Stretching the Border: Smuggling Practices and the Control of Illegality in South America

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1. Introduction

The Tri-Border Region in South America spreads across the frontiers of Paraguay, Brazil and Argentina. It encompasses a trans-border urban conglomerate of about 600 thousands inhabitants in the three countries. Through the years, it has been a frontera porosa (porous border) where trafficking boomed after Paraguayan dictator Alfredo Stroessner declared Ciudad del Este a free-trade zone in the 1960s. The city soon became a shopping paradise for counterfeit, cigarettes and spirits. Yet, since the 2000s there are sings of some reordering in the region. In the aftermath of the attacks of September 11, 2001, the United States government encouraged national states to control the flows of people and goods at the region. Allegedly, illegal activities are headed by international networks, which would finance religious extremism around the globe. The governments have accordingly launched a number of plans to improve surveillance, such as the Integrated System of Migration Registration (SICaM in Spanish) in Argentina in 2005 and the 'sacoleiro law' in 2009, an attempt to regulate smuggling in Brazil. Paraguay has also embarked in 2009 in the renewal of the customs office at the international bridge. These policies reveal programmes of increasing state intervention to halt trafficking in electronics, drugs, weapons and humans, and any kind of undocumented border crossing.

The declaration in 1991 of the free-trade region of South America Mercosur,[1] marked the opening of national markets and removal of barriers, which would have enhanced free trade among the countries. Yet, problems around market protection and conflicts on the mobilisation of goods are just as visible. In the changing international political environment, new policies are implemented by the governments that result in increased surveillance at their national limits.

The development is clear: the Tri-Border Region, in the practice a liminal space for decades, has turned since the 2000s into a space of interdiction. Interestingly enough, there are a number of comparable conflicts about law enforcement at the national boundaries of the Latin American region, which have gained much visibility: the frontier joining Colombia and Venezuela, the other triple border at Argentina, Brazil, and Uruguay, the Chile-Peru border, and the most notorious case, the Mexico-United States borderline. Quite differently from the clashes around the delimitation of frontiers that reduced the populations of South America till the end of the 19th century (Hennessy, 1978), or the 'procesos de fronterización' that engendered spaces of in-betweenness (Grimson, 2003), current border conflicts in South America result from the changing state policies that seek to control actors and commodities defined as illegal. These conflicts are focalised on illegal markets, and not on the expansion of a national territory or the submission of populations. This concern with illegality has been framed as an outcome from the dominance of the neoliberal ideology, which rearticulates the national state, its legal order and economy (Comaroff and Comaroff, 2006). These developments urge academics to look again at borders and borderlands, and the way in which the state becomes here observable.

The perspective on national borders as a space of interdiction shows the contradictions and selective nature of neoliberalism at a global scale. In 1989, the fall of communism positioned neoliberalism as the dominant ideology for the political and commercial relations between nations. Once the material walls between communist and capitalist countries were removed, the

[1] Inspired by the model of the European Union, the Mercosur treaty seeks to integrate the members towards a commercial and political community in South America. The treaty includes not only trade-related issues, but also political and social rights of citizens in member countries (see Bouzas and Soltz 2001).

neoliberal ideology nurtured the notion of a new world order without borders, enhancing the free movement of people, ideas and products (Donnan and Wilson, 1994; Harvey, 2003). At this stage, global neoliberalism promotes the free market ideology and reduction of state mechanisms of control. Yet, the neoliberal ideology has proven to be selective at work. While countries were integrating or intensifying their commercial relations in commercial regions, new walls were at the same time built: the one diving the United States and Mexico, another between the Israeli and Palestinian states in the West Bank, or the fence separating the Spanish cities of Ceuta and Melilla from Morocco. Even more, the terrorist events of September 11, 2001 marked a new stage in the political relevance of borders. New technologies and legal mechanisms have been since then introduced to surveil and keep out potential terrorists, religious extremists, undocumented migrants and illegal flows of goods (Fernández-Kelly and Massey, 2007; Alden, 2008; Sandoval, 2008), these forms of control hinder in the end the mobilisation of financial flows, products, ideas and citizens. Hence, the ideology of free economies for free citizens, is increasingly countered by the enforcement of borders that become tangible in the airports, check points, internet or the surveillance of bank transactions. This is a second phase of global neoliberalism, where the state has reclaimed its central position in the ordering of flows in and out the national boundaries.

In the case of Latin America, the borderline between the United States and Mexico is the case par excellence in the study of borders (Herzog, 1990; Spener and Staudt, 1998; Vila, 2003). The frontier here is often used as a conceptual artefact in explaining notions and dilemmas of inequality, migration and bicultural identity. Yet, the scholarship on borders in Latin America is far from adequate. Outer regional borders have been privileged over inner borders, and the overwhelming political relevance of the US-Mexico borderline has overshadowed research on other locations.

This article poses the concept border synergy to capture the mobility of goods and values across boundaries, which entails a double connotation, that of the border as the national limit between countries, but also the one defining legal and illegal domains. This arguments is based on ethnographic material gathered at the Tri-Border Region during a period of three years.[2] Participant observations, interviews and visual recording were among the research techniques applied. The informants include local entrepreneurs and sellers, social workers, religious leaders, municipal and federal authorities, and smugglers. Polyphony guarantees here a dense ethnographic description. The results presented give evidence from an anthropological perspective on the trans-border smuggling across the national frontiers of Argentina, Brazil and Paraguay, and the extent economic agents manipulate borders in region. The policies implemented to 'regulate' smuggling and halt illegal practices at the Tri-Border Region raise relevant questions regarding the study of border cities, transnational trade and illegality.

2. Border Synergy: Inequality and Conflict

The scholarship on borders in the social sciences dates back to the 19th century historical study of the expansion of the United States across the North American territory by the historian Frederick Jackson Turner. Since then, the notion of border has inspired scientists to study various

[2] The fieldwork here presented was carried out between 2007 and 2010, and had the financial support of the Global Consortium on Security Transformation and the Centre for Latin American Research and Documentation CEDLA.

objects and settings, dealing with the formation of national states, illegality, cultural identity and hybridity. In the scholarship, there are at least four perspectives.

Border as frontier. The notion of frontier, as Turner developed it in his thesis, is grounded on the ambition of a forming national state that occupies new territories (Henessy, 1978; Donnan and Wilson, 1994). The annexation of new land to the US territory, expressed in the motto 'America for the Americans', entails a cultural frontier driving the mythical destiny of a population. Frontier expansion is the basis of the cultural identity of the North American nation.

