



DEFENSE DOSSIER

DECEMBER 2013

ISSUE 9

THE DECLINE OF U.S. INFLUENCE IN LATIN AMERICA

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RUSSIA, IRAN AND CHINA IN LATIN AMERICA: EVALUATING THE THREAT

R. EVAN ELLIS

Since the end of the Cold War and the attacks of September 11, 2001, the discourse on security challenges to the U.S. in Latin America and the Caribbean has concentrated on threats from transnational organized crime and terrorism. The expanding activities of extra-regional state actors such as Russia, Iran and the People's Republic of China (PRC) have been noted, of course. Yet so far there has not been consensus concerning the nature and level of the challenge that they present.

There needs to be, because the activities of Russia, Iran and the PRC in the region are significant, and each poses a qualitatively different challenge to U.S. interests. Russian and Chinese activities, for example, extend the survival of anti-U.S. regimes in the Americas, and may contribute to a region that is less democratic, less governable and less secure. Iranian activities, however, are more operational, and could specifically facilitate terrorist incidents costing U.S. lives in the future.

RUSSIA'S RETURN

Russian activities in the region openly aid anti-U.S. regimes and challenge U.S. positions and interests in the region. They do not, however, directly seek harm to the U.S., nor are sufficient in size or scope to seriously undermine the U.S. position there.

Russia's engagement in Latin America concentrates on a limited number of sectors in which its companies have significant capability, including arms, petroleum, mining, some technology sectors, and the purchase of foodstuffs. Its \$13.7 billion in bilateral trade with

the region, however, is miniscule by comparison to China's \$258 billion.¹

In diplomacy, Russia has concentrated its attention on former allies of the Soviet Union (Nicaragua and Cuba), other anti-U.S. states (Venezuela, Bolivia and Ecuador), and countries with which it has longstanding commercial and/or military relationships (Brazil, Argentina, and Peru).

Russia's most visible engagement tool has been arms sales and service contracts. It has led with a reputation for providing durable military hardware at mid-range prices with few conditions, particularly targeting countries with aging stocks of Soviet equipment from the Cold War, such as Peru, Nicaragua and Cuba. Its largest client, however, has been Venezuela. Taking advantage of Venezuela's inability to buy from the West, Russia has sold almost \$11 billion in goods since 2005, including Mi-17 helicopters, Su-30 fighters, small arms, tanks, armored vehicles, multiple rocket launchers and air defense munitions.²

Russia's leading commodity in this regard has been helicopters, including sales to Peru, Argentina, and Mexico. Although it has sold Brazil helicopters and Kornet anti-tank munitions, it has failed to win larger sales there, such as the Su-35 fighter or the Tigr Light Armored Vehicle. Moreover, by contrast to the Cold War, such sales are revenue generators more than diplomatic tools, as seen by the MI-17 sale to Bolivia, which fell through when the government in La Paz could not pay.

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Russia has also expanded counternarcotics activities in the region including a new law enforcement training facility in Managua,³ with proposed counterdrug courses for Bolivian, Ecuadoran and Colombian law enforcement officials.⁴ Such cooperation may be motivated, in part, by increasing flows of cocaine and other narcotics to Russia from the region. Yet it also provides a vehicle for Russian security and defense officials to interact with their counterparts from across the region in a fashion that is difficult for U.S. officials to object to.

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In the oil sector, private Russian companies with ties to the state such as Gazprom, Rosneft (including TNK), and Lukoil have pursued projects in countries such as Venezuela, Ecuador, Bolivia, Argentina and Brazil. In mining, Russian firms have pursued projects in Cuba, Jamaica (nickel), Guyana (bauxite) among others.

Russia has also won infrastructure projects, such as the Toachi-Pilaton hydroelectric project in Ecuador, although few by comparison to China.

IRANIAN PENETRATION

Of the three extra-regional actors examined here, the activities of Iran present the most direct and immediate challenge to U.S. security.

