



Outside Players in Latin America (II): Iran

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Theme: This paper examines Iran's motives for intensifying its presence in Latin America in the past two years under the guidance of the Venezuelan President Hugo Chávez.¹

Summary: Iran is looking for diplomatic allies that back its foreign policy as a regional power, especially with regard to its nuclear enrichment programme, and has opted for an active presence in Latin America. Venezuela and Cuba are its main sources of support, and its footholds in the region. Tehran has boosted its ties with Bolivia and Nicaragua, both of which are within the Venezuelan sphere of influence. At the same time, Venezuela has become an important ally of Iran at OPEC and other international forums, starting with the United Nations and the International Atomic Energy Agency. Iran's presence in the region has begun to worry the US and its allies because of its possible connections with terrorist activities. An attack in 1994 on a Jewish community centre in Argentina (the *Asociación Mutual Israelita Argentina*, AMIA in Spanish) is the case most often cited as evidence.

Analysis: In September the Iranian President Mahmoud Ahmadinejad made the last of several visits to Latin America in the space of just a few months. After attending the 62nd United Nations General Assembly in New York, he stopped off in Venezuela, where he signed three cooperation agreements in the areas of energy, industry and mutual understanding. Then Ahmadinejad travelled to Bolivia aboard a Venezuelan plane. He spent a few hours in La Paz to meet President Evo Morales and establish diplomatic relations between the two countries. It was the third time Ahmadinejad toured the region since he was elected two years ago, each time with encouragement from President Chávez.

It marked yet another step in the construction of solid relations between Iran and some Latin American countries. The question is: what is Iran looking for in the region? Iran's engagement of Latin America, especially in the last two years, is aimed at finding new diplomatic allies to boost its international recognition as a regional power and break it out of international isolation over its uranium enrichment programme and fears that it wants to build atomic weapons. It is clear that Iran's initiative in Latin America also involves economic factors, and one must not forget issues of domestic policy, either. Ahmadinejad has picked the best time for pursuing this policy because his ideas find support and understanding in some regional leaders who oppose the US and Western hegemony. Add to this another important factor: the more than symbolic value of having potential allies very close to the US. In this way, Iran can counter the influence of the US in its own backyard, while American attention is focused elsewhere in the world.

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¹ The first of a series of papers on 'Outside Players in Latin America' is the Working Paper titled 'Outside Players in Latin America (I): China (WP)', by Carlos Malamud, available at

http://www.realinstitutoelcano.org/wps/portal/rielcano_eng/Content?WCM_GLOBAL_CONTEXT=/Elcano_in/Zonas_in/DT50-2007.

Many times senior Iranian officials have made clear their goals in deepening relations with certain Latin American countries. In September 2007, the Deputy Minister of Culture and Islamic Guidance for Cinema Affairs, Mohammad Reza Jaafari Jelveh, said: 'The broadening and deepening of cultural relations between countries like Iran and Venezuela, which have a rich cultural heritage and an ancient history, is the most effective way to confront the current aggressions of the United States'. Even though these two countries do not share the same religion, the sponsors of Iran's fight against US hegemony believe the struggle must be extended to all fields (culture, education, economy, defence and politics), an idea in which Venezuela's complicity is essential.

World Trade Organisation figures show that trade ties between the two countries are weak. Latin America is practically absent from Iranian foreign trade. The WTO says that in 2005 Iran exported US\$56.25 billion worth of goods. A total of 90.3% corresponded to 'fuels and minerals' and the main destination was Japan (28.4%), followed by the EU (20.9%) and Taiwan (10.2%). Iran imported US\$38.24 billion worth of merchandise, 80% of it manufactured goods from the EU (41.1%), the United Arab Emirates (18.8%) and China (6.1%). Something similar can be said of Foreign Direct Investment, although some of Iran's recent accords, especially with Venezuela, seek to increase productive investment, and not just in the energy sector. Still, even though economic issues might be of lesser importance, they cannot be ignored in Iran's rapprochement with Latin America.

Ahmadinejad's trips have borne fruit and fulfilled some of his goals. Iran won support for the nuclear programme, enlarged its circle of friends and took on a higher profile at OPEC. In September 2005, at a meeting of the IAEA board of governors, Venezuela was the only country that voted against a resolution that allowed the Iranian nuclear programme to be remitted to the UN Security Council. The following February, a new resolution of the board of governors that did in fact send the dossier to the Security Council was voted against by Venezuela, Cuba and Syria. Cuba, which was organising the summit of the Movement of Non-Aligned Countries, joined Venezuela in active support of Iran's policies of nuclear development and confrontation with the United Nations.

