

# BACKGROUND

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## U.S. Engagement Required: Afghanistan Must Avoid an Iraq-Style Breakdown

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### Abstract

*The surprise success of ISIS in a single year, since July 2014, which has put the future of Iraq in jeopardy, has prompted concern among U.S. policymakers that, as U.S. and coalition forces depart, Afghan forces could face a similar threat from the Taliban. While Afghanistan does not face the same Sunni–Shia sectarian divisions that have fueled the fighting in Iraq, the Afghan government remains dependent on international financial support, and the Afghan security forces require U.S. air support, equipment, training, and intelligence to maintain an edge over the Taliban. Similar to Iraq, Afghanistan could quickly erupt into chaos if U.S. and international forces depart as hastily as scheduled. The U.S. should continue to lead coalition efforts to help stabilize Afghanistan by leaving a residual U.S. force in the country as long as necessary, and drop all arbitrary deadlines for withdrawal. The successful March 2015 visit to the U.S. by Afghan President Ashraf Ghani and his coalition partner, Chief Executive Abdullah Abdullah, demonstrates that there is an opening to build a more effective and long-lasting U.S.–Afghan partnership to deny global terrorists the opportunity to revive their base of operations in the country.*

This past year's surprise success of the Islamic State (ISIS), which has put the future of Iraq in jeopardy, has prompted concern among U.S. policymakers that, as U.S. and coalition forces depart, Afghan forces could face a similar threat from the Taliban. While Afghanistan does not face the same Sunni–Shia sectarian divisions that have fueled the fighting in Iraq, the Afghan government remains dependent on international financial support, and the Afghan security forces require U.S. air support, equipment,

### KEY POINTS

- This past year's surprise success of the Islamic State, which has put the future of Iraq in jeopardy, has prompted concern among U.S. policymakers that, as U.S. and coalition forces depart, Afghan forces could face a similar threat from the Taliban.
- The Afghan government remains dependent on international financial support, and the Afghan security forces require U.S. air support, equipment, training, and intelligence to maintain an edge over the Taliban.
- The U.S. should continue to lead coalition efforts to help stabilize Afghanistan and leave a residual U.S. force in the country as long as necessary, dropping all arbitrary deadlines for withdrawal.
- Washington should also maintain assistance programs that help bolster democratic trends and contribute to economic development and regional economic integration.
- Focusing on a long-term strategy of engagement with Afghanistan will contribute to regional stability and deny global terrorists the opportunity to revive their base of operations in the country.

This paper, in its entirety, can be found at <http://report.heritage.org/bg3038>

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training, and intelligence to maintain an edge over the Taliban. Similar to Iraq, Afghanistan could quickly erupt into chaos if U.S. and international forces depart as hastily as scheduled, especially if financial and diplomatic support for the National Unity Government dwindles.

The U.S. should continue to lead coalition efforts to help stabilize Afghanistan by leaving a residual U.S. force in the country as long as necessary. The White House decision in late March to extend the U.S. troop presence in Afghanistan by at least six months was welcome, but the Administration should drop all arbitrary deadlines for withdrawal. Although the U.S. aid footprint will inevitably diminish, Washington should maintain assistance programs that help bolster democratic trends, contribute to economic development and regional economic integration, and that can be insulated from the pervasive corruption that plagues Afghan society. The successful March visit to the U.S. by Afghan President Ashraf Ghani and his coalition partner, Chief Executive Abdullah Abdullah, demonstrates that there is an opening to build a more effective and long-lasting U.S.–Afghan partnership that can contribute to regional stability and deny global terrorists the opportunity to revive their base of operations in the country.

### **Unity Government Forms**

Following a three-month political crisis over allegations of voter fraud in the presidential runoff election held last June, the contenders signed a power-sharing agreement on September 21, 2014, in which Ashraf Ghani was made president and Abdullah Abdullah the chief executive. The two leaders appear genuinely committed to making the power-sharing deal work, but delays in establishing a cabinet demonstrate the inherent challenges of sharing governance between competing bases of power. It took nearly five months to put into place the finance, foreign affairs, and interior ministers, and the government has still not appointed a defense minister, the head of the supreme court, and many provincial governors.

With the establishment of the National Unity Government, Afghanistan has shifted from a presidential system to a combination of a presidential and

parliamentary form of governance. The National Unity Government Agreement states that the president and chief executive will make policy decisions in consultation with the cabinet, which is run by the president. The chief executive, in turn, is responsible for managing the cabinet's implementation of government policies and chairing weekly meetings of the Council of Ministers. The agreement holds that the two sides will hold a Loya Jirga (consultative assembly) by the end of 2016 to amend the constitution and convert the chief executive position into a permanent prime minister position.

