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**May 2011**

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*The views expressed in this research paper are those of the author and do not necessarily reflect the official policy or position of the US Government, Department of Defense, US Southern Command or Florida International University.*

## EXECUTIVE SUMMARY

Despite its founding by Hugo Chávez on the heels of the failed Free Trade Area for the Americas (FTAA) negotiations which took place November 2003, the Bolivarian Alliance for the Americas (ALBA, as it is known for its Spanish acronym) has evolved into a political tool that uses “social power” to facilitate Venezuela’s positioning as the leader of the anti-U.S. agenda in the region. Fostering political favors and goodwill through the financing of social development projects, ALBA has created a political environment whereby countries on the take and their respective leaders seem deterred from taking public opposing viewpoints to Chávez. To that end, it has provided billions in economic aid to several nations in Latin American and the Caribbean, winning their favor and support for its policies. To date, ALBA counts on eight member nations. Besides Venezuela, it includes Antigua and Barbuda, Bolivia, Cuba, Dominica, Ecuador, Nicaragua, and Saint Vincent and the Grenadines. It also has several observer nations, among them, Grenada, Haiti, Paraguay, Uruguay, and a non-Latin American country, Syria.

Throughout its recent history Venezuela has used its oil wealth to pursue political capital. Under the Chávez government it is doing so as part of a strategic effort countering the U.S. Following Cuba’s demise in the region as the anti-American socialist camp leader, Chávez is attempting to step into Cuba’s shoes, picking up where Cuba left off over a decade ago and has used the ALBA as a mechanism to help promote his foreign policy. Relying on its own resources, not those of the Soviet Union as Cuba once did, Venezuela has already shown its influence in the international arena, challenging U.S. positions at the Organization of American States (OAS), the United Nations, and even in matters having little if nothing to do with the region, such as Iran’s nuclear proliferation.

Taking advantage of Venezuela's oil prices bonanza, Chávez has been spreading economic aid throughout the region, funding several development projects. From stepping in to buy Bolivia's soy beans when the U.S. ceased doing so, to helping finance and construct an airport in Dominica, Venezuela's ALBA has provided assistance to many states in the region.

As in the past, Venezuela has invested significantly both in time and money in the Caribbean, providing development assistance and oil at a discount to Haiti, St. Kitts and Nevis, and the Dominican Republic, although the latter two are neither member nor observer states of ALBA. The aid Chávez has been spreading around may be coming at a cost. It seems it has begun to cause cracks within the CARICOM community, where ALBA already counts on six of its 15 members, leading experts and leaders in the region to question traditional alliances to each other and the U.S.

Yet, ALBA's ability to influence through aid is dependent on the Venezuelan economy. Its success hinges on continued Venezuelan oil sales at stable prices and the ability of Chávez to remain in power.

## INTRODUCTION

The means through which Venezuela is attempting to position itself as the leader of the anti-U.S. ideological agenda in Latin America and the Caribbean, ALBA, has exerted significant influence in the region. Through the provision of considerable economic assistance to member and observer states, as well as other countries with ties to Caracas, ALBA serves as a centerpiece of Bolivarian Venezuela's foreign policy. The political ramifications resulting from ALBA's aid could prove important in influencing the Western Hemisphere's political map as Venezuela's President Hugo Chávez continues his quest to achieve greater leadership. However, the success of this quest hinges in large part on Chávez's hold on power in Venezuela, combined with the country's ability to sustain its economic capability.

Currently comprised of eight member countries, ALBA has a GDP of over \$630 billion USD, and a total population nearing 70 million as of April 2010. Working through this alliance, Venezuela has pledged billions of dollars in economic aid to countries such as Bolivia, Dominica, Dominican Republic, Haiti, Nicaragua and St. Kitts and Nevis, among others. Ranging from the financing of a variety of social development projects, to preferential oil prices for a variety of Caribbean island nations, these various forms of assistance have enabled Venezuela to create an alliance of support towards its foreign policy positions, or at a minimum censor opposing viewpoints. Perceived by some as "a vehicle for Venezuelan petro-diplomacy," or a way for

Caracas to “advance its economic and political interests,” this ‘alliance’ is both political and economic in nature.<sup>1</sup>

With Cuba’s guidance, Venezuela has used ALBA to establish itself in some aspects as the leader of the anti-U.S. movement in the region.

