

Iran's Presence in Latin America: Trade, Energy, and Terror

By Dina Siegel Vann

The main players in the international arena have insistently identified Iran's undeterred development of nuclear capability as a clear threat to world peace. Its ambivalent relationship with the International Atomic Energy Agency (IAEA) as well as its frequent belligerent statements regarding the U.S. and Israel are in the news almost on a daily basis. The prevailing question seems to be how can the world community, through the use of bilateral or multilateral channels and pressure points, leverage its relations with Iran to deter it from becoming a nuclear power?

There is one aspect of this thorny issue, however, that has remained relatively unknown. For several decades, Iran has made strategic attempts to increase its presence and activity in Latin America. With six permanent diplomatic offices in the region, including Brazil, Venezuela, Uruguay, Argentina, Mexico, and Cuba, as well as temporary envoys in Chile and Colombia, Iran is gearing up for the establishment of a stronghold in the continent. Times could not be more auspicious, with emerging populist leaders in the region viewing this relationship as part of a political realignment that excludes the United States, and with American attention focused on other areas of the world.

Only last February, the president of the Iranian Parliament, Gholam Ali Haddad Adel, led an eight-day trip to South America. During his first stop in Caracas, he signed five commercial agreements with Venezuela. The two countries established a \$200 million bi-national fund to promote investment and trade. The Iranian delegation also visited Cuba, where the president of the National Assembly, Ricardo Alarcon, pledged to support Iran's efforts to withstand pressure from the UN Security Council against its uranium enrichment facility. A few days later, while meeting with Uruguay's president Tabare Vazquez in Montevideo, Haddad Adel touched on the subject once again while praising Uruguay's "logical and moderate positions" on foreign affairs. The trip concluded in Brazil, which is about to become the region's first producer of enriched uranium through its facilities in Resende, seventy miles from Rio de Janeiro.

There is no doubt that the recent impetus in Iranian-Latin American relations has as much to do with regional as with geopolitical factors. Take the case of Bolivia and Venezuela, among the world's richest nations when it comes to current and potential oil and gas output. President Chavez sees his country's oil supplies as a means to pursue an independent diplomatic course from what he perceives to be "U.S. imperialism" and has persuaded Bolivia's recently inaugurated president, Evo Morales, to do the same with its natural gas deposits. This position is congruent with Iran's aggressive search for the establishment of alliances with Latin America's populist governments. Iranian president Mahmoud Ahmadinejad welcomed Chavez's proposal for tripartite cooperation among Iran, Venezuela, and Bolivia on energy production. Although Bolivia has not previously

been close with Iran, this trilateral energy alliance would provide the Andean country with the necessary expertise to nationalize its oil and gas industry, a priority for President Morales.

Whether through trade promotion, the joint development of nuclear capabilities, or the advancement of shared ideological and political agendas, Iran is taking advantage of whatever front- or back-door options are available to win allies in the Western Hemisphere. Most of the nations in the Americas are addressing the Iranian overtures either as committed ideological or business partners or as bystanders. Regardless, they are helping Iran persevere in pursuing a nuclear program with clear aggressive undertones, despite the threat that it represents to world peace.

Cuba and Iran: Revolutionary Brothers

Iran's connection with Cuba is not difficult to fathom, given both countries' shared agenda against the U.S. Close diplomatic ties date back to 1982, when Cuba became one of the first countries to recognize the 1979 Islamic revolution. However, it wasn't until May 2001 that Fidel Castro finally visited the Persian nation, where he was received with the highest honors.

The fact that both countries are bound by restricting U.S. embargoes has brought them even closer. Ahmadinejad accepted a recent invitation by President Castro to visit Cuba, as a sign of his gratitude for that island's support of Iran's nuclear program. The Iranian leader is scheduled to attend the September 11-16 Non-Aligned Summit in Havana.

This latest surge of appreciation stems from Cuba's vote in Vienna against a resolution before the IAEA to refer Iran to the UN Security Council because of its nuclear program. Ahmadinejad publicly thanked Cuba for its "dignified and principled" position during the special meeting, which ended in a 27-3 vote in favor of reporting Iran to the UN council. The other two countries to vote against referral were Venezuela and Syria.

The relationship was further strengthened during the visit of Cuban foreign minister Felipe Perez Roque to Tehran this February. He met the speaker of the Iranian Parliament, Haddad Adel, who later in the month led a delegation to Latin America, including Havana. Iran is aiming to deepen its economic ties with the Caribbean nation through new hydraulic and energy projects. Additionally, dozens of ministers, legislators, and business leaders from both countries met in Havana in February for a joint economic conference, the tenth to take place between the two nations, to finalize details on these projects.

