

Testimony by Mohsen M. Milaniⁱ

Professor and Chairperson, Department of Government and International Affairs,
University of South Florida, Tampa, Florida

October 27, 2009

House Committee on Foreign Affairs, Subcommittee on the Western Hemisphere
Subcommittee on the Middle East and South Asia, and
Subcommittee on Terrorism, Nonproliferation and Trade

Iran's Relations with Venezuela: Axis of Unity or Strategic Alliance?

It is indeed an honor to testify before three Subcommittees of the House of Representatives—this enduring icon of the republic in this free land.

I offer my testimony not as a pundit or political operative, but as an academic deeply committed to objectivity and the judicious use of verifiable information. I call your attention to this because while there are precious few scholarly works on the topic of my testimony, there is an abundance of speculation, misinformation and hyperbole. The governments of Venezuela and Iran have exacerbated the problem by not publishing verifiable information for many of the more than 200 (estimated) agreements and Memoranda of Understanding they have signed. Therefore, I offer my analysis with the full awareness that it is constrained by the information to which I have access.

Diplomatic relations between Iran and Venezuela were established in 1957. In 1998, they became appreciably friendlier after the victory of President Hugo Rafael Chavez. In 2005, after the inauguration of President Mahmood Ahmadinejad, their relationship deepened substantially as the two countries celebrated their new “Axis of Unity.” Today, their relations encompass joint investments in oil and gas, commercial activity, and low-level security and military cooperation. What does Iran hope to derive from this relationship? Is their Axis of Unity, or political alliance, a “temporary marriage” that might blossom into a strategic alliance? Does this unity pose a national security threat to the United States? Allow me to address these three pivotal questions.

Summary of the main Findings

- The current relationship between Iran and Venezuela is an irritant to the U.S., but it has the potential to become a low-level threat and therefore warrants careful watching and monitoring.
- The government of the Islamic Republic and President Chavez, the Venezuelan leader, each view the United States as a threat to their own survival. They both believe that they will be more able to defend themselves and expand their power on the global stage through a united front.
- The two incumbent governments have established an “Axis of Unity.” They adhere to an ideological paradigm that seeks to challenge the United States and its preeminent global position and push the world toward a multi-polar order.
- The Axis of Unity is reactive: It much more against something (the U.S.) than for something.
- The bilateral relations are likely to strengthen in the near future, unless there is a major change in either country. However, the probability of the relationship transforming into a strategic alliance is very low.
- The pivotal component of the Axis of Unity is political cooperation. Internationally isolated, the two countries consistently support each other. Examples include Venezuela’s support for Iran’s nuclear program, and Iran’s condemnation of the failed 2002 coup against President Chavez.
- The two countries’ common oil strategy cements their bilateral relations. They seek to increase prices by lowering production, intend to use Euros instead of dollars in their transactions, and have invested in each other’s oil and natural gas sectors.
- Their military relationship is nascent and limited. Venezuela seems interested in Iran’s advanced asymmetrical warfare strategies.
- The volume of trade between the two countries remains relatively low, but is expanding.
- Neither country is investing in key or strategic sectors of the other country (oil/gas excluded). Where they have invested, their investments are not substantial.
- Iran has expanded its influence, albeit in a limited capacity, into the Latin American backyard of the United States. It is suspected of seeking to develop rudimentary retaliatory capability against the United States throughout Latin America should Iran be attacked or invaded.
- In Venezuela, Iran has potentially found a conduit to defy and bypass U.S.-imposed sanctions.

The Genesis and Consolidation of the Alliance

On the surface, Iran and Venezuela appear the strangest of bed fellows. Iran is an old country, and Venezuela a young one. Iran is Islamic with a theocratic government, and Venezuela is Christian with a secular government. They are located on two different continents separated by the Atlantic Ocean. But they have remarkable similarities as well: Both are developing countries and major oil producers; both have a remarkably vibrant young population; both have ambitions to expand their power beyond their borders.

