AHMADINEJAD'S TOUR OF TYRANTS AND IRAN'S AGENDA IN THE WESTERN HEMISPHERE

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THURSDAY, FEBRUARY 2, 2012

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 10 o'clock a.m., in room 2172 Rayburn House Office Building, Hon. Ileana Ros-Lehtinen (chairman of the committee) presiding.

Chairman ROS-LEHTINEN. The committee will come to order.

After recognizing myself and my good friend the ranking member, Mr. Berman, for 7 minutes each for our opening statements, I will recognize for 3 minutes the vice chair and ranking member of the Subcommittee on the Western Hemisphere, and then the chair and ranking member of the Subcommittee on the Middle East and South Asia for their opening remarks.

I will then recognize other members seeking recognition for 1 minute. We will then hear from our witnesses. Thank you, gentlemen, for being here. And without objection, your entire testimony will be made a part of the record. Members may have 5 legislative days to insert statements and questions for the record, subject to the length limitation in the rules.

And before I recognize myself, I would like to say to Mr. Burton, who announced that he will not be running for reelection, that we have cherished his job in our committee. I have been a better person for having known him and have shared wonderful moments with him and a good friendship, and we will miss your wise guidance, Mr. Burton.

Mr. BURTON. Well, thank you very much. And I wish my——

[Applause.]

Mr. BURTON. Thank you very much, and I only wish my wife were here to hear you say those nice things about me. [Laughter.]

And I want to say I am going to miss all of my Democrat buddies over there. I know they will miss me.

Chairman ROS-LEHTINEN. Well, we hope that her health improves, and I know that she will do a lot better with you at her side.

Mr. BURTON. Thank you very much.

Chairman ROS-LEHTINEN. We will keep her in our prayers.

Mr. BURTON. Thank you.

Chairman ROS-LEHTINEN. The chair now recognizes herself for 7 minutes. Through a series of hearings and classified briefings, this

committee has exercised due diligence and oversight to examine the threat to U.S. national security posed by Iranian and Iranian-sponsored activities in our own Western Hemisphere.

The Director of National Intelligence, James Clapper, stated this week, and I quote, "Iranian officials, probably including supreme leader Ali Khamenei, have changed their calculus and are now willing to conduct an attack in the United States."

The Iranian regime has formed alliances with Chavez, as you see over there, with Ortega, with Castro, with Correa, that many believe can destabilize the hemisphere. These alliances can pose an immediate threat by giving Iran, directly through the IRGC, the Quds Force, or its proxies, like Hezbollah, a platform in the region to carry out attacks against the United States, our interests, and our allies.

Some may question the congressional focus on the Iran-Latin America nexus, because they wrongly believe that Iran's influence in the region is exaggerated. But let us analyze what has occurred in Latin America due to the actions of the Iranian regime.

Iran's Ahmadinejad recently returned from his tour of tyrants trip to visit Venezuela, Nicaragua, Cuba, and Ecuador. Media reports have indicated an increased presence of Iran's Quds Force in these countries and offices of Iran's intelligence services surfacing throughout the region.

The fact that the military arm of a state sponsor of terrorism has its operatives within multiple countries in our hemisphere is certainly cause for alarm and merits congressional focus. In October of last year, we learned of the attempted plot by the Quds Force to assassinate the Saudi Ambassador on U.S. soil using individuals they thought were from the violent Mexican Zeta drug cartel.

Two months later, the Spanish language network Univision aired a documentary that depicted a 2007 cyber attack scheme by the Iranian Ambassador in Mexico, diplomatic officials from the Embassies of Venezuela and Cuba, and undercover Mexican students who were posing as extremists.

The principals involved in this plot wanted to infiltrate U.S. Government computer systems in the White House, FBI, CIA, and two nuclear facilities. A Venezuelan diplomat connected with the plot later became the Venezuelan Consul in my area in Miami, Florida.

Shortly after the documentary aired, my congressional colleagues and I sent a letter to the Department of State requesting an investigation of these claims and asking that if the Venezuelan Council was found to be involved in this plot that she be designated persona non grata and be expelled from the United States. Last month we thanked the State Department, because it expelled the consul back to Venezuela.

In May of last year, the Iranian Defense Minister was in Bolivia to inaugurate a military training school for ALBA countries financed by the Iranian regime. Meanwhile, Interpol has in place an arrest warrant for the Iranian Defense Minister in connection with the 1994 AMIA bombing in Argentina, the Jewish Community Center.

Additionally, in order to further expand their influence and extremist propaganda, Iran just launched a Spanish language channel that airs in Latin America and Spain. Further compounding

the problem is the increasingly diverse and extensive activities of Iran's proxy, Hezbollah. The synergy between Hezbollah and the drug cartels in Latin America makes for a very powerful enemy and one that is challenging to identify.

Our law enforcement agencies focusing on narcoterrorism and terrorist financing have had success in penetrating these operations and gaining a better understanding of the nature, the extent, and the evolution of the links between Hezbollah and drug trafficking organizations.

Recently, our DEA led an undercover investigation called Operation Titan, which exposed a vast criminal network operating a drug money laundering pipeline through West Africa to Europe, the Middle East, and Colombia. In addition, last year we learned of the investigations led by the U.S. into the Lebanese Canadian Bank that discovered a complicated web of high-ranking Hezbollah officials involved in a South American cocaine trafficking trade.

Hezbollah has maintained a significant footprint in the Americas, including the tri-border region of Argentina, Brazil, and Paraguay, to help fund raise for their criminal activities. Media reports have indicated that Khalid Sheikh Mohammed, the master-mind of 9/11, spent some time in the tri-border area in the late '90s with Islamic extremists in the region helping to raise more funds for terrorist attacks.

In Colombia, we have witnessed how another foreign terrorist organization, the FARC, is heavily involved in narcotics trafficking in South America. Therefore, it is not new to learn that terrorist organizations are actively using the drug trade and other existing criminal networks to raise funds and carry out their operations.

Since the Western Hemisphere is a hub for drug trafficking, the possible combination of threats creates a clear and present danger. Last month at the State of the Union, President Obama ignored the security concerns stemming from the region and the importance that Latin America plays to our economic prosperity and our national security.

The administration's policy of dialogue with Iran has failed, and a similar approach toward the ALBA countries in the region will fail as well. When asked about Iran's activities in the Western Hemisphere, Director Clapper, who I cited at the beginning, noted this week that "there is more to unfold here."

This committee stands committed to unfolding the threats posed by Iran in the Western Hemisphere. We will continue to zero in on those concerns and engage all pertinent U.S. Government agencies to ensure proper resources are being dedicated to counter these threats against U.S. national security rather than wasted on unaccountable and corrupt governments.

And with that, I am pleased to yield to my friend, the ranking member, Mr. Berman of California, for his opening remarks.

Mr. BERMAN. Well, thank you very much, Madam Chairman. And before I start, I want to join you in expressing both my sadness and my appreciation to Dan Burton, our colleague for the entire time I think that I have been on this committee, and that has been a few years. And behind that crusty exterior is really a very pleasant and likable guy, a sweet guy. And I have enjoyed working with him and talking with him over the years, and I am glad that

we will be able to continue doing that for the next year, and wish him very well.

Mr. BURTON. Thank you.

Mr. BERMAN. The behavior of the Iranian regime poses a significant danger to its own people, its neighbors, and the security of the United States. Tehran's pursuit of a nuclear weapons capability, its continued support for international terrorism, and its abuse of basic human rights, require the United States to maintain extreme vigilance in countering these threats.

Though our goal has not yet been reached, thanks to the leadership of this Congress and the Obama administration, more pressure has been placed on the Iranian regime than ever before. The increasingly isolated Government of Iran has extended its tentacles far and wide in search of friends and resources. Today we will investigate Iran's dealings in the Western Hemisphere and what these actions signify for the national security of the United States.

President Ahmadinejad just concluded his sixth trip to the region, which took him to Venezuela, Ecuador, Cuba, and Nicaragua, where he apparently accrues frequent visitor points. I can only assume that if any of the remaining 31 countries in the region would have had him, he would have visited there too. The Ahmadinejad trip has clearly succeeded in causing a great deal of agitation in this country regarding the Iranian threat in our hemisphere and suggests that our President is not—cause suggestions that our President is not doing enough to counter it.

From Ahmadinejad's perspective, that alone may have made his trip worthwhile. The political posture on this topic is not harmless. I believe it does us all a real disservice by obfuscating what is real and what is not. As I have said before, given that the stakes are so high, it is critical we get this analysis right.

Iran is arguably the foremost threat to United States interests in the world. A nuclear Iran would be a significant threat not only regionally but globally. I know that if Iran is in our neighborhood, they are up to no good.

Iran was complicit in the horrific bombings of the Israeli Embassy and the Jewish Community Center in Buenos Aires in the first half of the 1990s. The recent discovery of a twisted Iranian plot to assassinate the Saudi Ambassador here in Washington is, frankly, not a mind-bending surprise.

Add to this our intelligence community's assessment of Iran's increasing willingness to conduct an attack on U.S. soil, as our chairman has pointed out. So my specific interest this morning is to sift through the facts, discuss with the experts before us, what about Iran's relationship with the nations of our hemisphere should be of serious concern to us, and how the Iranian President's recent trip plays into those concerns.

President Obama, in a recent interview with a Venezuelan newspaper, wondered aloud what the Venezuelan people hope to gain from a relationship with a country as isolated, repressive, and outright dangerous as Iran. I wonder, too. A cursory survey of what Iran actually brings to the table of the four countries he visited indicates it is littered with promises that go unfulfilled. Factories go unbuilt, ports go undredged, humanitarian aid goes undelivered.

Importantly, this time Brazil closed the door to him after welcoming him for years. As for the charge that the administration is asleep at the switch, that is nonsense. President Obama has himself stated that his administration will continue to monitor Iran's activities in the Western Hemisphere closely, and I have no reason to doubt his word.

My own interactions with high-ranking officials in several U.S. agencies, including the State Department, the Drug Enforcement Agency, FBI, Treasury, and the intelligence community, have reassured me that our Government is fully attentive to this matter. It is clear that our President and his administration understand what is at stake.

I have heard a wide range of explanations regarding the purpose and timing of the recent Ahmadinejad trip. Some have painted it as a veritable invasion, some say it was a visit from an isolated and beleaguered leader to another isolated and beleaguered leader—Chavez—to distract from both of their troubles at home. Perhaps it was to shore up trade relationships, but Iran's trade with this part of the world is meager. For example, Brazil's trade with Iran, by far the biggest in the region, only amounts to 4/10 of 1 percent of Iran's total trade.

Even if our gut tells us that the Ahmadinejad-Chavez brotherhood is mostly political theater, it would be foolish to minimize Iran's interest in our hemisphere. But it is equally important to get it right.

I strongly support efforts to solidify the rigorous sanctions regime against Iran in our hemisphere. But it seems to me that given the complexity of relationships with and among countries in our own hemisphere, a careless U.S. overreaction to the Ahmadinejad trip could harm that goal more than the trip itself.

So what should we do? We should be alert to Iran's attempts to circumvent sanctions and its efforts to curry favor with regional countries to loosen those sanctions. We should pay particular attention to technology or, more likely, raw material transfers that might further Iran's nuclear ambitions.

We should continue to monitor intelligence links, watch the Iranian Diplomatic Corps, given its historical involvement in nefarious acts. We should keep a close watch on financial transactions in this region that might involve Iran, both where they come from—say, for instance, drug proceeds—and where they go, such as funding the terrorist organization Hezbollah or the despotic, increasingly desperate Syrian regime.

The chaotic nexus of drug money and terrorism in this region deserves a close look, as it is a fertile place for bad things to happen on a significant scale. The best way to prevent Iran from gaining influence in the Western Hemisphere is to continue to strengthen our relationship with the vast majority of countries in the region who, when push comes to shove, will prefer good relationships with the United States over those with Iran. That means we need to be both watchful and smart and only shout when we need to. I hope we are up to the task.

And I yield back.

Chairman ROS-LEHTINEN. Thank you very much, Mr. Berman, for your statement.

Mr. McCaul of Texas, the vice chair of the Subcommittee on the Western Hemisphere is recognized.

Mr. MCCAUL. Thank you, Madam Chair, and I would like to take a point of personal privilege and also say, Danny-boy, what an honor it has been to serve with you, and you will be missed by all of us. Thank you.

Madam Chair, I would like to commend you for holding this timely and necessary hearing. For years we have watched as Iran has stepped up its involvement in the Western Hemisphere. As vice chair to the Subcommittee on the Western Hemisphere, I assure you that the threats from Tehran in our part of the world have not gone unnoticed and will not be unanswered.

Whether it is financing terrorism, the foiled plot to use Mexican drug cartels to kill the Saudi Ambassador, undisclosed direct flights between Caracas, Damascus, and Tehran, cyber plots against U.S. nuclear facilities, the launch of Iran's Spanish language TV channel, or Ahmadinejad's cozy relationship with Hugo Chavez in Venezuela and the Castro regime in Cuba, Iran has repeatedly demonstrated that its goals are to intimidate America in its own hemisphere. And we know from Operation Titan that Hezbollah is tied to transnational drug trafficking organizations—a very dangerous and lethal combination.

Just last week Secretary of Defense Leon Panetta said that Iran is only a year away from producing a nuclear weapon. Our closest allies in the Middle East, the Israelis, have announced today that Iran could make four bombs by further enriching uranium that has already been stockpiled. And as a result, Iran is increasingly isolated in the world. The impacts of these sanctions on its banks and oil industry has backed Iran into a corner.

But clearly Ahmadinejad sees Latin America as a new market for diplomatic and economic activity. Of course he also sees the region as fertile new grounds for plots against the United States and our allies. As the chair has recognized, the Director of National Intelligence, James Clapper, recently testified that Iran may now be willing to conduct an attack on the United States. That is unacceptable, that a wounded and desperate Iran would be as brazen to use the Western Hemisphere as a staging ground for attacks against American citizens on U.S. soil.

What I hope to get out of today's hearing is a keener understanding of Iran's capabilities and objectives in the Western Hemisphere, and to hear from our witnesses about what they think the Congress and the administration can do to counteract Iran's growing influence in our region.

One proposal that I have introduced is a bill to designate the Iranian Revolutionary Guard Corps as a terrorist—foreign terrorist organization, which would give the United States more authorities to go after them in this hemisphere.

Madam Chair, with that, I would like to again thank you for your leadership on this issue. And with that, I yield back.

Chairman ROS-LEHTINEN. Thank you so much, Mr. McCaul, for your statement.

And now we will hear from Congressman Engel of New York, the ranking member on the Subcommittee on the Western Hemisphere.

Mr. ENGEL. Well, thank you very much, Madam Chair. I am glad our committee is holding this hearing. I, too, want to congratulate my good friend Dan Burton. Dan is a member's member, collegial, and I cherish our friendship through the years. Dan, we are going to miss you, but we are going to enjoy this next year with you.

This is important, what we are doing today. It is important to take a look at Iranian President Ahmadinejad's trip through the Western Hemisphere. It is important to ask the questions: Why is he taking so much time to buzz through the region? What is Iran getting out of this? What are the four Western Hemisphere nations getting out of this?

First, the bad news. Ahmadinejad has found like-minded souls in the leaders of Venezuela, Bolivia, Ecuador, and Nicaragua. In their dislike for the United States, the leaders of these countries are now willing to meet with one of the world's worst. You know the saying, "The enemy of my enemy."

More concerning, Iran's ties with Venezuela are opaque at best. It is hard to know what the Iranians are doing stomping around this South American country. We do know there have been planes back and forth—Venezuela, Syria, and Iran. What a nexus of rogue states.

And we must not forget what Iran has done in this hemisphere. Bombings in the 1990s of the AMIA Jewish Cultural Center and the Israeli Embassy in Argentina and the recent effort to murder the Saudi Ambassador only serve to remind us of the danger which Iran can bring. Still, not all of the signs are bad. In Brazil, President Dilma Rousseff has wisely chilled the warmth shown to the Iranian leader by former President Lula da Silva.

Today Brazil votes for resolutions condemning Iran and the U.N. Human Rights Council. Ahmadinejad's media advisor complained recently that "the Brazilian President has been striking against everything that Lula has accomplished"—that is a quote. Well, if she has done that, good for her.

Further, the other successful major democracies in the region want nothing to do with the Iranian mischief. Chile, Colombia, and Mexico are shunning the Iranian despot. So why are the Iranians messing around in the region? What do they get out of it?

I think the answer was best summed up by the Director of National Intelligence, James Clapper, when he testified 2 days ago in the Senate. He said, "Ties with Tehran offer some regional governments a means of staking an independent position on Iran, thereby mitigating its isolation while also attempting to extract Iranian financial aid and investment for economic and social projects."

I think he is right. Given Iran's history and the pressure they are facing due to their dangerous nuclear weapons program and the sanctions, we need to be extra-vigilant in monitoring Tehran's presence in our region. However, we also need to carefully weigh all of the intelligence, the good with the bad, and reach a sober and balanced conclusion.

The good news is this region is much more than Iran and drugs. Let us not forget that we just passed free trade agreements with Colombia and Panama, and that we have deep cultural, political, social, and economic ties with many of the countries.

So, Madam Chair, thank you for this hearing. It is very, very important to focus on this. Thank you for focusing on Iran, and we will continue to focus on them and keep an eye on the big picture in our region.

I yield back.

Chairman ROS-LEHTINEN. Thank you so much, Mr. Engel.

And now we would like to hear from Congressman Chabot, the Subcommittee on the Middle East and South Asia chairman.

Mr. CHABOT. Thank you, Madam Chair. And before making my comments, I would also like to include my best wishes to our colleague Dan Burton. I followed in his footsteps on this committee, because he was the ranking Republican on the committee, and now I chair it.

But thank you and best wishes to you, Dan. And you are an Indianian, a Hoosier, and I am a Buckeye, and if we are not brothers, we are at least close cousins. So, you know, I wish you the best. Thank you.

And thank you, Madam Chair, for holding this hearing. As chairman of the Middle East and South Asia Subcommittee, I frequently hear about the threats posed by Iran and the global terrorist networks that it supports. The possibility, however, of an Iranian threat emanating from Latin America is particularly troubling.

The threat posed by the Iranian regime take on new and more dire geostrategic significance when coupled with the potential for alliances with oppressive anti-American regimes in our own hemisphere. These regimes could in turn provide Tehran with additional bases of operations from which to assault American interests.

This possibility is especially threatening in light of the recent Iranian terror plot here in Washington, DC, which our intelligence community believes is evidence that the leadership in Tehran feels increasingly emboldened in its plans to undermine American interests and those of our allies.

Director of National Intelligence James Clapper recently testified before the Senate Intelligence Committee that the Iranian leadership is now "more willing to conduct an attack in the United States in response to real or perceived U.S. actions that threaten the regime."

We are having enough trouble combatting Iranian meddling on the other side of the globe. The last thing we need is for Tehran to be able to more easily threaten the American homeland and pose an even greater threat to the American people. This prospect harkens back to the days of the Cold War when all of a sudden we were no longer separated from our enemies by oceans but face threats in our own backyard.

I hope our witnesses here today will be able to shed light on the threats Iran poses in the Western Hemisphere, as well as what steps the United States should take to mitigate these threats.

Thank you, and I yield back, Madam Chair.

Chairman ROS-LEHTINEN. Thank you so much, Mr. Chabot. And Mr. Burton was reminding me he is—we are all on different committees, and he is going to have the Fast and Furious hearing going on, and I know that the Transportation Committee is marking up their big bill today. So we will see a lot of our members not

here today, but it does not mean that we don't care deeply about the topic.

Thanks for that reminder, Mr. Burton.

Mr. Ackerman is recognized. He is the ranking member of the Subcommittee on the Middle East and South Asia.

Mr. ACKERMAN. Thank you. But first, Madam Chair, I, too, would like to join in and pay my respects to Dan Burton with whom I have slugged through the last three decades. Unlike Howard, I think under that exterior of a crusty, cantankerous old man is really a crusty, cantankerous old man. [Laughter.]

Dan, you have been an absolute challenge to us, but truly a delight and a treasure on this committee, and we are truly going to miss you.

Tehran, it scarcely needs to be said, is up to no good. Iran's partnership with Venezuela, as well as its ties to Cuba, Nicaragua, and Ecuador, are rightfully of concern, and we should be closely monitoring developing in these relationships to counter their efforts at sanctions-busting, money laundering, regional subversion, and further development of the narcoterrorist infrastructure in the hemisphere.

Iran's presence in the Western Hemisphere is totally lacking in legitimate economic or political interest. Unlike the nations in Levant and the Arabian Gulf, which have for decades sought a security partnership with the United States to balance against the threat of Iranian radicalism, hegemonism, and subversion, the nations of the Western Hemisphere have no natural ties to Iran and do not fear us.

The fact is, for almost all of them, the United States has been their partner in efforts to stabilize the region against the threats of subversion, terrorism, and external domination.

So Tehran's outreach to the nations of the Western Hemisphere is justifiably met with suspicion and grave doubts about Iran's intentions. A nation that is the world's principal state sponsor of terrorism, that is responsible for the subversion throughout the Middle East, that has spent billions to avert Arab-Israeli peace through the most disgusting acts of terrorism, that every day for years has defied the clearly expressed will of the entire international community to meet its nuclear non-proliferation treaty obligations and come clean about their illicit military aspects of its military program, can't be accepted as a legitimate participant in this hemisphere's affairs.