In South America there were processes of border expansion too. The national frontiers of Argentina and Brazil result from cycles of economical growth, each of which stretched out the national borders for the exploitation of natural and human resources. The Jesuitic missions, the conversion of indigenous populations, gold mining, cattle, timber and coffee plantations are a few examples of frontier expansion in the region (Hennessy, 1978; Weber and Rausch, 1994; Bauer, 2001).

Border as geopolitical limit of the nation. A second take on borders is focused on the geopolitical limits of the nation, where the borderline is perceived as the outermost layer of the nation state. Nation states produce their political borders, and when they expand there is conflict, since nations clash against each other. The demarcation of boundaries result from conflict, war or genocide that set up the limits of the nation (Baud and van Schendel, 1997), although borders can also be expressed as a 'natural' outcome – when the geography (i.e. a mountain chain or a river) 'demarcates' the borderline of a nation (Sahlins, 1989; Heyman, 1994; Donnan and Wilson, 1994). On the other hand, geopolitical boundaries can result not only from the formation of a political structure, but inversely because of its absence. National borders may contain an authority vacuum that results politically and economically profitable. These is the case of the smuggling states that have come into existence in Africa and the Caribbean, whereas the state encompasses, regulates and profits from both legal and illegal flows of values and merchandises (Nugent and Asiwaju, 1996; Flynn, 1997; Dilla Alfonso and Cedano, 2005). Since border regions are the outer layer of the nation state, they are often perceived as marginal, remote lands of wilderness. However, Baud and van Schendel argue for a 'view from the periphery', so as to capture the increasingly relevant role of borderlands in the identity and economy of a nation in the 20th century: "[S]uch regions were peripheral to the development of the central state, but nowadays they may be bustling industrial and urban regions" (1997, p. 221).

Border spaces: between two nations. The limits of a nation are defined by the political authority and result from arbitrary processes of border demarcation, splitting ethnic groups or ancestral trade regions. Trade networks are disrupted and peoples trapped amongst national borders, defined by the spatiality of their 'in-betweenness' (Cohen, 1965 and 1986; Cole and Wolf, 1974). These are defined in the scholarship as border spaces, a more or less clearly demarcated territory between national cultures (or national political systems), that often mix and engender hybridity. Yet, to confine a culture within a 'clearly demarcated' border space is artificial and troublesome. Cultural boundaries are never clearly set, and border spaces can be perceived either as a source of conflict or be neglected (van Schendel, 2005).

Border as identity marker. The bordering condition of a culture can be the ground of an ethnic, group or individual identity. Creolisation and biculturalism, as it is the case of the Chicano culture in US, are good examples (Flores and Yudice, 1990; Hannerz, 1991; Vila, 2003). Here,

the bordering position of a subaltern culture within a dominant nation is perceived as cultural renewal, but it can unleash conflict too. Living borders are observable in Muslim women wearing a face veil or scarf in many Western European countries: they have become a main issue of the public debate and are perceived as the very limit between an individual choice and the secular state (Moors, 2009). In the eyes of the dominant Western culture, veiled women (the veil as a religious identity marker) represent the limits of emancipation.

From the four approaches presented above it can be concluded that border theory assesses the differential ratio between two different entities – a nation, a territory to explore, a cultural identity. For the purposes of this article, the analytical attention lies here on the border as a geopolitical location.

Borderlands and border cities, loci of exchanges and mobilisation, become attractive when national markets and economies highly differ from each other. The differences among two countries are the motor of the economies at the border; they generate border synergy. Border synergy is thus the ratio of the differences or asymmetries between nations that become materialised at the border, causing market opportunities from which actors profit.

Border synergy is tangible in the mobilisation of people and goods pushing through national borders. In the transport of values, agents manipulate the differences between countries (in their taxing systems or markets) to make a profit. The bigger the economic or political differences between countries are, the stronger border synergy is. Borderlands and border cities joining asymmetrical countries are extremely busy, they have hence a high border synergy. The task of the nation state as political authority is however to regulate border synergy, to filter and organise the mobilisation of commodities and populations. State intervention becomes observable in the introduction and enforcement of definitions of legality. This is however a conflictive process.

Conflicts around border synergy have been documented, for instance, in the ethnographies of borderlands as problems of legal order. In his study of the Bangladesh borderlands van Schendel demonstrates that borders are spaces of synthesis where the legal and illegal domains merge: [T]he state elite itself combined positions of power and accumulation and used these entrepreneurs [smugglers] as kingpins in coalitions to prop up its control of the state [...] as well as its control of networks of accumulation (2005, p. 174).

The prevalence of illegality accompanies the ethnography of borderlands. In his study of the 'making' of the Ghana-Togo frontier, Nugent observed the ambiguous relation between smugglers and local embodiments of state power (2002, p. 255-71). In the case of Asia and based on her research on smuggling networks at borderlands in China, Thailand and Burma, Sturgeon states: "[F]or state officials, the dynamics across the border have continued to be both dangerous and enticing, to be avoided and secretly accessed" (2004, p. 482). Studies on the borderline between the US and Mexico point out at the conflicts and loyalties between officials and human or drugs traffickers (Martínez, 1994; Cunningham and Heyman, 2004; Edberg, 2004; Velasco Ortiz, 2005). Scott has also paid attention to these accommodations between state and illegal actors at the borders, and concludes that *infrapolitics* prevail (1990): The interests of the local actors overcome the rule of law. Clearly, there is something about the elusiveness of borders where the legal and illegal domains converge and the presence of state actors becomes ambiguous.

3. The Tri-Border Region in South America

At the arrival hall of the international airport of Foz do Iguaçu in Brazil, a blond young woman dancing in a bikini with the national colours of the Brazilian flag welcomes visitors. Next to her, there are two black men playing samba, all smiles. Once the travellers have disembarked, the dancer and musicians take a break and wait until the next flight arrives to repeat their performance. In the airport, on the streets and local press, advertisements targeting Brazilian readers promote Ciudad del Este: The national colours of Paraguay form a circle, with a white ribbon in front that symbolises the bridge between the Brazilian city of Foz do Iguaçu and the Paraguayan Ciudad del Este: 'You are free to think. You are free to act. You are free to choose. Come to your shopping freedom in Paraguay' (Picture 1). This advertisement defines freedom as conspicuous consumption and implicitly points at a lack of freedom in the over-regulated Brazilian economy. Freedom from the protective Brazilian policies, freedom to shop in the free-trade zone in Ciudad del Este.

Picture 1. Freedom as conspicuous consumption in Paraguay

The opening in 2009 of a shopping centre in Ciudad del Este, just a few meters away from the Brazilian border has opened a 'war' of duty-frees. At each side of the three countries there are competing shopping facilities. In the Argentinean border, the flashy and minimalist Duty Free Shop Puerto Iguazú, is much advertised: 'Vení a conocer el mejor duty free shop del mundo' (come to visit the world's best duty free shop) where designer perfumes and personal care articles, clothing and electronics are sold. At the Brazilian side, there is also o shopping Cataratas for high-end shopping in Foz do Iguaçu. Taxi drivers rightly say: 'here there are two things, waterfalls and shopping'.

