

Executive Summary

This Joint Policy Assessment, the sixth and final report produced by the East-West Institute's (EWI) Joint U.S.-Russia Working Group on Afghan Narcotrafficking, offers an updated assessment of the Afghan drug trade and the role that both countries might be able to play in countering narcotrafficking, in addition to specific policy suggestions for key stakeholders to curtail the flow of opiates from Afghanistan.

1. The trafficking of narcotics from Afghanistan constitutes only one of many threats facing the international community and Afghanistan itself. Poor governance, weak rule of law, corruption and a struggling economy continue to impede the country's prospects for stability and security. Added to this confluence of factors is the narcotics trade, which has steadily grown in past years and lies at the core of a vicious cycle of endless failed state-building attempts. Narcotrafficking feeds into these multiple threats including:

- **The nexus between drugs and the shadow economy:** As a cash crop, opium poppy has an accessible and relatively stable market. It is often the only available income source for Afghanistan's rural population and thus, rarely faces competition from other crops; however, its cultivation, processing and trafficking draw human and financial resources away from legal businesses and undermine them institutionally by nurturing corruption, crime and insurgency.
- **The nexus between drugs and political violence:** In recent years, the Taliban has grown increasingly reliant on narcotrafficking as a source of income and legitimacy in controlled and contested areas (including but not limited to the direct involvement of Taliban commanders in trafficking drugs). Meanwhile, insurgents favor drug production and trafficking both as a means to safeguard their future proceeds (through taxation) and to ensure the loyalty of the population.

- **The nexus between drugs and corruption:** In addition to poor governance, which undermines opportunities for the licit economy to grow and strips the population of justice, dignity and hope, government officials' involvement in drug trafficking and drug-related businesses—whether through direct participation, patronage or other practices—reportedly has been the driving force of Afghan narcotrafficking. In turn, as a source of national and transnational illicit financial flows, narcotrafficking breeds all forms of corruption.
- **The nexus between drugs and health-care issues:** Record-high levels of drug consumption (an estimated 11 percent of the Afghan population consumes drugs) and the negative consequences of such use could create a healthcare disaster requiring enormous resources to manage and alleviate. Furthermore, limited access to and the poor quality of healthcare services augment the negative impact of drug consumption among the population.
- **The nexus between drugs and regional insecurity:** Afghan narcotrafficking poses a growing challenge to the security and stability of neighboring, transit and consumer states—directly, by nurturing transnational crime and corruption and undermining public health and indirectly, by contributing to Afghanistan's instability and political violence. At the same time, by acting in their own self-interest, regional and extra-regional powers exacerbate the narcotrafficking issue in Afghanistan, contributing to the country's overall insecurity.

2. The current state of U.S.-Russia relations is characterized generally by confrontation and rivalry rooted in competitive interests over several regions. Russia's pursuit of region-specific interests in Central Asia includes the following:

- Reaffirming its regional political and security leadership and consolidating its support among Central Asian states;
- Balancing the influence of other great powers involved in the region;
- Preventing the overflow of violence and crime (including drug trafficking) from Afghanistan into Central Asia and Russia, as well as deteriorating levels of security that would necessitate Russia's direct involvement in regional conflicts; and
- Further strengthening and developing Russia-led integration frameworks, such as the Collective Security Treaty Organization (CSTO) and the Eurasian Economic Union (EEU).

3. Meanwhile, the United States is pursuing its own agenda in Afghanistan, which includes the following:

- Promoting its security interests in the region, namely, to eliminate and prevent existing and emerging breeding grounds and safe havens of extremism—including terrorist groups and extremist movements—within Afghanistan and the region;
- Promoting the stability and security of Afghanistan as the major non-North Atlantic Treaty Organization (NATO) U.S. ally in the region; and
- Preventing any regional hegemony that would undermine regional security and/or the political independence of regional states, including Afghanistan itself and the Central Asian nations.

4. The interests of the United States and Russia in Central Asia, Afghanistan, Pakistan and the surrounding region are different but not inherently incompatible. The same holds true for the interests of other important regional stakeholders such as China, Iran, Pakistan and India. Owing to the current state of the U.S.-Russia relationship and the complicated relationship between other involved major actors, the overall climate in and around Afghanistan seemingly favors competition rather than cooperation. That said, it also favors instrumental, pragmatic cooperation on regional issues (including Afghan narcotics trafficking) that further each party's respective national interests.

