

Maihold, Günther

**Research Report**

## Foreign policy as provocation: Rhetoric and reality in Venezuela's external relations under Hugo Chávez

SWP Research Paper, No. RP 1/2009

**Provided in Cooperation with:**

Stiftung Wissenschaft und Politik (SWP), German Institute for International and Security Affairs, Berlin

*Suggested Citation:* Maihold, Günther (2009) : Foreign policy as provocation: Rhetoric and reality in Venezuela's external relations under Hugo Chávez, SWP Research Paper, No. RP 1/2009, Stiftung Wissenschaft und Politik (SWP), Berlin

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# SWP Research Paper

Stiftung Wissenschaft und Politik  
German Institute for International  
and Security Affairs

*Günther Maihold*

## Foreign Policy as Provocation

Rhetoric and Reality in Venezuela's  
External Relations under Hugo Chávez

RP 1  
January 2009  
Berlin

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**SWP**  
Stiftung Wissenschaft  
und Politik  
German Institute  
for International  
and Security Affairs

Ludwigkirchplatz 3-4  
10719 Berlin  
Germany  
Phone +49 30 880 07-0  
Fax +49 30 880 07-100  
[www.swp-berlin.org](http://www.swp-berlin.org)  
[swp@swp-berlin.org](mailto:swp@swp-berlin.org)

ISSN 1863-1053

*Translation by Meredith Dale*

(English version of  
SWP-Studie 22/2008)

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*Prof. Dr. Günther Maihold is Deputy Director of the SWP*

*The author would like to thank Sarah Tischer and Thomas  
Derungs for their comments during the drafting of this study*

**Foreign Policy as Provocation.  
Rhetoric and Reality in Venezuela's  
External Relations under Hugo Chávez**

Many of Venezuelan President Hugo Chávez's appearances on the world stage can rightly be called provocations. His verbal radicalism and regular threats to cease supplying oil to the United States make international headlines. But his rhetorical gestures cannot be dismissed as the megalomania of a "South American potentate". Venezuela possesses huge oil and gas reserves and operates a dynamic and well-calculated foreign policy that is causing increasing headaches for the United States and other countries. Although his diplomatic provocations are directed primarily towards the United States, the Venezuelan president is also attempting to overturn international macro-economic and political structures (such as the Bretton Wood institutions) through a new form of South-South cooperation, and the institutions of regional integration in Latin America have come under pressure from his new parallel organizations. So is Venezuela growing into a new regional leading power whose strategic energy resources allow it to play a shaping role in the Western hemisphere and global politics, extending even beyond its influence in South America? Is there more to Venezuela's diplomatic activism than status-seeking? How viable are the president's initiatives for a new international order and how should the West respond?

If we are going to understand Venezuelan foreign policy, we need to take a closer look at the personality of Hugo Chávez, the country's president since 1999. The prevalence of strongly polarized opinions, expectations and fears evidence his central role in domestic and foreign policy. But it is important to differentiate. Many of his diplomatic initiatives and provocations turn out to be nothing but rhetoric courting the applause of like-minded forces at home and in the region. With his predilection for showmanship and populist theatricals, the president may often produce more smoke than fire. But Chávez's actions must nonetheless be taken seriously, because they have a decisive impact on the behaviour of governments and social groups – especially given that his provocative behaviour practically forces other actors to come out for or against him. It must be noted that many of his international initiatives involve more than merely an

alliance of outsiders that can just be ignored. Simply on the basis of the resources at his disposal it is clear that his power should not be underestimated.

Venezuela's foreign policy is characterized by a conspicuous contradiction between grand pronouncements and their meagre implementation. But setting aside the president's provocative style, all the elements that characterize modern diplomacy are present: pragmatic action, ideological models, policies of national interest. President Chávez uses broad-spectrum measures to reach the diverse target groups he would like to mobilize in support of his policies. Following no master plan, Venezuela's foreign policy turns out to be extremely flexible at maximizing national advantage, damage-limitation and exploiting opportunities.

Public diplomacy is used to counter the country's image as an international troublemaker, for example supplying needy US citizens with subsidized heating oil. Venezuela also supports new models of (sub-) regional integration in Latin America, and has monopolized the discourse maintaining that the economic structural adjustment policies of the twentieth century must now make way for effective improvements in the living conditions of the poor. All this is presented on the world stage in a context of growing Latin American confidence, which plays to the desire of many of the continent's citizens for identity and autonomy. But the ambivalence of rhetoric and practical action makes it difficult for partners and adversaries to assess the real influence of Venezuela's foreign policy, with the great intransparency of the conduct of government another contributing factor.

Analysis of Venezuela's diverse presence on the (sub-)regional, hemispheric and geopolitical stage shows that international relations with Venezuela must focus on integrating the country rather than excluding it. Venezuela's oil and financial resources mean that isolating it or imposing sanctions would be doomed to failure. That approach would also forfeit the possibility of initiating political change and interacting politically with the provocative positions. The recommended course would be to follow the Brazilian policy of subtle influence through integration. In this way the Venezuelan leadership could be persuaded of the necessity of give and take and the country's foreign policy strength subjected to a reality test. Political dialogue should concentrate on the observance of civil and human rights and freedom of the press.

Such an approach might quickly reveal that Venezuelan ambitions to become a leading power stand on feet of clay because of limited prospects and sceptical neighbours, and that the country thus overestimates its real possibilities of influencing international politics. It could prune back the diplomacy of provocation to the dimensions of reality, while opening up the possibility for Venezuela to participate in future regional and international structures. Bilateral relations must be about practising an open dialogue with all groups in Venezuelan society while ensuring, especially in economic relations, that the rules of transparency and corporate good governance are observed.

## Provocation as Diplomatic Style and Political Tool

“Yesterday the Devil came here. Right here. And it smells of sulphur still today.” This direct reference to US President George W. Bush opened Venezuelan President Hugo Chávez’s address to the UN General Assembly in New York on 20 September 2006. But such invectives should not be misunderstood as personal gaffes. They are part and parcel of a foreign policy strategy that deploys provocation as style, and equally as a decisive instrument for pursuing national interests.

Chávez uses provocation as a style element to achieve two main objectives. Firstly, it personalizes the conflict, for example between him and President Bush. This divests foreign policy of its state character and reinterprets it in the predominant public perception nationally and internationally as a personal confrontation between two adversaries. In this way the rhetoric easily gains the upper hand over a much more complex reality. Secondly, Chávez tries to gather behind him all the states that feel excluded or disadvantaged by the United States but as resource-poor countries avoid a direct confrontation with the West’s superpower. Thus Chávez’s speech quoted above was part of his country’s (ultimately unsuccessful) campaign for a seat on the UN Security Council. The search for solidarity generated through provocation does not stop for national frontiers, but encompasses social groups and movements in other countries, even beyond Latin America. Thus, without even providing anything in return, President Chávez is able to establish a continental and global base of support for his interest-led policies in numerous political fields.

To that extent the provocation echoes beyond the intended public effect, impacting indirectly on international conflicts of interest and concrete policy changes. As well as provoking an adversary to a particular (exaggerated or embarrassing) reaction, the diplomatic provocation is also designed to make outside observers of an escalating conflict come down on one side or the other, and thus has a polarizing effect and targets persons as well as structures. In the case of Venezuela’s current foreign policy this affects – especially in the context of the present financial crisis – the Bretton Woods institutions (above all International Monetary Fund and World Bank), which are

lumped together under the general label of imperialism. The background to this is Venezuela’s experience as a founding member of OPEC – an organization whose worldwide activities led to a considerable shift in power and wealth in favour of the oil-exporting countries.



## The Tenets of Venezuelan Foreign Policy under Hugo Chávez

Since Venezuela's first oil field was discovered in 1914, crude has occupied a central position in Venezuelan foreign policy. Without it Venezuela would be playing a very different role on the international stage. But the way oil is used as the basic instrument of Venezuelan foreign policy has changed a great deal since Hugo Chávez took office. During the Fourth Republic (1957–1999) Venezuela stayed in line with OPEC's policies, focusing on stable prices and good relations with its biggest customer, the United States. Its policy was to balance its interest in making best use of its strategic resource with maintaining its geopolitical ties with the United States. Ultimately, its location on the southern coast of the Caribbean puts Venezuela in the "extended backyard" of the Western superpower.

### Repositioning Venezuela as a centralized petropower

Those policies changed when President Chávez came to office and founded the Bolivarian Fifth Republic. Above and beyond the existing supply arrangements with the United States, oil now serves regional and global foreign policy goals, securing international loyalties and paving the way for Chávez's "Bolivarian revolution" within Venezuela and internationally too.<sup>1</sup>

Because Venezuelan politics is highly dependent on oil revenues, all areas of political life have been permeated by the energetic "petrolization" under Hugo Chávez. One sign of this is that the oil sector – which previously acted as a state within the state – has been placed under central government control, complete with all its domestic and international relationships. Here the President can rely on the support of his oil minister, Rafael Ramírez, who is also president of the state oil firm PDVSA (Petróleos de Venezuela S.A.). The defeat of the oil workers' strike in 2002 and the subsequent replacement of thousands of employees

1 A brief overview of oil politics under Hugo Chávez is found in Diego B. Urbaneja, *La política exterior de Venezuela*, Análisis del Real Instituto Elcano (ARI) 41/2005 (Madrid: Real Instituto Elcano, 31 March 2005), <http://www.realinstitutoelcano.org/analisis/712/Urbaneja%20pdf.pdf> (accessed 19 July 2008).

brought PDVSA firmly under the control of the Venezuelan government, which uses its revenues to fund domestic and international projects.<sup>2</sup>

Many of the government's foreign policy measures are financed via confidential special funds in the oil firm's budget, which are completely excluded from public scrutiny – turning PDVSA into a politicized business with a "social mandate" that has priority over its business mission.<sup>3</sup> This proved to be a clever move by the government, because it makes its financial affairs almost impossible to scrutinize. It also promotes Chávez's favourite instrument of barter trading, which public accounting systems have difficulty recording properly because of the valuation problems involved. Such barter arrangements – for example supplying oil to Cuba in return for the services of Cuban doctors and teachers in Venezuela – have indirectly petrolized the country's business life and politics in a way that evades the classical instruments for gauging a country's economy. This is shifting the Venezuelan economy nationally and internationally into a sphere of state action that is determined less and less by free markets and finance and ever more by political voluntarism, while expanding the discretionary options of the executive, which already possesses a relatively freely disposable revenue flow in the form of oil income. Rising or at least stable oil revenues are a crucial factor for maintaining and expanding the power of the country and its president – at home and abroad – especially given that production regularly fails to meet agreed targets and cannot be increased quickly.<sup>4</sup> Falling oil prices in the context of the financial crisis are having a direct impact on many of Venezuela's official international projects. Therefore

2 See also Steffen Leidel, "PdVSA: Charity-Konzern mit Erdöl-abteilung", Bundeszentrale für politische Bildung, Dossier Lateinamerika, 22 August 2007, <http://www.bpb.de/themen/MAO1LH,0,0,PdVSA.html> (accessed 1 April 2008).

3 Peter DeShazo, *Venezuela Forum: Conclusions and Future Implications*, Policy Papers on the Americas, vol. 19, study 1 (Washington, D.C.: Center for Strategic and International Studies, 2008), 3.

4 Kiraz Janicke, "Venezuela: OPEC Should Become a Political Actor against Imperialism", 19 November 2007, <http://www.venezuelanalysis.com/news/2854> (accessed 26 February 2008).

Chávez calls on OPEC to reduce oil production and join his political stance on the anti-imperialist struggle, but finds no majority among the oil cartel's members.

That makes national ownership of the country's oil producers all the more important for President Chávez. Presidential decree No. 5200 of 26 February 2007 partially nationalized oil production in the Orinoco Oil Belt, which had until then been dominated by foreign companies. The only firms to refuse to enter new joint ventures with a 60 percent stake held by PDVSA were the American producers Exxon-Mobil and ConocoPhillips, which were promptly expropriated. These measures – following the logic of resource nationalism – have expanded still further the instruments of control available to the executive.

But the president's control over the resource of oil is just one component of his power. The constitution of 1999 tailored the political system and its institutions to the person of the president, in particular expanding the possibilities for transferring legislative powers to the executive. The president has made extensive use of this provision even although there is no opposition represented in parliament. Since Chávez took office one third of laws and decrees have been passed in this way.<sup>5</sup> The introduction of a single-chamber system in congress and the erosion of federalism must also be regarded as centralizing tendencies.<sup>6</sup> So the president has immediate power over the institutions and resources of the state.

This increasingly centralized control allows Chávez to use the strategic resource of oil as a lever to effect change at the international level – following the OPEC model but with different aims. Especially during Central America's period of crisis Venezuela saw itself as a force for democracy, dedicated to aiding democratic governments in its region. In the meantime the interpretation and actual exercise of this function have changed. In the foreground now is a plebicitary concept of democracy that subscribes to a centralized and clearly statist social order. The goal of "democracy" has given way to the "solidarity of the nations in anti-imperialist struggle", and diplomatic activities are heavily ideologically loaded. Chávez also changed the outlook of Venezuelan foreign policy. Tradition-

ally the country has seen itself as a Caribbean nation, but the previously neglected connection to South America now looms larger, not least with an eye to the oil and gas reserves in the country's interior, for which the obvious potential markets are in South America.<sup>7</sup> This shift in regional focus through resource policy also opens up opportunities in international relations, where the Venezuelan president increasingly seeks a formative role in shaping global politics.

