Addiction, Crime and Insurgency
The transnational threat of Afghan opium

Executive summary
Acknowledgements

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In September, UNODC published its *Afghan Opium Survey 2009* with detailed estimates of cultivation, production, labour force, revenues and domestic prices.

This Report is a sort of a sequel: it presents a perspective that is both deeper in scope and broader in geographical coverage. It looks at the multiple consequences of Afghan drugs as they move through neighbouring states, along the Balkan and Eurasian routes, ending up in Europe, the Russian Federation, even China and India. This analysis is proposed to help the international community appreciate the fact that we all are part of the Afghan drug problem: hence, we all must work for its solution, addressing all links of the drug chain: (i.) assistance to farmers to reduce supply, (ii.) drug prevention and treatment to curb demand, and (iii.) law enforcement against intermediaries.

These intermediaries are not only shady characters linked to international mafias. They are also (i.) white collar Afghan officials, who take a cut by protecting the drug trade, as well (ii.) the religious fanatics and political insurgents who do the same to finance their cause.

By looking, with unprecedented detail, at the Health, Security and Stability dimensions of the Afghan drug problem, this report shows what more needs to be done at a time when, within the country, market forces have reduced domestic cultivation by 1/3 in the past 24 months. Let us begin with the health question.

### A. Addiction

The catalogue of casualties caused by Afghan narcotics is gruesome. We need to go back to the dramatic opium addiction in China a century ago to find comparable statistics.

- Every year, more people die from Afghan opium than any other drug in the world: perhaps 100,000 globally.

- The number of people who die of heroin overdoses in NATO countries per year (above 10,000) is five times higher than the total number of NATO troops killed in Afghanistan in the past 8 years, namely since the beginning of military operations there in 2001.

- The number of addicts in the Russian Federation has multiplied by 10 during the past 10 years, and they now consume a staggering 75-80 tons/year of Afghan heroin. More Russian people die from drugs per year (at present 30,000-40,000, according to government estimates) than the total number of Red Army soldiers killed during the Soviet invasion and the ensuing 7-year Afghan campaign.

- Despite major efforts to cope with drug trafficking, the Islamic Republic of Iran is swamped by Afghan opium: with its estimated 1 million opiate users, Iran faces one of the world’s most serious opiates addiction problem.

- Central Asia, once only a conduit for Afghan heroin, is now a major consumer – a habit that is resulting in an HIV epidemic caused by injecting drug use.
These numbers show that Afghan opium is not a home-made Marshall Plan, to replace (inadequate) foreign development assistance with (illegal) domestic revenues. Nor is it the result of a country short on controls and long on corruption. Rather, these numbers suggest that the Afghan opium trade is a well-funded threat to the health of nations. And what about security?

### B. Crime

While in recent years opium has generated up to $1 billion per year to Afghan farmers, the global heroin market is worth many times that much ($65 billion). Not idly, President Karzai pointed out to me that: “we take 3% of the revenue and 100% of the blame”. This report documents the extent to which benign neglect, incompetence and corruption enable narcotics to move from one of the poorest (landlocked) countries in the world, to the main streets of the richest nations in Europe and (growingly) Asia. Here are the hard facts to document this systemic failure.

- While 90% of the world’s opium comes from Afghanistan, less than 2% is seized there. This is a major law enforcement defeat, as it is incomparably cheaper and easier to detect and interdict an illicit activity at the source, rather than at destination (Colombia, the other major drug-producing country, seizes 10 times more of its dope than Afghanistan: as a consequence, on the high street, purity has decreased and prices increased)

- Most of the Afghan borders with Pakistan are wide open, enabling low-risk smuggling back and forth across the Durand Line, especially in Balochistan. Almost no drugs are seized in the Federally Administered Tribal Areas (FATA) although thousands of tons transit the region. Abuse of the Afghan Trade Transit Agreement (ATTA) as well as exploitation of centuries-old kinship ties, have turned the Afghanistan/Pakistan border – already known for the unimpeded movements of insurgents-- into a massive illicit free trade zone of drugs, chemicals precursor, money, people and weapons.

- The rates of interception of the opiate flows in the Islamic Republic of Iran (20%) and in Pakistan (17%) are more significant, but are not matched in other countries or regions (except China).

- Countries of Central Asia are only seizing around 5% of the 90 tons of heroin that cross their territory, on the move to the Russian Federation.

- The Russian Federation, the foremost (national) heroin market, consumes 20% of the Afghan heroin production, but seizes a meagre 4% of the flow reaching its territory.

