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CHANGING MILITARY AND SECURITY ARRANGEMENTS IN THE MERCOSUR: THE POSSIBLE ROLE OF THE EUROPEAN UNION¹

Celso Castro and Maria Celina D’Araujo²

Abstract

The article examines the different phases of the military relations of the countries from the Southern Cone with Europe and the United States during the 20th century. Our argument is that the end of the Cold War created a new dependence in relation to the US. Associated with internal factors, specially attrition stemming from many years of dictatorship, this dependence weakened the role of the Armed Forces in the Southern Cone. On the other hand, increased cooperation among the countries of South America lessened the possibility of military conflagrations in the region. Lacking both ideological enemies and threatening neighbors, the Armed Forces of the Southern Cone can, however, take advantage of a closer alliance with the countries in Europe that feel threatened by the power of the United States.

This text intends to present the major components of the internal and external situation of the Armed Forces of the Southern Cone - a region that

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currently coincides with the Mercosur - in the closing years of the 20th century.\(^3\) For this purpose, we will provide a historical context of the issue, looking at the major changes in the matters of defense and security recorded in the region for the last 100 years. During these 100 years, the military relations of the Southern Cone countries with Europe and the US went through three periods.

The first phase, that lasted until World War II, was marked by a conspicuous predominance of European military influence (specially from Prussia and France). This influence had two forms: the hiring of European military instructors or missions and the assignment of officers to study in Europe.\(^4\) The Armed Forces of the Southern Cone were reformed along the professional standards of the major European models. At first, Prussia was the preferred option, due to the reputation achieved by its Armed Forces after its victories over Austria and Denmark (1866) and, above all, over France (1871). After the Germans were defeated in World War I and all the way up to the start of World War II, France became the preferred option.

Chile took the lead in 1885, when it hired the Prussian officer Emil Körner Henze as military instructor. In 1886, Körner founded the Chilean War Academy and wrote its curriculum. German manuals were adopted as texts and it became mandatory to study the German language in military schools and institutions. Later, the General Staff and the Secretary of War were reorganized, along with military regulations, also following the standards of the Prussian Army.

Körner also became a strong player in Chilean politics. In the 1891 civil war between the Parliament and president José Manuel Balmaceda, Körner severed his contract with the Chilean government and became the commander of the troops loyal to the Parliament. Proud of his feat, he wrote to the German

\(^3\) If we add Bolivia and Chile to the nations that are formally members of the Mercosur - Argentina, Brazil, Paraguay and Uruguay - we will have before us the region that is traditionally called the Southern Cone. Three of these countries, Argentina, Brazil and Chile, many times called the "ABC countries", stand out from the others both in military and economic terms and will receive more attention in this article.

\(^4\) The best reference for this subject is the book by Frederick Nunn, *Yesterday’s Soldiers*. University of Nebraska Press, 1983.
Chancellor and described how the victorious troops had entered Santiago marching in the Prussian style. Körner was promoted to the post of general and remained as the Chief of Staff of the Chilean Army almost until his retirement, in 1910. During this period, he hired dozens of German instructors to work in the Chilean Army, sent other dozens of Chilean officers to study in Germany and bought armaments, always from Prussia. The Chilean military acquired a remarkable "Prussian" profile, that lasted until World War II. They even acted as "exporters" of this model, because Chile sent its own military missions to several Latin American countries.

Argentina hired the first Prussian officers to work as instructors in 1899. The determinant factor was its concern with the military modernization of its neighbor Chile. Until World War I, about 30 instructors were hired. The most important of them was colonel Alfred Arent, who completely reorganized the Escuela Militar de Guerra, having directed it between 1900 and 1906. When World War II erupted, 17 of the 34 generals of the Argentinean Army had studied in Germany. The Bolivian Army was also influenced by Prussian military tradition, as officers of the Bolivian Army were sent to study in Argentina and Argentinean officers worked in Bolivia.

