

Traffickers and Truckers: Illicit Afghan and Pakistani Power Structures with a Shadowy but Influential Role

Gretchen Peters

Ever since the Soviet invasion of Afghanistan, transnational smuggling groups and Pashtun trucking organizations based in Pakistan have played a prominent though often unrecognized role in shaping and sustaining three and a half decades of conflict. These networks later became closely integrated with the Taliban leadership and also with contemporary Afghan and Pakistani government officials at the national and subnational levels. They moved both licit and illicit goods. For smugglers, continued instability in Afghanistan, a weak central government and judiciary, and malleable police, customs, and border officials were good for business. War in Afghanistan resulted in billions of dollars in transport contracts with the NATO Coalition, which had to import everything needed for the war effort, from jet fuel to toilet paper. For the trucking networks and smuggling groups—many of them defined by familial or tribal ties that cross the Durand Line—corrupt state institutions on both sides of the Pakistan-Afghanistan frontier facilitated a multibillion-dollar transnational gray transport economy.¹ Such illicit power structures fostered violence as they enriched themselves through transactions in gray and black markets, corrupted state institutions, and fostered a culture of impunity. Worse, they impeded the emergence of a functioning, responsive state in Afghanistan.²

Leaders of these smuggling groups and Pashtun trucking organizations do not constitute a recognized constituency with any sort of official role in the reconciliation process. And yet, they have exerted surreptitious influence and could play a spoiler role if they perceived that an end to the Afghan conflict would hurt their bottom line. This chapter will examine how, over three decades of war, the “Pashtun trucking mafia,” as it is locally known, and transnational trafficking groups linked to the Taliban emerged as illicit power structures (IPS) and how they have interacted with both state and insurgent power brokers in Afghanistan. Distinct illicit power structures connected to trucking and trafficking also operate in the north and in western Afghanistan, but they are not the focus of this chapter.

It is important to recognize that the impact of smuggling groups and Pashtun trucking organizations was a double-edged sword. Smuggling and the drug trade have no doubt harmed Afghanistan, but they also have provided a livelihood for millions of people there. Illicit markets sustained and prolonged the war and also fostered the emergence of a wealthy, well-connected new elite. The drug transport networks’ penetration of the licit and illicit economies across a transnational area of operations has directly impeded the emergence of a stable, responsive state with the capacity to collect revenue. Thus, these industries remained a key obstacle to durable regional peace. In light of these informal networks’ powerful destabilizing role, any sustainable peace in

¹ Arum Rostum, “How the U.S. Funds the Taliban,” *Nation*, Nov. 11, 2009, www.thenation.com/article/how-us-funds-taliban.

² Kaysie Studdard, “War Economies in a Regional Context: Overcoming the Challenges of Transformation,” IPA Policy Report, March 2004, www.peacekeepingbestpractices.unlb.org/pbps/Library/War%20Economies%20in%20a%20%20Regional%20Context.pdf.

Afghanistan will require not just a political settlement and an end to fighting. It will also take a regionwide economic transition that fosters the self-sufficiency and accountability of regional governments and cultivates viable alternative livelihoods to narcotics and other smuggling. Put another way, a peace deal will remain unlikely unless the political economy of conflict in Afghanistan, both licit and illicit, is taken into account.

Political-Economic Causes of the Afghan Conflict

Before the Soviet Invasion

Afghanistan has been at war since an April 1978 military coup, known as the Saur Revolution, in which the Afghan Communist Party seized power from President Mohammed Daoud, sparking a rural resistance. The outbreak of civil war disrupted historic patterns of economic activity across Afghanistan, already a poor country dependent on farm output for most of its GDP. Agriculture accounted for 60 percent of production in the 1970s, and the weak central government depended heavily on foreign aid to pay its security forces and bureaucrats.³ Afghanistan has produced opium for centuries, but Soviet forces invaded in 1979, there was only small-scale, traditional production, primarily for local or regional consumption. During the 1970s, the poppy crop had begun to increase somewhat, thanks to a decline in poppy output in Southeast Asia's Golden Triangle, as well as a U.S.-led effort to stamp out opium in Pakistan's border areas, which pushed poppy production across the Durand Line.⁴ By the end of the decade, more than half of Afghanistan's 28 provinces cultivated poppy, producing 250 metric tons of opium annually for export.⁵

Another significant prewar development was the growing economic might of the Pashtun trucking sector, which had capitalized on a 1965 transit trade agreement enabling landlocked Afghanistan to import selected commodities duty free.⁶ Truckers soon began exploiting the transport pact to evade high Pakistani taxes. In what became known colloquially as the "U-Turn Scheme," Pashtun-owned trucking firms based in the port city Karachi carried electronics, auto parts, and other highly taxed cargo across Pakistan and into Afghanistan in sealed containers, then smuggled the same goods back into Pakistan for sale on the black market.⁷ By the 1990s, according to World Bank estimates, the illegal trade in licit goods that flowed through the region was worth \$2.5 billion a year.⁸

The Soviet Invasion

In December 1979, the Soviet Union invaded Afghanistan to replace the faltering leftist leadership and prop up the successor regime that the Soviets had installed. This prompt-

³ Barnett Rubin, *The Fragmentation of Afghanistan* (Lahore: Vanguard, 1996), 19.

⁴ Jonathan Goodhand, "Frontiers and Wars: The Opium Economy in Afghanistan," *Journal of Agrarian Change* 5, no. 2 (2005): 191-216; Gretchen Peters, *Seeds of Terror* (New York: St Martin's Press, 2009), 42.

⁵ Anthony Hyman, *Afghanistan under Soviet Domination, 1964-1991* (London: Macmillan, 1992), 36.

⁶ Goodhand, "Frontiers and Wars."

⁷ Loretta Napoleoni, *Terror Incorporated* (London: Penguin, 2003), 119-20.

⁸ Z. F. Naqvi, *Afghanistan-Pakistan Trade Relations* (Islamabad: World Bank, 1999).

ed a Cold War escalation in the resistance. A multiparty, multinational insurgent force, known as the mujahideen, received military training, logistical support, and safe haven in neighboring Pakistan, as well as billions of dollars in covert funding from the United States, Saudi Arabia, and other countries. The resistance lasted nine years, during which fighting destroyed much of the country's limited agricultural infrastructure and roadways, prompting growing numbers of poor farmers to plant poppy, a sturdy crop that requires little irrigation and does not rot. Since the rebel mujahideen depended on a foreign-funded pipeline of military supplies, Pakistan-based Pashtun trucking networks could capitalize on the emerging drug trade as well as the war effort, bringing weapons and other war supplies into Afghanistan and hauling narcotics back out. Haji Ayub Afridi, one of the leading smugglers, typified the new transport elite that emerged during this era. He collaborated with the Pakistani government to truck weapons to the Afghan rebels, while also running a multimillion-dollar heroin empire from his enormous fortress in the Khyber Pass.⁹

Inside Afghanistan, mujahideen groups augmented the foreign assistance they received by extorting commodities, including narcotics, that traversed their areas of operation.¹⁰ Certain commanders sought to establish financial independence by deepening their involvement in the heroin trade. For example, Nasim Akhundzada, whose control zone included the fertile Helmand Valley, enforced opium production quotas for poppy farmers and trucked drug shipments into neighboring Iran, where he could fetch higher wholesale prices.¹¹ Gulbuddin Hekmatyar and Yunis Khalis, two fundamentalist commanders in eastern Afghanistan, operated heroin labs in the border areas and ran transport and bus companies as a cover for moving narcotics and cash.¹² Rebel commanders routinely clashed among themselves over control of the drug business.

Emergence of the Taliban

Following the 1989 Soviet withdrawal from Afghanistan, foreign aid to the mujahideen decreased rapidly, and local commanders deepened their involvement in illicit activities in a realm of highly fragmented power and no effective central state.¹³ As fighting between rival mujahideen factions spread across the Afghan countryside, "predation by commanders, opium cultivation by peasants, and smuggling to Pakistan and elsewhere constituted adaptations to this high-risk environment."¹⁴ The violence and predation imposed high costs on commerce, interrupting the transit trade. This prompted a coalition of trucking firms, drug traffickers, ultraconservative religious leaders, and Pakistani intelligence officials to foster the emergence of the Taliban—a movement inextricably linked, from its inception, to the region's illicit economy.¹⁵

⁹ See "Heroin in Pakistan: Sowing the Wind," a CIA report leaked to Pakistan's Friday Times newspaper and published in full on Sept. 3, 1983. Afridi was later convicted and jailed in the United States on narcotics trafficking charges.

¹⁰ Peters, *Seeds of Terror*, 35-42.

¹¹ Rubin, *The Fragmentation of Afghanistan*, 263.

¹² Peters, *Seeds of Terror*, 34-35; author interviews with U.S. officials, 2007, Washington, DC.

¹³ Barnett Rubin, "The Political Economy of War and Peace in Afghanistan," *World Development* 28, no. 10 (2000): 1789-1803.

¹⁴ *Ibid.*

¹⁵ *Ibid.* For more detail, see Peters, *Seeds of Terror*, 82.

