



## **ASSESSING THE TERRORIST THREAT IN THE TRI-BORDER AREA OF BRAZIL, PARAGUAY AND ARGENTIA**

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### **ABSTRACT**

This report analyzes the terrorist and criminal activities in the Tri-Border Area (TBA) of Brazil, Paraguay and Argentina. It aims to break down the terrorist threat that has emerged from this region by describing its context, considering which groups are present in the TBA and what activities they undertake, and connecting these with operations throughout the continent. Furthermore, it assesses regional and international efforts in the fight against criminal and terrorist organizations in the area. This analysis is based entirely on open sources.

\* The views expressed in this publication are solely those of the author(s) and do not necessarily reflect the views of the International Institute for Counter-Terrorism (ICT).

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## EXECUTIVE SUMMARY

Terrorism in the Tri-Border Area (TBA) has become a salient, highly-publicized issue. The region is frequently called a counterfeit capital, crime hub, and breeding ground for terrorists. Analyzing terrorist activities, operatives, and groups established in the triple frontier requires an introductory description of its particular background. Part 1 outlines the geographical features of the frontier area where Brazil, Paraguay and Argentina meet, as well as the specificities of the three main urban centers: Foz do Iguaçu, Ciudad del Este, and Puerto Iguazú. It also expounds the socioeconomic elements that characterize the region, including its different ethnic minorities, religious groups, and economic activities. It includes a section on the area's black-market economy and the role played by the Paraguayan city of Ciudad del Este. These general characteristics make the TBA a potential safe haven and breeding ground for terrorists.

Subsequently, Part 2 attempts to evaluate the main components of the regional terrorist threat – the groups and their activities. Even though the existence of terrorist cells is frequently debated, there is a general consensus among security forces that terrorists operate in the TBA. Most of the available texts focus on the presence of Hezbollah and al Qaeda, despite the identification of Hamas, al-Gama'a al-Islamiyya, al-Jihad, al-Muqawamah al-Islamiyyah, Jihad Media Battalion, and Moroccan Islamic Combatant Group operatives in the region. These organizations engage in varied fundraising, recruiting, training and violent activities in the triple frontier. Their capability was alarmingly demonstrated with the TBA-linked bombings in Buenos Aires in 1992 and 1994.

In Part 3, this report attempts to explain how the operational capabilities of the terrorist organizations are improved by the extension of their regional network and their collaboration with criminal organizations. These factors intensify the threat posed by terrorists operating in South America. Finally, the last part analyzes the efforts that have been undertaken to combat crime and terrorism in the TBA. National, regional and international actors have collaborated in the development of a regional security network. Nevertheless, the fight against terror remains incomplete and riddled with limitations. In order to eradicate terrorism from the triple frontier and the South American continent, the TBA nations will need to implement a more comprehensive counterterrorist strategy.

## PART 1. INTRODUCTION

Understanding the context in which the Tri-Border Area (TBA) has been described as a key site in the fight against organized crime and terrorism necessitates a brief analysis of the region's geography, society and economy. The particular features that characterize the triple frontier have been instrumental in its designation as a terrorist safe haven.

### Geography

The Tri-Border Area, or triple frontier, designates the border area between Brazil, Paraguay and Argentina.<sup>1</sup> Its surface area is of approximately 2500 km<sup>2</sup> and constitutes a region rich in natural resources.<sup>2</sup> At the junction of these three countries, the Iguazú and Paraná rivers converge, and the famous Iguazú Falls straddle the Brazil-Argentina border. The jungle enveloping this border area is rich in biodiversity and, beneath the surface, the Guarani Aquifer System is an important source of fresh water. It is one of the largest reservoirs of groundwater in the world, storing about 37,000 km<sup>3</sup> of water. The Guarani Aquifer System lies beneath Brazil, Paraguay, Argentina and Uruguay, with about 850,000 km<sup>2</sup> in Brazil, 70,000 km<sup>2</sup> in Paraguay and 225,000 km<sup>2</sup> in Argentina.<sup>3</sup>

Furthermore, the Tri-Border Area is commonly defined by the following three urban areas and the infrastructure connecting them: the Brazilian city of Foz do Iguaçu, the Paraguayan city of Ciudad del Este and the Argentine city of Puerto Iguazú. These population centers constitute relatively recent urban areas, which have witnessed rapid, but unequal, economic growth and urban development during the last four decades.

### *Foz do Iguaçu*

The Brazilian city of Foz do Iguaçu is located in the state of Paraná, which borders São Paulo state on the North, the Atlantic Ocean on the East, Santa Catarina

<sup>1</sup> See *Appendix A* for maps of the TBA.

<sup>2</sup> "Triple Frontera, zona de células del terrorismo," *Diario HOY*, March 9, 2010, <http://www.hoy.com.ec/noticias-ecuador/triple-frontera-zona-de-celulas-del-terrorismo-396616.html>.

<sup>3</sup> Organization of American States/Office for Sustainable Development and Environment (OAS/OSDE), "Environmental Protection and Sustainable Development of the Guarani Aquifer System," Guarani Aquifer System, Water Project Series, no. 7, 2005.

State and the Argentine Misiones province on the South, and Mato Grosso do Sul state as well as Paraguay on the West. The municipality of Foz do Iguaçu was founded in 1914. From the 1970-1980s onwards, it began to develop at a significant pace due to the construction of the Itaipú hydroelectric plant. This project was undertaken by Brazil and Paraguay in the 1960s and today it's the largest power plant in the world.<sup>4</sup> Moreover, the urban area of Foz do Iguaçu extends for about 191.46 km<sup>2</sup>, while its rural part covers 138.17 km<sup>2</sup>.<sup>5</sup>

The city is known for its multiculturalism, tourism infrastructure, hotel chains, shopping centers and recreation complexes.<sup>6</sup> It's the economic and tourist center of Paraná and one of the most popular Brazilian tourist destinations, largely due to its proximity to the Iguazú Falls, which are surrounded by the Iguaçu National Park. Furthermore, many people have chosen to settle down in Foz do Iguaçu. Some people who work in Ciudad del Este cross the 303-meter-long Friendship Bridge between the two cities every day, to return to Foz do Iguaçu, where they choose to live because of the better quality of life.<sup>7</sup>

### *Ciudad del Este*

Ciudad del Este is the capital of Paraguay's Upper Paraná Department and the second-largest city in the country. It is located 330 kilometers to the east of Asunción, the country's capital. Ciudad del Este is strategically located on the important axis which is the Pan American Highway, running from Asunción to Curitiba, Brazil.<sup>8</sup> Curitiba is almost 100km to the west of the port of Paranaguá. Moreover, Ciudad del Este was founded as Puerto Flor de Lis in 1957, as part of the government's planned expansion to the East under President Alfredo Stroessner. It was then called Puerto Presidente Stroessner, before becoming Ciudad del Este in 1989.<sup>9</sup> Like Foz do Iguaçu,

<sup>4</sup> Stefan Krauter, "Itaipu – Dam project, pictures and data of dam of Itaipu," Laboratório de Fontes Alternativas de Energia, accessed July 23, 2013, <http://www.solar.coppe.ufrj.br/itaipu.html>.

<sup>5</sup> Prefeitura do Município de Foz do Iguaçu, "Sobre a cidade: Dados Socioeconômicos 2011, Perfil da População," Accessed July 27, 2013, <http://www.pmfi.pr.gov.br/conteudo/984/1182/Dados-Socioeconomicos->.

<sup>6</sup> Sergio Luis Alberto Páez, "Multiculturalismo en la Triple Frontera: Argentina, Brasil y Paraguay," Instituto Superior Antonio Ruiz de Montoya, Departamento de Geografía, Revista *ISNSC*, Edición N°4, May 2013, [http://www.isnsc.com.ar/Revista/Numero004/Eje\\_1/EJE\\_01\\_01\\_Sergio\\_Luis\\_Alberto\\_Paez\\_Multiculturalismo\\_en\\_la\\_triple\\_frontera.pdf](http://www.isnsc.com.ar/Revista/Numero004/Eje_1/EJE_01_01_Sergio_Luis_Alberto_Paez_Multiculturalismo_en_la_triple_frontera.pdf).

<sup>7</sup> Rex Hudson, "Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America," A Report Prepared by the Federal Research Division, Library of Congress, under an Interagency Agreement with the Crime and Narcotics Center Director of Central Intelligence. July 2003 (Revised December 2010): 7.

<sup>8</sup> R. Hudson, "Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America," 6.

<sup>9</sup> Páez, "Multiculturalismo en la Triple Frontera: Argentina, Brasil y Paraguay."

Ciudad del Este began to grow rapidly after the construction of the Itaipú dam and of the Friendship Bridge connecting the two cities.

### *Puerto Iguazú*

Puerto Iguazú is located in the northwest part of the Argentine province of Misiones, at the confluence of the Iguazú and Paraná rivers. Misiones is surrounded by over one thousand kilometers of international borders. The Iguazú, San Antonio, Pepirí Guazú and the Uruguay rivers constitute the limits with Brazil to the north, to the east and to the south. The Paraná river delineates the western border with Paraguay, while on the southwest the Itaembé and Chimiray streams separate Misiones from the Argentine province of Corrientes. Finally, Bernardo de Irigoyen, an Argentine locality, is connected to the adjoining Brazilian locality Dionisio Cerqueira, by its only dry border – an urban street.<sup>10</sup> Furthermore, the Atlantic Ocean can be accessed from Puerto Iguazú using small freighters.<sup>11</sup>

Puerto Iguazú was founded in 1901 as Puerto Aguirre, on the same year that a road to Iguazú Falls was opened. The waterfalls are located 17km from the city.<sup>12</sup> In 1934, the Iguazú National Park was created and three years later the urban design of Puerto Iguazú was laid out. Thereafter, the Tancredo Neves Bridge – also known as the Fraternity Bridge – was officially inaugurated in 1985. Even though the 489-meter-long bridge provides access to Foz do Iguaçu, Puerto Iguazú remains relatively separated from the other two main urban centers in the region.

### **Society**

The population of the Tri-Border Area has grown considerably over the last fifty years, following the expansion of the three border cities and the influx of Brazilians, Paraguayans, Argentines, and other immigrants. As previously indicated, the construction of the Itaipú hydroelectric plant was an important driver of growth, contributing to the region's population growth from 60,000 to 700,000 between 1971

<sup>10</sup> See *Appendix B* for a map of this province and its borders. “Ubicación Geográfica,” Iguazú.argentina, Concesionaria del Parque Nacional Iguazú, accessed August 3, 2013, <http://www.iguazuargentina.com/que-hacer/informacion-visitante/ubicacion-geografica/>.

<sup>11</sup> R. Hudson, “Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America,” 8.

<sup>12</sup> “Ubicación Geográfica,” Iguazú.argentina.

and 2001.<sup>13</sup> In Foz do Iguaçu, for example, the demographic explosion during the 1970s was of 401.3%.<sup>14</sup> The TBA's security problems are sometimes attributed to this considerable population increase<sup>15</sup> and the lack of infrastructure needed to regulate such a degree of commercial activity and border crossings. The TBA is characterized by extensive, trans-border socioeconomic activities.

Living in a frontier zone leads to constant encounters with other social groups, who can be separated from one another by international borders or by psychological and fluctuating boundaries. In the TBA, social, ethnic and religious groups converge, resulting in great cultural diversity and a plurality of communities. Nevertheless, tracing the distinction between communities can be hindered by mixed identities and by transnational elements, such as people choosing to work in Ciudad del Este but residing in Foz do Iguaçu. Religious beliefs, ethnic origins, political affiliations or commercial activities are all elements that can lead an individual to identify himself with one or various communities. Therefore, individuals develop local ties and a feeling of belonging to communities that cannot be circumscribed by a specific territory. Even though, for example, an Arab neighborhood could be discerned in one of the population centers, its inhabitants would not necessarily be divided along religious or political lines.

This coexistence of different cultures in the TBA is represented by the array of nationalities and languages spoken in the region. The Brazilian city of Foz do Iguaçu, for example, has a population of 260,000 that includes about 80 different nationalities. Furthermore, there is a significant proportion of the city's population that is young, with 9.6% of the population aged between 10-14, 9.6% aged between 15-19, and 8.9% aged between 20-24.<sup>16</sup> The main languages spoken are Portuguese, Spanish, Arabic and Chinese<sup>17</sup>, as in Puerto Iguazú and Ciudad del Este. Additionally, Guaraní is commonly spoken in the Paraguayan city. Approximately 51% of the city's population predominantly speaks Guaraní at home, 11.3% speak both Guaraní and

<sup>13</sup> Ciro Leal M. da Cunha, "Terrorismo internacional e a política externa brasileira após o 11 de setembro," (Brasília: FUNAG, 2010), [http://www.funag.gov.br/biblioteca/dmdocuments/Terrorismo\\_internacional.pdf](http://www.funag.gov.br/biblioteca/dmdocuments/Terrorismo_internacional.pdf), 76-77.

<sup>14</sup> Prefeitura do Município de Foz do Iguaçu, "Sobre a cidade: Dados Socioeconômicos 2011, Aspectos Gerais," 3.

<sup>15</sup> Da Cunha, "Terrorismo internacional e a política externa brasileira após o 11 de setembro," 76-77.

<sup>16</sup> See Appendix C for further information on Foz do Iguaçu's population. Prefeitura do Município de Foz do Iguaçu, "Sobre a cidade: Dados Socioeconômicos 2011, Perfil da População."

<sup>17</sup> "Triple Frontera," *BBC Mundo*, <http://www.bbc.co.uk/spanish/especiales/objetivos/8.stm>.

Spanish, 22.1% mainly speak Spanish, and a variety of other languages make up the remaining fifteen percent.<sup>18</sup>

### *Ethnic Minorities, Religious Groups and Organizations*

Among the 80 different nationalities present in Foz do Iguaçu, the most significant, in addition to the local Brazilian population, are the Lebanese, Chinese, Paraguayan and Argentine.<sup>19</sup> In Ciudad del Este, the main ethnic communities are the Chinese, Lebanese and Korean, with Korean being another language that is commonly heard throughout the city. It's believed that the Chinese make up the largest or second-largest ethnic minority in the triple frontier, with about 15,000 Chinese residents in Ciudad del Este alone<sup>20</sup> and at least 30,000 spread throughout the region.<sup>21</sup> They carry out many commercial activities in the area. As a sign of that dynamism, the bank Chinatrust established one of its nine international branches, and the first in South America, in Ciudad del Este. Many Chinese tradesmen chose these localities because of the advantages they were offered, such as credits to establish businesses.

Moreover, the Arab communities constitute another one of the largest ethnic groups in the TBA and one of the most important immigrant groups in South America. A notable number of Arabs began to emigrate to the TBA during the 1960s, particularly to Foz do Iguaçu and Ciudad del Este. They have their own schools, clubs and organizations, and many choose to live in the same neighborhoods. For example, many Arab immigrants live in gated condominiums in Foz do Iguaçu, which reportedly hosts Brazil's second-largest Arab community (after São Paulo). In 2010, there were approximately 12,000 Arabs living on the Brazilian side of the border. An estimated 90% of the Arabs in Foz do Iguaçu and Ciudad del Este is originally from

<sup>18</sup> Característica general de la población y los hogares, Alto Paraná. Dirección General de Estadísticas, Encuestas y Censos, Asunción, 2000. Páez, "Multiculturalismo en la Triple Frontera: Argentina, Brasil y Paraguay."

<sup>19</sup> Prefeitura do Município de Foz do Iguaçu, "Sobre a cidade: A Cidade," Accessed July 27, 2013, <http://www.pmfi.pr.gov.br/conteudo/984/1004/A-Cidade>.

<sup>20</sup> Guillermo R. Delamer et al., "Chinese Interests in Latin America," in *Latin American Security Challenges: A Collaborative Inquiry from North to South*, ed. Paul D. Taylor, (Newport, RI: Naval War College 2004), 93.

<sup>21</sup> Da Cunha, "Terrorismo internacional e a política externa brasileira após o 11 de setembro," 77 ; Julio A. Cirino, Silvana L. Elizondo and Geoffrey Wawro, "Latin America's Lawless Areas and Failed States: An Analysis of New Threats," in *Latin American Security Challenges: A Collaborative Inquiry from North to South*, ed. Paul D. Taylor, (Newport, RI: Naval War College 2004), 24.



Lebanon, particularly from the Beqaa Valley, and the rest are mainly of Palestinian, Egyptian and Jordanian descent.<sup>22</sup>

Like the Chinese and Korean communities, many Arab immigrants undertake commercial activities in the TBA and particularly in Ciudad del Este, often focusing on importing and exporting products. Additionally, immigrants residing in the TBA also come from other countries, including Egypt, Croatia,<sup>23</sup> Italy, and Germany<sup>24</sup>, though they are less important proportionally.

The larger part of the Arab population in the TBA is Muslim, with a majority of Shia and a minority of Sunni Muslims. In general, it has been claimed that as many as 11,000 Muslims from the triple frontier region have moved to less “closely watched Arab population centers in South America”<sup>25</sup>, particularly after the 9/11 attacks, because of the focus on the Islamic community’s possible ties to terrorist activities. Nonetheless, these communities are still entrenched in the TBA, even though it is difficult to establish the exact number of Muslims in the area. Moreover, both Argentina and Brazil have large Muslim populations in general, which are estimated at over one million each.<sup>26</sup> Nevertheless, migration flows from the Middle East and Northern Africa also included Christian Arabs from Lebanon and Syria, Egyptian Copts, and Palestinian Christians, who emigrated to the TBA over fifty years ago.<sup>27</sup>

These different ethnic and religious groups are represented in the region by a variety of organizations and institutions. In Foz do Iguaçu, for example, the Muslim community founded the Clube União Árabe (Arab Unity Club) in 1962. It was the first official organization that brought together the Arab and Muslim communities of the region. The number of Arab associations expanded throughout the years, following the establishment of the Sociedade Beneficente Islâmica (Islamic Benevolent Society) during the 1970s. Some received direct funding from Middle Eastern countries. By the early 1980s, the cultural and religious differences within the

<sup>22</sup> R. Hudson, “Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America,” 9. ; Da Cunha, “Terrorismo internacional e a política externa brasileira após o 11 de setembro,” 77.