- Even worse, countries of South-Eastern Europe, including EU members like Greece, Bulgaria and Romania, are intercepting less than 2% of the heroin flow.

There is something basically wrong with global counter-narcotics. Why are global seizures of cocaine (from Andean countries) twice as high, in absolute and relative terms, than for opiates (from Afghanistan)? To understand the menace resulting from this law enforcement failure, let us look at the threat Afghan drugs pose to stability.

### C. Insurgency

The Taliban’s relationship with opium has gone through stages, each a manifestation of an opportunistic response to the situation on the ground – within, but especially beyond, Afghanistan.

- When in power (in the second half of the 1990s), the Taliban tolerated opium cultivation and facilitated its export. In the process, through a direct taxation on farmers (ushr) they generated about $75-100 million per year to fund a regime without alternative sources of foreign exchange.

- In the summer of 2000, as a Security Council embargo loomed, Mullah Omar banned opium cultivation (but not its export). Thanks to the regime’s near total control of the territory, farmers had no option but to respect the decree (fatwa). In the fall of 2000, they refrained from planting; the spring 2001 harvest was close to zero.

- Ever since their return as insurgents into southern Afghanistan (in 2005) the Taliban – and other anti-government forces – have derived enormous sums of money from the drug trade. Although the amounts are subject to debate, some order of magnitude estimates are possible.

In 2006-2007, the drug-related funds accruing to insurgents and warlords were estimated by UNODC at $200-400 million a year. This estimate included incomes from four sources: levies on opium farmers; protection fees on lab processing; transit fees on drug convoys; and taxation on imports of chemical precursors. The proposed sum, a surprise to many observers, was in line with the high opium prices at that time and the unprecedented levels of cultivation (never repeated).
Ever since, the opium economy of Afghanistan has changed its shape and nature: crops, prices and revenues have declined; additional sources of revenue have materialized for the Taliban; also insurgents outside Afghanistan have started to benefit in their own right. In total, there have been pluses and minuses.

- During the past four years (2005-2008) the Taliban have made $450-600 million in total from taxing opium cultivation and trade in Afghanistan. Year over year the amounts have changed as both cultivation (hectares) and prices ($/kg) in the middle of the period were much higher than in earlier and later years.

- At the same time, Afghanistan’s opiate exports have shifted towards a greater share of refined products (at present 2/3 of the raw opium output is turned into heroin and morphine compared to 3/4 a few years back). This has allowed the Taliban to tax higher value-added commodities (refined products) and other drug-related activities: lab processing, trafficking and the import of precursors – a business worth around $3 billion in 2007 in Afghanistan alone.

- Furthermore, the Taliban and other al-Qaeda linked groups have been taking a share of the $1 billion opiate market in Pakistan.

As a consequence, the estimation of the revenue derived by insurgents in Afghanistan has become more complex, as the taxes imposed on licit economic activity have to be taken into account and added: a source of money that did not exist in 2006-2007 when the anti-government groups did not control the territory in southern Afghanistan as widely and permanently as they do now. Furthermore, the lines between the ideologically-driven Taliban, the criminal groups in the business for profit, and the government officials taking a cut for greed, have become blurry. Pinning all the blame on anti-government forces diverts attention from the broad range of profiteers, at home and abroad. In short, the Afghan drug economy generates several hundred million dollars per year into evil hands – some with black turbans, others with white collars.

A perfect storm spiralling into Central Asia

The most sinister development yet is taking shape outside Afghanistan. Drugs are funding insurgency in Central Asia where the Islamic Movement of Uzbekistan, the Islamic Party of Turkmenistan, the East Turkistan Liberation Organization and other extremist groups are also profiting from the trade. The Silk Route, turned into a heroin route, is carving out a path of death and violence through one of the world’s most strategic, yet volatile regions. The perfect storm of drugs, crime and insurgency that has swirled around the Afghanistan/Pakistan border for years, is heading for Central Asia. If quick preventive measures are not put into place, a big chunk of Eurasia could be lost – together with its massive energy reserves.

This report provides a diagnosis of the transnational threat posed by Afghanistan’s opium that only an international and truly comprehensive effort can address.

