NARCO-TRADE AND CONFLICT RESOLUTION:  
A CASE-STUDY OF AFGHANISTAN  
Mehvish Nigar Qureshi

Abstract

Although the financial channels do not hold a significant position in inter-state wars as their finances are drawn from the state directly but in case of insurgencies, the financial support forms the backbone of insurgency as it cannot flourish without viable financial channels. With increased focus on devising strategies to use hard-power to crush the insurgency in Afghanistan, other dimensions of the conflict, calling for use of soft power have been neglected. Among these, the major area of concern is the role of narcotics industry and its impact on the central dynamics that underpin the quagmire in Afghanistan. In Afghanistan, drug industry has gained a pivotal role by becoming the funding source for insurgency with the passage of time. It is therefore necessary that Narco-traders, forming the financial vein of insurgency, be treated as core parties in U.S-Taliban negotiation process. Therefore, eliminating drug trafficking in Afghanistan equals rooting out terrorism from the region.

Introduction

The havoc of United States’ negotiations with Taliban which is stated officially as a U.S supported Afghan-led negotiation process with Taliban insurgents seems to have grave prospects of accomplishment. These talks initially aimed to "create conditions in which a more sustainable and possibly
internationally endorsed--process of negotiating led by the Afghan government, and including players such as the Pakistan government, can take place.”¹ But unfortunately, with much of the recent shifts at the strategic levels to tackle insurgency in Afghanistan by peaceful means, the focus has been narrowed down to the primary players only thus neglecting (intentionally or unintentionally) the secondary actors and other dimensions of the conflict have faded from view. According to Peter Mandaville, the most critical factor among these is the role played by narcotics trafficking in sustaining insurgency in Afghanistan and its impact on the central dynamics that underpin the quagmire in South Asia. He states, “The situation that the United States and U.S. international allies face on the ground is driven by factors that far transcend al Qaeda and its regional affiliates”.²

Although the financial channels do not hold a significant position in inter-state wars as their finances are drawn from the state directly but in case of insurgencies, the financial support forms the backbone of insurgency as it can not flourish without viable financial channels. An insight into dynamics of insurgency and terrorism in Afghanistan shows that unstable security environment for last three decades, with periods of civil unrest and foreign interventions have made the conflict more complex.

In order to resolve a conflict in an effective manner, it is necessary to identify the stakeholders first, and the basics of conflict resolution (parties, motives, interests and attitudes)
need to be studied carefully which in turn help in resolving a conflict. Identification and involvement of all stakeholders is a key issue in conflict resolution. A clear understanding of the nature and interests (long-term as well as short-term) of all stakeholders is necessary in order to anticipate and address the issue and design pragmatic patterns of conflict resolution.

In case of Afghanistan, with gradual evolution of conflict, the stakeholders have increased not only in number but also some of them seem to be transformed in status from embedded parties to core parties in the conflict.

With increased focus on devising strategies to use hard-power to crush the insurgency in Afghanistan, other dimensions of the conflict, calling for use of soft power have been neglected. Among these, the major area of concern is the role of narcotics industry and its impact on the central dynamics that underpin the quagmire in Afghanistan. In Afghanistan, drug industry has gained a pivotal role by becoming the funding source for insurgency with the passage of time. It is therefore necessary that Narco-traders, forming the financial vein of insurgency, be treated as core parties in U.S-Taliban negotiation process for attaining long-term peace in Afghanistan as financial cord of an insurgency is the most critical factor. Therefore, eliminating drug trafficking in Afghanistan equals rooting out terrorism from the region.

The difficulties to achieve tangible results in curbing insurgency in Afghanistan compel to review the conflict’s dynamics to devise effective counter measures. Moreover, the
connection between the insurgency campaign of Taliban and their relationship to the drug economy in Afghanistan needs to be studied in detail to reach tangible conclusions which will help in conflict resolution using political, economic and military means.

The essay aims to explore the dynamics of narco-industry in Afghanistan with a perspective to analyze its relevance and influence on the ongoing conflict in Afghanistan and to draw pragmatic conclusions regarding its role in the destabilization of Afghanistan.

