



SIPRI YEARBOOK 2010—TAKING STOCK IN AFGHANISTAN

In 2009 the conflicts in Iraq and Afghanistan continued. Some greater stability came to Iraq, and the United States announced a timetable for the withdrawal of combat troops from Iraqi cities and villages. Conditions worsened in Afghanistan. The USA more than doubled its troop levels in Afghanistan—from 32 000 at the end of 2008 to 68 000 at the end of 2009—with US President Barack Obama authorizing the deployment of an additional 30 000 troops in December 2009.

In this cross-cutting background material for media, SIPRI offers several aspects of the SIPRI Yearbook that deal with Afghanistan from various perspectives.

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Afghanistan: the opium economy, counternarcotics and the future of the state

■ EKATERINA STEPANOVA, from Chapter 2, 'ARMED CONFLICT, CRIME AND CRIMINAL VIOLENCE'

Afghanistan is the locus of one of the world's most intense major armed conflicts and of the great majority of global poppy cultivation and opiate production. While the area under poppy cultivation decreased in both 2008 and 2009, it remains more than 35% greater than that in the pre-2001 peak year of 1999.

The thriving opium economy continues

Factors behind the exponential growth of the opium economy have been its role as a socio-economic adaptation strategy for peasants in a country torn by decades of armed conflict and dominated by the shadow economy; the potential income from trafficking opiates, which make it the most lucrative illicit business for many smuggling networks overlapping with tribal and clan networks; and the role of the illicit drug business in financing the Taliban-dominated insurgency. This last factor has grown significantly in importance since the early years after the invasion, as the insurgency has gained strength and extended areas under its control. In 2006–2007, various insurgent groups and warlords collected \$200–400 million a year in drug-related funds, according to United Nations Office on Drugs and Crime (UNODC) estimates. The UNODC is, however, careful to emphasize that those who profit from the opium business in Afghanistan include 'a broad range of profiteers, at home and abroad', including purely criminal groups and even government officials.

This material is composed of extracts from the 2010 SIPRI Yearbook assembled for media reporting purposes. Everything in this background information may be quoted referring to the author of the Chapter.



According to the head of the UNODC, Antonio Maria Costa, Afghan opiates were in 2009 feeding a global trade in heroin that resulted in over 10 000 narcotics-related deaths in NATO member countries alone. The implications of Afghanistan's booming opium economy for its neighbours, such as Iran, and the major transit and consumer states bordering the region, such as Russia, were even more serious.

Assessing counternarcotics measures

Even though the Afghan opiates do not threaten the United States directly, from 2001 the USA was the largest contributor to counternarcotics efforts in Afghanistan, allocating about \$2.9 billion in financial years (FY) 2001–2009. However, in March 2009 the US Special Representative for Afghanistan and Pakistan, Richard Holbrooke, called this 'the most wasteful and ineffective program I have seen in 40 years in and out of the government'. In 2009 the Obama Administration called for a major review of US counternarcotics policy in Afghanistan. The revised policy formally moved away from the USA's usual heavy reliance on forced eradication and prioritized a combination of interdiction—more effective drug seizures, targeting drug traders, cross-border traffickers and heroin laboratories—and alternative development measures, such as crop substitution.

A more fundamental question, as in the case of anti-piracy efforts along the Somali coast, is whether counternarcotics can ever succeed in Afghanistan while the state is unable to establish even a minimally functional presence in much of the country. Deeply embedded drug economies have never been—and cannot be—effectively undermined by external forces or actors. In the few cases where an opium economy has been reduced it has primarily come as the result of actions by functional national authorities, usually with minimal foreign aid. Afghanistan in 2000–2001 is another case in point. In 2001, the year of the US-led invasion, Afghan opium production had been reduced by 91% in a year following the imposition of a religious ban on poppy growing by the Taliban regime.

Experience has shown that a major opium economy can be substantially weakened only if two basic, underlying conditions are in place: favourable global and regional market conditions; and functioning state capacity, including some basically functioning governance in drug-producing areas.

