

RUSSIA, CHINA AND SOUTH KOREA IN THE SOUTH-AMERICAN DEFENSE MARKET

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Introduction

The present article addresses two interconnected subjects. The first one is the relation between political ideology and the purchase of defense armaments, while the other is the opening of markets, which has occurred in South America in the last few years. The significant changes in the economy and politics of the subcontinent, which started in the end of the last century and continued until the first decades of the present one, brought about deep impacts, not only in the political environment, but also in what concerns the purchase of defense equipment. Political changes in key countries such as Venezuela, Argentina, Bolivia and Brazil and the growth of economies with the commodities' boom have propelled the acquisition of defense material, at the same as opening markets for new sellers. Russia, as a descendent of the Soviet Union, has maintained its restricted buyers and, with the end of the Cold War, started to broaden its market by selling equipment that was vetoed by the North-American policy, such as the BVR *Vympel R-77* missiles and the MANPAD Iгла missiles type.

Other important suppliers of defense material also have further entered in the South-American market. Certainly, the most important ones are China and South Korea. The former uses its economic and political power of negotiation, acquired in the period of strong economic growth and enhancement of trade relations, to enter in both Russian and other countries' markets. The Chinese *portfolio* is vast and goes from cannons to training jets. Another important Chinese advantage is the capacity of its state banks of financing

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such purchases. South Korea, for its turn, attempts to enter into the market by using aggressive commercial strategies and high-technology weapons' systems, such as planes and missiles.

This article utilizes specialized bibliography as well as resources from the statistical database of the Economic Commission for Latin America and Caribbean (CEPALSTAT)² and from the arms trade register of the Stockholm International Peace Research Institute (SIPRI)³, which contains official data of arms' buyers and sellers worldwide.

The article is composed by this introduction, a main section divided in two chapters and the final remarks.

South America, Economic and Political Changes in the Beginning of the 21st Century

The redemocratization process that took place in Latin America during the 1980s and 1990s occurred alongside a strong and persistent economic crisis, mainly characterized by high inflation rates and deep public indebtedness. The imbalances that Latin American economies have shown were mainly a consequence of the increase in the public debt in the last decade and of the aggressive expansion of the financial charges, derived from the increase in the international interest rates. In the 1970s, during and after the first petroleum crisis, when developed countries implemented macroeconomic policies with the aim of reducing the economic activity and, thus, controlling the increase of inflation, South American countries, in face of the necessity of legitimizing non-democratic political regimes, adopted a strategy of greater external indebtedness as a mechanism of compensating the lack of internal savings – necessary to enhance the development and growth projects.

The answer to the fiscal and economic crisis through which the first democratic post-transition governments have passed, in the 1980s and 1990s, were plans such as the Cruzado (Brazil), Inti (Peru) and Austral (Argentina). These actions were interposed by many through heterodox, structuralist measures, such as price-freezing, control of the exchange rate and the deepening of the imports' substitution strategy. The aim was to achieve the macroeconomic stability without recession, thus providing the necessary political support to the implementation of fiscal reforms needed

2 Available at http://estadisticas.cepal.org/cepalstat/WEB_CEPALSTAT/Portada.asp. Accessed June 8 2018.

3 Available at http://armstrade.sipri.org/armstrade/page/trade_register.php. Accessed June 8 2018.

to stability. Such opportunity was lost in Argentina, Brazil and Peru. The initial honeymoon with the price-freezing was mistaken for success, and the fiscal consolidation was avoided. The programs, therefore, were lost (Cardoso 1989, 40. Our translation).

The failure of these heterodox politics was, in many cases, embodied in situations of hyperinflation (rates above 50% per month), such as in Argentina (1989), Brazil (1990), and Peru (1988/1990). Bolivia, for its turn, was the most extreme case, with an inflation rate of 12.000% in the year of 1985. The inflation average in 1989 for Latin America was superior to one hundred per cent.

After the failure of heterodox economic control policies, a new set of reforms was implemented by the new Latin-American governments, being such set within a context of changes that had been occurring in the Welfare State's framework of developed countries. These new reforms became generically known as the "Washington Consensus" and advocated: (i) a Rigid Fiscal Discipline; (ii) a Reduction in the Public Spending; (iii) Tax and Tributary Reforms; (iv) the Financial Liberalization; (v) a Market-determined Exchange Rate; (vi) the Liberalization of the Foreign Trade; (vii) the Liberalization of Foreign Direct Investment; (viii) the Privatization of state enterprises; (ix) the Deregulation of the economy and the Flexibility of relations; and (x) the Legal Security for Property Rights. In spite of being regarded by its opponents as a prescription of fixed reforms, the "Washington Consensus" was perceived by its defenders as a *minimum minimorum*. Each country should implement its adjustment solutions based in their realities.

Bolivia was the first country to adopt macroeconomic control policies with strong liberal content. In 1985, the president Paz Estenssoro adopted a pro-market economic program, the so-called New Economic Policy (NEP), based in the ideas of the economist Jeffrey Sachs. The stabilization program laid its basis in restrictive fiscal and monetary policies, trade opening, prices' and exchange rates' liberalization and flexibility in the labor market. The inflation rate fell from 23.000% to 10% a year. The country has presented a moderate recession in 1986, and, later on, had several years of low growth rates.

Argentina, in 1991, during Carlos Menem's government, adopted an adjustment model (Convertibility Plan) with strong similarities with the one implement in Bolivia, comprising, for instance, privatizations and a rigid fiscal policy. The Argentinian plan, nonetheless, had a fundamental difference: the establishment of a *currency board* (which obliged the government to back all issuance of local currency by the international reserves in dollars, in the

Central Bank), thus contrasting with the prescription of floating exchange rate. “The annual average inflation rates were reduced from 84%, in 1991, to 3,9%, in 1994; during the same period, the GDP grew in an annual average rate of 7,7%, the consumption, in an annual rate of 8,6%, and the real investment in an annual rate of 22%” (Wise 2001, 173. Our translation).

During the 1990s, other countries such as Ecuador, Venezuela, Brazil and Peru had also adopted macroeconomic control plans based on pro-market measures, such as privatization, exchange liberation, tax increases and restrictive fiscal policies. In general terms, the result was the same: a significant cutback in the inflation rates and macroeconomic stabilization.

With redemocratization, there was an intensification in economic integration processes, with the creation of customs unions. There has been the formation of MERCOSUR with Brazil, Argentina and Uruguay – as well as the posterior integration of Paraguay. The Andean Pact, comprising Bolivia, Colombia, Ecuador Peru and Venezuela, was transformed into the Andean Community and established, in 1993, a Free-Trade Area (FTA). However, in defense matters, regional integration had no practical effect, in such a way that the relations between the armed forces of the region’s states remain centered in reduced joint military maneuvers, such as the operations COLBRA (Colombia/Brazil), VENBRA (Venezuela/Brazil) and “Cruzeiro do Sul” (CRUZEX).

In the last decade of the 20th century, most countries that adopted economic stabilization programs through pro-market measures – with the exception of Chile – presented as a major visible collateral effect a low economic growth and an increase in inequality. In some cases, such as in Bolivia and Venezuela, the popular reactions against the measures of economic austerity have generated important popular uprisings. In this latter, the social manifestations that occurred in the capital Caracas and which came to be known as *Caracazo* paved the way to an attempt of a *coup d’état* in 1992, commanded by colonel Hugo Chávez.

