



BIPARTISAN POLICY CENTER

STATEMENT OF BLAISE MISZTAL

Foreign Policy Project Acting Director, Bipartisan Policy Center

“Threat to the Homeland: Iran’s Extending Influence in the Western Hemisphere”

Subcommittee on Oversight and Management Efficiency

Committee on Homeland Security

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Chairman Duncan, Ranking Member Barber, Members of the Committee, I appreciate the opportunity to appear before you today, alongside such distinguished panelists, to discuss Iran’s influence in the Western Hemisphere.

Bipartisan Policy Center National Security Project

Through the National Security Project, the Bipartisan Policy Center maintains two task forces that have worked to develop recommendations that are particularly important to the work of this committee.

Homeland Security Project

The Homeland Security Project’s (HSP) core mission is to be an active, bipartisan voice on homeland and national security issues. The project is co-chaired by former Governor Tom Kean and former Congressman Lee Hamilton who led the 9/11 Commission’s bipartisan 20-month investigation into the September 11th attacks and forged unanimous agreement on its 41 recommendations – the vast majority of which were enacted into law.

With terrorist threat and tactics becoming more complex and diverse, the project works to foster public discourse, provide expert analysis, and develop proactive policy solutions on how best to respond to emerging challenges. The critical role played by co-chairs Kean and Hamilton in creating the Department of Homeland Security, and their continued analysis of its successes and shortcomings in the face of evolving threats, make the work of HSP salient to the question of how to protect our homeland from Iranian threats.

Iran Task Force

Iran’s role in sponsoring terrorism is not the only cause for concern, however. Its pursuit of nuclear weapons capability is the most urgent national security threat facing the United States. For that reason, almost six years ago the Bipartisan Policy Center convened a task force of distinguished former Members of Congress, government officials, military leaders and experts to study this threat and articulate and advocate a realistic and robust approach to this pressing problem. Since the return of one of the original co-chairs, Dan Coats, to the Senate, the task force has been led by Senator Charles Robb and General (ret.) Charles Wald. Others taking part

in the task force include former members : Christopher Carney, Dan Glickman, and John Tanner.

Our first report was entitled “Meeting the Challenge: U.S. Policy Toward Iranian Nuclear Development” and issued in September 2008.ⁱ In it we stated that “continued Iranian enrichment of uranium and ineffectively monitored operation of the light water reactor at Bushehr threaten U.S. and global security, regional stability, and the international nonproliferation regime.” Consequently, we concluded that “a nuclear weapons-capable Islamic Republic of Iran is strategically untenable,” and we recommended a triple-track strategy for preventing a nuclear weapons-capable Iran. Those three tracks are diplomacy, sanctions, and the credible threat that force may be used if the other two tracks fail.

The BPC task force on Iran proceeded to issue four additional reports on Iran: “Meeting the Challenge: Time Is Running Out” in September 2009,ⁱⁱ “Meeting the Challenge: When Time Runs Out” in June 2010,ⁱⁱⁱ “Meeting the Challenge: Stopping the Clock” in February 2012,^{iv} and “The Price of Inaction: An Analysis of Energy and Economic Effects of a Nuclear Iran” in October 2012.^v As suggested by the titles of the reports, we believe the Iranian nuclear threat has been growing steadily since 2008, and we have continued to recommend a triple-track strategy to prevent a nuclear weapons-capable Iran.

In the five years since we published our first report, Iran has made significant progress in its nuclear program despite vigorous efforts at diplomacy, increasingly tough sanctions, due in large part to the unflagging efforts of the U.S. Congress, and a determined campaign of cyber attacks and other covert activities. It has also sought to accumulate political influence, build economic ties, and develop a network of criminal and terrorist assets around the world, but particularly in the Western hemisphere. For this reason I applaud the leadership of this Committee in drafting and passing last year H.R. 3783, the Countering Iran in the Western Hemisphere Act, as well as continuing to study this important topic.

Iran & Latin America: Relationship at a Crossroads

This is a critical moment to examine Iran’s influence in the Western Hemisphere and to consider what can be done to limit its influence. Iran’s interest in Latin America has three primary motivations: (1) cultivating stronger diplomatic ties with nations that oppose the United States, (2) finding economic assistance amidst sanctions, and (3) establishing strategic capabilities for terrorist and asymmetric operations. Dynamics at play today could significantly impact Iran’s ability, both positively and negatively, to succeed in any of these areas. If these dynamics are properly understood and exploited, they represent a unique opportunity to undo the nexus of political, economic, criminal, and terrorist ties that span from Tehran and Beirut to Caracas and the Tri-Border Area of Brazil, Paraguay, and Argentina.

