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Downward Spiral

Banning Opium in Afghanistan and Burma

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Amsterdam, June 2005

"People will need other sources of income as soon as possible, or we'll be the witness to a big disaster."
 (Gen. Muhammad Daoud, Afghan Deputy Minister of Interior for Counter-Narcotics)

In Afghanistan and Burma, the two largest opium producers in the world, local authorities are implementing bans on the cultivation of poppy.

On 26 June 2005, on the International Day against Drug Abuse and Illicit Drug Trafficking, the opium ban comes into force in the Wa region in northern Burma. No poppy planting will be allowed from this day on. In Afghanistan the 2005 harvest was already disrupted through coercive pressure on farmers not to plant poppy and some fields were forcefully eradicated of those who did not comply.

In Afghanistan and Burma combined, 4.3 million people are directly involved in the opium economy. Many more are indirectly dependent on income generated on the illicit market. Banning opium has an immediate and profound impact on livelihoods. In Nangarhar province in Afghanistan early signs indicate one of the responses is migration from former poppy areas to the provincial capital or into Pakistan. Experiences from the Taliban opium ban back in 2001 showed similar patterns. In the case of the Kokang region in Burma, where a ban was implemented in 2003, more than a quarter of the population left the region. Other responses include households selling off livestock and land, withdrawal of children from school, and abandonment of health services.

"We are under huge pressure from China, Thailand and the US," says Vice-Chairman of the Wa Central Authority, Xiao Min Liang. *"If we do not do something to stop opium production nobody wants to have anything to do with us."* These bans are a response to pressure from the international community, worried about heroin flowing into their countries, the spread of HIV/AIDS and, in the case of Afghanistan, about possible financing of terrorist groups from drugs money.

Afghan and Burmese authorities alike urge the international community to accompany their pressure with substantial aid. *"We are doing our bit and it is hurting us, donors must do their bit,"* the Nangarhar governor emphasised. *"We will comply*

with international pressure, but please give us a chance for survival," pleaded Ngo Shui of the United Wa State Army.

Levels of humanitarian and alternative development aid are very different between the two countries. The international community has pledged significant funds for the reconstruction of Afghanistan, about \$4 billion per year. Several hundred millions of those funds are available for rural development in poppy growing regions in 2005/6.

In sharp contrast, pledged support for development in the Kokang and Wa regions in Burma, undertaken by UNODC in partnership with other UN agencies and NGOs, does not exceed \$15 million, including emergency food assistance and malaria and HIV/AIDS prevention, leaving an urgent shortfall of a similar amount just for projects already planned.

The main reasons for this discrepancy are political. While Afghanistan is an important partner in the US-led war against terror, the US and the EU have advocated a policy of isolation and sanctions against the Burmese military government. They have also restricted development assistance, with some exception in the field of humanitarian aid.

Opium growing regions in both countries will enter into a downward spiral of poverty because of the ban. The reversed sequencing of first forcing farmers out of poppy cultivation before ensuring other income opportunities is a grave mistake. According to the World Bank, *"there is a moral, political and economic case for having alternative livelihoods programs in place before commencing eradication."* If they are not even accompanied by significant aid, the reductions will simply not be sustainable.

Aggressive drug control efforts against farmers and small-scale opium traders, and forced eradication operations in particular, also have a negative impact on prospects for peace and democracy in both countries.

In neither Afghanistan nor Burma have farmers had any say at all in these policies from which they stand to suffer most. It is vital that local communities and organisations that represent them are given a voice in the decision-making process which has such a tremendous impact on their livelihoods.

“Today, many Afghans believe that it is not drugs, but an ill-conceived war on drugs that threatens their economy and nascent democracy.”¹

Ashraf Ghani,
former Finance Minister

“If you pull at the thread of counter-narcotics the wrong way, because of the sheer proportion of the gross domestic product wrapped up in this business, you should be careful of unintended consequences.”²

General James Jones,
NATO Supreme Allied Commander Europe

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On 12 April 2005, the Central Poppy Eradication Force, trained and accompanied by US private Dyn-Corp contractors, was deployed to Maiwand, Kandahar, for its first major forced-eradication operation. Desperate opium farmers watching their livelihoods being destroyed so close to harvest day, exploded into protest. *“Dense clouds of black smoke hung over the town from burning barricades, hundreds of shots rang out from gun battles, and American helicopter gunships flew low overhead.”³* After a day of fierce rioting, leaving several police and farmers wounded —officials denying local accounts about fatalities— the eradication force retreated and the operation was suspended.

The following days, talks took place to discuss how to proceed between Kandahar governor Ghul Agha Shirzai, Pashtun elders, mullahs, local warlords and General Zahir Aghbar, head of the eradication brigade. Consensus was difficult to reach. US and UK officials in Kabul subsequently sought help at the highest political level: Counternarcotics Minister Habibullah Qaderi, Deputy Minister of the Interior for Counternarcotics Muhammad Daoud and President Hamid Karzai. None of them was able to convince Kandahar authorities to ensure unrestricted access for the eradication

force in their province. Local officials finally did allow the team to destroy limited amounts of poppy in designated areas, but after a month of operations the Central Poppy Eradication Force had eliminated less than 100 out of the originally targeted 15,000 hectares to be destroyed nationwide this harvest season. The US embassy sent an angry memo to US State Secretary Condoleezza Rice. *“Although President Karzai has been well aware of the difficulty in trying to implement an effective ground eradication program, he has been unwilling to assert strong leadership, even in his own province of Kandahar.”⁴* In fact, over the past months, many had advised against the use of force at a moment when alternatives were not yet in place for the approximately 2.3 million Afghan people (356,000 households) involved in the opium economy, roughly 10 percent of the population. Reluctance to engage in aggressive means of eradication, as pressed for by the US and UK governments, has good reasons behind it and is widespread in the rest of the international community and within the Afghan government. President Karzai’s ‘unwillingness’ to allow the Central Poppy Eradication Force to rampage unrestricted through the provinces, is rooted in wisdom. Even more so now that the 2005 harvest is expected to show a significant decline in opium production already, without US/UK-led militarised eradication campaigns.

According to the UN Office on Drugs and Crime (UNODC), in Helmand, Nangarhar and Uruzgan provinces (jointly accounting for half of the total area under poppy cultivation last year), a significant decrease in cultivation is reported, even though there were very few reports of active eradication. *“The main reasons reported by villagers for the expected reduction in cultivation were: respect for the government’s ban on opium poppy cultivation and fear of eradication. In some areas, villagers indicated that the low yields of opium poppy in 2004 influenced their decision,*

¹ Ghani, Ashraf, *When Democracy’s Greatest Enemy is a Flower*, Op-Ed, The New York Times, 11 December 2004. Afghanistan’s finance minister at the time of his article, now chancellor of Kabul University.

² *Poppy Crackdown Could Alienate Warlords And Imperil Afghan Poll, Say US Generals*, The Financial Times, 3 January 2005.

³ Meo, Nick, *US mercenaries spill blood over Afghan opium*, The Independent, London, 13 April 2005. For other press accounts of the Maiwand incident see: *Afghanistan Suspends Poppy Eradication in Province After Clash*, Agence France Presse, 13 April 2005; *Afghan Poppy War Stumbles, Farmers Protest Eradication Program*, Associated Press, 15 April 2005; Khan, Noor, *Afghan Officials Press Ahead with Opium Eradication Despite Protests*, Associated press, 19 April 2005.

⁴ Cloud, David S. and Gall, Carlotta, *U.S. Memo Faults Afghan Leader on Heroin Fight*, New York Times, 22 May 2005.

as well as the increased wheat prices this year.”⁵ For the whole country, according to President Karzai, production in 2005 is expected to be 30-40 percent less than last year’s output. In Nangarhar, the decrease may well reach 70-80 percent. Some provinces, however, may still report an increase. In the northern Balkh province farmers say they’re enjoying a bumper crop this season thanks to plentiful rains earlier this year and the fact that when the eradication force arrived in the province shortly after 15 May, most fields had already been harvested.⁶

Former Finance Minister Ashraf Ghani is one of the voices warning about the dangers of an enforced fast track, pulling the opium carpet out from underneath the reconstruction process. *“The drug trade is worth more than \$2.8 billion to our economy —more than a third of our gross domestic product. Destroying that trade without offering our farmers a genuine alternative livelihood has the potential to undo the embryonic economic gains of the past three years. The likely results would be widespread impoverishment, inflation, currency fluctuations and capital flight.”*⁷

Lessons from the Taliban Ban

The Taliban opium ban in 2000/2001 had the most profound impact on opium/heroin supply in modern history. Cultivation in areas under their control dropped to virtually zero. One of the most dramatic consequences of the ban was the breakdown of the informal credit system based on opium. Many indebted former poppy farmers, unable to live through the winter and defaulting on their seasonal loans, moved towards Pakistan and Iran, or were forced to reschedule their payments —one of the direct causes behind the full rebound of poppy cultivation the following year— and sell land, livestock, and even their under-aged daughters.

