

ACTION

DEPARTMENT OF STATE  
ARA/NEA REARCS

Pre-AR9

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ACTION: PK (01)

ISLAMA 01320 00 OF 03 171552Z 014643 0857018  
LESS MONEY AND SUPPLIES THIS YEAR  
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(S2)

INFO: IN (01) SAF (01) SRA (01) MILT (01) AF (01)  
----- 17/1609Z AS MAH (TOTAL COPIES: 006)  
ACTION SA-00

INFO LOG-00 ACDA-00 ACDE-00 INLB-01 AID-00 AMAD-01 ACQ-00  
CIAE-00 SMEC-00 INL-01 DODE-00 DOEE-00 SRPP-00 DS-00  
EUR-00 FBIE-00 H-01 TEDE-00 INR-00 IO-00 L-00  
ADS-00 M-00 NEA-00 NRRC-00 NSAE-00 NSCE-00 OES-01  
OIC-02 OMB-01 OPIC-01 PA-00 PM-00 PRS-00 P-00  
SCT-00 SP-00 SSO-00 TRSE-00 USIE-00 FMP-00 SNIS-00  
NISC-00 SSD-01 PMB-00 DSCC-00 DRL-02 G-00 NFAT-00  
SAS-00 SWC1-00 /075W

-----A3FB7F 171553Z /15

O 171330Z FEB 99  
FM AMEMBASSY ISLAMABAD  
TO SECSTATE WASHDC IMMEDIATE 3994  
INFO USMISSION USUN NEW YORK  
AMEMBASSY ASHGABAT  
AMEMBASSY ALMATY  
AMEMBASSY BISHKEK  
AMEMBASSY TASHKENT  
AMEMBASSY NEW DELHI  
AMEMBASSY LONDON  
AMEMBASSY PARIS  
AMEMBASSY RIYADH  
DIA WASHINGTON DC  
AMCONSUL PESHAWAR  
USCINCCENT MACDILL AFB FL//CCJ2/CCJ3/CCJ5/POLAD//  
AMEMBASSY MOSCOW  
AMEMBASSY ANKARA  
AMEMBASSY ABU DHABI

RELEASED IN PART  
B1, 1.4(C), 1.4(D)

AMEMBASSY ROME

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DEPARTMENT FOR SA/PAB AND EUR/CACEN; ALMATY ALSO FOR DUSHANBE;  
LONDON FOR POL/SUTPHIN; PARIS FOR POL/RAVELING; ABU DHABI PLEASE  
PASS TO DUBAI

E.O. 12958: DECL: 2/17/09  
TAGS: PGOV, KISL, PARM, MOPS, AF, PK, IR, SA  
SUBJ: AFGHANISTAN: TALIBAN SEEM TO HAVE LESS FUNDS AND SUPPLIES  
THIS YEAR, BUT THE PROBLEM DOES NOT APPEAR TO BE THAT ACUTE

REFS: (A) ISLAMABAD 922; (B) 97 ISLAMABAD 5835

(U) CLASSIFIED BY JOHN R. SCHMIDT, POLITICAL COUNSELOR. REASONS:  
1.5 (C) (D).

1. (C) SUMMARY: THE TALIBAN SEEM TO HAVE LESS MONEY AND SUPPLIES  
AVAILABLE TO THEM THIS YEAR. THIS IS PROBABLY DUE TO THEIR  
RECEIVING LESS MONEY FROM OUTSIDE SOURCES, INCLUDING PAKISTAN AND  
THE MIDDLE EAST. THE GOP, BECAUSE OF ITS OWN ECONOMIC PROBLEMS,  
APPEARS TO HAVE PROVIDED THEM WITH LESS FINANCIAL SUPPORT IN PAST  
MONTHS. MEANWHILE, THE SAUDI GOVERNMENT -- ANGRY BECAUSE OF THE  
PRESENCE OF USAMA BIN LADIN IN AFGHANISTAN -- SEEMS TO HAVE HAD  
SOME SUCCESS IN CUTTING THE FLOW OF CASH FROM PRIVATE SOURCES TO  
THE TALIBAN. DESPITE THE DECREASE IN SUPPLIES OF MONEY AND  
MATERIAL, THE PROBLEM DOES NOT SEEM THAT ACUTE FOR THE TALIBAN --  
THEY SHOULD BE ABLE TO LAUNCH WHAT IS EXPECTED TO BE A LARGE-SCALE  
WARM WEATHER OFFENSIVE THIS YEAR. THAT SAID, THEIR MAJOR OPPONENT,  
JAMIAT-I-ISLAMI, SEEMS TO BE FLUSH WITH IRANIAN-SUPPLIED CASH RIGHT

NOW, WHICH IS HELPING THEM GAIN LOCAL SUPPORT ON THE BATTLEFRONTS.  
END SUMMARY.