The United States was first to feel the effects of the shift in Venezuelan foreign policy that began when Chávez took office in 1999.<sup>8</sup> Loud, aggressive media spectacle supplanted the traditional quiet diplomacy.<sup>9</sup> Apart from launching verbal attacks, the new Venezuelan president provoked the Americans by visiting Saddam Hussein in 2000. Chávez sought to create a role for himself as the spokesman for the Third World against the United States. In line with these efforts he rejected the American-led plans for a Free Trade Area of the Americas (FTAA), which exacerbated the conflict between the two countries.<sup>10</sup>

But Venezuela's repositioning involved much more than its stance towards the United States. In 2000 Chávez reactivated the Organization of the Petroleum Exporting Countries (OPEC) with a summit meeting in Caracas. Since then he has fought, together with Iran, for lower production quotas and consequentially higher prices. Alongside attempts to establish new co-

7 These markets are to be served above all by the Gaseoducto del Sur, an eight thousand kilometre pipeline through the Amazon rain forest connecting southern Venezuela with Buenos Aires. However, there are grave doubts as to the economic soundness of the project (profitability and funding).

8 Daniel Mora Brito divides Venezuela's foreign policy between 1998 and 2004 into three phases: revolutionary diplomacy (1998–2001), consolidating the political project (2001/2002) and radicalization (2002–2004); Daniel Mora Brito, "La política exterior de Hugo Chávez en tres actos (1998–2004)", *Aldea Mundo* 8, no. 16 (2004): 76–85, <http://redalyc.uaemex.mx/redalyc/pdf/543/54381609.pdf> (accessed 20 July 2008).

9 Andreas Boeckh, "Die Außenpolitik Venezuelas: Von einer 'Chaosmacht' zur regionalen Mittelmacht und zurück", in *Venezuela unter Chávez – Aufbruch oder Niedergang?* ed. Oliver Diehl and Wolfgang Muno, 85–98 (Frankfurt am Main, 2005).

10 Venezuela's response to the terrorist attacks of 11 September 2001 and its refusal to allow US airplanes on anti-drugs missions to overfly Venezuelan territory have sparked diplomatic clashes and led to tensions in bilateral relations. See also Demetrio Boersner, "Dimensión internacional de la crisis venezolana", in *Venezuela en retrospectiva: Los pasos hacia el régimen chavista*, ed. Günther Maihold, 313–344 (Frankfurt am Main and Madrid, 2007).

5 Claudia Zilla, *Die Macht der Stimmen und die Ohnmacht der Institutionen*, SWP-Aktuell 6/2007 (Berlin: Stiftung Wissenschaft und Politik, February 2007).

6 Andreas Boeckh, "Venezuela auf dem Weg zu einem autoritären Neopopulismus?" *WeltTrends* 8, no. 29 (2000–2001): 79–96.

operation and integration models at the state level, Chávez has also promoted a “parallel diplomacy of the nations”, supporting political forces abroad, such as the landless workers’ movement in Brazil (Movimento dos Trabalhadores Rurais Sem Terra, MST) or the movement of the unemployed in Argentina (piqueteros).<sup>11</sup>

### **Unity of domestic and foreign policy: A feature of populism in Venezuela**

The elections of 2004 and the ensuing changes in the top political leadership further cemented the new foreign policy course. “Personalism, hyperactivism and distance towards established interest groups” led to changed voting behaviour in the United Nations, the propagation of new regional institutions for South America and the development of alternative integration models.<sup>12</sup> The relationship with Cuba is of outstanding significance for Venezuela. As well as functioning as the prototype for the “socialism for the twenty-first century” promoted by Venezuela, this new partnership also serves the president’s ambition to inherit Fidel Castro’s symbolic capital as leader of the left in Latin America. Chávez has heavily underlined his interest in Cuba, visiting the island more than twenty times since 1994.<sup>13</sup> Legitimacy is provided by an anti-American integration model that propagates bringing together the states of Latin America as a solidarity-based community. Venezuela also intensified its relations with Brazil and Argentina and sought full membership of Mercosur, although the latter project is currently on ice because of Brazil’s failure to ratify. The country continues to participate actively in international forums such as the G-15, the G-17 group in the WTO, the Non-Aligned Movement and the Rio Group, and has been deepening its relations with the Arab and African countries and Iran. All these initia-

tives fit into Chávez’s consistent efforts to shape a new multipolar world order to his liking.<sup>14</sup>

We can identify the following three characteristics of Venezuela’s foreign policy: the use of oil to promote regional and international geopolitical reorganization; orientation on a multipolar world order; and supporting alternative transnational alliances at the substate level to back up the country’s aspirations to international leadership.

These features also serve as maxims of foreign policy at the level of Latin American integration. Chávez harnesses the intellectual heritage of Simón Bolívar as the guiding light of his integration plans, but practises a rather idiosyncratic idolatry. The Venezuelan leadership also wants to promote a new hemispheric security architecture and diversify the country’s foreign relations in order to allow it to redefine its role in the international economy.<sup>15</sup> To achieve these goals the institutional basis of foreign policy had to change.

### **The end of institutional diplomacy**

Foreign policy in Venezuela lost its institutional character when Hugo Chávez rose to become the country’s president. A mixture of voluntarism, authoritarianism, personalization, provocation, nationalism and nineteenth-century liberal ideology characterize the appearances on the international stage of a country that – not only from the perspective of its southern neighbour – is “out of its depth”.<sup>16</sup> The way foreign policy is organized has changed greatly; the foreign ministry – where the proportion of career diplomats in the foreign service was already small – has lost influence to the presidential office, while individual ministries, such as the energy ministry, have gained considerable weight through the growing petrolization of foreign policy.<sup>17</sup> Smokescreen tactics and a general lack of transparency make it almost impossi-

11 Nikolaus Werz, *Hugo Chávez und der “Sozialismus des 21. Jahrhunderts”: Ein Zwischenbericht*, Ibero-Analysen 21 (Berlin, December 2007), 8, [http://www.iai.spk-berlin.de/fileadmin/dokumentenbibliothek/Ibero-Analysen/Ibero-Analysen\\_Heft\\_21.pdf](http://www.iai.spk-berlin.de/fileadmin/dokumentenbibliothek/Ibero-Analysen/Ibero-Analysen_Heft_21.pdf) (accessed 19 July 2008).

12 Werz, *Hugo Chávez und der “Sozialismus des 21. Jahrhunderts”* (see note 11). In the UN Human Rights Commission Venezuela voted in 1999 and 2000 against condemning China, Iran and Cuba.

13 Carlos A. Romero, *Jugando con el globo: La política exterior de Hugo Chávez* (Caracas: Ediciones B, 2006), 157f.

14 Examples of this are the OPEC summit in 2000, the G-15 conference of non-aligned states in 2004 and the first South American energy summit in 2007, all of which were initiated by Chávez and held in Venezuela.

15 For an overview see Gregory Wilpert, *Changing Venezuela by Taking Power: The History and Policies of the Chávez Government* (London and New York 2007), 152ff.

16 Rafael Antonio Duarte Villa, “Limites do ativismo venezuelano para a América do Sul”, *Política Externa* 16, no. 2 (2007): 40.

17 Carlos A. Romero, “Dos etapas en la política exterior de Venezuela”, *Politeia* 30 (2003): 169–82.

ble to analyse the new situation. Almost all the affairs of the ministry of international relations are subject to confidentiality, and the foreign service is increasingly politicized and ideologized. Critics point out that official rules are circumvented to appoint untrained diplomats and say the president names whoever he wants to serve in the foreign service.<sup>18</sup> As increasing numbers of military officers are called to the diplomatic service, the way instructions are given is increasingly akin to the military chain of command.

However, complaints about a lack of professionalism in the Venezuelan foreign service are nothing new. When Hugo Chávez took office only 17 percent of officials serving abroad were career diplomats and at the beginning of 2000 only forty-seven of eighty-three diplomatic representations had an ambassador – the rest were headed by a chargé d'affaires. Altogether it is reported that more than 170 functionaries joined the service of the foreign ministry during the first seven years of the Chávez government by filling advertised posts.<sup>19</sup> But whether this corresponds to reality is just as opaque as the current job advertising and appointments procedures for the diplomatic service in general. Either way, Venezuela's diplomatic representations abroad are overstaffed across the board.<sup>20</sup> The tasks of embassy staff range from supporting non-state front organizations and Venezuela friendship societies to setting up Bolivarian circles abroad, all with the aim of spreading the ideas of the Venezuelan revolution in the civil societies of the host countries and creating public awareness of aid projects relevant to citizens' everyday lives.<sup>21</sup> Venezuela's embassies also

provide logistical and moral support for multinational civil society initiatives – the Bolivarian Continental Coordination (Coordinadora Continental Bolivariana) and the Bolivarian Congress of the Peoples (Congreso Bolivariano de los Pueblos).

## The Bolivarian revolution as the ideological basis of foreign policy

The Bolivarian revolution and the project of “socialism for the twenty-first century” are part of the struggle against capitalism, which the Venezuelan president holds to be irreconcilable with a social and participatory democracy.<sup>22</sup> Even more than implementing this goal domestically, Hugo Chávez wants to carry it abroad with the help of new foreign policy initiatives.<sup>23</sup> The ideas of Simón Bolívar appear in a completely new guise, reinterpreted by Chávez in the vocabulary of his Bolivarian revolution.<sup>24</sup> The first of these is the goal of a new form of Latin American integration, for which Hugo Chávez coined the catchy slogan “ALBA not ALCA” (to express rejection of Free Trade Agreement of the Americas, FTAA, proposed by the United States, whose Spanish acronym is ALCA). The Bolivarian Alternative for the People of Our America (ALBA, Alternativa Bolivariana para los

Initiated in 2001 in Venezuela, they now operate internationally too. Their remit is to provide mutual assistance, but they have often acquired clientelistic traits and are regarded as the backbone of the Bolivarian ideology; Kirk A. Hawkins and David R. Hansen, “Dependent Civil Society: The círculos bolivarianos in Venezuela”, *Latin American Research Review*, 41, no. 1 (2006): 102–32.

<sup>22</sup> Here Heinz Dieterich, a German sociologist who has lived in Latin America since the 1970s, is a great influence on Chávez. Dieterich has been professor of sociology and methodology at the Universidad Autónoma Metropolitana in Mexico City since 1977. One of his books bears the title: *Der Sozialismus des 21. Jahrhunderts: Wirtschaft, Gesellschaft und Demokratie nach dem globalen Kapitalismus*. See also Josette Altmann, *Alba: ¿un proyecto alternativo para América Latina?* ARI 17/2008 (Madrid: Real Instituto Elcano, 8 February 2008), [http://www.realinstitutoelcano.org/wps/portal/rielcano/contenido?WCM\\_GLOBAL\\_CONTEXT=/Elcano\\_es/Zonas\\_es/ARI17-2008](http://www.realinstitutoelcano.org/wps/portal/rielcano/contenido?WCM_GLOBAL_CONTEXT=/Elcano_es/Zonas_es/ARI17-2008) (accessed 20 July 2008).

<sup>23</sup> See also Ana María Sanjuan, “Venezuela – die symbolische und die wahre Revolution”, *Le Monde diplomatique*, 14 September 2007, 4f.

<sup>24</sup> For a discussion of the historical roots of Hugo Chávez's thought see Andreas Boeckh and Patricia Graf, “El comandante en su laberinto: el ideario bolivariano de Hugo Chávez”, in *Venezuela en retrospectiva*, ed. Maihold (see note 10), 151–78.

<sup>18</sup> Minister Luis Alfonso Dávila is reported to have summoned all the country's ambassadors to the embassy to inform them that foreign policy would in future be announced in the President's television address. All they had to do, he said, was to watch the programme and follow the guidelines laid out there. Reyes Theis, “Juan Francisco Contreras, presidente del Colegio de Internacionalistas de Venezuela: “Nuestro servicio exterior es motivo de burla fuera del país”, 31 January 2008, [http://noticias.eluniversal.com/2008/01/31/pol\\_art\\_nuestro-servicio-ex\\_695369.shtml](http://noticias.eluniversal.com/2008/01/31/pol_art_nuestro-servicio-ex_695369.shtml) (accessed 1 April 2008).

<sup>19</sup> Robinson Zapata, “Reflexiones sobre el Servicio Exterior (II)”, 20 February 2007, <http://www.aporrea.org/venezuelaexterior/a30960.html> (accessed 1 April 2008).

<sup>20</sup> Klaus Bodemer, “‘Petropolitics’ – politischer Diskurs, Geopolitik und ökonomisches Kalkül in den Beziehungen zwischen Venezuela und den Vereinigten Staaten”, *Lateinamerika-Analysen* 16 (2007): 169–201 (182).

<sup>21</sup> The Bolivarian circles (círculos bolivarianos) are grassroots organizations each comprising seven to eleven citizens working to disseminate revolutionary Bolivarian ideas.

pueblos de Nuestra América) proposes solidarity-based integration of the continent in place of free trade.<sup>25</sup>

Specific Latin American solutions are to be tried out, including the Bank of the South and plans for a civilian/military alliance to defend the sovereignty of Latin America. Here capitalism and imperialism function as bogeymen providing domestic and foreign policy legitimization for the Bolivarian project. This transnational Latin American ideology allows a variant of populism that synthesizes domestic and foreign policy.