**Theoretical Framework**

A conflict is essentially a situation in which interests, values and needs of different parties are seen to be in collision. It may involve two or more actors, who have positions based on conflicting needs, values, and interests who perceive their positions to be incompatible. The goal of conflict resolution is to bring the conflicting parties to a shared understanding of the problem and thereafter use that shared understanding to arrive at a settlement of dispute.\(^5\) In order to resolve a conflict, it is therefore necessary to have an awareness of the background of a conflict, needs of conflicting parties, their capacity to sustain a conflict (financial base), number of actors involved (core, embedded, and marginal parties), and the nature of conflict in terms of destructive or constructive outcomes. Today, conflicts do not limit to inter-state level, but extend to intra-state as well as regional and global levels (keeping in view nature of the conflicting parties). With the
inclusion of non state actors (in the form of multinational organizations and terrorist organizations etc) in international political system, the nature of conflict has also been affected. Thus due to transformation in nature and dynamics of conflicts, conflict resolution has become a very complex and intricate mechanism and mal-handling at one step can derail the whole process.

According to the conflict tree model, as a conflict prolongs, stakes as well as stakeholders in the conflict increase like the branches of a tree. There appear parties who are not actively engaged in fighting but from a closer look, it is revealed that they are gaining most from the anarchic situation in the country or region. These stakeholders mostly have economic aims and work for prolonging the conflict by supporting the fighting parties. These also at times become the prime source of funding to conflicts, especially in insurgencies, and work to spoil all peace deals as the negotiation process starts. Spoilers in a conflict can be defined as parties who have incentives in the continuation of violence, public disorder and political economy of war. They exploit the political economy of conflicts for material gains. Paul Collier states that civil wars afford opportunities to profit which are not available during peacetime and incentives to engage in high-risk, high profit activities of an illegitimate nature proliferate during civil unrest and insurgencies, facilitated by weak governance. He divides these opportunities into different categories - opportunistic behavior, criminality, profiteering and rent-
seeking predation. According to Collier, cycles of violence benefit actors involved in these activities in positive ways.  

**Afghanistan’s Narco-economy and Genesis of Afghan Opium Trade**  

Violence and crime are inter-related social phenomena and flourish in unstable security environment as discussed above. Countries coping with domestic unrest, civil wars and foreign interventions always end-up having worst social profiles. The cycles of civil wars and foreign invasions in Afghanistan followed by terrorism, have affected the country’s licit economy adversely and provided space for narco-economy to flourish. According to UNODC estimates, revenues from the Afghan opiate industry at 61% of licit GDP in 2004 and 52% in 2005. This vast pool of resources outside the hands of a legitimate government represents a significant threat to present efforts towards the creation of a stable and effective state where drug economy continues to be a central source of funding for terrorists operating.  

An explanation of Afghan history and opium cultivation will follow as the knowledge of recent Afghan history is necessary to understand the rise of the Afghan drug trade. The last three decades of Afghan history are marked by “chronic civil war”, which has resulted into dysfunctional form of state authority and institutions. Unfortunately this period served the narco-traders most, who benefited from weak governance. This period can be referred to as the genesis of the Afghan opium trade. The Afghan wide-scale opium cultivation for
export began after 1979 when the Soviet and Afghan Government of that time relied upon the elimination of rural support in order to starve the (U.S funded) Mujahideen insurgency in Afghanistan through destruction of rural property in the form of livestock, food supplies, wells, irrigation projects and the mining of agricultural lands. This led to alienation of rural population from the urban bound central government, disruption of traditional agricultural practices, and minimized area of productive lands. Then in 1990’s, the era of warlordism began after Soviet withdrawal and the descent of Afghanistan into factional civil war, as US interests in the region were served and funding of the Mujahadeen was ceased. This was an era of no outside funding and the inability of any faction to assert control beyond regional powerbases. The warlords paved their way by introducing taxation on local economic activity (irrespective of legal and illegal economic activity) in return for providing protection to them. The practice still continues in most of Afghanistan’s rural areas and helped narco-traders in a positive manner.