With operational support from Pakistan's military spy agency, a steady supply of young fighters plucked from Pakistani madrassas, and seed funding from powerful traders and traffickers, the Taliban consolidated power over nearly all of Afghanistan's roads, airports, population centers, and major border crossings by 1998. The Taliban regime was thus positioned at the center of a predominant regional illicit economy.¹⁶ Opium output in Afghanistan grew from 2,248 metric tons in 1996 to 4,581 metric tons just three years later.¹⁷ The Taliban government collected taxes from poppy farmers, from laboratories processing opium into morphine base or heroin, and on narcotics shipments and other transit goods destined for export. It was a weak rentier state that depended on narcotics, the transit trade, and foreign donors for revenue.¹⁸ Major traffickers, including Haji Bashar Noorzai and Haji Baz Muhammad (both of whom were later incarcerated in the United States on narcotics charges), sat on the Taliban's ruling council.¹⁹

Another major influence on the Taliban, and a key source of its financial support, was the truck transport mafia based in Pakistan's western Balochistan province. The trucking firms were drawn from the same tribes as the Taliban leadership and were also linked through business interests and intermarriage.²⁰ Within months of the Taliban's taking control of the southern province of Kandahar, leaders of the trucking mafia urged Taliban leaders to capture the western city of Herat in order to control key arteries into Iran and Turkmenistan.²¹ In March 1995, the Taliban raised \$450,000 from trucking networks in western Pakistan in just two days, to fund a failed assault on Herat. It was the Taliban's first major military defeat.²² Despite this setback, relations remained strong between the Taliban leadership and the transport mafia, with key Taliban leaders also owning their own trucking firms.²³ "The cross-border smuggling trade has a long history in Afghanistan," writes Ahmed Rashid, "but never has it played such an important strategic role as under the Taliban."²⁴

Post-9/11, the U.S. Intervention

Illicit trafficking continued to nourish the Afghan conflict in the post-9/11 phase—a period characterized by a high degree of state capture and an insurgency that diversified its criminal business portfolio and expanded into Pakistan. The ensuing decade was highly lucrative, both for traffickers and for transporters. According to the United

¹⁶ Rubin, "The Political Economy of War and Peace in Afghanistan"; Michael Griffin, *Reaping the Whirlwind* (London: Pluto Press, 2001), 142.

¹⁷ Peters, *Seeds of Terror*, 34.

¹⁸ Peters, *Seeds of Terror*, 83-85; Rubin, "The Political Economy of War and Peace in Afghanistan."

¹⁹ U.S. State Department, Embassy Islamabad, "Finally a Talkative Talib: Origins and Membership of the Religious Students' Movement," Cable, Feb. 20, 1995, <http://nsarchive.gwu.edu/NSAEBB/NSAEBB97/tal8.pdf>.

²⁰ Ahmed Rashid, "Pakistan and the Taliban," *Nation*, Apr. 11, 1998, www.rawa.org/arashid.htm.

²¹ *Ibid.*

²² Peters, *Seeds of Terror*, 81.

²³ Rashid, "Pakistan and the Taliban."

²⁴ Ahmed Rashid, *Taliban: Militant Islam, Oil and Fundamentalism in Central Asia*, 2nd ed. (New York: I. B. Tauris, 2010).

Nations Office on Drugs and Crime (UNODC), Afghanistan produces some 90 percent of the world's illicit opiates, and the increase has been precipitous. As of 2011, the opium trade had an estimated export value of \$2.4 billion, and opium profits accounted for 15 percent of Afghanistan's GDP. By 2014, production had increased dramatically – up by 36 percent from 2012-13, which itself was a record year. Profitability was another matter. By 2014, the estimated export value was \$.85 billion, accounting for four percent of Afghanistan's GDP – down 17 percent from the previous year. The reduction was not a good-news indicator. Instead, the Afghans had overproduced, and prices fell by 23 percent nationwide as a result.²⁵ More Afghans were involved, thus siphoning valuable agricultural resources from the licit economy. More troubling was the fact that the link between insecurity and opium cultivation, observed in the country since 2007, continued to be a factor in 2014. The bulk of opium poppy cultivation – 89 percent – was concentrated in nine provinces in the southern and western regions, which include the most insecure provinces in the country.²⁶ In parts of Afghanistan where drugs are less dominant, smugglers tied to the Haqqani network and other illicit groups also export natural resources, including timber, marble, and rare earth metals, earning millions more. U.S. military and intelligence officials also report that some Taliban commanders in the south diversified their criminal earnings portfolio after counternarcotics operations led to losses in earning. New activities included illegal mining and gray-market smuggling.

The dozen years of foreign occupation were also highly profitable for the trucking industry, in particular those firms that transported goods for the U.S.-led coalition and the development community. U.S. military contracts with local trucking firms and security firms totaled nearly \$2.2 billion annually, while international aid groups imported tens of millions of dollars' worth of supplies and building materials. Added to this was the country's enormous transit trade.²⁷ Even during the height of the Coalition "Surge" in 2010-11, transport, security, and trafficking made up as much as one-third of Afghanistan's annual GDP.²⁸ While not all transport and trade was unregulated and untaxed, black and gray markets thrived in an environment of insecurity, no rule of law, and a weak, corrupt state. Powerful figures in these industries interlinked closely with the insurgency, warlords and their militias, and senior officials in the Afghan government.

The Afghan insurgency has three separately commanded factions: the Quetta Shura Taliban, named for the city in Pakistan where the leadership often takes refuge, the Haqqani network, which operates in the Loya Paktia region straddling the Afghan-Pakistan border, and Hezb-e-Islami Gulbuddin (HIG), a dwindling faction that operates in Afghanistan's east. All three factions have deepened their integration in the black and gray markets since 2001. Taliban commanders in the south and southwest levy taxes

²⁵ See UNODC, "Afghanistan Opium Survey," report, 2014, <http://www.unodc.org/documents/crop-monitoring/Afghanistan/Afghan-opium-survey-2014.pdf>.

²⁶ UNODC, "Afghan Opium Crop Cultivation Rises Seven percent in 2014; while Opium Production Could Climb by as Much as 17 percent," Nov. 12, 2014, www.unodc.org/unodc/en/frontpage/2014/November/afghan-opium-crop-cultivation-rises-seven-per-cent-in-2014-while-opium-production-could-climb-by-as-much-as-17-per-cent.html.

²⁷ Rostum, "How the U.S. Funds the Taliban."

²⁸ The International Monetary Fund (IMF) estimated Afghanistan's nominal GDP during the 2010 and 2011 (the "Surge" years) at \$15.9 billion and \$18.4 billion respectively. IMF, "IMF Country Report no. 11/330," Nov. 2011, www.imf.org/external/pubs/ft/scr/2011/cr11330.pdf.

on poppy farmers, the convoys carrying raw opium, and the labs that process it into higher-grade morphine base or crystal heroin. Following the arrests of leading regional drug traffickers based in Pakistan and Iran, senior Quetta Shura commanders increasingly run their own drug-processing centers, and some have also gotten into the export business.²⁹

An oft-cited example of this trend is Mullah Naim Barich, the Taliban's shadow governor of Helmand, the southern province that produces most of Afghanistan's opium. According to the U.S. Treasury Department, which designated him a narcotics kingpin in November 2012, Barich was involved in the heroin trade across many levels.³⁰ He held routine meetings with tribal leaders and large farm owners to set poppy production quotas in the province and issued a written decree detailing procedures to be adopted by subordinate Taliban commanders to combat planned government-led eradication operations in Helmand.³¹ The decree stated that all measures, including planting improvised explosive devices, engaging in combat with coalition forces, and bribing state officials, were acceptable actions to protect the poppy harvest, which he called a critical source of funding for the Taliban. Barich also met with regional traffickers and heroin lab owners in Pakistan and coordinated the transport of narcotics consignments that he controlled. One consignment of processed white heroin, owned by Barich, was sent from a narcotics trafficker's compound in Girdi Jangal, Pakistan, to Salawan, Iran, and then on to the Turkish border for further distribution.³²

Barich may have been the most powerful Taliban commander in the south to establish for himself a steady, independent income from the transport, processing, and export of opiates, but he was hardly the only one. The fact that more Taliban commanders began processing and exporting heroin in the past decade, rather than simply collecting taxes from poppy farmers, marks a critical juncture in the insurgency, indicating that the Taliban network was becoming as much a profit-driven drug trafficking franchise as it was a political organization.³³ At one point in the counterinsurgency campaign, U.S. law enforcement and military officials were tracking more than three dozen separate smuggling operations in Afghanistan, more than half of which answered directly to the Quetta Shura.³⁴ The immense scale of Taliban drug operations became apparent in 2009, when NATO and Afghan troops launched an offensive to clear militants out of an opium market in the town of Marjah, in Helmand province.³⁵ After three days of

²⁹ Gretchen Peters, "Crime and Insurgency in the Tribal Areas of Afghanistan and Pakistan," report, Combating Terrorism Center, U.S. Military Academy, Oct. 15, 2010, 24, www.ctc.usma.edu/posts/title-1; Matthew Rosenberg, "Taliban Run into Trouble on Battlefield, but Money Flows Just the Same," *New York Times*, June 13, 2014, www.nytimes.com/2014/06/14/world/asia/for-the-taliban-modest-success-in-battle-but-opium-trade-and-illicit-businesses-boom.html?emc=edit_tnt_20140614&nlid=65470243&tntemail0=y&r=0.

³⁰ See U.S. Treasury Dept., "Treasury Targets Taliban Shadow Governor of Helmand Afghanistan as Narcotics Trafficker," press release, Nov. 15, 2012, www.treasury.gov/press-center/press-releases/Pages/tg1768.aspx.

³¹ Ibid.

