

A REPORT OF THE CSIS
AMERICAS PROGRAM

Iran's Influence in the Americas

FULL REPORT

Author

Stephen Johnson

March 2012



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YEARS | CHARTING
OUR FUTURE

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PREFACE

Measuring a nation's activities in any region is difficult. Relations are typically multidimensional and far deeper than the senior leader rhetoric that makes the evening news. There are lengthy planning meetings in foreign affairs ministries, determinations of mutual interest, hidden agendas, apprehensions, misunderstandings, gaffes, successes, and disappointments that rarely meet the eye. In Iran's outreach to the Americas, there is evidently more: a desire for status in the international community, a quest for allies willing to help it develop its nuclear program (as an instrument of national power), and a declared objective to blunt U.S. influence close to its shores, even as the United States exercises its influence in the Middle East and Asia. On the part of some American states, there is a commercial interest in boosting trade while holding Iran's government at arm's length. For a small handful of states, relations with Iran have helped strengthen their own efforts to counter U.S. influence and validate their models of personal, centralized control.

Three problems present themselves to anyone conducting such a study:

First, accurate information is not easily obtainable. Authoritarian governments rarely communicate their endeavors beyond partial facts, self-serving publicity, and disinformation. Some interpretation must go into evaluating events and statements to be able to discern patterns and intentions. Trade numbers are really snapshots in time that vary by source and by when compilers collect the data. Moreover, it is tempting to cherry-pick certain facts and ignore others. Not all figures coincide.

Second, busy, complex relationships are never easy to categorize and cross-reference in a way that is meaningful to all observers. Funding a hospital may be an example of economic aid yet have more significance as a public relations project.

And third, new information keeps adding to layers of what is known, so chronologies must be constantly updated, including the ones published here.

For the purposes of this report, Iran's activities have been categorized by brief studies of history, possible cultural affinities, strategic communications, economic links, relations with its main terror proxy, nuclear diplomacy, and country-to-country ties. The chronologies contained in these chapters slightly overlap and may be updated, so that a year from now, this report might reach a different set of conclusions. What is important is that it presents enough information to permit readers to make a thoughtful, informed assessment of a situation that could affect the security of the United States and its neighbors in the Americas.



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EXECUTIVE SUMMARY

Through trade, assistance, and bilateral cooperation, the nations of the Americas are more globally connected than ever before. Not just to former colonial powers, but to such faraway places as Afghanistan, China, India, Russia, and Singapore. In 2007, Colombian police were training Afghan counterparts. China's commerce with Latin America and the Caribbean has grown from about \$12 billion in 2000 to some \$176.8 billion in 2010.¹ India's trade is on track to double from \$23 billion in 2010 to \$50 billion in 2014.² Russia has more extensive commercial and political ties in the hemisphere than it did during the Cold War. And Singapore is now Venezuela's fifth-largest trading partner. Yet, another foreign power has made inroads and is provoking worries that for now are larger than its actual impact. It is the Islamic Republic of Iran.

Once a U.S. ally during the reign of Shah Mohammed Reza Pahlavi (1941–1979), and then hostile to the United States following the shah's overthrow in 1979, Iran has sought foreign partners to project an image of global power, expand trade, intertwine its finances more tightly into the international banking system, and forge political alliances. By most measures, it has been only partly successful, managing to have a small amount of influence with a handful of governments. Although that may not present an existential threat to the United States, it could mean trouble for the hemisphere if Iran decided to raise tensions through renewed support for terrorism or development of a nuclear weapon.

Considering such possibilities, it is important to understand the motives of Iran and its partners in exploiting links, as well as the assets and liabilities of such relationships for each side as Iran tries to gain a foothold. An evaluation of its outreach to the hemisphere before the Islamic Revolution, its outreach efforts since then, the role of its Lebanese proxy Hezbollah, and the state of its nuclear program are critical to understanding possible implications for the United States. Overestimating a potential Iranian threat could lead to reactions more damaging than anything Iran could do by degrading U.S. relations with neighboring governments and publics. Underestimating a potential threat could send the wrong message about U.S. seriousness to counter challenges to its interests and those of democratic allies.

To minimize the negative aspects of Iran's influence in the Americas, the United States should:

- Improve intelligence collection to obtain a clearer picture of Iran's hemispheric activities;
- Press neighbors with Iranian ties to encourage Iran to be a better global citizen:

1. IMF Trade Statistics cited in Claudio Loser, "China's Rising Economic Presence in Latin America," testimony before the U.S.-China Economic and Security Review Commission, Washington, D.C., July 21, 2005, and Ruth Morris, "China: Latin America Trade Jumps," *Latin America Business Chronicle*, Special Reports, May 9, 2011, <http://www.latinbusinesschronicle.com/app/article.aspx?id=4893>.

2. "India's trade with Latin America may reach \$50 billion," *Times of India*, January 2, 2012, <http://timesofindia.indiatimes.com/business/india-business/Indias-trade-with-Latin-America-may-reach-50-billion/articleshow/11339538.cms>.

- Try to repair its own faltering relations in the hemisphere;
- Develop a broader, more competitive base of cooperation in the region;
- State dangers less in terms of threats posed to the United States and more in terms of what they mean to the Western Hemisphere community; and
- Bring news of Iran’s hemispheric engagement as well as the reality of daily life in this region to audiences in Iran.

Historical Backdrop

While much of Iran’s interest in the hemisphere seems to date from the beginning of Mahmoud Ahmadinejad’s presidency in 2005, its roots go back much further—to the 1850s when Iran sought U.S. help in keeping European powers at bay. Diplomatic links between Iran and other American states such as Argentina, Brazil, Mexico, and Venezuela gradually followed. Oil diplomacy, a desire to exploit nuclear energy and possibly develop a nuclear weapon, and an attempt to seek closer ties with the developing world all emerged during the shah’s time. Iran’s left-leaning revolution broke ties with the United States and shifted allegiances toward countries in the Americas such as Marxist Cuba and Nicaragua under the Sandinistas.

Two years after Venezuelans elected left-leaning Hugo Chávez to their presidency in 1998, President Muhammad Khatami (1997–2005) began cultivating a pivotal friendship. Later, when other populist autocrats were elected in Bolivia and Ecuador, Chávez introduced Iran’s current leader, Mahmoud Ahmadinejad, to them. Iran renewed ties with Nicaragua when former Sandinista *comandante* Daniel Ortega returned to the presidency in 2007. As occasional attempts at rapprochement with the United States had not been productive in Iran’s eyes, Iran turned to these other countries to sidestep a growing list of international sanctions against its support for Hezbollah and then its nuclear program. Such links also overcame diplomatic isolation and served to keep Washington’s foreign policy community off balance.

Today, the advantages of such ties may be fleeting. Cuba’s 50-year dictatorship is transitioning away from its former hard line and could be curtailed by the advancing age of its leadership. Core members of the Bolivarian alliance have elected governments, albeit autocratic, that could lose future elections. And elections or an ongoing health crisis could take Venezuela’s Chávez out of power. To be sure, Iran has diplomatic relations with a number of American states and embassies in 11 of them.³ Most ties are commercial, however, and, at that, Iran is mostly an importer. What is unclear is whether Iran’s current government has further capacity to develop influence in the region—considering the appeal of its public diplomacy efforts, other countries’ wariness about terrorist proxies such as Hezbollah, and the viability of trade and aid offerings.

Cultural Affinities

On the surface, it might seem that the Middle Eastern diaspora in the Americas would provide an open channel for Iran to project influence. However, populations of Middle Eastern descent represent a small minority in the Americas, most living in North America, Brazil, and Argentina. The vast majority are Arab and Christian. Those of Persian descent live mostly in the United States

3. Argentina, Bolivia, Brazil, Canada, Colombia, Chile, Cuba, Ecuador, Mexico, Nicaragua, Uruguay.

and Canada. Muslims constitute a minority in the overall group, and Shia (the most common form of Islam practiced in Iran) adherents are a smaller subgroup still. Of them, only a small portion might be considered likely targets for cooperating with Tehran or turning against the United States. Where Iran has been able to build ties is among Hezbollah operatives, Arabs who emigrated as a result of the Lebanese civil war (1975–1990), and a few individuals within the sway of pro-Iranian Shia clerics.

Public Diplomacy

Public diplomacy, strategic communication, and soft power refer to activities used by almost all governments to polish their public image and ensure a welcome reception for bilateral cooperation and trade. Iran is no different in using these tools and has, in fact, taken a page from the United States' playbook—using presidential visits, public events, official statements, broadcasting, the Internet, and focused foreign assistance/civic action to elicit favorable reactions from targeted populations. So far, there is little evidence that such efforts have been effective, as public perceptions of Iran seem to be highly unfavorable where survey data are available.⁴ In fact, one survey in 2010 found that large majorities in Argentina, Mexico, and Brazil opposed Iran's possible acquisition of a nuclear weapon, although they generally favored sanctions over military action to prevent Iran from obtaining one.⁵

Visits to the Americas by senior Iranian leaders began under the soft-spoken President Khatami. Succeeding him, President Ahmadinejad adopted a more aggressive travel schedule and more strident, anti-Western rhetoric. As of January 2012, Ahmadinejad has visited the region six times. By comparison, Venezuelan president Hugo Chávez has visited Iran nine times, Nicaragua's Daniel Ortega has gone three times, Bolivian president Evo Morales twice, Ecuador's Rafael Correa once, Guyanese president Bharrat Jagdeo once, and Brazilian president Inacio Lula da Silva once.

Iran's international broadcasting service dates from 1926. Today, Islamic Republic of Iran Broadcasting (IRIB) has domestic and international coverage, with audiences in 45 countries and among 25 languages. IRIB reportedly has eight national television channels and six satellite channels for international viewers. IRIB runs its own website (www.irib.ir), which is translated from Persian into 24 languages corresponding to radio services, including Spanish and English. Stories resemble those on the United States' Voice of America, except for their anti-Western orientation and, at times, obvious propagandistic slant. A number of Spanish-language Shia Islamist websites are also directed toward Latin America. Most of these feature anti-American and anti-Israel messages, seek to explain the Iranian revolution, and promote conversion or "reversion" from other Muslim sects to Shiism.

State-to-state cooperation on international communications is also evolving. In December 2004, Iran's IRIB system and Venezuela's state-run Venezolana de Televisión (VTV) signed an agreement to collaborate on a digital newsroom, build a provincial station, and exchange television series and programming. In March 2008, Iran and Bolivia agreed to a package of joint projects valued at some \$1 billion. Later, Iran announced it had dropped plans to broadcast in Bolivia

4. BBC World Service Poll 2011, http://news.bbc.co.uk/2/shared/bsp/hi/pdfs/05_03_11_bbcws_country_poll.pdf.

5. *Obama More Popular Abroad Than at Home, Global Image of US Continues to Benefit*, Pew Research Center, Pew Global Attitudes Project, June 17, 2010, pp. 1, 13, 43, <http://pewglobal.org/files/pdf/Pew-Global-Attitudes-Spring-2010-Report.pdf>.

in favor of a content-sharing agreement with Bolivia's state media. In May 2011, Iran's Foreign Ministry and the Cuban Institute of Radio and Television announced a joint network venture.

Investments and Trade

On the financial front, Iran tends to fund aid projects for public relations purposes and joint ventures that highlight bilateral cooperation and state industries. Venezuela leads other Western Hemisphere countries in such arrangements. In almost all cases, projects seem directed at political objectives or possible clandestine technology transfers, not at profits. Iran's investments in tractor and automobile factories in Venezuela have underproduced and reportedly turned out substandard products. A joint airline route between Caracas and Tehran commenced in 2007 yet was suspended in 2010, apparently lacking riders. Elsewhere, cement plants and dairy processing facilities have been built in remote locations that, while serving a need, do not seem economically viable.

Banking

With regard to finances, Tehran has attempted to use its Export Development Bank of Iran (EDBI) to tap into Western Hemisphere banks. Venezuela agreed to open a branch in 2008. Known as the International Development Bank (Banco Internacional de Desarrollo, C.A.), it provided such traditional public services as checking and savings accounts, car loans, and credit cards. In October 2008, the U.S. Department of the Treasury imposed economic sanctions on EDBI for allegedly helping Iran's Defense Ministry finance its weapons programs. In April 2009, Ahmadinejad and Chávez proceeded to inaugurate the Tehran-based Iran-Venezuela Joint Bank, capitalized with contributions of \$100 million from each country. Shortly thereafter, the Venezuela-Iran Single Binational Fund opened in Caracas. In 2010, the European Union said it would freeze all funds and resources belonging to the Venezuelan branch of EDBI for alleged ties to Iran's nuclear program.

Despite U.S. sanctions, the directors of the Central Bank of Ecuador approved a protocol establishing a relationship with EDBI in November 2008 to promote bilateral trade with Iran. In 2010, however, the Paris-based UN Financial Action Task Force (FATF), which combats financial crimes, placed Ecuador on its watch list for failing to comply with regulations concerning money laundering. Ecuadoran president Rafael Correa reacted angrily, but promised his government would no longer deal with Iran's sanctioned banks.⁶ Still, in October 2010, Bolivian president Evo Morales signed agreements that called for a branch of the EDBI in Bolivia and the creation of a binational bank with the participation of public and private capital from both countries. In addition, Iran offered a credit line of \$278 million to Bolivia for 16 years at a fixed annual interest rate of 2.7 percent.⁷

6. "Ecuador Won't Work With Sanctioned Iranian Banks – Correa," Dow Jones News, June 1, 2010, http://www.advfn.com/news_Ecuador-Wont-Work-With-Sanctioned-Iranian-Banks-Correa_43052854.html.

7. "Bolivia se abre a capitales privados y estatales de Irán," *La Razón*, November 1, 2010, <http://www.la-razon.com/version.php?ArticleId=120457&EditionId=2332>.

Bilateral Trade

Commerce between Iran and the Americas has grown dramatically over the last decade, but it is still insignificant compared to trade within the region and with other partners outside the hemisphere. By most accounts, trade between Iran and the region tripled between 2008 and 2009.⁸ In 2010, the exchange amounted to some \$3.5 billion.⁹ By comparison, China-Latin America trade in 2010 amounted to almost \$180 billion,¹⁰ and U.S. trade with the region amounted to \$636 billion.¹¹ Even so, Latin America represents only about 2 percent of Iran's total trade with the world¹² and, at that, commerce is mostly concentrated in South America's two large economies, Argentina and Brazil. In contrast, Venezuela, Ecuador, Bolivia, and Nicaragua (Iran's closest political allies in the Americas) were net importers of Iranian goods. In most cases, however, such exchanges were small and erratic.

Iran has other, larger partnerships in the Middle East, Central Asia, and China. Furthermore, it enjoys a favorable market position as a major petroleum exporter. Always in high demand, oil makes up some 80 percent of Iran's export sales. Non-petroleum products (a sector that Iran would like to expand) consist mainly of pistachios, carpets, methanol, and automobiles. Despite a scarcity of arable land and unreliable rainfall, the country is 90 percent self-sufficient in food production, and wheat is its number-one crop.¹³ During the last decade, it has mostly enjoyed a trade surplus. Moreover, high oil prices have allowed it to report a buildup in foreign reserves totaling some \$100 billion.¹⁴

Ties to Terrorists

There is strong circumstantial evidence that Iran has had ties to terror groups operating in the Americas—most specifically Hezbollah, formed in the 1980s as a paramilitary anti-Israeli resistance organization during the Lebanese civil war. Hezbollah was inspired by Iran's revolution and the teachings of Ayatollah Khomeini, and Iran is believed to have supplied initial financing while its Revolutionary Guards trained some cadres. Over the years, Iran's links to Hezbollah seem to have weakened although its operatives could still serve as a fifth column in the Americas. Moreover, Hezbollah is now the dominant political power in Lebanon and may be less focused on overseas terror operations than when it started.

In the Americas, its major terror events were the bombing of the Israeli embassy in 1992 and the Jewish community center in 1994 in Buenos Aires. Evidence such as signal intercepts suggests

8. "Iran Trade Triples," *Latin American Business Chronicle*, December 2, 2009, <http://www.latinbusiness-chronicle.com/app/article.-aspx?id=3842>.

9. European Commission, Trade Statistics, <http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/statistics>.

10. "Xi wants to boost Latin America trade," *China Post*, June 13, 2011, <http://www.chinapost.com.tw/china/national-news/2011/06/13/305942/Xi-wants.htm>.

11. Doreen Hemlock, "Latin America: Record US Trade," *Latin American Business Chronicle*, February 22, 2011, <http://www.latinbusinesschronicle.com/app/article.aspx?id=4785>.

12. European Commission, Trade Statistics.

13. Glenn E. Curtis and Eric Hooglund, eds., *Iran: A Country Study*, Federal Research Division, Library of Congress, Washington, D.C., 2008, p. 168.

14. "Iran Has Foreign Exchange Reserves Topping \$100 Billion, Ahmadinejad Says," Bloomberg News, October 30, 2010, <http://www.bloomberg.com/news/2010-10-30/iran-has-foreign-exchange-reserves-topping-100-billion-ahmadinejad-says.html>.

coordination with senior Iranian officials.¹⁵ Unfortunately, early investigations by Argentine prosecutors were flawed and follow-ups have failed to develop conclusive proof. Still, in 2007 Interpol put five former Iranian officials, including current defense minister Ahmad Vahidi, on its “red list” for having planned and carried out the community center bombing.¹⁶ As for Hezbollah, its operations during the last decade seem to have centered on raising funds by selling pirated goods, smuggling arms and drugs, and extorting money from Arab immigrant communities.

Nuclear Diplomacy

Iran has had a nuclear program since the shah era and is a signatory to the Nuclear Non-Proliferation Treaty. As a non-nuclear (weapons) state, the convention allows Iran to develop a civilian nuclear energy program. However, considering the rigidity of Iran’s theocracy, the apocalyptic ideas of some of its leaders, and senior leader statements that “Israel should be wiped off the map,” the potential for developing nuclear weapons from such a program is worrisome. Despite numerous offers to supply it with low-enriched uranium for its research reactors, Iran has developed a native enrichment capability that could produce weapons-grade fuel. Reports of Iranian agreements with Bolivarian governments to participate in mineral exploration have fed speculation as to whether Iran is importing uranium from the west, in defiance of international sanctions.

Available information suggests that while Iran does not have sufficient uranium to run several thermonuclear power generating plants (another long-term goal), it may have enough for four to five nuclear warheads and could obtain more from its own mines or those in nearby countries without having to mill and ship concentrate from the Americas.¹⁷ Nevertheless, cooperation in mining projects and participation in the development of nuclear programs elsewhere could help it obtain components and strategic materials for its own enrichment or weapon manufacturing efforts. Relaxed customs protocols with Venezuela, Bolivia, and Ecuador could facilitate such a transfer. By way of example, South Korean authorities found 400 suspect tubes in jet cargo headed for Iran in 2010.¹⁸ And in December 2011, Russian customs officials seized steel boxes containing sodium, a radioactive isotope of sodium, that were to be loaded on a flight bound for Tehran.¹⁹

Bilateral Relations

Within the hemisphere, Iran has sought links with a broad range of countries, from democratic, free market states to a handful of authoritarian, anti-U.S. regimes. From a political standpoint, the

15. Ronen Bergman, *The Secret War with Iran: The 30-Year Clandestine Struggle Against the World’s Most Dangerous Terrorist Power* (New York: Free Press, 2008), 171–172.

16. They were former intelligence chief Ali Fallahian, former head of the Revolutionary Guards Mohsen Rezaei, cultural attaché in the Iranian embassy in Buenos Aires Mohsen Rabbani, Third Secretary Ahmad Ashgari, former chief of the Iranian Guards Qods forces Ahmad Vahidi, and Hezbollah foreign operations chief Imad Mughnieh.

17. Olli Heinonen, “The 20 Percent Solution,” *Foreign Policy*, January 11, 2012, http://www.foreignpolicy.com/articles/2012/01/11/the_20_percent_solution.

18. Tim Wichter, “Diplomats say new Iran weapons materials seized,” AFP, March 17, 2011, <http://www.google.com/hostednews/afp/article/ALeqM5jc4NsHL9AUuZ6wvTnsEaKTKzRg>.

19. “Russia seizes radioactive consignment bound for Iran,” *Telegraph* (London), December 16, 2011, <http://www.telegraph.co.uk/news/worldnews/8961278/Russia-seizes-radioactive-consignment-bound-for-Iran.html>.

most productive have been investments in a Caracas-Tehran axis that has facilitated ties within Venezuela's Bolivarian Alliance for the Americas (ALBA) alliance. In that framework, joint ventures figure prominently in Iran's standardized assistance portfolio: tractor factories, dairy facilities, and cement plants, plus hydrocarbon and mineral exploration. Elsewhere, Iran has sought access to agricultural commodities in emerging large economies like Brazil and Argentina. Where countries are not sympathetic to anti-Western rhetoric or authoritarianism, Iran has established a cultural presence to forge links with small Muslim communities. Most of these relationships, costly and unprofitable, seem disadvantageous from a U.S. perspective. Back in Tehran, they showcase Iran's profile as a world power—portrayed as more influential than Saudi Arabia and Israel, and as a check on U.S. influence in the Middle East, the Americas, and the world.

Argentina and Brazil are Iran's largest trade partners in the hemisphere. However, Argentine concerns about Iran's possible complicity in the 1990s terrorist bombings in Buenos Aires cloud potential improvements. And in Brazil, there is growing wariness over whether Iran will flout international nuclear conventions plus unease over efforts to convert young Brazilian men to Shia Islam. Chile, Colombia, Paraguay, and Uruguay have small trade relationships, but otherwise abstain from aligning themselves with Iran's anti-Western positions. In contrast, Venezuela has become Iran's beachhead for strategic communications, banking, and joint ventures. By 2007, its president was the gatekeeper for relationships with newly elected anti-U.S. presidents in Bolivia, Nicaragua, and Ecuador.

Tehran-Caracas Axis

Venezuela and Iran were the founding members of the Organization of the Petroleum Exporting Countries (OPEC) in 1960, and today their partnership is the most extensive and symbiotic among the hemisphere's capitals. While both countries rely on national petroleum industries for income, Iran is more industrialized and its economy (18th largest in the world) is more than twice the size of Venezuela's. Venezuelan president Hugo Chávez sees Iran as a major investor, supplier, and linchpin among Islamic countries in containing U.S. global influence. Moreover, Iran's economic assistance is welcome in funding social projects that Venezuela's own oil export earnings cannot support.

Joint projects. Outside of the two countries' foreign ministries, probably no one knows how many agreements have been struck, but press releases and news stories suggest as many as 200, and one account in Venezuela's daily *El Universal* last year reported 270.²⁰ The value of loans and investments could be calculated at \$15 billion by adding up the stated values of known joint ventures, capitalizations, loans, and investments. Or it may exceed \$20 billion as declared by Venezuela's deputy minister for basic industry and mining, Gustavo Hernández, in April 2007. In any case, the lack of transparency in which many of these accords were struck makes it difficult to assess how many are active, completed, or even real.

Oil and gas cooperation has been the cornerstone of binational ventures for the two OPEC founders. Nonetheless, it has been one of the most problematic areas of collaboration. Despite an agreement signed in 2005, exploration and certification leading to a multibillion-dollar venture in the Orinoco oil belt seems to be mired in preliminary studies while the two governments renegotiate contracts. Joint venture factories such as tractor, car, bicycle, cement, dairy, and plastics plants

20. "Venezuela-Iran ties go beyond the oil issue," *El Universal* (Caracas), June 3, 2011, <http://english.eluniversal.com/2011/06/03/venezuela-iran-ties-go-beyond-the-oil-issue.shtml>.

set up as “socialist” production models have stumbled. Tractors have been given away or leased to state cooperatives. Automobile production was predicted to be 25,000 units per year, but in 2011 reached only 3,773 according to an Iranian news release.²¹ A cement plant planned in 2005 reportedly will not open until mid-2012.

President Chávez has clearly stated his intent to help Iran develop its nuclear program and has spoken openly of Iran’s involvement in Venezuela’s mineral and uranium prospecting. In 2008, the Venezuelan state-run mining company, CVG Minerven, granted the Iranian firm Impasco rights to a gold mine concession in the Roraima Basin, a massive geological formation bordering Guyana known for iron, bauxite, gold, and, more recently, discoveries of uranium ore.²² In 2009 Chávez boasted, “We’ve already been working for years with the mining ministry of Iran. If you all knew the amount of mining resources that we have discovered in the last few years you’d fall on your backs: gold, diamond, precious rocks and other minerals.”²³ How much is exaggeration is hard to say, as Venezuela is well endowed with mineral resources. Yet, by comparing official estimates, it does not seem to have as much uranium as Iran, nor the capability to process and concentrate it. For now, nuclear cooperation may take the form of helping Iran obtain critical technology.²⁴

Security interests. Able to make billion-dollar purchases of Russian and Chinese arms, Chávez has also appeared willing to help Iran in defense. So much so that the U.S. Department of State levied sanctions (under the Iran, North Korea, and Syria Nonproliferation Act) on Venezuela’s Military Industries Company for allegedly passing on goods and technology that could be used to assist in Iran’s weapons program. On October 19, 2010, President Chávez flew to Tehran after meetings in Moscow where he agreed to purchase S-300 air defense missile systems that Russia had withheld from Iran because of UN Security Council sanctions. News stories suggested that Chávez offered to transfer them to Iran; however, Defense Minister Ahmad Vahidi denied plans to acquire them from Venezuela.²⁵

In November 2010, the German newspaper *Die Welt* followed up with a feature citing “Western security sources” that Presidents Chávez and Ahmadinejad had reached a secret agreement the previous month to let Iran build a medium-range missile base on Venezuelan soil.²⁶ The alleged

21. “Iran, Venezuela carry out joint projects,” Hispan-TV (Iran), January 14, 2012, <http://www.presstv.ir/detail/220947.html>.

22. Roger F. Noriega, “Chavez’s Secret Nuclear Program,” *Foreign Policy*, October 5, 2010, http://www.foreignpolicy.com/articles/2010/10/05/chavez_s_secret_nuclear_program.

23. Spoken as if Venezuela’s well-known mineral resources had only recently been discovered. See Tamara Pearson, “Venezuela and Iran to Form Joint Companies and Bank,” *Venezuelanalysis.com*, April 3, 2009, <http://venezuelanalysis.com/news/4348>.

24. Exploration is ongoing, but Venezuelan officials have told journalists that their country’s uranium reserves stand at about 50,000 tons. See Tim Padgett, “Chavez to Iran: How About Some Uranium?,” *Time*, October 8, 2009, <http://www.time.com/time/world/article/0,8599,1929256,00.html>. In contrast, the Atomic Energy Organization of Iran estimates that Iran’s Saghand mine may contain as much as 1.73 million tons of medium-quality ore. See Ali Akbar Dareini, “Iran says key site has higher uranium ore reserves,” *Associated Press*, October 19, 2010, http://seattletimes.nwsourc.com/html/nationworld/2013200168_apirannuclear.html?syndication=rss.

25. “Iran, Venezuela sign agreements, call ties strategic,” *Xinhua News Agency* (China), October 21, 2010, http://news.xinhuanet.com/english2010/world/2010-10/21/c_13569349.htm.

26. C. Wergin and H. Stausberg, “Iran plant Bau einer Raketenstellung in Venezuela,” *Die Welt*, November 25, 2010, <http://www.welt.de/politik/ausland/article11219574/Iran-plant-Bau-einer-Raketenstellung-in-Venezuela.html>.

objective would be to deter the United States from attacking Iran by threatening America close to home—as the Soviet Union had done when it installed medium-range ballistic nuclear missiles in Cuba. For the time being, there seems to be no substance to the report.

The Rest of ALBA

With regard to other countries within Venezuela's orbit such as Bolivia, Ecuador, and Nicaragua, relations are less intense and generally less beneficial for Iran. For example, Nicaraguan president Daniel Ortega has received assistance from Iran yet maintains cordial relations with the United States and other Western democracies. Iran's relationship with Bolivia, however, could be lucrative. In 2007, Iran promised Bolivia \$1.1 billion in the form of a cooperation agreement. In 2010, Presidents Evo Morales and Ahmadinejad signed a memorandum of understanding that named Iran as a co-developer of Bolivia's lithium deposits at Salar de Uyuni, which comprise 50 to 70 percent of known global reserves.²⁷ Lithium is a key element used in rechargeable batteries for items from hybrid autos to cell phones.

Conclusions

Iran's activities in the Western Hemisphere raise a number of warning flags, although some may be distractions. Its choice of allies—beginning with Cuba, and now consisting mainly of Venezuela and core members of ALBA—all have current leaders that share an authoritarian ideology hostile to liberal democracy and especially to the United States. To the extent these countries might help Iran spread terror or develop a nuclear weapon, they would be complicit in projecting a global threat. Yet much of that depends on guidance from Venezuela's president. Should he suddenly leave office, support for the Islamic Republic in the Americas would be surely diminished.

On close inspection, U.S. policymakers might not see all Iranian activities in the Western Hemisphere as security threats, and thus might calibrate responses in order not to strain relations with those Latin American countries that have relations with Iran. Regrettably, much of what is known about Iran's activities in the Americas is based on incomplete evidence. Overstating the case for action could set back relations with friendly neighbors and make cooperation, if needed, less likely. Understating it could lead to complacency or loss of trust. Given the hostility of the current Iranian leadership toward the United States, U.S. policymakers might consider measures to:

- *Redouble efforts to better observe and understand* the degree to which Iran is circumventing sanctions, transferring technology and materials, establishing an Iranian Guard presence, engaging terror groups such as Hezbollah or even Colombia's FARC guerrillas, engaging in terrorism itself, or contemplating a missile base in Venezuela as has been alleged. Early warning enables the most effective defense.
- *Press neighbors with Iranian ties to encourage Iran to be a better global citizen.* Considering the current turmoil between Iran's elected president, its parliament, and hard-line theocratic rulers, now is not the time to seek rapprochement, as it is difficult to know who is making decisions. However, a dialogue with Tehran's elected government to communicate what is acceptable in the framework of U.S. and regional interests is always useful.

27. Joshua Keating, "Bolivia's Lithium-Powered Future," *Foreign Policy*, October 21, 2009, http://www.foreignpolicy.com/articles/2009/10/21/bolivias_lithium_powered_future.

- *Fix broken ties.* Rather than wring hands over Iran's inroads among close neighbors, senior U.S. leaders and diplomats should try to repair faltering relationships. In fact, that is beginning to happen. A framework agreement exists with Bolivia to upgrade three years of downgraded ties with a new U.S. ambassador. The United States and Ecuador will soon exchange new ambassadors after several months in which top representation was absent.
- *Develop a broader, more competitive stance for U.S. cooperation in the region.* U.S. trade, aid, and collaboration are properly legalistic and detail oriented, reflecting an accountable approach to foreign relations. However, leader-to-leader agreements typical of authoritarian regimes that can be quickly drawn up and implemented may seem a more effective model of leadership to some publics in the hemisphere. U.S. lawmakers and policymakers should consider ways to streamline cooperative agreements without making them any less accountable.
- *Characterize support for Hezbollah and transferring nuclear technology less as a U.S. concern and more as a danger to hemispheric and global communities.* An Iranian military buildup and acquisition of a nuclear weapon is in no one's best interest. And finally,
- *Bring news of Iran's hemispheric engagement to Persian audiences.* Iranian citizens should know that Western reality is different from the theocratic vision of their leaders and the flattering images that state media show of Ahmadinejad's trips. They should know of the region's overall progress in human rights, civil liberties, economic freedom, religious tolerance, and relations with a multiplicity of external actors, from China to the United States. To the degree that U.S. public diplomacy is needed to augment the ability of commercial media to do that job, it should play a role.

Iran is not the only extra-hemispheric power eager to exploit relations with American states. A multiplicity of actors from around the globe including Iran all have a presence in the hemisphere. To the extent that each engages in a friendly competitive fashion, they will be welcome. To the extent that they engage in what others believe to be useless or destructive behavior, they will limit their prospects. Authoritarianism and anti-U.S. sentiments have deep roots in the Americas, to be sure. However, the dominant trend is toward democracy, decentralization, and governments that serve the popular will. Like growing intolerance for dictatorships in the Middle East, vestiges of authoritarianism may be poised for a reversal in the Americas, with the mortality of the Castro brothers in Cuba and the possibility that, for whatever reason, Hugo Chávez might leave power in Venezuela. Connections based on affinities between charismatic leaders, while lasting for decades, can vanish in an instant.

As previous studies on this subject have concluded, Iran's influence in the Americas will not be the same next year as it is now, and so the matter will require continued vigilance and assessment. Yet one thing is certain: Iran is an old civilization and its current, grim leaders believe it has an important place in the world. For now, they may think their destiny is to speak for the Islamic world and to oppose Western powers they feel have done them wrong. Perhaps sometime in the future, the United States and other democratic societies can help this distant society understand that it has a place within the community of nations, sharing the richness of its culture without seeking to dominate or control others.



ABBREVIATIONS

| | |
|--------|--|
| ABIN | Agência Brasileira del Inteligência |
| AEOI | Atomic Energy Organization of Iran |
| ALBA | Bolivarian Alliance for the Americas (also known as Bolivarian Alternative for the Americas) |
| AMIA | Asociación Mutual Israelita Argentina (Argentine-Israelite Mutual Association, or Jewish community center) |
| BID | Banco Internacional de Desarrollo, C.A. |
| CAVIM | Compania Anónima Venezolana de Industrias Militares (Venezuelan Military Industries Company) |
| CISADA | Comprehensive Iran Sanctions, Accountability, and Divestment Act (2010) |
| CVG | Venezuelan Corporation of the Guyana |
| DIEX | Identification and Immigration Directorate |
| EDBI | Export Development Bank of Iran |
| FARC | Revolutionary Armed Forces of Colombia |
| FATF | Financial Action Task Force, United Nations |
| IAEA | International Atomic Energy Agency |
| ICRO | Islamic Culture and Relations Organization |
| IKCO | Iran Khodro Company (automaker) |
| ILSA | Iran and Libya Sanctions Act |
| IMF | International Monetary Fund |
| IRIB | Islamic Republic of Iran Broadcasting |
| IRISL | Islamic Republic of Iran Shipping Lines |
| MEK | Mujahedin e Khalq |
| MODAFL | Ministry of Defense and Armed Forces Logistics |
| MOU | memorandum of understanding |
| NPT | Nuclear Non-Proliferation Treaty |
| OIC | Organisation of the Islamic Conference |

| | |
|----------|---|
| OPEC | Organization of the Petroleum Exporting Countries |
| P5+1 | UN Security Council plus Germany |
| PDVSA | Petróleos de Venezuela S.A |
| SADRA | Iran Marine Industrial Company |
| TBA | Tri-Border Area |
| TNRC | Tehran Nuclear Research Center |
| VENIROGC | Venezuelan-Iranian Oil and Gas Company |
| VTV | Venezolana de Televisión |
| WMD | weapons of mass destruction |

1

INTRODUCTION

Beyond ties with the United States, Iran has had infrequent relations with the Americas dating to the late 1800s. It began expanding links in the latter half of the 1900s and cultivated ties with Cuba and Sandinista Nicaragua shortly after the Islamic Revolution. But only in the last six years has there been any significant deepening of relationships, most notably with Venezuela, Bolivia, Ecuador, and, fleetingly, Brazil. By contrast, Iran's efforts to forge links with other key Latin American countries such as Mexico have not been so successful. Relations with Argentina, strained by terrorist events blamed on Iran, have stagnated.

Indeed, an interesting aspect of Iran's relations with Latin America is that recent inroads have been made in precisely those countries—Bolivia, Ecuador, Nicaragua, and Venezuela—that have elected, albeit leftist, autocratic governments. Should future elections or changes in power result in a shift toward the center, what strategic designs Iran has on the hemisphere could be sharply constrained.

In view of Iran's recent history of hostility toward the West, its policy of challenging U.S. global influence, and, more seriously, its involvement with the terrorist side of Hezbollah, the growing Iranian presence in the Americas has caused anxieties in Washington. These concerns have triggered speculation about the true nature of Iran's challenge and the range of strategies that might be suited to cope with it.

To answer these questions, it is important to understand Iran's and its partners' motives in exploiting links, as well as Iran's assets and liabilities as it tries to gain a foothold in the hemisphere. An exaggerated estimate of the Iranian threat to U.S. interests in the Americas could lead to reactions more damaging than anything Iran could do by degrading U.S. relations with neighboring governments and publics. On the other hand, a complacent approach could send the wrong message to both Iran and its Western Hemisphere partners about U.S. seriousness to counter threats to its democratic allies and interests.

Central to obtaining an understanding of Iran's motives and possible implications for the United States is an evaluation of Iran's relations in the hemisphere before and after the Islamic Revolution, its outreach efforts, the role of its Lebanese ally Hezbollah, and its nuclear ambitions, as well as its efforts to cultivate alliances with specific countries. On close inspection, U.S. policymakers might not see all Iranian activities in the Western Hemisphere as security threats to the United States, and thus might calibrate responses in order not to strain relations with those Latin American countries that have relations with Iran.

By the same token, U.S. decisionmakers should not discount the possibility of a high-stakes chess game. As the United States has continued to assert its influence in the Middle East, particularly after the 9/11 attacks, Iran has tried more actively to retaliate without posing a direct threat—tying up U.S. attention and defenses closer to its shores, egging on a network of Western

Hemisphere governments already inclined to be hostile toward the United States, and creating networks that could help Iran evade United Nations sanctions.

To be sure, neither Iran nor the political or terror groups it supports currently pose an existential threat to the United States. Yet, Hezbollah cells and Islamic Revolutionary Guard cadres infiltrated among Iranian workers in construction and industrial ventures could constitute a hidden menace. Overt plans to proceed with uranium enrichment, purportedly to feed a peaceful energy program, seem to lead toward a nuclear weapons program. Shipments of explosives and indications of possible weapons transfers to and from American allies create terrorism concerns. Over the last year, the German newspaper *Die Welt*, citing sources in “Western security circles,”¹ reported that Iran might seek to build a medium-range missile base in Venezuela. Other reports assert that Iran is importing uranium from Venezuela. As no verifiable evidence exists for such claims, finding real threats may be like looking for a needle in a haystack.

Beyond security challenges, Iran does not seem to be an influential actor in the Western Hemisphere except in a handful of countries. At that, it holds sway mostly in Venezuela, based on the strength of a personal bond between the two presidents. For its part, the United States has a range of options at its disposal, from reoffering incentives to develop positive relations with Iran, quietly redoubling intelligence collection on Iran’s activities in the Americas, implementing and strengthening multilateral weapons and nuclear nonproliferation constraints, or further confining Iran’s range of action in its own neighborhood, to more actively interdicting suspected threatening or illicit shipments—all with different costs and possible outcomes. Given Iran’s current hard-line theocratic leadership, this may not be the best time to proffer olive branches—although the terms of better relations should be clearly and frequently communicated. Most likely Iran will not moderate its hostility toward the West until it feels more secure in an identity that has yet to develop.

1. See “Iranische Raketenbasis in Venezuela in Planungsphase,” *Die Welt*, May 12, 2011, http://www.welt.de/print/die_welt/politik/article13366893/Iranische-Raketenbasis-in-Venezuela-in-Planungsphase.html; also, “U.S. knocks down report of Iran, Venezuela missile base,” CNN, May 21, 2011, http://articles.cnn.com/2011-05-21/world/venezuela.iran.missiles_1_missile-base-report-bolivarian-revolution?_s=PM:WORLD.

2

UNDERSTANDING IRAN'S RELATIONS WITH THE AMERICAS

Meaningful diplomatic relations between Iran and the Americas are a recent phenomenon, despite some contacts that go back to the mid-nineteenth century. Based on its experiences, Iran's emergence as a modern state carries with it an affinity for developing nations with colonial pasts and resentment toward major powers that exploited them. Its legacy as a once-great empire no doubt feeds an urge to regain a role on the world stage. Therein lies the attraction for engaging countries in the Western Hemisphere with which it has little in common—that is, a desire to counter the influence of one of the world's great powers, the United States.

Iran's historical experience promotes a view of the outside world as a hostile and threatening place, hence the tendency to worry about foreign conspiracies. Perhaps the most salient feature of that experience is Iran's geography and its role in the path of major migrations and expanding empires. Iran was overrun several times by foreign armies and hordes of armed nomads. European powers have intruded into Iranian territories since the fifteenth century, beginning with The Netherlands and Portugal, and later Britain and Russia. The experience of the last 200 years during which Iran had been a locus for Russo-British interventions and, later, Cold War rivalries probably had the greatest impact on its foreign policy.¹

Iran's interest in the United States dates to 1851 when its prime minister sought to enlist U.S. help in building a navy capable of resisting British predations in the Persian Gulf.² Iranians hoped the United States would serve as a counterweight to British and Russian power projections in their country and the region. But Washington had little interest, even though the U.S. envoy in Constantinople characterized Iran as “as a potential serviceable ally against Great Britain.”³ Although the two countries signed a treaty of commerce and friendship in 1856, meaningful U.S.-Iranian relations did not develop until the end of the Second World War and then really after 1953 when the United States intervened to restore the Shah Reza Pahlavi monarchy.

Despite its limited contact with the rest of the Americas, Iran exchanged diplomatic representatives with Mexico in 1889.⁴ Argentina and Brazil initiated relations with Iran in 1902 and

1. Shireen T. Hunter, *Iran's Foreign Policy in the Post-Soviet Era: Resisting the New International Order* (Santa Barbara, CA: Praeger, 2010), 17–22.

2. For the early history of U.S.-Iran contacts, see Abraham Yeselson, *United States-Persian Diplomatic Relations, 1883–1921* (New Brunswick, NJ: Rutgers University Press, 1956). For an Iranian perspective, see Mahmoud Foroughi, “Iran's Policy Towards the United States,” in *Iran in the 1980s*, ed. Abbas Amiri and Hamilton A. Twitchell (Tehran: Institute for International Political and Economic Studies, 1978).

3. Yeselson, *United States-Persian Diplomatic Relations*, 22.

4. “Diplomatic Relations Mexico-Iran,” Embajada de México en Irán, Secretaría de Relaciones Exteriores, accessed on August 2, 2011, http://embamex.sre.gob.mx/iran/index.php?option=com_content&view=article&id=85&Itemid=59&lang=en.

1903, respectively.⁵ Mexico's nationalization of its oil industry in 1932 attracted Iran's attention as it pondered British domination of its petroleum sector. Relations between Iran and Venezuela date to the 1940s when both countries sought better treatment from international oil companies, hence the key role Iran and Venezuela played in founding the Organization of the Petroleum Exporting Countries (OPEC) in 1960.

The Shah Era— Security Concerns and Economic Needs

Iran became a U.S. ally under Shah Muhammad Reza Pahlavi, but not a puppet. Some motivation for this alliance derived from Iran's history and self-image. Having established a world empire under Cyrus the Great in 550 BCE, Iran has had difficulty resigning itself to obscurity. Thus, at various times in its history, it sought to enhance its international profile.⁶ The shah did this by becoming an advocate for less-developed countries and through attempts to reform the international economic order in their favor in the 1960s.



Shah Mohammed Reza Pahlavi with President Richard Nixon in 1969. Photo credit: Robert Knudsen, National Archives via pingnews, <http://www.flickr.com/photos/pingnews/465700256/>

The founding of OPEC by Iran and Venezuela in 1960 probably came from this urge, as did efforts to boost oil prices a decade later. Emboldened by rising oil income and a growing industrial capacity in the 1970s, the shah set out to expand Iran's relations even further. Latin America, which largely exported raw materials, seemed a good choice.⁷ It was the shah who opened embassies in Argentina, Mexico, and Venezuela. Implementing his so-called National Independent Foreign Policy, he established diplomatic ties with communist Cuba in 1975, probably hoping to blunt the activities of Iran's internal left by reaching out to Castro. But the shah severed ties a year later when President Fidel Castro met with members of the banned Communist Party of Iran (Tudeh) in Moscow.⁸

The Islamic Revolution

The 1979 revolution that brought down Iran's 2,500-year-old monarchy shook the cultural and ideological foundations of its society, politics, and government. Although it came to be called the Islamic Revolution,

5. Zidane Zeraoui and Ignacio Klich, *Irán, Los retos de la república islámica* (Buenos Aires: Siglo XXI Editora Iberoamericana, 2011), 179.

6. For the more lasting factors in shaping Iran's foreign policy and the evolution of its pre-revolution foreign policy strategies, see Shireen T. Hunter, *Iran and the World: Continuity in a Revolutionary Decade* (Bloomington: Indiana University, 1990), 6–35. Also Hunter, *Iran's Foreign Policy in the Post-Soviet Era*.

7. Nick Cumming Bruce, "Need for Supply Sources Broadens World Outlook," *Middle East Economic Digest* 9, no. 14 (April 4, 1975). Also, according to Firouz Vakil, by 1975, "the strategy of export promotion had become a non-choice policy for Iran's long-term development strategy." Firouz Vakil, "Iran's Macroeconomic Problems: A 20-year Horizon," in *Iran: Past, Present and Future*, ed. Jane W. Jacqz (New York: Aspen Institute of Humanistic Studies, 1976), 86.

8. On Cuba's relations with these groups, see Damien J. Fernandez, *Cuba's Foreign Policy in the Middle East* (Boulder, CO: Westview, 1988).

the Iranian left contributed to the shah's downfall, influenced the direction of political discourse, and to some extent determined the new regime's foreign policy. This explains fraternal links with North Korea, Cuba, and Nicaragua under the Sandinistas. It also explains why Latin America's socialist governments felt comfortable dealing with Iran even though the government's Islamic character should have repelled the secular left, and vice versa.

Seeds

Prior to 1979, Marxist discourse reportedly pervaded the conversations of a large segment of Iranian society, including the clerical establishment. Revolution became a familiar topic among intellectuals, while dialogues on imperialism and international Zionism drove animosity toward America, the state of Israel, and conservative Arab regimes. Echoes of that rhetoric are reflected today in Venezuelan president Hugo Chávez's support for the Palestinian cause and his anti-Israel stand. Ironically, some of these leftists make up Iran's opposition Green Movement today and still retain their anti-Americanism.