## VENEZUELA’S GEOPOLITICAL ASPIRATIONS

For oil-rich Venezuela, the practice of obtaining political capital in exchange for economic assistance is not a new concept. During the 1970s, Venezuela used its oil wealth to pursue a foreign policy agenda aimed at carving a leadership role in the region. Under President Carlos Andrés Pérez (1974-79), it helped create OPEC, allowing it to “punch above its weight” after the 1973 and 1979 oil crises, pivotal moments in its foreign policy history.<sup>2</sup> Later, it went on to sign the San José Oil Pact, under which Venezuela and Mexico (also vying for influence in the region at the time) supplied oil at preferential prices to 11 Caribbean countries, as well as financing and technical expertise for infrastructure projects.<sup>3</sup> The difference this time is that, rather than attempting to counterbalance Cuban influence as it did in the past, now Venezuela utilizes ALBA primarily as a political

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<sup>1</sup> Christina DeFeo, “ALBA: How Much of a Turn to the Left in Latin American Governance and Economic Policy?” *Council on Hemispheric Affairs Report*, July 1, 2010.

<http://www.truth-out.org/alba-how-much-a-turn-left-latin-american-governance-and-economic-policy60974>.

<sup>2</sup> Harold A. Trinkunas, “What is Really New about Venezuela’s Bolivarian Foreign Policy?”, *Naval Postgraduate School Center on Contemporary Policy*, Strategic Insights, Volume V, Issue 2, February 2006.

<http://www.nps.edu/Academics/centers/ccp/publications/OnlineJournal/2006/Feb/trinkunasFeb06.html#references>.

<sup>3</sup> The San Jose Pact, also known as the San Jose Oil Facility Agreement, was an agreement signed on August 3, 1980 in San Jose, Costa Rica, that guaranteed Mexican and Venezuelan oil supplies under favorable arrangements to several Central American and Caribbean countries.

instrument that forms part of a concerted strategic effort to counter U.S. influence in the region.

## **ALBA'S HISTORY AND STRUCTURE**

### *Anti-U.S. from its inception*

Since its founding, the organization's objectives have consistently aimed at countering U.S. policy in Latin America. ALBA, which means 'dawn' in Spanish, was initially proposed in 2001 by Chávez as a regional *alternative* to U.S.-led free trade.<sup>4</sup> Since the late 1990s, the U.S. had been trying to establish a regional free trade agreement with Latin American and Caribbean countries, known as the Free Trade Area for the Americas (FTAA). In 2001, under Chávez's leadership and with Cuba's guidance, the ALBA was created as Latin America's answer to the FTAA.<sup>5</sup> As years passed however, it became evident that while it was presented as an economic alliance, ALBA was indeed a vehicle to further Chávez's political agenda.

Chávez and Cuba's Fidel Castro anchored this initiative, originally entering into an accord in December 2004 and committing to the exchange of medical/educational resources and oil between the two countries.<sup>6</sup> Since its creation, ALBA's member and observer states, as well as other supporting states, have gathered for summits on a frequent basis. The 10<sup>th</sup> and most recent summit took place in June (2010) in Ecuador, the previous nine have taken place in

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<sup>4</sup> Alex Newman, "Leftist Regimes Agree to New Currency," *The New American*, October 20, 2009.

<http://www.thenewamerican.com/index.php/world-mainmenu-26/south-america-mainmenu-37/2123-leftist-regimes-agree-to-new-currency>.

<sup>5</sup> James Roberts, "If the Real Simon Bolivar Met Hugo Chavez, He'd See Red," The Heritage Foundation, August 20, 2007.

<http://www.heritage.org/research/reports/2007/08/if-the-real-simoacuten-boliacutear-met-hugo-chaacutavez-hed-see-red>.

<sup>6</sup> Christina DeFeo, opp.cit. July 1, 2010.

Cuba and Venezuela, with the exception of the 7<sup>th</sup> which also took place in Ecuador.

