



Arms-R-Us: South America Goes Shopping

A WOLA Report on South American Defense Expenditures

For many years national defense budgets remained virtually unchanged in South America, but that seems to be changing quickly. Reports are surfacing of significant new arms purchases by Brazil, Venezuela, Ecuador, Chile, and Colombia, among others—most of whom are buying from the US, Russia, France and Brazil. Whether or not you call it an arms race, the increase is substantial; “in 2008 the 12 South American countries together channeled more than \$50 billion into military expenditures, about 30 percent more than in 2007.”¹

This background paper will address who is in the market and for what—both buyers and sellers of weapons—and the context in which these transactions are taking place. This is by no means an exhaustive report. Unfortunately, information on South America’s arms purchases is difficult to find and even more difficult to verify. More information is available on some countries than others, and the information that does exist is often vague. Many of the details about defense spending are not coming from governments or other official sources, but rather from a variety of media outlets and analysts. This is indicative of a related problem: a lack of transparency and diplomatic communication.

It is possible that many of the agreements for loans and arms purchases that the press reports may not be completed. But without official public information, these reports are often the first indicators of what is taking place. Since a significant change appears to be underway, this article reflects upon what has been reported from official and unofficial sources and the disconcerting security environment in which countries feel compelled to buy arms.

Investing in transparency and diplomacy can do much more to enhance regional stability than buying costly new weapons or establishing new military bases. We offer some guidelines for building regional trust, promoting cooperation, and maintaining peaceful relationships in and with South America.

Traditional conflicts, old threats, and new tensions

While there have not been recent cross-border wars in South America, significant underlying tensions exist. A South American arms race could awaken old and unresolved conflicts, aggravate present bilateral tensions, and fuel feelings of mistrust and fear among countries in the region.

South America is home to several long-standing disputes over territory and sea. Bolivia still claims territorial access to the coast in northern Chile, which Bolivia lost during the Pacific War in the 1800s. This territorial dispute has strained the relationship between the two countries and

¹ “Colombia bases row fuels arms race,” United Press International, September 2, 2009.
http://www.upi.com/Business_News/Security-Industry/2009/09/02/Colombia-bases-row-fuels-arms-race/UPI-80401251906121/

impacted their defense planning ever since.² In fact, they have not shared diplomatic relations since 1978. Chile and Bolivia define each other as *hipótesis de conflicto*, a term used in South America to identify and define conflicts and potential threats to a country. Even though Bolivia's relatively weak military capacities cannot measure up to Chile's strong armed forces, the conflict remains an unresolved source of tension.

Also impacting the Bolivian-Chilean conflict is Peru's maritime border dispute with Chile over control of the waters near the Peruvian-Chilean border.³ The lack of agreement over these waters' jurisdiction has led the Peruvian government to submit the case to the International Court of Justice in The Hague.⁴ Tension is building not only over this disagreement but also over Peru's support for Bolivia in their own territorial conflict with Chile. Once again, the Chilean and Peruvian armed forces define each other as *hipótesis de conflicto* and plan their defense strategies accordingly.

Along a similar line, Ecuador and Colombia continue to dispute Colombia's military incursion into Ecuadorian territory last year. Colombian Armed Forces crossed the border without the consent of Ecuador's government to attack a FARC camp 700 km into Ecuadorian territory. This caused major tension in the region. Not only were Ecuadorian forces mobilized on the border,⁵ but Venezuela also ordered the deployment of ten battalions to its border with Colombia after the attack on Ecuador.⁶

In response to these events, an OAS Ministers of Foreign Affairs meeting was urgently convened. "The OAS unanimously approved a resolution saying that Colombia had violated the 'principles of international law' by crossing into Ecuador."⁷ At the time, there was disagreement as to the terms of the OAS declaration since Ecuador wanted an explicit condemnation of Colombia's actions, but many countries were against this. In the end, the resolution adopted by the OAS stated that the Colombian attack against a FARC settlement in Ecuadorian territory amounted to a violation of Ecuadorian sovereignty.⁸

² See Carlota García Encina, and Carlos Malamud, "Potenciales focos de conflicto bélico en América del Sur II: ¿Puede la situación en Bolivia disparar un conflicto bélico regional?", Real Instituto Elcano, ARI N° 45, Madrid, May 12, 2008, pp. 1-10.