³² Ibid.

³³ Peters, "Crime and Insurgency," 24.

³⁴ Author interviews with U.S. government officials, June 2009, Washington, DC.

³⁵ "Afghanistan's Narco-War: A Report to the Committee on Foreign Relations, U.S. Senate," Aug. 10, 2009, 19, http://fas.org/irp/congress/2009_rpt/afghan.pdf.

fighting, 60 Taliban were dead, and the Coalition had seized a staggering 92 metric tons of heroin, opium, hashish, and poppy seeds, as well as hundreds of gallons of precursor chemicals, making it the second-largest drug haul in world history. Indicating how closely opium merchants and insurgents were collaborating, the market housed a Taliban command center complete with elaborate communications systems, suicide vests, and a large weapons cache.³⁶

Other insurgent networks have capitalized on the lack of effective regulation of Afghanistan's natural resources to tap into gray market smuggling opportunities for extractable resources, such as timber and marble. Hezb-e-Islami Gulbuddin (HIG), for example, protected a bustling timber trade in the eastern Korengal Valley – an enterprise that received a boost after the government of then-President Hamid Karzai banned timber exports.³⁷ The Haqqani network, meanwhile, protected the smuggling of chromite, which was mined illegally in Loghar and Khost provinces and trucked into Pakistan, then shipped to China.³⁸

In addition, all three Taliban factions engaged in kidnap for ransom, collaborating with the Pakistani Taliban to hold high-value victims in Pakistan's Federally Administered Tribal Areas. Another major source of income for insurgents, particularly in areas of little or no poppy production, was the extortion of the transport industry, development and construction projects, and telecom firms. Directors and employees of trucking firms have reported that to protect their goods against Taliban attacks, they must pay hundreds – and often thousands – of dollars per container brought into Afghanistan.³⁹ A special U.S. task force estimated that \$360 million in U.S. contracting funds were lost to the Taliban, criminals, and power brokers with ties to both.⁴⁰ U.S. military officials said that at least 10 percent of the Pentagon's logistics contracts consisted of payments to insurgents.⁴¹ Some have suggested that the percentages went higher. One Kabul-based businessman in the construction and service industries, for example, reported paying 16 percent of his gross revenue in "facilitation fees," mostly to protect shipments of valuable equipment coming from the border.⁴² The U.S. government and military, therefore, indirectly fueled the conflict and financed the very enemies they sought to defeat. This raises the possibility that greed-driven insurgent actors, not to mention state-allied power brokers who also earned "security fees" to protect the roads, could perceive an economic benefit to prolonging the conflict rather than ending it. Thus, any successful peace initiative will likely have to include a "peace dividend" for such actors.

³⁶ Heidi Vogt, "Troops Make Large Drug Seizure in Afghanistan," Associated Press, May 23, 2009.

³⁷ Peters, "Crime and Insurgency," 39.

³⁸ Gretchen Peters, "The Haqqani Network: The Evolution of an Industry," Combatting Terrorism Center, U.S. Military Academy, 2012, www.ctc.usma.edu/.

³⁹ Author interviews with executives and owners of three trucking companies, and several truckers, Kabul, Dec. 2010. See also Rostum, "How the U.S. Funds the Taliban."

⁴⁰ Richard Lardner, "Official: US Dollars Ending Up in Taliban Hands," Associated Press, Aug. 15, 2011, www.google.com/hostednews/ap/article/ALeqM5g_56qcWPsV5yff21MkGeD-BVWt0Q?docId=7911bdf124a649f392428fa74cf4ec4c.

⁴¹ Rostum, "How the U.S. Funds the Taliban."

⁴² Aryn Baker, "How Crime Pays for the Taliban," *TIME*, Sept. 7, 2009.

Assessing Afghanistan's Illicit Power Structures (IPS)

Power structures. A key factor making the Afghan conflict intractable was the high number of conflict players and the often murky linkages between them. Officially, Afghanistan is an Islamic republic, headed by a president, with a bicameral National Assembly consisting of an upper and a lower house, and a separate judicial branch. In actuality, informal backroom deals between powerful tribal leaders and warlords with private armies have dominated political and economic life since 2001. For example, the man considered by many observers to be the most powerful figure in Afghanistan's south—until his July 2011 assassination—was not the Kandahar governor, but Ahmed Wali Karzai, the president's half brother, who was widely believed to have close ties to the opium trade. Other powerful strongmen, such as Ismail Khan in Afghanistan's west and Rashid Dostum in the north, held military and economic sway over key fiefdoms, controlling important transport and smuggling routes.

The Taliban insurgency was also Balkanized around territorial domains, with Mullah Mohammad Omar recognized as the official leader of the umbrella movement. He commanded the Quetta Shura Taliban, operating primarily in the country's south and west and closely connected to powerful Pakistan-based drug trafficking networks. Senior members of the Shura, including the Taliban's financial commissioner, Gul Agha Ishakzai, and Barich, the shadow governor of Helmand, commanded major smuggling operations in their own right.⁴³

The Haqqani network, a semiautonomous arm of the Taliban, operates in the country's southeast and has been implicated in a number of high-profile attacks on the capital, including a September 2011 assault on the U.S. embassy. Another semiautonomous faction, the smaller HIG, operates in Afghanistan's north and east, where it profits from smuggling narcotics, gemstones, and timber. None of these factions operates like a typical Western military, with a clear command-and-control structure. Rather, the insurgent networks are diffuse, with varying degrees of strategic, operational, and tactical coordination between factions.⁴⁴ Taliban factions have occasionally clashed—usually over the right to pocket criminal spoils—and there have been indications of a trust deficit between senior leaders.⁴⁵ But on balance, the three networks have shown a remarkable capacity to collaborate on military, political, and economic matters since the Taliban fell from power in 2001. Foreign terrorist groups, mainly al-Qaeda, have also collaborated with the Taliban, particularly with the Haqqani faction, which operates as a force multiplier and a training organization.

Emergence of a new criminalized governing elite. Criminal smuggling groups have played a key facilitating role, financing illicit activity in Afghanistan, providing cover to import and export needed commodities, and also bridging the gap to transact deals

⁴³ Author interviews with U.S. officials, June 2011, Washington, DC. Ishakzai was officially designated a financier of terrorism. See also UN Security Council, "Security Council Committee established pursuant to resolution 1988," 2011, www.un.org/sc/committees/1988/NSTI14710E.shtml.

⁴⁴ See Seth Jones, "Counterinsurgency in Afghanistan," RAND Security Studies Program Seminar, Nov. 7, 2007, http://web.mit.edu/ssp/seminars/wed_archives07fall/jones.htm.

⁴⁵ Peters, "Crime and Insurgency," 43; Peters, "The Haqqani Network."

that require indirect cooperation between insurgents and state officials (who remain officially at war). The complex web of relationships built by Haji Juma Khan, formerly Afghanistan's premier heroin trafficker, illustrates how political-criminal linkages cut across battle lines, proving that drug profits trump ethnicity, tribe, and politics in the Afghan war. Khan, who was arrested in 2007 and brought to the United States to stand trial, was until then the dominant smuggler in Afghanistan's southwest, where he sub-contracted Taliban fighters to protect his poppy fields, drug convoys, and heroin processing plants.⁴⁶ To ensure that Afghan security forces did not hold up his shipments, Khan reportedly forged a deal with Ahmed Wali Karzai to coordinate heroin trafficking in the south.⁴⁷ He also paid off intelligence and border agents in Pakistan and Iran and was even on the payroll of the CIA.⁴⁸ According to U.S. officials who tracked the network, Khan's nephew Hafiz Akhtar took over and has continued to export multiton shipments of narcotics from Afghanistan, using Taliban gunmen to protect his consignments. Akhtar was briefly arrested in 2009 by U.S. forces, who handed him over to the Karzai government in order to comply with an agreement that NATO forces not hold detainees indefinitely. In a move suggesting persistent collaboration and collusion between drug traffickers and Afghan officials, the Karzai administration had Akhtar released within 72 hours. He appeared so unconcerned about a subsequent arrest that he returned to using the same satellite phone he had used before, even though apparently aware that authorities were tracking it.⁴⁹

Major trafficking and transport operations in Afghanistan also integrated closely with powerful figures in the federal and provincial governments and the insurgency. Official investigations and media reports indicated that opium traffickers bought off hundreds of police chiefs, judges, and other officials, including senior members of the Kabul administration, in deals that cut across enemy lines.⁵⁰ President Karzai's own late half brother, as mentioned, reportedly conspired with Haji Juma Khan, a drug trafficker closely aligned with the Taliban, to take control of opium operations that opened up in the south after the U.S. government arrested Haji Bashar Noorzai, another leading smuggler.⁵¹

Connections between the transport industry, powerful warlords, and the Kabul regime also caused the emergence of a new and powerful Afghan elite with a significant financial stake in prolonging the status quo and, with it, the conflict. The powerful Watan Group, for example, run by two of Hamid Karzai's cousins, had a multimillion-dollar contract with the U.S. military until a yearlong investigation uncovered indications that the firm was operating an illicit protection racket funneling cash to the insurgency.⁵² An-

⁴⁶ Peters, *Seeds of Terror*, ch. 5.

⁴⁷ James Risen, "Propping Up a Drug Lord, Then Arresting Him," *New York Times*, Dec. 11, 2010, www.nytimes.com/2010/12/12/world/asia/12drugs.html.

