Evolution of the Bolivarian Alliance for the Peoples of our America – Peoples’ Trade Treaty (ALBA-TCP)
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Intra-Regional Relations

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This document on the Bolivarian Alliance for the Peoples of Our America – People’s Trade Treaty (ALBA-TCP) was prepared in compliance with Activity I.1.5. of the Work Programme of the Permanent Secretariat for 2014, called “Assessment of the subregional integration mechanisms in Latin America and the Caribbean (CAN, CARICOM, MERCOSUR, SICA), the new integration modalities (ALBA-TCP and the Pacific Alliance), and their Latin American and Caribbean dimension”.

The goal of this paper is to highlight the current situation and the degree of execution of the most important programmes and projects on the areas of economy, trade, and social of the ALBA-TCP, in accordance with its objectives and in its different dimensions and relevant aspects. Also, on the basis of the corresponding diagnosis, the document supports a series of conclusions to promote its consolidation.

The document is based on first source official publications and statistics, and has been prepared by Dr. Telasco Pulgar, Coordinator of Relations with Regional and Extra-Regional Bodies, and Mrs. Silvia Hernández Rada, Head (a.i.) of the Office of the Permanent Secretary of SELA.
EXECUTIVE SUMMARY

As an integration and cooperation institution, the Bolivarian Alliance for the Peoples of Our America - People’s Trade Treaty (ALBA-TCP) has been institutionally consolidated during its ten years of existence, and has a wide membership, which is closely linked to the other LAC integration schemes. However, it is an integration and cooperation mechanism that does not have its own legal personality yet, and so the agreements signed are generally bilateral, and thus considered ALBA-TCP agreements.

The ALBA-TCP Alliance makes emphasis on the social dimension, particularly on the fight against poverty and social exclusion, and one of its most innovative elements are the mechanisms that allow for compensate existing asymmetries in favour of the development of its economies and social well-being. One of its Principles states “The economic complementarity and cooperation between countries and productions, in such a way that it promotes an efficient and competitive productive specialization, which is compatible with the balanced economic development of each country, with the strategies to fight poverty, and with the preservation of the cultural identity of the peoples; as well as the cooperation and solidarity expressed in the form of special plans for the less favoured countries of the region. “

This is reflected in the fact that its main contributing members, the Bolivarian Republic of Venezuela and, to a lesser extent, the Republic of Cuba, are countries qualified as medium relative economic development – according to the typology of 1980s Treaty of Montevideo, that is to say, they give a more favourable treatment to the countries with a lower relative economic development, such as the other members of the Alliance. On the other hand, the Alliance gives priority to Latin American and Caribbean integration, as well as to negotiation via bilateral agreements, and opens new spaces for consultation and coordination among its signatory States, in order to identify common interest projects, create strategic alliances, and present common stances before third countries.

This document describes the evolution of the main institutional instruments of the Alliance and of the agreements signed, in fields such as commercial exchange, productive development, and social and cultural development. It is worth mentioning that the cooperation is instrumented through bilateral agreements, as it is impossible to assume debts and economic commitments on behalf of the ALBA-TCP, as it lacks legal personality.

Another aspect worthy of mention is the so-called ALBA-TCP Economic Space (ECOALBA), an instrument currently under creation and intended to bring order and to invigorate economic relations between member States of the Alliance, thus empowering possibilities for productive and commercial complementary chaining.

Finally, there is an assessment of the treaties unfolded since 2013, upon the mandate of the II Presidential Summit of ALBA and PETROCARIBE, to move towards a Complementary Economic Zone with other LAC integration processes, which have agreed to adopt a Declaration issued by the XXVIII Presidential Summit of MERCOSUR, held in Caracas on 29 and 30 July 2014, in which “...a Political Dialogue and Economic and Commercial Cooperation of MERCOSUR has been established, in order to promote the constitution of a Complementary Economic Zone with ALBA-TCP, CARICOM and PETROCARIBE, with the aim of invigorating its political and economic relations, thus empowering the development of complementary, fair, and balanced trade, that would tend to the higher interests of development of the peoples” (See Annex).
For this purpose, the Heads of State instructed the Pro Tempore Chairmanship of MERCOSUR, in charge of the Argentinean government starting on this date, to, in a term no longer than 60 days, invite the ALBA-TCP, CARICOM and PETROCARIBE Member States to meet in order to promote the negotiations of a legal instrument for the constitution of said Complementary Economic Zone.
INTRODUCTION

This study focuses on the evolution and experiences of the ALBA-TCP, in its economic, commercial, productive, and social objectives, showing in a summarized way its characteristics, magnitudes, achievements, and degree of execution.

After this Introduction, we tackle the institutional aspects of ALBA-TCP, such as membership, principles, objectives, operative structure, and the subject of legal personality.

Third, this paper highlights the evolution of its fundamental instruments, that is to say, trade, economy, finances, and social. The financial and monetary mechanisms are detailed, basically the Bank of ALBA and the ALBA Caribe Fund, its structure, operation and channelled aspects, as well as the impact they have had in the support of “grandnational” companies and projects, that have been applied on each country, and how the cooperation in the ALBA-TCP combines with PETROCARIBE’s, which is presented as an action of the Alliance. Particularly, the evolution of the social programs is highlighted, such as the ALBA Alimentos Fund, which is the joint initiative of ALBA-TCP and PETROCARIBE, and other social achievements of the Alliance through official indicators.

Specially, a presentation of the Unitary System for Regional Compensation of Payments (SUCRE), its structure, components, and its performance, is presented; as well as an illustration of how it has become a mechanism through which most of the operations are carried out by the national and international private sector of the very countries of the Alliance.

Fourth, the evolution and degree of execution of productive projects and social programs are tackled, which have assumed the operational form of Companies and Programs called “grandnationals”.

Fifth, a special chapter is dedicated to the progress made towards the consolidation of the Regional Complementary Economic Zone, which is comprised by the actions carried out towards the ALBA/PETROCARIBE Complementary Economic Zone, on the one hand, and of a future ALBA-TCP/PETROCARIBE, CARICOM and MERCOSUR Complementary Economic Zone, on the other.

Lastly, a set of conclusions is proposed, which could serve as the base for the generation of policies aimed at the expansion and deepening of this mechanism for integration and cooperation.
I. INSTITUTIONAL ASPECTS OF ALBA-TCP

With its adhesion to ALBA, during the III ALBA Summit held in Cuba, Bolivia introduced the proposal to complement the Alliance with the incorporation of “treaties for the exchange of goods and services, to satisfy the needs of the peoples [based] in the principles of solidarity, reciprocity, transfer of technology, use of the advantages of each country, saving of resources, including credit agreements to facilitate payments and collections”.\(^1\) Thus, the People’s Trade Treaty (TCP) was created as an integral part of the Bolivarian Alliance.

Originally created as a Bolivarian Alternative, ALBA was then renamed as Bolivarian Alliance at the VII Special ALBA Summit, held in Nicaragua on 29 June 2009, and since then it has been called ALBA-TCP.

