

CLAVIS HEMISPHERII · STRATEGIC ADVISORY

CLAVIS STRATEGIC INSIGHT

Argentina Defense Modernization: Investment Opportunities & Political Risk

PERIOD March 2026
ISSUE SI-ARG-MR-2026-001
DATE 01 March 2026
ANALYST Clavis Hemisphaerii Strategic Advisory
CLASSIFICATION **DIFUSIÓN PÚBLICA / PUBLIC RELEASE**

1. Key Takeaways

- 01** The Milei administration has established clear Western alignment in defense procurement, creating a real opportunity for defense companies from the United States, the European Union, and allied countries, something that was structurally absent under the previous government.
- 02** Argentina’s defense budget is among the lowest in the region as a percentage of GDP. That structural constraint determines which programs advance, which are delayed, and which remain frozen. Assessing financial viability must be the first filter for any market entry decision.
- 03** Foreign defense companies without local political mapping risk losing ground to competitors with comparable technical offers but better positioning among key actors.

2. The budget constraint: why financing determines outcomes

Argentina’s defense spending has been chronically insufficient relative to the size of its Armed Forces and the scope of its modernization objectives. As a percentage of GDP, Argentina ranks among the countries with the lowest military expenditure in Latin America¹. This structural condition predates the current administration and is unlikely to change substantially in the short term, given the government’s fiscal priority.

The following table provides a regional comparative reference.

Country	Defense % of GDP	Context
Colombia	~2.9%	Highest in the region; driven by decades of internal conflict and active security operations
Chile	1.6%	Consistent spender: defense budget was linked to copper revenues and regional posture
Peru	~1.1%	Moderate and relatively stable; modernization agenda active but constrained
Brazil	1.1%	Largest absolute defense budget in Latin America; lower share of GDP than regional peers
Argentina	0.47%	The lowest among the main regional economies; without structural financing, with direct consequences for procurement timelines.

The practical consequence for foreign defense companies is clear: **the technical merit of a proposal is necessary but not sufficient. The decisive variable for a program to move forward is its financing structure.** Programs that require large upfront foreign-currency outlays from the Argentine Treasury face the highest risk of delay or cancellation. Those that include financing packages (export credits, intergovernmental bilateral agreements, or phased payment structures) have a considerably higher probability of success.

¹ Military expenditure figures as a percentage of GDP are based on the SIPRI Military Expenditure Database and World Bank series for 2023. Argentina: 0.47%; Brazil: ~1.1%; Chile: ~1.6%; Colombia: ~2.9%; Peru: ~1.1%. See SIPRI Military Expenditure Database and World Bank, Military expenditure (% of GDP).

In practice, the Ministry of Economy can exercise de facto veto power over major procurement decisions through budget authorization and access to foreign currency. A program backed by the Ministry of Defense and military commands can still be stopped at the budgetary stage. The financing structure is not a secondary consideration: it is the main condition for viability.

The F-16 Program: Argentina’s most important defense acquisition.

Argentina’s purchase of 24 F-16AM/BM MLU Fighting Falcon aircraft from Denmark represents the country’s most significant defense acquisition since its return to democracy in 1983². The first six aircraft were officially received in December 2025 in a ceremony presided over by President Milei. Beyond its operational dimension, the F-16 program has a structural consequence for Argentina’s defense market: it standardizes the Air Force with NATO-compatible weapons systems, logistics protocols, and communications infrastructure. This creates indirect demand for NATO ecosystem partners (maintenance, simulators, training, supply chain, and interoperability systems) that was not previously relevant to the Argentine defense market. For foreign companies in these sectors, the F-16 program opens a specific entry opportunity that did not exist before 2024.

The commercial reading is direct: the F-16 not only introduces a new platform, but also an ecosystem of maintenance, training, simulation, interoperability, and logistics support where Western providers have natural advantages.

