



## **Backgrounder on ALBA, the Bolivarian Alliance for the People of Our America**

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In December 2001, Venezuelan President Hugo Chávez proposed an alliance among Latin American and Caribbean nations at the *Third Summit of the Heads of State and the Government of the Association of Caribbean States*, with the goal of promoting Latin American solidarity through regional social, political, and economic integration. The union, originally called the Bolivarian Alternative for the Americas (ALBA), was meant to serve as the “antidote of the US-backed Free Trade Area of the Americas,” (FTAA).<sup>1</sup> The proposed FTAA, which is abbreviated with the acronym ALCA in Spanish, served as both the visual and ideological antithesis of President Chavez’s ALBA. The FTAA intended to reduce trade barriers among all American countries with the exception of Cuba. ALBA, meanwhile, sought to “promote trade with the goal of economic development.” ALBA members criticized the FTAA for pushing “free trade through repressive mechanisms.”<sup>2</sup> The unifying goals of ALBA are also reflected in the name of the organization; *alba* is the Spanish word for “dawn,” symbolizing Latin America’s rebirth as a newly integrated region.

Three years after it was proposed, ALBA became a reality with an initial agreement between Venezuela and Cuba. Since its inception in 2004, the alliance has grown to include nine countries, representing a total population of over 73 million people. ALBA’s member nations include founding members Cuba and Venezuela, Bolivia (2006), Nicaragua (2007), Dominica (2008), Honduras (2008), Ecuador (2009), Saint Vincent and the Grenadines (2009), and Antigua and Barbuda (2009). Observer states, which are not official members but are included in regional conferences, include Haiti and Uruguay. With the ratification of its charter, ALBA also officially changed its name to the Bolivarian Alliance for the People of Our America, retaining the same acronym.

Upon its creation, ALBA announced several comprehensive projects that it hoped to complete in the years following, including a continental literacy plan, a Latin American plan for free health care across the entire region, an education scholarship program, a development bank of the south, a regional petroleum company, and setting up a regional television station. One of the first tasks to be completed was the creation of the regional television station. Telesur, which has been promoted as a “counterweight to CNN,” was started with majority ownership by Venezuela in 2005, and is now broadcast throughout the Americas and the Caribbean, and some parts of Europe and Africa.<sup>3</sup>

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<sup>1</sup> Michael Fox, “Defining the Bolivarian Alternative of the Americas—ALBA,” 4 Aug. 2009.  
<http://www.venezuelanalysis.com/analysis/1870>.

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

Another project successfully established by ALBA is the creation of Petrocaribe, an oil trading agreement between Venezuela and other Caribbean nations headed by the president of the ALBA governing council, Jaqueline Giménez Tellería. Petrocaribe's members include Antigua and Barbuda, the Bahamas, Belize, Cuba, Dominica, the Dominican Republic, Grenada, Guyana, Guatemala, Haiti, Honduras, Jamaica, Nicaragua, Suriname, Saint Lucia, Saint Kitts and Nevis, and Saint Vincent and the Grenadines. Under terms of the agreement, Venezuela supplies oil to member countries at low prices with options for 25-year 1% interest pay back plans. Cuba receives some of its oil imports through Petrocaribe, but a larger portion comes from a deal made outside of the framework of ALBA, commonly referred to as doctors-for-oil, where Venezuela provides affordable oil in exchange for Cuban medical staff and supplies

Alba was also able to push forward with its plan for a regional development bank. The Bank of the South was established with an initial \$7 billion in capital by the presidents of Argentina, Brazil, Bolivia, Ecuador, Paraguay, Uruguay and Venezuela in September of 2009. Argentina, Brazil, and Venezuela each contribute \$4 billion, with the remainder coming from other member countries. The capital is expected to grow to \$20 billion over the coming years, and will be used to fund development projects in agriculture, energy and health care for member nations and to boost trade. The bank's headquarters are in Caracas, with branches in Buenos Aires and La Paz.

ALBA holds an annual summit during which leaders from member and observer countries convene to discuss issues relating to the alliance and look for ways to strengthen their partnership. The most recent ALBA Summit was hosted by Bolivia, and ended with an agreement to create a regional currency. The currency, known as the SUCRE, was created "in a bid to reduce the dependence on the US dollar in the world economy."<sup>5</sup> Named after José Antonio de Sucre, compatriot of Venezuelan national hero Simón Bolívar, it will initially be used for regional trade compensation, but ALBA hopes to implement it as a hard currency in the future, similar to the Euro.

While ALBA remains active in the region, its original opponent, the FTAA, collapsed before negotiations were ever completed. Conservative think-tanks and politicians in the U.S. have argued that ALBA is a threat to stability in the region, and is used to spread Cuban and Venezuelan ideology. The relationship between Honduran President Manuel Zelaya and Hugo Chavez became one of the talking points among his opposition for overthrowing him. However, Honduras cited its rationale for joining ALBA rather than the FTAA for its opportunity to improve national health, nutrition, education and culture, as well as potential for reduction of its massive trade deficit. Supporters of Alba argue that goals like those of Honduras echo the original sentiment of the ALBA Joint Declaration, claiming that ALBA's creation and subsequent program implementation "mark the road to Latin America's second and true independence."<sup>6</sup>

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<sup>5</sup> "Bolivia Hosts 7<sup>th</sup> ALBA Summit." 22 Oct 2009. <http://www.dominicantoday.com/dr/world/2009/10/17/33581/Bolivia-hosts-7th-ALBA-Summit>

<sup>6</sup> Michael Fox, "Defining the Bolivarian Alternative of the Americas—ALBA," 4 Aug, 2009. <http://www.venezuelanalysis.com/analysis/1870>.