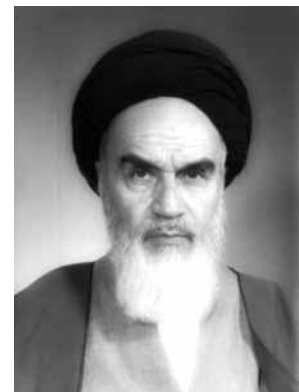
Another current that shaped the revolution was militant third-worldism, which drew a line between the capitalist West and the developing countries in Africa, Asia, and Latin America. For most of the twentieth century, Iran supported developing-world causes out of sympathy for states that had been invaded, occupied, or exploited by colonial powers. Shah Reza Pahlavi loosely pursued that policy in the context of a North-South dialogue. After the revolution, the Iranian state infused it with anti-Western rhetoric.

Radical movements such as the Fadaeian e Islam from the 1940s that used targeted assassinations to rid society of "corrupting individuals" were influential and still are. Inspired by counterparts in the Arab world, such as the Muslim Brotherhood, these groups held the West responsible for the breakup of the Ottoman Empire and hence the fragmentation of the Muslim world. Today's adherents include some of the backers of the Islamic Revolution. Additionally, opponents of the shah, including Islamists, maintained close ties with Arab radicals who shared anti-Western and anti-Israel sentiments. Today, Iran's anti-Israel stance gives it relevance in the Arab Middle East.

Khomeini's Ideas

Ayatollah Ruhollah Khomeini, Iran's first Supreme Leader, had views consistent with the currents described above. Yet, he also had beliefs rooted in Islam's contrasting notions of community, nation, state, and international affairs. In line with Islam, Khomeini thought that Muslims form a single community and that existing borders among them were artificial. He opposed nationalism because he believed Islam's glory, and not parochial interests, should be the guiding principle.

By most accounts, Khomeini reportedly saw matters as a battle between truth and falsehood. Another division existed between the powerful and the powerless, and then between the haves and the have-nots. For him, Iran was to be the standard-bearer for the dispossessed. He believed that its revolution could set an example for all countries struggling against the supposed arrogance and injustice of the West.



Ayatollah Ruholla Khomeini
Photo credit: http://en.wikipedia.org/wiki/File:Portrait_of_Imam_Khomeini.jpg.

Notwithstanding this guidance, Iran's new Islamic regime had to adjust to the realities of international relations. A turning point came with Ayatollah Khomeini's 1984 injunction that Iran must have state-to-state relations. Ever since, Iran's foreign policy has been a juggling act of reconciling religious concepts with statecraft.

Iran–Latin America Relations during the 1980s

Iran's 1979 constitution established priorities in foreign engagement: immediate neighbors, Muslim countries, developing nations, and states that could benefit Iran economically. Thus during the first decade of the revolution, Iran's relations with the Western states and pro-Western governments suffered, while ties with socialist and pro-Soviet governments flourished. This general pattern led to close relations with Cuba during the 1980s, and with Nicaragua under the Sandinistas. All the while, Cuban leader Fidel Castro had his eye on Iran. Shortly after the Islamic Revolution in 1979, Castro shifted his support from Iranian communists to the anti-American Ayatollah Khomeini, despite the fact that religion was incompatible with Marxism and that Marxism was anathema to fundamentalist Islam.⁹ Castro reportedly quipped, "If the revolution can improve the future of the people, it does not matter whether it is based on a Marxist philosophy or a religious philosophy. I know that the Marxists in Iran are supporting Khomeini."¹⁰

A string of visits ensued. In 1981, Castro invited an Iranian delegation to open an embassy in Havana, despite Cuba's close relations with Iraq with which Iran was at war. In 1983, Nicaragua's minister of education, Fernando Cardenal, flew to Tehran and met Ayatollah Khomeini, a rare occurrence for foreign visitors. Khomeini's comments to the visiting minister revealed a common interest:

As you say, your country is very similar to our country; but ours has more difficulty. We are faced with the plots of world powers.... We should all try to create unity among the oppressed regardless of their ideology and creed. Otherwise, the two oppressors of East and West [the United States and the Soviet Union] will infect everyone like a cancerous tumor.¹¹

In Khomeini's view, what mattered was a common dislike of the West, even though Iran's animosity toward the Soviet Union contrasted with the pro-Soviet positions of Cuba and Nicaragua. Nicaragua's friendship with Iran was mostly rhetorical, as the Sandinistas had just fought a revolution to gain control of Central America's neediest country and depended greatly on Soviet assistance. But Iran's relations with Cuba proved more substantive. The Castro regime is believed to have influenced the development of Iran's Islamic Revolutionary Guard. And the two countries made science and biotechnology exchanges a centerpiece of their increasingly close ties despite friction over Cuba's friendship with Iraq during the Iran-Iraq War (1981–1988).¹²

9. "Cuban Policy in the Middle East: A Cuba-Iran Axis?," Cuba Transition Project, Institute for Cuban and Cuban-American Studies, University of Miami, http://www.cartadecuba.org/cuba-iran_axis.htm.

10. "Cuban Policy in the Middle East: Cuba in the Middle East since the End of the Cold War," Cuba Transition Project, Institute for Cuban and Cuban-American Studies, University of Miami, <http://www.cartadecuba.org/cubamiddleeast.htm>.

11. See, "Nicaraguan Education Minister Visits," *Kayhan*, May 12, 1983.

12. *Ibid.*

Despite Iran's revolutionary outlook, economic needs during the war with Iraq forced it to downplay ideological preferences. As a consequence, it nurtured relations with Brazil and Argentina, which were in a better position to aid and trade. Commerce with Argentina picked up as Iran stopped buying wheat from the United States. Iran then looked to Brazil for help setting up industries. In October 1988, a Brazilian industrial team visited Iran to discuss supplying equipment for power plants.¹³ At the same time, Iran's industries minister went to Brazil and announced that the two countries intended to expand trade up to \$1.5 billion.¹⁴

Meanwhile, the cease-fire ending the Iran-Iraq War marked a defeat for Iran. Not only did it fail to unseat Saddam Hussein; it suffered more than 1 million dead and wounded, many of them casualties of Saddam's gas attacks. The war had left Iran's economy and industries in ruins, its population tired and looking for relief. Then, Ayatollah Khomeini died in June 1989.

The Rafsanjani Presidency

Khomeini's death left an opening for the more pragmatic policies of Ali Akbar Hashemi Rafsanjani, who was elected president. His administration (1989–1997) prioritized post-war reconstruction and redevelopment. Thus, President Rafsanjani set out to improve relations with Europe and the United States as well as ease social and political restrictions. He had always been more in favor of free enterprise than his predecessor and was less hostile toward the West. His first cabinet choices reflected this priority: nearly half were graduates of American universities. Rafsanjani's focus on relations with developing countries, including those in Latin America, slipped to a lower priority. However, he did not completely ignore them.

The West generally dismissed Rafsanjani's new tack and the left-leaning elements in Iran's political establishment undermined his efforts. By the end of his administration, the focus began to shift again toward developing countries. During this period, two terrorist incidents occurred in Argentina in which Iran and the associated Hezbollah movement were strongly suspected of having a role. The first was a suicide bombing attack on the Israeli embassy in Argentina in March 1992. The second was a similar strike on the Argentine-Israelite Mutual Association (AMIA), or Jewish community center, in July 1994.



President Hashemi Rafsanjani
Photo credit: ©MMV Siavush
Randjbar-Daemi, <http://www.flickr.com/photos/siavush/28862869/in/photostream>.



Aftermath of the 1994 AMIA (Jewish community center) bombing in Buenos Aires. Photo credit: ©Reuters/CORBIS.

13. See *Middle East Economic Digest* 32, no. 41 (October 14, 1988).

14. *FBIS/SA (Foreign Broadcast Information Service)*, October 4, 1988.

Given Rafsanjani's determination to improve relations with the West, it is hard to believe that he would have personally ordered those actions. That he might have done so because Argentina had canceled an agreement to transfer nuclear technology to Tehran seems unlikely. The two countries were still negotiating the matter between 1992 and 1994 when the AMIA bombing brought relations to a halt.¹⁵ Moreover, Iran did not have a particular reason to conduct attacks in Argentina that would have lasting negative repercussions. Perhaps Rafsanjani's domestic opponents orchestrated them; similar attacks in Europe seriously embarrassed him and scuttled his European diplomacy. The truth has never been discovered.

The Khatami Presidency

The Western response to Rafsanjani's advances was lukewarm, partly because he made them when U.S. leaders were preoccupied with the emerging post-Soviet environment in Eastern Europe and Western Asia, with containing Iraq, and with finding ways to work with Middle Eastern countries toward a settlement of the Israeli-Palestinian dispute. The West was not prepared to respond to Rafsanjani, at least not until he met all of the U.S. preconditions contained in a growing list of sanctions against support for terrorists and weapons proliferation (see chapter 5).

Still, Muhammad Khatami's election to Iran's presidency in 1997, along with his domestic policy of reform and foreign policy of reducing tensions, plus a conciliatory approach toward the United States, again raised expectations for better relations. The Clinton administration's 1998 National Security Strategy had this to report:

In January 1998, President Khatami publicly denounced terrorism and condemned the killing of innocent Israelis. Iran's record in the war against drugs has greatly improved and it has received high marks from the UN for its treatment of more than two million Iraqi and Afghan refugees. Iran is participating in diplomatic efforts to bring peace and stability to Afghanistan and is making a welcome effort to improve relations with its neighbors in the Gulf.¹⁶

Yet Khatami could not agree to a growing list of U.S. demands.¹⁷ Moreover, opposition within the United States and among U.S. allies in the Middle East to possible American concessions dashed hopes of a rapprochement.

With the advent of the first George W. Bush administration, the September 11 terrorist attacks, the invasion of Iraq, the beginning of a global war on terrorism, and tightening sanctions against the proliferation of weapons of mass destruction, U.S. policy toward Iran began to look like a demand for regime change, even though that idea was never stated in any official strategy.¹⁸ From

15. Gareth Porter, "Argentina's Iranian Nuke Connection," *Asia Times*, November 15, 2006, http://www.asiatimes.com/atimes/Middle_East/HK15AK03.html.

16. *A National Security Strategy for a New Century*, The White House, October 1998, <http://www.fas.org/man/docs/nssr-98.pdf>.

17. The 1998 *National Security Strategy* put it clearly: "Our policy toward Iran is aimed at changing the behavior of the Iranian government in several key areas, including its efforts to obtain weapons of mass destruction and long-range missiles, its support for terrorism and groups that violently oppose the peace process, its attempts to undermine friendly governments in the region, and its development of offensive military capabilities that threaten our GCC [Gulf Cooperation Council] partners and the flow of oil."

18. For example, Douglas Feith, under secretary of defense for policy, in his book *War and Decision: Inside the Pentagon at the Dawn of the War on Terrorism* (New York: Harper, 2008) writes that on

an Iranian perspective, the Khatami administration had reached out to the West. And after the October 2001 U.S. invasion of Afghanistan, it had helped the United States convince the Northern Alliance—a group composed of Tajik, Hazara, and Uzbek commanders—to agree to a U.S. plan for a post-Taliban Afghan government.¹⁹ Yet President Bush in 2002 named Iran as part of the “axis of evil” threatening world peace.²⁰

After the U.S. invasion of Iraq in 2003, the Iranian government reportedly sent a letter offering a broad bargain that would have met most U.S. demands, including transparency in Iran’s nuclear program, suspending assistance to Palestinian groups in Iranian territory, encouraging Hezbollah to exchange terrorism for politics, and accepting the Arab League Peace Plan as a solution to the Arab-Israeli conflict—allegedly with the full approval of Supreme Leader Ali Khamenei. This overture was also dismissed.²¹

Thereafter, the Islamic Republic expanded relations with Asia and revitalized its diplomacy toward developing nations, including those in Latin America. Economics became a driving force, as Iran was interested in finding new partners as its relations with Europe and Japan declined. Iran also seemed more interested in obtaining technical expertise in areas such as defense and nuclear energy. Not surprisingly, Cuba and Venezuela showed the most receptivity to Iran’s advances.

Contrary to the widespread view that such relationships with Latin American autocrats did not flourish until after President Ahmadinejad came to power, Khatami’s presidency actually laid the foundations. During his tenure, joint initiatives in Venezuela were launched to build tractor, cement, and eventually automobile factories as part of a strategy to showcase political ties and possibly develop export outlets for Iranian industry. During his 2005 visit to Venezuela, Khatami inaugurated the tractor plant.



President Mohammad Khatami
Photo credit: World Economic Forum, <http://www.flickr.com/photos/worldeconomicforum/374717822/>

September 30, 2001, Secretary of Defense Donald Rumsfeld sent a memo entitled “Strategic Thoughts” to President George W. Bush suggesting that instead of focusing on al Qaeda, the United States should initially “be aiding local people to rid themselves of terrorists and to free themselves of regimes who support terrorism.” The memo is available at <http://www.rumsfeld.com/library/detail/highlight-document-bush-administration-2>. President Bush wrote in his memoirs that he would have considered attacking Iran if it had developed a nuclear bomb. See Ewen MacAskill and Chris McGreal, “George Bush’s memoirs reveal how he considered attacks on Iran and Syria,” *Guardian* (UK), November 8, 2010, <http://www.guardian.co.uk/world/2010/nov/08/george-bush-memoir-decision-points>.

19. See James Dobbins, *After the Taliban: Nation Building in Afghanistan* (Dulles, VA: Potomac Books 2008), 143.

20. “Iran aggressively pursues these weapons and exports terror, while an unelected few repress the Iranian people’s hope for freedom. . . . States like these, and their terrorist allies, constitute an axis of evil, arming to threaten the peace of the world. By seeking weapons of mass destruction, these regimes pose a grave and growing danger.” George W. Bush, State of the Union Address, January 29, 2002, <http://edition.cnn.com/2002/ALLPOLITICS/01/29/bush.speech.txt>.

21. For more, see Hunter, *Iran’s Foreign Policy in the Post-Soviet Era*, 61. Also see Barbara Slavin, *Bitter Friends, Bosom Enemies* (New York: St. Martin’s Press, 2007), 203–204.

The Ahmadinejad Presidency and Iran's Rising Profile in Latin America

Mahmoud Ahmadinejad's election to the presidency in 2005 gave new impetus to Iran's engagement with developing countries, including those in Latin America. A relatively unknown conservative and former mayor of Tehran, Ahmadinejad campaigned on a hard-line platform and garnered 62 percent of the vote against former president Rafsanjani. He promised to restore the values of the early post-revolution period in both domestic and foreign policy.



President Ahmadinejad receives President Chávez in Tehran. Credit: Photo by Globovisión (2010), <http://www.flickr.com/photos/globovision/5096569478>.

One of his first and most audacious acts was to speak at an event called “The World without Zionism,” where he repeated Ayatollah Khomeini's words that Israel should disappear from the face of the earth.²² Next came an international conference organized by his Foreign Ministry that cast doubt on the Holocaust.²³ The confrontational tone of his rhetoric worried Washington and thus seemed to justify a hardening of U.S. policy toward Iran as reflected in more sanctions.

As engagement by either side became more difficult, Iran began bolstering associations with other countries. Latin America and the Caribbean must have seemed especially propitious as left-leaning figures that shared anti-imperialist views were poised to assume power in such places as Bolivia, Ecuador, and Nicaragua. Moreover, the region was as close to the United States as the Middle East (where the United States had intervened) was to Iran.

Ahmadinejad appears to have three clear foreign policy objectives. One is to avoid isolation by strengthening support among nonaligned countries. “New orders should be established in the world,” he said before leaving on a trip to South America in 2009. “Iran, Brazil and Venezuela in particular can have determining roles in designing and establishing these new orders.”²⁴ On the same trip, Ahmadinejad called Venezuelan leader Hugo Chávez a brother “who is resisting like a mountain the intentions of imperialism and colonialism.”²⁵ An adviser, Hamid Molana, com-

22. Ewen MacAskill and Chris McGreal, “Israel should be wiped off map, says Iran's president,” *Guardian* (UK), October 27, 2005, <http://www.guardian.co.uk/world/2005/oct/27/israel.iran>.

23. Thereafter, questioning whether the Third Reich killed millions or thousands of Jews during World War II became a hallmark of Ahmadinejad's rhetoric. See “KKK's David Duke Tells Iran Holocaust Conference That Gas Chambers Not Used to Kill Jews,” Fox News, December 13, 2006, <http://www.foxnews.com/story/0,2933,236014,00.html>.

24. Rory Carroll, “Brazilian protests greet Ahmadinejad at start of South American tour,” *Guardian* (UK), November 23, 2009, <http://www.guardian.co.uk/world/2009/nov/23/ahmadinejad-brazil-protests-iran>.

25. “President Ahmadinejad in South America,” Uskowi on Iran, November 26, 2009, <http://www.uskowioniran.com/2009/11/president-ahmadinejad-in-south-america.html>.

mented: “This is the first time in Latin American history that an Islamic government has been so present in the U.S. backyard.”²⁶

Another objective is to expand alternate trade links, an idea carried over from the shah’s time. Iran’s relations with European partners were already declining as sanctions ate into trade and banking support for Iran’s military programs. Although President Ahmadinejad once said, “I pray to God I never know about economics,”²⁷ he was elected, in part, to strengthen financial linkages as well as to reduce unemployment and poverty. Thus, access to trade, markets, and sensitive defense technologies are a critical component of Iran’s foreign policy.²⁸

A third goal seems to be to gain cultural acceptance. The government had always been interested in polishing Iran’s cultural profile by encouraging the study of the Persian language and organizing art and film exhibitions in countries like Chile and Mexico. Partly in response to Saudi efforts to spread anti-Shia Wahhabism, Iran had sponsored the construction of Shia mosques and started to introduce and explain Shiism to other Muslims and even attempt to convert non-Muslims. Under Ahmadinejad, Iran has stepped up its media outreach to Latin American audiences and started funding humanitarian aid projects in selected countries.

In all this, Iran has shown some strengths and weaknesses. While Iran’s anti-imperialism, anti-Americanism, and populist outlook appeal to leaders in Bolivia, Ecuador, Nicaragua, and Venezuela, they have produced awkward relations with Argentina, Brazil, Chile, and Mexico. In fact, it could be argued that Iran’s ideology and hostility toward the United States have been an overall liability simply because of geography. The United States is physically close to these countries; Iran is not. Therefore even those Latin American governments critical of Washington might not want to invite an American retaliation if Iran were to ask them to do something rash. Welcome as Iran’s trade and investments may be to some, there are limits. Latin American countries need capital and technology for development. Iran’s income is sporadic and depends on the ups and downs of global energy markets. President Hugo Chavez’s ambitious plans for the Bolivarian Alliance of the Americas (ALBA) and Iran’s activism in Latin America peaked during 2006–2007 when oil prices were high but have been circumscribed following the decline in prices. Notwithstanding modest progress, Iran has little to offer in terms of technology—which it may actually be trying to acquire for itself through Latin American partnerships.

In seeking cultural acceptance, Muslim communities should be exploitable by Iran. Still, their usefulness is limited. As explained in the next chapter, the majority of Latin American Muslims are either of Arab or South Asian origin with no particular linguistic or cultural affinity to Iran. Arabs in particular are often suspicious of Iranians and may resist associating with them. Except in the case of Hezbollah, Iran’s Lebanese client, it would be hard, although not impossible, to enlist great numbers within these minorities for risky endeavors such as terrorist acts.

Finally, a major problem in dealing with Iran is the question of who is in charge. Sometimes, the government seems paralyzed; at other times, rogue elements hold sway. There is an elected chief executive (the president) but also an unelected Supreme Leader of Iran who holds veto power over all decisions. The Majlis, or parliament, may also question the president’s policies and

26. Carroll, “Brazilian protests greet Ahmadinejad at start of South American tour.”

27. Robert Tait, “It’s the Economy, Mr. Ahmadinejad,” *Guardian* (UK), September 19, 2007, <http://www.guardian.co.uk/world/2007/sep/19/iran.roberttait>.

28. *Ibid.*

either support or undermine them. Under the president, there is an advisory Supreme National Security Council made up of the president, representatives of the Supreme Leader, the chief of the Supreme Command Council of the Armed Forces (SCCAF), the ministers of foreign affairs and interior, and the highest-ranking members of the armed forces and the Iranian Revolutionary Guards, among others. Matters involving the United States and Palestine, however, are decided by the Supreme Leader after he consults with the Revolutionary Guards. The foreign minister, with whom most countries deal, generally has a limited role in decisionmaking.

None of these characteristics takes away from Iran's desire to influence affairs in the Western Hemisphere, but they limit its capacity to act in a decisive and, what would seem to outsiders, a coherent manner.

U.S.-Iran Relations

Until the 1950s, the United States was a minor interlocutor with Iran, compared to Europe and Russia. Thereafter, it became a major source of support, then a target for hostility. The United States and Iran had signed a friendship treaty in 1856, and a revolution in 1906 ushered in a brief experiment with a constitutional monarchy during which Persian patriots brought in American advisers. Two years later, a military coup ended the U.S. presence as Iran again became the locus of competing Russian and British interests.

With the outbreak of World War II, growing Anglo-Soviet intervention turned into occupation. Fearing sympathies for Germany, Britain and the Soviet Union deposed the nominal Iranian leader Reza Shah Pahlavi in favor of his son, Mohammed Reza. In the background, U.S. troops helped move war supplies to Soviet allies through Iran. Iran saw past this to view the United States as a moderating presence. From 1941 to his overthrow in 1979, Shah Mohammed Reza Pahlavi was friendly with Washington and became a staunch Cold War ally.

After the shah's first prime minister was assassinated in 1950, Iran's newly elected prime minister Mohammad Mossadeq and the parliament nationalized the petroleum industry, which included Britain's oil concession. A power struggle followed, and the shah fled the country. In 1953, a British and U.S.-organized coup overthrew Mossadeq and brought back the shah, who was thereafter perceived as Washington's client in the Middle East. The shah's economic and social reforms alienated clerics, and creeping authoritarian rule, backed by repressive secret police, led to his downfall and a consequent backlash against the United States in Iran's 1979 revolution.

Thus, a long era of foreign intervention came to an end, in which the United States, a distant power, had only the briefest and most recent role.

3

IRAN AND THE MIDDLE EASTERN PRESENCE IN THE AMERICAS

Given Iran's outreach in the Americas as well as Hezbollah's 20-year presence in the Western Hemisphere, it would be understandable to think that the region's Middle Eastern immigrant communities could be fertile ground for Iranian influence. However, the facts suggest otherwise. First, those within the Middle Eastern, largely Arab diaspora likely to be sympathetic to Iran's current government would probably constitute a tiny minority within a minority within a minority compared to the hemisphere's overall population. Iranians who migrated as a result of the 1979 Islamic Revolution may be even less inclined to support the current regime's goals. Support for radical Islam and Iranian projection seems to be the exception, not the rule, in an otherwise hardworking, well-assimilated population. Where Iran has been able to make some inroads is among sympathizers who emigrated as a result of the Lebanese-Israeli conflicts and a few individuals within the sway of pro-Iranian Shia clerics.

Minorities within Minorities

By all accounts, persons of Middle Eastern descent represent a small minority in the Americas, most living in North America, Brazil, and Argentina. The vast majority are Arab. Those of Iranian descent live mostly in the United States and Canada. Muslims constitute a minority in the overall group, and Shia adherents are a smaller subgroup still. Of both, only a small minority could be considered likely targets for cooperating with Tehran.

Arabs

Arab émigrés and descendants probably number about 16 million compared to the hemisphere's overall population of 929 million.¹ In the United States where their numbers are greatest, they represent an estimated 1.7 million out of 307 million inhabitants—less than 1 percent.² As for the rest of the Americas, substantial Arab migration from the Levant (present-day Lebanon, Syria, and Palestine) began in the late nineteenth century. An estimated 300,000 persons migrated from the Middle East between 1870 and 1930, most of them Christian Arabs leaving the Ottoman Empire

1. See Ghazi Omar Tadmouri, "Arab Populations and Diasporas in the World," *Genetic Disorders in the Arab World* (Dubai: Centre for Arab Genomic Studies, 2008), 9; as well as 2010 World Population Data Sheet, Population Reference Bureau, http://www.prb.org/pdf10/10wpds_eng.pdf.

2. See "B04003 Total Ancestry Reported," 2009 American Community Survey (1-Year Estimates), American FactFinder, U.S. Census Bureau, http://factfinder.census.gov/servlet/DTTable?_bm=y&-ds_name=ACS_2009_1YR_G00_&-mt_name=ACS_2009_1YR_G2000_B04003&-CONTEXT=dt&-redoLog=true&-currentselections=ACS_2007_1YR_G2000_B04001&-geo_id=01000US&-format=&-lang=en.

and after 1918 exiting the British and French mandates in the Levant.³ Argentina's 1914 census listed some 65,000 persons of "Ottoman-Syrian" extraction out of a total population of 7.9 million.⁴ Today, Argentines with Arab ancestry number an estimated 1.3 million out of a population of 42 million, or about 3 percent.

Middle East immigration to Brazil parallels Argentina's profile in timing, numbers, and background. Most took place in the early twentieth century, with an estimated total of about 140,000 from 1880 to 1969, the large majority being Syrian-Lebanese Christians who arrived during the peak years before 1930.⁵ Estimates of the number of descendants run as high as 6 million–10 million, a range that is probably too high, given estimates for earlier immigration. Even so, descendants of Middle East immigration constitute less than 1 percent of Brazil's overall population, estimated at 203 million.⁶

Despite its size, Mexico attracted fewer immigrants than Brazil or Argentina. Immigration statistics in Mexico are generally unreliable before the 1930s, leading to discrepancies in estimates on the total number of arrivals and the size of the Arab-descendant population.⁷ The Lebanese community in Mexico, however, claims that the number of Lebanese descendants is 380,000 today, compared to an overall population of 114 million.⁸

Chile's Arab community dates from the late 1800s to the 1930s. Mostly Christians from the Levant, the community now may number some 800,000 persons out of a general population of 17 million.⁹ Elsewhere in the Andes such as in Ecuador and Colombia, Arab immigration proved less substantial, due to lagging economic opportunity during the years of peak migration.

In Central America, Honduras had a large contingent of Palestinians, peaking between 1890 and 1940, who now may number as high as 200,000 in a population of 7 million. On the other end of the scale, Nicaragua anecdotally has about 500 Arab-descendent families.

Religious Communities

Many faiths are represented within the hemisphere's Middle Eastern community. Early immigrants tended to be Christian Arabs—Maronite, Orthodox, Syrian Catholic, and others. Muslim adherents made up a fraction. In Argentina, a study of ship records, migration, census data, and first-

3. John Tofik Karam, *Another Arabesque: Syrian-Lebanese Ethnicity in Neoliberal Brazil* (Philadelphia: Temple University Press, 2007), 10.

4. Hamurabi Noufour, "Contribuciones argentinoárabes: entre el dato y la imaginación orientalista" in *Contribuciones árabes a las identidades iberoamericanas* (Arab contributions to Latin American identities), ed. Lorenzo Agar et al. (Madrid: Casa Arabe-IEAM, 2009), 125.

5. Karam, *Another Arabesque*.

6. "Brazil," updated August 16, 2011, *The World Factbook*, U.S. Central Intelligence Agency, <https://www.cia.gov/library/publications/the-world-factbook/geos/br.html>.

7. Total Middle East immigration between 1895 and 1940 was estimated at 40,000, but another estimate for 1950 listed only 20,000. See Zidane Zeraqui, "Arabes y Judíos en México: Integración y Herencia Cultural," in *Contribuciones árabes a las identidades iberoamericanas*, 29. Also see Theresa Alfaro-Velcamp, *So Far from Allah, So Close to Mexico* (Austin: University of Texas Press, 2007), 99.

8. Alfaro-Velcamp, *So Far from Allah*, 29. Also see "Mexico," updated August 16, 2011, *World Factbook*, <https://www.cia.gov/library/publications/the-world-factbook/geos/mx.html>.

9. Karim Abuggazaleh, "Arabes en Chile," blog, June 16, 2007, at <http://www.blog-v.com/arabesen-chile>. Also see "Chile," updated August 16, 2011, *World Factbook*, <https://www.cia.gov/library/publications/the-world-factbook/geos/ci.html>.

hand estimates by religious figures of the time puts their percentage within the Arab-immigrant population between 15 percent and 30 percent.¹⁰ Today, the Muslim segment is still small. The Pew Forum on Religion & Public Life calculates the estimated 2009 Muslim population in the Americas (excluding the United States and Canada, which have some 3.2 million) at about 1.5 million, two-thirds of whom live in Argentina (784,000) and Brazil (191,000).¹¹

The size of the Muslim community as a percentage of national population varies by country. According to Pew, the countries in the region with the highest percentage of Muslims (most are of South Asian origin) are Suriname (15.9 percent), Guyana (7.2 percent), and Trinidad and Tobago (5.8 percent). The Muslim communities in all other countries measure below 1 percent, save in Argentina, whose Muslim population constitutes 1.9 percent of the country's total population. Expressed as a percentage of the hemisphere's overall population, however, these figures suggest a presence of less than 1 percent.

Within Muslim communities, divisions exist between followers of Sunni and Shia Islam as well as other sects. Globally, Shias are thought to represent 10–15 percent of all Muslims. In Argentina, most Muslims are reportedly Syrian and Sunni, while a small minority are Lebanese and converted Shia. In Brazil, the State of Paraná has two centers of Muslim concentration, Curitiba near the Atlantic coast and Foz do Iguaçu in the Tri-Border Area. Both communities claim to be 20,000 strong, composed largely by recent immigrations from Palestine and Lebanon, and by most accounts divided fairly evenly between Sunni and Shia.¹² Estimates on the size of Mexico's Muslim population vary between 1,000 and 100,000.¹³ Given the modest migration from the Middle East to Mexico since the 1950s, Mexico's Muslims may represent new arrivals from the Middle East—including Sunni and Shia as well as small groups of Sufis.¹⁴

Iranians—A Group Apart

Although no authoritative figures are readily available, Iran's diaspora appears much smaller than the greater Middle Eastern one and as an aggregate is probably unsympathetic to the current Irani-

10. See Gladys Jozami, "The Manifestation of Islam in Argentina," *The Americas* 53, no. 1 (July 1996): 67–85.

11. Pew Forum on Religion & Public Life, *Mapping the Global Muslim Population: A Report on the Size and Distribution of the World's Muslim Population*, October 2009, chart "Countries in the Americas with the Largest Number of Muslims," 25. These estimates are high compared to 682,183 Muslims for Argentina and 40,224 for Brazil in 2010, cited by Houssain Kettani in "Muslim Population in the Americas," *Proceedings of the 2009 International Conference on Social Sciences and Humanities*, Singapore, October 9–11, 2009. Note that most statistics on religious populations are self-estimates that tend to overestimate numbers.

12. Paulo Gabriel Hilu de Rocha Pinto: "De la Inmigración a la diáspora: los árabes en Brasil," in *Contribuciones árabes a las identidades iberoamericanas*, 199; Silvia Maria Montenegro, "Identidades mulcumanas no Brasil: entre o arabismo e a islamizacão," *Lusotopie* 2002/2, p. 64, <http://www.lusotopie.sciencespbordeaux.fr/montenegro.pdf>.

13. The Pew Forum estimates 100,000. Natascha Gavin claims 1,000 in "Conversion and Conflict: Muslims in Mexico," *ISIM Review* (Spring 2005): 1.

14. Theresa Alfaro-Velcamp, "Mexican Muslims in the 20th Century: Challenging Stereotypes and Negotiating Space," in *Muslims in the West: From Sojourners to Citizens*, ed. Yvonne Yazbeck Hadad (New York: Oxford University Press, 2002), 279.

an government.¹⁵ Immigration is fairly recent, beginning during the Shah era when many families sent children abroad to study. It rose substantially during the 1979 Islamic Revolution as those who went abroad stayed. Middle-class and upper-class entrepreneurs, professionals, and academics as well as members of non-Shia faith communities exited, fearing a less tolerant climate under Islamic rule. In the 1990s, another immigrant wave included professionals and academics, contributing to an overall “brain drain” of some 150,000 to 180,000 educated citizens per year.¹⁶ Reportedly, most settled in North America. The U.S. Census Bureau estimates persons of Iranian ancestry at about 470,000, although the number may be as high as 1.2 million.¹⁷ Canada estimates it has about 121,000, but that figure may be low. A 1996 figure on a Persian diaspora website estimated those of Iranian background at 1.5 million in the United States, but notably placed only 100,000 in “other parts of the world” including Central and South America.¹⁸

Assimilation

For the most part, the Middle Eastern migration to the Americas is a compelling history of flight from conflict or disintegrating empires to seek opportunities, prosperity, and integration in a new land and cultural setting. Generally assimilating within one or two generations, Middle Eastern communities in the Americas have proven to be dynamic contributors to surrounding societies with members starting businesses, taking part in politics, establishing philanthropies, and helping to shape national identities.

The 1989 election of Carlos Saúl Menem to Argentina’s presidency raised Islam’s profile in that nation of immigrants, given Menem’s background as the son of a Sunni Syrian émigré. In Brazil, Arab immigrants found a welcoming environment where they rose from street vendors and small-scale merchants to dominant positions in the textile industry, assimilating into mainstream society within a generation or two.¹⁹ Arab Chileans started small businesses and later helped develop that country’s textile industry.²⁰ Palestinians who settled in Honduras and El Salvador established many of their countries’ coffee, textile, and garment businesses, providing diverse sources of employment.

Throughout the hemisphere individual success stories abound. Arab descendants include the world’s wealthiest business magnate (Mexico); the mayor of Sao Paulo (Brazil); prime ministers and presidents (Belize, Jamaica, Argentina, El Salvador, and Honduras); the longest-serving U.S. secretary of health and human services; and the current governor of Indiana. Examples of promi-

15. Five million globally. See “Iran to start bank for expat investors,” PressTV (Iran), April 18, 2010, <http://edition.presstv.ir/detail/123686.html>.

16. Shirin Hakimzadeh, *Iran: A Vast Diaspora Abroad and Millions of Refugees at Home*, Country Profiles, Migration Policy Institute, September 2006, <http://www.migrationinformation.org/feature/display.cfm?ID=424>.

17. Ibid.

18. “Persian Diaspora Census 1996,” Worldwide Persian Outreach, <http://www.farsinet.com/pwo/diaspora.html>. Again, self-estimates tend to inflate numbers.

19. Hilu de Rocha Pinto, “De la Inmigración a la diáspora,” 191.

20. See Lorenzo Agar Corbinas, “Arabes y Judíos de Chile: Apuntes sobre la inmigración y la integración social,” in *Árabes y Judíos en América Latina: Historia, representaciones y desafíos*, ed. Ignacio Klich (Buenos Aires: Siglo XXI, 2006), 154; also, Lorenzo Agar Corbinas, “El Aporte de los árabes al desarrollo y la cultura en Chile,” in *Contribuciones árabes a las identidades iberoamericanas*, 49.

ment Iranians in the United States include the former director of NASA's Mars Exploration Program; the former president of Brown University and Presidential Medal of Freedom recipient; and the first Iranian woman to fly to and perform experiments on the International Space Station.

Potential Inroads—Hezbollah and Radical Clerics

While Tehran's current government would be challenged to find legions of sympathizers ready to activate an agenda within these communities, inroads are apparent on the periphery. Evidence suggests that where borders are porous and law enforcement lax, Iran collaborates with organizations such as Hezbollah operating within immigrant and Shia communities. Elsewhere, it encourages supporters and seeks converts by offering scholarships for religious training in Iran.

The Tri-Border Area at the confluence of the Argentine, Brazilian, and Paraguayan boundaries was one location of such activity in the 1990s. In an isolated but growing tourism and trade zone in the middle of South America, Arab enclaves flourished as waves of migrants from Lebanon fled the Lebanese-Israeli conflict. There, a small number of Hezbollah supporters reportedly solicited donations for phony charities, extorted Arab merchants in protection schemes, smuggled arms and drugs, and counterfeited and laundered money, as well as made and sold pirated goods alongside other foreign criminal and terror groups.²¹

Days before the 1994 terrorist attack on the Jewish Community Center in Buenos Aires, Argentina, phone records show a series of suspicious exchanges starting with a cell phone call on a device owned by an Iranian diplomat to the al-Tawahid mosque in the city, followed by a call from a nearby pay phone to an operative believed to be a Hezbollah link in the Tri-Border Area. The diplomat was allegedly Mohsen Rabbani, erstwhile cultural attaché and a cleric at the mosque for 11 years before his diplomatic appointment three months before the incident. After leaving his government post and the country, Rabbani was charged by Argentine prosecutors with complicity in the bombing.²²

Partly as a result of those incidents and terrorist activity related to other groups, Argentina, Brazil, and Paraguay started cooperating on law enforcement in the Tri-Border Area. Subsequent combined investigations took down some Hezbollah operations that included an individual, Assad Ahmad Barakat, thought to be involved in the bombing.²³ Since 2006, most apprehensions have involved mostly minor figures, suggesting that networks may have moved to other places such as Venezuela where an open immigration policy that began in 2004, as well as weak law enforcement, may offer a more propitious environment.

21. Possibly the most comprehensive and concise description of the Tri-Border Area during the late 1990s and early part of the next decade was published by the research division of the Library of Congress. See Rex Hudson, *Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America*, Federal Research Division, Library of Congress, July 2003 (revised December 2010). For a more colorful account, see Jeffrey Goldberg, "A Reporter At Large: In the Party of God (Part II), Hezbollah sets up operations in South America and the United States," *New Yorker*, October 28, 2002, http://www.jeffreygoldberg.net/articles/tny/a_reporter_at_large_in_the_par_11.php.

22. AMIA Case, Investigations Unit of the Office of the Attorney General, Buenos Aires, October 25, 2006, 444–454, and 560–569, <http://www.peaceandtolerance.org/docs/nismanindict.pdf>.

23. Hudson, *Terrorist and Organized Crime Groups in the Tri-Border Area*, 13.

After Argentina, Mohsen Rabbani dropped out of sight until he reportedly attracted the attention of Brazil's Federal Police and ABIN (Agência Brasileira de Inteligência), drawing notice to the role Iranian clerics may play in recruiting new followers. Rabbani is said to direct the Oriental Thought Cultural Institute in the holy city of Qom²⁴ and travels to parts of Latin America, including Brazil, where he has recruited young men to study in Iran. A recent article on *Veja* magazine's website illustrates some Brazilians' discomfort with this:

. . . . Mohsen Rabbani is wanted by Interpol, but enters and leaves Brazil frequently, without any trouble. An Iranian government official, he uses passports issued under false names to visit a brother who lives in Curitiba. The last time this happened was in September last year [2010]. By the time Interpol alerted the Federal Police of his presence in Brazil, he had already left. But it is not just family ties that bring this terrorist to the country. The Brazilian Intelligence Agency (Abin) found that Rabbani has recruited at least two dozen youths from the interior of São Paulo, Pernambuco and Paraná [states] for courses in "religious training" in Tehran. "Without anyone noticing, a generation of Islamic extremists is emerging in Brazil," said Solicitor Camanho Alexandre de Assis, who heads the Public Ministry in thirteen states and the Federal District.²⁵

Another glimpse of outreach activities emerges from the conclusion of a four-week jury trial in New York of Shia cleric Kareem Ibrahim of Trinidad & Tobago who was convicted of conspiracy to mount a terrorist attack on John F. Kennedy International Airport in Queens:

The evidence at trial established that Kareem Ibrahim, an Imam and leader of the Shiite Muslim community in Trinidad & Tobago, provided religious instruction and operational support to a group plotting to commit a terrorist attack at JFK Airport. The plot originated with Russell Defreitas, a naturalized United States citizen from Guyana, who drew on his prior experience working at JFK Airport as a cargo handler to plan the attack on its fuel tanks and fuel pipeline. Beginning in 2006, Defreitas recruited others to join the plot, including the defendant Kareem Ibrahim, Abdel Nur and Abdul Kadir, a former member of parliament in Guyana.

In May 2007, Defreitas presented defendant Kareem Ibrahim with video surveillance and satellite imagery of the targets for terrorist attack because Ibrahim had connections with militant leaders in Iran. During cross-examination at trial, Ibrahim admitted that he advised the plot-

24. In June 2011, Rabbani helped unveil a new Spanish translation of the Quran at the Islamic Culture and Relations Organization (ICRO) in Tehran, where he said, "We expect to publish additional copies of the Spanish version next year for display at several international fairs in Venezuela, Argentina, Cuba, and Colombia." Rabbani continued: "During the years I worked in Iran's cultural office in Argentina, we were able to translate and publish over 250 books into Spanish. Currently, there are 150 more books due to be released soon." ICRO director Mohammad-Baqer Khorramshad added that "the [Iranian] revolution arose through the instructions of the Holy Quran; and the translation of these instructions into other languages is the best way to convey the culture of the revolution to the rest of the world." See "Spanish Version of Holy Quran Unveiled in Tehran," Islamicmedia News & Analysis Website, June 26, 2011, <http://islamicmedia.ir/En/NSite/FullStory/News/?Id=88>.

25. Reinaldo Azevedo, "No País que Persegue Palavras e Tenta Proibir Opiniões ao Arrepio da Constituição o Terrorismo se Aproveita do Vazio Legal e Age Livremente," *Veja*, April 3, 2011, <http://veja.abril.com.br/blog/reinaldo/geral/no-pais-que-persegue-palavras-e-proibe-opinioes-ao-arrepio-da-constituicao-o-terrorismo-de-aproveita-do-vazio-legal-e-age-livremente>.

ters to present the plot to revolutionary leaders in Iran and to use operatives ready to engage in suicide attacks at the airport. On one of the recorded conversations entered into evidence, Ibrahim told Defreitas that the attackers must be ready to “fight it out, kill who you could kill and go back to Allah.”

According to the trial evidence, the conspirators also attempted to enlist support for the plot from prominent international terrorist groups and leaders, including Adnan El Shukrijumah, an al-Qaeda leader and explosives expert, and Yasin Abu Bakr, leader of the Trinidadian militant group Jamaat Al Muslimeen. Ultimately, the plotters followed Ibrahim’s direction and sent Abdul Kadir to meet with his contacts in the Iranian revolutionary leadership, including Mohsen Rabbani, the former cultural attaché indicted for his leading role in the 1994 bombing of the AMIA Jewish cultural center in Buenos Aires, Argentina.²⁶

While Mohsen Rabbani’s alleged association with the AMIA bombing may not be clearly established, not enough is known about such figures and how their roles in guiding followers might dovetail with Iran’s clandestine plans. Politically connected clerics—ones whose teachings might inspire recruits to commit terrorist acts—could represent the tip of an iceberg; on the other hand, their activities may represent merely the kind of religious outreach practiced by many faiths. In the broader view, circumstances argue against Iran having a significant influence among Middle Eastern-American populations that may be indifferent, suspicious, or even opposed to its ideological thrust. Instead, where threats exist, they are likely to be found at the individual level.

26. “Imam from Trinidad Convicted of Conspiracy to Launch Terrorist Attack at JFK Airport,” press release, U.S. Attorney’s Office, Eastern District of New York, May 26, 2011, <http://www.justice.gov/usao/nye/pr/2011/2011may26b.html>.

4

IRAN'S SOFT POWER

“Soft power” covers a range of activities that all governments pursue to shape the global opinion climate and ensure a friendly reception for diplomacy and trade. Iran is no different from any other country in making use of this diplomatic tool. In terms of challenges, it must advance a positive image among publics unfamiliar with Iran or suspicious of its motives. To do so, it has taken a page from the United States’ playbook—using public events, senior leader statements, broadcasting, the Internet, and targeted foreign assistance/civic action to elicit favorable public reactions. Whether such efforts bear fruit depends on Iran being able to demonstrate shared interests with target audiences and its success in carrying out high-profile good deeds.

Strategic Communication in the Americas

Public opinion polls conducted in past years suggest that Latin American publics have a poor impression of Iran compared to their views of other countries. Efforts to overcome this have followed two tracks: communications efforts that promote the impression of friendship or close bonds; and targeted aid or investments that leave a memorable public image among majority poor populations.

Image Problems

Though there may be low public awareness of Iran’s activities in the Americas and limited polling on the subject, what little exists reveals mostly negative perceptions. The U.S. government also inspires negative views, but to a lesser degree, and largely based on its history of interventions. A BBC Poll conducted for BBC World Service 2008 shows a low opinion worldwide of Iran—54 percent mainly negative versus 20 percent positive, the largest and nearly the smallest figures, respectively, of any country surveyed. Of 24 countries polled, 19 viewed Iran negatively and, slightly ahead of Israel, Iran was perceived as having the most negative influence worldwide. Results worsened by 2011: Iran ranked last with 59 percent negative views versus 16 percent positive. Within Latin America, Brazilians have a mostly negative view of Iran (75 percent negative versus 7 percent positive), but Peruvians less so (47 percent negative versus 7 percent positive), while the views of Mexicans were about equally divided between positive and negative (25 percent negative versus 20 percent positive). In 2008, the United States had been viewed negatively, though not as much so (47 percent negative versus 35 percent positive); however, in 2011, it moved into the positive column (31 percent negative to 49 percent positive).¹

1. “Global Views of USA Improve,” BBC World Service Poll, April 2, 2008, <http://news.bbc.co.uk/2/hi/americas/7324337.stm>. Also, “Positive Views of Brazil on the Rise in 2011 BBC Country Rating Poll,” BBC World Service Poll, <http://www.bbc.co.uk/news/world-latin-america-12654446>.

