

# U.S. and Iranian Strategic Competition

## *The Impact of Latin America, Africa, and the Peripheral States*

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*Request for comments:*

This report is a draft that will be turned into an electronic book. Comments and suggested changes would be greatly appreciated. Please send any comments to Anthony H. Cordesman, Arleigh A. Burke Chair in Strategy, at [acordesman@gmail.com](mailto:acordesman@gmail.com).

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## EXECUTIVE SUMMARY

Iran actively pursues cooperation with states on the geographic and strategic periphery of the competition between the US and Iran. It does so in order to create a network of diplomatic and economic relationships or “partners” that share its opposition to US policies, support Iranian goals, are sources of arms and military technologies, and can reduce the impact of sanctions by facilitating Iranian petroleum trade, providing access to the international banking system in the face of new US and EU sanctions, and allowing Iran to skirt currency restrictions.

These peripheral “partners,” located mainly in Africa and Latin America, also help Iran expand its range of potential military options, provide diplomatic cover for Iran’s nuclear efforts, and aid Iran in acquiring goods proscribed by international sanctions.

Tehran’s goal is to create a coalition of non- or anti-Western states capable of influencing its competition with the US. The states involved are drawn to Iran by both promises of economic help – particularly in the energy and construction sectors – and by Iranian appeals to jointly oppose the Western international system. The Islamic Republic also portrays its present isolation by the US and Europe as a continuation of Western imperialism, and draws on its credentials as a member of the Non-Aligned Movement to elicit support from the disparate states throughout Africa and the Americas that have preexisting grievances with the Western order and its leading states.

According to Iranian leaders, the Islamic Republic’s competition with the US and its allies is not just a contest between states, but a clash of worldviews. The US represents an exploitative status quo and Iran offers the promise of an alternative order geared toward promoting the sovereignty and interests of developing nations. Speaking to an audience in Nigeria in 2010, Iranian President Mahmoud Ahmadinejad called for a decisive break with the present Western-dominated system:<sup>1</sup>

We have to develop a proper cooperation among the developing nations in order to wriggle ourselves from the domination of the western powers. And this effort is going on among the independent developing nations today. We have to establish a collective effort with a view to create a new international independent economic system that should be on the basis of justice.

Although many of the countries Iran has sought cooperation with are militarily and economically weak, Tehran cast a wide net in trying to build an array of partners to counterbalance what it sees as Western dominance of the global order. Iran seeks to be the hub of a non-Western bloc, and intends to frustrate US influence over Iran and throughout the developing world.

The US’s ability to push back against Iran’s attempts to widen its network of such countries is strongest in states that benefit from US aid or trade, or that lack a significant basis for ideological disagreement with US practices. While Iran’s overtures to peripheral states have the potential to weaken US attempts to contain and isolate Iran, Tehran’s web is fragile and possibly illusory, and so far has had no notable concrete successes.

While it remains to be seen is how meaningful the relationship between Tehran and Latin American states will actually become in influencing any key aspect of US and Iranian competition. Iran has established loose partnerships with some Latin America states and non-state actors, and increased trade. So far, however, the volume of aid and trade has fallen short of

Iranian promises, and it is unlikely that Iran's partnership with Latin American or African states will have a major impact.

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## *Introduction*

Iran has found it can make some gains in its competition with the US by aligning itself with a wide range of peripheral states. The degree and permanence of these benefits is unclear, but this does help it defuse UN pressure and sanctions, diversify its economic outreach in response to sanctions, and find allies to work with in the UN and other international forums.

- *Venezuela*: Venezuela is Iran's most vocal and supportive peripheral "partner." Both countries have engaged in a broad spectrum of commitments ranging from mutual diplomatic support to joint commercial ventures to military exchanges. Former Venezuelan President Hugo Chavez advocated for Iran's nuclear program at the IAEA and for Iran's vision of an anti-Western coalition of developing states. During his tenure as Venezuela's Foreign Minister, current President Nicolas Maduro froze diplomatic relations with the US in May 2011 following the imposition of sanctions on Venezuelan companies. However, since becoming elected, he has remained relatively silent on the issue of the Iranian nuclear program; thus far the only real display of relations between the two countries has been President Ahmadinejad's attendance at President Maduro's swearing in.
- *Ecuador, Bolivia, and Nicaragua*: Iran seeks to work with Latin American countries lacking the resources of larger states like Venezuela or Brazil in order to build a network that it can rely on to diffuse diplomatic and economic pressure and, potentially, to base Iranian assets in the Western hemisphere.
- *Argentina*: Iran has reached out to Argentina in order to diversify its Latin American connections. While both countries have increased bilateral trade, relations remain complicated by international pressure and Iran's possible involvement in terrorist attacks against Argentine Jews in the 1990s.
- *Brazil*: Under President Dilma Rousseff, Brazil appears poised to pursue a middle path that remains independent of the US or Iran and its anti-US Latin American allies. The leadership of Brazil will first and foremost protect its economic interests and its aspirations for prominence in a multi-polar world.
- *Senegal and Gambia*: Since the early 2000s, Iran has looked to countries in West Africa as potential sources of economic and diplomatic support, but severe political missteps and unfulfilled promises have undercut Tehran's decade of gains.
- *Morocco*: US-Iranian competition for influence in Morocco focuses on Morocco's different political and commercial interests. The monarchy is a strong political ally of the US government, but depends upon Iran for much of its energy needs. The Sunni-Shia divide also complicates Iran's attempts to improve relations. So far, the King's fears of growing Islamic influence have limited Iranian-Moroccan ties.
- *South Africa*: South Africa has an ambivalent relationship with the Islamic Republic. Ties between the nations were once based on a solid relationship of energy sales and the Iranian regime's condemnation of the apartheid era leadership. However, South Africa has since halted its oil purchases from Iran and the relationship is further strained by Iran's record of human rights violations, its ambiguous nuclear ambitions, and political pressure from the West.
- *Zimbabwe*: Iran has a Chavez-style ally in Zimbabwe's Robert Mugabe, but internal political divisions within Zimbabwe along with US pressure impede full cooperation. Zimbabwe is not a strategic target for Iran, and is neither near major US interests nor a source of significant resources.

## *Latin America*

In Latin America, Iran is mobilizing a history of anti-American sentiment in combination with economic incentives to draw states into its "post-Western" camp. Economically impoverished countries are drawn to Iran as a source of desperately needed investment and mutual antipathy towards the US, and an "unfair" international system provides rhetorical packaging for bilateral agreements.

In the past decade Iran has increased its diplomatic missions to states critical of the US – such as Venezuela, Bolivia, Nicaragua and Ecuador – in addition to status quo states like Argentina and

Brazil. Iran currently maintains 11 embassies and 17 cultural centers in Latin America. In addition to existing embassies in Cuba, Argentina, Brazil, Mexico, and Venezuela, Iran has opened embassies in Bolivia, Ecuador, Nicaragua, Columbia, Chile, and Uruguay in recent years.<sup>2</sup> The Islamic Republic's diplomatic missions have resulted in lively rhetoric and impressive promises of cooperation, but they have not yet yielded strategic results that have a significant effect on greater US-Iranian competition.

The chronology in **Figure 1** below highlights some of the key diplomatic exchanges between the leadership of Iran and various Latin American and African countries:

### Figure 1: Chronology of Leadership Meetings

- **2000**
  - **September - October:** Iranian President Khatami visited **Cuba** and **Venezuela**.
- **2001**
  - **May 18-21:** **Venezuela's** President Hugo Chavez visited Iran.
- **2006**
  - **July 31:** **Venezuela's** Chavez visited Teheran.
  - **September 11-16:** Ahmadinejad visited Castro in **Cuba** for the Fourteenth Non-Aligned Movement Summit.
- **2007**
  - **January 13:** Ahmadinejad visited **Venezuela** to talk about strengthening economic ties.<sup>3</sup>
  - **January 14:** Ahmadinejad visited President Daniel Ortega in **Nicaragua** to discuss opening new embassies in each other's capitals.<sup>4</sup>
  - **January 15:** Ahmadinejad attended the inauguration ceremony of **Ecuadorian** President Raphael Correa.<sup>5</sup>
  - **June 10:** **Nicaraguan** president Daniel Ortega met Supreme Leader Ayatollah Ali Khamenei.
  - **September 27:** Ahmadinejad visited **Bolivian** President Evo Morales and pledged \$1 billion in aid.<sup>6</sup>
  - **September 27:** Ahmadinejad visited **Venezuelan** President Hugo Chavez in Caracas to talk about reducing the influence of Washington in the region.<sup>7</sup>
- **2009**
  - **February 3:** An Iranian delegation visited **Paraguay** to discuss export-import and investment opportunities<sup>8</sup>
  - **February 27:** Iranian Deputy Foreign Minister Ali Reza Salari led an Iranian delegation to **Mexico City** to discuss trade relations.<sup>9</sup>
  - **April 2:** Presidents Ahmadinejad and Hugo Chavez met in Tehran to initiate a new development bank dedicated to economic projects in both countries, to which each country reportedly invested \$100 million in initial capital.<sup>10</sup>
  - **September 6:** In Iran, **Venezuela's** President Chavez sealed an agreement to export 20,000 barrels per day of gasoline to Iran. The deal would give Tehran a cushion should the West carry out threats of fuel sanctions over Iran's nuclear program. The two countries also agreed to set up a bank together to help finance joint projects.
  - **November 23:** Ahmadinejad visited **Brazilian** President Luiz Inácio Lula da Silva to discuss strengthening economic ties.<sup>11</sup>

