

# How Opium Profits the Taliban

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## SUMMARY

In Afghanistan's poppy-rich south and southwest, a raging insurgency intersects a thriving opium trade. This study examines how the Taliban profit from narcotics, probes how traffickers influence the strategic goals of the insurgency, and considers the extent to which narcotics are changing the nature of the insurgency itself. With thousands more U.S. troops deploying to Afghanistan, joined by hundreds of civilian partners as part of Washington's reshaped strategy toward the region, understanding the nexus between traffickers and the Taliban could help build strategies to weaken the insurgents and to extend governance. This report argues that it is no longer possible to treat the insurgency and the drug trade as separate matters, to be handled by military and law enforcement, respectively.

This report illustrates how—for more than three decades of conflict in Afghanistan—the opium trade has become deeply embedded in the politics of the region. Key players and families tied to opium smuggling, trafficking routes, and methods of laundering drug money have remained remarkably unchanged. So too has the West's willingness to downplay the problem, repeatedly viewing narcotics as a “lesser evil” to the greater challenge at hand.

Since the 2001 U.S.-led invasion of Afghanistan, the poppy trade has played a critical destabilizing role, both in corrupting the Afghan government and police and in bankrolling the resurgence of the Taliban. This study shows how Taliban commanders on the village level have expanded their activities related to drugs from collecting extortion and charging protection fees to running heroin refineries and engaging in kidnapping and other smuggling schemes. As insurgent commanders become more deeply tied to criminal activity, it will become more difficult for the coalition of foreign forces in Afghanistan to defeat them. Although there is wide variation across the war theater, drug profits flow up the chain of command within the Taliban and other insurgent and extremist organizations operating along the Afghanistan-Pakistan border. These funds appear to play a key role in funding the operational costs of the Taliban and many of these other groups.

A key challenge to disrupting these drug profits will be penetrating and breaking up powerful drug networks that bankroll the insurgency and launder dirty money. Most smuggling networks appear to be run by close-knit families and tribes, making them difficult to penetrate. They appear to work with both insurgents and corrupt state actors and their motives are profit, not religion or politics. Another major challenge will be winning back the “hearts and minds” of Afghan villagers whose lives—and livelihoods—have been decimated by the drug trade and the incessant fighting but who also remain hostile toward Western forces.

As much as the criminalized insurgency creates challenges, it also presents opportunities. The rising tide of violence and daily misery has made the Taliban deeply unpopular in the south and southwest, and nationwide polls indicate that they and other extremist groups have little support. At this point, the Kabul government and NATO forces are not well respected either, especially in the violence-wracked south. However, a reshaped military strategy that focuses on providing security to the local communities preyed upon by insurgents and criminals, that improves governance, and that provides alternative livelihoods could win public support and with it increased cooperation for fighting the insurgents and criminals. For many rural Afghans, the greatest perceived threat is crime and economic instability, not the insurgency per se.

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A successful policy in Afghanistan would not prioritize but would mount a multipronged attack, combining intensive diplomacy; a reshaped military and intelligence strategy; police, judicial, and economic reform; and targeted development programs. Instead of *nation building*, this problem requires *region building*. As the biggest donor with the largest number of deployed troops there, the United States should take the lead in revitalizing the international community's strategy toward Afghanistan.



## INTRODUCTION

In Afghanistan's poppy-rich south and southwest, known links exist between Taliban insurgents and the drug traffickers who operate along the Pakistan border. The fact that the Taliban profit from opium is routinely mentioned in media reports, academic studies, and comments by U.S. government officials, yet there is little concrete detail available to the public and policymakers on how the insurgents interact with drug traders and profit from opium. To the extent that NATO forces, civilian officials, and aid organizations operating in the south and southwest lack data on the issue or have failed to analyze it, they function in a relative vacuum. With thousands more U.S. troops deploying to Afghanistan, joined by hundreds of civilian partners as part of Washington's reshaped strategy toward the region, understanding how the Taliban profit from the opium trade could help build strategies to weaken the insurgents and to extend governance. To that end, this study examines how the Taliban and traffickers interact in the southern poppy belt. It traces how those interactions have deepened since 2001 and examines the extent to which narcotics are changing the nature of the insurgency itself.

It is widely alleged that corrupt officials within the Kabul government, the Afghan National Police (ANP), and various provincial administrations are also in the pay of opium traffickers, and recent media reports have suggested that some senior officials themselves engage in drug trafficking.<sup>1</sup> As a 2008 British study reported, many Afghans in the country's south believe that state actors earn greater profits from the drug trade than the insurgents.<sup>2</sup> Corruption is an equally critical concern because it arguably contributes as much to continued insecurity in the Afghan south as does the insurgency by creating a perverse incentive for corrupt officials to establish good governance.<sup>3</sup> Although this present study set out to focus exclusively on how insurgents in the south intersect the opium trade, further study probing how the opium trade involves state actors—and how the two issues themselves overlap—could also be tremendously constructive in helping to develop successful peacebuilding strategies.<sup>4</sup>

1. Two recent media reports on state corruption are Graeme Smith, "Afghan Officials in Drug Trade Cut Deals across Enemy Lines," *Globe and Mail*, March 21, 2009, and James Risen, "Reports Link Karzai's Brother to Afghanistan Heroin Trade," *New York Times*, October 4, 2008.
2. According to the report's author, "Whether correct or incorrect, the overall perception in the south is that corrupt government officials are earning more money from their direct or indirect involvement in the drug trade." See David Mansfield, "Responding to Risk and Uncertainty: Understanding the Nature of Change in the Rural Livelihoods of Opium Poppy Growing Households in the 2007/08 Growing Season" (report, Afghan Drugs Inter Departmental Unit of the UK Government, July 2008), URL=[www.davidmansfield.org/data/Field\\_Work/UK/FINAL\\_UK\\_DRIVERS\\_REPORT\\_08.pdf](http://www.davidmansfield.org/data/Field_Work/UK/FINAL_UK_DRIVERS_REPORT_08.pdf) (accessed May 15, 2009).
3. This follows Richard Snyder's theory that "lootable resources" such as opium generally fuel disorder in environments where "private economic actors enjoy exclusive, unregulated, and untaxed control over the income generated." (See Richard Snyder, "Does Lutable Wealth Breed Disorder? A Political Economy of Extraction Framework," *Comparative Political Studies* [October 2006]). Building on Snyder's model, Jonathan Goodhand argues that "in some parts of Afghanistan drugs and corruption have contributed to a level of political order, whereas in other areas they have fuelled disorder." See Jonathan Goodhand, "Corrupting or Consolidating the Peace? The Drugs Economy and Post-conflict Peacebuilding in Afghanistan," *International Peacekeeping* 15, no. 3 (June 2008), URL=[www.informaworld.com/smpp/section~content=a793322435~db=all~fulltext=713240928~doutcount=true#EN0002](http://www.informaworld.com/smpp/section~content=a793322435~db=all~fulltext=713240928~doutcount=true#EN0002) (accessed May 15, 2009). A useful report for understanding the ground realities in south and southwest Afghanistan is Angel Rabasa et al., *Ungoverned Territories: Understanding and Reducing Terrorist Risks, Project Air Force* (Santa Monica, CA: RAND Corporation, 2007). The subject of state actors and antistate actors collaborating to profit off the drug trade is discussed in C. Christine Fair and Seth G. Jones, "Securing Afghanistan: Getting on Track" (Working paper, United States Institute of Peace, January 23, 2009), URL=[library.usip.org/articles/1012068.1022/1.PDF](http://library.usip.org/articles/1012068.1022/1.PDF) (accessed May 15, 2009). The authors of this report state that "a complex adaptive system" functions in the border areas, where multiple interconnected groups, including the Taliban, criminal gangs, warlords, and corrupt state actors, have adapted to the complex threat environment.
4. For useful data on corruption by the Afghan National Police, see Mansfield, "Responding to Risk and Uncertainty."

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To complete this study, the author and a group of local researchers surveyed three hundred people working in or alongside the opium trade in twelve cities and towns in southern Afghanistan and the border area with Pakistan.<sup>5</sup> The questionnaire was circulated in the Pashto language, among male respondents who were Pashto in ethnicity.<sup>6</sup> The local researchers selected the respondents based on their direct involvement in the opium trade, or their close relationship—usually through tribal affiliations or immediate family—to people working in the trade. The group surveyed included farmers who exclusively or partially cultivated poppy, truckers who exclusively or routinely transported opium, traders and smugglers who exclusively or routinely trafficked opium, and a small number of individuals employed in drug refineries. The dangerous security environment meant researchers could only question a limited number of respondents in each area. Additionally, due to low levels of literacy, the researchers had to help some respondents fill out the surveys. It is expected that this interaction affected the honesty of some respondents, particularly in cases where they may have feared implicating themselves. However, most of the surveys were deemed by the team to be legitimate, especially because a high number had handwritten notes in the margins to better explain or expand on the respondents' views.

Once the survey was complete, the author and six local researchers conducted dozens more in-depth interviews with farmers, Taliban fighters, truckers, traders, and Afghan officials, including police and intelligence agents with the National Directorate of Security. The author also interviewed countless individuals—diplomats, law enforcement officers, academics, and intelligence and counternarcotics officials—from the United States, the United Kingdom, Europe, Pakistan, India, and Iran—and relied on media reports, academic studies, and reports by nongovernmental organizations (NGOs) to round out this study.

The way that Taliban insurgents interact with traffickers, and the extent to which some insurgent leaders have themselves taken up trafficking, differs greatly across the zones of the insurgency. Surveys and most interviews conducted for this study focused on the southern Afghan provinces of Helmand and Kandahar. This study does not intend to provide an exhaustive account of how insurgents and traffickers interact from district to district across those two provinces, much less all of Afghanistan, but it serves to paint a broad picture of how the system works in order to provide NATO forces, diplomats, and aid workers with a framework for future, more in-depth study.

When U.S.-led forces invaded Afghanistan in October 2001, the Taliban's ban on poppy cultivation had been in force for fifteen months, and there were virtually no poppy fields across the Afghan south.<sup>7</sup> In the years that followed, however, as Afghanistan's overall opium output

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For a thorough study on the challenges of police reform, which will be critical in any efforts by the Afghan government and the international community to combat drug corruption and other graft, see Andrew Wilder, *Cops or Robbers? The Struggle to Reform the Afghan National Police*, Issues Paper Series (Kabul: Afghanistan Research and Evaluation Unit, July 2007). For an examination of the sustainability of counternarcotics programs and notes on the questionable way "success" has been measured by the United Nations and the international community, see David Mansfield and Adam Pain, *Counter-Narcotics in Afghanistan: The Failure of Success?* Briefing Paper Series (Kabul: Afghan Research and Evaluation Unit, December 2008).

5. Surveys were conducted in Arghastan, Dalbandin, Gereshk, Kandahar, Musa Qala, Now Zad, Panjway, Registan, Sangin, and Spin Boldak in Afghanistan and among Afghan populations residing in Chaman and Quetta, Pakistan. A total of 299 questionnaires were considered for this report (four consequential surveys from Musa Qala were rejected). An earlier pilot survey of forty individuals in Baram Cha, a town which straddles the Pakistan-Afghanistan border, revealed similar findings to the larger study, but those results were not included in the final report because the pilot questions were refined for purposes of simplicity and translation for the wider survey.
6. The survey data do not allow for gender- or ethnicity-based comparisons.
7. According to crop surveys carried out by the UN International Drug Control Programme (UNDCP), Afghanistan produced 185 metric tons of opium in 2001, the majority of that in northern provinces outside Taliban control.

soared past previous records, poppy cultivation became increasingly concentrated in southern and southwestern provinces where security conditions were poor, insurgent activity was frequent and widespread, and the level of governance was low. By 2008, about 98 percent of Afghanistan's poppy crop was grown in six southern and southwestern provinces, namely Farah, Helmand, Kandahar, Nimroz, Uruzgan, and Zabul.<sup>8</sup>

It is pertinent to mention external and internal factors that helped contribute to the disappearance of the poppy crop in other parts of Afghanistan and its concentration in the south. Rising global food prices and a ban on wheat exports from neighboring Pakistan made wheat and other licit crops more viable for farmers in more parts of the country where security and road transport were more reliable.<sup>9</sup> In addition, counternarcotics strategies appeared to be showing at least temporary success in provinces such as Nangarhar and Badakhshan, while some farmers, particularly in the northwest, planted cannabis instead of poppy.<sup>10</sup> Researchers David Mansfield and Adam Pain have argued that amid widening insecurity in the south and southwest, where many farmers lacked access to markets for licit crops because of fighting and poor transport conditions, poppy increasingly became "a low-risk crop in a high-risk environment."<sup>11</sup> As historian Barnett Rubin wrote, widespread poppy cultivation there was "the result—not the cause—of insecurity."<sup>12</sup>

There was also historic precedence for insurgents in Afghanistan to support the opium trade. As poppy output expanded greatly in lawless parts of the south since 2001, Taliban actors expanded and diversified their ways of profiting from the drug trade.<sup>13</sup> The study traces how drug money helped to fund the Taliban's resurgence, outlines how it continues to finance their military operations in the south, and examines how some Taliban commanders have deepened their personal involvement in the opium trade. This study does not intend to suggest that the Taliban leadership has put aside its intention of driving Western forces from Afghanistan or implementing their strict version of sharia law. However, this study will demonstrate that insurgent actors in many Afghan villages today behave more like mafiosi than mujahideen. More than 80 percent of those surveyed for this project believe Taliban commanders in

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See "Afghanistan: Annual Opium Poppy Survey 2001," UNDCP, URL=[www.unodc.org/pdf/publications/report\\_2001-10-16\\_1.pdf](http://www.unodc.org/pdf/publications/report_2001-10-16_1.pdf) (accessed May 15, 2009). The U.S. government also produces annual crop estimates based on satellite surveys, and in 2001 reported the opium crop to measure 74 metric tons, also placing most cultivation outside Taliban control zones. See Asa Hutchinson, "Statement before the House Government Reform Committee, Subcommittee on Criminal Justice, Drug Policy, and Human Resources," U.S. House of Representatives, October 3, 2001, URL=[www.usdoj.gov/dea/pubs/cngrtest/ct100301.html](http://www.usdoj.gov/dea/pubs/cngrtest/ct100301.html) (accessed May 15, 2009). A separate study by the Donor Assessment Mission to Afghanistan came to similar conclusions. See "The Impact of the Taliban Prohibition on Opium Poppy Cultivation in Afghanistan," May 25, 2001, URL=[www.davidmansfield.org/policy\\_advice.php](http://www.davidmansfield.org/policy_advice.php) (accessed May 15, 2009).