**Narco-Economy in Afghanistan: Post 9/11**

In the post 9/11 era, the symbiotic relationship between drug-lords and war-lords flourished and the distinction among terrorist movements, insurgencies and organized crimes particularly drug trade got blurred in the absence of a strong central government in Afghanistan. The control of the central government did not extend far beyond Kabul. It was
the local warlords and tribal chiefs who controlled the territory at the regional levels and earned revenues by providing protection to narco-traffickers. Afghan governments’ counter-narcotics efforts with a multi-pronged approach for combating cultivation and trafficking through eradication, interdiction and by providing alternative livelihoods to farmers failed to achieve positive outcomes because successive International Security Assistance Force (ISAF) commanders in Afghanistan have been focusing more on use of military power to crush the insurgency instead of making it face death through suffocation by cutting down their financial sources. Consequently, Taliban’s ability to sustain losses and buy weapons is going unnoticed. The illicit drug economy in Afghanistan is believed to be fuelling terrorism and insurgency in the country. According to United Nations Office on Drugs and Crime (UNODC) Report 2009, the actors involved in destabilization of Afghanistan are explicitly or implicitly linked to the narco-industry.

The analysis of Taliban attitude towards drug industry in the post 9/11 era reveals that the financial capital and the political capital are the two main drivers which compelled them to indulge in narco-trade. A conservative estimate about the exact number of Taliban fighters is 5,000-10,000 armed insurgents; however other estimates report it to be 30,000. Affording such a large number of fighters by a non-state entity requires a viable and uninterrupted financial channel. According to Raphael Perl, a major chunk of Taliban’s income
comes from their involvement in drug-trade. Other sources of Taliban income include taxation of all economic areas where they have a strong presence, illicit logging, illicit trade in wildlife and donations. But apart from funding from other sources, afghan opium industry provides the most appropriate option to supplement the organizational income through partial involvement.

Political capital is another pertinent factor which means legitimacy with and support from the population and the willingness of the population to deny intelligence to the government. As in Afghanistan the illicit drug economy underlies much of the economic, social and hence political life of the country. The Taliban derive substantial political capital from their sponsorship of the illicit drug economy. Being more revenue generating as compared to licit crop economy, narco-economy became more preferred source of funding and on the other hand, the insurgency became the most preferred situation for the narco-trade to flourish as there were no governmental obligations to follow in the absence of a strong central government.

According to UNODC Report 2009, there are strong affiliations among drug-lords and war-lords in Afghanistan. It also traces the chain of links among international drug traffickers, insurgents and weapon suppliers. Alfred McCoy in his book writes that in the aftermath of 9/11, the CIA revived its relations with the warlords involved in the narco-trading to seize towns and cities across eastern Afghanistan to
create ideal conditions for reversing the Taliban's opium ban and reviving the drug traffic. It is evident from sudden outburst of poppy planting in the heroin-heartlands of Helmand and Nangarhar and rise in opium production figures in 2002-03. According to Michel Chossudovsky Afghan narcotics economy is a carefully designed project of the CIA and it is supported by US foreign policy and surprisingly it is not being mentioned in any official UNODC publications, which focus on internal social and political factors only. He further states, “US foreign policy supports the workings of a thriving criminal economy . . . heroin business is not filling the coffers of the Taliban as claimed by US government and the international community: quite the opposite! The proceeds of this illegal trade are the source of wealth formation, largely reaped by powerful business/criminal interests within the Western countries. These interests are sustained by US foreign policy . . .”

**Significance of Narco-Traders in Conflict Resolution and Proposed Way Forward**

An overview of the parties, involved in conflict (with direct and indirect stakes), reveals that major issues confronting the international community in crushing insurgency in Afghanistan and reconstruction and rehabilitation of its society is narco-trading. This connection became more evident in the Presidential elections of 2009, when there have been news about the undemocratic forces in Afghanistan that have constantly gained power and wealth over the past several
years, seemed to be hijacking the election process to ensure their future interests and legitimize their grip on political and public institutions. These forces include former and current warlords, militia commanders and human rights abusers who have money, power and influence across the country which make them incomparably stronger than the ordinary voters with demands not only limited to future power sharing. The ARM Report states that the fallacy that elections cannot be won without the support of influential warlords and other political heavyweights has become a political realism and a social reality in Afghanistan. In these circumstances, U.S efforts to resolve the conflict through peaceful means need to incorporate narco-industry stakeholders as direct party to negotiation process. Some of the suggested measures are as following:

- There is a need to involve all stakeholders in the negotiation process. An effective conflict resolution model requires involvement of all stakeholders ranging from fighters, policy planners and financial beneficiaries of the conflict. In order to win a counter-insurgency campaign, it is necessary to trace the financial channels and devise a strategy to cut these channels or either convince the stakeholders in financial chains through political dialogue to stop their support to insurgents. Without taking all the stakeholders into consideration, a successful conflict resolution model can not be devised.
There is a need for a more aggressive counter-narcotics offensive and formulation of terms of trade more favorable to legal crops to discourage the cultivation of crops which are more revenue generating and fuel the insurgency. The parties with primary intent of economic aggrandizement need to be addressed by tactics, which should be different from conventional conflict resolution methods. It is necessary to buy the insurgency’s logistic capacity to starve the internal support and re-supply structures of the insurgency.

