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U.S. HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON CRIMINAL JUSTICE, DRUG
POLICY AND HUMAN RESOURCES**

Mr. Chairman and Members of the Committee:

I am happy to join Mr. Hutchinson to discuss the Taliban, terrorism, and drug trade with the Subcommittee this morning.

We have ample evidence that the Taliban has condoned and profited from the drug trade. We also know that the Taliban has provided sanctuary to and received military assistance from terrorist groups in Afghanistan. Taliban taxes on opium harvests, heroin production, and drug shipments have helped finance its military operations against rival factions. These taxes also bestowed legitimacy on Afghan drug traffickers. Despite the Taliban's ban on poppy cultivation last year, opiates smuggled out of Afghanistan continue to destabilize the region by spreading addiction, HIV/AIDS, and crime. This uninterrupted trafficking suggests that the Taliban's poppy ban is not a sincere effort to stop the drug trade.

Since the late 1990s, heroin seizures and the open construction of drug labs indicate that Afghanistan's illicit opium industry has gone from exporting raw materials to foreign refineries to the production and marketing of heroin, which, compared to opium, is far more profitable. Before last year's ban, the Taliban collected from 10-20 percent taxes on the yield of poppy fields, as well as taxing the processing, shipment and sale of opiates.

According to UN estimates for 1999, the value of the Afghan opium crop at the farm gate was \$265 million, which represents at least \$40 million in tax revenue for the Taliban. However, if the Taliban is directly involved in the drug trade, as alleged in reports cited by the UN Committee of Experts on Resolution 1333, its revenue may be far greater.

As I mentioned earlier, the Taliban enforced an effective ban on the cultivation of poppy last year, eliminating approximately two-thirds of the world's annual illicit opium supply. However, while prices for opium and heroin have increased substantially over the past year, the flow of opiates out of Afghanistan has not abated. Narcotics interdictions by Afghanistan's neighbors show record seizures of Afghan opiates flowing out and precursor chemicals flowing in. This clearly indicates that Afghan heroin traffickers are drawing from their stockpiles, presumably with the knowledge and perhaps the collusion of some in the Taliban.

Although we don't know the size of opium stockpiles in Afghanistan, we may infer their existence from our estimates of Afghan poppy crops in recent years. After processing, these crops would potentially have yielded an average of 268 MT of opiates in heroin equivalent each of the five years between 1996-2000. After subtracting for seizures and opiate consumption in regional markets--including Europe, Russia, Central Asia, Southwest Asia and Africa--it is likely that traffickers stockpiled significant amounts of opium and heroin, enough to ensure the continued supply to their traditional markets. The UNDCP estimates that Afghanistan might have stockpiled as much as 60 percent of its production each year since 1996.

While we do not have clear evidence directly linking drug traffickers and terrorists in Afghanistan, Taliban responsibility is obvious, particularly given its de facto control over 90 percent of the country. A report by the UN Committee of Experts on Resolution 1333 for sanctions against the Taliban states that "funds raised from the production and trade of opium and heroin are used by the Taliban to buy arms and war materials and to finance the training of terrorists and support the operation of extremists in neighboring countries and beyond."

There is a natural symbiosis between the Taliban and narcotics traffickers, whose smuggling and money laundering networks would be of great help in the Taliban's efforts to

circumvent UN sanctions. And the Taliban, we know, has given aid, training, and sanctuary to various Islamic terrorist and separatist groups in Afghanistan, including Osama bin Laden's al Qa'ida group. Al Qa'ida fighters have taken an increasingly prominent role in the Taliban's war against the Northern Alliance, reportedly because war-weary indigenous Afghans are reluctant to fight.

The UN reports that campaigns against the Northern Alliance are used by foreign terrorist groups in Afghanistan as live fire exercises for their fighters. In addition, we are aware that Osama bin Laden has close relations with top Taliban leaders. Press reports indicate that bin Laden encouraged the Taliban to increase its drug trade as part of his war against the West.

The Afghan drug trade has had a disastrous effect on neighboring countries. Pakistan and Iran are experiencing serious increases in heroin addiction and HIV/AIDS cases linked to intravenous drug use caused by the "leakage" of heroin transiting these countries. Iran is the major transit route for opiates smuggled from Afghanistan to the Persian Gulf, Turkey, Russia, and Europe. The government of Iran has demonstrated great resolve in its drug war, despite heavy losses. Over three thousand Iranian law enforcement personnel have been killed in the last 12 years in firefights with heavily armed drug traffickers. Nevertheless, Iran leads all regional countries in drug and precursor chemical seizures.

Mr. Chairman, thank you again for the opportunity to discuss these issues with you.