8. See Afghanistan Opium Survey 2008 (UN Office on Drugs and Crime [UNODC], November 2008), URL=[www.unodc.org/documents/crop-monitoring/Afghanistan\\_Opium\\_Survey\\_2008.pdf](http://www.unodc.org/documents/crop-monitoring/Afghanistan_Opium_Survey_2008.pdf) (accessed May 15, 2009).
9. Mansfield and Pain, *Counter-Narcotics in Afghanistan*.
10. Although the UNODC declared Nangarhar "poppy free" in 2008, the size of the poppy crop there has yo-yoed back and forth twice already since 2001, prompting some speculation that the battle is not over. For more on this, see Mansfield and Pain, "Counter-Narcotics in Afghanistan." For a media report on farmers planting marijuana in place of poppy, see Rahim Faiez, "Afghans Turn from Growing Poppies to Pot," Associated Press, November 28, 2007. The issue is also discussed in the UNODC's Afghanistan Opium Survey 2008.
11. David Mansfield and Adam Pain, *Evidence from the Field: Understanding the Changing Levels of Opium Cultivation in Afghanistan*, Briefing Paper Series (Kabul: Afghanistan Research and Evaluation Unit, November 2007).
12. Barnett Rubin and Jake Sherman, *Counter-Narcotics to Stabilize Afghanistan: The False Promise of Crop Eradication* (New York: Center on International Cooperation, February 2008), 13.
13. This is not a phenomenon unique to Afghanistan. Antistate groups across the globe have displayed similar patterns of behavior, including the Revolutionary Armed Forces of Colombia (FARC), Hezbollah, the Liberation Tigers of Tamil Eelam, and the Irish Republican Army. All profited from drug smuggling in their respective zones, and their involvement in crime appears to have warped the purposes and goals of their movements over time.

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the south now fight for profit rather than religion or ideology.<sup>14</sup> And according to recent NATO military intelligence, as few as 5 percent of insurgent commanders now fight for ideological reasons.<sup>15</sup>

NATO commanders and donor nations have tended to view Afghanistan's opium trade as a law enforcement issue, often not considering its broader implications for trade, security, and development. The insurgency, meanwhile, is treated as a military matter. This division has stymied efforts to build a comprehensive strategy toward southern Afghanistan, where a more holistic approach could prove more successful. Peacebuilding strategies need to disrupt the insurgents' criminal activity and degrade their ability to fund themselves. They must also simultaneously interdict and remove from office corrupt officials breaking the law and help local communities to gradually develop legal and sustainable activities as a replacement to opium.

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14. The survey asked, "Which of the following is a true and fair statement: (a) Taliban commanders are fighting for their religion and the freedom of Afghanistan; (b) Taliban commanders are mainly trying to make money; (c) Neither." Of those surveyed, 18.98 percent chose a, and 81.02 percent chose b. None chose c.

15. Interviews by author.

## A BRIEF HISTORY

Throughout the more than three decades of conflict in Afghanistan, the key players and families tied to opium smuggling, the trafficking routes, and the methods of laundering drug money have remained remarkably unchanged—so too has the West’s willingness to downplay or even deny the problem, repeatedly viewing narcotics as a “lesser evil” to the greater challenge at hand.

The opium poppy has flourished along the Golden Crescent—Iran, Afghanistan, and Pakistan—throughout recorded history. Cultivation began rising steadily in Afghanistan after the 1979 Soviet invasion due to a combination of external regional factors and desperation brought on by the war.<sup>16</sup> A *New York Times* report from the time reported that cash-strapped farmers chose to grow opium because it sold for as much as \$50 per pound, many times more than what other traditional crops would earn.<sup>17</sup> The Soviet’s scorched-earth policy destroyed thousands of acres of farmland and sent millions of refugees over the border to Iran and Pakistan, leaving fewer people to work on the remaining arable fields. Between 1984 and 1985, poppy cultivation more than doubled in Afghanistan, from 140 metric tons to 400, according to the National Narcotics Intelligence Consumers Committee Report for 1985–86. By 1986, it doubled again, the report said.<sup>18</sup>

A system swiftly developed in which large landowners and drug merchants would hire mujahideen to protect their drug shipments. Rebels used drug earnings to support the resistance. According to former mujahideen commanders and fighters interviewed for this project, many resistance commanders profited from the exploding poppy market to some extent—most commonly by taking a cut of goods passing through their control zones. Some mujahideen commanders looked to the narcotics trade to raise income because of the uneven manner in which foreign military aid, mostly from the CIA and the Saudi government, was distributed among the parties by Pakistan’s spy agency, the Inter-Services Intelligence (ISI), from the Pakistani frontier city Peshawar.<sup>19</sup> Commanders such as Mullah Nasim Akhundzada, a powerful Helmand warlord, deepened their involvement in the opium trade to increase profits and establish economic independence, because they received comparatively less money from the ISI.<sup>20</sup> “Akhundzada had his own power base,” said Peter Tomsen, the State Department’s special envoy to the

16. A two-year drought in the Golden Triangle brought a temporary decline in Southeast Asian production. See Alfred W. McCoy, “Opium History, 1979 To 1994,” URL=[www.a1b2c3.com/drugs/opi012.htm](http://www.a1b2c3.com/drugs/opi012.htm) (accessed May 15, 2009). Simultaneously, the new Khomeini regime next door in Iran, where opium was widely smoked, banned all forms of narcotics. That shifted Iran’s drug economy across the border. A similar shift took place along the Pakistan border. Until the war began, Pakistan’s Federally Administered Tribal Areas (FATA) and Provincially Administered Tribal Areas (PATA) produced more opium than all of Afghanistan, with a significant portion of it ending up on U.S. streets. Under pressure from Washington, Pakistan stamped out 80 percent of its poppy cultivation by 1986, resulting in some fields migrating across the border into mujahideen control zones.

17. Arthur Bonner, “Afghan Rebel’s Victory Garden: Opium,” *New York Times*, June 18, 1986.

18. “National Narcotics Intelligence Consumers Committee Report for 1985–86,” Narcotics Collection: Box 30, Folder: Pakistan/Afghanistan, National Security Archive, Washington, D.C., 74.

19. The United States and Saudi Arabia were the central donors to the Afghan resistance, providing matching annual funds totaling hundreds of millions of dollars. The United Kingdom, China, and various European nations also contributed. All the money was funneled through the Inter-Services Intelligence, giving the Pakistani spy agency tremendous control over which commanders and parties would benefit. The ISI tended to benefit fundamentalist Islamic parties, aiming to weaken moderate mujahideen leaders with ethnonationalist ambitions to form a “Pashto nation.” Islamabad feared a “Pashto state” might threaten its territorial integrity.

20. Nasim Akhundzada was a member of the Revolutionary Islamic Movement, one of the less centralized mujahideen parties. Some historians believe he turned to the opium trade for spare funds because there was no organized mechanism within his party to distribute money received from the ISI.

Afghan resistance from 1989 to 1992. "A guy like that wasn't controlled by Peshawar."<sup>21</sup> Akhundzada set production quotas, implemented a predatory loan service to small poppy farmers that still exists today, and smuggled his output west, even maintaining an office in the Iranian border town of Zaidan to manage his shipments.<sup>22</sup> In 1989, he reportedly threatened farmers who failed to plant poppy with castration or death. Production in Helmand that year skyrocketed past 250 metric tons of opium.<sup>23</sup>

In other cases, commanders who were showered with foreign aid from Peshawar nonetheless developed deep involvement in the drug trade. Gulbuddin Hecmatyar and Yunis Khalis, two fundamentalist commanders, relied heavily on both their ties to the ISI and their heroin profits to build their power base, according to historians and former mujahideen. Operating mainly along the Pakistan border, Hecmatyar launched a two-year internal war against Nasim Akhundzada for control of Helmand's rich poppy fields. By the end of the Soviet resistance, he invested in heroin labs along the border, working in partnership with Pakistani smuggling networks.<sup>24</sup> U.S. officials assisting the war effort acknowledged Hecmatyar's managerial prowess but worried about his rabid brand of Islam. They complain that efforts to cut his funding failed because of his ISI connections.<sup>25</sup>

The late Yunis Khalis, meanwhile, worked systematically to gain power in poppy-rich eastern Nangarhar province, where he skirmished with other mujahideen for control over poppy fields and the roads leading to heroin labs and hashish shops he ran along the border.<sup>26</sup> His deputy, Jalaluddin Haqqani, operated along the Pakistan border and had close ties to Arab fighters (who would later form al-Qaeda) and powerful weapons smuggling networks. Former U.S. officials and mujahideen say that commanders such as Hecmatyar, Khalis, and Haqqani did not personally muddy their hands by moving drugs. They had subordinates who ran their narcotics operations but took a cut of all the profits in their control zones.

The next generation of Afghanistan's leaders would rise from the ranks of these fundamentalist commanders and were well versed in this method of fund-raising. A young Mullah Omar at times fought under Yunis Khalis (the same man who gave Osama bin Laden refuge when he fled Sudan to Afghanistan in 1994). Jalaluddin Haqqani and Hecmatyar still operate today along the border fighting the NATO-led coalition. U.S. military intelligence believes that both men remain deeply dependent on smuggling narcotics and other criminal activity.<sup>27</sup>

If the mujahideen's involvement in the poppy trade was cause for concern, more worrisome still were the Pakistan military's links to heroin trafficking. Seventy percent of the world's supply of high-grade heroin was produced in or smuggled through Pakistan by 1984, according to European police estimates. There was widespread evidence that the covert pipeline run by the ISI, which brought weapons and materiel by truck and donkey to the Afghan guerrillas, funneled out vast amounts of heroin.<sup>28</sup>

21. Peter Tomsen, telephone interview by author, July 28, 2007.

22. Barnett R. Rubin, *The Fragmentation of Afghanistan*, 2nd ed. (New Haven: Yale University Press, 2002), 263.

23. David MacDonald, *Drugs in Afghanistan* (London: Pluto Press, 2007), 89; Michael Griffin, *Reaping the Whirlwind* (London: Pluto Press, 2001), 148; Rubin, *The Fragmentation of Afghanistan*, 263.

24. James Rupert and Steve Coll, "US Declines to Probe Afghan Drug Trade; Rebels, Pakistani Officers Implicated," *Washington Post*, May 13, 1990; Rubin, *The Fragmentation of Afghanistan*, 257.

25. U.S. officials, interviews by author, Washington, D.C., 2007.

26. MacDonald, *Drugs in Afghanistan*, 88.

27. U.S. official, interview by author, Bagram Air Base, Afghanistan, August 2006.

28. Covert military aid for the mujahideen arrived at Pakistan's seaport in Karachi and traveled to the Northwest Frontier Province (NWFP) in trucks run by the National Logistics Cell (NLC), a trucking company wholly owned and staffed by the Pakistan military. In 1985, the *Herald*, a Pakistani news magazine, quoted eyewitnesses reporting

In 1986, two military officers were arrested separately, each carrying 220 kilograms of high-grade heroin. In both cases, military squads swiftly removed the men from police custody, and they swiftly “escaped” before any substantial investigation got underway. A heavily redacted 1987 CIA analysis titled “Narcotics Trafficking and the Military” concluded that “corruption is widespread . . . and because of the generally low level of military salaries, it is likely to grow in the near term.”<sup>29</sup>

Officials at the U.S. embassy in Islamabad working to support the Afghan resistance ignored and even suppressed indications that resistance groups and Pakistan military allies were smuggling drugs. The *Washington Post* reported in 1990 that U.S. diplomats “received but declined to investigate” first-hand accounts that Afghan guerrillas and ISI agents “protect and participate” in heroin trafficking.<sup>30</sup> Former officials posted to the U.S. mission in Pakistan now acknowledge that they routinely received reports that mujahideen profited from opium but now admit that they did not follow up on the reports, lest narcotics distract from the central mission. “You have to put yourself in the mindset of the period,” said Edmund McWilliams, another U.S. special envoy to the resistance who served from 1988 to 1989. “There was one single objective: defeating the Soviets. Raising issues like Hecmatyar and the ISI’s involvement in the drug trade was on no one’s agenda.”<sup>31</sup>

Washington’s policy toward the region itemized and prioritized issues considered critical to American interests: fighting the Soviets came first, then stopping nuclear proliferation, then stemming the flow of heroin. “Until we were sure the Soviets would go in 1988,” explained Larry Crandall, who was then the chief of the United States Agency for International Development (USAID), “we basically put drugs on the back burner.”<sup>32</sup> By then a powerful and well-entrenched drug mafia operated on both sides of the Pakistan-Afghanistan border. When Soviet forces began to pull out and Western military aid was cut, mujahideen leaders competing for a stake in the new Kabul government turned their guns on each other. A civil war erupted between them and continued into the 1990s, dividing the country and Kabul itself into warring fiefdoms. As the Soviets left and covert U.S. funding dried up, Afghan commanders came to depend ever more heavily on opium profits to fund their war effort, thus creating the preconditions for the complete integration of narcotics—and reliance on drug money—into the politics of the region. Relentless fighting between mujahideen warlords put a chokehold on Afghanistan’s multibillion-dollar transit trade. Rival commanders erected roadblocks where they exacted stiff “taxes” for safe passage along the highways. Roadblocks were especially abundant in Kandahar, because there was no dominant commander there. The Pashto trucking mafia, which controlled shipping from the Karachi seaport through Quetta into Kandahar province at the Chaman border and which was heavily tied to smuggling drugs, was taking massive losses. They became determined to put an end to this intolerable situation.