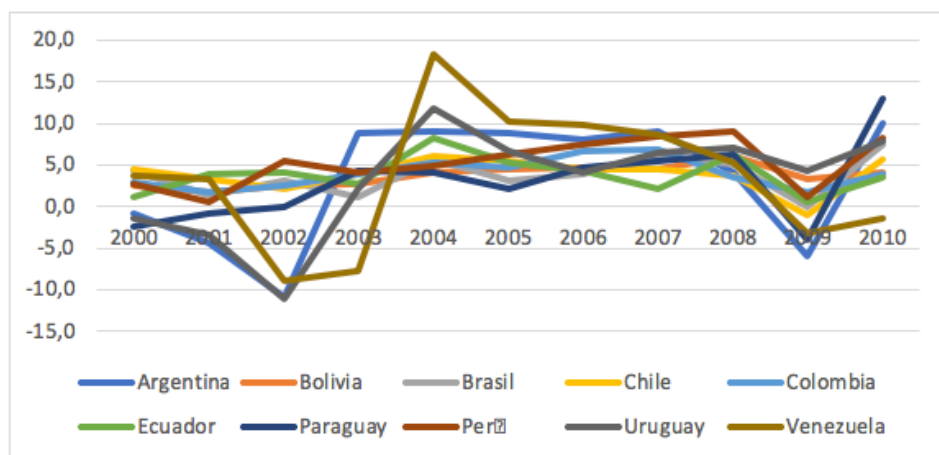
If from the mid-1980s on there has been the election of governments with pro-market economic programs, from the end of the decade on, governments strongly identified with left-wing and center-left ideals began to be elected. Hugo Chávez was elected president of Venezuela in 1998, and then, successively: Nestor Kirchner in Argentina (2001), Luís Inácio Lula da Silva in Brazil (2002), Evo Morales in Bolivia (2005), Tabaré Vázquez in Uruguay (2005), Michele Bachelet in Chile (2006)⁴, Rafael Correa in Ecuador (2007)

4 In Chile, despite Michele Bachelet’s election, the policy of defense purchases had not been altered. The country remains giving preference to products produced in the West, particularly in the United States.

and Fernando Lugo in Paraguay (2008).

The South-American “turn to the Left” (or Pink Tide) occurred at the same time as the *boom* of the rise of commodity prices in the international market. From the beginning of the 2000s until approximately 2008, Brazil and other countries of the subcontinent were strongly influenced by the abundance of resources brought about by the international rise in the prices of goods such as oil, copper, soy and iron ore. The growth of the Chinese economy, around 10% a year, was a major responsible for this phenomenon, alongside the low interest rates practiced by the developed countries.

Graphic 1: Growth of the South-American countries (2000–2010)



Source: CEPALSTAT

The growth in world trade and the increase in the commodities’ prices produced a strong rise in the Gross Domestic Product (GDP) of South America’s economies during the period between 2000 and 2008, with important variations, such as significant declines in the economic activities in Argentina, Uruguay and Venezuela in 2002. Nevertheless, in general terms, the growth rates of the economies of the subcontinent were significant, being its average around 4%. The dynamism of the South-American economies had an important impact in the poverty rate, which has fallen from 44,5%, in 2000, to 33,0%, in 2008, and the per capita income grew from 3.886 dollars to 4.597. “The existing number of poor and indigent in 2002, of 221 million and 97 million, respectively, was reduced to 180 millions of poor and 71 millions of indigent” (Prado 2011, 16. Our translation).

The conjunction of left-wing governments and the increase in the

importance of the emerging countries, especially China, envisioned by the growth of the South-South trade⁵, and the creation of forums as the ones known by the acronyms BRICS (Brazil, Russia, India, China and South Africa) and IBAS (India, Brazil and South Africa) had been politically materialized in the formulation of more independent foreign policies – when not completely opposed to those advocated in Washington.

Within the South-American subcontinent, the formation of the Union of South American Nations (UNASUR) and the South American Defense Council (SDC) are the main outcomes of the social, political and economic integration politics of the left-wing governments of that time. Nevertheless, one shall highlight that the creation of integration organisms dates back to the 1980s and 1990s, as it is the case of the Latin American Integration Association (ALADI), the Southern Common Market (MERCOSUR) and the Andean Community. Even though the idea of forming an institution that could politically unite the South American countries in a forum for the resolution of political and security issues arose in Fernando Henrique Cardoso's government, in 2000⁶, one of the main reasons for UNASUR's and the SDC's con-

5 “(...) from 1995 to 2004, the amount of money that has circulated due to the trade of goods in the South-South axis went from US\$ 222 billions to US\$ 562 billions. In 2007, this amount already represented 16,4% of the total US\$ 14 trillions moved by worldwide trade – number which, in 2000, corresponded to 11,5%. The flow of foreign direct investments (FDIs) among these countries has shown an increase: in the same period, they went from US\$ 14 billion to US\$ 47 billion. The driving forces of such growth were the great emerging economies, more precisely, Brazil, Russia, India and China – group of countries well-known for the acronym BRICS”. Available at <https://www.ictsd.org/bridges-news/pontes/news/comercio-sul-sul-no-contexto-da-crise-economica-oportunidades-e-desafios>, accessed August 10 2017.

6 In 2000, during the 32nd General Assembly of the OAS, Ambassador Osmar Chofli highlighted the difficulties in the formation of a hemispherical defense policy. Nonetheless, the creation of a subcontinental policy was not regard as completely divergent from joint options with other international actors. “We believe, however, that the convergence around a single and comprehensive conception of security, fully applicable to the three continental masses of the Americas to the Caribbean, is difficult. South America, continent in which Brazil is geographically inserted, possesses its own strategic identity. Far from the main global tension axes, free from nuclear weapons and with low indexes of military expenditures, the South American countries conduct a well-succeeded process of regional integration, fostered by MERCOSUR and the Andean Community. The geographical circumstance of a same immediate neighborhood leads us to work a common agenda of subjects, opportunities and concerns. Democracy, regional integration, our growing community of values contribute to the consolidation of South America as a zone of peace, where cooperation and the joint pursue of stability and prosperity led to the definitive overcoming of past rivalries, thus creating an irreversible net of interests and opportunities. Together with all the hemisphere, we uphold convergent positions in what concerns the great issues of the international agenda, such as, among others, the promotion of defense and democracy, the respect for the human rights, the protection of the environment, the overcoming of poverty, the combat against organized

stitution was a strategy of some governments, especially Brazil, Argentina, Bolivia and Venezuela, of institutionally restricting the spaces of action of the Organization of American States (OAS) as an organism of conflicts' resolution. Through UNASUR, the South-American problems would no longer be treated as inter-American ones.