Antonio Maria Costa
Executive Director
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Key Facts

- In the world over 15 million people use illicit opiates (opium, heroin and morphine) annually. The value of the global opiate market is estimated at US$ 65 billion.
- In the 1990s, production shifted from South-East Asia (mainly Myanmar) to Afghanistan which at present provides over 90 per cent of global supply.
- More than 60 per cent of drug treatment demand in Asia and Europe relate to opiates that are, especially heroin, the most deadly drugs. Deaths due to overdose are, in any single year, as high as 5,000-8,000 in Europe, and several times this amount in the Russian Federation alone.
- The world consumes some 3,700 tons of illicit opium per year (1/3 raw and 2/3 processed into heroin) and seizes 1,000 tons. Illicit opiate trade flows have never been previously known: this report breaks new ground by estimating them by country (and regions).
- Every year, the equivalent of some 3,500 tons of opium flow from Afghanistan to the rest of the world, via its immediate neighbours: 40 per cent through the Islamic Republic of Iran, 30 per cent through Pakistan, and the rest through Central Asia (Tajikistan, Uzbekistan and Turkmenistan).
- The main opiate consumer market is Europe (about 19 per cent of global consumption, with a market value of US$ 20 billion), the Russian Federation (15 per cent), the Islamic Republic of Iran (15 per cent), China (12 per cent), India (7 per cent), Pakistan (6 per cent), Africa (6 per cent) and the Americas (6 per cent).
- The world only intercepts one fifth of the global opiate flows every year, with very mixed performances at the country level. The Islamic Republic of Iran has the highest seizures rate, at 20 per cent. Next are China (18 per cent) and Pakistan (17 per cent). In the two main source countries, Afghanistan and Myanmar, seizures represent only 2 per cent each of the world total.

An equally insignificant 2 per cent is seized in South-Eastern Europe, the last segment of the Balkan route to Europe. Along the Northern route (Central Asia - Russia), the interception rate is also low (4-5 per cent).
- Due to dramatic production increases in Afghanistan after 2005, some 12,000 tons of opium are now stockpiled, in unknown locations. According to UNODC estimates, only a fraction (maybe 10 per cent) is kept by Afghan farmers. The rest is likely in the hands of criminal (traders) and insurgent groups.
- Of the US$ 65 billion turnover of the global market for opiates, only 5-10 per cent (US$ 3-5 billion) are estimated to be laundered by informal banking systems. The rest is laundered through legal trade activities (including smuggling of legal goods into Afghanistan) and the banking system.
- This report assesses the relationship between the drug economy and insurgency in Afghanistan and Pakistan. When the Taliban were in power (in the late 1990s) they extracted US$ 75-100 million a year from taxing opium. In the 2005-2008 period the cumulative revenue from opiate farming and trade accruing to Taliban insurgents is estimated at US$ 350-650 million, or an annual average of US$ 90-160 million in Afghanistan alone. This estimate does not include insurgents’ potential revenues from other drug-related activities (labs, imports of precursors) in Afghanistan and from the US$1 billion opiate trade in Pakistan. Also not included are revenues extracted by insurgents from licit activity that takes places in areas they control.
- Precursor trafficking converges on southern and western Afghanistan and, so far, has not received as much attention as the outflow of opiates. Although growing, seizures remain low.
Global opium production increasingly shifted from South-East Asia to Afghanistan during the 1990s. This trend increased in the first decade of the twenty-first century to the point that Afghanistan’s supply of opium exceeded world demand. Afghanistan is now the source for more than 90 per cent of the world’s deadliest drug. This generates a yearly income estimated at US$ 65 billion, most of which is pocketed by criminals outside of Afghanistan. More than 60 per cent of all drug treatment demand in Asia and Europe is related to opiate abuse. The Afghan drug trade spreads crime, corruption, addiction and HIV. It is a major source of revenue for insurgents, criminals and terrorists. It undermines governance, public health, and public security within Afghanistan and along trafficking routes. In short, it poses a major transnational threat to health and security.

In line with its mandate to ensure evidence-based policy, the United Nations Office on Drugs and Crime (UNODC) is carrying out a programme to analyse the scale and transnational impact of the Afghan opiate trade. Its principal objectives are to:

- analyse the dimensions and flows of the Afghan opiate trade;
- identify the links between drugs, crime and insurgency and the impact on health, development, security and the rule of law;
- provide information and analysis to stimulate a policy response.

This report presents the first findings of the programme. They reveal:

1. How the flows of Afghan opiates are distributed in the world.

2. The extent to which regional insurgency or instability is fuelled by the Afghan opiate industry.

In addition to UNODC’s own expertise, research material and fieldwork in Afghanistan and neighbouring countries, information from a variety of other sources were used for the preparation of this report, including experts and officials from a number of government agencies and other international organizations, as well as secondary literature.

