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**Iran in Latin America: Threat or Axis of Annoyance?**

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The proper context of the current relationship between Iran and Latin America is probably best captured in a statement made by Ali-Reza Sheikh Attar, Iran’s deputy foreign minister, in a news conference in January 2008 during his two-day stay in Mexico City. According to Sheikh-Attar, “given far distance between Iran and Latin America, the Latin American countries did not enjoy a proper position in Iran's foreign policy in the past, but the Ninth Government<sup>1</sup> gives priority to promotion of ties with these countries.”<sup>2</sup>

I begin with this seemingly insignificant statement because of the basic accuracy of it: that the attention that Iran is giving Latin America as a collectivity or region is something relatively new, dating back to the election of a new president in 2005. Furthermore, this recent attention is acknowledged as new by members of Iran’s current administration and is represented as part and parcel of a new “aggressive foreign policy” that is touted by Mahmoud Ahmadinejad as needed, instead of the previous administration’s “passive” foreign policy, to counter policies by other countries, specifically the United States, to isolate Iran.

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<sup>1</sup> Numbering the four year tenure of each president has become a tradition in post-revolutionary Iran. The “Ninth Government” refers to the current term of Mahmoud Ahmadinejad’s presidency.

<sup>2</sup> IRNA, 20 January 2008.

As such, it must be understood more as a policy or political orientation of the new government rather than a strategic reorientation of Iran's foreign policy.

By suggesting a new policy orientation that emphasizes the importance of Latin America as a region, the intent is not to ignore a history of Iran's relationship with particular Latin American countries. In fact, relations with individual countries in Latin America are nothing new. The Islamic Republic of Iran's relationship with Cuba has been a long standing one, mostly based on political and ideological kinship especially after the end of the Iran-Iraq War when Castro no longer had to calibrate his relationship with Iran in the light of his close relationship to Saddam Hussein.<sup>3</sup>

Iran and Venezuela have also had a long standing political relationship as co-founders of OPEC. This relationship, although not severed, was turned very tenuous after the Iranian revolution of 1979, to turn again into an alliance at OPEC and elsewhere with the rise of Hugo Chavez to power in 1998. As "price maximalists," as recently as June 2008, both Tehran and Caracas voiced their opposition to what they called Saudi Arabia's unilateral decision to increase crude oil production. And in the November 2007 OPEC in Riyadh, Saudi Arabia, both Iran and Venezuela (along with the recently re-joined member Ecuador) insisted on including in the summit's closing statement, successfully resisted by Saudi Arabia, concerns over the falling value of dollar.<sup>4</sup>

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<sup>3</sup> Fidel Castro visited Tehran in May 2001, receiving an honorary degree from Tarbiat Modares University and meeting with Iran's supreme leader, Ali Khamenei.

<sup>4</sup> Nasser Karimi, "Chavez, Ahmadinejad: US Power in Decline." The Associated Press, 20 November 2007. [http://www.washingtonpost.com/wp-dyn/content/article/2007/11/19/AR2007111900400\\_pf.html](http://www.washingtonpost.com/wp-dyn/content/article/2007/11/19/AR2007111900400_pf.html). During the OPEC meeting, Iran and Venezuela proposed that the cartel begin setting its oil prices based on a basket of currencies, rather than just the dollar, and they wanted the summit to specifically express concern over the dollar's slide in its final statement. Saudi Arabia blocked the move, "with its foreign minister cautioning that even talking publicly about the currency's decline could further hurt its value."

Beyond political and ideological links, attempts at improving trade and economic relations with individual Latin American countries are also not something invented by Iran's new administration. Thirteen Iran-Cuba scientific, technological and economic joint commissions have already been held and according to Iranian press reports Cuba-Iran trade now stands at 213 million Euros (\$327.3 million) which is much higher than earlier reports of around \$50 million in 2003.<sup>5</sup> Venezuela's Hugo Chavez first visited Tehran in 2001 and then in 2003 and it was during the former President Mohammad Khatami's February 2004 visit to Caracas to attend the summit of non-aligned G-15 that the setting up of a plant with a capacity to produce 5,000 tractors in Ciudad Bolivar was finalized (with Iran having a 31% stake in the Veniran tractor plant), ultimately opening the way for the assembly production of two Iranian designed cars (the so-called "first anti-imperialist cars") that recently began to be produced in Venezuela.<sup>6</sup> Venirauto sold its first batch of Samand sedan (called Centauro in Venezuela) in July 2007. It is jointly owned Iran Khodro, one of Iran's state-owned car company, and VENINSA, a Venezuelan industry investment company. Its plant's capacity is 26,000 cars per year. But it not clear how many is produced at this time but there are also plans to produce a second cheaper car, called Turpial in Venezuela, in cooperation with Iran's second biggest carmaker, SAIPA. This year, the company hopes to assemble about 8,000 cars. The plant will also produce tractors and other farm equipment.