Iran is up to no good, because that is what Iran is always up to. Iran is controlled by a radical, theocratic dictatorship with grand ambitions and appetites, and these tyrants rightfully see the United States as the principal impediment for their success. And they should; we are proudly the enemy of all the Ayatollah seek to achieve.

We are opposed to their dreams of hegemony in the Arabian Gulf and throughout the Middle East. We bitterly condemn their massive and ongoing violations of the rights of the people of Iran, and we will not allow them to destroy Israel or even attempt it. We will not allow them to control the region's natural resources, and, by extension, the world's economy. And, most importantly, we will prevail. We will win, and they will lose.

Together with our allies and partners, we will ensure the peace and contain and ultimately see the Iranian threat crumble and dissolve. The tyranny will end, and their system will join the Soviet communism on the ash heap of history. And in the meantime, we will be vigilant about these threats in our own backyard.

Ahmadinejad can rack up all of the frequent flyer miles he wants, and he can figure out how to convince the people that tyranny would be better and that the waste of war is superior to the fruits of peace. He will continue to find welcome only in the most marginal and radical of states, and who can only join him in a little nasty mischief along the way to his regime's ultimate collapse.

Thank you, Madam Chair.

Chairman ROS-LEHTINEN. Thank you very much, Mr. Ackerman.

And now we will hear from members who wish to make 1-minute opening statements, starting with the chairman on the Subcommittee on Europe and Eurasia, Mr. Burton of Indiana.

Mr. BURTON. Thank you, Madam Chairman. Thanks for all of the nice comments. I really appreciate that.

Let me just say real quickly, we have had problems in Central and South America for a long, long time. We had the Reagan Doctrine under Ronald Reagan. And because of what he did, we changed almost all of those countries into democratic institutions, their leaders and their countries.

The problem we have right now is we have, in Venezuela, Chavez working with Castro and Ortega and others down there to destabilize this entire hemisphere. This is our front yard, and I really appreciate you gentleman being here today, because we really need to focus on that.

We have had Che Guevara down there in the past trying to destabilize the area, and today it is even more dangerous because Tehran, and working with Venezuela and Chavez and Ortega, they really are a danger. We have a 1,980-mile border between us and Mexico, and we had better pay attention to our front yard and do it real quickly.

And with that, thank you very much, Madam Chair.

Chairman ROS-LEHTINEN. Thank you, sir.

Mr. Sherman, the ranking member on the Subcommittee on Terrorism, Nonproliferation, and Trade.

Mr. SHERMAN. We all wish the best to Dan. Some join this committee with a strong interest in the Americas; some join with a focus on the Middle East. We have to thank President Ahmadinejad for showing us that this is one struggle, that those who strengthen Castro and Chavez also strengthen Ahmadinejad, and vice versa.

We are asked sometimes, "Why is Iran's nuclear program more dangerous than that of North Korea?" The answer is that Iran has worldwide ambitions, expressed in Buenos Aires in the early 1990s, expressed recently in an attempt to commit murder and assassination here on our own soil. We can only imagine what a nuclear weapon would do. We would see terrorism with impunity on a massive scale.

Recently, when we saw this attempt at attack on our own soil, I fear the administration would want to limit our reaction to a robust rhetorical response. Congress stepped in and passed Menen-

dez-Kirk, and now it is time for the administration to fully enforce not only that amendment, but the entire Iran Sanctions Act as amended by CISADA.

It is time for us to realize we have run out of time. And as long as we only enforce those sanctions that don't cause any heartburn in our allies, then we will avoid heartburn in our allies, but we will not avoid a nuclear Iran.

And I yield back.

Chairman ROS-LEHTINEN. Thank you so much, Mr. Sherman.

Mr. Duncan of South Carolina.

Mr. DUNCAN. Thank you, Madam Chairman. And I just want to add my voice to those thanking the gentleman from California for his service. As a freshman member of this committee, his leadership has been a tremendous help to me, and especially on issues such as what we are addressing today. So thank you for that.

I also want to thank you for taking the opportunity to delve into the Iranian threat in the Western Hemisphere. I think it is very important, and I appreciate your leadership as well.

And I want to thank the gentlemen for coming. I look forward to learning more about what I think is a real threat in our own neighborhood.

And I want to sum up with a quote from a New York Times article of 25 January by Ronen Bergman that says this, "It is not for nothing that it—Iran—is establishing bases for itself in Latin America and creating links with drug dealers on the U.S.-Mexican border." He goes on to talk about the specific threats, but he ends with this. "This is not a far-fetched scenario." So I am glad we are delving into that, and I look forward to your testimony.

Thank you. I yield back.

Chairman ROS-LEHTINEN. Thank you, sir.

Mr. Higgins of New York.

Mr. HIGGINS. Thank you, Madam Chair. I am just also concerned about the Iranian presence in the Western Hemisphere, but in particular in North America. Hezbollah, the Party of God, is a Shia Muslim group committed to violent jihad. They act as a proxy for Syria, for Venezuela, and for Iran. They have a pervasive and growing presence in the 20-country region of Latin America, including a presence in 15 cities in the United States and four Canadian cities.

When we inquire about the level of threat by this presence of Hezbollah in North America, we are told that we are not to worry because their activities are limited to fund raising. Well, that doesn't comfort me. And my sense is when you look at Hezbollah and their commitment to the destruction of the state of Israel, that is the near enemy. But the far enemy in their minds, in the Iranian—Ahmadinejad's mind, is the United States.

So I look forward to the testimony here and hope that we can drill down a little bit deeper and assess this threat, because of the presence in North America.

Thank you.

Chairman ROS-LEHTINEN. Thank you, sir.

Mr. Turner of New York is recognized.

Mr. TURNER. Thank you, Madam Chair. It is interesting when you look at what these people have in common—Ahmadinejad,

narcoterrorists, and Hugo Chavez, an old-line Communist. Their commonality of interest is their hatred for the United States, their hatred for truth, democracy, and freedom.

So knowing that, we can proceed. Thank you.

Chairman ROS-LEHTINEN. Thank you very much.

Mr. Connolly of Virginia.

Mr. CONNOLLY. Thank you, Madam Chairman. President Ahmadinejad's charm offensive here in the Western Hemisphere ought to be of concern to the United States. He repeatedly extolled the virtues of authoritarian regimes. You know, he talked about his dear brother Hugo Chavez when he first landed in Venezuela. He called Daniel Ortega of Nicaragua his "brother President." He said to the Nicaraguan audience, "Among all of you, we are at home, like brothers." He went on to say, "I feel like I am with Iranians."

In Cuba, he was enormously happy to see the Commandant healthy and fit, and, of course, was very cordial to Rafael Correa in Ecuador, talking about the fact that Iran was presenting a message of love, affection, friendship, and solidarity with that great nation.

Coupled with these flowery statements is an economic investment being promised by Iran that may yet produce results. It so far has had mixed results, but it needs to be of concern to the United States. This is our backyard, and the Iranian charm offensive is not just a superficial endeavor. It may very well represent something far more sinister and worthy of U.S. foreign policy consideration.

With that, I yield back. Thank you, Madam Chair.

Chairman ROS-LEHTINEN. Thank you, Mr. Connolly.

Mr. Rivera of Florida.

Mr. RIVERA. Thank you so much, Madam Chair, and I want to add my words of commendation to a great American patriot, Congressman Dan Burton, for his great service promoting freedom and democracy for many, many years.

And I want to thank the witnesses for being here today. I look forward to their testimony. Throughout the last 3 years, we have continued to watch Iran expand its cooperation with state sponsors of terrorism and criminal organizations in our own backyard, while I believe the Obama administration has stood by idly as a spectator.

Chairman Ros-Lehtinen so eloquently stated that Ahmadinejad's tour of tyrants to Cuba was his fifth visit to the region since 2007, which I believe shows Iran's intentions in working with anti-American regimes to continue undermining the interest of the United States, which demonstrates how important it is for the Obama administration to work with Congress to develop a range of policy options to contain and prevent Iran's continued expansion into the region. This should include sanctions and law enforcement indictments against anyone seeking out economic and other arrangements with Iran.

And with that, I will yield back, Madam Chair.

Chairman ROS-LEHTINEN. Thank you, sir.

Mr. Cicilline? Gone. Mr. Murphy?

Mr. MURPHY. Thank you very much, Madam Chair. Thank you for convening this hearing. As Mr. Connolly said, this is a great

threat to the United States to have the President in our backyard. And the question is: What can we do about it?

Clearly, their ability to play in Latin America is constrained by the potential generosity of their government. Our ability to crack down on Iran with sanctions, as supported by this President and this Congress, constrains their ability to be generous in their support to Latin America countries. Our ability to encourage dissent within Iran promotes many people in that country who have very bad feelings about the amount of money that goes abroad from Iran.

Our ability as a country both to crack down on sanctions and to promote dissent clearly is at the top of the list of the tools at our disposal, and I look forward to the panel to give us additional tools.

Thank you very much, Madam Chair.

Chairman ROS-LEHTINEN. Thank you.

And our cleanup batter, Mr. Deutch of Florida, is recognized.

Mr. DEUTCH. Thank you, Madam Chairman, Ranking Member Berman, for your continued focus on the Iranian regime's attempt to exert influence around the world. And thank you to our witnesses for appearing today.

Madam Chairman, the latest visit by Ahmadinejad to Latin America leaves little doubt the regime is continuing to pursue allies in the region that will assist in its efforts to circumvent international sanctions and avoid isolation. And while we know Ahmadinejad has found a willing partner in Chavez, his warming relations with Ecuador and Bolivia are evermore troubling, given Iran's history in South America.

It is no surprise that the mastermind behind the AMIA bombing in Argentina, and current subject of an Interpol red notice, Ahmad Vidhi, now serves as Iran's Defense Minister.

And increasingly troubling is the long-standing and growing presence of Iran's proxy, Hezbollah, in the tri-border area. We must continue to make it clear, not only to the Iranian regime but to all nations, that the U.S. will not tolerate efforts to aid Iran's illegal nuclear program or support its state-sponsored terrorism.

I appreciate the opportunity, Madam Chairman, and I look forward to hearing from the witnesses.

Chairman ROS-LEHTINEN. Thank you.

And the cleanup batter on our side, Mr. Poe of Texas.

Mr. POE. Thank you, Madam Chairman. We have suspected for a long time that the tiny tyrant of the desert, Ahmadinejad, was doing more than holding powwows with his comrade Chavez. Now we have proof. His terrorist group, Hezbollah, has been money laundering for Colombian and Mexican drug cartels since 2006.

Hezbollah took drug cartel money, bought goods from Asia, and then shipped those goods back to Latin America to be sold by the drug cartels. Hezbollah made $200 million a year off the scheme until our DEA got involved. Undercover agents met a Hezbollah drug trafficker in Bogota, and before long it led to a major Hezbollah money launderer.

Last month Federal prosecutors in Virginia announced the indictment of Hezbollah operative Ayman Joumaa, who is now an outlaw on the run. The question is: How many more Joumaas are

out there? Was this just the tip of the iceberg? And, of course, what are we doing about it?

I yield back.

Chairman ROS-LEHTINEN. Thank you so much.

And now the chair is pleased to welcome our witnesses. First, we will hear from Dr. Norman Bailey, who is the president of the Institute for Global Economic Growth. Dr. Bailey previously served at the National Security Council and was the former mission manager for Cuba and Venezuela at the Office of the Director of National Intelligence.

Next, we welcome Michael Braun, a managing partner at Spectre Group International. Prior to this position, Mr. Braun served at the Drug Enforcement Administration as the chief of operations.

And I would like to welcome Michael Shifter, the president of the Inter-American Dialogue. Previously, Mr. Shifter directed the Latin American and Caribbean Program at the National Endowment for Democracy. Thank you.

And, finally, I would like to welcome one of our hometown heroes, Dr. Jose Azel. He is a senior scholar at the Institute for Cuban and Cuban-American Studies at the University of Miami—go Canes, my alma mater—and has written extensively about the relationship of Iran, Cuba, and Venezuela.

I would like to remind our witnesses that your entire statements have been made a part of the record, and I kindly suggest that you summarize your remarks to no longer than 5 minutes each.

And we will begin our expert testimony with Dr. Bailey.

STATEMENT OF NORMAN A. BAILEY, PH.D., PRESIDENT, INSTITUTE FOR GLOBAL ECONOMIC GROWTH (FORMER MISSION MANAGER FOR CUBA AND VENEZUELA, OFFICE OF THE DIRECTOR OF NATIONAL INTELLIGENCE)

Mr. BAILEY. Thank you very much, Madam Chair, and members of the committee.

Chairman ROS-LEHTINEN. Put the microphone—direct it a little bit closer to your mouth. Thank you.

Mr. BAILEY. My testimony today is based upon a paper that was published actually yesterday by the American Foreign Policy Council. And even though it was completed less than a month ago, several events have taken place which have signaled—and they have all been mentioned by members of the committee, so I am not going to go over them again, except to emphasize the appointment of General Henry Rangel, a notorious drug facilitator, as minister of defense of Venezuela.

But all of the other things that were mentioned have happened since then, so that both Iran and Venezuela have been signaling to the United States that they are a threat. We are a threat—they are saying, "We are a threat." And, finally, some important figures in the intelligence and security agencies of the United States have recognized the fact that we are vulnerable here in the Western Hemisphere.

It has only taken several years for that to penetrate to the U.S. Government, with the honorable exception of the Department of the Treasury, which has taken many steps over the past few years because of this threat to the United States.

For years, the media and the U.S. Government have repeated a familiar refrain, that the regime of now-ailing Venezuelan strongman Hugo Chavez, however annoying, poses no serious threat to the national security of the United States. Compelling evidence, however, suggests otherwise, and the most dangerous threat to the U.S. from Venezuela results from its facilitation and encouragement of the penetration of the Western Hemisphere by the Islamic Republic of Iran.

For the last several years, with Venezuela's assistance, Iran has created an extensive regional network of economic, diplomatic, industrial, and commercial activities, with significant effect.

This economic activism serves several clear strategic purposes for the Iranian regime. First, it allows Tehran to circumvent financial sanctions imposed by the United States, the European Union, and the United Nations, through the use of the Venezuelan and Ecuadorian financial systems.

Second purpose is to facilitate the funding of radical organizations and guerrilla movements in the hemisphere, such as Hezbollah, Hamas, Islamic Jihad, and the FARC and ELN in Colombia. Iranian sponsorship is not limited to Hezbollah, however, but to many of these organizations which are raising funds in the Western Hemisphere and plotting against the United States and other countries in the Western Hemisphere, as we have heard.

The Iranian regime has acquired various "industrial installations" throughout Venezuelan territory and elsewhere in Bolivia and Ecuador and Nicaragua. Many of these so-called factories actually produce something, but others are used for purposes of drug trafficking and storage of weapons.

The weekly flights between Caracas, Damascus, and Tehran are significant. There are no controls at either end, and even though these are supposedly commercial flights you cannot buy a seat on these flights.

The illicit shipping of armaments and other prohibited goods and energy cooperation. I specifically want to mention the important Iranian involvement in drug trafficking through Venezuela to Central America, Mexico, the U.S., the Caribbean, and to Europe, through West Africa, is both extensive and well documented. And I am sure we will hear more about that from other witnesses.

Activities of Iran in the Western Hemisphere have gone beyond Venezuela, as we have heard, into Ecuador, particularly in the financial area; the opening of Iranian Embassies in Nicaragua, Ecuador, and Bolivia; and the threat to Panama from the Iranian Embassy in Nicaragua; activities throughout Central America and in Panama, most specifically.

The construction of numerous warehouses for drugs amassed is a legitimate construction business throughout Central America. Trade and investment missions, likewise, have been exchanged with Uruguay, Paraguay, and Brazil, and Argentina has recently tried to improve its relationship with Iran.

What should we be doing? In testimony time and again, particularly to the Subcommittee on the Western Hemisphere, then chaired by Congressman Engel, who has been a pillar of strength on this and similar issues—and thank you very much, Mr. Engel, for your activities. My recommendations are the same as they have

been for the last 4 years, because none of them has been put into effect.

One is that attention be paid—and that is one of the few that very recently, within the last few weeks, has begun to take place in the intelligence and security communities. Secondly, sanctioning Venezuelan and Ecuadorian banks for facilitating Iranian evasion of the financial sanctions.

Thirdly, patrols outside the mouth of the Orinoco River, which have not taken place, and much of the drug trafficking into the Western Hemisphere and into Europe goes out of the Orinoco. And, finally, the declaration of Venezuela as a state sponsor of terrorism, which has been proven over and over and over again, and which would permit the United States and other countries to take other measures against Venezuela.

Thank you very much, Madam Chair, and members of the committee.

[The prepared statement of Mr. Bailey follows:]

Iran's Venezuelan Gateway
By Norman A. Bailey

For years, the media and the U.S. government have repeated a familiar refrain: that the regime of now-ailing Venezuelan strongman Hugo Chavez, however annoying, poses no serious threat to the national security of the United States. Compelling evidence, however, suggests otherwise. Under Chavez, Venezuela has systematically opposed U.S. values and initiatives throughout the Western Hemisphere and the world in general. It has tried to influence political events in other Latin American countries, sometimes successfully. It has supported guerrilla movements and terrorist organizations in other countries (most notably Colombia). And it has facilitated the activities of drug traffickers active in the region, even as it has destabilized the regional *status quo* through massive military purchases.

The most dangerous threat to the U.S. from Venezuela, however, results from its facilitation and encouragement of the penetration of the Western Hemisphere by the Islamic Republic of Iran. Since 2005, with Venezuela's assistance, Iran has created an extensive regional network of economic, diplomatic, industrial and commercial activities, with significant effect. The sum total of Iran's declared investments in the region now stands at some $20 billion, at a time when the Iranian economy itself is in exceedingly poor condition.[i] The depths of Iran's involvement in the Western Hemisphere are all the more surprising—and significant—given that there is no historical or cultural affinity whatsoever between Iran and the countries on this side of the Atlantic. Nevertheless, the Iranian regime in recent years has exhibited an unprecedented level of interest and involvement in the region, facilitated by its burgeoning strategic partnership with Caracas.

How Caracas helps Tehran

The most visible and pervasive feature of Iran's regional presence stems from its extensive web of economic contacts, using Venezuela as a beachhead. In April of 2009, Iranian President Mahmoud Ahmadinejad and Venezuelan President Hugo Chavez met in Tehran and inaugurated a binational Iranian-Venezuelan development bank. The institution, erected via an alliance between the Banco Industrial de Venezuela and Iran's Development and Export Bank, was established "with the aim of supporting joint economic, industrial and mining projects as well as speeding up the current projects" between Tehran and Caracas, Iranian state media reported at the time.[ii] It likewise has facilitated the formation of an entirely Iranian-owned bank, the Banco Internacional de Desarrollo, as well as a binational investment and development fund and the opening in Caracas of offices of Iranian commercial banks.[iii] In addition, many promises have made by Iranian officials elsewhere in the "Bolivarian" world, including the establishment of a new port on the Caribbean coast of Nicaragua and industrial installations in Bolivia. In most cases, however, little or nothing has actually been built, or even inaugurated—except in Venezuela.

This economic activism serves several clear strategic purposes for the Iranian regime. First, it allows Tehran to circumvent financial sanctions imposed by the United States, the European Union and the United Nations through the use of the Venezuelan financial system. In doing so, Iran is exploiting an existing loophole in the application of U.S. economic penalties. To date, the U.S. Treasury Department has sanctioned several Iranian banks and various individuals. So far, however, it has not imposed similar restrictions on any Venezuelan banks. As a result, Iran's

partnership with Venezuela effectively provides it with an ancillary avenue through which it can access the international financial system despite Western pressure.

The second purpose is to facilitate the funding of radical organizations and guerrilla movements in the Hemisphere. This includes, first and foremost, Hezbollah, the radical Lebanese militia that serves as Iran's principal terrorist proxy. Over the past three decades, the Iranian regime has facilitated the establishment by Hezbollah of a major regional presence throughout the Americas, and aided and abetted the organization's involvement in a range of illicit activities, from drug trafficking to money laundering.[iv] (In 2008, for example, the Bush Administration accused Venezuelan diplomat Ghazi Nasr al Din and Venezuelan-Arab businessman Fawzi Kanan of laundering money as well as facilitating the travel of Hezbollah members from Iran to Venezuela.[v]) In the last few years, scholarly analysis has also revealed the use of radical mosques in Caracas and elsewhere in Venezuela as a hub for Hezbollah fundraising activities, and more notably the existence of Hezbollah "support cells" on Margarita Island.[vi] Hezbollah likewise is known to have opened numerous military camps inside Venezuela, as well as in South Lebanon, with the express purpose of training young Venezuelans to attack American targets.[vii]

Iranian sponsorship is not limited to Hezbollah, however; Hamas and even al-Qaeda have also benefited from Iranian/Venezuelan sponsorship, especially in fundraising from the Islamic communities in various regional states.[viii] Locally, Iran has also aided the Colombian FARC guerillas through the provision of arms and training in both Iran and necessary for Iran's geo-political expansion into the region, and its investment in several key strategic sectors. These include:

Industrial and mining

The Iranian regime has acquired various "industrial" installations throughout Venezuelan territory, including a "tractor" factory in Bolivar state, a "cement" plant in Monagas, a car assembly plant in Aragua, and a bicycle factory in Cojedes.[ix] In reality, at least some of these installations have been identified as having been used for illicit purposes (such as the storage of drugs, weapons, and other items) beneficial to Iran and its client organizations, particularly Hamas and Hezbollah.[x] In addition, the Islamic Republic has secured control of a gold mine in Bolivar state which is reported to also produce uranium.[xi] Extensive tuna processing facilities, corn processing plants and a dairy products plant have been purchased by Iran in Sucre, Barinas, Yaracuy, Guarico and Zulia.[xii]

Transportation

Since the Venezuelan government now controls all of the country's airports and ports, there is no way of knowing what is entering or leaving the country other than what the government itself discloses. Nevertheless, certain telltale activities relating to the burgeoning Iranian-Venezuelan relationship can be observed. They include:

- Weekly flights connecting Caracas and Tehran, stopping in Damascus. These flights, which are alternately Conviasa and IranAir flights, although ostensibly commercial, accept no commercial passengers or freight and land and unload official passengers and cargo without any immigration or customs controls.[xiii]
- Illicit shipping of armaments and other prohibited goods. On December 30, 2008, for example, Turkish authorities intercepted 22 containers marked "tractor parts" in the port of Mersin—a shipment that in fact contained materials for making bombs and other weapons, bound from Iran to Venezuela.[xiv] The Iranian shipping line (IRISL) was

subsequently blacklisted by the U.S. government, which caused the Iranian government to form dozens of new shell companies to circumvent the sanctions (many of which have been sanctioned in turn).