On one hand, as acknowledged by a summer 2013 U.S. State Department report, the efforts by Iran's previous president Mahmoud Ahmadinejad to build alliances in the region has not advanced beyond the ALBA regimes, although it may be on track to restore relations with Argentina via an international "fact finding commission" to address accusations of its

involvement in 1992 and 1994 terrorist incidents in that country.⁵ Iran's greatest diplomatic loss, however, has been Brazil, with its President Dilma Rousseff halting the diplomatic thaw with Iran initiated by her predecessor, and even refusing to meet the Iranian president when he traveled to Brazil for the Rio+20 Environmental Summit in June 2012. Nor is it clear whether Iran's new president, Hassan Rouhani, will be as active in Latin America as his predecessor, or will instead concentrate on matters closer to home such as Syria and the Arab Spring.

Although Iran's appeal in Latin America is limited and possibly declining, evidence suggests that it may be using those relationships to circumvent international sanctions, develop missile components and other weapons technologies, and to build networks and place agents in the region—possibly for future terrorism against the United States.

In the financial arena, Iran has attempted to use the International Development Bank (IDB) in Venezuela and both the Export Development Bank of Iran (EDBI) and COFIEC in Ecuador to move money in violation of international sanctions.⁶ With respect to arms, the Venezuelan military industry company CAVIM has been sanctioned for supplying technology to Iran,⁷ and the Venezuelan government has acknowledged working with it to co-develop UAVs.⁸

With respect to building networks, Argentine prosecutor Alberto Nisman has accused Iran of building intelligence and terrorist cells in the region,⁹ while a 2010 Defense Department report declares that Iran is deploying members of its Qods force there.¹⁰ Separately, journalist Douglas Farah has chronicled Iran's use of Islamic community centers in ALBA countries to recruit Latin Americans for religious indoctrination programs in Iran.¹¹

The small number of religious Shi'ite Muslims in Latin America means that such networks are likely to support limited objectives such as terrorist financing, rather than broad-based movements. Nonetheless, they may be used to operate against the United States, as

suggested by the 2007 attempt by Guyanese national Abdul Kadir to blow up New York's Kennedy Airport, or the October 2011 attempt to contract Mexican gang members to assassinate the Saudi ambassador in Washington, DC.¹²

CHINA'S PRESENCE

China's engagement with Latin America and the Caribbean is principally economic in character. It is intended to assure access to primary products, foodstuffs for the Chinese people, new markets for goods and services (as Chinese companies move up the value added chain into new industries), and technology partners to help develop competitive industries and a strong Chinese state. Nonetheless, the prospect of trade with, investment from, or sales to the PRC has made it a focus for virtually every political and business leader in the region, giving it significant "soft power" eclipsing that of Russia and Iran.

Since approximately 2008, Chinese companies have begun to establish a presence on the ground in the region in areas such as petroleum and mining operations, construction projects, telecommunications, and to some degree, factories and retail. The associated interactions with local labor forces, communities, and governments has generated challenges for these companies, including opposition to their projects, labor and regulatory disputes, and security issues, forcing the PRC to consider when and how to use its soft power to support its companies and nationals.

Expanding trans-Pacific commerce has also impacted organized crime. Groups such as Red Dragon, for example, have engaged in smuggling Chinese through the region toward the United States and Canada, forced in the process to collaborate with Latin American-based crime groups such as Los Zetas. China is also an important source of precursor chemicals for synthetic drugs, as well as a growing market for Latin American cocaine.

Beyond commerce and its byproducts, China, like Russia, sells arms to and interacts with the region's militaries and police forces, including high-level exchanges, professional education and training

activities, and a limited number of humanitarian operations in the region.

As in commercial sectors, Chinese military enterprises have moved up the value-added chain from selling basic goods in the region, such as uniforms, to more complex equipment, leveraging opportunities provided by politically sympathetic regimes. Venezuela's 2008 purchase of Chinese K-8 fighters, for example, led Bolivia to buy six, just as Venezuela's 2005 purchase of JYL-1 air defense radars led Ecuador to buy Chinese JYL-2s.

