



Narco-Insecurity, Inc.

The Convergence of the Narcotics Underworld and Extremists in Afghanistan and Pakistan and Its Global Proliferation



By David R. Winston

Editors: Victoria Jones, Marcus Andreopoulos and Thomas Hader

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Author

David Winston is an international security analyst and researcher specialising in international security, countering violent extremism, Central Asian, Middle East and United States politics. He has worked for several think tanks, including The Institute for Strategic Dialogue and The Institute for National Security Studies, and has served as a Senior Research Fellow for the Asia-Pacific Foundation for six years.

David has worked with NATO as a lecturer and TTX facilitator, leading several workshops in MENA and Europe. He created the TTX for NATO School Oberammergau's Defence Against Terrorism Course for two consecutive years for over 100 NATO and PfP military officers. This training simulated a threat from returning FTFs that tasked participants with assessing security vulnerabilities and threat response preparedness, specifically military facility defences, standard operating procedures in response to a threat, intelligence sharing domestically and internationally, border security, and improving holistic intelligence analysis. These courses culminated in after-action reports that document the threats and responses identified through the training for dissemination to defence agencies. David has lectured at several NATO Center for Excellence-Defence Against Terrorism (COE-DAT) courses, most recently presenting at their 2021 DAT course discussing Foreign Terrorist Fighters in the Age of COVID-19 and another 2021 Border Security course discussing the global narcotics trafficking route and the recent Taliban takeover in Afghanistan.

David has consulted for the Partnership for Peace Consortium (PfPC) since 2017, helping create the 2020 Counter Terrorism Reference Curriculum to be utilised in security institutions around the world. With PfPC, David has developed and facilitated panel discussions, table-top exercises (TTXs), and policy/project development workshops.

David is a member of the Organization for Security and Cooperation in Europe's Mobile Training Team of experts, giving lectures on border security and foreign terrorist fighters. He has worked with border agencies throughout Central Asia and Eastern Europe, learning about their security vulnerabilities and discussing solutions to help secure their borders against criminal activity. He created and facilitated a TTX on internet policy in Uzbekistan, assessing online extremism vulnerabilities and building a roadmap for policy prescriptions. He has also worked with the OSCE Border Management Staff College in Dushanbe, Tajikistan, specifically taking part in a roundtable event "Transnational Organized Crime-Terror Nexus: Comprehensive Approach to Regional Security" that discussed the crime-terror nexus relating to their neighbouring country Afghanistan.

David has a Master of Science degree in History of International Relations from the London School of Economics where he studied the history of conflicts in Sub-Saharan Africa and MENA. He graduated Cum Laude with a Bachelor of Arts degree in Political Science from California State University.

David has contributed articles to *The Huffington Post*, the *Defence Review* and others on counter-messaging, Central Asian extremism, political trends, and ISIS.

Editors

Victoria Jones is the co-founder and chief editor of *INTERZINE*, a digital magazine that uses history to contextualise current events. She conducts research on far-right extremism, including for the Investigations team at Everytown for Gun Safety, a nonprofit organisation that advocates against gun violence. She is also a Senior Research Fellow at the Asia-Pacific Foundation and a member of NATO's Defence Education Enhancement Programme's (DEEP) Global Threats Advisory Group (GTAG).

Victoria is a producer and researcher for NATO DEEP's podcast series *DEEP Dive*, which interviews experts on the topics of international security and counter-terrorism. She has led training sessions as part of NATO DEEP's online distance learning initiative with the Ukrainian military and helped develop NATO's Counter-Terrorism Reference Curriculum (CTRC) for use in defence academies worldwide. She has presented research on women in ISIS for the Partnership for Peace Consortium's (PfPC) Combating Terrorism Working Group (CTWG) at the Polish Naval Academy and returning foreign terrorist fighters for a border security training event with the Organization for Security and Co-operation in Europe (OSCE) in Istanbul.

Victoria has written articles on Afghanistan for *Foreign Policy*, the *Eastern Eye*, and *INTERZINE*. She graduated with a Master of Science in History of International Relations from the London School of Economics and a Bachelor of Arts in Political Science and Philosophy from the University of Chicago. She is interested in the movement of narcotics across borders and how the trade fuels terrorism, as well as how actors in both the public and private sectors factor into drug trafficking. Her other research interests include surveillance technology, women's empowerment to combat extremism, the roles of media and ideology in terrorism, and how states use history and propaganda to create national narratives.

Marcus Andreopoulos is a Senior Research Fellow at the Asia-Pacific Foundation as well as a member of the production and research team for *DEEP Dive*, a podcast series by NATO's Defence Education Enhancement Programme (DEEP). He is also a member of the organisation's Global Threats Advisory Group (GTAG).

Marcus has a Master of Science Degree from the International History department at the London School of Economics. His research interests include the origins, ideologies, and financing of terrorist organisations in the Middle East, South Asia, and Africa, with a particular focus on Egypt and Pakistan. Marcus wrote his Master's thesis on Britain's relationship with Islam in Egypt in the period surrounding the 1919 Revolution.

With the Asia-Pacific Foundation, Marcus produces periodical assessments of the security threats emanating from South, Central, and East Asia. His most recent work includes an examination of the Haqqani network and its relationship with the Taliban and global terrorism. Marcus' research into the Haqqani network also investigated the group's ties to the Pakistani Inter-Services Intelligence (ISI) agency and the narcotics trade in Afghanistan. Other groups that Marcus has produced reports on include al-Qaeda, the Islamic State, and the Tehreek-e-Labbaik Pakistan (TLP).

Marcus has worked with NATO's Defence Education Enhancement Programme (DEEP) since 2020. He has edited and contributed to the development of NATO DEEP's Counter-Terrorism Reference Curriculum (CTRC) and implemented it as part of Professional Military Education (PME) and Defence Capacity Building (DCB). Marcus has delivered presentations to various international institutions and military organisations including leading a lecture to the National Defence University of Ukraine regarding international and regional counter-terrorism strategies.

Thomas Hader is currently supporting Joint Task Force North's counter cartel and drug interdiction operations with Homeland Security Investigations as a Marine-Air-Ground Task Force (MAGTF) Intelligence Officer. Tom was a key contributor to the CTRC and led the development of Themes Three and Four. Tom's focus is in cybersecurity, counter-terrorism, and criminal network exploitation. Moreover, he provides operational support for counter-narcotics, domestic terrorism, and cyber-crime investigations to include cryptocurrency tracing. Additionally, in 2021, Tom organised a cybersecurity and counterterrorism table-top exercise for the Jordanian military in Amman, Jordan. He has published research articles and lectured on topics including terrorist online recruitment and radicalisation, foreign fighter networks, and electronic warfare threats from state and non-state actors. He is fluent in Polish, Spanish, Russian, and Ukrainian.

Introduction

The central aim of this book is to analyse the growth of the narcotics industry stemming from Afghanistan and the nexus that has formed between narcotics trafficking and terrorism/extremism. With the West's withdrawal from Afghanistan precipitating the Taliban takeover of the country, the future for Afghanistan, and the Afghan narcotics industry, is uncertain. The Taliban have long used narcotics as their main source of revenue. Without the poppy crop, they may never have grown to be the massive organisation that they are today that was capable of toppling the Ghani government. Through examining the history of narcotics and its connection to terrorist groups, this book identifies how the world fell down this perilous path, and offers possible solutions to deal with this new dynamic.

Narcotics have been increasingly used to fund extremist organisations, and the two industries have developed a symbiotic relationship where both benefit from the other's activity. This book will explore the development of the opiate industry in Afghanistan, from the 18th century when the British East India Company began cultivating opium in Afghanistan, to the modern day where Afghan heroin is being exported across the world in the largest drug market in history. Opium is central to the story of extremism in Afghanistan, beginning with the mujahidin trafficking through South Asia and the Middle East to fund weapons to fight the Soviets, which later evolved into the Taliban and al-Qaeda expanding the path laid down by the mujahidin to Europe and soon the rest of the world. While the Afghan narcotics trade began with opium, it has evolved to include a slew of natural and synthetic drugs, and the pathways created for opium are now tread by every drug imaginable.

To illustrate the inner workings of this complex industry, this book examines every aspect of narcotics trafficking: from poppy farmers, to low-level drug smugglers, drug trafficking organisations, hawala dealers, money launderers and the banks they frequent, licit front operators, darknet marketplaces, and cryptocurrency exchanges. Beyond tracing the growth of the trafficking route, this book offers a detailed exploration of the global trafficking routes that exist today, describing the common pathways and methods of smuggling narcotics from Afghanistan to every corner of the globe, and the likely future routes that will emerge. This includes unique maps based on numerous case studies and trends that give a clearer picture of the specific steps traffickers are taking along three distinct routes: the northern route, Balkan route, and southern route. Each route displays the numerous branches traffickers are likely to take, ports they are likely to travel through, and the methods of travel.

The growth of the narcotics industry in Afghanistan must be viewed from a global lens to see how the interests and actions of international actors over the years have shaped the industry. This book looks at the impact that other states' interests have had on the narcotics industry in Afghanistan. This includes the proxy war between the United States and Soviet Union, the Pakistani ISI using the extremist groups and narcotics trafficking to gain regional power and Saudi Arabia funding the mujahidin and housing banks that al-Qaeda laundered money through.

The narcotics trade is rapidly evolving, and traffickers are finding new ways to hide their illicit earnings. Many traffickers in South Asia and the South Asian diaspora have resorted to the ancient trade of hawala to launder their drug money, while advances in blockchain technology are offering drug dealers around the world new ways to sell their illicit products anonymously and conceal their drug money earnings. These methods have gained the attention of terrorist organisations, who have adopted the techniques of drug trafficking organisations to conceal their money flow to evade detection.

Narcotics became the currency of non-state actors who wanted a way to boost their organising power quickly and effectively. In the fallout of the Cold War, it became the method for militias to garner resources in the rapidly shifting political environment. As the activity of terrorist groups flourished in the 1970s and 1980s, they quickly shifted their fundraising methods from kidnappings and petty theft, which involved significant risk with little reward, to the safer and more profitable avenue of narcotics trafficking. They would soon discover that not only did narcotics trafficking help them fund operations, but those operations led to increased insecurity, paving the way for easier trafficking. With the opportunities created by insecure environments, drug trafficking organisations (DTOs) also benefited from extremist group activity, and the two industries began to collaborate and formed a resilient nexus. This nexus enabled DTOs to gain the protection of militant groups and rely on their networks for smuggling, while extremist groups profited from DTOs' narcotics sales. It is clear that the narcotics industry is vital to extremist organisations, while extremist activity creates an environment that promotes narcotics trafficking. As the nexus between terrorist organisations and drug trafficking organisations have grown, the lines have blurred between the two, giving rise to hybrid organisations. These hybrid crime-terror organisations began as drug traffickers but eventually started using their earnings to fund their ideological goals.

The hope of this book is to call on readers to rethink their assumptions about the solutions to the narcotics epidemic. After approaching the problem in much the same way over the course of a century, the industry has grown to unseen heights. The continued boom of the narcotics industry is not a foregone conclusion. This book will challenge the orthodoxy of counternarcotics, counterterrorism, border security, and geopolitical strategies, while offering alternative approaches using case studies, quantitative data, qualitative data, and expert interviews.

Chapter Outlines

Chapter One: Planting the Seed: Opium's Origins in Afghanistan sets the stage for the book by tracing the origin of opium in Afghanistan back to the time of Alexander the Great and follows the growth of the drug in China in the 17th century which caused a ripple effect through the region. It then picks up a century later to the activity of the British East India Company, which first brought large-scale opium production to Afghanistan and neighbouring Pakistan. World powers soon introduced the first international resolutions on drugs through the Shanghai Opium Commission, which brought about the beginning of illicit opium trafficking in South Asia. This had a major impact on Afghan farmers who were able to profit from the ban on opium trade in India and made Afghanistan the biggest opium producer in the region. Once Afghanistan gained independence, Amir Amanullah, the first independent ruler of the country, embraced opium as a major source of revenue for the struggling country. The outbreak of World War II hit Afghanistan's economy hard while creating an opportunity to meet the demand for opium, forging brand new smuggling routes towards Europe which the Afghan government took advantage of. Afghanistan found itself at the heart of a Cold War showdown, which led to disastrous results that irreparably damaged Afghanistan's agriculture. The Soviet Union responded by offering infrastructure and military aid, with the Soviets ultimately invading in 1979. This spurred the West, Saudi Arabia, and Pakistan to begin their covert support for the burgeoning mujahidin to topple the Soviet-backed government. This covert operation involved aiding the mujahidin in smuggling weapons into Afghanistan and drugs out to help fund their militia. This formed the smuggling pipeline that would be expanded upon over decades and is the root of the global narcotics trafficking route emanating from Afghanistan to this day.

Chapter Two: The Puppet Masters and the Trafficking Pipeline picks up with the withdrawal of Soviet troops from Afghanistan and the scramble for power that took place in the aftermath. Afghanistan's warlords and tribes fought to fill the power vacuum, each relying on opium to fund their militias. For the first time in history, Afghanistan's opium business rivalled Burma's as the largest in the world. By 1995, the Afghan capital was razed to the ground, and the faction that rose to the top with the backing of the ISI was the newfound Taliban. After an initial ban on opium, the Taliban quickly shifted their policy to raise revenue from the crops. They soon instituted opium regulations, taxing poppy farmers and monopolising the drug market in their regions of influence. The Taliban expanded the drug pipeline, dominating Central Asia and extending trade into South Asia, the Gulf, the Balkans, and the Caucasus. This was made possible with the help of Pakistan's ISI, who launched several covert operations with sympathetic jihadist groups all of whom relied heavily on narcotics trafficking to fund their operations, expanding the trafficking route even further through their regions, launching the Balkan, northern, and southern routes of the global narcotics trafficking pipeline. This formed a complex relationship of trading arms and narcotics between insurgent groups, Islamist groups, and organised crime syndicates, birthing the crime-terror nexus. The most substantial of these was the Haqqani network, a criminal enterprise situated along the Afghanistan/Pakistan border that was founded on smuggling. The ISI saw the Haqqani network as a key ally, given their location and alliances with numerous jihadist groups, and began investing in their bases while using them as a proxy for engagement with other non-state actors.

Chapter Three: Birth of the Narco-State opens with the Taliban's 2000 opium ban, which ended up boosting the price of opium and incentivised increased production in regions outside of the Taliban's control. Once the Taliban were removed from power post 9/11, they relied on their narcotics connections to help them slowly rebuild from neighbouring Pakistan. When some Western countries shifted their focus to Iraq, the Taliban used the opportunity to grow their power in rural

regions throughout Afghanistan. This boosted Afghanistan's opium output to historic levels. The Karzai administration introduced a number of alternative livelihood programs to combat narcotics proliferation but these efforts were hampered by limited infrastructure. This period also saw the growth in the power of tribal strongmen who created organisations engaged in illicit activity including the narcotics industry, providing security to narco-traffickers for profit. The Taliban rebuilt their network through coordination with other terror outfits and drug trafficking organisations to provide security for poppy fields, heroin labs, and smuggling routes. Through the 2000s, the Taliban continued to have strong support from the Pakistani ISI, who placated Western demands with half-hearted public gestures while privately sabotaging all efforts to disrupt the Taliban and its allies. Pakistan's ISI and the Musharraf administration grew even more powerful, pushing out any moderate elements through intimidation or bribery. The Musharraf years saw the resurgence of poppy cultivation, which grew into one of the largest hubs for international trafficking in the world. The 2000s marked an evolution in the industry to something the world had never seen before: a resilient, worldwide industry shaped and protected by governments, businesses, criminal organisations, and terrorist organisations. The further this industry grew, the more entrenched it became in society, anchoring itself to poverty, corruption, conflict, and insecurity.

Chapter Four: The Terror Racket assesses the multitude of innovative methods terrorist organisations have utilised to launder their illicit earnings. With the growth of the narcotics industry, terror groups are finding new ways to protect their organisations from economic collapse. They are becoming more and more like mafia organisations, with investments in various licit enterprises like real estate, shipping businesses, and construction companies to conceal and protect their illicit profits. They are also utilising both ancient and cutting-edge methods for obfuscating transactions and moving finances and illicit products around the world. The chapter begins with the original money laundering operation in Afghanistan with the ISI funneling funds for the mujahidin through banking institutions which became the main vehicles for terrorist organisations like al-Qaeda to traffic funds through a complex network of subsidiaries meant to obfuscate transactions. This chapter delves further into crime-terror hybrid organisations, which fund terror operations through criminal enterprise, by investigating the infamous crime-terror organisation D-Company and its founder Dawood Ibrahim as a framework for understanding how most similar organisations launder their funds. D-Company utilises front companies, real estate, and the stock market to conceal their illicit assets and to safely fund allied terrorist organisations. Another significant method for terrorist organisations to hide their funds is through the hawala system, a traditional remittance system which is important to understand. This chapter also explores the origin of blockchain technology and bitcoin, as well as the slew of cryptocurrencies and cryptomarkets that have emerged. Not only do narco-terrorist organisations use cryptocurrency to receive donations and conceal transactions, but they also profit from selling drugs on the darknet marketplace. This chapter also examines emerging obfuscation software to further hide illicit earnings.

Chapter Five: Blazing a Trail: The Afghan Drug Trafficking Pipeline details the development of the drug trafficking pipeline that begins in Afghanistan and now reaches 84% of the world, while exploring the ways in which this pipeline will grow and change in the future. The trafficking route can be broken down into three main pathways: the northern route, Balkan route, and southern route. This chapter examines each main pathway, the secondary pathways within them, and the most common method of trafficking for each. Each step of the trafficking journey is described to walk the readers through exactly how traffickers are crossing each country starting in Afghanistan and ending in several destination countries around the world. Through land, sea, mail, and/or air travel to reach its many destinations. This chapter includes numerous case studies of drug seizures throughout the three routes and assesses the various methods traffickers employ to conceal drugs. Geographic, political, and security factors are also analysed across each border to understand how traffickers are manoeuvring from state to state. Various recommendations are

offered on specific states' border policies to help secure borders against trafficking. This chapter also includes detailed maps of the trafficking routes based on individual government and IGO data as well as case studies. The maps were developed with ArcMap, an industry-leading geospatial processing programme used to make official maps across the world. Each map shows likely trafficking paths, methods, and border crossings.

Chapter Six: The Modern Narcotics Economy discusses the current state of the narcotics economy, what has enabled it to expand to its current level, and what measures have the potential to disrupt the industry. This chapter delves into all of the stakeholders in the narcotics economy and how they are connected to the industry, such as farmers and labourers, warlords, drug trafficking organisations, wholesale buyers, traffickers and smugglers, international buyers, and insurgent groups. The agricultural economy is central to opium trafficking in Afghanistan, and understanding the factors that lead farmers to engage in poppy cultivation, like economic security, environmental viability, and level of insecurity, are key to knowing what drives the industry. Attempts to break this cycle, like wheat subsidies, poppy eradication, and irrigation expansion have thus far failed to disrupt this industry, either from the resiliency of the industry, poor implementation of the measures, or under-resourced initiatives. This chapter offers potential solutions to reverse the increasing degradation of Afghanistan's soil health. A vicious cycle has formed between insecurity and the opium economy. Insecure regions are fertile territory for poppy farming due to the lack of government oversight and a lack of alternative livelihoods. They both attract insurgent groups, who profit off of the opium industry at multiple levels of the supply chain, and are created by insurgent groups. This chapter additionally looks at developments in the narcotics economy beyond Afghanistan, specifically the growth of synthetic drug markets being propagated by Pakistani and Southeast Asian drug syndicates. As the volatility of agriculture will increase with the worsening effects of climate change and the likely reduced access to water across the globe, there will be a rise in synthetic drugs

Chapter Seven: Afghanistan's Collapse and the Future of Counternarcotics looks at the recent Taliban takeover of Afghanistan and assesses the steps that led to this calamity and the likely future for Afghanistan's narcotics industry. It then looks at the knock-on effect for the global narcotics industry and how counter narcotics efforts will need to shift to operate under a new paradigm where direct counternarcotics efforts in Afghanistan are unlikely to continue. The chapter starts with examining the security vulnerabilities in the Western withdrawal that precipitated the swift takeover by the Taliban, and places them in the context of the long-term shortcomings in the strategy for Afghanistan. This is followed by an assessment of the current situation in Afghanistan and the factors that could lead to increasing instability and lead to further growth of narcotics trafficking, such as internal conflict within the Taliban, local opposition to the Taliban, schisms from the Taliban, economic sanctions, and climate change. Given the rising prominence of the Haqqani network within the Taliban, this chapter dives into the uncertain leadership of this group and the numerous figures who may succeed Sirajuddin Haqqani in the coming years. While the Taliban publicly states they will not traffic narcotics, that depends on whether or not they would make enough from other revenue sources to sustain the country, and whether they believe trafficking will impact their international standing enough to threaten their control of the country. This chapter discusses the Taliban's revenue streams prior to gaining total control of Afghanistan and how this will likely change after their takeover. The chapter ends with an overview of the proliferation of narcotics, the methods used to combat the industry, and the prescription for the best way forward under a new global narcotics paradigm.

Literature Review

While there are many resources covering either the narcotics industry or terrorism, there is a gap in materials that focus on the symbiotic nature of the two. There is also a lack of attention placed on how the international actors' actions have impacted the Afghan heroin trade. Afghanistan is often discussed in the context of the United States and the Soviet Union's proxy war; however, the focus of these sources is the Cold War and not how the actions of these countries impacted Afghanistan and its poppy industry. Due to the novelty of blockchain technology, there has been limited literature on how this technology is being used by terrorist organisations and narcotics traffickers. In addition, the secretive nature of the darknet has evaded major public attention, and few have done extensive dives into how these marketplaces operate and how drugs and other illicit materials are purchased. Where the vast majority of books on the Afghan narcotics industry focuses on opium, this book will explore the recent growth of synthetic drugs being introduced to the pipeline. Due to climate change and a shift in consumer demand, synthetic drugs are likely to become a much larger component of the Afghan drug trafficking pipeline, and this book will discuss how it is being incorporated into this market and how it is likely to impact global trafficking in the future.

In James T. Bradford's "Poppies, Politics and Power – Afghanistan and the Global History of Drugs and Diplomacy," he looks at the initial introduction to commercial production of opium in Afghanistan through the British East India Company, and the various state policies around its production in the early decades of Afghanistan's independence. Bradford shows how while Afghanistan had little control over the birth of their opium industry, several rulers utilised opium revenue to decrease their reliance on foreign aid. He also discusses how World War II pushed Afghanistan further into reliance on opium production due to their export industry suffering and the severing of established opium trade routes opening up an opportunity for Afghanistan to supply European demand. While this book gives insight into how the poppy industry began in Afghanistan, it does not cover the opium boom that came from the mujahidin's smuggling pipeline. Without the pipeline that the mujahidin used to smuggle weapons and drugs through the help of the United States, Pakistan, and Saudi Arabia, Afghanistan would not likely have become the heroin hegemon of the world. Bradford also focused mostly on the history of opium in Afghanistan, rather than the wider impact of the Afghan opium economy on the globe, which this book will explore in detail.

This book was greatly benefitted by the declassification of United States foreign relations documents from 1977-1980 in 2018, which covers the beginning of Western covert aid to the mujahidin. While many have covered this period, literature released before 2018 lacks the internal perspective of US agencies, which this book investigates deeply. Internal discussions involving Vice President Mondale, US Ambassador to Afghanistan Theodore L. Eliot Jr., Deputy Director of CIA Frank C. Carlucci, National Security Advisor Zbigniew Brzezinski, and Director of Intelligence Admiral Stansfield Turner, among others, helps elucidate the motivation for aiding the mujahidin, including why they continued support after US agencies no longer believed the mujahidin could defeat the Soviets.

In "Pak-Afghan Drug Trade in Historical Perspective," Ikramul Haq explored the nexus between Pakistan's ISI, and the mujahidin through the drug pipeline. Haq details how the Pakistani government became further embroiled in the heroin industry after the Soviet Afghan War, enumerating cases of government, military, and intelligence officials engaging in the drug pipeline while giving the mujahidin free rein to cross over the Durand line through the North-West Frontier Province (NWFP). Throughout this book, Haq shows how the heroin industry became entrenched in Pakistan through the growing power of the ISI, the tribal areas' reliance on poppy farming, and corruption within the civilian government.

Steve Coll's "Directorate S: The C.I.A. and America's Secret Wars in Afghanistan and Pakistan, 2001-2016" gives an in-depth view into the corruption and criminality of the ISI. It delves into the strong relationship formed between the ISI and the Haqqani network and gives detailed background on how the Haqqani family came to power. He explains how the network is the product of a wealthy family that owned land on both sides of the Afghanistan/Pakistan border, from Loya Paktia in Pakistan to North Waziristan in Afghanistan, and had been profiting off of smuggling since before World War II. They used this position to become key figures in Soviet Afghan War, forming alliances with jihadist groups, political parties, and criminal organisations who used their territory to smuggle drugs and weapons across the border to Afghanistan. He outlines how they fostered relationships with the Taliban, al-Qaeda, and other militant groups while maintaining their independence throughout

Coll highlights the utility that the Haqqani network offers the ISI, who use them as a proxy for dealing with other extremist groups and engaging in the narcotics industry while maintaining plausible deniability. Coll also covers the Taliban's resurgence in the mid 2000s and notes how they capitalised on the government's opium ban by encouraging poppy farmers to cultivate in their territory, leading to a massive spike in poppy production and a major boost to Taliban revenue. The ISI, Haqqani network, and the Taliban's involvement in the narcotics industry is a central aspect of the nexus between drug trafficking and terrorism. However, this book synthesises these factors into a wider view of the global narcotics industry, looking into drug trafficking organisations and terrorist groups connected to the Afghan drug pipeline around the world. This book will also expand on the ideas presented in Directorate S to show how this nexus launders their funding, how trafficking cells are decentralised to protect the larger industry, and the wider economic and environmental factors that pushed farmers into the poppy industry.

In "Terror Incorporated: Tracing the Dollars behind the Terror Networks," Loretta Napoleoni examines the development of financing and laundering methods of terrorist organisations, starting with the activity of Pakistani bank BCCI from which the ISI, and Saudi Arabia funded the mujahidin during the Soviet-Afghan War. BCCI created the roadmap for obfuscating illicit financial transactions to terrorist organisations, with two Saudi banks DMI and DAB taking up the baton and aiding terrorist outfits like al-Qaeda in laundering their funds through a series of shell companies and charity fronts. This book picks up from Napoleoni's analysis and does a deep dive into the opaque makeup of DAB and DMI's subsidiaries to see exactly how the banks obfuscate their clientele and invest in the global financial market using terrorist organisation funds. This includes a shocking discovery of how al-Qaeda used the American stock exchange to terror operations against the United States. Napoleoni also follows the ISI's proxy wars in funding militant groups in the Caucasus and Central Asia to divert Russian attention and resources away from Northern Afghanistan. Through grooming Chechen and Central Asian militant leaders and granting them access to the narcotics pipeline, the ISI successfully distracted the Russians to enable the Taliban to contain the Northern Alliance. This had a knock-on effect of expanding the drug pipeline through the Balkans and Central Asia, which today are the first and third-largest drug trafficking routes in the world, respectively. This book will follow the path both trafficking routes take today, discussing the precise way traffickers traverse them and their likely future developments based on numerous case studies and border agency seizure data collected. It will also expand on the growth of Central Asian extremist organisations drawing on the author's travels to the region, reports from the UNODC, and engagement with multiple states' border agencies.

In Ch.8 of *Innocent Bystanders: Developing Countries and the War on Drugs*, titled "Responding to the Challenge of Afghanistan's Opium Economy: Development Lessons and Policy Implications," William A. Byrd discusses the environmental and economic factors in Afghanistan that have made opium such a resilient market. Byrd notes the positive relationship that unemployment levels have with opium production, showing how integral the job market is to dismantling the opium

industry. He also outlines the interaction of poppy farming with licit agriculture, where Afghanistan's overreliance on opium has increasingly made other agricultural activity unaffordable. Byrd further analyses Afghan government policy aimed at combating the opium industry and breaks down the shortcomings in the policies and the factors that have made opium resilient to most attempts at prohibition and eradication. This book will look at specific policies of eradication to see where they failed and why. It will also look at the alternative livelihood policies that were implemented and identify positive and negative cases in a wider examination of the agricultural economy of Afghanistan. This book will also go more in depth into how climate change has impacted the soil health in Afghanistan and make predictions on the future agricultural challenges the country will undergo at its current trajectory and how that would likely impact the narcotics industry.

In a report for the Combating Terrorism Center, titled, "Haqqani Network Financing: The Evolution of an Industry," author Gretchen Peters gives a thorough look into the financial activity of the Haqqani network and their increasingly diversified revenue streams that has made them a powerful actor in Afghanistan and Pakistan. She discusses how once Sirajuddin took over from his father, the founder of the network, he moved the network away from reliance on donations by amassing a conglomerate of licit and illicit businesses under their control. This includes an extortion racket where they claimed a tax on infrastructure developed in their sphere of influence, offering safe passage for drug traffickers in their region, kidnapping for ransom, importing precursor chemicals for the refining of opium, and investing in a diversity of front businesses to launder their illicit funds, predominantly real estate and import/export companies. Peters relates the Haqqani networks activity with another crime-terror hybrid organisation, the D-Company, which uses many of the same strategies of hiding their illicit earnings through a slew of licit holdings around the world. This book uses the activity of the Haqqani network and D-Company as a framing device to see how other terror outfits have utilised the same methods. It also looks at how terror financing has evolved from the era of DMI and DAB, and the recent trends in terror financing that may become more prevalent in the future, like gem mining. Peters also goes into the hawala system as a means for terror groups to launder their illicit earnings and more easily conduct narcotics transactions across borders. This book does a deep dive into the hawala system, discussing its origins along the silk road, how and why its use proliferated throughout South Asia, and how it has developed using modern technology. The book will provide several case studies of hawala exchanges linked to terror finance, and look at the policies introduced in the region to curtail use of hawala and why they have mostly failed. It will also look at the prevalence of hawala among the South Asian diaspora and examine what regulations have been implemented to address its connection with criminal finance.

Paul Vigna and Michael Casey's *Cryptocurrency: The Future of Money* offers an origin story to the burgeoning cryptocurrency industry. This book traces the impetus of cryptocurrency to the 2008 global financial crisis, which led to wide distrust in traditional banks and spurred Satoshi Nakamoto to create bitcoin using his newly developed blockchain technology. Vigna and Casey's book give a detailed account of the birth and explosion of bitcoin and the ripple effects it created in global finance. They also discuss the first major cryptomarket, "Silk Road," and how it created a new marketplace for buying and selling narcotics anonymously. While this gives great insight into the birth and growth of cryptocurrency and cryptomarkets, it does not focus on how these technologies impact terrorist financing. This book will analyse crypto in the context of the crime-terror nexus, sharing case studies where terrorist organisations have used cryptocurrency to solicit donations, and lay out how cryptomarkets fit into the wider context of the global narcotics pipeline. Through the author's own investigation into cryptomarkets and interviews with experts on criminal finance using cryptocurrency, this book offers a comprehensive look into the present and future impact of cryptocurrency and cryptomarkets on terror and criminal finance.

Chapter One

Planting the Seed: Opium's Origins in Afghanistan

Opium's presence in Afghanistan dates back to the time of Alexander the Great, who is said to have introduced the crop to locals during his travels. However, it was not until much later that it became commonly cultivated in the region.¹ In the eighth century, Arab traders brought poppies and their knowledge of its medicinal uses to Iran, India and China, eventually spreading throughout Asia.² In the 16th century, the Mogul empire, which included modern day Afghanistan, saw the crop's economic potential and nationalised production and distribution of the opium poppy. By the end of the 17th century, it became so popular in China that the government became concerned. The first recorded incidence of widespread addiction was reported in the port of Amoy, Formosa in 1683.³ For the next hundred years, China would implement a series of policies attempting to ban importation and consumption to varying degrees of effectiveness.

In the 18th century, the British East India Company created an epidemic in China. The company was given exclusive trading rights in Asia on behalf of the British government from 1600. The British had been struggling with a trade deficit to China for years. They purchased tea, silk, and porcelain, but had nothing to offer that China wanted.⁴ Exploiting the opium dependence of China would give Great Britain the upper hand.

The British East India Company quickly began producing opium in British India, also known as the British Raj, for export to China. By 1773, they were granted an official monopoly on opium trade in a growing number of ports throughout Asia, seeking to use the profits to conquer the region.⁵ The British East India Company tightly controlled production levels of opium, maintaining high prices by limiting supply. However, by the start of the 19th century, they faced new competition from Turkey and Persia for the Chinese market, still the biggest opium market in the world. To corner that market, Britain quickly ramped up production, more than doubling its cultivation in Bengal from 36,400 hectares in 1830 to 71,200 in 1840.⁶

To meet the ever-increasing demand for opium, Britain began expanding cultivation efforts to neighbouring countries, including Afghanistan. At the time, Afghanistan's economy was struggling, with low levels of exportation out of the country and heavy reliance on foreign aid. Emir Abdur Rahman Khan, who ruled Afghanistan from 1880-1901, saw an opportunity to build the state and increase centralised power in Afghanistan. The Mahaban Mountains along the Afghanistan-Pakistan border was a prime area for large scale cultivation, with steep hills to allow sufficient drainage and a good balance of sunshine and rainfall⁷. Khan's government was the first in Afghanistan to engage in formal opium trade, which it conducted with the colonial authorities in the British Raj.⁸

During Abdur Rahman's rule, most of the opium produced was shipped abroad to China, India, and Russia. Opium was especially popular in British India's North-West Frontier Province (NWFP), the area now known as Khyber Pakhtunkhwa, Pakistan, where it is still heavily involved in the opium trade today. The Abdur Rahman government never expanded opium production in Afghanistan beyond the Mahaban Mountains.⁹

As the United States pushed into Asia through colonising the Philippines, they injected themselves in the issue of opium trade. As American missionaries became a more influential constituency,

1 Christian Parenti, "Flower of War: An Environmental History of Opium Poppy in Afghanistan," *SAIS Review of International Affairs* 35, no. 1 (Winter-Spring 2015): 186.

2 James T. Bradford, *Poppies, Politics, and Power: Afghanistan and the Global History of Drugs and Diplomacy*, (New York: Cornell University Press, 2019), 19.

3 UNODC (United Nations Office on Drugs and Crime), *World Drug Report 2008*, (Vienna, AT: UNODC). 2008, 173.

4 *Ibid.*, 175.

5 *Ibid.*, 174.

6 *Ibid.*, 174.

7 Martin Booth, *Opium—A History* (London: St. Martin's Griffin, 2013), 251.

8 James T. Bradford, *Poppies, Politics, and Power: Afghanistan and the Global History of Drugs and Diplomacy* (New York: Cornell University Press, 2019), 17.

9 Booth, *Opium—A History*, 251.

American foreign policy called for prohibition of all drug trade and production.¹⁰ Incentivised by America's growing prominence in international commerce, major countries agreed to address the growing problem of opium addiction by joining the Shanghai Opium Commission in February 1909.

The Shanghai Opium Commission passed multiple resolutions calling for a gradual decline in opium exportation and consumption.¹¹ Great Britain begrudgingly complied, demanding that British India decrease its opium cultivation and increased taxation on opium imports. It did not have a plan for the growing number of Indians addicted to opium, and many looked to the illicit market. The Indian government as well had become reliant on the tax revenue of opium for their budget.¹² This presented an opportunity for Afghan opium farmers, recently faced with losing a major consumer, to engage in the increasingly lucrative illicit route and smuggle the opium to India. When British authorities became aware of the smuggling, they doubled down and banned opium imports all together. This only further increased the price of illicit opium, and more Afghan farmers joined the trade.¹³ Afghanistan's takeover of the Indian opium market in many ways laid the groundwork for the drug trade that would consume Afghanistan a half century later.

British India impacted Afghanistan in further ways during the interwar period. The ripple effect from their fight for independence resonated with Afghans who had already struggled for autonomy from the British. Afghans saw the strain that the uprising in India was putting on Great Britain and exploited the chance to launch their own rebellion. This rebellion, the third Anglo-Afghan War, brought independence to Afghanistan in 1919.¹⁴ Notably, the USSR was the first state to officially recognise independent Afghanistan, and formed the Russo-Afghan Friendship Treaty of 1919.^{15 16}

Afghan Independence and the Dependence on Opium

The early years of Afghan independence presented many challenges. After surviving three wars against the British, the Afghan people began turning on each other. The first ruler of newly independent Afghanistan, Amir Amanullah, implemented sweeping reforms, creating new secular courts, opening up schools to women, abolishing subsidies for tribal chiefs, and banning religious clothing.¹⁷

Like the Abdur Rahman government before, the Amanullah government saw the economic benefit of opium trade. The country produced an estimated 25,900 pounds of opium in 1922. Production was expanded in the north, mostly in Herat and Badakhshan.¹⁸ This government expanded opium exports to Europe, notably trading licit opium to Germany.¹⁹ The Amanullah government also ended the monopoly on opium production, acknowledging the difficulties in taxing and regulating rural areas like Badakhshan, Herat, and Jalalabad.²⁰ However, Amanullah was fiercely against local consumption. In the Penal Code of 1924-25, the consumption of drugs such as opium and cannabis were strictly prohibited, despite low levels of opium addiction in the country at the time.²¹ The prohibition of drugs was not seen as radical, however, demanding that the punishments for breaking the prohibition law be administered by government officials instead of the Ulama (religious leaders) was seen as a slight on the Ulama, who had traditionally handled all societal judgements.²²

10 Bradford, *Poppies, Politics, and Power*, 22.

11 UNODC (United Nations Office on Drugs and Crime). "The Shanghai Opium Commission." Jan. 1, 1951, 45.

12 Bradford, *Poppies, Politics, and Power*, 36.

13 *Ibid.*, 18.

14 UNODC, *The Opium Economy in Afghanistan: An International Problem* (Vienna: United Nations, 2003), 85.

15 Larry P. Goodson, *Afghanistan's Endless War State Failure, Regional Politics, and the Rise of the Taliban* (Seattle, WA: University of Washington Press, 2001), 41.

16 Bradford, *Poppies, Politics, and Power*, 31.

17 Antonio Giustozzi, "Afghanistan: Transition Without End – An Analytical Narrative on State-Making," *Crisis States Research Centre*, London School of Economics, Crisis States Working Papers Series, no. 2 (November 2008): 6.

18 Bradford, *Poppies, Politics, and Power*, 34.

19 *Ibid.*, 38.

20 *Ibid.*, 39.

21 *Ibid.*, 17.

22 *Ibid.*, 33.

The Amanullah government's radical policies faced fierce backlash, resulting in a series of tribal rebellions and power grabs keeping the country in a state of disarray.²³ A Tajik warlord named Habibullah Kalakani unseated Amanullah in 1928, only to get usurped himself a year later.²⁴

The Pashtun tribes found a leader in Nadir Khan (later known as Nadir Shah), from the influential Musahiban family, who was elected Amir of Afghanistan in 1931 and led a more moderate government than Amanullah. In his short tenure as ruler, Nadir focused his efforts on advancing the healthcare system in Afghanistan. He built hospitals and medical centres throughout the country and invested in increased access to medications. Part of this agenda was establishing relations with the United States, the leading manufacturer of pharmaceutical narcotics. While Afghanistan had plenty of raw opium that went into the production of pharmaceutical narcotics, it did not have the infrastructure to produce them. Nadir's government paid for these initiatives largely through increasing the exportation of raw opium to the global market, including Russia, Great Britain, France, Japan, and Germany.²⁵

Two years later, Nadir's 19-year-old son, Zahir, took over when he was assassinated over a personal vendetta.²⁶ Due to his young age, Zahir Shah's government was effectively run by a number of prime ministers, beginning with his uncle, Hashim Khan. This new era attempted to provide stability to the country by maintaining neutrality on the world stage and engaging in international organisations, like the League of Nations and later the United Nations. Feeling the pressure from the competing superpowers of the USSR and Great Britain, Zahir and Hashim balanced alliances with both to stay out of the fray of conflict. Hashim was able to expertly navigate these competing interests to his country's advantage. To export opium to Japan, for instance, it had to first be shipped through British India. While Great Britain would be breaking the Geneva Opium Convention of 1925 by trading with a non-participating country, they agreed, fearing Afghanistan would opt to go through Russia as an alternative.²⁷ While this method often worked for Afghanistan, it faced ongoing pressure to join the international drug control system.

To comply with international pressures, Hashim's government created the Shirkat-i-Taryak (Afghan Opium Company), a regulatory body that would have a monopoly on opium production and distribution in the country. It created a fairly robust system: poppy farmers were required to obtain a licence through the National Department of Agriculture within the government. Government representatives, known as *alaqadars*, would regulate the production levels and purchase opium from the farmers for exportation. The Shirkat-i-Taryak would sell the licit opium to Germany, the United Kingdom, Japan, and Russia to be used for pharmaceutical medication.²⁸ This new system helped reduce Afghanistan's reliance on foreign aid, as this had been used as a means of influence which could offset Afghanistan's perceived neutrality. Hashim saw the regulation and exportation of raw opium among other crops as a means of growing Afghanistan's economy without aid.²⁹

Afghanistan's Shift to an Opium Economy

While Afghanistan stayed neutral during World War II, the conflict greatly impacted the country. Before the war, German aid was invaluable to Afghanistan. When Germany halted aid during the war, Afghanistan had to cut much of its development programs. Exports were also hit hard, and the

23 UNODC, *The Opium Economy in Afghanistan: An International Problem* (Vienna: United Nations, 2003), 86.

24 Goodson, *Afghanistan's Endless War*, 43.

25 Bradford, *Poppies, Politics, and Power*, 45-46.

26 UNODC, *The Opium Economy*, 86.

27 Bradford, *Poppies, Politics, and Power*, 58.

28 *Ibid.*, 59.

29 *Ibid.*, 28.

karakul sheep trade that was a major source of revenue for Afghanistan all but halted.³⁰ Prior to the war, there was relatively limited production of opium in Afghanistan. The first official data available on opium production in Afghanistan began in 1932, with a reported 75 tons of opium produced. This, compared with China's 6,000 tons at the time, was negligible.³¹ Exportation from Afghanistan was insignificant as well, reaching only 100 tons a year by the late 1930s. In the years leading up to the war, Turkey had become the leading exporter of opium.³² The outbreak of World War II severed much of the established trade routes through Turkey, as well as the next leading producer, Iran. This created an opportunity in South and Southeast Asia to meet the demand for opium, creating brand new smuggling routes towards Europe which the Afghan government took advantage of.³³

In an Afghan trade journal published by the Afghanistan Chamber of Commerce, the *Iqtasad Journal*, it stated, "Opium is one of the important natural products of the country and as it is greatly in demand, more especially in wartime, in many countries steps have been taken to develop its production. It is hoped that, during the current year, good results shall be achieved."³⁴ With little alternative to raise the needed revenue from traditional sources, the opium exports became the anchor of the Afghan economy. Afghanistan began rapidly increasing opium production. From 1942-1943, the Opium Exporting Company increased opium output in Badakhshan from 7,772.6 kg to 13,001.4 kg. Afghanistan also greatly expanded the agricultural land devoted to poppy cultivation. From 1942-1943, Afghanistan increased their poppy fields from 1,500 acres to 6,870.³⁵ To fill the growing demand, the Afghan government opened up the licit opium export business to private industry. Companies like Shirkat-e-Sahami-e-Taryak (the Opium Joint-Stock Company) competed with the Opium Exporting Company and the Afghan Opium Company to buy opium from independent farmers.³⁶ Opening up the industry led to raised wages for farmers and created more incentive to join the opium trade. The high demand for opium also led many to engage in the trade outside of the regulated system. One estimate during the wartime production indicates roughly 80% of opium exports from Afghanistan were produced outside of government regulation.³⁷ The global demand for opium increased not only because the usual high-production states ceased production, but the war created high demand for medicine for wounded soldiers. As a neutral country, Afghanistan was able to provide raw opium for all states involved in the conflict on either side.

World War II broke the 1912 Hague Opium Convention treaty, which had set restrictions on opium trade for high-import states like China and the US. Afghanistan, which was not part of the agreement, could now trade with all parties to that treaty without limitation. However, Afghanistan also failed to comply with the provisions of the 1931 Convention for Limiting the Manufacture and Regulating the Distribution of Narcotic Drugs, which was also a requirement for all signatories, the US being one. While the US had previously traded with Afghanistan during Nadir Khan's government, this was prior to the 1931 convention.³⁸ As the main proponent of prohibition policies, the US had enormous pressure to honour this agreement. However, the pressures from the war and the need for vast quantities of raw opium for their growing pharmaceutical needs caused them to reconsider. They also saw the burgeoning relationship with Afghanistan as strategically beneficial against the influence of German and Japanese interests.³⁹ They overlooked Afghanistan's lack of sufficient regulations, and engaged in trade. Hashim Khan for his part continued Nadir's push to

30 Ibid., 61.

31 UNODC (United Nations Office on Drugs and Crime), "Afghanistan – How Did Afghanistan Become a Major Supplier of Illicit Opium?," in *Global Illicit Drug Trends 2001*, (Vienna, AT: UNODC, 2001), 30.

32 James Windle, "A Very Gradual Suppression: A History of Turkish Opium Controls, 1933-1974," *European Journal of Criminology* 11, no. 2 (2014): 197.

33 Parenti, "Flower of War," 186.

34 *Afghanistan Chamber of Commerce. Iqtasad Journal. August-September 1944. U.S. Library of Congress.*

35 Bradford, *Poppies, Politics, and Power*, 62.

36 Ibid.

37 Ibid.

38 Ibid., 60.

39 Ibid., 46.

gain access to western pharmaceuticals, and was able to secure much needed pharmaceutical medication for the Afghan population.⁴⁰

When arranging the first transaction, the US was put off by what it deemed unprofessional behaviour from the Afghan traders: requesting additional fees like transport be covered by the US, not having consistent morphine percentages in opium shipments, variance in the weight of each case, and a delay in the shipment process. These inconsistencies gave pause to American pharmaceutical companies who were used to strict regulations of the product. The US State Department was also concerned with the reports that the Afghan opium production greatly exceeded government figures, alerting them to the growing state of the illicit opium market. However, the US did not want to break off trade with Afghanistan, both to maintain their morphine production and to keep Afghanistan away from an alliance with the Axis powers. The State Department instead responded by launching an investigation into the Afghan opium trade.⁴¹

Early Signs of the Illicit Narcotics Market in Afghanistan

Despite the detailed regulatory system that the Afghan government set up, it was being severely undermined. State Department officials observed that the *alaqadars* took bribes from farmers, a majority of the opium exported was not accounted for by the government, and there was a prominent opium addiction problem in Afghanistan, despite the government's assurances that the locals did not have access to the opium. Black markets cropped up in towns near cultivation sites, like Badakhshan. The United States saw that the Afghan government was trying to prevent illicit production and distribution, but it lacked the resources and ability to effectively combat the growing issue. The Afghan state was still very weak and had little control over the outer rural areas where production was highest. It also had to consider the risk of suppressing these areas too much, after experiencing tribal rebellions in recent years that ended with multiple coups.⁴²

When the war ended and the Americans had less need for Afghanistan's opium supply, it reignited its global drug prohibition policy. The United States did not want Afghanistan to completely stop production, as it valued the high morphine content in Afghan opium, it preferred a well-regulated system that eliminated illicit production and distribution. But if well-regulated opium was untenable in Afghanistan, the US saw more risk than reward.⁴³ They tried to exploit Afghanistan's dependence on their pharmaceuticals to pressure them to regulate opium production. Afghanistan could have potentially used their raw opium supplies to manufacture their own pharmaceuticals, but that would have made them a pariah to the international community and they feared would lead to losing international aid and investment. Additionally, while the Afghan government was economically reliant on opium export revenue, it saw a strong relationship with the emerging global power of the United States as politically advantageous. Joining other countries in a narcotic regulatory system would also give Afghanistan international legitimacy, which it could use for economic and political benefit. For these reasons, the Afghan government attempted to comply, banning private independent cultivation and trade in 1944 in compliance with the 1912 Hague Convention.⁴⁴ The state's ability to carry out that ban, however, was extremely weak.

Kabul still had too little control on rural villages. It also risked backlash if it attempted to exert authority over tribal areas. Realising the infrastructural and political limitations of the state to properly regulate the opium market, the government of Afghanistan banned all cultivation and distribution on March 21, 1945.⁴⁵ The Government Opium Company began exporting other crops

40 Ibid.

41 Ibid., 68.

42 Ibid., 69.

43 Ibid., 78.

44 Ibid., 74.

45 Ibid., 80.

and goods, but private opium sellers were not so quick to comply.⁴⁶ These companies were either unaware of the prohibition due to lack of effective communication from Kabul to the rest of the country, or they were unwilling to give up their primary means of revenue. They would purchase the surplus opium harvested before the ban from independent farmers, and sell them abroad. Since the opium was harvested prior to the ban, it was technically legal for states to purchase it. This did not raise any red flags from the international community, believing these companies were simply selling off the last of the opium reserves. However, it became clear that many were undeterred by the ban.

In September 1945, the British minister in Kabul reported to the US Bureau of Narcotics that Afghanistan had not effectively enforced the prohibition of opium, and many companies were still exporting opium globally. The ban had greatly increased the value of opium, which encouraged smuggling through India and other illicit means of exportation.⁴⁷ At the same time, the Afghan government had little capacity to even inform the wider public of the prohibition. The only mention of the ban was in the state paper *Islah*.⁴⁸ The rural areas far removed from Kabul had little awareness of the ban. Some farmers continued about their poppy farms unaware of the political changes happening in the capital. Even when the prohibition was known, it did not make much difference. Many farmers had spent decades legally cultivating opium, and many businesses had built their organisation around opium exportation. It was not so easy to completely shift their farms or businesses to new sources of revenue now that the state would no longer allow it.

While this marked an end to government-regulated production, by the end of the war, the opium industry in Afghanistan was firmly entrenched in society. The Afghan state knew it had little capacity to enforce this ban, but the United States needed to be reassured it was taking steps to align with international regulations. This move was arguably just to placate the US and ensure aid and support going forward. This would establish a pattern between the two countries that continues today – the United States attempting to exert influence over Afghanistan for political motivations and misunderstanding the reality of the political, social, and economic landscape which makes its influence either ineffectual or harmful to its own goals.

One Step Forward, 20 Steps Back

Despite Afghanistan's failure to comply with international opium regulations, the United States continued to support development in the country. While anti-opium policy was important to American foreign policy, a situation of much greater concern was arising. In the aftermath of the war, the United States and the Soviet Union both emerged as rising powers, and a bipolar global landscape was starting to form. As a buffer state between US-allied Pakistan and the Soviet bloc, it was of strategic importance to the US to maintain close relations with Afghanistan. This was the primary motivation for the American-led Helmand Valley damming project in 1946.⁴⁹

Inspired by the Tennessee Valley Authority project of the New Deal, this project diverted water from the Helmand and Arghandab rivers to spread water throughout the more arid regions of Afghanistan to increase arable land and allow farmers to increase their harvest potential, as well as harness the hydroelectric power from damming the rivers for sustainable energy. However, it was much more than a damming project. This was a vast modernisation undertaking, which developed a network of roads, bridges, and towns surrounding the dams. The goal was to modernise Afghanistan in America's image, bringing the people closer to the West through technology, education, and culture. One example of that effort was the town of Lashkar Gah, which was nick-

46 *Iqtasad Journal* (January-February 1945).

47 UNODC "Afghanistan – Major Supplier of Illicit Opium," 30.

48 Bradford, *Poppies, Politics, and Power*, 82.

49 Parenti, "Flower of War," 189.

named "Little America."⁵⁰ It was a model community built around one of the dams that housed American engineers as well as local workers. They built the most advanced hospital in the country and Western-styled schools where the Americans taught the local children.⁵¹

The project was helmed by American construction company Morrison-Knudsen, who built the famed Hoover Dam and the San Francisco Bay Bridge.⁵² Their goal was to divert water from the Helmand and Arghandab rivers. They were routinely utilised for modernisation projects abroad, from building tunnels through the Andes Mountains to airfields in Turkey. The US saw this project as a way to secure an alliance with Afghanistan and make the government reliant on their support. The Afghan government had their own ulterior motives for this partnership. The Zahir Shah government saw modernisation efforts as a way to consolidate power. Extending the arable farmland in rural communities would ensure the rural villages would be more reliant upon the central government, and increase Kabul's influence and control.⁵³

The overconfidence of both the Afghan government and Morrison-Knudsen doomed the project's success. They had failed to conduct sufficient research on the local soil and drainage to produce a sustainable damming system. They did not take into account, for example, that the Helmand Valley had extensive salt deposits that irrigation would bring to the surface and lead to desertification. As the first diversion dam was formed at the Boghra canal, the engineers could not deny the salt formations emerging around the reservoir.⁵⁴ These problems were largely ignored in light of the new global strategy of the Truman administration that came to be known as the Point Four Program. This programme ushered in a paradigm shift in American foreign policy: to gain alliances through economic development and infrastructure-building of developing nations. The Helmand Valley damming project fit neatly into this new global strategy, and the US offered Afghanistan \$12 million towards expansion of the project. Deftly courting the American vision of a global Tennessee Valley Authority, the Afghan government named the project's governing body the Helmand Valley Authority, and later the Helmand and Arghandab Valley Authority (HAVA).⁵⁵

The HAVA vastly expanded the damming project throughout the country, creating a series of dams and canals spread over 1,800 square miles. The largest to come out of this project were the Arghandab Dam at 200 feet and the Kajaki Dam at 320 feet. From the storage dams, new irrigation canals, diversion dams, and drainage works were built, stretching far into the Afghanistan desert. The irrigation issues that cropped up before were severely exacerbated by the expanded damming system. Storage dams blocked silt deposits from spreading to fields down the river path and stopped them from enriching the soil. Conversely, salt and gypsum deposits that harm soil health were now being carried through canals throughout the country. The damming raised the water levels in many areas, increasing salinisation which made the soil less fertile. The new reservoirs and canals lowered the overall water temperature in the country, making the soil no longer hospitable to vineyards or orchards.⁵⁶

As previously mentioned, this project was much more about consolidation of power than agriculture to the Afghanistan government. This was even truer under the leadership of Mohammed Daoud, first cousin of still-reigning Zahir Shah, who was chosen to replace his uncle, Shah Mahmud Khan, as Prime Minister in 1953. Daoud was particularly focused on uniting the Pashtun people behind him. Despite him and Zahir Shah belonging to the Pashtun Musahiban family, many Pashtun groups rebelled against their control. Daoud saw this particular project as a way

50 Ibid.

51 Steven Otfinoski, *Nations in Transition: Afghanistan* (New York: Facts on File, 2004), 100.

52 Nick Cullather, "Damming Afghanistan: Modernization in a Buffer State," *The Journal of American History* 89, no. 2, History and September 11: A Special Issue (September 2002): 522.

53 Adam Curtis, *Bitter Lake* (BBC, 2015).

54 Cullather, "Damming Afghanistan," 523.

55 Ibid., 524.

56 Ibid., 527.

to unite the Pashtun community across the rural areas of the country. Daoud moved to settle Pashtun nomads on the new farmland formed through the damming project. The new roads that were built to transport equipment and the new towns built for the workers connected the Pashtun people more directly.⁵⁷ ⁵⁸ Daoud was less worried about minority tribes revolting than his own tribe finding the monarchy unfit to lead, so uniting the Pashtuns behind him was the surest way to guarantee the authority of the Zahir Shah government.⁵⁹ Daoud had blinders on, only focusing on securing his legitimacy to the Pashtuns while missing the warning signs that his country's land was dying.

Much of the effort to expand arable land in Afghanistan had the opposite effect of making the land inhospitable to most vegetation. A 1965 study showed crop yields were lower than before the dams were built, even in some areas that were previously a desert.⁶⁰ If the proper studies had been conducted and precautions taken, this could have been a transformative project, giving farmers more harvesting opportunities, building infrastructure to encourage new commerce, and creating sustainable energy sources. But due to the negligence of the project's execution, very few grains can still thrive in this environment today. The most lucrative of these grains is the opium poppy. The damming project that was meant to bring prosperity and development to a struggling country sowed the seeds for its opium economy continuing to this day.

The economic devastation caused by the mismanagement of the damming project brought the Afghan government closer to the USSR. The degradation of the soil caused by waterlogging and salinisation not only hurt the harvest, but the structural foundation of buildings on the soil.⁶¹ Instead of refocusing their resources on more fruitful efforts in the country, the United States threw more money into HAVA. The Cold War was a war of ideas to the US, and to acknowledge they failed in their development project would cede the ground to the USSR in their view. Support for this doomed project continued through the Kennedy and Johnson administrations, increasing the annual budget by tens of millions. Yet, continued mismanagement coupled with the El Niño drought of 1971 led to further agricultural devastation, marked by the Arghandab reservoir drying up entirely in 1971.⁶²

Afghanistan's Soviet Realignment

While the US was preoccupied with the reputation of the failing damming project for 20 years, the USSR was making its own attempt at courting the Afghans as part of Khrushchev's "economic offensive". Its approach focused on grand high-visibility projects that would give an impression of Soviet strength, and it proved quite effective. In 1955, it injected \$100 million into Afghanistan's economy, bringing in Soviet engineers to build airports, cement factories, and a super highway that stretched from the Soviet border to Kabul.⁶³ Compared to the failing dams in the rural areas of the country, the Soviets were winning the battle of prestige against the Americans in the eyes of the Afghans.⁶⁴

The Soviet economic aid plan was designed to do more than win the war of ideas against the US – it was designed to make the Afghans reliant upon their involvement. Over two decades, the Soviets gave \$1.265 billion in economic aid, more than double what the US had given.⁶⁵ They offered a

57 Curtis, *Bitter Lake*.

58 Cullather, "Damming Afghanistan," 522.

59 Ibid., 528.

60 Ibid., 532.

61 Ibid.

62 Ibid., 534.

63 Ibid., 530.

64 Goodson, *Afghanistan's Endless War*, 50.

65 M. Siddieq Noorzoy, "Long-Term Soviet Economic Interests and Policies in Afghanistan," in *Afghanistan: The Great Game Revisited*, edited by Rosanne Klass, (New York, NY: Freedom House, 1987), 76-77.

massive line of credit as well as interest free loans and the funding for infrastructure development like gas lines and the Salang Tunnel connecting Northern Afghanistan with the rest of the country, all the while sending Soviet advisors to help with the projects.⁶⁶ Soviet aid had allowed the Afghan government to drastically improve their infrastructure and modernise their cities. The people of Kabul and other burgeoning cities saw the vast improvements that the new infrastructure and commerce brought to their lives.⁶⁷ Refusing the Soviet aid as they became more entrenched in Afghan society would have been political suicide for the Zahir Shah government, and the Soviets knew it.

Part of the motive for the Afghan government's shift away from the West and towards the Soviet Union was the opium export business. Afghanistan was left out of the 1953 Opium Protocol which would allow it to be a licit opium producer. The West was at first sympathetic to Afghanistan's situation, as it was only excluded because it did not attend the conference establishing the protocol as they were preoccupied with transitioning the premiership from Shah Mahmud Khan to Mohammad Daoud.⁶⁸ However, the Iranians were not on board with Afghanistan becoming a licit producer, and the United States had to weigh its interests in both countries to decide which position to take.

In the 1950s, Iran had a dangerous dependency on opium, and were seeking to use the 1953 Opium Protocol to address the growing epidemic. Opium had been used medicinally in Iran for centuries. By 1931, legal smoking shops opened up, massively increasing the portion of the population that used it habitually. By the 1950s, the problem was so widespread that an estimated 2 million addicts consumed two tons a day.⁶⁹ There were 1,200 opium dens just in Tehran.⁷⁰ When the government became concerned about the growing addiction rates, they increasingly reduced production until halting all poppy cultivation in 1955. Addicts were granted a six-month period to cure themselves before all consumption and distribution of opium was made strictly illegal. This led many addicts to seek opium from surrounding countries, like Turkey, Afghanistan, and Pakistan, which increased smuggling from those countries into Iran. The heightened demand for opium raised the prices for opium in the Golden Crescent, incentivizing farmers and traffickers to increase their output.⁷¹ Iranian officials feared that allowing licit production in Afghanistan would increase smuggling efforts to Iran, and used their influence on the US to pressure them to block Afghanistan's inclusion. The Iranian Mission to the UN spoke on its opposition to Afghanistan's inclusion in the protocol at the United Nations Economic and Social Council's Commission on Narcotic Drugs in 1956, stating:

The recognition of another country as an opium-producer for export would not only add to the unnecessary production of opium, but it would also intensify illicit traffic in the world market, and in this special case, it would totally cripple effective enforcement of the law banning the cultivation of the opium poppy in Iran and make futile any efforts toward the treatment of opium addicts.⁷²

Given Afghanistan's historic lack of control on its illicit opium market, the Iranian government had legitimate reason to fear allowing licit production. This would likely increase funding for poppy farmers and inevitably lead to higher levels of smuggling into Iran, especially considering the known fact that this was already taking place. The Afghan government hoped to gain American approval by launching the Opium Act of 1956. This act had a more detailed policy than the opium

66 Goodson, *Afghanistan's Endless War*, 50-51.

67 Leon B. Poullada, "The Road to Crisis, 1919-1980," in *Afghanistan: The Great Game Revisited*, edited by Rosanne Klass, (New York, NY: Freedom House, 1987), 74-76.

68 James T. Bradford, *Poppies, Politics, and Power: Afghanistan and the Global History of Drugs and Diplomacy* (New York: Cornell University Press, 2019), 92-93.

69 Martin Booth, *Opium—A History* (London: St. Martin's Griffin, 2013), 253.

70 Bradford, *Poppies, Politics, and Power*, 94.

71 Booth, *Opium—A History*, 253.

72 United States Mission to the United Nations, *Iranian Views on Afghanistan's Request to Be Recognized as an Opium-Producing Country for Export*, Dispatch No. 1089, RG 170; NACP. (June 22, 1956).

prohibition in 1945 by including regular audits of farmers selling licit opium and requiring regular licence renewal.⁷³ The US was encouraged by the advances the Afghan government had made in controlling its opium production, but would not accept trade with Afghanistan until they were officially included in the Opium Protocol.

The Soviets had no such issues of trading with Afghanistan without their entry into the Opium Protocol. They saw this as another opportunity to set themselves apart from the Americans in being a reliable ally to the Afghan government. One such trade occurred on June 15, 1953, where the Soviets traded \$81,000 USD in sugar to Afghanistan for 5 tons of opium.⁷⁴ This trading relationship continued through the 1950s to ensure the Afghan government had access to necessary goods.

One of the largest factors in the Afghan government's Soviet realignment was the need for military aid. Afghanistan had repeatedly asked the United States for military aid, which the US denied for fear of alienating its ally Pakistan. When Afghanistan asked the USSR in 1956, the Soviets eagerly accepted, seeing the opportunity to make Afghanistan totally reliant upon their assistance. The Soviets completely overhauled the Afghan military, sending thousands of officers for training in the Soviet Union, bringing Soviet military advisors to Afghanistan, and supplying their military with billions of dollars in arms, tanks, helicopters, and anything else they needed.⁷⁵ By 1978, the Afghan military was essentially an extension of the Soviet military - with Soviet training, Soviet weapons, and Soviet ideologies. Many had more loyalty to the Soviets than their own government, a potential that was clearly lost on Daoud.

Daoud's Failed Gamble and the Soviet-backed Coup

Mohammad Daoud had manipulated the Soviets' and the Americans' ambitions of influence with Machiavellian finesse. He used Afghanistan's position as a strategic buffer to his advantage, getting the countries to both prop up his government and invest in Afghanistan with no intention of taking either side. He used his growing power to take over the country as president while Zahir Shah was in Italy in 1973.⁷⁶ The USSR welcomed the coup, given the favourable relations they developed with Afghanistan under Daoud's previous premiership. However, Daoud had no loyalty to either side during the Cold War. Soviet aid and involvement were both useful to his premiership, but now as president with a grand modernisation plan, he needed more funding and did not want to cede too much control to the Soviets. Daoud went to Iran for aid, returning home with \$2 billion from the Shah, a staunch US ally. Daoud further repositioned himself towards the US by starting a joint task force with the Drug Enforcement Agency (DEA) and a newly created Afghan anti-smuggling unit to crack down on illicit opium production.⁷⁷ The USSR was suspicious of Daoud's increased cooperation with Western powers and confronted him directly.

When Mohammad Daoud visited Moscow in April 1977, Brezhnev demanded that the Afghan government remove the Western advisors working on development projects in the northern provinces near the Soviet border. Daoud refused his request and angrily left the meeting.⁷⁸ After this incident, the Soviets became convinced that Daoud's government was conspiring with Iran and the United States. The USSR responded by brokering a pact between the Khalq and the Parcham, the two factions of the Afghan communist party, the People's Democratic Party of Afghanistan (PDPA), to join together to stage a coup.⁷⁹

73 Bradford, *Poppies, Politics, and Power*, 96-97.

74 United States Foreign Service, Foreign Service Dispatch No. 285, "Sale of Afghan Opium," June 15, 1953, RG 170; NACP. The Soviets traded sugar for five tons of Afghan opium, priced at \$17.90 per kilogram.

75 Goodson, *Afghanistan's Endless War*, 51.

76 *Ibid.*, 52.

77 Bradford, *Poppies, Politics, and Power*, 174.

78 Bruce Riedel, *What We Won: America's Secret War in Afghanistan, 1979-89* (Washington, D.C.: Brookings Institution Press, 2014), 15.

79 *Ibid.*, 16.

Daoud had overplayed his hand. He used Soviet and American interests to enrich his country and empower his regime and ended up souring both relationships. Worst of all, he underestimated his own people's ability to see he was manipulating them for his personal gain. When he initiated his own coup in 1973, he aligned himself with leftists, including the PDPA, who were frustrated with Zahir Shah's government. Once in power, he abandoned his leftist promises and alliances.⁸⁰ When Mir Akbar Khyber, a prominent leader of the Parcham faction of the PDPA, was assassinated, the PDPA blamed the Daoud government and held protest demonstrations in Kabul.⁸¹ Daoud attempted to quell the unrest by arresting the leaders of the PDPA factions, Nur Muhammad Taraki and Babrak Karmal, as well as Taraki's deputy, Hafizullah Amin.^{82 83} Before being taken into custody, Amin had his son reach out to allies in the military to execute a coup. The next day, the PDPA-aligned military, the same military that Daoud had sent to the Soviet Union for training 20 years prior, surrounded the presidential palace and killed Daoud in a shootout.⁸⁴ The PDPA would take over the country in what is now known as the Saur Revolution.

The New PDPA government was led by Taraki, with Karmal as his deputy prime minister and Amin as foreign minister. They issued rapid reform, bringing progressive changes like equality of the sexes, raising minimum age for marriage, and restricting dowries. These changes were unpopular in the religious rural communities. Even more unpopular was the land reform policy, which was poorly planned and implemented. The state seized private land for equal redistribution among farmers.⁸⁵ This sparked violence between plot owners and led to tribal conflict. Any opposition to the new laws or any signs of disloyalty meant immediate imprisonment.⁸⁶ Meanwhile, the Khalq and Parcham factions of the PDPA ended their short reunion, and the Parchamists were pushed out of power. This new government was losing popularity quickly, and the Soviets saw the signs of their implosion early.

The USSR welcomed the new government at first, seeing them as part of their communist global empire. The Soviets signed a treaty with Taraki in December 1978 and launched a slew of new development projects. By December of 1979, they had increased the number of Soviet advisors from 350 to over 3,000.⁸⁷ They also sent thousands of military officers to protect key bases. But these manoeuvres were motivated by more than showing support of an ally. The Soviets were worried that the PDPA was not handling their newfound power well and that they would fall apart.⁸⁸

The warning signs were all there. The PDPA lost control of several regions before the end of 1978, including Hazarajat, Badakhshan, Nuristan, and Kunar. They only controlled about half of the country, and the other half was organising uprisings against the government. Not only did they face protests from ethnic minorities like the Tajiks, but many Pashtun communities rebelled against the reforms.⁸⁹ Some of these Pashtun groups were part of a growing fundamentalist insurgent group that came to be known as the mujahidin. Tellingly, a riot in Herat in March 1979 ended in the military defecting to the side of the insurgents. Hundreds of Soviet soldiers died in the battle - it was a precursor for things to come a year later.⁹⁰

Taraki responded with a brutal show of force, bombing Herat and retaking the city, killing thousands in the process. The fallout was such a disaster that Hafizullah Amin took over as prime minister as a sign of accountability. The USSR was not happy with the change, as Amin was less

80 David B. Edwards, *Before Taliban: Genealogies of the Afghan Jihad* (Berkeley: University of California Press, 2002).

81 Riedel, *What We Won*, 17.

82 David B. Edwards, *Before Taliban: Genealogies of the Afghan Jihad* (Berkeley: University of California Press, 2002).

83 Riedel, *What We Won*, 17.

84 Edwards, *Before Taliban*

85 Riedel, *What We Won*, 17.

86 Curtis, *Bitter Lake*.

87 Riedel, *What We Won*, 18.

88 Curtis, *Bitter Lake*.

89 Goodson, *Afghanistan's Endless War*, 56.

90 Riedel, *What We Won*, 18.

inclined to work with them. They supported Taraki's plot to remove Amin from power, but Amin struck first and Taraki and his supporters were shut out of the government. Shortly thereafter, Amin had Taraki assassinated, and the Soviets were faced with an unmanageable government in Afghanistan.⁹¹ Amin showed himself to be a brutal tyrant in his own right, taking over 100 political prisoners up in a plane and throwing them out of the door to fall to their deaths.⁹² It was clear that he was unlikely to win over any sceptics in his country. On top of that, it was becoming more and more apparent that this government was losing the battle for control of the country against the insurgents. Tens of thousands of Afghan troops were abandoning their posts and joining the mujahidin.⁹³ The Soviets were not willing to have come so close to expanding their communist empire to lose it to mismanagement and infighting. They decided to step in.

The USSR made multiple covert attempts on Amin's life, hoping to install Karmal as his replacement.⁹⁴ Every attempt failed, and Amin moved his base of operations to the remote Darulaman Palace protected by his most loyal troops where the Soviets could not plan any clandestine assassination. The Soviets abandoned plans for a silent coup and took over by force. On Christmas Eve 1979, Soviet troops landed in Kabul, Bagram, Shindand, and Kandahar. On December 27, they attacked Darulaman Palace, killing Hafizullah Amin. By the start of the new year, the Soviets controlled all major bases of operations in Afghanistan and installed Karmal as president.⁹⁵ While the public was dissatisfied with Amin, a Soviet takeover of the country was an even worse scenario. The mujahidin were able to win over even more support, painting themselves as the defenders of the people and traditional values against an invading force. Thus, the Soviet-Afghan War began, bringing about a new disastrous era for the country with ramifications that are felt to this day. The most significant of which is the proliferation of the illicit opium trade, which has skyrocketed ever since this war.

