

Testimony by Cynthia J. Arnson
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Subcommittee on the Western Hemisphere, Peace Corps,
and Global Narcotics Affairs
“Iran’s Influence and Activity in Latin America”
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Mr. Chairman and Members of the Subcommittee:

Thank you for this opportunity to testify on Iran’s relationship with Latin America.¹

This is a highly charged as well as difficult subject.

It is highly charged in that international tensions over the purpose and lack of transparency of Iran’s nuclear program have escalated dramatically. Indeed, just as Iranian President Mahmoud Ahmadinejad made yet another trip to the region last month, Iranian authorities threatened to close down the Strait of Hormuz if sanctions were adopted against its sale of oil; Iranian judicial authorities sentenced to death a dual Iranian-American citizen and former U.S. Marine accused of espionage; and speculation about possible military strikes by Israel or the United States against Iran’s nuclear installations has increased exponentially. The recent assassination in Tehran of yet another Iranian scientist working on the country’s nuclear program—for which Iran blames the Israeli government—and assassination attempts against Israeli diplomats in India and Georgia—for which Israeli officials blame Iran—have contributed to the thickening of tensions.

¹ I am grateful to Adam Stubits, Program Associate at the Woodrow Wilson Center, and interns Julie Anderson, Melissa Nolan, and Hanif Zarrabi-Kashani for research assistance.

The subject of Iran's involvement in Latin America is difficult precisely because there is so little transparency in Iran's economic, security, or intelligence dealings with the region; this problem is compounded by a similar lack of transparency among its principal allies in the region, the countries of the so-called ALBA bloc.² What is assumption, speculation, or suspicion and what is hard evidence based on reliable sources? The allegations are many and serious but the ability to verify definitively is often lacking. There are disagreements within and outside the U.S. government about the precise contours of the relationship. For example, in April 2010, a Department of Defense report to Congress indicated that the elite unit of Iran's Islamic Revolutionary Guard Corps, the Qods Force, had increased its presence in Latin America, particularly in Venezuela. Yet shortly thereafter, General Douglas Fraser, head of the U.S. Southern Command, stated that Iran's growing interest in and engagement with Venezuela was diplomatic and commercial, not military. Secretary of State Hillary Clinton stated in 2009 that Iran was building a large embassy in Nicaragua; the report turned out to be false.

The allegations about Iran's activities in Latin America, especially those related to its nuclear program and support for terrorism, deserve to be treated with the utmost seriousness. There is a track record: five Iranian officials, including the current defense minister, along with an operative of Hezbollah have been accused by the government of Argentina—and arrest warrants have been issued by INTERPOL—for masterminding and staging two of the most devastating terrorist attacks in recent Latin American history: the 1992 bombing in Buenos Aires of the Israeli Embassy, and the 1994 bombing of the Jewish community center known as the AMIA. One hundred fourteen people died in those attacks and hundreds more were wounded.

² The Bolivarian Alliance of the Peoples of our America (ALBA) was founded in 2004 and includes Antigua and Barbuda, Bolivia, Cuba, Dominica, Ecuador, Nicaragua, St. Vincent and the Grenadines, and Venezuela.

In this political year in the United States, however, it is easy to see how the hot-button issues of Iran and its intentions—in the Middle East or Latin America—can become the subject of heated debate and partisan contention. When one adds the polarizing and stridently anti-U.S. figure of President Hugo Chávez of Venezuela, the mix becomes especially volatile. Politicization of issues, however, rarely leads to good policy. Assessments of intentions as well as capabilities are by definition hard to make, all the more so when they involve activities that state and non-state actors endeavor to keep secret. Vigilance is essential, as is evidence-based consideration of difficult issues.

