

# China and Afghan Opiates:

Assessing the Risk

Jacob Townsend

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## A note on sources

Many of those interviewed for this report requested that they remain anonymous. Chinese sources who corresponded with the author did so on that condition. Foreign visitors to regions such as the Tajik-Chinese border often brought back different perceptions on patrols, vehicle inspections etc. In general, however, the use of multiple sources built up a picture detailed enough for the purposes of this assessment.



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## Preface

The traditional markets for Afghanistan's soaring opium production have been Western Europe and Southwest Asia. In recent years, Russia and other post-Soviet states have been added to the list of major consumers of Afghanistan's heroin. Though a neighbour of Afghanistan, China has not previously been a major consumer of Afghanistan's main export product. Instead, China's rapidly growing population of drug addicts have mainly found their heroin from Myanmar. As Southeast Asia's opium production gradually wanes, a heroin shortfall is likely to develop in China. This raises the obvious question: will Myanmar's shortfall be replaced in China by Afghan heroin? Traditionally, Southwest Asian and Southeast Asian heroin markets have been conceived of as separate. Yet in 2004, Chinese officials conceded that up to 20% of heroin in the People's Republic could be of Afghan origin. As of early 2005, little is known of the routes, quantities, or actors involved in the smuggling of Afghan opiates to China.

In this Policy Paper, Jacob Townsend sets out to systematically analyse the dynamics of Asia's changing opium production and what implications this is likely to have for China. Having established that there is a great likelihood of Myanmar's heroin gradually being replaced by Afghan heroin, the Paper moves on to study and compare the multitude of possible smuggling routes through which Afghanistan's heroin could be brought into China. In this comparative study, Mr. Townsend brings in numerous variables, including detailed topographical data of border crossings including satellite imagery. This analysis provides valuable insight as to the feasibility of trafficking drugs – or any

other commodity – into China through various routes. Finally, the Paper arrives at a number of important conclusions as well as recommendations for the Chinese government as well as for international drug control. This Paper will undoubtedly be of great interest to practitioners and academics alike involved in the study of China, Central Asia, as well as the global illicit drug trade.

Mr. Townsend wrote this Paper while a Young Fellow at the Silk Road Studies Program at Uppsala University. His research benefited from the academic environment of the Joint Project on Narcotics and Organized Crime in Eurasia conducted by the Silk Road Studies Program and the Central Asia-Caucasus Institute, Johns Hopkins University-SAIS. This Project is funded by the Office of the Swedish National Drug Policy Coordinator and the Swedish Crisis Management Agency. Their generous funding for the project was a prerequisite for the academic environment in which Mr. Townsend's research was conducted. Moreover, the imagery that provides important data and graphic illustration in this Paper was generated thanks to a cooperative effort that the Silk Road Studies Program has developed with Assoc. Prof. Gerhard Bax of the Department of Earth Sciences of Uppsala University. The efforts of Mr. Bax and Mr. Michael Wurm are of great value to the Project's work.

Svante E. Cornell  
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## Executive Summary

The formulation and implementation of China's counter-narcotics policy is overwhelmingly focused on the threat from the Golden Triangle, particularly Myanmar. It deploys substantial staff and funds on detecting and interdicting drug trafficking in the provinces bordering Myanmar and Laos. However, one consequence of this single-minded focus is the neglect of the drug problem in other regions. This is particularly the case in Xinjiang, the large north-western province that shares borders with Kazakhstan, Kyrgyzstan, Pakistan, Afghanistan and Tajikistan. As a result of several recent and evolving trends in Asian narcotics markets, Xinjiang and through it China as a whole is at risk from an expansion of trafficking in opiates sourced from Afghanistan.

In Myanmar and Laos, opium cultivation and production has been declining steadily in recent years. Until 1998, the cultivated area in these two countries was above 160,000 hectares and opium production was above 1,400 tons. In 2004 the combined area had fallen to approximately 44,000 hectares. For Myanmar, the 29% year-on-year decline in 2004 represents a cumulative decrease of 73% from its peak in 1996. In Laos, cultivation declined by 75% between 1998 and 2003.