³ See Alejandro Díaz Quiroz and Martha García Damián, "El conflicto Perú-Chile: Cuando la interdependencia económica supera la potencialidad de un conflicto," *Razón y Palabra*, N° 82, Año 13, México DF, May 2008, en www.razonypalabra.org.mx; see also Carlos Gutiérrez, "Chile y Perú. Una continuidad histórica," *Perú Hoy*, N° 13, DESCO, Lima: Centro de Estudios y Promoción del Desarrollo, 2008, pp. 323-331. <http://www.desco.org.pe/peru-hoy.shtml>

⁴ See Jorge Ortiz Sotelo, "Nuestras complejas relaciones con Chile," *Perú Hoy*, Un año sin rumbo, N° 11, DESCO, Centro de Estudios y Promoción del Desarrollo, Lima, July 2007, pp. 258-259. <http://www.desco.org.pe/peru-hoy.shtml>

⁵ According to *The Military Balance*, these events led to a permanent increase in Ecuadorian military presence on the border with Colombia (see *The Military Balance*, 2009, The International Institute for Strategic Studies, London: IISS, 2009, Vol. 109 p. 52).

⁶ *The Military Balance*, 2009, The International Institute for Strategic Studies, London: IISS, 2009, Vol. 109 p. 52.

⁷ "Colombia raid 'must be condemned,'" BBC News, March 6, 2008, <http://news.bbc.co.uk/2/hi/americas/7280590.stm>

⁸ "Acuerdo de Colombia y Ecuador en la OEA," *La Nación*, March 6, 2008, http://www.lanacion.com.ar/nota.asp?nota_id=993251

This conflict is a reflection of the Andean region's generally unstable borders. The three-way border disputes and the ideological battle between President Uribe and Chavez are further complicated by Colombia's insurgency and terrorist groups—especially FARC. These non-state armed groups operate across borders, and have caused serious disputes between nations. Colombia has accused the Chavez administration of supporting FARC with arms, money, and territorial shelter, and they have also suggested that the terrorist groups operate freely in Venezuelan and Ecuadorian territory.⁹

Drug-trafficking and organized crime continue to plague the entire region. These threats are transnational in nature, playing out across borders and throughout the region. A large percentage of the violence carried out by illegal armed groups occurs on the Venezuelan-Colombian border, and this area has seen a similar increase in the movement of refugees and in the production and trafficking of drugs and arms.¹⁰

In an effort to combat drug-production, Colombia has implemented aerial fumigation of coca plantations. However, the spraying of glyphosate has not been limited to Colombian territory; they have also fumigated land over the borders with Ecuador and Venezuela, affecting the nearby Ecuadorian and Venezuelan population. These fumigations are said to have caused health problems, leading to accusations of human rights violations against the Colombian State. Ecuador has been particularly upset with Colombia, showing strong opposition to the practice, citing its treaties with Colombia regarding fumigations, which it says Colombia has violated.¹¹ The fierce disagreement has led Ecuador to strengthen its military presence on the border.¹²

Drug trafficking, fumigations, and the conflict against the FARC have led to an increase in “sicariato,”¹³ in massive forced displacements of people, and in insecurity, among other social impacts. According to the UN Refugee Agency, 250,000 Colombians have arrived in Ecuador looking for refugee status.¹⁴

Also increasingly troubling are the activities of the Peruvian insurgent group Shining Path, which was originally active during the 80's and 90's. Shining Path has resurfaced in the River Apurímac and River Ene Valley (VRAE), the region where the largest amount of cocaine is produced in Peru. They are seeking to expand their influence and to establish alliances with major drug traffickers in South America.¹⁵ This will undoubtedly further contribute to regional tension in the future.

⁹ Jaramillo, Lina María “Observatorio de Seguridad Suramericano, Reporte del 1 al 28 de febrero de 2007,” Fundación Seguridad & Democracia, Bogotá, March 2007, pp. 1-34.

¹⁰ López Rojas, María Camila “Efectos de la regionalización de la política de seguridad democrática para el desplazamiento en las fronteras de Colombia,” Colombia Internacional, N° 65, Enero-Junio, 2007, p. 146. <http://colombiainternacional.uniandes.edu.co/view.php/95/1.php>

¹¹ Jaramillo, Op.cit., pp. 13-25

¹² López Rojas, Op.cit., pp.143-145

¹³ “Sicarios” are hit men or hired killers used by drug traffickers to extort and kill people.

