



IRAN & VENEZUELA

The “Axis of Annoyance”

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IN SEPTEMBER 2007, Iranian President Mahmoud Ahmadinejad made a highly contentious visit to New York. In addition to addressing the General Assembly of the United Nations, Ahmadinejad’s agenda included Columbia University, where his invitation to give a speech caused a public uproar days just prior to his arrival. Bowing to public pressure, the university’s president, Lee Bollinger, made sure that Ahmadinejad’s reception at Columbia was a chilly one. Bollinger introduced Ahmadinejad, who has previously denied the Holocaust, as a man who appeared to lack “intellectual courage” and might be “astonishingly undereducated.” He went on to tell the Iranian leader that he exhibited “all the signs of a petty and cruel dictator.”¹ On his way home, Ahmadinejad made a stopover in Latin America. His first destination was Caracas, where his friend Venezuelan President Hugo Chavez greeted him like a long-lost brother. Chavez told Ahmadinejad that he had handled the personal criticism heaped upon him at Columbia University “with the greatness of a revolutionary.”²

Such is the nature of the relationship between Venezuela and Iran. The two countries’ self-styled “axis of unity” is more bombastic than substantive. However, the substance is enough to cause concern. Chavez and Ahmadinejad have clearly formed an alliance of convenience based on formulaic anti-Americanism. Their nations are so incompatible that most of their partnering efforts have resulted in unfulfilled promises and empty rhetoric. Unfortunately, their fiery verbal assaults against the “imperialism” of the United States cannot be dismissed so easily. Booming oil prices have left the two leaders quite capable of backing up their hostile words with actions. That is why Cynthia Arnson, of the Woodrow Wilson International Center for Scholars, has wondered whether the relationship poses a threat to the United States or is merely an “Axis of Annoyance.”³

What Ahmadinejad Wants

The attention that Iran gives Venezuela today is relatively new. While there are a few examples of Iran previously doing business in Latin America, particularly with Cuba and Brazil, the current levels of Iranian involvement are unprecedented. Serious attention started in 2005 with the election of Ahmadinejad, who came into the presidency intent on using a new aggressive foreign policy to counter the U.S. effort to isolate and tarnish Iran’s international reputation. Accordingly, he has been quick to engage the “new

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PHOTO: Venezuelan President Hugo Chavez (front) and his Iranian counterpart, Mahmoud Ahmadinejad, embrace during a welcoming ceremony in Tehran, 19 November 2007. (AFP, Behrouz Mehri)

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leftist” leaders in Latin America as they have turned away from Washington.

Ahmadinejad answers to a regime that focuses on securing a dominant role for Iran in the Middle East and the Persian Gulf region. The United States has been the leading power in the Middle East since well before the birth of the Islamic Republic, a state of affairs that has always been unacceptable to the ruling mullahs. Currently, with the United States so heavily involved in countries on either side of Iran, Ahmadinejad sees it in Iran’s best interest to make Washington as nervous as possible about as many issues as possible. That is one reason why Iran meddles in Iraq and Afghanistan by backing Hezbollah, pursuing nuclear weapons, and forming a strong relationship with Venezuela and Latin America. The fact that Chavez hates the United States provides a geopolitical opportunity that Ahmadinejad is ideologically incapable of passing up.

What Chavez Wants

Chavez wants Iran as a partner willing to share the burden of spreading his “Bolivarian” revolution in the region. Chavez has access to tremendous oil wealth, but even with oil at today’s prices, his resources are limited. His regional and global ambitions are becoming more and more expensive. Chavez began his relationship with Iran in 2001 primarily as a means of diversifying Venezuela’s export market. Once Ahmadinejad came to power, he found someone with interests that converged with his own.

Venezuela is too small a stage for Hugo Chavez. He is a megalomaniac who envisions himself to be the leader of a popular uprising against the “imperialism” of the United States. He has inspired a “lurch to the left” in much of Central and South America. Strong Chavez supporters have gained the presidencies of Nicaragua, Ecuador, and Bolivia.⁴ During the Summit of the Americas in Mar del Plata, Argentina, in 2005, Chavez gave a fiery speech to an audience of 25,000 people demonstrating against both the

U.S. Free Trade Area of the Americas proposal and the presence of George Bush.⁵ Chavez whipped the crowd into such a frenzy that the demonstration turned into a violent riot that caused President Bush to cut short his visit to the region.