1. How are the flows of Afghan opiates distributed in the world?

Law enforcement agencies have generally been able to track the evolution of opiate trafficking routes, mostly through data on seizures and arrests. However, to date, there has been no systematic assessment of the actual volume of opiates flowing to various destinations across the world. That information is essential for developing a better understanding of the patterns and dynamics of the global Afghan opiate trade. The task is challenging and must be treated as work in progress, and this report presents a first estimation of global Afghan opiate flows.

With production increasing over the last decade, market destinations for Afghan opiates diversified. While illicit opiates continued to be exported to the lucrative European market, they also increasingly started to go towards the potentially large market in China, emerging markets such as Central Asia and the Russian Federation, and even to more remote regions such as sub-Saharan Africa and the USA. While world demand for opium and heroin is more or less stable, demand has been increasing in countries along trafficking routes, bringing with it increased health risks, including higher rates of HIV infection.
The world consumes approximately 3,700 tons of illicit opium per year (raw or processed into heroin)

According to 2008 UNODC estimates, there are around 15.4 million opiate users in the world. The overwhelming majority (11.3 million) are heroin users and the others (4.1 million) opium users. Global heroin consumption is estimated at 340 tons of pure heroin per year (equivalent to 2,600 tons of opium) and raw opium consumption is estimated at 1,100 tons per year, bringing global opiate consumption to around 3,700 tons of opium equivalent per year.

Close to half of all global heroin consumption is estimated to take place in Europe (including the Russian Federation). Excluding Russia, European users account for a quarter of global heroin consumption. Russian users rank second with about a fifth of the total, and Chinese users come next with more than a tenth. Heroin consumption figures for Africa have some limitations, but available estimates suggest that the continent may now account for some 7 per cent of global heroin consumption. Pakistan, India and the Islamic Republic of Iran account for one twentieth of total consumption each.

As regards opium, global illicit consumption is estimated at close to 1,100 tons per year, used by some 4 million users. The lion’s share, over 42 per cent, is estimated to be consumed in the Islamic Republic of Iran.

Opium production has doubled since 2006

For some 15 years (1990-2005), global annual opium production amounted to an average of 4,700 tons, and seizures to some 900-1,000 tons per year. The 3,700 tons remaining after seizures were sufficient to meet the estimated world demand for illicit opiates and the illicit market was more or less stable. However, as of 2006, opium production almost doubled compared to the 1990-2005 average, due to a sharp increase in Afghanistan.

Major stockpiles of opium

Major overproduction during the 2006-2009 period can be estimated at over 12,000 tons of opium, enough to satisfy more than two years of world consumption. Stockpiles are probably in remote regions of Afghanistan, in neighbouring countries, or along trafficking routes. Speculation as to why so much opium is being withheld from the market ranges from economic reasons (a hedge against falling prices) to more sinister scenarios (a funding source for further insurgency or terrorist attacks).

Every year, some 375 tons of Afghan heroin (and morphine) enter the world market

The total quantity of (pure1) heroin consumed (340 tons) or seized (about 90 tons) in the world amounts to some 430 tons per year. Opium from Myanmar and the Lao People’s Democratic Republic yields some 50 tons of heroin and the rest, some 380 tons of heroin/morphine, is produced exclusively from Afghan opium. About 5 tons are consumed and seized in Afghanistan itself, and the remaining 375 tons enter the world market.

UNODC estimates that around 110 tons of heroin are exported to Europe, about 100 tons to Central Asia (the majority destined for the Russian Federation), some 25 tons to Africa, 15-17 tons to China, and some 15-20 tons to the

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1 Throughout this report, the term “heroin” refers to pure heroin which is equal to the purity of heroin produced in Afghanistan (70 per cent).
First, heroin is trafficked to Afghanistan’s immediate neighbours, Pakistan, the Islamic Republic of Iran and the Central Asian countries of Tajikistan, Uzbekistan and Turkmenistan. Some 40 per cent (150 tons) of Afghanistan’s heroin is trafficked to Pakistan, which is one of the main transit countries for Afghan heroin destined for Iran, India, Africa, Europe, the USA, Canada, China and East and South-East Asia. About 30 per cent (105 tons) enters Iran and 25 per cent Central Asian countries (100 tons). It is possible that the remainder, some 20 tons (5 per cent) of Afghan heroin, is being smuggled into India. This hypothesis requires further research, due to current data limitations.