- **November 24:** Ahmadinejad visited **Bolivian** President Evo Morales in La Paz to discuss mutual cooperation.<sup>12</sup>
- **November 25:** Ahmadinejad visited **Venezuelan** President Hugo Chavez<sup>13</sup>
- **2010**
  - **April 22:** Iranian President Ahmadinejad visited **Zimbabwean** President Robert Mugabe. The two leaders discussed the potential for bilateral trade agreements, as well as ways to strengthen overall relations.<sup>14</sup>
  - **April 26:** **Brazilian** Foreign Minister Celso Amorim visited Tehran to meet with his Iranian counterpart Manuchehr Mottaki, Iran's nuclear negotiator Saeed Jalili, and the president of the Iranian parliament, Ali Larijani. At the meeting, Amorim asked for assurances that Iran's nuclear program is meant for only peaceful ends.
  - **May 16:** **Brazil's** president Lula met President Ahmadinejad in Tehran, in what was framed as possibly a last, best chance for a negotiated solution.
  - **August 11:** Relations between Argentina and Iran began to thaw as **Argentine** President Cristina Fernandez openly welcomed Brazil's efforts to resolve the dispute over Iran's nuclear program, and believed the Tehran declaration helps promote peace and dialogue.<sup>15</sup>
  - **October 28:** **Bolivian** President Morales visited Iran to boost bilateral relations. The visit ended with five Memoranda of Understanding between the two countries for increased aid and economic development.
- **2011**
  - **January 25:** Brazilian President Dilma Rousseff worked to reestablish friendly relations with the US, in a direct reversal of her predecessors policies who had cultivated close ties with Iran. President Rousseff also took a much more critical stance on Iranian human rights abuses.<sup>16</sup>
- **2012**
  - **January:** President Ahmadinejad traveled to Latin America for the fifth time since 2007, visiting **Nicaragua, Cuba, Ecuador, and Venezuela**. In addition to solidifying ties with regional partners, Ahmadinejad used the opportunity to defend the Islamic Republic's nuclear program, insisting that his country's aims are non-military.<sup>17</sup>
  - **March:** Iran's Foreign and Defense Ministers discussed further defense cooperation with **Zimbabwean** Defense Minister Mnangagwa in talks in Tehran, as well as cooperation in additional spheres, such as agricultural technology.
  - **May:** One of Iran's Vice Presidents, Ali Saeedlu, visited **Nicaragua, Ecuador, and Cuba** to invite all three states to the Non-Aligned Movement summit in Tehran. He also briefly discussed trade issues.
  - **June:** President Ahmadinejad visited **Brazil** as part of the UN-led Rio+20 Summit on sustainable development. During his trip, he also visited **Venezuela** and **Bolivia** to discuss potential commercial deals. President Ahmadinejad mentioned the 10,000 homes built each year by Iranian companies (a figure disputed by Venezuelan opposition forces) and mutual support for unmanned aerial vehicle (UAV) technology.
  - **August:** Iran hosted the 16<sup>th</sup> Non-Aligned Movement Summit in Tehran. Despite opposition by the US and other states due to Iran's alleged nuclear weapons program, roughly 110 delegations attended the conference – among them **Bolivia, Cuba, Ecuador, Morocco, Nicaragua, Senegal, and Venezuela** – with **Brazil** as an observer.
- **2013**
  - **March:** President Ahmadinejad attended President Hugo Chavez's funeral in **Venezuela**.
  - **April:** President Ahmadinejad visited **Benin, Ghana, and Niger** to discuss and sign new cooperation pacts regarding economic ties and political relations.<sup>18</sup>

- **April:** President Ahmadinejad visited **Venezuela** to attend the inauguration of President Nicolas Maduro.

### *Venezuela*

Iran's closest relationship is with Venezuela. Although both countries have very different guiding ideologies and political structures, they are bound by a common rejection of US leadership in the international system and by their significant petroleum exports, as evidenced by their memberships in OPEC. The State Department has determined Venezuela has failed in "cooperating fully with US antiterrorism efforts" since 2006.<sup>19</sup> This classification is distinct from the designation of "state sponsors of terrorism," but resulted in an US arms embargo, which is still in effect at the time of this publication.<sup>20</sup>

In the past decade, Tehran and Caracas have engaged in a broad spectrum of commitments ranging from mutual diplomatic support to military exchanges. Former Venezuelan President Hugo Chavez has shown himself to be committed to Iranian sovereignty – supporting Iran's nuclear program at the IAEA – and to Iran's vision of an anti-Western coalition of developing states.

If the anti-imperial and anti-US ideological commitment nurtured by Chavez continues under the new Venezuelan leadership and define Venezuela's foreign policy, Washington has little hope of bettering its political position with Caracas or diminishing Iran's close affiliation. However, the turnover presidential leadership in both Venezuela and Iran means that the relationship between the countries may change in the coming months.

President Maduro and President Rowhani are unlikely to ideologically deviate in any substantial way from their predecessors, it is possible that they lack the close personal relationship held by Presidents Chavez and Ahmadinejad needed to maintain the close between Iran and Venezuela.<sup>21</sup> Furthermore, President Rowhani made Iran's relations with the US a focal point of his campaign, and has been relatively silent thus far on the issue of Iranian relations with Latin America; at his first presidential press conference he stated that, "Our priority would be firstly our neighbors, the Islamic and non-aligned states. We favour expansion of relations with all countries, including the Latin American states."<sup>22</sup>

Finally, US-Venezuelan commercial ties are strong and provide links between both countries which help maintain an undercurrent of stability in the relationship. At present, the US need not be too concerned about the Iran-Venezuelan relationship, even if either President decides to drastically ramp up their rhetoric or actions in regard to relations with each other. Mutual US-Venezuelan energy dependence mitigates the possibility of serious breach in relations.

### **Evolving US-Venezuela Relations**

Relations between the US and Venezuela have been strained ever since the ascendance of Hugo Chavez to the presidency in 1998. Chavez's "Bolivarian Revolution" consists of nationalist and populist policies infused with a rejection of American "imperialism" in Latin America and the world at large. Like Iran, Venezuela has attempted to leverage its oil wealth in order to gain allies in opposition to US leadership in the hemisphere, while selling petroleum to the US to underwrite generous social subsidies at home. Caracas has promoted its PetroCaribe and PetroSur petroleum initiatives in order to encourage regional integration guided by the principles espoused by Chavez.<sup>23</sup> However, this tactic has met with limited success since Venezuela's economic decline in 2009.

In 2010, a regional poll conducted by Latinobarometro, a Chilean nonprofit policy analysis group, showed that Chavez's impact in Latin American states had declined sharply during the last decade. He was rated second to last among leaders in the Americas.<sup>24</sup> Even amongst populaces in Bolivia and Argentina – traditional supporters of Chavez's regime – the Venezuelan president received less than a 35 percent approval rating.<sup>25</sup> However, a year later, another public opinion poll that surveyed the Venezuelan population put his approval at roughly 50%.<sup>26</sup>

Many of Chavez's more grandiose projects for South America – including a pipeline to Argentina and a continental investment fund – were shelved after 2009. The Venezuelan government did not issue official statements regarding why the projects have been called off, but the cancellations coincided with Caracas's economic woes.<sup>27</sup>

During the Bush Administration, US-Venezuela animosity was widely publicized and government officials viewed Chavez as a credible threat to regional stability in Latin America. In September 2008, President Chavez ordered the expulsion of the US Ambassador in Caracas and the US Government ordered the reciprocal expulsion of the Venezuela's Ambassador in Washington.<sup>28</sup>

Tensions seemed to ease somewhat with the election of US President Barack Obama. A Summit of the Americas in 2009, both nations agreed to pursue a relationship based on mutual interests. Political friction soon returned and culminated in the two governments' joint removal of their ambassadors in 2010. In June 2011, State Department officials voiced their concern over "Venezuela's relations with Iran...and its lackluster support on counterterrorism" to a joint Congressional hearing.<sup>29</sup> In recent years, with the decline of Venezuela's energy export-dependent economy, Chavez's stature as a pan-South American leader – and a potential threat to US interests – has been considerably undermined.

The sharp political disagreements between the US and Venezuela have not, however, prevented significant trade. The CIA World Factbook reported that in 2011, 40.2% of Venezuela's exports went to the US and 28.6% of their imports came from the US. The US is both the largest import partner and export partner for Venezuela.

