Threat Convergence

The Crime-Terrorism Nexus: Risks in the Tri-Border Area
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The Fund for Peace Transnational Threats

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The Fund for Peace's (FFP) work in the area of threat convergence is based on the notion that the nonproliferation community in the U.S. and abroad needs to devote more systematic attention to the role of non-state actors in WMD proliferation and terrorism.

In January 2009, the FFP launched its Center for the Study of Threat Convergence. A primary objective of the CSTC is to examine how fragile states and ungoverned spaces may serve as enabling environments for nuclear terrorism. CSTC encourages innovative and fresh approaches to the issue by convening experts from diverse security fields, performing extensive field research in some of the world’s most difficult environments, and partnering with government, international and regional organizations to explore how the threat of catastrophic terrorism emanating from fragile states and ungoverned spaces can be prevented. CSTC focuses on contributing unique analysis and promoting actionable, region-appropriate recommendations to U.S. policymakers, regions-at-risk and the international community on ways to mitigate the risks posed by threat convergence.

This report is based on field research the FFP conducted in South America in February-March 2008 to assess the conditions that might enable nuclear smuggling and proliferation in the Tri-Border Area.

The Tri-Border Area, bounded by Puerto Iguazu, Argentina; Ciudad del Este, Paraguay; and Foz do Iguaçu, Brazil is a notoriously lawless region. Some U.S. analysts and officials describe it as Latin America’s premier black market bazaar and the home of Islamic fundamentalism in the Western Hemisphere. Claims that active terrorist cells, such as Lebanese Hezbollah, were operating out of the Tri-Border Area began circulating after the bombing of Jewish and Israeli targets in Buenos Aires in the early 1990s and increased significantly after the September 11th attacks to include references to Al Qaeda. This study was initially focused on exploring whether there may be specific, operational terrorist threats emanating from the Tri-Border Area, but these threats were not confirmed by our research team. FFP researchers did confirm, however, a far more complex and nuanced problem than most of the literature on terrorism in the region describes.3

Powerful local elites tied to a regional and ultimately global infrastructure of crime and violence are involved in overlapping crimes that enhance the operations of criminal and terrorist networks in the region and throughout the world. The FFP found that existing regional criminal networks in the Tri-Border Area have the potential to afford access to the corollary activities necessary to commit an act of WMD terrorism, including: formal and informal financial networks, communications infrastructure, the provision of safe havens and identity “laundry,” and tested routes for the smuggling of personnel and materials throughout the hemisphere.

Therefore, the Tri-Border Area may offer a rich enabling environment that could support a WMD terrorism scenario anywhere in the world—one characterized by corruption; gaps in the capacities of state intelligence, border security, and immigration control services; large legitimate economies and trading networks; sophisticated nuclear technology and expertise; and the presence of transnational criminal networks that overlap with the membership and activities of radical

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movements and terrorist elements.

The FfP recommends that the U.S. government devote greater attention to the Tri-Border Area as a potential enabling environment for threat convergence. While bilateral aid and training programs address several threat convergence-related security issues in the area, they generally remain fragmented.

A comprehensive review of existing U.S. programs and policies in Latin America under a threat convergence framework that evaluates policy priorities and pays attention to underdeveloped state capacities to address terrorism and WMD proliferation in lawless areas could greatly improve program coordination and effectiveness. In conjunction with local efforts to strengthen the rule of law, institutions and regional cooperation, such an approach would contribute to a preventative strategy to deny non-state actors the ability to directly or indirectly facilitate the transfer of WMD materials through, for example, illicit trafficking or financing. Detailed recommendations for the U.S. government, the international community and countries in the Tri-Border Area are contained at the end of this report.

The FfP’s research identifies many of the challenges related to threat convergence in the Tri-Border Area so that steps may be taken to prevent it from becoming a site that facilitates a potentially catastrophic event. The findings in this report are intended to supplement the existing literature on governance, terrorism and WMD proliferation in the region, stimulate further research, and foster policies that mitigate the threat of WMD terrorism.

The analysis derived from the insights of experts and officials interviewed are the responsibility of the report authors and do not represent the views of the respective governments or organizations of those consulted. Most interviews were conducted in English, though we are grateful to Ylana Gracielli for providing simultaneous translation for several meetings when necessary. The FfP is grateful to The John D. and Catherine T. MacArthur Foundation for its generous support of The FfP’s Center for the Study of Threat Convergence.
In February and March of 2008, FfP staff traveled to South America to assess the conditions that might enable nuclear smuggling and proliferation in the Tri-Border Area of South America. This is one of several regional field-based investigative missions that The Fund for Peace is conducting to map potential pathways for nuclear terrorism in fragile states and ungoverned spaces.