### **U.S. Extends Troop Presence as Attacks Escalate**

Shortly after assuming power, Ghani signed the U.S.–Afghanistan Bilateral Security Agreement (BSA), paving the way for the U.S. to leave a residual non-combat force presence in the country. President Ghani and Chief Executive Abdullah held successful meetings in Washington in March, securing a commitment to a long-term partnership from President Barack Obama, as well as an extension of the American troop presence by keeping 9,800 U.S. forces in place at least through the end of this year.

During an address to a joint session of the U.S. Congress, President Ghani went to great lengths to extend Afghanistan's appreciation for U.S. sacrifices in the country, while making clear that the ultimate goal of his government is to establish Afghan self-reliance. He touted the fact that three million Afghan girls are enrolled in primary school and that the average Afghan lifespan had increased from 44 years to over 60 years since 2002.<sup>1</sup> Ghani received a warm welcome from U.S. congressional members, relieved to see the departure of former President Hamid Karzai, who frequently criticized the U.S. role in Afghanistan and had become toxic to the relationship.

Last year, President Obama had pledged to cut U.S. force levels to 5,500 by the end of 2015, and then to zero by the end of 2016. But President Ghani's request earlier this year that the U.S. reconsider the timeline for withdrawal, and growing concern among U.S. policymakers about the potential for Afghanistan's security to deteriorate in the absence of international

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1. Islamic Republic of Afghanistan, Office of the President, "President Ghani's Address to the U.S. Congress," March 25, 2015, <http://president.gov.af/en/news/president-ghanis-address-to-the-us-congress> (accessed June 29, 2015).

forces (similar to the situation in Iraq last summer), led the White House to adjust its withdrawal schedule slightly by keeping more troops in Afghanistan at least until the end of 2015. The White House says it remains committed to withdrawing all U.S. forces, except those necessary to protect the U.S. embassy, by the end of 2016. President Ghani's willingness to agree to U.S. terms for military engagement, such as easing restrictions on U.S. night raids and air strikes, likely also contributed to the White House decision to extend the U.S. troop presence.

There are around 13,200 U.S. and NATO forces currently stationed in Afghanistan as part of the Resolution Support mission to train and advise Afghan forces. NATO formally ended combat operations last December, but coalition forces regularly conduct airstrikes in support of the Afghan forces, and American Special Operations Forces (currently numbering around 2,000) continue to carry out raids on Taliban and al-Qaeda hideouts.

Since taking the lead for security operations last year, the Afghan forces have fended off Taliban advances, but have suffered record-level casualties. The U.S. Commander in Afghanistan, General John F. Campbell, told members of the U.S. Senate Armed Services Committee in February that the Afghan security forces remain in firm control of all key terrain and in all 34 provincial capitals.<sup>2</sup> General Campbell praised the professionalism of the Afghan security forces, and drew a distinction between the Afghan Army's non-partisanship and neutrality compared to their Iraqi counterparts. Moreover, in late June, the United Nations envoy to Afghanistan, Nicholas Haysom, said the commitment of the Afghan troops is "beyond question," and that they were "demonstrating resilience in the face of insurgent efforts to take and hold ground."<sup>3</sup>

Even so, the number of Afghan security forces (police and army) killed or wounded increased by 70 percent in the first four months of this year compared to last year.<sup>4</sup> The fighting is also taking a heavy toll on the civilian population. The United Nations says there has been a 16 percent increase in civilian casualties in the first four months of 2015 (around 1,000 killed and 2,000 injured).<sup>5</sup>

The Taliban began its annual spring offensive in April and has intensified fighting in all parts of the country, including in Helmand, Uruzgan, Kunduz, and Balkh provinces. In late April, the Taliban overran several outposts in Kunduz in the north, and came close to taking the provincial capital, causing 100,000 Afghans to flee their homes. The Afghan Army sent reinforcements to the area but the region is still being contested with the Taliban capturing two districts near the capital in late June.

In what was likely the most high-profile attack carried out since the beginning of the year, six armed insurgents stormed the Afghan parliament on June 22, as lawmakers considered the nomination of Masoom Stanekzai as the new defense minister. No members of parliament were harmed, but two civilians were killed in the attack. An Afghan intelligence official said that a Pakistani intelligence officer helped plan the attack with militants from the notorious Haqqani network, which former head of the U.S. Joint Chiefs of Staff Admiral Michael Mullen once called a "veritable arm of Pakistani intelligence." Other major attacks included a massacre of 30 Afghan Army forces in Badakhshan in early April, and an attack that killed nine aid workers from a Czech organization that delivers education, health, and agriculture services in Balkh Province in early June.<sup>6</sup> The Taliban also killed 19 and wounded 60 in an attack on the Balkh provincial attorney general's office in April.

