

# **EXTRA HEMISPHERIC INFLUENCES IN LATIN AMERICA**

**A Colloquium Co-Hosted by the George Washington University Center for Latin American Issues and the U.S. Army War College Strategic Studies Institute**

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The George Washington University  
Washington, DC

## **Discussants:**

**Antonio de la Cruz**, *Associate, VisionAmericas LLC and CEO, ICS Group SA*  
**Doug Farah**, *Adjunct Fellow of the Americas Program at CSIS and a Senior Fellow at the International Assessment and Strategy Center*  
**Dr. Cynthia Watson**, *Professor of Strategy at The National War College, The National Defense University*

## **Commentator:**

**Dr. James Ferrer, Jr.:** *Director, GW Center for Latin American Issues*

## **Moderator:**

**Dr. Doug Lovelace:** *Professor and Director, Strategies Studies Institute, US Army War College*

## **SYNOPSIS**

For decades, the United States has been the strongest external influence in Latin America, helping to shape the region's economic ties, trade relations, and military cooperation. In recent years, however, outside forces have increased their influences in Latin America. China, Iran, and extremist organizations' growing power in the region compels the United States to examine its relationship and strategies in what was once considered "America's Backyard." An examination of outside forces in Latin America is necessary to ensuring political and economic security in the hemisphere.

In this colloquium, "Extra Hemispheric Influences in Latin America," panelists discussed these growing influences in the region and their implications on hemispheric security, economy, and politics. The panel, which took place at the George Washington University School of Business, began with welcome remarks by Dr. James Ferrer, Director of the School's Center for Latin American Issues. After a brief introduction by Dr. Doug Lovelace, Professor and Director of the US Army War College Strategic Studies Institute, Dr. Cynthia Watson provided an outline of China's power in Latin America and a description of its interests and goals for the region.

Dr. Watson began by describing the China-Latin America nexus as one of the most important new relationships in the region. Following the EP3 incident in April 2001, there was little to no interest in the relationship between China and Latin America. However, when the head of the communist party, who was expected to stay in Beijing during post-EP3 negotiations, chose to go on a tour of Latin America, it was apparent that China was looking to expand its power. Over ten years later, it is clear that China's involvement in Latin America is growing.

China is interested in extending its relations in Latin America despite not having historical ties with the region. Up until the mid-1980s, Latin America and China had no reason to be affiliated to be with one another, partly due to Latin America's ties with Taiwan and its lack of recognition of Beijing as the true Chinese capital. Dr. Watson explained that Chinese society and culture have always tended to look internally to solve domestic issues. It is only when China needs something that it looks outward and becomes involved in other regions.

Dr. Watson points out that China is interested in Latin America for very contained reasons. These reasons may alter if the country's atmosphere and internal affairs change:

- 1) The primary interest China has in Latin America is the acquisition of food resources. The Communist Party seeks to maintain control internally and continue the economic growth of the last 35 years. With its large population, China had to decide how to continue to feed its population given its inefficient farms. Latin America can provide cost-effective foodstuffs without genetic modification, and is a primary source for these resources.
- 2) China would like to have relations with another part of the world that will agree with them on many positions. Latin America's feeling of abuse and lack of appreciation from the U.S. and Europe will continue to encourage this relationship. The Chinese expect Latin America to recognize that they are the leader of the "third world." This particular reason for its involvement in the hemisphere creates a problem with China's relationship with Brazil, which seeks to take an important position in the international community. There is tension between what Brazil would like to see in its relationship and what China is willing to provide.
- 3) China would like to eradicate the vestiges of Taiwanese presence in Latin America. Many states in Latin America continue to recognize Taiwan as a nation, and China sees this as a residual of the civil war and might mean that Taiwan will seek independence. The Chinese government wants to eradicate any moves on the part of Taiwan to extend its power in the region.
- 4) China wants to use its relationship in Latin America to attract the attention of the United States, and teach the U.S. a lesson about how it behaves in Asia, or "China's Backyard." There is no evidence that there is a systematic effort by China to move into this region. While there are stronger military ties resulting from the greater diplomatic, economic, and trade relationships, there is no attempt from China to get close to the Chávez regime.

From a strategic perspective, the Chinese want above all to be close to Brasilia for resources, energy, and trade.

It is important to remember that the Chinese are a hierarchical society and, therefore, it is difficult for them to create and execute strategies. Implementing plans requires the involvement and cooperation of many government agencies, but China deliberately attempts not to allow information to be shared. Therefore, Dr. Watson concludes, currently and for the foreseeable future, Latin America is fourth in China's priorities.

Doug Farah then began his discussion on Iran's influence in Latin America. Mr. Farah points out that it is difficult to determine what this relationship is because it is designed to be extremely opaque. The U.S. government has two opposing views on Iran's involvement in Latin America: 1) Iran is very engaged in the region, or 2) Iran is not at all engaged. Mr. Farah argues that there are serious threats and challenges that Iran poses, but estimates that currently, it is not heavily engaged in the hemisphere. He suggests also that the most effective tool in confronting this relationship is to use soft power and law enforcement, and to define for the region why Iran is a threat to its democratic institutions.

Recently there have been changes in Latin America that make the region more open to outside influences and threats. There are coalitions of states open to the worst impulses and policy initiatives of nations that are directly hostile to the United States. For the first time, there are a number of governments in the region that are reaching out to transnational criminal organizations and using them as instruments of state policy. This is why, Mr. Farah explains, the state of Iran in the region is a very serious matter.