1. Membership by the year 2014

In one decade, the Bolivarian Alliance, created by Venezuela and Cuba, has been strengthened by the entry of other seven Latin American and Caribbean countries, as shown in Table 1:

<table>
<thead>
<tr>
<th>Member States</th>
<th>Joining date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Venezuela</td>
<td>14 December 2004</td>
</tr>
<tr>
<td>Cuba</td>
<td>14 December 2004</td>
</tr>
<tr>
<td>Bolivia</td>
<td>29 April 2006</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>11 January 2007</td>
</tr>
<tr>
<td>Dominica</td>
<td>26 January 2008</td>
</tr>
<tr>
<td>Ecuador</td>
<td>24 June 2009</td>
</tr>
<tr>
<td>Saint Vincent and the Grenadines</td>
<td>24 June 2009</td>
</tr>
<tr>
<td>Antigua and Barbuda</td>
<td>24 June 2009</td>
</tr>
<tr>
<td>Saint Lucia</td>
<td>30 July 2013</td>
</tr>
</tbody>
</table>


Such membership grants the Alliance particular characteristics, such as:

- It is a process that includes Central American, South American, and Caribbean countries; thus, it has a regional scope.
- Its members, likewise, participate in other sub-regional and regional processes, such as the Andean Community (CAN), the Common Market of the South (MERCOSUR), the Union of South American Nations (UNASUR), the Caribbean Community (CARICOM), the Organization of Eastern Caribbean States (OECS), the Central American Integration System (SICA), and the Association of Caribbean States (ACS).
- Most of its members have close economic and commercial ties to the United States. For instance, the U.S. is an important commercial partner of Venezuela, and is also the main partner of Central American countries;\(^2\) Nicaragua participates in the Free Trade Agreement

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\(^2\) For further information, visit Venezuela’s Statistic Information Section for 2012, on the Central Bank of Venezuela’s Web page: [http://www.bcv.org.ve](http://www.bcv.org.ve).
between the United States, Central America, and the Dominican Republic (better known as CAFTA-DR); and, the legal tender in Ecuador and El Salvador is the American dollar.

There are other two categories of membership:

- Permanent Guest Member: Haiti
- Special Guest Members: Suriname

Its most important political and decision-making instance are the Presidential Summits, and so far the following have been held:

### TABLE 2
**ALBA-TCP: SUMMITS OF HEADS OF STATE AND GOVERNMENT**

<table>
<thead>
<tr>
<th>Regular Summits</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I Cuba</td>
<td>14 February 2004</td>
</tr>
<tr>
<td>II Cuba</td>
<td>27 and 28 April 2005</td>
</tr>
<tr>
<td>III Cuba</td>
<td>18 and 29 April 2006</td>
</tr>
<tr>
<td>IV Nicaragua</td>
<td>11 January 2007</td>
</tr>
<tr>
<td>V Venezuela</td>
<td>28 and 29 April 2007</td>
</tr>
<tr>
<td>VI Venezuela</td>
<td>26 January 2008</td>
</tr>
<tr>
<td>VII Bolivia</td>
<td>17 October 2009</td>
</tr>
<tr>
<td>VIII Cuba</td>
<td>13 and 14 December 2009</td>
</tr>
<tr>
<td>IX Venezuela</td>
<td>19 April 2010</td>
</tr>
<tr>
<td>X Ecuador</td>
<td>26 June 2010</td>
</tr>
<tr>
<td>XI Venezuela</td>
<td>04 and 05 February 2012</td>
</tr>
<tr>
<td>XII Ecuador</td>
<td>30 July 2013</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Special Summits</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I – Venezuela</td>
<td>23 April 2008</td>
</tr>
<tr>
<td>II – Honduras</td>
<td>25 August 2008</td>
</tr>
<tr>
<td>III – Venezuela</td>
<td>26 November 2008</td>
</tr>
<tr>
<td>IV – Venezuela</td>
<td>02 February 2009</td>
</tr>
<tr>
<td>V – Venezuela</td>
<td>16 and 17 April 2009</td>
</tr>
<tr>
<td>VI – Venezuela</td>
<td>26 June 2009</td>
</tr>
<tr>
<td>VII – Nicaragua</td>
<td>29 June 2009</td>
</tr>
</tbody>
</table>

### ALBA-TCP Principles

1) Trade and investment shall not be an end in themselves, but instruments to achieve fair and sustainable development, as real Latin American and Caribbean integration cannot be the blind child of the market, neither a simple strategy to extend the external markets by stimulating trade to this end. An effective participation of the State is required as regulator and coordinator of the economic activity.

2) Special and differential treatment, considering the level of development of the different countries, and the dimension of their economies, and that guarantees access of all nations to the benefits originating

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from the integration process.

3) Economic complementarity and cooperation between the countries and production, in such a way that it promotes an efficient and competitive productive specialization which is compatible with the balanced economic development in each country, with strategies for the fight on poverty, and with the preservation of cultural identity of the peoples.

4) Cooperation and solidarity expressed in special plans for less developed countries in the region, including a continental plan against illiteracy, using modern technologies already tested in Venezuela; a Latin American and Caribbean plan for free health treatment for citizens that lack such services, and a regional scholarships plan in the areas of most interest for economic and social development.

5) Creation of the social emergency fund, proposed by president Hugo Chavez at the Summit of South American Countries, recently held in Ayacucho.

6) Integrating development of communications and transport between Latin American and Caribbean countries, which includes joint plans for roads, railroads, water and air routes, telecommunications, among others.

7) Actions to foster sustainability of development, through regulations to protect the environment, stimulate rational use of resources, and prevent the proliferation of spendthrift patterns of consumption, foreign to the realities of our peoples.

8) Energy integration between the countries of the region: ensure stable supply of energy products for the benefit of Latin American and Caribbean societies, as promoted by the Bolivarian Republic of Venezuela with the creation of PETROAMERICA.

9) Fostering of investment of Latin American capital in Latin America and the Caribbean, with the aim of reducing dependency of the countries of the region from foreign investors. To this end, a Latin American fund of investments would be created, as well as a development bank of the south, and the society of Latin American reciprocal guarantees.

10) Defence of Latin American and Caribbean culture, and of the identity of the peoples of the region, with special respect and promotion of autochthonous and indigenous cultures. Creation of the Televisora del Sur (TELESUR) as an alternative instrument for the dissemination of our realities.

11) Measures so that intellectual property rules, as they protect the heritage of Latin American and Caribbean countries against the voracity of international companies, won't become a hurdle for the necessary cooperation in all fields between our countries.

12) Agreement of positions in the multilateral sphere, and in all types of processes of negotiation with countries and blocks from other regions, including the struggle for the democratization and transparency of international instances, the United Nations and its different bodies in particular.

2. Legal personality and institutional structure

The Bolivarian Alliance – unlike other international bodies – was not born under the umbrella of an institutional legal structure. In other words, it does not have a Founding Treaty. For this reason, its activity as a forum for agreement and political dialogue has been developed and
consolidated as it has generated institutions that today are part and shape its structure and operation, such as:

1. Presidential Council
2. Social Council
3. Women and Equality of Opportunities Council
4. Economic Council
5. Political Council
6. Social Movements Council
7. Political Commission
9. ALBA’s Permanent Coordination
10. Executive Secretariat
11. Committee for the Defence of Nature
12. Permanent Committee for Defence and Sovereignty

In this connection, Member States have started a process aimed at agreeing on a text that would grant international legal personality to the Alliance, through which it could strengthen the social, economic and cultural integration process it has started since its creation in 2004. Thus, at the II

5 During the XII ALBA-TCP Summit (Guayaquil, July 2013) a high-level work group was created to move forward in the constitution of ALBA’s Defense Council, comprised by the Ministers of Defence and Joint Chiefs of Staff of the Armed Forces of the member countries.
Special ALBA-TCP - PETROCARIBE Summit, held in Caracas in December 2013, a draft of the text of a Treaty was presented, whose proposals were embraced by the representatives of the Member States, within the framework of said Summit.

“The Incorporation Agreement was drafted to comply with the legal procedure that would grant constitutioanality to the Alliance, and that would allow for the developing of the capacity to execute mandates set forth both in the Presidential Council and in the Council of Ministers, ..., the document is the result of the joint initiative of national Coordinators of the Governments that integrate the body... Its articles respect the guidelines of its founders, and so it stimulates the creation of mechanisms that would make good use of the cooperative advantages of the member countries, and correct the asymmetries by means of compensatory funds.”