The urban image of the three cities is defined by consumerism and the free-market ideology. Consumption is presented as the ultimate cultural experience and the only way to access leisure. Since the foundation of the South American free-trade block Mercosur in 1991, the cities have

been trying to position themselves as tourist destinations and shopping paradises, to diversify the options for the visitors who come to enjoy the Iguaçu Waterfalls. This a clear example of a new Latin American modernity shaped by the expectations of consumerism and global cultural citizenship: urban landscapes are designed by the service industries, neighbourhoods organised around shopping centres, cinemas and supermarkets (Jones and Varley, 1999; Guano, 2002). Nevertheless, this image of bonanza has a counter side.

The expectation of conspicuous consumerism in Foz do Iguaçu coexists with violence and marginality. The city, with a population of about 320 thousand inhabitants, is the second tourist destination in Brazil, just behind Rio de Janeiro;[3] yet, tourism has not brought prosperity to larger social sectors: favelas spread across the city, characterised by violence and crime. Foz do Iguaçu has the highest homicide rate in Brazil among young people (15-25 years), and the second among the total population, with 223,3 violent deaths per 100 thousand inhabitants; it ranks number five at national level in robbery with weapons (Zamberlam and Corso, 2007; Waiselfisz, 2007). The violence caused by struggles and executions between smugglers and dealers, points at the pivotal position, in particular, of Foz do Iguaçu in the smuggling map, and in general, the upcoming role of Brazil in the international trafficking for illegal drugs.

On the Argentinean side, there is a general lack of perspective and wide-spread poverty in Puerto Iguazú. Young and ambitious inhabitants soon realise they must migrate in order to be able to fulfil their material and professional aspirations.

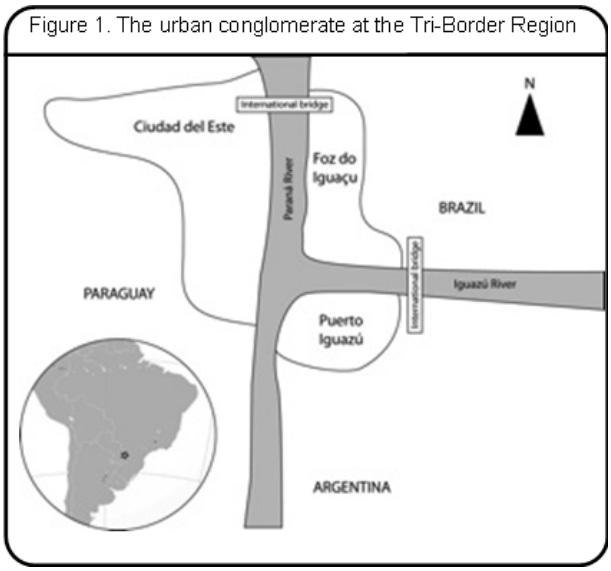
In Ciudad del Este, the absence of urban infrastructure and corruption hinders growth and the rule of law. Although the city reports 50 % of the tax revenue in Paraguay, tax base is limited and industrialisation weak (Nickson and Lambert, 2002; Rodríguez, 2006). Poverty, inequality and crime define the social landscape of Ciudad del Este.

3.1. Historical Background and Sociodemographic Developments

The Tri-Border Region is well known for its natural assets. Here, the Iguazú and Paraná river converge (Figure 1), creating a zone characterised by its biodiversity and the Iguaçu waterfalls. Since the 19th century, the national governments have fought a number of wars to defend or expand the borderline, from which the War of The Triple Alliance (1864-1870) is the most devastating one, when Paraguay lost 60 % of the population. As a result, the three national states set military bases at the Tri-Border Region to secure the limits of the nations and protect their natural resources (Ferradás, 2004; Lewis, 2006). For many years, for sure until the 1960s, these settlements had clearly a more political than economic relevance. These military posts passed mostly unnoticed, even when they became municipalities. Four economic activities have marked the growth of the Tri-Border Region: Hydroelectric power, trade, tourism and soy production.

[3] Information from the website of the municipality of Foz do Iguaçu, `http://www.fozdoiguacu.pr.gov.br/portal2/home_turismo/cidade.asp/`, visited on July 10, 2010.

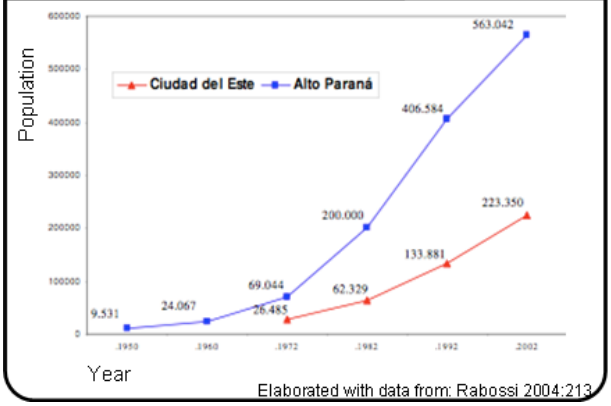
Figure 1. The urban conglomerate at the Tri-Border Region



During Stroessner's dictatorship (1956-1989) the international Puente de la Amistad was built in 1965 to link the Paraguayan city of Puerto Stroessner (nowadays Ciudad del Este) and Foz do Iguaçu in Brazil. With this public work, the dictator sought to stimulate the economy in the region and declared the city a free-trade zone. Paraguay's very economic policy was to encourage trade with shops in Ciudad del Este and allow import to come in; the merchandises would reach the neighbouring countries. This policy catapulted different forms of trade. Smuggling of cigarettes and alcohol from Ciudad del Este became much wanted in Argentina and Brazil.

The construction works of the Itaipu Dam (1974-1984) marked the beginning of a demographic boom in the region (Figure 2). Since the late 1970s the population of the Paraná region has been exponentially growing. The binational Itaípu Dam, built and run in cooperation between the Brazilian and Paraguayan governments, is regarded as the most productive hydroelectric plant of the world, delivering 80 % of Paraguay's and 60 % of Brazil's energy. Notwithstanding the Itaípu Dam is a sustainable source of energy, its construction caused the displacement of thousands of Brazilian farmers and inhabitants who were forced to leave highly profitable land. Many of them migrated without documents to Paraguay. As a result, a new caste of stateless people came into existence once these people, that never came back to live in Brazil because they had nowhere to go, stayed undocumented in Paraguay and formed their own families. The offspring, called brasiguayos, has no nationality or access to public services, and neither country has the political will to solve the situation. This displacement still plays an important role in the relation between the two countries.