A report analysing the determining factors behind farmers’ decisions to grow opium poppy illustrates the vicious cycle of dependence with dramatic examples. A barber/farmer in Khogiani, for example, took an advance payment of \$400 on 4 kilograms of opium from an opium trader in 2000 so that he could obtain medical treatment for his sick father. Due to the Taliban ban the barber did not have the opium to repay his debt. Moreover, opium prices had multiplied and the debt accordingly. Interviewed in early 2004, he said that the trader now wanted the equivalent of twenty kilograms of opium or the equivalent of \$7,200 as payment for the original loan and the interest accrued. After mediation it was decided that the barber would give the trader his daughter against \$3,200 of the loan and mortgage two jeribs (0.4 ha) of his land against the remaining \$4,000 he owed. The barber hoped that he would be able to repay the rest of his loan and regain his land. The only way to do so was to cultivate more opium next season.⁸ Countless stories like this about shattered family lives have been collected across the country.⁹

A UN assessment made shortly after the impact of the Taliban ban already warned that unless immediate and commensurate international support would be provided, people would be forced to revert to poppy cultivation. *“Clearly, as these various groups have suffered serious economic consequences as a result of the abandonment of poppy cultivation, the country’s already tenuous economy has experienced a significant setback. The pertinent question is whether and for how long this ban can be sustained”.*¹⁰ It lasted only one year. Still today, many families are trapped in the vicious cycle of debt accumulation caused by the Taliban ban. The short-lived Taliban drug-control ‘success story’ can enter history therefore as one of the most blatant examples of a humanitarian crisis being con-

⁵ UNODC, *Afghanistan Opium Poppy Rapid Assessment Survey*, February 2005.

⁶ Ibrahim, Sayed Yaqub, *Another Bumper Opium Crop*, Afghan Recovery Report No. 174, Institute for War & Peace Reporting, 28 May 2005.

⁷ Ghani, Ashraf, *When Democracy’s Greatest Enemy is a Flower*, Op-Ed, The New York Times, 11 December 2004.

⁸ Mansfield, D., *What is Driving Opium Poppy Cultivation? Decision Making Amongst Opium Poppy Cultivators in Afghanistan in the 2003/4 Growing Season*. A Paper for the UNODC/ONDPC Second Technical Conference on Drug Control Research, 19–21 July 2004.

⁹ See for example: Nawa, F., *Brides of the Drug Lords*. The Sunday Times Magazine, 9 May 2004; Rubin, B., *Road to Ruin: Afghanistan’s Booming Opium Industry*, Center on International Cooperation, Center for American Progress, New York/Washington 2004.

¹⁰ FAO/WFP, *Crop and Food Supply Assessment Mission to Afghanistan*, Special Alert No. 315, 8 June 2001.

sciously aggravated under the guidance of the international community.

Current efforts in Afghanistan look like an effort to recreate that example, which could prove to be disastrous for the prospects of genuine state building, economic recovery and the slow process of constructing legitimacy and popular trust by the Karzai administration.

Jihad Against Poppies

Poppy cultivation in Afghanistan reached record new levels in 2004, leading to heated debates within the reconstruction donor community. UNODC reported, in terms of areas cultivated, no less than a two-thirds increase from 80,000 hectares in 2003 to an unprecedented 131,000 hectares in 2004, about 3 percent of all agricultural land. Due to low yields per hectare caused by bad weather conditions and diseases, this represented a 17 percent rise in opium production to 4,200 tons in 2004. Opium cultivation also spread to all 34 provinces, *"making narcotics the main engine of economic growth."*¹¹ The voices arguing for a more aggressive enforcement of the new ban issued by President Hamid Karzai in January 2002, but lacking the effectiveness of the Taliban effort, gained strength during the course of 2004.

*"The failure of US and international counternarcotics efforts to significantly disrupt the Afghan opium trade or sever its links to warlordism and corruption since the fall of the Taliban has led some observers to warn that without redoubled multilateral action, Afghanistan may succumb to a state of lawlessness and reemerge as a sanctuary for terrorists."*¹² Curbing the opium economy, until last year, was not high on the US priority list. The more immediate military objectives to first defeat the Taliban regime, and later neutralize Taliban remnants, chasing Al-Qaida operatives and Bin Laden in particular, had led to tactical alliances with quite a few warlords heavily involved in the opium economy. The UK was given the lead in international drug-control efforts in the country, taking an approach in

Daughters Sold to Settle Debts

Zeva's eyes filled with tears as the 10-year-old's father took her by the arm and handed her over to the man from whom he had borrowed 50,000 afghanis, or about 1,000 US dollars. *"I cannot pay you in any other way. Take my daughter,"* said Gul Miran, 42, a farmer in Nangarhar province. Like many other farmers in Afghanistan, Gul Miran had planned to pay back the loan with the proceeds from his crop of poppies, which would eventually be turned into heroin. But as part of its stepped up effort to combat the drug trade in the country, the government had ploughed under his fields and Gul Miran was left with nothing.

From: Gaheez, Haytullah, Afghan Recovery Report No. 155, IWPR, Jalalabad 30 December 2004.

which repressive actions were aimed at the level of heroin-processing and trafficking. Regarding poppy cultivation, emphasis was on creating alternative livelihoods for farmers, a gradual and long-term process. The 2004 harvest figures and changed US priorities made patience run out. Robert B. Charles, US Assistant Secretary of State for International Narcotics and Law Enforcement Affairs, set the tone in his April 2004 testimony before a US Congress subcommittee hearing under the pointed title: *"Are the British Counternarcotics Efforts Going Wobbly?"* Mr Charles made clear that the issue of eradication was a point of disagreement with the UK. The opium economy was *"a cancer that spreads and undermines all we are otherwise achieving in the areas of democracy, stability, anti-terrorism and rule of law."* The British-led Central Eradication Planning Cell, established to determine a target list for eradication efforts, he said, used *"targeting criteria, while designed with the best of intentions, may be overly restrictive. Criteria such as requiring alternative development to be in place and a preoccupation with avoiding any possibility of resistance may restrict our abil-*

¹¹ UNODC, *Afghanistan Opium Survey 2004*, November 2004.

¹² Blanchard, Christopher M., *Afghanistan: Narcotics and U.S. Policy*, Congressional Research Service, CRS Report for Congress, December 7, 2004.

ity to collectively reach key eradication goals.”¹³ He added that “if there is heroin poppy there which needs to be eradicated, we shouldn’t be picking and choosing, we shouldn’t be delaying, we shouldn’t be making it conditional, upon providing an instant and available additional income stream.” He acknowledged that for some farmers “it is just survival, but what we have to do is make it crystal clear there is such a thing as a rule of law. ...the point being that our priority should not be, it seems to me, some kind of misplaced sympathy.”

The following summer the Bush administration undertook a review of US operations in Afghanistan, concluding that a closer merging was required between the War on Terror and the War on Drugs. Immediately after the Bush re-election early November, Mr Charles announced the start of “something tantamount to a Plan Afghanistan, which has parallels to the Plan Colombia effort”.¹⁴ Afghan drugs “fund bad people and bad things, and in particular, we know that they have funded some of the warlords, they fund everyday criminals, they fund extremists within that country and terrorists. And the groups that one can safely say benefit include at least HIG [Hezb-e-Islami Gulbuddin], historically, and IMU [Islamic Movement of Uzbekistan], remnants of the Taliban, and there are certainly some indications that other groups, including possibly al-Qaida, have benefited from narcotics money.”¹⁵ Now the US needed to get the key players onboard for a more aggressive approach. At least the Karzai government, the UK and UNODC needed to shift away from their ‘misplaced sympathy’-based policy.

“In Afghanistan, drugs are now a clear and present danger,” stated Antonio Maria Costa, Executive Director of UNODC when he briefed the press

*Our priority should not be
some kind of misplaced
sympathy*

in November 2004 about the worrying 2004 survey results. “[O]pium cultivation, which has spread like wildfire throughout the country, could ultimately incinerate everything —democracy, reconstruction and stability. ... The fear that Afghanistan might degenerate into a narco-state is slowly becoming a reality as corruption in the public sector, the die-hard ambition of local warlords, and the complicity of local investors are becoming a factor in Afghan life.”¹⁶ In a meeting one week earlier, Mr Charles, representing the biggest donor of UNODC, had told Mr Costa that US funding might be in jeopardy unless he would express clear support for an eradication strategy. Responding by letter the next day, Mr Costa wrote: “I am happy that large scale eradication is under consideration.”¹⁷

In December a counter-narcotics conference was held in Kabul where president Karzai used even stronger words placing the drugs fight on top of his new government’s priority agenda.

“Opium cultivation, heroin production is more dangerous than the invasion and the attack of the Soviets on our country, it is more dangerous than the factional fighting in Afghanistan, it is more dangerous than terrorism,” he said. “Just as our people fought a holy war against the Soviets, so we will wage jihad against poppies.”¹⁸ The National Council of Ulemas, or Muslim scholars, issued a fatwa against opium cultivation and trade, which was widely distributed through the mosques. Karzai’s announcement of a jihad against poppies was broadcast nationwide, and an intensive information campaign started, spreading the message that poppy fields would be eradicated, planters prosecuted, and making promises of development aid in reward for non-planting.

¹³ Charles, Robert B., *Afghanistan: Are the British Counternarcotics Efforts Going Wobbly*, Assistant Secretary for International Narcotics and Law Enforcement Affairs, Testimony Before the House Committee on Government Reform Subcommittee on Criminal Justice, Drug Policy, and Human Resources, Washington DC 1 April 2004.

¹⁴ See also: TNI, *Plan Afghanistan*, TNI Drug Policy Briefing 10, February 2005.

