

Dumping the Dollar? Towards a Regional Currency in Latin America? ALBA Bloc Advances towards “Alternative Economic Model”

Pursues Anti-Imperialist Agenda

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Member countries of Latin America’s alternative integration bloc, the Bolivarian Alliance for the Peoples of Our America ([ALBA](#)), met in the Venezuelan capital of Caracas last weekend in order to discuss the advancement of the organization at its 11th official summit.

Following a meeting on Friday to draft proposals and set an agenda, the presidents discussed a series of themes relating to ALBA’s role within the regional economy and various foreign policy issues. The body also approved several declarations relating to global political concerns, including pronouncements on Syria and the current diplomatic altercation between the UK and Argentina with relation to the Falkland Islands.



The ALBA official summit photo.

Bank of the ALBA

At the end of the summit’s first day, Venezuelan President Hugo Chavez announced that member countries had agreed to contribute 1% of their international reserves toward the bloc’s main bank in order to create a reserve fund.

The Bank of the Alba was established in 2008 with the intention of providing economic support to people-centred regional projects and to contribute to sustainable social and economic development across the region. The Bank is also cited as acting as a continental alternative to the International Monetary Fund.

At the summit, ALBA member countries agreed that the financial reinforcement of the bank would be pivotal to the development of the bloc. Chavez also reaffirmed Venezuela’s commitment to funding regional development projects by announcing his intention to increase petroleum production in the Orinoco Belt to that end.

“We should increase oil production from 3 to 3.5 million barrels a day, and by 2014 we should be at 4 million barrels. This is going to allow us greater flexibility in all of these projects,” said the head of state.

According to Chavez, Venezuela’s contribution to the bank will amount to around \$300-

million (U.S.).

Regional Currency

The heads of state also discussed the possibility of increasing the commercial use of the sucre, the bloc's virtual currency. The sucre is currently used for direct trading between the ALBA countries, allowing them to circumvent the U.S dollar and minimise the foreign-exchange risk.

According to Ricardo Menendez, Venezuelan Vice-minister of Production and Economy, 431 financial transactions using the sucre were carried out between ALBA countries last year, amounting to over \$216-million (U.S.) worth of trade. However, Ecuadorean president, Rafael Correa, called for the use of the currency to be increased.

"Those free trade agreements, free markets, [with]...zero indemnity, annihilating the weak, that's suicide for our countries...We should encourage fair trade; unite our reserves and financial capacity in the Bank of the Alba and avoid using foreign currencies," he urged.

Daniel Ortega, the Sandinista president of Nicaragua, also expressed his desire to boost the use of the bloc's currency. In statements, Ortega said that he hoped to begin using the sucre within the next few weeks, subject to approval from Nicaragua's national assembly.

Anti-imperialist Agenda

As well as condemning what it referred to as the "systemic policies of destabilisation and interventionism" currently being implemented in Syria, the bloc also signed a document in support of Puerto Rico's right to self-determination and full independence.

Further, ALBA reiterated its support for the Argentinean government in its diplomatic dispute with the UK over the Falkland Islands. In a special communication, the bloc called for a negotiated settlement to the Falkland's question which does not violate the United Nation's 31/49 resolution. The ALBA's statements come as Venezuelan President Hugo Chavez also expressed his solidarity with the Argentinean President Cristina Kirchner on Saturday, stating that the South American nation would "not be alone" in the event of a conflict.

Correa suggested that the bloc should move to impose sanctions against the UK government due to its unwillingness to engage in dialogue with the Argentinean government to resolve the issue. Last week, the UK's Foreign Secretary, William Hague, revealed that he had sent a warship to the Falklands as a "routine" measure.

Chavez has confirmed that the ALBA group will now review what sanctions may be taken in response to the "negative dialogue" and "ridiculous military threat" from David Cameron's coalition government.

The ALBA also struck out against the Organization of American States for its exclusionary stance with regards to Cuba. In accordance with a proposal from Correa, the bloc said it would consider not attending the Summit of the Americas, due to be held in Colombia this April, if Cuba were not invited.

"We could take this to the host country, which is the Colombian government, with whom we

have re-established political and commercial relations... I am in agreement with Rafael Correa, if Cuba isn't invited, we will consider not attending, it's a matter of dignity," concluded Chavez.

Helping Haiti

As part of the summit, the ALBA agreed to step up its humanitarian assistance to Haiti through the formation of an ALBA-Haiti work plan. The project will be aimed at providing emergency relief and facilitating reconstruction efforts in the Caribbean nation, which is still suffering the effects of the earthquake of January 2010.

Member countries also agreed to establish a Haiti fund in order to execute the projects and provide the country's energy plants with fuel. Details will be finalised at a foreign ministers meeting in Haiti at the beginning of March.

In comments to the Venezuelan press, Haitian President Michel Martelly thanked the ALBA for its continued efforts to help the Caribbean nation in the wake of its humanitarian catastrophe. He added that the new ALBA plan would go toward alleviating extreme poverty in Haiti. Venezuela and Haiti also signed an independent bilateral agreement to increase cooperation between the two countries.

ALBA Expands

In the final act of the summit, the ALBA ratified St. Lucia and Surinam as two new honorary members to the bloc and confirmed that soon both countries would be full members of Venezuela's energy integration organization, Petrocaribe.

Other proposals that the group will now pursue include the creation of regional schools for social movements and the establishment of a communications secretary general; as well as the proposal to create a "defence counsel" for the bloc, which was submitted by Bolivian President Evo Morales.

Formed in 2004 by Venezuela and Cuba, the ALBA is an alternative to U.S free trade agreements in the region and seeks to address unjust terms of trade by engaging in commerce on the basis of solidarity and cooperation. ALBA nations currently include; Cuba, Venezuela, Nicaragua, Ecuador, Bolivia, Dominica, St. Vincent and the Grenadines and Antigua and Barbuda. The governments of Haiti, Surinam and St. Lucia also attended the event as "participant observers." •

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