Iran and Cuba have also been exploring further cooperation in the textile, agriculture, and petrochemical fields. Trade between the two nations has averaged between \$20 million and \$30 million a year over the last three years, with the trade of balance favorable to Cuba. Iran imports at least \$15 million worth of Cuban pharmaceuticals and biotechnological products per year.¹ But Iran is now pushing for Cuba to take advantage

1. Associated Press, January 10, 2005.

of an additional \$26 million credit it offered over a year ago for Iranian goods and technological services.²

Cuba analysts say that Iran has used an electronic jamming station outside Havana, which the Communist island employs to block broadcasts beamed by the U.S.-backed Radio Marti. Reports say Iran has allegedly piggybacked on Cuba's expertise to jam American government broadcasting into Iran.³

Venezuela and Iran: Tracking the Oil Connection

Chavez's Venezuela shares with Iran a host of interests and world views. From the beginning of his controversial mandate in 1998, Chavez has frequently flirted with Arab rogue states. He has signed treaties for "technological cooperation" with Libya, Iran, and Syria, and has increasingly established business interests in those countries. Iran and Libya, for their part, have hundreds of millions invested in the South American country.

During his tenure, Chavez has traveled on four occasions to Iran and has publicly stated that he considers the latter to be a model for development. He has committed Venezuela to standing beside the Persian nation when it is assailed by the "imperial powers," especially on issues related to its nuclear program. During December's IAEA meeting, Venezuela was one of only two countries to reject a recommendation to refer Iran to the Security Council for its "many failures and breaches of its obligations to comply" with its treaty commitments, and in February, it joined Cuba and Syria in a similar vote.

Although relations between both countries go back many decades to the establishment of the Organization of Petroleum Exporting Countries (OPEC), this increased coziness with Iran can be traced back to May 2001, when Chavez paid a three-day visit to Tehran. During this first encounter, the "need" to oppose all forms of imperialism and oppression in the Third World was stressed. As further proof of friendship, the mayors of Tehran and Caracas announced the establishment of a sister-city agreement between the two metropolises. The relationship became even tighter with the inauguration of a statue of the Iranian astronomer Omar Khayam in Caracas and the hosting of two official Iranian commercial delegations. The anti-imperialist mantra has been used over and over again by both nations as a unifying cry against the U.S. and its policies abroad.

In November 2004, Chavez flew once again to Iran to meet with Ayatollah Ali Khamenei and former President Akbar Hashemi-Rafsanjani (1989-97). He was recognized by the Iranian government for becoming a symbol of resistance against "U.S. hegemony." Four economic and cultural agreements were signed between the two nations, and former President Mohammad Khatami promised a third visit to Venezuela before the end of his term in May 2005.

The following March, Khatami's visit turned out to be quite profitable for both countries. Several agreements worth over \$1 billion as well as Memoranda of Understanding on oil, gas, and petrochemicals were signed in order to encourage increased investment and

2. IranMania News, February 14, 2006.

3. *Christian Science Monitor*, February 15, 2006.

trade and to avoid double taxation. Chavez also presented Khatami with the Golden Key to the city of Caracas as a token of his gratitude for his efforts to promote ties between the two nations.

Almost a year later, as part of a South American tour, the president of the Iranian Parliament, Haddad Adel, led a senior delegation on an eight-day trip to the continent. While in Caracas, he signed five commercial agreements and helped establish an unprecedented \$200 million binational fund to promote investment and trade between the countries. Ali Haddad and his Venezuelan counterpart, Nicolas Maduro, in an apparent magnanimous gesture to the West, signed a document condemning nuclear weapons, but concurrently stressed that all nations have a right to the use of nuclear energy for peaceful means. Even though there were no reports of talks on nuclear technology cooperation, the visiting Iranian premier publicly stated that his country would be willing to consider it seriously.

Clearly, relations between Venezuela and Iran are thriving. The Iranian parliament has already approved a series of bills on income and investment taxation as well as agreements on trade and maritime transportation that are needed for the implementation of the bilateral agreements. In Venezuela, the first batch of Ven-Iran tractors jointly manufactured by both nations was delivered to farmers last December. The tractor factory opened earlier that year and has produced 400 tractors over the past nine months, with a nominal capacity of 5,000 units a year.⁴ In addition, significant progress has been made in the implementation of an agreement to explore setting up a joint shipbuilding operation in Venezuela for oil and liquid natural gas tankers and other vessels, besides training Venezuelans in shipbuilding technology. The deal was signed in Caracas between PDVSA⁵ and Sadra Iran Maritime Industrial Company.

