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## Venezuelan President Hugo Chavez Signs Multiple Regional Agreements

Venezuela's President Hugo Chavez toured Latin America in August signing energy and other cooperation agreements with several governments. Chavez made a similar tour of the region earlier in 2007 to counter US President George W. Bush's effort to show that the US was not neglecting Latin America (see NotiCen, 2007-03-15) and to promote his Alternativa Bolivariana de las Americas (ALBA), a funding and integration effort that seeks to give governments of the region a development alternative to neoliberal financial institutions like the International Monetary Fund (IMF) and the World Bank.

Argentina: energy-security treaty Chavez sought to expand his petrodollar influence in South America as he launched a four-nation tour Aug. 6 to promote his country's entry into a regional trade bloc and to offer energy and financial deals to allies. Reporters describe Chavez's effort as one that would leverage Venezuela's vast oil reserves and create a "grand South American alliance" to counter US dominance. Chavez met with Argentine President Nestor Kirchner after signaling Venezuela's plans to acquire up to US\$1 billion in Argentine bonds in installments the latest in a series of deals cementing ties between the allies. "This is an important deal, highly important for our political and geopolitical ties," Chavez said. Chavez later joined Kirchner for a televised ceremony in Buenos Aires in which the leaders agreed to a treaty on energy security.

Governments in Ecuador and Uruguay also signed the Tratado de Seguridad Energetica (TSE), which was worked out at the first South American Energy Summit (I Cumbre Energetica Suramericana) in April. The agreement calls for cooperation on energy initiatives including the supply and distribution of natural gas through pipelines, joint oil-refining projects, and coordinated efforts on distributing power and alternative fuels. Countries in the Southern Cone like Argentina and Chile have suffered from energy and gas shortages (see NotiCen, 2004-04-30). Chavez said his government would invest in a regasification plant for liquid natural gas (LNG) for Argentina, which is weathering a multiyear energy crisis. He said the plant could be completed within two years. Chavez offered few details, but local reports said construction at a still-to-be-determined site would require at least US\$400 million. A prior proposal to build a natural-gas megapipeline that would span the continent (see NotiSur, 2006-03-03) "has been frozen" because of a lack of interest among participating countries, said Chavez. Kirchner responded to criticism regarding Argentina's sporadic natural-gas and other energy shortfalls by pinning the shortages on robust economic growth after the country rebounded from a deep 2002 economic tailspin. "Argentina is growing and therefore it requires more energy," he said. Kirchner also said he strongly supports Chavez's bid to make Venezuela a full member of the Southern Cone Common Market (MERCOSUR), joining Argentina, Brazil, Paraguay, and Uruguay (see NotiSur, 2007-08-17). Argentine and Uruguayan lawmakers have approved Venezuela's entry into MERCOSUR, but legislators in Paraguay and Brazil have yet to sign off amid controversy regarding Chavez's confrontation with an opposition-aligned television station (see NotiSur, 2007-06-15). Chavez also met with Kirchner's wife, Cristina Fernandez de Kirchner, who is running to replace her husband in Oct. 28 presidential elections (see NotiSur, 2007-07-20). "Even the stones

in Argentina and Venezuela shout out that Cristina Kirchner will be president," Chavez said. "Chavez's frenetic petrodplomacy is back in full swing," said Michael Shifter at the Inter-American Dialogue, a think tank in Washington, DC. "His purchase of Argentine bonds makes sense for both him and the Kirchner government right now. Chavez wants to keep inflationary pressures in Venezuela in check and try to further extend his political influence in South America.

But it is doubtful whether Chavez will be able to solidify his anti-US coalition in South America through his largesse." Shifter cited signs that some countries in the region were looking to expand their relationships based on pragmatism. But in pragmatic terms, Venezuelan aid to various countries in the region dwarfs Washington's, with one press estimate saying that the tally of US aid earlier in the year was less than half of Venezuelan aid. One of the integration projects that Chavez and his ally presidents are pushing is the Banco del Sur (NotiSur, 2007-03-23), a financial institution that would provide funding for development projects without the conditions that generally come with IMF or World Bank loans. Such conditions favor stringent controls on public spending, a heavy emphasis on privatizing public industries, and often favor US and European interests, since developed nations control the multilateral institutions' staffs and policies because of their large contributions. Energy support for Uruguay Chavez took his diplomacy and bloc-building campaign to Uruguay on Aug. 8, seeking stronger political ties while offering energy aid from one of the world's largest oil producers. Uruguayan President Tabare Vazquez and Chavez discussed ways to help Uruguay expand its lone oil refinery and to guarantee access to Venezuela's continent-leading oil and gas reserves at a time of growing regional concern about access to underground reserves. Uruguay, a nation of 3.5 million people, enjoys both sweetheart terms for Venezuelan crude and warm ties with Washington (see NotiSur, 2006-02-17, 2006-09-22 and 2006-10-27). But efforts to sell more beef and textiles to the US, its biggest trading partner, have been complicated by Uruguayan membership in MERCOSUR. Chavez said Venezuela agreed to help Uruguay boost capacity by 10% at its oil refinery, which currently processes 50,000 barrels a day. Uruguay and Venezuela also agreed to build a plant for producing insulin for sufferers of diabetes.