The insurgents fighting against the PDPA were not unified under the mujahidin at first. Many of the early revolts were organic protests against the drastic changes that they felt were thrust upon them. Some of these revolts were led by local officials who were still loyal to the Musahiban family.⁹⁶ Some of the rebellions were led by disparate political groups, such as the Maoists, or ethnic groups who felt their interests were being marginalised, like the Nuristanis and Hazaras.⁹⁷ The mujahidin, which was predominantly an ethnically Pashtun group, did not find widespread backing in the early days, as the PDPA was run by mostly Pashtuns.⁹⁸ The mujahidin were initially made up of Afghan refugees who had fled to Pakistan since the mid-1970s. They were fundamentalist dissidents who opposed secular changes through several regimes and escaped over the border to avoid imprisonment. By the time of the Soviet invasion in 1979, there were over 400,000 Afghan refugees in Pakistan. Over the next two years, millions more fled over the border, and the mujahidin had a growing audience for their revolutionary rhetoric.⁹⁹ A large contingent of Afghans on the Pakistani border opposed to the Soviet-aligned government in Afghanistan was a gift to the American and Pakistani governments that they were already actively utilising.

The United States had been preoccupied with Afghanistan since the toppling of Daoud. Despite his early associations with the Soviets, the Americans knew he was as worried about Soviet intervention as they were and was amenable to self-interest more than ideology.¹⁰⁰ But when the

91 Ibid., 19.

92 Curtis, *Bitter Lake*.

93 Goodson, *Afghanistan's Endless War*, 57.

94 Curtis, *Bitter Lake*.

95 Goodson, *Afghanistan's Endless War*, 58.

96 Barnett R. Rubin, *The Fragmentation of Afghanistan: State Formation and Collapse in the International System*, (New Haven, CT: Yale University Press, 1995), 185.

97 Ibid., 185-186.

98 Ibid., 186.

99 Goodson, *Afghanistan's Endless War*, 60.

100 David Zierler, ed., "Foreign Relations of the United States, 1977-1980, Volume XII, Afghanistan" (United States Government Publishing Office, 2018), 6.

PDPA launched its coup and was openly calling for a communist government, the Americans grew concerned. Early assessments of the situation posited that a communist government would face strong opposition from fundamentalists. In a telegram to multiple US agencies, the US Ambassador to Afghanistan Theodore L. Eliot Jr. wrote, "The devout traditionalist majority of this society hardly seems ready to accept the leadership of what is, relatively speaking, a minuscule Communist elite. This reaction could also include those elements of the rebelling armed forces who thought they were fighting for broader nationalist and progressive goals."¹⁰¹ At this point they did not see cause to intervene, thinking the situation would work itself out. Ambassador Elliot grew concerned over the coming months that Afghanistan was aligning itself with the Soviet Union, despite repeated overtures of non-alliance. They had been accepting increasing economic support and a growing number of Soviet advisors were getting posted to Afghan military bases. He was also hearing concerns from surrounding states, like Pakistan, Saudi Arabia, and China, that they would be at risk under the domino theory of Soviet expansion.¹⁰² Many in the US government believed if they failed to act then they would cede Asia and the Middle East to the USSR. As the Deputy Director of CIA Frank C. Carlucci reported on January 26, 1979:

Afghanistan's importance lies in the destabilising effect its communist government could have on the region—particularly on Pakistan. Further afield, the Afghan situation is having an adverse psychological impact on many Third World countries. It tends to bolster the thesis that the Soviet way is the wave of the future, and that the US will make no effort to stem Soviet encroachments in the Middle East. Therefore, it is in the US interest to have the Taraki Government fall and be replaced by a non-communist regime.¹⁰³

The US was starting to consider intervening. On July 14, 1978, an evaluation was conducted of Afghan opposition groups.¹⁰⁴ This evaluation included intelligence from the Pakistani military that 2,000 Afghan tribesmen escaped over the Pakistan border after failed rebellions against the PDPA in June.¹⁰⁵ This was the first moment that the United States considered working with what came to be the mujahidin.

Pakistani President Muhammad Zia ul-Haq had his own concerns over the changes in Afghanistan. In a letter to President Carter on May 9, 1978, General Zia expressed his concern that the coup by the PDPA "may have been welcomed in New Delhi", mentioning the Indian alliance with the Soviet Union.¹⁰⁶ He also worried that the new government would seek to violate the Durand Line, citing the Khalq Party's manifesto which pledged to support a united Pashtunistan.¹⁰⁷ The new government presented the threat of being surrounded by Soviet-allied countries, threatening the very existence of Pakistan, in the mind of General Zia.

In an interview with the Saudi magazine *Ukaz* on March 11, 1979, he intimated that the Pakistani government was supportive of the "anti-communist, pro-Islamic dissidents."¹⁰⁸ He believed that with the right support, an opposition group could overtake the capital and establish a new government. Installing a friendly government that would give Pakistan a buffer to the Soviet Union would allow them to shore up troops and refocus on their conflict with India.¹⁰⁹ President Zia himself was a fundamentalist who proselytised the works of Maulana Maududi, the founder of Islamist party Jamaat-e-Islami.¹¹⁰ He saw kindred spirits among the mujahidin and welcomed the prospect of an Islamist government in Afghanistan.

101 Ibid., 20.

102 Ibid., 41.

103 Ibid., 85-88.

104 Ibid., 58.

105 Ibid., 59.

106 Ibid., 38.

107 Ibid., 39.

108 Ibid., 125.

109 Imtiaz Gul, *The Most Dangerous Place: Pakistan's Lawless Frontier* (New York: Penguin Group, 2011), 8.

110 Hussain Haqqani, *Pakistan: Between Mosque and Military*, (Washington, D.C.: Carnegie Endowment for International Peace, 2010).

However, President Zia would not engage in support of the mujahidin alone. In that same interview with *Ukaz*, he mentioned he was reluctant to support the mujahidin because the Soviets backing the PDPA may “burn Islamabad’s fingers.”¹¹¹ He worried that the Soviets would retaliate against Pakistan and they were not powerful enough to handle that threat on their own. He said Pakistan needed the backing of other countries to act. This was clearly a signal to the United States.

The US worried that they would lose their alliance with Pakistan if they failed to act. US-Pakistan relations were on the rocks for some time, given the US support of India in the Sino-Indian War in 1962, not aiding Pakistan in the conflicts against India in 1965 and 1971, and most recently the US position on non-proliferation, denying Pakistan the ability to pursue its nuclear ambitions.¹¹² US Ambassador to Pakistan Arthur W. Hummel Jr. worried that Pakistan would see the US as “an unreliable partner which has lost its zest for the struggle” and reasoned that they would believe “Pakistan must stop looking to the U.S... for reassurance, but rather must accommodate to the rise of Soviet and the decline of American influence in the world.”¹¹³

While the Americans were determined to find a way to remove the Taraki government, they worried about the repercussions any direct action would have on their fragile relationship with India, or how the Soviets would respond to overt action. Hummel recommended that the US must, “find a way of acting in this region which can serve to reassure our friends in Pakistan, Iran, and even India, while not unduly disturbing the new relationship we are attempting to foster with India, or challenging the Soviets frontally to our disadvantage perhaps, in other forums.”¹¹⁴ Direct action had troubling implications, but covert action in alliance with Pakistan would repair relations with them while shielding the United States from blame.

CIA Deputy Director Carlucci recommended the US engage in a variety of means aimed at helping the insurgency and destabilising the PDPA government, including arms supply.¹¹⁵ Over the coming months, exploratory talks began with Pakistan’s Inter-Services Intelligence (ISI) to lay out plans for aiding the mujahidin. These plans included airing radio broadcasts from Pakistan with anti-communist propaganda for Afghans to hear and providing training, weapons, and funding for the mujahidin.¹¹⁶ To avoid accusations of direct involvement, Carlucci recommended the US use a third party to fund arms purchases for the mujahidin, like the Pakistanis or the Saudis.¹¹⁷ The Saudi Government was open to an alliance with Pakistan and the US in aiding the mujahidin. They committed to providing their own funding and helping to funnel financial support to the insurgents as well.¹¹⁸

While the US, Pakistan, and Saudi Arabia were planning their involvement, the USSR had been steadily increasing troop presence in Afghanistan as it became clear that the PDPA were losing support. United States officials began questioning the likelihood that the mujahidin could take over Kabul with the Soviets present. However, US officials still saw it as prudent and necessary to intervene. In a Special Coordination Committee Meeting on April 6, 1979, between Vice President Mondale, Attorney General Griffin Bell, and representatives of the JCS, CIA, State, DoD, NSC, and NSA, Zbigniew Brzezinski, the President’s Assistant for National Security Affairs, noted, “It is in our national interest that this insurgency continue even if it does not succeed”. Director of Intelligence Admiral Stansfield Turner agreed: “I want to make the point that covert actions will not turn the tide, but they could help sustain insurgency there. Whether we are going to overturn the government or not should not be the main question.”¹¹⁹ Even if they did not see a path towards

111 Zierler, ed., “Foreign Relations of the United States,” 125.

112 *Ibid.*, 45.

113 *Ibid.*, 44.

114 *Ibid.*, 45.

115 *Ibid.*, 88-89.

116 *Ibid.*, 140.

117 *Ibid.*, 127.

118 *Ibid.*, 125.

119 *Ibid.*, 141.

victory, overwhelming and distracting the Soviets in Afghanistan had immense value to the Americans. They believed this would impede the Soviets' ability to engage in neighbouring Pakistan.¹²⁰ If the Soviets got too bogged down with propping up the Afghan government, they would have less opportunity to expand their empire, both from a financial and personnel standpoint.

In the bipolar worldview that took hold during the Cold War, every move in international politics was seen through the lens of Western or Soviet spheres of influence. Not only could the USSR gain support in the region if a communist government in Afghanistan was allowed to persist without opposition, but the US would look weak if they failed to act.

On April 6, 1979, the US entered into an arrangement with the military regime of Pakistan led by General Zia ul-Haq to provide financial and material aid to the mujahidin.¹²¹ They planned to fund necessities for the mujahidin, like food, clothing, and medical supplies, which the Pakistani government would arrange to give to mujahidin leaders based in Pakistan.¹²² They also informed the Saudi government of their covert support for the mujahidin and encouraged Saudis to do the same, which they had reportedly started doing unofficially.¹²³ After President Carter signed the Specific and General Findings on Afghanistan on July 3, 1979 which approved \$695,000 to support the insurgents, official covert operations began. They used a Pakistani liaison to distribute 50 medical kits to insurgent groups, funding for a Nuristani insurgent asset, and funding for a dissident Afghan leader with ties to the Peshawar insurgent leadership.¹²⁴ This system of utilising Pakistan as liaisons for US aid became the standard distribution method for the duration of the Soviet-Afghan War. Other regional allies were enlisted in distributing aid and weapons to the insurgents. Early in the engagement, the possibility of working with Egypt in disbursing weapons to the mujahidin was also explored. National Security Advisor Brzezinski discussed with Egyptian President Hosni Mubarak the possibility of selling Soviet arms to Pakistan who would hand them off to the mujahidin. Mubarak agreed, but Brzezinski did not yet have approval for lethal support.¹²⁵

When Taraki was assassinated by Amin-aligned operatives, the United States reviewed their support for the rebels. After conducting an analysis which showed that the mujahidin were still severely underfunded and anticipated an increase in pressure from the PDPA government under Amin, it was concluded that there was a need to step up support for the mujahidin. They especially wanted to show Saudi Arabia that they were committed to backing the rebels to ensure the Saudis saw the benefit of continued assistance themselves. They disbursed additional aid to Pakistan and Saudi Arabia and earmarked some of it for communications equipment and non-military supplies, as well as hard currency for whatever they needed.¹²⁶

When the Soviets removed Amin from power and established a puppet regime, the US massively increased covert operations to aid the mujahidin. In a memorandum from Brzezinski to President Carter on December 26, 1979, he alerted the president that the situation in Afghanistan was now a "regional crisis" and worried the Soviets would have unfettered access to the Indian Ocean. He recommended drastically increasing aid to the mujahidin, both in funds and arms.¹²⁷ Brzezinski believed the Soviets overextended themselves, and if they faced a well-equipped opposition, it would be "their Vietnam." Carter responded by launching the administration's first large-scale paramilitary support operation.¹²⁸

120 Ibid., 92.

121 Ibid., 152.

122 Ibid., 155-156.

123 Ibid., 157.

124 Ibid., 173.

125 Ibid., 198.

126 Ibid., 207.

127 Ibid., 267.

128 Bob Woodward, *Veil: The Secret Wars of the CIA 1981-1987* (New York: Simon & Schuster, 1987), 198.

The West got around directly arming the rebels by selling the arms to Saudi Arabia, which would sell it to Pakistan and then arm the insurgents based in Pakistan, who could then get it to factions over the Durand Line.¹²⁹ They also began indirectly training the mujahidin by training Pakistanis, in the use of the RPG-7 anti-tank weapon for example, and then the Pakistanis would pass on that knowledge to the mujahidin.¹³⁰

When the Regan administration took over from Carter, the covert operations in Afghanistan took centre stage in the fight against the Soviets. This was partially due to the trust they put in Director of the Central Intelligence Agency (CIA) Admiral Stansfield Turner, who pressed them at the outset that this was the most important covert action against the Soviets.¹³¹ It was also due to the way the Regan administration saw foreign policy, striking a clear narrative of good and evil. Over the course of the Regan administration, they would extol the virtues of the mujahidin as god-fearing freedom fighters who were trying to win back their country from the oppressive Soviet regime. Regan's Director of Intelligence Bill Casey believed this was likely the most important operation inherited from Carter.¹³² Casey was also a major reason the US relied on Pakistan extensively for covert operational support. As international terrorism expert Loretta Napoleoni put it, "Casey was... instrumental in turning Pakistan, a country governed by a corrupt and undemocratic oligarchy, into one of the war's key players and beneficiaries."¹³³

The ISI encouraged the mujahidin to raise funds through opium. Opium production bans in Turkey and Iran at the end of the 1970s made Afghanistan the only viable opium market in the region, so it was a highly profitable enterprise at the time.¹³⁴ While the US, Pakistan, and Saudi Arabia had been providing funds for insurgent operations, it was nowhere near enough to cover necessary expenses, especially with corrupt officials skimming off the top before the funds made their way to the intended recipients. The mujahidin had already begun to sell opium to help finance their operations, but with ISI complicity, they launched a production and smuggling operation the likes of which had not been seen before. It began with a taxation scheme. The ISI directed the mujahidin to tax poppy farmers on all territory they controlled.¹³⁵ In many areas, they pressured farmers who planted other crops to switch to opium poppies. In Helmand Province for example, mujahidin commander Mullah Mohammad Nasim Akhundzada threatened farmers who refused to plant poppies with castration or death.¹³⁶ Needless to say, the areas under mujahidin control rapidly embraced poppy farming. The mujahidin also set high production quotas, which farmers were encouraged to fill anyway to afford the new tax burden.¹³⁷ Opium production skyrocketed immediately, doubling from 1982-1983.¹³⁸ In less than two years, the Afghan economy was transformed from an agrarian one to one dependent on opium sales.¹³⁹

The ISI helped the mujahidin to open hundreds of heroin labs. They were aided by Iranian drug merchants who lost their business when the Ayatollah came into power and instituted draconian prohibition policies. They acted as advisors to poppy farmers to increase production and offered their expertise in refining opium into heroin. Within two years of this new financing policy, Afghanistan became the top producer of heroin in the world.¹⁴⁰ None of this would have been possible without the Afghanistan-Pakistan smuggling pipeline. To understand how that works, one needs to know the history of the Durand Line.

129 Zierler, ed., "Foreign Relations of the United States," 286.

130 Ibid., 287.

131 Woodward, *Veil: The Secret Wars of the CIA*, 215.

132 Ibid., 265.

133 Loretta Napoleoni, *Terror Incorporated: Tracing the Dollars behind the Terror Networks* (New York: Seven Stories Press, 2005), 81-82.

134 UNODC "Afghanistan – Major Supplier of Illicit Opium," 31.

135 Napoleoni, *Terror Incorporated*, 85.

136 Parenti, "Flower of War," 187.

137 Napoleoni, *Terror Incorporated*, 85.

138 Booth, *Opium—A History*, 289.

139 Napoleoni, *Terror Incorporated*, 85.

140 Ibid.

The Durand Line was created as part of the Durand Treaty of 1893, an agreement between the Amir of Afghanistan and Sir Mortimer Durand of Great Britain. After facing insurmountable resistance to its attempted annexation of Afghanistan, Britain agreed to Afghan autonomy of all territory west of the Durand Line while it would maintain the area east of the line as part of the British Raj.¹⁴¹ This area created a buffer zone between the British Empire and the Russian-influenced Afghanistan.¹⁴²

The period following WWI saw the birth of several revolutionary movements, many nationalist in nature. Indian nationalism grew at the same time as a pan-Islamic movement, which united in the fight to end the British Raj, but ultimately formed disparate movements that led to the eventual Partition of India into the Republic of India and the Islamic Republic of Pakistan in 1947. The region bordering the Durand Line on the side that became Pakistan was designated as the Federally Administered Tribal Areas (FATA). While officially part of Pakistan, this region is semi-autonomously run, due to the geographical and ethnic nature of the region.¹⁴³

After partition, the Durand Line separated two states with predominantly shared tribal and ethnic groups. Meanwhile, this era of burgeoning nationalism did not skip over the Pashtun people, and many disregarded the Durand Line as a legitimate border.¹⁴⁴ Despite the official delineation, there is little difference between the regions surrounding the Durand Line. The Pashtun ethnic group, the largest demographic in Afghanistan, spans both sides of the Durand Line, as does the Baloch people. The line intersects several individual tribal communities as well, making de facto delineation difficult to maintain.¹⁴⁵

Before the mujahidin ran the FATA, it was governed by the Frontier Crimes Regulation, which was established during the British colonial rule.¹⁴⁶ Given its distance from Kabul, rough terrain, and history of an independent culture, it was largely ignored by the British Raj and subsequently the Pakistani government. It was extremely underfunded, lacked basic infrastructure, and faced extreme poverty. Due to its lack of basic infrastructure, people had little access to potable water, insufficient medical care, and massive unemployment.¹⁴⁷ The people in the FATA had nothing to trade or offer to other communities. What they did have was access to the Afghan border.

Due to the porous nature of the Durand Line because of the terrain and tribal connections, it was fairly easy for the FATA residents to cross the border.¹⁴⁸ This created economic opportunity for residents to engage in smuggling. People would smuggle cars, weapons, and drugs across the border for sale on both sides of the line. Since it was ignored by the Pakistani government already, it became a haven for criminal gangs to set up operations, or for other criminals to escape apprehension by authorities.¹⁴⁹ This only led to increased illicit smuggling activity. This was largely allowed to continue because of Pakistani government corruption.

Under the rule of President Zia, the Pakistani government engaged heavily in the heroin trade.¹⁵⁰ When Pakistani government officials became aware of the illicit smuggling practices across the border, they saw the opportunity to profit off of the industry. Federal officials took bribes from smugglers and guaranteed safe passage to their destinations.¹⁵¹ President Zia's government fostered an ecosystem of government protection of heroin dealers, government officials profiting off of the heroin trade, and significant political influence of heroin syndicates in the government. Not only was government involvement in the heroin trade rampant under President Zia, but Pakistan

141 UNODC, *The Opium Economy*, 84.

142 Gul, *The Most Dangerous Place*, 1.

143 *Ibid.*, 44.

144 UNODC, *The Opium Economy*, 86.

145 *Ibid.*, 85.

146 Gul, *The Most Dangerous Place*, 1.

147 *Ibid.*, 44.

148 *Ibid.*, 1.

149 *Ibid.*, 2.

150 Booth, *Opium—A History*, 290.

151 Gul, *The Most Dangerous Place*, 2.

now had the highest heroin-addicted population in the world.¹⁵² Yet, the government looked the other way and did nothing to deal with the rising opiate crisis. Beyond monetary benefits, they saw the security benefit of staying on good terms with the tribes in the FATA engaging in opium smuggling. They were the first line of defence along the western border, and if they saw the government of Pakistan as a useful ally, they would be more likely to protect their border against any incursion.¹⁵³ The government of Pakistan fostered an ongoing nexus with criminal organisations in the interest of national security, but that security would only hold as long as those organisations don't foster a terrorist element that is opposed to Pakistani government rule.

When the mujahidin started seeking refuge in the FATA, it became a natural transition to engage in smuggling to fund their operations. The networks across the Durand Line already existed, and the Pakistani government already aided in the smuggling route. The ISI set up a network of couriers to transport weapons, ammunition, equipment, and cash across the Durand Line. The mujahidin would let the ISI know what supplies or weapons they needed, then the ISI would dictate to the US on what to purchase, which would be funded by both the US and Saudi governments.¹⁵⁴ The requested weapons and material support would be transferred to Pakistan, either by sea to the port of Karachi or by air to Islamabad. An ISI operative or a trusted courier would transit the materials through the smuggling pipeline route which ran from Karachi to Rawalpindi, usually to Ojhri camp where the ISI's Afghan unit headquarters was located, or to a base in Quetta.¹⁵⁵ From there the materials were taken to mujahidin posts along the border. They could cross the border through numerous methods: from car, truck, horse, mule, or even on foot.¹⁵⁶ For larger shipments, they would transport the weapons in trucks and drive to mujahidin depots along the border. The mujahidin would empty the truck of weapons and then fill it with opium poppies to get smuggled back across the border to heroin refining labs in Pakistan to then get sold on the global market.¹⁵⁷ This created a symbiosis, where the arms smuggling enabled the drug smuggling and vice versa. This smuggling network was incorporated into terrorist and criminal organisations over time to still function in some form to this day.

During the Cold War there was a short-term perception of political advantage in overthrowing a communist state which outweighed the threat of heroin proliferation through the region. Support was provided to warlords like Gulbuddin Hekmatyar, who used the opportunity to further his drug smuggling operations, as well as to supply his own men with armaments.¹⁵⁸ Inadvertently, the Afghan/Pakistani heroin market became the main source for American markets, covering 60% of all imports.¹⁵⁹ In a time when the US was engaging in a global war on drugs, no investigation from US narcotics authorities or DEA took place regarding Afghan opiates entering the market. Former CIA Director of Afghan operation Charles Cogan commented years later that the United States sacrificed the drug war to fight the Cold War.¹⁶⁰

Afghanistan's relationship with opium is much older than many know, and as it became more prominent, multiple Afghan administrations grappled with ways to tame this growing industry. Efforts to regulate it failed as the country struggled to control regions that had little connection to Kabul and a border that existed almost in name only. Through foreign interventions, the land was decimated to the point where the only crop of value that could thrive in Afghanistan is the opium poppy. The opium industry would evolve into a global market the likes of which the world has never seen. By the time the Soviets disengaged from Afghanistan in 1989, it was too late to put the genie back into the bottle. In the ten years since the war began, opium production in Af-

152 Booth, *Opium—A History*, 290.

153 Gul, *The Most Dangerous Place*, 2.

154 Napoleoni, *Terror Incorporated*, 82.

155 Rubin, *The Fragmentation of Afghanistan*, 197.

156 Napoleoni, *Terror Incorporated*, 82.

157 Rubin, *The Fragmentation of Afghanistan*, 197.

158 Booth, *Opium—A History*, 289.

159 Napoleoni, *Terror Incorporated*, 85.

160 *Ibid.*, 88.

ghanistan rose by about 1,000 metric tons and accounted for over a third of all opium produced in the world.¹⁶¹ As it expands, this market has continued to fund criminal and terrorist elements around the world.

161 UNODC "Afghanistan - Major Supplier of Illicit Opium," 32-33.

Chapter Two

The Puppet Masters and the Trafficking Pipeline

The USSR's economic decline in the late 1980s coupled with the growing Soviet-American rapprochement fostered significant pressure in the country to end its engagement in Afghanistan. This brought about a gradual withdrawal of troops from Afghanistan over several months, completing on February 15, 1989.¹⁶² Unfortunately, this did not lead to an end of conflict. The PDPA government, now led by Mohammad Najibullah, was not willing to cede control to the mujahidin. While they withdrew combat troops, the Soviets still supplied much needed supplies and funds to the struggling government. The mujahidin were also too divided to take advantage of the military weaknesses of the Najibullah regime.¹⁶³ A few weeks after the Soviets completed their withdrawal, the mujahidin commander Gulbuddin Hekmatyar, whom the West had supported via Pakistan, tricked a Tajik faction of the mujahidin into alliance negotiations, only to then torture and slaughter the entire delegation.¹⁶⁴ Within a few months of the Soviet defeat, the mujahidin had devolved into embattled warlords fighting over territory armed with Western-provided weaponry.¹⁶⁵

Texas Congressman Charlie Wilson worked to keep the aid flowing, despite the clear signs that the mujahidin were not the 'freedom fighters' he believed them to be. Wilson had taken on the plight of the mujahidin as a career-defining project; he was a major factor in the CIA's initial decision to provide covert funding. Two years after the Soviets withdrew their troops, Wilson was still pulling for more aid, and as a member of the House Appropriations Subcommittee on Defense, he was in a position to greatly influence that allocation. He got Congress to give \$250 million in arms and aid to the mujahidin, and with Saudi Arabia promising to match it for a total of \$500 million, it was supposed to be enough to give the mujahidin the upper hand to finally take out the Najibullah government. The plan failed, with the mujahidin again devolving into factionalism and infighting.¹⁶⁶ This did not deter Wilson and his supporters, however.¹⁶⁷ As Wilson continued to push for more funding, members of Congress heard increasing reports of the criminality and brutality of the mujahidin. Reports came in that they hijacked aid trucks, burned down a women's health clinic, and murdered countless civilians in their attempt to 'liberate' cities.¹⁶⁸ John Murtha, chairman of the Defense Appropriations subcommittee, was alarmed at reports that the mujahidin were trafficking drugs.¹⁶⁹ As a result of these increasing concerns, the US Senate Intelligence Committee rejected requests for continued funding of covert operations in Afghanistan on September 30, 1991. This was until Wilson caught wind of it. After a rousing speech to the House Intelligence Committee, he got them to approve an additional \$200 million, as well as a supply of arms acquired during the Gulf War.¹⁷⁰ Even Murtha voted in favour of the bill, placing his allegiance to Wilson over his concerns about the drug trafficking.¹⁷¹

The 1992 aid packages of the US and Saudi Arabia enabled the mujahidin to at last conquer Kabul in April. Celebrations by the West were premature, and as quickly as the mujahidin came together to take Kabul, they unravelled again, creating further schisms in the mujahidin.¹⁷² Initially, the mujahidin attempted to form an Islamic government with all factions represented. Mujahidin commander Ahmad Dostam Massoud became Defence Minister and Afghan National Liberation Front founder Sibghatullah Mojaddedi became the President, with the intention of rotating positions

162 Larry P. Goodson, *Afghanistan's Endless War State Failure, Regional Politics, and the Rise of the Taliban* (Seattle, WA: University of Washington Press, 2001), 69.

163 *Ibid.*, 70.

164 George Crile, *Charlie Wilson's War: The Extraordinary Story of the Largest Covert Operation in History* (New York, NY: Atlantic Monthly Press, 2003), 543.

165 *Ibid.*, 1224.

166 *Ibid.*, 1227.

167 *Ibid.*, 1228.

168 *Ibid.*, 1229-1230.

169 *Ibid.*, 1238.

170 Jon E. Lewis, *The Mammoth Book of Covert Ops: True Stories of Covert Military Operations, from the Bay of Pigs to the Death of Osama Bin Laden* (London, UK: Robinson, 2014), 301-303.

171 Crile, *Charlie Wilson's War*, 1238.

172 Lewis, *The Mammoth Book of Covert Ops*, 304.

between all mujahidin factions.¹⁷³ This plan was supported by every faction except Hezb-i-Islami, led by Gulbuddin Hekmatyar. Hezb-i-Islami began their onslaught on Kabul the very hour that Mojaddedi took office.¹⁷⁴ Within two months, Mojadeddi handed over the presidency to Jamiat-i Islami leader Burhanuddin Rabbani.¹⁷⁵ Other factions soon engaged in their own brawls, such as between the Shia Hizb-i Wahdat and Saudi-backed Ittihad-i Islami. Several ministers refused to hand over their posts at the agreed rotation schedule, including President Rabbani, and factions receded to their respective ethnic groups vying for the upper hand.¹⁷⁶

During this era of authority constantly changing hands, the only consistent power was opium. Poppy harvesting saw a massive increase in the 1990s, jumping by 38% from 1993 to 1994 alone. From 1992 to 1995, Afghanistan's opium business rivalled Burma's as the largest in the world, producing 2,200-2,400 metric tons a year.¹⁷⁷ After the Soviets left Afghanistan, many refugees in neighbouring states returned. Poppy farming was an easy way for refugees to make a sustainable living quickly, since the former mujahidin needed to rely more heavily on narcotics smuggling after international aid dried up.¹⁷⁸

Opium revenue was of vital importance to every faction to fund their militia and build up local infrastructure to sustain their control. When warlord Mullah Nasim Akhunzada became the ruler of the Helmand Valley, he built on its foundation of opium cultivation and taxed the profits to pay for the weapons needed to fight Hekmatyar's forces. He also used the revenue to build schools and roads in the dilapidated valley to win local support. In 1990, the US paid Akhunzada financial compensation of around \$2 million in aid on the condition he stop poppy cultivation, to which he agreed.¹⁷⁹ However, this moratorium was short-lived, as regional control continued to rapidly shift hands.

Enter the Taliban

By 1995, the Afghan capital was razed to the ground, with 40% of all housing destroyed, and countless monuments demolished. After the dust settled, the faction that rose to the top with the backing of the ISI was the Taliban.¹⁸⁰ The Taliban, named for its members being former students of Saudi-funded Wahhabi madrassas in Afghanistan and Pakistan, rose to prominence in October 1994. Many were Afghan refugees who had been living in FATA and included many former mujahidin members. Led by mostly unknown religious scholars, they offered disheartened Afghans a group to unite behind to end the infighting. They gained popularity in the southwest, and soon grew their support in central and eastern Afghanistan. They were able to end warlord and drug lord power struggles by paying them to leave or surrender control. By the end of 1995, they controlled half the country and were aiming to take over Kabul. Hekmatyar grew concerned when he saw his usual ally, Pakistan, begin to back the Taliban. To ward off the Taliban takeover, Hekmatyar joined in an alliance with Rabbani, but it was too late.¹⁸¹ Hekmatyar's forces were handily defeated by the Taliban and he fled to Iran, where he lived in exile until 2002. Most of Hekmatyar's Hizb-e-Islami defected from their group and joined the ranks of the Taliban, which had a similar goal of establishing an Islamic state.¹⁸² The Taliban took Kabul in September 1996.¹⁸³

173 David B. Edwards, *Before Taliban: Genealogies of the Afghan Jihad* (Berkeley, CA: University of California Press, 2002).

174 Edward A. Gargan, "Rebels' Leader Arrives in Kabul and Forms an Islamic Republic," *The New York Times* (New York, NY), Apr. 29, 1992.

175 Goodson, *Afghanistan's Endless War*, 73.

176 Edwards, *Before Taliban*.

177 Ahmed Rashid, *Taliban: Militant Islam, Oil and Fundamentalism in Central Asia* (New Haven and London, UK: Yale University Press, 2001), 119.

178 Martin Booth, *Opium—A History* (London, UK: St. Martin's Griffin, 2013), 310.

179 James T. Bradford, *Poppies, Politics and Power – Afghanistan and the Global History of Drugs and Diplomacy* (Ithaca, NY: Cornell University Press, 2019), 209.

180 Lewis, *The Mammoth Book of Covert Ops*, 304.

181 Goodson, *Afghanistan's Endless War*, 77-78.

182 Mujib Mashal, "Hekmatyar's Never-Ending Afghan War: How One Former Anti-Soviet Ally of the US, Who Refused to Meet Reagan, Continues His War Three Decades Later," *Al Jazeera*, Jan. 28, 2012.

183 Goodson, *Afghanistan's Endless War*, 77-78.

The Taliban's policies on opium production shifted as quickly as Kabul's leadership had. When the Taliban captured Kandahar in 1994, they made a public announcement that they would ban all drug production and distribution. This ban did not last very long, as they realised the extent to which the farmers in Kandahar relied on it for survival. Holding a tenuous control over the public, the Taliban feared backlash if they held to the poppy ban. Head of the Taliban's anti-drug control force Abdul Rashid explained, "We let people cultivate poppies because farmers get good prices. We cannot push the people to grow wheat as there would be an uprising against the Taliban if we forced them to stop poppy cultivation. So we grow opium and get our wheat from Pakistan."¹⁸⁴

They also saw the crop as an opportunity to raise revenue. They began taxing farmers in the form of *zakat*, charitable alms under Islamic law. These donations were in the form of a 20% opium tax on farmers which would go directly to the Taliban. On top of that, many local commanders and provincial governors imposed an additional tax to build their enterprise, turning themselves into drug lords. The Taliban brought in at least \$20 million USD in *zakat* alone excluding additional taxes.¹⁸⁵

The Taliban continued to dominate the opium market through the mid-nineties. By 1996, Kandahar alone produced 120 metric tons of opium from 3,160 hectares (7,800 acres) of poppy fields, dwarfing their previous year's haul of 79 metric tons from 2,460 hectares (6,080 acres). The next year, after seeing a massive influx of Pashtun refugees return from Pakistan as the Taliban expanded their territory north of Kabul, opium production levels increased by 25% to 2,800 metric tons.¹⁸⁶ In 1997, an estimated 96% of all Afghan heroin came from the Taliban.¹⁸⁷

The Taliban's expansion efforts led to a growth of the drug pipeline that had been established by the mujahidin 15 years earlier. Couriers moved the opium from Helmand out to Pakistan, in Baluchistan or the Makran coast; to Iran, in the west or Tehran; to eastern Turkey; and over to Central Asia through Turkmenistan. Their operations became so advanced that they were able to start flying opium over to the Gulf in cargo planes in 1997.¹⁸⁸ This widespread expansion was made possible by the machinations of the ISI who turned its covert operations outward at the end of the Soviet-Afghan War.

The ISI seized the opportunity of the crumbling Soviet Union to create its own sphere of influence. With a robust arms pipeline in place and a slew of loyal jihadists, the ISI launched numerous covert operations through the former Soviet republics. Pakistan had acquired an arsenal from years of skimming off of the mujahidin arms pipeline.¹⁸⁹ The ISI spawned three arms pipelines: one through India; one through the Balkans; and one through Central Asia – all supplying weapons for jihadist groups. As they had done before, the ISI created a symbiotic pipeline that used the same smugglers and pathways to transit weapons and the narcotics to pay for those weapons.¹⁹⁰ The Central Asian pipeline supplied the fledgling jihadist groups that were the ideological offspring of the mujahidin.

When the former Soviet republics were granted their independence, they couldn't prevent getting dragged down with the fallen empire. The panicked Russian Federation cancelled all loans to its former satellites and severely underpaid for imports. Lacking the infrastructure to operate independently and without any trade relations outside the Soviet sphere, Central Asian states fell into economic catastrophe. As inflation rose and supplies dwindled, the public began to protest. Echoing the repressive tactics of their Soviet predecessors, the Central Asian governments vio-

184 Rashid, *Taliban*, 118.

185 *Ibid.*, 118-119.

186 *Ibid.*, 119.

187 *Ibid.*, 119-120.

188 *Ibid.*, 120.

189 Loretta Napoleoni, *Terror Incorporated: Tracing the Dollars behind the Terror Networks* (New York, NY: Seven Stories Press, 2005), 89.

190 Napoleoni, *Terror Incorporated*, 90.

lently cracked down on protesters. This rapidly escalating situation gave rise to multiple extremist militant movements. The ISI was eager to help them further their cause by setting up their arms/drugs pipeline.¹⁹¹

This was made even easier by the numerous existing connections between Central Asians already living in Pakistan and Afghanistan. The Soviet conquest of Central Asia led hundreds of thousands of Central Asians from various ethnic groups and tribes to seek refuge in Afghanistan since the 1920s.¹⁹² This created communal links to Central Asia that would enable opium traffickers to form what became known as the northern route, where opium cultivated in Afghanistan travels through Central Asia to Russia or Turkey and then the global market.¹⁹³

The narcotics trade was extremely prosperous for traffickers in Central Asia. In 2000, a kilo of raw opium worth \$50 USD in Afghanistan would be worth \$10,000 USD in Russia, and they were the perfect waypoint between the two. The geographic nature and political landscape of the region provided numerous opportunities for smuggling. The civil war in Tajikistan in the 1990s created vulnerabilities in its border with Afghanistan that terrorist groups took advantage of. Even when some routes were cut off, they were easily circumvented and new routes were created. When Kyrgyzstan cut off a major smuggling route in 1999 that spanned from Khorog, on the Tajikistan border of Afghanistan, to Osh, Kyrgyzstan, the smuggling output actually increased, indicating smugglers found easy alternatives.¹⁹⁴

The ISI sought to further its influence in Central Asia by radicalising and providing training for new recruits to the extremist groups. In a press conference on July 11, 2002, Kazakhstan's deputy head of the Almaty Department of the National Security Committee spoke about how a fundamentalist Pakistani religious organisation, Tablighi Jamaat, enticed young men in Kazakhstan to go to Pakistan for a four-month course learning "pure Islam."¹⁹⁵ While there, multiple extremist group recruiters, including from Harkat-ul-Mujahideen, the Taliban, and Al-Qaeda, attempted to radicalise the Kazakhs and offer them military training.¹⁹⁶ Many of them brought that training back to their home to join local extremist groups or form their own. Tablighi Jamaat has long had strong ties to the Pakistani ISI, including Lieutenant-General Javed Nasir, who served as the Director-General of the ISI from 1992-1993. He considered himself someone "who symbolizes Tablighi Jamaat's most prominent member with international fame and reputation of the most scrupulously honest individual."¹⁹⁷

The Central Asia Dynamic

Beyond the help of the ISI, militant groups in Central Asia received financial support from Turkey, Saudi Arabia, and several Gulf states. They all hoped to replace the vacuum in power left by the Soviet Union.¹⁹⁸ The vast support of extremist groups in Central Asia led to the rise of the most extreme of them, the Islamic Movement of Uzbekistan (IMU) in 1998, which started with the goal to overthrow the secular government of Uzbekistan but evolved into a terror group with global aspirations. The IMU were backed by the Taliban early on, with the Taliban leader Mullah Omar

191 Ibid.

192 Goodson, *Afghanistan's Endless War*, 44.

193 UNODC (United Nations Office on Drugs and Crime), "Afghan Opiate Trafficking Along the Northern Route," Vienna, Austria: UNODC, June 2018.

194 Glen E. Curtis, "Involvement of Russian Organized Crime Syndicates, Criminal Elements in the Russian Military, and Regional Terrorist Groups in Narcotics Trafficking in Central Asia, the Caucasus, and Chechnya," Federal Research Division, Library of Congress, October 2002, 9-10.

195 "Pakistani Islamists Active in Kazakhstan?," Jul. 12, 2002, discussed on *Radio Free Europe/Radio Liberty Newslines*, <https://www.rferl.org/a/1142714.html>.

196 Fred Burton and Scott Stewart, "Tablighi Jamaat: An Indirect Line to Terrorism," *Stratfor Worldview*, Jan. 23, 2008, <https://worldview.stratfor.com/article/tablighi-jamaat-indirect-line-terrorism>.

197 Ardeshir Cowasjee, "Three Stars," *Dawn*, Jan. 12, 2003, <https://www.dawn.com/news/1072680>.

198 Napoleoni, *Terror Incorporated*, 90.

giving them \$50,000 USD in 1999.¹⁹⁹ They soon won the backing of Al-Qaeda, receiving \$35 million USD from 2000 to 2001, including \$20 million USD directly from Osama bin Laden.²⁰⁰ The rest of their funds came from narcotics trafficking.

Central Asian countries produced licit opium for the Soviet Union for decades, but trade was contained within the USSR. Soviet authorities would regulate poppy field production fiercely between 1986 and 1991, executing several eradication efforts and arresting anyone who tried to engage in a black market. After the dissolution of the Soviet Union, poppy farmers took advantage of the chaos by engaging in the illicit market of Afghanistan through the Russian Federation.²⁰¹ The IMU turned this smuggling effort into a trafficking empire.

The founder of the IMU, Juma Namangani, engaged in opium trafficking as a member of the Islamic Renaissance Party of Tajikistan during the Tajik civil war before forming the IMU. He used his connections with militants in Tajikistan, Kyrgyzstan and Uzbekistan to grow his business, eventually controlling 70% of the opium trade routed through Kyrgyzstan.²⁰² At this point, a majority of the opium cultivated was smuggled through Central Asia.²⁰³ It also became the main region for smuggling in chemical precursors used for heroin refining in Afghanistan and Pakistan.²⁰⁴ As its empire grew, the IMU eventually opened its own heroin refineries in Tajikistan and Kyrgyzstan.²⁰⁵ Smugglers in Central Asia sent their products out to Turkish and Iranian dealers who then sent it out to the world.²⁰⁶ By 1999, Kyrgyzstan's narcotics exports had even surpassed those of Burma, one of the leading producers in the world.²⁰⁷ The opium trade in Central Asia vastly expanded the Afghan drug pipeline, enabling much further reach to Russia and Europe. This was facilitated by their connections with Chechen guerrilla fighters, who were also heavily involved in narcotics trafficking. Much like in the early days of Central Asian militancy, the Chechens were significantly enabled by the ISI.

In 1996, a conference was held in Mogadishu, Somalia to discuss the new frontiers for jihadist struggle: Chechnya and Kashmir. The conference was attended by the ISI, along with Iranian intelligence, Al-Qaeda, and multiple representatives of extremist groups who all had an interest in expanding the jihadist movement. One of the more infamous of the attendees was Osama bin Laden, eager to be part of the next jihadist struggle. The ISI pledged to provide arms and ammunition for the fighters they were planning on sending to the new battlefields that they had helped create.

A major roadblock to Pakistani hegemony in Asia was the Northern Alliance. Backed by Russia, the Northern Alliance consisted of a group of warlords united in their opposition to Taliban control of Afghanistan. One of the warlords who received significant support from the Russians, Ahmed Shah Massoud, controlled a region bordering Turkmenistan, Uzbekistan, and Tajikistan, limiting Pakistan's access to those countries. The ISI reasoned that if it was able to distract Russia with a conflict elsewhere, that could drain its resources to weaken its support for Massoud and enable the Taliban to get the upper hand, granting Pakistan access to all borders of Afghanistan. The ISI saw the conflict in Chechnya as the perfect distraction for Russia.²⁰⁸

The ISI began its covert operation by grooming Chechen field commander Shamil Basayev in 1994. The Pakistani organisation trained and indoctrinated him and his troops at Amir Muawia camp in

199 Ibid., 91.

200 Curtis, "Russian Organized Crime Syndicates," 11.

201 Booth, *Opium—A History*, 317.

202 Curtis, "Russian Organized Crime Syndicates," 13-14.

203 Ibid., 9.

204 Aparajita Biswas, "Small Arms and Drug Trafficking in the Indian Ocean Region" (working paper, Centre for African Studies, University of Mumbai, Mumbai), 22.

205 Curtis, "Russian Organized Crime Syndicates," 9.

206 Biswas, "Small Arms and Drug Trafficking," 22.

207 Curtis, "Russian Organized Crime Syndicates," 9.

208 Napoleoni, *Terror Incorporated*, 94.

Khost province, Afghanistan. This was one of the camps set up by the ISI to train the mujahidin in the 1980s and was infamously run by Gulbuddin Hekmatyar. It arranged for the Chechen group to then transit to Pakistan for further training. In addition to training Chechens in Afghanistan and Pakistan, the ISI sent mujahidin veterans to Chechnya. One of those trainers was Khattab, who was part of Osama bin Laden's inner circle and involved in his funding network. This is likely what led to bin Laden providing \$25 mil. USD to the group.²⁰⁹

In addition to funding from Pakistan and Saudi Arabia, the Chechens funded their operations through arms and narcotics trafficking.²¹⁰ Chechen traffickers took advantage of the instability many Caucus countries were undergoing, like Armenia, Azerbaijan, and Georgia, through starting a massive narcotics and arms trafficking operation. Georgia, in particular, provided access to Turkey and from there the West, leading Chechen militants to establish a large presence there, growing to a billion-dollar industry by 2002. This Georgian safety hub for jihadists became strategically important to Pakistan and the Taliban, who hid operatives in the Chechen enclave of the Pankisi Gorge. According to Russian officials, one of those given refuge for a time was Osama bin Laden.²¹¹ As the ISI had planned, the escalating conflict between Russia and the Chechen militants reduced Russian support for the Northern Alliance, and allowed the Taliban to contain the force.²¹²

The narcotics pipeline further expanded to include the Balkans, which already had existing vulnerabilities to the illicit market. In the former Yugoslavia, poppies were a government regulated crop, and therefore there were plenty of opium farmers who would risk trading in the illicit market for a huge payout. The same was true of North Macedonia, which had licit opium production from the 1920s to the 1930s.²¹³ There was a huge potential market in this region for smugglers to take advantage of.

The success of the Chechen insurgent movement created a ripple effect through the Balkans, giving rise to insurgent groups in Albania and Kosovo. The mujahidin movement snowballed, bringing fighters that had travelled to Chechnya to join the Balkan struggle, taking Chechen fighters along with them. They brought their narcotics trafficking businesses with them, expanding the smuggling route to Bulgaria, Greece, Kosovo, Albania, and former Yugoslavia. This formed a complex relationship of trading arms and narcotics between insurgent groups, Islamist groups, and organised crime syndicates. A growing nexus started to form, with the Chechen insurgents working with the Albanian mafia and the Kosovo Liberation Army (KLA). The smuggling path created by these militants was soon to be known as the Balkan route, and became a major narcotics trafficking route. The Balkan route expansion was a turning point in the funding of terrorist organisations. As the jihadist empire expanded, they relied less on state sponsorship and international donations. The KLA eventually became major narcotics money launderers, and the trafficking business became much more sophisticated.²¹⁴ The first domino in that terrible trajectory was the ISI's covert actions in Chechnya, leading to a global trafficking route today that has little chance of subsiding.

The other jihadist campaign planned at the conference in Mogadishu was in Indian-administered Jammu and Kashmir, where Pakistan had a long history of covert action. In the lead up to the Indo-Pakistani War of 1965, Pakistan launched Operation Gibraltar, where it secretly installed 5,000 armed militants into the Kashmir Valley to incite a rebellion against Indian control. This covert operation was the strategic precursor to the ISI's modus operandi of arming and training insurgent movements in the 1980s.²¹⁵

209 Ibid., 94-95.

210 Ibid., 95.

211 Curtis, "Russian Organized Crime Syndicates," 3-5.

212 Napoleoni, *Terror Incorporated*, 96.

213 Booth, *Opium—A History*, 319.

214 Napoleoni, *Terror Incorporated*, 96.

215 Navnita Chadha Behera, *Demystifying Kashmir* (Washington, D.C.: Brookings Institution Press, 2006), 77.

As it had done with Russia, Pakistan sought to distract India with an internal conflict to gain the upper hand. The ISI believed if it brought the fight to India, then India would have less ability to attack Pakistan directly.²¹⁶ Pakistan also feared the potential for Kashmiris to win independence from India and seek to form their own state apart from Pakistan. The Jammu and Kashmir Liberation Front (JKLF) in particular advocated for independence and to join the divided parts of Kashmir, which would strip Pakistan of portions of Kashmir and the Northern Areas. To ensure the secession movement occurred on its terms, Pakistan inserted itself into the rebellion's operations.

Pakistan steered the rebellion through Operation Gibraltar, where it would distribute arms only to factions seeking Pakistani sovereignty of Jammu and Kashmir and sideline the independence factions.²¹⁷ It increased its control over the conflict in 1989 when the ISI funded the creation of Hizbul Mujahideen (HM), the militant arm of the Islamist political party Jamaat-e-Islami. HM reportedly received more funds from the ISI than did any other organisation at the time.²¹⁸ Beyond funding HM, the ISI brought HM fighters to Pakistan to receive training in 1985.²¹⁹ The ISI augmented the rebellion in the early 1990s by sending in former mujahidin from Jalalabad, led by Gulbuddin Hekmatyar.²²⁰ In addition to funds and troops, the ISI massively stepped up its arms smuggling pipeline to Jammu and Kashmir. This is indicated by reports of progressive weapons confiscations from Indian border control. In 1987, before the extension of the arms pipeline, Indian border guards confiscated 125 guns. In 1997, some years after the pipeline initiated, they hauled in almost 17,000 in just rifles.²²¹

As in the other theatres of covert action, the ISI facilitated funding arms for militants through narcotics trafficking. Pakistani Prime Minister Nawaz Sharif admitted as much in 1994, recounting how Pakistan's Chief of Staff for the Army, General Afzal Beg, and the Director General of the ISI asked him for permission to fund this covert operation through heroin trafficking.²²² Not only did the ISI use heroin proceeds abroad to fund its actions in Jammu and Kashmir, but it used the arms pipeline that had just expanded to the region to smuggle narcotics through India and surrounding states. India had recently experienced a surge in heroin trafficking in the 1980s as a result of the Iran-Iraq War leading smugglers to seek alternative transit routes to Turkey. This spawned a number of Indian narcotics syndicates to arise. This coupled with the robust transportation infrastructure in the country, vulnerable coastline and weak export regulations, created the prime conditions for a major expansion of the narcotics pipeline from Afghanistan.²²³ As evidence of this, Indian border guards recovered 19,450 kg in narcotics from the Kashmir border from 1997 to 1998. Trafficking wasn't isolated to just Jammu and Kashmir. Drugs were also confiscated in Rajasthan and Gujarat, indicating the pipeline spread throughout India.²²⁴

The Haqqani Network

While the ISI used its covert proxies for influence abroad, it had key stakes in the power structures forming in Afghanistan and Pakistan. The most significant of these is its relationship with the Haqqani network. The network is the product of a wealthy family that owned land on both sides of the Afghanistan/Pakistan border, from Loya Paktia in Pakistan to North Waziristan in Afghanistan,

216 Behera, *Demystifying Kashmir*, 81.

217 *Ibid.*, 82.

218 Canada: Immigration and Refugee Board of Canada, "Pakistan: Update to ZZZ32353.E of 5 August 1999 and PAK33645 of 27 January 2000 on the Kashmiri Group Called Hizbul-Mujahideen (Hezbul-Mujahideen or Hezb-e-Mujahideen) (HM) and Its Connections with the Inter Services Intelligence (ISI)," May 21, 2003, <https://www.refworld.org/docid/3f7d4df01c.html>.

219 Vahid Brown and Don Rassler, *Fountainhead of Jihad: The Haqqani Nexus, 1973-2012* (Oxford, UK: Oxford University Press, 2013), 93.

220 Behera, *Demystifying Kashmir*, 82.

221 Napoleoni, *Terror Incorporated*, 93.

222 *Ibid.*,

223 James D. Medler, "Afghan Heroin: Terrain, Tradition, and Turmoil," *Orbis* 49, no. 2 (Spring 2005): 286.

224 Biswas, "Small Arms and Drug Trafficking," 22-24.

and had been profiting off of smuggling since before World War II.^{225 226} The Haqqani network, led by Jalaluddin Haqqani, took its name from the Deobandi²²⁷ madrassa, Dar al-'Ulum Haqqaniyya, based outside of Peshawar, that taught Islamist ideology through the prism of Pashtun identity.²²⁸ This school was known for its strong relationships with two Islamist political parties in Pakistan – Jamiat Ulema-e-Islam (JUI) and Jamaat-I Islami (JI) with many of its graduates becoming members of Pakistan's National Assembly, a connection that the Haqqani network would capitalise on time and again. Two of the school's alumni, Yunis Khalis and Muhammad Nabi Muhammadi, each formed a Punjab mujahidin party, Hizb-i Islami Khalis (HIK) and Harakat-i Inqilab-i Islami respectively, during the Soviet-Afghan War. Jalaluddin Haqqani was a senior commander in the HIK. These two groups joined together with member of JUI to form a network of likeminded militants and politicians who would spread Islamist ideology through the highland tribal regions of Afghanistan and Pakistan. Many future leaders of the Taliban would come out of this group's formation.²²⁹

While this network shared many of the ideologies of the transnational jihadist movements spawning across the region, they differed in political goals. The transnational jihadist movement that arose from Afghanistan sought the creation of a global caliphate that would unite under a central Islamist authority, while the Haqqani network sought to protect the traditional tribal political system in which the Pashtun people had autonomy. This difference explains the behaviour of the Haqqani network to this day, which is very independent and focused on improving its own brand, while being open to collaboration with other extremist groups.²³⁰

Jalaluddin became the successor of this unofficial network, folding it into his own mujahidin group that had already been active since Mohammed Daoud's coup in 1973. He soon opened up a number of madrassas set up in the vein of his own education at the Deobandi school. Under General Zia's government, Jalaluddin's madrassas experienced a huge influx of funding as a result of the Zakat Ordinance which introduced an annual tax to all Pakistanis which would be allocated towards all madrassas in the state. Jalaluddin used these funds to grow his madrassa network to 80 different schools. From these schools Jalaluddin would grow his army of loyal militants to his syndicate.²³¹ The network further grew its numbers by recruiting foreign fighters, the first group to openly and consistently welcome foreign fighters into its ranks.²³² The success of this move paved the way for the foreign terrorist fighter movement that spurred the global jihadist cause forward.

During the Soviet Afghan War, the Haqqani network formed several alliances with jihadist groups, political parties, and criminal organisations in the pursuit of driving out the Soviet Union from Afghanistan. The network used its location straddling the Durand line to its advantage, leading many groups involved in the anti-Soviet movement to want to work with the Haqqanis.²³³ In 1980, the network furthered its control over the movement by building a series of training facilities for the mujahidin. In 1981 the network built a massive training complex in the Zhawara Valley where it not only trained its own recruits, but several mujahidin groups. The network expanded the base over the decade, building a hospital, a machine workshop, and even a hotel for visitors. Most significantly, the base became a major weapons depot for the mujahidin movement. These efforts made the Haqqani network the centre for mujahidin action against the Soviets, and made it an essential ally to the ISI.²³⁴

225 Steve Coll, *Directorate S: The C.I.A. and America's Secret Wars in Afghanistan and Pakistan* (New York, NY: Penguin Press, 2018), 151.

226 Brown and Rassler, *Fountainhead of Jihad*, 22.

227 *Ibid.*, 38.

228 *Ibid.*

229 *Ibid.*, 38-40.

230 *Ibid.*, 41.

231 *Ibid.*, 42-54.

232 *Ibid.*, 60.

233 *Ibid.*, 55.

234 *Ibid.*, 67.

The ISI saw the potential to exert significant influence through the Haqqani network, and increasingly expanded its collaboration with the outfit throughout the conflict. The Zhawara base presented an ideal location for storing weapons and supplies as well as operational planning for the mujahidin. The ISI invested in the base early on, hiring contractors to expand the base and fortify the infrastructure.²³⁵ Osama bin Laden was also a notorious patron of the base and was heavily involved in its operations.²³⁶ He personally imported mining equipment to build the tunnels that held the weapons caches.²³⁷ During the height of the conflict, the ISI was shuttling 12,000 tons of supplies per year through the network's North Waziristan territory, and 60% of the total weapons and supplies cache were held in the Zhawara base and a second Haqqani base in Jaji, Paktia.^{238 239} The Haqqani network became so essential to Pakistan's war effort that the ISI committed to use its own resources to defend the base if it was attacked.²⁴⁰

As the Haqqani network's profile rose, it established a strong relationship with Charlie Wilson, who called Jalaluddin "goodness personified."²⁴¹ Always pragmatic, the Haqqani network tried to win over some additional trust by protecting the reopening of a State Department-run school for Afghan refugee girls in Peshawar after it was attacked and shut down.²⁴² The Haqqani network additionally gained a close relationship with Saudi Arabia at this time. The network was an early example of a powerful non-state actor that had relative sovereignty over its operations and wielded significant socio-political influence. This was a harbinger of an era of non-state dominance in the region.²⁴³

The ISI not only used the Haqqani network as its own proxy, but worked with the network to bolster its other proxy armies. As mentioned earlier, the ISI set up training camps for HM fighters in Pakistan to bring those skills to the battlefield in Jammu and Kashmir. The Haqqani network provided all necessary resources for those training. While HM rose out of the political party JI, the competing political party JUI did not want to potentially lose out on influencing a future Jammu and Kashmir under Pakistan. JUI started its own madrasa network with multiple militant training grounds. They too were provided resources by the Haqqani network.

While the Haqqani network has been a strong ally of the ISI through the years, it has always been a stridently independent organisation. When the ISI and the Taliban experience periods of conflict, the network straddles between its alliances with both. The network swore allegiance to Mullah Omar and the Taliban, yet its members followed their own rules. For example, the network did not share the Taliban's belief that music or female education was *haram*, or religiously forbidden, and approved of coeducational schools on its territory.²⁴⁴ While it has maintained its alliance and business relationship with the ISI, the Haqqani network does not always agree to working with the ISI. However, the Haqqani network has been a key element to much of the covert action conducted by the ISI and enabled the organisation to engage with many non-state actors while maintaining plausible deniability. One of the most significant of these is Al-Qaeda, of which the Haqqani network has a direct role in its birth.

In what became known as the Battle of Zhawara in 1986, the Soviets along with the Afghan army attacked the Haqqani network's Zhawara base. The ISI and Pakistani military rushed in immediately to help to defend the base, alongside Arab fighters whom Haqqani had called for assistance. Many of these Arab fighters were part of Maktab al-Khidamat (MAK), the group started by Abdul-

235 Ibid., 68.

236 Coll, *Directorate S*, 151-152.

237 Brown and Rassler, *Fountainhead of Jihad*, 68.

238 Coll, *Directorate S*, 151-152.

239 Brown and Rassler, *Fountainhead of Jihad*, 67.

240 Ibid., 68.

241 Crile, *Charlie Wilson's War*, 1129.

242 Mashal, "Hekmatyar's Never-Ending Afghan War."

243 Brown and Rassler, *Fountainhead of Jihad*, 68-69.

244 Coll, *Directorate S*, 152.

lah Azzam and Osama bin Laden consisting of Arab foreign fighters who travelled to Pakistan for training to join the mujahidin. For many of the MAK members, the Battle of Zhawara was their first real combat experience, and gave the group a sense of rejuvenation that brought scores of new recruits. Bin Laden saw the benefits of aligning closely with the network, while Haqqani appreciated the zeal and assistance of the Arab recruits. They extended their partnership, with Jalaluddin giving bin Laden three caves in the Zhawara fortress to store his own group's supplies. He followed this action the following year with breaking ground in his new base along the pipeline leading from the Zhawara base. This new base coordinated supplies with the Zhawara base and brought its new recruits to the Zhawara base for preliminary training. This base was called *Ma'sadat al-Ansar*, the Lion's Den of the Supporters, but was more often known by its informal name: *al-qa'ida al-'askariyya*, the military base, and eventually shortened to Al-Qaeda.²⁴⁵

The ISI was creating numerous proxy armies abroad to expand its sphere of influence. The Haqqani network in particular gave the ISI access to thousands of fighters and a robust infrastructure for training and arming them. This access extended to Al-Qaeda, which was starting to become the most influential extremist group in the world through which the ISI saw further potential for covert action. The Haqqani network and the wider Taliban additionally propelled the ISI's smuggling capabilities to new heights. The ISI expanded the reach of the smuggling pipeline to Central Asia, the Balkans, and South Asia, effectively creating the northern, Balkan, and southern routes for narcotics trafficking that has been the lifeblood of drug syndicates for decades. Whether intentional or not, it sprouted multiple branches of the arms and narcotics pipeline that empowered non-state actors across the globe. As the jihadist organisations became self-sustaining, Pakistan enriched itself in the process.

During the Soviet invasion of Afghanistan, Pakistan had become the leading producer of heroin, supplying 70% of the world's output annually.²⁴⁶ By 1989, heroin became Pakistan's most profitable export, netting \$2 billion annually.²⁴⁷ Over the course of the conflict, the Pakistani government had become fully entrenched in the heroin industry. Numerous cases of government, military, and intelligence officials engaging in the drug pipeline indicate a robust heroin syndicate existed within the government. A US Congressional report in 1986 revealed the extent of the corruption, showing some of the highest-ranking government officials were heavily involved in heroin trafficking. In the North-West Frontier Province (NWFP), the area now known as Khyber Pakhtunkwa, the mujahidin were given safe passage to transport weapons and drugs into and out of the province by its governor, General Fazle Haq. There were between 100 and 200 heroin refineries in the Khyber District alone by 1988.²⁴⁸ In 1983, all ISI operatives based in Quetta were dismissed because they were discovered to have been engaging in drug trafficking and selling the US-purchased weapons intended for the mujahidin. Three years later, both Major Zahooruddin Afridi and Flight Lieutenant Khalilur Rehman were caught on separate occasions transporting narcotics through the pipeline from Peshawar to Karachi with 220 kg of heroin each. They both were jailed in Karachi until they conveniently escaped without a trace. Many drug lords were members of the National Assembly or had politicians in their pocket to allow their operations to continue unfettered. By the time of General Zia's death in 1988, the opium economy was well entrenched in the government.²⁴⁹

245 Brown and Rassler, *Fountainhead of Jihad*, 71-75.

246 Rashid, *Taliban*, 120.

247 Booth, *Opium—A History*, 290.

248 Ikramul Haq, "Pak-Afghan Drug Trade in Historical Perspective," *Asian Survey* 36, no. 10 (Oct. 1996): 954-956.

249 Rashid, *Taliban*, 121.

Bhutto's Mission

This all threatened to change when Benazir Bhutto became Prime Minister in December 1988. The daughter of former Prime Minister Zulfikar Ali Bhutto who was hanged by General Zia in 1979, Benazir became a deft politician while spending years in the US and UK in exile. She formed strategic relationships with influential figures in American think tanks and media outlets, eventually gaining the ear of the Reagan administration. As the successor of her father's position as leader of the Pakistani People's Party (PPP), she aimed to convince the Reagan administration that Pakistan would be a more reliable ally with her in charge.²⁵⁰ As the Americans were sceptical of her given her father's socialist background, she made several pledges to gain the Americans' trust. She vowed not to pursue nuclear ambitions, something her predecessor General Zia refused to do. She also pledged to continue support for the mujahidin.²⁵¹ Most importantly, she presented the potential for a pro-American democracy to form in Pakistan that was strongly against the Soviets, which won her strong support in the West and sealed her victory in the elections. Having won a plurality but not a majority, she was finally approved to form a government after the Americans paid a critical visit to Pakistani President Ishaq Khan professing their support for Bhutto.²⁵²

After her inauguration, the military, ISI, and Khan continued their business as if she was simply a figurehead. In the first days of her administration, they froze Bhutto out of the decision-making process entirely. This continued until she threatened Khan with going public that he ordered officials to exclude her.²⁵³ This initiated a struggle for power between the military establishment and Bhutto. Under the Zia years, the power of the ISI and military were greatly expanded to oversee foreign affairs, specifically the situations in Afghanistan, India and Kashmir. The opposition PPP had been critical of the government's involvement in the narcotics industry, but had no power to change anything. Not only did parliament have little authority over the ISI's actions, but Zia eventually dissolved parliament entirely when he thought the PPP would threaten the power they had accumulated. Once Zia died, three men rose to the top of the Pakistani power structure: the head of the ISI, Lieutenant General Hamid Gul, General Aslam Beg, and the new acting President, Ghulam Ishaq Khan, who was the chairman of the Senate before Zia's death. They ran the show, and they wanted to keep it that way.

Bhutto's mission as Prime Minister was to launch an all-out war on drugs, calling it the "number one national issue" in her first press conference as Prime Minister. She began by instating a new ministry to fight the harvesting and distribution of narcotics.²⁵⁴ In defiance of the political establishment in the ISI, she attempted to take on the syndicate operatives in her government. She targeted all state representatives who had ties to the narcotics syndicate to hold them accountable to their corruption while under the Zia government. She swiftly dismissed two top ISI administrators who were involved in the syndicate and created a new ministry to take on traffickers. She followed that with calling for the arrest of General Fazle Haq, the corrupt NWFP governor.

She was met with fierce opposition within the Pakistani establishment and law enforcement. General Zia's son spoke with reporters at Pakistani magazine *Newsline*, calling out the PPP for having close relations with drug trafficker Haji Mirza Mohammed Iqbal Baig (henceforth referred to as Mirza Iqbal Baig).²⁵⁵ Bhutto believed she needed to make some concessions to win some conservative support. With this in mind, she succumbed to pressure to support the election of Ishaq Khan for President. This move proved to be the downfall of her premiership.²⁵⁶

250 Elisabeth Bumiller, "How Bhutto Won Washington," *The New York Times* (New York, NY), Dec. 30, 2007, <https://www.nytimes.com/2007/12/30/weekinreview/30bumiller.html>.

251 Mark Fineman, "Drug Trade Is 'No. 1 Issue' Bhutto Declares," *The Los Angeles Times* (Los Angeles, CA), Dec. 4, 1988, <https://www.latimes.com/archives/la-xpm-1988-12-04-mn-1480-story.html>.

252 Bumiller, "How Bhutto Won Washington."

253 Brooke Allen, *Benazir Bhutto: Favored Daughter*, Icons Series (New York, NY: Amazon/New Harvest), 29-30.

254 Richard M. Weintraub, "Bhutto Says Drug Fight Is Top Priority," *The Washington Post* (Washington, D.C.), Dec. 4, 1988, <https://www.washingtonpost.com/archive/politics/1988/12/04/bhutto-says-drug-fight-is-top-priority/48028d11-ecd9-4a0d-b007-ff47709e9505/>.

255 Haq, "Pak-Afghan Drug Trade," 960.

256 Allen, *Benazir Bhutto*, 31.

In addition to political roadblocks, the Bhutto government faced tremendous public opposition to its war on drugs. Part of her new policy involved introducing programs to shift farmers from harvesting opium and towards alternative crops.²⁵⁷ By this point, the Pakistani people and the Pakistani economy was heavily reliant on opium. At least 1.5 million Pakistanis were heavily addicted to heroin. Most importantly, in a country ravaged by endless conflict, opportunities for livelihood were few and far between. Many poor rural Pakistanis took work as drug mules, smuggling large heroin shipments through maritime ports via the Suez Canal to Turkey, Cyprus, or other Mediterranean countries on behalf of international narcotics organisations.²⁵⁸

Poppy farming was incredibly attractive to people trying to rebuild their lives after being displaced through one of the many conflicts in the preceding decade. Poppy farming netted over ten times as much revenue as the next leading crops of fruit, vegetables, or tobacco.²⁵⁹ In the early 90s the illicit market in Pakistan accounted for 30-50% of the total economy.²⁶⁰ Even though the Pakistani government now attempted to eradicate the opium trade, the industry was too heavily entrenched to stop.

Most heroin refineries were located in the poppy-rich NWFP. The Pakistani government had little hold over the NWFP, where local tribal leaders ruled semi-autonomously.²⁶¹ NWFP residents had been economically dependent on opium profits over the years for survival. They saw the government's war on drugs as a threat to their livelihood, and tribal militias armed with heavy weaponry fended off any attempts by law enforcement to crack down on production.²⁶² When the central government attempted to circumvent direct eradication efforts by bribing tribal leaders to stop opium processing, narcotics dealers would outbid them.²⁶³ The vigorous tribal protection of opium farming also made any local government attempt at eradication politically risky. Even if Pakistan stopped all production, the Bhutto government had little control over production in Afghanistan, which would inevitably bleed into Pakistan for refining and distribution. Bhutto's central government was facing roadblocks on all sides.²⁶⁴

In addition to attempts to attack the credibility of the Bhutto government, compromised members of the National Assembly had been paid Rs 194 million to call for a no-confidence motion to try to remove Bhutto at the end of 1989. Bhutto publicly condemned the action, stating that "drug money was being used to destabilise her government."²⁶⁵ An FIA investigation in 2018 revealed that 140 million rupees were deposited into 15 bank accounts belonging to numerous politicians and journalists, including Nawaz Sharif. The investigation confirmed those funds were sent by the Chief of Army Staff, General Mirza Aslam Beg and the Director General of the ISI, Lieutenant General Asad Durrani at the behest of President Khan.²⁶⁶

Meanwhile, the ISI had been gathering intelligence on Bhutto to undermine and discredit her from the moment she had taken office. The organisation secretly bugged her office and her home to gather damning evidence against her. Through this, the ISI uncovered corruption by her husband, Asif Ali Zardari, who had been taking kickbacks from government contractors and syphoning money from defence contracts, earning him the nickname "Mr. Ten Percent" and landing him in jail.²⁶⁷ President Khan acted on this intelligence revelation believing he had enough evidence to

257 Weintraub, "Bhutto Says."

258 Booth, *Opium—A History*, 310-311.

259 Ibid.

260 Rashid, *Taliban*, 121.

261 Booth, *Opium—A History*, 310-311.

262 Haq, "Pak-Afghan Drug Trade," 961.

263 Booth, *Opium—A History*, 311.

264 Haq, "Pak-Afghan Drug Trade," 961.

265 Ibid.

266 Mariam Mufti, "Who Rigs Polls in Pakistan and How?," *Herald* (Karachi, PK), Jul. 7, 2018, <https://herald.dawn.com/news/1398566/who-rigs-polls-in-pakistan-and-how>.