<sup>23</sup> “Triple Frontera,” *BBC Mundo*.

<sup>24</sup> Páez, “Multiculturalismo en la Triple Frontera: Argentina, Brasil y Paraguay.”

<sup>25</sup> R. Hudson, “Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America,” 1.

<sup>26</sup> According to estimates by the Pew Research Center and Islamic Population, which include immigrants, descendants, and converts to Islam. See: Arthur Brice, “Iran, Hezbollah mine Latin America for revenue, recruits, analysts say,” *CNN*, June 4, 2013, <http://edition.cnn.com/2013/06/03/world/americas/iran-latin-america>.

<sup>27</sup> Lt. Col. Phillip K. Abbott, “Terrorist threat in the Tri-Border Area: Myth or Reality?” *Military Review* (September-October 2004), The U.S. Army Professional Writing Collection, [http://www.army.mil/professionalWriting/volumes/volume3/january\\_2005/1\\_05\\_4.html](http://www.army.mil/professionalWriting/volumes/volume3/january_2005/1_05_4.html), 18.

Arab Muslim population were also apparent in formal organizations. In 1981, for instance, the Centro Cultural Beneficiente Islâmico de Foz do Iguaçu (Islamic Benevolent Cultural Center of Foz do Iguaçu) was founded by the region's Sunni population, who aimed to establish a fundamental presence within the "Islamic family of the frontier."<sup>28</sup>

The Centro Cultural Beneficiente Islâmico de Foz do Iguaçu offered Arabic language lessons in addition to religious studies in the Ali Ben Taleb School, which today is called the Escola Árabe-Brasileira (Arab-Brazilian School). The Escola Árabe-Brasileira and the Escola Libanese Brasileira (Lebanese Brazilian School), also in Foz do Iguaçu, both became regular schools, approved by the Ministry of Education in the early 2000s. In order to preserve their Arab heritage, the community established three main bilingual schools in the region, two in Foz do Iguaçu and one in Ciudad del Este.<sup>29</sup> Despite them being open to everybody, most of the students are descendants of Arab Muslims, who view the enrolment of their children in these schools as an instrumental element in the maintenance of their cultural identity.

The Arab Muslim organizations, initially established to cater to the immigrant populations, have become an important part of the cultural life of Arab descendants and Brazilian Muslims. Other examples include the Centro de Atividades Educacionais Arabe Brasileiro (Arab-Brazilian Educational Activities Center), União Jovem Árabe Brasileira de Foz do Iguaçu (Young Arab Brazilian Union of Foz do Iguaçu), and the Clube de Mulheres Árabes de Foz do Iguaçu (Arab Women's Club of Foz do Iguaçu).

Furthermore, there are two main mosques in Foz do Iguaçu and one in Ciudad del Este. Both mosques in Foz do Iguaçu are located in the Jaridm Central neighborhood, where many of the city's Lebanese residents reside. The Centro Cultural Islâmico or Omar Ibn al-Khatib mosque was inaugurated in 1983 and is mostly frequented by Sunni Muslims, while the Sociedade Beneficiente Islâmica is frequented by the Shia. The Sunni mosque is larger and is also commonly visited by the region's tourists.<sup>30</sup> Moreover, the Mosque of the Prophet Muhammad was inaugurated in Ciudad del Este in the mid-1990s. It is only a few blocks from the

<sup>28</sup> See, for example: Aline Maria Thomé Arruda, "A Presença Libanese em Foz do Iguaçu (Brasil) e Ciudad del Este (Paraguai)" (MA diss., Universidade de Brasília, 2007), 38.

<sup>29</sup> Páez, "Multiculturalismo en la Triple Frontera: Argentina, Brasil y Paraguay."

<sup>30</sup> In 2006 it was considered to be the 5<sup>th</sup> most-visited tourist destination in the city. See: Arruda, "A Presença Libanese em Foz do Iguaçu (Brasil) e Ciudad del Este (Paraguai)," 28.

center of the city and occupies the first three floors of a fourteen-story building owned by Muhammad Youssef Abdallah, an immigrant from South Lebanon who also built the mosque.<sup>31</sup> Its central location allows the Muslims running commercial activities in Ciudad del Este to access the mosque easily for their daily prayers.

## Economy

The triple frontier's economic growth was spurred by tourism, trade, and the development of the Itaipú hydroelectric plant. During the 1970s, Brazilian and Paraguayan government planners established a free-trade zone in the flourishing city of Ciudad del Este, in order to promote regional trade and enhance the appeal of the TBA as a tourist destination.<sup>32</sup> Ciudad del Este rapidly became an important commercial center in the region and a source of cheap goods, particularly of electronic ones.

On the other hand, Puerto Iguazú grew more slowly and remains the least commercially dynamic of the three border cities. Its main attraction is its proximity to the Iguazú Falls. In recent years the city has witnessed a significant expansion of hotel chains, casinos and shopping malls. In fact, the whole region has benefited from the increase of "shopping tourism." In November 2012, for example, Foz do Iguaçu, Ciudad del Este and Puerto Iguazú collaborated in a commercial event that encouraged shopping by promoting a wide-array of bargains and sales. The week was designated as the "Black Friday of the Triple Frontier." Visitors and businessmen commended Puerto Iguazú's new hotel services and superb gastronomy, while Argentine authorities described the excellent quality of the products sold in Ciudad del Este. Moreover, Argentine officials also claimed that it was possible to create such an event because of the order and security that is now ensured in the Paraguayan city.<sup>33</sup>

Nevertheless, the TBA is also commonly associated with contraband, money laundering, drug trafficking and piracy – particularly in Ciudad del Este, which became an important center for this lucrative, black-market economy.

<sup>31</sup> Jeffrey Goldberg, "In the Party of God," *The New Yorker* 79, no. 32 (October 28, 2002).

Goldberg, "In the Party of God," 2.

<sup>32</sup> Sebastian Junger, "Terrorism's New Geography," *Vanity Fair*, no. 508 (December 2002), 196, citing Brazilian journalist Jackson Lima.

<sup>33</sup> Páez, "Multiculturalismo en la Triple Frontera: Argentina, Brasil y Paraguay."

### *Ciudad del Este*

The tax-free imported products of Ciudad del Este attract merchants from across the border and promote the city as a tourist and shopping destination. Small businesses, shops (particularly specialized in electronics), banks and currency exchange offices<sup>34</sup> permeate the city. The goods purchased there are then commonly resold in neighboring countries, leading to a high number of border crossings on a daily basis. Between 20,000-40,00 people cross the Friendship Bridge between Brazil and Paraguay every day<sup>35</sup>, making these exchanges the most economically dynamic ones in the region.

The border checks aren't always thorough. Border authorities sometimes overlook the inspection of documents, check less than 10% of personal baggage and vehicle loads, or limit their inspections to simple spot-checks. This fostered a high degree of smuggling between Ciudad del Este and Foz do Iguaçu, prompting the authorities to improve the border security. Brazil, for instance, put into practice an integrated customs system and reduced from US\$500 to US\$150 the monthly amount that small Brazilian importers could spend in the area. These measures, coupled with similar Argentine ones, contributed to the decrease in commercial activity in Ciudad del Este<sup>36</sup> and limited the traditional status of the TBA as a source of cheap goods.

The economy of Ciudad del Este is nonetheless still fueled by illegal trade and contraband. Counterfeit products, including fake software, CDs and DVDs, as well as a large number of cheap East Asian goods, are imported illegally and then sold in bazaars. Ciudad del Este has been classified as a “notorious market” for the trafficking of infringed products, thus supporting global piracy and spilling over into the entire tri-border region.<sup>37</sup> Additionally, street merchants are also known to sell drugs and weapons<sup>38</sup>, as the city hosts a network of criminals and arms, drugs, and human traffickers. Consequently, the Paraguayan city has been dubbed a “world class

<sup>34</sup> See, for example: Abbott, “Terrorist threat in the Tri-Border Area: Myth or Reality?” ; Marcos Alan S.V. Ferreira, “Os órgãos governamentais brasileiros e a questão do terrorismo na Tríplice Fronteira: divergências de percepções e convergências nas ações,” *Carta Internacional* 7, no. 1 (January-June 2012): 113.

<sup>35</sup> R. Hudson, “Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America,” 11 ; Benedetta Berti, “Reassessing the Transnational Terrorism-Criminal Link in South America’s Tri-Border Area,” *The Jamestown Foundation, Terrorism Monitor* 6, no. 18, September 22, 2008.

<sup>36</sup> Mariano César Bartolomé, “La triple frontera: Principal foco de inseguridad en el Cono Sur Americano,” *Military Review*, Spanish edition (July-August 2002), 2.

<sup>37</sup> “Out-of-Cycle Review of Notorious Markets,” Office of the United States Trade Representative, Executive Office of the President, February 28, 2011, [http://www.ustr.gov/webfm\\_send/2595](http://www.ustr.gov/webfm_send/2595).

<sup>38</sup> In the early 2000s, AK-47s were allegedly sold for about US\$ 375. Goldberg, “In the Party of God” ; R. Hudson, “Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America,” 10.

center of commerce in terms of cash transactions” with a noteworthy retail economy.<sup>39</sup> This dynamism has made the triple frontier one of the most important commercial centers of South America.

### **The Tri- Border Area (TBA) of Brazil, Paraguay and Argentina As a Potential Safe Haven and Breeding Ground for Terrorists**

The region’s particular geography, society and economy have contributed to the assertion that the TBA is a safe haven and breeding ground for terrorists. Its geographical characteristics have sustained arguments characterizing the triple frontier as a lawless border area and as a zone of easy transit that provides access to urban markets and to the surrounding jungle area. With regards to society, the importance of urban centers has been underlined, and links have been made between the Arab Muslim communities and terrorist groups. Furthermore, the free economic area of Ciudad del Este and the flourishing illegal activities have been described as sources for money laundering and fundraising in support of terrorist groups.

Lawless areas are commonly border zones and jungles that are difficult to access. These conditions are exploited by political and economic insurgencies and terrorist groups, who settle in territories that are poorly integrated, regulated and supervised. The constant activity of border areas creates different spheres in which criminals and terrorists can blend in amongst businessmen, local residents, government authorities and tourists. The fluidity of this environment also spurs corruption and a greater demand for smuggled goods and illegal documents. Furthermore, the terrain facilitates drug trafficking, as vast and impenetrable jungles allow groups to hide bases, training camps, plantations, laboratories and clandestine runways. For instance, the Amazon has sheltered dozens of runways and the Paraná River has been used regularly for illicit traffic.<sup>40</sup>

The development of urban centers is another factor that makes the TBA a potential operational base for terrorists. They provide access to telecommunications and Internet, advanced technologies, transport, banking services, and weapons.

<sup>39</sup> The city’s retail economy reportedly ranked third worldwide, in volume of cash transactions. See: R. Hudson, “Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America,” 10-11.

<sup>40</sup> Cirino, Elizondo and Wawro, “Latin America’s Lawless Areas and Failed States: An Analysis of New Threats,” 18.

Usually, there is thus an established relationship between operatives in lawless or rural areas and those in cities. Urban settings are particularly important for organizational purposes, money-laundering, and the maintenance of a regional network. For example, in 2002, Argentine investigators uncovered evidence of coordination between sleeper cells in Buenos Aires and the triple frontier. They identified the main mosque in Foz do Iguaçu and a travel agency in the city as the two principal centers of activity.<sup>41</sup> Additionally, urban centers can also be the meeting point for terrorists and criminals wishing to collaborate on certain illegal activities.

Moreover, the proclamation that the TBA constitutes a safe haven for Islamic terrorist groups is usually associated to – and sometimes loosely based on – the presence of significant Arab and Muslim communities in the region. First, the existence of minorities is an element in the transnationalization of organized crime and terrorism. The family ties binding emigrants to their home country create a network that can be exploited for these purposes and that is difficult to regulate. In the TBA, for example, Arab and Muslim communities of Lebanese origin often maintain solid contact with their homeland. In certain cases, the preservation of their Lebanese shop-keeping tradition has facilitated the transfer of funds and money laundering in favor of organizations in the Middle East.

In general, the presence of a large Arab community in the area has prompted overarching assertions that the “TBA is highly conducive to the establishment of sleeper cells of Islamic terrorists including Hizbalah and al Qaeda”, and that “the cultural and social demographics of Ciudad del Este and Foz do Iguaçu make an ideal operations base for Arabic-speaking terrorist or criminal groups”.<sup>42</sup> These communities are tightly knit, hindering outside penetration. They have been increasingly scrutinized by the international media and are closely followed, for example by Brazilian authorities.<sup>43</sup> Besides, they can appear as a threat to the Jewish population in Argentina, who constitute about one third of the country’s Muslim population<sup>44</sup> and have already been a target of radical Islamic terrorism. Furthermore,

<sup>41</sup> Larry Rohter, “South America Region Under Watch for Signs of Terrorists,” *New York Times* 32 (December 15, 2002): 1A.

<sup>42</sup> R. Hudson, “Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America,” 9.

<sup>43</sup> Ferreira, “Os órgãos governamentais brasileiros e a questão do terrorismo na Tríplice Fronteira: divergências de percepções e convergências nas ações,” 108.

<sup>44</sup> R. Hudson, “Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America,” 10.

the communities in Ciudad del Este have reportedly sent funds to Hezbollah and Hamas to support terrorist acts against Israel.<sup>45</sup>

Therefore, the continuous emphasis on the link between the Arab communities and terrorist groups in the region has sparked a response within the local population. In Foz do Iguaçu, for example, local authorities have stated that a good relationship exists between the Arab population and the security forces, as many willingly cooperate with government agencies and want to clarify that their family is not involved in terrorist activities.<sup>46</sup> Local Arabs state that, contrary to common accusations, they don't constitute a passive community amongst which terrorists can easily hide and operate. These individuals have also pointed out that international claims of terrorism in the TBA, particularly after the terrorist attacks in Argentina in 1992 and 1994, have had an impact on their daily lives, making it more difficult for them to move or to travel abroad. A small part of the Arab Muslims living in the region do not hide their sympathy or financial support for Hezbollah, whom they consider a legitimate political party in Lebanon. However, different leaders within the community have affirmed that their members have lived harmoniously alongside the rest of the population for many years, that they reject terrorism, and that they hold moderate political views.<sup>47</sup>

Finally, the triple frontier's status as a breeding ground for terrorism is also based on the region's economic conditions. The free economic area of Ciudad del Este produces a level of business activity that allows organized crime groups and terrorists to conceal their operations, as in the dynamic city of Foz do Iguaçu. Furthermore, illicit activities are undertaken to generate profits for terrorist organizations. The selling of illegal goods, for example, is a way of raising funds for terrorist groups, as well as a means for the groups to buy weapons. Similarly, document fraud constitutes both a profitable business and the means to provide operatives with fake documentation. Furthermore, the degree of illegal activity has created the threat of confluence of criminal and terrorist groups. They could establish marriages of convenience – short-term circumstantial arrangements – in order to traffic drugs or gain access to advanced technologies.

<sup>45</sup> Abbott, "Terrorist threat in the Tri-Border Area: Myth or Reality?"

<sup>46</sup> Ferreira, "Os órgãos governamentais brasileiros e a questão do terrorismo na Tríplice Fronteira: divergências de percepções e convergências nas ações," 108.

<sup>47</sup> Abbott, "Terrorist threat in the Tri-Border Area: Myth or Reality?", 18.



## **PART 2. COMPONENTS OF THE TERRORIST THREAT: TERRORIST-RELATED ACTIVITIES AND GROUPS**

When analyzing the components of the terrorist threat emanating from the Tri-Border Area, one immediately stumbles upon the essential debate of whether Islamic terrorism does in fact exist in the region. Assessments vary, not least because of differences in the definitions of “terrorist” and the diverse strategies employed by the different countries. Nonetheless, it can be concluded that terrorists operate in the region. We will therefore consider the different groups that are present in the TBA, followed by their varied fundraising activities, the possible recruitment of operatives within the local population and, finally, the violent and radical activities these groups have engaged in.

### **Debates on the Existence of Islamic Terrorism in the TBA**

The triple frontier is frequently denominated “the United Nations of crime”, a “terrorist safe haven”, a “counterfeit capital”, and a “natural home” and “breeding ground” for terrorists. This discourse, already present within the law enforcement and intelligence communities of the United States and some South American countries, penetrated the larger political arena following the attacks in Buenos Aires against Israel’s embassy in 1992 and against the Asociación Mutual Israelita Argentina (AMIA, the Argentine Israeli Mutual Association) in 1994. These attacks were traced back to operations in the TBA. Subsequently, the post 9/11 climate of fear and the war against terrorism attracted more attention to developments in South America, making the terrorist threat emanating from the TBA an important subject in U.S. policy-making circles. While many experts and government authorities agree on the fact that the region hosts supportive communities that finance terrorist groups, the presence of Islamist cells in the region and the degree of the threat they pose to American interests is highly debated.

These questions have been widely politicized and publicized, as can be seen, for example, by the media attention that was devoted to the link between al Qaeda and the frontier region. In 2001, for instance, CNN reported that a connection existed between the terrorist group and the Muslim community of Foz do Iguaçu. It underlined that a photograph of the Iguazú Falls had been found in one of al Qaeda’s



houses in Kabul during the American offensive in Afghanistan. Other reports have mentioned that a map of the frontier region was found in a safehouse in Kabul. These accounts, in addition to political speeches and academic forums, triggered a response from the local population, who expressed anger and rejected such claims.<sup>48</sup>

Meanwhile, cases have been made that in addition to fundraising and money laundering, terrorist groups have established cells in the TBA and have used the region for plotting attacks. Consequently, both regional and international security forces have closely followed developments in the triple frontier, tracking terrorist suspects and monitoring the Arab Muslim local communities. Officials have expressed concern about a wide range of activities, including terrorist recruitment operations, the spreading of anti-American and anti-Israeli propaganda, and the smuggling of weapons and drugs, all of which have been cited as factors that undermine American national security.<sup>49</sup> However, these concerns about the degree of activity and influence of terrorist groups in the region have also been considered as exaggerated. Most significantly, counterterrorism coordinators, American policy-makers, and local government authorities repeatedly reaffirmed that no operational cells of al Qaeda or Hezbollah have been found in the American continent.<sup>50</sup> They claimed that there is a lack of concrete evidence to establish the current presence of cells in the region.