5. In their national and Afghanistan-specific agendas, both the United States and Russia have recently shifted away from counter-narcotics toward "hard security." However, despite their differing and often conflicting regional interests as well as the asymmetry of the threat and how it is perceived by each country, Afghan narcotics trafficking remains an important issue of mutual strategic concern for both the Russian and U.S. administrations. Both countries have found common ground, particularly in terms of the following:

- The global impact of Afghan narcotics trafficking, which remains the largest transnational crime threat and accounts for a large share of global narcotics trafficking and markets;
- The link between Afghan narcotics trafficking and other transnational threats such as money laundering and trafficking in precursor chemicals, humans and arms; and
- The link between narcotics trafficking, corruption, dysfunctional governance and organized armed violence, including terrorism, which constitutes an important factor in a number of countries whose territories are part of the transit routes for Afghan narcotics trafficking.

Moreover, the United States and Russia share common positions on drugs as a global issue.

6. Taking into consideration the current state of U.S.-Russia relations and the present reality in Afghanistan, the working group proposes a number of policy recommendations, several of which are feasible under the current conditions. The recommendations should generally be seen as a wide-ranging "toolkit" suggesting various options for broadening and deepening potential cooperation and possible steps that could be taken to counter Afghan narcotics trafficking, if and when the state of U.S.-Russia relations permits. Recommendations include the following:

- **All stakeholders, including nations and international and regional organizations, should prioritize counternarcotics, both politically and institutionally, including providing the necessary**

financial support and technical assistance for counternarcotics, supporting the leading role of the Government of the Islamic Republic of Afghanistan (GIROA) and introducing counternarcotics-related conditionality in development aid. The United States and Russia should be uncompromising in their commitment to counternarcotics in Afghanistan and call for the same from other stakeholders in order to maximize cooperation on this critical issue.

- **Development policies, at all levels, should be revised to ensure that counternarcotics is fully integrated into the development frameworks of both GIROA and international donors.** Given the shortcomings of alternative development programs in past years, donors should review performance measurements and evaluation instruments to ensure that aid is delivered in the most effective way and aim for development strategies in line with “counternarcotics mainstreaming.” Stakeholders should also work to mobilize more donor support, especially given the possible contraction of U.S. development aid.
- **All stakeholders should work to stem illicit financial flows, particularly to destination countries and international financial hubs, such as Dubai.** Special attention should be paid to hawala and other value transfer systems, in terms of additional research, as well as official oversight. Stakeholders should also intensify intelligence-sharing in this sphere and focus on migration-related drugs and financial flows, as well as the use of drug proceeds for funding terrorism. Information regarding drug-related financial flows is insufficient and not well documented. To generate a more comprehensive analysis of the opiate trafficking economy, all stakeholders involved should increase their efforts in researching the financial flows stemming from the Afghan drug trade.
- **Afghanistan and all bordering countries should strengthen their borders and regional cooperation to tackle Afghan narcotrafficking, which should**

be established as a key security concern for all regional stakeholders.

The United States and Russia together with China should push Pakistan to contribute to counterterrorism and counternarcotics efforts in Afghanistan, particularly in terms of improved border control. The U.S., Russia and China should embrace opportunities for counternarcotics cooperation with Iran by promoting Iran-Afghanistan cooperation on the issue. The United States and Russia should also push for consistent counternarcotics policies and compliance practices from the Central Asian states.

- **The United States and Russia should push for multilateral cooperation when full-fledged U.S.-Russia bilateral cooperation seems impossible.** Countries should prioritize the issue of Afghan narcotrafficking in the United Nations (UN) and Organization for Security and Co-operation in Europe (OSCE) and support United Nations Office on Drugs and Crime (UNODC) and OSCE initiatives related to counternarcotics efforts in Afghanistan and Central Asia. EEU member states, as well as other relevant regional states and bodies, should undertake a thorough assessment of drug-related risks stemming from interstate economic integration.
- **The U.S. and Russian governments should manage the bilateral relationship in a way that prevents any sort of rivalry that would undermine counternarcotics commitments and efforts in and around Afghanistan.** The continued deterioration of the U.S.-Russia relationship has led to a significant reduction of cooperation and engagement at the official level, including in counternarcotics efforts. As such, it would also be appropriate to establish a Track 2 mechanism to help sustain dialogue between the two countries by monitoring the bilateral relationship, providing early warning of potential conflicts and drawing attention to possible opportunities for cooperation.