⁴⁸ Ibid.

⁴⁹ Author interview with senior U.S. military intelligence official, Jan. 2010, Arlington, VA.

⁵⁰ Thomas Schweich, "Is Afghanistan a Narco-State?" *New York Times*, July 27, 2008, www.nytimes.com/2008/07/27/magazine/27AFGHAN-t.html?pagewanted=1&ref=drugtrafficking; Graeme Smith, "Afghan Officials in Drug Trade Cut Deals across Enemy Lines," *Globe and Mail*, Mar. 21, 2009, <http://aol.theglobeandmail.com/servlet/ArticleNews/aolstory/TGAM/20090321/AFGHANDRUGS21>.

⁵¹ Risen, "Propping Up a Drug Lord."

⁵² Lardner, "Official: US Dollars Ending Up in Taliban Hands"; Rostum, "How the U.S. Funds the Taliban." See also Watan Group, corporate website, www.watan-group.com/.

other firm that attracted scrutiny was NLC Holdings, owned and operated by Hamed Wardak, the U.S.-educated son of the former defense minister, General Rahim Wardak. As part of the military's "money as a weapons system" doctrine, NLC and five other local trucking companies saw their contracts surge sixfold in 2008, to \$360 million a year, even though NLC itself never owned a single truck.⁵³ Instead, Wardak perched atop a murky pyramid of subcontractors who provided the trucks and safeguarded their passage.⁵⁴ U.S. military officials said the system worked and convoys got through, but conceded that they knew little about how payments were disbursed.⁵⁵ How the U.S. and NATO drawdown will affect this market—and the illicit Afghan economy generally—remains unclear, but the large sums that key power brokers have earned raises the possibility that some might feel motivated to keep U.S. forces in the region.

Provincial and district-level power brokers have also appeared to benefit directly along Afghanistan's dangerous highways. Matiullah Khan, an illiterate former highway patrolman in the dangerous southern province of Oruzgan, for example, established a private army that earned millions of dollars annually protecting NATO convoys and that also conducted operations alongside U.S. Special Forces.⁵⁶ Foreign military officials said that people such as Matiullah helped fill a vacuum in areas where state security services were lacking—though at the price of undermining the very institutions that NATO was trying to build.⁵⁷ One day a week, Matiullah and his men lined a particularly perilous stretch of highway linking Kandahar with Oruzgan and declared it open, charging \$1,200 for safe passage of each NATO cargo truck, or \$800 for smaller ones. Matiullah Khan's income, according to one of his own aides, came to \$2.5 million a month; U.S. officials suggested he was also protecting opium shipments in his control zone.⁵⁸

Warlords such as Matiullah may have kept the roads safe for military trucks, but NATO officials said that data they collected suggest these networks often schemed to extend their contracts. One U.S. military study found that attacks on roads protected by paid gunmen rose, on average, more than threefold in the final three months of their NATO contract.⁵⁹ Applying the collective-action logic, strongmen such as Matiullah Khan no doubt perceived a benefit to prolonging the chaos along Afghanistan's highways and may even have colluded in or coordinated attacks on their own operations to sustain the status quo.⁶⁰ Illicit revenue from narcotics and other smuggling, and the troublesome issue of protection fees along Afghanistan's highways, far outweighed the potential income that war profiteers such as Matiullah Khan could likely earn from a peacetime economy. The challenge in Afghanistan has remained that the country's il-

⁵³ Rostum, "How the U.S. Funds the Taliban"; Karen DeYoung, "Afghan Corruption: How to Follow the Money?" *Washington Post*, Mar. 29, 2011, www.washingtonpost.com/wp-dyn/content/article/2010/03/28/AR2010032802971.html.

⁵⁴ DeYoung, "Afghan Corruption."

⁵⁵ *Ibid.*

⁵⁶ Dexter Filkins, "With U.S. Aid, Warlord Builds Afghan Empire," *New York Times*, June 5, 2010, www.nytimes.com/2010/06/06/world/asia/06warlords.html?pagewanted=1.

⁵⁷ *Ibid.*

⁵⁸ *Ibid.*

⁵⁹ Author interviews with U.S. and NATO military officials, Kabul, Dec. 2010.

⁶⁰ Mancur Olson, *The Logic of Collective Action: Public Goods and the Theory of Groups* (Cambridge, MA: Harvard Univ. Press, 1965).

licit economy is critical to the existing balance of power. Thomas Schweich, the former U.S. drug czar in Afghanistan, wrote, “The trouble is that the fighting is unlikely to end as long as the Taliban can finance themselves through drugs and as long as the Kabul government is dependent on opium to sustain its own hold on power.”⁶¹

The Taliban’s Path to Power. Control over, and protection of, illicit resources and industries has provided insurgents and associated illicit power structures with a degree of legitimacy that allows them to mobilize fighting forces and other public support.⁶² We see evidence of this phenomenon in Afghanistan, where civilians and small businesses have turned to the Taliban as contract enforcers and where the insurgents have provided key “public” services, such as madrassa education and dispute resolution. Insurgents have bolstered their status in some rural communities where they continue to be perceived as more efficient and less corrupt than the state. But predation and violence by the insurgents has prevented the Taliban from capitalizing fully on whatever political capital the insurgency gained from protecting illicit activities. In surveys and field interviews, the Taliban remain deeply unpopular.⁶³

Taliban leaders have at times appeared to recognize the strategic risk of alienating the populace. In 2009, for example, the Quetta Shura issued a new code of conduct in an apparent attempt both to exert control over violent and unruly Taliban field commanders and to improve relations with ordinary Afghans, by establishing a civilian shadow government at the local level. Under the new structure, the Taliban regulated tax rates that commanders could charge the public, and also created provincial-level commissions where Afghans could present their requests or complaints to a local council of religious scholars, who then had to answer to the executive council in Quetta.⁶⁴

Strategic and financial motives appeared to be behind the overhaul. “The reason they changed their tactics is that they want to prepare for a long-term fight, and for that they need support from the people; they need local sources of income,” said Wahid Muzhdah, a former Taliban official who later tracked the insurgency.⁶⁵ Apparently, the code was spottily enforced, although Afghan civilians have often praised the Taliban shadow justice system for being swift and fair and have reported that Taliban fighters extorted them less than corrupt state officials did.⁶⁶ But some civilians also said they cooperated with the insurgency simply out of fear. Taliban “night letters,” distributed in rural communities—and backed by actual assassination campaigns—routinely threatened dismemberment or a grisly death for those who worked with the government or foreign forces.⁶⁷

The Haqqani network operated as a shadow state in its control zones, running police forces and madrassas and managing a system of dispute management that was well

⁶¹ Schweich, “Is Afghanistan a Narco-State?”

⁶² Vanda Felbab-Brown, *Shooting Up: Counterinsurgency and the War on Drugs* (Washington, DC: Brookings Institution Press, 2010).

⁶³ Peters, “Crime and Insurgency.”

⁶⁴ *Ibid.*, 15.

⁶⁵ Alissa Rubin, “Taliban Overhaul Their Image in a Bid to Win Allies,” *New York Times*, Jan. 21, 2010, www.nytimes.com/2010/01/21/world/asia/21taliban.html?pagewanted=all.

⁶⁶ Peters, “Crime and Insurgency,” 19.

⁶⁷ Ann Scott Tyson, “In Helmand, Caught between U.S., Taliban,” *Washington Post*, Aug. 15, 2009, www.washingtonpost.com/wp-dyn/content/article/2009/08/14/AR2009081403568.html.

regarded—and feared—at the local level. Haqqani leaders have intervened on key occasions in recent years to resolve disputes among other militant groups in Afghanistan and Pakistan, most notably helping ensure an orderly transition of power in the Pakistani Taliban after the group's former emir, Baitullah Mehsud, was killed in an August 2009 drone strike.⁶⁸

The local business community and rival tribes have also engaged the Haqqani shadow justice system. Local sources reported that the Taliban collected fees for resolving disputes and would also hold “surety bonds” while disputes were being negotiated. The Taliban would occasionally confiscate this bond money if one party did not live up to its end of the bargain.⁶⁹

The Haqqanis also have operated more than 80 madrassas and training bases. These serve as guesthouses and way stations for foreign fighters and terrorist groups and, therefore, could be seen as a breeding ground for cooperation among jihadi organizations.⁷⁰ The madrassa system typifies the interlocking web of political and economic bargaining that has supported interactions between the Haqqanis, other militant actors, the illicit business community, and the populace. The madrassas have served as key conduits for cash couriers moving illicit proceeds out of Afghanistan, and for network leaders sending monthly salary payments to fighters inside the country.⁷¹ Also, the madrassas offer free room, board, and education for poor young men, thus providing a vital service to poor families who cannot otherwise feed and school their children. This has helped supply a seemingly endless stream of young militants to the network, which has been able to sustain monthly losses of about 150 men and still regenerate its forces.⁷² Local sources have suggested that the Haqqanis incurred high daily costs feeding and housing militants—costs that were believed to be covered in part by their partners in the local smuggling and transport industries.

Other power brokers across Afghanistan have also provided the services of a shadow state, building roads, schools, and even hospitals for the local communities.⁷³ For example, the smuggler Haji Juma Khan financed road and power projects in the southwest, as well as desert reclamation projects to help poppy-farming communities expand into parched territory.⁷⁴ Another Pakistani-based smuggler, Sakhi Dost Jan Notezai, has operated a four-story hospital where Taliban fighters wounded on the battlefield could receive free medical care. The fact that public services run by illicit networks have supported and interacted with insurgent groups should not suggest that these groups were one and the same, or that their political goals were always consistent. Rather, deepening levels of cooperation suggest a symbiotic dependency. A key element that both depended on was weak governance.