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2. (C) THE TALIBAN SEEM TO HAVE LESS MONEY AND SUPPLIES THIS YEAR.  
A NUMBER OF SOURCES HAVE TOLD POLOFF THAT COMPARED WITH PAST YEARS  
THE TALIBAN SEEM TO BE HAVING A PROBLEM PAYING COMMANDERS,  
INCLUDING THOSE WHO ARE NOMINALLY LOYAL TO THE TALIBAN. THIS  
APPARENTLY HAS CAUSED GRUMBLING AMONG A NUMBER OF COMMANDERS AND  
HAS LED TO SOME DEFECTIONS TO THE OPPOSITION IN SUCH SECTORS AS  
BAGHLAN QNDUZ PROVINCES, WHERE JAMIAT-I-ISLAMI FORCES WERE  
REPORTEDLY FLUSH WITH CASH (SEE PARAS 9 AND 10).

3. (C) WITH RESPECT TO SUPPLIES, [REDACTED] TOLD POLOFF FEBRUARY  
17 THAT TALIBAN FORCES WERE ALSO HAVING PROBLEMS IN THIS AREA.  
[REDACTED] SAID HE HAD HEARD REPORTS THAT THE TALIBAN COMMANDERS IN  
CHARGE OF MILITARY LOGISTICS, WHO ARE MOSTLY BASED IN KANDAHAR,  
WERE COMPLAINING THAT THEY WERE RUNNING LOW ON AMMUNITION FOR  
KALASHNIKOV'S, MULTIPLE ROCKET LAUNCHERS, AND ARTILLERY PIECES. IN  
ADDITION, SPARE PARTS FOR THE TALIBAN'S JAPANESE-MADE RADIOS WERE  
NOT AVAILABLE. IN DISCUSSIONS ON THE TALIBAN SUPPLY PROBLEM, MOST  
OF POLOFF'S SOURCES ASCRIBE IT BACK TO THE GENERAL LACK OF FUNDS,  
SINCE MOST OF THE SUPPLIES ARE APPARENTLY PURCHASED BY TALIBAN  
AGENTS ON THE GREY ARMS MARKET IN THE UAE, ESPECIALLY IN DUBAI AND  
SHARJAH.

4. (C) ANOTHER ASPECT OF THE PROBLEM FOR THE TALIBAN IS THAT THEY  
ARE OVER-STRETCHED. THEIR MILITARY OFFENSIVE LATE LAST YEAR  
SWALLOWED SO MUCH TERRITORY THAT THEIR LOGISTICS CAPABILITIES HAVE  
HAD A DIFFICULT TIME KEEPING PACE WITH THE INCREASED EXPENDITURES  
NECESSITATED BY LONGER SUPPLY LINES. FOR EXAMPLE, THE TRANSPORT OF  
SUPPLIES FROM KANDAHAR AND HERAT TO POINTS IN THE NORTH IS VERY  
EXPENSIVE, AS IS TRANSPORT WITHIN MOUNTAINOUS HAZARAJAT, BUT THE  
TALIBAN BUDGET FOR LOGISTICAL SUPPLY OF THESE AREAS HAS NOT  
EXPANDED ENOUGH TO MEET THE NEW COSTS, ACCORDING TO CONTACTS.