Refinery assistance to Ecuador On Aug. 9 Chavez offered to help Ecuador build a US\$5 billion oil refinery, and he pledged to spread his government's oil wealth to another South American ally. Chavez stressed the importance of energy integration in South America and remarked at a news conference on the difference between his efforts and "the savage hand of imperialism" in Iraq, referring to the US. The US is like "Count Dracula," he said. "It wants to suck [the blood] of the world." Ecuadoran President Rafael Correa, a friend of Chavez, said the Venezuelan leader was acting out of solidarity with countries in the region and had no interest in earning a profit from the cooperation. "Venezuela is the one that is pushing hardest for energy integration, and it is the one that least needs it," Correa said. Chavez and Correa signed an agreement to begin technical studies on the refinery, which would process 300,000 bpd. The agreement contemplates the possibility of adding a petrochemical plant at an estimated cost of US\$10 billion. The leaders did not say how much each country would contribute to the project, noting that it would depend on the feasibility studies. They said construction of the refinery, in the Pacific port of Manta, would begin next year and take four to five years to finish. Ecuador produces 535,000 bpd of oil. But with limited refining capacity, it must export crude oil and import fuels at a much greater cost to cover its needs. Chavez has also spoken of US\$500 million in as-yet-unspecified financing for Ecuador, probably by purchasing Ecuadoran bonds.

Although Chavez is a popular figure in Ecuador, some are concerned about Ecuador's close relations with Venezuela. "It would be tragic and dangerous if we went from a supposed dependency on the US to being dependent on Venezuela," investment analyst Ramiro Crespo said. Bolivia: gas agreement to build Opegasur Chavez also stopped in Bolivia, where his ally Evo Morales is president. There they signed the Acuerdo Energetico de Tarija in the framework of integrating into the Organizacion de Paises Productores y Exportadores de Gas del Sur (Opegasur). The agreement has the main objective of making the southern Bolivian city of Tarija the main producer of hydrocarbons for the region. Chavez also signed a concession with Morales granting US\$450 million in credit for constructing an LNG separating plant. They also set the groundwork to begin construction on a thermoelectric plant that would produce 100 megawatts of electricity, with Bolivia providing 60% of the funding and Venezuela the rest. Petrocaribe seeks to supply Caribbean with fuel Chavez pledged on Aug. 11 to meet the Caribbean nations' oil needs for years to come and again urged the region to unite and seek greater independence. Chavez deepened past pledges to share his country's oil wealth as he addressed a summit of nations taking part in Venezuela's Petrocaribe oil initiative, which supplies fuel under preferential terms. "If we truly unite...the grandchildren of our grandchildren will have no energy problems," Chavez said. He predicted oil prices would soon hit US\$100 a barrel but said "the Caribbean shouldn't have problems this century and beyond." "Venezuela puts this oil wealth at the disposition of our peoples of the Caribbean," Chavez said. "It belongs to all of us. We're going to share it like Christ...It will be enough for everyone." Venezuela still counts the US as its top oil buyer, although Chavez has sought to diversify his clientele amid tensions with Washington by selling more to Latin America, the Caribbean, and countries as far away as China. Since 2005, when Chavez created Petrocaribe, 14 countries have joined Venezuela's pact, which lets them finance up to half their oil bills over 25 years at low interest. That number expanded to 15 on Aug. 11 with the addition of Nicaragua, whose President Daniel Ortega attended the talks. Chavez has made commitments to work on a refinery in Nicaragua (see NotiCen, 2007-04-19 and 2007-05-10).

Leaders of nine countries signed a treaty proposed by Chavez in which Venezuela pledges to guarantee energy supplies and help the nations develop alternative energy sources. Countries that signed were Haiti, Grenada, St. Vincent and the Grenadines, Nicaragua, Jamaica, Suriname, Dominica, Belize, and Cuba. Under Petrocaribe, nations are generally allowed to pay off part of their oil bills in goods and services. Dominican President Leonel Fernandez said his country hopes to begin an exchange program offering hotel and tourism training to visiting Venezuelans. Caribbean countries have already financed nearly US\$1 billion in fuel purchases and, because of interest as low as 1%, have seen savings of US\$450 million, Chavez said. Venezuelan Oil Minister Rafael Ramirez said Aug. 10 that Venezuela is also making progress in helping upgrade or build refineries in Cuba, Jamaica, and Dominica an effort that comes as Chavez's government seeks to decrease its reliance on a network of US refineries. Chavez used the meeting to support his ally Cuba, saying the island is regularly excluded from other summits. Blaming the US, he recalled a 2005 gathering in Argentina and said, "How is it that we accept Cuba not going to that meeting?" "I swear by my mother...if there is another one of those summits and Cuba doesn't go, Venezuela won't go to that summit either because it doesn't seem fair," Chavez said. "I know most of you talk with the US government, the majority of our friends in the Caribbean, except Cuba and us. But I hope someday we can all sit down at the same table, as equals and with respect, with the president of the United States, whoever it

is." Chavez also proposed to one day build an undersea natural-gas pipeline stretching from gas-rich Venezuela to Cuba and possibly Mexico. He said it would touch the US territory of Puerto Rico, and added, "When will Puerto Rico be free? The day will come." Chavez's international largesse has its critics at home. Between January and April, 65% of the US\$60 billion in spending he announced was set to go abroad, according to Venezuelan newspaper El Nacional and a May report by the Centro de Investigaciones Economicas (Cieca). The report said that, in addition to dedicating only 35% of the spending to domestic projects, there were insufficient funds to cover all the spending commitments Chavez had made.