

# *Journal of Drug Policy Analysis*

---

*Volume 3, Issue 1*

2010

*Article 3*

---

## Poppy for Medicine: An Essential Part of a Balanced Economic Development Solution for Afghanistan's Illegal Opium Economy

Romesh Bhattacharji\*

Jorrit E.M. Kamminga†

\*Former Narcotics Commissioner of India, rbhattoo@gmail.com

†International Council on Security and Development (ICOS), kamminga@icosgroup.net

# Poppy for Medicine: An Essential Part of a Balanced Economic Development Solution for Afghanistan's Illegal Opium Economy\*

Romesh Bhattacharji and Jorrit E.M. Kamminga

## Abstract

Given the current desperate state of both the counter-narcotics and counter-insurgency efforts in Afghanistan, there is little to lose in trying to implement *Poppy for Medicine* in the country. This proposal foresees the local production of an Afghan brand of morphine to boost the rural economy and diversify it over time. *Poppy for Medicine* does not pretend to completely wipe out illegal opium production. Instead, it aims to integrate as many poppy farmers as possible within the legal economy and cut off the biggest possible amount of income from the Taliban's funding base. The system would borrow successful elements from similar poppy licensing schemes in India and Turkey, and should reduce diversion to illegal channels over time while stressing compulsory economic diversification. By focusing on the unmet needs of morphine around the world, *Poppy for Medicine* would provide much needed painkillers to those people with little or no access to them – currently about 80 per cent of the world's population. In Afghanistan, you have to start somewhere and you have to start with something that works. Counter arguments focusing on corruption or a lack of institutional capacity to run or control these projects, should not be used to prevent us from testing whether the current situation (100 per cent diversion of opium towards illegal channels and into the pockets of the Taliban) can be considerably improved. Instead, *Poppy for Medicine* and similar economic development projects should be implemented to see whether they can boost the rural economy and build capacities and new skills at the same time.

**KEYWORDS:** Afghanistan, India, Turkey, opium, poppy, poppies, counter-narcotics, morphine, heroin, medicine, pharmaceutical licensing, drug control policy, development, security, Taliban, insurgency, illicit drugs

---

\*Romesh Bhattacharji is a specialist in narcotics and trans-border trafficking. He was Narcotics Commissioner of India between 1996 and 2001. His responsibilities included the supervision of poppy cultivation for medicinal purposes in parts of India, the destruction of illicit cultivation and the detection of heroin labs and other illegal facilities. Between 2001 and 2003, Bhattacharji was Chief Commissioner of Customs. Jorrit Kamminga is Director of Policy Research at the International Council on Security and Development (ICOS) and has participated the past four years in the field research on the Poppy for Medicine proposal in Afghanistan. He currently is a PhD candidate at the Department of Constitutional Law, Political Science and Administration at the University of Valencia.

*A Response to “Is Medicinal Opium Production Afghanistan’s Answer?: Lessons From India and the World Market”, by Victoria A. Greenfield, Letizia Paoli and Peter H. Reuter, Journal of Drug Policy Analysis, 2:1 (2009).*

## **Introduction**

The article by Greenfield, Paoli and Reuter refuting the feasibility of the *Poppy for Medicine* (P4M) proposal by the International Council on Security and Development (ICOS), correctly identifies the main challenges that such a system would present, but does not address these challenges in the right way. It fails on many counts to understand the reasons why P4M could in fact be a viable solution for Afghanistan.

The article falls short, for example, of offering any alternative solutions for the 1.6 million Afghans currently directly financially dependent on illegal poppy cultivation.<sup>1</sup> Additionally, it does not address the importance of the linkage between the illegal opium economy and the Taliban insurgency, a structural relationship that *Poppy for Medicine* projects could break by driving a wedge between the rural poppy growing areas and the Taliban movement.

*Poppy for Medicine* is the only proposal on the table that offers a formula to break the current dysfunctional dynamics on the ground in Afghanistan. It provides a much needed structural solution for the country’s economic dependence on illegal opium production. The proposal is based on new thinking and new approaches, which are needed because the current policy framework provides neither short-term nor medium-term solutions to the counter-narcotics challenges that Afghanistan faces.

Therefore, it is unreasonable to reject the proposal before testing its capacity to break the current deadlock and trigger economic development and security benefits. With its P4M proposal, ICOS has come up with a practical economic model for the implementation of *Poppy for Medicine*, which contains detailed protocols for implementation. In addition, ICOS is willing and able to start implementing the necessary scientific pilot projects in the next planting season to test these protocols and their potential impact.