From Brazil's point of view, the creation of the South American Defense Council, in December 2008, is connected to the objective of strengthening cooperation in defense and security matters, and also refers to the intention of establishing a counterpoint to United States' interference in South America, more precisely, in the Andean region. (...). The countries in the region did not have a history of cooperation in defense and security – a great part of it was due to the different perspectives about each other – and would subordinate the discussion of these questions to their relation with the United States or to the regimes and institutions created under this country's hegemony, such as the Organization of American States (OAS). In the formation of the South American Defense Council lays the idea of using Unasur's own institutionality to solve controversies and tensions in the region, as it has occurred in Bolivia's institutional crisis, in 2008, in the reaction to the utilization of military bases of the United States in Colombia, in the tension between Colombia and Venezuela, in 2010, e in the deposition of Paraguay's president, Fernando Lugo, in July 2011 (Vigevani and Ramanzini Junior 2014, 538. Our translation).

Political Changes and the South American Defense Market

As we have already stated, from the beginning of the 20th century's first decade on, Latin America countries witnessed a deep renovation in national political leaderships. Among such leaderships, the most controversial and most charismatic one was certainly president Hugo Chávez. Being a lieutenant colonel of the Venezuelan army, Chávez had emerged in the Latin American scenario as the leader of an attempted military coup against Carlos Andrés Pérez's government, in 1992. Due to the failed attempt of carrying out a military coup, Chávez was arrested and, later on, granted amnesty by President Rafael Cal-

crime and the non-proliferation of weapons of mass destruction. Regional and sub regional initiatives should not be interpreted as obstacles to the construction of a hemispherical security perspective. On the contrary, they constitute important reinforcement and complementarity steps for hemispherical-range settles, since they facilitate, through "building blocks", the identification and the inclusion, in the general context, of those aspects that may have a common applicability" (Our translation) Available at http://www.oas.org/xxxiiga/english/speeches/speech_brasil.htm. Accessed in August 10 2017.

deira. In 1997, Chávez created a political party, the Fifth Republic Movement, which, one year later, elected eight out of twenty-three of the states' governors, thus obtaining 1/3 of the total chairs in the national parliament. Following its trajectory as a politician, Chávez was elected president in 1998, with 56% of the votes, by a coalition of left-wing parties. Benefiting from his enormous popularity, as soon as he took over, the president convened a referendum for a new Constituent Assembly, which has obtained great approval. The coalition of support for the Venezuelan president managed to elect 120 of the 131 constituents. The new Constitution was approved in a popular referendum in December 1999 and has produced deep changes in the Venezuelan political game rules: it has amplified the powers of the executive, allowed a larger intervention of the state in the economy, extinguished the Senate and convened new presidential elections in 2000, when Chávez was once again reelected.

In the beginning of the 2000s, Venezuelan foreign policy had as its aim turning Hugo Chávez into Latin America's most important political leader. Its action strategy had, at least, three axes: a vigorous speech praising Latin American unity against the 'North-American imperialist threat'; a declared support to left-wing politicians across the region in electoral periods; and financial aid to allied governments and political organizations, including guerillas.

In April 11 of 2002, Hugo Chávez suffered a coup attempt. Rebel military have deterred the president, extinguished the Constitution, dissolved the National Assembly and the Court of Justice and abrogated many decrees and laws. The businessman Fernando Francisco Carmona Estanga took over the presidency. The coup lasted less than 48 hours. The opposition of the Venezuelan population, of military factions, especially from the National Guard, and of the Catholic Church led the coup to fail. Across the subcontinent, the region's governments have denounced the interruption of democratic normality in the country. Notwithstanding, the United States government's behavior – which has not only not condemned the coup, but also provided an implicit recognition to the illegal government – displeased the great majority of the countries in region and deeply shook the already complicated relationship between Venezuela and the U.S.

Relations between the Revolutionary Armed Forces of Colombia (FARC) and the Venezuelan government were also a factor that produced intense instability in the subcontinent's northern region. The FARC is a guerrilla group, currently in disarmament process, of Marxist-Leninist ideology, which had emerged in the mid-1960s and which had fought against all the Colombian governments aiming at establishing a socialist regime in the country⁷. The

7 In 2004, as a result of Hugo Chávez's consolidation as Latin American left-wing leader and of his support to the guerrilla fight in Colombia, FARC also adopted Bolivarianism as

Venezuelan president Hugo Chávez stressed that the Latin American countries should not classify the Colombian guerilla as terrorist, but rather as a “belligerent opposition force” (the FARC is considered as a terrorist organization by the governments of the United States and Canada, as well as by the European Union).

The unfriendly relations between the U.S. and Venezuela worsened when, in the beginning of 2006, the United States prevented Hugo Chávez’s government from having access to more recent military technology. First, by preventing the Venezuelan Air Forces from reforming, through a *Mid-Life Update* (MLU)-modernization type, its old attack aircraft F-16 *Fighter Falcon* (models A and B Block 15, which were already obsolete when received in 1983). And after, by forbidding armament manufacturers to export any sort of equipment with North-American technology and using the Arms Export Control Act’s⁸ legislation. Both Brazil and Spain were prohibited to sell training (A-29/*Super Tucano*) and transport (C-295) planes⁹ (Villa and Viggiano 2012).

This was the political background in which Venezuela started a strong process of acquisition of non-western defense material. Venezuela’s policy of increasing its military capabilities began with the purchase, in significant quantities, of Russian belligerent material, first with the acquisition of 24 fighter aircrafts Sukhoi – 30MK2 *Flanker*, 100.000 assault rifles AK-103 (and manufacturing license) and 53 helicopters from *Vertolyoty Rossii*, totaling an estimated amount of US\$ 3 billion (Oliker et al. 2009).

U.S. and regional officials fear that Venezuelan leader Hugo Chavez is seeking to foment revolution throughout Latin America and that he will

its political ideology. Ricardo González, member of FARC’s military staff, affirmed that “we are also constructing the Bolivarian Movement for the New Colombia, which is also a clandestine movement strongly rooted in the students’ and laborers’ sectors, in the peripheral neighborhoods of the big cities, in the university sectors and in the intelligentsia. What occurs is an eminently clandestine work, and people cannot reveal to others what they are doing from the point of view of their ideological, political and organizational work”. Available at <http://www.rebellion.org/hemeroteca/plancolombia/040407urbano.htm>. Accessed June 8 2018.

⁸ Available at https://www.pmdtc.state.gov/regulations_laws/aeca.html.

⁹ Villa and Viggiano (2012, 33) stress that: “In 2006, the US State Department imposed an embargo that prevents Venezuela from importing goods and services of Defense nature. In the same year, Venezuela was certified by the US government, under Section 40A of the Arms and Control Act (AECA), as a country “not fully cooperative” in the fight against terrorism. The AECA certification was renewed in 2007 and 2008. By this mechanism, Venezuela is not allowed any assistance, sale or financing by the US military. In practice, the US embargo on arms sales has led representatives of the Venezuelan armed forces to pressure the executive to look for alternative import markets. Several arms-producing countries are alert to Venezuela’s air force plans to buy other types of aircraft attached to the Sukhois purchased from Russia”.

use his new Russian-made arsenal for this purpose. Chavez's first target could be Colombia, where Venezuelan-made AK-47s might end up in the hands of the Colombian rebel groups such as the Revolutionary Armed Forces of Colombia and the National Liberation Army (Oliker et al. 2009, 182).

The Venezuelan armament purchase process had three objectives, being the first one reinforcing its foreign policy by demonstrating full independence of the United States; the second one, enlarging and consolidating the internal support of the military – essential for preventing new attempts of a *coup d'état*; and the third one, modernizing the armed forces.