In 2012, Venezuela was the fourth-largest supplier of foreign oil to US and supplied about 5.8% of US crude oil imports. Petroleos de Venezuela, S.A. (PDVSA), Venezuela's state-owned petroleum company – and its US subsidiary, CITGO – either wholly own or are part-owners of nine oil refineries throughout the US.<sup>30</sup> The US Energy Information Administration reported that in 2012, Venezuela supplied approximately 879,000 barrels of crude oil to the US per day. This figure is considerably lower than the peak of trading between the two countries in 1997, when Venezuela supplied the US with 1.4 mbpd..<sup>31</sup>

In spite of the importance of the US-Venezuelan commercial and energy-based relationship, President Chavez was sometimes willing to jeopardize economic relations in order to advance his political agenda. In several cases Venezuelan companies defied UN and US unilateral sanctions on Iran by continuing trade in proscribed goods. Chavez also worked through OPEC – in cooperation with Iran, Nigeria, and Algeria – in an effort to keep oil prices elevated.<sup>32</sup>

Relations have not improved significantly since Chavez's death. The State Department's 2012 *Country Report on Terrorism* – which was issued in May 2013 -- expressed moderate concern over terrorist activities in Latin America.<sup>33</sup> For the seventh year in a row, the State Department concluded that Venezuela was not cooperating fully with the Arms Export Control Act by

refusing to take any action against senior FARC leaders known to be in Venezuela. According to the report, “there were credible reports that Hizballah engaged in fundraising and support activity in Venezuela,” and it was noted that Venezuela continued to maintain its financial, trade, and development ties with Iran.<sup>34</sup>

### **Evolving Iran-Venezuela Relations**

Iran’s relationship with Venezuela goes back to their joint role in founding OPEC in 1960. Both nations were drawn together by “petro-politics” and membership in an organization marked by the absence of Western powers. Their relationship was altered by the Islamic Revolution – the Venezuelan Government had a close relationship with the deposed Shah – and remained largely dormant until September 2000.<sup>35</sup> During that year, however, Iranian President Mohammad Khatami made the first visit by an Iranian head-of-state to Caracas since the 1979 Revolution. His visit created a much closer relationship between Iran and Venezuela, and executive-level diplomatic exchanges have become routine between the Islamic Republic and Venezuela since that meeting.

The election of Mahmoud Ahmadinejad in 2005 gave Iran a leader much closer to Chavez. Iran’s relationship with Venezuela intensified and became even more focused on resisting American international leadership. Presidents Ahmadinejad and Chavez jointly criticized the United States while praising their relations as a model for the new world order. On an official visit to the Islamic Republic, Chavez told a news conference that his country and Iran “will united defeat the imperialism of North America.”<sup>36</sup> Ahmadinejad, visiting Venezuela in 2009, labeled Chavez “a brother who is resisting like a mountain the intentions of imperialism and colonialism.”<sup>37</sup>

The relationship remained close after Chavez’s death, and according to Air Force Gen. Douglas Fraser, the head of US Southern Command (USSOUTHCOM), is based on “shared interests, such as access to military and petroleum technologies and avoiding international isolation.”<sup>38</sup> Despite this relationship, General Fraser felt that Iran’s interests in the region were primarily diplomatic and commercial, and that “he had not seen an increase in Iran’s military presence in the region.”<sup>39</sup> Venezuela still serves as the main node for Iran’s political engagement with Latin America. That relationship is institutionalized through the Bolivarian Alliance of the Americas (ALBA), a leftist group founded by Venezuela and Cuba, of which Iran is an observer.

Iran and Venezuela have made energy cooperation a centerpiece of their economic relationship, but they have actively pursued cooperation on many fronts. The two OPEC states established a joint petrochemical plant in 2007 and an oil company, Beniroug, in 2009. Iran has constructed an ammunition factory, a car assembly plant, a cement factory, and other fixed investments in Venezuela, and has helped construct housing to deal with the living space shortage in Venezuela.<sup>40</sup> Despite both countries’ deep political and economic commitments, Venezuela is only Iran’s fifth-largest trading partner in Latin America, trailing behind less friendly powers like Argentina and Brazil.<sup>41</sup>

Iran and Venezuela also enjoy significant military cooperation. Since 2006, Iran has embedded its officers in the Venezuelan military and provides close support and training. Iran has also influenced Venezuelan military doctrine and strategic planning. According to David Myers, professor of political science at Pennsylvania State University, due to Iranian influence Venezuela has restructured its military along asymmetric lines – a fighting model more suited to combating a conventionally superior enemy like the US.<sup>42</sup>

In addition to serving as a regional political hub for Iran, Venezuela may also serve as a transit point for arms and other technologies restricted under UN sanctions. Between 2005 and 2010 Venezuela acquired approximately \$12-15 billion worth of weapons from Russia and China.<sup>43</sup> While both permanent Security Council members have promised to halt arms sales to the Islamic Republic, and so far no evidence has emerged that Iran has obtained any weapons through this corridor, US officials fear that Venezuela provides sellers a convenient third party to avoid sanctions.<sup>44</sup>

Iran's Al Quds force is reported to be playing an advisory role in Venezuela. The Al Quds force has broad experience in conducting asymmetric warfare and has been observing the US military in action in two wars for the past decade. Venezuela has a poor history of military training, and such veterans may be able to provide valuable military support if Venezuela becomes involved in low intensity combat in the region.

The military relationship is further strengthened by numerous official commitments to solidarity in the face of possible Western aggression. On a visit to Caracas in 2009, Iranian Defense Minister Mostafa Mohammed-Najjar promised "full support to promote the Venezuelan military's defense capabilities in the framework of mutual defensive agreements."<sup>45</sup> And, in June 2012, President Chavez unveiled a UAV that he said was constructed in Venezuela with Iranian technology and parts.<sup>46</sup>

According to the US Department of the Treasury, Venezuela also indirectly helps Iran support the Lebanese Hezbollah. In 2008, Adam J. Szubin, Director of the Office of Foreign Assets Control, accused the Government of Venezuela of "employing and providing safe harbor to Hezbollah facilitators and fundraisers."<sup>47</sup>

Much of the force behind the Venezuela-Iranian relationship was, however, driven by the personalities of Chavez and Ahmadinejad. The death of Hugo Chavez and Mahmoud Ahmadinejad's departure from power could alter the relationship, although the death of Hugo Chavez has yet to produce a change in tack in Venezuelan foreign policy. Moreover, while Iran's presidential election was won by a more "moderate" President Rowhani, it remains to be seen if this will result in a change in Iranian foreign policy. As July 2013, the relationship between the two leaders was still limited to Venezuelan statements praising the election of Rowhani and calls for an "enhancement of cordial ties" in the future.<sup>48</sup>

### **Venezuela's Approach to Sanctions: Diplomatic and Practical Rejection**

The Venezuelan Government has rejected the UN and unilateral sanctions placed on Iran's nuclear program and worked both diplomatically and covertly to undermine their effectiveness. After the passage of UNSCR 1929, which imposed the toughest round of UN sanctions on Iran to date, Venezuela issued a communiqué condemning the resolution for "attacking again the dignity [of Iran]."<sup>49</sup>

The document states that Venezuela promises "unrestricted support for the legitimate aspirations" of Iran for the use of nuclear energy for peaceful purposes.<sup>50</sup> Several months later, in October 2010, President Chavez promised that his nation "will back Iran under any circumstances and without conditions."<sup>51</sup> In a statement given during Iranian President Ahmadinejad's January 2012 visit to Venezuela, President Chavez said of the US sanctions on Iran, "[t]he imperialist madness has been unleashed in a way that has not been seen for a long time."<sup>52</sup>

More recently, the United States issued a round of unilateral sanctions against Iran that effectively cut them off from the international banking system. Executive Order 13645, signed in June 2013, declared that any international financial institution conducting business in, or holding large quantities of Iranian Rials would be banned from doing business in the United States. However, it does not currently appear that there are any Venezuelan banks executing financial transactions in Rials.

Chavez's rhetoric was matched by the business practices of PDVSA, Venezuela's state-run oil company. Reuters reported that in the face of UN sanctions barring the sale of gasoline to Iran "PDVSA delivered at least two cargoes of reformat, a gasoline blending component, to Iran between December 2010 and March 2011 worth about \$50 million."<sup>53</sup>

The US responded in May 2011 by barring PDVSA from access to US export financing and government contracts, but because the sanctions do not affect the activities of the US subsidiary CITGO, and do not prohibit oil exports to the US, the measures are seen as largely symbolic.<sup>54</sup> In May 2011, the US State Department extended sanctions on the Venezuelan military industry pursuant to the Iran, North Korea, and Syria Nonproliferation Act. These sanctions, originally imposed on August 2008, prohibit any US government dealings with embargoed Venezuelan companies.<sup>55</sup>

In February 2013, the same act was used to apply sanctions to a privately owned Venezuelan weapons company, CAVIM, because, "they had transferred to, or acquired from, Iran, North Korea, or Syria, equipment and technology listed on multilateral export control lists...or items that are not listed, but nevertheless, could materially contribute to a weapons of mass destruction (WMD) or cruise or ballistic missile program."<sup>56</sup>

Reactions to the US sanctions against Iran have been mixed.

- In March 2012, the Iranian ambassador to Cuba, Ali Chegani, stated "[t]oday we can vividly see the US defeat, because Iran has rapidly established cordial comprehensive relations with the Latin American government."<sup>57</sup>
- Also in March 2012, however, US Vice President Biden told CNN's Spanish language news service that Iran did not have the ability to threaten US interests by making inroads in Latin America. "We have the full capacity to make sure that does not happen."<sup>58</sup>
- In February 2012, the US Director of National Intelligence told the House Foreign Affairs Committee that Iranian officials are "now more willing to conduct an attack in the United States," using their resources in Latin America.<sup>59</sup>
- In January 2012, State Department spokeswoman Victoria Nuland said of Iranian President Ahmadinejad's recent Latin American trip, "[a]s the [Iranian] regime feels increasing pressure, it is desperate for friends and flailing around in interesting places to find new friends. We are making absolutely clear to countries around the world that now is not the time to be deepening ties, not security ties, not economic ties, with Iran."<sup>60</sup>

US and Venezuelan tensions over Iran have sometimes involved more rhetoric than reality. The severity of the sanctions the US placed on Caracas was constrained by America's need for Venezuelan oil: Venezuela was dependent on the US market. Chavez responded by posturing to followers of his Twitter account by writing that, "[s]anctions against the Fatherland of Bolivia? Imposed by the Gringo imperialist? Well, welcome Mr. Obama, don't forget we are the children of Bolivar!"<sup>61</sup> Despite the President's public anger, Venezuelan Oil Minister Rafael Ramirez said in a nation-wide broadcast that PDVSA guaranteed oil shipments to its US subsidiaries.<sup>62</sup>

Venezuela has facilitated Iran's engagement with the international financial system. It allowed the Iranian-owned Banco Internacional de Desarrollo (BID) to establish its headquarters in Caracas. BID is a subsidiary of the Export Development Bank of Iran (EDBI,) and both institutions were responsible for financing and advising the Iranian Ministry of Defense and Armed Forces Logistics, which has been integrally related to the development of Iran's nuclear program.<sup>63</sup> In 2008, BID was added to the Specially Designated National list that is maintained by the US Department of the Treasury; this froze BID's US assets and prevented it from conducting any business transactions with US companies.