And Venezuela and Cuba have not been the only countries of economic interest to Iran. On the side of the same G-15 summit meeting, Khatami met with the newly elected president Lula da Silva of Brazil and talked about bilateral trade with consequential results.

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<sup>5</sup> *Fars News Agency*, 20 June 2008. <http://english.farsnews.com/newstext.php?nn=8703310656>.

<sup>6</sup> <http://www.venirauto.com/home>.

Since then Brazil exports to Iran have doubled and Brazil in fact has been Iran's largest Latin American trade partner for several years, with its exports to Iran as high as those of neighboring Turkey and India.<sup>7</sup>

It is true that during the same G-15 summit meeting, if the Iranian papers are to be believed, despite Argentine president Nestor Kirshner's interest in discussing bilateral economic ties, Khatami refused to meet with him until "Buenos Aires formally apologizes to Tehran for falsely charging Iranian diplomats with involvement in the bombing of the AMIA Jewish community center in 1994."<sup>8</sup> But the fact is that Islamic Iran and Argentina used to have a relatively robust trade relationship mostly centered on the latter's beef and agricultural exports to Iran. And if the initial Argentinean version of the AMIA charges against Iran is to be believed, it was Iran's anger at the sudden reneging on the part of Argentina to deliver on its promise to sell nuclear technology and material that led to the bombing of the Argentine-Jewish Mutual Association.<sup>9</sup>

None of these bilateral relationships should come as a surprise. First, the essential non-alignment foundation of Iran's foreign policy creates the impetus for seeking economic and political relationship with countries Iran sees as committed, at least in principle, the idea

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<sup>7</sup> Brazil's exports to Iran focus on corn, soy and sugar but its interest in Iran is potentially beyond trade. In 2004, Petrobras (Brazilian Petroleum Corporation), injected \$35 million in a joint project with Repsol of Spain. This initiative sparked serious criticism from the United States. This company is also interested in focusing on the exploration of Iranian blocs in the Caspian Sea. However, for now, it is limited by divestment campaigns in various states in the United States and threats of sanctions against companies doing business with Iran. . See, for instance, "State's Pensions, Brazil's Oil and Iran Entangled." *St. Petersburg Times*, 10 December 2007 ([http://www.sptimes.com/2007/12/10/State/State\\_pensions\\_Brazi.shtml](http://www.sptimes.com/2007/12/10/State/State_pensions_Brazi.shtml)).

<sup>8</sup> Tehran Times, 28 February 2004.

<sup>9</sup> The AMIA case has gone through many ups and downs, involving prosecutorial changes, witness tampering charges as well as several arrests that ended in release. In 2007 Argentina was able to convince Interpol to issue Red Notices which are international wanted person notices for 5 Iranians and one Lebanese, including former Iranian officials. Iran immediately contested these notices for being "politically motivated" and based on "unfounded and undocumented charges." At this point, the dispute between the two member countries is going through Interpol's process of dispute resolution in which both parties have agreed to participate. See Ronal K. Noble, "Interpol Follows the Rules." *The Washington Times*, 24 January 2007.

of improved south-south relations. The shift to the left in many important Latin American countries in the latter part of 1990s but particularly in the first decade of the new millennium has allowed Iran to be a bit more successful in its attempt to improve relations with particular countries.

Secondly, the concerted and determined effort on the part of the United States since 1995 to isolate Iran politically and economically has also created the motivation for a more active foreign policy in order to prove wrong the asserted claim about Iran's international isolation. Finally, the election of a reformist president in Iran in 1997 made it possible for countries like Brazil to engage Iran with enough confidence to withstand pressures from the United States. It is true that the Iranian understanding of non-alignment has always been more ideological, rejectionist, moralistic, rigid, and quarrelsome than most other significant non-aligned movement (NAM) players such as India or Brazil but the election of Mohammad Khatami allowed other NAM movement players to count on Iran moving in a different direction.

Still it is important to note that throughout these initial years of improved bilateral relations between Iran and various Latin American countries, the two main orbits of Iran's foreign policy remained the Persian Gulf and Central Asia-Caucasus. Furthermore, during both the Hashemi Rafsanjani and Khatami presidencies, entailing the 16 year span of 1989 to 2005, the regional interest in Latin America was simply not there. As mentioned, Iran welcomed improved relations with particular countries but for combating its isolation on a regional basis, Iran looked more towards Africa than Latin America. Both of these presidents took multi-country trips to the African continent, setting the stage for the creation of the High

Council for African Policy, which during Khatami's presidency was headed by his vice-president Mohammad-Reza Aref, with a special emphasis on economic and trade relationships.