Iran’s efforts to secure political backing and economic assistance from Latin America have met with mixed results over the last decade. Now, with the passing from the stage of the two personalities that, over the course of the last decade, most drove the Iranian-Latin American

relationship—Iranian President Mahmoud Ahmadinejad, whose second and final term just ended, and Venezuelan President Hugo Chavez, recently deceased—they have arrived at a natural inflection point.

Regional dynamics are currently in the favor of the United States. Chavez's death weakened the Venezuelan government and, by extension, its anti-American sympathizers in Havana, La Paz, and Quito, who form Iran's natural constituency in the region. But their weak economic performance will prove an even more destabilizing force for these regimes, and limit their ability to assist Iran, presenting an opportunity for the United States.

At the same time, Iran's own political and economic isolation, as a result of sanctions, will drive it ever more desperately to seek friends and money wherever it can. In this way, we should understand Iran's interest in strengthening diplomatic and economic ties with Latin America as perhaps a sign of the effectiveness of U.S. efforts to isolate it. That should be a reason to only further tighten sanctions on doing business with Iran and to ensure that it does not find an economic lifeline in the Western Hemisphere.

Iran, however, is not just interested in political and economic support. It is the world's largest state sponsor of terrorism and has already been tied to two terrible attacks in Argentina and several other dastardly plots in region. Yet, Iranian tactical use of terror has of late tended toward retaliatory attacks, suggesting a concern for not provoking a U.S. military reprisal that would disrupt its nuclear program. This presents both an opportunity and challenge for U.S. policy. An opportunity to bolster regional law enforcement and intelligence cooperation to disrupt any Iranian terror networks in hemisphere while the regime in Tehran is exercising restraint. It will be challenging, however, to avoid any changes to Iranian tactical calculus that might render terrorism against U.S. targets and interests attractive. Designing effective policies to counter the threat posed by Iran's continuing terrorist activities to the American homeland requires understanding both the scope of its presence in our hemisphere as well as its strategy and intentions.

Iranian Political and Economic Activities in the Western Hemisphere

While Iran has undoubtedly demonstrated greater interest in strengthening diplomatic and economic ties with the region, mediocre trade and economic figures and lack of any allies outside of South America's Chavez-inspired anti-American bloc indicate that Iran's influence in the region is insufficient to yield it great benefit.

Overview

Iran's interest in Latin America is not recent—dating back over a century—but it has little natural constituency in the region.

Iranian and Muslim populations in Latin America

Iranian immigration to Latin America has been historically low and is significantly smaller than the already small number of Arabs in the region, with Arabs comprising less than four percent

of Argentina's population and one percent of Brazil's.^{vi} Persian immigration into the region—most of which occurred in the run-up to or aftermath of Iran's 1979 Islamic Revolution—is far less, as a 1996 report from Worldwide Persian Outreach gave a rough estimate of only 100,000 persons of Iranian descent living outside of the United States in "other parts of the world."^{vii} The overall Muslim population in Latin America and the Caribbean is also quite small, numbering roughly 1.5 million, two-thirds of whom live in Argentina and Brazil. Most of Argentina's Muslims are Syrian and Sunni, and Brazil's Muslims are mostly recent Sunni and Shia immigrants from Palestine and Lebanon living in the southern city Curitiba and the Tri-Border Area (TBA) that borders Argentina and Paraguay.^{viii}

Iran-Latin America relations to 2000

Iran's first association with a Latin American government came in 1889 when Iran exchanged diplomatic representatives with Mexico. Argentina and Brazil followed suit in 1902 and 1903, respectively, and further interaction came when Iran and Venezuela came together in the 1940s to call for better treatment from international oil companies.^{ix} Iran's ties to the region continued to be based on oil and resources. In 1960, it founded the Organization of the Petroleum Exporting Countries (OPEC) with Venezuela along with Iraq, Kuwait, and Saudi Arabia. And under the reign of U.S. ally Shah Muhammad Reza Pahlavi, Iran in the 1970s began to import raw materials from Latin America and established its first embassies in the region in Argentina, Mexico, and Venezuela, at that time all mutual allies of the United States.^x