Energy

Cooperation in energy lies at the heart of the economic ties between Caracas and Tehran. The Venezuelan state oil company PDVSA and Iranian state oil company PetroPars, for example, have formed a joint venture for the exploration of a block in Anzoategui state.[xv] Likewise, the Venezuelan petrochemical company PEQUIVEN and the National Petrochemical Company of Iran have formed a joint venture to manufacture plastics in Zulia state and construct a new petrochemical plant in Iran, supposedly with Venezuelan technical advice.[xvi] Most significantly, Venezuela has announced that it will ignore international sanctions and supply Iran with gasoline—a move that weakens U.S. efforts to pressure Iran by leveraging its deep dependence on foreign refined petroleum.[xvii]

Technical Assistance

In exchange, Iran has provided key technical assistance to Caracas in the areas of defense, intelligence, security, energy and industry. Among other initiatives, it has agreed to build an explosives plant in Carabobo state, and is known to produce weapons in the "tractor" factory in Bolivar.[xviii] As well, Iran's Revolutionary Guards have become involved in training Venezuela's secret services and police.[xix] Iran, moreover, is poised to help Venezuela in the area of nuclear power.[xx] This represents a particularly curious development, given that Iran actually has limited experience in the area of the peaceful use of nuclear energy, and that in any case nuclear power is a well-known and mature technology applied in numerous countries and by numerous companies around the world. It is therefore reasonable to conclude that the "technical assistance" being provided by Iran (and Russia) to Venezuela will be for the purpose of finding and exploiting uranium deposits in the Latin American country.[xxi] Recent reports that Iran has established missile bases in Venezuela, however, remain unconfirmed.

Drug Trafficking

Iranian involvement in drug trafficking through Venezuela, to Central America, Mexico, the U.S., the Caribbean and to Europe through West Africa is both extensive and well-documented.[xxii] The proceeds of this illicit trade are used to finance further penetration of Iranian interests into the region, as well as to at least partially fund the terrorist organizations mentioned above. Detailed Drug Enforcement Agency and United Nations studies have reported on the extensive drug trade from eastern Venezuela to West Africa, and then onward to Europe. Supply for this pipeline is believed to come from Iranian installations in the delta of the Orinoco River, where "tuna" boats and other vessels load cocaine from Iranian installations and then sent upstream.[xxiii] Other narcotics routes through Venezuela similarly channel cocaine via Santo Domingo (Haiti and the Dominican Republic) to the Gulf Coast of the United States and the west coast of Florida.[xxiv] Cocaine is also flown or shipped through Central America, particularly Honduras and Guatemala, into Mexico and the U.S.[xxv] Protection of the drug trade by the Venezuelan National Guard is so prevalent and notorious the Guard is sometimes referred to as an additional drug cartel (*Cartel de los Soles*, after the National Guard insignia of rank).[xxvi]

Branching out beyond Venezuela

Iran's activities in Latin America are most robust in Venezuela and its immediate neighborhood. However, Iran also boasts a complex web of activities (both political and illicit) throughout the Americas. Recent activities include:

- The opening of a branch of the Iranian Development and Export Bank in Quito, Ecuador.[xxvii]
- The opening of Iranian embassies in Nicaragua, Ecuador and Bolivia.[xxviii] The Nicaraguan embassy in particular is known to serve as the base for Iranian activities in the rest of Central America and Panama, and its "diplomats" are believed to be primarily intelligence agents and agents of influence operating in the subregion.[xxix]
- The construction of numerous warehouses for drugs, masked as legitimate construction businesses, throughout Central America.[xxx]

In addition, there are Iranian projects for ports in Nicaragua, petrochemical facilities in Ecuador, and a cement plant and uranium exploration and mining in Bolivia.[xxxi] In November of 2009, an Iranian delegation visited Brazil, to "strengthen economic and cultural ties" with that country, and several economic agreements—some of which would appear to violate international sanctions imposed on Iran—were signed.[xxxii].

Frequent visits by Iranian government officials to various countries in Latin America and visits by Latin officials to Tehran in the past two years have resulted in a large number of other agreements and projects. These have included the take-over a Canadian mining concession in Guyana[xxxiii]; the provision of a $250 million loan to Bolivia for the construction of one dairy and multiple industrial plants,[xxxiv] as well as an expansion of radio-communications coverage of the country for the government.[xxxv] In return, Iran has been granted extensive mining exploration and exploitation rights by the Bolivian government.[xxxvi]

Trade and investment missions likewise have been exchanged with Uruguay, Paraguay and Brazil, and all three countries have responded favorably to Iranian initiatives (although the Uruguayan Congress condemned a declaration by the Iranian ambassador denying the reality of the Holocaust). Argentina also, despite Iranian involvement in the bombings of the Israeli Embassy and a Jewish community center in Buenos Aires in 1992 and 1994, has been trying of late to improve ties with Iran, even offering to put aside the state investigation into the bombings.

Finally, and perhaps most significantly, the Lebanese-based terrorist organization Hezbollah has been permitted to establish a base in Cuba to add to its installations in the island of Margarita in Venezuela and the "tri-border" region between Paraguay, Brazil and Argentina.[xxxvii]

However, it is gradually becoming obvious throughout the continent that many of Iran's promises over the years, such as the construction of a Caribbean port in Nicaragua, 10,000 houses in Venezuela and refinery installations in various countries, simply have not materialized. This has not noticeably affected relations between the affected countries and Iran, however, since these relations are primarily ideological. The exception to this rule is Venezuela, where substantial Iranian investments have in fact been made in a variety of economic and industrial sectors.

Formulating a response

Over the past several years, Iran's thriving relationship with Venezuela—and its further expansion from there into the region—has succeeded in catching the attention of policymakers in Washington. So far, however, little by way of concrete responses has emerged to counter the extensive web of illicit activity and strategic connections that Iran has made in Venezuela and throughout Latin America.

Responding to this threat requires the United States and allied governments to complicate Iranian access to the Americas, and penalize those involved in facilitating Tehran's intrusion. This includes measures such as the designation of certain Venezuelan banks and affiliates by the U.S. Treasury Department and other agencies for their role in facilitating Iranian illicit activity, and even the outright declaration of Venezuela as a state sponsor of terrorism—a move that would open the door for the U.S. to take more direct and punitive action against the Chavez regime for its collusion with both Iran and Hezbollah. This potentially includes a boycott of Venezuelan oil exports to the United States; for the U.S, these deliveries (currently only some 850,000 barrels daily) could easily be made up with equivalent amounts released from the U.S. Strategic Petroleum Reserve. By contrast, such a move would have a much more pronounced impact on the Venezuelan economy.

Closer monitoring of Iranian activities in the Hemisphere, and an expansion of intelligence resources throughout Latin America, is also necessary to better understand—and track—the Iranian regime's regional presence. This includes maritime patrols of the mouth of the Orinoco River designed to complicate and disrupt existing trafficking routes currently being utilized by Iran.

Such steps should be implemented without delay. For it has become abundantly clear that Iran's penetration into the region, and Venezuela's facilitation of it, represents a real—and growing—security threat to the United States, as well as to the rest of the Hemisphere.

Dr. Norman A. Bailey is President of the Institute for Global Economic Growth and Adjunct Professor of Economic Statecraft at the Institute of World Politics in Washington, DC. He previously served at the National Security Council and in the Office of the Director of National Intelligence.

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[xxxii] "Iran Deepens Bilateral Relations With Several G-15 Countries," *G-15 Bulletin*, November 2009, http://www.g15.org/bulletinnovember09.pdf.

[xxxiii] Jose Cardenas, "Iran in Latin America No Laughing Matter," *InterAmerican Security Watch*, January 11, 2012, http://interamericansecuritywatch.com/iran-in-latin-america-is-no-laughing-matter/.
[xxxiv] Sullivan, *Latin America: Terrorism Issues.*
[xxxv] See the Bolivia chapter in the American Foreign Policy Council's *World Almanac of Islamism*, accessible online at http://almanac.afpc.org/Bolivia.
[xxxvi] "Iran Approves $254 mln Credit for Bolivia," *China Daily* (Beijing), August 31, 2010, http://news.xinhuanet.com/english2010/world/2010-08/31/c_13470827.htm.
[xxxvii] Menachem Gantz, "Report: Hezbollah Opens Base in Cuba," *Yediot Ahronot* (Tel Aviv), September 1, 2011, http://www.ynetnews.com/articles/0,7340,L-4116628,00.html.

Chairman ROS-LEHTINEN. Thank you so much. We will tease Mr. Engel at great length with that "pillar of strength" comment.

Mr. Braun.

STATEMENT OF MR. MICHAEL A. BRAUN, MANAGING PARTNER, SPECTRE GROUP INTERNATIONAL, LLC (FORMER CHIEF OF OPERATIONS, DRUG ENFORCEMENT ADMINISTRATION)

Mr. BRAUN. Thank you, Madam Chairman, Ranking Member Berman, and other distinguished members of the committee. Let me tell you right up front, Madam Chairman, I am not an expert on Iran, and I am not an academic. I am a practitioner. I spent 35 years in law enforcement, 24 with the DEA, and was fortunate enough to assent through the ranks and help lead the agency as its chief of operation for 4 years and chief of intelligence for about—acting chief of intelligence for about a year before that.

So I am speaking to you from that perspective, and a lot of that time, over that 35 years, was spent in some very tough locations and environments around the globe. And by the way, in fact, in this town as well.

So what I do know a great deal about, though, is how organized crime, terrorist, and insurgent groups operate, and how they collaborate around the world. So how does that relate to this hearing focused on Iran and their agenda here in the Western Hemisphere?

As you have said, Madam Chairman, and others on the committee, just 2 days ago the Director of National Intelligence, James Clapper, testified before the Senate Intelligence Committee on Iran's appeared to at least to be poised to strike the United States and our interests abroad.

How could Iran ever pull off attacks on the United States right here at home? Well, I can assure you that if that day comes, two of Iran's proxies will be leading the charge. It will be Quds Force and it will be Hezbollah. And the reason for that is because both organizations are now heavily involved in both the global cocaine and global heroin trade.

And because of that growing activity in this post-9/11 environment that we are all still living in, because of that growing—because of their growing involvement in that activity, far more of their terrorist fighters are now in our neighborhood and more and more on our doorstep. It has brought them into this part of the world in a large way.

You can rest assured that these organizations are developing, are working hard. They are masters at this. They have done it successfully in many places around the world. But you can rest assured that they are developing close relationships with organized crime cartels, the most powerful organized crime cartels that have ever operated anywhere in the world. And those are the Colombian and Mexican cartels, and that, by the way, would include the FARC, the Revolutionary Armed Forces of Colombia, also a designated terrorist organization.

When you take into consideration—and this has been mentioned by a couple of you—that the Mexican cartels now dominate drug trafficking throughout the world, as far as cocaine is concerned, but they also dominate the drug trade in the United States. The best

estimates are is that they are well entrenched in over 250 cities around our country.

If anyone thinks for a moment that the Hezbollah and the Quds Force has not recognized the strategic importance of that, of those cartels being in our communities in 250 cities, and all of the infrastructure that has been built over many, many years to support that activity, then quite frankly—and I don't want to be too crude here—but if folks aren't thinking about that, then they are stupid or at least they are naive, because I guarantee you the Quds Force and Hezbollah have recognized the strategic importance of all of that.

Interestingly enough, the DNI used an Iranian plot to assassinate the Saudi Arabian Ambassador here in Washington as a key example to support his position that Iran may well be poised to attack here in the homeland.

The Quds Force operative—or a Quds Force operative and an Iranian-American attempted to recruit one or more members of the ultraviolet Mexican Los Zetas drug trafficking organization, to carry out that attack with all things—for God's sakes, with all things, of a car bomb right here in Washington, DC. If that attack had taken place, that car bomb most assuredly would have taken out more than just the Saudi Arabian Ambassador.

And I don't want to do your jobs for your, and I certainly don't want to speak for you, but I would suggest strongly, the way I see it, that is nothing short of an act of war, especially in this 9/11 era that—you know, that we are continuing to live through and work through.

Thankfully, by the way, you know, the DEA and the FBI foiled that plot, and I believe saved ultimately—potentially saved a lot of lives.

I cannot think of a better example that the director could have used as a byproduct of a byproduct that comes about from the growing confluence of drugs and terror, something that I have talked about for the past 10 years and, quite frankly, not a lot of folks were willing to listen in this town.

Obviously, you are willing to listen, and I want to thank you for that. And thank you for your leadership, for calling this committee hearing together today.

Chairman ROS-LEHTINEN. Thank you very much, sir.

Mr. BRAUN. No, I——

Chairman ROS-LEHTINEN. I didn't know if that was a pause, a dramatic pause.

Mr. BRAUN. No, no, it was just a pause to collect my thoughts. But, you know, thanks to that unwillingness and the growing drug's terror nexus, we now have far greater numbers of Quds Force and Hezbollah terrorists in our neighborhood and on our doorstep, as I have said.

Finally, that same Quds Force that I have been talking about that is obviously prepared to commit acts of war against us right here in our homeland is also the same Quds Force that is holding the keys to Iran's strategic missile program, so many experts believe. So I think we need to be asking ourselves another very tough, important question, as a result of that. Who is going to be

holding the keys to Iran's nuclear arms program when that albatross hatches in the not-too-distant future?

Thank you, ma'am.

[The prepared statement of Mr. Braun follows:]

Statement for the Record

Thursday, February 2, 2012

By

Michael A. Braun

Before the U.S. House of Representative

COMMITTEE ON FOREIGN AFAIRS

WASHINGTON, D.C.

Regarding:

"Ahmadinejad's Tour of Tyrants

And Iran's Agenda in the Western Hemisphere"

Michael A. Braun

Managing Partner

Spectre Group International, LLC.

mb@spectregi.com

www.spectregi.com

Background

Madam Chairman, Ranking Member Berman, and Distinguished Members of the Committee, I would like to thank you for the opportunity to testify today on the threat posed by Iran's growing presence and influence in the Western Hemisphere. Just two days ago our Nation's Director of National Intelligence testified before the Senate Intelligence Committee on Iran and his believe that Iran was poised to initiate attacks on our homeland and our interests abroad. He used a recently foiled Iranian Quds Force plot to assassinate the Saudi Arabian Ambassador to the United States here in Washington, D.C as a key example to support his position. The Quds Force attempted to recruit one or more members of the ultra-violent Los Zetas Mexican drug trafficking cartel to carry out the attack. Based on the Director's shocking revelations, today's hearing has become even more important. My comments will focus on two of Iran's most menacing proxies, the Hezbollah and the Quds Force. Both of these organizations are now heavily involved in the global drug trade, and their participation in that effort presents them with myriad opportunities with which to build their terrorist and criminal capacity in the Western Hemisphere and elsewhere.

Madam Chairman each of you on this Committee, and many of your colleagues in Congress, should be praised for all that you have done to support the multi-faceted counterterrorism and counternarcotics efforts of our Nation and many other countries. I appreciate the fact that it is in that spirit you called us here today, to discuss the threat posed by Iran's growing presence in the Western Hemisphere, and that of the Quds Force and Hezbollah. These groups' mounting involvement in the cocaine and heroin trade is far more ominous than drug trafficking alone.

We have heard about the Hezbollah for many years, while the Quds Force lurked in the shadows for most of its existence. As you know, the Quds Force is the elite special forces arm of the Iran Revolutionary Guard Corp (IRGC) and is responsible for planning and executing clandestine foreign operations, including assassinations, and for building relations with Islamic extremists and underworld groups around the world. Our Country has designated both the Hezbollah and Quds Force as foreign terrorist organizations. The security challenges posed by these terrorist organizations' expanding involvement in the global cocaine and heroin trade are enormous and I believe it will be abundantly clear by the end of this hearing that most of the security challenges facing our Nation by this threat are not being appropriately and adequately addressed. What is even more threatening are the broader strategic implications, the by-product if you will, this activity has, and will continue to produce.

Before entering the private sector on November 1, 2008, I served for almost four years as the Assistant Administrator and Chief of Operations of the U.S. Drug Enforcement Administration (DEA), and for one year as the Agency's Acting Chief of Intelligence. I was also assigned to a number of DEA offices throughout the United States, including service on both our Southern and Northern borders, on both our East and West Coasts, in the Midwest, and three years engaged in paramilitary operations targeting the logistical infrastructure of major Latin American drug trafficking cartels in remote and austere locations in several South and Central American countries. It is through my 34 years in law enforcement that I sit before you today, deeply concerned about Iran's growing presence in the Western Hemisphere and beyond.

You will receive a career, federal narcotics agent's perspective on how groups like the Hezbollah and Quds Force operate and work hard to build relations with organized crime,

terrorist, insurgent, and smuggling organizations in permissive (under-governed) environments in the Western Hemisphere and around the world, and the related dangers posed by this growing phenomenon. We must understand that the Hezbollah and Quds Force are absolute masters at building these nefarious relations in order to leverage and exploit them for what they are most worth: to help them advance their agendas far from home. If anyone thinks for one moment that these terrorist organizations do not understand that the Mexican drug trafficking cartels now dominate drug trafficking in our country, reportedly in more than 250 cities, than they are very stupid or very naïve. And these groups most assuredly recognize the strategic value of exploiting that activity, and all that has been built to support it, for moving their vision forward in our part of the world.

Part of this Statement for the Record includes recommendations the Committee may choose to explore further that may help our government attack the threat more effectively. These recommendations are not meant to be all-inclusive; rather, they merely highlight certain weaknesses I perceive in our counterterrorism and counternarcotics strategies that I believe need to be shored up. Some of my recommendations include additional resources that the DEA may need. However, I retired from the DEA approximately three years ago and no longer officially speak for the organization. DEA executives are certainly better positioned than I am to make the most appropriate recommendations to this Committee that will ultimately impact the agency.

Finally, much of this statement reflects information contained in the Statement for the Record that I submitted as part of my testimony on October 12, 2011 before this Committee's, Subcommittee on Terrorism, Nonproliferation, and Trade regarding the growing confluence of drugs and terror. Appallingly, terrorism and drugs now go hand in hand—and Iran is one country right in the middle of both.

The Growing Involvement of Hezbollah and Quds Force

In the Global Drug Trade, and the Confluence of Drugs and Terror

By Michael A. Braun

The List of "Usual Suspects" has Grown Significantly

The nexus between drugs and terrorism is growing at a rate far faster than most policy makers in Washington, D.C. choose to admit, and far fewer will even talk about. In many ways this is not an entirely new threat; executives of the DEA have testified before Congress on many occasions over the past thirty-five years on the important role that drugs play in funding terrorist organizations and insurgencies around the world.

Prior to the 9/11 attacks on our Nation, experts usually found themselves talking about the terrorist organizations based in the Western Hemisphere when evaluating the confluence of drugs and terrorism, with an occasional mention of insurgent groups such as the Burma (now Myanmar) based, 10,000 man Shan United Army led by the notorious heroin trafficker Khun Sa, who dominated the sourcing of heroin to the U.S. for the better part of a decade in the 1980's and 1990's. However, after 9/11 the number of Foreign Terrorist Organizations (FTOs) designated by our Nation that are involved in one or more aspects of the global drug trade began to increase dramatically.

Today the Western Hemisphere's "usual suspects," the Revolutionary Armed Forces of Colombia (FARC), Colombian National Liberation Army (ELN), the remnants of the United Self Defense Forces (AUC) in Colombia, and the Sendero Luminoso (Shining Path) of Peru, all designated as FTOs by the U.S., European Union and many other countries, are certainly involved in the drug trade, but the FTOs involved in the global drug trade now include groups like Hezbollah, Iranian Quds Force, Hamas and Al Qaeda in the Islamic Maghreb (AQIM), to name just a few.

The DEA has conservatively linked at least half of our Nation's designated FTOs to being involved in one or more aspects of the global drug trade, but I believe that number to be far greater, especially when considering that there are so many ways to make hundreds of millions, if not billions of dollars in the industry. Generating contraband revenue from involvement in the industry can include the taxing of farmers, taxing finished drugs and the movement of drugs and precursor chemicals across borders, providing security to traditional cartels at clandestine laboratories, cache sites and airstrips, the manufacture of drugs, the transportation of drugs, and the distribution of drugs.

