IRAN IN LATIN AMERICA

Threat or 'Axis of Annoyance'?

EDITED BY

Cynthia Arnson
Haleh Esfandiari
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César Montúfar

PREFACE

As this publication goes to press, Iran's relationship with Latin America has once again captured headlines. Iranian President Mahmoud Ahmadinejad made a state visit to Brazil in late November 2009, the first Iranian president to have done so since the mid-1960s. During the visit, Brazilian President Luiz Inácio Lula da Silva publicly defended Iran's right to develop nuclear energy for peaceful purposes, and portrayed the invitation to Ahmadinejad as part of a Brazilian effort to play a broader role in brokering peace in the Middle East. Indeed, Ahmadinejad's visit followed closely upon visits to Brasília by both Israeli President Shimon Peres and Palestinian Authority President Mahmoud Abbas.

Lula's diplomatic overture to the Iranian leader elicited sharp criticism both in Brazil and the United States. Critics pointed to Iran's continued defiance of the international community over access to its nuclear facilities by the International Atomic Energy Agency as well as the Iranian government's stepped up repression of domestic opponents following disputed presidential elections in June 2009. Before returning to Tehran, Ahmadinejad also went to Bolivia and made his fourth visit

The economic relationship between Iran and Latin America is growing although its full extent is hard to quantify. There is not only a lack of reliable statistics but also a vast chasm between the promise and actual realization of productive and infrastructure investments by Iran. International Monetary Fund figures compiled by the *Latin Business Chronicle* indicate that trade between Iran and Latin America tripled between 2007 and 2008, rising to $2.9 billion—almost half of which was between Brazil and Iran. (By these estimates Venezuela, whose relationship with Iran has raised the greatest amount of political and strategic concern, is in fifth place, behind Argentina, Ecuador, and Peru.[2]) By contrast, total trade between China and Latin America in the same 2007-2008 period amounted to $140 billion, an amount that dwarfs the trade between the region and Iran.[3]

Moreover, while political and commercial relations are closely correlated, they are not always identical. Argentina is Iran's second largest trading partner in Latin America, yet its diplomatic relationship is deeply strained. Argentina has asked for the extradition of several current and former Iranian government officials for their roles in the terrorist bombing of a Jewish community center in Buenos Aires. In September 2009, and under instruction from Argentine President Cristina Fernández de Kirchner, the Argentine delegation walked out of the room when President Ahmadinejad began to address the UN General Assembly.[4]

Iran's behavior in the international system, from its support of terrorist movements, to the limited cooperation with international inspections of its nuclear program, has logically raised concern and even alarm about its increased activities in Latin America. The Manhattan District Attorney's office has launched an ongoing investigation of Venezuelan collaboration with Iran to procure financing and materials (including uranium) for weapons production in violation of U.S. and international sanctions.[5] Some analysts have gone so far o fo tubo7(t)rn t (e)-143e o69(s)11( )5(h)35(o)5(6940c)-135(86e)-2011 Tc2BTs37cC /Span 2-26(5 <MCID 175 >BDC 0.5 346.4796 203.4465 Tm[((r)3(o)10

INTRODUCTION

ments of more than $1 billion over the next five years[8]. In August 2009, Iran "offered Bolivia a loan of $280 million, in addition to spending $200 million on building two cement factories and three milk facilities." [9] These numbers and others frequently reported are agreements and do not represent actual investments or expenditures on the part of the Iranian government. Farideh Farhi, has noted that Ahmadinejad "can go around and sign all these things, but ultimately it's the Iranian parliament that has to decide whether it's going to" fund each specific initiative.[10] Between 2001 and 2007, Iran and Venezuela entered into 180 cooperative agreements, valued by Iran at $20 billion. Nevertheless,

Farideh Farhi, former Public Policy Scholar at the Woodrow Wilson Center and Adjunct Professor of Political Science at the University of Hawaii, argues that while Iran's increased attention to Latin America as a region is a relatively new development, its bilateral ties with some individual Latin American nations are long-standing and relatively robust. Iran has shared an ideological relationship with Cuba since the end of the Iran-Iraq War, and a political relationship with Venezuela since their co-founding of OPEC in the 1960s. The impetus behind these long-standing bilateral relationships is three-fold: First, Iran's non-aligned position in foreign policy has compelled it to seek out countries with similar ideological outlooks. Second, determined efforts by the United States at keeping Iran in diplomatic and economic isolation have forced it to pursue an active foreign policy. Finally, the election of a reformist president in 1997 made it possible for countries like Brazil to engage Iran

have also alleged Iranian involvement in the attacks. Although investigations have been ongoing, no one involved in either of the attacks has been brought to justice, and the court cases have been marred by improprieties. One Argentine federal judge overseeing the AMIA investigation was impeached and removed from his post for gross irregularities, including the falsification of evidence. Two other federal prosecutors dropped the case and all three are currently under investigation for the cover up of evidence. The Iranian government has insisted that judicial corruption in Argentina, not Iran's lack of cooperation, accounts for the failure to arrest the masterminds of the attack, and has accused "Zionist lobbies" of making unfounded accusations against Iran. Lebanon's ambassador to Argentina has called Hezbollah's participation in the AMIA attack a theory reinforced "by the political motivation of Israel and the United States."

