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Central Intelligence Agency



Washington, D. C. 20505

DIRECTORATE OF INTELLIGENCE

5 February 1988

Chile: A Utilitarian Relationship with Israel [redacted]

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Summary

Ties between Chile and Israel have grown rapidly since the mid-1970s. Although there is limited political, diplomatic, and intelligence cooperation between the two countries, the relationship centers on arms transfers and related service and training matters. Israel--which is now Santiago's most important weapons supplier after the United Kingdom--has sold Chile a wide variety of hardware, including air-to-air missiles, patrol boats, tanks, jet aircraft and advanced electronics gear. We believe that Santiago will maintain--and possibly increase--its contacts with Tel Aviv over the near term, since it values Israel's battle-tested equipment and calculates that a discrete relationship will not jeopardize its commercial equities in the Arab world. Israel's main interest in Chile is retaining its lucrative arms market, and Tel Aviv is highly unlikely to jeopardize its military relationship to support political goals such as a return to civilian rule in Santiago. [redacted]

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This typescript was prepared by [redacted] South American Division, Office of African and Latin American Analysis. Comments and queries are welcome and may be directed to the Chief, South American Division, ALA, [redacted]

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Background

Until the late 1960s relations between Chile and Israel were limited and of low priority. During the first two decades of Israel's existence, for example, Tel Aviv did not maintain a diplomatic presence in Santiago, accrediting its ambassador to Argentina as nonresident minister to Chile and several other capitals. Following the 1973 Arab-Israeli war and Arab success in spurring black African nations to break relations with Israel, however, Tel Aviv began to devote more attention to Latin America. During the past decade Israel has attempted to broaden its diplomatic, cultural, and economic contacts throughout the region, using them effectively to expand into the arms trade. Since Washington instituted the arms embargo against the Pinochet regime in 1976, Chile has become a prime target of Israeli arms sales--we estimate that Santiago is now Tel Aviv's second or third largest weapons customer in Latin America, after Argentina and Venezuela.

While Santiago appreciates the arms link with Israel, it is careful to protect its growing economic ties to the Arab world, which we believe Santiago views as more important over the longer term. Non-military Chilean trade with the Arab bloc from 1977 to 1986 amounted to about \$1.2 billion--with a huge surplus in Santiago's favor--as compared to \$30.2 million with Israel over the same time frame. In particular, Chile is anxious to nurture its growing arms trade with Iraq, now the leading export market for Chile's fledgling defense industries. Because of the need not to offend Arab sensitivities and to protect its commercial equities, Santiago has kept its relationship with Israel low key and focused on military and security matters, while seeking to avoid a clear cut stand on contentious Middle East political issues.

Military Sales

We believe that in most cases Chile has opted for Israeli arms and equipment because of availability--Tel Aviv attaches no political strings to its transfers--and high quality. Sales have been dominated by advanced electronics, upgrade packages, and sophisticated end-items such as air-to-air missiles. In addition, Tel Aviv also provides excellent maintenance and modification services for several of the different foreign arms systems used by the Chilean armed forces. We have no indications that Israel has charged Santiago anything but market price or has provided concessionary financing for its transfers. Some of the more important transfers and services include:

- Shafir Air-to-Air Missiles: Israel sold the Chilean Air Force 100 missiles in 1976 and 50 more in 1980. The Shafir is a modern infra-red homing missile for use against high performance aircraft.

- M-51 Sherman Tanks: The Israelis sold 150 of these tanks--which had been almost completely rehabilitated, including a more powerful 105 mm gun and a new engine--to the Chilean Army in 1980.
- Tank Refurbishment: The Nimda company of Israel signed three separate contracts in 1984 to install new engines and fire control systems on the Chilean Army's American-made 1940s and 1950s vintage tanks.
- Naval Tactical Training Center: An advanced computerized training system that allows on-shore simulation of naval exercises. The system was sold to Chile in 1985 and is used at the Naval War College at Valparaiso.
- Westwind 2 Aircraft: Israel sold one of these two-engine commuter jet aircraft, used by the Israeli navy for maritime reconnaissance, to Santiago in 1986.
- Modification of Mirage Vs: Israel Aircraft Industries has modified the navigational, electrical, and armament control systems of the Chilean Air Force's 15 Mirage Vs.

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Chilean arms exports to Israel so far have been limited to an undetermined number of cluster bombs manufactured by Cardoen Industries.

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[redacted] was highly impressed with the Chilean bombs and ordered a large shipment to be staggered over a five year period beginning in 1984. More recently, the Chief of Staff of the Chilean Air Force queried the US Embassy in Santiago on our willingness to allow it to sell sixteen US produced F-5 aircraft to Israel, possibly for retransfer to a third party.