Nonetheless, it is generally believed that certain menacing elements do exist and require constant monitoring, particularly: the growing nexus between international terror networks and criminal organizations, the area as a potential source of terrorist attacks, and the financial and ideological support provided by the local population.

<sup>48</sup> See, for example: Da Cunha, "Terrorismo internacional e a política externa brasileira após o 11 de setembro," 78.

<sup>49</sup> "Hizbollah in Latin America – Implications for U.S. Homeland Security," Hearing before the Subcommittee on Counterterrorism and Intelligence of the Committee on Homeland Security, House of Representatives. One Hundred Twelfth Congress, First Session, July 7, 2011. Serial No. 112-35. Washington: U.S. Government Printing Office, 2012, 3.

<sup>50</sup> See: United States Department of State, Bureau of Counterterrorism, "Country Reports on Terrorism 2012," Released May 2013, <http://www.state.gov/documents/organization/210204.pdf>; United States Department of State, Bureau of Counterterrorism, "Country Reports on Terrorism 2011," Released April 2012, <http://www.state.gov/documents/organization/195768.pdf>; Geoffrey Ramsey, "Islamic Terrorism and Organized Crime in Latin America," InSight Crime, Organized Crime in the Americas (August 10, 2012), <http://www.insightcrime.org/news-analysis/islamic-terrorism-and-organized-crime-in-latin-america>; José Maschio, "Agora, EUA descartam terror na Tríplice Fronteira," *Folha de S. Paulo*, December 19, 2002, <http://www1.folha.uol.com.br/fsp/mundo/ft1912200203.htm>.

The possibility that terrorist groups could establish strategic links with criminal and drug trafficking organizations creates a serious threat to regional security. The connections between these organizations are generally temporary associations based on necessity or convenience. For example, they can function in tandem in a particular area or rely on the same intermediaries to transfer illicit goods, to obtain arms or to launder money. If these circumstantial associations would develop into longer-term strategic partnerships, they would create an even bigger threat, with the possibility of terrorist attacks being planned together. The counterterrorism and intelligence community is thus faced with the possibility of terrorist networks collaborating not only with like-minded regimes, but also with transnational criminal organizations.

Furthermore, it is also important to address the issue of financial and ideological support for terrorist groups from the local population. As geographical, societal and economic elements create the conditions for the TBA to be a potential source of terrorist attacks, it is necessary to impede the efforts of operatives seeking to establish financial and logistical support networks within existing diaspora communities<sup>51</sup>. Ideological sympathizers in South America and the Caribbean have financed terrorist groups in the Middle East and South Asia.<sup>52</sup>

### *Differences in Classification and Policy*

Moreover, the analysis of the terrorist threat stemming from the TBA is also varied because of differences in the classification of terrorists and within national policies. There is no overarching definition of terrorism or any universally accepted list of terrorist groups. Brazil, for example, does not consider Hezbollah a terrorist group, but rather a legitimate Lebanese political party. This hampers cooperation with the United States. The American position diverges greatly from the Brazilian government's refusal to list (legally or rhetorically) Hezbollah, Hamas or the Fuerzas Armadas Revolucionarias de Colombia (FARC, the Revolutionary Armed Forces of Colombia) as terrorist groups. The threshold is, therefore, very high for Brazilian authorities to consider evidence of terrorist activities in the region as legitimate,

<sup>51</sup> Matthew Levitt, "South of the Border, a Threat from Hezbollah," *Journal of International Security Affairs* (Spring 2013): 78.

<sup>52</sup> United States Department of State, Bureau of Counterterrorism, "Country Reports on Terrorism 2012," 175.

particularly in public statements.<sup>53</sup> Cooperation is further hindered by the legal infrastructure of the TBA countries, which lack the appropriate legal tools to combat terrorism.

Legislation countering money laundering and terrorism financing, for example, is often considered too narrow. Remittances and transfers of funds to Lebanon are not necessarily considered as means to support terrorism. This divergence creates difficulties in collaboration, as Brazilian authorities might dismiss certain information, while the United States expects such activities to be closely scrutinized for possible terrorism-financing links. However, a 2005 International Monetary Fund (IMF) report on Brazil declared that there was no evidence within the country of remittances being linked to terrorism financing, despite the Federal Police monitoring this threat.<sup>54</sup> Moreover, American officials have suggested that a possible gap exists between Brazil's public position and its operational engagements. This is supported by evidence of American and Brazilian cooperation in the sharing of intelligence and in the localization and detention of terrorist suspects – regardless of the Brazilian government's repeated assertion that there are no terrorists in the region.<sup>55</sup> According to Brazilian Federal Police officers, the organization had identified the presence of Islamic extremists on national territory during the 1990s.

Following the terrorist attacks in Buenos Aires during the early 1990s, Brazilian authorities reassessed their engagement in counterterrorism. The Federal Police strove to avoid the presence of terrorist operatives in Brazil, by increasing controls in airports and ports, participating in international forums on counterterrorism, and improving cooperation and intelligence-sharing with other countries.<sup>56</sup> It also established an antiterrorism service that tracked down extremists operating within Brazil and the larger triple frontier area. This allegedly included the

<sup>53</sup> Ferreira, “Os órgãos governamentais brasileiros e a questão do terrorismo na Tríplice Fronteira: divergências de percepções e convergências nas ações,” 106.

<sup>54</sup> “Brazil: Report on the Observance of Standards and Codes – FATF Recommendations for Anti-Money Laundering and Combating the Financing of Terrorism,” International Monetary Fund Country Report No. 05/207, June 2005. <http://www.imf.org/external/pubs/ft/scr/2005/cr05207.pdf>; Ferreira, “Os órgãos governamentais brasileiros e a questão do terrorismo na Tríplice Fronteira: divergências de percepções e convergências nas ações,” 114.

<sup>55</sup> Including the detention of Ayman Hachem Ghotme, Mohamad Astaraki, and Soliman

<sup>56</sup> Ferreira, “Os órgãos governamentais brasileiros e a questão do terrorismo na Tríplice Fronteira: divergências de percepções e convergências nas ações,” 109.

uncovering of a visit by Osama bin Laden and Khalid Shaykh Muhammad during the mid-1990s. The counterterrorist organization was disbanded in 2009.<sup>57</sup>

One of the reasons put forward for Brazil's standpoint underlines that there is a lack of political will from the government, who does not want to antagonize the big Lebanese community in the country by listing Hezbollah as a terrorist group.<sup>58</sup> Such an action would carry a significant political risk at the national level. Moreover, the Federal Police seems to be less concerned by a possible threat from Hezbollah, Hamas, al Qaeda or Gama'at al Islamiyya, than by contraband, drug trafficking, document fraud, clandestine call centers, tax evasion, and weapon smuggling. This is also the case in Paraguay, whose efforts are geared more towards the improvement of security, the fight against organized crime and the reduction of illicit trade.

It is also essential to consider that the particular history of the countries involved shapes their political discourse, as well as their legislation, in this case regarding counterterrorism laws. The relatively recent and bloody memories of the dictatorships in Argentina, Brazil and Paraguay, have made their societies aware of the arbitrary power that can be held by government and security authorities. Within an autocratic regime, terrorist laws can also constitute a means of eliminating undesired individuals and consolidating power. Consequently, the political decision to limit the extension of counterterrorism legislation or the number of groups and individuals considered as terrorists, also arises from the continued presence of deep scars within society.

### **Terrorist Presence in the Triple Frontier**

Even though there is no sweeping consensus on the extension of terrorist networks, Islamist cells, and their influence in Tri-Border Area, there is a general agreement amongst counterterrorism, intelligence and security officials that Islamic terrorist groups are present in the region. Their activities comprise fundraising, recruiting, and violent and radical acts, including the plotting of terrorist attacks. Frequently, a link is made between the local Arab populations and these groups.

<sup>57</sup> "Terrorists Set Up Bases in Brazil," InterAmerican Security Watch, May 16, 2011, <http://interamericansecuritywatch.com/terrorists-set-up-bases-in-brazil/>.

<sup>58</sup> Ferreira, "Os órgãos governamentais brasileiros e a questão do terrorismo na Tríplice Fronteira: divergências de percepções e convergências nas ações," 107.

Mosques, for example, are cited as places that foster terrorist groups such as Hezbollah, al-Gama'a al-Islamiyya and Islamic Jihad. Argentine security forces had also pinpointed the spiritual leader of Ciudad del Este's principal mosque, Sheik Mounir Fadel, as a Hezbollah member.<sup>59</sup>

United States government authorities have identified "Egypt's al-Gama'a al-Islamiyya (Islamic Group) and al-Jihad (Islamic Jihad), al Qaeda, Hamas, Hizballah, and al-Muqawamah (the Resistance; also spelled al-Moqawama), which is a pro-Iran wing of the Lebanon-based Hizballah," as the Islamic terrorist groups present in the TBA.<sup>60</sup> Militants of the Moroccan Islamic Combatant Group (GICM, after its French name Groupe Islamique Combattant Marocain) and members of media organizations, such as the Jihad Media Battalion, have also been identified in the area.<sup>61</sup> However, Hezbollah seems to be the most well-embedded in the TBA and in the larger South American region, despite claims that its regional activities have considerably declined as a result of increased law enforcement efforts after 9/11<sup>62</sup>. Meanwhile, some are skeptical about the actual presence of al Qaeda cells in the TBA, and connections to the other terrorist groups are more tenuous or less available.

Individuals linked to Hamas have been identified in the area, such as Salah Abdul Karim Yassine, who was arrested in November 2000 by the Paraguayan authorities. A suspected Hamas explosives expert, he was living in Ciudad del Este with fake documents.<sup>63</sup> Similarly, al-Gama'at al-Islamiya suspects were located and detained in the frontier area. Following 9/11, frequent police operations were undertaken in the region, which led to the arrest of the Egyptian citizen Al-Mahdi Ibrahim Soliman, among others.<sup>64</sup> Soliman was detained on April 15, 2002 in the Brazilian city of Foz do Iguaçu, where he had been living for about seven years, and where he had previously been arrested in 1999 on charges of contraband. His subsequent arrest was under charges filed by the Egyptian government, pinpointing him as a member of the terrorist group al-Gama'at al-Islamiya, which had conducted deadly attacks in numerous countries.<sup>65</sup> However, when Soliman's extradition was

<sup>59</sup> Peter Hudson, "There Are No Terrorists Here," *Newsweek* (November 19, 2001). ; Source 1, p. 16

<sup>60</sup> Hudson, "Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America," 1.

<sup>61</sup> "Terrorists Set Up Bases in Brazil," *InterAmerican Security Watch*.

<sup>62</sup> Berti, "Reassessing the Transnational Terrorism-Criminal Link in South America's Tri-Border Area."

<sup>63</sup> U.S. Department of State, "Patterns of Global Terrorism: 2000," April 30, 2001,

<http://www.higginsctc.org/patternsofglobalterrorism/2000pogt.pdf>.

<sup>64</sup> Berti, "Reassessing the Transnational Terrorism-Criminal Link in South America's Tri-Border Area."

<sup>65</sup> Hudson, "Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America," 21-22.

requested by Egypt in 2002 for his involvement in the 1997 Luxor terrorist attacks, Brazil's Supreme Court rejected the appeal.<sup>66</sup> Moreover, al-Muqawamah al-Islamiyah is one of the smaller Shiite extremist organizations present in the TBA. Many of its members apparently lead regular lives in sleeper cells, becoming combatants when mobilized.<sup>67</sup> Overall, there seems to be a longer and more entrenched presence of Shiite extremist organizations, particularly Hezbollah, than of Sunni groups.<sup>68</sup>

### *Hezbollah*

Hezbollah has developed support and financing networks within the tri-border area and population of Brazil, Paraguay and Argentina. It has taken advantage of this supportive population for recruitment purposes. Besides, the group has a longstanding presence in the region, from which it has itself conducted fundraising activities, sometimes alongside local criminal organizations. Despite the lack of conclusive evidence of military activities in the area, its undertakings in the TBA permit the financing of operations, not necessarily limited to the South American territory.

Accurate and reliable information on Hezbollah's funding sources and finances is practically unobtainable. Its representatives have highlighted the importance of donations and taxes, which reportedly make up half of the group's budget for welfare programs.<sup>69</sup> These include the compulsory Shia religious taxes of zakat and khums and contributions from Lebanese Shia diasporas around the globe. Officials have also explained that they receive donations from wealthy businessmen, in addition to investing in private ventures. Furthermore, the group generates profits from narcotics trafficking in Lebanon's Al Beqa'a Valley<sup>70</sup>, as well as other illegal activities. The Barakat Clan, for example, is a criminal network operating in the TBA that was involved in both criminal and terrorism-linked financing.<sup>71</sup> It operated mostly within Paraguay, which, in addition to hosting the counterfeit center of Ciudad del Este, also lacked comprehensive counterterrorism laws. Between 1999 and his

<sup>66</sup> *O Estado de São Paulo*, April 16, 2002 ; Berti, "Reassessing the Transnational Terrorism-Criminal Link in South America's Tri-Border Area."

<sup>67</sup> Sami G. Hajjar. "Hizballah: Terrorism, National Liberation, or Menace?" Strategic Studies Institute, U.S. Army War College, Carlisle, PA. August 2002.

<sup>68</sup> Anthony Faiola, "U.S. Terrorist Search Reaches Paraguay; Black Market Border Hub Called Key Finance Center for Middle East Extremists," *Washington Post* (October 13, 2001): A21.

<sup>69</sup> Mona Harb, *Le Hezbollah à Beirut (1985–2005): De la Banlieue à la Ville* (Paris: IFPO– Karthala, 2010), 94.

<sup>70</sup> Hudson, "Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America," 1.

<sup>71</sup> Joshua L. Gleis and Benedetta Berti, *Hezbollah and Hamas: A Comparative Study* (Baltimore, Maryland: John Hopkins University Press, 2012).

arrest in 2003, the Lebanese immigrant Assad Barakat allegedly transferred about \$6 million per year to Hezbollah. These profits stemmed from his successful counterfeiting and smuggling businesses.<sup>72</sup>

Moreover, Hezbollah officials are often reticent when asked to elucidate on the amount and nature of foreign government support. The Syrian regime, for example, used to support Hezbollah both logistically and materially. More importantly, Iran provides the organization with weapons, explosives and training, as well as political, monetary and organizational assistance. Iranian intelligence officials have reportedly been involved in Hezbollah-linked activities in the triple frontier since the 1990s, implying direct Iranian government support.<sup>73</sup> Estimates of Iranian financial contributions range from \$25 to 200 million, even though it has been argued that this support has consistently decreased.<sup>74</sup>

The curtailment of Iranian contributions could be a further reason for the group to expand and consolidate fundraising operations in the TBA. It is believed that Hezbollah increased its involvement in Latin America and Western Africa following a “significant fallout” with Iran in 2006 over financing.<sup>75</sup> Fundraising activities in the triple frontier reportedly constitute a significant part of the group’s income.<sup>76</sup> However, it is difficult to establish exactly how much these lucrative operations generate for the terrorist organization, as estimates are speculative and unverifiable. A 2004 report for the Naval War College concluded that Hezbollah’s undertakings in the triple frontier area produce about \$10 million per year, while a 2009 study by the Rand Corporation determined that it earned \$20 million annually<sup>77</sup>. This has led some analysts to ascertain that the TBA has become the group’s most important source of independent funding.<sup>78</sup> Hezbollah developed both legal and illegal activities in the TBA for the financing of schemes in the Middle East and abroad.

<sup>72</sup> Prepared statement of Chairman Patrick Meehan, “Hizbollah in Latin America – Implications for U.S. Homeland Security,” Hearing before the Subcommittee on Counterterrorism and Intelligence, 30.

<sup>73</sup> Hudson, “Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America,” 1.

<sup>74</sup> Simon Romero, “Businessman Linked by U.S. to Hezbollah Is Arrested in Brazil in a Fraud Scheme,” *The New York Times*, May 20, 2013, [http://www.nytimes.com/2013/05/21/world/americas/man-linked-by-us-to-hezbollah-is-arrested-in-brazil.html?\\_r=1&](http://www.nytimes.com/2013/05/21/world/americas/man-linked-by-us-to-hezbollah-is-arrested-in-brazil.html?_r=1&).

<sup>75</sup> According to Douglas Farah, for example. He is a senior fellow at the International Assessment and Strategy Center. Brice, “Iran, Hezbollah mine Latin America for revenue, recruits, analysts say.”

<sup>76</sup> Hudson, “Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America,” 1.

<sup>77</sup> Gregory F. Treverton et al., *Film Piracy, Organized Crime, and Terrorism* (Santa Monica, CA: RAND Corporation, 2009).

<sup>78</sup> Rachel Ehrenfeld, *Funding Evil: How Terrorism is Financed—and How to Stop It* (Chicago: Bonus Books, 2003), 147 ; Brice, “Iran, Hezbollah mine Latin America for revenue, recruits, analysts say.”



The terrorist group has benefited from its extended presence in the region, which dates back to the 1980s.<sup>79</sup> Paraguayan intelligence sources have indicated that until the year 2000 there were more than 46 Hezbollah operatives living in the TBA, including the regional fundraiser for the organization, Ali Khalil Mehri.<sup>80</sup> The group's relationship with the local Lebanese and Muslim communities provided them with legal, profitable ventures, as well as a potential source for recruitment. These recruitment efforts frequently took place in mosques or Islamic centers, which were sometimes infiltrated or established by Hezbollah-linked individuals. According to a study for the United States Special Operations Command, the peak of the Lebanese civil war was a key moment in which the recruitment of sympathizers was intensified and more agents were planted in TBA.<sup>81</sup>

Moreover, the region's porous borders, unregulated trade and weak law enforcement encouraged the development of illicit activities – mainly drug trafficking, counterfeiting, piracy, and money laundering.<sup>82</sup> Thus, by exploiting the weak regional governance and with Iranian support, Hezbollah operatives began to extend to Latin America the lucrative smuggling and drug-trafficking operations already undertaken in Lebanon's Al Beqa'a Valley.<sup>83</sup>

Hezbollah's capabilities and presence in the TBA were dramatically revealed in the early 1990s with their involvement in the two most devastating attacks in South American history: the 1992 suicide bombing in front of the Israeli embassy in Buenos Aires and, two years later, the bombing of the Argentine Israeli Mutual Association, which together killed 114 people<sup>84</sup>. This prompted American and regional authorities to consider that Hezbollah had become "the major international terrorist threat" in the region.<sup>85</sup> Over two decades later, Hezbollah's footprint in the TBA is still considerable.