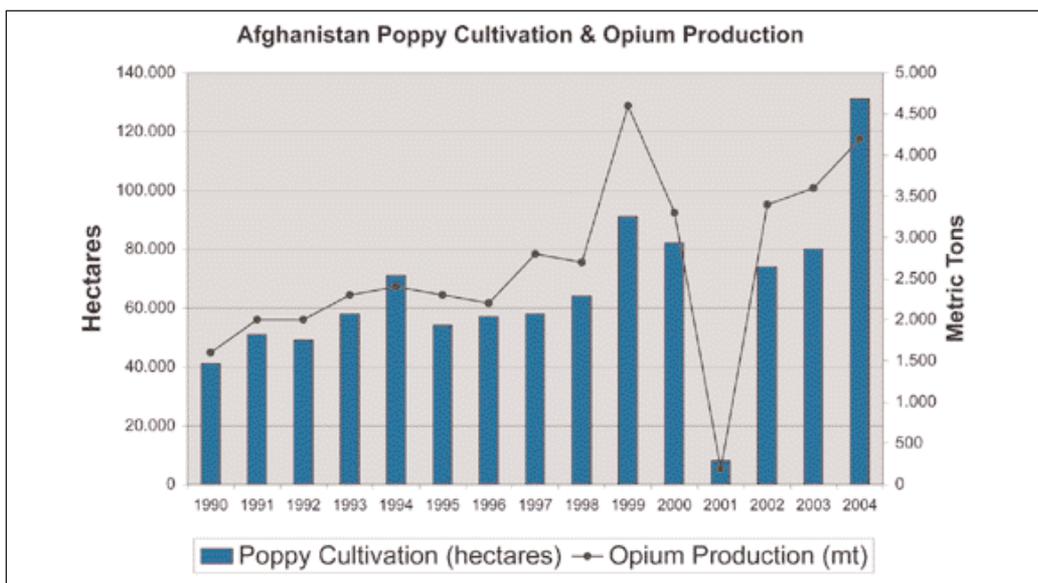
¹⁵ Charles, Robert B., *Counternarcotics Initiatives for Afghanistan*, Assistant Secretary of State for International Narcotics and Law Enforcement Affairs, On-The-Record Briefing, Washington DC 17 November 2004.

¹⁶ UNIS, *United Nations Drugs Office Reports Major Increase in Opium Cultivation in Afghanistan*, Press Release United Nations Information Service, UNIS/NAR/867, 18 November 2004.

¹⁷ Costa, Antonio M., Letter of 11 November 2004, at: www.colombo-plan.org/www/images/pubs/pdf/unodcnov2004.pdf

¹⁸ Graham, Stephen, *Karzai Urges Afghans to Give up Lucrative Opium Trade, Says Taliban Profiting*, Associated Press, 9 December 2004.

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“Afghanistan needs a second freedom fight, this time against the spiral of opium economy and warlordism,” confirmed Minister for Rural Reconstruction and Development (MRRD) Hanif Atmar. “Gradual transition would not work here as in Thailand or Pakistan. We don’t have the government institutions in place to manage such a process. We do not have the luxury of a gradual approach. Surgery is required, which will involve bloodshed and problems but only a shock-therapy against the opium economy can save the state-building endeavour.”¹⁹

Finally, Bill Rammell, the UK Foreign Office minister added when he announced the wider use of British troops in counter-narcotics operations: “You need a stick as well as a carrot. The rules of engagement have changed.”²⁰

Getting the Job Done

Doug Wankel, former head of DEA operations was appointed counter-narcotics coordinator at the US Embassy in Kabul to ‘get the job done that the British had failed to accomplish.’ “We have to show this pendulum swinging back in the

other direction or we run a real risk of losing Afghanistan.”²¹ His principal ally in the Afghan government to implement the new strategy became Lt. General Muhammad Daoud, a former regional military commander in the northern province of Kunduz, who was given the post of Deputy Minister of Interior for Counter-narcotics.

The Minister of Interior Ali A. Jalali and his Deputy Minister Daoud summoned all provincial security chiefs to Kabul for a meeting. “Security officials must return to their provinces and tell growers that cultivating poppy is against Islam and beginning this year we will eradicate and not compensate you for your crops,” they warned them, making clear that their position would depend upon compliance with the new directive.²² Doug Wankel personally accompanied Deputy Minister Daoud in several talks with local strongmen to make sure that the message was delivered with the appropriate weight. Both the threat of removal from their positions and the threat of forced eradication in case of non-compliance of the opium ban needed to be credible. “You cannot cry wolf too often. We need to show them it’s for real this time” explained Mr Wankel.²³

¹⁹ Interview with MRRD Minister Hanif Atmar, Kabul 16 February 2005.

²⁰ Burke, Jason, *British troops wage war on Afghan drugs*, The Observer, 5 December 2004.

²¹ Graham, Bradley, *U.S. Plans Assault On Afghan Heroin*, The Washington Post, 15 November 2004.

²² Office of the Spokesperson to the Afghan President, *Minister Tells Security Chiefs ‘No More Poppy’*, Press Release, 1 November 2004.

²³ Interview with Doug Wankel, counter-narcotics coordinator US Embassy, Kabul 18 February 2005.

A robust and credible eradication campaign was necessary, including the deployment of the US-controlled Central Poppy Eradication Force (CPEF) to those provinces where local authorities did not do enough to enforce the ban.

In the case of Nangarhar, the biggest opium-producing region, the deal appears to have worked out surprisingly effectively. The governor, Haji Din Mohammad, and the chief of police, Hazrat Ali, clearly followed instructions, warning the district chiefs that if any poppy was cultivated in areas under their control this season, they would be sacked from their posts. Local tribal leaders passed the message on to their communities and some fields still planted with poppy were ploughed under by provincial police forces to set an example. Verification in spring 2005 confirmed an impressive decline in poppy cultivation. *“Many farmers are not cultivating poppy and others have destroyed the crop themselves after the decision of Nangarhar elders,”* according to the governor, who was promised in Kabul that alternative livelihoods would be taken care of by international donors. *“The people of Nangarhar prove that they are firm in their decision and hope the international community is serious in their assistance and promises for the poor farmers. This year is very sensitive, the central government and the international community should not lose the trust of people by going back on decisions to help us and show their seriousness in terms of assistance. We are doing our bit and it is hurting us, donors must do their bit.”*²⁴

Ironically, Hazrat Ali, who, according to many is involved in illegal business, features prominently in a Human Rights Watch report,²⁵ and is an example of a tactical US ally who proved to be crucial in the military Tora Bora operations searching for Bin Laden. In May 2005, Hazrat Ali stepped down as police chief and announced his candidacy for the parliamentary elections scheduled for September. Local strongmen, often corrupt, or known drug traders were thus turned into the key enforcers of the ban. The success of the

approach opened the discussion about the merits of an amnesty for drug traders. According to MRRD Minister Hanif Atmar, if you have the luxury of state institutions, you don't have to do this, but in Afghanistan you have to be pragmatic and consider different solutions given the precarious security situation.²⁶ *“We would ask them to join the government and use their influence and capital to help eliminate poppies and to support the economy,”* said Deputy Minister Lt. Gen. Daoud.²⁷ Not unlike the path he had chosen for himself.

Competing Structures and Interests

A huge, to a large extent foreign-controlled, drug-control bureaucracy has been set up, often with unclear lines of command and mirroring the contradictions and divisions of the various players. The Counter-Narcotics Directorate (CND), upgraded in December 2004 to a Ministry (CNM) headed by Minister Habibullah Qaderi, was established to coordinate policy, and the Counter-Narcotics Police of Afghanistan (CNPA) under General Said Kemal Sadat as the main law enforcement agency. Set up under the influence of the UK (lead nation for international drug control assistance), other European donors and UNODC and lacking the capacity to reach out into the provinces, the agencies were considered unreliable for the US 'Plan Afghanistan' ambitions. For eradication purposes therefore, the US established a parallel counter-drug command structure, sidelining Minister Qaderi and the existing agencies. This was accomplished by working through the Deputy Minister of Interior, Lt. Gen. Daoud, provincial security chiefs cum warlords, and employing the fully US-controlled Central Poppy Eradication Force (CPEF).

The UK, in consultation with the Karzai government, then established the Central Eradication Planning Cell, under the Ministry of Interior, basically in an attempt to regain some control over the decision where and when to

²⁴ IRIN, *Afghanistan: Focus on Local Efforts to Reduce Opium Cultivation*, UN Office for the Coordination of Humanitarian Affairs, News, 10 February 2005.

²⁵ Human Rights Watch, *“Killing You is a Very Easy Thing for Us”: Human Rights Abuses in Southeast Afghanistan*, Vol. 15, No. 05 (C) – July 2003.

²⁶ Burnett, Victoria, *Afghanistan Considers Amnesty for Drug Traffickers*, Financial Times, 10 January 2005.

²⁷ Graham, S., *Afghanistan May Pardon Drug Dealers*, The Associated Press, 10 January 2005.

deploy the CPEF and “to ensure that eradication by CPEF is targeted in a way which takes account of alternative livelihoods.”²⁸ To show their commitment to the acknowledgement that a stick is needed, the UK also started to provide the CPEF with salaries and equipment. For interdiction purposes, the UK already established an elite unit in early 2004 (operating under control of British Special Forces), the Afghan Narcotics Special Force (ANSF), responding directly to ‘the cabinet’. The unit has seized over 75 tons of opiates, destroyed 80 drugs labs and disrupted two opium bazaars during the first year of operations.

The opium economy presents many difficult policy dilemmas to the Karzai administration and the international community. In 2004, 87 percent of the estimated 15 million heroin users worldwide were supplied from the Afghan poppy fields. Obvious concerns stem from the problems related to heroin use in terms of addiction, deaths from overdose and HIV/AIDS. Domestically, it is clear that the earnings from the illicit market are a major factor sustaining the parallel power base of local warlords and corrupting government institutions.

Many are therefore eager to find ways to reduce the Afghan production.

The other side of the picture is that Afghanistan is recovering from a devastating quarter-century period of warfare, which killed 9 percent of the population, made many flee the country and brought the country down to one of the world’s three lowest per-capita GDP rankings.²⁹ The opium economy spread easily under these dramatic circumstances and has provided a lifeline for hundreds of thousands who otherwise may not have survived. Ten percent of the population last year depended directly on the opium economy, which equalled 60 percent of licit GDP.

Easy choices or quick fixes are non-existent and it is no surprise that the Afghan, UK and US governments, as well as UNODC, all suffer internal differences over the best approach to take. Adding the voices of other influential institutions that have clearly spoken out against an eradication-led approach, like the World Bank, the European Commission or GTZ (German Technical Cooperation Agency) the panorama of divisions becomes even more complex. In Afghanistan, these conflicting pressures have worrisome consequences, as they lead to parallel drug-control coordination structures and contradictory practices in the field.

