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Economic Crisis Looming Large On Afghanistan

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<https://www.usip.org/publications/2023/06/talibans-successful-opium-ban-bad-afghans-and-world>

Comments

Introduction

Afghanistan who was previously the world's top opium producer and second in industrial drug production, including methamphetamine in the world but soon after the implementing ban against cultivation of opium poppy, which is Afghanistan's most important agricultural product by Taliban, the country encountered huge economic and humanitarian costs on Afghans and it is likely to further stimulate an outflow of refugees. It may even result in internal challenges for the Taliban itself. And, in the long run, it will not have lasting counter-narcotics benefits within Afghanistan or globally. The United Nations Office on Drugs and Crime (UNDOC) estimates that 80 percent of the world's opium and heroin supplies are trafficked from Afghanistan along three primary routes into greater Asia and Europe, and pose a serious threat to the health and safety of citizens in these regions[1]. Loss of this opium trade is adding to the country's humanitarian needs as more than 40 percent of Afghans suffer from acute food insecurity due to continuous struggle with drought and the prolonged effects of decades of war and natural disasters and now more than half of the population rely on humanitarian aid.

Economic Effect on Afghan's Economy

Opium cultivation fell across all parts of the country, from 233,000 hectares to 10,800 hectares in 2023. The decrease has led to a corresponding 95 per cent drop in the supply of opium, from 6,200 tons in 2022 to just 333 tons in 2023," according to the UNODC survey[2]. Afghanistan is in immediate need of robust investment in sustainable income to provide Afghans with alternatives away from opium. Financial shock to the opiate supply chain could drive the populace to other illegal activities, like the smuggling of arms, people, or synthetic drugs. Decrease in poppy cultivation ultimately may result in the major drop in Afghan's GDP as 80% of the population

[1] Young Voices, Jul 20, 2022 @ ORF, The growing narco trafficking in Central Asia, Accessed on 19 Nov 23, URL : <http://20.244.136.131/expert-speak/the-growing-narco-traffic-in-central-asia#:~:text=The%20United%20Nations%20Office%20on,of%20citizens%20in%20these%20regions>.

[2] UNIS/NAR/1478 @ 05 November 2023, "Afghanistan opium cultivation in 2023 declined 95 per cent following drug ban: new UNODC survey", Accessed on 19 Nov 23, URL : <https://unis.unvienna.org/unis/en/pressrels/2023/unisnar1478.html#:~:text=Opium%20cultivation%20fell%20across%20all,just%20333%20tons%20in%202023>

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depend on agriculture in the country and yet struggling due to water scarcity and non availability of alternative means of farming.

Farmers' income from selling the 2023 opium harvest to traders fell by more than 92 per cent from an estimated US\$1,360 million for the 2022 harvest to US\$110 million in 2023. Many farmers switched from poppy cultivation to cereal production instead, with an overall increase of 160,000 hectares in cereal cultivation across the Afghan provinces of Farah, Helmand, Kandahar, and Nangarhar has alleviate food insecurity to some extent but the crop generates much less income than opium, farmers in the four provinces lost around US\$ 1 billion in potential income in 2023 by switching to wheat [3]. Non availability of employment avenues in a war torn country, coupled with intact terror networks, refugee crisis, lack of global support on economic front and finally the ban on opium cultivation seems to be a readymade recipe for disaster on the security front in the region.

Afghanistan is an enormously poor country and the Taliban have adopted many problematic measures such as prohibiting women from working in most areas. So the one aspect of the economy that was going well was the poppy, and now they banned that as well. Farmers lament that the Taliban has not given them the means to transition smoothly to growing other crops - the ban was announced, and they simply had to follow it. Ahmad from Daman district in Kandahar says that the ban is a good move, but that farmers should be provided with alternatives and financial assistance, as well as solar panels, water pumps and seeds as 47% of the country's exports are of agricultural items. "They just banned the opium without providing any help. We were only meant to oblige. They need to talk to farmers to understand their problems, and take their suggestions to make it profitable for us." Whereas, Afghanistan's Economy Ministry, claims that Afghan government has provided alternative crops to farmers, such as cotton, saffron, and other products, that can improve their economic condition and has also provided inputs for domestic production. " To mitigate the adverse effects of the ban, the de facto authorities need to implement alternative development programs, such as substituting opium with crops like saffron, and the international community must provide subsidies to farmers and access to markets for the newly cultivated crops. But Felbab-Brown is skeptical about the success of opium ban in the long run due to absence of structures needed to move away from opium in a sustainable way. Mehrabi also

[3] UNDOC @ UNODC survey: Afghanistan opium cultivation in 2023 declined 95 per cent following drug ban, Accessed on 19 Nov 23, URL : https://www.unodc.org/centralasia/en/news/unodc-survey_-afghanistan-opium-cultivation-in-2023-declined-95-per-cent-following-drug-ban.html

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that the ban will have a multiplier effect on ancillary industries, such as processing, transportation, and packaging[4].



Source: Reuters

Legalising Production For Medical Usage Is Neither Feasible Nor Desirable

The Afghan government lacks the necessary resources, institutional capacity, and control mechanisms to guarantee that opium is only purchased legally. Those cultivating and purchasing opium for medical usage would be in direct competition with illegal traffickers, which could drive up the price of opium and encourage increased cultivation.

Farmers who do not currently grow poppies would abandon legal crops to meet the market's demand. Ultimately, the area of land under poppy cultivation could increase. Quite simply, farmers would grow more to supply an additional purchaser. Demand for legal opium is therefore better met by established sources of production from countries like Turkey and Australia. These countries have far greater security, stability, and government capacity. With opium production up to six times cheaper in these countries than in Afghanistan, supply is more economically viable too[5].

