specificity. Implemented together, these three Task Force reports create an Afghanistan with an infrastructure that is able to foster legitimate economic growth that will give Afghans an alternative to opium cultivation, thus reducing corruption levels and insurgent and Taliban support.

III. Regional / International Approach to the Afghan Opium Situation

The opium situation is of utmost importance given not only its Afghan dimension, but its regional and international dimension as well. While development within Afghanistan and a reestablishment of security both within the current security framework and also through diminishing financial links with terror networks are necessary precursors to progress, an understanding of dynamics outside Afghanistan is key to comprehensively addressing this issue.

In their works, Kayvon Tehranian, Cary MacRae, and Sonya Hsieh each cover various regions all with an eye on reducing the production and flow of opium from Afghanistan. Tehranian begins with an investigation of the relations between the U.S., Afghanistan, Pakistan, and Iran. He suggests that both Pakistan and Iran have great interest in curbing opium production in Afghanistan given their proximity to the country.

In his section on Pakistan, Tehranian describes the chaos along the Durand Line which has steadily increased since Islamabad's granting of near autonomy to the Federally Administered Tribal Areas. This has been a boon to Islamists and drug traffickers. Tehranian recommends that the U.S. bear pressure on Pakistan's current regime in order to aid democracy movements and to end Pakistan's regional ambitions especially vis-à-vis Afghanistan.

Finally, in his section on Iran, Tehranian explains that Iran has been solidly committed to opium reduction in Afghanistan given the negative impacts the situation has had on their country. Tehranian argues that narco-trafficking is an important area for engagement between the U.S. and Iran given their mutual interests. He also argues that given prior cooperation with Great Britain and the U.S., Iranian engagement is possible and important in curbing Afghan opium levels.

In her report, Cary MacRae looks into the roles that Central Asia, the Caucasus, and Russia play in sustaining the Afghan drug trade. She argues that these areas are a major route for drug

trafficking, and that the future of each region is heavily reliant on the success or failure of anti-narcotics efforts over the next decade. She cites rising levels of HIV and addiction rates as proof that the situation is deteriorating. MacRae also argues that the future of Afghanistan is contingent on anti-narcotic policies in the greater region, and that regional cooperation against drug trafficking must be achieved despite the many obstacles that stand in the way. She warns that if the poor economic conditions and governmental repression in Central Asia are not alleviated, the region could become a hotbed for Islamic extremists and a safe-haven for terrorists.

In her recommendations, MacRae proposes that counter-narcotic efforts be increased in Central Asia, the Caucasus, and Russia. She argues that reducing corruption in law enforcement and government officials, and thereby increasing the prosecution of traffickers, could greatly reduce the impact of opium in the region. She argues that the future of Afghanistan is heavily dependant on more encompassing measures to improve the economic, social, and political stability in the surrounding region.

In her report on European end-users, Sonya Hsieh illustrates the negative impacts that the Afghan opium drug trade continues to have throughout Europe. She points to increasing levels of HIV and drug-related violence as proof that the underground economy of Afghan opium demands new policy solutions.

In her recommendations, Hsieh proposes expanding demand-side reduction programs throughout Europe, increasing drug-trafficking transparency by coordinating efforts with authorities in Central Asia, increasing border control efforts through EU pre-ascension programs in Turkey, and developing an international UN database that monitors the heroin precursor, acetic anhydride.

Overall, these three reports demonstrate the global reach of the Afghan opium situation. Tehranian demonstrates the effects on Pakistan and Iran, and the potential for these two countries to greatly assist in international efforts to curb opium levels in Afghanistan. MacRae goes beyond Afghanistan's two largest neighbors to discuss narco-trafficking in Central Asia, the Caucasus, and Russia, and the correlation between lawlessness in this region and the smuggling of opium. Finally, Hsieh demonstrates in her paper that the problem is nearly borderless given its negative impact on European counter-narcotic efforts and the difficulty in stemming the rising use of opium in Europe. In combination, these three Task Force reports tap into the potential of regional and international partners to stem a worsening problem in Afghanistan.