Iran has benefited from other financial institutions in Venezuela, most prominently with the Fondo Binacional Venezuela-Iran (FBVI) - or the Iranian Venezuelan Binational Bank - which was originally conceived as a joint investment bank for both states.<sup>64</sup> While FBVI no longer retains any ties to Venezuela, it has been serving as a proxy firm for the EDBI. The FBVI has undertaken export dealings for the EDBI, and has also funneled millions of dollars from China based Bank of Kunlun (sanctioned in July 2012,) to EDBI.<sup>65</sup>

The US is also concerned about the cargo and passengers that travel between Iran, Venezuela, and Syria aboard Venezuela's Conviasa Airlines. Though the weekly flight between Caracas, Tehran, and Damascus had been listed as a commercial route, *Fox News* reported that passengers are specially vetted by the Venezuelan and Iranian governments and the procedure for booking a flight was different than all other Conviasa flights.<sup>66</sup>

There are serious uncertainties surrounding the nature of such flights as passengers were not subject to immigration and customs controls and cargo manifests were not made public. Intelligence agencies of the US and other states believe the Conviasa flight may have been used to ferry Iranian sponsored terrorists and military materiel between the three capitals. It was reported that Abdul Kadir, the Guyanese national who attempted to explode fuel tanks at JFK International Airport in New York, had planned to board a Conviasa flight to Iran from Venezuela before he was arrested in Trinidad.<sup>67</sup>

Undocumented travel may affect Iran's capacity to produce a nuclear weapon because Venezuela is estimated to possess approximately 50,000 tons of reserve uranium ore. In the past, Iran has actively helped to extract Venezuela's fissile material which it needs to supplement its own limited domestic supply.<sup>68</sup> While air transport of uranium is unlikely, particularly on a commercial jet, planes could have been carrying technology or know-how that is far more valuable than mere raw ingredients.

The US State Department has expressed concern over lax immigration and customs controls on these flights. According to Congressional testimony, however, the frequency of weekly flights between Iran and Venezuela has been significantly curtailed since September 2010,<sup>69</sup> and a search on the websites of Iran Air, Mahan Air, and Conviasa indicate that there are currently no direct flights between the two countries. Iran also has a comparative advantage in many industries, allowing it to support certain aspects of the Venezuelan economy that have suffered under President Chavez's malign neglect. Most notable is housing – with a residence shortage in Venezuela, Iranian corporations have built new homes in poor sections of Caracas and other major cities. Iran and Venezuela also could benefit from trading petroleum extraction expertise, but so far neither state has made such efforts public.

In summary, the verbal battles of Venezuela and Iran with the US continue – and are likely to do so if President Maduro continues the anti-American posture of his predecessor – but economic

realities and the fragility of leader-based political ties temper the real strategic threat of the Venezuelan-Iranian alliance to the US. Even though Venezuela provides Iran its opening to the Western Hemisphere, there is minimal public support for Tehran, and Venezuela does not provide Iran access to core American strategic concerns.

### *Other ALBA States: Ecuador, Bolivia, and Nicaragua*

Like Iran's relationship with Venezuela, Iran's relations with other ALBA (Bolivarian Alliance for the Peoples of Our America) states like Ecuador, Bolivia, and Nicaragua are built on a mutual ideological rejection of the current international order in general and US leadership in particular. Unlike Venezuela – however – Ecuador, Bolivia, and Nicaragua lack major resources and regional influence. Their scientific, natural resource, and banking weaknesses make them far less useful to Iran for avoiding sanctions and obtaining needed technology and weapons; this reliance on ideological rather than economic ties in large part explains why investment and trade promises have largely failed to materialize.

Iran seems to be using ties with these poorer countries to build a network in Latin American that it can exploit to deflect US diplomatic and economic pressure and, potentially, base Iranian intelligence and paramilitary assets in the Western hemisphere. So far Iran's many "memorandums of understanding" with these nations have translated into few actual projects. The Islamic Republic seems to be advancing its strategic ends by providing only limited support to impoverished states on the opposite side of the world.

### *Ecuador*

Ecuador has a history of challenging the US on many issues other than Iran. In 2012, they offered asylum to Julian Assange, the founder of Wikileaks, who faced potential extradition to the United States for disclosing government secrets.<sup>70</sup> In June of 2013, Ecuador became a likely destination for NSA whistleblower Edward Snowden. Ecuador announced that they would not seek to renew a trade pact with the US, potentially limiting US leverage over Ecuador, citing the agreement as a "new instrument of blackmail."<sup>71</sup>

Like Venezuela, Ecuador has found ties to Iran to be a useful way of challenging the US without provoking a major US reaction. The partnership between Iran and Ecuador was shaped by the personal relationship of Ecuadorian President Rafael Correa and President Ahmadinejad as shepherded by Venezuela's Hugo Chavez. Hugo Chavez's death, as well as the end of President Ahmadinejad's presidency, may affect these ties, but this is still unclear.<sup>72</sup>

Correa has so far kept up his support for Iran. According to the news service of the Presidency of Iran, in September 2010, Ecuador's foreign minister Ricardo Patino told President Ahmadinejad that his country "shows special reverence for Iran and calls for the increase of co-operations for the two countries at all levels."<sup>73</sup> It appears that as long as Correa – or someone with a similar populist, anti-Western ideology – is in power, bilateral relations will continue to strengthen.

President Correa signed 25 bilateral agreements with the government of Iran in 2008 in order to secure financing agreements to ease trade and fund badly needed civil works projects. In late 2009 Ecuador was forced to start rationing power and turned to Iran for a loan to construct hydroelectric power plants to remedy the shortages.<sup>74</sup> The US was able to reduce some of the financial connections made between Iran and Ecuador by threatening sanctions and the seizure of money held abroad.<sup>75</sup>

Nevertheless, the economic relationship between Iran and Ecuador is insignificant compared to Iran's trade with other countries in the region: In 2012, Ecuador accounted for just 12 million Euros worth of Iran's total 68.3 billion Euros in imports, compared to 1.8 billion Euros from Brazil and 853 million Euros from Argentina.<sup>76</sup> Furthermore, the promises Iran made in 2008 to help Ecuador develop a new oil refinery have failed to materialize.<sup>77</sup>

Ecuador also uses the US dollar as its currency, and like many Latin American states, it is much more dependent on its existing economic relationships with the US than the promises of the Islamic Republic. Even so, the Central Bank of Ecuador authorized a system of payments between it, the EDBI, and the BID in November 2008 in direct violation of the US sanctions applied to both financial institutions. This system created "a mechanism for deposits and payments to facilitate foreign trade," specifically by allowing "the confirmation and payment of foreign letters of credit for foreign trade transactions."<sup>78</sup> Immediately following this agreement, the EDBI gave the Central Bank of Ecuador \$40 million in credit.

The end result is that there is no strategically significant cooperation between Iran and Ecuador. The danger to the US is superficial, but as is the case with Iran's other efforts to expand its influence at the periphery, it is a relationship the US should closely monitor.

### ***Bolivia***

Like Ecuador, Bolivia is an open supporter of Iran's nuclear program. It seeks to develop enhanced economic ties with Iran and criticizes Western "imperialism." Like Ecuador, however, the bonds between La Paz and Tehran also remain largely symbolic. Iran has made concrete investments in Bolivia, but its promises of aid far outstrip its delivered benefits. The Bolivian leadership, under pressure because of the country's widespread poverty, wants to maintain Iran as a benefactor, but elements of the government have pushed back because of Iran's checkered human rights record.