The Tri-Border Area is bounded by Puerto Iguazu, Argentina; Ciudad del Este, Paraguay; and Foz do Iguaçu, Brazil. This report presents a summary of the data and findings gleaned from over thirty interviews with civil society experts and government officials in Argentina, Brazil and Paraguay; relevant U.S. officials in Washington, D.C. and in the region; and local officials from the Organization of American States (OAS), and MERCOSUR affiliates. The FfP’s interviews centered on two key themes:

1. The potential for terrorists to utilize the region to train, fund, transport, or otherwise support activities that could aid in the acquisition of WMD, and
2. The effectiveness of international assistance programs aimed at preventing nuclear proliferation and terrorism by strengthening governance in the Tri-Border Area countries.

The FfP found that existing regional criminal networks in the Tri-Border Area have the potential to facilitate acts of WMD terrorism through: formal and informal financial networks, communications infrastructure, the provision of safe havens and identity “laundering,” and tested routes for the smuggling of personnel and materials throughout the hemisphere. Therefore, the Tri-Border Area may offer a rich enabling environment that could support a WMD terrorism scenario anywhere in the world—one characterized by corruption; gaps in the capacities of state intelligence, border security, and immigration control services; large legitimate economies and trading networks; sophisticated nuclear technology and expertise; and the presence of transnational criminal networks that overlap with the membership and activities of radical movements and terrorist elements.

Based on extensive research conducted in the U.S. and in the Tri-Border Area countries, the FfP developed a series of preliminary recommendations for the U.S. government, governments of the region, and the international community. The findings in this report are intended to supplement the existing literature on governance, terrorism and WMD proliferation in the region, stimulate further research, and foster policies that mitigate the threat of WMD terrorism. Detailed recommendations for the U.S. government, the international community and countries in the Tri-Border Area are contained at the end of this report.
U.S. and regional officials identified the Tri-Border Area as a major zone in Latin America into which funds and controlled products flow into legitimate or black-market economies, both in the region and the world. Eight syndicate groups facilitate this activity in the so-called “Southern Cone.” These groups participate in legitimate private enterprise in the formal economy as well as engage in a host of illicit activities, including money laundering, tax evasion, and trafficking in drugs, arms, and counterfeit products, according to an official with the Inter-American Development Bank. Members of these groups hold key positions in about two hundred officially unrelated companies throughout the region which, in turn, are responsible for approximately 50% of trade in the region. These syndicates are comprised of indigenous and foreign entrepreneurs. Former Argentine intelligence officers and Brazilian and Paraguayan security analysts linked them to various foreign organized criminal groups, including Chinese and Russian mafia, Colombian drug cartels, and the Fuerzas Armadas Revolucionarias de Colombia (FARC).

The Tri-Border Area offers a host of complimentary support mechanisms that could enable a WMD terrorism scenario. These include: identity laundering; established smuggling routes through which materials or weapons components for the construction of improvised WMD could travel; fundraising through the lucrative and established narcotics and smuggling trades; legitimate retail, shipping, construction, and financial sector companies which can be intertwined with illicit activity and which could also be used to fund terror activities in the region and abroad; a system of remittances to family and charities in the Middle East that could be affiliated with radical organizations; and recruitment opportunities for terrorist operations among “latent networks” that are linked to organized crime and to radical groups in the Middle East.

U.S. and regional security experts cited the FARC, Hezbollah and Hamas as three transnational groups with an active presence in the Tri-Border Area. Of the three, the FARC has the longest history of involvement in organized crime and violence in Latin America, and maintains a vast network for drug and weapons smuggling throughout the continent, including the Tri-Border Area, with reaches into Europe, Asia, and Africa. As such, these networks could conceivably be used for the transfer of WMD. Several regional officials noted that as the FARC’s power and influence declines, the organization could gravitate toward more desperate and sensational coercive measures in support of its cause, and warned that the mere possibility of FARC venturing into WMD activities—however unlikely—would be a dangerous idea to dismiss.

The State Department reported in 2008 that there were “no known operational cells of Islamic terrorists in the hemisphere, although pockets of ideological sympathizers in South America and the Caribbean lent financial and moral support to terrorist groups in the Middle East.” However, others believe that the Tri-Border Area, and Ciudad del Este in Paraguay in particular, remains a focal point for Islamic fundamentalism in the region, with groups such as Hezbollah and Hamas in operation there. In 1995, Ambassador Philip...
Wilcox, former Department of State Coordinator for Counterterrorism, testified to Congress that Hezbollah activities have involved narcotics, smuggling and terrorism. Argentinian prosecutors also attribute to Hezbollah the detonation of a car bomb outside the Israeli Embassy in Buenos Aires in 1992 and the bombing of the Jewish community center in Buenos Aires in 1994, with support from Iran.

According to former Argentine intelligence officers, Hezbollah plays a primary role in providing “security” for contraband smuggling in the Tri-Border Area, particularly counterfeit intellectual property (IP) imported from China via Hong Kong, Panama, and Miami — regional hubs for container traffic. Allegedly ensuring the safe transshipment of up to 1,500 containers per year, Hezbollah extracts a fee for each container, guaranteeing a steady stream of revenue. This security function is welcomed by all involved in the supply chain, according to one Argentine analyst, as “no one wants to disrupt the [larger] trade in five thousand containers per year.” Hezbollah is also thought to be facilitating the relationship between the large suppliers and local importers for consumer goods, weapons, and narcotics, according to officials.

