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## Chávez loans squeeze IMF from region

By CHRISTOPHER SWANN

Venezuelan President Hugo Chávez is squeezing the International Monetary Fund out of Latin America, the region that once accounted for most of its business.

IMF lending in the area has fallen to \$50 million, or less than 1 percent of its global portfolio, compared with 80 percent in 2005. Meanwhile, Chávez has used his oil wealth to lend \$2.5 billion to Argentina, offer \$1.5 billion to Bolivia and hold \$500 million out to Ecuador.

Chávez, 52, is promoting what he calls a "socialist" alternative to the Washington-based IMF and its biggest shareholder, the U.S. Treasury. The timing couldn't be worse for the IMF, whose global clout is diminishing as countries from Uruguay to the Philippines pay their debts.

### IMF ENEMY

"Chávez is the No. 1 enemy of the IMF in the region," said Jose Guerra, a former head of economic research at Venezuela's central bank and now a professor at Universidad Central de Venezuela in Caracas. "He views the IMF as an agent in the service of the U.S."

The international lender's worldwide portfolio has shriveled to \$11.8 billion from a peak of \$81 billion in 2004, and a single nation, Turkey, now accounts for about 75 percent. As its lending wanes, so does the fund's ability to influence government policies. The IMF and its sister institution, the World Bank, have used aid to promote free trade, unfettered investment flows and limited government.

"We don't accept the kind of development the World Bank and International Monetary Fund want to push on us to change our hopes, our souls, our pain," Chávez told a summit of the Non-Aligned Movement in Havana last September.

Chávez has proposed creating Banco del Sur, or Bank of the South, to supplant international lenders. Such a bank would allow Latin American nations to avoid the policy conditions that generally come with IMF loans.

Chávez's presidential press office said he was unavailable for comment. IMF spokesman Bill Murray declined to comment.

### OIL REVENUE

Chávez has used the wealth of Latin America's largest oil exporter to extend his financial influence. Oil exports last year rose 21 percent to \$58.4 billion, according to Venezuela's central bank.

Oil revenue has helped Venezuela amass financial reserves of more than \$34 billion.

Chávez also controls an \$18 billion pool of cash, known as the Fonden, transferred from the central bank and the state oil company Petroleos de Venezuela.

The bounty can't last, said Ted Truman, a former assistant U.S. Treasury secretary for international affairs.

"Chávez is at grave risk of running out of money," said Truman, who is now a senior fellow at the Peterson Institute for International Economics in Washington.

Venezuela's budget deficit soared to 8.2 trillion bolivars (\$3.8 billion) in the first 11 months of last year from 447 billion bolivars a year earlier.

The bolivar has plunged 16 percent against the dollar on the black market this year, making it the worst-performing currency in the world.

