TWO
The European Union and the New Multilateralism

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This chapter focuses on Europe's role in shaping a post-hegemonic world order. Europe's vision of world order and its role within it are both influenced by its own integration. Knowing whether the European Union (EU) will assert itself as a centre of power comparable to the United States (US), or if it will become a qualitatively different actor, is a key issue when attempting to outline the future of the international system. The question, therefore, is whether the EU is capable of presenting the international community with a common project for a new multilateralism, or if it will merely remain, from a political and a hard security point of view, a regional actor. At the same time, one must also ascertain what role regional groups, such as Mercosul, can play according to a European vision of the world system. Of course the feasibility of a world system regulated by principles and rules will depend to a large extent on the evolution of US foreign policy in the post-Clinton era.

THE OPEN EUROPE MODEL

The fundamental aim of European integration remains the same: to weaken nationalism and power politics in intra-European relations and to prevent war, particularly between France and Germany. Although most Europeans believe it is only through the Union's continued existence that the 'European Model' can resist the external forces of globalisation, it is also true that internal considerations drive the primary goals of the EU, and shape Europe's foreign policy. It was very apparent in the way the EU reacted to the fall of the Berlin Wall. The Union took steps aimed at accelerating the process of European integration and reinforcing cohesion among member states. Policies on the internal front have met with successes that have not been matched on the external front. Even as it has proceeded with economic union and the creation of a single currency, the EU demonstrated its political impotence to intervene in Bosnia. Successes on the path to political union continue to be meagre.

The Union as a whole has an inherent difficulty to act as a world power because it weakens power politics in relations between member states. The Union maintains internal peace by reshaping relations between neighbours and acting as a powerful motor for democratic consolidation and social cohesion.

This was true for the founding members in the post-war period, it was also the case for the southern European countries that returned to democratic rule in the 1970s. The same can be said for the new democracies of Central and Eastern Europe. In order to achieve security, peace and democracy, the Union's key instrument is inclusion. In this context, it is important to note that the states most committed to the building of European integration are precisely those that have benefited most from the policy of inclusion. By contrast, those that adhered to the EU principally for economic reasons—to meet the challenges of an increasingly globalised economy that cannot be dealt with nationally, and to take advantage of the European market—have remained on the margins of some of the phases of deepening integration. This is the case with the UK, Sweden and Denmark, who have all failed to join the single currency and strongly resisted all initiatives leaning towards the creation of supranational institutions.

The debate that counterpoises 'European power' and 'European space' fails to reflect this dichotomy if the terms are not clarified. The aim of the promoters of a European 'power' project is not to build a European super state in the image of the US. Even France, the main supporter of the notion of 'European power' does not accept the possibility of a central European government to which it would cede national defence and social policy prerogatives. The tendency reinforced since Maastricht,[1] with the deepening of political union, has been to strengthen the European Council, an intra-governmental organ, to the detriment of the supranational European Commission.

In the context of Europe's extraordinary diversity, the main innovative contribution of the European model has been its capacity to make compatible a sense of national belonging with membership to a supranational community. Joschka Fischer and others like him understood this, hence Fischer's proposal for the creation of a federation of democratic states, rather than a federal state, based on the dual legitimacy of the Union: its states and its citizens.[2] To date, the main political forces in Germany and significant sectors in France and the countries of Southern Europe, share this vision, but it has failed to meet with support in the UK and the Nordic countries. Much more controversial is the idea propounded by Fischer in his Humboldt speech, of creating a 'hard core' or a vanguard of states to speed up the creation of a federation of states. (It is unclear whether such a core would consist of founding members or participants in the single currency.) This idea is rejected instinctively by the smaller member states that see it as a thinly disguised proposal for the creation of a *'directoire'*.[3] This is particularly so when the notion of 'vanguard' is mentioned in the context of international relations. The 'European power' versus 'European space' debate is relevant insofar as it outlines the basis of the international role to be played by the EU. If the EU were to be a 'federation of nation states' as proposed by Jacques Delors,[4] this would affect its action and role in the international system in two important ways: the definition of its identity and, concomitantly, of its frontiers.