Many experts consulted for this project believe that Hezbollah is unlikely to seek nuclear capabilities, but suggested the threat could potentially come from Al Qaeda. Al Qaeda has expressed its desire to seek and use WMD and was reported to have links to the Tri-Border Area between 1998 and 2002. Should Al Qaeda pursue WMD terrorism in the region, it would likely need to tap existing extremist networks. After September 11, 2001, reports of a connection between Hezbollah and Al Qaeda began emerging, suggesting that cooperation between the two only to support Hezbollah operations in the Middle East but to bribe judges in Paraguay, influence the political system in Brazil, and reinvest in legitimate business and the Lebanese community in the Tri-Border Area. Although Mr. Barakat maintains his innocence, his case and those of his associates highlight what U.S. Embassy personnel in the Tri-Border Area describe as the region’s “permissive environment” and the potential for its exploitation.

The second instance that suggests the need for sustained vigilance concerns the role of Hezbollah in the bombings in Buenos Aires of the Israeli Embassy in 1992 and the Argentina-Israel Mutual Association (AMIA) center in 1994, which killed a total of 107 people. An Argentine criminal investigation led by Judge Juan José Galeano tracked Hezbollah’s financial operations and planning base to the Tri-Border Area. The investigation also implicated Iran in supporting the attacks. Galeano accused the suspects, including several members of the Buenos Aires Provincial Police, of having been the “local connection” in the bombings, but they were acquitted in 2004 due a lack of evidence. However, he found that the Tri-Border Area was used as an entry point for terrorists to enter Argentina and a base from which to carry out the attacks, according to sources in the region. Among the suspects indicted for plotting the attacks was the late Imad Mughniyeh, the mastermind of the 1983 U.S. Embassy and Marine barracks bombings in Beirut who eventually became a senior member of Hezbollah.

Terrorism in the Tri-Border Area

A portion of current terrorist and criminal activity has reportedly moved underground and to other locations in Latin America, primarily to cities such as Sao Paulo and Campinas in Brazil; Iquique, Chile; Montevideo, Uruguay; Buenos Aires, Argentina, and smaller villages in Paraguay, such as Pedro Juan Caballero and Capitan Bado. Nevertheless, the crime-terror nexus in the Tri-Border Area seems to be adapting to increased attention to the region; surveillance and interdiction efforts must Likewise adapt accordingly in sophistication.

Two examples underscore the need for vigilance. The first pertains to the activities of Assad Ahmad Barakat, whom the U.S. Treasury said was a Specially Designated Global Terrorist (SDGT) in 2004 for allegedly managing Hezbollah’s financial operations in the Tri-Border Area and serving as a primary point of contact for the group’s leadership in Lebanon and Iran. Barakat was arrested and sentenced to six and a half years in prison by Paraguayan authorities. His businesses in Ciudad del Este were investigated, as were many of his associates (referred to as the “Barakat Clan”) who were also subsequently identified by Treasury as SDGTs. Barakat had business interests spread throughout the region that allegedly brought his clan more than US$50 million which they are accused of having supplied to Hezbollah since 1995.

When the clan’s other activities involving shell companies and narco-trafficking are included, Barakat and his family and associates could have been earning many times that figure, and using the money not dates back to the early 1990s. However, these reports are tentative, at best. And while

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they go against the conventional wisdom that Shiite Hezbollah and Sunni Al Qaeda would never cooperate, these reports may support the idea of an Al Qaeda presence in the Tri-Border Area. U.S. and Argentine sources suggested that where their interests converge, such as a common hatred of America and Israel, the two groups may be willing to cooperate to some degree, perhaps in the areas of training, transshipment of supplies, and fundraising.

U.S. officials and several former Argentine intelligence officers also cited extensive cooperation between the Lebanese mafia and Hezbollah in the Tri-Border Area. Both, motivated by profit, engage in narcotics trafficking and trade in tax free consumer goods, according to officials. Their cooperation often makes it difficult to distinguish their relationship, motivations or the level of complicity in illicit activity, complicating official efforts to thwart their activities. However, several Brazilian government officials dismissed the claim that terrorists and criminal groups work together in the Tri-Border Area, due to the “fear that cooperating with terrorists will draw the attention of the Americans.”¹⁶ That fear is based largely on the widespread belief that American terror surveillance is omnipotent, and is deterring criminals from “upping the ante” by collaborating with terrorists.

