LICENSING AFGHANISTAN'S OPIUM: SOLUTION OR FALLACY?

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Abstract

For almost two decades Afghanistan has been the world's largest illicit opium producer. Decades of war, droughts, poverty, and political incapabilities have driven up the country's opium production despite counter-narcotics programmes ranging from forced eradication to alternative development. In 2005, that is, a few years after the replacement of the Taliban regime by the Karzai administration, the licensing of Afghan opium for the production of legal medicines such as morphine and codeine was proposed as a solution to address illicit Afghan opium production. This proposal benefited from a very positive stance of the world press, in spite of its many inaccuracies and fallacies.

Keywords: *Afghanistan, opium, illicit production, licensing, solution, morphine, economy, development.*

Introduction

Afghanistan has been the world's primary producing country of illicit opium since 1991, when it surpassed Burma (Myanmar) in total annual production. Both the Taliban regime (1996-2001) and the Karzai administrations (from 2001 on) inherited an illicit drug economy that has been stimulated by two decades of war but that also fuelled the country's war economy. However, just as the Taliban regime successfully, but counterproductively, prohibited opium production in 2000, bringing opium production from 3,300 tonnes in 2000 to 185 tonnes in 2001[1], their regime was toppled by the U.S. military intervention in response to the September 11 terrorist attacks. Then, in a rather chaotic Afghanistan, opium production resumed and grew back to normal in a matter of only one year (3,400 tonnes in 2002). Since then, despite national and international pledges, eradication threats, bargain deals with opium farmers, and international development aid, Hamid Karzai's new democratic Afghanistan has failed to curtail or even stabilize opium production. Much to the contrary, after six years of peace-building, state-building, and economic growth, Afghanistan broke two successive all-time records of opium production, in 2006 (6,100 tonnes) and again in 2007 (8,200 tonnes).

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[1] All opium production estimates are from the United Nations Office on Drugs and Crime surveys and reports: www.unodc.org.

When interdiction, eradication, and development have failed to solve the "opium problem" in Afghanistan, because interdiction without development is counterproductive and amounts to further deterioration of the livelihoods of opium farmers, and because alternative development is far from having been implemented with adequate economic means and political determination, a rather new, but unrealistic, proposal has emerged in 2005: the licensing of Afghan opium for production of pharmaceutical morphine. Described as "a truly winning solution" by many (countless favourable editorials were published in the world's press), the proposal of the Senlis Council, a self-dubbed "international drug policy think tank"[2] based in Paris, consists of licensing Afghan opium for the production of legal medicines such as morphine and codeine as a way to respond to the urgent need to significantly reduce Afghanistan's illegal opium production and trade, but also as a way to overcome the "significant global shortage of opium based medicines such as morphine and codeine", a problem "felt most acutely in the developing world"[3]. However, this proposal, later renamed as "Poppy for Medicine", is based on false or inexact premises, on at least two levels: regarding the world market for licit opiates on the one hand, and national and local opium farming communities on the other hand[4].

About Supply And Demand Of Pharmaceutical Morphine

According to the International Narcotics Control Board (INCB), the body in charge of examining on a regular basis issues affecting the supply of and demand for opiates used for medical purposes, the supply of such opiates has, for years, been "at levels well in excess of global demand"[5]. As yearly stocks continue to be more than sufficient to cover yearly global demand, the INCB even recommends reducing the production of opiate raw materials. Nevertheless, the INCB stresses that "the low consumption of opioid analgesics for the treatment of moderate to severe pain, especially in developing countries, continues to be a matter of great concern", explaining that "in 2003, six countries together accounted for 79 per cent of global consumption of morphine" while "developing countries, which represent about 80 per cent of the world's population, accounted for only about 6 per cent"[6]. Thus, for the INCB, the urgency is more "to raise awareness of the necessity to assess the actual medical needs for opiates" in the world than to increase the production of legal medical morphine by authorizing more countries, including Afghanistan, to legally grow opium poppies. This is all the more understandable since most of the world's national governments do not respond to the INCB questionnaire on their medical needs and because information about one half of the needs of the world's population has long been insufficient.

