U.S. Disengagement from Latin America: Compromised Security and Economic Interests

Testimony before the
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Chairman Salmon, Ranking member Sires, distinguished members of the Subcommittee:

Thank you for the invitation to appear before you today to discuss the current state of American policy toward Latin America, and the strategic costs that may be incurred by the United States as a result.

Any serious discussion of this subject must start by acknowledging that Latin America has historically served as a foreign policy backwater for the United States, one overshadowed by Europe, the Middle East and Asia on the agendas of successive administrations. This is deeply counterintuitive, because by virtue of their geographic proximity the countries of the Americas are natural trading partners for the United States. It is also dangerous, since the region’s large ungoverned spaces and widespread anti-Americanism have the potential to breed direct threats to the United States. Indeed, the criminal gangs and drug cartels endemic to Central and South America are already viewed as top tier national security concerns by the U.S. intelligence community.¹ Nevertheless, inattention to the region remains the norm within the Washington Beltway.

This state of affairs, moreover, is worsening. Since taking office, the Obama administration has systematically disengaged from Latin America, scaling back funding for key initiatives (like the longstanding and highly-successful Plan Colombia), failing to bolster important military partnerships and arrangements, and equivocating over political developments in vulnerable regional states.² At the same time, budgetary cutbacks and fiscal austerity have resulted in a significant paring back of the U.S. military’s presence and activities in the Americas.
America’s retraction, meanwhile, has been mirrored by the regional advance of three other significant strategic actors.

RUSSIA’S RETURN

In recent weeks, international attention has been riveted by Russia’s neo-imperial efforts in Ukraine—steps which have raised the specter of a new Cold War between Moscow and the West. In the process, another alarming facet of the Kremlin’s contemporary foreign policy has gone largely unnoticed: its growing military presence in, and strategic designs on, the Western Hemisphere.

On February 26th, Russian Defense Minister Sergei Shoigu formally announced his government’s plan to expand its overseas military presence. Russia, Mr. Shoigu outlined, intends to establish new military bases in eight foreign countries. The candidates include five Asian nations and three Latin American ones: Cuba, Venezuela, and Nicaragua. Negotiations are underway to allow port visits to each, and to open refueling sites there for Russian long-range aircraft.

Just one day later, in a throwback to Cold War military cooperation between the Soviet Union and client state Cuba, a Russian warship docked in Havana. As of yet, neither Moscow nor Havana has issued a formal explanation as to why the Viktor Leonov, a Meridian-class intelligence vessel, was dispatched to the Latin American state. However, the visit tracks with a growing Russian strategic footprint in the region.

Over the past several years, Moscow has devoted considerable diplomatic and political attention to the Americas. Consistent with its pursuit of a “multipolar” world and its efforts to reestablish itself as a great power, this engagement has prioritized contacts with ideological regimes which share a common anti-American worldview and similarly seek to dilute and counteract U.S. influence in the region.

In Cuba, Russia has worked diligently over the past half-decade to rebuild its once-robust Cold War-era ties. This has entailed top level diplomatic visits by Russian officials to Havana (most prominent among them a November 2008 visit to the Cuban capital by then-Russian president Dmitry Medvedev), as well as new military agreements and revived cooperation on topics such as energy and nuclear cooperation.

With Venezuela, Russia has succeeded in forging a robust military partnership, exploiting the radical ideology and expansionist tendencies of the Chavez regime in Caracas. Between 2001 and 2013, Venezuela is estimated to have purchased more than three-quarters of the $14.5 billion in arms sales carried out by Russia in the region.

More recently, the Kremlin also has made concerted efforts to strengthen its relations with the Sandinista government of Daniel Ortega in Nicaragua. Since Ortega’s return to power in
2007, Russia has emerged as a major investor in Nicaragua’s military modernization, erecting a new military training facility in Managua and a munitions disposal plant outside of the Nicaraguan capital. Russia has also thrown open its warfare schools to the Ortega regime, with 25 Nicaraguan officers now reportedly being trained annually in Moscow.\(^7\) The importance that Moscow attaches to this revitalized relationship was in evidence last spring, when Russia’s General Staff Chief, Col. Gen. Valery Gerasimov, visited Managua on an official three-day visit\(^8\)—an honor far outside the norm for a country of Nicaragua’s modest military capabilities and political stature.