In this environment the Taliban emerged. Myths surrounding their origins focused on elevating the group’s barely literate, one-eyed leader to a semidivine status among Afghanistan’s uneducated masses. This also disguised the Taliban’s original financiers. The legend began in 1994, when Mullah Omar, then a teacher in a small madrassa outside Kandahar, emerged as

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that “the drug is carried in NLC trucks which come sealed from the NWFP and are never checked by police.”

29. “Narcotics Trafficking and the Military.” Near East and South Asia Briefs, Central Intelligence Agency (January 30, 1987), Narcotics Collection: Box 30 Folder, Pakistan: Narcotics Control Preparedness, National Security Archive, George Washington University.

30. Rupert and Coll, “US Declines to Probe Afghan Drug Trade.”

31. Edmund McWilliams, telephone interview by author, May 3, 2007.

32. Larry Crandall, telephone interview by author, September 20, 2007.

a local Robin Hood, protecting villagers from the excesses of violent and greedy mujahideen.<sup>33</sup> The war-weary public embraced the Taliban, which swept across Afghanistan, capturing many towns without firing a shot.

Many who encountered the Taliban at their outset say aspects of the tale were true: the early Taliban were well intentioned, even if their methods were medieval. According to people who witnessed the movement from its inception, they even initially made a commitment (which they acted on a handful of times) to stamp out the opium trade. This commitment was swiftly dropped as political realities and a need for funds overcame their original objectives.<sup>34</sup> Despite their efforts at myth making, the Taliban's rise to power in Afghanistan had little to do with the grace of Allah as they claimed. From its inception, the movement appeared to rely on the financial backing of an unholy alliance of drug smugglers, traders, and trucking groups.

When the Taliban first appeared, many assumed—not entirely incorrectly—that they had Pakistan's backing. Cables from the U.S. embassy in Islamabad in 1994 reflect American diplomats scrambling to discover who was financing the Taliban.<sup>35</sup> Initial dispatches described Taliban goals to open highways and end banditry. Cables noted that the group appeared well funded but that their leaders would not reveal their financial benefactors.<sup>36</sup> The Taliban issued a pamphlet outlining their rigid version of sharia. They prohibited most forms of entertainment, such as music and television, and banned alcohol and cannabis. On one issue the Taliban were conspicuously ambiguous: "The consumption of opiates is forbidden, as is the manufacture of heroin, but the production and trading in opium is not forbidden."<sup>37</sup>

A Kandahari close to Mullah Omar visited the U.S. embassy in Islamabad in February, revealing that the "prominent trader" Haji Bashar Noorzai, a former commander who fought under Yunis Khalis, was Mullah Omar's original sponsor as well as a key decision-maker and leading member of the ruling council.<sup>38</sup> Today, Bashar Noorzai resides in a high-security Manhattan jail after being handed a life sentence in 2009 by a U.S. federal judge for smuggling millions of dollars of heroin for the Taliban into New York City.<sup>39</sup> Although it is not clear whether Noorzai himself was a major drug dealer when the Taliban were formed, his clan was well known to American

33. Ahmed Rashid, *The Taliban: Militant Islam, Oil and Fundamentalism in Central Asia* (New Haven: Yale University Press, 2000), 25. Anthony Davis, "How the Taliban Became a Military Force," in *Fundamentalism Reborn? Afghanistan and the Taliban*, ed. William Maley (London: Hurst and Company, 1998), 43–44; and author's interviews with various former Afghan, Pakistani, and Western officials who were on hand to witness the rise of the Taliban.

34. Former Afghan, Pakistani, and U.S. officials, interviews by author.

35. Potential backers they considered included the ISI, the Saudis, or even Maulana Fazl-ur Rehman of the Jamiat-e Ulema-i-Islam (JUI), a leading Pakistani fundamentalist party providing Taliban fighters from its chain of madrassas. It was known that the then newly reelected Pakistani prime minister, Benazir Bhutto, wanted to open trade routes from Pakistan into the newly independent Central Asian states. Islamabad was in the market for a new protégé across the border, having watched its universally loathed client Hecmatyar repeatedly outwitted on the battlefield by his Tajik rivals. See "The Taliban File," documents 1–8, 9/11 Sourcebook, National Security Archive, George Washington University, especially U.S. Consulate (Peshawar), "New Fighting and New Forces in Kandahar" (cable, November 3, 1994); U.S. Embassy (Islamabad), "The Taliban—Who Knows What the Movement Means?" (cable, November 28, 1994); U.S. Embassy (Islamabad), "[Excised] Believe Pakistan Is Backing Taliban" (cable, December 6, 1994); U.S. Embassy (Islamabad), "The Taliban: What We've Heard" (cable, January 26, 1995), URL=[www.gwu.edu/~nsarchiv](http://www.gwu.edu/~nsarchiv) (accessed May 15, 2009).

36. U.S. Embassy (Islamabad), "The Taliban: What We've Heard."

37. Michael Griffin, *Reaping the Whirlwind* (London: Pluto Press, 2001), 153.

38. U.S. Embassy (Islamabad), "Finally, a Talkative Talib: Origins and Membership of the Religious Students' Movement" (cable, February 20, 1995), Taliban File, 9/11 Sourcebook, National Security Archive, George Washington University.

39. See Benjamin Weiser, "Afghan Linked to Taliban Sentenced to Life in Drug Trafficking Case," May 1, 2009, URL=[www.nytimes.com/2009/05/01/nyregion/01sentence.html](http://www.nytimes.com/2009/05/01/nyregion/01sentence.html) (accessed May 15, 2009).

counternarcotics agents.<sup>40</sup> The one-million-strong Noorzai tribe controls tens of thousands of acres of rich poppy farmland, as well as the key road out of southern Afghanistan. Bashar's late father, Haji Mohammed Issa Noorzai, was a leading partner in the Quetta Alliance, a cartel identified by the Drug Enforcement Administration (DEA) as a union of "three interrelated heroin and hashish smuggling groups" that exported "multi-ton shipments of heroin and morphine base."<sup>41</sup>

Noorzai was not the only benefactor for long. The Taliban conquered district after district in Kandahar, soon attracting other tribal chiefs with opium trade ties. As their reputation for providing security in the war-torn Afghan countryside spread, so did their ability to capture towns without a shot. In many communities, they were welcomed as protectors. In areas "where the new movement's moral and religious standing failed to carry the day, generous disbursements of cash usually succeeded," wrote historian Anthony Davis.<sup>42</sup> The Taliban's financial backers distributed bribes to regional strongmen as their fighters advanced on Kabul. Several key tribes joined the movement simply because Mullah Omar made deals not to crack down on poppy, according to a November 1996 DEA document.<sup>43</sup> Supporting the poppy trade not only secured the Taliban financial backing, it also won them political support from tribes and the general public, particularly in regions where there were few other viable professions.

In the spring of 1996, a jet chartered from Afghanistan's state-run Ariana Airlines landed in Jalalabad carrying a man who would become another key patron to the Taliban. Osama bin Laden's return to Afghanistan opened a new chapter in the Taliban chronicle, one that would make a dramatic impact on modern history. Although there are reports he was short on funds when he arrived from Sudan, the Saudi exile quickly made friends with Afghanistan's new power brokers, helping to finance the Taliban's takeover of Kabul.<sup>44</sup> Bin Laden reportedly raised \$3 million—possibly through donations—to pay off warlords who stood between the Taliban and the Afghan capital. The support came at a critical moment, and Mullah Omar would not forget it. In *Ghost Wars*, author Steve Coll wrote that the Taliban may have also received contributions for the push on Kabul from the trucking mafia, heroin traders, the ISI, and other Arab donors.<sup>45</sup>

40. Haji Bashar Noorzai was briefly detained by U.S. forces in 2001 and then released on the agreement that he would hand in weapons and negotiate the surrender of senior Taliban officials. His relationship with the United States later soured, and he fled to Pakistan. In April 2005, he flew to the United States to meet with counternarcotics agents believing he was going to cooperate with U.S. authorities who instead arrested him. He was convicted in 2008. For more details, see "Warlord or Druglord?" *Time*, February 8, 2007, URL=[www.time.com/time/magazine/article/0,9171,1587252,00.html](http://www.time.com/time/magazine/article/0,9171,1587252,00.html), and Benjamin Weiser, "Manhattan Jury Convicts Man Linked to Taliban Leader in Drug Smuggling Case," *New York Times*, September 23, 2008, URL=[www.nytimes.com/2008/09/24/nyregion/24noorzai.html?ref=nyregion](http://www.nytimes.com/2008/09/24/nyregion/24noorzai.html?ref=nyregion) (both accessed May 15, 2009).

41. That Issa Noorzai was a major smuggler and a member of the Quetta Alliance comes from author's interviews with Afghan, U.S., and Pakistani officials and Noorzai tribesmen and from the Islamabad Country Office, Drug Enforcement Administration, "TKO Proposal," March 25, 1993, Narcotics Collection Box 30, Folder: Pakistan, National Security Archives, George Washington University.

42. Davis, "How the Taliban Became a Military Force," in *Fundamentalism Reborn*, 50–51.

43. The DEA document is cited in Griffin, *Reaping the Whirlwind*, 154–55.

44. For years, it was widely believed that bin Laden inherited as much as \$300 million from his father, a construction magnate, and used that money to finance al-Qaeda operations. But investigators with the 9/11 Commission later concluded his personal wealth was far smaller. In one of his only interviews with the media, Taliban leader Mullah Mohammed Omar told Peshawar-based journalist Rahimullah Yusufzai that bin Laden was almost penniless when he returned to Afghanistan in 1996. Yusufzai recounted Omar's comments in an interview with the author in 2008.

45. Stephen Coll, *The Ghost Wars* (New York: The Penguin Press, 2004), 332.

Once in control of Kabul, the Taliban began issuing archaic decrees—banning girls from school and forcing men to pray five times a day—focusing the world’s media on their exacting interpretation of Islam. In addition to Western outrage over their treatment of women and anxiety about their ties to Arab and Pakistani terrorist groups, the Taliban immediately came under international pressure to crack down on the poppy trade. On September 10, 1997, the Taliban’s Foreign Ministry responded with the following declaration:

The Islamic State of Afghanistan informs all compatriots that, as the use of heroin and hashish is not permitted in Islam, they are reminded once again that they should strictly refrain from growing, using, and trading in hashish and heroin. Anyone who violates this order shall be meted out a punishment in line with the lofty Mohammad and sharia law and thus shall not be entitled to launch a complaint.<sup>46</sup>

The ruling was amended ten days later with a note outlawing cultivation and trafficking of opium as well.<sup>47</sup> Few paid heed. A year earlier, Afghanistan had produced 2,250 metric tons of opium, according to the United Nations Office on Drugs and Crime (UNODC). That number climbed to 2,800 tons in 1997, dipped slightly the next year due to widespread drought, and then soared in 1999 to 4,580 metric tons. The Taliban controlled most of the country by 1999, including all of the Pashto south. Afghanistan’s poppy crop represented about 75 percent of global production. Ninety-seven percent of it was grown in Taliban-held areas.<sup>48</sup> Rather than combat the opium trade, the Taliban allowed local mullahs to collect a 10 percent agricultural tith (known as *ushr* and derived from the Arabic *ashr* meaning ten) from farmers growing poppy as well as other produce. *Ushr* was generally collected in kind at the local level (as it is today) and then spent locally, according to Bernard Frahi, a UNODC official.<sup>49</sup> In the southern provinces, the Taliban began collecting 20 percent *zakat*, an Islamic levy, on truckloads of opium as they left farm areas.<sup>50</sup> Following a law enforcement crackdown in neighboring Pakistan, heroin refineries previously based in the FATA shifted across the border.<sup>51</sup> The Taliban swiftly began taxing their output—charging \$50–70 a kilo depending on whether the final product was morphine base or crystal heroin.<sup>52</sup> According to a recently declassified 1998 CIA report, Haji Bashar Noorzai forged a deal with the Taliban to pay \$230 for each kilo of heroin flown out.<sup>53</sup> The Taliban also apparently taxed road exports; the DEA has posted on its Web site samples of the receipts handed out to truckers crossing the border into Pakistan or Iran.<sup>54</sup>

46. “Afghanistan, Drugs and Terrorism: Merging Wars,” TNI Briefing Series no. 2001/2 (Debate Papers no. 3, Transnational Institute, December 2001).

47. *Ibid.*

48. Barnett R. Rubin, “The Political Economy of War and Peace in Afghanistan,” *World Development* 28, no. 10 (2000): 1795.

49. Bernard Frahi, telephone interview by author, August 2007. That poppy was collected and often spent at a local level is also cited in Rubin, “Political Economy,” 1796.