However, simply raising levels of morphine production, whether by licensing opium production in Afghanistan or by increasing the yields of current producers, is unlikely to increase the medical consumption of morphine and codeine in the world. The recommendations of the World Health Organization (WHO) that morphine and codeine be used as analgesics are too often impeded by obstacles that are not, or not only, supply-related: concerns about drug addiction and drug diversion, restrictive national laws, insufficient import or manufacture, but also deficiencies in national health-care delivery systems, insufficient training, etc. In addition, the demand for

[2] http://www.drug-policy.org/modules/events/modules/media_centre/press_releases/46_news
[3] Senlis Council, 2005, *Feasibility Study on Opium Licensing in Afghanistan for the Production of Morphine and Other Essential Medicines*, Initial Findings, September 2005, Paris: Senlis Council: 5.
[4] Pierre-Arnaud Chouvy, 2006, "Afghan Opium: License to Kill". *Asia Times Online*, 1 February 2006.
[5] International Narcotics Control Board, 2004, *Report 2004*, Vienna: International Narcotics Control Board: 23.
[6] International Narcotics Control Board, 2004, *Report 2004*, Vienna: International Narcotics Control Board: 25.

modern analgesics is also related to the importance of conventional or allopathic medicine with regard to local traditions and beliefs. In China for example, according to WHO, traditional herbal preparations account for 30 to 50 per cent of total medicinal consumption, while in Africa up to 80 per cent of the population uses traditional medicine for primary health care. In fact, a 2007 report prepared by Help the Hospices, a British charity that trains hospice workers and supports hospices in poor countries, "has produced a disturbing portrait of the difficulties in offering pain relief to the dying in poor countries"[7]. Out of the 300 questionnaires that were sent to hospices and end-of-life specialists in poor countries only 69 were returned, showing that the chief reasons cited by respondents for the shortages were "restrictive national drug laws, fear of addiction, broken-down health care systems and lack of knowledge by doctors, patients and policy makers"[8]. According to David E. Joranson, director of the Pain Policy Study Group at the University of Wisconsin's medical school, the reason why morphine is not more available to patients in poor countries is "the intense fear of addiction, which is often misunderstood". Joranson, who aims at changing drug laws around the world, denounced the fact that "pain relief hasn't been given as much attention as the war on drugs has"[9]. In a very significant way, morphine is almost impossible to get for most of the population of India (with the exception of the state of Kerala), despite the fact that the country is the only one in the world to legally produce opium gum for export for the pharmaceutical industry. In fact, "legal morphine use in India plummeted 97 percent after 1985", that is, after the Narcotic Drugs and Psychotropic Substances Act, designed to curb drug trafficking, was passed and corresponding state laws were enacted: "the book outlining them is 1,642 pages, and even minor infractions can mean 10-year sentences"[10].

Thus, obviously, the world's medical consumption of opiates is far from being directly dependent upon supply and demand, and price contingencies, as was actually hinted by the Senlis Council itself when it stressed that, "in 2002, 77% of the world's morphine was consumed by seven rich countries: USA, the UK, Italy, Australia, France, Spain and Japan", but that, according to official figures, "even in these countries only 24 per cent of moderate to severe pain relief needs were being met". The fact that medical consumption of opiates is low even in rich morphine-producing countries clearly shows that the consumption of opiate-based pain-killers is determined by factors much more complex than the laws of the market. A 2007 report produced by the Macfarlan Smith, one of the world's oldest pharmaceutical companies and the world's largest morphine producer, severely criticises the declarations and proposal of the Senlis Council notably by stressing the fact that "the actual consumption data of morphine is strongly influenced by cultural attitudes" and not only by price of availability: in 2005, while 2,559 kg of morphine were consumed in France, only 1,699 kg were consumed in the United Kingdom, 388 kg in Spain, and 184 kg in Italy. Therefore, the Macfarlan Smith report stated: "We would strongly argue that morphine stocks are not a controlling factor for world demand"[11].

Indian Licit Opium Production Vs. Afghan Illicit Opium Production

The licensing of the illicit opium supply is very unlikely to bring economic development to Afghanistan and its opium farmers. Firstly, it is important to understand that while legal opium

[7] Donald G. McNeil, "*Painkillers in Short Supply in Poor Countries*", *New York Times*, 9 October 2007.
[8] Ibid.
[9] Donald G. McNeil, "*Drugs Banned, Many of the World's Poor Suffer in Pain*", *New York Times*, 10 October 2007.
[10] Donald G. McNeil, "*In India, a Quest to Ease the Pain of the Dying*", *New York Times*, 11 October 2007.
[11] "*Afghanistan poppies*". Unpublished Macfarlan Smith report, September 2007.

poppy cultivation is undertaken for pharmaceutical use by at least nineteen countries in the world (Australia, Austria, China, the Czech Republic, Estonia, France, Germany, Hungary, Japan, India, the Netherlands, Poland, Romania, Slovakia, South Korea, Spain, Macedonia, Turkey, and the United Kingdom) only four of them produce opium: China, India, Japan and South Korea. Among these India is the only exporter of opium. The other countries actually grow opium poppies, harvest the poppies ("poppy straw"), and produce concentrate of poppy straw (CPS) in the context of a modern mechanised agriculture that resorts for the most part to combine harvesters on large tracts of cultivated land. Because opium harvesting is a long and arduous manual process it requires a numerous and, above all, cheap local workforce if the opium and morphine production process is to be economically viable. This, along with international agreements derived from the role of the opium economy in the country's colonial past, explains why India is the world's sole legal producer of opium for export.