Ultimately, oil was and is what unites these two countries. Diplomatic relations between Iran and Venezuela began in 1957 as they both sought to become independent players in the global energy market. This is why they were among the founding members of the Organization of Petroleum Exporting Countries (OPEC) in 1960. As long as the two countries were under the security umbrella of the United States, their bilateral relations remained oil-focused and parochial in nature. After the Islamic Revolution in 1979, Iran, once a strategic ally of the United States, became a champion of anti-Americanism (defined here as opposition to U.S. policies). With its new foreign policy of “No East, No West,” the Islamic Republic sought to develop close relations with any country that opposed the United States. Venezuela was hardly on Iran’s radar until the “Bolivarian Revolution” of 1998, which led to the electoral victory of President Chavez. His lower-class populism, perceived commitment to the equitable distribution of wealth, and blatant anti-Americanism were too alluring to ignore, even for the reform-minded President Mohammad Khatami (president from 1997 to 2005).

The foundation of the close relationship between Iran and Venezuela was laid during Khatami’s presidency. Both countries viewed the other as a potential ally and an ideological cohort, and believed that through unity, they could expand their power beyond their borders: Iran in Latin America and Venezuela in the Middle East. Cautious by temperament, Khatami, who visited Caracas more than once, sent clear signals to the U.S. that neither Iran nor Venezuela were planning to ally themselves against other countries or undermine the interests of others. He praised the relationship between Iran and Venezuela as “a model for South-South cooperation.”

During the Khatami era, Iran and Venezuela signed a number of agreements worth several millions of dollars that focused on energy, shipping, mining, and economic cooperation. But the political benefits of this new relationship were far more important than its economic benefits, which amounted to very little. Khatami congratulated Chavez for neutralizing the 2002 coup, and condemned the United States for instigating it. Iran hailed Chavez’s victory in the

referendum to change the Venezuelan Constitution. Venezuela expressed strong support for Iran's pursuit of a peaceful nuclear program, and pledged assistance if Iran were to be attacked or invaded, a pledge not offered by any Islamic country other than Syria. Still, relations with Venezuela were not among Iran's top priorities.

After the 2005 presidential victory of Ahmadinejad, bilateral relations became significantly deeper, more multifaceted, and more important for Iran, as the two countries began to exercise rudimentary cooperation in the areas of security and the military. In 2007, the two presidents celebrated their "Axis of Unity," presumably against the U.S. The recent establishment of direct flights between Caracas and Tehran, with a stop in Damascus, Syria, is symbolic of the increasing importance of the new relationship between Iran and Venezuela.

Although the common interests of the two states pushed them ever closer, the role of the personalities of the two presidents should not be underestimated in strengthening this alliance. They appear to have the right kind of chemistry and share much in common: They both come from humble origins; both are revolutionaries; both are skillful populists with substantial support among the lower classes; both are masters of theoretical politics and in love with the camera; both exhibit a remarkable will to exercise power to push their agenda and punish their enemies; both adhere to a confrontational and raw style of politics that regards a strong offense as the best defense; both are philosophically dedicated to create a new, multi-polar world; and both are unabashedly anti-American. Ahmadinejad has praised Chavez as "my brother...a perpetual warrior against the dominant system...a champion against hegemonic powers," and President Chavez has been no less generous in his praise of his counterpart. President Chavez was one of the first to congratulate Ahmadinejad after the disputed presidential election in June 2009 (and thus lost considerable support among reformist circles in Iran). In many important foreign policy issues, Venezuela has sided with Iran. With regard to Israel, President Chavez has cautiously supported Iran and the Palestinians. On one hand, he has denounced Israel's incursion into Gaza in 2008 and has called for the trial of Israelis soldiers. On the other hand, he has explicitly rejected President Ahmadinejad's despicable declaration that "Israel will be wiped out from the map of the world."

Unlike the sensitive issue of Iran's right to enrich uranium, which all major factions within Iran's governing elites continue to support, Iran's policy toward Venezuela was harshly criticized for being too costly, too dangerous, too adventurist, and ultimately incompatible with

Iran's national interests. When President Ahmadinejad met with the presidents of Venezuela, Nicaragua, and Ecuador in 2008, *Etemad Meli*, a reformist Iranian newspaper controlled by Hojatolislam Mehdi Karubi (a brave presidential candidate who continues to accuse Ahmadinejad of staging an electoral coup in 2009), wrote that Ahmadinejad had met with presidents who are "left wing friends, good for coffee shop discussions; but not good for setting our country's security, political and economic priorities." Such misgivings, shared by many Iranians, were ignored because the new alliance was approved by Iran's Supreme Leader, Ayatollah Seyyed Ali Khamenei.