Before World War I, the Brazilian corps of Army officers had a strong group of "Germanophiles". Although Brazil did not hire Prussian military instructors, a few dozen Brazilian Army officers spent periods of study in Germany. When they returned, these officers had an important role in the professionalization of the Brazilian Army, forming the so-called "Missão Indígena" ("Indigenous Mission"), very active in the Escola Militar (the military

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6 During the first decades of the 20th century, Chile sent military missions to Colombia, El Salvador, Ecuador, Honduras, Guatemala and Nicaragua. In some cases, like Ecuador and El Salvador, this cooperation lasted until quite recently.
8 This name was given to the group of officers selected as instructors in the military academy in 1918. Part of this group was composed of officers who had studied in Germany and
academy). After 1913, this group publicized its reformist ideas through the periodical A Defesa Nacional. After World War I, however, more precisely in 1920, Brazil hired a French military mission, headed by general Maurice Gamelin. The French officers in this mission were responsible for reforming military education in Brazil, specially with the creation of the Escola de Estado-Maior (General Staff School). Although the activities of the French mission were reduced in the 1930s, it was successively renewed and worked continuously until the beginning of World War II, in 1939.

Half a century of Prussian or French military influence had a basic impact in the constitution of the contemporary professional armies of the major countries of the Southern Cone. For many authors, this made them different from the "praetorian armies" that prevailed in Latin America until the 19th century. The adoption of the European doctrine of the "Nation in Arms", according to which the Armed Forces were seen as "schools of nationhood" and every citizen became a potential soldier, led also to more general consequences in the societies of these countries. As an example, we can mention the adoption of laws that, mirrored on the major European countries, instituted some manner of mandatory military conscription. Before the first decade of the 20th century was over, all the countries in the region had adopted some form of mandatory military conscription.

The intra-regional dynamics of the military relations between the countries of the Southern Cone in the 20th century followed the same general lines of the periodization proposed above for external military relations of these countries. The period that goes up to World War II was marked by strong rivalries between the countries of the region. Such rivalries had their more remote historical roots by some of their followers. See Celso Castro, O espírito militar. Rio de Janeiro, Jorge Zahar, 1990, p. 125-127.

9 The praetorian character of American armies have been emphasized by several authors, such as Stanislav Andreski. Military organizations and society. Univ. of California Press, 1968; Edwin Lieuwen, Arms and politics in Latin America. New York, Praeger, 1960; and John J. Johnson, op. cit.

10 It is important to note that the navies of the region were influenced mainly by England and the United States. Naval power in internal politics was, however, always inferior to that of the armies of the Southern Cone countries.
in the territorial disputes between Spain and Portugal in the colonial period and in the tumultuous process of independence of the Hispanic countries of the region. Argentina and Brazil, in the military plans of each country, appeared to each other as potential enemies, fighting for hegemony in the region of the Plate basin. For several times Argentina and Chile almost went into mutual wars for the reason of territorial disputes. Similar disputes also marked the relations between Chile and Bolivia, as a consequence of the Chilean victory in the Pacific War (1879-1883) in which Bolivia lost its outlet to the ocean through Antofogasta. Paraguay and Bolivia, on the other hand, left diplomatic efforts behind and engaged in open military conflict in the Chaco War (1932-1935), in which the Paraguayans asserted their control over the Chaco region.

The second phase of military relations between the Southern Cone countries and the US and Europe in the 20th century starts with World War II. In the international context, it was marked by the Cold War and it ended formally with the fall of the Berlin wall, in 1989, when transitions toward democracy were occurring in the Southern Cone countries. In this second phase, the North American military hegemony over the Armed Forces of the region was clear, in terms of ideology, doctrine and armaments. The United States came out of World War II as the great military model for the West, replacing the influence of European Armed Forces in the Southern Cone.

The Cold War gave a new configuration to the international insertion of Latin America. Bonds with the US were reinforced and new alliances in the continent were expressed by the Tratado Interamericano de Assistência Recíproca (TIAR) [Interamerican Treaty for Mutual Assistance], signed in 1947, and by the Organization of the American States, created in 1948. Both reduced the possibility of wars between American countries. The Alliance for Progress, established in 1961, was another important initiative in this cooperative framework.
Although there remained several unresolved territorial disputes, the military dynamics of the Southern Cone countries in this second phase was marked, at the intra-regional level, by ideological alignment and by the development of anti-subversive capabilities. At the global level, there was a very clear alignment with the United States, in opposition to the communist block. During this period, the predominant feature of the Southern Cone military perspective was that the major force to be confronted was the internal enemy, i.e., the subversive forces that "served Moscow" and conspired against the capitalist order, the democratic regime and Christian values. The perception of this threat was reinforced after the Cuban revolution.

