

Regional Trade, Grandnational Enterprises and Food Sovereignty in the ALBA-TCP: Strategic Regionalism for 21st Century Socialism

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Abstract

This chapter conceptualises the ALBA-Peoples' Trade Agreement (ALBA-TCP) as an alternative model of regional trade and production by focusing on intra-ALBA trade in exports, grandnational enterprises and food sovereignty. Presents a model of grandnational enterprises (GNEs) and projects (GNPs) and evaluates results in trade growth linked to areas of activity of GNEs and GNPs in the ALBA-TCP. Locates model in strategic regionalism, endogenous development, and global production networks and chain theories in order to develop conceptualization of strategic regionalism for the 21st century. Argues that the ALBA-Peoples' Trade Agreement (ALBA-TCP) goes Beyond Open Regionalism and the Council of Mutual Economic Assistance models of 20th century capitalism and socialism, respectively; and presents commonalities that characterise 21st century socialism in ALBA-TCP.

Keywords: Bolivarian Alliance, grandnational, ALBA-TCP, regional trade, strategic regionalism, 21st century socialism, food sovereignty.

Introduction¹

The Bolivarian Alliance for the Peoples of Our America-Peoples' Trade Agreement (ALBA-TCP henceforth for its Spanish acronym *Alianza Bolivariana-Tratado Comercial de los Pueblos*) creates new relations around concepts of cooperation and complementarities in

¹ This work is part of a broader ongoing research whose objective is to map intra-ALBA trade with grandnational enterprises and projects' production and distribution chains. Funding for the project has been carried out under a Research Initiatives' Grant of the Faculty of Business Administration at the University of Puerto Rico, Río Piedras Campus and the ATLANTEA Project of the University of Puerto Rico. The content of this article was presented at the 'ALBA-TCP and the Future of Regional Integration Conference', London Metropolitan University, 29 January 2011. This is a revised and expanded version of the article Aponte-García, Maribel (forthcoming, December 2011). Trade Maps, Grandnational Enterprises and Sustainable Regional Chains in the Bolivarian Alliance: Conceptual Framework and Preliminary Analysis. *International Journal of Cuban Studies*, Vol. 3, Number 1. A descriptive conclusive research design with mixed methods was utilised. Descriptive quantitative methods were used to analyse data from the United Nations' Commodity Trade (UN Comtrade) database. Qualitative methods were used to analyse and interpret secondary data on grandnational enterprises and projects that aided in creating the codification/classification. Videoethnography and participant observation have been conducted over a four-year period in Venezuela.

trade, production and investment. ALBA-TCP seeks to apply principles of fairness, cooperation and solidarity in trade. Investment in ALBA-TCP is articulated around local and regional state enterprises with complementarities and needs in mind, rather than around foreign enterprises and production for export. The emergence of ‘regional mixed-state enterprises’, i.e. grandnational enterprises, is a new form of governance that plays a crucial role in achieving regional endogenous development with social inclusion.

The ALBA-TCP can be considered a part of twenty-first century socialism because it is situated in the new political context of the region, in which progressive governments have succeeded in acceding to power in an increasing number of countries --Venezuela, Bolivia, Ecuador and Nicaragua. The English Caribbean ALBA-TCP member countries –Antigua and Barbuda, Dominica and Saint Vincent and the Grenadines- have not openly adopted socialist standpoints.

Significant achievements have been attained in ALBA-TCP since 2005 in promoting an alternative in regional trade and production counter to neoliberal proposals. Intra-ALBA-TCP trade in exports has increased significantly since 2005, growing from approximately five to over nine billion US dollars in 2009. Tens of mixed state enterprises have been created and hundreds of firms have been incorporated into the value chains led by these organizations. With Cuba alone, Venezuela formed 26 mixed state enterprises and over 936 projects for a total investment of \$3.4 billion US dollars during the 2006-2009 period (Romero, 2008: 5).² Thousands of direct and indirect jobs have been created throughout the region. Other countries (non-ALBA-TCP members) have also been incorporated into these chains, as evidenced by recent cases with Argentina, Brazil and China.

Notwithstanding these achievements, ALBA-TCP has been criticised as a geopolitical initiative incapable of generating economic development beyond flows associated with Venezuela’s petroleum industry. ALBA-TCP has been regarded as an initiative dominated by Venezuelan petroleum exports with other ALBA-TCP members not having or controlling significant export capacity in any industry and as an example of rentier socialism based on petroleum (López-Maya and Lander, 2009). However, that assertion, frequently promulgated in the media and in discourses against ALBA-TCP, has not been supported with data.

The objective of this chapter is to present regional trade and grandnational enterprises in the ALBA-TCP as a case of strategic regionalism for 21st century socialism and to present preliminary findings of this argument as applied to intra-ALBA trade and food sovereignty in the ALBA-TCP. Food and energy integration initiatives within the ALBA-TCP, as concretised in ALBA-Food and Petrocaribe, respectively, include 18 countries⁴. ALBA-Food also includes Brazil, Argentina and Paraguay. However, this chapter will focus on ALBA member countries only as research analysis for the 18 countries is still in process.

²N.A. (2008) ‘Venezuela y Cuba ejecutarán proyectos por \$1,3 millardos’, http://buscador.eluniversal.com/2008/01/18/eco_art_venezuela-y-cuba-eje_676641.shtml (accessed 29 June 2008).

