

Dear Colleagues and Friends,

The previous issue of The China and Eurasia Forum (CEF) Quarterly addressed energy security in the region and explored how growing energy demand affects states' strategic considerations, regional cooperation, and integration. As outlined by the contributors to the last issue, the fierce competition over energy resources generates not only winners and losers, but also significant areas for cooperation that can lead to sustainable and positive results.

The use and trafficking of narcotics, the security topic of this Quarterly, produce no legitimate winners, only losers. Apart from a few scrupulous individuals who profit from narcotics trafficking and production, the booming drug trade threatens to undermine and destabilize the entire region. The heavy costs are primarily borne by an increasingly young user population in risk of overdoses, exposure to HIV/AIDS, and lives in misery. Apart from the demographic disaster that Russia and Central Asia are likely to face, the drug trade is attacking the governmental, economic and social structures of the weak Central Asian states, as well as China.

Of all the multifaceted security threats Eurasia is facing; from military aggression to terrorism, arms proliferation, organized crime and other soft security threats, the illegal trade in narcotics impacts each of these security threats to different degrees. Narcotics abuse, HIV/AIDS, and corruption linked to the drug trade have increased in all affected states. Rampant transnational crime as a consequence of drug trafficking penetrates governments and prevents further economic and social development in the region.

There have been several attempts to increase cooperation, but in many cases the narcotics threat is not properly addressed, either due to a failure to acknowledge the problems, failure to attack root causes, or direct criminalization of governments and/or parts of government structures. Indeed, some governments have taken the issue more seriously than others; Iran and China have, for example, declared 'wars against drugs'. There is evidence that increasing the transaction costs of the narcotics trade in Iran and China have led to a shift of the problem elsewhere. The Northern Route is competing with the route transiting Iran for Afghan heroin, and Afghan heroin increasingly replaces Burmese heroin in China. Even though a significant amount of drugs transiting these routes end up in the European consumer market, the European Union and the European states have not seriously addressed the narcotics problem outside Europe; it's source or transit route.

Today, the main source of heroin and opium is Afghanistan, a state that has increasingly become one controlled by narcotics money and rivaling producers. The shift in production to north Afghanistan and transit through Central Asia towards Russia, Europe, and China have dire consequences for narcotics related problems in Central Asia. Trade in narcotics has become an international phenomenon where interest groups from all major consumer states have Afghan contacts monitoring the trade and market-shares. The impact of the Afghan production is devastating and seen in states as far away as Sweden and Ireland, and the problem is more transnational than ever. Banks in Central Asia have also provided further opportunities for laundering of illicit proceeds and profits from the drug trade, even if the majority of profits most likely are laundered in countries with more developed banking systems.

Russia seems to face some of the most devastating consequences of the trade, but China and Europe are next in line as the Russian and Iranian markets mature. Despite the urgency of the problem, many states and regions have done little to decrease production, increase transaction costs for traffickers, or to use preventive measures to stem domestic drug abuse. This may be due to disinterest and state complicity, but could also be an effect of low economic development and lack of national stability in many of the production and transit states.

The economic and social instability in many states have made the consequences of the narcotics trade devastating. Criminality, HIV/AIDS, prostitution, broken families and social deprivation follow the footsteps of the trade, and in both China and Eurasia these consequences are apparent. Actions have been taken by the international community, NGO's and governments in the region, but each year the number of users increases, the value of the trade skyrockets and more financial and other resources are needed to combat the trade and its consequences.

State failure is a possibility in a few of the most affected states in the region if the narcotics problem is not dealt with properly. Drug traffickers thrive in states weakened by domestic conflicts as the government's ability to address the narcotics problem is subverted. Increased corruption and the direct complicity of state officials and sections of the government undermine state legitimacy and threaten the very fabric of the society. The alliance between criminal elements in state power and the drug trade represents an even more worrying development than affiliations between terror networks and organized crime. The links between crime and terrorism in Central Asia seems to have been replaced or reinforced with ever increasing ties between criminal networks and the state. This will foster even more opportunities for criminal organizations to operate in the region without state interference. In lieu

of effective measures, political might, and resources, opiate production in Afghanistan and its trafficking will have global repercussions.

There is a need for a coordinated international response that targets producers, consumers and financial institutions in an effort to reduce profits of traders. Profit is what runs the narcotics trade and if profits are reduced some progress can be achieved. The articles presented in this Quarterly provide insights and detailed analyses about the above mentioned narcotics problems and associated issues. The articles also suggest what can be done by the international community to help curb the illegal drug trade in the region.

A further note: To increase the usefulness of the journal, we need your assistance. After two issues of special topics, we are very interested to receive your feedback on the format of the Quarterly. We will soon send out a questionnaire by e-mail to our subscribers and hope that you will find time to assist us by filling it out. The questionnaire will also be posted on our webpage.

Finally, on behalf of the CEF team, we hope you enjoy your read!

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