Figure 2. Demographic evolution of Ciudad del Este



Indigenous groups have historically been marginalised in the region. The indigenous populations, among others the guarani ethnic groups Mbya and Nhandéva, suffer of spatial dislocation and move across borders (Mendes da Sliva, 2007). The recent displacement caused by the construction works of the dam, was later continued with the expansion of soy plantations. The participation of indigenous people in the economy and social life of the cities is rather marginal, constrained to street selling.

The emergence of the soy industry in the region has risen different environmental issues and political sensitivities between Paraguay and Brazil, since soy farms along the Paraguayan border are in hands of Brazilian owners (Staduto et al, 2007). Some Paraguayans, particularly the indigenous population, are enraged with the growing presence of Brazilian farmers in Paraguay; their perception is that large extensions of land is now owned by foreigners, who profit, pollute and exploit local population (Sprandel, 2006). Soy and cattle farms are every now and then set on fire, and farmers harassed or executed.

The region has much profited from its position as a trading post. International migrants from all regions of the world play a central role in the growth of the zone. Migrants represent up to 40 % of the population in the region (Zamberlam, Corso, Machado Silva et al, 2006, p. 23). Immigration to Ciudad del Este was encouraged and numerous Lebanese, Palestinian, Chinese, Taiwanese and Korean communities settled, developing transnational trade networks (Rabossi, 2004; Pinheiro-Machado, 2008). Traders and investors created organisations to defend their interests, unions that are much comparable to those under corporatist and clientelistic political systems, as it is the case of Mexico, that fuse formal and informal politics (Cross, 1998).

In the 1980s, Ciudad del Este consolidated itself as a trade centre with accessible imports and retail facilities that became consumption paradises for Argentinians and Brazilians who were eager to step out from their restrictive ISI national economies and enjoy from Paraguay's taxing advantages and imports' assortment. By the mid 1990s the region was identified as the third largest trade post in the world: 'Ciudad del Este was generating US$12 to US$13 billion in cash transactions annually, making it the third city worldwide behind Hong Kong and Miami' (Rotella, 1998, p. 1). This estimation coincides with the information available in other sources (Grinbaum, 1996, p. 25-6; Ferradás, 2004; Lewis, 2006).

In 30 years, the region has moved from a local market for counterfeit in the 1960s to an energy production site in the 1970s, it turned into a main touristic destination in the 1980s, and became a centre for transnational trade in the 1990s. Nevertheless, this rapid development also has a controversial side. In the Tri-Border Region, the streets are woven with networks for informal labour and trading, security and financial services that ambiguously relate legal and illegal domains – if they ever were differentiated.

3.2. Border Synergy and Illegality in the Tri-Border Region

Suspicions on terrorism, money laundering, drug trafficking and smuggling have been since the 1990s circulating on the Tri-Border Region. The attention emerged when Argentinian authorities stated that the terrorist attacks on the Jewish community of Buenos Aires in 1992 and 1994 were planned under the Islamic population of the area (Ferradás, 2004; Lewis, 2006). '[V]arious Islamic terrorist groups, including the Egyptian Al-Jihad (Islamic Jihad) and Al-Gama'a al-Islamiyya (Islamic Group), Hamas, Hizballah, and Al Qaeda, probably have a presence in the [Tri-Border Region]' (Hudson, 2003, p. 68), including sleeping cells and training camps. Trade in these cities would be raising funds for terrorist attacks. Argentinean, Brazilian and US authorities claimed to have evidence of electronic transfers to support extremists groups in the Middle East and other Islamic countries (Hudson, 2003, p. 14-31; Levitt, 2005).

> [A]s the case of Hezbollah criminal activity in the tri-border region of South America makes clear, the group does engage in criminal activities that gave rise to the unwanted attention of local and international authorities, including mafia-style shakedowns of local store-owners, illegal pirating of multimedia, and the international drug trade (Levitt, 2005, p. 11).

Right after the events of September 11, 2001, the concern regarding the Islamic communities in the Tri-Border Region and the financing of international terrorism regained relevance. Based on military intelligence reports and the Department of the State, the US government denounced that the region represents a threat to the stability of the South America and the world (Bartolomé, 2002; Hudson, 2003; Lewis, 2006; Naím, 2007, p. 142-4).

> There have been open-source indications that the Islamic terrorist network in the TBA [Tri-Border Area] has maintained telephone communications with operatives worldwide, including in the United States. The FBI reportedly traced several telephone calls between the United States and at least one of the TBA cities immediately following the September 11, 2001 terrorist attacks. Whether Islamic terrorists in the TBA played any role in the September 11 attacks in the United States is not known. Some al Qaeda operatives in the TBA may have known in advance about the September 11 attacks and discussed the plot in a mosque in Foz do Iguaçu (Hudson, 2003, p. 33).

According to information from the Brazilian Intelligence Agency (Agência Brasileira de Inteligência) released in 2003, Osama Bin Laden visited the mosque of Foz do Iguaçu in 1995 and again in 1998 to discuss, among others, on the training of sleeping cells in the region (Junior, 2003; Hall, 2003).

These accusations have resulted in two high-profile detentions. Ahmad Barakat, a Lebanese citizen, 34 years old, was detained in Foz do Iguaçu in June 2002 and handed over to US authorities; he is supposed to be the chief fund-raising officer for Hizballah ('Libanês preso no Brasil

nega elo com terrorismo', Folha de São Paulo, November 19, 2002). In June 2010, Moussa Ali Hamdan, Lebanese, 38 years old, was detained in Ciudad del Este for charges presented in the US on raising funds for Hizballah; Hamdan was extradited to the US ('Capturan en el Este a miembro del Hizbullah', ABC, June 15, 2010). Both detainees denied the accusations. On the other hand, local authorities, scholars and activists, are skeptical about the suspected connection between local entrepreneurs and international Islamic terrorism in the region: 'it seems there was financing but there are no cells'. Some claim the link between traders and terrorism has helped to build a smoke curtain, and justify US presence and intelligence exchange between the South American countries and the US. It is believed that what here really is at stake is the natural resources, chiefly uranium and water, available in the region. Terrorists would be trying to get uranium. The American government would be interested in the water. Underneath the three cities, and fed by the Iguazú and Paraná rivers, there is the third largest fresh water reservoir of the world, the Guaraní Aquifer Complex, with enough water to supply the world's demand for 30 years (Ferradás, 2004).

The mosque Omar Ibn Al-Khattab in Foz do Iguaçu, which is believed to be the largest in the American continent, is the centre of Islamic community in the region, that counts about 10 thousand believers. The Imam and believers complain that after 20 years of presence and despite the contribution of the Islamic entrepreneurs and traders to the development of the area, at once terrorism is magnified to the community as a whole. The accusations perpetuate social stigmas on Muslims.