The United States Treasury Department has specified that more than a dozen individuals and various organizations have been sanctioned since 2006 for giving

<sup>79</sup> Levitt, "South of the Border, a Threat from Hezbollah," 78 ; "Hizbollah in Latin America – Implications for U.S. Homeland Security," Hearing before the Subcommittee on Counterterrorism and Intelligence, 29.

<sup>80</sup> Berti, "Reassessing the Transnational Terrorism-Criminal Link in South America's Tri-Border Area."

<sup>81</sup> Levitt, "South of the Border, a Threat from Hezbollah," 78.

<sup>82</sup> Abbott, "Terrorist threat in the Tri-Border Area: Myth or Reality?", 18 ; Hudson, "Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America." ; "Hizbollah in Latin America – Implications for U.S. Homeland Security," Hearing before the Subcommittee on Counterterrorism and Intelligence.

<sup>83</sup> Ehrenfeld, *Funding Evil How Terrorism is Financed—and How to Stop It*.

<sup>84</sup> "Terrorists Set Up Bases in Brazil," InterAmerican Security Watch.

<sup>85</sup> Prepared statement of Chairman Patrick Meehan, "Hizbollah in Latin America – Implications for U.S. Homeland Security," Hearing before the Subcommittee on Counterterrorism and Intelligence, 29.



financial support to the group's leadership in Lebanon. These included, for example, the Galeria Page shopping center in Ciudad del Este, partly owned by Assad Barakat. His businesses were used as "front companies for Hezbollah activities and cells", providing "a way to transfer information to and from Hezbollah operatives."<sup>86</sup> Moreover, in June 2013, an Argentine special prosecutor published a thorough report detailing Iranian involvement in Argentina and the greater Latin American region. It confirmed previous affirmations that Iran was implicated in the 1994 bombing. The special prosecutor also reported that Iran and Hezbollah were developing a network for recruitment and revenue in the triple frontier area, as well as in Chile, Colombia, Suriname, Trinidad and Tobago, and Uruguay, among others.<sup>87</sup>

Finally, there is a lack of evidence to conclude that Hezbollah is conducting military activities in the region and planning further terrorist attacks from the TBA. The group's most prominent violent engagement that was linked to the triple frontier was the plotting of the terrorist attacks in Buenos Aires in collaboration with Iran.

### *Al Qaeda*

Public speculation of the presence of al Qaeda cells in the Tri-Border Area mushroomed following the diffusion of media reports on the flourishing of Islamist terrorism in the South American region. These included descriptions of high-level meetings, claims of cooperation between Sunni and Shiite organizations, and details of varied activities being conducted in the region. The first news report relating al Qaeda's presence in the TBA and its regional collaboration with Hezbollah emerged in 1999. It was based on the identification of suspected al Qaeda operatives by Argentine intelligence officials.<sup>88</sup> Further accounts linked the TBA to foiled terrorist plots against American embassies.

Al Qaeda's presence in the triple frontier reportedly goes back to the early 1990s. The existence of operations in the region has been supported by the arrest of terrorists linked to al Qaeda, including El Said Hassan Ali Mohammed Mukhlis and Marwan Adnan al-Qadi ("Marwan al Safadi"). Additionally, local and foreign

<sup>86</sup> Levitt, "South of the Border, a Threat from Hezbollah," 78.

<sup>87</sup> Brandon Fite and Chloe Coughlin-Schulte, "U.S. and Iranian Strategic Competition: The Impact of Latin America, Africa, and the Peripheral States," Center for Strategic and International Studies, July 9, 2013, [http://csis.org/files/publication/130709\\_Iran\\_Latinamerica\\_otherstates.pdf](http://csis.org/files/publication/130709_Iran_Latinamerica_otherstates.pdf), 18.

<sup>88</sup> Hudson, "Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America," 1.

security forces have frequently searched the border area for both members and supporters of the terrorist group. Nevertheless, intelligence and law-enforcement authorities have not been able to consistently corroborate the existence of al Qaeda sleeper cells or operatives in the TBA. In 1999, for example, the Argentine Secretaría de Inteligencia (Secretariat of Intelligence; previously called the Secretaría de Inteligencia de Estado) stated that al Qaeda members were operating in the area, also within dormant cells involved in financing and recruitment efforts.<sup>89</sup> However, three years later, Brazil, Paraguay, Argentina and the United States declared that “no concrete, detailed tactical information ... support[s] the theory that there are terrorist sleeper cells or al Qaeda operatives in the TBA.”<sup>90</sup>

The disclosure of an alleged visit of Osama bin Laden and Khalid Shaykh Muhammad in 1995 to Foz do Iguaçu preserved the al Qaeda question at the forefront of public discussion. Even if some received the information with skepticism, it seemed to indicate the importance of the region within international terrorist networks. Quoting an anonymous high official of the Agência Brasileira de Inteligência (the Brazilian intelligence agency), the Brazilian newsweekly *Veja* recounted that there was a 28-minute videotape that revealed the participation of bin Laden in a gathering at a mosque in the region.<sup>91</sup> Furthermore, the al Qaeda leader Khalid Shaykh Muhammad allegedly remained twenty days visiting sympathizers in Brazil.<sup>92</sup> These high-level visits have thus been considered as key moments from which al Qaeda began establishing a more significant presence in the TBA.

The appeal of the triple frontier depended, in part, on the Arab communities and their religious organizations, which were to provide a hiding place for fugitives and terrorists<sup>93</sup> and a base for potential recruitment. They would also constitute fronts for training camps. Moreover, al Qaeda operatives in the region began substantial fundraising in Foz do Iguaçu and Ciudad del Este<sup>94</sup>. This included engagement in illicit activities, such as money laundering and the trafficking of drugs, weapons and

<sup>89</sup> Berti, “Reassessing the Transnational Terrorism-Criminal Link in South America’s Tri-Border Area.”

<sup>90</sup> J. Cofer Black, Department of State Coordinator for Counterterrorism, Testimony to the Committee on International Relations, Subcommittee on International Terrorism, Nonproliferation and Human Rights, U.S. House of Representatives, Washington, D.C., March 26, 2003 ; Abbott, “Terrorist threat in the Tri-Border Area: Myth or Reality?”

<sup>91</sup> Hudson, “Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America,” 1.

<sup>92</sup> Berti, “Reassessing the Transnational Terrorism-Criminal Link in South America’s Tri-Border Area.”

<sup>93</sup> Germano Oliveira, “Brazil’s Former Drug Czar: Bin-Ladin Establishing Al-Qa’idah Cell on Triborder,” FBIS Document ID: LAP200109119000051, *O Globo* (September 19, 2001).

<sup>94</sup> Goldberg, “In the Party of God.”

uranium. These activities were also reportedly undertaken in collaboration with Chinese and Chechen criminal organizations.<sup>95</sup>

### *TBA-linked Terrorist Operatives*

Furthermore, the location and detainment of numerous operatives in the region also indicates the existence of terrorist groups in the Tri-Border Area. Some were accused of terrorism financing, inciting terrorism or plotting attacks. Khalid el Din, for instance, was held under terrorism charges, as he was identified as one of the collaborators in the 1994 AMIA bombing. In 1996, Paraguayan authorities established that the explosives expert Marwan al Safadi was living in the TBA. He was eventually captured by Brazilian authorities. Another key figure, Mohamed Ali Abou Ibrahim Soliman (accused by Egypt of involvement in the terrorist attack in Luxor in 1997) was arrested by the Brazilian Federal Police in 1999. Other examples of key operatives located in the triple frontier, include one of Hezbollah's principal military and terrorism chiefs, Imad Mugniyah. He was connected to the establishment of terrorist cells in Ciudad del Este and Encarnación.

Nonetheless, many operatives or terrorist supporters were detained in the frontier region because of other offences. These include tax evasion, money laundering, racketeering, and trafficking in counterfeit goods, drugs and humans. Khaled Hussein Ali, for example, was arrested in 2009 and charged with inciting crime, racism and racketeering. He was one of the leaders of the Jihad Media Battalion, responsible for supervising texts and videos before they were released. Ali Nizar Dahroug was convicted in 2003 for tax evasion. Ali Nizar and his uncle Muhammad were identified as al Qaeda point men in the TBA. Their monthly money transfers to the United States, Europe and the Middle East were linked to Sunni terrorist organizations.

The investigation and subsequent arrest of certain members of the so-called Barakat Clan shed further light on terrorist-related operations in the TBA. The criminal organization was involved in terrorist financing through a wide range of illegal activities. Its leader, Assad Ahmad Barakat, was classified as a “specially designated global terrorist” by the United States in 2004. One of the principal regional

<sup>95</sup> Hudson, “Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America.”

financiers of Hezbollah, he was imprisoned in Paraguay in 2003 for tax evasion. His brother, Hattem Barakat, was jailed three years later for aggravated production and use of documents containing false information.

The identification and detainment of terrorist supporters and operatives in the TBA has led to the uncovering of regional activities carried out by Hezbollah, al Qaeda, the Moroccan Islamic Combatant Group (GICM), and the Jihad Media Battalion.<sup>96</sup>

### **Fundraising Activities**

It is difficult to determine the Tri-Border Area's current role in the financing of Islamic terrorism. However, there exists a broad consensus that the TBA is mainly used by terrorist organizations for fundraising purposes. As previously mentioned, the most lucrative activities include illegal commerce, counterfeiting, money laundering in support of terrorist groups, and drug trafficking. Despite improvements in law enforcement, porous borders and weak government presence in the region have facilitated their development. In addition to terrorist organizations and organized crime groups, local officials have also benefited from these activities. Corruption flourished, particularly at the borders and in duty-free zones. High profits led corrupt officials to allow the selling of illegal products, such as pirated software, music and films. They also carried out superficial border checks or turned a blind eye to the use of forged travel documents, thereby facilitating the transit of operatives and the development of a terrorist safe haven.<sup>97</sup>

How much profit is generated from these fundraising activities is unavailable. Ten years ago, American authorities considered that terrorist-linked organizations in the triple frontier were sending between \$300 and \$500 million annually to extremist Islamic groups in the Middle East from profits generated from illicit activities.<sup>98</sup> The 2006 and 2007 International Narcotics Control Strategy Report also confirmed that money laundering in South America contributed to the financing of terrorism on a

<sup>96</sup> See Table 1. *Terrorist Operatives and Supporters Identified in the Tri-Border Area of Brazil, Paraguay and Argentina, Appendix D*, for a list of the most well-known individuals who have been located and/or detained in the frontier region.

<sup>97</sup> Hudson, "Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America," 4-5.

<sup>98</sup> "U.S. General: Islamic Rebels Get Cash from Latin America Gangs," *Orlando Sentinel*, March 10, 2003, A9, citing General James T. Hill, commander of the U.S. Southern Command in Miami.

yearly basis, with money transfers amounting to tens of millions of dollars. Likewise, a Paraguayan intelligence report asserted that approximately \$20 million are collected in the TBA each year to finance Hezbollah and Hamas.<sup>99</sup>

However, it is difficult to distinguish between simple remittances and masked contributions to terrorism. It is equally complex to separate money laundered on behalf of terrorists and on behalf of criminal organizations. This has resulted in cases in which billions of dollars have been traced to money-laundering schemes in the triple frontier, but there was no concrete evidence that proved these funds were then sent directly to terrorists.<sup>100</sup> It is difficult to pinpoint and track these transfers because they're often conducted outside the traditional banking system, through informal value systems. These include the hawala, an alternative or parallel remittance system, existing parallel to conventional financial channels. Originally developed in India, it has now spread throughout the world. It is a remittance system based on trust and the use of connections, as these connections permit the construction of a network in which to conduct the transactions. Hawala requires very few, or often no, negotiable instruments. Money transfers are conducted based on communications in a network of hawala dealers, or hawaladars. Furthermore, the system works without money actually moving. It was thus defined as “money transfer without money movement” in a hawala money laundering case.<sup>101</sup> This remittance system exemplifies the difficulty of identifying and tracing the transfers, and the importance of international networks.

Therefore, fundraising efforts are also geared towards supportive, local populations. According to the head of the United States Southern Command (SOUTHCOM), Gen. John F. Kelly, the Lebanese Shia diaspora in the TBA “may generate as much as tens of millions of dollars for Hezbollah through both licit and illicit means.”<sup>102</sup> A considerable part of these revenues is mobilized through remittance systems, as was reaffirmed by Carlos Altemberger, who headed a counterterrorist unit in Paraguay.<sup>103</sup> Moreover, several charities and front companies located in the TBA have been accused of money laundering and of funneling funds

<sup>99</sup> Berti, “Reassessing the Transnational Terrorism-Criminal Link in South America’s Tri-Border Area.”

<sup>100</sup> Berti, “Reassessing the Transnational Terrorism-Criminal Link in South America’s Tri-Border Area.”

<sup>101</sup> Patrick M. Jost and Harjit Singh Sandhu, “The Hawala Alternative Remittance System and its Role in Money Laundering,” Prepared by the Financial Crimes Enforcement Network, U.S. Department of Treasury, in cooperation with INTERPOL/FOPAC, accessed September 2, 2013, <http://www.treasury.gov/resource-center/terrorist-illicit-finance/Documents/FinCEN-Hawala-rpt.pdf>.

<sup>102</sup> Gen. John F. Kelly, Southern Command Commander, Statement before the House Armed Services Committee, March 20, 2013.

<sup>103</sup> Hudson, “Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America,” 23.

for operations in Iran and Lebanon.<sup>104</sup> Their representatives have also been denounced for extorting “donations” from legitimate businesses. There is also a risk that supportive individuals might become operational if commanded to do so.

Moreover, counterfeiting constitutes another means of financing terrorism, especially through the sale of fake software, music CDs, and movies. It’s interesting to note that DVD piracy is a lucrative business with larger profit margins than narcotics. A study published by the RAND Corporation in 2009 concluded that terrorist organizations have used profits from film piracy to finance their operations, and that this is just one of the “broader category of counterfeiting-terrorism connections”.<sup>105</sup> Criminal groups with terrorist links have been trying to control the whole supply chain of DVD piracy in some regions, consolidating their roles in manufacturing, distribution and street sales. These activities have been allowed to thrive in certain areas by politicians and law enforcement officials who’ve often been intimidated or bought. The report highlights the appeal of intellectual property theft among terrorists as well as criminals, for its low-risk and high-profit nature. These crimes can be an important source of revenue and should therefore be investigated more thoroughly, as information is currently limited.

Another important source of profit in the TBA is the trafficking of drugs. As for other activities such as contraband and human trafficking, the terrorists dealing in the drug trade benefit from corruption and permissive border controls. The surrounding jungle area, with its thick canopies and uninhabited stretches of land, was used to hide over 100 airstrips in the region. The TBA serves as a transit route for marijuana and cocaine from the Andes. The region’s importance as a drug-smuggling channel has diminished because of increased surveillance and security measures. Consequently, it has been claimed that drug trafficking has moved away from the three main urban centers in the TBA, to cities to the north and to the south of the triple frontier. These include Pedro Juan Caballero, Capitán Bado and Posadas. Capitán Bado, for example, is a hub for the production of marijuana, which is then smuggled into Brazil, and a center for the distribution of cocaine (that is frequently transported in small planes).<sup>106</sup>

<sup>104</sup> Cirino, Elizondo and Wawro, “Latin America’s Lawless Areas and Failed States: An Analysis of New Threats.”

<sup>105</sup> Treverton et al., *Film Piracy, Organized Crime, and Terrorism*, xii.

<sup>106</sup> Hudson, “Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America,” 24-25.

Nevertheless, the triple frontier still constitutes an important center within South American drug trafficking networks and is therefore exploited by terrorist organizations. Their involvement in the drug trade has been facilitated by the connections they have established with individuals across the continent, including in Venezuela, Bolivia and Ecuador.<sup>107</sup> The link between drugs and terrorism has been strengthened in the region. This has resulted in counter-narcotics operations aimed at Hezbollah drug trafficking activities, for example. According to Former SOUTHCOM commander, Admiral James Stavridis, these operations were conducted by the Drug Enforcement Administration (DEA), SOUTHCOM, and the host nations. “Most of these were only publicly identified as counter-drug operations, but a few, including drug rings busted in Ecuador in 2005, Colombia in 2008, and Curaçao in 2009, were explicitly tied to Hezbollah.”<sup>108</sup> He also identified the TBA and the Caribbean Basin as areas of particular concern tied to Hezbollah activity.

These operations usually led to arrests on drug trafficking charges, rather than terrorism, partly because the host nation’s counterterrorism laws were too narrow. In other cases, the connection between the terrorist groups and the drug traffickers was vague or only indicated ideological support, rather than logistical cooperation. For example, the Brazilian Federal Police and the Paraguayan National Police arrested a man for the sale of narcotics in the Paraná Country Club, in Ciudad del Este, where they also found leaflets in support of Hezbollah. He was imprisoned on drug trafficking charges, as ideological support for Hezbollah did not constitute a reason for detainment.<sup>109</sup>

### *Paraguay*

Paraguay plays a major role in this regional drug trafficking network. It is the largest cannabis producer in South America and its production represents approximately 15% of the world’s total production. Additionally, it’s a crucial transit zone for weapons, pirated goods, human trafficking, and cocaine. The United Nations Office on Drugs and Crime (UNODC) estimates that between 30 and 40 tons of

<sup>107</sup> Brice, “Iran, Hezbollah mine Latin America for revenue, recruits, analysts say.”