In May 2006, the Argentine7(,)-8(n)1(o)-2(t)-8(I)-4 e7(,)-8(n)1(o)-2(t)-8(I)-4 e7(,5(nt)-3)-26(n)-21(t)-21(h)4(e)-21(A)-49(M)-267(ee)-5(64JEMCt)-21<MC St26.145 -1.286 Td[(I)-0
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21 Simon Romero, “Venezuela Says Iran Is Helping It Look for Uranium,”

rather than deep economic relationships in Latin America. The notable exceptions are ventures related to strategic minerals or hydrocarbons.

Related to this is the third point of convergence: Iran's overall dealings on the economic and diplomatic fronts are generally opaque, built on the personal dynamic between Ahmadinejad and Latin American heads of state, as demonstrated by the numerous personal visits conducted by and among Ahmadinejad, Chávez, Ortega, Morales and Correa. These personalized relationships have largely supplanted institutionalized, formal policies guided by input from the respective congresses or ministries of foreign affairs and economic issues. This is particu(e)-20(s)-7(e)-6(i)-12(g)-37(n)-64(a)-29(f)-4(e)-2043l2-5(o)4(i)-26(ID 908 BDC /T1_2 1 Tf1)370CID 913 BDC 0 56[(t)-21(h)4

America and reciprocal state visits signal far more high-level interest in the region than the Bush administration is perceived to have.

This is a key question which must be addressed in any discussion of Iran's relationship to Latin America's populist governments. The above-noted yawning chasm between the Bolivarian Revolution's stated goals publicly embraced by Chávez, Ortega, Correa and Morales, and those of Ahmadinejad's revolutionary Islamist government. The Bolivarian revolution claims as principles equality, secularism, socialism, women's rights, and mass participation in governing. These are directly opposed to the goals of creating a theocracy where women's rights are denied, democratic participation is circumscribed by religious dictates and theologians set social and economic policy based on their interpretation of Koran, rather than the writing of Simón Bolívar. This lack of a more broad-based set of shared values helps explain Iran's behavior in the region. One explanation can be found by looking at Iran's promised economic aid, often undelivered, and its promises of diplomatic relations, which are promptly fulfilled.

Iran has signed billions of dollars in bilateral agreements with Venezuela, although financial accountability and monitoring is almost nonexistent.[5] Iran has also promised hundreds of millions of dollars in aid and investments in Nicaragua, Bolivia, and Ecuador. Because most of the deals are opaque and there are few public records available, it is not clear how much of the promised aid has been delivered. Maradiaga and Melédez clearly show the difficulties of discerning this in the case of Nicaragua, where Iran promised multiple projects, including $350 million deep-water canal and $120 million hydroelectric plant.[6] Yet they were unable to obtain information on the progress and expenditures on any of the major projects or loans.

Montúfar shows that Ecuador has made little effort to follow through on the verbal economic agreements between Correa and Ahmadinejad during Ahmadinejad's Jan. 15, 2007 visit to Quito when Correa was sworn in. There is little available information on the fate of the promised $1.1 billion in investment in Bolivia in the next five years.[7]

In contrast, the results of the promised diplom29(i)2(J)-2(a)-27(6 337.042(l)-1(s 6.4465 T

Because of the personalized nature and opaque relationships between

that will threaten the stability of the region, as well as that of the United

Bank Melli and Bank Saderat, believed to be financing the purchase of nuclear technologies.

2 Andrei Khalip, "Brazil Wary on Nuclear Cooperation with Venezuela," *Reuters*, May 23, 2005.

3 Mariela Leon and Marianna Parraga, "Negotiations to Purchase Nuclear Reactor from Argentina Confirmed," *El Universal*, October 11, 2005, http://www.eluniversal.com/2005/10/11/en_pol_art_11A618849.shtml, Media reports noted that discussion over selling Venezuela nuclear technology in Argentina had pitted the "pro-Chávez" camp against the "anti-Chávez" camp. See Natasha Niebieskikwiat, "Venezuela quiere comprarle un reactor nuclear a la Argentina, *Clarín*, October 9, 2005, http://www.clarin.com/diario/2005/10/09/elpais/p-00315.htm

4 *Russica-Izvestia Information*, September 30, 2008, and *Agence France-Presse*, "Venezuela Wants to Work With Russia on Nuclear Energy: Chávez," September 29, 2008.