There are growing indications, however, that rising levels of organized crime, coupled with high levels of terrorist violence, have undermined public support, particularly

⁶⁸ Peters, “Crime and Insurgency,” 83.

⁶⁹ Peters, “The Haqqani Network.”

⁷⁰ Shuhrat Nangyal, “Afghanistan’s Jihad and the Virtuous Victory,” *Manba al-Jihad* (in Pashto), no. 8 (Jan. 1991). Nangyal also wrote several articles for the group during the 1980s and 1990s.

⁷¹ Peters, “The Haqqani Network.”

⁷² Joshua Partlow, “Haqqani Insurgent Group Proves Resilient Foe in Afghan War,” *Washington Post*, May 29, 2011.

⁷³ Peters, *Seeds of Terror*, chs. 45.

⁷⁴ *Ibid.*, ch. 5.

since local communities have been the primary victims of both. Militants may have protected some illicit economies, thereby winning a degree of public support from community members seeking to protect their income source. But militants' interaction with civilians was also predatory by nature, both in the taxes and protection fees the militants charged and because the instability they created hampered development of licit alternatives. Members of the local community cooperated with the militants at times as a coping strategy, but this does not mean they embraced the militants as a popular force.

It is difficult to characterize the Afghanistan insurgency generally, made up as it is of various shifting parts. But broadly speaking, we can describe the insurgency as an illicit power structure that has employed violence to oppose the peace process. Still, at least some, if not most, factions have demonstrated negotiable interests at times and, at certain points, may even have been amenable to a grand bargain. Indeed, various factions appeared to be more open to negotiation immediately after the 2001 invasion, meaning that circumstances have, in fact, deteriorated since then. Indeed, the most significant change between 2001 and 2015 is that there are now overlapping Taliban and state-linked IPSs, which collaborate to profit from the ongoing conflict—a factor that NATO strategy has completely failed to address. This has produced an environment where power brokers on both sides of the battlefield have significant financial incentives to spoil any peace process. The drawdown of international forces will inevitably have an effect on their economic opportunities, although it may simply cause an increase in illicit activity, particularly in drug trafficking.

The Insurgency's Relationship to the Peace Process

Early informal reconciliation efforts by insurgency and traffickers are squandered. In the months after the U.S.-led intervention in Afghanistan began, there were tantalizing indications that leading figures in the Taliban were prepared to reconcile with the U.S.-backed Karzai government and that major narcotics traffickers were supportive, even willing, to help facilitate the peace process. Senior members of Mullah Omar's inner circle reportedly sent a letter to President Karzai, claiming to have permission from the Taliban leader to surrender.⁷⁵ But under pressure from Washington and senior officials in the anti-Taliban Northern Alliance, Karzai reportedly ignored the overture, and the Taliban officials remained in Pakistan.⁷⁶ Separately, Ibrahim Omari, a brother of Jalaluddin Haqqani, surrendered to the Kabul government soon after the Taliban government fell, whereupon the Ministry of Defense, which was dominated by the anti-Taliban Northern Alliance, swiftly detained him.⁷⁷ Whether or not Omari's time in Kabul involved any talk of reconciliation for his brother's fighting forces, nothing concrete developed, and he was later quietly allowed to return to Pakistan.⁷⁸

⁷⁵ These included the movement's number two leader after the collapse of the Taliban regime, Mullah Baradar, the Taliban's defense minister, Mullah Obaidullah, and the interior minister, Mullah Abdul Razaq.

⁷⁶ Thomas Ruttig, "Negotiations with the Taliban: History and Prospects for the Future," *New America Foundation*, May 2011, 67, www.newamerica.net/sites/newamerica.net/files/policydocs/Ruttig_Negotiations_With_The_Taliban_1.pdf.

⁷⁷ Thomas Ruttig, "Talking Haqqani," *Afghan Analysts Network*, Jan. 7, 2010, <http://aan-afghanistan.com/index.asp?id=873>.

⁷⁸ *Ibid.*

A few months later, U.S. warplanes bombed a convoy of tribal elders allegedly traveling from southeastern Afghanistan to attend President Karzai's inauguration.⁷⁹ Dozens died in the air strike, with news reports suggesting that some were former Taliban, among them prominent members of Haqqani's Zadran tribe.⁸⁰ Around the same time, another group of former Taliban tried to present itself as a moderate alternative. The group was allowed to return to Kabul and was put up in a government guesthouse, but the U.S. doctrine of not talking to terrorists prevented any concrete role for the group in the new regime.⁸¹

Other efforts to reconcile with the insurgents amounted to little. A foreign-funded program aimed at enticing Taliban fighters to switch sides by offering financial incentives ended in failure and accusations of corruption. Assessments found that few if any known Taliban, let alone any senior leaders of the three main factions, were among the 4,634 people who had joined the program by October 2007.⁸² The Saudi and Emirati governments and the United Nations facilitated a separate series of exploratory diplomatic initiatives with people close to the Taliban. Nothing concrete evolved from these early encounters, either.⁸³

There were also opportunities to make deals with leading drug traffickers. Haji Juma Khan was briefly detained by U.S. forces in late 2001, whereupon he reportedly promised to help them track down terrorists.⁸⁴ He would allegedly remain on the CIA's payroll until his arrest in 2008 on narcotics trafficking charges.⁸⁵ Haji Bashar Noorzai, another prominent Afghan trafficker and Taliban financier, made contact with U.S. troops soon after they arrived in the southern province of Kandahar. He turned in truckloads of Taliban weapons and offered to negotiate the surrender of leading figures in the network.⁸⁶ Both Juma Khan and Noorzai wanted a role in the new government and economy, and amnesty for their ties to narcotics and the Taliban.⁸⁷ In other words, they had negotiable interests.

Negotiations with the smugglers continued, off and on, over the next decade, with Juma Khan even making a 2006 trip to the United States as a guest of the government.⁸⁸ Eventually, U.S. law enforcement arrested both men: Noorzai in 2005, and Juma Khan in 2008.⁸⁹ Noorzai was detained in New York City after flying there thinking he had an amnesty deal with U.S. authorities. Whether these two smugglers ever had any intention of quitting the narcotics trade remains an open question. What is pertinent is that both men appeared prepared to reconcile, so long as they could escape jail and maintain their stature in the community.

⁷⁹ Reuters, "Afghan Elder Warns Karzai over Convoy Bombing," Dec. 23, 2001, www.chron.com/news/article/Afghan-elder-warns-Karzai-over-convoy-bombing-2073821.php.

⁸⁰ Ibid.

⁸¹ Ruttig, "Negotiations with the Taliban," 7.

⁸² Ibid., 7.

⁸³ Ibid., 78.

⁸⁴ Peters, *Seeds of Terror*, 158.

⁸⁵ Risen, "Propping Up a Drug Lord"; author interviews with U.S. officials, 2009, Washington, DC.

⁸⁶ Peters, *Seeds of Terror*, 202.

⁸⁷ Ibid, 158, 202; author's interviews with U.S. officials, 2007, Washington, DC.

⁸⁸ Risen, "Propping Up a Drug Lord."

⁸⁹ Peters, *Seeds of Terror*, chs. 5 and 7.

Taliban returns to the fight; relationships with traffickers deepen. Another open question is whether the Taliban leadership would have embraced – or even entered into – a reconciliation process, had there been one after they fell from power in 2001. But when no prospects for doing so emerged, Taliban commanders and leading traffickers regrouped in the southern countryside and in Pakistan, some raising money by selling opium stockpiles.⁹⁰ The Taliban began launching low-intensity attacks in 2003, ambushing foreign aid workers and setting off bombs. Still, they did not cause major disruptions to the 2004 presidential election, and newly elected President Karzai responded by declaring that any Taliban who wanted to come back and live as normal citizens would be welcome.⁹¹

In the rural south, opium output continued to grow, soaring to a high of 193,000 hectares of poppy cultivated in 2007, according to UNODC figures.⁹² Taliban actors expanded and diversified their ways of profiting from the drug trade. At the village level, Taliban subcommanders earned money from taxing poppy farmers and transporters. Over time, commanders able to consolidate power in poppy-producing regions in the south expanded into the business of running heroin and morphine processing labs and even exporting narcotics consignments. Until about 2009, trafficking networks, based mainly in Pakistan and Iran, dominated the business of exporting drug consignments from Afghanistan. But this began to change, too, in part because foreign counternarcotics forces (mainly British and American) arrested key traffickers, opening a space in the market for new entrants. Powerful Taliban commanders, including Mullah Naim Barich in Helmand, stepped into that gap. Barich represented a new generation of Taliban commanders, who were not simply collecting taxes on poppy crops and drug consignments but actively meeting with district-level officials and tribal leaders to set opium production quotas, organizing military campaigns to attack government-led eradication programs, and coordinating exports of drug consignments.⁹³ Barich and others like him gained increasing wealth and autonomy, making the insurgency more fragmented but also better funded and better armed.

