

The **OMNIDEF ANALYSIS** is a monthly publication with analyses* about themes addressed in the previous month of **OMNIDEF** and identified as the most relevant for the National Defense context.

Highlights

PUBLIC DEFENSE POLICIES

THE BOEING DEAL – EMBRAER

GEOPOLITICS, CONFLICT AND COOPERATION

GLOBAL GEOPOLITIC BOARD AND ITS CURRENT CHALLENGES

BRASIL AND THE STRATEGIC ENVIRONMENT

THE POLITICAL CRISIS IN NICARAGUA AND ITS IMPLICATIONS.

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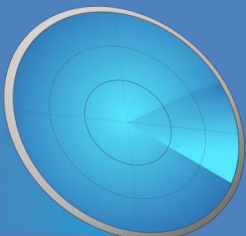
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Danilo Marcondes de Souza Neto - PhD in Politics and International Studies by Cambridge University.

Reviewer: Suélen da Conceição de Lemos.





PUBLIC DEFENSE POLICIES

THE BOEING DEAL – EMBRAER

Author: Edinaldo Celio de Araújo Souza

Co-author: Beatriz Leal

The possible formation of a joint venture between Embraer and Boeing, recently transmitted by the media, allows reflections on the development of the aviation industry in the country, considering the technological capabilities installed as potential of the Brazilian State and the means available. The National Defense Policy idealizes for the country: generation of qualifiers employers, development of new technologies and creation of opportunities to the inclusion of the products and Brazilian services of high technological level in the global market, important to the development and support of the Industrial Defense Base and guarantee the national sovereignty.

Marcos Barbieri Ferreira, professor of aeronautical specialist at Unicamp, notes that the main aircraft manufacturer of the world internalized in the country of origin control processes, denying other countries the common transfer with the civilian segments technological activities or military and military, in a global process. It is understood, in spite of the joint venture model with the establishment of a new company is in the study, there are some concerns about credible results of negotiations for the development of the aviation industry in the country, must be concretized.

In that diapason, Brazil must preserve all the technological capabilities of its industry, with programs Gripen NG and KC 390 and its intellectual capital, represented by the Embraer box engineers, in order to guarantee its sovereignty, preserve and independence and influences of the project abroad. Thus, re of the global projection of Embraer's portfolio, the company will to try to preserve, under national control, the Brazilian aerospace hub, the companies, mainly strategic industries, workshops and PD & Iv center under control of Embraer Defense and Security, responsible for development and production of SISFRON radars, Geostationary Defense Satellite and Communications and projects related to Air Traffic Control.

As for intellectual capital, the sharing of Embraer engineers in military and civilian programs may pose a threat to the interests of the Defense, since budget contingencies in the Armed Forces lead to migratory effects of specialists for the company's civilian programs, which will be under Boeing's control, contributing to the country's risk of evasion of the skilled labor force. Without wishing to exhaust the subject, these are some concerns that must permeate the discussions of strategic planners and decision makers who think and conduct the future of the country's aeronautics industry.

News published by OMNIDEF

The Wall Street Journal – 05/07/2018

Boeing to Take Over Embraer's Commercial-Jet Business

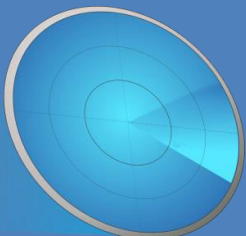
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Correio Braziliense – 12/07/2018

Após acordo com Boeing, Embraer está sob pressão de empregados e clientes

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PUBLIC DEFENSE POLICIES

ANALYSIS 2 – THE BOEING DEAL – EMBRAER

Author: Sergio Kostin

Co-author: Beatriz Leal

The two largest aircraft manufactures in the world, Boeing and Airbus, have relegated the regional aviation sector to the background; the latter dominated by Embraer from Brazil and Canada Bombardier from Canada. The Canadian company suffered a strong financial pressure with the C Series project, which even affected its market value. This opened up an opportunity for Airbus, by entering into a joint venture with Bombardier, to enter this previously unexplored market. The Boeing, mindful of Airbus's entry into this new aviation segment, needed to action and made a joint venture offer to Embraer. The numbers in the following table show the size of the two companies.

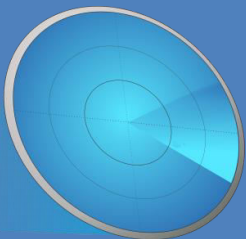
	Embraer	Boeing
Market value (US\$ billions)	4	208
Profit of 2017 (US\$ billions)	5,6	93,4
Net Profit (US\$ billions)	0,24	8,2

If it does not accept the agreement, the Embraer will certainly still be able to maintain its operations profitably in the short term, but will be threatened by Airbus entering with a superior financial and technological base. There are new entrants in the market like: Japanese, Chinese and Russian, who still have difficulties in this sector. If it does not make the deal with Boeing, the US Company will certainly develop jets further fueling competition. The fact is that the duopoly between Embraer and Bombardier will surely end one day, as this segment does not present great technological barriers for new entrants. The joint venture between Bombardier and Airbus just triggered the lawsuit.

This offer came still in a moment that the Brazilian public accounts show very bad numbers. The primary deficits in the last three years (2015, 2016 and 2017) were R\$ 111 billion, R\$156 billion and R\$124 billion, which together add up R\$391 billions, enough money to "buy" 26 Embraers or almost a Boeing. Specifically, according to the news media, there is a possibility of Boeing to acquire 80% of the Commercial Aviation sector with value still to be defined.