US intelligence activities in Ciudad del Este, Foz do Iguaçu and Puerto Iguazú have however increased. There is strong sensitivity among the population from all backgrounds, to the presence of US officers in the cities. During the fieldwork, informants (among others, the young drivers of the mototaxis) continuously asked: 'Are you from the CIA?', or simply denied to provide any kind of information to a curious foreigner interested on trade and border crossing.

These perspectives come to reinforce negative social representations of this area, above all in Brazil and Argentina, as a dangerous place, a focus of criminals, terrorist networks and international mafia. Paraguay is perceived by Argentinean and Brazilian buyers as a place for contraband, cheap fakes and low-quality items. Residents of Foz do Iguaçu and Ciudad del Este face the allegations and prejudices everyday, particularly since police and military presence has increased, with check-ups hindering their daily activities and undertakings.

Illegality constitutes however an important part of the commercial and social life of the area. Illegal activities in the Tri-Border Region include human trafficking, weapons and drug smuggling, child prostitution, tax evasion and copyrights piracy. International networks for smuggling have emerged for the transport and distribution of illegal merchandises (Hudson, 2003; Rabossi, 2004; Lins Ribeiro, 2006). Cocaine and marihuana from the Andes stops in Paraguay in route to Brazil, Argentina, and further to the European markets. According to US reports, in the Tri-Border Region there are crime syndicates from China, Colombia, Corsica, Ghana, Italy, Ivory Coast, Japan, Korea, Lebanon, Mexico, Nigeria, Russia, and Taiwan that launder falsified and drug money (Hudson, 2003). Hudson also argues that the Fuerzas Armadas Revolucionarias de Colombia FARC (Revolutionary Armed Forces of Colombia) are present.

There have been different cycles of mafia violence in the region, particularly in Ciudad del Este, with a peak in the late 1980s and early 1990s when Chinese were fighting against Lebanese

groups. Since the 2000s urban violence has lost this 'ethnical' character, targeting civil population instead, as it is the case in the Brazilian side.

The emergence of financial flows for international terrorism and illegal activities can only be understood as a consequence of a low rule of law. In Paraguay tax evasion is a rule. In Ciudad de Este, up to 60 % of the economy is not recorded or taxed by the government, and whenever taxed, there is much underregistration of imports with manipulated invoices. There are no available sources on the demography of the city either. Widespread is the custom of the coima, to buy off authorities: 'you can buy, do anything or kill anybody in Paraguay if you have enough money'.

4. Living at the Border: Smuggling as a Way of Life

The three cities compete against each other as touristic destinations, to win tourists and shoppers. Smuggling, on the other hand, works just the opposite. Every national 'corner' accomplishes a particular role and this has engendered some kind of specialisation. There is however no clear-cut division, since activities often overlap, but more of an order in the way these national corners complement each other and conform a regional economic heart pumping resources into the national economies and capital cities. Trade takes place in Ciudad del Este, where the commercial streets and busiest shopping centres are. Retail stores in Puerto Iguazú and Foz do Iguaçu target the local market or tourists, whereas wholesale and transnational trade is localised in Ciudad del Este. Puerto Iguazú has a marginal position; it is focused on international tourism. Foz do Iguaçu plays a key role in articulating the three cities observable in the busy flows of goods across borders.

Workers live in Ciudad del Este, where housing is cheaper. Ciudad del Este has however a bad urban infrastructure and service provision. Traders and shop owners live in Foz de Iguaçu. The lack of (quality) public services may explain why entrepreneurs do not return money investing in the city, they take instead their capital over the border. While money is made in Ciudad del Este, capitals are placed in Foz do Iguaçu, which has by far a better infrastructure and a safer long-term perspective than Paraguay. It has a solid market in real state. The skyline of Foz do Iguaçu is defined by towers of apartments with 20 stories or more, giving some kind of cosmopolitan allure.

The bordering position of these three cities reveals thus an ambivalent situation: it porousness has boosted growth, but it has also created a vacuum that synthesises the legal and illegal domains. In the Tri-Border Region national boundaries are spaces of synergy, where agents manipulate the differences between countries to make a profit. There is a variety of economic activities where people make use of the permeability of the national borders. From the various economic actors who move across borders three agencies are remarkable: Traders, couriers and money exchangers.

4.1. Traders: Importers and Shop Owners

Transcontinental migrants own in Ciudad del Este the majority of lojas, that is, established shops. Many of them arrived in the 1980s and 1990s when trade in the Tri-Border Region was booming. The introduction of the Mercosur gave a new impulse to the economic life of the urban

conglomerate, and it worked as a pulling factor that attracted Lebanese, Palestinian, Chinese, Taiwanese and Korean migrants who came to the city and started up their own undertakings (Picture 2).

The Paraguayan government welcomed international migration and issued residence documents. Migrants are also eligible for the Paraguayan nationality. They were not expected 'to integrate' to Paraguayan society but to make business. Special Arabic or Chinese schools opened in Ciudad del Este and in Foz do Iguaçu where children learn and appropriate the culture and language of their parents. Transnational migrants make use of their networks in the country of origin to supply products and set up new businesses. Quite to the contrary, Latin American migrants from Bolivia, Peru and Ecuador, seem to be less assimilated in the entrepreneurial life of the city, and mostly work hired by shop owners. Interestingly, Paraguayans do no take part in the established trade and retail in Ciudad del Este, they work in the street economy, employed in the shops owned by foreigners, or in the few factories established in the city.

Picture 2. In Ciudad del Este Taiwanese entrepreneurs form a compact and active community

Lebanese, Syrian, Chinese and Taiwanese traders are well represented in Ciudad del Este's downtown. These traders are organised in associations according to their ethnicity, which are useful to lobby and deal with local and national authorities. The Taiwanese community is one of the oldest international migrant groups in the city, present for already thirty years; they trade in clothing, toys and computing, but not exclusively. Chinese and Taiwanese traders formed the Asociación China de Ciudad del Este (Chinese Association of Ciudad del Este), which has sponsored social projects like street paving and maintenance of public spaces. Lebanese and Syrian entrepreneurs funded the Cámara de Electrónica (Chamber for Electronics) and are visible in local politics, for instance, supporting candidates during elections. They are specialised in electronics, particularly in mobile phones, photography and video.