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INTAKE OF FUNDS FROM OUTSIDE SOURCES REPORTEDLY DECREASES

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5. (C) THE NUB OF THE PROBLEM IS THAT THE TALIBAN APPEAR TO BE  
RECEIVING LESS MONEY FROM LONGTIME SOURCES IN PAKISTAN AND THE  
MIDDLE EAST. AS FAR AS THE PAKISTANI GOVERNMENT WAS CONCERNED,  
[REDACTED] TOLD POLOFF THAT HE WAS QUITE SURE THAT THE GOP  
CONTINUED TO "WRITE A CHECK" WORTH A MILLION OR SO DOLLARS EVERY  
COUPLE OF MONTHS. HOWEVER, HE BELIEVED THAT THE AMOUNT OF MONEY  
BEING GIVEN BY THE GOP HAD DECREASED. HE DID NOT ATTRIBUTE THIS TO  
ANY ATTEMPT BY THE GOP TO PRESSURE THE TALIBAN IN ANY WAY. RATHER,  
IT WAS SIMPLY THAT THE PAKISTANI GOVERNMENT HAS HAD LESS MONEY TO  
GIVE DURING THE PAST YEAR DUE TO ITS OWN ECONOMIC PROBLEMS, WHICH  
WERE ESPECIALLY GRAVE IN THE MONTHS IMMEDIATELY AFTER SANCTIONS

WERE IMPOSED FOLLOWING ITS MAY 1998 NUCLEAR TESTS. (NOTE: THE GOP  
HAS NEVER ADMITTED TO PROVIDING FUNDS OR MILITARY SUPPLIES DIRECTLY  
TO THE TALIBAN, AND THERE IS LITTLE EVIDENCE THAT MILITARY SUPPLIES  
HAVE CROSSED THE BORDER. HOWEVER, IN THE PAST, THE GOP HAS  
ADMITTED PROVIDING THE TALIBAN WITH WHEAT FLOUR AND FUEL. IN A

RECENT MEETING WITH A/S INDERFURTH, [REDACTED]  
ASSERTED THAT PAKISTAN HAD RECENTLY PROVIDED THE TALIBAN WITH SHOES  
FOR WINTER, BUT HE SAID THE DIRECT SUPPLY RELATIONSHIP -- WHICH HE  
DID NOT DESCRIBE FURTHER -- HAD ENDED MONTHS AGO -- SEE REF A.  
END NOTE.)

6. (C) THE TALIBAN'S INTAKE OF FUNDS FROM MIDDLE EASTERN SOURCES  
HAS ALSO REPORTEDLY DECREASED. [REDACTED]  
TOLD POLOFF FEBRUARY 15 THAT THE SAUDI GOVERNMENT  
(SAG) HAD BEEN QUITE SUCCESSFUL IN PREVENTING PRIVATE SAUDI

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SOURCES, INCLUDING FOUNDATIONS, FROM DISPERSING MONEY TO THE TALIBAN AS THEY DID IN THE PAST. THE SAG REPORTEDLY IMPLEMENTED THESE MEASURES IN SEPTEMBER 1998 WHEN TENSIONS BETWEEN RIYADH AND THE TALIBAN LED TO AN OPEN RIFT OVER KANDAHAR'S HARBORING OF TERRORIST USAMA BIN LADIN. AS FOR OTHER SOURCES OF ASSISTANCE TO THE TALIBAN, [ ] -- AND OTHER CONTACTS -- BELIEVE THAT THE TALIBAN CONTINUE TO RECEIVE SOME LEVEL OF FUNDING FROM PRIVATE UAE SOURCES, INCLUDING SOME WEALTHY INDIVIDUALS BASED IN SHARJAH, AND FROM QATARI SOURCES.

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THE PROBLEM IS NOT THAT ACUTE  
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7. (C) DESPITE THE DECREASE IN MONEY AND SUPPLIES, THE TALIBAN'S PROBLEM DOES NOT APPEAR TO BE THAT ACUTE. NO ONE BELIEVES THAT IT WILL INTERFERE WITH THEIR APPARENT PLANS TO CONTINUE THE FIGHT AGAINST JAMIAT COMMANDER AHMAD SHAH MASOOD COME THE WARM WEATHER MONTHS (FROM LATE APRIL OR SO). (NOTE: IN REFERENCE TO TALIBAN PLANS: IN A RECENT INTERVIEW, TALIBAN LEADER MULLAH OMAR SAID THE TALIBAN SHOULD HAVE NO MORE PROBLEM DEFEATING JAMIAT THIS YEAR THAN