The acquisition of a large amount of defense material has brought about the unquietness of many political leaderships in South America¹⁰. By that time, the quality of the Latin American countries' military equipment, especially from the Amazon region, was still very inferior to the countries' necessities. In the end of the 1990s and in the beginning of the 21st century, the majority of the armed forces found themselves with their military capacity very reduced. Bolivia, for instance, barely had military aviation – which was reduced to few and obsolete jets Lockheed T-33 Shooting Star) –, and its ground forces were completely unequipped and untrained. Ecuador's air forces, which in the 1990s were capable of competing with the Peruvian one, were almost on the verge of collapsing, being reduced to over a dozen of Israeli fighters KFIR C2 and TC2. Its army, despite well-trained, had few hundreds of AMX 13 light tanks, with low availability. The Peruvian Air Force has probably been the subcontinent's second most powerful one, standing only behind the Chilean one (which had bought dozens of F-16 fighters in 20020. Formally, the Peruvian Air Force had a good combat capacity with its MIG-29S *Fulcrum* and Mirage 2000 C/D, however, it did not have financial means to keep all of its fighters in operation con-

10 One example of this is an interview made by Brazil's ex-president, José Sarney: "South America is the most pacific of the continents. It has been more than one hundred years since we do not have a war. Democracy is consolidated across the whole region. We never allowed the occurrence of an arms race. At the slightest sign, we all react. (...) Thus, Chávez's plan of spending US\$ 60 billions in weapons, transforming Venezuela into a military power, is a threat to the continent. (...) What is this for? For facing the United States? Well, to the superpower, this does not mean anything, but, for us, it is a movement that makes us tremble. One of each: either Brazil enters in the arms race in order to ensure its defense, withdrawing the scarce resources of its budget that has been serving to our social programs, or, then, in order to survive, the country finds itself coerced into taking cover in NATO's umbrella, tragically bringing back Menem's thesis as the only way of defending ourselves. Menem was against Brazil; now we are all uniting to defend ourselves from the "new military power" that will dominate South America" (Folha de São Paulo, 14/07/2006).

ditions¹¹. The army, for its turn, had as its main combating vehicle the old soviet T-54 and T-55 tanks. With the exception of Colombia – where the government used to receive significant material and financial support from the U.S. due to its fight against the Revolutionary Armed Forces of Colombia –, all of the other Amazon regions' military institutions presented signs of true operational decay.

The last cycle of military equipment's restoration in the South American continent occurred in the first years of the 1970s and lasted until the beginning of the following decade. The subcontinent's countries acquired equipment mostly from its traditional suppliers, namely, the United States, England, Germany and France, while Peru preferred Soviet Union's weaponry rather than the North-American one. Israel, for its turn, has become an important defense equipment's supplier: fighters (IAI Dagger and IAI ARAVA), compact submachine-guns (UZI), non-guided bombs, diverse electronic systems, air-to-air (Shafir and Python) and anti-ship (Gabriel) missiles and missile boats (Sa'ar class).

The purchase of military equipment is a political decision. It is not possible to develop a general theory about what reasons motivate a country to acquire more apparatuses. In general terms, the motivations may be classified as internal (connected, for instance, to the regime's protection, the pursue of the military's political support or even subsidies to the modernization of the defense industry) and/or external (for example, the expansion of the capacity to defend itself from an offensive or to carry one out and the increase in the regional or hemispheric political influence). In the case of South America, the purchase of fighters, tanks, machine guns and ships was inserted with the Cold War's political logic. In the subcontinent, the first country to ever buy Soviet/Russian military equipment was Peru. In 1968, general Juan Velasco Alvarado deposed the then president Fernando Belaúnde Terry and implemented a nationalist administration, with left-wing reformist policies. The political choices of the new military government, such as the nationalization of oil companies (and the posterior creation of the state enterprise PetroPeru) and the increase in the Peruvian territorial sea to 200 maritime miles, automatically put it in collision with Washington. The social and economic policies of the Peruvian military regime and the tensioning in its relations with the U.S. led the Soviet Union to support the Velasco government.

The Velasco regime's anti-imperialist rhetoric and its policies of economic nationalism drew praise and interest from Moscow. Soviet analysts viewed these policies as politically encouraging and capable of shifting the balance

¹¹ Available at <http://larepublica.pe/amp/28-03-2005/los-aviones-de-fujimori-no-servian-para-atacar-ecuador>. Accessed in June 8 2018.

of power in favor of the Soviet Union. The Soviet Union gained significant goodwill after a devastating earthquake in the Callejón de Huaylas near Chimbote in northern Peru, killed seventy thousand people and left 500,000 homeless on 31 May 1970. Soviet medical teams gave valuable assistance to the injured and loaned Mi-8 helicopters to be used in relief efforts (Masterson 1991, 258).

In an attempt to become more independent from Washington and return the solidarity of the Iron Curtain countries' governments, the Peruvian military government started to purchase Soviet military material. In 1973, Peru bought 36 Sukhoi-22 *Fitter* fighters (the country has already been operating French Mirage 5 fighters since 1968), 16 transport planes Antonov AN-26, 350 tanks T-54 and T-55, anti-aircraft missiles SAM-3 and SAM-7, rocket-propelled grenade launchers RPG-7 and helicopters MI-6 and MI-8, among other equipment. Nonetheless, the purchase of military apparatuses was restricted to the army and the air force; the navy refused the offer of Russian ships and submarines, preferring Italian ships (Lupo-class frigate) and German submarines (IKL-209). From 1973 to 1985, the military acquisitions from the USSR costed more than 1,6 billion dollars (Clayton 1999).

In the Stockholm International Peace Research Institute (SIPRI)'s database, it is possible to identify few purchases of Soviet military material during the 1980s, and only by two buyers, Peru and Guyana (helicopters, missiles and aircrafts)¹². In spite of the economic crisis in the country, the Peruvian governments, in light of the necessity of fighting guerillas, continued to buy military equipment, especially for the air force. The expansion of the defense market for Russian products occurred only after the end of the Cold War. Argentina, Brazil, Colombia, Ecuador, Uruguay and Venezuela began to acquire equipment as diverse as training and maneuvers fighters Sukhoi-29 AR, MANPAD missiles of Igla type and even attack helicopters.

The opening of the South American market after the end of the Cold War was an important fact to the Russian military industry, which suffered from a severe crisis in light of the economic difficulties derived from the fall of the Soviet Union and the end of the Warsaw Pact, in 1991 (Oliker et al. 2009). For the countries of the South American subcontinent, the purchase of Russian material, besides being cheaper than the Western one, also allowed them to avoid the restrictions to the acquisition of more technologically sophisticated defense material, as it is the case of the Igla/SA-18 surface-to-air missile and the

12 In 1983, Argentina bought SAM-7 missiles from Bulgaria and Peru. In 1970, Guyana declared itself as a cooperative republic with strong socialist character. Following this, the country began to purchase transport helicopters 120mm mortars.

Beyond Vision Range (BVR) R-77 air-to-air missile. In an attempt to avoid losses in the South American market share, Bill Clinton's administration abrogated, in 1997, the Presidential Directive 13 (PD-13), instituted by president Jimmy Carter and which almost prohibited the transferring of high-technology armament¹³.