Brazilian officials described the notion of a terrorist presence in the Tri-Border Area as an “American fantasy,” while others, particularly U.S. and Argentine counter-terrorism officials, suggested that the area was an ideal environment for terrorist “back-basing,” or passive support for terrorist activities carried out elsewhere in the world. As one counterterrorism official at the Organization of American States (OAS) Inter-American Committee against Terrorism (CICTE) commented, “There is no proof that terrorism related activities are occurring in that region.”¹⁷ However, the FfP finds that the potential for the Tri-Border Area region to serve as an enabling environment for WMD terrorism exists.
Latin America is no stranger to nuclear development, technology or security issues. From the 1960s through the early 1990s, both Argentina and Brazil pursued ambitious nuclear energy and technological development programs, including constructing uranium enrichment facilities not safeguarded by the International Atomic Energy Agency (IAEA). However, in 1992, Argentina and Brazil became examples of proliferation “rollback,” reflecting a growing normative consensus in the region against nuclear weapons. In fact, nuclear capability was seen as an impediment to economic modernization and technological advancement rather than a sign of prestige. As such, the governments of Argentina and Brazil created the Brazilian-Argentine Agency for Accounting and Control of Nuclear Materials (ABACC) which is responsible for verifying the peaceful use of nuclear materials that could also be used for the manufacture of weapons of mass destruction.

The 1994 Quadripartite Agreement between Brazil, Argentina, ABACC and the IAEA subjected Argentina and Brazil to full international safeguards. Argentina holds an estimated 11 tons of nuclear explosive material—including highly enriched uranium (HEU), plutonium, neptunium 237, and americium; Brazil holds approximately two tons of material. Brazil also has the sixth largest uranium reserves in the world. As might be expected in any state or region with a nuclear infrastructure, preventing unauthorized access to nuclear materials in the region remains a challenge. When combined with the existence of organized criminal and terrorist activity, the case for securing and reducing stocks of all nuclear and radioactive materials in the region and around the world is clear.

Below, three notable cases of nuclear trafficking and incidents arising from unsecured materials in Brazil are described to illustrate the potential for a threat convergence scenario.

- In 2004, Brazilian Federal Police confiscated a cargo of 1,320 pounds of ore containing uranium and thorium that was illegally mined in the state of Amapá. The cargo posed no health or security threat, and the shipment owner was reportedly expecting to get the equivalent of $330,000 for it. The case points to a larger combined challenge of black market trading, and securing and reducing excess stocks of civilian and military nuclear and radioactive materials.

- A second case, widely reported in the domestic and international media, highlights the dangers of unprotected radioactive materials often used for medical and industrial purposes. In September 1987, in the capital of Brazil’s Goiás state, an abandoned cancer therapy machine containing Cesium-137 was found and sold to a local junkyard by two criminally enterprising men. Junkyard workers dismantled the machine and released the radioactive material that was still inside. Fascinated by the glowing blue stone, and clearly unaware of its dangers, they distributed pieces to friends, relatives and neighbors. One hundred thousand people reportedly were monitored for contamination and four people died from exposure. Studies of this incident and related scenarios reveal the magnitude of logistical and coordination challenges associated with emergency management and response involving radioactive materials.

- On March 1st, 2008, the Colombian National Police attacked and killed “Reynaldo Reyes,” the FARC’s second in command, inside Ecuadorian territory, prompting Venezuelan and Ecuadorian leaders to amass troops on their borders with Colombia. Although official accounts have shifted, Colombian authorities alleged that several laptop computers recovered from the site contained evidence that the FARC had been in negotiations to acquire up to 50 kilograms of uranium for US$2.5 million per kilogram, an extremely high price that led authorities to speculate that the material was enriched and dangerous. However, on March 26, Colombian Gen. Freddy Padilla reported that the military had recovered 66 pounds of “degraded uranium” and outlined FARC attempts since 2005 to obtain radioactive material that could potentially be sold to terrorists for use in a dirty bomb. These reports have not been confirmed by a third party, such as the IAEA, and U.S. State Department officials expressed skepticism in the days following these revelations. Although the case does not necessarily represent a systematic effort on the part of FARC rebels to begin trafficking in WMD materials, it does highlight the potential attractiveness of WMD trafficking as a source of revenue to groups and networks originally established for other purposes. It also highlights the geographic breadth of the WMD black market from Asia and Europe to South America.

While not systematically involved in the trafficking of WMD materials, the Tri-Border Area Crime and Terrorism Proliferation Risks...
Area’s criminal networks manage private sector activities, both licit and illicit, capitalizing on similar conditions of state weakness that make WMD smuggling possible in other regions, in particular the absence of the rule of law and the lack of effective prevention, interdiction and enforcement by governments in the region.

The transnational criminal networks in the Tri-Border Area that could become involved in WMD trafficking already engage in financial crime and illicit trade. These networks represent a threat to regional and international stability by promoting unregulated trade not only in narcotics and weapons, but also in legitimate consumer goods, thus negatively affecting legal commodity markets. They further erode the effectiveness of state institutions by offering an alternative governance structure for participating populations, and often maintain their illegitimate control with violence. States with weak political legitimacy, either because of widespread corruption, or because of their inability to provide public services to their populations, invite predation by criminal transnational networks which can undermine legitimate authority.
With mixed results. In 1996, Argentina attempted to fight the culture of corruption, Coordination Countries in the region have legal infrastructure and international adjudication of criminal cases. Border surveillance, intelligence capabilities, including the ability to conduct appropriate customs and export control capabilities, most evident, for example, in inadequate institutional capacities. This might be fragile states may be at a particular cause for concern that institutional imbalances among the three countries of the Tri-Border Area and gaps in law enforcement capacity could be exploited by terrorists. Combating the threat of WMD terrorism in the Tri-Border Area is inextricably linked to the effectiveness of this cooperative mechanism, or build on its foundation with another mechanism that is more politically accepted.