THEY HAVE HAD DEFEATING OTHER FACTIONS IN THE PAST.) ACCORDING TO [ ] THE TALIBAN STILL HAVE MONEY FOR PURCHASING SUPPLIES, DESPITE THE DRAWDOWN IN SUPPORT FROM OUTSIDE SOURCES. FOR EXAMPLE, TALIBAN ACCESS TO HARD CURRENCY MADE BY NARCOTICS TRAFFICKERS SEEMS TO HAVE HELD STEADY OVER THE PAST YEAR. ALTHOUGH HAMPERED BY THE CONTINUED CLOSURE OF THE BORDERS WITH IRAN AND UZBEKISTAN, THE TALIBAN STILL SEEM TO BE COLLECTING A FAIR AMOUNT OF CUSTOMS INCOME FROM THE TRANSIT TRADE. (NOTE: BIN LADIN HAS ALSO PROVIDED THE TALIBAN WITH SOME MONEY, BUT PROBABLY NOT ENOUGH TO MAKE A SIGNIFICANT DIFFERENCE IN THEIR CASH BALANCE.) WITH LITTLE MONEY (IF ANY) SPENT ON INTERNAL IMPROVEMENTS, ALL OF THESE FUNDS ARE WHOLLY DEVOTED TO THE WAR EFFORT.

8. (C) ANOTHER FACTOR HELPING TO ALLEVIATE THE MONEY AND SUPPLY PROBLEM FOR THE TALIBAN IS THEIR CAPTURE OF A FAIR AMOUNT OF EQUIPMENT DURING THEIR SUCCESSFUL LATE 1998 MILITARY CAMPAIGN. [ ] TOLD POLOFF THAT THE TALIBAN HAD CAPTURED LARGE SUPPLY DEPOTS FORMERLY CONTROLLED BY NATIONAL ISLAMIC MOVEMENT OF AFGHANISTAN (NIMA) LEADER GENERAL DOSTAM IN MAIMANA, IN FARYAB PROVINCE, AND IN SHIBARGHAN, IN JOZJAN PROVINCE, WHEN THEY ENTERED THESE AREAS LATE LAST JULY AND AUGUST, RESPECTIVELY. ANOTHER LARGE DEPOT WAS SEIZED FROM NIMA'S ISMAILI MILITIA WHEN THE KAYAN VALLEY, IN BAGHLAN PROVINCE, WAS TAKEN IN SEPTEMBER. WITH FULL SUPPLY COMPLEMENTARITY BETWEEN THE TALIBAN AND THEIR OPPOSITION -- SINCE BOTH SIDES BASICALLY USE SOVIET-ERA EQUIPMENT -- THE TALIBAN'S SEIZURE OF THESE DEPOTS HAS ADDED SIGNIFICANTLY TO THEIR EXISTING ARMORY.

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JAMIAT SEEMS TO BE FLUSH WITH FUNDS AND SUPPLIES  
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9. (C) WHILE THE TALIBAN APPEAR TO HAVE SOME PROBLEMS, JAMIAT, THEIR MAIN OPPONENT, SEEMS TO BE DOING QUITE WELL IN TERMS OF FUNDING AND SUPPLIES. SOURCES HAVE REPEATEDLY TOLD POLOFF THAT JAMIAT WAS RECEIVING LARGE AMOUNTS OF CASH AND MILITARY SUPPLIES, MOSTLY FROM IRANIAN GOVERNMENT SOURCES. THE FUNDS AND SUPPLIES

REPORTEDLY COME FROM IRAN TO POINTS IN TAJIKISTAN (KULYAB AIRBASE, FOR EXAMPLE), WHERE THEY ARE PICKED UP BY JAMIAT HELICOPTERS AND FERRIED TO THE PANJSHIR VALLEY AND OTHER POINTS. [ ] TOLD POLOFF FEBRUARY 11 THAT OFFICIALS FROM IRAN'S MINISTRY OF INTELLIGENCE AND SECURITY (MOIS) AND THE REVOLUTIONARY GUARDS (IRGC) WERE STATIONED IN MASOOD'S KEY-BASE IN THE TOWN OF KHENJ IN THE PANJSHIR VALLEY, WHERE THEY PARTICIPATED IN THE OFF-LOADING OF THE SUPPLIES. THE MOIS AND IRGC OFFICIALS ALSO WORKED WITH JAMIAT COMMANDERS IN DETERMINING TO WHOM THE FUNDS

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AND SUPPLIES SHOULD BE DISTRIBUTED. ASIDE FROM IRANIAN SOURCES, THERE ARE UNCONFIRMED REPORTS THAT JAMIAT ALSO RECEIVES ASSISTANCE FROM RUSSIAN GOVERNMENT SOURCES, AS WELL AS UZBEKISTAN AND TAJIKISTAN.