The EU cannot establish a cultural or civilisational identity without reneging on the concept of citizenship and weakening the communities of citizens within each of its member states. Such an identity would militate against a cultural, linguistic and even religious pluralism, which is increasing daily within the Union and its member states. For instance, there are nearly ten million European citizens who are Muslims. The German decision to give citizenship to immigrants, including over two million Turks, and to begin to distance itself from an ethnically based nationality, is a fundamental step towards ensuring compatibility between national political systems and the European model. The tendency is for a Europe that is increasingly defined as an area of multicultural co-existence in which supranationalism is compatible with the preservation of historical peculiarities, as well as cultural and religious affinities within and beyond the European continent. Hence, the creation by France, Portugal and the UK of 'circles' of co-operation based on a common language. The internal affirmation of multiculturalism is a trump card in the formulation of international policy when it is felt in many regions that globalisation and the dominance of American popular culture is a threat to cultural pluralism. This feeling helps to boost identity-based nationalism, particularly of a religious nature, which presently constitutes the gravest and most threatening alternative to democracy.

Politics defines the identity of the Union. Membership is available to all European democracies that accept the *'acquis'* of the EU and are economically prepared for convergence with, and competition in, the single market. The European Council's decision to accept Turkey as a candidate for membership at Helsinki in 1999 explicitly stated that Turkey must fulfil these conditions. Predominantly, the conditions were political—the preservation of democracy, the rule of law, of human rights and the assurance of the protection of minorities. There were no cultural or religious conditions. Defined in this way, the EU provides no clear limits on its enlargement. Even its geographical limits, its frontiers, are unclear. A 30-strong EU is envisaged. Currently, the ongoing process of European reform is seeking to establish how to accommodate 27 states.[5] The future is unclear. Could the Ukraine become a member, or will it be the extreme eastern frontier of the Union? How can the Union deny the democratic and Europeanist sectors in Russia a place in the process of European integration? Herein lies the pertinence of the debate about variable geometry and 'circles' of European construction.

Could a European 'hard core', the 'vanguard' proposed by the Germans, (and less enthusiastically by the French), realistically become a centralised federal state within the union of states that is the EU? It seems unlikely. Such a nucleus would have to be open and it would tend towards full inclusion. At the same time, the most coherent, if not equivalent proposals by Fischer and Delors, advocate a model that creates a community of democratic states according to the precept of unity within diversity.[6] Clearly, there will be a group of states that will take integration further, faster. There will be reinforced co-operation between them in various areas under Union competency, including foreign policy

and home affairs. Their ability to act in the international arena will also be concomitantly reinforced. Yet where security and defence policy is concerned, this more markedly federal nucleus faces a basic difficulty: the resistance of the UK. One of the pillars of the whole process is the consolidation of a European defence policy. This requires committed participation from the UK, which is unwilling to take part in any form of federal vanguard but is predisposed to contribute to European defence. In sum, there will be no single 'hard core' but rather various nuclei corresponding to uneven developments on the road towards supranationalism. It is possible that there will be an ever-growing group that participates in all the 'circles'. This will become the true core of cohesion, independently of the size of the states involved.

The European institutional system and decision-making process will remain enormously complex for the foreseeable future. This is because it must continue to guarantee the system of checks and balances that has ensured its success to date. A central entity for Common Foreign and Security Policy (CFSP), such as a High Representative with vaster and more precise powers than the current one, which would permit him or her to co-ordinate foreign policy rather than act as a mere spokesperson, can be defined. However, there will always be a multiplicity of interlocutors: the Council, the Commission, the Parliament and the member states. The Union's foreign partners will thus probably continue to feel the difficulties of not knowing who their interlocutor is.

The consolidation of an open Europe, in the Popperian sense of a democratic, pluralist and culturally diverse society, means the affirmation of a universally appealing European model. The EU will continue to focus essentially on the consolidation of democracy on the continent through enlargement, and on the project of expanding an area of stability and development to the south, in the Mediterranean. Europe thus emerges as a regional actor upholding a model with universal repercussions. Indeed, the greater the 'internal' success with the consolidation of continental democracy, the greater the 'external' impact and prestige of the model.

The values upheld by the EU are projected onto its foreign policy. Hence the importance of democracy, human rights and humanitarian law in European declaratory politics and the application of political conditionality in EU agreements with Third World countries. The universal appeal of the European model and its adjustment to the era of globalisation, as well as the global ambitions of some of its member states, provide a window of opportunity for positive and effective action in the international arena. Thus, this reinforces its position as an open pole of power within a more balanced, multilateral and universal system.

There is an alternative path that would work against this scenario. With enlargement to the East and South, and in the absence of deeper integration, the Union could lose its power to decide and act. It could become diluted and eventually disintegrate, transforming into an economic giant with no political weight. It would have to abandon any hope of acquiring an international status.