This dynamic of alignment with NATO is reinforced by Argentina’s status as a Major Non-NATO Ally (MNNA) of the United States, which it has held since 1998, and by the Milei administration’s active pursuit of a formal association with NATO as a global partner. In Latin America, Colombia is currently the only country with such an association with NATO³. If granted, it would formalize Argentina’s integration into NATO operational and training frameworks at a level above the current MNNA framework.

Some active procurement processes

The following programs represent a selection of the most active procurement processes under the current administration; they do not constitute an exhaustive inventory of the Argentine defense market. The status, timelines, and potential scale of each program are indicative and depend on budgetary and political developments⁴.

Program	Branch	Est. Timeline	Financing Status	Delivery Status (Q1 2026)
F-16 Fighting Falcon (Peace Condor Program)	Air Force	2025–2028	Fully financed FMF + FMS.	6 of 24 delivered (Dec 2025). Batches of 6/year: next Dec 2026

² Argentina signed the purchase of 24 F-16 aircraft from Denmark in April 2024 for approximately USD 300 million. See Reuters, “Argentina seals \$300 million deal for 24 F-16 jets from Denmark”, 16 April 2024, <https://www.reuters.com/business/aerospace-defense/argentina-buys-24-f-16-jets-air-force-president-says-2024-04-16/>.

³ Argentina was designated a Major Non-NATO Ally by the United States in 1998. In April 2024, NATO reported that Argentina had taken a first step toward a formal partnership with the Alliance; any decision requires consensus among the 32 Allies. Colombia is currently the only NATO partner country in Latin America. See NATO, “Argentina takes first step toward NATO partnership”, 18 April 2024, <https://www.nato.int/en/news-and-events/articles/news/2024/04/18/argentina-takes-first-step-toward-nato-partnership>.

⁴ The status, timelines, and financing descriptions of procurement programs reflect publicly available information from Argentine official bodies, Armed Forces communications, and specialized sector sources, complemented by Clavis Hemisphaerii Strategic Advisory research as of the first quarter of 2026. The status of each program is subject to budgetary and political developments.

M1126 Stryker ICV 8x8	Army	2025–2030+	First phase financed via FMS; subsequent expansion subject to budget availability and potential external financing mechanisms.	8 vehicles delivered. Confirmed operator: 10th Mechanized Brigade. Potential expansion subject to budget decision and approval of new phases.
P-3C/N Orion (maritime patrol + SAR)	Navy (COAN)	2024–2027+	Government-to-government bilateral agreement with Norway (2023). Per-aircraft payment structure (~USD 18 million per unit).	P-3C n°1 (6-P-57): operational, Trelew (Sep 2024). P-3C n°2 (6-P-58): operational, Trelew (Nov 2025). P-3C n°3: in AMARG/overhaul in USA (Mar 2026). P-3N: pending
Bell 407 GXi	Air Force + Army	2023–2025	Fully funded; program complete	Completed Program. Air Force: 3 units. Army: 3 units.
Conventional Submarine	Navy	No confirmed timeline	No approved budget yet	A letter of intent has been signed with Naval Group (France). No contract has been signed yet.

3. Argentina’s Defense Industrial Base

Argentina does not have a broad defense industrial base, and it is considerably less competitive than it was during its period of greatest capacity. Decades of insufficient financing, limited technology transfer, and institutional inertia have left its main state-owned enterprises under severe operational constraints. The current administration has signaled openness to restructuring, public-private alliances, and foreign technological collaborations, creating an entry opportunity that did not exist under the previous government.

