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On-the-Record Briefing On the Release of a Comprehensive New U.S. Government Implementation Plan to Control Narcotics in Afghanistan

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Director of National Drug Control Policy John P. Walters and Coordinator for Counternarcotics and Justice Reform in Afghanistan and Acting Assistant Secretary of State for International Narcotics and Law Enforcement Ambassador Thomas Schweich

(10:10 a.m. EST)

MR. GALLEGOS: Good morning. I appreciate your attendance. Today we have the Director of National Drug Control Policy, John P. Walters, and our Coordinator for Counternarcotics and Justice Reform in Afghanistan, who is also Acting Assistant Secretary of State for International Narcotics and Law Enforcement, Ambassador Thomas Schweich. They'll be speaking and making remarks on the release of the U.S. Government implementation plan to control narcotics in Afghanistan. They'll make some brief remarks, they'll take questions. And in addition to these officials, we have some senior technical experts who will also be in attendance to respond. They will identify themselves and their organization, if they're needed. So, appreciate your attendance.

MR. WALTERS: Thank you, again. Good morning. We're pleased to release the new strategy and plans for counternarcotics efforts in Afghanistan. I'd like to begin by thanking the people who actually helped to make this possible. Obviously, first and foremost, President Karzai and our colleagues in Afghanistan. This is a plan that is designed to reinforce their efforts.

I'd also like to thank our -- particularly not only the international partners as a group, the many countries who are working on security, development and institution building in Afghanistan, but in this particular area of counternarcotics, a special thanks, again, has to go to the UK. The British have been partners on this effort as no one else has in the international community. They have spent not only a good deal of effort and time, but they have people who are-- and continue to be-- at risk with us and with the Afghan people to make these programs work. And we are grateful. I know I speak for all of my colleagues.

I'd like to also thank, particularly, some of the representatives here from the agencies of the U.S. Government that have come together in an unprecedented way to expand and extend these efforts: Mark Ward from the State Department; Michael Braun from DEA; Dan Moore from the Department of Agriculture; Scott Schless from the Office of the Secretary of Defense; and Michael Geffroy from the Department of Justice. They represent the many people who have helped to build on what has been started, and prepare us to move forward in a way that we hope will have profound effects in Afghanistan.

We know that opium, maybe second only to terror, is a huge threat to the future of Afghanistan. The efforts by the Afghan people to build institutions of justice and rule of law are threatened not only by the terror, but the drug forces that are both economic, addictive, and, of course, support, in some cases, of terror, not only through money, but through influence and moving people away from the structures of government toward the structures of drug mafias and violence.

I think it's important to remember that when we think about this, sometimes there are, I think, confusing notions about how this works and who's involved and what their motivations are, that need to be sorted out clearly. And we need your help in helping to, obviously, explain this to the American people and to others, because the support for these programs are critical. And that support is sometimes, as you know, difficult.

The poor people of Afghanistan are not getting rich off of opium. They haven't in the last decade, even though there's a great deal of opium. Ninety percent-plus of the world's opium today exists in Afghanistan. That's obviously the big problem we face. It's also the big opportunity we face: to change, perhaps as never before in history, the enormous destructive effect of opium and heroin on the people of the world. Most of this opium is consumed in Central Asia, other parts of Asia, Russia, Europe; goes to Australia; it comes in small amounts to this hemisphere. But it not only poisons the production places but, obviously, the places where it is consumed.

As I said, the people of Afghanistan at the level of cultivation and production know that this is not a future that offers them wealth, that offers their family security, that offers the opportunity to develop schools and healthcare and security. It's drug mafias. It supports warlordism. It supports terror. Those are the common threads that we have to deal with. And what we have to recognize is those who drive this are those who are the landowners who force sharecroppers to grow poppy rather than licit agricultural products. In some cases, they're corrupt officials. In some cases, they're tribesmen who have been taxing and running this. In some cases, they're the Taliban and the terrorists who hold a gun to people's head or threaten to kill their families if they don't plant poppy and if they participate in voluntary eradication.

So, to be successful here, we have to get at the people who are making the decisions. And that requires us to now to give alternatives and development to those who are the poor, the rural -- not entirely always subsistence farmers but those at the village and province level -- but also to remove the bad actors and to suppress their ability to continue this trade.

This plan is designed to strengthen the Afghan nation's counternarcotics effort. It has rested, in the parts that we have participated in, in five components: public information to explain what's going on to reinforce the rightness of suppressing poppy and its consequences. Secondly, alternative livelihoods and rural development; and a big part of this plan is expanded -- substantially expanded work on rural development and alternative livelihoods in these areas. Eradication to-- where areas are not voluntarily controlled; the local officials first have the capacity to reduce poppy cultivation, and where that's not possible, that the central government have that power. Interdiction is the fourth part of taking away the movement of opium-processed heroin chemicals and other infrastructure for the drug business that is such an acid in the institutions of Afghanistan and elsewhere. And lastly and fifthly, justice reform: allowing the current legal structure that has been established after the Government of Afghanistan has been stood up to become more robust and present in many places. We'll have some discussion of that -- no doubt -- later.

Again, we are helping the Afghan nation implement its strategy here. The major additions at this efforts we're announcing today includes -- are -- increasing development assistance, as I said, on a much wider scale, and to reinforce gains that have been made. Afghanistan, today, is not a place of uniformly exploding opium. As you will hear, many parts of Afghanistan are not only declining, but significant numbers are becoming poppy-free. But in the areas, particularly where there is less secure control, the poppy cultivation has grown dramatically as it's become a part of the instability and support for terror. It is the economic development program of the terrorists and the criminals, and that is an important key in breaking the back of this effort.

We are also more fully integrating the counternarcotics efforts into the counter-Taliban effort. We are -- recognize that the security situation, as you see, that overlaps significantly with the counternarcotics situation, requires better integration and capacities; and that is part of what this plan calls for.

And we're also working to expand the capacities of Afghan institutions on a wider scale, as I say, to support the -- not only the growth but, in some cases, the ability to bring people to justice who have not been touched by the pressures that need to be touching them to stop the participation in the opium trade.

We are hoping to, this year, to double from six to 12 the number of poppy-free provinces of the 34 provinces of Afghanistan. We are hoping, in addition, to continue to strengthen the capacity of, beginning with the district and provincial leaders, all the levels of institutions in Afghanistan in more places. Some of those are going to be at a more primitive area circumstance.