In addition, Tri-Border Area governments are making significant efforts to help strengthen the rule of law in the Tri-Border Area. Paraguay has a financial intelligence unit (FIU) to receive reports of and monitor suspects of financial activity. Paraguay’s Congress recently passed enhanced anti-money laundering legislation as part of major reforms to its penal code, enabling it to better interdict and prosecute money laundering and terrorist financing, particularly in Ciudad del Este. Paraguay’s Congress introduced, but failed to pass, counter-terrorism legislation in 2007. According to the U.S. State Department, there is minimal regulatory oversight of Paraguay’s financial sector, including foreign financial institutions as well as the amount of currency that comes in or out of the country.

Training for financial crime investigators, judges and prosecutors remains a necessity. Paraguay needs to improve immigration and customs controls at its borders, including strategies for increased inspections and interdictions of bulk cash and controlled products at ports of entry. The State Department’s view is that efforts to address illicit activity in the Tri-Border Area are uneven due to a lack of resources for training, poor regulatory enforcement capacity, and pervasive corruption among customs, police and judicial officials.

Argentina engages in bilateral counter-terrorism cooperation with the U.S. and European countries and is addressing many
of its legal and institutional weaknesses that impede counter-terrorism efforts. In 2006, Argentina stood up the National Coordination Unit in the Ministry of Justice and Human Rights to manage the government’s anti-money laundering and counter-terrorism finance (AML/CFT) efforts and to represent Argentina in the Financial Action Task Force (FATF) and the Financial Action Task Force of South America (GAFISUD). In addition, in June 2008, the Argentine Congress passed legislation entitled, Illegal Terrorist Associations and Terrorism Financing.” The law amends the penal code to criminalize acts of terror, terrorism financing, and money laundering for the purpose of financing terrorism. The new law provided a stronger legal foundation for its FIU, Central Bank, and other regulatory and law enforcement bodies to investigate and prosecute such crimes. Argentina joined Brazil, Chile, Colombia, and Uruguay as the only countries in South America to have laws against financing terrorism.

Brazil has an extensive regulatory framework to prevent money laundering, including the capacity to freeze and confiscate funds, according to the Financial Action Task Force. It outlawed terrorism and its financing in 1983. In 1998, the government included these crimes in its list of predicate offenses for money laundering. In addition, the government established an FIU to examine suspect illicit financial activity, and strengthened its information collection capacities and foreign information-sharing ability between 2001 and 2003. Brazil introduced a new antiterrorism law in 2007 imposing stiff penalties for violent acts committed by individuals and organizations. However, the legislation will likely be used to target criminal gangs in Brazil’s favelas, rather than terrorist activity in the Tri-Border Area. Brazil does not consider groups such as Hezbollah and Hamas as terrorist groups and denies that there is terrorist activity in the region. Brazil has the legal foundation for counter-terrorism efforts, but it lacks the political will to implement it for such purposes. Nevertheless, Brazil has invested in border and law enforcement infrastructure in the Tri-Border Area. For instance, the Brazilian government set up a “fusion center” in Foz de Iguacu in 2005 in order to monitor narcotics trafficking and financial crime in the Tri-Border Area. It was re-designed in 2006 to promote joint monitoring of the border area and to coordinate security among the three countries in the Tri-Border Area by inviting representatives from Argentine and Paraguayan intelligence and police to collocate at the center. This developed into an intelligence-sharing effort and a hub for international cooperation on surveillance and law enforcement in the Tri-Border Area. However, regional analysts and former intelligence officers described it as a mere "store front" with no functional capabilities. The U.S. does not currently maintain any official personnel at the center.

In international fora, each country in the Tri-Border Area is a strong supporter of international regimes governing proliferation. The need to move toward disarmament is a routine theme that Argentina and Brazil, in particular, raise at the international level. Each country has signed and implemented relevant international counter-terrorism and counter-proliferation treaties and agreements, including United Nations Security Council Resolutions 1540 and 1373, although Paraguay probably has the least developed national mechanisms and capacity to enforce them. The positive measures described here, in conjunction with U.S. financial sanctions on entities supporting terrorism in the region, could, in part, account for the reduction in terrorist activity in the Tri-Border Area since 2006.

Brazil and Argentina possess significant capabilities to address state-to-state proliferation. Nonetheless, the region remains a hub for illicit and non-state activity.

