



مركز البيان للدراسات والتخطيط
Al-Bayan Center for Planning and Studies

What does Iran do in the Caribbean?

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Al-Bayan Center Studies Series

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Since 2014

What does Iran do in the Caribbean?

Jaafar Mohsen Al-Barrak*

News is coming quickly about the five Iranian tankers loaded with high-octane gasoline headed towards the Venezuelan coast, Tehran's trusted ally in Latin America, foretelling a new crisis between Iran and Venezuela and the United States of America on the other. Iran shipped the tankers Faxon, Clavel, Petunia, Forest, Fortune with gasoline, as well as a group of Iranian engineers and equipment from Bandar Abbas port, according to Tanker Trackers that specializes in monitoring oil tankers, to Venezuela, which suffers from a stifling gasoline crisis due to sanctions imposed by the US. Oil tankers arrived in the Venezuelan territorial waters. They were not subject to any significant inconvenience, and Venezuelan state television showed pictures of the Fortune tanker accompanied by a military plane and a gunboat belonging to the Venezuelan army. The Minister of Defense of the Maduro government said earlier that his forces would escort the Iranian tankers once entering the Venezuelan territorial waters to protect them from any actions from the US Navy heavily present in the Caribbean.

According to the current consumption rates, the tankers loaded with 1.53 million liters of gasoline will cover Venezuela's need for a month.

* An engineer at the Iraqi Ministry of Oil / South Refineries Company.



Images broadcast by Venezuelan state television show the Iranian tanker (Fortune) surrounded by Venezuelan military escort

American Escalation

With Iranian tankers crossing the Suez Canal, the Venezuelan opposition led by US-backed Juan Guaido condemned Iranian interference and called for the need to stop the tankers. Former US National Security Adviser John Bolton said in his Twitter account, “The Iranian gas and fuel shipments to save Maduro pose a threat to the United States and all the countries of South America, “while the US National Security Council described Iran’s attempts to help Maduro as a “desperate” attempt, and the council continued, “The chronic fuel shortage will not stop or alleviate the suffering Maduro caused to his country”.

Reports had indicated that warships belonging to the US Navy headed to the Caribbean, which was explained by observers that they might target Iranian tankers. Still, the Pentagon spokesman Jonathan

Hoffman said, “There are no operations related to the Iranian cargo, but we continue to say that both countries are outliers in the international system”.

Earlier, Mehr news agency reported that the Iranian President Hassan Rouhani had told the Emir of Qatar in a telephone conversation, “If our tankers in the Caribbean or anywhere in the world get in trouble caused by the Americans, the Americans will get in troubles as well.”

✓ ١٠ @AmbJ... ✓ **John Bolton**



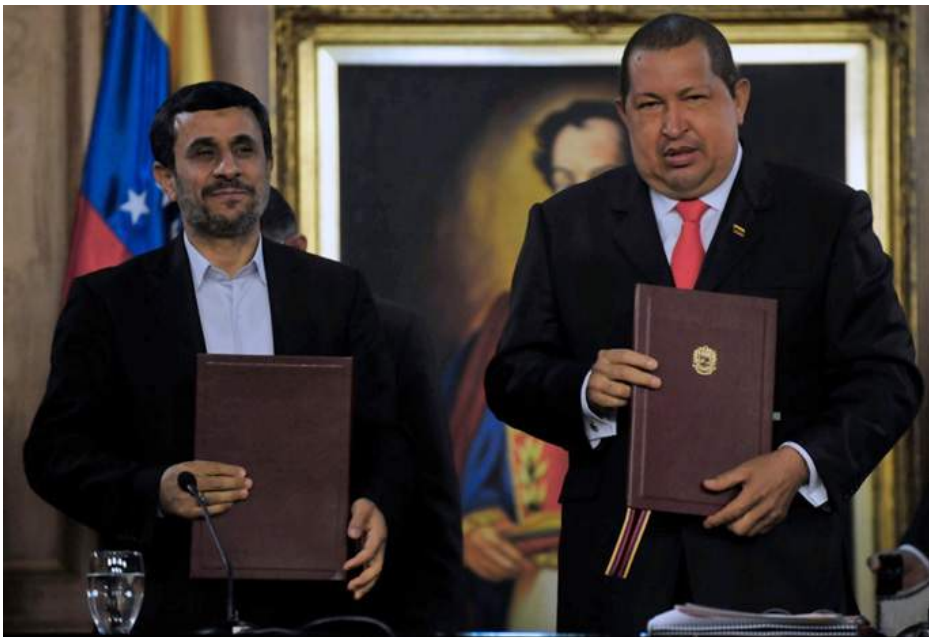
We should all be troubled by renewed meddling by China, Russia, Cuba & Iran in Venezuela. Iranian shipments of gas to bailout Maduro's failing govt are dangerous for both the US and all S. American nations. We stand with @jguaido in opposing Iranian influence.