267 Allen, *Benazir Bhutto*, 32.

remove her from office. On August 7, 1990, he dismissed Bhutto under the Eighth Amendment of the Pakistani constitution on charges of corruption, nepotism, and despotism.²⁶⁸

Criticisms of Bhutto's nepotism were not without merit. She appointed numerous family members to high-level government positions, including her mother as senior minister and her father-in-law as chairman of the Parliamentary Public Accounts Committee. She also made multiple autocratic moves, like appointing herself as the treasury minister and changing the state's appointment policies to allow her to unilaterally pick senior civil service appointments.²⁶⁹

There were also questionable connections between Bhutto's PPP and the narcotics industry. In addition to the party's connection with Mirza Iqbal Baig, a number of people believed to be involved in the narcotics industry held seats in the PPP, including Minister of Tribal Affairs Malik Waris Khan Afridi.²⁷⁰ There were even reports that her husband sold drugs to western buyers from their residence.²⁷¹ It is unclear whether Bhutto's anti-narcotics agenda was authentic or an excuse for a power grab over the ISI, but regardless, it seems she overplayed her hand and underestimated the extent to which the ISI truly controlled the country. With Bhutto out of the picture, Khan declared a state of emergency and installed an interim government under Ghulam Mustafa Jatoi until elections could be held. On October 24, 1990, the conservative coalition, Islami Jamhori Ittehad (IJI), won handily and its leader Nawaz Sharif became Pakistan's next prime minister.²⁷²

While Nawaz Sharif may initially have had reservations of engaging in narcotics trafficking, he was quickly pressured into acquiescence by the ISI. As referenced earlier, Nawaz confirmed the ISI's involvement in narcotics trafficking in a report in the *Washington Post* on September 12, 1994, which quoted Sharif explaining, "Drug deals were to pay for covert operations."²⁷³ General Aslam Beg and General Asad Durrani, who helped fund Sharif's campaign with drug money, came to him just three months after his election, telling him they did not have the necessary funds to support the covert actions in Jammu and Kashmir, and created a blueprint for a large-scale heroin trafficking operation for Nawaz's approval. Sharif contends that he did not grant approval for such action, and ordered Beg to not engage in drug trafficking to fund their covert operations. Sharif reportedly assumed the ISI complied with his wishes, and maintained that he was unaware of any engagement in trafficking after his denial.²⁷⁴

While Sharif remained steadfast through his career that he had no involvement with the narcotics trade, his party was knee-deep in collusion with that very industry. Haji Ayub Afridi was a powerful figure in Sharif's IJI who won a seat in the National Assembly in 1990.²⁷⁵ Before getting into politics, Afridi was a powerful smuggler, starting with gold and eventually participating in the mujahidin's drug pipeline. He was instrumental in bringing opium through the Khyber Pass for refining in Pakistan.²⁷⁶ A 1992 US report revealed that several members of the IJI received funds from Mirza Iqbal Baig (the same drug dealer that had previous associations with the PPP) including Prime Minister Sharif and President Khan. This report further claimed the main funding source for the IJI party was drug money and that Nawaz used it personally to bribe members of the military to support him.²⁷⁷ It seems clear that throughout the 1980s and 1990s in Pakistan, no political party's

268 Ibid.

269 Allen, *Benazir Bhutto*, 30.

270 Alfred W. McCoy, "The Stimulus of Prohibition: A Critical History of the Global Narcotics Trade," in *Dangerous Harvest: Drug Plants and the Transformation of Indigenous Landscapes*, ed. Michael K Steinberg, Joseph J. Hobbs, and Kent Mathewson (Oxford, UK: Oxford University Press, 2004), 63.

271 Amir Zada Asad and Robert Harris, *The Politics and Economics of Drug Production on the Pakistan-Afghanistan Border* (Oxfordshire, UK: Routledge, 2019).

272 Allen, *Benazir Bhutto*, 32.

273 John W. Anderson and Kamran Khan, "Pakistan's Involvement in Narco-Terrorism" (congressional record extension of remarks, Oct. 3, 1994), https://fas.org/irp/congress/1994_cr/h941003-terror-pak.htm.

274 Anderson and Khan, "Pakistan's Involvement."

275 McCoy, "The Stimulus of Prohibition," 63.

276 Richard McGill Murphy, "The Rise and Fall of a Drug Lord," *Forbes* (Arlington, VA), Oct. 16, 1997, https://www.forbes.com/1997/10/16/feat_side1.html#1d42bb483372.

277 Asad and Harris, *Drug Production*.

hands were clean in the growing narcotics nexus. With the Cold War in the rear-view mirror, the West could no longer excuse away the threats posed by this nexus.

It took a while for the West to alter their policy on Pakistan, even with the numerous warning signs that their one-time allies in the ISI and by extension the mujahidin were turning on them. Many of these signs were not new, as figures like Gulbuddin Hekmatyar had been openly hostile towards the West since the Soviet-Afghan War, notoriously refusing to meet with President Reagan when he visited Afghanistan in 1985. Despite having received millions from the West to aid his mujahidin cause, Hekmatyar publicly denied ever receiving aid from Western nations. For a majority of the mujahidin, their alliance with the US was an 'enemy of my enemy' situation. Many had overt anti-Western sentiments.²⁷⁸ These sentiments flourished as the US changed gears from the Soviet threat to the Gulf War.

The United States saw its one-time allies in the mujahidin aligning with Saddam Hussein of Iraq. Both Hekmatyar and Abdul Rasul Sayyaf, who had both worked directly with Charlie Wilson, took the side of Saddam Hussein on his invasion of Kuwait in 1990.²⁷⁹ This was an early sign of the shifting attitudes within Pakistan towards the United States. The fundamentalist leaders that previously coordinated with the US in Pakistan and Afghanistan were spreading extreme ideologies that viewed the US as aggressors against the Muslim world.²⁸⁰ Wahid Muzhda, a former mujahid with connections to the leadership in Peshawar, reflected, "In those days, anti-American feelings were definitely in fashion in Pakistan. There was Abdullah Azam, Osama bin Laden and others. There were anti-US publications being circulated."²⁸¹ It became increasingly obvious that the mujahidin 'freedom fighters' that the Reagan administration lauded in the 1980s were starting to view the United States in the same way that they used to see the Soviets. They were no longer reliable allies, and in fact evolved into America's worst enemies over the next two decades.

On top of the shifting attitudes towards the mujahidin, the 'war on drugs' in America escalated under the George H. W. Bush administration, and with the Cold War over, journalists focused their attention on the growing opioid epidemic and its causes. The United States government needed to dramatically shift its approach to Pakistan's narcotics industry to gain some credibility in its war on drugs. Around the mid 1990s, the United States directly addressed the threat posed by narcotics trafficking in Afghanistan and Pakistan. In the State Department's 1994 International Narcotics Strategy Report, it read:

There is no indication that the regime in Kabul has taken any action to suppress opium cultivation and heroin refining... We are concerned about opium poppy cultivation in areas controlled by mujaheddin commanders. We fear... that once hostilities end, refugees will turn to poppy cultivation during the period of economic disruption as they seek to rebuild a livelihood interrupted by 10 years of war.²⁸²

The trafficking operations that had long posed a threat to the West finally became a concern. Soon, the United States began to put pressure on the Pakistani government to address the drug trade problem in the country. During this time, Pakistan underwent several political shake-ups, with a power struggle forming between Sharif and Khan, leading Khan to oust Sharif, giving Bhutto another shot at the premiership in 1993.²⁸³ In Bhutto's second term, she was careful not to make the same mistake that ended her first term. Bhutto gave the ISI near free-rein to engage

278 Mashal, "Hekmatyar's Never-Ending Afghan War."

279 Crile, *Charlie Wilson's War*, 1228.

280 Haq, "Pak-Afghan Drug Trade," 962.

281 Mashal, "Hekmatyar's Never-Ending Afghan War."

282 Haq, "Pak-Afghan Drug Trade," 953.

283 Tim McGirk, "Pakistan's President Sacks 'Corrupt' PM: Ghulam Ishaq Khan Dissolves Parliament and Troops Take over State Broadcasting, Preventing Nawaz Sharif from Rallying Support," *The Independent*, Apr. 19, 1993, <https://www.independent.co.uk/news/world/pakistans-president-sacks-corrupt-pm-ghulam-ishaq-khan-dissolves-parliament-and-troops-take-over-1456150.html>.

in criminal endeavours, looking the other way while it aided the growing Taliban in Afghanistan. As the United States began to grow concerned over the threat posed by the terror group, Bhutto falsely pledged the Pakistani government had no involvement in aiding them. She later acknowledged her complicity in an interview in 2002, saying, "Once I gave the go-ahead that they should get the money, I don't know how much money they were ultimately given... I know it was a lot. It was just *carte blanche*."²⁸⁴

While careful to not impede the Taliban, Bhutto now had to deal with the sudden interest of the United States on trafficking in her country. In 1994, US drug czar Lee P. Brown warned Bhutto with losing her country's loans from the World Bank and International Monetary Fund if it could not get a handle on the opium epidemic.²⁸⁵ The US allocated \$100 million to the Pakistani government to combat narcotics trafficking over the decade. To satisfy the West, Pakistan massively reduced poppy cultivation, using American aid to fund programmes like crop substitution which was administered with some success in the NWFP, at least in the short term. However, while Bhutto helped reduce cultivation in Pakistan, heroin refining in the country continued unabated.²⁸⁶

Bhutto threw the US a bone once in a while to keep them off her back. In 1995, she arrested and extradited to the US two notorious drug dealers: Mohammed Anwar Khatkhat and Mirza Iqbal Baig. The latter of course had been a thorn in Bhutto's side for some time, having tainted her party's image and later funded the campaign of her adversary, Nawaz Sharif. She gladly turned him over to the United States to attain some diplomatic support in her quest to get funding from the country, which recently banned all aid to Pakistan when it became aware of its nuclear programme.²⁸⁷

When the Taliban took control of Afghanistan in 1996, they reignited the heroin industry to a level unseen before. While they focused production solely in Afghanistan, Pakistan was integral to smuggling Afghan heroin abroad. Like their previous incarnation of the mujahidin, the Taliban utilised the same pipeline and couriers for arms trafficking as for narcotics trafficking, and to great success. While the Clinton administration called out the lack of a Pakistani effort to crack down on the narcotics trafficking, it did little else. The administration viewed a good relationship with Pakistan as in its national security interest, and did not want to sour diplomatic relations entirely. As Pakistan's involvement in the heroin industry grew, so too did its public's addiction to the drug. In 1992, three million Pakistanis were addicted to opiates. This grew to five million by 1999. This only exacerbated ongoing internal issues, like corruption, unemployment, and violent extremism.²⁸⁸

Bhutto's second tenure as Prime Minister was cut short after her brother and political adversary Murtaza Bhutto was brutally murdered by a group of police officers. While it is uncertain that Bhutto was involved, it was widely believed in the country that she and her husband were complicit in the murder. The new president Farooq Leghari dismissed Bhutto and held elections, bringing Sharif back for his second term. Sharif continued the policy of supporting the Taliban, even publicly recognizing its government after it took power in 1996, which put the country at odds with the United States for the first time.²⁸⁹

Sharif, who previously had solid relations with the military establishment, soon found himself to be in the same boat as his predecessor when he overstepped his authority. Attempting to stop a repeat of his ousting from his last term, he moved to nullify the Eighth Amendment and pushed the Thirteenth Amendment to the Constitution of Pakistan, which stripped the power of

284 Rosie DiManno, "Bhutto Helped Create Taliban Monster," *The Toronto Star*, Jan. 2, 2008, https://www.thestar.com/news/gta/2008/01/02/bhutto_helped_create_taliban_monster.html.

285 John-Thor Dahlburg, "Pakistan Extradites Drug Suspects to U.S.: Crime: Turning over Alleged Kingpins Is Latest Move by Islamabad That Pleases American Officials," *The Los Angeles Times* (Los Angeles, CA), Apr. 4, 1995, <https://www.latimes.com/archives/la-xpm-1995-04-04-mn-50864-story.html>.

286 Rashid, *Taliban*, 122.

287 Dahlburg, "Pakistan Extradites Drug Suspects."

288 Rashid, *Taliban*, 122.

289 Allen, *Benazir Bhutto*, 34-36.

the president to dismiss the prime minister and appoint the head of the armed services and gave the authority of military appointments to the prime minister.²⁹⁰ This was a threat to the military, which had significant control over the office of the president. The military's frustration reached a tipping point after General Karamat, Chairman of the Joint Chiefs of Staff and a highly respected and apolitical officer, was called to resign by Sharif. General Karamat had spoken at the Navy Staff College in October 1998, suggesting the creation of a National Security Council for policy advisory and the introduction of impartial regulators for government oversight. Feeling his authority being challenged, Sharif replaced Karamat with Lieutenant General Pervez Musharraf.²⁹¹

Musharraf was an average officer but who had built a strong relationship with the ISI while assisting them in aiding the Taliban since the second Bhutto administration.²⁹² By picking Musharraf, Sharif thought he was ensuring military support. What Sharif did not calculate was Musharraf's dedication to conflict with India. Sharif viewed himself as a realpolitik pragmatist who could improve relations with India. He arranged a meeting with Indian Prime Minister Atal Bihari Vajpayee in Lahore for February 20, 1999.²⁹³ Musharraf was outraged by this move, especially considering the communications between the two administrations made no mention of Kashmir. At his insistence, the topic of Kashmir was included, but the army made their feelings known when they declined to greet the Indian prime minister upon his arrival.²⁹⁴

The meeting went incredibly well, leading to a series of secret talks on the status of Kashmir. The two parties were nearing an agreement that even the ISI and Musharraf seemed to back. However, soon after the talks began, Musharraf was presented with a plan by some of his closest generals to disrupt India's supply route that he did not want to pass up. Musharraf and the military elites backing the plan sold it to Sharif as a way to put pressure on India during their negotiations, to which he eventually agreed. Pakistan launched an offensive into the Kargil Heights in Indian-administered Kashmir in May 1999. While the Pakistani military believed India would surrender the land in the face of Pakistan's nuclear capacity, it underestimated the military capabilities of India and the impact this action would have on international relations. Pakistan became a pariah state, losing the support of even its most steadfast allies, like China. While this left Musharraf undeterred, Sharif was panicked.²⁹⁵

In July, Sharif flew to Washington to meet with Bill Clinton where he feigned ignorance of the plan to take Kargil and sought his advice to end hostilities. Upon Clinton's advice, Sharif ordered the military to retreat from Kargil. Musharraf resented Sharif for forcing them to pull out and for blaming them for the operation, to which he had given approval. The army too grew resentful of Sharif, thinking their sacrifices in the conflict in Kargil were for nothing. Given Sharif's history of dismissing an army chief who challenged him, the army corps commanders discussed the likelihood that he would do the same to Musharraf. They feared this would lead to severely diminishing the power of the military, and started planning a potential coup led by Musharraf. Sensing brewing dissatisfaction from officers loyal to Musharraf, Nawaz Sharif conferred with the United States again telling the Clinton administration he worried that the military would attempt to topple his government. The Clinton administration sent him correspondence stating: "We hope there will be no return to days of interrupted democracy in Pakistan." This signalled to Sharif that the United States would support him against a potential coup.²⁹⁶

On October 12, 1999, Musharraf left for Sri Lanka on a goodwill mission. In his absence, Sharif quickly moved to replace him with Lieutenant General Khawaja Zia-ud-din, who was the director

290 Paul E. Lenze Jr., *Civil-Military Relations in the Islamic World* (Lanham, MD: Lexington Books, 2016), 107.

291 Hassan Abbas, *Pakistan's Drift into Extremism: Allah, the Army, and America's War on Terror* (Armonk, NY: M.E. Sharpe, Inc., 2005), 167.

292 Allen, *Benazir Bhutto*, 36.

293 Abbas, *Pakistan's Drift into Extremism*, 168.

294 Stephen P. Cohen, *The Idea of Pakistan* (Washington, D.C.: Brookings Institution Press, 2004), 151.

295 Abbas, *Pakistan's Drift into Extremism*, 168-174.

296 *Ibid.*, 174-176.

general of the ISI, and blocked Sharif's plane from returning to Pakistan.²⁹⁷ Having planned for this outcome, Musharraf loyalists in the military quickly apprehended Sharif and charged him with attempted murder and corruption. When Musharraf's plane was finally able to land in Karachi, he became the new leader of the country.²⁹⁸

A major takeaway from the events that transpired over a decade of weak civilian politics is the dominance of the ISI and military establishment over the government of Pakistan. Both Bhutto and Sharif feared the ISI and military and the power they wielded, and despite both of them trying to toe the line, once they threatened those institutions' authority, they were swiftly removed. The military establishment grew its authority to the extent that it was able to successfully overthrow an elected leader and be greeted by public fanfare. This power has only grown over time, making the National Assembly of Pakistan a public arm for the ISI and military's bidding.

As powerful as the military establishment was during Musharraf's reign, the Islamist terrorist network that it helped create loomed even larger. While Musharraf supported the Taliban and Kashmiri extremists from a strategic standpoint and even sent officers to aid the Taliban against the Northern Alliance, he feared the influence of extremist elements in his country. He quickly learned the limitations of his power when he tried to curb that influence. He attempted to add some regulation to the Blasphemy Law, which called for death or life imprisonment for anyone accused of blaspheming the prophet or the Quran. It had been used by the religious ulema to target religious minorities and stifle more secular-minded politicians. The law as it stood required no formal investigation which allowed it to be easily abused. Already careful not to make an enemy of the religious elite, Musharraf only sought to require a civilian administrator to investigate any claims before charging anyone officially. This was enough to earn the vitriol of the religious ulema who immediately planned public protests against the regulation. Musharraf quickly backed down, showing that no matter how powerful the military was, they had empowered a beast that they could no longer control.²⁹⁹

The extent to which Islamists' hold over Musharraf was realised when Taliban leader and President of Afghanistan Mullah Omar threatened Musharraf that if he did not "enforce Islamic law" in Pakistan then the religious parties in Pakistan would create instability in his country. Musharraf claimed he tried to exert his own pressure on the Taliban to desist from destroying historical artefacts but his request was ignored. The Pakistani military establishment expressed some reservations to the Taliban on its decision to attack a Shia Hazara community in the Bamyan province in 1999. In any case, their half-hearted protest was entirely dismissed and the Hazaras were slaughtered. Musharraf, who was getting pressured by the US to tell the Taliban to turn over bin Laden, could not even get a member of the group to meet with him. In a surprising twist in mid 2001, Musharraf followed in Sharif's footsteps of negotiating with India over the Kashmir issue. In what became known as the Agra Summit, Musharraf met with Prime Minister Vajpayee for an official dialogue over the territory. However, the summit was doomed from the start, thanks to extremist groups stepping up attacks in Indian-administered Jammu and Kashmir.³⁰⁰ While the Pakistani government had helped create and empower the global jihadist movement to further its own aims, it flew too close to the sun. Pakistan was now a tool for the jihadists, which further encouraged more radical elements in the ISI to rise to power, further entrenching their alliance and support of extremist activity.

The era following the Cold War was tumultuous for South Asia, and the world at large. The 'freedom fighters' morphed into the Taliban, winning the battle for Afghanistan and liberating the

297 Abbas, *Pakistan's Drift into Extremism*, 177.

298 Cohen, *The Idea of Pakistan*, 164.

299 Abbas, *Pakistan's Drift into Extremism*, 192-193.

300 Abbas, *Pakistan's Drift into Extremism*, 194-198.

people with more destruction and chaos than they had ever seen. An emboldened Pakistan took advantage of the power vacuum left by the Soviet Union and aimed to fill it by weaponising jihadist movements, funded by the narcotics industry that it helped create. This helped bring about a global trafficking pipeline for arms and narcotics which has freed jihadist groups from relying on states for funding and enabled them to build criminal empires to fund their terrorism. The Haqqani network in particular epitomised the birth of terrorist criminal syndicates and ushered in a wave of global recruitment that expanded the jihadist brand, bringing non-state actors a level of power that previously had only been held by countries.

The ISI used these proxies to grow its own power and influence, eventually eclipsing the National Assembly of Pakistan and moulding the government to its will. This dynamic was put to the test when Sharif tried to subvert the military's control, only to be easily ousted by the military and the ISI. While the ISI and military became the most powerful entities in the Pakistani government, they did so through empowering a jihadist movement they could no longer control. They quickly discovered the demon they spawned was no longer their puppet to control. The United States had blinders on through the 1980s and much of the 1990s, refusing to see the growing threat that the jihadist movement had on global security and the narcotics trade. It was not until Pakistan's complicity came to light that it took action, but by this point it was much too late. The Taliban was running Afghanistan and Al-Qaeda was rising to become the most dangerous terror group in history. And it was all powered by narcotics.

Chapter Three

Birth of the Narco-State

The dawn of the 21st Century began with a wildly unexpected policy shift from the Taliban; the group that owed much of its growth and power to opium was now calling for a countrywide ban on the cash crop. Afghanistan had been struggling from a multitude of factors leading to an economic freefall. A drought struck the region, affecting the crop yield and raising food prices to an unsustainable level. This drought also brought a flurry of refugees diminishing the already scant resources.³⁰¹ The country was simultaneously facing crushing sanctions levied by the UN over increasing global awareness of its oppression of women and fundamentalist policies limiting the freedom of Afghan citizens. The Taliban government wanted to improve its international standing to subvert its economic isolation. As mentioned in the previous chapter, there was also growing international concern of the global heroin epidemic that originated from Afghanistan. The UNODC established communications with the country in an attempt to change its drug policy. The UNODC offered the government economic incentives in exchange for earnest reduction efforts. Through these talks, the Taliban government agreed to a reduction in poppy cultivation by one third in September 1999. This was followed by progressive eradication efforts at the beginning of 2000. In July 2000, Mullah Omar released a *fatwa*, or religious decree, stating that poppy cultivation and production was forbidden.³⁰²

While the removal of sanctions and promise of international aid would be compelling incentives for the Taliban to ban opium, there is reason to believe there were other factors at play that led to this policy change. The Taliban had cause to be suspicious of the UN holding up its end of the deal. In 1997, the United Nations Drug Control Programme (UNDCP) promised \$25 million in development aid for ten years if the government worked to eradicate poppies from the country. However, due to budget cuts, this aid was halted in 2000.³⁰³ While the Afghan government would have benefited from international aid and a removal of sanctions, it had little assurance that this agreement would be carried out. This was confirmed when the UN Security Council issued Resolution 1267 declaring that until the Taliban relinquished Osama bin Laden to a member state, all UN members would deny entry of Taliban representatives to their territory and freeze all assets owned by the Taliban.³⁰⁴ Yet, the Taliban committed to their ban, supporting the notion that their opium ban had little to do with international aid or legitimacy.

The banning of opium cultivation in 2000 was economically advantageous to the Taliban. The harvest season from 1998-1999 was the largest the country had ever seen, at a massive 90,000 hectares (222,400 acres). This posed the threat of devaluing opium from an oversupply. Through banning cultivation but allowing trade of the current supply, the Taliban hoped to increase the farm-gate value of their opium surplus.³⁰⁵ This worked phenomenally well, raising the price for opium from \$30 USD/kg in 2000 to \$300 USD/kg in 2001. The ban not only enriched the Taliban and the narcotics industry, but attracted more to the industry to grow even further.³⁰⁶

The opium production ban was strictly enforced by Taliban *shuras*, or councils, specifically created to oversee the ban. These shuras consisted of each region's chief of police, the chief of the Vice and Virtue Department, ulema leaders from local mosques, and tribal elders. The shuras spread awareness of the ban to local farmers, enforced the ban within the communities, and administered extreme punishments on those who defied the ban, including torture, imprisonment, and execution. Village elders were also held responsible for ban violations, leading each village to be vigilant against transgressors.³⁰⁷

301 James D. Medler, "Afghan Heroin: Terrain, Tradition, and Turmoil," *Orbis* 49, no. 2 (Spring 2005): 282.

302 Graham Farrell and John Thorne, "Where Have All the Flowers Gone?: Evaluation of the Taliban Crackdown against Opium Poppy Cultivation in Afghanistan," *The International Journal of Drug Policy* 16, no. 2 (Mar. 2005): 84-85.

303 Farrell and Thorne, "Evaluation of the Taliban Crackdown," 85.

304 Nasreen Ghufuran, "The Taliban and the Civil War Entanglement in Afghanistan," *Asian Survey* 41, no. 3 (Jun. 2001): 480-481.

305 William A. Byrd, "Ch. 8 Responding to the Challenge of Afghanistan's Opium Economy: Development Lessons and Policy Implications," in *Innocent Bystanders: Developing Countries and the War on Drugs*, ed. Philip Keefer and Norman Loayza (Washington, D.C.: World Bank, 2010), 304.

306 Byrd, "Afghanistan's Opium Economy," 304.

307 Farrell and Thorne, "Evaluation of the Taliban Crackdown," 85.

Ironically, the banning of cultivation and subsequent increase of value of opium led to a growth in the opium market in areas outside of Taliban control, like Badakhshan. Many narcotics organisations blocked from production in Taliban territories moved their facilities to Badakhshan to continue their operations. Badakhshan's opium industry saw a 160% growth and accounted for 79% of Afghanistan's total opium production during the ban. This raised the profile of Badakhshan in the opium industry even after the ban ceased.^{308 309}

After the attacks on September 11, 2001, the United States would no longer accept the Taliban providing a safe haven to Osama bin Laden and invaded Afghanistan. By November, the Taliban had lost their hold over much of the country and by December, the United Nations oversaw the implementation of an interim government under the Northern Alliance led by Hamid Karzai (CFR). Much of the al-Qaeda and Taliban leadership escaped over the border to Pakistan. The rest of the Taliban operatives escaped to the southwest Pashtun region, knowing they could find safety.³¹⁰ Even before they were completely removed from power, the Taliban reversed their policy on opium cultivation, seeing the need for quick access to resources. Not only did the Taliban operatives who fled to the southwest resume poppy cultivation, but cultivation resumed throughout the country due to the power vacuum that was created.³¹¹

The Taliban had little trouble growing their industry in the early years after their defeat. In 2002, the International Security Assistance Force in Afghanistan only had 4,500 troops to maintain the government's authority, and they were all based in Kabul. When coalition forces were deployed, they mainly focused on taking out al-Qaeda or Taliban leadership. The rest of the Taliban were mostly left alone, which they made sure to use to their advantage.³¹² Within two years of the Taliban's ousting from Kabul, poppy yields were back at the levels seen throughout the 1990s. The higher farm-gate value remained consistent for several years, even with the increased supply. Coupled with an end to the drought and favourable growing conditions, this created a perfect storm, attracting even more interest in the market as the country underwent another era of conflict and insecurity.³¹³ Additionally, the power vacuum left by the Taliban while the interim government was getting set up allowed unfettered opium harvesting throughout the country. Thus, new regions of poppy cultivation sprung up throughout the country, like Ghor province, located north of Helmand.³¹⁴ The poppy business was thriving, fueling the Taliban which symbiotically fueled the insecurity in the country which enabled the expansion of the opium industry.

The Failed Karzai Experiment

The power vacuum in the post-Taliban-led Afghanistan was most prominent in Kandahar, which allowed the Taliban to regroup in their ethnic Pashtun homeland. Mullah Omar set to work to rebuild his empire. He sent his deputies to get new recruits from Pakistani madrassas and bring them to Kandahar for training. The Taliban had hidden several weapons stashes throughout Afghanistan and Pakistan that they began to quietly collect. They reached out to loyal donors to help resupply the organisation. Some of these donors were prominent narcotics smugglers who had relied on the Taliban for muscle previously and saw the group's resurgence as a boon to their organisation. The Taliban also relied on selling a significant amount of opium they had stored away for emergencies. As they built up their resources, the Taliban began to slowly strengthen their position in the country in 2003. They started with small-scale attacks on foreign troops and aid

308 Byrd, "Afghanistan's Opium Economy," 304.

309 UNODC (United Nations Office on Drugs and Crime), *Afghan Opiate Trafficking Along the Northern Route*, Vienna, AT: UNODC, June 2018.

310 Gretchen Peters, *How Opium Profits the Taliban* (Washington, D.C.: United States Institute of Peace, Aug. 2009), 17.

311 Byrd, "Afghanistan's Opium Economy," 304.

312 Peters, *How Opium Profits the Taliban*, 17.

313 Byrd, "Afghanistan's Opium Economy," 304.

314 UNODC (United Nations Office on Drugs and Crime), *Afghanistan Opium Survey 2002*, Vienna, AT: UNODC, Oct. 2002.

workers, growing the Taliban's stronghold little by little. Many of the attacks were initiated from Pakistan, where the Taliban cells attempted to gain control on the Afghan territory bordering Pakistan. The Taliban bided their time, avoiding attracting too much attention until March 2003, when the George W. Bush administration launched its invasion of Iraq. This new distraction for the West was the perfect time for The Taliban to reconquer Afghanistan.³¹⁵

In June 2003, the Taliban launched a new ruling council to oversee the takeover of the country. This council included Jalaluddin Haqqani who would control the southeast, Mullah Dadullah who would control the south, and the Taliban's former adversary Gulbuddin Hekmatyar who would control the east. The Taliban were growing their organisation, taking in former rivals like Hekmatyar as part of an anti-government coalition. Each region had relative freedom and responsibility to raise most of their own funds towards a shared goal of overthrowing the new government and re-establishing the authority of the Taliban. The Quetta Shura maintained their authority over all regional cells by strictly administering allocation of narcotics proceeds.³¹⁶

From 2004 to 2006, the Taliban re-emerged as a threatening force. Throughout this period, they carefully reached out to vulnerable villages in the south to find potential allies. Sending small contingents of two to three operatives, they met with village elders to tell them of their return. Any leaders who stood in their way were assassinated. The Taliban had amassed significant control of the rural south, careful to avoid detection by leaving district centres alone. This period also saw an influx of Taliban fighters recruited from Pakistan and Iran, many of whom settled in Helmand province, where the Taliban centred their resurgence. When the UK sent over 3,000 troops to Helmand in 2006, the Taliban weaponised the narrative of Britain's colonisation history in Afghanistan to recruit thousands of new fighters eager to become a mujahid against a historical foreign aggressor. This coincided with a huge influx of poppy farmers seeking to find a new place to grow their crops without government intervention. Many of these farmers were already aggrieved against the Afghan government and were more than willing to take on the Taliban's fight. This led to a massive spike in poppy production in Helmand in 2006, doubling its output from the previous year. They used the proceeds of the opium industry to aid in their fight against the British troops.³¹⁷

When the Afghan Interim Administration (AIA) was fully established, it administered a strict ban on opium harvesting, distribution, and consumption. However, since the cultivation had already spread like wildfire in the months before, it was very difficult for the government to stop it. A February 2002 study by the UNODC confirmed that resumption of cultivation in poppy-rich areas in the south and east was going strong. In response, the AIA began a policy of eradicating poppy fields while compensating the farmers. This policy did not sit well with many farmers who did not have a sustainable alternative to provide for their families, which led to conflict between several tribal villages and the AIA. Other farmers saw the benefit of growing poppies knowing that the compensation they would receive from the government far outweighed the profits that could be made from other crops. Judging from the total yield of poppies in 2002 at 74,000 hectares (182,860 acres), the ban was not working. This level was higher than 8 out of the 10 highest-yield years through the 1990s.³¹⁸ In an interview on July 14, 2004, Hamid Karzai reflected on the policy of eradication with compensation:

The mistake was that we thought by paying the growers they would destroy the poppies and we would not be harsh to them, we would be kind to them, because the economy is very weak, the people are very poor. We wanted to be kind to the farmers. We did that. But this encour-

315 Peters, *How Opium Profits the Taliban*, 17.

316 *Ibid.*, 18.

317 Steve Coll, *Directorate S: The C.I.A. and America's Secret Wars in Afghanistan and Pakistan* (New York, NY: Penguin Press, 2018), 213-214.

318 UNODC, *Afghanistan Opium Survey 2002*.

aged every other farmer, rightly so, to grow poppies next year because they said we grow poppies, the government will come to destroy it and will pay us for it, and if they don't come, we will have our poppies.³¹⁹

After winning the 2004 election, the Karzai administration tried other approaches to discourage poppy cultivation, also to no avail. This began with the more punitive approach of eradication with no compensation, hoping this would hurt farmers' bottom line and discourage future harvesting.³²⁰ This led to widespread protests and strikes from farming communities who were economically hurt by this policy. A Badakhshan farmer affected by the new policy commented, "I have no idea why they're eradicating. I'm just a poor farmer, and all I have time to think about is how to feed my family". Like many farmers, he struggled to provide for his family through alternative crops and did not have the luxury of being concerned about the security implications of his occupation. He found a way around the ban by concealing a patch of poppies within his fields of wheat and melons. This small patch of poppy, producing around 2 pounds of opium, would net him \$80 USD.³²¹ The same amount of wheat would get him less than \$2 USD.³²² The risk was worth it to him, as it seemed to be for many others. This policy of eradication did not lead to sustained reduction in poppy cultivation.³²³ Karzai lamented in the same 2004 interview, "Then last year we began to destroy poppies. This year the poppies were there again. We again went to destroy poppies. And next year there will be again poppies."³²⁴

Throughout Karzai's first official term, the poppy situation only got worse. From October to December 2005, poppy farmers grew 60% more than they had over the entire previous year. By 2006, poppy harvesting had reached the largest output in the history of the country. To confront the growing crisis, the Karzai administration worked with several international actors in counternarcotics operations. They worked with the Drug Enforcement Agency (DEA) to crack down on trafficking and on interdiction efforts. They also worked with the US Agency for International Development (USAID) in providing alternative crops for farmers who had been poppy farmers, however this effort was aggravated by an inability to access farms in Taliban territory and a lack of sufficient resources to implement this strategy effectively throughout the country.³²⁵

The Karzai administration's counternarcotics efforts were hampered by the limited infrastructure and reach of the central government. Afghanistan's Ministry of Rural Rehabilitation collaborated with the European Union's Project for Alternative Livelihoods in Eastern Afghanistan (PAL) to "contribute to the reduction of poverty and facilitate the change from an opium-based economy to an alternative economic and social system" in Nangarhar, Laghman, and Kunar provinces. This project focused on implementing community development activities that would provide alternative income, capacity building for local independent development, and advising the execution of these policy initiatives to central and local government. The PAL conducted a study assessing the programme from 2004-2005, and found that the majority of families who transitioned from poppy cultivation through this programme saw a significant loss of household income, with some as high as a 90% loss. The report outlined that this can be attributed to the huge disparity in value between poppy and wheat harvesting, less opportunities for credit outside of the opium industry, and a deflation of the rural economy which decreased the need for labour. As wheat cultivation

319 Hamid Karzai, president of Afghanistan, "Afghanistan Moves Forward: President Hamid Karzai to Discuss U.S.-Afghan Partnership," interview by John Hamre, *CSIS (Center for Strategic & International Studies)*, Jun. 14, 2004, https://csis-website-prod.s3.amazonaws.com/s3fs-public/event/040614_karzai_transcript.pdf

320 Ibid.

321 Robert Clark, "Opium Wars: A Key Step to Securing Peace Will Be to Wean Afghan Farmers off Growing Poppies," *National Geographic*, Feb. 2011, <https://www.nationalgeographic.com/magazine/2011/02/opium-wars/>.

322 Gary Kuhn, "Comparative Net Income from Afghan Crops," *Roots of Peace* (San Rafael, CA), Jun. 8, 2009, 5.

323 Vanda Felbab-Brown, *Afghanistan Affections: How to Break Political-Criminal Alliances in Contexts of Transition*, Crime-Conflict Nexus Series: No. 8 (New York, NY: United Nations University Centre for Policy Research, Apr. 2017): 12.

324 Karzai, "Afghanistan Moves Forward."

325 Thomas Schweich, "Is Afghanistan a Narco-State?," *The New York Times Magazine*, Jul. 27, 2008.

was less labour-intensive than poppy cultivation, many farm labourers lost their jobs. The alternative income programme Cash-for-Work promised to provide sufficient income for labourers working in newly implemented local development projects, however the work opportunities were insufficient for the number of people left without an income. Due to the lack of labour opportunities, only one member of each qualifying household in a village received, at most, five days of labour total through this program, at only \$4 USD a day. There were some successful programs that came out of this initiative. In Achin district, the National Solidarity Programme employed labourers who worked from four to six months on infrastructure building projects in their local community. But by and large, most families did not find sustainable income following poppy eradication.³²⁶

There was also the issue of inequity in distribution of resources. Part of the aid programme included providing seed, fertiliser, or wage labour for farms. The qualification for access to that aid was dependent upon the household owning land or water. If they did not, they were not considered part of a community and did not qualify for aid. This meant that sharecroppers who had been tending farms for decades did not qualify for the aid since they did not own the property. This created a situation where the families most in need of aid received none, and those that were more well-off received aid they might not have needed.³²⁷

Many districts never received the aid altogether. Interviews with farming communities in the Agro and Tashkan districts of Badakhshan concluded the farmers never received the aid they were promised, like wheat seed and fertiliser, or infrastructure projects to build roads and bridges.³²⁸ When some infrastructure projects were implemented, many residents saw them as a waste. One farmer remarked, "What good is a road with asphalt to me? I have no car. An asphalted road will not feed my daughter."³²⁹ It seemed many of the infrastructure projects were piecemeal and not part of a holistic strategy of creating sustainable industries. Roads built in rural towns did little to grow their economic opportunities. Conversely, there were towns in desperate need of specific infrastructure development that never received it. The town of Sar Ab in the Yamgan district of Badakhshan had no access to medical facilities or treatment. This led the residents to rely on opium as a universal treatment for all ails. This reliance evolved into addiction, and eventually half of the 1,800-person village became addicted to opium. Other towns that had previously relied on opium proceeds for their infrastructure struggled to maintain their community resources without this revenue stream. The only school in the village of Du Ghalat in the Argo district had a dilapidated structure with dirt floors to house 100 children. This would have been the perfect use for the funds allocated for infrastructure projects, but unfortunately the town never received any aid.³³⁰

The alternative livelihood infrastructure initiative did not fail entirely. The Yaghi Band district of Nangarhar province was the recipient of several projects that helped build a sustainable post-opium economy. The district received several large scale infrastructure developments like a hydro-electrically-powered textile mill and multiple irrigation dams, canals, and bridges. Many businesses were started from NGO seed money, like a women's weaving co-op, a honey-processing plant, a potato chip factory, and a jam manufacturing plant. This created several sustainable jobs in a community that had previously been totally reliant on opium. Still, it wasn't a perfect replacement for the opium industry. A village tribal elder observed, "The life isn't as good as it was five years ago, but it's 60 percent of what we had. And we're hopeful of the new projects."³³¹

326 David Mansfield, *Pariah or Poverty? The Opium Ban in the Province Nangarhar in the 2004/05 Growing Season and Its Impact on Rural Livelihood Strategies*, (Jalalabad, Afghanistan: PAL [Project for Alternative Livelihoods], GTZ [German International Development Cooperation Agency], Jun. 2005).

327 Mansfield, *Pariah or Poverty?*, 27-28.

328 Clark, "Opium Wars."

329 Mansfield, *Pariah or Poverty?*, 27.

330 Clark, "Opium Wars."

331 Ibid.,

Another issue with the alternative livelihood programme is that it failed to take into account the varied agricultural productivity of each region. For instance, an area that grew onions was far more profitable than an area that grew wheat. Many areas could not grow high-value crops due to the soil composition or access to viable markets.³³² If they were in a poorer district, they would not find buyers for higher-value crops, so were forced into growing cheaper crops with low return like wheat.³³³ Perhaps the largest issue was that the opium boom in previous years hiked up the costs of renting farmland, creating a situation where a wheat farmer could not even break even by selling their harvest. This led a large proportion of rural farmers abandoning their occupation to seek jobs in the cities, which were under-resourced to handle the influx of labourers.³³⁴

The opium ban's economic impact affected more than just farmers. Merchants, store owners, and those in the service industry saw a steep decline in customers following the ban. This included gas station owners, taxi companies, electronics shops and hotel owners. Since farmers weren't making as much money as they had previously, they had less to spend in their community. The loss of income for farmers created a multiplier effect where the services that farmers could no longer afford lost income themselves, leading to massive layoffs in these industries. This was compounded by the farm labourers who had come to the cities to find work, increasing the labour pool at a time when no one was hiring. The economic downturn compounded when wages started to plummet. This led many to turn back to poppy farming to get by.³³⁵

Endemic Corruption

A major hurdle to counter-narcotics operations was endemic corruption within the Karzai government. According to attorney general Abdul Jabbar Sabir, he knew of over 20 senior Afghan officials who had ties to the narcotics industry. He asserted that Karzai stopped him from prosecuting these individuals over political considerations.³³⁶ Many members of the Karzai administration had known histories of engaging in the narcotics industry. The provincial governor of Helmand, Sher Mohammad Akhundzada, had several ties to the opium industry.³³⁷ During the Soviet-Afghan War, Akhundzada was a member of the Revolutionary Islamic Movement, which was part of the wider mujahidin. He fueled his party through the opium industry, instituting a predatory system threatening farmers in Helmand to grow poppies and then taking a majority of their profits to smuggle over the border to Iran. He even opened an office in the Iranian border town of Zaidan to handle the narcotics imports.³³⁸ The British government pressured the Karzai administration to dismiss Akhundzada over these ties, to which Karzai eventually did in 2006. The scorned Akhundzada soon realigned himself with the Taliban, orchestrating attacks on his former government.³³⁹

Many elites in Afghanistan with ties to the government started their own poppy farms to get in on the lucrative industry. They built robust, industrial narco-farms, while the government seemed to look away, asserting that poppy farming was only the result of poverty or conducted in Taliban-controlled areas. US Coordinator for Counternarcotics and Justice Reform in Afghanistan, Tom Schweich, spoke to President Karzai about a new counternarcotics approach. He proposed targeting high-level traffickers and eradicating large scale poppy farms through aerial eradication in the Pashtun-dominant south, where Karzai had the most support. Karzai declined to pursue this route, possibly worried that he would lose his base and upset wealthy donors. This rationale was presented in a September 2007 issue of *Kabul Weekly*, an independent newspaper in Afghani-

332 Mansfield, *Pariah or Poverty?*, 11.

333 *Ibid.*, 26.

334 *Ibid.*, 11.

335 *Ibid.*, 12-17.

336 Schweich, "Is Afghanistan a Narco-State?"

337 Coll, *Directorate S*, 214.

338 Peters, *How Opium Profits the Taliban*, 7-8.

339 Coll, *Directorate S*, 214.

stan, when an editorial read, "It is obvious that the Afghan government is more than kind to poppy growers... They're afraid of losing votes. More than 95 percent of the residents of... the poppy growing provinces voted for President Karzai."³⁴⁰

It wasn't just Karzai who overlooked poppy cultivation for political considerations. Numerous prominent officials, including a candidate for parliament, made deals with poppy farmers to overlook their crops in exchange for votes. Several local commanders in the Badakhshan region were known to have made agreements with smugglers to allow transport through the northern border into Central Asia. A powerful figure in the Badakhshan drug trade, who was interviewed under anonymity, revealed, "Someone who just smuggles on his own isn't going to succeed. He has to have relationships with someone—like the district or provincial police chief."³⁴¹ On the few occasions powerful narcotics dealers connected to the government were convicted, they usually were able to bribe their way to getting released.³⁴² Due to insufficient oversight and low salaries, there were several instances of police engagement in the narcotics industry. Afghan police along checkpoints were often bribed by smugglers to allow transport over the border. A Helmand farmer being interviewed on the poppy economy scoffed, "Who will stop the smugglers—the police? It's the police who transport our opium in their cars! You see the big buildings in Lashkar Gah and Kandahar. This is money from corruption."³⁴³ It is clear that the government's anti-narcotics efforts were stymied by its own connections and political considerations regarding the narcotics industry. This conflict of interest would only grow as more nefarious actors worked their way into the government.

The period of Taliban decline in the early 2000s saw a growth in the power of tribal strongmen. The Karzai administration did not have a stable hold on the country and was concerned of a Taliban resurgence. They needed to establish good relations with the tribal leaders and warlords in the country. The warlords and local strongmen also saw the current weak state as an opportunity to grow their influence. They started creating local monopolies in many sectors, including international trade. They built an Afghan version of the mafia, where large organisations engaged in illicit and licit activity, protecting their interests through force. It was this force that played a hand in the narcotics industry, providing security to narco-traffickers for profit. These mafia-like organisations also engaged in the heroin pipeline, smuggling drugs outside the borders. To increase the control of their empire, they worked to gain more influence politically, with many members joining parliament in the 2005 elections. Dad Mohammad Khan, a militia leader in the Alokzai tribe, became the head of the National Directorate of Security Forces in Helmand Province. Abdul Rahman Jan, a Noorzai tribal warlord, became Helmand's head of police.³⁴⁴ As tribal warlords infiltrated Afghan law enforcement, instances of corruption became rampant, especially in cases involving narcotics. This added another layer of difficulty for the Karzai administration to crack down on drug trafficking, as these organisations represented both segments of the electorate and the government that Karzai desperately needed support from.³⁴⁵

The latter half of the 2000s saw Afghanistan monopolise the heroin industry to an unprecedented level. A 2007 UNODC report showed that Afghanistan accounted for 93% of global opium production and 82% of total land devoted to poppy cultivation. Afghanistan was the most significant producer by far, with the next top producers Myanmar and Pakistan producing 5% and 0.7% respectively. While 2005's numbers showed promise with poppy cultivation falling 21%, that trend quickly reversed the following year, with a 59% increase to 165,000 hectares (407,700 acres). This rose even further in 2007 to 193,000 hectares (476,900 acres).³⁴⁶

340 Schweich, "Is Afghanistan a Narco-State?"

341 Clark, "Opium Wars."

342 Schweich, "Is Afghanistan a Narco-State?"

343 Clark, "Opium Wars."

344 Coll, *Directorate S*, 213.

345 Antonio Giustozzi, "Afghanistan: Transition Without End – An Analytical Narrative on State-Making" (Working Paper Series No. 2, Crisis States Research Centre, London School of Economics, London, Nov. 2008), 29-43.

346 Stephen Jones, *Afghanistan and Narcotics: Opium Poppy Cultivation Trends, 2001 – 2009*, House of Commons Library SN/IA/05025, Mar. 24, 2009, 3-6.

Not only did opium cultivation increase during this period, but the number of people involved in opium cultivation increased. In 2006, the number of households engaged in opium cultivation rose to 448,000 and the number of individuals involved were 2.9 million – 12.6% of the total population. These figures increased as well in 2007, with households involved in opium production increasing by 14% to 509,000 families, and individuals increasing to 3.3 million, which was 14.3% of the population. The UNODC report concluded that “no other country in the world has ever produced narcotics on such a deadly scale.” This was frighteningly true. The opium industry in Afghanistan became larger than the cocaine industry in Latin America.³⁴⁷ The heroin epidemic rooted in Afghanistan had become the largest drug epidemic in the history of the world. The organisation most responsible for this was the Taliban.

While opium production in government-controlled territory was a problem, it was clear that the Taliban were responsible for a majority of the industry.³⁴⁸ It was no coincidence that the resurgence of the Taliban aligned with the opium boom in 2006.³⁴⁹ The areas of highest opium production were in regions where the central government had the least control and the Taliban had the largest presence. Helmand Province, which has long been a Taliban stronghold, produced two-thirds of Afghanistan’s total opium output, at 103,500 hectares (255,800 acres).³⁵⁰ The UNODC’s 2008 Opium Survey noted that the regions in the south and west which had high levels of poppy cultivation also had a high presence of “anti-government elements” as well as organised criminal networks.³⁵¹ Another report, published by the UK Department for International Development with the World Bank, offered an additional rationale for the connection between insurgent activity and the narcotics industry. The report stated:

The opium economy thrives in remote or insecure areas where markets for other crops are lacking. The coincidence of growing insecurity in the southern region and increasing levels of opium poppy cultivation highlights the fact that opium poppy is a low-risk crop in a high-risk environment... Generally, opium is at its most concentrated in conditions of insecurity and where rural people cannot otherwise earn a decent livelihood.³⁵²

While the correlation between the narcotics industry and insurgent activity can be explained by the nexus in the industries, it also creates a vicious cycle where residents in those areas have little alternative to poppy cultivation because the insecurity of the region destroys all other economic opportunity. This is further evidenced by a UNODC assessment which showed how 80% of villages with high insecurity engaged in poppy cultivation, while only 7% of villages with low insecurity cultivated poppies.³⁵³ There were multiple factors at play regarding farmers engaging in poppy cultivation. Many were pressured into it by terrorist groups and criminal narcotic organisations. Others may have seen the economic opportunity of cultivating poppies where the government could not interfere. Many may have had no viable alternative to provide for their families. But all of these factors are influenced by levels of insecurity.³⁵⁴ Not only did the Taliban create this insecurity, but they were able to exploit it for financial gain.

In addition to the Taliban directly engaging in opium production, the nexus that had been brewing for years between the Taliban, other terrorist outfits, and the narcotics industry finally culmi-

347 Ibid.,

348 Jones, *Afghanistan and Narcotics*, 10.

349 Coll, *Directorate S*, 249.

350 Jones, *Afghanistan and Narcotics*, 10.

351 Ibid., 15-16.

352 Christopher Ward, David Mansfield, Peter Oldham, and William Byrd, *Afghanistan: Economic Incentives and Development Initiatives to Reduce Opium Production*, (Washington, D.C.: World Bank; London and Kilbride, UK: Department for International Development, Feb. 2008).

353 UNODC (United Nations Office on Drugs and Crime), “UNODC Predicts Stable Opium Crop in Afghanistan,” Feb. 10, 2010, <https://www.unodc.org/lpo-brazil/en/frontpage/2010/02/10-relatorio-preve-estabilidade-na-colheita-do-opio-no-afeganistao.html>.

354 Joshua J. Lambertus, “Analysis of Taliban Revenue and the Importance of the Opium Trade to the Insurgency” (master’s thesis, Naval Postgraduate School, 2011), 37.

nated in an unstoppable criminal network. After losing power in 2001, the Taliban became increasingly reliant on the narcotics industry for survival. This led to growing collaboration and alliance with criminal organisations engaging in the narcotics industry.³⁵⁵ Taliban operatives would often enter into business with narco-traffickers, providing the seed money for joint operations to launder narcotics proceeds through licit fronts. Abdul Habib Alizai, a Taliban operative in Kandahar province, hired two drug traffickers, Atiqullah Ahmady Mohammad Din and his brother Sadiq Ahmady, to set up a number of licit businesses to funnel drug money through. Another example of this relationship is the Lahore Jan Shanwari Exchange, a *hawala* (traditional money transfer) business named for the drug lord running it, Lahore Jan, who used the exchange as a way to launder drug money to the Taliban. Beyond running operations with narcotics syndicates, the Taliban was often the beneficiary of donations from narcotics syndicates. Hajji Juma Khan, who ran the narcotics trafficking organisation Hajji Juma Khan Organization, was arrested in 2008 in Indonesia for engaging in trafficking and attempting to support the Taliban through the proceeds. Another prominent drug kingpin, Hajji Baghcho, used drug money to supply weapons and cash to the former Taliban governor of Kandahar province and two other Taliban commanders in eastern Afghanistan.³⁵⁶ The Taliban were now more intertwined with criminal organisations than ever, and were able to benefit from the obfuscation their complex enterprises provided.

The Taliban dominated the narcotics operations in the south from their Kandahar base, while a network of terror groups connected to the Taliban dominated the eastern heroin markets. This network included the Haqqani network, al-Qaeda, Hizb-e Islami Gulbuddin, JeM, LeT, and Tehrik Nefaz-i-Shariat Muhammad. Security agencies operating in the region saw increasing signs that these terror groups were heavily involved in the narcotics industry. The UK's Afghan Drugs Inter-Departmental Unit (ADIDU) reported that Afghan counternarcotics forces found an insurgent training manual and weapons in a raid on a heroin lab.³⁵⁷ The Pentagon also produced a report showing the correlation between drug and weapons confiscations in Taliban strongholds.³⁵⁸ The UNODC confirmed that the Taliban was using the drug economy to fund "arms logistics and militia pay."³⁵⁹ This is further indication that even when the Taliban weren't directly involved in the trafficking of heroin, they used their militia force and weaponry to protect other criminal organisations engaged in trafficking. This shows that the nexus that developed in Afghanistan around the narcotics industry is a complex one, where many organisations profited off of the industry in multiple ways. The Taliban, in particular, profited from taxation, trafficking drugs directly, and providing protection and transportation for other drug organisations.

A 2008 study by the US Institute of Peace showed that 40% of the Taliban's funding came from opium production.³⁶⁰ The UNODC estimated that the Taliban raised \$50-70 million from taxing poppy farmers in 2007 alone.³⁶¹ This funding was raised through a variety of activities relating to the opium industry: taxation, protection money, and heroin refineries. The Taliban issued a 10% tax on poppy farms on their territory. This 10% would either go entirely to the Taliban commander or be split by the commander and local Mullahs depending on the district. Each commander had a specific zone of control where they were responsible for collecting taxes. The Taliban were reportedly responsive to farmers who complained of being overcharged by commanders, and would punish any commander guilty of abusing their power. The Taliban also funded a number of informants

355 Jones, *Afghanistan and Narcotics*, 15.

356 United Nations Security Council, *Report of the Analytical Support and Sanctions Monitoring Team on Specific Cases of Cooperation between Organized Crime Syndicates and Individuals, Groups, Undertakings and Entities Eligible for Listing under Paragraph 1 of Security Council Resolution 2160*, S/2015/79 (Feb. 2, 2015), https://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s_2015_79.pdf

357 Jones, *Afghanistan and Narcotics*, 15-16.

358 Coll, *Directorate S*, 252.

359 Jones, *Afghanistan and Narcotics*, 15-16.

360 Mohammad M. Stanekzai, *Thwarting Afghanistan's Insurgency: A Pragmatic Approach toward Peace and Reconciliation*, Special Report 212 (Washington, D.C.: United States Institute of Peace, Sep. 2008), 2.

361 Lambertus, "Taliban Revenue," 38.

in every town, ensuring that farmers were not hiding some of their harvest for profit. There were instances where the Taliban was not aligned with other criminal elements in the region, and conflicts ensued over the control of the poppy harvest.³⁶²

The Taliban's tax revenue extended beyond just poppy farmers; the Taliban would charge a 10% tax to shopkeepers and small business owners through the threat of force – much like the mafia protection racket in the US. In one instance where a mobile phone company in Zabul province refused to pay the tax, the Taliban responded by blowing up three cell towers, blocking service in the district for weeks. They also collected a toll tax on any vehicles passing through their territory. While they collected opium poppies from farmers, the Taliban would collect tax in the form of an assortment of goods, often because paper currency had little value in the rural areas. They collected vehicles, such as trucks, SUVs, and motorcycles. They would collect satellite phones or top-up SIM cards for prepaid phones from mobile phone shop owners, since this was a way of communicating without getting surveilled by police. Other goods commonly taken as tax were petrol, food, and services like medical care for wounded fighters.

Unsurprisingly, weapons and ammunition were also commonly traded as commodities in this area and would be used as payment to the Taliban. The Taliban had a very structured hierarchy in allocating the taxes collected. The village-level sub-commander would pay a portion to their district-level commander who would then pay a portion of that to the Taliban district governor. The district governor would filter the proceeds up to one of the ten provincial commanders who would finally send a portion to the Taliban's central financial committee³⁶³

In the mid-2000s, the US made a series of arrests that brought more insight into the Taliban's engagement in the narcotics industry. Haji Bashir Noorzai was arrested in 2005 for "conspiracy to import heroin over a 15-year period." He was a former mujahid who became a prominent Pash-tun tribal leader and was the first benefactor of the Taliban. He eventually became a member of Taliban leader Mullah Omar's ruling council.³⁶⁴ ³⁶⁵ Noorzai's tribe was a major narcotics syndicate, controlling tens of thousands of acres of poppy fields. They also controlled a roadway to the southern border of Afghanistan, so were key to the smuggling route. Noorzai's organisation "provided demolitions, weaponry and manpower to the Taliban" while the Taliban provided "protection for its opium crops, heroin laboratories, drug-transportation routes, and members and associates." This relationship was seen through other prominent arrests, such as Haji Baz Mohammed. He was arrested in 2007 for importing heroin into the US as the leader of a prominent narcotics organisation in Afghanistan. He pleaded guilty to paying the Taliban and "other associated Islamic-extremist organisations in Afghanistan" for providing armed protection of his trafficking enterprise. Haji Juma Khan, head of the drug-trafficking Khan Organization, was arrested for having the same relationship with the Taliban.³⁶⁶

The Musharraf Agenda

The Taliban made a significant portion of their funds from protecting opium smuggling. It was common for the Taliban to either take a cut of the opium being smuggled or the proceeds from its sale in exchange for providing armed protection of its transit outside of the country. In fact, the Taliban was usually involved in the cycle of opium distribution from cultivation to sale. The Taliban would provide armed security for poppy fields during the harvest season and would then

³⁶² Peters, *How Opium Profits the Taliban*, 18-20.

³⁶³ Ibid.

³⁶⁴ Benjamin Weiser, "Afghan Linked to Taliban Sentenced to Life in Drug Trafficking Case," *The New York Times* (New York, NY), May 1, 2009.

³⁶⁵ Peters, *How Opium Profits the Taliban*, 10.

³⁶⁶ Christopher M. Blanchard, *Afghanistan: Narcotics and U.S. Policy*, RL32686 (Washington, D.C.: Congressional Research Service, U.S. Library of Congress, Aug. 12, 2009), 29.

provide armed escort of the product en route to its destination. The price for this protection was upwards of 20%, which was in addition to the 10% they made from the initial harvest. The Taliban would often set up armed guards around poppy fields during the harvest season or would plant IEDs or mines around the fields ahead of visits by government officials tasked with eradicating the poppies. Much of the muscle provided during the transit of the opium is done by Taliban-allied terror groups, like the IMU or al-Qaeda. This shows how intricate the nexus became, with Taliban operatives guarding the harvest and other terror groups guarding its transport, with all parties profiting off of its distribution.³⁶⁷

The Taliban used muscle in the service of the opium industry in a variety of ways. They would attack security checkpoints in advance of an opium shipment passing through to clear the pathway. They would also provide protection for heroin labs, fending off police raids that targeted any labs they had an interest in. The Taliban also used force to divert coalition forces away from transit zones. They would launch an attack that would draw attention of coalition troops at the same time a large shipment was being attempted in a neighbouring region, diverting the extra support that Afghan security relied on. They could then send a contingent to attack the Afghan forces and secure the transit.³⁶⁸

The Taliban intentionally fought for territory that was beneficial to the opium trade, securing transit pathways through their region of influence. In 2007, the Taliban attacked the Deh Rawood district in Uruzgan for this very reason. This region connects Afghanistan both to Pakistan and Iran, and to secure it in Taliban hands would ensure safe passage for drug shipments through vital routes. This explains why much of the territorial gains during the 2000s were along border zones – this was by design to ensure easier narcotics smuggling, from which the Taliban would be handsomely rewarded.³⁶⁹

Not only did the Taliban provide protection and collect taxes from heroin labs, but they controlled several themselves. This was confirmed when coalition forces retook Musa Qala in December 2007. They discovered that insurgents controlled heroin production in about 50 heroin labs in the town, increasing the total number of active labs since they took over. This shows they not only collaborated with narcotics syndicates in opium refining, but they eventually decided to open and run them independently. Many of these labs were large-scale operations, employing 60 people per site.³⁷⁰ The DEA came to a similar conclusion in a 2006 study that discovered many Taliban commanders had evolved from protecting morphine labs run by narcotics syndicates to running their own.³⁷¹

The Taliban became so flush with opium that they began to use it as a form of currency. In the rural areas where hard currency had less value, the Taliban would trade opium for needed supplies and weapons. They created opium warehouses that they used like banks – depositing and withdrawing their opium supply like an ATM.³⁷² This made rural areas even more reliant on the poppy industry, since it was the highest value good to barter with. This therefore made these communities even more reliant on the Taliban.

It is no secret that Pakistan developed a strong relationship with the Taliban during its time in power. Bhutto's second administration brought back the defunct Afghan Trade and Development Cell (ATDC) to facilitate trade between Pakistan and the Taliban-run Afghanistan, and then onto Central Asian states. Pakistan also sent engineers to Afghanistan to repair power stations that were the collateral damage of years of internal conflict. They sent telecommunications experts

367 Peters, *How Opium Profits the Taliban*, 20.

368 Ibid.

369 Ibid., 21.

370 Ibid.

371 Coll, *Directorate S*, 250.

372 Peters, *How Opium Profits the Taliban*, 19.

to restore phone lines and build a high-frequency telephone network between Pakistan and Taliban-held regions, including many lines to the Taliban leadership and ministries.³⁷³

This relationship extended to growing military assistance at the turn of the century. From April to May 2001, Human Rights Watch observed up to thirty trucks a day filled with artillery shells, tanks rounds, and rocket-propelled grenades heading from Islamabad to southern Afghanistan. As mentioned in chapter 2, ISI operatives worked directly with the Taliban as military advisors. This included many senior military and intelligence officers. Not only was their military guidance offered to the Taliban, but also to Taliban affiliates, like LeT, JeM, and Harkatul Mujahideen. These groups would train at Taliban training facilities, where the ISI sent its advisors.³⁷⁴

There was a stark contrast in access the ISI would get to the Taliban compared to Pakistan's civilian officials. The ISI would have private meetings with Taliban leadership that other Pakistani departments were frozen out of. Even the most senior diplomats were excluded from these discussions, including the consul general in Kandahar and the ambassador to Kabul. A Pakistani diplomat posted in Kandahar complained, "We have had to wait for weeks to get an audience with Mullah Omar or his closest aides but the army people get the appointments instantly." As the ISI and Taliban's relationship grew, a gulf started to form between the ISI and the civilian Pakistani ministries. The Taliban were suspicious of the civilian ministries and believed they were vulnerable to outside influence. The ISI, however, were seen as unimpeachably loyal to their cause. This trust became invaluable as the Taliban were removed from power by the US-led intervention in 2001.³⁷⁵ The widening gulf between the ISI and the civilian parliament members took its toll on the liberal members of Parliament.

Despite Musharraf's military background and hardline demeanour, several liberal politicians saw his ascendancy as an opportunity for reform. Given his secular background they thought he could be their champion against the religious extremists. His targeting of the blasphemy law encouraged many to believe that his administration may limit the power of the fundamentalist parties. However, once he buckled under the pressure of the fundamentalists and backed down from reforming the blasphemy law, liberal politicians took pause. This coupled with the increased influence of the ISI and the marginalising of civilian politicians led to several resignations by liberal politicians.³⁷⁶

The Musharraf administration soon took further steps to strengthen its control over the government. The 2002 parliamentary elections resulted in a plurality for Musharraf's Pakistan Muslim League- Qaid (PML-Q) Party, lacking the majority needed to exert full control over the country.³⁷⁷ The PML-Q got to work rigging local elections in favour of pro-Musharraf politicians, ushering in a new wave of loyalists. The ISI pressured PPP members to either join the PML-Q and maintain complete loyalty to the administration's actions or to step down.^{378 379} Those who were less compliant were blackmailed by the ISI, whose National Accountability Bureau kept tabs on the Pakistani power structure. From telephone bills to property holdings, the ISI had a record of everything that could be used to pressure influential figures into total compliance.³⁸⁰ Their efforts worked, and the PML-Q soon had a majority in Parliament. Many of those in Musharraf's PML-Q harboured both extremist and nationalist ideologies. They were also strongly aligned with the Taliban and al-Qaeda. In an era where the US relied on Pakistan to help in its fight against the Taliban, Pakistan could not have been a less reliable ally.

373 Imtiaz Gul, *The Most Dangerous Place: Pakistan's Lawless Frontier* (New York, NY: Penguin Group, 2011), 150-151.

374 *Ibid.*, 152-154.

375 *Ibid.*, 154-155.

376 Ahmed Rashid, *Descent into Chaos: The United States and the Failure of Nation Building in Pakistan, Afghanistan, and Central Asia* (New York, NY: The Penguin Group, 2008), 152.

377 Hein Kiessling, *Faith, Unity, and Discipline: The ISI of Pakistan* (London, UK: Hurst & Company, 2016), 185.

378 *Ibid.*

379 Rashid, *Descent into Chaos*, 153.

380 *Ibid.*, 153-154.

Musharraf himself had a complex relationship with extremism. He grew up in a liberal and secular household, and was treated with suspicion by the ulama in Pakistan. However, through his military background, he developed a fervent support for jihadism, and saw the jihadist fighters in Kashmir as heroes. In 2000, he told a western journalist, "There is no question that terrorism and jihad are absolutely different. You in the West are allergic to the term jihad, but jihad is a tolerant concept."³⁸¹ To Musharraf, not only did Kashmiri extremists serve Pakistani interests, but so too did al-Qaeda. Al-Qaeda became a powerful ally to the Taliban, and by extension to the ISI. Al-Qaeda trained the Kashmiri extremists who were fighting India, as well as other militant groups that aided Pakistani purposes. They had developed a symbiosis of training facilities and safe houses that many extremist groups in the region benefited from, including the groups aligned with the ISI.³⁸²

Even before 9/11, the Clinton administration pressured the Musharraf government to cut ties with extremist groups like the Taliban and specifically to turn in Osama bin Laden. Clinton went to Islamabad on March 25, 2000, delivering a speech to the Pakistani public where he condemned jihadist activity and warned that Pakistan may be heading down a catastrophic path. Clinton also met with Musharraf privately calling for him to draw down tensions in Kashmir. Musharraf ignored Clinton's requests and publicly stated he did not see the Taliban as terrorists. In an interview in May 2000, Musharraf said, "There is a difference of understanding on who is a terrorist. The perceptions are different in the United States and in Pakistan, in the West and what we understand is terrorism." Later, Musharraf spoke directly about Pakistan's alliance with the Taliban, stating, "Afghanistan's majority ethnic Pashtuns have to be on our side... the Taliban cannot be alienated by Pakistan. We have a national security interest there."³⁸³ Musharraf's government had no qualms on being openly supportive of the Taliban, believing the benefit of open alignment far outweighed the ramifications. This thinking began to shift after the attacks on 9/11.

After September 11, Musharraf's administration was in a politically fragile position. It worried that India would gain an upper hand over Pakistan if its relations with the United States soured.³⁸⁴ The United States had recently put aside concern over Pakistan's nuclear ambitions to secure their relations. Musharraf worried the US could reignite this debate, threatening Pakistan's position with India.³⁸⁵ Pakistan also worried that the US could expand a likely Afghan incursion into Pakistan if it did not cooperate. While Pakistan would face internal pressure for publicly aligning with the United States, Musharraf thought he had no other choice.³⁸⁶

Musharraf also realised he could leverage the US military's need for support to his advantage.³⁸⁷ Pakistan's logistical support had benefited both the Taliban and al-Qaeda, allowing foreign fighters a safe route to enter al-Qaeda training facilities. Musharraf knew the US was aware that without Pakistan's support, they would never capture Osama bin Laden.³⁸⁸ In return for Pakistan's support, Musharraf called for the US to cease all sanctions if Pakistan agreed to the US's terms. This would overturn the substantial sanctions placed on Pakistan since Musharraf's coup in 1999 and over Pakistan's nuclear activity.³⁸⁹ He also got the US to agree to forgive Pakistan's \$3 billion debt, provide military supplies, and disburse loans from the US and World Bank.³⁹⁰ Given Pakistan's troubled economy, he believed this would soften the blow to his political standing from the concessions he gave to the US.

381 Ibid., 144-145.

382 Ibid., 147-148.

383 Ibid., 149-151.

384 Tim Bird and Alex Marshall, *Afghanistan: How the West Lost Its Way* (New Haven, CT: Yale University Press, 2011), 63-64.

385 Kiessling, *Faith, Unity, and Discipline*, 179.

386 Bird and Marshall, *Afghanistan*, 63-64.

387 Ibid.

388 Rashid, *Descent into Chaos*, 109.

389 Bird and Marshall, *Afghanistan*, 63-64.

390 Rashid, *Descent into Chaos*, 119.

General Musharraf officially pledged Pakistan's support to the United States on September 19, 2001.³⁹¹ President Bush's administration had several demands that Musharraf agreed to. The first was that Pakistan would end all logistical support for al-Qaeda and publicly condemn them. He agreed to no longer ship oil to the Taliban and to bar any Taliban members operating in Pakistan from crossing the border to Afghanistan. He also provided the US military with access to Pakistani air space, territory and military bases. He additionally pledged he would cease all relations with the Taliban. Finally, General Musharraf offered ISI cooperation with US intelligence operations.³⁹²

However, it soon became evident that this allegiance was fragile at best. While it seemed that Musharraf was trying to appease the US, his military commanders were not having it. Three of his top corps commanders who led the coup to usher him to power, ISI chief Mehmood Ahmad, former director of the ISI Lt. Gen. Mohammad Aziz, and deputy chief of army staff Lt. Gen. Muzaffar Usmani, were all staunch supporters of the Taliban. They were all immensely influential in the ISI, and had cultivated strong relationships with the Taliban. Lt. Gen. Aziz was the director of covert operations for the ISI in the 1990s and directed several successful Taliban operations against the Northern Alliance.³⁹³ It was clear that not everyone would get behind Musharraf's call for acquiescence to the United States.

Mere days after the US-led Operation Enduring Freedom, the former Pakistani consul general of Herat, Colonel Sultan Ameer Imam, paid a visit to Afghanistan, which was strictly against Pakistani official policy. More than a former civilian diplomat, Colonel Imam had a long history with the ISI and with the Taliban, having been a former ISI officer who also trained Taliban leader Mullah Omar in the 1980s. When questioned on his trip, Colonel Imam maintained that it was a private visit to gauge the situation, and had nothing to do with the ISI.³⁹⁴

More meetings of this type occurred in the aftermath of 9/11, where ISI representatives assured the Taliban of its solidarity with the group against the US. ISI Director General Mahmood Ahmad, second in command to Musharraf, met with Taliban ambassador to Islamabad, Mullah Abdul Salam Zaeef shortly after the attacks, pledging the ISI's continued commitment to the Taliban.³⁹⁵ He also reportedly told the Taliban not to cooperate with the US.³⁹⁶ The US found out about Ahmad's allegiance and demanded Musharraf fire him. Musharraf agreed, needing to maintain the image of supporting the US.³⁹⁷ It is also possible Musharraf had ulterior motives for forcing Ahmad to step down. Ahmad was making moves without Musharraf's approval, and Musharraf likely believed Ahmad was gunning for his position. This is evidenced in Musharraf naming Ahmad the Chairman Joint Chief of Staff Committee (CJCSC) on October 7, 2001 instead of Vice Army Chief, which had much less power with no access to army units.³⁹⁸ Ahmad's breach with Pakistan's pledge to the United States was a perfect excuse for getting rid of him, especially considering Musharraf was violating this agreement himself from the beginning.

On top of several members of Pakistani leadership falling short of their commitment to the United States, Musharraf showed signs of wavering commitment early on. When Musharraf gave his national address on September 19 informing the public of his move to align with the US, he spoke of looking after Pakistan's national interests, like protecting Kashmir and stopping India from turning the United States against Pakistan. But what was conspicuously absent from his address was any mention of condemnation for the Taliban or al-Qaeda. In fact, he assured Pakistanis that he would try to get Mullah Omar to hand bin Laden to the US "without any damage to Afghani-

391 Gul, *The Most Dangerous Place*, 156.

392 Bird and Marshall, *Afghanistan*, 63.

393 Rashid, *Descent into Chaos*, 114-115.

394 Gul, *The Most Dangerous Place*, 155-156.

395 Bird and Marshall, *Afghanistan*, 76.

396 Kiessling, *Faith, Unity, and Discipline*, 187.

397 Bird and Marshall, *Afghanistan*, 76.

398 Kiessling, *Faith, Unity, and Discipline*, 178.

stan and the Taliban.” This explicitly contradicted his pledge to the United States that he would condemn al-Qaeda. He also inferred his continual support for the Taliban, which also went against the US agreement.³⁹⁹ Musharraf saw the benefit of utilizing jihadists for his own nationalistic aims. However, he also saw the potential damage of being ostracised by the international community, making an enemy of the US, and weakening Pakistan’s position in relation to India. Musharraf walked a tightrope between showing the US that he was trying to rein in extremism while simultaneously quietly supporting many of their actions.