This would be left to a few member states. Yet, without the Union, these states would be relegated to secondary roles in the international arena. The main victim of such a scenario would be the multilateral project.

THE EUROPEAN VISION OF THE INTERNATIONAL ORDER

The EU is not just a powerful regional actor, it also has a substantial international role as a civil power. With 370 million inhabitants, the 'Europe of the Fifteen' is the main economic zone in the world, representing 28.6 per cent of gross world product (GWP), in contrast with 27.4 per cent for the US, 14.9 per cent for Japan and Mercosul's 3.8 per cent. The EU is also the world's main trading power as well as its main source of official development aid. It represents more than half of the world Overseas Development Administration (ODA) total, in contrast with 4 per cent for the US and 18 per cent for Japan. In terms of military expenditure, both absolutely and as a percentage of Gross National Product (GDP), it is known that the US is far ahead of Europe; it spends US$265 billion on defence, whereas the EU spends US$169 billion. European Union expenditure represents 60 per cent of that of the United States but generates only around 30 per cent of its military capability.

However, more so regionally than internationally, the EU already exercises significant soft power. Its economic weight, the attraction of its model and its development and co-operation policy, means the EU can use economic power for political ends, relying on non-coercive means to help solve long-term regional problems. Nonetheless, despite the ambitious scope of the Euro-Mediterranean Partnership (EMP), the results of policy towards the countries of North Africa or the Middle East (which are the first extra-European priority of the Union), will be felt only in the long run. The weight of the Union in crisis situations is still modest, as demonstrated by its timid, divided and ineffective response to the Israeli—Palestinian conflict. Aid and trade agreements with Sub-Saharan Africa, a region for which the Union has been the main economic, political and even military partner, have often been a failure. However, in fairness, it must be noted that no other actor has succeeded in that region either. Africa is still buried in inter- and intra-state conflict, and without a resolution of the security problem there can be no development. In Asia, Europe's role is not very significant in terms of soft power politics, and it is negligible in terms of hard power politics. Furthermore, as discussed below, in Latin America it has failed to show the political will to match the ambitions of the project it has advocated.

These are the current limitations of the EU as a civil power in the global arena. Even at a regional level, its capacity for 'inclusion' and its attributes as a civil power have been insufficient in times of severe crisis. This was the conclusion reached by European governments concerning the crisis in the former Yugoslavia, namely in Bosnia and Kosovo, as they regretfully observed their impotence to respond to the crisis. This impotence is the result of the limitations

of the EU as an exclusively civil power. Dependence on the US, on its military strategy and willingness to intervene or not to ensure security on the continent, was also demonstrated. The current European defence project launched in St Malo, in 1998, by France and the UK, was born out of that observation.[7]

The development of European defence capabilities over the next decade will consolidate the Union as a truly powerful regional actor, able to deal with most of the challenges confronting the European continent. Security relations with Russia, however, may prove more difficult, particularly if the latter insists on maintaining the status of a superpower, albeit without the means to be one. The situation might be different if Russia opts for a European power status that is more compatible with its economic situation.

Although timid and rather incoherent, the consolidation of a common foreign and security policy with the creation of a 'Mr CFSP' will contribute to greater coherence in the Union's external action. However, it would be a mistake to think that in the coming decade the Union could become a military power comparable to the US. If the EU develops a capacity to act in the realm of security, it can develop a significant role in the construction of a post-hegemonic international order during the first quarter of the twenty-first century. A consequence of this would be the achievement of greater equality in transatlantic relations.

The countries of the Union have shown increasing unease with unipolarity and have affirmed the need to evolve towards a more balanced world. There is a consensus of frequent criticism across the whole European political spectrum, of the unilateralism of the US, particularly of its attempts to impose the extraterritorial application of US law (the D'Amato and Helms-Burton Acts). It is a preoccupation, which not only exists in most of the 'Countries of the Euro', but also in the UK. The constant tensions have been confined to the realm of trade, and a threatening political overflow has been avoided thus far. However, European unease with US unilateralism is not only restricted to trade matters. European leaders have demonstrated deep concern over non-ratification by the US Congress of the Comprehensive Test Ban Treaty (CTBT), the American refusal to sign the founding treaty of the International Criminal Court, and its decision to proceed with the creation of an anti-missile shield, the National Missile Defence (NMD).