After the non-aligned movement's summit in Havana in September 2006, senior Cuban and Venezuelan authorities expressed their support, and that of the non-aligned countries, for Iran. This was a delicate statement. The non-aligned countries, along with Venezuela, Cuba and Iran, included other Latin American nations such as Colombia, Chile, Peru and Panama, which had a different position. But thanks to the work of Cuba, the summit reaffirmed 'the basic and inalienable right of all States to develop and carry out research, production and use of nuclear energy for peaceful purposes'. But the statement also called on Iran 'to continue cooperating with the IAEA, urgently and in a full and active way'. The support of the non-aligned movement was more nuanced, and has some differences with that of Venezuela and Cuba, and, more recently, Nicaragua and Bolivia.

Besides making trips to Venezuela, Cuba, Nicaragua, Bolivia and Ecuador, Ahmadinejad has met in Tehran with various Latin American Presidents, either individually or as a group. In February 2007, the Iranian government organised the first International Conference on Latin America at the Institute of International Political Studies at the Foreign Ministry. The title of the conference was 'Development in Latin America: Its Role and Status in the Future International System'. According to press releases, the participants included members of parliament from Argentina, Colombia, Venezuela, Cuba, Brazil, Uruguay, Ecuador, Italy, Russia and China. The content of the meetings and their conclusions are not known. Four months later, the first International Congress on Latin American Literature was held in Tehran and Isfahan. The idea was for Iran to extend ties to all possible areas of Latin American society. For this, the diplomatic front is essential so another way for Iran to engage Latin America was to re-open its embassies in Chile, Colombia, Ecuador, Nicaragua and Uruguay and establish relations (with the opening of an embassy) with Bolivia. In early 2007, Iran already had embassies in Cuba, Venezuela, Mexico, Brazil and Argentina. Flights

also started between Tehran and Caracas, via Damascus, in order to improve communications links between the two countries.

Venezuela

Ties between Latin America and Iran are centred on the close relations that exist between Ahmadinejad and his 'brother' Hugo Chávez. For different reasons, Caracas and Tehran seek to weaken the US. With this goal in mind, Chávez has said publicly and often that he supports developing nuclear technology for peaceful purposes, as he did on his last trip to Iran. After Venezuela joined Mercosur, Chávez endorsed the development of a nuclear energy programme for the region, although rumours that he was seeking accords with Brazil and Argentina never came to anything. Although the news had a big impact in the US Congress, the possibility of Venezuela developing a nuclear programme over the mid-term and becoming a potential threat to the US is remote. Therefore, it should best be left out of the agenda of relations between the US and Latin America.

Chávez's anti-US agenda is a big help to Iranian leaders in and of itself, but has also given them access to leaders such as Daniel Ortega, Evo Morales and Rafael Correa, who are allies of Venezuela. Ever since Chávez came to power he began to court Iranian leaders and visited Tehran for the first time in May 2001. He signed a memorandum of understanding, which a year later led to the establishment of a mixed, high-level commission for bilateral cooperation in politics, economics, science, technology and culture. Since then the two countries have signed many more agreements and memoranda of understanding in practically every area. Bilateral relations intensified starting in 2005 when Ahmadinejad came to power. Chávez was last in Tehran on 19 November of this year for a five-hour stop-over. It marked the 11th time Chávez and Ahmadinejad met, the fourth visit by Chávez to Iran in two years and his sixth since becoming President in 1999.

Chávez changed the name of one of the main thoroughfares of Caracas to 'Tehran Avenue'. The two leaders have much in common (fiery rhetoric and strong oratory skills), they admire each other deeply and call each other a 'champion against imperialism'. It should come as no surprise that in their speeches they reiterate a 'commitment to fight and promote political action against imperialism with an eye to guaranteeing greater balance and democratisation in International relations, under the principles of justice, equity, solidarity and the wellbeing of the peoples of the world'. They both like big headlines. In July 2007 it was announced with much fanfare that the two countries were establishing a strategic fund of US\$2 billion. In the past two years, the two nations have signed more than 150 agreements and conventions worth more than US\$20 billion in the fields of steel, mining, construction, petrochemicals, pharmaceuticals, automobiles, agriculture and oil. In most cases the cooperation is aimed at forming joint-venture companies and training workers. But it is hard to establish what has come of these agreements. Few have been carried to completion, while others are still being implemented. Most have never moved beyond the paper on which they were written. In this respect, Chávez's relations with Iran are not unlike those he maintains with countries elsewhere in Latin America. They are characterised by myriad promises and scant or non-existent follow-through in most cases.