Unlike President Chavez, who is the most powerful figure in Venezuela and the commander of its armed forces, President Ahmadinejad's power is limited. Key strategic decisions must be approved by Ayatollah Khamenei, who commands the armed and security forces. His stamp of approval for the new alliance with Venezuela is best understood in the context of Iran's policies toward the United States.

Tehran views the United States as an existential threat and to counter that threat it has devised a strategy that rests on both deterrence and competition in the Middle East and beyond. To deter possible military actions by the United States, Iran is improving its retaliatory capabilities by developing the means to pursue asymmetric, low-intensity warfare, both inside and outside the country; building indigenous missile and antimissile systems; and developing a nuclear program while cultivating doubts about its exact capability. Furthermore, to neutralize the United States' attempts to contain it, the Iranian government is both undermining U.S. interests and increasing its own power—including in Latin America. Tehran has been maneuvering to prevent Washington from leading a united front against it, and strategically using Iran's oil and gas resources to reward Tehran's friends. A pivotal element of Iran's strategy to neutralize the United States' containment policy is to create spheres of influence in Syria, Lebanon, Iraq, and Afghanistan and, perhaps, even in Venezuela. Moreover, Iran has also been relatively successful in popularizing a model of resistance. This model combines Islamic solidarity, populism, some trappings of democracy, strict organizational discipline, extensive economic and social support for the needy masses, and pervasive anti-colonial and anti-Western sentiments—all in an effort to mobilize the streets of the Islamic world against the United States and expand its own power.

Chavez's Venezuela fits perfectly into this strategy: As a major oil producer, Venezuela and Iran can form a powerful bloc within OPEC against pro-American forces and in favor of increasing oil prices; located so close to the United States, Venezuela brings Iran into an area that

the United States has traditionally dominated, creating new opportunities for Iran to undermine U.S. interests; Chavez's opposition to what he calls "the United States imperialism" is remarkably similar to Iran's denunciation of the United States as the "Great Satan"; Chavez's model of resistance against "American domination" complements Iran's own model of resistance, even though the latter relies on Islamic solidarity; and Venezuela has allowed Iran to partially break American containment and is used by Iran as a sanction-buster partner.

The new unity has economic/commercial, security/military, oil/energy, and educational/cultural dimensions that I will outline in the following pages.

Common Oil and Gas Strategies and Economic Interaction

Iran and Venezuela, the fourth and sixth major producers of oil in the world, are governed by rentier states (Table I). Addiction to oil revenues, more than anything else, unites them, and their enormous reserves in oil and natural gas (in the case of Iran) makes their alliance consequential. They continue to side together within the OPEC to increase higher revenues by lowering oil production, and not by increasing it, as Saudi Arabia often advocates. In the past few years, they have also declared their intention (Iran in 2003 and Venezuela in 2005) to move their foreign-exchange holdings and sales of their oil and gas from dollars into Euros. (If they were to succeed in implementing this policy or in convincing other OPEC members to follow suit, it would have a seriously adverse impact on the U.S. dollar.)

Over the past decade, they have also begun investing in each other's oil and natural gas sectors and become involved in joint ventures. These engagements are limited and have not elevated either country to "major player" status in the other country's oil and gas sector. The potential for future cooperation between the two countries in the petrochemical and natural gas industries, however, is significant.

Based on two Memoranda of Understanding (MOU) signed in October 2009, the two countries plan to each invest some \$760 million in the other's energy sector. Venezuela's *Petróleos de Venezuela S.A. (PDVSA)* will invest in the South Pars gas field, the largest gas field in the world, and Iran will invest in oil fields and in oil exploration in Venezuela. In addition, Iran reportedly will import up to 20,000 barrels of gasoline daily, worth about \$800 million, from Venezuela in the event of new sanctions against Iran by the United States/West. (Sanction-busting is surely a motive for Iran's relations with Venezuela, and this MOU is an example of how Venezuela is willing to help Iran.) Venezuela will import technology and machinery from

Iran in exchange for the refined gasoline. There have also been preliminary discussions about a multi-country investment, involving Iran, Venezuela, Syria and Malaysia, to build a refinery in Syria with the capability of producing 140,000 barrels of oil per day.