### ***Main Components***

ALBA is comprised of several components such as a proposed regional currency, a regional bank, and its own media outlet. Each component was established with an individual purpose, yet all sharing one thing in common: attempting to be an alternative to a U.S. led mechanism. The SUCRE (Spanish acronym for Unified System for the Regional Compensation of Payments), the currency introduced by ALBA, aims to eventually operate as a hard currency, but currently does so only in virtual form for electronic transactions.<sup>7</sup>

The Bank of ALBA, which claims to have over \$1 billion in capital, makes loans available for states to undertake infrastructural, health, education, and social developments. Established in 2008, the Bank was deemed by Chávez as an alternative to the International Monetary Fund (IMF) and World Bank, describing it as “a political instrument for social and economic development which breaks with capitalist concepts.”<sup>8</sup> Unlike the World Bank or the IMF, the Bank of ALBA does not impose loan conditions and functions based on consensus of all members, with a rotating presidency of the member nations.<sup>9</sup> While its long-term success looms as a big question mark, the Bank of ALBA is yet another example of Venezuela’s attempt to provide an

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<sup>7</sup> Alex Newman, opp. cit. October 20, 2009.

<sup>8</sup> Kiraz Janicke, “\$1 billion for Bank of ALBA - Anti Capitalist Banking,” *Venezuela Analysis*, January 27, 2008. (Venezuelanalysis.com is an independent website produced by individuals who dedicated to disseminating news and analysis about the current political situation in Venezuela.)

<http://www.zimbio.com/President+Hugo+Chávez/articles/169/1+billion+Bank+ALBA+Anti+Capitalist+Banking>.

<sup>9</sup> Ibid.

alternative international financial institution for its member and observer states.

Venezuela also launched TeleSUR, a TV channel created in 2005 which broadcasts throughout Latin America and the Caribbean. According to Chávez, this media initiative aims at providing an alternative to what he calls a conspiracy by international and local commercial networks to silence and distort news from Latin America.<sup>10</sup> With correspondents and news collaborators throughout the region, as well as in Washington, D.C., New York, London, and Spain, it broadcasts free of charge 24 hours a day via cable, satellite and Internet covering Latin America and the Caribbean, the U.S., Western Europe, North Africa and the Middle East.<sup>11</sup>

In 2008, Chávez also suggested ALBA members "should set up a joint defense strategy, and integrate our armed forces and intelligence services because the enemy is the same: the United States empire."<sup>12</sup> Despite little if no progress to this call, this does not seem to present a threat to U.S. hegemony in this area, but the idea could become a controversial issue if it ever became a requirement for a member state since levels of commitment to ALBA's vision vary.

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<sup>10</sup> Pascal Fletcher, "Chavez TV Channel Aims to be Latin American Voice," *Reuters*, (Caracas, Venezuela: 12 April 12 2005).

[http://www.democraticunderground.com/discuss/duboard.php?az=view\\_all&address=102x1390772](http://www.democraticunderground.com/discuss/duboard.php?az=view_all&address=102x1390772).

<sup>11</sup> Hector Escalante Fuente, "TeleSUR celebra cinco años de transmisión informativa en Latinoamérica," *TeleSUR*, July 24, 2010.

<http://www.albatv.org/TeleSUR-celebra-cinco-anos-de.html>.

<sup>12</sup> Nikolas Kozloff, "Hugo Chávez's Anti-Imperialist Army," *Venezuela Analysis*, February 19, 2008. (Venezuelanalysis.com is an independent website produced by individuals who dedicated to disseminating news and analysis about the current political situation in Venezuela.)

<http://venezuelanalysis.com/analysis/3177>.

### ***Member Countries***

First launched with only two member countries, Cuba and Venezuela, today eight member countries comprise ALBA and all are signatories to its People's Trade Agreement.

Bolivia, led by Evo Morales became the third member state in April 2006. Daniel Ortega's Nicaragua joined in January 2007; Dominica in January 2008; Ecuador in June 2009 once Rafael Correa became President; Antigua and Barbuda and Saint Vincent and the Grenadines also joined in June 2009, bringing its total members to eight. Four other countries in the hemisphere are ALBA observer states, permitted to attend regional conferences and with plans to become full members in the future: Grenada, Haiti, Paraguay and Uruguay.<sup>13</sup> Honduras had at one point intended to join while President Manuel Zelaya was still in power, but its Congress withdrew from doing so in January 2010, after he was ousted.<sup>14</sup>

### **SPREADING ECONOMIC AID**

While Venezuela's main motivation for the creation of ALBA is mainly political and ideological, its leverage with the countries that participate in this alliance is its ability to provide economic assistance. Many countries main motivation in being associated with ALBA is primarily driven by the economic benefits they can obtain from Venezuela. Nevertheless, the global financial crisis which strongly impacted the Venezuela economy raises the question of whether Venezuela can eventually honor its much publicized pledges; that remains to be seen as part of

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<sup>13</sup> Christina DeFeo, opp.cit. July 1, 2010.