The bilateral relationship pre-dates the presidency of Ahmadinejad, going back to the creation of OPEC in 1960. This means that for decades the relationship was centred basically in the field of energy. OPEC is very important for Chávez and since 2000 he has joined Iran in pushing for higher oil prices, resisting any initiative to increase supply. Chávez is trying to consolidate a bloc within OPEC that would keep Saudi Arabia from raising production and lowering prices. Angola is in the sphere of Chávez and Ahmadinejad. They have persuaded President Rafael Correa to have Ecuador return as an active member of OPEC, which it quit in 1992, and help them shore up their domestic position. At the OPEC summit held in November 2007 in Riyadh, Chávez made clear that he wants to turn the oil cartel into a political tool. He also threatened to raise oil prices drastically if the US attacks Iran over its nuclear programme or carries through on threats against Venezuela. Sudan and Bolivia, while not members of OPEC, also fit the strategic scenario that Chávez and Ahmadinejad seek in the energy field.

Iran and Venezuela are the second- and fourth-largest producers within OPEC and together account for 9% of world production. In March 2005, during a visit by President Mohammad Khatami to Caracas, the two countries signed a memorandum of understanding on cooperation, evaluation and development in the fields of oil and gas in Venezuela. The idea was to get Iran involved in exploiting the extra-heavy crude oil in Venezuela's Orinoco Belt. Petróleos de Venezuela (PDVSA) and the Iranian firm Petropars began a study to quantify and certify the reserves, with an investment of US\$4 billion. The Orinoco Belt holds the world's largest reserves of hydrocarbons, which strengthens its strategic value. Chávez recently forced foreign companies to re-negotiate the terms of their operations in Venezuela. The American firms ExxonMobil and ConocoPhillips pulled out when they refused to meet the Venezuelan government's demands.

Even though it is the second-largest producer within OPEC, Iran imports 40% of the petrol it needs due to its limited refining capacity. For this reason Venezuela has agreed to sell it oil and both countries have teamed up to create an international oil company, Venirogc, with an initial investment of US\$1 billion, according to what they announced in October 2007. The new company will operate in third countries and probably register by the end of the year in countries where it can escape US sanctions. As so many of the agreements reached go unfulfilled or are delayed, we shall have to wait and see if this bilateral project and so many others like it actually come to fruition.

Latin American Allies

With guidance from Chávez, Iran has strengthened its ties with Nicaragua, Bolivia and Ecuador. In January 2007, Nicaragua restored diplomatic relations with Iran after a 16-year break and in April 2007 Daniel Ortega made it official that he supported Iran's nuclear enrichment programme. Tehran used the occasion to say it was interested in investing in Nicaragua. It pledged to support more than 30 economic, energy and social programmes, mainly in the generation of hydroelectric power. This is a critical area for the Sandinista government, which faces the threat of an energy crisis.

In September 2007, Bolivia ratified its alliance with Iran, based on a shared opposition to the US. The two governments signed a US\$1.1 billion, five-year cooperation plan. When domestic critics complained, Morales saw the need to defend his 'sovereign' decision to establish relations with Iran. He called Ahmadinejad a 'revolutionary colleague and brother' and said it was the 'dream' of many Bolivians to meet him. Speculating as to why Iran is interested in Bolivia, some diplomatic sources cite deposits of radioactive materials. The newspaper *La Prensa* said the bilateral accords might include the mining of lithium and uranium in Bolivia's Potosí region, but the Ministry of Mines denied this. The main point, however, is that Iran wants to enlarge its circle of friends, and Iran's attention on Bolivia stems from the friendship between Presidents Chávez and Morales and the Venezuelan lobby in Bolivia. This same principle applies to the visit Ahmadinejad made to Ecuador in January 2007 to attend the inauguration of Rafael Correa as President. The Ecuadorean case is more complicated than those of Bolivia and Nicaragua because Correa has not completely clarified his relations with Venezuela.