Venezuela has also followed Iran's lead and joined the Gas Exporting Countries Forum (GECF). Iran and Russia were among the original founders of the organization that is modeled after OPEC. It was established in 2001 and held its first meeting in Tehran with the objective of coordinating the policies of the major gas producers. Many in the West consider the GECF as a cartel created by Russia and Iran to control the natural gas markets. Considering that Venezuela has already committed to invest in Iran's natural gas sector (after Russia, Iran has the second largest natural gas reserves in the world, about 26.5 trillion cubic meters), we can expect closer cooperation between the two countries in the future.

The two countries have also increased trade and investments in each other's country, although the amount of trade and investment is not significant. In fact, neither country has become the other's major, or even important, trading partner. Nor has their limited mutual trading caused a discernible shift in the pattern of trades as both countries continue to trade with their traditional partners. The U.S. continues to be Venezuela's chief trading partner (Table II). According to the International Monetary Fund, the total trade between the two countries, from 2001 to 2003, reached its peak of \$1.19 billion in 2004.

Iran's direct and joint investments in Venezuela are not significant. We know that in 2005, the two countries joined hands to establish Veniran, a joint production company designed to manufacture affordable tractors (output to eight thousand by the end of 2007). The project is part of President Chavez's campaign for Endogenous Development, a state-sponsored job creation program. Iran is also planning to build some 2500 housing units for workers in the vicinity of the factory. Iran Khodro, the Middle East's biggest automobile manufacturing unit, has built a car plant in Venezuela to produce affordable cars. However, there are reports that the Iranian government has had to bail out the inefficient factory. There are reports that Iran is building a bus factory, a cement plant, a pharmaceutical laboratory, and dairy and grain factories in the more rural areas of Venezuela. (The location of some of these factories in remote rural areas has raised the suspicion that they might be involved in a variety of illicit activities, such as building weapons.)

In April 2009, during President Chavez's trip to Iran, the Iran-Venezuela Bank was officially established, with each country making an initial contribution of \$100 million. The bank,

it is feared, could become a convenient channel for Iran to defy and bypass U.S. sanctions. Today, in Caracas, the Export Development Bank of Iran is still in operation.

Security and Military Cooperation

There are three areas of concerns about the security and military relationship between the two countries: (1) nuclear cooperation, (2) the presence of Hezbollah on Venezuelan soil, and (3) military cooperation.

President Chavez has emphatically supported Iran's right to develop nuclear energy for peaceful purposes. President Chavez has been a steadfast ally in this critical area. In 2006, Venezuela, Syria and Cuba voted against referring Iran's case from the International Atomic Energy Agency to the United Nations' Security Council, however the referral went forward. Subsequent to that referral, the Security Council imposed three different sanctions on Iran. Independent of the consternation caused by Iran's nuclear energy program, Venezuela has expressed its desire to develop its own nuclear energy program, which Iran fully supports. The only issues of concern thus far are reports of Iranian technicians helping find uranium in Venezuela.

There is a great deal of confusion and mystery about the alleged presence of Hezbollah in Venezuela. Because counter-terrorism is not my area of expertise, I can only summarize some of the pivotal parts of this story, which revolve around the Hezbollah America Latina and its supposed leader, Comandante Teodoro Rafael Darnott. In September 2006, Gustavo Coronel claimed that an indigenous group, the Wayuu, in the remote area of the Guajira peninsula which borders Colombia, converted to Shi'a Islam and that the group has anti-imperialism proclivities. He also linked Darnott and the Wayuu group to the Hezbollah. Around the same time, there were concerns about the growth of anti-Semitism in Venezuela. Even though Darnott denied any connection to the Lebanese Hezbollah, the suspicion of the connection persisted. On October 23, 2006, two primitive explosive devices were discovered near the U.S. Embassy in Caracas. Jose Miguel Rojas was arrested by the Venezuelan police, and the website run by Darnott claimed responsibility for the failed attack. Darnott and Jose Miguel Rojas were tried and convicted in December 2008. Each man was found guilty and sentenced to ten years in prison; Jose Miguel Rojas for carrying the bombs and Darnott for inspiring the group that planned the bombing. After the incident, the Lebanese Hezbollah was accused of establishing a base in Venezuela. Iran's Revolutionary Guard and Hezbollah were also accused of setting up "a special force to attempt to kidnap Jewish businesspeople in Latin America and spirit them away to Lebanon." There is no