Regarding defense, the question is that commercial aviation, Boeing area of interest, has margins higher than the Defense and Security segment. The country's fiscal situation would make the Defense sector even more fragile, possibly preventing, new projects. With the separation of Embraer Defense from the business, no greater difficulties are seen with the Gripen fighter, but this sector does not seem economically viable. Supposing it does not accept the deal with Boeing, it will have a very short time to try to ensure its survive. It should also be considered that the synergy between Boeing and Embraer in the commercial aviation area can bring financial and technical benefits to the Brazilian company, whereas that it will continue with part in the new company, and possible innovations could be employed in the sector of Defense. Thus, in a preliminary analysis, it is concluded that the joint venture seems to be the best solution for Embraer.





GEOPOLITICS, CONFLICT AND COOPERATION

Global Geopolitic Board and its current challenges

Author: Antonio dos Santos

Co-author: Bruna Soares de Carvalho

It is evident that, in the current global context, the US has begun a dispute with China through a real trade war. The rationale for this fact is that the brother country of north views Chinese economic growth as a growing threat to its position as hegemonic pole in the international system. Part of this question concerns the situation of the Chinese investing the economic gains of their steady growth in an ambitious project of restructuration the Armed Forces, so as make them compatible with the growth of their political- strategic stature on the international stage. The Navy, the aerospace vector and the nuclear sector are the strategic niches chosen by Middle Empire in the aforementioned restructuring, based on daring projects such as the construction of nuclear propulsion carrier.

Simultaneously, the Middle Empire develops the “New Silk Route” project and makes new agreements such as the Russia’s gas and oil supply, as well as seeking the transfer of essential technologies for such projects. The fact is that the great US strategy seeks to maintain the status quo as a hegemonic leader and to hinder Chinese economic growth by denying access to cutting-edge technologies to the Chinese and slowing down the process of restructuration the Armed Force of bells.

This reality is backed by analyzes of major international relations theorists, such as the realistic Robert Gilpin. In his studies focused on the Hegemonic Stability Theory, this author project the relevance of the economic power and the strength of the monetary component for the maintenance of hegemonic, a fact that is clearly observed in the current globalized and interdependent scenario.

Meanwhile, in the other side of the board, Russia remains occupied with the threat of North Atlantic Treaty Organization (OTAN - Acronyms in Portuguese) advancement by EU and the US toward the Soviet western border. Determined to demonstrate NATO’s inability to bail its participants out, Russia carried out a gigantic exercise on the border with Europe in 2017.

Looking at the whole board, it is observed that the confrontation between the US and China gained prominence in the international scene. Again, do the geopolitical theories of Mavkinder and Spykman confront Europe? Would we be facing a new bipolar international system under construction by the US and China?

News published by OMNIDEF

El País – 23/07/2018

G-20 pede reforço do diálogo diante de tensão comercial e alerta para risco ao crescimento

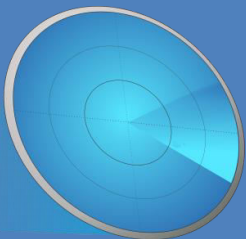
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Defense One – 08/07/2018

This is How Russia Could Test NATO, Warns Former US Army Europe Commander

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BRASIL AND THE STRATEGIC ENVIRONMENT

The political crisis in Nicaragua and its implications

Author: Danilo Marcondes de Souza Neto

Co-author: Thais Fernandes Pereira

Nicaragua has been facing a wave of protests since April 18 due to an announcement of reforms in the country's pension system that triggered strong disappointment among the population. The decree, published by the government, shows an increase in the contribution of businessmen and of workers. In the period from April to July, there were more than 350 dead and the demonstrations initially located in the capital (Managuá), spread to other cities. The protests continued after President Daniel Ortega's repeal of the pension reform on April 22, gaining a broader political connotation and calling for the anticipation of the presidential elections (Ortega ends his term in 2021). President Daniel Ortega says the demonstrations are part of a conspiracy to terrorize the population.

Human rights violations and abuses committed by the parties involved in the crisis were condemned by international actors. In May, the European Parliament condemned the "brutal repression" on demonstrators. In July, it was the turn of the United Nations to condemn violence against civilians and call for a political solution to the crisis. The death of a Brazilian student on July 23, caused concern to the Brazilian Government and the Itamaraty asked that the Brazilian ambassador in Manágua to return to Brazil to consultations. Brazil voted in the Organization of American States supporting the creation of a electoral calendar agreed between the parts.

There is a concern that the political crisis in Nicaragua could escalate into a civil war and could generate a flow of refugees to other Latin America countries, with a destabilizing effect, specially, in Central America. The instability in the country may also have larger global implications. Chinese companies have expressed, an interest in building an alternative canal in the Panama Canal in the recent past. Nicaragua also is an important diplomatic ally of the Russia Federation, having recognized the independence and established diplomatic relations with the republics of Abkhasia and South Ossetia. Nicaragua also houses a ground station of the Global Navigation Satellite System (Glonass – Acronyms in Portuguese).

News published by OMNIDEF

El País – 09/07/2018

Ortega intensifica la represión y causa al menos 17 muertos en 24 horas

Huestes armadas bajo órdenes del presidente Daniel Ortega y oficiales antidisturbios causaron en 24 horas una de las peores matanzas registradas en Nicaragua desde abril, cuando estallaron las protestas contra el Gobierno.

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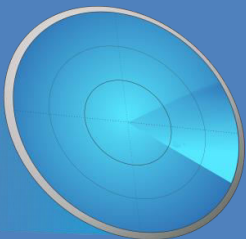
UN News – 19/07/2018

UN chief condemns violence against civilian protesters in Nicaragua

Speaking on behalf of Mr. Guterres at the UN Headquarters, Deputy Spokesman Farhan Haq told reporters that "the use of lethal force is not only unacceptable but is also in itself an obstacle to obtaining a political solution to the current crisis".

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