⁴ Antigua and Barbuda, Bahamas, Belize, Cuba, Dominica, Dominican Republic, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Nicaragua, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, and Venezuela.⁴

A conceptual/theoretical framework in which to locate the ALBA-TCP: Strategic Regionalism

The theoretical framework of strategic regionalism draws from three areas of academic inquiry: (1) new trade theory and Hettne and Soderbaum's work; (2) endogenous inclusive development; and (3) regional production networks and chains. Founded on this literature, it discusses the ALBA-TCP and grandnational enterprises and projects.

Strategic regionalism is based on new trade theory, targets domestic firms and articulates economic policies to promote their competitiveness in regional trade. Under old trade theory, the basis for international trade was comparative advantages between countries. However, this theory has been surpassed since the 1980s by new trade theory that has demonstrated that the effects of free trade are at most controversial (see Krugman 2009, chapter 6), and that evidence in favour of the argument linking free trade to economic growth is weak (Stiglitz, 2005: chapter 1; Rodrik, 2004: 16).

New trade theory states that once the firm and imperfect competition are introduced into the analysis/model, the pattern of trade ensuing will be unpredictable (Mikic, 1998: 174). Therefore, a new theoretical space opens up that justifies the articulation of strategic trade and industrial policies. The objective of strategic trade policy is to promote competitiveness of domestic firms versus foreign firms, to increase economic welfare or military security (Nollen and Quinn, 1994: 497). Strategic industrial policy combines elements of trade, financial and fiscal policies to target potential growth sectors and firms. Of course, other countries can retaliate and this can affect results. Strategic industrial policy also articulates a strategy of cooperation around institutions –established at the level of central, local, or municipal government or other agencies (Best 1990; 2001). From the strategic industrial perspective, targeted industries are those with future growth potential that promote development in the country or region.

The ALBA-TCP is a case of strategic trade and industrial policies within a regional integration alternative –termed strategic regionalism for the purpose of this chapter- that is centred on strategic local firms such as Petroleum of Venezuela (PDVSA) and on grandnational enterprises and projects; that articulates economic and social policies to promote regional development with inclusion; and that builds new regional production chains linked to these strategies. Although in my book (Aponte, 2012), PDVSA's role is analysed in detail, this chapter focuses only on grandnational enterprises and projects.

The emergence of new trade theory during the 1980s coincides with the emergence of new growth theory. Endogenous growth theorists seek to explain those factors that determine growth rates and that are determined exogenously in neoclassical growth theory (Todaro and Smith, 2009: 151-152). These models try to discover what the public and private choices are that affect growth rates (Romer 1994: 3). What these theoretical conceptualisations shared was their attempt to explain growth from within or inside the system and that they attributed an important role to firms and human capital. These works depart from a neoclassical interpretation because they emphasize that economic growth is the endogenous result of an economic system and not of forces that intervene from outside the system (Romer 1994: 3).

The most significant contribution of endogenous growth theories is that they open up a space in which to locate endogenous development theory in relation to business alternatives and to the formulation of industrial policies based on these. In addition, that they place an emphasis

on public and private options to promote development. The endogenous development perspective promotes a ‘development from within approach’ and contrasts this vision with that characterized by another type of development, exogenous or from outside. Endogenous development is distinguished from endogenous growth because it includes a social, historical and cultural vision of the development process.

Endogenous development theory can contribute a focus on new forms of production and investment within the ALBA-TCP. Although a comprehensive approach would encompass an analysis of local and regional business alternatives for each member country, this chapter will focus only on the concept of grandnational enterprises within ALBA-TCP as a case of complementarities in production and investment.⁵

The ALBA-TCP is a process that incorporates elements of new trade theory and of endogenous development theories in strategic regionalism. To specify how, the definitions espoused by Bjorn Hettne and Frederik Soderbaum, as well as an analysis based on a literature review of global production networks and global value chains are utilised. For Hettne and Soderbaum (2006: 198), development-oriented regionalism is the one that transcends the analysis and benefits of international trade. For them, ‘development is multidimensional, ...through which trade integration is tied to other forms of economic integration and factors (investment, payments, monetary integration, harmonisation) as well as several types of economic cooperation in specific sectors (transportation, communications)... Multi-dimensionality results in a variety of regional agreements directed by the State and non-state or hybrid entities, networks and governance mechanisms’ (Hettne and Soderbaum 2006: 184); and ‘...it involves a rich variety of state and non-state actors, that are many times brought together in informal networks and multi-actor coalitions that operate at different levels within the world system’ (Hettne and Soderbaum 2006: 183).

The definition outlined by Hettne and Soderbaum allows incorporating, to the concept of strategic regionalism, the perspective of endogenous development and of the multidimensional aspects of ALBA-TCP. First, because in their definition, regionalism transcends the analysis and benefits of international trade. ALBA-TCP is different from other agreements because it approaches issues of education, health, and culture among others. Second, because development is multi-dimensional. Trade integration is tied to other forms of integration in ALBA-TCP. Among these, regional investment and the new financial architecture articulated around the SUCRE and alternative financial institutions (Bank of the South and ALBA-TCP Bank), stand out. Cooperation in communications, such as that of *Telesur* and transportation and infrastructure initiatives are also significant. Third, multidimensionality results in a variety of agreements directed by the State and by non-state actors, networks and governance mechanisms. Among non-state actors the role of missions and of grandnational projects is significant, and these are constituted as multi-actor networks. Hettne and Soderbaum (2006: 185) also recognise the role of networks within development-oriented regionalism. Public-private alliances are a particular type of network. In ALBA-TCP, multiple networks materialise: networks between categories of enterprises, between missions and enterprises, public-private networks or alliances, and networks among organisations at the level of grandnational projects, among others.