Musharraf’s policy of publicly supporting the US while privately supporting the insurgents was evidenced in the case of Abu Zubaydah. Zubaydah was a senior al-Qaeda recruiter who had the final say in sending fighters to Afghan training camps from Pakistan. US intelligence officials found he was openly operating in Peshawar and requested Musharraf to relinquish him to US authorities. Musharraf’s administration claimed they could not find Zubaydah, despite clear evidence of his location. It was no coincidence that Zubaydah was extremely valuable to the ISI, as he vetted the Kashmiri militants who were en route to train in Afghanistan as well.⁴⁰⁰

Musharraf continued this act through the launch of Operation Enduring Freedom on October 7, 2001, when the US began its campaign in Afghanistan. In a meeting with US Secretary of State Colin Powell, Musharraf appealed to him that there was a significant moderate element to the Taliban which could be convinced to “change sides.” He dangled this idea over the US to stall the bombing campaign already underway. His belief was any delay by the US could help the Taliban secure enough support from allied extremist groups like al-Qaeda to hold their ground. Musharraf was acting on intelligence he received from the ISI, which assured him that the Taliban could hold their territory through the Spring of 2002, and if they lost ground then, could maintain a successful guerrilla campaign indefinitely.⁴⁰¹ Musharraf was hedging his bet, showing the US his commitment to fighting extremism, while helping the extremists maintain their control. Whoever won, he would be seen as an ally.

Musharraf’s ISI continued its covert support of the Taliban and al-Qaeda through its usual method: the smuggling pipeline. The ISI sent the same trucks through the Khyber Pass that the US had funded twenty years earlier. These trucks came loaded with enough armaments and supplies to carry the Taliban through the US-led campaign.⁴⁰² These are likely the same trucks that were used to smuggle drugs from Afghanistan back into Pakistan, as they had done with the mujahidin earlier.

Pakistan’s involvement in the narcotics industry continued through the 2000s. While cultivation levels were nowhere near their height in the early 1990s, cultivation did increase during the Musharraf years. 1999, the year of Musharraf’s coup, was the lowest cultivation yield in Pakistan in decades, at 213 hectares (526 acres). This stayed consistent for just a year before nearly tripling in 2002 and then increasing by 10 times in 2003 to 2,500 hectares (6,200 acres).⁴⁰³ This decreased to 1,500 hectares (3,700 acres) in 2004 and hovered around 1,500-2,000 hectares (3,700-4,900 acres) for the remainder of Musharraf’s tenure.⁴⁰⁴ This shift is clearly related to the Taliban ending their ban on opium production and the resulting massive boom of the opium industry in Afghanistan spilling over into Pakistan.

While cultivation was on the rise, trafficking was as prominent as ever. A 2005 State Department International Narcotics Control Strategy Report (INCSR) detailed how “Pakistan remains a sub-

399 Rashid, *Descent into Chaos*, 119-120.

400 *Ibid.*, 148.

401 *Ibid.*, 197-198.

402 *Ibid.*, 198.

403 UNODC (United Nations Office on Drugs and Crime), *A Century of International Drug Control* (an extended version of Chapter 2 of the World Drug Report, 2008), Vienna, AT: UNODC, 2008.

404 UNODC (United Nations Office on Drugs and Crime), “2.2 Opium/Heroin,” in *World Drug Report 2010* (Vienna, AT: UNODC, 2010), 138.

stantial trafficking country for heroin, morphine, and hashish from Afghanistan.⁴⁰⁵ From 2001 to 2006, morphine seizures in Pakistan rose from 1,825 kg to a staggering 32,658 kg, consisting of 72% of global morphine seizures. While this figure waned significantly by 2008 to 7,324 kg, this can mostly be attributed to a shift from morphine to heroin trafficking, which rose from 15,369 kg seized in 2007 to 27,242 kg in 2008.⁴⁰⁶ This shift can likely be attributed to the growth in the acetic anhydride (AA) production and trafficking in Pakistan, which surpassed even Afghanistan's levels in 2008. AA is the precursor chemical that converts opium into heroin, which is of higher value than the morphine that can be produced without it. As Pakistan's access to AA increased, so too did its ability to produce and transport heroin.⁴⁰⁷

Beyond the growth of the Pakistani domestic market, Pakistan was the primary hub of the Afghan narcotics industry. The 2005 INCSR report went on to identify how Pakistani narcotics traffickers "play a very prominent role in all aspects of the [Afghan] drug trade."⁴⁰⁸ The 2010 UNODC World Drug Report observed that 150 mt, or 40%, of all Afghan opiates were trafficked through Pakistan, with significant levels through Balochistan and FATA.⁴⁰⁹ From Balochistan, the smuggling route went either to Iran by road or train, eventually hitting the European market via Turkey, or to the Makran coast and on to international markets via boat or plane. The FATA route generally took one of three paths, all by road: towards the rapidly growing market in China, towards India, or towards Karachi for the domestic market and to reach global markets by sea. Over the decade, Pakistan had likely become the primary supplier of heroin to the entire African continent at 20 mt a year, massively engaging African criminal networks in the Afghan narcotics trade.⁴¹⁰

The fact that Pakistan remained the most likely destination for trafficking means that either the Musharraf administration failed to stop trafficking through the country, did not sufficiently invest in counter-narcotics efforts, or was complicit in the narcotics trade directly. Given its consistently strong relationship with the Taliban, which significantly relied on the opium trade, it was likely the latter.

According to former US Ambassador to Pakistan Wendy Chamberlain at a 2003 House International Relations panel, the ISI had "substantial" involvement in the heroin trade from at least 1997 to 2003.⁴¹¹ This involvement very likely continued on through the rest of the Musharraf years. The ISI will only go so far as to admit there were "rogue officers" who engaged in the narcotics trade, but maintain that they were actively fighting against it. This grows harder to believe when considering the 2008 Transparency International corruption perception index (CPI) rated Pakistan's corruption level at 2.5 on a scale from 10 (highly clean) to 0 (highly corrupt).⁴¹²

The first decade of the millennium was a volatile time for the narcotics industry in Afghanistan. What began with the most drastic opium reduction in Afghanistan's history ended with the largest narcotics industry ever seen in the history of the world. As the Taliban lost its power, they fully invested in the one reliable way to rebuild their empire. They took advantage of the power vacuum that persisted as the Karzai administration struggled to gain control of a country in disarray. They created and profited from the vicious cycle of insecurity and poppy harvesting: as insecurity rose, farmers resorted to growing poppies as alternatives shrank. As the poppy industry grew, so too did the Taliban who profited off of every aspect of the industry, from taxing the harvest, to providing protection for traffickers, to running the refineries. As the Taliban extended their reach

405 *International Narcotics Control Strategy Report* (Washington, D.C.: Bureau for International Narcotics and Law Enforcement Affairs, U.S. Department of State, 2005).

406 UNODC, "2.2 Opium/Heroin," 60.

407 *Ibid.*, 62-63.

408 *International Narcotics Control Strategy Report*, U.S. Department of State.

409 UNODC, "2.2 Opium/Heroin," 22.

410 *Ibid.*, 60-61.

411 Blanchard, *Afghanistan: Narcotics and U.S. Policy*, 33.

412 UNODC (United Nations Office on Drugs and Crime), *Addiction, Crime, and Insurgency: The Transnational Threat of Afghan Opium*, Vienna, AT: UNODC, Oct. 2009, 141.

to border zones enabling easier narcotics smuggling, those regions increased in insecurity, forcing locals to resort to poppy farming.

Hamid Karzai's government had an impossible situation on its hands trying to draw back the opium epidemic while so much of the country was out of its control. The areas it did control did not react well to eradication efforts, which hurt the livelihood of farmers who had little alternative to poppy farming to survive. The Karzai administration's efforts with international actors to provide alternative livelihood to communities reliant on poppies had mixed results. This stemmed from issues in the rollout of aid, resulting in disparities in the allocation of resources. Additionally, offering one-size-fits-all community development programs instead of multi-scalar, holistic, and customised programs meant that much of the aid provided did not attain the intended goal of creating sustainable communities no longer reliant on poppy farming. The situation was not helped by the Karzai government's questionable relationship with the narcotics industry, where many officials from top to bottom had financial interests in the drug trade leading to inconsistent administration of anti-narcotics efforts. This was exacerbated by the government infiltration by tribal warlords who engaged in mafia-like behaviour, creating business empires that packaged their illicit activities, like narcotics trade, in licit fronts.

Finally, the group that the US relied upon to fight the Taliban, Pakistan's ISI, proved to be an unreliable ally, placating Western demands with half-hearted public gestures while privately sabotaging all efforts to disrupt the Taliban and its allies. Pakistan's ISI and the Musharraf administration grew even more powerful, pushing out any moderate elements in Parliament through intimidation or bribery. Several members of Musharraf's administration remained fiercely loyal to the Taliban and broke their agreement with the United States to declare loyalty to the Taliban. While Musharraf took efforts to display allegiance to the US and offered ISI services to US intelligence agencies, he simultaneously worked to stall US operations to give the Taliban and its allies the upper hand.

As a continued ally to the Taliban, the ISI did little to subvert the growing narcotics industry in its country. The Musharraf years saw the resurgence of poppy cultivation, which had been at historic lows just a year prior. However, that pales in comparison to the evolution of narcotics trafficking, where Pakistan grew into one of the largest hubs for international trafficking in the world. This led to the growth of many markets stemming from Afghanistan, including China, Europe, and Africa. This era also marked a shift in the Pakistani market from dealing in primarily morphine to heroin, likely due to the increased access to the chemical precursor AA.

As much as the mujahidin launched a global opium epidemic, the Taliban's resurgence during the 2000s marked an evolution in the industry to something the world had never seen before: a resilient, worldwide industry shaped and protected by governments, businesses, criminal organisations, and terrorist organisations. The further this industry grew, the more entrenched it became in society, anchoring itself to poverty, corruption, conflict, and insecurity.

Chapter Four

The Terror Racket

Formal / Informal Channels

As we have delved into the increasingly intricate nexus of cooperation between terror groups, tribal warlords, narcotics smugglers, and corrupt politicians, a clear pattern is forming—terror groups are diversifying their revenue streams. Gone are the days when the Taliban were struggling to find donors. With the growth of the narcotics industry, terror groups are finding new ways to protect their organisations from economic collapse. They are becoming more and more like mafia organisations, with investments in various licit enterprises like real estate, shipping businesses, and construction companies to conceal and protect their illicit profits. They are also utilising both ancient and cutting-edge methods for obfuscating transactions and moving finances and illicit products around the world. As they have diversified their illicit operations, they have found new, innovative ways to hide those operations.

Like many innovations of terrorist financing, money laundering has its roots in the covert support of the mujahidin. The ISI funnelled money for the mujahidin through the Bank of Credit and Commerce International (BCCI). Founded by Pakistani business mogul Agha Hasan Abedi, BCCI was the main instrument of funnelling money to armed groups abroad. This was the organisation responsible for transferring the funds and weapons for the now infamous Iran-Contra arms deal. BCCI developed a sophisticated model for transferring illicit goods across the globe, known as the “black network”. Operating out of Karachi, this network was a full-service trafficking machine: they shipped the illicit goods using their own vessels, insured the goods through the bank, provided security en route to the destination, and paid bribes to officials at border points. They eventually amassed enough power to take over the entire Karachi port, overseeing all customs operations themselves. This enabled them to easily carry out the transfer of weapons, supplies, and funds to the mujahidin. When the mujahidin turned to narcotics to fund operations, BCCI was there to offer logistical and financial support to the ISI to ship the drugs to the West.⁴¹³ This coordination between terrorist organisations, front companies, and the financial industry became a blueprint for future endeavours in the narcotics industry.

Not only did BCCI spearhead a terrorist financing nexus in general, but it created the roadmap for obfuscating illicit financial transactions to terrorist organisations. This started with the bank giving out unsecured loans to wealthy financiers in exchange for access to global markets. Over the course of the 1970s and 1980s, BCCI gave a Saudi financier USD \$500 million in unsecured loans so that he could purchase a controlling interest in two American banks on BCCI’s behalf, in violation of international banking regulations. This plan worked for some time, since BCCI became a household name in the Middle East for offering large unsecured loans to wealthy investors. This enabled BCCI to afford such loans because there were always more investors to cover the cost. This setup additionally allowed wealthy clients to obfuscate their transactions and circumvent foreign exchange controls by entrusting the bank to make investments on their behalf. One of those clients was Saddam Hussein, who was able to transfer much of his oil revenue to investments around the world through BCCI. The bank helped other friendly governments to secretly fund politically volatile operations, like Pakistan’s nuclear weapons programme in the 1980s. BCCI first helped Pakistan set up a tax-free foundation to funnel the money into, which was run by future Pakistani president Ishaq Khan who was then serving as finance minister. The money was then funnelled to the bank, which donated USD \$10 million of its own money to pay for a secret nuclear weapons development laboratory. Even after BCCI closed down upon an investigation into its money laundering operations, it set the stage for several financial institutions to follow the same model, dealing with even more nefarious actors.⁴¹⁴

413 Loretta Napoleoni, *Terror Incorporated: Tracing the Dollars behind the Terror Networks* (New York, NY: Seven Stories Press, 2005), 83-85.

414 Napoleoni, *Terror Incorporated*, 121-122.

In the 1980s, two financial institutions rose out of Saudi Arabia to become the main vehicles for laundering money to extremists: Dar al-Maal al-Islami (DMI) and Dallah al-Baraka (DAB). DMI was founded by Mohammed bin Faisal Al Saud, the son of Saudi King Faisal, in 1981 in Geneva, Switzerland. Since its inception, DMI has been building a wide array of subsidiaries based all around the globe, throughout North America, Europe, Africa, and Asia. DMI's many subsidiaries include DMI S.A., Islamic Investment Company of the Gulf, the Faisal Islamic Bank of Bahrain, Shamil Bank of Bahrain, Faisal Islamic Bank of Sudan, Tadamon Islamic Bank, Faisal Finance S.A., Faisal Islamic Bank of Egypt, and Al Shamal Islamic Bank.⁴¹⁵ DMI has been able to conceal many of its transactions through this opaque network of businesses meant to put distance between the Saudi royal family, wealthy Saudi financiers, and their beneficiaries.

The DMI subsidiaries have a complex web of connections intended to obfuscate transactions and maintain plausible deniability if any get accused of aiding terrorist operations. DMI, which is based in Switzerland, is the holding company for the Islamic Investment Company of the Gulf, which is based in Bahrain. Islamic Investment Company of the Gulf owns the subsidiary Faisal Islamic Bank, based in Cairo, Egypt. Reinforcing the point that all three are essentially the same business, they are all chaired by Prince Mohammed al Faisal al Saud of the House of Saud. The Faisal Islamic Bank of Sudan is a shareholder of Tadamon Islamic Bank. Tadamon Islamic Bank provided much of the seed money to open Al Shamal Islamic Bank, and maintained a large interest in the bank. The other major investor in Al Shamal Islamic Bank's establishment was Osama bin Laden, who maintained a long relationship with DMI as one of their most prominent and notorious clients.

DMI's network of subsidiaries further serves the purpose of concealing the illicit transactions of the bank's clientele. Bin Laden took advantage of this model by diversifying his wealth between three of those subsidiaries: al-Shamal Islamic Bank, Tadamon Islamic Bank, and Faisal Islamic Bank. Bin Laden used these banks to transfer funds to al-Qaeda operatives and supporters around the world. Funds used in the 1998 US Embassy bombings in Nairobi and Kenya were traced back to al-Qaeda accounts at Faisal Islamic Bank.⁴¹⁶ Not only does this implicate DMI in funding terrorism, but also implicates Dallah al-Baraka (DAB).

One of the founders of Faisal Islamic Bank was Saleh Abdullah Kamel, brother-in-law to the King of Saudi Arabia, King Faisal. In addition to Faisal Islamic Bank, he was the founder of the other major financial institution in Saudi Arabia, DAB. Like DMI, DAB had a hand in markets all around the world, with 23 branches and multiple investment companies throughout 15 countries.⁴¹⁷ One of DAB's subsidiaries is Dallah Avco, which is an aviation services company that has worked on several contracts with the Saudi Ministry of Defence and Aviation. The assistant to the Director of Finance at Dallah Avco was Omar al-Bayoumi, who organised the terrorist attack on September 11th. Al-Bayoumi organised all the logistics in the operation, from finding the hijackers Khalid Almidhar and Nawaf Alhazmi housing in San Diego, to opening bank accounts for them, getting them Social Security cards, and even booking the flight lessons in Florida that enabled them to hijack the planes.⁴¹⁸ The perceived separation of DMI and DAB is just another layer of obfuscation that allows each bank and their subsidiaries to feign ignorance at the illegal actions undertaken through their facilitation.

Another instance of DMI obfuscation is the creation of Crescent International Ltd., which operated in the United States. Crescent International Ltd. was registered in Bermuda and owned by

415 Amended RICO Statement Applicable to Dar Al Maal Al Islami Trust and DMI Administrative Services, S.A., *Federal Insurance Co. v. al Qaida*, Case No. 03 CV 06978 (RCC), (U.S. District Court S.D. New York, Jun. 15, 2004), 7. <http://media.philly.com/documents/Cozen+RICO+Banks+2.pdf>

416 Amended RICO Statement, *Federal Insurance Co. v. al Qaida*, 30.

417 Napoleoni, *Terror Incorporated*, 124.

418 Lucy Komisar, "Funding Terror: Investigating the Role of Saudi Banks," *In These Times*, Dec. 20, 2002, <https://inthesetimes.com/article/funding-terror>.

Greenlight SA, based out of Switzerland. Both Crescent International Ltd. and Greenlight SA were “principal subsidiaries” of DMI Trust, according to their 2001 Annual Report. Upon investigating their addresses, it becomes very clear that DMI is intentionally diversifying its businesses to conceal its practices. All three entities, DMI SA Services, Crescent International Ltd., and Greenlight SA, have the exact same business address in Geneva, Switzerland. This not only allowed DMI Trust to obfuscate their clientele, but enabled them to invest in the global market, unencumbered by international banking regulations. Through Crescent International Ltd, DMI was able to invest in the American stock exchange, purchasing millions in shares of telecommunications companies and in the real estate market. DMI even set up an international development fund dealing in the hundreds of millions, managed by a private equity firm out of Washington DC. In addition to building a complex structure of shell companies and subsidiaries, DMI further hid their operations through falsifying tax returns, racketeering, laundering illicit funds, and hiding money in tax havens.⁴¹⁹ This was all concurrent with their funding terrorist operations in Sudan, Afghanistan, and Jordan. Al-Qaeda was ironically relying on the American stock exchange and American corporations to fund terrorist operations against American security interests.

Examining the way bin Laden and al-Qaeda coordinated with DMI to fund terrorist operations shows a revealing picture at the complex network that has evolved in terrorist financing. One element of this funding was the funnelling of charity money to al-Qaeda. DMI facilitated the transfer of *zakat* (charity) account funds to al-Qaeda linked accounts. DMI’s *zakat* funds originated from a 2% charge on all clientele transactions, said to be going towards an Islamic charity, which is customary with Islamic banking. What isn’t customary in Islamic banking is that this charity turned out to be a terrorist organisation. Al-Qaeda set up several charity-fronts themselves, the likes of which DMI was happy to house in their institutions. Faisal Islamic Bank even advertised charities that were knowingly aiding al-Qaeda.⁴²⁰

In partnership with the National Islamic Front, an Islamist organisation in Sudan that had a controlling interest in Faisal Islamic Bank, Osama bin Laden invested USD \$50 million in a series of businesses through his accounts in Al Shamal Islamic Bank. In 1992, bin Laden opened two accounts through the bank for his new venture, Al-Hijrah for Construction and Development Ltd. This company provided transportation and provisions for the Sudanese military to train in al-Qaeda militant camps. A year later, bin Laden opened a third account at Al Shamal Islamic Bank under his holding company’s name, Wadi Al Aqiq, which controlled a monopoly over agricultural exports from Sudan.⁴²¹ Bin Laden was able to stay under the radar of investigators by opening accounts under his business’ names instead of his own, conducting his operations with relative ease.

In addition to his own account, six of bin Laden’s most trusted operatives held accounts in Al Shamal Bank from which they would transfer funds to other members to purchase military equipment. This included large purchases like USD \$250,000, transferred through the Bank of New York, for stinger missiles and a plane to transport the missiles from Pakistan to bin Laden in Sudan. A former financial officer for bin Laden, Jamal Ahmed Al-Fadl, testified that bin Laden paid operatives through the Al Shamal account, including his own salary of USD \$1,200 a month. He also attested to a USD \$100,000 transfer to an al-Qaeda operative in Jordan.⁴²²

Through DMI, al-Qaeda was able to pay salaries, fund operations, and purchase weapons and equipment to send across the globe. Without the bank’s complicity, al-Qaeda would have had much more difficulty in growing their network and executing attacks. Al-Qaeda effectively operated in the global financial market through supposedly legitimate enterprises. The activities of

419 Amended RICO Statement, *Federal Insurance Co. v. al Qaida*, 24.

420 *Ibid.*, 31.

421 *Ibid.*, 12-13.

422 *Ibid.*, 12-30.

DMI and DAB ushered in a new era of terrorist organisation sophistication. They offered terrorist groups a means of protecting their illicit enterprises and gave them cover from financial regulators. Without addressing the nexus between terrorist organisations and financial institutions, they will continue to have a means of protecting and growing illicit capital to utilise for destructive aims.

D-Company

Another vital piece to the evolution of the terrorism-financing paradigm is the birth of crime-terror hybrid organisations. These are organisations that fund terror operations through criminal enterprise. Two of the best examples of this are D-Company and the Haqqani network. D-Company was founded by Dawood Ibrahim, who to this day is the only person the United States has labeled as both a “global terrorist supporter” and a “foreign narcotics kingpin.”⁴²³ As discussed in Chapter 2, the Haqqani network rose out of the Soviet-Afghan War to become a major player in South Asian terror networks. It saw the benefit early on of using criminal activity to fund terror operations. It has since become one of the most powerful and influential criminal networks in the region. Through examining the strategy of D-Company and the Haqqani network in expanding and protecting their financial revenue streams, we can gain a sense of the spectrum of tools available to all terrorist organisations to do the same.

Known as The Don, Ibrahim emulated the mafia business model in many ways, fixing sports matches, extorting businesses for money, and even having members assassinated who were disloyal to him. Dawood is the son of a police constable who took advantage of the protection that was given to him by entering the world of smuggling. He started out smuggling gold, and moved up to higher-level crimes, including extortion and eventually assassinations. He soon expanded operations to include drug trafficking. Starting in the 1980s, D-Company used their ownership of several shipping and trucking lines to smuggle heroin from Pakistan to India.⁴²⁴ Authorities believe they would either hide the drugs inside fruit shipments by truck to India via the Wagah-Attari border, or in jute bags via maritime port and subsequently into Gujarat and Mumbai.⁴²⁵

When authorities began pursuing Ibrahim for his burgeoning criminal enterprise, he fled to Dubai. Ibrahim took a liking to the freedom his new environment offered, and was able to evolve his street-level gang into a global crime syndicate.⁴²⁶ As John Cassara, Special Agent to the Department of Treasury’s Office of Terrorism Finance and Financial Intelligence (INL) put it, “whether it’s drug smuggling, people trafficking, or money laundering, all roads lead to Dubai.” Dubai’s then “business-friendly” policies offered D-Company the cover to engage in international smuggling and money laundering quite effectively.⁴²⁷ Ibrahim used the UAE as D-Company’s base of operations for several years, offering logistical support for his operations abroad, transferring illicit funds through UAE investments, such as real estate, to launder the funds while making capital gains on the investments.⁴²⁸ Since their small-time drug smuggling and dealing in the 1980s, D-Company soon grew into a global smuggling empire, with established networks in South Asia, the Middle East, and Africa.⁴²⁹

Founder of the Haqqani network, Jalaluddin Haqqani, had a stroke in 2005 and remained bedridden until his death in 2018, relinquishing him to merely the figurehead of his organisation. One

423 Ryan Clarke, *Lashkar-i-Taiba: The Fallacy of Subservient Proxies and the Future of Islamist Terrorism in India*, The Letort Papers, (Carlisle, PA: Strategic Studies Institute, U.S. Army War College, 2010), 30.

424 Ryan Clarke, *Crime-Terror Nexus in South Asia: States, Security and Non-State Actors* (Oxfordshire, UK: Routledge, 2011), 31.

425 Rakesh Trivedi, “Dawood’s D-Company Partners Afghan Drug Lord to Expand Heroin Trade,” *Zee News*, Aug. 12, 2019, <https://zeenews.india.com/india/dawoods-d-company-partners-afghan-drug-lord-to-expand-heroin-trade-2226752.html>.

426 Gretchen Peters, *Seeds of Terror: How Heroin is Bankrolling the Taliban and al Qaeda*, (New York, NY: St. Martin’s Press, 2009), 165.

427 Peters, *Seeds of Terror*, 169.

428 Interview with US Government official, April 2020.

429 First Post, “US Turns Heat on D-Company’s Chhota Shakeel, Tiger Memon,” *First Post*, May 16, 2012, <https://www.firstpost.com/world/us-turns-heat-on-d-companys-chhota-shakeel-tiger-memon-310508.html>

of his sons, Sirajuddin Haqqani, took over as the de facto CEO, overseeing the network's partnerships and business operations.⁴³⁰ Under his leadership, the network relied much less on donations from Gulf backers and the support of the ISI, and more on a growing conglomerate of licit and illicit businesses.

One major revenue stream for D-Company and the Haqqani network is extortion. D-Company operatives extort money from businesses upon threat of violence. Dawood's brother, Anees, handled the extortion cases, and in one case sent some of his men to threaten a hotelier based in Dubai to pay them 50,000 Dirhams (USD \$13,600). After he paid, he fled to India to try to set up a hotel where he would not be threatened. Anees' men followed the hotelier, now demanding ₹50 lakh (\$68,000 USD).⁴³¹ D-Company operatives also act as 'hired muscle' to collect debts for their clients through force and intimidation, even going after the family members of the debtors for payment. Pakistani national Jabir Moti, a top lieutenant of D-Company, was arrested in August 2018 in the UK for this very charge.⁴³²

The Haqqani network turned extortion into a systematic, reliable revenue stream. They use mafia-like enforcement tactics where every business that operates in the Haqqani network sphere of influence must get approval from the network, and that approval usually comes in the form of regular payments.⁴³³ They use these enforcement tactics on infrastructure projects implemented in their area as well, intimidating or threatening them into giving the network a portion of their funding if they wish to continue operating without facing violence. This creates a situation where many well-intentioned international aid projects are inadvertently funding the Haqqani network by launching projects in the Haqqani sphere of influence. Haqqani network operatives generally extort 10-25% of the value of construction projects, directly benefiting from many of the groups that are attempting to reduce the Haqqani influence.⁴³⁴ They use this model to profit off of many industries, including narcotics. They impose the equivalent of a toll or tax on businesses moving through or operating in their sphere of influence. For narcotics smugglers, this means paying the Haqqani network for "protection" if they plan on navigating through their region to transport.⁴³⁵ This has been incredibly lucrative for the Haqqani network, which holds domain over much of southeastern Afghanistan and Pakistan's FATA, where a majority of the smuggling occurs.⁴³⁶

Another revenue stream for D-Company and the Haqqani network is kidnapping for ransom. D-Company operatives have kidnapped wealthy businessmen or their family members demanding substantial sums of cash for their safe return. These funds are then used to finance their terrorist activity. In one prominent case, Chota Shakeel's aid and notorious D-Company assassin, Abdul Rashid Hussein, attempted to kidnap a wealthy businessman for a ransom of 5 crore (USD \$59,000,000) in order to fund the assassination of politicians Varun Gandhi and Pramod Muthalik.⁴³⁷ Hussein was thankfully caught before he was able to carry out his plot, but unfortunately this tactic is all-too-common among D-Company operatives.

The Haqqani network has increasingly relied on kidnapping for ransom over the years as a major revenue source. It takes few resources, can have high returns, and there is little risk of capture. Most families of the abductees would rather pay the ransom than report the kidnapping to au-

430 Gretchen Peters, *Haqqani Network Financing: The Evolution of an Industry* (West Point, NY: The Combatting Terrorism Center, United States Military Academy, 2012), 25.

431 Bharti Jain, "Anees Ibrahim Shot At in Karachi," *The Economic Times*, Jun. 6, 2009.

432 NDTV, "Dawood Ibrahim's Henchman To Stand Trial In Britain For Extortion," *NDTV*, Oct. 19, 2018, <https://www.ndtv.com/india-news/dawood-ibrahims-henchman-to-stand-trial-in-britain-for-money-laundering-extortion-1934673>.

433 *Combating the Haqqani Terrorist Network Hearing Before the Subcommittee on Terrorism, Nonproliferation, and Trade of the Committee on Foreign Affairs*, 112th Cong. (2012) (statement of Gretchen Peters, author).

434 Peters, *Haqqani Network Financing*, 43.

435 *Ibid.*, 45.

436 *Ibid.*, 1.

437 VNAP News, "D-Company's Ace Shooter and Chhota Shakeel's Aide Rashid Malabari Caught in Abu Dhabi," *VNAP News*, Jul. 2, 2018, <https://news.vnap.net/d-companys-ace-shooter-and-chhota-shakeels-aide-rashid-malabari-caught-in-abu-dhabi/>.

thorities and face further threat. The Haqqani network also focuses kidnappings on wealthy industrialists or politicians, so the ransom amount is usually very affordable for the families. When it is not, families will often get help from tribal elders, who will also agree not to report the crime to authorities to protect the family.⁴³⁸ The network was able to get USD \$5 million from kidnapping Afghan diplomat Haji Khaliq Farahi in Pakistan.⁴³⁹ The Haqqani network has participated in several high-profile kidnappings of Westerners, including US soldier Bowe Bergdahl and *New York Times* journalist David Rohde. With Rhode, the Haqqanis sought both financial compensation, demanding USD \$25 million, as well as demanding 15 operatives be released from US custody. Thankfully, Rohde and his translator escaped Haqqani custody after several months of capture.⁴⁴⁰

Extortion and kidnapping for ransom have become common tools for terrorist organisations operating in South Asia to raise funds. In 2007, a coalition of terrorist organisations operating in Pakistan, Tehrik-i-Taliban Pakistan (TTP), the Pakistani-based offshoot of the Taliban, the Haqqani network, and Quetta Shura, agreed to share in the proceeds of kidnapping operations in the regions. The Haqqani network designated which targets were acceptable, including government officials, security personnel, government bureaucrats, foreigners, NATO contractors, and alleged spies.⁴⁴¹ From November 2008 to April 2009, TTP adhered to the Haqqani's directions, engaging in a series of extortion operations on the fuel contractors for the allied coalition in Afghanistan, as well as many kidnappings for ransom. Over just 5 months, the TTP alone raised at least 250 million rupees (USD \$3.1 million) on these operations, using the funds to open new training camps in Pakistan and Afghanistan.⁴⁴² Kidnapping, in particular, has seen a meteoric rise from terrorist groups in the past decade. From 1970-2010, kidnapping made up less than 7% of terrorist attacks. By 2016, kidnappings were almost 16% of all terrorist activity.⁴⁴³ This is for good reason. The former leader of al-Qaeda in the Arabian Peninsula (AQAP), Nasser Al-Wuhayshi, commented that kidnapping was «an easy spoil... a profitable trade and a precious treasure.»⁴⁴⁴ Kidnapping for ransom has also become a popular tool for funding terrorist organisations in West Africa. The commander of the Mali-based al-Qaeda in the Islamic Maghreb (AQIM), Oumar Ould Hamaha, also boasted of the efficacy of this revenue stream, saying «lots of Western countries are paying enormous sums to the jihadists. The source of our financing is the Western countries. They are paying for jihad.»⁴⁴⁵ It is likely that terrorist organisations will continue to increasingly exploit this nefarious tool in the years to come.

As mentioned earlier, D-Company was not just a criminal organisation focused solely on wealth. They have an ideological motivation that has led them to commit and support acts of terrorism. D-Company, under the direction of Ibrahim, his brother, Anees Ibrahim, and his second in command, Tiger Memon, orchestrated what became known as the Bombay bombings on March 12, 1993.⁴⁴⁶ They used their smuggling network in Dubai, Karachi, and Bombay (now Mumbai) to smuggle several arms, light weapons, and explosives through maritime ports into Bombay from 1992 to 1993.⁴⁴⁷ Anees then organised the distribution of arms to operatives in the region, and arranged a hideout for the attackers to escape to after their attack. Another operative, Javed Patel, facilitated a series of car bombings throughout the city.⁴⁴⁸ These attacks targeted several locations throughout Bombay, including the Bombay Stock Exchange, the Air India building, Plaza Cinema,

438 Peters, *Haqqani Network Financing*, 46-47.

439 Ibid., 28.

440 Ibid., 48-49.

441 Ibid., 46.

442 Clarke, *Crime-Terror Nexus*, 35.

443 UNODC (United Nations Office on Drugs and Crime), "Kidnapping for Ransom and Terrorism," in *Module 16: Linkages Between Organized Crime and Terrorism*, E4] (Education for Justice) University Module Series on Organized Crime (Vienna, AT: UNODC, 2019).

444 David Rohde, "Did America's Policy on Ransom Contribute to James Foley's Killing?," (opinion), *Reuters*, Aug. 20, 2014.

445 Adam Nossiter, "Millions in Ransoms Fuel Militants' Clout in West Africa," *The New York Times*, Dec. 12, 2012.

446 Clarke, *Subservient Proxies and Islamist Terrorism in India*, 30.

447 Ibid., 24.

448 Interview with US Government official, April 2020.

and other popular areas.⁴⁴⁹ After the attack, Dubai could not overlook Ibrahim's activity anymore, and he fled to Pakistan, where he lived in Karachi under the protection of the ISI.⁴⁵⁰ While the ISI denied Ibrahim's presence in Karachi for decades, his residency was finally confirmed in an official Pakistani government Statutory Notifications (S.R.O.) document, declaring the order of an asset freeze, travel ban, and arms embargo on Ibrahim along with several others connected with terrorist groups.⁴⁵¹

Beyond engaging in their own terrorist activity, D-Company supported and collaborated with multiple terrorist organisations to aid their terrorist activities. In the late 1990s, the Taliban was already well aware of D-Company, given /their attack in India, and helped arrange a meeting between Dawood and al-Qaeda. The Taliban secured Dawood safe transit from Pakistan to Afghanistan to meet with al-Qaeda to discuss a partnership in smuggling operations.⁴⁵² It is believed that Osama bin Laden himself was at the meeting with Ibrahim.⁴⁵³ They came to an agreement where al-Qaeda paid D-company for access to their narcotics network in East Africa.⁴⁵⁴ Al-Qaeda was later able to use this smuggling network to ferry fighters from Afghanistan into Pakistan after the US-led intervention in 2001.⁴⁵⁵ Dawood's brother, Anees Ibrahim, secured al-Qaeda's investment by purchasing large shares of the shipping industries in both East Africa and the UAE as insurance against any potential loss incurred via law enforcement seizures. D-Company also began to launder al-Qaeda's drug money from the Afghanistan market.⁴⁵⁶ A new partnership had formed, and it proved to be an enduring one.

Al-Qaeda is not the only terrorist organisation D-Company coordinated with. After the Bombay bombings, Ibrahim was able to escape to Pakistan because the ISI granted him safe refuge. In return for the ISI's protection, D-Company provided financial support for ISI-supported terror groups. The ISI was concerned that there would be international blowback if they provided material support to terrorist groups directly, so D-Company proved to be a suitable intermediary to hide their involvement. There is plenty of evidence to demonstrate this collusion. Ibrahim provided financial support for Lashkar e-Taiba (LeT) throughout 2002 for multiple operations in Gujarat.⁴⁵⁷ Dawood would "donate" funds to charities that were fronts for LeT, which were then extracted for use in several attacks.⁴⁵⁸ In addition to LeT, the ISI directed D-Company to support Kashmiri militant group Jammu and Kashmir Islamic Front (JKIF). Photographs have been unearthed that show D-Company operative Tiger Memon at an ISI safe house with JKIF operatives.

D-Company has continued to fund allied terror organisations to this day. Shahadat-e-Al-Hikma, a terrorist organisation based in Bangladesh that launched in February 2002, received its seed money from Ibrahim. While they were believed to be defunct for several years, Shahadat-e-Al-Hikma popped up on India's National Investigation Agency's (NIA) radar in 2016 after a terrorist responsible for a bombing in Khagragarh claimed he was part of this outfit that was training new recruits.⁴⁵⁹

D-Company has been able to evade authorities for decades. Part of this is of course due to the arrangement Ibrahim made with the ISI, but beyond that, the company has insulated itself from authorities worldwide by hiding in plain sight. It has done this through forming front companies.

449 Clarke, *Subservient Proxies and Islamist Terrorism in India*, 30.

450 Peters, *Seeds of Terror*, 165.

451 Ministry of Foreign Affairs, Government of Pakistan, "S.R.O. 741(I)/2020," Aug. 18, 2020, <https://mofa.gov.pk/wp-content/uploads/2020/08/SRO-741-dated-18-August-2020.pdf>

452 Clarke, *Crime-Terror Nexus*, 30.

453 Ryan Clarke and Stuart Lee, "The PIRA, D-Company, and the Crime-Terror Nexus," *Terrorism and Political Violence* 20, no. 3 (2008): 386.

454 Clarke, *Crime-Terror Nexus*, 30.

455 Clarke and Lee, "Crime-Terror Nexus," 386.

456 Clarke, *Crime-Terror Nexus*, 30.

457 Clarke, *Subservient Proxies and Islamist Terrorism in India*, 33.

458 Sheela Raval and Raj Chengappa, "War on Terror: Political Victory for India as US Cracks down on Dawood Ibrahim, D Company," *India Today*, May 29, 2012.

459 Saibal Gupta, "NIA Lens on 'Defunct' Terror Outfit," *The Times of India*, Oct. 13, 2016.

Since moving to Pakistan, Ibrahim built up his syndicate to unprecedented levels, diversifying and obfuscating D-Company's revenue by purchasing shopping malls, plazas, and high-end homes throughout Pakistan, the UAE, and Nepal.^{460 461} He is believed to have invested USD \$28 billion in properties in Karachi alone.⁴⁶²

Just like the banks mentioned prior, Ibrahim diversified his assets in several countries, protecting himself and his company against an audit. He owns over 50 properties spread across India, Pakistan, the UK, France, Morocco, the UAE, South Africa, Sri Lanka, and countless others. On top of his properties, he has invested over half a billion USD in businesses throughout the UK, Dubai, and India.⁴⁶³ He also has huge investments in European markets, such as in Switzerland and Italy, as well as East Asian markets, like Bangkok and Hong Kong.⁴⁶⁴ Much of his assets are seemingly legitimate enterprises, such as a number of hotels in the UK, from which he collects tens of millions of dollars.⁴⁶⁵ However, these licit businesses sometimes serve the purpose of concealing illicit earnings.

While these properties are operating legally, providing licit services with legitimate transactions, there are illegitimate operations happening behind the scenes. The process is usually as follows: D-Company will register a new company, assigning an operative to pose as a fake director who will get a work visa in the country if they aren't already a resident. D-Company will then open a bank account in that operative's name where they will funnel drug money and call it a salary. That operative can then take that money and invest it into the global market and the capital gains will be "clean". This is the exact strategy D-Company used with their operative Mohamed Anees Lambu. Lambu is an Indian national who has a work visa in Dubai through the company Al Rafhaa Trading Co LLC, a hardware material business. But his real purpose for operating in Dubai is to oversee the distribution, investment, and donation of D-Company funds. He supplements this activity with counterfeiting currency, gambling, and hawala, which we will go into more detail on later in this chapter.⁴⁶⁶

They can also funnel the funds through trade-based money laundering, finding willing vendors to cooperate in the illegitimate transaction.⁴⁶⁷ For instance, D-Company could approach a business that wants to purchase one of their real estate holdings. If the two parties agree to selling the building for USD \$100,000, D-Company can send the company USD \$25,000 in drug money, plus a percentage cut, and then on paper charge \$125,000 for the building. Now, D-Company has its own \$25,000 in drug money back, but it looks legitimate. This strategy is common among narcotics organisations in South Asia.

In observing the leadership structure of D-Company, it is clear how they are attempting to obscure their illicit work through various holdings and business ventures. Dawood has a number of agents that make investments on his behalf in the global marketplace, each through a different legitimate business or holding. Rasheed Saeed handles the payments and revenue intake from D-Company's illicit operations under Chota Shakeel, who reports directly to Dawood. To the casual observer, however, Saeed is the Managing Director of an entertainment company, Essar Events.⁴⁶⁸ This company hosts promotional events for Bollywood films, like the 2013 film "Lootera".⁴⁶⁹ Feroz

460 Clarke, *Subservient Proxies and Islamist Terrorism in India*, 31.

461 Raval and Chengappa, "War on Terror."

462 Ibid.

463 Amardeep Basse and James Rodger, "Who is Dawood Ibrahim? All You Need to Know about World's Most Wanted Gangster," *Birmingham Live*, Sep. 13, 2017, <https://www.birminghammail.co.uk/news/midlands-news/who-is-kaskar-dawood-ibrahim-13613403>.

464 Interview with US Government official, April 2020.

465 Basse and Rodger, "Who is Dawood Ibrahim?"

466 Interview with US Government official, April 2020.

467 Peters, *Seeds of Terror*, 172

468 Interview with US Government official, April 2020.

469 Bindu Suresh Rai, "Bollywood's Ranveer, Sonakshi Move Their Romance to Dubai," *Emirates 24/7*, Jun. 25, 2013, <https://www.emirates247.com/entertainment/bollywood-s-ranveer-sonakshi-move-their-romance-to-dubai-2013-06-25-1.511810>

Memon is a partner in Newton Industries FZE, a steel export company that operates in one of UAE's free economic zones.⁴⁷⁰ This company exports steel across the globe, which gives Memon an excuse to travel for his other job: D-Company's recruiter. Memon visits South Africa and Mozambique frequently, recruiting operatives for D-Company's illicit activities, which is how they have been able to expand their narcotics trafficking to Africa so effectively. Umar Farooq Zahoor handles Dawood's investments in the UAE and several African countries. Zahoor was the chief executive of Africa and Middle East Resources Investment (AMERI) Group, a Dubai-based business group that invests in power plants throughout the world.⁴⁷¹ It is quite possible that he invested Ibrahim's money into this group, creating distance between D-Company and their investments.

Narco-Terror Convergence

The Haqqani network has similarly invested in a number of licit businesses both as a front for their illicit activity and as a way to advance their illicit activity. The Haqqani network, like D-Company, have their hands in every industry, from import-export, to real estate, construction, and a series of front companies, in order to move their illegitimate operations through licit fronts (Peters, 2012b pg.3). The most profitable of these illicit operations is importing precursor chemicals for the refining of opium into heroin or morphine. The materials used to transform raw opium into a marketable opiate are lime, hydrochloric acid, and acetic anhydride (AA). The network invests in hospitals and medical centres in their control zones, ensuring they have sufficient influence and control. They then have the hospitals purchase AA on their behalf, under the guise of using it as a raw material for medicine (AA is used in aspirin, acetaminophen, and other pharmaceutical drugs).^{472 473} This is made abundantly clear when looking at the quantities of AA imported to hospitals in the Haqqani sphere of influence. These hospitals import enough AA to last a decade in most regions. In one case in November 2010, a Pakistani customs official intercepted 10.5 metric tons of AA imported to Karachi from a company based out of Peshawar. Upon further investigation, the investigator found that the company did not exist and was fabricated for the purpose of the transaction. This led customs agents to investigate a series of AA shipments, all from a series of shell companies operated by the Haqqani network. When the investigator tried to intercept these shipments, he was blocked by the ISI. This further elucidates the collusion that continues between the Haqqani network and the ISI, with the ISI aiding their narcotics operations.⁴⁷⁴

Just as with D-Company, the Haqqani network utilises their licit operations for laundering illicit funds. They too use trade-based laundering schemes to hide their illegal profits. For instance, the network has used their connections with cloth traders in Paktia's Zurmat district to launder money to overseas accounts. The Zurmat-based company operates in Afghanistan, Pakistan, Kuwait, and Saudi Arabia. They use transactions with businesses in these countries as cover for sending funds to Haqqani-tied accounts abroad. They also smuggle Haqqani network operatives into these countries as employees of their business.⁴⁷⁵

The Haqqani network has their hand in several licit ventures behind the scenes through a series of intermediaries and agents. Like D-Company, the network relies on trusted agents to run companies on their behalf. Through these agents they have purchased interest or formed a partnership with several companies that normally move large quantities of materials, like lumber, textile, or auto parts, and use their transportation infrastructure for the Haqqani network's logistical pur-

470 "Newton Industries FZE" (web page), [Metals1.com](https://www.metals1.com/metal-suppliers/newtonindustriesfze), accessed Oct. 22, 2021, <https://www.metals1.com/metal-suppliers/newtonindustriesfze>.

471 Interview with US Government official, April 2020.

472 "Acetic Anhydride: Raw Material for Cellulose Fibers and Plastics" (web page), *Celanese - The Chemistry Inside Innovation™*, accessed Oct. 22, 2021, <https://www.celanese.com/intermediate-chemistry/products/acetic-anhydride.aspx>.

473 Peters, *Haqqani Network Financing*, 45-46.

474 *Ibid.*, 46.

475 *Ibid.*, 54.

poses.⁴⁷⁶ They also launder funds through these intermediaries. Haji Khalil Zadran is one of their agents involved in laundering funds abroad. He purchased large interests in trucking companies as well as others on behalf of the Haqqani network. Another agent, Haji Hakimullah, owns a 180-tanker and trailer firm, the Afghan-Khost Transportation Company.⁴⁷⁷

Another way organisations like D-Company and the Haqqani launder their drug money is through real estate. After the fall of the Taliban government at the end of 2001, property values rose drastically. Some of this can be attributed to a slew of aid workers moving in and driving up prices, but a significant aspect of this relates directly to the growth in the narcotics industry. The same effect was seen in Pakistan, which also saw a massive increase in opiate activity. Much like real estate investors in North America whose actions contributed to the 2008 global financial crisis, narcotics syndicates invested in house-flipping. They cleaned their money through renovating facilities and flipping them for profit.⁴⁷⁸ The Haqqani network bought up dozens of residential and commercial properties throughout Kabul, Gardez, Khost, Peshawar, Karachi, Abu Dhabi, and Dubai. As with their control of transportation companies, they used trusted agents, such as relatives or operatives not officially connected to the network that were residents of the respective states, in order to keep their name off of any official documentation connected with these properties. Some of these properties were used as safe houses for operatives, but many were used to launder their money and turn out an even greater profit.⁴⁷⁹ LeT engaged in this practice as well, investing in several real estate projects to conceal their illicit earnings.⁴⁸⁰ This was one of many ways criminal and terrorist organisations began to grow their earnings and protect their revenue.

D-Company's financial strategies influenced many terrorist organisations to legitimise their illicit earnings, especially LeT. While LeT gets a lot of its funding from wealthy financiers in the Pakistani diaspora and Islamic NGOs, it has its own network of subsidiaries to conceal its criminal practices. Like D-Company and the Haqqani network, LeT launders its illicit money by investing in licit endeavours, such as commodity trading, real estate, manufacturing, and construction. In one striking case, LeT took advantage of the October 2005 earthquake in Pakistan by asking for donations through its construction businesses to help the relief effort. LeT then secretly funnelled over half of the USD \$10 million in donations to its parent company, Jamaat-ud-Dawa. From here, the funds were repurposed for terrorist operations, including funding for a plot to blow up two US-bound airplanes.⁴⁸¹ Not only are terrorist organisations using their licit organisations to hide their illicit funds in, but they're siphoning their licit funds towards terrorist operations.

Other terrorist organisations similarly establish front companies to launder illicit funds. Osama bin Laden utilised several fronts to launder funds towards al-Qaeda's terrorist activities. Bin Laden used his family's oil empire to launch several construction companies in Sudan, as well as import/export companies that shipped sugar, soap, sesame seeds, palm oil, and sunflower seeds. He also owned several farms that he used to harvest corn and peanuts. He would use the licit proceeds to fund terrorist operations while hiding the illicit proceeds within these licit businesses. He also used the farms to double as spaces to train al-Qaeda militants.⁴⁸²

Just like with DMI, terrorist organisations like D-Company invest their dirty money in the stock market to grow their capital and clean it. This is especially true of the Karachi Stock Exchange (KSE). This market, like South Asian real estate, suspiciously grew astronomically following the unseating of the Taliban from power in 2002. Financial experts have observed the extremely volatile

476 Ibid., 53.

477 Ibid., 56.

478 Peters, *Seeds of Terror*, 174.

479 Peters, *Haqqani Network Financing*, 57-58.

480 Clarke, *Subservient Proxies and Islamist Terrorism in India*, 24.

481 Ibid., 25-26.

482 Peters, *Seeds of Terror*, 179.

nature of the market, with high fluctuation and turnover likely being caused by large infusions of drug money into the marketplace and subsequent short sales to clean the funds. Over USD \$120 billion was traded on the KSE in 2006, when the GDP that same year only totaled USD \$130 billion, making it clearly evident that this has become a major laundering vehicle for criminal organisations.⁴⁸³

The infusion of drug money into the stock market becomes even more apparent when observing how eleven traders amassed control of nearly 40% of the KSE in half a decade. When Tariq Hassan, the former chairman of Pakistan's Securities and Exchange Commission (SECP), presented evidence that those traders engaged in "pump and dump" price manipulation causing the market crash in March 2005, he was fired from his position.⁴⁸⁴ ⁴⁸⁵ Hassan believed this was due to top Pakistani officials getting bribed by the traders. ⁴⁸⁶ This scandal may have gone all the way to the top, considering President Musharraf placed Hassan under surveillance after accusing him of being responsible for the crash.⁴⁸⁷ Given the correlation with the narcotics market's rise and a lack of any alternative industry's major investment in the economic market during this period, it is likely that these traders were involved in narcotics laundering. It appears they sought to further their gains by flushing the market with dirty funds, artificially inflating the value, short selling those stocks, devaluing the market, and then subsequently buying up the devalued stocks once again. This is further evidence of the Pakistani government's collusion with the narcotics industry, and at the very least shows their collusion in the financial scandal that destroyed the Pakistani economy.

Another growing revenue for terrorist organisations is the precious gem and mineral industry. The Haqqani network have been quick to capitalise off of this growing industry in recent years, in particular the chromite industry. Chromite is a mineral used to make stainless steel and to strengthen alloys, and is commonly used in construction. It is a very valuable product in quickly developing states like China and India, and sells for over USD \$280/metric ton. Chromite is extremely abundant in Afghanistan and Pakistan. One geological study estimated Afghanistan alone has USD \$1 trillion in untapped chromite deposits. The unregulated nature of mining operations in the region has enabled the Haqqani network to partner with mining companies to excavate the ore throughout Logar and Khost. Haqqani militants guard the dig sites while the miners unearth the chromite. Not only does the Haqqani network profit off of the sales of the chromite, but the chromite dealers need to pay the network a tax of USD \$115-175 per truck each time they pass into and out of the network's FATA territory. In the Haqqani's sphere of influence in North Waziristan, several mining operations have cropped up. The mining operations will then pay the network 10-15% of their proceeds. Given that Afghan chromite is of higher purity than Pakistani chromite, many Pakistani chromite exporters will blend Pakistani chromite with Afghan chromite to fetch a higher value. Since this goes against customs regulations, they need to smuggle the ore through the FATA, transiting through Haqqani territory and paying the required tax.⁴⁸⁸

Afghanistan is home to more profitable gems and minerals than just chromite. Buried under the earth one can find rubies, emeralds, gold, silver, talc, marble, and lapis lazuli strewn throughout the country.⁴⁸⁹ Talc in particular has become a major focus for terrorist organisations. While talc only fetches about USD \$200 per ton in external markets, the unregulated nature and lack of security around mining sites has enabled terrorist groups to take advantage of the trade with relative

483 Ibid., 174-175.

484 A. Khwaja and A. Mian, "Unchecked Intermediaries: Price Manipulation in an Emerging Stock Market" *Journal of Financial Economics* 78, no. 1 (Oct. 2005): 203-241.

485 Peters, *Seeds of Terror*, 175.

486 Ibid.

487 Dawn, "Former SECP Chief under Surveillance," *Dawn*, Jul. 20, 2006, <https://www.dawn.com/news/202234/former-secp-chief-under-surveillance>.

488 Peters, *Haqqani Network Financing*, 58-61.

489 W.A. Byrd and J. Noorani, *Industrial-Scale Looting of Afghanistan's Mineral Resources*, Special Report 404 (Washington, D.C.: United States Institute of Peace, Jun. 2017), 2.

ease.⁴⁹⁰ Talc miners bring their product illegally over the border to Pakistan before shipping it out to the global market. Pakistan is the largest exporter of Talc to the United States. This mineral is used in US goods such as baby powder, ceramics, paint, paper, plastic, rubber, and insecticide.⁴⁹¹ Terrorist organisations profit off of this trade in multiple ways. Some have implemented a similar model to the Haqqani network: the Taliban requires private mining companies operating in Nangarhar province to pay a tax while they mine for talc. They also profit from the mineral getting shipped over the border to Pakistan in the areas they have influence. The Taliban requires miners to give regular payments as a kind of “rent” for operating on their territory, in addition to USD \$12 per ton of talc.⁴⁹²

In recent years, many of the conflicts between criminal organisations operating in Afghanistan have been over access to minerals. Struggles over mines in the Kuran wa Munjan district of Badakhshan containing the gemstones lapis lazuli and tourmaline have been going on since 2014. The region has been going back and forth between various strongmen vying for control over the precious minerals. In 2014, the area was controlled by a former Jamiat-e-Islami commander Zulmai Mujadidi, who had served as a senior intelligence officer in the Karzai government. A militia operating under strongman Haji Abdul Malek, who had been chief of police in 2001, then seized control of the district to gain control over the mines. The government attempted to stop the illegal sale of the minerals in 2015 by imposing an embargo, however the militants were able to smuggle the minerals into neighbouring Panjshir valley and sell from there. Despite the rapid turnover, the Taliban were able to make a consistent profit from the region’s minerals. Given their dominance in Badakhshan, the Taliban were able to levy a ‘tax’ under both Mujadidi’s and Malek’s tenure in control.⁴⁹³ A report by Global Witness, a conflict monitoring organisation, shows that armed militants in two areas of Badakhshan amassed USD \$20 million in revenue from lapis lazuli in 2013, with USD \$1 million of that going to the Taliban. This ‘tax revenue’ to the Taliban increased to USD \$4 million in 2015.⁴⁹⁴ Terrorist groups are increasingly aware of the revenue potential of having a controlling interest in regions rich in minerals. This has led to some direct confrontation between terrorist organisations.

Another way terrorist organisations profit from talc is by mining it directly. In recent years, residents of Nangarhar have observed the Taliban and Islamic State Khorasan Province (ISKP), the Afghan wing of ISIS, are directly involved with extracting talc. This is indicated by the fact that many conflicts between the two groups happen around mines far from villages. Taliban operatives have gone on record acknowledging the importance of the mines in funding their operations. According to one operative, “The fight is over the mines, the fight is over the profits. What can we do — we have expenses, we don’t get much from the Arabs. If we don’t have this source, we will be defeated.”⁴⁹⁵ Global Witness has recommended putting a blockade on talc trade originating from the region. This could perhaps be extended to lapis lazuli and other minerals that fetch a high dollar value in the region. They also underscored the importance of the Afghan government gaining control of mineral resources to target the funding mechanisms for terrorist outfits in the region.⁴⁹⁶

One could not discuss the movement of illicit funds in South Asia without mentioning the hawala system. The hawala system is a method for making financial transactions that dates back to the

490 Ibid., 8.

491 Murtaza Hussain, “How Buying Baby Powder Helps Fund the Taliban and Islamic State in Afghanistan,” *The Intercept*, May 22, 2018, <https://theintercept.com/2018/05/22/afghanistan-mining-talc-taliban-islamic-state/>.

492 Byrd and Noorani, *Afghanistan’s Mineral Resources*, 8.

493 Jon Boone, “Illegal Mining of Lapis Lazuli Fuels Taliban’s Rise in Afghan Province,” *The Guardian*, Jun. 6, 2016, <https://www.theguardian.com/world/2016/jun/06/illegal-mining-of-lapis-lazuli-is-bankrolling-taliban-says-report>.

494 Hussain, “Baby Powder Helps Fund the Taliban.”

495 Ibid.,

496 Ibid.,

8th century in South Asia.^{497 498} It grew in popularity throughout the region by its value for traders along the silk road. Traders who feared getting raided while carrying large amounts of cash or gold along their journey would find a merchant in their city to give the funds and in exchange receive a letter of credit which they could hand to a merchant in their destination city, and the merchants would settle their balances through other travelling traders.⁴⁹⁹ It has since become a major financial remittance system in South Asia and among the South Asian diaspora.

This unique money transfer system doesn't physically transfer money at all. The way it works is as follows: The sender of the funds contacts a hawala agent, known as a *hawaladar*. The sender would give the hawaladar the money, plus a percent commission. The hawaladar will then contact another hawaladar near the receiver's location. The sending hawaladar maintains a secure transaction by providing a confirmation number to the sending client who will then share that number with the receiver. The sending hawaladar will also share that information with their counterpart agent that is receiving the transfer, and when the client confirms with the receiving hawaladar, they will be given the funds. In modern transactions, the agents usually send a text message with the confirmation number, which the receiving client will then show to the receiving agent to get their cash. The entire process for a hawala exchange can happen in minutes, and no money is ever physically exchanged between the hawaladars. They simply keep a record sheet of their transfers and balances for future transactions.⁵⁰⁰

The hawala system is used predominantly for legitimate purposes. It is often the preferred remittance system in South Asia, as it doesn't require a bank account, is usually less expensive than a wire transfer, and is much quicker and efficient than other international transfer methods. Hawala is the go-to system of money transfer for the impoverished, migrant workers, and those who don't have access to a bank account. It allows them to send money without involving any institutions for very little cost. One area where a hawala transfer can interact with western banking is setting up a "hawala bank account." These are accounts in western-style banks where hawala participants deposit their funds from hawala exchanges. They will often have several cash or check deposits, and will often have outgoing transfers to an institution in the UK, Switzerland, or Dubai. These are the three largest hubs of hawala banking activity.⁵⁰¹

Many people in South Asia are sceptical of western-style financial institutions because of corruption and the lack of capacity of law enforcement. Because of this, it is fairly common in the region to deal in cash, even for purchases as major as a new car.⁵⁰² Hawala networks in this region have been in place for hundreds of years and hawaladars are often trusted community members. There is a rigorous, self-regulating aspect to the system where hawaladars who do not honour their agreements will be swiftly excommunicated from the community.⁵⁰³ Hawala is also useful to the South Asian diaspora as many do not have access to bank accounts in their countries of residence, but there will often be hawaladars amongst the diaspora community. Hawala is the main means for migrants to send remittances back home.⁵⁰⁴ The size of the global hawala market is difficult to measure, but financial experts believe it is at least USD \$100 billion per year.⁵⁰⁵ This is a giant market and not one that can easily be regulated.

497 Julia Kagan, "How Hawala Works," *Investopedia*, Aug. 29, 2020, <https://www.investopedia.com/terms/h/hawala.asp>.

498 Patrick M. Jost and Harjit Singh Sandhu, *The Hawala Alternative Remittance System and Its Role in Money Laundering*, (Vienna, VA: Financial Crimes Enforcement Network, U.S. Department of the Treasury; Lyon, FR: INTERPOL/FOPAC [International Criminal Police Organization/Fonds provenant d'activites criminelles], 2003), <https://www.treasury.gov/resource-center/terrorist-illicit-finance/Documents/FinCEN-Hawala-rpt.pdf>, 5.

499 Scott Baldauf, "The War on Terror's Money," *The Christian Science Monitor*, Jul. 22, 2002, <https://www.csmonitor.com/2002/0722/p01s04-wosc.html>.

500 Peters, *Seeds of Terror*, 170.

501 Jost and Sandhu, "The Hawala Alternative Remittance System," 13.

502 Peters, *Seeds of Terror*, 168.

503 Kagan, "How Hawala Works."

504 *Ibid.*,

505 Peters, *Seeds of Terror*, 170.

While the vast majority of hawala transactions are legitimate, it provides fertile ground for criminal enterprise. Because of the unregulated nature of the hawala system, it is the perfect vehicle for money laundering. Even a simple transfer between two hawaladars can be difficult to trace due to the tendency for hawaladars to not record personal information of their clients for fear of audits and the lack of a universal record-keeping system.^{506 507} However, nefarious actors can further obfuscate the transaction by using a series of hawaladars in several countries before reaching the final destination, in what's known as a "layered hawala transfer."⁵⁰⁸ This makes hawala the ideal method for both laundering illicit funds and using licit funds to pay for illegal goods/services, like hiring assassins, purchasing illegal weapons, funding a terrorist organisation or purchasing narcotics.

Several narcotics cases have been linked with the hawala system. In one case, a group of Pakistani and Afghan nationals were charged with importing heroin into the US and laundering the proceeds through a US bank. The group deposited several checks into the account and subsequently wired the funds to Dubai and other locations abroad. In a high-profile case in 1985, a hawaladar, "Mr. Choraria," was convicted in the UK for "enabl[ing] payment for heroin imported into [the] country illegally to be transferred to India from whence the heroin had been sent." Choraria operated a remittance business with a hawala component and set up the transaction between actors in Mumbai and Karachi.⁵⁰⁹

Hawala has become the main avenue for funneling funds to terrorist organisations. The very nature of these organisations makes any funding inherently illegal, so the anonymous and convoluted system of hawala makes for a perfect remittance system for terrorism. One notable use of hawala was in the 1993 Bombay bombings. The investigation into the attack found that the funds used to buy the explosives and pay the operatives were handled by hawaladars in the UK, Dubai, and India.⁵¹⁰ Those funds were supplied by Dawood Ibrahim.

Criminal organisations like D-Company use the hawala system to completely evade authorities while engaging in illegal smuggling. Since no funds ever technically changed hands (as far as international financial networks were concerned), then there is no avenue through which to charge D-Company. D-Company has used this remittance system to fund everything from terror operations (such as the Bombay bombings), gold smuggling, hiring assassins, to narcotics trafficking.⁵¹¹

The Hawala System

D-Company built up a reliable network in Afghanistan, the UAE, India, and Pakistan, both for smuggling and hawala routes. This not only enabled the organisation to engage in its own money laundering efforts, but to facilitate the efforts of partner organisations.⁵¹² Given the lack of formal financial institutions in Afghanistan outside of Kabul, and the predominance of opiate trafficking in the economy, the hawala network became the main vehicle for laundering funds in the South Asian narcotics industry.⁵¹³ Although difficult to measure the exact amount, according to the UN and the World Bank, as recently as 2009, over USD \$1 billion in drug money from Kandahar and Helmand alone moves through the hawala system every year. The amount from the entire South Asian narcotics industry today likely dwarfs that by several degrees. The narcotics industry hawaladars have become very adept at laundering drug money. They are able to make trades in the thousands of dollars in a matter of seconds, even in rural areas of Helmand and Kandahar.

506 Ibid., 168.

507 Jost and Sandhu, "The Hawala Alternative Remittance System," 13.

508 Ibid.

509 Ibid., 19.

510 Ibid., 20.

511 The Indian Express, "Hawala Operator Held in Mumbai, Linked to Dawood Ibrahim," *The Indian Express*, Jun. 29, 2018, <https://indianexpress.com/article/india/mumbai-hawala-operator-held-linked-to-dawood-ibrahim-5237991/>.

512 Clarke, *Crime-Terror Nexus*, 56.

513 Peters, *Seeds of Terror*, 169-170.

Several terrorist organisations took direction from D-Company on using the hawala system to conceal their operations. Al-Qaeda used the hawala system to fund the US Embassy bombings in Kenya and Tanzania in 1998. After the US-led military operation of Afghanistan in 2001, Al-Qaeda needed to quickly move funds out of the country before it could be confiscated by US forces. They relied on hawala to move funds across borders, often transferring gold and US dollars amounting to millions from Afghanistan to Dubai, from which they were able to launder the funds to accounts around the globe. This was also a common practice for the Taliban.^{514 515} LeT relies heavily on the hawala system to fund operations in India, transferring funds from donors and operatives in Pakistan and the Middle East. LeT also uses the layered transfer method to send funds through a series of hawaladar intermediaries around the world to muddy the waters of the transactions, further obfuscating the origin of the transfer.⁵¹⁶

The hawala system is so entrenched in South Asia and the diaspora that it is unlikely to diminish any time soon. The hawala transfers linked to narcotics and terrorism emanate in particular from Afghanistan and Pakistan. While most of the transfers originate in Helmand and Kandahar, those transfers are made in Pakistani rupees, indicating that a majority of the purchases come from Pakistan. Many Pakistani bankers believe that a third of all money in the hawala system is related to the narcotics industry. There have been efforts in both countries to deal with this issue. The Afghan and Pakistani governments have taken steps to register hawaladars officially and create a standardised system to identify senders and receivers.⁵¹⁷ From the 1980s to 1990s, the Pakistani government sought to entice people away from hawala by issuing tax-exempt bearer bonds. These bonds gave the same level of anonymity that hawala offered, but required individuals to deal with an authorised agent to exchange the bonds for funds.^{518 519} Given that the bonds were tied to the Pakistani economy, this strategy became a problem after the government began nuclear weapons testing prompting international condemnation. The Pakistani economy took a nosedive, taking the bonds' value with it.⁵²⁰ In 2002, the Pakistani government began requiring all hawaladars to register with the government and to record all of their transactions. In 2003, they started the Financial Intelligence Bureau which tracked suspicious transactions and worked with domestic and foreign intelligence agencies to report suspicious activity. Shortly thereafter, the country saw an increase in money circulating official channels, indicating a potential shift from hawala markets to conventional remittances.⁵²¹

Hawala is still used in India today, despite a country-wide ban since 2000.^{522 523} India took a similar approach to Pakistan in 2003 with the Prevention of Money-Laundering Act, which regulated hawala transactions, requiring hawaladars to account for all transactions. In 2016, India made another attempt at curtailing the black market, by demonetizing Rs 500 and Rs 1000 notes in circulation. This was done to address the issue of terrorism and corruption being funded by counterfeit notes moving through the black market.⁵²⁴ This was in part referring to D-Company, which is believed to have moved counterfeit notes printed by the ISI through the Indian marketplace

514 Ibid., 179.

515 Joseph Wheatley, "Ancient Banking, Modern Crimes: How Hawala Secretly Transfers the Finances of Criminals and Thwarts Existing Laws," *University of Pennsylvania Journal of International Law* 26, no. 2 (Summer 2005): 358.

516 Clarke, *Subservient Proxies and Islamist Terrorism in India*, 24-26.

517 Peters, *Seeds of Terror*, 171.

518 Alan Farley, "Bearer Bonds: From Popular to Prohibited," *Investopedia*, Aug. 28, 2020, <https://www.investopedia.com/articles/bonds/08/bearer-bond.asp>.

519 Wheatley, "Ancient Banking, Modern Crimes," 366.

520 Ibid.

521 Ibid., 368.

522 Jeemon Jacob, "Hawala 2.0," *India Today*, Apr. 11, 2017, <https://www.indiatoday.in/magazine/from-india-today-magazine/story/20170417-hawala-kerala-black-money-gulf-countries-demonetisation-rbi-986142-2017-04-11>.

523 Wheatley, "Ancient Banking, Modern Crimes," 368-369.

524 India Today, "Here Is What PM Modi Said about the New Rs 500, Rs 2000 Notes and Black Money," *India Today*, Nov. 19, 2016, <https://www.indiatoday.in/india/story/live-pm-narendra-modi-addresses-nation-350943-2016-11-08>.

using the hawala system.^{525 526} The move was also seeking to impact the hawala network, which relied heavily on these high-denomination bank notes. Crime syndicates like D-Company would mix in counterfeit notes with real ones for large purchases through a hawala exchange, such as a real estate acquisition. The demonetisation did make an impact on the hawala network for a while, leaving crime syndicates and their hawaladars with large amounts of useless currency that they could not exchange, and impacting their ability to deal in counterfeit currency, as the new bills were more difficult to forge. However, shortly thereafter, the syndicates used their banking connections to get an influx of cash in the new currency. They were subsequently able to make a huge profit offering note exchange to people who were not able to unload their old notes before the government stopped accepting exchanges. Eventually, counterfeiters were able to imitate many of the security features on the new Rs 2,000 notes, so counterfeiting started back up again through the hawala networks.⁵²⁷

In the United States, where a large population of the South Asian diaspora reside, hawala regulations were implemented in 2001, requiring hawaladars to register their operation as a “money transmitting business” and therefore be subject to those regulations. Going a step further than the Indian hawala regulations, Hawaladars in the US are required to file Suspicious Activity Reports (SAR) if they are aware of any illicit activity.⁵²⁸ This makes hawaladars liable if their transfers are connected to illicit activity.⁵²⁹

Not enough has been done to regulate the hawala markets in the UAE, the UK, and Switzerland, where many of the hawaladars and clearinghouses for hawala transactions are located. The UAE is likely the largest clearinghouse, or designated financial intermediary, in the global hawala network.^{530 531} As alluded to prior, the UAE has become an attractive location for illicit activity due to its lack of financial regulations, such as banks not being required to report cash deposits. This is the perfect environment for a hawala operation, which deals primarily in cash. After facing international pressure upon the discovery that the attack on 9/11 was funded in part by bank accounts located in the UAE, the country increased some regulations. This included requiring banks to disclose cash deposits over USD \$550 and placing hawaladars on a central registry.⁵³²

The regulations in the US, UAE, Pakistan and India suffer from the same limitations: relying on voluntary hawaladar registration, something that has proven difficult to implement for a system that has been self-regulated for hundreds of years.⁵³³ Although investigations and convictions for money laundering have been stepped up in the past few decades, there is no indication that the network has been significantly dented at all. It is likely impossible to effectively outlaw the hawala system, but governments can improve their investigative framework for assessing suspicious transactions and improve information-sharing with international institutions and other governments to decrease the awareness gap and utilise international best practices. Further, if governments choose to work with the hawala system, they should find ways to incentivise hawaladars to register with the state. A part of what makes hawala so prominent is the lack of alternatives for low-income populations in South Asia and the diaspora, so investing in alternative remittance systems that are accessible to people without bank accounts could help diminish the scope of hawala and potentially overtake hawala as an accessible remittance system.

525 Jacob, “Hawala 2.0.”

526 Ajai Sahni, “Still D-Facto Boss of International Organised Crime,” *First Post*, May 13, 2019, <https://www.firstpost.com/india/still-d-facto-boss-of-international-organised-crime-6623991.html>.