But Indian opium production is also viable because it benefits from a preferential access to the large US market in spite of very high opiates production costs: in 1999 the production costs for the equivalent of 1 kilogramme of morphine was US$ 56 in Australia, under the CPS system, compared to US$ 159.77 in India. In Afghanistan, the production of one kilogramme of morphine equivalent is approximately US$ 450[12]. At such a price legal Afghan opiates could hardly be marketed. Afghan CPS production is also very unlikely because shifting to the CPS method would only increase national agricultural unemployment and poverty. In any case, such a shift would be most difficult to implement for CPS production requires considerable water inputs not readily available in Afghanistan.

Of course, since many countries already produce raw opium materials to make morphine, codeine and thebaine, and have significantly increased the concentration of alkaloids in opium poppy plants, the INCB, pursuant to the 1961 Single Convention on Narcotic Drugs, wishes "to avoid the proliferation of supply sites" in order to prevent diversion of opium licitly produced poppy plants and seeds to the illicit market. Needless to say, diversion from the licit to the illicit market occurs much more easily with opium than with concentrate of poppy straw, as the Indian case amply illustrates.

In India, legal opium production occurs in selected areas of the states of Madhya Pradesh, Uttar Pradesh, and Rajasthan. The Indian Central Government sets an Opium Minimum Qualifying Yield (MQY) according to the yields reported by farmers in previous years. During the 2004-2005 crop year (8,770 licensed hectares) MQY of 58 kg/ha in Madhya Pradesh and Rajasthan, and of 49 kilograms in Uttar Pradesh had to be achieved by opium farmers to be eligible for the renewal of their license in 2005-2006. Cultivators are issued a license for growing poppies and the entire opium produced by all farmers is purchased by and only by the Central Bureau of Narcotics (CBN) at a price fixed by the Central Government. The price paid to the farmers depends on the yields achieved, with farmers producing more opium getting paid a higher price per kilogram. In 2004-2005, the minimum price paid per kilogram was 750 rupees (US$ 17) for yields up to 44 kg/ha. The maximum price paid was 2,200 rupees (US$ 50 /kg) for yields above 100 kg/ha. The average national yield was 56 kg/ha and was paid at a price of 1,150 rupees/kg (US$ 26)[13]. However, it is important to bear in mind that in an effort to better prevent diversion to

[12] David Mansfield, 2001, "*An analysis of licit opium poppy cultivation: India and Turkey*": 7. Unpublished document available on www.geopium.org.
[13] Ministry of Finance, Government of India: http://finmin.nic.in/the_ministry/dept_revenue/revenue_headquarters/nc-I/index.html (visited on 7 January 2006).

the illicit market, in 2004-2005 the maximum licensed area to be cultivated in opium poppies per productive unit was 0.10 hectare. Therefore, the maximum income that Indian farmers can derive from legal opium production is restricted by fixed prices and by limiting the size of the area that each one of them may cultivate.

With such low prices paid to the Indian opium farmers[14], diversion to the illegal market, where opium can fetch prices as much as 4 to 5 times higher than the minimum government price, clearly takes place (there is no reliable estimate of such diversion). The 2005 International Control Strategy Report of the US Department of State stresses that "in 2004, the Government of India discovered and shut down six morphine base laboratories in India's opium growing areas; four in Uttar Pradesh and two in Madhya Pradesh". The fact that the Central Government raises the MQY and the official price paid to farmers is clearly not enough to keep some farmers from diverting part of their harvest to the illegal market. It is worth noting that the CBN recently tightened its control on opium farming and against diversion, drastically lowering the number of hectares licensed (from 21,141 in 2003-2004 to 8,771 in 2004-2005) and the number of farmers licensed (from 105,697 in 2003-2004 to 87,682 in 2004-2005)[15]. Yet, large-scale diversion of its legal opium to the illicit market is not the only problem in India since illicit opium poppy cultivation is also very prevalent: 6,200 hectares of illegally grown poppies were eradicated in West Bengal State alone in 2007. The same year, 800 hectares were eradicated in Arunachal Pradesh out of an estimated 2,000-hectare cultivated surface. In 2007 again, Maoist rebels allegedly resorted to illicit poppy cultivation on 8,000 hectares in Jarkhand state[16]. As illicit cultivation is most likely larger[17] – yet unaccounted for by UNODC in its global estimates – than licit cultivation in a country such as India, where the state is in a much stronger position than in Afghanistan, it is difficult to see how licensing Afghanistan's opium production could prevent more poppies to be grown for the illicit market[18].