To underline the value of a *Poppy for Medicine* approach, in this response we will address the five objections raised against P4M in the original article by Greenfield, Paoli and Reuter. The main conclusion of our response is as follows: with insufficient alternative livelihoods available to reach all Afghan poppy farmers and their extended families in the coming decades, we need to start

---

<sup>1</sup> UNODC, *Afghanistan Opium Survey 2009*, summary findings (September 2009) [online]. See: [http://www.unodc.org/documents/crop-monitoring/Afghanistan/Afghanistan\\_opium\\_survey\\_2009\\_summary.pdf](http://www.unodc.org/documents/crop-monitoring/Afghanistan/Afghanistan_opium_survey_2009_summary.pdf).

testing *Poppy for Medicine* as an integral part of a balanced mix of short-term and medium-term economic development policies.

No other effective policies are ready and waiting to be implemented: rural development takes too long and the Taliban insurgency is tapping into the illegal opium economy in an almost unhindered manner. New approaches are urgently needed and P4M could be part of a new direction for counter-narcotics in Afghanistan, as announced in the summer of 2009 by the US Administration and recently confirmed in the new US National Drug Control Strategy.<sup>2</sup>

The Greenfield, Paoli and Reuter article states the following:

*“Legal medicinal opium production is an improbable answer for at least five reasons: first, illegal production will continue; second, diversion from the legal market to the illegal market is inevitable; third, diversion will involve further corruption; fourth, there may not be a market; and fifth, Afghanistan lacks the institutional capacity to support a legal pharmaceutical industry.”*<sup>3</sup>

These arguments are all important, but the current security and development situation in Afghanistan unfortunately renders them simplistic and places them outside of a reality that demands urgent action. ICOS’ P4M protocols, developed over four years of field research in Afghanistan, address all of these arguments.

### **Addressing possible ongoing illegal poppy cultivation**

Concerning the first argument, the article states that illegal production will continue after implementing P4M. That is probably true. As long as there is strong demand for heroin in Europe and the Russian Federation, and growing demand in neighbouring countries such as Pakistan and Iran, there will be production in Afghanistan or in another producing country with a power vacuum, weak rule of law or suffering from armed conflict. Therefore, P4M does not focus solely on wiping out illegal production. Rather, it aims to integrate as many Afghan poppy farmers as possible into Afghanistan’s legal economy and cut off as much income as possible to the Taliban’s funding base.

The latter line of reasoning is important. Over the past two years, illegal poppy cultivation and opium production has been increasingly concentrated in those areas where the Taliban insurgency is strongest. Introducing P4M projects

---

<sup>2</sup> Rachel Donadio, ‘New Course for Antidrug Efforts in Afghanistan’, *The New York Times* (27 June 2009).

<sup>3</sup> Victoria A. Greenfield, Letizia Paoli and Peter H. Reuter ‘Is Medicinal Opium Production Afghanistan’s Answer?: Lessons From India and the World Market’, *Journal of Drug Policy Analysis*, 2:1 (2009).

in those insurgent-infected areas where the need for immediate economic development is strongest would reverse this trend, and increase linkages with the legal economy and the central government in Kabul. Other areas, with limited illegal poppy cultivation or where local government capacity is already strong, can easily be served by regular alternative livelihood programmes and general rural development. In other words, P4M will overturn, and not reinforce, the current trend of ever increasing illegal cultivation and production in Taliban insurgency-dominated areas.

The impact of P4M, both as a counter-narcotics and counter-insurgency instrument, ultimately depends on the results of pilot projects and on the willingness of the international community to invest in the programme and provide the necessary external expertise to implement it as soon as possible.

### **Addressing the potential diversion problem**

Greenfield et al argued that diversion to illegal channels will continue after implementation of P4M. This is also probably true, but this argument again ignores the reality on the ground. In Afghanistan, currently 100 percent of opium is diverted towards the illegal opium industry. Any successful effort to reintegrate poppy farming communities into the legal economy will have a positive impact on development, stability and security, whilst complicating matters for criminal organisations and the Taliban insurgency – one farmer at a time. ICOS does not advocate the implementation of an Indian or Turkish-style system in Afghanistan. Instead, a complete system change in poppy cultivation is needed in Afghanistan, one which borrows successful elements from poppy licensing in India and Turkey, and one which will reduce diversion to illegal channels over time through compulsory economic diversification in poppy farming communities.