50. Rashid, *Taliban*, 118.

51. Former Pakistani official who worked along the border at the time, interview by author, Islamabad, 2007.

52. Jeffrey Bartholet and Steve Levine, “The Holy Men of Heroin,” *Newsweek*, December 6, 1999.

53. Director of Central Intelligence, “National Intelligence Daily,” Central Intelligence Agency, May 1, 1998, 7, National Security Archive, George Washington University. This document, yet assigned to a collection at the archive, does not specifically mention the Noorzais. It reads, “Under one such agreement [name excised]—the son of key Quetta Alliance member [name excised]—pays the Taliban about \$230 for each kilogram of either heroin or morphine base being exported through the Jalalabad and Qandahar Airports.” Other public reference documents on Noorzai refer to his export deal with the Taliban.

54. Hutchinson, “Statement before the House Government Reform Committee.”

Since the Taliban kept virtually no computer or paper records, it is impossible to calculate how much they took in state revenue, much less separate out what percentage of that was connected to narcotics. It is known that they also capitalized on a brisk smuggling network that took advantage of a 1965 bilateral transit trade agreement with Islamabad, which allowed licit commodities to be transported duty-free from Pakistan's coast to landlocked Afghanistan. Known as the "U-turn scheme," Pashto trucking companies carried goods ranging from refrigerators to foodstuffs from the port city Karachi up to the tribal areas, whereupon they would be smuggled back into Pakistan to avoid Islamabad's protectionist customs fees. Trucks would reportedly return to the coast laden with hashish, heroin, and other contraband. Author Ahmed Rashid reported that Pakistan's Central Board of Revenue estimated it lost \$275 million during fiscal year 1993–94, and a half-billion dollars the following year once the Taliban reopened the highways. The World Bank calculated the total illicit trade in legal goods to be worth \$2.5 billion, and the United Nations estimated the narcotics trade at another \$1.25 billion annually. "The cross-border smuggling trade has a long history," Rashid wrote. "But never has it played such an important strategic role as under the Taliban."<sup>55</sup>

U.S. and British intelligence and law enforcement agents widely believed that bin Laden, with Mullah Omar's blessing, had turned the state-run Ariana Airlines into a "narco-terror" charter service ferrying Islamic militants, timber, weapons, cash, and heroin to the United Arab Emirates and Pakistan. "Al Qaeda moved drugs out, money in, and people around on Ariana," said Steve Simon, a former senior director for transnational threats at the National Security Council.<sup>56</sup> Mohammad Fedawi, president of Ariana during the Taliban takeover, said senior Taliban officials ordered him to hand out flight-crew passes to dozens of "foreigners," including members of al-Qaeda, who would be allowed to travel to whatever destinations the airline serviced throughout the Indian Subcontinent and Middle East.<sup>57</sup> "Sometimes they would schedule special night flights to Kandahar and to the Emirates," mainly Sharjah and Dubai, Fedawi said. No one was allowed to see what they loaded on the planes in Afghanistan. Mounting concern that Ariana was moving drugs, weapons, and terrorists led the UN to impose international flight sanctions on the Taliban in late 2000, barring the airline from flying internationally.<sup>58</sup>

Far from being hurt by the sanctions, the Taliban appeared to continue to have a steady supply of weapons and money, although it was never entirely clear how much of it came from donations, Pakistani government support, or taxes from the opium trade and other smuggled goods. As far as Washington was concerned, the narcotics problem remained low on its list of priorities. "The drug issue was one thing on a long list that we were trying to get the Taliban to move on," said Karl Indurfurth, then assistant secretary of state for South and Central Asian affairs. "Girls' schools, terrorist camps, women's rights. After the embassy bombings in Africa, Osama went to the top of that list."<sup>59</sup> The U.S. government pressed the Taliban on thirty different occasions between 1996 and 2001 to expel bin Laden from Afghanistan.<sup>60</sup> "The message to the Taliban pre-9/11 was, we don't like you, but we are willing to live with you if you give us al-Qaeda," said Teresita Schaffer, a former deputy assistant secretary of state for South Asia.

55. Ahmed Rashid, "Pakistan and the Taliban" in *Fundamentalism Reborn?*, 77.

56. Stephen Braun and Judy Pasternak, "Long Before Sept. 11, Bin Laden Flew Aircraft under the Radar," *Los Angeles Times*, November 18, 2001.

57. Mohammad Fedawi, interview by author, Kabul, March 2007.

58. Braun and Pasternak, "Long Before Sept 11."

59. Karl Indurfurth, telephone interview by author, May 10, 2007.

60. "U.S. Engagement with the Taliban on Usama bin Laden," U.S. State Department Summary (circa July 16, 2001), Sept. 11 Sourcebook, vol. II: The Taliban File, update of January 30, 2004, National Security Archive, George Washington University, Washington, D.C.

The United Nations kept pressure over drugs, however, bringing officials to Pakistan to consult Islamic legal experts on the issue of growing and trading narcotics.<sup>61</sup> The Taliban appeared desperate to gain international recognition for their regime, and wanted the UN sanctions lifted. In July 2000, the UN pressure appeared to pay off. As the autumn planting season was to begin, Mullah Omar announced a total ban on poppy cultivation. The following spring, American satellite photos and UN ground surveys indicated that just 8,000 hectares had been planted across Afghanistan—down from more than 82,000 hectares a year earlier. Most of it was planted in areas not controlled by the Taliban.

It was the largest cutback in illicit drug production in Afghanistan or any other nation in a single year. Frahi, who brokered the deal for the UNODC, called it “one of the most remarkable successes ever” in the fight against narcotics.<sup>62</sup> In fact, the very opposite was true. The ban created a humanitarian crisis by leaving thousands of small farmers and share croppers without income, and almost overnight, the price of opium at Afghanistan’s border shot up from an all-time low of about \$28 per kilo to between \$350 and \$400, according to UNODC and DEA accounts, leaving farmers heavily indebted for their farm loans. And despite the ban on growing poppy, Western authorities began to notice the Taliban made no effort to seize drug stocks or arrest traffickers. One Western mission to determine the scale of drug stockpiles being held reported that opium markets in Sangin, Ghani Khel, Musa Qala, Kajaki, and Achin appeared to have greatly reduced their levels of business, but the mission was never able to determine where, if any, stockpiles were being held.<sup>63</sup> Meanwhile, U.S. officials reported that the Taliban still collected tax at refineries—now earning much higher revenue off a product that had increased tenfold in value.<sup>64</sup> Levels of heroin purity declined somewhat in Western markets the following year, but the street price of heroin remained stable, indicating there was no supply shortage.<sup>65</sup>

Some Western and Afghan officials have concluded that the poppy ban was the ultimate insider-trading act. According to this theory, the Taliban believed they stood to gain millions of dollars in international aid and perhaps even recognition of their government (neither of which they received in the end, however). The UN-affiliated Narcotics Control Board concluded that after four years of bumper crops, stocks of Afghan heroin were big enough to supply the European market for four more years.<sup>66</sup> More than a half-dozen well-placed tribal sources and Afghan officials interviewed for this project said senior Taliban leaders and Haji Bashar Noorzai purchased massive amounts of opium just before the ban. “It wasn’t religion,” said a Quetta-based smuggler. “It was good business. They bought low, they sold high.”<sup>67</sup>

On September 11, 2001, the regional price of a kilo of opium had reached an all-time high of \$746. Within weeks of the attacks on New York and Washington, it had dropped to \$95 a kilo, according to DEA records, possibly indicating that owners were dumping stockpiles in anticipation of the U.S.-led invasion. Some U.S. officials feared that money raised from selling

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61. “Afghanistan: Drugs and Terrorism, Merging Wars.”

62. Martin Jelsma, “Learning Lessons from the Taliban Opium Ban,” *International Journal on Drug Policy* 16, no. 2 (March 2005).

63. The report said, “No one admits to holding sizeable stocks. The Taliban acknowledge that stocks probably exist in Afghanistan, but maintain that large stockpiles are either outside the country or in Badakhshan. They indicate interest in addressing the practicalities of stockpile destruction and action against traffickers and invite dialogue. Donor Assessment Mission to Afghanistan, “The Impact of the Taliban Prohibition on Opium Poppy Cultivation in Afghanistan.”

64. U.S. officials, interviews by author.

65. Jelsma, “Learning Lessons”; Hutchinson, “Statement before the House Government Reform Committee.”

66. William Sami and Charles Recknagel, “Iran’s War on Drugs,” *Transnational Organized Crime* 5, no. 2 (Summer 2002).

67. Quetta-based smuggler, interview by author, Quetta, October 2003.

opium stockpiles could be used to buy weapons and ammunition.<sup>68</sup> UN officials believed the Taliban, al-Qaeda, and allied drug lords collectively possessed more than 2,800 metric tons of opium, which could be converted to 280 tons of heroin. Sold on the wholesale market in Pakistan, the opium would fetch more than \$1 billion, UN officials worried.<sup>69</sup>

As the United States prepared for war, the Joint Chiefs of Staff and top Bush administration officials complained how few targets in Afghanistan would have consequence militarily. The CIA and the British government each prepared comprehensive lists of potential targets, including about two-dozen major drug labs, storage warehouses, and other opium-related facilities.<sup>70</sup> Yet from the onset of military operations in Afghanistan, the Bush administration and the Pentagon would conspicuously avoid targeting drug lords.

On October 11, four days after Operation Enduring Freedom began, President George W. Bush sat down with his National Security Council, discussing, among other things, the continued search for targets. Defense Secretary Donald Rumsfeld said the Pentagon had considered hitting drug labs and heroin storage areas but did not because of concerns that there would be “collateral damage.”<sup>71</sup> The CIA later concluded bombing these targets would have dramatically reduced the ability to produce opium in Afghanistan throughout 2002. “The drug targets were big places, like small towns that did nothing but produce heroin,” a CIA official said. “The British were screaming for us to bomb those targets because most of the heroin in Britain comes from Afghanistan, but they refused.”<sup>72</sup>

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68. Hutchinson, “Statement before the House Government Reform Committee.”

69. “Another Powder Trail,” *Economist*, October 18, 2001.

70. James Risen, *State of War*, (New York: Simon & Schuster, 2006), 154; and Robert Charles, former director of the U.S. State Department’s Bureau of International Narcotics and Law Enforcement Affairs, interview by author, Washington, D.C., May 23, 2007.

71. Bob Woodward, *Bush at War*, (New York: Pocket Books, 2003), 228.

72. Risen, *State of War*, 154.



## THE NEO-TALIBAN

The 2001 invasion of Afghanistan caused the Taliban and al-Qaeda to scatter but failed to put down either group once and for all. Rather than mounting a nationwide invasion with vast numbers of foreign troops, the United States and its allies opted for a “light-footprint” approach, relying on local proxies. Many senior al-Qaeda and Taliban leaders fled over the border into Pakistan. Numerous mid-level Taliban lay low in Afghanistan’s Pashto southwest, often in the fertile plains of western Kandahar and Helmand that also cultivated poppy. “There was no coordinated effort—they just escaped to places where they knew they’d find safe haven,” said journalist Rahimullah Yusufzai.<sup>73</sup>

It was not hard to melt away. Throughout 2002, there were just 4,500 troops with the International Security Assistance Force in Afghanistan, all of them based in the capital Kabul. Limited numbers of coalition forces deployed to the south and southeast and focused on hunting down “high-value targets”—not Taliban fighters. The coalition contracted anti-Taliban Afghan warlords, many with dubious records on narcotics and human rights themselves, to secure the countryside. U.S. officials privately acknowledged the bad behavior of various individuals in the new regime, but said they were needed in the hunt for terrorists. As had happened in Afghanistan in the past, Washington’s central priority took precedence over other challenges.

In the spring following the invasion, poppy fields carpeted the Afghan countryside. The year before the invasion, Afghan farmers had harvested just 8,000 hectares—mostly in areas outside the Taliban’s control, according to the UNODC. In 2002, the total land area planted with poppy surged to 74,000 hectares, returning Afghanistan to its spot as the world’s leading opium producer.<sup>74</sup> Across the border, agents from Pakistan’s Anti-Narcotics Force ambushed a camel convoy in the Baloch desert. The camels lugged nearly a ton of heroin and morphine base on their backs. Worth tens of millions of dollars, it was, at the time, one of the biggest drug hauls the world had ever seen.<sup>75</sup>

With few foreign troops posted outside Kandahar city, a dangerous security vacuum developed in the Pashto south. The Taliban quietly began to regroup, and commanders started reaching out to one another. Mullah Omar reportedly contacted his deputies one by one and appointed them to organize his fighters, pick up fresh recruits from Pakistani madrassas, locate weapons stashes, and raise funds.<sup>76</sup> Drug smugglers close to the Taliban were some of the first investors, putting up small amounts of funds to help the movement start to rebuild, according to sources close to the Taliban interviewed for this study. Many commanders raised money by selling off opium stores they had hidden away, these sources said.

The Taliban built their resources methodically. They began with low-intensity attacks in 2003, using teams on motorcycles to ambush foreign troops and aid workers. Off and on, they set off small bombs.<sup>77</sup> Over time, cross-border attacks from Pakistan became more frequent. When Washington shifted its focus elsewhere, the Taliban surmised the moment was right to

73. Rahimullah Yusufzai, telephone interview by author, October 10, 2007.

74. U.S. State Department, “International Narcotics Control Strategy Report 2002,” March 2003, vii–3.

75. Patrick McDowell, “As Disruption from War on Taliban Ends, Traffickers Moving Big Heroin Shipments,” Associated Press, March 3, 2002.