⁵ For a more general analysis considering a variety of business forms, see Aponte (2011).

Conceptualisation of regional production networks and chains contributes a preliminary approximation to develop a methodology and apply it to the ALBA-TCP that addresses the following five research challenges posed in the Global Production Network and Global Value Chain literature: 1. the need to develop a methodology to link trade and production statistics, since quantitative measures are lacking in the GVC framework (Gereffi and Sturgeon, 2009: 5; Sturgeon, T. and O. Memedovic. 2010); 2. the need to integrate production, consumption and distribution analysis (Hudson, 2001: 300; Coe, Dicken and Hess, 2008: 286); 3. the need to transcend the limitation of treating the firm as a black box (Coe, Dicken and Hess, 2008: 287) and to transcend the dichotomous characterization of firms (buyer driven and supplier pushed) or the five-type firm-level chain governance characterization (market, modular, relational, captive or hierarchy). 4. the need to ascertain the state's role in economic development and to integrate this analysis to the GPN/GCC framework: and 5. the need to theorize international production networks related to regional economic blocs and transnational corporations (Dicken 2005: 2, 12).

The ALBA-TCP: Strategic Regionalism Beyond the Council of Mutual Economic Assistance and Open Regionalism

ALBA-TCP poses challenges and departs from both 20th century socialist and neoliberal trade and production formulations and experiences. Twentieth-century socialism (Soviet-style) postulated no markets, state property with no private enterprises, centralized planning, 'one party dictatorship' and the Council for Mutual Economic Assistance (CMEA) (instead of free trade agreements) as their development model. Neoliberalism postulated non-regulated markets, transnational enterprises, privatization, capitalism with no government intervention, 'electoral democracy', free trade agreements and export promotion (Open Regionalism) as the solution to trade and production development models.

Since the 1970s, and until its phase-out in 1991, the CMEA was the economic development strategy of international trade and production of the Soviet bloc. Centralized planning and state ownership characterized regional trade and production initiatives within CMEA. According to Hare (2007: 32-38): "Within the bloc, trade was determined through the plan and any trade not in the plan was not allowed. CMEA tried to promote production specialisation among the socialist countries. Trade flows were not much influenced by price-type signals or by cost factors. Trade with socialist partners was mostly determined through annual bilateral deals between each pair of countries; and it was conducted in 'transferable roubles'. Although prices were based on western world market prices, these were lagged and smoothed out to remove fluctuations. The Comecon bank based in Moscow handled payment and financing aspects of this trade." After the collapse of the Soviet bloc in the late 1980s, the CMEA was superseded by the CEFTA.

Until the mid and late 1970s, foreign investments were not favoured under the CMEA. Within the socialist bloc, the international capital flows were rejected on ideological grounds since it was considered as 'exploitation' (Palánkai 2008: 25). Afterwards, the socialist countries "opened up" through joint venture legislations and easing up of foreign capital investments (except the German Democratic Republic and Cuba) due to the 1970s world economic crisis (Palánkai 2008: 27).

The problems associated with the CMEA are evidenced by Cuba's experience within this model. Cuba was too dependent on the products it supplied (sugar, fruits and minerals) and

acquired from (oil, investment credits, aid and technology) the CMEA within the international division of labour. Production and investment centred on state enterprises that didn't meet international benchmarks in competitiveness and technology. Prices and costs didn't reflect measures of efficiency in these firms either at the national or international levels as the system depended on centralized planning and there were no markets mechanisms. Cuba hadn't diversified into other regional integration agreements as most of its trade was carried out within the CMEA (Pérez, 1983; Alvarez-González, 1995). When the CMEA dissolved in 1991, Cuba experienced a difficult scenario linked to trade, capital and debt issues.

Since the 1990s, and until the first strategic ALBA-TCP agreement was signed in 2005, the economic development strategy followed by many Latin American and Caribbean countries has been conceptualised as one of Open Regionalism (OR) or Outward Integration (OI) that seeks insertion into the global economy by attracting foreign enterprises that generate exports. Foreign enterprises (not local firms) are the axis of the integration model within the trade and investment strategy.

The model of Open Regionalism, based on free trade theory, postulates that outward integration will generate an increase in foreign investment, incomes, exports, employment and wages. Among the problematic areas of this model are: capital flight, trade balance deficits, vulnerability to low and fluctuating commodities' prices, assembly manufacturing, migration, debt, unemployment and unequal distribution of income.

The problems associated with the OR model have become worse with the international financial crisis. In 2009, the Economic Commission for Latin America (CEPAL for its Spanish acronym) indicated that the region was affected by the crisis via four ways: through the fall in foreign direct investment, estimated at between 35 and 45 per cent; the reduction in remittances by 5–10 per cent; the collapse in raw materials price indices by 29 per cent and in exports by 25 per cent.⁶

ALBA-TCP seeks to overcome some of the limitations of Open Regionalism. As an alternative concept of integration it promotes complementarities in production articulated around regional investment of mixed state enterprises, i.e. the grandnationals. ALBA-TCP regards trade agreements and compensatory trade and finance as components and mechanisms of fair trade. In this way, the asymmetries and special needs of each country can be managed through non-reciprocal trade that allows for the establishment of differentiated treatment according to development and size of each country. Instead of proposing free trade and transnational corporations as the axis of development as in Open Regionalist model, the ALBA-TCP is postulated as a strategic regionalist alternative focused on regional trade and production.