evidence of any kidnapping in Venezuela by Iranian agents. Most importantly, having established a close and friendly relationship with Venezuela, Iran is unlikely to use Venezuelan soil to embark on any terrorist activities which would make its most important ally in Latin America vulnerable to allegations of sponsoring terrorism. President Chavez simply has no interest in getting his government involved in such dangerous adventurism. Although the conservative magazine, *The Economist*, concludes that “there is no firm evidence of a continuing and active Iranian-inspired terrorist presence in the region [Latin America],” there are experts who believe that Iran and the Iranian supported-Hezbollah of Lebanon are using Venezuela as a base to be able to conduct terrorist activities throughout Latin America. (A Lebanese business man has been found guilty of raising money for Hezbollah in Venezuela.)

Iran’s military relations with Venezuela entered into a new phase in 2008, when Mostafa Mohammad Najjar, Iran’s Defense Minister, met with President Chavez in Caracas and pledged Iran’s “full support to promote the Venezuelan military defense capabilities in the framework of mutual defensive agreements.” The two countries signed a military MOU, which included training and cooperation. The details of the agreement have not been published. However, there are unconfirmed reports that Iranian military advisors are embedded with Venezuelan army units, and that Iran’s asymmetric warfare doctrine, the major expertise of Iran’s Revolutionary Guards, is now used in Venezuelan armed forces.

There is certainly a great deal of sensational and alarmist reporting about Iranian activities in Venezuela. And the Venezuelan and Iranian governments have often contributed to this sad state of affairs. It is as if they deliberately seek to irritate the United States, by not releasing relevant documents and by exaggerating their cooperation and/or the amount of money they are investing. For example, a few years ago, Iran and Venezuela agreed to contribute \$1 billion to fund projects to “thwart US domination,” however, there is no evidence the Iranian parliament has ever approved that fund. There were rumors in the U.S. that a bicycle factory Iran had built in the state of Cojedes in Venezuela was in fact a nuclear facility. When the first bikes were marketed from that factory, President Chavez sarcastically named the new product “atamica” or the atomic bicycle.

Many of the signed agreements have not been implemented. For example, the MOU signed in 2006 and 2008 regarding cultural and student exchange have produced no tangible results. Iran has pledged to send Persian literature professors (number unknown) to Venezuela, but, as yet,

none of the five most important universities in Caracas have courses in Farsi or Iranian history/culture.

Implications for the United States: A Grave Threat or a Cause for Concern?

The pivotal element of the Axis of Unity between Iran and Venezuela is their ideological opposition to the United States and its preeminent position in global politics. What cements and nourishes this new-found unity are the two countries' similar oil and gas strategies. There are other, but less significant, dimensions to this evolving relationship that encompass economic, commercial, and security/military cooperation. The two countries have made significant strides in investing, or in plans to invest, in each other's energy sector. They are also participating in joint ventures in exploration and production of crude oil and natural gas. Consequently, Venezuela has now entered into the Persian Gulf, the richest and most important source of energy in the world.

Their economic and commercial activities are limited, and have had no discernable impact on their international trading patterns or on the performance of their respective economies. According to the Venezuelan National Institute of Statistics (INE), Iran is not among Venezuelan's top 13 largest trading partners, and Venezuela is not among Iran's top 20 trading partners. Further, according to the data provided by the INE, as an export destination, Iran represents less than 1% of Venezuela's total exports to the world; in comparison to the United States' 26.1% share. Moreover, Iranian investments or joint investments in Venezuela are limited and are not in the key and strategic industrial or financial sectors. The recent establishment of the Iran-Venezuela Bank, however, has the potential to both facilitate greater economic cooperation between the two countries and can serve as a potential conduit for Iran to defy U.S.-imposed sanctions. The military cooperation between the two governments is new, and has thus far been confined to the signing of a few Memoranda of Understanding. Venezuela seems anxious to learn from Iran's advanced strategies of asymmetric warfare. There are no confirmed reports of any major arms sales between the two countries, or of the transfer of Iranian missiles or missile technologies to Venezuela. Regarding Iran's sponsorship of terrorism (an area beyond my expertise), although the *Economist* concludes that "there is no firm evidence of a continuing and active Iranian-inspired terrorist presence in the region," there are experts who believe that Iran and the Iranian supported-Hezbollah of Lebanon are using Venezuela as a base to be able to conduct terrorist activities throughout Latin America. Finally, the cultural exchanges have been very limited, and the allegation of a massive conversion of the Wayuu people to Shi'ism is highly