¹⁴ Jaramillo, Op.cit., pp. 25-26

¹⁵ Jaramillo, “Observatorio de Seguridad Suramericano,” pp. 27-28

Brazil, too, shares turbulent borders with the Andean countries, and it is particularly affected by the flow of migrants, terrorists and drug traffickers across their borders and the risk of a major spill-over of cocaine production into the Brazilian Amazon area¹⁶. Yet the Brazilian government has tried, for the most part, to avoid most of the Andean ideological disputes, assuming a more neutral role as a regional leader.

South America has traditionally been one of the world's most peaceful regions. The region's leaders have repeatedly made declarations committing to peace. Unfortunately, current events and the arms purchases in the region are only further fueling tensions—not promoting peaceful cooperation.

The U.S.' role in South America

The U.S. has enhanced its military presence in South America over the last few years. Unfortunately this change has stirred significant concern in much of Latin America.

The U.S. Navy's Fourth Fleet operates within Southcom's Area of Focus and was reactivated on April 24, 2008, after 58 years of inactivity. Headquartered in Mayport, Florida, the fleet has no permanently assigned ships but commands other ships, aircraft and submarines operating in the Caribbean, Central and South America.¹⁷

The reinstallation of the Fourth Fleet, which was not communicated to the countries of the region before its official announcement, produced confusion and concern in South America. The Mercosur Parliament met and voted against the reactivation of the American fleet. Brazil was especially wary of the stated rationale for the renewed presence. Having just discovered significant oil fields off the Brazilian coast, President Lula da Silva said, "well, the U.S. Fourth Fleet does concern me. Why? Because the Fourth Fleet is going to go exactly where we have just discovered oil."¹⁸

Following the Fourth Fleet decision, on October 30, 2009, Colombia and the United States signed an agreement that provides increased access for the U.S. military to Colombia's Palanquero base and six other military bases in Colombia. The U.S.-Colombia agreement establishes that the bases will be used by the U.S. military to enhance cooperation "in areas such as interoperability, joint procedures, logistics and equipment, training and instruction, intelligence exchanges, surveillance and reconnaissance capabilities, combined exercises and other mutually agreed activities, in order to address common threats to peace, stability, freedom,

¹⁶ "Latest Battleground in Latin Drug War: Brazilian Amazon," New York Times, October 30, 2000. <http://www.nytimes.com/2000/10/30/world/30BRAZ.html>

¹⁷ A Navy press release at the time also said, "Re-establishing the Fourth Fleet recognizes the immense importance of maritime security in the southern part of the Western Hemisphere, and signals our support and interest in the civil and military maritime services in Central and South America." U.S. Navy Press Release, April 24, 2008.

¹⁸ Quoted in *Clarín*, Buenos Aires, September 10, 2008.

and democracy.”¹⁹ The agreement signed with Colombia confirms a long-time alliance with the U.S. They have been cooperating in the war on drugs and the war on terrorism for over ten years under Plan Colombia, and the U.S. is a major provider of economic and military aid.

Nonetheless, the agreement itself is purposely vague. It states that the U.S. and Colombia will carry out any “mutually agreed activity” against any perceived threat, military or otherwise, allowing for virtually any military action. Given that it draws no definition or precision as to what missions the U.S. military will be allowed to carry out, as stated in previous WOLA documents, it “appears to be an agreement without borders... The U.S. has said that it is not their 'intention' to go beyond Colombia's borders, but 'intentions' can change over a 10 year agreement.”²⁰

There is real uncertainty in South America about the agreement’s goals and authorities, which was aggravated by the lack of diplomatic communication and information offered to the countries in South America during the negotiation process—all of which was done in secret. The strongest opponents to Colombia and the U.S., namely Venezuela and Ecuador, denounced the agreement as a potential threat to the strategic balance of the region. Venezuela calls the agreement a national security risk. After news of the agreement was leaked to the press, the Union of South American Nations (UNASUR) convened an emergency meeting in which Brazil, Chile and Argentina voiced their suspicion about the U.S.’ intentions in the region.

The two new U.S. military initiatives in Latin America—at a time when relationships are already strained—are not helpful in promoting stability. The lack of transparency, communication and diplomacy surrounding these new efforts is particularly harmful. With the controversial impact of the United States and the current regional conflicts in mind, we now move to examine the specifics of recent arms sales to the South America.