Some diversion can never be prevented. In India, estimates suggest diversion might be as high as 20 to 30 percent.<sup>4</sup> Still, if the same result could be achieved in Afghanistan, it would mean that 70 to 80 percent of legal cultivation will stay out of the illegal market, which would be a significant counter-narcotics policy success for the country.

### **The corruption question**

Thirdly, corruption is endemic in Afghanistan. There is no question about it. But again, if all development programmes of the international community were conditional on the absence of corruption, almost no programmes and projects would have been implemented in the country since 2001. Not a single road,

---

<sup>4</sup> Gretchen Peters, *Seeds of Terror. How Heroin is Bankrolling the Taliban and al Qaeda* (Oxford 2009), p. 228.

school or hospital would have been built. The renewed international attention focused on Afghanistan, and the new political climate in the country after the problematic 2009 presidential elections, make it imperative that corruption is addressed as an integral part of military, political, and developmental strategies for Afghanistan.

Both the Afghan government and the international community face serious problems in terms of credibility and public support if this central issue cannot be addressed. Nevertheless, economic development, reconstruction and stabilisation programmes should continue while parallel efforts are made to rein in rampant corruption. Greenfield et al claim that, based on lessons learned in India, corruption will increase in Afghanistan following implementation of P4M. However, they ignore the watchdog role of Afghan village councils in controlling P4M projects, alongside other local actors, officials, and foreign experts.

ICOS has developed specific protocols for how a village-based local control system could operate. These include the involvement of the village-level governance institutions known as *shuras*, the Afghan government's relevant ministries, district governments, the state-controlled Afghan National Police, and the international community's development agencies currently operating in Afghanistan.

### **The market for Afghan P4M medicines**

Fourthly, the market argument is the most important one in the Greenfield, Paoli and Reuter article. There has been much discussion about whether there is a shortage of opium-based painkilling medicines around the world. For clarity's sake the distinction between the shortage of medicines, and the unmet need for them, deserves to be explained in detail. While the International Narcotics Control Board (INCB) currently records an 'over-supply' of legal opiates around the world, both this, and the INCB definition of 'over-supply' need further investigation. Part of the confusion surrounding this debate comes from the oft neglected difference between expressed *demand* and *unmet needs* for these medicines.

### **The paradox of demand and need**

The INCB stated in 2005 that there is a critical shortage of drugs for pain relief around the world.<sup>5</sup> Eighty percent of the world population has little or no access to analgesics:

---

<sup>5</sup> United Nations, Press Release: *Critical Shortage of Drugs for Pain Relief, Says INCB* (25 May 2005) [online]. See: <http://www.unis.unvienna.org/unis/pressrels/2005/unisnar899.html>

*“Developing countries, which represent about 80 percent of the world’s population, accounted for only about 6 per cent of the global consumption of morphine.”*<sup>6</sup>

At the same time, the INCB currently records an “over-supply” of legal opiates around the world:

*“INCB notes that the low consumption of morphine and other opioid analgesics in many countries is not due to the lack of supply of raw materials needed for their manufacture. On the contrary, the stocks of raw materials used for the manufacture of morphine increased to record levels after 2000, as production of those materials were higher than demand for their use.”*<sup>7</sup>

How can this apparent paradox be explained? The INCB system is a ‘planned economy’ system in which countries annually report their statistical data on domestic *use* of opiate materials for scientific and medicinal purposes. Based on these ‘actual use’ data, the INCB then projects official ‘demand’ for the following year. But because the data only concern actual use as calculated over the past year, it does not include *actual need* for opium-based analgesics. In addition, many developing countries are unable or ill-equipped to evaluate their real needs for opiate materials. Thus, while the INCB’s ‘planned economy’ system created stocks of opiate materials, it conceals massive unrecorded actual needs globally, and therefore conceals shortages.

### **Evaluating the unmet needs for morphine**

Up to 80 percent of the world’s population is not included in the calculations of the INCB’s ‘planned economy’ system because their unmet needs for morphine are not expressed. Globally, only a small number of countries virtually consume almost all morphine. The United States, Canada, Europe, Japan, Australia and New Zealand, together representing less than 20 percent of the world’s population, accounted for more than 95 percent of the total morphine consumption in 2005.<sup>8</sup>

---

<sup>6</sup> Ibidem.