Much remains to be done to align the three governments’ priorities, capacities and unevenly distributed resources, in addition to improving coordination with regional bodies such as CICTE and the IADB in the OAS, and bilateral and multilateral intelligence-sharing and interoperability, according to both Argentine and U.S. officials.

National Intelligence Capacities

Counter-terrorism capacities in the national intelligence services of Brazil, Argentina, and Paraguay were routinely described by independent analysts and former intelligence officers in the region as lacking in both capacities and funding. In Brazil, officials assessed the national intelligence agency, Agência Brasileira de Inteligência (ABIN) to be a moderately efficient body, but one that is largely focused on managing internal threats and unwilling or unable to undertake thorough investigations of suspected foreign terrorists on Brazilian soil who are not targeting Brazil itself. ABIN, formerly known as SNI (Serviço Nacional de Informações), has a tainted reputation domestically, stemming from its abuse by successive military regimes and political will to implement it for such purposes. The positive
under the direct oversight of the President to minimize the influence of the Ministry of Defense on the organization's operations, it is still hampered by a lack of sufficient training and is undermanned, in the judgment of Brazilian analysts and foreign intelligence agents.40

Argentina’s national intelligence service, Secretaría de Inteligencia, widely known by its former acronym SIDE, was reported to be better funded and resourced than neighboring intelligence services. It is also the beneficiary of American training in counter-terrorism.

According to U.S. Embassy staff in Buenos Aires, SIDE has developed reliable channels of communication with the U.S., Germany, Israel, France and Brazil. The relatively superior capacity of SIDE is a direct result of an outside push, particularly on the part of the U.S. and Israel, for Argentina to improve its intelligence capacities in the wake of the bombings of Israeli and Jewish community targets in the early 1990s. Following the bombings, Argentina cooperated with the CIA in Operation Centaur, which included a plan to monitor possible terrorist suspects and Islamic radicals in the Tri-Border Area.41

Nevertheless, former Argentina intelligence officers reported a pervasive lack of professionalism stemming from reductions in intelligence training and education in the department in recent years. According to one former official, intelligence gathering to monitor possible terrorist activities has “taken a backseat to other objectives; it is not seen as a major problem in Argentina any longer.”42 Another former SIDE officer noted that there were insufficient legal mechanisms in place to differentiate terrorism suspects from other criminals and that there is a lack of specific counter-terrorism courses taught at higher levels in Argentina’s intelligence training schools. This is because, as he noted, intelligence “is not a career path in this country.”43 Finally, Argentina is recognized for having superior signal intelligence capabilities but is known to also have very weak human intelligence resources. The two main exceptions are the Gendarmería Nacional de Argentina (a constabulary force) and the Prefectura Naval (Coast Guard). Both forces were seen as possessing fairly advanced human surveillance and intelligence gathering capabilities, but officials cited a lack of resources and poor intelligence sharing mechanisms throughout the intelligence community.44

The Paraguayan national intelligence capacities are the weakest in the region and heavily corrupt. According to one former Paraguayan Ministry of Defense official, Paraguay relies heavily on outside assistance for intelligence gathering and analysis. The Paraguayan Congress failed to pass national counter-terrorism legislation in the summer session of 2007, further debilitating the ability of an already deeply incapacitated intelligence service to deal with threats to Paraguay’s national security.45

Security Sector Reform

Security sector reform continues apace but is still hampered by the legacies of brutality from the region’s military regimes, making it difficult for members of the armed forces and security services to become professionalized forces that uphold the principles of the rule of law, accountability, and civilian control.

As one Brazilian defense expert stated: "The armed forces [of the region] need to be redesigned, from the inside out, to confront the threats posed by strategic terrorism. This is happening, to some degree, but very slowly."46 For example, a comprehensive review of the Brazilian defense forces is “desperately needed but deeply opposed” by the Ministry of Defense, according to the same Brazilian defense expert. He also cited the lack of accountability in military spending as a cause for, and a symptom of, insufficient reform of the security sector. Certain military branches, particularly the Brazilian Navy and the Argentine Coast Guard, were singled out as particularly adept at counterterrorism, counter-narcotics, and intelligence gathering. But interagency coordination needs to be improved. While each country nominally supports a joint command and control structure, in practice there is ineffective or extremely weak intelligence-sharing and multinational lines of communication.
The U.S. is seeking to develop Latin American economies and foster democratic institutions, in part by promoting the rule of law, including its application to counternarcotics and terrorism programs. Brazil, Argentina, and Paraguay have been the recipients of a broad range of bilateral U.S. assistance programs, supporting “democracy, trade, sustainable economic development, and fostering cooperation on issues such as drug trafficking and crime.” But programs in the Tri-Border Area suffer from shortfalls in funding and poor coordination both in Washington and in the region. This sets the stage for considering the challenges that face U.S. policy in the Tri-Border Area, particularly with regard to addressing the issues most salient to threat convergence: rule of law, counter terrorism, and non-proliferation.