Iran's relationship with the Western hemisphere goes back half a century or longer. Venezuela and Iran were founding members of OPEC in the 1960s, and for decades pursued a common agenda around keeping oil prices high. Iran also sought to expand commercial relations with Mexico and Brazil, and through the Non-Aligned Movement established friendly relations with a number of Latin American countries. The overtly political aspects of the current relationship deepened after the 1979 Iranian revolution, the same year in which the Sandinistas took power in Nicaragua. The election of Iranian President Mahmoud Ahmadinejad in 2005 and his promotion of an “aggressive foreign policy” to counter Iran's international isolation marked a new phase in Iran's relationship with Latin America, and it is this current phase that has been of greatest concern to the Washington policy community.³

The relationship between Iran and several Latin American countries since in 2005 is driven by multiple factors. These include, for both sides, economic self-interest—the search for new trade partners and markets—the desire to assert foreign policy independence and

³ For additional background on Iran's foreign policy toward the region, see Farideh Fahri, “Tehran's Perspective on Iran-Latin American Relations,” in Cynthia Arnson, Haleh Esfandiari, and Adam Stubits, eds., *Iran in Latin America: Threat or 'Axis of Annoyance'?* Woodrow Wilson International Center for Scholars, Latin American Program and Middle East Program, 2009, http://www.wilsoncenter.org/sites/default/files/Iran_in_LA.pdf

sovereignty and diversify international partners beyond the United States, and for some, a shared anti-U.S., “anti-imperialist” agenda. Negotiations over Iran’s nuclear program served as an opportunity for Brazil during the Lula administration to project its own global ambitions, even if such efforts were highly controversial within Brazil and in the United States at the time. (As described below, the government of current President Dilma Rousseff has adopted a significantly different posture). Venezuelan President Hugo Chávez has most actively courted Ahmadinejad, using the relationship to express antipathy to, and score propaganda points against, the United States. He has facilitated Iran’s relationships with ALBA allies such as Nicaragua, Ecuador, and Bolivia, whose governments similarly exploit antagonism with the United States for internal political purposes, albeit to a degree far less than Venezuela.

President Ahmadinejad’s most recent trip to the region in January 2012 was organized around an invitation to attend the presidential inauguration of Daniel Ortega in Nicaragua; the agenda also included Venezuela, Ecuador, and Cuba. Ahmadinejad may have derived some political satisfaction from the trip; he showed up once again on the U.S. doorstep, attempted to demonstrate that Iran was not entirely isolated internationally; and was joined by leaders in Caracas and Quito in rejecting claims that Iran’s nuclear program was for anything but peaceful purposes. In a broader sense, however, the trip was a major failure, demonstrating that Iran has lost political ground in the region:

- Ahmadinejad was rebuffed by Brazil, Iran’s largest trading partner in Latin America, in stark contrast to the visits by Ahmadinejad and Lula to each other’s capitals in 2009 and 2010, respectively. In March 2011, the government of President Dilma Rousseff voted against Iran in the United Nations for the first time in a decade, supporting a resolution in the Human Rights Council to send a

special rapporteur to Iran to investigate human rights violations. As President-elect, Rouseff condemned the sentence—death by stoning—of an Iranian woman convicted of adultery, calling the proposed punishment a “barbarity” and a “medieval practice.” Brasilia ultimately abstained when the rapporteur's final report on human rights in Iran was brought to a vote. But a spokesman for Ahmadinejad in Tehran publicly criticized Rouseff for “destroying years of good relations” built up under President Lula.

- Argentina, Iran’s second largest trading partner, was also off the itinerary. Despite a growth in bilateral trade, the issue of Iran’s role in the two terrorist bombings in the 1990s precludes a deeper relationship.⁴
- Despite previous visits to Bolivia, Ahmadinejad did not stop in La Paz. In May 2011, Iranian Defense Minister Ahmad Vahidi—accused by the Argentine government of involvement in the AMIA case—visited Bolivia at the invitation of the Defense Ministry. Following an outcry in Argentina, Bolivian President Evo Morales publicly apologized, calling the invitation to Vahidi a “grave error.” Morales also apologized to representatives of Argentina’s Jewish community, saying that the visit was a “mistake.”
- Ahmadinejad did not attend the inauguration of Guatemalan President Otto Pérez Molina, even though its timing coincided with the trip to the other four countries, and even though reports in the Guatemalan press indicate that Ahmadinejad had

⁴ Press reports that the Argentine Foreign Ministry was contemplating a warming of relations with Iran and a softening of the position vis-à-vis the 1990s bombings caused a firestorm. Whatever the validity of the reports, the Argentine government’s position remains unchanged.