Regional Breakdown

In recent years, and especially during 2009, most South American countries have significantly increased their defense expenditures—namely Brazil, Venezuela, Colombia, Ecuador, Bolivia, Peru and Chile. It should be noted that Argentina and Uruguay have not been part of this trend; they continue to maintain comparatively low defense budgets.

Brazil is one of today’s major buyers and sellers of weapons in South America. Their foreign and defense policies are guided by a longstanding Brazilian desire: a seat as a permanent member in the UN Security Council.²¹ Brazil wants to be a global player on issues of defense,

¹⁹ Supplemental Agreement for Cooperation and Technical Assistance in Defense and Security between the governments of The United States of America and the Republic of Colombia, November 11, 2009.

²⁰ “US-Colombia military base agreement: More questions than answers.” WOLA, Press Release, November 25, 2009.

²¹ See Paulo Roberto De Almeida, “Brazil as a Regional Player and an Emerging Global Power. Foreign Policy Strategies and the Impact on the New International Order”, Dialogue on Globalization, Briefing Paper n° 8, Friedrich Ebert Stiftung, Sao Paulo, July 2007, pp. 1-12.

and the government has decided that this requires a strong Army with nuclear capacity and an enhanced military role on both a regional and international level. Among other things, Brazil's defense policy focuses on securing their borders with Colombia, Peru, and Bolivia, as well as protecting their own natural resources.

Brazil is the South American country spending the most on defense. According to the Stockholm International Peace Research Institute (SIPRI), Brazil is number twelve in the list of countries worldwide with the highest defense expenditures. Last year, it spent US\$23 billion, which represents 1.5% of its GDP for that year. Between 1999 and 2008, the military budget was increased by 29.9%. During Luiz Inácio Lula da Silva's administration alone, the budget has increased by an astonishing 50%.²²

Last year, Brazil and France signed one of the most important military deals in the region. This major alliance is worth US\$12 billion, with which the Brazilian government has tentative plans to buy five submarines (including one with nuclear capacity),²³ thirty six Rafael fighter jets from French aircraft manufacturer Dassault, and fifty Eurocopter EC-725 Super Cougar helicopters²⁴.

The agreement is based on a twelve year lease; it is expected that the transfer of technology and the production of components in Brazil, as well as the maintenance and installation of Helibras' line of production will all take place in this period. Eurocopter and its Brazilian subsidiary also announced the installation in Brazil of the first helicopter flight simulator in Latin America, which will be operational in two years. Additionally, the signed agreement includes the delivery of sixteen helicopters for the Brazilian Navy as well as sixteen for the Army and eighteen for the Air Force.²⁵

Brazil will buy four Scorpene attack submarines from France,²⁶ and they have already purchased at least 250 German Leopard tanks to enhance border defenses. They have also signed contracts to supply Brazilian-made military aircraft to Ecuador, and the Brazilian government has announced plans for a renewal of its arms manufacturing industries.²⁷ Finally, according to the BBC, the Brazilian Armed Forces have acquired a series of eight unmanned planes from Israel for patrolling its borders. Each airplane costs US\$4 million.²⁸

²² Paullier, Jean "Carrera armamentista sudamericana," BBC Mundo, August 10, 2009.

http://www.bbc.co.uk/mundo/america_latina/2009/08/090807_carrerarmamentista_sudamerica_jp.shtml

²³ "Argentina no compra armas y solo hace mantenimiento," Criticadigital.com, September 7, 2009.

<http://criticadigital.com/index.php?secc=nota&nid=29257>

²⁴ The Military Balance 2009, "The Ecuadorian military presence on the border with Colombia," p. 97.

²⁵ "Brasil detalla las tecnologías que adquiere de Eurocopter por 50 helicópteros," Infodefensa.com, September 22, 2009. <http://www.infodefensa.com/lamerica/noticias/noticias.asp?cod=1945>

²⁶ Munks, Robert "Could war erupt in arms-spree LatAm?" BBC News, September 15, 2009.