<sup>108</sup> Levitt, “South of the Border, a Threat from Hezbollah,” 79.

<sup>109</sup> Ferreira, “Os órgãos governamentais brasileiros e a questão do terrorismo na Tríplice Fronteira: divergências de percepções e convergências nas ações,” 111.



cocaine pass through Paraguay annually.<sup>110</sup> Colombian intelligence reports allegedly described cocaine routes that went from Colombia to Paraguay, through Bolivia. The drug was carried in small planes that would take off from clandestine FARC airstrips and it would be downloaded in drug barons' estates in Paraguay. From there, the cocaine could be mobilized using the guerrilla's routes to Brazil. Part of the merchandise would remain in Brazil, for internal consumption, particularly in São Paulo and Rio de Janeiro. The rest would be exported internationally, from the United States to Europe and from South Africa to Japan.<sup>111</sup>

Moreover, whole rural communities in the eastern part of Paraguay, bordering Brazil, are dedicated to the cultivation of cannabis. Both countries consider this area the weakest link in their fight against drug trafficking. It includes the Paraguayan departments of Alto Paraná, Canindeyú and Amambay. The head of the Paraguayan Secretaría Nacional Antidrogas (Senad, the National Anti-Drug Secretariat), Francisco de Vargas, explained that these communities of 40 to 60 individuals are openly engaged in cannabis cultivation. They're organized in cooperatives, with approximately 60 workers per plantation, who earn the equivalent of about \$10 to \$25 per day. Luis Rojas, the head of the Senad's Special Operations, stated that they benefit from their own roads, infrastructure and electricity. The plantations are usually spread over 10 to 15 hectares and produce approximately 45 tons of marijuana per year. Cannabis is concealed amongst regular corn or cassava plantations.<sup>112</sup>

Brazil is the principal market for the marijuana produced in Paraguay. Some Brazilian criminal groups, such as Comando Vermelho, settled in Paraguay to control the buying and distribution of the drug. They exploited the weak governance and compliance of local authorities. Moreover, regionally, the rest of the production is frequently directed to Bolivia, Uruguay, Argentina and Chile. This has thus required joint efforts in counter-narcotics operations. Moreover, Rojas asserted that their operations weren't directed at the caretakers and laborers, but rather at the plantation owners and leaders of the drug networks. The Senad officials consider the cultivation

<sup>110</sup> "UNODC and Paraguay launch \$10 million programme to combat drugs and crime," United Nations Office on Drugs and Crime, November 9, 2011, <http://www.unodc.org/unodc/en/frontpage/2011/November/unodc-and-paraguay-launch-usdollar-10-million-programme-to-counter-drugs-and-crime.html>.

<sup>111</sup> "Triple Frontera, zona de células del terrorismo," *Diario HOY*.

<sup>112</sup> "Paraguay es el principal productor de marihuana de Sudamérica," *ABC* (June 10, 2013), <http://www.abc.es/internacional/20130610/abci-paraguay-marihuana-201306091902.html>.



of cannabis in Paraguay as part of a larger, more complex social problem, in a country where about a third of the population lives in poverty.<sup>113</sup>

## Recruiting and Training

In addition to fundraising, the radical Islamist groups undertake recruiting and training operations in the Tri-Border Area. The region is actively used as a support base by organizations such as Hezbollah, Hamas, al-Gama'a al-Islamiyya and al-Muqawamah al-Islamiyya. Recruiting efforts are mainly geared towards the area's large Arab Muslim population. They tried to mobilize these communities during key periods, such as at the height of the Lebanese civil war. The surveillance and monitoring of these Arab populations by regional security forces confirms their role as a support base. Brazil, for example, was closely monitoring its Arab citizens living in the frontier area. It reportedly cooperated with the United States in stimulating "tip-offs" amongst them. Government officials contacted moderate Arabs and second-generation Brazilians of Arab descent, urging them to keep an eye on those who could be influenced by extremists.<sup>114</sup> Brazilian authorities then shared information with the United States concerning possible terrorist suspects they kept under surveillance.<sup>115</sup> The counterterrorist operations are conducted by the Brazilian Federal Police and the Agência Brasileira de Inteligência (ABIN, the Brazilian Intelligence Agency). The ABIN has described itself as the main national organization in charge of preventing terrorism. It stated that it's systematically involved in the tracking of suspected terrorist activities and operatives in the TBA and in São Paulo.<sup>116</sup>

In addition to the local Muslim communities, terrorist organizations attempt to recruit individuals from other possibly supportive communities. This could include the disenfranchised or economically marginalized groups of peasants in Paraguay, members of the Movimento Sem Terra (Movement of Those Without Land) in Brazil, and "piqueteros" (picketers) in Argentina. They could be susceptible to terrorism's

<sup>113</sup> "Paraguay es el principal productor de marihuana de Sudamérica," *ABC*.

<sup>114</sup> Ferreira, "Os órgãos governamentais brasileiros e a questão do terrorismo na Tríplice Fronteira: divergências de percepções e convergências nas ações," 110.

<sup>115</sup> Fernando Rodrigues, "PF disfarça prisão de terroristas, dizem EUA," *Folha de São Paulo*, November 29, 2010, <http://www1.folha.uol.com.br/fsp/poder/po2911201002.htm>.

<sup>116</sup> Agência Brasileira de Inteligência, *Revista Brasileira de Inteligência* 3, no. 4 (September 2007), accessed August 5, 2013, [http://www.abin.gov.br/modules/mastop\\_publish/files/files\\_48581dbdd7d04.pdf](http://www.abin.gov.br/modules/mastop_publish/files/files_48581dbdd7d04.pdf).

appeal.<sup>117</sup> Furthermore, terrorist organizations could capitalize on the anti-American sentiment already found in some South American communities.

Finally, it has also been reported that terrorist training camps exist in the area. These would be used for the instruction of both foreign and locally recruited individuals. The vast, uninhabited, and well-concealed areas of the TBA provide excellent spaces for conducting exercises. Both al-Muqawamah and Hezbollah reportedly have training camps around Foz do Iguaçu. Hezbollah is also supposed to run weekend training camps there.<sup>118</sup> However, there is not enough evidence available to confirm these allegations and identify the exact location of the terrorist training camps.

### **Violent and Radical Activities**

Radical Islamic terrorist organizations also conduct violent and radical activities in the Tri-Border Area, although arguably to a lesser extent than fundraising, recruiting and training. These radical activities mainly concern the plotting of terrorist attacks, most of which have been foiled by security forces. Notwithstanding, the attacks in Buenos Aires in the early 1990s highlighted the capabilities and intentions of terrorist organizations in the region. As the most devastating terrorist attacks committed on South American soil, they are a reminder of the possible threat emanating from the triple frontier area.

The uncovered terrorist plots have targeted American and Israeli entities in the region, particularly their diplomatic facilities. Terrorists connected to Hezbollah and al Qaeda allegedly began planning an attack on the United States embassy in Asunción in 1996 from their bases in the TBA. At least one known terrorist was involved in a plot in late 2000 to attack Israeli and American embassies in the Paraguayan capital. Diversionary actions were planned somewhere else in the city to distract the security authorities. Subsequently, the uncovering of a terrorist plot in April 2001 demonstrated that the terrorists had extended their targets to the American embassies in Montevideo, Uruguay, and Quito, Ecuador, as well as the Israeli embassy in Asunción. This led Israel to close the embassy in the city in 2002.

<sup>117</sup> Abbott, "Terrorist threat in the Tri-Border Area: Myth or Reality?"

<sup>118</sup> Goldberg, "In the Party of God"; Hudson, "Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America," 18.

Furthermore, these schemes also indicated that the planned attacks would take place simultaneously in two or more facilities. On December 22, 1999, for example, coordinated operations in Foz do Iguaçu, Ciudad del Este and Puerto Iguazú, reportedly foiled a plot to conduct simultaneous attacks in Buenos Aires, Ciudad del Este, and Ottawa, Canada. These plans were constructed partly as a response to developments in the Middle East peace process and were aimed at Jewish targets.<sup>119</sup>

There was a risk that the attacks could also be aimed at hotels, airports, tourist centers, or multinationals. It was believed that in addition to Israeli and American interests, German and French enterprises could also be targeted.<sup>120</sup> However, following the Buenos Aires bombings and the subsequent increase of security measures, it has been claimed that plotting activities by terrorists in the TBA have increasingly focused on terrorist attacks in other countries. These plots are not necessarily limited to attacks in the Middle East or Asia. In one case, ten terrorists suspected of belonging to a Hezbollah cell were detained in Mexico City on October 10, 2001, for planning to attack the Mexican Senate and assassinate the then President Vicente Fox. They had allegedly trained in the TBA, from where they later departed to Mexico.<sup>121</sup>

### *Buenos Aires Terrorist Attacks*

Two major TBA-linked terrorist attacks were carried out in Buenos Aires during the early 1990s, against the Israeli Embassy on March 17, 1992, and against the Asociación Mutual Israelita Argentina (AMIA, the Argentine Israeli Mutual Association) on July 18, 1994. Investigations traced the attacks to terrorists based in the TBA, thus focusing the attention of South American countries, Israel, and the United States on the frontier region.

The AMIA bombing killed 85 people, and injured over 150 people. The attack was directed at an important community center for the Argentine Jewish community, which is considered to be the largest in South America. The explosion came from a van packed with 300-400 kilograms of explosives, formed by a combination of

<sup>119</sup> Hudson, "Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America," 16-17.

<sup>120</sup> Maria Luisa Mac Kay. "Argentina Put on Heightened Security Alert in View of Potential Terrorist Attack," FBIS Document ID: LAP20021018000021, *Clarín*, (October 18, 2002).

<sup>121</sup> Hudson, "Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America," 19.

ammonium nitrate, aluminum, a heavy hydrocarbon, TNT, and nitroglycerine. The explosion destroyed almost half of the AMIA building's 4,600 square meters.<sup>122</sup> Argentine authorities later established that the Hezbollah operatives who had executed the attack had left the country approximately two hours before the explosion.<sup>123</sup> The attack was partly perceived as a retaliatory action for peace negotiations between the Hashemite Kingdom of Jordan and Israel.<sup>124</sup> They signed a peace treaty on October 26 of that year.

The Argentine government has striven to bring the perpetrators to justice. A decade ago, in January 2003, the Argentine Secretariat of Intelligence submitted a 500-page report to the then President, Eduardo Duhalde, on the AMIA bombing.<sup>125</sup> It asserted that the Hezbollah operatives used C4 plastic explosives that came from Ciudad del Este in the attack. It also stated that two or three of the suicide bombers involved had arrived from Lebanon.<sup>126</sup> A few months later, in May 2003, Argentine prosecutors connected the AMIA bombing to activities in Ciudad del Este and Foz do Iguaçu. They also issued arrest warrants for two Lebanese citizens living in the TBA, Assad Ahmad Barakat and Imad Fayed Mugniyah. Barakat was designated as Hezbollah's main fundraiser in the Southern Cone, and one of the organization's military operations leaders.<sup>127</sup> Moreover, an Iranian intelligence officer (who had defected and fled to Germany) accused Mugniyah of being the principal suspect behind the Buenos Aires bombings. He was also considered by American authorities as the architect of the 1983 bombing of the United States embassy in Beirut.

Furthermore, a report published in June 2013 by an Argentine special prosecutor reaffirmed the involvement of Iran and its collaboration with Hezbollah in the 1994 bombings.<sup>128</sup> Iran has repeatedly rejected these accusations and has refused to turn over Iranian suspects, including the Minister of Defense, Ahmad Vahidi.

<sup>122</sup> Matthew Levitt, "Examining the State Department's Report on Iranian presence in the Western hemisphere Nineteen Years After AMIA Attack," Testimony submitted to the House Committee on Foreign Affairs, Subcommittee on the Middle East and North Africa and Subcommittee on the Western Hemisphere, August 1, 2013, <http://docs.house.gov/meetings/FA/FA13/20130801/101238/HHRG-113-FA13-Wstate-LevittM-20130801.pdf>.

<sup>123</sup> Burgos, Marcelo Martinez and Alberto Nisman. *Office of Criminal Investigations: AMIA Case*. Buenos Aires, Argentina, Investigations Unit of the Office of the Attorney General, October 25, 2006, 245.

<sup>124</sup> Abbott, "Terrorist threat in the Tri-Border Area: Myth or Reality?", 18-19.

<sup>125</sup> Hudson, "Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America," 14.

<sup>126</sup> Raul Kollmann, "Responsibility for Argentine-Jewish Center Bombing Attributed to Iran," FBIS Document ID: LAP20030119000009, *Página/12* (January 19, 2003).

<sup>127</sup> Hudson, "Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America," 5.

<sup>128</sup> Fite and Coughlin-Schulte, "U.S. and Iranian Strategic Competition: The Impact of Latin America, Africa, and the Peripheral States," 18.

Evidence of Iranian intelligence and logistical support was discovered. Several Iranian diplomats, who constituted a support network for Hezbollah operatives, left Argentina in the weeks leading up to the attacks. Government agencies, including the Ministry of Intelligence and Security, the Cultural Bureau, the Foreign Ministry, and the Quds force, are suspected of having provided cover for Iranian intelligence activities in the region. Operations were sometimes conducted under the pretense of religious activity and thus included representatives from the Iranian Ministry of Islamic Culture and Guidance.<sup>129</sup>

The Iranian intelligence network was allegedly established in the region with the help of Mohsen Rabbani, who was also designated as one of the planners of the AMIA attack. In 1983, Rabbani arrived from Iran to Argentina, where he would live for eleven years. He was to head the state-owned at-Tawhid mosque, located in the Floresta neighborhood of Buenos Aires. He became a religious leader for the local Muslim community. Furthermore, he was also a representative of Iran's Ministry of Culture, charged with overseeing and assuring the quality of local meat exported to Iran. In 1994, only four months before the AMIA bombing, Rabbani was denominated an official Iranian diplomat. Argentine law enforcement and intelligence authorities later established that, since his arrival, Rabbani was laying the foundations for the future further development of an Iranian intelligence network. Prosecutors described him as the “driving force” behind the endeavor to establish this network in Argentina.<sup>130</sup>

### **PART 3. TERRORIST AND CRIMINAL ACTIVITIES IN SOUTH AMERICA CONNECTED TO THE TBA**

The fundraising, recruiting, plotting and training operations undertaken by radical Islamic groups in the Tri-Border Area are complemented by related activities throughout the continent. It is believed that a part of these activities was relocated from the triple frontier to less-scrutinized areas, particularly after 9/11. The ensuing global war on terror also pinpointed the terrorist threat radiating from the TBA. The region was widely publicized as a terrorist “hotbed” and “safe haven”, attracting the

<sup>129</sup> Levitt ““Examining the State Department’s Report on Iranian presence in the Western hemisphere Nineteen Years After AMIA Attack.”

<sup>130</sup> Levitt ““Examining the State Department’s Report on Iranian presence in the Western hemisphere Nineteen Years After AMIA Attack.”

attention of law enforcement and security officials. Government agencies, including intelligence agencies, were pressured to express their assessment of this threat and what they were doing to counter it, partly due to the public's increased awareness and uneasiness of regional developments. Additionally, regional authorities also enhanced security measures and strengthened law enforcement. It is considered that this environment led to the settling down of terrorists in other locations.<sup>131</sup> This does not imply, though, that the counterterrorism measures taken have eradicated terrorism from the TBA. Terrorists established elsewhere in South America are part of a wider support network, cooperating with those in the TBA.

Extremist groups have attempted to establish a presence in other locations where there is a notable Arab population. This includes the Paraguayan city of Encarnación and the Uruguayan town of Chuy. It is interesting to note that both of these are border towns, with Encarnación bordering Argentina and Chuy lying on the border with Brazil. Settling down in urban centers also facilitates the concealment of recruitment efforts and the establishment of a financial support network. Besides, some over-populated South American cities can harbor marginalized communities that could be more prone to engage in terrorism-related activities.

Furthermore, other free-trade areas in South America have witnessed the flourishing of illicit activities, the corruption of government officials, and the development of associations between terrorist operatives and criminals. In certain cases, these areas have also been characterized by the presence of a significant Middle Eastern population, which has encouraged the idea of them constituting a natural support network for Middle Eastern extremist organizations.<sup>132</sup> These include the localities of Iquique in Chile, Maicao in Colombia, and Venezuela's Margarita Island. Additionally, the Colón free trade zone of Panama has also been cited as an area in which terrorists could conduct logistical and financial operations.

The financial network based on money laundering, drug trafficking, arms smuggling, and piracy, exploited by terrorists in the TBA, also spreads its branches to other countries. It can be traced to operations in Venezuela's Margarita Island, Panama, and the Caribbean.<sup>133</sup> The Caribbean islands of Curacao and Cuba, for

<sup>131</sup> See, for example: Gleis and Berti, *Hezbollah and Hamas: A Comparative Study*.

<sup>132</sup> See, for example: Hudson, "Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America," 4.

<sup>133</sup> Abbott, "Terrorist threat in the Tri-Border Area: Myth or Reality?"

example, have been linked to drug trafficking and money laundering operations conducted by Hezbollah.<sup>134</sup> Operatives within drug trafficking networks also work in Bolivia, Peru and Colombia – key countries in the production of cocaine. The drug is then transported through weakly governed territories, which constitute exploitable grounds for the movement of goods and people. In South America, this particularly applies to the areas over which the Amazon rainforest extends across Brazil, Peru, Ecuador, Colombia, Guyana, Bolivia, Suriname, French Guiana and Venezuela.