The ALBA-TCP, contextualized in 21st century socialism, postulates alternatives beyond the dichotomies of both 20th century capitalism and socialism. These alternatives begin to configure some commonalities regarding constitutive elements of a socio-economic model in which the ALBA-TCP is inscribed.

⁶ (see <http://www.guia.com.ve/noticias/?id=46967>).

21st Century Socialism and the ALBA-TCP: Elements of a Common Model

This section schematises the common elements in ALBA-TCP (see Sader, 2009), particularly among those countries that have adopted socialist standpoints that nurture the construction of a socio-economic-political vision and the emergence of network style governance patterns in regional trade and production alternatives.

First, endogenous development and integration are tied to a nationalisation or re-nationalisation of natural resources, at a historical conjuncture where primary products and natural resources have passed from being undervalued to being strategic. In this way, control over and governance of non-renewable resources, such as petroleum and gas; renewable resources endangered by climatic changes and attempts of appropriation/privatisation, such as water; and resources linked to food and energy sovereignty acquire strategic importance. These processes partly explain nationalisations and re-nationalisations of hydrocarbons in Venezuela (2003), Ecuador (2010) and Bolivia (2006).

Second, states are conferred important roles as economic actors. These dynamic and central roles break with state absolutisms of the past linked to real socialism prescriptions and open up a space for social and private economics. The role of the state as an important actor is what points toward and makes feasible strategic regionalism. Public investments and state enterprises accomplish an important role in the economy. Management of foreign investment is steered toward guaranteeing benefits for the host country. International chains of production and distribution upstream and downstream are monitored by the state. This regionalism differs from the old regionalism based on the integration of markets and products.

Third, the production model is structured, not around the old model of twentieth century socialism with an emphasis on state enterprises under the governance of a planned centralised system and the elimination of the market, but around a diversity and plurality in property forms. In the case of Bolivia, Vice-president Álvaro García-Linera summarised his perspective of the state's role in the following words: 'The State is the only "thing" that can unite society, it is the one that involves the synthesis of the general will and the one that plans the strategic framework and the first cart of the economic locomotive. The second one is private Bolivian investment, the third is foreign investment; the fourth is microenterprise; the fifth, the peasant economy and the sixth, the indigenous economy. This is the strategic order in which the economy of the country must be structured' (Stefanoni 2006: 72; author's translation). In the socialist productive model of Venezuela three components are identified: public enterprises, social economy enterprises, and private enterprises. 'Public enterprises are the dynamic institutions of the model, and through these enterprises the state reserves strategic productive activities for the development of the country directly responding to central planning' (Giordani 2009: 124; author's translation).

Fourth, the transformation of the economy is approached through new transdisciplinary viewpoints that transcend the conceptual limitations of capitalist neo-developmentalism and twenty-first century socialism, and that incorporate other reflections and debates concerning these conceptualisations. These perspectives propose rescuing other knowledge for economics ('*otros saberes para la economía*'). Some examples are: endogenous development linked to Vivir Bien (in Bolivia) and to El Buen Vivir (in Ecuador) tied to the cosmivision of indigenous knowledge, to solidarity economics and to the pluri-ethnic; other economics for life; and solidarity economics.

Fifth, among ALBA-TCP members, there is a subgroup of countries – Cuba, Venezuela, Bolivia, Ecuador and Nicaragua – where ALBA-TCP alternatives pose challenges to the construction of twenty-first century socialism. Some of the challenges are, according to Claudio Katz (2006a, b, c): the politics to define actors and alliances that will orient the initiative; the possibility of implementing measures in agreement with a popular integration, such as agrarian reforms, the redistribution of income and the nationalisation of basic resources; what type of political and economic alliances should be promoted to advance the ALBA-TCP project; energy dilemmas to substitute the fuel exporting model; redefining the destiny of energy rent and the beneficiaries of processes such as recovering property of hydrocarbons, building financial autonomy and conciliating Venezuela's entry into MERCOSUR (South American Common Market) with the ALBA-TCP.

Sixth, the ALBA-TCP bears similarities with CMEA. These are important in identifying alternatives to overcoming problems associated with this model. ALBA-TCP is similar to CMEA in that: there was a mixture of pragmatic and political considerations behind the launch of ALBA-TCP; oil is central to establishing bilateral deals and subsidization; transferable roubles and clearing mechanisms might bear similarities to the *Sistema Único de Compensación Regional* (SUCRE); and a financial architecture has been designed in the Bank of ALBA and the Bank of the South.

Regional Trade and Production in the ALBA-TCP

ALBA-TCP redefines concepts of cooperation and complementarities in trade, production and investment that can promote the creation of regional production chains. ALBA-TCP seeks to apply principles of fairness and solidarity in trade. Three of these principles must be highlighted: compensated trade (with product exchanges), non-reciprocity, and differentiated treatment (Girvan, 2008, pp. 5-9). All three concepts are not historically original to the ALBA-TCP. Historically, compensated trade has been utilized in times of war and to alleviate balance of payments problems; as well as to carry out trade between CMEA members and non-CMEA members (see Gallegos, 1985 for a detailed analysis). But what is original in the case of the ALBA-TCP is that compensated trade is 'institutionalised' as a practice linked to solidarity and fair trade within an alternative regional integration scheme within the Latin American and Caribbean region.

