

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

**By Dina Siegel Vann
Director, Latino and Latin American Institute
American Jewish Committee**

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 hostile 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 every day. In addition, Iran's financial, logistical and political support of terrorist groups, such as Hezbollah and Hamas operating in the Middle East and as far away as Argentina is well documented. 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 fully-operational embassies in Cuba, Venezuela, Mexico, Brazil and Argentina, plans to reopen embassies or strengthen its diplomatic presence in Chile, Colombia, Ecuador, Nicaragua and Uruguay, and the founding of a new embassy in Bolivia, Iran is expanding its stronghold on 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 primarily on other areas of the world.

Relations between Iran and Latin America have existed for decades, but since taking office in August 2005, President Mahmoud Ahmadinejad has pursued an aggressive foreign policy aimed at building alliances with Latin American nations. Iran's Foreign Ministry hosted "The First International Seminar on Latin America: Its Role and Status in the Future International System" in late February 2007.¹ The encounter brought together representatives from many of these nations to discuss ways in which the relationship could be brought to a new level. Stronger alliances with countries that allegedly are antagonistic to the U.S. seem to be facilitated by a populist trend sweeping the region, led by President Chávez of Venezuela.

Three new Latin American presidents, sympathetic to the concepts of Chávez's Bolivarian Revolution, were elected between December 2005 and November 2006. Each has indicated a desire to strengthen relations with Iran. In fact, the latter's exports to the region have reached an all time high of nearly \$2 billion, and President Ahmadinejad and other government officials are constantly traveling to Latin America to intensify contacts.

In January 2007, Ahmadinejad led a five-day official visit, his second in four months to the region, to Venezuela, Nicaragua and Ecuador coinciding with the inaugural

¹ Islamic Republic News Agency, February 4, 2007.

ceremonies of Nicaragua's newly elected president Daniel Ortega and Ecuador's Rafael Correa. While in Caracas, he signed 11 new agreements and approved a \$2 billion joint investment fund to finance projects intended to "thwart U.S. domination." In Nicaragua, agreements were signed for bilateral cooperation in 25 sectors. In Quito, Ahmadinejad expressed the desire to increase Iranian-Ecuadorian cooperation in the cultural and commercial fields. He also took the time to meet with Bolivia's President Evo Morales and a Cuban delegation, promising to visit Latin America again in the spring of 2007.

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, who are among the world's richest sources of gas and oil, respectively. President Chávez sees his country's oil supplies as a means to pursue an independent diplomatic course from "U.S. imperialism" and supported Morales' May 2006 nationalization of Bolivia's oil and natural gas industry. Ahmadinejad welcomed Chávez's proposal for tripartite cooperation among Iran, Venezuela, and Bolivia on energy production. Cuba's proximity to the U.S. has also served Ahmadinejad's goal of unnerving Washington and fostering an anti-U.S. axis in the Western Hemisphere.

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. During the 1980s and 90s, Fidel Castro aligned Cuban foreign policy in support of Iranian aims and positions in order to continue undermining American initiatives and influence in both Latin America and the Middle East. 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. Cuba has been Iran's unconditional ally in the international arena, defending its "inalienable right to access nuclear energy." In a February 2006 vote at the IAEA, Cuba was one of only three countries (along with Venezuela and Syria) to vote against a resolution to report 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.

As a sign of his gratitude for Cuba's support, Ahmadinejad accepted an invitation by President Castro to attend the September 2006 Non-Aligned Summit in Havana. The two

presidents signed five Memoranda of Understanding (MoU) for cooperation in agriculture and the export of power and electric equipment and services by Iran to Cuba. The summit concluded with a declaration that condemned Israel gave support to Iran's nuclear energy plans and denounced the United States' foreign policy.

Under Ahmadinejad, diplomatic activity between Cuba and Iran has intensified. Among the senior Cuban officials who have traveled to Tehran are Foreign Minister Felipe Perez Roque (November 2005; February 2006), National Assembly President Ricardo Alarcon (April 2006) and Government Minister Ricardo Cabrisas Ruiz (April 2006). On the Iranian side, Ahmadinejad visited Havana in September 2006, and the speaker of the Iranian Parliament, Haddad Adel, visited in February of the same year. Additionally, dozens of ministers, legislators, and business leaders from both countries met in Havana in April 2006 for a joint economic conference, the eleventh to take place between the two nations, signing an economic cooperation agreement that includes provisions for building refineries and oil exploration activities.