Zhuan is a trader and secretary of the Chinese association. He is in his late sixties and came to Ciudad del Este in the 1980s, when there was 'nothing, just plantations'. When he is asked whether Ciudad del Este is so unpleasant and violent as local media state, he replies: 'It is envy,

they just want to take the success of Ciudad del Este away'. In the 1980s, there were a handful Chinese families in the city. They ran novelty shops with merchandise from Taiwan. Until the opening of China to international trade in the 1990s, products were imported to Paraguay from Taiwan. Now, the majority of the merchandise is imported from China, where people 'work for very low salaries and that lowers the cost' for traders. Guangdong is the main industrial city providing finished to Brazil and Paraguay (Pinheiro-Machado, 2008).

During the 1990s up to 70 per cent of the shops in Ciudad del Este were in hand of Chinese owners. According to the association, more than 10 thousand Chinese traders or shop employees were working in the city in this bonanza period. Most of this migration was however undocumented. The expanding presence of Chinese traders is the result of an entrepreneurial culture based on blood ties and a close social control. Chinese migration is family based: one migrant becomes a pioneer and helps family members to come over. A strong sense of community, with the family as basis, helps new migrants to integrate to the commercial life of the city. The association assists new Chinese residents to start their own undertaking. Upon arrival, migrants are not able to communicate in the languages spoken in the region (Spanish, Guaraní, Portuguese). They are not acquainted with the paperwork or the culture in order to dealing with local authorities. However, is not only assistance what the association provides, but also parallel banking services. Chinese traders work in a pyramidal structure, with a flow of credit running downwards, where capital is lent and merchandise supplied to new migrants. Older traders import containers with merchandise, which they in turn wholesale and retail to shop owners and sellers.

Nevertheless, with the global economic crisis of the 2000s, and the increasing police surveillance at the Brazilian border, retail in the city has slowed down a 30, 40 per cent. Although there are no official sources or accurate demographic statistics available, the depressed retail market in Ciudad del Este has had an impact on its population. Zhuan thinks there are at the moment no more than 5 thousand Chinese in Ciudad del Este, that is a half of the population ten years back.

Traders are migrants who circulate between cities, depending on the local economic climate. They stay a couple of years in Ciudad del Este to move later again to Rio de Janeiro, Sao Paulo or Buenos Aires. Lara, a social worker at Casa Migrante, an organisation that provides legal aid to undocumented migrants in Foz do Iguaçu, states on transcontinental migration: 'They are no migrants who come to live a whole life here. They come here to work. They are in Brazil and later in Paraguay. They are driven by the economy, not by the emotions'. In fact, since the 2000s the Korean and Indian communities are the most dynamic in Ciudad del Este, opening new stores. Charlie is a successful trader who has chosen to stay in Paraguay and managed to survive the crisis. He is in his early forties and came from Taiwan to Ciudad del Este in 1993, and was later granted the Paraguayan nationality. Charlie owns two shops downtown, where he sells toys and novelties from Taiwan. In the larger shop, he has an office that functions both as operations centre and as a safe. The space is suffocatingly small, with room for only one desk, a tiny table and two chairs. There are no windows or ventilation available besides an old fan keeping the hot air moving. On the walls, there are some printed emails, shipping orders, topless Asian women and pictures of his children pinned.

In the working mess the office is, there are open cardboard boxes on the floor and under the desk full with thousands of dollars and yens. Apparently, the office is safe enough to keep that

amount of cash. The boxes full with banknotes seem somehow disturbing in such an austere and chaotic office. Charlie has an old computer on the desk, where he permanently checks exchange currencies on the internet, and receives information on production costs from Taiwanese factories. Even if he personally knows the factory owners, some of which are his friends, he first makes himself sure that he is getting the best fares. By email and sometimes by fax, he places orders at the factories. Once shipped from China or Taiwan, the containers arrive in about three weeks in the harbour of Santos, Brazil. Then, the merchandise is either sent in transit across Brazil to Asunción or Ciudad del Este, or via Uruguay and Argentina. The transport can take up to four weeks altogether, depending on how quickly the authorities clear the goods.

As a free-trade zone, Ciudad del Este has a general tariff for all imports of 10 per cent the value of the merchandise. Nevertheless, Charlie knows his way around and declares just a part of the products, or at a lower price, or pays a coima (bribe) to customs officers to pass the undocumented goods.

4.2. Couriers: Sacoleiros, Laranjas, Paseros

Couriers that mobilise merchandise from one country to the other represent a second link in the trade network of the Tri-Border Region. Smuggling is organised by nationals of Argentina, Brazil and Paraguay. At every national corner they have a different nomenclature: in Brazil couriers are called sacoleiros (baggers) and laranjas (oranges), although many are in fact women known as camelós (camels). In Argentina and Paraguay, couriers are paseros (passers). All these names refer to people who smuggle in small quantities of merchandise and, although these traffickers are a link of a larger network, they enjoy some extent of autonomy.

Brazilian sacoleiros travel to Ciudad del Este from neighbouring cities, mostly from São Paolo, by bus to make use of the monthly allowance they can import. In 2009 it was a total of US$150, but in the years before Brazilian citizens were allowed to import up to US$300 every month. They come to Ciudad del Este to buy toys, clothing, blankets, electronics, cameras, cigarettes and bootleg, and transport them in plastic bags. They arrive to Paraguay early in the morning; by the end of the day cross the border and return home. Sacoleiros travel with little money, and make no significative expenses for hotels or lunches. It is not a leisure travel. They cross to shop.

At the Brazilian side, the international bridge Puente de la Amistad is particularly busy during the weekends. The bridge has two lines and sidewalks. The bridge is maintained in cooperation between the two countries, that is why half of if is painted with the colours of the Brazilian flag, and the other half with the Paraguayan. Early in the morning, there is already a long line of cars crossing to Paraguay. Cars are not checked when leaving Brazil, and the traffic jam expands from Foz do Iguaçu reaching Ciudad del Este's downtown: a four kilometre long line of cars standing still. People make also use of busses, collective taxis (a car shared by various passengers), taxis, mototaxis or go by foot. Between the cars, mototaxis drive dangerously fast over the bridge. The pedestrian lane is also full but fluid. The majority of the people crossing by foot are locals, sacoleiros and some Argentinian tourists. People walk into Paraguay without any border control. However, there is some random control at the Paraguayan border, particularly flashy cars and vans, or automobiles with polarised windows. Once people cross the border, they vanish away in the shops and commercial streets of Ciudad del Este.

Quite dfferently from the Brazilian side, in Ciudad del Este there is a sizeable street economy,

from which indigenous people, elderly, youngsters and children make a living. The contrast between Brazil and Paraguay is evident: in Ciudad del Este there seems to be no distinction between stores and public space: the streets, avenues, parks and roundabouts become one big commercial zone. Sellers approach travellers and ask right away: '¿qué busca?' (what are you looking for?). Illegal goods are widely available on the street, including counterfeit, cocaine, marijuana and weapons. On the streets, people are playing truco (a traditional cards game from the region), selling quinielas (lottery), cigarettes, soft drinks, snacks and pirate CDs. Conservative estimations count up to 2000 people working in downtown's streets (Rabossi, 2004); yet, the municipality of Ciudad del Este has no record on the amount of street peddlers.