Chavez is a conniving enemy of those who oppose his anti-American stance. His relationship with Colombia is strained over that nation’s close ties with the United States. Until recently, Chavez was a valuable ally of the Revolutionary Armed Forces of Columbia (FARC), which has conducted an insurgency against the Colombian government for four decades. In the past, he has recognized the FARC as a legitimate belligerent force and may have provided it with financial and material support and safe haven. However, he has proven to be a fickle ally. Once some of his covert support to the FARC came to light and Venezuela started receiving some bad press, he was quick to withdraw it. He recently stated that the guerrilla movement was “out of place” in Latin America.⁶

Political Differences

Chavez has likened the Iranian revolution to his Bolivarian revolution. However, other than both countries having overthrown a long established and corrupt order, these two revolutions could not be more dissimilar. The political systems that emerged from each revolution reveal the starkest differences.

Ahmadinejad, who is not a cleric, is not the lone voice in Iranian politics or the final authority on contentious issues. That role belongs to Ayatollah Khamenei, Iran’s supreme leader. The Iranian system of government requires Ahmadinejad to look “over his shoulder” to make sure he maintains the favor of the ruling mullahs. This political dynamic is the biggest difference between Ahmadinejad and Chavez, who seemingly answers to no one.

Chavez actively courts popular support through referenda to gain unprecedented power in Venezuela. The nation approved a new constitution in 1999 that created the Bolivarian Republic of Venezuela and allowed the president to run for two terms. Voters later bolstered Chavez’ power by approving two additional branches of government thereby adding to the classic executive, legislative, and judiciary. Chavez’ electoral branch and a “citizens” or “moral” branch afford him the opportunity to pack the government with cronies dedicated to keeping

him in control. Such is the extent of his popularity that all of this is legal because Venezuela's elections are almost universally acknowledged as fair.

Following this formula, Chavez has managed to achieve near autocratic powers in Venezuela. Opposition to him still exists: the electorate rejected his bid for absolute power in a 2007 referendum. However, for the near future the political dynamic in Venezuela will not be one in which Chavez will have to "look over his shoulder" very often for approval of his actions.

Ideological Differences

No matter how close the two leaders say they are, there is a fundamental contradiction in the Iran-Venezuela relationship that one cannot ignore. The axis of unity is an alliance between a leftist, socialist government and a conservative, theocratic one. As far as political ideologies are concerned, these two are like oil and water. This contradiction was evident in September 2007, at a conference organized by Tehran University students attempting to show parallels between Iran's Islamic Revolution and the Latin American socialist movement. The story of the conference, as reported by Inter Press Service reporter Kimia Sanati, reads like a comedy of errors.

The planned four-day "Che like Chamran" conference became an embarrassment for its organizers just a few hours after it began. As its title implies, the conference intended to promote the similarities between Che Guevara and Mustafa Chamran as two revolutionaries who had fought alongside rebels in other countries.

Guevara, a leader in the Cuban revolution, spent much of the mid-1960s unsuccessfully attempting to incite socialist revolutions in Africa and Central America before being captured and executed in Bolivia in 1967.⁷ His children, Aleida and Camilo, were invited guests at the conference.

Chamran, an American-educated engineer and Islamist, organized and fought alongside the Amal

guerrillas in southern Lebanon in the late 1970s. Early in the Iranian revolution, Ayatollah Khomeini appointed Chamran defense minister. He was killed in 1981 while leading Iranian paramilitary forces during the first phases of the Iran-Iraq war.⁸

The conference's problems started with the first speaker Haj Saeed Ghasemi, who is associated with one of Iran's many militia organizations. As he held up a translated Che Guevara book he said, "Che was religious and believed in God," "Fidel and Che were never socialist or communists," and "the people of Cuba hated the Soviets for all they had done." He went on to say that "today, communism has been thrown into the trash bin of history as predicted by Ayatollah Khomeini," and the only way to save the world was through "the religious, pro-justice movement."⁹ This sort of language may be common in the Islamic republic where socialism is illegal and punishable by death, but including it in an address to an audience that included Che's children was indelicate to say the least.