These figures reflect the success of counter-narcotics policies in Myanmar and Laos, which they have implemented in the context of an improving political and security situation. Undoubtedly, resistance to these policies will grow as decline continues, but it is likely that production capacity will be maintained at or below current levels.

On the other side of the border, China's counter-narcotics law enforcement efforts have increased and improved over the last decade. In the last 4 years, close to 50% of China's heroin seizures have occurred in Yunnan province, which shares a long border with Myanmar. This equates to around 40% of total South-East Asian seizures. There is no doubt that substantial smuggling still occurs over the Myanmar-China border but China's efforts have made it more difficult, raised the risks that traffickers face and increased the amount of product lost.

The situation in Afghanistan compares unfavourably with that in South-East Asia. Since 1990, its cultivators and processors have produced an increasing proportion of global opium supply, with the exception of 2001 when the

Taliban imposed a ban on cultivation. In 2004 Afghanistan's share of this market was over 90%, based on cultivation of 131,000 hectares and the production of 4,200 tons of opium. UNODC estimates that the \$2.8 billion value of this harvest equates to approximately 60% of Afghanistan's 2003 GDP and opium derivatives are by far the country's biggest export. Significantly, the 2004 harvest was constrained by unhelpful climactic conditions and poppy diseases. In all, production above 3,500 tons should be expected over the medium term.

Drug control is officially a high priority for the Afghan administration, but the government exerts only nominal control over substantial areas and local autonomy makes policy implementation difficult. For example, the poppy eradication program in Nangarhar (150 km from the capital) was suspended in 2003 due to security concerns after local disturbances threatened the safety of counter-narcotics officials.

There is a particular problem – with significance for China – in the intensification of cultivation and processing in northern provinces. Whereas Hilmand, Kandahar and Nangarhar dominated production throughout the 1990s, the north in general and Badakhshan in particular has experienced a rapid increase in the weight of its opium economy. In 2004, the area under cultivation in Badakhshan was 12% of the country's total.

The rise of the north is in part facilitated by the presence of ethnic Tajiks in the national administration, who come from areas dominated by the Northern Alliance in the time of the Taliban, which traditionally act independently from or contrary to Afghanistan's central government.

The risk to China is higher because the opiate flows northward and close to China's borders have increased. The Central Asian republics currently lack the financial and human resources and often any effective political will to police their borders with Afghanistan or China; and China's counter-narcotics efforts in its western regions are far inferior to its efforts in the south-east.

The current proportion of Afghan opiates in Chinese consumption markets is difficult to determine because China's systems for determining opiate origin are not well-developed and it has only recently begun to attempt collation of this data. Whatever it is presently, trends in cultivation, processing and trafficking in Afghanistan and the Golden Triangle respectively are likely to create significant incentives for East Asian distributors to source more of their supply from Afghanistan. This will

require them to build networks across the divide between East Asian markets, which mainly source from Myanmar, and West Asian, Russian and European markets, which mainly source from Afghanistan.

Although India is an option for transit from Afghanistan to China, Xinjiang is far more attractive for reasons of border control effectiveness, established trafficking routes and entrenched interactions between ethnic groups. All of these factors make smuggling into Xinjiang more feasible than smuggling across Pakistan, India and Myanmar, and from there into established Chinese networks.

Xinjiang and Afghanistan share a 76km border but significant drug trafficking across this is unlikely because of terrain and climate. The border crossing at the Wakhjir Pass (4,927m) is closed for at least 5 months of the year and reaching it requires a 100 km trek in difficult terrain that restricts load sizes to what can be carried or placed on a pack animal. While trafficking over the Tajik-Afghan border remains unchallenging, the Wakhjir Pass is likely to be an unattractive option.