The real threat posed by this activity are the countless opportunities groups like the Quds Force and Hezbollah are presented with to develop and nurture relationships with organized crime and terrorist groups right here in the Western Hemisphere, in Africa, Europe and many other countries. They are provided with ample opportunities to learn from the most sophisticated organized crime syndicates in the world: the Colombian and Mexican drug trafficking cartels, which include the FARC, another group designated as a foreign terrorist organization by our Nation, the European Union and many other countries. And these relationships most likely

provide the Quds Force and Hezbollah with opportunities to leverage the transportation, money laundering, arms trafficking, corruption, human trafficking and smuggling infrastructures of the Colombian and Mexican drug trafficking cartels, as well as other organized crime and terrorist groups around the world.

Two recent examples come to mind that drive home these points. The plot to assassinate the Saudi Arabian Ambassador to the U.S. that was recently foiled by the Federal Bureau of Investigation (FBI) and the U.S. Drug Enforcement Administration (DEA) qualifies as the perfect example of the looming threat posed by Iran's proxies operating freely in the Western Hemisphere, and their ability to collaborate with organized crime. A member of the Quds Force and an American of Iranian ancestry hired a DEA operative source, believing the informant to be a member of the ultra-violent Los Zetas drug trafficking organization, to carry out the assassination of the Saudi Ambassador—on U.S. soil. Many experts in our intelligence community rushed to judgment and initially declared the plot to be far-fetched and lacking credibility, because they believe the Quds Force to be far more sophisticated in their tradecraft than that conspiracy revealed. However, let me remind you that the Director of National Intelligence, Mr. James Clapper, used this plot as an example of Iran's willingness to attack the US homeland and our interests abroad just two days ago when he testified before the Senate Intelligence Committee. Rest assured he used this conspiracy as his principal illustration during testimony under oath, because it has been assessed and heavily scrutinized from every angle and has in fact been determined as one hundred percent sound.

Couple that incident with the recent Department of Treasury Financial Crimes Enforcement Network (FinCEN) findings against the Hezbollah, and the Lebanese Canadian Bank based in Beirut, as well as several of the bank's affiliates for money laundering hundreds of millions of dollars of Hezbollah's cocaine dollars, and you are left with undisputable evidence that the Hezbollah and Quds Force are heavily involved in the global drug trade. The FinCEN findings are based on a long-term complex international conspiracy investigation by the DEA that is still playing out, which has also identified over 70 used-automobile dealerships here in the U.S. that are strongly suspected of supporting the conspiracy. Let me add that few, if any of those businesses, existed before the 9-11 attacks on our Country. That alone should send shockwaves through our intelligence and federal law enforcement communities. Sadly, I don't think its happening.

I believe the DEA finds itself in much the same situation as its predecessor agency, the Federal Bureau of Narcotics (FBN), found itself in the 1950s when FBN Director Harry Anslinger was working hard to alert Congress, the Department of Justice and the Nation on the pervasiveness of Italian organized crime in the United States, while the Federal Bureau of Investigation's (FBI) J. Edgar Hoover was vehemently denying its existence. Many in our government, at all levels, simply do not understand the looming threat posed by the confluence of drugs and terror; therefore, they continue to ignore it.

Why Drugs?

More and more foreign terrorist organizations (FTOs), just like the Hezbollah and Quds Force, are turning to the global drug trade, and to a lesser degree, other transnational criminal activity, to fund their operations, because our Country has been enormously successful in prosecuting the Global War on Terror (GWOT). There are principally two reasons for this

growing phenomenon: state sponsorship for terrorist organizations continues to decline, and our government and coalition partners have succeeded in significantly disrupting the funding stream to terrorist organizations from very powerful, private donors.

Although fluid and a bit tenuous at this point, there is a third dynamic taking place that appears to be unique to Al Qaeda (AQ). Our government has so disrupted AQ's ability to direct and manage (command and control) its cells and nodes around the globe, that the organization has been forced to shift from a "corporate" leadership model to a "franchise" mode of operation. In other words AQ's cells and nodes, in many ways, have been left up to their own devices to function, including self-sufficiency when it comes to funding their operations. Some of these cells and nodes are resorting to drug trafficking to do just that. The AQ cell, or affiliated cell, depending upon with whom you speak, that was responsible for the Madrid train bombings, funded that operation almost in its entirety through the sale of MDMA (3,4-methylene-dioxymethamphetamine), also known as ecstasy, and hashish.

There are myriad transnational criminal endeavors in which terrorist organizations can and do engage; however, nothing comes close to producing the kind of revenue that the global drug trade generates. The United Nations (UN) estimates that the global drug trade generates about $322 billion dollars annually, and estimates that the revenue generated by the drug trade flowing between Mexico, the U.S. and Canada is $147 billion dollars annually. The Office of National Drug Control Policy (the U.S. Drug Czar's office) estimates that our fellow citizens generate about $65 billion dollars a year attempting to satisfy their insatiable appetite for drugs. By comparison, the UN estimates that the next closest illicit global market, alien trafficking, generates approximately $32 billion dollars and that the illicit global arms trade generates about $10 billion dollars annually. Significantly, these statistics have been hotly debated and disputed by many experts, but it is difficult to find any others that have been compiled by professional organizations. Suffice it to say, most all of the same experts agree the illicit profits made from the global drug trade by traditional trafficking cartels and terrorist organizations alike are massive, and dwarf all additional revenue generated by other black markets.

The Impact and Importance of Permissive Environments

FTOs and drug trafficking organizations (DTO) both work hard to create permissive environments in which to operate, relying heavily on the hallmarks of organized crime, corruption, intimidation and ruthless violence, to carve out territory in certain regions of the world so that they can operate with impunity. Our military and intelligence community commonly refer to these areas as ungoverned or under-governed space.

FTOs and DTOs thrive in permissive environments, and invest hundreds of millions of dollars a year to disrupt good governance in many areas of the world by relentlessly undermining the rule of law. They often accomplish this through calculated corruption campaigns targeting the entire judicial spectrum including law enforcement, prosecutors, judges and prison officials, and security institutions consisting of military and intelligence forces, not to mention politicians at all levels. A few examples of permissive environments include the Tri-Border Area (TBA) of South America, the no-man's land where the borders of Paraguay, Argentina and Brazil come together; vast regions of West and North Africa; Afghanistan and the country's remote borders with Pakistan and Iran; Bolivia; Venezuela; and even certain areas of Mexico.

When I was serving as the Chief of Operations for the DEA, I asked the Agency's Intelligence Division to plot on a world map the locations where the 43 (now 47) designated FTOs were based. I then asked them to highlight the source countries for illicit drugs, as well as the major transit routes for the flow of drugs, precursor chemicals and cash associated with the global drug trade. I wasn't at all surprised when the end product clearly showed the FTOs and DTOs operating in the same permissive environments.

Hezbollah got their start a few years ago acquiring and shipping small 10 – 15 kilogram quantities of pure cocaine to Europe, Israel, the United Arab Emirates, Egypt and other locations where they could sell the small drug shipments for up to $1 million dollars in profit. Hezbollah operatives and supporters working in the TBA and other areas of Latin America are now routinely acquiring and shipping multi-ton quantities of cocaine to Europe, the Middle East and elsewhere via West and North Africa. And where you find Hezbollah, you most assuredly find Quds Force operatives working with them. Remember that it was the Quds Force that helped stand-up the Hezbollah in Lebanon, and they have been inseparable ever since.

The TBA, with a large Middle Eastern immigrant population, has long been of strategic importance to Al Qaeda, Hezbollah and Hamas, and has been a very important recruiting ground for disenfranchised young men who have little to their names, and even less to hope for. The recent Department of Treasury Financial Crimes Enforcement Network (FinCEN) findings against the Beirut based Lebanese Canadian Bank, and the Prime Bank of Gambia, centered on a long term and still active complex international conspiracy investigation by the DEA. The investigation paints a troubling picture of the Hezbollah's growing involvement in cocaine trafficking and reveals that as much as $200 million dollars per month in drug proceeds was being laundered by the terrorist group through the financial institutions. It paints an even more troubling picture of the strong ties between Hezbollah and the Quds Force when it comes to this activity.

DEA Special Agents and the Counter Narcotics Police of Afghanistan, supported by U.S. military and Department of State assets, raided a notorious heroin trafficker's compound in 2007 in remote Eastern Afghanistan near the Pakistan border. The trafficker was also reportedly one of the five founding fathers of the Taliban Ruling Shura in Kabul. Seized during the raid were his drug ledgers, which revealed that he had sold over $170 million dollars worth of heroin in less than one year; 81 metric tons of the poison. The bottom line—no other transnational criminal activity trumps the global drug trade for generating cold hard cash, and permissive environments make it all possible.

However, these areas of the world occupied simultaneously by FTOs and DTOs create even more dangerous threats that are more strategic in nature than the two more traditional examples mentioned above. This milieu has created opportunities for operatives from FTOs and DTOs to come together—dangerously close together.

For example, the Armed Forces of Colombia (FARC), a designated FTO by the U.S., the European Union and many other countries, has established a solid foothold in places like the West African nation of Guinea Bissau, along with other Colombian drug cartels, as well as powerful Mexican drug syndicates. These groups are all vying for the same lucrative turf offered by this extremely valuable piece of global drug trafficking real estate, which serves as an

important transit point for the billions of dollars of cocaine now destined for the ever expanding cocaine markets in Western Europe, Russia and other countries.

Remarkably, very few terrorism "experts" seem to be troubled by the fact that places like Guinea Bissau and the TBA are also occupied by the likes of Al Qaeda, Quds Force, Hezbollah and Hamas. If terrorism experts believe for one minute that the operatives from these FTOs and DTOs, who are occupying the same space at the same time, are not developing relations, forming alliances and sharing lessons learned, then they are naïve at best, or more likely, absolutely in the dark when it comes to understanding how the real underworld operates.

Let me put it more candidly: If you want to visualize ungoverned space or a permissive environment, I tell people to simply think of the bar scene in the first "Star Wars" movie. Operatives from FTOs and DTOs are frequenting the same shady bars, the same seedy hotels and the same sweaty brothels in a growing number of areas around the world. And what else are they doing? Based on over 37 years in the law enforcement and security sectors, you can mark my word that they are most assuredly talking business and sharing lessons learned.

They are developing close interpersonal relationships that are tempered and honed in the harshest and most dangerous environments. These close interpersonal relationships developing today will most assuredly evolve into strategically important inter-organizational relationships tomorrow, because many of the brutally tough young operatives that have been dispatched to places like Guinea Bissau and the TBA by their FTO and DTO leaders will undoubtedly ascend into key leadership positions within their respective organizations in the not too distant future.

We have long known that groups like the Hezbollah and Quds Force have the ability to work with some other Middle Eastern FTOs, but what in God's name do we do when they have the ability to collaborate with a Mexican DTO that already dominates drug trafficking in scores of cities throughout our country? What do we do when they have the ability to collaboratively work with the FARC, an FTO hybrid that is already moving hundreds of tons of cocaine from the north coast of Colombia into Mexico aboard fully submersible submarines capable of operating at a depth of 60 or more feet while loaded with up to ten tons of the poison (cocaine)? What else could those submarines transport?

It is not in the best interest of our National security to allow these threats to co-mingle and cohabitate anywhere on the globe, because the FTOs will only become stronger by developing alliances and sharing lessons learned with groups that are far more sophisticated organizationally and operationally then they are. The U.S. should be doing all in our government's power, working closely with willing partners, to disrupt and ultimately dismantle these powerful threats in places like Guinea Bissau, the TBA and elsewhere, but we are not. We could pay dearly for this failure to act in the future.

Instead, most U.S. federal law enforcement agencies, intelligence and military institutions have established separate counter-terrorism and counter-narcotics directorates, each having separate goals, objectives, policies and most troublesome, separate funding streams. In other words, these directorates remain stove piped ten years after 9/11, as the confluence of drugs and terror continues to grow exponentially.

I should add that there are a few instances where this is not the case. As an example, the U.S. Attorney's Office for the Southern District of New York (SDNY) consistently prosecutes our Nation's most important terrorism and international drug cases. Consequently, not long ago the SDNY merged its international drug section with its foreign terrorism section, because U.S. Attorney Preet Bharara and Deputy U.S. Attorney Boyd Johnson (now retired) recognized first hand the unequivocal connection between the two.

I wish the threat posed by permissive environments ended there, but it certainly does not. It is compounded even further by other despicable relationships that typically emerge in these types of atmospheres. In Guinea Bissau for example, the Colombian and Mexican cartels have also teamed with indigenous organized crime groups, and groups like the infamous Tuareg nomads further to the north, that has controlled smuggling routes through the Sahara for centuries. The Latin American cartels needed to forge these relationships as they built their African cocaine smuggling infrastructure. As in this case, indigenous organized crime syndicates and smuggling groups are typically very unsophisticated, but they are now learning from the most sophisticated global organized crime cartels that have ever existed, the Colombian and Mexican DTOs and a hybrid FTO, the FARC.

The Colombian and Mexican cartels are paying these indigenous groups "in kind" (with cocaine product) for their services with helping to smuggle multi-ton shipments of cocaine through West and North Africa and into the soft underbelly of Europe. This phenomenon has resulted in the creation of new markets for cocaine and crack cocaine (base) in West Africa, where these homegrown groups can set and control retail market prices with the cocaine they have received as payment for their services, expand into surrounding countries, and further corrupt already weak governments.

We begin to see what I refer to as a "symbiotic destabilization of government," much as we witnessed in Colombia several years ago, in Afghanistan today, and in other parts of the world where FTOs and DTOs occupy the same space at the same time. When the FTOs attack government forces with brutal violence, the DTOs benefit as well; and when the DTOs destabilize government through physical attacks or through well planned corruption campaigns, the FTOs benefit just as much as organized crime. It is a never-ending, vicious circle that continues to degrade already weak governance. Yet our response is to invest in counter-terrorism projects to build host nation institutional capacity, or to invest in counter-narcotics programs to build competence in that realm. However, the strategies and objectives of these disparate, yet well-meaning endeavors remain unconnected or disjointed. We could accomplish so much more with a unified approach to fighting terrorism and the global drug trade that supports it. The two are inextricably connected, yet our strategy for fighting them remains disjointed.

The Emergence of the Hybrid Terrorist Organization; It's All About the Money

The Revolutionary Armed Forces of Colombia (FARC), which has been active since 1964, was absolutely opposed to becoming involved in the cocaine trade until the early 1990s. When the Soviet Union fell and the funding stream from Cuba dried up, the FARC executive secretariat, realizing they were perfectly poised at the center of gravity for the global cocaine trade, made a corporate decision after no more then 10 minutes of debate: they were in. They really had no choice; the FARC would have to become involved in the cocaine trade if they

wanted to keep their movement alive. The FARC got its start by taxing poor farmers, one of the earliest and most renowned organized crime schemes and forms of extortion. They then formed alliances with traditional drug traffickers and began providing security at clandestine drug laboratories and cache sites and the FARC also provided critical security at clandestine airstrips and on river transit routes.

They taxed the movement of drugs through their own country, as well as across clandestine smuggling routes with bordering nations. They next became involved in the full-scale production, transportation and distribution of cocaine, and are now recognized as the world's largest manufacturer and distributor of cocaine, while simultaneously recognized by our Department of State as the Western Hemisphere based FTO that poses the greatest threat to our part of the world. They are always evolving. They emerged into, what I refer to as, a "hybrid terrorist organization." One part designated FTO, and one part global DTO. And groups like the Hezbollah and Taliban are following the same exact evolutionary path as the FARC.

In the context of funding a terrorist organization, it is important to understand that the cost of an actual terrorist attack is minimal. The Madrid train bombings, which were funded through drug trafficking by the Al Qaeda affiliated cell, only cost about $70 thousand dollars to pull off. Although there is no evidence to indicate that any part of the 9/11 terrorist attack on the U.S. was paid for by drug trafficking activity, most experts agree that the 9/11 attacks only cost Al Qaeda about $500 thousand dollars.

On the other hand, it costs hundreds of millions of dollars annually for the care and nurturing of a truly global terrorist network. Operatives must first be recruited and indoctrinated; they must be trained in all manner of clandestine activity, usually in very remote, secretive locations; they must be armed by global arms traffickers; safe-houses must be acquired and operated around the world; counterfeit documents must be acquired; alien traffickers must be paid to transport operatives across borders; terrorists cannot operate effectively without the latest in costly telecommunications and other communications and navigation equipment; and finally, they must be paid and provided with large amounts of operational funding, including huge quantities of money to corrupt government, military and intelligence officials.

The only area where FTOs and DTOs really differ is in what motivates them. DTOs have always been motivated by greed, while religious, cultural, or some other ideology has traditionally motivated FTOs. Yet when FTO leaders get a taste for the enormous amounts of revenue generated by their involvement in the drug trade, ideology quickly goes out the window. Rest assured that the hierarchy of these hybrid terrorist organizations continues to leverage ideology for what its most worth—recruiting and indoctrinating the young warriors to do the dirty work required to keep their criminal enterprises alive and healthy.

A Transition Made Easier By A Nearly-Identical Modus Operandi

The ability of FTOs to carve out a lucrative piece of the global drug trade is made all that much easier when you consider that FTOs and DTOs operate almost identically. They are both broken down into highly compartmentalized cells to thwart the effectiveness of operations by law enforcement and military and intelligence services. If one or only a few cells are taken down, the chance of inflicting collateral damage to the greater organization is virtually impossible; all by calculated design.

Cell heads only manage the activities of their cell members, and the cell head usually receives management and direction, most often by way of telecommunications devices that are changed out every few days, from someone at a higher level who he or she knows only by first name. And both FTOs and DTOs have the ability to quickly rejuvenate. When government experiences success in taking down a number of cells simultaneously, the threat quickly morphs into something that does not look like or act like what government security forces were focused on just a few months earlier.

As mentioned earlier, they both rely heavily on the hallmarks of organized crime, corruption, intimidation and brutal violence. A survey by the DEA just a few short years ago of its top performing confidential informants (human intelligence sources) revealed that the single most important enabler to the successful operations of DTOs was their ability to corrupt. More simply put, if they cannot successfully corrupt then they cannot successfully operate, and they invest hundreds of millions of dollars annually to corrupt all levels of government.

FTOs and DTOs rely on the latest in technology to communicate and to navigate with pinpoint accuracy to anywhere on the globe. They are masters at exploiting the technological changes taking place at light-speed in the telecommunications and communications industries. These changes help FTOs and DTOs foil the best efforts of law enforcement, military and intelligence services, all of which are hindered by antiquated legislative and policy barriers, including right here at home.

The Shadow Facilitators

FTOs and DTOs rely heavily on what I refer to as "shadow facilitators" to operate effectively: the same arms traffickers, money launderers, human traffickers, document forgers, etc.; similar to "outsourcing" in the private sector. It is efficient, and it saves money. The shadow facilitators, wittingly or unwittingly, often serve to bridge the divide between FTOs and DTOs operating in the same permissive environments around the globe. In ungoverned space, the shadow facilitators have the ability to move freely within both circles, where they often times promote meetings, the formation of alliances, and the sharing of lessons learned. They are masters at creating demand for their goods and services, concurrently cashing in on the needs and requirements of the FTOs, DTOs and other organized crime threats.

Recommendations

We need to break down the barriers separating counternarcotics and counterterrorism in our government, which are usually stifled by the distinct operational authorities and sources of funding that each agency possesses and more importantly that are prohibited from being intermingled. We need a whole of government approach to building security capacity in troubled areas around the world, and the best way to do that is through the development of strategies that require interlocking CN/CT principles, goals and objectives.

I happen to believe that the DEA needs additional extra-territorial teams working as part of the agency's Special Operations Division (SOD) (only two currently exist), Foreign-Deployed Advisory and Support Teams (FAST), and International Training Teams, and the logistical and support resources required to field them in the most remote and dangerous areas of the world. That's where our Nation's most threatening adversaries now operate, and the DEA should be

there as well building cases with trusted counterparts against the thugs who want to do us harm. It was the DEA extra-territorial teams that brought some of the world's most notorious criminals to justice over the past seven years, the likes of which included Haji Bashir Noorzai, Monzer al-Kasar, Haji Juma Khan, and Victor Bout, just to name a few. You can only imagine what they could do if they had more than two such teams, especially when considering that each team consists of only about 10 agents.

Our government broke the back of traditional Italian organized crime in the U.S. by bringing the heads of the Italian crime families to justice in federal court. It is important for Congress to understand that the DEA needs additional extra-territorial teams and resources to work with foreign counterparts to bring the heads of the world's most powerful drug trafficking cartels and narco-terrorists to justice in the U.S., or in other competent jurisdictions.

The DEA requires the funding and human resources necessary to open additional offices in Africa, and other austere locations where our adversaries have unsurprisingly migrated beyond the rule of law. The DEA, widely recognized as having the most robust and accurate human intelligence program in our government, requires the funding necessary to keep this critically important program in pace with growing demands.

Let me remind you that the plot to assassinate the Saudi Arabian Ambassador to the U.S. that was foiled today by the FBI and DEA hinged on a DEA confidential informant who had been hired to carry out the attack—on U.S. soil. A member of the Iranian Quds Force and another suspect, believing the DEA informant to be a member of the Los Zetas drug trafficking cartel, offered to pay the informant several hundred thousand dollars for the assassination, and allegedly paid the informant approximately one hundred thousand dollars as a partial payment for the murder. I cannot think of a better example to use in stressing the importance of additional funding for the DEA's confidential informant program then this case.

