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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

Special Report

Arms and Security in Latin America

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No 608

3 March 1972

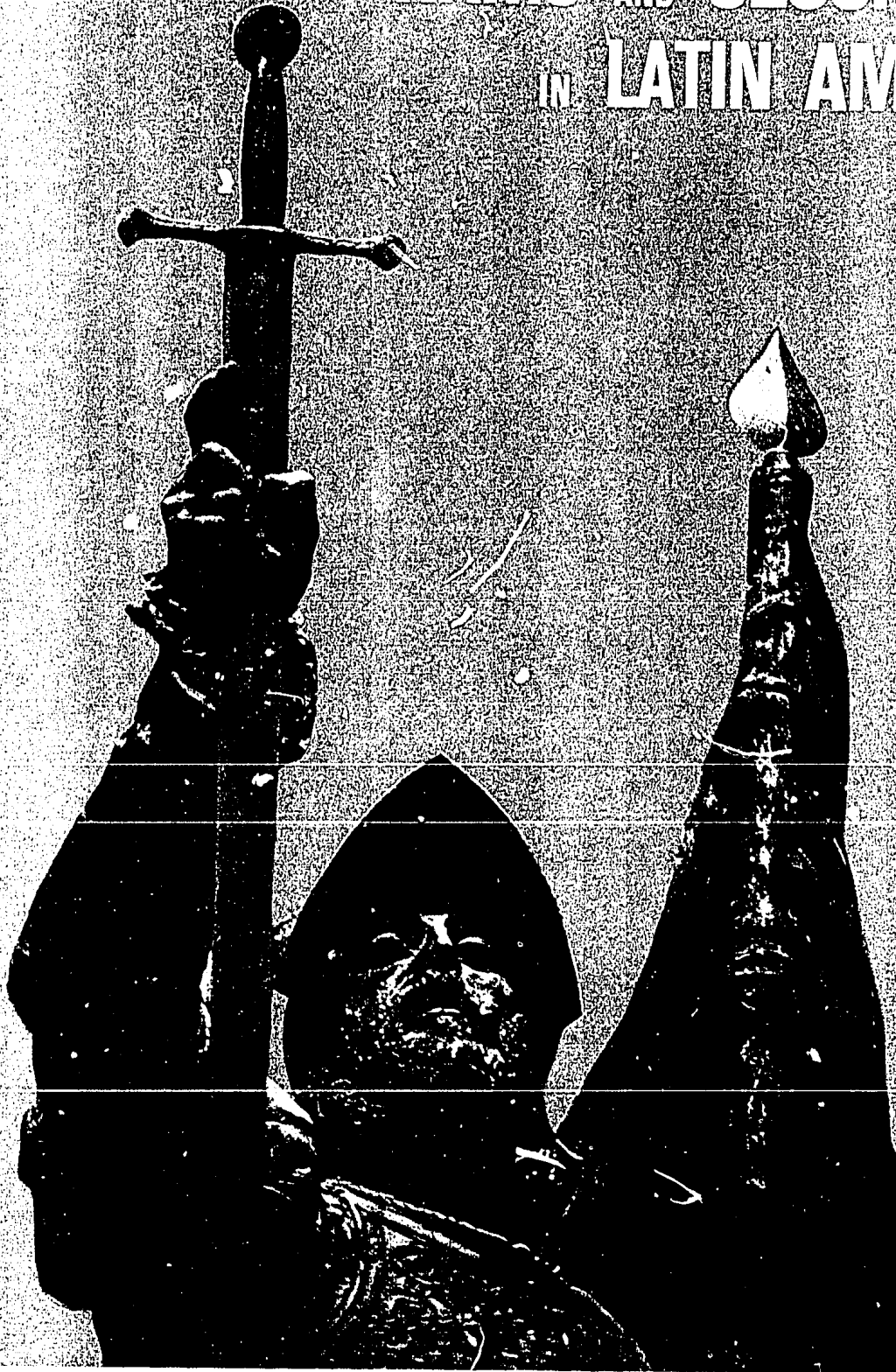
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ARMS AND SECURITY IN LATIN AMERICA



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In the furor over the alleged arms race in Latin America, there is much hypocrisy, maneuvering and trickery. And a good dose of foolishness in the repetition of disarmament cliches without much attention to the facts...