Although there is strong Euro-American convergence regarding security in the European continent (which has permitted the post-Cold War survival and even the expansion of NATO), the same cannot be said for extra-continental affairs. As far as the Middle East and the Gulf are concerned, the nuances and differences are plain to see. Only the UK supports the sanctions against Iraq; the majority of member states opposing them either for their political and social effects, or because of their unilateral nature.

However, at the same time, the member states of the Union (France included) cannot conceive a viable alternative for the role that, for better or worse, the US now plays during this transitional period in the international system. Nonetheless,

it is widely believed in Europe, that a system based on the hegemony of the US, even if benign, cannot be sustained in the long run. This is due to the pluralism that characterises the world and the unwillingness of American society to pay the price of guaranteeing international security. Further, the majority of the current member states of the Union hold a different view of the international order to that advocated by the US.

France supports the creation of a multipolar order that could balance the 'hyper-power' of the US (an expression coined by Hubert Védrine).[8] The Chirac view is that other centres of power could be the EU, Russia, Japan, India, and possibly Brazil and Mexico. There would be a system of clearly defined poles, inspired by the European balance of power system before the Second World War. Within this system, the EU could seek to affirm its sovereignty and autonomy, although the negative impact on world security would partly reduce thanks to the existence of multilateral institutions. In speeches in China, Brazil and India (all countries with international power ambitions), both Jacques Chirac and Hubert Védrine have explicitly referred to the need to build a multipolar world as an alternative to unipolarism. A case in point is the April 1997 Russian—Chinese declaration on the promotion of a multipolar world.

This French view is apparently not shared by any other state of the EU, even though the expression 'multipolarity' is frequently heard in the speeches of most European leaders. Despite Blair's surprising Warsaw declaration on the need for a superpower Europe, the UK in fact resists such a vision. Its public opinion and political elite are overwhelmingly opposed to the concept of 'European power', as it implies a high degree of federalisation. The statement was rendered meaningless days later in the UN, when the UK voted with the US on the Middle East. Although the German vision of the Union is an exceedingly political one, it is still predominantly seen as a civil power, focused primarily on the widening and deepening of European integration itself. Germany also places a great deal of emphasis on a balanced relationship with the US. However, this does not mean a less intense relationship; Germany sees the US as a crucial international partner for the EU.

Spain and Italy favour the international affirmation of the Union, not just in the Mediterranean, but also, particularly for Spain, in Latin America. Portugal has the same position and emphasises the need for the European Union to honour its responsibilities towards Sub-Saharan Africa. Nonetheless, Aznar's Spain has gradually come closer to the US perspective, and Italy's international position is far from corresponding to its economic and cultural weight. Furthermore, these countries are, together with the Netherlands, those closest to the UK vision of Transatlantic relations.

As traditionally non-aligned countries, the Nordic countries distance themselves from the French view, instead emphasising the central role of the UN as a regulator of conflicts in a multilateral system. Europe should become a large Scandinavia of sorts, an example in terms of peaceful cooperation and social justice.[9] Belgium is the country closest to France, but its capacity to influence EU

foreign policy is not great. Finally, despite recent positive developments in foreign policy, Greek foreign policy still focuses essentially on the Turkish question. In contrast with the Nordic countries, most of the candidates for accession—Poland, Hungary and the Czech Republic—as 'Atlanticist' countries, are at ease with a pro-security and defence posture, which is also a product of their political desire to join the EU. Moreover, they share a desire with most of the European Union states that NATO remain essentially a collective defence organisation

Thus, it is unlikely that the EU will become a traditional power centre exercising a power politics-based foreign policy In all probability, what we are witnessing is the emergence of an influential global actor, which will fall short of replicating the full attributes of a traditional superpower. It will, nevertheless, have the ability to influence decisively the future shape of the international system.

There is no consensus in Europe as to the benefits of a multipolar system. Indeed, it remains unclear what impact the emergence of new power centres and the relations between them would have on international security. There are serious reservations in most European capitals about the impact that the emergence of totalitarian China, as a super or great power, will have on international stability Similar doubts are voiced about the impact of the Sino-Indian rivalry on Asian stability. The Indian nuclear test could be a sign of the 'regional bad times' to come, because of the emergence of new power centres.[10]

Whatever the debate on the advantages and disadvantages of a multipolar world, there is consensus among European states (and increasingly so in London) that the current predominance of US unipolarity and unilateralism will be challenged by newly emerging powers. Thus, it is transitional and unstable.[11]