The history of the Iranian and Venezuelan relationship dates back to the founding of OPEC, but in 2005 the relationship intensified when Ahmadinejad came to power. In the years that followed, Chávez facilitated various visits by Ahmadinejad to Latin America, which encouraged the opening of Iranian embassies that had previously been closed in the region. Although it seems that the Iranian-Venezuelan relationship is nonsensical, there is an ideological driving force between these two nations. Venezuela is inspired by the 1979 Iranian Revolution and President Chávez views it as a model for asymmetrical warfare. Mr. Farah also argues that the Bolivarian revolutionaries are inspired by Iran's revolutionary Shia Islam, which presents two models of defeating the enemies of humanity: Hezbollah and Osama bin Laden. A central theme of revolutionary Islam is that weapons of mass destruction are a valid tool to use against the United States. Hugo Chávez adopted these ideas as part of his official military doctrine. Mr. Farah argues that while the intention of threat is valid, the ability to carry it out is not.

Iran's growing military isolation is the next component of their relationship with Latin America. Their primary incentive for being in the region is to break its sense of international isolation and

to relieve the difficulties brought on by the economic sanctions. Iran works closely with unsanctioned financial institutions in the hemisphere to move funds and purchase items in the international market. Iran also sets up “fondos binacionales” with Latin American nations: each country contributes to a particular fund, out of which Iran can move money and purchase goods. There is also a significant recruitment effort, particularly for students, to go to Iran for ideological and military training. These trainings emphasize a sense of loyalty to the Iranian vision of the world. In addition, various types of intelligence operations are spreading throughout the region, particularly in Bolivia. Finally, there is clear growth of Hezbollah in the Western Hemisphere which provides a significant problem for the United States going forward.

Mr. Antonio de la Cruz wrapped up the panel by addressing the Venezuelan perspective on outside influences in the hemisphere. Mr. de la Cruz began by discussing China’s relationship to Venezuela, which he argues has two functions: China is interested in opening itself to the world, and Venezuela is interested in reshaping and redefining its foreign policy. Since 2002, Venezuela has not been a member of the IMF or the World Bank, in order to not be supervised by an independent board. Today, China is Venezuela’s preferred lender, since its banks offer a quick financing process and approval that is not tied to demands on transparency and social investment. China provides Venezuela financing, and Venezuela repays its debts by providing oil, natural gas, and food products. In participating in this process, China’s financial, commercial and technical support is an indirect enabler of Chávez regime.

Mr. de la Cruz then described the Iranian-Venezuela alliance, which he argues is based on financial, military, and terrorism support (through Hezbollah). Venezuela is able to provide Iran with a mechanism to avoid U.S. and UN sanctions while acting as an axis of resistance to the United States. Together, Chávez and Ahmadinejad want to establish a new world order and put an end to the U.S. empire. Chávez is a key ally to Iran’s nuclear program as it facilitates the means to avoid the 2008 UN sanctions.

Since 2005, Iran and Venezuela have signed 262 agreements in the energy, agriculture, trade, and manufacturing sectors. In 2008, the Export Development Bank of Iran (Bank Saderat) established the International Development Bank (Banco Internacional de Desarrollo) in Caracas, allowing Iranian access to Venezuela’s unrestricted financial market. In September 2009, Chávez agreed to supply Iran with 20,000 barrels of gasoline per day, and in October 2009, Iran and Venezuela established an oil company named Beniroug. Through this company, both countries are able to make investments and increase their activities in other countries, including Cuba, Sudan, China and Bolivia. In addition, Venezuelan state companies have joint ventures with Iranian counterparts sanctioned by UN resolutions for their involvement in Iran’s nuclear program. By creating binational agreements, banks, and companies, Venezuela receives financial aid from Iran and Venezuela assists Iran in evading international sanctions.

Iran and Venezuela also enjoy a unique and cooperative military relationship. Currently there are several sanctioned Iranian companies working directly on Venezuelan military projects in six locations throughout the country. Iran's support of Hezbollah has also led to a relationship between the extremist organization and the Chávez regime. Iran is creating a terrorist infrastructure in Latin America with Venezuela's political and diplomatic support. Iran's collaboration with Hezbollah consists of three elements in the hemisphere: political and diplomatic support, the promotion and coordination of regional terrorist networks, and financial aid and funding. Through this effort, students throughout Latin America are recruited at regional Islamic Cultural Centers and converted into followers. The most advanced students travel to Venezuela's Margarita Island to undergo training, and many then travel to Iran or areas throughout the Middle East. After "graduating," they return to their home countries as dormant fighters integrating Hezbollah terror cells. While Venezuela's role is to operate the main base in the region, Panama, Brazil, Colombia, Bolivia, Argentina and Ecuador also provide financial, manufacturing, energy, and trade support to Hezbollah.

In the last decade, external forces have strengthened their ties to Latin America. China's need to obtain resources and expand power has expanded its influences in the region. Iran's desire to spread its revolutionary ideology and engage in the global economy by evading sanctions has created a strong relationship with Latin America. It is clear that these presences in the Western Hemisphere have purposes beyond the commercial and diplomatic, and have developed invisibly before the eyes of most governments in Latin America.