The populist strategy pursued by President Chávez under the banner of Bolivarian internationalism, is fuelled – alongside its own rhetoric – above all by Venezuela's oil revenues. These allow him, despite the poor overall state of the country's economy, to practice a redistributive populism that exhibits features of historical populism as well as neo-populist elements.<sup>26</sup> Chávez draws on classical populism for his anti-status-quo rhetoric attacking the “national oligarchy” and political parties, mobilizing the population and promoting the integration of “marginalized groups”. Here Chávez presents himself as the incarnation of the nation, as the first president who understands the country's problems and is capable of solving them. Chávez remains a traditional populist in the sense that he sees the state as the agent and instrument of his political project.

Like most populists, Chávez is a charismatic figure. In the style of a neo-populist he makes full use of the possibilities afforded by modern mass media to gain direct access to the population and exploit existing aversions against the established parties. He communicates this way at home and abroad, stylizing himself as a leader with followers in many countries. States and people are classified into good and bad, so foreign policy obeys a strict friend/foe distinction. Chávez foments anti-imperialism and anti-Americanism with

25 Steve Ellner, “The ‘Radical’ Thesis on Globalization and the Case of Venezuela's Hugo Chávez”, *Latin American Perspectives* 29, no. 6 (2002): 88–93.

26 Nikolaus Werz, ed., *Populismus: Populisten in Übersee und Europa* (Opladen 2003), including Hans Jürgen Puhle, “Zwischen Protest und Politikstil: Populismus, Neo-Populismus und Demokratie” (15–43) on the conceptual debate and Nikolaus Werz, “Alte und neue Populisten in Lateinamerika” (45–64) on the Latin American tradition. Also Susanne Gratius, *La “Revolución” de Hugo Chávez: ¿Proyecto de izquierdas o populismo histórico?* (Madrid: Fundación para las Relaciones Internacionales y el Diálogo Exterior [FRIDE], 2007), and Boeckh, “Venezuela auf dem Weg zu einem autoritären Neopopulismus?” (see note 6).

the myth of the ever-present danger of a US invasion. Here he makes good use of the coup of 2002, whose defeat he skilfully succeeds in presenting as a popular uprising against a supposed anti-Chávez alliance of the Venezuelan opposition and the Bush administration. This polarization between the “imperialist” and “anti-imperialist” camps leaves no room for nuances; the friend/foe ideology of his rhetoric creates seemingly clear fronts.

The political reality is somewhat more complex, however. Although Chávez's invectives against the United States sometimes also include the European Union and its member states, at least indirectly, he is not above calling on the Europeans as partners for specific alliances. Of course, that does not preclude personal attacks of the kind launched against German Chancellor Angela Merkel during her May 2008 trip to Latin America, after she had questioned Venezuela's right to leadership in Latin America.

## Militarization of society and state

The Plan Bolívar 2000 of 27 February 1999 entrusted the military with the task of “Venezuela's national development”, providing for the army to be involved in building schools, distributing food and providing health care in the slums.<sup>27</sup> It also took over the running of the state-owned food distribution system Mercal. This involvement of the armed forces in central functions of civilian administration has created a military “parallel executive”,<sup>28</sup> within which initially about two hundred – in the meantime more than five hundred – serving and retired officers as well as participants in Chávez's failed coup of 1992 have occupied important positions.<sup>29</sup> Thus the social projects (“misiones”), which were initially planned to be temporary measures, have become permanently established, and the parallel structures created in this way are outside of public control; the Venezuelan military

27 Article 328 of the Constitution of 1999.

28 Jörg Röder and Michael Rösch, “Neopopulismus in Venezuela – Aufbruch in die Dekade der Illusionen?” *Brennpunkt Lateinamerika* 1 (2001): 9, [http://www.giga-hamburg.de/dl/download.php?d=/content/ilas/archiv/brennpunkt\\_la/bpk0101.pdf](http://www.giga-hamburg.de/dl/download.php?d=/content/ilas/archiv/brennpunkt_la/bpk0101.pdf) (accessed 20.7.2008).

29 Alfredo Keller, “Populismo institucional y populismo revolucionario en Venezuela”, *Diálogo Político* 21, no. 2 (2004): 39–62. In 2000 generals were also put in charge of the state-owned oil company PDVSA and its network of petrol stations in the United States.

has acquired new crime-fighting responsibilities that should really be the business of the police. At the same time the threat scenario of an American invasion conjured up by Chávez has justified purchasing of more weapons and expanding the influence of the armed forces into domestic politics.<sup>30</sup>

The new constitution of 1999 led to four changes with respect to the military. Firstly, the ban on political activity by members of the armed forces was lifted. Secondly, moreover, the military was now asked to participate actively in national development and maintaining internal order. A series of military and constitutional reforms further reinforced the political character of the armed forces.<sup>31</sup> Fourthly, in April 2007, Chávez announced that the time of neutrality for the Venezuelan army was over and that it should start regarding itself as anti-imperialist, revolutionary, Bolivarian and socialist. Appointing military officers to diplomatic posts has changed the country's foreign policy. Many decisions bypass the structures of the foreign ministry and are managed on the basis of military discipline within the chain of command.

In security, Venezuela and Brazil are floating the idea of a South American defence council, which Chávez likes to call the "NATO of the South".<sup>32</sup> But in view of the wide differences that still exist between the two countries it is unlikely that a civilian-military alliance of the Latin American countries will be created in the foreseeable future.

With the fourth-largest army in the region (more than 82,000 soldiers) and the fifth-largest defence budget in South America (approx. \$2.08 billion in 2006),<sup>33</sup> Venezuela appears to be striving to become a regional military power; at least that is what its recent arms purchases would suggest.<sup>34</sup> Currently two trends

are observed in Venezuela's procurement activities: replacing US-made weapons systems with alternatives purchased from Russia and China, and setting up a militia equipped with basic arms (AK-103 assault rifles). But the grounds given for these measures are very different threat perceptions than those that apply in other states of Latin America. The Venezuelan president fears a US invasion of his country and feels he must prepare himself for possible "asymmetrical war".<sup>35</sup> Conspicuous developments in recent years include an agreement with Russia to supply transport helicopters, one hundred thousand assault rifles and twenty-five SU-27 fighter aircraft, and the purchase of twelve transport aircraft and eight new patrol boats from Spain.<sup>36</sup> However it must be said that Venezuela's arms purchases are smaller than those of Brazil, Chile or even Colombia. At the current point in time a military leadership role for Venezuela in Latin America is a rather unrealistic prospect, because the president's Bolivarian ideology of integration – unlike his social policy ideas – has thus far found little resonance on the continent.

**30** Deborah Norden, "¿Autoridad civil sin dominación civil?" *Nueva Sociedad* 213 (2008): 170–87, [http://www.nuso.org/upload/articulos/34501\\_1.pdf](http://www.nuso.org/upload/articulos/34501_1.pdf) (accessed 20.7.2008).

**31** Harold A. Trinkunas, "The Crisis in Venezuelan Civil-Military Relations: From Punto Fijo to the Fifth Republic", *Latin American Research Review* 37, no. 1 (2002): 41–76. Also Xavier Rodríguez-Franco, "Las relaciones civil-militares en la Venezuela de hoy: el control civil personalista", *SIC* (Caracas) 67, no. 679 (2005): 389–92.

**32** Günther Maihold and Claudia Zilla, *Geteilte Sicherheit in Lateinamerika: Neue subregionale Initiativen und das Engagement der USA*, SWP-Aktuell 36/2008 (Berlin: Stiftung Wissenschaft und Politik, May 2008).

**33** SIPRI Yearbook 2007: *Armaments, Disarmament and International Security*, <http://yearbook2007.sipri.org> (accessed 20 July 2008).

**34** With the "Strategic Plan for Consolidation of Defence" Venezuela launched a military modernization programme

that experts believe will cost \$30.7 billion by 2012. Jim Dorschner, "Latin Leaders", *Jane's Defence Weekly*, 15 March 2006, 24–29 (29).

**35** Francesca Ramos Pismataro and Andrés Felipe Otálvaro, *Revolución Bolivariana; hacia una nueva concepción de seguridad y defensa en Venezuela* (Caracas, 2005), 41, [http://www.ndu.edu/chds/Journal/PDF/2006/Pismataroyotalvaro\\_article-edited.pdf](http://www.ndu.edu/chds/Journal/PDF/2006/Pismataroyotalvaro_article-edited.pdf) (accessed 23.8.2006).

**36** The International Institute for Strategic Studies (IISS), *The Military Balance 2005–2006* (London, 2006), 316.

### Hugo Chávez Frías: The man and his plan

In December 2008 the tenth anniversary of Hugo Chávez's election victory was celebrated in Caracas – with a mass rally where the president exalted his achievements to date. Although his first attempt to seize power was a coup, in February 1992, in the end he gained the political reins of Venezuela through landslide electoral victories. His sweeping constitutional reform of 1999 then placed the country's political system on a completely new institutional footing.

Born on 28 July 1954 in the rural state of Barinas, Hugo Chávez decided at an early age to pursue the military career that quickly took him away from the provinces to the military academy in Caracas. His political ambitions were strengthened by spells abroad in Peru during the military reformism of General Juan Velasco Alvarado (1968–1975) and in Panama under General Omar Torrijos (1968–1981). He melded these experiences with a typical Venezuelan instrumentalization of the intellectual and military heritage of Simón Bolívar and the national heroes Ezequiel Zamora and Simón Rodríguez, which he distilled into an idiosyncratic ideology of Bolivarianism. This he disseminated in simple populist style tinged with left-wing rhetoric as a new national ideology whose integrationist approach meant it was open to being adopted by other Latin American countries. The armed forces occupy a consistent central position as the leaders of a civilian-military alliance dedicated to serving the social and economic development of the country and the region. But the population clearly rejected any further changes to the constitution in a referendum on 2 December 2007. This was a severe setback for Chávez's efforts to set his country on an anti-imperialist path and secure an unlimited presidential mandate by legal means.

With the "misiones" programme in the Plan Bolívar, the president developed a network of social

projects operating largely autonomously of the state administration.\* Addressing questions of health, education and infrastructure development, they are staffed by Cuban doctors, paramedics and teachers and funded by the state oil company PDVSA. Under the slogan of "endogenous development" Venezuela is following an economic path governed by ideas of autarchy that claims provide a model for other countries.

In the new geometry of power President Chávez wields the power to spatially reorganize the country, reforming the regions and departments and reconstructing the political, social, economic and military order. He dissolved his Movement for the Fifth Republic (Movimiento V. República, MVR) into the United Socialist Party of Venezuela (Partido Socialista Unido de Venezuela, PSUV), although the latter has not yet fully consolidated itself. His international project of Bolivarian renewal is carried by numerous state and civil society institutions, which have built him an important base in the societies of Latin America through a multitude of specific assistance programmes. Networks of social movements, cultural associations and political groups have created a "Bolivarian International" that has a noticeable impact in the public sphere.

\* Initial analyses of the achievements of the "misiones" show that they often fall well short of their goals and exhibit grave deficits in their coordination with local and regional authorities; see Yolanda D'Elia, coord., *Las Misiones Sociales en Venezuela: una aproximación a su comprensión y análisis* (Caracas: Instituto Latinoamericano de Investigaciones Sociales [ILDIS], 2006), <http://library.fes.de/pdf-files/bueros/caracas/50458.pdf>. Also Thanalí Patruyo, *El estado actual de las misiones sociales: balance sobre su proceso de implementación e institucionalización* (Caracas: ILDIS, 2008), <http://www.ildis.org.ve/website/administrador/uploads/EleestadoactualdelasmisionessocialesPatruyo.pdf>.

## Fields of Venezuelan Foreign Policy

### Relations with the United States – a duality of stable oil supply and political provocation

With his declared resistance to US policy in Latin America, President Chávez is currently the United States's loudest opponent in the region. Provocations against representatives of the United States are part of the president's everyday repertoire. His anti-capitalist rhetoric, his fraternization with Fidel Castro and his massive support for Cuba through cheap oil supplies all strain bilateral relations. Many of President Chávez's stances and attitudes are a thorn in the side of the United States, including his good relations with Libya, Iraq under Saddam Hussein and Iran, his refusal to allow US aircraft on anti-narcotics missions to use Venezuelan airspace, his proposal to create a Latin American military force to replace the Rio Treaty, and his efforts to cut OPEC production quotas. Venezuela under Chávez is working towards multipolarity in international politics, courting China and India as partners for Latin America and markets for Venezuelan oil. These efforts are plainly not to the advantage of the United States.<sup>37</sup> It is not in the interests of US foreign and security policy for Venezuela to reduce its dependency on the United States and redefine its own security policy.<sup>38</sup>

Like Hugo Chávez, the Bush administration liked to divide the world into friend and foe. Initially Washington responded in kind to provocations from Caracas. But later the Americans turned more to the principle of "deeds, not words", measuring Chávez by what he does, which is generally less radical than what he says.<sup>39</sup> The United States then began to apply discriminatory strategies to brandmark Venezuela

<sup>37</sup> The Chinese leadership been very cautious in its dealings with Venezuela and has largely shown a cold shoulder to Hugo Chávez's calls for cooperation on the basis of "revolutionary solidarity", especially where these are ideologically motivated declarations.