<http://news.bbc.co.uk/2/hi/americas/8256686.stm>

²⁷ "Colombia bases row fuels arms race," United Press International, September 2, 2009.

http://www.upi.com/Business_News/Security-Industry/2009/09/02/Colombia-bases-row-fuels-arms-race/UPI-80401251906121/

²⁸ Paullier "Carrera armamentista sudamericana," 2009

According to the International Institute for Strategic Studies (IISS), “since 2005 the [Brazilian] budget has increased by around 10% a year, and in 2008 it reached R42.7 billion (US\$20.1 billion) compared to US\$9.6 billion in 2004. The two main programs to benefit so far are the FX-2 fighter aircraft and the Navy’s ambitious nuclear-submarine program.”²⁹

Venezuela, the Bolivarian country led by Hugo Chavez, is increasing its military expenditures much like Brazil. Venezuela argues that they have to be prepared militarily in case of an invasion by the U.S. or Colombia, and they use these perceived threats as the justification for their increased defense expenditures.³⁰ Recently it was announced that Russia will be lending Venezuela more than US\$2 billion in order to finance the purchase of weapons, including surface-to-air missiles, ninety two Russian-made T-72 tanks, and a Smerch anti-aircraft missile launching system.³¹ The Russian missiles are said to be capable of reaching a range of 300 kilometers,³² and the tanks are meant to be deployed on the border with Colombia. The agreement also includes battleships, helicopters, and diesel submarines.³³

Russia announced that they will be constructing a weapons factory in the Aragua State of Venezuela. The factory will produce AK-103 automatic rifles and cartridges.³⁴ Russian Ambassador to Venezuela, Vladimir Zaemskiy, who announced the installation of the factory, also confirmed that the two countries are “completing contracts for the delivery of 53 Russian military helicopters for use on both military and humanitarian missions.”³⁵ Additionally, Venezuela signed an agreement with Russia on the mutual protection of classified information, making reliable information on arms sales even more difficult to find.³⁶

The Venezuelan-Russian alliance is not new. According to the Miami Herald, “Venezuela has already bought more than \$4 billion worth of Russian arms since 2005, including 24 Sukhoi fighter jets, dozens of attack helicopters and 100,000 Kalashnikov assault rifles.”³⁷ If we include Venezuelan arms purchases from Belarus, China and Spain, the country has spent almost US\$7 billion in the last three years.³⁸ According to IISS Military Balance 2009, “with its economy benefiting from high oil prices during the first half of 2008, Venezuela once again increased its

²⁹ The Military Balance 2009, “The Ecuadorian military presence on the border with Colombia.”

³⁰ Ibid.

³¹ Sibaja, Marco “Brazil’s Lula defends South America arms buildup,” The Miami Herald, September 18, 2009. <http://www.miamiherald.com/news/americas/AP/v-print/story/124052>.

³² “Chavez says buying Russian short-range missiles,” Reuters, September 11, 2009. <http://www.reuters.com/article/worldNews/idUSTRE58B0D720090912>, and Isacson, “The Region’s Defense Budgets,” 2009..

³³ Fraga, Rosendo “El fantasma de la carrera armamentista,” Nueva Mayoria, September 16, 2009. http://www.nuevamayoria.com/index.php?option=com_content&task=view&id=1773&Itemid=40

³⁴ “Venezuela: Russia is building weapons factory in Aragua,” Stratfor, December 1, 2009. http://www.stratfor.com/sitrep/20091201_venezuela_russia_building_weapons_factory_aragua

³⁵ Ibid

³⁶ Botia, Alejandro “Los secretos de la relación military entre Venezuela y Rusia,” El Tiempo, September 24, 2009. http://www.eltiempo.com/mundo/latinoamerica/los-secretos-de-la-relacion-militar-entre-venezuela-y-rusia_6189027-1, and “Los acuerdos militares entre Venezuela y Rusia seran secretos,” Infodefensa.com, September 25, 2009. <http://www.infodefensa.com/lamerica/noticias/noticias.asp?cod=1953>

³⁷ Sibaja, “Brazil’s Lula defends South America arms buildup,” 2009

³⁸ Paullier, “Carrera armamentista sudamericana,” 2009

defense budget. In 2006, the original budget had been set at bolivars (Bs) 4.47 trillion, but was later increased to Bs5.55 trillion, in 2007 the original budget was set at Bs5.51 trillion but was almost certainly increased during the year and in 2008 the initial budget figure was Bs7.12 trillion (US\$3.31 billion).³⁹

Colombia has also undergone an arms build-up in recent years, due in large part to its war against terrorism and drug trafficking. Colombia has the U.S.'s support and assistance in fighting FARC and its drug trade, which is one of its main means for obtaining arms. "Colombia... continues to be by far the largest recipient of US military aid in Latin America - some \$6.1 billion (£3.6 billion) since 1999."⁴⁰ In 2008, "US President Bush requested US\$56.4 million in military equipment and training and US\$244 million under the Andean Counterdrug Initiative to be allocated to the Colombian government, all of which suggests that total military-related expenditure probably approached US\$11 billion in 2008."⁴¹