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Recent Reports

In addition to these confirmed sales, there have been [redacted] large Chilean military purchases from Israel. For example, it is rumored that Chile had purchased \$500 million worth of Israeli military equipment in 1987, including Sherman tanks, Pioneer remotely piloted vehicles (RPVs), and 500 laser-guided anti-tank missiles. In November 1987, Argentine Foreign Minister Caputo provided Washington with a list of recent Chilean acquisitions from Israel, including Sherman tanks, Pioneer RPVs, sundry communication and sigint equipment, Gabriel missile launchers, and Dabur class patrol boats. Although we doubt that many of these sales will be consummated in the future, [redacted] almost certainly reflect a continued Chilean desire for additional and more sophisticated Israeli material. Chile, in our view, is particularly interested in acquiring sigint equipment and RPVs to provide better strategic and tactical warning and reconnaissance capabilities against Peru and Argentina.

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Other Bilateral Contacts

The bulk of the contacts between the two countries' armed forces center around promoting sales of military equipment and services. The Chilean military attache to Israel stated in 1986, for example, that Israel had provided extensive tours of most of the country's defense industries and airbases in an effort to enlist his support for further arms sales to Santiago.

moreover, a second Israeli military attache was assigned to the Israeli embassy in Santiago in 1984 specifically to assist in military transfers. Finally, a senior officer of the Chilean Navy visited Israel in mid-1987, and a senior Israeli Navy officer came to Santiago in late 1987--both were reportedly on arms transfer-related missions.

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Chile and Israel also have developed officer training exchanges,

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Israeli and Chilean pilots occasionally fly "aggressor" missions in each others' training exercises. According to US Defense Attache reporting, for example, the commander of an Israeli interceptor squadron stated in 1984 he had recently returned from three weeks of flying with the Chilean Air Force.

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Israel offered a familiarization course for three Chilean Army officers in mechanized infantry training and doctrine in 1987.

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Although the political dimension to the Chilean-Israeli relationship is fairly limited, the countries have lent some diplomatic support to each other in international organizations. In 1986, for example, the Israeli Foreign Ministry assured Chile that Tel Aviv would not back a challenge to the credentials of the Chilean delegation to the 72nd International Labor Organization Conference. In another show of support, the Israelis supported Chile's World Bank Structural Adjustment Loan in 1986. Chile, in turn, has supported Israel on a number of votes in the UN that Tel Aviv considered vital, such as acceptance of the Israeli delegation's credentials for the UN General Assembly.

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Outlook

We believe that Chile will continue to maintain a close military relationship with Israel over the near to medium term. Chile values Israel's willingness and ability to sell battle-tested military equipment, modify and modernize older items, and provide service and training. Although the Chilean military would prefer major Western suppliers--particularly the UK or the US--for major weapon systems, lack of alternatives could, in our view, eventually spur Santiago to increase its military purchases from Israel to include big-ticket items such as fighter aircraft and naval vessels. Santiago probably sees little risk of angering the Arab states as long as it keeps its ties with Tel Aviv low-key and avoids public endorsement of Israeli policies. [redacted]

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Israel's primary interest in Chile is maintaining a market for its military goods and services, and it will continue to try to minimize the political aspects of its relationship with Santiago. Although Israel has publicly stated its support for a return to civilian government in Chile, Tel Aviv does not believe that foreign pressure on the Pinochet regime is effective. In our view, Israel--even under a Labor government--is unlikely to jeopardize its military relationship with Santiago to support a restoration of democracy in Chile. [redacted]

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Israeli Arms Sales to Chile, 1975-19881975

1 Radar System

1976

100 Shafrir Air-to-Air Missiles

19792 Reshef class patrol boats with Gabriel surface to surface
missiles

Naval electronic equipment

50 KG bombs and .30 cal ammo

Electronic equipment

36 155-mm howitzers and ammo

1980

50 Shafrir air to air missiles and training

150 Super Sherman tanks

Gabriel missile launchers

Electronic equipment

1981

1 Air Search/Early Warning radar

Scan radars

Electronic equipment

5,000 Galil assault rifles

1983

Maintenance agreement for Shafrir air to air missiles

1985

Naval Tactical Training Center

Refurbishment of M-51, M-41, M-21 tanks

19861 Westwind-2 aircraft possibly configured for maritime
surveillance

Computer Equipment and Radar parts

Joint modifications of Mirage aircraft

1987

2 NS-9034 Electronic Support Measure (ESM) systems for submarines

Modification work on Mirage Vs

Training course on Mechanized Infantry Training and Doctrine

1988

Barak point defense antiaircraft missile system*

* The Chileans are reported to be considering this system
for their County class destroyers. [REDACTED]

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