76. Elizabeth Rubin, “In the Land of the Taliban,” *New York Times Magazine*, October 22, 2006.

77. Gretchen Peters, “Hostilities Flare in America’s Other War,” *Christian Science Monitor*, March 31, 2003.

relaunch. In March 2003, just as the United States was invading Iraq, journalist Yusufzai got a call from the Taliban military commander, Mullah Dadullah Lang. The Taliban had “regrouped,” he announced, and would soon commence a jihad to retake Afghanistan.<sup>78</sup>

Three months later, Mullah Omar appointed a new ten-man ruling council to lead the resistance.<sup>79</sup> He named the mujahideen commander Jalaluddin Haqqani to control the southeastern region. Mullah Dadullah would command the south. The Taliban even mended ways with their former rival Gulbuddin Hecmatyar, who would lead the eastern flank, mainly in the mountainous provinces of Kunar and Nuristan. It was a loosely grouped alliance, with each region more or less responsible for raising its own funds, according to U.S. and Afghan officials. That being said, it would appear the central Taliban leadership—the so-called Quetta Shura—has maintained surprisingly strict control over drug money as it filters through the insurgent hierarchy in the south and southwest, according to dozens of interviews with smugglers, Taliban fighters, and Afghan officials in those areas. That appears to allow the Quetta Shura to maintain authority over dispersed and sometimes loosely affiliated Taliban commanders. Since 2001, Taliban commanders have diversified their activities within the opium trade. Examining the various ways Taliban commanders and members of the top leadership earn profit from narcotics illustrates how the myriad drug earnings enter the system.

## Taxation

Taliban insurgents tax farmers in their control zones. Researchers for this study were told that Taliban commanders collect the full 10-percent *ushr* in some districts, while in others, commanders and local Mullahs share the take, according to a 2008 British report.<sup>80</sup> In areas where the Taliban are dominant, the village-level Taliban subcommander will hand out written receipts for the amount of opium collected, and farmers interviewed for this study said the Taliban leadership was strict in assigning each commander’s control zone. Researchers for this study heard multiple cases in which farmers complained to the Taliban leadership of being overcharged, and the Quetta Shura responded by punishing the subcommanders. Likewise, Taliban commanders keep track of how much farmers and other members of the local community are earning by maintaining informants in each community, paying the equivalent of \$10 a tip for information.<sup>81</sup> In areas where there was no clear dominant force, there are reports of fighting between Taliban commanders, criminal gangs, and corrupt officials, who all appear to prey on the farmers.

In addition to taxing poppy farmers, Taliban insurgents also collect a 10-percent tax from local shopkeepers and other small business owners, working over local communities much like mafiosi. When the Taliban in 2007 briefly took control of Musa Qala, a town in the poppy heartland of Helmand, their operatives collected about \$8 a month from each family during a collection at the mosque, according to Fariq Khan, who ran a telephone shop. He said trucks passing through the

78. Rahimullah Yusufzai, “Taliban ‘Aims to Regain Power,’” BBC, [news.bbc.co.uk/2/hi/south\\_asia/2897137.stm](http://news.bbc.co.uk/2/hi/south_asia/2897137.stm) (accessed May 15, 2009).

79. Rahimullah Yusufzai, as quoted in International Crisis Group, *Countering Afghanistan’s Insurgency: No Quick Fixes*, Asia Report no. 123 (Kabul/Brussels: ICG, November 2, 2006). He names the original 2003 members as Jalaluddin Haqqani, Saifur Rahman Mansoor, Mullah Dadullah, former Taliban army chief Akhtar Mohammad Osmani, Akhtar Mohammad Mansoor, former Taliban defense minister Mullah Obaidullah, Kandahar’s ex-security chief Hafiz Abdul Majeed, former Nimroz provincial governor Mullah Mohammad Rasul, Mullah Barodar, and former Taliban corps commander in northern Afghanistan Mullah Abdur Razzaq Akhundzada.

80. David Mansfield, “Responding to Risk and Uncertainty,” 47.

81. Provincial-level Afghan intelligence official, interview by author’s research assistant, Lashkar Gah, July 2007.

town paid \$50 each.<sup>82</sup> Other studies have suggested that the ANP extort the majority of payments from passing trucks and that Taliban in some areas do not participate in this practice.<sup>83</sup>

In some areas, insurgents have extorted national enterprises: when the provincial director of an Afghan mobile phone network refused to pay his monthly “tax” in Zabul province, Taliban fighters blew three distribution towers in the Shah Joy district, cutting service there for a week.<sup>84</sup> Similar forms of extortion appear to take place in other zones of the war theater. Researchers for this study heard of farmers, truckers, and small businesses paying extortion fees to insurgents across the southeastern and eastern zones of Afghanistan, while there are reports of similar practices across the border. For example, the *New York Times* reported in July 2007 that Taliban in the FATA’s Mohmand agency have earned tens of thousands of dollars taxing a marble quarry, as well as every truck carrying white stone out of it.<sup>85</sup> More recent reports have discussed the Taliban in Pakistan’s Swat Valley taking over emerald mines there and selling gemstones on the black market to support their activities.<sup>86</sup>

In the rural environment, where there is little use for hard cash, much economic dealing is done in opium and other commodities of value.<sup>87</sup> The Taliban maintain opium warehouses across Afghanistan’s southern poppy heartland, where insurgent commanders can deposit and later withdraw quantities of opium as if using an ATM machine.<sup>88</sup> In December 2007, NATO forces that retook Musa Qala found 11 tons of opium stored in warehouses there.<sup>89</sup> Taliban commanders at the village level also appear to receive millions of dollars each year worth of material supplies collected as tax from villagers and smugglers, although it is impossible to calculate an accurate total value for such barter deals.<sup>90</sup> They often include vehicles, such as motorcycles, SUVs, or pickup trucks. Many commanders demand satellite and mobile telephones, or will collect top-up cards with talk-time credit from local shopkeepers. Other supplies they take as payment include weapons, ammunition, petrol, food, shelter, and even medical care for wounded soldiers.

Proceeds from *ushr*, as well as commodities collected in barter deals, appear to supply village and district-level Taliban with the bulk of their operational needs, everything from salaries for fighters and transport, fuel, food, weapons, and explosives.<sup>91</sup> Each village-level subcommander must pay a percentage of the proceeds he collects to his military commander at the district level, who in turn pays off the district-level Taliban governor. A portion of these funds—still often transferred in the form of raw or partially refined opium—then reportedly filter up the Taliban chain of command to the provincial commander, who will hand over a

82. Noor Khan, “Taliban Collected Taxes, Ran Heroin Labs, Had Own Judge in Afghan Town,” Associated Press, December 12, 2007.

83. See, for example, Mansfield, “Responding to Risk and Uncertainty,” 44.

84. Provincial official in Zabul, interview by author’s research assistant, Kabul, August 2007.

85. Pir Zubair Shah and Jane Perlez, “Pakistan Marble Helps Taliban Stay in Business,” *New York Times*, July 14, 2008.

86. Pir Zubair Shah and Jane Perlez, “Taliban Exploit Class Rifts in Pakistan,” *New York Times*, April 16, 2009.

87. This practice is not unique to insurgents. Opium is routinely traded as a form of currency across the poppy-rich south. A shopkeeper, for example, might accept payment for groceries, petrol, or other supplies in the form of a chunk of opium, and some keep weights and measures to calculate the correct rate.

88. Afghan officials and tribal leaders not connected to the Taliban have also been caught with opium stashes.

89. Stephen Grey and Anna Schecter, “Exclusive: 11 Tons of Opium Discovered in Taliban Town,” ABCNews.com, December 20, 2007.

90. This issue is discussed in Mansfield, “Responding to Risk and Uncertainty,” 48.

91. Afghan intelligence officials who have interviewed Taliban captured in battle, in interviews with the author’s research assistants, July 2007.

portion to the Taliban's central financial committee.<sup>92</sup> Because of the lower degree of command and control among the insurgents relative to their time in power during the 1990s, it would appear that the percentages of money sent up the chain of command vary across the southern conflict zone. And although researchers for this study heard multiple cases of Taliban commanders battling over drug spoils, in general, commanders all appeared to pay into the system, much as local mafiosi might hand a portion of their earnings to their boss.<sup>93</sup>

## Protection Money

Providing protection for the opium trade is another lucrative form of earning for the Taliban in the south. It is common in Afghanistan for a local power broker—be they Taliban or not—to take a cut of commodities moving through his patch, or to receive payments for providing armed protection for a shipment as it passes. More than 65 percent of people surveyed for this study said the Taliban's main activities related to drugs were providing security for opium crops as they grew and then protecting drug shipments as they leave the farm area.<sup>94</sup> These fees can range up to 20 percent of the consignment, according to dozens of interviews with truckers and officials.<sup>95</sup> Almost half those surveyed for this study described how low-level al-Qaeda operatives and other foreign *jihadi* groups, such as the Islamic Movement of Uzbekistan (IMU), provide security for shipments as they move out of Afghanistan—precisely the stage where one stands to profit most.

Insurgents have broadly expanded their activities in the protection racket since 2001. In return for taxes they collect, the Taliban provide security for poppy farmers, building defensive positions around their fields or planting mines and IEDs ahead of visits by the eradication police.<sup>96</sup> According to Afghan and NATO officials, Taliban units have also attacked security checkpoints to allow drug convoys to pass, and on occasion have even launched diversionary strikes to draw Western troops away from an area where a major consignment was passing.<sup>97</sup> They have come to the protection of drug labs being raided by the paramilitary Force 333, according to a former commander of Force 333. “One time we went to raid a big lab in the Deshu district of Baram Cha,”<sup>98</sup> a major center for heroin production in southern Helmand, he said. “Within twenty minutes there was a massive ambush. Bullets were flying everywhere.” The lab owner had called the local Taliban subcommander to come to his rescue. The attack was so vicious

92. When the petals drop off the vivid opium poppy flower, they expose a green pod containing a thick, milky sap—opium in its purest form. Farmers harvest the sap as they have for centuries, by scoring the buds with a bladed instrument known as a *neshhtar* and then collecting the sticky brown resin that dries on the buds with a curved scraping knife. In rudimentary “laboratories,” often nothing more than a mud hut with metal mixing drums and a brick stove, the raw opium is mixed with lime and boiled in water to make morphine base. Once poured into molds and sun-dried into hard bricks, it gets reduced in weight and volume, making it easier to smuggle. Depending on the region, Taliban subcommanders may collect wet opium gum, dry opium, or partially refined morphine base. In this report, these products are uniformly referred to as opium for simplicity's sake.

93. Interviews by research assistant 1, Kabul, July 2007.

94. Members of the Afghan National Police also reportedly charge fees for opium shipments, as discussed in Mansfield, “Responding to Risk and Uncertainty,” 47. As Mansfield notes, some respondents did not believe that the Taliban charged fees for opium passing through their control zones. “Whether correct or incorrect,” he concludes, “the overall perception in the south is that corrupt government officials are earning more money from their direct or indirect involvement in the drug trade.”

95. About ninety truckers were surveyed for this study, most of whom admitted to occasionally or routinely transporting opium.

96. Tom Coghlan, “Even the School Playground Has Been Turned into a Poppy Field,” *Telegraph*, February 8, 2007; and local farmers in Helmand, interviews by author.

97. There are also reports of ANP units conducting diversionary activities.

98. Baram Cha is sometimes spelled Baramshah or Baramcha.

the Force 333 commander had to call in air support from the American military to suppress the attack.<sup>99</sup>

Campaigns for territorial gain, such as a 2007 Taliban push into Deh Rawood district in Uruzgan, have been launched to aid smuggling activities.<sup>100</sup> Deh Rawood is perched along the most important drugs- and arms-trafficking route in Uruzgan, connecting to Iran in the west and Pakistan in the south. The shift in battlefield tactics is a strong indication Taliban leaders work closely with traffickers, who appear to have tremendous decision-making influence over their strategic activities. This transformation in their battlefield tactics—from trying to make tactical gains to protecting drug shipments—mirrors similar behavior by insurgent groups around the globe. Many Taliban are no longer fighting for Allah but for the almighty dollar.

## Heroin Labs

As they did during their time in power, Taliban insurgents collect taxes at drug refineries located near the Pakistan and Iran borders. Over time, some commanders took to running refineries themselves. When Afghan and international troops retook Musa Qala in December 2007, the Associated Press reported that the militants “oversaw heroin production” at as many as fifty heroin labs—and that the number of labs in operation expanded during their time in power. Some employed as many as sixty men.<sup>101</sup> Meanwhile, the number of sites turning opium into crystal heroin, the high-end product exported to the West, climbed from thirty to fifty by 2008. More simple rigs making morphine base operated off the back of souped-up pickups that can hurtle across the rocky terrain hugging the Pakistan border.<sup>102</sup>

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99. Former commander of Force 333, interview by author’s research assistant, Ghazni, August 2007.

100. Molly Moore, “NATO Confronts Surprisingly Fierce Taliban,” *Washington Post*, February 26, 2008.

101. Khan, “Taliban Collected Taxes.”

102. Abubakar Siddique and Salih Muhammad Salih. “Afghanistan: Poor Helmand Farmers Find Themselves in Eye of Drug Storm,” Radio Free Europe/Radio Liberty, October 10, 2007; and Western officials, interviews by author, 2007–08.



# 4

## KEY CHALLENGES

As insurgents and terror groups have expanded their activities vertically through the drug trade and related criminal activities since 2001, they have swelled in military strength and territorial reach. Three challenges to weakening them will be disrupting money flows, penetrating networks, and winning back the support of Afghan people in areas the insurgents now dominate.

### The Money Trail

The growing, refining, and moving of narcotics represent only one side of the drug trade. The object of the entire enterprise is earning profits. It is useful to study how money flows through the insurgent hierarchy to identify weak points where that cash flow may be disrupted.