Contradictions in the Field

Relying on controversial local strongmen, often involved or corrupted by the opium trade, to enforce the fast-track ban/eradication scenario, is one of those complicated choices.

Those tapping into the opium trade instead of cultivation, especially the ones with opium stocks, will the first year benefit rather than lose from the imposition of the ban or eradication, because prices are likely to increase. Collaborating

with the enforcement of the ban, moreover, will bring them considerable legitimacy and consolidate their position contrary to the stated aim that curbing poppy cultivation is supposedly meant to weaken the power base of local warlords. There are several examples of local strongmen who play a pivotal role in the current crackdown on farmers, who at the same time obstruct interdiction operations directed at higher-level traffickers, denying access to certain areas under their control to the counter-narcotics police, or intercept communication channels.

“There are warlords involved, high government officials, police commanders, governors are involved.

You cannot cry wolf too often. We need to show them it’s for real this time

²⁸ Rammell, Bill, *Afghanistan Counter Narcotics Implementation Plan*, Ministerial Statement, Parliamentary Under Secretary of State for Foreign and Commonwealth Affairs, London 10 March 2005.

²⁹ Ward, Christopher, and Byrd, William, *Afghanistan’s Opium Drug Economy*, World Bank Report No. SASPR-5, December 2004.

We have to reform our judicial system and put big culprits behind bars, otherwise going after poor farmers we will fill our prisons but still the drug business will be going on," according to Mirwais Yasin, then head of the Counter-Narcotics Directorate (CND).³⁰ To demonstrate their commitment to also go after the 'big culprits', the US made the widely publicized arrest of Bashir Noorzai in April 2005 in New York. Noorzai was added the previous year to the US list of the world's most wanted drug kingpins and was referred to by the DEA as the "Pablo Escobar of heroin trafficking in Asia".³¹ Few in the media pointed out that in fact the US had arrested Noorzai already in late 2001, knowing he was a major player in the illicit drugs business in the South and working closely with Taliban leaders at the time. He was soon released however because he was a useful intelligence asset and willing to collaborate in return for impunity. Nobody doubts his significant role in the heroin trade, but the indictment on which his arrest in New York is now grounded, does not mention any case of drug trafficking that was not already known to US authorities when they released him several years earlier. The only new 'narcotics conspiracy' mentioned in his recent arrest is that he "owned land in Afghanistan where opium poppies were grown."³² Choices about who and who not to indict, arrest or extradite seem to be arbitrary, irrational or highly politicised. A comparison with the recent indictment of the Wa leadership in Burma (see the other article in this publication) who are doing basically the same as what happens now in Nangarhar where the US collaborates closely with local strongmen (about whom the DEA probably has as thick a file as about the Wa leaders), is instructive.

Interdiction directed against the opium trade, in contrast to poppy cultivation, is often seen as the least controversial area of drug-control intervention. Almost full consensus exists among the international community about law enforcement at this level. However, many contradictions arise also in this area, and certain opium search-and-destroy operations are get-

ting out of hand in Afghanistan. There is no need for 'misplaced sympathy' when it affects large-scale opiate traffickers, but more and more coalition forces have become involved in house or market searches that cause huge resentments among the population. As a British soldier told when he returned to the UK after serving in Afghanistan: "If the same guys start kicking down doors and reporting on ordinary people who are just trying to earn a living in difficult circumstances, then they are not going to see us as friends anymore."³³

Adding drug-control objectives to military security operations is a highly dangerous path to take. Coalition forces, and even to some extent ISAF units, have already broadened their mandate in this direction, resulting in house searches under suspicion of hiding opium stocks. Recent incidents in Nangarhar and Laghman where whole villages were put under siege, helicopters circling overhead and coalition soldiers forcefully entering private homes to confiscate a few kilos of opium and arresting family members, are highly destabilising undertakings. They prompted president Karzai during his Washington visit from the US to demand not only the transfer of prisoners but also an end to house searches. In a country without a functioning banking system, maintaining a stock of opium is the equivalent of a small savings account, perhaps sufficient to survive the winter or pay for medical services or the children's education. The matter is further complicated because for local standards these remaining family stocks from last year's harvest are not considered illegal assets. Even though opium was officially prohibited, the message from local authorities was one of tolerance. In Nangarhar and Kandahar there was pressure in 2004 on the population to reduce cultivation by 30 percent last year, but that still means that a significant part of the production was sanctioned de facto. Finally, it should not be forgotten that Afghanistan is traditionally a country where alcohol is regarded more 'haram' than opium, which is still seen by many to have beneficial medical purposes.

³⁰ Ahmad, Sardar, *Curbing Rampant Afghan Opium Trade Will Take Karzai Years*, Agence France Press, 6 December 2004.

³¹ Bloomberg, *U.S. Arrests Accused Afghan Drug Lord Tied to Taliban* (Update3), 25 April 2005.

³² *United States of America v. Bashir Noorzai*, Sealed Indictment SI 05 Cr. 19, United States District Court, Southern District of New York [unsealed 25 April 2005].

³³ Burke, Jason, *British Troops Wage War on Afghan Drugs*, The Observer, 5 December 2004.

A Humane and Sustainable Approach

“Attacking Afghanistan’s opium poppy growers and crop tenders at this time may be politically unwise and substantially counterproductive” was the advice given to the US Agency for International Development (USAID) by two consultants employed in Afghanistan by Chemonics International.³⁴ The World Bank, in its recent Country Economic Report on Afghanistan, refers back to the Taliban ban saying it pauperised many farmers, requiring them to incur debts, which they are still repaying today. The World Bank is calling for ‘innovative approaches’ rather than ‘hard-and-fast solutions’.

“Overall, an eradication-led strategy could face severe problems with implementation, poverty impacts, and political damage. Implementation is very difficult where the authority of the central government is fragile, and experience indicates that it will lead only to changes in the location of opium production. Poverty impacts will be negative, given the dependence of large numbers of poor people on opium for their livelihood... Political risk is daunting... The government wants to win over the rural poor through inclusive development processes, not aggressive destruction of their livelihoods... Finally, there is a moral, political and economic case for having alternative livelihoods programs in place before commencing eradication.”³⁵

International pressure on the Karzai administration is mounting by the day to fully enforce its opium ban by repressive means. The Afghan government, donor countries and UN agencies involved in reconstruction efforts now need to focus on providing sufficient support for rural development and genuine sovereign-state-building efforts in an attempt to consolidate the gains reached so far, including the present

opium reduction. Current pressure from the US government to push for an escalation of repressive drug-control approaches is threatening those gains. A humanitarian crisis is unfolding already as a consequence of the ban enforcement and will be dramatically aggravated by continued forced-eradication operations. The precarious reconstruction risks being undermined by an ill-conceived war unleashed against its weakest links, the farmers and small opium traders more than by the opium economy itself. A more pragmatic, gradual, sustainable, culturally sensitive and sovereignty-respectful drug policy has to prevail or otherwise the current war on opium rather than poppy cultivation, as Mr Costa claims, ‘could ultimately incinerate everything — democracy, reconstruction and stability.’

There is a moral, political and economic case for having alternatives in place before commencing eradication

Instant development does not exist; it takes time for inclusive and community-based mechanisms to consolidate and to reach the ones

who need it most. The high expectations are unlikely to be met to satisfaction at short notice, therefore that beautiful but controversial flower may well spread all over the countryside again by 2006. Failing to deliver substantial amounts of aid in a responsible way this year will put the sustainability of the ban at risk. “We obeyed Karzai’s orders and we will not cultivate poppy this year, but let’s see if he is firm on his promises to the nation,” warned one farmer in Nangarhar.³⁶ Shah Mahmoud, an influential tribal leader in the province, said “I made the decision this season that it would be forbidden to plant poppy. So none of us did. Now I’m not so happy about that.” He predicts that if enough aid does not arrive by the start of the planting cycle this coming fall, the “farmers will grab my collar and say, ‘You said that we could get aid for not growing poppy and we got nothing!’ Then even I will not be able to stop them from growing poppy again.”³⁷

³⁴ Kenefick, F & Morgan, L., *Opium in Afghanistan: People and Poppies, The Good Evil*, A Discussion Paper on Issues and Options, submitted to USAID/Kabul, Chemonics International, Inc., 5 February 2004.

³⁵ World Bank, *Afghanistan: State Building, Sustaining Growth, and Reducing Poverty*. A Country Economic Report, Poverty Reduction and Economic Management Sector Unit South Asia Region, World Bank Report No. 29551-AF, 2004.

³⁶ IRIN, *Afghanistan: Focus on Local Efforts to Reduce Opium Cultivation*, UN Office for the Coordination of Humanitarian Affairs, News, 10 February 2005.

³⁷ Aizenman, N.C., *Afghans Report Decline of Poppy Crop, Officials Credit Karzai’s Appeals, but Warn Aid Is Needed to Ensure Success*, Washington Post, 6 February 2005.

"We feel that it is unfair that our group gets all the blame, but it is beyond our own means to fight against the pressure from outside. We have suffered enough of the fighting, and now we would like to exist in peace with the rest of the world. As we are under the Central Committee in Panghsang, we have to comply with their orders. We realise our leaders are under a lot of pressure. Our only hope is that the international community will support us, because we need to help our people. To save the face of our leaders in Panghsang we will implement the ban. The only thing I would like to say to the international community, is, yes, we will comply with international pressure, but please give us a chance for survival."

Ngo Shui, United Wa State Army (UWSA)
Chairman Long Tan Special Township,
Long Tan, 27 February 2004.