The relationship between Bolivian President Evo Morales and Iran's Ahmadinejad had been guided by former Venezuelan President Hugo Chavez. Chavez helped facilitate the meeting of the two leaders and perpetuated cooperation through the Bolivarian Alliance of the Americas.<sup>79</sup> In 2008, Iran opened an embassy in La Paz and Bolivia reciprocated by moving its diplomatic mission from Cairo to Tehran in 2010.<sup>80</sup>

Despite hydrocarbon and mineral deposits, Bolivia is South America's poorest country and welcomes Iranian investment in exchange for political support.<sup>81</sup> In 2008, Evo Morales granted visa-free travel to Iranian citizens in exchange for a \$1.1 billion investment over five years in Bolivian natural gas facilities, agriculture, and humanitarian affairs.<sup>82</sup> The relaxed travel restrictions might make it easier for Iran to use the country as a potential forward base for covert operations. In 2010, the two countries signed several Memoranda of Understanding regarding an Iranian-Bolivian bank, a line of credit, and a \$254 million development assistance aid loan to the Bolivian government.<sup>83</sup>

Iran has funded the construction of several small- to mid-scale projects in Bolivia's industrial, agricultural, and healthcare sectors, including two cement factories, six milk-processing plants, three health clinics, and a tractor production line.<sup>84</sup> In partnership with Venezuela, Iran has also established an Iranian television network in Bolivia to enhance its cultural footprint in the country.<sup>85</sup>

The level of progress in the investment of the bulk of Iran's promised \$1.1 billion is unclear. In July 2009, Iran's top representative to Bolivia announced that Tehran had approved a \$280 million loan to develop Bolivia's energy sector, but how or if the balance of the promised funds will be spent remains a mystery.<sup>86</sup> According to research done by the CSIS Americas Program, the only public records of how money has been spent are presidential announcements of programs.<sup>87</sup>

Bolivia's potential mineral wealth may have implications for Iran's nuclear program. Bolivia is thought to possess moderate uranium deposits and exploratory programs have been launched to determine the feasibility of extraction. The Morales government has denied that Iran is a partner in the process, but Tehran has officially offered to provide technical assistance for the future construction of a Bolivian nuclear power plant.<sup>88</sup>

More tangible forms of Iran-Bolivian military cooperation include limited arms sales and investment. Iran reportedly helped finance the creation of a multinational military training center located in the Bolivian town of Warnes, and the Iranian Defense Minister, Ahmad Vahidi, led the official inauguration of the center.<sup>89</sup> The training center is a Venezuelan initiative through ALBA to counter the influence of US training programs in Latin America. The day before the facility opened in December 2010, President Morales remarked:<sup>90</sup>

Until recently, the only ones that created training schools for defense and security were the North Americans and they did so where they wished and without asking anyone's permission. A clear example of this is the School of the Americas, whose object was to implant a mental framework, to indoctrinate our Armed Forces to defend imperial interests, besides serving to divide soldiers and their people.

Maria Alejandro Prado, Bolivia's opposition congressional deputy, described the training facility as a location for militant political groups to exchange information, while former Defense Minister Cecilia Chacon countered by saying that it will supply informal education to rural and indigenous people.<sup>91</sup>

The similarities in the worldviews of Ahmadinejad and Morales provided a footing for bilateral relations, but it is unclear how long they will continue in their current form. The Bolivian government values its partnership with Iran because it presents an opportunity for economic development outside of a framework dictated by the US. But if Iranian aid diminishes, it is not clear that Morales will continue to give preferential treatment to Iran purely on ideological grounds, especially if the US makes cooperation economically and politically unpalatable.

### *Nicaragua*

Both the Islamic Revolution in Iran and the Sandinista's seizure of power in Nicaragua occurred in 1979, and participants in those revolutions then expressed solidarity in overturning the establishment. Both revolutionary governments maintained cordial relations until the Sandinistas were removed from power as a result of free elections in 1990. In 2007, Daniel Ortega, President of Nicaragua during the Sandinista regime, returned to power. The attendance of Mahmoud Ahmadinejad at the Ortega's inauguration signaled the return to normalized relations between Nicaragua and Iran.

Throughout 2007, officials from both countries began to put together a series of agreements to promote economic exchange and Nicaraguan development. In return for access to Nicaraguan commodities, Iran promised to finance projects, including hydroelectric plants, a tractor factory, a health clinic, low-income housing, and renovations to the western port of Corinto.<sup>92</sup>

Bilateral economic cooperation is not without friction, however, because of Nicaragua's debts to Iran and its need to maintain trade relations with the US. The Iran Independent News Service reported that Iran is owed some \$164 million for oil it exported to Nicaragua in 1986.<sup>93</sup> The Ortega government has not taken obvious steps to pay off the debt and Iranian critics of the Latin American partnership have questioned its political and economic value.<sup>94</sup>

Increased sanctions on the Export Development Bank of Iran (EDBI) have also threatened to undermine relations. Nicaragua supported Iran's nuclear efforts in 2007 by openly opposing UN Security Council sanctions, but was careful not to jeopardize its trade relations with the US. Since the EDBI has been linked to the Iranian defense sector, the Ortega government may be forced to limit partnership with Tehran. The uncertainty of the Islamic Republic's ability and will to fulfill its commitments of aid to Nicaragua also undermine the relationship's sustainability.

In the past, the US has overestimated the strength of the Iran-Nicaragua alliance. In the late 2000s, US officials feared that Iran had set up a massive embassy in Managua staffed with "more than 100 Iranian agents."<sup>95</sup> Though Iran had mentioned its intention to create such a station, presently Iran maintains a humble diplomatic mission in Nicaragua, especially compared with the massive US complex in Managua.<sup>96</sup>

Nicaragua and Iran do have a similar negative view of US and Western international leadership, but Nicaragua's poverty and military insignificance place it on the periphery of Iran's peripheral allies. Notably, the revamped relationship between the Islamic Republic and Nicaragua coincided with the return of the Sandinistas and Daniel Ortega to power; as with Iran's other Latin American partners, leader-to-leader relations are an essential and vulnerable component of the alliance.

### *Argentina*

Argentina, like Brazil, illustrates the present limitations of Iran's reach into Latin America. Moderate countries are willing to pursue economic cooperation with the Islamic Republic, but are not willing to provide lasting geopolitical support that may jeopardize their relationship with other powers. Iran has reached out to Argentina in order to diversify its Latin American connections with limited effect. While both countries have increased bilateral trade, relations remain complicated by international pressure and Iran's probable involvement in terrorist attacks against Argentine Jews in the 1990s. Argentina is not a member of Chavez's ALBA and its foreign and domestic policies lack the overtly anti-American sentiments that serve to help Tehran reach out to other states in the Americas.

Argentina is Iran's second-largest trading partner in Latin America and commercial activity has significantly increased within the last five years. Argentinian exports to Iran reached their highest point since 2007, climbing to over a billion dollars in 2012. Regional experts cite Argentina's high level of agricultural exports (55% in 2012,) and Iran's need for such agricultural products as a factor in the rapidly increasing trade.<sup>97</sup>

The relationship heavily favors Argentina: in 2009 Argentina exported \$855.4 million, while it imported just \$9.4 million from Iran.<sup>98</sup> The lopsided balance of trade could signal that Iran's motives for increasing economic activity most likely extend beyond pure commercial interests, but could also represent Iran's desire to engage with an emerging market that exports goods it needs.

Cooperation between Argentina and Iran outside of the economic sphere is impaired by unresolved questions surrounding the bombings of the Israeli embassy in Buenos Aires in 1992 and a Jewish community center in 1994. The Iranian sponsored terrorist group Hezbollah was implicated as the culprit behind both bombings and the Argentine government formally accused Iranian officials, including then President Akbar Rafsanjani, of masterminding the attacks.

Iran denies participation in the bombings and in 2004 President Khatami refused to meet with Argentine President Nestor Kirchner at a G15 summit unless Argentina officially apologized for accusing Iran of collaboration.<sup>99</sup> As recently as July 2011, Iran's Foreign Ministry issued a statement condemning the attacks while refusing to acknowledge responsibility:

The Islamic Republic of Iran, as one of the major victims of terrorism, condemns all acts of terror, including the 1994 AMIA bombing and, offers sympathy with the families of the victims of the explosion...Iran's Foreign ministry expresses regret that 17 years on from the occurrence of this crime, the truth behind it has not been revealed yet and the identities of its real perpetrators are still shrouded in mystery.<sup>100</sup>

The diplomatic breach created by the bombings has had regional consequences. In 2007, President Kirchner refused to attend the inauguration of Ecuadorian President Rafael Correa because Iranian President Ahmadinejad had been invited. Similarly, the Argentine government lodged a complaint with the Bolivarian Foreign Ministry when it discovered that Iranian Defense Minister Ahmad Vahidi, one of the IRI officials implicated in the bomb plots, had been invited to participate in the opening of the ALBA military school there. Argentine Foreign Minister Hector Timerman successfully persuaded the Bolivian government to ask Vahidi to leave. Later, Bolivia's Foreign Minister David Choquehuanca and President Evo Morales both apologized to Argentina for having made the invitation.<sup>101</sup>

In March 2013, President Cristina Fernández de Kirchner announced a joint Truth Commission to investigate the community center bombings. This move ran contrary to Argentina's long history of maintaining Iran's involvement, or at the very least complicity, in the attack. It drew criticism from a wide variety of Argentinian nationals and Jewish groups, though President Kirchner maintained that, "dialog is the only way to resolve conflict between countries, no matter how severe."<sup>102</sup>

In June 2013, however, a special prosecutor for Argentina released a comprehensive report on Iranian involvement in Argentina and the greater Latin America region. The report concluded that Iran was responsible for the 1994 bombings, but also alleged that Iran and its proxy Hezbollah were building a network for revenue and recruitment throughout the region. The report highlighted the tri-border region – the lawless border area between Paraguay, Argentina, and Brazil – as an area used by Hezbollah for various illegal fund raising activities, and suggested that similar illicit operations are being run in Brazil, Colombia, Chile, Paraguay, Uruguay, Suriname and Trinidad and Tobago.

