

## IRANIAN PENETRATION INTO THE WESTERN HEMISPHERE THROUGH VENEZUELA

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### Introduction

In an editorial published in its edition of April 24, 2009, *The New York Times* wrote: "We have no patience for Mr. Chavez. ... But Mr. Chavez is no strategic threat." The *Times* was wrong. The Venezuela of Hugo Chavez *is* a strategic threat to both the national interests and more importantly to the national security of The United States and the rest of the Western Hemisphere. Recently Manhattan District Attorney Robert Morgenthau travelled to Washington expressly to address an audience at the Brookings Institution concerning the investigations by his office with reference to the close collaboration between Iran and Venezuela and the dangers this collaboration posed to the United States and the rest of the Hemisphere. Despite that, Andres Oppenheimer of *The Miami Herald* subsequently interviewed a high-ranking White House official who repeated the now habitual State Department line of many years that although the Venezuela of Hugo Chavez was annoying, it did not represent a real or potential threat to national or hemispheric security.

This threat consists of various elements, such as massive purchases of armaments from Russia, but by far the most significant is Venezuela's facilitation and encouragement of the penetration of the Western Hemisphere by the Islamic Republic of Iran. In the last several years, at least since 2004, Iran has created a large network of installations of various kinds in Venezuela and in other countries in Latin America and has engaged vigorously in activities covering the areas of diplomacy, commerce, finance, industry, energy, and others. The total of the announced investments of Iran in Latin America exceeds twenty billion dollars. The curious thing here is that there is no history whatsoever of Iranian involvement in Latin America prior to the current surge of interest. There is no affinity at all between monarchic or Islamic Iran and the countries of the Hemisphere; historical, cultural, political, economic or otherwise. Nevertheless, as we shall see, the last few years have seen a totally unprecedented level of interest and numerous activities of the Islamic Republic in the Hemisphere.

These activities have been made possible thanks to the essential collaboration of president Chavez of Venezuela, providing Iran an operational base from which to expand its influence and operations throughout the continent. Many if not most of these activities and installations are designed to facilitate and provide cover for illegal and subversive endeavors that not only involve the Iranian government but also terrorist organizations such as Hamas, Hezbollah, Islamic Jihad, the Colombian FARC and ELN and drug cartels from Colombia, Mexico and elsewhere.

## Financial

The Venezuelan government created a binational Iranian-Venezuelan development bank, an alliance between the Banco Industrial de Venezuela and Iran's Development and Export Bank, and facilitated the formation of an entirely Iranian-owned bank, the Banco Internacional de Desarrollo, as well as a binational investment and development fund and the opening in Caracas of offices of Iranian commercial banks. All of this activity is designed to facilitate the funding of the terrorist organizations mentioned above and to circumvent financial sanctions imposed by The United States, The European Union and The United Nations. The Iranian Development and Export Bank has now also opened a branch in Quito. The Treasury Department has sanctioned the Iranian banks and various individuals but so far has not sanctioned any Venezuelan bank.

This is odd because Iran makes extensive use of the Venezuelan banking system, especially Banesco (including Banesco Panama), Banco Occidental de Descuento, Banco Caroni and Banco Guyana. The availability of these financial institutions for Iranian use, the fact that Venezuela not only does not apply internationally-declared financial sanctions to Iran but on the contrary actively encourages and assists in Iranian evasion of these sanctions makes a mockery of the sanctions themselves and the institutions and countries declaring them.

## INDUSTRIAL AND MINING

The Iranians have acquired "industrial" installations throughout Venezuelan territory, including a "tractor" factory in Bolivar State, a "cement" plant in Monagas, a car assembly plant in Aragua, and a bicycle factory in Cojedes. Some of these installations in reality are used primarily as warehouses for the storage of illegal drugs, weapons and other items useful to them and their terrorist clients. In addition, the Islamic Republic bought a gold mine in Bolivar which indeed produces gold, but also produces uranium. Recently Venezuela signed agreements with Iran and Russia for the transfer of nuclear technology. Since the Venezuelan government now controls all ports and airports there is no way of ascertaining what is entering or what is leaving the country other than what the government wants the public to know. In addition tuna processing facilities, corn processing plants and a dairy products plant have been purchased by Iran in Sucre, Barinas, Yaracuy, Guarico and Zulia. A private sector group which works closely with the Venezuelan government and which supplies the products sold in the Mercal popular markets has purchased six ocean-going tuna boats in Ecuador and a shipyard in Panama where those boats were modified before being deployed in the Caribbean and Atlantic.

### TRANSPORTATION

\_ Weekly flights connect Caracas and Tehran, stopping in Damascus. These flights, which are alternately Conviasa and IranAir flights, although ostensibly commercial, accept no commercial passengers and land and unload official passengers and cargo without any immigration or customs controls.

Additionally Iran and Venezuela have formed a joint shipping line, The IRISL Group. On December 30, 2008 Turkish authorities intercepted 22 containers marked "tractor parts" in the port of Mersin that in fact contained materials for making bombs and weapons, bound from Iran to Venezuela. IRISL has now been blacklisted by the U.S. government.

### ENERGY

\_\_ The Venezuelan state oil company PDVSA and the Iranian state oil company PetroPars have formed a joint venture for the exploration of a block in Anzoategui State and the Venezuelan petrochemical company PEQUIVEN and the National Petrochemical Company of Iran have formed a joint venture to manufacture plastics in Zulia State.