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2. "Statement of General John F. Campbell, USA, Commander, U.S. Forces-Afghanistan," before the Senate Armed Services Committee, February 12, 2015, [http://www.armed-services.senate.gov/imo/media/doc/Campbell\\_02-12-15.pdf](http://www.armed-services.senate.gov/imo/media/doc/Campbell_02-12-15.pdf) (accessed June 29, 2015).
  3. "Unprecedented Surge of Militants Plagues Afghanistan, UN Told," RFE/RL, June 26, 2015, <http://www.rferl.org/content/afghanistan-unprecedented-surge-militants-un-told/27090111.html> (accessed June 29, 2015).
  4. Jim Michaels, "Afghan Security Forces Suffer Record Casualties," *USA Today*, May 3, 2015, <http://www.usatoday.com/story/news/world/2015/05/03/afghan-security-forces-suffer-record-casualties/26828193/> (accessed June 29, 2015).
  5. Ali M. Latifi and Shashank Bengali, "American, 8 Other Foreigners Among 14 Killed in Attack on Kabul Guesthouse," *Los Angeles Times*, May 14, 2015, <http://www.latimes.com/world/afghanistan-pakistan/la-fg-kabul-guesthouse-attack-20150514-story.html> (accessed June 29, 2015).
  6. Mujib Mashal and Jawad Sukhanyar, "Gunmen in Northern Afghanistan Kill 9 Local Aid Workers," *The New York Times*, June 2, 2015, [http://www.nytimes.com/2015/06/03/world/asia/afghanistan-aid-workers-killed-in-attack.html?ref=world&r=1&utm\\_source=Saithru&utm\\_medium=email&utm\\_term=%2AAfPak%20Daily%20Brief&utm\\_campaign=New%20Campaign](http://www.nytimes.com/2015/06/03/world/asia/afghanistan-aid-workers-killed-in-attack.html?ref=world&r=1&utm_source=Saithru&utm_medium=email&utm_term=%2AAfPak%20Daily%20Brief&utm_campaign=New%20Campaign) (accessed June 29, 2015).

There have been a number of high-profile attacks in Kabul aimed directly at the expatriate community. In mid-May, Taliban insurgents attacked the Park Palace hotel in central Kabul, killing 14, including an American and eight other foreigners. Two weeks later, Afghan security forces repulsed an attempted attack by four gunmen armed with assault rifles and a grenade launcher on a guesthouse in the diplomatic enclave. Around the same time, a European Union vehicle was attacked near the airport in Kabul, killing a British contractor.

### ISIS Penetrates Afghanistan and Pakistan

An effort by ISIS to establish influence in Afghanistan (and Pakistan) has complicated the militant landscape and is contributing to instability. ISIS claimed responsibility for a suicide bombing outside a bank in Jalalabad on April 18 that killed 35 people. A Taliban spokesman denied any involvement in the attack and condemned it.

There have been sporadic reports of clashes between ISIS militants and the Taliban in eastern and southern Afghanistan and one former Taliban leader, Mullah Abdul Rauf, who pledged allegiance to ISIS earlier in the year, was killed in a drone strike in Afghanistan in February. On July 7, a U.S. drone strike in Nangahar province killed more than two dozen ISIS fighters, including Shahidullah Shahid, former spokesman for the Pakistani Taliban, who defected to ISIS ranks last year.<sup>7</sup> ISIS is reportedly establishing bases in Kunar and Nangarhar provinces, and some Afghan officials claim that elements of ISIS were fighting alongside the Taliban in the northern province of Kunduz.<sup>8</sup>

ISIS will face challenges in trying to make significant inroads into Afghanistan. The Afghan Taliban is still closely allied with al-Qaeda, which currently views ISIS as a direct competitor, vying for financial resources, recruits, and ideological influence. This competition was evident in a letter sent by the Taliban to ISIS leader Abu Bakr al-Baghdadi in mid-June, urging the group not to take actions that could lead to “division of the Mujahideen’s command.”

An Afghan Taliban commander told the Western media in May that elements of ISIS had started recruiting in the country and were moving in groups of a few dozen, conducting military exercises.<sup>9</sup> He said that Taliban commanders are aware that their fighters are impressed with the territorial gains ISIS has made in Iraq and Syria.

Al-Qaeda leader Ayman al-Zawahiri recently reaffirmed support for Afghan Taliban leader Mullah Omar as “commander of the faithful,” a title to which ISIS leader al-Baghdadi has staked a rival claim. While some disgruntled Taliban could defect to ISIS ranks or be coaxed to join through financial allurements, it is highly unlikely that ISIS would supplant the Taliban as the major fighting force in the country.