Since the 2000s, sacoleiros have become specialised in the smuggling of electronics, which presents various advantages. This merchandise is much wanted in the Brazilian market, where tariffs on imported electronic devices are high. In addition, mobile phones, (video)cameras and computer memories are easy to transport and their value is higher than that of a blanket or a toy. Hence, electronics render a larger profit and are easier to smuggle.

On the streets there is a massive amount of merchandise being mobilised in pick-ups and cars, but also on the shoulders of youngsters and in carts pulled by children. In the cardboard boxes there are electronics and novelties with destination to Brazil.

The afternoon is peak hour in Ciudad del Este and the international bridge is crowded both directions. As travellers still arrive to Paraguay, sacoleiros start their trip back home (Picture 3). They cross by foot or take a bus from Ciudad del Este into Brazil. When taking public transport, they try to pass unnoticed, yet, their bulky packages may rise some attention from the customs officers.

Picture 3. After a shopping day in Paraguay, sacoleiros return to Brasil

In order to reduce risk, sacoleiros cross the border many times in one day, with small amounts of merchandise every time. By safely crossing with few items, sacoleiros can smuggle hundreds of dollars the same day.

Every bus coming from Paraguay into Brazil is checked by the fiscal police. When the bus stops two fiscal police officers jump in and look at the suitcases and bags people carry. The police know the vast majority of the travellers are smugglers. There is silence; everybody holds the breath. Among the passengers, there are many laranjas transporting blankets, clothing and toys. Dark plastic bags catch much attention. Even before they are asked to, women open their bags to allow officers to take a peek.The police look through the goods to check if there is something else hidden. Nobody says a word. An officer tears off one of the black plastic bags a woman carries to take a closer look. Rolled in a baby blanket, the laranja is transporting three mobile phones. She is asked to get down and go to the office for further revision. That will take a while. On the ground, there are dozens of people queuing at the customs office to clear their merchandises. As the woman waits for her turn, she takes out from her wallet fake receipts with a lower value of the products. If she is lucky, she will be allowed to pay import taxes based on the amount declared, otherwise her merchandise will be confiscated.

In the bus, the police check continues. Some people are asked questions about the shops they visited or how long they stayed in Paraguay. After a couple of minutes, the revision has finished; the police hit the back of the bus as a go sign, and travellers breath again and laugh. For a moment, there is a feeling of collectivity everybody shares: we cleared the border. Right away, some sacoleiros open their bags to take a look at the merchandise: there are cameras, computer memories, mobile phones hidden in the handbags and bus seats. An older lady smiles while she caresses the painting set box she apparently had for her grandson, who sits next to her.

People crossing the border are in fact mobilising goods, they are involved in some form of petty smuggling. Mototaxis, for instance, double-shift as paseros, and traffic in mobiles and computer components hidden in their helmets or inside the seats and tires of the motorcycles. In one day they can cross the border twenty times or more, avoiding any control. They are hired by shop owners to transport components to Brazil. Contraband takes place however all directions. Restaurant owners in Foz do Iguaçu buy supplies in the supermarkets of Puerto Iguazú, since the exchange rate of the Argentinean peso is very convenient for Brazilians. Packages of juice, pasta and groceries available at the supermarket are smuggled from Argentina into Brazil. The pasero makes use of public transport and is later picked up once he crossed the border. Further, agricultural products (eggs, sugar, meat) are smuggled from Brazil into Paraguay, where there is practically no agricultural industry.

However, the impression of an open border for all kinds of trafficking in all directions may be deceiving. Due to the increase of control at the Brazilian and Argentinian borders since 2002, new routes have been found to avoid the international bridges. Smugglers make use of the Paraná and Iguazú rivers to transport goods by boat from Ciudad del Este to Foz do Iguaçu, or from Puerto Iguazú to Ciudad del Este and Foz do Iguaçu. These smugglers, called balseros, transport different kinds of goods, such as drugs and weapons into Brazil, and agricultural products from Brazil to Paraguay and Argentina. Clearly, state surveillance does not terminate smuggling networks, but removes them from one location to another. As an unintended effect, smugglers come up with new transportation means and routes.

Sacoleiros and paseros complain about state surveillance at the international bridges; they believe it is the small smugglers who are targeted, whereas the 'big fishes' are doing business as usual: '[L]o que pasa por el puente es lo de menos. Los grandes contrabandistas no cruzan por el

puente. Ellos usan aviones o balsas y cruzan por el lago de Itaipú' (what crosses over the bridge is the least. Big smugglers don't cross over the bridge. They use planes or cross with boats at the Itaipú Lake).

After years of debate in Brazil on whether sacoleiros should be persecuted as criminals or allowed to make they own living, the Congress passed the 'sacoleiro law' in 2009 (number 11.898/2009). In an attempt to regularise the undertakings of these economic agents, sacoleiros are defined under this law as importers, small entrepreneurs that have to register and meet taxing duties (42,25 % on the price paid for the merchandise). It also sets a maximum to import (US$61 thousand a year). Brazilian politicians are enthusiastic about it, although traders and shop owners think it is expensive and see too much bureaucratic and administrative work, which sacoleiros will not be able or willing to do. Nevertheless, this law represents the peak of the cycle of tolerance-repression-regulation to control illegal trade in the Tri-Border Region.

4.3. Money Exchangers: Cambistas

At the corners and busy streets in the centre of Ciudad del Este there are small groups of men in their thirties and forties, carrying hand- and kangaroo bags on the waist. In their bags there are guaranís, reales, Argentinean pesos, American dollars, yens and euros, reaching up to an equivalent of US$ 2.500. These men exchange currencies, they are cambistas (exchangers). Sacoleiros and other shoppers, tourists and above all locals, make use of the services rendered by cambistas. On the street, there are some facilities available for them, such as chairs, telephone lines, computers, internet, and tables that function as desks (Picture 4). Transactions take place very fast: People walk to them or the cambista runs to the car to help the costumer, costumers hand in banknotes, the cambista counts and exchanges the money. There is no negotiation on the currency exchange rate since there is a standard rate.

Picture 4. *Cambistas* constitute a financial infrastructure in Ciudad del Este

Cambistas have a pivotal function in the financial environment of Ciudad del Este, since they link the flows of cash coming from abroad into the local market. They play an important role in money laundering as articulating incoming monetary flows with local trade and retail.