II. EVOLUTION OF FUNDAMENTAL INSTRUMENTS

The evolution of the fundamental instruments of the Alliance up until now has been as follows:

1. Bank of ALBA

The Bank of ALBA, financial body comprised by State members Cuba, Bolivia, Nicaragua, Saint Vincent and the Grenadines, Dominica, and Venezuela, started its operations in 2008 with the “objective of contributing to sustainable economic and social development, reduce poverty, strengthen integration, reduce asymmetries, promote fair, dynamic, harmonious, and equal economic exchange between the members of the ALBA Agreement.”

Within the framework of the III Special Summit, held on 26 November 2008, in Caracas, it was agreed that the “grandnational” projects be executed through the allocation and channelling of funds coming from the Bank of ALBA.

In this regard, and until today, the Bank of ALBA has nine (9) projects financed with its own funds, for the amount of US$ 44,252,007.13; while the administrative funds add up to 33 projects for US$ 300,608,273, for a total of 42 projects for the amount of US$ 344,860,280.13.

Since 2013, the Bank of ALBA has been working on its own strengthening, through a process of evaluation of four fundamental subjects: review of projects under execution; driving of the evaluation of new projects; reorganization and consolidation of the financing program for intra ALBA-Bolivia trade; and development of intra ALBA-Nicaragua; and the design and application of the strategy in the managing of the financial services and products, through a business plan to secure the bonds of solidarity and complementarity with ALBA countries.

A key mandate, issued at the VII PETROCARIBE Summit, is the “creation of the bilateral funds system, for the integration of PETROCARIBE as a financial platform for the productive articulation of the commercial exchange in the framework of PETROCARIBE, where the Bank of ALBA is the

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6 Bernardo Alvarez. Interview of the Executive Secretary of ALBA-TCP on the newspaper Correo del Orinoco. ALBA and PETROCARIBE turned around foreign policy. 5 January 2014. Available at: http://www.correodelorinoco.gob.ve/impacto/alba-y-petrocaribe-dieron-un-vuelco-a-politica-exterior-venezolana/


8 Information provided by the Executive Secretariat of ALBA-TCP, June 2014.
financial institutional support for the formulation of projects and for the administration of PETROCARIBE’s funds.9

The Intra-ALBA Plan is a rotating fund of operations of commercial exchange, through which entrepreneurs are funded with the aim of promoting imports and exports between the Parties. The Plan is operating in a binational manner between Venezuela and Bolivia, and is about to be activated between Venezuela and Nicaragua.

In this sense, the actions that would allow for the positioning of the Bank of ALBA as a regional financial institution that supports the funding and administration of investment projects for development in the countries of the region, in the framework of the future Regional Complementary Economic Zone of the ALBA-TCP – PETROCARIBE - MERCOSUR – CARICOM, are crucial.

2. ALBA Caribe Fund

The ALBA-Caribe Fund was created in the framework of the First Summit of PETROCARIBE Presidents in 2005, with the purpose of executing socio-economic development projects, using resources of the oil revenues for the development and execution of productive projects that would promote economic development, by means of cooperatives, small and medium-sized industries, and projects that give priority to the access to health services, education and housing.

Between the years 2006 and 2012, projects have been channelled in Antigua and Barbuda, Belize, Dominica, Grenada, Guyana, Haiti, Nicaragua, Saint Kitts and Nevis, and Saint Vincent and the Grenadines, as can be seen on Table 3.

**TABLE 3**

<table>
<thead>
<tr>
<th>PROJECTS OF THE ALBA CARIBE FUND</th>
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<tbody>
<tr>
<td><strong>Member States</strong></td>
</tr>
<tr>
<td>ALBA – PETROCARIBE</td>
</tr>
<tr>
<td>Antigua and Barbuda</td>
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<td></td>
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<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td>Belize</td>
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<td>Dominica</td>
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<tr>
<td>Grenada</td>
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<td></td>
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<tr>
<td>Guyana</td>
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</tbody>
</table>

9 Final Declaration of the VII PETROCARIBE Summit, held in May 2013, in Caracas.
3. The Unitary System for Regional Compensation of Payments (SUCRE)

The SUCRE has been defined as a “... mechanism that serves for the channeling of international payments resulting from the reciprocal trading operations between its member countries. This System is based on the use of a virtual currency, called “sucre,” to register the operations exclusively between the central banks, while the local liquidation (payments to exporters and collection from importers) is made with the corresponding local currencies of the member countries (in Ecuador it would be made in dollars).”¹⁰

The SUCRE was proposed at the III Special Summit of Heads of State and Government of ALBA-TCP, held in Caracas on 26 November 2008, as a mechanism for cooperation, integration, and economic and financial complementarity, with the aim of promoting the development of the region, through “...the creation of a monetary zone that would initially include ALBA member countries” and a payments clearing house. The creation of this monetary zone will be accompanied by the establishment of a stabilization and reserves fund, with contributions from the member countries, in order to finance expansive demand policies to face the crisis, and to sustain an investments policy for the development of complementary economical activities.¹¹

This way, the Alliance intends to move forward towards the articulation of a common currency, seen as a facilitating and empowering platform for commercial operations in the extended zone, in the framework of the so-called New Regional Financial Architecture (NARF), “in principle, in operations of administrative trade, with the purpose of identifying the productive needs of the different countries of the commercial zone and, as a consequence, export its production surplus to its partners in the Zone. In this manner, the idea is to progressively incorporate new productive sectors, both private and public, focusing the activity on small and medium-sized companies, association companies, “grandnational” companies, and, of course, all those corporate organizations that contribute to democratize capital, and to redistribute the wealth from the economic and social point of view.”¹²

¹² Eudomar Tovar. Article of the President of the Executive Board of Directors of the Regional Monetary Council of the SUCRE (CMR). The SUCRE: towards the monetary and financial sovereignty of the South. Available at: http://www.vocesenelfenix.com/content/el-sucre-hacia-la-soberan%C3%AD-monetaria-y-financiera-del-sur
The SUCRE was legally instrumented through the Founding Treaty, signed by Bolivia, Cuba, Ecuador, Nicaragua, Venezuela and Honduras on 16 October 2009, in Cochabamba, Bolivia. This instrument has the Framework Agreement as a precedent, signed in the city of Cumana, Venezuela, on 26 April 2009, during the V Special Summit of Heads of State and Government of the countries of the Alliance.

### 3.1. Components of the SUCRE

The System is made up by Bolivia, Cuba, Ecuador, Nicaragua and Venezuela. It is comprised by a Common Currency Unit, the Sucre; the Central Clearing House (CCC); and the Fund of Reserves and Commercial Convergence, structures governed by the Regional Monetary Council (CMR).

a. The Regional Monetary Council (CMR) is the public international law body with its own legal personality and that governs the operation of the System, the Central Clearing House, through an Executive Board of Directors and an Executive Secretariat.

The CMR “has the purpose of defining the guidelines, policies and regulations for the proper operation of the Unitary System for Regional Compensation of Payments (SUCRE), a mechanism for cooperation, integration and economic and financial complementarity, aimed at the promotion of the comprehensive development of the Latin American and Caribbean region; as well as of establishing articulation mechanisms of macroeconomic policies, jointly with the corresponding authorities of the Member States.”

b. The sucre is the Common Currency Unit used to “value, register, compensate, and liquidate a growing portion of the commercial and services transactions exchanged between economic agents (individuals and legal entities) of the member countries.” Such transactions are made through the central banks of the member countries.

The issuing and allocation of sucre by and to each member country is backed by securities or cash in national currency, issued by the authority with competence in the matter, thus offering more security, reliability, and credibility to its use.

c. The Fund of Reserves and Commercial Convergence (FRCC) has the objective of “contributing to the workings of the Central Clearing House, through the funding of the temporary deficits generated, as well as reducing the commercial asymmetries between Parties, via financing modalities that promote the exportable offer.”