Our government needs to utilize its powerful, corruption free criminal judicial process to render more indictments against terrorist organizations and shadow facilitators, similar to those rendered in the Southern District of New York (SDNY) over the past few years. The SDNY has indicted the top 50 members of the FARC executive secretariat and against global arms traffickers like Victor Bout and Monzer al-Kasar, exposing terrorist leaders and shadow facilitators for what they really are: criminals and thugs. This sends a powerful message to the world community, including large numbers of uninformed people who view these threats as freedom fighters and the modern day Robin Hood.

Monzer al-Kasar and Victor Bout, both mentioned above and the two most prolific arms traffickers in modern times, are perfect examples of shadow facilitators. Our government needs to focus more heavily on the arms, human and counterfeit document traffickers and money launderers of the world. They often service and support both FTOs and DTOs, and can lead us in myriad directions. I believe the shadow facilitators are in fact vulnerability in the war on terror that we have failed to attack to the extent necessary.

The DEA has a model program developed several decades ago wherein the agency helps to select and fully vet handpicked teams of foreign law enforcement counterparts. Members of these teams undergo background investigations, polygraph and urinalysis examinations and extensive training as part of their selection process. Most important, they work shoulder-to-

shoulder with DEA Special Agents on bi-lateral investigations for several years after they are selected for these prestigious assignments, and it is under these conditions that the real vetting naturally takes place during tough and dangerous work; all of which is tempered by mutual respect, and honed by genuine, everlasting friendships. Most of these vetted officers ascend through the ranks of their respective agencies to senior leadership positions, which can only spell future success for our government in the many countries where these officers live, work and lead.

These Sensitive Investigative Unit and Vetted Unit programs allow the DEA to take highly sensitive information and intelligence, sanitize it and share it with their foreign counterparts in a timely manner so enforcement operations can be executed safely and effectively without compromising the source(s) of information from which it originated. Sadly, I have heard this program, which is the best example that I know of for the force-multiplier concept in US federal law enforcement abroad, is suffering from insufficient funding. The additional teams that are needed in various parts of the world cannot be constituted, and in some cases existing teams may have to be disbanded.

Our government is obsessed with developing security strategies designed to "defend the one yard line," specifically our border with Mexico. We need to have a greater emphasis on developing "defense in depth" strategies when it comes to protecting our homeland. Our government does not have the resources deployed in Latin America we had prior to 9/11. We need to be identifying threats originating deep in Central and South America, as well as the Western Caribbean and Eastern Pacific, before they emerge on our doorstep. The DEA has the largest US law enforcement presence abroad, including in Latin America, but the agency is struggling to keep domestic and foreign offices open, and agents and analysts on the payroll.

After 9/11 a large percentage of our Department of Defense detection and monitoring (D&M) assets assigned to countries covered by Southern Command's area of responsibility were deployed to other parts of the world, and I have been told they have not returned. Yet Hezbollah and Iranian Islamic Revolutionary Guard Corps (IRGC) operatives, including members of the Quds Force, are pouring into Latin America, thanks in large part to Hugo Chavez in Venezuela, the undisputed gatekeeper for Middle Eastern terrorist groups seeking to enter Latin America. Most of this activity appears to be taking place south of Mexico, but there are persistent signs that Hezbollah has strong interest in our Southwest Border.

Many in government fail to recognize that the most successful way of protecting our homeland from terrorists is by maintaining a relentless focus on the traditional threats at and beyond our borders: drug trafficking, human trafficking, weapons trafficking, and money laundering (movement of bulk cash and other proceeds). As law enforcement confronts these threats, they are far more likely to come in direct or indirect contact with terrorist operatives seeking to enter our country, or who have entered our country, to do us harm.

We must do a better job at following the money. No doubt, success can be experienced by a talented analyst sitting in a pod tracing the tens of millions of financial transactions that take place around the globe on a daily basis. However, a more productive way to accomplish our goals and objectives, especially when considering that most terrorist financing takes place clandestinely, is by doing business the old fashioned way: exploiting law enforcement

confidential informants, judicially approved telecommunications intercepts, and complex international, multi-agency conspiracy investigations.

More leaders in our government need to understand that when we follow the money, we can go in any direction we choose. However, they must also understand that drugs are routinely traded for the most sophisticated weapons systems in the world, and they are traded for money, counterfeit documents, the services of human traffickers and other smuggling groups; I call this "the currency of contraband." There is ample evidence that the Quds Force routinely attempts to trade heroin for sanctioned equipment of military value. The numbers of times they succeed in their attempts are anyone's guess. Many in our government have lost site of the importance of seizing drugs and precursor chemicals, thus removing them as a source of funding, and in bringing those who are responsible for trafficking them to justice.

Finally, we as a government have changed directions far too many times in our battle against drug trafficking and abuse over the years, and those in harms way who are working hard to attack the problem are the ones who usually experience most of the pain stemming from Washington's well meaning ideas. There has been a recent movement to focus government resources on "Transnational Organized Crime" (TOC). The notion is that DTOs are involved in more than just drug trafficking, and I am not disputing that fact. However, DTOs receive the vast majority of their contraband revenue from the global drug trade, and the DEA and other U.S. law enforcement agencies have all the jurisdictional authorities required to investigate other crimes the DTOs engage in, so I do not understand the reasoning behind this trend.

The DEA has the largest U.S. law enforcement presence abroad, and is operationally engaged with foreign colleagues in bi-lateral investigations in all of the agency's 87 foreign offices. The agency is engaged in far more than liaison work abroad, has trained and vetted thousands of their counterparts around the world, and has worked hard over the last 40 years to build the infrastructure needed to attack the DTOs on their own soil. The only thing that has been accomplished with the recent movement to target TOC instead of DTOs is confusion on the part of many of DEA's foreign counterparts, and even more confusion on the part of law enforcement right here at home. As one DEA Regional Director recently said to me, "If a DTO is making over 90 percent of its revenue from the cocaine trade, why would we refer to it as TOC when they're receiving only a pittance from the low level activity they're involved in?" DTOs have always been involved with human and arms trafficking, money laundering, cartage theft, and shakedown schemes, but it is the stiff penalties they face from Title 21, United States Code convictions that break their backs. Why are we confusing the issue, yet again?

Summary

So what's the bottom line? Global DTOs and FTOs live, multiply and operate in exactly the same ungoverned space, at exactly the same time, in exactly the same manner. They are vying for exactly the same money, generated by the same illicit enterprise, drug trafficking and to a lesser degree, other transnational organized criminal activity. They rely on the same shadow facilitators to operate effectively; the arms traffickers, alien smugglers, money launderers and document counterfeiters to name just a few. When you compress two or more of these well trained and well armed threats (FTOs/DTOs) into this space/time continuum, they are usually left with only two options: They can build alliances, or they can fight it out for supremacy, both of which undermine peace, security and stability. And providing peace, security and stability in

challenged environments around the globe is the single most important thing our Country can do in its global war on terrorism. Terrorist organizations do not thrive in areas of the world where capable security institutions exist, and the rule of law is strong.

Professor James Fearon of Stanford University's Political Science Department conducted an exhaustive study entitled, "Why Do Some Civil Wars Last So Much Longer than Others," that was published in 2002. I do not want to oversimplify the study, but in summation I recall the Professor identified 128 civil wars that played out, and in some cases continued to play out, from 1945 through 2000. On average 111 of the conflicts lasted about eight years, but Professor Fearon identified 17 of the 128 that lasted on average over five times longer, or about 40+ years. The most significant difference between the two sets: The insurgent and anti-government groups involved in the 17 much lengthier conflicts generated their own contraband revenue, often through the sale of drugs. Drugs provide a never-ending funding stream straight into the war chests of terrorist and insurgent organizations that are hell bent on destroying our way of life. If we continue our war against terrorism with far greater enthusiasm and vigor than we battle drugs, we are most likely in for a very long and costly fight.

Finally, if our Nation's Director of National Intelligence believes that the Quds Force plot to assassinate the Saudi Arabian Ambassador in the city of Washington, D.C. is credible, and he obviously believes it to be so after a great deal of scrutiny by our intelligence community and the FBI and DEA, then shouldn't we be asking ourselves just one simple question: "Who will be holding the keys to Iran's future nuclear weapons arsenal." Shockingly the answer is quite clear—the Quds Force. We had better get focused on doing something about it.

Chairman ROS-LEHTINEN. Thank you, sir.

Mr. Shifter, welcome.

STATEMENT OF MR. MICHAEL SHIFTER, PRESIDENT, INTER-AMERICAN DIALOGUE

Mr. SHIFTER. Thank you very much, Madam Chair, and thanks to Ranking Member Berman and all members of the committee. I am very grateful for this opportunity.

This is an issue that needs to be taken seriously. No one doubts the nature of the Iranian regime. All of its actions that have been cited this morning have justifiably made it an international outcast, but these features are antithetical to today's Latin America, which is living through a good moment of self-confidence and democratic politics.

The region may want more independence from the United States, but it also wants to work more closely with the U.S. It has no interest at all in aligning itself strategically with Iran. That would be completely counterproductive.

Iran is trying to expand its support in the region. Ahmadinejad did visit four countries on his recent visit to reinforce the few ties he still has in the world. But his efforts have not been successful, and the four countries he visited—Venezuela, Nicaragua, Cuba, and Ecuador—are less and less relevant to regional politics. It is telling that Ahmadinejad did not go to Brazil where he traveled in 2009. Iranian-Brazilian relations have weakened. Moderation and pragmatism are increasing in Brazil and throughout the region.

Iran's window and point of entry in Latin America has been Venezuela's Hugo Chavez. They have forged a strategic geopolitical alliance. Their aim is to curtail the influence of the United States. They have used oil revenues and diplomatic resources to advance their objectives. But Chavez has serious problems at home, and Ahmadinejad is reportedly also beset by very severe difficulties.

Iran's trade with the region has increased, especially with Brazil, but it remains insignificant. Many of the economic projects that were promised never materialized. On more serious matters, skepticism is warranted and understandable. In the early 1990s, the Iranian regime was involved in terrorist actions in Buenos Aires, the Israeli Embassy, and AMIA Jewish Community Center.

I happened to be in Buenos Aires the day of the attack of the Israeli Embassy, a few blocks from the Israeli Embassy, having lunch. And so I have a strong sense of the impact of that terrorist action that day in 1992.

In October, the U.S. accused Iranian authorities working with Mexican drug cartels of directing a plot to assassinate the Saudi Ambassador in Washington. There have been more recent allegations about Iran and the region that should be pursued. There has been a lot of conjecture and speculation. The nature of Iran's involvement in Latin America is tentative. The highest standards of evidence should apply.

There have been accusations, for example, about training camps for terrorists and support for prospecting uranium in Venezuela and Ecuador. These charges have not been substantiated. I am sure and confident that our intelligence agencies are pursuing energetically these leads and are doing the best to gather any rel-

evant intelligence. If they are not, they certainly should be doing so.

There have also been accusations about money laundering through the region's banks to help finance Hezbollah's activities. This is no doubt a serious problem throughout the Western Hemisphere. There needs to be a coordinated effort among law enforcement agencies to address it seriously.

What should the U.S. do? Well, the Obama administration has taken a few steps, including imposing financial sanctions on Venezuela's state-owned PDVSA oil company for violating U.S. law by doing business with Iran. It has rightly been keeping a close and careful watch on Iran's role in the hemisphere.

There have also been calls for a tougher U.S. stance in the region, but it is important to assess carefully the likely consequences of any alternative approach. It is crucial that the U.S. consult closely with the major players in Latin America about Iran's role and the best way to respond.

Ask our friends and allies what they think is going on. They surely would not want to risk their hard-earned peace and democracy by allowing the spread of terrorist forces in the region. This approach would fit with seeing Latin America not as a threat but as a series of opportunities.

The governments that Ahmadinejad recently visited are not representative of the region. They are marginal and do not pose a threat to the United States. The best way to deal with this issue and advance U.S. national interest is by working more closely with major Latin American players and by keeping a very careful watch.

Thank you very much.

[The prepared statement of Mr. Shifter follows:]

Statement of Michael Shifter
President, Inter-American Dialogue

Before the
House Foreign Affairs Committee

"Ahmadinejad's Tour of Tyrants and Iran's Agenda in the Western Hemisphere"

February 2, 2012

Madame Chairman and Members of the Committee:

I am grateful for the opportunity to share my views about Iran's agenda in the Western Hemisphere, especially in light of President Ahmadinejad's recent visit to four Latin American countries.

This is an issue that merits public discussion and needs to be taken seriously. No one has any illusions about the fundamental nature of the Iranian regime. One can debate about its capacity and strength – and its complex internal politics -- but few would dispute that the regime deserves the widespread condemnation it has received. Iran's continued flouting of international law, support for terrorist groups, threats to Israel, and consistent violations of UN resolutions in its nuclear program have made it, justifiably, an international outcast. Its actions anywhere in the world should be watched closely.

Happily, in today's Latin America Ahmadinejad will not find a very hospitable environment to extend his influence. In general, Latin America is living through a moment of enormous self-confidence and assertiveness in global affairs. The region may be seeking to be more independent from the United States but at the same time it is also interested in closer ties and greater cooperation on a range of issues. It has no interest in aligning itself strategically with Iran.

For a region that is today understandably proud of its hard-earned prosperity, democracy, and social peace, aligning itself with Iran would be irrational and counterproductive. The last thing Latin America wants to do is to risk going backwards, which is what any kind of political or security alliance with Iran would signify. There is absolutely no reason why Latin America should have supported Ahmadinejad's recent gambit to build Iran's support in the region.

As expected, Ahmadinejad visited four countries that are less and less relevant in the region's politics. The itinerary, which included Venezuela, Nicaragua, Cuba and Ecuador, showed that he himself did not have very high expectations for his trip. He was trying to reinforce the few ties he still has in the world, and to shore up his shrinking political support at home.

Based on available accounts, he fared even worse than anticipated. He had little to offer the governments he visited -- and they in turn had little to give to him. There is no evidence that the four societies welcomed his presence at all. For them, Ahmadinejad is a pariah.

It is noteworthy that Brazil was not part of Ahmadinejad's itinerary this time (as he was in 2009). The current government of Dilma Rousseff seems to be giving Iran the cold shoulder, despite a growing economic relationship between the two countries. Recent press reports suggest Iranian officials are less satisfied with their relationship with Brazil than under the previous government. In 2010, a more accommodating Turkish-Brazilian proposal on Iran's nuclear program strained relations between Washington and Brasilia. But Iranian-Brazilian relations seem to have weakened, highlighting a spreading moderation and pragmatism throughout the region.

Ahmadinejad's window and point of entry in Latin America has been Venezuela's Hugo Chavez. They have forged a geopolitical alliance that is aimed at curtailing US influence throughout the world. As major oil producers, they have used available revenues to pursue that overriding objective. They have also employed diplomatic resources to advance their aims. But it is clear that, after 13 years in office, Chavez is on the decline, and Ahmadinejad, after seven years, also has serious difficulties -- in his own country and region, and especially in the Western Hemisphere. Their foreign policy ambitions have been stymied.

Iran has clearly sought to expand its support in Latin America (it has opened six embassies since 2005). But with its economy in dire straits, its ability to do so is severely limited. Economic projects in country after country have failed to materialize. There have been myriad bilateral deals between Iran and Venezuela, including joint ventures to produce cars, tractors, and bicycles, and some cooperation in mining exploration and housing construction. But in Nicaragua, Iran pledged construction of a dam and a $350 million deep-water port, as well as auto and cement projects – and none has come into being. Economic cooperation between Ecuador and Iran remains virtually nil.

One crucial question, however, is whether, given the nature of the regime, Iran's involvement in the region should be regarded as benign. On this score there are admittedly ample grounds for skepticism, given the regime's demonstrated support for terrorist activities and organizations such as Hezbollah. In Latin America, Iran has been credibly accused of involvement in the bombing of the Israeli embassy (1992) and the AMIA Jewish community center in Buenos Aires (1994) that killed 85 people. (Argentina has warrants out for Iran's current defense minister and other officials.) In October, the United States accused Iranian authorities, working through Mexican drug cartels, of directing a plot to assassinate the Saudi ambassador in Washington.

A number of serious allegations have been made about Iran's current activities in Latin America. The first is that Iranian agents are sponsoring training camps for terrorists. Another allegation has to do with Iranian support for prospecting uranium in Venezuela and Ecuador. These charges have not, however, been substantiated. There is no convincing evidence that such activities are taking place. This is noteworthy in light of what are presumably vigorous efforts by US intelligence agencies to gather pertinent intelligence.

More plausible are repeated accusations of money laundering through the region's banks, to help finance Hezbollah's activities. The drug question, and associated money laundering, is a widespread and serious problem throughout much of the Western Hemisphere that requires sustained and coordinated efforts among law enforcement agencies. Any available information about this problem, and Iran's possible role, should be pursued energetically.

How should the US respond to this situation? The Obama administration has taken a few modest, limited steps. In May, it imposed financial sanctions on Venezuela's state-owned PDVSA oil company for violating US law by doing business with Iran. On January 8th, the US expelled the Venezuelan consul in Miami based on reports of involvement in a possible cyberattack on the United States. In December President Obama gave an interview with the Venezuelan newspaper *El Universal* that clearly signaled his displeasure with Venezuela's ties with Iran.

There have been calls for a more aggressive and hardline US posture towards the role of Iran in Latin America. It is not clear, however, what an alternative position would entail and what it would accomplish. Invoking the Monroe Doctrine in this day and age would be very misguided and would alienate our closest Latin American friends. It would ultimately be self-defeating.

It would further be a mistake to base a policy course merely on speculation and conjecture. It is important to adhere to the highest standards of evidence in assessing Iran's role and what the US should do in response. Otherwise, there is a risk that policies could end up being counterproductive and only strengthening Iran's influence in the region.

The United States, both the administration and the Congress, should keep a close and careful watch on Iran's role in the Western Hemisphere. It is important not to be naïve or lax regarding its potentially threatening activities, in light of what is known about its history and the nature of the Iranian regime.

Most crucially, US officials should be consulting in a quiet and discreet way with our allies in the region about this matter. Governments like those of Brazil, Chile and Colombia would most certainly resist the installation and spread of any threatening, militant forces in Latin America. It is one thing to have economic and diplomatic relations with Iran and quite another to permit, say, the training of terrorists. There is in fact a tension and contradiction between the two. If Iran is courting allies in Latin America it would have little reason to sow mischief in a region that prizes order, democracy, and peace.

Such high-level consultations by US officials would be consistent with viewing Latin America not as a threat to our interests, but rather as a series of opportunities. The region has a lot to offer the United States and is interested in deepening cooperation.

This is a propitious moment for the United States to engage more deeply with governments committed to effective economic and social policies and democratic politics. The governments that Ahmadinejad visited are not influential in the region today. They are marginal, and becoming even more so. There is no credible evidence that they pose a security threat to the United States.

While the US should have a full and accurate understanding of what is happening throughout the hemisphere, it should give its highest priority, and the bulk of its attention, to the countries on the move, the ones best-positioned to advance our national interests.

Chairman ROS-LEHTINEN. Thank you, sir.
Dr. Azel.

STATEMENT OF JOSE AZEL, PH.D., SENIOR SCHOLAR, INSTITUTE FOR CUBAN AND CUBAN-AMERICAN STUDIES, UNIVERSITY OF MIAMI

Mr. AZEL. Thank you, Madam Chairman, Ranking Member Mr. Berman, distinguished members of the committee. I am honored to have this opportunity to share my views on the growing Iranian influence in Latin America, and I commend you for calling this hearing on what is often an underestimated and misunderstood threat to our national interest.

Iran is an increasingly important political economic player in Latin America. Its influence transcends geography, language, culture, and religion. At the heart of this growing Iranian influence is a peculiar trilateral configuration with Cuba and Venezuela. The basis of this rather eccentric alignment is not east-west political philosophy or a coalition based on congruent economic models or north-south ideological affinity.

Even more perplexing, it is a strategic alliance that transcends profound theological differences. What, then, brings together Fidel Castro, Marxist-Leninist-atheist; Hugo Chavez, a putative socialist Christian; and Mahmoud Ahmadinejad, a product of Islamic fundamentalism? What allows the Iranian theocracy, so removed from Latin America by ethnicity, by customs and values, to play an increasingly influential role in our hemisphere?

If we answer these questions in terms of the growing economic ties among these countries—and there are many, both licit as well as illicit and covert—we would be basing our analysis on a straight Western economic rationality. We would be mistakenly extrapolating our logical model to the likes of Castro, Chavez, and Ahmadinejad.

A second analytical mistake is to scrutinize Iran's influence in discrete country-by-country terms rather than in terms of the synergies and the symbiosis of the Tehran-Havana-Caracas alliance.

We will further compound our error if we formulate U.S. foreign policy in similarly disconnected terms. As world events have repeatedly demonstrated, we eventually gained the socratic insight that we know very little of the logical reasoning models of autocratic leaders. Although it may seem that way to us, these countries do not follow an irrational foreign policy.

