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Latin America: military modernisation or arms race?

Military procurements in Latin America have sparked fears of a new arms race, led by Venezuela. But is it really a build-up or more a need to modernise ageing hardware?

Now defused, the border confrontation between Colombia and Venezuela in early March has underlined the continued volatility of a region where recent procurement activity has led to forecasts of a new Latin American arms race.

Venezuelan president Hugo Chavez is usually viewed as the instigator of the race, as he has drastically increased the country's defence procurement levels, buying front-line fighters and other equipment from Russia. Several other Latin American nations have followed suit, seeking to restore and enhance their decrepit military inventories.



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The Mexican navy has taken delivery of Eurocopter Panthers

"While some might see this as a potential arms race, I believe that it is more nations' attempts to meet a pent-up demand for modernisation of their armed forces," says Rebecca Barrett, Latin America analyst with Forecast International. "This is not to say that Venezuelan procurement activity is not extravagant, or necessary to the extent to which President Chavez has brought it," she says. "He remains the region's hot-headed leader who will continue to incite non-allying nations until the end of his term."

The most recent instigation was Chavez's belligerent reaction to a 1 March raid by Colombian forces into neighbouring Ecuador to strike a rebel camp. The raid, which involved the Colombian air force's Embraer Super Tucanos, killed a senior commander of the insurgent Revolutionary Armed Forces of Colombia.

Chavez, who maintains relations with FARC, immediately warned Colombia that any similar raid into Venezuela would be a cause for war. Tensions between the two countries have been high for months, but appeared to ease after the exchange of rhetoric following the border incident.

They are not the only nations in the region that eye each other warily. In January, says Barrett, Peru's defence minister described Chile's military modernisation as a concern, but said that bilateral meetings between the neighbouring nations had helped created a climate of mutual trust.

"I believe this sentiment is felt throughout Latin America," she says. "While the surge in military procurement is rather alarming in the region, especially to those countries that can ill afford to compete or protect themselves, bilateral relations are key to the exact level of threat any military acquisitions may pose."

Latin American industry has only limited ability to meet the region's defence needs but it will be out in force at FIDEA 2008, the international air and space fair taking place at Arturo Merino Benitez international airport, Santiago, Chile from 31 March to 6 April.

Brazil's Embraer is its aerospace powerhouse, supplying training and support aircraft. But, other than upgrades, it is not playing a major role in providing front-line combat aircraft. The company's biggest military venture yet is the C-390 tactical transport, a twin-turbofan replacement for the Lockheed C-130, which could be launched this year.

Elsewhere, Lockheed Martin Aircraft Argentina is sustained by maintaining air force aircraft, although it has recently produced new AT-63 jet trainers and upgraded others. Chile's Enaer, meanwhile, has a significant aerostructures business to complement its maintenance activity, but is not currently engaged in aircraft manufacture. As a result, the Latin American market is dominated by the French, Israelis, Russians and, where foreign policy allows, the USA.

Argentina - In November the Argentine air force purchased four ex-airline Saab 340B transport aircraft to replace its ageing Fokker F27s. Acquired from Saab Aircraft Leasing for \$34 million, the first two are scheduled for delivery in the second half of 2008 and the final two in 2009.

Argentina has been negotiating with the USA for the purchase of Lockheed Martin F-16 fighters. The cost and number of aircraft to be procured has yet to be established, but Argentina is also considering a French counter-offer of 12 surplus Dassault Mirage 2000s at a cost of 90 million euros (\$140 million).

With signs that a recent chilling of relations with the USA may be thawing, the F-16 remains at the top of Argentina's wish list. "The Mirages are not likely to be procured unless the F-16 negotiations fall through," says Barrett. Argentina's last US combat aircraft purchase was 36 upgraded McDonnell Douglas A-4AR Skyhawks in 1994.

Brazil - Under the newly reactivated FX-2 project, the Brazilian air force is to receive 36 fighters at a cost of \$2.2 billion. The original F-X competition was abandoned in February 2006, and the decision to resurrect the fighter procurement was made largely because budget cuts have severely compromised aircraft availability, with less than 40% of the air force's 719 aircraft airworthy and spares shortages affecting maintenance.

Brazil is also concerned by neighbouring Venezuela's rapid build-up of new fighters and helicopters. Recent Brazilian procurement activity has been the \$60 million, five-year lease of 12 ex-French air force Mirage 2000C/Bs, the last of which arrive this year. Embraer is also upgrading the air force's Northrop F-5E/Fs and AMX strike aircraft.

Contenders for FX-2 are expected to include the Dassault Rafale, Eurofighter Typhoon, Saab Gripen and Sukhoi Su-35, and possibly the Boeing F/A-18E/F Super Hornet. "Initial purchases will be from whichever company offers the best package of technology transfer," says Barrett. "The Su-35 is a preferred option at this point."