Similar findings show up in the Pew Global Attitudes Report series. When asked for views of Iran, the percentage of favorable responses in seven Latin American countries polled ranged from only 11 percent to 33 percent in 2007, Venezuelans supplying the most favorable views.² According to the 2010 report, which included only three Latin American countries, favorable ratings ran from 13 percent in Argentina, to 16 percent in Mexico, to 18 percent in Brazil. Unfavorable views varied from 65 percent in Brazil to 51 percent in Argentina and 46 percent in Mexico.³ Regarding Iran's nuclear program, much larger majorities in those three countries, generally 85 to 86 percent, opposed acquisition of nuclear weapons by Iran. Regarding economic sanctions against Iran, smaller majorities in all three favored tougher economic sanctions (when asking only those who previously opposed Iran's acquiring nuclear weapons, ranging from 71 percent in Mexico, to 65 percent in Brazil, to 57 percent in Argentina). However, when asked if willing to consider using military force to prohibit Iran from acquiring nuclear weapons, percentages fell substantially (again, only among those who opposed Iran's acquiring nuclear weapons), varying from 54 percent in Brazil, to 49 percent in Mexico, to 26 percent in Argentina.⁴

In a 2007 Pew Global Attitudes Survey, respondents in seven Latin American countries believed the United States posed a greater threat to their nation than Iran—54 percent saw the United States as the major threat compared to 25 percent for Iran. Of the nations surveyed, Mexico was the most anxious about Iran (25 percent viewed it as their nation's biggest threat) whereas only a minority of respondents (under 8 percent) in Bolivia, Chile, Argentina, and Peru believed Iran posed the greatest threat.⁵ Yet in a Pew survey published three days later, the United States rated moderately favorably in the same countries (except for Argentina and Bolivia) and Iran rated overwhelmingly unfavorably among all seven.⁶

Efforts to Improve Public Opinion

Iran has moved aggressively to polish its image among Latin America's publics. Outside of Venezuela's Bolivarian alliance, it maintains a diplomatic presence that promotes culture and trade. Where it has obvious friends, relations are much more comprehensive and friendly. To date, the presidents of Bolivia, Ecuador, Nicaragua, and Venezuela have responded the most favorably toward Iran, viewing the partnership as a means of testing U.S. influence and asserting themselves within the global arena.

Leader visits and statements. Perhaps the simplest and most direct way of influencing domestic and international message environments is through leader visits and mutual declarations. Analysis of news stories shows a progression from President Muhammad Khatami's subdued and conciliatory rhetoric to the more strident tones of President Mahmoud Ahmadinejad.

2. *Global Unease with Major World Powers*, Pew Research Center, Pew Global Attitudes Project, June 27, 2007, <http://www.pewglobal.org/2007/06/27/chapter-4-views-of-iran-its-leader-and-the-nuclear-question>.

3. *Obama More Popular Abroad Than at Home, Global Image of US Continues to Benefit*, Pew Research Center, Pew Global Attitudes Project, June 17, 2010, <http://pewglobal.org/files/pdf/Pew-Global-Attitudes-Spring-2010-Report.pdf>.

4. *Ibid.*, 43–48.

5. Respondents may have recalled impressions of U.S. global interventions; see *Global Opinion Trends 2002–2007: A Rising Tide Lifts Mood in the Developing World*, Pew Research Center, Pew Global Attitudes Project, June 24, 2007, 47–48, <http://www.pewglobal.org/files/pdf/257.pdf>.

6. *Global Unease with Major World Powers*, 19, 47.

affinity for Iran's softer anti-Western position. A year after Ahmadinejad came to power, Bolivia's Morales, Ecuador's Correa, and Nicaragua's Ortega were elected, giving Ahmadinejad other like-minded leaders with whom to partner in delivering a harder, more belligerent message. Identifying the U.S. government as the source of what is wrong with the world and stressing an "us against them" relationship, the leaders justified their authoritarian policies as necessary for defeating the forces of colonialism and imperialist hegemony.

The evolution of Iran's messaging toward Latin American audiences follows:

- *May 2001*—Khatami and visiting Cuban head of state Fidel Castro release a declaration in Tehran that states "Iran and Cuba consider the imposing of economic pressures as well as sanctions against independent countries to be against human rights, and (we) condemn measures by certain nations which aim at imposing their power on other countries."⁷
- *March 2004*—Khatami attends a Group of 15 Summit in Caracas, where he remarks, "In Western civilization and culture, there are many things we can take advantage of, and one of those is democracy. . . . Democratic thinking is very advanced and human rights thinking is very progressive."⁸ Of note, Khatami's reformist candidates for the Majlis had just been barred from running by hard-line clerics, leaving Khatami's administration isolated.
- *July 2006*—Ahmadinejad invites Venezuelan president Hugo Chávez to speak before a crowd of students at Tehran University. Chávez tells them, "We have to save humankind and put an end to the U.S. empire."⁹
- *September 2006*—Ahmadinejad tells a crowd upon arriving at the airport in Caracas for his first visit to Venezuela, "I salute all the revolutionaries who oppose world hegemony."¹⁰
- *January 2007*—Ahmadinejad remarks while visiting President Daniel Ortega in Nicaragua, "The imperialists don't like us to help you progress and develop. They don't like us to get rid of poverty and unite people. But the whole world knows that Nicaragua and Iran are together."¹¹
- *September 2010*—At the United Nations General Assembly, Ahmadinejad uses his New York platform to say, "Some segments within the U.S. government orchestrated the [September 11, 2001] attack. . . . The majority of the American people, as well as most nations and politicians around the world, agree with this view."¹²

Ahmadinejad has been a frequent traveler to Latin America:

7. "Iran and Cuba bolster ties, strengthen anti-US solidarity," Agence France Presse, May 10, 2001, cited on http://ctp.iccas.miami.edu/FOCUS_Web/Issue55.htm.

8. "Injustice breeds terrorism, says Iran's Khatami," CNN.com, February 28, 2004, <http://www.cnn.com/2004/WORLD/meast/02/28/iran.khatami.reut/index.html>.

9. "Chávez Decorated in Iran, Initials Cooperation Pacts," *El Universal*, July 31, 2006, http://english.eluniversal.com/2006/07/31/en_pol_art_31A756133.shtml.

10. "Iran and Venezuela Bolster Ties," BBC News, September 17, 2009, <http://news.bbc.co.uk/2/hi/5354812.stm>.

11. "Ahmadinejad Courts Leftist Allies in Latin America to Bolster Anti-America Stand," Fox News, January 16, 2007, <http://www.foxnews.com/story/0,2933,243710,00.html>.

12. "U.N. delegates walk out during Iranian president's speech," CNN, September 23, 2010, http://articles.cnn.com/2010-09-23/politics/un.ahmadinejad.walkouts_1_iranian-leader-iranian-president-mahmoud-ahmadinejad-attacks?_s=PM:POLITICS.

- *September 2006*—A visit to Venezuela to see counterpart Hugo Chávez prior to the UN General Assembly.
- *January 2007*—Visits to Venezuela, Nicaragua, and Ecuador to solidify ties and attend the inauguration of President Rafael Correa.
- *September 2007*—Trips to Venezuela and Bolivia following his speech at the UN General Assembly.
- *November 2009*—Completion of a postponed visit to Brazil, then on to Venezuela and Bolivia where talks centered on nuclear energy and mining.
- *September 2011*—A scheduled trip to Venezuela to convene the seventh meeting of the Iran-Venezuela “bilateral joint committee.”¹³ It was completed in January 2012 when he also attended the inauguration of President Daniel Ortega in Nicaragua and visited Cuba and Ecuador.¹⁴

In addition, he has hosted Venezuelan president Chávez nine times, Nicaraguan president Daniel Ortega three times, Bolivian president Evo Morales twice, Ecuadoran president Rafael Correa once, Guyanese president Bharrat Jagdeo once, and Brazilian president Inacio Lula da Silva once.

Ahmadinejad has invited Latin American heads of state to Tehran to participate in various programs. In February 2007, the Foreign Ministry hosted an International Conference on Latin America at the Institute of International Political Studies on the topic “Development in Latin America: Its Role and Status in the Future International System.” Press releases listed the participants as lawmakers from Argentina, Colombia, Venezuela, Cuba, Brazil, Uruguay, Ecuador, Italy, Russia, and China. Four months later, the first International Congress on Latin American Literature was held in Tehran and Isfahan.¹⁵ And in June 2008, Iran hosted the 15th Ministerial Conference of the Non-Aligned Movement.

International media. Islamic Republic of Iran Broadcasting (IRIB), formerly called the National Iranian Radio and Television, has its roots in a radio service that began in 1926. Today, IRIB has domestic and international coverage, reportedly broadcasting in 45 countries and 25 languages. Major sites are said to exist in France, Britain, Malaysia, and even the United States. IRIB supposedly has eight national television channels and six satellite channels for international viewers.¹⁶ IRIB runs its own website (<http://www.irib.ir>) translated from Persian into 24 languages corresponding to its radio services, including Spanish and English. Stories resemble those on the United States’ Voice of America, except for some anti-Western orientation and, at times, an obvious propagandistic slant. IRIB’s “Voice of Justice” series purports to be a campaign against U.S.

13. “Chávez and Ahmadinejad to meet in September in Caracas,” *El Universal*, August 16, 2011, <http://www.eluniversal.com/2011/08/16/chavez-and-ahmadinejad-to-meet-in-september-in-caracas.shtml>.

14. At the same time, Iranian diplomats hinted Ahmadinejad might attend the inauguration of President Otto Pérez Molina in Guatemala and make another trip to Brazil, which produced reactions of surprise and denials in both countries.

15. Carlos Malamud and Carlota García Encina, “Outside Players in Latin America (II): Iran (ARI),” Real Instituto Elcano, April 12, 2007, http://www.realinstitutoelcano.org/wps/portal/rielcano_eng/Content?WCM_GLOBAL_CONTEXT=/elcano/elcano_in/zonas_in/ari124-2007.

16. “The Islamic Republic of Iran Broadcasting,” Wikipedia, http://en.wikipedia.org/wiki/Islamic_Republic_of_Iran_Broadcasting.

interventionist policies. A typical story on IRIB's Iran Spanish Radio page is titled "Cuba remembers criminal bacteriological attack by the United States."¹⁷

State-to-state cooperation on international communications has been evolving as well. In July 2003, U.S. authorities discovered Cuba was jamming Voice of America and private Iranian-American TV programming signals being beamed by satellite to Iran. An investigation with direction-finding equipment found that the most probable location of the jamming was near the old Soviet telecommunications espionage post at Bejucal south of Havana. The interference, which consisted of jamming signals sent to the Telestar-12 satellite transponder, coincided with disturbances at Tehran University and the start-up of a new Persian-language TV news service by the Voice of America. The United States protested and eventually found a way around the interference by routing its signal through other satellites.¹⁸

In December 2004, Iran's IRIB system and Venezuela's state-run *Venezolana de Televisión* (VTV) signed an agreement to assemble a digital newsroom for VTV, build a provincial station, and exchange television series and programming. In March 2008, Iran and Bolivia agreed to a package of joint projects valued at some \$1 billion. Some of the money was to have been spent on an Iran-sponsored television network in Bolivia, originally comprising three stations, to be integrated into Venezuela's Telesur satellite service. President Morales even claimed that, through the network, Iran would be supporting the peasant struggle in Latin America. However, the stations failed to materialize. By September 2008, Iran announced it had dropped plans to broadcast in Bolivia in favor of a simple content-sharing agreement between the IRIB, the Islamic Republic News Agency, and Bolivia's state media.¹⁹

Nonetheless, IRIB set out to establish a Latin American television service of its own in Spanish. It had already launched the English-language Press TV and accompanying website in 2007 to counter Voice of America and BBC Persian TV Farsi broadcasts and also to persuade audiences of the ideological legitimacy of the Islamic Revolution. In May 2011, Foreign Ministry spokesman Ramin Mehmanparast and Cuban Institute of Radio and Television president Danilo Sergio López announced in Havana a joint network venture based on Iran's Hispan TV.²⁰ Through this vehicle, Iran would share technical and artistic expertise with Cuba while collaborating with Venezuela's Telesur satellite network on content. Hispan TV's website is already operational (<http://www.hispantv.com>) and presents content similar to IRIB's Iran Spanish Radio (<http://spanish.irib.ir>) and Press TV's English service.

ANNUR TV in Argentina, a pro-Iranian Shia satellite TV station with a dedicated Internet website, reportedly began broadcasting in June 2011 partly to represent Islam throughout South

17. "Cuba rememora criminal ataque bacteriológico de EEUU," Iran Spanish Radio, <http://spanish.irib.ir/elsur/noticias/caribe>.

18. "BBG Condemns Cuba's Jamming of Satellite TV Broadcasts to Iran," press release, Broadcasting Board of Governors, Washington, D.C., July 15, 2003, <http://www.bbg.gov/pressroom/press-releases/BBG-PressRelease-85.html>.

19. "Iran shelves plans to open TV station in Bolivia," Associated Press, September 30, 2008, cited on gulfnews.com, <http://gulfnews.com/news/region/iran/iran-shelves-plans-to-open-tv-station-in-bolivia-1.133620>.

20. "Iran, Cuba to expand media cooperation," Press TV, May 3, 2011, <http://www.presstv.ir/detail/177957.html>.

America and to counter “baseless Zionist accusations.”²¹ Its programming features presentations on understanding Islam, news from Prensa Islámica, children’s shows, and even a program on Middle Eastern cuisine. “Islam y política” features commentary on political issues such as the liberation of Palestine and the 2011 uprisings in North Africa and the Middle East. The Arab Spring is described as a reaction against despots supported by “North American imperialism.”

It is also worth noting that a number of Spanish-language Shia Islamist websites are directed toward Latin America. Most of these present anti-American and anti-Israel messages, sympathize with Iran and the Iranian revolution, and promote conversion or “reversion” to Shia Islam. The few Sunni Muslim websites that exist in the region have ties to the Al Ikwan al Musulman (Muslim Brotherhood).

The most active and sophisticated websites have been in countries with Muslim populations of a few dozen to a few hundred. These include Red Islam.com (Islam Network) and *Revista Biblioteca Islámica* (Islamic Library Magazine), both hosted in El Salvador, and Islam en Bolivia (Islam in Bolivia), hosted in Bolivia. These three visually attractive websites are frequently updated with news articles condemning the West and Israel and multimedia content such as Spanish language films on Islam. Islam en Bolivia stands out as the only website to reach out to the indigenous communities, as demonstrated by the Aymara translation of the piece *¿Qué es el Islam?* (What is Islam?). The sophistication of these websites indicates possible outside funding and resources, but there is no hard evidence that the Islamic Republic of Iran directly funds them as it does the Spanish-language television networks Press TV and HispanTV.²²

Whether such efforts will reach and win over the hearts and minds of Latin America’s proportionally small population of cable television viewers and Internet users remains questionable, as they must compete with a rich diversity of commercial media and a proliferation of alternative private, commercial, and government-sponsored websites.

Cultural centers. The United States and countries like Brazil, China, Great Britain, France, and Russia sponsor cultural exchange centers in foreign capitals that specialize in language instruction, art exhibitions, musical performances, poetry readings, and library programs. Iran is no different. A leaked U.S. State Department cable from January 2009 implied that Iran had cultural centers in 16 Latin American countries and embassies in 10. The question is what activities go on there, whether they facilitate academic exchanges, travel, indoctrination, political activities, or terrorist activities.

An informal Internet survey reveals the presence of a variety of cultural centers in at least six Latin American countries. In Bolivia, there are several Shia organizations despite the small size of the country’s Muslim community. One, called the Fundación Cultural Islámica Boliviana, whose young founder has professed admiration for Iran, was located in a second-floor apartment and had 20 adherents as of 2008. Two others were mosques and one appeared to be little more than a

21. “Shia Satellite TV Network Launched in Argentina,” Ahlul Bayt News Agency, June 22, 2011, <http://abna.ir/data.asp?lang=3&Id=248707>.

22. Douglas Farah, “Islamic Cyber Networks in Spanish-Speaking Latin America,” Western Hemisphere Security Analysis Center, September 2011, http://www.strategycenter.net/docLib/20111013_ICN_Farah_Sept11.pdf.

sparsely populated website.²³ In Santiago, Chile, the Iranian Embassy opened the Centro Cultural Chileno Iraní in 2008 featuring an arts-oriented website. In December of that year, it collaborated with Chile's National Council of Culture and Arts and the Catholic Pontificia University to put on a film festival.²⁴ The Centro Cultural de Cooperación Ecuatoriano Iraní sponsored a 10-day event in February 2011 at the Central University of Ecuador called "Iran Yesterday, Today, and Always," featuring films as well as photography and fine arts exhibitions.²⁵ Inaugurated in 2007, the Centro Cultural Islámico Nicaragüense was reportedly backed by the government of Iran.²⁶ The tiny Centro de Intercambio Cultural Uruguayo Iraní, Artigas-Jomeini opened in temporary space in a small shopping gallery in 2009.²⁷ The Venezuelan Centro de Intercambio Cultural Iraní-Latinoamericano displayed its militant slant when it organized a march for the victims of Zionism in Caracas in September 2010. Meanwhile, the Centro Cultural Islámico established in Bogotá, Colombia, in 1993 represents the various types of Islam found in Middle Eastern countries.²⁸

Aid as Public Diplomacy

Funding certain kinds of facilities, such as government factories and health clinics, or ones that can provide employment for local populations as well as products and services identifiable with the donor nation, contribute to overall goodwill. Iran's investments of this nature are notable in Bolivia, Nicaragua, and even petroleum-rich Venezuela. Bolivia is South America's poorest nation in terms of gross domestic product per capita. Making his first visit there in September 2007, President Ahmadinejad pledged \$1 billion in aid to help develop Bolivia's petroleum and natural gas industries. In August 2008, Iran and Venezuela revealed a \$230 million investment to build cement plants in Bolivia's Potosí and Oruro departments.

Later in 2008, Iran's then-business attaché Hojatollah Soltani announced plans to use Bolivia as a base to expand Iran's Red Crescent medical programs in South America, beginning with two low-cost health clinics.²⁹ In early 2009, Iran reportedly donated \$1 million to build a dairy facility that would provide milk, yogurt, and cheese to poor families in the village of Achacachi near La Paz. The same year, it jointly funded a hospital with Venezuela worth \$2.5 million in El Alto, a barrio outside La Paz;³⁰ the hospital's opening was marred, however, when the Bolivian nursing staff objected to Iran's insistence that they wear a *hijab*, or head covering. In December 2008 in Ecua-

23. "Bolivia—Key Muslim Converts Assert Local Peril, Ally With Zealots Abroad," *Report*, Open Source Center, May 12, 2009, <http://www.fas.org/irp/dni/osc/bolivia.pdf>.

24. "Actualidad," República Islámica de Irán," <http://www.embiranchile.com/Actualidad.html>; also see "Ciclo de Nuevo Cine Iraní en Sala Cine UC," Consejo Nacional de la Cultura y las Artes, December 10, 2008, <http://www.consejodelacultura.cl/chileaudiovisual/index.php?page=articulo&articulo=6157>.

25. "Invitación," Tercercamino.com, February 1, 2011, <http://www.tercercamino.com/index.php/cultura/item/1481-inviteacion?tmpl=component&print=1>.

26. Doren Roa, "Inauguran Centro Cultural Islámico," *El Nuevo Diario*, September 15, 2007, <http://archivo.elnuevodiario.com.ni/2007/09/15/variedades/58994>.

27. "Presencia cultural iraní en Uruguay," Tercercamino.com, October 6, 2009, <http://www.tercercamino.com/index.php/cultura/item/304-presencia-cultural-iran%C3%AD-en-uruguay>.

28. Centro Cultural Islámico, <http://www.centroculturalislamico.com>.

29. "Iran to Open 2 Health Clinics in Bolivia," Fars News Agency, October 11, 2008, <http://english.farsnews.com/newstext.php?nn=8707201530>.

30. Helen Coster, "Iranian Cash Building Bonds with Bolivia," *Washington Post*, December 5, 2010, <http://www.washingtonpost.com/wp-dyn/content/article/2010/12/05/AR2010120504743.html>.

dor, Iran promised a \$40 million loan (expandable to \$120 million) from its Export Development Bank of Iran (EDBI) to promote trade. Notwithstanding that the EDBI was under U.S. Treasury sanctions by October 2008,³¹ the loan still would have been seen favorably in light of the anticipated expiration of U.S.-Andean trade preferences the following year.

In Nicaragua, Central America's poorest nation, President Ahmadinejad promised \$1 billion in 2007 for energy, agriculture, and water purification projects, although only a few projects advanced. Among them, Iran made good on a pledge to give \$1.5 million to \$2 million for the construction of a hospital in 2008. A \$230 million loan to build a hydroelectric power dam on the Río Tuma, however, turned into controversy, as an Iranian company would own and operate the facility while Nicaragua would be obligated to repay the loan. An Iranian-Nicaraguan joint venture to build a seaport at Monkey Point on the Atlantic coast generated discontent when local residents complained they had not been consulted.³²

In Venezuela, Iran sponsored several projects, including a tractor plant, a car factory, a bicycle factory, and housing projects. These outwardly successful ventures served mainly as political vehicles to highlight Iran-Venezuela ties and to bolster President Chávez's image. However, Veniran Tractor anecdotally produced poor-quality farm equipment, while Venirauto's cars were not generally available for sale to the public. The bicycle factory has faced stoppages due to backlogs in the supply chain, and public housing developments proved a drop in the bucket compared to Venezuela's real needs.

In summary, Iran's soft power projection in Latin America is structured like that of many European countries and the United States. It is remarkable in that no other government in the Middle East has been as active in trying to build goodwill. Perhaps Qatar is notable with its Al Jazeera news network. Al Jazeera, though, is not a government mouthpiece; rather, it has become a trusted source of alternative, if not objective, information. On the other hand, Iran's international communications make little pretense at objectivity, its investments are politically focused mainly in Venezuela's small ALBA community, and even there some projects are controversial. Iran's efforts may demonstrate persistence, yet the content of its communications is muddled by an ideology fixed in the past with religious overtones that are poorly understood in the secular West.

31. Under Executive Order 13382 for providing or attempting to provide financial services to Iran's Ministry of Defense and Armed Forces Logistics (MODAFL).

32. Steve Stecklow and Farnaz Fassihi, "Iran's Global Foray Has Mixed Results," *Wall Street Journal*, September 29, 2009, <http://online.wsj.com/article/SB125409124052344735.html#articleTabs%3Darticle>.

5

STRATEGIC INVESTMENTS AND TRADE

Iran has pursued a two-pronged investment strategy in the Americas: funding joint ventures intended to forge strong cooperative links and eventually make a profit, and developing relationships intended to bypass sanctions imposed by the industrialized West. In countries where economic ties have the potential for becoming complex, such as Ecuador, Mexico, Nicaragua, and Venezuela, Iran has established bilateral economic cooperation commissions to oversee development. Concerning trade with the Americas, Iran buys more than it sells, providing an incentive to maintain or improve relations.

Joint Ventures

Iran's collaboration with Venezuela leads that with other Latin American partners by far, facilitated by a bilateral joint economic commission established in 2001.¹ As an example, in 2003 Iran and Venezuela signed an agreement to renovate an old tractor assembly facility that had been idle since the 1980s. In 2005, President Khatami and his Venezuelan counterpart Hugo Chávez inaugurated the Veniran Tractor Company in Ciudad Bolívar some 280 miles southeast of Caracas on the Orinoco River. The Iran Tractor Manufacturing Company owns 51 percent of the operation, and the Venezuelan government enterprise CVG (Venezuelan Corporation of the Guyana) retains the rest. The assembly plant cost \$34 million and Iran agreed to supply \$80 million–\$100 million annually in parts. At the time, Khatami said that it reflected a shared belief in achieving self-sufficiency throughout a range of manufactured goods. Subsidized, the Veniran operation sells tractors for about half the cost of imports, although many are given away, leased to cooperatives, or sent abroad to other ALBA nations.²

In 2006, the Venirauto automobile manufacturing project was established in Maracay with a \$99 million investment. Iran's Khodro Automobiles (IKCO), which produces a wide range of vehicles for a global market, including Peugeot and Suzuki cars under license, owns the majority stock. Venirauto was said to be capable of producing 25,000 cars a year, offering two models, one based on the Kia Pride and the other on the Peugeot 405. Like Veniran's tractors, both were attractively priced for consumers and subsidized to be sold for much less than imports. Defense Minister Raúl Baduel and Iran's ambassador, Abdollah Zifan, gave away 227 of the cars to Venezuela's military academy graduates in 2007.³

1. "Venezuela e Irán en camino hacia una 'alianza estratégica,'" *El Universal*, May 21, 2001, http://buscador.eluniversal.com/2001/05/21/eco_art_21204AA.shtml.

2. "Joint Venture to Produce Tractors in Venezuela," *Events*, Number 8, March 2005, <http://www.events.ir/no008/008f.htm>.

3. Chris Carlson, "Venezuelan-Iranian Car Company Releases First Models," *Venezuelanalysis.com*, July 10, 2007, <http://venezuelanalysis.com/news/2491>.

Oil Collaboration

In all, Iran has invested several billion dollars in oil and gas projects in the Americas, its principal partner being Venezuela but also involving projects in Ecuador and Bolivia. A brief chronology follows:

- December 2005—Iran agreed, along with other foreign, mostly state-owned oil companies, to help Venezuela survey extra-heavy crude deposits in the eastern Orinoco River belt. The study would form the basis of a \$4.2 billion project partnering Venezuela's Petróleos de Venezuela S.A. (PDVSA) with Iran's Petropars in the 209-square-mile Ayacucho Block 7, of some 27 areas open for surveys.⁴
- July 2006—Iran announced the expected \$4 billion investment in Venezuelan oilfields and an agreement to help explore Venezuela's Cardon-2 offshore gas block.⁵
- Shortly thereafter, Iran and Venezuela proposed a \$2 billion investment in a joint petrochemical company to be launched in 2010.⁶
- July 2007—Ahmadinejad and Chávez inaugurated a joint venture to build two methanol plants—one in Iran's southern Assaluyeh region and the other in Venezuela's Sigma Industrial Zone.⁷
- Shortly thereafter, the two leaders revealed plans to open a \$1 billion joint petroleum trading company, to be named the Venezuelan-Iranian Oil and Gas Company, or VENIROGC. In September, Mohammad Ali Talebi, head of Venezuelan operations at Petropars Ltd., said it would be an international company like Chevron, Shell, or Eni doing "the international oil and gas business along the entire value chain, from production to gasoline stations."⁸
- September 2007—While visiting Bolivia, President Ahmadinejad promised \$1 billion to help develop Bolivia's oil and gas sector.
- September 2008—Iran and Ecuador, in conjunction with Venezuela, signed a cooperation agreement to build a new refinery and petrochemical facilities in Ecuador.⁹
- April 2009—Iran's Press TV reported that PDVSA had signed a memorandum of understanding, or MOU, to develop 17 small oil fields in Iran as well as participate with other foreign companies in Iran's South Pars gas project.¹⁰

4. "Venezuela, Iran sign deal to explore Orinoco oil reserves," Xinhua News Agency, December 6, 2005, http://english1.people.com.cn/200512/06/text20051206_225926.html.

5. Steven Bodzin, "Venezuela, Iran to Team Up on \$4 Billion Oil Project," Bloomberg, July 12, 2007, <http://venezuelanalysis.com/news/2497>.

6. "Iran, Venezuela Sign Energy Cooperation Agreements," News, Petropars Oil & Gas Developer, September 18, 2006, <http://www.petropars.com/tabid/247/Default.aspx>.

7. "Iran, Venezuela to Break Ground for Methanol Project July 2," News, Petropars Oil & Gas Developer, July 1, 2007, <http://www.petropars.com/tabid/426/Default.aspx>.

8. Lucian Kim, "Iran, Venezuela Form Oil Venture to Rival Shell, Eni," Bloomberg, October 18, 2007, <http://www.bloomberg.com/apps/news?pid=newsarchive&sid=aSJemgLhzPhY&refer=news>.

9. "Iran and Ecuador sign deal on energy, refinery plan," Reuters, September 14, 2008, <http://www.reuters.com/article/2008/09/14/us-iran-ecuador-idUSBLA42888220080914>.

10. "Venezuela to develop Iran's oil fields," Xinhua News Agency, April 5, 2009, http://news.xinhuanet.com/english/2009-04/06/content_11136422.htm.

- September 2009—Oil ministers Masoud Mirkazemi and Rafael Ramírez signed agreements including a pact by which Venezuela would provide Iran with refined gasoline in case of sanctions.¹¹
- May 2010—Petropars Venezuela chief Ali Talebi states that setting up a 140,000 barrel-per-day oil refinery in Syria will be VENIROGC’s first priority. Venezuela would have a 33 percent stake, while Iran would control 26 percent. The rest of the shares would be divided between Syria and Malaysia. Half of the feedstock would come from Iran and Venezuela, while the rest would be supplied by Syria.¹²
- June 2010—Iran announced intentions to develop 12 oil and gas blocks in Bolivia. Further MOUs call for cooperation “in drilling, exploration, petrochemicals, industries, and oil and gas sectors with Bolivia.”¹³

Banking

Most of Iran’s financial outreach in the Americas appears to involve the offices of the Export Development Bank of Iran. President Ahmadinejad’s September 2006 visit to Caracas led to establishing an EDBI branch there on January 2, 2008. Known as the International Development Bank (Banco Internacional de Desarrollo, C.A.), the branch sought to provide such traditional public services as checking and savings accounts, car loans, mortgages, and credit cards. On November 19, 2007, Ahmadinejad and Chávez signed four agreements, one of which was to create a separate binational bank as well as a single development fund for both countries. In April 2009, the two leaders inaugurated the Tehran-based Iran-Venezuela Joint Bank, capitalized with \$100 million contributions from each country. EDBI emerged as Venezuela’s Iranian partner, although it was by then under U.S. Treasury Department sanctions for helping to finance entities allegedly aiding Iran’s missile and nuclear programs.

The development of similar links proved troublesome in Ecuador. Despite fresh U.S. sanctions, the directors of the Central Bank of Ecuador (BCE) approved a protocol establishing a relationship with EDBI in November 2008 to promote trade between the two countries. Carlos Vallejo, the directorate’s president, said the decision to go ahead was sovereign and reflected a desire not to “demonize” a budding relationship.¹⁴ The arrangement also involved Iran’s International Development Bank in Caracas, also under sanctions. Over the next year and a half, there were numerous exchanges of correspondence as plans moved forward. In February 2010, FATF, the Paris-based Financial Action Task Force that combats financial crimes, placed Ecuador on its watch list for failing to comply with regulations concerning money laundering. At first, Ecuadoran president

11. “Iran, Venezuela sign 3 energy MOUs,” *Tehran Times*, October 28, 2010, http://www.tehrantimes.com/index_View.asp?code=202809.

12. “Venezuela, Iran Plan to Build Refinery in Syria,” News, Petropars Oil & Gas Developers, <http://www.petropars.com/tabid/995/Default.aspx>.

13. “Iran Committed to Develop 12 Bolivian Oil and Gas Exploratory Blocks,” MOJ News Agency, June 15, 2010, http://www.mojnews.com/en/Miscellaneous/ViewContents.aspx?Contract=cms_Content_I_News&r=521586.

14. “Banco iraní que despierta dudas se asocia con el Central,” *Hoy*, September 7, 2009, <http://www.hoy.com.ec/noticias-ecuador/banco-irani-que-despierta-dudas-se-asocia-con-el-central-366620.html>.

Rafael Correa reacted angrily, but then in June 2010 said his government would no longer deal with Iran's sanctioned banks.¹⁵

Visiting Tehran on October 27, 2010, Bolivian president Evo Morales signed six MOUs, one of which called for a branch of the EDBI in Bolivia and the creation of a binational bank with the participation of public and private capital from both countries. In addition, Ahmadinejad offered Bolivia a credit line good for 200 million euros (\$278 million) for 16 years at a fixed annual interest rate of 2.7 percent.¹⁶ Elsewhere, Iranian and Brazilian banking officials drafted an MOU that appeared to facilitate trade between the two countries in May 2009. It was not clear whether Iran intended to establish an EDBI branch in Brazil or if it simply desired a relationship with Brazil's central bank.¹⁷

Bilateral Trade

Commerce between Iran and the Americas has grown dramatically over the last decade, but it is generally insignificant compared to trade within the region and with some other partners outside the hemisphere. The *Latin American Business Chronicle* reported that trade between Iran and the region tripled between 2008 and 2009.¹⁸ In 2010, the exchange amounted to some \$3.5 billion.¹⁹ By comparison, China-Latin America trade amounted to almost \$180 billion,²⁰ and U.S. trade with the region amounted to \$636 billion the same year.²¹ On the flip side, Latin America represents only about 2 percent of Iran's total trade with the world, and, at that, commerce is mostly concentrated among the region's several large economies.²²

For its part, Iran has other, larger partnerships in the Middle East, Central Asia, and China. Furthermore, it sits in a favorable market position. It exports mainly petroleum—always in high demand—which accounts for up to 80 percent of export sales. Non-petroleum exports (a sector Iran would like to expand) consist mainly of pistachios, carpets, methanol, and automobiles. Despite a scarcity of arable land and unreliable rainfall, Iran is 90 percent self-sufficient in food production with wheat being its number one crop.²³ During the last decade, it has mostly enjoyed

15. "Ecuador Won't Work With Sanctioned Iranian Banks – Correa," Dow Jones News, June 1, 2010, http://www.advn.com/news_Ecuador-Wont-Work-With-Sanctioned-Iranian-Banks-Correa_43052854.html.

16. "Bolivia se abre a capitales privados y estatales de Irán," *La Razón* (La Paz), November 1, 2010, <http://www.la-razon.com/version.php?ArticleId=120457&EditionId=2332>.

17. "Iran and Brazil, Banking and Nuclear Energy," Live Trading News, March 5, 2010, <http://www.livetradingnews.com/iran-and-brazil-banking-and-nuclear-energy-9980.htm>.

18. "Iran Trade Triples," *Latin American Business Chronicle*, December 2, 2009, <http://www.latinbusiness-chronicle.com/app/article.-aspx?id=3842>.

19. European Commission Trade Statistics, <http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/statistics>.

20. "Xi wants to boost Latin America trade," *China Post* (Taipei), June 13, 2011, <http://www.chinapost.com.tw/china/national-news/2011/06/13/305942/Xi-wants.htm>.

21. Doreen Hemlock, "Latin America: Record US Trade," *Latin America Business Chronicle*, February 22, 2011, <http://www.latinbusinesschronicle.com/app/article.aspx?id=4785>.

22. European Commission Trade Statistics.

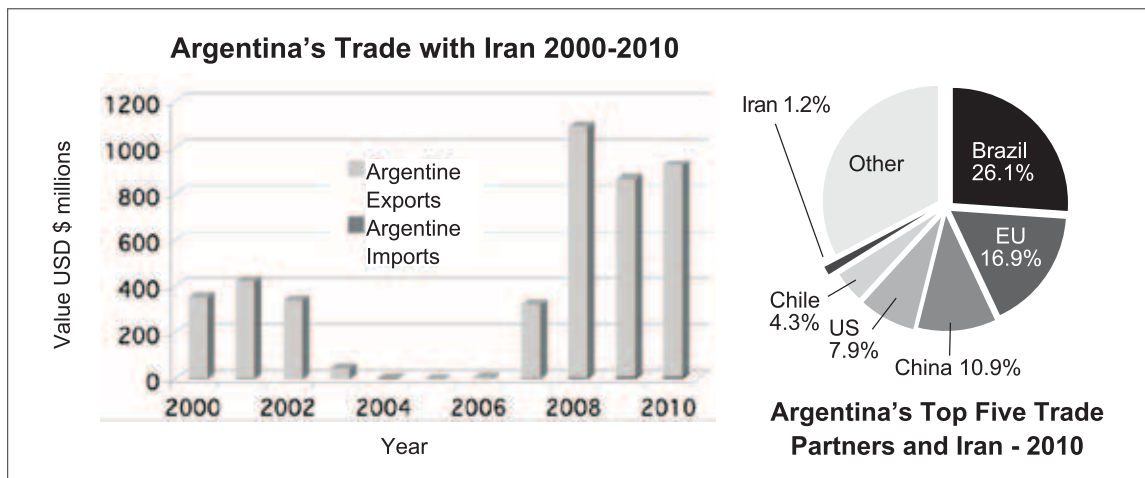
23. Glenn E. Curtis and Eric Hooglund editors, *Iran: A Country Study*, Federal Research Division, Library of Congress, Washington, DC, 2008, p. 168.

a trade surplus. Moreover, high oil prices have allowed it to report a buildup in foreign reserves totaling some \$100 billion.²⁴

In 2010, 99 percent of Iran’s imports from Latin American countries came from the region’s Southern Cone nations that maintain economic cooperation while distancing themselves from Tehran’s political rhetoric.²⁵ In contrast, Venezuela, Ecuador, Peru, Bolivia, and Nicaragua (Iran’s closest political allies in the Americas) were net importers of Iranian goods. In most cases, however, trade flows were erratic.

Argentina

Food and livestock have driven a dramatic increase in Argentine-Iranian trade since 2005. Growing from a mere 1 percent of exports in 2006, commodities like grain and beef generated more than half a billion dollars in trade and made up nearly 60 percent of exports in 2009, according to UN statistics.²⁶



Source of data: “Argentina’s main trade with partners (2010),” Argentina, Trade, European Commission, January 10, 2012, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113344.pdf.

Compared with Argentina’s trade with the rest of the world, Iran’s portion is tiny. Argentina’s top five trade partners in 2010 were Brazil, the European Union, China, the United States, and Chile. Iran was Argentina’s fourteenth-largest partner that year.²⁷

24. “Iran Has Foreign Exchange Reserves Topping \$100 Billion, Ahmadinejad Says,” Bloomberg News, October 30, 2010, <http://www.bloomberg.com/news/2010-10-30/iran-has-foreign-exchange-reserves-topping-100-billion-ahmadinejad-says.html>.

25. European Commission Trade Statistics.

26. United Nations Trade Commodity Statistics Database, <http://comtrade.un.org/db>.

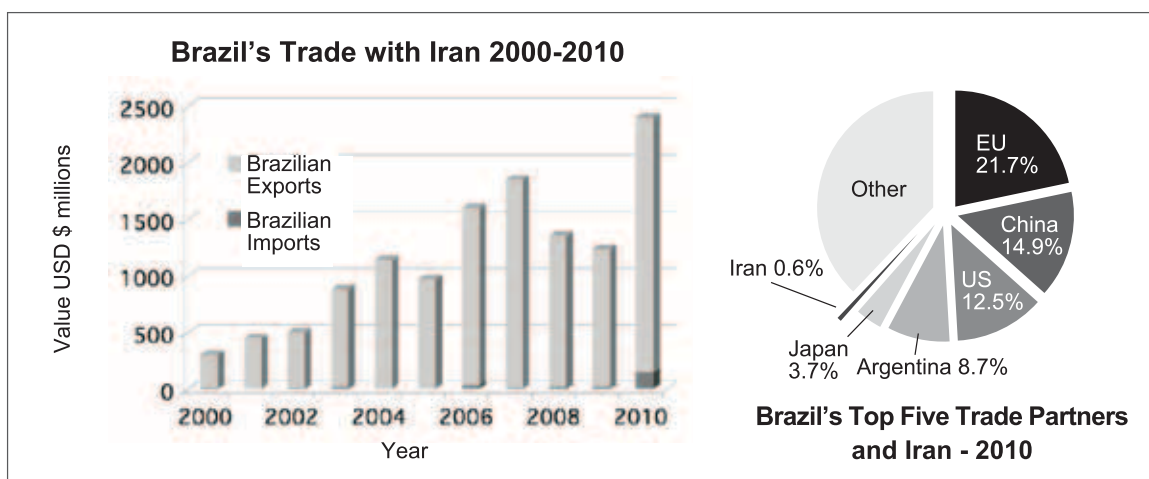
27. See source note for Argentina-Iran trade figure.

Bolivia

Current records show no significant trade between Bolivia and Iran between 1980 and 2000.²⁸ Since 2000, Bolivia has begun to import small quantities of goods. Trade between the two nations peaked in 2009 at just over \$1 million in total trade with most of the revenue being derived from a single sale of agricultural machinery to Bolivia.²⁹

Brazil

During the 1990s, Brazil was a net importer of Iranian oil. That has changed, however. Brazil's economic ties have steadily gained strength despite a tightening regime of economic sanctions. Iran's largest trade partner in the hemisphere, Brazil was the origin of 3.5 percent of Iranian imports in 2010.³⁰ Because Brazil now has significant energy supplies of its own, food and livestock exports constitute the bulk of trade. In 2009, foodstuffs accounted for approximately 75 percent of all Brazilian exports to Iran.³¹ However, Brazil has also boosted imports of Iranian oil products from almost zero in 2009 to more than \$60 million in 2010.³² In addition to this exchange, interest has been expressed on both sides about the possible sale of Brazilian ethanol to Iran.³³ The United Arab Emirates has been used as a pass-through for the trade of major commodity exports from Brazil.³⁴ Due to UN Security Council sanctions imposed on Iran, Brazilian companies may use a "triangular trade network" in which they ship goods to Dubai before they enter Iran.



Source of data: "Brazil's main trade with partners (2010)," Brazil, Trade, European Commission, January 10, 2012, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113359.pdf.

28. International Monetary Fund Direction of Trade Statistics, <http://elibrary-data.imf.org>.

29. United Nations Trade Commodity Statistics Database.

30. European Commission Trade Statistics.

31. United Nations Trade Commodity Statistics Database.

32. Ibid.

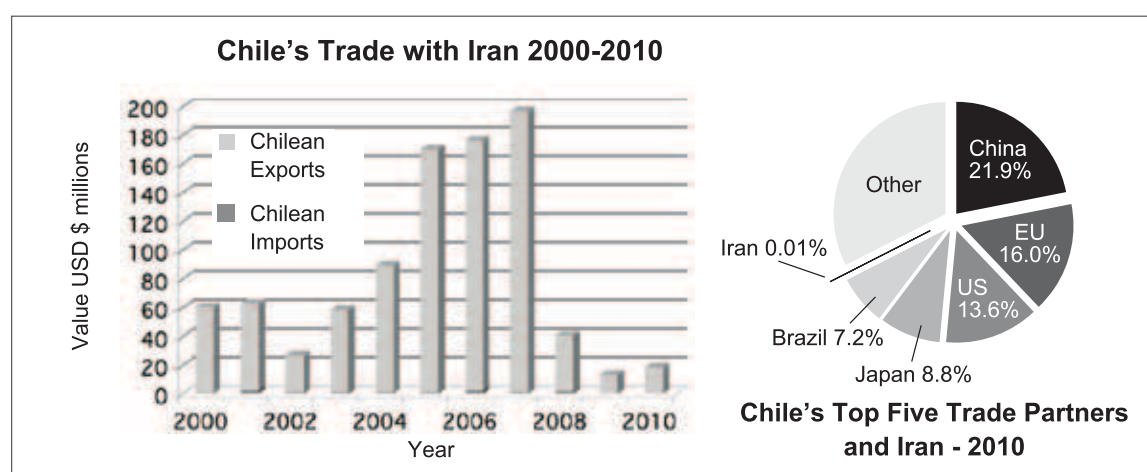
33. "US general blasts potential Brazil ethanol sale to Iran," *ICIS News*, June 15, 2010, <http://www.icis.com/Articles/2010/06/15/9367779/us-general-blasts-potential-brazil-ethanol-sale-to-iran.html>; Gal Luft, "Ahmadinejad's Sugar Daddy," *Foreign Policy*, June 3, 2010, http://www.foreignpolicy.com/articles/2010/06/03/ahmadinejads_sugar_daddy.

34. "Brazilian Product Bypasses Embargo and Arrives in Iran Via Dubai," *O Estado de Sao Paulo*, February 6, 2008.

According to European Commission statistics, Brazil's top five trade partners in 2010 were the European Union, China, the United States, Argentina, and Japan. Iran was Brazil's twenty-seventh-most important trade partner in 2010.³⁵

Chile

Historically, Chile has had little trade with Iran, mostly in exports. Chile's growing demand for oil (imports of refined petroleum more than doubled from 2005 to 2007) could make Iran's energy resources tempting in the future.³⁶ However, Chile currently prefers to import oil and gas from other nations. Copper constitutes the vast majority of Chile's trade with Iran, peaking in 2007 at almost \$200 million in export revenue.³⁷ Since then, trade has declined, and Chile has been reluctant to strengthen economic ties to Iran.



Source of data: "Chile's main trade with partners (2010)," Chile, Trade, European Commission, January 10, 2012, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113364.pdf.

According to the European Commission, Chile's top five trade partners in 2010 were China, the European Union, the United States, Japan, and Brazil. Iran did not make Chile's top 50 list in overall trade.³⁸

Colombia

Since 2000, Colombia's trade with Iran has been erratic, although averaging about \$3.5 million in bilateral trade between 2000 and 2010.³⁹ Large sales of chemical agents and the spice cumin accounted for the majority of Colombia's rising imports from Iran in 2010. Precious stones represented the largest-valued export from Colombia to Iran in the same year.⁴⁰

35. See source note for Brazil-Iran trade figure.

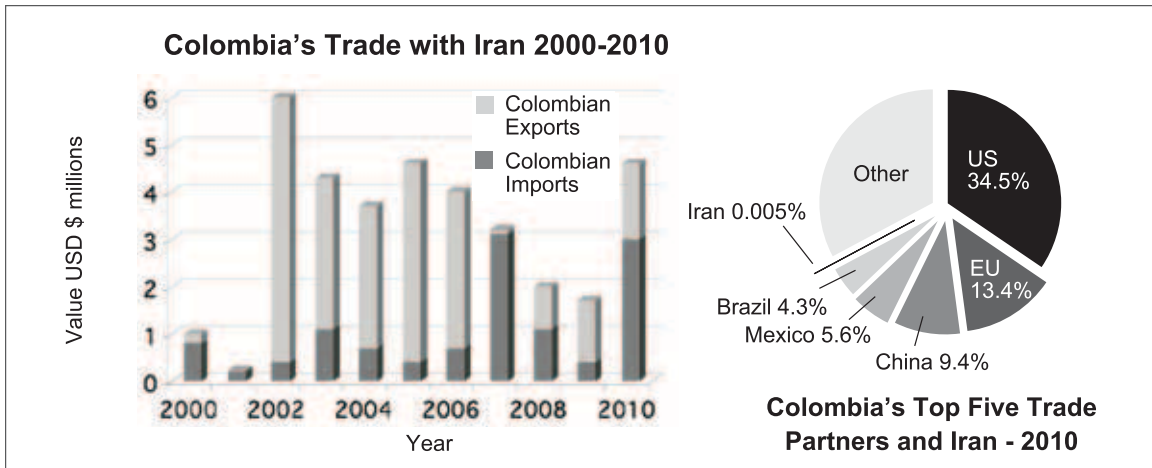
36. EIA International Energy Statistics database, <http://www.eia.gov/emeu/international>.