Iran and Cuba have also been exploring further cooperation in the textile, agriculture, and petrochemical fields. Trade between the two nations increased from \$20 million in 2001 to \$50 million in 2003.² Iran imports at least \$15 million worth of Cuban pharmaceuticals and biotechnological products per year and ships volumes of Iranian oil to Cuba.³ It is estimated that Tehran-Havana trade will top \$50 million in 2007.⁴

The two nations have successfully transcended a number of ideological differences in order to join forces and "bring America to its knees."⁵ Cuba's strategic geographical location can prove extremely valuable to Iran in conveying the message that it has allies within striking distance of the U.S. Also, 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 piggybacked on Cuba's expertise to jam American government broadcasting in the country about student pro-democracy demonstrations in July 2003.⁶

Venezuela and Iran: An Alliance against Hegemony

The relationship between Venezuela and Iran is a strategic alliance aimed at pursuing common political and economic goals. Chávez and Ahmadinejad mix a powerful cocktail of tactics to advance their goal of ending "U.S. domination." Potent rhetoric, proliferation of bilateral agreements and manipulation of the world's oil market are mixed together, resulting in the widely perceived legitimacy of Ahmadinejad and Chávez as leaders in a growing anti-U.S. front.

² IRNA, April 14, 2004.

³ Associated Press, January 10, 2005.

⁴ IranMania News, February 20, 2007.

⁵ *Christian Science Monitor*, February 15, 2006.

⁶ Agence-France Presse, May 8, 2001.

Relations between the countries date back to the establishment of the Organization of the Petroleum Exporting Countries (OPEC) in 1960. Since Chávez's rise to power in 1998, however, Venezuela-Iran relations have acquired new meaning. From the beginning of his controversial mandate, Chávez has sought relations with Arab rogue states, signing agreements for "technological cooperation" with Libya, Syria and Iran. The latter found in Chávez's Venezuela a crucial ally in its fight to bring "Death to U.S. imperialism."

Chávez and Ahmadinejad define themselves as "revolutionaries" and try to present themselves as an alternative to dependence on the U.S. through their highly inflammatory and nationalistic rhetoric. Ahmadinejad has stated, "We should make our presence felt in different parts of the world to promote our values of independence and justice." To this end, both leaders announced in January 2007 the creation of a \$2 billion joint fund to facilitate the liberation of nations from the "imperialist yoke" by financing investments in the developing world. Venezuela has become the largest consumer of weapons in the region, spending \$4.3 billion from 2005 to 2007, and also has plans to open Latin America's first Kalashnikov factory to produce the Russian-designed rifles in the city of Maracay.⁷ The country is also currently discussing a joint venture with Iran to build a remotely piloted patrol aircraft.

Numerous visits of officials have also raised Iran's profile in Venezuela. Ahmadinejad himself carried out two visits to Venezuela within four months. The first took place in September 2006, when the leaders signed 29 MoUs for the expansion of bilateral cooperation in various fields, including the exploration and construction of oil rigs and tankers, information dissemination and automobile production. Ahmadinejad visited the second time in January 2007, when the leaders signed an additional 11 agreements.

During his tenure, Chávez has traveled on five 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 Iran when it is assailed by the "imperial powers," threatening to halt oil exports to the U.S. if it attacks Iranian nuclear facilities. In late December 2006, Venezuela was the only country to oppose UN sanctions on Iran, defending its right to develop nuclear technology. Earlier, during a December 2005 International Atomic Energy Agency (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 2006, it joined Cuba and Syria in a similar vote.

Clearly, relations between Venezuela and Iran are thriving. Iran is now the second largest investor in Venezuela, after the U.S., with \$9.1 million engaged in commercial exchange and cooperative endeavors.⁸ VenIran Tractor, a joint venture between the nations, began operating in March 2005 and commenced production in 2006 with 1,500 tractors sold to Fondafa.⁹ This year, the factory plans to increase production to 5,000 tractors for the national and international markets. The company is of mixed capital: 51 per cent of the

⁷ New York Times, February 25, 2007.

⁸ *El Nacional*, January 18, 2007.