The Shortcomings Of Opium Licensing In Afghanistan

The proposal to license opium production in Afghanistan thus raises an important question: would prices paid to opium farmers be high enough to provide them with sufficient net returns and to enable the development of Afghanistan's rural economy while, in the mean time, prevent opium diversion from the licit to the illicit market? In Afghanistan, opium prices have varied greatly during the last decade, ranging from US$ 23 to US$ 350 per kilogram of fresh opium at harvest time. In 2005, the average farm-gate price of fresh opium at harvest time was US$ 102 per

[14] In late December 2007, the Indian press reported that poppy growers from Uttar Pradesh were increasingly switching from opium to vegetable production, not only because of advantageous returns but also because of smaller constraints and pressure from the narcotics department and from smugglers and traffickers: Indo-Asian News Service, "*Farmers abandoning opium cultivation in Uttar Pradesh*", 30 December 2007.
[15] Government of India (GOI), 2006, *Annual Report 2005-2006*, Ministry of Finance, New Delhi: 113-116.
[16] Sanjay Dutta, Pradeep Thakur, "*6,000 hectares of opium crop destroyed in WB*", *Times of India*, 5 may 2007; Surajit Khaund, "*800 hectare of opium cultivation destroyed in Arunachal*", *The Assam Tribune*, 16 July 2007; Amarnath Tewary, "*India rebels turn to poppy for funds*", *BBC News*, 29 may 2007.
[17] The Indian Central Bureau of Narcotics revealed in 2008 that, in 2007, the country's illicit opium poppy cultivation was more important than licit cultivation, indicating that 7,753 hectares of illicit poppy cultivation had been eradicated in 2007 when only 6,300 hectares had been licensed for legal cultivation: Pradeep Thakur, "Illicit Opium Trade Thriving in India: Narcotics Bureau, *The Times of India*, 7 March 2008.
[18] See : Frédéric Grare, 2008, *Anatomy of a Fallacy: The Senlis Council and Narcotics in Afghanistan*, The Centre for International Governance Innovation, Working Paper n° 34, February 2008.

kilogram (average yield: 39 kg/ha) and 309,000 families, or about 2 million people (8.7 per cent of the population) were involved in opium poppy cultivation, itinerant workers not included. Such prices, which are far from enriching Afghan opium farmers but allow them to simply cope with poverty, only need to be compared to Indian prices to realise that licit opium production in Afghanistan could not compete with illicit opium production, that most opium farmers would still have to give up opium production while the others would see their revenues plummet, and that, considering the limited writ and power of the Afghan authorities, diversion from the licit to the illicit market would be unavoidable and would reach much higher proportions than in India.

In the Afghan sharecropping system, opium poppy cultivators keep only a small share of the revenue generated by opium cropping: 30 per cent of the crop goes to the landowner, 10 per cent goes to the Islamic tithe (*ushr*), and 15 per cent to 25 per cent goes to seasonal harvesters that labour intensive opium harvesting requires to hire. Still, most of the poor opium poppy cultivators sell the crop in advance at prices that are often around half the harvest price. In such a case, a sharecropper typically ends up receiving only half of the third of the opium crop that is left after the aforementioned deductions have been made. Considering the average licit Indian prices and opium yields, and the fact that Afghan opium cultivators produce opium on average on only one fifth of a hectare, licit opium production is very unlikely to be a solution since it would basically require maintaining opium farmers into poverty to be economically viable.

Conclusion

Licensing opium production in Afghanistan would clearly not be more successful than eradication or alternative development at addressing the causes of the recourse to illegal opium production and would thus fail to fulfil the international community's objective: the suppression of illegal opium production. If crop substitution proved to be a failure in the past, why would the substitution of an illegal opium production for a legal opium production work better by reducing farmers' income and not addressing the structural factors causing illegal opium production?

It is crucial to understand that, contrary to what has often been denounced here and there, opium production is more a consequence of Afghanistan's lawlessness, instability, and poverty than its cause. As this paper has tried to show, opium production clearly proceeds from poverty and food insecurity, from Afghanistan to Burma and Laos, where it is a coping mechanism and a livelihood strategy. Opium production is a vital element in livelihood strategies of part of the Afghan rural population, providing peasants not only with a source of income, but also with access to land and credit. More than opium production as such, it is therefore poverty and the shortcomings of the Afghan agrarian system that should be tackled if illicit opium production is eventually to be curtailed.