Just as Iran's 1979 Islamic Revolution radically changed the nature of the regime in Tehran, so too did it initiate a shift of Iran-Latin America relations. Supreme Leader Ruhollah Khomeini's hatred of the United States manifested itself in Iran's increased ties with pro-communist, anti-Western Latin American governments, namely Castro's Cuba and Sandinista-led Nicaragua. In 1981 Castro invited Iran to open an embassy in Havana, and in 1983 Nicaragua's minister of education flew to Tehran on a visit that included a meeting with Ayatollah Khomeini. While Iran's relations with Cuba and Nicaragua were largely symbolic and ideological, Iran's economic needs in the 1980s led to increased wheat imports from Argentina and discussions with Brazil on supplying equipment for power plants and expanding trade to \$1.5 billion.^{xi} Iran's push to develop ties with anti-U.S. governments and secure alternate economic markets ended, however, in 1989, with the death of Ayatollah Khomeini. Khomeini's death opened the way for the relatively more pragmatic policies of President Ali Akbar Hashemi Rafsanjani, whose agenda included improving relations with the West and expanding free enterprise, a path that placed less emphasis on cultivating ties with the developing countries of Latin America.

The first major instance Iranian-sponsored terrorist activity in the region occurred midway through Rafsanjani's presidency. In March 1992, the Israeli embassy in Argentina was bombed. Islamic Jihad Organization, considered a front for Hezbollah, claimed responsibility for the 1992 bombing, stating that it was in response to Israel's assassination of Hezbollah Secretary General Sayed Abbas al-Musawi. Two years later, in July 1994, another bombing targeted the Argentine-Israelite Mutual Association (AMIA) community center, killing 85 and wounding over 200.

Though the community center bombing is still an open investigation due to Argentina's failure to properly seek and collect evidence following the attack, recent research concludes that high-ranking members of Iran's Islamic Revolutionary Guard Corps (IRGC) directed the Lebanese terrorist group Hezbollah to carry out the attack.^{xii} In 1999, Argentina issued an arrest warrant for high-profile Hezbollah operative Imad Mughniyeh for his believed involvement in both bombings, however Mughniyeh was assassinated in 2008 and never brought to trial in Argentina.

Despite Iran's involvement in such atrocities, it continued to find ready partners in Latin America. Rafsanjani's successor as president, Muhammad Khatami, laid the foundations of Iran's warm relations with the anti-U.S. bloc in the region. He started joint economic initiatives with Venezuela to build tractor, cement, and automobile factories both to show political ties and to develop export outlets for Iran's sanctions-stricken economy.^{xiii}

Iranian Bilateral Relations and Diplomacy in Latin America

Since his election in 2005, President Mahmoud Ahmadinejad increased the efforts of his predecessors in the region, aggressively seeking to strengthen trade and diplomatic ties, primarily with the anti-U.S. block of Venezuela, Bolivia, Ecuador, Nicaragua, and Cuba. Until the recent end of his second, and final, term in office, Ahmadinejad visited the region eight times, most recently for Hugo Chavez's March 2013 funeral. Originally scheduled to travel to Ecuador for Rafael Correa's May 2013 inauguration, Ahmadinejad sent his vice president, Ali Saeedlou, instead. Latin American leaders also beat a path to Tehran during this period: Hugo Chavez visited nine times; Nicaraguan President Daniel Ortega thrice; Bolivian President Evo Morales twice; and one visit each from Brazil's Luiz Ignacio Lula da Silva, Ecuador's Rafael Correa, and Guyana's Bharrat Jagdeo.

The biggest political benefit to Iran from this diplomatic outreach to Latin America came not from one of the usual anti-American suspects, but from Brazil. A brief period of warm relations between Ahmadinejad and then Brazilian President Luiz Ignacio Lula da Silva culminated in Lula's 2010 visit to Tehran in an effort to negotiate a diplomatic agreement that would resolve international concerns about Iran's nuclear program. While in Tehran, Lula, along with Ahmadinejad and Turkish Prime Minister Recep Tayyip Erdogan, agreed to exchange Iranian low-enriched uranium for reactor fuel, a plan quickly scrutinized and rejected by the West. This would-be deal was intended to deliver to each of the orchestrators—Ahmadinejad, Lula, and Erdogan—what they wanted most: easing of international sanctions and a domestic victory for Ahmadinejad; increased influence on the world stage for the other two. Once the deal fizzled, so too did this uneasy and unnatural alliance. With the 2010 election of President Dilma Rousseff, Brazil's relations with Iran began to cool. They suffered further from Brazil's 2011 support of a Washington-led United Nations investigation of purported human rights abuses in Iran.