The Wa and Kokang regions in northern Shan State are traditionally the major opium producing areas in Burma. But this may all soon change. The United Wa State Army (UWSA) has declared as of 26 June 2005 the areas under their control opium free. In the Kokang region an opium ban already has been in effect since 2003, as well as has been the case in the Mong La region in eastern Shan State since 1997.

The implementation of these opium bans in one of the world's largest opium producing areas may sound promising to international anti-narcotics officials, but for the opium farmers living there it spells disaster. The Wa and Kokang regions are in an isolated and impoverished mountainous area near the Chinese border, and the population rely on opium cultivation as a cash crop. Most farmers can only grow enough rice to feed their families for six to eight months. The rest of the food, as well as medicines, clothing and access to education, are bought with the opium they grow.

A number of recent political developments may have an impact on drug control.¹ In the end of 2004 Lt. General Khin Nyunt, Prime Minister and head of the Military Intelligence (MI) considered third in the hierarchy of the military government, the State Peace and Development Council (SPDC), was arrested and detained. The MI apparatus was purged and dismantled. In February the US Department of Justice announced the indictment of eight UWSA leaders. A few months later, fighting broke out between the UWSA and the Shan State Army South (SSA South).

Impact on Rural Livelihoods

The impact of the opium bans is likely to be grave. According to a 2003 survey by the United Nations Office on Drugs and Crime (UNODC) an estimated 350,000 households in the Shan State, or about two million people, stand to lose their primary source of income as a direct result of opium bans, comprising 70 percent of their cash income.²

These opium bans may sound promising to anti-narcotics officials, but for opium farmers it spells disaster

Alarming reports are already coming out of the Kokang region, where an opium ban has been in place for two years. An assessment by the Japanese International Cooperation Agency (JICA) from early 2004 shows

that some 60,000 people out of the original population of 200,000 (more than one-quarter of the population) have migrated out of the area since 2000 in search of alternative livelihoods. Furthermore, two-thirds of the privately run Chinese clinics and pharmacies in the area, upon which many depended for their basic healthcare needs, have stopped operating. Some 270 people were reported to have died from malaria, often due to malnutrition and the limitations of access to health care. In the northern part of Kokang 30 percent of schools in local communities had to close down, forc-

¹ For background information see: Transnational Institute (TNI), *Drugs and Conflict in Burma (Myanmar); Dilemmas for Policy Responses*, Drugs & Conflict Debate Paper No.9, Amsterdam December 2003, and: Transnational Institute (TNI) & Burma Centre Netherlands (BCN), *Trouble in the Triangle*, Silksworm Books, Chiangmai June 2005.

² This figure also includes people living in government controlled areas. UNODC, *KOWI Papers - Draft Umbrella Document*, May 2005.

ing 6,000 children to quit school, thereby effectively reducing the enrolment rate by half of what it was in 2003.³ According to JICA, as a result of the opium ban over half the population in Kokang now only have food security for six months. In some cases people were trying to survive, eating tree bark.⁴

In the Wa region the effect of the June 2005 opium ban may not really be felt until early 2006 after the next harvest season, as farmers still have opium from the last season. However, some farmers have not been able to pay back the advances of the opium traders because of the poor 2004 drought-affected opium harvest. These loans are paid back by selling back opium at a previously agreed price, usually lower than the market price. The rest of their opium is sold in the market in small portions whenever they need to buy something.

The opium ban will lead to a drastic cut in cash income for former poppy farmers, and therefore to food insecurity. The experience from the Kokang ban shows that children stand to suffer disproportionately, as they will have less access to health and education. Furthermore, as the family sells off its assets to cope with the loss of income, malnutrition is likely to follow:

"Apart from affecting family economy as their income decreases by 600 percent (including decreases in spending on food, health care, education and so on), the ban will result in a migration of merchants and doctors, denuding the region of manufactured goods and medical care. Soon the population will start to sell off their productive assets and land at reduced prices (there will be few left to pay market rates). From here, the region will

About two million people stand to lose their primary source of income

*enter a downward spiral of poverty, malnutrition, and disease."*⁵

The main reason for implementing these bans on growing opium is to accommodate to drug-control pressure from the international community, especially from China, Thailand and the US. UWSA leaders hope that in return for their anti-drug policy they will receive political recognition, humanitarian aid and support to develop their remote and impoverished region.

Strict enforcement of the ban is to be expected. According to the Vice-Chairman of the Wa Central Authority (WCA), Xiao Min Liang: *"Only convincing and educating farmers is not enough. So we have to take strong action against those who continue to grow opium. Frankly speaking, if you say to the farmers: "Raise your hands if you agree with the poppy ban" none of them will. But for the benefit of our whole community, and of the international community, we have to do it."*⁶ This is con-

firmed by Wei Ai Jung, UWSA Chairman of Nam Kham Oo Township in northern Wa region: *"Whether the villagers are happy or not, they have to obey the order. It is the same as the buffalo pulled by the string in its nose. It has to follow."*⁷

In Burma, as is the case in Afghanistan, there are also some serious questions about the sustainability of the opium ban. International agencies warn that *"the significant gains that Myanmar has made in reducing poppy growing (over 50 percent reduction in area over the past five years) might be compromised if alternative development assistance and access to food is not ensured for these populations."*⁸ Furthermore, it is yet unclear what the UWSA will do if the human-

³ UNODC, *Myanmar Opium Survey 2004*, October 2004.

⁴ Powerpoint presentation by JICA, *Findings Presented at the 'Project Formulation Study for Eradication of Opium poppy Cultivation and Poverty Alleviation Programme'*, Yangon 18 March 2004, quoted in: UNODC, *What Others say Related to Humanitarian Implications of Opium Reduction*, Yangon 2004.

⁵ Confidential international NGO report, 2004.

⁶ Interview with Wa Central Authority (the civil administration of the UWSA) Vice-Chairman Xiao Min Liang, Panghsang 25 February 2004.

⁷ Interview with Wei Ai Jung, UWSA Nam Kham Oo Township Chairman, Nam Kham Oo 26 February 2004.

⁸ WFP/JICA, *Rapid Needs Assessment Mission to Poppy Growing Areas of Kokang and Wa (Myanmar)*, Nov. 20th to Dec. 1st, 2003.

Relocation of a Wa village

The case of Song Khie Village, which was moved from the northern Wa region to a valley in Mong Pawk Township in 1999.

“In our village tract in the northern Wa region there are seven villages, with about four hundred households. The Wa authorities informed us three years ago that half of our village had to move, but only six months beforehand pointed out which households had to go. We had no choice in who had to go, and some people were crying. About seventy households came here, and the rest moved to the Thai border area.”

“When we were in our old village in the northern Wa region, we also had a food problem. But we solved that by growing opium. We mainly grew rice and corn. For the opium, the merchants used to pay us in advance. The main traders are Chinese, and some were Shan and Lahu. Most of the Wa are cultivators, and not traders. The opium harvest was different each year. The price of opium depends on the market, even if we got an advance.”

“The first two years after we came to Son Khie Village, we could still grow opium, but after that the Wa authorities told us to stop it. We do not know why, but when the Wa authorities send the order, we have to listen, otherwise we will be punished. Last year we grew opium, but the Wa authorities destroyed it... We still have a food problem. In northern Wa we could grow opium, so if there was a food shortage we could buy some necessary goods from the income from opium. But now we cannot grow opium, so we have a food problem. If we do not get any assistance, how can we survive?”¹⁰

Like many other relocated Wa villages, Song Khie Village had a high mortality rate in the period following the relocation. Out of an original population of 370 people, 108 died in the first three years. This was mainly due to malaria and other diseases, which are much more prevalent in the valleys and lower-lying areas than in the highlands from where the people were displaced.

itarian aid and political capital it hopes to gain from the ban will not be forthcoming as envisaged. Because of the many uncertainties the ban is generally opposed by the local population and has already caused resentment against the Wa leadership.

Alternative Livelihoods

The UWSA has called for international support to prevent a humanitarian crisis following the 2005 opium ban. It has also ordered the relocation of tens of thousands of Wa villagers from their mountainous homelands in the northern Wa region to lower-lying areas. Many of them have been moved to the fertile valleys of southern Shan State, which is under control of the UWSA's Southern Command. The UWSA lead-

ers say the objective is to move poppy farmers and impoverished villagers to areas where they can grow other crops. This is a controversial project, as in many cases the original Shan, Lahu and Akha inhabitants were forced out, and most of them have fled to Thailand.

There is also resentment by the Wa population against the relocations. According to Soe Myint, a UWSA leader from Nam Thit in the northern Wa region: *“We force people from the highlands to move to the lowlands here. We try to convince them, but they have to go. Frankly speaking they do not want to go, and some of them may have bad feelings against us because of this measure... There are four thousand people left in the highlands here, and we are going to move all of them. The relocation will be completed by 2005.”*⁹

⁹ Interview with Soe Myint, UWSA head of Foreign Relations Nam Thit Special Township, Nam Thit 29 February 2004.

¹⁰ Interview with villagers in Song Khie Village, Mong Phen District, Mong Pawk Township 11 September 2003.

Since 1998, UNODC has implemented an alternative development project in the Mong Pawk District of the Wa Special Region 2 to improve food security and create alternative livelihoods for poppy farmers. According to UNODC, by early 2004 its coverage was limited to Mong Pawk District, targeting some 45,000 people, or less than 10 percent of the total population in the Kokang and Wa regions combined.¹¹ In light of the humanitarian needs created by the opium ban, the UNODC/Wa project has now been expanded to cover the entire Wa Region and extended through 2007. In order to address the looming crisis, the WFP in August 2003 had already started to provide food assistance to ex-poppy farmers in Kokang and the northern Wa Region.¹²

Beyond its own activities, since 2003 UNODC has worked to expand assistance to the region by facilitating the entry of other organizations to the Wa through the KOWI partnership. KOWI, the Kokang and

Wa Initiative, is an umbrella partnership that brings together international NGOs, UN agencies, and JICA to help poppy farmers and their families meet their basic human needs without the income derived from opium. In 2003, two international NGOs, Aide Medicale Internationale (AMI) and Malteser, became the first KOWI partners to begin operations in the Wa, taking over the primary health-care component of the UNODC/Wa project. By 2005, 18 partners were operating under the KOWI umbrella, each providing assistance in their field of expertise, while coordinating interventions to ensure coverage of priority areas and establish efficiency of service delivery.