527 Jacob, “Hawala 2.0.”

528 Wheatley, “Ancient Banking, Modern Crimes,” 369.

529 *Ibid.*, 360.

530 Akhilesh Ganti, “Clearinghouse,” *Investopedia*, fact checked on Jul. 20, 2021, <https://www.investopedia.com/terms/c/clearinghouse.asp>.

531 Wheatley, “Ancient Banking, Modern Crimes,” 364.

532 *Ibid.*, 365-370.

533 *Ibid.*

Crypto

In the past decade we have seen the rise of a new remittance system that could prove to be the hawala of the digital age: cryptocurrency. In the 2008 global financial crisis, the banking system that the world trusted and relied on completely had failed. As a result of the malfeasance of some of the world's largest institutions, people were no longer assured that their money was safe. Many were seeking an alternative way to store and transfer their money that would not be dependent on the reliability of banks.⁵³⁴ Thus, bitcoin came into prominence.

On October 31, 2008, under the pseudonym Satoshi Nakamoto, an announcement was made about the creation of a digital currency which stated, "I've been working on a new electronic cash system that's peer-to-peer, with no trusted third party." Nakamoto explained that this new digital currency would operate on a chain of digital information, called a blockchain.⁵³⁵ Think of it like a hawala system where the hawaladars share the same record book. These digital hawaladars, called miners, check each transaction made with bitcoin. Like hawaladars, they get a commission for managing the transaction. Each transaction is kept anonymous through encryption but has a specific signature, or code connected to it. The next transaction goes on the shared digital record book, or blockchain, that a miner will confirm is a new transaction, and add it to the blockchain. This protects against fraudulent activity, like double-spending, because the amount circulated in the system is verified with each new transaction. This system completely removes the need for trusted third parties, banks, or credit cards. Moreover, there are no extra fees for international transfers because the currency is not based in any one country.⁵³⁶

Bitcoin was immediately attractive to the Silicon Valley tech community, especially to those with more libertarian leanings who were enticed by the idea of a decentralised currency that was not monitored by banks or governments. Within a few years, Bitcoin exploded, rising from being valued at less than a cent at the start of 2010 to USD \$1,242 by the end of 2013, which was around the price of an ounce of gold.⁵³⁷ ⁵³⁸ The popularity of Bitcoin inspired a slew of new digital currencies through the 2010s, using similar encryption methods and blockchain technology, dubbed cryptocurrencies. The most popular of these, like Monero, Ethereum, and Ripple, share a lot of similarities with bitcoin: they operate on decentralised blockchain technology, they are being accepted as a means of payment on a growing number of platforms, and they allow users to make either pseudo-anonymous or fully anonymous transactions.⁵³⁹ That last point is the one that worries security agencies, who are concerned with criminals and terrorist organisations using cryptocurrencies for criminal activity. That concern is not unfounded.

Almost as soon as cryptocurrencies came onto the scene, dark web marketplaces followed. These online marketplaces use cryptocurrencies as mediums of exchange and operate on the dark web. The dark web is the non-indexed (non-searchable) part of the internet that allows users to obfuscate their digital footprint and as a result is widely known to host illicit content.⁵⁴⁰ The first major dark web market, "Silk Road," was launched in February 2011. Silk Road offered users an eBay-like platform for buying and selling products anonymously. The anonymous nature of this marketplace was immediately attractive to illicit sales, and it became a prominent marketplace for pirated material, forgeries, and a wide variety of narcotics. Silk Road offered users several levels of anonymity. It operated on the Tor network, an encryption system and web browser that uses a

534 Paul Vigna and Michael Casey, *Cryptocurrency: The Future of Money* (London, UK: Vintage, 2016), 13.

535 *Ibid.*, 41.

536 *Ibid.*, 42-45.

537 *Ibid.*, 81.

538 Ben Rooney, "Bitcoin Worth Almost as Much as Gold," *CNN*, Nov. 29, 2013, <https://money.cnn.com/2013/11/29/investing/bitcoin-gold/>.

539 Robby Houben and Alexander Snyers, "Cryptocurrencies and Blockchain: Legal Context and Implications for Financial Crime, Money Laundering and Tax Evasion" (Brussels, BE: Policy Department for Economic, Scientific and Quality of Life Policies, European Parliament, Jul. 2018), 28-34.

540 Andrew Bloomenthal, "Dark Web," *Investopedia*, updated on Sep. 16, 2021, <https://www.investopedia.com/insights/what-dark-net/>.

series of proxy servers to obfuscate the IP address of origin. In addition to Silk Road's IP address obfuscation, it only accepted bitcoin to purchase products, offering another layer of anonymity.⁵⁴¹ The first iteration of Silk Road operated from 2011-2013, until its founder, Ross Ulbricht (AKA Dread Pirate Roberts) was sentenced to life in prison for conspiracy to commit; money laundering, hacking, trafficking fraudulent identity documents, and trafficking narcotics by means of the internet.⁵⁴² In just two years, almost 4,000 different vendors sold USD \$183 million in prohibited products to over 100,000 buyers around the world.⁵⁴³ Although the original Silk Road was shut down after Dread Pirate Roberts' arrest, new iterations of the site kept popping up for years, with Silk Road 2.0 and then 3.0 taking its place. Even without Silk Road, other cryptomarkets have cropped up offering similar illicit goods, like Dream Market, Berlusconi, Wall Street Market, Valhalla, and Alphasbay, with some offering additional illicit goods, such as guns and stolen or fraudulent identity documents. Although many of these marketplaces have been taken down by law enforcement agencies around the world, new ones crop up as quickly as old ones are removed.^{544 545}

Whenever a new obfuscation technique becomes available to the world, one can be sure that terrorist organisations will employ it. It appears that cryptocurrency is no exception. In 2014, a provocative article was posted online titled, "Bitcoin wa Sadaqat al-Jihad." In the article, the author talks about how Muslims have been "forced to use kafir (un-Islamic/sinful) currencies. These currencies, simply through usage, assist the kufar by strengthening their economy. . . We must actively look for solutions to avoid bolstering the kufar whilst preparations are made to move to ardh al-khilafah (ISIS territory), which has only recently been established."⁵⁴⁶ The author of this article is positioning bitcoin as an alternative to Western financial institutions. They are further suggesting that bitcoin should be used to move to the, at-the-time, burgeoning territory of ISIS in Syria and Iraq. The author is trying to make the ideological case for bitcoin as a means to avoid enriching Western governments, but it is clearly a cover for the real reason, which is that sending money to ISIS or for the purpose of travelling to join ISIS would alert law enforcement. If one uses bitcoin for those purposes, it would be harder to track.

This may have been the inspiration for New Yorker Zoobia Shahnaz, who in December 2017, wired over USD \$150,000 in cryptocurrency to ISIS (Islamic State). She first fraudulently obtained a series of credit cards and loans from multiple financial institutions by providing false information. She then converted the credit and loans into bitcoin and other cryptocurrencies, and sent a series of transfers to shell companies connected to ISIS located in Pakistan, China, and Turkey.^{547 548} She was caught because of the sheer number of loans and credit cards she took out at once, but someone with more tact or someone who was already independently wealthy could likely send that much in cryptocurrency without raising a single red flag. It appears that terrorist organisations are aware of this benefit as well.

Terrorist groups are not just accepting bitcoins for donations, but they have also started selling illicit products in exchange for bitcoins. ISIS began printing its own currency in 2014, making copper, silver, and gold dinars. After ISIS lost their territorial hold in Syria and Iraq, the coins became useless to them, so they attempted to sell them off as souvenirs. Of course, it was illegal to buy/sell ISIS merchandise, and that's where bitcoin came in. A website purportedly connected with

541 Vigna and Casey, *Cryptocurrency*, 84-86.

542 USA v. Ulbricht, Case 1:14-cr-00068-KBF, Document 183, Filed Feb. 5, 2015.

543 Larry Neumeister and Jake Pearson, "Silk Road Founder Gets Life for Creating Online Drug Site," *AP News*, May 29, 2015, <https://apnews.com/article/3abad30720c04d19b62232876d5faff4>.

544 Jason Murdock, "Dark Web Markets Selling Drugs and Stolen Data Dismantled amid Raids, Arrests," *Newsweek*, May 3, 2019, <https://www.newsweek.com/cybercrime-dark-web-tor-wall-street-market-valhalla-market-silkkitie-europol-141389>.

545 Interview with Marine Corps Intelligence Officer, Oct. 23, 2020.

546 Eitan Azani and Nadine Liv, *Jihadists' Use of Virtual Currency*, International Institute for Counter-Terrorism (ICT), Jan. 30, 2018, 1.

547 *Ibid.*, 6.

548 Office of Public Affairs, U.S. Department of Justice, "Long Island Woman Sentenced to 13 Years' Imprisonment for Providing Material Support to ISIS" (PR 20-318), Mar. 13, 2020, <https://www.justice.gov/opa/pr/long-island-woman-sentenced-13-years-imprisonment-providing-material-support-isis>.

ISIS advertised a set of seven coins for the price of USD \$950 to be paid in bitcoin only. They advertised it as “a completely anonymous payment method” and gave instructions on how to send the money to their bitcoin wallet. The instructions then informed the buyer that they would be given information on the parcel number and how to track the package.⁵⁴⁹ This is a reliable model for seeing how terrorist organisations are likely selling other illicit products in exchange for cryptocurrency.

One might surmise that the dark web marketplace industry is unaffiliated with South Asian criminal organisations. A majority of sellers operate out of Europe and North America. Aside from the United States, Germany and the Netherlands are the more prominent locations for narcotics sales on the dark web.⁵⁵⁰ While there is little data indicating South Asian narcotics syndicates are directly selling their products on dark web marketplaces, there is evidence that they are indirectly involved. Many dark web marketplaces have offered a strain of cannabis that is indigenous to Afghanistan, called Afghani Kush, even listing the country source as Afghanistan. This would indicate that Afghan growers are likely selling this product in bulk to European or North American buyers who then post the product on cryptomarkets. While opioid sales are a relatively small percentage of narcotics sales on the darknet at 7% as of 2016, the presence of opioids in cryptomarkets further indicates that Afghanistan and Pakistan-based narcotics syndicates are likely involved in cryptomarkets as they make up the vast majority of opiate production in the world.⁵⁵¹ In an interview, a former Marine Corps Intelligence Officer conducting counter-drug operations broke down the scenario of how South Asian narcotics traffickers are connected to cryptomarkets:

We know that the drugs, especially opioids, are grown in Afghanistan, pushed over to Pakistan, and in Pakistan they process [the poppies] to make them into drugs. Then they push those shipments out, most likely going through Turkey and end up somewhere in Europe... likely Amsterdam, [or] some parts of Germany, [then] they get shipped out to other parts of the world.⁵⁵²

Even if South Asian narcotics traffickers are not directly selling their products on dark web markets, they are benefitting from their sales. Given the rapid growth of dark web markets in the past decade, it is likely that the connection to the South Asian narcotics industry will continue to grow, giving South Asian traffickers access to a truly global market unlike anything they have seen before.

Terrorists have further adopted cryptocurrencies and cryptomarkets to purchase weapons. A ISIS terrorist cell operating near Durban, South Africa murdered an elderly couple in 2018 and stole their credit cards. They then used the cards to purchase bitcoin online and used the bitcoin to purchase several weapons, including Kalashnikov rifles, crossbows, and swords. While it is unclear exactly where these weapons were purchased, it can be surmised that it was from one of several dark web markets that offer weapons in exchange for bitcoin. The operative involved in the bitcoin transaction was also working as a sort of ISIS ‘travel agent’ where he would sort out the logistics of smuggling foreign terrorist fighters into ISIS territory in Syria and Iraq, himself included.⁵⁵³ It is possible that he utilised bitcoin in this process as well.

Cryptocurrencies have already been used to finance a wide variety of terrorist activity around the world. Bahrun Naim, the Indonesian believed to be responsible for terrorist attacks in Jakarta in

549 Azani and Liv, “Jihadists’ Use of Virtual Currency,” 8-9.

550 Marine Corps Intelligence Officer, interview.

551 Damien Rhumorbarbe, Ludovic Staehli, Julian Broséus, Quentin Rossy, and Pierre Esseiva, “Buying Drugs on a Darknet Market: A Better Deal? Studying the Online Illicit Drug Market through the Analysis of Digital, Physical and Chemical Data,” *Forensic Science International* 267 (Oct. 2016): 7.

552 Marine Corps Intelligence Officer, interview.

553 Jacob Dirnhuber, “Funding Hate: ISIS Fanatics Plundered Bank Accounts of Brit Couple Murdered by Jihadis in South Africa and Used Money to Buy Bitcoin and Fund Jihadi Training Camp,” *The Sun*, Aug. 29, 2018, <https://www.thesun.co.uk/news/7122832/rod-saunders-rachel-isis-bank-accounts-terror-south-africa/>.

January 2016, has reportedly used bitcoin to finance terrorist plots in his home country and in Syria.⁵⁵⁴ In 2018, a Twitter account which has been associated with Hay'at Tahrir al-Sham (HTS) and al-Qaeda, "@AlSadaqah1", promoted the use of bitcoin ATMs to fund "the mujhideen," saying "If anyone has a Bitcoin ATM in your area or country, then you can send money to the mujhideen [sic] 100% anonymously with cash. It is really that simple." They then provided a bitcoin ATM locator website. They are right about one thing—it really *is* that simple to fund terrorist groups through cryptocurrencies. While security agencies are scrambling to track cryptocurrency transfers, the crypto community is hard at work developing more advanced ways to obfuscate those transfers.

The way bitcoin and most cryptocurrencies operate already offers a significant level of anonymity. This is through cryptographic private and public keys. The user will have a private key, which is made up of a series of alphanumeric characters. That private key will connect to a public key, which is where the cryptocurrency transactions occur. Only the individual user has the details of the private key, while those engaged in the transaction can only see the public key information. This is like operating a digital P.O. box: people who send money to a P.O. box only need the number of that box, but do not necessarily have any details of the owner of that box. The owner uses their private key to open the digital P.O. box to access the funds.⁵⁵⁵ Cryptocurrency users can further obfuscate their transactions using "ambiguating software," or software that reduces the amount of information that one could uncover from an individual transaction. Some ambiguating software automatically generates a new public key for each transaction, which means even if investigators were able to connect a transaction to a user, they are unlikely to link other transactions to that user or have any idea of how much in funds that user holds. Another obfuscating software technique is to randomise the structure of transactions, meaning investigators would not know who the sender or receiver is in an individual transaction. These are being utilised in a growing number of cryptocurrencies.

As cryptocurrencies grow in popularity, the crypto community continues to develop innovative ways to further protect user data from surveillance. A particularly strong type of obfuscation software is known as "cooperative obfuscation." This is when multiple buyers utilise software to hide the origin and destination of their individual transactions. One example of cooperative obfuscation is "coin-mixing," where users pool their transactions together before disseminating them to their intended recipients.⁵⁵⁶ Think of it like a digital secret Santa – each 'gift' is placed in a pool of gifts and no one knows who provided what, and the gifts are wrapped so no one knows what each recipient was gifted. As cryptocurrencies become more popular, it will be increasingly difficult for law enforcement and intelligence agencies to trace transactions that fund terrorism or any other crimes. Given the attraction of criminal elements to obfuscation software, it seems that cryptocurrencies are going in two directions: more obfuscation and more regulation. Those interested in growing their brand and increasing mainstream appeal are unlikely to take the approach of using more obfuscation mechanisms, since they would be more likely targeted by governments and gain a bad reputation for catering to illegality. Bitcoin seems to be going in this direction.

Since 2015, the bitcoin community has taken major steps to legitimise the currency and regulate the market.⁵⁵⁷ This has been done through "know your customer" (KYC) regulations. The KYC policy emanated from the 2001 Patriot Act, which required banks operating in the United States to follow identification verification requirements. In the following two decades, this regulation has become the norm for banking institutions around the globe, eventually reaching crypto exchanges. These exchanges are incentivised to comply with the KYC requirements because it enables them to en-

554 Azani and Liv, "Jihadists' Use of Virtual Currency," 5.

555 Jake Frankenfield, "Private Key," *Investopedia*, reviewed on Jun. 29, 2020, <https://www.investopedia.com/terms/p/private-key.asp>.

556 Arvind Narayanan and Malte Möser, "Obfuscation in Bitcoin: Techniques and Politics," (Princeton, NJ: Princeton University, 2017), 2.

557 Marine Corps Intelligence Officer, interview.

gage with traditional banking and exchange bitcoin for fiat currency.⁵⁵⁸ KYC protocols require that users who wish to trade bitcoin on an exchange have to submit official identity documentation, like a driver's licence or passport, to the exchange. This means that while bitcoin transactions are anonymous to other users, the bitcoin exchanges do have access to this information.⁵⁵⁹ This is how law enforcement agencies are able to investigate cases like that of Zoobia Shahnaz. Through court subpoenas, law enforcement can work with bitcoin to deanonymise users by cross-referencing user data with blockchain analysis.⁵⁶⁰ However, it should be noted that there is still a potential for nefarious actors to get around the KYC protocols. As indicated earlier, cryptomarkets sell fraudulent identity documents. If one were to purchase one, then they could register on a cryptocurrency exchange with fraudulent information. This would still open up the individual to scrutiny, however, because they will need to use cryptocurrency to purchase the fraudulent ID. This is where altcoins come in, which will be discussed in greater detail later in this chapter.

When agencies determine that cryptocurrency funds are being used for illicit activity, they will work with legal representatives to pressure the crypto exchange to close the responsible accounts and freeze their assets. If the investigation involves more than one country, as they often do, then a joint task force is set up between the involved countries to investigate the illicit activity. Agencies have dramatically increased their crypto cases in recent years, with growing success at shutting down bad actors.⁵⁶¹ This is in part due to the cooperation of bitcoin exchanges that wish to be seen as legitimate financial markets, and who are willing to assist law enforcement. However, there are cryptocurrencies, exchanges, and services that are ideologically motivated by anarchism or extreme libertarian mindsets that are pursuing complete anonymity. These will surely continue to become more popular with criminal elements, including terrorists.

Currently, bitcoin is still the most prominent cryptocurrency used by terrorist and narcotics operatives. Given bitcoin's domination of the cryptocurrency market, it would be too difficult for criminal elements to effectively shift to a different cryptocurrency with higher levels of obfuscation without sacrificing a large customer base. Right now, Bitcoin is the only cryptocurrency that can be converted to fiat currency on a cryptocurrency exchange. This means if one uses a different cryptocurrency, they will need to convert it to bitcoin first and then convert it to fiat currency. The process of purchasing the alternative cryptocurrency, or altcoin, would also be technically more difficult than bitcoin, which already has a multitude of companies offering easy-to-use mechanisms for buying and trading the cryptocurrency. This would require a significant level of technical knowledge from donors, buyers and sellers. While shifting to a different cryptocurrency may offer higher levels of protection for a criminal organisation, the trade-off of losing the revenue from less-technically-savvy clientele would not be worth it.⁵⁶² However, this may shift with the growth of altcoins in the coming years.

Since bitcoin came out, many altcoins have cropped up that offer more levels of anonymity. Zcash transactions don't have any identifiers and offer a high level of privacy. Dash (formerly known as DarkCoin) offers the coin mixing cooperative obfuscation mentioned earlier. It also uses ring signatures, which masks the user's public key, meaning one would not only need to connect the public key to the private key, but also identify the public key. It would be like trying to open a P.O. box when you don't know the P.O. box number and you don't have the key to open it.

The fastest growing altcoin is Monero, which touts itself as "secure, private and untraceable." Monero offers IP masking, which obfuscates the user's IP address, adding to the already sig-

558 Naomi Oba, "What Is KYC and Why Do We Need It?," *Medium*, Dec. 3, 2019, <https://medium.com/exchange-bitcoin-com/what-is-kyc-and-why-do-we-need-it-7f574531d2c2>.

559 Marine Corps Intelligence Officer, interview.

560 Narayanan and Möser, "Obfuscation in Bitcoin," 3.

561 Marine Corps Intelligence Officer, interview.

562 *Ibid.*,

nificant level of obfuscation given the transactions happen on the deep web through encrypted networks like Tor.⁵⁶³ Monero's disadvantage is that, as it does not comply with KYC regulations, it is currently not traded on any marketplaces for fiat currency. This means that if one wants to exchange Monero for fiat currency, they will need to convert it to bitcoin first and then enter the marketplace. However, it is likely Monero access will increase in the near future. Monero is being increasingly accepted as an alternative to bitcoin in illicit dark web crypto markets that sell narcotics and weapons.⁵⁶⁴ Despite it being worth a small fraction of bitcoin's value, once Monero was accepted in crypto markets, its value jumped 700%, indicating it has the potential to compete in the cryptocurrency industry. While bitcoin remains the most accessible cryptocurrency for now, altcoins like Monero may one day overtake bitcoin as the main cryptocurrency for illicit activity.⁵⁶⁵ That may spell trouble for law enforcement and intelligence agencies if the current surveillance gap remains consistent.

Over the past 30 years, we have seen terrorist organisations reach unprecedented levels of sophistication, creating their own corporate empires, investing in global enterprises, and engaging in cutting-edge technologies to protect their financial assets. Far too little attention has been given to the financial mechanisms that bolster and insulate terrorist activity. Terrorists have taken advantage of the deregulatory trend in the global financial market, hiding their resources in the same locations used as tax havens for multinational corporations. Many have been able to rely on mutually beneficial arrangements with some countries to escape prosecution. The global community must examine the nature of these relationships and disrupt them if we are to make any substantial impact on terrorist financing.

What once was only a symbiotic relationship between narcotics organisations and terrorist organisations has evolved into hybrid organisations that are motivated by both financial and ideological gain. These crime-terror hybrids have created 'Russian doll' organisations, with empty shells hiding a series of subsidiaries to conceal the insidious nature of their dealings. Early adopters of this practice, like D-Company and the Haqqani network, have guided other terrorist organisations towards diversifying their revenue, hiding their assets, and growing their empires. There is ample evidence of the mechanisms used to protect and conceal illicit assets. This calls for an international effort to target these enterprises and freeze the assets.

Terrorist and criminal organisations are drawn towards unregulated remittance systems, which makes both hawala and cryptocurrency attractive to nefarious actors. Both systems are utilised for a multitude of reasons, with most being entirely innocent. However, they help enable the anonymous financing of terrorist organisations through donations and the purchase of illicit goods like narcotics. In both instances, efforts to shut down the networks have mostly failed. The best course of action seems to be creating incentives for those engaging in these remittance systems to submit to regulation and report illicit transactions. If the avenues for transferring illicit funds are diminished, terrorist organisations will take more risks in their activities, exposing them to prosecution. Once the international community centres a holistic approach to impeding terrorist financing, we can cut down terrorist organisations at the roots.

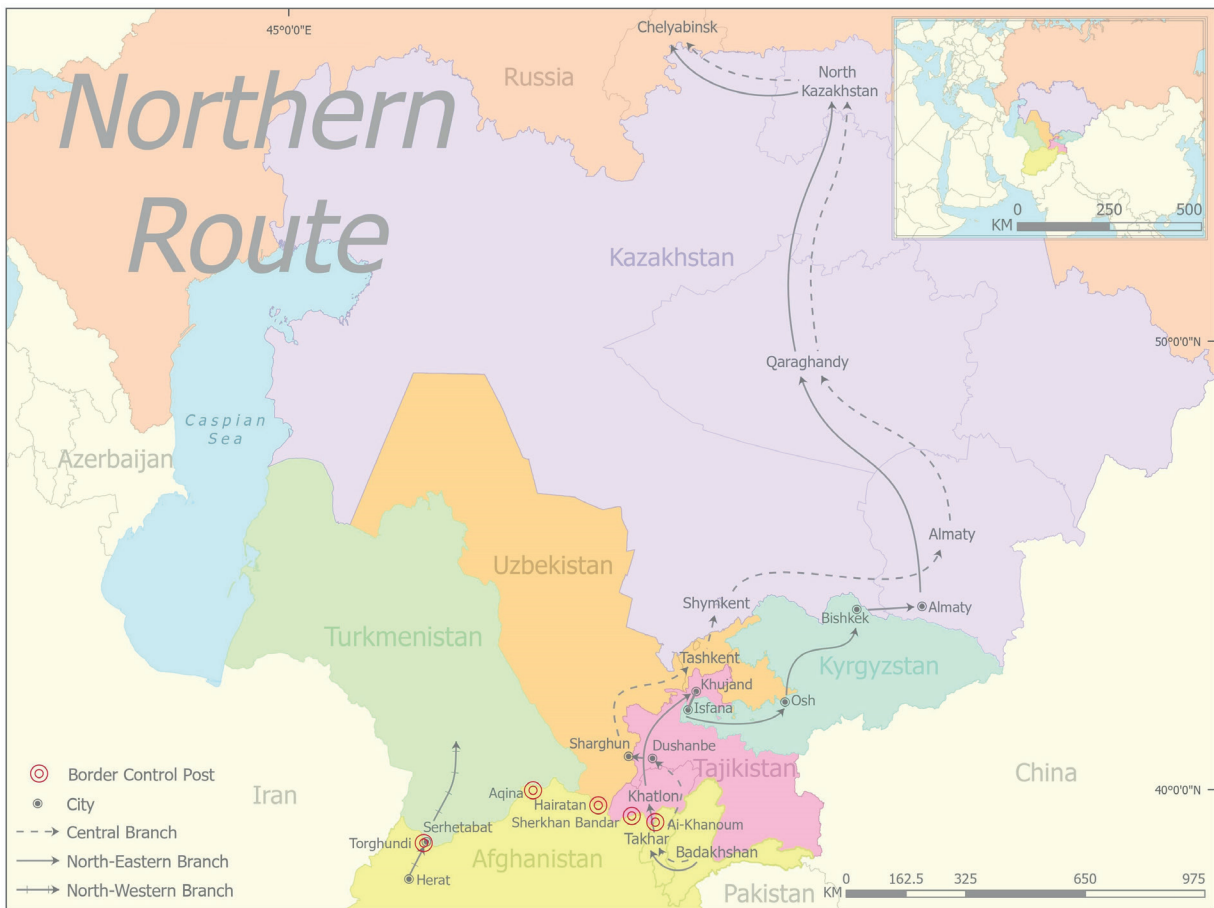
563 Cynthia Dion-Schwarz, David Manheim, and Patrick B. Johnston, *Terrorist Use of Cryptocurrencies: Technical and Organizational Barriers and Future Threats* (Santa Monica, CA: RAND Corporation, 2019), 26.

564 Dion-Schwarz, Manheim, and Johnston, "Terrorist Use of Cryptocurrencies," 26.

565 Ibid., 51.

Chapter Five

Blazing a Trail: The Afghan Drug Trafficking Pipeline



Map created by Meschelle Thatcher

The Northern Route

The year 2020 will be studied in history books for generations to come. The global pandemic caused by COVID-19 has paralyzed the world to an extent never seen before. Hospitals ran out of resources, businesses and schools were shut, and millions suffered and died. The major catalyst for this was the very thing that previous generations prophesied would bring the world ultimate prosperity - globalisation. The world is now interconnected and places are easier to reach than was once thought possible. Air travel has become commonplace, and people can purchase a product online and have it be sent halfway across the world in a day. Ultimately, this global connectivity has enabled a virus that originated in Wuhan, China to infect the entire globe in a matter of months. Globalisation is a major player in the story of narcotics proliferation as well, only this virus originated in Afghanistan.

The UNODC's World Drug Report concluded that Afghanistan accounted for 84% of the world's opium supply from 2015-2020. Afghan opiates have made their way to Europe, the Middle East, East Asia, Africa, Oceania, and North America.⁵⁶⁶ These drugs make their way across the world through a wide variety of means, from cars, to commercial flights, to cargo ships, to even mail deliveries. The heroin trafficking route can be broken down into three main pathways: the northern route, Balkan route, and southern route. Each of those routes have their own branches, and eventually 84% of the world is reached. This chapter will examine each main pathway, the secondary pathways within them, and the most common method of trafficking for each. It should be noted

566 UNODC (United Nations Office on Drugs and Crime), "Booklet 3" in *World Drug Report 2020*, (Vienna, AT: UNODC, June 2020), https://wdr.unodc.org/wdr2020/field/WDR20_Booklet_3.pdf.

that these routes are not mutually exclusive as well as not definitive. These are, however, the most likely routes and methods for heroin trafficking originating from Afghanistan.

After the fall of the Soviet Union, the disarray in the former Soviet republics enabled a thriving narcotics market to form. This birthed the northern route, where drug traffickers in Afghanistan would work in tandem with drug traffickers in other neighbouring Central Asian countries to reach markets throughout Central Asia and Russia. This route had been on the upswing for decades, until it reached 10% of the total opiate market in 2008. However, this route has experienced a massive decline in the past decade. In 2018, heroin seizures along the northern route accounted for only 1% of global seizures.⁵⁶⁷ This could be caused by a decline in production of opium in Northern Afghanistan, where a majority of heroin along the northern route is produced. Additionally, it may indicate a reduction in local consumption. However, there seems to be a growing shift using the northern route as a waypoint to Western Europe. There have been numerous recent seizures that indicate this pattern. In May 2019, 670 kg of heroin was seized in Frankfurt (Oder), Germany, which was discovered to have been brought from Afghanistan through Kyrgyzstan via truck with Belgium as the final destination. Another heroin seizure in November 2019 involved a northern route path that ended in Belarus for further trafficking throughout the European Union.⁵⁶⁸ But to predict the new pathways that may form, it is necessary to understand the route as it has predominantly existed over the past 30 years.

The northern route begins in Afghanistan, where the vast majority of heroin involved in the route is produced. However, as mentioned in the previous chapter, acetic anhydride (AA) is needed to produce heroin, and is rarely produced in Afghanistan. This chemical is predominantly smuggled into Afghanistan from Iran, making up 85% of trafficking cases from 2011 to 2014, with Pakistan being the most likely alternative.⁵⁶⁹ Another outlier along the northern route is the production and trafficking of heroin alternatives. Some countries along the route produce and consume a cheap substitute, called “kompot”. This heroin alternative does contain the opium poppy, but mixes and dilutes it with other ingredients like sulfuric acid. Opium poppies are cultivated throughout the northern route, particularly Uzbekistan and Russia, for the purpose of local kompot production and consumption. However, eradication of poppy fields in these countries has been on the decline through the 2010s, so it is likely that the region is increasingly turning towards heroin consumption. Pure heroin involved in the northern route is most likely produced in Afghanistan, and more precisely Northern Afghanistan.⁵⁷⁰ Northern route trafficking generally travels through Central Asia and then on to the Russian Federation. Within the northern route, there are three branches. The first, and most commonly used, is the north-eastern route, which travels from Afghanistan onto Tajikistan, Kyrgyzstan, Kazakhstan, and then Russia. The second is the central route, going from Afghanistan to Tajikistan, Uzbekistan, Kazakhstan, and then Russia. The final branch, which is used the least, is the north-western route, which travels from Afghanistan to Turkmenistan.⁵⁷¹

Tajikistan is the second step in both the north-eastern and central branch of the northern route, and is the prime location for trafficking through the northern route. It accounts for the highest proportion of seizures throughout Central Asia, with 34% of seizures in the period 2011-2015. However, seizures alone do not indicate the predominance of a drug in a particular country. It is possible that an increase in law enforcement efforts could lead to an increase in the number of seizures that would give the false impression of a higher rate of drug trafficking in the country. A good way to assess this variable is to examine the price of the drug in the country. A relatively high

567 Ibid., 18.

568 Ibid., 18.

569 UNODC (United Nations Office on Drugs and Crime), *Afghan Opiate Trafficking Along the Northern Route*, (Vienna, AT: UNODC, June 2018), 23.

570 Ibid., 18.

571 Ibid., x.

price compared to neighbouring countries would indicate a supply shortage, making the drug more valuable. Alternatively, a relatively low price indicates a surplus of the drug. In 2015, one kilogram of opium cost around \$550 in Tajikistan. The same amount cost \$850 in neighbouring Iran. This would indicate that there is indeed a high level of opium trafficking through Tajikistan. Narcotics traffickers who intend to smuggle goods through Tajikistan are likely to purchase opiates in one of two towns in Badakhshan province that border Tajikistan: Eshashim or Shignan. The drug sellers in the two towns have fostered a trading partnership, ensuring both locations have the necessary illicit goods for buyers based over the Tajik border.⁵⁷²

There are numerous trafficking routes from Afghanistan to Tajikistan. A majority of the Afghan-Tajik border falls along the Panj river. The land border between the two countries is controlled by numerous border checkpoints and border guard mobile units. The eastern side of the land border traverses a mountainous region, known as the Gorno-Badakhshan Autonomous Region (GBAO), with a few roads along the valleys. The precarious nature of much of the border has resulted in the majority of trafficking occurring across traditional border crossings. In the past few decades, a number of infrastructure projects in both countries were implemented as a result of international aid programs. These projects included road development between the two countries, which greatly increased legal trans-border trade. The consequence of this, however, is it also increased illegal trans-border trafficking.⁵⁷³ Narcotics are often trafficked from Badakhshan province to Takhar province, which then get brought over the border to Tajikistan. Another route involves a road network that links Kunduz City in Kunduz province with Mazar-e Sharif in Balkh province, Pol-e-Khumri in Baghlan province, and carries all the way to Dushanbe, Tajikistan.⁵⁷⁴ The Drug Control Agency of Tajikistan has reported that the main entry points for opiates from Afghanistan are Shuroabad, Hamadoni, Farkhor, Eshkashim, and Rushan. Border agents usually seize the narcotics directly at the border points, either by vehicle inspection, or from an Afghan courier crossing the border illegally. Additionally, many seizures are made upon inspection of cargo trucks after having crossed the border.⁵⁷⁵

Once the traffickers make their way over the Tajik border, they are likely to follow two distinct paths. The first, most common, path leads through Khatlon Oblast, then follows to Dushanbe, where they may sell the narcotics to the domestic market, or they continue on the path to Khujand in northern Tajikistan, where they may veer in two directions: north to Kyrgyzstan, or west to Uzbekistan. This route is usually traversed via car, but there has been an increase in seizures from cargo trains. It should be noted that since 2011, Uzbekistan has heavily invested in border security around the Tajik-Uzbek border, which has seemed to shift much of the trafficking along this route to Kyrgyzstan.⁵⁷⁶ The second, less used route, begins in Murghab and travels through GBAO to head into Kyrgyzstan in the southeast. This latter route utilises the Pamir highway, a relic of the Soviet era, that connects directly to Kyrgyzstan.⁵⁷⁷

The next stop is Kyrgyzstan, the Central Asian state with the third highest amount of seizures at 17%. The majority of trafficking activity into Kyrgyzstan originates from Tajikistan, however there are also routes from Uzbekistan and Kazakhstan into Kyrgyzstan. The Uzbek route connects to a distribution hub based in the Kyrgyz border town Osh. The Kazakh route connects to the Bishkek distribution hub. The precarious nature of the Tajik-Kyrgyz border has led to it being the most-used crossing for traffickers through Kyrgyzstan.⁵⁷⁸

572 Ibid., 71.

573 Ibid.

574 Ibid., 68.

575 Ibid., 72.

576 Ibid., 73, 75.

577 Ibid., 73-74.

578 Ibid., 75-76.

The origin of this issue dates back to the dissolution of the Soviet Union. In 1991, when Tajikistan and Kyrgyzstan were separated from the Soviet Union, the two countries had conflicting historical claims to the territory. This conflict remains today, putting nearly half of the 971-kilometre border in contention. Central to this disagreement is the control of the village Vorukh. This village is officially part of Tajikistan; however, it is enclaved by Kyrgyz territory. The villages on both sides of the border are agrarian and heavily reliant on agriculture and livestock to survive. This has led to conflicts over access to resources, such as land use and water. Some disputes have resulted in firefights between villagers on both sides of the border. This has diverted the attention of Kyrgyz and Tajik border agents, who have needed to break up disputes between the embattled villagers.

Border agents also need to secure travel through the enclaves. For instance, a Kyrgyz villager from Ravat needs to travel through Tajikistan's Isafara region to get to the Batken district in Kyrgyzstan. Tensions have escalated in recent years after the construction of a new road allowing Kyrgyz residents to bypass Vorukh to reach the Batken district. Tajik residents fear Kyrgyzstan can blockade the road that travels through Vorukh, cutting off Tajiks in the enclave from the rest of Tajikistan. This has led to a number of violent clashes throughout 2019.⁵⁷⁹

This chaos and confusion around the borders offers drug traffickers the perfect distraction to smuggle narcotics across the border. There is a clear connection between the instability around the contentious territory and drug trafficking. The highest level of trafficking occurs between two crossings: Khujand, Tajikistan to Isfana, Kyrgyzstan, and Isfara, Tajikistan to Batken, Kyrgyzstan. It is clear that until the two states can settle their territorial disputes, narcotics traffickers will exploit the instability to smuggle drugs through the crossing to the rest of the northern route.

Once the narcotics traffickers cross into Kyrgyzstan, they are likely to travel east, from Isfana and Batken Oblast over to Osh Oblast. This area comes with its own difficulties for border agents, as it too contains several enclaves of disputed territory, including the previously mentioned Vorukh in Tajikistan, as well as Sokh, Chongara, and Shakhimardan in Uzbekistan. The traffickers will either seek buyers in Osh's black market or move northeast onto the capital, Bishkek. In recent years, the city of Osh's narcotics market has shifted to several smaller rural markets around Osh Oblast. This is likely a result of successful anti-narcotics operations, however it is uncertain if the trafficking has lessened, or has been simply been offset into multiple smaller markets. Bishkek remains a major hub for trafficking and selling narcotics in Kyrgyzstan. As a robust transportation hub, the city is connected to Kazakhstan and Russia via several railroads and highways. This makes Kyrgyzstan a prime waypoint for trafficking onto Kazakhstan and Russia. According to UNODC's 2015 figures, 70% of narcotics trafficked through Kyrgyzstan end up in Russia, 20% in Kazakhstan, and 10% in China.

Once in Bishkek, traffickers will either sell their product, or they will repackage it and store it for later shipment. For the drugs destined for further trafficking to Kazakhstan, and later Russia and China, they will often be handed off to other smugglers with commercial trucks. These smugglers are likely to hide the drugs in seemingly legitimate cargo. In one case from March 2015, traffickers hid 125 kg of heroin inside furniture. They are then likely to attempt to enter Kazakhstan via Korday, Chon-Kapka, or Chalabar. In the past decade, this tactic of entering multiple waypoints to hand off to other traffickers has diminished in use. More and more traffickers are bypassing these stops altogether and smuggling the narcotics straight through to Kazakhstan by personal vehicle.⁵⁸⁰ This is achieved through creative hidden compartment installations in the vehicles. In one case, a Kyrgyz citizen attempted to smuggle 10.1 kg of heroin to Kazakhstan inside the spare tire of his car.⁵⁸¹ In another case, a truck from a Bishkek-based confectionary shop was discovered by

579 Asena Karacalti, *Everlasting or Ever-Changing? Violence Along the Kyrgyzstan-Tajikistan Border*, (Washington D.C.: Armed Conflict Location & Event Data (ACLED), Jun. 8, 2020), <https://acleddata.com/2020/06/08/everlasting-or-ever-changing-violence-along-the-kyrgyzstan-tajikistan-border/>.

580 UNODC, *Northern Route*, 76.

581 *Ibid.*, 106.

German customs agents to have been hiding 670 kg of heroin within 532 boxes of Turkish sweets. German authorities believed that the shipment originated in Afghanistan and was en route to Belgium before it got stopped.⁵⁸²

The border between Kyrgyzstan and Kazakhstan is made up of mostly flat plains, with only one river crossing the eastern portion. This allows for a wide area from which to traffic narcotics. To travel from Kyrgyzstan to Kazakhstan, traffickers are likely to transit through one of two hubs: Almaty or Taraz. Data shows two-thirds of opiates are trafficked into Almaty, and one-third to Taraz. However, the trafficking to Almaty includes local market sales, so this does not necessarily indicate more trafficking into Kazakhstan occurs through Almaty. Almaty also used to be a popular hub for trafficking to Uzbekistan, however this has waned in recent years. In the past decade, Uzbekistan has made successful efforts in increasing its border security infrastructure, weakening the trafficking efforts from Kyrgyzstan into Uzbekistan.⁵⁸³

Around 60% of heroin smuggled into Kazakhstan comes from Kyrgyzstan. This is vastly more than the next likely origin, Tajikistan, at 15%. Of all the heroin smuggled into Kazakhstan, 60% is destined for Russia. There are two main routes for trafficking from Kazakhstan to Russia. The first path starts at Almaty or Jambyl Oblasts and travels through Karaganda Oblast, emptying out into North Kazakhstan Oblast, Pavlodar Oblast, or East Kazakhstan Oblast. Traffickers will likely take the M-36 highway, which crosses through the Karaganda Oblast, the largest market for local distribution. Traffickers may sell some of their product there before heading towards Russia. The second path starts from South Kazakhstan Oblast and heads to one of the north-western Oblasts. These paths end up at either Kostanay Oblast or North Kazakhstan Oblast, and cross into Russia. The most likely transit locations into Russia are Troitsk, Chelyabinsk, or Yekaterinburg.⁵⁸⁴

The Kazak-Russian border presents numerous opportunities for smugglers. The 7,591 km border has 46 vehicle crossings, 23 railroad crossings, five pedestrian crossings, and one river crossing. The mountains around the north-east part of the border present an opportunity for traffickers to cross where border agents have limited capacity to secure the area.⁵⁸⁵ Traffickers will take advantage of high-traffic crossings, where customs agents and border guards are more likely to be too overwhelmed and distracted to notice the drugs hidden away in secret compartments in their vehicles. In 2007, Russian Border Guard Service experts reported that 70% of narcotics crossing from Kazakhstan to Russia are brought over via official checkpoints, rather than unregulated border crossings.⁵⁸⁶ While this is a dated statistic, this coincides with the UNODC's 2016 report detailing how a majority of seizures come from busy highways like the M-36, the A-1 and the M-51.⁵⁸⁷ This would mean, according to the chief of the drug control department of the Siberian Customs Service, Lt.-Col. V. V. Kalinin, traffickers are likely to smuggle small amounts of drugs on each crossing to minimise risk of detection. While railroads crossings are used for trafficking, vehicle crossings are much more likely. This method gives traffickers more flexibility regarding transport times and can alter their route mid-journey to cross a border point with higher traffic to minimise discovery. However, in regions with fewer roads, railroads are more common methods of trafficking. Volgograd Oblast and Astrakhan Oblast, for instance, have fewer highways, and traffickers are found to more commonly attempt to smuggle drugs via trains. Train smuggling offers certain benefits to traffickers, as customs agents have less time to inspect passengers than they would at a vehicle crossing.⁵⁸⁸

582 *Radio Free Europe/Radio Liberty*, "Kyrgyz Authorities Investigate Heroin Smuggled to Europe as 'Turkish Sweets,'" Jun. 20, 2019. <https://www.rferl.org/a/kyrgyz-authorities-investigate-heroin-smuggled-to-europe-as-turkish-sweets-/30010534.html>

583 UNODC, *Northern Route*, 78.

584 *Ibid.*, 85-86.

585 *Ibid.*, 87.

586 Sergey Golunov, "Drug-Trafficking through the Russia-Kazakhstan Border: Challenge and Responses," *Empire, Islam, and Politics in Central Eurasia*, no.14, *Slavic-Eurasian Research Center*, (Hokkaido University, Sapporo, JP, 2007), 335.

587 UNODC, *Northern Route*, 86.

588 Golunov, "Russia-Kazakhstan Border," 337-338.

Traffickers crossing from Kazakhstan to Russia have been found to use a variety of methods to conceal their product. Those who travel via truck are likely to conceal narcotics in licit goods shipments, such as vegetables, industrial material, or raw material. Traffickers in trucks or personal vehicles may hide their product in hidden compartments in the vehicle, such as a secret compartment in the trunk, glove compartment, etc. or in the wheels of the vehicle. Narcotics are also often hidden on the smuggling individual themselves, under their clothes, in their luggage, or they may even swallow the contents.⁵⁸⁹

Within the Russian Federation, traffickers are likely to travel through one of three major hubs: Moscow, Perm-Yekaterinburg, and Novosibirsk-Irkutsk. From these hubs, narcotics are trafficked throughout Russia as well as onto other markets in Europe. The Moscow hub is the largest of the three hubs, with significant local consumption, as well as trafficking to other areas throughout Russia and potentially on to Europe. This is facilitated through the highly developed transportation infrastructure in the region, with numerous highways and railroads for trafficking by vehicle as well as by train.⁵⁹⁰

Narcotics trafficked through Russia do not only come from Central Asia. The Caucasus are also a prime region for narcotics trafficking that involves the Russian Federation. This route starts in Afghanistan, and likely travels through Iran, then on through the Caucasus, which will include travelling through Azerbaijan before reaching Russia. This sub-route is related to the Balkan route, which will be covered later in this chapter, but it is important to note that these routes are not mutually exclusive, and may bleed into each other.⁵⁹¹

Having detailed one full branch of the northern route, it is necessary to outline the other prominent branches within this route. The second most trafficked country within Central Asia is Uzbekistan, with 20% of all drug seizures. Uzbekistan is uniquely positioned to border every other Central Asian country, as well as Afghanistan. This means that where the drug route is concerned, Uzbekistan can be involved in a multitude of pathways. Most available data supports that the most common route for narcotics to enter Uzbekistan is through Tajikistan, however some organisations, like the Central Asian Regional Information and Coordination Centre (CARICC), have argued a higher quantity has come directly from Afghanistan. Uzbek officials have identified three main entry-points from Tajikistan. The first point is called the east-west axis. This path involves traffickers travelling from the Tajik region containing Dushanbe, Hisor, and Tursunzade and crossing over to the Uzbek region containing Shargun, Uzun, and Denov. The second point is from Panjaket, Tajikistan to Samarkand, Uzbekistan. The third entry point is between Khujand, Tajikistan and Bekabad, Uzbekistan.⁵⁹²

The Tajik-Uzbek border suffers from a similar situation that plagues the Tajik-Kyrgyz border. Until 1991 with the dissolution of the Soviet Union, the border consisted of an administrative line in official documents, but without any physical demarcation. In the 30 years since, the Tajik-Uzbek border has had more success in creating an agreed-upon physical boundary than the Tajik-Kyrgyz border, but there are still some issues. In the Soviet era, many villages formed along the border, with families and ethnic groups positioned on both sides of the line. These ties remain to this day, making strict control along parts of the border difficult.⁵⁹³

Across the Tajik-Uzbek border, trafficking usually occurs by road. However, as Uzbekistan has ramped up their border security over the last decade, there has been an increasing diversification

589 Ibid., 339.

590 UNODC, *Northern Route*, 92.

591 Ibid., 97-98.

592 Ibid., 79-80.

593 Ibid., 80.

of smuggling methods.⁵⁹⁴ The prominence of families living on both sides of the Tajik-Uzbek border presents an opportunity for traffickers to create family networks to traffic through the villages that straddle the border.

The Afghan-Uzbek border is the most heavily guarded in Uzbekistan. The entire 137 km border is secured with a doubled, electrified barbed wire fence, with minefields positioned throughout the border. Uzbekistan has constructed a significant number of watchtowers equipped with radio communications to oversee the border, with thousands of guards stationed throughout. The primary crossing is the Hairaton Border Crossing Point, which is located on a bridge crossing the Abu Darya river across from Afghanistan's Kaldar district. In addition to the high number of border guards overseeing the border, the Uzbek army is deployed to provide additional security. Given the high security, any narcotics that are smuggled directly from Afghanistan to Uzbekistan are likely to travel across the Amu Darya river and enter Surxondaryo Oblast in Uzbekistan. Traffickers will often attempt to smuggle narcotics across the river on small boats, needing to evade Uzbek border agents who routinely patrol the river on boats themselves.^{595 596}

Compared to neighbouring countries, Uzbekistan seizures are likely to contain much higher quantities of heroin. The largest heroin seizure in the world in 2010 took place in Uzbekistan at the Oybek vehicle crossing from Tajikistan. Another high-volume seizure occurred in 2011 in Samarkand, with the traffickers en route from Tajikistan and heading for Russia. These high-volume seizures are very rare in Tajikistan, and almost nonexistent in the rest of Central Asia. This indicates that multiple trafficking cells may be combining several smaller shipments from various countries in Tajikistan before travelling onto Uzbekistan to transit on to larger markets, like Russia.⁵⁹⁷

Uzbekistan's recent border security improvements present a success story that should be studied further for wider implementation. The country has invested significantly in border infrastructure, including frequent watchtower installations, and modern technology, such as biometric scanners, for use in major checkpoints. Most significantly, border agents are highly trained and well-paid, reducing the likelihood of bribery enabling smugglers to cross illegally.⁵⁹⁸

Narcotics transiting through Uzbekistan are most likely to head through Kazakhstan next. Trafficking usually occurs via two routes. The first travels from Tashkent Oblast and then onto Shymkent Oblast, which has a large Uzbek community as a remnant of the Soviet era. This community enables significant cross-border trade, some of which includes illicit trading of narcotics. The other route begins in Karakalpakstan, which is situated in north-west Uzbekistan, and then travels to Mangistau Oblast, Kazakhstan. These drugs either end up in Kazakhstan, or head to the final destination of Russia.⁵⁹⁹

The second most likely trafficking waypoint from Uzbekistan is Turkmenistan. The Uzbek-Turkmen border is 1,621 km long, made up of mostly flat plains and deserts that are sparsely inhabited outside of nomadic tribes. Although trafficking data from the Turkmen side is limited, seizures on the Uzbek side near the Turkmen border indicate a prominent path.⁶⁰⁰ While it used to be a prominent belief that Turkmenistan was not central to the northern route, seizure data over the past decade has indicated that it has become a waypoint for significant shipments. Uzbek law enforcement have interdicted heroin shipments between 20-30 km, which indicates wholesale transactions to be shipped onto larger markets, instead of local, small-scale consumption. One trafficking route

594 UNODC (United Nations Office on Drugs and Crime), *Opiate Flows through Northern Afghanistan and Central Asia: A Threat Assessment*, (Vienna, AT: UNODC, Jan. 26, 2012), 11.

595 UNODC, *Northern Route*, 80.

596 UNODC, *Opiate Flows*, 51.

597 *Ibid.*, 55-56.

598 *Ibid.*, 55.

599 UNODC, *Northern Route*, 82.

600 *Ibid.*, 83.

leads from Tajikistan into the Surkhandarya Region of Uzbekistan, then through Horezm Region and Karakalpakstan, before heading onto Turkmenistan.⁶⁰¹ About half of Turkmenistan's seizures in 2011 took place near the Karshi-Nukus route in Uzbekistan, which shows that Turkmenistan is becoming a prominent branch of the drug route through Uzbekistan.⁶⁰²

Uzbekistan is only one of multiple origins for trafficking through Turkmenistan, however. Smugglers seem to be more likely to head directly from Afghanistan to Turkmenistan than to travel through Uzbekistan. This is especially true in recent years after Uzbekistan increased their border security protections. Another probable leg in the journey to Turkmenistan is Iran. A significant number of seizures have taken place along the Iran-Turkmenistan border. The most likely entry point is up through northern Iran and across the Mary-Turkmenbashi axis. Within Turkmenistan, trafficking usually crosses east to west along the Mary-Turkmenbashi axis, before finally crossing over the Caspian Sea to Azerbaijan. As mentioned previously, this part of the northern route blends with the Balkan route, and branches of one often cross into the other.⁶⁰³

The Balkan Route

The Balkan route is the largest heroin trafficking route in the world. It has been used in heroin trafficking since the 1980s, if not earlier.⁶⁰⁴ In 2018, the heroin trafficked through this route made up 58% of all heroin trafficked outside of Afghanistan. However, in light of the increase in border restrictions in the region following the COVID-19 pandemic, trafficking seems to be on the decline through the Balkan route, at least temporarily. One indication of this is the marked increase in opiate seizures in the Indian Ocean. This seems to indicate traffickers are seeking to circumvent the Balkan route by trafficking through Africa onto the global market. This is a trend that researchers will need to study further once the pandemic has subsided and travel and trade restrictions ease.⁶⁰⁵

The Balkan route, like the other trafficking routes, begins in Afghanistan, but the first leg of the journey begins in Iran. From Iran, the narcotics are generally trafficked through Turkey, then through the Balkans, before emptying out in Europe for sale in the global market.

The Balkan route has three branches: the northern branch, the western branch, and the southern branch. The northern branch traverses the Eastern Balkans, such as Bulgaria and Romania, and then travels north towards Western and Central Europe. The western branch passes through the western Balkans, which can include North Macedonia, Albania, Montenegro, Kosovo, Serbia, Bosnia and Herzegovina, and Croatia, before reaching the European market. This branch could involve both land and sea transit. The southern branch travels through Greece to enter the Schengen Area of Europe, usually via Italy. As with the northern route, these branches are not mutually exclusive, and may intersect and change directions. However, through analysing the tendency of traffickers to use these particular pathways, it will be easier to understand the dynamics involved in trafficking through the Balkan route.⁶⁰⁶

601 UNODC, *Opiate Flows*, 56.

602 UNODC, *Northern Route*, 83.

603 Ibid.

604 EMCDDA (European Monitoring Centre for Drugs and Drug Addiction), *EU Drug Markets Report: In-Depth Analysis*, (The Hague, NL: EUROPOL, 2016), 85.

605 UNODC (United Nations Office on Drugs and Crime), "Booklet 1" in *World Drug Report 2020*, (Vienna, AT: UNODC, June 2020), 19.

606 UNODC (United Nations Office on Drugs and Crime), *Drug Money: The Illicit Proceeds of Opiates Trafficked on the Balkan Route*, (Vienna, AT: UNODC, 2015), 20-21.



Map created by Meschelle Thatcher

Iran is the first stop in the trafficking routes of both the Balkan and southern routes. An estimated 31% of opiates leaving Afghanistan enter Iran through the 921 km border.⁶⁰⁷ Its importance is highlighted by the fact that most of the opium seizures in Afghanistan occurred in the regions bordering Iran and/or Pakistan.⁶⁰⁸ Both countries are key to a majority of global trafficking, however Pakistan is more central to the southern route while Iran is key to both routes. Pakistan is marginally involved in the Balkan route as a potential waypoint to Iran, however the vast majority of narcotics that are trafficked through Pakistan go on to follow the southern route. Traffickers using the Balkan route usually travel directly west from Afghanistan to Iran, then to Turkey and through the Balkans.⁶⁰⁹

Narcotics entering Iran are usually pushed through western Afghanistan in Nimroz province. If the drugs are destined for the Balkan route, they will likely then head northwest, and if they are for the southern route they will head south towards the coast.⁶¹⁰ For the Balkan route, traffickers will either enter Khorasan province and travel west, or enter Sistan and Baluchestan province and travel northwest to cross into Turkey.⁶¹¹

607 East West Institute, "Iran and the Border with Afghanistan: Going at It Alone," *Afghan Narcotrafficking: The State of Afghanistan's Borders* (2015), 16.

608 UNODC (United Nations Office on Drugs and Crime), *Afghan Opiate Trafficking Through the Southern Route*, (Vienna, AT: UNODC, June 2015), 25-26.

609 UNODC, *Drug Money*, 18-19.

610 UNODC, *Southern Route*, 49.

611 Calabrese, John, "Iran's War on Drugs: Holding the Line?," *Middle East Institute* (Washington, D.C.), Dec. 1, 2007, <https://www.mei.edu/publications/irans-war-drugs-holding-line>.

Authorities from Iran have reported drug seizures of relatively high volume compared to other countries in the Balkan route, which indicates Iran is a key hub for large-scale trafficking efforts, both in the Balkan and southern routes.⁶¹² Due to the prominence of Iran in the drug trafficking route, the country has taken extreme measures to combat trafficking. Iran allocates almost a billion USD to border control infrastructure, including the construction of security barriers around its border with Afghanistan and Pakistan. This includes 400 km of embankments, 800 km of deep canals, 39 km of concrete walls and barriers, and 140km of barbed-wire fencing. Iran has stationed several thousands of guards along this border and deployed 3,000 army troops to the borders to aid in counter-narcotics operations. They have launched several counter-narcotics operations, many of which were deadly. Over the past 30 years, 4,000 law enforcement officials were killed and over 12,000 officials were maimed in counter-narcotics operations.^{613 614}

Iran has also been open to working with intergovernmental organisations, like the UNODC, to adopt best-practices in counter-narcotics efforts, as well as engaging in joint task forces and regional intelligence sharing efforts to improve regional security. This included a joint training programme in 2007 with Afghanistan and Pakistan run by the UNODC which facilitated the adoption of compatible telecommunications equipment, improved intelligence sharing, and liaison offices at key border crossings. Iran also worked with the UNODC in 2014 to adopt new border security practices, including placing drug-sniffing dogs at border points and introducing a new training programme for customs officials on interdiction practices. The country has continued to increase regional cooperation efforts, like joining the Trilateral Initiative with Pakistan and Afghanistan, which placed two border liaison offices in Taybad and Mirjaveh, which are close to the Islam Qala-Zaranj crossing parallel to the Afghan-Iranian border.⁶¹⁵

These measures have led to relative success in seizures when compared with neighbouring countries. In 2012, Iran seized 68% of total opiates seized in the countries neighbouring Afghanistan, including Afghanistan itself. However, Iran's intensified security measures around its border with Afghanistan has led to draconian measures regarding migrants. In one incident on April 30, 2020, around 50 migrants travelling from Afghanistan to Iran were arrested, beaten, and forced into the Hariroud river, leading to several drownings.⁶¹⁶ This approach is clearly doing significant harm that may create more problems than it solves.

In 2018, 62% of the total opiate seizures in Europe occurred in Turkey. 95% of opiates seized in Eastern and South-Eastern Europe took place in Turkey.⁶¹⁷ Turkey clearly holds a lot of significance as the central hub of the Balkan route. This is also evidenced in the amount of seizures along the route. The bulk of opiates were also seized from Turkey (excluding Iran, which is part of both the Balkan and southern routes), with 19 tons seized from Turkey, three tons from Balkan countries, and nine tons in Western and Central Europe.⁶¹⁸ This indicates a clear trajectory from Turkey, through the Balkan states, and then onto Central and Western Europe as the likely final destination. As the narcotics are trafficked through the route, the amounts drop off from sales in local markets and disbursement along different route branches. This is why Turkey has the largest amount, as the beginning of the route. The Balkan state seizures are also smaller in comparison to Western and Central Europe. This is likely because those are larger markets, and the Balkan states operate mostly as transit countries to reach the major narcotics markets.

612 UNODC (United Nations Office on Drugs and Crime), "Booklet 1" in *World Drug Report 2020*, (Vienna, AT: UNODC, June 2020), 24.

613 UNODC (United Nations Office on Drugs and Crime), "Islamic Republic of Iran: Drug Trafficking and Border Control: Situation Analysis," Accessed on Oct. 22, 2021, <https://www.unodc.org/islamicrepublicofiran/drug-trafficking-and-border-control.html>.

614 East West Institute, "Iran and the Border," 16.

615 Ibid.

616 Tara Sepehri Far, "Victims of Iran-Afghan Border Drowning Deserve Justice: Iranian Officials Should Cooperate in Impartial Investigation," *Human Rights Watch* (New York, NY), May 28, 2020. <https://www.hrw.org/news/2020/05/28/victims-iran-afghan-border-drowning-deserve-justice#>.

617 UNODC, "Booklet 3" in *World Drug Report 2020*, 14.

618 Ibid., 17.

The 2000s marked an era of improving economic relations between Iran and Turkey, which may have indirectly boosted the drug trade between the two countries. When the AKP administration began in 2002, they focused heavily on improving regional trade, signing free-trade agreements and eliminating trade barriers. This included two comprehensive trade and energy agreements between Turkey and Iran in 2007 and 2008. The trade agreements led to a 144% increase in bilateral trade between 2005 and 2010. The improved economic relations between the two countries also led to an increase in travel between the countries. Iranian passenger travel to Turkey increased 96% from 2004 to 2010 and vehicle traffic from Iran to Turkey increased 102% in the same period. While this improved economic relationship seems to carry some benefit to the countries, it has been accompanied by an increase in drug trafficking.⁶¹⁹



Map created by Meschelle Thatcher

The Turkish Department of Anti-Smuggling and Organized Crime (Kaçakçılık ve Organize Suçlarla Mücadele Dairesi Başkanlığı, KOM) observed that the number of vehicles that were stopped for drug trafficking increased by 31 times, with the majority coming from Iran. These cars carried heroin, meth, opium, and/or cannabis. Many of these crossings were legal commercial vehicles transporting licit goods who were coerced into smuggling narcotics by traffickers. In descending order of likelihood, smugglers hid the drugs on their person, in their vehicles, in commercial goods, or in suitcases. Out of all drug interdictions from 2005-2010, the vast majority were individuals unaffiliated with organized crime, at 76.5%, and 23.5% were linked to organized crime syndicates. This does not necessarily mean there were not small cells of drug smugglers working together; only that they were not associated with criminal narcotics syndicates. Counter-narcotics officers also

619 Behsat Ekici and Ali Unlu, "Increased Drug Trafficking from Iran Ankara's Challenges," *Middle East Quarterly* 20, no. 4. (September 2013): 41-48.

noticed a trend occurring around 2008 where cannabis and opium seizures fell while methamphetamine and heroin seizures rose. This tracks with the growth in the heroin trade internationally and the increase in heroin processing centres in places like Iran. Near the end of the 2000s, high-volume seizures rose while small seizures fell. This is a strong indication of the growing sophistication in trafficking operations as trade increased. During the same period, the proportion of traffickers who smuggled drugs on their person decreased, with a corresponding increase in vehicle and parcel concealment. The growth in free trade led to a high-frequency in commercial truck transit across the Iranian-Turkish border. This was the perfect cover for narcotics traffickers who would use the trucks to stash high volumes of opiates for wholesale distribution.⁶²⁰

As traffickers heading from Iran to Turkey shifted their smuggling to commercial trucks, they innovated new, creative ways to conceal large quantities of heroin. This usually involved hiding the narcotics within whichever licit goods they were carrying as cover for their illicit trading. In one seizure on December 5, 2018, authorities uncovered 1.2 tons of heroin hidden inside the meat and organs of animal carcasses. In another case on January 23, 2019, a truck heading from Iran to Turkey was discovered to be hiding 1.5 tons of heroin inside blocks of marble.⁶²¹

Traffickers heading through the Balkan route are not limited to travelling solely from Iran to Turkey. A recent development in the Balkan route involves trafficking through Iraq and Syria. After the Arab Spring and the subsequent destabilisation of the countries, including the growth of ISIS, many narcotics syndicates saw an opportunity. Drug trafficking organisations began to smuggle drugs from Iran through Iraq and Syria en route to Turkey and then the rest of the Balkan route towards Europe. Recent reports of heroin seizures in Belgium, Bulgaria, Croatia, Germany, Jordan, Syria, and Turkey have been traced to Iraq. In 2013, Turkish authorities seized 266 kg of heroin that they discovered had been smuggled through Habur Border Gate from Northern Iraq. Narcotics that enter Iraq from Iran are likely to be trafficked through two main routes: via Basrah Province in the south, or via Kermanshah province in the west of Iran into Erbil province in northern Iraq. There have also been seizure cases that suggest trafficking from Syria. One case in May 2017 involved the seizure of 102 kg of heroin in Kilis, Turkey, just near the Syrian border.⁶²²

In addition to trafficking Afghan poppies through Iraq towards the Balkan route, there is evidence of opium poppy cultivation in Iraq itself. The International Narcotics Control Board's Annual Report in 2018 identified numerous cases of poppy cultivation. This cultivation is likely taking place along the Euphrates River, as the majority of Iraq is too arid for poppies. This could make the Balkan route resilient to efforts to limit cultivation in Afghanistan. Iraq presents an alternative source for narcotics traffickers, and its use may grow in years to come.⁶²³

The Balkan route has attracted large narcotics syndicates, many of whom work together to traffic large quantities of heroin through the route and are then sold from high-yield destination countries like Austria and Germany. Most of these syndicates are based in Turkey, with links to other organised crime groups based along the Balkan route, such as Serbian, Bulgarian, Albanian, and Romanian groups. This nexus of organisations controls most if not all elements of the heroin supply chain, such as heroin suppliers and processors. They install licit business fronts in countries along the route, like Bulgaria, Romania, Hungary, western Balkan states, Germany, the Netherlands, and all the way to the United Kingdom. These fronts enable cover for their illegal activity, often taking the form of import/export businesses of various materials, while concealing the narcotics in commercial trucks or in the licit goods themselves.⁶²⁴

620 Ibid.

621 UNODC (United Nations Office on Drugs and Crime), *Afghan Opium Trade Project (AOTP) Update - Opiate Trafficking along the Early Stages of the Balkan Route*, (Vienna, AT: UNODC, December 2019), 5.

622 UNODC, *Early Stages of the Balkan Route*, 10.

623 Ibid.

624 EMCDDA, "EU Drug Markets Report," 86.

Counter-narcotics investigators uncovered one of these operations in 2014, that operated out of North Macedonia. Nearly 400 suspects were arrested and investigators seized 100 kg of heroin, along with some cocaine and cannabis. They also seized 4 tons of drug-cutting agents, which is evidence of how sophisticated this cell was. This cell had a structured hierarchy, where the narcotics were trafficked through multiple regions with a number of operatives assigned to specific regions and routes. The low-level operatives were kept in the dark on the larger organisational structure, and only knew the operatives they interacted with directly along the route. In addition to their main headquarters in North Macedonia, the group held bases of operations in Austria and Germany, where they would initiate widespread distribution throughout Europe.⁶²⁵

Once they reach Turkey, Balkan route traffickers have a variety of branches and methods of travel along the route towards Western and Central Europe. As previously outlined, the three main branches of the Balkan route are the northern, central, and southern branches. The northern and central branches are most likely entirely overland, while the southern branch employs the use of maritime ports via ferries to Greece, Albania, or Italy.⁶²⁶ The UNODC's Drugs Monitoring Platform collected reports of seizures from 2015 to mid-2019 in the Balkan route to gain insight into the likely paths. Significant numbers of seizures have occurred in every South East European country, showing that every country in the Balkans is a potential stop along the route. In addition to the variety of land-route passages, maritime transport seems to be a popular method of trafficking. A large proportion of seizures occurred along the coasts of Albania, Montenegro, Croatia, Greece, and Slovenia.⁶²⁷

As mentioned previously, seizures in most Balkan countries themselves have been pretty low. The combined annual seizures from Albania, Bosnia and Herzegovina, Croatia, Montenegro, North Macedonia, Romania, and Serbia only amounted to 865 kg on average from 2015-2017. The seizure average is significantly higher in destination countries along the route. The combined annual seizures from France, Germany, Greece, Italy, Netherlands, Spain, and the United Kingdom over the same time period was on average 3.8 tons a year. Given the high level of seizures in Greece and Italy, this gives further evidence of the prominence of maritime trafficking along the Balkan route. Once traffickers get to by land Turkey, many of them will ship their drug supply to Greece, which brings them into the Schengen zone with access to the rest of the Schengen countries in the EU without needing to worry about border checks.⁶²⁸

Outside of Turkey, the other major hubs of the Balkan route are the Netherlands and Belgium. Over 75% of the opiates that enter both the Netherlands and Belgium are trafficked into other countries. The Netherlands, in particular, holds significant importance in the Balkan route, supplying 4.7 tons of heroin a year to the European market. Trafficking to the Netherlands does not always take place via Turkey. Traffickers will often use maritime shipment straight from the origin of the narcotics (likely Afghanistan or Pakistan) and directly to the Netherlands to reach the European market. The Port of Rotterdam in particular has been a prominent destination for both heroin and cocaine trafficking. On February 23, 2021, the Dutch police seized their largest haul to date of 1.5 tons of heroin, found hidden within a salt shipment from Pakistan at the Port of Rotterdam. Dutch authorities in collaboration with the UK's National Crime Agency were able to trace the origins of the shipment to drug syndicates based in Pakistan.

The main destinations of narcotics trafficked through the Netherlands are the United Kingdom, France, Germany, Austria, Ireland, Portugal, and Spain. This highlights another layer of complexity in the Balkan route, as Germany and Austria are waypoints in the Balkan route towards the Netherlands, but also act as destination countries from the Netherlands.⁶²⁹

625 Ibid., 87.

626 EMCDDA (European Monitoring Centre for Drugs and Drug Addiction), *Perspectives on Drugs: Opioid Trafficking Routes from Asia to Europe*, (The Hague, NL: EUROPOL), 2015, 3.

627 UNODC, *Early Stages of the Balkan Route*, 11.

628 Ibid., 11-12.

629 UNODC, *Drug Money*, 38.

An important factor in the Balkan route is what's known as the reverse Balkan route. This is when acetic anhydride (AA) is trafficked the opposite direction through the Balkan route from Europe towards Afghanistan. Narcotics syndicates use licit front businesses to purchase AA from legitimate companies registered in the EU. They will then use the same pathways back through the Balkan route, often trading AA for heroin from smugglers travelling along the normal Balkan route. This growth in AA along the route is evidenced by Turkey's growing AA seizure data through the 2000s and 2010s. In December 2013, 14 tons of AA were seized in Turkey.⁶³⁰ In May 2017, Turkish authorities seized 210 kg of AA in Baskale, Van province, which is near the border of Iran. In May 2019, 65 kg of AA was seized in Yuksekova, Hakkari province, Turkey. This town was close to the borders of both Iran and Iraq. This all indicates a flow of AA from the Balkan route, through Turkey, and back towards Afghanistan to process opium poppies into heroin. The rapid growth in seizures by year shows how quickly this market is growing. Turkey's 2017 AA seizures amounted to 23,000 kg, while their 2018 seizures rose 61% to 38,000 kg.⁶³¹ Excluding a probable lull from the impact of COVID-19, this trend towards AA trafficking along the reverse Balkan route is likely to increase over time.