<sup>14</sup> James Suggett, "Honduras Withdraws from ALBA, El Salvador Won't Join Despite FMLN Support," *Venezuela Analysis*, January 15, 2010. (Venezuelanalysis.com is an independent website produced by individuals who dedicated to disseminating news and analysis about the current political situation in Venezuela.)  
<http://venezuelanalysis.com/news/5070>.

its promised aid has been slow to materialize. Exact numbers on the funding and assistance that Venezuela has provided are difficult to find, however, press reports and other expert sources have provided some insight.

Venezuela has come to the assistance of ALBA countries when in need. For example, when the U.S. stopped buying Bolivia's soy beans in 2006, Cuba and Venezuela began importing them under ALBA. ALBA has also assisted Bolivia upgrade its natural gas sector and Cuba has deployed doctors and teachers to Bolivia.<sup>15</sup> Venezuela has also provided assistance to Bolivia's army, cattle ranches, microfinance projects and urban sanitation companies.<sup>16</sup> Nicaragua, since Daniel Ortega took control of the government again in 2007, has received an estimated \$250 million in aid from Venezuela in 2010 and about \$125 million during 2008 and 2009.<sup>17</sup> In **Ecuador**, Venezuela is involved in a joint oil refinery construction project known as the Pacific Petrochemical Complex.<sup>18</sup> ALBA, or Venezuela has also supported **Paraguay**, an observer state, whose leadership has maintained good relations with Caracas. With no proven petroleum reserves and a dependency on imports

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<sup>15</sup> Larry Birns and Adrienne Nothnagel, "Cuba Comes in From the Cold," Council on Hemispheric Affairs, July 31, 2006.

<http://www.coha.org/cuba-comes-in-from-the-cold/>.

<sup>16</sup> Simon Romero, "Venezuela Rivals U.S. in aid to Bolivia," *New York Times*, February 23, 2007.

[http://www.nytimes.com/2007/02/23/world/americas/23bolivia.html?\\_r=3&oref=slogin&pagewanted=print](http://www.nytimes.com/2007/02/23/world/americas/23bolivia.html?_r=3&oref=slogin&pagewanted=print).

<sup>17</sup> Victor Hugo Tinoco, "Corruption Is the Most Serious Aspect of The Ortega-Chávez Relationship," *Revista Envío*, Number 338, September 2009. (Revista Envío is a monthly magazine providing analysis on Central America, based out of Managua, Nicaragua.)

<http://www.envio.org.ni/articulo/4061>.

<sup>18</sup> Steven Matther, "Venezuela Pays for First ALBA Trade with Ecuador in New Regional Currency," *Venezuela Analysis*, July 7, 2010.

(Venezuelanalysis.com is an independent website produced by individuals who dedicated to disseminating news and analysis about the current political situation in Venezuela.)

<http://venezuelanalysis.com/news/5480>.

for domestic oil consumption, Paraguay received Chávez's pledge of millions of dollars in aid and needed professionals to help it explore reserves.<sup>19</sup> **Uruguay**, an observer state, has also received considerable economic assistance through ALBA. In addition to receiving an estimated 40,000 barrels/day of oil at discounted prices, it has also obtained financing to expand an existing refinery and the needed crude oil to run it.<sup>20</sup>

### ***Focus on the Caribbean***

As it has done historically, Venezuela continues to look to the Caribbean as its strategic area of influence. In spite of the U.S. being the main economic partner in the region and maintaining good political relations, Venezuela offers an alternative source of economic assistance. Through ALBA, Venezuela supplies oil to St. Kitts and Nevis, Haiti, and the Dominican Republic at discounted prices; Haiti is only an observer state and neither the Dominican Republic nor St. Kitts and Nevis are member or observer states of ALBA, yet are permitted to pay their oil bills to Venezuela in barter for agricultural products, such as bananas or sugar.<sup>21</sup> For Dominica, Venezuela has offered to modernize its international airport, granting it \$8.7 million USD and providing an additional \$80 million USD to build an oil refinery, and the required crude oil to run it. Venezuela has

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<sup>19</sup> Stratfor, "Venezuela: The price of Paraguay" (18 August 2008). [http://www.stratfor.com/memberships/122287/analysis/venezuela\\_prize\\_paraguay](http://www.stratfor.com/memberships/122287/analysis/venezuela_prize_paraguay).