Former US ambassador to the Organization of American States and Assistant Secretary of State for Western Hemisphere Affairs, Roger Noreiga, warned in March 2013 that, "'If our government and responsible partners in Latin America fail to act, I believe there will be an attack on U.S. personnel, installations or interests in the Americas."<sup>103</sup> However, others maintain such a threat is overblown. CSIS scholar Douglass Farah said that "The U.S. policy community generally believes Iran and Hezbollah do not pose a significant threat [in Latin American], at least in the short term," and Ilan Berman, Vice President of the American Foreign Policy Council

believes that, “absent a significant precipitating development in the Middle East, the likelihood of a terrorist attack on the United States by Hezbollah in the near future remains low.”<sup>104</sup>

Argentina is not likely to risk political capital to support Iran’s regional or nuclear ambitions, but it does appear determined to maintain a growing commercial relationship, as long as sanctions do not require a choice between partnership with Iran and access to other more lucrative markets. The Argentine-Iranian political relationship will most likely remain inhibited—and strategically benign to the US—as long as Iran continues to rebuff Argentine investigations of the 1990s bombings.

### ***Brazil***

Brazil does not have the level of anti-Americanism that has served as a foundation for so many of Iran’s partnerships throughout the region. Nevertheless, Iran hopes to form bonds with Brazil based on commercial exchange, both countries’ common status as developing regional powers, and Brazil’s desire for global influence as a non-aligned state. The United States works to deemphasize Iran’s influence on Brazil by encouraging Brazilian participation in the international status quo and by portraying Iran as increasingly self-isolating.

The most notable example of Brazil’s role in US-Iranian competition came in 2010 during the run-up to the new round of UN sanctions that led to UNSCR 1929. Brazil, along with Turkey—a state similar to Brazil in its aspirations for regional preeminence and global importance—organized an alternative bargain with Iran whereby the IRI would exchange 1,200 kilograms of low enriched uranium for 120 kilograms of fuel rods it could use in a medical research reactor.<sup>105</sup>

The deal would have left Iran with the potential “breakout capacity” to obtain enough fissile material needed to produce nuclear weapons, and was rejected by the US and its partners pushing for sanctions at the UN. The alternative deal fell through and Brazil voted against UNSCR 1929 when proposed before the Security Council, but at the same time, Brazil agreed to abide by the sanctions once they were passed by the permanent members. Brazil’s break with the status quo was symbolic rather than substantive. The Brazilian government intended to make known its political independence from the West, but that independence did not translate into wholehearted support for Iran or a costly rejection of valuable economic partners. Furthermore, Brazil has a history of reaching out to internationally isolated states when it has had a temporary seat on the UN Security Council; Brazil has tended to view sanctions as a precursor to armed conflict, and has preferred engagement to isolation in the past.<sup>106</sup>

Brazil is Iran’s largest trade partner in Latin America and past governments have actively pushed for enhanced economic relations. In 2007, the Brazilian government under President Da Silva vowed it would pursue policies to increase bilateral trade with Iran by as much as \$10 billion in the coming years.<sup>107</sup> In November 2010, bilateral trade stood at \$1.3 billion. That said, Brazil’s state-controlled oil major Petrobras, a critical player in the economic linkages between Brazil and Iran, announced in 2010 that it would suspend investment in the IRI. While the company claimed the move was based purely on “technical evaluations”, it is reasonable to assume that the increased pressure of widespread intentional sanctions in addition to the absence of significant oil deposits contributed to the turn around.<sup>108</sup>

A changed political stance under the new presidency of Dilma Rousseff may also dampen Iran’s hopes for sustained growth of the political and economic partnership. While Rousseff has not

shown herself to be an enthusiastic supporter of the West, she is openly critical of Iran's human rights abuses and has created greater distance between Brasilia and Tehran than her predecessor.<sup>109</sup> Brazil under Rouseff has thus far pursued a middle path which remains independent of the US or Iran and its anti-American Latin allies. The leadership of Brazil will first and foremost protect its economic interests and its aspirations for prominence in a multi-polar world.<sup>110</sup>

### *Africa and Other Peripheral States*

Driven by the same strategic principles that underpin its missions in Latin America, Iran seeks to spread its influence to other peripheral states, particularly in sub-Saharan Africa. It has, however, used somewhat different tactics. Historically rooted anti-American sentiment has helped provide provided Tehran with access to Latin American countries; in Africa, the IRI has exploited a common religion and offered cheap oil as an incentive for closer relations.

U.S. aid to many African nations has created strong barriers in countries courted by Tehran. As a result, Iran's presence in Africa is still relatively superficial. Iran has an impressive number of diplomatic missions, the construction of small commercial enterprises, and promises of greater cooperation. Notably, Iran's diplomatic progress has also been hindered by discoveries that it may be using African nations as transshipment points for arms exchanges with or without the knowledge of host governments.

Iranian ventures into Africa have, however, been spurred by the country's need for a source of uranium to fuel its nuclear program. According to the Vice President of the American Foreign Policy Council, Ilan Berman:

Iran's aging uranium stockpile, which the Islamic Republic acquired from South Africa in the 1970s, is mostly depleted. According to a confidential intelligence summary from an unnamed International Atomic Energy Agency (IAEA) member state this past February [2011], the Islamic Republic has focused on Africa, home to a number of key uranium producers including Zimbabwe, Senegal, Nigeria and the Democratic Republic of Congo.<sup>111</sup>

At the same time, Iran is forced to compete with Israel as well as the United States. Israel has a long history of diplomatic, economic, and security-based relations with Africa and its continent-wide diplomatic efforts hinder Iranian expansion.<sup>112</sup> But Iran has made recent gains in Africa at Israel's expense.

The end result is that Iran's actions have often been opportunistic. In March 2010, for example, Iran drew closer to Mauritania—one of only three Arab states with formal diplomatic relations with Israel—when the West African nation severed its ties with Jerusalem over Israel's invasion of Gaza.<sup>113</sup> In September 2011, former President Ahmadinejad met with Mauritanian President Mohamed Ould Abdel Aziz and discussed the need for multilateral cooperation through the Organization of Islamic Cooperation and the Non-Aligned Movement.<sup>114</sup>

Aziz proclaimed his support for Iran's "right to access peaceful nuclear energy" and Ahmadinejad vowed to pursue responsible resource based economic cooperation with Mauritania in contrast to the "exploitative" practices of "Western countries."<sup>115</sup> Iran uses Muslim solidarity as a key point of its strategic outreach, but African Muslims are overwhelmingly Sunni and sectarian differences with Iran's Shi'as complicate relations.

According to the Economist, Iran conducted 20 ministerial or grander visits to Africa in 2009. **Figure 2** depicts the African nations with which Iran has sought to strengthen its relations, as well as countries visited by Israel's foreign minister:

**Figure 2: Map of Iran in Africa**<sup>116</sup>

Iran's dealings with the countries highlighted in **Figure 2** vary in intensity. This report does not list every potential Iranian partner but rather presents several cases of Iranian expansion in order to depict an overarching Iranian strategy in Africa and how that strategy has fared to this point.

In September 2010, Tehran hosted a two-day Iran-Africa summit designed to promote broad based engagement. In attendance were heads of state and diplomats, as well as business and cultural leaders from over 50 African nations.<sup>117</sup> Appealing to the Non-Aligned sentiments of many African leaders, President Ahmadinejad used the occasion to praise the potential for greater cooperation and the possibility that Iran and African states might create a world order based on “respect for nations’ rights and dignity.”<sup>118</sup>

Iran efforts are, however, limited by several factors. First, Iran does not have the resources to match the economic, diplomatic, and humanitarian footprint left by other major powers interested in Africa, namely the US and China. Second, though many African states welcome Iranian offers of enhanced economic relations, it is unlikely that they would forge a bond with Tehran if such support seriously jeopardized preexisting relationships with wealthier, more stable powers. Third, Iran's covert arms business and its complex relationship with proxy militant forces complicate its regional relationships. Finally, Iran's economic ambitions for Africa are constrained by internal economic disorganization and external pressure from sanctions. Tehran's inability to deliver on promised projects further damages its standing.

As previously mentioned, Iran's strategic approach to Africa is broadly designed to diffuse the diplomatic and economic pressure of competition with the West and to craft a set of long-term allies opposed to the present international order. Although this competition plays out differently

in every country involved, several countries serve as instructive models of how the U.S. and Iran compete in the African periphery.

- In Senegal and Gambia Iran sought to cultivate new allies, but for myriad reasons has seen its influence recede.
- Morocco has positioned itself in opposition to Iran and has drawn closer to the Saudi-led GCC, which competes with Iran for regional influence in the Gulf.
- Iran maintains a tenuous relationship with South Africa, one strengthened by historical and economic ties but weakened by Iranian human rights abuses and by international pressure over the nuclear issue.
- Finally, Iran has a Chavez-style ally in Zimbabwe's Robert Mugabe, but internal political divisions along with US pressure impede full cooperation.