In terms of procurement, "Colombia has purchased dozens of helicopters from the United States during the 2000s," and in 2009, it was set to acquire a US\$150 million worth of Kfir fighter jets from Israel.⁴² According to the IISS, the deal with Israel is for US\$200 million to acquire "a further 13 Kfir fighters and upgrade the entire 24-aircraft fleet to the Kfir C.10 standard. A single Boeing 767ER multi-role tanker/transport has also been acquired. The Air Force is also receiving eight UH-60L Black Hawk helicopters, four [Spanish] C-295M medium transports and a variety of ISR platforms."⁴³ The Colombian government is also looking "at acquiring Boeing 767 transport, Beechcraft King Air 350 and Cessna 208 light transport aircraft as well as upgrading its fleet of UH-60 Black Hawk helicopters."⁴⁴ According to the BBC, in 2008 alone, Colombia spent around US\$5.5 billion on its military purchases, 13.5% more than in 2007.⁴⁵

Ecuador, responding to Colombia's cross-border raid against a FARC camp, recently fulfilled a number of their military's long-standing requests, including the order of twenty four EMB-314 Super Tucano close air support aircraft from Brazil for US\$270 million.⁴⁶ The purchase also included seven Hindustan Aeronautics Limited Dhruv medium lift helicopters and six unmanned UAV aircraft—two strategic Heron models and four tactical Searcher models—from Israel for US\$23 million. Ecuador also approached Israel seeking to negotiate a deal to obtain Israeli drones.⁴⁷ In addition, the Ecuadorian Armed Forces recently received twelve *Cheetah C* (modified Mirage) combat airplanes from the South-African Air Force for US\$35 million, and

³⁹ *The Military Balance 2009*, "The Ecuadorian military presence on the border with Colombia," pp. 57-58

⁴⁰ *ibid*

⁴¹ *ibid*.

⁴² Isacson, "The Region's Defense Budgets," 2009

⁴³ *The Military Balance 2009*, "The Ecuadorian military presence on the border with Colombia," p. 56

⁴⁴ *ibid*

⁴⁵ Paullier, "Carrera armamentista sudamericana," 2009

⁴⁶ "Las FAS ecuatorianas han invertido 950 millones de dólares en adquisiciones y modernizaciones," Infodefensa.com, November 5, 2009. <http://www.infodefensa.com/lamerica/noticias/noticias.asp?cod=2029>

⁴⁷ "Colombia bases row fuels arms race," United Press International, September 2, 2009. http://www.upi.com/Business_News/Security-Industry/2009/09/02/Colombia-bases-row-fuels-arms-race/UPI-80401251906121/

last October the Ecuadorian government announced the purchase of two Mi-17 helicopters from Russia for US\$22 million.⁴⁸

Ecuador has signed three agreements with China for US\$442 million, including a credit for the purchase of four war planes. The Ecuadorian president stated the agreements anticipate two loans—one for US\$2.9 million over a ten year period and one for US\$438 million dedicated to securing four Chinese aircraft.⁴⁹

Over the last two years, Ecuador has invested close to US\$950 million in acquisition programs and modernization of the Ecuadorian Armed Forces. The Air Force has had the largest budget of the three military branches, with around US\$500 million between 2008 and 2009 budgeted for the purchase of different arms materials. The Air Force bought seven Indian Dhruv helicopters for US\$45 million from Hindustan Aeronautics Limited (HAL). This is in addition to the 50 Cazas Mirage recently donated by Venezuela. Spending just less than the Air Force, the Ecuadorian Navy now has a budget of about US\$450 million. Currently, its most important program is the updating and modernization of two submarines, Shyris and Huancavilca. In addition, the Navy will be acquiring two frigates from the Chilean Navy for US\$24 million. Finally, the Army has the lowest budget of the three forces at US\$50 million, which finances the acquisition of electronic intelligence equipment, night-sight visors, and other equipment for patrol and control of the Colombian border.⁵⁰

Bolivia and **Peru** are following a similar path to their Andean neighbors in arms build-up. The former has signed an agreement with Russia that allows Evo Morales' government to buy US\$100 million worth of Russian weapons and equipment for the Bolivian Armed Forces.⁵¹ This is part of a deal that includes the purchase of a Russian presidential plane for US\$30 million, the installation of an airplane maintenance center in Bolivian territory, and the delivery of four transport aircraft for the Bolivian Air Force.⁵² Bolivia's Defense Ministry announced the intention to acquire six Czech-made L-159 fighter planes,⁵³ and it has also negotiated with Brazil the purchase of land vehicles and Super Tucano attack aircraft.⁵⁴