⁹ Agriculture, Livestock, Fishing, and Forestry Development Fund

shares are Iranian and 49 per cent are Venezuelan.¹⁰ In addition, Petroleos de Venezuela (PDVSA), through its subsidiary Corporacion Venezolana del Petroleo (CVP), signed a deal with the Iranian company Sadra America Latina C.A. to create the joint-venture Venezirian Oil Company. The mixed-capital oil company will develop projects related to offshore hydrocarbon exploration and production activities, in addition to ensuring the transfer of technological knowledge from the Iranian company Sadra.¹¹ The nations have also joined forces in the production of automobiles. Venirauto, a joint venture, plans to sell its first vehicles on the Venezuelan market in March 2007.

Both founding members of OPEC, Venezuela and Iran have consistently backed efforts to undermine the U.S. petrodollar. In October 2005, Chávez 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). In December 2006, Iran declared it would shift its foreign currency reserves from dollar to euro and use the euro for oil deals in response to the U.S.-led pressure on its economy. The U.S. relies on approximately 70% of all foreign-exchange currency to be held in dollars, because it sells Treasury debt into the foreign-exchange market.¹² 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 Chávez in remaining in office and consolidating his power through the promotion of his OPEC campaign to keep world oil prices high. The leaders renewed their campaign to cut OPEC oil production in January 2007.

The relationship between Iran and Venezuela is not one to be taken lightly. The alliance is crucial to each leader's strategic plans to widen his sphere of influence and shift the world's balance of power. Chávez has become an icon in the Arab world, as evidenced during two 2006 demonstrations in the streets of Caracas and Kuwait, where protesters waved flags of Hezbollah leader Hassan Nasrallah alongside posters of Chávez which read "Chávez: The Real Arab Leader!" The presence of Hezbollah cells has also been detected in Venezuela, predominantly in Margarita Island. The terrorist group, a proxy of Iran, stands to gain a stronghold in the region with Chávez turning a blind eye to its fundraising and alleged drug trafficking activities.

On March 2, 2007, Venezuelan media announced that Iran Air, Iran's national airline, had completed its first direct flight to Venezuela. The weekly, commercial flight linking Tehran and Caracas stops in Damascus before crossing the Atlantic. Iranian Ambassador to Venezuela, Abdullah Zifan, has said that the flight will help strengthen ties between Latin America and the Middle East by facilitating travel and will benefit the many

¹⁰ El Nacional Caracas, January 18, 2007.

¹¹ Gobierno Bolivariano de Venezuela, Ministerio de Energia y Petróleo, December 21, 2006.

¹² World Net Daily, February 9, 2006.

families dispersed across the two regions.¹³ The fact that travelers from those countries to Venezuela are visa-exempt should be a matter of grave concern. Chances are that due to the lack of minimal controls, some among them might attempt to undertake acts of terror in the U.S or elsewhere in the Hemisphere.

Brazil and Iran: Relations with Reservation

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 MoU 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 in February 2006, 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 share a 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 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, 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, the international community

¹³ Merco Press, February 10, 2007.

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?

Brazil's stance on Iran's nuclear threat is indeed ambiguous. In April and September of 2006, Brazil's Foreign Minister Celso Amorim argued in support of continued negotiations with IAEA and Iran's “right to enrich uranium and produce nuclear fuel for peaceful purposes.” On February 22, 2007, however, Brazil banned the sale and transfer of nuclear equipment and technology to Iran, citing a U.N. resolution on the latter's uranium enrichment program. President Lula signed the decree, which also freezes assets with links to Iran's nuclear program, one day after Iran missed the deadline for suspension of its nuclear enrichment program. Evidently, Brazil wants no role in Venezuela's strident support of Iran's nuclear ambitions. When Chávez addressed his South American neighbors in January 2006 and proposed to work jointly with Iran to develop nuclear capability, Brazil moved quickly to quash the idea.

Brazil's actions seem to be motivated by a strong desire to remain a powerful player in the region. Within the Mercosur trading bloc, it has the strongest economy and largest population. But the initiation of Venezuela as a member of the trading bloc in June 2006 has altered the balance of power within Mercosur, which was traditionally centered on the cooperation of Brazil and Argentina.