Terrorist connections to Venezuela are a subject of particular concern; it isn't considered a terrorist safe haven solely because of its weak law enforcement and its role as a major conduit for drug traffic. The country's dealings with certain countries, particularly Iran, were identified by American authorities as a warning flag.<sup>135</sup> This concern was reinforced by the report of Argentine prosecutor Alberto Nisman, who described the expansion of Iranian intelligence networks to Brazil, Paraguay, Uruguay, Chile, Colombia, Guyana, Trinidad and Tobago, and Suriname, among others.<sup>136</sup> Thus, the government's relationship with Iran and its anti-American rhetoric highlighted Venezuela as a possible terrorist safe haven. Moreover, an important Arab community lives in Venezuela, with a significant part coming from Lebanon. A large Arab minority, for example, has settled in the Guajira Peninsula, which is divided between Venezuela and Colombia. Maicao, often described as a terrorist and illicit trade hub, is located in the Colombian part. The Guajira Peninsula is considered as a support base for Hezbollah, which has allegedly established cells in Venezuela that have been linked to those in the TBA.<sup>137</sup>

The Venezuelan government under Hugo Chávez was also identified as being involved in terrorist-related activities. It has been formally accused by Colombia of harboring FARC rebels within the Venezuelan territory, as well as providing them with political and material support.<sup>138</sup> Concerning Islamic terrorism, it has been claimed that the government provided financial assistance to Hezbollah.<sup>139</sup> It also

<sup>134</sup> Gleis and Berti, *Hezbollah and Hamas: A Comparative Study*.

<sup>135</sup> Abbott, "Terrorist threat in the Tri-Border Area: Myth or Reality?"

<sup>136</sup> Levitt "Examining the State Department's Report on Iranian presence in the Western hemisphere Nineteen Years After AMIA Attack."

<sup>137</sup> Marta Ecurra, "Moussa Ali Hamdan, a suspected Hezbollah financier, arrested in Paraguay," *Infosurhoy.com*, June 17, 2010, [http://infosurhoy.com/cocoon/saii/xhtml/en\\_GB/features/saii/features/main/2010/06/17/feature-01](http://infosurhoy.com/cocoon/saii/xhtml/en_GB/features/saii/features/main/2010/06/17/feature-01).

<sup>138</sup> See, for example, Colombia's presentation to the Organization of American States (OAS) of July 2010.

<sup>139</sup> Statement of Ilan Berman, Vice President, American Foreign Policy Council. "Hizbollah in Latin America – Implications for U.S. Homeland Security," Hearing before the Subcommittee on Counterterrorism and Intelligence, 27.



tolerated the reported establishment of terrorist training camps in the country, particularly in Margarita Island. Finally, specific government officials have been linked to terrorist organizations. The diplomat Ghazi Nasr al-Din, for example, was labeled as a Hezbollah supporter by the United States Department of Treasury.<sup>140</sup>

## Organized Crime

Within this wider, regional network of support, terrorist groups sometimes work parallel to, or in conjunction with, criminal organizations. They both engage in lucrative, criminal enterprises in areas that are conducive to the flourishing of illegal activities – including the Tri-Border Area of Brazil, Argentina and Paraguay. They can sometimes work in conjunction, through the use of the same intermediaries, the bribing of the same officials, the sharing of clandestine airstrips or transport routes, or the cooperation in counterfeiting supply chains. It is important to consider, however, that the middlemen within these common support networks are not necessarily operational requirements, but rather operational facilitators. This can sometimes be misleading with regards to the extent of association between terrorist and criminal groups. Nonetheless, there is evidence of an established and developing, mutually beneficial relationship between Islamic terrorist groups, criminal organizations, and the corrupt officials who enable the expansion of illicit activities.

Brazilian, Paraguayan and Argentine criminal groups all operate in the triple frontier, sometimes choosing to settle in neighboring countries. Brazilian gangs, for example, have established themselves in Paraguay in order to control their drug trafficking operations. From there, they oversee the transport of Paraguayan marijuana and Peruvian and Bolivian cocaine into Brazil. The proximity of the three main urban centers in the TBA facilitates the establishment of transnational criminal groups. In 2004, for instance, Paraguayan police from the department of Alto Paraná connected a criminal group composed of both Brazilians and Paraguayans with the stealing of nine boxes of dynamite from Hernanderias, a town close to Ciudad del Este. The destructive potential of the explosives led the police to believe that they would have later been sold to terrorists.<sup>141</sup> Additionally, Paraguayan and Brazilian criminal gangs have also worked together with the FARC. The FARC organizes the

<sup>140</sup> Gleis and Berti, *Hezbollah and Hamas: A Comparative Study*.

<sup>141</sup> Hudson, “Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America,” 24.



transport of Colombian cocaine into Paraguay, which the gangs partly pay for with weapons and other equipment.<sup>142</sup>

Moreover, many non-indigenous mafias work in the TBA, including reported groups from Chile, Colombia, Lebanon, Nigeria, Ghana, Côte d'Ivoire, Libya, Italy, Japan, Korea, Taiwan, Russia and China. The most mediatized are the Chinese, Korean, Taiwanese and Lebanese organizations. The Lebanese mafia, for example, exploits the TBA for money laundering, product piracy, and trafficking purposes.<sup>143</sup> It imports counterfeit CDs and DVDs from Asia, alongside the Korean, Taiwanese, and Libyan groups. Similarly, the Hong Kong mafia smuggles a variety of pirated goods from mainland China to the free zone of Ciudad del Este. It is believed that the Hong Kong criminal group has ties with Hezbollah, while a couple of Chinese mafias work with al-Gama'a al-Islamiyya. It was reported that at least two Chinese groups have conducted illicit operations with the Egyptian terrorist group: the Sung-I and the Ming "families".<sup>144</sup> The Sung-I were connected to the sale of ammunition to the terrorist organization, while the Ming were linked to a regional financial network and the managing of al-Gama'a al-Islamiyya funds.

The Chinese criminal organizations also take advantage of the Chinese community's ventures in the triple frontier. They collect taxes for the containers imported by Chinese merchants and demand payments for the "protection" services they offer. Besides, if the import of containers is managed by the criminal organization, Chinese traders are constrained to buy the imported goods in order to avoid reprisal. Some groups mark their illegally imported products, for example with stamps, to be able to identify them. They conduct most of their local business in Foz do Iguaçu and Ciudad del Este, the region's main money-laundering centers, moving between the two cities with North American and European passports.

### *The Barakat Clan*

The Barakat Clan is an example of a criminal organization operating in the TBA that is involved in terrorism-related financing. It conducts a wide range of

<sup>142</sup> Abbott, "Terrorist threat in the Tri-Border Area: Myth or Reality?"

<sup>143</sup> Hudson, "Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America," 3.

<sup>144</sup> Delamer et al., "Chinese Interests in Latin America," 94.

activities: film piracy, counterfeit<sup>145</sup>, document forgery services, money laundering, illegal gambling, racketeering, and narcotics and arms trafficking.<sup>146</sup> The group, based in Paraguay, is mostly composed of Lebanese residents and was centered around Lebanese immigrant Assad Ahmad Barakat. The United States Department of Treasury identified him as a special designated global terrorist and one of Hezbollah's most prominent and influential members. Barakat was probably the most important fundraiser for Hezbollah in the Southern Cone, until his arrest in 2002 and subsequent imprisonment on tax evasion charges. American authorities believed that his illicit businesses in Ciudad del Este and Iquique, Chile, were used to launder millions of dollars in support of Hezbollah's terrorist activities in London. He was one of the owners of the Galeria Page shopping center in Ciudad del Este, a designated front for Hezbollah's recruiting and financing operations. When Paraguayan authorities raided Barakat's apartment, they discovered Hezbollah propaganda, tapes supporting suicide attacks, speeches by Secretary General Hassan Nasrallah, and correspondence between him and Nasrallah.

Another significant financial contributor to Hezbollah was Muhammad Yusif Abdallah, which led the United States to label him a special designated global terrorist along with Barakat. He was also one of the owners, as well as the manager, of the Galeria Page. Many of its shops and related businesses were considered a means for Hezbollah operatives and supporters to transfer information.<sup>147</sup> The group also included relatives of Assad Ahmad Barakat, such as his brother Hattem. Hattem was imprisoned in 2006 for aggravated production and use of documents containing false information. That same year, another member of the group, Hamzi Barakat, was labeled a member of Hezbollah by American officials. They also claimed that his electronics store, Casa Hamze, "served as a source of funding" for the terrorist organization. He was arrested in May 2013 by Brazilian police on charges of embezzlement and the creation of forged documents in schemes involving the resale of clothes<sup>148</sup>

<sup>145</sup> Including the reported sale of counterfeit U.S. dollars. See: Levitt, "South of the Border, a Threat from Hezbollah," 78.

<sup>146</sup> Trevorton et al., *Film Piracy, Organized Crime, and Terrorism*, xiii.

<sup>147</sup> Levitt, "South of the Border, a Threat from Hezbollah," 78 ; Matthew, Levitt, *Hezbollah: The Global Footprint of Lebanon's Party of God* (Washington, DC: Georgetown University Press, 2013).

<sup>148</sup> Romero, "Businessman Linked by U.S. to Hezbollah Is Arrested in Brazil in a Fraud Scheme."

Furthermore, the Barakat network also included Ali Muhammad Kaza and Farouk and Khaled Omairi. Kaza's fundraising activities allegedly contributed to the raising of over half a million dollars for Hezbollah. Farouk and his son Khaled were accused of money laundering, drug trafficking, and terrorism financing. These drug trafficking operations contributed to the other lucrative businesses conducted by the group, which allowed it to make single transfers to Hezbollah of over three million dollars.<sup>149</sup> Almost ten years ago, it was estimated that the Barakat network had transferred over \$50 million from Ciudad del Este to Lebanon.<sup>150</sup>

The clan's "wing of narcotraffickers" was reportedly led by Assed Ahmad's cousin, Hassan Abdallah Dayoub. He was arrested by Paraguayan police in May 2003, while in possession of 2.3 kilograms of cocaine.<sup>151</sup> Earlier that year, another member of the group also involved in the drug trade was arrested. Bassam Naboulsi, a cousin of Assad Ahmad Barakat, was detained on January 29<sup>th</sup> in São Paulo, in an operation that also led to the arrest of 14 men belonging to the Barakat network. The Brazilian Federal Police tied gang members such as Naboulsi and Akram Farhat to drug trafficking operations that were transporting cocaine to the Middle East and Europe.<sup>152</sup> They also believed that Assad Ahmad Barakat could have still led the group and coordinated activities from within the prison in Brasília.

#### **PART 4. THE FIGHT AGAINST CRIME AND TERRORIST ORGANIZATIONS IN THE REGION**

The presence of terrorists in South America, and particularly in the TBA, has calibrated the scope of the global war on terrorism. By bringing the region to the fore of political discourse, increasing attempts have been made to evaluate the local terrorist threat and to develop an effective strategy to counter it. An in depth analysis of the regional fight against criminal and terrorist organizations in the triple frontier is beyond the scope or intent of this paper. Nonetheless, it is important to understand that a multifaceted response has been generated in reaction to this threat. Brazil, Paraguay, and Argentina have undertaken national efforts to combat crime and terror.

<sup>149</sup> Treverton et al., *Film Piracy, Organized Crime, and Terrorism*, xi.

<sup>150</sup> Cirino, Elizondo and Wawro, "Latin America's Lawless Areas and Failed States: An Analysis of New Threats," 24.

<sup>151</sup> Gleis and Berti, *Hezbollah and Hamas: A Comparative Study*.

<sup>152</sup> Hudson, "Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America," 26.

They have also cooperated regionally with other countries, with the Mercado Común del Sur (Mercosur, the Common Market of the South)<sup>153</sup>, and the Organization of American States (OAS). Additionally, they cooperate with international actors, including the United States and the United Nations Office on Drugs and Crime (UNODC).

National responses have included the bolstering of security forces and measures, the updating of counterterrorism legislation, and the improvement of law enforcement. Brazil, for example, has focused on enhancing border controls and security measures by successfully investing in law enforcement and border infrastructure. Building on the Strategic Border Plan implemented in 2011, the government has announced a plan that aims to install cameras throughout the country's 16.8 thousand kilometers of borders. This year the program will fund 60 municipalities in 11 states for the buying of at least 624 surveillance cameras. The images will then be analyzed periodically, in meetings that will bring together officials from municipalities, states, the Federal Police, the Ministry of Defense, and the National Public Security Force.<sup>154</sup> Meanwhile, Brazil has engaged in counterterrorism-related activities, including the investigation of potential terrorist supporters and of document forgery networks. Its monitoring efforts have centered on the TBA, São Paulo, Peru, Colombia, and the border between Venezuela and Colombia.<sup>155</sup>

Brazil also attempts to identify possible funding sources for terrorist organizations via its Conselho de Controle de Atividades Financeiras (COAF, the Council for Financial Activities Control). Furthermore, Brazil is a member of the Financial Action Task Force (FATF)<sup>156</sup> and the Grupo de Acción Financiera de Sudamérica (GAFISUD) – the Financial Action Task Force of South America against

<sup>153</sup> Mercosur, founded in 1991, is composed by Argentina, Brazil, Uruguay, Paraguay and Venezuela. Since December 2012, Bolivia is in the process of becoming a full member. Chile, Ecuador, Peru and Colombia are associated states.

<sup>154</sup> Daniel Carvalho, "Governo pretende instalar vigilância com cameras nas fronteiras," *Folha de S. Paulo* (May 29, 2013), <http://www1.folha.uol.com.br/poder/2013/05/1286650-governo-quer-instalar-vigilancia-com-cameras-nas-fronteiras.shtml>.

<sup>155</sup> United States Department of State, Bureau of Counterterrorism, "Country Reports on Terrorism 2011," 152.

<sup>156</sup> The FATF was established in 1989. "The objectives of the FATF are to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the financial system." "FATF: About Us," FATF-GAFI, accessed September 11, 2013, <http://www.fatf-gafi.org/pages/aboutus/>.

Money Laundering<sup>157</sup>. However, its criminalization of terrorist financing is not consistent with the FATF special recommendations. Laws have been updated to implement stricter penalties for money laundering, but have not included a provision on terrorist financing. Brazil is criticized for its limited counterterrorism legislation, for the slow progress it makes in this area, and for its ambiguous position in the regional fight against terror.

Even though government officials have reaffirmed that the rejection of terrorism is one of the principles embraced in the Federal Constitution of 1988<sup>158</sup>, terrorism remains a less salient issue compared to a wide range of criminal activities, such as the trafficking of weapons and drugs. This has been reinforced by the Ministry of Foreign Affairs, who has repeatedly stated that there are no terrorists in Brazil. Government authorities have said that such claims harm the TBA's economy, which remains an important tourist destination, and lead to unfounded accusations against Brazilian citizens. Meanwhile, local security forces have expressed greater concern about terrorist presence in Brazil and in its neighboring states. Police and intelligence officials reportedly monitor possible suspects and detain those connected to terrorist activities under interconnected criminal charges.<sup>159</sup> Besides, evidence points to an intensification of the financial, policing, and intelligence-gathering counterterrorist activities – despite the restrictive political discourse and legal limitations.

In neighboring Paraguay, terrorism was brought to the fore of political and policy-making circles. This was partly due to the sustained activities of domestic insurgent groups and the ensuing public calls for government response.<sup>160</sup> Attacks carried out against police stations in September and October of 2011, for example, resulted in the mobilization of the army from November until December. Its counterterrorist strategy has also included the development of a more pertinent legal

<sup>157</sup> “The purpose of the Financial Action Task Force of South America (GAFISUD) is to work toward developing and implementing a comprehensive global strategy to combat money laundering and terrorist financing as set out in the FATF Forty Recommendations and FATF Nine Special Recommendations.” “Financial Action Task Force of South America Against Money Laundering (GAFISUD)”, FATF-GAFI, accessed September 11, 2013, <http://www.fatf-gafi.org/pages/financialactiontaskforceofsouthamericaagainstmoneylaunderinggafisud.html>.

<sup>158</sup> Da Cunha, “Terrorismo internacional e a política externa brasileira após o 11 de setembro.”; Ferreira, “Os órgãos governamentais brasileiros e a questão do terrorismo na Tríplice Fronteira: divergências de percepções e convergências nas ações,” 103.

<sup>159</sup> Ferreira, “Os órgãos governamentais brasileiros e a questão do terrorismo na Tríplice Fronteira: divergências de percepções e convergências nas ações,” 114; Rodrigues, “PF disfarça prisão de terroristas, dizem EUA.”

<sup>160</sup> For example: The Paraguayan People's Army (EPP) has been active in the northern departments of the country since 2008. United States Department of State, Bureau of Counterterrorism, “Country Reports on Terrorism 2011,” 165.

framework, including the passing of counterterrorism laws in 2010 and 2011. Paraguay used the 2010 counterterrorism legislation for the first time after the killing of a reported police informant on September 5, 2012, when the two perpetrators were charged under this law. The government has been more forceful in the indictment and detainment of individuals under terrorist charges. However, not all cases were followed by successful prosecutions, underlining the need for further strengthening of the judicial system. In 2012, four people were arrested under the terrorist financing law, but by the end of the year none were convicted under these charges.<sup>161</sup>

With regards to countering terrorist finance, Paraguay made a significant step in October 2011 by implementing legislation that allows the Secretariat for the Prevention of Money Laundering to freeze assets connected to terrorism financing. The law reinforced the Secretariat's tracking, reporting and enforcement powers. Furthermore, Paraguay cooperates with its regional partners in GAFISUD. Its efforts remained relatively limited, though, as is exemplified by the weak law enforcement. Paraguay doesn't effectively monitor and regulate alternative remittance systems or non-profit organizations,<sup>162</sup> which can be sources for terrorism-related fundraising. General policing and security efforts should also be intensified. Even though varied measures have been introduced, including the enhancement of immigration controls at airports, further action is needed to improve the controls along the country's borders with Brazil and Argentina.

These largely unprotected frontiers have prompted Argentina to reinforce the policing of its northern and northeastern borders. It also increased its surveillance of the TBA, particularly after the Mossad, Israel's intelligence service, allegedly alerted them of the existence of Hezbollah and al Qaeda cells in Ciudad del Este. In 2002, Argentine intelligence officials shared information with the United States regarding a Hezbollah-al Qaeda meeting held in the TBA.<sup>163</sup> Moreover, Argentina has strived to improve security measures concerning the issuance and distribution of travel and identification documents. The development of a new national identity card has enabled the creation of an identification security system connected to a fingerprint database. This identification system was installed in all international airports,

<sup>161</sup> United States Department of State, Bureau of Counterterrorism, "Country Reports on Terrorism 2012," 189.