<sup>38</sup> See also Friedrich-Ebert-Stiftung (FES), *Las relaciones entre Venezuela y Estados Unidos: de la certeza a la incertidumbre*, March 2007, <http://library.fes.de/pdf-files/bueros/chile/04464.pdf> (accessed 5 October 2007).

<sup>39</sup> Richard Lapper, *Living with Hugo: U.S. Policy toward Hugo Chávez's Venezuela*, Special Report 20 (Washington, D.C.: Council on Foreign Relations, 2006), 21.

before the international community. In autumn 2005 President Bush put Venezuela on the American drugs blacklist – joining only Myanmar – on the grounds of inadequate cooperation in the field of fighting drug trafficking. As a consequence US aid of more than \$2.2 million for Venezuela for the fight against the drug trade was steadily reduced and at the beginning of 2007 completely stopped. In March 2006 Venezuela was designated a "regional challenge" in the new national security strategy, which accused Chávez of undermining democracy and attempting to destabilize the region. Hardly a month later, on 28 April 2006, the Bush administration sent Congress its *Country Reports on Terrorism*, which gave a negative assessment of Venezuela's behaviour in relation to fighting terrorism. This led the Bush administration to a ban sales of arms and military equipment to Venezuela shortly thereafter, on the grounds that the country was not cooperating adequately in the fight against terrorism. The United States also tried to persuade Spain and Brazil to cancel planned arms sales on the grounds of their "US content". In the case of Brazil it was successful, whereas Spain announced that it would replace the US parts and go ahead anyway.<sup>40</sup> But at the end of 2006 the Spanish government announced that it would not be selling military equipment to Venezuela. Finally, a US mission manager for intelligence on Venezuela and Cuba was appointed in August 2006, putting these two states in the same intelligence category as North Korea and Iran, which until then were the only nations subject to that level of intelligence coordination.<sup>41</sup>

The Venezuelan attitude to the armed conflict in Colombia gives the United States increasing grounds for concern. After the crisis between Colombia and Venezuela in March 2008 US officials said that Venezuela could be placed on the list of states that support

<sup>40</sup> The International Institute for Strategic Studies (IISS), *Strategic Survey 2006: The IISS Annual Review of World Affairs* (London, 2006), 109. The planned shipment of Brazilian Embraer Super Tucano light combat and training aircraft was cancelled.

<sup>41</sup> "CIA-Beauftragter für Kuba und Venezuela", *Süddeutsche Zeitung*, 21 August 2006, 8.



terrorism, alongside Cuba, Iran, North Korea, Sudan and Syria.<sup>42</sup>

But for all Chávez's anti-American bluster, Venezuela continued to supply oil and still ranks as the United States's fourth most important oil supplier.<sup>43</sup> Venezuela and the United States are highly dependent on each other economically: most of the refineries with the technology to process Venezuela's heavy crude are located in the United States.

Venezuela and the United States actually maintain extensive trade ties. Thus in 2007 25.9 percent of Venezuela's total imports came from the United States, and the United States's role for Venezuelan exports is even more central: in 2006 the United States was the biggest market for Venezuelan products, taking 57 percent of the country's exports.<sup>44</sup> The energy sector is especially important here, because Venezuela has the western hemisphere's largest proven oil reserves and (after the United States) the second-largest gas reserves.<sup>45</sup> The Venezuelan state-owned oil firm PDVSA owns Houston-based Citgo, whose US operations include nine refineries, pipelines, oil terminals and a major network of about 15,000 petrol stations.<sup>46</sup>

So far the change in Venezuela's energy profile engineered by President Chávez has not affected bilateral trade. Venezuelan heavy crude cannot simply be sold in other markets, and there would be a shortage of suitable tankers. The Venezuelan government's attempt to play a classical game of brinkman-

ship has to this day remained purely rhetorical.<sup>47</sup> But not so the nationalization of the Orinoco oil fields announced in January 2007. On 26 June 2007 PDVSA signed new contracts with BP, Total, Statoil and Chevron, which handed over 60 percent shares in their Orinoco projects to the Venezuelan state-owned company. But no contracts were signed with the two US oil companies, ConocoPhillips and ExxonMobil, which together demanded \$5 billion in compensation.

In February 2008 British and Dutch courts froze \$12 billion in Venezuelan oil assets at ExxonMobil's request in return for the nationalization of its operations. But a court in London overturned that decision on 18 March 2008.

There is currently no sign of an alternative to the US market for marketing and processing Venezuelan crude. The efforts of Chávez's government to open up new markets in other countries by constructing refinery capacity and acquiring a fleet of tankers capable of operating globally (in contrast to the current ones that are restricted to the Caribbean) can only bear fruit in the medium term, if at all. So, at least in the field of economic and energy relations, the rhetoric directed against the Bush administration collides with a very different reality, whereas in the field of political relations between the two countries there is very much greater coherence between words and deeds.

## Parallel diplomacy and active neighbourhood policy

President Chávez attracts the solidarity of Latin American governments through energetic petrodiplo- macy and economic cooperation. Additionally he tries to establish a parallel "diplomacy of the nations" below the state level by channelling support to local groups.<sup>48</sup> Thus he supports the landless workers' movement in Brazil (Movimento dos Trabalhadores Rurais Sem Terra, MST) through an agreement on cooperation in the field of agriculture concluded in 2005, which provides for members of the movement to advise the Venezuelan government and conduct

<sup>42</sup> Marcelo Soares, "Questions about Venezuela as Rice Arrives in Brazil: If Chávez Indeed Aided Colombian Rebels, U.S. 'Will Act Accordingly'", *Los Angeles Times*, 14 March 2008, A3.

<sup>43</sup> Romero, *Jugando con el globo* (see note 13), 190f.

<sup>44</sup> Figures based on data from Bundesagentur für Außenwirtschaft, "Wirtschaftsdaten kompakt – Venezuela", May 2008, [https://www.bfai.de/ext/anlagen/PubAnlage\\_4643.pdf?show=true](https://www.bfai.de/ext/anlagen/PubAnlage_4643.pdf?show=true) (accessed 25 July 2008).

<sup>45</sup> 87 billion barrels of proven conventional reserves, unconventional reserves of 270 billion barrels of heavy and extra-heavy crude, 5.1 billion cubic metres of natural gas in oilfields. *BP Statistical Review of World Energy*, June 2008, [http://www.bp.com/liveassets/bp\\_internet/globalbp/globalbp\\_uk\\_english/reports\\_and\\_publications/statistical\\_energy\\_review\\_2008/STAGING/local\\_assets/downloads/pdf/statistical\\_review\\_of\\_world\\_energy\\_full\\_review\\_2008.pdf](http://www.bp.com/liveassets/bp_internet/globalbp/globalbp_uk_english/reports_and_publications/statistical_energy_review_2008/STAGING/local_assets/downloads/pdf/statistical_review_of_world_energy_full_review_2008.pdf) (accessed 25 July 2008) and Lowell R. Fleischer, "Venezuela", in *Energy Cooperation in the Western Hemisphere: Benefits and Impediments*, ed. Sidney Weintraub, Annette Hester and Veronica R. Prado, 165–190 (Washington D.C., 2007).

<sup>46</sup> Following President Chávez's address to the United Nations General Assembly in 2006, 7-Eleven cancelled its supply contract with Citgo for its chain of more than 2,100 petrol stations in the United States.

<sup>47</sup> Hugo Chávez has repeatedly threatened to stop oil supplies to the United States and supply China instead, but given that China currently lacks the technical capacity to process Venezuelan heavy crude this is an empty threat.

<sup>48</sup> Werz, *Hugo Chávez* (see note 11), 8.

training for Venezuelan peasants' organizations.<sup>49</sup> In recent years Venezuela has also organized and supported various congresses of social movements.<sup>50</sup> Through a strategy of pursuing active interest-led policies within and outside official channels, Venezuelan diplomacy has succeeded in gaining influence in the various social contexts of Latin America and beyond, and in the process creating an audience for the ideas of the "Bolivarian revolution".

Hugo Chávez has set the goal of counteracting diplomatic isolation by the United States and expanding his political base in his own region first.<sup>51</sup> Here he has learned the lessons of his own mistakes at the beginning of his presidency and from the negative example of Cuba, which was isolated for decades by the West. In this field Chávez continues to make use of the classical methods of state diplomacy. In 2006 so-called left-wing governments came to power in Uruguay, Bolivia, Ecuador and Nicaragua, and in August 2008 in Paraguay too. This has greatly improved the chances of forming an alliance favourable to Venezuela. So any strategy of isolating Venezuela politically will be without success (and this is not an option that the new administration of President Barack Obama seems to have in mind).

### Colombia – energy partnership despite revolutionary solidarity with the guerrillas?

Colombia under President Álvaro Uribe, on the other hand, has become the United States's closest ally in South America. This has made Colombia the target of enduring provocations and political escalations by President Chávez, which his Colombian counterpart Uribe generally repays in kind. American support for Colombia – \$5.6 billion since the year 2000 under Plan Colombia for the war against the guerrillas and the drug trade – has been a major factor straining neigh-

bourly relations.<sup>52</sup> The relationship between Colombia and Venezuela has fallen under the shadow of the triangular relationship with the United States. The governments in Bogotá and Caracas have made repeated attempts to liberate their bilateral relationship from Washington's influence and orientate it more strongly on immediate national interests. But their success here has been only intermittent.

But Venezuela's national interest in cordial relations with its neighbour could weigh heavier than past discord. Venezuela exchanged goods worth \$9 billion with Colombia in 2006, and Colombia has become an indispensable partner in the field of energy policy (for Venezuela's plans to diversify the markets for its oil).<sup>53</sup> Venezuela will have to cross Colombian territory if it wishes to transport its gas to the west coast of the continent to open up the Pacific market. For the moment cooperation is functioning in the form of bilateral projects such as the Antonio Ricaurte gas pipeline (gasoducto transguajiro) that came on stream in October 2007 transporting 150 million cubic metres of gas daily from Colombia's Caribbean coast to northern Venezuela.<sup>54</sup> When the Colombian reserves are exhausted the flow will be reversed and Venezuelan gas – whose production still has to be developed – given access to the Pacific market by the projected pipeline through Colombian territory to the Pacific coast of Ecuador.

However, the violent conflict in Colombia and its regional repercussions interfere with this energy partnership. The Colombian military has often accused Venezuela of providing FARC and ELN guerrillas with safe sanctuary on the Venezuelan side of the border, allowing them to make logistical preparations for their activities. The spectacular success of the Colombian secret service in 2006, capturing FARC spokesman Rodrigo Granda on an open street in Caracas and taking him to Bogotá without the knowledge of the Venezuelan authorities, is cited as evidence of this. In September 2007 the Venezuelan government intervened – with the approval of President Uribe – to

49 Fausto Torrez, "La Vía Campesina & Venezuela to Establish Latin American Institute of Agro-ecology 'Paulo Freire'", 21 July 2006, <http://www.mstbrazil.org/?q=laipaulofreire> (accessed 19 March 2008).

50 For example in the case of the international peasants' organization Vía Campesina and the Latin American alternative and grassroots media. Dario Azzellini, "Venezuela und das 'Neue Lateinamerika'", *Blätter für deutsche und internationale Politik* 51, no. 3 (2006): 317–23.

51 Nikolas Kozloff, *Hugo Chávez: Oil, Politics, and the Challenge to the U.S.* (New York, 2007), 105.

52 Guillermo Pérez Flórez, "Chávez y Uribe: divorcio expreso: Crisis en el laberinto andino", *Política exterior* 22, no. 121 (2008): 21–28.

53 13.5 percent of imports (2007), 4.5 percent of exports (2006), data from Bundesagentur für Außenwirtschaft, "Wirtschaftsdaten kompakt – Venezuela" (see note 44).

54 "Inauguran en Colombia gasoducto transguajiro de 225 kilómetros", *La Jornada*, 13 October 2007, <http://www.jornada.unam.mx/2007/10/13/index.php?section=economia&article=020n1eco&partner=rss> (accessed 6 March 2008).

mediate in the efforts to reach a humanitarian agreement between the Colombian government and the FARC guerrillas and secure the release of hostages held by the guerrillas. After the hostages Clara Rojas and Consuelo González were released in January 2008 the Venezuelan government called for the FARC to be classified as a civil war party rather than a terrorist group. The Colombian government interpreted this as a clear sign of Venezuelan efforts to give the guerrillas political backing.

After FARC leader Raúl Reyes and twenty guerrillas were killed on 1 March 2008 in a Colombian attack on a FARC rebel camp on Ecuadorian territory, tensions in the Andes region escalated into regional crisis. Venezuela intervened in the conflict, responding like Ecuador by breaking off diplomatic relations and deploying troops to the border. Another verbal exchange of blows ensued, revolving largely round documents found on Reyes's laptop, which were said to demonstrate that both Ecuador and Venezuela had lent financial support to the FARC. This led Uribe to announce that he would bring a case against Chávez before the International Court of Justice.

Three days later, on 7 March 2008, at the summit meeting of the Rio Group the Colombian president apologized for the violation of Ecuadorian sovereignty, which seemed to resolve the conflict at least superficially. But relations between Colombia and Ecuador are still so strained that neither currently has an ambassador in the other's capital.