Their presence shows how marginal the share of the financial institutions in the commercial and monetary exchanges in Ciudad del Este is. In 2004, there was an estimated of about six hundred cambistas working in the streets (Rabossi, 2004, p. 62) and there are no sources available on the amount of cash they exchange. They are however registered in a confederación (union) that ambiguously officialises the work they informally carry out. There is a parallel taxing structure, visible in the fees the union collects from the exchangers, contributing this way to the financing of the Paraguayan state.

On the street, cambistas work in groups of four or six men under one leader. The leader sits on a chair at the street corner or crossing point, and keeps an eye on his men. Remarkably, they all are Paraguayan males, no females or foreigners visible, and speak Guaraní among them. The organisation reproduces some kind of informal entrepreneurial structure: cambistas earn a fixed amount of money per day, independently from the number or value of the transactions made, and have a fixed location – that is why there are some amenities available. From the various locations in Ciudad del Este's dowtown where cambistas can be found, the entrance points to big stores and shopping centres, and the Pan-American Way are the busiest.

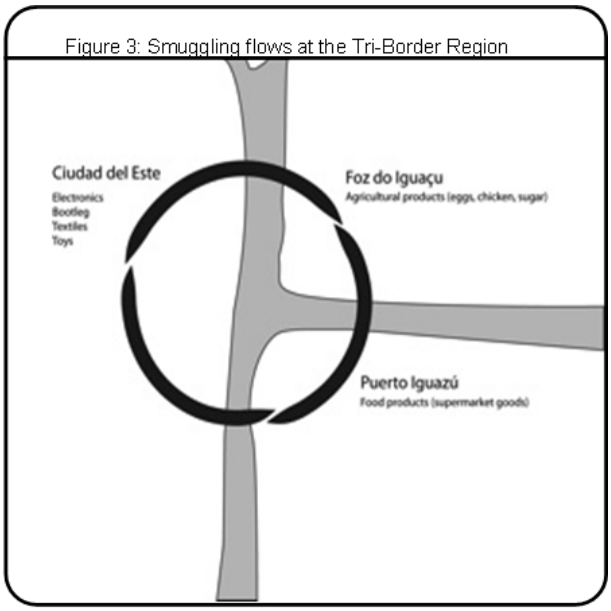
Once the exchangers have gathered certain amount of money or need a specific currency, they come back to the leader to hand in or pick up cash. Banknotes in small denominations are widely used for the transactions. Sat on the chair, the leader is continuously counting the money and makes stacks. Apparently, there is no extra security available, which is remarkable in a city with a high criminality rate.

> Aguiar - Are you not scared of working on the street with that much money?
>
> Cambista - No, there are many police officers. And people wouldn't dare. They know it is death penalty [figurative].

However, it soon becomes clear that it is not only fear what protects cambistas. As many other actors in the streets of Ciudad del Este do, they carry weapons to protect themselves; they keep guns and knives in their bags or under the tables. Social control is also effective. In case of robbery, the potential thief would be in no time caught by the cambista in the next block.

5. Debate: Flows and Illegality at the Border

The activities and networks described in this article provide evidence on the smuggling at the Tri-Border Region. Border synergy in this location is high, spurring the circulation of smuggled goods and values between the nations. In the mobilisation of goods from a cross-border perspective, there is evidence of a complementarity in the trafficking networks and informal markets in the three cities (see Figure 3).



Given the status of Ciudad del Este as a free-trade zone and the low state control in Paraguay, transcontinental traders are able to set up networks and open stores that ambiguously relate the legal and illegal realm. Petty smugglers come to profit from the shops in Paraguay and traffic in electronics for the Brazilian market. The subsidised agricultural products of Brazil are smuggled into Paraguay and Argentina. Groceries from Argentinian supermarkets are illegally transported to Paraguay and Brazil, which is attractive given the currency rates. Hence, smuggling flows across the three cities are multidirectional. Different goods and values are mobilised according to the needs of the local market at each national corner. As a result, illegal markets at the Tri-Border Region are complementary, not competitive. This allows each agent to specialise in specific products, and networks to coexist.

A remarkable development in the region has to do with the rescaling of trade networks. Since the 1980s there has been a growing transcontinental community, prompting new and larger networks. International communities form a visible class of entrepreneurs that profits from the free-trade zone and quickly accommodates to a changing economic environment. The rise of Chinese and Lebanese communities as entrepreneurs are a suitable example of this. These South-South trade relations between industrial and commercial regions are not regulated by structures of global governance, but by ethnicity and kinship. The associations international migrants establish –in part because they are vulnerable, but much more because pioneers profit from new residents– become an advantage in the individualised Latin American societies. Latin American migrants are, in contrast, not organised in Ciudad del Este, they lack a sense of community and end up competing against each other. This may explain why transcontinental migrants are most successful in the trading landscape of the region.

Perhaps the Tri-Border Region would have remained as a wild spot in the ambiguous geopolitics of Latin America, as it was the case in the prior decades, but there is a growing international attention on the region in the aftermath of September 11, 2001. The national governments of Argentina, Brazil and, to certain extent Paraguay, are embarked in various policies to order the

trade flows. The regulation of smugglers as importers with the 'sacoleiros law' is one example of this.

Smuggling in the Tri-Border Region is not reduced to one product, actor or network, as demonstrated. This urban conglomerate illustrates the synergy typical of borderlands: the extent the frontier enhances the economy of the region as much as it organises the identity of the peoples living here.

6. Final remarks

The networks and mobilisation of goods analysed in this article are helpful to establish the concept of border synergy. Geopolitical frontiers are the epidermis of the nation state, filtering and regulating flows of people, goods and values. Nevertheless, borderlands are never fully integrated to national projects or absorbed by the political authority; they are perceived as the periphery of the nation, spaces of in-betweenness. Even more, these regions often operate at the margin of the law. Because of political or economic interests, the dynamics transgressing the legal order are neglected or tolerated.

The national limits at the Tri-Border Region were set according to the geography of the enclave, with the Iguazú and Paraná rivers as the natural confines of Argentina, Brazil and Paraguay. Yet, the economy at this urban conglomerate has for decades taken place beyond the limits of the national states. Circuits of illegal trade have emerged, complementing the economies of the cities and delivering advantages for local actors. After decades of tolerance and tacit encouragement, contraband at the Tri-Border Region has turned into a political issue at the beginning of the 21st century. As a result, the border becomes a space of interdiction, but differently from the struggles in the 19th and 20th century around the delimitation of borderlines, it is now the capacity of the state to enforce the legal order what is at stake. The power of the state to regulate border synergy is to be proved. The success of these programmes to order illegal exchanges will in the long run depend on the capacity of the national state to comprehend the scale and complementarity of the flows observable at the Tri-Border Region.

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