37. United Nations Trade Commodity Statistics Database.

38. See source note for Chile-Iran trade figure.

39. United Nations Trade Commodity Statistics Database.

40. Ibid.

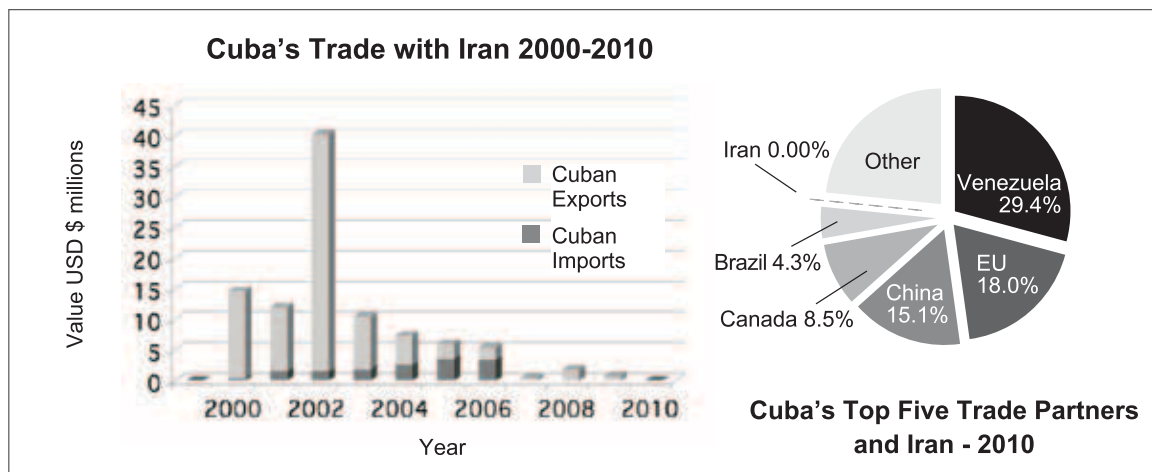


Source of data: "Colombia's main trade with partners (2010)," Colombia, Trade, European Commission, January 10, 2012, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113367.pdf.

Colombia's top five trade partners in 2010 were the United States, the European Union, China, Mexico, and Brazil, according to European Commission statistics. Iran did not make Colombia's top 50 list.⁴¹

Cuba

Trade between Cuba and Iran declined overall from an aggregate of almost \$15 million in 2000 to just over \$5 million in 2006.⁴² A dramatic decline in Cuban exports, primarily pharmaceutical products, underlies this shift.⁴³ Cuba's imports from Iran actually grew slightly over the same period (from about \$0.5 million to just over \$3 million) as the country purchased more industrial machinery and other commodities from Iran.⁴⁴ Although few specific statistics beyond 2006 are available, the fact that the two nations did not conduct significant trade (trade of over \$3 mil-



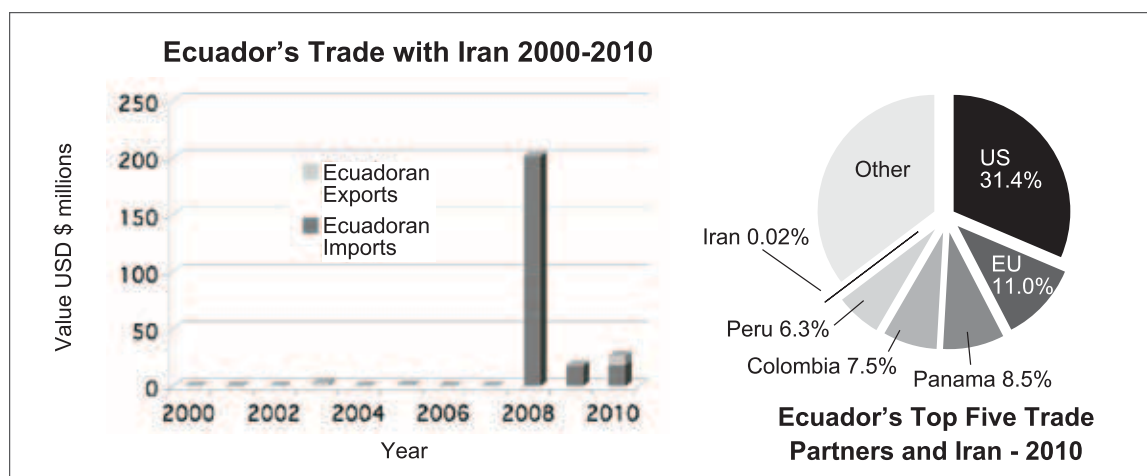
Source of data: "Cuba's main trade with partners (2010)," Cuba, Trade, European Commission, January 10, 2012, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_122460.pdf.

41. See source note for Columbia-Iran trade figure.
 42. International Monetary Fund Direction of Trade Statistics.
 43. United Nations Trade Commodity Statistics Database.
 44. International Monetary Fund Direction of Trade Statistics.

lion in combined imports and exports) in 2010⁴⁵ suggests that bilateral trade has not rebounded in more recent years. With total merchandise trade valued at some \$12 billion in 2010, Cuba's top five trade partners were Venezuela, European Union, China, Canada, and Brazil. Iran did not make Cuba's top 50 list.⁴⁶

Ecuador

Ecuador maintains a low-level commodity exchange with Iran. Ecuador primarily exports foodstuffs while importing small quantities of Iranian goods, including coffee, carpets, and glassware.⁴⁷ Only recently did an import of over \$200 million in petroleum gas (butane, propane) vault the South American nation into the list of large regional importers. The two countries have stated an objective of increasing trade between their economies.⁴⁸



Source of data: "Ecuador's main trade with partners (2010)," Ecuador, Trade, European Commission, January 10, 2012, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113378.pdf.

Even so, Ecuador's top five trade partners in 2010 were the United States, the European Union, Panama, Colombia, and Peru. According to European Commission statistics, Iran ranked forty-first as an export partner but did not place among Ecuador's top 50 trade partners.⁴⁹

Mexico

Mexico enjoys a relatively stable but slightly declining trade relationship with Iran compared to other Latin American countries. Aggregate levels of imports and exports remain fairly consistent, although in both 2000 and 2007 Mexico imported large quantities of petroleum gas that caused imports to spike.⁵⁰ Its primary exports to Iran include petroleum products, fertilizers, and soaps.

45. European Commission Trade Statistics.

46. See source note for Cuba-Iran trade figure.

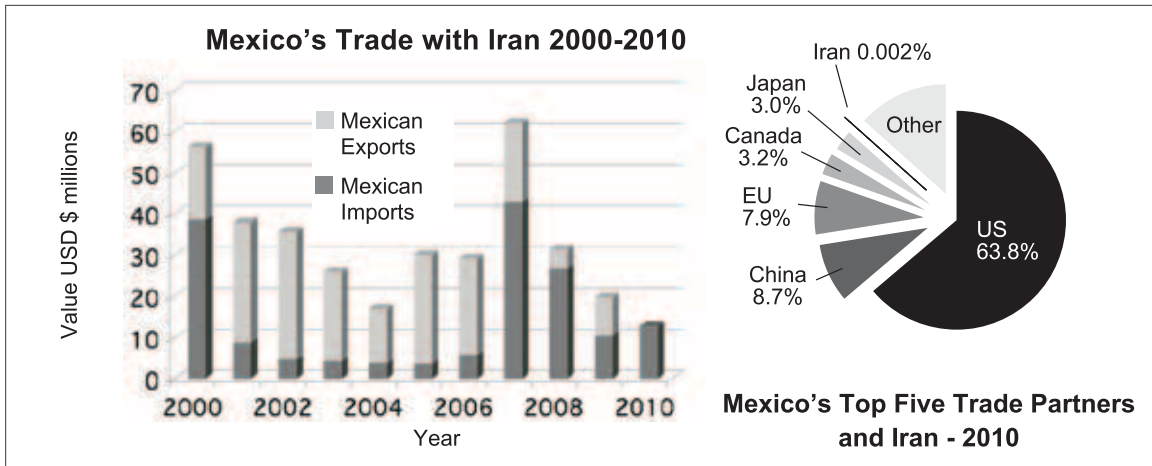
47. United Nations Trade Commodity Statistics Database.

48. "Irán quiere ampliar comercio con Ecuador," *El Universo* (Ecuador), September 26, 2010, <http://www.eluniverso.com/-2010/09/26/1/1356/iran-quiere-ampliar-comercio-ecuador.html>.

49. See source note for Ecuador-Iran trade figure.

50. United Nations Trade Commodity Statistics Database.

Both countries have expressed interest in cooperation on the development of Mexico's energy resources, although that may be constrained by international sanctions.⁵¹



Source of data: "Mexico's main trade with partners (2010)," Mexico, Trade, European Commission, January 10, 2012, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113418.pdf.

Mexico had some \$578 billion in total merchandise trade in 2010. The European Commission reported that Mexico's top five trade partners were the United States, China, the European Union, Canada, and Japan. Iran did not make Mexico's top 50 list.⁵²

Nicaragua

Trade between Nicaragua and Iran has begun to expand slowly. Nicaragua now imports small quantities of Iranian goods, generally \$200,000 or less in value per year.⁵³ In 2007, imports spiked to \$800,000 because of a large purchase of petroleum gas.⁵⁴ Overall, the United States is Nicaragua's most significant trade partner, accounting for almost 40 percent of its bilateral trade.⁵⁵

Paraguay

Paraguay had no trade with Iran in significant quantities before 2007.⁵⁶ In 2010, however, Paraguay's exports to Iran, primarily agricultural commodities like soy and corn, totaled more than \$37 million,⁵⁷ slightly ahead of Ecuador's and making it the third-largest Latin American exporter

51. Alexandra Olson, "Iran Eyes Mexico in Deepening Latin America Ties," Associated Press, February 26, 2009, http://www.newsvine.com/_news/2009/02/26/2482481-iran-eyes-mexico-in-deepening-latin-america-ties; "Iran-Mexico Want To Expand Relations," Press TV, February 28, 2009, <http://www.presstv.ir/detail.aspx?id=87022§ionid=351020102>.

52. See source note for Mexico-Iran trade figure.

53. International Monetary Fund Direction of Trade Statistics.

54. Ibid.

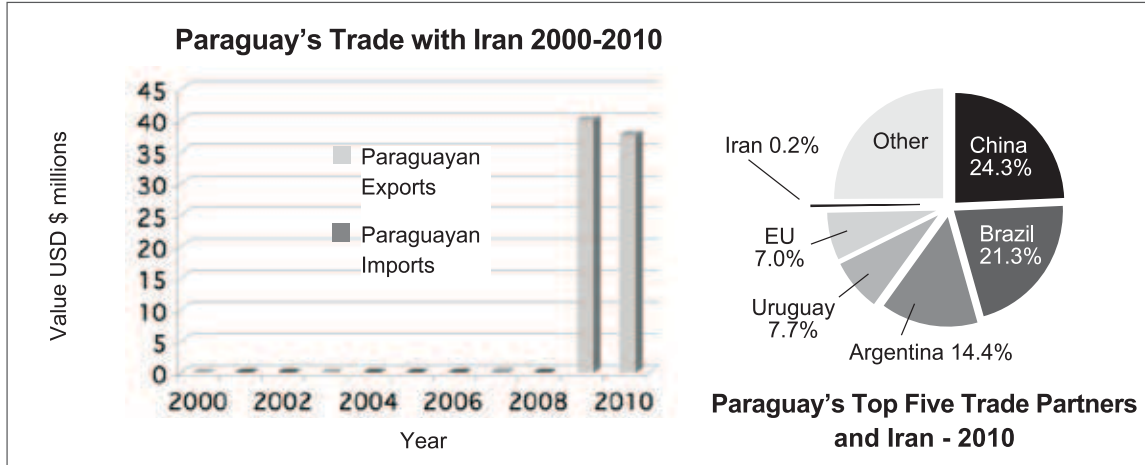
55. "Nicaragua's main trade with partners (2010)," Nicaragua, Trade, European Commission, January 10, 2012, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113426.pdf.

56. International Monetary Fund Direction of Trade Statistics.

57. United Nations Trade Commodity Statistics Database.

to Iran in that year after Brazil and Argentina.⁵⁸ Like the rest of the Mercosur nations, Paraguay's trade balance with Iran is positive due to relatively few imports.

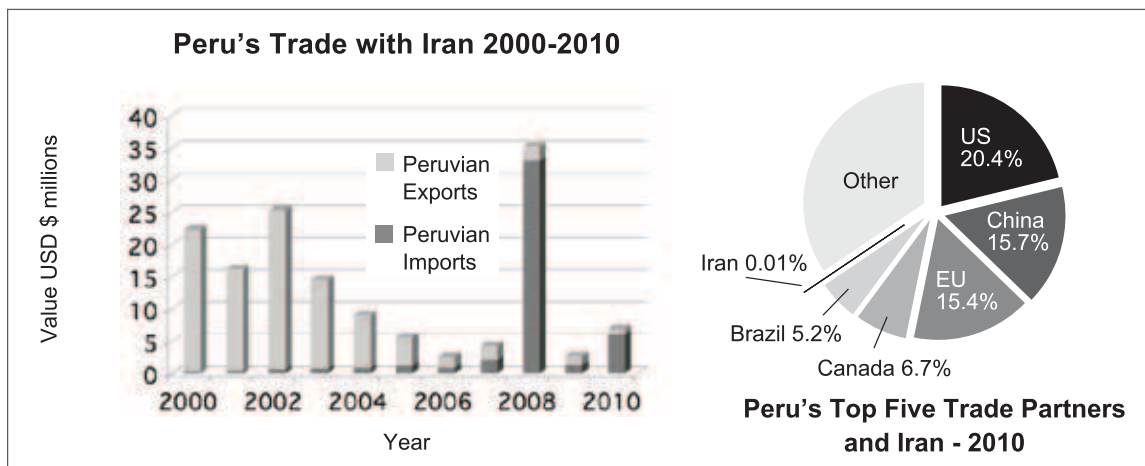
In 2010, at least, Iran ranked twenty-third among Paraguay's trade partners, according to the European Commission.⁵⁹



Source of data: "Paraguay's main trade with partners (2010)," Paraguay, Trade, European Commission, January 10, 2012, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113434.pdf.

Peru

Peruvian exports to Iran consisting of foodstuffs and chemicals have declined since 2000.⁶⁰ Still, Peru represents a potential market for Iran in Latin America. In 2008, Peru imported more than \$32 million in petroleum gas from Iran.⁶¹



Source of data: "Peru's main trade with partners (2010)," Peru, Trade, European Commission, January 10, 2012, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113435.pdf

58. European Commission Trade Statistics.

59. See source note for Paraguay-Iran trade figure.

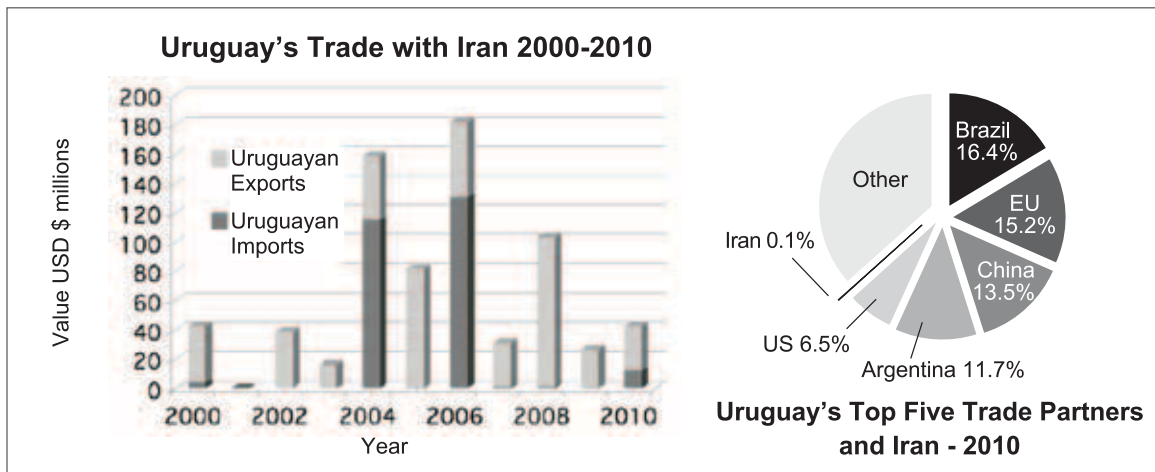
60. United Nations Trade Commodity Statistics Database.

61. Ibid.

Peru's top five trade partners in 2010 were the United States, China, the European Union, Canada, and Brazil. According to the European Commission, Iran did not make Peru's top 50 list.⁶²

Uruguay

Uruguay has had occasional significant trade with Iran since 1980, and in 2008 Iran was one of its major export partners.⁶³ Uruguay supplies Iran with large volumes of exports, particularly grains and wool, and typically imports small quantities of Iranian goods like the chemical agent alkylbenzene.⁶⁴ In 2004 and 2006, purchases of Iranian oil and coal valued at approximately \$114 million and \$129 million respectively broke this trend.⁶⁵ The two nations have signed a number of agreements, including commercial memorandums of understanding.⁶⁶



Source of data: "Uruguay's main trade with partners (2010)," Uruguay, Trade, European Commission, January 10, 2012, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113460.pdf.

With about \$19 billion in merchandise trade in 2010, Uruguay's top five trading partners were Brazil, the European Union, China, Argentina, and the United States. Iran ranked forty-sixth as an import partner, but otherwise did not place among Uruguay's top 50 list.⁶⁷

Venezuela

Iran's relationship with Venezuela is more political than economic. And, unlike trade between Iran and Brazil, Venezuela imports far more than it exports to Iran. Following President Ahmadinejad's election, Venezuela's imports from Iran grew from less than \$1 million in 2004 to nearly \$80 million in 2008, then fell to about \$50 million in 2010.⁶⁸ The largest quantities of imports have

62. See source note for Peru-Iran trade figure.

63. International Monetary Fund Direction of Trade Statistics.

64. United Nations Trade Commodity Statistics Database.

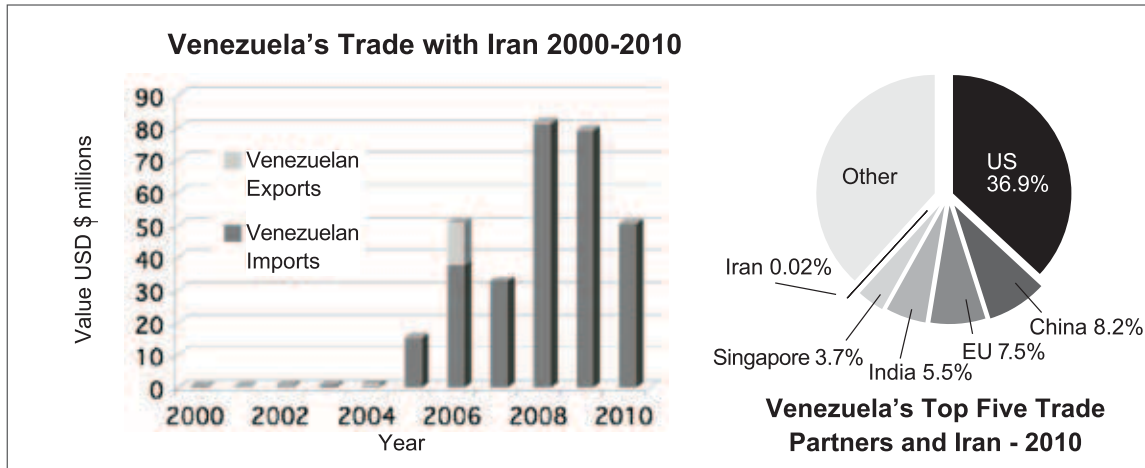
65. Ibid.

66. "Iran, Uruguay Ink MoU," IRIB English Radio, February 5, 2010 <http://english.irib.ir/analysis/-commentaries/item/57983-iran-uruguay-ink-mou>.

67. See source note for Uruguay-Iran trade figure.

68. United Nations Trade Commodity Statistics Database.

been in machinery, vehicles, organic chemicals, and iron and steel products.⁶⁹ Venezuela's exports of iron, soaps, and other commodities remain relatively low.⁷⁰



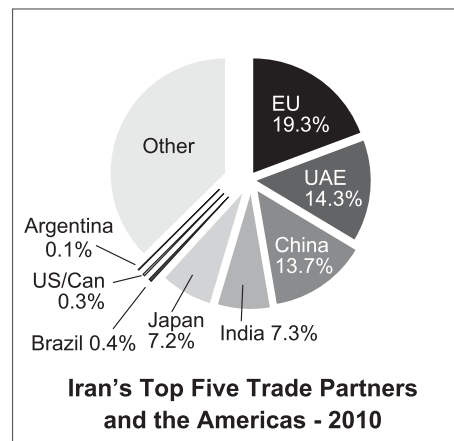
Source of data: "Venezuela's main trade with partners (2010)," Venezuela, Trade, European Commission, January 10, 2012, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113462.pdf.

According to the European Commission, Venezuela's top five trade partners in 2010 were the United States, China, the European Union, India, and Singapore. Iran was Venezuela's forty-eighth largest partner in 2010.⁷¹

Iran

From Iran's perspective, the markets that seem to matter most are those nearby. For now, commerce with the Western Hemisphere accounts for only small slices of overall volume.

The European Union, the United Arab Emirates, China, India, and Japan were Iran's top five trading partners in 2010. Within the Western Hemisphere, Brazil, the United States and Canada combined, and Argentina were among the top 50 partners.⁷²



Source of data: "Iran's main trade with partners (2010), Iran, Trade, European Commission, January 10, 2012, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113392.pdf.

69. Ibid.

70. European Commission Trade Statistics.

71. See source note for Venezuela-Iran trade figure.

72. See source note for Iran trade figure.

Key Sanctions

Since the Iranian Revolution and the seizure of the U.S. Embassy in November 1979, dealing with Iran has posed a challenge for the United States in the Middle East. Once an ally, Iran has since become a determined adversary whose opposition to the United States and Europe has become part of its post-revolutionary identity and political discourse. Going forward, relations have been characterized by Iran's military posturing, name-calling, defiance, and efforts to limit perceived negative aspects of the United States' global influence.

Shortly after the 1979 revolution, the United States suspended diplomatic ties, froze Iranian assets in U.S. banks, and banned oil and other imports. Some of those limits were eased when Iran released the American hostages. However, Washington renewed trade restrictions as it suspected Iran's support for terrorist groups such as Hezbollah and Hamas. Following the Iran-Iraq War, U.S. sanctions sought to constrain the transfer of missile and nuclear technology as Iran rebuilt its weapons inventory. In the last decade, Iran's refusal to renounce nuclear ambitions has been a source of growing concern in the West, leading the United States and the UN Security Council to impose ever-tighter constraints. Current sanctions include a ban on nuclear technology and military weapons exports to Iran, as well as on investments and business dealings with entities that could aid terrorist groups or Iran's military establishment.

Key sanctions include the following:

- 1979—(U.S.) *Executive Order 12170*: Imposed sanctions after Iranian students took U.S. hostages. Except for small gifts, foodstuffs, and carpets, Iranian products could not be imported into the United States.
- 1984—(U.S.) *State sponsor of terrorism designation*: Placed restrictions on U.S. foreign assistance and on U.S. defense exports and sales; placed limits on technology transfers. Currently, the list includes Cuba, Iran, Sudan, and Syria.
- 1987—(U.S.) *Executive Order 12613*: Prohibited imports of goods and services that amounted to about \$1 billion at the time.⁷³
- 1990/1991—(U.S.) *Arms Control Export Act*: Allowed sanctions against entities that knowingly transfer missile technologies to countries that are not members of the Missile Technology Control Regime, as well as against those that contribute to the use or development of chemical or biological weapons by certain countries.
- 1992—(U.S.) *Iran-Iraq Nonproliferation Act*: Authorized sanctions against persons or countries that help Iran or Iraq acquire weapons of mass destruction (WMD).
- 1994—(U.S.) *Nuclear Proliferation Prevention Act*: Prohibited U.S. government purchases from any entity that helped another entity or non-nuclear state obtain a nuclear weapon or non-safeguarded nuclear material.
- 1996—(U.S.) *Iran and Libya Sanctions Act (ILSA)*: As it applied to Iran, sanctioned foreign firms that invested more than \$20 million a year in Iran's energy sector.

73. Hooman Estelami, "A Study of Iran's Responses to U.S. Economic Sanctions," *Middle East Review of International Affairs Journal* 3, no. 3 (September 1999), <http://meria.idc.ac.il/journal/19999/issue3jv3n3a5.html>.

- 2000—(U.S.) *Iran Nonproliferation Act*: Sanctioned entities that facilitate the transfer of goods, services, or technology that aids Iran’s nuclear, biological, or chemical weapons or ballistic missile programs. Later extended to North Korea and Syria.
- 2005—(U.S.) *Executive Order 13382*: Blocked assets of persons or entities, and particularly banks, that aid proliferation of WMD or means of delivery. Also froze assets of persons that aid sanctioned entities.
- 2006—(U.S.) *Iran Freedom Support Act*: Extended ILSA until 2011. Amended an anti-terrorism money laundering statute to target entities involved in proliferating WMD.
- 2006—(UN) *Security Council Resolution 1696*: Gave Iran 30 days to suspend uranium enrichment, which it ignored. Froze assets of companies or individuals associated with the enrichment program.
- 2007—(UN) *Security Council Resolution 1747*: Imposed a ban on arms sales and expanded the freeze on assets in response to ongoing uranium-enrichment activities.
- 2007—(EU) *European Council Regulation No. 423/2007*: Prohibited the sale, transfer, or export of goods and technology having to do with nuclear or missile technology—whether or not originating in the European Community—to any person, entity, or body in Iran.
- 2007—(U.S.) *U.S. Department of the Treasury*: Imposed a ban on transactions with several Iranian banks and identified the Revolutionary Guards as a WMD proliferator under Executive Order 13382.
- 2008—(UN) *Security Council Resolution 1835*: Reaffirmed previous resolutions calling for a halt to Iran’s uranium enrichment activities.
- 2010—(UN) *Security Council Resolution 1929*: Noting lack of compliance with previous resolutions, expanded the arms embargo and tightened restrictions on financial and shipping enterprises related to “proliferation-sensitive activities.” Blacklisted the Islamic Republic of Iran Shipping Lines and 15 companies belonging to the Revolutionary Guards.
- 2010—(Canada) *Special Economic Measures Act*: Prime Minister Stephen Harper announced that Canada would impose sanctions in addition to those approved by the United Nations, including restrictions on establishing correspondent banking relationships with Iranian financial institutions or purchasing any debt from the government of Iran, among other restrictions.
- 2010—(U.S.) *Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA)*: Approved by the U.S. Congress, penalizes firms that supply Iran with refined petroleum products worth more than \$5 million over a 12-month period. Also, banks that do business with Iranian banks or Revolutionary Guards are banned from accessing the U.S. financial system.
- 2010—(EU) *European Council Decision 2010/413/CFSP*: Bars cargo flights between European airports and Iran except those where limited amounts of cargo are carried on passenger aircraft. Fund transfers of more than 10,000 euros must be reported to national authorities, and amounts over 40,000 euros will require prior member-state authorization.
- 2011—(U.S.) *Executive Orders 13382 and 13590*: Expanded U.S. Treasury Department’s blacklist of banks helping to equip Iran’s nuclear and missile programs or aiding terrorist groups with sanctions on the Bank of Industry and Mines and tightened restrictions on sales, leases, and provision of services to Iran’s petroleum sector, respectively.

While such sanctions have imposed increasingly onerous restrictions, Iran has been able to work around them. During the 1990s, the U.S. strategy of preventing both Iran and Iraq from obtaining weapons of mass destruction relied on persuading allies to limit involvement with these countries. However, Europe, Japan, and Russia, among others, saw an opportunity to step in when the United States wanted to restrict business. And at the time, Iran sought to improve ties with the West and offered promising contracts to U.S. companies, such that America actually became Iran's fifth-largest import supplier by 1994. Iran even offered an oilfield development contract to the U.S. energy firm Conoco. It also reached out to Russia to buy fighter planes and submarines, to Turkey and Kazakhstan to build a natural gas pipeline, and to India to set up a joint fertilizer enterprise. China began supplying military equipment and helped upgrade Tehran's subway system.⁷⁴ Moreover, Iran financed its post-Iran-Iraq War rebuilding efforts with loans from other countries.

At the same time, the Clinton administration was determined to prevent Iran from obtaining a nuclear weapon. Limits on U.S. companies trading with Iran soon went into effect. Iran-Libya sanctions allowed the U.S. president to withhold U.S. government contracts, ban imports, or veto loans from U.S. lenders to non-U.S. corporations that invested in Iran's oil industry. As Iran depended on oil exports to finance its government, the U.S. strategy targeted support for that industry, hoping Iran would back off on support for terrorism and nuclear proliferation. Instead, the policy fostered a more confrontational stance and encouraged Iran to become more self-sufficient in developing its own technology and manufacturing capabilities.

At first, European nations balked at sanctions affecting their enterprises and, possibly, Iran's ability to repay post-war loans. Some other countries flouted them. Yet following the 2001 terrorist attacks on the United States, global attitudes began to harden against Iran as, at times, it still seemed hostile to the West, supported transnational terrorist groups, and said it wanted to build a nuclear weapon. Beginning with Executive Order 13382, the Bush administration launched a new round of sanctions essentially tightening the noose on banks and firms supporting Iran's nuclear program. In 2006, the Iran Freedom Support Act applied anti-terrorism money laundering laws to WMD proliferation, to be followed by a series of United Nations resolutions and European Union decisions establishing further trade restrictions, barring Iranian officials from travel, and restricting arms transfers. Because an all-out quarantine would be politically unachievable and sanctions are rarely comprehensively applied, Iran's response was to employ a shell game, spreading the task of financing and supporting Iranian military activities through various banks and enterprises. Moreover, its engagement with Latin American countries opened financial and trade avenues if others were restricted.

As it turned out, Iran's Latin American options have become complicated. Ecuadoran president Rafael Correa said he cancelled plans to collaborate with Iran's Economic Development Bank after the United States announced sanctions. U.S. or foreign companies doing business with Khodro motors, Iran's tractor company, and Kayson Construction (supervised by Iranian Revolutionary Guard personnel in Venezuela) could face penalties if those dealings demonstrably contributed to terrorism or nuclear proliferation. Bolivia could be sanctioned if it buys fighter planes from Iran Aircraft Manufacturing Company (HESA) for the same reasons. Claiming that Venezuela's exports of refined petroleum products to Iran (which has limited refining capacity) support its nuclear program, the Obama administration blocked PDVSA from U.S. government contracts,

74. Ibid.

import-export financing, and export licenses of sensitive technology in May 2011. Such measures may not have an immediate effect, but could over time.

Overall, there is little agreement on whether sanctions work. President Ahmadinejad has dismissed them as “annoying flies, like a used tissue.”⁷⁵ And there seems to be broad agreement that while effectiveness may not be immediately apparent, there can be unintended consequences. In 1993, U.S. sanctions prohibited the sale of Boeing jetliners to Iran worth \$900 million. In 1995, they cost Conoco Oil a \$600 million contract. However useful in complicating Iran’s banking and trade, sanctions have been slow to make Iran’s leaders back down from their nuclear ambitions.

75. “Iran dismisses new UN sanctions as ‘a used hanky,’” *Telegraph* (London), June 10, 2010, <http://www.telegraph.co.uk/news/worldnews/middleeast/iran/7816395/Iran-dismisses-new-UN-sanctions-as-a-used-hanky.html>.

6

SUPPORT FOR HEZBOLLAH IN THE WESTERN HEMISPHERE

Hezbollah, which means “Party of God,” is a Syrian- and Iranian-backed armed resistance group as well as political party in Lebanon. It was conceived as a paramilitary organization by Muslim clerics after the 1982 Israeli invasion of South Lebanon during the Lebanese civil war, its organizers taking inspiration from the Iranian Revolution and the teachings of Ayatollah Khomeini. Iran’s theocratic government is said to have financed Hezbollah while its Revolutionary Guards trained some of its cadres. While Hezbollah could not push multi-faith Lebanon into becoming an Islamic state like Iran, it was able to direct its ideas toward the growing numbers of Shia poor clustered in major cities and thus developed into a movement with many facets other than resisting Israeli occupation. Many of its activities are funded by *zakat*, tithes and taxes paid to Shia clerics. Today, it is probably Lebanon’s most powerful political faction. More than a dozen members sit in the Lebanese parliament, it has a radio station (Al-Nur) and satellite television station (Al-Manar), and it manages social welfare organizations such as schools and hospitals that grew out of caring for Shia displaced in Lebanon’s civil war.

Hezbollah’s International Reach

Outside of Lebanon, Hezbollah developed a terrorist and transnational criminal arm that has followers in Africa, Asia, Europe, North America, and South America. A main objective is to seek revenge against Israel and countries that support Israel, such as the United States. Hezbollah is best known to have been involved in the 1983 suicide truck bombings of the U.S. embassy and Marine barracks in Beirut, the suicide truck bombing of the U.S. embassy annex outside Beirut in 1984, and the 1985 hijacking of TWA Flight 847 en route from Cairo to Rome.¹ In 1987, one of the hijackers was arrested in West Germany attempting to smuggle explosives. In 1996, Hezbollah was implicated in the death of 19 U.S. soldiers in the bombing of a Saudi apartment complex housing foreign military personnel. Four countries —Canada, Israel, the Netherlands, and the United States—list Hezbollah as a terrorist organization, while Australia and the United Kingdom list only its military component as terrorist.²

Its structure consists of senior leadership, starting with Hezbollah Secretary General Hassan Nasrallah, a charismatic cleric who rose to power in 1992 after Israeli forces hunted down his predecessor, Abbas al-Musawi. Political and military operations are discussed in the Majlis al-Shura or consultative council. At one time, important decisions were believed to involve consultations

1. *Country Reports on Terrorism 2008*, U.S. Department of State, April 30, 2009, <http://www.state.gov/s/ct/rls/crt/2008/122449.htm>.

2. Renata Goldirova, “MEPs call on EU states to list Hezbollah as terrorist group,” *EU Observer* (Brussels), September 17, 2008 <http://euobserver.com/9/26754>.

with Iran, an important financial backer, along with Syria. Overseas cells reportedly consisted of a handful of operatives, or as many as 50.³ Member backgrounds varied from militant immigrants who trained in Hezbollah camps in Lebanon's Bekaa Valley to local drug lords who converted to Hezbollah's interpretation of Shiism. Activities included recruitment, outreach to sympathetic clerics or religious entities, legal and illegal financing schemes, smuggling, and intelligence gathering for possible terrorist operations.

Although Hezbollah cells were once thought to respond to Iran's calling, they most likely act independently. Some financing may come from Iran—no one knows for sure—and educated guesses of the amount vary from \$25 million to \$50 million⁴ up to \$100 million to \$200 million a year.⁵ Cells around the world may bring in millions of dollars more by soliciting or extorting *zakat* donations from law-abiding Muslims for Hezbollah's erstwhile charitable works, or through obvious criminal activities like drug trafficking, kidnapping, bank scams, credit card fraud, counterfeiting, or merchandise piracy.⁶ As recently as 2008, the U.S. State Department considered Hezbollah the most technically capable terrorist group in the world.⁷

The apprehension of a cell operating out of Charlotte, North Carolina, in 2000 provides a glimpse into Hezbollah activities inside the United States and Canada. In the five years leading up to his arrest, Lebanese migrant Mohamad Hammoud ran a handful of operatives who filled minivans with cigarettes taxed at 50 cents a carton in North Carolina and sold them in Michigan for less than what they would cost there when taxed at \$7.50 per carton, pocketing the difference and grossing almost \$8 million by the time they were caught. Some of the profits helped fund shipments of dual-use military equipment to Hezbollah such as night vision goggles, GPS devices, radars, mine detectors, laser range finders, and blasting gear through an operative in Vancouver, British Columbia. Ultimately, 25 people were indicted related to this specific case, and at the time authorities believed Hezbollah was operating in more than a dozen cities across the United States.⁸

3. "Hezbollah cell worries Egypt," *Washington Times*, April 23, 2009, <http://www.washingtontimes.com/news/2009/apr/23/hezbollah-cell-worries-egypt>.

4. Anthony Cordesman, *Iran's Support of the Hezbollah in Lebanon* (Washington, D.C.: CSIS, July 15, 2006), 3.

5. Scott Wilson, "Lebanese Wary of a Rising Hezbollah," *Washington Post*, December 20, 2004, <http://www.washingtonpost.com/wp-dyn/articles/A12336-2004Dec19.html>. Also see, "State Sponsors of Terrorism," chap. 3 in *Country Reports on Terrorism 2008*, Office of the Coordinator for Counterterrorism, U.S. Department of State, April 30, 2009, <http://www.state.gov/s/ct/rls/crt/2008/122436.htm>, which states, "In 2008, Iran provided more than \$200 million in funding to Lebanese Hizballah and trained over 3,000 Hizballah fighters at camps in Iran."

6. Facilitated by a religious determination or fatwa that justifies the use of harmful means to serve achieve certain ends, e.g., a fatwa that permits Muslims to sell alcohol to non-Muslims. During the mid-1980s, Hezbollah allegedly issued a fatwa rationalizing drug trafficking—"We are making these drugs for Satan—America and the Jews. If we cannot kill them with guns, so we will kill them with drugs." Rex A. Hudson, *A Global Overview of Narcotics-Funded Terrorist and Other Extremist Groups*, Federal Research Division, Library of Congress, May 2002, p. 10, quoting Josef Bodansky, *Bin Laden: The Man Who Declared War on America* (Roseville, CA: Prima Publishing, 1999).

7. *Country Reports on Terrorism 2008*.

8. David E. Kaplan, "Homegrown terrorists: How a Hezbollah cell made millions in sleepy Charlotte, N.C.," *U.S. News & World Report*, March 2, 2003, <http://www.usnews.com/usnews/news/articles/030310/10hez.htm>.

Projection in Latin America and the Caribbean

Hezbollah activity in Latin America follows similar patterns. However, the primary target has always been Israel, and the majority of activities now are related to fundraising and smuggling. Likely collaborators appeared to come from the Lebanese Shia communities, specifically recent immigrants and those sent from Syria, Lebanon, or Iran specifically to prey on or blend into Middle Eastern communities.

Argentina

With the largest Jewish population (some 300,000) in Latin America, Argentina may have provided a tempting target for Hezbollah attacks in 1992 and 1994. Israel occasioned heavy losses against Hezbollah in Lebanon during the 1980s and killed its secretary general and his son in 1992. Attacking Israel in a foreign capital may have achieved some measure of revenge and demonstrated Hezbollah's international reach. Some observers cite Iran's anger at Argentina's government for discontinuing its bilateral nuclear technology sharing arrangement; that relationship, however, stopped only after the attacks. Another motive might be that Argentine president Carlos Menem (1989–1999), born of Syrian parents, was the first Argentine president to visit Israel and also pulled Argentina out of the Non-Alignment Movement to develop a close alliance with the United States. On the other hand, Menem's government presided over an incompetent investigation into both events, and, when he left office, Argentine investigators looked into whether he had received a bribe of \$10 million that Iran supposedly deposited into a Swiss bank account in return for a cover-up.⁹ Menem denied the charges, which have yet to be resolved. In any case, the perpetrators and motives have not been determined beyond a reasonable doubt.

As for the incidents themselves, on March 17, 1992, a pickup truck loaded with explosives smashed into the front of the Israeli embassy in Buenos Aires. The resulting blast destroyed the embassy, a Catholic Church, and a nearby school, killing 29 and injuring 242. Islamic Jihad, thought to be a phantom front for Hezbollah, claimed responsibility and said the attack was in retaliation for the death of Hezbollah leader Abbas al-Musawi. Initial leads indicated that it was planned from the Tri-Border Area, where Argentina's boundary comes together with Brazil and Paraguay. U.S. signal intercepts indicated that the Iranian government had advance knowledge of the attack.¹⁰

A second bombing occurred on July 18, 1994, when explosives allegedly placed in a small van were detonated in front of the Asociación Mutual Israelita Argentina (AMIA)—the Argentine Israelite Mutual Association, or Jewish community center—in Buenos Aires, killing 85 and injuring 300 in what is, so far, Argentina's deadliest terror event. Coincidentally, terrorists bombed a commuter plane a day later in Panama, killing 21 passengers, 12 of whom were Jews. Eight days later, car bombs exploded in front of the Israeli embassy and a Jewish community center in London. Five Palestinians were later arrested in connection with that incident.

9. Mark S. Steinitz, "Middle East Terrorist Activity in Latin America," *Policy Papers on the Americas* 14, Study 7, (Washington, DC: CSIS, July 2003), 7.

10. For a fascinating insider account, see Ronen Bergman, *The Secret War with Iran: The 30-Year Clandestine Struggle Against the World's Most Dangerous Terrorist Power* (New York: Free Press, 2008), 171–172.

Back in Argentina, leads failed to develop conclusive evidence. Speaking at a 2003 memorial service, President Néstor Kirchner termed prosecution efforts up to that point “a national disgrace.”¹¹ The presiding judge, Juan José Galeano, was impeached in 2005 for having led the process down several blind alleys in a search for local perpetrators, allegedly offering one defendant a \$400,000 bribe for evidence.¹² In 2006, a reorganized investigation produced formal accusations against Iranian authorities. In 2007, arrest warrants were issued on former Iranian president Rafsanjani, Revolutionary Guards Qods Force chief Ahmad Vahidi, Revolutionary Guards chief, Mohsen Rezaei, intelligence chief Ali Fallahian, Iranian embassy cultural attaché Mohsen Rabbani, embassy third secretary Alim ad Ashgari, and Hezbollah foreign operations head Imad Mughnieh.

The Caribbean

On the margins of the Muslim community of Trinidad and Tobago, small, loosely organized groups of extremists have occasionally engaged in terrorist acts. However, no evidence connects them to Hezbollah, although one group sought Iranian assistance.

- 1990—The Sunni terror group Jamaat al Muslimeen, led by Yasin Abu Bakr, attempted unsuccessfully to overthrow the government of Prime Minister Arthur Napoleon Raymond Robinson.
- 2007—A joint Trinidadian, Guyanese, and U.S. investigation resulted in the arrest of four men for conspiracy to blow up gas lines at JFK International Airport in New York. The group allegedly sought support from Yasin Abu Bakr, leader of Jamaat al Muslimeen. One of the men, Kareem Ibrahim, leader of Trinidad’s Shia community, allegedly facilitated contacts in Iran that included Mohsen Rabbani, the cultural attaché in Buenos Aires at the time of the AMIA bombing. In June, Ibrahim and two other conspirators were arrested aboard a plane leaving for Venezuela, en route to Iran.¹³

Colombia

Compared to North America and other parts of South America, relatively little specific Hezbollah activity has been reported in Colombia, although links between the Revolutionary Armed Forces of Colombia (FARC), Hezbollah, and other Islamic terrorist organizations have been reported outside of the country. Still, when Colombian police shuttered a clandestine radio station in the small city of Maicao on the Guajira Peninsula (see map¹⁴) for broadcasting Hezbollah propaganda in August 1997, it drew attention to the town’s Muslim population.

11. “Flashback: Argentina bomb,” BBC News, August 25, 2003, <http://news.bbc.co.uk/2/hi/americas/3179861.stm>.

12. Colin McMahon, “Judge in ’94 Buenos Aires blast impeached,” *Chicago Tribune*, August 4, 2005, http://articles.chicagotribune.com/2005-08-04/news/0508040220_1_juan-jose-galeano-embassy-bombing-embassy-attack.

13. “Imam from Trinidad Convicted of Conspiracy to Launch Terrorist Attack at JFK Airport,” U.S. Attorney’s Office, Eastern District of New York, press release, May 26, 2011, <http://www.justice.gov/usao/nye/pr/2011/2011may26b.html>.

14. All maps were created by the author.

A town of about 58,000 residents, Maicao had an Islamic community of some 5,000 and, according to a U.S. Library of Congress report, had become known as a vacation spot for fundamentalists. The Colombian government had established a free trade zone there to boost economic growth, and authorities believed some of the Arab merchants that settled there were sending tithes to Hezbollah through banks in Venezuela and Panama. At the time, police suspected some were laundering money from drug trafficking and contraband.¹⁵ The October 2008 arrest of Lebanese drug kingpin Chekry Harb proved those suspicions to be valid. Harb, his brother Zacaria, and colleague Ali Mohamad Rahim were accused of laundering hundreds of millions of dollars and sending drugs to the United States, Europe, and the Middle East through Panama, Venezuela, and Guatemala. Their arrests were part of a two-year collaboration between U.S. and Colombian authorities called Operation Titan that led to 130 arrests and the seizure of \$23 million. Investigators said Harb paid 12 percent of his profits to Hezbollah.¹⁶



Colombia's Guajira Peninsula and Maicao

Mexico

For the most part, Mexico has merely provided an easy port of entry into the United States, although there was a report that a 10-man terrorist cell was caught there on October 10, 2001, reportedly intending to kill President George W. Bush and attack the senate.¹⁷ The same year, Mahmoud Youssef Kourani crossed over from Mexico and drove to Dearborn, Michigan, and was later charged with supporting Hezbollah. In 2009, the United States indicted Jamal Yousef, a former member of Syria's military who, while sitting in a Honduran jail cell, reportedly arranged to transfer U.S. arms acquired in Iraq to Colombia's FARC guerrillas. The weapons were supposedly hidden in the residence of Yousef's relative, another Hezbollah member living in Mexico.¹⁸ In 2008, Mexican authorities sentenced Salim Boughader Mucharrafille, a Lebanese-Mexican, to 60 years in prison for smuggling migrants, including Hezbollah members, into the United States.¹⁹

Tri-Border Area

The Tri-Border Area, or Triple Frontier, is a 25-square-mile zone along South America's Paraná River where the borders of Argentina, Brazil, and Paraguay meet. Its three main cities of Puerto Iguazú in Argentina, Foz do Iguazu in Brazil, and Ciudad del Este in Paraguay lie adjacent to one

15. Hudson, *Global Overview of Narcotics-Funded Terrorist and Other Extremist Groups*, 44–45.

16. Chris Kraul and Sebastian Rotella, "Drug probe finds Hezbollah link," *Los Angeles Times*, October 22, 2008, <http://articles.latimes.com/print/2008/oct/22/world/fg-cocainering22> (June 24, 2011).

