



Could Afghanistan become a narco-state?

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For decades, opium poppy cultivation, heroin production, and the illicit narcotics trade have been pillars of the Afghan economy.

Afghanistan has become the global capital of opium and heroin production, with the country accounting for over 80% of the world's supply.

According to widely cited United Nations Office on Drugs and Crime (UNODC) data, opium production accounted for 7% of Afghanistan's gross domestic product (GDP) in 2017, bringing some \$1.4 billion in sales, while only last year poppy cultivation increased by 37%.

Moreover, Afghanistan also produces significant quantities of cannabis, while an additional headache comes from the discovery that a plant called ephedra may be used for the production of methamphetamine, also known as crystal meth.

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Drug production as a source of funding

While the Taliban, as well as the former Afghan administration, have both been involved in this lucrative illicit business, there are disagreements about the true extent of, and profits from, the trade.

Many experts believe that drug production has become a "key resource for the group." US Commander General John Nicholson, for example, said in 2018 that narcotics-related activities accounted for up to 60% of the Taliban's annual revenue, while UN reports suggest that the Taliban have gained control over the entire process from planting and extraction to taxing, trade, and building drug labs. A 10% cultivation tax is collected from opium farmers, according to Afghan government officials.

However, David Mansfield, an independent consultant, and one of the most prominent researchers on Afghanistan's drug-related issues, claims that these figures are much lower. His study shows that the Taliban have been making "only" \$40 million annually, primarily from trade, drug labs, and levies on opium production, while suggesting that their main source of income comes from the taxation of exports and imports at roadside checkpoints.

Nevertheless, as many fear that Afghanistan may further transform into a narco-state, the core question is whether the new Taliban regime will carry on and even expand the illicit business, especially given that the country faces dire economic prospects.

Ananay Agarwal, a Junior Research Fellow at the India-based Ashoka University, explained that Afghanistan's economy is lacking direction and suffering under monetary and fiscal uncertainty, as most economic activity is in the informal sector. Meanwhile, there are almost no functional banks, and most crucially, there is no Central Bank.

Can the Taliban deliver the promise of a narco-free state?

During his first public appearance after seizing power, Taliban spokesman Zabihullah Mujahid promised that the new government will ensure that Afghanistan will not turn into a narco-state and pleaded for "international assistance" to battle the issue. "From now on, nobody's going to get involved (in the heroin trade), nobody can be involved in drug smuggling." But this is easier said than done.

The announcement could be interpreted as a gesture of goodwill and also reflects the desire of the new regime to be recognised by the international community, as well as a call for international assistance.

In 2000, during their first stint in power, the Taliban regime made an agreement with the UN to suppress opium production, while their leadership condemned heroin production on moral grounds and declared the cultivation of opium poppies to be un-Islamic. But this effort cost them dearly as they lost support among the rural population which had been highly dependent on poppy crop production.

Poppy cultivation is absolutely economically embedded in many communities across the country, and replacing that will be extremely challenging, according to Lewis Sage-Passant, the founder and co-editor of Encyclopedia Geopolitica and former British infantry and intelligence officer who served in Afghanistan.

The International Security Assistance Force tried replacing it with high-value cash crops such as saffron, which attempt to replicate the high value-for-acreage equation that poppies provide, but beyond the simple farming economies, there are also smuggling network economies to consider.

Therefore, it is quite unlikely that the Taliban will repeat the same mistake from 2000, given the grave economic situation they are facing at the moment.

Speaking to *The New Arab*, Agarwal said that "giving up on a crop that brings in large amounts of revenue to the economy doesn't make economic sense".

In his view, suppressing these illicit activities immediately could very quickly lead to a popular backlash, something the Taliban might want to avoid so early on in their tenure.

Giada Ferrucci, Media Studies researcher and PhD Candidate at the Ontario-based Western University, further explained that the Taliban will continue claiming that they want to stop opium production, and will make promises and maybe implement small targeted actions to support their “vow” - at least for the next few months.

However, “as the poppy plant is much more lucrative than any of the other cash crops cultivated in Afghanistan [...], the country is on the verge of becoming a narco-state,” she told *The New Arab*.

James Durso, a retired US Navy officer and managing director of Corsair LLC, a supply chain consultancy, thinks the Taliban’s first priority – before diplomatic recognition – will be increasing economic activity. They may prefer to suppress opium as un-Islamic but they may then have a rural uprising on their hands.