Whether the EU acts in a multipolar world or not (most probably it will), it is not in the nature of the Union to seek hegemony, pursue American-style power politics, or even cultivate a global balance of power system. The European model does not envision the transformation of the Union into a super state. Rather, it envisages an entity able to shape the formulation of international rules within a network of interdependent multilateral institutions, such as the WTO and the recently created ICC (the ICC bearing witness to the growing importance of international law). The EU's active support for international regulation will have great credibility. Not only is it backed by its own experience, but the creation of such rules corresponds with the need, felt by states in different regions, to manage and take advantage of the process of globalisation. The Union envisions a truly efficient global multilateral system, and the creation of institutions able to regulate political and economic interdependence. The aim is to construct a system, accepted by a majority of states, governed by international norms for international trade, security, the protection of human rights and the environment. It is a 'third' model, which, stated by Jean-Marie Guéhenno, is:

> …based neither on the indefinite supremacy of the United States, nor on the pursuit of independence and sovereignty as the ultimate goal of a political entity.[12]

It would constitute the institutionalised organisation of interdependence, of a 'structured multilateralism'.[13] The success of the World Trade Organisation (WTO) in managing the conflicts between the EU and the US, testifies to the importance of multilateralism in the new international context.

The promotion of regionalism is one of the essential components of the Union's foreign policy and its vision of the world. Whether the European experience is adopted elsewhere as a model or not, the Union considers that multilateralism can only be effective if it is based on regional groups, which are seen as the building blocks of the new multilateralism. Not only do regional groups constitute a form of administering economic interdependence, but they are also a way to establish reliable security relations between neighbours and to support UN crisis prevention and resolution. Indeed, in many circumstances, regionalism is the only possible multilateralism. Hence the importance of so-called group-to-group dialogue in the external action of the Union. Whether with ASEAN, Mercosul, the Andean Community or the SADC, the Union seeks interlocutors with which to share its vision of the international order. Indeed, the Union seeks to establish inter-regional agreements with such groups, developing multi-regionalism as the basis of multilateralism. Seen from this perspective, relations between the EU and the Mediterranean, or with Mercosul, are an essential part of the experiment in the new multilateralism.[14]

One of the components of the Union's multilateralism is its posture *vis-à-vis* the relationship between sovereignty and citizenship. It is not mere chance that the concept of humanitarian intervention was born in France, and that it was a Spanish judge who requested the extradition of Pinochet. Europe is built upon supranational foundations that have de-legitimised the concept and sanctity of absolute sovereignty. Thus, the intervention in Kosovo was supported by a majority of European states, particularly France and the UK, but also Germany. France and the UK participated actively in the Rambouillet agreement and in the military intervention.

When Kofi Annan stated at the last General Assembly of the UN that 'the sovereignty of a State cannot be a protecting "wall" for the violation of the rights of man', his posture did not shock, but rather it pleased the majority of Europeans. Does this signal a *rapprochement* with the position of the US? It seems not. For Europeans, a reformed UN must develop the capabilities to practise the new multilateralism announced by Kofi Annan. It must be the UN that legitimises interventions when grave human rights violations occur within any given state. This is not to be seen by European states as an unacceptable limitation on their sovereignty.

However, this vision is not shared by various southern states, which opposed intervention in Kosovo in the name of the defence of sovereign powers and in

opposition to unilateralism. This was the position of the Latin American countries, many of which have suffered a long experience of illegal interventions from the North. At a time when the Union creates an intervention force, it is essential for its foreign and security policy to be able to get the greatest number of states possible to agree to the definition of conditions for intervention.

The success of the multilateral project largely depends on the multilateralisation of the US. The majority of European states perceive that the possibility of a more just international order depends on close co-operation between the Union and the US. Those who think that the management of the bipolar enmity of the Cold War could become the form of administering a Euro-American rivalry are mistaken. The Union's member states still see the US as their main partner. The Union seeks a re-balancing of relations with the US, so that they become equals, able to contribute to the creation of global rules.

For the EU, the ability to face crises within its strategic zone, to make its co-operation policy effective and to acquire clear international weight, depends on every state's observance of multilateral rules. It is obvious that when the world becomes more Grotian, the influence of the EU will increase.[15] However, as Grotius has yet to prevail over Hobbes, the Union must be able not only to sanction prevaricators with the application of political conditionality, but also to opt for military intervention when all other avenues have been exhausted.