The FRCC is comprised by the contributions in local currency of the States, in the proportions, instruments, modalities and terms they agree on. The credits of the FRCC are administered by the Regional Monetary Council, as a trust or any other administrative modality the Council determines.

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13 In March 2013, the Eastern Republic of Uruguay formalized its intention to join the Founding Treaty of the SUCRE. In this regard, it is expected that the Parliament of said Government will ratify the process.


15 Denomination in lower case to differentiate it from the SUCRE, the Unitary System for Regional Compensation of Payments.


17 Ibidem.
d. The Central Clearing House (CCC), “operative unit of the Unitary System for Regional Compensation of Payments (SUCRE), shall be in charge of executing all the activities related to the compensation and liquidation of the operations carried out through such System.”

TABLE 4
EVOLUTION OF THE SUCRE
2010-2013

<table>
<thead>
<tr>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratification of the Founding Treaty by all Party States.</td>
</tr>
<tr>
<td>Strengthening of technological infrastructure.</td>
</tr>
<tr>
<td>Incorporation of the private sector to all items integrating Venezuela’s tariff code.</td>
</tr>
<tr>
<td>Agreement of mandatory use of the SUCRE by state bodies.</td>
</tr>
<tr>
<td>Approval of the incorporation of the SUCRE for the payment of tourism services lent by the public companies of the Party States.</td>
</tr>
<tr>
<td>Incorporation of new companies and products to the SUCRE payment operations.</td>
</tr>
<tr>
<td>Simplification of processes for public companies.</td>
</tr>
<tr>
<td>Approval, by the Heads of State and Government of SUCRE countries, of the joining request made by the Oriental Republic of Uruguay.</td>
</tr>
<tr>
<td>Application of the Corporate Pattern by Bolivia and Nicaragua, for the operations channelled through the SUCRE.</td>
</tr>
<tr>
<td>Perfection of previous verification mechanisms of the operations made by Party States.</td>
</tr>
<tr>
<td>Advancements in the process of extension of membership of the SUCRE, after the joining request to the Founding Treaty of the SUCRE made by the Oriental Republic of Uruguay.</td>
</tr>
</tbody>
</table>

Source: ALBA-TCP Executive Secretariat, Caracas.

3.2. Trade exchanges through the sucre

The Sucre is an electronic or virtual currency, used by the Central Clearing House and Authorized Operative Banks (BOA), accredited by the Central Banks of each party State, as a means of clearing for the registration of the operations made between them. Local liquidation or real payments to exporters, and collections from importers are made by using the corresponding national currencies of the member countries.19 At present, one sucre is equal to US$ 1.2478 for each currency unit.

Since 2010 and until the closing of 2013, a total of 5,178 operations had been registered for XSU 1,805,490,946.78 (XSU is the sign for sucre), equal to US$ 2,257,764,461.64. At the closing of the first quarterly period of 2014, 206 operations had been made for XSU 61,752,445.71, equal to US$ 77,054,701.76.20

TABLE 5
COMMERCIAL OPERATIONS MADE BY USING THE SUCRE
2010-2014, millions of dollars

<table>
<thead>
<tr>
<th>Years</th>
<th>Year 2010</th>
<th>Year 2011</th>
<th>Year 2012</th>
<th>Year 2013</th>
<th>I-Quarter 2014</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$</td>
<td>XSU</td>
<td>US$</td>
<td>XSU</td>
<td>US$</td>
<td>XSU</td>
</tr>
<tr>
<td>Amounts</td>
<td>12.64</td>
<td>10.11</td>
<td>270.33</td>
<td>216.13</td>
<td>1,065.85</td>
<td>852.07</td>
</tr>
<tr>
<td>Operations</td>
<td>6</td>
<td>431</td>
<td>2,647</td>
<td>2,094</td>
<td>206</td>
<td>5,384</td>
</tr>
</tbody>
</table>

Source: Management Report SUCRE -2013 and information provided by the ALBA-TCP Executive Secretariat.

18 Ibidem.
20 Information supplied by the ALBA-TCP Executive Secretariat.
It is worth mentioning that 510 companies, 303 importers and 210 exporters, used the sucre in 2013. Out of them, 0.66% of the companies were public; 2.72% were joint ventures and 96.62% were private enterprises. Also, the most traded item through this mechanism were consumer goods, with 63.51% of the operations, followed by the industrial sector with 33.62%, and the agricultural sector with 2.87%. During the first quarter of 2014, a total of 60 companies have used the sucre system.

In 2013, most of the operations made through the sucre system were executed between Venezuela and Ecuador, with 95.79%; between Bolivia and Venezuela, 3.28%; between Cuba and Ecuador, 0.68%; between Nicaragua and Venezuela, 0.22%; and, finally, between Cuba and Venezuela, with 0.08% of the total operations carried out.

4. **ECOALBA-TCP Economic Space**

The Economic Space ECOALBA-TCP was agreed by the Member States of the Alliance at the XI ALBA-TCP Summit, held in Caracas in February 2012, through the “Agreement for the constitution of the Economic Space of the ALBA-TCP (ECOALBA-TCP)”, as an “economic Zone for development that is shared, interdependent, sovereign, and with solidarity, aimed at consolidating and expanding a new alternative model for economic relations, so as to strengthen and diversify the productive system and commercial exchanges”.

In this connection, with the idea to protocolize and take concrete steps towards the regularization of the objectives and the implementation of the ECOALBA-TCP, Bolivia, Cuba, Venezuela and Nicaragua signed a Partial Scope Economic Complementation Agreement, ACE N° 70, in accordance with the provisions of the Treaty of Montevideo, at the headquarters of the Latin American Integration Association (ALADI).

The ACE N° 70 is a roadmap that envisages – through the use of the legal framework of ALADI by the signing parties – the adoption of a pragmatic regulatory regime in the area of economic and trade relations that would offer the necessary conditions for the operation of the ECOALBA-TCP.

The ACE N° 70 has been ratified and has entered into force for Venezuela and Nicaragua, since 30 January 2014, and for Cuba since 6 March 2014. The ratification by Bolivia is still pending, as well as the notification of this process to ALADI. Also, Paraguay signed this Agreement on 11 July 2013.

Within the framework of the Economic Complementation Council of ALBA-TCP, a meeting is scheduled in the near future to define an Action Programme, with the objective of getting the signatory countries to adopt a regulatory regime for programming in the area of economic and trade relations that would contribute to the definitive conformation of the ECOALBA-TCP.

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**Notes:**


22 Ibidem.

23 Agreement for the constitution of the Economic Space of the ALBA-TCP (ECOALBA-TCP), XI Summit, Caracas, 4 and 5 February 2012. Available at: [http://alba-tcp.org/contenido/consejo-de-complementacion-economica-del-alba-03-de-febrero-de-2012-1](http://alba-tcp.org/contenido/consejo-de-complementacion-economica-del-alba-03-de-febrero-de-2012-1).


25 Information supplied by the Executive Secretariat of the Bolivarian Alliance for the Peoples of Our America – People’s Trade Treaty (ALBA-TCP).
III. PRODUCTIVE INVESTMENT PROJECTS AND SOCIAL PROGRAMMES

The productive investment projects and social programmes of the Alliance are included and developed in various areas considered to be of priority under the political concept of “grandnationality”.

“The concept of grandnational is framed within the conceptual substratum of the ALBA-TCP. It is an essentially political concept, but it encompasses all the aspects of the lives of our nations.”26 As conceived, it has three bases.