Obviously, Afghanistan's a difficult place to work in, given the poverty, the destruction of institutions by war, and the extent to which the opium economy -- first made legal by the Taliban Government -- have penetrated some parts of the country. Nonetheless, I think it is very clear for those of you that have visited the country, I think the people of Afghanistan understand that the opium economy, just like terror, does not bring a future for their children, for their institutions, for their lives, that they want; and that what they're looking for is an environment where someone won't force them -- by their poverty, by landownership -- that they have to be sharecroppers on by putting a gun to their head or threatening to put a gun to their head or their family's head to continue to participate in this economy. Again, it's not an overnight change, but you can already see that parts of the north of Afghanistan have already voted with the rest of the nation for a future that has less poppy and gives an opportunity for institutions of government, based on democracy and rule of law, to grow.

Again, it's my honor to be here with many people in this room who have worked in Afghanistan and brought us to this point, and to mention our thanks again to the Afghan people, many of whom, to get here, have risked their lives in places, allowing alternatives development sites to operate in areas where they were marked for death because of their efforts to move their country ahead. Those are the people who are on the front line and those are the people we're proud to support. Now, let me introduce Ambassador Tom Schweich.

AMBASSADOR SCHWEICH: Thank you, Mr. Director, and thank you for all of your work in this. In fact, we wouldn't be here today had it not been for the efforts of Director Walters. In January of this year, we received information that it was likely that the poppy crop in Afghanistan, for this coming harvest season that just occurred, will be higher than last year, which was disappointing news. And as a result of that, Director Walters and John Negroponte, the Deputy Secretary of State, asked that there be an interagency group convened to work side by side to evaluate all aspects of the counternarcotics strategy that was outlined by Director Walters to determine how we could significantly improve it in two ways. And National Security Advisor Hadley also was very interested in this activity.

And we looked for two things: how can we adjust our strategy to ensure long-term success; but we also were looking for ideas on how we could achieve short-term success as well. We were looking for ways that we could try to turn this increase around as quickly as possible and then make sure it was sustainable.

As a result, we convened for the first time ever a high-level interagency group, most of whom are here today representing the Department of Defense, the Department of Justice, Mark Ward from the U.S. Agency for International Development. USDA was part of it. Obviously, the Drug Enforcement Administration, which has been on the ground in Afghanistan since shortly after 9/11, and all other relevant players who would be part of this were at meetings. We had very long and detailed meetings for many weeks. We got very -- it was really an interesting spirit of cooperation, submissions from all agencies in a very thorough and timely manner. We integrated those.

We had another series of meetings to make sure that every person's concern had been addressed, and we came up with what we feel is a very comprehensive approach to trying to improve our delivery of counternarcotics services. And as Director Walters said, we also coordinated with the Government of Afghanistan and very closely with our UK partners, who are having a press rollout right now at the same time we are in England on their efforts to refine their strategy as well. It's happening as we speak here today.

What I thought I would do is go over and summarize what you have in front of you, the paper that you have in front of you, and talk to you in each of the critical areas -- public information, alternative development, eradication, interdiction/law enforcement and justice reform -- what refinements we are going to be working with our international partners, particularly the United Kingdom and, of course, the Government of Afghanistan, to implement.

The first thing we did though as we tried to develop a refinement and improvement in the strategy was to look very carefully at the developing trends in Afghanistan that Director Walters briefly alluded to. We do not have a uniform situation in Afghanistan and therefore our strategy has to recognize the regional differences in poppy cultivation, trafficking, interdiction and the development of the judicial system across the country.

The major difference, as Director Walters mentioned, is this developing north-south divide where we are seeing significant poppy reduction in northern provinces, including some that are traditional poppy-growing provinces like Balkh and Badakshan where we expect when the UN makes its announcement in September that we will see sharp, sharp reductions in those traditional areas as well as an increase in the poppy-free provinces from -- as Director Walters said, from 6 to 10, 12 or even 14 provinces.

Unfortunately, the overall number, which is what a lot of people look at, will go up because the gains in the north have been more than offset by the losses in the south, particularly Helmand Province, to some extent Uruzgan and Kandahar and also Nangarhar in the east, where there's been some insecurity recently has shown somewhat of a resurgence.

So the strategy we've developed is designed to do two things: one, consolidate the gains in the north, increase the reach of the poppy-free geographic area in Afghanistan, ensure that there's no resurgence of poppy in those areas so it's sustained reductions; and then sort of tighten the noose around the southern provinces where we're seeing an increase and try to see a quick reduction or turnaround in those areas that will lead to sustainable reductions in those provinces as well.

And if I could summarize the paper you have in front of you briefly, what we're trying to do here is dramatically increase the incentives for being poppy-free or reducing poppy production. And what you'll read in front of you is a significant increase in the amount of development assistance that will be directly given to those parts of Afghanistan that are able to become poppy-free or move in a poppy-free direction.

At the same time, we try to consolidate those gains with great new incentives, we also are looking for substantially harsher disincentives for those areas and those parts of the country where we see poppy production increasing. We want to make sure that there are greater rewards for success and greater consequences for failure, and I think that would summarize a significant part of the document that you have in front of you.

In order though, also, to ensure that we are able to achieve success in those volatile and difficult southern provinces, as the Director said, we will have to have much closer coordination between the military effort and the counternarcotics effort. There is no way you can deliver some of the services in the south without having some sort of coordination and understanding where the security is, where the insecurity is, and how we can deliver counternarcotics activity and services in coordination with the military authorities.

So with that introduction, I will go over, pillar by pillar, piece by piece, a summary of what we've concluded and how we intend to improve the delivery of the counternarcotics effort in Afghanistan.

First of all, I think sometimes we underestimate the importance of public information. We all know that the Taliban is very good at public information. They're much better at public information than they are at military operations or any other sort of activity in Afghanistan. And in order to be successful in reducing poppy, we have to have a public information campaign that is more effective than the narcotraffickers and the Taliban have.

In the past, public information focused pretty generally on radio, television, posters, those types of activities -- traditional media type activities. We experimented in the north, where there was more security, last spring with much more word of mouth type activity, sending out the poppy elimination teams, which are groups of international advisors and Afghans, into the tribes, into the villages, meeting with the shuras and discussing with them the benefits of reducing poppy, both within the country of Afghanistan by reducing addiction rates, by being consistent with religious beliefs, and also improving relations with neighbors and allies, and making sure they had

alternatives and listening to their concerns.