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Farideh Farhi

jectionist, 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 ional intea44(b)-7(a2)-9(s)-11(i)(s)]TJEM59l g ovwermies

- **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 country. Iran has also already set up am 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 form 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.[16] 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 public request, should probably seen as the extent to which Iran's symbolic foreign policy is limited by economic considerations.[17]

  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 session, 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:

- Iran's much touted recent interest in Latin America as a region has

1 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.

2 IRNA, 20 January 2008.

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

4 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. 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."

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

6 http://www.venirauto.com/home.

7 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).

8 Tehran Times, 28 February 2004.

9 The AMIA case has gone through many ups and downs, involving prosecutorial chan6(d d)2qang (es-ES)(r 2)-28(0)-39(0)3nw l a(r)-1(0)-1128(0)-39(0)3nwd sersnrol39(0)333(0)-39(0)32(l a)-33((r)-1(0)-1128(r7(w)-0)3)-32(n)-o2(l a)-(s)4(s.(d s)-13(e7(u)-9 Tf28)-372(l a)-(s)4(s.(d s)-13s0.007 T

IRAN'S PLACE IN VENEZUELAN FOREIGN POLICY

The relationship between Iran and Venezuela is not just a function of the duo formed by Hugo Chávez and Mahmoud Ahmadinejad. Indeed, diplomatic ties between the two countries date back to 1947. The Shah also went to Venezuela for a state visit in 1975, and Carlos Andrés Pérez returned the favor two years later with a visit during a tour through the Middle East. Bilateral contacts have been maintained primarily in the context of cooperation on oil-related matters after the establishment of the Organization of Petroleum Exporting Countries (OPEC) in 1960, proposed at the time by Venezuela's Minister of Mines and Hydrocarbons.[1] Relations between Iran and Venezuela were maintained thereafter but at a low level of priority and in an international context that was vastly different from today, since the two countries were allied with the United States during the Cold War (until 1979 for Iran, when the Islamic Republic was created). Hugo Chávez's ascent to power energized the relationship beginning in 2000, when he took the first of several trips to the Middle East, including Iran, which was ruled at the time by Mohammad Khatami, who in turn made two visits to Venezuela.[2]

Given that it was Venezuela's president who pushed to resume ties with Iran, we may rightly ask how the diplomatic efforts that have been made toward bringing Venezuela and Iran closer together fit into Chávez's foreign policy. And is this strategy compatible with the international objectives Venezuela under Chávez has established since 1998?

The challenge is not to determine whether this policy is good or bad for Venezuela's future, but rather to analyze what it means in view of the international role Chávez is seeking to establish for Venezuela.

At the outset, Iran's international position and approach seem to mesh well with Chávez's foreign policy, especially since Ahmadinejad's rise to power. At the same time, Iran's stance also reveals the potential and the

limits of the South-South policies the Venezuelan government is trying to promote in its global message.

Chávez's diplomatic approach to Iran complements Venezuela's own foreign policy objectives on issues the country has championed internationally since 1998, and on new topics that have arisen since Ahmadinejad became president of Iran in 2005.

Iran: Model of Key Points on Hugo Chávez's International Agenda

Iran and Venezuela are the second and fourth largest oil-producing countries, respectively, within OPEC, and although Venezuela originated the idea for the organization, the country was never a very active member. Chávez has opted for a much more assertive policy, however, aimed at using petroleum as a political tool.[3] As a result, he has defended high oil prices and was active in organizing the second summit of OPEC heads of aoiptof in aanecas in n 200 n And in Eauary n 204(7)7r, Ira, and Venezuels

good relations with all its international partners, Brazil has maintained some distance from Iran, and Ahmadinejad has not visited there during his Latin American tours.[15] Argentina's case is special because it has kept its distance from Iran since 1994; in fact, Nestor Kirschner canceled his appearance at Rafael Correa's inauguration whehis

Elodie Brun

lationship has occurred at an auspicious moment internationally, which partly explains the attention it has drawn. This dependence upon the international context, however, could become a weakness in their future relations if circumstances take a less favorable turn.

Both Iran and Venezuela clearly benefit from increasing oil prices, which provide them with the financial resources to support their foreign policy objectives: they have essentially transformed their black gold into a political instrument. Nevertheless, their ability to act would be greatly reduced in the event of a drop in oil prices; this in turn would limit their ability to assert themselves globally and act on their bilateral agreements.[43] However, the current situation does not appear to be tending toward any drastic drop in the price per barrel.