The first one, the historical geo-political nature, which expresses “the Bolivarian view of the union of the Latin American and Caribbean Republics, each with its own social and political identity, but without this implying the construction of supranational structures.”27 The second one is socio-economic, “based on overcoming national barriers so as to face challenges, strengthen local capacities, merging them into a whole, in order to be able to confront the challenges of worldwide reality.”28 The third one is ideological, “and consists of the critical conception regarding neoliberal globalization, sustainable development with social justice, the sovereignty of our nations and their right to self-determination, thus creating a bloc as regards the structuring of sovereign regional policies”.29

The concept of “grandnational” includes a difference between Grandnational Companies (GC) and Grandnational Projects (GP). The Grandnational Companies established between two or more countries have been defined as “those of the ALBA countries integrated productively, whose production will be allocated mainly to the INTRA-ALBA market (fair trade zone), and whose operations will be carried out efficiently”;30 whereas the Grandnational Projects are defined as “all-action programmes aimed at complying with ALBA principles and goals, which have been validated by the member countries and the execution of which involves two or more countries, for the benefit of large social majorities.”31

Since its creation, the Alliance has developed “grandnational” projects and companies in areas which have as their goal capitalising the productive potential and social well-being of the countries of the region, encompassing work areas related to food supply, environment, science and technology, fair trade, culture, education, energy, industry and mining, health, telecommunications, transportation and tourism.

Following this line of thought, the execution of projects and creation of companies has been given priority in more sensitive areas, for example, education, health, culture, sports, fair trade, science and technology, such as the following:

1. Productive projects

Productive projects are comprised of investments aimed at obtaining short- and medium-term social effects that will permit introducing changes in the socio-economic profile of Alliance

27 Ibid.
28 Ibid.
29 Ibid.
30 Ibid.
31 Ibid.
member states. Consequently, the heading of each Project refers to a specific sector of social development, as can be seen below:

**Education** – The *Grandnational Literacy and Post-Literacy Training Project*. Its purpose is to advance in the literacy training process of the ALBA-TCP countries and even to include other countries in the region. Through the literacy training method “*Yes, I can,*” it has been possible to reach a schooling rate of 94%. During the last ten years, 3,501,488 people were taught to read and write, out of the total population of the Alliance member countries.

The *Grandnational ALBA Education Project*. Its aim is the universalization of college/higher education in the region by complementing the respective subsystems of college education and adopting common policies in order to eradicate exclusion and attain sovereignty as regards the formation and training of human talent in Alliance member countries.

**Health** – The *ALBA Drug Regulating Centre and Grandnational Registry of Medications for Human Use (ALBAMED)*. In 2014, this Grandnational Project was implemented on an experimental basis. Its purpose is “to develop and put in place a single system, in a harmonized and centralized manner, for the health registry of medicines marketed” by the Alliance countries. Its Constitutive Treaty was signed during the XII Presidential Summit, held in July 2013 in Guayaquil.

The ALBA Drug Regulating Centre, coordinating entity with headquarters in Cuba, has as its function to apply the use of and rational access to medications and to ensure the supply of same to the population of the member countries through the *ALBA Grandnational Registry of Medications*. This will constitute the seal of quality guaranteeing compliance with “good practices with regard to manufacturing, distribution, storage, import, export, and laboratory analyses pre- and post-registry”, as recognized by the Member States of the Alliance.

**ALBAFARMA**. This is a Grandnational Company, currently being set up, whose purpose is to distribute and sell, at fair prices, the pharmaceutical products developed in ALBAMED. Within the framework of the I Meeting of Health Ministers of the ALBA-TCP (Caracas, 24-25 February 2014) it was agreed to complete the review of the Treaty of this company, to form its Coordination Committee and to proceed to name the countries that will constitute it at a national level.

**ALBAPROR**. It is a project which emerged within the framework of the First Meeting of Health Ministers of the ALBA-TCP in February 2014, for the purpose of forming and training, during its first phase, technical and professional personnel with the founding of the Latin American School of Orthoprosthesis. The second phase, which would complement the previous one, aims at broadening the production capacity of companies specialized in manufacturing orthopedic devices.

**International Miracle Mission**. Since 2014, this humanitarian initiative, led by the Governments of Cuba and Venezuela, has had as its purpose to offer medical and surgical assistance to patients with various eye diseases. Up to 15 March 2014, a total of 2,812,354 patients from Alliance Member States have been operated, in order to help to improve and/or recuperate their visual capabilities.32

32 Figure taken from the document “Proposals for the implementation of the action plan of public policies regarding social matters of the Community of Latin American and Caribbean States (CELAC),” presented by the Executive Secretariat of the ALBA-TCP during the I Meeting of Regional and Subregional Integration Mechanisms of the CELAC on the topic, which took place in Caracas, from 18 to 20 June 2014. Available at: [http://alba-tcp.org/contenido/propuestas-para-la-implementacion-del-plan-de-accion-de-politicas-publicas-en-materia-social](http://alba-tcp.org/contenido/propuestas-para-la-implementacion-del-plan-de-accion-de-politicas-publicas-en-materia-social)
This Project started as part of the social plans of the Alliance. Nonetheless, it has expanded its scope of action to other Latin American and Caribbean countries that are not members of the Alliance.

TABLE 6
ALBA-TCP: OCULAR SURGICAL PROCEEDURES
2014-2014

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of patients operated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Antigua and Barbuda</td>
<td>1,349</td>
</tr>
<tr>
<td>Bolivia</td>
<td>537,288</td>
</tr>
<tr>
<td>Cuba</td>
<td>175,610</td>
</tr>
<tr>
<td>Dominica</td>
<td>2,304</td>
</tr>
<tr>
<td>Ecuador</td>
<td>141,479</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>131,064</td>
</tr>
<tr>
<td>St. Lucia</td>
<td>10,417</td>
</tr>
<tr>
<td>St. Vincent and the Grenadines</td>
<td>4,054</td>
</tr>
<tr>
<td>Venezuela</td>
<td>1,808,789</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,812,354</strong></td>
</tr>
</tbody>
</table>

Source: ALBA-TCP.

At the I Meeting of Ministers of Health of the ALBA-TCP, a decision was made to strengthen the organization and coordination of the Miracle Mission, by creating an ALBA-TCP Coordination Network for the application and follow up of the activities and achievements of the Mission. Likewise, it was decided to approve the execution roadmap proposed by Venezuela, whose main objective is to strengthen and consolidate, by the year 2014, the application of the Miracle Mission among Alliance countries, so as to provide medical care for low-income patients who have not received treatment and suffer visual health problems.
The University of Health Sciences. Within the framework of the II Special Summit of the ALBA and PETROCARIBE, held on 17 December 2013, the creation of this centre for higher studies was approved. Its purpose is “to train professionals, technicians and specialists in the various health disciplines, in order to strengthen the universalization process of the right to public, high-quality health care, and to generate humanistic, scientific and technological solutions that will contribute to social development and to the union of the Latin American region.”

The ALBA University of Health Sciences will operate as an articulated network of universities in all Alliance member countries in which the subheadquarters of the University are established. However, the main headquarters will be in the Latin American School of Medicine “Dr. Salvador Allende” (ELAM), located in Venezuela. In this regard, Nicaragua and Cuba have designated the Autonomous University of Nicaragua and the ELAM (Cuban headquarters), respectively, as regional extensions of the University.

Culture – The Grandnational ALBA Culture Project, formed by Venezuela and Cuba, dates back to 2007 and its purpose is to contribute to the creation, promotion and dissemination of the values and cultural assets of the region. It has carried out more than 64 cultural projects in Alliance member countries, having to do with artistic creation and dissemination.

ALBA Culture is composed of the ALBA Cultural Fund, a mixed Cuban-Venezuelan company that acts as the “managing organization of the shares and resources of ALBA Culture vis-à-vis the Bank of ALBA (financial entity of the Project), the institutions of each member and participating country,” and the ALBA Houses, “venues for meetings, for finding information on the Alliance, for disseminating ideas, and for legitimizing regional cultural expressions and artistic manifestations.”