### *Senegal and Gambia*

Since the early 2000s Iran has looked to countries in West Africa as potential sources of economic and diplomatic support, but severe political missteps and unfulfilled promises have undercut Tehran's efforts. Tehran has employed a mix of economic incentives, calls to Muslim solidarity, and anti-Western rhetoric to increase its presence in Senegal and Gambia. In 2009 Iranian President Ahmadinejad declared that, "countries like Iran, Brazil, Venezuela, Bolivia, Gambia and Senegal have the ability to establish a new world order."<sup>119</sup>

Senegal, once a country aggressively pursued by the IRI for greater economic cooperation and diplomatic support, severed diplomatic relations with Tehran in early 2011. It did so upon learning that the Islamic Republic probably supplied separatists in its Casamance region with arms that were used to kill three Senegalese soldiers.<sup>120</sup> A report delivered to Senegalese President Abdoulaye Wade by the army chief of staff stated that the Casamance Movement of Democratic Forces (MDDC) were using sophisticated weapons and ammunition forensically traced to Iran.<sup>121</sup> Wade issued a statement saying, "Senegal is outraged to see that Iranian bullets caused the death of three Senegalese soldiers."<sup>122</sup>

This revelation fits into a pattern of controversial arms shipments emanating from Iran to customers throughout the African continent.<sup>123</sup> In October 2010, Nigerian officials intercepted thirteen shipping containers of weapons including 107mm artillery rockets, rifle rounds, and various small arms. The cargo had been labeled "Building Materials" and according to the Nigerian investigation that followed, the consignment originated from Iran and was intended for Gambia. In response to the discovery, in November 2010 the Gambian government cut diplomatic ties with Iran and expelled Iranian diplomats from the country.

In February 2011, Iran admitted it had shipped the containers and claimed the cargo was part of secret agreement made between Tehran and Banjul, but it denied that it broke UN sanctions prohibiting arms sales because the deal had been contracted in 2008, two years before the imposition of restrictions.<sup>124</sup>

Before the collapse of relations, both Senegal and Gambia had promising relationships with Iran. Senegal was one of Iran's most active African partners. President Wade and other Senegalese officials visited Tehran and received Iranian delegates on numerous occasions, and in 2007-2008 both countries took significant steps to increase economic and specifically energy-related cooperation. During the summer of 2007, Tehran and Dakar reached agreements to open an Iranian-backed oil refinery, a chemical plant, and an \$80 million car assembly plant, Seniran Auto, in the city of Thies.<sup>125</sup>

Iran also pledged to sell Senegal oil for a year on preferential credit terms and purchase a 34% stake in Senegal's oil refinery.<sup>126</sup> Reciprocating Iran's moves towards a closer partnership, Wade publically endorsed Iran's nuclear program in 2007. Gambia, which also supported Iran's right to develop peaceful nuclear capabilities, enjoyed positive relations with Iran built largely on a shared feeling of Western abuse and increasing bilateral exchange.<sup>127</sup>

The motivation behind Iran's supply of Senegalese rebels remains unclear, and some question the conclusions drawn by Senegal's forensic teams. Despite the unknown veracity of the findings, Iran's meddling has hurt its attempts to gain a foothold in West Africa. Some African leaders may also be pulling back from Iran over questions concerning the capability of the IRI to deliver on its promises of enhanced economic partnership. According to the news agency Afrik, the \$80 million Seniran Auto plant in Senegal has failed to meet production expectations. As of February 2011, "The company has, since its inception, sold about fifty cars to individuals. And by virtue of a taxi renewal operation launched by the government, the car company was able to sell 1000 cars."<sup>128</sup>

### *Morocco*

Morocco is a strong political ally of the US and its government cut its diplomatic ties with Iran in 2009 when the Iranian government referred to Bahrain as its 19<sup>th</sup> province.<sup>129</sup> Yet despite Rabat's diplomatic distance from Tehran, both countries' produce critical resources that make them major trading partners: Iran's crude oil and Morocco's phosphates, (a valuable agricultural resource, as well as a potential source of uranium,) give them mutual commercial interests.<sup>130</sup>

Morocco's economic value to Iran is shaped by Morocco's possession of massive phosphate deposits (three-quarters of the world's reserves,) which are used extensively in the Iranian agricultural sector. Morocco exports about 12 percent of its phosphoric acid and about 5 percent of its rock phosphate to Iran, making Tehran one of Morocco's largest phosphate customers.<sup>131</sup> Phosphate could be used as a source of natural uranium, but the process of extraction is unduly expensive compared to other methods. Moroccan officials have stated that they do not believe "Iran is extracting or planning to extract uranium from Moroccan phosphate imports."<sup>132</sup> Iran is pursuing other possibilities for commercial cooperation mainly through its Khodro automobile manufacturer.

The US relationship with Morocco is rooted in a history of friendship that dates back to the Treaty of Peace and Friendship of 1787. The relationship has been maintained through sustained high-level dialogue between the Kings of Morocco—most recently King Hassan II and now his son King Mohammed VI—and successive US administrations. According to the US State Department, Morocco is considered "a major non-NATO ally" through its contribution to "UN-led multilateral peacekeeping operations... and major bilateral exercises on the African continent."<sup>133</sup>

The US-Moroccan relationship is further cemented by the US provision of foreign assistance. The State Department reports: "The U.S. Agency for International Development (USAID) and its predecessor agencies have managed an active and effective assistance program in Morocco since 1953 exceeding \$2 billion over its lifetime. The amount of bilateral assistance to Morocco in FY 2012 was an estimated \$31 million, with \$32 million requested for FY 2013."<sup>134</sup>

The physical distance between Morocco and Iran gives Morocco more freedom in its diplomatic dealing with Iran than the Gulf states have in dealing with issues like Shi'a-Sunni sectarian

tensions. In the spring of 2011, the government of Morocco openly supported the Gulf Cooperation Council (GCC) intervention led by Saudi Arabia to quell unrest among Bahrain's Shi'a majority. Morocco's Foreign Minister Taieb Fassi Fihri said "Nobody can say 'no' to the intervention" and based Moroccan support on the claim that unrest was the product of "Iranian interference in the Gulf."<sup>135</sup>

The *Los Angeles Times* reports that, according to a leaked US diplomatic cable, "In exchange for active Moroccan support, Saudi Arabia allegedly promised to ensure the flow of subsidized oil and compensate for the loss in direct foreign investment in Morocco resulting from the global financial crisis." Notably, Moroccan support also coincided with its invitation to join the GCC, the political and economic alliance of Arab states headed by Saudi Arabia.<sup>136</sup>

In response to Morocco's defense of the intervention, Iran summoned Rabat's envoy to Tehran and issued a critique in language the Moroccan government deemed "unacceptable."<sup>137</sup> Rabat broke ties with Tehran in March 2009 and initiated a domestic crackdown on its small Shi'a minority. The Iranian government criticized the move by appealing to a need for Muslim solidarity—a tactic it has frequently employed to appeal to potential African partners. According to Iran's Fars news service, the Iranian Foreign Ministry issued a statement saying, "The Islamic Republic of Iran believes that at the present juncture when the unity and solidarity of Islamic countries is necessary for supporting the Palestinian people, this act of Morocco harms unity of the Muslim world."<sup>138</sup>

Despite the rupture of diplomatic relations, Iran and Morocco's commercial relationships remain intact. Following the cessation of diplomatic contact, the director of Morocco's Oil Refinery (SAMIR), Jamal Mohammed Ba Amer, issued a press statement stating, "Morocco will continue to import crude oil from Iran."<sup>139</sup> And during 2009 Iran, supplied Morocco with more than a quarter of its crude oil imports.<sup>140</sup>

Morocco and Iran are, however, increasingly divided by their political and sectarian differences. The monarchy remains suspicious of Iran's actions in the Gulf, Lebanon, and Syria, Iran's Shi'a activism and Iran's oil-based geo-political strategy. According to leaked State Department cables, the Moroccan leadership is starting to look towards Iraq as an alternative for its crude oil needs but it is hindered by technical challenges required to handle Iraq's different type of crude.<sup>141</sup>

### *South Africa*

South Africa has an ambivalent relationship with the IRI. Ties between both nations are strengthened by growing economic cooperation, expressed mainly through energy sales, and by Iran's past support of Nelson Mandela's now-ruling African National Congress during the apartheid era. However, the relationship is strained by Iran's record of human rights violations and by its ambiguous nuclear ambitions. Describing his country's position on Iran, Deputy Minister in the Department of International Relations and Cooperation (DIRCO) Ebrahim Ismail Ebrahim acknowledged, "We haven't sorted this out yet."<sup>142</sup>

In the past, Iran's history of support for the ANC has led South Africa to play a moderating role in the polarized competition between the IRI and the West. While South Africa is by no means a committed ally of Iran, South African officials have criticized the American approach to the nuclear issue as hypocritical (because of its tacit support for Israel's nuclear activities,) and called on all sides to seek resolution through diplomatic engagement.<sup>143</sup>

South Africa has dealt with the escalating sanctions against the Iranian nuclear program by repeatedly stating that Non-Proliferation Treaty members should be able to pursue nuclear energy peacefully, but that Iran's possession of a nuclear weapon is not in South Africa's interests. Responding to international pressure, South African companies with investments in Iran like Sasol, the world's top producer of motor fuel from coal, have ceased expansion in Iran and are reviewing current projects.<sup>144</sup>

Iran has been a major supplier of crude oil in the past – the Islamic Republic provided more than 35% of South African imports in between May 2011 and May 2012 – but South Africa has subsequently halted all oil imports from Iran. South Africa had been granted a waiver by the US allowing them to continue importing oil from Iran without incurring sanctions so long as the amounts imported decreased considerably. The decision to sever import ties with Iran came after this waiver had expired, opening South Africa to the possibility of US sanctions.<sup>145</sup>

The competing pressures of economic interest and human rights concerns have produced diplomatic outcomes like South Africa's abstaining vote at the UN General Assembly on the issue of Iran's human rights violations. The move to abstain upset both the Government of Iran hoping for support and Western governments hoping for condemnation. Ahmadinejad had also been able to successfully exploit South Africa's Non-Alignment position as a means of countering Western influence. DIRCO Chief Director of Human Rights and Humanitarian Affairs Pitso Montwedi claims "Ahmadinejad has managed to equate investigating human rights violations in Iran with 'jumping on the bandwagon with the West.'"<sup>146</sup>

Despite this, it is unlikely that Iran will be able to change South Africa's fundamental diplomatic posture. South Africa is one of the top ten recipients of US foreign aid, and is also the beneficiary of several bilateral trade agreements: they receive preferential trade benefits under the African Growth and Opportunity Act, they are a signatory of the Trade, Investment, and Development Cooperative Agreement, which focuses on trade and investment promotion between the two countries, and also have a bilateral tax treaty which eliminates double taxation on trade. Both countries are also heavily invested in PEPFAR, the five year plan to address the epidemic of HIV/AIDS in South Africa that was signed in 2010.<sup>147</sup> Furthermore, South Africa's willingness to sever their oil trade with Iran seems to be an indication that when push comes to shove, South Africa will choose to preserve their relationship with the United States over Iran.