And we saw a pretty significant success in the north with that activity. For that reason, it was unanimously agreed that when you expand that program, that we need to expand the poppy elimination teams into other areas of the country, into other regions, give them more resources and make sure that the message gets out more clearly to the people in Afghanistan that the international community is with them and that there will be great rewards for becoming poppy-free in terms of their country and their own daily lives. And I think you will see a greater amount of word-of-mouth activity around the country trying to expand on that success we enjoyed in a limit way in the north over the past year. So the grassroots word-of-mouth initiatives are a critical part.

In the south, however, there needs to be more coordination of the counter-Taliban and the counternarcotics message. People need to understand that if they are growing poppy, they are contributing to insecurity, as this poster on page four of the charts you have shows. They need to understand that there is a direct relationship between the insecurity and the success or failure of the insurgency and the opium trade. There is increasing and more and more alarming intelligence about more integrated relationships between narcotraffickers and insurgents and Taliban. And for that reason, we need to make it clear that if you are supporting the poppy trade in the south of Afghanistan, you are supporting insecurity and you are supporting the Taliban.

And we have been working very closely with the Department of Defense and with ISAF and with our UK partners to ensure a very consistent and tough message about the impact of poppy on the overall situation in the south of the country. And we have specific suggestions in the paper, which I won't go into right here, about how that can be accomplished. And we've received a great deal of support from the military authorities in Afghanistan and we're very confident there will be a strong and integrated public information campaign in the south of the country, relative to poppy.

The second piece and a very, very important piece, is alternative development. There is no way you can ask a poor farmer to stop growing poppy unless that poor farmer has an alternative, unless that poor farmer knows there is something else that he or she can grow; that the family can grow to make a living.

That said, we also know that there is no miracle crop. There's a section in the report about that. There's nothing that really will equal the income you can get from poppy, so people have to understand that they will not be able to get that kind of return as they would from poppy. And they need to understand the other benefits they would get from switching to alternatives, mainly: security, not having to deal with corrupt and violent organizations as they grow their crop; less labor, most other crops are less labor intensive than poppy; and they need to see the other benefits.

One of the biggest initiatives that is in the paper and that we've worked very closely with the UK and the Government of Afghanistan on is to strengthen the Good Performers' Initiative. It was a small program geared mostly toward the poppy-free provinces in the east this past year, and we are going to expand that dramatically. I will leave it to the Government of Afghanistan over the next few days to announce exactly what the modalities will be, but we have identified in the United States another $20 million for this year, up to $30 or $40 million we've requested for coming years.

The UK will put in several million dollars and we expect some of our international partners to contribute, as well, so that provinces that remain poppy-free see substantial, specific benefits to those localities and villages that contributed to that effort; immediate returns. And provinces that reduce poppy substantially will also see significant additional development assistance as a reward for the reduction of poppy. There'll be large amounts of money put into this program and it will be tied specifically to benchmarks based on UN numbers of poppy reduction. So that if a village says, okay, we're going poppy-free, the next year immediately they will see a result. If they wanted a school, a road, something like that, they will see that going into place immediately as a result of their activity.

We feel it is very important to tell those people that have gone poppy-free, you don't have to wait five or ten or fifteen years to see your development go up. You'll see that, too, with a larger development effort which is not impacted at all by this plan, but you will see immediate, short-term gains as a result of your activity, and that's a major new initiative. I expect a rollout of that by the Government of Afghanistan within the next few days, giving you the specifics. But we are very excited about that and think it will have a major positive impact on the poppy situation in Afghanistan.

We have Mark Ward from USAID here. He can talk to you, if you have any questions about the specific issues that are raised about improving the delivery of alternative development; more emphasis on foods and livestock and higher-yield activity. Now, they have a really interesting plan for doing that. The engagement of land grant universities to have extension services so that when the large programs are pulled out, there's resources available afterwards for people to talk to and make sure they continue their development of new and alternative crops and private sector involvement.

We did look at subsidies as a possibility. The problem is that in a country that is as unregulated as Afghanistan, you can't keep track of subsidy money very easily at this point, so that was rejected. But the idea of subsidizing private enterprises that have packing facilities, that get crops to market, that involve agents that sell food abroad so you can increase your realization on your crop is very, very much encouraged in this report. And we expect to see AID working very closely with small, private companies in Afghanistan that are able to get crops to market and sell those crops for a higher value in the coming years. And we think that was a major significant new addition by AID to the activity going on in Afghanistan.

But I will also say that while we are increasing dramatically incentives and capability of getting products to market, as I said earlier, there still really is nothing that will equal the income of poppy. We're going to get closer and we're going to make it more lucrative for the farmers, but there is nothing. So there has to be -- and I think everybody in the room, when we had these meetings agreed -- some sort of downside to growing poppy.

An interesting fact is that we expect, when the United Nations releases its information about poppy production in a few weeks, we expect that Helmand Province alone will account for at least half of all the opium in Afghanistan. Helmand Province also happens to be the wealthiest province in Afghanistan, and the areas that grow poppy in Helmand are the wealthiest parts of Helmand -- not Ali and other central districts. They have an infrastructure that was put in by the United States 50 years ago. They have access to markets. They've got roads, they've got irrigation. And if it were a country, Helmand Province would be the fifth-largest recipient of U.S. aid of any country in the world. So there have been tremendous strides made in Helmand Province in terms of development. Yet, we still have a very significant poppy problem there.

This is not an issue of poor farmers. This is not an issue of people not having alternative in that particular area of the country. This is a situation where wealthy landowners, corrupt officials, opportunists, people who see a security vacuum have decided, I can't make a whole lot more money if I grow poppy. If I grow poison, poison that kills people all over the world, I can make a lot more money. In this case, is where an eradication program is very appropriate. This is the type of situation when an alternative is available and it's not adopted; where we want to increase the risk to those who decide to continue to grow.

Keep in mind that 75 percent of the poppy growth in Helmand Province is new in the last two years. That means these are not poor farmers that have been doing this for generations; they weren't even doing it two years ago. So, these are the people we need to deal with toughly; not the poor farmers in certain other areas of the country, but there. And in that case, we need to improve our eradication performance.