17. Rex Hudson and Glenn Curtis, *Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America*, Federal Research Division, Library of Congress, July 2003 (revised December 2010), 19.

18. United States of America v. Jamal Yousef, S3 08 Cr. 1213 (JFK), *New York Law Journal* 1202471124351, at *1 (SDNY, Decided August 23, 2010).

19. Francisco Gómez Enviado, "Pena de 60 años a traficante de árabes en México," *El Universal*, December 29, 2008, <http://www.eluniversal.com.mx/nacion/164778.html>.

another. A trade zone, tourist resort, rugged terrain surrounding picturesque waterfalls, clandestine airstrips, and a large undocumented immigrant population facilitate smuggling of counterfeit goods and other illicit activities, while making monitoring difficult. Groups such as Hezbollah,

Egypt's al-Gama'a al-Islamiyya, and al Qaeda are all believed to draw funding from local organized crime rings as well as sympathy from younger migrants who arrived during the 1980s Lebanese civil war.

Tri-Border Area



In 1998, the three countries established a security forum called the Tripartite Commission of the Triple Frontier. Following the 9/11 attacks on the United States, a period of more intense scrutiny began. In December 2002, a U.S. representative joined the Commission in a 3 + 1 formula to advance monitoring and cooperation among the four countries.

A trilateral monitoring headquarters was established in 2007 in Foz do Iguazu, and Brazil's customs agency, Receita Federal, installed an inspection station on the Friendship Bridge on its border with Paraguay. In the first six months of 2009, the agency seized some \$400 million in contraband including drugs, weapons, and munitions.²⁰ As a result, terrorist cell activities appear to have diminished over the last decade, although they continue at a sustained level.

- December 1999—Investigations by Argentina's Secretariat for State Intelligence resulted in coordinated police operations in the three main Tri-Border cities that thwarted bomb attacks in Ciudad del Este, Buenos Aires, and Ottawa, Canada. Operatives were thought to be acting under orders from al Qaeda and Hezbollah in an attempt to undermine the current Middle East peace process. Persons rounded up included members of Hamas and Hezbollah and a suspected Iranian intelligence agent.²¹
- June 2002—Lebanese-born Assad Ahmad Barakat, an accused Hezbollah financier and owner of a Ciudad del Este shopping center, was arrested in Brazil and later extradited to Paraguay where authorities had found videos promoting jihad (holy war) and correspondence from Hezbollah acknowledging receipt of \$3,535,149 in 2000.²² Argentine courts also found that Barakat had made trips to Tehran before the 1992 Israeli embassy bombing.
- October 2002—One of Barakat's fundraisers, Sobhi Mahmoud Fayad, a Hezbollah official in Lebanon during the 1980s and weapons expert, was arrested for tax evasion based on records

20. See "Country Reports: Western Hemisphere Overview—Brazil," chap. 2 in *Country Reports on Terrorism 2009*, U.S. Department of State, August 5, 2010, <http://www.state.gov/documents/organization/141114.pdf>.

21. Hudson and Curtis, *Terrorist and Organized Crime Groups in the Tri-Border Area*, 16–17.

22. "South America Region under Watch for Signs of Terrorists," *New York Times*, December 15, 2002 <http://www.nytimes.com/2002/12/15/world/south-america-region-under-watch-for-signs-of-terrorists.html?pagewanted=all&src=pm>.

of funds he had transferred to banks in Lebanon and Canada. Fayad had been arrested previously in 1999 for casing the U.S. embassy in Asunción.

- December 2006—The U.S. Treasury Department issued a list of nine persons and two business entities—part of Barakat’s old network—believed to be funneling money to Hezbollah. Listed were Muhammad Yusif Abdallah, a senior Hezbollah courier; Hamzi Ahmad Barakat, Assad’s brother and owner of a store in the Galería Pagé shopping mall that hired Hezbollah members; Hatim Ahmad Barakat, another brother who collected funds in Chile for Hezbollah; Muhammad Fayeze Barakat, a cousin who arranged money transfers to the Middle East; Muhammad Tarabain Chamas, private secretary of local Hezbollah leader Muhammad Yusif Abdallah; Saleh Mahmoud Fayad, brother of Sobhi Fayad who did counterintelligence work; Sobhi Mahmoud Fayad, sentenced in Paraguay to six and a half years in prison for tax evasion (see above, “October 2002”); Ali Muhammad Kazan, possibly Assad Barakat’s successor in leading local Hezbollah fundraising operations; Farouk Omairi, suspected drug trafficker and regional Hezbollah coordinator; Casa Hamzi, the electronics company owned by Hamzi Ahmad Barakat that allegedly employs Hezbollah members; and Galería Pagé, the Ciudad del Este shopping center allegedly owned and operated by Hezbollah members.²³
- June 2010—Paraguayan authorities arrested accused Hezbollah financier Musa Hamdan in Ciudad del Este and later extradited him to the United States. A U.S.-born Lebanese national, Hamdan was indicted with three other men in 2009 for conspiring to provide material support to Hezbollah, including financing a shipment of 1,200 Colt M-4 rifles from Philadelphia to Syria, making false passports, and trafficking in counterfeit goods and stolen money.²⁴

Venezuela

Islamic support networks have been reported in the capital of Caracas as well as in Isla Margarita, a duty-free port and beach tourist resort where, over the years, many Middle Eastern immigrants have legitimately set up shop as merchants, bankers, and travel agents. With the election of Hugo Chávez as president in 1998, however, the Venezuelan government began engaging with radical elements from the Middle East abroad and at home. In August 2000, Chávez was the first head of state to visit Saddam Hussein since the 1991 Gulf War, and he strengthened ties to Iran. In 2003, he named Tarek El Aissami, a Syrian-Venezuelan and son of an Iraqi Baathist, to lead the Identification and Immigration Directorate (DIEX) already suspected of giv-



Venezuela's Isla Margarita

23. “Hizballah Fundraising Network in the Triple Frontier,” Office of Public Affairs, press release, U.S. Treasury Department, December 6, 2006 <http://www.treasury.gov/press-center/press-releases/Pages/hp190.aspx>.

24. “Alleged Supporter of Terrorist Group Extradited from Paraguay,” U.S. Attorney’s Office, Eastern Pennsylvania District, press statement, February 25, 2011, <http://www.fbi.gov/philadelphia/press-releases/2011/ph022511a.htm>. See also, “Four Men Indicted in Philadelphia for Attempting to Support Hezbollah,” Anti-Defamation League, December 1, 2009. http://www.adl.org/main_Terrorism/philadelphia_hezbollah_indictment.htm.

ing Venezuelan ID cards to migrants who might become loyal Chávez supporters.²⁵ In 2004, the government initiated Misión Identidad through DIEX, a program that provided documents and a streamlined naturalization path to migrants, making Venezuela more open to individuals seeking new nationalities and possibly identities.²⁶ In 2009, Chávez named El Aissami minister of interior and justice and invited others like him (see Ghazi Nasr al Din, below) to assume senior government positions.

Reported cases involving Hezbollah in Venezuela are few and hard to substantiate. Reports of terrorist training on Isla Margarita lack hard evidence or corroborating sources to back them up. But the president's tolerance of Colombian FARC guerrillas operating from Venezuelan territory and inattention to growing lawlessness suggest a welcoming environment for terrorist operations. According to a recent report by the Brussels-based International Crisis Group, Venezuela has become one of the most violent countries in the world, with homicides quadrupling over the last 12 years. A contributing factor is the politicization and attendant breakdown of judicial and law enforcement institutions since Hugo Chávez came to power. Another is Venezuela's location near drug-producing countries such as Colombia, Peru, and Bolivia. In fact, Venezuela has become the point of origin for most drug shipments going to the United States and Europe. Moreover, it is the "sole source" of clandestine cocaine shipments intercepted along the West African coast.²⁷ Specific incidents include the following:

- October 2006—Police arrested a student (José Reyes Espinosa) attending Venezuela's state-run Bolivarian University for having placed small pipe bombs in front of the U.S. embassy in Caracas and in front of an adjacent school. Both bombs were wrapped in plastic bags that contained fliers describing Hezbollah. Neither device detonated. Appearing to be homemade fireworks, they seemed intended to scare and attract attention. In November, Venezuelan police detained Teodoro Darnott, a self-styled *jihadi* Internet blogger in Maracaibo, whose postings indicated a possible connection to Reyes.²⁸
- June 2008—The U.S. Treasury Department designated two naturalized Venezuelan citizens, Ghazi Nasr al Din and Fawzi Kan'an, as terrorist supporters. Nasr al Din served as chargé d'affaires at the Venezuelan embassy in Syria and held a post at the Venezuelan embassy in Lebanon. He allegedly used his position as a Venezuelan diplomat and the president of a Caracas-based Shia Islamic Center to provide financial support to Hezbollah, counseling donors on bank accounts where deposits should go. According to the Treasury Department, Kan'an owned a travel agency, facilitated trips for Hezbollah members, and raised money in Venezuela for Hezbollah. The Treasury Department's designation narrative alleged that Kan'an met with senior Hezbollah officials to discuss possible kidnappings and terrorist attacks.

25. Phil Gunson, "Chávez appoints radicals to head Venezuelan passport agency—reports of Arabs obtaining ID documents," *Miami Herald*, November 28, 2003.

26. See "Gaceta Oficial sobre Naturalización en Venezuela (N° 37.871)," *Venología*, July 5, 2004, <http://www.venologia.com/archivos/187/>. Also, "22.700 extranjeros naturalizados en Maracaibo," *Venología*, December 19, 2005, <http://www.venologia.com/archivos/748/>.

27. International Crisis Group, *Violence and Politics in Venezuela*, Latin America Report No. 38, August 17, 2011, pp. 3, 6–7, and 21.

28. "Venezuelans detain student accused of planting small bomb near U.S. Embassy," Associated Press, October 23, 2006, http://www.usatoday.com/news/world/2006-10-23-venezuela-embassy_x.htm. See also, Clinton W. Taylor, "Hezbollah in Latin America," *American Spectator*, November 30, 2006, <http://spectator.org/archives/2006/11/30/hezbollah-in-latin-america#>.

- July 2008—A potential Venezuela-Africa-Hezbollah connection came into focus with the mysterious arrivals and departures of private jets in Guinea-Bissau. On July 12 a Gulfstream II loaded with some 500 kilos of cocaine landed in this West African nation. The Guinean police arrested the three-person crew, including pilot Carmelo Vásquez Guerra, who had piloted a drug-laden DC-9 from Venezuela to Campeche, Mexico, in 2006. Before Interpol and the U.S. Drug Enforcement Administration could investigate, the drugs and pilot vanished, allegedly aided by the country’s military. Lebanese operatives in Guinea-Bissau are thought to be intermediaries between FARC drug suppliers in Colombia and Hezbollah.²⁹
- August 2010—A report originating from anonymous sources alleged that President Chávez hosted a summit for senior Hamas, Hezbollah, and Islamic Jihad leaders at Fuerte Tiuna, the army’s headquarters. Attendees reportedly included Palestinian Islamic Jihad Secretary-General Ramadan Abdullah Mohammad Shallah, Hamas Supreme Leader Khaled Meshal, and Hezbollah’s chief of operations. Chávez’s Chargé in Syria, Ghazi Nasr al Din reportedly made the arrangements.³⁰



This is by no means an exhaustive list of Hezbollah activities in the Americas, but known examples from locations such as the United States, the Caribbean, the Tri-Border Area, and Venezuela where activity has been more noticeable.

29. 2011 *International Narcotics Control Strategy Report*, U.S. Department of State, March 3, 2011, <http://www.state.gov/p/inl/rls/nrcrpt/2011/vol1/156360.htm#guineabissau>. See also, Marco Vernaschi, “The Cocaine Coast,” *Virginia Quarterly Review*, University of Virginia, January 15, 2010, <http://pulitzercenter.org/articles/cocaine-coast>. For more background, see Hudson, *A Global Overview of Narcotics-Funded Terrorist and Other Extremist Groups*.

30. Roger F. Noriega, “Is there a Chávez terror network on America’s doorstep?,” *Washington Post*, March 20, 2011, http://www.washingtonpost.com/opinions/is-there-a-chavez-terror-network-on-americas-doorstep/2011/03/18/ABauYU3_story.html.

7

IRAN'S NUCLEAR AMBITIONS

Iran's nuclear program is a complex subject that can be discussed here only in brief.¹ An overview of what is known about it may be helpful, however, in understanding Iran's nuclear agenda in the Americas in context.

First, Iran is a signatory to the Nuclear Non-Proliferation Treaty (NPT). Its status as a non-nuclear state allows it to develop a civilian nuclear energy program to supply electricity and conduct scientific research. Such a program can also provide fuel for nuclear arms. While Western intelligence does not have comprehensive knowledge, available information suggests Iran is pursuing a clandestine nuclear weapons program using peaceful goals as a smokescreen. Considering the apocalyptic ideas of leading officials, and statements that some countries “should be wiped off the map,” Iran's potential for developing and fielding nuclear weapons is real. Even if Iran's current leaders were inclined to use such weapons only as a deterrent, there is little assurance that all factions among secular officials, religious leaders, and the Revolutionary Guards would be obliged to keep them away from surrogates.

So far, Iran's most immediate priority has been obtaining technology and equipment to fuel reactors. For now, it seems to have enough domestic sources of uranium to avoid having to purchase nuclear fuel abroad. Therefore, it is doubtful that Iran would seek raw ore in the Americas to ship back home. Even though it has been helping Venezuela, Bolivia, and Ecuador explore their own uranium deposits, Iran may be using such relations to (1) aid the development of allied nuclear programs to build solidarity with Iran's goals, and (2) access technology or obtain special materials to build better uranium enrichment facilities or outsource some component construction to manufacturers in the Americas.

Atoms for Peace

Iran has been on a nuclear track for half a century, its program being an outgrowth of the Eisenhower administration's Atoms for Peace concept. In 1957, the United States and Iran signed a cooperation agreement that provided technical assistance and quantities of enriched uranium to conduct research on nuclear energy. In 1967, the U.S.-backed Tehran Nuclear Research Center (TNRC), run by the Atomic Energy Organization of Iran (AEOI), opened with a 5-megawatt reactor named the Tehran Research Reactor. In 1970, Iran ratified the NPT, making its nuclear facilities subject to inspection by the International Atomic Energy Agency (IAEA). Enrichment and other activities were allowed under the treaty for peaceful ends and a follow-on Safeguards

1. For more detailed information see Anthony H. Cordesman, *The New IAEA Report and Iran's Evolving Nuclear and Missile Forces* (Washington, DC: CSIS, November 8, 2011), http://csis.org/files/publication/111108_irans_evolution_nuclear_forces.pdf.

Agreement permitted inspections for the purpose of verifying that nuclear materials were not being used to make weapons.²

Despite Iran's abundant petroleum reserves, the shah believed that they would eventually run out and proposed an ambitious 20-year plan to build 23 nuclear power reactors in the 1970s. His likeness even graced advertisements that advocated nuclear power plant construction in the United States. In 1974, Iran contracted with a West German firm to build two 1,200-megawatt reactors at Bushehr on the Persian Gulf, as well as with a French firm to build two smaller reactors near the Iraqi border. Shortly thereafter, it acquired shares in a French uranium enrichment plant and signed an agreement with South Africa to finance its enrichment capability in exchange for fuel. Few observers thought this would precede a weapons program, although some reports suggested that Iran had experimented with reprocessing and sought U.S. enrichment technology.³

Shutdown and Restart

The 1979 Iranian Revolution proved a major disruption, however temporary, to the country's nuclear energy program. Work on the Bushehr reactor stopped, while Iraqi attacks during the Iran-Iraq War did substantial damage to the facility. The United States ended nuclear collaboration and tried to dissuade European governments and multilateral organizations such as the IAEA from further cooperation. As a result, Iran looked for new partners.

China helped set up a research facility in Isfahan in 1984 and supplied a small training reactor in 1985.⁴ Subsequently, Chinese experts reportedly provided advice on uranium exploration and extraction.⁵ About the same time, Argentina's government agreed to help restart the Tehran Research Reactor by supplying a new core and low-enriched uranium for fuel. Mounting U.S. pressure discouraged further collaboration, however. Argentina halted the transfer of processing equipment shortly before the Israeli embassy bombing in Buenos Aires in 1992 and ended assistance after it completed delivery of some 116 kilograms of low-enriched fuel in 1993.⁶ In 1996, the United States persuaded China to suspend the sale of a uranium conversion plant. However, China allegedly gave Iran blueprints for the proposed facility.

By 1995, Iran had decided to rebuild the Bushehr nuclear power complex damaged during the Iran-Iraq War and signed a contract with Russia install a new reactor, to be completed under IAEA safeguards by 2010. At that point, Russia became a partner in the expansion of Iran's nuclear program. Since then, Iran's nuclear program has been marked by a series of alarming revelations followed by assurances of peaceful intent. An abbreviated chronology follows:

2. Semira N. Nikou, "Timeline of Iran's Nuclear Activities," *The Iran Primer*, United States Institute of Peace, Washington, DC, <http://iranprimer.usip.org/resource/timeline-irans-nuclear-activities>.

3. Sharon Squassoni, *Iran's Nuclear Program: Recent Developments*, CRS Report for Congress, RS21592, Congressional Research Service, Washington, DC, September 6, 2006, <http://www.fas.org/sgp/crs/nuke/RS21592.pdf>.

4. Nikou, "Timeline of Iran's Nuclear Activities."

5. "China's Nuclear Exports and Assistance to Iran: Statements and Developments," Nuclear Threat Initiative, n.d., <http://www.nti.org/db/china/niranchr.htm>.

6. Nikou, "Timeline of Iran's Nuclear Activities."

- 2002—A political opposition group, the National Council of Resistance of Iran, disclosed that the government was building a uranium enrichment facility at Natanz and a heavy-water plant at Arak that could be used to produce

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at Arak that could be used to produce plutonium for bombs, projects it had concealed from the IAEA.⁷ President Khatami admitted the existence of these facilities and allowed the IAEA to visit them.

- 2003—Iran announced the start of mining operations at Saghand. President Khatami explained, “If we need to produce electricity from our nuclear power plants, we need to complete the circle from discovering uranium to managing remaining spent fuel,” and indicated Iran would be willing to allow international inspections.⁸ In October, Iran concluded an agreement with three European countries (the United Kingdom, France, and Germany) to suspend enrichment activities.⁹

- 2004—IAEA inspections revealed undeclared work on uranium conversion, plutonium separation, and acquisition of centrifuge components. In January, Pakistani investigators determined that top Pakistani scientists, Abdul Qadeer Khan (the “father” of Pakistan’s atomic bomb) and Mohammed Farooq, had given technical assistance to Iran’s nuclear program in the late 1980s, probably for financial gain.¹⁰ In November, Iran agreed to a more detailed suspension agreement with the three European governments.
- 2005—Tehran told the IAEA it was restarting its enrichment efforts.¹¹ Reassuringly, Supreme Leader Ayatollah Ali Khamenei issued a fatwa declaring the production and use of nuclear weapons as against Islamic beliefs.¹²
- 2006—Iran revealed plans to resume centrifuge development at the Natanz enrichment plant, whereupon the IAEA referred the matter to the United Nations Security Council.¹³ In July, the Security Council adopted Resolution 1696, imposing sanctions unless Iran would agree again

7. “Natanz Fuel Enrichment Plant,” Natanz, Nuclear Sites, *Nuclear Iran*, Institute for Science and International Security, <http://www.isisnucleariran.org/sites/facilities/fuel-enrichment-plant>.

8. Paul Hughes, “Iran Says Its Enriched Uranium Plant Under Way,” Reuters, February 10, 2003, accessed at <http://www.rense.com/general34/iransaysitsenriched.htm>.

9. Paul K. Kerr, *Iran’s Nuclear Program: Status*, CRS Report for Congress, RL34544, Congressional Research Service, December 29, 2009, 4.

10. John Lancaster and Kamran Khan, “Pakistanis Say Nuclear Scientists Aided Iran,” *Washington Post*, January 24, 2004, 1.

11. Squassoni, *Iran’s Nuclear Program*.

12. “Iran breaks seals at nuclear plant,” CNN World, August 10, 2005, http://articles.cnn.com/2005-08-10/world/iran.iaea.1350_1_uranium-conversion-natanz-enrichment?_s=PM:WORLD.

13. Kerr, *Iran’s Nuclear Program*, 5.

to suspend enrichment activities. It declined, triggering the adoption of Resolution 1737 banning trade with Iran in nuclear material and freezing assets of collaborators.¹⁴

- 2008—The number of centrifuges installed at Natanz for uranium enrichment reportedly had grown from 3,000 to 5,000.¹⁵
- 2009—Meeting in Geneva, the permanent members of the UN Security Council plus Germany (P5+1) proposed enriching 80 percent of Iran’s existing low-enriched stockpile in France and turning it into fuel rods for the Tehran Research Reactor, which was running low on fuel. Iran declined the offer.¹⁶
- 2010—In February, President Ahmadinejad revealed that Iran had succeeded in producing 20 percent (low) enriched uranium and could possibly enrich even further. In May, Brazil and Turkey attempted a deal similar to the 2009 P5+1 proposal by which Iran would transfer 1,200 kilograms of low-enriched material to Turkey in exchange for 20 percent enriched uranium. The United States and the European Union pointed out that Iran had already increased its stockpile, such that the amount transferred would represent only 50 percent of its inventory. Moreover, it had the capability to enrich the rest.
- 2011—By February, Iran had produced 43.6 kilograms of 20 percent enriched uranium and was producing 3.8 kilograms per month.¹⁷ In May, the rebuilt Bushehr reactor started up, its spent fuel serving as a potential source for plutonium.

While the United States, the European Union, and the United Nations have imposed sanctions on Iran to discourage the conversion of an energy program into a weapons project, there are no assurances that Iran would not fabricate nuclear arms. In 2004, former Iranian foreign minister Ardeshtir Zahedi wrote in the *Wall Street Journal*:

Anyone with any knowledge of Iranian politics would know that the present regime in Tehran is strategically committed to developing a nuclear ‘surge capacity,’ if not a full arsenal of nuclear weapons. . . . The Islamic Republic needs a nuclear capacity to raise the stakes if and when anyone—the U.S. or Israel for example—decides to take punitive military action to check its ambitions. This is precisely the strategy adopted by North Korea since the mid-1990s.¹⁸

Self-sufficiency in Uranium

Measuring resources to fuel any nuclear program can be complicated. Estimates of reserves change as new deposits are found. Ore varies in concentration and accessibility. What is recoverable must be milled, purified, converted into gas, and enriched to turn into fuel. Low enrich-

14. Thomas W. Wood, Matthew D. Milazzo, Barbara A. Reichmuth, and Jeffrey Bedell, “The Economics of Energy Independence for Iran,” *Nonproliferation Review* 14, no. 1 (March 2007): 89.

15. Iran Watch, “Iran’s Nuclear Program,” updated April 2011, <http://www.iranwatch.org/wmd/wmd-nucleaessay-footnotes.htm>.

16. Kerr, *Iran’s Nuclear Program*, 6.

17. Iran Watch, “Iran’s Nuclear Program.”

18. Ardeshtir Zahedi, “Iran’s Nuclear Ambitions,” *Wall Street Journal*, June 25, 2004.

ment is acceptable for use in power-generating reactors. For weapons, uranium must be highly enriched. Involved in all of this are conflicting statements and reports. Although experts disagree, Iran seems to have enough uranium for making warheads without having to import from abroad. However, its modest mining and processing capacity would constrain large-scale electricity generation.

Iran began surveying for uranium in the 1970s. Few known deposits were large enough to fuel a nuclear power plant for any significant time. By 2002, however, ongoing exploration led to rising reserve estimates hinting at possible self-sufficiency.¹⁹ For now, two mining sites seem to be important sources of domestic uranium, although more could be discovered.

The first is an open pit operation at Gchine near Bandar e Abbas and the Strait of Hormuz. Mining and milling at an associated plant began in 2004, according to information provided by Iran to the IAEA. Its uranium is low-to-variable in grade and production capacity is believed to be only 21 tons per year. Many times that amount would be needed to fuel a 1,000-megawatt electric power reactor, like Bushehr, for a year.²⁰ In December 2010, Iran's Atomic Energy Organization director Ali Akbar Salehi claimed that, for the first time, Gchine's ore had been processed into yellowcake and delivered to a processing facility in Isfahan for conversion into uranium hexafluoride gas. His statement seemed to contradict previous reports that Iran had been processing ore into yellowcake at the Gchine site for years.²¹

The second mine is an underground type at Saghand, northeast of Yazd. Exploration was completed in 1994 with deposits estimated at 1.5 million metric tons of low-grade ore.²² Its production status is uncertain. In 2003, President Khatami announced plans to begin extraction, ostensibly to supply fuel for generating electricity.²³ The next year, an official from the Atomic Energy Organization of Iran predicted that mining would begin in 2006. In October 2010, AEOI director Salehi said that President Ahmadinejad would allocate funds for extraction "soon." At the time, he boasted that Saghand had an estimated 1.73 million tons of "medium" quality ore and a capacity to produce 132,000 tons of uranium ore per year.²⁴

In 2009, the Washington, D.C.-based Council on Foreign Relations quoted a report from the Institute for Science and International Security alleging that Iran had enough enriched uranium

19. The head of Iran's Center for Research on Energy and Environment, Dariush Foroughi, calculated that uranium reserves of 12,000 tons would be equivalent to 44 billion barrels of oil, using state-of-the-art reactors. "Iran's Uranium Reserves, 44 Billion Barrels of Crude Oil," *Hamshahri* 10, no. 2758 (June 23, 2002): 9–16, http://www.parstimes.com/business/uranium_reserves.html.

20. David Albright, Jacqueline Shire, and Paul Brannan, *Is Iran running out of yellowcake?*, rev. 1, Institute for Science and International Security, February 11, 2009, 6, http://www.isisnucleariran.org/assets/pdf/Iran_Yellowcake.pdf.

21. Iran would thus be able to bypass UN sanctions and control the entire fuel cycle from mining to production of fuel pellets. Edward Yeranian, "Iran Says It Has Produced Its First Yellowcake Uranium," *VOANews.com*, December 5, 2010, <http://www.voanews.com/english/news/Iran-Produces-First-Domestically-Produced-Uranium-Yellowcake-111343954.html>.

22. "Iran: Saghand mine," *New Uranium Mining Projects—Asia*, WISE Uranium Project, World Information Service on Energy, December 8, 2011, <http://www.wise-uranium.org/upasi.html>.

23. Iran Watch, "Iran's Nuclear Program."

24. Ali Akbar Dareini, "Iran says key site has higher uranium ore reserves," *Associated Press*, October 19, 2010, http://seattletimes.nwsources.com/html/nationworld/2013200168_apirannuclear.html?syndication=rss.

for two nuclear weapons. It also noted a news item from Russia's RIA Novosti news service that Kazakhstan might sell Iran some 1,300 tons of purified ore, enough to make 150 warheads.²⁵ In April 2010, the London *Sunday Telegraph* reported that Iran had secured "exclusive uranium rights" from the Mugabe regime in Zimbabwe.²⁶

Given such information, it is difficult to draw concrete conclusions. Iran appears to have the raw materials to fuel some of its nuclear ambitions, although its mining and processing capacity may be lacking. Even if it could supply one or two power-generating reactors in the near future (not the two dozen or so contemplated in the 1970s, it is not clear that a domestically supplied electricity generation program would even make sense due to the cost of extracting and processing low-grade ore. On the other hand, Iran seems to have what it needs to constitute a weapons program to help it become a nuclear power. According to a June 2011 Institute for Science and International Security report, Iran could enrich enough uranium within a year to make a nuclear device.²⁷ After that, placing the fuel in a warhead could become a bargaining chip.

Nuclear Diplomacy in the Americas

Iran's nuclear relations in the Americas probably have multiple objectives. First, Iran has progressed from seeking technical assistance from countries like Argentina and Brazil that have peaceful programs, to providing aid to ALBA members Venezuela, Bolivia, and Ecuador as well as Guyana. Although Russia is Venezuela's main partner in developing nuclear energy, Iran agreed to assist with geophysical surveys, as it did with Bolivia, Ecuador, and Guyana. While such assistance may not have an economic payoff, it may encourage some countries to vote against further sanctions in the UN Security Council, as Cuba and Ecuador did on November 18, 2011.

Second, aid efforts that do not seem to meet host country needs could be fronts for obtaining special materials and technology needed to build better enrichment facilities or make connections to outsource component construction to potential fabricators in the Americas. While this might seem unlikely, there are reports of nuclear contraband appearing from elsewhere. On March 18, 2011, Malaysian authorities seized two containers from a ship bound for Iran that contained a stainless steel tank and mixing devices that they said could be used in building nuclear weapons.²⁸ In December 2010, South Korean authorities found 400 suspect tubes in jet cargo headed for Iran.²⁹

25. Toni Johnson, "Global Uranium Supply and Demand," *Backgrounder*, Council on Foreign Relations, January 14, 2010, <http://www.cfr.org/energy/global-uranium-supply-demand/p14705>.

26. Itai Mushekwe and Harriet Alexander, "Iran strikes secret nuclear mining deal with Zimbabwe's Mugabe regime," *Sunday Telegraph* (London), April 24, 2010, <http://www.telegraph.co.uk/news/worldnews/africaandindianocean/zimbabwe/7628750/Iran-strikes-secret-nuclear-mining-deal-with-Zimbabwes-Mugabe-regime.html>.

27. David Albright, Paul Brannan, and Andrea Stricker, "Moving 20 Percent Enrichment to Fordow: Slow Motion Breakout Continues?," Iran in Brief, *Nuclear Iran*, Institute for Science and International Security, June 8, 2011, <http://www.isisnucleariran.org/brief/detail/moving-20-percent-enrichment-to-fordow-slow-motion-breakout-continues>.

28. "Seized Sensitive Cargo Was Bound for Iran, Malaysia Says," Global Security Newswire, March 18, 2011, <http://www.nti.org/gsn/article/seized-sensitive-cargo-was-bound-for-iran-malaysia-says>.

29. Tim Witcher, "Diplomats say new Iran weapons materials seized," Agence France Presse, March 17, 2011, <http://www.google.com/hostednews/afp/article/ALEqM5jc4NsHL9AUuZ6wvTnsEaKKTkZtRg>.

Hypothetically, assistance in host country uranium prospecting could be a way to foster foreign nuclear programs that one day might support Iran's own needs. Iran would probably never purchase tons of raw ore that would either be difficult to ship or violate current sanctions. Most likely the ore would be processed and shipped in concentrated form. In fact, capabilities for such processing are not evident in those Latin American countries with which Iran has had nuclear dealings. And, like Iran and 189 other states, those countries are parties to the Nuclear Non-Proliferation Treaty. Sidestepping the NPT or Security Council sanctions could have economic consequences that would be hard to ignore.

8

SELECTED COUNTRIES AND REGIONAL TIES

If the purpose of Iran's outreach in the Americas is to spread its global influence, overcome isolation from the international community, and keep the United States off balance in a location like the Western Hemisphere that it cannot ignore, then priority engagement countries should be those with ideologically aligned leaders, medium-to-large economies, and raw materials and agricultural commodities that Iran needs. Where that is the case, cooperative or state-to-state joint ventures figure prominently in Iran's standardized assistance portfolio, including tractor factories, dairy processing facilities, cement plants, and petroleum and mineral exploration. Where countries are not sympathetic to either Islamic or authoritarian rule, Iran seeks a cultural presence to build links to existing Muslim communities and represent Islam.

Within that scope, longstanding ties with Cuba and close identification with President Hugo Chávez of Venezuela have been key to gaining access, especially among countries such as Bolivia, Ecuador, and Nicaragua that belong to Venezuela's Bolivarian or ALBA alliance. Elsewhere, modest relations with Iran lend credibility to a desire throughout Latin America to counterbalance the United States' considerable influence in the region.

Argentina

Relations between Iran and Argentina alternate between two contrasting poles. The first is a desire on Argentina's part to resolve the mystery surrounding possible Iranian ties to the 1990s terrorist attacks on the Israeli embassy and the Jewish community center in Buenos Aires. The second is a motivation by both parties to increase bilateral trade, albeit for different reasons. Argentina obtains an economic benefit that has grown dramatically in recent years, and Iran retains a diplomatic foot in the door.

Terrorist Attacks and Fallout

On March 17, 1992, the Israeli embassy in Buenos Aires was bombed, killing 29 and injuring more than 200 individuals. Both the nature of the attack and intelligence regarding the actors involved pointed to foreign-born terrorists operating under the auspices of Hezbollah.¹ The bombing did not immediately halt bilateral cooperation, as Argentina lived up to promised deliveries of low-enriched uranium for Iran's nuclear program in 1993. Ongoing negotiations included discussions about training Iranian scientists at an Argentine nuclear facility and joint construction of a fuel fabrication plant for Iran.

1. "Investigation finds Iranian, Hezbollah and Syrian involvement in 1994 bombing of Argentine Jewish Community Center" Anti-Defamation League, October 2003, http://www.adl.org/Terror/terror_buenos_aries_attack.asp.

However, diplomatic and economic ties were temporarily suspended after Iran and Hezbollah were implicated in the bombing on July 18, 1994, of the Asociación Mutual Israelita Argentina in Buenos Aires. The bombing leveled the seven-story building, killing 85 people and injuring more than 300. An investigation led by Argentine officials named eight suspects for collaboration and planning of the attack, including former Iranian president Hashemi Rafsanjani.

Contracts to provide components and technical assistance for uranium conversion and fuel fabrication plants were also suspended, while trade and diplomatic relations cooled. In March 2004, President Khatami attended a Group of 15 Summit in Caracas, where he refused to meet with Argentine president Néstor Kirchner unless Argentina officially apologized for charging Iran in the attacks. In 2006, Argentina approved UN Security Council Resolution 1696, the first in a series of resolutions that sought to restrict Iran's nuclear program.² Argentine prosecutors Alberto Nisman and Marcelo Martínez Burgos also formally accused the Iranian government of ordering the 1994 attack on the AMIA and Hezbollah of carrying it out. In November 2007, Interpol's general assembly voted to put five former Iranian officials, including Ahmad Vahidi (now Iran's defense minister), former embassy cultural attaché Mohsen Rabbani, and Hezbollah leader Imad Mughnieh,³ on its "red list" for having planned and carried out the bombing.⁴

Today, there still is no conclusive evidence that either Iran or Hezbollah was responsible for the attacks. Some clues even point in other directions. Regarding the 1992 bombing, some experts claimed that the explosives had been placed inside the embassy compound rather than in a van as the Argentine police had claimed.⁵ As for the 1994 bombing, witness credibility became an issue. In 2003, Argentine television showed Federal Judge Juan José Galeano offering witness Carlos Telleldín \$400,000 to admit to having sold the van to the terrorists.⁶ Later, in 2007, a former Argentine member of congress, Mario Cafiero, and a renowned protest organizer, Luis D'Elía,⁷ described the two key witnesses as members of the Islamic-Marxist Mujahedin e Khalq (MEK), an organization committed to overthrowing the current Iranian regime.

2. "Security Council Imposes Sanctions on Iran for Failure to Halt Uranium Enrichment, Unanimously Adopting Resolution 1737 (2006), Security Council SC/8928," United Nations, Department of Public Information, New York, December 23, 2006, <http://www.un.org/News/Press/docs/2006/sc8928.doc.htm>.

3. Mughnieh was the victim of a targeted assassination in Damascus, Syria, in 2008.

4. The five former officials were former intelligence chief Ali Fallahian; former head of the Revolutionary Guards Mohsen Rezaei; cultural attaché in the Iranian embassy in Buenos Aires Mohsen Rabbani; Third Secretary Ahmad Ashgari; former chief of the Iranian Guards Qods forces Ahmad Vahidi; and Hezbollah foreign operations chief Imad Moughnieh.

5. "March 17, 1992: Israeli Embassy in Buenos Aires Is Bombed, Hezbollah and Iran Accused despite Lack of Evidence" History Commons, <http://www.historycommons.org/context.jsp?item=a031792israelembassybomb>. Also, Gareth Porter, "Bush's Iran/Argentina Terror Frame-Up," *The Nation*, January 18, 2008, <http://www.thenation.com/rpint/article/bushs-iranargentina-terror-frame>.

6. "Argentine bomb probe judge sacked," BBC News, August 3, 2003, <http://news.bbc.co.uk/2/hi/americas/4743927.stm>.

7. In March 2010, MercoPress South Atlantic News Agency reported that D'Elía was invited to Iran to attend celebrations marking the anniversary of the 1979 revolution where he met with Rabbani and claimed "Rabbani was not sentenced by the Argentine judiciary, he was indicted by a prosecutor who is maliciously Zionist." See "Pro-Kirchner picket leader meets in Iran with fugitive from Argentine law," MercoPress, March 10, 2010, <http://en.mercopress.com/2010/03/10/pro-kirchner-picket-leader-meets-in-iran-with-fugitive-from-argentine-law>.

Still, in 2007 Kirchner cancelled plans to witness the inauguration of Ecuadoran president Rafael Correa when he learned that Ahmadinejad would attend, and Kirchner used a speech at the United Nations to urge Tehran to be more cooperative with the investigation. President Cristina Fernández de Kirchner has continued her husband's approach, although there seems to have been speculation on Iran's part that she might consider restoring closer ties if Iran bought more Argentine grain.⁸ Irrespective of Iran's responsibility and culpability, which is still under investigation, the adverse impact of these incidents still colors Iran's relations with Argentina and, to some degree, with Latin American countries among which Argentina holds sway.

A recent example was the embarrassment caused when Bolivia's Defense Ministry invited Iranian defense minister Vahidi, one of the accused masterminds, to attend the opening of a military school on June 1, 2011. Argentine foreign minister Hector Timerman lodged an immediate protest with his Bolivian counterpart, David Choquehuanca, obliging the Bolivian government to ask Vahidi to leave. He did so, and both Choquehuanca and President Evo Morales apologized to Argentina for having invited him.⁹

Trade

Argentine grain and beef exports to Iran decreased in the latter half of the 1990s but began to rise slowly during the first half of the next decade. Since 2006, they have grown sharply. Between 2007 and 2008, they more than doubled in value from \$100 million to \$266 million.¹⁰ By 2008, trade began to approach levels seen only between Brazil and Iran. In 2009, Argentina's exports to Iran reached \$855.4 million, while its imports from Iran were just \$9.4 million, underscoring the favorable nature of the relationship for Argentina.¹¹ Argentine exports to Iran could total an estimated \$2 billion in 2011.

Iran's Desire to Restore Nuclear Collaboration

Despite Argentina's unequivocal suspension of nuclear cooperation, Iranian leaders have periodically tested the waters to see if it might be restored. A February 10, 2002, dispatch from Argentina's ambassador in Tehran reportedly expressed Iran's optimism that, although the two countries did not agree on other matters, they could restart technology transfers.¹² There are also reports that President Ahmadinejad asked Venezuela's Hugo Chávez to intercede on Iran's behalf with President Kirchner in 2007. The Islamic Republic also stated it would be willing to buy nuclear fuel

8. Pepe Eliashev, "Argentina negocia con Irán dejar de lado la investigación de los atentados," *Perfil* (Buenos Aires), March 26, 2011 <http://www.diarioperfil.com.ar/edimp/0558/articulo.php?art=27932&ed=0558>. See also, Casto Ocando, "Possible Nuclear Cooperation between Venezuela, Argentina, and Iran," *Univisión*, July 12, 2011, <http://univisionnews.tumblr.com/post/7546036783/possible-nuclear-cooperation-between-venezuela>.

9. "Bolivia tells Iranian defence minister to leave and apologizes to Argentina," *MercoPress*, June 1, 2011, <http://en.mercopress.com/2011/06/01/bolivia-tells-iranian-defence-minister-to-leave-and-apologizes-to-argentina>.

10. United Nations Trade Commodity Statistics Database, <http://comtrade.un.org/db>.

11. *Ibid.*

12. Gareth Porter, "Argentina's Iranian nuke connection," *Asia Times*, November 15, 2006, http://www.atimes.com/Middle_East/HK15Ak03.html.

from any supplier, “including Argentina,” in correspondence with the IAEA in 2009.¹³ On May 31, 2011, those hopes probably dimmed when Argentine foreign minister Hector Timerman called on his Bolivian counterpart to eject Iranian defense minister Ahmad Vahidi.

Outlook

On July 16, 2011, Iran’s Foreign Ministry announced that it was “ready for a constructive dialogue and to co-operate with the Argentine government to shed all possible light” on the attack cases. However, the ministry maintained that no Iranian citizens were involved and indelicately promised to release a report detailing where Argentina’s investigations had gone astray. Prosecutor Alberto Nisman reiterated Argentina’s demand that Iran hand over the suspects in the case—a nonstarter with the Islamic Republic. Consequently, there would seem to be little basis for renewed cooperation beyond trade, at least in the short term.

Bolivia

To Bolivia, Iran is another welcome benefactor, behind Venezuela. To Iran, Bolivia is a source of raw materials and a reliable ally in decrying U.S. influence. Since 2007, the Islamic Republic has been the driving force in the relationship, offering numerous memorandums of understanding, opening an embassy in La Paz in 2008, and urging Bolivia to move its sole Middle East mission to Iran, which it did in 2010.¹⁴ Iran is careful to support the guiding role that Venezuelan leader Hugo Chávez has carved out for himself with President Evo Morales, as Chávez helped introduce Ahmadinejad to Morales.

Bolivia does not share many historical or cultural features with Iran, having only a small Muslim community of perhaps fewer than 1,000 persons. However, it has petroleum and a significant natural gas industry as well as uranium and lithium deposits that have yet to be exploited. As part of Chávez’s Bolivarian alliance, the Bolivian government openly challenges U.S. influence in the hemisphere in line with Iran’s worldview. On several occasions, Bolivia has announced its support for Iran’s nuclear program at the risk of criticism by most members of the international community.¹⁵

Bolivia the Beneficiary

Bolivia is South America’s poorest country, with a gross domestic product per capita of \$4,800, and is thus an attractive destination for Iranian public diplomacy and modest investments in aid.¹⁶ It is the recipient of Iran’s cultural outreach in the form of television programming and aid diplomacy

13. Kaveh L. Afrasiabi, “Iran looks to Argentina for nuclear fuel,” *Asia Times*, November 6, 2009, http://www.atimes.com/atimes/Middle_East/KK06Ak02.html.

14. “Nuevo embajador de Bolivia en Teherán presentó sus cartas credenciales,” *Todanoticia.com*, May 13, 2011, <http://www.todanoticia.com/12834/nuevo-embajador-bolivia-teheran-presento>.

15. “Venezuela, Bolivia, Cuba, Ecuador, and Nicaragua Announce Support for Iran’s Nuclear Program—ALBA Group,” *Pravda*, July 15, 2010, http://english.pravda.ru/world/americas/15-07-2010/114245-alba_supports_iran_nuclear_prog-0.

16. Based on purchasing power parity, 2010 estimate. “Bolivia,” *The World Factbook*, U.S. Central Intelligence Agency, <https://www.cia.gov/library/publications/the-world-factbook/geos/bl.html>.

that includes a hospital and humanitarian assistance, as well as cement and milk processing plants. President Morales first met Mahmoud Ahmadinejad when the Iranian president visited La Paz, Bolivia, in September 2007 and the two signed a \$1.1 billion cooperation agreement to develop Bolivia's oil and gas sector. Iran offered to open two health clinics as a base for Red Crescent humanitarian projects in South America. The agreement would have substantially expanded humanitarian assistance provided by Cuba and Venezuela.¹⁷

In September 2008, Morales traveled to Tehran to discuss lagging projects and while there he denounced the UN Security Council for its sanctions on Iran's nuclear program. Following his return, Morales promised his government would move the country's only embassy in the Middle East from Egypt to Iran. Six months later, there seemed to be no money in the budget to do this.¹⁸ In May 2010, however, Bolivia's ambassador, Jorge Miranda Luizaga, presented credentials in Tehran to Foreign Minister Manouchehr Mottaki.

In late July 2009, Masoud Edrisi, then Iran's top representative in Bolivia, announced that Tehran had approved a \$280 million loan to the Bolivian government to develop its industry and energy sector.¹⁹ The loan was part of the \$1 billion originally promised when Ahmadinejad and Morales first met in 2007. In November, Ahmadinejad traveled again to La Paz to meet with Morales and reaffirm his commitments.²⁰ That year, a new maternal care hospital funded by the Islamic Republic opened in the poor municipality of El Alto on the outskirts of the capital, La Paz. The hospital cost \$2.5 million and filled a gap in community healthcare despite grumblings over a requirement that female nurses wear an Iranian *hijab*, or head covering.²¹

In May 2010, the Bolivian National Congress approved an indefinite extension of the trade and energy agreement that Iran and Bolivia had signed in 2007. In October, Morales visited Tehran, signing memorandums of understanding to establish a joint bank and line of credit between Iran and Bolivia. However, not everyone in government has agreed to Iran's collaboration. Some members of Bolivia's lower Chamber of Deputies fought approval of the 2007 agreement, criticizing Iran's human rights record.²² And while Ahmadinejad promised \$1.1 billion to Bolivia in aid over five years, progress on the bulk of proposed projects is unknown. The only public records of how the money has been spent are presidential announcements with little or no follow-up on specific actions.

17. "Iran in \$1bn Bolivia oil pledge," BBC News, September 27, 2007, <http://news.bbc.co.uk/2/hi/americas/7016899.stm>.