There are various ways insurgents profit from drugs, and there is a complex system to split profits between the loose alliance and the traffickers. Taliban soldiers captured in battle say poppy proceeds pay the bulk of their operational funding—including salaries for fighters and money to buy fuel, food, weapons, and explosives. As stated earlier, these field costs are by and large believed to come from the *ushr* fees collected at the farm level. The UNODC says that 98 percent of Afghanistan's 7,700-metric-ton opium yield in 2008 came from Taliban regions and sold at an average of US\$70 per kilogram. Accounting for differences in rates of *ushr* collected across the southern poppy belt, this would have netted the Taliban as much as \$50 million in 2008, roughly 10 percent of the total unrefined farm output in the south.<sup>103</sup> Additionally, more than 50 refineries operate in Taliban-held areas, where insurgents collect a tax of as much as \$250 for every kilogram refined.<sup>104</sup> The UNODC estimated Afghan drug labs produced more than 500 metric tons of heroin and morphine base in 2008, which would yield another \$125 million per year.<sup>105</sup> Extrapolating the charges per truck leaving farm areas and protection fees reported to researchers for this study, the Taliban rakes in as much as \$250 million more every year providing armed protection for drug shipments moving through their control zones. They also receive tens of millions of dollars worth of material supplies, including vehicles, food, and satellite phones.<sup>106</sup>

Major traffickers who smuggle tons of opium annually also pay directly to the top Taliban leadership, often to the tune of millions of dollars per year, according to Western officials and locals on the border. These cash “investments” appear to give some powerful smugglers real influence in the Quetta Shura's decision-making process. In meetings with Taliban leaders, they also get contracted to provide a certain number of 4x4s and Toyota Hilux pickup trucks each year. A few have built madrassas in neighboring Pakistan, where recruits can be trained, or hotels where Taliban fighters can escape for R&R. Traffickers also get billed for medical expenses incurred by Taliban injured on the battlefield, and at least one major dealer runs his own health clinic in Quetta, which is reportedly filled at any given time by wounded fighters.<sup>107</sup>

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103. Author's calculation.

104. David Rohde, “Second Record Level for Afghan Opium Crop,” *New York Times*, August 28, 2007; and interviews by author.

105. This assumes most or all refineries are in insurgent-held areas. Interview by author, Kabul, March 4, 2008.

106. Multiple interviews by the author and the author's research assistants.

107. Smugglers and insurgents, interviews by author's research assistants, Quetta, October 8–9, 2007.

Added together, drug-related profits earned by the Taliban and other extremist groups operating along the Pakistan-Afghanistan border could total as much as a half a billion dollars per year—similar to what Colombia’s FARC (Revolutionary Armed Forces of Colombia) earns annually in cocaine revenue. These are ballpark figures at best. When putting numbers on criminal activity—especially in a region where few paper records are kept—even the best estimates are just that. However, it is clear insurgents are earning astonishing profits off opium. Michael Braun, the former DEA chief of operations, recently said there are strong indications that al-Qaeda is “heavily involved” in Afghan opium trafficking.<sup>108</sup> Researchers for this project heard repeated accounts of al-Qaeda operatives protecting drug shipments as they leave the region, although it remained unclear if they were simply freelancing for extra cash or operating within a larger, centrally directed policy to raise funds.<sup>109</sup>

Once inside the Taliban system, money appears to travel in various directions. Researchers for this project heard cases where subcommanders from poppy-rich areas had to pay into the central coffers, while others in strategic regions with less earning potential might collect a monthly stipend for operational expenses. The system appeared to be ad hoc and informal in nature. NATO officials estimate that the Taliban pay contract soldiers as much as \$150 a month—a solid wage in a country where the average annual income is less than \$500 and where local policemen take home \$120 a month.<sup>110</sup> Wages vary by region, depending on the amount of military action. One source described a subcommander controlling twenty fighters from Helmand as collecting \$5,000 monthly to pay for the salaries of his troops and their supplies.<sup>111</sup>

The poppy may be grown in Afghanistan and processed along the border into morphine base or heroin, but the command and control center for the drug trade as it relates to the Taliban, as with the insurgency itself, is in Pakistan—that is, off-limits to NATO troops and law enforcement advisers working with the Kabul government. Small, nondescript guesthouses in Quetta and Peshawar are routinely used as temporary meeting points for drug-related financial transactions, which take place roughly once every four to six weeks, according to multiple sources on both sides of the border.

Each Taliban commander has a “money man” whom he sends to meet the powerful financial committee, which decides how funds are spent. The committee has tremendous influence over which subcommanders rise or drop in the rankings, because fighters win appointments to more lucrative postings according to their fund-raising ability. Despite evidence that the Quetta Shura tried to maintain rigid control over money flows, competition among commanders sometimes erupts into internal violence, as it did among rival mujahideen commanders during the Soviet resistance. In 2007, for example, eight died in Kapisa province during fighting between two Taliban commanders over rights to collect tax there.

There are even tantalizing indications that high-level Taliban officials have themselves clashed violently for drug spoils. Researchers for this study heard reports that Mullah Obaidullah, who

108. “US Launches New Fight against Afghan Drug Trade,” Associated Press, March 30, 2009, URL=[articles.lancasteronline.com/ap/4/us\\_afghanistan\\_drug\\_campaign](http://articles.lancasteronline.com/ap/4/us_afghanistan_drug_campaign) (accessed May 15, 2009).

109. Although there is only fragmentary evidence that al-Qaeda operatives are using drug money to fund themselves in the Afghanistan-Pakistan war theater, the evidence is quite clear that crime, especially drug trafficking, is the main way radical cells fund themselves in Europe. European police have linked drug money to the 2004 train blasts in Madrid, the 2003 attacks in Casablanca, and the 2002 bombings of U.S. and British ships in Gibraltar.

110. Ahto Lobjakas, “Afghanistan: NATO Downplays ‘Conventional’ Threat in South,” Radio Free Europe/Radio Liberty, January 23, 2007. Until recently, an average police officer earned just \$70 a month in Afghanistan. In January 2009, that wage was raised to \$120 a month.

111. Afghan provincial official, interview by author’s research assistant, Afghanistan, July–August 2007.

was responsible for Taliban military and financial supplies, worked closely with senior traffickers to move drugs out of the region and bring weapons back. Sources said Obaidullah clashed with military commander Mullah Dadullah (who was killed in May 2007) after Dadullah independently tried to take charge of money and resources in the south. Dadullah also struggled for power with the late Mullah Ahktar Osmani, who was killed in a December 2007 air strike. Osmani took charge of collecting money and other resources for the Taliban in Baram Cha, the Helmand border town that is a center for opium production. After his death, there were rumors among the insurgents that Mullah Dadullah had passed information about Osmani's whereabouts to NATO authorities so he could take control of the lucrative Baram Cha market.

If true, these are hopeful signs for intelligence and law enforcement agents, who might use such rivalries to play the leadership off each other and weaken the movement. By and large, however, officials admit precious little is known about what happens to drugs proceeds earned by the insurgency once converted from opium into hard currency. Sources close to the movement identify Karachi as the place for Taliban money transfers to pay for weapons supplies and to launder drug proceeds. Officials also believe some drug money earned by the Taliban is invested in real estate in Quetta and nearby districts of Balochistan province.

There is little sign that Taliban officials continue to play any role in the drug trade once the opium leaves Afghanistan or that they are involved in efforts to launder drug proceeds. Further study is needed in this area to determine who benefits most. Transfers in and out of Afghanistan itself are far larger than the country's trade in commodities, fuel, and remittances from Afghans working abroad can explain, says Afghan Central Bank governor Noorullah Delawari. "The challenge is to separate the good from the bad," he adds.<sup>112</sup> Since 2001, the United Arab Emirates, Pakistan, and Afghanistan have adopted or drafted laws banning money laundering and tightening regulations on bank transfers. But there has been limited success tracking money flowing outside the banking system, much less pursuing those appearing to break the law.

Authorities believe a significant portion of drug money connected to the insurgency is caught up in the region's bustling *hawala* system, an informal money-transfer network that operates much like an unregulated version of Western Union. It is impossible to know how much money insurgents transfer through *hawala*, much less pinpoint how much is connected to drugs, donations, or payments for weapons or other supplies. The World Bank and the United Nations calculate that *hawala* dealers in Helmand and Kandahar alone move more than \$1 billion of drug money annually. Surveyors identified fifty-four *hawaladars* (*hawala* dealers) in those provinces as "specialists" in laundering opium money. Most traded exclusively in Pakistani rupees, indicating most payments flowed from Pakistan.<sup>113</sup> Senior Pakistani officials believe a staggering one-third of their country's \$8 billion *hawala* trade is related to drug traffic, according to interviews by the author. Both Afghanistan and Pakistan have launched comprehensive programs to register *hawaladars* and are establishing cost-free mechanisms to identify the senders from the receivers. These programs should be supported and subsidized by the international community and the United States in particular.

Many traders barter Afghan opium for commodities, meaning there is virtually no money trail to follow. The Afghan market is desperate for basic goods such as vehicles, electronics, and construction materials. From the aptly named "Smugglers Creek" in Dubai, where hundreds of dhows are loaded with commodities bound for Pakistan, and the teeming Karachi port, where

112. Noorullah Delawari, interview by author, Kabul, March 27, 2007.

113. Edwina Thompson, "The Nexus of Drug Trafficking and *Hawala* in Afghanistan," in *Afghanistan's Drug Industry*, eds. William Byrd and Doris Buddenberg (New York: United Nations Office on Drugs and Crime/World Bank, 2007), 177–79.

tiny rowboats unload goods off larger vessels, to the Chaman border between Balochistan and Kandahar, where trucks stream into southern Afghanistan, one begins to understand the complexity of regulating regional trade in general, let alone isolating the “bad” from the “good.” It is not possible to calculate an annual dollar figure traded by traffickers associated with the insurgents, but analysts put the total in the billions.

Drugs-for-commodities scams provide smugglers with a “legal” front for their activities. Haji Juma Khan (HJK), a major trafficker arrested in October 2008, was one of the largest importers of Toyota Land Cruisers in southern Afghanistan and his network also owns an electronics import-export firm in the United Arab Emirates, according to authorities. Haji Bashar Noorzai was Afghanistan’s leading tire importer, until he was arrested in New York in 2005. It is said an empty truck never passes over the rugged Durand Line, the disputed border between Pakistan and Afghanistan. “The Pakistanis often complain about the Afghan Transit Trade Agreement,” says former U.S. special treasury agent John Cassara. “Basically, it is drugs going out and commodities going in.”<sup>114</sup>

A similar trick is known as trade-based money laundering: two traders agree to misprice a deal so extra money sneaks past authorities. For example, to move \$50,000 worth of drug money, one would just transfer \$200,000 of widgets but put their value as \$250,000. Cassara proposes negotiating with the Pakistanis and Afghans to harmonize customs duties and collection points (thus reducing the incentive to smuggle legal goods). Foreign governments could also help the two countries establish Trade Transparency Units, or TTUs. These computer-based stations identify mispriced trades by spotting anomalies in the cost of commodities between point A and B. The United States has helped establish TTUs in South America, where Colombian and Mexican smugglers use similar techniques to launder cocaine money.

None of the money laundering mechanisms being used in the Afghan opium market are unique to the region. The International Monetary Fund estimates about \$1.8 trillion dollars of dirty money is laundered globally every year, mainly by moving it through informal markets, or posing it as legitimate business. Financial crime experts compare the *hawala* transfer system to the Black Market Peso Exchange, which moves cocaine money in Latin America. “Drug kingpins and terrorist financiers did not create this system,” says Raymond Baker, the director of Global Financial Integrity. “They simply stepped into the mechanisms we have created to make it easy to shift money across borders.”<sup>115</sup>

## Smuggling Networks

Another key challenge to disrupting Taliban drug profits will be penetrating and breaking up the powerful drug networks that bankroll the insurgency. Most smuggling networks are run by close-knit families and tribes, making them difficult to penetrate by outsiders and making the task of determining who does what within the organization complex. Additionally, the networks which benefit the insurgents tend to operate from Pakistan, beyond the reach of NATO troops and Afghan and Western law enforcement officials. Islamabad’s poor track record in arresting traffickers (one major smuggler linked to the insurgency, Sakhi Dost Jan Notezai, has been wanted by the U.S. government since the 1980s, for example) gives little reason for optimism.

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114. John Cassara, interview by author, Washington, D.C., June 29, 2007.

115. Raymond Baker, interview by author, Washington, D.C., July 17, 2007.

The trafficking network that was run, until recently, by Haji Juma Khan, a Brahui tribesman from the isolated southwestern province of Nimroz, illustrates how closely powerful traffickers can collaborate at once with the Taliban leadership and corrupt officials in the Afghan, Pakistani, and Iranian governments. It is also a good case study in the challenges to breaking up such networks and makes clear that profit, not ideology, politics, or religion, is the main motive for such smugglers.

Once ranked the top smuggler in Afghanistan, Pakistan, and Iran, HJK's network moved an estimated \$1 billion worth of opium a year. "He is the dominant player in Helmand, the center of gravity for the Taliban drug trade," said a Western official.<sup>116</sup> Similar to Pablo Escobar, the Colombian kingpin who packed jetliners with cocaine, HJK was notorious for his colossal drug shipments and his extravagant lifestyle. For a man who worked closely with the Taliban and al-Qaeda, HJK hardly behaved like a pious Muslim. He maintained dozens of residences across South Asia and the Arab Gulf, where lavish parties reportedly extended into the night whenever he was in residence.<sup>117</sup>

HJK hails from the Mohammed-Hasani tribe of the Brahui people, a Sunni Muslim ethnic group nearly two million strong spanning the tri-border region. Historians believe Brahuys immigrated to the remote area about three thousand years ago from the Indus Valley region. Linguists interpret their distinct language as grammatically derived from ancient Dravidian tongues. Today, territories the Brahui inhabit are as forbidding and isolated as any on earth. Smuggling is the central livelihood in the tri-border area, where physical boundaries between the three countries scarcely exist. Virtually everyone associated with HJK is also Brahui. It is not an easy clan for outsiders to penetrate.