So I'll move to a discussion in the paper about how we're going to do that. If you look at Thailand or Pakistan or other countries across the world that have been able to significantly reduce poppy production over the years, there has always been this coercive element, and we intend to continue to do that in Afghanistan. But the way eradication has been done over the past couple of years has not been effective, and we acknowledge that. One, we haven't achieved the amount of eradication that's required to deter farmers. I work very closely with the United Nations Office on Drugs and Crime, and their position is you need to eradication between 20 and 30 percent of a crop in a given area in order to impact a planting decision the next year. If a farmer feels that he or she, or a local landowner or corrupt official, has a 20 to 30 percent chance of getting eradicated, they probably won't plant the next year. So that's our goal: is to increase the amount of eradication that we're able to do.

But that's not enough. You can't just get numbers, and we've learned that. Even in areas where we've been able to get that number, eradication has been mostly done in the past by negotiation. The central eradication force, the Afghan Eradication Force, which is a very dedicated, strong group of 500 Afghan police, and the government of that eradication efforts, don't have enough force protection to go into an area they want to go into. What they tend to do is go into an area, and they're stopped by people who do not have our best interests at heart; they're negotiating where the eradication can occur, and as a result, it's not equitable. It tends to be the people who are least

powerful that can get eradicated, not the people who are most powerful. We need to stop that.

We need to make it clear that if you are a powerful poppy grower, you are the highest value-target for us in eradication. And in that regard, we discuss in the paper the need to develop a force protection component for eradication, both in the short term and in the long term. And there was unanimity among the agencies and our partners that we need to develop that capability, and we expect to be doing that in the near future.

So we will be doing more forced eradication. We're trying to get more hectares eradicated, but we're not looking only at the numbers. We want to ensure that the quality of eradication is better. But we're not veered off toward the less powerful, if the eradication occurs, against the more powerful. And that's very critical part of the strategy.

The next piece is interdiction. And DEA, as I said, has been on the ground from day one, but they've been hindered by a lot of issues; one, mobility. All of you have been -- most of you, I'm sure, have been to Afghanistan. It's mountainous, it's desert. It's very, very difficult to get around. It's easy to hide opium and it's difficult to get opium traffickers. And for that reason, we need a force protection component to also protect DEA and Afghan counternarcotics police operations. There's a very close relationship between DEA and the various police operations in Afghanistan and we want to make sure that force protection capability also extends to take down activity and the ability to extricate high-value targets from their locations at any place, at any time, without any negotiation. And we're going to look for force protection capability there.

Air mobility is critical. DEA is going to get more air mobility to Afghans who are training their pilots and their people so they'll be able to do these operations themselves with support from our own law enforcement and British law enforcement activities; higher mobility and the capacity to gather evidence. We frequently hear that while we all know who the traffickers are, why don't you arrest them? This is a democracy in Afghanistan. There is a constitution. There is judicial process. You can't arrest somebody because you think they're a narcotrafficker. You can only arrest them when you have evidence that will stand up in a court of law. And the Afghan police and our support of them has been hindered by the capacity to gather substantive evidence; the ability to use technical abilities to gather evidence. And part of our strategy is to dramatically improve that capability, as well.

We want to increase the number of high-value targets that are taken out of Afghanistan soon. And that's what this strategy endeavors to do for the short term and the long term. Everyone in the whole chain of supply and demand has to know that they are vulnerable under this plan. And we think that as we implement this plan, they will all be vulnerable. This will require cooperation from military authorities, which they have offered, and it will require an intensive increased training effort of Afghan police, which will occur.

Finally, the justice sector; it is -- there is a counternarcotics tribunal in Afghanistan now that has exclusive jurisdiction of all cases with three kilograms or more. That is in its early stages. It does have several hundred cases pending and recently convicted some mid-level traffickers, which was very, very encouraging. This is Afghan prosecutors, Afghan police, Afghan investigators, Afghan judges trained under a program run by the U.S. Department of Justice with the support of the Norwegians and others, which is proving remarkably effective but is very, very early -- in its very early stages.

So what we are going to do is put more resources, more people more money into that central criminal tribunal for narcotics, and we expect to see the capacity to prosecute and incarcerate higher level of traffickers to increase. In the meantime, though, we also think an extradition policy needs to be developed for the very high-level traffickers that Afghanistan may not yet be able to prosecute. And so we're looking to extradite more people to the countries where the Afghan opium flows.

The rest of the paper deals with more general issues about how we're going to get more cooperation and integration of the military and the counter-narcotics effort; how we're going to work more closely with our European allies and the UK to ensure unity of effort and activity across the board; and also, how we are going to reject silver bullet theories, such as buying out the crop, which I've addressed many of the people in this room about, which we know would not work; the miracle crop theory, which we sometimes hear -- that one crop will solve all the problems, which it won't -- and other areas, which we simply cannot buy into the idea that there's a simplistic solution to this.

We need to have a comprehensive plan that needs to cover all areas, all regions. There needs to be allied unity both in terms of our friends in other countries and the military effort. And it needs to be sustained and we need to recognize it's going to be a long haul. We need to be in it for the long term and we need to keep the pressure on for the foreseeable future.

Thank you, and I'll return it back over to Director Walters for questions. Thanks.

QUESTION: We can start with a question on numbers. It seems like a key part of this is the good performers incentives program.

MR. WALTERS: We want to reinforce success rather than just failure, as the government sometimes does.

QUESTION: And I want to make sure that I understand the numbers. Ambassador Schweich, I think, said something about 20 million this year going up to a commitment of 30 or 40 million next year. Can you explain whether those are calendar of fiscal years? And can you explain what you were spending on that, say, in the last fiscal years, so we can get a sense of how much it's going up?

AMBASSADOR SCHWEICH: Sure. We spent six million on the good performers fund last year. We've allocated -- we already have in the bank 21 million that's been approved for use this year -- yeah, for the coming planting season, yes.

QUESTION: '07 or FY --

AMBASSADOR SCHWEICH: '07 into '08.

QUESTION: Okay.

AMBASSADOR SCHWEICH: But it's FY '07 running. And we have requested $30 million more for that effort, and we are also looking to our international partners. I know the UK is making a significant financial commitment, but I'll leave it to them to announce what that is. So we hope to have well over $50 million to distribute in that -- over the next 12 to 18 months.