The prospects for peace

The prospects for a decisive military victory for either the insurgency or the Afghan Government and its international backers were bleak in 2009. Rather, the confrontation seems set to drag on for years. In these circumstances, no mix of counternarcotics measures, hard or soft, will succeed. A sustainable reduction in Afghan opium production is completely dependent on the re-establishment of some form of functional governance able to restore some public services and provide minimal law and order and a non-confrontational relationship with the local population in areas that are out of stable control



by the national government or foreign forces. This goal requires durable ceasefires; it is unlikely to be achieved in the midst of continuing armed confrontation with the Taliban. It is hoped that the increasingly vocal and high-profile calls for negotiation with at least parts of the insurgency heard at the beginning of 2010 will bear fruit.

Afghanistan: challenging the peace operation classification

■ SHARON WIHARTA AND STEPHANIE BLAIR, from Chapter 3, 'CIVILIAN ACTORS IN PEACE OPERATIONS'

■ KIRSTEN SODER AND KRISTER KARLSSON, from Appendix 3A, 'MULTILATERAL PEACE OPERATIONS, 2009'

Global trends

A total of 54 peace operations were conducted in 2009, taking place in 34 different locations. Six operations closed during 2008 and no new operation was launched in 2009, resulting in the first fall in the total number of operations since 2001. However, the upward trend in the number of deployed personnel continued into 2009: deployment totals increased by 16% over 2008 to reach 219 278, of which 89% were military personnel and 11% were civilian staff. The known cost of peace operations reached a new record of \$9.1 billion.

With no new operations in 2009, the increase in the number of personnel deployed was due to troop reinforcement for existing operations, most significantly for the NATO-led International Security Assistance Force (ISAF) in Afghanistan. For the fourth year running, ISAF was the largest operation, and during the year it became the largest ever NATO operation as its troop level increased from 51 356 to 84 146—an increase of 64%.

The classification of ISAF as a peace operation is contentious and has potentially significant methodological consequences. In addition to the UN-mandated task of providing security, ISAF has taken on the tasks of helping Afghan authorities to strengthen good governance and the rule of law and supporting reconstruction and development. However, since 2006, when ISAF expanded its area of operation into the south and east of Afghanistan, it has become more and more engaged in the fight against insurgents alongside the US-led Operation Enduring Freedom—Afghanistan (OEF-A). In 2009 nearly 33 000 additional troops were deployed to ISAF—almost 26 000 of them US troops—to 'stabilize the deteriorating situation in Afghanistan' and support the Afghan security forces in counter-insurgency efforts against the Taliban. This shift to counterinsurgency arguably goes beyond the tactical use of force as employed by a robust peace operation—it is now a core part of ISAF's aims and activities.



Afghanistan: Euro–Atlantic security and institutions

■ ALYSON J. K. BAILES AND ANDREW COTTEY, from Chapter 4, 'EURO–ATLANTIC SECURITY AND INSTITUTIONS: REBALANCING IN THE MIDST OF GLOBAL CHANGE'

NATO's most challenging operation

The ongoing conflict in Afghanistan, by far the largest and most challenging military operation that NATO has faced to date, was the biggest issue confronting NATO in 2009. The situation in Afghanistan was an increasingly worrying one from the perspective of the international community: the central government remained weak, unable to exert control or implement policies across much of the country; violence against both NATO forces and Afghan army, police and government personnel and facilities continued to escalate; and the Taliban were able to operate relatively freely in significant parts of southern and eastern Afghanistan and exercised de facto control over some areas.

The number of troops under NATO command in Afghanistan, as part of the International Security Assistance Force (ISAF), rose from 55 100 in January 2009 to 89 400 troops by March 2010. Given that the United States is by far the largest contributor of troops in Afghanistan, US policy inevitably drives wider NATO policy in the country. The Obama Administration came to power committed to withdrawing US troops from Iraq but equally to intensifying US efforts in Afghanistan, and it initiated a comprehensive review of Afghanistan policy.

The Obama Administration's efforts to define and coordinate US policy

On 22 January Richard Holbrooke was appointed as US Special Representative for Afghanistan and Pakistan and tasked with coordinating policy towards the two countries across the US Government. The decision indicated not only the belief that US policy needed to be better coordinated, but more importantly the view that Afghanistan cannot be addressed separately from Pakistan.

The conclusions of the Obama Administration's policy review were announced on 27 March. The 'core goal' of US policy was defined as 'to disrupt, dismantle, and defeat al Qaeda and its safe havens in Pakistan, and to prevent their return to Pakistan or Afghanistan'. Key elements of the policy included (a) an integrated Afghanistan–Pakistan policy, treating the two countries as 'one challenge' to be backed up by significantly increased US and international counterterrorism support to Pakistan; (b) increased international troop numbers in Afghanistan, with a particular emphasis on supporting the training of the Afghan National Army (ANA) and Afghan National Police Force (ANP), including 4000 more US troops in addition to the 17 000 announced in February, for training Afghan security forces; and (c) increased civilian resources to support stabilization and reconstruction efforts in Afghanistan.