By the time of President Ahmadinejad's January 2012 visit to Latin America, Iran's ties in the region were once again limited to the anti-imperial bloc. Though unable to visit Bolivia, he was greeted warmly in Venezuela, Nicaragua, Cuba, and Ecuador but not invited to Brazil, Mexico,

Colombia, or Argentina, a sign of Iran's diminished political standing in the region.^{xiv} Ahmadinejad did make a low-key visit to Brazil in June 2012, but as one out of many leaders attending the Rio Earth Summit on environmental issues.^{xv} The disinterest that most responsible regional governments have demonstrated for closer political ties to Iran is largely shared by their citizens. With few exceptions, Iran is extremely unpopular throughout Latin America; a 2011 poll found that, when asked their opinion about a list of nine countries, citizens of the region ranked Iran last. The United States was ranked first.^{xvi}

Iranian Trade and Economic Influence in Latin America

Many of those fearful of Iran's growing economic presence in the region cite trade statistics as an indicator of Iran's strong ties with the region, and such figures may seem large when isolated from the those reflecting Iran's trade with other global economies. When properly interpreted, however, the figures reflecting trade between Iran and Latin America—even among Iran's strongest allies in the region—reveal that Iran's economic relationship with the region is more symbolic than substantive.

Despite the strong personal friendship of Ahmadinejad and Venezuelan President Hugo Chavez of recent years, Venezuela does not even rank among Iran's top fifty trade partners, and in 2011 Venezuela imported less than \$14 million of Iranian goods, ranking below countries like Afghanistan, Georgia, and Guatemala. Additionally, Venezuela in 2011 was ranked as Iran's 48th largest export partner at \$8 million.^{xvii} Nor does Iran export much to Venezuela, ranking as its 45th largest import partner, lower than even North Korea. Even those economic initiatives used to strengthen political ties between Iran and Venezuela are economically negligible, as it is reported that the joint automobile and tractor factories in Venezuela chronically under produce what are deemed to be substandard products. Similar joint projects for dairy and cement production are also reported to lack economic viability.^{xviii} These statistics give clear evidence that Iran's relationship with Venezuela is more political than economic, more rhetoric than real. The majority of the \$17 billion in joint-venture agreements made between Iran and Venezuela throughout Chavez's twelve-year rule never came to fruition.^{xix}

Cuba, Ecuador and Bolivia, despite their warm diplomatic ties with Tehran over shared opposition to the United States, also lack any significant trade ties to Iran, as neither country counts Iran among their top 50 trade partners.^{xx} Ahmadinejad and Bolivian President Evo Morales have signed economic agreements worth \$1.1 billion in mostly energy infrastructure, and it has been recently reported that Iran's national oil company is considering investing in Bolivian oil and natural gas sectors. To date, however, Iran's investment in Bolivia totals roughly \$10 million—a figure, once again, more symbolic than economically viable.^{xxi} Unfulfilled 2007 and 2008 pledges from Iran to contribute \$350 million for the construction of a deep-water port in Nicaragua, additional funds for a large embassy in Nicaragua, and funding for an oil refinery in Ecuador are further examples of Iran's stagnant initiatives with its regional political allies.^{xxii} These figures are perhaps the best indication that neither Iran's mullahs nor self-styled, Latin American emancipators are capable of effectively managing a modern

economy. Unable to produce any desirable goods, other than natural resources, they have nothing to sell.

Ironically, those Latin American countries lacking warm diplomatic relations with Iran enjoy stronger trade links, precisely because their freer economies produce viable goods that Iran is eager to import. Nevertheless, when put in context this trade is also trifling at best. Brazil and Argentina, two of the region's largest economies, comprised a combined three percent of Iran's import partners. Despite the doubling of trade volume with Brazil since 2005, Iran's 2011 trade volume with Brazil and Argentina was at \$2.3 billion and \$1 billion, respectively. Statistics show that Iran relies more on this trade relationship than do Brazil and Argentina. While Brazil is Iran's 10th largest trade partner, Iran is only Brazil's 33rd largest. As Iran's 18th largest trading partner, Argentina only ranks Iran 26th on its list.^{xxiii} Further, trade volume between Iran and Latin America's largest economy behind Brazil, Mexico is a dismal \$50 million. Given these statistics, the perceived threat of Iran's growing economic influence in the region is largely unsubstantiated.