18. "No hay presupuesto para abrir la embajada de Bolivia en Irán," Agence France Presse, in *Los Tiempos* (Cochabamba), April 30, 2009, http://www.lostiempos.com/diario/actualidad/nacional/20090430/no-hay-presupuesto-para-abrir-la-embajada-de-bolivia-en_5462_9060.html.

19. "Iran loans Bolivia 280 million USD to develop industry and energy sector," MercoPress, July 31, 2009, <http://en.mercopress.com/2009/07/30/iran-loans-bolivia-280-million-usd-to-develop-industry-and-energy-sector>.

20. "Iranian leader continues South America trip with Bolivia stop," CNN, November 24, 2009, <http://www.cnn.com/2009/WORLD/americas/11/24/iran.bolivia.visit/index.html>.

21. Helen Coster, "Iranian cash builds bonds with Bolivia," *Washington Post*, December 6, 2010, <http://www.washingtonpost.com/wp-dyn/content/article/2010/12/05/AR2010120503465.html>. See also, "Hijab in Bolivia," *National Review*, December 7, 2009, <http://www.nationalreview.com/corner/191256/hijab-bolivia/mona-charen>.

22. "Bolivian parliament en route to approved cooperation treaty with Iran," MercoPress, May 15, 2010, <http://en.mercopress.com/2010/05/15/bolivian-parliament-en-route-to-approved-cooperation-treaty-with-iran>.

Underground Treasure

Bolivia has possibly the world's largest lithium chloride reserves under salt flats on its arid southwestern plains. Lithium is a key ingredient in batteries that can be used in hybrid or electric vehicles as well as other emerging applications. Lithium is also plentiful in Chile and Peru, and it appears in smaller quantities in other locations around the world including the United States. Plus it is recyclable, so Bolivia does not have a monopoly. However, Bolivia's deposits at Salar de Uyuni comprise 50 to 70 percent of global reserves.²³ In October 2010, Presidents Morales and Ahmadinejad signed a memorandum of understanding²⁴ that named Iran as a co-developer of the resource, to include production of lithium batteries.

Uranium exploration sites in Bolivia



Bolivia is also thought to have moderate amounts of high-grade uranium. Evaluations over the last 60 years included a U.S. team from the National Aeronautics and Space Administration. In 2010, Bolivia's Ministry of Mining confirmed that it had begun a new half-million-dollar exploration program.²⁵ Evaluation is currently under way near deposits east of Salar de Uyuni at the Cotaje mine and outside the town of Coroma. Deposits also occur near Cerro Manomó in the remote northeast, although exploration there has lagged. So far, the Morales government has denied speculation that Iran will be a partner in extracting uranium. However, Morales announced in October 2010 that Iran would help Bolivia build a nuclear power plant. Venezuela and Iran have been aiding the construction of a cement plant at limestone deposits near Coroma's uranium reserves. It is worth noting that a

2009 constitutional reform passed by 61 percent of Bolivia's voters restricts foreign access to Bolivian mineral resources; however, partnerships with states such as Venezuela and Iran apparently are allowed.

Oil and Gas

According to Hassan Ahmadian, manager of Iran's international affairs for African, Arab, and Latin American countries at the Ministry of Petroleum, the Bolivian government announced the award of 12 new oil and gas exploration blocks to Iran in June 2010. In addition, the two countries

23. Joshua Keating, "Bolivia's Lithium-Powered Future," *Foreign Policy*, October 21, 2009, http://www.foreignpolicy.com/articles/2009/10/21/bolivias_lithium_powered_future.

24. The first document in a series of MOUs signed on October 27, 2010, in Tehran. The second was an agreement to provide aircraft maintenance for the Bolivian air force and possibly sell some training and transport aircraft. The third dealt with promoting soybean exports. The fourth refers to the installation of textile, dairy processing, and tractor plants. The fifth concerns the opening of a branch of the Export Development Bank of Iran and the creation of a binational bank with public and private capital.

25. Mery Vaca, "Bolivia explora reservas de uranio," BBC, May 19, 2010, http://www.bbc.co.uk/mundo/economia/2010/05/100518_2216_bolivia_uranio_exploracion_gm.shtml.

signed an MOU for Iran to train Bolivian technicians in petroleum drilling and petrochemical operations, training that would normally take place in the private sector in the West. In July 2011, 26 Bolivian petroleum experts celebrated the conclusion of a training session in Iran with Bolivian ambassador Jorge Miranda in attendance.²⁶

Military Cooperation

An October 2010 visit by Morales to Tehran yielded advances in military cooperation. In addition to accepting an aircraft maintenance package, Bolivia announced it would buy planes and helicopters, including the FAJR-3 piston trainer,²⁷ the S-68 turboprop trainer (an Iranian knockoff of the Pilatus PC-7), and the Iran-140 (a licensed version of the Russia Antonov An-140 light transport). The purchase would update an aging fleet of primary trainers, add to an existing fleet of PC-7 trainer/light attack aircraft, and upgrade light transport capabilities.

Aside from equipment, Iran reportedly helped finance the construction of a \$1.8 million multinational military training center in the town of Warnes, just north of Santa Cruz de la Sierra. Housed inside a United Nations peacekeeping facility, the center is a Venezuelan initiative to train and indoctrinate military and civilian leaders from ALBA countries with Cuban and Iranian participation—an alternative to excessive reliance on ubiquitous U.S. military education programs. Bolivian congressional deputy María Alejandra Prado reportedly worried that the training center would serve as a place to bring together militant political groups, while Defense Minister Cecilia Chacón assured that it would also be used to help educate rural farmhands and indigenous people.²⁸

The day before the center's opening, President Morales remarked, "Until recently, the only ones that created training schools for defense and security were the North Americans and they did so where they wished and without asking anyone's permission."²⁹ President Morales, Defense Minister Chacón, and diplomats from Nicaragua, Venezuela, and other ALBA countries were on hand to witness the June 1 inauguration. Missing was Iranian defense minister Ahmad Vahidi, who had been asked to leave the day before by Foreign Minister David Choquehuanca upon Argentina's protest.³⁰

26. "Finaliza periodo de entrenamiento de los expertos petroleros de Bolivia en Irán," Iran Spanish Radio, July 5, 2011, <http://spanish.irib.ir/noticias/politica/item/115194-finaliza-periodo-de-entrenamiento-de-los-expertos-petroleros-de-bolivia-en-ir%C3%A1n>.

27. FAJR-3 is also a designation for a medium-range ballistic missile and a truck-launched artillery rocket manufactured in Iran.

28. Roque González Vera, "Bolivia introdujo en la región a un socio muy peligroso, Irán," ABC Paraguay, repeated in Eju! TV, February 2, 2011, <http://eju.tv/2011/02/bolivia-introdujo-en-la-regin-a-un-socio-muy-peligroso-irn>. See also, "Escuela de Defensa de ALBA formará a campesinos e indígenas de Latinoamérica," Internacionales, Frente Nacional de Resistencia Popular (Honduras), June 6, 2011, http://www.resistenciahonduras.net/index.php?option=com_content&view=article&id=3073:escuela-de-defensa-del-alba-formara-a-campesinos-e-indigenas-de-latinoamerica&catid=91:internacionales&Itemid=256.

29. "Evo inaugura Escuela de Defensa y Seguridad del ALBA formará líderes militares y civiles," Ministro de Defensa, Estado Plurinacional de Bolivia, May 31, 2011, <http://www.mindef.gob.bo/mindef/node/526>.

30. While he was Qods Force commander in the Revolutionary Guards, Vahidi was accused in 2007 by Argentine prosecutors of complicity in the 1994 Argentine Israelite Mutual Society (AMIA) bombing.

Outlook

Iran continues to be one of the top donors to Morales's government. However, should aid flows decline due to financial constraints occasioned by sanctions or the departure of Hugo Chávez as the relationship's facilitator, the connection between the two countries could become strained.

Brazil

Relations between Brazil and Iran had been conducted on a modest scale until only recently. The rise in contacts, beginning in late 2008, was the product of a perceived confluence of foreign policy interests backed by expansion in trade. It corresponded with the "South-South" component of President Luiz Inácio Lula da Silva's foreign policy that favored closer links with states outside of the North American and European orbit—above all with the so-called BRICs (Brazil, Russia, India, and China) and important regional powers such as Indonesia, South Africa, Turkey, and Iran. This orientation became pronounced as President Lula himself became more involved in foreign affairs and wanted to give Brazil's diplomacy his personal stamp.³¹ Since taking office in January 2011, President Dilma Rousseff has pursued a more cautious approach. Although she has maintained bilateral ties, her administration voted on March 24, 2011, in favor of a UN resolution to send a human rights investigator to Iran.

Visits and Agreements

Brazil's closer ties with Iran came years after the launching of the Venezuela-Iran partnership. In the case of Brazil, increased trade and President Lula's desire to become a global foreign policy activist were the key factors. While Presidents Khatami and Ahmadinejad visited Latin America a total of six times between 2000 and 2007, Brazil was never on their agenda, although Lula reportedly invited Ahmadinejad to visit when the two leaders met at the inauguration of President Rafael Correa of Ecuador in Quito in January 2007.

Then in November 2008, when Brazilian foreign minister Celso Amorim visited Tehran, both sides underscored a desire to deepen ties to include a meeting between Lula and Ahmadinejad at a later date.³² A reciprocal visit by Iranian foreign minister Manouchehr Mottaki in March 2009 set the stage for the announcement that Ahmadinejad would come to Brazil in May at the head of a large official and commercial delegation.³³ The news provoked a negative reaction internationally as well as domestically, prompting Brazilian officials to characterize the trip as commercial and not reflective of any shared ideology or support for Iran's anti-Israel positions.³⁴ On the eve of the visit, the Iranian delegation cancelled without giving a reason. In a follow-up letter to Lula, Ahmadine-

31. Rubens Ricupero, *Brazil and the World: Foreign Policy after Lula*, Braudel Papers, no. 44 (Sao Paulo: Fernand Braudel Institute of World Economics, 2010).

32. "Brazilian foreign minister in Tehran to prepare Iran-Brazil summit," *Trend*, November 1, 2008, <http://en.trend.az/regions/world/ocountries/1335215.html>.

33. "Ahmadinejad Set to Visit Brazil as Iran Increases Influence in Latin, South America," The Israel Project, press release, May 1, 2009, <http://www.theisraelproject.org/site/apps/nlnet/content2.aspx?c=hsJPK0PIJpH&b=689705&ct=6962573>.

34. Joshua Goodman and Ladome Nasser, "Iran's Ahmadinejad Cancels Brazil Trip Indefinitely," Bloomberg News, May 4, 2009, <http://www.bloomberg.com/apps/news?pid=newsarchive&sid=apRIS8bKWwPw>.

jad alluded to the June 12 presidential elections in Iran. His visit, rescheduled for November 2009, was met with protests.

Trade and Investment

Brazil has emerged as Iran's main trading partner and exporter in Latin America. Trade between Iran and Brazil peaked at about \$1.4 billion bilaterally (mostly petroleum imports by Brazil) in the period 1990–1993, then trailed off until about 2002, after which it began to rise steadily to the \$1.5 billion range in 2006 and then spiked to more than \$2.4 billion in 2009, nearly all of it Iranian imports of Brazilian agricultural products. Brazil's exports to the United Arab Emirates (UAE) also rose sharply beginning in 2002, in almost parallel fashion to its trade with Iran, with an important growth spurt during the 2007–2009 period, reaching about \$1.7 billion in 2009.³⁵ Most of this trade is reportedly destined for transshipment to Iran, so in reality the size of the Brazil-Iran trade relationship could be larger than official trade statistics show.³⁶ Even calculating all exports to the UAE as destined for Iran, however, the bilateral trade relationship is extremely modest for both countries—perhaps 2.5 percent of total Brazilian exports in 2009—but nonetheless rising and with potential for further expansion.

Petroleum and Ethanol

During the last decade, petroleum cooperation between Iran and Brazil has taken place in Iranian territory, taking advantage of Brazilian deepwater expertise. In 2003, the National Iranian Oil Company granted the Brazilian oil giant *Petróleo Brasileiro* (Petrobras) a license to explore a 3,200-square-mile area of the Persian Gulf. A year later, Petrobras signed a \$34 million deal to drill off the Iranian banks of the Caspian Sea.³⁷ In 2007, it signed a \$470 million contract to develop a pair of blocks in the Caspian oil reserves, which could have expanded the company's footprint in Iran.³⁸ Despite increased cooperation in exploration, Brazil declined Iran's offer to join the oil producers' cartel, OPEC, leaving the door open to join at some point in the future.³⁹

However, 2009 proved a crucial year. Petrobras had agreed to begin development in the Persian Gulf and contracted with the Spanish oil company Repsol to drill four exploratory wells. After investing \$100 million, they found mostly small, "non-commercial oil deposits." In July, Petrobras's international director, Jorge Zelada, said the company was considering pulling out of the Caspian area as well because the discoveries there were mostly natural gas and there was no infrastructure

35. UN Commodity Trade Statistics database, Brazil; International Monetary Fund, *Direction of Trade Yearbook*, 2010; Brazil, Ministry of Development, Industry, and Foreign Trade statistics.

36. Sarah Diehl and Eduardo Fujii, "Brazil Challenges International Order by Backing Iran Fuel Swap," *Global Security Newswire*, July 15, 2010, <http://www.nti.org/analysis/articles/brazil-backing-iran>; and Ariel Farrar-Wellman, "Brazil-Iran Foreign Relations," *IranTracker*, American Enterprise Institute, May 20, 2010, <http://www.irantracker.org/foreign-relations/brazil-iran-foreign-relations>.

37. "Iran: Petrobras To Drill in Caspian," *New York Times*, July 7, 2004, <http://www.nytimes.com/2004/07/07/business/world-business-briefing-middle-east-iran-petrobras-to-drill-in-caspian.html>.

38. "Iran Official: In Talks with Petrobras on Caspian Oil Blocks," *Dow Jones & Company*, June 4, 2007, http://www.rigzone.com/news/article.asp?a_id=45975.

39. "Brazil declines Opec invitation," *BBC News*, September 5, 2008, <http://news.bbc.co.uk/2/hi/7599362.stm>.

to support gas production.⁴⁰ At the same time, a prominent U.S. pension fund pulled its money from petroleum companies, including Petrobras, which were doing business with Iran and other state sponsors of terrorism.⁴¹ In March 2010, Petrobras, already in possible violation of the 1996 U.S. Iran Sanctions Act and with more promising work to be done in U.S. offshore blocks, announced that it had suspended its Iranian operations.⁴²

Just as bilateral cooperation on oil appeared to be frozen, Iran expressed interest in importing ethanol. At an April 2010 meeting with Brazilian minister of development, industry and foreign trade Miguel Jorge, Iran's minister of industry and mines, Ali Akbar Mehrabian, suggested that Brazilian ethanol might be able to help Iran get around UN sanctions on refined petroleum exports to Iran. Though it produces oil, Iran lacks adequate supplies of gasoline because of its limited refining capacity and trade sanctions that restrict gasoline imports.⁴³ An article published by Russia's *Pravda* website in June 2010 quoted a Brazilian Foreign Ministry position that Brazil can export ethanol to whomever it chooses, as UN sanctions do not cover ethanol sales. Still, a spokesperson for Brazilian ethanol producers said, "There are no projects of short or long term to sell ethanol to Iran, and if it is for export, we will opt for priority markets, importing in larger volumes."⁴⁴

Siding with Iran on Nuclear Energy

The controversy surrounding Iran's June 2009 presidential election further fueled domestic debate within Brazil regarding the bilateral relationship. Lula sent no congratulatory message to Ahmadinejad following the announcement of his victory, and reactions from within the Brazilian government were mixed. When Lula finally did congratulate Ahmadinejad upon his inauguration in August, it underscored the reciprocal presidential visits still on tap to strengthen bilateral ties. However, by the time of Ahmadinejad's November visit, the nuclear issue had become a dominant factor in the bilateral relationship.

Brazil's support for Iran had been building over time, as Brazil's activism reflected a confluence of interests between the two countries about international supervision over nuclear energy, aspirations to fully control the uranium cycle, and the need to be recognized as a peaceful nuclear power. Like Iran, Brazil began its nuclear program during the 1950s with research reactors supported under the U.S. Atoms for Peace Program.⁴⁵ Efforts to establish nuclear power plants during

40. Brian Ellsworth and Denise Luna, "Brazil's Petrobras sees few prospects for Iran oil," Reuters, July 3, 2009, <http://www.reuters.com/article/2009/07/03/petrobras-international-idUSN0317110720090703>.

41. Jillian Mincer, "NY Comptroller To Divest \$86.2 Million In State Pension Fund Investments," Dow Jones Newswires, June 30, 2009, <http://www.advn.com/nyse/StockNews.asp?stocknews=ABB&article=38444840&headline=ny-comptroller-to-divest-86-2-million-in-state-pension-fund>.

42. "Profiting From Iran, and the U.S.," *New York Times*, March 12, 2010, <http://www.nytimes.com/interactive/2010/03/06/world/iran-sanctions.html#methodology>.

43. Isaura Daniel, "Iran Wants to Use Brazilian Ethanol to Circumvent US Trade Blockade," *BrazzilMag*, April 14, 2010, <http://www.brazzilmag.com/component/content/article/84-april-2010/12092-iran-wants-to-use-brazilian-ethanol-to-circumvent-us-trade-blockade.html>.

44. Antonio Carlos Lacerda, "Brazil Defies UN and Will Export Ethanol to Iran," *Pravda.ru*, June 14, 2010, <http://ethanol-news.newslib.com/story/6938-35706>.

45. "Nuclear Weapons Programs," *Weapons of Mass Destruction (WMD)*, GlobalSecurity.org, <http://www.globalsecurity.org/wmd/world/brazil/nuke.htm>.

the late 1960s using U.S. technology led to the desire to own the complete nuclear fuel cycle.⁴⁶ Brazil's military governments during those years also pursued a secret parallel program aimed at producing a nuclear weapon. With Brazil's return to democracy in 1985, authorities revealed and then dismantled the program, as Brazil's 1988 constitution permitted only peaceful uses of nuclear energy.⁴⁷

While taking steps to bring it into conformity with international non-proliferation agreements, Brazil pushed ahead with the second of its three nuclear power plants (Angra II) located in Angra dos Reis in the State of Rio de Janeiro and undertook a project to control the uranium cycle and eventually be an exporter of nuclear fuel. In 2004, Brazil opened a new uranium enrichment centrifuge plant in Resende, outside of Rio de Janeiro, which by 2005 was producing about 60 percent of the fuel necessary for the Angra I and II nuclear power plants and was tasked with enriching uranium for the nuclear-powered submarine project of the Brazilian Navy.⁴⁸

The opening of the Resende enrichment plant underscored Brazil's longstanding desire to be recognized as a nuclear power. In December 2008, Brazil's minister of defense and the secretary of the presidency for strategic affairs announced the new National Strategy of Defense that established nuclear energy as one of the three key sectors (along with cybernetics and space) that would receive priority attention from the government.⁴⁹ Reflecting earlier tensions with the IAEA in negotiating the access to and safeguards of the Resende facility, the National Defense Strategy stated clearly that "it [Brazil] will not adhere to amendments to the Treaty on the Non-Proliferation of Nuclear Weapons extending the restrictions of the Treaty until the nuclear weapon states advance in the central premise of the Treaty: their own nuclear disarmament." The assertion underscored the Lula administration's position that the additional protocol of the NPT is a mechanism to restrict countries like Brazil from developing nuclear technology and competing in the supply of nuclear fuel.⁵⁰

With that history in mind, it is possible to understand why Lula warned, "It is not prudent to push Iran against a wall," and why he wanted to help Iran avoid further UN Security Council sanctions.⁵¹ In late 2009, the opportunity came when Iran announced that it would begin enriching uranium to nearly 20 percent for use as fuel in its Tehran Research Reactor. The United States, Russia, France, and the IAEA proposed a fuel swap by which Iran would ship most of its low-enriched uranium out of the country, where it would be enriched to supply fuel for the reactor. Negotiations between Iran and the UN Security Council members plus Germany (P5 +1) on the swap eventually broke down, opening the door for Brazil and Turkey to negotiate an agreement with Iran that would resolve the impasse before more sanctions could be approved. For the moment, Lula became the point man on a key global issue, meeting with Turkish prime minister

46. Sharon Squassoni and David Fite, "Brazil's Nuclear History," Arms Control Association, October 10, 2005, <http://www.armscontrol.org/print/1897>.

47. "Nuclear Weapons Programs," *Weapons of Mass Destruction (WMD)*; and Squassoni and Fite, "Brazil's Nuclear History."

48. Squassoni and Fite, "Brazil's Nuclear History."

49. See *National Strategy of Defense, Peace and Security for Brazil*, available at <http://www.airforce-technology.com/downloads/whitepapers/logistics/file1057>.

50. Diehl and Fujii, "Brazil Challenges International Order by Backing Iran Fuel Swap."

51. Jo Becker and Ron Nixon, "U.S. Enriches Companies Defying Its Policy on Iran," *New York Times*, March 6, 2010, <http://www.nytimes.com/2010/03/07/world/middleeast/07sanctions.html?adxnlnl=1&adxnlnl=1312163808-Uks1yQ95H6icJ0PMqq0/Wg>.

Recep Erdoğan and President Obama during the Nuclear Security Summit in Washington, D.C., in April 2010.

On May 17, the presidents of Brazil, Turkey, and Iran announced an agreement whereby Iran would ship 1,200 kilograms of low-enriched uranium to Turkey in exchange for 120 kilograms of higher-enriched uranium for the research reactor. Iran had by then increased its stockpile, so the 1,200 kilograms would represent only 50 percent of its inventory. Moreover, it had also developed the capability to enrich the rest. In response, the UN Security Council proceeded to adopt another resolution on June 9 calling on Iran to suspend all enrichment activity and tightening controls on transactions that could be used to support Iran's nuclear program—a measure that both Turkey and Brazil opposed. President Lula expressed disappointment but in the end said that his administration would abide by the resolution.

Outlook

Lula's entry into the world of nuclear diplomacy in support of Iran was bold and risky. At its center was an article of faith that Iran was not developing a nuclear weapon and, like Brazil, wanted to build its nuclear program around peaceful energy use. Lula's successor, President Dilma Rousseff, has taken a more pragmatic and cautious approach, looking at Iran in broader terms than nuclear ambitions. For now, it may be mostly a business relationship.

Caribbean

Outside of Cuba, Iran's interest in the Caribbean seems focused on three states: Guyana, St. Vincent and the Grenadines, and Suriname. Guyana and Suriname are South American neighbors of Venezuela, have sizable Muslim minorities, and are members of the Organisation of the Islamic Conference (OIC). St. Vincent and the Grenadines is a member of Venezuela's ALBA alliance. However, none of them has an embassy in Iran, and Iran's missions to these countries are served by non-resident ambassadors. The ambassador in Caracas visits Guyana and Suriname, while an envoy in Havana services ties with St. Vincent and the Grenadines. Trade with the region is negligible as the United States is Suriname's most important partner, Canada is Guyana's main trading partner, and the United States, United Kingdom, and other Caribbean states are St. Vincent's top trade partners. St. Vincent and the Grenadines is more open to Iran as a result of its ALBA relationship. Links with Guyana and Suriname appear cordial but not close.

Visits

Exchanges between these countries and Iran have been few but noteworthy in that they are more numerous than high-profile U.S. exchanges and show potential for further development.

- 1950s—Although Guyana's Muslim minority is mostly South Asian, political leaders cultivated ties with a number of Middle Eastern states at this time. With respect to Iran, former Guyanese prime minister Cheddi Jagan, who was forced to resign over alleged ties to the Soviet Union but remained active in politics (and was later elected president), identified with Mohammad

Mossadeq, Iran's anti-colonialist prime minister from 1951 to 1953. Notably, Iran and Guyana did not have diplomatic relations during the era of the shah.⁵²

- 1997—Suriname's foreign minister met with Iranian counterpart Kamal Kharazi at the Organisation of the Islamic Conference meeting in Tehran.
- 1998—Iran helped sponsor Guyana's membership in the OIC.
- 2002—In June, Guyanese president Bharrat Jagdeo welcomed Ahmad Sobhani as Iran's ambassador to Guyana (resident in Venezuela) and invited him to attend the exhibition GUYEXPO 2002.
- 2008—In July, on the side of the fifteenth Ministerial Conference of the Non-Aligned Movement in Tehran, St. Vincent's minister of foreign affairs, commerce, and trade, Sir Louis Straker, met with Iranian foreign minister Manouchehr Mottaki and agreed to:
 - Establish formal diplomatic relations;
 - Set up a \$7 million line of credit for development projects in St. Vincent and the Grenadines;
 - Waive visas for diplomatic and official passport holders;
 - Expand trade and investment ties; and
 - Aid the construction of a new international airport in Argyle.⁵³
- 2009—In April, Prime Minister Ralph Gonsalves of St. Vincent and the Grenadines visited Tehran and met with Vice President Parviz Davoudi, discussing possible cooperation in dam, road, and airport construction.⁵⁴
- 2010—Iranian foreign minister Mottaki traveled to St. Vincent and the Grenadines in January to assure Iran's willingness to cooperate. Meanwhile, President Jagdeo of Guyana made a three-day visit to Tehran with a contingent of cabinet members to meet with President Ahmadinejad and Supreme Leader Ayatollah Khamenei. The two countries signed MOUs on visas and development assistance. Additionally, Iran agreed to send a survey team to help Guyana map its mineral reserves, including uranium. Jagdeo encouraged Iran's active presence in the Americas and emphasized his country's independent foreign policy.⁵⁵ Khamenei replied, "Those nations

52. R. Chickrie, "Guyana and the Islamic World, 1948–2008," June 28, 2008, abstract available at http://www.guyana.org/features/Guyana_and_the_Islamic_World.pdf.

53. "Saint Vincent and the Grenadines Attends Ministerial Conference of the Non-Aligned Movement in Iran," Saint Vincent and the Grenadines Permanent Mission to the United Nations, July 31, 2008, <http://www.svg-un.org/news/namiran.html>. Also, the government notes that, besides Iran, a broad group of countries including Austria, Cuba, Malaysia, Mexico, Taiwan, Trinidad and Tobago, Turkey, and Venezuela have promised financing for the airport on the east side of St. Vincent. See, "Argyle International Airport, St Vincent & the Grenadines," *Caribbean Construction Magazine*, August 25, 2011, at http://www.caribbeanconstruction.com/index.php?option=com_content&view=article&id=373&Itemid=2.

54. "Saint Vincent and the Grenadines Premier visits Iran," Payvand News (Iran), April 27, 2009, <http://www.payvand.com/news/09/apr/1303.html>.

55. Neil Marks, "Guyana says Iran deal not threat to U.S.," Reuters, February 5, 2010, <http://guyaneseonline.files.wordpress.com/2010/03/guyanese-online-newsletter-march-20102.pdf>.

that try to remain independent and do not intend to trample upon rights of others are regarded as our friends irrespective of their races or languages.”⁵⁶

- 2011—In January, Abdolreza Mesri presented credentials as Iran’s ambassador to Guyana (resident in Venezuela). In a press statement released by the Guyanese presidency, Iran was considering building a joint medical training facility in Guyana and collaborating on mapping mineral reserves. (In 2010, a four-member team from the Geological Survey of Iran had visited to prepare a geological resource map.)⁵⁷

Outlook

Dependent as they are on outside inputs for economic survival, Caribbean nations are open to outside diplomacy and aid that competes with what the United States, Canada, and former European colonial powers might offer. Most of these countries have some common interests with Iran as members of the Non-Aligned Movement, and two, Guyana and Suriname, are members of the OIC. On the other hand, most depend on tourism for income. That being the case, their leaders are undoubtedly aware that too close an alignment with a fundamentalist theocratic government could make them less attractive to Western visitors. Still, with modest investments in assistance and its status as the eighteenth-largest economy in the world, Iran has leverage to forge nominal alliances in the region.

Colombia

Trade is the central element in the Colombia-Iran relationship. Since 2003, Colombia has had no mission in Tehran, although a resident ambassador in India attends to relations. Iran reopened its embassy in Bogotá in 2007 after a period of inactivity that followed an awkward and bizarre engagement with Colombia during the presidency of Andrés Pastrana (1998–2002).⁵⁸ At that time, guerrillas and paramilitary forces controlled most of Colombia’s countryside. The government had ceded a Switzerland-sized tract southeast of Bogotá to the Revolutionary Armed Forces of Colombia rebels to use as a sanctuary where a series of fruitless peace negotiations took place. In 1999, the Iranian embassy sought to encourage those negotiations by offering to bring a \$3 million meat packing plant to San Vicente del Caguan in the heart of the FARC’s jungle territory.

No matter that Colombia’s main cattle industry lay 300 miles to the northwest, an Iranian delegation visited the remote municipality in June. In October, Iranian ambassador Hussein Sheikh Zeineddin signed an agreement to build the facility with local authorities. In November, as Iranian experts and engineers began to arrive in Bogotá, one group refused to allow their luggage to be inspected, prompting suspicions by the Defense Ministry that the teams might be intelligence opera-

56. Ray Chickrie, “Guyana and Iran sign two MoUs,” CaribbeanNetNews, January 25, 2010, at http://www.caribbeannewsnow.com/caribnet/archivist.php?news_id=21062&pageaction=showdetail&news_id=21062&rcyear=2010&rcmonth=1&rcday=25=&ty=.

57. “Guyana/Iran relations strengthened,” Office of the President, Republic of Guyana, January 17, 2011, http://opnew.op.gov.gy/index.php?option=com_content&view=article&id=1151:guyanairan-relations-strengthened&catid=34:bulletins&Itemid=70.

58. “Nuevo Embajador de Colombia en Irán,” Noticias de Irán en Español, March 16, 2010, <http://www.noticiasdeiran.com/search/label/Irán%20-%20Colombia>.

tives or members of Iran's Revolutionary Guards on a mission to assist the FARC. Iran abandoned the project, referring to "conditions in which there could not be any guarantees for the security of the investment."⁵⁹

Outlook

Iran has little to offer Colombia. However, Iran has a lot to gain by staying engaged with Colombia. Its diplomatic delegation can keep tabs on vulnerabilities in Colombia's defenses and stay poised to assist Venezuela or the FARC in case Iran senses the need to make trouble for the United States and its allies in the region.

Cuba

The Islamic Republic's longest-standing and most fraternal relationship in the Americas is with Cuba—dating back to Iran's 1979 revolution, when Fidel Castro was among the first national leaders to recognize the regime that took power. It is also a more modest relationship than with other ALBA countries such as Venezuela or Bolivia, based on the small scale of Cuba's aid-dependent economy and focused technology exchanges.

Fidel Castro and now his brother, Raúl, have ruled the country without interruption since their own revolution in 1959. The Castros' opposition to "Western imperialism" and U.S. foreign policy toward Latin America inspired many other leftist leaders throughout the region, including Hugo Chávez of Venezuela, Evo Morales of Bolivia, and Daniel Ortega of Nicaragua. Moreover, Cuba has supported insurgencies and guerrilla groups throughout the developing world, channeling assistance when it could in the form of money, arms, and training to movements in Latin America, Africa, and the Middle East. Those actions, in turn, helped Cuba obtain financial aid after the collapse of the Soviet Union, most notably from Venezuela and Iran.

Joint Projects

Havana has been exporting dual-use biopharmaceutical and other medical technology to Iran since the early 1990s, as well as training Iranian scientists and technicians both in Iran and in Cuban facilities.⁶⁰ Cuba's state-run Center for Biotechnology and Genetic Engineering participated in a joint venture to build a \$60 million biotechnology production plant in Iran. Iran funded the project, while Cuba provided (and is thought to continue to provide) technical advice in exchange for economic compensation. On completion, the facility was believed to be one of the most advanced of its kind in the Middle East.⁶¹

59. "Iran Report: December 27, 1999," Radio Free Europe, Radio Liberty, December 27, 1999, <http://www.rferl.org/content/article/1342959.html>.

60. "In 1993–1994, Cuba and Iran signed a biotechnology transfer agreement that brought Cuba's recombinant DNA hepatitis B vaccine industrial production equipment to [Iran's] Pasteur Institute." See "Persian Type Culture Collection," under Iran-Profile-Biological Facilities, Nuclear Threat Initiative (NTI), http://www.nti.org/e_research/profiles/Iran/Biological/facilities.html.

61. Jaime Suchlicki, "The Cuba-Venezuela Challenge to Hemispheric Security: Implications for the United States," Challenges to Security in the Hemisphere Task Force, Center for Hemispheric Policy, Uni-

As compensation for Cuba's "solidarity with, and services to the Islamic Republic," Iran has invested significantly in Cuban infrastructure, including an investment program for Cuba's transportation sector worth \$295 million.⁶² Reported annual bilateral trade increased from less than \$20 million in 2001 to \$327 million in 2007, to have been enhanced through the 2008⁶³ establishment of a Tehran-Havana-Caracas shipping route in which Cuba is the middle player.⁶⁴ In June 2008, President Ahmadinejad extended a new \$768 million credit line to Cuba, while other investments were reported to be allocated toward some 60 projects ranging from rail cars to the construction of power plants, dams, and highways.⁶⁵ In September 2011, Iranian vice president Mohammad Rahimi visited Cuba and reportedly agreed to underwrite a \$680 million credit line.⁶⁶

While most of the publicly announced projects seem peaceful enough, other aspects of the Cuban-Iranian relationship are troubling. In summer 2003, signals of a U.S. satellite broadcasting uncensored Farsi-language news to Iran from a geostationary orbit over the Atlantic were blocked. The action was eventually traced to a location outside Havana that Cuba claimed was an Iranian diplomatic compound. However, signal-direction-finding studies showed the source coincided with Bejucal, the site of Cuba's Russian-built military telecommunications monitoring facility.⁶⁷ More recently, Iran announced a media cooperation venture with Cuba, HispanTV, using the technical facilities at the Caracas-based TeleSur satellite TV network. Speaking in Havana on May 3, 2011, Iran's foreign ministry spokesman Ramin Mehmanparast said, "Our medias in these two remote parts of the world can have fruitful bilateral cooperation taking advantage of such technical means as the Telesur TV in Latin America, and the Press TV network in the Middle East region, and present an authentic image of the events and developments in these two regions effectively."⁶⁸

versity of Miami, December 3, 2009, <https://www6.miami.edu/hemispheric-policy/VenCubaSecurityChallenges.pdf>.

62. As part of this investment program, Iran sold 750 railway cars to Cuba in January 2008 under a \$295 million loan to Cuba to finance imports from Iran. "Cuba, Iran Enhance Scientific and Technological Cooperation," Vietnam News Agency, February 16, 2008, <http://www.highbeam.com/doc/1G1-179968332.html>. Also see, "Cuba's Growing Relations with Iran and Syria," Cuba Transition Project: August 16, 2010.

63. "Iran, Cuba Sign Trade MoU," Tehran, June 20, 2008, <http://english.farsnews.com/newstext.php?nn=8703310656>.

64. Islamic Republic of Iran Shipping Lines (IRISL), see "Iran, Venezuela, Cuba to initiate shipping line," Mehrnews.com, May 7, 2008, <http://www.mehrnews.com/en/NewsDetail.aspx?NewsID=679258>. IRISL fell under sanctions in September 2008 for its logistical support to Iran's Ministry of Defense and Armed Forces Logistics (MODAFL), involved in Iran's ballistic missile program. IRISL was accused in 2011 of using "false names and shell companies" to gain access to the U.S. banking system. See Karen Freifeld and Phil Milford, "Iran Shipping Firm Faces Charges in Money-Moving Scheme," Bloomberg, June 20, 2011, <http://www.bloomberg.com/news/2011-06-20/iran-shipping-lines-charged-in-scheme-to-move-money-through-u-s-banks.html>.

65. Suchlicki, "The Cuba-Venezuela Challenge to Hemispheric Security."

66. "Iran VP in Cuba for trade talks," Agence France Presse, September 8, 2011, <http://www.google.com/hostednews/afp/article/ALeqM5hSIF2HA5l30RdR3MfmB1OoIfU6Bg?docId=CNG.4ecd62b490d0f49529b2cfb2c331d332.d61>.

67. "Cuba blows the whistle on Iranian jamming," *Asia Times* (Hong Kong), August 22, 2003, http://www.atimes.com/atimes/Middle_East/EH22Ak03.html.

68. "Iran, Cuba to expand media cooperation," PressTV (Iran), May 3, 2011, <http://www.presstv.ir/detail/177957.html>.

Nuclear Energy

For now, there is no Iran-Cuba nuclear tie, nor any active nuclear power program in Cuba. The Soviet Union began construction of a twin reactor power plant near Juragua in 1983. Before it was completed, the Soviet Union collapsed. Soon after, the Russian Federation tried to set up a multinational consortium to complete the project, although the United States objected to further work as Cuba was a signatory to neither the Treaty of Tlatelolco nor the Non-Proliferation Treaty, notwithstanding concerns about Cuba's ability to safely manage such a plant. In 2000, Russian president Vladimir Putin offered to complete one of the reactors. Later, however, the plant was partially cannibalized to supply a turbine for a thermoelectric utility.

Outlook

For now, shipping between Iran, Cuba, and Venezuela could enable Iran to circumvent sanctions on military and technical equipment needed for Iran's nuclear or armaments programs. On one hand, Venezuela's \$15 billion purchase of Russian arms since 2007 potentially invites an arms race with neighboring Colombia and Brazil.⁶⁹ On the other, some of these arms could end up in Iran or among groups like Hezbollah and Hamas, which Cuba is believed to have aided in the past. Russia could ship arms and military technology directly across the Caspian Sea but as a UN Security Council member is not likely to flout sanctions it helped approve. Discounting Russia as a third party, Cuba-Iran projects that share dual-use biotechnology could be used to fabricate pathogens for biological weapons. In the medium term, economic reforms that began in 2011 are not likely to usher in a government less hostile to the West and more cautious with Iran as long as Cuba's communist rulers regard their 53-year-old experiment as viable. However, should elections or health issues result in a new government in Venezuela, the current order and policies in Cuba could also be at risk.

Ecuador

Independence of action and solidarity in cause characterize Ecuador's motivations for engaging with Iran.⁷⁰ Under President Rafael Correa, Iran, Russia, China, and (at one time) Libya have become new focal points for international engagement. Among notable developments, Correa has been slowly turning to Iran for defense cooperation. Economic ties have blossomed, although a bilateral banking arrangement seems to have been stymied by sanctions. And while Iran and Ecuador signed a minerals cooperation deal, Russia seems to be the major partner in uranium prospecting and developing nuclear energy. Even so, Correa has become more outspoken in his intentions to engage with Iran and follow its lead of countering the influence of the United States and Europe.

69. "Hugo Chavez's \$15 billion weapons purchase concerns Latin America" McClatchy DC, March 21, 2011, <http://www.mcclatchydc.com/2011/03/21/110766/hugo-chavezs-15-billion-weapons.html>.

70. Like Iran, Ecuador is a member of the Non-Aligned Movement.

Reinitiating Contact

Iran and Ecuador have had low-level diplomatic relations since 1973, the same year Ecuador first joined OPEC. It suspended its membership in 1992. After Iranian president Ahmadinejad attended Rafael Correa's inauguration in 2007, Ecuador resumed its OPEC membership and agreed with Iran to open trade offices in each other's capitals. In December 2008, Correa made his first official visit to Iran, during which the two leaders signed 19 agreements aimed at improving bilateral economic relations. In 2009, Iran opened an embassy in Quito and Ecuador upgraded its Tehran commercial office to an embassy.

Military-to-Military Cooperation

During a December 2008 visit to Tehran, President Correa's delegation attended a military equipment exhibition organized by Iran's Defense Ministry. Subsequently Correa also announced plans to purchase arms from Iran, citing the March 2008 Colombian attack on a FARC guerrilla camp in Ecuador as the reason. "We have a very serious problem on the northern border with Colombia, an irresponsible government that does not take care of its border," Correa reportedly said, "We need to equip ourselves.... Iran can supply us and help us with credit."⁷¹ In January 2009, some 200–300 Iranian Revolutionary Guard instructors familiar with guerrilla and anti-guerrilla warfare arrived in Ecuador to supervise specialized army training, according to an Italian news account.⁷² In May 2009, Correa declined to renew the lease for the U.S. counternarcotics staging facility at Ecuador's Manta airfield; however, it should be noted that U.S.-Ecuadoran military-to-military relations and cooperation on counternarcotics continue.

Economic Ties

During 2008, Ecuador and Iran had signed a series of agreements to finance projects and cooperate in the fields of defense, energy, technology, and science. One such agreement was made between the Central Bank of Ecuador and the Export Development Bank of Iran that included plans to open a branch of the EDBI in Quito. In September, Iran supposedly created a \$40 million fund, expandable to \$120 million, to stimulate trade and extend credit through the EDBI to Ecuadoran exporters.⁷³ Yet in October, the EDBI fell under U.S. sanctions for allegedly handling transactions with the Iranian Ministry of Defense and Armed Forces Logistics (MODAFL), which supports ballistic missile research and production. Thereafter plans moved forward slowly but were not fully implemented. In February 2010, the UN Financial Action Task Force (FATF) placed Ecuador on its watch list for failing to comply with money laundering regulations. At the time, Correa reacted, "It's

71. "Ecuador plans to buy weapons from Iran," *Tehran Times*, December 15, 2008, http://old.tehrantimes.com/Index_view.asp?code=184841.

72. Fabrizio Legger, "L'alleanza tra Correa e Ahmadinejad diventa anche militare," *Dazebaonews* (Italy), February 15, 2009, http://www.dazebao.org/news/index.php?option=com_content&view=article&id=3352:lalleanza-tra-correa-e-ahmadinejad-diventa-anche-militare&catid=83:sud-america&Itemid=200. The writer described the purpose as being to repel "an invasion by specialized troops of neighboring Colombia or even the American Green Berets stationed in Colombia," and also characterized the FARC as an "armed movement fighting for liberation from the yoke of Colombian imperialism."

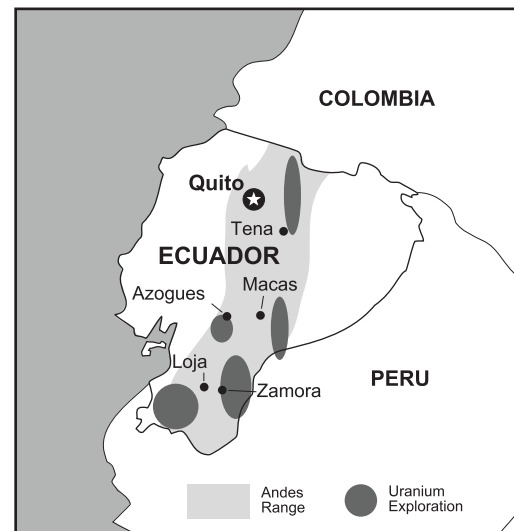
73. "Banco iraní que despierta dudas se asocia con el Central," *Hoy*, September 7, 2009, <http://www.hoy.com.ec/noticias-ecuador/banco-irani-que-despierta-dudas-se-asocia-con-el-central-366620.html>.

a stick so you don't misbehave, naughty boy. You didn't do what I said, don't get involved with Iran. So because you went ahead, we'll put you on the blacklist, that's all."⁷⁴ Then, in June 2010, Correa promised that his government would not deal with Iran's sanctioned banks, but cautioned, "Nobody can impede us from having sovereign relations with countries that we want."⁷⁵

Trade between Ecuador and Iran seemed to take off, from \$6 million in 2007 to some \$200 million in 2008. By 2009, however, it was on its way back down, probably as a result of delays in import-export financing, leading to Ecuador's replacement by Venezuela as the largest importer of Iranian goods in the region. Main Iranian exports to Ecuador were liquefied propane, carpets, cables, and glassware. Meanwhile, Ecuador had hoped to ship bananas, coffee, cacao, and shrimp to Iran. Iranian foreign direct investment surged in the energy sector in 2008 with an MOU to build a refinery and a petrochemical plant with Venezuela's help.⁷⁶ In 2009, there were promises to build two thermoelectric power plants.⁷⁷ In March 2010, the two countries announced collaboration on three new hydroelectric facilities in Ecuador with a capacity to generate more than 100 megawatts using Iranian expertise.⁷⁸

Nuclear Cooperation and Mining

Ecuador and Iran have been circumspect on nuclear and mining issues. In September 2008, Ecuador's minister of energy and mines, Galo Chiriboga, issued a brief statement that he had signed two collaborative mining agreements while visiting Iran to conduct joint research into geology, mining, environmental issues, geological risk, and geohydrology. The purpose of one agreement would be to help in "calculating mining reserves along with preventing geological risk with the use of remote sensors." The other was to generate "cartographic data relating to metallic and non-metallic mining potential in Ecuador, supplying technologies for treating and processing satellite images, and training Ecuadorian technicians." However, there was no mention of uranium.⁷⁹



Uranium exploration sites in Ecuador. Source of data: "Áreas ubicadas con factibilidad uranífera," in *Hoy* (Quito), April 19, 2010.

74. Andrew Cawthorne, "Ecuador says Iran ties landed it on laundering list," Reuters, February 20, 2010, <http://www.reuters.com/article/2010/02/20/us-ecuador-money-idUSTRE61J2H220100220>.

75. "Ecuador Won't Work With Sanctioned Iranian Banks—Correa," Dow Jones News, June 1, 2010, http://www.advn.com/news_Ecuador-Wont-Work-With-Sanctioned-Iranian-Banks-Correa_43052854.html.

76. "Mining MoU With Ecuador," *Iran Daily*, on Zawya.com, September 23, 2008, <http://www.zawya.com/printstory.cfm?storyid=ZAWYA20080923082536&id=082500080923>.

77. See "Iran to finance Ecuadorian power plants," PressTV, March 6, 2009, <http://edition.presstv.ir/detail/87661.html>.

78. "Ecuador joins hands with Iran to construct three hydroelectric centers," World Construction Network, March 11, 2010, http://energy.worldconstructionindustry.com/news/ecuador_joins_hands_with_iran_to_construct_three_hydroelectric_centers_100311.