That said, the U.S. must be alert to the potential for ISIS to merge with al-Qaeda and the Taliban and thus play a greater role in both Afghanistan and Pakistan. According to U.S. terrorism expert Daveed Gartenstein-Ross, al-Qaeda is likely conducting covert operations aimed at convincing ISIS branches to come back into the al-Qaeda fold. The two organizations sometimes cooperate tactically in various regions, and Gartenstein-Ross believes that one reason al-Qaeda does so is to pave the way for re-absorption of parts of ISIS.<sup>10</sup> Afghan President Ghani warned U.S. congressional members in March of the “terrible threat” posed by ISIS (or Daesh, the acronym of the group’s full Arabic name), claiming that the group had sent operatives to southern and western Afghanistan to scope out the potential for increasing its role there. During a visit to Iran in mid-April, Ghani and his Iranian counterpart announced plans to enhance their security cooperation against ISIS, including possibly holding joint Afghan–Iranian military operations.

In Pakistan, six Tehrik-e-Taliban (TTP, Pakistani Taliban) leaders reportedly pledged support for ISIS last October. Chairman of the Joint Chiefs Martin Dempsey noted during congressional testimony in January that factions of the TTP were adopting the ISIS ideology and shifting their loyalties to

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7. Sudarsan Raghavan and Tim Craig, “Drone Strikes Kill Key Islamic State Figures in Afghanistan,” *The Washington Post*, July 10, 2015.

8. “Afghan Forces Defend Kunduz from Taliban,” BBC, May 7, 2015, <http://www.bbc.com/news/world-asia-32620595> (accessed June 29, 2015).

9. Emma Graham-Harrison, “Taliban Fears Over Young Recruits Attracted to ISIS in Afghanistan,” *The Guardian*, May 7, 2015, <http://www.theguardian.com/world/2015/may/07/taliban-young-recruits-isis-afghanistan-jihadis-islamic-state> (accessed June 29, 2015).

10. Daveed Gartenstein-Ross, “Defining and Defeating the Global Islamist Insurgency,” remarks at Heritage Foundation panel discussion, May 5, 2015, <http://www.heritage.org/events/2015/05/global-islamist-insurgency>.

al-Baghdadi. A group calling itself the Islamic State in Khorasan<sup>11</sup> claimed responsibility for a brutal bus attack in Pakistan that killed 45 Ismaili Shia in mid-May. The TTP and another group, Jundullah, also claimed credit for the attack, however, making it unclear exactly who carried it out.

## Afghanistan–Pakistan Rapprochement Stalls

President Ghani prioritized reaching out to Pakistan during his first six months in office and took several steps to improve ties, including handing over captured Pakistani Taliban leaders allegedly involved in the December 16, 2014, attack on the military school in Peshawar that killed over 150, mostly children. Ghani also agreed to send Afghan cadets for training in Pakistan, something the Pakistan military has long sought. While attending the graduation ceremony of the Afghan cadets, Afghan Army Chief General Sher Mohammad Karimi referred to Pakistani Army Chief General Raheel Sharif as his “brother and good colleague.” Most significantly, Ghani has toned down the Afghan security partnership with India to quell Pakistani fears of an Indo–Afghan alliance directed against Pakistan. While the Afghan government reportedly suspended an earlier request for major arms from India in December, it did accept New Delhi’s delivery of three helicopters in April.

Following several major recent Taliban attacks and public backlash in Afghanistan over proposed intelligence cooperation with Pakistan, Ghani sent a letter to Pakistani officials, warning that he would reverse his recent diplomatic outreach unless Islamabad reins in Afghan Taliban elements sheltering inside Pakistan.<sup>12</sup> He further called on Islamabad to put Taliban leaders under house arrest and to go after Haqqani network militants, who are suspected to have carried out many of the recent high-profile attacks in Afghanistan.