While the Balkan route is still the most used of the three trafficking routes, its use is waning with the growth of the southern route. Excluding Pakistan and Afghanistan, seizures along the southern route accounts for 6% of total heroin and morphine seizures across the globe in 2018. This is double the amount in 2015, showing how quickly this route is growing.⁶³² Balkan route traffickers are also taking advantage of parts of the southern route to circumvent the more highly-secured areas of the Balkan route. In 2016, Turkish authorities reported evidence of maritime trafficking into Turkey from the Makran Coast, the Red Sea, and the Mediterranean, which are all contingents of the southern route. Traffickers are likely using maritime travel to avoid the high-security land borders of Turkey, Iran, Pakistan and Afghanistan. Once they reach Turkey by sea, they can complete travel along the Balkan route.⁶³³

Certain countries that used to be exclusively supplied by the Balkan route are getting a growing proportion of narcotics from the southern route. The UK, Belgium, and the Netherlands, all receive a significant amount of their opiates from the southern route. As of 2012, 84% of narcotics in the UK came directly from Pakistan.⁶³⁴ A British Border Force official has confirmed this trend, tracking the growth in Pakistani trafficking to the UK through monitoring cash couriers arriving from the UK to Pakistan. Couriers are typically unwitting accomplices who are told to deliver an envelope to a contact in Pakistan in exchange for a paid trip to Pakistan. The couriers are often poor and vulnerable Pakistani UK migrants who could not afford a trip back to Pakistan on their own, so they agree to delivering these envelopes in order to visit family or attend a wedding. This method is used to pay for large consignments of heroin or methamphetamines, which is becoming increasingly popular.⁶³⁵ These shifts speak to a larger change in global narcotics trafficking. Balkan route countries are improving their border security and their counter-narcotics measures. In response, drug trafficking organisations are diversifying their routes to avoid the high-security areas. This is leading to an increase in the use of the southern route, as well as further blending of the southern route and the Balkan route. Drug traffickers are likely to increase their reliance on the southern route, as well as include more parts of the southern route in their Balkan route trafficking.

630 EMCDDA, "EU Drug Markets Report," 83-84.

631 UNODC, *Early Stages of the Balkan Route*, 7.

632 UNODC, "Booklet 3" in *World Drug Report 2020*, 18.

633 UNODC, *Early Stages of the Balkan Route*, 6.

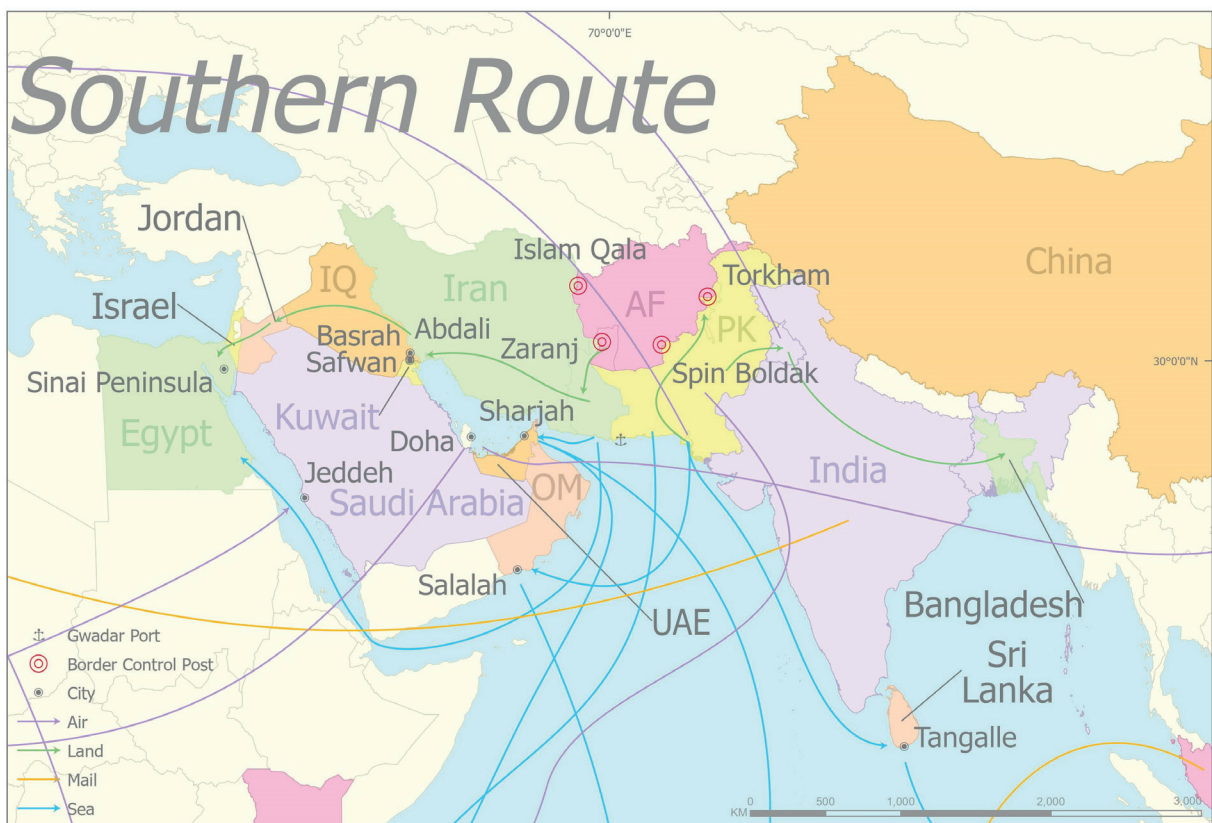
634 UNODC (United Nations Office on Drugs and Crime), *The Illicit Drug Trade Through South-Eastern Europe*, (Vienna, AT: UNODC, March 2014), 14-15.

635 Interview with British Border Force official. January 26, 2021.

The Southern Route

A significant element to the growth of the southern route is the influence of Pakistani narcotics syndicates. Many of these syndicates have established a foothold in European destination markets, like the United Kingdom and Spain, and smuggle heroin directly from Pakistan to these destination countries via maritime shipment. Large seizures in the UK of containers holding over 200 kg from Pakistan is not uncommon. Pakistani groups may be trying to compete with Turkish-based groups that hold significant power in the narcotics business as a major hub for the southern and Balkan routes. By using maritime shipping from Pakistan, they circumvent Turkey entirely and head straight for lucrative markets in Europe.⁶³⁶

The southern route provides multiple benefits to traffickers compared to the other main trafficking routes. Given the prominence of the Balkan route and its limitation to overland travel, it is relatively easier to patrol and secure against smuggling. The southern route's use of maritime travel gives traffickers more varied options for travel and more cover from authorities. The southern route is unique among the three major trafficking routes, in that it supplies narcotics for by far the widest array of countries in several regions around the world. The northern route serves primarily Central Asia and Russia, and the Balkan route serves a large proportion of Europe, but the southern route serves Europe, Asia, the Middle East, Africa, Oceania, and North America.⁶³⁷ Because of its reach, the southern route is much less clear-cut than the other main routes, with more variability in waypoints and travel methods. The route often combines land, sea, mail, and/or air travel to reach its many destinations.



Map created by Meschelle Thatcher

636 UNODC, *Illicit Drug Trade*, 14-15.

637 UNODC, *Southern Route*, 10.

The southern route begins in Pakistan or Iran and travels by sea through the Middle East, Africa, Europe, and/or North America. Traffickers start in either Pakistan or Iran and use the Makran Coast to enter the Gulf of Oman or the Persian Gulf to start their nautical journey. Heroin exported via this route is of very high purity compared to other routes, indicating the heroin is at the beginning of its journey and hasn't passed through many smugglers yet. The shipment will likely pass through the Arabian Peninsula, passing through Gulf countries like the UAE, Kuwait, and Oman, and supplying local markets there before continuing on the path through East Africa. The path also diverges north through the Red Sea to include markets in Egypt and Saudi Arabia.⁶³⁸

The southern route has introduced a new strain of opiate to the global market called "organic meth." This kind of meth uses the ephedra plant as a precursor for methamphetamine, instead of the traditional chemical precursors. This new strain started appearing in 2018 after the drought in Afghanistan led to the destruction of poppy fields around the country. This organic meth was produced as an alternative to heroin, and soon a number of extraction sites were formed in Afghanistan, primarily in Bakwa, Farah Province. The Taliban and Haqqani network have been particularly involved in the production of this new drug, but their capacity to produce high quality organic meth is low. They have instead sent the plants and opiates to labs in Pakistan with better equipment, which have been able to produce very high-quality methamphetamines.⁶³⁹

The Middle East and the Gulf are a major branch of the southern route. This region is connected to both the Balkan and southern routes, but a majority of its supply comes from the southern route. Most southern route trafficking into the region comes via sea, at 66% of all trafficking cases. Traffickers will take advantage of the numerous commercial shipping ports that are protected from customs inspections. Seizures in the region are clustered in Israel, southern Syria, and northern Jordan. It is unknown if most of the traffickers in these locations are part of integrated cells, or if there are separate trafficking efforts in each country. There are some cases of seizures in Jordan that were headed for Israel, so some overlap is present. There have also been interdiction cases in Egypt that came from the Red Sea, showing the inclusion of Red Sea travel from the Makran Coast origins of the southern route.⁶⁴⁰

Narcotics shipments to the Gulf usually arrive in large consignments by sea. This is likely to come from Pakistan in either a ship or a dhow, which is a traditional sailing vessel commonly used in the Indian Ocean for traders. Dhows are motorised wooden ships that range from 15-23 metres made for fishing at sea. Their size is large enough to handle rough waters of the sea, but small enough to stay under the radar of security vessels or satellite images. Traffickers also benefit from the storage compartments commonly found on dhows that are large enough to effectively hide up to 1000 kg of heroin, while maintaining plausibility as a fishing vessel.⁶⁴¹

The countries in the Middle East and Gulf most likely to receive narcotics by sea are the UAE, Saudi Arabia, and Bahrain. These consignments are then broken down into smaller portions to be sent to a variety of destinations through a variety of methods. This includes air, mail, and sea travel. Once in the Middle East and Gulf, southern route trafficking is likely to go to Africa, Europe, East Asia/ Southeast Asia, or North America, in descending order.⁶⁴²

The next likely method of trafficking through the Middle East and Gulf is by air. Consignments flown to the Gulf usually come from Afghanistan, Nigeria, or Pakistan, and usually land in Saudi

638 EMCDDA, "EU Drug Markets Report," 86.

639 Interview with official from the Australian Border Force, Dec. 9, 2020.

640 UNODC, *Southern Route*, 57-58.

641 Joseph Hanlon, "The Uberization of Mozambique's Heroin Trade," *Department of International Development*, (London, UK: London School of Economics, July 2018), 10.

642 UNODC, *Southern Route*, 59-60.

Arabia, the UAE, or Oman. However, there have not been significant records in Oman showing seizures of heroin from Pakistan. There are, however, records of seizures in Pakistan that were headed for Oman. This could indicate undetected trafficking in Oman that successfully makes its way to the next location.⁶⁴³

The third most likely method for trafficking through the Middle East and Gulf is by land. One likely path is through Israel, Syria, and Jordan. Another path begins in Iraq and moves through a variety of pathways. Traffickers may move through Iraq to Kuwait via the Safwan-Abdali border crossing. To cross from Iraq to Saudi Arabia, traffickers are likely to sneak themselves across the Ar Ar border crossing. Finally, to cross from Iraq to Syria, traffickers are likely to cross through Rabia, Iraq.⁶⁴⁴

The country in the Middle East and Gulf most likely to be trafficked from is the UAE. This is due to the high volume of maritime shipments that pass through the country, enabling smugglers to blend into normal commercial transit. The major ports of export in the UAE are Khor Fakkan Container Terminal in Sharjah and the two ports in Dubai, Mina Rashid and Jebel Ali Port. Trafficking is aided by the free trade zones in these ports that allow ships to depart without needing to pass a customs inspection. Traffickers will take advantage of this to smuggle large consignments of heroin through their ships by hiding them within licit trading goods. In one case in June 2012, 20 kg of heroin hidden inside carpets was discovered in Côte d'Ivoire. Investigators found that the consignment came from the UAE and was en route to Ghana. One major trafficking case in May 2014 involved 764 kg of heroin being trafficked by ship from Iran, then stopping at a dock in the UAE before finally arriving in Rotterdam, the Netherlands where it was seized by authorities.⁶⁴⁵

Another case demonstrates how long a southern route path can be from start to finish. In April 2011, a consignment of 202 kg was shipped by sea from Karachi, Pakistan, and made stops in Salalah, Oman, Valencia, Spain, Lome, Togo, and finally arrived in Benin where it was seized. This shows the primacy of maritime trafficking for the southern route, and how it enables wide reach throughout the world, starting in south Asia and making its way to the Gulf, Europe, and all the way to West Africa.⁶⁴⁶

Trafficking by air from the Middle East and Gulf is less common than by sea, but still very prevalent. Traffickers intentionally use indirect travel patterns to obscure their intended destination and to not arouse suspicion. This often involves making several stops to different regions before heading to the intended final destination. Many traffickers heading from Afghanistan or Pakistan will stopover in the Middle East and Gulf before heading to Europe or Africa. Qatar and the UAE are common stopovers en route to countries like Spain or Nigeria. Traffickers operating in the Middle East and Gulf will also often travel to their intended destinations by plane. Multiple cases of trafficking have been attempted through air travel from the UAE and Qatar to China, either directly or via Hong Kong. While only 14% of trafficking attempts are from this region, trafficking by air is still a significant issue, and more efforts need to be made to increase interdiction.⁶⁴⁷

The next major region in the southern route is South Asia. While only a small proportion of the South Asian population uses opiates, the size of the population and proximity to the origin of opiate production makes it a prime target for traffickers. India is central to the trade in this region, acting as both a transit point onto the global market, a producer for local consumption,

643 Ibid., 61.

644 Ibid., 63.

645 Ibid., 62.

646 Ibid.

647 Ibid.

and a destination for trafficking. Recent figures show that 45% heroin found in India comes from Afghanistan, while 54% is produced locally. The domestic production seems to be from illicit cultivation, and not related to the licit cultivation of poppies grown for the pharmaceutical industry. While there are some cases of Indian sourced heroin found in other countries in South Asia, like Sri Lanka and Bangladesh, the vast majority of the heroin found there originates from Afghanistan.⁶⁴⁸

As in the Balkan route, AA is a growing issue in the southern route. This, in part, stems from the licit production of AA in India for use in pharmaceutical, textile, and chemical factories. There have been a number of incidents where Indian authorities shut down heroin and morphine labs that used locally-sourced AA. This precursor is likely trafficked via container trucks disguised as licit liquid materials, like engine oil.⁶⁴⁹

India is not only a popular transit point for the southern route, but a lucrative market in its own right. One kilogram of heroin in Pakistan is worth about USD \$2,000, but once it crosses the border into India, that price shoots up to over USD \$30,000. Local consumption of opiates is usually in the form of chitta, a drug made from mixing heroin with a number of synthetic substances. This drug is especially popular in Punjab, where it's quickly becoming an epidemic. The drug is widely popular among a variety of demographics, across all economic levels. The addictive nature of the drug creates an opportunity for traffickers to exploit their clientele. Given how expensive and addicting chitta is, many consumers have a higher dependency than they can afford. Traffickers use this leverage to recruit their addicted clients to the business. It works like a pyramid scheme, where the dealer gets the client hooked, and then offers them 1 gram of heroin for every ten they sell. The addicted traffickers are actually reliable to the network, as they are unlikely to be tempted to become an informant and lose out on their drug supply. These addicts are also used as drug mules to move the drugs out to new markets throughout the country.⁶⁵⁰

Opiates trafficked from Pakistan to India are likely to be smuggled through western states that border Pakistan, like Punjab or Haryana. Traffickers have created clever methods of smuggling the drugs across the border. For instance, in April 2013, traffickers utilised a plastic pipe to try to sneak 31.8 kg of heroin from the Pakistan side of the border into India.⁶⁵¹ These efforts are facilitated by trafficking networks that are well-coordinated on both sides of the border. Indian couriers will advise the Pakistani trafficker where the security weak-points are along the border to evade security. Smugglers are also likely to traverse the multiple rivers and streams that cross the Indo-Pak border.⁶⁵² Another common method is by rail. In 2012, Indian authorities uncovered one of their largest seizures of 105 kg being smuggled on a rail line going from Pakistan to India.⁶⁵³

There have also been cases of maritime trafficking from Pakistan to India. In May 2019, a Pakistani fishing boat trafficking heroin was interdicted by the Indian Coast Guard off the Jakhau coast in Gujarat. Authorities found 194 packets of heroin worth a fortune of USD \$137 million. The six-member Pakistani crew were coordinating with 12 Indian nationals who were acting as couriers. This isn't the only recent incident of major maritime trafficking activity between Pakistan and India. In March 2019, 100 kg of heroin was seized off the Porbandar coast in Gujarat. In this case, nine Iranian nationals were involved in the trafficking attempt.⁶⁵⁴ The COVID-19 pan-

648 Ibid., 65-67.

649 Ibid., 67.

650 Kshitij Bhargava, "The Chitta Economy: How the Business of Drugs Works in Punjab," *The Economic Times* (Mumbai, IN), Sep. 1, 2018. https://economictimes.indiatimes.com/news/et-explains/the-chitta-economy-how-the-business-of-drugs-works-in-punjab/articleshow/65634397.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst.

651 UNODC, *Southern Route*, 68.

652 Bhargava, "Chitta Economy."

653 UNODC, *Southern Route*, 68.

654 *The Times of India*, "Pakistan Boat with Rs 1,000 Crore Narcotics Seized, Six Held," (Mumbai, IN), May 21, 2019, <https://timesofindia.indiatimes.com/city/ahmedabad/pakistan-boat-with-rs-1000-crore-narcotics-seized-six-held/articleshow/69437064.cms>.

demic does not seem to have impacted maritime trafficking to India. From March 2020 to March 2021, the Indian Coast Guard (ICG) recovered 1.6 tons of narcotics originating from Afghanistan and Pakistan, worth about USD \$6.74 billion.⁶⁵⁵ Despite the predominance of cross-border land trafficking to India, maritime trafficking seems to be a substantial threat.

Once in India, traffickers can follow a multitude of pathways. Couriers will often travel to a safe house in a nearby border town to repackage the consignment. They are usually separated into packets with a gram of chitta each. Some of the packets are distributed to local dealers for individual sales and others are separated out to be trafficked to major cities, like Amritsar or Ludhiana. The indentured addicts are often used for this task, as well as migrant labourers or farmers who are financially insecure. Heroin that is trafficked through India is often found throughout East and Southeast Asia, West Africa, and North America. The US and Canada are often recipients of heroin trafficked from India by plane. Heroin that is trafficked from India to East and Southeast Asia is usually sent by mail. This is significant, in that trafficking from neighbouring Pakistan to East and Southeast Asia is usually conducted via maritime route, which suggests Indian maritime security is preventing trafficking by sea and leading traffickers to take alternative approaches.⁶⁵⁶

Opiates that are trafficked through India often make their way onto Bangladesh. In 2013, Indian authorities uncovered 60 trafficking attempts in West Bengal, which borders Bangladesh. This tracks with data from Bangladeshi authorities who have confirmed a rise in heroin cases in recent years. Bangladesh in turn has a growing problem of drug addiction, especially in the capital city of Dhaka, which has 2.5 million drug users alone. Trafficking from India to Bangladesh not only occurs along the western border near the plains, but also along the eastern border, indicating multiple branches in the route. It is unknown whether this heroin is that which is produced locally in India, or trafficked from Afghanistan through India.⁶⁵⁷

Sri Lanka has become a more significant leg in the southern route, often as a waypoint to Europe. However, the local consumption market has grown as well. In a study done from 2008-2012, Sri Lankan authorities estimate there are 45,000 active heroin users a day in the country. The price is also much higher than in neighbouring India, which could mean increasing demand, which will attract more traffickers in the future. Most heroin in Sri Lanka is trafficked via Pakistan, with 90% seizures originated from there. A number of seizure cases took place at the Karachi seaport. The other prominent country of origin is India, and, like with Bangladesh, it is unknown whether this heroin is cultivated in India or Afghanistan. Trafficking usually occurs by fishing boats from the Rameswaram coast in India to the western coast of Sri Lanka. The Sri Lankan Criminal Investigation Department (CID) observed trafficking in the opposite direction as well.⁶⁵⁸ Perhaps this was to traffic weapons, given intelligence from the DEA that ties Sri Lankan traffickers to a Pakistani network that provides weapons for militants in Punjab and Kashmir.⁶⁵⁹ This is supported by another case study on March 30, 2021. The Indian Coast Guard apprehended three Sri Lankan fishing vessels carrying 300 kg of high-grade heroin, worth USD \$4.13 billion. Authorities also found on board the ships a sizable number of AK-47s with thousands of rounds of ammunition.⁶⁶⁰ It is likely this cell was a part of a major DTO trading in weapons and heroin, possibly with militant and/or terrorist groups. Given the importance of the Indian Ocean Region (IOR) to geo-politics and international security, there have been calls for security presence by the United States in the region. In an interview with an official from the US

655 Interview with Indian Coast Guard official, Mar. 30, 2021.

656 UNODC, *Southern Route*, 69-70.

657 "UNODC, *Southern Route*, 71.

658 Interview with Sri Lankan Criminal Investigation Department (CID) official, Jan. 29, 2021.

659 Interview with US Drug Enforcement Agency (DEA) official, Apr. 1, 2021.

660 Interview with Indian Coast Guard official, Mar. 30, 2021.

Indo-Pacific Command, they highlighted the limited capacity that India has to secure the region on their own. They recommended an Indian Ocean deployment from the United States to assist regional maritime forces and build regional capacity.⁶⁶¹

A common maritime trafficking method involves larger shipping vessels carrying substantial consignments anchoring far from the coastline where customs agents and security vessels aren't likely to patrol. They then rendezvous with a number of smaller boats who will each take a piece of the consignment and fan out to multiple destinations along the shore. This ensures that even if authorities apprehend one of the boats, only a portion of the consignment is seized.⁶⁶² Many of these vessels will also carry the consignment directly to other transit point countries along the route, including the Maldives, Indonesia, and Australia.⁶⁶³

Some recent major interdiction efforts show the potential growth of this market. On April 10, 2020, four Pakistanis and two Iranians were arrested off their boat by the Sri Lankan Navy for attempting to traffic 280 kg of heroin and 45 kg of methamphetamines onto the island nation. The nationality of the traffickers showcases the cooperation between traffickers from multiple countries along the route, and could indicate a nexus between multiple drug trafficking organizations. Another similar incident occurred less than two weeks prior. On April 1, 2020, nine Pakistanis attempted to dock on the southern coast of Sri Lanka with 605 kg of methamphetamines and 579 kg of ketamine.⁶⁶⁴ The heavy involvement of Pakistani cartels trafficking to Sri Lanka in the middle of the COVID-19 pandemic may indicate Pakistani ISI support, according to the Sri Lankan Police Narcotics Bureau. This level of trafficking activity while the country is locked down would be difficult to accomplish without some state support.⁶⁶⁵

In recent years, Sri Lanka has seen a bump in methamphetamine trafficking, overtaking the heroin market. On January 4, 2021, the Sri Lankan Navy interdicted a fishing vessel off the coast of Negombo on the west coast of Sri Lanka that carried over 100 kg of crystal methamphetamine and 80 kg of hashish, worth a total of USD \$3.2 million. The consignments were concealed within several sacks stored in plastic containers. Just days earlier, they seized another consignment of methamphetamines off the coast of Dodanduwa, which is situated south of Negombo.⁶⁶⁶ It has also been confirmed that the new organic meth alternative that originates in Afghanistan has made its way to Sri Lanka from India, although it is unclear how much of the meth entering the country is the organic strain. There is also evidence of high-grade methamphetamines being produced in labs in Pakistan.⁶⁶⁷ The Sri Lankan Police Narcotics Bureau report that these trafficking incidents are becoming more frequent, while the value of the narcotics is rising simultaneously.⁶⁶⁸ It appears even the global pandemic did not slow down trafficking efforts along parts of the southern route.

Like South Asia, the massive and quickly growing populations in East and Southeast Asia (ESEA) present an attractive market to narcotics traffickers. While the region traditionally was supplied by Myanmar for opiates, the southern route has been gaining a foothold in recent years. Given Myanmar's low output, it has not been able to supply enough to meet the growing demand in ESEA. Some of the supply is met by the northern route, which traffics to China, the main consumer in the region, via Central Asia. However, seizure reports in the region indicate a rising reliance on the southern route. There have been an increasing number of air- and sea-based

661 Interview with US Indo-Pacific Command official, Mar. 29, 2021.

662 Interview with Sri Lankan Police Narcotics Bureau official, Jan. 9, 2021.

663 Interview with Sri Lankan Criminal Investigation Department (CID) official, January 29, 2021.

664 *News 1st*. "Six Foreign Nationals Nabbed with Narcotics Quarantined in Tangalle." (Colombo, LK), Apr. 23, 2020. <https://www.newsfirst.lk/2020/04/23/six-foreign-nationals-nabbed-with-narcotics-quarantined-in-tangalle/>.

665 Interview with Sri Lankan Police Narcotics Bureau official, Jan. 9, 2021.

666 *Ibid.*,

667 Interview with official from the Australian Border Force, Dec. 9, 2020.

668 Interview with Sri Lankan Police Narcotics Bureau official, Jan. 9, 2021.

seizures, which is not a common method of the northern route, but is common of the southern route. The seizures connected with the southern route occur most often in China, Hong Kong, Indonesia, Japan, Malaysia, Mongolia, Singapore, and Thailand. These occurred near airports or seaports, indicating a connection to the route.⁶⁶⁹

Maritime trafficking to ESEA usually originates in Pakistan. Air trafficking is more varied, often stemming from Afghanistan, Pakistan, or Iran. As indicated in the earlier section about trafficking through the Middle East and Gulf, this region often acts as a waypoint to destinations in ESEA. This is also true of African countries. Trafficking to ESEA often passes through East African countries like Tanzania and Ethiopia. Other countries in Africa are less common waypoints, like South Africa, Liberia, or Togo. Trafficking by post is another common method of transit from ESEA. Traffickers in ESEA will send heroin packages to countries in North America, Europe, and Oceania. This is especially common from Malaysia. Oceania is a particularly popular destination from ESEA given the high value of heroin in the region.⁶⁷⁰

Opiates are a lucrative market in Oceania, which makes up another hub of the southern route. While still not one of the larger hubs of the southern route, the high value of the drug could attract much more activity in coming years. One kilogram of heroin in Pakistan ran about USD \$4,068 in Pakistan in 2011, compared to USD \$188,000 in Australia in 2012. Despite the price, demand in Oceania is relatively low.⁶⁷¹ The organic meth variant that has made its way from Afghanistan to Iran and Sri Lanka has also shown up in Australia. This strain became popular very quickly, and has the potential to be a major product in the narcotics market in Oceania.⁶⁷² The vast majority of heroin seized in Australia comes from Southeast Asia, at 93.6% in the first half of 2013. 52% of trafficking to Oceania occurs by air, while 33% is trafficked by sea and 15% is by mail. Like other smuggling efforts along the southern route, traffickers have come up with creative ways of concealing their consignments. Maritime traffickers have concealed heroin in furniture, household appliances, and food. Smugglers on planes will often hide their products in tea or coffee, hair products, or books.⁶⁷³

While only 15% of all heroin is trafficked by mail, trafficking by post is the most frequently used method. The other methods usually involve much higher volume, and therefore represent a higher percentage of all seized heroin. This method is often the most convoluted and involves routes that are atypical of the other trafficking methods. In 2013, 13% of Australia's heroin seizures and all of New Zealand's seizures came from the Netherlands. This is unusual given the Netherlands is most often a recipient of heroin trafficking for sale throughout Europe. But given the Netherlands' status as a major narcotics hub, it is likely that traffickers based there are diversifying their market and using the post as a way to reach customers they normally could not. This all highlights the vast variability of the southern route, especially with the popularity of postal trafficking.⁶⁷⁴

Africa has become a rising element in the southern route since around 2009. East Africa's proximity to heroin producing countries and heavy-trafficked countries naturally led to traffickers increasingly diverting their path to the region in the hopes of evading the ramped-up border security in South Asia and Europe.^{675 676}

669 UNODC, *Southern Route*, 75-77.

670 UNODC, *Southern Route*, 79-80.

671 UNODC, *Southern Route*, 81-83.

672 Interview with official from the Australian Border Force, Dec. 9, 2020.

673 UNODC, *Southern Route*, 82-84.

674 UNODC, *Southern Route*, 84.

675 EMCDDA, "EU Drug Markets Report," 87.

676 UNODC, *Southern Route*, 86.

This has led to the involvement of militant groups in Kenya and Somalia joining the narcotics nexus to fund their activities, further growing the use of the southern route in East Africa. Much of the trafficking activity through East Africa is controlled by Nigerian trafficking organisations. Europol has reported that Nigerian organisations are the primary agents receiving heroin consignments from Pakistan. This shows the primacy of Nigerian groups in the African leg of the southern route.⁶⁷⁷

A general shift in the East African trafficking market shows a departure from large organised narcotics syndicates towards a network of freelance trafficking agents. These traffickers communicate through encrypted messaging apps, like WhatsApp, or low-tech BlackBerrys. This decentralised organisational structure allows for easier entry into the business and more difficulty for authorities to track activities. This could be an early indicator of a global shift towards this new “disorganized crime” structure.⁶⁷⁸

Mozambique has also become a large part of the East African narcotics trade. Heroin has become one of the largest exports for the country, only second to coal. Traffickers in Mozambique export up to 40 tons of heroin a year, contributing USD \$100 million to the local economy. Much of the trafficking is conducted by members of the South Asian community based in northern Mozambique. This was actually authorised by the Frelimo government and strongly regulated. The regulation involved the government arbitrating heroin export rights between various trading families and ensuring that the vast majority of the drugs were exported out of the country and not for local consumption. The Ministry of Interior, along with police and customs agents, all assist in the export of heroin, and also receive a commission from the sales.⁶⁷⁹

This created a knock-on effect that spread trafficking efforts to southern and western Africa, especially South Africa, which is a major market in its own right as well as a popular waypoint to Europe. This trafficking through Africa involves land and sea routes, including railway and ferry trafficking of large consignments.⁶⁸⁰ Traffickers in Mozambique will smuggle narcotics by road to Johannesburg, South Africa. The largest city in the country, Johannesburg has become a major hub for narcotics trade.⁶⁸¹ South Africa’s growing importance in the southern route has attracted narcotics syndicates hailing from Europe, such as Netherlands, UK, and Ireland-based syndicates. The country has seen a rise in activity from several organised crime groups from several major trafficking countries, such as Turkey, Pakistan, Nigeria, and other groups from East Africa.⁶⁸² As the heroin market extends more into South Africa heroin use is rising. South African users commonly consume nyaope, a cheap mixture of heroin and cannabis. The growing popularity of this drug and the heroin market in general may have led to a rise in gang fighting in Cape Town, one of the most populous cities in the country with a high level of nyaope consumption.⁶⁸³

Trafficking by air is becoming a popular method of trafficking through the southern route. This is especially true as the southern route expands to incorporate East Africa. Italy observed a marked increase in heroin trafficking from East Africa by air from 2011-2012. These shipments are usually in smaller quantities relative to land or sea transport, but it seems traffickers are making more frequent trips to compensate.⁶⁸⁴ Traffickers in East Africa have even infiltrated flight crews in some cases, making heroin smuggling much easier to slip past security.⁶⁸⁵

As the heroin market has grown in Africa, traffickers have been seeking ways to transport larger consignments, leading to a growth in maritime trafficking. These traffickers will move from

677 EMCDDA, “EU Drug Markets Report,” 87.

678 Hanlon, “Mozambique’s Heroin Trade,” 3.

679 Ibid., 2-4.

680 EMCDDA, “EU Drug Markets Report,” 87.

681 Hanlon, “Mozambique’s Heroin Trade,” 2.

682 EMCDDA, “EU Drug Markets Report,” 87.

683 Ibid., 13.

684 UNODC, *Illicit Drug Trade*, 16.

685 UNODC, *Southern Route*, 88.

Southwest Asia across the Indian Ocean to East and Southern Africa, and head for Western and Central Europe as their final destination. Dhows are commonly used for these journeys, particularly for traffickers heading from Southwest Asia to Kenya, Tanzania, or Mozambique.⁶⁸⁶ Similar to the method observed in Sri Lanka, traffickers will anchor their dhows 20-100 km off the coast and transport the consignment to a number of small boats to finish the journey to the coast. Common interception points are near the coast of Cabo Delgado in northern Mozambique, and near the Quirimbas islands. This is because small boat traffic is common from these areas, so therefore should arouse no suspicion. Once on land, they will move the consignment to several vehicles where they make their way to multiple warehouses near the coast for storage until transiting to the next destination.⁶⁸⁷

It is clear maritime trafficking is gaining ground quickly. In 2014, the Combined Maritime Forces, which is a multinational naval partnership, seized 2,200 kg of heroin from traffickers heading for East Africa. This was more than all seizures in Africa from 2010 to 2012. These traffickers took very little effort to conceal their illicit cargo. This would seem to indicate a perceived ease in trafficking through this region from a lack of a sufficient security presence. As traffickers increase their trafficking through this region, customs agents and maritime border patrol will need to increase their capacity to subvert a potentially major shift in the southern route.⁶⁸⁸

In addition to dhows, traffickers are increasingly using larger ships and shipping containers. Eastern and Southern Africa in particular have several large sea container ports that traffickers could utilise. This is especially true in Mozambique, where the northern coast has seen a recent rise in shipping container use over traditional dhows.⁶⁸⁹ A common method of concealing heroin in shipping containers is to hide it in rice containers. Pakistan is a major exporter of rice to Mozambique, so on the surface a major shipment of rice from Pakistan should arouse no suspicion. Screenings of cargo are very rare, and any issues with inspectors are commonly handled with bribes.⁶⁹⁰ A low level of seizure data in these areas confirms the freedom traffickers enjoy.⁶⁹¹

One major container port used for heroin trafficking is Nacala port, in northern Mozambique. It is the deepest port in Southern Africa, and connects by rail link to Malawi and Zambia. This port is jointly managed by the state-controlled CFM and a number of private companies. These private companies import a variety of expensive licit goods, like refrigerators and motorcycles, and under-invoice them to reduce customs duties. They also use these goods to conceal narcotics, such as hiding heroin in a motorcycle fuel tank, as well as storing the heroin in their private warehouses for further distribution to South Africa or European markets.⁶⁹²

Containers in both Nacala and Beira ports have evidence of being used to smuggle a slew of illicit items, on top of heroin, en route to Malawi. This includes stolen cars from Europe, explosives, weapons for illegal poaching, alcohol and tobacco. There is evidence of containers being opened and reclosed before reaching Malawi, so it is believed traffickers remove the goods while docked in one of the two Mozambique-based ports. Employees of the freight companies in multiple ports around Mozambique, including Nacala, reported they were forbidden from scanning the containers of particular traders by their company. This points to systemic bribery where the traffickers offer commission to the freight companies in exchange for blocking inspection of their illicit goods.⁶⁹³

686 Ibid., 90.

687 Hanlon, "Mozambique's Heroin Trade," 2, 10

688 UNODC, *Southern Route*, 90.

689 UNODC, *Southern Route*, 94.

690 Hanlon, "Mozambique's Heroin Trade," 10-11.

691 "Afghan Opiate Trafficking Through the Southern Route" (UNODC, June 2015), 94.

692 Joseph Hanlon, "The Uberization of Mozambique's Heroin Trade," London School of Economics Department of International Development (July 2018), 11.

693 Joseph Hanlon, "The Uberization of Mozambique's Heroin Trade," London School of Economics Department of International Development (July 2018), 11-12.

Once large shipments arrive in Africa, traffickers are likely to break consignments down into smaller portions for further trafficking and distribution. This is expected given there is a lack of evidence for large shipments. The cases of seizures that have been reported support this theory as well. In one case in 2012, a large drug consignment that arrived in Mozambique was being broken down into several packages for onward shipment to other warehouses in the region. One such warehouse was discovered in 2009 in Durban, South Africa. There have also been several mid-sized seizures in the UK that came from Mozambique and South Africa. One case involved a container which arrived in Malawi empty, only to be full of 864 kg of heroin before it stopped in Mozambique and then sent off to the Netherlands, when it was intercepted in Belgium. Authorities believe traffickers loaded it in Malawi and then sent it to the Netherlands via Mozambique.⁶⁹⁴

Trafficking by air also occurs quite often in the African leg of the southern route. Tanzania is a common point of departure, with Nairobi, Kenya as a likely transit point en route to its final destination. From East Africa, the international destinations vary greatly. This can range from ESEA countries like China and Thailand, or a Mediterranean country like Italy or Greece, or heading back to a Gulf country like the UAE. Within Africa, air travel usually goes from East African countries like Kenya and Tanzania towards Southern Africa, stopping in Mauritius and South Africa, or towards West Africa, stopping in Nigeria, Liberia, Ghana, or Togo. Lagos is another popular African transit point and has received several shipments from West African countries like Togo and Liberia. Once in West Africa and Central Africa, air travel will likely head towards a number of international regions, including North America, Western Europe, Oceania, and ESEA.⁶⁹⁵

North America is a unique case in the southern route. The region traditionally got its opiates from the prominent trafficking activity happening in nearby Latin America. While it is not a major part of the southern route, the price differential is attractive to southern route traffickers who may be trying to break away from the competition of the common trafficking channels. There is also a major difference between the US and Canada in terms of route and the amount of heroin trafficked into each country. 60% of the heroin trafficked into Canada via the southern route came from Europe, and 29% came directly from Pakistan. In the case of the United States, 49% came from South Asian countries, while 30% came from Africa. The major difference between the two is the amount of heroin trafficked from the southern route. From 2010 to 2013, 1,453 kg of heroin was seized in Canada, while only 360 kg was seized in the US. The southern route is a major supplier for Canada, with 50% originating from Pakistan, India, or Iran. Its reach to the US is much more marginal, with less than 10% of its total supply originating from South Asia in 2012. This is because the US market is still supplied heavily by South America. A 2012 study by the DEA showed that 51% of heroin in the US originates from South America. Compare this to the 90% of heroin in Canada that originates from Afghanistan, there is a major variance in the trafficking situations of the two North American countries.⁶⁹⁶

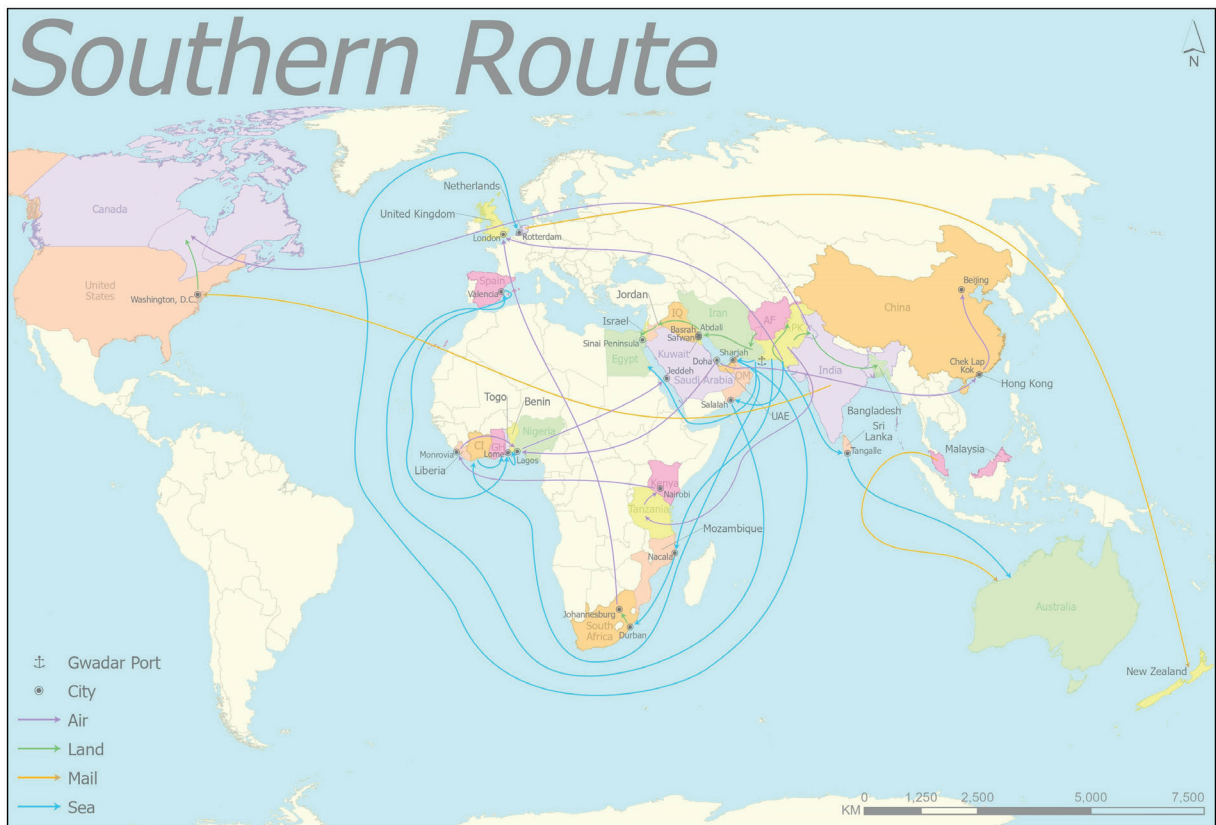
In the US, southern route trafficking is largely facilitated by West African smugglers, who operate in several major cities around the country. This includes cities throughout the northeast, like Washington DC, New York, and Boston. Most southern route trafficking to the US happens by mail. This is unique from all other legs of the southern route. This is often through a variety of transit countries, like India, Kenya, or the UAE, with India being the most likely origin. The majority of air trafficking originates from the Middle East or Africa. The US itself has been a transit country en route to Canada by air. This is likely because of the higher number of airports in the US that can be trafficked internationally.⁶⁹⁷

694 UNODC, *Southern Route*, 96.

695 *Ibid.*, 97-102.

696 *Ibid.*, 116-117.

697 *Ibid.*, 119.



Map created by Meschelle Thatcher

As of 2013, the majority of Canadian heroin is trafficked by air, with 70% of heroin seizures arriving by plane, and 30% by mail. Trafficking by plane to Canada is likely to go to Toronto or Montreal, as the two biggest cities with international airports in the country. India and Pakistan are common points of origin for trafficking by post to Canada, as well as Bangladesh and Malaysia to a lesser degree. The US will often be a transit point towards Canada as well. While maritime trafficking does not seem to be a major source of southern route heroin to Canada, it is a potential method for future trafficking efforts, given the already prominent connection to traffickers in Pakistan and Iran, and the prominent use of maritime trafficking from those countries. There have already been some cases of this. In 2013, 246 kg of heroin was seized in Pakistan which was intended for Canada by ship. In another case in April 2011, Montreal police interdicted a container carrying 35 kg of heroin that came from Pakistan.⁶⁹⁸

Part of the unique character of the Canadian drug trade compared to the American trade is due to the prominent Punjabi diaspora in Canada. Many of the drug trafficking organisations in Canada are closely associated with the Indo-Canadian community.⁶⁹⁹ In Calgary, Vancouver, and Toronto, there are a number of Punjabi-Canadian drug trafficking operations. This is a significant trend among Punjabi truck drivers.⁷⁰⁰ They use their occupation as cover for smuggling large consignments of narcotics in their truck loads. It is also likely that narcotics syndicates are targeting truck drivers because of their occupational cover. Given that the Punjabi-Canadian community is prominent in the trucking industry, they are beneficial targets for recruitment. In Ontario, about 60% of all long-haul truck drivers are Indo-Canadian. Much of the trafficking from these groups smuggling cocaine and cannabis between Canada and the United States.⁷⁰¹ However, there is evidence

698 Ibid., 117-119.

699 Jatinder Preet, "Canada Gang Wars Have a Punjab Connection," *The Sunday Guardian*, July 12, 2012.

700 Surjit Singh Flora, "Drug Smuggling Has Become a Problem for Canada's Punjabis," *Toronto Sun* (Toronto, CA), Mar. 12, 2018.

701 Raveena Aulakh, "Indo-Canadian Truck Driver from GTA Caught in Web of North American Drug Trade," *The Star* (Toronto, CA), Oct. 14, 2012, https://www.thestar.com/news/gta/2012/10/14/indocanadian_truck_drivers_from_gta_caught_in_web_of_north_american_drug_trade.html.

of a nexus forming between Punjabis in India shipping drugs to Canada, and Indo-Canadians trafficking heroin.⁷⁰²

There are already cases indicating the connection between the Indo-Canadian community and heroin trafficking from India. In September 2012, 22-year-old Sarabjit Singh, a Canadian national of Indian descent, was arrested at Sri Guru Ram Das International Airport, attempting to smuggle 2.9 kg of heroin back home to Canada. What was unusual about this case was that the trafficking was not orchestrated from an Indian-based organisation, but a Canadian one. The Canadian-based drug mafia sent Singh to retrieve the consignment in Punjab and to smuggle it back to Canada. He was instructed to wait for a car to meet him in Banga, a town in Punjab. In the car, he was given a bag that contained the heroin in a hidden compartment and he was instructed to put the rest of his belongings inside to take with him on the plane. The heroin was wrapped in carbon papers, ostensibly to avoid detection, but was still discovered when he went through the X-ray machine.⁷⁰³

On April 8, 2021, Ontario police found 2.5 kilos of heroin stashed at a children's entertainment centre in Brampton, Ontario, Canada. It turns out this facility was being used as a front for a narcotics trafficking business. This was part of a large operation spanning Canada, India, and California, dubbed "Project Cheetah." The project uncovered a sophisticated narcotics trafficking network that smuggled cocaine, heroin, ketamine, and opium from India and the United States into Canada.⁷⁰⁴ The Canadian Organized Crime Enforcement Bureau assessed that this network involves traffickers based in India, California, and Western Canada, with multiple syndicates working together across international borders. Canadian authorities have seized tens of millions of dollars from this network, indicating a major operation. Authorities have also seized several firearms and grenades, indicating the network also engages in violent activity. There is additional evidence that the network is involved in human trafficking, making this network a threat on multiple levels.⁷⁰⁵ It is likely the connection between North American and Indian narcotics trafficking organisations will increase as the southern route continues to diversify and look for more reliable pathways.

As this chapter has shown, heroin trafficking routes are always changing and expanding, responding to improvements in border security by discovering new vulnerabilities elsewhere. This makes it difficult for governments to adequately secure their borders from trafficking incursions. With every land border that is secured, a sea border may present a new vulnerability. Improving airport security to prevent trafficking may lead to trafficking by post. It is important to know that all of these tools are available to traffickers and they will employ any and all they can to sell their product around the world. The best defence is to observe the changes to routes and methods as they happen, and predict the likely shifts in the future. Many new paths are developing around the northern route, Balkan route, and southern route. Many are in their primordial stages. The key is to protect against where the traffickers are heading, not just where they are now.

702 Surjit Singh Flora, "Drug Smuggling Has Become a Problem for Canada's Punjabis," *Toronto Sun*, March 12, 2018.

703 Y. Rana, "Canadian of Punjabi Origin Held with Heroin Worth Rs 15cr," *The Times of India* (Mumbai, IN), Sep. 27, 2012, http://timesofindia.indiatimes.com/articleshow/16566251.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst.

704 Adrian Humphreys, "Children's Indoor Playground Was Used to Hide Heroin, Police Say after Busting Drug-Smuggling Ring," *National Post* (Ontario, CA), Apr. 20, 2021, <https://nationalpost.com/news/canada/childrens-indoor-playground-was-used-to-hide-heroin-police-say-after-busting-drug-smuggling-ring>.

705 Interview with Canadian Organized Crime Enforcement Bureau officer, Apr, 21, 2021.

Chapter Six

The Modern Narcotics Economy

While it has long been a significant illicit sector in the Afghan economy, the narcotics industry is now the largest industry in Afghanistan. Poppies have become a cash crop that farmers have clung to in order to survive an increasingly harsh economy. Trafficking has become one of the few jobs that brings a reliable income to Afghans. As COVID-19 has plunged the world into a global depression, Afghanistan's already struggling economy is being pushed towards drug trafficking even further. The narcotics industry has grown increasingly tied to multiple sectors in the Afghan economy, and the more integrated it becomes, the harder it will be to dismantle it. In order to dismantle it, it is essential to understand how large it has become, what has enabled it to expand to its current level, and what measures have the potential to disrupt this industry.

The total size of the opiate economy in Afghanistan in 2019, including domestic sales, production, and exports, amounted to USD \$1.2-2.1 billion, or 7-11% GDP. This outweighs Afghanistan's total GDP for licit exports in the same year, which was 4.8% GDP.⁷⁰⁶ The revenue from opiates in 2019 is just slightly below that of 2018, despite the huge drop in farm-gate prices. This stems from the consistent price of exports from 2018 to 2019, due to the fact that the effect of poppy farm-gate prices take a while to affect the price of opium-based products like heroin or morphine. That price decrease is expected to take effect over the next few years.⁷⁰⁷

The total opium economy of Afghanistan breaks down into three markets: exports, domestic, and imported precursors. The exports make up the majority of the total market, with a gross value estimated between USD \$1.1 to 2 billion. A much smaller fraction of revenue is generated from domestic sales, at USD \$76 million. The precursor chemical acetic anhydride (AA) is increasingly imported to Afghanistan, most likely from Pakistan, and generates USD \$77 to \$144 million in gross revenue. It is significant that AA is valued higher than domestic opiate consumption, which indicates a growing shift in heroin manufacturing in Afghanistan.⁷⁰⁸

Within those markets, there are a number of stakeholders who benefit from the opium economy. First there's the farmers and labourers who cultivate the opium poppies. Most of those farmers will also pay a tax to insurgent groups like the Taliban. The poppy revenue also has a knock-on effect to the local economy, where the farmers and labourers have money to purchase local goods. Next, there's the warlords who create an enabling environment for narcotics to be trafficked through. They also tax the farmers and create a de facto regulatory system for opium production. The third major stakeholders are Drug Trafficking Organisations (DTOs). DTOs have established a complex network of small operations of traffickers connected through kinship and tribal ties to enable a multi-tiered supply chain for inter-provincial to international trafficking. This network includes local distributors who sell to individual consumers and domestic traffickers who smuggle the opiates to different regions in the country for local sale. There's also wholesale buyers who export the raw product or refine the product into heroin or morphine for export. The wholesalers then export the various opiates using traffickers and smugglers, who bring the opiates to international buyers around the world. Those buyers may also employ traffickers to ship the drugs to multiple destinations throughout the world. There's also of course the drug trafficking organisations that operate around the world who will operate their own domestic and global trafficking and sales. Along the way, there will be a number of other stakeholders that benefit from the narcotics trade, including transporters (via land, sea, or air), and hawaladars who facilitate payments for the goods.⁷⁰⁹ The last major stakeholders are insurgent groups, like the Taliban. They are engaged with every step of the opium supply chain, from taxing poppy farmers and the

706 UNODC (United Nations Office on Drug and Crime), *Afghanistan Opium Survey 2019: Socio-Economic Survey Report: Drivers, Causes and Consequences of Opium Poppy Cultivation* (Vienna, AT: UNODC Research; Kabul, AF: National Statistics and Information Authority [NSIA], Feb. 2021), https://www.unodc.org/documents/crop-monitoring/Afghanistan/20210217_report_with_cover_for_web_small.pdf, 11.

707 Ibid., 5.

708 Ibid., 16.

709 Ibid., 17-18.

entire agricultural revenue in poppy-producing villages, to demanding payment from DTOs for operating in their territory in exchange for providing security personnel to protect the narcotics in transit and provide safe passage of the drug consignment to its destination.

Opium's Effect on the Agricultural Economy

To understand the opium economy, one needs to analyse the origin of its production: agriculture. The agricultural sector has always been a vital part of the Afghan economy. Before the Soviet-Afghan War, Afghanistan was a leading exporter of horticultural products, which made up 48% of the country's total export revenue. This extended to a prominent animal husbandry market, which allowed the country to be a competitive exporter of wool, carpets, and leather products. Until the late 1970s, Afghanistan was the top raisin exporter in the world, providing 20% of the global supply. The country's agriculture sector was so robust that it was self-sufficient in the production of meat, milk, and cereal. The Soviet-Afghan War sparked a major decline of this market, creating decades of conflict that brought on land degradation and unstable consumer markets. Afghanistan's leading raisin market had shrunk to just 2.3% of global exports in 2009. The total agricultural sector production had been cut in half by 2013.⁷¹⁰

While the service sector is now Afghanistan's largest sector in terms of GDP, the agricultural sector is still the largest employer. Although it has diminished in the past few decades relative to other industries, agriculture still pays the wages of 40% of the workforce and 61% of households in the country. More than any other industry, agriculture affects the well-being and livelihood of the majority of Afghans. A strong agricultural industry can bring about jobs and food security throughout the country, and a weak agricultural industry invites the growth of the narcotics industry. Any effort to combat the opium industry in Afghanistan will require a concerted focus on revitalising the licit agricultural sector, and assessing its relationship with poppy farming.⁷¹¹

Several factors impact a farmer's decision of whether to cultivate opium, and many of these factors are correlated. Generally, the considerations fall under three main categories: economic security, environmental viability, and level of insecurity. If cultivating opium poppies is the most economically viable path for farmers, they are unlikely to be swayed towards any alternative. Conversely, if there are alternatives that offer competitive job prospects, poppy farming is likely to be less attractive due to the inherent risk associated with the crop. Poppy farmers are subject to crop eradication from authorities which could wipe out their family's livelihood in one fell swoop. This is not a path that farmers take lightly. Therefore, the predominance of poppy farming in Afghanistan's agriculture indicates the degree to which the alternatives are not sustainable enough to encourage farmers to give up their poppy farms.

Environmental viability is an often-overlooked factor in poppy cultivation. Poppies can be cultivated in a wide range of environmental conditions and do not require as much water as most other crops. In areas with significant land degradation and poor soil health, farmers may not be able to successfully plant many crops that would offer a sustainable wage other than poppies. Even when another crop may be more profitable, if the farmer is located in an area with poor soil health, they may have no option but to plant poppies. Lastly, the level of insecurity in a region affects the ability for farmers to find a viable market to sell their products. Increased insecurity due to ethnic conflict, territorial disputes, or insurgent activity can drive away or wall-off potential markets for farmers and herders. This often leads farmers to take up poppy farming, as it is more profitable in insecure areas and it will be easier for farmers to find buyers for their products. Assessing the

710 Izabela Leao, Mansur Ahmed, and Anuja Kar, *Jobs from Agriculture in Afghanistan* (Washington, D.C.: World Bank Group, 2018), <https://openknowledge.worldbank.org/bitstream/handle/10986/29312/9781464812651.pdf?sequence=2&isAllowed=y>, 25.

711 Ibid., 9.

economic, environmental, and security variables in Afghanistan's agriculture can help determine a viable path towards destroying the opium economy at its root.

One of the main economic factors related to poppy farming is the unemployment level. Among other reasons, this impacts the available workforce in a particular area, which is a key component to poppy farming. While poppy farms require much less land and water relative to most other crops, it is a labour-intensive crop, at least during the harvest season. The entire harvest process takes about 8 to 12 days, in which the harvesters will lance, or cut open, the poppy capsules and collect the opium gum that is secreted the next day. Given that one capsule can be lanced about 6 times, and poppy fields have on average 29 capsules per square metre, this requires a lot of labourers to complete.⁷¹² The pay is very competitive as well compared to other labour work in agriculture. Weeding the poppy fields pays on average USD \$4/day, which is about the same pay one would get from other farm labour jobs. Lancing pays USD \$6/day, a relatively much higher wage than other farm labour jobs.⁷¹³ This attracts a sizable labour force in regions with little opportunity outside the agricultural sector. Further evidence of this are the responses of poppy labourers in the UNODC's 2019 Afghanistan opium survey. Labourers reported the income they receive from working in the poppy fields will go towards basic needs instead of investments in upward mobility. These labourers are clearly impoverished with little option for a sustainable alternative livelihood, leaving poppy field labour the most viable means of supporting their families.⁷¹⁴

In areas with more economic opportunity in a variety of industries, the number of available labourers for poppy farming will be much lower.⁷¹⁵ The areas with higher employment not only have reduced available labour for poppy farming, but they have reduced interest in it altogether. While poppy farming can be relatively lucrative, it is a precarious industry, subject to government eradication at any moment and wildly volatile returns. Labour work for poppy farming is also infrequent, and most of the work is needed during the harvest season in those 8 to 12 days for one farm. Most farm labourers work for, on average, 2.4 farms, and a total of 18 days per season. Even with the relatively high wages, this work is only viable for a short period of time before labourers need new sources of income.⁷¹⁶

It is important to note that even full-time poppy farmers are generally reliant on secondary forms of income. A 2019 opium survey found that 46% of poppy farmers' annual income was based on opium sales alone. 18% of the income came from licit crops, 4% remittances, 15% non-agricultural wages, 6% livestock and by-products, and a small percentage from salaried jobs and cannabis sales.⁷¹⁷ This highlights the lack of available sustainable work opportunities. Poppy farming and related labour is not enough to sustain a livelihood on its own, yet it is the largest sector of employment in the country. The diminishing economic opportunities in rural Afghanistan will continue to draw people towards poppy farms, even as they get increasingly less sustainable. In fact, this is likely to make it more difficult to leave the industry.

Poppy farmers are becoming poorer every year, which will make them even more reliant on it for their livelihood. They are increasingly relying on poppy revenue for daily expenses and less able to invest it towards alternative livelihoods. Farmers reported food, medical expenses, and paying off debt were the three most likely uses for their poppy revenue. This is opposed to investing it in something that would make them less reliant on poppy farming, like property, education, or towards building another business. Additionally, full-time poppy farmers were more likely to

712 UNODC, *Afghanistan Opium Survey 2019*, 33.

713 *Ibid.*, 5.

714 *Ibid.*, 36.

715 William A. Byrd, "Ch. 8 Responding to the Challenge of Afghanistan's Opium Economy: Development Lessons and Policy Implications," in *Innocent Bystanders: Developing Countries and the War on Drugs*, ed. Philip Keefer and Norman Loayza (Washington, D.C.: World Bank, 2010), 314-315.

716 UNODC, *Afghanistan Opium Survey 2019*, 33-34.

717 *Ibid.*, 23.

rely on poppy revenue for daily expenses than part-time poppy farmers. Part-time poppy farmers were more likely to use their poppy revenue for educational expenses or other expenses that may enable an alternative livelihood. This shows that poppy farming is the refuge for farmers who are struggling to survive. This disparity, however, has lessened compared to previous years. This would suggest that more part-time poppy farmers are reliant on poppies for survival than before, and that there may be less opportunities for upward mobility to achieve an alternative livelihood.⁷¹⁸

A major indicator of the pervasive poverty among poppy farmers is the selling pattern of poppies. In 2019, poppy farmers sold the vast majority of their opium immediately after the harvest. Opium can remain fresh for over a year, and farmers could theoretically store their harvest until the farm-gate price increases, but they are instead selling it off immediately. Since poppy farmers don't have enough financial security to store the poppies for greater gains later, they need to settle for low prices in order to survive and provide for their families. Given how poppy farming is still the most lucrative crop in Afghanistan's agricultural sector, this shows the dire circumstances of the agricultural economy.⁷¹⁹

Despite the increasing economic issues within poppy farming, it is still one of the most attractive employment opportunities in Afghanistan. The UNODC's 2019 Afghanistan opium survey reported that opium harvesting provides the equivalent of 119,000 full-time jobs to local and migrant labourers hired by farmers.⁷²⁰ A 2014 study showed that the opium economy as a whole directly created 411,000 full-time jobs, while contributing to indirect job creation in the narcotics industry.⁷²¹ Few industries in Afghanistan offer that level of economic opportunity.

This is a particularly significant issue in rural regions of the country. 70% of Afghans live in rural areas with few options in the job market besides farming. Meanwhile, Afghanistan's youth population is growing, and those in rural areas have extremely high levels of unemployment. Currently, over 50% of Afghan youth living in rural areas work in agriculture and livestock, with the majority of them unpaid, working on family farms.⁷²² Without enough licit sector jobs in rural communities to sustain the growth in the workforce, the Afghan youth are likely to be enticed towards the opium economy.

The overreliance on opium in the Afghan economy has severe consequences for the wider economy. This leads to what is known as the 'Dutch disease' effect. This phenomenon is named after an event in 1959 when The Netherlands discovered huge natural gas deposits in the North Sea. This caused a rapid appreciation of the Dutch currency which led to other markets in the Netherlands becoming uncompetitive and left the country's economy less resilient due to the consolidation of the country's economy into one resource.⁷²³ In the case of Afghanistan, the natural resource that is destabilising the market is opium. As opium has quickly risen to the most valuable commodity in Afghanistan, it is encouraging farmers and traders to engage in this market, while abandoning other markets with relatively less revenue. This leads to a less diversified economy, which makes the Afghan economy less resilient to market fluctuations. A diversified economy does not alter much from the shifting value of one particular commodity, but a consolidated economy is extremely vulnerable to commodity price fluctuation. A change in the price of opium, either positive or negative, leads to major volatility in the Afghan economy.

Another consequence of an overreliance of opium is that it makes any other agricultural activity unaffordable for farmers and herders. As the price of opium goes up relative to other crops, the

718 Ibid., 4, 22.

719 Ibid., 5.

720 Ibid., 6.

721 Leao, Ahmed, and Kar, *Jobs from Agriculture*, 36.

722 Ibid., 1.

723 James Chen, "Dutch Disease," *Investopedia*, fact checked on Sep. 16, 2021, <https://www.investopedia.com/terms/d/dutchdisease.asp#:~:text=Dutch%20disease%20is%20a%20shorthand,to%20exploit%20a%20newfound%20resource>.

cost to rent farmland goes up, reducing the returns for non-poppy cultivating farmers, and forcing them to take up poppy farming, further exacerbating the market disparity. This affects more than just rural communities. The Dutch disease effect of the opium economy raises real exchange rates and the prices of nontradable goods. This means the cost for producing goods increases relative to the world market, and Afghan manufacturers would need to raise the price of their exports to maintain their returns. This would make exports less competitive and weaken all Afghan exports, hurting numerous industries, most significantly the manufacturing industry. This will in turn lead to deindustrialisation, as there is less incentive to engage in any sector outside of opium. This further weakens the economy and leads it to be even more reliant on opium in a vicious cycle.⁷²⁴

Efforts to encourage licit agriculture are key to dismantling the opium economy. The health of Afghanistan's agricultural sector is more closely correlated with the opium economy than any other industry in the country. The weakening sector led many farmers to turn to poppy cultivation for their livelihood, and alternatively a weakening opium sector is likely to do the opposite. However, attempts to weaken poppy farming directly are unlikely to achieve desired results. Measures such as opium bans or poppy eradication have done little to stem the illicit industry. In order to entice farmers away from poppy farming, licit agriculture needs to be strengthened and developed to the extent that poppies are no longer the most economically viable crop to cultivate.

In general, poppy cultivation has been largely resilient to attempts at opium bans. Due to the varying level of government control in different provinces in Afghanistan and the massive demand for opium, provincial bans have been quickly offset by increases in production in other provinces. A great example of this occurred in 2005. Provincial authorities in Nangarhar launched a strong offensive against the narcotics industry, reducing production by a remarkable 96% within a year. Yet, this ended up having little effect on the opium production in the country as a whole. Other provinces where the Afghan government had less control, like Kandahar, Balkh, and Farah, massively stepped up their production to account for the shortfall in Nangarhar.⁷²⁵ The opium business is well cemented in the fabric of Afghanistan, and drug trafficking organisations operating there are able to quickly adapt to shifting supply, tapping into the vast connections and procurements they are sure to have made throughout the country.

Eradication efforts in the past have not resulted in a sustainable reduction in opium production or narcotics activity. It is important to consider the multitude of variables in a local economy when utilising tools like eradication. A major reduction in cultivation will subsequently increase the value of the available poppy supply, boosting the farm-gate price and enticing people to enter the opium economy. The 2000 poppy ban by the Taliban is a perfect example. This resulted in a 1000% increase in value of available opium, which is largely believed to have been the intention of the Taliban in the first place, having stockpiled a significant supply of opium prior to the ban. The ripple effects spanned out from there, incentivizing farmers in Ghor province, which was not under control of the Taliban, to massively expand their poppy harvesting.⁷²⁶

One method to eradicate poppies that has thus far failed to achieve reduction in poppy cultivation is compensated eradication. This is an attempt to encourage cooperation by poppy farmers to allow authorities to destroy their poppies in exchange for sufficient compensation. The UK attempted such a measure in 2002, with Operation Drown, where they offered Afghan farmers USD \$1,750/hectare to allow them to destroy their crops. This ironically led to reports of increased poppy production from farmers who quickly ramped up cultivation ahead of the planned eradication to get a bigger payoff. This type of eradication effort required a significant level of regulation that was difficult to implement, leading some farmers to take advantage of the overwhelmed UK

724 Byrd, "Afghanistan's Opium Economy," 336-337.

725 Ibid., 307-310.

726 Ibid., 315.

military by secretly harvesting the opium gum before surrendering their field for eradication. UK troops ended up destroying an already-spent harvest. There were also issues with many farmers not receiving their promised compensation, plunging them into economic misfortune that was sure to lead them back towards poppy farming.⁷²⁷

Later efforts at eradication faced additional hurdles and failed to lead to sustained reduction in poppy cultivation. In 2004, the US State Department's Bureau of International Narcotics and Law Enforcement Affairs (INL) paid a multi-million-dollar contract to US defence contractor DynCorp to launch a 1000-person eradication force. This effort was costly, slow, and ineffective. By the end of 2005, only 210 hectares of poppies were destroyed. On top of this, they faced severe opposition by angry farmers who would set up blockades around their plots to stop their harvest from getting destroyed. Most significantly, it was impossible to administer these efforts consistently through the country. They were unable to access the areas held by the Taliban, so would in effect only punish the farmers living in government-controlled areas. Several more attempts were made over the years, dealing with a slew of issues, from funding, to administration, to political will. Eradication efforts have all but stopped, with only 21 hectares eradicated in 2019.⁷²⁸ Governments have realised the benefits to eradication are nil, while the costs are numerous. For farmers to stop planting opium, they need to be able to invest in other agricultural products that will enable them to support their families.

Initiatives designed to encourage agricultural development need to be diversified. Many of the current projects have been concentrated on subsidising wheat cultivation as an alternative to farming poppies. However, this has had the unintended consequence of overproduction of wheat, which has devalued the crop. Areas that have focused on offering wheat as an alternative to poppy farming have paradoxically seen a rise in poppy farming as wheat farming has become less profitable.⁷²⁹ A 2015 UNODC study showed how an Afghan farmer in the same area could make \$3,434 annually on a poppy farm compared to \$2,946 on a wheat farm.⁷³⁰ This was hardly an incentive to give up poppy cultivation. Another problem with the predominant focus on wheat production as an alternative livelihood to poppy farming is it does not create as many jobs as other agricultural markets. Incentivizing the cultivation of fruits and nuts, as well as animal husbandry, would create significant industry growth through the numerous sub-products of each, including meat and dairy value chains.⁷³¹ The World Bank's 2014 Agricultural Sector Review (ASR), *Revitalizing Agriculture for Economic Growth, Job Creation and Food Security*, reported that shifting crops from wheat to a variety of horticultural crops could increase job creation by 300-400%.⁷³² This approach is another potential tool to depress the opium economy.

The Afghan agricultural economy can be strengthened through investing in the development of agricultural value chain infrastructure. This is an interconnected network of resources associated with a particular crop/livestock and its customer base. This network includes all investments that expand the markets rooted in local farming and animal husbandry. For instance, pomegranate farming involves much more than the farmer who plants the pomegranate seeds. This value chain involves input suppliers, like the seed provider and fertiliser seller, intermediate service providers, like transporters to transport the harvested pomegranates to other markets, and then on to retailers, wholesalers, and distributors. Increasing the linkages between sections of this network will allow small markets to expand and create a multitude of jobs along the value chain. A recent study analysing Afghanistan's agricultural sector from 2013 to 2018 found that the creation of 10 jobs

727 SIGAR (Special Inspector General for Afghanistan Reconstruction), *Counternarcotics: Lessons from the U.S. Experience in Afghanistan* (Arlington, VA: SIGAR, Jun. 2018), 82-83.

728 *Ibid.*, 87.

729 Leao, Ahmed, and Kar, *Jobs from Agriculture*, 2.

730 *Ibid.*, 36.

731 *Ibid.*, 2.

732 *Ibid.*, 6.

in the fruit processing sector created an additional eight jobs downstream along the network.⁷³³ While this is a positive indicator for job growth, the return on investment could be much higher if the value chain was developed to include a larger network. Value chain development could include infrastructure projects like developing roads that grant small farmers access to larger markets, providing sustainable energy sources for small farms and ranches, providing transportation to get farmers' products to a wider marketplace, and investing in information technology to allow smallholder farmers to reach more consumers. Such investments would grow agribusinesses and businesses along the supply chain, such as wool distributors, dairy product producers, and vegetable wholesalers.⁷³⁴

Environmental Impacts on the Opium Economy

A major reason for the decline of the agricultural industry is the degradation of the country's soil health and biodiversity. It was mentioned in the first chapter how the Helmand and Arghandab Valley Authority (HAVA) project in the 1950s had the perverse effect of degrading the soil in Afghanistan and making large swathes of land inhospitable to most vegetation, leaving the resilient poppy crop as the only option for many farmers.⁷³⁵ Today, a majority of Afghanistan is classified as having "degraded soil" and 80% of all land is at risk of soil erosion, which would make the land completely infertile. The degradation today is due largely to deforestation and overgrazing, which has directly caused desertification of the land. 75% of Afghanistan's northern, western, and southern regions are rapidly turning into desert, which poses an imminent threat to over 80% of Afghans who depend on livestock grazing for their livelihood. This threat will only get worse in the coming years, as climate change continues to reduce the amount of rainfall every year, leaving more land inhospitable to vegetation and livestock.⁷³⁶

The importance of soil health to the stability and economy of Afghanistan cannot be overstated. Not only does it impact farmers' ability to produce needed crops and raise livestock, but the decrease in arable land has a ripple effect stretching throughout the economy. Livestock-related industries from sub-products, like wool, carpets, rugs, and clothing industries, are impacted by the diminishing pastures that limit the potential size of the herd. Shrinking pastures lead to overgrazing, which can further degrade the land in a vicious cycle that will continually reduce available resources. Adding to this cycle, as pastureland is reduced, herders have had to cultivate wheat straw on rangelands, which has left the soil degraded. As the land continues to degrade, trees are cut down to make room for cultivation and grazing. This leads to an unsustainable use of diminishing forests for fuelwood. The resulting deforestation in the past few decades has been staggering. From 2000-2005, Afghanistan's forests declined at a rate of 3% per year.⁷³⁷ The United Nations Environmental Programme reported in 2013 that Afghanistan lost half of its forests in the last 30 years.⁷³⁸ This overall reduction in vegetation cover increases the rate of soil-moisture evaporation, which in turn means less water infiltration in the soil, increasing runoff and erosion, which further reduces arable land. In addition to the endless cycle of arable land destruction, this has a knock-on effect of bringing about conflict among farmers and herders fighting over the limited resources, further destabilising the country.⁷³⁹

The region particularly at risk of rapid soil degradation is eastern Afghanistan. While the region has the highest level of irrigation in the country, a multitude of environmental and social factors are

733 Ibid., 3-4.

734 Ibid., 2.

735 Nick Cullather, "Damming Afghanistan: Modernization in a Buffer State," *The Journal of American History* 89, no. 2 (Sep. 2002): 532.