QUESTION: Okay. So, six for last year, 21 already for FY '07. You're asking for 30 more --

AMBASSADOR SCHWEICH: Right. And the international community, I think, will also make contributions to that. And there's also a counternarcotics trust fund, which could be used for that, as well.

QUESTION: Right. And then two other questions on money: One, have you requested or do you -- additional money for the force protection activities that you describe, both on protecting the eradication forces and the DEA on Afghan interdiction forces?

AMBASSADOR SCHWEICH: We believe that can be done within existing resources.

QUESTION: Okay. And then last question on money: Do you have a number for how much the U.S. Government spends on counternarcotics efforts in Afghanistan? And is that number going up from '06 to '07 to '08 or not? If it's not going up, then where is the money being taken from to fund, for example, the Good Performers Initiative at

the levels that you're now seeking?

AMBASSADOR SCHWEICH: I don't have a precise number, but the money is going up. Congress recently appropriated another hundred million dollars for it, as you know, a few months ago, so the numbers are going up. I'm going to give you very rough numbers; around half a billion dollars in the past and I expect it to go up to over $600 million. But these are very, very rough statistics.

QUESTION: And wouldn't you say in the past -- I mean, would that be like, '06?

AMBASSADOR SCHWEICH: Yes.

QUESTION: As recently as that?

AMBASSADOR SCHWEICH: As recently as the past year.

QUESTION: Okay.

AMBASSADOR SCHWEICH: Yeah.

QUESTION: Thank you.

QUESTION: I wonder if you would -- one of you or one of the gentlemen standing off to the side would scope out what the increased DOD role is going to be both in the eradication and the interdiction. It sounded to me, like in Helmand Province, there's going to be a real push to go after the drug traffickers, which, as you know, has not been a DOD -- not been within the rules of engagement. So has that changed and what will that entail?

MR. WALTERS: Yeah, I think this is less about trying to have the military, whether it's DOD or ISAF, become a counter-narcotics force. We've been trying to increase the capacity of the Afghan police. The central eradication forces are part of the police, the special narcotics force. The issue is integrating force protection -- again, getting them somewhere -- capacity as a counter-narcotics force, but also integrating them into the security operations of our military and the ISAF operation.

So in the past, what we've had is a view, I think, that -- and part of this whole effort rises -- we've had a view that counter-narcotics works antithetically to security. And obviously, if you go into areas in clumsy ways that are self-defeating, then you're going to have negative consequences. But the other issue here is, obviously, the increasing recognition that the opium trade is both funding terror and, of course, destroying institutions through corruption and economic distortion. So what we're trying to do is systematically integrate this and I -- what we -- what you see in this is, for the first time, I think, all the agencies of the federal government -- military, law enforcement, aid, development, diplomatic -- signing up to a common plan. I've spoken to the military personnel, as has Ambassador Schweich, as have others in this room, both ours and international commanders in Afghanistan regularly over the last year.

In addition, we have worked closely with the Department of Defense and the Office of Secretary Defense. One of the first things I talked to Secretary Gates about after he was confirmed was the need to better integrate this in Afghanistan. And I think what you see here is a recognition that this has to be an integrated priority. That means that security conditions have to allow operations to occur, but they also need to be an environment where this is accepted as an integrated part of what the overall effort has to be in Afghanistan to get it from where it is now to where it needs to be.

QUESTION: I'm challenging you to put together a sense that describes what that would -- what the change would be on the ground.

MR. WALTERS: We expect a more permissive environment for these operations, given the plans and commitments here. Again, what -- your question was what counter-narcotics operations is the military going to do. That's not what this is doing, is saying the military is going to become the eradication force or the interdiction force. What we're going to do is create -- we've now created, we believe, the structures to allow counter-narcotics operations, whether they're arrests of people by Afghans, whether they're interdiction, whether they're eradication to be integrated into the security effort that's going on.

Obviously, some areas have a more permissive environment as Ambassador Schweich pointed out and we can do more things. Other areas, it's going to have to be something that -- you know, circumstances are going to dictate. Our challenge now is to implement this, but for the first time, we have everybody signed up to, this has to be an integrated part of the overall effort and we are working to make that a more effective and powerful force on the ground.

QUESTION: Yeah, two questions if I might. One, you mentioned that the British have been partners like nobody else on this. One difference between the U.S. and the British's approach is that the Brits have been working closely with Iran in terms of combating Afghan drug trafficking. They've given body armor and so on to the Iranian border police, who have lost 3500 people fighting Afghan terror and if you talk to Afghan officials, they'll tell you that Iran has been far more helpful, for instance, than has Pakistan in this regard.

Why won't we -- when President Bush was asked about this earlier this week, he said he didn't really know much about it and it was up to Iran to prove that they would -- had good intentions. Why won't we acknowledge what Iran is doing in this instance and to what extent are we handicapped in our anti-narcotics effort by not working with them?

MR. WALTERS: Again, I think that what the President said is what we see here, which is we have other issues with Iran. That's not my responsibility, but -- that make it difficult for us to have the same relationship we have with some of the other countries of the region. But I would say that we don't feel that we're hindered in carrying out our counter-narcotics strategy because of the relationship we have with Iran. There are other countries that obviously have a different relationship and have been more involved.

But the problem of cultivation, the problem of terror, the problem of corruption is something we are working, first and foremost and most importantly, with the Government of Afghanistan on and other international partners are contributing. Now again, we are -- certainly acknowledge that Iran has got a horrible opium problem. We acknowledge that Iran is trying to deal with this opium problem. But because of other problems we have with Iran, we don't have the same relationship we do with other countries. But that does not hamper our ability to carry it out. Obviously, the UK has a different relationship, but again, what we need as a critical mass to do here, we can do, we are doing, and we intend to implement without any hindrance from current relations with Iran.

QUESTION: Well, one other question if I could. In terms of the silver bullet motion, I'm trying to figure out to what extent our -- the concern about, say -- doing an alternative about legalizing or doing the kind of thing Turkey does or the morphine kind -- free kind of poppies that Australia now grows lucratively. Why were opposed -- are you opposed philosophically, practically, or financially? You say, for instance, in your book that subsidies would prove prohibitively expensive, billions of dollars per year. We're spending billions of dollars a week in Iraq. Would we be able to do more in this regard in Afghanistan?

