

CDS

RAASZYUW RUEKDIA6671 1911832-~~8888~~-RHAKAAA RHCDAAA RHCKOED RHCPCBBB
RHCPROC RHDJAAA RHDJHAR RHDJOSI RHDLCNE RHEAMFA RHEFADA RHEFADF
RHEFADI RHEFAFM RHEFJWC RHEFMSC RHEFNGA RHEHWSR RHEPAAB RHFJONE
RHFJPSP RHFJUSC RHFPAAA RHFQAAA RHHJJAA RHHJJPI RHHJOBU RHHJRAP
RHHMDBA RHHMHAA RHHMUNS RHMCSUU RHRMABI RHRMABN RHWRAAA RHWWAAA
RUACAAA RUACMXI RUAGKFC RUAGMIA RUAHOSI RUAHOSS RUALARJ RUALINT
RUALSFJ RUANJFC RUATCPC RUATDBA RUCBAIC RUCBKMC RUCBLFB RUCBTEC
RUCEAAB RUCEAAM RUCEGWA RUCFAAA RUCJNAV RUCKDDA RUCKFCO RUCKMEA
RUCKMEG RUCKMEH RUCKNMV RUCKSAC RUCNDT RUCNFB RUCNSE RUCOBBB
RUCOGAD RUCOGDA RUCOMAD RUCOPKB RUCOPKC RUCOPLB RUCOSSA RUCOZBG
RUCPCDC RUCQVAB RUCUBOA RUCUDES RUCUELA RUCUSIN RUCUWHA RUCVAAA
RUCXGRD RUCXQAN RUDHAAA RUDHAAD RUDJABF RUEAADN RUEAAMC RUEAAOA
RUEACMC RUEACNA RUEACQC RUEADLA RUEADUG RUEADWD RUEAFDC RUEAFDI
RUEAFIF RUEAHQA RUEAIIA RUEAIJU RUEAJAA RUEALGX RUEAMDW RUEAMTC
RUEANBA RUEANBJ RUEANBV RUEANEC RUEANHA RUEANKE RUEANQA RUEANQS
RUEANTX RUEANUT RUEASCO RUEASPC RUEASRT RUEASWA RUEATRS RUEAWJK
RUEHAB RUEHAC RUEHAD RUEHAH RUEHAK RUEHAM RUEHAS RUEHBJ
RUEHBK RUEHBM RUEHBO RUEHBR RUEHBS RUEHBU RUEHBY RUEHC
RUEHCP RUEHCV RUEHDG RUEHDK RUEHDL RUEHDM RUEHEG RUEHFR
RUEHGO RUEHGP RUEHGT RUEHGV RUEHHE RUEHHK RUEHIL RUEHJA
RUEHKA RUEHKG RUEHKI RUEHKL RUEHKO RUEHKT RUEHKT RUEHKT RUEHKT
RUEHLB RUEHLGB RUEHLI RUEHLJ RUEHLM RUEHLO RUEHLP RUEHMD
RUEHME RUEHMK RUEHML RUEHMO RUEHMS RUEHMU RUEHNC RUEHNE
RUEHNJ RUEHNK RUEHNO RUEHNT RUEHNY RUEHOS RUEHOT RUEHPE
RUEHPG RUEHPO RUEHPU RUEHQT RUEHRB RUEHRH RUEHRI RUEHRO
RUEHSA RUEHSB RUEHSF RUEHSG RUEHSI RUEHSM RUEHSN
RUEHSV RUEHSW RUEHTA RUEHTC RUEHTG RUEHTH RUEHTO RUEHTU
RUEHTV RUEHUL RUEHUNV RUEHUP RUEHVEN RUEHVI RUEHVN RUEHWD
RUEHWL RUEHWN RUEHWR RUEHYD RUEHYN RUEKDIA RUEKJCS RUENAAA
RUENMED RUEOBBA RUEOBMA RUEOEBA RUEOEBA RUEOEBA RUEOFLP RUEOGEA
RUEOLAA RUEOLIA RUEOLIX RUEOPGA RUEORYD RUEORYK RUEORYN RUEORYW
RUEOSLA RUEPMA RUEPMTA RUEPPOG RUEPSOC RUEPVAA RUEPVAI RUEPVAP
RUEPVAV RUEPVAX RUEPWDC RUERAFU RUERAIA RUERBEN RUERBFA RUERCHI
RUEREHA RUERGAE RUERGIA RUERHNA RUERHNB RUERHWA RUERICK RUERJFH
RUERKOA RUERLWA RUERMMA RUERMOC RUERNNA RUERNOK RUERNUB RUERNUL
RUERSHA RUERSHU RUERSWA RUERTAM RUERUCA RUERWSL RUERWSM RUETADA
RUETIAA RUETIAE RUETIAK RUETIAS RUETIDD RUETIED RUFDKOM RUFDGRU
RUFDKAS RUFDNA RUFDAID RUFDSHE RUFMSRJ RUFNPKO RUFNPKR RUFOADA
RUFPAHQ RUFPALA RUFPOSS RUFQJQ RUFTAKA RUFTAKC RUFTAKK RUFTFOA
RUFTMDA RUFTRWA RUFTURA RUFTVFA RUHBABA RUHDKAN RUHEHC RUHHAEA