These meager trade statistics led the U.S. State Department to report "Iran's influence in Latin America and the Caribbean is waning."^{xxiv} No doubt, the ebb of Iranian economic activity in the region is due in large part to sanctions imposed on Iranian firms and banks by the UN Security Council, United States, European Union and other actors. But it is also precisely these barriers to the global marketplace that make Iran increasingly desperate to find willing trading partners. Most important to Tehran is to find buyers for its crude oil. Latin American countries, with abundant regional energy supplies, are unlikely to take up any of the drop in demand for Iranian oil created by sanctions. Thus, it is not probable that the region will provide Iran with economic salvation, but it can help to ease the pain. There might be Latin American countries willing to provide Iran with critical goods that it is increasingly unable to procure elsewhere: refined petroleum products, especially gasoline, which it is unable to produce domestically; high-tech equipment for its nuclear program; or simply cash for its exports. It is therefore imperative to monitor Iran's economic ties with the region, to ensure they are not helping it undermine and circumvent the sanctions regime that is critical to stopping its nuclear program.

Iran's Criminal and Terrorist Activities in the Western Hemisphere

Though Iran has been unable to find much political or economic purchase in the region, it does not require great influence to be able to inflict damage on the United States as well as its regional interests and allies. Evidence that Iran, but more often the Lebanese terrorist organization Hezbollah, one of Iran's favorite proxies, is establishing ties to the region's militaries, criminal syndicates, and terrorist groups suggests that it is seeking, and might have, the capability to conduct illicit operations in the Western Hemisphere.^{xxv}

Iranian Military Cooperation with Regional Allies

While Iran's growing relationship with its Latin American allies is primarily diplomatic and economic, there has been some military cooperation, particularly with Venezuela. In 2008, in return for Venezuela's help in shipping missile parts to Syria—with whom Iran had signed a

military cooperation pact—Iran provided IRGC and Quds Force members to train Venezuelan police and secret services.^{xxvi} Venezuela has reportedly purchased military equipment from Iran in addition to \$23 million in military equipment upgrades and an explosives factory.^{xxvii} Iran-Bolivian military cooperation includes arms sales and the investment in the Venezuelan-led construction of a multinational military training center in the Bolivian town of Warnes, described by President Evo Morales at the center’s 2010 opening as a tool to counter the influence of U.S. training programs in the region.^{xxviii}

Hezbollah Operations within the TBA

Hezbollah’s presence in Latin America goes back to the mid-1980s, when its operatives established themselves in the crime-ridden tri-border area (TBA) of Brazil, Paraguay, and Argentina, an ideal location for operatives seeking to build financial and logistical support networks within existing Shi’a and Lebanese diaspora communities.^{xxix} Operating from here, Hezbollah has solicited donations for fake charities, extorted Arab merchants in protection schemes, smuggled arms and drugs, counterfeited and laundered money, and made and sold pirated goods. These illicit activities in the TBA were estimated in 2004 to earn Hezbollah \$10 million annually; by 2009 that amount had doubled to around \$20 million,^{xxx} making these operations Hezbollah’s most significant source of independent funding.^{xxxi}

In December 2006, the U.S. Treasury Department blacklisted nine individuals and two entities that provided extensive financial and logistical support to Hezbollah through narco-trafficking, selling counterfeit U.S. currency, and other illegal activity, sending funds to Hezbollah members in Lebanon and Iran through well-established lines of communication with the organization’s top leadership.^{xxxii} One of these individuals— Hamza Ahmad Barakat, a Lebanese national and Hezbollah member operating a major Hezbollah ring in the TBA—was arrested in May 2013 by Brazilian authorities, showing that illicit activity aimed at funding Hezbollah remains an issue in the area.^{xxxiii}

Hezbollah beyond the TBA: Drug Trafficking and Other Activities

In addition to activities in the TBA, illicit Hezbollah activity includes the trafficking of South American cocaine throughout the region in cooperation with notorious cartels and criminal organizations such as Colombia’s FARC and Mexico’s Sinaloa Cartel. In 2008, U.S. and Colombian authorities executed Operation Titan, dismantling a cocaine-smuggling and money-laundering organization that allegedly paid 12 percent of its proceeds to Hezbollah. The operation led to the seizure of over \$23 million and the arrest of over 130 individuals including Lebanese national Cherki Mahmoud Harb, one of the organization’s kingpins who in 2010 pled guilty to conspiracy to manufacture and distribute cocaine.