Through compensated trade agreements (CTAs), each country sets out what it needs and what it offers. Agreements set exchanges of goods and services according to the needs and capabilities of each country. In the case of Cuba, the island receives petroleum at preferential prices and terms and pays back partly through medical services that Cuban doctors offer in the *Barrio Adentro* Mission, scholarships to Venezuelan students in Cuba and/or medical services that Venezuelans receive in Cuba.⁷ Frequently, Missions are the vehicle through which "compensation in services" related to CTAs can be carried out. In a similar manner, Dominica can pay up to 40% of its petroleum bill in bananas.

Non-reciprocity establishes that a country is not forced to reciprocate or grant, to an ALBA-TCP member with whom a trade deal has been made, the same terms of trade it has received.

⁷ Fuente: Cuba, Venezuela, Bolivia Agreement of Application, 29th April, 2006, available at <http://www.alternativabolivariana.org>.

In that sense, Bolivia pays Cuba with products, but it does not have to grant the same terms to Cuba (that Cuba pays Bolivia with products).

The principle of differentiated treatment establishes that the social and economic conditions of countries can be considered when articulating measures of solidarity trade. For instance, in the case of Haiti, although this country is not formally an ALBA-TCP member, the same favourable terms are offered to it in relation to financing of its petroleum bill as are offered to ALBA-TCP members.

Investment in ALBA-TCP is articulated around local and regional state enterprises with complementarities and needs in mind, rather than around foreign enterprises and production for export. Grandnational enterprises (GNEs) are mixed state enterprises: state enterprises of two or more ALBA-TCP member countries that share ownership and that focus on intra-ALBA-TCP trade. Conceptually, the category of 'grandnational' was introduced in 2008, although mixed state enterprises were functioning since 2005 when the Cuba–Venezuela Strategic Agreement was signed. The concept of grandnational enterprises as a way of organising production at the regional level within ALBA-TCP was stated for the first time in the 2008 text of resolutions of ALBA-TCP's Ministerial Meeting celebrated that same year.

Grandnational projects (GNPs) are action programmes directed at attaining ALBA-TCP goals and principles, validated by member countries, whose implementation involves two or more countries, for the benefit of the great social majority. GNEs and GNPs have been or are projected to be established in areas of ALBA-TCP Agreements: culture, telecommunications, tourism, fair trade, food, energy, industry, mining, finance, health and transportation.⁸

In ALBA-TCP, trade and investment are approached from a sustainable endogenous development perspective, with social inclusion and effective participation of the State. Grandnational enterprises (GNEs) and projects (GNPs) emerged as alternatives to development models centred on open regionalism and transnational corporations. Grandnational enterprises would be distinguished and differentiated from the transnational enterprise: 'The concept of grandnational enterprises emerges in opposition to that of transnational enterprises, therefore, its economic dynamics will be oriented toward privileging the production of goods and services for the satisfaction of human needs guaranteeing its continuity and breaking with the logic of capital accumulation and reproduction.'

⁸ Based on

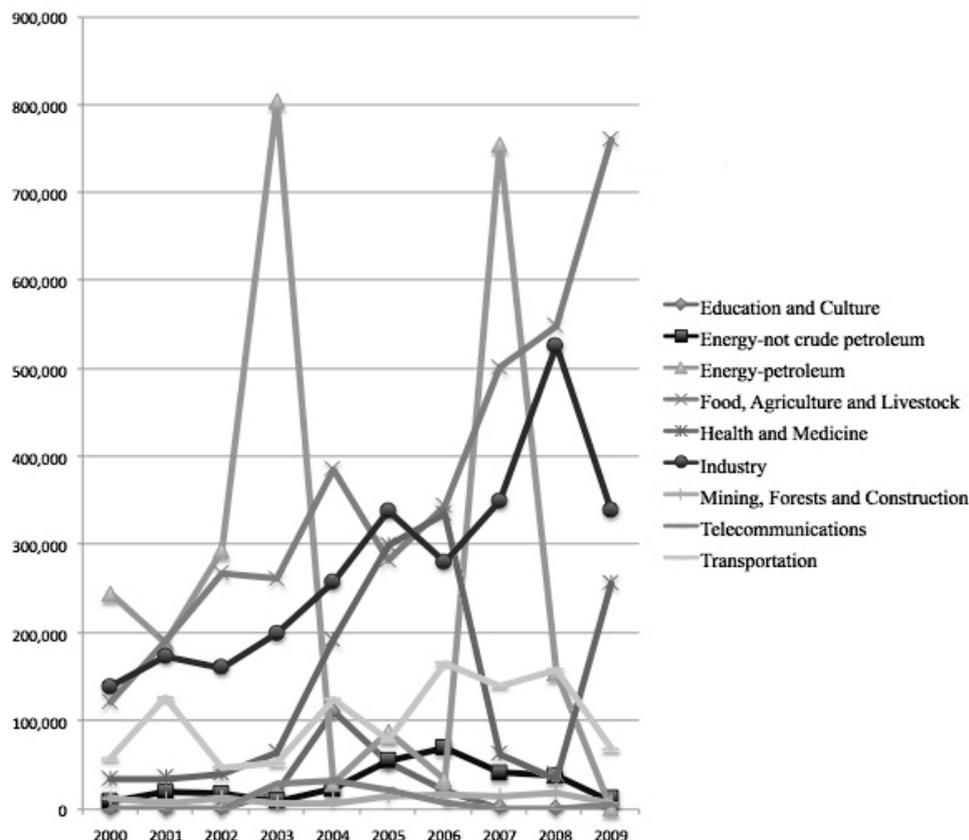
<http://www.alianzabolivariana.org/modules.php?name=Content&pa=showpage&pid=2074>).