**Estimates of opiate stockpiles for the period 2006-2009**:  
- Total global opium production: 31,000 tons.  
- Total global opiate demand and seizures (in opium equivalent): 19,000 tons  
- Total opium surplus: 31,000 − 19,000 = 12,000 tons

* Figure for 2009 based on 2009 Survey results for Afghanistan and 2008 data for the rest of the world.

USA and Canada. The remainder is smuggled to other destinations such as the Middle East.

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**Does 75 per cent of the heroin consumed in the USA and Canada come from Afghanistan?**  
A total of 22 tons of heroin is estimated to be consumed in the USA and Canada. Until now, it was thought that the majority of this heroin originated in Latin America and Mexico. But with the amount of opium reportedly produced there, not more than 10 tons of heroin can be produced annually, half of which goes to the north. Either some 17-20 tons of heroin are being trafficked from Afghanistan (or its neighbours) to North America, or Colombia and/or Mexico are producing more opium than previously reported.

**30 per cent of all Afghan heroin is trafficked to Europe, primarily via the Balkan route**  
The primary supply line for the European market is the “Balkan route”, flowing from the Islamic Republic of Iran to Europe. Between Iran and Europe, Turkey is the central hub from which narcotics are shipped onward to Bulgaria, Greece, Albania and Romania. Wholesale heroin importation into Turkey is almost exclusively from Iran, although a small amount is trafficked from the Syrian Arab Republic.

Of the estimated 110 tons of Afghan heroin that reach Europe every year, around 80 per cent (85 tons) is trafficked along the Balkan route. The rest comes via the Russian Federation (Central Asia-Russia), the Black Sea route (Iran-Azerbaijan-Georgia-Black Sea), Pakistan (by air), Africa (by air and sea) and South-East Asia (by air). In recent years, probably due in part to increasing instability in the Caucasus, heroin trafficking via the Black Sea route seems to be increasing.

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2 All the findings on opiate flows rely heavily on opiate demand statistics provided in UNODC World Drug Reports and are subject to change as efforts to improve demand data progress.
Individual heroin seizures reported during the period 2002-2007

Source: UNODC individual drug seizure database and WCO.
20 per cent of all Afghan heroin is trafficked to the Russian Federation via Central Asia

The estimated 75-80 tons of Afghan heroin flowing to Russia are trafficked from Afghanistan via Central Asian countries. The Central Asian heroin route crosses Afghanistan’s borders with Uzbekistan, Turkmenistan and particularly Tajikistan. Most of the heroin (almost two thirds, or 50 out of 75-80 tons) is then trafficked through Kazakhstan by road to Russia. As the last and only northbound transit country for Afghan opiates, Kazakhstan may be as important as Tajikistan on the Northern route. Demand for Afghan heroin has increased dramatically in Russia, and the country has now become more a destination than a transit area. Indeed, there appears to be very limited heroin trafficking from Russia to Europe.

A quarter of the Chinese heroin market may now be supplied by Afghan heroin

New avenues of Afghan opiate distribution have emerged. It appears that the Chinese opiate market is no longer supplied exclusively from Myanmar’s declining opium production. Afghan heroin apparently began to be trafficked to China in 2000, mainly via Pakistan, but also across China’s borders with Central Asia.

25 per cent of the heroin market in China may now be supplied by Afghan heroin

From 1998 to 2008, Myanmar’s opium production declined by more than 70 per cent while opium production in the Lao People’s Democratic Republic decreased by more than 90 per cent. The Chinese heroin market is no longer supplied exclusively from the “golden triangle”, but may now be supplied also by Afghan heroin, which is trafficked via Pakistan, Central Asia, Africa and Gulf countries.

On the basis of tentative estimates, Afghan heroin may now command a 25 per cent share (15-17 tons) of the Chinese opiate market. This trend, combined with increased regional trade and migration, may result in a growing market share for Afghan heroin in China in the years to come.

Other countries traditionally supplied by the “golden triangle” may also increasingly see Afghan heroin entering their domestic markets.

The case of India

With an estimated 0.8 million heroin users, India is one of the largest opiate markets in South Asia. Some 15-20 tons of heroin may be consumed in India every year. But the exact source of supply is unknown.

What is the source of opiates consumed in India?

Based on demand estimates, heroin consumption in India is estimated at 15-20 tons per year. Data show that heroin is also trafficked from India to various destinations in Africa, North America and Europe. Since there appears to be very limited heroin trafficking from Myanmar to India, this would suggest that heroin comes from Afghanistan or is produced in India itself.