Bolton's tweet, in which he accused the Iranians, along with the Russians and Chinese, of destabilizing Latin America

Iranian–Venezuelan Relations

The history of the relations between the two countries dates to the famous visit of the late Venezuelan leader Hugo Chavez to Tehran in 2006, nearly fifteen years ago. The visit in which he announced the establishment of a joint bank (Iran and Venezuela) through which the Venezuelan government granted Iranian companies licenses to build cement and car factories and housing complexes.

The Venezuelan opposition accuses Iran of wanting military deployment in the western part of the world by providing Iranian weapons to the Maduro regime. Still, the accusation wave reached its climax and escalated after appointing Tarik al-Aissami, who is close to Tehran, as the minister of the Oil in Caracas. The opposition accuses him of being the actual leader of the Venezuelan National Guard and having an extended network of relations with the Lebanese Hezbollah, which is responsible for creating Iranian media platforms and TV channels aimed at influencing the Latin American people, according to the opposition.



Chavez with Ahmadinejad in Tehran in 2006 on a historic visit considered to be the first seed of relations between the two countries

The Venezuelan Refining Sector Crisis

The state-run PDVSA runs the entire Venezuelan oil sector, including the refining companies in the country, which produce 950,000 barrels of oil products, including 170,000 barrels of gasoline. However, with the US sanctions on Venezuela and US President's campaign to expel Nicholas Maduro from the ruling, these installations have suffered from a scarcity of spare parts, and the delay in periodic maintenance for long periods has led to reducing the refining capacity to only 10%. As a result, 1,800 fuel stations were closed throughout the country. PDVSA has been trying, with the assist of the Iranian Oil Ministry, to provide the catalyst for EL Palito refinery, with a capacity of 146,000 barrels, and Cardo refinery, with a capacity of 310,000 barrels. This is a huge step that the workers' organizations in Venezuela have described as ambitious.

The Iranian airline (Mahan Air) has flown 17 flights to Venezuela carrying Iranian spare parts, equipment, and engineering cadres to restore the refiners in Venezuela.

Venezuelan Gold

Venezuela has a huge gold reserve estimated at 90 tons. It deposits 70 tons of it in the Bank of England. Still, it has been prevented from withdrawing these deposits or using them due to the sanctions, as American officials succeeded in pressuring their British counterparts to avoid the withdrawal of 1.2 billion dollars of gold from the Bank of England. Bloomberg mentioned that the Venezuelan Central Bank filed a lawsuit against the Bank of England accusing it of obstructing the gold withdrawal the Venezuelan authorities need to finance the health and services sectors to face the Coronavirus. Observers estimate Iran has received 9 tons of Venezuelan gold in exchange for the aid the provided to Venezuela.

Iran produces around 100 million liters of gasoline daily, including 36 million liters from Al Najma refinery in Abadan, 25 kilometers from Bandar Abbas port, one of the largest refineries in the world back to the era of the Shah.

Domestic demand for gasoline in Iran has decreased from 457,000 BPD to 280,000 BPD due to strict measures taken by the government of President Hassan Rouhani in the face of the Coronavirus outbreak in the country. This cut in demand has allowed the authorities in the Iranian Oil Ministry to use crude oil tanks to store surplus gasoline.

Conclusion

Gasoline is a vital commodity-related directly to people's lives. It has become one of the distinctive weapons owned by governments, and it has been used as a tool to impose sanctions on governments around the world. Because of the costs of gasoline production, storage, and shipping, this product has imposed a heavy and exhausting weight on the budgets of countries, and the numbers of Iraq are the best proof.

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