Venezuela and Iran, both founding members of OPEC, have consistently backed efforts to undermine the U.S. petrodollar. In October 2005, Venezuelan president Chavez announced that his country was ready to move its foreign-exchange holdings from dollars to euros and called for the creation of a South American central bank designed to hold in euros all the foreign-exchange holdings of the participating countries. With a similar intent, in 2003, Iran began demanding oil payment in euros, although the oil itself was still priced in dollars, and announced the intention of opening an Iranian oil bourse to challenge NYMEX (the New York Mercantile Exchange) and IPE (London's International Petroleum Exchange). Furthermore, both countries have pursued bolstering oil prices by controlling production volumes. The fact that Venezuela is one of the top five oil-producing countries in the world aided Chavez's rise to office and consolidation of his hold on power through the promotion of his OPEC campaign to keep world oil prices high.

Brazil and Iran: Relations with Reservations

4. *VHeadline*. December 1, 2005.

5. Petroleos de Venezuela, Sociedad Anonima.

Ongoing relations between Brazil and Iran received much attention when the former acted as host of the South American Arab Summit in May 2005. The two-day meeting brought together leaders and representatives of thirty-four countries from Latin America, North Africa, and the Middle East and ended with a vow to work together to promote economic growth and alleviate poverty. The summit's closing declaration included severe criticism against Israel and the U.S. But even though the expectations for this meeting were highly ambitious, namely, the integration of South America and the Arab world, the concrete results to date have amounted to very little, other than inflated rhetoric and grandiose plans that have yet to materialize.

It was a year earlier, in 2004, that Brazil and Iran took the first important steps toward greater economic, if not political, cooperation through the signing of a Memorandum of Understanding that has helped establish avenues for increased communication and commercial exchange. Brazil appears willing to cooperate with Iran in fields such as textiles, fishery, automobile manufacturing, telecommunications, and computer hardware and software. Iran has voiced its readiness to invest in overseas banking, insurance services, and ozone-friendly industries. Energy, though, remains as the central topic.

During Iran's diplomatic mission to Latin America this February, Majlis speaker Haddad Adel met in Brasilia with the president of Brazil's Chamber of Deputies, Aldo Rebelo. He briefed his Brazilian counterpart on Iran's nuclear case and underscored that both nations shared desire to benefit from the peaceful use of nuclear energy. For his part, Rebelo highlighted the potential for cooperation in the political, economic, and cultural fields. He added that every nation has every right to pursue development in all spheres including the scientific and technological areas.

Brazil, it must be noted again, holds onto its own interests when addressing the development of nuclear energy. Although it has gone on record reinforcing its intentions to play by the rules and follow the international guidelines set by the IAEA (International Atomic Energy Agency), its stand on the matter might have unwittingly acted as an excuse for Iran not to abide by the regulations. As reported in the *Washington Post*, Brazil has been quietly developing a sophisticated uranium enrichment facility at Resende, outside Rio de Janeiro, to produce 60 percent of the nuclear fuel used by the country's two nuclear reactors (while a third reactor is on its way) and eventually to increase production to meet all of the country's needs and still have enough to export. This facility was visited by the IAEA in 2004, but its inspectors were denied access to large portions of the site. Brazilian officials argued that their country had a right to shield its "technological breakthroughs" from global scrutiny. And while the disagreements between the IAEA and Brazil were resolved within months, and inspectors have visited the facility at least thirty-two times, the international community now fears that Brazil's initial argument could be used by Iran. After all, why is Brazil—and not Iran—allowed to hide certain aspects of its nuclear program from the IAEA for "technological and commercial" reasons?

Regardless, it would seem that Brazil wants no role in Venezuela's strident support of Iran's nuclear ambitions. When Chavez addressed his South American neighbors this past

January and proposed to work jointly with Iran to develop nuclear capability, Brazil moved quickly to quash the idea. However, some days later, the Brazilian ambassador to Tehran, Luiz Antonio Fachini Gomez, conferred with the leader of the Iranian parliament, Haddad-Adel, who thanked Brazil for its support of Iran at the UN nuclear watchdog Board of Governors meeting in November. Developing countries on the Board, led by South Africa, Brazil, and Argentina, at first objected to taking a hard line on Iran's nuclear plan, fearing that forcing this country to give up sensitive nuclear activities could set a precedent that would curb their own nuclear programs. Eventually, Brazil came to support the Board's predominant view and voted in favor of referring Iran to the UN Security Council last February.