<sup>7</sup> INCB, *Annual Report 2007*. Press Kit (5 March 2008) [online]. See: <http://www.incb.org/pdf/annual-report/2007/en/press-kit.pdf>

<sup>8</sup> INCB, *Estimated World Requirements for 2007, Statistics for 2005* (New York 2007), Part 4: Statistical Information on Narcotics Dugs, figure 13, p. 79 [online]. See: [http://www.incb.org/pdf/e/tr/nar/2006/Narcotics\\_2006\\_ebook.pdf](http://www.incb.org/pdf/e/tr/nar/2006/Narcotics_2006_ebook.pdf)

According to the World Health Organization (WHO), this represents an ‘unprecedented global pain crisis’ for the rest of the world. The WHO writes:

*“30% of the world’s population, or between 1.3 and 2.1 billion people, are estimated not to have access to the essential medicines they need.<sup>9</sup> In total, 5 billion people live in countries with low or no access to controlled medicines and have no or insufficient access to treatment for moderate to severe pain.”<sup>10</sup>*

While Greenfield et al agree that there exists a vast unmet need for painkilling medicines; they argue that part of this problem can never be solved as it involves institutional constraints, relating to restrictive import policies, international and domestic regulatory measures, and barriers related to domestic healthcare systems. They are partly right in this assessment, but additional supply of opium-based medicines can bypass these systemic barriers by connecting in a different way to patients around the world. Special bilateral or trilateral trade agreements related to an Afghan brand of morphine can operate in a parallel market, with specific arrangements that incorporate, from the start, ways to overcome the systemic barriers.

### **Meeting the vast unmet needs for painkilling medicine with an Afghan brand of morphine**

P4M projects in Afghanistan would not interfere with the current INCB-administered system, which already includes preferential trade agreements between the US and traditional producing countries such as India and Turkey.<sup>11</sup> By focusing on the unmet needs for morphine around the world, P4M would operate within a parallel segment of a two-tier global market for opium-based medicines, producing medicines primarily for developing and emerging countries. For as long as the access problems of the other segment of the global market remain unresolved for five billion people, there will be plenty of room for an

---

<sup>9</sup> World Health Organization, *The World Medicines Situation 2004* (Geneva 2004), Chapter 7 [online]. See: <http://apps.who.int/medicinedocs/en/d/Js6160e/9.html>.

<sup>10</sup> World Health Organization, Briefing Note: Access to Controlled Medications Programme (February 2009) [online]. See: [http://www.who.int/medicines/areas/quality\\_safety/ACMP\\_BrNoteGenr1\\_EN\\_Feb09.pdf](http://www.who.int/medicines/areas/quality_safety/ACMP_BrNoteGenr1_EN_Feb09.pdf)

<sup>11</sup> Preferential trade agreements are not new to opium licensing systems. The United States supports production in India and Turkey by a preferential trade agreement under which it imports 80 percent of it needs for opiate raw materials from these two countries. The preferential trade agreement falls under Title 21, U.S. Code of Federal Regulations, Section 1312.13(g)). This law, known as the “80-20 rule”, states that “*At least eighty (80) percent of the narcotic raw material imported into the United States shall have as its original source Turkey and India*”.



Afghan brand of morphine to reach at least some of those people with little to no access to painkilling medicines.

This second-tier, parallel market would not interfere with the INCB-administered system as it would not unbalance global supply and demand. It would not meet the demand as expressed within this system, but rather, would meet the unmet needs for morphine, thus creating 'new' demand. Two-tier systems are currently in place around the world for commodities as diverse as generic HIV/AIDS medicines and bananas. Multi-level systems of product supply are used to channel the same product to different markets. A second-tier system of product supply is most useful where a significant sector of consumers is disconnected from the overall market for that product, having been either priced out or ignored altogether. Two-tier product supply structures are particularly useful for making essential medicines more widely available.

In particular, supplies of HIV/AIDS and malaria medicines are sold through two different systems of supply: brand-name, higher cost drugs are made available to wealthier markets, cheaper, generic medicines are supplied to less well-developed economies. The implementation of Afghan village-based P4M projects would effectively facilitate the development of a similar second market for morphine supplied by Afghanistan and operating outside of the INCB-administered market.

### **Creating and fostering Afghan government capacity**

The last argument of Greenfield et al concerns the institutional capacity of the Afghan government, and states the obvious: Afghanistan still lacks the institutional capacity to support any industry, and can hardly carry out any kind of large-scale development or even a humanitarian aid programme. That is why P4M emphasises the local systems of traditional control that can be found at village and district level. In Afghanistan, you have to start somewhere and you have to start with something that works: building up by doing instead of waiting for miracles to happen. Luckily, a lack of official institutional capacity has not prevented the international community from working on hundreds of small and large projects since 2001, often hand-in-hand with rural communities as well as the Afghan government. Besides their direct objectives, these projects normally intend to develop or strengthen the capacity of the Afghan institutions and the skills of Afghan people at the same time.