<sup>162</sup> United States Department of State, Bureau of Counterterrorism, "Country Reports on Terrorism 2011," 166.

<sup>163</sup> Hudson, "Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America," 23.

alongside a program that takes photographs and registers the fingerprints of every individual, upon arrival and departure.<sup>164</sup>

With regards to counterterrorism legislation, Argentina has passed laws to counter terrorist financing. On October 17, 2011, Argentina passed Decree 1642/11, establishing the National Program for Monitoring the Implementation of Policies for the Prevention of Money Laundering and the Financing of Terrorism. Two months later, on December 22, 2011, it passed Law 26.734, which closed some loopholes in previous legislation. It widened the definition of terrorism, criminalized the financial support of terrorist groups, individuals or acts, increased punishments for crimes connected to terrorist financing, and authorized the Argentine Financial Intelligence Unit to freeze assets.<sup>165</sup> Argentina is also a member of the FATF and GAFISUD.

These national measures within the three countries are further enhanced by regional cooperation. Efforts have been made to develop a comprehensive security structure, involving national governments, Mercosur working groups on transnational crime and terrorism, the South American Defense Council, the Union of South American Nations, and the OAS. During the 1990s, regional players began to focus more on the question of terrorism. In the first Summit of the Americas in 1994, they committed themselves to “prevent, combat, and eliminate terrorism”. Subsequently, the First Specialized Conference on Terrorism took place in Lima in 1996 and the Second Specialized Conference on Terrorism in Mar del Plata in 1998. This led to the establishment of the Inter-American Committee against Terrorism (CICTE), within the OAS.<sup>166</sup> In 1999, the home secretaries of the Mercosur signed another important agreement regarding security policies and measures, the general plan for regional security: Plan General sobre Cooperación y Asistencia Recíproca en materia de Seguridad Regional en el Mercosur.<sup>167</sup>

Additionally, the Tripartite Command of the Tri-Border Area, created in 1996, called for the reinforcement of the fight against terrorism, money laundering, and the trafficking of drugs, arms and people. The triple frontier countries aimed to

<sup>164</sup> United States Department of State, Bureau of Counterterrorism, “Country Reports on Terrorism 2012,” 176.

<sup>165</sup> United States Department of State, Bureau of Counterterrorism, “Country Reports on Terrorism 2011,” 150-151.

<sup>166</sup> “About CICTE: History,” Organization of American States, accessed August 20, 2013, [http://www.oas.org/en/sms/cicte/about\\_us\\_history.asp](http://www.oas.org/en/sms/cicte/about_us_history.asp).

<sup>167</sup> Daniel Flandes, “Institution Building in Mercosul’s Defence and Security Sector (II). The Common Containment of Transnational Security Threats,” Institute for Iberoamerican Studies, Arbeitspapiere des IIK Nr. 2, October 2004.



coordinate customs and policing activities amongst the Brazilian Federal Police, the Paraguayan National Police and the Argentine National Gendarmerie.<sup>168</sup> Therefore, they established a common database for the identification of people and vehicles, and agreed to unprecedented operational collaboration and information sharing. Brazil and Paraguay, for example, have cooperated closely in anti-narcotics operations. In 2011, they agreed to ameliorate methods of sharing information and to coordinate research regarding drug trafficking.<sup>169</sup> In May 2013, Paraguayan and Brazilian forces destroyed 26 tons of marijuana, in part of an extended operation that aims to eradicate the cultivation of cannabis in the border area between the two countries.<sup>170</sup>

Moreover, cooperative efforts also include international actors. In October 2011, for example, Paraguay and the United Nations Office on Drugs and Crime began a four-year program, with a budget of \$10 million, called “Strengthening the rule of law, security and justice in Paraguay.”<sup>171</sup> It aims to improve the reactivity and effectiveness of the country’s measures to combat drugs, contraband, and organized crime. In addition to international organizations, the TBA countries also engage with other countries beyond the South American borders – mainly the United States. Local and American forces have worked jointly in varied security operations, including monitoring activities or drug raids. In May 2013, for instance, the Senad (the National Anti-Drug Secretariat of Paraguay) worked together with the Brazilian Federal Police and the American Drug Enforcement Administration (DEA) to seize 142 tons of marijuana in Itakyry, in the Paraguayan department of Alto Paraná. The operation also included the destruction of cannabis plantations spread over 79 hectares.<sup>172</sup>

Counterterrorism cooperation between them is mainly structured through the “Three Plus One” mechanism, a successor of the Tripartite Command that also includes the United States. The first Three Plus One Counterterrorism Dialogue took place in December 2002. The U.S. State Department has described the dialogue “as a continuing forum for counterterrorism cooperation and prevention among all four

<sup>168</sup> Ferreira, “Os órgãos governamentais brasileiros e a questão do terrorismo na Tríplice Fronteira: divergências de percepções e convergências nas ações.”

<sup>169</sup> James Bargent, “Paraguay and Brazil Launch Joint Anti-Marijuana Operation,” InSight Crime, Organized Crime in the Americas (May 24, 2013), <http://www.insightcrime.org/news-briefs/paraguay-and-brazil-launch-joint-anti-marijuana-operation>.

<sup>170</sup> “UNODC and Paraguay launch \$10 million programme to combat drugs and crime,” United Nations Office on Drugs and Crime.

<sup>171</sup> “UNODC and Paraguay launch \$10 million programme to combat drugs and crime,” United Nations Office on Drugs and Crime.

<sup>172</sup> “Paraguay es el principal productor de marihuana de Sudamérica,” ABC.

countries.”<sup>173</sup> The effectiveness of this forum has sometimes been limited by its narrow confines. It deals with security issues pertaining to the TBA, particularly terrorism, and some Brazilian officials have thus refused to discuss anything else or undertake related programs. They have allegedly used American reticence to share concrete evidence as support for their claim that there is no terrorism in the triple frontier. The Three Plus One, however, is not an intelligence-sharing forum, which limits the information that is exchanged. In any case, the framework encourages the TBA countries to comply with international norms and obligations, and to make quicker progress with regards to national counterterrorism measures.

This collaboration on security issues with the United States and the growing body of American literature outlining the terrorist threat radiating from the TBA, have led to the appearance of texts that put forward a different narrative. They attempt to explain American involvement as one action within a larger strategy that aims to acquire or maintain interests in the region. Brazilian public servants have allegedly pointed out that identifying the TBA as a terrorist hub is simply an argument the Americans are using to conceal their interests in the area. These rationalizations fall in line with the Brazilian government’s official rejection of the claim that terrorists operate in the triple frontier, and can therefore be diffused to further deligitimize this claim. Other accounts go even further, indicating that the United States has used the pretext of combating terrorism in the triple frontier in order to intervene in the region for strategic and economic reasons, including the natural resource richness of the TBA. These reports are interesting because they demonstrate the anti-American sentiment that exists amongst certain locals and their desire for more transparency regarding American involvement. However, they are also a consequence of the gap that exists between official political discourse about terrorist activities in the area and the operational activities that are being undertaken to counter this threat.

Concurrently, there is a growing body of literature that attempts to assess whether the terrorist threat in the TBA poses an imminent threat to American interests, personnel or installations in the region. Some analysts have even put forward that the threat stretches to the United States, with the possible infiltration of

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<sup>173</sup> United States of America Congressional Record, *Proceedings and Debates of the 108<sup>th</sup> Congress Second Session*, Volume 150 – Part 16, October 7, 2004 to October 8, 2004 (Washington: United States Government Printing Office, 2004), 21394.

terrorists through Mexico.<sup>174</sup> The TBA would thus be the platform from which terrorists in the region could coordinate and launch attacks on American soil. Most of these assessments outline Iranian influence in the region as a central component to this terrorist threat. Iran's intelligence activities in the continent and its relationship with Hezbollah are of utmost concern. Furthermore, Iran's links to the three TBA countries could enhance Iranian influence in the region. Even though these relationships aren't as mediatized as the Venezuelan-Iranian "partnership", they are considered as possible sources of concern. Brazil is Iran's largest trading partner in Latin America. Argentina is its second-largest, even though, outside of the economic sphere, ties between Argentina and Iran have been hindered by unsettled questions regarding the bombings in Buenos Aires in 1992 and 1994.<sup>175</sup>

However, others have asserted that such a threat is exaggerated. The activities of Hezbollah and Iran in South America do need to be monitored. A significant development in the Middle East, for example, could change their designs in the region. In the short term, though, their presence does not pose a serious threat to the American homeland. This has been reinforced by the lack of evidence concerning military activities of radical Islamic groups in the TBA. Furthermore, reports that sell the threat of a future terrorist attack originating from the triple frontier, have also been criticized for the speculative information regarding the extent of fundraising activities in the region, as well as the amplification of links between the groups and the local population. The Arab communities in the TBA have different religious and political orientations. "Sympathy for Hezbollah as the leader of Resistance as well as the paying of religious taxes to Shia clerics, even those linked to Hezbollah, are not commensurate to support for or participation in terrorist acts."<sup>176</sup>

## CONCLUSION

A significant terrorist threat has been traced to the Tri-Border Area of Brazil, Paraguay and Argentina. Force multipliers have influenced the conduct of terrorist-

<sup>174</sup> See, for example: Levitt, "South of the Border, a Threat from Hezbollah," 80 ; Brice, "Iran, Hezbollah mine Latin America for revenue, recruits, analysts say" ; "Hezbollah in Latin America – Implications for U.S. Homeland Security," Hearing before the Subcommittee on Counterterrorism and Intelligence, 27.

<sup>175</sup> Fite and Coughlin-Schulte, "U.S. and Iranian Strategic Competition: The Impact of Latin America, Africa, and the Peripheral States," 17-20.

<sup>176</sup> Prepared Statement of Melani Cammett. "Hezbollah in Latin America – Implications for U.S. Homeland Security," Hearing before the Subcommittee on Counterterrorism and Intelligence, 40.

linked operations in the region. These include the confluence of organized crime and terrorism, access to technologies, and geographical features. The triple frontier's particular characteristics have facilitated the development of terrorist activities in the region. These organizations have exploited the dynamism of the border area, establishing a presence in the three main urban centers, as well as in the surrounding rainforest and rural areas. Furthermore, socioeconomic factors have created a support base for terrorist groups. Ethnic minorities, religious groups and marginalized communities can constitute a supportive population, which yields individuals who are prepared to engage in a variety of terrorism-related activities. These can range from the spreading of propaganda to money laundering in support of terrorist groups. Additionally, the intensity of both legal and illegal economic activity has framed the TBA as a major fundraising source for terrorist organizations.

Despite local reticence concerning terrorist presence in the region, particularly in official political discourse, it can be concluded that radical Islamic groups operate in the TBA. The absolute rejection of this claim is nuanced by the concern expressed by security forces and their engagement in counterterrorism operations, sometimes in collaboration with international actors. For example, repeated affirmations by Brazilian government authorities that there are no terrorists in the triple frontier have not impeded surveillance and tracking efforts by police and intelligence officials. Operatives from al-Gama'a al-Islamiyya, al-Jihad, Hamas, al-Muqawamah al-Islamiyah, the Moroccan Islamic Combatant Group, Jihad Media Battalion, al Qaeda and Hezbollah have been reportedly identified in the TBA. Hezbollah is arguably the most well entrenched group in the region, benefiting from a long-standing presence, a supportive population, and a network that spreads beyond the triple frontier.

These terrorist groups conduct a wide range of activities in the region. First, it is a central source for the funding of local and foreign operations. Significant profits are generated through illegal activities, including software and DVD piracy, drug trafficking, weapons smuggling, counterfeiting, and money laundering. They also undertake recruiting and training efforts, taking advantage of the local, sympathetic communities and the vast expanses of unpopulated or ungoverned lands. Finally, they also engage in violent and radical activities, as was alarmingly demonstrated in the early 1990s. The terrorist attacks against the Israeli Embassy in 1992 and the Argentine Israeli Mutual Association in 1994 have been attributed to TBA-linked

Hezbollah operatives and Iranian officials. Thereafter, security forces foiled several plots, aimed at attacking Israeli and American facilities in Paraguay, Uruguay, Ecuador, Brazil, and Argentina. The TBA has also allegedly served as a planning and training base for plots outside of South America, including Mexico, Canada and the Middle East.

The regional terrorist threat is of even more concern because of the transnationalization of terrorist groups and of the criminal organizations they can collaborate with. Terrorist networks extend throughout the wider South American region. Operatives working in the TBA have also been linked to activities in the Paraguayan border city of Encarnación, the Uruguayan border town of Chuy, the Chilean port city of Iquique, the Colón free trade zone of Panama, Venezuela's Margarita Island, and the Guajira Peninsula divided between Venezuela and Colombia. Money laundering and drug trafficking operations connected to terrorist organizations are also conducted in Bolivia, Peru and Colombia, as well as Caribbean islands such as Curacao and Cuba. Within these locations, terrorist and criminal groups have sometimes been found to work in parallel or in conjunction.

A coordinated response to criminal and terrorist activities in the TBA has thus been orchestrated by Brazil, Paraguay and Argentina, in collaboration with both regional and international actors. Despite notable improvements with regards to border controls, surveillance operations, security forces, identification systems and law enforcement, regional counterterrorism measures remain riddled with limitations. First, there is a lack of extensive commitment and cooperation amongst the three TBA countries. There is a gap between government intentions and the political will or ability to act. Public government support of global counterterrorism efforts doesn't necessarily translate into domestic improvement of financial controls, of the prevention of contraband, or of the policing of borders. In South America, the trafficking of arms and drugs, or social problems such as poverty and unemployment, are frequently placed before terrorism.<sup>177</sup>

An effective counterterrorist strategy would also require national governments to successfully control their territories. This is hindered by security and law enforcement agencies that are not well equipped to confront terrorist networks. They are inhibited by inadequate training, equipment, organization, incentives and

<sup>177</sup> Abbott, "Terrorist threat in the Tri-Border Area: Myth or Reality?"

funding.<sup>178</sup> Ungoverned areas have therefore contributed to border and immigration problems. The effective policing of frontier areas would restrain the access and movement of terrorist operatives, and deny them safe haven in an unregulated territory. This is clearly complicated by the interdependence and economic dynamism that exist amongst the TBA nations. The constant flow of people between Foz do Iguaçu, Ciudad del Este and Puerto Iguazú make the implementation of tight security measures more difficult.

Brazil, Paraguay and Argentina would also have to ameliorate their legal infrastructure to combat the threat of transnational terrorist organizations. They do not have comprehensive counterterrorism legislation, strong anti-money laundering laws, or adequate law enforcement mechanisms. Advances in this area have been made slowly and remain limited. Furthermore, they're restrained by weak rule of law. The World Justice Project developed a Rule of Law index that analyzes 97 countries and jurisdictions based on several elements, including the access to fundamental rights, the limiting of government powers, the judiciary's impartiality, the effectiveness of the criminal justice system, and the absence of corruption. According to their 2012-2013 report, Brazil ranked 47<sup>th</sup> out of 97 countries on the effectiveness of the criminal justice system and Argentina ranked 56<sup>th</sup>. With regards to the absence of corruption, Brazil ranked 38<sup>th</sup> and Argentina ranked 50<sup>th</sup>.<sup>179</sup> A more effective criminal justice system would allow the three TBA nations to investigate and adjudicate criminal offences successfully and impartially, while guaranteeing the rights of suspects and victims. Additionally, in a society governed by the rule of law, such corruption would not manifest itself through the widespread abuse of power by government officials.

Corruption in the region seeps through criminal justice systems, police forces and different government agencies.<sup>180</sup> Police corruption is one of the most serious setbacks in the fight against insecurity, organized crime and terrorism in South America. Governments should implement security policies that include police reforms and should aim to overhaul the public's perception of police forces. In Brazil, for example, certain studies have found that over half of the population is unsatisfied with

<sup>178</sup> Hudson, "Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America," 4.

<sup>179</sup> There was no information on Paraguay. "Rule of Law Index Scores and Rankings," The World Justice Project, accessed September 1, 2013, <http://worldjusticeproject.org/rule-of-law-index-data>.

See *Appendix E* for further relevant information on the findings of the World Justice Project.

<sup>180</sup> Hudson, "Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America," 4.

or distrusts the police.<sup>181</sup> This was reiterated by Transparency International's Global Corruption Barometer of 2013, which found that 70% of respondents in Brazil felt that the police is corrupt or extremely corrupt. In Argentina the percentage was the same, while in Paraguay it was higher, reaching 82% of respondents. The report also identified other areas that are perceived as highly corrupt. In Argentina, almost 80% felt that political parties, public officials and civil servants are corrupt or extremely corrupt. In Brazil and Paraguay, over 80% of respondents attested to the corruption of political parties and over 70% considered the parliament/legislature to be very corrupt.

These limitations have therefore hindered regional efforts to counter organized crime and terrorism. Following the bombings in Buenos Aires of the early 1990s and the terrorist attacks of 9/11, the fight against Islamic extremism in the TBA was concretized and governments were galvanized into action. Despite the implementation of security and law enforcement measures, terrorist activities have not been eliminated from the region. The TBA countries and their international partners should strengthen their regional counterterrorist efforts in order to guarantee the security of all their citizens, American and Israeli diplomatic facilities, and local Jewish communities. The dangerous combination of terrorist operatives, criminal organizations, ungoverned areas, marginalized communities, economic inequality and illicit activities, could make the triple frontier – already a major fundraising source – an important terrorist planning and training center. Only a comprehensive counterterrorist strategy, coupled with national measures aimed at improving social conditions and the rule of law, can respond to the terrorist threat that has sprung from the TBA.

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<sup>181</sup> Agência Brasil, “Estudo aponta que mais de 60% dos brasileiros reprovam polícia,” *Folha de S. Paulo* (December 13, 2012), <http://www1.folha.uol.com.br/cotidiano/1200778-estudo-aponta-que-mais-de-60-dos-brasileiros-reprovam-policia.shtml> ; Marguerite Cawley, “Rio Police Most Corrupt in Brazil: Govt Survey,” InSight Crime, *Organized Crime in the Americas* (April 9, 2013), <http://www.insightcrime.org/news-briefs/rio-police-most-corrupt-in-brazil-govt-survey>.



