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New challenges and opportunities for Brazil's defense policy

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In any post-election context, overall policy changes are usually bound to happen. Although far from absolute, new governments tend to bring forward new priorities and, more importantly, take under consideration new underlined variables which inevitably end up shaping any intended course of action. Comprehensive reviews of past approaches or previous decisions are thus frequently in order. In that sense, Brazil's own process of political transition is naturally no exception. But amid Dilma Rousseff's new managing style and prime concerns, defense policy in particular appears to have drawn the shortest straw, at least for the time being.

Although it received a significant boost during Lula's last years in office – the approval of a National Strategy of Defense in 2008 and multiple international partnerships with important security partners are two good examples –, this area was not seen as overly susceptible to any major transformation or reshuffle, specially since Defense Minister Nelson Jobim was to transit to the new ruling staff, allegedly by indication of Lula himself. A minimum of political coherence and consistency was thus dully anticipated. Furthermore, although Lula did not sign off on all the big pending issues before the end of his term, it was widely expected that Dilma's take would not fall too far from what was perceived to be, in most cases and for all purposes, a *fait accompli*.

However, as the first two months of Dilma's Presidency appear to indicate, "policy continuation" is not without its subtleties. As the need to tackle Brazilian public spending – aimed essentially at easing inflationary pressures caused by an overvalued *real* – began to consolidate among policymakers, austerity measures became increasingly necessary. Consequently, a US\$30 billion cut in 2011's budget was announced on February 9th, and days later details surfaced specifying that US\$2.4 billion alone would have to come from the defense sector. While details remained sketchy as to the actual range of cuts, some ongoing bids inevitably had to be put on hold, officially awaiting a more appropriate timing. The FX2 program – also known as the lengthy fighter bid for the Brazilian Air Force, including at least 36 new aircraft at a price tag of nearly US\$7 billion – became the first immediate 'victim'. Moreover, the long overdue choice between Dassault's Rafale, Boeing's F/A-18 Super Hornet and Saab's JAS-39 Gripen NG started to gain new contours, as the US appeared to be back in the game after what was generally seen as a French shoe-in, given Lula and Jobim's previous public preference for such an offer. Hence, given Dilma's wish to better renegotiate the terms of an eventual contract and in light of the present fiscal responsibility 'mood' in the *Palácio do Planalto*, the final decision has been pushed back once more.



On the other hand, another casualty of the announced cutbacks may also likely come to include the recently touted "ProSuper" program, which foresees the acquisition of five frigates, five oceanic patrol vessels and one logistical support ship, at an estimated cost of over US\$3.6 billion. With the UK, Italy – whose bid's favoritism has been knocked down by the recent political fallout associated with the failed extradition of Italian-national Cesare Battisti –, South Korea, and Germany in the run, again a final verdict has been delayed until the end of the year, thus enlarging the list of pressing military purchases stuck in political-executive limbo.

But as Brazil inevitably makes politically costly decisions in light of pressing budgetary constraints, new opportunities may lie ahead that could possibly help mitigate the above-mentioned tardy investments. If Jobim's recent travels to Argentina and Uruguay are any indication, greater regional cooperation in matters of defense may well comprise one of such 'alternatives'. Indeed, in just two months, Jobim flew to Buenos Aires three times, first on January 16th, then on January 31st with Dilma Rousseff, and finally on February 14th, clearly demonstrating the official will to reenergize Brazilian-Argentinean ties. More so in defense cooperation as the latest bilateral declarations seem to indicate. Indeed, the expressed desire to jointly invest on common technological-industrial development projects, like the Vlega Gaúcho military vehicle or Embraer's KC-390 transport aircraft, may end up sustaining this bilateral attempt at creating a shared and mutually beneficial defense industry. Moreover, as Jobim indicated in Montevideo, such plans have a potentially significant spillover effect on the surrounding region. Creating a truly "South American defense industry base" is therefore not only extremely appealing for these countries – as it allows to cross-share valuable pieces of technology – but is also considerably inescapable in the accomplishment of Brazil's own objectives as indicated by its National Strategy of Defense, which precisely envisions "the development of defense production together with other countries in the region" as a means to consolidate a peaceful South American integration.

Likewise, on February 24th Brazilian Rear Admiral Luiz Henrique Caroli was sworn-in as the new head of the United Nations Interim Force in Lebanon's Maritime Task Force. A symbolic gesture to be sure, but nonetheless fully in accordance with another goal of the official guidelines, this time regarding the preparation of "the Armed Forces to perform growing responsibilities in peacekeeping operations".

However, it is important to note that these two last examples in no way overshadow the need to continue the modernization process of Brazilian Armed Forces, specially when the strategic rationale behind such programs has not disappeared: Brazil's ageing Mirage 2000 and F5 Air Force is set to begin retiring in 2016/18 and the need to defend and guard the country's overwhelming maritime riches remains a constant reminder. But while fiscal concerns remain imperative, not much more is possible other than temporally deferring multi-million deals that ultimately would have been hard to explain to the general population. In this context, the Ministry of Defense is clearly in a position to possibly refocus its efforts towards areas like regional cooperation or international participation that might allow significant gains in the short-term, while waiting for a more favorable political-economic climate to restart the long-sought reequipping process.

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