One of the main problems is the reversed sequencing of policy interventions where the opium economy is eliminated before alternatives are in place. Conversely, the project, rather than gradually reducing opium dependence through alternative development efforts,

in effect provides humanitarian assistance to communities affected by the opium ban. It is also clear that the assistance at present is insufficient to offset the impact of the opium bans, and to cover basic needs of ex-opium farmers. One observer estimated in mid-2004 that food and economic security had only been provided to no more than 10 percent of the population in northern Wa. Many of them already had serious difficulties to meet their basic needs before the ban.

UNODC feels that although emergency assistance will be necessary in the years following the opium ban, the challenge is to incorporate such assistance into a longer-term strategy to create sustainable alternative sources of

income, and to avoid replacing an opium dependency with an aid dependency. According to a UNODC spokesperson in Rangoon: "Beyond close coordination between partners, this requires a long-term and substantial commit-

ment from donors that in the past has too often been absent."¹³ The UNODC/Wa project has experienced difficulties finding adequate funding, partly because of the political situation in Burma. An external evaluation of the project in 2003 also criticised the absence of a serious participatory community-based approach. Current UNODC donors are Japan and Italy. After the US indictment of a number of UWSA leaders (see below), American funding was withdrawn from the UNODC/Wa project. KOWI partners are funded by a number of Western countries and Japan.

The challenge is to avoid replacing an opium dependency with an aid dependency

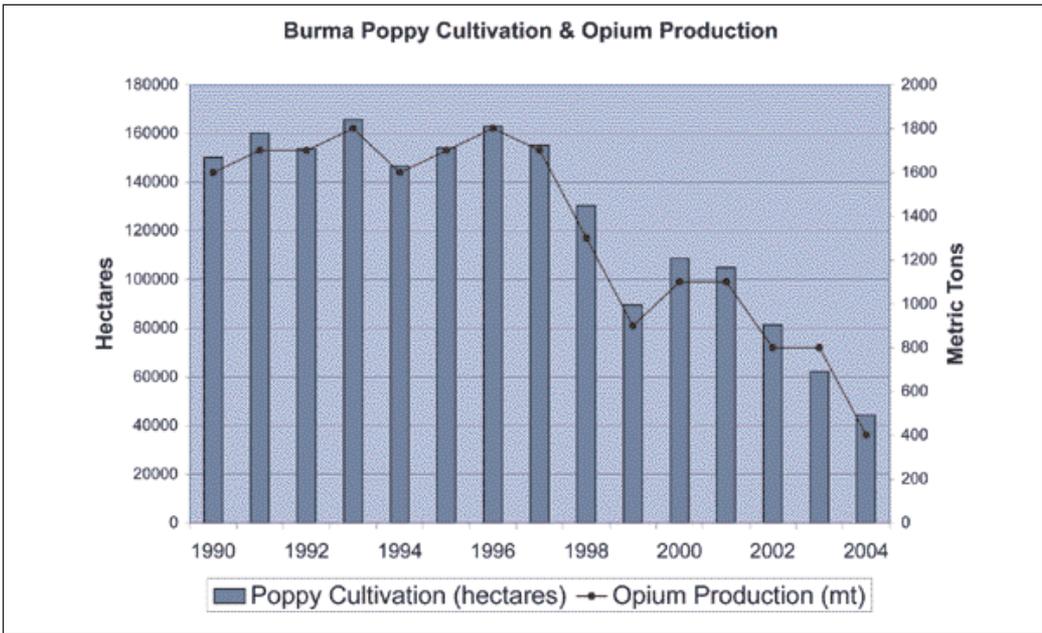
Change in SPDC Leadership

Although rumours about a power struggle within the SPDC leadership were rife for many years, the removal and arrest of Prime Minister and head of the Military Intelligence (MI) Lt. General Khin Nyunt in October 2004 still

¹¹ UNODC, *KOWI Fact Sheets - Frequently Asked Questions*, 31 March 2004.

¹² WFP/JICA, *Rapid Needs Assessment Mission*, op.cit.

¹³ Communication with UNODC, 6 June 2005.



caught most observers by surprise. Officially Lt. General Khin Nyunt was ‘permitted to resign on medical grounds,’ but the SPDC issued a lengthy statement with allegations of corruption by him and the MI, focussing on a case in the town of Muse in northern Shan State on the China border.¹⁴

Khin Nyunt was seen as the architect of the cease-fire agreements with some 17 armed groups, including the UWSA and the Kokang-based Myanmar National Democratic Alliance Army (MNDAA). He was the main contact for these cease-fire groups in the government, and initially there was wide speculation as to how the truces would be affected. However, the SPDC was quick to stress that the leadership change would not affect the cease-fire agreements, the ‘seven step roadmap to democracy’ including the National Convention, or its foreign policy.¹⁵

Following Khin Nyunt’s arrest, the once powerful MI was purged and dismantled, and many of its members were arrested. The purge continued for some weeks, not only limited to the

MI, but also to others who were associated with Khin Nyunt or his policies.

The dismantling of the MI and the removal of many experienced people in the government administration has not only resulted in a loss of capacity, but has also caused a certain inertia, as many officials are unsure about their position and the new policy, and therefore keep a low profile. Few dare to take new initiatives or support controversial projects. This has also greatly hindered the ability of UN agencies and international NGOs to work in the country.

The National Convention, the SPDC’s vehicle for political reform, resumed in February 2005, but was adjourned in April. It is unclear when it will start again. The political impasse remains, as opposition leader Aung San Suu Kyi remains under house arrest and the dialogue process between her and the SPDC, initiated in the end of 2000, seems to have come to a definitive end.

Tension further increased when three bombs exploded in the capital Rangoon in May 2005. No one has claimed responsibility, the govern-

¹⁴ Complete Explanation on the Developments in the Country Given by General Thura Shwe Mann (Member of the State Peace and Development Council) and Lt. General Soe Win (Prime Minister) at Zeyar Thiri Hall 24 October 2004, and Explanation by Secretary-I, Lt. General Thein Sein, Chairman of the National Convention Convening Commission, 22 October 2004.

¹⁵ Ibid.

ment first blaming the blast—which officially left at least 19 people dead and more than 160 injured—on armed groups on the border with Thailand. Later it issued a statement claiming that the bombers had been “trained in a neighbouring country by a world famous organisation of a certain superpower nation”, presumably pointing at Thailand and the US. Opposition groups have denied any involvement, and some speculate the recent instability within the regime may have had something to do with it.¹⁶

International Law Enforcement

In January 2005 the United States Justice Department announced the indictment of eight leaders of the UWSA on heroin- and methamphetamine-trafficking charges. They include UWSA chairman Bao You Xiang, and Wei Xue Kang, former commander of the 171st Brigade of the UWSA Southern Command near the Thai border. The UWSA is described ‘as one of the largest heroin-producing and trafficking groups in the world’.¹⁷ The UWSA issued a lengthy statement denying the accusations, claiming the “materials or evidence supplied by some Thai politicians and institutes are groundless and fake”. The UWSA also questions the motive behind the indictment, which it feels is political.¹⁸

Wei Xue Kang had earlier been indicted in 1993 by a US court on drug-trafficking charges. He was also designated a ‘drug kingpin’ in 2000 under the 1999 Foreign Narcotics Designation Kingpin Act, and the US Drug Enforcement Agency (DEA) is offering a reward of 2 million dollars for information leading to his capture. The UWSA as an organisation was designated a ‘drug kingpin’ in 2003 under the same act.¹⁹

The indictment also links the eight Wa leaders with the Hong Pang Group, a holding company “which represents the proceeds of the defendants’ narcotics trafficking activities.” According to the statement these companies “are managed, operated, financed and controlled by the defendants.”²⁰ The Hong Pang Group is one of the largest companies in Burma, and is among others involved in construction, road building and various large agricultural ventures, including in the UWSA Southern Command area. The initial capital of the company is believed to originate from drug trade.

There was wide speculation about the timing of the indictment, a few months before the opium ban in the Wa region would come into effect, and just before start of the National Convention, which the UWSA also attends. According to the US Justice Department the indictment is the result of a long investigation led by the DEA in cooperation with the Thai Police.

“We were very surprised that the US issued this statement,” says Police Colonel Hkam Awng of the Burmese Government’s Central Committee for Drug Abuse Control (CCDAC). “It was bad timing. It is not a secret that the Wa are involved in drugs, they have already admitted this. Why not wait until after June 2005? If after that they are still involved, then yes, go ahead. But now they are stopping, and we have to take their word for it.”²¹

It is unlikely that the SPDC will try to arrest the eight Wa leaders (provided that they could) and risk a war with the UWSA. According to Hkam Awng: “Our government’s priority is peace and stability, and it took a long time to get the status quo. I am sure that the Wa do not want to go back to fighting. The DEA also knows this. They would like to see our government to do something,

¹⁶ Aung Zaw, *Terror in the City; Who Could be Behind Rangoon Bomb Attacks*, The Irrawaddy, May 2005, Vol. 13 No. 5.

