

ISSUE BRIEF

No. 3782 | NOVEMBER 26, 2012

Argentina No Longer Deserves to Be a Major Non-NATO Ally of the U.S.

Luke Coffey

In 1998, President Bill Clinton designated Argentina as a Major Non-NATO Ally (MNNA) of the United States—a highly sought-after status that includes exclusive military-to-military cooperation. Today, only 15 countries in the world enjoy MNNA status.

However, Argentina under the leadership of Cristina Fernández de Kirchner is not the dependable and friendly Argentina of the 1990s. Consequently, Argentina should lose its MNNA status.

MNNA: A Worthy Program for Worthy Allies. The MNNA designation was established during the dying days of the Cold War in 1989 to acknowledge American partners that contribute to U.S. security, defense, and broader geopolitical goals but are not members of NATO. The first tranche of countries to become MNNAs included South Korea, Israel,

Egypt, Australia, and Japan. The most recent country to be awarded this title was Afghanistan, designated in 2012 by President Barack Obama.

The MNNA designation establishes a long-term framework for security and defense cooperation on a number of levels. Most important, perhaps, is that it bestows a degree of preference and privilege regarding U.S. military cooperation. However, MNNA status does not entail any U.S. security commitment to the designated country.

The MNNA reinforces the strong bilateral defense relationship between the U.S. and the designated country by:

- Offering U.S. support to help better align defense planning;
- Offering preferential treatment for the procurement of U.S. military hardware;
- Offering more positions and preferential treatment for U.S. military training, courses, and schools;
- Lending U.S. military equipment for cooperative research and development; and

- Foreign Military Financing for commercial leasing of certain defense articles.

Clearly, there are many benefits afforded to countries that are designated as MNNAs. Consequently, many countries strive to achieve this exclusive status with the U.S.

Argentina Joins the Club. During the 1990s, under the leadership of President Carlos Saul Menem, Argentina embraced free-market capitalism, slowly altered decades of anti-Americanism, and pushed to play a role in a new globalized economy. During this period, many state enterprises were privatized, including the postal service, the national airline, and the banking industry. Argentina even contributed aviation and maritime assets to the first Gulf War, serving in the same coalition as the United Kingdom despite the two countries' long dispute over the Falkland Islands. In fact, during Menem's presidency, Argentina also restored diplomatic relations with the U.K., which had been frozen since the 1982 Falklands War. Menem also settled the regional border dispute with Chile.

As a sign of American recognition of Argentina's welcomed progress,

This paper, in its entirety, can be found at <http://report.heritage.org/ib3782>

Produced by the
Margaret Thatcher Center for Freedom

The Heritage Foundation
214 Massachusetts Avenue, NE
Washington, DC 20002
(202) 546-4400 | heritage.org

Nothing written here is to be construed as necessarily reflecting the views of The Heritage Foundation or as an attempt to aid or hinder the passage of any bill before Congress.

President Clinton designated Argentina as an MNNA in 1999.

However, under the current leadership of Cristina Fernández de Kirchner, Argentina has all but ceased being a responsible and reliable partner for the U.S. in Latin America. Rarely passing up an opportunity to brandish her anti-American credentials, Kirchner has proven herself a reliable partner to Hugo Chavez and Fidel Castro.

Argentina's economic picture is bleak. In 2001, Argentina defaulted on \$81 billion of debt. It was the largest default in recent history. By some estimates, Argentina still owes global investors, both private and public, up to \$35.7 billion (original face value of the bonds plus accrued interest and penalties). Debt recollection has become so desperate that lenders have taken drastic measures. For example, the pride of the Argentine navy, the tall ship ARA *Libertad*, was recently impounded in Ghana. The ship, valued at \$10 million, is now the property of NML Capital, a subsidiary of the American hedge fund Elliott Management Corporation, which has been battling Argentina over the country's debt default a decade ago.

Argentina's G-20 membership should also be questioned. By no measure of its economic performance does Argentina still deserve a seat at the G-20 table. It is not one of the world's 20 largest economies. It has refused to allow the International Monetary Fund to review its public accounts since 2006, making it the only G-20 nation not to undergo annual reviews.

In 2005, Argentina helped scuttle hemispheric-wide free trade talks with the U.S., and according to the *2012 Index of Economic Freedom*, Argentina ranks 158 out of 179

countries (just after Burundi) in terms of economic freedom—again, far below any other member of the G-20. Many other nations—Poland, for example—appear far more deserving of G-20 membership.

The Falkland Islands Issue.

In 1982, Argentina, unprovoked, invaded and occupied the Falkland Islands in the South Atlantic. Against the odds, British Prime Minister Margaret Thatcher assembled a naval task force and deployed it to liberate the islands' British inhabitants. In a victory for self-determination, the British expelled the Argentine invaders in two months.

President Kirchner used the 30th anniversary of the Falklands War as an excuse for jingoist, antagonistic, and provocative behavior toward America's number one ally, the U.K. Over the course of 2012, Buenos Aires has become more aggressive over the Falkland Islands. The Argentine navy has intercepted and even boarded European fishing vessels operating under licenses issued by the Falkland Islands. At Argentina's behest, more and more South American ports are banning Falkland-flagged ships. Argentina has made baseless accusations against the U.K., accusing the British of "militarizing" the South Atlantic and deploying nuclear weapons in the area.

These actions are unbecoming of those with MNNA status. Allowing Argentina to maintain its MNNA status equates to implicit American approval of Argentina's reckless behavior on the world stage.

Time for Revocation of Argentina's MNNA Status. To be designated as an MNNA, a country needs to demonstrate how it promotes U.S. geostrategic interests around the world and why improving

its military capability is in the interest of the U.S. Clearly, in the case of Argentina today, this is no longer the case.

Therefore, the President should:

- Immediately write to Congress to notify it of Argentina's termination as a MNNA,
- Establish a system of periodic reviews to ensure that countries designated as MNNA's continue to warrant such recognition in order to avoid another Argentina-style situation, and
- In terms of Latin American military-to-military cooperation, consider American allies such as Colombia and Chile for MNNA designation.

Not to Be Taken for Granted.

Argentina's actions over the past decade have clearly gone against U.S. interests. Revoking Argentina's MNNA status would send a message that the benefits afforded by such a status should not be taken for granted. Allowing Argentina to keep its MNNA status while more worthwhile countries in the region are not afforded the same military-to-military relationship with the U.S. cheapens the value of the MNNA designation.

The Obama Administration should write to Congress and revoke Argentina's status until Buenos Aires can prove that it is once again a reliable partner to the U.S.

—*Luke Coffey is the Margaret Thatcher Fellow in the Margaret Thatcher Center for Freedom, a division of the Kathryn and Shelby Cullom Davis Institute for International Studies, at The Heritage Foundation.*