

This copy is for your personal, noncommercial use only. You can order presentation-ready copies for distribution to your colleagues, clients or customers [here](#) or use the "Reprints" tool that appears next to any article. Visit www.nytreprints.com for samples and additional information. [Order a reprint of this article now.](#)

PRINTER-FRIENDLY FORMAT
SPONSORED BY



October 19, 2009

A Variety of Sources Feed Into Taliban's War Chest

By [ERIC SCHMITT](#)

WASHINGTON — The [Taliban](#) in [Afghanistan](#) are running a sophisticated financial network to pay for their insurgent operations, raising hundreds of millions of dollars from the illicit drug trade, kidnappings, extortion and foreign donations that American officials say they are struggling to cut off.

In Afghanistan, the Taliban have imposed an elaborate system to tax the cultivation, processing and shipment of [opium](#), as well as other crops like wheat grown in the territory they control, American and Afghan officials say. In the Middle East, Taliban leaders have sent fund-raisers to Arab countries to keep the insurgency's coffers brimming with cash.

Estimates of the Taliban's annual revenue vary widely. Proceeds from the illicit drug trade alone range from \$70 million to \$400 million a year, according to Pentagon and [United Nations](#) officials. By diversifying their revenue stream beyond opium, the Taliban are frustrating American and [NATO](#) efforts to weaken the insurgency by cutting off its economic lifelines, the officials say.

Despite efforts by the United States and its allies in the last year to cripple the Taliban's financing, using the military and intelligence, American officials acknowledge they barely made a dent.

"I don't believe we can significantly alter their effectiveness by cutting off their money right now," said Representative Adam Smith, a Washington State Democrat on the House Intelligence and Armed Services Committees who traveled to Afghanistan and Pakistan last month. "I'm not saying we shouldn't try. It's just bigger and more complex than we can effectively stop."

The Taliban's ability to raise money complicates the Obama administration's decision to deploy more United States troops to Afghanistan. It is unclear, for example, whether the deployment of 10,000 [Marines](#) over the summer to Helmand Province, the heart of the opium production, will have a sustaining impact on the insurgency's cash flow. And American

officials are debating whether cracking down on the drug trade will anger farmers dependent on it for their livelihood.

But even if the United States and its allies were able to stanch the money flow, it is not clear how much impact it would have. It does not cost much to train, equip and pay for the insurgency in impoverished Afghanistan — fighters typically earn \$200 to \$500 a month — and to bribe local Afghan security and government officials.

“Their operations are so inexpensive that they can be continued indefinitely even with locally generated resources such as small businesses and donations,” said Kenneth Katzman, a Middle East specialist at the Congressional Research Service and a former analyst of the region at the [C.I.A.](#)

American officials say that they have been surprised to learn in recent months that foreign donations, rather than opium, are the single largest source of cash for the Taliban.

“In the past there was a kind of a feeling that the money all came from drugs in Afghanistan,” [Richard C. Holbrooke](#), the administration’s special representative for Afghanistan and Pakistan, said in June. “That is simply not true.”

Supporting this view, in his [Aug. 30 strategic assessment](#), Gen. [Stanley A. McChrystal](#), the top NATO commander in Afghanistan, voiced skepticism that clamping down on the opium trade would crimp the Taliban’s overall finances.

“Eliminating insurgent access to narco-profits — even if possible, and while disruptive — would not destroy their ability to operate so long as other funding sources remained intact,” General McChrystal said.

The C.I.A. recently estimated in a classified report that Taliban leaders and their associates had received \$106 million in the past year from donors outside Afghanistan, [a figure first reported last month by The Washington Post](#). Private citizens from Saudi Arabia, Pakistan, Iran and some Persian Gulf nations are the largest individual contributors, an American counterterrorism official said.

Top American intelligence officials and diplomats say there is no evidence so far that the governments of Saudi Arabia, the United Arab Emirates or other Persian Gulf states are providing direct aid to the Afghan insurgency. But American intelligence officials say they suspect that Pakistani intelligence operatives continue to give some financial aid to the Afghan Taliban, a practice the Pakistani government denies.

The United States Treasury Department and the United Nations have for years maintained financial blacklists of those suspected of being donors to the Taliban and [Al Qaeda](#). But counterterrorism officials say donors have become savvier about disguising their contributions to avoid detection.

“The sanctions have worked to a certain extent but obviously not to the extent of being able to cut off all funds,” said Richard Barrett, a former British intelligence officer now monitoring Al Qaeda and the Taliban for the United Nations.

Still, drugs play an important role. Afghanistan produces more opium than any other country in the world, and the Taliban are widely believed to make money at virtually every stage of the trade.

“It extorts funds from those involved in the heroin trade by demanding ‘protection’ payments from poppy farmers, drug lab operators and the smugglers who transport the chemicals into, and the heroin out of, the country,” David S. Cohen, an assistant secretary at the [Treasury Department](#) responsible for combating terrorist financing, said in a speech in Washington last week.

The Senate Foreign Relations Committee, in a report issued in August, said that Taliban commanders charged poppy farmers a 10 percent tax, and that Taliban fighters supplemented their pay by working in the poppy fields during harvest. The biggest source of drug money for the Taliban is regular payments made by drug traffickers to the Taliban leadership, based in the Pakistani border city of Quetta, according to the report.

Counterterrorism experts say the relationship of the insurgents to drug trafficking is shifting in an ominous direction. A United Nations report issued in August said that some opium-trafficking guerrillas had secretly stockpiled more than 10,000 tons of illegal opium — worth billions of dollars and enough to satisfy at least two years of world demand. The large stockpiles could bolster the insurgency’s war chest and further undercut the ability of NATO military operations to curb the flow of drug money to the Taliban.

A third major source of financing for the Taliban is criminal activity, including kidnappings and protection payments from legitimate businesses seeking to operate in Taliban-controlled territory, American authorities say.

The United States has created two new entities aimed at disrupting the trafficking networks and illicit financing. One group, the Afghan Threat Finance Cell, is located at [Bagram](#) Air Base, north of Kabul. The second group, the Illicit Finance Task Force based in Washington, also aims to identify and disrupt the financial networks supporting terrorists and narcotics traffickers in the region.

American officials say they are working closely with the Afghan government to dry up the Taliban financing, but as one senior American military officer in Afghanistan put it last week, “I won’t overstate the progress.”

Carlotta Gall contributed reporting from Kabul, Afghanistan.

[Home](#)

- [World](#)
- [U.S.](#)
- [N.Y. / Region](#)
- [Business](#)
- [Technology](#)
- [Science](#)
- [Health](#)
- [Sports](#)
- [Opinion](#)

- [Arts](#)
- [Style](#)
- [Travel](#)
- [Jobs](#)
- [Real Estate](#)
- [Automobiles](#)
- [Back to Top](#)

[Copyright 2009 The New York Times Company](#)

- [Privacy Policy](#)
- [Terms of Service](#)
 - [Search](#)
 - [Corrections](#)
 - [RSS](#)
 - [First Look](#)
 - [Help](#)
 - [Contact Us](#)
 - [Work for Us](#)
 - [Site Map](#)