Although Iran's appeal in Latin America is limited and possibly declining, evidence suggests that it may be using those relationships to circumvent international sanctions, develop missile components and other weapons technologies, and to build networks and place agents in the region—possibly for future terrorism against the United States.

Chinese companies have shown increasing sophistication in their Latin American marketing, with exhibits at regional military shows such as FIDAE, LAAD, and SITDEF, participation in formal procurements such as an air defense system bid by Poly Technologies in Peru, and the use of production offsets by CAIC to market its JC-1 fighter to Argentina.

While arms sales to Latin America sustain PLA defense industries and technologies, its relationships with and knowledge of the military institutions of the regions are bolstered by institutional visits, training, and officer exchanges, such as programs for Latin American military officers in the Defense Studies Institute in Champing, or PLA Army and Navy schools near Nanjing, as well as humanitarian activities such as the "Angel de Paz" exercise in Peru in 2010, or port visits such as that by the hospital ship *Peace Arc* to the Caribbean in 2011, or the PLA Navy warships *Lanzhou* and *Liuzhou* to Chile, Brazil and

Argentina in late 2013.

If the U.S. and PRC go to war, Chinese commercial assets [based in Latin America] such as factories, port concessions, satellites and telecommunications infrastructure could be used against the United States.

Finally, the PRC impacts the security environment of the region by contributing to the short-term viability of regimes hostile to the U.S. through its loans to, investments in and imports from them. Without the more than \$40 billion from China Development Bank, for example, it is doubtful whether Venezuela's socialist regime could have survived the 2012 national elections, and thus continued to partner with Iran, buy Russian arms, and export revolution to its neighbors.

SHADOWS OVER THE FUTURE

Responsible U.S. planners must consider how the assets of Russia, Iran and China could be used against the United States in a future conflict. This includes terrorist attacks leveraging Iranian-backed financial networks, personnel, and possibly missiles and/or weapons of mass destruction. Similarly, if the U.S. and PRC go to war, Chinese commercial assets such as factories, port concessions, satellites and telecommunications infrastructure could be used against the United States. Indeed, in its 1991 evacuation of personnel from Somalia and its 2011 departure from Libya, the Chinese government demonstrated it would use commercial assets such as ships and airlines for government missions when needed.

Despite such challenges, the U.S. should not attempt to prevent countries of the region from interacting with Russia, Iran and China. Doing so would only breed resentment and erode the American position. Such relationships must be watched, and adverse scenarios planned for, while the U.S. also sets an example of what it is to be a good partner, supporting

democracy and sustainable development. ■

ENDNOTES

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- ⁵ A detailed summary of the unpublished Nisman Report can be found at [http://www.defenddemocracy.org/stuff/uploads/documents/summary_\(31_pages\).pdf](http://www.defenddemocracy.org/stuff/uploads/documents/summary_(31_pages).pdf). See also Simon Romero, "Prosecutor in Argentina Sees Iran Plot," *New York Times*, May 30, 2013, A4.
- ⁶ See Douglas Farah and Pamela Philips Lum, "Ecuador's Role in Iran's Latin American Financial Structure," International Assessment and Strategy Center, March 2013, http://www.strategycenter.net/research/pubID.304/pub_detail.asp.
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- ⁹ Simon Romero, "Prosecutor in Argentina Sees Iran Plot," *New York Times*, May 30, 2013, A12.
- ¹⁰ U.S. Department of Defense, "Unclassified Report on Military Power of Iran," April 2010.
- ¹¹ Douglas Farah, testimony before the House Committee on Homeland Security, Subcommittee on Oversight and Management Efficiency, July 9, 2013.
- ¹² All three cases are cited by Farah (op. cit.), and by Matthew Levitt, testimony submitted to the House Committee on Foreign Affairs, Subcommittee on the Middle East and North Africa and Subcommittee on the Western Hemisphere, August 1, 2013; See also Ilan Berman, testimony before the House of Representatives Homeland Security Committee Subcommittee on Oversight and Management Efficiency, July 9, 2013.