According to Obama, the US strategy was threefold: an intensified military effort to turn the tide against the Taliban but also to create the circumstances in which security could gradually be handed over to Afghan forces and NATO and US forces could leave; a parallel civilian surge to support reconstruction and development in Afghanistan; and a strengthened partnership with Pakistan to counter terrorism.

NATO scepticism and commitment in Afghanistan

NATO's leaders reaffirmed the alliance's ongoing engagement in Afghanistan at the Strasbourg–Kehl Summit in April 2009, stating that 'we remain committed for the long-run to supporting a democratic Afghanistan that does not become, once more, a base for terror attacks or a haven for violent extremism that destabilises the region and threatens the entire International Community'. In addition, NATO's leaders agreed to establish the NATO Training Mission-Afghanistan (NTM-A).

One central aspiration of the new NATO–US strategy was to reverse the Taliban's gains in southern Afghanistan—in particular in Helmand province, a major centre of Taliban influence—by using the increase in troops to not only defeat the Taliban in particular engagements, but also to hold territory gained and provide security for the local population.

As of early 2010, the outcome of NATO's intervention in Afghanistan remained deeply uncertain. Meanwhile, there is ongoing debate over how far it is desirable or possible to negotiate with the Taliban—or elements thereof—in order to bring them into Afghanistan's political process. Although other NATO governments have formally supported the US-led strategy in Afghanistan, there is significant scepticism about the direction of that strategy. This scepticism was reflected in decisions by the Canadian and Dutch governments to withdraw their troops from Afghanistan, discussions of similar withdrawals in other NATO countries and the reluctance of France and Germany to significantly increase their troop presences in Afghanistan. Afghanistan appears likely to pose deeply troubling challenges for NATO in 2010 and beyond.

Afghanistan: military expenditure in context

■ SAM PERLO-FREEMAN, OLAWALE ISMAIL AND CARINA SOLMIRANO, from Chapter 5, 'MILITARY EXPENDITURE'

Military expenditure in Afghanistan cannot be separated from the ongoing conflict in the country, the role played by the United States and other international forces, and military aid from the USA. Like Iraq, Afghanistan faces challenges to rebuild its army from scratch and to sustain, over the long term, a military capable of securing the state. Unlike Iraq, Afghanistan has no oil revenues, and so has a much smaller budget than Iraq. Afghanistan's revenues cannot pay for the country's reconstruction, including the army.



Afghanistan's military spending has increased steadily, at an average annual rate of 7.5% since 2003, when the Afghan National Army (ANA) started to increase its size. In 2009 military expenditure totalled 12.8 billion afghanis (\$250 million), an increase of 19% in real terms over 2008 and of 55% since 2003. This major increase also reflects the fragile security situation in Afghanistan, which has deteriorated since 2005: the number of attacks by insurgent groups increased from 2388 in 2005 to 10 889 in 2008.

Supporting and developing Afghan security forces

In 2009 the Afghan Government reported that security spending—that is, spending by the Defence and Interior ministries—absorbed 47% of Afghanistan's core operating budget. The domestic funding of Afghanistan's military is dwarfed by external military aid: 94% of ANA funding in 2009 came from military aid. Between 2002 and 2009, the USA provided \$14.2 billion for the ANA and \$7 billion for the Afghan National Police (ANP). In 2009 alone it provided \$4 billion for the ANA and \$1.5 billion for the ANP—almost double the total given in 2008. The Afghan Government is committed to funding only the core costs—salary and food—of 70 000 military personnel. Thus, the Afghan Government will remain dependent on external aid for the continued build-up of the ANA and ANP.

The attempt to increase the size of the ANA has met some challenges including high illiteracy rates, a low proportion of Pashtun recruits and reluctance by some soldiers to fight fellow Afghans. After months of recruiting objectives being missed, a salary increase in 2009 helped to raise the number of ANA and ANP recruits. The new salary—\$240 per month—is intended to compete with the payments offered by the Taliban. Self-reliance for the Afghan military would require expenditure far higher than current national budgetary resources allow; Afghan President Hamid Karzai has acknowledged that achieving self-reliance could take 15 years.