In 2011, the Treasury Department identified the Lebanese Canadian Bank as facilitating the laundering of over \$250 million of Hezbollah’s proceeds from narcotics trafficking and indicted Lebanese citizen Ayman Joumaa for conspiring to coordinate sales and shipments of cocaine from Colombia to Mexican cartel Los Zetas and of laundering money and channeling profits from his drug operation to Hezbollah. A year later, Treasury designated three dual Lebanese-

Venezuelan citizens for involvement in Joumaa's narcotics network and designated a Lebanese-Colombian national – Ali Mohamad Saleh – as a Specially Designated Global Terrorist for his role in directing Hezbollah's activities in Colombia. Nor is Hezbollah's narco-trafficking activity limited to Colombia, as 2009 testimony by former Southern Command chief Admiral James Stavridis identifies explicit Hezbollah-tied drug rings broken up in Ecuador in 2005 and Curacao in 2009.^{xxxiv}

Hezbollah has also found ways to profit from other illicit activities in the region. In 2009, Hezbollah operatives were involved in the transfer of at least \$329 million to purchase used cars from 30 car dealerships in the United States to be shipped to West Africa for sale, whereupon the cash proceeds would be transferred to Hezbollah in Lebanon.^{xxxv} That same year, Hezbollah affiliate and international arms trafficker Jamal Yousef was arrested for attempting to provide the Revolutionary Armed Forces of Colombia (FARC), a Marxist guerrilla group turned drug cartel, with a large cache of automatic rifles and hand and rocket-propelled grenades being stored in Mexico in exchange for over 8,000 kilograms of cocaine.^{xxxvi}

This relationship with FARC is perhaps the most troubling of Hezbollah's activities in the region, as it marks the connection of its criminal and state-sponsored terrorist activities. Hugo Chavez created a permissive security environment, allowing FARC guerrillas to operate within Venezuelan territory, a freedom that Hezbollah and other terrorist groups might have partaken of as well. Of even greater concern is that Iran's close ties to Chavez and those of FARC to Hezbollah, also brought Venezuela closer to Hezbollah. In 2008 the Treasury Department imposed sanctions on two Venezuelans – Ghazi Nasr al Din and Fawzi Kan'an – for providing financial and other support to Hezbollah. And, in 2010, it was reported that Chavez hosted a summit for Hamas, Hezbollah, and Islamic Jihad leaders at the Venezuelan army headquarters.^{xxxvii}

Iranian Strategy and Tactics

It is impossible, on the sole basis of this open source data about Iranian activities in the Western Hemisphere, to determine how grave or imminent the threat to our homeland may be. It is clear that Iran has demonstrated a strong interest in building criminal connections and terrorist networks in the region. And the hostility of Iran's current regime to the United States is indubitable. But from these two data points it is difficult to ascertain either the extent of Iranian capabilities in the Western Hemisphere or, if they exist, how and when it might put them to use. The answer to the first of those questions can only be obtained through intelligence gathering; but some guidance on the second can be derived from careful analysis of Iran's evolving strategy and its possible intentions.

Iranian Strategic Ambitions

The foundation of Iran's strategic ambition derives the particular brand of revolutionary Shi'ism espoused by the regime's founder, Ayatollah Khomeini, but it is also reinforced by Persian's long history of imperial domination. He developed an interpretation of Shi'i doctrine according to which senior clergy could act as a place-holder for the Hidden Imam, a position

which would force their direct involvement in governance. This innovation, called the doctrine of *velayat-e faqih* (guardianship of the jurist), provided theological justification for the establishment of clerical rule in Iran after the 1979 Revolution. But by rendering Iran's Supreme Leader the will of God on earth, *velayat-e faqih* justifies his reign not only over Iran, but over all Muslims. And indeed, since coming to power, Iran's government has sought to extend its influence across the region.

This theological ambition is reinforced by the strength of Persian nationalism. With only brief interludes of foreign conquest, an Iranian entity has occupied the same area for more than 2,500 years. In that time, Persians have presided over empires that spanned from the edges of Europe to well into Asia. Iran's imperial legacy remains vital to Iranian self-awareness. Most Iranians, be they Islamist or secular, believe that Iran is a great civilization that deserves to be treated as a regional hegemon, if not a great power. Arabs, Afghans, and the Turkic peoples of Central Asia complain that Iranians treat them with disdain and as cultural inferiors. Iran's sense of superiority is a constant irritant between Iran and its neighbors.