"Suppressing the opium trade right now could very quickly lead to a popular backlash, something the Taliban might want to avoid so early on in their tenure"

“They may try to trade opium suppression for international recognition or aid but, as their power is viewed as absolute, they will have a hard time arguing they can’t do it because of rural resistance. They could try to blame it on Islamic State Khorasan Province (a local franchise of IS), even if they are trafficking, to encourage action against their enemy,” he explained to *The New Arab*.

Given that nothing pays as well as poppies, Durso is not sure what crop substitution programs would keep the farmers happy, unless it is accompanied by Taliban threats, which may work. In a similar vein, Sage-Passant also believes that the Taliban may be more willing to turn to more draconian measures in terms of enforcement, and in some areas, the "un-Islamic" labelling of opium will have an effect. As a result, he expects to see production drop, but he would be surprised if it ends.

Lost initiative

Experts also point out that unified and coordinated actions aimed at halting production would be virtually impossible as the Taliban does not speak with one voice due to internal rivalries, plus the fact that they still do not have absolute control over the country either.

Sage-Passant pointed out that as much as the Taliban are being treated as a unified group internationally and in the media, the reality is that they are more of a concept or a disunified movement. On the ground, they are largely a collection of loosely aligned local militias and power players. “As such, I would take any sweeping statements from the new Kabul government with a pinch of salt,” he told *The New Arab*.

Moreover, despite the twenty-year military presence in the country and large economic investments, the US and other countries have been largely unsuccessful in battling drug production. With their troops gone, there is even less chance that the US and the West could

control the situation. In the past, Ferrucci recalls that airstrikes on suspected heroin labs and efforts to eliminate the crop stoked anger against the national government in Kabul.

Moreover, the farmers whose poppy crops were destroyed by eradication operations were provided with no compensation or replacements and became desperate for resources and security, forcing them to seek support from the Taliban. This, according to Ferrucci, could still potentially lead to a boost for the drug-related economy.

Agarwal added that the US failed because they were not able to create a successful alternative to poppy production. Raids and airstrikes on fields and drug labs in the past have only caused a short-term decrease in production, but have not affected long-term supply. In fact, Ferrucci noted that the only time in the last two decades that opium production has decreased was due to a severe drought in the north of the country in 2017.

“The US and allied kinetic action against the labs will taper off as it will be a complex operation to fly a drone or combat aircraft from the UAE just to blow up a lab when labs can be rebuilt quickly. However, the West may rely on sanctions to hem in the Taliban and their financial operations,” according to Durso.

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Welcome to 'Heroinstan'

The new reality on the ground suggests that one could expect a short-term increase in supply as producers sell their current crop more openly and do not have to fear raids, according to Agarwal. As the country has been undergoing a severe economic crisis since the fall of Kabul, Sage-Passant and others do not expect the Taliban to restart the economy by removing one of its main components unless they are willing to ride out some severe turbulence while the entire economy is retooled.

In Durso's view, Afghan farmers will continue to grow poppies as that is what they know how to do and it pays better than any other crop. “Taxing the product is easier than running the growing and refining process, though the new regime might loan money to farmers at the start of the season, then collect the loan and a tax later.”

Jeffrey Miron, director of economic studies at the Cato Institute and the director of undergraduate studies in the Department of Economics at Harvard, thinks that so long as the world's overall prohibition on opioids continues (led by the US, and endorsed and fostered broadly by the UN), he does not expect anything to change.

“When one outlaws a product, it becomes more profitable to produce and sell, so all the economic incentives for the farmers and the Taliban government will be to allow the production and sale, taxing it so the government gets revenue,” he told *The New Arab*. In this sense, he added, the official policy may still claim that the opium and heroin trades are illegal, but the reality is that it is in everyone's economic interests to tolerate and tax the trade.

The only way for the international community to support an opium ban is to implement measures that prioritise farmers' interests, according to Ferrucci. However, she recalls that in 2005, when a new ban on poppies was enforced in Nangarhar province, in Afghanistan's northeast, the sudden loss of opium production had a multiplier effect throughout the economy, as poppy cultivation is very labour intensive, causing increased unemployment and the fall of the wages.

“International aid programs must be directed towards the farmers foremost in order to avoid the inevitable resentment,” she noted. Yet, is rather doubtful how effective this initiative will be in addressing the wider aspects of opium dependence, such as the farmers' relationship with the credit market, land titles, and access to water supplies.

Any international isolation of the country would likely limit foreign assistance, and it would be no surprise if Afghanistan becomes more dependent on the illicit drug trade.