### ***Zimbabwe***

Like the leadership in Iran, the ruling elite in Zimbabwe has been ostracized by the West for its persistent manipulation of elections and government-sponsored human rights abuses. In response to Western criticism, Zimbabwean President Robert Mugabe has started to pursue a "Look East" policy in order to find less critical allies and open markets in the Middle East and Asia. Not surprisingly, Iranian President Ahmadinejad positioned Iran as a close supporter of Zimbabwe's breakaway from the West.

### **Shared Isolation as a Common Interest**

At a meeting of both Presidents in 2006, Mugabe stated that, "Iran and Zimbabwe think alike."<sup>148</sup> Echoing the worldviews of Ahmadinejad and Chavez, he later claimed that the sovereignty of developing nations is under threat and must be persevered through collective action. Mugabe said, "We have a fight to put up against these evil men and their evil

systems...countries who think alike must come together and work out mechanisms to defend ourselves.”<sup>149</sup>

Iran and Zimbabwe have increased their cooperation through enhanced trade, humanitarian assistance, and political support. In January 2010, Zimbabwean Minister of State, Sylvester Nguni, praised Iran for its provision of aid to regions of the country affected by natural disasters.<sup>150</sup> Nguni also commended the IRI for its committed diplomatic support of Zimbabwe at the United Nations.<sup>151</sup>

According to Iran’s deputy ambassador to Zimbabwe, Javad Dehghan, Iran is involved in numerous commercial and aid-based projects throughout the nation including the mechanization of the agricultural sector, equipping the national broadcaster, the Zimbabwe Broadcasting Holdings, and investing in the tourism sector.<sup>152</sup>

### **Zimbabwe’s Potential Role in Iran’s Nuclear Programs**

Zimbabwe’s potential to supply Iran with the fissile material Iran needs to advance its nuclear designs could have an impact on the effectiveness of UN and US/EU sanctions. According to the *Sunday Telegraph* in April 2010, “Iran struck a secret deal with Zimbabwe to mine its untapped uranium reserves.”<sup>153</sup> The paper’s Zanu-PF source explained, “In return for supplying oil, which Zimbabwe desperately needs to keep its faltering economy moving, Iran has been promised access to potentially huge deposits of uranium ore – which can be converted into the basic fuel for nuclear power or enriched to make a nuclear bomb.”<sup>154</sup> Under the terms of the deal Iran would have access to an estimated 455,000 tons of raw uranium that could produce 20,000 tons of enrichable uranium over the next five years.<sup>155</sup>

The government source added: “The uranium deal is the culmination of a lot of work dating back to 2007, when Mr. Mugabe visited Tehran in search of fuel. Now Iran is beginning to reap the benefits...Iranian geologists have been conducting feasibility studies of the mineral for over a year now and we expect them to go ahead with mining once they are ready.”<sup>156</sup>

The deal—which is officially called the Bilateral Investment Promotion and Protection Agreement (BIPPA) with Iran – appears to have stalled before the Zimbabwean Parliament, and international pressure may be affecting its slow passage.<sup>157</sup> The Zimbabwe Reporter notes that divisions exist amongst Zimbabwe’s two primary political parties: Mugabe’s Zanu-PF, who want to see the agreement passed, and the opposition MDC, who are opposed to aiding Iran’s nuclear pursuits.<sup>158</sup> The Zimbabwean news source reports:

MDC MP Simon Hove immediately raised objections. ‘What is it that Zimbabwe expects to get from Iran and what is it that Iran intends to protect which is in Zimbabwe?’ Hove asked. ‘I want to know the type of investment Iran is having with this country and why we need this kind of investment promotion protection in light of other means that we have. So I find it very difficult to proceed when I have not been informed of what is it that is contained in the agreement and what is it that we are trading with Iran.’<sup>159</sup>

The United States has responded by issuing clear warnings to the Zimbabwean government that cooperation with Iran in defiance of international sanctions will produce negative consequences. Former U.S. State Department spokesman P.J. Crowley said in March 2011 that, “There are ramifications for countries that decline to observe their international obligations.”<sup>160</sup> Though Mugabe remains a staunch supporter of the Iranian regime, it remains to be seen if the countries’ past political partnership will trump the increasing threat of economic repercussions for violating international sanctions.<sup>161</sup>

### *Implications for US Policy*

Iran's forays into Latin America, Africa, and elsewhere are the product of an aggressive diplomacy geared towards alleviating the pressure of Western-led sanctions and more generally combating the present international order, which Tehran views as hostile to its interests. At present, Iran's relationships with individual peripheral powers are not of critical concern to the US.

The present weakness of Iran's network of such alliances network is reinforced by divisions between Iran and its targeted partners, but also by sustained engagement and pressure from the US. The US should keep supporting this soft power strategy, and:

- *Engage with peripheral countries, but do not meddle.* Some analysts have criticized the US for ignoring the periphery (especially Latin America) and thus allowing Iran to gain a foothold. As Iran's ambitious and geographically unbounded strategy in seeking partners and "allies" demonstrates, the US cannot afford to completely ignore any region of the globe. That being said, in countries of limited strategic interest, it is beneficial to engage without overreaching, especially when considering that Iranian commitments have a tendency to eventually collapse under their own weight (e.g. Senegal's Seniran Auto). US aid and commercial interests provide strong incentives for peripheral nations to refrain from or seriously reconsider full cooperation with the IRI.
- *Maintain US aid and support.* The US should maintain its current aid programs at both the civil and security levels. These programs are far less costly than the expansion of Iranian influence, and serve as critical ways of counterbalancing Iranian efforts and showing US concern. They are key ways of separating US influence from the attitudes of current leaders and building a broader base of popular support. The US should also work with key Gulf allies like Saudi Arabia to minimize Iran's ability to use energy exports as tools in strengthening relations with Latin American and African states.
- *Portray Iran as self-isolated and belligerent.* The peripheral powers with the greatest potential to affect completion are aspiring regional powers like Brazil and South Africa. The US and its allies should consistently stress that despite Iran's promise of temporary economic gain, establishing close diplomatic and economic ties with the Islamic republic carries considerable political risk due to its tainted human rights record and its potential instability.
- *Make a convincing case that Iran is seeking to obtain nuclear weapons and could be a threat to the global economy.* In addition to keeping up diplomatic pressure, the US should continue to work with the IAEA and key allies like Britain, France, and Germany to show the dangers of Iran's actions and make the threat it poses fully convincing. The US should explain how a crisis in the Gulf could threaten all countries – including the developing countries outside the region. This case should be made through effective strategic communications and as objectively as possible.
- *Seek the support of Arab allies and other developing states.* The US must make it clear that it and its key allies are not a neo-colonial bloc, but have strong support from the states around Iran. This can be accomplished by working with Saudi Arabia, Jordan, and the other Arab Gulf states to show Latin American and African countries that sanctions and opposition to Iran's nuclear problems have broad global support.
- *Make it clear that the US and its allies offer Iran incentives to halt, and explain sanctions continuously.* The US should show other countries that the US and the 5+1 have offered Iran real incentives to halt nuclear weapons related activities, and explain and justify sanctions in terms that nations in other regions can fully understand.
- *Stress harsh penalties for supplying Iran with fissile material.* The US, in concert with its allies, should continue to preemptively warn nations contemplating supplying Iran with nuclear material of the harsh economic penalties they will face. The US's stance on Zimbabwe appears to have had a positive effect and it should be replicated with other potential suppliers.
- *Avoid US actions that appear to threaten the sovereignty of Latin American and African states.* The US must be acutely sensitive to the anger with which Latin American and African states react to American

pressure and sanctions that is not the product of careful and persuasive diplomacy. It must rely on its embassy teams to create a nuanced and careful approach that deal with each country in ways that fully take into account its concerns and sensitivities. A one size fits all, or legislated set of general “sticks’ and penalties will do more harm than good.

The US should neither overestimate Iran’s capabilities in the periphery, nor treat peripheral theaters of competition as critical ones; it should monitor Iranian advances with an eye toward discerning Iran’s overarching strategy to evade Western pressure and expand its regional interests. Iran is far from achieving a global alliance to counterbalance against the West; but Iran’s distance from that goal is in part provided for by the engagement and vigilance of status quo powers. To secure the periphery, the US must continue to engage where possible, and closely monitor Iran’s relationships with states on the geographic and political margins of the US-Iranian competition.

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