While Pakistani leaders have made helpful statements criticizing Taliban fighting in Afghanistan, Ghani’s letter makes clear that Pakistan must back up these declarations with specific actions, or risk jeopardizing the nascent rapprochement. On April 30, Pakistani Prime Minister Nawaz Sharif condemned the Taliban’s announcement of its spring offensive in Afghanistan. Pakistani Foreign Secretary Aziz Ahmad Chaudhry also called on the Taliban to reach agreement with the National Unity Government and declared that Pakistan is not a safe haven for the Taliban. “Afghanistan’s enemy will be treated as Pakistan’s enemy while Pakistan’s enemies will be treated as Afghanistan’s enemies,” the head of Pakistan’s Inter Services Public Relations, Major General Asim Bajwa, said in a tweet in May.<sup>13</sup>

The former Pakistani permanent representative to the U.N., Munir Akram, stated that President Ghani’s visit to Pakistan last September had convinced the Pakistani security establishment that Ghani’s diplomatic outreach was genuine. Akram noted, “Far from a regime entrenched in hostility and resentment towards Pakistan, Islamabad found a leader who acknowledged the vital and symbiotic nature of Pakistan–Afghan relations and understood Pakistan’s concerns regarding India’s role in Afghanistan.”<sup>14</sup> U.S. Commander in Afghanistan General John Campbell said in recent congressional testimony that consultations between Afghan and Pakistani corps commanders were promising, but that any substantial change in their military and political cooperation would be only incremental.<sup>15</sup>

Unless the Pakistan government matches Ghani’s gestures with similar peace moves, like handing over Afghan Taliban leaders to Kabul or using its influence to push the Taliban to halt attacks and compromise in peace negotiations, Ghani will lose support for his attempts at rapprochement with Islamabad and the window for improving ties will close. While more amenable to economic cooperation with the

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11. “Khorasan” is an Islamic historical term used to describe the area encompassed by Afghanistan, parts of Pakistan, and parts of other countries bordering Afghanistan. ISIS uses the term to describe its branch of operations in South Asia.
  12. Margherita Stancati and Habib Khan Totakhil, “Afghan President Demands Pakistan Do More to Rein in Taliban,” *The Wall Street Journal*, June 1, 2015, <http://www.wsj.com/articles/afghan-president-demands-pakistan-do-more-to-rein-in-taliban-1433094347> (accessed June 29, 2015).
  13. “Afghanistan’s Enemy Is Pakistan’s Enemy, Too: COAS,” *PakistanToday.com*, May 13, 2015, <http://www.pakistantoday.com.pk/2015/05/13/national/afghanistans-enemy-is-pakistans-enemy-too-coas/> (accessed July 13, 2015).
  14. Munir Akram, “Afghanistan: Is Hope Real?” *Dawn.com*, March 29, 2015, <http://www.dawn.com/news/1172504> (accessed July 13, 2015).
  15. “Statement of General John F. Campbell, Commander, USA, Commander, U.S. Forces–Afghanistan,” before the Senate Armed Services Committee.



Afghans, the Pakistanis have, so far, shown little inclination to actively disrupt the Afghan Taliban's ability to operate while based in Pakistan. The Pakistanis are focused on fighting the TTP and are reluctant to open another front with the Afghan Taliban. Pakistani security officials also want to maintain relations with the Afghan Taliban as an insurance policy against India's expanding influence in Afghanistan. When asked about the Afghan Taliban last fall, Pakistani National Security Advisor Sartaj Aziz said that Pakistan should not antagonize groups that pose no threat to it.

In what could be an effort by Pakistani leaders to salvage the Pakistani–Afghan rapprochement, Islamabad hosted peace talks between Taliban leaders and the Afghan government in early July.<sup>16</sup> Afghan leaders say another round of dialogue will occur in mid-August. While Islamabad does not fully control the Taliban, it plays an influential role with Taliban leaders based on its territory and has proved in the past it can disrupt peace talks, if it so chooses.

Pakistan's current willingness to facilitate negotiations between the Afghan authorities and senior Taliban leaders is welcome and demonstrates a first step toward meeting Afghan demands. But talks will have to be accompanied by a reduction in Taliban attacks before the Afghan people will show solid support for a reconciliation process. Furthermore, there are doubts about whether there is widespread support for the talks among the various Taliban factions although Taliban Supreme Leader Mullah Omar last week endorsed the talks, saying Islam permits dialogue with the enemy.

### China Steps up Engagement

President Ghani made his first official visit to China in late October—a signal that he prioritizes building relations with Beijing and envisions it playing a role in helping to coax Islamabad to support a reconciliation process in Afghanistan. China—worried about regional instability spilling across its borders—is indeed showing interest in playing a larger role in Afghanistan. With the departure of U.S. and

NATO forces from the region, Beijing has taken sharper notice of the challenges posed by the Taliban and other extremist groups in the Afghanistan–Pakistan region.