*Alberio Lleras Carmargo
Former secretary general
of the OAS*

Latin America spends less on arms than any other part of the world. In fact, in the past 20 years, defense budgets as a proportion of total expenditures have dropped 50 percent.

*Sol Linowitz
Former US envoy to the OAS*

During the past five years, South American countries have purchased more than a billion dollars worth of armaments from Western Europe and Canada with deliveries scheduled through the mid-seventies. While this amount is admittedly small in comparison with the acquisitions of major world powers, it reflects a growing interest in modern weapons systems and a movement away from traditional US suppliers. Nevertheless, no single European seller has cornered the arms market. Most of the Latin American countries continue to show a preference for US military missions.

Arms control efforts have been thwarted by political, economic, and institutional factors as well as by the way major Latin American governments view potential threats to their security. There is little danger, however, of a serious arms race since internal security and patrol of territorial seas continue to be the main focus of military operations. Armament inventories will continue to expand, but there is no indication of a dramatic increase in total military expenditures.

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Background

During World War II, the US replaced Europe as the main source of military assistance and materiel for Latin America. Military equipment from the US, provided at first through lend-lease aid, was supplied to the major South American forces at relatively low cost through surplus sales or loans. The sales of new armaments to South America consisted mainly of trainer and transport aircraft, helicopters, and small arms.

After the war, the US continued to dominate the Latin American arms market for many years. A little West European equipment was purchased, largely surplus warships, jet tactical aircraft, and tanks. These items the US was reluctant or unwilling to supply.

While the smaller Latin American military establishments, along with Mexico, generally have welcomed the US emphasis on internal security and arms limitations, the leading South American forces have been less receptive. In part, this reflects important differences among Latin American military organizations. Those in the larger South American countries are characterized by a high degree of specialization, adherence to discipline, and a hierarchical structure. They are relatively cohesive, and have well-organized command, staff, and school systems. They are not receptive to US attempts to limit their arms supplies. Since the mid-1960s, the six major South American countries—Argentina, Brazil, Chile, Colombia, Peru, and Venezuela—which account for 80 percent of Latin American military spending, have turned increasingly to non-US suppliers for major combat equipment. The smaller Latin American countries, however, generally lack the economic resources and technical expertise needed to support professional military institutions, and the acquisition of modern arms is not a matter of such intense national pride.

Arms Purchases from Europe

In Latin America, as in other areas of the world, weapons procurement is often dictated by

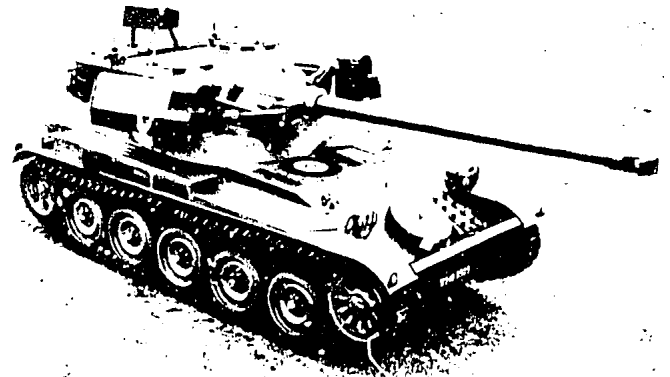
economic and political forces rather than by the strategic realities or by missions created to cope with those realities. In the 1960s, military leaders in the major South American countries began to express concern about the state of their military equipment. Their inventories dated from World War II or earlier and were in poor condition. Replacement parts were in short supply and technical skills lacking. In planning to modernize their holdings of combat equipment, the major South American services were inclined to set higher goals than were suggested by their US advisers. The advisers emphasized low cost and utility factors, while the Latin military wanted badly to stay abreast of contemporary military technology. The US stress on internal security, particularly, clashed with the nationalistic attitudes of leaders of the larger South American services. Before the current round of arms modernization began, some military commanders complained that their outmoded equipment made it difficult to attract officer candidates.