Data analysis of intra-regional trade in exports linked to areas of activities of grandnational enterprises and projects⁹: Preliminary Findings

Preliminary findings highlight several conclusions. Intra-ALBA trade in exports grew during the 2005-2009 as compared to the pre-ALBA period of 2000-2004, increasing from approximately five to almost nine billion US dollars.

Intra-ALBA trade in exports is related to areas of activity comprised by Grandnational enterprises and projects, as illustrated in graph 1. In intra-ALBA trade, Graph 1 illustrates the relevance of two categories, Food, Agriculture and Livestock and Industry. Contrary to what media discourses against ALBA promulgate, the most significant category is not petroleum, except for years 2003 and 2007. A significant increase in intra-ALBA trade is associated to areas of activity linked to the Grandnational Enterprise ALBA-Food.

Graph 2. Intra-ALBA Trade (exports) (excluding Honduras)
According to Category of Grandnational Enterprises and Projects
(in thousands of US dollars)



Source: Author's analysis based on UNComtrade data.

⁹ This research has generated a conceptualisation to link the level of analysis of international trade to that of Grandnational Enterprises and Projects. For details on methodology see Aponte-García, Maribel (forthcoming, December 2011). Trade Maps, Grandnational Enterprises and Sustainable Regional Chains in the Bolivarian Alliance: Conceptual Framework and Preliminary Analysis. *International Journal of Cuban Studies*, Vol. 3, Number 1.

Intra-Regional Trade in Exports, Grandnational Enterprises and Food Sovereignty: An Example of a Research in Progress

The ALBA-TCP has fostered an alternative in food and energy sovereignty linked to a model of grandnational enterprises and projects and the construction of socialism in the 21st century. The Treaty to implement cooperation in areas related to food sovereignty within ALBA was signed April 27, 2008, in the 2008 ALBA Summit. The Food Trade Network and the Food Security ALBA Fund were created with an initial investment of \$100 million dollars. A Joint Commission was created to organize joint projects and develop agribusiness projects in cereals, vegetables, meat and milk.¹⁰

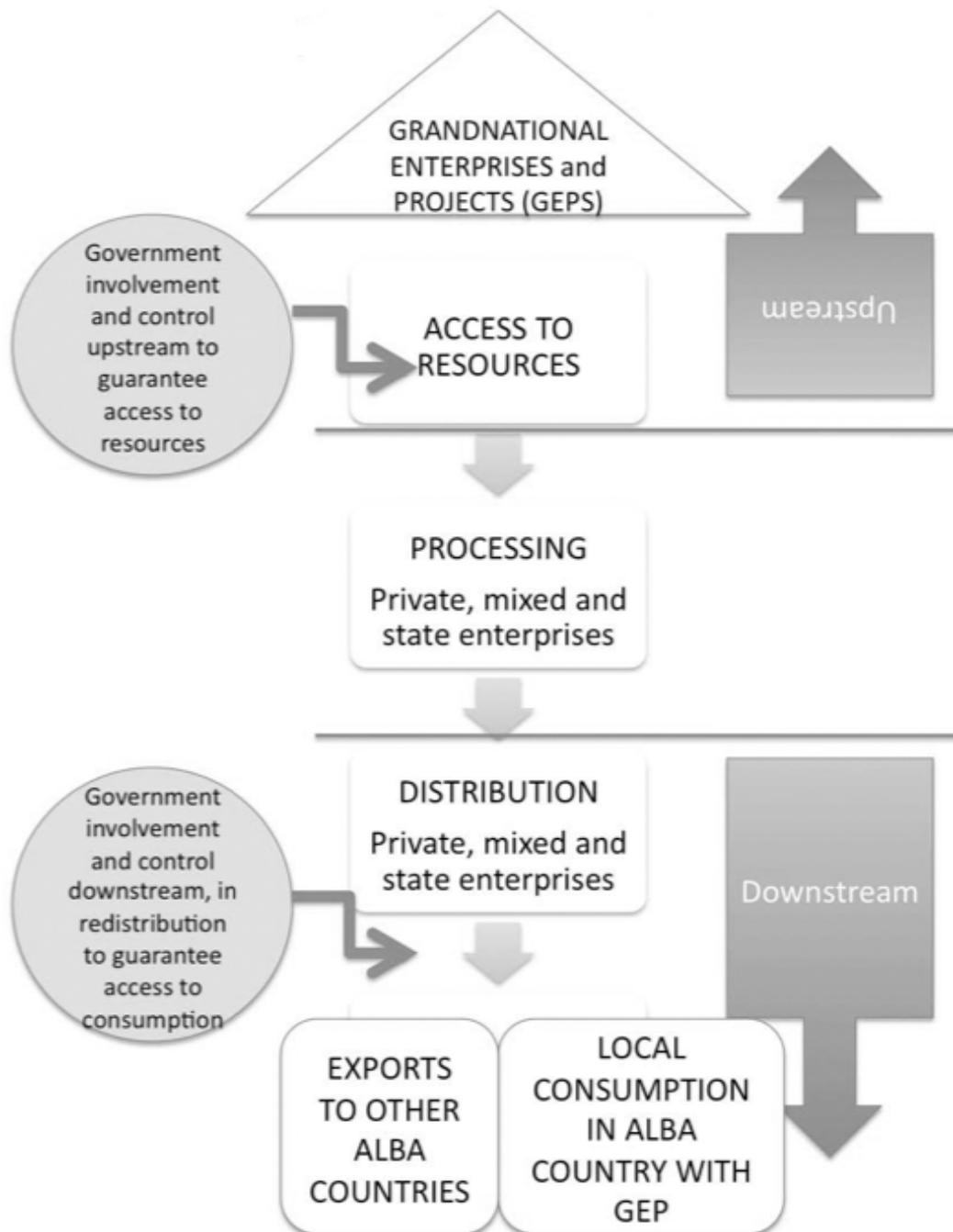
Export activity linked to areas of food, agriculture and livestock activity of GNEs and GNPs has grown significantly within the ALBA-TCP. Food security and sovereignty have become increasingly important in the face of the current interrelated food, energy and financial crises and the impasses related to agricultural subsidies' negotiations that have stalled the Doha Round. Food sovereignty links the right to food and food production and argues that food security can't depend on market forces, agribusiness and speculation at the international level; or on the unequal distribution of land and benefits in favour of the large agribusinesses.