Therefore, the traditional idea of external defense, dominant in the first phase, was substituted by the notion of internal security, consolidated in what became known in the region as the "Doctrine of National Security", the ideological basis of the several military dictatorships that emerged in the 1960s and 1970s. Although the Armed Forces of the Southern Cone were aligned with the United States at the external level and adopted the same ideological and doctrinal outlook, there was very little actual military cooperation among the countries. We are excluding here the cooperation among the several military dictatorships of the region, specially those in the forms of exchanges of "anti-subversive" information and political prisoners, known as the Plano Cóndor.

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12 There were a few exceptions, the most important being the short-lived Chilean socialist experience (1971-1973), under president Salvador Allende.
14 The doctrine of "anti-subversive warfare" is not, however, an entirely North American product, laying roots in the vast military experience of the French, the English and the Portuguese in dealing with national liberation wars in their African and Asian colonies.
15 It is important to notice that even before World War II there was the concept of an internal enemy, the "subversive". In Brazil, for example, after the crushing of a communist revolt in 1935, involving military officers and soldiers, there emerged an intensive anti-Communist propaganda. However, it was only with the advent of the Cold War that the notion of external defense was displaced by that of internal security as the hegemonic doctrine of the region's Armed Forces.
The third and current phase of 20th century military relations of the Southern Cone Countries is marked by the process of regional integration that led to the Mercosur agreement in 1991. From the military standpoint, this is a period in which there was an increase in the cooperation between the countries of the region and a wider margin for diversifying international agreements and treaties. Unlike the two previous phases, the dynamics of defense issues is determined not by the doctrine of "Nation in Arms", neither by anti-Communist ideological alignment, but by the realms of economics and diplomacy, with which it came to be strictly linked.16

The beginnings of this third phase were marked by several developments that were in some ways inter-connected. In 1977, the Brazilian government, still under an authoritarian regime, but clearly committed to a process of political liberalization, called off a military cooperation treaty with the United States, signed in 1952.17 In 1982, the war over the Malvinas islands, between Argentina and Great Britain, demonstrated the limitations of TIAR agreement. The decaying Argentinean dictatorship, who expected the support of the United States, was surprised to see its supposed ally from the North giving logistical support to the British Armed Forces in their victory in the South Atlantic. On the other hand, Brazil gave open diplomatic support (along with the other countries of the region) and a concealed and discrete logistical support to the Argentineans. These episodes, together with the end of the Cold War and the transitions toward more or less democratic civilian governments in the Southern Cone - Argentina in 1983, Brazil and Uruguay in 1985, Paraguay in 1989 and Chile in 1990 - opened the path for the beginning of a process of regional integration. Several confidence building measures were implemented, such as the visits by the Brazilian and the Argentinean presidents to each other's nuclear projects.

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17 About the 1952 agreement, see Maria Celina D'Araujo, "Acordo Militar Brasil-EUA (1952)", in Dicionário Histórico Biográfico Brasileiro - 1930-1983. Rio de Janeiro, FGV/Finep/Forense
From the point of view of the military, the current situation of the Armed Forces of the Southern Cone countries is highly uncomfortable. First of all, over the last years they experienced a decline in their social and institutional importance, due either to low salaries or to the negative legacies of the military dictatorships. The performance of the military in power was and still is severely criticized by large segments of civil society. After having enjoyed an unquestionable preeminence in all political matters for years, lately the Armed Forces of the region have been restricted to care almost exclusively about their own institutional matters. Chile is the exception. The Chilean Armed Forces, specially the Army, are still a powerful political actor, being highly autonomous in their relationship with the government.18

On the other hand, the Armed Forces of the region have not yet found a socially legitimate role to fill in for the one that emphasized the struggle against "subversives". Without this role, for which the current military leaders were trained and indoctrinated, the Armed Forces have restricted themselves basically to the constitutionally mandated roles of external defense in case of foreign aggressions. However, even for this mission their preparedness is doubtful. First of all, their equipment is mostly obsolete and deteriorated, because defense budgets are small - actually they are among the lowest in the world, as can be seen from the data in Table I.