These events highlight the glaring discrepancy between the Venezuelan president's grand words and his actual deeds. Plainly he has been using the conflict to distract attention from domestic political problems, to hog the limelight as a humanitarian figure on the international stage and to gain global attention. Despite a temporary cessation of hostilities the conflict is ongoing; Venezuela is abiding by its position of revolutionary political solidarity with the FARC guerrilla. The release of French citizen and former Colombian presidential candidate Ingrid Betancourt by the Colombian military on 2 July 2008 – after six years as a FARC hostage – has made Venezuelan involvement in this question superfluous. But the neighbourly relationship is not immune to renewed conflagrations – to which both presidents contribute through their actions.

### **Brazil – distanced partner to the south**

Right at the beginning of Chávez's term of office Venezuela undertook steps to establish an energy partnership with its southern neighbour Brazil.<sup>55</sup> This initiative was furthered by the political circumstances of the so-called oil strike of October 2002. When the staff of PDVSA crippled the company, resulting in considerable technical difficulties, newly elected Brazilian President Luiz Inacio Lula da Silva demonstrated solidarity with the Venezuelan government, agreeing to export oil to Venezuela and provide Brazilian technicians to restart PDVSA's oil production. This can be regarded as the foundation stone of bilateral energy cooperation. In the meantime joint construction of an oil refinery by the state oil companies Petrobras and PDVSA in Pernambuco in north-eastern Brazil is the focus of cooperation. When it is completed in 2011 it will process 200,000 barrels of extra-heavy crude daily, half of which will come from the Venezuelan Orinoco Oil Belt.<sup>56</sup>

Brazil and Venezuela are united by their desire to define South America as a distinct integration region separate from Mexico and Central America. Nonetheless Brazil, with a cautious and considered foreign policy under both President Fernando Henrique Cardoso and President Lula has never allowed itself to be railroaded into a Venezuelan anti-US front in Latin America. Quite the contrary, through its regional initiatives Brazil has successfully moderated and developed an increasingly distanced stance towards Chávez. Brazil has thrown its weight behind bio-ethanol, and President Lula's agreement with the Bush administration to supply this fuel to the United States provoked a storm of protest from Chávez. On the one hand he sees this trade relationship with the United States as disrupting his idea of a South American energy cartel. On the other, he echoes the criticism of former Cuban head of state Fidel Castro that it was

<sup>55</sup> On the establishment of close bilateral relations during the 1990s see Wilhelm Hofmeister, "Die Beziehungen zwischen Brasilien und seinen Nachbarländern (I)", in  *Südamerika zwischen US-amerikanischer Hegemonie und brasilianischem Führungsanspruch*, ed. Gilberto Calcagnotto and Detlef Nolte, 102–143 (Frankfurt am Main, 2002). Also Nikolaus Werz, "Die Beziehungen zwischen Venezuela und Brasilien", 200–12 in the same volume.

<sup>56</sup> Petrobras and PDVSA are also considering jointly operating the Carabobo I oil field. Bundesagentur für Außenwirtschaft, "Energiewirtschaft Venezuela 2006", [https://www.bfai.de/ext/anlagen/PubAnlage\\_3607.pdf?show=true](https://www.bfai.de/ext/anlagen/PubAnlage_3607.pdf?show=true) (accessed 25 July 2008).

immoral to use foodstuffs to produce fuel as long as the population continued to suffer from malnutrition.<sup>57</sup> To that extent Brazil has become a critical partner, formulating its own national interests in clear distinction from Venezuela's position and succeeding in moderating polarizations in the region resulting from Venezuelan initiatives.

### **Argentina – partnership through energy cooperation and joint debt management**

The close relations between Venezuela and Argentina also originated in bilateral cooperation sparked by an energy crisis. When massive shortfalls in gas supplies endangered Argentine electricity generation in 2004 the Venezuelan leadership quickly came to the aid of President Néstor Kirchner and his government, providing emergency oil supplies worth \$300,000. Now 10 million barrels are supplied annually, in return for which Argentina provides meat, agricultural products and medical equipment in a barter arrangement. This trade relationship has grown over the years. Venezuela continues to provide oil, while Argentina supplies agricultural machinery and overhauled the Venezuelan tanker fleet in its shipyards.

Venezuela has also established cooperation between the two countries' state-owned energy companies. Thus after the privatization of the state-owned YPF (Yacimientos Petrolíferos Fiscales) in 1992, the Argentine state founded another state-controlled energy company named ENARSA (Energía Argentina Sociedad Anónima), which henceforth served as PDVSA's partner in joint ventures for refining oil, producing oil derivatives and setting up a distribution system.<sup>58</sup> In a classical "oil-for-food" programme, PDVSA has opened more than five hundred petrol stations in Argentina since 2005.<sup>59</sup> Additionally four new tankers were ordered from Argentine shipyards.

A new quality of cooperation was reached when Venezuela purchased \$5.77 billion of Argentine debt, allowing Argentina to restructure its obligations without recourse to the international financial organizations. The Venezuelan government successfully resold all but \$4 million, giving it a profit of \$293.1 million

<sup>57</sup> Although this argument is hollow because Brazil produces its bioethanol from cane sugar.

<sup>58</sup> Argentina's two main energy companies, YPF and Gas del Estado, were privatized in 1993 and 1992 respectively; YPF was taken over by the Spanish firm Repsol.

<sup>59</sup> Kozloff, *Hugo Chávez* (see note 51), 117.

because of Venezuela's better credit rating.<sup>60</sup> This initiative sent the provocative message to the international financial organizations that their economic remedies were no longer needed. The first Argentine-Venezuelan bond (Bono del Sur) was sold to Venezuelan investors in November 2006; further issues followed in February and October 2007. Hugo Chávez's support for Argentina's economic policy course forms the basis for the shared macro-economic line of the two governments: using solidarity-based regional systems to free Latin American governments from the World Bank and the IMF. Both the Venezuelan president and Argentine President Cristina Fernández de Kirchner celebrate this decoupling of debt management from the conditions of the Bretton Woods institutions as the Latin American countries regaining their self-determination. They believe it marks the end of the "Washington consensus" as the defining economic policy in Latin America.

### **Alliances of petrodiplomacy**

In October 2000 the Caracas Energy Agreement (Acuerdo Energético de Caracas) was signed in the Venezuelan capital by Venezuela and the countries of Central America and the Caribbean. It was followed by further Venezuelan initiatives such as the Energy Ring of the South (Anillo Energético del Sur), the Energy Ring of the Caribbean (Anillo Energético del Caribe), the gas pipeline through Colombia to the Pacific, the South American Energy Cone (Cono Energético Suramericano) and the most politically visible project, ALBA (Alternativa Bolivariana para los pueblos de Nuestra América), which sees itself as the solidarity-based integration alternative to the Free Trade Agreement of the Americas (FTAA).<sup>61</sup>

#### **ALBA – the alternative integration initiative**

The integration project ALBA was born in early 2005 as a cooperation between Venezuela and Cuba. Bolivia

<sup>60</sup> Author's calculations based on Economist Intelligence Unit (EIU), *Country Report Venezuela*, September 2006, *EIU Country Report Venezuela*, December 2006, *EIU Country Report Venezuela*, March 2007, and *EIU Viewswire*, October 2007.

<sup>61</sup> For an overview see Josette Altmann, ed., *Dossier ALBA: Alternativa Bolivariana para América Latina* (San José, Costa Rica: Facultad Latinoamericana de Ciencias Sociales [FLACSO], 2007).

joined on 30 April 2006 by signing the Trade Treaty of the Peoples (Tratado Comercial de los Pueblos, TCP). The TCP is the basis of the ALBA project, which Hugo Chávez first outlined in December 2001 at the third summit meeting of Caribbean heads of state and government on Isla Margarita in Venezuela. It defines five main fields of cooperation: energy, development programmes, infrastructure projects, communication (TeleSUR) and finance (Banco del Sur, Banco del ALBA). Apart from the founding of TeleSUR, PetroCaribe is currently the only multinational project that is actually up and running.<sup>62</sup> Cooperation in the ALBA framework follows three principles: rejection of free-market economic reforms, expanding the state's role in the economy by giving preference to state-owned companies, and harmonizing the relationships between state and economy. The founding members Bolivia, Cuba and Venezuela hope to implement a model of integration that will reduce poverty and social exclusion by promoting economic and social development. The project is financed primarily through funds from Venezuela and oil barter trades.

The Trade Treaty of the Peoples includes provisions abolishing import duties on particular products traded between the three countries, barter deals (Cuban doctors for Venezuelan oil) and mutual assistance (Venezuelan grants for students from Bolivia).<sup>63</sup> State-owned companies are granted fundamentally privileged access to the markets of the partner countries. In March 2007 Nicaragua joined as an official member, followed by the Dominican Republic in January 2008 and Honduras in August 2008. Iran has enjoyed observer status since September 2007. At the last summit meeting, on 26 January 2008 in Caracas, the five member states announced the founding of a military alliance, which has been under discussion since then.<sup>64</sup>

The expansion of ALBA with three new members and cooperation in a growing spectrum of fields – such as food supply – might appear to indicate that

this integration project driven forward by Venezuela is heading for success. But its one-sided orientation on Venezuela and its dependency on Venezuelan oil remain the great deficits of the project. The lack of supranational institutions that could serve as the basis for making shared decisions makes ALBA susceptible to short-term developments and changes in leadership in member states. Currently this project, which principally connects the poorer countries of Latin America, has only a very limited impact on the structuring of regional relations. Mainly it serves the Venezuelan president as a platform to satisfy his foreign policy ambitions.

The most important component of the whole ALBA project is PetroAmérica, an initiative to promote energy integration between the countries of Central America, the Caribbean and South America. The project is designed to strengthen regional integration initiatives like Mercosur and the South American Community of Nations (Comunidad Suramericana de Naciones, now renamed Unasur, or Unión de Naciones Sudamericanas, see below). PetroAmérica comprises three subregional energy integration programmes: PetroSur, PetroCaribe and PetroAndina.

PetroSur covers energy cooperation between Argentina, Brazil, Paraguay, Uruguay and Venezuela. In the framework of PetroCaribe, cooperation has already been agreed on the basis of a treaty between Venezuela and seventeen Caribbean and Central American states. Finally, PetroAndina established a Venezuelan connection to the Andean Community (CAN), but when Venezuela left CAN, this cooperation was reduced to bilateral energy ties between Bolivia, Colombia, Ecuador and Peru.

PetroAmérica aims to advance direct negotiations on the continent leading to multilateral or bilateral agreements. Intergovernmental agreements and cooperation between state-owned companies are given particular priority.<sup>65</sup>

### **PetroCaribe – an example of solidarity in energy cooperation?**

PetroCaribe, the first of the three aforementioned energy integration programmes to be set up, is the

<sup>62</sup> Altmann, *Alba: ¿un proyecto alternativo para América Latina?* (see note 22).

<sup>63</sup> Rafael Correa Flores, ed., *Construyendo el Alba: Nuestro Norte es el Sur* (Caracas, May 2005), 22, <http://www.alternativabolivariana.org/pdf/libroalba.pdf> (accessed 27 March 2008).

<sup>64</sup> “Declaración política de la VI Cumbre de la Alternativa Bolivariana para los Pueblos de Nuestra América”, *Boletín ALBA* 15, 26 January 2008, <http://www.alternativabolivariana.org/modules.php?name=News&file=article&sid=2668> (accessed 13 March 2008).

<sup>65</sup> For a more detailed discussion of cooperation between state-owned companies in the PetroAmérica framework see Jesús Mora Contreras, “La nueva regulación venezolana de los hidrocarburos”, in *¿Hacia la integración de los mercados petroleros en América?* ed. Isabelle Rousseau, 175–97 (Mexico City, 2006).

initiative where cooperation is most advanced to date. Its organizational structure draws on that of OPEC, to the extent that the highest instance is the council of energy ministers. There is also an executive secretariat, whose responsibilities are carried out by the Venezuelan energy and oil ministry. PetroCaribe is an organization for cooperation between governments, not between private companies. The participating Caribbean and Central American states profit from considerable savings through the agreement: transport costs are reduced and it offers favourable arrangements for financing oil purchases. As the oil price rises repayment periods extend and the proportion of credit funding expands, so conditions for the participating countries are currently exceptionally good.<sup>66</sup>

The extent to which Venezuela has to date supported individual states through PetroCaribe and which projects have actually really been implemented cannot be precisely determined. The Dominican Republic, St Vincent, Antigua, Jamaica and Haiti have received financial support.<sup>67</sup> Panama and Costa Rica<sup>68</sup> have remained outside the grouping, while Nicaragua became a member after Sandinista Daniel Ortega won the presidential election in November 2006; Honduras and Guatemala joined in 2008. As well as setting quotas and financing arrangements, PetroCaribe also aims to develop a regional transport, refining and storage infrastructure. As the first step PDVSA has set up a new subsidiary – PDV-Caribe – to meet the promises that have been made. These include establishing a logistical network of ships and port infrastructure to organize refining and fuel distribution, as well as investment in the refineries at Cienfuegos in Cuba and commencing construction of the Supremo Sueño de Bolívar refinery in Nicaragua. With the support of Nicaragua's Sandinista government President Chávez has put on ice comparable cooperation initiatives with Panama that had previously been planned. Due to the fall in oil prices, the refinery project in Nicaragua has been postponed. Of the approx. three million barrels of oil Venezuela produces daily, 180,000 are earmarked for PetroCaribe.