It is still the case that as developing countries, Iran and Venezuela have limited financial resources to implement their foreign policy plans, which exist alongside significant pressing internal challenges. t is ier

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1 Salgueiro, Adolfo P., "l'Asse Caracas-Teheran," in *Limes*, no. 2, February 2007, pp. 175-181.

2 Blanco, Carlos, "La política exterior de la revolución," in *Revolución y desilusión: la Venezuela de Hugo Chávez* (Madrid : Catarata, 2002), p. 193, and "Iran Seeks Links with Venezuela," in *The Guardian Unlimited*, 23 June 2006.

3 "OPEP pide a Estados Unidos cese de agresiones contra sus miembros," in *Boletines del MRE de Venezuela*, 17 November 2007.

4 "Chavez et Ahmadinejad soutiennent une baisse de production de l'OPEP," in *La Tribune*, 15 January 2007, and Espinosa, Ángeles, "Venezuela e Irán se unen al pedir para la OPEP un papel político activo," in *El País*, 18 November 2007.

5 "Venezuela participa junto con Irán y Malasía en refinería en Siria," at *Aporrea.org*, 30 October 2007.

6 "Canciller Nicolás Maduro instaló V Comisión mixta Venezuela-Irán," in *Boletines del MRE de Venezuela*

4 "T-17(i

34 Malmund, Carlos and García Encina, Carlota, “Los actores extrarregionales en América Latina (II) : Irán,” ARI no. 124/2007, Real Instituto Elcano, 26 November 2007.

35 For data on imports and exports, please see http://comtrade.un.org/db/default.aspx

36 Held in: Caracas in February 2002; Teheran in August 2004; Caracas in December 2005; Teheran in March 2007; and Caracas in April 2008.

37 “Iran-Venezuela Presidents Break Ground for Methanol Complex,” *IRNA*, 1 July 2007.

38 “Suscritos tres nuevos documentos de cooperación mutua entre Venezuela e Irán,” in *Boletines del MRE de Venezuela*, 28 September 2007.

39 “Crearán Banco Binacional Iraní-Venezolano,” *ABN*, 20 May 2008.

40 “L’Iran et le Venezuela créent une société pétrolière mixte,” in *Iran Focus News*, 22 December 2006.

41 Romero, Simon, “Venezuela and Iran Strengthen Ties with Caracas-to-Tehran Flight”, *The New York Times*, 3 March 2007.

42 “Obra teatral ‘Dados’ estrenada con éxito en Teherán,” in *Embavenez Irán*, 24 April 2006.

43 For example, nearly 50 percent of Venezuela’s revenues come from petroleum.

44 Tellier, Frédéric, *L’heure de l’Iran* (Paris : Ellipses, 2005), p. 136.

45 Lapper, Richard, “Living with Hugo: US Policy toward Hugo Chávez’s Venezuela,” CFR Special Report no. 20, Council on Foreign Relations, November 2006.

46 Article 110 of the Iranian constitution states that the Leader is responsible for setting forth the general policies of the regime, and Article 122 states that the president is responsible to the Leader. See also “Hugo Chavez quitte Téhéran,” *IRNA*, 31 July 2006, and “Ahmadinejad Officially Welcomes Venezuela’s Chavez,” *IRNA*, 1 July 2007

- Carlos Blanco, “La política exterior de la revolución” and “Puntos de confrontación,” dans Revolución y desilusión : la Venezuela de Hugo Chávez, Madrid : Catarata, 2002, p.169-198 et p.199-232.

- Elodie Brun, Les relations entre l’Amérique du Sud et le Moyen-Orient. Un exemple de relance Sud-Sud, Paris : L’Harmattan, 2008, 200 p.

- Heinz Dieterich and Hugo Chávez Frías, Hugo Chávez : un nuevo proyecto latinoamericano, La Habana : Editorial de Ciencias Sociales, 2001, 115 p.

- Rafael Duarte Villa, “Dos etapas en la política exterior venezolana frente a Estados Unidos en el período de Hugo Chávez,” Cuadernos del CENDES, annéáver de le.90es-ESh5h5

THE SHADOW OF IRAN IN ARGENTINA TAKES ON A SUSPICIOUS SHAPE

The Tehran regime appears to be the primary suspect in having devised and planned two attacks: the bombing of the Israeli Embassy in Buenos Aires on March 17, 1992, and the bombing of the Argentine Jewish Mutual Association (Asociación Mutual Israelita Argentina, or AMIA) two years later, on July 18, 1994.