10. (C) THANKS IN LARGE PART TO THE OUTSIDE SUPPORT, [ ] SAID. MASOOD'S SUPPLY DEPOTS IN THE PANJSHIR WERE NOW "IMMENSE." MASOOD'S COMMANDERS WERE WELL-ARMED AND WELL-PAID. MASOOD ALSO HAD SUBSTANTIAL AMOUNTS OF MONEY LEFT OVER FOR BRIBING NOMINALLY PRO-TALIBAN AND INDEPENDENT COMMANDERS TO COME OVER TO HIS SIDE. AS NOTED IN PARA TWO, JAMIAT HAS MANAGED TO GAIN (AT LEAST THE TEMPORARY ADHERENCE) OF A NUMBER OF LOCAL COMMANDERS IN BAGHLAN AND KUNDUZ REPORTEDLY THROUGH BRIBES. MORE IMPORTANTLY, MASOOD SEEMS WELL-SUPPLIED FOR THE EXPECTED FIGHTING COME THE WARM WEATHER.

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COMMENT  
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11. (C) AS WE HAVE REPORTED MANY TIMES BEFORE (SEE REF B, FOR EXAMPLE), IT IS WORTH NOTING THAT THE WAR IN AFGHANISTAN IS VERY SMALL-SCALE -- WHAT PASS FOR MAJOR BATTLES USUALLY INVOLVE ONLY SEVERAL HUNDRED IRREGULAR SOLDIERS. IN ADDITION, DECISIVE EVENTS ARE USUALLY SHAPED BY THE INDIVIDUAL ACTIONS OF SEVERAL KEY THEATER COMMANDERS, WHO OFTEN DEFECT AND REDEFECT. HIGH-TECH MILITARY ITEMS ARE NOT IN USE; ALMOST ALL THE WEAPONS ARE INEXPENSIVE, LOW-TECH, SOVIET-MADE ITEMS (NOW AVAILABLE AT FIRE SALE PRICES IN GREY ARMS MARKETS DIRECT FROM FAILING MANUFACTURERS IN EASTERN EUROPE AND THE FORMER SOVIET UNION).

12. (C) COMMENT (CONTINUED): IN SHORT, THE FACTIONS ARE FIGHTING A VERY LIMITED WAR ON THE CHEAP. THAT SAID, SLIGHT VARIATIONS IN FUNDING AND SUPPLIES CAN MEAN THE DIFFERENCE BETWEEN VICTORY AND DEFEAT. FOR EXAMPLE, IN AUGUST AND SEPTEMBER 1998, IF THE TALIBAN HAD NOT HAD FUNDS AVAILABLE TO BRIBE KEY COMMANDERS, IT MIGHT HAVE BEEN MUCH HARDER FOR THEM TO TAKE MAZAR-I-SHARIF AND BAMBIAN. BUT THEY DID HAVE THE MONEY AND, AFTER USING IT, THEY CAPTURED THESE STRATEGIC TOWNS WITH EASE. SIMULTANEOUSLY, IF IT HAD NOT BEEN FOR THE RECEIPT OF COPIOUS SUPPLIES FROM IRAN, MASOOD MAY NOT HAVE SURVIVED THE PRESSURE PLACED ON HIM BY THE TALIBAN LATE LAST YEAR. WITH RESPECT TO THE CURRENT SITUATION, FLOWS OF MONEY AND SUPPLIES SEEM TO BE TURNING AGAINST THE TALIBAN. THE PROBLEM DOES NOT APPEAR TO BE OVERLY SERIOUS AT THIS TIME AND SHOULD PROBABLY NOT HAMPER THEIR EXPECTED LARGE-SCALE EFFORT TO ATTACK JAMIAT POSITIONS THIS SPRING. NONETHELESS, IF THE TALIBAN'S MONEY AND SUPPLY

PROBLEMS ESCALATE, IT COULD PUT THEM -- NOT JAMIAT -- ON THE DEFENSIVE. HOWEVER, MASOOD HAS A PROBLEM TOO: BECAUSE A MUCH HIGHER PERCENTAGE OF HIS CURRENT WEALTH APPEARS TO COME FROM OUTSIDE SOURCES, HE IS MUCH MORE SUSCEPTIBLE THAN THE TALIBAN TO THE WHIMS OF HIS PATRONS. END COMMENT.  
MILAM

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