What drives Russian policy toward Latin America? Most recently, Moscow has focused on the region as part of stepped up efforts at international counter-narcotics cooperation. Pursuant to a March 2013 plan unveiled by the Kremlin’s anti-drug czar, Viktor Ivanov, Russia is working to expand anti-drug operations with Latin American states.\(^9\) This effort has already yielded notable results, among them a spring 2013 raid carried out in collaboration with Nicaragua that netted some 1.2 tons of cocaine and broke up a Central American gang linked to Mexico’s notorious Los Zetas cartel.\(^10\)

But Russia’s interest in the Americas extends far beyond counter-narcotics. Moscow maintains significant economic equities in the region, although the volume of its trade (estimated at less than $14 billion annually\(^11\)) is dwarfed by that of China. Nevertheless, Russia appears eager to position itself to exploit new economic opportunities, such as those that would result from the Nicaraguan government’s ambitious plans to host a counterpart to the Panama Canal.\(^12\) It may also be using compliant Latin American states to bolster its intelligence collection capabilities in the region, which are said to have grown significantly in recent years.

Russia’s activities are strategic—and opportunistic. Although in practice Latin America remains far outside Russia’s areas of core interest, the Russian government has clearly taken advantage of America’s retraction from the region to improve its own position there in both economic and strategic terms.

Set against the backdrop of deteriorating U.S.-Russian bilateral relations writ large, this expanded presence should be cause for concern, in no small measure because of its overt military dimensions. Indeed, in his February 26th announcement, Russian Defense Minister Sergei Shoigu indicated that Moscow desires Latin American basing capabilities because of a need for refueling facilities near the equator.\(^13\) This suggests that the Kremlin is now actively contemplating an expansion of its military activities in the Western Hemisphere, to include long-range missions by its combat aircraft.

**IRAN’S INTRUSION**

Although signs of Iran’s presence in Latin America have been evident for some time, the U.S. government only truly became seized of the issue in the wake of a foiled October 2011
assassination attempt on Saudi Arabia’s ambassador to the United States by elements of Iran’s Revolutionary Guard Corps. The incident jolted official Washington awake to the very real threat Iran now poses south of the U.S. border.

This presence is not entirely new. Iran has exhibited some level of activity in the Americas since the 1980s, when its chief terrorist proxy, Hezbollah, became entrenched in the so-called “Triple Frontier” where Argentina, Brazil and Paraguay meet. But the Iranian regime’s formal outreach to the region is significantly more recent, and largely an outgrowth of the warm personal relations between former Iranian president Mahmoud Ahmadinejad and late Venezuelan leader Hugo Chavez. These bonds—rooted in a shared revolutionary worldview—positioned the Chavez regime as a “gateway” into the region for the Islamic Republic, and facilitated Iran’s efforts to build ties to other sympathetic regimes (most prominently those of Evo Morales in Bolivia and Rafael Correa in Ecuador).

Over the past decade, Iran’s presence in Latin America has evolved along three main lines. First, Iran is engaging in outreach designed to build regional support for its nuclear effort and lessen the economic isolation it felt—at least until recently—as a result of U.S. and European sanctions. To this end, Iran has more than doubled its diplomatic presence in the region, and now boasts embassies in eleven Latin American countries. In 2012, it also formally launched a Spanish-language public diplomacy vehicle known as HispanTV, which is intended to broaden the Islamic Republic’s “ideological legitimacy” among Latin American audiences. Iran is similarly estimated to have signed hundreds of trade and investment agreements with the countries of Latin America—although, with the notable exception of its contracts with Venezuela, most of these remain unrealized.