In contrast to Cuba and Venezuela, Brazil's relationship with Iran focuses only on economic goals, leaving aside any endorsement of its political or anti-imperialist rhetoric. This is also the case for other countries in the continent, such as Mexico and Uruguay, who, despite ideological differences, have been exploring favorable trade cooperation with the Persian nation.

Mexico and Uruguay: So Far, Strictly Business

In the case of Mexico, a country with an interdependent relationship with the U.S., Iran's main goal has been to build economic ties that could some day transcend into the political realm. The last high-level visit from an Iranian official to Mexico was that of the Minister of Foreign Affairs Kamal Kharrazi in June 2004, who was received by President Vicente Fox and Minister of Foreign Affairs Luis Ernesto Derbez. Shortly afterward, during a seminar on Iranian-Mexican economic relations, Mexico manifested its interest in developing broader trade relations. Less than a year later, a Memorandum of Understanding that promotes cooperation in the oil, gas, and the petrochemical sectors was signed by Iran's deputy oil minister for international affairs, Hadi Nejad-Hosseinian, and Mexican energy minister Fernando Elizondo Barragan in Mexico City. Iranian authorities have already met with officials from Mexico's state oil company Pemex to pursue these goals.

Uruguay, a country with which Iran has developed high-volume trade in the last few years, has become increasingly attractive, due its leftist government in search of accommodating a wide coalition of political allies with differing nuances of radical ideology. According to Uruguay's Foreign Ministry, both countries have signed five agreements, including a 1994 commercial MoU. In 2004, Uruguay's deputy foreign minister, William Ehlers, visited Tehran, where he met Kamal Kharrazi, Iran's senior foreign policy adviser. Soon thereafter, Uruguay's minister of agriculture, livestock, and fishing, Jose Mujica, appeared in the media confirming President Tabare Vazquez's intent to visit Tehran within the framework of his intended visit to the Middle East, but did not provide a time frame.

President Vazquez recently met with Parliament Speaker Haddad Adel in Montevideo as part of the Iranian diplomatic mission to South America. Haddad Adel welcomed the call for expansion of economic and cultural ties between Tehran and Montevideo, and

described relations between the two countries as “positive.” Vazquez noted that his country supports a multipolar world and expressed interest in expanding bilateral relations in all spheres.

Argentina and Iran: The Aftermath of Terrorism

Argentina’s relations with Iran date back a century, and the diverse agreements reached between the two nations have signaled ongoing cooperation in many fields. Despite the fact that the latest Memorandum of Understanding for the Development of Relations was signed for the second time in 1996, bilateral relations have gone from hot to cold after Argentina suffered two terrorist attacks aided and abetted by Iran. Diplomatic representations were downgraded to commercial attaches in 1998, and since then, trade has been almost nonexistent.

Latin American nations realized that Iran and its proxies had found a haven in the Southern Cone, particularly in the Tri-Border Area (TBA) shared by Argentina, Paraguay, and Brazil, from which the terrorists responsible for the attacks in Buenos Aires had hailed. The activity that goes on in this area has been closely monitored for some time amid reports of arms smuggling and terrorist training. Its Arab community (roughly 30,000) is primarily made up of Lebanese and Syrian immigrants involved in business transactions, both legal and illegal. According to a report released by the Library of Congress on the TBA in 2003, various Islamic terrorists groups have used this area for fundraising, drug trafficking, and money laundering. From 1999 to 2001, Islamic extremist groups, specifically Hezbollah and Hamas, received between \$50 million and \$500 million from Arab residents of the Brazilian side of the border through Paraguayan financial institutions.⁶

In the wake of the September 11 attacks, the possibility of Al-Qaeda cells activating in Latin America was closely followed by U.S. intelligence and law enforcement officials, even though the most publicized incidents of radical Islamist activity in South America have not been linked to this terrorist group, but rather to the Lebanese Shi’ite group, Hezbollah, which is ideologically and politically Iran’s proxy. These include the March 1992 bombing of the Israeli Embassy in Buenos Aires and the July 1994 attack against the Argentine-Israeli Mutual Association (AMIA), allegedly in retaliation for Israel’s assassination of former Hezbollah leader Sheikh Abbas al-Musawi and his family in February 1992.