EU-MERCOSUL RELATIONS AND THE 'US FACTOR'

The EU needs partners to make its vision of a world based on regionalism viable. There has been a clear tendency in a variety of regions to establish different integration and co-operation schemes. However, the majority of such projects have not gone beyond a basic inter-governmental co-operation that is fragile in the absence of true political convergence. Mercosul is an exception to this rule and therefore the EU identifies it as a strategic partner. For the Union, various factors affect the credibility of Mercosul. The first is that it is an integration project among democratic countries, which introduced a democratic clause in its treaty providing for sanctions, including expulsion if a member returns to authoritarian rule. The firm and effective reaction of the countries of Mercosul to the *coup d'état* in Paraguay in April 1996, was an important test that increased the credibility of the regional group. The international legitimacy of Mercosul, which is based on this democratic commitment, is underlined by the EU.

The second factor is the alteration of traditional relations of enmity and rivalry between Brazil and Argentina. This change implied the mutual abandonment of national military-oriented nuclear programmes. This is a major achievement at a time when proliferation is a dominant security concern.

Third, apart from the EU, Mercosul is the only regional group that goes beyond free trade and aims to create a common market. Like the EU, Mercosul is a deep integration process. It participates as a bloc in trade negotiations. Both the EU and Mercosul have a different vision of regionalism to the US. The EU and

Mercosul view regionalism as a way to affirm autonomous regional groups and the importance of relations among them. America, during the Clinton administration, view regionalism as a way of shaping world order with itself at the core of each regional initiative—be it APEC, the FTAA or the 'transatlantic marketplace'. This is not likely to change dramatically under a new Republican administration. Robert Zoellick, the George W.Bush man for international trade, wrote: 'The United States needs a strategic economic-negotiating agenda that combines regional agreements with the development of global rules for an open economy… If America links its economy to those of key regions, it can also promote its political agenda.'[16] It remains to be seen how and if a more unilateralist administration will be able to combine opposition to global political rules with a multilateral and regional approach to trade and how this will affect the FTAA.

Finally, the EU and Mercosul share a similar attitude towards globalisation. The triumph of the neo-liberal vision that has accompanied the unfolding process of globalisation is viewed as a potential threat for deep integration projects. This is because it can dissolve them into vast free trade areas. For the Union, the aim is to seek compatibility between the demands of a new economic order and the defence of the social cohesion at the basis of its integration model. For Mercosul, a post-globalisation integration model,[17] the aim is to create conditions favourable for the pragmatic implementation of liberalisation policies.[18] In sum, it seeks a process of controlled opening to compete globally. The EU and Mercosul share the aim of formulating rules to administer the process of globalisation in order to give a 'human face' to global interdependency.[19] As noted by the Euro-Latin American Forum:

> The European Union and the Mercosul have a common interest in the promotion of a world governed by multilaterally determined and universally applicable global 'game rules'. They have a mutual interest in that all actors, both powerful and weak, work towards a 'pact of mutual trust', based on the participatory creation of a new global agenda and regulations. In sum, they have a shared interest in replacing a *Pax Americana* with a *Pax Interdemocratica*.[20]

For all of the above, the EU identifies Mercosul as a potential partner for the establishment of a more balanced international system based on the essential pillar of regionalism. This is the fundamental difference between the EU and the US. For the US, Mercosul constitutes a form of 'trade deviation', a project that seeks to establish the international autonomy of Brazil (the France of the American continent). The US perceives it as an obstacle to the American project of the regionalisation of the Americas. According to the US, Mercosul should be simply absorbed into the FTAA. US negotiators are not keen on the fact that Mercosul participates as a bloc in hemispheric negotiations.

By contrast, for the EU, the greater the affirmation of the identity of Mercosul within the Americas, the better. Indeed, for the EU, the problem with Mercosul is its institutional deficit, the absence of a system of checks and balances that can help to balance power equitably among the participating states. The great asymmetry between member countries makes it both indispensable and hard to achieve. Widening to Chile and Bolivia will make clearer the institutional deficit and the limits of consensus rule. The 1998 financial crisis, which hit Brazil and, later, the crises in Argentina both affected relations between Brazil and Argentina and were seen by Europe as further proof of the need for greater macroeconomic convergence between the countries of Mercosul, and for the creation of a tribunal to manage trade disputes.

Given the crisis experienced by most Andean countries, with the trend towards democratic involution and the collapse of the state in Colombia, it is important for Mercosul, and Brazil in particular, to take an active political and security interest and not merely an economic interest, in the problems on its periphery. The South American Summit of August 2000 is a sign of this concern. It remains to be seen whether this 'South American dynamic' can become a strategy for Mercosul in its relations with its neighbours in the Andean Community, in particular, with Colombia.