Universitária, 1984.

18 The situation created by the imprisonment of Pinochet in England, in October of 1998, demonstrated the leadership and the legitimacy that the ex-dictator continues to have even after the restoration of civilian government in Chile. Among Southern Cone countries, Chile is the one that conserved the most prerogatives for the military.
Table I

Military expenses in selected Latin America countries as percentages of the respective GDPs, 1985-1993

<table>
<thead>
<tr>
<th>countries</th>
<th>1985</th>
<th>1990</th>
<th>1993</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>2.9</td>
<td>1.5</td>
<td>2.4</td>
</tr>
<tr>
<td>Bolivia</td>
<td>2.0</td>
<td>1.9</td>
<td>1.9</td>
</tr>
<tr>
<td>Brazil</td>
<td>0.8</td>
<td>0.9</td>
<td>1.0</td>
</tr>
<tr>
<td>Chile</td>
<td>7.8</td>
<td>3.5</td>
<td>2.1</td>
</tr>
<tr>
<td>Paraguay</td>
<td>1.3</td>
<td>1.4</td>
<td>1.8</td>
</tr>
<tr>
<td>Uruguay</td>
<td>2.5</td>
<td>2.2</td>
<td>1.9</td>
</tr>
</tbody>
</table>


Second, the precariousness of the Armed Forces is due also to the absence of potential “enemies”, explained by the disappearance of the “internal enemies” and by the strong reduction in the traditional tensions among the countries of the region.19

The military of the Southern Cone deeply despise the solution that the US has proposed for the question about new roles for the Latin American military. The international order that rose after the end of the Cold War has given an unprecedented military preeminence to the United States. It is the only military

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19 The trend for reducing armed conflicts among countries of Latin America as a whole has been a constant in the last years. Recent proof of this is the peace treaty signed between Ecuador and Peru, on October 26, 1998, hopefully putting an end to a long series of misunderstandings and conflicts between the two countries, leading to a war in 1995.
force formally capable of confronting any armed conflict, in any part of the world.\textsuperscript{20} In relation to South America, the United States have been pressing, directly and indirectly, for the local Armed Forces to be engaged in police roles, specially in the matters of fighting drug traffic and organized crime and of protecting the environment. These proposals have been unanimously rejected.\textsuperscript{21}

This proposal has been presented at least since 1987, during the XVII Conference of American Armies. While the armies of the Southern Cone still followed the routines of the not completely dismantled dictatorships, the US was already proposing that they become accessory forces in the fight against drug traffic, a proposal supported by no one else in the meeting. But the question remains: Without internal enemies, without foreign enemies threatening their borders, and lacking a definition about their new roles, what are the Armed Forces of the Southern Cone countries supposed to do?\textsuperscript{22}

The civilian political elites of the Southern Cone countries have also failed to solve the matter of the present importance of defense matters. Democratic regimes lessen the importance of the military as political actors. Besides, the virtual monopoly that the military held over national defense matters caused non-military specialists or partners to become very rare. Its seems that the civilian governments are satisfied with the political subordination of the Armed Forces and do not care to restrict the degree of institutional autonomy that they have always enjoyed.

\textsuperscript{20} Besides this formal aspect of defense, we must consider that the post-Cold War world left a legacy of widely dispersed nuclear artifacts that carry an enormous capacity of aggression and destruction. See Maria Regina Soares de Lima, "Teses equivocadas sobre a ordem mundial pós-Guerra Fria". Dados, Rio de Janeiro, vol. 39, nº 3, 1996, p. 393-421. See also Virgilio Beltrán, "Buscando nuevos roles para los ejercitos de América Latina". Revista Ser en el 2000, Argentina (available on the Internet).


