The reality and future of bilateral relations between Iran and Brazil
Brazil has been an important strategic trading partner to Iran in Latin America. This was especially true during the first Gulf War, when Tehran viewed Brazil as its best option for international trade. Iran therefore stopped importing wheat from the US, for example, and began importing it from Brazil instead.

Relations between the two countries have gone through a number of phases. In some cases, these reflected shifts in Brazilian foreign policy. In others, they represented efforts to define the nature of the political relationship through economic and trade relations.

The nature of the relationship has been influenced by the personalities of successive presidents in both nations, their ideological beliefs and the nature of their relationships with Western powers.

For example, Luiz Inacio Lula da Silva, who was president of Brazil from 2003 to 2010, placed a high priority on the relationship with Iran because he wanted to change the course of Brazilian foreign relations away from countries in North America and Europe and toward developing countries in South America, Africa and the Middle East. This shift was reflected in the evolving relationship between Brasilia and Tehran. In 2009, Mahmoud Ahmadinejad became the first Iranian president to visit Brazil in more than four decades. Lula visited Iran in May the following year to meet Supreme Leader Ali Khamenei, after Brazil supported Iran's right to carry out nuclear research for peaceful purposes. Brazil also voted against imposing new sanctions on Iran and its nuclear program in June that year.

However, the relationship between the two countries deteriorated dramatically while Dilma Rousseff was president of Brazil between 2011 and 2016. She prioritized the relationship with the US and support for global human rights issues in her approach to international relations.

This report aims to shed light on how the Brazilian-Iranian relationship has evolved and developed on the political and economic levels, and also to provide an understanding of the nature and quality of, and motives for, Iranian influence on military and security issues, especially in the Triple Frontier, the tri-border area where Brazil, Argentina and Paraguay converge.
CHAPTER II: POLITICAL AND DIPLOMATIC COOPERATION

The roots of the diplomatic relationship between Brazil and Iran date back to 1903, when a friendship treaty was signed under the mandate of Brazilian President Rodrigues Alves. However, the relationship did not mature until 1961, when the Brazilian diplomatic presence in Tehran was raised to the level of an embassy.

Brazil wanted to strengthen its cultural presence in the Middle East, and by 1975 the two countries had agreed to establish a committee for economic and technical cooperation.

After the Islamic Revolution in 1979, Iran's relationship with socialist countries flourished in general, and especially with Cuba under Fidel Castro. After the Iran-Iraq War (1980-1988), Tehran strengthened its relationship with Brazil, which was in a better position to offer aid, in the trade and industry sectors.

In October 1988, a Brazilian industrial team visited Iran to discuss the supply of equipment for power plants. Meanwhile, the Iranian minister of industry visited Brazil and announced that the two nations intended to expand the value of bilateral trade to $1.5 billion, and enhance military cooperation through the sale of Brazilian-made military aircraft and the provision of training for Iranian pilots to fly them.

After the death of Iran's Supreme Leader Ayatollah Ruhollah Khomeini in 1989, bilateral relations were tepid as Hashemi Rafsanjani, who was the Iranian president from 1989 until 1997, tried to adopt a more pragmatic approach to the West — even though his attempts did not impress many there.

It was not until Lula took office in 2003, when President Mohammed Khatami was his counterpart in Tehran, that relations between Brazil and Iran once again began to improve.

Lula preferred not to pursue closer relations with the so-called BRIC (Brazil, Russia, India and China) nations. Instead, his main priority was to intensify cooperation with developing countries in South America, Africa and the Middle East. As a result, in early 2004 he hosted his Iranian counterpart when they both attended the G15 Summit in Caracas.

Confidence began to grow in Tehran that the regime could count on the support of Brazil in the face of pressure from the US or the threat of economic sanctions.

Although the relationship between the two countries improved significantly during the Khatami era, Brazil remained skeptical of Iran's behavior at times. In 2005, for example, Brazilian authorities refused to provide assistance to Venezuela with its nuclear program when became clear that Caracas was not ready to move forward without direct support.
cooperation from Iran. This shows that despite the significantly improved relations, Brazil’s institutional framework would still not allow any type of cooperation that might jeopardize its international standing. In addition, the provocative and defiant speeches of Western institutions after Ahmadinejad became the Iranian president in 2005 prevented Brazil from dealing with Iran openly.