The analytical challenge for the United States is to understand, in our cultural milieu, actions arising in another. In the case of Iran, Cuba, and Venezuela, the unifying point seems to be a virulent hostility toward the United States, liberal democracy, and Israel. In other words, the Ahmadinejad-Castro-Chavez nexus is fundamentally an anti-American alignment, and as such—and I think this is critical—it follows its own logic and its own rules of engagement.

The growing Iranian influence in Latin America, together with its Cuban and Venezuelan connection, should be understood in this context of an anti-American alliance determined, above all other considerations, to undermine U.S. national interest. Cuba and Ven-

ezuela have become the most strident defenders of Iran's nuclear ambitions, and the three countries have formed a strategic partnership to evade U.N. and U.S. economic sanctions.

Moreover, Cuba's sophisticated intelligence and counterintelligence capabilities are reportedly shared with Iran and Venezuela. The Tehran-Havana-Caracas bloc speaks with a unified anti-American voice at the U.N. and other international forums, in a concerted effort to undermine U.S. influence by any means at their disposal.

In addition to these diplomatic maneuvers, the bloc seeks to increase U.S. economic costs in a variety of ways, from impacting the price of commodities to providing support for anti-American and terrorist groups, to collaborating with Russia and China in opposing U.S. initiatives, and of course by Iran seeking to become a nuclear power.

It is within the realm of the possible that should Iran succeed in deploying and developing its nuclear capabilities, Venezuela may seek deployment on its own territory. This geopolitical alignment, if it can be described as ideological at all, is based on an ideology of hate toward the United States, Israel, and democratic governing principles.

Distinguished members, the formulation of U.S. foreign policy is often imbued with inherent tensions between policies anchored on our democratic values and policies based on our national interest. In this case, a rare congruence exists for clarity of purpose in a coordinated U.S. foreign policy that blends our support for democratic values with our national security concerns.

First, our foreign policy should pay far more sustained attention to Latin America; and, second, unambiguously we should take advantage of this congruence of purpose to be unabashed and not timid in supporting opposition to the tyrants that threaten our national interest.

Thank you.

[The prepared statement of Mr. Azel follows:]

Testimony for the hearing: "Ahmadinejad's Tour of Tyrants and Iran's Agenda in the Western Hemisphere."

Presented before the United States House Committee on Foreign Affairs – Ileana Ros-Lehtinen, Chairman

By José Azel, Ph. D., Senior Research Associate, Institute for Cuban and Cuban-American Studies, University of Miami

February 2, 2012

Iran's Influence in Latin America:
The Tehran, Havana, Caracas Axis

Madam Chair, Ranking Member Mr. Berman, distinguished members of the committee, I am honored and pleased to have this opportunity to share my views on the growing Iranian influence in Latin America, and I commend you for calling this hearing on what is an underestimated and misunderstood threat to our national interests.

Iran is an increasingly important politico-economic player in Latin America. Its influence transcends geography, language, culture, and religion. At the heart of this growing Iranian influence is a peculiar trilateral political configuration with Cuba and Venezuela. The basis of this eccentric alignment is not East-West political philosophy, or a coalition based on congruent economic models, or North-South ideological affinity.

Even more perplexing, it is a strategic alliance that transcends profound theological differences. What then brings together Fidel Castro -a Marxist-Leninist atheist-, Hugo Chavez -a putative socialist Christian- and Mahmoud Ahmadinejad -a product of Islamic fundamentalism? What allows the Iranian theocracy, so removed from Latin America by ethnicity, customs and values, to play an increasingly influential role in this hemisphere?

If we answer these questions in terms of the growing economic ties among these countries, and there are many, licit as well as illicit and covert, we would be basing our analysis on strict Western economic rationality. We would be mistakenly extrapolating our logical model to Castro, Chavez, and Ahmadinejad.

A second analytical mistake is to scrutinize Iran's influence in discrete Lilliputian country-by-country terms rather than in terms of the synergies and symbiosis of the Tehran-Havana-Caracas alliance. We would further compound our error if we formulate U.S. foreign policy in similarly disconnected terms. As world events have repeatedly demonstrated, we eventually gain the Socratic insight that we know very little of the logical reasoning models of autocratic leaders like Ahmadinejad, Castro, or Chavez.

Although it may seem that way to us, these countries do not pursue an irrational foreign policy. The analytical challenge for the United States is how to understand in our cultural and analytical milieu actions arising in another?

In the case of Iran, Cuba, and Venezuela the unifying point seems to be a virulent hostility towards the United States, liberal democracy and market economies, as well as opposition to Israel. In other words, the Ahmadinejad, Castro, Chavez nexus is fundamentally an anti-American political alignment. As such, it follows its own logic and rules of engagement.

Let us recall, for example, that in 1979, with the victory of the Iranian Islamic Revolution, Fidel Castro abandoned his support of the communist Iranian People's Party (IPP) and embraced Ayatollah Khomeini's theocratic anti-communist regime. In Castro's logic the Ayatollah's anti-Americanism trumped his anti-communist ideology.

The growing Iranian influence in Latin America, together with its Cuban and Venezuelan connections, should be understood in this context of an anti-American alliance determined, above all other considerations, to undermine U.S. national interests. For example, Cuba and Venezuela have become the most strident defenders of Iran's nuclear ambitions and the three countries have formed a strategic partnership to evade UN and U.S economic sanctions. Cuba's sophisticated intelligence and counter intelligence capabilities are reportedly shared with Iran and Venezuela. Moreover, the triumvirates' influence has expanded now to include Bolivia, Ecuador, and Nicaragua.

Increasingly, the Tehran, Havana, Caracas bloc speaks with a unified anti-American voice at the UN and other international forums in a concerted effort to undermine U.S. influence by any means at their disposal. In addition to diplomatic maneuvers, the bloc seeks to increase US economic costs in a variety of ways from impacting the price of commodities, to support for anti-American and terrorist groups, to collaborating with Russia and China in opposing US initiatives and, of course, by Iran seeking to become a nuclear power. This geopolitical alignment, if it can be described as ideological at all, is based on an ideology of hate towards the United States, Israel, and democratic governing principles.

Distinguished committee members, the formulation of U.S. foreign policy is often imbued with inherent tensions between policies anchored on our democratic principles and policies based on our national interests. In this case, a rare congruence exists for clarity of purpose in a coordinated U.S. foreign policy that blends our support of democratic values and human rights in Iran, Cuba, and Venezuela with our national security concerns.

First, our foreign policy should pay far more sustained attention to Latin America, and second, unambiguously, we should take advantage of this congruence of purpose to be unabashed and not timid in supporting opposition to the tyrants that threaten our national interests.

Chairman ROS-LEHTINEN. Thank you very much. Thank you to all of our witnesses for excellent testimony.

I have a question for Dr. Bailey and for Dr. Azel. Dr. Bailey, your former employer, the Office of the Director of National Intelligence, stated that Iran's leaders now appear willing to conduct an attack within the United States, and that it is "trying as well to penetrate and engage in this hemisphere." Do you agree with Director Clapper's assertions? And does Iran have the capabilities and the interest to use countries in Latin America as a platform to launch attacks against us here in the U.S.?

And, Dr. Azel, for you, in your prepared testimony you say that the foundation of the Iran-Cuba-Venezuela relationship is an anti-American alignment. Because these nations actively work to undermine U.S. interest, what do you think we can expect in the future to be their chosen mode of aggression from this alliance against us in the United States? Would it be Iran's nuclear aspirations, Cuba's oil drilling program that just recently started, the upcoming Venezuelan elections, et cetera?

So, Dr. Bailey, we will start with you.

Mr. BAILEY. Thank you very much for the question, Madam Chair. Yes, Iran certainly has the desire and it increasingly has the capability of threatening the United States and the Western Hemisphere. Several of these possibilities have been mentioned.

I would also add the threat to the Panama Canal to close the canal. They have been talking, of course, about closing the Straits of Hormuz for some time. But they have the capability to close the Panama Canal. That is clearly a threat to the United States.

The recent discovery of a plot to mount a cyber-attack against the United States, which resulted in the expulsion of the Venezuelan Consul in Miami, and simply the fact that the Venezuelan Government now issues passports and Venezuelan identity documents freely to Iranian agents in the Western Hemisphere, permits them to travel whenever they want within the hemisphere, and including across the border into the United States, as has been very extensively documented.

Thank you, Madam Chair.

Chairman ROS-LEHTINEN. Thank you.

Dr. Azel.

Mr. AZEL. Madam Chair, the most threatening scenario, of course, is a nuclear Iran with a complicit Venezuela that may be willing to offer its territory for deployment of Iran's nuclear weapons. In such a case, we would find ourselves in 1962 all over again.

But in addition to that scenario, these countries are continuously using their influence in all of the international forums to undermine U.S. influence everywhere and to increase our operating costs, whether it be by impacting the price of commodities or anything else.

I am also particularly concerned with the sharing of intelligence. As we do know, Cuban intelligence and counterintelligence capabilities are exceptional, and they are reportedly sharing all of that information with Iran. That is a very threatening scenario.

Chairman ROS-LEHTINEN. Thank you. Mr. Braun, the attempted ploy by the Iranian regime to use agents in the Mexican cartels to assassinate the Saudi Arabian Ambassador in the U.S. was quite

alarming. With your experience at DEA, do you believe that Iran's attempt to carry out a terrorist attack on U.S. soil was an isolated incident? Do you think that Hezbollah has a strategic interest in Central America and the southwest border?

Mr. BRAUN. Madam Chairman, I would say that the Quds Force and Hezbollah, as I said earlier, are absolute masters at developing very close relations with existing criminal organizations throughout the world, whether they be powerful drug trafficking cartels, smuggling groups, money launderers, those that develop and provide forged documents, passports, and so forth, and they work very, very hard to conduct or develop those relations.

And by developing those relations, it provides them with the ability to operate far from home in our neighborhood, and, as I said earlier, on our doorstep. There is no doubt in my mind that they have developed close relations or relations with groups like the FARC and some other Colombian cartels in Colombia.

It is important to understand that, you know, one of many threats posed by that is, you know, the FARC's ability to routinely construct fully submersible submarines now that are capable of moving eight to ten tons of cocaine all the way up into northern Mexico. What else could be on those ships?

They have obviously established or are at least attempting hard to establish relations with the Mexican cartels right on our southwest border. For what reason? Because they—you know, they or any other terrorist organization are not going to attempt to construct their own smuggling infrastructure into the United States.

To answer your question, "Do they have designs on attacking us?" I believe that they do have. As one of the Congressmen said earlier, they are up to no good. And they have got the ability to do it, thanks to their relations——

Chairman ROS-LEHTINEN. Thank you.

Mr. BRAUN [continuing]. With cartels.

Chairman ROS-LEHTINEN. Thank you very much.

Mr. Berman is recognized.

Mr. BERMAN. Thank you very much, Madam Chairman.

At least initially for Mr. Shifter and Mr. Braun, a couple of questions. I clearly understand Iran's interest in its network with cartels, criminal groups, putting Quds Forces closer to the United States and in sensitive areas.

What are the governments that are playing with Iran? What is their interest, other than sort of a larger band of brothers with—joined together by hatred or a dislike for the United States? What are they getting? Why is Castro and Ortega and Ecuador, why are they—why are the governments here playing with Iran?

And I will throw out a suggestion, but then I would like you to comment. Is this Chavez's clout, not Iran's clout, that is getting them to go along with this agenda?

Mr. SHIFTER. Thank you. There is no question that the principal alliance in this hemisphere is between Ahmadinejad and Chavez. And Venezuela has been the window for Ahmadinejad in the hemisphere. And Chavez has money from oil, and he supports the subsidy to Cuba. For example, for a year, I have heard figures of—really quite striking—$3 billion to $5 billion a year, 100,000 barrels of oil a day.

Mr. BERMAN. He is filling the role Russia used to play.

Mr. SHIFTER. Exactly. He provides that role while he gets something in return, and he gets other things in return, but I think this is part of the package. And I think it is the same with Ortega, who relies on Chavez as well. So this is——

Mr. BERMAN. But these countries are not getting economic benefits from Iran, as I understand it.

Mr. SHIFTER. No.

Mr. BERMAN. Nicaragua has a huge debt to Iran for oil purchases, and Iran hasn't canceled it or reduced it or anything.

Mr. SHIFTER. Right. No, nothing. They are not getting benefits at all. As a matter of fact, Ahmadinejad went to Rafael Correa's inauguration in 2007, so that was exactly 5 years ago in January 2007. There has been no cooperation from Iran to Ecuador. And I have consulted with Ecuadorian colleagues who were very—who were in the opposition to Correa; they don't like Correa. But they said there is just—you know, it hasn't come through. There has been nothing that has been delivered despite lots of promises.

This recent visit was just, you know, there is no sign that populations respond positively to him at all. There is a rejection by Ahmadinejad. The governments are doing it, because it is a favor to Chavez, and that is the deal that they have. But there is really no sense of really any in-roads in the societies of these countries.

Mr. BERMAN. Mr. Braun, I would like your reaction. But also, is there something more you would like to see this administration doing to deal with the issues you have raised?

Mr. BRAUN. Well, I mean, one of the things that I would say to that, Ranking Member Berman, is that I really believe strongly that post-9/11, not shortly thereafter, we took the ball off—or we took our eye off the ball of the global drug trade and drug trafficking and how it impacts our nation.

And, consequently, the confluence of—or, you know, the confluence of drugs and terror began to grow, and it is growing now at speeds far faster than most in this town want to admit. I am not saying that that is the case with this committee. Obviously, it is not. But it is moving at speeds far faster than anyone wants to admit.

What we have got to do is we have got absolutely separate and distinct strategies, plans, and funding streams for counterterrorism and counternarcotics. The two have come together. We are already behind the power curve. We need to put our strategies together, which would include obviously, you know, the funding that goes along with all of that.

We have got stovepiped directorates within the CIA, the FBI, and other parts within Department of Justice and Department of Treasury and our intel community. And they need to be communicating far more closely with one another and working more closely together.

To answer the first question, though, or to make a comment, what is amazing—and I think it was you that said that when Ahmadinejad shows up in Venezuela there are countless numbers of promises made for human aid and that like kind of activity, and it is never delivered. But what is delivered, what I see, is the building of organized criminal capacity in Venezuela, Bolivia, along our

southwest border. That appears to me to be one of the things, one of the most important things that come out of those meetings.

If you look at the number of flights that are leaving Venezuela loaded with cocaine, headed for the west coast of Africa, ultimately making its way into the soft underbelly of Europe through Spain, it is mind-boggling. It looks like a mass of red with each one of those flights being a single red line.

If you look at the collaboration between Venezuela and Bolivia on the drug trade, this is a multi-billion dollar industry, and I for one believe that what it is doing is generating a great deal of contraband revenue that each one of these countries and organized crime throughout the region can tap into to move their agendas forward.

Mr. BERMAN. My time is——

Chairman ROS-LEHTINEN. Thank you so much, Mr. Berman. Thank you, sir.

Mr. McCaul, vice chairman of the Subcommittee on the Western Hemisphere.

Mr. MCCAUL. Thank you, Madam Chairman. You know, when I worked in the Justice Department on counterterrorism cases, Hezbollah—we were—obviously, al-Qaeda was the number one priority, but Hezbollah in many respects has a greater sophistication by far. We were always concerned about the presence of Hezbollah, much heavier presence in the Western Hemisphere, more so than al-Qaeda.

But we always viewed them as more of a sort of terrorist financing support mechanism rather than an operational cell, for instance. Then, the Saudi Ambassador plot unfolds, and that is a bit of a game-changer. Univision does this report on a cyber plot to attack the United States involving the Iranian Ambassador. That became an eye-opener.

I think, Mr. Braun, as you stated, counterterrorism and counternarcotics have now—the two have come together. And when you look at this quote from Hugo Chavez over here, "Ahmadinejad and I are going into the basement now to set our sights on Washington and launch cannons and missiles." Now, he said that was a joke, but I fail to see that humor in that statement. In fact, there may be some truth to that statement.

So my question is: Have they made the transition from merely support to operational? I guess, Mr. Braun, you would be the best person to start out on that.

Mr. BRAUN. Well, I think they have—I believe, Congressman, they have made the transition, and I would say, again, that it has—their ability, you know, to execute is strengthened by the close relations that they are working hard to develop with very powerful organized criminal organizations in our neighborhood and throughout Latin America, as well as with, you know, designated terrorist organizations like the FARC.

These groups allow them to operate freely in our neighborhood, and they are getting closer to our doorstep. And if we don't do something about it, and really get serious about it, then, you know, I—again, I don't want to sound too crude, but I think there is—you know, there is going to be hell to pay, you know, at some date in the not—probably in the not-too-distant future.

Mr. MCCAUL. Well, you know, the conventional wisdom, when we get these briefings, I always ask the question, and they say, "Well, you know, the drug cartels would never associate themselves with any sort of terrorist organization, because they don't want the blowback that would be associated with that." And yet Operation Titan I think pretty well revealed and underscored the fact that there is a relationship between the two.

Mr. BRAUN. Well, there is an unequivocal relationship, and that is exactly why I believe General Clapper used the attempted plot—or the plot to kill or assassinate the Saudi Arabian Ambassador to the United States. The reason he used that is because he knew he could rely on it. It is not just some piece of intelligence or pieces of intelligence.

It is intelligence and information that has been converted into evidence that would pass a judicial test in any Federal courthouse in the United States. And we have the greatest system of justice in the world, in our Federal courts system, and it is not an easy thing to get evidence admitted—as you well know based on your past experience, admitted into a court of law. So, you know, there is an unequivocal connection.

Let me just mention one thing about Operation Titan, anecdotally, that will paint an absolutely clear picture on the amounts of money that are generated in the Hezbollah, supported and facilitated by Quds Force activity in the growing cocaine trade throughout Latin America.

One small piece of that Op Titan initiative resulted in the delivery of a close—a very close associate and affiliate of the Hezbollah, the guy that apparently was in Latin America responsible for putting a lot of these multi-ton loads together, moving them into West Africa, and ultimately responsible for collecting massive amounts of bulk cash.

Part of that operation involved the delivery on the part of that money launderer to a DEA undercover operative, an agent that spoke fluent Arabic, of $36 million in cash. So they were having a tough time moving it out of the Western Hemisphere and into Africa and beyond. That agent actually took delivery of $20 million in cash as part of that investigation.

Mr. MCCAUL. I want to make one more point, because my time is running out. That is, the Revolutionary Guard, Quds Forces, and Iranian intelligence officers, they are here in the United States. In my judgment, they are in Mexico. CISEN has told me they can't even quantify. They don't know how many officers are in their own country, and that is probably true throughout Latin America. I think expelling these officers would be a very smart idea.

I think designating the Revolutionary Guard as a foreign terrorist organization, which we were surprised they hadn't been, would be a helpful tool I think from a law enforcement standpoint. Would you agree with that?

Mr. BRAUN. I would absolutely agree with it.

Mr. MCCAUL. I see my time has expired. Thank you.

Chairman ROS-LEHTINEN. Thank you so much, Mr. McCaul.

Mr. Engel, the ranking member on the Subcommittee on the Western Hemisphere.

Mr. ENGEL. Thank you, Madam Chair, and thank you, gentlemen, for wonderful testimony. And thank you, Dr. Bailey, for that nice compliment. I very much appreciate it.

I want to focus on two things. Number one, the sanctions that we have imposed on Iran. How have these sanctions against Iran affected Iran's ability to engage with Latin America economically? To what extent do you agree with the administration that Iran has been unable to establish a financial foothold in the region, largely because of U.S. sanctions? And are additional sanctions needed to make it harder for Iran to establish a foothold in the region? That is one thing.

And the second thing is I would like to focus on Hezbollah. We have looked at Hezbollah fund raising activities in the region, particularly in the tri-border region of Argentina-Brazil-Paraguay, and in Venezuela. I am wondering if anyone can enlighten us a little bit more about Hezbollah's current activities in the hemisphere. And, Dr. Bailey, why don't we start with you.

Mr. BAILEY. Thank you very much for the question, Mr. Engel. In the first place, as far as a financial foothold of Iran in the Western Hemisphere is concerned, it is primarily centered in Venezuela and Ecuador at this point. The Iranians established Iranian-controlled banks in both Venezuela and Ecuador. Those banks have in fact been sanctioned by the Treasury Department.

What the Treasury Department has not done is to apply sanctions to Venezuelan and Ecuadorian banks, which are used by the Iranians to evade U.S., European Union, and U.N. financial sanctions on Iran. In my opinion, as I mentioned in my recommendations, that is something that I would very strongly recommend that the U.S. Government do.

As far as the financing of Hezbollah is concerned, as you rightly point out, a lot of that comes from the tri-border area, although less than before, primarily because of fairly successful Brazilian efforts to counter smuggling and money laundering in the tri-border area.

However, they have, as a result, established other centers sometimes with the cooperation of the government in the country involved, particularly in the case of Bolivia and more strongly in the case of Venezuela. The center of these activities in Venezuela at this point is in the island of Margarita, where the Islamic Cultural Center, which never has ballet performances or art exhibits, but does have 4-foot-thick concrete walls and armed guards, is the center of these activities in the northern part of South America.

They extort funds from—and some of them are not extorted, some of them are voluntary, from the Arabic communities in these countries, which is quite large. But the main funding of Hezbollah and other terrorist organizations, such as Hamas and Islamic Jihad, at this point comes from what Mr. Braun is talking about, namely the alliance between the drug traffickers and the terrorist organizations.