The 1992 suicide bombing of the Israeli Embassy in Buenos Aires is arguably the first Islamic terrorist attack in the Western Hemisphere. Although the attack has yet to be officially solved, the bulk of the evidence points to Hezbollah. A car, driven by a suicide bomber and loaded with explosives, smashed into the front of the embassy and detonated. The attack wounded 242 people and killed 29.

While investigation of the embassy bombing languished for over two years in the Argentine Supreme Court, another devastating bomb struck Buenos Aires’s Jewish

⁶ Curtis C. Connell, *Radicalism in Latin America*.

community, the largest in Latin America. On July 18, 1994, the Argentinean Jewish Mutual Association (AMIA) building was bombed, leaving 85 dead and 300 wounded. This attack was the deadliest terrorist toll ever in Argentina's history, and resulted in the largest Jewish death toll from terrorism outside Israel since the Second World War. It is also considered the second attack in the Western Hemisphere--after the Israeli Embassy bombing in 1992--undertaken by the global terror network, setting the stage for 9/11.

Varied degrees of commitment and vigilance by subsequent administrations, not to mention the passage of time, have hurt chances for justice in the AMIA bombing case. Certainly the initial tampering with evidence and questionable actions of then President Carlos Menem and officials of his administration did not get the investigation off to a strong start. Despite Menem's initial focus on the international connection in the attack, key suspects from the Iranian Embassy, including then Iranian Ambassador Hadi Soleimanpour, who at the beginning of 2004 was located in Great Britain, were not detained and remain at large to this day, despite pleas by the U.S. and other countries.

At the top of the list of suspects is Imad Mugnyiah, a Hezbollah militant, who is still in hiding in Iran and appears on the U.S. roster of *Most Wanted*. The Argentine government issued an international warrant for his arrest. Mugnyiah is also a suspect in the April 1983 bombing of the U.S. Embassy in Beirut, in which 63 people were killed. However, last October, the case suffered a nearly mortal blow as an Interpol secret vote downgraded international police alerts calling for the arrest of twelve Iranian officials wanted by Argentina for their connection to the bombing. The new prosecutor in charge of the case, Alberto Nissman, is in the process of preparing a new dossier that will be submitted to Interpol requesting that the police alerts be reactivated.

In two sworn statements given by a former top Iranian intelligence official in April 1998 and again in May 2000, he said Iran's supreme religious leader, Ayatollah Ali Khamenei, ordered the deadly bombing of the AMIA. He claimed that Khamenei signed the fatwa for the AMIA bombing. He also identified Moshen Rabbani, the longtime cultural attaché at the Iranian Embassy in Buenos Aires, as a key figure in planning both the community center and embassy attacks. Tehran has consistently denied any involvement in the attacks.

Toward the end of 2004, the Argentinean judiciary acquitted all defendants in the trial in what was known as the "local connection." The court also found a major cover-up involving all the branches of the Argentinean state. The case received a very important push when the Inter-American Commission of Human Rights of the Organization of American States, acting on behalf of *Memoria Activa* (families of victims), held the Argentinean government accountable for dereliction of justice, the violation of human rights of the AMIA victims and their families, and not taking steps to prevent the attack, given the 1992 bombing of the Israeli Embassy.

The following November, a member of Hezbollah, Ibrahim Hussein Berro, was identified in a joint effort by Argentine intelligence and the FBI as the suicide bomber responsible for blowing up the AMIA building. Prosecutor Alberto Nissman is confident that the new

dossier he is compiling will bring the case to closure by presenting all the compelling evidence of Hezbollah's and Iran's culpability in this attack against the Argentinean nation and its Jewish community.

Conclusion

Iran is involved in an active quest for allies in the region, in order to help counterbalance the international community's front against its development of nuclear capabilities that are rightly perceived as a threat to world peace. In Iran's view, times are auspicious, given the election of leaders in the region who, due to their political bent, can allegedly prove to be sympathetic to its goals. In addition, the prevalence of anti-American sentiment and the apparent search for political realignment can also prove perhaps to be helpful in fostering the right climate to oppose what it perceives as an interventionist attitude on the part of the U.S. and Europe. Tehran hopes to build on the multiple trade and energy ventures it has established in the last decades to create increasingly strategic relations with key Latin American nations. If Iran feels there is a serious threat of an attack against its nuclear sites, it has already publicly announced that it will rely on suicide bombers to defend its interests. Unfortunately, Latin America has twice in the past experienced Tehran's support for terror operations. Clarity of thought and purpose are required to thwart Iran's goals in the Western Hemisphere.

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