Colombia - In a deal estimated to be worth \$200 million, Colombia is purchasing 24 refurbished Kfir fighters from Israel. To be upgraded with new avionics by Israel Aerospace Industries, the aircraft will arrive at the beginning of 2009.

Colombia says the procurement is not a response to neighbouring Venezuela's military build-up, as the aircraft will replace the air force's ageing fleet of Kfirs, survivors of 13 delivered in 1989-90 and upgraded once, and 12 Mirage 5COAs. One unconfirmed report says the Kfir deal includes the option for an Israeli-modified Boeing 767 tanker.

The Colombian air force will receive the last of its 25 Super Tucanos in 2008, and Barrett says recent developments include the completion of overhaul work that has returned Colombian army's US-supplied Sikorsky UH-60 Black Hawks to service.

Chile - A progressive modernisation is under way in Chile, where the navy in October 2007 purchased three EADS Casa C-295 maritime surveillance and search-and-rescue aircraft with an option for an additional five. The aircraft will be equipped with EADS Casa's FITS mission system. Chile also purchased two used Airbus A310s from EADS, one for use as a presidential transport, the other potentially as an aerial refuelling tanker.

In December 2007, the Chilean air force ended a long-running competition with the signing of a contract for 12 Bell 412

helicopters for troop transport and search-and-rescue. The deal was a blow for India, which had offered the Hindustan Aeronautics Dhruv light utility helicopter with assistance from IAI.

Chile's previous major procurements included the 2002 purchase of 10 new F-16C/D Block 50s, topped up by the acquisition of 18 surplus F-16As from the Netherlands, upgraded to F-16MLU standard.

"Chile also intends to award a contract for a new satellite system sometime in the first quarter of 2008," says Barrett. "The government is prepared to invest around \$70 million in the system in order to monitor its borders."

Dominican Republic - In response to increased drug trafficking activity on the island nation, the Dominican air force has requested funding to purchase Embraer Tucanos to intercept drug flights. The order is pending approval in the Dominican congress. "Given US interest in fighting drug trafficking in the region, and the fact the Dominican air force has no interdiction aircraft available, approval will be encouraged," says Barrett.



© Embraer

Embraer's Super Tucano is operated by Brazil and Columbia

Mexico - The current Sedena surveillance system and Solidarid II satellite have both reached the end of their lives, Mexico needs new radar and satellite systems, says Barrett. There is a \$194 million request pending with the Mexican congress for replacement of both systems. "Although congress has ignored the request so far, it is likely to be approved as the existing systems have proved extremely useful in drug interdiction efforts," she says.

The Mexican air force has previously bolstered its surveillance capability with the purchase of one EMB-145SA airborne early warning and two EMB-145MP maritime patrol aircraft from Embraer. In 2004, the Mexican navy acquired three ex-Israeli Northrop Grumman E-2C AEW aircraft, upgraded by IAI before delivery.

Peru - The Peruvian government has recently said it is willing to invest some \$650 million over the next the three years to overhaul the armed forces, according to Barrett. Included in the government's plans is the acquisition of a complete territorial surveillance system. Peru is also looking to buy South Korea's Cessna A-37B light attack aircraft to top its fleet, she says, and is contending with Pakistan for the purchase.

There has been a hiatus in procurement since Peru re-equipped in the wake of its brief border war with Ecuador in 1995. The air force acquired RSK MiG-29 fighters and Sukhoi Su-25 attack aircraft from surplus Belarus stocks in 1996-98, a move that sparked the last Latin American arms race and prompted neighbouring Chile's purchase of F-16s.

Venezuela - The Chavez administration's purchases of Russian military equipment continue with the December 2007 contract for an initial four Kazan Ansat light utility helicopters. Venezuela also planning to buy 12 more Russian-built aircraft, says Barrett, with a mix of Ilyushin Il-76 transports and Il-78 tankers likely to be procured to replace the ageing Lockheed C-130s.

In 2006, the Chavez administration purchased 24 Sukhoi Su-30MK2 fighters, the last of which will be delivered to the air force this year. The Venezuela army, meanwhile, is receiving a total of 53 Mil Mi-17V5 transport, Mi-26T heavylift and Mi-35M2 combat helicopters. "There has been an application, but no contract yet, for the purchase of Russian Mi-28 Night Hunter combat helicopters," she says.

Particularly disturbing for the US government, which keeps up a war of words with leftist Chavez, Venezuela has plans with Belarus to develop an integrated air-defence and electronic-warfare system, as well as to purchase diesel-electric submarines from Russia.

But Barrett believes continued bilateral talks between nations will prevent Latin America's long pent-up military modernisation escalating into a regional arms race. "Venezuela has the equipment to be a threat but, for Hugo Chavez, so far it has only been talk," she says.

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