The EU fears that Mercosul will dissolve into the FTAA if it does not institutionalise itself. The failure of President Clinton to have 'fast track' approved by Congress to negotiate a free trade agreement in the Americas, created a window of opportunity for the consolidation of Mercosul. Mercosul, however, had real difficulty in exploiting this because of the financial crises and because its member states remained strongly attached to sovereignty. Furthermore, domestic difficulties in the US over negotiating a trade agreement with Latin-Americans will not evaporate under the new republican administration. However, it would be a mistake to think that the FTAA will not become a reality, and that the dynamics of its working groups are not already having an impact on the countries of Mercosul.

Some sectors in the region, particularly Brazil, feel that the European vision of a Mercosul with institutions similar to its own is an attempt to export the European model. This is incompatible with the great asymmetries between the countries of the Mercosul. Nonetheless, the 'mirror effect'[21] in Mercosul—EU relations is a reality. The debate on the single currency in Mercosul, an option that Argentina believes increasingly to be necessary for the success of the common market, demonstrated the 'mirror effect'. There are also signs of this conviction in Brazil.

Is the EU willing to take on Mercosul as a strategic partner and give it a high priority in its foreign relations? Given the typical discrepancy between the best interests of the Union and the practice of its member states, it is not easy to give a positive answer to this question.

As noted above the EU is, first and foremost, a regional actor. However, as it develops a global vision and a common foreign policy, there will be increasing

privileges for Mercosul as a partner. Some countries in the Union have supported the reinforcement of relations with Latin America and have been at the centre of various initiatives launched in the 1990s. This is, for historical reasons, the case for Spain, which has considerable weight in the external relations of the Commission with Latin America. It is also the case for Portugal, and to a certain extent for Italy, also for historical reasons. Germany is also supportive of relations with Latin America, given the scope of its economic interests in Brazil. For France, Mercosul and Brazil are part of its multipolar vision of the world, which explains France's promotion of Euro-Latin American Summits (the first took place in Rio de Janeiro in 1999). However, these summits are dominated by rhetoric and demonstrate the difficulty that the EU has in giving substance to its relations with Latin America, despite all the progress made over the last few years. There are two important reasons for this. First, the framework of Euro-Latin American relations is asymmetric, with the EU on one side, and a collection of states belonging to disparate regional groups on the other. Second, given the essentially economic dimension of EU-Mercosul relations, a successful bi-regional trade agreement is the essential basis of substantial relations between the two blocs. This does not mean that relations cannot go beyond trade, with a deepening of bi-regional co-operation in the defence of democracy and human rights, and to combat the drug trade.

France is a promoter of Mercosul as a centre of power for a more balanced world system. Paradoxically, France is also the country that faces the most difficulties in overcoming the constraints to agricultural trade liberalisation, due to its powerful agricultural lobby. The scepticism of Mercosul, *vis-à-vis* current trade liberalisation negotiations with the EU, testifies to this reality. A free trade agreement that does not include agriculture is unacceptable to Mercosul.

The interest of the Union in pushing that agreement forward (its conclusion is planned for 2005) has declined due to the opposition of the US Congress to 'fast track' and the concomitant slow-down in hemispheric negotiations. There is an undeniable competition between the US and the EU, which pushes forward relations with Mercosul. Mercosul countries try to take advantage of this rivalry.

Relations between the EU, Mercosul and the US are the 'sides' of a triangle that is still not clearly drawn. The US—EU 'side' of the triangle is very strong. Relations between the US and Latin America are also intense, despite mutual suspicions, as all are members of the Organisation of American States (OAS). Closing the Atlantic triangle means reinforcing the EU-Mercosul 'side'. However, this does not mean internationalising a three-way alliance, or constituting a 'bloc' of Western democracies.[22] The non-Western world would regard such a bloc as directed against it, and it would therefore become a cause of instability.

In short, the EU does not aim to replace the unstable world of unipolarity and unilateralism with an even more unstable world based on a traditional multipolar balance of power system shaped by the frequent dissolution and reversal of alliances. Rather, it wants to build a new multilateralism based on regional

integration groups, whose experience with the supranational regulation of relations between states can be put to good use. In other words, it seeks the transformation of the international system into a community that is based on the success of its own experience and on the reinforcement of international institutions, particularly of the UN. This system is also the most appropriate for the administration of a world that seems to be heading towards multipolarity, with the emergence of great powers that have adopted a power politics perspective of foreign relations.