Though details of his childhood and rise to power are scarce, HJK's wealth and influence was established midway through the Taliban regime. He built a palatial compound in Zaranj, the barren capital of Nimroz province. HJK's citadel, which was heavily fortified and guarded by dozens of armed men, dwarfed even the provincial governor's mansion across the street. His massive hundred-plus vehicle convoys across the Iranian desert attracted the attention of foreign counternarcotics officials. British police then regarded HJK as the man who moved the most contraband from Pakistan's Makran Coast into the United Arab Emirates. HJK ferried opium and hashish along the narrow channel of the Arabian Sea separating Pakistan from the Arabian Peninsula, coming aground on the stretches of empty coastline between Oman and the United Arab Emirates. "They would land along the remote beaches and bury their shipments in the sand," said a former official.<sup>118</sup>

Before long, his authority eventually came to rival that of Haji Bashar Noorzai, the convicted trafficker who was Mullah Omar's original benefactor. "Haji Juma Khan was number three in the Taliban by 2001," said a Western official.<sup>119</sup> U.S. intelligence also believes he became close to al-Qaeda during the 1990s and may have helped move al-Qaeda operatives around the region since the U.S.-led invasion.<sup>120</sup> U.S. forces detained HJK in late 2001 near Kandahar, U.S.

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116. Western official, interview by author, Kabul, April 2006.

117. HJK is known to have maintained residences in Afghanistan (Helmand, Nimroz, and Kabul), Pakistan (Quetta and Karachi), the United Arab Emirates (Sharjah, Dubai, and possibly Abu Dhabi), and Iran (near the border, exact towns unknown). Prior to his arrest, the author visited one of his residences in Quetta and was told by a member of his staff, "Haji Juma Khan has 200 houses and this is one of them."

118. Former British official, interview by author, Kabul, November 2007.

119. Western official, interview by author, Kabul, June 30, 2004.

120. According to U.S. intelligence documents seen by the author.

officials now admit.<sup>121</sup> Although he was known to be involved in drugs smuggling and tied to the Taliban, U.S. military intelligence let him go, believing him to be insignificant. It was a decision they would come to regret. By 2004, Western intelligence agents identified HJK's drug network as a principle source of funding to the Taliban and al-Qaeda—and a key conduit for their weapons. He also maintained a powerful network of officials whom he paid off in the Afghan, Pakistani, and Iranian governments, according to Western officials and local sources.

In addition to running a massive heroin refinery and maintaining huge underground storage depots in Baram Cha, he also established large heroin-producing bases in the remote Chahar Borjak district of southern Helmand and along the mountainous border with Iran, according to Afghan officials. His network maintains large, hidden weapons caches in those areas. Now under greater scrutiny, his refineries come in the form of mobile labs, often built in the bed of Toyota Hilux trucks or hastily erected in people's homes.<sup>122</sup> Until it was sealed by Pakistani paramilitary troops in 2007, he also kept a representative in the Girdi Jungle refugee camp, a notorious hub for smugglers sitting along the desolate Balochistan border. There, he would store narcotics coming out of Helmand in giant underground bunkers.<sup>123</sup> HJK adjusted tactics after Western troops moved into Helmand. His caravans became more compact—just fifteen to twenty SUVs—and were guarded by fighters armed with heavy machine guns and rocket-propelled grenades. "We have tried to intercept his convoys," said a senior Interior Ministry official in Kabul in 2007, "but his connections are very good within the government and police. He'll get a tip off that we are coming and pass that information onto the Taliban and they will come out in force."<sup>124</sup>

In addition to working land smuggling routes, HJK's preferred method of moving contraband was on the open seas. In May 2004, acting on a tip-off, agents in Pakistan turned up evidence he was moving a fleet of cargo ships between the Pakistani port city Karachi and the United Arab Emirate of Sharjah, where the kingpin himself lived for several years after the Taliban government fell. Sharjah authorities eventually ejected HJK under pressure from the United States. Intelligence agents believed his vessels carried contraband out of Karachi and returned laden with weapons—including plastic explosives and antitank mines. They would unload their cargo secretly and ship it overland to the militants.<sup>125</sup>

Many opium smugglers in Afghanistan simply pay Taliban commanders to protect their drug shipments. HJK actively took a role in organizing the insurgency, counternarcotics officials say. "For some time, we knew that HJK was meeting directly with Taliban officials who would then sit down with al-Qaeda about battle plans," said a U.S. official interviewed in 2007.<sup>126</sup> Taliban troops helped protect his drug shipments as they snaked down through southwestern Afghanistan, but Afghan security officials say there was increasingly a blurring between the insurgents and his personal army. His network as of 2007 included a force of 1,500 armed fighters, who mainly operated in border provinces such as Farah and Nimroz, where they were often referred to as "Taliban" by the locals.<sup>127</sup>

121. U.S. officials, interviews by author. That HJK was detained by U.S. authorities is also referenced in Tim McGirk, "Terrorism's Harvest," *Time* (Asian edition), August 9, 2004.

122. Provincial officials, interviews by author's research assistants, Afghanistan, July 2007.

123. Afghan and Pakistani officials, interviews by author and author's research assistants, in 2007 in Helmand and Kabul.

124. Senior Interior Ministry official, interview by research assistant, Kabul, July 2007.

125. McGirk, "Terrorism's Harvest"; Western counternarcotics official, interview by author, Kabul, July 2004.

126. U.S. official, interview by author, Kabul, May 2004.

127. Provincial official, interview by author's research assistant, Kabul, July 2007.

Narcotics leaving southwestern Afghanistan follow three general routes. The first takes contraband direct into Iran from the provinces of Nimroz or Farah. The second routing dips down into Pakistan's Balochistan province and then heads west for the Iranian border. A third route smuggles drugs south to Pakistan's Makran Coast and by boat to the Persian Gulf. Either way, corrupt officials in Iran and Pakistan are essential to the network formed by HJK. His team pays off a wide network of police, border guards, and intelligence agents in both countries, according to smugglers, Western officials, and Pakistani and Afghan investigators.

Although HJK was tied to the Taliban and al-Qaeda, he also maintained an unparalleled Rolodex of corrupt government officials he could call on for help across South Asia and the Persian Gulf. In Afghanistan, that network included provincial governors, security agents, regional military commanders, and senior officials in the notoriously corrupt Highway Police, according to Western officials. So powerful were HJK's regional law enforcement connections that Western law enforcement agents cooked up a plan to lure him to far away Indonesia, where he was arrested upon arrival and handed over to U.S. authorities.<sup>128</sup> The U.S. government has refused to release details on events leading up to his arrest. Sources in Quetta and Baram Cha close to HJK's network say his operations—run almost entirely by blood relatives—have continued unimpeded since the kingpin's October arrest. While HJK's capture was certainly a major victory for the DEA and Western law enforcement, the effect his removal from the scene will have on opium supplies, insurgent funding, and government corruption remains to be seen.

## **A State of Despair**

Disrupting money flowing to the insurgents and breaking up trafficking networks will be two key challenges to the international community as it seeks to build peace in Afghanistan. A third major challenge will be winning back the "hearts and minds" of Afghan villagers whose lives—and livelihoods—have been chewed up by the drug trade and the incessant fighting. As a case study, Helmand province illustrates how poor rural families have been victimized by insurgents, corrupt state actors, drug traffickers, and also the international community.

Helmand province is about the size of West Virginia and the scene of heavy fighting between Taliban and NATO forces in recent years. If it were a separate country, Helmand would also be the world's leading opium producer, with the rest of Afghanistan in second place. Insecurity bred by the fighting supports the opium trade by making it too dangerous for anyone else—such as the government or an aid group—to come in and establish an alternative. "We are caught here between the Taliban and government," said farmer Dastoor Khan, expressing a sentiment the researchers for this project heard over and over.<sup>129</sup> It is true traffickers and a handful of large landowners have earned millions off Helmand's poppy crop, however the vast majority of poor farmers and sharecroppers are barely eking out a living. "We grow poppy, but the drug smugglers take it from us," said Haji Ramtullah, a farmer in Maarja district. "We sell it cheaply. Then they take it over the border into Pakistan. They make twice as much as we do."<sup>130</sup>

The town of Musa Qala, which has shifted between Taliban and coalition control, is emblematic of the province's problems. NATO troops, mainly from Britain, fought a bloody campaign against the Taliban there in 2006, withdrawing in October after reaching a controversial peace deal with tribal elders who pledged to keep the Taliban away on their own. The deal fell apart

128. Former U.S. official, interview by author, December 2009.

129. Dastoor Khan, interview by author's research assistant, July 2007.

130. "Helmand Heads for Record Poppy Harvest," Afghan Recovery Report (ARR) no. 241, Institute for War and Peace Reporting, February 9, 2007.

in February 2007, and the Taliban swarmed back into Musa Qala, establishing a district government, complete with a governor, police chief, and sharia courts.

Local journalists from the Institute for War and Peace Reporting (IWPR) were invited into Musa Qala to report on life under the Taliban in November 2007, just a month before NATO troops retook the town.<sup>131</sup> They found schools and hospitals shuttered and Taliban fighters patrolling the streets in police Jeeps they had commandeered from fleeing government forces. It was clear there was lots of money around: one report described a bustling drug bazaar where buyers piled sacks of opium into their trucks.<sup>132</sup> But little of this money seemed to reach ordinary villagers, for whom ordinary commodities were scarce. One IWPR reporter found that as many as 75 percent of the town's residents had fled and that, according to the only shopkeeper still operating, business was down 80 percent. "The only people left are those who couldn't afford to go. We are in a very bad economic situation," said Hajji Nazar Mohammad, a town elder.<sup>133</sup>

Despite the violence, some residents in Musa Qala praised the Taliban for bringing security, saying corrupt and inept officials from the Kabul administration had performed no better in their eyes. "If the government wanted to help, why didn't they do anything before the Taliban came," asked Amruddin Kaka, an elderly resident.<sup>134</sup> Basic government services barely exist across much of Helmand province, and to what little extent people do interact with government officials, it is usually to bribe them not to destroy their poppy fields. Haji Abdul, a seventy-three-year-old farm owner, said he paid two thousand afghanis per *jerib* (about a half acre) to the police, who would share the spoils with higher ups in the provincial and federal administration.<sup>135</sup>

Repeated and heavy bombardments have flattened homes and businesses in Musa Qala and elsewhere, killed scores of civilians, and embittered people against NATO. "I swear I will never forget my little daughter's screams," said Zmarai, from the village of Chenai. "She was scared to death of the bombs. There was blood coming out of my son's ears."<sup>136</sup> The high number of civilian casualties will make it that much harder for the coalition and the Afghan government to win the hearts and minds of the Helmand people, who spoke often of failed promises to deliver aid and development. "I heard the government on the radio saying they'd help us," Gul Mohammed told IWPR. "But we don't want their help. We are not going to forget our dead just because they give us a plate of food."<sup>137</sup>

The drug economy brings an increased level of brutality—a viciousness that seems far more senseless to many who live under it. Many complain of NATO bombs, the vicious tactics of local law enforcement officials, and Afghan intelligence agents. But they seem especially fearful of the brutal tactics of the insurgents. "I don't think anyone likes the Taliban anymore," says Shaystah Gul Khan, a farmer from Gereshk district. "The doctors and teachers have fled. They have closed the schools, and put mines on the roads. We haven't seen anything but the destruction of our village and our life." The Taliban, which used to ban TV entirely, began releasing a grisly video series showing their fighters beheading men they accused of spying for the Americans. It culminated in an April release

131. For their full reports on Musa Qala, see [URL=iwpr.net/?p=arr&s=f&o=340973&apc\\_state=henfarr340968](http://www.iwpr.net/?p=arr&s=f&o=340973&apc_state=henfarr340968) (accessed May 15, 2009).

132. Aziz Ahmad Tassal, "Winning Hearts and Minds," IWPR, ARR no. 275, November 27, 2007.

133. Aziz Ahmad Shafe, "Taliban Ghost Town," IWPR, ARR no. 275, November 27, 2007.

134. Tassal, "Winning Hearts and Minds."

135. Rubin, "In the Land of the Taliban."

136. Jean MacKenzie, Aziz Ahmad Tassal, and Mohammad Ilyas Dayee, "What Next for Musa Qala?" IWPR, ARR no. 277, December 12, 2007.