Telecommunications - The Grandnational Telecommunications Company (ALBATEL) was created on 29 May 2007, during the V ALBA Summit and was formally constituted on 3 June 2010. It is of a multilateral nature, given its shareholding structure, comprising ENTEL, S.A. of Bolivia, NETEL, S.A. of Cuba and TELECOM Venezuela, C.A. In addition, TELCOR of Nicaragua and CNT of Ecuador participate as permanent invitees.

ALBATEL began commercial operations in May 2012, with the following objectives:

1. “Promote the integral and sustainable development of the Alliance (...), based on an efficient and effective organization that will provide, in accordance with that established in the Law and other norms in effect in each country, among other aspects, industrial capacities, technical assistance, operation and maintenance of telecommunications networks through subsidiary networks, as well as the training of personnel, exchange of experiences, engineering, research, technological development and innovation and networks with a high level of reliability, security and invulnerability”; and,

2. The services and products generated should be destined primarily to satisfy the needs of the population or the industry of the Intra-ALBA market, so as to create a fair trade zone.
a. In this area, the following developments should be highlighted:\footnote{Information provided by the Executive Secretariat of the Bolivarian Alliance for the Peoples of the Americas – People's Trade Agreement (ALBAT-TCP).}

- Tests with the Simon Bolivar Satellite on the “Ka” band: Develop the transportation and interconnection network of the socialist company “Pedro Camejo” S.A. as support for the Multiservices Platform of the client-server type, as an integral solution for the control and administration of the maintenance of all machinery, tractors, agricultural tools and vehicles of the socialist company “Pedro Camejo”.
- Smart city. Efficient Government in the State of Nueva Esparta: by means of a dispatch and video surveillance centre, mobile land radiocommunications networks shared by the various governmental agencies, law enforcement and emergency authorities, transportation logistics and State resources and the community in general; all this geo-referenced by means of a Geographical Information System (GIS) and integrated with a call centre and coordination of emergencies.
- Contracts for professional services with CANTV: Three (3) new contracts are currently being negotiated:
  - Satellite Deployment (SD CANTV)
  - Professional Support Services for Managements and Coordinations of Regional Operational Management.
  - Professional Support Services for Management of Public Institutions.

b. Projects under study for the ALBA region (pre-investment)\footnote{Ibid.}

- Regional NAP: Development of a Network Access Point for the ALBA region, where the networks of the various organizations which provide Internet services, known as Internet Service Providers or ISP, come together; additionally, they will consider many services, such as web hosting, data storage, security and network management.
- Network dedicated to ALBA countries: Design of a network that will ensure communications among the governmental institutions that participate in the ALBA programmes, with a high degree of reliability, confidentiality, integrity and availability, and that will, in turn, protect the technological independence needed for communications.
- Satellite Earth Station in Bolivia: For the use of the Ku-South band of the Simon Bolivar Satellite.
- Launching of the Cuba-Jamaica-Venezuela Optical Fibre Submarine Cable.
- Installation of the Ground Station for use of the Ku-South Band and use of the Simon Bolivar Satellite.
- ALBA TV, Radio del Sur and TELESUR are currently operating.

2. Social programmes

In the social field, the Alliance has made the following achievements since 2004:

<table>
<thead>
<tr>
<th>Education</th>
</tr>
</thead>
</table>
| **Literacy training.** Over the last ten years, thanks to the “Yes, I can” literacy training method, 3,501,488 persons in the countries of the Alliance have overcome illiteracy, reaching a school enrolment rate of 94%.

Illiteracy has been eliminated in Venezuela, Bolivia and Nicaragua. |

\footnote{Information provided by the Executive Secretariat of the Bolivarian Alliance for the Peoples of the Americas – People's Trade Agreement (ALBAT-TCP).}
Up to December 2013, a total of 9,129 students have received their medical degree and 2,137 people are currently studying Medicine in Cuba and Venezuela at the Latin American School of Medicine (ELAM) (*)

### Health

**International Miracle Mission (2005-2014):** A total of **3,412,143** patients have been operated, allowing them to recuperate and improve their visual capacity; **3,377,860** correspond to patients from Latin America (**); **2,489** are patients from Caribbean countries (****); **2** patients come from Europe (Italy and Portugal).

Reduction by 21% in infant mortality rate (2008-2011).

**Through the Programme for Persons with Disabilities:**
- More than 3, 600 household have been visited in Venezuela, Ecuador, Bolivia, Nicaragua, St. Vincent and the Grenadines and Cuba. In these homes, more than 1,200,000 persons with disabilities have been identified and have received medical care, as have their relatives.
- 230,000 specialized consultations have taken place in clinical genetics, neuropediatrics, neurophysiology, otolaryngology, psychiatry, physiatrics, and rehabilitation for persons with disabilities.

More than 8,000 operations have been performed on children from Alliance countries at the Children’s Cardiology Hospital.

### Sports

To date, four (4) editions of the ALBA Sports Games have taken place, with the participation of 10,532 athletes from 36 countries, in 45 disciplines, and 3,066 medals have been awarded.

### Economy and Finance

Within the framework of the ALBA-TCP Caribbean Fund, 88 social and socio-productive projects have been carried out (46 concluded). These have been added to the effort of the States to address the following areas:
- 32% in education, health, culture, sports, social assistance, social security, humanitarian assistance and participation;
- 31% in household services, housing and habitat;
- 14% in urban services;
- 13% in productive sectors;
- 6% in nutrition;
- 4% in ecology and environment.

Sources: ALBA-TCP.

Notes:
(*) Héctor Rodríguez. Interview with Minister of Education and Vice-Minister for the Social Area of Venezuela on Radio Mundial. Available at: [http://www.radiomundial.com.ve/article/h%C3%A9ctor-rodr%C3%ADguez-universidad-del-alba-petmitir%C3%A1-unimos-con-mayor-amor-audio](http://www.radiomundial.com.ve/article/h%C3%A9ctor-rodr%C3%ADguez-universidad-del-alba-petmitir%C3%A1-unimos-con-mayor-amor-audio).
(**) Argentina, Brazil, Bolivia, Chile, Colombia, Cuba, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Paraguay, Peru, Uruguay and Venezuela.
(***) Belize, Cuba, Dominican Republic and Puerto Rico.

## IV. THE REGIONAL COMPLEMENTARY ECONOMIC ZONE

The idea of this economic space which has been expanded on a regional scale is expressed in the Statement of the Heads of State and Government of the ALBA-TCP and PETROCARIBE member countries, issued as a corollary to the II Special ALBA-TCP/PETROCARIBE Summit, which took place in Caracas on 17 December 2013, in which the following tenets were expressed:

"It is our intention to link this ALBA-TCP-PETROCARIBE Complementary Economic Zone with other regional mechanisms such as MERCOSUR and CARICOM, and with this aim in mind, the Heads of State and Government agree to:
1. Request that the Political Council of the ALBA-TCP and the Ministerial Council of PETROCARIBE contact MERCOSUR as soon as possible and in a joint manner, so as to officially inform them of our interest in initiating talks in order to form a Complementary Economic Zone between ALBA-TCP/PETROCARIBE and MERCOSUR.

2. Designate a high-level Governing Authority, made up of Ministers and senior representatives of the Heads of State and Government to advance the process of creating a Complementary Economic Zone between the ALBA-TCP / PETROCARIBE and MERCOSUR. This Authority will be directed collegially by Jamaica, Dominica, Nicaragua, Ecuador and Venezuela and, furthermore, will include the participation of experts in the economic area designated by the other countries of the ALBA-TCP and PETROCARIBE. 39

Subsequently, the Foreign Ministers of MERCOSUR manifested their wish and interest in commencing an approach toward the constitution of the Regional Complementary Economic Zone in a Joint Communiqué referring to the proposal to initiate a dialogue with the member countries of the ALBA, PETROCARIBE and CARICOM. The following is stated therein:

“The Foreign Ministers of Argentina, Bolivia, Brazil, Uruguay and Venezuela, meeting in Caracas, Bolivarian Republic of Venezuela, on the 30th day of the month of October 2013, for the purpose of reviewing the comprehensive agenda of MERCOSUR, expressed their firm will to surge ahead in the construction of a regional complementary economic zone for the consolidation of the Latin American and Caribbean union, as an instrument for promoting integral development, confronting poverty and social exclusion, based on complementation, solidarity and cooperation.