The drug traffickers make enormous profits, and the terrorist organizations provide security for them. And as a result, there is a symbiotic relationship between the two, which goes—partially goes toward funding of the activities of Hezbollah and other terrorist organizations.

Mr. ENGEL. Thank you.

Mr. Shifter, I wanted to hear your comments on it.

Mr. SHIFTER. Thank you. I think that the sanctions regime has been effective in preventing the financial foothold, and there have been sanctions, as Norm Bailey mentioned. I think the enforcement could be maybe a little bit stronger, a little more coordinated, a little more sustained.

It could do a little bit—and I think, like all governments, like our Government, there are different agencies that are more active on enforcing the sanctions than others. So I think it has had some positive impact, but I think there could be more enforcement.

On Hezbollah, my sense is that they have been involved in drug—smuggling arms, smuggling drugs, and the like, in the region. I think that in terms of their control over sales in Latin America, it is an educated guess the extent of it, but I think there is really not a lot of very reliable, credible information about how much we know. I think we should try to find out more.

Mr. ENGEL. Mr. Braun, could you comment on what Dr. Bailey had said with the drug trafficking?

Mr. BRAUN. Congressman, the one thing that I would add to the doctor's comments, you know, I would go back to his comment of a symbiotic relationship that develops between very powerful drug trafficking cartels and terrorist organizations. That is an extremely important point, because you can take it a step further.

With respect to destabilizing already weak governments in many places around the world, when you have these two very powerful threats occupying the same place at the same time, like the tri-border area of South America, perhaps even some limited regions or areas of Mexico, in West Africa and elsewhere, what you have is a—what results is a symbiotic destabilization of already weak government, because when the—you know, the cartels are working hard with their corruption campaigns to undermine the rule of law. That further weakens good governance.

Oftentimes they resort to attacks, physical attacks on security forces, further undermining already weak governance. But the terrorist organizations and insurgents are doing the same thing. So when either attacks government, it just weakens it that much more, and the other benefits just as much as, you know, the attacking force. And that—you know, we saw it in Colombia. We are seeing it all over West Africa and North Africa.

We are seeing it in the Afghan-Pakistan region and elsewhere around the world. We have got to be doing more to keep these very powerful threats from building long-term relations. We have got to be getting them apart rather than allowing them to come together.

Mr. ENGEL. Thank you, Madam Chair.

Chairman ROS-LEHTINEN. Thank you so much, Mr. Engel.

Mr. Chabot, the chairman of the Subcommittee on the Middle East and South Asia.

Mr. CHABOT. Thank you, Madam Chair. At the end of last year, Iran introduced a new Spanish language television network, Hispan TV, to markets across Latin America. Are you familiar with that? Could you talk about potential sizes of the audiences and what type of reception that this might be receiving now in the region or potentially in the future? And do you anticipate that it

might have a significant effect on public opinion? Just anything that you could tell us about that, whoever wants to take that up. Anybody familiar with that?

Mr. AZEL. No, not familiar with the specifics of the programming or anything like that. I think we have to wait and see. But I did want to take a second, if I could, to address part of Mr. Berman's question earlier having to do with the——

Mr. CHABOT. Well, I don't know if I want to do that. [Laughter.]

But let me—if I have time, I will come back to that. Does anybody know about the Hispan TV? Mr. Shifter?

Mr. SHIFTER. I have heard about it, and I am, just frankly, very skeptical that it is going to get much reception in Latin America. I mean, it is just starting. That is clearly what—the Iranians have that intention, but I don't think there is going to be a lot of response in the region.

Mr. CHABOT. Okay. All right. If you want to make it real quick, Mr. Azel.

Mr. AZEL. Absolutely.

Mr. CHABOT. Go ahead, Mr. Braun.

Mr. AZEL. It is only the point that I try to develop that if we look for logic in these regimes, we are not going to find logic as we understand logic. This is about odium. This is about hate for the United States and democratic governing principles.

Let us recall, for example, that in 1979 with the victory of the Islamic Revolution, Fidel Castro abandoned his long-term support for the Communist Party in Iran and embraced the Ayatollah Khomeini at that time. In his mind, the anti-Americanism of the Ayatollah trumped his anti-Communist philosophy, so my point is simply that we should not look for the kind of logic that we employ in our analysis.

Mr. CHABOT. Okay. Mr. Braun?

Mr. BRAUN. Well, I would just say that I would agree with my co-panelists here to my left that in many places in Latin America it probably won't take hold, but we have to remember that there are some locations in South America where you have a rather large Middle Eastern population, folks that have migrated from various locations in the Middle East, the tri-border area being one of those. Cumulatively, you have got several million folks with that kind of background, if you will, that are in Latin America.

So I would be concerned that—and many of those folks, especially in the tri-border area, are young men between the ages of 16 to 25. They are disenfranchised. They have virtually nothing to their name, and that area for one has been a recruiting mecca for the likes of al-Qaeda, Hezbollah, and Hamas for many years.

So, you know, I would be a little bit concerned about that, Congressman.

Mr. CHABOT. All right. Thank you. Let me move on to something else. This potential, you know, axis of evil—Iran, Cuba, and Venezuela—one of you had mentioned their cooperation with China and Russia insomuch as the thing that brings them all together is undermining U.S. interest there or around the world. What evidence or anything you could comment relative to Russia and China and their coordination or alliance or involvement here? Dr. Bailey?

Mr. BAILEY. Yes, thank you for the question. As far as Russia is concerned, it is primarily interested in selling arms, and has been selling massive quantities of arms to Venezuela particularly. As far as the Chinese are concerned, their involvement in the Western Hemisphere has been largely economic—in other words, trying to tie up sources of natural resources—minerals, oil and gas, and so on and so forth.

And it is part of their effort throughout the world centered in Southeast Asia, in Africa, and in Latin America, to tie up sources of natural resources. They have also made investments in various areas. I have not seen credible evidence that the Chinese are trying to undermine the interests of the United States in the Western Hemisphere. I would be much more concerned about their military and naval buildup, and so on, in the Far East and in South Asia, than I would be about anything they are doing in the Western Hemisphere.

In the case of the Russians, of course, they are always happy to do anything that makes the United States look bad, and they sent ships to Venezuela, because we sent ships into the Black Sea when Russia attacked Georgia, sort of tit for tat sort of thing. But primarily, again, as I say, their principal interest is in selling weapons.

Mr. CHABOT. Thank you very much. I see my time has expired, Madam Chair. I will yield back.

Chairman ROS-LEHTINEN. Thank so much, Chairman Chabot.

Mr. Deutch, my colleague from Florida is recognized.

Mr. DEUTCH. Thank you, Madam Chair.

MR. Braun, I want to stay on the tri-border area. Iran's proxy Hezbollah has been benefitting financially from the tri-border area since the 1980s, mainly from rampant intellectual property theft and piracy. Last Congress this committee held a hearing on protecting intellectual property rights overseas, and we looked at efforts to train security personnel in the tri-border area to reduce intellectual property theft and transfers of pirated goods.

First, can you assess the current state of Hezbollah's efforts in the tri-border area? You talked some about the recruitment for terrorist groups. Could you speak specifically about Hezbollah and U.S. efforts to combat that? And, secondly, in your opinion, are Hezbollah's activities in the region still mainly confined to fund raising and generating revenue, or is there a significant operational presence?

Mr. BRAUN. Well, I think there has been a monumental shift, and much of this has to do with—quite frankly, with our success in prosecuting the global war on terror. Two things have happened—state sponsorship for terrorism has declined significantly.

Even the amounts of money that Iran are pushing to the Hezbollah, it is not dried up, but it is not what it used to be. State sponsorship continues to decline, and we have done yeoman's work—collectively, our Government security forces—in identifying and significantly disrupting the funding streams from very powerful private donors.

So for those two reasons, many groups like Hezbollah and many other designated terrorist organizations, well over half on our FTO

list now, are involved in one or more aspects of the global drug trade.

In the tri-border area, really, it is where Hezbollah got its start. After 9/11, in a significant way, from that area they were acquiring relatively small quantities or loads of cocaine. But what we were seeing, or what DEA was seeing, just 8–10 years ago, was them acquiring 14, 15 kilograms of cocaine for a $75,000 investment. It goes into a couple of suitcases with a passenger. Checked luggage ultimately makes its way into Europe or some other location, where that $75,000 investment becomes $1 million in profit very quickly.

And that has since grown at light speed into their wholesale involvement now of moving multi-tons of cocaine out of Latin America. Thank you, Hugo Chavez, and thank you, Evo Morales, for assisting them, but helping them move it into West Africa and then onward into Europe and other markets.

I can't speak about their involvement in the other kinds of activities, Congressman, that you are focused on, but could certainly give you some names of some folks that could help you.

Mr. DEUTCH. I appreciate that. Thanks.

Mr. Shifter, I would like to go back to a point you made earlier. You noted that Brazil is not on the itinerary of Ahmadinejad, and though maintaining overall positive relations the U.S. and Brazil had some differences of opinion under President Lula, particularly Iran.

Brazil's failed attempt to stave off last-minute sanctions at the U.N. through the fuel swap deal put them at odds with other Western powers. Because they were missing from the agenda, from the itinerary, do you see Brazil's policy now taking a new direction? And what influence—most importantly, what influence does Brazil, as the economic powerhouse of the region and a U.S. ally, have on countries like Bolivia and Ecuador that have chosen to strengthen their ties with Iran?

Mr. SHIFTER. Thank you. Well, Brazil is the regional power in Latin America, and it does have strong influence. It is on the border with Bolivia. It has investments that have grown throughout South America especially, so it has—it is the political and economic powerhouse in the region.

On Brazil's change, I think there has been some change. I don't want to overstate the change. There is still an economic relationship. Brazil is pragmatic. Brazil sells a great deal to Iran. That hasn't stopped. They sell a lot of food and other products to Iran. But there seems to be a distancing with the new government of Dilma Rousseff since she came in on January 1 from, you know, a year ago with the Iranian—there is a different approach, there is a different style.

She is doing things that the previous government wouldn't do. There was a backlash in Brazil politically to what Lula did. It went too far, so she is pulling back. So there is a difference there, but I wouldn't expect Brazil to sort of have sort of a very confrontational posture toward Iran. So I don't want to overstate the change either.

Mr. DEUTCH. Thank you. Thank you, Madam Chair.

Chairman ROS-LEHTINEN. Thank you, sir.

Mr. Duncan of South Carolina.

Mr. DUNCAN. Thank you, Madam Chairman, and thank the witnesses for being here. Just a brief section of statement here. America is a friend and ally to many of our Latin American neighbors. We were the first to recognize and welcome Argentina, Peru, Chile, Colombia, and Mexico, in the Community of Nations in 1822. We have had an excellent military support from our Latin American friends, both in World War II and Korea, and most recently in Operation Iraqi Freedom.

The U.S. possesses vital national security and economic interest in Latin America, and we strongly resent hostile foreign influence in our neighborhood that threatens the peace, security, and tranquility of our own interest and those of our allies.

I think Dr. Bailey's written testimony states the issue succulently when he says, "Iran's penetration into the region, and Venezuelan's facilitation of it, represents a real and growing security threat to the United States as well as to the rest of the hemisphere." There are some who believe we should abandon the Monroe Doctrine. I could not disagree more, which is why I recently introduced H.R. 3783, the Countering Iran in the Western Hemisphere Act.

This legislation requires the administration to detail the presence and activity of Iran, the IRGC, and Quds Force, Hezbollah and Hamas in the Western Hemisphere, and to craft a strategy in response to those threats that these entities face.

Now, I want to be clear. This bill does not advocate imperialism, and we are not trying to build an empire. We are trying to protect American interests and those of our friends and allies here in our neighborhood, so to speak. Consider what we know and recap much of what is being said today, we know Iran has been building a diplomatic, economic, and security relationship within Latin America.

We know Iran uses the IRGC directly and indirectly, its Quds Force and terrorist organizations such as Hezbollah and Hamas, as tools of foreign policy. We know that Iran is a master chess player, and recently expanded its public diplomacy outreach to Latin America with Hispan TV. We know that the recent DEA success of effectively shutting down the Lebanese central bank resulted in the indictment of a man at the center of the case who was charged with trafficking cocaine and laundering money for the Los Zetas Mexican drug cartel.

Since our country has trouble securing our southwest border, this poses a serious concern. We know that the U.S. has sanctioned 23 Iranian financial institutions, and the EU has instituted a ban on Iranian oil. We also know that, as we tighten the noose around Iran, we also have assets in Latin America that make for easy targets for Iran—Embassies, consulates, businesses, energy pipelines, cultural organizations, and the like.

We know from Director of National Intelligence Clapper's recent testimony just this week on 31 January that some Iranian officials, probably including Supreme Leader Ali Khamenei, have changed their calculus and are now more willing to conduct an attack in the United States in response to real or perceived U.S. actions that threaten the regime.

So knowing this, and failing to take action to protect American interest, is irrational and foolish. We had the opportunity to

counter Iran's strategy and alliances in Latin America, and I exhort my colleagues to recognize the threat and seek to work together, united in our desire to protect American security interests. This includes working with our Latin American neighbors and our closest allies in the region.

The question I have today is for both Dr. Bailey and Mr. Brown—Braun, excuse me. Would you elaborate on what type of concrete response needs to occur for our Government to effectively counter the extensive web of illicit activity, the nexus between narcotrafficking and terrorism, and the strategic connections that Iran has made in Venezuela and throughout the Latin American area? Dr. Bailey.

Mr. BAILEY. Thank you very much for that question. I mean, one comment I would make to add to what Mr. Braun was talking about is that Iran has greatly reduced its contributions to Hezbollah and Hamas because of its own financial and economic problems. That makes those organizations even more dependent on drug trafficking revenues to keep up their activities.

As far as the activities of Hezbollah particularly, as well as the other terrorist organizations in the Western Hemisphere, they have become, as Mr. Braun pointed out, very, very much operational, and that is being demonstrated almost on a daily basis. As I mentioned at the very beginning, it is almost as if both Iran and Venezuela and some of the other—and Cuba, and so forth, are saying to the United States, "We are a threat. We are a threat." And people in the United States, for some reason, in many cases don't want to admit that, or don't want to receive that message.

The fact that Iranian agents are throughout Central America and Panama at this point is extremely significant. From the Embassy in Managua, the Embassy now has 25 "diplomats" because of their enormous joint operations between the two countries. That is sarcasm. They are all—almost all—agents who are penetrating Central America and Panama through Nicaragua.

As far as financial support is concerned to evade financial sanctions through particularly Venezuela, and to some extent the Ecuadorian financial system, this is something that the United States needs to—and the Western world needs to be extremely concerned about.

As I pointed out in my list of recommendations, I think it is very important to declare Venezuela a state sponsor of terrorism, at which point we could stop Venezuelan oil exports to the United States, and then they will throw up their hands and say, "Oh, my God, then the price of oil will go through the stratosphere."

At the same time we do that, we could release the same quantity of oil from the Strategic Petroleum Reserve, which is actually better quality oil than what we get from Venezuela. It would damage the Venezuelan Government tremendously. It would do no damage to the oil market in the United States. The United States does not depend on Middle Eastern oil. It does depend, to some extent, on Venezuelan oil, but that can be offset with releases from the Strategic Petroleum Reserve, which after all was created for some purpose, although it has never been extensively used for any purpose whatsoever.

Mr. BRAUN. Congressman, if I could just quickly say three things that I believe strongly we need to get focus on with respect to shoring up security on our front and on our flanks. And those three things come in this order: As I said early on, we need to develop interlocking strategies that bring counternarcotics and counterterrorism together.

Much of that is driven by funding. That falls into your ball park. I think you can do a lot to drive these—our, you know, myriad security forces within our country together and get them focused on the growing confluence of drugs and terror.

The second thing we need to do is, you know, we are obsessed with developing—or, excuse me, we are obsessed with developing strategies to defend the one yard line, our southwest border. What we need is a defense-in-depth. After 9/11, many of our Government's resources didn't dry up, but many of them went to other parts of the world, and that is understandable.

But in many ways, those resources have never been backfilled, and we need a lot more DEA agents, we need a lot more FBI and IS agents downrange working with their counterparts shoulder to shoulder on bilateral investigations, which comes into the third point, and this is the most—probably the most important thing I can say is——

Chairman ROS-LEHTINEN. I was about to cut you off, but I can't do it now, on the most important point. [Laughter.]

Mr. BRAUN. Thank you, Madam Chairman. We need to refocus our efforts on the traditional forms of illicit markets that are driven by organized crime. We have taken our eyes off of drug trafficking. In many ways, we have taken our eyes off the smuggling of arms in our hemisphere, human trafficking, and those kinds of things. If we are focused on those—and we have got the resources focused on those threats—we are naturally going to come up against the terrorists and the terrorist groups that we should be fearing most.

Thank you.

Chairman ROS-LEHTINEN. Thank you very much.

Mr. DUNCAN. Thank you, Madam Chairman.

Chairman ROS-LEHTINEN. Thank you. Mr. Sherman, the ranking member on the Subcommittee on Terrorism, Nonproliferation, and Trade.

Mr. SHERMAN. I want to comment on the previous questioner's idea of us not buying oil from Venezuela. I think it would have much less of an effect, in that I think they could sell it elsewhere. And I see one person shaking your head. Are you saying, Mr. Bailey, that China would not be a customer, at a good price, for Venezuelan oil?

Mr. BAILEY. China is a customer for Venezuelan oil. They could not sell it elsewhere for the simple reason that it is extra heavy, sulfurous crude, and can only be processed in certain refineries. Certain of those refineries exist in Venezuela and in Curacao, but mostly the refineries are in the United States. And those, of course, would be deprived of——

Mr. SHERMAN. And China could not retrofit its refineries to be able to handle this.

Mr. BAILEY. China takes as much oil already from Venezuela as it can process.

Mr. SHERMAN. But the question I asked was: How much work would it be for China to change its existing refineries to be able to accept more Venezuelan oil?

Mr. BAILEY. That is the kind of thing that cannot be done overnight. I mean, it——

Mr. SHERMAN. Yes.

Mr. BAILEY [continuing]. For that kind of refinery to be built takes a long time.

Mr. SHERMAN. Gotcha. And of course an easier thing for us to do against Venezuela, if we have them red-handed in terrorism, is to take the assets of the oil company they own in our country.

I don't know if anybody on the panel can answer this, but it is easy to see all the press releases of promised Iranian aid to Latin American countries. How much in the last decade has Iran actually provided? Not in trade. I mean, buying soybeans that would be sold elsewhere hardly accomplishes much. But in terms of free money, how much can be documented to have actually been disbursed? Does anybody have an answer? Or can we say it is a very de minimis amount? Mr. Bailey. Dr. Bailey.

Mr. BAILEY. The estimates vary. Iran, as pointed out by Mr. Shifter and others, has been promising things to all of—you know, to Bolivia, to Nicaragua, to Ecuador, and so on and so forth. Most of the actual investments that they have made have taken place—that they have actually made rather than promised have taken place in Venezuela, and that is——

Mr. SHERMAN. And these are investments. This isn't a donation.

Mr. BAILEY. These are investments, yes.

Mr. SHERMAN. Okay.

Mr. BAILEY. And the best estimate that I——

Mr. SHERMAN. My question was: Donation, free money.

Mr. BAILEY. Ah, I am sorry. I misunderstood.

Mr. SHERMAN. Can anybody here say with confidence that there is a particular instance when even $1 million has gone from Tehran to any Latin American country, gratis, donation, free? Whether it be in kind or in currency.

Mr. BRAUN. I can't say that, but I can't restrain myself from saying this, Congressman, I know an informational campaign when I see one, an informational campaign for the masses on a visit like Ahmadinejad's recent visit to Venezuela. What I am more concerned about, and what we should all be more concerned about, is what is happening in the basement, you know, after they——

Mr. SHERMAN. I know, but I am—so you are saying that the United States has allowed it to be thought throughout Latin America that Iran is generous, when in fact as far as we know not $1 million, or even $100,000, of generosity has yet been disbursed.

I would hope the CIA could answer the question I have asked you. Looking here, you folks can't tell me one instance when Iran distributed any money gratis. I would hope the CIA could more definitively answer that question. And then, we are of course remiss in not informing our Latin American friends that we are talking lots of sizzle and absolutely no steak.

Dr. Bailey, you have a comment?

Mr. BAILEY. Yes, with reference to what the CIA is able to do and not able to do. One of the things I discovered very quickly when I was mission manager for Cuba and Venezuela in the Office of the Director of National Intelligence is that with two exceptions—Mexico and Colombia—our intelligence assets in Latin America can only be described as pathetic.

Mr. SHERMAN. That may be the case, but if we simply had an all-out campaign to say not one penny of aid is going from Iran to Latin America, and let them prove it, as far as you four gentlemen know they could not point to a single thing that they have done to help poor people or economic development in Latin America.

Mr. BAILEY. That is correct.

Mr. SHERMAN. And if you can't point to anything, we would sure like to be able to say that nobody can point to anything. And if they surprise us and point to anything, it will be so small that none of the four of you have been able to find it and the CIA couldn't find it either.

Mr. BAILEY. I think your statement is absolutely correct.

Mr. SHERMAN. Okay. I believe my time has expired.

Chairman ROS-LEHTINEN. Thank you so much.

Mr. Rivera of Florida.

Mr. RIVERA. Thank you very much, Madam Chair. I have a question for Mr. Shifter, and then a couple of questions for Dr. Bailey and Dr. Azel. We will start with Mr. Shifter.