## APPENDICES

### Appendix A:

#### Maps of the Tri-Border Area of Brazil, Paraguay and Argentina



Source: Associated Press

AP



Source: Philip K. Abbott, "Terrorist Threat in the Tri-Border Area: Myth or Reality?"



Source: BBC Mundo

## Appendix B:

### Misiones Province



Source: "Ubicación Geográfica," Iguazú.argentina, Concesionaria del Parque Nacional Iguazú, accessed August 3, 2013, <http://www.iguazuargentina.com/que-hacer/informacion-visitante/ubicacion-geografica/>.

## Appendix C:

## Socioeconomic Data of Foz do Iguaçu, 2011

## DADOS SOCIOECONÔMICOS DE FOZ DO IGUAÇU 2011

## PERFIL DA POPULAÇÃO DE FOZ DO IGUAÇU

Idade	0 a 4 anos	5 a 9 anos	10 a 14 anos	15 a 19 anos	20 a 24 anos	25 a 29 anos	30 a 34 anos	35 a 39 anos	40 a 44 anos	45 a 49 anos	50 a 54 anos	55 a 59 anos	60 a 64 anos	65 a 69 anos	Acima de 70 anos
	7,7%	8,2%	9,6%	9,6%	8,9%	8,5%	8,4%	8,0%	7,5%	6,5%	5,4%	4,0%	2,9%	2,0%	2,9%

Fonte: IBGE/Censo Demográfico 2010. www.ibge.gov.br

	Demonstrativo de Nascimentos e Óbitos em Foz do Iguaçu					
	2005	2006	2007	2008	2009	2010
Nascimentos	6.112	5.848	5.530	5.292	4.978	4.821
Óbitos	1.535	1.614	1.668	1.672	1.664	1.692
Óbitos por violência	279	327	398	304	307	335

Fonte: Cartório Esteves Santos

Perfil da População			Perfil dos Eleitores			
Sexo	Habitantes	Percentual	Idade	Total	Grau de instrução	Total
Masculino	124.203	48,50%	16 a 17 anos	2.196	Não informado	309
Feminino	131.878	51,50%	18 a 20 anos	11.158	Analfabeto	7.440
Total	256.081	100%	21 a 24 anos	18.205	Lê e escreve	20.836
			25 a 34 anos	44.781	Ens. fundamental incompleto	59.993
			35 a 44 anos	41.168	Ens. fundamental completo	16.440
			45 a 59 anos	44.052	Ens. médio incompleto	39.689
			60 a 69 anos	13.365	Ens. médio completo	25.012
			70 a 79 anos	6.027	Superior incompleto	6.594
			Superior a 79 anos	2.649	Superior completo	7.289

Fonte: IBGE – www.ibge.gov.br

Fonte: TRE. www.tse.jus.br

Prefeitura Municipal de Foz do Iguaçu – Secretaria Municipal da Administração/Departamento de Informações Institucionais  
Praça Getúlio Vargas, 280 – Centro - CEP: 85.851-340 – Foz do Iguaçu – Paraná - Telefone: (0\*\*45) 3521-1339

Source: Prefeitura do Município de Foz do Iguaçu, “Sobre a cidade: Dados Socioeconômicos 2011, Perfil da População.” Accessed July 27, 2013, <http://www.pmfi.pr.gov.br/conteudo/984/Sobre-a-cidade>.

### Appendix D:

**Table 1. Terrorist Operatives and Supporters Identified in the Tri-Border Area of Brazil, Paraguay and Argentina**

Name	Date	Connection to Terrorism
Khaled Hussein Ali	Arrested in 2009	<p>Ali was born in Lebanon and then moved to São Paulo, from where he would eventually coordinate extremists of the Jihad Media Battalion. He was one of the leaders of al Qaeda's propaganda organization, overseeing texts, videos, and translations of speeches before they were released. Moreover, he provided logistical support for operations. In January 2009, for example, he ordered and distributed topographical maps of Afghanistan to addresses in that country. He then requested the production of manuals to understand the maps. These were swiftly produced by the military wing of Hamas, the al-Qassam brigades. Furthermore, he was involved in inciting hate of Jews and blacks in the United States, by sending numerous files to arouse political discussions.</p> <p>The Brazilian Federal Police charged him with inciting crime, racism and racketeering, and not with terrorism. The national Penal Code did not make a provision for terrorist crimes. He was held for 21 days and then released.<sup>182</sup></p>
Muhammad Astaraki	Arrested in 1998	<p>Muhammad Astaraki was from Iran. He was pinpointed when working in Asunción and was connected to a Hezbollah network commanded by the Lebanese Sobhi Mahmoud Fayad.<sup>183</sup></p>
Assad Ahmad Barakat	Arrested in 2002	<p>Assad Ahmad Barakat was a Lebanese immigrant to Paraguay. He was arguably the most important financier of Hezbollah from the TBA until his arrest, transferring about \$6 million per year from 1999.<sup>184</sup> His "Barakat Clan" allegedly transferred over \$50 million from Ciudad del Este to Lebanon. It generated</p>

<sup>182</sup> "Terrorists Set Up Bases in Brazil," InterAmerican Security Watch.

<sup>183</sup> Bartolomé, "La triple frontera: Principal foco de inseguridad en el Cono Sur Americano," 29.

<sup>184</sup> "Hizbollah in Latin America – Implications for U.S. Homeland Security," Hearing before the Subcommittee on Counterterrorism and Intelligence, 30.

		<p>profits from a variety of illegal activities, such as smuggling and counterfeiting. He was accused by the United States Treasury Department of having “used every financial crime in the book to generate funding for Hezbollah.”<sup>185</sup></p> <p>Paraguayan authorities confiscated correspondence between Barakat and Hassan Nasrallah, Hezbollah’s Secretary General. Nasrallah thanked him for his contributions to children who had lost their father in suicide attacks.<sup>186</sup> In 2004, the U.S. labeled Barakat a “specially designated global terrorist”. He was convicted and jailed for tax evasion in Paraguay in 2003, despite reported attempts by his Barakat Clan to bribe and threaten officials and witnesses involved in the case.</p>
Hattem Barakat	Imprisoned in 2006	<p>Brother of Assad Ahmad Barakat, Hattem was also part of the Barakat Clan. After Assad Barakat and Sobhi Mahmoud Fayad were arrested, the clan reorganized under his leadership.<sup>187</sup></p> <p>He was arrested in Paraguay on charges of aggravated production and use of documents containing false information. He was sentenced to six years in prison.</p>
Ali Nizar Dahroug	Arrested in 2002	<p>Ali Nizar and his uncle Muhammad were identified as al Qaeda point men in the TBA.<sup>188</sup> They were both involved in the alleged transfer of money in support of terrorist groups. He was arrested on June 27, 2002, in Paraguay<sup>189</sup> and was convicted in 2003 for tax evasion.</p>
Muhammad Dahroug		<p>He was a well-known Sunni leader in the TBA and suspected al Qaeda associate. His name was allegedly found in an address book of a high-ranking al Qaeda official. He owned a perfume shop in Ciudad del Este and wired</p>

<sup>185</sup> Cirino, Elizondo and Wawro, “Latin America’s Lawless Areas and Failed States: An Analysis of New Threats,” 24 ; Levitt, “South of the Border, a Threat from Hezbollah,” 78.

<sup>186</sup> Treverton et al., *Film Piracy, Organized Crime, and Terrorism* ; Cirino, Elizondo and Wawro, “Latin America’s Lawless Areas and Failed States: An Analysis of New Threats,” 24-25 ; Nicole M. Ferrand, “Islamic Terrorism in Latin America,” *The Americas Report* 5, no. 17 (March 11, 2009), [http://www.il-rs.org.br/ingles/arquivos/The\\_Americas\\_March\\_11\\_2009.pdf](http://www.il-rs.org.br/ingles/arquivos/The_Americas_March_11_2009.pdf).

<sup>187</sup> Treverton et al., *Film Piracy, Organized Crime, and Terrorism*, 75.

<sup>188</sup> Goldberg, “In the Party of God.”

<sup>189</sup> Edward F. Mickolus and Susan L. Simmons, *The Terrorist List* (Santa Barbara, California: ABC-CLIO, LLC, 2011), 49.

		<p>about \$80,000 per month to banks in the United States, Europe and the Middle East.<sup>190</sup> He was reported to have escaped from the region in 1998, during a crackdown by Paraguayan officials for his involvement in plotting attacks and inciting terrorism.</p>
<p>Khalid Rezk el Sayed Take el Din; Khalid el Din</p>		<p>He was an Egyptian citizen detained in Paraguay under terrorism charges. In 2011 he was identified by the American Congress as one of the collaborators in the 1994 AMIA bombing in Buenos Aires. El Din was mentor of the Holy Land Foundation, which was designated as an organization that funded terrorist groups in the Middle East.</p> <p>He also reportedly hosted Khalid Shaykh Muhammad, one of al Qaeda's leaders, when he visited Foz do Iguaçu. Subsequently, Khalid Shaykh Muhammad became one of the main organizers of the 9/11 attacks on the Twin Towers and was eventually imprisoned in Guantánamo.<sup>191</sup></p>
<p>Mohsen Tab-Tabai Eimaki</p>		<p>Brazilian and Paraguayan authorities located Eimaki living in Foz do Iguaçu. An Iranian, Shiite cleric, he was a reported Hezbollah leader in the triple frontier area.<sup>192</sup></p>
<p>Wassim el Abd Fadel</p>	<p>Arrested in 2012</p>	<p>Wassim el Abd Fadel was a Paraguayan citizen and suspected Hezbollah member. He was detained in December 2012 and charged with money laundering, as well as human and drugs trafficking. He had been linked to Nelida Raquel Cardozo Taboada, a Paraguayan national also arrested in December. She was caught in France, transporting 1.1kg of cocaine in her stomach.</p> <p>According to Paraguayan authorities, he deposited the profits of drug trafficking and counterfeiting to Syrian and Turkish bank accounts connected to Hezbollah.<sup>193</sup></p>

<sup>190</sup> Cirino, Elizondo and Wawro, "Latin America's Lawless Areas and Failed States: An Analysis of New Threats," 24.

<sup>191</sup> Ricardo Setti, "Terrorismo islâmico na Tríplice Fronteira passa por Foz do Iguaçu," Veja (July 21, 2011), <http://veja.abril.com.br/blog/ricardo-setti/politica-cia/terrorismo-islamico-na-triplice-fronteira-passa-por-foz-do-iguacu/>.

<sup>192</sup> Da Cunha, "Terrorismo internacional e a política externa brasileira após o 11 de setembro," 77.

<sup>193</sup> Levitt, "South of the Border, a Threat from Hezbollah," 77.



Sobhi Mahmoud Fayad		<p>Fayad was designated a “senior TBA Hezbollah official” and Barakat’s executive assistant. He was linked to the Barakat Clan’s drug trafficking and counterfeit currency schemes. He reportedly sent over \$50 million to Hezbollah. When searching his house in Ciudad del Este in 2001, Paraguayan police officers retrieved receipts outlining donations that amounted to over \$3.5million to the Martyrs Organization.</p> <p>This organization was one of the charities and front organizations used by Hezbollah to disguise its fundraising activities. The Martyrs Foundation was blacklisted by the U.S. Treasury Department in July 2007. In addition to fundraising, its representatives were also directly implicated in supporting terrorism.<sup>194</sup></p>
Ayman Hachem Ghtome	Arrested in 1998	He was identified as conducting activities in the TBA and linked to Hezbollah.
Abdel Hakim Gouram		<p>Closely watched by the Brazilian Federal Police and the intelligence agency, Gouram was considered to be a member of the Moroccan Islamic Combatant Group (GICM). The surveillance operations were reportedly undertaken at the request of the American Central Intelligence Agency (CIA).<sup>195</sup></p>
Moussa Ali Hamdan	Arrested in 2010	<p>Hamdan, a naturalized U.S. citizen from southern Lebanon, was charged with conspiring to provide material support to Hezbollah in Philadelphia in 2009. He was arrested in Ciudad del Este in June 2010 in connection with 31 crimes. These included trafficking in counterfeit goods, smuggling stolen merchandise, making false statements to government officials, and financing terrorism.</p> <p>Hamdan was working with other people who were also charged under related accounts. His associates included Hamze El-Najjar, Moustafa Habib Kassem, Alaa Allia Ahmed Mohamed (“Alaa Ahmed Mohamed</p>

<sup>194</sup> Levitt, “South of the Border, a Threat from Hezbollah,” 78-79.

<sup>195</sup> Ferreira, “Os órgãos governamentais brasileiros e a questão do terrorismo na Tríplice Fronteira: divergências de percepções e convergências nas ações,” 111.



		Abouelnagaa”), Maodo Kane and Michael Katz. <sup>196</sup>
Ali Khalil Mehri	Arrested in 2000	<p>He was a Lebanese businessman and naturalized Paraguayan citizen who lived in Ciudad del Este. He was arrested by Paraguayan authorities in February 2000, but fled the country in June of that year. He was one of the regional fundraisers for Hezbollah.<sup>197</sup> He was charged with violating intellectual property rights and selling counterfeit software worth millions of dollars. He was also accused of aiding criminal enterprises that distributed CDs promoting extremist ideals.</p> <p>Moreover, he was an alleged financial contributor to al Qaeda and to members of the Colorado Party.<sup>198</sup></p>
Imad Mugniyah	Killed in 2008	<p>He was one of Hezbollah’s military and terrorism chiefs<sup>199</sup> and was directly connected to Iran. He was the alleged architect of the 1983 Beirut embassy and Marine barrack bombings, the 1985 TWA hijacking, the Khobar Towers bombing of 1996, and the Buenos Aires bombings of 1992 and 1994.<sup>200</sup></p> <p>Moreover, he contributed to the establishment of terrorist cells in Ciudad del Este and Encarnación.</p>
Marwan Adnan al Qadi; Marwan al Safadi		<p>An explosives expert, “Marwan al Safadi” was involved in the attack against the World Trade Center in 1993.<sup>201</sup> In 1996 he was identified as living in the TBA. Paraguayan authorities discovered a plot to attack the American Embassy in Paraguay, and raided his apartment. It was full of explosives.<sup>202</sup> He was eventually captured by Brazilian authorities and extradited to the U.S. – from where he was then extradited to Canada.</p>

<sup>196</sup> U.S. Attorney’s Office, Eastern District of Pennsylvania, “Four Indicted for Conspiring to Support Hizballah; Six Others Charged with Related Crimes,” The Federal Bureau of Investigation, November 24, 2009, <http://www.fbi.gov/philadelphia/press-releases/2009/ph112409.htm>.

<sup>197</sup> Gleis and Berti, *Hezbollah and Hamas: A Comparative Study*.

<sup>198</sup> Mickolus and Simmons, *The Terrorist List*, 118.

<sup>199</sup> United States Department of State, Bureau of Counterterrorism, “Country Reports on Terrorism 2011,” 235.

<sup>200</sup> Cirino, Elizondo and Wawro, “Latin America’s Lawless Areas and Failed States: An Analysis of New Threats,” 24.

<sup>201</sup> Ferreira, “Os órgãos governamentais brasileiros e a questão do terrorismo na Tríplice Fronteira: divergências de percepções e convergências nas ações.”

<sup>202</sup> Ferrand, “Islamic Terrorism in Latin America.”

Mohamed Ali Abou Ibrahim Soliman	Arrested in 1999	<p>Soliman, an Egyptian citizen, was first arrested by the Brazilian Federal Police in 1999 for not carrying a passport.<sup>203</sup> He was a suspected member of al-Gama'a al-Islamiyya. Egypt had accused him of being involved in the terrorist attack in Luxor in 1997.</p> <p>In 2002, the Brazilian Supreme Tribunal concluded that his extradition would be unconstitutional. Allegedly, the available evidence wasn't concrete and the Supreme Tribunal found formal errors in the extradition request, such as the mistranslation of documents<sup>204</sup>.</p>
Muhammad Daoud Yassine	Arrested in 2002	<p>Muhammad Daoud Yassine was accused of raising around \$10 million with his uncle Ali Nizar Darhoug, in support of Hamas and al Qaeda. His uncle was held on tax-evasion charges. Yassine managed to flee Paraguay because of the country's lack of comprehensive laws on terrorism financing.<sup>205</sup></p>
Salah Abdul Karim Yassine	Arrested in 2000	<p>Salah Abdul Karim Yassine was a Lebanese citizen who carried fake Colombian identity documents and resided in Ciudad del Este. He was being tracked by American and Israeli intelligence officers for suspected ties to Hamas and terrorist threats against the Israeli Embassy in Asunción. He was arrested in 2000 in Encarnación.<sup>206</sup></p>

<sup>203</sup> Ferreira, "Os órgãos governamentais brasileiros e a questão do terrorismo na Tríplice Fronteira: divergências de percepções e convergências nas ações," 111.

<sup>204</sup> "Terrorists Set Up Bases in Brazil," InterAmerican Security Watch.

<sup>205</sup> Berti, "Reassessing the Transnational Terrorism-Criminal Link in South America's Tri-Border Area."

<sup>206</sup> Da Cunha, "Terrorismo internacional e a política externa brasileira após o 11 de setembro," 77.

## Appendix E:

### Rule of Law Index Scores and Ratings

Countries are scored and ranked on each of the factors and sub-factors of the Rule of Law Index. The data below is included in the 2012-2013 report, where 1 signifies the highest score and 0 signifies the lowest score.

Factor	Argentina	Brazil <sup>207</sup>
Factor 1: Limited Government Powers	0.46	0.62
Factor 2: Absence of Corruption	0.47	0.52
Factor 3: Order and Security	0.60	0.64
Factor 4: Fundamental Rights	0.63	0.69
Factor 5: Open Government	0.48	0.54
Factor 6: Regulatory Enforcement	0.43	0.56
Factor 7: Civil Justice	0.54	0.55
Factor 8: Criminal Justice	0.43	0.49

Source: “Rule of Law Index Scores and Rankings,” The World Justice Project, accessed September 1, 2013, <http://worldjusticeproject.org/rule-of-law-index-data>.

<sup>207</sup> No information is available for Paraguay.

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