Since 2005, however, Africa has received less attention. Although Ahmadinejad has taken two trips to attend African Union and Organization of the Islamic Conference summits in Gambia and Senegal on his way to Latin America, he has yet to visit Africa as a guest of a country. On the other hand, his much touted and well publicized trips to Venezuela in July 2006, Venezuela, Nicaragua, and Ecuador in January 2007, and Venezuela and Bolivia<sup>10</sup> in September 2007, and his hosting of Chavez and Daniel Ortega in Iran<sup>11</sup> is a policy re-direction that entails a regional outlook - made possible by changes in Latin America and opportunistically capitalized upon by Ahmadinejad. The rising number of leftist leaders in Latin America and their growing frustration with or moving away from Washington has given Ahmadinejad an opportunity to exhibit his "aggressive foreign policy" which has been formulated as a rejection of what he considers to be Khatami's conciliatory, passive, and ultimately ineffective foreign policy to make points both internationally as well as to his

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<sup>10</sup> During this visit Bolivia and Iran established relations for the first time. Iran and Bolivia also signed a number of bilateral agreements, including 100 million dollars in Iranian financing for projects in Bolivia. See "Ahmadinejad Shores Up Support in Bolivia, Venezuela." AFP, 27 September 2007. [http://afp.google.com/article/ALeqM5gkga-ABVZuKPBO0\\_8-qep6iWGANQ](http://afp.google.com/article/ALeqM5gkga-ABVZuKPBO0_8-qep6iWGANQ). None of this financing is yet to materialize.

<sup>11</sup> Since Ahmadinejad's presidency, Chavez has visited Iran four times. Ortega had visited Iran once and was expected to visit again in June 2008 but this trip has yet to materialize. In November 2007 trip to Tehran, Chavez and Ahmadinejad signed four memorandums of understanding to create a joint bank, a fund, an oil industry technical training program and an industrial agreement. On Chavez's visit in July 2007, the two leaders broke ground for a joint petrochemical complex in Iran, with 51 percent in Iranian ownership and 49 percent owned by Venezuela. The two nations also began construction of a petrochemical complex in Venezuela, at a total combined cost of \$1.4 billion. According to official reports, since 2001, the two countries have signed more than 180 trade agreements, worth more than \$20 billion in potential investment, but the extent of actual implementation is not yet clear and it is doubtful that the amount of actual investment is even remotely close.

domestic audience. From Ahmadinejad's point of view, rather than responding passively towards the US attempt to isolate Iran politically and economically and become the dominant player in the Middle East region, Iran's backyard, Iran should move aggressively in the United States' own backyard as a means to rattle it or at least make a point.

When analyzed closely, Ahmadinejad's regional approach to Latin American has three prongs:

1. **Continuation and expansion of the bilateral strategy with was pursued by Khatami.** This strategy has essentially entailed quiet improvement of relationships involving visits by foreign and economic ministry officials and setting up of joint economic commissions (with Mexico and Brazil) and discussion of possible re-opening of embassies in countries such as Chile.<sup>12</sup> In this context, the quiet nature of improvement, for instance with Brazil, has been more a reflection of exigencies imposed on Ahmadinejad than his own preference. For instance, Ahmadinejad had intended to disembark in Brasilia in September 2007 on an official visit, after speaking at the UN General Assembly and visiting Venezuela and Bolivia and Brazilian diplomacy came out with the classic excuse: the impossibility of reconciling Lula and the Iranian president's schedules, no doubt out of the concern that such a visit might bring increased pressure on Brazil to cut off its increasingly lucrative trade with Iran which is essentially a one way trade.<sup>13</sup> Still the hesitance to meet with Ahmadinejad did not prevent President Lula da Silva to publicly give support to

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<sup>12</sup> Iran currently has embassies in Argentina, Brazil, Colombia, Cuba, Mexico, Nicaragua, Uruguay, and Venezuela.

<sup>13</sup> Denise Chrispim Marin: "Itamaraty Avoids Ahmadinejad, Lula Summit." *Agencia Estado* 25 September 2007.

Iran's nuclear energy program and suggest that Iran "should not be punished just because of Western suspicions it wants to make an atomic bomb."<sup>14</sup>

2. **A highly publicized touting of the relationship with Venezuela and the creation of the so-called "axis of unity."** This relationship is not only relished by both leaders in economic and political terms, with Venezuela giving support to Iran's nuclear program, it is publicly touted by both as a poke in the eye of the United States.