There is a need to create alternate livelihood opportunities by rebuilding Afghanistan's rural economy with its orchards, flocks, and food crops. This will help young farmers to begin feeding their families without joining the Taliban's army and illicit drug chains. This needs to be done through a sustained process in a slow pace as any rapid drug eradication without alternative employment would simply plunge Afghanistan into more misery, stoking mass anger and de-stability. This can be done through small-scale projects until food crops become a viable alternative to opium.

There is a need to adopt a regional approach by involving governments of all regional countries to devise measure for effective control of illegal drug trafficking through their territory to western markets.
This will help in curtailing the strength of narcotics chain.

- Moreover, while dealing with the negotiation process, Afghan government needs to play a more proactive role in setting the terms with Taliban and narco-industry stakeholders instead of entirely depending on solutions from abroad.

**Conclusion**

An insight into the factors behind insurgency in Afghanistan and their influence, it seems evident that it is actually the power of narco-industry and not of the Taliban alone, on which the insurgency flourished and imbibed. It is believed that heroin trade was part of the war agenda as this war has achieved nothing except restoration of a compliant narco-state, headed by a US appointed puppet and there are powerful financial interests behind narcotics. Therefore, the conflict resolution process should not only limit itself to the armed opposition groups but the unarmed groups should also be identified and involved. If these narco-traders are not taken on board, they will not let any political move succeed, because they may resume the role of spoilers in conflict, keeping in view the opportunities available to them in the conflict. Consequently, role of narco-industry in political settlement of conflict is very important as they may hamper negotiations between government officials and Taliban because of the fear that settlement of conflict will eventually lead to fall of narco-industry which flourishes in unstable security environment.
The above discussed factors suggest that narco-industry has emerged as a chief economic driver of the insurgency as well as an issue of common concern, in which the greatest number of relevant players in the conflict have a direct stake. These relevant players range from opium poppy producers, traffickers, Taliban, all levels of the Afghan government, law enforcement agencies, unofficial power brokers and the tribal elite.\textsuperscript{31} Ahsan Ahrari writes that narco-jihad in Afghanistan is being sustained by the iron triangle of warlords, corrupt government officials and the Taliban- al Qaeda nexus.\textsuperscript{32} Narco-industry has become the economic lynchpin that connects the key players in the region,\textsuperscript{33} thus any solution isolating narco-industry from insurgency in Afghanistan will not work and no ideal conflict resolution map can be formulated at political level without involvement of narco-traders as stakeholders in the conflict.

\textbf{End Notes}

\begin{enumerate}
\item Ibid.
\item Ibid.
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8 **Opportunistic behavior:** During civil wars economic activity declines, opportunistic behavior increases and consequently the profit motive dominates as the value of reputation declines, and the struggle to survive over-rides moral and social obligations. Moreover the opportunities to profit in the present are valued over opportunities to profit in the future because civil wars prolong as compared to conventional wars.

**Criminality:** Military spending increases during civil wars which leads to decrease in spending on constabulary forces and law enforcement agencies, resulting in increase in criminal behavior as police with less manpower and material/weapons poses less of a threat and the potential costs of engaging in a crime get lowered.

**Profiteering:** Civil wars affect markets by driving up marketing margins, increasing the cost of information and raising barriers to entry which contribute to a decrease in competition, increase profit margins among incumbents and an increase in the cost of living for consumers. Traders seek to maintain these high profit margins by instituting illegal barriers to market entry and market behavior becomes increasingly monopolistic.

**Rent-seeking** predation increases among all actors capable of violence. According to Collier, even Government officials are no less prone to engage in such behaviors.


10 Ibid.


14 Ibid.


16 Op.Cit, Shelly and Hussain.

25 Alfred McCoy, Afghanistan as a Drug War, University of Wisconsin-Madison, 30 March, 2010.
27 Ibid.
29 Ibid.
33 Ibid.