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acquisition deal with France**

**DSEi
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p8-13**

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Brazil concludes major acquisition deal with France

PEDRO PAULO REZENDE *JDW Correspondent*
 Brasilia

Brazil and France have signed a military co-operation agreement for the construction of four new conventional submarines for the Brazilian Navy modelled on the French Scorpene.

Options were also agreed for the purchase of 36 Dassault Rafale F.3 fighters by Brazil and 12 Embraer KC-390 transport aircraft by France, pending a formal decision by the Brazilian Air Force on its next-generation F-X2 fighter selection due on 23 October.

The agreement, which was signed on 7 September, will see France provide assistance with the development of Brazil's first nuclear-powered submarine, which is to be built at a new shipyard at Itaguaí in Rio de Janeiro State.

Brazilian President Luiz Inácio 'Lula' da Silva and his French counterpart, Nicolas Sarkozy, also concluded a contract for the construction of 51 Eurocopter EC 725 helicopters, to be assembled at the Helibras plant in Itajuba.

- Brazil has agreed to procure French submarines and helicopters in deals worth EUR15 billion
- The agreements appear to make Brazil's purchase of French Rafale fighter aircraft all the more likely

The two contracts – valued at EUR8.8 billion (USD12.6 billion) and EUR6.2 billion respectively – are mainly being financed by French and Spanish banks, with the loans to be repaid over 22 years at an annual interest rate of 5.5 per cent. EUR2.6 billion in funding is also being provided by the Banco Nacional de Desenvolvimento Economico e Social (BNDES): the Brazilian government development bank.

The construction of a new shipyard and a new base for the navy's submarines will be the responsibility of a consortium formed by France's state-owned DCNS and Odebrecht Engenharia: a leading Brazilian construction company.

The financial package for funding the submarine and aircraft procurements was approved by the Brazilian Senate in record time following an appeal by Defence Minister Nelson Jobim for decisive action. In addition to the submarines, transport helicopters and expected Rafale fighters, the French Navy has also offered 10 Rafale M F.1 fighters to the Brazilian Navy to supplement the 12 modernised AF-1M (A-4KU Skyhawk) strike aircraft used aboard the aircraft carrier *Sao Paulo*.

The systems ordered so far are part of an ambitious modernisation plan. Under a National Defence Strategy finalised at the end of 2008, Brazil aims to establish a second fleet to protect the country's north and northeast regions. To equip the new fleet, the navy intends to build three nuclear submarines, 15 conventional submarines, two aircraft carriers, four amphibious assault ships, six general-purpose frigates, four air-defence frigates, 20 corvettes, 12 ocean patrol cutters and 48 patrol boats.

Alongside the nuclear submarine programme, Brazil plans to build a nuclear reactor and two industrial plants at Aramar and Resende for uranium enrichment and nuclear fuel production.

The Brazilian Scorpene submarines will be 72 m long – 5 m longer than the original design for Chile. France will also provide the hull design and the propulsion equipment for the Brazilian nuclear submarine. The preliminary design shows a 96 m boat displacing 4,000 tons submerged and capable of 24 kt.

Russia and Venezuela seal tank deal

Russian President Dmitry Medvedev has said his country is ready to supply Venezuela with main battle tanks (MBTs) and other military equipment.

"Russia will supply Venezuela with the arms requests," Medvedev said on 10 September, reiterating that military and technical co-operation between Moscow and Caracas remained central to the two countries' relations and would be expanded in the long term.

His comments came during the visit of Venezuelan President

Hugo Chavez to Moscow on 9 and 10 September.

Russian defence officials confirmed that a contract worth USD500 million for the delivery of up to 100 T-72 and T-90 MBTs was signed during Chavez's visit, at which the Venezuelan president confirmed that he intended to strengthen his country's defence capabilities.

The Venezuelan Army currently has more than 80 outdated French AMX-30 MBTs and several dozen AMX-13C light tanks. According to

a report by the state-run ABN news agency in July, Chavez plans to at least double the number of tanks fielded by the army.

The two sides also discussed future deliveries of Russian-made combat aircraft and tackled a number of other accords on military and technical co-operation.

The two countries also agreed to set up a joint bank with an initial capital of USD4 billion to finance undisclosed joint projects.

Vladimir Petrov
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