Predictably, Aleida was quick to take umbrage. In her own address, she responded to Ghasemi indignantly, advising him to "always refer to original sources instead of translations to find out about Che Guevara's beliefs." She spoke "on behalf of the Cuban people . . . who were grateful to the Soviet Union" and stated that her father "never talked about God, never met God, and knew there was no absolute truth."¹⁰

The conference-turned-fiasco presented a microcosm of the structural flaws in the Iran-Venezuela relationship. The two countries are in an alliance of convenience based on only a few issues. Once either country feels it has gotten all it can out of the relationship, it is likely that political ideologies and wide cultural gaps will quickly overcome pragmatism, and the ostensibly close friendship will fade away.

Economic Cooperation

So far, Venezuela and Iran have overlooked their political and ideological differences and worked hard to forge genuine economic and diplomatic ties. The two nations have signed an estimated 180 economic and political accords. At one point last year, the Iranian foreign minister estimated these agreements to be worth \$20 billion.¹¹ However, these agreements have proven to be largely symbolic thus

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AFP, Presidencia

Venezuelan President Hugo Chavez points at the place where he and his Iranian counterpart Mahmoud Ahmadinejad inaugurated a joint petrochemical plant in the Asaluyeh industrial zone on Iran's Gulf coast, 2 July 2007.

far because the two nations have very little to offer each other economically. Both rely on oil exports as their primary means of economic growth with all other industries piling in comparison to oil production. Neither country has expertise in industries that would complement the other or is capable of competing in global markets without significant government subsidies.

For example, Chavez's first accord with Iran came *before* Ahmadinejad's election. He visited Tehran in 2001 and 2003 to establish a relationship with the Iranian government of Mohammad Khatami, whose election as a "moderate" in 1997 had opened up possibilities for several Latin American countries (including Brazil) to trade with Iran.¹² After an extended courtship, Khatami agreed to a joint venture to produce tractors in Ciudad Bolivar, Venezuela, with Iran owning a 31 percent stake in the "Veniran" factory.¹³ Today, the factory produces 4,000 tractors a year, but the economic value of the

tractors to Venezuela is limited to being symbolic "agents of revolutionary change" because they are of such poor quality. The government gives or leases most of them to cooperatives working land that the socialists expropriated from ranchers and sugar plantations, although some have been sent to Bolivia and Nicaragua, in support of Chavez's allies.¹⁴

Since Ahmadinejad came to power in 2005, the two nations signed many more accords. These include a \$4 billion Iranian commitment to build platforms for exploration in the Orinoco Delta oil deposits, jointly owned car factories intended to produce two versions of "anti-imperialist" cars, and a host of agreements to cooperate on agricultural and dairy production.¹⁵ Venezuela has reciprocated by providing Iran with refined petroleum products because Iran lacks the capacity to produce enough gasoline for itself.¹⁶

These efforts are primarily symbolic because they have not created significant economic growth. A recent interview with an Iranian manager at the Veniran plant reveals that the true value of the tractors lies in their message to Washington. When first asked about the purpose of the plant, the Iranian manager said, "The idea is to help our brothers develop the land," but when asked if the objective was also to "stick a finger in George Bush's eye," the manager smiled and nodded yes.¹⁷ Investing in a joint auto plant may help the two leaders with their small circle of admirers, but it will have little or no impact on the United States. The production of poor-quality tractors or cars that cannot compete for a share of the world market is not an economic strategy. An economic plan created for its emblematic value may seem feasible as long as oil prices remain high, but the historic fluctuation of oil prices and failure to invest in its existing oil production infrastructure will certainly cause it to fail in the end.

Diplomatic Cooperation

In keeping with both leaders' geopolitical desires, Chavez helped Ahmadinejad bolster relationships with his friends in the new governments of Bolivia, Nicaragua, and Ecuador. Ahmadinejad made well-publicized trips to Venezuela in July 2006; Venezuela, Nicaragua, and Ecuador in

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January 2007; and Venezuela and Bolivia in 2007. During the last trip, Bolivia and Iran established diplomatic relations and signed agreements for \$100 million in Iranian financing.¹⁸ Iran set up an embassy in Managua and pledged \$350 million to Nicaragua to build a deepwater seaport and to plow a connecting dry canal corridor for pipelines, rails, and highways. Iran opened a trade office in Quito in January 2008.¹⁹

However, there has been little follow-through on this initial flurry of activity. Iranian financing in Bolivia has not yet materialized, and there are rumors that Daniel Ortega put a planned trip to Tehran on indefinite hold because Iran did not come through on the deepwater seaport pledge. Surprisingly, even when oil prices were at an all-time high in the summer of 2008, Iran refused to forgive Nicaragua's \$152 billion debt, despite Ortega's explicit public request to do so.