During several of the statements that have been made throughout the morning by many of my colleagues, they have laid out in detail recent actions by the Iranian regime and by Hezbollah in our hemisphere, both in their opening statements as well as in the question and answer period. Some of those that were cited included the Saudi Ambassador plot; the Mexico plot uncovered by Univision which resulted in, as you well know, the expulsion of the Venezuelan Consul; the Lebanese Canadian Bank case.

However, as I have noticed in the responses to those questions, or to those comments by many of my colleagues, and even in your testimony, you have stated that the charges of Iran's influence in the hemisphere have not been substantiated or perhaps exaggerated. Is there any further proof, or what further proof would we need to substantiate the fact that Iran is attempting in Latin America to run counter, or at least to stabilize or hurt U.S. interests?

Mr. SHIFTER. Thank you, Congressman. There are clearly some things that are cited in the testimony, including the attempted assassination of the Saudi Ambassador, which are real and which there is evidence and should be of enormous concern.

I think what the challenge is is to separate what is substantiated with what is speculation and conjecture. And there has been a lot of conjecture that I cited in my testimony about training of terrorists and other things.

Mr. RIVERA. Well, let us just talk about conjecture and citing of evidence. Let us stick to the U.S. intelligence community and the law enforcement community.

Mr. SHIFTER. Right.

Mr. RIVERA. Is there anything on their part that they have brought forward that you believe is conjecture——

Mr. SHIFTER. No.

Mr. RIVERA [continuing]. Or unsubstantiated?

Mr. SHIFTER. No. On the U.S. intelligence and law enforcement, no. But I think there have been things that have been accused that haven't been supported by the law enforcement community that are out there, and that I think that are open to question. But in terms of what the U.S. law enforcement community has said, I think that is——

Mr. RIVERA. And what would you say are the more egregious examples coming from U.S. intelligence and U.S. law enforcement?

Mr. SHIFTER. What would be egregious examples? Do you mean——

Mr. RIVERA. Where it would not be conjecture, where it would be substantiated.

Mr. SHIFTER. Well, no, everything that has come from U.S. law enforcement I think has been substantiated.

Mr. RIVERA. Such as?

Mr. SHIFTER. Well, in terms of the role of, you know, the Saudi—the Iranian bank in Venezuela, the attempt on the Saudi Ambassador here in Washington. I mean, those things are clear evidence. What I was referring to was other things that are part of the debate that haven't been substantiated, and I would be careful about that.

Mr. RIVERA. Let me ask Dr. Bailey and Dr. Azel—I have seen media reports that indicate Hezbollah has possibly set up a base in Cuba. What is the nature of this—of these reports and any potential nexus between Havana, Tehran, and Caracas, and the impact it could have on U.S. national interest? I will start with Dr. Azel.

Mr. AZEL. Well, there are of course numerous reports of training bases in Cuba that have aided the terrorist networks. There are also substantiated reports of Cuban scientists helping with chemical plants, in Tehran for example. So there is really a network of things that we can point at with specificity.

My concern is when we look at these things is, do we have the right analytical framework? And whatever the evidence may or may not be, what I am trying to emphasize is that we need to understand the threat, not from Iran in discrete terms in each country, but these countries acting in unison.

When I mentioned earlier that my worst nightmare would be a nuclear Iran and a Venezuela willing to accept deployment of those weapons in Venezuelan territory, for example, it is within the realm of possibility.

Mr. RIVERA. Well, let me do this before you—I only have a few seconds left. Dr. Bailey, this issue of the bases, Hezbollah, and involvement in Cuba?

Mr. BAILEY. It depends on what you mean by "base." I mean, when I talk about a base, I am talking about substantial physical infrastructure, and so on. I don't believe that Hezbollah has established a base in that sense in Cuba.

The presence of Hezbollah agents in Cuba is well documented, and it would be very odd if they didn't have them there. Has that been greatly increased? I don't know. Quite frankly, I don't know the answer to that, but I——

Mr. RIVERA. My time has expired. I will yield back, Madam Chair.

Chairman ROS-LEHTINEN. Thank you so much, Mr. Rivera.

And, Mr. Royce, it is so great to end with your questions. Mr. Royce from California is the chair of the Subcommittee on Terrorism, Nonproliferation, and Trade.

Mr. ROYCE. Thank you, Madam Chair. And actually this hearing builds a little bit on a hearing we held last year, and the findings of our subcommittee, on the use of Section 311 sanctions to target bad banks. This is the tool that was used on the Lebanese Canadian Bank, which was at the center of Hezbollah's massive money laundering effort.

But Mike Braun was actually at the center of some of DEA's most effective operations, including taking down Viktor Bout. Thank you for that. One of the things I wanted to ask you, Mr. Braun, was when you think about the use of PATRIOT Act 311 sanctions, combined with the money laundering investigations, it is awfully similar to the methodologies that were used with the Banco Delta Asia in order to move against North Korea with respect to their illicit activities.

And there was a little lesson I think in terms of that operation, because it was enormously successful in getting the attention of the North Koreans and cutting off the supply of hard currency that went into that regime. Things got to the point where he couldn't pay his generals, and yet what happened was that the diplomats really pulled the plug on that operation.

There was a situation where we had them dead to rights, and they were sweating out the consequences of that freeze, and it was the diplomatic effort that got them out from underneath the sanctions.

I would argue that now is the time, before there is any backsliding on the part of Iran or any attempts, you know, diplomatic efforts to try to move it in the opposite direction, now is the time to take down as much of Hezbollah's criminal structure as you can. And I was just going to ask you for your view on the similarities of this and the lessons learned.

Mr. BRAUN. Well, with the earlier piece to that—your comments, I mean, it certainly wouldn't be the first time that Federal law enforcement and diplomacy bumped heads, but those things sometimes happen.

With respect to 311, I believe 311, in the case of the Lebanese Canadian Bank that was the first time that that had been used, and it needs to be used more often.

Mr. ROYCE. And I wonder if it could have been used more extensively, because of course what happened was the head of the central bank in Lebanon simply allowed them to move those accounts to other banks. Now, there was some success in terms of grabbing some of the 200 accounts that were used in money laundering, most of it by Hezbollah. But on the other hand, we allowed a public official there to get away with lax oversight, and just move it to other Lebanese banks.

I think we should have expanded it, just like in North Korea. The expansion was used beyond Banco Delta Asia to any other accounts that were being used by the North Korean regime when we

caught them counterfeiting our money, and with their other illicit activities. Should that have been done here? Should we have doubled down in order to make sure that we got all of the perpetrators?

Mr. BRAUN. Well, I think we—you know, I think we should have doubled down, as you say. But, you know, even more importantly, I think it is a weak spot with respect to Federal law enforcement in general, you know, and even our greater security apparatus. We need to get better at using sanctions like 311 to drive very nefarious organizations and bad guys into the areas where we can hit them the most, and we are not doing that.

Mr. ROYCE. I am glad you said that, because it took us literally years to get Treasury to use 311 on North Korea despite—we put out a position paper in my office on this. We have been trying to drive the use of this, and it was the central bank governor, Mr. Solana, who decided to allow those same accounts to morph and transfer into the banking system in other banks under his purview. We should have expanded this operation while we had them.

Mr. BRAUN. Well, Congressman, you know, we have talked about this before, and I know we are on the same page. But for the benefit of everyone on the committee, you know, when you hit the bad guys in the pocketbook, you cause them to change their tactics, techniques, and procedures. Any time you cause them to change their TTPs, they become more vulnerable. They become more vulnerable; we become more successful. It is something that should be used far more often than it is.

Mr. ROYCE. One last point. Congressman Duncan of South Carolina and I have written legislation that essentially says, "Wipe the board clean. Set aside your pre-conceived ideas on this. Get everyone in a room, all of the agencies in a room, and come up with a strategy to deal with Iran's role in our hemisphere."

And I was just going to ask you in closing, putting DEA and other law enforcement on this case, mandating that everybody be a part of it and coming up with a plan to deal with it, what would you think of that strategy?

Mr. BRAUN. I think it would be a great strategy, and it is—you know, it is not Congress' job, but somebody needs to herd the cats. We need to get the right folks into the same room and develop, again, robust, interlocking strategies and plans to effect the kind of impact that you are talking about. That is what we have got to do.

Mr. ROYCE. Get the agency and DEA together on this. Well, thank you very much, all of you, for your testimony today.

Thank you, Madam Chair.

Chairman ROS-LEHTINEN. Thank you, Mr. Royce. Those are excellent suggestions. I think we have some good action items about what we could do to help coordinate. Before it is too late, let us wake up.

Thank you so much, gentlemen. Thank you for expert testimony. Thank you to our audience as well for helping us along.

And with that, our committee is now adjourned.

[Whereupon, at 12:13 p.m., the committee was adjourned.]

APPENDIX

Material Submitted for the Hearing Record

FULL COMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515-0128

Ileana Ros-Lehtinen (R-FL), Chairman

January 30, 2012

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held in **Room 2172 of the Rayburn House Office Building (and available live, via the WEBCAST link on the Committee website at http://www.hcfa.house.gov):**

DATE: Thursday, February 2, 2012

TIME: 10:00 a.m.

SUBJECT: Ahmadinejad's Tour of Tyrants and Iran's Agenda in the Western Hemisphere

WITNESSES: Norman A. Bailey, Ph.D.
President
Institute for Global Economic Growth
(Former Mission Manager for Cuba and Venezuela, Office of the Director of National Intelligence)

Mr. Michael A. Braun
Managing Partner
Spectre Group International, LLC
(Former Chief of Operations, Drug Enforcement Administration)

Mr. Michael Shifter
President
Inter-American Dialogue

Jose Azel, Ph.D.
Senior Scholar
Institute for Cuban and Cuban-American Studies
University of Miami

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF FULL COMMITTEE HEARING

Day *Thursday* **Date** *02/02/12* **Room** *2172 RHOB*

Starting Time *10:00 a.m.* **Ending Time** *12:13 p.m.*

Recesses [ ] (____to ____) (____to ____) (____to ____) (____to ____) (____to ____) (____to ____)

Presiding Member(s)

Rep. Ileana Ros-Lehtinen

Check all of the following that apply:

Open Session [✓]
Executive (closed) Session [ ]
Televised [✓]
Electronically Recorded (taped) [✓]
Stenographic Record [✓]

TITLE OF HEARING:

Ahmadinejad's Tour of Tyrants and Iran's Agenda in the Western Hemisphere

COMMITTEE MEMBERS PRESENT:

Attendance sheet attached.

NON-COMMITTEE MEMBERS PRESENT:

HEARING WITNESSES: Same as meeting notice attached? Yes [✓] **No** [ ]
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*

Rep. Connolly SFR
Rep. Mack SFR
Rep. Schwartz SFR

TIME SCHEDULED TO RECONVENE _____
or
TIME ADJOURNED *12:13 p.m.*

Jean Carroll, Director of Committee Operations

Hearing/Briefing Title: Ahmadinejad's Tour of Tyrants and Iran's Agenda in the Western Hemisphere

Date: 02/02/2012

Present	Member
X	Ileana Ros-Lehtinen, FL
	Christopher Smith, NJ
X	Dan Burton, IN
	Elton Gallegly, CA
	Dana Rohrabacher, CA
	Donald Manzullo, IL
X	Edward R. Royce, CA
X	Steve Chabot, OH
	Ron Paul, TX
	Mike Pence, IN
X	Joe Wilson, SC
	Connie Mack, FL
	Jeff Fortenberry, NE
X	Michael McCaul, TX
X	Ted Poe, TX
	Gus M. Bilirakis, FL
	Jean Schmidt, OH
	Bill Johnson, OH
X	David Rivera, FL
	Mike Kelly, PA
	Tim Griffin, AK
X	Tom Marino, PA
X	Jeff Duncan, SC
	Ann Marie Buerkle, NY
	Renee Ellmers, NC
X	Robert Turner, NY

Present	Member
X	Howard L. Berman, CA
X	Gary L. Ackerman, NY
	Eni F.H. Faleomavaega, AS
	Donald M. Payne, NJ
X	Brad Sherman, CA
X	Eliot Engel, NY
	Gregory Meeks, NY
	Russ Carnahan, MO
	Albio Sires, NJ
X	Gerry Connolly, VA
X	Ted Deutch, FL
	Dennis Cardoza, CA
	Ben Chandler, KY
X	Brian Higgins, NY
	Allyson Schwartz, PA
X	Chris Murphy, CT
	Frederica Wilson, FL
	Karen Bass, CA
X	William Keating, MA
X	David Cicilline, RI

The Honorable Gerald E. Connolly (VA-11)

HCFA Full Committee Hearing: Tour of Tyrants and Iran's Agenda in the Western Hemisphere
Thursday, February 2
10am

Mahmoud Ahmadinejad's statements during his recent five-day tour of Latin America seem to indicate that the Iranian President has a deep affection for and longstanding ties to specific leaders in Latin America. In public appearances during his trip, Ahmadinejad repeatedly extolled the virtues of his Latin American allies, using flowery and sentimental language. Ahmadinejad began his trip in Venezuela, and met with his "dear brother" Hugo Chavez.[1] Ahmadinejad continued to Nicaragua, where he called Daniel Ortega his "brother president"[2] and said to his Nicaraguan audience, "Among all of you, we are at home, like brothers." He went on to say "I feel as if I were among Iranians."[3] In Cuba, Ahmadinejad said he was "enormously happy to see the comandante [sic] healthy and fit."[4] The Iranian President may have saved the best for last, informing Rafael Correa in Ecuador that Iran was presenting "a message of love, affection, friendship and solidarity from a great nation called Iran to another nation, another great people."[5]

The image of someone like Ahmadinejad cozying up to our neighbors is disconcerting and disturbing. But, as is often the case with Ahmadinejad, his words are meant for a wide audience, including anyone and everyone who will listen. Multilateral actions designed to pressure Iran because of its nuclear ambitions have had a negative effect on that country. It behooves us to remember that Ahmadinejad is a lame-duck President who has repeatedly clashed with other conservatives in the Iranian power apparatus. For example, Ahmadinejad Chief of Staff Esfandiar Rahim Mashaei, who was reportedly being groomed for the Presidency by Ahmadinejad, was implicated in a massive banking scandal in October. Some analysts see this banking scandal "being played out within the context of [Iran's] intraconservative conflict."[6] In other words, there are a lot of political actors in Iran with different motives.

With regard to Iran's relationship with the aforementioned Latin American countries, there have been pledges by Iran for economic support in Latin America. The results have been mixed but should be of concern to us. As one of today's witnesses, Mr. Shifter, wrote in a recent *Foreign Policy* article:

> There have been myriad bilateral deals between Iran and Venezuela, including joint ventures to produce cars, tractors, and bicycles, and some cooperation in mining exploration and housing construction. But in Nicaragua, for example, Iran pledged construction of a dam and a $350 million deep-water port, as well as auto and cement

[1] "Ahmadinejad visits Venezuela on a first stop of Latin America tour," *CNN*, January 9, 2012.
[2] Eric Sabo "Ortega Hosting Ahmadinejad in Nicaragua Criticizes Israel," *Businessweek*, January 11, 2012.
[3] Both this and the following quote are from: "Ahmadinejad's Latin American tour reaches Nicaragua," *CNN*, January 10, 2012.
[4] "Iran's Ahmadinejad, Fidel Castro chat in Cuba," *CBS News*, January 13, 2012.
[5] "Ahmadinejad in Ecuador on last leg of LatAm tour," *AFP*, January 12, 2012.
[6] Farideh Farhi, Interview on "Iran's Internal Political Fray," *Council on Foreign Relations*, November 1, 2011.

The Honorable Gerald E. Connolly (VA-11)

> projects -- none have materialized. Economic cooperation between Ecuador and Iran remains modest. With Iran's own economy in dire straits, it has limited capacity to do much on the other side of the globe.[7]

Nevertheless, there are several incidents that have raised the concern of this Committee. In December, the US Department of Justice (DOJ) and Drug Enforcement Administration (DEA) publicized an indictment against Lebanese drug kingpin Ayman Joumaa. The indictment details a complex money laundering scheme involving narcotics in Colombia, used cars in the United States, the Lebanese Canadian Bank in Beirut, and individuals and groups with ties to Iran-backed Hezbollah.[8] In October, DOJ unsealed an indictment against an Iranian member of the Qods Force and a naturalized U.S. citizen in a plot to assassinate the Saudi Arabian Ambassador on American soil. The work of the DEA, DOJ, Treasury, and other agencies led to the unraveling of the abovementioned schemes.

These recent plots, coupled with Ahmadinejad's tour of Latin America, display the many facets of Iran's foreign policy apparatus. Any attempts to paint a nation's policies with a broad brush rob us of the ability to carefully assess the full picture. With that, I think our witnesses will help us in thoroughly "reading the cards" properly.

Thank you, Madam Chairman.

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[7] Michael Shifter, "Is Mahmoud Ahmadinejad's latest tour of Latin America a waste of time," *Foreign Policy*, January 9, 2012.

[8] According to DOJ "Lebanese Financial Institutions, Including Institutions Linked to Hizballah, Allegedly Wired Over $300 Million into the United States for the Purchase and Shipment of Used Cars to West Africa as Part of Money Laundering Scheme; Proceeds from Car Sales and Narcotics Trafficking Allegedly Were Funneled Back to Lebanon Through Hizballah-Controlled Money Laundering Channels." Please see 12/15/11 indictment for more information.

"Ahmadinejad's Tour of Tyrants and Iran's Agenda in the Western Hemisphere"

Congressman Connie Mack
Chairman
Western Hemisphere Subcommittee
Opening Statement

February 2, 2012

I would like to thank the Chair of the Committee for her leadership as well as members of the Committee like Rep. Jeff Duncan who recently introduced the "Countering Iran in the Western Hemisphere Act of 2012" (H.R. 3783). This legislation compliments my legislation (H.Res. 247) in naming Venezuela a state sponsor of terrorism for its support of Iran, Hezbollah, and the Revolutionary Armed Forces of Colombia (FARC) as well as (H.R. 3401) the "Enhanced Border Security Act" which addresses the role of our border in keeping Americans safe- and I look forward to addressing these bills in the Western Hemisphere Subcommittee.

The idea that our Hemisphere is becoming safer is an illusion. This Administration has not improved the security in the Hemisphere but instead has continued the tradition of neglecting our allies. I will outline two examples that show we need an Administration that prioritizes U.S. taxpayer dollars to keep us safe and prosperous.

For starters, Ahmadinejad's recent trip to the region and launch of a new Spanish language TV channel demonstrates Iran's goal of building cooperation with Latin American countries. Let me be clear, Iran's main objective is to circumvent international sanctions and to harm the United States. For those countries and financial institutions in the Hemisphere that work with Iran, beware that you are undermining international sanctions, the security of the international community, and your relationship with the United States. Those who pursue Iran's path can anticipate similar sanctions and isolation from the United States and international community.

In Florida, my home state, Hugo Chavez recently shutdown the Venezuelan consulate causing significant hardship to Venezuelans taking refuge in the United States, as well as limiting their ability to vote in this year's Venezuelan election. For years I have been explaining that Chavez's government must be placed on the State Sponsor of Terrorism list and that we must stop buying Chavez's oil. There is no doubt Hugo Chavez supports terrorist organizations, be it the FARC or Iran, and undermines his own people by playing a central role in facilitating and expanding Iran's relationships in Latin America. Substantial evidence shows that Iran and its proxies are working with organized crime throughout the region using Venezuela as a hub to raise funds through drug trafficking, arms smuggling, counterfeiting travel documents and providing support to other terrorist groups. We must hold Hugo Chavez accountable.

Our Hemisphere is faced with significant challenges but these challenges can be overcome with leadership and action. In the absence of Administration leadership, you can expect me to focus on the real and immediate threats in our Hemisphere. I appreciate this hearing today and look forward to working with you all in securing our Hemisphere.

PREPARED STATEMENT OF THE HONORABLE ALLYSON SCHWARTZ, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF PENNSYLVANIA

Madam Chairman,

I thank you for holding today's hearing examining Iran's influence in the Western Hemisphere. Unfortunately, my responsibilities on the Payroll Tax Conference Committee prevented me from attending, but I submit this statement for the record.

The allegations that Iran's Quds Force sought to employ Mexico's most violent drug trafficking organization, Los Zetas, to assassinate the Saudi Ambassador to the United States is a reminder that we must guard against Iranian influence in our own backyard. Ahmadinejad's recent tour through Latin America - his fifth in recent years - undoubtedly represents another attempt by the regime to circumvent both its international isolation and the sanctions meant to cripple Iran's illegal nuclear program. In addition, Iran's proxy, Hezbollah, has clearly benefitted financially from the Latin American drug trade.

This week, the Director of National Intelligence, James Clapper, testified that the "calculus" of the regime has changed and that it is now more willing to conduct an attack in the United States and against our interests and allies overseas. I fully expect the Obama Administration to remain vigilant and to combat the Iranian threat, wherever it presents itself.

This Congress took a vital step by passing sanctions to cut off Iran's Central Bank from the global financial system. I am also pleased to see that the European Union adopted an oil embargo against Iran. These steps once again demonstrate to Iran that there is a real cost to ignoring the international community and its international responsibilities.

A nuclear-armed Iran remains a severe threat to the stability of the Middle East, our ally Israel, and U.S. interests. Again, I thank the Chairman for raising this important issue and I look forward to working with the Committee to strengthen our efforts to counter the Iranian regime.

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