In the late 1960s, the larger South American countries were benefiting from better economic conditions, and in many of them military governments were determining the allocation of funds. These factors favored a more generous attitude toward military re-equipment programs. Brazil, the country that accounts for about 40 percent of current arms purchases, is particularly flush as a result of rapid industrial growth and increased government revenues. With more cash available and under pressures to expand and replace aging inventories, military buyers were willing to look beyond the US for new equipment.

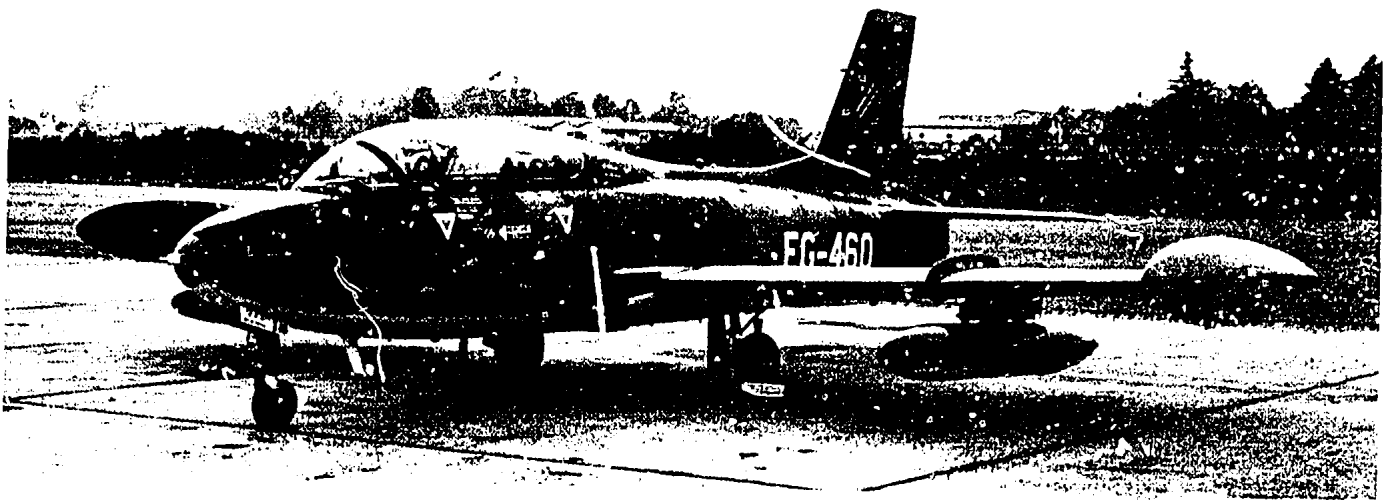
Another factor promoting the sale of non-US arms to Latin America has been US legislative restrictions on military assistance to foreign countries, particularly the Symington and Conte-Long amendments to the US Foreign Assistance Act of 1967. These amendments call for a reduction or termination of US economic assistance to countries that make "unnecessary military expenditures" or purchase sophisticated equipment. To most Latin American leaders, this was an unacceptable challenge to their national sovereignty

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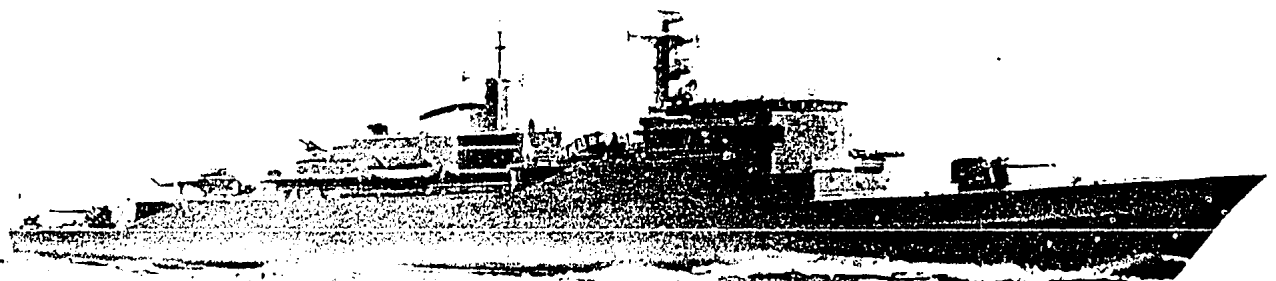
LATIN
AMERICAN
PRODUCTS