Together, these two strands—religious and historical—have created an Iran determined to spread its brand of theological totalitarianism from the edge of the Mediterranean to Asia.

Iranian Tactics

This ambition requires the destruction of neighboring apostate Sunni regimes, but first and foremost translates into rooting out U.S. influence in the region and destroying the state of Israel. Iran has systematically pursued these aims for the three decades of its existence.

In doing so, it has shown a great predilection for the use of violence in achieving its ends. But its tactics have evolved. If the first half of the Islamic Republic of Iran's existence was dominated by brash actions and direct confrontation with its enemies, the second half has seen a marked turn toward subterfuge and asymmetric warfare. It is no coincidence that this pivot toward less visible operations occurred as the U.S. presence and involvement in the Middle East peaked during the Afghan and Iraqi wars.

Iran's experience during its own war with Iraq—a drawn-out and bloody conflict that over its eight year course cost Iran as many as a million lives and ended in a stalemate, despite Iran's use of chemical weapons—caused the regime to rethink undertaking future conventional military campaigns. The complete defeat that Saddam's Hussein forces suffered at the hands of the U.S.-led coalition, in just a matter of days, several years later convinced Tehran that it could not afford a direct confrontation with the United States.

Out of those lessons grew a two-pronged approach. The first of those has been Iran's nuclear program. Multiple examples have demonstrated to Iran's leaders both that atomic weaponry can protect a country from external meddling (North Korea), but that it also enables a country to undertake aggressive campaigns in its neighborhood without fear of reprisal (Israel). A nuclear weapon would thus not just serve as a deterrent, but as cover for Iran to coerce its

neighbors. Second, Iran has invested heavily in developing asymmetric warfare capabilities that can enable it to both take on a much larger and better-equipped opponent, but also stage attacks that could not be traced back to it. The most important asymmetric capabilities for this discussion are Iran's creation of the Quds Force within the Islamic Revolutionary Guard Corps (IRGC) and its strong ties to the Lebanese terrorist group Hezbollah.

The Quds Force

The IRGC was originally created to guard the Revolution and handle domestic threats, but has since become heavily involved in foreign intelligence operations. The Quds Force functions as the external operations wing of the IRGC and, while operating largely independently, is constitutionally mandated to share information it collects with the Ministry of Intelligence and Security (MOIS). The MOIS provides logistical support to the Quds Force and organizations that work with it, such as Hezbollah.

The Supreme Leader is commander in chief of the armed forces, controls intelligence, and sets the direction of foreign policy. Because of this, the MOIS and IRGC report directly to him. However, the President exercises some influence over MOIS. The president appoints the head of the ministry, although the Supreme Leader must approve the appointee, who then cannot be removed without the Supreme Leader's approval. The Supreme Leader strongly supports the IRGC and has elevated it to the most powerful entity in the political, military, and intelligence arenas. The IRGC and MOIS started to separate during Khatami's presidency in the early 2000s and continued after Ahmadinejad's election due to disagreements between him and the Supreme Leader. Effectively, the Quds Force and IRGC intelligence work parallel to MOIS and despite the constitutional requirement, do not always share information with MOIS.^{xxxviii}

The Quds Force has been declared a Specially Designated Global Terrorist Organization by the U.S. Treasury and is heavily linked to Hezbollah, engaging in joint activities all over the world, and is similarly involved in the drug trade. Through the Quds Force, Iran is allegedly infiltrating "foreign embassies, charities, and religious/cultural institutions to foster relationships with people, often building on existing socio-economic ties with the well established Shia Diaspora."^{xxxix}

Quds Force-Hezbollah Operations

In 2010, Iran and Hezbollah set out their larger plans and goals for their operations against the West. Both sides agreed to a three tier system targeted to Israeli tourists, government figures, and targets broadly representative of Israel and Jewish communities, with Hezbollah focusing on the tourist tier and the Quds Force targeting Western interests and high profile political and diplomatic targets using the newly formed Special External Operations Unit, Unit 400.^{xl} The overarching goals of these operations was: revenge for the assassination of high-level Hezbollah member Imad Mughniyeh, to carry out retaliatory attacks for those targeted towards Iran's nuclear program, and to repair Iran's image and convince the West that an attack on Iran would result in worldwide asymmetric attacks.^{xli}