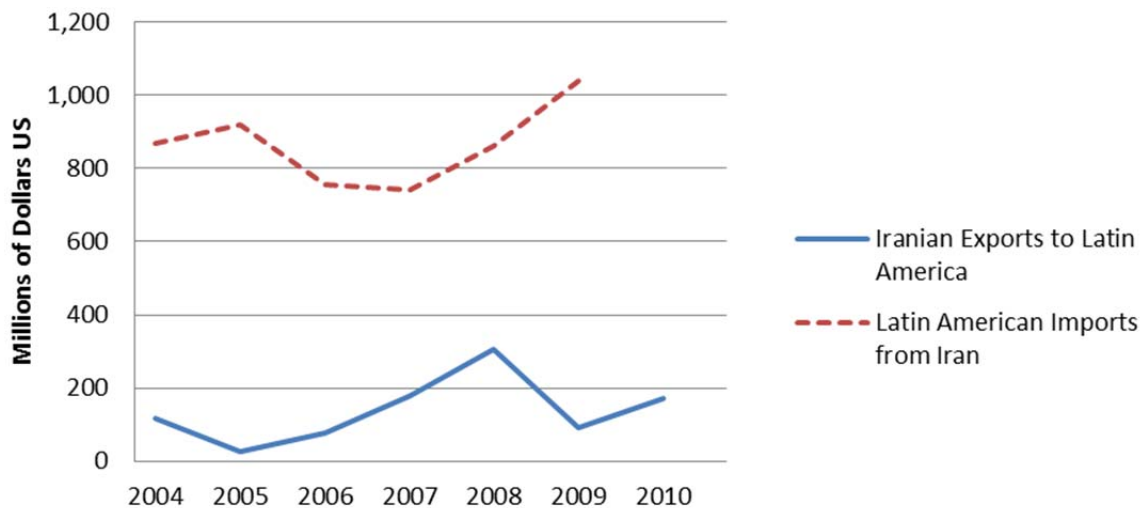
been invited, along with the presidents of all countries with which Guatemala has diplomatic relations.

- The relationship with Cuba also manifests some important areas of divergence. Fidel Castro has openly condemned the Iranian government's anti-Semitism and denial of the Holocaust.
- Finally, Ahmadinejad remains extremely unpopular in Latin America as a whole. According to the polling firm Latinobarómetro in 2011, citizens of the region ranked Iran last out of nine countries about which they were asked if they had a favorable opinion. (The United States ranked first).⁵

The economic relationship between Iran and Latin America has grown in recent years, but its significance is also easy to exaggerate (see Table 1). The media use words like “surge” and “seven-fold” increase to characterize Iran's trade relationship with Brazil. Yet the \$2.1 billion in bilateral trade in 2010 constituted less than 0.6 percent of Brazil's total foreign trade (see Table 2). Similarly, Iran-Venezuela trade is less than 0.02 percent of Venezuela's total trade. According to IMF statistics reported by the European Commission, Iran ranks 27th among Brazil's trading partners, and ranks only 48th for Venezuela. Of Iran's major trade partners, Brazil appears in 18th place, and Argentina is in 34th place (both are dwarfed by Iran's trade with the United Arab Emirates, China, India, Japan, Turkey, and South Korea). Notably, none of the countries of the ALBA bloc figures among Iran's top 50 trading partners.

⁵ The United States had a 72 percent favorable rating, followed by Spain (71 percent). Ranked more favorably than Iran were the European Union, China, Canada, Venezuela, Cuba, Israel.

Table 1
Exports/Imports - Iran & Latin America



Source: compiled by the Latin American Program based on the International Monetary Fund statistics,

Table 2

Trade with Iran as Percent of Total Trade: Selected Latin American Countries

Year	2004	2005	2006	2007	2008	2009	2010
Brazil	0.708%	0.506%	0.694%	0.666%	0.307%	0.433%	0.585%
Venezuela	0.002%	0.019%	0.053%	0.041%	0.043%	0.042%	0.018%
Ecuador	0.001%	0.005%	0.000%	0.000%	0.509%	0.055%	0.023%
Cuba	0.132%	0.017%	0.027%	0.003%	0.011%	0.007%	0.000%
Bolivia	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

Source: compiled by the Latin American Program based on the International Monetary Fund statistics, 2010.