736 FAO (Food and Agriculture Organization) and GEF (Global Environment Facility), *Combating Land Degradation and Biodiversity Loss by Promoting Sustainable Rangeland Management and Biodiversity Conservation in Afghanistan* (project document) (Rome, IT: FAO; Washington, D.C.: GEF, accessed Oct. 22, 2021), 11. <https://www.fao.org/3/cb2364en/cb2364en.pdf>

737 Ibid., 13-14.

738 UNEP (United Nations Environment Programme), *UNEP in Afghanistan: Laying the Foundations for Sustainable Development*, (Nairobi, KE: UNEP, 2009), https://postconflict.unep.ch/publications/UNEP_in_Afghanistan.pdf.

739 FAO and GEF, *Combating Land Degradation*.

leading to desertification.⁷⁴⁰ The provinces that have been significantly affected through recent loss of available arable land are Khost, Laghman, and Nuristan provinces. The rising temperature from climate change is projected to affect eastern Afghanistan disproportionately from the rest of the country, which will increase desertification. This region also commonly experiences various natural disasters, like landslides, erosion, and drought. This will impact the ability to raise livestock and hurt agricultural production. This coincides with an increase in conflict from the Taliban and Islamic State – Khorasan Province (IS-KP) in eastern Afghanistan. The Taliban has engulfed Waigal, one of the main districts in Nuristan Province, and government forces have had to fend off Taliban incursion on a daily basis.⁷⁴¹ This has no doubt disrupted farmers and herders from productive use of the degrading land. IS-KP has also stepped up their efforts in multiple eastern provinces, directed at both government forces and the Taliban, to grow their territory. This has included suicide bombings targeting civilians and insurgent attacks against the Afghan military and the Taliban.⁷⁴² This, of course, destabilises the entire region, leaving the agricultural sector precarious, either by the shifting territorial control, or by a shrinking consumer market to purchase goods from farmers and herders.

There are numerous examples showing how environmental factors affecting agricultural productivity have led to the growth of poppy farming. A 2006-2007 study on the major opium-producing areas in Balkh Province reported that a reduction in water availability increased poppy cultivation in the region. This reduction of water availability was caused by a sudden influx in population growth due to the return of previously displaced people which put a strain on the already limited water resources. These resources had already been limited because of the degradation of local irrigation systems. These factors culminated in increasing desertification of the region from less access to water, which made the land inhospitable to most crops, except of course the resilient poppies. Environmental factors have influenced both farmers and herders towards poppy cultivation. In the late 1990s, Ghor Province experienced a period of severe drought which led to a wide scale loss of livestock. With their herd dying out, ranchers and traders had little choice but to start planting poppies to survive.⁷⁴³

Afghanistan has the potential to reverse the increasing degradation of its soil health. The country is home to five major river basins with an overall surface water availability of 2,775 cubic metres per capita per year. The issue is not the amount of available water, but the uneven distribution of water accessibility throughout the country. The Northern River Basin, for instance, makes up 20% of total irrigated land in Afghanistan. However, it only has access to 3% of the country's total available water resources through its hydrological borders.⁷⁴⁴ This was the problem that the HAVA project aimed to rectify, but failed in its poor implementation and infrastructure. Authorities need to invest in equitable expansion of irrigation systems that ensure the regions that have been hardest hit by land degradation and desertification have access to a water source. There is substantial evidence that an increase in irrigated areas is correlated with higher levels of productivity, employment, and income.⁷⁴⁵ The World Bank's 2014 ASR estimated that irrigating arable land would lead to 33-60% more jobs per hectare than rain-fed farming.⁷⁴⁶ The increase in income and expanded labour market will no doubt hurt the opium market and deter farmers from planting poppies.

740 Leao, Ahmed, and Kar, *Jobs from Agriculture*, 35.

741 Franz J. Marty, "Waigal, Afghanistan: 'This War Will Never End Here,'" *The Diplomat*, Jun. 13, 2019, <https://thediplomat.com/2019/06/waigal-afghanistan-this-war-will-never-end-here/>.

742 Pamela Constable and Sayed Salahuddin, "Growing Number of Suicide Attacks Wreak Havoc in Eastern Afghanistan," *The Washington Post*, Aug. 5, 2018, https://www.washingtonpost.com/world/asia_pacific/growing-number-of-suicide-attacks-wreak-havoc-in-eastern-afghanistan/2018/08/05/e09e0f30-9751-11e8-818b-e9b7348cd87d_story.html.

743 Byrd, "Afghanistan's Opium Economy," 317.

744 FAO and GEF, *Combating Land Degradation*.

745 Leao, Ahmed, and Kar, *Jobs from Agriculture*, 113.

746 *Ibid.*, 6.

The Vicious Cycle of Insecurity and Agricultural Decline

Insecurity is the third main factor affecting the agricultural sector. Afghanistan's agricultural sector has continually declined since the Soviet-Afghan War, evidencing a clear negative correlation between the agricultural sector and insecurity. When an area becomes precarious, through internal conflict, insurgency, shifting territorial control, etc., the agricultural producers are likely to lose their customer base. This is due to a variety of factors, such as being cut off from government-controlled towns, which would have typically consumed those products, or due to residents fleeing the conflict, reducing available consumers. Insecurity also brings poverty in general due to a loss of jobs because of the factors just mentioned, and there will be less ability for residents to pay for agricultural goods. Furthermore, Insecure regions are more difficult to transport agricultural produce from, as there is high risk of theft or attack along the route, as well as the potential to be walled-off from villages controlled by the opposing forces of the region the farmer inhabits.⁷⁴⁷

While insecurity hurts other agricultural products, it seems to have the inverse effect on poppy farming. Where the government has less control, the narcotics industry thrives, becoming a pre-eminent employer for those with few alternative prospects. Poppy farmers in precarious areas believe they are less likely to have their crops eradicated by law enforcement, while the narcotics traffickers, who purchase the poppies from the farmers, are more able to operate openly, without concern of arrest. This is supported by the UNODC's 2019 Afghanistan opium survey, where 47% of villages without poppies believed they would be very likely or likely to face legal consequences for cultivation, compared to only 32% of poppy-producing villages. This perception outweighs the reality, as mentioned earlier, poppy eradication has reduced in recent years due to the cost and the limited success of actions.⁷⁴⁸ Still, the perception is an indicator of how insecurity impacts farmers' decision to cultivate poppies or not, and the impact that a level of government control has on that decision as well. High insecurity reduces farmers' options to poppy farming, which will be a high-demand product in those regions, as militant groups use the crop to produce heroin and fund their activities. This relationship between insecurity and poppy farming was evidenced in southern Helmand Province in 2005. Right when the Taliban insurgency was gaining ground and destabilising the region, there was a massive growth in poppy farming.⁷⁴⁹

Today, poppy cultivation is unsurprisingly much more common in villages that are under non-state actor control. In the UNODC's 2019 Afghanistan opium survey, 83% of poppy-producing villages reported being under the control of the Taliban or other non-state actors. Conversely, villages that do not produce poppies are unlikely to be controlled by non-state actors, with only 44% of these villages under non-state actor control. This gives credence to the vicious cycle of poppy farming and insecurity. The insecurity caused by non-state actors controlling a region encourages poppy production by driving out alternative industries as well as encouraging DTO activity, which funds militant and terrorist groups. On the other end, poppy farming attracts militant groups who seek to control the plants for revenue, which leads to insecurity. This association between insecurity and poppy farming is well-established in the data. 36% of poppy-growing villages were reported as either "very insecure" or "insecure", while only 21% of villages without poppies were reported to have any level of insecurity. Village leaders were also asked to assess changes in security: whether it deteriorated, improved, or had no change. In villages without poppy cultivation, 19% of village leaders reported deteriorating security conditions, compared to 26% in poppy cultivating villages. Conversely, 22% of villages without poppies reported improved security, compared to 15% of villages with poppies.⁷⁵⁰ Not only does this data show that more insecure areas are more likely to cultivate poppies, but it shows how engagement in the poppy industry is an immediate

747 Byrd, "Afghanistan's Opium Economy," 316.

748 UNODC, *Afghanistan Opium Survey 2019*, 45.

749 Byrd, "Afghanistan's Opium Economy," 316.

750 UNODC, *Afghanistan Opium Survey 2019*, 44.

response to deteriorating security conditions. Poppies are a cash crop, and unlike most crops, are able to be sold directly at the farm-gate for a quick influx of money. Farmers in recently precarious villages may see poppy farming as an emergency measure to secure a livelihood for their family in an uncertain situation.

Opium Market Volatility and the Afghan economy

The Dutch disease effect in Afghanistan has created a situation where the entire Afghan economy is at the whim of the opium economy. Because so much of the economy is connected to opium, any variation in the price of opium ripples out through the entire country's economy. This is especially true in recent years with the rapidly shifting supply of opium. Extreme variations in weather patterns from 2015 to 2018 has created a volatile market for opium poppies in Afghanistan. The poppy fungus of 2015 diminished the crop by half of the previous year. Then 2016 saw a minor improvement, followed by an extremely favourable harvest season in early 2017 which led to a massive growth in areas under poppy cultivation and total opium production. The late 2017 drought hit during the usual wet season, which led to major decline in areas under poppy cultivation in 2018. This drought affected nearly 70% of agricultural land in the country, leading many regions to give up on the crop altogether. In Jawzjan Province in northern Afghanistan, the area under cultivation decreased by 90% as a result of the drought.⁷⁵¹ It could be that those poppy farmers moved to other areas where they would not be as dependent on irrigation, or perhaps they could not afford the risk of another failed harvest, so they found some other means of labour. Whatever the reason, the following year, in 2019, the total area under opium poppy cultivation was 163,000 hectares (402,800 acres), compared to 263,000 the previous year, a 38% decrease. This is the lowest area of poppy farming since 2013. The number of provinces eliminating poppy cultivation had also increased. While there were 10 provinces without any cultivation in 2018, three more provinces have been added to the list, totaling 13 provinces.⁷⁵²

There was also a reduction in part-time poppy cultivation. Many farmers in Afghanistan have cultivated poppies once every couple of years in tandem with harvesting other crops more regularly. This type of farming has reduced significantly, now only making up about 25% of poppy farming, with the other 75% harvesting poppies as their main income. This means that poppy farming is becoming less prevalent as a secondary income and is more concentrated among full-time poppy farmers.⁷⁵³

Despite the reduction in areas under poppy cultivation, opium production has been steady since 2018. The 2019 harvest had unusually optimal weather conditions, with an abundance of rain during the wet season and an absence of any plant diseases, which made up for the loss of 80,000 hectares of poppies, resulting in a yield of 6,400 metric tons of opium, the same amount produced the previous year.⁷⁵⁴

A record-breaking high yield of poppies at 9,000 metric tons in 2017 created a surplus of opium that has significantly diminished the farm-gate price of opium to this day. Even with the 2017-2018 drought and the subsequent reduction in production, opium's yearlong shelf-life coupled with the recovery of the harvest the following year kept the supply of opium fairly high. Because of this consistent surplus, the farm-gate price of opium has been on a downward trend since 2017.⁷⁵⁵ In

751 UNODC (United Nations Office on Drug and Crime), *Afghanistan Opium Survey 2018: Challenges to Sustainable Development, Peace and Security* (Vienna, AT: UNODC Research; Kabul, AF: National Statistics and Information Authority [NSIA], Jul. 2019), https://www.unodc.org/documents/crop-monitoring/Afghanistan/Afghanistan_opium_survey_2018_socioeconomic_report.pdf, 3.

752 UNODC, *Afghanistan Opium Survey 2019*, 4.

753 Ibid., 4.

754 Ibid.

755 Jelena Bjelica, "New World Drug Report: Opium Production in Afghanistan Remained the Same in 2019" *Afghanistan Analysts Network*, Jun. 25, 2020, <https://www.afghanistan-analysts.org/en/reports/economy-development-environment/new-world-drug-report-opium-production-in-afghanistan-remained-the-same-in-2019/>.

2019, the farm-gate price for opium in Afghanistan dropped to USD \$63/kg, 33% less than its price the previous year. This is the lowest price for the crop in decades. This has major repercussions for farmers who relied on poppy sales for survival in an already struggling agricultural sector, which can have a ripple effect for the communities in the poppy producing regions as well as every sector connected to opium sales.⁷⁵⁶

COVID-19 and the resurgence of the Opium Economy

Although the numbers are not known yet, it is expected that poppy farming increased significantly in 2020. The COVID-19 pandemic hit Afghanistan in March 2020, right at the start of the poppy harvest season. The cost for essential goods rose dramatically, leaving the most impoverished less able to provide for their basic needs. From just March to November 2020, the average price for flour increased by 11%, wheat increased by 18%, rice rose by 15%, and the price for cooking oil rose by a drastic 29%. This rapid price increase left many impoverished communities unable to sustain their livelihood. As in the rest of the world, it caused massive unemployment and failed businesses, leading many to take up poppy farming as a cash crop for survival.

The wives and children of poppy farmers and labourers are increasingly engaging in farm labour themselves, which has enabled an uninterrupted poppy harvest in 2020 despite the pandemic. According to the Head of Publications and Communications for the Afghanistan Independent Human Rights Commission (AIHRC), “Afghan kids do hard labour, especially during the quarantine when poverty has affected families. Poor families and those with no adult breadwinners have to send their children to work on farms, which is against conventions and laws that protect children’s rights and is extremely concerning.” With schools shut down and higher financial insecurity in families, children spend their days working the fields, with some getting paid USD 65 cents/day or getting paid in opium to go to their neighbours’ farms to lance poppies and collect opium.⁷⁵⁷ This trend is expected to continue as Afghanistan, like most countries, are facing continued unemployment increases, reduction in welfare assistance and government services, and increased food insecurity.

The pandemic followed several years of bad luck for Afghan farmers, considering the drought of 2018 and floods in 2019 which has worsened soil health and reduced crop yield, leading to widespread hunger and malnutrition, as well as growing debt. All of these factors compound to encourage more poppy farming in rural areas of Afghanistan for survival. The devastation of COVID-19 has affected more than just the farming communities of Afghanistan. According to the World Food Programme, 16 million people across Afghanistan survived on unsustainable livelihood before the pandemic, meaning many of them may lose their means of survival from the pandemic’s fallout. Researchers have already seen the ramifications of the pandemic on poppy farming. Many poppy harvesters in the 2020 season have reported that economic hardship they experienced from COVID-19 was the direct cause for taking up poppy farming.⁷⁵⁸

The Symbiotic Relationship of Warlords and Opium

Another major stakeholder in the Afghan narcotics economy are warlords. Warlords control numerous areas around Afghanistan based on tribal or ethnic divisions. They are also heavily involved in providing security to narcotics traffickers. This creates a significant threat to maintaining stability in Afghanistan. Warlords by their nature undermine national security. They either subvert governmental authority or they co-opt it. Warlords exploit areas with weak government author-

756 UNODC, *Afghanistan Opium Survey 2019*, 14.

757 “With Schools Shut, Afghan Children Work The Poppy Fields,” Jul. 14, 2020, discussed on *Radio Free Afghanistan*, <https://gandhara.rferl.org/a/with-schools-shut-afghan-children-work-the-poppy-fields/30726508.html>.

758 UNODC, *Afghanistan Opium Survey 2019*, 6, 50.

ity, establishing their own de facto sovereignty and limiting the central government's ability to secure various regions of the country. The narcotics industry similarly destabilises the country for reasons identified previously. Therefore, the insecurity brought about by warlords facilitates the narcotics industry, and vice-versa. These factors both lead to the weakening of the state, which further grows the vicious cycle of the growth of the narcotics industry and increased power of warlords. This relationship was evidenced in the years immediately following the Taliban's opium ban in 2000. The price for opium shot up and greatly benefitted warlords, who largely operated out of the dominion of the Taliban. They gave narcotics traffickers safe haven to smuggle narcotics through their territory in exchange for a generous payment.⁷⁵⁹

Warlords are often the bridge connecting local government to the narcotics industry. They will seek local government jobs to maintain their illicit activities without oversight. Their drug money will be a valuable resource in 'greasing palms' and gaining support for political office. Once elected, they can use their newfound authority to allow narcotics trafficking to be conducted unabated by law enforcement. The growth in narcotics activity will weaken the state authority even further, limiting the central government's ability to deter the warlord-turned-politician's illicit activities.⁷⁶⁰

There have been a number of examples where the opium industry has embedded itself within local government to become a de facto regulated industry. In the Garmsir district in Helmand Province, poppy cultivation is taxed by the local government. This industry is so profitable relative to other industries in the district that the government has become reliant on its revenue to fund government functions. Opium profits are regulated through a network of village leaders who tax the farmers and pass the revenue up to provincial and district-level officials. Poppy cultivation is measured by *mirabs*, who are the local officials responsible for managing the water supply in villages. They survey the size of each farmer's poppy output and collect taxes from them accordingly to pass to the local government. Poppy farmers stated they paid about USD \$40/acre in 2015, resulting in a total of almost USD \$3 million in tax revenue for the district. The Garmsir district governor and police chief were allocated the majority of the profits from the poppy taxes, and the rest was split between local officials and local police. Even with the exorbitant rate that farmers were charged for their poppies, they still earned more than they would have harvesting cotton or wheat. Garmsir's regulated poppy industry came to a halt when two members of parliament discovered the arrangement and demanded a cut, according to Afghan officials. When they weren't included, they reported the illicit operation to the central government. Kabul officials responded by firing the district governor, police chief, and intelligence director, who were all allegedly involved in the operation.⁷⁶¹

Other districts in Helmand Province have established similar de facto regulatory systems for poppy farming. Nad Ali and Marja districts require poppy farmers to pay a flat tax based on their poppy output. One elder in Marja district described the situation in his village that made poppy farming too lucrative to pass up. He represented a group of sharecroppers who collectively cultivated 44 acres (17 hectares) of poppies. The 44 acres amounted to USD \$62,000, with a tax of \$60 per acre, leaving a net profit of USD \$59,000. According to the elder, "Most other crops would have earned about \$20,000 for 44 acres." This was in a year where a poppy fungus reduced the harvest output by half. Even with that, poppy farmers earned vastly more than their counterparts harvesting licit crops.⁷⁶²

759 Byrd, "Afghanistan's Opium Economy," 318.

760 Ibid., 319.

761 Azam Ahmed, "Tasked with Combating Opium, Afghan Officials Profit From It," *The New York Times*, Feb. 15, 2016.

762 Ibid.

The Lure and Viability of the Drug Trafficking Economy

The most significant stakeholder in the Afghanistan narcotics economy are the drug trafficking organisations (DTOs), and the people who choose to participate in this illicit line of work. Like poppy farmers, there are numerous factors that inform their decision to engage in narcotics trafficking, and understanding them is key to dismantling this industry. As with farmers, many join DTOs because of a lack of licit economic opportunities. However, it is not only the destitute that find themselves attracted to DTOs. Narcotics trafficking is a potentially highly profitable line of work in Afghanistan, so even people with relatively decent wages and a secure line of work can be attracted to drug trafficking. Social ties are another main factor for people joining DTOs. Afghan-based DTOs are particularly based around families and tribes, utilising close familial and neighbourly connections to ensure trust.⁷⁶³

By far the most compelling reason for involvement in DTOs is to improve their financial situation. In a UNODC survey of drug traffickers in 2020, 63% said they started trafficking narcotics to earn money. Of course, this may include people who were impoverished and needed a stable income, as well as those who may have some level of financial security, but could earn more through trafficking. However, many who were surveyed also claimed some level of financial insecurity as their motivation for trafficking. 34% of traffickers said that a lack of licit employment opportunities left them with little choice but to traffic narcotics. 10% specifically stated that poverty motivated them to join a DTO, and 2% stated they had no other option but to traffic narcotics. It is clearly evident that a lack of licit employment opportunities for Afghans leaves many with little choice other than drug trafficking to provide for their families. Even before the pandemic affected Afghanistan in early 2020, a quarter of the Afghan labour force was unemployed, and 80% of employment was insecure. We have yet to see the full extent to which this pandemic will damage the Afghan economy, forcing an even larger portion of the labour force into the illicit economy to survive.⁷⁶⁴

Those who engage in DTOs because of financial insecurity are likely to continue involvement even after they have improved their finances. The narcotics industry has earned a reputation for providing quick opportunities to gain wealth. When asked by the UNODC why they began trafficking narcotics, one trafficker said, “The profit from drug trafficking is very good. It requires very little investment and is an easy job.” There are few industries available in Afghanistan with the potential to bring wealth as quickly and easily as drug trafficking. This is an industry that requires no training, no education, and no financial investment. Whereas, other industries in Afghanistan that can bring relative wealth, like the construction, mining, or real estate industries, require some kind of technical training, university degrees, or significant investments that are inaccessible for the majority of the populace. In contrast, DTOs offer the chance of upward mobility. Someone with no education or wealth can start as a smuggler and rise through the ranks in a DTO to become wealthy.⁷⁶⁵

Attraction to drug trafficking goes beyond just providing an easy path towards gaining wealth. One trafficker who was asked why he got into the business stated, “I know people who were broke before being involved in drug trafficking and after getting into this business now they are rich, influential and have a lot of support and that is why I wanted to do this business.” People see the industry as a way to gain power and influence, which may not have been possible for many without the right familial connections or educational background. Drug trafficking provides anyone, regardless of their background, the opportunity to become powerful figures in their communities. In a society where many have experienced decades of poverty and have been under the dominion

763 UNODC (United Nations Office on Drugs and Crime), *Afghan Opium Trade Project (AOTP) Update: “Voices of the Quchaqbar” – Understanding Opiate Trafficking in Afghanistan from the Perspective of Drug Traffickers* (Vienna, AT: UNODC, Feb. 2020), 7.

764 *Ibid.*, 11.

765 *Ibid.*, 12.

of a rotating gallery of insurgents or political actors, it is likely very appealing to consider the possibility of accruing your own power. DTOs provide the chance for self-determination and gaining respect in one's community. This is no doubt a compelling reason for long term engagement in DTOs.⁷⁶⁶

Drug trafficking is a business that relies on kinship and trust, encouraging people to invite friends, neighbours, and family into the business. The illicit nature of the industry means that trust is essential to any successful DTO. One trafficker explained, "drug trade is a business that you do with friends and people you know and trust. There are people from different tribes and also friends and relatives that I work with." Traffickers are likely concerned about government informants, or the chance for operatives to skim profits off of the revenue that is meant to be distributed through the organisation. This is why DTOs in Afghanistan are predominantly made up of family members, friends, people of the same tribe, or some other connection that enables operatives to trust each other. This also means that the reason many enter the industry is they were invited to by a family member or friend. Being invited into an organisation by a trusted peer is likely to diminish any doubts or fears one may have about entering an illicit industry. They trust that their peers would not lead them down a dangerous path, and believe they are looking out for their best interests.

One trafficker explained how he began working for a DTO, recounting, "A friend of mine is a major drug trafficker. I used to work for his real estate agency and as we developed trust, he told me his real business and told me if I am interested, he can teach me how to do the business."⁷⁶⁷ This illustrates a prime scenario for recruitment into a DTO. The real estate business owner used the business as a front for narcotics trafficking, which, as illustrated previously, is a common money laundering tactic. They made sure they could trust their employee before revealing the true nature of the business. Then, after trust has been built between the employer and employee, the employer invites the employee to join the DTO with the chance to earn much more than would be possible in the real estate business. The employee now has a trusted friend and boss inviting them to join this industry and show them how to be successful in it. They are unlikely to question the risk, as they already know that their boss was able to be successful in the industry. Through these connections, DTOs are able to organically grow their businesses with operatives who are trusted and trusting of the business.

Opium Trafficking as a Franchise Industry

DTOs in Afghanistan are fairly cooperative, and multiple organisations will take part in joint trafficking operations for mutual benefit. DTOs will often share opiates, the precursor chemical AA, and access to heroin-refining labs with different DTOs in exchange for a share of the profit. Over the decades of trafficking activity, DTO networks have become more integrated with a wider array of organisations, enabling the sharing of resources, trafficking routes, and profits. Competition has become increasingly rare, as DTOs see the mutual benefit of cooperating with the multitude of DTOs in the region to increase their market reach and profits.⁷⁶⁸

Most DTOs in Afghanistan are small organisations of 6-10 people, made up of family members or people from their tribe, who are connected with a larger network of traffickers. Most are not directly involved in cross-border trafficking, and are more likely to smuggle narcotics across provinces to larger DTOs for global export. These organisations usually have one manager who liaises with other DTOs regarding logistics, security, and finding customers. This includes signing official agreements with other DTOs over the handling of consignments and the shared percentages of profits.

⁷⁶⁶ Ibid., 11.

⁷⁶⁷ Ibid.

⁷⁶⁸ Ibid., 8.

As many DTOs are family businesses, it is usually led by the eldest male. The leader of the DTO is also responsible for settling disputes with other DTOs. DTOs generally hold mutual agreements to be binding, and any perceived breach of an agreement is taken very seriously, with a mediation held between the two organisations. Impartial third-party mediators are often brought in to settle disputes between two DTOs. Violent confrontation over disagreements between DTOs are the last resort after all mediation attempts have failed, and are exceedingly rare.⁷⁶⁹

DTO networks enable individual DTOs to handle varied demand if there is a supply shortage. DTOs generally do not have a system for anticipating demand, and traffic narcotics on an ad-hoc basis. In the instances when they run out of their reserves, they connect with another DTO in their network to fulfil the request. The ease of access to opiate supply leads many DTOs to not carry substantial reserves, as they can easily meet requests through their network. The larger DTOs are likely to carry a significant portion stockpiled for about 6 months to fulfil demand from smaller DTOs.⁷⁷⁰

Within an interconnected network of DTOs, some organisations work to transit narcotics across borders while others focus on interprovincial trafficking. Many of the smaller DTOs will work to transit narcotics through their province to a larger DTO operating out of a different province that has access to the international market. Another motivation for interprovincial trafficking is higher demand and price in various provinces. Traffickers monitor price levels in different provinces or different countries and adjust their trafficking destinations accordingly. There is also a degree of variation in the quality of heroin based on which province it is processed in. Badakhshan, for instance, produces some of the highest quality heroin in Afghanistan. Traffickers may bring their raw opium through Badakhshan to be processed there instead of in another province where the refineries are worse and the end-product will be less valued. This also leads traffickers to buy heroin from Badakhshan over other provinces and then traffic to other provinces for higher returns. Trafficking between provinces has also been used as a measure to evade law enforcement, circumventing areas with higher law enforcement presence. Traffickers will seek to coordinate with insurgent groups like the Taliban to provide security along their route. Given the shifting security environment in some parts of Afghanistan, traffickers will change up their route in real time based on where they can count on receiving protection, or where they are likely to run into Afghan law enforcement. This is where cooperation between DTOs really benefits trafficking efforts, as different DTOs will share intelligence on law enforcement locations and activity, enabling trafficking operations to adeptly change course to evade capture.⁷⁷¹

Usually, small-scale narcotics traders will purchase the opium from poppy farmers directly. They then sell the opium to mid-level traffickers who smuggle the narcotics between provinces. Mid-level traffickers hand off the drugs to the senior-level traffickers who handle the international exports.⁷⁷² At multiple points in this supply chain, traffickers will take the raw opium to a drug laboratory to refine the opium into heroin, or will sell the raw opium to the lab owners themselves to then sell the refined heroin to larger DTOs for provincial or international smuggling. Most traffickers do not own a lab themselves. Of the traffickers interviewed by the UNODC in their 2020 survey, 83% were not part of a DTO that owned a lab, and would either buy heroin from labs directly or send their raw opium to labs for a fee to then traffic the newly refined heroin themselves.⁷⁷³

Heroin labs in Afghanistan vary in size, output, and production quality. These factors depend on location, security, demand, chemist experience, and finances. The more professional-grade facilities are usually located in rural areas, whereas urban areas with less capacity and more concerns of security harbour smaller operations. While difficult to determine the true output average of heroin

769 Ibid., 31-36.

770 Ibid., 37.

771 Ibid., 8, 16-17.

772 Ibid., 16.

773 Ibid., 25.

labs, UNODC survey respondents claimed an average of 1-60 kg/month. This was consistent with many provincial estimates, including Badakhshan, Farah, and Nimroz. The provinces with higher estimated output, like Helmand and Kandahar, were said to produce between 61-180 kg/ month of heroin. This is consistent with earlier estimates from 2011 of an average of 100 kg/month in Helmand and Kandahar. Balkh and Herat provinces' estimates varied considerably, from 1-180 kg, so it is difficult to make an assessment of their likely output.⁷⁷⁴

Heroin labs require a number of different positions to operate. These include chemists, cooks, security, and workers to manage the supply of materials. Labs require at least 10-20 people to operate, with the largest-scale labs using upwards of 80 workers. Chemists play the most pivotal role in producing high-quality heroin or morphine, and DTOs take the most care in finding experienced and knowledgeable chemists. Chemists have some formal education in chemistry and have at least a basic understanding of chemical processes. Cooks are generally less knowledgeable than chemists, but have some foundational knowledge of the refining process or experience manufacturing opiates. Heroin labs may hire their own security guards or may contract with insurgent groups like the Taliban in exchange for a cut of the narcotics or proceeds from the narcotics. There are additionally a number of workers tasked with maintaining the necessary materials needed to refine the opium. DTOs recruit chemists within Afghanistan as well as in the surrounding region, like Pakistan, Iran, and Turkey. Most chemists outside of Afghanistan come from Pakistan or Iran, which have a long track record of opium refining. Pakistani chemists are perceived to be the most highly skilled, and are the most sought-after in Afghanistan. One trafficker remarked, "Pakistanis are more experts, the waste from the production made by a Pakistani is less than a Helmandi cook."⁷⁷⁵

Beyond chemists, DTOs make a number of other considerations around recruitment to their organisations. One is finding Afghans with dual nationality. These operatives are vital to DTOs ability to establish international networks and smuggle drugs abroad. Afghanistan-based DTOs especially seek to employ operatives with dual nationality in North America or Europe, two of the biggest drug markets. Afghan operatives will often recruit family members who have lived in North America or Europe for several years, since they can trust them and they have an ease of travel to and from a major narcotics market.⁷⁷⁶

The profits from the drug trade in Afghanistan flow to a variety of sectors, depending on the wealth of the organisation or individual involved. For small operations or individual traffickers, revenue most likely goes towards daily living expenses. As stated prior, many engage in trafficking to provide for themselves and their families in an increasingly worsening economy. This includes purchasing staple foods like wheat and materials like cooking oil. Beyond that, once the impoverished traffickers' basic needs are met, drug revenue is likely to go towards savings, to have some financial security in an unstable economy, or for familial expenses, like weddings, or a private education for a family member. Larger operations involved in the narcotics industry have very different investment choices. Larger DTOs are likely to invest their revenue in real estate, both inside and outside Afghanistan. As discussed in Chapter 4, these real estate investments help DTOs to launder their funds to appear licit and avoid being seized by the government. They also create more opportunities to grow revenue beyond the narcotics industry alone, in a sector with relatively much less risk. Additionally, revenue for DTOs will go towards growing the DTO operations, investing in more traffickers, refineries, and opium harvesters. Finally, drug revenue is used to protect the DTO business itself, through zakat or ushr payments towards insurgent groups for "protection", or to bribe public officials to enable smuggling abroad.⁷⁷⁷

774 Ibid., 26.

775 Ibid., 26-28.

776 Ibid., 7-8.

777 Ibid., 9.

Insurgent Groups - The Entrepreneurs of the Opium Industry

The last major stakeholders in the opium economy are insurgent groups like the Taliban. They benefit from the narcotics industry in multiple steps along the supply chain. They often engage directly in the business, taxing poppy farmers and trafficking the narcotics themselves. They also charge for protection to other DTOs to operate through their territory or to ensure secured passage along the trafficking route. The amount paid to the Taliban or other insurgent groups for security differs based on location. Respondents to the 2020 UNODC survey stated the Taliban operatives in Kandahar were paid USD \$63-95/kg of heroin and USD \$32/kg of opium. Meanwhile, payments to the Taliban in Helmand Province were USD \$83/kg heroin and USD \$20/kg opium. This is about 3-5% of the value if it were sold in Afghanistan. These payments are not usually systematic. They usually occur when the Taliban observe trafficking activity and demand a cut in exchange for “protection”, in much the same way the mafia provides protection – if they don’t pay it, they are met with potential violence and theft, and when they do, they are allowed to operate freely, along with some security provided by the Taliban along their route. DTOs will often supply the weapons to the Taliban directly, while paying them for protection.⁷⁷⁸

Most of the revenue from poppy sales in Afghanistan goes to the Taliban and other insurgent groups. In the South-western region of Afghanistan, the only region where the UNODC had enough data to be statistically significant in its 2019 opium survey, 58% of opium taxes went to the Taliban, 15% of the taxes went to “powerful people”, which likely refers to warlords and other local power brokers, and 10% went to “anti-government” groups, which likely represents non-state insurgent groups besides the Taliban. Village leaders reported 6% went to the police and 3% went to government officials.⁷⁷⁹

A large proportion of village leaders reported that poppy farmers paid on average 6% tax to the Taliban or other non-state actors. This means that at least USD \$14.5 million is going to the Taliban and other militant groups a year in just poppy taxes. If the rest of opium trafficking and distribution were taxed at the same rate, that would mean \$61-113 million in revenue going to militant groups in Afghanistan a year. On top of opium profits, the Taliban and other militant groups charge all farmers *ushr* (traditional Islamic donation) of 10% crop revenue. Ushr is collected in many villages around Afghanistan, including villages without militant groups present. Some of the ushr may be going to needy families, but there is evidence that in many villages it is going directly to the Taliban to support their efforts.⁷⁸⁰ In 2019, 36% of village leaders reported they believed the ushr was going to the impoverished. 18% of village leaders reported it was paid to the Taliban. That is almost twice as high as the previous year, indicating either a growth in Taliban-controlled territory, or a shift in Taliban policy to gain more revenue. In 2019, 80% of villages paid ushr. This was highest in the South-west at 97%, and lowest in the Central region, at 66%. One interesting finding in the report was that areas with poppy cultivation were more likely to collect ushr than those without poppies. Ushr was collected in 97% of poppy-farming villages, but only in 83% of villages without poppies. It may be due to the prevalence of non-state actors like the Taliban in poppy-producing villages using the ushr as another means of funding their activities. However, there may be other variables to consider, such as the likelihood that poppies are produced in more rural areas with more traditional village structures that would more likely incorporate traditional tithing practices into their customs.⁷⁸¹

778 Ibid., 41.

779 UNODC, *Afghanistan Opium Survey 2019*, 40.

780 Ibid., 4.

781 Ibid., 41-42.

Severing the Link

The opium economy has embedded itself deep within the economy of Afghanistan. Like a parasite, it has infected the Afghan economy to an extent that efforts to destroy it have backfired and hurt the economy as a whole. It has risen out of a decaying agricultural sector and now operates to keep the agricultural sector unsustainable. Farmers who are forced to plant poppies for survival because of a lack of jobs, a degrading biodiversity, and an insecure environment are unwittingly exacerbating those very factors, creating a causal nexus that is difficult to subvert. Attempts to break this cycle, like wheat subsidies, poppy eradication, and irrigation expansion have thus far failed to disrupt this industry, either from the resiliency of the industry, poor implementation of the measures, or under-resourced initiatives. There is no simple solution to this problem – it will require a multitude of programs that address the economic, environmental, and security conditions of each region. These programs need to be aimed at reviving the agricultural sector as a whole, which employs a majority of families in the country and would kill the opium economy at its root.

A vicious cycle has formed between insecurity and the opium economy. Insecure regions are fertile territory for poppy farming due to the lack of government oversight and a lack of alternative livelihoods. They both attract insurgent groups, who profit off of the opium industry at multiple levels of the supply chain, and are created by insurgent groups. As insurgent groups continue to increase insecurity in the country, tribal warlords have taken advantage of the lack of oversight to build up their own opium industries, which creates more insecurity and empowers DTOs and insurgent groups. The rise of warlord-regulated opium industries has made it more difficult for the central government to subvert drug trafficking throughout the country. As the bond between these non-state actors and the opium industry grows, it will get increasingly more difficult to unravel them.

DTOs have evolved into a complex network of loosely connected small cells built on trust, which has made it a highly versatile and resilient industry. Through this network, they are able to maintain a consistent supply, access necessary materials for refining, evade law enforcement, and pursue the most lucrative markets. This all makes DTOs an extremely attractive industry. First, for people who are struggling financially and have little alternatives for employment. But even once traffickers are able to rise out of poverty, the promise of upward mobility, wealth, and power are attractive qualities that encourage traffickers to continue in the industry. The kinship aspect additionally creates a stronger pull for people who are likely to trust those who are encouraging them to join the industry.

As evidenced throughout this book, insurgent groups and terrorist organisations have used the narcotics industry to fund their activity and are key to maintaining the insecure environment that poppies thrive in. They have made themselves integral throughout the supply chain, first by securing and taxing the farmers planting the poppies, to providing security to DTOs and heroin labs along the way towards the international market. They use this control over poppy-producing regions to secure more funding from the villages, extracting ushr and zakat from villagers to increase their profits even further. While the symbiotic relationship of insurgent/terrorist organisations with the drug trafficking industry benefits both, severing this relationship is also key to destroying the two industries. Disrupting DTOs will severely hamper the funding of terrorist organisations, minimizing their ability to operate and further destabilise Afghanistan and beyond.

Threats on the Horizon

While the opiate economy begins in Afghanistan, the biggest proportion of generated wealth comes from external markets. The 2015 UNODC report on Afghan opiates shows how just the Balkan route alone generated USD \$28 billion/year, which dwarfed the entire GDP of Afghanistan

in 2019.⁷⁸² Many of the factors propagating this growth in global opium sales have been covered throughout this book, including the state-sponsored narco-terrorism from Pakistan and the growing prominence of international DTOs that operate across multiple states and even continents. But despite the consistent increase in plant-based drugs being trafficked globally, the market seems to be shifting towards synthetic drugs. Drug pushers both large and small are shifting to synthetic drugs, like methamphetamines, MDMA, ketamine, and fentanyl, instead of traditional opiates or cocaine. This will present new challenges to countries who will not be able to rely on usual strategies for blocking drug trafficking, like increased border security and interdiction efforts, as these new synthetic drugs can be produced anywhere and their smuggling patterns are harder to trace and less consistent.⁷⁸³

One of the consistently concerning factors in narcotics proliferation is the apparent collusion of the Pakistani government with narco-terrorist organisations. Hizb-ul-Mujahideen (HM) is an Islamist militant group operating out of Jammu and Kashmir that launches terrorist attacks on Indian security forces. They fund much of their activity through drug trafficking, specifically smuggling heroin from Pakistan and selling it in India. This is evidenced by the Indian National Investigation Agency's (NIA) seizures of large amounts of heroin, money, and weapons upon apprehension of HM operatives. NIA officials recover the equivalent of about half a million US dollars a month from HM operatives, indicating they are involved in major drug trafficking operations. They also reported evidence of a sophisticated hawala network that enables them to transit the funds from Jammu and Kashmir back to Pakistan. According to an NIA official, the Pakistani military aid HM militants to cross the border by providing artillery cover fire to distract Indian security forces while HM operatives cross over.⁷⁸⁴

The NIA has gathered further evidence of this collusion through the apprehension of alleged narco-terrorist Ranjit Singh, operating under the alias Rana. In 2019, Rana was accused of trafficking 532 kg of heroin hidden in a rock salt shipment from Pakistan to Attari, a village in Punjab, India, just 3 km from the Indo-Pak border. NIA investigators discovered a complex network of importers and customs agents in Pakistan facilitating the trafficking with the help of a hawala network. The NIA investigators also connected Rana with HM, as the main suspect for a financing operation to fund the chief operational commander of HM, Riyaz Naikoo. Investigators believe this demonstrates a narco-terror nexus where Rana and other traffickers use their drug money to fund the terror operations of HM. The NIA also believes that Rana was working directly with the ISI concurrently with HM, further evidencing the involvement of ISI in narco-terror operations.⁷⁸⁵ Another element of interest in this case is Rana's long-time association with Khalistani extremist groups. Since the 1990s, Rana has been associated with Khalistani extremist groups, like Khalistan Commando Force (KCF) and Bhindranwale Tiger Force (BTF), and has claimed to have carried out attacks under the banner of the latter.⁷⁸⁶ This may be an indication of the ISI reaching out to non-Islamist militants for proxy activities including weapons and narcotics smuggling.

As Pakistan has faced increasing international pressure over its tacit support of Islamist extremist groups, it has shifted towards lesser-known Khalistani militant groups to act as its proxy. The Khalistani movement was formed in 1978 by Sikh separatists in India's Punjab state who wanted to form an independent Sikh state called Khalistan. Over the next few decades, several instances of violence broke out involving Khalistani insurgents that claimed the lives of tens of thousands

782 Ibid., 17.

783 Max Daly, "Synthetic Drugs Will Change the Global Drug Trade Forever," *VICE*, Aug. 19, 2019, <https://www.vice.com/en/article/gyzx57/synthetic-drugs-could-change-the-global-drug-trade-forever-v26n3>.

784 Interview with Indian National Investigation Agency official, Mar. 20, 2021.

785 Sabir Hussain, "NIA Nabs Alleged Narco Terrorist with Hizbul Link from Sirsa," *Hindustan Times*, May 9, 2020, <https://www.hindustantimes.com/india-news/nia-nabs-alleged-narco-terrorist-with-hizbul-link-from-sirsa/story-c8XZ7ilkXA3KmUzstyPWnj.html>.

786 The Tribune, "KCF Ex-Terrorist Arrested," *The Tribune* (Chandigarh, IN), Mar. 20, 2018, <https://www.tribuneindia.com/news/archive/punjab/kcf-ex-terrorist-arrested-560573>.

in India, including Prime Minister Indira Gandhi. The original movement largely ended by 1993 with violent incidents dwindling and an end to militant recruitment efforts. The Pakistani state provided support to Khalistani insurgent groups throughout this period. This included assisting militants with travelling to Pakistan for refuge and setting up training camps in Pakistan to train new recruits and send them back to India to join the Khalistani fight in Punjab. They also provided funding, weapons, and offered military guidance to the militants. As the Khalistani movement died down, scrutiny into the Pakistani state's connection with Khalistani insurgents subsided.⁷⁸⁷

The Khalistani insurgent movement has resurfaced in the past decade, and with it, Pakistani state support. One study analysing news reports from January 2009 to January 2019 found there were reports of 57 planned attacks with confirmed or suspected Khalistani links, 21 of which were executed and 36 of which were preempted. These attacks were carried out by various groups associated with the Khalistani movement, including the Khalistani Liberation Force/Front, Babbar Khalsa International, and Bhindranwale Tiger Force.⁷⁸⁸

There have been several examples in recent years of the Pakistani state's propping up extremist elements within Sikh institutions in the Pakistani government. The Pakistan Sikh Gurdwara Prabandhak Committee (PSGPC) is the official institution in Pakistan that oversees Sikh religious institutions and places of worship in the country. The membership of the PSGPC is appointed by the Pakistani government, and those members appoint their President and General Secretary.⁷⁸⁹ In 2015, the General Secretary of the PSGPC, Gopal Singh Chawla, was photographed with LeT leader Hafiz Saeed. Of course, the Pakistani ISI has a long history of collusion with the terrorist outfit LeT, and this adds another layer of connection between the Pakistani government and LeT, including the official Sikh institution of Pakistan. Given that PSGPC is responsible for administering the Pakistani side of the Kartarpur Corridor Project, which allows Sikhs in India and Pakistan to travel between the two countries for religious pilgrimage, India was concerned with their association with the terrorist organisation. Pakistan responded to India's protestations by removing Chawla in late 2015, but only two years later, he was back in his same role. During his second tenure, Chawla gave an address to LeT's political arm, the Milli Muslim League (MML) and allegedly pledged support for LeT leader Saeed on behalf of Pakistan's Sikh community. He later took it a step further, calling on Pakistan's Sikh community to join the MML in a fight against India. Meanwhile, Chawla was seen with Pakistan Army chief General Qamar Javed Bajwa in November 2018, just months after his infamous meeting with MML, indicating the Pakistani military's endorsement of his actions.⁷⁹⁰

Chawla has also been linked to the Khalistani extremist organisation, Khalistan Liberation Force (KLF). In 2019, Chawla groomed the son of an Indian Air Force pilot to give him military intelligence. Harpal Singh Pala was attracted to Chawla's ideology and contacted him through Facebook. Chawla then convinced Pala to send him information about an Indian military base that his mother worked at. Indian intelligence was able to trace the communication between Pala and Chawla, and after apprehending him, discovered he was also in contact with Ranit Singh Neeta, the leader of KLF. This incident ties Chawla to both the KLF and the Pakistani state, likely gathering intelligence on their behalf.⁷⁹¹

According to an official at the US Drug Enforcement Agency, there is intelligence that links the Pakistani ISI to a Pakistani DTO operating in Sri Lanka, the Maldives, the UAE, and East Africa. They have observed how vessels leaving the Gwadar port in Balochistan are rendezvousing with

787 C. Christine Fair, Kerry Ashkenaze, and Scott Batchelder, "'Ground Hog Da Din' for the Sikh Insurgency?," *Small Wars and Insurgencies* 32, no. 2 (Jul. 3, 2020): 346-350.

788 Fair, Ashkenaze, and Batchelder, "Ground Hog Da Din," 351.

789 *Ibid.*, 360.

790 *Ibid.*, 358-359.

791 *Ibid.*, 359.

Sri Lankan vessels in the open sea off the shores of Sri Lanka. They transit consignments of heroin, synthetic drugs, weapons, and ammunition mid-sea and then the Sri Lankan boats take it to shore to be trafficked along their network, which includes the aforementioned countries and reaches as far as Indonesia and Australia.⁷⁹² In January 2021, India's Narcotics Control Bureau (NCB) apprehended two of the traffickers involved in this network in Chennai, India. These individuals were identified as M.M.M. Nawas and Mohamed Afnas. They are Sri Lankan nationals who obtained fraudulent identity documents to pass themselves off as Indian nationals to obtain bank loans. NCB officials seized 100 kg of heroin from them, worth about USD \$135-140 million. Nawas worked for Sri Lankan national Kanjipani Imran, who has worked directly with Dawood Ibrahim's D-Company. This indicates further evidence of collusion from the ISI, which has close ties to the D-Company. Imran also worked with Makandure Madush, who was the head of a major Sri Lankan criminal enterprise. Both Madush and Imran were implicated in supplying C-4 explosives and weapons for ISIS, who carried out the Easter Bombings in Sri Lanka on April 21, 2019, killing 269 people and injuring over 500. In addition to the implications on the Pakistani government, the activity of this DTO implicates the Chinese government, which operates the Gwadar port in Balochistan where this cell smuggles their drugs. There is no indication of direct involvement by China, but it may suggest an unwillingness to confront Pakistan on this growing threat.^{793 794}

Several similar seizures have occurred in the following months. On March 25, the Indian Coast Guard and the Narcotics Bureau apprehended a Sri Lankan vessel off the coast of Vizhinjam in Kerala that held 300 kg of heroin and five AK-47s with 1,000 rounds of ammunition. Upon further investigation, the NCB assessed that the consignment originated from another vessel that sailed from Chabahar Port in Iran, and rendezvoused with the Sri Lankan vessel mid-sea, as is the common modus operandi of narco-terror groups in the region. One of the smugglers has been identified as a Dubai-based trafficker that is working for the same Pakistani DTO of the previous example and is believed to be sponsored by the ISI.⁷⁹⁵

The activity of the Pakistani DTO in Sri Lanka demonstrates a growing trend in drug trafficking: the shift from heroin to synthetic drugs. As mentioned earlier in this chapter, the price for opium is decreasing as the opium market has become oversaturated. The price for methamphetamines, however, is much higher. The lack of reliance on agricultural yield, higher market price, and lower cost of labour has made this a growing industry in the global narcotics trade.⁷⁹⁶

Synthetic drugs present many advantages to drug traffickers over plant-based drugs. Most significantly, there is less reliance on cross-border smuggling. Most chemical precursors in synthetic drugs are legal substances that can be shipped internationally completely legally. They become an illicit substance once they are combined through chemical processes. This enables traffickers to send the licit ingredients separately to the intended destination as long as there is an operative in-country who is trained to produce the drug. This is a stark contrast to the challenges of trafficking cocaine or heroin, where the ingredients themselves are tightly controlled and transport of them is illegal. The lack of reliance on crops has a multitude of advantages. This removes the risks that come from climate change and poor growing seasons that can lead to unexpected droughts or harmful insects and plant diseases that can destroy crop output. It also means there is less labour needed in production. Synthetic drugs usually just need a handful of people to operate as chemists and to procure needed materials. Heroin production requires farmers, farm labourers, people to procure the precursors, and chemists to turn the plants into opiates. This increases the

792 Interview with U.S. Drug Enforcement Agency (DEA) official, Apr. 1, 2021.

793 Interview with Indian Narcotics Control Bureau (NCB) official, Jan. 22, 2021.

794 Interview with Sri Lankan Criminal Investigation Department (CID) official, Jan. 29, 2021.

795 MENAFN, "ISI-Sponsored Narco-Terrorism Flourishing in Sri Lanka, Say Officials as Boat with 300Kg Heroin Seized," *MENA FN*, Mar. 31, 2021, <https://menafn.com/1101839949/ISI-sponsored-narco-terrorism-flourishing-in-sri-lanka-say-officials-as-boat-with-300kg-heroin-seized>.

796 Interview with Sri Lankan Police Narcotics Bureau official, Jan. 9, 2021.

costs as well as the chances for operatives to be arrested. Synthetic drugs also have little need for much territory for production. Heroin production requires many hectares of poppies to be profitable, which will need to be secured by DTOs or militant groups, requiring more funds and/or weapons. These inherent benefits to synthetic drug trafficking will undoubtedly shift DTOs that currently traffic plant-based drugs towards synthetic drug trafficking.⁷⁹⁷

The benefits of trafficking synthetic drugs have led to the creation of a plethora of cheap synthetic drugs as an alternative to the usual plant-based markets. Greek traffickers have created the meth-based drug *sis*, which contains a lot of dangerous additives, like battery acid and engine oil.⁷⁹⁸ In Serbia, they created *pajdo*, which includes some heroin, but is cut with a majority of synthetic agents, including paracetamol, caffeine, pudding dust, powdered milk, and benzamine. The low-potency of the drug leads users to inject it to feel the effects, which has created an epidemic of hepatitis C and liver damage among the Roma population, in which *pajdo* use is prevalent.⁷⁹⁹ Synthetic cannabinoids, known as *spice*, became popular as an alternative to cannabis, where the producers would continuously adjust the composition to stay one step ahead of regulators attempting to make its use illegal. This adjustment has ended up making the drug much stronger and more toxic, leading it to now be used as an alternative to heroin instead of cannabis. The European Monitoring Centre for Drugs and Drug Addiction observed that *spice* sellers typically spend USD \$6,700-8,900 on production and earn USD \$176,000 in sales, making this drug an extremely profitable endeavour. In Asia, the cheap drug of choice is called *yaba*. It's 20% methamphetamine and 80% caffeine, offering consumers an inexpensive high and enabling meth producers to stretch their production to create a huge quantity for widespread sale throughout the region. This has been tied to an increase in methamphetamine use throughout Asia compared to heroin use.⁸⁰⁰

The Sri Lankan Police Narcotics Bureau has noticed a shift in drug trafficking trends in the country. They have observed both heroin and meth being routinely smuggled together, however recently the amount of meth trafficked is outpacing heroin. They have surmised this is due to the higher profit margin of meth. They also reported the increasing production of meth in Pakistani labs which is then trafficked onto Sri Lanka. The meth being produced in Pakistan is of high quality as well, which shows that this is unlikely a new development.⁸⁰¹

As demonstrated in this chapter, agricultural variability has somewhat weakened the opium economy. Afghanistan has experienced a rollercoaster of climate shifts in the past five years, which creates a vulnerability for DTOs. To combat this, Afghan DTOs have begun investing in methamphetamines. However, these methamphetamines are unique to typical forms of meth. As covered in the previous chapter, Afghan DTOs began developing 'organic meth,' using the ephedra plant native to Afghanistan typically used in firewood as a precursor chemical in its production.⁸⁰² This drug is known to locals as *sheesha*, not to be confused with the Arabic term for the tobacco vaporising instrument, *shisha*. Organic meth has been seized at the Afghan-Iranian border, indicating it is likely being used in the northern and Balkan routes towards Central Asia and Europe. Much of the *sheesha* production is believed to begin in Taywara in the mountains of Ghor province, where the ephedra plant is prevalent. After the ephedra plant is dried, it is then transported in trucks to Farah province in the south west to be processed.⁸⁰³

797 Daly, "Synthetic Drugs."

798 Ibid.

799 Ibid.

800 Ibid.

801 Interview with Sri Lankan Police Narcotics Bureau official, Jan. 9, 2021.

802 Interview with Australian Border Force official, Dec. 9, 2020.

803 David Mansfield and Alexander Soderholm, "The Unknown Unknowns of Afghanistan's New Wave of Methamphetamine Production," Phelan U.S. Centre, London School of Economics (LSE), Sep. 30, 2019, <https://blogs.lse.ac.uk/usappblog/2019/09/30/long-read-the-unknown-unknowns-of-afghanistans-new-wave-of-methamphetamine-production/>.

The Taliban are already heavily involved in the trade of sheesha. As they are active in Taywara, where the ephedra crop is often harvested, they have levied taxes on farmers and traffickers engaging in the production and trafficking of the crop. They generally charge USD \$0.07/kg, which means a significant amount given how much of the crop is produced. In a typical truckload of 15 metric tons, the Taliban will fetch USD \$1,000 per truckload. They are also likely to charge for securing the transit of the crop and possibly tax its trafficking throughout the country, however the amount that they are likely to profit from that is uncertain.⁸⁰⁴

Sheesha has been discovered as far off as Australia, meaning it has been integrated into the global narcotics trade and is likely to grow in prominence.⁸⁰⁵ The ephedra plant is already prevalent throughout the mountainous regions of Afghanistan, in Bamiyan, Daykundi, Herat, Ghazni, Ghor, Helmand, Kabul, Uruzgan, and Wardak, and up until recently had very little value. It is expected that this plant will be cultivated in higher quantities in the future as this sheesha organic meth becomes more popular in the global drug trade.⁸⁰⁶

While Afghanistan-based DTOs are burgeoning players in the synthetic drug market, it is currently dominated by East and Southeast Asia (ESEA). On January 23, 2021, the alleged head of an ESEA multinational drug trafficking syndicate, Tse Chi Lop, was caught in Schiphol Airport at the behest of the Australian Federal Police.⁸⁰⁷ Tse was heading from Taiwan to Canada, where he holds citizenship, and was apprehended during the layover. Tse is alleged to be the head of a drug syndicate known to members as “The Company”, but authorities refer to it as Sam Gor, which is one of Tse’s nicknames. Sam Gor is formed from a network of five Asian triad organisations, including Hong Kong-based 14K, Wo Shing Wo, and Sun Yee On, and Taiwan-based Big Circle Gang and the Bamboo Union. This syndicate is believed to deal in up to USD \$18 billion/year in a variety of drugs, including methamphetamine, heroin, MDMA, ketamine, and other mostly synthetic drugs. Sam Gor produce their drugs in large, high-end facilities operating out of Myanmar’s Shan State, which has become the epicentre of the global methamphetamine industry.⁸⁰⁸ This is the same region that was previously the epicentre of poppy cultivation in the Golden Triangle, but those fields have been dismantled to make room for meth labs.⁸⁰⁹ Much like the symbiotic nexus in South Asia of narcotics funding terrorist organisations, a similar dynamic is playing out in Southeast Asia. Shan State is semi-autonomous and controlled by armed rebel groups who use the narcotics industry to fund their conflict with the Myanmar military. This has made Sam Gor’s production facilities vital to the rebel groups’ survival and therefore well-protected and hidden by militants. This has allowed drug production to grow unabated.⁸¹⁰

There has been a marked growth in drug trafficking in the Asia Pacific in recent years, and it is directly tied to the shift to synthetic narcotics. In 2018, seizures of crystal meth and yaba in East and Southeast Asia amounted to 126 tons, an increase of 50% of the previous year. This coincided with a drop in price of those drugs, indicating a surplus of the market.⁸¹¹ The growth of the synthetic drug industry is a worrying trend in global narcotics trafficking. Unlike with heroin, meth is much cheaper to produce, requires less workforce, and is priced higher per kilo. DTOs that engage in synthetic drug production and trafficking will get a much higher return on investment than heroin traffickers. For instance, a kilo of crystal meth made in Shan State, Myanmar is valued at USD \$1,800 wholesale within the country. But once it’s trafficked abroad, that price skyrockets. A kilo of meth is worth USD \$70,500 in Thailand, \$298,000 in Australia, and \$588,000 in Japan. This means

804 Ibid.

805 Interview with Australian Border Force official, Dec. 9, 2020.

806 Mansfield and Soderholm, “Afghanistan’s Methamphetamine Production.”

807 Interview with the Dutch National Criminal Investigation Department (DLR), Dutch National Police Unit, Mar. 3, 2021.

808 Tom Allard, “The Hunt for Asia’s El Chapo,” *Reuters*, Oct. 16, 2019, <https://www.reuters.com/investigates/special-report/meth-syndicate/>.

809 Daly, “Synthetic Drugs.”

810 Allard, “Asia’s El Chapo.”

811 Ibid.

that even with successful interdiction efforts, it will be difficult to dissuade international trafficking of meth, where even a substantially diminished consignment will turn a high profit.⁸¹²

Like many of the syndicates in South Asia, Sam Gor is a resilient drug trafficking network that is able to quickly adapt to law enforcement and maintain their supply lines. They shifted maritime trafficking from their own ships to shipping containers when Myanmar authorities were interdicting their vessels. When the Thai authorities increased their border security measures at the Myanmar-Thailand border to stop Sam Gor from smuggling drugs across by truck, they began hiring Laotians to smuggle the drugs in backpacks through Laos and Vietnam. Sam Gor is similarly diversified in their operatives and trafficking methods like the South Asian heroin traffickers described throughout this book, and will be equally difficult to subvert. The apprehension of Tse Chi Lop may give authorities more intelligence on how Sam Gor operates, while removing their top official will undoubtedly weaken the organisation, but it is likely to survive and be a continuing threat to the Asia Pacific.⁸¹³

As the volatility of agriculture will increase with the worsening effects of climate change and the likely reduced access to water across the globe, DTOs are expected to continue shifting their focus to synthetic drugs. New pockets of meth production and distribution have been observed in Nigeria, India, Iraq, Iran, Turkey, and Russia. It is also becoming the drug of choice for European DTOs, with a stark growth in meth production in the Netherlands and Czechia. North America has been undergoing an opioid crisis, with fentanyl becoming the main threat in the region, even infiltrating other illicit drugs, like heroin. Mexican cartels are jumping on the bandwagon too, reducing their cannabis and heroin production to focus on supplying the United States' methamphetamine markets.⁸¹⁴ As synthetic drugs are primed to overtake heroin markets, it becomes imperative to address the new challenges that come with preventing synthetic drug trafficking. Traditional interdiction efforts and border security will not deter the spread of synthetic drugs the same way they were able to with plant-based narcotics. A new approach is needed that incorporates reducing demand and addressing addiction along with licit regulation and prosecution of DTOs.

812 Ibid.

813 Ibid.

814 Daly, "Synthetic Drugs."

Chapter Seven

Afghanistan's Collapse and the Future of Counternarcotics

By the autumn of 2021, the Taliban took complete control of Afghanistan as the government of Ashraf Ghani collapsed. This unfortunate series of events began with the signing of the Agreement for Bringing Peace to Afghanistan on February 29, 2020. In this agreement, the Trump administration agreed to pull all US troops out of Afghanistan by May 2021 if the Taliban agreed to a ceasefire with the Afghan government and to stop international terrorist groups like al-Qaeda from plotting attacks on the West from within the country.⁸¹⁵ The US began steadily lowering their troop presence after signing the peace agreement. Surprisingly, the foreign policies of the Trump and Biden administrations aligned on this matter. President Biden announced on April 14, 2021 the intent to pull all US forces out of Afghanistan by September 11, 2021, opting for a delayed exit, citing security concerns. This timeline was later updated to August 31, 2021, with the caveat of maintaining a contingent of about 1,000 troops to secure the US Embassy and Kabul International Airport.^{816 817} The US continued their troop withdrawal through the summer of 2021, vacating Bagram Airfield, the largest US-operated airfield in the country, in the dark of night on July 2, 2021.⁸¹⁸ By this point, the Taliban had gained control of a third of the country's 407 districts, including Badakhshan province⁸¹⁹. By early August, they controlled over half of the country, with 114 more districts in dispute. On August 15, the Taliban took control of Kabul and occupied the Presidential Palace after President Ghani fled the country, signalling their victory over the Ghani government and their complete authority over the country. This will no doubt lead to drastic changes in the security situation in Afghanistan and subsequently narcotics trafficking in the country.

It seems clear that there were security vulnerabilities in the withdrawal that were overlooked. One significant vulnerability is the Taliban's access to the US military's biometrics database. The Taliban is actively seeking out individuals in the country they believe to be a threat to their power, including those who have worked with the US or NATO forces in any capacity.⁸²⁰ Taliban leadership claimed they were trying to restore stability, and weren't going to be seeking retribution against their perceived enemies. Zabihullah Mujahid, the Taliban spokesperson who was central to the peace talks in Doha, stated, "Nobody is going to harm you, nobody is going to knock on your doors." It appears that many Taliban militants did not receive this memo, with multiple reports of Taliban operatives raiding homes in search of individuals they deemed threats, which included activists and journalists.⁸²¹ According to a UN investigation, the Taliban are searching for anyone who worked with US and NATO forces, and are threatening to harm or kill family members if they are not found.⁸²²

The biometrics devices are called Handheld Interagency Identity Detection Equipment (HIIDE). Developed by US defence contractor L-1 Identity Solutions, HIIDE is a durable portable scanner that collects iris, fingerprint, and facial recognition biometric data.⁸²³ These devices were not only used to identify terrorists, but also civilians who worked at US embassies, consulates, or other diplomatic posts.⁸²⁴ The Defense Department stated their goal was to collect biometrics on 80% of

815 Dion Nissenbaum and Ehsanullah Amiri, "U.S., Taliban Sign Deal Meant to End America's Longest War," *Wall Street Journal*, Feb. 29, 2020, https://www.wsj.com/articles/u-s-taliban-set-to-sign-deal-meant-to-end-america-s-longest-war-11582977729?mod=article_inline

816 Charlie D'Agata, "Taliban Surround Major Afghan Cities, Ready for a Showdown When U.S. Troops Are Gone," *CBS News*, Jul. 8, 2021, <https://www.cbsnews.com/news/us-afghanistan-taliban-badghis-siege-american-war-withdrawal/>.

817 Chris Megerian, "As Taliban Advances, Biden Says U.S. Withdrawal from Afghanistan Is Ahead of Schedule," *Los Angeles Times*, Jul. 8, 2021, <https://www.latimes.com/politics/story/2021-07-08/biden-gives-status-report-on-drawdown-of-troops-from-afghanistan-amid-taliban-advances>.

818 Kathy Gannon, "US Left Afghan Airfield at Night, Didn't Tell New Commander," *AP News*, Jul. 6, 2021, <https://apnews.com/article/bagram-afghanistan-airfield-us-troops-f3614828364f567593251aaaa167e623>.

819 Yaroslav Trofimov and Chao Deng, "Afghanistan's Taliban, Now on China's Border, Seek to Reassure Beijing," *The Wall Street Journal*, Jul. 8, 2021, <https://www.wsj.com/articles/afghanistans-taliban-now-on-chinas-border-seek-to-reassure-beijing-11625750130>.

820 Marc Santora and Victor J. Blue, "Protests Spread to Kabul as Taliban Struggle to Govern," *The New York Times*, Aug. 19, 2021, <https://www.nytimes.com/live/2021/08/19/world/taliban-afghanistan-news>.

821 Kim Sengupta, "Taliban Says It Will Not Seek 'Revenge' but Opponents Rounded Up in Kabul," *The Independent*, Aug. 18, 2021, <https://www.independent.co.uk/asia/south-asia/afghanistan-taliban-women-rights-b1904188.html>.

822 Santora and Blue, "Protests Spread to Kabul."

823 Ben Coxworth, "HIIDE Portable Biometric Device Scans Iris, Fingers and Face," *New Atlas*, May 19, 2010, <https://newatlas.com/hiide-portable-biometric-device/15144/>.

824 Ken Klippenstein and Sara Sirota, "The Taliban Have Seized U.S. Military Biometric Devices," *The Intercept*, Aug. 17, 2021, <https://>

the Afghan population, or 25 million people.⁸²⁵ It has been reported that the Pentagon's Automated Biometrics Identification System (ABIS) has collected data on at least one million individuals through HIIDE and other data collection devices, although the real number could be much higher.

The concern now is that the Taliban have access to all of this biometric data and could potentially identify civilians who worked with US or NATO and retaliate against them. While there is doubt that the Taliban have the technological capabilities to utilise this technology, the Pakistani ISI, their long-time ally, could access the data for them. Welton Chang, chief technology officer for Human Rights First and former US Army intelligence officer remarked, "I don't think anyone ever thought about data privacy or what to do in the event the [HIIDE] system fell into the wrong hands." Therefore, failsafe mechanisms were not implemented in the systems to safeguard against intelligence getting compromised. Much of the problem between the 18 months from Trump signing the Doha agreement to his successor Biden deciding to move ahead with the withdrawal stems from whether the Taliban would fulfil the conditions they committed to as laid out in the Doha agreement. Therefore, creating contingency plans in case of a potential Taliban takeover was not considered nor thought likely with the speed of the collapse of the Ashraf Ghani government along with the Taliban reneging on all their promises. As a consequence, the Afghan National Defence and Security Forces (ANDSF) were not able to take over the defence of the country independent of Western support.

The military and diplomatic strategy for Afghanistan are beyond the scope of this book, however it is important to reflect on the overall approach to the war in Afghanistan and the way it ended, given its major impact on the international narcotics industry. There will be many post mortems on this war to come, and these reflections come at a time when the situation on the ground is changing from day to day. This is in no way an exhaustive analysis, but an attempt to shine a light on some strategic weaknesses that may have led to the rapid collapse of the ANDSF and the Taliban's return to power.

One of the issues with the handover of control to the ANDSF is they had insufficient capacity to secure the country on their own. First, there were drastically less troops in the ANDSF than what was officially reported. Afghan commanders reportedly had been inflating the size of their army for years to get more funding from the US. The ANDSF had officially 352,000 soldiers and police officers as of 2019, but they were only able to provide evidence of 254,000 troops. They also failed to report the total number of ANDSF troops who died in combat. This lack of clarity in troop numbers made it difficult to strategize how to secure posts effectively, since the number of available troops was largely unknown.⁸²⁶ Given the insufficient size of the ANDSF and mishandling of resources, many troops were deployed for months without pay. This coupled with the territorial gains by the Taliban over several months led to a fall in morale and high attrition rate, growing as much as 5,000 troops a month in the final months before their defeat, while only gaining 300-500 to counteract the drop.⁸²⁷ The ANDSF had nowhere near the capacity necessary to protect the country from the Taliban.

This capacity issue was present since the beginning of the US engagement in Afghanistan. According to several interviews with US and NATO officials, they believe there was not enough effort to recruit and train a sizable Afghan army in the early days of the conflict, when the Taliban had largely fled to Pakistan and were too disorganised and small to pose a major threat to Afghanistan. This

theintercept.com/2021/08/17/afghanistan-taliban-military-biometrics/.

825 Steve Inskeep, "'First Platoon' Examines How War on Terror Birthed Pentagon's Biometrics ID System," *NPR*, Jan. 14, 2021, <https://www.npr.org/2021/01/14/956705029/first-platoon-examines-how-war-on-terror-birthed-pentagons-biometrics-id-system>.

826 Craig Whitlock, "Unguarded Nation: Afghan Security Forces, Despite Years of Training, Were Dogged by Incompetence and Corruption," *The Washington Post*, Dec. 9, 2019, <https://www.washingtonpost.com/graphics/2019/investigations/afghanistan-papers/afghanistan-war-army-police/>.

827 Abdul Basit, "Why Did the Afghan Army Disintegrate So Quickly?," *Al Jazeera*, Aug. 17, 2021, <https://www.aljazeera.com/opinions/2021/8/17/why-did-the-afghan-army-disintegrate-so-quickly>.

decision to limit resources to train enough Afghan forces came from Secretary of Defense Donald Rumsfeld, who wanted to cap the amount of Afghan soldiers and police at 50,000, significantly below the 130,000 to 200,000 amount that the Afghan government said they required to secure the country.⁸²⁸ Lieutenant General Douglas Lute, who served as the White House's 'Afghan war czar' during the George W. Bush and Obama administrations, reported, "If we started with [building the ANDSF] in 2002-2006 when the Taliban was weak and disorganised, things may have been different." Lute argued that because the United States shifted its focus to the conflict in Iraq, it did not put enough attention and resources towards building up Afghan forces in the early years of the conflict when the Taliban were weak enough to gain the upper hand.⁸²⁹ By the time the Taliban had a resurgence around 2007, Western forces tried to build up the army too quickly, and were unable to sufficiently train enough troops to effectively secure the country.⁸³⁰

Another issue was the unclear overall strategy of what was needed to have the Afghan forces take control of the country especially without the air support that they had always relied on to fight the Taliban. The Afghan forces were trained to coordinate their operations with US special reconnaissance units, helicopters and airstrikes. They lost their superiority to the Taliban when the air support ended.⁸³¹ The ANDSF were unable to rely on their training and without a defensive plan. In SIGAR's "Lessons Learned" interview with Nicholas Burns, who served as ambassador to NATO under George W. Bush, he accurately predicted the downfall of Afghanistan: "I think our correct working assumption about Afghanistan... in those years [2003-2007], was that they cannot do this on their own. They cannot survive without us, and... if we decided that we were going to end the mission... we would risk the return of the Taliban."

Ambassador Burns went on to lament that despite this assumption of a doomed Afghanistan if they were to pull out, the US mission did not adjust their overall strategy to enable a transition to an independent Afghan national force.⁸³² The general strategic approach was mostly reactive and with short term goals in mind.⁸³³ Without a clear plan of how to effectively transition to a situation where the ANDSF could independently secure the country, the Afghanistan campaign had been heading down this tragic path for some time. This sad ending to the war in Afghanistan presents an opportunity for NATO members to reflect on the current paradigms that exist in theatres of operation. An overarching focus on short term victories and reactive operations leave little room for creating a self-sufficient native force. If the goal is to create a country that can govern itself, this must be central to the strategy of all operations.