### TECHNICAL ASSISTANCE

Iranian technical assistance has been provided to Venezuela in the areas of defense, intelligence, energy, security and industry. Iran has agreed to build an explosives plant in Carabobo state and produces weapons in the "tractor" plant in Bolivar. Technical assistance, as we have seen, will now be provided to Venezuela by Iran in the area of nuclear power. Note that Iran actually has little or no experience or expertise in the peaceful use of nuclear energy, a well-understood and mature technology applied in numerous countries and by numerous companies around the world. It is often overlooked that the claim of Iran that its nuclear facilities and activities are for peaceful purposes, namely the production of nuclear energy, is on the face of it ridiculous, since if it were true, nuclear power plants would already have been built and would be functioning in Iran. It is therefore obvious that the "technical assistance" being provided by Iran (and Russia) to Venezuela (and Bolivia) is for the purpose of finding and efficiently mining uranium deposits.

### DRUG TRAFFICKING

\_ Iranian participation in drug trafficking through Venezuela, to Central America, Mexico, the U.S., the Caribbean and West Africa/Europe is extensive and the proceeds are used to finance further penetration of Iranian interests in the region as well as to partially fund, along with extortion and kidnapping, the terrorist organizations mentioned above. The ocean-going tuna boats mentioned above load cocaine from Iranian installations in the delta of the Orinoco River, which is navigable for a substantial distance from the Atlantic. The cocaine is stored in the so-called "cement"

plant and packed in bags marked "cement", taken across the Atlantic to West Africa, unloaded there and transshipped to Europe. A "cement" plant is perfect for this purpose since its supposed product is shipped in bags and because some of the chemicals used in cocaine production are also used in cement production. In similar fashion, tuna boats are perfect for transporting cocaine because in the upper hold deck there actually is tuna, the smell of which masks the cocaine. Other routes through Venezuela channel cocaine through Santo Domingo (Haiti and The Dominican Republic) to the Gulf Coast of the U.S. and the west coast of Florida. Cocaine is also flown or shipped in boats through Central America, particularly Honduras and Guatemala. into Mexico and from there to the U.S. Protection of the drug trade by the Venezuelan National Guard is so notorious that reference is made to to the "Cartel of the Diamonds" (referring to the insignia of rank on National Guard officers' epaulets.

#### ELSEWHERE IN THE REGION

\_\_Iran has opened embassies in Nicaragua, Ecuador and Bolivia. The Nicaraguan embassy serves as the base for activities in the rest of Central America and Panama, its "diplomats" being primarily intelligence and security agents operating in the subregion. Part of the reason for the extremely violent reaction of Chavez to the overthrow of Manuel Zelaya in Honduras is because the Iranians had opened a "maintenance" facility in Honduras for the "tractors" produced in Venezuela, in reality a drug transshipment warehouse. Some tractors were, in fact, donated to Honduras by Venezuela. These tractors, ostensibly produced in Venezuela are actually assembled from Argentine tractor parts sent to Venezuela as part of the three-year old agreement whereby Venezuela ships fuel oil to Argentina in return for Argentine products, particularly machinery and equipment.

In addition, there are Iranian projects for ports in Nicaragua, petrochemical facilities in Ecuador and a cement plant in Bolivia. Already mentioned have been the opening of a branch of the Iranian Export Bank in Ecuador. Recently a delegation of Iranian officials and technicians travelled to Bolivia to assist the Bolivians in identifying deposits of uranium in the country. In November of 2009 an Iranian delegation will visit Brazil, to "strengthen economic and cultural ties" with that country.

#### CONCLUSION

\_\_In summary, Iran over the past several years has built up an extensive network of facilities throughout the region, concentrated in Venezuela, Ecuador, Bolivia, Central America and Panama and involved with the financing of terrorist organizations, drug trafficking, weapons smuggling, money laundering, the provision of chemical precursors to the Colombian drug cartels and diamond smuggling (Venezuela has been expelled from the international agency charged with regulating the diamond trade).

It is becoming increasingly clear that one of the principal motivations of all this activity is to be able to retaliate against The United States if it is attacked, particularly through the destruction of the Venezuelan oil facilities and blocking the Panama Canal. In short, the Iranian penetration into the

Western Hemisphere indeed *is* a security threat to The United States and the rest of the Hemisphere, contrary to *The New York Times*, The White House and the State Department. The United States and other governments should implement immediate actions to confront this threat, including action against Venezuelan financial institutions and patrolling the mouth of the Orinoco River as well as actively monitoring Iranian activities in Panama and throughout the Hemisphere, while denouncing the activities outlined above in Hemispheric and international for a. District Attorney Morgenthau has it right. When will the rest of the government (other than the Treasury) come along, not to mention the rest of the Hemisphere?

#### A Note on Sources

Considering the importance of this threat to the national security, remarkably little work has been done on the matter as compared to the analysis of Chinese penetration, which is in fact primarily economic and commercial in nature. Some of the above is based on confidential information through informants inside and outside of Venezuela. Most of it is based on open sources. But see Ely Karmon, *Iran's Goals in Latin America*, The International Institute for Counter-Terrorism, Herzliya, Israel ; Douglas Farah, *Iran in Latin America: An Overview*, The Woodrow Wilson International Center for Scholars, Summer 2009, and Steve Stecklow and Farnaz Fassihi, *Iran's Global Foray has Mixed Results*, Wall Street Journal online (wsj.com), September 29, 2009.

#### APPENDIX

The power-point presentation appended to this paper is an integral part thereof.