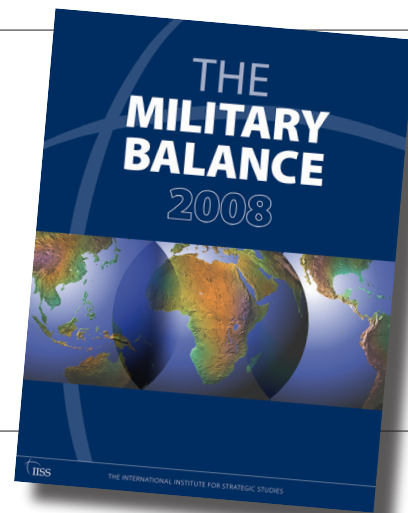


THE MILITARY BALANCE 2008



Executive Summary

This 2008 edition of *The Military Balance* is published in the 50th year of The International Institute for Strategic Studies (IISS). *The Military Balance 2008* is a comprehensive and independent assessment of the military capabilities of 170 nations and a reference work on developments in global military affairs. As well as textual analysis of defence and security developments, *The Military Balance* includes the following key features:

- **Military capabilities:** force structures and military equipment holdings by service, role and equipment type
- **Defence economics:** analysis of national and international developments affecting defence budgets and procurement, with selected supporting data and tables, including the trade in weapons and equipment
- **Comprehensive tables:** comparisons of international defence expenditure and military manpower; selected military operations and training activity
- **Wallchart:** detailed Chart of Conflict showing current conflicts around the world, with selected supporting tables.

Iraq and Afghanistan

As in recent editions, there is considerable focus on operations conducted by the US and its coalition allies in Iraq and by NATO and allied forces in Afghanistan. In both missions, multinational forces continue to grapple with the complexities of creating and maintaining security in order to allow reconstruction efforts to gain ground.

In Iraq, while the 'surge' of US troops announced by President George W. Bush in January 2007 contributed to a reduction in violence in Baghdad and some other areas, criminality, intra-communal militia violence and sectarian strife remained commonplace and continued to undermine political and economic initiatives. Groups such as al-Qaeda in Mesopotamia continued to conduct mass-murder attacks in an attempt to destabilise the security situation and maintain levels of sectarian unrest. Meanwhile, Jaish al-Mahdi (JAM), Shia cleric Moqtada al-Sadr's militia, was relatively restrained, with al-Sadr himself decamping to Iran for the first five months of the surge and JAM largely taking its forces, many of which had been used in the

sectarian cleansing of Baghdad neighbourhoods, off the streets. As the surge progressed and as security improved, communities in Anbar, northern Babil, Diyala and Salahuddin provinces, as well as Baghdad, openly rejected al-Qaeda in Mesopotamia. In spite of the fall in attacks and in the number of US combat deaths, it is nevertheless expected that Bush's successor will take office with at least 100,000 American troops still stationed in Iraq. The scope for Western forces to reduce their military commitments in Iraq depends on the capability of the country's security forces. Progress so far has been mixed, with advances made in the army, but less so in the police.

In the US, Congressional and public pressure is mounting for a reduction in troop numbers to below pre-surge levels – after which the mission of US forces would shift towards providing advice and support to Iraqi security forces – although the deterioration in the security situation in 2006 highlighted the danger of transitioning prematurely to Iraqi forces. US military leaders are placing much focus on military preparedness for potential conflicts beyond Iraq, while some senior defence officials are concerned that continued large-scale commitments in Afghanistan and Iraq are diverting resources from other security requirements. While US defence secretary Robert Gates has said that 'asymmetric warfare will remain the mainstay of the contemporary battlefield for some time', others are arguing that the true lesson of Afghanistan and Iraq is that the US should in future avoid the protracted commitment of its forces in favour of military operations that promise rapid, decisive results.

Across the wider Middle East, there are signs that several countries in the region are upgrading their military capabilities, with tensions over Iran's nuclear ambitions remaining high. As well as allocating higher domestic funding to security forces, Egypt and Israel will receive an increase in external military aid and equipment from the US. In August 2007, the Bush administration unveiled plans for a significant increase in military assistance to Israel (from US\$24bn to US\$30bn over 10 years) and Egypt (US\$13bn over 10 years), as well as for weapons exports to Saudi Arabia and other Gulf regional allies, thought to include missile-defence equipment, aircraft and naval assets, and amounting to at least US\$20bn.