While the Taliban now have full control over Afghanistan, the instability that may come in the months and years ahead could threaten their hold over the country. With a population hiding in fear and women banned from working, there is a shortage of essential workers to maintain public utilities.⁸³⁴ This could exacerbate the tensions already permeating through the country. The question then is if the Taliban's hegemony could be challenged.

We may see the rise of anti-Taliban militias to contest the Taliban's control. A number of anti-Taliban

828 SIGAR (Office of the Special Inspector General for Afghanistan Reconstruction), "Senior U.S. Official, Lessons Learned interview, 5/5/2016," published by *The Washington Post*, May 5, 2016, https://www.washingtonpost.com/graphics/2019/investigations/afghanistan-papers/documents-database/?document=background_ll_earlyyears_xx_05052016.

829 SIGAR (Office of the Special Inspector General for Afghanistan Reconstruction), "Douglas Lute, Lessons Learned interview, 2/20/2015," published by *The Washington Post*, Feb. 20, 2015, https://www.washingtonpost.com/graphics/2019/investigations/afghanistan-papers/documents-database/?document=lute_doug_ll_01_d5_02202015.

830 Whitlock, "Unguarded Nation."

831 Sami Sadat, "I Commanded Afghan Troops This Year. We Were Betrayed," *The New York Times*, Aug. 25, 2021, <https://www.nytimes.com/2021/08/25/opinion/afghanistan-taliban-army.html>.

832 SIGAR (Office of the Special Inspector General for Afghanistan Reconstruction), "Nicholas Burns, Lessons Learned interview, 1/14/2016," published by *The Washington Post*, Jan. 14, 2016, https://www.washingtonpost.com/graphics/2019/investigations/afghanistan-papers/documents-database/?document=burns_nicholas_ll_01142016.

833 SIGAR (Office of the Special Inspector General for Afghanistan Reconstruction), "Dan McNeill, Lessons Learned interview," published by *The Washington Post*, n.d., https://www.washingtonpost.com/graphics/2019/investigations/afghanistan-papers/documents-database/?document=background_ll_07_xx_xx_undated_mcnell1.

834 Santora and Blue, "Protests Spread to Kabul."

militias formed in the months leading up to the Taliban takeover, composed of veterans of the Soviet-Afghan War who opposed the Soviet invasion but also stood against the sectarianism or fundamentalism of the Taliban. President Ashraf Ghani and other government officials welcomed their emergence, and called for a united resistance against the Taliban.⁸³⁵ However, the most prominent of these groups were quickly disposed of by Taliban forces. One of those was led by Mohammed Ismail Khan. Khan has a colourful background to say the least: he's an ethnic Tajik who fought with the mujahidin in the initial revolt against the Soviets, and rose to prominence as a warlord of Herat in the 1980s and 1990s. He was eventually booted from the city when the Taliban took over in the late 1990s. He then joined the Northern Alliance and helped take back Herat from the Taliban in 2001 with US forces, regaining his position as governor of Herat. He was made the Minister of Energy and Water under the Karzai administration in 2004, and held that position until 2013 after he called on his followers to take up arms against the Taliban, announcing the Karzai government would not protect them.⁸³⁶ In July, Khan made similar appeals to his followers to organise a militia under his leadership to fend off a Taliban incursion. He fended off the Taliban from taking over Herat for two weeks before eventually surrendering August 12, 2021.⁸³⁷ This started a domino effect of other prominent militias falling to Taliban forces. As the ANDSF was on its last legs, the Ghani government sought to strengthen their numbers by deploying the militia groups together in a new coalition. These militias consisted of Jamiat-e-Islami, led by a former warlord of Balkh province, Atta Muhammad Noor, Hezb-e-Junbish, led by warlord Abdul Rashid Dostum and Hezbe-e Wahdat Islami Mardom-e Afghanistan, led by Haji Muhammad Muhaqiq. This alliance was short-lived, and when their forces lost to the Taliban in Mazar-i-Sharif, the surviving militia members fled the country.⁸³⁸ It is possible, however, that they could regroup to challenge the Taliban another day.

A Taliban-controlled Afghanistan may spur a resistance movement from Hazara militias. Multiple have already formed in recent years as the Taliban threat loomed. The Hazara have long feared a Taliban resurgence, having been targeted by them during their rule in the late 1990s and early 2000s.⁸³⁹ It appears their fears were warranted, and the Taliban have already begun to target Hazaras in recent attacks. On July 3, 2021, Hazara residents of Mundarakt, Ghazni province fled their homes as the Taliban advanced on the ANDSF towards their village. They escaped to their summer grazing land and stayed in basic shelters they had set up. However, with little food to feed the entire village, some residents made the harrowing journey back to their village to gather supplies. Upon their return, they found the Taliban had taken over their village, and they soon captured the returning residents. Three of these residents were shot, and three more tortured to death. Another three that escaped to the grazing land tried to find refuge in a neighbouring village, but were caught and executed as well. From July 4-6, nine Hazara men were murdered.⁸⁴⁰ These atrocities could motivate Hazara militias to band together against the Taliban. One militia that has risen to prominence recently is called the Resistance for Justice Movement, a Hazara militia that has mobilised to protect Hazara regions around west Kabul and Hazarajat from incursions by the Taliban and Islamic State-Khorasan Province (IS-KP). Another Hazara militia led by Abdul Ghani Alipur and based in Wardak Province was engaged in combat against both the Taliban and the Ghani govern-

835 Dan De Luce, Mushtaq Yusufzai, and Saphora Smith, "Even the Taliban Are Surprised at How Fast They're Advancing in Afghanistan," *NBC News*, Jun. 25, 2021, <https://www.nbcnews.com/politics/national-security/even-taliban-are-surprised-how-fast-they-re-advancing-afghanistan-n1272236>.

836 Graham Bowley, "Afghan Warlord's Call to Arms Rattles Officials," *The New York Times*, Nov. 12, 2012, <https://www.nytimes.com/2012/11/13/world/asia/ismail-khan-powerful-afghan-stokes-concern-in-kabul.html?partner=rss&emc=rss&r=0>.

837 Sharif Hassan, "An Afghan Warlord Who Steadfastly Resisted the Taliban Surrendered. Others May Follow His Lead," *The New York Times*, Aug. 13, 2021, <https://www.nytimes.com/2021/08/13/world/asia/afghanistan-mohammad-ismail-khan.html>.

838 Basit, "Afghan Army."

839 David Zucchino and Fatima Faizi, "Attacked and Vulnerable, Some Afghans Are Forming Their Own Armies," *The New York Times*, Jun. 22, 2021, <https://www.nytimes.com/2021/06/22/world/asia/vulnerable-afghans-forming-militias.html>.

840 Amnesty International, "Afghanistan: Taliban Responsible for Brutal Massacre of Hazara Men – New Investigation," *Amnesty International*, Aug. 19, 2021, <https://www.amnesty.org/en/latest/news/2021/08/afghanistan-taliban-responsible-for-brutal-massacre-of-hazara-men-new-investigation/>.

ment over the summer of 2021.⁸⁴¹

Another emerging militia group that may challenge the Taliban's rule is called the National Resistance Front of Afghanistan (formerly the Second Resistance). They are led by Ahmad Massoud, the son of former anti-Soviet militia leader and Northern Alliance leader Ahmad Shah Massoud. Massoud is attempting to make the National Resistance Front of Afghanistan a revival of the Northern Alliance, forming a coalition of armed groups throughout the north of Afghanistan to fend off a Taliban incursion. Massoud has used old symbols of Northern Alliance to play up the fond sentiments that many in the north still carry for the group, flying their flags and playing their national anthem at rallies.⁸⁴² The National Resistance was bolstered by the addition of former Vice President and self-proclaimed acting president Amrullah Saleh, who has called on Afghans to join their resistance in the Panjshir Valley and mount an offensive against the Taliban. Saleh stayed behind to resist the Taliban when former President Ashraf Ghani fled the country, gaining him respect and admiration from many Afghans who are against the Taliban's rule.⁸⁴³ When asked why he decided to stay after the Taliban took over, Saleh said, "I am a soldier of Ahmad Shah Massoud and, in his dictionary, there was no such thing as fleeing, exile and leaving the nation in bad moments. If I had escaped, I might have been physically alive, but as soon as I reached any corner of the globe, I would have died instantly." Saleh was a former member of the Northern Alliance and served under Massoud's father.⁸⁴⁴ With the addition of Saleh to the resistance force in Panjshir Valley, it brings more legitimacy to their movement. This could potentially rally more groups to join them and mount a united opposition. While Massoud said the group would be ready to fight the Taliban, he stated he is hoping for a negotiated settlement with the Taliban to establish a government with representation from the various ethnic groups in the country.

On August 18, 2021, three days after the Taliban conquered Kabul, Massoud released an op-ed in the Washington Post declaring the formation of his resistance force against the Taliban in the Panjshir Valley. According to Massoud, his forces now comprise soldiers from the ANDSF, former members of Afghan Special Forces, and members of what he calls the "mujahideen." The point of this article was clearly to make an appeal to Western governments for support. He wrote, "If Taliban warlords launch an assault, they will of course face staunch resistance from us... Yet we know that our military forces and logistics will not be sufficient. They will be rapidly depleted unless our friends in the West can find a way to supply us without delay."⁸⁴⁵ It appears Massoud is seeking a similar arrangement from the West that the US, Pakistan, and Saudi Arabia had with the original incarnation of the mujahidin.

It is uncertain if Western governments have an appetite for supporting militias in Afghanistan. This will unlikely happen without the backing of the United States. US intelligence agencies met with Massoud prior to the Taliban takeover to gather intelligence in the region, but they did not establish a formal cooperation agreement between them.⁸⁴⁶ It should however be noted that while they only engaged with the National Resistance Front for intelligence purposes, there was likely an underlying assumption of mutual benefit, or else the group would have little incentive to share intelligence. With the US completing their withdrawal from Afghanistan on August 30, 2021, this arrangement may have changed. President Biden has made several statements doubling down on his commitment to cease all involvement in Afghanistan beyond remote CT operations and hu-

841 Zucchini and Faizi, "Attacked and Vulnerable."

842 Thomas Gibbons-Neff and Julian E. Barnes, "Spy Agencies Seek New Afghan Allies as U.S. Withdraws," *The New York Times*, May 14, 2021, <https://www.nytimes.com/2021/05/14/world/asia/afghanistan-massoud-cia.html?searchResultPosition=4>.

843 Al Jazeera, "Saleh and Massoud: The Afghan Leaders Challenging the Taliban," *Al Jazeera*, Aug. 23, 2021, <https://www.aljazeera.com/news/2021/8/23/the-two-men-challenging-the-taliban-in-afghanistan>.

844 Yahoo News, "Taliban Rule Won't Last Long in Afghanistan, Says Amrullah Saleh," *Yahoo News*, Aug. 28, 2021, <https://sg.news.yahoo.com/taliban-rule-wont-last-long-045506874.html>.

845 Ahmad Massoud, "The Mujahideen Resistance to the Taliban Begins Now. But We Need Help," *The Washington Post*, Aug. 18, 2021, <https://www.washingtonpost.com/opinions/2021/08/18/mujahideen-resistance-taliban-ahmad-massoud/>.

846 Gibbons-Neff and Barnes. "New Afghan Allies."

manitarian aid.⁸⁴⁷ White House national security advisor Jake Sullivan in the Biden administration said the government was open to potentially sending economic and developmental assistance to Afghanistan depending on the Taliban's actions. He said, "We do believe that there is an important dimension of humanitarian assistance that should go directly to the people of Afghanistan."⁸⁴⁸ It is uncertain what they will consider "direct aid to the people of Afghanistan," and if financial assistance to this resistance force would qualify. Some members of Congress are already actively pushing to back this resistance force.

Beyond the United States, the National Resistance Front has formed relationships with France, India, Iran, the UK, and Russia. Russia was particularly open to aiding the group, selling weapons to the group through a third party.⁸⁴⁹ However, with the Taliban now in charge, Russia has pulled a 180 and has made clear they have no intentions of challenging the Taliban's authority. Russia's ambassador to Afghanistan Dmitry Zhirnov spoke on August 20, 2021, stating, "We can't wave reality aside. They [the Taliban] are the de facto authorities. There is no alternative to the Taliban in Afghanistan." Zhirnov even directly addressed Amrullah Saleh's declaration of being the caretaker president of Afghanistan, saying he violated the constitution and the National Resistance Front's opposition had no chance of victory. He went on to say, "They have no military prospects. There are not many people there. As far as we know they have 7,000 armed people. And they already have problems with fuel. They tried to fly a helicopter but they have no petrol and no supplies."⁸⁵⁰

Russia seems to be weighing the probability of the Taliban staying in power and believing it is in their best interest to stay on their good side. With their strong ties to Central Asia, and a large Central Asian diaspora living in the country, Russia is likely fearful of extremism from Afghanistan pouring into the rest of Central Asia and eventually Russia. This creates a strong incentive to not make themselves an enemy of the Taliban. Their aid to the National Resistance Front occurred while the future of Afghanistan was unclear and there was a possibility of a contested rule. They were clearly hedging their bets on potential victors, and they've now decided the Taliban are the best bet.

A potential cause for civil conflict across the country would be a schism within the Taliban. Despite their display of a united organisation, the Taliban has been undergoing an internal struggle for power for years between multiple leaders and factions within the organisation. With their rise to power, this struggle may come to a head as they are expected to name their new cabinet ministers. While the Taliban is officially under the leadership of Hibatullah Akhundzada, management of Taliban operations are currently split between three deputies: Sirajuddin Haqqani of the Haqqani network, Mohammad Yaqoob, the son of Taliban founder Mullah Omar, and Abdul Ghani Baradar, one of the founding members of the Taliban who heads up their Doha political office.⁸⁵¹ Akhundzada delegated the organisation's operations in order to prevent any from gaining outsized power and forming a powerful faction.

Haqqani and Yaqoob have drastically different visions for the organisation, which are starting to come into conflict with each other.⁸⁵² As was covered earlier in this book, Haqqani is closely tied with the Pakistani ISI and JeM, with the Kashmir conflict high on their radar. In May 2020, a Taliban spokesman operating under Yaqoob made the surprising statement regarding their position on In-

847 Alex Woodward, "Biden Speech - Live: President Defends US Exit from Afghanistan, Pledging 'No Deadline' to Evacuate Americans," *The Independent*, Aug. 31, 2021, <https://www.independent.co.uk/news/world/americas/us-politics/biden-speech-live-today-address-b1911842.html>.

848 Shannon Pettypiece, Peter Alexander, Mike Memoli, And Lauren Egan, "Biden Defends Afghanistan Withdrawal: 'Not Extending a Forever Exit'," *NBC News*, Aug. 31, 2021, <https://www.nbcnews.com/politics/white-house/biden-address-end-afghan-war-amid-criticism-over-chaotic-u-n1278142>.

849 Gibbons-Neff and Barnes, "New Afghan Allies."

850 Al Jazeera, "'No Alternative to the Taliban': Russia's Envoy to Afghanistan," *Al Jazeera*, Aug. 20, 2021, <https://www.aljazeera.com/news/2021/8/20/no-alternative-to-the-taliban-russias-envoy-to-afghanistan>.

851 Raju Gopalakrishnan, "Exclusive: Council May Rule Afghanistan, Taliban to Reach Out to Soldiers, Pilots," *Reuters*, Aug. 18, 2021, <https://www.reuters.com/world/asia-pacific/exclusive-council-may-rule-afghanistan-taliban-reach-out-soldiers-pilots-senior-2021-08-18/>.

852 Jared Schwartz and Yelena Biberman, "A Divided Taliban Could Unleash a New Proxy War in Afghanistan," *Atlantic Council*, Jun. 29, 2020, <https://www.atlanticcouncil.org/blogs/new-atlanticist/a-divided-taliban-could-unleash-a-new-proxy-war-in-afghanistan/>.

dia's revocation of Kashmir's special status autonomy, stating that the Taliban "does not interfere in the internal affairs of other countries."⁸⁵³ This is wildly out of step with the Haqqani network's position, which hosted anti-Indian militants in a Taliban training camp a month prior, while sending several Haqqani network operatives to train under JeM leadership in Pakistan. There are also signs of Yaqoob and Baradar butting heads over the cabinet membership, with Yaqoob vying for military commanders to join the cabinet while Baradar was pushing for political leaders who were active in the Doha peace negotiations. Yaqoob has made public statements chiding Baradar for trying to dictate terms for the Taliban while enjoying the luxuries of Doha living safely away from conflict.⁸⁵⁴

This conflict may come to a head soon with a light shining on the uncertain leadership of the group. The pandemic may have already claimed Akhundzada, who was confirmed to have contracted the virus and was in critical condition as of the summer of 2020, with some reports that he has already died. The Taliban have held that he is living in Kandahar and will make a public appearance soon, but as of this writing he has yet to be seen by the public, outside of one photo released by the Taliban from an unknown date.⁸⁵⁵ The Taliban may be delaying the revelation of his death/sickness until they have determined his successor and solidified the cabinet ministers. Taliban spokesman Waheedullah Hashimi may have given up the game in an interview just days after the Taliban takeover. He said that Akhundzada would rule above the head of the council, but would not be a member of the council. He said, "Maybe [Akhundzada's] deputy will play the role of 'president'."⁸⁵⁶ He is implying that someone besides Akhundzada would lead the council, with Akhundzada supposedly running things from the shadows. This would allow them to claim he is still alive and running the show without ever having to show him in public. This is not without precedent – the Taliban hid the death of Mullah Omar for two years. So the question then becomes – who is this deputy who will really run the show?

The man who was now expected to be the de facto leader of the Taliban is Abdul Ghani Baradar. While Yaqoob had been floated as the likely successor for the past few years given his taking over all ground operations in Afghanistan, Baradar's public role in signing the peace deal with the United States brought his name to prominence among world leaders and gave him more international legitimacy than Yaqoob. While Baradar's role in the organisation has been quiet in recent years and he had not stepped foot in the country in a decade, he was one of the founding members of the organisation. He had been an active member of the original mujahidin fighting the Soviets while serving under Mullah Omar, the future Taliban's original leader. He helped found the Taliban with Omar and was part of the original group that conquered Afghanistan in 1996. Baradar was soon promoted to deputy defence minister under Omar. When the Taliban fled to Pakistan after the US-led coalition had begun their military operation in Afghanistan in 2001, Baradar gained a reputation as a strong leader in the organisation. Baradar's exit from leadership was not by choice. Pakistan's ISI arrested him in Karachi in 2010. Eight years later, the US made the call for Pakistan to release him from prison to take part in the peace talks in Doha.⁸⁵⁷ Perhaps this was because Baradar had tried to broker a peace agreement with President Karzai back in 2010 before he was arrested. The West likely saw him as the best chance of achieving a political settlement now that it was in the interest of the Afghan government. In the 2018-2020 negotiations, He took on the role of lead negotiator and was the one to sign the official peace deal that eventually led to the Taliban's takeover. Once this

853 Shishir Gupta, "Kashmir Is India's Internal Matter, Says Taliban; Denies Plan to Target Delhi," *Hindustani Times*, May 19, 2020, <https://www.hindustantimes.com/india-news/kashmir-is-india-s-internal-matter-says-taliban-denies-plan-to-target-delhi/story-sOgG3yPsMenP4nZDKRbygl.html>; David Loyn, "Punch-up at the palace: why the Taliban is tearing itself apart," *The Spectator*, Sep 20, 2021. <https://www.spectator.co.uk/article/punch-up-at-the-palace-the-bust-up-tearing-the-taliban-apart>.

854 Shishir Gupta, "Yaqoob and Haqqani Factions Fight over Taliban Government," *Hindustan Times*, n.d., <https://www.hindustantimes.com/world-news/yaqoob-and-haqqani-factions-fight-over-taliban-government-101630474732128.html>.

855 Deccan Herald, "Where is Hibatullah Akhundzada, the Taliban's Supreme Leader?," *Deccan Herald*, Aug. 30, 2021, <https://www.deccanherald.com/international/world-news-politics/where-is-hibatullah-akhundzada-the-talibans-supreme-leader-1024989.html>.

856 Gopalakrishnan, "Council May Rule Afghanistan."

857 The Economist Explains, "Who is Mullah Abdul Ghani Baradar, the Taliban's De Facto Leader?," *The Economist*, Aug. 18, 2021, <https://www.economist.com/the-economist-explains/2021/08/18/who-is-mullah-abdul-ghani-baradar-the-talibans-de-facto-leader>.

deal was signed, Baradar conducted several diplomatic meetings with regional powers like Russia, China, and Iran. This further cemented him as the de facto leader of the organisation.⁸⁵⁸

Since the Taliban's takeover of the country, the Haqqani network's role in the organisation has grown in prominence and visibility. No longer the hidden arm of the Taliban, Sirajuddin has been named the military chief of the Taliban and the network has been placed in charge of security in Kabul. According to US and former Afghan officials, an elite militant unit operating under the Haqqani network, the Badri Army, has been charged with securing the Kabul airport.⁸⁵⁹ Despite his now prominent public position in the Taliban, Sirajuddin has not been seen in public for months.

On May 29, 2021, it was reported that Sirajuddin Haqqani also came down with the virus and was last known to have been taken to a military hospital in Pakistan.⁸⁶⁰ He has not been heard from since, as of this writing. Haqqani's and Akhundaza's departure from operational power enabled Yaqoob to take control of the Taliban entirely, both financially and militarily. Yaqoob was in charge of the Taliban militia when they took over the country, which may give him a strong claim to leadership.⁸⁶¹ Meanwhile, Baradar has been seen as the de facto political leader given his role in the peace deal and subsequent diplomatic engagement with world powers. However, with the gains the Haqqani network has made in Kabul, they too may push for leadership. Although Sirajuddin Haqqani may no longer be able to claim power, someone else in that camp may already be positioning themselves to take over.

The Haqqani network is a very nepotistic and hierarchical organisation. They have always been run by a patriarch, so it is difficult to imagine someone leading the organisation outside of the family. If Sirajuddin Haqqani is dead/incapacitated from COVID-19, there are a few people who would presumably take over. Anas Haqqani is Sirajuddin's younger brother and, according to former Afghan officials, is a high-ranking leader in the organisation who has managed important strategic operations as deputy to his brother. According to Afghan intelligence, Anas has been producing online propaganda for the organisation and has also overseen fundraising for militant operations.⁸⁶² The Haqqani network denies his involvement in the organisation, claiming he is simply a student. Then there is Hafiz Rashid, who was the Haqqani network's military commander for southeastern Afghanistan. He has a longtime connection to the network, given his brother was deputy to network founder Jalaluddin during the 1990s. He reportedly coordinated multiple suicide bombing attacks. Both Anas and Rashid were captured by Afghanistan's National Directorate of Security (NDS) in October 2014. It appears that Anas is more important to the network than they claimed; they released two high-value captive professors from the American University of Afghanistan in exchange for Anas and Hafiz on November 12, 2019.⁸⁶³ Anas was officially named to be on the Taliban's negotiating team in Doha beginning in February 2019, while he was still in prison.⁸⁶⁴ After his release, he was present at the signing ceremony of the peace deal, indicating his clear prominence in the Taliban.⁸⁶⁵

Khalil Ahmed Haqqani is the brother of network founder Jalaluddin and uncle of current leader

858 NPR (National Public Radio), "What We Know About Mullah Abdul Ghani Baradar, New Taliban Leader," *Weekend Edition Saturday, NPR*, Aug. 28, 2021, <https://www.npr.org/2021/08/28/1031965194/what-we-know-about-mullah-abdul-ghani-baradar-new-taliban-leader>.

859 Sune Engel Rasmussen and Nancy A. Youssef, "In Taliban-Ruled Afghanistan, Al Qaeda-Linked Haqqani Network Rises to Power," *The Wall Street Journal*, Aug. 26, 2021, <https://www.wsj.com/articles/in-taliban-ruled-afghanistan-al-qaeda-linked-haqqani-network-rises-to-power-11629990056>.

860 Lynne O'Donnell and Mirwais Khan, "Leader of Afghan Taliban Said to Be Gravely Ill with the Coronavirus," *Foreign Policy*, Jun. 1, 2020, <https://foreignpolicy.com/2020/06/01/afghan-taliban-coronavirus-pandemic-akhundzada/>.

861 Schwartz and Biberman, "A Divided Taliban."

862 Bill Roggio, "Afghan Intel Agency Captures Two Senior Haqqani Network Leaders," *Threat Matrix* (blog), *FDD's Long War Journal*, Oct. 16, 2014, https://www.longwarjournal.org/archives/2014/10/afghan_intel_agency_captures_t.php.

863 "Afghan Government Releases Militants in Apparent Exchange for American, Australian Captives," *Radio Azadi, Radio Free Europe/Radio Liberty*, Nov. 12, 2019, <https://www.rferl.org/a/afghan-officials-taliban-militants-to-be-swapped-for-american-australian-captives-into-u-s-custody/30265037.html>.

864 Jerry Dunleavy, "Haqqani Leader Says 'We Are the Taliban,' Contrary to State Department Claims," *Washington Examiner* (accessed via Yahoo! News), Aug. 30, 2021, <https://news.yahoo.com/haqqani-leader-says-taliban-contrary-181300357.html>.

865 Associated Press, "Former Taliban Hostage in Doha to Witness Peace Deal," *Associated Press* (accessed via VOA [Voice of America]), Feb. 27, 2020, <https://www.voanews.com/middle-east/former-taliban-hostage-doha-witness-peace-deal>

Sirajuddin Haqqani. He is a senior member of the network and has overseen significant fund-raising activities for the organisation. He has also overseen militant operations, having deployed militants to operations in Paktia Province in 2002. He has strong ties to the Gulf, having made several trips to court Taliban benefactors in the region.⁸⁶⁶ Just days after the Taliban took power, Khalil made a rare public appearance celebrating their victory and extolling the peace that would come of this. Both he and Anas met with former President Hamid Karzai a week after the Taliban took power to discuss a potential power-sharing agreement in a transitional government. While it is uncertain how likely this power-sharing arrangement is to succeed, it speaks volumes that both Haqqani men were present to represent the Taliban in the talks.⁸⁶⁷

Then there is Yahya Haqqani, brother-in-law to Sirajuddin. He has acted as head of the organisation when Sirajuddin and Khalil have been unavailable. He oversees logistics operations and handles the funding of many Haqqani commanders. Yahya has been a key figure in orchestrating attacks, having coordinated the distribution of IEDs, communication equipment, and funds for several operations. As a fluent Arabic speaker, he has been invaluable as a translator for Sirajuddin with Arabic-speaking allies and militants. He has also handled media and propaganda for the organisation.⁸⁶⁸ Another high-ranking network member who may rise to prominence is Abdul Aziz Ahbasin, who reports directly to Sirajuddin. He is the Taliban shadow governor of Paktika Province, Afghanistan. He oversees a foreign fighter training camp in the province and has command over several militant cells.⁸⁶⁹ All of these potential successors and leaders may be a moot consideration if Sirajuddin recovers from COVID-19. However, given the level to which the Taliban has tried to conceal his hospitalisation, it appears they have reason to be worried of the public finding out Sirajuddin's condition.

Tension between Khalil Ahmed Haqqani and Abdul Ghani Baradar has already manifested itself in a physical manner. On the evening of September 3, 2021, a violent altercation broke out in Kabul's presidential palace between the two figures, in which Haqqani reportedly punched Baradar. A shootout then ensued between the men and their respective security details.⁸⁷⁰ The fight was allegedly about concerns regarding the Panjshir Valley in the northeast of Afghanistan, which was considered a stronghold of the National Resistance Front at the time. Baradar wanted to cease combat and call Taliban soldiers back, while the Haqqanis preferred to continue battling against the resistance forces. Baradar later made an appearance publicly to deny the existence of any "internal disputes" within the Taliban leadership.⁸⁷¹

A complete split between the Haqqani and Baradar factions of the Taliban would spell more trouble for the international community, with the Haqqani network likely to further consolidate its power over both the group and the country itself. With the Haqqani network's infamous links to the narcotics trade already established, one can only predict that the drug economy of Afghanistan will continue to consume the nation if the Haqqanis eclipse Baradar's influence.

If more battle lines were drawn between Yaqoob, Sirajuddin Haqqani (or a Haqqani successor) and Baradar, it would throw the country into a chaotic situation. In general terms, Yaqoob would find support in the south around Kandahar while the Haqqani network and Baradar would find support in the northeast, given their Pashtun nationalities. However, Yaqoob has been building

866 United Kingdom, Council Implementing Regulation (EU) 2017/404, Division (43), Council Implementing Regulation (EU) 2017/404 of 7 March 2017 implementing Article 11(4), UK Statute Law Database, The National Archives, March 7, 2017, <https://www.legislation.gov.uk/eur/2017/404/annex/division/A/division/43/data.pdf>

867 Rasmussen and Youssef, "Haqqani Network Rises to Power."

868 "Yahya Haqqani," *United Nations Security Council, United Nations*, Jul. 31, 2014, <https://www.un.org/securitycouncil/sanctions/1988/materials/summaries/individual/yahya-haqqani>.

869 "Abdul Aziz Abbasin," *United Nations Security Council, United Nations*, Oct. 4, 2011, <https://www.un.org/securitycouncil/sanctions/1988/materials/summaries/individual/abdul-aziz-abbasin>.

870 David Loyn, "Punch-up at the palace: why the Taliban is tearing itself apart," *The Spectator*, Sep 20, 2021. <https://www.spectator.co.uk/article/punch-up-at-the-palace-the-bust-up-tearing-the-taliban-apart>.

871 Ibid.

relationships with commanders in the north since taking over from Haqqani, so that region may be in play.⁸⁷² Yaqoob is quite popular in the southern regions of Afghanistan due to being the son of Mullah Omar. However, Baradar holds a lot of respect as well given his history as a founding member of the Taliban.⁸⁷³ Sirajuddin, like the rest of the Haqqanis, faces mistrust from Kandahari Taliban members. This is mostly because of the family's association with the Pakistani military.⁸⁷⁴ The Haqqani network would find support in North Waziristan as well as over the Pakistani border in Loya Paktia, which has long been in their sphere of influence. The network could also presumably rely on the Pakistani Taliban, or TTP, for support in an internal conflict. While Yaqoob and Baradar have won the support of large swathes of the Taliban, the Haqqani network is a highly organised, well-funded organisation that would present a major challenge.

There are more signs of cracks in the foundation of the Taliban besides the division between Haqqani, Yaqoob, and Baradar. Gul Agha Ishakzai was Mullah Omar's closest aid, and was placed in charge of the Taliban's finances. Under his management, the Taliban's annual income ballooned to reportedly USD \$1.7 billion. He is well respected and very influential within the organisation. It is an open secret in the Taliban that a rivalry has been brewing between Yaqoob and Ishakzai. While they may have had a warmer relationship when Yaqoob's father was alive, there have been reports that Ishakzai has had reservations about Yaqoob's ascent to leadership. Perhaps this was spurred by Yaqoob's success in setting up a profitable financial commission through advancing on lucrative regions in the country, such as mining sites and narcotics hotspots.⁸⁷⁵ However, with Ishakzai getting named as the minister of finance in the new Taliban government, it may put his fears to rest.⁸⁷⁶

In addition to potential future rifts in the Taliban, small splinter groups have already formed that could grow into a threat to Taliban hegemony. A new group calling itself Hezb-e Walayat-e Islami is reported to have informally split from the Taliban following the US-Taliban peace agreement signed in February 2020. This group of hardliners were against any kind of settlement with the Afghan government. They appear to be based in Iran and consist of Taliban veteran commanders in exile and militants from a number of Taliban offshoots. Some of these commanders are believed to be Mullah Zakir and Ibrahim Sadr, the former military commission chief of the Taliban. Also among its ranks are members of the Feday-e Mahaz (Suicide Brigade), an established radical faction of the Taliban. Experts believe this group is led by Haji Najibullah, a disciple of Mullah Dadullah, who was killed by a US-led coalition in Helmand Province in 2007.⁸⁷⁷ Najibullah was named as intelligence chief in the new Taliban cabinet, perhaps as a way to bring this faction back into the fold.⁸⁷⁸ Time will tell if this alliance will hold.

Another result of the Taliban's takeover is the resurgence of IS-KP (AKA ISIS-K). IS-KP has been on a decline in the past two years due to fighting the US, Afghan security forces, and the Taliban on different fronts. They had estimates of 2,000-4,000 members at their height, but appeared to have been nearly eradicated at the end of 2019 from confrontations with the US, Afghan security forces, and the Taliban. The United Nations Assistance Mission in Afghanistan's (UNAMA) "Protection of Civilians in Armed Conflict Annual Report 2020" found that only 8% of all civilian

872 Lynne O'Donnell and Mirwais Khan, "Taliban Leadership in Disarray on Verge of Peace Talks," *Foreign Policy*, May 29, 2020, <https://foreignpolicy.com/2020/05/29/taliban-leadership-disarray-coronavirus-covid-peace-talks/>.

873 John Hudson, "CIA Director William Burns Held Secret Meeting in Kabul with Taliban Leader Abdul Ghani Baradar," *The Washington Post*, Aug. 24, 2021, https://www.washingtonpost.com/national-security/burns-afghanistan-baradar-biden/2021/08/24/c96bee5c-04ba-11ec-ba15-9c4f59a60478_story.html.

874 Borhan Osman, "Taleban in Transition 2: Who Is in Charge Now?," *Afghanistan Analysts Network*, Jun. 22, 2016, <https://www.afghanistan-analysts.org/en/reports/war-and-peace/taleban-in-transition-2-who-is-in-charge-of-the-taleban/>.

875 O'Donnell and Khan, "Taliban Leadership in Disarray."

876 Amalendu Misra, "Afghanistan: who's who in the Taliban's 'inclusive' new administration," *The Conversation*, Aug. 17, 2021, <https://theconversation.com/afghanistan-whos-who-in-the-talibans-inclusive-new-administration-166767>.

877 Frud Bezhan, "Iranian Links: New Taliban Splinter Group Emerges That Opposes U.S. Peace Deal." *Radio Free Europe, Radio Liberty* (Prague, CZ), Jun. 9, 2020, <https://www.rferl.org/a/afghanistan-taliban-splinter-group-peace-deal-iranian-links/30661777.html>.

878 Misra, "Taliban's administration."

casualties in 2020 were attributed to IS-KP attacks. The total number of civilian casualties from IS-KP dropped by 45% from 2019 to 2020. From 2019 to 2020, IS-KP lost the vast majority of the territory they controlled in eastern Afghanistan and were no longer able to take on the Taliban or Afghan security forces in conventional battle. They instead spent their efforts on high casualty suicide attacks and remote controlled IED attacks to maintain relevance and the appearance of strength.⁸⁷⁹ In UNAMA's report for the first quarter of 2021, there was a further reduction in the proportion of IS-KP casualties at only 5%.⁸⁸⁰ It seemed like IS-KP had become nearly eradicated in Afghanistan. This was until the suicide bombing attack outside Kabul airport on July 26, 2021 which killed 95 Afghans, 13 US service members, and injured well over 100 people.⁸⁸¹ The terror group purposely chose this location and time to capitalise on the swarm of people trying to evacuate the country as the Taliban was taking over. Just days before the strike, an IS-KP commander was interviewed by CNN and said they were waiting for an opportune moment to strike, which was soon to come. This commander claimed to have 600 men working under his command operating out of Kunar.⁸⁸²

ISIS has historically thrived in unstable environments, as demonstrated in their founding in Syria and Iraq. It is likely that IS-KP will continue to use the unrest in Afghanistan to launch more high-profile attacks and recruit more members. A perfect example is their October – November 2020 university attacks in Kabul, killing tens of civilians with suicide bombing, grenades, and gunfire. For a two-week period, the major institutions in Afghanistan were under assault, meant to terrorise the student population and leading to a massive evacuation of schools across the country.⁸⁸³ These types of attacks can be easily implemented with limited resources and militants. With the unrest that Afghanistan will likely experience for the foreseeable future, IS-KP will likely continue to try to gain ground and become a formidable force. It is unknown if their numbers are big enough to attempt to gain a territorial hold, or if they will stick with their current tactics, but regardless they will be a destabilising force in Afghanistan.

Now that the Taliban have gained control over Kabul and become the de facto government of Afghanistan, one of two outcomes could occur: the Taliban government will continue to use narcotics trafficking as a primary source of financing, or they may move away from narcotics altogether. It is possible that in order to normalise relations with other countries, the Taliban government would ban narcotics trade altogether. In their first press conference after taking power, Taliban assured the world that they would not engage in narcotics trafficking. On August 17, 2021, Taliban spokesman Zabihullah Mujahid said, "We are assuring our countrymen and women and the international community, we will not have any narcotics produced. From now on, nobody's going to get involved (in the heroin trade), nobody can be involved in drug smuggling."⁸⁸⁴ The Taliban are clearly trying to show the world a presentable face for the organisation and hope to bring them international legitimacy. But could they actually follow through with a heroin ban? This is not without precedent. As was covered in this book, the Taliban banned opium production in 2000, which was the most successful ban of opium in Afghanistan to date. Whether this move

879 United Nations Assistance Mission in Afghanistan's (UNAMA). *Afghanistan: Protection of Civilians in Armed Conflict Annual Report 2020*. Geneva, CH: United Nations Human Rights Office of the High Commissioner. February 2021. https://unama.unmissions.org/sites/default/files/afghanistan_protection_of_civilians_report_2020_revs3.pdf.

880 United Nations Assistance Mission in Afghanistan's (UNAMA). *Afghanistan: Protection of Civilians in Armed Conflict First Quarter Update: 1 January to 31 March 2021*. Geneva, CH: United Nations Human Rights Office of the High Commissioner. April 2021. https://unama.unmissions.org/sites/default/files/unama_protection_of_civilians_in_armed_conflict_1st_quarter_2021_2_0.pdf.

881 Yuliya Talmazan, Mushtaq Yusufzai, Courtney Kube, and Andrea Mitchell, *NBC News* (New York, NY), Aug. 27, 2021, <https://www.nbcnews.com/news/world/high-threat-terror-attack-disrupts-kabul-airport-evacuations-biden-deadline-n1277670>.

882 Clarissa Ward, "Clarissa Ward's Chilling Interview with ISIS-K leader," *CNN* (Atlanta, GA), Aug. 28, 2021, <https://www.cnn.com/videos/world/2021/08/28/isis-k-leader-intv-ward-afghanistan-kabul-attack-vpx.cnn>.

883 United Nations Assistance Mission in Afghanistan's (UNAMA), *Afghanistan: Protection of Civilians in Armed Conflict Annual Report 2020*, (Geneva, CH: United Nations Human Rights Office of the High Commissioner, February 2021), https://unama.unmissions.org/sites/default/files/afghanistan_protection_of_civilians_report_2020_revs3.pdf.

884 *France 24*, "Taliban vow to ban heroin, but can they survive without it?," (Paris, FR), Aug. 19, 2021, <https://www.france24.com/en/live-news/20210819-taliban-vow-to-ban-heroin-but-can-they-survive-without-it>.

was made to improve international relations or to drive up the value of their existing supply of opium is in question, but it indicates their willingness to use opium bans to their advantage.

Whether or not a Taliban government would stop engaging in narcotics trafficking depends on two main factors: whether they would make enough from other revenue sources to sustain the country, and whether they believe trafficking will impact their international standing enough to threaten their control of the country. Given their current revenue of USD \$1.6 billion a year, the Taliban have reached virtual financial independence. This is reportedly due to the strategic efforts of Mohammad Yaqoob to target profitable regions in the Taliban's expansion efforts and maximise revenue streams. Under his financial commission plan, conceptualised in 2016, Yaqoob conquered areas rich in mineral resources, refined the Taliban's taxation system to get higher returns, and developed high volume export markets for mined materials. After conquering areas rich in valuable materials, like coal, salt, rubies, and emeralds, Yaqoob fostered relationships with wholesale buyers and exporters to purchase the mined resources. Due to Yaqoob's focus on developing a mining enterprise, the Taliban's grew their mining revenue from USD \$35 million in 2016 to \$464 million in 2020, exceeding their narcotics revenue of \$416 million, which is likely a first for the organisation. At this rate of growth, mining alone could become a billion-dollar enterprise for the Taliban. The rest of their financial revenue for 2020 consisted of USD \$240 million from foreign aid, \$240 million from exports, \$160 million from taxes, and \$80 million from real estate.⁸⁸⁵

While their mineral wealth is significant, narcotics revenue is still central to financing the organisation. Even if it was possible for the Taliban to give up their narcotics revenue, they would be unlikely to want to rely more on their other major sources of revenue, like foreign aid. The Taliban have long sought to become financially independent from foreign aid, which has made them subject to the interests of outside actors, like the Pakistani ISI, or donors from the Gulf. Now that foreign aid only makes up 15% of their total revenue, they likely have less concern for protecting those relationships, and more ability to operate independently. This would be a strong indicator that they are unlikely to stop narcotics trafficking in the short term. If they were to stop trafficking, they would need to increase their reliance on foreign aid until they can gain enough funds from mining and real estate to make up the difference. While mining revenue has surpassed their narcotics revenue, they still make 26% of their revenue from drugs. This also does not consider the amount of tax revenue they make from poppy farmers, which is likely a high proportion of the USD \$160 million. As the Taliban struggles to secure their hold on the country, there is little doubt that they will rely on narcotics revenue to fund their operations. Even if there is relatively little conflict, the transition from opposition militia to governing political party will likely be turbulent to say the least. In the likely scenario of a financial crisis in the coming days, the Taliban will need to rapidly increase their cash flow, which narcotics trafficking is uniquely able to accomplish.

International sanctions on the Taliban may force them to rely further on narcotics trafficking. On August 18, 2021, the International Monetary Fund announced that they will block Afghanistan from receiving \$460 million in COVID emergency reserves. This move by the IMF followed pressure from the Biden administration to block the country from receiving the funds that were already allocated to it along with other countries struggling from the pandemic. The IMF says that they are not able to allocate funds to a government that is not recognised by some of their member states. Canada, the European Union, Russia, and the United States have not recognised the Taliban as the sovereign government of Afghanistan, which has stopped the IMF from releas-

885 Frud Bezhani, "Exclusive: Taliban's Expanding 'Financial Power' Could Make It 'Impervious' To Pressure, Confidential Report Warns," *Radio Free Europe. Radio Liberty* (Prague, CZ), Sep. 16, 2020, <https://www.rferl.org/a/exclusive-taliban-s-expanding-financial-power-could-make-it-impervious-to-pressure-secret-nato-report-warns/30842570.html>.

ing the funds.⁸⁸⁶ The United States took things a step further and blocked their access to USD \$9.4 billion in international reserves, which were owned by Afghanistan's central bank, but were actually based in the Federal Reserve Bank of New York.⁸⁸⁷ Because of this rapid shift in their access to finances and the internal turmoil the country is experiencing, Afghanistan is already experiencing a massive economic downturn in an already struggling economy. The afghani currency is priced at record lows and they are undergoing rapid inflation, rocketing up the price of basic food essentials like eggs and flour.⁸⁸⁸ On top of all of this, the country is experiencing some of the worst effects of climate change in the world, with some areas of Afghanistan warming twice as fast as the global average. This has led to the second drought in three years.⁸⁸⁹ As with the last drought, this one will likely push farmers who can't rely on licit crops to turn to drought-resistant opium. If the relief funds were not blocked, they could have gone towards subsidising farmers' crops to protect them against the drought.

While several governments seem to be using a form of economic sanctions as leverage over the Taliban, it may backfire. If Afghanistan is cut off from foreign aid and their reserves, it will only further ensure their reliance on narcotics trafficking. This will in turn benefit extremist groups, both in Afghanistan and beyond. Perhaps a better approach would be to earmark funds towards licit sectors in the economy, like subsidising licit farming. This will reduce the likelihood of farmers turning towards poppy farming and reduce the Taliban's share of opium profits, both from taxing crops and their own trafficking. Another result of being cut off from funds is Afghanistan may not have sufficient hard currency to circulate. In the past, the Taliban would use opium poppies to barter for goods in rural areas, so we may see a return of this system at a much larger scale.

It should be noted that even without the economic sanctions, the Afghanistan economy was already heavily reliant on opium. As demonstrated throughout this book, millions of farmers, labourers, smugglers, wholesalers, etc. are directly dependent on the cultivation, production, and distribution of opium for their livelihoods. Beyond the direct beneficiaries are those who indirectly benefit from the opium industry – the local merchants whose products are purchased by poppy farmers, the hoteliers who host guests that pay in drug money. If this market was suddenly halted, it would cause devastating ripple effects throughout the country. This could threaten the Taliban's hold on the public. People would be outraged at their loss of income, and demand restitution that the Taliban would have difficulty covering. As their control of the country is already tenuous, banning narcotics production and trade may seem like an unnecessary risk to take.

On the other hand, there may be enough negative consequences to the Taliban maintaining a narcotics industry that could convince them to stop it. This would potentially put increased regional scrutiny on the country that the Taliban will surely want to avoid. The surrounding countries are members of the Shanghai Cooperation Organisation (SCO), a political, economic, and security alliance between Central Asian countries (excluding Afghanistan and Turkmenistan), Pakistan, India, China, and Russia. This organisation formed in response to the terrorism and drug trafficking threats that arose out of Afghanistan in the 1990s. Regional states grew concerned with how Afghanistan became a hotbed of terrorism that either inspired or created terrorist threats in their own countries. Afghanistan also fostered the biggest narcotics industry in history that spilled out into regional countries, bolstering criminal activity and increasing insecurity. Much of the SCO's work centres on intelligence sharing and cooperation between security agencies in stopping drug trafficking across their borders. Member countries will surely be concerned with an Afghan gov-

886 Alan Rappeport, "Afghanistan Faces Economic Shock as Sanctions Replace Foreign Aid," *The New York Times* (New York, NY), Aug. 21, 2021, <https://www.nytimes.com/2021/08/21/business/afghanistan-economy.html>.

887 Ibid.

888 Alexandra Stevenson, "Short on Money, Legal and Otherwise, the Taliban Face a Crisis," *The New York Times* (New York, NY), Sep. 2, 2021, <https://www.nytimes.com/2021/09/02/business/economy/afghanistan-taliban-financial-crisis.html>.

889 Somini Sengupta, "A New Breed of Crisis: War and Warming Collide in Afghanistan," *The New York Times*, (New York, NY), Aug. 30, 2021, <https://www.nytimes.com/2021/08/30/climate/afghanistan-climate-taliban.html>.

ernment that not only condones trafficking, but relies on it as one of their main revenue streams. This was clearly on the minds of member states as they recently met with the Afghan government on July 14, 2021 to discuss Afghanistan gaining full membership status.⁸⁹⁰ It is uncertain how they would react to a Taliban government taking over; they still granted Pakistan full membership in 2017, despite the ISI nexus with DTOs. But it may bring enough pressure on a Taliban government to decrease their narcotics activity.

One of the superpowers of the SCO is China. The Taliban were already attempting to improve relations with China, the economic hegemon of the region, even before they took power. Despite their claim to represent the *ummah* against global oppression, they have recently gone quiet when it comes to the oppression of China's Uyghur population. The Taliban have had a long relationship with Uyghur militant organisations, like the Turkestan Islamic Party, and its predecessor the East Turkestan Islamic Movement, which goes back over two decades. It may have come as a shock to many that when a senior Taliban official was asked about their position on the treatment of China's Uyghur population, he said, "We care about the oppression of Muslims, be it in Palestine, in Myanmar, or in China, and we care about the oppression of non-Muslims anywhere in the world. But what we are not going to do is interfere in China's internal affairs."⁸⁹¹ The Taliban turned on their long-time allies in order to build a relationship with China that they likely hoped to foster when they gained control of the country. Beijing, in turn, was hinting at their willingness to cooperate with a Taliban government if they were to take over, having called for a US troop withdrawal from Afghanistan for many years, and hosting Taliban delegations on multiple occasions, such as the 2019 Beijing visit by the head of the Taliban's political office, Mullah Abdul Ghani Baradar.⁸⁹² In an early July 2021 meeting between China, Pakistan, and Afghanistan, the Chinese Foreign Minister Wang Li announced a consensus reached around several points. One of those points included a call to «welcome the Taliban back to the political mainstream».⁸⁹³ China was making clear their willingness to work with the Taliban, either as part of a shared-power government, or as the governing party of the country. They were apparently trying to play both sides, rhetorically supporting President Ashraf Ghani, while offering to host peace talks between the Afghan government and the Taliban.

On August 29, 2021, while speaking with US Secretary of State Antony Blinken, China's State Councillor and Foreign Minister Wang Yi said the international community should establish relations with the Taliban and "guide it actively." He called on the United States to provide Afghanistan economic relief and humanitarian assistance to ensure its stability as it transitions to a Taliban government. China has continued to indicate their interest in establishing relations with the Taliban and pushing for stability in the country, which they believe requires assisting the Taliban in securing their sovereignty over the country.⁸⁹⁴

Beijing is most likely concerned with extending the China-Pakistan Economic Corridor (CPEC) to Afghanistan. Part of their broader Belt and Road Initiative (BRI), CPEC is an economic development project meant to increase trade and commerce between Pakistan and China. This includes building highways, ports, investment in energy projects, improving current transportation infrastructure, building new metro systems, and overall infrastructure development to build economic

890 Ahmad Bilal Khalil, "Afghanistan and the Shanghai Cooperation Organization," *The Diplomat*, July 14, 2021, <https://thediplomat.com/2021/07/afghanistan-and-the-shanghai-cooperation-organization/>.

891 Yaroslav Trofimov and Chao Deng, "Afghanistan's Taliban, Now on China's Border, Seek to Reassure Beijing," *The Wall Street Journal* (New York, NY), Jul. 8, 2021, <https://www.wsj.com/articles/afghanistans-taliban-now-on-chinas-border-seek-to-reassure-beijing-11625750130>.

892 David Sacks, "The China-Pakistan Economic Corridor-Hard Reality Greets BRI's Signature Initiative," *Council on Foreign Relations*, (March 30, 2021), <https://www.cfr.org/blog/china-pakistan-economic-corridor-hard-reality-greets-bris-signature-initiative>.

893 Jonathan Talbot, "China Eyes up Afghanistan as Final US Troops Leave," *Sky News Australia* (North Sydney, AU), Jul. 7, 2021, <https://www.skynews.com.au/australia-news/defence-and-foreign-affairs/china-sets-targets-on-afghanistan-as-the-final-us-troops-depart/news-story/c1f4e3e86474f442d7bace1758e6da7e>.

894 Ministry of Foreign Affairs of the People's Republic of China, "Wang Yi Speaks with U.S. Secretary of State Antony Blinken on the Phone," August 29, 2021, https://www.fmprc.gov.cn/mfa_eng/wjz_663304/wjzb_663308/activities_663312/t1902967.shtml.

activity between the two countries.⁸⁹⁵ China's goal with BRI is to connect the country to the world through a series of land and maritime networks across Asia, Africa, and Europe. CPEC is the first step to achieving this, and extending this to Afghanistan would give them access to the Middle East, Central Asia, and Europe.⁸⁹⁶ In September 2019, the governments of China, Pakistan, and Afghanistan announced their intent to bring Afghanistan into the CPEC via a highway that stretches from Peshawar in Pakistan to Kabul in Afghanistan, with Beijing planning to invest USD \$62 billion for the project.⁸⁹⁷ They were already at work on the preliminary stages of bringing Afghanistan into their economic orbit before the Taliban came into power. They began construction on Taxkorgan airport, on Pamirs Plateau, northwest Xinjiang Uyghur Autonomous Region. This area borders Tajikistan, Pakistan, and Afghanistan, opening up the region to more commercial travel. In addition, China now controls the Gwadar seaport in Pakistan, which also borders Afghanistan⁸⁹⁸.

With the Taliban now in charge, China is expected to continue engagement in this project, with the Taliban likely to agree. This would be mutually beneficial: China gets to extend their economic corridor and gain access to more regional markets, while the Taliban will get economic investment to counter international sanctions from drying up their revenue. A Taliban government will not want to be a pariah state, hence their diplomatic posture towards China. China along with the UAE are the largest consumers of the Taliban's raw minerals, so the Taliban will not wish to cut economic ties with them.⁸⁹⁹ This may impact their willingness to continue trafficking. However, China is also building a strong economic relationship with Pakistan through the CPEC, despite the clear evidence of their connection to narcotics trafficking. It is uncertain if they will place any pressure on a Taliban government to dismantle their narcotics industry. Perhaps if they deem it a threat to the country via funding Uyghur militant groups, then they will exert their influence on the Taliban to curtail the narcotics industry.

If Afghanistan is cut off from the world financially, they may be able to sustain their organisation and the country without narcotics revenue. They are on their way towards massively increasing their tax revenue as they regulate their control over the country and they have near total access to raw materials to be mined and exported. They are now able to essentially monopolise the markets in the country, cutting down their costs and decreasing their competition. They could also rely on the CPEC expansion to provide infrastructure jobs to fill the vacuum left by the narcotics industry. Based on their plans for Pakistan, they could overhaul the Afghan economy, creating metro systems, diversifying energy production, and increasing trade opportunities. A Taliban that would oversee and approve of those kinds of changes would certainly need to be a very different Taliban than the world has seen. While the Taliban are trying to present a picture of a relatively more moderate organisation, there may be a limit to how moderate they will go.

The negatives of continuing a narcotics trade do not seem to outweigh the positives for the Taliban, at least not for the foreseeable future. This could be the start of a true narco-state, where the government not only allows drug trafficking, but enforces it. They will also have the opportunity to either tax DTOs for their trafficking, or monopolise narcotics trafficking altogether in Afghanistan. Either way, it will boost their narcotics revenue to unseen heights. The world needs to prepare for a situation where the root of the narcotics industry can no longer be targeted directly. In this environment, other tools will need to be employed to target the narcotics industry.

Well-financed criminal organisations are highly vulnerable to infiltration of their financial network. The bigger the organisation, the longer the paper trail, which presents more opportunities

895 Sacks "The China-Pakistan Economic Corridor."

896 Syed Fazl-e-Haider, "China Has a BIG Plan for Post-U.S. Afghanistan and It's Worth Billions," *The Daily Beast* (New York, NY), Jul. 4, 2021, <https://www.thedailybeast.com/china-has-a-big-plan-for-post-us-afghanistan-and-its-worth-billions>.

897 Talbot "China Eyes up Afghanistan."

898 Fazl-e-Haider "China Has a BIG Plan."

899 Bezhan, "Taliban's Expanding 'Financial Power.'"

to gather intelligence and seize assets. Recall the story in chapter 4 about how Osama bin Laden hid USD \$50 million in multiple business accounts in Al Shamal Islamic Bank. A former financial officer for bin Laden, Jamal Ahmed Al Fadl, stole from al-Qaeda and went to the US for asylum testified in court, revealing information about the 1998 US embassy bombings in Africa as well as details on al-Qaeda's complex web of shell accounts to conceal their assets. His testimony pointed US agencies towards six other high-ranking al-Qaeda operatives accounts, and shone a light on their Dar al-Maal al-Islami (DMI) bank laundering scheme.⁹⁰⁰ This was one al-Qaeda operative who lead to intelligence on a global terrorist financing laundering operation.

Counter-terrorist (CT) institutions can exploit the inherent financial vulnerabilities in large terrorist organisations without directly targeting the narcotics trade. Terrorist groups are, by their nature, careful with who they trust with handling finances. Groups like al-Qaeda intentionally isolate cells to avoid major intelligence leaks if a cell gets compromised. This means they have a small number of people who handle the distribution of funds to various cells, and very few checks to the agents' activities. This makes it fairly easy for agents to take a cut of the distribution without anyone knowing. Corruption from financial agents is so common that many groups will overpay them for fund distribution because they expect some funds to get lifted along the way. This presents an opportunity to cut off the organisation from the financial agent. In the case of Jamal Ahmed Al Fadl, he was only open to revealing intelligence on al-Qaeda's assets after they discovered he stole their funds and were planning to execute him. If CT institutions build mistrust between the financial agent and the organisation, it could lead the agent to leave the organisation, taking their financial secrets with them. One potential avenue for this is if agencies discover a way to freeze funds, say from a discovered front organisation, they can keep that information quiet. This will put the financial agent in a difficult situation: they can admit the funds were frozen, but the organisation's leadership could doubt their account, given how little oversight the financial agent has; or they can take from their personal wealth to make up for the shortage. Either way, the organisation is losing funding, and the financial agent is either disgruntled for having lost their funds, or is worried that the organisation could turn on them. Both possibilities could lead the agent to turn on the organisation, providing invaluable intelligence in exchange for amnesty.

Financial agents are unique in terrorist/criminal organisations, which makes them easier to target. They are less likely to be extremely ideological than other operatives. This is due to a number of factors. Financial operatives are likely to have been with terrorist/criminal organisations for long periods. It takes a lot of experience to handle large amounts of funds and know how to launder that funding effectively, and individuals would likely have to have been in the organisation for a long period before leadership will trust them to handle their finances. This ironically means they are less likely to be ideological. Newer recruits who are very ideological and loyal to the cause are more likely to die in both terrorist groups and DTOs. This is because they are more likely to volunteer for suicide bombings or militant operations. Those who have stuck around for a long time likely have because they have avoided dangerous activity.⁹⁰¹ They are also more likely to be motivated by money. Criminal organisations usually trust money laundering to operatives who have some training or education in finance. This could mean a business degree, or experience operating a business. Those who are prone to those paths are likely to be at least somewhat motivated by money. Those individuals then would be potential targets for offering financial incentives to become informants. If financial agents are able to be turned into informants, not only does this open the organisation up to further asset freezes, but it deprives them of the funds that only that agent had access to. This approach can work for drug trafficking organisations (DTOs) as well,

900 Federal Insurance Co. v. al Qaida, 03 CV 06978 (RCC), AMENDED RICO STATEMENT Applicable to Dar Al Maal Al Islami Trust, and DMI Administrative Services, S.A. (US District Court Southern District of New York, June 15, 2004).

901 Jacob N. Shapiro, "Terrorist Organizations' Vulnerabilities and Inefficiencies: A Rational Choice Perspective," In *Terrorism Financing and State Responses*, edited by Harold Trinkunas and Jeanne K. Giraldo, Chapter 4, (Stanford: Stanford University Press, March 2007).

that are increasingly decentralised in their operations but centralised in their financing. Compromising a small number of financial agents can completely cripple major international criminal organisations.

One way to target narcotics trafficking is to go after the front companies. As explained in chapter 4, narcotics trafficking often involves laundering funds through licit enterprises to make the revenue appear legal. Real estate investment has become a popular method for laundering, especially in South Asia and the Gulf. Security agencies looking to target narcotics traffickers will need to identify members in their network investing in real estate acquisition and work with the state where the property is based to seize the asset. This could both lead to freezing a significant amount of assets put into the property and make it more difficult for the organisation to ‘clean’ their illicit earnings, making them more vulnerable to prosecution. Commonly, the owner of the property is a low-level operative in the organisation who is chosen to own the front because of their clean background. This can be exploited by security agencies to pressure the owner to share intelligence on the organisation to keep their record clean. It is also probably relatively easy to identify front companies. First by comparing the business to similar businesses in the area and seeing if there is a significant disparity in revenue. Second, by checking the assets of the owner to determine if they have enough wealth to reasonably afford the properties. Third, to analyse the returns of property or the wealth of the property owner over time, to see if there is a sudden increase. The most difficult challenge to DTOs is not making money, but spending it. If agencies make it more difficult for them to clean their illicit earnings, that will severely impact their activities.

As outlined in chapter 5, the Afghanistan-based narcotics industry is the largest global narcotics industry in the history of the world. Its tentacles reach all the way out from Oceania to North America. The supply may be rooted in Afghanistan, but it is fuelled by global consumption.

Cannabis trafficking is a major industry in Afghanistan and enriches DTOs connected with the Afghanistan trafficking routes. Cannabis trafficking falls into two main categories: cannabis herb and cannabis resin. Cannabis herb is the dried cannabis flower while cannabis resin is a byproduct of the cannabis flower that contains concentrated THC, the chemical compound that produces the psychoactive effect in cannabis. The herb is much larger than resin, meaning it is much more difficult to smuggle long distances. This is why cannabis herb is usually only trafficked intraregionally while cannabis resin is trafficked internationally. Afghanistan is the second most likely origin for cannabis resin in the world, behind only Morocco. From 2015 to 2019, Afghanistan has been reported nearly 50 times as the country of origin for cannabis resin seized around the world, accounting for 18% of all seizures. In terms of quantity, Afghanistan is at least the third largest producer of cannabis resin, at nearly 200 tons in 2019. Afghan cannabis resin has been found frequently in the Middle East, Southwest Asia, Central Asia, Eastern Europe, while also showing up less commonly in Western and Central Europe.⁹⁰²

Pakistan and Iran are the next leading “countries of origin”, at over 150 tons and roughly 75 tons respectively. The “country of origin” designation is significant in that it only indicates the earliest point of origin that seizing authorities can confirm. Iran reports that the majority of the cannabis seized in its territory comes from Afghanistan, so it can be surmised that cannabis that can be traced to Iran is likely to have been sourced from Afghanistan. Both Iran and Pakistan are heavily involved in the southern and Balkan routes, and this seems to be consistent with cannabis trafficking patterns as well. Much of the cannabis found in Iran is found to have travelled from Afghanistan to Pakistan, and then from Iran on to the Caucasus and Turkey, which is a common

902 UNODC (United Nations Office on Drugs and Crime), “Booklet 3” in *World Drug Report 2020*, (Vienna, AT: UNODC, June 2020), https://wdr.unodc.org/wdr2020/field/WDR20_Booklet_3.pdf.

path along the Balkan route. The other likely destination for cannabis via Afghanistan, Iran, and/or Pakistan is the Arabian Peninsula, which is consistent with the southern route.⁹⁰³ Cannabis seems to be following a similar route to opiates stemming from Afghanistan. This indicates that cannabis is a major funding source for DTOs and terrorist groups in nexus with DTOs. This should come as no surprise, given throughout this book there have been numerous cases highlighted of DTOs trafficking in both harder drugs like heroin and cocaine as well as cannabis. While it may be difficult to regulate cannabis cultivation and distribution in Afghanistan itself, the same may not be true for destination countries.

As direct counternarcotics operations in Afghanistan seem less feasible with the uncertain future for Afghanistan, a new approach will be necessary. The terror groups and DTOs that rely on narcotics sourced in Afghanistan rely even more on global demand for illicit narcotics. One pervasive trend through this examination of the 'narcotisation' of Afghanistan is the detrimental influence international actors have had on the country in the pursuit of securing their interests. From the British East India Company expanding their poppy cultivation to Afghanistan to compete with Turkey and Persia in the 18th century, to the Helmand Valley damming project in the 1940s, to the Soviet invasion of Afghanistan and subsequent strategy to fund the mujahidin, to finally the Pakistani ISI nexus with the Taliban, state intervention in Afghanistan has been a key factor in the destabilisation of the country that has enabled the narcotics industry to thrive. Afghanistan has been deemed 'the graveyard of empires' because so many states have tried and failed to control the country without considering the repercussions of their intervention. If Afghanistan is to recover, international actors will need to change the way they engage with the country.

State involvement with proxies in Afghanistan needs to come to an end. This machination has plagued Afghanistan since the Cold War. With the unfortunate disposition of existing between the US-allied Pakistan and the Soviet bloc, Afghanistan was exploited by competing interests trying to gain a foothold in the country. They could resort to narcotics trafficking or other criminal activity to fund their operations.

When states collude with non-state actors, the international community should use diplomatic pressure to discourage such alliances. It has long been an open secret that the Pakistani government, through the ISI, has worked with numerous terrorist groups and DTOs to advance their goals. They smuggled weapons to the mujahidin in the 1980s, collaborated with the Haqqani network and the Taliban in the 1980s and 1990s in building the largest smuggling pipeline in the world, engaged in narcotics trafficking through that pipeline to fund terrorist groups operating in Jammu and Kashmir, like LeT and JKIF, using proxies like D-Company, and even aided in the formation of al-Qaeda, subsequently using them as a proxy for training Kashmiri militants. The Pakistani ISI has been central to the creation and expansion of the narcotics trafficking route emanating from Afghanistan, and there have been little in terms of consequences for this activity from the international community.

Perhaps from some sense of realpolitik, countries have been reticent to call out Pakistan's clear and continuous violations of international law. However, given the extent of their involvement with DTOs and terrorist organisations as demonstrated throughout this book, it is doubtful that any strategic alliance with Pakistan outweighs the damage the ISI has done to international security. Their involvement in regional alliances, like the Shanghai Cooperation Organisation, could risk intelligence falling into the hands of the very actors those alliances were created to combat. If states interested in combatting the narcotics industry made clear that until Pakistan broke their nexus with DTOs and terrorist organisations, they would not engage with them on security efforts,

903 UNODC (United Nations Office on Drugs and Crime), "Booklet 3" in *World Drug Report 2021*, (Vienna, AT: UNODC, June 2021), https://www.unodc.org/res/wdr2021/field/WDR21_Booklet_3.pdf.

that may pressure the government to re-evaluate their alliances. This is not a call for economic sanctions, which ultimately hurts the impoverished citizens more than the government, but some form of diplomatic pressure may incentivise Pakistan to cut off their ties with dangerous actors like the Haqqani network. Perhaps if Pakistan were to lose access to intelligence that could help them in their fight against the TTP, they may reconsider the value of maintaining their current alliances.

Laissez faire banking regulations in some countries like Pakistan has enabled DTOs like D-Company to launder illicit funds through licit fronts to evade prosecution. Too often, this activity is ignored in the pursuit of maintaining strategic alliances. It is time for the international community to reflect on the benefit of this current paradigm. When countries are not held accountable for their contribution to a global threat, that threat is allowed to persist. Exerting diplomatic pressure by calling out harmful policies can force states to hold each other accountable in the pursuit of a world resilient to drug trafficking. In the new political climate of Afghanistan, a reevaluation of alliances is needed to combat international terrorism and the narcotics industry.

The extent to which international organisations will be able to engage in development projects in Afghanistan going forward is unknown. Given the precarious environment in the country, it is more vital now than ever that future projects are informed by the right considerations. First, all projects must be led by the local farmers/workers that the projects are seeking to benefit. Throughout this book, we have read multiple cases over the years of well-meaning projects causing more harm than benefit. In Chapter 1, we looked at how the Helmand and Arghandab Valley Authority (HAVA) project, while intending to create more arable land for farmers, did the exact opposite, and inadvertently damaged the soil health across the country, forcing farmers into poppy cultivation to survive. In Chapter 3, we discussed how many infrastructure projects implemented in Afghanistan have not addressed the needs of the specific communities and ended up wasting funds that would have been invaluable if applied towards needed projects. Roads were built in towns that would have rather had seed and fertiliser; farmers were given high-value crops in areas where consumers could not afford to purchase them. Local farmers should be placed in charge of agricultural projects to share their expertise on the environmental and economic factors of their area. International organisations can provide the tools, resources, and international experts needed to implement projects, but the decision-making should be done by the local farmers and workers. No one will know more about what the local workforce needs than that workforce themselves.

Throughout this book, we have explored the relationship between extremism and narcotics proliferation. The opium industry in Afghanistan evolved from a second-tier resource of the British East India Company whose production was outpaced by China, India, Turkey, and Persia to become that largest opium producer the world has ever seen in less than a century. This was all made possible by the activity of militant/extremist organisations starting with the mujahidin, who then passed the baton to the Taliban, al-Qaeda, and countless other groups. Narcotics became the currency of non-state actors who wanted a way to boost their organising power quickly and effectively. In the fallout of the Cold War, it became the method for militias to garner resources in the rapidly shifting political environment. As the activity of terrorist groups flourished in the 1970s and 1980s, they quickly shifted their fundraising methods from kidnappings and petty theft, which involved significant risk with little reward, to the safer and more profitable avenue of narcotics trafficking. They would soon discover that not only did narcotics trafficking help them fund operations, but those operations led to increased insecurity, paving the way for easier trafficking. With the opportunities created by insecure environments, DTOs also benefited from extremist group activity, and the two industries began to collaborate and formed a resilient nexus. This nexus enabled DTOs to gain the protection of militant groups and rely on their networks for smuggling, while extremist groups profited from DTOs' narcotics sales. It is clear that the narcotics industry

is vital to extremist organisations, while extremist activity creates an environment that promotes narcotics trafficking. There is a vicious symbiosis that has benefitted both industries to the detriment of the world.

While this has created a global challenge, it also presents an opportunity. If the narcotics industry can be subverted, so too can terrorist organisations. Their reliance on each other has been their strength, but it can also lead to their downfall. If we can disrupt the illicit narcotics industry, we can severely weaken terrorist organisations. Narcotics have become the main financial resource of the majority of terrorist organisations, and without it they will have a harder time buying weapons, paying operatives, running training facilities, creating propaganda, and planning attacks. Conversely, weakened terrorist organisations will weaken DTOs. Since DTOs benefit from the insecurity that terrorist organisations provide, the reduced efficacy of terrorist organisations will make it more difficult for DTOs to operate. State institutions will have more power and authority when unchallenged by terrorist organisations, which will allow them to secure their countries against drug trafficking more effectively. They will not need to devote as much resources to combatting or protecting against terrorist activity, freeing up more resources for counter-narcotics operations. As much as this nexus protects both industries, it binds their fate together. This means that successful efforts to combat drug trafficking will have ripple effects that will harm both industries.

The hope of this book is to call on all of us to rethink our assumptions about the solutions to the narcotics epidemic. After approaching the problem in much the same way over the course of a century, we have only seen the industry grow to unseen heights. While it may seem at a glance that methods like burning poppy crops and arresting drug users are effective ways to combat the narcotics industry, we have decades of evidence to the contrary. A holistic approach to counter-narcotics will look at every stakeholder at every level – poppy farmers, traffickers, hawaladars, money launderers, licit front operators, extremist organisations, DTOs, drug users – and determine the most effective way to disengage them from the industry. The method for each should be based on successful cases and methods, and take into account the specific environment that each stakeholder is operating in. Drug trafficking employs a wide variety of methods for smuggling between different locations, and a resilient counter-narcotics effort will identify shifting trends and dynamics to try to stay a step ahead of traffickers. DTOs are always innovating new ways to launder their funds, and it will be necessary to look into new ways to track this activity and subvert it. As cryptocurrency use expands and evolves, DTOs will increasingly rely on those digital tools to evade authorities. Economic and agricultural development initiatives are key to convincing poppy farmers and other labourers involved in narcotics production to leave their industry, but these must be based on the needs of the specific communities. The continued boom of the narcotics industry is not a foregone conclusion. The majority of the growth has taken place only in the past half century. With a thoughtful and proactive approach by governments to institute effective policies, this threat can be dismantled, and we can disrupt the crime-insecurity nexus along with it.

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Cartographer

Meschelle Thatcher

Maps created on August 30 2021

Source: UIA, GADM, DIVA-GIS

Projection: Mollweide Equal-Area