Entity	Core Activity	Current Status	Partnership Entry Point
STATE ENTERPRISES			
FAdeA (Fábrica Argentina de Aviones)	Military aircraft MRO & manufacturing (IA-63 Pampa III)	Under operational and financial constraints. Subject to fiscal pressure and potential restructuring processes. Partial partnerships in non-critical areas could be legally and politically viable.	Aircraft maintenance contracts; co-production agreements; technology transfer.
Fabricaciones Militares	Ammunition, explosives, and dual-use chemical production	Converted into a corporation, opening a legal pathway for potential privatization	Ammunition supply contracts; dual-use technology; industrial modernization; joint ventures.

		or partnership processes. Operational, but under financial pressure.	
TANDANOR	Naval vessel maintenance, repair and overhaul (MRO)	Active; seeking private partners for MRO contracts.	Naval MRO contracts; technical alliances; modernization of maintenance capabilities.
INVAP (Río Negro, provincial mixed capital)	Radars, nuclear reactors, satellites, anti-drone systems, UAV.	Competitive and export oriented. Annual revenues are above USD 200 million.	Integration of SIRAF/SADEM anti-drone systems; radar supply chain; unmanned aerial vehicles (UAVs); small modular nuclear reactors (SMRs).

FAdeA, Fabricaciones Militares, and TANDANOR face significant competitiveness constraints against global standards. Their value for foreign partners lies mainly in their existing infrastructure, their institutional relationships with the Armed Forces, and their possible role as local counterparts in procurement processes that require national industry participation.

4. Stakeholder map

Defense procurement in Argentina depends on an approval chain with multiple actors that extends far beyond military commands. The following map identifies the main institutional actors, their influence over outcomes, and the most relevant considerations for foreign companies evaluating entry into the market.

Actor	Main influence	Key consideration
Ministry of Defense	Overall procurement policy; program authorization	Political appointee: alignment with Western agenda is strong but institutional capacity to manage complex programs is limited
Joint Chiefs of Staff (EMCO)	Inter-service coordination; technical evaluation of programs	Key coordination point: friction between services can delay procurement programs at this level.
Air Force (FAA) Command	Aircraft procurement; F-16 integration; operational requirements	Highest modernization urgency; most active in seeking foreign partnerships; F-16 integration creates specific demand for NATO-ecosystem partners
Navy (ARA) Command	Naval vessel and submarine programs; MRO decisions	TANDANOR dependency; submarine capability gap creates strong motivation for foreign MRO partnerships
Army (EA) Command	Ground equipment; armored vehicle and logistics programs	Lower budget priority relative to Air Force and Navy; armored vehicle modernization is primary

		focus
National Congress — Defense Committees	Legislative approval for major acquisitions and international agreements	Opposition blocs can delay budget approval; early congressional mapping is advisable for large programs
Ministry of Economy	Budget allocation; foreign currency authorization for imports	Binding constraint for most programs; financing structures that minimize immediate exposure to exchange-rate risk have a higher probability of approval.
Casa Rosada (Executive)	Strategic orientation; high-value bilateral agreement endorsement	Western alignment is firm; direct executive support accelerates programs with strategic partners (United States, Israel, European Union).

Rivalry between the different branches of the Armed Forces —competition for budget share and procurement priority among the Air Force, Navy, and Army— is a constant in Argentine defense policy. While it rarely blocks programs entirely, it can slow coordination at the Joint Chiefs of Staff level and affect the priority each branch receives in a given budget cycle. Programs that require approval from all branches carry a higher coordination risk.

Are you evaluating an acquisition, industrial alliance, or market entry into the Argentine defense sector? Request an initial session with Clavis Hemisphaerii Strategic Advisory. clavisstrategic.com/contact

Methodological note

This Strategic Insight is based on publicly available information as of the first quarter of 2026, Argentine official sources, Armed Forces communications, international military expenditure databases, and specialized sector monitoring. Its objective is not to provide an exhaustive inventory of programs, but to identify strategic implications for companies and investors evaluating opportunities in the Argentine defense market.

About Clavis Hemisphaerii Strategic Advisory

Clavis Hemisphaerii Strategic Advisory is a boutique strategic intelligence firm specializing in political risk, stakeholder mapping, and strategic communications for investors and companies operating in Argentina and the Southern Cone. The firm combines OSINT-based intelligence, institutional knowledge of power dynamics, and direct experience in defense and security to produce decision-oriented analysis.

For further information or to discuss how this analysis applies to your organization: info@clavisstrategic.com