The Buenos Aires targets were chosen for a number of reasons. The country is home to the largest Jewish community in South America and one of the largest outside of Israel. However, there are other possible reasons, including the participation of Argentine ships in the 1991 Gulf War and the fluctuating relations that Argentine President Carlos Menem and his administration maintained with governments in the Middle East, while at the same time affirming an explicit alliance with the United States and a commitment to the defense of Israel. Clear examples of the volatility of these relationships can be seen in the pattern of contributions to his electoral campaign, the cancellation of both a sale of nuclear reactors to Syria and of the Condor missile project with Egypt, and suspension of the nuclear technology assistance that Argentina had offered Iran.

Investigations of the two attacks produced little in the way of concrete results, though they did uncover some of the alleged conspirators, material participants and local agents involved, as well as possible terrorist cells and their logistical and financial support groups in the border area known as the "Triple Frontier" between Argentina, Brazil and Paraguay. For years, the region has been the epicenter of operations for money laundering and for narcotics, arms and human trafficking, making the region a matter of continuing concern to Washington.[1]

The public investigation of the Embassy attack, in which 22 people were killed and dozens more wounded, was overseen by the Supreme Court (Case S. 143). Because it affected a foreign diplomatic entity, it fell under the jurisdiction of Article 117 of the Argentine Constitution.

As recently as May of 1999—more than seven years after the attack—

faced in the weeks immediately following the attack.[7] Only nine years later, however, in March, May, and August of 2003, did Galeano request international warrants for a dozen former Iranian officials and diplomats and one Lebanese suspect, alleging that they were linked to the attack.

Galeano set his sights on the Iranian ambassador in Buenos Aires, Hadi Soleimanpour, his fellow diplomat Ahmad Reza Asghari, former

The advances made in the investigations driven by the prosecutor

ing months, the talking points became a spearhead—a governmental "collision force," according to the opposition—with D'Elía even sharing the public stage with the First Lady from time to time.

As this brief review has shown, 16 years after the first attack and 14 years after the second, both investigations are still far from complete. The parties responsible have not been brought to justice, while the victims and their families continue their tug-of-war with the Argentine government in an attempt to have their demands met. In spite of all the steps being made by the Kirchner administration and the advances made in the investigation during his mandate, there are still unfulfilled commitments from the agreement signed with the group Active Memory before the Inter-American Commission on Human Rights, in March 2005. Moreover, there is lingering concern that the attacks exposed the inability of the Argentine Government to pursue justice, when investigators and prosecutors themselves perpetrate fraud and cover-ups, sacrificing the "means" (respect for the law) in favor of achieving acceptable "ends," ultimately provoking consequences opposite to those being sought.

Ironically and lamentably, the attacks—and the flawed investigations—lend credence to all manner of conspiracy theories. These include questions about whether the Renault v99 e ofec o18(r 7(le)-5(D(x)1(l)-2(37(a)-360(a)-h)4(6 Td[(34-8(p1-6(e)-2(l)-4(v)10(e)9())-77(i)--5(r)-97(t)-21()-9(e)]TJEMC /Span 20CID 3190 8 T

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dependence on hydrocarbons—it is not surprising that it should seek to strengthen its relationship with one of the world's major oil producers. Indeed, non-traditional bilateral relationships, such as that between Iran and Nicaragua, are a major trend in contemporary international relations. Thus, merely in terms of national priorities, there is no reason to be suspicious of the relationship. Nevertheless, cultivating relations with a nation that has been sanctioned by the United Nations for an ideologically motivated lack of transparency in respect to the Nuclear Non-Proliferation Treaty—and to do so within the framework of an anti-establishment foreign policy—provokes concern among former foreign affairs ministers and independent experts, as will be detailed below.

Daniel Ortega Saavedra regained the Presidency of the Republic of Nicaragua after sixteen years of governing "from below." Although he left the government in 1990, he never lost his power. The agreement Ortega signed in 1999 with the leader of the opposition party, Arnoldo Alemán, allowed him to gain important footholds within the different branches of government. All that remained to formally make him Chief Executive was a victory at the polls, which C 0.009 Tn9nl0, 0, ,a1[(d)p3(eA5)-21(w)-4( )y9(k)8(e)9( )]TJEMC /Span 5/MCID 3493 BDC 0.009 Tc 0 -1titgoree0(d)-9((t)528

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to 2007, the price of oil increased by a little less than US $10, raising the country's oil bill by more than twenty-seven percent. Finally, with a US$ 6 rise in the price of a barrel of crude between 2006 and 2007,

the viability of relations with Iran, and to question the intent to engage in any real cooperation. First, Nicaragua could face serious consequences for cooperating with a country that does not respect the authority of the United Nations and that is essentially anti-American, anti-Israeli, and

world must react against this twisting caused by the North and the United States. This is an absolutely visible, tangible reality. The FSLN [Sandinista National Liberation Front] has a specific, well-defined interpretation of, and position on, this twisting, one that it believes provides the best possible path toward a better world. That is why it is unconcerned by the risks it is taking."