Causes of the Food Price Crisis have been related with factors affecting food supplies, such as the decline in the rate of growth of food production, climate change and water depletion, growth of biofuels, excessive speculation in food commodities markets and derivatives, and a flawed financial system that exacerbated the impacts of supply and demand movements in food commodities (De Schutter, 2010: 2, 6). The food price crisis is also related to the energy crisis and price hikes in oil because biofuels have distorted market behaviour and triggered speculation in food and energy. This state of affairs invites reflections on alternatives that formulate feasible solutions to the three-pronged crisis.

This section presents an example of the model of GNEs and GNPs applied to Food Sovereignty alternatives in the ALBA-TCP with a focus on Venezuela. Diagram 1 illustrates the basic components of the model. The model captures that GNEs and GNPs serve as lead firms that control and coordinate the production-distribution chain. Upstream, government involvement and control guarantees access to resources. Downstream, government involvement and control in redistribution guarantees access to consumption. In processing and distribution, private, mixed and state enterprises participate and are integrated into chains and production networks. Distribution into international markets is captured by exports. This model will be illustrated in the case of food sovereignty.

¹⁰ See <http://www.soberaniaalimentaria.com/noticias/AlbaFondoSeguridadAlimentaria.htm>.

Diagram 1. Model of Grandnational Enterprises and Projects



GNEs

In the area of ALBA-TCP-Food, there are six GNEs that operate or are scheduled to operate in the future: ALBA-TCP-Rice; ALBA-TCP-LEGUMINOSAS; ALPA-PTA-FISHALBA (for Pescalba); ALBA-TCP-Poultry; ALBA-TCP-Porcine; ALBA-TCP-Milk Products; and ALBA-TCP-Wood. The Bolivarian Republic of Venezuela has also signed agreements or treaties in Food Sovereignty with non-ALBA-TCP countries, as is the case with Brazil, Argentina (2008), and Paraguay.¹¹

Government involvement and control upstream to guarantee access to resources

ALBA countries have guaranteed access to resources by generating recent legislation that either: guarantees food sovereignty as a constitutional right; guarantees food sovereignty or security; and/or promotes Agrarian Reforms linked to food sovereignty rights. Such is the case of Bolivia, Venezuela, and Ecuador. Furthermore, governments' involvement also includes the area of expropriations and financing.

Bolivia reformed its constitution in 2007. Articles 16, 82 and 321 state that every person has the right to water and food. In Bolivia, policies related to agrarian reforms are addressed in Article 18 of the *Proyecto de Ley Marco de la Política Boliviana sobre el Derecho Humano a una Alimentación Adecuada* by stating the promotion of a just distribution of property. Ecuador reformed its constitution in 2008. Articles 13 and 66 state that the right to food will be guaranteed to all citizens. The 2006 Law of Food and Nutrition Sovereignty and Security and the 2009 Organic Law of Food Sovereignty Regime points out the role of the State in the redistribution of land and in the creation of several institutions to make feasible food sovereignty initiatives (*Consejo Nacional de Seguridad Alimentaria y Nutricional y Fondo Nacional de Seguridad Alimentaria y Nutricional*). Nicaragua's Law of Food and Nutritional Sovereignty and Security and the measures it has passed to target rural and female-headed households such as land redistribution, subsidized staple foods, credit schemes in support of small and medium producers, among others, bear witness to its commitment to food sovereignty and security policies (Muhr, 2010: 200). Venezuela reformed its constitution in 1999. Article 305 states that the State will promote sustainable agriculture as a strategic base of integral rural development. The 2008 Organic Law of Food Security and Sovereignty RIGE activities related to food security and sovereignty in order to guarantee access for the population. Article 17 of the 2001 Law of Agrarian Development, with its partial reform of 2010, relates Agrarian reform policies with food sovereignty.¹²

Processing private, mixed and state enterprises

Grandnational enterprises serve as lead firms and coordinators in networks and chains that integrate private, mixed and social economy firms into regional production chains. These initiatives incorporate diverse enterprises into the model. For instance, Pescalba, a

¹¹ See *Acuerdos Internacionales en materia de Seguridad y Soberanía Alimentaria* http://www.minpal.gob.ve/index.php?option=com_content&task=view&id=7&Itemid=15 (políticas de seguridad y soberanía alimentaria en los países del ALBA).