<sup>20</sup> Associated Press, "Uruguay's new leader strengthens ties with Chavez," (Caracas, Venezuela: 7 April 2010). <http://finance.yahoo.com/news/Uruguays-new-leader-apf-1773004816.html?x=0&.v=1>

<sup>21</sup> Shawn Hattingh, "ALBA: Creating a Regional Alternative to Neo-liberalism," *Venezuela Analysis*, February 13, 2008. <http://venezuelanalysis.com/analysis/3154>.

also granted Dominica an additional \$4.4 million USD to support its agricultural sector.<sup>22</sup> In **Antigua and Barbuda**, it committed \$8 million for the financing of a water infrastructure project, and for the reduction of pensioners' utilities and educational scholarships.<sup>23</sup> For **St. Vincent and the Grenadines**, it has pledged a \$50 million low interest loan.<sup>24</sup>

Leadership also entails coming to the aide of countries during natural disasters. To that end, Venezuela has also positioned itself as a donor country. In the wake of Haiti's devastating earthquake, Venezuela pledged \$2.4 billion to relief efforts, more than the U.S. (\$1.2 billion), the European Union (\$1.7 billion) and the World Bank (\$399 million), and was the first to respond, landing a military plane loaded with food and Haitian medical students.<sup>25</sup> Additionally, it forgave Haiti's \$395 million foreign debt owed to Venezuela under a subsidized fuel program.<sup>26</sup>

### ***Aid May Cause Possible Rifts in CARICOM***

The economic assistance provided by Venezuela to various Caribbean nations may be causing rifts within CARICOM. Chávez is inviting support from Caribbean countries with strong economic ties to the US through subsidized oil and

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<sup>22</sup> Latin America Monitor, Dominica Joins ALBA, February 2008. <http://www.latinamericamonitor.com/file/52318/dominica-joins-alba.html>.

<sup>23</sup> Stabroek News, "Antigua formalizes ALBA participation," (Georgetown, Guyana: 28 June 2009) <http://www.stabroeknews.com/2009/news/stories/06/28/antigua-formalizes-alba-participation/>.

<sup>24</sup> Karl Eklund, "Gonzalves on ALBA," *St Vincent and the Grenadines Blogspot*, April 13, 2010. <http://svgblog.blogspot.com/2010/04/gonzalves-on-alba.html>.

<sup>25</sup> Jim Wyss, "Venezuela major donor of assistance to Haiti," *The Miami Herald*, July 5, 2010. <http://www.miamiherald.com/2010/07/05/1716791/venezuela-major-donor-of-assistance.html>.

<sup>26</sup> Ibid.

aid that may in some cases surpass assistance offered by the U.S.<sup>27</sup> While it can be argued that Venezuela has fallen short in bringing all CARICOM nations under the ALBA umbrella (six of the 15 CARICOM states have forged closer ties with Venezuela), some regional leaders like Jamaica's Prime Minister Bruce Golding have questioned whether CARICOM will continue behaving as a bloc in the international arena, pointing out that ALBA's political implications can cause a rift within the CARICOM community.<sup>28</sup> He stated that perhaps the involvement of CARICOM states in ALBA is nothing more than the pursuit of "opportunities for individual short-term economic benefits even if the pursuit of these opportunities diverges from the commitment to joint CARICOM policies and actions."<sup>29</sup> Although ideology may not be at its center, the economy is. Given Venezuela's history of engagement in the Caribbean and ALBA's political agenda, the question remains whether in pursuing these opportunities during tough economic times, CARICOM as a bloc might be weakened to the point of endangerment.

York College Professor, Ivelaw Griffith, denotes the issue of sustainability. Continued economic support for the region hinges on Chávez's remaining in power and the health of Venezuela's economy, which is not as strong as it once was. He also sees a potential rift in CARICOM with regard to territorial disputes, particularly noting the one between Guyana and Venezuela. Although Guyana has historically counted on full CARICOM support on this issue in

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<sup>27</sup> Brian Ellsworth, opp. cit. 2 September 2008.

<sup>28</sup> Antigua Observer, "UNDESIRE CONSEQUENCES: Golding says CARICOM under threat," (Kingston, Jamaica: 10 June 2009).  
<http://www.antiguaobserver.com/?p=1336>.