French AMX-13 tank assembled in Argentina.



Italian designed Aermacchi 326 jet aircraft produced in Brazil.



British Mark 10 frigate, which Brazil plans to build next year.

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and prestige, and they preferred to accept economic aid cuts rather than abandon their military modernization programs. European countries, on the other hand, have been less inhibited by such political reservations and have exported arms to Latin America for economic reasons. In many cases in West Europe, the export of arms helps to sustain armament industries, which would not be economically viable without a sizable export market, and to promote technological innovations. Naturally, these exports provide employment in European countries and strengthen their

Peru, Venezuela, Chile, and Colombia (in that order). Venezuela's large foreign exchange earnings have allowed it recently to increase its military expenditures at a record pace. Major equipment purchases, however, have been made to refurbish an antiquated weapons inventory.

The naval services used to account for the bulk of Latin armament acquisitions, but air and ground forces have greatly increased their share over the past several years. Latin American navies are buying the usual mix of principal combatant

Major Non-US Arms Purchases, 1965-1970

(Figures in millions of US \$)

	Belgium	Canada	Denmark	France	Italy	Netherlands	Spain	West Germany	United Kingdom	Total
Argentina		5.5		16.7	6.4	21.0+		22.0+	90.7	162.3+
Brazil	6.8	47.2		60.5	52.0			5.8	307.0	479.3
Chile		1.6	5.9				2.3		117.0	126.8
Colombia							6.0	2.2		8.2
Ecuador	0.6							3.6	2.4	6.6
Mexico	2.5				n.a.					2.5
Paraguay		0.4								0.4
Peru	8.0	70.0		43.6				3.6+	51.1	176.3+
Uruguay						2.2	6.0			8.2
Venezuela				5.6				6.5	17.0	29.1

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balance of payments position. Most European countries have regulations controlling or prohibiting arms sales to "disturbed" areas, but there has not been a major war in Latin America since the Chaco War of the 1930s.

Major South American Consumers

Argentina and Chile were the main purchasers of military equipment prior to World War II. The circle of major customers has expanded since then to include Brazil, Colombia, Peru, and Venezuela. Today Brazil is the leading military power in South America, followed by Argentina,

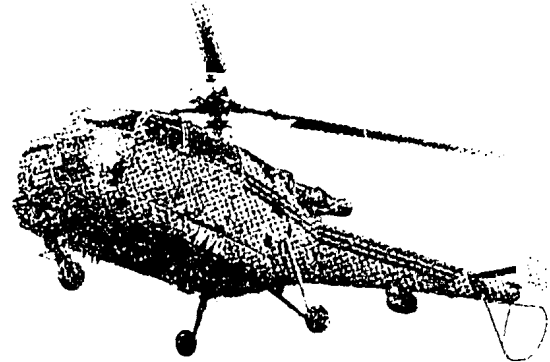
ships and are showing a new interest in fast patrol craft. Recent orders by the air forces commit large sums for supersonic tactical aircraft, helicopters, and transport airplanes. Ground forces still take only a small portion of the armament pie. They are buying more armored personnel carriers, tanks, trucks, and electronic equipment, reflecting the modern emphasis on mobility and rapid communications. In addition, South American armies are seeking helicopters and transport aircraft; some even plan to use small tactical missiles.

