

Executive Summary



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THE NEW RUSSIAN ENGAGEMENT WITH LATIN AMERICA: STRATEGIC POSITION, COMMERCE, AND DREAMS OF THE PAST

R. Evan Ellis

Beginning in 2008, the Russian Federation began a concerted effort to re-establish its political, economic, and military presence in Latin America and the Caribbean. Although the level of Russian trade and investment in the region is modest by comparison with that of the United States, Europe, and even China, Russia's engagement with the region has openly challenged U.S security interests in the region in a way that the activities of other extra-hemispheric actors in the region have not.

Relatively few detailed academic analyses have been done on Russia's presence in Latin America and the Caribbean. This monograph is a step in filling that void. Russia's re-engagement with the region has occurred in two cycles, corresponding to periods of escalating tension between Russia and the United States: in 2008, during the civil war in Georgia; and in 2014, with the civil war in the Ukraine. In both cases, Russia deployed aircraft, ships, and other military assets to the Western Hemisphere, followed by presidentiallevel trips to the region and the announcement of new investments, projects, and other initiatives. In both cases, evidence suggests that the surge in Russian activities in the region were designed to create a challenge to the United States in its own hemisphere, forcing a U.S. response that might expand Russia's room for maneuver in its own near abroad.

By contrast to Chinese activities in Latin America and the Caribbean, Russian engagement with the region is concentrated on a relatively limited number of countries and sectors. Politically, Russia has focused on the countries of the Bolivarian Alliance of the Americas (ALBA) and Argentina, leveraging their desire for allies in pursuing a course independent from the United States, although Russia has also had some success in selling arms to, and pursuing commercial relationships with, Brazil and Peru.

During both the Georgia conflict in 2008, and the conflict in the Ukraine beginning in 2014, the willingness of ALBA states, and particularly Venezuela, Nicaragua, and Cuba, to conduct exercises with Russia; to receive visits by its military aircraft, submarines, and warships; and to discuss use of its ports and airports by the Russian military, has provided Russia with the opportunity to create the perception of a threat in the hemisphere, to which the United States must respond.

As Russia has continued to rebuild those relationships, however, it has targeted four overlapping groups of states: (1) politically sympathetic anti-U.S. regimes such as Venezuela, (2) regimes with which it previously had strong institutional relationships, and personal relationships with leaders during the Cold War, including Cuba and Nicaragua, (3) other regimes to which it previously sold large quantities of arms and had strong military-to-military relationships, such as Peru, and (4) states in which it has nontrivial economic interests, including Brazil and Argentina.

Russian activities in the region have leveraged sectors in which Russia has some comparative advantage, including arms sales, nuclear energy, aviation, oil and gas, mining, and to some degree, construction. With respect to arms, Russia's leading client in Latin America has been Venezuela, accounting for \$11 billion of the \$14 billion in weapons systems and military equipment that Russia sold to the region between 2001 and 2013. These sales spanned the gamut from assault rifles and munitions, to combat aircraft, helicopters, tanks and armored vehicles, and missiles, among others. Nonetheless, in recent years, Venezuela's deepening political and financial difficulties, in combination with limits in the ability of its arms export organization Rosoboronexport to extend credits to buy Russian equipment, has limited such sales.

Russia has also sold a significant quantity of arms to Peru, principally helicopters, leveraging significant Peruvian reliance on and familiarity with Russian equipment since the rule of the latter by General Juan Velasco Alvarado, from 1968-75. Brazil has also been a key client for Russia, although Russia's arms industry has suffered significant disappointments in the country, including the failure of its Su-35 fighter to be considered as a candidate for the Brazilian fighter modernization program, the failure to win a follow-on contract to Brazil's purchase of Mi-35 attack helicopters, and the inability to sell its Tigr light armored vehicle to the Brazilian police, due to competition from within Brazil's own defense industry in the form of the Guarani LAV. Most recently, Argentina has expressed an interest in buying the Su-24 fighter, posing a potential challenge to Britain's defense of the Falkland Islands, although it appears that Argentina's purchase of Chinese weapons may substitute for the Russian sale.

Beyond the defense industry, Russia's leading sectors for engagement with Latin America and the Caribbean have been oil and gas, mining, the construction and power sectors, and agriculture. In petroleum, Russian firms such as Rosneft, Lukoil, TNK, and Surgutneftegas have played a modest role in exploring for oil in Venezuela's heavy tar sands, as well as establishing a presence in other countries from Cuba to Colombia, Ecuador, Bolivia, and Argentina. Nonetheless, difficulties in Venezuela have forced several of the Russian firms to withdraw, allowing Rosneft to consolidate its position in the country. Meanwhile, in other states such as Colombia, low oil prices and the uneven competitiveness of Russian firms have limited their ability to win and develop major oilfields. In mining, the Russian Aluminum Corporation (RusAl) has a long-standing position in the bauxite industry in Jamaica and Guyana, while smaller Russian firms have sought gold and nickel in the greater Caribbean basin. In the power sector, the firm Interrao has won hydroelectric projects in Ecuador and Argentina, while the Russian company Power Machines has sold heavy equipment in the region. Russia's atomic energy organization Rosatom has sought to market its product to the region, but in respect to its best prospect, Argentina, it appears to have lost out to Chinese competitors. In agriculture, Russia has been an important purchaser of meat and other goods from Brazil, Paraguay, Uruguay, and Argentina, particularly as Russia has reduced its food purchases from Europe with the expansion of the conflict in the Ukraine.

Following a detailed overview of Russian activities in Latin America and the Caribbean, the bulk of the present monograph is dedicated to a country-by-country analysis of Russian activities in the region. The Russian activities in Latin America and the Caribbean documented and analyzed by the monograph serve as a reminder that, in the current interdependent world order, security challenges for the United States in the Western Hemisphere go beyond the issues of drugs and organized crime in the hemisphere itself. In a time of geopolitical conflict, the United States must consider how Russia, and other powers, could act to influence the United States in its own hemisphere.

This monograph concludes with an analysis of the implications for the United States and policy recommendations such as a call for further analysis of the challenge, including the identification and development of responses to scenarios regarding how Russia, in conjunction with other global actors, might act in the region. The monograph recommends particular attention be paid to specific countries with which Russia is developing important relationships, including Peru, Cuba, and Nicaragua. It further suggests that the United States should also consider increasing the presence of U.S. military forces in the Caribbean, providing implicit security guarantees to those nations in the region most intimidated by growing Russian presence there, such as Colombia, Costa Rica, and Honduras.

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