\textsuperscript{22} On this matter see Carina Perelli and Juan Rial, "Changing military world views: the Armed Forces of South America in the 1990s", in Richard L. Millett and Michael Gold-Biss (eds.), Beyond praetorianism. The Latin American military in transition. North-South Center Press, University of Miami, 1995. See also Carina Perelli, "Las Fuerzas Armadas Latinoamericanas después de la Guerra Fría", Nueva Sociedad, nº 138, jul-ag. 1995.
The Armed Forces of the region, in their effort to overcome their present difficulties, have invested mainly in two fronts: participation in UN peace missions and the intensification of military cooperation among Southern Cone countries.\textsuperscript{23} Peace missions have the double value of contributing to the operational improvement of the Armed Forces and of aiding in their effort to enhance their social legitimacy.

As to the military cooperation among Southern Cone countries, we cannot expect that we are anywhere near a military integration, despite the fact that redemocratization and regional economic integration through the Mercosur have increased military cooperation among the member countries. Each country strives to maintain its individuality and intra-regional disputes, although they do not assume belligerent forms, are still important.\textsuperscript{24} The current juncture is one of easing of tensions and cooperation, but at the same time there is the cultivation of the military differences of each country in relation to its regional peers. In strictly military terms, the common trait among Southern Cone countries and even among Latin American countries seems to be a growing mistrust in relation to the United States, although such mistrust is disguised and is not expressed in the diplomatic realm. The South American military institutions stand strongly together in the rejection of the possibility of supporting North American police forces. It is not hasty to state that this issue today is potentially the one that can most strongly contribute to the emergence of a new military nationalism, the consequences of which are unpredictable. In the South American continent, nationalism has had ample space to support flamboyant dreams that rarely respected democratic institutions. Thus, the superiority of the United States in military manners may come to have a destabilizing effect in Latin America, because it suggests a new type of imperialism, against which may emerge military projects dedicated to salvage "national sovereignty", with a potential for widespread popular support.

However, we should stress that not all countries have the same potential for this type of new military nationalism. Each country has been trying to take advantage of its contacts and prestige with the North. Chile has been dealing with the United States as if it were its Southern partner, while Argentina has played the role of a subordinate aligned partner. Brazil has maintained a classic stance of seeking independence. Anyhow, the limits for this diversity will be given by the extent to which the United States tries to minimize the importance of the Armed Forces of the Southern Cone countries as monopolistic instruments for national defense against outside aggression.

Although the military influence of the United States over Southern Cone countries continues to be strong, it is not as exclusive as it was a few decades ago. In this circumstance, there is a margin for a diversification of military agreements and exchanges, specially with European countries. This is reflected mainly in the acquisition of armaments.

The end of the Cold War cooled down the market for arms in Europe and the United States and created a recession in the armament industry. In general, the military forces of the central countries are being downsized, leading to a more aggressive approach upon South American countries as potential buyers of weapons. However, military expenses in the Southern Cone have also been decreasing, for three reasons: the new role of the military in democratic regimes, the fiscal crisis of the State (establishing new priorities) and the lack of regional military tensions. Therefore, their weapon acquisitions have been limited to the replacement of obsolete or defective equipment, in an effort to maintain minimal levels of operational capability. Buying from Europe usually has an additional advantage in relation to buying from the United States. While the United States

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26 See Marcelo Villela Amoroso, "As relações entre o Mercosul e a União Européia: um novo diálogo entre blocos". Mercosul Informativo, Ano 2, n° 6, jun-jul., 1997.
usually sells obsolete equipment and resists technology transfers, while Europeans have been known to engage in such transfers.27

In economic terms, during the 1990s South America was not a high-priority area either for the European Union or the United States. Economic competition may arise, however, in case ALCA prospers. In the meantime, South America has played its cards in two different directions in an effort to acquire military prestige. On the one hand, it is fighting for a seat in the Security Council of the United Nations. On the other hand, Argentina is seeking admittance to NATO. The first front was successful. In June of 1997 the decision was announced that there would be an opening for Latin America in the Security Council. This opened a new arena for internal disputes, basically between Argentina and Brazil, about which country should be awarded with the prestigious opening. Brazil adopted the position of natural leader, arguing that it should be the awarded nation, while Argentina argued that the seat should be occupied according to a rotation. Argentina tried to gain an advantage in this scheme by entering NATO. Chile reacted to Brazil and Argentina, displaying its willingness to become a partner, a “peer” of the US in the South.28

The month of August, 1997 was important in the matter of the military and strategic ambitions of the Southern Cone countries. Three issues came up for debate: Argentina’s admittance to NATO, the end of the United States’ embargo to the sale of high technology weapons to Latin America and the opening of the seat for Latin America in the Security Council of the United Nations.