137. Ibid.

featuring a knife-wielding child executioner who looked barely twelve-years old.<sup>138</sup> There were also reports of Taliban soldiers gouging out eyes or gutting enemies they captured in battle.<sup>139</sup>

As connections to the Taliban's ideological roots withered, so did their strict social edicts. "We get taxed by the Taliban for opium just like before, but otherwise there's no functioning government here," says forty-two-year-old Haji Batoor Khan of Sangin. "The big change is that now we can play music and have weddings. Even the Taliban love music, dancing, and television." Gone are the days of whipping men for trimming their beards: "We do not punish people for their hair and beards right now," explained Haqani, a district governor in Musa Qala. "But once we take over the country, we will treat people according to the orders of our supreme leader Mullah Omar."<sup>140</sup>

Their rigid brand of justice remains just as harsh as ever: "We punish those who commit crimes. If someone steals, his hand is cut off," Haqani said. "So far we have not had one case of theft. If we do, the thief will be punished accordingly."<sup>141</sup> So will "spies" for the coalition. When NATO troops returned to Musa Qala in December 2007, they found alleged traitors had been hung in the town square.<sup>142</sup>

In Musa Qala, there was clear evidence farmers and fighters banded together to fight poppy eradication teams sent by the government. But it was often a marriage of convenience, more driven by economic need than ideology. "Here villagers get paid by the Taliban and they fight for money," said a local source. An Afghan security official who monitored Musa Qala said Taliban fighting units there normally numbered between ten and twenty men but could quickly surge to sixty. "When the Taliban need reinforcements, the men arm up and ride out on motorcycles," he said.<sup>143</sup> Added Qais Azimy, an Afghan journalist with Al Jazeera who traveled extensively in Helmand: "There were those Taliban who would stay in the villages to protect the poppy fields and those villagers who would go off and join their attacks." They do not support the wider movement, he said, they only join up to keep the NATO troops and the eradicators out.<sup>144</sup> They may come together as a matter of survival, but 95 percent of the people surveyed for this project expressed an urgent desire to grow something other than opium.

Without a doubt, Helmand province is the most convoluted and intractable place within the wider Pakistan-Afghan narco-insurgency. Counterinsurgency tactics that brought security and economic opportunity to people at the villager level, coupled with efforts by law enforcement officials and military troops to interdict antistate and state actors linked to crime and violence, could help win hearts and minds in the area and increase the level of cooperation from the public in rooting out insurgents and criminals. Such an endeavor would almost certainly fail, however, unless there were rigorous and simultaneous efforts to root out corruption among state actors.

138. The Associated Press reported that Ghulam Nabi, the man killed in the video, was accused of providing the evidence to the Americans that led to Mullah Osmani's death in December 2006. After receiving the video, the Associated Press confirmed with Nabi's father, Ghulam Sakhi, that Nabi had routinely hosted Osmani and Mullah Dadullah at the madrassa he ran in western Baluchistan province. Sakhi stated that his son had travelled to Peshawar and Wana, in South Waziristan, to "collect money" for guns and food and that he had personally spoken with Dadullah immediately before his son was killed. "They are the enemies of Islam," he said of the Taliban. "They are behaving like savages." Abdul Sattar, "Jihadist Video Shows Boy Beheading Man," Associated Press, April 20, 2007.

139. Gretchen Peters, "They're Back: A New, Vicious Taliban Take Shape in Afghanistan—Opium Funds a New Type of Taliban Army," ABCNews.go.com and ABC News Radio, June 27, 2006; Pam Constable, "Afghan Corps Faces a Resurgent Taliban," *Washington Post*, June 10, 2006; "Living under the Taliban," IWPR, April 4, 2007.

140. Shafe, "Taliban Ghost Town."

141. Tassal, "Winning Hearts and Minds."

142. Khan, "Taliban Collected Taxes."

143. Afghan security official, interview by author's research assistant, Musa Qala, July 2007.

144. Qais Azimy, interview by author, Kabul, March 2, 2007.



## CONCLUSION

Opium has long played a supporting role in the Afghan conflict, and today the drug trade has moved to center stage. Not only have narcotics corrupted the Afghan government, they have also begun to transform—through deepening ties between insurgents and drug traffickers along the Pakistan-Afghanistan border—the nature of the insurgency from one based on ideology to one increasingly driven by profit. Insurgent commanders from the district level up to the top leadership have expanded their involvement vertically through the drug trade, and it is important to recognize how this creates both challenges for the international community as well as opportunities to weaken the insurgency.

Key challenges include the fact that the insurgency is now better funded than ever, and it would appear to be less reliant for financial support from neighboring Pakistan or donations from the Gulf. It will be complex to try and regulate regional trade and the *hawala* network, let alone the clan-based drug trafficking networks. As the core Taliban in the south and other extremist groups such as al-Qaeda have become more closely tied to crime along the Pakistan-Afghanistan border, levels of violence have increased. Additionally, insurgents have diversified into other criminal activities, including kidnapping for ransom, extortion, and, in some areas, human trafficking. The more complex the criminal networks become, the more difficult it will be for the coalition of foreign forces in Afghanistan to fight them.

Indications that antistate actors and corrupt state actors work together in the most insecure parts of the south in order to profit monetarily also complicates matters, and there seem to be a limited number of reliable partners for the NATO forces and the international community in the south. To make matters worse, the problems plaguing Afghanistan have spilled over its borders. Drug trafficking and corruption also fuels growing instability in Pakistan, Iran, and Central Asia. If left unchecked, there is the ever-present risk that terrorists with global ambitions could spend their drug profits to launch attacks outside the region.

However, the way in which the insurgency is becoming criminalized also presents opportunities. The rising tide of violence and daily misery has made the Taliban deeply unpopular in the south and southwest, and nationwide polls indicate that they and other extremist groups have little support.<sup>145</sup> At this point, the Kabul government and NATO forces are not well loved either, especially in the violence-wracked south. However, a reshaped military strategy that focused on providing security to the local communities preyed upon by insurgents and criminals, while also improving governance and providing alternative livelihoods, could win public support and with it increased cooperation for fighting the insurgents and criminals. Additionally, there are indications that antistate actors at all levels of the insurgency compete for drug spoils. Military intelligence units within NATO should try to capitalize on these inner rivalries to weaken the insurgency, yet remain aware of the risk that fighting between rival commanders could cause collateral damage in the local community.

It is crucial that the international community stop thinking of Afghanistan's drug problem as Afghanistan's drug problem. The poppy may be grown there and processed into morphine

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145. For a good summary of recent polling and data, see Jason H. Campbell and Jeremy Shapiro, Afghanistan Index: Tracking Variables of Reconstruction and Security in post-9/11 Afghanistan, (Washington, D.C.: Brookings Institution, May 19, 2009), URL=[www.brookings.edu/foreign-policy/%7E/media/Files/Programs/FP/afghanistan%20index/index.pdf](http://www.brookings.edu/foreign-policy/%7E/media/Files/Programs/FP/afghanistan%20index/index.pdf) (accessed May 20, 2009).

base or heroin along the border, but to a significant degree, the southern Afghan poppy trade is managed from Pakistan. Drug profits get laundered between Karachi and the United Arab Emirates, and U.S. financial crime experts who have studied the trade believe some funds end up in Western banking institutions. A successful strategy to combat the issue must take into account both the multinational nature of the opium trade and work to dismantle financial flows keeping insurgent fighters funded and armed.

When most visualize the war in Afghanistan, they think of pitched battles in rugged mountain hamlets and IED attacks along remote dirt roads. It is important to also keep in mind the powerful traders, smugglers, and money launderers pulling the strings from offices in Quetta, Karachi, and Dubai. The ambition of these businessmen is neither to spread Wahhabi Islam nor to create a Muslim caliphate. It is not even to eject U.S. troops from the Saudi peninsula. Their goal is to make money—lots of it. The UNODC and some counternarcotics officials estimate that fewer than two-dozen people control the vast majority of the Afghan opium market and profit most from it. Until the international community recognizes the critical role these individuals play in supporting and dragging out the conflict, it is unlikely there will be a reduction in violence. The continued success of these businessmen depends on Afghanistan (as well as border areas of Pakistan, Iran, and various Central Asian states) remaining unstable, undeveloped, and ungoverned. Breaking the union between terrorists and traffickers will require policies that make it both difficult for traffickers to profit and possible for villagers to earn a living growing and trading legal goods.

As C. Christine Fair and Seth G. Jones have argued, NATO should launch a “bottom-up” strategy that starts building security and public confidence at the village level, that uses foreign troops to mentor local security providers, and that recognizes that each community represents a unique campaign.<sup>146</sup> NATO units that try to reduce criminality at the local level could find themselves winning over the local hearts and minds more easily. For many rural Afghans, the greatest perceived threat is crime and economic instability, not the insurgency *per se*. Specific strategies that could be employed to target the drug trade include

- establishing checkpoints manned by NATO troops and counternarcotics police to seize drug shipments on highways and making *all* vehicles subject to inspection, even those belonging to Western troops and senior Afghan officials and their family members;
- destroying drug labs and targeting opium convoys, which can be identified from the air and which normally do not travel on the main roads;<sup>147</sup> targeting chemists working in drug labs for arrest or elimination;
- giving counternarcotics agents space on military missions so they may collect evidence to interdict smugglers or at least interrupt their traffic;
- targeting major drug traffickers who work with the Taliban and al-Qaeda for elimination—just like senior insurgent and terrorist leaders;<sup>148</sup>

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146. For more on this, see Fair and Jones, “Securing Afghanistan.”

147. Infrared technology already being used in Pakistan could be put to use in the skies over Afghanistan to reduce the chance of high civilian casualties, because most drug convoys travel late at night on known smuggling routes.

148. NATO should not be expected to conduct counternarcotics missions, but it should support them. A criminal investigation is different from a military intelligence mission, but the two can be complementary. Greater cooperation could support efforts to apprehend or eliminate Taliban insurgents and allied international extremist groups.

- working with the Kabul government to establish a mechanism for investigating Afghan state officials and police suspected of profiting from opium and removing from office and arresting those found guilty.<sup>149</sup>

Many of those who profit most from Afghanistan's poppy crop do not actually reside in the country, meaning there will have to be international pressure on nations who host them to hand them over. Neither Pakistan nor the United Arab Emirates has a good track record of apprehending white-collar crime, particularly money laundering. There must be more focus—and increased international pressure—put on apprehending the individuals behind the region's multibillion-dollar opium market. At the very least, Western governments can launch a “naming and shaming” campaign, something the administration in Kabul claims to support.<sup>150</sup>

Along with programs to interdict traffickers and cut their profits, the international community should promote efforts to develop legal alternatives and regulated financial networks. Specifically, it should

- continue to help the Afghan government build a farm support network by funding rural development programs that will improve farmers' access to regional markets and subsidize legal crops;
- subsidize cost-free mechanisms to regulate *hawala* and other informal money flows so that dirty money flows can be identified, isolated, and cut off;
- support Afghanistan and Pakistan in harmonizing customs duties and collection points to cut down on the smuggling of legal commodities hiding drugs profits;
- establish TTUs between Afghanistan, Pakistan, and the United Arab Emirates to monitor commodity flows and to try to isolate cases of trade-based money laundering, eventually expanding this system to include Central Asian states.

Some argue stamping out the drug trade will weaken the Afghan economy. That may be true in the short run and is something the donor community should accommodate for. But once drugs are replaced with legal commerce, exactly the opposite is true. Consider this: the export value of the 2007 opium harvest was \$3.1 billion, according to the UNODC. Approximately 25 percent of the opium's value, or \$755 million, was paid to Afghan farmers, with the rest, almost \$2.5 billion dollars, going to traffickers and money launderers who mainly live out of Afghanistan. “Drugs drain money from a country, and they don't bring the profits back home,” says Raymond Baker, author of *Capitalism's Achilles' Heel*.<sup>151</sup> Governor Delawari, of Afghanistan Da Central Bank, puts it another way, “We get called a narco-state and the money ends up outside the country.”<sup>152</sup> The net outflow of drug money offsets inflows of investment and aid, making it impossible to wrench Afghanistan out of poverty.

A successful policy in Afghanistan would not prioritize tactics but would mount a multi-pronged attack, combining intensive diplomacy; a reshaped military and intelligence strategy;

149. Given the current weak state of Afghanistan's judiciary and corrections system, negotiating an extradition treaty with Kabul so that corrupt officials will face trial elsewhere could provide a powerful disincentive to participation in the drug trade. One challenge is that Afghan lawmakers have so far neglected to debate or vote on an extradition treaty proposed by Washington.

150. Paul Taylor Sun, “Afghan Urges ‘Name and Shame’ War on Graft, Drugs,” Reuters, March 16, 2008.

151. Raymond Baker, interview by author, Washington, D.C., May 2007.

152. Governor Delawari, interview by author, Kabul, March 27, 2007.

police, judicial, and economic reform; and targeted development programs. Instead of *nation building*, the challenge of fighting corruption, the insurgency, and the drug trade, requires *region building*. As the biggest donor with the largest number of deployed troops there, the United States should take the lead in revitalizing the international community's strategy toward Afghanistan.

Both the West and the Taliban are currently fighting a zero-sum game: the West wants to wipe out the insurgents and their al-Qaeda allies, and the Taliban want to drive foreign non-Muslims out of Afghanistan. The best strategy against the Taliban is not to try to wipe them out militarily but to make them irrelevant—by offering Afghans (and Pakistanis) a better alternative. The international community and the governments in Afghanistan and Pakistan have failed at this since 2001. Criminal and terrorist groups take root and flourish where there is an absence of good governance and security. To a great extent the strength of the Afghan insurgency is also a reaction to state corruption. The ultimate goal should not be the end of the Taliban and al-Qaeda, but the creation of a prosperous and stable Afghanistan and greater region.

## ABOUT THE AUTHOR

Gretchen Peters has covered Pakistan and Afghanistan for more than a decade, first for the Associated Press and later as a reporter for *ABC News*. She was nominated for an Emmy Award for her coverage of the 2007 assassination of Benazir Bhutto and won the SAJA Journalism Award for a *Nightline* segment on former Pakistani president Pervez Musharraf. She is the author of *Seeds of Terror: How Heroin Is Bankrolling the Taliban and al Qaeda* (2009). She has published numerous articles in leading media publications, including *National Geographic*, *The Christian Science Monitor*, and *The New Republic* and has served as a commentator on NPR and CNN.

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