

**Opening Statement
Chairman Eliot L. Engel**

House Foreign Affairs Subcommittee on the Western Hemisphere

Iran in the Western Hemisphere

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I am pleased to welcome you to today's hearing on Iran in the Western Hemisphere. The question I seek to explore in this hearing is whether Iran's expanding presence in the Western Hemisphere is a threat to our region or is merely a nuisance. Is it only about expanded trade or is there something more nefarious going on?

I believe it is both. Many poor countries in Latin America and the Caribbean actually seek financing from oil-rich Iran for development projects. Every day, it seems I hear about another country expanding diplomatic relations with Iran or seeking greater economic contacts. In fact, trade and investment deals between Iran and Latin America now total well over \$20 billion.

But, is Iran's expanded presence in the Western Hemisphere nothing more than an effort to earn some hard currency? I doubt it strongly.

First and foremost, we must never forget the 1992 bombing of the Israeli Embassy in Buenos Aires that killed 30 people and the 1994 bombing of the AMIA building in Buenos Aires that killed 85 people. While the perpetrators have not yet been brought to justice, the State Prosecutor of Argentina concluded that the bombings were executed by Hezbollah, which is supported by Syria and sponsored by Iran. In November 2006, an Argentine judge issued arrest warrants in the AMIA case for nine persons, including Ahmad Vahidi, who recently became Iran's Defense Minister.

I would like to commend the government of Argentina for condemning Iran's selection of Vahidi as "an insult to Argentine justice," and I add my voice to President Cristina Fernandez de Kirchner who, in her recent speech to the UN General Assembly month, demanded justice on behalf of the victims of the bombings.

So, the Iranian role in the region is anything but well-meaning, and this brings me to Venezuela. When President Obama went to the Summit of the Americas, he shook hands with Venezuelan President Chavez and our countries have now restored their Ambassadors. Unfortunately, there are few other positive things to report.

President Chavez recently travelled to Iran and Syria, the leading sponsors of terror in the Middle East, and alleged from Damascus that Israel had committed genocide

against the Palestinians. This was a vile attack on Israel, and I immediately issued a statement condemning these offensive and absurd remarks.

However, Venezuela's relationship with Iran is more than just an outlet for Chavez's excessive rhetoric. The Director of National Intelligence, Dennis Blair, recently said that Venezuela "is serving as a bridge to help Iran build relations with other Latin American countries." The rationale underlying the Venezuelan-Iranian connection is apparent – both leaders, Hugo Chavez and Ahmadinejad, are not friends of the United States and seek any opportunity to denounce this country.

But, concerns about the Iran-Venezuela axis run much deeper than harsh rhetoric and expanded diplomatic cover. A recent Op-Ed in The Wall Street Journal by Manhattan District Attorney Robert Morgenthau raised serious concerns about the expanded financial ties between the two countries. He said, "failure to act will leave open a window susceptible to money laundering by the Iranian government, the narcotics organizations with ties to corrupt elements in the Venezuelan government, and the terrorist organizations that Iran supports openly." In fact, in October 2008, the U.S. Treasury Department imposed sanctions on an Iranian-owned bank based in Caracas.

Further, a State Department report has expressed concern about weekly flights between Caracas and Tehran where passengers and cargo are not subject to proper security checks. In the wake of 9/11, for a country to have loose security procedures on international flights with Iran is simply reckless, if not downright dangerous.

And, I am very troubled with agreements signed during President Hugo Chávez's visit to Tehran last month. According to press reports, Venezuela would invest a 10% stake in Iran's South Pars gas project valued at some \$760 million and provide 20,000 barrels per day of refined gasoline to Iran. While it is anyone's guess as to whether these schemes will ever be implemented, they carry potentially serious repercussions. According to the Congressional Research Service, investment in Iran's gas fields "could be sanctionable under the Iran Sanctions Act, with potential ramifications for U.S.-based CITGO, a wholly-owned unit of PdVSA." And, if the bill being marked up in the Foreign Affairs Committee tomorrow becomes law, providing refined petroleum to Iran may also trigger sanctions. While some question whether Venezuela has the ability to provide gasoline to Iran since it imports gasoline to meet its own domestic demand, President Chavez is clearly approaching a perilous area.

Iranian involvement with Latin America also has a transnational element. In 2007, while in Brazil, I visited a city called Foz de Iguazu, or Iguazu Falls. This city falls on the so-called "Tri-Border region" between Brazil, Argentina, and Paraguay. It is known for lawlessness and reports of Islamic extremists and Hezbollah agents smuggling to finance their bases in Lebanon and elsewhere.

The United States is working with the governments of the bordering countries in the "3 plus 1" arrangement where we are trying to halt the smuggling and the possibility

of terror financing. I have no information about any active and operative terror cells in this region, but we must continue our vigilant monitoring.

While I appreciate Brazilian cooperation in the tri-border region and on other issues, I am concerned about President Lula's diplomatic outreach to Iranian President Ahmadinejad. Immediately after this summer's flawed Iranian election, President Lula said he saw nothing wrong with the election and proceeded to invite Ahmadinejad to Brazil. It is my understanding that this visit will take place in November.

When Venezuela expands its relations with Iran, I may not like it, but I chalk it up to President Chavez and his altered sense of the world. But, when Brazil expands its ties to Iran -- just as the world is trying to deal with the secretive Iranian nuclear program -- I'm left bewildered. Brazil is a rapidly modernizing country which wants to join the UN Security Council and be a world leader. I truly hope Brazil reaches that point, but expanding ties to Ahmadinejad, who denies the Holocaust and calls for the destruction of another nation-state, Israel, is not the way to get there. In the future, I think we have to expand our dialogue with Brazil on the dangerous role of Iran and encourage our friends in Brasilia to reconsider their ties with Tehran.

In the end, I am left with two questions:

1. What do Latin American countries hope to get out their relationships with Iran?
2. What should we do about it?

As for the first question, some seek money and investment. But, we must remember with investment comes influence -- and I have serious concerns about expanded Iranian influence in the region.

As for the second question, we must increase our diplomatic engagement to better explain our views. I have long been concerned that during the previous administration, we did not pay enough attention to Latin America and the Caribbean -- and this was at our own peril. So, who came to fill the gap? Iran.

I think the Obama Administration is today effectively re-engaging in Latin America and hopefully will be able to describe our approach in a way that the region will more readily hear.

But, in some ways we have tied our own hands. We still do not have an Assistant Secretary of State for the Western Hemisphere or an Ambassador to Brazil because both names are facing a hold by Senator DeMint. With Iran making inroads into countries in the region and Ahmadinejad about to travel to Brazil, I hope that Senator DeMint rethinks his position and lifts his holds so we can more effectively engage our partners on the dangers of Iran and on the myriad of issues which confront the hemisphere.

Thank you and with that, I would like to call upon Western Hemisphere Subcommittee Ranking Member Connie Mack.