¹⁷ The others are Bao You Yi, Bao You Liang, Bao You Hua (all three are brothers of Bao You Xiang), Wei Xue Lung and Wei Xue Ying (brothers of Wei Xue Kang), and Bao Hua Chiang. US Department of Justice, *Press Release: Eight Leaders of Southeast Asia’s Largest Narcotics Trafficking Organisation Indicted by a Federal Grand Jury in Brooklyn, New York*, United States Attorney, Eastern District of New York, 24 January 2005.

¹⁸ People’s Government of Special Region II, (Wa State), Myanmar, *A Solemn and Just Statement in Responding for some State Court in US Accusing Wa Leaders*, 8 February 2005.

¹⁹ US Department of Justice, *Press Release*, op.cit.

²⁰ *Ibid.*

²¹ Interview with Police Colonel Hkam Awng, Central Committee for Drug Abuse Control (CCDAC), Rangoon 4 February 2005.

even as a token thing, because this is law enforcement, and not politics. However, they also know that we would not be overturning and spilling the apple cart.”²²

The question is whether any of these measures will have a measurable and long-term impact on drug production in Burma. The situation brings back memories of the US efforts to put Khun Sa behind bars in the US some ten years ago. Khun Sa later surrendered to the SPDC,²³ and his removal only had a temporary effect on the drug trade, with dealers and trafficking networks readjusting to the situation. Within a short period of time, Khun Sa’s position was taken over by others, and the drug trade continued as before. It is doubtful whether the arrest of the eight Wa leaders would have a different impact.

All international staff of UN agencies and international NGOs was recalled from UWSA-controlled areas to the capital Rangoon for a brief period following the US indictment.

The question is whether these measures will have a measurable and long-term impact on drugs production

In April 2005 Colonel Maha San, leader of the Wa National Army (WNA) and member of the anti-Rangoon armed alliance, was arrested by the Thai police on drug- trafficking charges. The Thai police issued an arrest warrant for his half-brother Maha Ja, a militia leader based at Khun Sa’s former headquarters Homong. Maha Ja is accused of drug trafficking, and linked to the network of Wei Xue Kang. Earlier an aide to SSA South leader Yawd Serk was arrested in Thailand, allegedly in possession of over 160 bars of heroin. Maha San and the SSA South have denied involvement in trafficking. Both are believed to be cooperating with Thai anti-narcotics agencies.²⁴

In April 2005 it was reported that two

Burmese banks, the Myanmar Mayflower Bank and the Asia Wealth Bank, were forced to stop operations by the Burmese government, following an investigation on illegal money transfers. In November 2003 the US Treasury had named Burma and the two banks to be of “primary money-laundering concern”.²⁵

Renewed Fighting at the Border

In March 2005 fighting broke out in Shan State near the Thai border, when units of the UWSA’s 171st Brigade launched an attack on the SSA-South headquarters Loi Tai Leng, opposite of Thailand’s Mae Hong Son Province. The 171st Brigade was set up by Wei Xue Kang, but is now officially led by Wei’s younger brother, Wei Xue Ying. It is believed Wei Xue Kang still exercises control over the unit from the background.

The fighting between the two armies, the first since 2002, started after the UWSA 171st

Brigade accused the SSA South among others of defamation of the UWSA and of abducting eight people under UWSA protection, reportedly including a protégé of Wei Xue Kang. The SSA-South has denied the accusations.

SSA South leader Colonel Yawd Serk believes the attack on his headquarters by the 171st Brigade is neither initiated nor supported by the UWSA leaders in Panghsang. “I am not fighting the Wa, only with Wei”, he was quoted saying by a Shan newsgroup. Some Shan sources believe Wei Xue Kang is cooperating with the SPDC by fighting against the SSA-South, in return for which he may hope to find an arrangement similar to that of Khun Sa or Lo Hsing-han. The recent US pressure on the



²² Ibid.

²³ See: TNI, *Drugs and Conflict in Burma (Myanmar)*; op. cit.

²⁴ Bangkok Post, *Temperature Rising in Shan State*, 27 March 2005, and: The Nation, *Defeat of a Warlord*, Don Pathan, 7 April 2005.

²⁵ US Department of Treasury, Office of Public Affairs, 19 November 2003, and: *Myanmar Government Closes Suspect Banks*, AP, Yangon 3 April 2005.

Wa leaders may have also convinced him to do so. “Wei has a long history of jumping ships”, says Colonel Yawd Serk. “First he was with Khun Sa. Then he left him to join Maha San (of the Wa National Army – WNA), whom he ditched again to hook up with the UWSA. Now he thinks that Panghsang is a lost cause and wants to play ball with Rangoon.”²⁶

Some Shan sources believe the clashes are part of a wider policy of the SPDC to repress all Shan political movements, including the arrest of Shan leaders in February, and the recent pressure on Shan cease-fire groups to disarm.²⁷

By May the fighting had died down, after the Wa suffered heavy casualties in failing to conquer the SSA-South base. There are also rumours that the UWSA HQ in Panghsang was unhappy about the fighting, and ordered it to stop. Wei Xue Kang is admired by some Wa leaders, mainly for the economic development of the Southern Command area near the Thai border and the business success of the Hong Pang Group, of which Wei is the major shareholder and member of the board of directors. However, there is also resentment within the UWSA against the influence of Chinese like the Wei brothers (as well as the now-deceased Li Ziru) in the organisation. Wei Xue Kang has made investments in the area controlled by the 171st USWA Brigade, but not in the northern Wa region, despite requests to do so by the UWSA leaders in Panghsang.

Thailand will most likely not be pleased with these developments. Clearly Thai national security interest prefers the SSA-South along its border to the UWSA —especially the 171st Brigade, which it is has accused of flooding the Thai market with large quantities of methamphetamine pills. Tension between Thailand and Burma may also increase again, with the Thai side blaming the SPDC for condoning the drug

trade of the UWSA, and the Burmese accusing the Thais of supporting the SSA-South.

Beyond the Deadline

The opium bans in Burma are the product of international pressure, caused by the deadline-oriented thinking and repressive anti-narcotics strategies of the international community. The US has blamed the drug problem in Burma on ‘narco-armies’ and has indicted ‘drug kingpins’. However, after decades of civil war, the reality of the drug trade in Burma is that few of the conflict parties can claim to have clean hands. Decisions over who to blame for the drug trade and who to indict seem, as in Afghanistan, arbitrary and politicised. Experience from Burma over the last 35 years has also shown that only trying to arrest ‘kingpins’ does not help. On the contrary, those who stand to suffer the most from arbitrary measures are those at the bottom of the trade: the opium farmers in Shan State.

The reality is that few of the conflict parties can claim to have clean hands

Communities in opium-growing areas have not been able to meet basic needs before the opium bans. These bans will dramatically increase the already ongoing process of erosion of upland rural livelihood bases. A humanitarian crisis is looming, as these regions are moving towards a downward spiral of poverty, malnutrition and disease. There are also uncertainties about the sustainability of the ban.

The only viable and humane approach to reduce opium production is to ease these deadlines, while at the same time creating alternative livelihoods for opium farmers. This requires more international assistance for a sustainable community-based approach, focussing on capacity building, empowerment, and the strengthening and building up of civil society, in order to enable opium farmers to participate in decision-making processes about their future.

²⁶ Shan Herald Agency for News (S.H.A.N.), Yawd Serk: *The Quarrel is with Wei, not Wa*, No. 19-04/2005, 20 April 2005.

²⁷ Shan Nationalities League for Democracy (SNLD) leaders Hkun Htun Oo and Sai Nyunt Lwin, and SSA North leader Hso Ten, were arrested in February 2005, after attending a meeting in Taunggyi. Some units of the SSA North were told to disarm, but its leader travelled to the Thai border with some of his troops and merged with the SSA-South.

Opium Production in Afghanistan and Burma

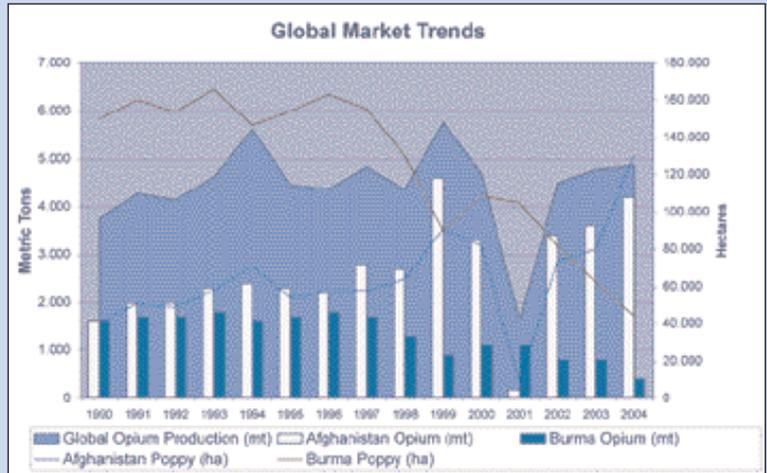
Production figures have shown opposite trends in Afghanistan and Burma over the past decade. In Afghanistan poppy cultivation was on the increase, with the one-year exception of the Taliban 2001 ban, while production in Burma has fallen steadily since 1997. A marked difference has been that average yields per hectare in Afghanistan have been much higher. In terms of hectares, Burma remained the world's No. 1 producer until 2003, nevertheless even Afghanistan's record hectare figure for 2004 still did not reach the high cultivation levels of Burma in the 1990-1997 period. In terms of tons of opium produced, Afghanistan overtook Burma in 1991 already.

Total worldwide opium production remained relatively stable at between 4000-5000 tons in spite of this shifting balance between the two main producers. The shift also reflected a regionalisation of the heroin market. Heroin of

Burmese origin was pushed off the international market and is consumed in the region nowadays, principally in China, South-East Asia and Australia. Western Europe is now fully supplied from Afghan fields, while the majority of Afghan output is consumed in neighbouring countries with very high levels of heroin use (Iran, Pakistan) and is serving the expanding demand in Central Asia, Russia and Eastern Europe. The US heroin market is supplied increasingly from Latin America. Mexico was the only source of opium in the Americas until the early nineties when Colombia emerged as a significant producer.