The US is key to a successful multilateral project, which not only enables the international community to guarantee security by preventing crises, but also to intervene militarily when other alternatives have been exhausted. The success of the system also depends on the ability of the EU to combine coherently its economic power and the powerful attraction of its model with an effective foreign and security policy, and credible military capabilities. There is a fair chance that this could happen, but unfortunately, it is far from certain. The more that Europe becomes a political actor, the more it will seek to consolidate relations with other partners that have a similar vision of inter-state relations, and Mercosul, despite all its difficulties, is just such a partner.

NOTES

1. The treaty of Maastricht reflected the intention of the EU to broaden the scale of monetary and economic union, and to begin serious consideration of joint policies in regard to external affairs and security, citizenship, and the protection of the environment.
2. See Joschka Fischer, Humbold speech on www.german-embassy.org.uk/speeches_and_statements.html
3. The executive branch of the Republican Government of France, established in 1795 in accordance with the constitution promulgated by the National Convention. It consisted of five members. Each director held the presidency for a three-month term, and one director was replaced annually.
4. For a full account of Jacques Delors' vision of the European Union, see 'Jacques Delors, *L'Unité d'un Homme*', entretien avec Dominique Wolton, Editions Odile Jacob, Paris, November 1994.
5. The present candidates are Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovak Republic and Slovenia. Negotiations with Turkey are pending depending on its adoption of appropriate democratic criteria.
6. The proposal of a vanguard, based in the six founder members of the EEC as suggested by Jacques Delors, or the 'Countries of the Euro' as suggested by Joschka Fischer, is strongly opposed by most European Union states.
7. For a good analysis of European Union Defence Policy, see Chaillot papers 'European Defence: Making it Work', Institute for Security Studies, Paris, September 2000. For the basic papers on CSDP see Chaillot papers 'De Saint-Malo

a Nice: Les textes fondateurs de la defense européenne', Institute for Security Studies, Paris, May 2001.

8. Dominique Moïsi, 'Hubert Védrine dialogue avec Dominique Moïsi', *Les cartes de la France à l'heure de la mondialisation,* Fayard, Paris, 2000.
9. See Mario Telò, 'O Novo Multilateralismo, Perspectiva da União Europeia e do Mercosul', Euro-Latin-American Forum, Lisbon, 2001.
10. Thérèse Delpech, in Álvaro Vasconcelos (co-ord), *A European Strategic Concept for the Mediterranean,* Lumiar Papers, IEEI, Lisbon.
11. See Charles Grant, Chapter 3, and Christoph Bertram, Chapter 4, this volume.
12. Guehénno, Jean-Marie, 'The Impact of Globalisation on Strategy, *Survival,* Winter 1998–99.
13. See Christoph Bertram, Chapter 4, this volume.
14. For a discussion of the new multilateralism, see 'Forging a New Multilateralism—A view from the European Union and the Mercosul', report, Euro-Latin-American Forum, October 2001.
15. Celso, Lafer and Gelson Fonseca Jr, 'A problemática da integração num mundo aberto de polaridades indefinidas', in A Integração Aberta—um Projecto da União Europeia e do Mercosul, Euro-Latin-American Forum, Lisbon, 1995, pp. 28–65.
16. Robert Zoellick, 'A Republican Foreign Policy', in *Foreign Affairs,* Vol. 79, No. 1, January/February 2000, pp. 71–2.
17. Celso Lafer and Gelson Fonseca Jr, in A Integração Aberta—um Projecto da União Europeia e do Mercosul, Lisbon, 1995.
18. Helio Jaguaribe, 'A Emergente Civilização Planetária e a Possível Contribuição Lusófona', Comunication in Lisbon International Conference, IEEI, 1994.
19. 'Discurso do Senhor Presidente da República, Fernando Henrique Cardoso, na abertura da III Reunião de Cúpula das Américas', Quebec, Canada, April 2001.
20. Euro-Latin American Forum 'Setting Global Rules—A Report', IEEI, October 1998.
21. Mónica Hirst, 'O Novo Multilateralismo, Perspectiva da União Europeia e do Mercosul', Euro-Latin American Forum, Lisbon, 2001.
22. A narrow vision of the civilisational bloc proposed by S.Huntington, which excludes Latin America.