79. "Government signs mining agreements with Iran," Business News Americas, September 16, 2008, http://www.bnamericas.com/news/mining/Government_signs_mining_agreements_with_Iran.

In contrast, President Correa visited Russia in October 2009 and signed an agreement with the state nuclear energy company Rosatom leading to cooperation in nuclear energy. The document contemplated construction of reactors to produce electricity and conduct research as well as for uranium exploration and mining. Russian experts had visited Ecuador on previous occasions and Rosatom would send engineers to train at least 30 Ecuadoran counterparts to help get the project off the ground—all in collaboration with the IAEA. Most of these developments have been amply covered in the press. Asked in February 2010 whether Iran planned to collaborate on uranium exploration, Iran's ambassador to Ecuador, Majid Salehi, reportedly denied that the two countries had ever discussed it. "If Ecuador has uranium, I congratulate them," he said.⁸⁰

Outlook

Rafael Correa has been eager to carve an independent path for his government that does not defer to the United States and in so doing has chosen allies in Hugo Chávez, Evo Morales, and Iran's Mahmoud Ahmadinejad. However, Ecuador's economy depends on U.S. and Latin American trade, while commerce with Iran accounts for less than 1 percent. As in banking, engaging with Iran in uranium exploration and nuclear energy in a way that invites sanctions that could undermine Ecuador's economic base, which may not seem, for the moment, like an attractive alternative. Correa's term ends in 2013.

Mexico

Despite a lengthy history of contacts and embassies in each other's countries, Iran has a modest relationship with Mexico. Diplomatic representation between the two goes back to 1889. The first agreement to establish friendship and cooperation dates to 1937. Mexico opened an embassy in Tehran in 1964, downgraded relations after the Islamic Revolution, then reopened its embassy in 1992.⁸¹ Compared to other Latin American countries where Iran has a presence, such as Bolivia, Ecuador, Nicaragua, and Venezuela, Mexico's relations with Iran are not nearly as developed or significant. In fact, the sitting presidents of Mexico and Iran have not met in the past decade, which suggests caution by at least one party in strengthening ties with the other.

Exchanges

In June 2004, Iran's minister of foreign affairs Kamal Kharrazi met with Mexico's president Vicente Fox and minister of foreign affairs Luís Ernesto Derbez in Mexico City to discuss commercial ties.⁸² In November the same year, a delegation of businessmen from Iran arrived in Mexico City

80. "El Ecuador apunta la mira hacia la era nuclear," *Hoy* (Quito), April 19, 2010, <http://www.hoy.com.ec/noticias-ecuador/la-energia-nuclear-esta-en-la-bitacora-del-plan-de-diversificacion-energetica-403434.html>.

81. "Diplomatic Relations Mexico-Iran," Embajada de México en Irán, Secretaría de Relaciones Exteriores, accessed on August 2, 2011, http://embamex.sre.gob.mx/iran/index.php?option=com_content&view=article&id=85&Itemid=59&lang=en.

82. Dina Siegel Vann, "Iran's Presence in Latin America: Trade, Energy, and Terror," Hispanic American Center for Economic Research, Washington, DC, n.d. <http://www.hacer.org/pdf/IRAN.pdf>.

in an effort to improve relations.⁸³ In February 2005, Iran and Mexico signed an MOU to promote joint ventures in the petrochemical, gas, and oil sectors. The agreement was signed by Mexico's energy minister, Ferdinando Elizondo Barragán, and Iran's deputy oil minister for international affairs, Hadi Nejad Hosseinian.⁸⁴

In December 2006, conservative president Felipe Calderón hosted former Iranian president Mohamed Khatami at Los Pinos, the presidential palace in Mexico City. Khatami came at the invitation of the Colegio de San Luis, in San Luis Potosí state, to speak at its International Center for Dialogue between Civilizations, where he offered a critique of Samuel Huntington's book *The Clash of Civilizations and the Remaking of World Order*, calling instead for a "dialogue of civilizations."⁸⁵ Four months later, Mexico's National Anthropology Museum showcased a Persian artifacts exhibit.⁸⁶ Mexico's under-secretary of foreign affairs Lourdes Aranda termed it "a successful experience in cultural cooperation."⁸⁷

In January 2008, Iranian deputy foreign minister Alireza Sheikh Attar held talks with Under Secretary of Foreign Affairs Aranda in Mexico City to discuss possible economic ventures.⁸⁸ The same month, Sheikh Attar also met with the president of Mexico's Chamber of Deputies, Ruth Zavaleta Salgado, to promote strengthening economic ties.⁸⁹ More recently, in February 2009 Iranian deputy foreign minister Ali Reza Salari met with business leaders and officials in Mexico City to boost lagging trade. "We are here to investigate why so low," he said. "With Mexico, there is absolutely no political problem between us. No cultural problems. It shows we have many shortcomings in our trade relations."⁹⁰

Outlook

Relations between Mexico and Iran do not pose a threat to the United States. Mexico, the United States, and Canada are NAFTA trade partners, and Mexico is one of the three pillars in a burgeoning North American community. Mexican elections in 2012 are not likely to change that. What is worrisome is the onslaught of transnational crime and volume of human trafficking and illegal migration through Mexico that may include Hezbollah and other Islamic extremists.

83. "Iranian Business Delegates Visit Mexico to Boost Ties," *Orlando Sentinel*, November 18, 2004, http://articles.orlandosentinel.com/2004-11-18/news/0411180076_1_mexico-city-iranian-officials-iranian-foreign-minister.

84. Siegel Vann, "Iran's Presence in Latin America."

85. Jerome R. Corsi, "Iran-Mexico meeting," *WorldNet Daily*, December 7, 2007, http://www.wnd.com/news/article.asp?ARTICLE_ID=59098.

86. Vahid Sepehri, "Iran: Mexican Museum Shows The Domestic Side Of Persian Culture," *Payvand Iran News*, March 28, 2007, <http://www.payvand.com/news/07/mar/1334.html>.

87. "Economic Relations between Iran and Mexico," *Journal of Turkish Weekly*, January 21, 2008, <http://www.turkishweekly.net/news/51626/economic-relations-between-iran-and-mexico.html>.

88. Pat Garcia, "Iran, Mexico discuss expansion of economic cooperation," *Now Public*, January 23, 2008, <http://www.nowpublic.com/politics/iran-mexico-discuss-expansion-economic-cooperation#ixzz1DaH28wDY>.

89. "Economic Relations between Iran and Mexico."

90. Alexandra Olson, "Iran eyes Mexico in deepening Latin America ties," *Associated Press*, February 26, 2009, http://www.newsvine.com/_news/2009/02/26/2482481-iran-eyes-mexico-in-deepening-latin-america-ties.

Nicaragua

Old loyalties, outsized development plans, and mounting debt characterize Iran's relationship with Nicaragua. Like Cuba's Castro brothers, Nicaragua's Sandinistas have had an enduring association with Middle Eastern radicals, most notably Muammar Qaddafi and the Palestinian Liberation Organization during its violent phase. The August 7, 1979, edition of the Kuwaiti newspaper *Al Watan* quoted Sandinista spokesperson Jorge Mandi as saying, "There is a longstanding blood unity between us and the Palestinian revolution. . . . Many of the units belonging to the Sandinista movement were at Palestinian revolutionary bases in Jordan. In the early 1970s Nicaraguan and Palestinian blood was spilled in Amman and in other places during the 'Black September' battles."

Solidarity

Coming into power, the Sandinistas praised Iran's Islamic Revolution that occurred in 1979, the same year as their own. Sandinista vice president Sergio Ramírez visited Tehran and reportedly said, "I was impressed by the fanaticism and popular support for Khomeini in Iran."⁹¹ In January 1985, Iran's prime minister, Mir Hossein Mousavi, visited Nicaragua. Five years later, however, the Sandinista *comandantes* held free elections and were voted out of power. Iran then closed its embassy in Managua.⁹² In January 2007, when voters finally returned 61-year-old Daniel Ortega and the Sandinista Party to power, President Ahmadinejad attended the inauguration and the two presidents agreed to resume normal ties.

Ambitious Plans

Shortly thereafter, Foreign Minister Manoucher Motakki visited Managua to follow up on preliminary agreements and identify exports such as coffee, meat, and bananas that Nicaragua might ship to Iran in partial exchange for grants and loans. In June 2007, President Ortega paid an official visit to Tehran and told reporters that the "revolutions of Iran and Nicaragua are almost twin revolutions" and have the same goal—"justice, liberty, self-determination, and the struggle against imperialism."⁹³ In August, an Iranian delegation arrived in Managua with promises to finance a farm equipment factory to assemble 4,000 tractors, finance four hydroelectric plants worth \$1.2 billion, develop five milk-processing plants, erect a health clinic, build 10,000 low-income housing units, and upgrade the western port of Corinto. In September, President Ahmadinejad reportedly pledged \$2 million to Nicaragua to build a hospital.

The same month, Iran and Venezuela offered to help Nicaragua build a \$350 million sea-port near Monkey Point on the Caribbean coast, fueling speculation that the three parties were planning to build an alternative to the Panama Canal. In fact, the United States had considered Nicaragua as a location for the canal in 1898, but abandoned it as impractical. Since then, local stakeholders, including the current president, have floated several proposals. Several "dry canal"

91. See the May 27, 1984, edition of the *Manchester Guardian Weekly* (UK).

92. Doug Farah, "Iran in Latin America: An Overview," in *Iran in Latin America: Threat or 'Axis of Annoyance'?*, ed. Cynthia Arnson, Haleh Esfandiari, and Adam Stubits (Washington, DC: Woodrow Wilson International Center for Scholars, 2010), 17.

93. "Nicaragua e Irán, 'unión invencible,'" BBC Mundo, June 11, 2007, http://news.bbc.co.uk/hi/spanish/latin_america/newsid_6741000/6741829.stm.

concepts would link the two coasts using highways or rail. An \$18 billion plan unveiled by President Enrique Bolaños in 2006 would create an impressive waterway.⁹⁴ In 2010, Nicaraguan dredging on the Río San Juan sparked a border dispute with Costa Rica leading to media speculation that Iran and Venezuela would be collaborating on a water canal.⁹⁵ More likely, Iran's pledge to help develop the port at Corinto on the Pacific and the deep water Caribbean site at Monkey Point signals an eventual land route along the lines of an existing 2000 scheme.⁹⁶

In 2008, Iran approved a \$230 million loan for a 70-megawatt hydroelectric dam on the Río Tuma through the Export Development Bank of Iran to be paid back in 22 installments over the next 10 years at 5 percent interest.⁹⁷ Three more facilities were planned to help ease Nicaragua's power shortages. In February 2009, Iran announced it would offer an additional \$200 million for joint energy and agricultural programs in Nicaragua. Many of these projects seem impressive when announced, but either have yet to materialize or are eclipsed



Proposed dry canal route through Nicaragua

by portfolios of the Central American Bank for Economic Integration with investments of \$1.3 billion⁹⁸ and the Inter-American Development Bank with \$1 billion⁹⁹ or by projects financed by such countries as Brazil.¹⁰⁰ In similar fashion, some U.S. onlookers reacted to rumors about a giant new Iranian embassy that, up close, turned out to be a rented villa.¹⁰¹

94. "Nicaragua plans rival canal route," BBC News, October 4, 2006, <http://news.bbc.co.uk/2/hi/americas/5405884.stm>.

95. Shlomo Papirblat, "Iran, Venezuela plan to build rival to Panama Canal," *Haaretz*, November 11, 2010, <http://www.haaretz.com/news/international/iran-venezuela-plan-to-build-rival-to-panama-canal-1.324173>.

96. Nidia Ruiz López, "SIT/Global promueve Corinto," *La Prensa* (Managua), September 4, 2000, <http://archivo.laprensa.com.ni/archivo/2000/septiembre/04/economia/economia-20000904-06.html>.

97. "Iran approves funding for Nicaragua's 70-MW Bodoke," *HydroWorld.com*, March 17, 2008, http://www.hydroworld.com/index/display/articledisplay/6062216015/articles/hrhrw/News/Iran_approves_funding_for_Nicaraguas_70-MW_Bodoke.html.

98. "Republic of Nicaragua," CABEI Statistics, Central American Bank for Economic Integration, 2011, <http://www.bcfei.org/?cat=1037&title=Portfolio%20Balance&lang=en>.

99. "Nicaragua," Inter-American Development Bank, 2011, <http://www.iadb.org/en/countries/nicaragua/nicaragua-and-the-idb,1045.html>.

100. For examples, see "Comienza proyecto hidroeléctrico en norte de Nicaragua," *Jinotegalife.com*, May 7, 2011, <http://jinotegalife.com/jinotegalifewp/2011/05/07/comienza-proyecto-hidroelectrico-en-norte-de-nicaragua>. Or, "Brazil firm to study Nicaragua's 250-MW Brito," *Hydro World*, March 2, 2009, http://www.hydroworld.com/index/display/article-display/8692486284/articles/hrhrw/hydroindustrynews/newdevelopment/brazil_firm_to_study_nicaraguas_250-mw_brito.html. Or, "Tumarín Hydro Project Works to Begin in Nicaragua," *Renewable Energy World*, December 29, 2010, <http://www.renewableenergyworld.com/rea/news/article/2010/12/tumarin-hydro-project-works-to-begin-in-nicaragua>.

101. Anne-Marie O'Connor and Mary Beth Sheridan, "Iran's Invisible Nicaragua Embassy," *Washington Post*, July 13, 2009, <http://www.washingtonpost.com/wp-dyn/content/article/2009/07/12/AR2009071202337.html>.

Mounting Debt

The 2008 loan for the hydroelectric project on the Río Tuma attracted the attention of the dissident wing of the Sandinista Party (Movimiento de Renovación Sandinista-MRS), which complained that the 5 percent interest rate was nearly double that of multilateral lending institutions such as the World Bank and Inter-American Development Bank. Another puzzling aspect was that the dam would be built and owned by an Iranian, not a Nicaraguan, firm, begging the question why Nicaraguan citizens should be paying for it.¹⁰² One possibility might be that Tehran structured the project that way to recoup outstanding loans. A June 2011 news release from the Iran Independent News Service suggests why:

After 25 years Iran has still not received the money for oil exported to Nicaragua in 1986, Mehr news agency reported Saturday. Iran has exported some \$53 million [in] oil to Nicaragua which . . . now by adding the interest has topped \$164 million. In 2008 president Mahmoud Ahmadinejad . . . ordered to cash Iran's financial claims on Sudan, North Korea, Nicaragua, Tanzania and Jordan, but negotiation with Managua on the case, after several meeting[s] of authorities, has not been successful, MNA says. The Nicaraguan offer to pay the debt by delivering wool and wood [sic] has been rejected by Iran and talks to find a way for repayment continue, the report concluded.¹⁰³

As it turns out, debt was on Ahmadinejad's mind even on his first visit to Nicaragua in January 2007. While he told crowds that "Nicaragua and Iran are together," he reportedly informed President Ortega that he would refer the matter of debt relief to Iran's parliament.¹⁰⁴

Outlook

Old loyalties play a large role in shaping the Iran-Nicaragua relationship. Furthermore, Ortega, president of Latin America's second-poorest nation (next to Haiti) gains prestige with his political base by being seen as negotiating with major actors. Moreover, Ortega supported Iran's overt quest for nuclear energy independence by opposing UN Security Council sanctions in 2007. And he deftly managed to do so without jeopardizing Nicaragua's trade relationship with the United States. Where he has stepped close to the edge is in dealing with the Export Development Bank of Iran, which now falls under UN sanctions for facilitating transactions with Iran's defense ministry. Trouble with the EDBI coupled with Nicaragua's challenges in paying its debts may limit future bilateral cooperation.

102. "Declaración de Mundo Jarquín, Coordinador Político de la Alianza MRS, sobre préstamo de Irán," in "MRS on Iran-financed Hydro Plant," Nicaragua Living, posted March 14, 2008, <http://www.nicaliving.com/node/11739>.

103. "Nicaraguan debt to Iran becomes 25 years old, report," Iran Independent News Service, June 11, 2011, http://www.iranwpd.com/index.php?option=com_k2&view=item&id=1725:nicaraguan-debt-to-iran-becomes-25-years-old-report&Itemid=66.

104. "Nicaragua and Iran Sign Deals, but Iranian President Ahmadinejad Faces Backlash at Home," NotiCen: Central American & Caribbean Affairs, AllBusiness.com, January 18, 2007, <http://www.allbusiness.com/caribbean/4012053-1.html>.

Paraguay

In Paraguay, Iran's expectations may have run up against pragmatism. During the 1990s, then Catholic priest and liberation theologian Fernando Armindo Lugo Méndez visited Iran to extol the late Ayatollah Ruhollah Khomeini, whom Lugo praised as a leader of the modern global revolutionary movement.¹⁰⁵ In 2008, Iran returned to that relationship when Lugo, by now a politician, was running for president. Both Iran and Venezuela organized fundraising drives to support his presidential campaign.¹⁰⁶ Ahmadinejad congratulated Lugo on his victory and the Iranian media described him as “a man of God and enemy of Satan.”¹⁰⁷ In attempting to draw close to Lugo, perhaps Ahmadinejad hoped to add Paraguay to the list of anti-American nations in Latin America.¹⁰⁸

Shortly after his inaugural ceremony in August 2008, Lugo signaled his willingness to expand relations with Venezuela and Bolivia. In May 2009, Paraguay's foreign minister Hector Lactognata articulated his interest in expanding relations with Iran and reiterated his support for Iran's resistance to imperialism.¹⁰⁹ Despite these sporadic expressions of support for the Iranian government, to date there have been no major bilateral collaborations proposed by either country and Iran has yet to develop significant bilateral diplomatic or economic relations with Paraguay.

Neither President Lugo nor President Ahmadinejad of Iran has expressed support for each other, nor has one visited the other during their presidencies. Diplomatic and economic relationships between the two countries remain undeveloped, compared to Iran's ambitious activities in Venezuela, Bolivia, and Ecuador. Overshadowing Iran's influence in Paraguay is Hezbollah's meager but significant presence in the Tri-Border Area where Paraguay, Argentina, and Bolivia meet.

Current Economic Relations

Prior to 2008, trade between Paraguay and Iran was practically nonexistent. From 2008 to 2009, Paraguayan exports to Iran (primarily agricultural) totaled \$35 million.¹¹⁰ In February 2009, an Iranian government delegation visited Paraguay to look into further import and investment opportunities. The delegation specifically expressed interest in importing soy beans and meat from Paraguay and expanding bilateral trade and technological cooperation.¹¹¹

105. Amir Taheri, *The Persian Night: Iran Under the Khomeinist Revolution* (New York: Encounter Books, 2009), 194.

106. Braden Webb, *Paraguay's Persian Presence: Iran's New Friend in Latin America*, Council on Hemispheric Affairs, August 21, 2008, <http://www.coha.org/paraguay's-persian-presence-iran's-new-friend-in-latin-america>.

107. Ely Karmon, “Iran and its Proxy Hezbollah: Strategic Penetration in Latin America,” LADDO.org (Latin American Democracy Defense Organization), April 8, 2009, <http://oladd.org/bin/content.cgi?article=499>.

108. Taheri, “Iran throws a counter lasso against the US.”

109. Ariel Farrar-Wellman, “Paraguay-Iran Foreign Relations,” *Iran Tracker*, American Enterprise Institute, March 3, 2010, <http://www.irantracker.org/foreign-relations/paraguay-iran-foreign-relations>.

110. United Nations International Merchandise Trade Statistics, *2009 International Trade Statistics Yearbook*, <http://comtrade.un.org/pb>.

111. Karmon, “Iran and its Proxy Hezbollah.”

Tri-Border Area (TBA)

A small number of Islamic militants have occupied Paraguay's eastern frontier since the late 1980s, establishing a base to recruit from and prey on Shiites, other Muslims, and a Lebanese and Palestinian immigrant population that dates back to the 1940s.¹¹² Out of a total population of 7 million, Paraguay has an estimated 3,500 Muslims, accounting for about .05 percent of the population.¹¹³ Most are concentrated in Ciudad del Este on the Paraná River in southeast Paraguay. In the greater Tri-Border Area that comprises Paraguay's Ciudad del Este, Brazil's more populous Foz do Iguazú, and Argentina's tiny Puerto Iguazú, there may be 20,000 to 30,000 Muslims out of a metropolitan population of 800,000, representing about 3 percent of the total.¹¹⁴ Other high-profile minority groups include Chinese and Koreans. A loosely controlled free trade zone and a popular tourist destination (because of nearby Iguazú Falls), the TBA has, by most accounts, attracted its share of smugglers, drug traffickers associated with Colombia's FARC guerrillas, Russian mafia, Japanese Yakuza, and money laundering organizations. They blend in easily among thousands of people crossing the borders on a daily basis.

From 1999 to 2001, various local smuggling rings reportedly sent as much as \$50 million to \$500 million to various Islamic extremist groups through local banking institutions.¹¹⁵ That is an estimate at best, as *hawala* financial arrangements do not involve banks or normal paper trails, making transactions easy to hide and values harder to guess. Such rings seemed to have been more active in the 1990s following Israel's occupation of Lebanon, when Hezbollah chief Imad Mugniyeh is alleged to have sent operatives from Ciudad del Este into Argentina to carry out attacks on the Israeli embassy.¹¹⁶ Recognizing the terrorism problem and the expansion of transnational crime, the three bordering countries established the Tripartite Commission of the Triple Frontier in 1998.

Following the 9/11 attacks on the United States, multilateral vigilance increased with the 2002 addition of a U.S. representative on the Tripartite Commission, and finally the establishment of a trilateral crime monitoring center in Foz do Iguazú.¹¹⁷ The last major terrorist support group, the Ahmad Barakat network, was taken down in 2006. Since then, several low-profile apprehensions have taken place, highlighting sustained attempts to finance Hezbollah operations from the area. A Jamestown Foundation study suggests that Hezbollah support activities have diminished significantly as a consequence of more coordinated law enforcement efforts. Still, low-level activities show the potential for resurgence should tripartite intelligence and policing operations let up.¹¹⁸

112. Taheri, "Iran throws a counter lasso against the US."

113. Houssain Kettani, "Muslim Population in the Americas," *Proceedings of the 2009 International Conference on Social Sciences and Humanities*, Singapore, October 9–11, 2009.

114. Based on extrapolations on 2001 figures cited in Rex Hudson, *Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America*, Federal Research Division, Library of Congress, July 2003 (revised December 2010), 8.

115. *Ibid.*, 27–28.

116. Ronen Bergman, *The Secret War with Iran: The 30-Year Clandestine Struggle Against the World's Most Dangerous Terrorist Power* (New York: Free Press, 2008).

117. The Tripartite Commission can make agreements and issue recommendations but does not have legal authority. Its objectives include enhancing cooperation on border security, improving financial intelligence sharing, and enabling dialogue among prosecutors.

118. See Benedetta Berti, "Reassessing the Transnational Terrorism-Criminal Link in South America's Tri-Border Area," *Terrorism Monitor* 6, issue 18 (September 22, 2008), http://www.jamestown.org/programs/gta/single/?tx_ttnews%5Btt_news%5D=5172&tx_ttnews%5BbackPid%5D=167&no_cache=1.

Outlook

Paraguay has carved out a neutral, non-polarizing role in regional and global affairs, siding with neither Venezuela, nor Iran, nor Western industrial powers. Iran does not seem to have a lot that Paraguay currently wants, nor does Paraguay offer an attractive launching pad for Iran's energy, banking, aid, and manufacturing projects, or, more importantly, its rhetoric. Lugo's presidency is more directed toward improving public security, boosting economic development, and maintaining positive relations with all his neighbors. And if Iran had a high-profile relationship with Paraguay, it might ignite more concern about Hezbollah activities in the Tri-Border Area.

Peru

As of mid-2012, no embassies are established in each other's capitals, although a Peruvian ambassador who presented credentials to President Ahmadinejad in August 2010 is concurrently assigned to Peru's embassy in Cairo. Iran has no resident ambassador in Lima but, rather, an emissary resident in Bogotá.

Commercial

Peru's commerce with Iran is miniscule compared to that of countries such as Argentina or Brazil. In the past, it exported some agricultural products, but that gradually declined. In 2008, Peru bought some \$32 million in natural gas from Iran.

Outlook

Installed in July 2011, President Ollanta Humala does not have a record of dealing with Iran even though there were reports of an inaugural invitation having been sent to President Ahmadinejad. However, reports that aides to former Brazilian president Inacio Lula da Silva advised him suggest that Humala could reach out to Iran at some time seeking to boost trade and perhaps upgrade diplomatic relations should tensions between Iran and the West begin to ease.

Uruguay

Uruguay's moderate socialist government has been building ties with Iran around trade, although a few members of the current governing coalition favor a more ideological alignment. Neutral diplomatic relations date back to the Shah era and have always been based on commerce. When Iran stopped buying rice from Argentina after the AMIA bombing, Uruguay became a provider.¹¹⁹ Although 66 percent Catholic, Uruguay prides itself on religious tolerance. In that environment, the Islamic Republic was able to open a small, storefront cultural affairs center, the Centro de Intercambio Cultural Uruguayo Iraní, Artigas-Jomeini, in 2009.

119. Pablo Brum and Mariana Dambolena, "Irán y el Río de la Plata: Las relaciones de la República Islámica con Argentina y Uruguay," *Informe Uruguay*, no. 268 (January 11, 2008), http://www.uruguayinforme.com/news/11012008/11012008_brum_dambolena.php#.

Expanded ties ensued under center-left President Tabaré Vázquez, but not without a hiccup. In 2007, Uruguayan legislative investigators uncovered an attempt to buy Iranian arms through Venezuela. A Uruguayan navy ship had been loaded in Venezuela with 15,000 rounds of Iranian-manufactured ammunition when opposition parliamentarians discovered that the transaction violated UN Resolution 1747 prohibiting arms sales with Iran, passed earlier that year. Further investigation revealed the ammunition was part of a transaction that also involved some 18,000 Iranian versions of Kalashnikov rifles. Uruguayan military chiefs denied they had participated in the deal.¹²⁰ In 2008, relations improved as Vice President Rodolfo Nin Novoa said he would be ready to visit Tehran. Thereafter, the two countries formed a Parliamentary Friendship Group.

In 2010, the Uruguayan Meat Institute reported that Uruguayan packers had qualified to export beef, mutton, and chicken to Iran under Halal slaughter procedures.¹²¹ In January 2011, Iranian parliamentary speaker Ali Larijani welcomed Uruguayan counterpart Ivonne Pasada to Tehran, urging an expansion of “industrial, agriculture, and energy” ties. Pasada also had an audience with President Ahmadinejad.¹²² In February, Uruguay’s agriculture, livestock, and fisheries minister, Tabaré Aguerre, traveled to the Islamic Republic to conduct talks on strengthening markets for fish, citrus, milk, blueberry, wool and rice products as well as meat.¹²³ In April, Uruguay’s foreign minister, Luis Almagro, visited President Ahmadinejad with the aim of expanding economic and technical cooperation while on a Middle East tour. Simultaneously, members of Uruguay’s opposition parties noted Iran’s human rights record and complained of President José Mujica’s abstention on the March 24, 2011, United Nations vote to send a human rights monitor there.¹²⁴

Outlook

Despite its socialist orientation, Uruguay is a country that strives to get along with its neighbors. It is only an observer in the Non-Aligned Movement, works hard to cultivate external markets for its private industries, and straddles polarizing divides in a nonconfrontational way. Perceiving openness to engagement in Uruguay’s Broad Front (Frente Amplio) governing coalition, Presidents Ahmadinejad and Chávez have pushed Uruguay to become more closely aligned with their authoritarian alliance, as the arms transfer incident illustrates. They may try again, hoping to persuade Uruguayan leaders to go past the point of no return. However, that may collide with deeper Uruguayan impulses to steer an independent course. Speaking at an event in the Casa Cultural

120. Venezuelan generals and officials from the Venezuelan Military Industries Company (Compania Anónima Venezolana de Industrias Militares, or CAVIM) reportedly persuaded Uruguay’s ambassador in Caracas to complete the transfer, prompting President Vázquez to send a message to the congress authorizing the Navy ship *Artigas* to make the pickup after sanctions were already imposed. Had the transfer been completed, it might have helped drive a wedge between the Uruguayan government, the United States, and other Western democracies. See “Uruguay caught buying Iran arms,” *Washington Times*, October 12, 2007, <http://www.washingtontimes.com/news/2007/oct/12/uruguay-caught-buying-iran-arms>.

121. “Uruguay reaches agreement with Iran,” Meat & Livestock Australia (MLA), February 25, 2011, <http://www.mla.com.au/Prices-and-markets/Market-news/Uruguay-reaches-agreement-with-Iran>.

122. “Iran, Uruguay urge better economic ties,” PressTV (Iran), January 17, 2011, <http://www.presstv.ir/detail/160599.html>.

123. “Uruguay pushes for Iran trade alliance,” FreshFruitPortal.com, February 18, 2011, <http://www.freshfruitportal.com/2011/02/18/uruguay-pushes-for-iran-trade-alliance>.

124. “Ministro de Relaciones exteriores uruguayo visita Irán,” Noticias de Irán en Español, April 10, 2011, <http://www.noticiasdeiran.com/search/label/Ir%C3%A1n%20-%20Uruguay>.

Uruguay-Suecia in Montevideo on July 27, 2011, Iranian ambassador Hojjatollah Soltani denied the Jewish Holocaust in a talk entitled “Lies and truths in the fight against terrorism.” Foreign Minister Luis Almagro publicly repudiated the remarks, although he believed Uruguay’s overall relationship with Iran would not be adversely affected.¹²⁵

Venezuela

At present, Iran’s relations with Venezuela are the most extensive and symbiotic in the Western Hemisphere, reminiscent of those between the Soviet Union and Cuba. Both countries rely on national petroleum industries for income, but Iran is more industrialized and its economy more than twice as large as Venezuela’s. Venezuela’s populist leader Hugo Chávez sees Iran as a major investor, supplier, and linchpin among Islamic countries in containing U.S. global influence. Iran’s economic assistance is welcomed to help fund social projects that Venezuela’s own oil export earnings cannot support, and Iran’s size as the world’s eighteenth-largest economy lends it prestige as an ally. Moreover, Chávez has developed a close personal relationship with President Ahmadinejad.

To borrow a science fiction analogy, Iran’s leaders may currently regard Venezuela as a “mother ship,” or vehicle to transmit their ideas and influence throughout the Western Hemisphere. President Chávez is an anti-imperialist stalwart, in synch with the Islamic Republic’s sense of victimhood and hegemonic socialist vision. Connected to Mercosur countries and dominating its own ALBA alliance, Venezuela offers trade links to help Iran avoid isolation from international sanctions. As a traditional Latin American *caudillo*, an authoritarian archetypical leader, Chávez has helped Iran channel its diplomatic, economic, and military objectives by offering connections to kindred politicians in the Americas, an otherwise-difficult cultural environment for theocratic Iran to navigate.

Both countries were founding members of OPEC in 1960 and have maintained an affinity for energy politics based on oil despite all the negative baggage that came with the 1979 Islamic Revolution. Two decades later, the ayatollahs and President Khatami may have viewed the election of Venezuela’s Hugo Chávez favorably, but his profile probably did not rise in Iran’s foreign policy calculations until May 2001 when he made his second trip to Iran to express solidarity and argue for oil production cuts that would boost prices. Later, when Khatami’s cooperative offers to the United States were rebuffed and after Chávez’s temporary 2002 ouster, which he blamed on the United States, parallels between Iran and Venezuela and the value of an alliance may have become more evident to both governments. In any case, Khatami visited Venezuela three times before leaving office, and Chávez went to Iran twice while Khatami was president. A string of agreements came out of those meetings, but probably the most fruitful was a \$31 million project to turn out 4,000 inexpensive farm tractors a year to give away or lease to local socialist cooperatives, as well as similar organizations in Bolivia and Nicaragua. Thus in March 2005, Khatami was in Ciudad Bolivar to inaugurate the Veniran Tractor Company. That year, Iran signed its first-ever free trade agreement with Venezuela.¹²⁶

125. “Gobierno condenó dichos de Soltani,” *El Pais* (Montevideo), July 30, 2011, <http://www.elpais.com.uy/110730/pnacio-583284/nacional/Rechazan-dichos-de-diplomatico>.

126. “Overview of bilateral free trade and investment agreements,” background paper prepared for the “Fighting FTAs” international strategy workshop, FTA Watch, Bangkok, July 27–29, 2006, revised for public release October 1, 2006, <http://www.bilaterals.org/IMG/pdf/Overview.pdf>.

Outside of the foreign ministries of the two countries, probably no one knows how many agreements have been struck, but press releases and news stories suggest as many as 200, and one recent account in Venezuela's *El Universal* daily reported 270.¹²⁷ The value of loans and investments could be calculated at \$15 billion by adding up the stated values of known joint ventures, capitalizations, loans, and investments. Or it may exceed \$20 billion as declared by Venezuela's deputy Minister for basic industry and mining, Gustavo Hernández, in April 2007. In any case, the lack of transparency in which many of these accords were struck makes it difficult to assess how many are real, active, or completed. Some of the more important ones, broken down by sector, follow.

Petroleum

Oil and gas cooperation has been the cornerstone of binational ventures for the two OPEC founders. Nonetheless, it has been one of the most problematic areas of their collaboration.

- 2005—An agreement was signed in December to explore and certify Ayacucho Block 7 of the eastern Orinoco oil belt leading to a \$4.2 billion development venture of which Iran would have a 49 percent stake.
- 2006—The two countries announced plans for a \$2 billion joint venture in petrochemical (methanol) plants to be built in Assaluyeh in southern Iran and in southeastern Venezuela.¹²⁸
- 2007—In January, Petróleos de Venezuela Marina contracted Iran Marine Industrial Company (SADRA) to build four tankers, each capable of carrying 650,000 barrels of crude, and set up the Venezirian Oil Company with SADRA to pursue offshore oil and gas ventures.¹²⁹ In June, Iran introduced gasoline rationing because of limited refining capacity and growing consumption. In July, Venezuela's energy minister, Rafael Ramírez, accompanying President Chávez to Tehran, said Venezuela would sell gasoline to Iran; it is unclear whether any immediate shipments took place, although they could have taken place through third countries, or other states could have supplied Iran's needs. The two leaders agreed to set up a joint petroleum trading company, to be named the Venezuelan-Iranian Oil and Gas Company or VENIROGC, with a \$1 billion investment. Also in July, Ahmadinejad and Chávez inaugurated the methanol project.¹³⁰
- 2008—Initial studies in the Orinoco Belt oil fields were reportedly completed and production was set to begin in late 2011.
- 2009—September proved a decisive month. VENIROGC revealed a \$1.5 billion plan to build a refinery in Syria. Iran pledged \$760 million to help develop Venezuela's Dobokubi oil field and offered the Venezuelan state-owned petroleum company PDVSA a 10 percent stake in the

127. "Venezuela-Iran ties go beyond the oil issue," *El Universal* (Caracas), June 3, 2011, <http://english.eluniversal.com/2011/06/03/venezuela-iran-ties-go-beyond-the-oil-issue.shtml>.

128. "Iran, Venezuela Sign Energy Cooperation Agreements," News, Petropars Oil & Gas Developer, September 18, 2006, <http://www.petropars.com/tabid/247/Default.aspx>.

129. See "Iranian company to build [sic] 4 tankers for PDVSA" and "Venezuela and Iran to develop offshore activities," *The New PDVSA Contact*, no. 10, January 2007, <http://www.pdvsa.com/interface.en/database/fichero/publicacion/2764/201.PDF>.

130. Ladane Nasser, "Iran, Venezuela to Start Building Joint Petrochemical Plant," Bloomberg News, July 2, 2007, <http://www.bloomberg.com/apps/news?pid=newsarchive&refer=news&sid=anm1Ba411enw>.

South Pars gas field and participation in the development of some small oil fields.¹³¹ Further, Presidents Chávez and Ahmadinejad announced a plan to supply 20,000 barrels of gasoline a day to Iran, as the petroleum exporter can refine only about 60 percent of what it needs. Compensation would be \$800 million a year, with shipments to begin in October.¹³² On September 30, Hamid Reza Katouzian, the head of the energy commission at the Iranian parliament, qualified that announcement, saying, “The issue of gasoline exports from Venezuela to Iran has been just a personal statement raised by Venezuelan President Hugo Chavez. There has been only an accord with political aspects, thus it does not bring any responsibility for us.”¹³³ Again, it is unclear whether any shipments were made, or, if there were, whether they went through a third nation.¹³⁴

- 2010—Dobokubi oil field development was set to begin in the spring of 2011 at a cost of between \$1.5 billion and \$2 billion. In July, reports surfaced that development in the methanol project had been delayed because foreign firms had been reticent to do business with what became known as the VenIran Petrochemical Company.¹³⁵ The U.S. Congress approved sanctions penalizing firms that supplied Iran with refined petroleum products worth more than \$5 million over a 12-month period.
- 2011—In January, Venezuela reported that it would resume gasoline shipments to Iran, at two 30,000-ton cargoes a month, following a two-year pause.¹³⁶ In February, Venezuelan oil minister Rafael Ramírez said that Iran had cut fuel subsidies and boosted refining capacity to the point that it no longer needed to import gasoline.¹³⁷ However, the U.S. State Department claimed Venezuela shipped \$50 million worth of reformat, a gasoline blending agent, to Iran between December 2010 and March 2011.¹³⁸ On May 24, the Obama administration blocked PDVSA from U.S. government contracts, import-export financing, and export licenses of sensitive technology for shipping gasoline to Iran, citing the 2010 Comprehensive Iran Sanctions, Accountability, and Divestment Act, or CISADA.

In August, Iran said that construction would begin on the Assaluyeh methanol plant, announced as a joint venture in 2006. Meanwhile, the Ayacucho and Dobokubi oil field projects appeared to be mired in the study phase as signs emerged that Iran was dissatisfied with contractual terms demanded by Venezuela. In 2011, the Iranian website Thebusinessyear.com posted an

131. Potentially exposing Venezuela to penalties under the 1996 Iran Sanctions Act.

132. “Venezuela to export gasoline to Iran,” CNN World, September 7, 2009, http://articles.cnn.com/2009-09-07/world/iran.venezuela.gasoline_1_iran-next-month-fars-venezuelan-president?_s=PM:WORLD.

133. “Iran not to import fuel from Venezuela,” PressTV (Iran), October 1, 2009, <http://edition.presstv.ir/detail/107570.html>.

134. “Venezuela resumes shipments of gasoline to Iran,” *World Oil*, February 2011, <http://www.worldoil.com/World-of-Oil-and-Gas-February-2011.html>.

135. “Delays dent Iran’s methanol target,” *Middle East Economic Digest*, July 23–29 2010, <http://www.meed.com/sectors/oil-and-gas/gas/delays-dent-irans-methanol-target/3008094.article>.

136. Marek Strzelecki, “Venezuela to Resume Gasoline Shipments to Iran, EIG Reports,” Bloomberg News, January 25, 2011, <http://www.bloomberg.com/news/2011-01-25/venezuela-to-resume-gasoline-shipments-to-iran-eig-reports.html>.

137. “Official: Venezuela not selling gasoline to Iran,” Associated Press, February 4, 2011, <http://www.businessweek.com/ap/financialnews/D9L672Q00.htm>.

138. “Seven Companies Sanctioned under the Amended Iran Sanctions Act,” fact sheet, Office of the Spokesman, U.S. Department of State, May 24, 2011, <http://www.state.gov/r/pa/prs/ps/2011/05/164132.htm>.

interview with Gholamreza Manouchehri, the CEO of Petropars Limited, in which he responded to the following question.

TBY: You have been collaborating with Petr6leos de Venezuela in the Orinoco oil belt. What is the current status of this collaboration?

Manouchehri: In the Orinoco oil belt, we benefit from our expertise in upstream studies. Quantification studies are ongoing in many blocks of the Ayacucho. Foreign companies also certified the results of our quantification studies. We also wanted to develop some of these regions, but the terms of the contracts were not so feasible for us. In the Dobokubi region of the Orinoco, now we are conducting feasibility studies and working on a new model of contract. We are also performing feasibility studies in Angola, Sudan, Chad, and Nigeria, all of which could easily turn into development projects.¹³⁹

Manufacturing

Collaboration on factories has been directed at setting up “socialist” or state enterprises intended to supplement and eventually supplant the private sector. They include tractor, car, bicycle, dairy, and plastics plants—purportedly designed to sell farm machinery to cooperatives and consumer goods to Venezuela’s still-considerable poor population at subsidized prices.

- 2003—Presidents Khatami and Ch6vez set up a joint venture between Iran’s ITMCO (Iran Tractor Manufacturing Company) and Venezuela’s CVG to set up the Veniran Tractor Company in the old Fanatractor plant in Ciudad Bol6var, inactive since 1982. Rehabilitating the old factory represented a \$34 million investment and would require Iranian inputs of \$80 million to \$100 million annually in parts and materials.¹⁴⁰
- 2005—In March, Presidents Khatami and Ch6vez inaugurated Veniran Tractor. Profitability seemed secondary to politics, as sales were subsidized and many tractors were reportedly given away or leased to government-organized cooperatives, or exported to ALBA countries. Reported goals were to give tractors to poor Venezuelan farmers, enhance the prestige of Presidents Ch6vez and Ahmadinejad, and “create angst” for U.S. leadership in Washington.¹⁴¹
- 2006—Presidents Ch6vez and Ahmadinejad signed a mutual cooperation agreement involving Iran Khodro Automobiles to open a car factory with a \$99 million investment—reportedly part of a suite of some 200 “socialist” companies intended to produce car parts, plastics, medical equipment, food, computers, and construction materials.¹⁴²

139. “Interview with Dr. Gholamreza Manouchehri,” *thebusinessyear.com*, 2011, http://www.iran.thebusinessyear.com/page_detail.php?id=39.

140. “Joint Venture to Produce Tractors in Venezuela,” *Events*, no. 8, March 2005, <http://www.events.ir/no008/008f.htm>.

141. Linda Pressly, “The ‘axis of annoyance,’” *BBC News*, August 13, 2009, <http://news.bbc.co.uk/2hi/8195581.stm>.

142. “Venezuela delivered the first units of the car Venirauto,” *Globovisi6n*, September 7, 2007, <http://www.globovision.com/news.php?nid=60075>.

- 2007—The Venirauto factory began producing “anti-imperialist” cars in Maracay with production capacity targeted at 25,000 units per year.¹⁴³
- 2009—Venirauto’s production goal was reported as 16,000 cars per year.
- 2011—Venirauto reportedly produced 3,222 cars in 2011, its under-performance characterized as “emblematic” of problems in other joint manufacturing ventures.¹⁴⁴

Construction

Cement plant and public housing projects were intended to show what the state can supply that the private sector cannot deliver. Instead, both have failed to meet expectations or needs. Moreover, the cement plant, located north of the Orinoco River port of Puerto Ordaz and so far unfinished after five years of construction, invited speculation that it is being used as a uranium processing plant.¹⁴⁵

- 2005—Venezuela and Iran signed an MOU to build a \$45 million cement plant near Cerro Azul, outside Maturín in Monagas Department in eastern Venezuela.¹⁴⁶ Also planned that year was a project for an Iranian construction firm to build 10,000 dwellings in Monagas, Cojedes, Guárico, and Portuguesa departments. The housing ministry described it as a \$373 million investment.¹⁴⁷
- 2006—Venezuela reportedly agreed to pay an Iranian cement company \$220 million to build the cement plant at Cerro Azul in Monagas, making a \$48.5 million down payment. Slated to open in 2009, the Cemento Cerro Azul Company would have a capacity of 1 million tons of cement per year.¹⁴⁸
- 2010—The Ministry of Popular Power for Science, Technology and Medium Industry, under Ricardo Menéndez, declared that an investment of \$305 million would help advance the

143. Sanctions could limit sales outside of ALBA countries. The Iranian government reportedly held 40 percent of Iran Khodro’s shares in 2008, but that figure declined to 18 percent in 2010 as a result of a “privatization” initiative by which the government sold shares to government affiliate organizations. One such affiliate was the Iranian Revolutionary Guards, which reportedly acquired significant stock in automobile manufacturing and assembling. The most definitive description of this process is at “Iranian Automotive Industry,” Samin Business Solutions, August 2, 2011, <http://www.samin.ca/2011/08/02/iranian-automotive-industry>. For a review of one of the models and a rationale for why it might find a market in Venezuela, see Athos Nobile, “Review: The Iran Khodro Samand (Venezuelan Spec.) No, You Can’t Have It,” *The Truth About Cars*, March 28, 2011, <http://www.thetruthaboutcars.com/2011/03/review-the-iran-khodro-samand-venezuelan-spec-no-you-can%E2%80%99t-have-it>.

144. “Venezuela-Iran ties go beyond the oil issue.”

145. Roger F. Noriega, “Chávez’s Secret Nuclear Program,” *Foreign Policy*, October 5, 2010, http://www.foreignpolicy.com/articles/2010/10/05/chavez_s_secret_nuclear_program?page=0,1.

146. “Venezuela, Iran sign joint venture agreement on cement plant,” *Xinhua*, October 8, 2005, http://english.peopledaily.com.cn/200510/08/eng20051008_213247.html.

147. “Venezuela-Iran ties go beyond the oil issue.”

148. “Venezuela to Spend \$220 Million To Build Cement Plant; Iran To Help,” *Dow Jones*, January 24, 2006, http://www.democraticunderground.com/discuss/duboard.php?az=view_all&address=102x2062593.

completion of the Cerro Azul plant, delayed by labor troubles and projected to begin operations in late 2011 or 2012.¹⁴⁹

- 2011—Housing Minister Ricardo Molina announced a \$1 billion deal with Iran on August 3 to build 10,000 more dwellings—four-story apartment buildings with enough space for 45,000 residents—in Yaracuy, Lara, and Carabobo departments to help address a housing shortage, currently estimated at more than 2 million units. Venezuela is also turning to China, Belarus, and Turkey to address its housing deficit.¹⁵⁰

Transportation

Venezuela and Iran set up an airline and maritime shipping route purportedly to boost tourism and trade, yet both seemed suspicious and unprofitable. The air service, conspicuous as it was, invited speculation that it could be facilitating the infiltration of explosives, terrorists, and members of the Iranian Revolutionary Guard, because it left from a separate terminal where passengers were reportedly exempt from normal passport controls. Less is known about the shipping route, which has been characterized in the press as a means of transferring weapons and uranium.