Farsnews, a wire service close to Ahmadinejad's government said it best in its lead sentence about Ahmadinejad's visit to Venezuela, identifying the visit as designed "to produce three things: tractors, influence and angst." The influence is presumably for Chavez and Ahmadinejad, two presidents who hope to project their prestige and power. The angst is of course for Washington. Chavez has even stated publicly said that the relationship annoys Washington and both men have joked about their "nuclear" relationship.<sup>15</sup>

3. **Again a highly publicized relationship with the new governments of smaller countries of Bolivia, Nicaragua, and Ecuador.** To two of these countries, Iran has made economic promises in the form of investment in infrastructural development. In the case of Nicaragua this has meant a \$350 million pledge along with Venezuela to build a deepwater seaport near Monkey Point on Nicaragua's Atlantic shore, then to plow a connecting "dry canal" corridor of pipelines, rails and highways across the

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<sup>14</sup> "Brazil's Lula Defends Iran's Nuclear Rights." Reuters, 25 September 2007. <http://www.reuters.com/article/topNews/idUSN2536221720070925>, During a joint press conference with President Bush at Camp David Lula publicly defended Iran as "an important trade partner" with whom Brazil has "no political divergence." Rejecting US calls to shun the Iranian regime, Lula insisted, "we will continue to work together on what is in our national interest".

<sup>15</sup> According to Chavez, "The two countries' cooperation has turned into a great unity between the Iranian and Venezuelan nations and this annoys the US imperialism." Fars News Agency, 24 April 2008.



country. Iran has also already set up an embassy in Managua. In Ecuador, Iran has opened a trade office in Quito in January 2008. While these relationships should be considered as part and parcel of Ahmadinejad's aggressive outlook towards foreign policy, engaging in outreach with anyone offering a welcome mat, for both external and internal purposes (especially relished because its aggressiveness is reflected in activities in US' back yard), it is really difficult to imagine that they will turn into anything significant, if at all.

The proposed building of Monkey Point seaport is facing resistance from local land right activists who have already resisted two attempted development efforts in the past decade. Considering that the proposed Nicaraguan projects are essentially sold to the Iranian populace as an aid to Nicaragua, signs of resistance on the part of the local population will either be seen as ingratitude or too much trouble for a policy based on political or symbolic value and not economic purposes.<sup>16</sup> The Iranian parliament, which has to approve funds for such projects, has yet to debate the issue. Iran's refusal to forgive Nicaragua's \$152 million debt to Iran, despite, Ortega's explicit

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<sup>16</sup> In fact, there has already been public criticism of the Nicaraguan policy in Iran by both former reformist diplomats as well as in some conservative websites. For a criticism of Ahmadinejad's Nicaragua policy see an opinion piece by former deputy foreign minister Mohsen Aminzadeh called "after 25 Years." In this piece Aminzadeh recalls his first trip to Nicaragua in the early revolutionary days for symbolic and solidarity purposes and says while symbolism still should have a place in diplomacy, it cannot be the only aspect of diplomacy.  
<http://www.irdiplomacy.ir/index.php?Lang=fa&Page=24&TypeId=5&ArticleId=211&Action=ArticleBodyView>.

public request, should probably be seen as the extent to which Iran's symbolic foreign policy is limited by economic considerations.<sup>17</sup>

Relationships with Ecuador and Bolivia are also likely to be kept in distance for now. Ecuador's new President Rafael Correa would benefit little from closer ties with Iran and, with half of his country threatening secession, Morales probably has little time to entertain broader relations with Iran. In general it should be argued that the relationship Iran has developed with these countries is a subsidiary of its relationship with Venezuela and as such it is Venezuela that is in the driver seat in guiding these relationships not Iran.

To conclude Ahmadinejad's Latin policy can be summarized as follows::

1. Iran's much touted recent interest in Latin America as a region has been very much a function of changing circumstances in Latin America.
2. It is driven at this point by Venezuela and Iran's shared opposition to the United States and a desire to make Washington as nervous as possible about as many issues as possible and a shared desire to project their governments, both inside and outside of their respective countries, as fighting broadly for justice or a more just world order.
3. By courting Venezuela and other Latin American leaders close to Chavez, it is political support rather than economic deals that Iran seeks. Given its political circumstances, Iran is working hard to push back Washington's effort to tarnish Iran's international reputation. Accordingly, Iran will take every opportunity to show that it

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<sup>17</sup> The forgiving of the debt is also not something that can be done by the president alone and must be approved by the Iranian parliament which has so far not been interested in doing so.

is not isolated and in the process question Washington's influence even its own backyard.

4. Ultimately, however, this is not a sustainable strategy for Iran in terms of its own domestic politics as well as long-term strategic calculations because Iran is not in the driver seat; Latin American circumstances and particular political calculations of individual Latin American countries are.
5. The better and more likely bet for Iran, once Ahmadinejad is gone and he will be gone - if not in a year, in five years - is the same gradual improvement of bilateral relationships based on economic give and take and a modicum of shared commitment to principles of non-alignment.