Iran and Venezuela have consistently supported each other in the United Nations. Iran continues

to suffer under UN sanctions because of its nuclear ambitions. In 2006, when the International Atomic Energy Agency put forth a resolution condemning Iran, the countries of Venezuela, Cuba, and Syria opposed it.²⁰ After Ahmadinejad's visit to Nicaragua in early 2007, Daniel Ortega joined this short list of Iran supporters. In turn, Iran supported Venezuela's unsuccessful attempt to gain a seat on the Security Council in 2006. This pattern continued in late 2008, when Iran made its own failed bid for the Asian seat on the Security Council. It is likely that Iran's Latin American friends cast a few of the 32 votes Iran received in the secret ballot.²¹

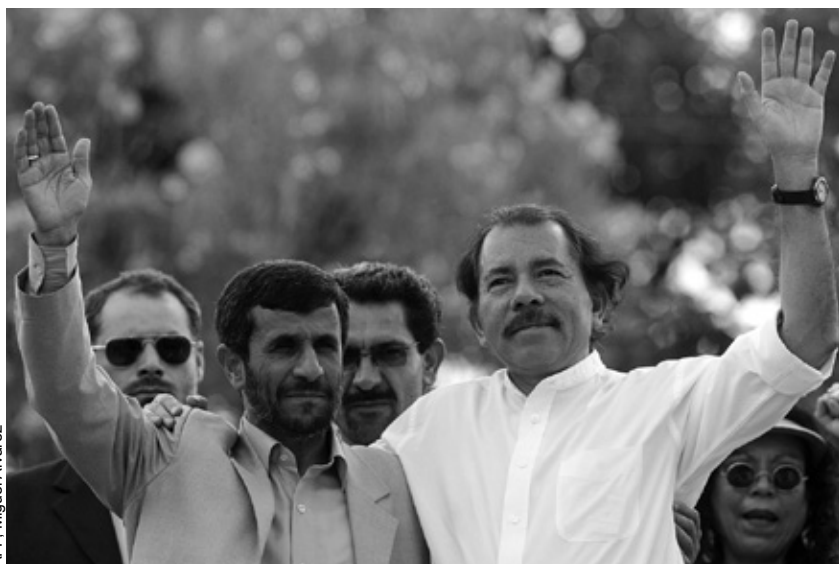
In keeping with Chavez's desire to find a partner for his ambitious regional projects, and Ahmadinejad's desire to buy friends, the two nations launched a joint bank to fund development activities with each country contributing half of the start-up funds to support projects in "anti-imperialist" countries.²²

Causes for Concern

In March 2007, the two countries inaugurated a weekly flight between Tehran and Caracas with a stop in Damascus, Syria. Rumors are that immigration and screening rules in Caracas are quite lax for the passengers disembarking from this flight. Perhaps as a result, there is growing evidence of a Hezbollah presence in Venezuela.

A wholly owned subsidiary of the Iranian revolution in the 1980s, Hezbollah has grown into a huge political force in Lebanon today. It operates at least semi-autonomously, but the organization still takes marching orders from Iran, a source of much of Hezbollah's financial and military support. The U.S. Department of the Treasury's Office of Foreign Assets Control has targeted the assets of two Hezbollah supporters living in Venezuela, one of whom was a Venezuelan diplomat.²³

The above information, when combined with Venezuelan actions and rhetoric, paints a disturbing picture of what could be going on covertly in the United States' own hemisphere. In the summer of 2006,



AFF. Miguel Alvarez

Iranian President Mahmoud Ahmadinejad and Nicaraguan President Daniel Ortega wave to supporters 14 January 2007 in Managua, Nicaragua. The Iranian president travelled to Nicaragua after visiting Venezuela, where he signed business agreements with President Hugo Chavez.