To this end, the Prime Ministers reaffirmed their interest in initiating a dialogue with member countries of the ALBA-TCP, PETROCARIBE and CARICOM, to energize economic relations, promoting a balanced complementary commercial exchange that will respond to the highest interests for development of our peoples.

The objective of this proposal is to give a new impulse to the development of complementarity, based on the strengths of each country, so as to overcome the existing asymmetries within the region.”

The purpose is to create a common space that will respond to the economic, social, structural and developmental interests and needs, by initially integrating the ALBA-TCP, PETROCARIBE, MERCOSUR and CARICOM in a Regional Complementary Economic Zone.

The creation of this regional complementary economic zone, first between the ALBA-TCP and PETROCARIBE, in such a way that will later allow for the inclusion of MERCOSUR and CARICOM, aims to create a space for integration that implies adding and intensifying united efforts, thus giving greater impetus to the economic relations between the countries involved, boosting commercial, complementary and balanced trade exchanges in Latin America and the Caribbean.

1. The ALBA-TCP/PETROCARIBE Complementary Economic Zone

This initiative is moving forward at great speed, although in a gradual manner. It was announced during the II Special ALBA-TCP/PETROCARIBE Summit, held in Caracas in December

39 ALBA-TCP – PETROCARIBE. Statement of the Heads of State and Government of the Member Countries. II Special Summit of the ALBA-TCP/PETROCARIBE; Caracas, Venezuela - 17 December 2013. Available at: http://alba-tcp.org/contenido/declaracion-de-los-jefes-de-estado-y-de-gobierno-de-los-paises-miembros-de-alba-y-petrocar.
2013, where the Heads of State and representatives of the States that form part of the ALBA-TCP and PETROCARIBE agreed to the “creation of an economic zone of shared interdependent development, sovereign and based on solidarity, intended to consolidate and extend a new model of economic relationship to strengthen and diversify the productive system and commercial exchange, as well as to establish the bases for the instruments of a multilateral nature that the countries shall sign in this regard, with a view to satisfying the material and spiritual needs of our peoples.”

With the creation of this Complementary Economic Zone, both mechanisms look to establish links and complement each other by means of joint plans and projects intended to strengthen the integration and cooperation process of Latin America and the Caribbean.

The startup of the Complementary Economic Zone will allow for enhancing opportunities for economic exchange, for development through the establishment of trade relations and productive investments in tourism, agroindustry, transportation and communications, among others. It will also promote the articulation of production and value chains, especially those associated with the agroindustrial, energy and manufacturing sectors.

In this regard, it is expected that its work will be concentrated in five specific areas:

1. Structuring Production Training Programme, which should permit linking projects among the Participating States, so as to increase economic exchanges.
2. Structuring Tourism Programme, which aims at stimulating joint commitment to promote regional tourism.
3. Boosting the area of Transport and Communications, so as to recover the importance of intraregional interconnectivity, evaluating and implementing connection projects by air and sea.
4. Stimulating the Trade and Integration area, for the purpose of advancing in the alignment of tariff systems and agreements that exist among the member States and among the various organizations to which they belong.
5. As regards Social and Cultural Development, promote the undertaking of plans in the areas of education, health and social participation.

As part of the activities underway for the construction of the Complementary Economic Zone between the ALBA-TCP and PETROCARIBE, both institutions are working to comply with the following mandates:

- Preparation of a “roadmap of merchandise” for each of the countries and by group of countries that make up the ALBA-TCP and PETROCARIBE, so as to be able to identify sectoral areas for complementarity and intraregional exchanges.
- The Executive Secretariat of the SUCRE and the Bank of ALBA are working on a survey of the corporate patterns in the ALBA-TCP and PETROCARIBE countries.
- Design of a regional and subregional strategic plan that will allow for generating the minimum necessary conditions to facilitate trade exchanges, strategic alliances for the

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40 Ibid.
42 Information provided by the Executive Secretariat of the ALBA-TCP, Caracas.
strengthening of productive systems, technical training, technology transfers and cultural integration, among other objectives.

- Give greater emphasis to the economic-commercial studies and analyses so as to allow for identifying the most suitable sectors to begin a joint effort, and to discover the economic-productive potential of the Zone, for the purpose of developing economic complementarity projects within it, which, in due time, will make it possible to export products originated in the Zone to other regions.
- Analyze pre-existing trade agreements so as to determine compatible norms; but, at the same time, identify new ways to energize, on a short-term basis, a commercial exchange of existing products in the Zone which are currently not purchased by member countries.

2. Progresses towards the ALBA-TCP/PETROCARIBE, CARICOM and MERCOSUR Complementary Economic Zone

With respect to the aspects included in the aforementioned Declaration of the II Summit, formalities have begun so that, on the one hand, each member country of the Alliance will designate its representatives for the High Level Commission that will evaluate the creation of the ALBA-TCP/PETROCARIBE and MERCOSUR Complementary Economic Zone, and, on the other hand, the ALBA-TCP Executive Secretariat has requested the Pro Tempore Presidency of MERCOSUR to include this topic in the agenda scheduled for the MERCOSUR Summit that will take place in Caracas on 29 and 30 July 2014.

Additionally, a collegiate group was named, represented by nationals of Jamaica, Dominica, Nicaragua, Ecuador and Venezuela, which also counts on the participation of experts in the economic area from the other member countries of the ALBA-TCP and PETROCARIBE, to act as the High Level Governing Authority, which will be in charge of encouraging the creation of said Complementary Economic Zone.

The conclusions and recommendations of this collegiate body served as a basis so that at the XXVIII Summit of Heads of State of MERCOSUR, held in Caracas on 29 and 30 July 2014, a Declaration was adopted which “established a Mechanism for a Political and Economic and Commercial Dialogue of MERCOSUR to promote the constitution of a Complementary Economic Zone with ALBA-TCP, CARICOM and PETROCARIBE, for the purpose of moving ahead with their political and economic relations, maximizing the development of a complementary, fair and balanced trade that will respond to the highest interests for the development of the people” (See Annex).

For such purpose, the Presidents instructed the Pro Tempore Presidency of MERCOSUR, in charge of the Argentine government, to invite, within a period no longer than 60 days as of the date of the meeting, the Member States of ALBA-TCP, CARICOM and PETROCARIBE to gather in order to promote negotiations for drafting a legal document for the incorporation of the Complementary Economic Zone.

Ibid.
CONCLUSIONS

Strengthening and deepening the ALBA-TCP as a novel experience for cooperation and integration, which has been on the scene of Latin American and Caribbean integration for ten years, will depend, in the future, on the one hand, on the consolidation of its projects and its progress towards a greater internal coordination and cohesion; and on the other, on the opportunities for complementarity and convergence with other integration systems which already exist in the region, which could allow it to advance towards higher levels of development and diversification of its economies and its foreign trade at a much greater regional scale than the current one.

Nevertheless, a process of complementarity and convergence of the Alliance with other integration and trade preference processes pre-existing in the region would have to start with the recognition and in-depth analysis of the various mechanisms in which the members of the Alliance themselves participate as full partners, namely:

1. The Association of Caribbean States (ACS): Antigua and Barbuda, Cuba, Dominica, St. Vincent and the Grenadines, and Venezuela.
2. The Latin American Integration Association (ALADI): Bolivia, Cuba, Ecuador, Nicaragua and Venezuela.
5. The Organization of Eastern Caribbean States (OECS): Antigua and Barbuda, Dominica, and St. Vincent.