- 2007—When plans were announced for weekly flights between Caracas and Tehran in February, Iran’s ambassador to Venezuela, Abdullah Zifan, said “people want to come here to know this land.”¹⁵¹ On March 2, Iran Air and Venezuela’s state airline Conviasa began service between the two capitals with a stop in Damascus, Syria. Flights left every Saturday and returned on Tuesday operating from a separate terminal at Maiquetía International Airport where passengers and cargo were shielded from public view. Despite accounts that flights were leaving full, there were reports that passenger loads were running about 140 persons, most heading to or from Damascus and few going on to or leaving from Tehran.¹⁵² Tickets were expensive, costing some 3,000 Euros (estimated US\$3,900) during peak demand and 1,500 Euros (US\$ 1,950) on off-peak dates—more than most Venezuelans could be expected to afford. Initially, Iran Air contributed a 300-passenger Boeing 747 and Conviasa provided a 280-passenger Air-

149. “Planta Cerro Azul incorporará 1.200 millones de toneladas de cemento a la producción nacional,” Ministerio de Ciencia, Tecnología e Industrias Intermedias, December 30, 2010, <http://www.mct.gob.ve/Noticias/7178>. For an independent view of labor problems and delays at Cerro Azul as well as setbacks in Venezuela’s cement industry since its 2008 nationalization, see “Después de 5 años planta iraní ‘Cerro Azul’ no produce,” *Reportero 24*, April 19, 2011, <http://www.reportero24.com/2011/04/cemento-despues-de-5-anos-planta-irani-cerro-azul-no-produce>.

150. See “Iran to help build 10,000 homes in Venezuela,” Associated Press, August 4, 2011, <http://news.yahoo.com/iran-help-build-10-000-homes-venezuela-191339889.html>. Also, Corina Rodríguez Pons and José Orozco, “Venezuela, Iran Sign \$1 Billion Housing Agreement, Molina Says,” *Bloomberg*, August 4, 2011, <http://www.bloomberg.com/news/2011-08-04/venezuela-iran-sign-1-billion-housing-agreement-molina-says.html>. And also, Kejal Vyas, “Venezuela, Iran Ink \$1 Bln Deal To Build 10,000 Housing Units,” *Dow Jones*, August 4, 2011, <http://online.wsj.com/article/BT-CO-20110804-719414.html>.

151. Simon Romero, “Venezuela and Iran Strengthen Ties with Caracas-to- Tehran Flight,” *New York Times*, March 3, 2007, <http://www.nytimes.com/2007/03/03/world/americas/03caracas.html>.

152. One Conviasa flight departed Maiquetia for Damascus with as few as 24 passengers. See a trip review at http://www.airliners.net/aviation-forums/trip_reports/read.main/141799/?threadid=141799&searchid=142210&s=Conviasa%2C+Damascus%2C+Tehran#ID142210.

bus A-340, but after two months, Iran Air pulled its 747 from the route.¹⁵³ Opponents charged the flights carried explosives and terrorists, while a Web blog used by Conviasa employees reportedly had a post alleging their airline had carried radioactive materials.¹⁵⁴

- 2008—On May 5, Iran’s Mehr News announced that the Islamic Republic of Iran Shipping Lines would begin a weekly maritime container shipping service between Bandar Abbas, Iran; Puerto Cabello, Venezuela; and Havana, Cuba. The first voyage was to leave Iran May 16.¹⁵⁵ In September, IRISL was sanctioned by the United States for supporting Iran’s Ministry of Defense and Armed Forces Logistics by concealing and transporting military cargo.¹⁵⁶
- 2009—In January, Turkish customs authorities seized 22 containers marked “tractor parts” that arrived by truck from Iran at Turkey’s Mersin port to be shipped overseas to Venezuela. Military experts who examined the contents described equipment and chemicals appropriate for an explosives lab.¹⁵⁷
- 2010—In June, a New York grand jury brought an indictment against IRISL for falsifying business records and using aliases in order to continue doing business with American banks after sanctions were imposed in 2008.¹⁵⁸ In September, Conviasa flights to and from Iran were reportedly suspended.¹⁵⁹

Banking

The two governments have created extensive financial links in order to facilitate a growing number of joint ventures in Venezuela and elsewhere among the ALBA countries. The three main components are a subsidiary of Iran’s Export Development Bank of Iran, a binational development fund, and a binational bank.

- 2006—Based on promises made during President Ahmadinejad’s September visit, Iran’s EDBI announced it would open a subsidiary in Caracas, the second after a branch opened in Kazakhstan. The stated purpose was to streamline joint investments, develop access to Venezuelan markets, and facilitate transactions for Iranian technical and engineering services.¹⁶⁰ Also, Iran and the EDBI agreed to create a binational development fund with an initial capitalization of \$200 million.

153. Maye Primera, “Caracas-Damasco-Teherán, un vuelo de los más misterioso,” *El País* (Madrid), November 23, 2009, http://www.elpais.com/articulo/internacional/Caracas-Damasco-Teheran/vuelo/misterioso/elpepiint/20091123elpepiint_3/Tes.

154. Ed Barnes, “Exclusive: Venezuela Cancels Round-Trip ‘Terror Flight’ to Syria and Iran,” Fox News, September 14, 2010, <http://www.foxnews.com/us/2010/09/14/terror-flight-venezuela-iran-illicit-arms-hezbollah-amas-protest>.

155. “Iran, Venezuela, Cuba to initiate shipping line,” Mehrnews.com (note 64).

156. Transporting precursor chemicals for use in Iran’s missile program was one example. See “Major Iranian Shipping Company Designated for Proliferation Activity,” U.S. Department of the Treasury, press release, September 10, 2008, <http://www.treasury.gov/press-center/press-releases/Pages/hp1130.aspx>.

157. Selcan Hacaoglu, “Turkey holds suspicious Iran-Venezuela shipment,” Associated Press, January 6, 2009, <http://www.miamiherald.com/1198/story/839814.html>.

158. Freifeld and Milford, “Iran Shipping Firm Faces Charges in Money-Moving Scheme” (note 64).

159. Barnes, “Exclusive: Venezuela Cancels Round-Trip ‘Terror Flight’ to Syria and Iran.”

160. “Iran’s EDBI to open branch office in Caracas—Venezuela,” Business News America, November 7, 2006, http://www.bnamericas.com/news/banking/Iran's_EDBI_to_open_branch_office_in_Caracas.

- 2007—Meeting in Tehran in September, Presidents Ahmadinejad and Chávez signed the agreement to create the binational development fund to be located in Venezuela and a binational development bank to be headquartered in Iran.¹⁶¹ Also, the EDBI subsidiary known as the Banco Internacional de Desarrollo, C.A. (BID—identical to the initials for the Inter-American Development Bank in Spanish) was licensed and articles of association published in the *Gazeta Oficial*.¹⁶²
- 2008—In January 2008, Iran opened its EDBI subsidiary branch in Caracas. Dr. Tahmasb Mazaheri, formerly general manager of the EDBI, was named president. In October 2008, the U.S. Treasury Department’s Office of Foreign Assets Control (OFAC) imposed economic sanctions against EDBI and BID for providing or attempting to provide financial services to Iran’s Ministry of Defense and its Armed Forces Logistics, the two Iranian military entities associated with advancing Iran’s nuclear ambitions.¹⁶³ The BID website denied this.¹⁶⁴
- 2009—During an April visit to Tehran, President Chávez joined his Iranian counterpart in opening the Iran-Venezuela Joint Bank, created under the auspices of the EDBI, with initial contributions of \$100 million from each country and capital to be eventually raised to \$1.2 billion.¹⁶⁵ In November, the main office of the Venezuela-Iran Single Binational Fund opened in Caracas with Chávez’s close confidante Jesse Chacón serving as president. Each country contributed \$200 million in seed money, to be followed by \$300 million contributions from each for a total of \$1 billion.¹⁶⁶
- 2010—In July, the European Union said it too would freeze all funds and resources belonging to the Venezuelan branch of EDBI known as the Banco Internacional de Desarrollo for alleged ties to Iran’s nuclear program. The EDBI was one of some 34 Iranian entities reportedly subject to sanctions designed to encourage Iran to restart negotiations on its nuclear program.¹⁶⁷

Nuclear

Venezuela is a signatory to the Treaty of Tlatelolco and the Nuclear Non-Proliferation Treaty. Nonetheless, President Chávez has clearly stated his intentions to help Iran develop its nuclear program and has spoken openly about Iran’s involvement in prospecting for uranium and other minerals in Venezuela.¹⁶⁸ Various reports cite Venezuela’s estimated uranium reserves at 50,000

161. “Venezuela e Irán profundizan relación bilateral,” PDVSA, press release, November 19, 2007, <http://www.pdvs.com>.

162. Official website, “Banco Internacional de Desarrollo, C.A., Banco Universal,” <http://www.bid.com.ve>.

163. “Export Development Bank of Iran Designated as a Proliferator,” press release, U.S. Department of the Treasury, October 22, 2008, <http://www.ustreas.gov/press/releases/hp1231.htm>.

164. Official website, “Banco Internacional de Desarrollo, C.A., Banco Universal.”

165. “Iran, Venezuela launch joint development bank,” Agence France Presse, April 3, 2009, http://www.google.com/hostednews/afp/article/ALeqM5iskmQ6xtDC4Ebzc799pWYG_RSMXg.

166. “The Venezuela-Iran Single Binational Fund will favor financial independence,” ABN, CONAPRI, November 25, 2009, <http://www.conapri.org/english/ArticleDetailIV.asp?articleid=348109&CategoryId=15041>.

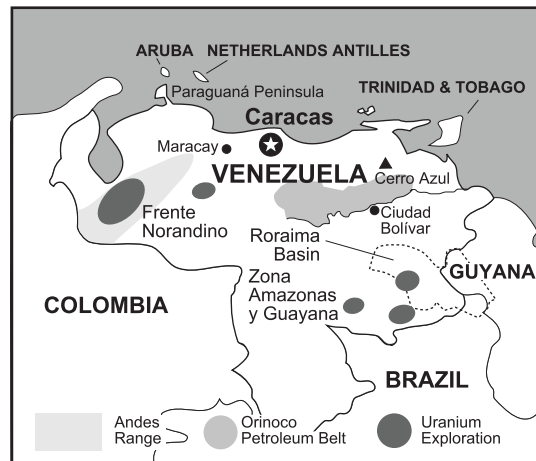
167. “EU sanctions Venezuelan bank due to alleged links to Iran’s nuclear plans,” *Buenos Aires Herald*, October 20, 2010, <http://www.buenosairesherald.com/BreakingNews/View/40508>.

168. Tamara Pearson, “Venezuela and Iran to Form Joint Companies and Bank,” *Venezuelanalysis.com*, April 3, 2009, at <http://venezuelanalysis.com/news/4348>.

tons,¹⁶⁹ which may or may not be significant—depending on purity and extractability—or even accurate. Moreover, Venezuela’s deposits would seem to be of little interest to Iran compared to the 1.73 million tons of “medium quality” ore that the Atomic Energy Organization of Iran claims it discovered near Saghand in 2010.¹⁷⁰

The U.S. Congressional Research Service reports that any transfer of nuclear technology between Iran and Venezuela would violate UN Security Council Resolutions 1737, 1747, and 1803,¹⁷¹ as well as Resolution 1929 that directly addresses mining. In 2010, Russia’s Rosatom agreed to help Venezuela develop its own program around a two-unit nuclear power plant and a research reactor, which, hypothetically, could present another problem.¹⁷² Venezuela could also serve as a technology conduit between Russia and Iran, although Russia and Iran could easily share technology across their own border.

- 2008—In November, the Venezuelan state-run firm CVG Minerven granted the Iranian government firm Impasco rights to a gold mine concession in the Roraima Basin, a massive mineral-rich geological formation in southeastern Venezuela that borders Guyana.¹⁷³ The region was generally known for iron, bauxite, and gold.
- 2009—During a visit to Tehran in April, President Chávez boasted, “We’ve already been working for years with the mining ministry of Iran. If you all knew the amount of mining resources that we have discovered in the last few years you’d fall on your backs: gold, diamond, precious rocks, and other minerals.” He announced intentions to establish a joint venture mining company with operations in Iran and Venezuela.¹⁷⁴ In June, the Canada-based U308 Corporation reported potential uranium deposits on the eastern edge of the Roraima Basin in Guyana. In September, Minister of Basic Indus-



Orinoco Petroleum Belt and uranium exploration sites in Venezuela. Locations are approximate. Source for uranium exploration data: “Sistema de Información sobre Recursos de Minerales en Venezuela,” Ministerio del Poder Popular Energía y Petróleo, <http://www.iaea.org/>

169. For instance, see Tim Padgett, “Chávez to Iran: How About Some Uranium?” *Time*, October 8, 2009, <http://www.time.com/time/world/article/0,8599,1929256,00.html>.

170. Ali Akbar Dareini, “Iran says key site has higher uranium ore reserves,” Associated Press, October 19, 2010, http://seattletimes.nwsourc.com/html/nationworld/2013200168_apirannuclear.html?syndication=rss.

171. Mark P. Sullivan, “Latin America: Terrorism Issues,” RS21049, Congressional Research Service, February 23, 2011, 0.

172. “Russia And Venezuela Sign Nuclear Plant Agreement,” NucNet, October 22, 2010, http://www.worldnuclear.org/_news_database/rss_detail_features.cfm?objID=3E447E4A-F4C2-4B8C-B0DA5A680F7694D2.

173. Noriega, “Chávez’s Secret Nuclear Program.”

174. Spoken as if Venezuela’s well-known mineral resources had only recently been discovered. See Pearson, “Venezuela and Iran to Form Joint Companies and Bank.”

try and Mining Rodolfo Sanz said Iran had been helping with survey flights and ore analysis. He said initial studies “indicate the existence of uranium in western parts of the country and in Santa Elena de Uairén” in southeastern Bolívar department near the Brazilian border.¹⁷⁵

Defense

Venezuela’s external military linkages are varied. Cuba reportedly provides some 500 military advisors—from a 20-person elite headquarters group detailed to Fuerte Tiuna, to those who serve as presidential eyes and ears throughout the military.¹⁷⁶ Russia and China are main sources of defense equipment. However, in 2005, a political tract advocating “asymmetric warfare” involving Latin American countries and Islamist communities written by an obscure Spanish political scientist was distributed among Venezuela’s armed forces as doctrinal guidance and served as a reminder of President Chávez’s solidarity with Middle East authoritarians. Since then, reports have emerged alleging that members of the Iranian Guards have worked with the Venezuelan armed forces and trained resident FARC guerrillas as well as local Islamists. Most recently, an article published in a German newspaper speculated that Iran had plans to build a medium-range ballistic missile base on the Paraguaná Peninsula.

- 2005—A new national defense doctrine was disseminated among Venezuela’s armed forces contemplating an eventual war with the United States. The military, the regime’s political supporters, and cadres from Cuba and possibly elsewhere (such as the Middle East) would repel U.S. invaders using terrorist tactics from suicide bombings to deploying weapons of mass destruction. The doctrine closely paralleled a book, *La Guerra Periférica y el Islam Revolucionario*, by Jorge Verstryngge, a one-time Spanish politician described as having flipped from the hard right to the extreme left and who later became a university professor. Though largely derivative, his work impressed then-army commander General Isaias Baduel enough for him to order pocket-sized copies printed to distribute within the army.¹⁷⁷
- 2006— Two years after President Chávez had ejected the U.S. Military Group from its offices at Fuerte Tiuna, the United States imposed an arms embargo on Venezuela, ending all U.S. commercial arms sales and transfers to Venezuela’s armed forces.
- 2008—In August, the U.S. Department of State levied sanctions (under the Iran, North Korea, and Syria Nonproliferation Act) on the Venezuelan Military Industries Company, or CAVIM, which manufactures small arms, for allegedly passing on goods and technology that could be used to assist in weapons development. The sanctions prohibit any U.S. government procurement or assistance to the company.¹⁷⁸
- 2009—In April, Mustafa-Mohammad Najjar became the first Iranian defense minister to visit Venezuela since the Islamic Revolution. Staying three days, he met with Vice President Román

175. “Venezuela Seeking Uranium with Iran’s Help,” Fox News, September 26, 2009, <http://www.foxnews.com/world/2009/09/26/venezuela-seeking-uranium-irans-help>.

176. Simon Romero, “Venezuela’s Military Ties with Cuba Stir Concerns,” *New York Times*, June 14, 2010, <http://www.nytimes.com/2010/06/15/world/americas/15venez.html>.

177. For an insightful analysis, see John Sweeney, “Jorge Verstryngge: The Guru of Bolivarian Asymmetric Warfare,” VCrisis.com, September 9, 2005, <http://vcrisis.com/index.php?content=letters/200509091152>.

178. Sullivan, “Latin America: Terrorism Issues.”

Carrizales, called for an expansion of bilateral defense ties, toured installations, talked with instructors and students at Venezuela's military academy, and signed an MOU on defense education, exchanges, and future cooperation.¹⁷⁹

- 2010—The U.S. Department of Defense submitted a report to Congress on Iranian military power that described the Islamic Revolutionary Guard Corps—Qods Force as an elite military intelligence organization that operates within embassies, religious or cultural institutions, and charities attempting to cultivate ties within the Shia diaspora. Based on U.S. intelligence assessments, it simply stated, “The IRGC-QF maintains operational capabilities around the world. It is well established in the Middle East and North Africa, and recent years have witnessed an increased presence in Latin America, particularly Venezuela. If U.S. involvement in conflicts in these regions deepens, contact with the IRGC-QF, directly or through extremist groups it supports, will be more frequent and consequential.”¹⁸⁰
- 2012—The commander of U.S. Southern Command, General Douglas Fraser revealed to *U.S. News & World Report* that Iran intends to supply small surveillance drones to Venezuela, for possible internal defense use.¹⁸¹

On October 19, 2010, President Chávez arrived in Tehran from a visit to Moscow where he had offered to buy five battalions of advanced S-300 PMU-1 air defense missile systems that Russia withheld from Iran because of sanctions. Reportedly Chávez and Ahmadinejad discussed Russia's decision, but Defense Minister Ahmad Vahidi denied Iranian plans to obtain the weapons from Venezuela.¹⁸² Later, Iranian defense officials announced they were developing their own version of the missile system. In November 2010, the German newspaper *Die Welt* published a report citing only “Western security sources” that Presidents Chávez and Ahmadinejad had reached a secret agreement when they met on October 19 to allow Iran to build a medium-range missile base on Venezuelan soil. The alleged objective would be to deter the United States from attacking Iran by threatening America close to home—as the Soviet Union did when it installed missiles in Cuba. In turn, Iran would “permit” Venezuela to threaten Colombia if needed in an emergency.¹⁸³ An updated article in *Die Welt* in May 2011 said the base would be located on the Paraguaná Peninsula, putting Iran's current 1,200-mile-range missiles within striking distance of Bogotá, the Panama Canal, and Port of Spain. The article claimed that engineers from a construction company owned by the Revolutionary Guards had visited the site in February with General Amir al-Hajizadeh of

179. “Iran, Venezuela implementing long-term plan to strengthen ties,” Payvand Iran News, April 29, 2009, <http://www.payvand.com/news/09/apr/1329.html>. See also, “Najjar: Iran set to help promote Venezuela's defense capabilities,” Mehr News Agency at Payvand Iran News, May 1, 2009, <http://www.payvand.com/news/09/may/1011.html>.

180. “Unclassified Report on Military Power of Iran,” U.S. Department of Defense, April 2010, http://www.politico.com/static/PPM145_link_042010.html.

181. “Southern Exposure: Iran, Terror Groups Setting up Shop in South America,” DOTMIL, *U.S. News & World Report*, March 7, 2012, <http://www.usnews.com/news/blogs/dotmil/2012/03/07/southern-exposure-iran-terror-groups-setting-up-shop-in-south-america>.

182. “Iran Denies Buying S-300 Systems From Venezuela,” IRNA, cited on CrethiPlethi.com, October 20, 2010, <http://www.crethiplethi.com/iran-denies-buying-s-300-systems-from-venezuela/islamic-countries/iran-islamic-countries/2010>.

183. C. Wergin and H. Stausberg, “Iran plant Bau einer Raketenstellung in Venezuela,” *Die Welt*, November 25, 2010, at <http://www.welt.de/politik/ausland/article11219574/Iran-plant-Bau-einer-Raketenstellung-in-Venezuela.html>.

the Guards air force.¹⁸⁴ Venezuela's vice president Elias Jaua dismissed the reports as "fabrications from within U.S. dirty war laboratories."¹⁸⁵

Outlook

Despite skepticism within Iran's parliament and among Ahmadinejad's opponents, courting President Chávez has paid geopolitical dividends in the near term. Venezuela's mercurial leader has opened doors to like-minded governments in Bolivia, Ecuador, and Nicaragua, not to mention countries that he can influence. Chávez has helped boost Iran's international profile, far from its usual sphere of influence in the Middle East. And he has used Iranian aid to supplant the profile of Venezuela's private sector in home construction and light manufacturing, validating the Iranian government's heavy hand in manipulating its own economy.

However, Iran's outreach to Venezuela has stumbled in practical terms. Supposedly worth an estimated \$10 billion, \$15 billion, or more, Iran's investments have not always been successful. Dependent on subsidies, the tractor and car factories are not profitable and production has declined. Joint petroleum projects face delays and sanction complications. There is evidence of dissatisfaction within Iran's petroleum industry over terms of collaboration. The opening of a cement plant badly needed to supply construction materials seems curiously overdue. The Iran Air-Conviasa airline venture was suspended. Iran's banking ventures in Venezuela are constrained by sanctions. And military-to-military relations face sanctions and increased scrutiny. Moreover, there is no technology that Iran could not get directly from Russia or China, invalidating Venezuela's usefulness as a transfer point, although there are hints that those governments might prefer Venezuela to absorb blame for busting sanctions. A more credible, long-term threat exists in Venezuela's porous borders and open immigration environment shaped by President Chávez's *Misión Identidad* program that issued national identification to hundreds of thousands of undocumented migrants, many from the Middle East and Asia. Besides ensuring a fresh supply of regime supporters, it could have given some individuals new identities and travel documents. Moreover, political appointees with Hezbollah connections like Ghazi Nasr al Din and the likely presence of Revolutionary Guards blending among hundreds of Iranian workers sent to Venezuela signal an environment friendly to terrorists.

The long-term outlook is less clear. Should Chávez leave office by way of an election or through a health crisis, Iran could lose a key ally in Latin America. Without him acting as a staunch defender and facilitator, Iran would have a more difficult time relating to other ALBA members, notwithstanding Chávez's succession plans. In fact without Chávez, the future of the Bolivarian alliance would be in doubt.

184. Clemens Wergin, "Iranische Raketenbasis in Venezuela in Planungsphase," *Die Welt*, May 13, 2011, <http://www.welt.de/politik/ausland/article13366204/Iranische-Raketenbasis-in-Venezuela-in-Planungsphase.html>.

185. Juan Reardon, "Venezuela Denies Presence of 'Any Foreign Military Installations' while U.S. Media Repeats Accusations," *Venezuelanalysis.com*, May 19, 2011, <http://venezuelanalysis.com/print/6200>.

9

CONCLUSIONS AND
POLICY OPTIONS

Conclusions

Despite some notable historic links, substantive diplomatic relations between Iran and the Americas are a relatively recent phenomenon. Oil diplomacy, a desire to exploit nuclear energy, and a concern for the well-being of the developing world emerged during the U.S.-dependent Shah's time. However, the 1979 revolution repointed Iran's foreign policy compass away from America and made for strange alliances like that with Marxist, non-religious Cuba. Attempts at rapprochement with the United States by Iranian leaders, serious or not, were rebuffed. By exploiting ties with Latin America, Iran has been able to sidestep a growing list of international sanctions, avoid diplomatic isolation, and keep its nemesis, the United States, off balance.

By all accounts, the Middle Eastern diaspora in the Americas would likely play a small part in Iran's calculations. Most descendants live in North America, followed by Brazil and Argentina. The majority are Arab-descended, not Persian. Those of Iranian extraction live mostly in the United States and Canada. Muslims constitute a minority in the overall group, and Shia adherents are a smaller subgroup still. Of them, only a small minority might be considered likely targets for cooperating with Tehran or turning against the United States.

Nevertheless, Iran has taken a page from the United States' playbook—using public events, senior leader statements, broadcasting, the Internet, and focused foreign assistance/civic action to elicit favorable reactions targeted at general populations. So far, there is little evidence that such activities are effective, as public perceptions of Iran remain unfavorable and periodic blunders by Iranian officials create doubts just when things seem to be going well.

On the financial front, Iran tends to fund joint ventures that could sidestep trade restrictions with the industrialized West. Although they may not generate profits, Iran's associations and investments serve political objectives, link industries, and potentially aid clandestine technology transfers. Venezuela leads other American states as a partner in such arrangements. Iran's trade with Latin America has grown dramatically, although it is still insignificant compared to Latin America's trade with the United States, China, the European Union, or other trade partners. However, it is notable that Iran imports more than it sells.

Hezbollah's ties to Iran have evolved over time. Organized to push Israeli forces out of southern Lebanon, Hezbollah seems to have been closely linked with Iran in its early years, as it developed overseas networks to raise funds. In the Americas, most terrorist activity likely took place in the 1990s with the bombing of the Israeli embassy and the Jewish community center in Buenos Aires, which may or may not have been coordinated with Iranian officials. After that, most reported Hezbollah activity in the region has centered on raising funds by selling pirated goods, smuggling arms and drugs, and extorting money from Arab diaspora communities. Today, Hezbollah is known as the dominant political power in Lebanon.

Iran is a signatory to the Nuclear Non-Proliferation Treaty. As a non-nuclear (weapons) state, the convention allows it to develop a civilian nuclear energy program. Considering the rigidity of Iran's theocracy, the apocalyptic ideas of some leaders, and statements that "Israel should be wiped off the map," the potential for developing nuclear weapons from such a program is real. Despite international sanctions, Iran has developed its uranium enrichment capability and may be close to devising a weapon. While it does not appear to need uranium from the Americas to support that end, it is possible that industrial partnerships along with relaxed customs protocols with some states could facilitate the transfer of materials or technology needed to enhance enrichment and weapons fabrication.

Within the hemisphere, Iran has sought links with authoritarian, anti-U.S. governments. From a political standpoint, the most productive has been its investment in a Venezuela-Cuba-Iran triangle that has facilitated ties within Venezuela's Bolivarian alliance. Within that alliance, joint ventures figure prominently in Iran's standardized assistance portfolio: tractor factories, dairy facilities, cement plants, plus hydrocarbon and mineral exploration. Elsewhere, Iran has sought access to agricultural commodities in large emerging economies like Brazil and Argentina. Where countries are not sympathetic to either Islamic rule or authoritarianism, Iran seeks a cultural presence to exploit links to existing Muslim communities. Most of these relationships, costly and unprofitable, seem disadvantageous from a U.S. perspective. Back home, they showcase Iran's profile as a world power—more influential than Saudi Arabia and Israel and a check on U.S. power projection in the Middle East, the Americas, and the world.

Policy Options

It is not the purpose of this study to suggest specific policy options toward Iran. However, with regard to Iran's engagement with the Western Hemisphere, there are some actions the White House and Congress might consider:

Foremost, U.S. leaders should be neither alarmist nor complacent in their public statements. Crying imminent danger works until someone calls your bluff. Much of what is known about Iran's activities in the Americas is based on incomplete evidence, similar to U.S. intelligence estimates concerning Iraq in 2002. Overstating the case for action could set back relations with friendly neighbors and make cooperation, when needed, less likely. Given the evident hostility of the current Iranian leadership toward the United States, U.S. and friendly intelligence services should, instead, redouble efforts to better understand the degree to which Iran is circumventing sanctions, transferring technology and materials, establishing an Iranian Guard presence, engaging terror groups such as Hezbollah and Colombia's FARC guerrillas, engaging in terrorism itself, or contemplating a missile base in Venezuela as has been alleged. Early warning enables the best defense.

Considering the current disagreements between Iran's elected president, its parliament, and hard-line theocratic rulers, now is not the time to seek rapprochement, as it is difficult to know who is making decisions. However, a dialogue with Tehran's elected government to communicate what is acceptable in the framework of U.S. and regional interests is always useful. Recognizing links to the region that predate the current Islamic regime, U.S. diplomacy should define and encourage responsible engagement that promotes democratic values, respect for human rights, and adherence to international conventions. The message may not get a warm reception now, but at least it may be remembered when Iran's leadership becomes more receptive.

Rather than wring hands over Iran's inroads among close neighbors, it is vital that U.S. policymakers and diplomats try to recover faltering relationships. In fact, that is beginning to happen. A framework agreement now exists with Bolivia to upgrade three years of downgraded ties with a new U.S. ambassador. In 2011, the United States and Ecuador agreed to exchange ambassadors after several months in which top representation was absent.

The United States should broaden relations beyond counternarcotics and trade. Iran's largess is well received in certain countries whose leaders are most resentful of U.S. self-interest. Partnerships in areas of mutual concern could serve to reduce that resentment. As an example, a bilateral biofuels cooperation agreement proposed by the Bush administration helped strengthen ties with Brazil at a time when its leadership was skeptical of dealing with Washington. And where development programs are already in place, Congress could make dealing with Washington more attractive by reducing unnecessary conditionality.

The United States should also encourage countries that have relations with Iran to persuade it to be a responsible nuclear actor. In 2010, Brazil was naïve in its nuclear fuel swap gambit involving Turkey and Iran, as discussed earlier. However, in their respect for international conventions, Brazil, Mexico, and other Latin American democracies already lead by example. Encouraging them to sustain a dialogue with Iran on avoiding a showdown over nuclear weapons could help discourage a military confrontation.

Stepping up sanctions is another option to limit funding of Iran's nuclear adventures, but the White House and international community should clearly communicate that such measures are aimed principally at Iran. Sanctions may have had the effect of dissuading Ecuador from an open partnership with the Export Development Bank of Iran that the Islamic Republic may have wanted to use to finance its military establishment. Yet it was clear that Ecuador's president considered them a punishment directed at his country as well as at Iran.

Finally, the United States should make good use of Radio Farda and Persian surrogates to expose the Iranian people to objective news from the Americas, highlighting the hemisphere's overall progress in human rights, civil liberties, economic freedom, religious tolerance, and relations with a multiplicity of external actors, from China to the United States. The object should be to portray Iran's engagement in proportion to everything else that is happening, supplying contrast to the messages that ordinary Iranians receive from official state media.

Final Observations

Iran is not the only extra-hemispheric power eager to exploit relations with American states. The European Union, China, and Russia all have a presence in the hemisphere. To the extent that each is competitive, they will achieve some success. To the extent that they engage in what others believe to be useless or destructive behavior, they will limit their prospects. Authoritarianism and anti-U.S. sentiments have deep roots in Latin America, to be sure. However, the dominant trend is toward democracy, decentralization, and governments that serve the popular will. Like growing intolerance for dictatorships in the Middle East, vestiges of authoritarianism may be poised for a reversal in Latin America, with the mortality of the Castro brothers in Cuba and the possibility that, for whatever reason, Hugo Chávez might leave power in Venezuela. Connections, based on affinities between charismatic leaders, can last for decades yet vanish in an instant.

As previous studies on this subject have concluded, Iran's influence in the Americas will not be the same next year as it is now, and so the matter will require continued reassessment. Prosecutors and law enforcement should be on the lookout for a potential resurgence of terrorist acts if Iran's government becomes more divided and mis-coordinated between hard-line mullahs, elected officials, and zealous Iranian Guards, or if it begins to lose influence within the ALBA alliance. However, one thing is sure. Iranians come from an old civilization and generally believe they have an important place in the world. For now, their leaders think that their role is to speak for the Islamic world, and to align with whomever they can to counter Western powers that they feel have done them wrong. Perhaps sometime in the future, the United States and its democratic neighbors in the Western Hemisphere can help this distant society understand that its place is within the global community of nations, sharing the richness of its culture, without seeking to dominate or control others.

APPENDIX

IRAN'S ENGAGEMENT IN THE AMERICAS, 1979–2011

- 1979 Shah Mohammed Reza Pahlavi and wife Empress Farah leave Iran for exile. Ayatollah Ruhollah Khomeini returns, and on April 1, Iranians vote by referendum to become an Islamic republic.
- Cuban president Fidel Castro switches his support from Iranian communists to Ayatollah Khomeini despite divergent views on religion.
- Supreme Leader Ayatollah Khomeini demands that the United States hand over the Shah, who has sought refuge on Contadora Island in Panama.
- 1981 Fidel Castro invites Iran to open an embassy in Havana.
- 1983 Sandinista minister of education Fernando Cardenal visits Ayatollah Khomeini in Tehran.
- 1985 Iranian prime minister Mir Hossein visits Nicaragua.
- 1990 Iran closes its embassy in Nicaragua following the defeat of Daniel Ortega in the 1990 presidential elections.
- 1992 A suicide bomber drives a pickup truck loaded with explosives into the Israeli embassy in Buenos Aires. The blast kills 29 and wounds 242. The Islamic Jihad, a pseudonym for Hezbollah, claims responsibility.
- 1993 Cuba and Iran sign their first biotechnology cooperation accord.
- 1994 A bomb attack destroys the Asociación Mutual Israelita Argentina (AMIA, or Jewish community center) building in Buenos Aires, killing 85 and injuring some 300. No entity claims responsibility for the attack. Rather, evidence developed in an ongoing investigation points to the involvement of Hezbollah cells in South America and Iranian officials.
- 1998 Argentina announces it will downgrade relations with Iran “to the minimum” based on Iran’s suspected involvement in the 1994 AMIA attack
- 1999 Iran signs an agreement to build a meat packing plant in the remote jungle sanctuary of the Revolutionary Armed Forces of Colombia (FARC). It abandons the project when Colombian authorities voice suspicions about Iran’s intent.
- 2000 In August, Venezuelan president Hugo Chávez meets President Muhammad Khatami in Iran as part of a 10-stop tour of OPEC countries. He then travels overland to Baghdad to visit Saddam Hussein.
- 2001 In May, President Chávez returns to Iran to express solidarity and support for oil production cuts to prop up world prices.

2003 Presidents Khatami and Chávez agree to rehabilitate an inactive tractor assembly plant in Ciudad Bolívar. Iran will invest \$34 million and supply parts.

A U.S. satellite relaying Farsi-language broadcasts to the Middle East is jammed from Cuba. The Cuban government says the signals are coming from an Iranian diplomatic compound. Direction-finding efforts show the source as a former Cold War telecommunications site near Bejucal.

2004 In June, Brazil and Iran take a step toward closer economic and political ties, agreeing to petrochemical cooperation, holding talks on agricultural sales to Iran, and discussing ways to boost trade.

Iran's minister of foreign affairs Kamal Kharrazi meets with Mexico's president Vicente Fox and minister of foreign affairs Luís Ernesto Derbez in Mexico City to discuss commercial ties.

2005 In February, Mexico and Iran sign memorandums promoting joint ventures in petrochemical, gas, and oil sectors.

In March, Venezuela and Iran sign an agreement of commercial and technological cooperation during the visit of President Mohammed Khatami to Caracas. President Chávez defends Iran's right to produce atomic energy and continue research in the area of nuclear development. Chávez speaks about his aspirations to develop nuclear weapons "for peaceful purposes" and his intention to broker cooperation with Latin American countries and Iran.

In Ciudad Bolívar, Khatami leads the inauguration of the Veniran Tractor Company.

Iran signs its first free trade agreement with Venezuela.

In October, Venezuela and Iran sign a memorandum for the construction of a \$45 million cement plant near Maturín in the State of Monagas.

Said Jalili, Iran's deputy foreign minister for Europe and the Americas, visits Ecuador and meets with Foreign Minister Francisco Carrión and Wilfrido Lucero Bolaños, president of Ecuador's Congress.

2006 Presidents Chávez and Mahmoud Ahmadinejad sign a mutual cooperation agreement that involves Iran Khodro Company (IKCO) automaker in the opening of a car factory. Iran's investment in the agreement is reported to be \$99 million.

In February, the Islamic Republic News Agency reports that the Export Development Bank of Iran (EDBI) and Cuba's Foreign Bank have signed an agreement to facilitate Iranian exports as well as engineering and technical services to Cuba.

In September, Ahmadinejad makes his first visit to Venezuela and signs 29 commercial accords. Included is the creation of a binational development fund through the EDBI with an initial capitalization of \$200 million.

2007 In January, President Ahmadinejad visits recently reelected Nicaraguan president Daniel Ortega and signs a development agreement to build dams, homes, and factories.

Ahmadinejad attends the inauguration of Ecuador's president Rafael Correa. They agree to open trade offices in each other's capitals. Soon after the visit, Ecuador resumes its OPEC membership, which it had renounced in 1992.

In February, Iran reopens its embassies in Colombia and in Nicaragua.

Iranian foreign minister Manoucher Mottaki announces Iran's plans to reopen embassies in Chile, Ecuador, and Uruguay and launch a representative office in Bolivia, to be followed by a full embassy.

In March, the joint Venezuelan-Iranian venture Venirauto introduces new cars to the Venezuelan market; Venezuela's PDVSA and Iran's SADRA form Venezirian Oil to pursue offshore oil and gas opportunities.

Flights begin between Venezuela and Iran, with a stop in Damascus, Syria, operated by Iran Air and Venezuela's Conviasa.

In June, Brazil's Petrobras signs a \$470 million contract to help Iran develop a pair of oil blocks in the Caspian Sea.

Nicaraguan president Daniel Ortega makes an official visit to Iran.

In July, while accompanying President Chávez in Iran, Energy Minister Rafael Ramírez remarks that Venezuela will sell gasoline to refinery-limited Iran. In August, a visiting Iranian delegation in Nicaragua announces plans to finance the construction of five milk-processing plants, a health clinic, 10,000 low-income housing units, a farm equipment plant, and infrastructure at the western port of Corinto.

Iranian and Venezuelan officials offer \$350 million to aid the construction of a seaport near Monkey Point on Nicaragua's eastern coast.

In September, Ahmadinejad visits the UN General Assembly and denounces "arrogant powers" seeking to limit Iran's nuclear ambitions. Subsequent visits include Venezuela and Bolivia, where he inaugurates diplomatic relations and pledges \$1 billion of gas, mining, and agriculture investments.

Iran's Press TV reports a joint Iranian-Bolivian statement recognizing "the rights of developing nations to develop nuclear energy for peaceful purposes."

Meeting in Tehran, Chávez and Ahmadinejad sign the agreement for the creation of a binational development fund.

In November, Interpol's general assembly adds five Iranian officials, including current defense minister Ahmad Vahidi, to its wanted list for their alleged roles in the AMIA bombing.

Following Iran's commitment to invest \$1.1 billion in Bolivia's gas facilities, Bolivian president Evo Morales declares that the country's only embassy in the Middle East will move from Cairo to Tehran.

2008 In January, the Central Bank of Ecuador and the Export Development Bank of Iran agree to open an EDBI branch in Quito.

Iran's EDBI subsidiary opens in Caracas.

Iran and Ecuador announce an MOU to build a refinery and petrochemical plant with the assistance of Venezuela.

In February, Iran and Bolivia jointly declare that UN Security Council interference in Iran's nuclear dossier is unjustified.

In March, Iran opens an embassy in La Paz, Bolivia.

Nicaraguan energy minister Emilio Rapaccioli announces that Iran approved a \$230 million loan to construct a 70-megawatt hydroelectric dam on the Río Tuma.

In May, Iran's Mehr News reports that the Islamic Republic of Iran Shipping Lines (IRISL) will commence weekly service between Iran, Venezuela, and Cuba.

In June, Iran's president Ahmadinejad announces a \$768 million line of credit to Cuba.

In September, Bolivia's president Morales travels to Iran, where he denounces the UN Security Council's sanctions on Iran's nuclear program.

Ecuador's minister of energy and mines Galo Chiriboga announces that Ecuador and Iran have signed agreements on joint research in geology, mining, environmental issues, geological risk, and geohydrology.

In November, Brazilian foreign minister Celso Amorim plans for an eventual visit by Ahmadinejad to Brazil.

In December, Ecuador's Rafael Correa makes his first visit to Tehran. Members of Correa's delegation attend a military equipment exhibition sponsored by the Iranian Defense Ministry.

2009 International Monetary Fund (IMF) data analyzed by the *Latin Business Chronicle* indicate that Iran-Latin American trade rose 209 percent in 2008, up to \$2.9 billion.

In January, some 200–300 members of Iran's Revolutionary Guard instructors visit Ecuador to supervise specialized army training.

In February, Iran opens an embassy in Quito, Ecuador, while Ecuador upgrades its Tehran commercial office to an embassy.

In March, Iranian foreign minister Mottaki visits Brazil, where he announces that President Ahmadinejad will visit in May.

In April, St. Vincent and the Grenadines prime minister Ralph Gonsalves arrives in Tehran to discuss cooperation on construction projects.

In Iran, President Chávez attends the opening of the Iran-Venezuela Joint Bank and announces his intention to seek a joint mining venture with Iran.

Iranian defense minister Mustafa-Mohammad Najjar becomes the first Iranian defense minister to visit Venezuela since the Islamic Revolution. He signs an MOU on defense education, exchanges, and future cooperation with Venezuela.

In May, President Ahmadinejad abruptly cancels his visit to Brasilia.

In July, Iranian officials announce the approval of a \$280 million loan for Bolivia's industrial and energy sectors.

In November, Ahmadinejad's long-anticipated arrival in Brazil is met with protests.

2010 Visiting Tehran in January, Guyanese president Bharrat Jagdeo meets with Ahmadinejad and Ayatollah Khamenei. Iran indicates its willingness to help Guyana map its mineral reserves and signs MOUs on visa and development matters.

In February, the UN Financial Task Force places Ecuador on its watch list for its failure to comply with money laundering regulations.

In April, following the suspension of bilateral oil cooperation between Brazil and Iran, Iran's minister of industry and mines Ali Akbar Mehrabian suggests that Brazilian ethanol exports may be a way for Brazil to avoid sanctions on refined petroleum exports to Iran.

In May, the presidents of Brazil, Turkey, and Iran announce an agreement to supply Iran's nuclear energy program with enriched uranium. Iran would ship 1,200 kilograms of low-enriched uranium to Turkey in exchange for 120 kilograms of more highly enriched uranium to satisfy research and energy program needs. Subsequently, the UN Security Council calls on Iran to suspend all enrichment activity when Iran's own enrichment activities are revealed.

Bolivia moves its Middle East embassy from Egypt to Iran.

Brazil's president Inacio Lula da Silva leads a 300-member delegation to Tehran. Iran and Brazil sign 11 cooperation deals including oil and financial agreements.

Rafael Correa announces that Ecuador will no longer deal with Iran's EDBI, now under U.S. sanctions.

In July, representatives from five ALBA member states issue a statement opposing sanctions on Iran as they meet in Tehran.

In September, Conviasa flights between Venezuela and Iran reportedly are suspended.

Visiting Tehran in October, Bolivia's Morales signs memorandums to establish a joint bank and line of credit. During this same visit, Bolivia reveals plans to purchase planes and helicopters from Iran.

After a visit to Moscow, Hugo Chávez stops in Tehran to discuss the possibility of purchasing air defense missiles that Russia was unwilling to sell to Iran because of sanctions.

The German newspaper *Die Welt* reports that Chávez and Ahmadinejad reached a secret agreement during their October meeting to allow Iran to construct a medium-range missile base on Venezuelan soil; the base is meant to deter the United States from attacking Iran.

In December, construction wraps up on the \$1.8 million multinational military training center in Warnes, Bolivia, partly financed by Iran. A Venezuelan initiative, its goal is to become the ALBA equivalent of the former United States Army School of the Americas.

2011 In January, Ambassador Abdolreza Mesri (resident in Venezuela) presents credentials as Iran's emissary to Guyana. The Guyanese presidency issues a press statement that Iran may build a joint medical training facility in Guyana and will continue collaboration on mapping Guyana's geological resources.

Ali Larijani, Iran's parliamentary speaker, welcomes his Uruguayan counterpart, Ivonne Pasada, to Tehran, where she also met with President Ahmadinejad.

In May, Iran's foreign ministry spokesperson Ramin Mehmanparast and Cuban Institute of Radio and Television president Danilo Sergio López announce a joint venture in television programming using Iran's Hispan TV and Venezuela's TeleSur satellite channel.

Argentine foreign minister Hector Timerman protests the presence of Iranian defense minister Ahmad Vahidi, wanted by Interpol, at military ceremonies in Santa Cruz, Bolivia. Vahidi leaves the next day.

Citing the 2010 Comprehensive Iran Sanctions, Accountability, and Divestment Act (CISADA), the Obama administration suspends Venezuela's PDVSA oil company from access to U.S. government contracts, import-export financing, and export licenses for sensitive materials.

In July, Iran signals willingness to cooperate on Argentina's investigation into the 1990s Israeli embassy and AMIA bombings in Buenos Aires. However, its foreign ministry claims no Iranian citizens played a role in either of the attacks.

In September, Iran signals a willingness to let international inspectors supervise the country's nuclear activities for five years if sanctions are lifted. Iranian vice president Mohammad Rahimi visits Cuba, where he agrees to provide a \$680 million line of credit, and then Ecuador, where he promises to help build a new medical center.

In October, U.S. authorities capture an Iranian-American used car salesman allegedly conspiring to assassinate the Saudi ambassador to the United States and carry out attacks on Saudi and Israeli diplomats in Argentina. The conspirator, Mansour Arbabsiar, acting with a cousin and another member of Iran's Revolutionary Guards' Qods Force, had sought out the Mexican drug cartel Los Zetas to carry out the plot.

In December, reports link Cuba, Venezuela, and Iran to a computer hacking plot on the campus of the National Autonomous University of Mexico against U.S.-government agencies. Students posing as hackers secretly videotaped encounters with Iranian and Venezuelan diplomats.



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