Similar exaggeration characterizes Iran’s aid and investment to its closest allies in Latin America. Scores, if not hundreds, of cooperation agreements have been signed and billions upon billions have been pledged, in areas as diverse as energy, infrastructure and port development,

agriculture, cement, textiles, and mining. Most of the projects have not and will never come to fruition, in no small measure because they are unpopular in Iran. The Iranian parliament must approve funding for such projects and opposition is stiff in light of the economic pain inflicted by international sanctions.

Iran's behavior in the international system, from the support of terrorist movements to the defiance of the international community with respect to inspections of its nuclear program, raises the most concern and alarm about its increased activities in Latin America. Several years ago the Manhattan District Attorney's office launched an ongoing investigation of Venezuelan collaboration with Iran to procure financing and materials (including uranium) for weapons production in violation of U.S. and international sanctions. The Iranian financial presence in Caracas, through the Banco Internacional de Desarrollo (BID) and the Banco Binacional Iraní-Venezolano, raise concerns about Iran's use of the Venezuelan banking system to avoid sanctions. Indeed, the Toseyeh Saderat Iran Bank, the primary shareholder in the BID, was designated by the U.S. Treasury Department in 2007 as a vehicle for the funding of Hezbollah.⁶

There is every reason to be watchful and vigilant, and treat allegations about Iran's military and intelligence activities in the region with the utmost seriousness. As mentioned earlier, the secrecy and lack of transparency that characterize the behavior of the Iranian regime, including its dealings with allies in Latin American on economic as well as military matters, heighten the level of concern. The U.S. Department of Treasury in 2008 accused a Venezuelan diplomat who had served in Lebanon and Syria of acting as a facilitator and fundraiser for

⁶ See Douglas Farah, "Iran in Latin America: An Overview," in Cynthia Arnson, Haleh Esfandiari, and Adam Stubits, eds., *op.cit.*

Hezbollah.⁷ In May 2011, the U.S. government sanctioned the state-owned Venezuelan oil company PdVSA for deliveries of gasoline components to Iran in defiance of sanctions. In October 2011, the U.S. government implicated an Iranian citizen in an alleged plot to arrange the assassination of the Saudi ambassador in Washington. In January 2012, the Obama administration expelled Venezuela's Consul in Miami, Livia Acosta, following the airing of a television documentary linking her to the planning of cyber-attacks on the United States.

Allegations about Iranian efforts to obtain uranium in Venezuela and Bolivia are more difficult to substantiate, but these, along with questions raised about an increased presence of the Qods force in Iranian diplomatic missions, should be further investigated. At the same time, counter-evidence should also be weighed seriously. For example, in 2011 a reporter writing for the *Wilson Quarterly* attempted to learn more about the direct flights between Caracas and Tehran inaugurated in 2007. But when he visited the office of the Venezuelan airline, Conviasa, to inquire about purchasing a ticket, he was told that the service had been canceled "about a year ago." Similarly, the same reporter who visited a car dealer to inquire about purchasing a vehicle made by the joint Venezuelan-Iranian car and tractor manufacturer Venirán was told there weren't any and that there was a waiting list from 2010 of more than 4,000 customers.⁸ Is this the definitive word? Probably not. Sifting through what is real and what is not is an important and indeed urgent task.

At the same time, other pressing human security concerns in the hemisphere, including the tens of thousands of people killed in the past several years in violence related to narco-

⁷ In January 2011, a Congressional Research Service report on Hezbollah noted that "there is little credible evidence of the present activity of operational Hezbollah cells in Latin America," but indicated that Hezbollah and its supporters and sympathizers were involved in illegal activities such as drugs and arms trafficking, money laundering, and other forms transnational crime.

⁸ Joshua Kucera, "What is Hugo Chávez Up To?" *Wilson Quarterly*, Vol. 35, No. 2, Spring 2011.

trafficking or the threat to democratic institutions posed by transnational crime also deserve serious attention. Attention to this issue should not overshadow the broader dynamics in the hemisphere, marked by economic growth, the fight against poverty and inequality, the emergence of Brazil as a global actor, expanded relations with China and other Asian countries, democratic deepening, and a growing clamor for the United States to reform its immigration and counter-drug policies. Losing sight of the concerns and priorities of Latin American countries themselves risks isolating the United States from important allies in the hemisphere; these countries will look elsewhere for global partners who share their priorities and are willing to act on a common agenda.

Thank you for your consideration.