Peru, according to the Peruvian journal "El Comercio," is also looking to rearm its Army also. Peruvian President Alan Garcia announced that an investment close to US\$700 million is about to be finalized, destined for the Ministry of Defense's core military enhancement program, the "Defense Basic Nucleus." This money will be used to make the Air Force's aircraft operational and update the Navy's torpedoes and missiles.⁵⁵ Also, according to the IISS, in December 2007,

⁴⁸ "Las FAS ecuatorianas han invertido 950 millones de dólares en adquisiciones y modernizaciones," Infodefensa.com, November 5, 2009. <http://www.infodefensa.com/lamerica/noticias/noticias.asp?cod=2029>

⁴⁹ "Ecuador compra aviones militares chinos," ABC digital, November 25, 2009. <http://www.abc.com.py/abc/nota/50185--Ecuador-compra-aviones-militares-chinos/>

⁵⁰ "Las FAS ecuatorianas han invertido 950 millones de dólares en adquisiciones y modernizaciones."

⁵¹ Paullier, "Carrera armamentista sudamericana," 2009.

⁵² Fraga "El fantasma de la carrera armamentista," 2009.

⁵³ Isacson, "The Region's Defense Budget's" 2009

⁵⁴ *ibid.*

⁵⁵ Paullier, *Op.cit*

the president of Peru announced that a new “defense fund” amounting to US\$1.3 billion would be made available to the military over and above the annual defense allocation from the regular budget.⁵⁶ It has also decided to “install two facilities capable of repairing Russian-made helicopters, clearly setting the stage for future purchases between the two nations.”⁵⁷

Bordering the Andean region is *Chile*, which has one of the biggest defense budgets in the region. The Chilean government recently announced a purchase of eighteen U.S.-made F-16 fighters from the Netherlands, which cost the government \$2.71 billion.⁵⁸ In 2008, the Chilean Air Force ordered the EMB-314 Super Tucano turboprop, produced by the Brazilian enterprise Embraer, as its new basic trainer. Embraer will supply 12 aircraft together with training support and logistics equipment. The Chilean aerospace industry ENAER will also be undertaking an industrial cooperation project together with Embraer to develop C-390 transport aircraft. Other confirmed orders include a Navy contract for an initial batch of three Spanish CASA C-295 maritime patrol aircraft to replace their ageing fleet of P-3A Orions, as well as a deal with the German manufacturer EADS for the purchase of an Earth-observation satellite, to which the Ministry of Defense will have part-time (40%) access.⁵⁹ Also, in 2005-2006, Chile bought ten F-16s directly from the United States.⁶⁰

The Chilean Chief of the Navy has announced that their top priorities include a new vessel for strategic projection, two ocean patrol boats, and four medium vessels for vehicle transportation. These ships are expected to weigh 1000 tons each and be capable of transporting vehicles and cattle and performing support tasks for civilian populations.⁶¹

In Chile, “defense spending has increased at a steady rate in recent years. In 2008 the official budget of the Ministry of Defense was increased by a further 8.3% to US\$2.3 billion.”⁶² Given that the Chilean armed forces also receive funds from other sources, including the military’s own business interests and money from Chile’s copper exports, as legislated by the Copper Law,⁶³ the total national defense-related expenditures in 2008 could have been as high as US\$4.7 billion.⁶⁴

Recently, the U.S. Department of Defense requested authorization from the U.S. Congress to sell Chile 378 *Stinger (RMP) Block I* anti-air missiles, 36 *Avenger* shooting stations and 12 *Stinger Block I* buy-to-fly missiles, 100 AIM-120C-7 medium reach air-to-air missiles. Finally, the request includes six *AN/MPQ.64F1 Sentinel* radar systems, and six *AN/VRC-92E* radio systems, in addition to logistic support and spare parts. The Chilean government has insisted that its intention is to use these radars to modernize their Armed Forces and to enhance its current aerial

⁵⁶ *The Military Balance 2009*, “The Ecuadorian military presence on the border with Colombia,” p 56.

⁵⁷ Isacson, Op.cit.