Before Venezuela, Cuba was Iran's main ally in the region. Both had an anti-US agenda and were under US sanctions. Cuba and Iran established diplomatic relations in 1979, the year of the Islamic Revolution. Fidel Castro visited Iran for the first time in May 2001. He said he felt at home and hailed Iran's fight against imperialism. Cuba has joined Venezuela in defending 'the inalienable right' of Iran to use nuclear energy. As we stated earlier, in the IAEA vote in February 2006, Cuba was one of three countries that voted against a resolution on the Iranian nuclear programme, and Ahmadinejad thanked Havana publicly. The next meeting Iran will organise with its Latin American partners will be in November: a trade fair with the countries of the 'Bolivarian Alternative for the Americas' (ALBA in Spanish), which are Bolivia, Cuba, Nicaragua and Venezuela, and other guest countries. Iran has asked to have observer status at the ALBA. This organisation was created by Hugo Chávez as a response to the Free Trade Area of the Americas (ALCA in Spanish).

Other Latin American Countries

Ties between Brazil and Iran go back to 2004 when the two countries signed a memorandum of understanding to strengthen trade ties and said they were willing to cooperate in several areas, such as textiles and automobile production. So far energy has been key to their bilateral cooperation. In July 2004, Petrobras signed a contract with the National Iranian Oil Company (NIOC) to explore the Tusan bloc in Iranian waters of the Persian Gulf, along with the Spanish-Argentine company Repsol-YPF. After the UN Security Council approved sanctions against Tehran, the Brazilian President Luiz Inacio 'Lula' da Silva said Petrobras would keep investing in Iran: 'Petrobras is going to continue investing in oil prospecting in Iran. Tehran has been an important trade partner for Brazil'. Lula also said Iran buys more than US\$1 billion worth of Brazilian products and 'we think trade, fair trade, is to buy and sell or sell and buy, not just to sell'. Relations between the two countries strengthened after Brazil hosted the Arab-South American summit in May 2005 and started focusing more on Middle Eastern issues.

Brazil ventured into the delicate realm of uranium enrichment by developing a programme supervised by the IAEA. South Africa, Brazil and Argentina, the developing countries on the IAEA board of governors, raised objections against adopting a hard line with Iran. They were fearful of setting a precedent that would be applied to their own nuclear programmes. However, Brazil ultimately backed the prevailing opinion at the board and voted in favour of remitting the Iranian case to the UN Security Council in February 2007. However, Lula said after his speech to the UN General Assembly in September that Iran has the right to carry out research to develop nuclear energy for peaceful purposes and should not be punished only over Western suspicions that it wants to build nuclear weapons. Brazil is somewhat ambiguous over the Iranian nuclear programme but in general has opted to stay out of the debate and concentrate exclusively on the economic area.

As for Mexico, it signed a memorandum of understanding with Iran in February 2005 for cooperation in oil, gas and petrochemicals. Iranian authorities have met with officials of the state-owned company PEMEX to discuss how to achieve these goals.

Relations between Argentina and Iran have been shaped by the 1994 attack on the Jewish community centre in Buenos Aires. The blast killed 86 people and injured 200. Two years earlier, a similar blast destroyed the Israeli Embassy. Argentine prosecutors blamed the terrorist group Hezbollah and senior Iranian authorities, saying they were the masterminds of the 1994 attack, and asked Interpol to arrest a series of former Iranian officials. This heightened tensions between the two countries. The case has also caused tension with Chávez, an ally of Kirchner. The Venezuelan ambassador to Buenos Aires, Roger Capella, was replaced after he criticised the Argentine justice system for seeking the capture of Iranian officials, upsetting the Argentine government. But this was not enough to weaken ties between Argentina and Venezuela, due to the weight of Venezuelan petrodollars. Under Kirchner, Argentina assured itself supplies of Venezuelan oil at very attractive prices and received financial assistance from Caracas. However, tensions between Buenos Aires and Tehran were clear when Néstor Kirchner refused to attend the inauguration of Rafael Correa of Ecuador so as not to run into Ahmadinejad. At the last UN General Assembly, the Argentine President used his speech to urge Iran to help with the probe on the terrorist attack. This did not sit well with the government of Tehran, which responded angrily. The big question is how Kirchner would behave with Iran were it not for the AMIA attack and the strong position of the local Jewish community.

The United States

The US is wary of how Ahmadinejad is strengthening his presence in Latin America with help from Venezuela's leader. As Washington's main concern about Iran is the development of its nuclear programme, its principal worry over the intensification of Iran's relations is the support it has been garnering in the region for those nuclear ambitions. All Iran needs to do is reaffirm its argument that its programme is for civilian and not military purposes, and at the same time label as liars the US and its allies and some international organisations with firm suspicions that Tehran

seeks to build nuclear weapons. Iran has solid support from Cuba, Venezuela, Bolivia and Nicaragua. Other Latin American countries support the inalienable right of States to develop nuclear energy for peaceful uses, under the supervision of the IAEA, but back Iran's behaviour. Iran's strategy has gone pretty well, considering the international isolation to which it is being subjected. But the Venezuelan leader cannot open many doors to Iran in Latin America because his confrontational stance is beginning to take its toll abroad.