It was perhaps the reality of the risks involved in opposing the

has changed the rules of the game in regard to transparency and public accountability.

1 With his first campaign, in 1984, Ortega won 67 percent of the vote. Violeta de Chamorro was elected with 54.7 percent of votes in 1990, Arnoldo Alemán with 51 percent in 1996 and Enrique Bolaños with 56 percent in 2001.

2 The Democracy Index categorizes countries in terms of four types of regimes, based on their level of democratic development: (1) complete democracies; (2) imperfect democracies; (3) hybrid regimes; and (4) authoritarian regimes.

3 The data released by the IDD show only six countries as being above average—three (Chile, Costa Rica and Uruguay) with high levels of democratic development (above 7.51) and three others (Argentina, Mexico, and Panama) with scores greater than 5. The remaining 12 nations (El Salvador, Bolivia, Brazil, Colombia, Ecuador, Guatemala, Honduras, Nicaragua, Paraguay, Peru, the Dominican Republic, and Venezuela) all scored below 5.

4 Presentation by the development expert and consultant Diógenes Ruiz at the First IEEPP Forum on Transparency in the Administration of Cooperation for Development, held in Managua on April 2, 2008. See “La cooperación venezolana y los desafíos para la transparencia” (IEEPP, July 2008).

5 ECLAC preliminary figures estimate a 3 percent growth for 2008 and 19.6 percent inflation rate.

6 For example, in a little over two decades, Costa Rica managed to increase its energy production capacity some 235 percent, with Honduras registering a rise of 342 percent and Nicaragua only 139 percent. Nevertheless, in Costa Rica’s case, the increase in energy generating capacity has nearly tripled for hydroelectric energy, with a mere 20 percent increase in thermal energy generation. In Honduras, hydroelectric energy increased by more than 150 percent, whereas thermal production increased by 14.5 percent. Finally, Nicaragua, unlike the other Central American countries that are increasing their production, saw the scant existing hydroelectric energy production drop by 60 percent, while thermal production nearly quadrupled.

7 http://impreso.elnuevodiario.com.ni/2007/01/14/nacionales/38792

8 On march 24th, the United Nations approved maintaining sanctions on Iran.

9 This resolution was unanimously approved by the United Nations Security Council at its 5647th meeting, on March 24th, 2008 (S/RES/1803(2008)).

BOLIVIAN FOREIGN POLICY: Observations on the Bolivia-Iran Relationship

nants of the country's leftist parties—is repeating the nationalist motifs of the seventies. Along with Venezuela, Cuba and Nicaragua, it proposes to construct a type of Latin American socialist camp, a regional version of the market socialism or authoritarian capitalism pursued by China and Vietnam, with the difference that those countries seek to bring their economies fully into the mainstream of globalized trade and production, while their regional imitators reject any such attempt.

The agents of Bolivia's foreign policy seem to see no conflict in advocating the principles of self-determination and nationalism while at the same time proclaiming their belief in socialist internationalism—two concepts that logic and practice have shown to be in opposition. The government claims national independence and sovereignty as the basis of its foreign policy, but does not hesitate to issue opinions on the domestic politics of other states, or to allow other countries to intervene in its own domestic politics, as occurred with Venezuela, which has established a sort of de facto tutelage over governmental behavior and events in Bolivia.

Domestically, the Aymara movement's attempt to constitutionally impose the hegemony of its culture, its plans for State control of the economy, the centralization of power, and the neutralizing of democratic institutions—moves endorsed by the political wing of the government—has encountered resistance, first in the country's eastern departments and then in the valley cities, under the rallying cry of autonomy.

Morales came into power on the continental wave that rejected the open market economy model, foreign investment and transnational corporations. Political systems were renewed throughout the region, governing elites were replaced, and the predominance of politics over technoc-

The explanation for this dependency relationship appears to be political and personal, since even in terms of historical perspective Morales is at odds with the views espoused by Comandante Chávez. Thus, the indigenous movement of Evo Morales rejects the Republic that Simón Bolívar liberated, as being a *criollo*

Morales chose Venezuela and Cuba as the guiding star of his foreign policy, the historical axis of those regional political alliances shifted—at least for the moment.

In reality, the country's commercial and economic links—which ultimately will determine the true direction of its political affiliations—continue to be firmly anchored in Brazil, Argentina, Chile, Peru and Colombia and, in terms of light manufacturing, in the United States. Natural gas, soy, tropical crops, labor-intensive manufactured goods, tourism and services are the weft on which the design of Bolivia's economic life will be woven in the twenty-first century. They constitute the true stage for Bolivia's geopolitical life, as well as its economic field of action, and this entrenched reality does not allow for media or propaganda manipulations. That is what Brazilian President Luiz Inácio Lula da Silva tried to communicate to Morales when he pointed to Venezuela on a map, and then to Brazil, with its more than three thousand kilometers of border with Bolivia.