The changing, more fragmented shape of the insurgency and the widening drug market brought extra layers of complexity for would-be peacemakers. Most importantly, the narcotics trade had a deeply corrosive effect on the Afghan government, corrupting senior officials, hollowing out already weak state institutions, and creating financial disincentives for officials to work toward stabilizing the country. Meanwhile, with widening insecurity in the south and southwest, where fighting and poor transport conditions limited many farmers' access to markets for licit crops, poppy cultivation became

⁹⁰ Ibid., 114.

⁹¹ *Economist*, "Going Straight," Dec. 2, 2004, www.economist.com/node/3447071?story_id=3447071&subject=Afghanistan.

⁹² In 2000, the Taliban implemented a nationwide ban on growing poppy. This one-year ban on poppy farming is often cited as evidence that the Taliban sought to suppress the narcotics trade. Some have argued that the Taliban banned farmers from growing poppy, because large stockpiles of opium had built up and they sought to bolster sagging farm prices for the drug. Foreign counternarcotics officials noted that the Taliban did not implement a simultaneous ban on morphine and heroin labs and continued to collect taxes on drug exports during this period.

⁹³ *RS News*, "Taliban Leader Designated as Drug kingpin," Nov. 15, 2012, www.isaf.nato.int/article/isaf-releases/taliban-leader-designated-as-drug-kingpin-nov-15.html.

“a low-risk crop in a high-risk environment.”⁹⁴ Corruption, narcotics, and poor security hampered the emergence of a healthy licit economy while a U.S.-funded eradication campaign enraged poor farmers and drove some to support the insurgency in order to protect their livelihoods. Diplomatic and political initiatives revived the peace process, then faltered.

After coming to power in 2009, the Obama administration tried to pursue peace talks with the Taliban leadership in hopes of engineering a grand peace bargain with the insurgents. Obama appointed Richard Holbrooke, an architect of the 1995 Dayton Peace Accords in Bosnia, to oversee the effort, which centered on fostering talks between Kabul and the Taliban. The plan also called for increased foreign aid aimed at luring Pashtun communities with the promise of jobs and development.⁹⁵

Many Afghans were dubious of the strategy, and discord arose locally and internationally over the shape and speed of the process. Some non-Pashtuns and former leaders of the Northern Alliance, which had fought the Taliban, complained that funneling millions of dollars into Taliban-dominated regions in the Afghan south would unfairly benefit ethnic Pashtuns and reward those who had fought the government.⁹⁶ Many Afghans, observers, and analysts doubted that the Taliban would agree to renounce violence, sever ties with al-Qaeda, and respect the Afghan constitution—the three core demands of the Karzai government. Meanwhile, women’s groups and human rights organizations both inside and outside Afghanistan feared that accommodating the Taliban leadership would lead to a reversal of women’s rights gains made since 2001 and would dissolve hopes of holding Taliban leaders accountable for human rights abuses. “I think it is just legalizing impunity,” said Sima Samar, chair of the Afghanistan Independent Human Rights Commission. “Nobody is accountable, not for the past crimes and not for future ones. Anybody can come and join the government and they will be protected.”⁹⁷ Even Taliban officials expressed skepticism, saying no real progress could be made while U.S. forces remained on the ground across Afghanistan.

Within the U.S. government, sharp differences arose over the framework and purpose of talks with the Taliban, and different government agencies often seemed to be working at cross purposes. U.S. military leaders suggested that a surge of U.S. troops could pummel the Taliban into a weaker bargaining position and prompt more low- and mid-ranking insurgents to desert.⁹⁸ U.S. military intelligence assessed the Taliban leadership as weak, divided, and no longer able to exert command and control over its

⁹⁴ David Mansfield and Adam Pain, “Evidence from the Field: Understanding the Changing Levels of Opium Cultivation in Afghanistan,” briefing paper, Afghanistan Research and Evaluation Unit, Nov. 2007.

⁹⁵ Joshua Partlow, “Karzai’s Taliban Reconciliation Strategy Raises Ethnic, Rights Concerns at Home,” *Washington Post*, Feb. 4, 2010, www.washingtonpost.com/wp-dyn/content/article/2010/02/03/AR2010020303737.html.

⁹⁶ Sanjeev Miglani and Hamid Shalizi, “In Afghanistan’s Panjshir, Disquiet over Taliban Reconciliation,” *Reuters*, Sept. 8, 2011, www.reuters.com/article/2011/09/08/us-afghanistan-massoud-idUSTRE7872A920110908.

⁹⁷ Karen DeYoung and Joshua Partlow, “In Afghanistan, Karzai’s Invitation to Taliban Creates Discord and Confusion,” *Washington Post*, Mar. 3, 2010, www.washingtonpost.com/wp-dyn/content/article/2010/03/02/AR2010030204101.html.

⁹⁸ Author interviews with U.S. military and State Department officials, 2010, Washington, DC.

forces inside Afghanistan.⁹⁹ Leading diplomats, meanwhile, believed they could draw in senior Taliban commanders and privately doubted that the Pentagon's much-vaunted counterinsurgency campaign was making much headway.¹⁰⁰ A series of high-profile leaks and media reports exacerbated the U.S. debate over how to pursue reconciliation, fueling distrust between the White House and the Pentagon and eventually leading to the dismissal of General Stanley McChrystal, the commander President Obama had personally selected to lead the mission there.¹⁰¹ U.S. law enforcement added another layer of complexity to the process by arresting and designating as targets key traffickers and Taliban officials. Some U.S. diplomats grumbled that the designations would limit options for negotiations since U.S. law prohibits negotiating with individuals designated as major narcotics traffickers.¹⁰²

Other states in the NATO coalition did not always see eye to eye on the substance or pace of reconciliation efforts. While U.S. military leaders wanted more time to pound the Taliban into submission, British and European allies, facing strong domestic disapproval over the long-running war, appeared more eager to see negotiations begin regardless of the conditions.¹⁰³ These internal disputes, which played out in the global media, prevented unity of effort at both national and international levels. Moreover, there were virtually no substantive discussions on underlying economic issues that fed the violence—specifically, the narcotics trade—let alone offers from the international community to provide economic support and farm subsidies that might help wean Afghanistan's economy off heroin.

Despite all these differences, the reconciliation effort briefly appeared to be moving forward in 2010. Karzai affirmed that talks with the Quetta Shura Taliban were ongoing, and appointed 70 tribal and political leaders to his High Peace Council, which was intended to lead future negotiations. NATO leaders confirmed that they had facilitated the talks by providing security and technical support.¹⁰⁴ Around the same time, the Kabul government also reached out to HIG, and two senior HIG officials met Karzai in Kabul for talks, although those conversations ended without significant breakthroughs.¹⁰⁵ Even the Haqqani network's leader signaled that he was prepared to reconcile. In a rare media interview in 2011, Sirajuddin Haqqani, son of Jalaluddin and de facto leader of the network, said his group would take part in peace talks with the Kabul government and the United States, as long as the Quetta Shura approved the process.¹⁰⁶

⁹⁹ See Jeffrey Dressler, "Reconciliation with the Taliban: Fracturing the Insurgency," Institute for the Study of War, June 13, 2012, www.understandingwar.org/backgrounders/reconciliation-taliban-fracturing-insurgency.

¹⁰⁰ Author interviews with U.S. State Department officials, 2010, Washington, DC.

¹⁰¹ See Michael Hastings, "The Runaway General," *Rolling Stone*, June 22, 2010, www.rollingstone.com/politics/news/the-runaway-general-20100622; Max Fisher, "Leaked Cables Raise Questions on Kabul-Washington Tension," *Atlantic*, Nov. 12, 2009, www.theatlanticwire.com/global/2009/11/leaked-cables-raise-questions-on-kabul-washington-tension/26442/.

¹⁰² Author interviews with U.S. State Department officials, 2009, Washington, DC.

¹⁰³ DeYoung and Partlow, "In Afghanistan."

¹⁰⁴ Ruttig, "Negotiations," 1.

¹⁰⁵ *Ibid.*, 3.

¹⁰⁶ Reuters, "'No Sanctuaries in Pakistan': Haqqani Network Shifts Base to Afghanistan," *Express Tribune*, Sept. 18, 2011, <http://tribune.com.pk/story/254368/no-haqqani-network-sanctuaries-in-pakistan-sirajuddin/>.

Significantly, the first reported high-level meetings between the Kabul regime and the Quetta Shura brought together Karzai's half brother Ahmed Wali and Mullah Baradar, the Taliban's second in command and a key figure in coordinating opium production and heroin exports, just a year before Wali was killed.¹⁰⁷ Britain's *Telegraph* newspaper reported that the two met in the border town of Spin Boldak, a home base for major Pashtun trucking networks, and that their meeting focused on the country's lucrative heroin trade. "Baradar controls a big stake in the drugs trade in Kandahar," said an unnamed source quoted in the *Telegraph*. "It is a peace deal in a sense, reducing the conflict between the government and the Taliban, according to private interests."¹⁰⁸ It is significant that economic matters and trade – not political or ethnic differences, development funding, women's rights, or a resolution to the fighting – ruled the agenda in the first high-level meeting between the Karzai regime and the Taliban. These power brokers wanted to make sure that underlying economic factors – the drug trade, specifically – were discussed before other political grievances and core issues came up.