Until 1995, U.S. defense contractors paid little attention to Latin America. In a good year, Latin American generals bought no more than \$1 billion worth of weapons, small change as long as aerospace giants had hundreds of billions of dollars in aircraft sales to the Pentagon and the Middle East. But with the Defense Department shrinking weapons buys and Arab countries no longer placing large orders, the billion-dollar Latin American market suddenly looked attractive.

(...)

Getting the Pentagon to lobby for lifting the restraints was easy. Then Defense Secretary William Perry had met with Latin American generals, and was convinced their days of overthrowing governments was over. If the Pentagon was lucky, it might even be able to unload some of its older model F-16s south of the border and use the proceeds to restock its air wings with newer versions of the Falcon. Industry executives and Perry aides began publicly plugging the idea of lifting the restrictions: the countries of Latin America save for Cuba were now democratic, their economies were rebounding, and the jets their air forces flew in many cases were 1950s vintage, went the spiel. "We treat the Latins like children when we say they can't have new planes," says Joel Johnson, the Aerospace Industries Association's international vice president, implying that to have fully adult relations with other countries requires supplying them with sophisticated armaments¹⁴.

The economic crisis and the expense restriction policies that reached South America during the 1990s translated themselves into a small reduction in the defense expenses, which fell from 2,2% to 1,8% in 1999, in GDP's percentage¹⁵. The reduced decline in the South American countries' expense also occurred in global terms, however, for another reason: the end of the Cold War. From the fall of the Berlin Wall on and during all decade, the global military

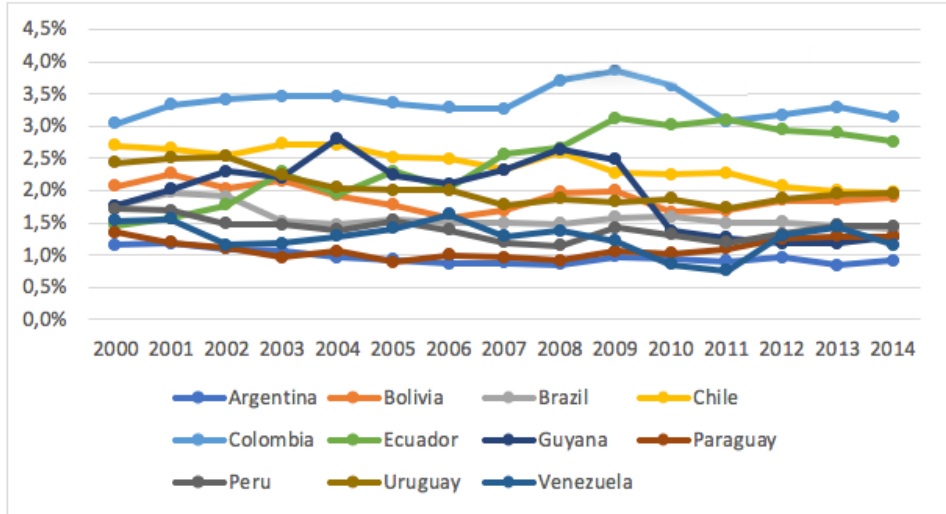
13 Available at <https://fas.org/irp/offdocs/pd/pd13.pdf>. Accessed in June 8 2018.

14 Available at <http://edition.cnn.com/ALLPOLITICS/1997/04/07/time/arms.html>. Accessed in June 8 2018.

15 Often, there was an evident wish of purchasing Russian material, but the financial incapacity made the negotiations unfeasible. Even though there has been information about a Brazilian interest in acquiring attack helicopters from Russia in the mid-1990s, in was only in 2010 that such purchase happened (Glinki and Nutenko 1998 *apud* Zubelzú de Bacigalupo 2000).

expense decayed from 3,2% to 2,1% of the GDP.

Graphic 2: Defense Expenditures by Gross Domestic Product

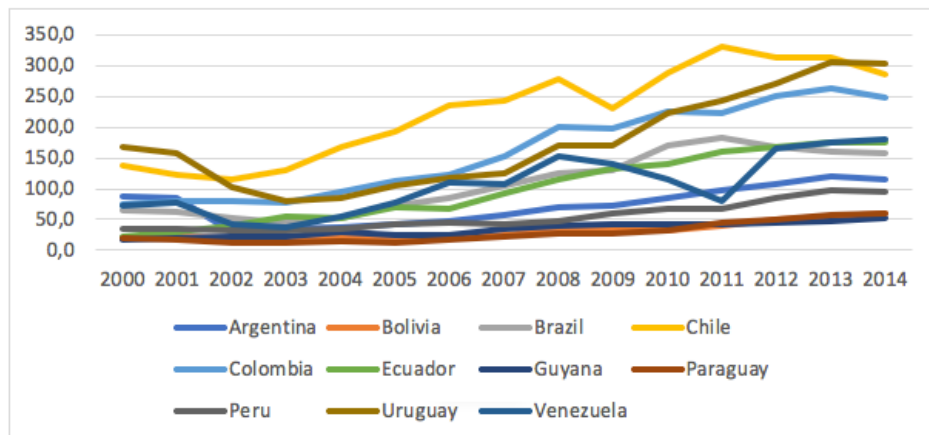


Source: SIPRI

The increase in the economic growth in the 2000s came along with a reconstitution and a modernization of South American countries' military arsenals, particularly Chile, Brazil, Colombia, Ecuador, Peru and Venezuela. Among these cases, two may be highlighted due to their strong political content, especially in what concerns the North-American foreign policy and South America: Colombia, which has received North-American investments through the Plan Colombia (provision of U.S.' military aid with the double goal of reducing the production of cocaine and helping the Colombian armed forces to fight against left-wing guerilla groups) and Venezuela, with its policy of purchasing Russian armament. The defense-related expenditures in the subcontinent, which were of approximately US\$ 24 billion in the beginning of the century, increased up to US\$ 32 billion in 2007¹⁶, reaching US\$ 57 billion in 2015 (SIPRI 2016). However, if one observes this increase in GDP percentage terms, it becomes possible to notice that the expenses with defense fell from 3,5 (1985) to 1,9 (2002) and 1,7 (2014).

¹⁶ Data from "Nueva Maioria – Balance Militar de América del Sul (2004)": <http://www.nuevamayoria.com/ES/BIBLIOTECA/?file=resenas/041116.html>. Accessed June 8 2018.

Graphic 3: Defense Expenditures by Per Capita Income



Source: SIPRI

If the defense expenses, in GDP terms, had no increase, in per capita terms, it raised from U\$ 3,674,00 (1985) to U\$ 3,800,00 (2002), reaching U\$ 6.251 (2015 data). One may highlight the increase in the per capita expenses of Chile, Uruguay, Ecuador and Colombia. The South America’s countries low expense in GDP terms, when compared to the rise in per capita terms, shows that part of the strong economic growth of the period was transformed into defense expenses.

The most impressive case in the period regarding the increase in defense expenses was the one of Ecuador, whose spending went from 1,5% to reach its maximum of 3,1% of the GDP between 2009 and 2011, falling 0,03% until 2014. In per capita terms, the increase reached 240%.