In Afghanistan, the NATO-commanded International Security Assistance Force and US-led coalition forces have continued to conduct counter-insurgency operations against the Taliban-led insurgency. While the military task remains part of an international strategy to boost Kabul's authority, this is still lacking in many parts of the country. However, there has been an increased effort to train units of the Afghan National Army and police – more successful with the former than the latter. While joint Afghan-ISAF operations have brought increased security to some areas, nobody, least of all military commanders, believes there is a purely military solution to Afghanistan's problems.

Regional analysis

In East Asia, the Chinese test of an anti-satellite missile in January 2007 focused attention on China's military modernisation efforts, in this case particularly on developments in missile guidance, command and control. Beijing's defence White Paper, published in December 2006, gave more information than in previous documents, in particular on aspirations for the individual service arms of the People's Liberation Army (PLA). However, there continued to be concern, especially in the US, about a lack of transparency and the consequent difficulty in assessing PLA developments. An internal debate among military and defence industry policymakers appears to be nearing a conclusion as to whether to embark on an aircraft-carrier programme and The People's Liberation Army Navy is acquiring new types of nuclear and conventional submarines. Meanwhile, the Shanghai Cooperation Organisation conducted its largest military exercise, entitled *Peace Mission 2007*, in August.

India's reach into maritime Asia will be enhanced by an ambitious warship-construction programme that projects an expanded carrier-based, multi-dimensional force into the next decade and beyond – the Indian navy plans to strengthen its eastern fleet, basing an aircraft carrier in the Bay of Bengal in the next five years. Though India is concerned about Chinese activities in its vicinity, India and China are attempting to develop a bilateral defence relationship.

In Europe, the defence debate in 2007 was at times dominated by US proposals to place elements of its ballistic-missile defence system in Eastern Europe as well as by Russia's declaration of a moratorium on participation in the Conventional Forces in Europe Treaty. A shortage of military resources hindered NATO's operations in Afghanistan, while the application of national 'caveats' on the use of forces continued to be of concern to commanders. In January 2007, the European Union's rapid-deployment battlegroups were said to have reached full operational capability. However, defence spending in Europe continued to fall as a proportion of the size of national economies: in 2000, the non-US members of NATO committed 2.0% of GDP to defence, but by 2006 this had fallen to 1.75% of GDP and only five European countries (Bulgaria, France, Greece, Turkey and the UK) managed to achieve the NATO guideline level of 2% of national output.

Following more than a decade of painful military reform, Russia's armed forces are becoming more capable. The modernisation of the strategic forces is a priority for President Vladimir Putin. The resumption in August of strategic bomber flights by long-range aviation aircraft, suspended since the mid 1990s, served as an indication of Russia's improved financial position as much as its strengthening military power. Despite high tension between Russia and the West, there is a degree of pragmatism and cooperation in defence relations, with a number of bilateral and multilateral events taking place.

In Africa, conflict continued to dominate the defence and security debate. While a new UN-African Union Hybrid Mission in the Darfur region of Sudan had by late 2007 started to deploy initial elements, concerns were raised over the level of cooperation of Sudan's government as well as logistical and equipment difficulties. Meanwhile, Ethiopian forces remained in Somalia in support of the transitional government, while an AU presence lacked much of its authorised force-strength. In the Democratic Republic of the Congo, continued instability and conflict in the east absorbed the attention of the international community and the UN force. Meanwhile, a new international mission is being established by the European Union, designed to support the existing UN presence in Chad and the Central African Republic.

In Latin America, nations continue to modernise their armed forces in the midst of differing security challenges. Weapons-exporting countries believe that with buoyant economies and ageing weapons systems, Latin American markets offer good opportunities for the sale of new military equipment.

Essays

The Military Balance 2008 includes an essay on Unmanned Aerial Vehicles (UAVs). At least 32 countries are developing more than 250 models of UAVs. Development costs, as well as operating costs, can be substantial; personnel savings may be more imagined than real; and a rise in the numbers and sophistication of platforms means increased supporting infrastructure, such as communications bandwidth, is needed. Although unit costs may presently be below many manned platforms, such cost differences may narrow as systems presently found on manned aircraft are further integrated into UAVs.

The book also includes a review of the past year's developments in the US and European defence industries. Europe's largest weapons manufacturers have undergone important changes over the past year, while their US counterparts enjoyed another year of booming business and rising profits as a result of substantial Pentagon spending on the acquisition of equipment and services. The essay says that in Europe, 'more effective coordination of customers' requirements would facilitate the creation of a more streamlined industry meeting European rather than national needs, and would enable governments to deliver better value for their taxpayers' money'.