Such broad and heterogeneous membership of the Alliance, made up by States that, in turn, participate, indistinctly, in practically all the regional and subregional integration systems mentioned, allows for inferring that if the members of the Alliance participate individually in other systems, points of convergence could be established that would facilitate the coordination and cooperation of the Alliance, as a whole, with other systems, on the basis of the experience of each of its members in each of those scenarios.

In this regard, it would be advisable to establish certain initial concrete actions that could be taken to determine the possibilities for expanding, intensifying and diversifying the system represented by the ALBA-TCP, such as:

- Conduct an in-depth analysis of the principles and commitments of the Alliance and of each of the other integration systems in which its members participate. This would help finding the convergence points to determine advances achieved and to identify those areas in which it would be possible to work jointly so as to develop complementary productive and industrial development projects, under the premises of social equality and inclusion advocated by the ALBA-TCP.
- Study the existing financial instruments (Bank of ALBA, SUCRE, Bank of the South, Caribbean Development Bank, CAF—development bank of Latin America), which would help to

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44 Bolivia is in the process of joining MERCOSUR.
determine those areas where joint projects could be established or to develop coordinated financial sources.

- Identify the limitations imposed on each of the member countries of the Alliance due to their participation in other integration processes. This could contribute to discovering the existing commitments and their impact on the depth of the Alliance itself and its possible relationship with other processes.

- Cooperate in matters related to the implementation of social policies with the other integration processes, having as a basis the broad and successful experience of the Alliance in this important area.

Studies carried out by the Permanent Secretariat of SELA in 2014 on the possibilities for strengthening intraregional trade, as a starting point for a future convergence of the integration process of Latin America and the Caribbean, have evidenced the need to take, at least, the following actions:

a. Grant priority to preferential trade and economic integration agreements that exist among the LAC countries, as a means to broadening and diversifying trade exchanges and attracting investments. The above-mentioned decision of the MERCOSUR Member States to support the Venezuelan proposal to create a Complementary Economic Zone between the ALBA-TCP/PETROCARIBE, CARICOM and MERCOSUR points in that direction.

b. Maintain a minimum of macroeconomic coordination in the face of monetary and exchange adjustments derived from balance of payment difficulties in one or several of the countries involved.

c. Improve and standardize administrative processes for cross-border trade, which would facilitate integration and reinforce competitiveness.

d. Increase sea transport connectivity as a key factor for any strategy aimed at converting the ALBA-TCP countries into a trade partner on regional and international markets. This is consistent with one of the five areas which the Complementary Zone plans to develop, i.e. “to promote the area of Transportation and Communications for the purpose of rescuing the importance of intraregional connectivity, by assessing and implementing air and sea connection projects”.

e. Increase investment in infrastructure, a need that requires a regional approach given the economic and financial magnitudes involved.

f. Take advantage of opportunities in the field of services and in that of information and communications technologies. This is another key area that can be addressed. Many activities in the services area are less dependent on economies of scale and complex production chains, and the development of production and exports of ICT goods can be very important for increasing and diversifying exports on a regional scale.

g. Lastly, profound reforms will be required in the educational system, particularly as its quality is concerned. Education is a powerful tool to move people away from poverty and improve the distribution of income. However, for education to have a significant effect in decreasing inequality, it is necessary to develop policies that promote the incorporation and permanence of the neediest social groups in the educational process. In this regard, it is crucial to combine the efforts of the public and private sectors in order to achieve an effective reform of the educational system. Cooperation of both sectors is necessary to help identify more clearly the skills required on the labour market, based on production and industrial development.

45 These studies refer to the possibilities of expanding trade exchanges among CARICOM and Latin American countries, on the one hand, and among those of Central America and the rest of Latin America and the Caribbean, on the other.
DECLARATION OF THE XXVIII SUMMIT OF HEADS OF STATE OF MERCOSUR ON THE COMPLEMENTARY ECONOMIC ZONE WITH ALBA-TCP, CARICOM AND PETROCARIBE
Declaration of the XXVIII Summit of Heads of State of MERCOSUR on the Complementary Economic Zone with ALBA-TCP, CARICOM and PETROCARIBE

“Joint Declaration of the Party States of the Common Market of the South (MERCOSUR) to promote the establishment of a Complementary Economic Zone between the Party States of the Common Market of the South (MERCOSUR), the Member Countries of the Bolivarian Alliance for the Peoples of our America (ALBA-TCP), the PETROCARIBE member countries and the members of the Caribbean Community (CARICOM).

AWARE of the need to make progress towards the consolidation of regional coordination spaces to promote integral development, face poverty and social exclusion, based on complementarity, solidarity and cooperation;

RECOGNIZING that different levels of economic development in the region must be overcome by generating greater economic complementarity for the benefit of the peoples;

CONSIDERING the Declaration of the Heads of State and Government of the Member States of the ALBA-TCP and PETROCARIBE, signed at Caracas on 17 December 2013, where they agreed to establish a complementary economic zone with MERCOSUR;

BEARING IN MIND that the diversity and different nature of the regional processes involved will promote a better understanding of the two specificities of the region, thus favouring a more profound and multi-dimensional cooperation based on inclusive economic and business models;

UNDERSCORING that making strides towards the creation of a Complementary Economic Zone between MERCOSUR, CARICOM, ALBA-TCP and PETROCARIBE will help strengthen relations between these regional processes and will provide a space to promote productive integration based on solidarity fairness and on the full use of complementarities and the existing regional integration mechanisms;

AGREE:

1. TO ESTABLISH a Mechanism for Political Dialogue and Economic and Trade Cooperation of MERCOSUR in order to promote the constitution of a Complementary Economic Zone with ALBA-TCP, CARICOM and PETROCARIBE, with the purpose of boosting their political and economic relations while promoting the development of a complementary, fair and balanced trade that responds to the highest interests of peoples in development.

2. TO INSTRUCT the Pro Tempore Presidency of MERCOSUR to invite, within a period no longer than 60 days, the Member States of ALBA-TCP, CARICOM and PETROCARIBE to gather in order to promote negotiations on a legal instrument to create the Complementary Economic Zone, which would include the following aspects:

   a) An increase in trade of originating goods.
   b) An assessment of the trade agreements and legislations subscribed in order to identify matches as regards the regulatory regimes of trade disciplines, commercial potentials and economic complementarity among them.
   c) The definition of joint cooperation programmes in order to identify and develop projects for economic complementarity.
d) The design of mechanisms to ensure greater balance in trade exchanges, taking into account the need to reduce economic asymmetries among the parties.

e) Coordination among public and private sector enterprises of the Member States involved in regional processes, through productive integration projects, so as to promote an improvement in productivity and economic complementarity.

f) Promoting joint projects, alliances and strategic partnerships for the development of science and technologies applied to innovation in productive processes.

g) Promoting the development of micro, small and medium-sized enterprises (SMEs), cooperatives and other enterprises in the Member States involved in the regional processes.

h) Encouraging regional exchanges, particularly of products with higher added value.

i) Organizing trade fairs, business missions and exhibitions, in addition to complementary activities to broaden trade relations among the respective productive sectors in the Member States involved in the regional processes.

j) Developing actions aimed at building capacities to generate and absorb new knowledge in the areas of greater technological dynamism in the region.

k) The dissemination of technical cooperation and assistance programmes implemented by the Member States involved in regional processes that serve to promote the generation of jobs and improve the living standards of people.

3. **RATIFY** that, for the Member States of MERCOSUR, the Central American and Caribbean regions are a vital space for economic integration and political union of our America’.

Caracas, 29 July 2014
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