Within the framework of the South American Defense Council, the Union of South American Nations (UNASUR) publicized the so-called South American Defense Expenditure Registry. The document has revealed that Ecuador is the region’s country that directs the largest percentage of its Gross Domestic Product (GDP) to military expenses: 2,74% in 2010. Colombia directs 1,89%, while for Brazil this amount is of 0,77%. During the meeting held yesterday in Quito, UNASUR identified four main objects of the defense expenditure. The major part of the investments in the area focuses on personnel, followed by resources to operations and maintenance. In third place, there are the investments in weaponry and infrastructure and, finally, investigation (Our translation)¹⁷.

¹⁷ Available at <http://www.elcomercio.com/actualidad/seguridad/ecuador-destina-mayor-porcentaje-del.html>. Accessed June 8 2018.

According to the Russian state company of defense equipment's' exports, *Rosoboronexport*¹⁸, the country exported, between 2001 and 2017, more than US\$ 10 billion in military apparatuses to Latin America's countries¹⁹. Despite the apparently high volume, it represents only 4,6% of the total number of Russian weapons exported across the world, whose main market is the Asian one, which accounts for 70% (2000 – 2016). Venezuela is by far the major Latin American purchaser, representing 80% of Russia's sales (Connolly and Sendstad 2017). Besides the Bolivarian regime, other countries that, since the beginning of the century, have acquired Russian equipment are: Argentina, Bolivia, Brazil, Colombia, Ecuador, Peru and Uruguay²⁰. Chile does not possess any defense equipment manufactured in Russia.

Venezuela and Peru are the countries with the largest number of Russian military equipment in their inventories; the other countries of the subcontinent have acquired more North-American and European equipment, especially Chile. The variety of Russia's weapons sold in South America comprises, mainly, rifles (AK), many calibers cannons, transport and attack helicopters (Mi-8MT/Mi-17/Mi-35), anti-aircraft and anti-tank missiles and transport vehicles (BMP and BTR). There is no data in SIPRI regarding Russian manufactured ships and submarines acquired by South America's navies. Researches in the Venezuelan and Peruvian armed forces' websites also do not indicate the incorporation of Russian warships. Interestingly, the main naval equipment of both forces are very similar: Italian frigates, German submarines and other smaller ships from diverse countries. In 2002, Venezuela established an agreement with Cuba for the construction of coastal patrol boats (Damen Stan 2600) in the country, through the state-owned shipyard Ucocar²¹, and acquired eight landing ships (Damen Stan Lander 5612), built in Vietnam by the Ha Long Shipbuilding shipyard. Both are models of Dutch design.

Russian-manufactured planes fly under the insignias of many of the subcontinent's air forces. Nevertheless, Russian aircrafts for fighter and bombing purposes are only used by Peru and Venezuela. The situations in which each country has purchased this material were very distinct, however. The Sukhoi -22 Fitter were incorporated into the Peruvian Air Force in the 1970s, as part of a broader agreement for the modernization of the armed forces. In 1996/8, the Peruvians acquired, in a purchase from Belarus, 18 fighters MiG-29 *Fulcrum*, without previously consulting Russia. The acquisition has

18 Available at <http://roe.ru/eng/>. Accessed June 8 2018.

19 Available at https://br.rbth.com/defesa/2017/04/24/americas-latina-comprou-mais-de-us-10-bilhoes-em-armamentos-russos_749491. Accessed June 8 2018.

20 In the mid 1990s, Uruguay bought from Czechoslovakia transport vehicles BMP-1.

21 Available at http://www.ucocar.gob.ve/ucocar_jo/.

created some tensions between diplomatic and military authorities in Moscow and Lima, given *Mikoyan-Gurevich* (MIG)'s refusal in offering the plane's maintenance – issue that has been overcome by Peru's purchase of three more MIG-29, directly from the manufacturer²².

In the case of Venezuela, already mentioned before, the acquisition occurred as a response of Hugo Chávez government to the U.S.' prohibition on the access to technology for the modernization and purchase of military equipment. However, there has always been a strong questioning about the operational availability of the Sukhoi-30 Flanker MK2²³ in the Bolivarian Military Aviation.

(...) after 8 years [2014] of its incorporation, it is not very common to see the Su-30 fulfilling their task of intercepting aircrafts raiding the Venezuelan airspace, as in the incidents with the North-American P-3 Orion. In these cases, and also in the interception of narco traffic-related flights, the employed aircrafts have been the already old F-16A/B Block 15 OCU.

After a few years since the incorporation of the Su-30 MK2, all of the fleet had to stay on the ground for three months due to the lack of pieces for its operation. In this particular case, these were pieces that were not manufactured in Venezuela and which the Russian supplier had taken long to send to Venezuela.

In the branches of the Venezuelan Military Aviation, there is a lot of dissatisfaction with the customer service of Russian enterprises, especially for being a non-reliable supply and for having an inadequate technical support. This issue has been overshadowing the much appreciated qualities of the Su-30 MK2 in Venezuela, forcing the Venezuelan Military Aviation to depend on the F-16 as first line fighters, despite the embargo problems that reduce the F-16 fleet and hamper its modernization.

The Flankers's incorporation in Venezuela has created many expectations for the Venezuelan Military Aviation, however, the Russian post-sale service has been bringing about many problems and, alongside a very low average of monthly flight hours, the Flanker has converted itself into an unreliable system for Venezuela, thus creating a gap in the Venezuelan air capacities²⁴ (Our translation).

In spite of the problems that may have occurred during the incorporation process of the Russian aircraft fighters, the Venezuelan government actually had a reduced maneuver space for the purchase of combat aircraft from other manufacturers, as in the case of the European deltas (Eurofighter Typhoon or

22 Available at <http://www.latinamericanstudies.org/peru/mig.htm>. Accessed June 8 2018.

23 At Cruzex 2013, the Bolivarian Military Aviation was represented by four F-16 jets.

24 Available at <http://www.planobrazil.com/a-reduzida-operatividade-dos-sukhois-venezuelanos/>. Accessed June 8 2018.

JAS Gripen) or even Chinese fighters (J-10 or J-17). In 2015, President Nicolás Maduro announced the order of more 12 Sukhoi-30 MK2 in order to replace two models that were lost in accidents and to totally abandon the use of the F-16 *Fighting Falcons*. The cost of the new jets was estimated to be around half billion dollars.

The concentration of Russian sales to Venezuela and the increase in the competition with military equipment from other countries has been obliging Russia to introduce a more aggressive exporting policy of armaments for Latin American, especially in the countries that ought to modernize their armed forces and which are big *commodities'* exporters, particularly Peru, Ecuador and Argentina. Another important fact is the attempt to enter in modernizing programs of military equipment from the Soviet era, such as in the case of the Peruvian T-55.

China has been the major commercial partner of South America since the beginning of the 21st century. The Chinese economic dynamism, which, throughout many years, had translated itself into growth rates around 10%, had a reflection in the rise of trade relations with the subcontinent's countries. From 2000 to 2015, the commercial expansion increased 22 times. According to Holland and Barbi (2010), the relations between China and Latin America occur in four ways: (i) as an importer of natural resources and energy; (ii) as an exporter of industrialized products, manufactured in Chinese territory; (iii) through the formation of *joint-ventures*²⁵ partnerships; and (iv) as a loan provider²⁶.