Funding

The shortcomings of U.S. assistance stem from the discrepancy between the U.S. official discourse regarding the Tri-Border Area and the actual funds provided to meet stated objectives. For example, while the Tri-Border Area has repeatedly been cited by U.S. officials as a potential safe haven for terrorists, a source of terrorism financing, and a hub for money-laundering and trafficking, the amount of U.S. financial support does not seem commensurate with the stated threat. The sum of the funds granted to all military and police assistance programs in the three countries of the Tri-Border Area is significantly lower than the military and police assistance provided to some individual countries, such as Colombia or Mexico. This is particularly evident in disparities in aid provided through the State Department’s Non-Proliferation, Anti-terrorism, De-mining, and Related (NADR) assistance to Brazil and Argentina together, and that provided to Colombia, which for 2009 is approximately three times greater.

A host of political factors, including a realigning of State Department budgets, U.S.-Columbia cooperation on the “War on Drugs”, and U.S.-Mexico cooperation on illegal border crossings, smuggling and North American defense issues likely account for these discrepancies. However, given the Tri-Border Area’s reputation among U.S. officials as a potential center for Islamic extremism, more systematic attention should be devoted to the region’s enabling environment for transnational terrorism, as well as the linkages between criminal activity in the Tri-Border Area and elsewhere in Latin America.

Sustainability of Programming

The U.S. has several bilateral and multilateral programs that address financial crime and counter-terrorism financing in the region. For instance, the U.S. sponsors prevention courses for officials from the region at the FBI training academy in Quantico, Virginia. The FBI, in conjunction with the Departments of Homeland Security, State, and Treasury in each of the three Tri-Border Area countries, instituted the Trade Transparency Unit (TTU) program to bolster electronic interoperability to assist these countries in combating money-laundering. The U.S. Treasury Department’s Office of Training Assistance also provides anti-money laundering and counter-terrorism finance AML/CFT assistance to each country. The Department of Justice Office of Overseas Prosecutorial Development (OPDAT) Resident Legal Advisor (RLA) program began in 2003 in Paraguay, and it dispatched its first counter-terrorism RLA to Asuncion that year with regional responsibilities for the Tri-Border Area. U.S. policymakers should ensure that these often complementary programs are better coordinated in order to promote greater effectiveness and longer-term local sustainability. The lack of a long-term vision in the U.S. approach to the region, particularly in security and capacity-building assistance, jeopardizes foreign policy goals in the region.
While there may be no immediate WMD terrorism threat from the Tri-Border Area, this report concludes that the Tri-Border Area has the potential to facilitate a future threat convergence scenario due to the lack of the rule of law, widespread corruption, and uneven state capacities to combat terrorism, trafficking, and organized crime. There is also a lack of coherence among international programs that are helping to address these imbalances. The FfP proposes a number of recommendations for U.S. policymakers and regional and global stakeholders, many of which focus on the need for stronger institutions, comprehensive anti-corruption measures at all levels of government, political reform, and greater accountability, transparency, and increased regional cooperation and information sharing.

For Governments of the Region

Strengthen Existing Mechanisms for Regional Cooperation

It is imperative that Argentina, Brazil and Paraguay devote considerable attention to maintaining and improving regional coordination. Opportunities to do so are available through existing mechanisms such as the Tri-Border Area joint intelligence monitoring center in Brazil, the 3+1 Group on Tri-Border Area Security and the Financial Action Task Force of South America (GAFISUD). The Tri-Border Area countries should also continue joint conferences with the financial intelligence units (FIUs) on strengthening communication, training, cross-border financial controls, and the role of non-profit organizations in facilitating illicit transactions. Argentina and Brazil may also consider leveraging the Brazilian-Argentine Agency for Accounting and Control of Nuclear Materials (ABACC) as a partner in addressing surveillance of nuclear smuggling and unauthorized access to materials in the Tri-Border Area.

In addition, the well-developed institutional mechanisms of the Organization of American States (OAS) such as the Inter-American Committee Against Terrorism (CICTE) and the Inter-American Defense Board (IADB) should be leveraged in support of regional counter-terrorism, nonproliferation and capacity-building goals. OAS should devote particular attention to under-developed capacities in countries such as Paraguay. This would not only promote a regional approach to the challenge of threat convergence, but also generate debate on the normative frameworks governing current counterterrorism and nonproliferation policies.