Trafficking into Xinjiang via Pakistan depends upon the Karakoram Highway (KKH), the only road link between China and Pakistan. The KKH is serviceable and well-used but is not currently a significant conduit for drug trafficking. Pakistan's Anti-Narcotics Forces believe that this is due to effective policing, but it is probably more because movement from Central Asia into Xinjiang is more direct than through Pakistan, and no more risky.

As Afghanistan's northern trafficking route through Central Asia has grown in importance, so has the potential for its partial diversion to supply western Chinese markets. In total, there are only 10 official border crossings between China and its Central Asian neighbours (Kazakhstan, Kyrgyzstan and Tajikistan) but there are many possibilities for smuggling via unofficial or illegal crossing points. In general, the border areas on both sides are stagnant or depressed economically and the involvement of Central Asians as couriers in trafficking towards Russia and Europe shows the attraction of the drug trade as an opportunity for those who perceive few others.

Due to the importance it attaches to economic growth, China is currently engaged in expanding its links with Central Asia, which will serve to increase the feasibility of trafficking Afghan opiates into Xinjiang. Trade between Xinjiang and Central Asia is expanding at a spectacular rate and the province's foreign trade increased by 73% year-on-year in the first three quarters of 2003, amounting to over \$3 billion. There are many bilateral,

regional and international initiatives to facilitate intra-regional trade and it has proceeded from a low base – rapid growth is therefore likely in the short- to medium-term.

China has not made much effort to address the opportunities for increased drug trafficking that will come from its willingness to open border crossings and promote trade with Xinjiang. Its current priorities are terrorism, separatism, extremism and economic expansion, but the movement of militants between Pakistan and Xinjiang, which it has lamented in the past, show the unintended consequences that can flow from trade enhancement.

The evolution of the drug market in Xinjiang is a crucial factor in the feasibility of trafficking from Central Asia and the province seems to be trending in a negative direction. China's north-west has the fastest-growing addict population and its policies on addict treatment are ineffective at reducing demand. Their focus is on punitive measures that have little positive effect in the medium-term. This is significant because addiction and trafficking are part of a positive feedback loop in which increasing addiction raises the money and effort put into trafficking. In turn, this increases the availability of heroin in the market, not least because couriers are often paid in quantities of drugs and need to sell their load in order to obtain cash.

The broader socio-economic conditions in Xinjiang are also conducive to trafficking. The Uighur population has only recently become a numerical minority and there is wide resentment towards immigrant Han Chinese, who are enjoying a disproportionate share of Xinjiang's economic expansion. This has led to a widening gap between the population and its government, including the radicalisation of some Uighurs and, for a minority, the invocation of Islam as a motivation for defence. As Afghanistan and Central Asia can attest, the presence of militant rebel groups can greatly increase the risk of drug trafficking.

China's response ("Strike Hard! Maximum Pressure!") is not addressing the underlying conditions that are conducive to drug trafficking. Its mobilization of substantial numbers of troops may actually contribute to a prolonging of instability by hardening the confrontation between Beijing and the Uighurs. Moreover, as Colombia and the situation along the Tajik-Afghan border show, troops are no solution for drug trafficking even when it is their priority, which is not the case in Xinjiang.

Overall, the risk to China from trafficking in Afghan opiates is high because the entrenchment of a drug trade tends to reproduce the conditions for its

own success. It does this through ritualising illicit transactions and corruption until they become standard practice and by expanding local addict populations along areas of transit. The risk to China from Afghan opiates is also set to increase because problems will multiply if the drug trade is allowed to entrench itself.

In order to pre-empt this, China should:

- Centralise data on the origin of seized opiates
- Increase demand reduction efforts in Xinjiang
- Increase and improve the customs presence along western borders
- Include discussions specifically focused on smuggling in international negotiations on trade enhancement
- Engage in programs to assist the Central Asian republics' border services in trafficking prevention on Xinjiang's borders
- Consider how to adapt counter-narcotics programmes it accepts and applies in its southern provinces to the situation in Xinjiang

China's ability to succeed in protecting itself from imports of Afghan opiates will have many and various ramifications are there is therefore good reason for international agencies to assist in related efforts. To do so, they should:

- Remove the conceptual division between South-East and South-West Asian heroin consumption markets that underpins the separation of policies in Xinjiang and Central Asia.
- Encourage the Chinese government to pre-empt the risk of increased Afghan opiate importation
- Consider funding projects that would assist China in organizing its data on opiate origin
- Consider funding demand reduction projects in Xinjiang
- Facilitate linkages between the counter-narcotics efforts of China and those of Kazakhstan, Kyrgyzstan and Tajikistan



## I. Introduction

China has a long and famous history as an opium consumer and its market size makes it an attractive target for traffickers. Analyses of its market hold that Myanmar and Laos are its major sources. Suppliers in South-East Asia have succeeded in penetrating Chinese borders and establishing distribution throughout China for domestic supply and shipping to East Asia, Oceania and North America.

The traditional view of Asian markets holds that Afghan opiates do not circulate widely in East Asia and Oceania. The conceptual and analytical division of Asian consumer markets into Afghan-supplied and Myanmar/Laos-supplied has been close to absolute and current national and regional approaches to supply reduction reflect this division.

There are several reasons why this analysis requires re-assessment. The most fundamental of these is a lack of data – information available from China does not indicate the current market penetration of Afghan opiates. Recent commentaries on the Chinese market have included Afghanistan as a substantial supplier but most make no attempt to address how its opiates are smuggled in. In contrast, the DEA and others give lengthy descriptions of methods and actors on Myanmar-China routes.

Whatever the current proportion of Afghan opiates in China may be, it is set to rise. Section II gives an overview of the changes in opiate production markets, highlighting the divergent trends in South-East Asia and South Asia respectively. South-East Asia has been declining as a source region for opiates in recent years. Concurrently, networks in China are facing effective interdiction efforts that have no precedent in the regions bordering Myanmar. The resultant trend is towards increasing supply difficulties for Chinese distributors.

By contrast, Afghanistan's pre-eminence as a source country was confirmed and extended again in 2004. Its political, economic and security difficulties have precluded effective efforts at curtailing opium cultivation and disrupting opiate production. This situation is likely to

continue in the medium term and Afghanistan will therefore maintain or increase its lead as the world's biggest opiate producer.

The combination of these trends suggests the possibility of a re-weighting of the proportions of Afghan and Burmese opiates in East Asia. Section III presents current understandings of trafficking routes in Asia in order to assess the options for East Asian networks in the likelihood that they will attempt to expand linkages to South Asian opiate sources. Importing into Xinjiang seems to present the most inviting opportunity.

Section IV discusses the three categories of trafficking routes between Afghanistan and Xinjiang: direct smuggling; trafficking via Pakistan; and diversion of opiate flows in Central Asia. The intention is not to analyse every route in these categories but to present the possibilities in order to better direct the assessment of risk. This suggests that the current enthusiasm for trafficking through Central Asia presents the greatest risk to China.

Section V analyses the local and regional factors that will affect the feasibility of trafficking in the three route categories of Section IV. Regional trade, Xinjiang's drug market and local socio-economic conditions all impact upon the ease of trafficking across China's western borders and, on the whole, they trend towards increasing it. Crucially, the opening up of the province has brought back into view an historical fact: Xinjiang is a part of Central Asia, not simply its neighbour. Although China has reasons to continue the conceptual division, a readjustment would assist in perceiving and responding to the threat of trafficking from Afghanistan.

Despite the lack of data on the Chinese market's sources, it is apparent that Afghan opiates have already penetrated Xinjiang to some degree. Because this data is unavailable, this risk assessment does not attempt to assign a value to each potential trafficking route. Instead, by presenting the incentives for expanding Afghan opiate imports in the context of regional trends facilitating cross-border interaction, it illustrates that China faces a high risk of trafficking into Xinjiang. The current drug situation in the Central Asian republics demonstrates that such a risk is grave, however vague it seems at this stage because of a lack of data. The benefit from effective preventive action cannot be quantified but the assessment that follows suggests that it is needed now.