Venezuela bought 100,000 AK-47 assault and sniper rifles from Russia. At the same time, Chavez and Russian President Vladimir Putin signed an agreement that licensed the AK-47 for domestic production in Caracas.²⁴ At the time, much of the international concern about the agreement centered on Chavez's support for the FARC, but one can imagine an even more nefarious agenda behind the purchase as well. The rising numbers of Hezbollah Iranians, the increasing number of weapons in the region, and the porous borders in Central America cause some observers to worry about terrorist infiltration.

Threat or Not?

Economic realities for Venezuela probably preclude the emergence of any serious security threats in the near term. Venezuela is heavily dependent on the United States economically, and Chavez has shown that he can be very pragmatic when it comes to protecting the Venezuelan economy. While Chavez has worked with China, Russia, and Iran to diversify his economy, the United States remains Venezuela's largest trading partner by far. The main destination for 53.9 percent of all of Venezuelan exports is the United States. The next highest destination, the Netherlands Antilles, receives only 8.8 percent of Venezuelan exports.²⁵ Venezuela still sells over half of its oil, or more than 1.5 million barrels of oil a day, to the United States. A significant portion of Venezuelan refining capacity is located in the United States, which gets less than 15 percent of its oil from Venezuela. This relationship is not likely to change in the near future. An oil embargo would hurt the U.S., but cripple Venezuela. Chavez's recent turnabout of support for the FARC in Colombia was likely a demonstration of his economic concerns.

There is no information currently available to justify concerns about terrorist activity due to Iran's growing presence in Venezuela. Given its Middle

East focus and many opportunities there to cause military trouble for the United States, it is unlikely that Iran would resort to terrorist action from Latin America. Iran's current activities in the region are likely more pragmatic than nefarious. In keeping with Ahmadinejad's aggressive foreign policy, Iran is attempting to modify power relationships, which is normal behavior in the international environment. Ahmadinejad may sound like he is out of control, but Iran's mullahs will most assuredly keep him on a tight rein.

Iran faces a tremendous asymmetry with the United States in virtually every instrument of national power. The Islamic Republic of Iran is attempting to erode some of that imbalance, and Chavez, always looking for the opportunity to annoy the United States, has been more than willing to aid this Iranian effort.

Still, many in the United States argue that when Chavez and Ahmadinejad call each other brother, they are bound to be "up to no good."²⁶ Iran's nuclear pursuits only add fuel to this argument. Chavez mentions nuclear cooperation with Iran often and has supported Iran's pursuit of nuclear power at every opportunity. Ahmadinejad does not often reciprocate this sentiment. Should Iran successfully develop a nuclear weapons capability, it is unclear whether the international community will react with engagement or further isolation. However, they will have to react. Iran will certainly have an increased international standing with nuclear weapons, even if it results in universal condemnation. This new status may not require the support of a socialist with whom the religious tenets of the Islamic Republic are at serious odds.

An Undue Level of Attention

The relationship between Iran and Venezuela is the result of a convergence of unique geopolitical circumstances. Both countries are seeking out all of the allies they can find in order to avoid isolation. Chavez and Ahmadinejad have similar personalities and seem to like each other, have taken advantage of every opportunity to antagonize the United States, and have been successful in doing so primarily because they are unpredictable.

Unfortunately for the two leaders, the foundations of the relationship are flawed. These two nations are based on opposite principles. Venezuela is a leftist

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nation moving further to the left. Iran is a theocracy and unapologetically conservative. The two countries do not complement each other economically because both nations rely primarily on oil exports for growth. In their enthusiasm to show the world how much they support each other, Chavez and Ahmadinejad have made promises that they simply

cannot keep, a fact that has become apparent with the recent downward turn in oil prices. Finally, Hugo Chavez and his Bolivarian revolution may be around for a long time, but Ahmadinejad will be gone in either one year or five. It is unlikely that the next Iranian President will see the wisdom of Ahmadinejad's Latin American focus.

However, until the relationship changes, the rhetoric and hostility toward the United States is sure to continue. Iran and Venezuela will remain a cause for concern for U.S. security policy makers, and they will continue to draw a level of attention not commensurate with their actual threat. They have indeed earned the moniker "the axis of annoyance." **MR**

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