Last year, China appointed a Special Representative for Afghanistan, Sun Yuxi, a Chinese diplomat with ambassadorial experience in Afghanistan and India. Beijing said the creation of the special envoy position was aimed at ensuring “lasting peace, stability and development for Afghanistan and the region.”<sup>17</sup> Experts gathered at a workshop on Afghanistan in Doha, Qatar, in February agreed that Pakistan was under Chinese pressure to contribute to a peaceful solution involving the Afghan Taliban.<sup>18</sup>

China has also taken a leading role in a 14-country initiative called the Heart of Asia–Istanbul Process to enhance economic cooperation, dialogue, and security among Afghanistan and other countries in the region. The Beijing Declaration issued at the fourth Ministerial Conference of the Istanbul Process last October affirmed the member countries' commitment to dismantling terrorist sanctuaries and training bases and promoting regional economic cooperation, transport connectivity, and infrastructure development in Afghanistan.

China is even taking an active part in trying to help catalyze peace talks between the Afghan government and the Taliban. Beijing hosted a Taliban delegation in China last November and facilitated informal talks between Afghan peace envoy Masoom Stanekzai and a Taliban delegation with close ties to Pakistani intelligence in Urumqi, the capital of the western region of Xinjiang, in May.

China's economic investments in Afghanistan have so far been limited mainly due to security concerns. In 2007, the Chinese state-owned company Metallurgical Corporation of China (MCC) signed a \$3 billion deal to develop the Mes Aynak copper mine near Kabul, but the project is on hold as MCC seeks to renegotiate the terms of the contract amid concerns about recent insurgent attacks in the area. The future of the project has come under further question following accusations that developing the mine

16. Mujib Mashal, “Kabul Says Taliban Were Authorized to Talk,” *The New York Times*, July 10, 2015.

17. Ankit Panda, “China Announces Special Envoy for Afghanistan,” *The Diplomat*, July 19, 2014, <http://thediplomat.com/2014/07/china-announces-special-envoy-for-afghanistan/> (accessed June 29, 2015).

18. Sultan Barakat and Brooke Smith-Windsor, “Post-ISAF Afghanistan: The Early Months,” *Brookings Institution Doha Center Report*, May 6, 2015, <http://www.brookings.edu/research/reports/2015/05/bdc-nato-afghanistan-event-report> (accessed June 29, 2015).

would disturb a historically and culturally important archaeological site that has only been partially excavated. In 2011, the China National Petroleum Company secured rights to develop oil fields in northern Afghanistan, with a plan to invest \$400 million.

To further its goal of promoting regional stability, China is seeking to deepen its partnership with Pakistan through economic investment and infrastructure development. Beijing recently pledged \$46 billion in investments in road, rail, and energy projects in Pakistan to eventually establish an economic corridor running from Kashgar in western China to the Gwadar Port in Pakistan's Baluchistan province. The Pakistan investments form part of China's "One Belt, One Road" initiative aimed at linking its western provinces to the Middle East and Europe through massive new investments in infrastructure.

### **Economic Future Depends on Regional Integration**

The Afghan economy has taken a significant hit with the drawdown of U.S. and NATO forces, and an increasingly uncertain security situation. Weak budgets have been endemic in Afghanistan, and recent cuts in foreign assistance have brought the issue to a head. The afghani (Afghan currency) has dropped about 5 percent in the first quarter of 2015, and gross domestic product growth slowed to around 2 percent in 2014. Thousands of Afghans have lost jobs at military bases that have been closed down, and unemployment, in general, remains a major challenge to growth and development. Investment and revenues declined in 2014, forcing the government to operate on a month-to-month basis.

Afghanistan remains heavily reliant on foreign aid, which makes up 40 percent of its national budget of roughly \$7 billion.<sup>19</sup> At the donors' meeting in London last December, the international community committed to providing development aid through 2017 at or near the levels of the past decade. The U.S. pledged \$1.6 billion in aid for Afghanistan in fiscal year 2015.

In order to create long-term fiscal stability in the country, the Ghani-led government will have to create a stable investment climate that encourages private-sector development, especially of the country's

vast mineral and natural resources. As a former World Bank economist and co-author of the 2009 book, *Fixing Failed States: A Framework for Rebuilding a Fractured World*, Ashraf Ghani comes to the job well prepared to tackle Afghanistan's economic woes.

Afghanistan's future economic success depends largely on its ability to integrate with other economies in the region, namely Pakistan. Developing greater economic links with its neighbors would enhance private-sector investment in the country's infrastructure and generate customs receipts, thereby allowing Afghanistan to be less reliant on donor aid. Ghani has put forth a development strategy based on regional connectivity through trade, transit, and investments, in hopes of making Afghanistan a key transit country for Central and South Asia. A modest step toward regional integration was made last December when Pakistan, Afghanistan, Tajikistan, and Kyrgyzstan formalized an agreement, the Central Asia South Asia Electricity Transmission and Trade Project (CASA-1000), to allow the export of electricity from Tajikistan and Kyrgyzstan to Pakistan and Afghanistan. During Ghani's visit to Washington, he and President Obama agreed to organize a meeting of like-minded nations to discuss Afghanistan and regional integration on the margins of the 2015 U.N. General Assembly.