<sup>29</sup> Antillean, "CARICOM disjointed again, this time over ALBA," (Barbados: 27 April 2009).  
<http://www.antillean.org/2009/04/27/caricom-disjointed-again-this-time-over-alba/>.

the international arena, Dr. Griffith argues it remains to be seen when the issue surfaces again whether positions will shift given Venezuela's influence on ALBA-associated Caribbean nations. Finally, he points out that despite Venezuela's outpouring of aid to the Caribbean, the fact remains the U.S. is more of a direct foreign investor in the region, particularly in areas related to trade and tourism. However, as Sir Ronald Sanders, former Caribbean Ambassador to the United Kingdom and the World Trade Organization, underscores, "since the end of the Cold War, U.S. official development assistance to CARICOM countries has dwindled and has focused more on issues of concern to the U.S. such as the interdiction of drug traffickers; port and airport security as part of the U.S. war on terror; and illegal migration."<sup>30</sup> In effect, the U.S.'s diminishing assistance may lead the island-nations to closer relations with ALBA members.

## **MECHANISM FOR PROMOTING FOREIGN POLICY**

### ***Stepping into Cuba's Foreign Policy Shoes***

The proactive involvement in regional hemispheric issues by Venezuela during this past decade has made Chávez a reference to the anti-American socialist camp in Latin America and the Caribbean. His new role in the foreign policy arena is an attempt by Venezuela to assume the leadership exerted by Cuba in the region for approximately three decades, starting in the 1960's, and take over where it left off over 10 years ago. The ideology remains consistent, based on a strong anti-U.S., anti-imperialism tone. In fact, it can be argued ALBA resembles OSPAAAL (Organization of Solidarity with the People of Asia, Africa and Latin America), a mechanism used by Cuba to coordinate liberation movements around the world united by their anti-U.S. agenda. Cuba lost its resources when the Soviet Union disintegrated in 1991, but preserved the blueprint which it

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<sup>30</sup> Sir Ronald Sanders, opp.cit. April 17, 2007.

has re-used in acting as a key advisor to the government in Caracas. The ideological approach is consistent, but the difference is that Venezuela relies on its own resources, rather than those of a superpower patron. Thus, Venezuela seeks to coalesce a regional foreign policy through economic assistance, traditionally a role of the U.S., Europe or the former Soviet Union.

Led by Venezuela, ALBA countries have begun to exert themselves as a voting bloc in the OAS where debates on the hemispheric political situation are played out. Having recently issued a joint country statement where it told the OAS to stay out of Venezuela's affairs, ALBA has not been shy to flex the muscle it has built with its member and observer states, as well as other non-member supporting states.<sup>31</sup> This has provided Chávez with an alliance capable of challenging U.S. positions, while simultaneously moving its own policies forward in that international body. Additionally, the ALBA alliance represents a solid voting bloc in the Latin American and Caribbean group at the UN, which can potentially vote for Chávez's policies in that body.<sup>32</sup>

### ***Urge to act on the world stage***

While the core of Venezuela's foreign policy deals primarily with Latin American affairs, Chávez has shown his urge to be a player on the world stage. A vocal advocate of positions contrary to the U.S., through ALBA, Chávez has recognized the independence of Abkhazia and South Ossetia from the former Soviet Republic of Georgia; managed to obtain enough votes to block the final binding agreement on the

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<sup>31</sup> BBC Caribbean News Service, "ALBA tells OAS to stay out of Venezuela's internal affairs," (Caracas, Venezuela: 21 February 2011) <http://rjrnewsonline.com/news/regional/alba-tells-oas-stay-out-venezuelas-internal-affairs>

<sup>32</sup> Danielle de Bruin, "The Chavez ALBA Initiative is the dawn of trouble for the Americas," *The Henry Jackson Society*, June 13, 2008. <http://www.henryjacksonsociety.org/stories.asp?id=688>

Copenhagen Accord in 2009; and has been a strong supporter of Iran's nuclear ambitions. These are examples of Venezuela's debut on issues of a more global nature.

Chávez has also extended ALBA observer state status to a country outside the Americas, listed on the State Sponsors of Terrorism list. During an official October (2010) two-day visit to Syria to bolster bilateral relations, an agreement was reached to build a refinery with a 140,000 oil barrel capacity in that country, with the joint investment of Iran and Malaysia.<sup>33</sup> Following the trip, Syrian President Bashar al-Assad and Chávez signed an act of integration for Syria to become an observing nation of ALBA.<sup>34</sup> Clearly not a country geographically situated in ALBA's realm, this move is an example of Chávez's desire to forge closer ties with countries traditionally on opposing sides from the U.S.