The Foreign Assistance Law of 1961 created, inside NATO, the figure of the “close military Ally”, a title that could be given to countries that were not NATO members but that could be expected to collaborate with it. Until 1998, this title had been awarded to Israel, Japan, South Korea, Egypt and Jordan, countries that hold and/or held strategic geographical positions, either for the circumstances of the Cold War or of the “Muslim issue”. These “close allies”

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enjoy, as a compensation, priority and preferred treatment for the acquisition of weapons. The embargo had been imposed by the United States Congress, through the Aid for International Security and Armament Export Control Act. Its objective was to put an end to the sale of armaments to countries that did not respect human rights. Even with the end of the embargo on the sales of high technology weapons, in 1997 it was being said that the United States did not have any stocks of such weapons for sale. In this context, admittance to NATO, besides its significance in terms of honor and prestige, would be an additional advantage to gain access to these scarce goods.

Madeleine Albright, United States Secretary of Defense, sent an informal invitation to Argentinean president Carlos Menem to join NATO. At the time, press reports said that this association, that would also be offered to Chile, had been considered by the Department of Defense since 1992 and that it had taken into account Argentina's collaboration in peace missions in Croatia, Somalia and Haiti.30

Even before this Argentina had been demanding a closer status in relation to NATO. The demand was voiced as early as October of 1993. Guido de Tella, Argentina's Secretary of External Relations, speaking at an academic meeting, stated that Argentina should strive for a more productive interaction with NATO, given their shared views about peace and security. The Defense Secretary, Oscar Camillión, argued that the end of the Cold War had created a more fluid international order and that Argentina wished to participate more actively in it, through NATO. Besides a more strictly operational engagement in NATO, Argentina demanded wider participation in the maintenance of international order, security and peace.31

28 Rosendo Fraga. op. cit.
30 On this matter, see the position taken by president Carlos Menem in the international seminar held in Buenos Aires, on October 12 and 13, 1993, in Consejo Argentino para las Relaciones Internacionales (CARI), Argentina-OTAN. Perspectivas sobre la seguridad global. Buenos Aires, Grupo Editor Latinoamericano, 1994, p. 15.
31 Idem.
The American offer, however, was taken by most observers as a strategy of the United States to create discord among Mercosur countries and thus open space for negotiations about ALCA. Brazilian ex-president José Sarney declared that the Argentinean president was being used as a “naive tool” by the United States, who were interested in causing discord among Mercosur countries.  

Argentina’s first reaction to the invitation was highly exacerbating. A very able politician, Menem announced internally that this was an exceptional opportunity to assess the prestige of Argentina. At the same time, the Argentinean Chancellor declared that Argentina had “close relations” with the United States and therefore the invitation was welcome. An important Brazilian sociologist, stirring up the flames of ancient nationalist feelings, said at the time that if Argentina gave in to North American seduction and entered NAFTA or ALCA, then Mercosur should integrate itself to the European Community, thereby preventing Brazil from becoming a satellite of the United States.

From the standpoint of Brazilian entrepreneurs, the North American government was trying to weaken Mercosur. On the one hand, it offered NATO to Argentina, while on the other it opened a seat for the Latin American continent in the United Nation’s Security Council. The two offers gave rise to tensions and disputes among member countries of Mercosur, and this was the purpose of the move: to weaken Mercosur and launch ALCA. Brazilian entrepreneurs thought that Brazil could not join ALCA, because if it adopted a no-tariffs policy in its exchanges with the United States - which amount from 20 to 30 percent of Brazilian commerce - it would suffer retaliations from other countries. More audaciously, it was said that the opening for Latin America in the Security Council was given in exchange for an adherence to ALCA. From this point of view, a seat in this council would not compensate for the destabilization of Mercosur.

32 O Globo, 08/21/97.
33 Hélio Jaguaribe, Jornal do Brasil, 08/28/97.
34 See, for example, the article by Gilberto Dupas in Jornal do Brasil, 08/11/97.
The possibility of reforming the United Nation’s Security Council had been made public since June of 1997. It has five permanent members and ten temporary ones. The proposal was to broaden the number of permanent members, in order to incorporate Germany and Japan, besides one representative of Asia, one of Africa and one of Latin America.