'When I go to Iran, Washington gets very upset', Chávez said during his last official visit. Washington tries to ignore the rhetoric and tough talk from Chávez and Ahmadinejad. It is more concerned about the clique they have formed in OPEC to control supply and maintain high oil prices, and the exploitation of the Orinoco Belt, from which major American companies have been excluded. Much more dangerous is the fact that Ahmadinejad backs Hezbollah in the Lebanon and calls for Israel's destruction. Therefore, the US is more and more worried about Iran's connections with terrorist activities in Latin America, although the situation there is less delicate than in other regions. Still, for years members of Hezbollah (Shiites) and Hamas (Sunnis), among other terrorist groups, have been known to be present in the area where the borders of Argentina, Brazil and Paraguay come together. There, they raise funds and channel them to their organisations, and recruit sympathisers. The US SOUTHCOM command said as much in 2003. It alleged that radical Islamic groups could be receiving from US\$300 million to US\$500 million a year from drug and arms trafficking and other illegal activities. In March 2007, SOUTHCOM published a new strategic plan for Latin America with an explicit reference to the terrorist threat and detection of radical Islamic groups in the region. In May 2007, the US House of Representatives passed a resolution that expressed this growing concern and asked the countries of the region to boost their fight against this kind of terrorism. These days, not only the so-called Triple Border area is cited as a haven for radical Islamic groups. There are also suspicions about Venezuela's Isla Margarita, Aruba and other places in the Caribbean. Hezbollah and Hamas have offices in Caracas.

According to the Islamic Organisation for Latin America, in 2005 an estimated 1.5 million Muslims lived in Brazil and 700,000 in Argentina. These were the two countries with the largest Muslim populations. Mohammadali Ibrahim, Director of the World Muslim League of Venezuela, said there are as many as 500,000 Muslim Arabs in that country today. As in the rest of Latin America, most are of Lebanese and Syrian origin, although a large number are new Muslims who have converted to Islam throughout the region. The traditional division between Shiites and Sunnis is maintained in Latin America; however, while Sunnis are the majority in the rest of the world – 85% compared with 15% for the Shiites– in many areas of Latin America the split is 50-50. Iran is beginning to take a closer look at these groups. The Islamist penetration is accompanied by anti-Semitic propaganda through books with foreign funding, with clear examples in Bolivia and Venezuela and a clear Iranian influence.

Conclusions: Little by little, the international community and the US in particular are beginning to pay attention to the growing presence of Iran in Latin America, a penetration that is happening with encouragement from the Venezuelan government. Hit with international isolation because of its nuclear ambitions, Iran is waging an intense search for diplomatic support and, thanks to Chávez, has chalked up the unconditional backing of Venezuela, Cuba, Bolivia and Nicaragua. It seems unlikely that Tehran will garner more support, due not only to the critical situation it is in but also because its main partner in the region, the President of Venezuela, is also losing some backing. As seen at the Ibero-American summit in Santiago, Chile in November, his regional isolation is growing. So there is beginning to be a more insistent, although not yet vehement, rejection of the idea of Chávez distorting the ties between the US and Latin America with his goal of introducing Iran into the region along with issues from the global agenda which until now had remained on the sidelines of the hemisphere's priorities. A first reaction has been the talks between the President-elect of Argentina, Cristina Kirchner, with the Brazilian President Lula to negotiate a free trade agreement between Mercosur and Brazil.

Diplomatic relations have certainly intensified, but economic ties have advanced very little despite the many bilateral cooperation agreements announced between Iran and Latin America in the past two years. This confirms that it is a case of mainly political alliances and relations in which rhetoric comes first and economic achievements are slower to take hold. The issue of energy is important, although not new, as Iran and Venezuela are both prominent members of OPEC. However, they are trying to consolidate a power bloc within the organisation and keep oil prices high. There is growing concern over the presence of Islamic terrorists in several parts of the region. The US, for which Latin America is a traditional sphere of influence, has stressed this point. The terrorist presence is limited, compared with other areas of the world. The Americans are focused on curbing Ahmadinejad's nuclear ambitions and this is their main concern.

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