In 2015, China became the third global weapons' exporter, standing only behind the United States and Russia. The Chinese weapons' largest buyers are Pakistan, Bangladesh and Myanmar, representing almost 70% of the total amount (Fleurant et al. 2017). Despite the increase in the Chinese weaponry's importance in the global trade, a question arises: what is the technologic development level of the Chinese armament? Apparently, China has developed a le-

25 "In 2008, the state company *Petróleos de Venezuela* (PDVSA) established a *joint venture* with China National Petroleum Corp (CNPC) in order to develop the fourth bloc of the Junin field, in the Orinoco river. Within this project's framework, the Chinese corporation will have a share of 40% in the participation. PetroChina, for its turn, established with the PDVSA a *joint venture* to build and operate an oil refinery, with a capacity of 400 thousand barrels per day (B/D) withdrawn from the Junin 4 well. PetroChina has a share of 60% in this project" (Holland and Barbi 2010, 22. Our translation).

26 In May 2009, "(...) the China Development Bank (CDB) loaned US\$ 10 billion to Petrobras. The agreement postulates that the company shall export 150 thousand barrels of petroleum per day to Unipéc Asia, Sinopec's subsidiary, China's state company of petroleum, from 2009 on, and 200 thousand barrels per day between 2010 and 2019" (Holland and Barbi 2010, 22. Our translation).

gal strategy of importing high-technology weapons to posteriorly introduce innovations with the aid of industrial espionage, as it is the case of the Nanchang Q/A-5 *Fantan* (a modernized version of the Mig-19 *Farmer*/Shenyang J-6, with an intelligent *retrofit* of the air entrance and of the radar's radome) and the Chengdu F-7 (Chinese replica of the Mig-21 *Fishbed*, which was equipped with Western avionics – radar Type 226 Skyranger from the English BAE System).

From the 1950s on, China began to import defense material from the Soviet Union and to assemble – with or without license – many equipment, from the AK-47 rifle (Norinco Type 56), to tanks as the T-54 (Norinco Type 59) and T-62 (Norinco Type 69) and to many types of aircraft. In almost all of the cases, the Chinese began to construct the equipment under license in order to posteriorly introduce modifications, until managing to build apparatuses with the maximum number of components developed in the country. With the economic opening of the 1980s and the 1990s and the *boom* of the Chinese economic growth in the 2000s, China began to receive and invest more in defense technologic research, however, without abandoning its traditional strategy. As shown by the cases of the Sukhoi-27SK – Shenyang F/J-11²⁷.

If, on the one hand, the Chinese have demonstrated a high industrial espionage capacity (as, for instance, in the strong design similarities between the fighter F-22 *Raptor* and the Chinese -20, as well as between U.S.' drone MQ-9 *Reaper* and China's CASC CH-5 *Caihong*), on the other, there is a deep questioning about the current quality of Chinese equipment's production²⁸. The IAI Lavi/Chengdu J-10 case, the licensed construction of the French helicopter AS365 *Dauphin* (Harbin Z-9), the extensive utilization of Russian engines (Saturn AL-31) in the main combat aircrafts, the utilization of Ukrainian engines in the main Chinese tank (MTB2000) and in advanced training aircrafts (Ko8 and L-15), as well as the employment of Western technology in the missiles' guiding systems and other sensitive technologies²⁹ show that the country still is not capable of producing high-quality military equipment without any sort of external aid³⁰.

27 Available at <https://sputniknews.com/russia/2008022199765686/>. Accessed June 8 2018.

28 Available at <https://www.epochtimes.com.br/armas-da-china-real-guerra/#.WcmS6ozOqu4>. Accessed June 8 2018.

29 Available at <https://www.newsweek.com/chinese-military-power-us-might-643022>. Accessed June 8 2018.

30 When analyzing Chinese armed forces' difficulties in coping with the XXI century's transformations, Li Xiang (2013, 26-27) affirms that "it is urgent to enhance the independent innovation of defense-related science, technology, and industry. Scientific and technological progress is essential for implementing key information technologies, consequently improving the information level of weapons and equipment. However, there are still many problems to be solved in the national defense science and technology industry of China. For example, the

(...) China has made considerable headway in modernizing its defense science, technology, and industrial capabilities and has achieved impressive results in a number of areas since the turn of this century. Generational improvements have been made in the development and production of a growing array of weapons, from warships to combat aircraft, although the Chinese defense industry overall still lags technologically one or two generations behind the global frontier. Sharply increased funding for research and development, sustained high-level leadership attention, and the absorption of advanced foreign technologies, especially from Russia, are some of the major reasons for these gains” (Chase et al. 2015, 126).

Argentina³¹, Bolivia, Ecuador, Guyana, Peru and Venezuela possess military equipment of Chinese production in their arsenals. The first weapons were bought in the beginning of the of the 1990s by the Bolivian, Ecuadorian and Peruvian government. The former two acquired mainly cannons and howitzers (D20 and M30), portable missiles MANPADS (HN-5A) type and anti-tank missiles (Red Arrow-8). The latter one, for its turn, bought Harbin Y-12 light transport aircraft. There is a gap of almost 10 years in the purchase of Chinese weaponry by the countries of the subcontinent. From the 2000s on, there was a significant increase in the purchase of defense material from China, either in terms of volume and embarked technology. Argentina, Bolivia, Ecuador and Venezuela started to acquire many types of equipment that outstand for its employed technology rates, such as infantry fighting vehicles (VN16 and 18), diverse types of radars (JY-I, JY-II, YLC-18, YLC-2), helicopters (H-425 and Z-9), advanced training aircraft (Honddu JL-8/K-8 Karakorum³² – an aircraft very similar to the English jet BAE Hawk) and the short range air-to-air PL5E missile.

The purchase of Chinese military material seems to occur mainly due to their prices, given that they are cheaper than the Western and Russian ones, and to political reasons, since China does not establish any restriction to a country

structure is irrational; enterprise reform has not been deep enough; competition and capacity still need to improve; and there is also a lack of strategic planning and institutional building of integrated military-civilian development. These prominent contradictions should be solved in the second decade of this century”.

31 Besides acquiring Chinese military equipment, Argentina has acquired a license to manufacture the CZ-11 light utility helicopters, a reproduction of the European AS 350B Ecureil.

32 Bolivia had established an agreement with the Czech jets’ manufacturer Aero Vodochody in order to purchase L-159 ALCA advanced training jets. However, the North-American government vetoed the sale in light of the intense utilization of U.S.’ technology in the Czech jet, as, for instance, the Honeywell F124-GA-100 engine. Due to this, Evo Morales’ government chose the K-8 jet, which was the one that has been bought by Venezuela. Available at <https://moraisvinna.blogspot.com/2009/08/chance-para-os-l-15-ou-yak-130-eua-nao.html>. Accessed June 8 2018.

because of its political regime. An important factor for the rise in the sales has been the offer of financing through state banks, especially the China Export and Credit Insurance Corporation (Sinosure) and the Export-Import Bank of China (China Exim Bank)³³ to the purchase of this material³⁴. Another element that shall be highlighted is the fact that the main Chinese weapons' buyers in South America are all countries with strong left-wing governments. In such cases, besides the Chinese financing, one may notice that probably some governments have been attempting to escape from the dependence of the Russian armament, especially Venezuela.