The two offers were made by the United States government at the moment of the 11th meeting of the Rio Group, with the presence of authorities from Mexico, Honduras, Panama, Ecuador, Colombia, Guyana, Peru, Chile, Argentina, Venezuela, Brazil, Bolivia, Paraguay and Uruguay. The meeting resulted in an informal understanding among the Southern Cone countries. Brazil and Argentina, through their respective presidents, announced their agreement and the meeting decided that there should continue to be an insistence about Latin America having a permanent seat on the United Nation’s Security Council without any reference as to how this seat would be filled - either by one country, such as Brazil wished, or by rotation, as proposed by Argentina. What seemed to be clear is that the Southern Cone countries were strengthening their regional economic ties. In October of 1998, among the ten seats predicted to be occupied on a rotational basis, Argentina started a two-year term in a seat of the United Nation’s Security Council.

This set of facts illustrates the tensions that persist when the matter of the international projection of the Southern Cone countries is considered, specially the rivalries between Brazil and Argentina. But the facts also demonstrate that the region can unite in face of any development that may destabilize Mercosur.

The economy of Mercosur, although it brought significant results for member countries, actually has a very small importance for the United States and for the European Union.35 60 percent of the commerce of the European Union is made of inter-regional trade. Mercosur represents only 1.08 percent of

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35 A pessimist view about the interest of the European Union in relation to Mercosur can be seen in José Miguel Insulza, “Europa e América Latina ante la restruturación global”. Nueva Sociedad, n. 106, mar-abr, 1990. The author argues that, with the end of the Cold War, the European Union would tended to elect as its priorities the Eastern part of Europe, the Atlantic...
external sales by the European Union.\textsuperscript{36} From another angle, the European Union absorbs 23.5 percent of Mercosur sales, against 15 percent of the United States.\textsuperscript{37} In the context of this asymmetrical relationship that reveals the reduced importance of Mercosur for the central economies, in December of 1995 there was, in Madrid, the signing of the Acordo-Quadro Inter-Regional União Européia - Mercosur [Inter-Regional Agreement European Union - Mercosur], with the ultimate objective of creating a free-trade zone between Mercosur and the European Union. The possibility is still being studied and nothing has yet resulted from the agreement.\textsuperscript{38}

In the meantime, the countries that increased the most their sales to the South American continent in proportional terms were Asian ones and the US, and not those from Europe.\textsuperscript{39} Despite the fact that proportional growth favors the United States, it seems clear that, as the 1990s come to an end, the most important commercial partner of the Mercosur continues to be the European Union, both in term of commerce and investments.\textsuperscript{40} In summary, neither does the interest in South America constitute a priority for the European Union, neither does Mercosur represent a special economic target for the Europeans. However, as discussed by several analysts, the possibility of the United States imposing ALCA opens another possibility: That of Europeans developing an increased interest in Latin America and, specially, in Mercosur. The regional block of the Southern Cone countries can thus become a part of the political currency in the dealing between the European Union and the United States.


\textsuperscript{39} This is confirmed by Lia Valls Pereira, “Mercosul e a União Européia: algumas reflexões”. In L. A. Moniz Bandeira e Samuel Pinheiro Guimarães, op. cit., 1995.

\textsuperscript{40} See Marcelo Villela Amoroso, “As relações entre o Mercosul e a União Européia: um novo diálogo entre blocos” Mercosul Informativo, Ano 2. n° 6, jun/jul., 1997.
Positive externalities may result from this competition, giving Mercosur a more important role in relation to the European Union. This is even more probable because the Southern Cone tends to become a progressively more promising market for imported products, given the purchasing power of its middle classes, specially in Brazil.

From the military point of view, the most important cleavage of the post-war is now between the Northern and Southern hemispheres. The war over the Malvinas expressed this new reality. However, one can see a larger collaboration between Mercosur and the European Union, through weapon sales and technological transfers, and through personnel training. The North American military supremacy over all other countries opens the possibility of new, multilateral military negotiations.

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