Similarly, while illicit opium consumption in India is estimated at 70 tons per year, official reports from India state that no opium is trafficked into the country. This would suggest that opium for illicit domestic consumption is supplied by local production in India.

Some 30-35 tons of Afghan heroin may be trafficked to Africa every year

Demand for heroin in Africa seems to have been increasing since 2004. A substantial amount (some 20 tons) of heroin is shipped through seaports and airports to Africa from Pakistan every year. The rest, 10-15 tons of heroin, seems to be trafficked to Africa from the Islamic Republic of Iran, the Gulf States, India and South and South-East Asian countries (except China) every year. Traffickers from West Africa and Nigeria in particular are known to operate in Pakistan and in some Central Asian countries, among others. These networks further smuggle Afghan heroin to the USA and Europe, using countries in Africa and other regions as transit points. Afghan heroin is also smuggled into Africa to meet demand on the continent, which is tentatively estimated at around 25 tons per year.

On average, little more than 1 per cent of opium production is seized in Afghanistan

Between 2002 and 2007, a total of 395 tons of opium equivalents of heroin, morphine and opium were seized in Afghanistan. This corresponds to 1.3 per cent of the total amount of opium produced during these years in Afghanistan (29,600 tons). By contrast, during the same period, the Islamic Republic of Iran seized 2,063 tons (7 per cent of Afghanistan’s production) and Pakistan 1,057 tons (3.6 per cent of Afghanistan’s production) of opium equivalent.

Between 2002 and 2006, on average, 20 per cent of the estimated global opiate flow was seized in the world every year. A closer look at drug seizures relative to drug flows reveals some interesting facts, and some weak links. Seizures as a proportion of the estimated opiate flow affecting Afghanistan, Africa, Myanmar and South-East Europe (except Turkey), East, South and South-East Asia (except China) and India are quite low (1-3 per cent), compared
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Estimated heroin flows from Asia to the world (in tons)

Source: UNODC.
with the ratio for other countries, such as the Islamic Republic of Iran (20 per cent), China (18 per cent) and Pakistan (17 per cent).

**Precursor chemicals are a key but overlooked link in the chain**

A large quantity of controlled and non-controlled chemicals is required to produce heroin from Afghanistan’s opium crop – around 13,000 tons per year. None of these chemicals are produced in Afghanistan. They are diverted from licit channels in Europe, the Middle East and Asia, and then smuggled to Afghanistan. The most essential precursor chemical for producing heroin is acetic anhydride, of which an estimated 1,300 tons are required annually for that purpose in Afghanistan. Only 1 per cent of that quantity was seized in the country in 2008.

Precursors are trafficked across all Afghanistan’s borders, but the southern and western borders are particularly targeted. Smuggling into Afghanistan takes place at the borders with the provinces of Nangarhar, Hilmand, Kandahar and Nimroz, which in many places are unmanned and not monitored. Smuggling from the Islamic Republic of Iran takes place over its long borders with Afghanistan, particularly those with the provinces of Nimroz and Farah.

**Regional distribution of opium poppy cultivation in Afghanistan (hectares (ha))**

<table>
<thead>
<tr>
<th>Region</th>
<th>2002 (ha)</th>
<th>2009 (ha)</th>
<th>Change 2002-2009 (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central</td>
<td>96</td>
<td>132</td>
<td>+36</td>
</tr>
<tr>
<td>East</td>
<td>21,909</td>
<td>593</td>
<td>-21,316</td>
</tr>
<tr>
<td>North</td>
<td>691</td>
<td>0</td>
<td>-691</td>
</tr>
<tr>
<td>North-east</td>
<td>9,054</td>
<td>557</td>
<td>-8,497</td>
</tr>
<tr>
<td>South</td>
<td>39,220</td>
<td>103,014</td>
<td>+63,794</td>
</tr>
<tr>
<td>West</td>
<td>3,076</td>
<td>18,800</td>
<td>+15,724</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>74,046</strong></td>
<td><strong>123,096</strong></td>
<td><strong>+49,050</strong></td>
</tr>
</tbody>
</table>
Opium poppy cultivation trends in Afghanistan, 2002-2009 (at province level)

Opium poppy cultivation in Afghanistan, 2009 (at province level)

Source: Afghanistan opium surveys, 2002-2009, UNODC.
Prices for acetic anhydride have nearly tripled in Afghanistan in recent years. As a result, trafficking acetic anhydride is now more profitable than trafficking opium. It also carries less risk of interception since law enforcement officials are focused on opiates.