Spending on the conflict in European countries

One factor in the military expenditure decisions of numerous European countries is their participation in NATO's International Security Assistance Force (ISAF) in Afghanistan. This is most acute for the United Kingdom, which has the largest European force in Afghanistan and which is most directly involved in combat operations.

At the end of 2009 the UK had 9500 troops in Afghanistan, followed by Germany (4280), France (3750) and Italy (3150). For most countries, the cost of these deployments represents a relatively small share of their overall military spending. Germany budgeted €570 million (\$792 million) for operations in Afghanistan in 2009, and France €330 million (\$458 million), while Italy budgeted €242 million (\$336 million) for the first 6 months of 2009.

For Germany this represents 1.7% of total military spending and for France less than 1%, while for Italy the implied annual cost is 1.8% of total military spending. The costs are much



more significant for the UK, which budgeted £3.5 billion (\$5.4 billion) for Afghanistan operations for the financial year 2009/10, 9.2% of total military spending. British spending on Afghanistan has increased exponentially from just £46 million (\$75 million) in 2003/2004, especially since the deployment of forces in the Taliban stronghold of Helmand province in 2006.

The growing costs of conflict for North America

The conflict in Afghanistan has also been causing a growth in costs in both Canada and the USA. Canada's military expenditure reached 22.3 billion Canadian dollars (\$19.2 billion) in 2009, an increase of 6.6% in real terms over 2008, and of 49% compared to 2000. Afghanistan accounted for a significant share of this increase. Canada had 2830 troops stationed in Afghanistan as of the end of 2009.

The Canadian Government has estimated that the total 'incremental costs' (i.e. costs that would not have been incurred were it not for the conflict) of the Afghanistan mission would total 11.3 billion Canadian dollars (\$9.9 billion) by the time that Canadian forces are due to leave in 2011; 9 billion Canadian dollars (\$7.9 billion) of this is for the Department of National Defence.

President Obama presented his first budget request (for FY 2010) to the Congress in May 2009. The proposed budget included \$534 billion for the 'base' Department of Defense (DOD) budget, which covers the regular expenditure of the DOD not directly related to the conflicts in Afghanistan and Iraq. The proposed budget also included a separate request for \$130 billion for 'Overseas Contingency Operations' (OCO), which covers the costs of these conflicts.

The FY 2010 budget presented in May 2009 did not take account of President Obama's decision in November 2009 to send an additional 30 000 troops to Afghanistan, which will take the number of US troops in Afghanistan to 98 000—treble the level at the end of 2008. As a result, the administration presented a \$33 billion supplemental request for FY 2010 to the Congress in February 2010, despite Obama's intention to abandon the practice.

Afghanistan: fuelling arms production

■ SUSAN T. JACKSON, from Chapter 6, 'ARMS PRODUCTION'

While companies headquartered in the United States again dominated the 'SIPRI Top 100 arms producing states', for the first time a non-US headquartered company registered the highest level of arms sales—BAE Systems of the United Kingdom. The conflicts in Afghanistan and Iraq continued to heavily influence sales of military equipment such as armoured vehicles, unmanned aerial vehicles (UAVs) and helicopters in 2008.



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Contact: Stephanie Blenckner
Communications Director
Tel: +46 8 655 97 47
Mobile: +46 70 86 55 360
Email: blenckner@sipri.org

Thirteen companies increased their arms sales by more than \$1 billion in 2008 (compared with 12 in 2007) and 23 increased these sales by more than 30% (compared with 25 in 2007), reflecting overall trends in military expenditure and procurement.

There are several factors behind these increases. First, and most significantly, was military equipment procurement for the conflicts in Afghanistan and Iraq. Second, the sales of companies providing military services continued to increase, also partly in relation to the conflicts in Afghanistan and Iraq.

Military equipment companies: armoured vehicles and unmanned aerial vehicles

Armoured vehicle and UAV sales and contracts maintained their strength in 2008. Companies' sales reflect the impact of the Afghanistan and Iraq conflicts on armoured vehicle purchases. The largest cause of hostile deaths and injuries of US and other foreign armed forces in Afghanistan and Iraq is explosive devices, which can be countered by the use of armoured vehicles. The US armed forces are upgrading and replacing armoured vehicles due to wear and tear and loss in the conflicts.

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