Although the ships of the naval powers (Brazil, Argentina, Chile, Peru) look large by

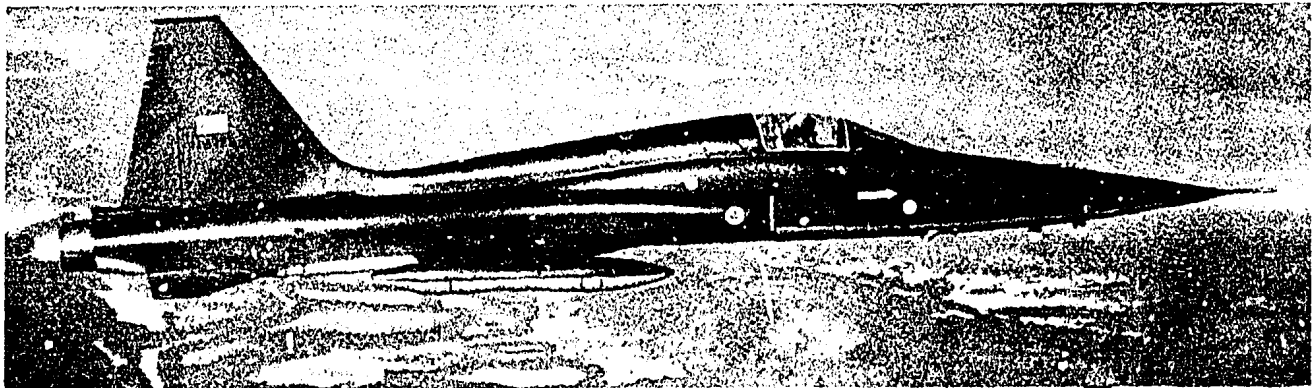
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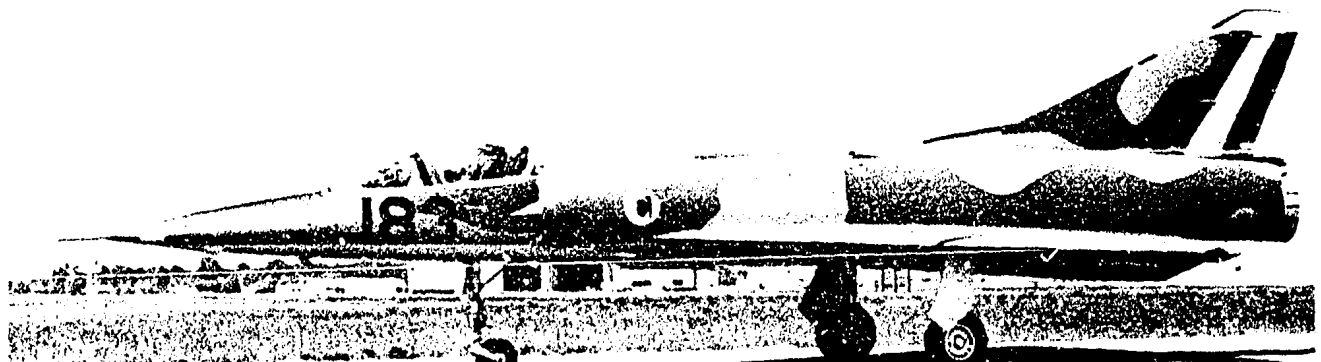
PURCHASED
FROM NON-US
SUPPLIERS



French Alouette helicopter used by Argentina, Peru, and Venezuela.



Canadian CF-5 jet (equipped with Sidewinder missiles) recently sold to Venezuela.



French Mirage 5-P multi-purpose combat aircraft of Peruvian Air Force. Colombia also has Mirages, and they have been ordered by Argentina, Brazil, Chile, and Venezuela.

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Latin American standards and current purchases include modern destroyers and submarines, inventories still consist mainly of World War II patrol boats, destroyers, and small aircraft carriers.