98 per cent of Afghan opium production is concentrated in the unstable South and West

In recent years, opium poppy cultivation in Afghanistan has been concentrated in the south-west of the country where government control is weakest. Regions of highest instability are also the regions of highest cultivation. Just five provinces account for 98 per cent of the country's entire opium output. In 2009, the southern province of Helmand alone accounted for 60 per cent of all opium poppy grown in Afghanistan. Much of the rest of the country (20 provinces out of 34) has become poppy free.

2. To what extent is regional insurgency/instability fuelled by the Afghan opiate industry?

Instability in Afghanistan and the region has an impact on the narco-industry, and vice versa.

In the past, during the Soviet occupation of Afghanistan, opium was used as a source of funding for the Mujahideen. Later it helped fuel internecine warfare between the Mujahideen competing for political power. Between 1995 and 2000, the Taliban regime tolerated the drug trade and earned some US$ 75-100 million annually from taxing it. In the post-Taliban period, it was a source of revenue for warlords.

As the Taliban regrouped in the south of the country and in the border region between Afghanistan and Pakistan, they resumed the levying of taxes on agriculture, including, crucially, opium cultivation. More recently, there is evidence that they are moving up the value added chain of the drug trade, linking up with criminal groups and reaping profits from drug production, trafficking, and the smuggling of precursor chemicals. There is growing evidence of the emergence of Afghan narco-cartels.

Since 2005, there has been a conspicuous increase in the number of security incidents in Afghanistan in parallel with the sharp rise in opium production. The nexus of drugs, crime, and insurgency has become stronger, also spilling over into neighbouring countries, particularly Pakistan. As a result, the transnational threat posed by Afghanistan's opium has become more acute.

The value of the world opiate market is estimated at US$ 65 billion per year

An estimated 11.3 million heroin users pay around US$ 56 billion to drug dealers every year. The value of the global opium market is estimated at around US$ 7 billion. Consequently, the combined opium/heroin market is worth some US$ 65 billion per year. This number is higher than the GDP of more than 120 countries in the world.

Europe represents the largest share of the global opiate market, with some US$ 20 billion, followed by the Russian Federation (US$ 13 billion) and the USA plus Canada (US$ 8 billion).

Much of the money generated by the global opiate trade is injected into the world's formal economies every year through the spread of money-laundering and the criminalization of legal assets. It also fills the coffers of international
organized crime groups and finances insurgent and extremist groups active in conflict zones throughout the world. Nowhere is this synergy more evident than in Afghanistan where insurgents and drug traffickers have joined forces and presently control parts of the southern drug corridors into the Islamic Republic of Iran and Pakistan.

**Global opiate market value (US$ 65 billion/year)**

With a figure of US$ 20 billion per year, the value of the Afghan opiate trade in Europe (Russia excluded) is no less than 20 times the value of the opiate trade in Pakistan (US$ 1 billion). The economic power accruing to criminal organizations running trafficking operations to Europe via the Balkan or the Northern routes dwarfs insurgents’ benefits in Afghanistan and/or Pakistan. As a whole, Europe’s stability is not threatened by the opiate trade, but the very large revenues they extract from the drug trade have given these groups the means to achieve considerable influence in some countries along trafficking routes.

**In Afghanistan, Taliban insurgents draw some US$ 125 million annually from the opium farmers and traders**

Taliban insurgents in Afghanistan benefit from the drug trade at various points in the value chain and through several mechanisms. This research has focused on the traditional taxes levied in Taliban-held areas, as well as the transit and trade levies that derive from drug trafficking which have been applied fairly systematically across southern and western Afghanistan since 2005. Estimates of Taliban insurgents cumulated revenue from these over a four-year period (2005-2008) range from US$ 350-650 million in Afghanistan. This translates into an average annual income of US$ 125 million (range: 90-160) and excludes potential wages and taxes related to precursor importation and processing facilities, among others.

The funds generated from the drugs trade can pay for soldiers, weapons and protection, and are an important source of patronage.

Beyond the opiate economy, Taliban insurgents levy taxes on all forms of trade and agriculture. Although opiates are the highest-value drugs on the market, cannabis may also contribute to funding the insurgency.

**The value of the opiate trade in Pakistan is at least 20 times bigger than that of Pakistan**

**Trans-border ties**

Transnational organized crime groups, with kin on both sides of the same border, as well as a diaspora farther up the trafficking route, are also major players and beneficiaries of the illicit opiate trade.