Cuba alone receives half of these, making it a clear priority. Like ALBA, PetroCaribe provides for oil debts to be paid through supply of other goods and services if needed. Thus Cuba provides the Venezuelan government with large numbers of doctors, teachers and advisors.

Here it can be seen how closely allied Latin American governments can strongly influence Venezuelan energy policy: geopolitical revolutionary solidarity outweighs national interests.

### Establishing new regional institutions

On 19 April 2006 Venezuela's president announced that his country was leaving the Andean Community (Comunidad Andina de Naciones, CAN): after Colombia and Peru signed free trade agreements with the United States, he said, its basis had been destroyed.<sup>69</sup> His simultaneous announcement that Venezuela would join Mercosur was implemented shortly thereafter on 4 July 2006, when Venezuela acceded to the Treaty of Asunción and became the fifth member of Mercosur. Venezuela agreed to accept Mercosur's institutional norms within four years and enjoys the status of full member with voting rights from the outset, although it will not become a full member of the customs union until 2014.<sup>70</sup>

The aggravation caused by President Chávez's statement that he wanted to join a "new Mercosur" that represented the basis for "true" integration extended well beyond the conservative circles in Uruguay and Brazil. At the same time he announced, in a declaration received as a provocation by the member states, a series of initiatives designed to put that new format into practice, proposing setting up an agency to monitor the democratic quality of Mercosur (and in the longer term replace the Inter-American Commission on Human Rights), transforming Mercosur into an anti-US alliance and founding a Bank of the South.

The switch from CAN to Mercosur is another attempt by Chávez to modify the geopolitical map of

<sup>66</sup> Luis E. Lander, *La Energía como palanca de integración en América Latina y el Caribe* (Caracas: ILDIS, 2006; Bonn: FES, 2007), <http://library.fes.de/pdf-files/bueros/caracas/50451.pdf> (accessed 23 July 2008).

<sup>67</sup> Ronald Sanders, "Venezuela in the Caribbean: Expanding Its Sphere of Influence" *The Round Table* 96, no. 391 (2007): 465–76.

<sup>68</sup> Costa Rica formalized its application for participation in July 2008.

<sup>69</sup> See also Carlos Malamud, *La salida venezolana de la Comunidad Andina de Naciones y sus repercusiones sobre la integración regional latinoamericana*, ARI 63/2006 (Madrid: Real Instituto Elcano, 31 May 2006), <http://www.realinstitutoelcano.org/analisis/982.asp> (accessed 20 July 2008).

<sup>70</sup> Edmundo González Urrutia, *La incorporación de Venezuela al Mercosur: Implicaciones políticas en el plano internacional* (Caracas: ILDIS, 2007), [http://www.nuso.org/upload/fes\\_pub/MercosurEGonzalez.pdf](http://www.nuso.org/upload/fes_pub/MercosurEGonzalez.pdf) (accessed 20 July 2008).

Latin America to suit his own political needs and personal preferences. That would accomplish a first step in the president's strategy of developing a comprehensive concept of South American integration, in which ALBA and PetroAmérica function as central mechanisms to which traditional integration projects such as Mercosur are subordinated. The integration pushed by Chávez is designed to open up a long-term export market for Venezuela's own oil and gas.<sup>71</sup>

So Venezuela's plans go a good deal further than the existing integration initiatives, aiming for political integration of the whole of South America. At their third summit meeting in December 2004 the twelve South American countries decided to organize themselves as the South American Community of Nations (Comunidad Sudamericana de Naciones, CSN). The origins of that move lie in an initiative launched by then Brazilian President Fernando H. Cardoso at the first South American summit meeting in 2000 and institutionalized under his successor Lula da Silva. During the first South American energy summit in May 2007 the CSN was renamed the Union of South American Nations (Unión de Naciones Sudamericanas, Unasur) without any direct indication of what changes that might involve (apart from the intention to set up a secretariat in Quito, Ecuador). The declaration of the first summit meeting of the heads of state and government of the CSN at the end of September 2005 already defined regional and energy-related integration and the creation of independent finance mechanisms for South America as priorities, alongside political dialogue and promoting social integration and justice.<sup>72</sup> At its last summit in Costa do Saúpe, Salvador de Bahía, Brazil, in December 2008, the CSN member states again failed to designate an executive secretary, decision which had to be postponed to the next meeting in April 2009.

In the guise of Unasur other countries also seem to have accepted President Chávez's model of advancing integration in South America via the energy sector. The South American heads of state and government stressed their desire for greater integration and agreed to improve infrastructure in the energy sector

<sup>71</sup> Jörg Husar and Günther Maihold, *Neue Prioritäten im Mercosur*, SWP-Aktuell 36/2006 (Berlin: Stiftung Wissenschaft und Politik, August 2006).

<sup>72</sup> Final declaration of the first meeting of heads of state and government of the South American Community of Nations, 30 September 2005, [http://www.comunidadandina.org/documentos/dec\\_int/casa\\_2005\\_3.htm](http://www.comunidadandina.org/documentos/dec_int/casa_2005_3.htm) (accessed 27 March 2008).

through joint investments, to develop alternative forms of energy and prioritize cooperation projects in the field of energy-saving, and to expand cooperation between state-owned energy companies.

The constitutive treaty for Unasur was signed in May 2008 at the Brasilia summit. As the first steps towards institutionalization it was agreed to set up a permanent secretariat and to establish a political commission and a council of delegates. The South American Energy Council (the twelve energy ministers) is to prepare an agreement on gas, oil, alternative energy and energy-saving.<sup>73</sup> But it has not yet been possible to reach agreement on Venezuela's pet project of a regional gas cartel (Organización de Países Productores y Exportadores de Gas, OPPEGAS) modelled on the oil producers' cartel OPEC.

### Striving for financial autonomy – Banco del Sur

The agreement setting up the Bank of the South (Banco del Sur) was signed in November 2007 in Buenos Aires by Venezuela, Argentina, Bolivia, Brazil, Ecuador, Paraguay and Uruguay.<sup>74</sup> This step put into practice a plan that the Venezuelan president had been pursuing since 2004, and was preceded in February 2007 by a joint decision by Venezuela and Argentina to set up a bank of their own, and in October 2007 by the Declaration of Rio where the seven countries defined regional financial independence as their goal.<sup>75</sup> Dissatisfaction with the policies and practices of the World Bank and the IMF – which, it is claimed, interfered in the internal affairs of states and exerted pressure to privatize state-owned property – created fertile ground for these initiatives. The idea was to send a strong signal against the activities of the central global financial institutions. Here open affronts were staged against the established institutions without participating in the ongoing debates about their reform.

<sup>73</sup> Founding treaty signed on 23 May 2008 at the third Unasur summit, <http://www.integracionsur.com/sudamerica/TratadoUnasurBrasil08.pdf> (accessed 25 July 2008).

<sup>74</sup> See the founding act of the Bank of the South, December 2007, <http://www.integracionsur.com/sudamerica/ActaFundacionBancoSur2007.pdf> (accessed 29 February 2008).

<sup>75</sup> For more on the founding process, see Raúl Zibechi, *Bank of the South: Toward Financial Autonomy, Americas Program Report* (Washington, D.C.: Center for International Policy, 6 July 2007), <http://americas.irc-online.org/am/4364> (accessed 20 July 2008).

The new Bank of the South is intended in the first place to promote the economic and social development of the member states. This will involve funding infrastructure projects, supporting the expansion of existing state-owned companies and financing small and medium-sized businesses, regardless of the fact that all these tasks actually fall under the remit of the Inter-American Development Bank (IADB). The member states' contributions are to be weighted to reflect their different economic strengths, but in contrast to the Bretton Woods institutions their votes will count equally.<sup>76</sup> Argentina, Brazil and Venezuela will each provide \$2 billion within a year, Uruguay and Ecuador will each contribute \$400 million over a period of ten years, while Paraguay and Bolivia will each raise \$100 million in a first tranche. It is hoped to raise the rest of the planned starting capital of \$10 billion through contributions from Chile, Colombia, Peru, Suriname and Guyana, all of which have declared their intention to join the project. But it is so far unclear when the bank will really be fully functioning.

With the founding of the Banco del Sur (with headquarters in Caracas) the member states expect to be able to make considerable savings on interest payments and currency transactions while at the same time stimulating the region's economy. This would satisfy the chronic need for capital and also raise funds for other projects, increasing independence and reducing vulnerability to foreign influences. Establishing a stabilization and development fund and a common currency are being considered as possible projects for the future.

However, at the current point in time the starting capital is too small to compete with the World Bank and the IMF, and there are other problems too: Chile, Peru and Colombia will not be joining for the moment, which will seriously lessen the impact of the new institution; the Bank of the South lacks qualified personnel and the access to the global financial markets that is required for refinancing; Latin American states are not terribly reliable at meeting international obligations; and finally there must be worries about a possible misuse of power by Venezuela, although Brazil provides a major counterbalance here. The first problems have already cropped up within the community, with Brazil and Venezuela

pulling in opposite directions. For Chávez the Bank of the South represents a clear alternative to the IMF, whereas the Brazilians would prefer to see its role restricted to funding regional infrastructure projects.<sup>77</sup>

By internationalizing this originally Venezuelan project the Latin American states took a stance against the United States and created an instrument with which to bait the established international financial organizations. In April 2007 Ecuador's President Rafael Correa declared World Bank representative Eduardo Somensatto persona non grata; Bolivia refuses to recognize the authority of the World Bank's International Centre for Settlement of Investment Disputes; Venezuela in turn announced its intention to leave the IMF and the World Bank.<sup>78</sup> It has not, however, carried through that threat because it would mean accepting worse ratings for Venezuelan debt titles, which could lead to considerable financial difficulties for the country. Here, especially, becomes abundantly clear that the discrepancy between words and deeds has become a standard feature of Venezuelan diplomacy. Many pronouncements appear to stem largely from situation-focused rhetoric and lead to little in the way of manifest action.

#### **“Sponsoring” the cultural unity of South America – TeleSUR**

Venezuela's support for cooperation and integration in Latin America is not restricted to initiatives for financial, trade and political integration. By founding TeleSUR President Chávez has also opened up a new dimension of inter-state cooperation in the media.<sup>79</sup> This TV station broadcasting round the clock in Spanish is conceived as competition for CNN, BBC and Fox News, which also broadcast their news programmes in Spanish in Latin America. The station was founded as a branch of the state-run Venezolana de Televisión and provided with \$2.5 million starting capital by Venezuela. Running costs are shared by

<sup>77</sup> María José Martínez Vial, “Banco del Sur: ¿Lógica o desafío?” *Política Exterior* 21, no. 119 (2007): 29–33.

<sup>78</sup> Since Venezuela has steadily reduced its dependency on the international financial institutions. Recently it paid off all its debts five years early, saving \$8 million in the process. In 2006 the IMF closed all its offices in Venezuela.

<sup>79</sup> Günther Maihold, “TeleSUR: la creación televisiva de ‘lo latinoamericano’”, *Iberoamericana: América Latina – España – Portugal* 8, no. 29 (2008): 183–88. Also <http://www.telesurtv.net>.

<sup>76</sup> Hartmut Sangmeister and A. Lisa Thimm, “Kann Lateinamerika von der Globalisierung des Kapitals profitieren?”, *GIGA-Focus* 9 (2007): 6f, [http://www.giga-hamburg.de/dl/download.php?d=/content/publikationen/pdf/gf\\_lateinamerika\\_0709.pdf](http://www.giga-hamburg.de/dl/download.php?d=/content/publikationen/pdf/gf_lateinamerika_0709.pdf) (accessed 25 July 2008).



Venezuela (51 percent), Argentina (20 percent), Cuba (19 percent) and Uruguay (10 percent). A cooperation agreement with state-run TV Brasil allows the whole region to be covered. The station's signal can be received via satellite in the whole of Latin America as well as western Europe and north-west Africa. In many countries TeleSUR has no participation in local cable networks, which considerably limits its coverage in Latin America.

Venezuela is pursuing several goals through this initiative. Firstly to counter the influence of news media dominated by the United States and private stations. Secondly, to expand cooperation between state-run stations in the region, and through this, thirdly, to promote an autonomous cultural identity. That there is also a political aspect comes as no surprise. TeleSUR is supposedly looking for a partnership with the Arab broadcaster Al Jazeera, which for its part plans to open an office in Caracas. So far there is no data on the station's acceptance among the Latin American audience – which is largely accustomed to commercial telenovelas. Because the station's programming is 40 percent news and current affairs, it may be at odds with traditional viewing habits.

## Venezuela's Geopolitical Ambitions

### Transparent alliance of convenience with Iran

In August 1999, just half a year after taking office, the Venezuelan president visited all ten OPEC member states to invite them to the 2000 OPEC summit in Caracas. The first meeting between Hugo Chávez and Mohammad Khatami in Tehran marked the inauguration of a new South-South alliance. As well as serving to increase the pressure to cut oil production quotas and thus to drive up prices, it is a clear sign of Venezuela's willingness to cooperate with countries branded (by the United States) as "rogue states" and fits into the series of political provocations perpetrated by President Chávez. Chávez quickly returned for a second visit to Iran, in May 2001, to sign a memorandum of understanding, on the basis of which a joint commission for bilateral cooperation in the fields of political, economic, scientific, technological and cultural was set up one year later.<sup>80</sup> The new alliance was deepened still further when Iranian President Mahmoud Ahmadinejad took office in 2005. As well as fostering closer economic cooperation, the two presidents supported each other in international organizations such as OPEC, the United Nations and the International Atomic Energy Agency (IAEA).