In a similar way to the Russian defense equipment, it was not possible to find any information regarding South American countries' purchase of ships or submarines manufactured in China or which use Chinese technology. Although countries as Venezuela and Uruguay have shown interest in acquiring new offshore patrol vessels derived from the P-18N model, a likely reason for a disinterest may be the scarce contact between South America's navies and the Chinese People's Liberation Army (PLA), as the one that occurred in 2013, when a small Chinese flotilla composed by the Lanzhou (Type 052C) destroyer and the Liuzhou (Type 054A) frigate participated in maneuvers with the Chilean army and the Brazilian navy. Furthermore, in spite of an excellent stealth design, the new Chinese ships intensely employ Russian technology.

In what concerns training ships and other types of warships, the first of these visits was made by the Chilean navy's training ship, Esmeralda, which reached the port of Shanghai in 1972. Until 2009, Esmeralda had visited Chinese ports in 10 different occasions. As a reciprocity, China's first naval flotilla visited Latin America in April 1997. It included destroyers (missiles) Harbin and Zhuhai and the logistic ship Nancang. The flotilla docked in Mexico, Peru and Chile, as well as in the North-American base of Pearl Harbor. The most recent visit of this kind, in the moment that this article was being redacted, occurred in 2009 – a naval flotilla from China, which included the destroyer Shijazhuang and the feeder ship Hongzehu docked in Valparaíso, Chile; Callao, Peru; and Guayaquil, Ecuador. In spite of having a pacific character, those visits benefited the PLA, allowing them to identify the conditions for a future utilization of Latin American ports for maintenance, replenishment and other purposes (Evans 2012, 32. Our translation).

33 Available at <https://www.bloomberg.com/news/articles/2013-07-17/china-s-easy-money-flows-abroad-as-credit-squeeze-hurts-at-home>. Accessed June 8 2018.

34 From 2013 on, China also began to donate military equipment to Ecuador, Bolivia, Guyana, Colombia and Peru.

Besides the Asian giant, other Asian countries have been trying to enter in the subcontinent's defense market. Since 2012, South Korea had been rising as a new actor in the South American trade of defense equipment³⁵. Colombia and Peru have been the first buyers of Seoul. The South Korean strategy is partly similar to China's and other countries' strategy: donation of secondhand equipment and posterior sale of new ones³⁶. Accordingly, the Koreans have donated to the Peruvian and Colombian navies old corvettes; to the former, of the *Pohang* class, and, to the latter, of the *Donghae* one. As an outcome of the negotiations, the Koreans also established *joint-ventures* between the company STX and the enterprises COTEMAR (Colombia) and SIMA (Peru) looking forward to the construction, transferring of technology and development of new offshore patrol vessel's models. The Peruvians are constructing 14 patrols, and, the Colombians, 16.

The Korean strategy had already been used in the country's entrance into other defense markets, especially the Asian one, dominated by the U.S., Russia and China. From the year 2000 on, the South Korean government donated to the Philippines, Kazakhstan, Bangladesh, Ghana, East Timor and Trinidad and Tobago many patrol vessels from the class *Chamsuri*. These donations allowed the establishment of new negotiation processes for the posterior sale of other equipment, as advanced training/attack aircrafts KAI T-50, landing ships and the purchase of corvettes for the Philippines (which has bought for 100 dollars a *Pohang* class corvette), rifles and machine guns manufactured by Daewoo to the navy of Bangladesh, and munitions of many types to East Timor's Defence Force.

South Korea's main sales in the South American market has been twenty KAI KT-1 basic trainer aircrafts for the Peruvian air force – alongside technology transferring, the modernization of aircraft assembly facilities and the development of a specific flight simulator – and two marine landing ships (class *Makassar*) constructed in the country. Moreover, sixteen anti-ship C-Star SSM-700K missiles were sold to the Colombian navy in order to replace the Exotec French missiles.

35 Formerly, the country had sold less sophisticated equipment. "Korean Aerospace Industries aims to expand its market in South America as well. Since 2006, Latin American countries have imported \$48.9 million worth of ROK defense gear including trucks, flak vests, ammunition, and communication devices". Available at http://www.sldinfo.com/the-evolution-of-south-korean-defense-industry-an-emerging-global-player/#_ftn60. Accessed June 8 2018.

36 Available at https://idsa.in/idsacomments/decommissioned-military-hardware_sbmaraj_100117. Accessed June 8 2018.

Conclusion

The aim of this text is to discuss how the political changes occurred in South America during the first years of the 21st century influenced the purchase of modern military equipment by some South American countries. Deep economic and political changes took place in the subcontinent. Many left-wing governments took over the power at the same time as there was occurring an expressive increase in the growth rates of the developing countries' economies. The rise in the *commodities'* prices enhanced not only welfare programs, but also the purchase of defense equipment.

The purchase of defense material is a political decision. The motivations for a country to acquire defense material derive both from international (such as the character of the political regime) and external issues (possibility of conflict). In 1968 and 1973, Guyana and Peru, respectively, started to acquire Russian armaments as a result of their political approximation with Moscow, thus leaving U.S.' military equipment aside. Even with the end of the Cold War, the Peruvians continued granting preference to Russian-manufactured aircraft. Other countries began to acquire other equipment that were not supplied by the U.S. or that were possibly subjected to vetoes, such as the Iglá-S missiles bought by Brazil in the mid-1990s.

Venezuela certainly is the most emblematic case. The political positions of president Hugo Chávez have put him in collision with Washington. George Bush's and Barack Obama's administrations have blocked Caracas' attempts to modernize U.S.-manufactured equipment and have established vetoes to the sales of other apparatuses using North-American technology, produced by Europeans or by Brazil, for instance. The result was the institution, by the Venezuelan government, of a policy marked by extensive armaments' purchase from Moscow. Posteriorly, China also became an important supplier, alongside Cuba and Vietnam. The Venezuelan government's decision also had a strong influence in the defense equipment's purchase made by Bolivia, which also suffers from U.S.' veto.

The biggest threat to the sale of Russian equipment in the region seems to come from China. With an enhancement in the economic and political relations derived from the Chinese expansion, Beijing began to invest in the sale of military equipment through the financing of state banks to many governments. Ecuadorians, Bolivians, Venezuelans and Argentinians started to purchase various types of Chinese equipment, ranging from cannons to advanced training aircrafts.

Another important competitor that has been entering into the South American market is South Korea. With an already tested selling strategy in oth-

er countries (donation of ships and posterior offer of products), the Republic of Korea has been attracting South American countries that aim at diversifying their suppliers of high-technology equipment, such as aircrafts, ships and missiles.

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ABSTRACT

The article tries to discuss if the impact of the political changes, which occurred in South America from the first decade of the century, influenced the purchase of military equipment by some countries of the region. The emergence of new governments, with a strong left leaning, occurred concurrently with a clear change in the classic pattern of buying defense equipment. European countries and the US have come to be preferred, as opposed to Russia and China, as suppliers of arms to the various South American armed forces.

KEYWORDS

Politics, Defense, Russia, China, South Korea.

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