Opium prices were very low in Afghanistan in the 1990s (decade average of \$44/kg) until the sudden fall in production precipitated by the 2001 ban, which increased the price almost tenfold before gradually dropping again when production resumed. In Burma, traditionally prices were higher (decade average of \$160/kg). The relative instability of both markets is reflected in the sharp drop in price in Afghanistan and the steep rise in Burma in 2004.

How markets will react to the 2005 opium bans is still difficult to predict. As we know from the experience of the Taliban ban, existing stocks may be sufficient to prevent an immediate major impact being felt on the global market. If lower production levels are sustained in both countries over more years, production will either shift to other countries or consumption patterns would gradually adapt, most likely in the direction of increased non-medical use of pharmaceutical opiates, produced from the expanding licit poppy fields in Australia, India, France, Spain, Turkey, Hungary and the UK.



	AFGHANISTAN		BURMA/MYANMAR	
	2003	2004	2003	2004
Poppy Cultivation	80,000 ha	131,000 ha	62,200 ha	44,200 ha
Opium Production	3600 mt	4200 mt	810 mt	370 mt
Average yield	45 kg/ha	32 kg/ha	13 kg/ha	8 kg/ha
Average farmgate opium price	\$283/kg	\$92/kg	\$130/kg	\$234/kg
Total farmgate value	\$1.02 billion	\$600 million	\$105 million	\$87 million
Household average gross opium income	\$3,900	\$1,700	\$159	\$133

As opium producing countries, Afghanistan and Burma have traditionally known opium use, among others for medical purposes. In recent years, however, both countries have experienced growing problems related to drug consumption.

Reliable figures are not available, but recent studies indicate an increase in drug use in Afghanistan, especially in the capital Kabul and among Afghan refugees. According to the Afghan Counter Narcotics Directorate (CND), this is due to the wide availability of cheap drugs, and the return of millions of Afghan refugees from camps in Iran and Pakistan, where many were first introduced to heroin. This group now constitutes the majority of heroin users in the country.¹

In 2003, UNODC estimated the number of drug users in Kabul at over 60,000 people. Apart from some 7,000 heroin and 11,000 opium users, this figure includes 25,000 hash smokers.² In Afghanistan, opium is used mostly in rural areas, while in urban areas and refugee camps a variety of other drugs are used, including heroin, and, increasingly, the misuse of pharmaceuticals.³ Prescription drugs are easily available and 'self-medication' or abuse probably constitutes the biggest drug-related health problem in the country nowadays.

Opium is still widely consumed in Afghanistan, and not all use is considered harmful or problematic, in fact many benefits are ascribed to moderate use. In some districts of Badakhshan province, 60% of the population is reported to use opium, to relieve pain or illness, to fight off the cold and to ease the mind. Only a fraction would consider them selves 'addicts'. "*Opium itself is a disease, but it's a cure for all other diseases*" according to a local saying. The number of female users is growing. Up to 60,000 women are said to consume opium in Badakhshan province, and in Kandahar province over 20% of older women use opium, mainly for respiratory problems. Opium is widely used for medical purposes, mainly due to the lack of health services, including the use of small amounts for young children for cough relief.⁴

In Burma, heroin and opium are the most widely used drugs. Heroin use is more prevalent in Kachin State, Northern Shan State, and in most of the larger cities. Opium is mostly used in Eastern and Southern Shan State and in Kayah State. Drug use in Burma changed in the 1990s from the traditional smoking of opium to the smoking and injecting of heroin. Heroin has a more direct effect and is widely and cheaply available.⁵ Like in Afghanistan, opium is also used for medicinal purposes in remote communities.

According to official government figures, in 1998 there were 66,076 registered drug users, and a year later that had risen to 86,537. The majority of them used opium (60%), and to a lesser extent heroin (30%). Drug users are required by law to register for treatment and rehabilitation, or face a prison term ranging from three to five years. The amount of drug users in prisons is estimated to be high.⁶

The total amount of drug users in Burma is thought to be significantly higher. For the period 1999-2001, international NGOs put the number at between 300,000 and 500,000. Among them, there are an estimated 150,000 to 250,000 IDUs. The simultaneous spread of the HIV/AIDS epidemic and injecting heroin use in Burma has resulted in a very high HIV prevalence among IDUs. The HIV infection rate is still rising due to high-risk behaviour among IDUs.⁷

In recent years, the production of methamphetamine in the border areas with Thailand and China has increased dramatically. The annual production is estimated at several hundred millions pills.⁸ Methamphetamine tablets are mainly consumed in neighbouring countries, especially Thailand, where they are better known as 'yaba' or 'crazy medicine', but are now also easily available in big cities like Rangoon and Mandalay. Recently, the use of an injecting form of methamphetamine has been reported in Thailand.⁹

Burma, Thailand and Cambodia are the countries that have been hit the hardest by the HIV/AIDS

¹ IRIN, *Afghanistan: Drugs Abuse Rising Warns CND*, 22 November 2004.

² UNODC, *Community Drugs Profile #5, An Assessment of Problem Drugs Use in Kabul City*, UNODC Country Office for Afghanistan, July 2003.

³ The Centre for Harm Reduction & Burnet Institute, *Revisiting 'The Hidden Epidemic': A Situation Assessment of Drug Use in Asia in the Context of HIV/AIDS*, January 2002.

⁴ IRIN, *Bitter-Sweet Harvest: Afghanistan's New War*, IRIN Web Special on the Threat of Opium to Afghanistan and the Region, August 2004.

⁵ The Centre for Harm Reduction & Burnet Institute, op.cit.

⁶ Ibid.

⁷ Ibid.

⁸ UNESCO, *HIV/AIDS in the GMS*, Bulletin for Preventive Education in the Greater Mekong Subregion, Issue 1, 2004.

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epidemic in Asia. Burma is the only country among them where the infection rate is still rising, mainly due to high risk behaviour of IDUs. HIV infection rates among drugs users in Burma are among the highest in the world: in some areas, especially in Shan State and Kachin State, these are as high as 96%.¹⁰

Little is known about the HIV/AIDS prevalence in Afghanistan. The number of IDUs among drugs users is still relatively low. A 2003 UNODC study shows that only 7% of the heroin addicts in Kabul were IDUs. The wide availability of heroin, and the practice of needle sharing among IDUs, are likely to contribute to a growing HIV/AIDS problem in Afghanistan, however. Many Afghan IDUs first started to inject heroin in Iran and Pakistan, where there are large IDU communities and the HIV infection rate among them is high.¹¹ There are also reports about the injecting of pharmaceuticals. According to a World Bank report: “*The combination of poverty and lack of information, and the intensified war on drugs (which will reduce the availability of heroin in the market and cause drug addicts to turn to the more cost-effective injecting form of drug) makes it more probable that there will be widespread drug injections and sharing of needles.*”¹²

In both countries the trend is towards harm reduction approaches, including needle exchange and substitution treatment, but the current capacity of drug treatment centres is woefully insufficient. In Burma, HIV/AIDS infection among drug users is a sensitive issue for the government. Access to services provided by NGOs for addicts is restricted by law enforcement activities, which in effect force drug users to go underground where they are out of reach.

⁹ Pasuk Phongpaichit, *Drugs Policy in Thailand*, Senlis Council International Symposium on Global Drugs Policy, Lisbon, 23-25 October 2003.

¹⁰ Interview with representative of international NGO, January 2005.

¹¹ The Centre for Harm Reduction & Burnet Institute, op.cit.

¹² World Bank Group, *HIV/AIDS Issue Brief, South Asia Region (SAR), Afghanistan*, www.worldbank.org/af, June 2004.

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Opium farmers in Afghanistan and Burma are coming under huge pressure as local authorities implement bans on the cultivation of poppy. Banning opium has an immediate and profound impact on the livelihoods of more than 4 million people. These bans are a response to pressure from the international community. Afghan and Burmese authorities alike are urging the international community to accompany their pressure with substantial aid.

For political reasons, levels of humanitarian and alternative development aid are very different between the two countries. The international community has pledged several hundred millions for rural development in poppy growing regions in Afghanistan. In sharp contrast, pledged support that could soften the crisis in poppy regions in Burma is less than \$15 million, leaving an urgent shortfall.

Opium growing regions in both countries will enter a downward spiral of poverty because of the ban. The reversed sequencing of first forcing farmers out of poppy cultivation before ensuring other income opportunities is a grave mistake. Aggressive drug control efforts against farmers and small-scale opium traders, and forced eradication operations in particular, also have a negative impact on prospects for peace and democracy in both countries.

In neither Afghanistan nor Burma have farmers had any say at all in these policies from which they stand to suffer most. It is vital that local communities and organisations that represent them are given a voice in the decision-making process that has such a tremendous impact on their livelihoods.

Founded in 1974, TNI is an international network of activist-scholars committed to critical analyses of the global problems of today and tomorrow. It aims to provide intellectual support to those movements concerned to steer the world in a democratic, equitable and environmentally sustainable direction.

Since 1996, the TNI Drugs & Democracy programme has been analysing trends in the illegal drugs economy and in drug policies globally, their causes and their effects on economy, peace and democracy.

The Drugs & Democracy programme conducts field investigations, engages policy debates, briefs journalists and officials, coordinates international campaigns and conferences, produces articles, publications and briefing documents, and maintains a daily electronic news service on drugs-related issues.

The aim of the project and of the Drugs and Conflict series is to stimulate a re-assessment of conventional prohibitive and repressive policy approaches and to argue for policies based on principles consistent with a commitment to harm reduction, fair trade, development, democracy, human rights, environmental and health protection, and conflict prevention.