A Pakistani delegation led by Trade Minister Khurram Dastgir Khan made an important visit to Kabul in mid-April in which the two sides shared a draft preferential trade agreement aimed at reducing transportation costs of traded goods. Ghani has said he wants to double trade with Pakistan to \$5 billion.

To be fully successful, though, regional economic integration must also include India. During President Ghani's recent visit, Indian Prime Minister Narendra Modi called for India to be part of the Afghanistan-Pakistan Trade and Transit Agreement to allow goods to flow from Afghanistan via Pakistan to India. India has provided \$2.2 billion in aid to Afghanistan over the past decade, helping fund projects including the new parliament building; the Zaranj-Delaram road connecting Iran to Afghanistan; a transmission line from Pul-e-Khumri to Kabul; and the Salma Dam. In 2011, a consortium of Indian companies won the bid to develop the Hajigak iron ore mine in

19. Radha Kumar, "Afghanistan 2015: The Quest for National Unity," Delhi Policy Group, 2015, p. 32, <http://www.delhipolicygroup.com/publications-detail/afghanistan-2015-the-quest-for-national-unity.html> (accessed June 29, 2015).

Bamiyan province, but the project has stalled due to security concerns.

Developing Afghanistan's untapped mining and minerals industry could hold the key to Afghanistan's economic future. A survey released in June 2010 by the U.S. Department of Defense said Afghanistan may have untapped mineral resources worth over \$1 trillion.

Turkmenistan has recently renewed its interest in the Turkmenistan–Afghanistan–Pakistan–India (TAPI) pipeline project as it seeks to diversify energy-export markets and reduce dependence on China as a consumer.<sup>20</sup> The proposed pipeline, for which the Asian Development bank serves as transaction advisor, remains delayed by lack of funding and interest from an established international operator. Security concerns remain at the fore as the proposed pipeline would cut across southern Afghanistan, where the Taliban insurgency is strongest, and the Baluchistan province of Pakistan, which also faces an active insurgency.

### The U.S. Must Stay Engaged

The U.S. must maintain robust engagement in Afghanistan, including through support for the Afghan security forces and investments in economic projects that involve the private sector and encourage regional economic integration. Ghani's attempts to foster reconciliation with the Taliban, while welcome, are unlikely to bear fruit in the near term since the Taliban likely calculates that a military solution could still go in its favor. The Taliban is counting on international funding and military support to dry up, weakening the Afghan Army and undermining political stability.

If the U.S. continues its commitment to Afghanistan's security and if the new Afghan government delivers on its promises of reform and economic growth, the Taliban could eventually become demoralized and start to fracture, leading some elements of the insurgency to consider reconciliation with the government. To hasten this outcome, the U.S. should:

- **Maintain current U.S. force levels in the country so long as conditions on the ground merit it.** President Obama's decision to extend

U.S. troop presence in Afghanistan by at least six months is welcome, but he should scrap all deadlines for withdrawal. Although U.S. and NATO combat operations have ended, it is necessary that the international coalition continue to backstop the Afghan forces. Maintaining the coalition presence has both psychological and practical purposes. It builds confidence among the Afghan forces, helps keep Taliban ambitions in check, and allows the U.S. a toe-hold in the country, in the event that fighting escalates and American forces need to re-engage in military operations.

If the Taliban retakes territory in Afghanistan, core al-Qaeda would be able to revive itself and again find a facilitative environment from which to operate, just as it did before 9/11. This would be an unacceptable situation in terms of U.S. national security. It is arguable that had the U.S. maintained some level of force presence in Iraq beyond 2011, ISIS may have been prevented from taking over parts of the country as it has done over the last year.

- **Continue to provide training, financing, and other military support to the Afghan security forces.** The U.S. should continue to extend aviation and intelligence support, battlefield advice, financial resources, and training and capacity-building assistance to the Afghan security forces. Air support is particularly critical in order for the Afghan forces to maintain an edge over the Taliban. The U.S. confirmed during Strategic Dialogue talks in March that it would seek funding to support the Afghan forces at the level of 352,000 troops through at least 2017. The U.S. must follow through on this commitment.
- **Maintain ability to conduct counterterrorism missions, including drone strikes.** In addition to helping the Afghan forces keep the Taliban at bay, the U.S. needs to maintain the ability to conduct counterterrorism missions in the country. This includes maintaining bases from which to launch drone strikes in the Afghanistan–Pakistan border areas, which remain a hotbed for al-Qaeda and a host of other extremist groups intent

20. Ibid.



on attacking the U.S.