The process was quickly interrupted by a regional spoiler. The Pakistan government responded to news of the Spin Boldak meeting by arresting Baradar and a half-dozen other senior Taliban officials and commanders.¹⁰⁹ Islamabad thus showed its hand and illustrated that it had the capacity to round up Taliban officials sheltered in its territory whenever it wished. As Thomas Ruttig, a leading analyst on Afghanistan and the reconciliation process, wrote, "With these [arrests], the Pakistani military de facto claimed a veto on all negotiations with the Taliban and therefore on Afghanistan's political future."¹¹⁰ Perhaps more than anyone else in the region, Pakistan has had the ability to spoil any reconciliation process, especially since the same networks that transported both licit and illicit goods to and from southern Afghanistan were based in its territory.

The peace effort continued to face major challenges, indicating that spoilers (it was never clear precisely who) intended to disrupt the reconciliation process even before it got under way. In late 2010, it emerged that a man involved in secret meetings with Afghan officials, who had received as much as \$500,000 in payouts from NATO, was, in fact, an imposter. He was later identified as a shopkeeper from Quetta, Pakistan, and not a representative of the Quetta Shura, as negotiators had first believed.¹¹¹ This deception deeply discredited the effort and brought into sharp focus the complexity of dealing with such secretive, fragmented insurgent networks. Then, in September 2011, an assassin detonated the explosives hidden in his turban as he embraced Burhanuddin Rabbani, the chair of Karzai's High Peace Council, in a classic and devastating spoiler attack.

The suicide bomber, who posed as a Taliban emissary carrying conciliatory messages, dealt a ruinous blow to Kabul's most productive effort to date on reconciliation with the Taliban. The assassination of Rabbani, an ethnic Tajik and a former president of Afghanistan, not only threatened to splinter fragile alliances between the country's eth-

¹⁰⁷ Dean Nelson and Ben Farmer, "Hamid Karzai Held Secret Talks with Mullah Baradar in Afghanistan," *Telegraph*, Mar. 16, 2010, www.telegraph.co.uk/news/worldnews/asia/afghanistan/7457861/Hamid-Karzai-held-secret-talks-with-Mullah-Baradar-in-Afghanistan.html.

¹⁰⁸ Ibid.

¹⁰⁹ Ruttig, "Negotiations," 1.

¹¹⁰ Ibid., 10.

¹¹¹ Ibid., 3; Author interviews with U.S. officials, June 2011, Washington, DC.

nic groups, it also illustrated clearly the capacity and the will of anonymous spoilers to disrupt the peace effort. According to Matt Waldman, a fellow at Harvard's Belfer Center who had contacts with the insurgent leadership, Rabbani's killing was not approved by the Taliban leadership council. But that does not rule out the possibility that people inside the Taliban, perhaps with Pakistani backing, were involved. The Peace Council never recovered the momentum it had before Rabbani's killing, although proposals to make the effort relevant again included revamping the council to include former Taliban officials, negotiators experienced in conflict resolution, and members of Afghan civil society.¹¹² It is clear that throughout the process, Taliban interests remained negotiable and at least some insurgent leaders were motivated to preserve their economic interests while also gaining amnesty and a role in the future power structure.

International Strategy and Its Impact

Ultimately, it was always difficult to ascertain the center of gravity for the U.S. effort in Afghanistan. The Obama administration appeared to be conducting a two-pronged strategy: simultaneously reaching out to Taliban officials with one hand while trying to decimate their networks militarily with the other.¹¹³ It can be argued that the reconciliation effort suffered particularly as a result. Even as recently as 2014, officials, academics, and journalists close to the Afghan reconciliation effort say that little of concrete value has been achieved. Key parties remain divided over what course of action to pursue, nothing yet can even be called a reconciliation process, and Pakistan continues to assert its role as arbiter and spoiler.

The history of reconciliation efforts during 2011-12 is illustrative. In 2011, according to diplomats and others close to the process, a series of productive secret meetings did take place between U.S. officials and the Taliban, but very little of the conversation touched on any substantive issues or the potential framework for a peace process. "From what we know, there were probing, exploratory sessions to exchange opinions and viewpoints and to develop ideas for moving forward," said Waldman. Discussants did not confront underlying factors that fed the violence, such as endemic poverty, regional militancy, the Indo-Pak rivalry, or the narcotics trade and other smuggling.

In early 2012, the Taliban appeared to be moving toward formal talks with the U.S.-led coalition in Afghanistan. The Taliban announced that it had struck a deal to open a political office in Qatar that could conduct direct negotiations over the endgame in the Afghan war.¹¹⁴ But it was less clear whether the Taliban wanted to work toward a comprehensive peace settlement or simply wanted NATO to end its operations in Afghanistan in 2014, as scheduled – thereby removing a major obstacle to the Taliban's return to power in all or part of the country. The Taliban wanted the return of high-ranking prisoners held in Guantanamo Bay, Cuba, and reportedly held meetings to discuss this with U.S. Special Envoy Marc Grossman, who had replaced Ambassador Holbrooke

¹¹² Ibid., 15.

¹¹³ Ibid., 3.

¹¹⁴ Matthew Rosenberg, "Taliban Opening Qatar Office and Maybe Door to Talks," *New York Times*, Jan. 3, 2012, www.nytimes.com/2012/01/04/world/asia/taliban-to-open-qatar-office-in-step-toward-peace-talks.html?pagewanted=all.

upon Holbrooke's death in 2010.¹¹⁵ By March 2012, however, the Taliban announced that it was withdrawing plans to open the Qatar facility, and ending further "pointless" talks with the Americans. In a statement posted on a Taliban website, the group blamed the breakdown on the "alternating and ever-changing [U.S.] position."¹¹⁶

The general impression was that the U.S. administration perceived reconciliation efforts as an extension of the military campaign, aimed at dividing and weakening the insurgency rather than working toward a genuine peace deal. Under President Obama, the number of reported drone strikes into Pakistan's tribal areas increased dramatically, as did targeted killings of Taliban by U.S. Special Forces. Some analysts blamed this two-pronged targeting approach for pushing the Taliban back from the bargaining table. Perhaps more significantly, it also cost public support in Afghanistan by causing a perceived increase in civilian casualties.¹¹⁷ The U.S. strategy no doubt produced tactical results: from mid-May to mid-August in 2011 alone, 350 mid-level Taliban commanders were reportedly killed or captured.¹¹⁸ What is unclear is whether those results actually impaired the Taliban militarily or politically. Some diplomats and intelligence analysts perceived the Taliban to be weakened, demoralized, and increasingly divided as a force.¹¹⁹ But the strategy did not appear to slow the use of improvised explosive devices to kill and maim NATO troops, nor did it affect Taliban recruitment efforts and shadow-government operations.¹²⁰ Meanwhile, the Taliban responded to the stepped-up U.S. war effort with its own assassination campaign against public officials, aid workers, and civilians. Insurgents also launched high-profile attacks in Kabul, which claimed mainly Afghan civilian victims.

Divisions and paranoia within the Afghan government further stymied progress. Senior members of the former Northern Alliance, which fought the Taliban in the 1990s, remained hostile to any talk of concessions to the Taliban. And the Shia Hazara community, who had suffered ethnic massacres at the hands of the Taliban in the 1990s, expressed particular security concerns about any deal permitting the Taliban's return. Meanwhile, because of distrust between the Karzai government and the Americans, Washington officials insisted they would meet with the Taliban only if the Kabul government attended. President Karzai seemed at times to rely on his Peace Council to handle issues concerning reconciliation. At other points, he seemed to lean on members of his inner circle. Said one Western diplomat at the time, "The Karzai government at once wants to be at the center of things but has not demonstrated the capacity to conduct anything approaching a reconciliation process."¹²¹

There appeared to be no further efforts to engage major narcotics trafficking organizations or the trucking community to support the peace process. "These would be among the issues that you would want to discuss in the course of the process, but it never got that far," said Waldman.

¹¹⁵ *Telegraph*, "Taliban Break Off 'Pointless' Qatar Talks with US and Karzai," Mar. 15, 2012, www.telegraph.co.uk/news/uknews/defence/9145709/Taliban-break-off-pointless-Qatar-talks-with-US-and-Karzai.html.

¹¹⁶ *Ibid.*

¹¹⁷ *Ibid.*, 4.

¹¹⁸ *Ibid.*, 10.

¹¹⁹ Author interviews with U.S. government officials, 2012, Tampa, Washington, DC.

¹²⁰ Ruttig, "Negotiations," 10.

¹²¹ Author interview with Western diplomat, 2012, New York.

In early 2013, just as the Obama administration announced plans to withdraw 34,000 U.S. troops by the end of the year, there seemed to be renewed efforts toward reconciliation. After a stall in late 2012 as the domestic presidential election consumed U.S. attention, diplomats and political leaders from eight countries began mounting a concerted campaign to bring the Afghan government and its Taliban foes together to negotiate a peace deal.¹²² In early February, UK Prime Minister David Cameron met with President Karzai and President Asif Ali Zardari of Pakistan in calling for fast-track peace talks. Weeks earlier, in Washington, Karzai himself committed publicly to have his representatives meet a Taliban delegation in Qatar to start the process. Officials cited a growing consensus that regional stability demanded some sort of broad settlement with the Taliban, given that most foreign forces would be pulling out within the coming 12 to 18 months. Still, few officials thought they would achieve even the limited goal of bringing the Afghan government and Taliban leadership to the table before the bulk of U.S. fighting forces left Afghanistan in 2014.¹²³ For the insurgents, the imminent departure of foreign troops was surely an incentive just to wait it out. There was also a growing concern that the departure of foreign forces would cause a sharp decline in economic activity, leaving tens of thousands of truck drivers, guards, and other local staff who served the military effort out of work. A 2012 World Bank study projected that GDP growth would drop from nine percent in 2010/11 to closer to five percent on average until 2018 and may decline further in the long term.¹²⁴ This prompted fears that the drawdown would invigorate the drug economy and other illicit smuggling, undoing whatever fragile gains had been made in reducing poppy cultivation in recent years.