2. ~~(S)~~ **POPPY BAN EFFECTIVE.** LAST JULY, THE TALIBAN PROHIBITED OPIUM POPPY CULTIVATION IN AFGHANISTAN. THE BAN WAS THE GROUP'S FIRST MAJOR EFFORT TO CURB OPIUM PRODUCTION, WHICH, APPROACHING 3,700 METRIC TONS IN 2000, ACCOUNTED FOR MORE THAN 70 PERCENT OF ILLICIT OPIUM PRODUCED WORLDWIDE. ALTHOUGH POPPY CULTIVATION PERSISTED IN AFGHAN AREAS BEYOND THE TALIBAN'S REACH, TALIBAN-CONTROLLED REGIONS MADE UP MORE THAN 90 PERCENT OF AFGHAN OPIUM PRODUCTION LAST YEAR. OFFICIALS WHO SURVEYED KEY GROWING AREAS THIS YEAR REPORTED VIRTUALLY NO POPPY CULTIVATION IN AREAS THEY INSPECTED. THE OVERALL EFFECT OF THE **TALIBAN POPPY BAN ON 2001 OPIUM PRODUCTION WILL BE CLEARER LATER THIS**

(b)(1), 1.4 (c), 1.4 (g)

3. ~~(C)~~ **BUT NARCOTICS STILL FLOW.** AFGHAN OPIUM AND HEROIN STOCKPILES PROBABLY WILL TEMPORARILY EASE SHORTAGES FROM A REDUCED OPIUM HARVEST. HIGH LEVELS OF NARCOTICS SEIZED IN MAJOR TRANSIT REGIONS, SUCH AS BULGARIA, CENTRAL ASIA, IRAN, AND TURKEY, SUGGEST THE **POPPY BAN** HAS NOT YET SUBSTANTIALLY REDUCED THE FLOW OF SOUTHWEST ASIAN NARCOTICS TO CONSUMER MARKETS. HOWEVER, AFGHAN PRICES FOR OPIUM, MORPHINE BASE, AND HEROIN - AT RECORD LOWS LAST YEAR - REPORTEDLY HAVE QUADRUPLED SINCE THE RESTRICTION.

4. ~~(C)~~ **FACTORS INFLUENCING TALIBAN ON MAINTAINING THE BAN.** THE TALIBAN STILL BENEFITS FROM SUBSTANTIAL DRUG REVENUES CHIEFLY FROM ITS TAXES ON CONTINUING NARCOTICS TRAFFICKING AND FROM TALIBAN-OWNED NARCOTICS STOCKPILES, WHOSE VALUE HAS INCREASED SUBSTANTIALLY. FROM THIS POSITION, THE GROUP CAN WAIT UNTIL NOVEMBER, WHEN THE NEXT GROWING SEASON BEGINS, TO DECIDE WHETHER TO EXTEND THE **POPPY BAN**. THE DECISION WILL BE BASED ON SEVERAL FACTORS, INCLUDING THE DEGREE OF INTERNATIONAL RECOGNITION AND ASSISTANCE RECEIVED THUS FAR AS A RESULT OF THE PROHIBITION. THE TALIBAN ALSO WILL ASSESS AFGHAN POPPY FARMERS' AND MAJOR NARCOTICS TRAFFICKERS' REACTIONS TO A POSSIBLE EXTENSION OF THE BAN; THE SIZE OF EXISTING NARCOTICS STOCKPILES; AND THE IMPACT OF CONTINUED PROHIBITION ON ITS OWN FINANCES.

5. ~~(C)~~ **IMPACT IF RESTRICTION PERSISTS.** THE MID-TERM EFFECT, SHOULD THE TALIBAN EXTEND THE **POPPY BAN**, WOULD DEPEND ON THE SIZE OF ITS NARCOTICS STOCKPILE. ESTIMATES OF AFGHAN NARCOTICS STOCKPILES VARY WIDELY. SHOULD THE PROHIBITION REMAIN BEYOND 2001 AND STOCKPILES DWINDLE, SHIFTS IN POPPY CULTIVATION PATTERNS WITHIN THE REGION AND ACCOMPANYING CHANGES IN TRAFFICKING ROUTES AND METHODS ARE LIKELY. USERS IN REGIONAL MARKETS - SUCH AS INDIA, IRAN, AND PAKISTAN, WHICH HAVE LARGE ADDICT POPULATIONS - PROBABLY WOULD SUFFER FROM SHORTAGES BEFORE CONSUMERS IN EUROPE AND RUSSIA. AS SMUGGLERS DIVERT HEROIN SHIPMENTS TO MORE LUCRATIVE MARKETS, EUROPEAN AND RUSSIAN CONSUMERS

WOULD SEE HIGHER HEROIN PRICES.

6. (S) IF THE TALIBAN'S POPPY BAN IS IN EFFECT BEYOND 2002, AND GLOBAL HEROIN DEMAND REMAINS CONSTANT, **OPIUM PRODUCTION** IN OTHER MAJOR SOURCE AREAS - SOUTHEAST ASIA AND LATIN AMERICA - COULD CHANGE MARKEDLY. UNSATISFIED DEMAND IN THE MAJOR EUROPEAN MARKET PROBABLY WOULD STIMULATE INCREASED PRODUCTION IN SOUTHEAST ASIA AND LATIN AMERICA. AS HEROIN FROM THESE SOURCES MAKES ITS WAY TO EUROPE, NEW OR SELDOM USED TRAFFICKING ROUTES WOULD COME INTO PLAY. MOREOVER, NEW RELATIONSHIPS MAY DEVELOP AMONG TRAFFICKERS FROM SOUTHWEST AND SOUTHEAST ASIA, LATIN AMERICA, AND EUROPE. OVER THE NEXT FEW YEARS, THESE DEVELOPMENTS WOULD HAVE ONLY A MODEST IMPACT ON THE US HEROIN MARKET, POSSIBLY REFLECTED IN CHANGES IN PRICE, PURITY, AND SUPPLIERS.

NON RESPONSIVE TO THE REQUEST

(b)(3):10 USC 424

~~SECRET~~

DERIVED FROM: ~~MULTIPLE SOURCES~~

ADMIN

DECLASSIFY ON: ~~XT~~

BT

#6671

28E1

NNNN

~~SECRET~~