MR. WALTERS: I think the issue is not, in that case, how much money you put into subsidies. The issue is the structure and conditions to make a subsidy strategy work. Again, in some ways, you could say our Good Performers fund is an effort to reward good behavior, to build institutions and capacities here. The efforts at rural development and alternative livelihoods is a way of investing and to bring forward economic incentives that help people continue to not produce poppy, not be involved in the opium economy.

The issue of subsidizing other crops -- we are trying to stand them up. Some of that is a matter of training. And again, I think it's very important to note that while there is

an aid crop, per se, a flower or a plant, a grape, a macadamia nut that we can plant row for row with poppy, the fact of the matter is in most areas of the world where this has been successful, the farmers have a very great limit on how far they can go even when they plant poppy. So what they get when they get electricity, when they get roads, when they can take a crop to market, when they can take and produce more crops that are more valuable when they can be brought to market fresh and in a desirable form is you get economic development. They can begin to process, create things like vegetable oils that have more value. They can create initial industries.

Where we see this happening in some of the better-off areas of Afghanistan that have had, and we've made a big investment on development, as have some of the other countries, it's important to remember, there's a pathway to go from being a subsistence farmer to be -- to having a future for your children and your family that's better off. So again, if you stay in the opium economy, plant for plant, today, there may be a greater advantage to that. But tomorrow and the next day, the opportunities that development mean here in this country, there's no comparison, let alone the fact that someone's not going to go kill your kids because they're in a crossfire for war or grab your son and recruit him into the Taliban or put other kinds of threats on you.

You run your government for the first time and I think that's an enormous incentive. So we -- what we're trying to do is foster that process, which is happening in key parts of the country. So it's not an experiment from scratch; it's about taking, holding, and growing the progress that we're making in these areas. And the issue about, can we have a legitimate poppy economy; one, I think it's -- I know this has been floated by some groups, especially in Europe, some people here at -- it's considered in some places creative thought until you actually are serious thinking about -- a serious thinker about this.

One, already in the control regulated market for medicines, there is more than enough production, as the UN has pointed out. Two, the expansion of that is not about the making of the raw product; it's about distributing it into places that may not have pharmaceuticals they need. Unless you build that infrastructure, creating vast quantities of morphine or other kinds of drugs is not going to be a realistic economic activity. And three, of course, the problems we have is precisely in the area where there is no regulation. So to say we're going to create a regulated process of growth in an area where it's precisely because we have no regulation that there is that growth is silly, so -- and I understand this has been attractive for people who kind of don't want to do the hard work of development and law enforcement and institution-building and security.

But if there was an easier way, we'd be happy to do it, but we took all the wild geese that people could chase and we have had to deal with them, but they're not in this book. They're somewhere else. And you may have to deal with them when you get questions or you hear other people propose that. But the fact of the matter is there's some clear things, they mostly are involved with common sense, they are certainly involved with hard work.

QUESTION: I'm still afraid that I don't understand the money issue. Again, what exactly -- is there a way you can say how much new money is going in overall to the counter-narcotics effort and then break that down in terms of how much is going into the carrots and how much is going into the sticks?

MR. WALTERS: Maybe we can give you a table -- is that possible? We do congressional budget submissions. Maybe we can give you a table that would help do this category by category and then we'll see what we can do about that.

QUESTION: It's -- okay, and can you talk about some of the concerns that people have about forced eradication, particularly in Helmand, and the stories that have come out in the last couple days about the Brits and complaints from the Afghans themselves that ISAF is -- or that their civilian casualties are too high. I realize that's a counter-insurgency, but when you seek to integrate the two more closely, are there not concerns that there may be -- that will also -- the problem will expand because of that, the existing problem with counter-insurgency?

MR. WALTERS: Well, I think this is why I think it's important to have some of these components. The first and most important part is, I think the public information part that helps people see why this is destructive, that the reason why -- you know, people from outside may have to be in a village eradicating poppy from -- Afghans from Kabul or supported by the international community is because of the consequences of this. I think we need to make sure and they need to understand and I think that part of this, as Ambassador Schweich pointed out, is to be fair.

Sometimes, they've -- also been friction because, well, wait a minute; how come I'm getting eradicated and the guy who is the friend of the district governor is not being eradicated, or the guy who's a friend of somebody else isn't being eradicated. This has to be a matter of equity and a manifestation of the rule of law and the common interest of the country.

Secondly, yes, you can do this in a way that is counter-productive. You can eradicate in a way that is arbitrary, is clumsy, is not coupled with development assistance and other kinds of infrastructure support. We can get people into dangerous situations. That's why we're talking about force protection so that there isn't unnecessary loss of life. What we're trying to do is create a structure where the unnecessary loss of life is eliminated as much as we possibly can, where we can remove the criminal structure that benefits from this.

Again, many people have been -- have criticized the failure to go after corruption in the government. And of course, the opium poppy is a volcano whose lava feeds corruption. It creates a incentive for people to be compromised, as drugs do in all other places where we've dealt with it. It has to be closed off, but part of it is not just to go after the farmer, obviously, but most of these parts address the leadership, address the institutional structures in making them stronger, but also go after the people who are making the big money. The big money made off of opium in Afghanistan is made by the upper levels of the chain: the warlords, the traffickers, the corrupt individuals who are involved in this.

That's why more and more of the opium has turned into heroin in Afghanistan, because you get multiples of 10 every time you process the product. So that's what we're trying to also help to go after. Now again, this is a country that didn't even have the institutions of law several years ago. It's made remarkable progress. It now has integrated courts, prosecutors, and judges. It's begun to take cases and bring people to justice. We are rightly looking at where we have to go.

Look back a little bit; the confidence is, Afghans with very little to start with have made strides that are quite remarkable. Never in the world have we worked in a place as damaged, as poor, as penetrated by a drug economy and fighting a war on terror on top of it. This is as hard as it gets and the fact of the matter is key parts of the country are voting for the future by reducing poppy, by developing.

QUESTION: But another key stride is a huge increase in the production of opium.

MR. WALTERS: Again, I would say it's very important to see where that is. Yeah, and --

QUESTION: But does it matter where it is?