The relation between the narcotics industry and the insurgency in southern Afghanistan is amplified by the role played by tribalism in both drug trafficking and insurgent networks. The strongest overlap between the insurgency, tribal networks and the drug trade is found in the southern and eastern parts of the country, and extends into Pakistan’s tribal areas across the Afghan border. Since 2005, there has been a notable increase in insurgent activity and an extension of the area under insurgent control, particularly along the restive Pashtun tribal belt on the Afghanistan-Pakistan border.

Cross-border tribal links, for example among Baluchi and Pashtun groups, facilitate the drug trade. Most Afghan-based criminal groups appear to operate locally, but the existence of diasporas in transit or destination countries such as Pakistan, the Islamic Republic of Iran and Central Asia and further afield, for example the Gulf area, has allowed some trafficking organizations to expand their networks beyond the immediate region.
Pashtun tribes on the Afghanistan/Pakistan border

Source: UNODC and other sources.
Family and tribal connections also form the basis of the parallel or underground banking system known as Hawala, a system used by both traffickers and insurgent movements to move money world-wide without detection.

**Corruption oils the links in the supply chain**

Corruption oils the links in the opiate supply chain from Afghanistan to Europe and Asia. At the source, in Afghanistan, corruption buys protection against eradication, facilitates illicit shipments, and guarantees impunity for drug traffickers. According to the World Bank, Afghanistan has been in the top 2 per cent of the most corrupt countries every year between 2002 and 2006. Corruption helps explain why, in 2008-2009, only 10,000 hectares of opium were eradicated in Afghanistan (around 4 per cent of the crop), less than 2 per cent of drugs were seized, and almost no major traffickers were brought to justice.

Corruption also undermines trust in public institutions and officials, and steals badly needed development assistance. Average Afghans face corruption on a daily basis. In some areas in the south of the country, there is growing support for the Taliban, which is viewed as a solution to the prevailing corruption and crime.

The Afghan drug trade thrives against a background of economic hardship in Afghanistan and the broader region, but with conditions varying substantially between countries. In Afghanistan, despite six years of reconstruction and development assistance totalling billions of dollars, unemployment rates remain very high, a large proportion of the population still does not have access to basic services and 80 per cent of people have no electricity.

Poverty and economic stagnation are not only a catalyst for corruption; combined with weak governance and rule of law, they also drive ordinary citizens to take the risks associated with the production, processing and transportation of drugs. In Afghanistan, this combination of factors is also aiding insurgent recruitment.

**Concluding remarks**

Between 2002 and 2008, Afghan farmers earned a total of about US$ 6.4 billion from opium poppy cultivation, and Afghan traffickers approximately US$ 18 billion from local opiate processing and trading. During the same period, the transnational trade in Afghan opiates produced a total turnover of US$ 400-500 billion. Arrests figures suggest that around 1 million traffickers may be involved in bringing opiates to over 15 million opiate users across the world every year. The source of the trade is in Afghanistan, but its bulk takes place outside that country.

The last seven years have shown that extricating Afghanistan from the stranglehold of the opium economy is a long and gradual process, rife with setbacks and disappointments. The country may thus remain the world’s primary illicit opium producer for the foreseeable future. At the same time, there has been tangible progress, for example in the increasing number of poppy-free provinces, decreasing opium poppy cultivation during the last two years, and greater regional counter-narcotics cooperation.

The difficulties in eliminating opium production in Afghanistan and the transnational threat posed by the Afghan opiate trade suggest that solutions cannot be found in Afghanistan alone. This is a shared responsibility that requires a multilateral response. That is why UNODC has launched a number of regional and international initiatives, such as the Paris Pact and the Rainbow Strategy. These efforts must be actively supported and expanded to continue strengthening a strategic response that is based on (a) a growing understanding of the patterns and dynamics of the transnational Afghan opiate trade, and (b) a targeted, sequenced and cost-effective mix of interventions.

This report is designed to contribute to that process. It also highlights the need for further research on:

- opiate demand, purity and prices;
- links between drugs, crime and insurgency in Afghanistan and Pakistan;
- international money flows connected to the Afghan opiate trade;
- transnational organized crime along the Balkan and Northern routes;
- growing penetration of Afghan opiates into East and South-East Asia;
- precursor chemical trafficking routes and procurement methods.

This research will enhance our understanding of the deadly flows of Afghan opiates and inform policies to protect public health and security among affected countries.