Still, diplomatic relations developed and Brasilia openly supported Tehran on the international stage. In June 2010, for example, Brazil, which was occupying a temporary seat on the UN Security Council at the time, voted against imposing new sanctions on Tehran over its nuclear program. Lula defended Iran’s right to pursue “peaceful” nuclear research and to enrich uranium for power-generation purposes while respecting international agreements.

Meanwhile Ahmadinejad supported a Brazilian request to reform the Security Council and Brazil’s claim for a permanent seat on it.

Relations between Iran and Brazil while Ahmadinejad and Lula were in power represented a qualitative era in political and diplomatic cooperation. However, the relationship took a significant downturn when Dilma Rousseff became Brazilian president, as her foreign policy prioritized ties with the US and support for human rights issues around the world.

During her election campaign in 2009, she said: “The terrible history of the Iranian regime in killing thousands of opponents, when combined with Iranian court orders to stone many people to death for violating the law, is a medieval behavior.” The regime’s consistent record of throwing political opponents into jail also “struck a nerve with Rousseff.”

As a result, trade between the two countries declined by as much as 73 percent, according to some estimates. Diplomatic relations also deteriorated, especially as the Rousseff administration became “more vocal” than the Lula administration in criticizing human-rights violations in Iran.
The bilateral relationship improved when Hassan Rouhani became the Iranian president in 2013. The following year, a high-level delegation that included four members of the Brazilian parliament visited Iran with the aim of rebuilding relations and was warmly welcomed by Ali Larijani, at the time the speaker of the Iranian parliament11.

A year later, Rousseff met Rouhani in New York and the two agreed to strengthen economic and cultural cooperation. She publicly supported the lifting of sanctions imposed on Iran by the West and stated: “Iran and Brazil share common views in various international organizations.” She said that “Brazil considers Iran a regional power and is interested in expanding bilateral trade and economic relations,” and called on Iranian companies to invest in Brazil12.

Rousseff was ousted in August 2016 and replaced by the pro-US Michel Temer. He steered clear of Iran’s revolutionary ambitions, instead making economic ties the main pillar of the bilateral relationship13. This approach was evident during a meeting in Brasilia in April 2018 when he stressed the need to enhance trade and cooperation between the two countries. In September of the same year, the Brazilian government announced an initiative that allocated $1.2 billion through the Brazilian Development Bank to target Brazilian businessmen interested in investing in Iran14.

The relationship between Brasilia and Tehran has been more tense since Jair Bolsonaro was elected president of Brazil in October 2018. Meanwhile, heightened tensions between Iran and the US, as well as Tehran’s escalating proxy war with Israel, have added unprecedented pressure to domestic stability in Iran. Bolsonaro’s announcement of his intention to move the Brazilian embassy to Jerusalem and lean toward an Israeli-Brazilian alliance may have further complicated the political relationship with Iran15.

This decline in relations coincided with a personal rapprochement, against a backdrop of a trend toward populism, between Bolsonaro and former US President Donald Trump. It might also have affected the ties between other Latin American countries and Iran because of Brazil’s economic and political clout locally.

Building a close relationship with the Trump administration was a diplomatic priority for Bolsonaro, and a number of the political positions adopted by Brazil in the past few years reflect support for Washington’s position on Iran.

The issue of Iranian ships refueling off the Brazilian coast was one of many international disputes arising from the Trump administration’s campaign to isolate Iran internationally. In 2019, Tehran warned that it might cut imports from Brazil if authorities there did not allow its ships to refuel. The New York Times and Reuters reported that the ships carry urea, a sanctioned compound commonly used in fertilizers but which can also be used to make explosives16.

**CHAPTER III: THE TRIPLE FRONTIER AND NETWORKS OF ORGANIZED CRIME AND TERRORISM**

The Triple Frontier, or tri-border area (TBA), covers about 65 square kilometers along the Parana River in South America where the borders of Argentina, Brazil and Paraguay meet. Its three main cities are Puerto Iguazu in Argentina, Foz do Iguacu in Brazil, and Ciudad del Este in Paraguay.

This tropical region is attractive to tourists thanks to the presence of picturesque waterfalls, but it is also a notoriously dangerous haven for smugglers and drug traffickers from the three countries — which makes it particularly attractive to Iran.