With an instant turnover and high returns, opium gets farmers the best credit, access, and influence. But it is quite because of these benefits that opium production continues to drive instability, and therefore insurgency in the region. Opium production fuels corruption and undermines the rule of law. And only by breaking the vicious cycle, by reducing the flow of illegal opium, will the goals of establishing security and good governance in Afghanistan can be met.

[4] Kanika Gupta @ July 24,2023, "Afghan farmers struggle to adapt to Taliban's opium ban", Accessed on 19 Nov 23, URL : <https://asia.nikkei.com/Business/Agriculture/Afghan-farmers-struggle-to-adapt-to-Taliban-s-opium-ban#:~:text=According%20to%20Mansfield%2C%20the%20ongoing,industries%20associated%20with%20opium%20production.>

[5] Mark Malloch-Brown, minister of state for Africa, Asia, and the UN @ PMC, 2008 May 3, Opium production in Afghanistan, Accessed on 19 Nov 23, URL : <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2364812/>

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Alternative to Opium

The decline in opium poppy cultivation was met by an increase in cultivation of wheat, as farmers sought out alternatives. Wheat shares a similar crop cycle with opium poppy and both are sown around the same times. Consequently, farmers that previously cultivated opium poppy opted at the beginning of the season to cultivate wheat. A focused remote sensing analysis for Farah, Helmand, Kandahar and Nangarhar, which together represented 74% of opium poppy cultivation in 2022, indicated that approximately 68% of the 2022 opium poppy fields had been replanted with wheat including other cereal crops. But Wheat generates much less income than opium. In 2023, the per-hectare income from wheat was US\$770 while opium yielded some US\$10,000 which is only a fraction of what they had earned in 2022 [6].

Sudden implementation of the ban prevented farmers from transitioning to high-value pomegranate, almond, pistachio and asafoetida, which can take years to fully mature. The availability of wheat seeds has been reported as a reason to choose wheat over other annual crops such as okra or peas. Wheat is the most important licit crop in Afghanistan. However, recent production does not meet the needs of Afghans, as each year millions of tons need to be imported. Increased wheat production, in the immediate period, may therefore alleviate food insecurity to a certain extent but cannot replace the cash income from the opium poppy crops. "It's a good thing that they banned opium. It had destroyed too many lives in our country. But there is also poverty, lack of jobs, and other opportunities. Even though I still work in my fields growing asafetida and wheat, it is not enough," a farmer of afghanistan said. To address widespread addiction in Afghanistan, it is crucial to stamp out the drug economy, experts say[7].

Unless a viable and sustainable agri based economic structure is not thought of and implemented by the Taliban government in Afghanistan, no proper economic stability will be achieved in the country and it will remain susceptible to falling into therealm of terrorism and anarchy. There is a need to immediately enforce a strict ban on poppy cultivation as well as provide alternate and viable employment means to the population for stability and growth in the country.

Global Effect

Beyond Afghanistan, less heroin may lead to reduced trafficking and use. However, could

[6] UNODC Research brief @ November 2023, Afghanistan opiumsurvey 2023, Accessed on 19 Nov 23, URL : https://www.unodc.org/documents/crop-monitoring/Afghanistan/Afghanistan_opium_survey_2023.pdf

[7] Kanika Gupta @ July 24,2023, "Afghan farmers struggle to adapt to Taliban's opium ban", Accessed on 19 Nov 23, URL : <https://asia.nikkei.com/Business/Agriculture/Afghan-farmers-struggle-to-adapt-to-Taliban-s-opium-ban#:~:text=According%20to%20Mansfield%2C%20the%20ongoing,industries%20associated%20with%20opium%20production.>

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also spur the emergence of more harmful alternatives. Global heroin markets supplied by opium poppy cultivated in Afghanistan may face severe supply shortages in the coming years. The last nationwide ban enforced by the Taliban, in 2000 and 2001, did not cause major disruptions because there were sufficient opium inventories along the supply chain. But the ban had a significant impact only on the 2001 harvest and opium poppy cultivation quickly resumed. In the current situation, it is unknown how much opium or opiates are stockpiled or stored as inventories after several highly productive years. A sustained reduction in opium production in the country may lead to a series of consequences: a displacement of opium production to other countries, overall decreases in opiate use, a reduction in purity or replacement of heroin or opium by other substances in retail markets, some of which may be even more harmful (such as fentanyl or other synthetic opioids).

Distributors in Retail Markets may adapt to shortages by substituting other synthetic opioids, which are cheap, potent and can be readily accessible online. The experience in North America with fentanyl overtaking heroin in major drug markets is illustrative of how a cheaper and readily available synthetic opioid can easily displace heroin.

Reduced incomes along the Afghan opiate supply chain could stimulate alternative illicit activities, potentially leading to increased trafficking in other substances such as synthetic drugs like methamphetamine, or expansion of other organized criminal activities in the broader region. These could include expansion of illicit arms trafficking, human trafficking and smuggling of migrants, illegal mining or trafficking in cultural property. Opiate production could emerge in countries other than Afghanistan. To effectively address the growth or emergence of new organized crime threats, international cooperation in combatting trafficking (including of precursors) and related illicit financial flows, including with joint operations, controlled deliveries, and research and analysis to identify and monitor trends will be needed to investigate and address shifting activities [8].

India needs to step up its support by offering agro technology, seeds, academic knowledge with respect to farming and improving agriculture trade with Afghanistan, in turn developing robust and strategic relations with the new government in Afghanistan. An economically stable Afghanistan will be aligned with the larger interests of the region as well India.

By
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