MR. WALTERS: Yes, because the question would be different if every place in Afghanistan were growing more poppy. It's not. In fact, the number of places growing poppy as provinces or areas is reducing. What's happening is in the areas where there is insecurity, that's what the strategy is about. We don't need to sprinkle the same programs over everywhere. We need to be able to sustain and hold and we need to be able to go in more effectively and break down structures where this is happening. The volcano is here and down a little bit here. (Indicating.) That's what has to be diminished and that's why we have to be able to focus, as well as be able to maintain and hold the gains that have happened here.

QUESTION: Can I ask you sort of a bigger picture question --

MR. WALTERS: Yeah, can I get -- yeah, I can ask some of these -- yeah.

QUESTION: A quick follow-up on Iran, then I have a question on eradication. On Iran, would you agree that Iran is making a positive contribution?

MR. WALTERS: I'm not an expert on Iran. I don't --

QUESTION: But you're an expert on counter-narcotics.

MR. WALTERS: I don't see a particular part that Iran is playing here, but again, I don't have direct contact with Iran here.

QUESTION: But presumably, you're talking to the Afghans and they're telling you what the Iranians are doing?

MR. WALTERS: The Afghans that I meet with have not talked to me about Iran. I mean, that may be because of who I am. It may be that -- I suspect also that, look, the contribution here from what I see is pretty minimal. Always, the question is, well, could there be more, could there be something else. But right now, I think that the work that we do is not pivotal in terms of Iran and that's not been a central issue in our discussions, either, frankly, with the UK or with the Iranian -- with the Afghans.

QUESTION: On eradication, you talk in your book about spraying, but you didn't mention it. Can you tell me, you're saying you won't do spraying unless there's consent of the Afghan Government. There also isn't consent from the British Government, from a lot of the European partners in Afghanistan. Why do you think spraying is a good way to go? What are the concerns that your allies have, and why do you think they're wrong?

MR. WALTERS: Well, I'll let Ambassador Schweich do a follow up, but I would say the following. There has been a debate about the use of herbicides and the use of aerial application of herbicides. Both we and the UK agree that ground-based spray could aid the effort. It could help to improve the efficiency of eradication in some areas. We have disagreed with regard to aerial eradication; you're correct. This says that we are proposing to allow capacity to be developed that will be deployed only on the consent of obviously the Afghan Government; that is the country that we're partnering with here.

Why do we think that this is a useful tool? Because in areas where there is a security problem that may be -- may make force protection and operations too dangerous or too costly, aerial spray allows us to eradicate -- as it has in Columbia; as the Mexicans have done in Mexico; as we actually do in some remote areas where it's not a matter of threat, but it's a matter of it's more cost effective. We eradicate marijuana in Hawaii from the air because it's more cost effective and less dangerous.

So again, it's a tool. And yes, it's a tool there's been a debate over and there will probably continue to be a debate over. But again, we use a herbicide that's one of the most widely used products in the world. It's widely used in U.S. agriculture, widely used in European agriculture. It's widely used in agriculture in South America. Why? Because it's safe and effective. And so where it is an important tool, we want to use all the -- and certainly we're in a situation where we'd like to use every single tool that can make a contribution meaningfully.

QUESTION: But the Brits think it's not safe and effective, is that right?

MR. WALTERS: I don't think the -- there are some debates in various -- I don't want to characterize their position, specifically. I think there are some people who still have debates about safety, even though I think those are largely mitigated by the overwhelming evidence of both science -- the safety that's been demonstrated, multiple studies and the fact that it's widely used in most countries. But secondly, there is a concern sometimes about whether aerial eradication, per se, as a phenomenon in the country is going to be seen as counterproductive. Again, nobody's talking about using it everywhere and nobody's talking about using outside of a context and nobody -- again, I emphasize, is talking about using it without the consent of the Afghan Government. Did I leave something out?

AMBASSADOR SCHWEICH: No, not at all. I think the only thing I would add is that we've been in very close consultation with UK throughout this process. And there's been an unfortunate effort to drive a wedge between the U.S. and the UK on counternarcotics in Afghanistan. I can say, I go to the UK all the time, I meet with my counterparts. I talk to them on almost a daily basis. And if you look at a document in front of you that's 70 or 80 pages long, we are in lockstep on almost everything in there, including the fact there needs to be better and more effective forced eradication.

We believe a ground-based spray program would be effective. They would like to pilot it first, in order to see if it would be effective. And on aerial, there's simply a disagreement on whether the known benefit, in terms of the amount you could cover and the speed with which you could be covered and the lack of violence when you go from the air, is worth the potential cost of not having it done in a way that would tamp down concerns about the effect of the chemical; things that were done when the Russians were there in the past. I mean, it's a valid debate on whether the benefits or costs -- you know, where the benefits and costs go. We're discussing that with the Government of Afghanistan and with the UK.

But I think it's unfortunate to try to suggest that this one, small area of disagreement -- which is really, I consider, a very healthy discussion, not any sort of debate -- suggests some sort of wedge between the U.S. and the UK, because they're in lockstep with us on the Good Performers' Fund, on the need for better eradication, on the need to have more military coordination, on the counternarcotics effort, on the need to have sustainable development, on the need to reward poppy-free provinces, on the need to take down high-value targets. We're really very much in agreement. And if there was ever an area where two countries really pretty much agree, I think it's the U.S. and the UK on this strategy.

QUESTION: I'd like to take advantage of your being here today to ask a quick question about Mexico. Yow far along the talks are with Mexico on an aid package and what sort of aid you think the Mexicans need?

MR. WALTERS: Yeah. Well -- and then I'll plead -- we don't want to get ahead of ourselves here. We are working closely with the Mexican Government. We have been working closely with the Mexican Government, and President Calderon has obviously built on that. His extradition of key people earlier this year was a watershed. We have also seen dramatic changes, obviously, in the criminal organizations in Mexico that have been key, and we have been working, as has been reported in the press, with the Mexican Government about further involvement. We've learned to respect sovereignty and work together as never before. Since the full scope and detail of the expanded effort are not yet settled between our two governments. I can't tell you what they're going to be. But we are following a partnership of looking at what the needs are.

I would also point out that, actually as this press conference is going on, I believe there was a release of a press statement by Qwest Diagnostics, the largest workplace drug-testing firm in the United States, which reports that as they're -- for the first half of this year, cocaine positives in the workplace to reach a low level that has not been seen since they've been doing consolidated testing since 1992. There's been a particular drop in the last two months of the six-month period -- May and June.