exaggerated. Clearly, the presence of some 2000 Iranians in Venezuela will introduce Persian culture and Shi'ism to the people of Venezuela, but its impact will be negligible.

What is interesting about this evolving political unity, is its newness and its progressive expansion. Clearly, Iran, as an emerging regional power, has made a strategic decision to slowly find its way into Venezuela and other Latin American countries. (The United States' involvement in Iraq and its subsequent neglect of Latin America, compounded by the growing popularity of left-wing politics with its proclivity toward anti-U.S. sentiments, opened the door for Iran and others, like China and India and Russia, to come to the region.) This ambitious decision is also part and parcel of Iran's overall foreign policy to explore ways to neutralize the United States' policy of containing Iran, to find creative ways to bypass and defy U.S. sanctions, and, if possible, develop retaliatory capabilities against the U.S. should Iran be attacked or invaded. Venezuela has been a reliable partner for Iran to make progress in these key areas, however, there are no confirmed reports that Iran has developed any infrastructure in Venezuela to allow it to retaliate against the U.S. should Iran be attacked or invaded (as it has done in Afghanistan, Iraq, and Lebanon). Still, Washington is concerned. The concern is echoed in the statement by former Assistant Secretary of State Thomas A. Shannon: "One of our broader concerns is what Iran is doing elsewhere in this hemisphere, and what it could do if we were to find ourselves in some kind of confrontation with Iran."

Can this political unity blossom into a full-blown strategic alliance that includes close military cooperation and coordination? The probability is extremely low. For one thing, the two countries seem to have recognized that the United States will not tolerate such an alliance and will react forcefully if needed. Therefore, they appear to have decided to limit the level of their cooperation in order not to incite any forceful reaction by the United States. For another, Venezuela is not among the top foreign policy priorities of the Islamic Republic, and Iran does not seem to be Venezuela's top priority. Therefore, there is no urgency or need on the part of either country to initiate such a dangerous strategic move. Moreover, there is considerable domestic opposition in both countries to developing strategic alliances pitted against the United States. Finally, should there be a change in the top leadership of either country we would most likely witness a significant cooling down of the bilateral relationship. If there is no major political change in either country, the relationship between Iran and Venezuela will continue to strengthen in the near future, but it will not rise to strategic cooperation. Today, both governments face serious challenges and their legitimacy has been questioned by a significant portion of their population. Both regimes are concerned about their "pariah status" in the international arena.

Therefore, for Presidents Ahmadinejad and Chavez having an important and outspoken ally in the international arena might be as much about domestic politics as international relations.

Finally, does this political and ideological unity between Iran and Venezuela pose a grave national security threat to the U.S? Thus far the relationship between Iran and Venezuela has been more of an irritant and nuisance to the U.S., but the nascent alliance has the potential to become a low-level threat and therefore it warrants close watching and diligent monitoring.

(Tables follow on the next three pages.)