Altogether Venezuela and Iran have concluded more than 150 agreements in sectors ranging from joint oil production to cultural exchanges; their total value is estimated at about \$20 billion.<sup>81</sup> The oil sector takes pride of place of course, but there are also count-

less agreements covering petrochemicals, cement-making, transport, tractor manufacture and agriculture, generally designed to establish joint ventures and train workers. In October 2006 a shared refinery project in Syria with a capacity of 150,000 barrels per day was announced,<sup>82</sup> and in March 2007 scheduled flights began between Tehran and Caracas via Damascus. Since July 2007 the oil companies Petropars and PDVSA have been working together to quantify and certify the reserves of extra-heavy crude in the Orinoco delta. Further projects are planned, including setting up a petrochemical joint venture for methanol production in Iran worth about \$650 million (with another in Venezuela to follow), building four oil tankers and improving docks and shipyards.

Offshore gas projects in Venezuela are set to follow the same concept, with a joint engineering project and a joint venture. In September 2007 both sides announced their intention to set up a bilateral fund with starting capital of \$2 billion to support development in their own countries and in poorer developing countries. President Chávez emphasized that the fund would allow investment above all in countries whose governments were attempting to break free from American imperialism.<sup>83</sup>

Opinions diverge as to the quality of this cooperation. Some observers regard the bilateral agreements as largely empty phrases and dispute that the new alliance could have any geopolitical significance.<sup>84</sup> Others, though, note that although the level of economic cooperation is still modest it is growing steadily.

<sup>80</sup> President Mohammad Khatami visited Venezuela twice more during his term of office: in February 2004 for the G-15 conference in Caracas and in March 2005 to sign another memorandum on oil and gas cooperation. The Venezuelan president has made many state visits to Iran: in October 2001, in November 2004, in July 2006, in July 2007 and in November 2007. President Mahmoud Ahmadinejad has visited Latin America three times since taking office: in September 2006, in January 2007 and in September 2007.

<sup>81</sup> Carlos Malamud and Carlota García Encina, *Los actores extraregionales en América Latina (II): Irán*, ARI 124/2007 (Madrid: Real Instituto Elcano, 26 November 2007), 3, [http://www.realinstitutoelcano.org/wps/portal/rielcano/contenido?WCM\\_GLOBAL\\_CONTEXT=/Elcano\\_es/Zonas\\_es/ARI124-2007](http://www.realinstitutoelcano.org/wps/portal/rielcano/contenido?WCM_GLOBAL_CONTEXT=/Elcano_es/Zonas_es/ARI124-2007) (accessed 20 July 2008).

<sup>82</sup> Bundesagentur für Außenwirtschaft, "Energiewirtschaft Venezuela 2006" (see note 56).

<sup>83</sup> This fund "will permit us to underpin investments ... above all in those countries whose governments are making efforts to liberate themselves from the (US) imperialist yoke. ... Death to US imperialism", Chávez told *Aljazeera.net*, "Chávez and Iran Unveil Anti-US Fund", 14 January 2007, <http://english.aljazeera.net/NR/exeres/FBBF5028-87F2-4FD5-A411-BF01B23FCBF9.htm> (accessed 3 March 2008).

<sup>84</sup> Malamud and Encina, *Los actores extraregionales en América Latina (II): Irán* (see note 81).

ly,<sup>85</sup> and point out that the potential of this alliance in the oil sector is not to be underestimated.<sup>86</sup>

As well as economic cooperation designed to help both participants escape international isolation, the new alliance also has ideological ramifications. The two presidents like to call themselves brothers and have underlined more than once their wish to fight together against American imperialism. With Venezuela's help Iran has expanded its influence elsewhere in Latin America. In early 2007 it announced that its existing embassies in Cuba, Venezuela, Mexico, Brazil and Argentina would be joined by new diplomatic missions in Chile, Colombia, Ecuador, Nicaragua, Uruguay and Bolivia. President Ahmadinejad visited Latin America in January 2007, travelling to Bolivia, Nicaragua and Ecuador. Diplomatic relations with Nicaragua were resumed after an interruption of sixteen years and in September 2007 Iran and Bolivia signed a five-year cooperation plan with an investment volume of \$1 billion.

The bilateral relationship has gained special significance through Venezuelan support for the Iranian nuclear programme. In September 2005 Venezuela was the only IAEA member to vote against a resolution accusing Iran of violating international nuclear safeguards, an act that President Ahmadinejad called "brave and judicious". In September 2006 and February 2007 Venezuela again voted against IAEA resolutions. At their September 2006 meeting the non-aligned states underlined their support for Iran.<sup>87</sup> It is unclear whether Venezuela and Iran are cooperating in the field of nuclear technology. Gholam Ali Haddad Adel, speaker of the Iranian parliament, said in February 2006 that Iran might support Venezuela in developing nuclear technology, but the only agreement so far concluded between the two countries is one allowing Iran to mine uranium in Venezuela, where there are large reserves.<sup>88</sup> Like the question of

whether either country might be implicated in international terrorism, we can only speculate about the nuclear potentials, the threat scenarios that could ensue from the Iranian nuclear programme, and the question of whether Venezuela might conceivably also pose a nuclear threat. But it is clear from its behaviour that the United States classifies both countries as threats and is closely observing their new cooperation, especially as it suspects that Venezuela is helping Iran to evade the sanctions imposed by the international community.

As far as cooperation in the field of conventional arms is concerned, we have facts to go by. The Venezuelan president made no secret that Iranian officers have been advising his government on the construction of an explosives factory. In January 2007 the then defence minister Raúl Baduel confirmed that Venezuela would cooperate with Iran to develop an unmanned drone (probably to monitor the border with Colombia) and that Venezuela would be asking Iran to help maintain its CF-5 fighters, because the ban on arms exports imposed by the United States in 2006 prevented Venezuela from buying spare parts.

Worry about a possible destabilization of South America through Venezuelan arms purchases is not the only cause for concern for the United States. Chávez's statements that he would support opponents of the United States and Israel in the Middle East, especially those that enjoyed Iranian support, caused consternation. In August 2006 Chávez criticized the Israeli military offensive against Hezbollah in Lebanon, calling it a "new Holocaust", and a wave of enthusiasm greeted Venezuela's decision to recall its ambassador from Tel Aviv.<sup>89</sup>

One can argue about the importance of the alliance between Venezuela and Iran (and anyway the lack of transparency makes it almost impossible to say anything exact about its scope and extent). But it undisputably demonstrates similarities with the relationships Chávez maintains with other countries. The countless agreements and meetings are only rarely followed by implementation of the announced steps. That said, the Iran-Venezuela connection has still led to a new form of South-South cooperation that causes nervousness, especially in the United States.<sup>90</sup>

<sup>85</sup> Andy Webb-Vidal, "Oiling the Axis: Ties between Iran and Venezuela", *Jane's Intelligence Review* 19, no. 8 (2007): 33–35.

<sup>86</sup> In terms of oil production, Venezuela is the fifth-largest OPEC member, Iran the second-largest. Together they account for 20 percent of OPEC output.

<sup>87</sup> Item 2 of the final declaration states: "el derecho fundamental e inalienable de todos los Estados a desarrollar la investigación, producción y utilización de la energía nuclear con fines pacíficos" [the fundamental and inalienable right of all states to develop their research, production and use of nuclear power]; "Declaración sobre la cuestión nuclear de la República Islámica del Irán" (NAM 2006/Doc. 12/Rev.1), <http://canada.cubanoal.cu/index.html> (accessed 25 July 2008).

<sup>88</sup> Webb-Vidal, "Oiling the Axis" (see note 85), 34f.

<sup>89</sup> Posters of Chávez appeared in the streets of Beirut alongside those of Hezbollah leader Hassan Nasrallah.

<sup>90</sup> See also Karin Kneissl, "Der Iran und Venezuela – natürliche Verbündete oder temporäre Partner?" in *Energieversorgung als sicherheitspolitische Herausforderung*, ed. Reinhard C. Meier-Walser, 241–252 (Munich: Hanns-Seidel-Stiftung, 2007).

In the short to medium term this alliance is unlikely to present any threat to Europe or the United States. But if their economic cooperation were to be intensified, especially in the oil sector, lower production quotas and higher prices could become a challenge for the oil-importing countries.<sup>91</sup> But currently neither country possesses the international reach or the necessary tools of power to pursue global ambitions.

### Russia's new door to Latin America

President Chávez regards relations with Russia as necessary for the socioeconomic and political development of Latin America.<sup>92</sup> Progress has been greatest in military and defence cooperation. Venezuela, which increased its military spending by 78 percent in the period 2003–2007,<sup>93</sup> sources 92 percent of its supplies of conventional arms from Russia. In the period 2003–2007 arms deals totalling \$4 billion were concluded, principally comprising forty Mi-35 and Mi-17 attack helicopters, three MI-26 heavy-lift helicopters, twenty-four Su-30MK fighters and SAM anti-aircraft missiles.<sup>94</sup> Further agreements concluded during President Chávez's visit to Moscow in September 2008 covered the delivery of submarines and more attack and transport aircraft, for which Russia lent Venezuela \$1 billion.

The stopover by two Tu-160 Blackjack long-range bombers in Venezuela in September 2008 and the conduct of joint manoeuvres by the Russian and Venezuelan navies at the end of November 2008 in the Caribbean have heightened awareness for military cooperation between the two countries. The timing of the manoeuvres – the first major Russian military exercises close to the United States since the end of the Cold War – meant that the four Russian warships

led by the flagship Peter the Great were present in Venezuela during President Dmitri Medvedev's visit. Through these activities President Chávez is attempting to bring the extra-regional actor Russia back into the region and responding to the re-establishment of the US Fourth Fleet in the Caribbean. The two countries have also agreed to establish a joint Russian-Venezuelan development bank with capital of \$6 billion to channel financial cooperation and collaboration in the field of civilian use of nuclear power. In the field of energy cooperation, Russian energy giant GAZPROM and the Venezuelan state-owned PDVSA have agreed to initiate exploitation of the country's rich offshore gas reserves by building a gas platform in the Gulf of Venezuela. According to Venezuelan sources industrial-scale gas production will be on stream within about five years, allowing the country to enter an energy matrix whose main attractions include gas-powered engines for the national transport system. Russia has offered to supply the necessary vehicles and agreed to build car and truck plants in Venezuela.

These cooperation initiatives are about more than just the relationship between Venezuela and Russia, however. President Chávez presents Moscow's new interest in Latin America as a strategic partnership that also offers other countries in the ALBA alliance (such as Bolivia, Cuba and Nicaragua) an opportunity to diversify foreign relations. He is recognizably interested in binding Russia to the subcontinent again, to create a political counterweight to the United States in the Caribbean – in other words in the United States's immediate backyard. This interest in bringing "out-of-area" powers like China, Iran and Russia back into play in the region – and thus increasing his own political weight – finds its concrete expression in those countries' bilateral relations with the United States. So despite spectacular symbols such as the launch of the first Venezuelan satellite on a Chinese rocket at the end of October 2008, Venezuela could end up as a willing helper in the intrigues of the superpowers – and risk sacrificing its own ambitions for greater power projection. To that extent it is absolutely rational for the country to attempt to bind Russia not only bilaterally but in association with other partners in Latin America.

<sup>91</sup> Dehéz and Rieck argue that the alliance between the two states is not viable; Dustin Dehéz and Christian E. Rieck, "Die 'Schurkenachse' – Der Iran und Venezuela", *WeltTrends* 16, no. 58 (2008): 59–71.

<sup>92</sup> "Chávez: Latinoamérica necesita a Rusia", *El Universal* (Caracas), 21 September 2008. [http://economia.eluniversal.com/2008/09/21/int\\_ava\\_chavez-latinoameric\\_21A2003763.shtml](http://economia.eluniversal.com/2008/09/21/int_ava_chavez-latinoameric_21A2003763.shtml).

<sup>93</sup> This represents the fastest rate of growth in Latin America, though it must be remembered that with 46 percent of the region's total military spending Brazil is far and away the biggest spender; SIPRI, *SIPRI Yearbook 2008 – Armaments, Disarmament and International Security* (Oxford, 2008), 200.

<sup>94</sup> *SIPRI Yearbook 2008* (see note 93), 306.

## Looking for a global leadership role

The Venezuelan candidacy for a seat on the UN Security Council in 2006 made it clear that country was not only striving for a leadership role in Latin America but also seeking a place on the international stage too. Even before the Security Council candidacy came up, Chávez was going on long foreign trips to seek allies and forge alliances.

He has been conspicuously willing to cooperate with countries that find themselves distanced from the United States, such as Belarus, Iran, Libya and Syria, attempting to bring these geopolitical outsiders together in an alliance. But in his aforementioned speech to the UN General Assembly in September 2006, he overdid his provocations (including insulting President Bush) to such an extent that he lost the support of many countries. So his “anti-imperialist” strategy directed against neo-liberalism won the Venezuelan president a few allies but as a whole contributed to the failure of his candidacy.