Moreover, Shiite Muslims make up most of the large Muslim minority in Foz do Iguacu, the city with the largest Islamic community in the TBA. It is also very close to Ciudad del Este, the city with the largest community of Muslims in Paraguay. Again, it is mostly Shiite. This might be enabling Iran to infiltrate and manipulate these communities17. It could also provide protection for Iranian agents and facilitate their movement throughout the TBA.

The region has become a safe haven for the criminal operations, including drugs trafficking, of the Iranian-backed Lebanese terrorist group Hezbollah. It gained a foothold there through Assad Ahmad Barakat, who is alleged to be a prominent financier of the group. When Paraguayan authorities raided an electronics store owned by him,
they reportedly found a letter from Hezbollah acknowledging the transfer of $3,535,149 from him in 2000.

In 2004, while Barakat was serving a six-year sentence in Paraguay for tax evasion, the US Treasury Department imposed sanctions on him for financing Hezbollah, alleging that he had funneled between $15 million and $150 million to Lebanon through illegal activities. His brothers Hamzi and Hatim have also been sanctioned by Washington.

In September 2018, Brazilian authorities arrested Barakat and 14 others linked to his organization on charges relating to identity theft and falsifying documents.

The TBA and its cities were — and remain — an entry point for suspected terrorists and international criminals, such as Mohsen Rabbani, one of the main suspects in the 1994 suicide-bomb attack on the AMIA Jewish community center in Buenos Aires that killed 85 people and wounded hundreds.

According to FBI, CIA and Interpol sources, cited in an article published by the magazine Veja in April 2010 about terrorist activity in Brazil, Rabbani frequently entered Brazil using a fake passport. They said he recruited at least 24 young people in three Brazilian states to enroll in “religious education” courses in Tehran. Such courses are used as a means of indoctrination.

In May 2013, The New York Times reported that Alberto Nisman, the Argentine lawyer who was the chief investigator of the 1994 attack on the Jewish center, had issued an indictment against senior Iranian officials. The prosecution documents included allegations about the ways in which Iran had infiltrated not only Argentina, but also Brazil, Uruguay, Chile, Guyana, Paraguay, Trinidad and Tobago, Suriname and Colombia.

In July 2016, former Hezbollah member Fadi Hassan Nabha was arrested in Brazil, where he was wanted on drug trafficking charges.

According to InSight Crime, a non-profit journalism and investigative organization that specializes in investigating organized crime in Latin America and the Caribbean, Brazilian federal police documents reveal that Lebanese smugglers in the TBA with links to Hezbollah helped Brazilian criminal organization First Command of the Capital (PCC) obtain weapons. In return, PCC provided protection for prisoners of Lebanese origin in the country’s jails. The Lebanese traffickers also reportedly helped the PCC to access international arms-smuggling networks, and sell C4 explosives stolen in Paraguay.

These incidents clearly show why the TBA is considered a focal point and safe haven for criminal activity and terrorism in Brazil and other countries.

In an exclusive interview with newspaper Asharq Al-Awsat, Joseph Amiri, a former Marine Corps intelligence officer and security expert, said that Iran is working meticulously in South America through its proxies.

In particular he referred to documents from Brazilian prosecutors that reveal the involvement of Houthi militants in the transportation of weapons from Brazil to Yemen. He also highlighted evidence of Hezbollah involvement in the illegal arms trade in Brazil, and the relationship the Lebanese terrorist group has maintained with the PCC for several years.

He said: “Iran has used its influence in Brazil through its Hezbollah allies and organized crime gangs, in order for the Yemeni rebels to communicate with Brazilian gangs or companies.”

The criminal activity does not end with terrorist groups and crime networks, or at the borders of nations in Latin America, but extends, for example, to international arms companies involved in sales of weapons to Yemeni arms dealer Fares Mohammed Hassan Mana’a.

He has reportedly been an active arms smuggler in the Horn of Africa for more than a decade, in flagrant violation of sanctions and international law. According to Reuters, prosecutors investigated Brazilian company Forjas Taurus, the largest arms manufacturer in Latin America, and in 2016 charged former executives with shipping 80,000 handguns to Mana’a in 2013. Court documents alleged that the weapons were shipped by the company to Djibouti and redirected through Mana’a to Yemen.