Considerations in Arms Modernization

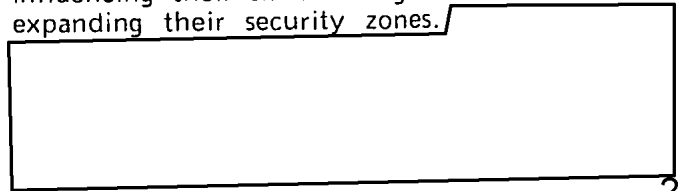
Although the major Latin American countries do not show serious expansionist tendencies that might generate an arms race, there are indications of continuous and deep nationalistic concern over disputes with neighbors. These reflect in part the natural tendency of a military establishment to keep up with its neighbors. They also reflect latent conflicts in hemispheric relations that have persisted over the years: Argentina and Chile (the Beagle Channel), Bolivia and Chile (outlet to the sea), Chile and Peru (Peruvian revanchism), and Colombia and Venezuela (disputed border, migrant workers). Among the smaller countries, the struggle between El Salvador and Honduras is a reminder of the possibilities of conflict and escalation of military costs.

Other forms of nationalism provide reasons for arms purchases. The current efforts of Ecuador to prevent foreign fishing fleets from working what it regards as Ecuadorean waters have resulted in the capture of a number of US tuna boats. The vessels used in these operations are German-made patrol boats and an old destroyer. Since there is no indication that these operations are slackening off, the need for small naval craft will continue.

While most of the major countries do not feel threatened by extra-hemispheric forces, both Argentina and Brazil have voiced concern over the growing presence of Soviet fishing trawlers and

naval vessels in the South Atlantic. Argentina's response appears to be dictated by concern for the security of its shipping lanes, but Brazilian military leaders also view their country as a potential world power with commensurate security responsibilities.

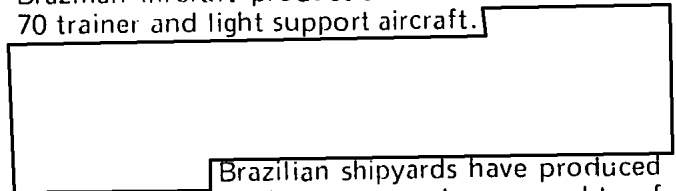
The two largest South American military powers, Brazil and Argentina, have long been rivals for influence in South America. Both view their domestic capacity to produce arms and the sophistication of their armed forces as ways of influencing their smaller neighbors and thereby expanding their security zones.



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Argentina has been assembling French AMX-13 tanks, various missiles, and transport vehicles, for which it obtains parts from European producers. In Brazil, each service has a representative who participates regularly as a member of the Permanent Group for Industrial Mobilization, a body that has as its principal aim the development of a capacity for domestic production of military items. Almost all of the purchase contracts signed with European suppliers since 1967 have included a provision that at least part of the items be assembled in Brazil. Current domestic production items include small arms, antitank and artillery rocket launchers, and most ammunition. Brazilian aircraft production in 1970 was about 70 trainer and light support aircraft.

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Brazilian shipyards have produced ships as large as destroyers and are capable of repairing and overhauling all types of naval vessels.

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Outlook

While the current rate of Latin American arms purchases does not herald a major arms race, there is little likelihood of a general working agreement on arms control. The lack of serious conflict and the contest for funds with economic development put brakes on the pace of military spending and slow hemispheric efforts to work for arms control. So does the fact that a number of big buyers are military-controlled governments.

On the other hand, with the US and regional organizations occupying somewhat less influential roles, Latin American governments are becoming more preoccupied with balance of power politics and consequently more responsive to military requirements. External defense missions will probably seem of lesser security importance to most

government policy makers. Border patrols of the major countries may be more in the public eye than in the recent past, but insofar as weapons are concerned, they will probably settle for parity of equipment with their neighbors rather than seek extensive arms with a view to actual warfare. For some navies and air forces (Argentina, Brazil, Chile, Ecuador, and Peru), the surveillance and control of activity in the 200-mile coastal zone currently claimed by their governments will be an important function. The traditional mission of internal defense, transformed as it has been in recent years by greater mobility and communications, will also constitute a substantial source of demand for equipment. While regional peace-keeping efforts could require significant amounts of equipment, this concept is not far enough advanced to raise real pressures for substantial acquisition of arms. [REDACTED]

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