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. In February 2005, Iran and Mexico signed a MoU to promote cooperation in oil, gas and petrochemical sectors. At the signing, Iran's Deputy Oil Minister for International Affairs, Hadi Nejad-Hosseini, and Mexico's Energy Minister, Fernando Elizondo Barragan, discussed ways to increase the role of the private and state sectors in promoting Iran-Mexico ties. Iranian authorities have already met with officials from Mexico's state oil company Pemex to pursue these goals.

While at Ortega's inauguration in Nicaragua, the Deputy Foreign Ministers of Mexico and Iran reiterated their countries' intention to expand bilateral relations and continue cooperation in the international arena. One month earlier, Iran's Deputy Foreign Minister Mehdi Mostafavi attended Felipe Calderon's presidential inauguration.

Uruguay, a country with which Iran has developed high-volume trade in the last few years, has become increasingly attractive, due to 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.

Uruguay's ambassador to Tehran visited Iran's oil fields in January 2007 and intends to utilize the latter's capabilities to expand Uruguay's refinery industry. President Vazquez met with Parliament Speaker Haddad Adel in Montevideo as part of the February 2006 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. 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, but so far no such trip has materialized. President Vazquez did not attend the inauguration of Rafael Correa in Ecuador, allegedly due to the presence of the Iranian leader.

Argentina and Iran: The Aftermath of Terrorism

While Iran has been successfully strengthening relations with the left-leaning nations of Latin America, Argentina is one country with which Iran has little hope of forging an ideological alliance. Argentina's relationship with Iran dates back a century, but relations went from hot to cold after Argentina suffered two terrorist attacks aided and abetted by Iran in the early 1990s. The bombings in Buenos Aires of the Israeli Embassy and the Argentinean Jewish Mutual Association (AMIA) in 1992 and 1994, respectively, resulted in a total of 115 deaths and more than 500 injuries. Diplomatic representations were downgraded to commercial attaches in 1998, and since then, trade has been almost nonexistent. President Kirchner also cancelled his trip to Ecuador for Rafael Correa's inauguration when he learned of Ahmadinejad's presence at the ceremony.

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.¹⁴ In an August 2006 interview with Argentina's *La Nacion*, Muafak Jammal, a political head of Hezbollah's *Party of God* and confidant of Hassan

¹⁴ Curtis C. Connell, *Radicalism in Latin America*.

Nasrallah, confirmed that Hezbollah in Lebanon receives funds from Argentina. And in early December 2006, the U.S. Department of the Treasury designated nine individuals and two entities that have provided financial and logistical support to the Hezbollah terrorist organization operating out of the TBA.

The 1992 suicide bombing of the Israeli Embassy in Buenos Aires is arguably the first Islamic terrorist attack in the Western Hemisphere. 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 community, the largest in Latin America. On July 18, 1994, the AMIA building was bombed, leaving 86 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 and the passage of time have hindered the pursuit of justice in the AMIA case. But on October 25, 2006, twelve years after the attack, the Argentine government finally released its official report on the bombing. It confirms Iran and Hezbollah's responsibility for the attack, stating that Hezbollah acted "under orders directly emanating from the regime in Tehran." Special AMIA Prosecutor Alberto Nisman, who spent two years preparing the 800-page dossier, asked Federal Judge Rodolfo Canicoba-Corral to issue arrest warrants for the individuals identified in the report and requested that Interpol reactivate the red alerts for their capture. Judge Canicoba-Corral satisfied their request and issued warrants for the capture of Hezbollah operative Imad Mugniyah, former Iranian President Hashemi Rafsanjani and seven others, including Ali Fallahijan, a former intelligence chief, and Ali Ar Velayati, a former Minister. Iran challenged the Argentine report, calling it a "Zionist conspiracy," and urged Interpol not to accept the call for Red Alerts against the Iranian officials implicated in the report. On March 15, 2007 Interpol's executive committee unanimously approved the decision to issue Red Alerts for six of the suspects, after hearing the arguments from Argentine prosecutor Alberto Nisman and Iranian officials in Lyons, France.

However, in February 2007, Luis D'Elia, former Under Secretary for Land and Habitat and friend of Chávez, Luis Farinello, a priest, and former Deputy Mario Cafiero traveled to Tehran to participate in the government's International Seminar on Latin America, delivering a statement signed by Argentine intellectuals condemning the AMIA report and declaring it motivated by political goals. While the three activists do not represent the government of Argentina, their presence at the Seminar reveals sectors sympathetic to the Iranian regime in Argentina.