Conclusions and Recommendations

Conclusions

Negotiating peace is especially challenging wherever key conflict actors have a major financial stake in sustaining disorder. It would require a regionwide approach to confront or co-opt conflict actors, such as drug trafficking networks, who have a regional capacity to finance disorder and corrupt political processes. Unfortunately, there has been no such regional strategy in Afghanistan. In fact, all signs point to an international community that wishes to be less, not more, engaged in Afghanistan. The regional illicit economy, not to mention growing rates of opium and heroin addiction, will be self-reinforcing, whereas strategies for disentangling these problems will be slow, expensive, and complex. It is hard to imagine the international community even being able to agree on a comprehensive strategy to reduce narcotics supply and demand in Central and South Asia. Therefore, any efforts to reduce or resolve the conflict will have to take the drug economy into account.

¹²² Alissa Rubin and Declan Walsh, "Renewed Push for Afghans to Make Peace with Taliban," *New York Times*, Feb. 16, 2013, www.nytimes.com/2013/02/17/world/asia/pressure-for-peace-with-taliban-is-renewed.html?emc=tnt&tntemail0=y.

¹²³ Ibid.

¹²⁴ World Bank, "Afghanistan in Transition: Looking Beyond 2014, Volume 2," report, May 2012, <http://siteresources.worldbank.org/AFGHANISTANEXTN/Images/305983-1334954629964/AFTransition2014Vol2.pdf>.

Opportunities were lost in the years after the Taliban fell from power. The international community and the new Afghan government could have approached illicit power structures and potential spoilers in a variety of ways. One track would have been to co-opt and reintegrate them into the licit economy. Or they could have been formally designated as criminal groups and brought to justice.¹²⁵ It would have been useful for NATO commanders and the international community to identify which power brokers they considered beyond reconciliation, which ones could be considered supportive and uncorrupt, and which ones fell into a gray area in between. Then a strategy could have been developed to target the irreconcilables or degrade their capacity to do harm, and to bolster those who brought stability and progress. Such actions might have influenced those actors in the “gray zone” to clean up their behavior and become responsible, responsive brokers in the new regime. Meanwhile, regional economic development programs to address transnational shadow networks could have improved regulatory effectiveness. And regional trade regulatory programs designed to limit the flow of narcotics and other conflict commodities would have supported such a strategy.¹²⁶ In Afghanistan, that would have required greater commitment than the international community appeared willing to make, and the current drawdown suggests that traffickers and truckers will have considerable influence over that region’s economy and politics for the foreseeable future.

Recommendations

As NATO nations continue to withdraw the bulk of their troops in 2015, it is hard to imagine the final chapter of the Afghan conflict being written anytime soon. Although it is far too early for a postmortem on the reconciliation effort, we can make four broad conclusions about lessons learned.

Recognize and address the illicit political economy’s impact on the conflict. The peace process would be further along if the intervening powers had made the political economy of conflict in Afghanistan a primary focus. This is not to suggest that reconciliation was even best option—law enforcement strategies and counterinsurgency tactics, if properly applied from the outset, might have significantly weakened the insurgency. But the peace process was bound to falter since it did not embrace political-economic issues as central. Afghanistan is a place of widespread scarcity, but there is no doubt that the period from late 2001 through 2014 was immensely profitable for the conflict elites, both within the state and within the insurgency. It is rational for those who reap great profit from a war economy to seek to prolong the conflict rather than end it.¹²⁷ At the very least, war profiteers will tend to seek a conflict resolution that maintains their grip on

¹²⁵ Studdard, “War Economies.”

¹²⁶ Ibid.

¹²⁷ David Keen, “Incentives and Disincentives for Violence,” in *Greed and Grievance: Economic Agendas in Civil Wars*, ed. Mats Berdal and David Malone (Boulder, CO: Lynne Rienner, 2000); Kristina Höglund, “Violence in War-to-Democracy Transitions,” *From War to Democracy: Dilemmas of Peacebuilding*, ed. Anna K. Jarstad and Timothy D. Sisk (Cambridge, UK: Cambridge University Press, 2008).

power and resources.¹²⁸ Efforts since 2001 to start a reconciliation effort have made little headway, and this is tied partly to the fact that initial talks mainly focused on tactical issues—exchanging prisoners and stopping attacks—rather than on financial and economic matters. It is worth pointing out again that the highest-level reported meeting between the Taliban and the Karzai regime focused not political issues but on the heroin trade. For Afghans, divvying up spoils of the drug trade appears to have been a primary concern.

Adopt a flexible approach to reconciliation with illicit power structures. A second lesson is that, distasteful as it may seem, it is sometimes better to co-opt or reconcile with illicit power structures than to seek their destruction. In the emotional months after the 9/11 attacks, when U.S. troops first invaded Afghanistan, U.S. officials had little appetite for bargaining with the Taliban, the Haqqanis, and the various drug traffickers who turned themselves in to Coalition forces or tried to probe options for surrender. At the local level, too, there were calls for justice that likely would have prevented reconciliation. However, 13 years later, the Afghan state and the NATO coalition have made little headway fighting the insurgency, and some insurgent factions have grown far richer and more powerful through their ties to transnational organized crime. They also harbor 13 years' worth of mistrust of U.S. actions and intentions. As Waldman points out, "Unwillingness on the part of the U.S. to engage the Taliban until 2011 meant there were deep misgivings within the Taliban about coming to an understanding with the Coalition."¹²⁹

It is possible that major traffickers and transporters could have been engaged as part of a coalition to support the peace process in return for a promised peacetime dividend if they gave up illicit activities and began paying taxes into state coffers. Of course, we can never know the truth of their intentions, but it is worth recalling that two major traffickers, Haji Bashar Noorzai and Haji Juma Khan, offered to support the reconciliation process but were instead arrested by the U.S. government. Since they were not recognized as having negotiable interests, they were not embraced as potential agents for reconciliation. The irony is that arresting them made no difference in reducing the size of Afghanistan's opium economy; rather, opium output continued to grow, and widening insecurity meant that transport costs skyrocketed as well. As a result, trucking and trafficking networks enjoyed a highly profitable dozen or more years and may fear that an end to the conflict will bring about a decline in their wealth and power. Things could have been vastly different if negotiators had actively sought to separate the Taliban factions with negotiable interests from those without. Then they might have provided alternatives to violence and criminal activities to advance those negotiable interests.

Never dismiss organized crime and corruption as "secondary issues." A third, related lesson learned from the past 13 years in Afghanistan is that efforts to stamp out terrorism and militancy should not be given priority over efforts to fight corruption and organized crime. Afghanistan remains broadly unstable, not because its government is engaged in militancy, but because the state remains highly corrupt and tied to the narcotics trade, which in turn has fueled continued militancy. Meanwhile, the insur-

¹²⁸ Keen, "Incentives and Disincentives for Violence."

¹²⁹ Author interview with Matt Waldman, 2013, Washington, DC.

gency was also financed by narcotics and crime. In stability operations, U.S. officials, whether military, law enforcement, or diplomatic, needed to be intolerant of corruption and criminal behavior by their local counterparts. They needed to support the emergence of healthy state institutions, rather than looking the other way when those they considered allies were involved in illicit activities. NATO would have benefited from the existence of an interdepartmental task force with the responsibility to investigate the nexus of terrorism, insurgent organizations, and organized crime in Afghanistan, Pakistan, and Central Asia; the will to expose connections between the criminal underworld and business/government elites; and the authority, using international law, to oppose their criminal activities. Afghanistan illustrated how a foreign intervention ensures its own defeat when it turns a blind eye to local corruption and drug trafficking. Accommodating corruption costs the international community more in the long run because fragile states remain aid dependent and fail to evolve into stable, self-sustaining nations that can become durable partners.

Work to prevent transnational criminal networks from playing a spoiler role. Finally, the Afghanistan experience highlights why a peace process must identify all the relevant constituencies that could play the role of spoiler, and engage them in the pre-reconciliation process. This would have meant engaging Russia, India, Iran, the United States, and especially Pakistan—a tall order indeed. Not engaging some of these key regional actors meant that they could take on a spoiler role or, at least, influence local constituencies to spoil the process. At the local level, there were efforts to bring Afghanistan's myriad tribes, ethnicities, and political groups on board. But scant attention was paid to the economic constituencies, specifically the trafficking and transport sectors, that wielded tremendous influence over other political and ethnic factions in the country. It would never have been easy to achieve balance between these myriad actors and constituencies. But not engaging them helped guarantee that the process would fail.

This chapter focuses on a shadow constituency that has no name and cannot be formally identified as a single group, which nonetheless has played a critical role in shaping contemporary Afghanistan. This constituency is transnational and profit driven, and its members may fear that peace in Afghanistan will not be good for business. Because this constituency has proven capacity to distort and thwart peace efforts, any sustainable process will require not just a political settlement and an end to fighting. It will also require a regional economic transition that fosters good governance and cultivates durable economic alternatives to narcotics and gray-market smuggling. It is hard to imagine a solution to the Afghan war unless the political economy of the conflict is taken into account.