## CONCLUSION

From its creation, ALBA has functioned as a political vehicle through which Venezuela has taken the baton from Cuba as the anti-U.S. ideology-driven leader in Latin America and the Caribbean. The political ramifications of this regional alliance have already been noted by leaders and experts in the region alike, who have suggested Venezuela is attempting to influence the Western Hemisphere's political map. To that end, Chávez has used ALBA as an economic tool for political ends that oppose U.S. interests in the region.

Some experts believe ALBA has not brought many tangible political benefits to Chávez.<sup>35</sup> Nonetheless, as part of his

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<sup>39</sup> Anna Mahjar-Barducci, "Venezuela and Syria: "The Caracas-Damascus Axis"," *The Hudson New York*, November 29, 2010. <http://americas-forum.com/content/venezuela-and-syria-caracas-damascus-axis>.

<sup>40</sup> Ibid.

<sup>35</sup> James Roberts, opp.cit. August 20, 2007.

regional strategy to provide billions in aid, Chávez's particular attention to CARICOM nations, has put these

states in a position where they may find themselves at odds in the near future with their sister-states in key foreign policy positions. The question remains whether Venezuela will continue to rise as the leader of the anti-U.S. agenda in the region and beyond. Critics argue ALBA's future does not appear to be sustainable. "Venezuela faces one of the highest inflation rates in the world, alongside recurring food shortages, infrastructure problems, housing shortages, and increased crime and corruption," argues Jodie Neary.<sup>36</sup> Additionally, it has accumulated \$20 billion in debt to China alone.<sup>37</sup> Because of its close link to the Venezuelan economy, the very success of ALBA is dependent on continued oil sales at stable prices and Chávez ability to stay in power.

Having forged an alliance among countries rich in energy resources (oil and hydrocarbons), metals and agricultural land, ALBA has the potential to weigh-in on debates taking place in multilateral settings related to Latin American affairs. Venezuela offers "generous handouts in its foreign policy, peppered with a pro-poor, distributionist discourse."<sup>38</sup> However, Chávez's use of "social spending to create or promote political clones abroad, not just a diplomatic shield

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<sup>36</sup> Jodie Neary, "Venezuela's ALBA in the face of the Global Economic Crisis," *Upside Down World*, December 29, 2008

<http://upsidedownworld.org/main/venezuela-archives-35/1642-venezuelas-alba-in-the-face-of-the-global-economic-crisis->

<sup>37</sup> Corina Rodriguez Pons and Daniel Cancel, "Venezuela Depleted Savings Amid Oil Revenue Plunge," *Bloomberg Businessweek*, April 29, 2010. <http://www.businessweek.com/news/2010-04-29/venezuela-depleted-savings-amid-oil-revenue-plunge-update1-.html>.

<sup>38</sup> Javier Corrales, "Venezuela's Domestic Politics and Foreign Policy: Current Trends," Testimony before the House Committee on Foreign Affairs Subcommittee on the Western Hemisphere, July 17, 2008. <http://foreignaffairs.house.gov/110/cor071708.pdf>.

abroad, causes him to suffer diplomatic setbacks.”<sup>39</sup> Because he often promises more than he delivers, he disappoints many of the politicians he is trying to court. Despite this,

Venezuela has not only picked up where Cuba left off over 10 years ago, but has perhaps already gone a few steps further in its quest.

ALBA’s use of social policy as a primary foreign policy tool has in fact brought Venezuela some rewards, allowing Chávez to win two types of allies: states that refuse to criticize him, and intellectuals on the left, especially in Europe.<sup>40</sup> As Professor Javier Corrales argues, “Chávez’s social power foreign policy has produced for Venezuela an impressive shield against international criticism even by those who know better, and a reputation for humanitarianism among those who are less informed. This is a significant foreign policy accomplishment.”<sup>41</sup> Yet, many questions remain unanswered as to the long-term viability of ALBA, its ability to recruit more countries, and its role in continuing to further Venezuela’s foreign policy.

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<sup>39</sup> Ibid.

<sup>40</sup> Ibid.

<sup>41</sup> Ibid.

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