The disruption that we have seen in other dimensions of the cocaine market looks like it's now being reflected in the consumption data that we are seeing. Obviously, that is a tribute to the pressure that's being put on organizations in Mexico; at our border, as our borders get stronger; in the transit zone, working with countries, including the UK and European countries as well as countries in this hemisphere; and the fight that President Uribe has taken to the traffickers in Colombia. We have had a multipoint strategy which now does what supply reduction is always designed to do: that is, reduce the poison and therefore reduce the loss of life. So we are very gratified to see that. And obviously the Mexican effort here is an important factor that has to be looked at in light of these data.

Yes, sir.

QUESTION: Ninety percent of the world's poppy production comes from Afghanistan. So, do you have any -- most of the -- there's a huge network funding this, outside of Afghanistan. So, there's an aspect of the plan to trace the funding of this? And if you want to break down the export of opium, do you know where exactly it goes?

MR. WALTERS: We know some things about where it goes, obviously. Again, the plan we're releasing today is a plan to work in Afghanistan with the Afghan Government and international partners. We also work -- and the DEA is here, other agencies, State Department and others help us go after these criminal organizations that move drugs in other countries. Some of these countries, as pointed in the earlier discussion, we have more close and integrated relationships with; some of them, we

don't. And we have been working with the international community to strengthen. DEA has created a special relationship with some of the surrounding countries in an effort to try to also provide greater risk to movement. It has been working in Pakistan for a number of years, and we continue to work with the Pakistani Government. We are working with governments that are linked to the movement of money by some of these criminals as never before. But we want to strengthen that.

Everybody always, I think, rightly wants to go after the money. That's where the people who have the most authority and power are receiving those resources and gain that power. And some of the tools that we've had to go after money because of the war on terror have been helpful in this regard. But I don't think any of use feel we have been able to find a critical chokepoint yet on the money, although we are strengthening the monetary controls in Afghanistan. And we are focusing more intelligence on the movement of money and assets created by the trade. But I would say this is an area where money attack has been a weakness. We recognize that and we need to try to strengthen it in more ways. We feel we're able to put more pressure on more things than money.

But we still are hopeful that we'll be able, with the investigations that we're trying to launch and coordinate here, to find individuals, collect information on them, tie them to money, find corrupt connections they may have with either financial institutions or with others that are moving money that we can better target. This has become something that in some cases has been more powerful, and we've seen that somewhat in regard to some of the pressure put on groups in this hemisphere through better financial investigations. They are more complex, they take more detail, but we've had some remarkable tools that have helped us go after them. We want to try to, with some of this, build institutional connectivity so we can bring those tools to Afghanistan. But it's at a very early stage.

QUESTION: Can you tell us the market of this opium, basically outside of --

MR. WALTERS: The what?

QUESTION: The market for this; where the export goes?

MR. WALTERS: It goes to Europe. It goes to the Middle East. Iran has obviously had huge opium problems, as was talked about and referred to earlier. It goes to other parts of Asia. There's been a growing consumption problem in Afghanistan. We have talked -- we have worked with Russian officials about the amount that flows through Russia. I have spoken to Chinese officials about the growing concern that they have, given the volume that's there. Although they haven't been the principle recipients, we are working with the Chinese Government. And as I say, it's gone also as far -- we've had cases involving Australia. So, again, it has moved in multiple dimensions. There's not just one vector.

And opium is, of course, or heroin, as you may know, is one of those things where addicts can consume -- your body adjusts to opium so you can consume more and more of it if it's available. So even the existing addict population can move -- can consume greater quantities, as well, as you can expand that population, as the Afghans have been increasingly worried about. No place has ever been a production or transit area for any period of time without developing massive addiction and consumption problems itself.

Yes.

QUESTION: To what extent does the -- is this is a Afghan-centric solution, or how much of it should be used as a model for programs in other parts of the world?

MR. WALTERS: I think we've used our experience in other parts of the world -- Colombia, our partnership with some of the countries of the Andes as well as what we've seen in terms of our own investigations. But this is tailored to what we've seen in Afghanistan. Again, we have learned some things over the last several years. The situation is different today than it was during -- at the point of liberation in Afghanistan. And, again, this is focused, as I said earlier, on Afghanistan, but the parts of this that link to other criminal -- the parts of this that linked, for example, to movement of chemicals for the processing of heroin, are things that our agencies are working with other governments to try to find ways of pinching that off, as well. So it is a basis on taking what we know and we see works and also what we've seen work in Afghanistan and building on that, but also linking that more effectively to what we do in other key parts of the world where that's appropriate.

MR. GALLEGOS: I think we've got time for about one more.

MR. WALTERS: Yes, ma'am.

QUESTION: My question's for Ambassador Sweich. I spoke with the Afghan Ambassador, Ambassador Jawad, the other day. He said, right now the approach in the United States is more emphasis on eradication. But not only as your friends, the British, do not agree with that either in saying, no, that's not the right approach. And he went on to talk about how they want to put more resources in preventing cultivation than focusing on eradication because it alienates the population. Are you -- can you comment on that? And are you saying that you're going to focus eradication only in Helmand, where you said the rich growers are, or are you going to do it where the -- you know, through more comprehensive -- throughout the country?

AMBASSADOR SCHWEICH: I can't comment on the specific information Ambassador Jawad -- I'm meeting with him later on today. I meet with him on a regular basis and we're --

QUESTION: The concept that you're putting more emphasis on eradication.

AMBASSADOR SCHWEICH: No, we're not putting more emphasis on eradication. We're putting more emphasis on all aspects of the strategies. I've mentioned a lot more emphasis on rewards for development, exactly what Ambassador Jawad spoke to you about pre-planting public information. As I said, we're going to span out across the country to get the message of counternarcotics out there. We're upping the ante on all areas, and to suggest that this is now a more eradication-focused effort is not accurate. It's a very comprehensive plan. It addresses -- there is no doubt, and I think everyone -- whoever deals with Afghan counternarcotics agrees it is much easier to prevent planting on the front end than it is to eradicate on the back end. So we are very committed to that type of activity.

QUESTION: Thank you.

(The briefing concluded at 11:08 a.m.)

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