⁵⁸ *ibid.*

⁵⁹ *The Military Balance 2009*, Op.cit, p. 60

⁶⁰ Isacson, Op.cit.

⁶¹ “La Armada chilena tendra 25.000 efectivos, un nuevo buque de proyeccion estrategica y dos patrulleros,”

Infodefensa.com, September 28, 2009. <http://infodefensa.com/lamerica/noticias/noticias.asp?cod=1954>

⁶² *The Military Balance 2009*, “The Ecuadorian military presence on the border with Colombia,” p. 59

⁶³ Chile’s Copper Reserve Law established that 10 percent of all sales made by the state-owned CODELCO copper company will be given to Chile’s Armed Services, to be used to purchase weapons.

⁶⁴ *The Military Balance 2009*, Op.cit.

defense architecture to protect better against possible attacks. The total value of this agreement is estimated at US\$665 million.⁶⁵

Despite an overwhelming regional trend, two countries in South America have managed to avoid the steep weapons spending increases that their neighbors are undergoing. *Argentina* and *Uruguay* have not increased their defense expenditure. Quite to the contrary, they have been reducing their defense budget over recent years. In fact, both countries keep their armed forces limited to a primarily accessory role. Argentina defense spending is among the lowest in South America, and Uruguay stands out for contributing the most soldiers to UN peace missions.⁶⁶

Increased defense expenditure in South America is characterized by an important reality: most weapons sold to South-American countries come from either the US or Russia.⁶⁷ The rapid and often disorganized selling of Russian and American weapons—in addition to those from the French, Chinese, Spanish, Indian, German and others—is only contributing to generate distrust in the region.

Conclusion

Brazil, Venezuela, Ecuador, Chile and the rest of the countries in South America are entitled to arming and modernizing their defense systems. Recent expenditures are, in part, intended to update and modernize military equipment, which in some countries had long been neglected.⁶⁸

But these purchases do not take place within a vacuum. Old and new regional tensions exist. U.S. maneuvers, to increase effectiveness or flex its muscle—depending on how you look at it—through activation of the 4th Fleet and the new base agreement with Colombia, have exacerbated, not enhanced the regional security environment.

The move toward increased defense expenditures and increased U.S. military presence is likely to have a negative impact—and undoubtedly will—if not accompanied by communication, transparency and dialogue.

A true arms race may be avoided if countries reveal their purchases through official channels, communicate their intentions, and establish initiatives to build trust and confidence within the continent. One such initiative, which many countries in South America used during past administrations, was the “White Book,” a government document that details national military

⁶⁵ “El Pentágono pide autorización para vender misiles y radares a Chile por 665 millones de dólares,” Infodefensa.com, November 13, 2009. <http://www.infodefensa.com/lamerica/noticias/noticias.asp?cod=2039>.

⁶⁶ Paullier, “Carrera armamentista sudamericana,” 2009.

⁶⁷ Isacson, “The Region’s Defense Budget,” 2009.

⁶⁸ Battaglino, Jorge “Palabras mortales. ¿Rearme y carrera armamentista en America del Sur?” Nueva Sociedad Nr. 215, May-June 2008, p. 23.



policies in an effort to promote transparency.⁶⁹ These should be institutionalized as a way of communicating and being transparent about defense expenditures and defense intentions.

The U.S. also has an important role to play in contributing to an environment of stability and security in South America. The U.S. government should enhance its diplomatic dialogue on security issues with South American countries—especially the civilian component of the dialogue. Relations could be improved through the use of Defense Cooperation agreements or diplomatic notes that state explicitly what the U.S. will and will not do militarily in the region, thus minimizing anxiety over potential future action.

Clearly diplomacy and transparency won't solve all of the underlying tensions between Venezuela and Colombia, or Bolivia and Chile. But it certainly can't hurt. A diplomatic approach requires political will and thoughtful consideration, but it is relatively simple and inexpensive compared to massive defense spending. In the end, improving relations in and with the region through dialogue and communication will bring a more secure and stable South America, and—consequently—a better neighbor to the U.S.

⁶⁹ Defense White Books represent an effort at transparency and democratic strengthening. The goal is to exchange information about defense policy and doctrine, about defense planning, about military expenditure and about defense budgets. See Carlos Barrachina Lison, “Libros Blancos de Defensa como un instrumento de reforma del sector.” Resdal, October, 2004, <http://www.resdal.org/producciones-miembros/art-barrachina2.html>.