Second, Iran has sought to exploit Latin America as a hub for strategic resources. Best known in this regard are Iran’s mining activities in the Roraima Basin that straddles the common border between Guyana and Venezuela, which are widely viewed as cover for the Iranian regime’s extraction of uranium ore for use in its nuclear program. Iran is similarly believed to have begun prospecting for uranium in multiple locations in Bolivia, and has signed a framework agreement to do the same in the future in Ecuador. Iran is exploring the acquisition of other strategic minerals as well; it has become a formal “partner” in the development of Bolivia’s reserves of lithium, which has applications for nuclear weapons development, and is known to be seeking at least two other minerals utilized in nuclear work and the production of ballistic missiles: tantalum and thorium.

Third, Latin America has become an arena for Iranian asymmetric activity. The extent of Iran’s reach were outlined most comprehensively by Argentine state prosecutor Alberto Nisman, whose May 2013 report detailed a continent-wide network of intelligence bases and logistical support centers spanning no fewer than eight countries. Significantly, the Nisman report makes clear that, while these centers were instrumental in perpetrating the infamous 1994 AMIA bombing in Buenos Aires, they continue to remain operational today. Perhaps the most prominent manifestation of Iran’s paramilitary presence, however, is the "regional defense school" of the left-wing Bolivarian Alliance for the Americas (ALBA)
headquartered outside the city of Santa Cruz in eastern Bolivia. Construction of the facility was funded in part by the Iranian regime, which now reportedly plays a role in both the training and indoctrination of left-wing paramilitary elements at the institution.\textsuperscript{52}

Iran’s influence is being felt in the region in other ways as well. The Islamic Republic, for example, has launched notable grassroots proselytization efforts in a number of Latin American countries as part of its attempts to shore up support in the Americas.\textsuperscript{23} Iran’s domestic control methods, meanwhile, have become an export commodity. And the pro-government militias now brutally quelling opposition to the Maduro government in Venezuela bear more than a passing resemblance to Iran’s feared \textit{basij} domestic control units.\textsuperscript{24}

In hindsight, the year 2012 can be said to have been the "high water" mark for Iran’s presence in Latin America, and the Islamic Republic’s activities have since receded in both scope and pace. But Iran should nonetheless be considered a significant strategic actor in the region, because along every prong of its outreach to the Americas, the Iranian regime is maintaining, if not expanding, its level of activity. Moreover, a number of political scenarios—among them Bolivia’s recently-announced quest for a nuclear capability, Ecuador’s attempts to ascend to the leadership of the ALBA bloc, and the controversial peace process now underway in Colombia—provide opportunities for Iran to preserve, and perhaps even expand, its regional influence in the years ahead.

\textbf{CHINA’S ENTRENCHMENT}

American attention to China’s activities in Latin America dates back to 1997, when the Panamanian government granted the Hong Kong-based Hutchinson-Whampoa company a concession to administer the Panama Canal—a move that was broadly seen in Washington as a potential threat to U.S. national security, as well as an indicator of Beijing’s growing designs on the Western Hemisphere. Since then, the U.S. government has watched while China has carried out what amounts to a dramatic expansion of its activities in Latin America.

In contrast to that of both Russia and Iran, China’s footprint in the Americas is primarily economic in nature. Over the past several years, Chinese firms have established a significant “on the ground” presence in various economic sectors throughout Central and South America, including energy, mining, construction and telecommunications. In tandem, China’s trade with countries of the region has increased exponentially, rising from $49 billion annually in 2004 to $260 billion a year in 2012.\textsuperscript{25} This tracks with China’s perception of the Americas as an attractive supply source for foodstuffs, as well as a lucrative destination for Chinese goods and a significant market for Chinese labor.\textsuperscript{26}

This deepening economic activity has been mirrored by expanding political outreach. Then-Chinese President Hu Jintao’s 2004 tour of the region launched an active schedule of official
visits by top Chinese officials and policymakers to Latin American states (Cuba, Venezuela, Brazil, Mexico and Peru prominent among them). The number of concrete cooperation initiatives has ballooned as well; between the years 2000 and 2011, an estimated 121 bilateral agreements were signed between China and various countries in the region.\textsuperscript{27} China has also increased its participation in assorted Latin American regional organizations, joining the Organization of American States as a “permanent observer” in 2004 and becoming a “donor member” of the Inter-American Development Bank in 2008.