We simply cannot put on hold economic development projects because we feel that the Afghan institutions lack the necessary capacity to carry them out – unless we want a decades' long war. Instead, we should use development projects like P4M to initiate and boost the rural economy whilst simultaneously build skills and government capacity. Having developed detailed protocols, ICOS is

ready and able to implement scientific pilot *Poppy for Medicine* projects in the next planting season.

Finally, it is important to stress that ICOS does not call for the full-scale, nationwide implementation of P4M, instead calling for the implementation of pilot projects to test the proposed protocols. Rather than maintaining the status quo of ‘cannot do’ in Afghanistan, we have to respond to the chronic problem of illegal poppy cultivation and opium production with a ‘can-do’ attitude.

## REFERENCES

Bhattacharji, Romesh, *India’s experiences in licensing poppy cultivation for the production of essential medicines. Lessons for Afghanistan* (June 2007), available at: [http://www.icosgroup.net/documents/india\\_case\\_study.pdf](http://www.icosgroup.net/documents/india_case_study.pdf)

Donadio, Rachel, ‘New Course for Antidrug Efforts in Afghanistan’, *The New York Times* (27 June 2009).

Greenfield, Victoria A., Letizia Paoli and Peter H. Reuter ‘Is Medicinal Opium Production Afghanistan’s Answer?: Lessons From India and the World Market’, *Journal of Drug Policy Analysis*, 2:1 (2009).

INCB, *Annual Report 2007*, Press Kit (5 March 2008), available at: <http://www.incb.org/pdf/annual-report/2007/en/press-kit.pdf>.

INCB, *Estimated World Requirements for 2007, Statistics for 2005* (New York 2007), available at: [http://www.incb.org/pdf/e/tr/nar/2006/Narcotics\\_2006\\_ebook.pdf](http://www.incb.org/pdf/e/tr/nar/2006/Narcotics_2006_ebook.pdf).

International Council on Security and Development (ICOS), *Poppy for Medicine: Economic Case Study* (November 2007), available at: [http://www.icosgroup.net/documents/P4M\\_Economic\\_Case\\_Study.pdf](http://www.icosgroup.net/documents/P4M_Economic_Case_Study.pdf).

International Council on Security and Development (ICOS), *Poppy for Medicine: Technical Dossier* (June 2007), available at: [http://www.icosgroup.net/documents/poppy\\_medicine\\_technical\\_dossier.pdf](http://www.icosgroup.net/documents/poppy_medicine_technical_dossier.pdf).

Kamminga, Jorrit, *The Political History of Turkey's Opium Licensing System for the Production of Medicines: Lessons for Afghanistan* (November 2006), available at:

[http://www.icosgroup.net/documents/Political\\_History\\_Poppy\\_Licensing\\_Turkey\\_May\\_2006.pdf](http://www.icosgroup.net/documents/Political_History_Poppy_Licensing_Turkey_May_2006.pdf).

Peters, Gretchen, *Seeds of Terror. How Heroin is Bankrolling the Taliban and al Qaeda* (Oxford 2009).

United Nations, Press Release: *Critical Shortage of Drugs for Pain Relief, Says INCB* (25 May 2005), available at:

<http://www.unis.unvienna.org/unis/pressrels/2005/unisnar899.html>.

UNODC, *Afghanistan Opium Survey 2009* (September 2009), available at:

[http://www.unodc.org/documents/crop-monitoring/Afghanistan/Afghanistan\\_opium\\_survey\\_2009\\_summary.pdf](http://www.unodc.org/documents/crop-monitoring/Afghanistan/Afghanistan_opium_survey_2009_summary.pdf).

Van Ham, Peter and Jorrit Kamminga, 'Poppies for Peace: Reforming Afghanistan's Opium Industry', *The Washington Quarterly*, Vol. 30(1), Winter, pp. 69-81.

WHO, *Briefing Note: Access to Controlled Medications Programme* (February 2009), available at:

[http://www.who.int/medicines/areas/quality\\_safety/ACMP\\_BrNoteGenrl\\_EN\\_Feb09.pdf](http://www.who.int/medicines/areas/quality_safety/ACMP_BrNoteGenrl_EN_Feb09.pdf).

WHO, *The World Medicines Situation 2004* (Geneva 2004), available at: <http://apps.who.int/medicinedocs/en/d/Js6160e/9.html>.