In May of 2006, Morales nationalized the oil industry and ordered the armed forces to occupy the Petrobrás oil fields and refineries. This move, perhaps more than the political decision itself—which recalled the period of the military governments, when the Bolivian Left denounced what was then known as Brazilian "sub-imperialism"—deeply offended Brazil's government and public, which judged it to be unnecessarily aggressive and unfriendly. The government's first reaction was to suspend its investment in the petroleum sector and

candidacy of Ollanta Humala in the election that was ultimately won by Alan García, and the Lima press has repeatedly denounced Morales's alleged influence on the indigenous and coca growers' movements in the mountains of southern Peru. The conflict was ratcheted up when Bolivia opposed Peru's request that the Andean Community modify its intellectual property rules—an absolute prerequisite to Peru's signing a free trade agreement with the United States. Peru, in turn, vetoed Bolivia's candidate for the UNASUR Secretariat, and on June 30, the Peruvian government recalled its ambassador in La Paz for consultation to protest statements by President MoralesBDC (-_(s)-1_(s)-1_(s)-1_(s)-1_(s)-1_(swC (l)2(e)-2036TJEMC /Span <MCID 4586 >BDC 0 -1.286 <MCID 4586 >BDC 0 -(p)1(r)r4)-6(0 -1.286)-27(d)-90 T
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agreement the cooperation will focus on hydrocarbons, mining, production, industry, agriculture, infrastructure, water, forestry, culture, science and technology, management of natural resources, construction and manufacturing. To this end, funding of one hundred million dollars is contemplated to facilitate execution of the agreements (with the use of the funds to be regulated), along with a five-year billion-dollar industrial cooperation plan to be administered by a Binational Technical Commission, designed to expand bilateral cooperation and ensure its long-term continuity.

The sectoral ministries of the two countries will establish binational technical committees to develop and implement sectoral agreements, cooperation programs and projects and in their areas of authority. The ministries of foreign affairs will supervise and evaluate compliance with the framework agreement, sectoral agreements and other bilateral instruments, through a joint commission that will meet periodically. At the same time, on the purely political front, the ministries of foreign affairs, through an exchange of letters, will establish a political consultation mechanism involving periodic meetings to analyze all aspects of the countries' bilateral relations and to exchange views on international matters of mutual interest.

In addition, the following memoranda of understanding were signed:

(a) Memorandum of understanding on agricultural mechanization and modernization, and on rural development, signed by Susan Rivero and her Iranian counterpart.

The purpose of this MOA is to foster research on technological development in agriculture, livestock and forestry, and to promote exchanges in science and technology, with an emphasis on rational and sustainable use of natural resources. Its objective is to establish an institutional framework that facilitates technical and scientific cooperation through the joint design and execution of programs and projects in agriculture, natural resource management, agricultural mechanization and modernization, and rural development. The countries express their mutual interest in carrying out cooperative research on plants, seeds, forests, grasses, livestock, fish farming, genetic research on soil and water, and cooperative activities involving agricultural machinery and the forest industry. The memorandum also refers to mechanization in livestock raising, treatment for diseases of agricultural plants, animal diseases and other veterinary issues, livestock vaccines, apiculture, and wood resources.

(b) Memorandum of understanding to develop trade, cooperation and technical assistance between the two countries, signed by Celina Sosa, Bolivia's Minister of Production and Micro-Enterprise, and Iran's Vice-Minister of Industry, Mohsen Shaterzadeh.

The MOA provides for the creation of a binational technical committee to undertake initiatives for trade development, cooperation and technical assistance between the two countries. Its objective is to carry out technology transfer, foster strategic industries and promote trade, as well as to implement business management programs. The two countries express their desire to work toward, initiate and develop cooperation activities of an economic, commercial, cultural, scientific, technological, investment, construction and manufacturing nature, and other such activities to be agreed upon at a later time.

(c) Memorandum of understanding to strengthen joint cooperation and energy complementarity, signed by Carlos Villegas, Bolivian Minister of Hydrocarbons, and Iran's Vice-Minister of Petroleum, H. Noghrehkar Shirazi.

At the meeting of UNASUR presidents in Santiago, Chile, on September 15, 2008 to discuss the Bolivian crisis, these positions were sharply differentiated. Brazil and Chile, supported by Colombia, Argentina, Uruguay and Paraguay, held that a solution to Bolivia's internal conflicts must be found through dialogue, and without external intervention, maintaining respect for democratic institutions, territorial

are firmly aligned with the West. China, India and Asia have their own

RECENT DIPLOMATIC DEVELOPMENTS BETWEEN ECUADOR AND IRAN: A Gesture of Sovereign Affirmation or Lukewarm Geopolitical Alignment?