Hezbollah’s income from its illegal operations in South America is believed to exceed $6 billion, which is more than Iran could afford to provide for the militia, especially since its funding depends on political developments on the regional and international levels, and in particular the state of the relationship with the US.
CHAPTER IV: COOPERATION IN THE ECONOMIC AND COMMERCIAL FIELDS

In 1988, after the Iran-Iraq war, Iran and Brazil signed several agreements focusing on technology and electric power plants. The Iranian minister of industry at the time visited Brazil and announced a goal of increasing the value of bilateral trade to $1.5 billion. However, it peaked at about $1.4bn between 1990 and 1993, most of which came from oil imported from Brazil.

Trade between the two countries then declined until 2002, after which it began to rise steadily, reaching nearly $1.5 billion in 2006 and more than $2.4 billion in 2009. Most of the imports to Iran were Brazilian agricultural products.

According to World Bank data, Brazil, Uruguay and Venezuela were Iran's three largest trading partners in Latin America in 2005 and 2009.

In 2015, Brazil's trade surplus with Iran reached an estimated $1.664 billion, which was Brazil's eighth-highest trade balance that year. In 2018 it reached $2.228 billion. These figures highlight the importance of the Iranian market to Brazil and may be an "indicator of why both countries remain in good shape even when political changes occur."

Cooperation between Iran and Brazil in the petroleum industry in Iranian territory has...
been of interest to both countries, with Iran “benefiting from the Brazilian experience in deep waters.”

In 2003 the National Iranian Oil Company granted the Brazilian oil company Petroleo Brasileiro (Petrobras) a license to explore a 3,200-square-mile area in the Gulf. A year later, Petrobras signed a deal worth $34 million to explore oil reserves in an Iranian-controlled part of the Caspian Sea.

Iranian Oil Minister Bijan Namdar Zanganeh announced at the time that recent discoveries meant Iran had overtaken Iraq and was now second only to Saudi Arabia in possessing the second-largest crude oil reserves in the world.30

CHAPTER V: CONCLUSION

Economic and commercial interests have been the main driver of relations between Brazil and Iran for decades. However, there have been radical changes in the course of the political relationship, which means the economic factor remains an important and effective part of the development of bilateral relations.

The nature of the relationship is affected by the personality of the presidents of both countries at any given time, their intellectual orientations and their relationships with Western powers.

President Lula, for example, based his foreign policies on a desire for political independence from the US and his aspirations for a greater role for Brazil in Latin America, Africa and the Middle East. This was reflected by his political support in international forums for Iran’s right to pursue its nuclear program, and a significant increase in the level of trade between both countries.

Regardless of the deterioration or improvement of political relations during successive presidential eras in Brazil, economic factors have been key to the stability and sustainability of the relationship. Economic and commercial cooperation between the two countries has focused on oil, gas and mineral exploration, in addition to agriculture. The countries’ trade surplus in 2018 reached $2.2 billion in favor of Brazil.

In addition to the areas of political and economic cooperation, Iran has worked to exploit a different kind of influence in Latin America, as it does in other countries. It instructs its agents and proxies, in particular those linked to Hezbollah, to carry out suspicious activities and terrorist operations in the region, and especially in the TBA between Argentina, Paraguay and Brazil.

In Foz do Iguacu, the Brazilian city that has the largest Muslim community in the TBA, Iran may be able to infiltrate and manipulate that community. It is believed the city also offers protection for Iranian agents and facilitates their movement across the TBA.

The presence of Hezbollah and Revolutionary Guard agents in Latin America is considered important by Iran, as it provides a base from which it could strike against American targets in the event of an armed conflict between Tehran and Washington. They would potentially be able to enter the US through legitimate border crossings, or among convoys of illegal immigrants.

The free movement of Hezbollah and Iranian agents in Venezuela, Mexico, Nicaragua, Chile, Colombia, Bolivia and Ecuador, and especially in the TBA, did not happen by accident. It serves a specific set of goals, the most prominent of which is to expand and enhance Iran’s relations with Latin American countries — both those that oppose and those that support the US. Meanwhile Hezbollah continues its efforts to expand its terrorist activities.
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