- **Articulate a long-term Afghan strategy and explain how it supports U.S. national security objectives.** The White House has done a poor job of explaining its strategy in Afghanistan to the American public over the past six years. President Obama also erred in announcing a draw-down strategy for U.S. troops in 2009 before the surge troops had even deployed to the country. The White House must shift its focus from talking about a full troop withdrawal to explaining why long-term U.S. engagement in the country, including a residual force presence, is critical for protecting U.S. national security interests.
- **Increase coordination and cooperation with China to stabilize Afghanistan.** The U.S. should welcome China's interest in pursuing a more active diplomatic and economic strategy in Afghanistan and Pakistan. The U.S. and China have converging interests in the region including denying safe haven to global terrorists, developing and integrating the economies of Afghanistan and Pakistan, and promoting political reconciliation in Afghanistan. Washington and Beijing should hold official talks on ways to increase cooperation, such as providing technical assistance to both Afghans and Pakistanis to help them control their shared border and prevent non-state actors from crossing at will. Washington and Beijing could also coordinate diplomatic messaging aimed at encouraging the Afghan government to remain unified and functional. Regarding assistance issues, the Chinese have traditionally focused more on targeted investments in infrastructure and natural resource extraction than on providing direct aid. The U.S. should leverage Chinese interest in stabilizing Afghanistan by encouraging the Chinese to help finance the Afghan military. While U.S. and Chinese security interests overlap in some areas in Afghanistan, their long-term regional goals are not in full alignment. Thus the U.S. cannot expect to "subcontract" Afghanistan to China.

- **Prioritize regional economic connectivity and trade, and consider incentivizing it in part through the opening of U.S. markets.** The U.S. should make regional economic integration the centerpiece of its long-term strategy in South Asia. This includes prioritizing Afghan-Pakistani trade and investment initiatives as well as convincing Pakistan to enhance its economic relationship with India. The U.S. should encourage Pakistan to allow shipment of Indian goods through its territory to Afghan markets, pointing to the financial and other benefits that Pakistan would accrue from serving as a transit country.

The U.S. must also continue to press Pakistan to move forward with granting India non-discriminatory market access (NDMA), another term for most-favored-nation (MFN) trading status. India granted Pakistan MFN status in 1996, but Pakistan has yet to reciprocate. To convince Pakistan to move forward with NDMA for India, the U.S. will have to make the case to Pakistani army officials. According to a recent report by the Congressional Research Service's South Asia specialist K. Alan Kronstadt, it is widely acknowledged that the Pakistani army is obstructing efforts of the Pakistani business community to deepen commercial and trade engagement with India, holding it hostage to resolution of the Kashmir dispute.<sup>21</sup> The U.S. should condition any further opening of its markets to Pakistani textile exports on Pakistan opening trade with India.

- **Stop using national security waiver authority to provide security-related assistance to Pakistan** despite its failure to crack down on the Haqqani network and Lashkar-e-Tayyiba (LeT), as required by U.S. law. For the past several years, the Obama Administration has invoked the national security waiver to skirt issues related to Pakistani support for terrorist groups like the Haqqani network and LeT. Recently released files found at Osama bin Laden's compound in Abbottabad confirm a close relationship between the Haqqanis and al-Qaeda. According to the documents, which were released in February as

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21. K. Alan Kronstadt, "Pakistan-U.S. Relations: Issues for the 114th Congress," *Congressional Research Services Report*, May 14, 2015, p. 9, <https://fas.org/sgp/crs/row/R44034.pdf> (accessed July 13, 2015).

evidence in the U.S. trial of terrorist leader Abid Naseer, Siraj Haqqani cooperated with al-Qaeda in an attack on Bagram Air Base, and the Haqqanis acted as brokers in obtaining ransom for the Afghan ambassador when he was held hostage by al-Qaeda in Pakistan. Unless the U.S. follows through on withholding military aid to Pakistan on the basis of its support to terrorist groups, Pakistan will continue to serve as a base of operations for groups that both threaten regional stability and are responsible for attacks against the U.S.

### **Taking the Long View**

The U.S. must remain closely engaged with Afghanistan and develop a long-term strategy for encouraging regional cooperation and integration. This will entail keeping a residual U.S. force presence in the country over the next several years and continuing vital assistance programs that support the security forces and encourage economic growth and development.

Rather than focusing on how quickly the U.S. can remove its troops from the country, the Obama Administration should develop a long-term strategy for stabilizing the region and degrading the serious terrorist threat that emanates from both Afghanistan and Pakistan.

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