In a surprising move in January 2007, Iranian President Mahmoud Ahmadinejad visited Ecuador to participate in the induction ceremony of his Ecuadorian counterpart, Rafael Correa. Since then, reciprocal trade agreements have been established between the two

include such things as political cooperation and support for national social programs." Relatedly, Foreign Minister Salvador adds, "we cannot

The document explicitly states that both countries intend not only to promote the expansion of trade between one another, but to also co-operate in developing a number of scientific and technological fields, particularly those of mining, energy, petroleum, information, and communications. In sum, aside from this memorandum and the opening of offices in Quito and Tehran, nothing resulted from extended Ecuadorian-Iranian diplomatic relations. To explain this, one must analyze each country's foreign policy in a broader regional and international context.

As a primary conclusion, we can affirm that institutionalizing diplomatic ties between Ecuador and Iran has been a slow, mostly trade-based process. Ov5297 &fi Ov5297 &fieta Ov5297 &fi8722((u)-21-1384an 53c7a)-27(o)-1(r)-1fn <MBDC 0 -1 0 --138(b44r(r)-1(nd)-2(t)-213 -1.286n)3(e)-179(m)1(u)-21(s)-7(t)699

an international level. On the contrary, Ecuador's position has been to divest its dealings with Iran of all geopolitical connotations and pin

1 With thanks to Pamela Cevallos for her enormous contributions.

2 See "Ecuador niega que acercamiento con Irán sea una señal contra EE.UU.", www.elnuevodiario.com.ni. October 16, 2007.

3 "EE.UU. critica lazos de Irán con A. Latina," http://news.bbc.co.uk, May 8, 2008.

4 Joint Declaration between the Islamic Republic of Iran's Minister of Petroleum, Gholamreza Aghazadeh, and Ecuador's Ministry of Petroleum, Energy and Mines, Diego Tamariz Serrano. Ministry of Foreign Relations Archives, Quito, Ecuador.

5 See CORPEI, "Comercio Ecuador-Irán," Quito, 2007, pp. 1-2.

6 See "Ahmadinejad busca amigos en Latinoamérica", www.lanacion.cl/, January 16, 2007.

7 The ties between the governments of Correa and Néstor and Cristina Kirchner are so strong that the Argentine Embassy in Bogotá has acted as the intermediary between Ecuador and Colombia ever since the two Andean nations broke off diplomatic relations in March of this year.

8 See "Ecuador niega que acercamiento con Irán sea una señal contra EEUU", www.el nuevodiario.com.ni, October 16, 2007.

9 See "Planes comerciales con Estados Unidos e Irán", www.hoy.com.ec, January 4, 2008.

10 Ibid.

11 See "Ahmadinejad busca amigos en Latinoamérica," www.lanacion.cl, January 16, 2007.

12 The Iranian President's deepening interest in leftist governments in Latin America comes as a bit of a surprise, considering his own record of implacable repression of leftist groups in Iran. See Kasra Naji, *Ahmadinejad: The Secret History of Radical Iran's Leader*. Berkeley: University of California Press, 2008, pp. 223-224.

13 See "Irán y Ecuador estrechan relaciones", www.eluniverso.com, August 2, 2007.

14 See "Correa anunció que abrirá oficina comercial en Irán en febrero," www.elcomercio.com, January 19, 2008.

15 See Ministerio de Relaciones Exteriores, Comercio e Integración, *Plan Nacional de Desarrollo: 2007-2010, Política Exterior.* Quito, Imprenta Mariscal, 2007, p. 19.

16 Ibid, p. 23.

17 See CORPEI, "Comercio Ecuador-Irán," Quito, 2007, pp. 3-5.

18 See "Autoridades ecuatorianas se presentarán en Irán para abrir oficina comercial, www.elcomercio.com. June 9, 2008.

19 An agreement signed between Venezuela and Cuba in December 2004, which Chávez described as "a flexible model for the integration of Latin America that places social concerns (such as poverty and affordable oil) at the forefront."

20 In English, USAN, or the Union of South American Nations. There, Venezuela and Brazil have proposed a plan for a NATO-like South American Defense Council. Colombia was the only nation not to join, citing potential relations between Venezuela and FARC rebels.

21 The Venezuelan state-owned oil company Petróleos de Venezuela, S.A.

22 Luis Edgar Devia Silva, a.k.a. Raúl Reyes, a high-ranking member of Revolutionary Armed Forces of Colombia (FARC), was killed by the Colombian military during an operation which carried them a few miles over the border and into Ecuador.

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