¹² See http://www.senado.gob.mx/iilsen/content/lineas/docs/varios/ana_seg_ali_paises.pdf.

grandnational enterprise between Cuba and Venezuela, integrates fishing councils and cooperatives as well as private enterprises into the chain. ALBA-TCP-Poultry, a grandnational enterprise between Cuba and Venezuela, has integrated private poultry farm operations that had been left idle by providing financial alternatives and incorporating these on a vertical integration scheme of production. ALBA-Poultry then buys chickens back from poultry farmers. The processing phase of operations is also left to a private enterprise to which ALBA-Poultry pays to process chickens.

Government involvement and control downstream in redistribution, to guarantee access to consumption

ALBA-TCP member countries carry out initiatives at the national levels to guarantee access to food. In the case of Venezuela, the Mercial Mission stands out. This Mission was born in Venezuela and since then has promoted initiatives at the regional level. It comprises the areas of consumption, marketing and distribution. “It carries out marketing and commercialization of food and other basic necessities at the wholesale and retail levels, maintaining quality, low prices and easy access to guarantee basic provisions to the Venezuelan population, especially poor people. It incorporates small enterprises and cooperatives into its network in order to guarantee food security. The Mercial Mission comprises the following programs: Food Homes, Nutritional Supplements, Mercial Network, Distribution Centers, Type I Modules, Supermercal, Bodegas Mercial (Small Grocery Stores or “*Bodegas*”), Mobile Grocery Stores and Open Megamarkets”.¹³ Inside ALBA, some initiatives have been created to take the Mercial concept to Cuba.

Exports to other ALBA countries

Food exports have increased in intra-ALBA-TCP trade as explained previously. This increase in exports is linked to areas under the domain of currently active or projected grandnational enterprises and projects. This intra-ALBA trade is not necessarily linked directly to exports of existing grandnational enterprises. In the case of Cuba and Venezuela, most trade is in the hands of state enterprises and it is thus reasonable to argue that bilateral trade is directly linked to grandnational enterprises or state firms. However, in the case of other ALBA members where state enterprises are non-existent in a particular industry, then intra-ALBA trade in exports cannot be directly executed by a grandnational enterprise, but by other actors, either private or social economy enterprises, that might be at present or eventually, linked to a grandnational chain of production and distribution.

GNEs contemplate exporting part of the production to partner countries. Such is the case of Pescalba with Cuba, where exports of mackerel (60%) and tuna (20%) are stipulated. It is also the case with ALBA-TCP-Poultry. However, these exports have yet not materialized.¹⁴

¹³ See <http://www.misionmercal.gov.ve>.

¹⁴ When the question as to why these exports had not materialised was formulated during the field trip to Venezuela, interviewees answered that Venezuela needed to guarantee its food sovereignty first.

Local consumption in ALBA country with GNE

Local consumption in Venezuela is guaranteed through Mercal and PDVAL, socialist communal markets, and fairs among others. For instance, the socialist communal market distributes food to local families. These families pay for their food according to their capacity. Other ALBA countries have implemented similar initiatives.

Conclusions

The ALBA-Peoples' Trade Agreement (ALBA-TCP) emerges as an alternative model of regional trade and production. This model is located in new trade theory, Hettne and Soderbaum's work, endogenous development, and global production networks and chain theories in order to develop a conceptualization of strategic regionalism for the 21st century. The ALBA-Peoples' Trade Agreement (ALBA-TCP) goes Beyond Open Regionalism and the Council of Mutual Economic Assistance models of 20th century capitalism and socialism, respectively.

Preliminary findings of intra-ALBA trade show that significant growth has been attained and that this growth is linked to areas of activity of GNEs and GNPs. Intra-ALBA trade in food has proved significant. Therefore, the assertion that ALBA-TCP is a geopolitical initiative incapable of generating economic development beyond flows associated with Venezuela's petroleum industry proved unfounded.

A model of GNEs and GNPs applied to Food Sovereignty alternatives in the ALBA-TCP with a focus on Venezuela was presented. Preliminary findings suggest that intra-ALBA trade and production structured around GNEs and GNPs can serve as an alternative model to structure governance of regional production chains.

Emergent alternatives begin to configure six commonalities regarding constitutive elements of a socio-economic model in which the ALBA-TCP is inscribed: 1. endogenous development and integration are tied to a nationalisation or re-nationalisation of natural resources; 2. states are conferred important roles as economic actors; 3. the production model is structured around a diversity and plurality in property forms; 4. the transformation of the economy is approached through new transdisciplinary viewpoints that transcend the conceptual limitations of capitalist neo-developmentalism and twenty-first century socialism, and that incorporate other reflections and debates concerning these conceptualisations; 5. ALBA-TCP alternatives pose challenges to the construction of twenty-first socialism; 6. the ALBA-TCP bears similarities with CMEA and these are important in identifying alternatives to overcoming problems associated with this model.

The future of the ALBA-TCP and of 21st century socialism in the region is tied to the consecution of the commonalities in constructing alternatives and in the the regional trade and production initiatives tied to grandnational enterprises and projects.

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