

Defense

Overview

(US\$ billions)	2010	2011	2012(estimated)
Total Market Size	3.9	4.5	4.8
Total Local Production	2.7	3.1	3.3
Total Exports	1	1.1	1.1
Total Imports	2.2	2.5	2.6
Imports from the U.S.	1	1.1	1.1

* The above figures are unofficial estimates and assume an exchange rate of 1.67/USD

Source: Ministry of Defense/ Brazilian Association of Aerospace Industry (AIAB)/ Brazilian Association of Defense Material (ABIMDE)

The Brazilian Government seeks to acquire a wide variety of defense projects as it modernizes its armed forces and focuses on protection of its borders and natural resources. Brazil is vast, geographically diverse and is home to the Amazon River and rainforests. The country has large reserves of natural resources and in recent years, has discovered substantial offshore oil reserves. The country's defense procurements are largely focused on the protection of these resources. The military budget proposal for 2012 is around R\$ 63 million or approximately US\$ 37 million.

Sub Sectors Best Products

In 2008, the Brazilian Government published its National Defense Strategy, which presented medium- and long-term strategic plans focused on the restructuring of the Brazilian defense industry while promoting economic development. The Strategy also outlined a reorganization and modernization of the Brazilian Armed Forces and identified three areas as strategic priorities for Brazil's defense sector: space, cybernetics and nuclear. Some of the most important military projects being planned by Brazil's Armed Forces include the following (organized by branch of the military):

Brazilian Air Force: Brazil's most prominent ongoing acquisition program is the F-X2 program to purchase new fighters to replace first the Mirage IIIE/IIID and later on the F-5E/F. According to Minister of Defense Celso Amorim, the Brazilian Government should announce the winner of the F-X2 project around June 2012. Unmanned Air Vehicles (UAVs or "VANT," as they are called in Portuguese) are also part of the Air Force's new defense program.

Brazilian Navy: The Brazilian Navy is in the process of implementing a long-term modernization plan. The plan, which began in 2004 and is scheduled to be completed by 2019, includes an investment of R\$7.5 billion or around US\$ 4.4 billion. The main programs in the Navy's plan are PROSUPER (*Programa de Obtenção de Meios de Superfície*) and SISGAAZ (*Sistema de Gerenciamento da Amazônia Azul*). PROSUPER is a surface vessel procurement program, which projects the procurement of five 1,800-ton ocean patrol vessels, five 6,000-ton frigates and a single support vessel, all of which are to be built locally in cooperation with Brazilian companies according to specific requirements. SISGAAZ is Brazil's system for the surveillance of its Atlantic territorial waters, or what is often referred to as the "Blue Amazon." This will require microwave, multiband and satellite terminals for communications links from

Brazil's coast to 200 nautical miles into the sea. The program also includes capabilities for electronic warfare for border security, long range radars and satellite remote sensing systems.

Brazilian Army: The Brazilian Army's refurbishment program is called "*Estratégia Braço Forte*" and is subdivided into four projects. Two of the projects – "*Amazônia Protegida*" and "*Sentinela da Patria*" focus on the protection of the Amazon and the reorganization of Army troops in the region as well as increased surveillance via the creation of new operational posts throughout the Amazon. The other two programs – "*Mobilidade Estratégica*" and "*Combatente Brasileiro*" focus on procuring equipment that improves the Army's mobility. The following equipment has been identified as a priority for procurement: armored vehicles, weapons, radars, night vision goggles and UAVs. The Army's central program is called SISFRON (*Sistema de Vigilância da Fronteira*), which is a US\$ 6 billion, multi-year integrated program designed to monitor and protect Brazil's borders in the Amazon region against drug trafficking, environmental crimes, smuggling and arms trafficking. The Brazilian Army is also charged with leading efforts on cyber defense.

Opportunities

Defense equipment acquisition programs tend to move at a much slower pace in Brazil than in some parts of the world. To conduct business with the Brazilian Armed Forces, companies must be prepared for long and complex campaigns. Having a local office or a trusted and well-respected local representative with extensive contacts and a solid sales record is very helpful and often considered essential for success in the Brazilian market. In addition to the ever-present desire for offsets, U.S. firms must be prepared to transfer technology (subject to U.S. Government export laws) and engage in cooperative efforts with Brazilian companies in the production of components, assembly, etc.

The Brazilian Armed Forces have long-term acquisition plans that include: weapons, escort ship platforms, submarines, transport ships, offshore patrol vessels, tugs and hydrographic/oceanographic ships, UAVs, long range radars, helicopters, jetfighters, tactical radio communication systems and others. Additionally, the Government of Brazil recently announced R\$2.2 billion (around US\$1.2 billion) investments in the space program for the construction of a launch center, launch vehicles and satellites.

Web Resources

- Embraer: www.embraer.com.br
- Ministry of Defense: www.defesa.gov.br
- Brazilian Aeronautic Committee in Washington: www.cabw.org
- AIAB - Associação das Indústrias Aeroespaciais do Brasil: www.aiab.org.br
- Ministry of Development, Industry and Trade Commerce www.mdic.gov.br

- For more market research reports please visit: www.export.gov/marketresearch.html
- For more information, please contact US Commercial Service Industry Specialist Daniele.Andrews@trade.gov