This restructuring of international asymmetric warfare focused heavily on retaliatory, tit-for-tat attacks. Iran's counter-attacks are often quite literally tit-for-tat. Most recently this translated into a Quds Force and Hezbollah-planned thirteen-month series of attacks against diplomats in at least seven countries in response to assassinations of Iranian nuclear scientists. Most of these plans fizzled. Hezbollah and Quds Force operatives killed an Israeli diplomat in a bombing in Turkey; however they did not kill their intended target, the Israeli consul-general to Istanbul. A series of raids in Azerbaijan stopped operations there.^{xliii} Additionally, Hezbollah plans to attack Israeli tourists were thwarted in Bulgaria, Greece, and most dramatically in Thailand, where Israeli officials found a Hezbollah explosives-making hub. These failures can at least in part be attributed to the objective of the Quds Force and Hezbollah to stage quick responses to covert attacks against Iran's nuclear program; prioritizing speed over careful preparation has been the downfall of their operations.

Implications for the Western Hemisphere

There can be little doubt that Iran is determined to attack American interests. However, its recent known terrorist activities do not suggest that it will do so indiscriminately and haphazardly.

The most blatant attacks ascribed to the Quds Force and/or Hezbollah have largely been retaliatory in nature. This stems from its fear of U.S. conventional forces. It dares not risk a confrontation, whether against Israeli or American targets, that would be blatant or bloody enough to risk direct U.S. reprisals. Iran's leaders know that to provoke American ire now, when Iran is closing in on a nuclear weapons capability, would be to sacrifice what they have long been working towards.

Instead, its use of asymmetric capabilities, for now, will be limited to only those cases where Iran believes they can be used to bring its nuclear dreams closer to reality, predominantly warding off further Israeli covert activities. Thus, while Iran is perched just on this side of the nuclear threshold it is likely to hold off from directly attacking U.S. interests or the United States itself by any means that could be traced back to Tehran and require an armed response. The failure of its recent global campaign against Israel and the quick connection of those attacks to Hezbollah and Iran should deter similar acts in the Western Hemisphere.

There are several factors, however, that could make Iran more willing to engage in terror in America's backyard. First, the dwindling American presence in the Middle East might convince Tehran that the United States no longer has the ability or will to engage in another military region. If so, Iran's leaders might think they have license to once again take a more aggressive approach to their strategic ambitions. Second, the closer that Iran and the United States grow to direct conflict, the less hesitation Iran will have to unleash its terrorist proxies. If Iran's leaders are showing restraint to avoid such a conflict, the more likely it becomes the less inhibited they will be. Thus, we might expect Iran to attempt to use its terrorist connections in Latin America not only in the case of U.S. military strike against Iranian nuclear facilities, but also if the United States gets drawn further into the Syrian civil war. Finally, if Iran acquires a nuclear capability

despite U.S. and international efforts, it is almost certain to be emboldened in its use of terror. It will no longer have to fear having its nuclear program destroyed and it will have the benefit of a nuclear deterrent to ward off any retaliation for its terrorist attacks.

Countering the Threat

Although tactical considerations might dissuade Iran from attacking U.S. interests in the Western Hemisphere at the moment, it is possible that they will have less reason for restraint in the near future. There are several concrete steps that can be taken now to better prepare for the eventuality that Iran's tactical calculus changes.

Deny Permissive Environments

As proven by recently thwarted global Hezbollah operations against Israeli targets, good police work can successfully prevent terrorist plots. The United States has a strong track record of working with law enforcement agencies throughout the Western Hemisphere—particularly in Colombia—but these efforts should be further bolstered. Particularly critical to this task will be the Department of Homeland Security's Federal Law Enforcement Training Centers and their International Capacity Building Branch. These training programs are largely tailored towards drug interdiction and combating gang violence. New curricula that draw on the lessons learned also from the U.S. experience in training security forces to detect insurgent cells in Iraq and Afghanistan would help transform local police in allied regional countries into more effective counter-terrorism forces.

Establish Intelligence Sharing

One of the lessons of 9/11 has been the need for better sharing of intelligence across agencies. Great strides have been made in this regard, thanks in no small part to work of this committee. Expanding U.S. intelligence sharing with regional partners could further contribute to our ability to detect and prevent Iranian terrorist plots. One way to do this is to expand the representation of foreign countries at the El Paso Intelligence Center (EPIC) a multi-agency law enforcement center that houses 25 federal, state, and local agencies in addition to representatives from Mexico and Colombia. Already EPIC has contributed to the seizure of \$150 million in connection with Hezbollah's money laundering activity through the Lebanese Canadian Bank.

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