Table I: Basic Information about Iran and Venezuela

Economics [1]							
	GDP (Billions \$US)	GDP / per Capita (Thousands of \$US)	% GDP Agriculture	% GDP Industrial Production	% GDP Services	Imports (Billions of \$US)	Exports (Billions of \$US)
Iran	841.7	12.8	10.2	41.9	47.8	67.25	95.09
Venezuela	357.4	13.5	3.8	37.6	58.6	48.1	93.54
Energy [2]							
	Oil			Natural Gas			
	Oil Production (Thousands bbl/day) [2008]	Oil Reserves (Billions Barrels) [2009]	Crude Oil Distillation Capacity (Thousands Barrels per Calendar Day) [2009]	Gas Production (Billions Cubic Feet) [2008]	Gas Reserves (Trillions Cubic Feet) [2009]		
Iran	4174.4	135.25	1451	4107	170.92		
Venezuela	2642.9	99.37	1282	848	991.6		
Demographics [3]							
	Population in (Millions)	Median Age (Male & Female)	Life Expectancy (Male & Female)	Literacy rate as % of Population 15 Years or Older (Male & Female)	% Unemployment	% Population Living Below Poverty Line	
Iran	66.4	27	71.14	77	12.5	18.0 [2007]	
Venezuela	26.8	25.5	73.61	93	7.4	37.9 [2005]	
<p>[1] Note: All figures above based on 2008 estimates; all US\$ above, shown as PPP (Purchasing Power Parity)</p> <p>Source: CIA World Fact Book - Iran https://www.cia.gov/library/publications/the-world-factbook/geos/ir.html CIA World Fact Book - Venezuela https://www.cia.gov/library/publications/the-world-factbook/geos/ve.html</p> <p>[2] Note: Estimates noted by respective year</p> <p>Source: Energy Information Administration - http://tonto.eia.doe.gov/cfapps/ipdbproject/IEDIndex3.cfm?tid=3&pid=3&aid=6</p> <p>[3] Note: Unless otherwise noted all figures based on 2008 estimates</p> <p>Source: CIA World Fact Book - Iran https://www.cia.gov/library/publications/the-world-factbook/geos/ir.html CIA World Fact Book - Venezuela https://www.cia.gov/library/publications/the-world-factbook/geos/ve.html</p>							

Table II: Venezuelan Exports

Value of Venezuelan Exports by Country of Destination - January 2008 to May 2009 [1] (Rankings Based on 2009 Exports)				
Country of Destination	2008 (Millions of USD)	2008 % of Total Exports	2009 (Millions of USD)	2009 % of Total Exports
United States	798	26.1	224	22.5
Colombia	519	17.0	195	19.5
China	156	5.1	106	10.6
Mexico	162	5.3	51	5.1
Brazil	77	2.5	41	4.1
the Netherlands	172	5.6	41	4.1
Egypt	87	2.9	37	3.7
Ecuador	123	4.0	28	2.9
Italy	105	3.4	28	2.8
Germany	67	2.2	28	2.8
Belgium	98	3.2	26	2.6
Canada	34	1.1	25	2.5
Dominican Republic	28	0.9	20	2.0
Others	627	20.5	149	14.9
Total:	3053	100%	999	100%

Value of Venezuelan Imports by Country of Origin - January 2008 to July 2009 [2] (Rankings Based on 2009 Imports)				
Country of Origin	2008 (Millions of USD)	2008 % of Total Imports	2009 (Millions of USD)	2009 % of Total Imports
United States	6236	26.1	5718	25.2
Colombia	3555	14.9	3312	14.6
China	2076	8.7	2491	11.0
Brazil	2267	9.5	1924	8.5
Mexico	1156	4.8	838	3.7
Germany	815	3.4	737	3.2
Italy	609	2.5	615	2.7
Panama	467	2.0	574	2.5
Argentina	609	2.5	519	2.3
Chile	550	2.3	503	2.2
Japan	347	1.5	473	2.1
Others	5212	21.8	5024	22.1
Total:	23899	100%	22729	100%

Sources:

[1] Instituto Nacional de Estadística - República Bolivariana Venezuela

http://www.ine.gov.ve/comercio/CuadroComercioExport.asp?Codigo=Exportacion_Paises

[2] Instituto Nacional de Estadística - República Bolivariana Venezuela

http://www.ine.gov.ve/comercio/CuadroComercioImport.asp?Codigo=Importacion_Paises

ⁱ I am most grateful to my good friend, Mr. Eric Wolters, for his invaluable assistance throughout this project. Mr. Wolters and Professor Scott M. Solomon from the University of South Florida read the entire testimony and enriched it with their constructive suggestions. I also would like to express my thanks to my graduate student, Ms. Raheleh Dayerizadeh, for her help, and to Ms. Cynthia Nelson for her editorial assistance. The ideas and opinions expressed in this testimony are mine, and mine alone.