Militarily, meanwhile, China has pursued a multi-faceted strategy designed to maximize its contacts with, and influence among, Latin American states. Experts have identified five distinct dimensions of this outreach: humanitarian assistance, peacekeeping, military exchanges, arms sales, and technology transfer.\textsuperscript{28} Through its efforts on these fronts, Beijing has secured Bolivia, Venezuela and Ecuador as arms clients, and significantly bolstered its interaction with regional militaries through personnel exchanges, joint maneuvers and cooperative trainings.

These public activities have been matched by more quiet—and questionable—ones. For example, China has become a contributor to Argentina’s nuclear program, despite the growing insolvency of the government of Cristina Fernandez de Kirchner in Buenos Aires.\textsuperscript{29} It has assisted both Venezuela and Bolivia in the development and launch of surveillance satellites.\textsuperscript{30} And it has committed, by proxy, to the construction of a massive 50-mile passageway for maritime transit between the Pacific and Atlantic in Nicaragua, despite the astronomical projected price-tag (an estimated $40 billion).\textsuperscript{31} These initiatives, and others, suggest that Beijing sees the region at least in part as an arena for strategic competition, and one where the PRC has the ability to significantly improve its geopolitical position.

All of the initiatives above are consistent with China’s larger foreign policy vision. Since the late 1990s, Beijing has pursued a “going out” policy, which has been described as “a strategy designed to systematically promote exports, gain access to needed resources, and accelerate the development of its multilateral enterprises.”\textsuperscript{32} Latin America fits squarely into this initiative as both a marketplace and a venue for Chinese soft power, to the point where China and Latin America have become “essential economic partners.”\textsuperscript{33} China’s engagement in the Western Hemisphere likewise tracks with its long-standing desire for a “multipolar world” in which America’s perceived hegemony in international affairs is diminished. These rationales go a long way toward explaining why China’s relations with the region remain largely unaltered, despite a year of tremendous political change in the Americas following the death of Hugo Chavez, and a significant domestic transition in China with the ascension of Xi Jinping to the presidency of the PRC.

Beijing’s interest in the Americas, moreover, likely will be bolstered further in the years ahead by two trends. The first is an increasingly active, interventionist Chinese foreign policy, which is now on display in the Middle East, Africa, and in China’s own territorial backyard of the Asia-Pacific. The second is a perception now prevalent in Beijing that
America is receding politically from the world stage, including in its own hemisphere, thereby leaving a void that China now has greater opportunity to fill.

**MONROE... AND AFTER**

In 1823, in his seventh State of the Union address, President James Monroe warned the nations of Europe against intervention in the newly-independent countries of Latin America, whose political independence America would henceforth preserve and protect. That statement, which came to be known as the “Monroe Doctrine,” became a lasting guidepost for U.S. policy toward the Americas.

Until now. Last Fall, in a speech before the Organization of the American States, Secretary of State John Kerry announced with great fanfare that the “era of the Monroe Doctrine is over.” Kerry’s pronouncement was intended to reassure regional powers that the heavy-handed interventionism that at times had characterized America’s approach to the region was a thing of the past. But it also served notice to foreign powers that the United States has no plans to contest or compete with their growing influence south of our border.

This represents a dangerous signal. Through their engagement in Latin America, Russia, Iran, and China are already having a profound effect upon the complexion of the region, and doing so in ways that are deeply detrimental to the United States. The resulting costs to American security and U.S. economic interests must be weighed against any potential benefits or savings from the Administration’s current minimalist policy toward the region.
ENDNOTES:

7 Author’s interviews, Managua, Nicaragua, June 2013.
14 These countries are Argentina, Bolivia, Brazil, Chile, Colombia, Cuba, Ecuador, Mexico, Nicaragua, Uruguay and Venezuela.
17 Author’s interviews, La Paz and Santa Cruz, Bolivia, January-February 2012.
20 Author's interviews in Chile, Bolivia and Argentina, January-February 2012.
22 See, for example, Jon B. Purdue, The War of All the People: The Nexus of Latin American Radicalism and Middle Eastern Terrorism (Dulles, VA: Potomac Books, 2012), 154-156.
33 Ibid.