In mid-October 2006 Venezuela and Guatemala began their fight for the Latin American seat on the security council, but in forty-seven rounds neither country succeeded in gaining the required two-thirds majority. Guatemala, which was supported by the United States and the EU, was still ahead in round forty-six but without the required majority. On the other side the G-77 and China backed Venezuela. Latin America was divided: Venezuela received the votes of most of the South American and Caribbean states, while Mexico, Colombia and the Central American nations favoured Guatemala; Chile, Ecuador and Peru abstained.<sup>95</sup> In the end, in November 2006, the two rivals unexpectedly agreed to propose Panama as a compromise candidate.

## A foreign policy of solidarity – attempting to bring together periphery and centre through public diplomacy

In August 2007 Venezuela began subsidizing London's public transport on the basis of an agreement Chávez signed at the beginning of 2007 with London's Labour mayor Ken Livingstone (who was voted out in May

<sup>95</sup> For a comprehensive analysis of the battle between Guatemala and Venezuela see Susanne Gratius, *Venezuela contra EE.UU.: La lucha por el asiento latinoamericano en el consejo de Seguridad* (Madrid: FRIDE, 2006), <http://www.almendron.com/politica/pdf/2006/8839.pdf> (accessed 22 July 2008).

2008).<sup>96</sup> Until 2008 – when it was suspended due to the election of a conservative mayor – the programme provided low-income Londoners with half-price tickets for public transport in return for which British engineers supported the Venezuelan government's efforts to expand and improve public transport.<sup>97</sup> Under the agreement, which was drawn up in 2006 during a visit by Chávez to London, about 250,000 people received subsidized tickets according to London sources. No member of the British government was prepared to meet Chávez during this visit, reflecting the view in that government circles that this initiative was a clear provocation.

But England is not the only place where Venezuela is pursuing a diplomacy of solidarity designed to provoke and undermine another state's foreign policy. In many Latin American countries the programmes of the Venezuelan “houses of friendship” are regarded as “ideological philanthropy”. These “ALBA houses”, providing services such as eye operations for the poor, have become so widespread that the Peruvian Congress set up a commission of inquiry on 14 March 2008 to investigate the suspicion that they were undermining the country's sovereignty.<sup>98</sup>

Venezuela is pursuing its diplomacy of solidarity in the United States too. In 2005, in cooperation with the NGO Citizens Energy Corporation, the CITGO-Venezuelan Heating Oil Programme was created to make up shortfalls in oil supplies following hurricanes Katrina and Rita. Chávez responded to cuts in the Federal Heating Oil Assistance Programme to offer support to the poorer sections of the US population. According to CITGO, 100 million gallons of heating oil were supplied to 200,000 households in 2008.<sup>99</sup> Altogether twenty three states – including Massachu-

<sup>96</sup> “Energy Funding Contribution and Co-operation Agreement between (Petróleos de Venezuela) PDV Europa B.V. and Greater London Authority and Transport for London”, [http://www.london.gov.uk/news/docs/venezuelan\\_energy.rtf](http://www.london.gov.uk/news/docs/venezuelan_energy.rtf) (accessed 20 July 2008).

<sup>97</sup> Lourdes Gómez, “Londres baja el precio del autobús gracias a un acuerdo con Chávez”, *El País*, 22 August 2007, [http://www.elpais.com/articulo/internacional/Londres/baja/precio/autobus/gracias/acuerdo/Chavez/elpepuint/20070822elpepiint\\_7/Tes](http://www.elpais.com/articulo/internacional/Londres/baja/precio/autobus/gracias/acuerdo/Chavez/elpepuint/20070822elpepiint_7/Tes) (accessed 24 February 2008).

<sup>98</sup> [http://www.congreso.gob.pe/comisiones/2008/ci\\_alba/presentacion.htm](http://www.congreso.gob.pe/comisiones/2008/ci_alba/presentacion.htm) (accessed 13 May 2008).

<sup>99</sup> “The CITGO-Venezuela Heating Oil Program”, <http://www.citgoheatingoil.com/about.asp> (accessed 24 February 2008) and “Venezuela, CITGO Ensures Continuity of Heating Oil Program”, <http://www.citgo.com/Home.jsp> (accessed 8 January 2009) after having announced the suspension of the programme in January 5th due to falling oil prices.

setts, New York, Virginia and Indiana – are reported to be participating in the project, from which more than two hundred Native American reservations also benefit.<sup>100</sup>

**100** Pablo Bachelet, “Chávez Works on U.S. Image”, *Miami Herald*, 6 February 2008, <http://www.miamiherald.com/949/v-print/story/388403.html> (accessed 28 March 2008).

## Conclusions and Recommendations: The Potential of Venezuela's Provocative Diplomacy and Appropriate Responses

Whether as an element of diplomatic style or an instrument to enforce national interests, provocations aim not only to infuriate political adversaries but also to create space for political positions that are excluded or marginalized in the dominant discourse. Venezuelan foreign policy under President Chávez is no exception. His provocations are designed to challenge the existing order, expand the discourse and gain recognition and ideological leadership by validating alternative values and macro-economic models. Especially in combination with strategic resources such as oil and gas and the revenues from their sale on international markets, such provocations can gain operative significance. They cause shifts in international relations by influencing the political activity of all involved actors. That often more rhetoric than reality is involved – especially with such a personalized form of leadership as in Venezuela – detracts nothing from the impact of Chávez's foreign policy.

If we examine the country's central foreign policies we find a mixed picture.

In the *regional framework of Latin America* we find that President Chávez has focused first and foremost on forming alliances and establishing loyalties on the basis of oil and gas and in the process created new institutions. The basis for this is wide-ranging solidarity-led intervention, supporting countries, governments and subnational actors with oil and/or financial resources. This has engendered new integration instances and forms of cooperation. Permanent structures are being created, based – especially among Venezuela's partners in the Caribbean or in the bilateral relationship with Argentina – on energy supplies or financial transfers. But these arrangements are necessarily fragile. If oil revenues fall or these countries find other sources of income to draw on, their diplomatic stance can change quickly. So the integrative effect of relationships based on oil – as in the case of ALBA and PetroAmérica – can only ever be superficial.

Furthermore, Chávez's system of acquiring loyalty weakens or competes with existing forms of integration and cooperation. In this respect Chávez's recent political agenda has had a lasting impact on relations in Latin America.

But many of the planned projects will be implemented only in the medium term if at all, and planned investments are currently only on paper or turn out to be impractical.<sup>101</sup> Those initiatives that are strongly characterized by the ideological apparatus of Bolivarian integrationism and anti-imperialist solidarity have been especially unsuccessful. Only a few countries have signed up to the ideological programme, so the allure of this initiative must be regarded as rather restricted. Venezuela's foreign policy under Hugo Chávez has therefore made little headway beyond multiple bilateralism. So far he has not succeeded in establishing a stable regional integration structure rooted in substantive concepts and consensus-based initiatives. The government has enjoyed little success in its efforts to present its own development model as exportable through diplomatic activism, because the polarizing effect of Chávez's provocations tended to scare off potential supporters rather than gathering them round him.

Hugo Chávez has had just as little success in taking over the leading role in South America that he aspires to. Instead there are signs of growing leadership rivalry between Venezuela and Brazil. In May 2006 there was plainly a change of course in Brazil's policy towards Venezuela, sparked by the nationalization of the gas sector in Bolivia, which also affected Petrobras as a major investor. Brazil rejects the idea of founding an OPEC-style gas cartel and pursues a course of limited participation in the project to set up the Bank of the South. Venezuela's macro-economic model, with a strong role for the state and state-owned companies at its centre, finds no acceptance in Brazil. The restrictions on democratic rights and press freedom in Venezuela have led to a further distancing between the two countries.

In the *international framework* Venezuela's positions on financial order, world trade and global problems will have to be tackled, because they mark a clear direction in international politics that is attractive at

<sup>101</sup> In a compilation of all the announcements of new refinery projects made since 2005 by the Venezuelan government the NGO CIECA reports a total of twenty-eight refineries with a total value of \$29 billion. <http://rg.biz.com/docs/12092008InformeCIECA.pdf> (accessed 3 January 2008).

least for a group of geopolitically marginalized states. It cannot be in the interests of Germany or Europe to expand this circle of states that fundamentally reject Western positions and pursue their own – often less rigorous – course behind the provocative figurehead of Hugo Chávez. The potential of the cooperation between Iran and Venezuela – followed critically by many sides – currently appears to be rather limited. The two countries will be able to gain a leading technological position in the energy sector only in the medium term, if at all.

If we look for *possible responses to a provocative foreign policy*, it is obvious to look to Latin America, where Brazil's policy towards Venezuela that could serve as a model for other countries that are subject to the Venezuelan president's invectives. Brasilia does not respond to provocations with anger and rejection, but instead practices a policy of "distancing through integration". It attempts to defuse Venezuelan initiatives by participating actively in their discussion, changing the thrust and thus winning over other states to its point of view. Such an option is of course contingent on Brazil's weight within South America. Obviously, if a response to a provocation backed by strong material incentives is to be successful it must gather the support of third parties and encompass some kind of "co-leadership". In fact, this model turns out to be more effective than a policy of risk management that would attempt to form counter-alliances and in the process could actually increase the effectiveness of diplomatic provocations. The Brazilian model of subtle influence, by contrast, has much greater chances of success because it can be applied flexibly and tailored to the importance of the respective initiative. This avoids forcing third parties to choose simply "for or against Chávez".

This applies especially to the United States, but also to Europe which so far – apart from a falling out with the Spanish king and former prime minister José María Aznar and his attacks on the German Chancellor – has been largely spared Chávez's political invective. His initiatives for cooperation on trade and defence received diverse responses from the different EU member states. However, Chávez's proposals for bilateral agreements often contradict the proper conventions of international trade. There is above all a lack of transparency; tendering and contracting arrangements often remain unclarified. So caution is the order of the day where European states are agreeing to provide state guarantees.

Thanks to Venezuela's wealth of resources the regime in Caracas appears to be sitting relatively securely in the saddle. But it will not be able to ignore for ever the grave problems in feeding its population and the poor productivity of the economy, especially in times of low oil prices. Europe needs to think about a time after the current competitive authoritarianism and come up with a post-Chávez scenario. If a political transition were to occur in the foreseeable future it would be conceivable and desirable for democratic Venezuelan politicians to publicly renounce the existing intransparent forms of cooperation. That may not be on the immediate agenda, but should guide our activities today.



## Abbreviations and acronyms

ALBA	Alternativa Bolivariana para los pueblos de Nuestra América (Bolivarian Alternative for the People of Our America)	TCP	Tratado Comercial de los Pueblos (Trade Treaty of the Peoples)
ALBANISA	ALBA de Nicaragua S.A. (Nicaraguan-Venezuelan energy joint venture)	TeleSUR	Televisión del Sur (international television station)
ALCA	Acuerdo de Libre Comercio de las Américas (see FTAA)	UN	United Nations
ARI	Análisis del Real Instituto Elcano	Unasur	Unión de Naciones Sudamericanas (Union of South American Nations)
CAN	Comunidad Andina de Naciones (Andean Community)	WTO	World Trade Organization
CITGO	American oil company owned by PDVSA	YPF	Yacimientos Petrolíferos Fiscales (formerly state-owned Argentine oil company)
CSN	Comunidad Sudamericana de Naciones (South American Community of Nations)		
EIU	Economist Intelligence Unit		
ENARSA	Energía Argentina S.A. (majority state-owned Argentine energy company)		
ELN	Ejército de Liberación Nacional, Colombia (National Liberation Army, Colombia)		
FARC	Fuerzas Armadas Revolucionarias de Colombia (Revolutionary Armed Forces of Colombia)		
FES	Friedrich Ebert Foundation		
FLACSO	Facultad Latinoamericana de Ciencias Sociales		
FRIDE	Fundación para las Relaciones Internacionales y el Diálogo Exterior (Madrid)		
FTAA	Free Trade Agreement of the Americas (see also ALCA)		
IAEA	International Atomic Energy Agency		
IADB	Inter-American Development Bank		
IISS	International Institute for Strategic Studies		
ILDIS	Instituto Latinoamericano de Investigaciones Sociales (Caracas)		
IMF	International Monetary Fund		
Mercosur	Mercado del Sur (Common Market of the South, South American integration grouping)		
MST	Movimento dos Trabalhadores Rurais Sem Terra (landless workers' movement, Brazil)		
MVR	Movimiento V. República (Movement for the Fifth Republic)		
NGO	Non-Governmental Organization		
OPEC	Organization of the Petroleum Exporting Countries		
OPPEGAS	Organización de Países Productores y Exportadores de Gas (Organization of the Gas Producing and Exporting Countries)		
Petrobras	Petróleo Brasileiro S.A. (Brazilian state-owned oil company)		
PETRONIC	Empresa Nicaraguense del Petróleo (Nicaraguan state-owned oil company)		
PDVSA	Petróleos de Venezuela S.A. (Venezuelan state-owned oil company)		
PSUV	Partido Socialista Unido de Venezuela (United Socialist Party of Venezuela)		
RCTV	Radio Caracas Televisión (Venezuelan television station)		
S.A.	Sociedad Anónima (share company)		