Bolivia, Nicaragua and Ecuador: A Growing Alliance

Iran has lately expressed a strong desire to forge an anti-US coalition with the new governments in Central and South America. Indeed, Presidents Evo Morales of Bolivia, Daniel Ortega of Nicaragua and Rafael Correa of Ecuador are joined together by the desire to release their countries from the grip of the U.S. President Ahmadinejad and other Iranian officials have made strong overtures to the new leaders promising aid, preferential oil agreements and technological expertise.

Bolivia is South America's poorest country despite having the second largest natural gas reserves in Latin America. Iran and Bolivia signed a MoU in August 2006 on expansion of bilateral industrial and mineral cooperation. At the signing, Iran's Deputy Industries and Mines Minister for Economic and International Affairs Mohsen Shaterzadeh said Iran's private sector was ready to participate and invest in the implementation of Bolivian infrastructure projects and highlighted the prospects for increased Iran-Bolivia cooperation in the development of small, medium and large-scaled industries. Ahmadinejad and Morales engaged in a bilateral diplomatic meeting in January 2007 while in Quito, reaffirming their commitment to strengthening diplomatic and economic ties.

The rise of Daniel Ortega, former Sandinista guerilla leader and Cold War-era foe of the U.S. who ruled as president from 1985 to 1990, has improved the odds for closer Iran-Nicaragua relations. The two countries' paths crossed in the 1980s during the Iran-Contra affair, in which the U.S. secretly sold arms to Iran to free American hostages and used the proceeds to back the Contra rebels fighting to overthrow Ortega. But any hostility has been set aside with Iran's Ahmadinejad arriving as a guest of honor at the inauguration ceremony of Ortega in Managua in January 2007, during which he was awarded two state medals by the new president. The two leaders signed agreements for bilateral cooperation in 25 sectors including energy, trade, the economy, infrastructure, increased exchange of university students and the establishment of joint ventures in various fields. Nicaragua and Iran announced plans to open embassies in their respective capitals.

The Persian nation has offered Nicaragua low-interest loans and energy aid, and during his visit to Managua, Ahmadinejad toured the capital and promised to construct dams and homes, establish factories for everything from buses to bicycles and improve Nicaragua's drinking water, ports and fishing industry. However, despite Managua's request, Tehran has refused to cancel Nicaragua's \$152 million debt. Ortega has also accepted a slew of aid and investment from Hugo Chávez, Iran's main ally in Latin America, including 100,000 barrels of oil under preferential terms, \$20 million in loans with little or no interest, the forgiveness of \$30 million in debt owed by Nicaragua and a \$10 million donation for Nicaraguan social projects.

In the case of Ecuador, relations with Iran have been strengthened by the election of Chávez-backed Rafael Correa, but friendly rhetoric has yet to be followed by tangible cooperation. At a bilateral meeting after Correa's inaugural ceremony, Ahmadinejad

offered Iranian assistance to Ecuador in the scientific, industrial, agricultural, petrochemical and technological fields. President Correa declared his intention to diversify Ecuador's foreign trade and announced Iran's special place in the country's foreign policy. Important sectors of Ecuador's political and economic elites openly expressed displeasure with Ahmadinejad's visit and concern for the potential damage increased interaction could inflict on Ecuador's outstanding bilateral relations with Israel. Despite these reservations Iran has announced it will reopen an embassy in Quito, and Ecuador plans to establish diplomatic representation in Tehran.

Conclusion

Iran's endeavors in Latin America are not to be taken lightly. Joint ventures, political and economic agreements, and the increased exchange of ideas on the future of the Western Hemisphere are coalescing to help make Ahmadinejad's dream of an anti-U.S. axis a reality. This growing alliance seeks to counterbalance the international community's front against Iran's 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, growing anti-American sentiment and the apparent search for political realignment can also prove to be helpful in fostering the right climate to oppose what is generally perceived as an interventionist attitude on the part of the U.S. and Europe. If Iran feels that there is a serious threat of an attack against its nuclear sites, it has already announced that it will rely on suicide bombers to defend its interests. This ominous scenario is compounded by Cuba and Venezuela's firm commitment to standing beside Iran. 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.

Stephanie Guiloff, Assistant Director, and Amanda Farfel, Research and Program Associate, contributed with the research for this briefing.