Strengthen Internal Capacities to Support Nonproliferation

While the international push for the Tri-Border Area countries to focus on terrorism and proliferation competes with other national priorities, such as economic development, health, education and marginalized communities, Tri-Border Area states have agreed under international law to enact measures that address terrorism, proliferation and the corollary activities that enable these kinds of activities. Paraguay has considerable work to do to meet Brazil and Argentina’s measures in this regard, but all three countries should work to boost internal capacities to prevent, detect, investigate, and prosecute criminal, terrorist and illicit proliferation activity. This includes, inter alia:

- Implementing or enhancing national legislation to meet international obligations and standards on financial crime, nonproliferation and counterterrorism such as Financial Action Task Force guidance on anti-money laundering/counter-terrorism finance (AML/CFT) and proliferation finance;
- Linking regional initiatives to prevent a threat convergence scenario with international obligations such as UNSCR 1373 and UNSCR 1540. Where necessary, reach out to international partners to assist with capacitybuilding and implementation needs;
- Training the range of law enforcement officials, from field agents to lawyers to judges to detect and prosecute related crimes;
- Enhancing border security and training border patrols;
- Addressing internal impediments to
Recommendations

Foster a Culture of Accountability in Order to Combat Crime, Radicalism and the Potential for WMD Terrorism

Threat convergence awareness can be fostered through education that emphasizes, for example, the capabilities of forensics to determine the origin of nuclear materials, promoting an "attribution as deterrence" policy. Education campaigns targeting local populations could also be mounted to define and highlight the negative impact of crime and terrorism. In general, promoting the idea, through education and awareness campaigns among the public and officials, that laws can and will be enforced is a prerequisite for actual enforcement activities.

Continue on the Path Toward Security Sector Reform, Confidence-Building and Enhancing Regional Information-Sharing

Argentina, Brazil and Paraguay have enacted several legislative enhancements in recent years to restructure and boost the capabilities of national armed forces and intelligence functions. However, internal and external lines of communication among federal agencies must be strengthened and further clarification of jurisdictional responsibilities is needed.

Where national intelligence capacities may fall short, intelligence reform should focus on professionalization, collection, analysis, and operations. Professionalization of forces should include a significant training component, rooting out corruption, and transforming the forces to follow a merit-based structure. Training should focus on improving human intelligence collection, including the penetration of closed communities, gangs, and prisons, with a focus on counter-terrorism. Given the global reach of groups in the Tri-Border Area, intelligence services must significantly improve the quality of financial crime analysis, focusing not only on tax evasion and fraud but also terrorism and proliferation financing. Governments should also work toward improving clandestine operations capacities and the capability to conduct joint operations with other neighboring states.
Work to Reduce Access to Nuclear Materials

Given Argentina and Brazil’s nuclear technology development histories, Tri-Border Area nations should devote particular attention to securing and reducing stocks and sources of all nuclear and radioactive materials. In this endeavor, they should coordinate with international community initiatives to reduce global nuclear stockpiles.

Engage the Private Sector and Civil Society in Meeting Threat Convergence Challenges

The governments of Argentina, Brazil and Paraguay should engage, where possible, with the private sector (e.g., financial institutions, the shipping industry, maritime traders), non-government organizations (NGOs) and other civil society members (including representatives of minority or marginalized communities) to foster a dialogue on the best ways to mitigate threat convergence challenges. These stakeholders are critical in building institutional and security capacity, fostering transparency, promoting the rule of law, and ultimately, preventing a threat convergence scenario.
Recommendations

Appoint an Interagency Task Force to Undertake a Comprehensive Review of U.S. Policy in Latin America with a View Toward Enhancing Coordination and Sustainability of Threat Convergence-Related Programs in the Region.

Assistance is having an impact. For example, the North East Border Task Force in Argentina, for which the U.S. State Department’s Bureau of International Narcotics and Law Enforcement Affairs (INL) provides aid, addresses many of the threats present in the Tri-Border Area, such as weak border controls and narcotics trafficking. In addition, the State Department, Drug Enforcement Agency and Department of Justice each administer civilian programs to strengthen local law enforcement capacities. These programs should be maintained and integrated with other U.S. and donor-supported regional programs to strengthen the rule of law, counter-terrorism capacity building, and monitor the transport of goods traveling across borders. Given the transnational and multidimensional nature of the issues in the Tri-Border Area, the U.S. must ensure that it takes a coordinated regional approach to address the underlying issues that could facilitate WMD terrorism.

The inter-agency task force to be formed should conduct an in-depth review of all the related programs in the region, focusing on those most relevant to threat convergence. The task force should also be charged with developing recommendations for a more coordinated security and foreign assistance policy that is results-driven, has clear benchmarks for success, and commits to a sustainable policy for the Tri-Border Area region.

Increased interagency coordination and regular consultation between relevant personnel located in U.S. embassies in the Tri-Border Area countries would maximize the impact of existing programs and help to identify gaps where the task force could facilitate remediation.

Moreover, because diplomatic mechanisms that exist among the governments of the region provide a needed venue for discussion but often lack practical means to achieve their aims, U.S. programs which are regional in scope and are sensitive to regional priorities could help to fill those gaps.

Engage in diplomatic efforts with Tri-Border Area countries and the OAS to enhance resources for counter-terrorism, anti-money laundering, border security and counterproliferation finance, and strengthen cooperation in economic development

The U.S. views the establishment of the Fusion Center in Foz de Iguaçu and the 3+1 mechanism as positive developments for the region. It should strongly encourage Tri-Border Area nations to strengthen these mechanisms with greater resources, diplomatic attention and personnel, where appropriate. The U.S. should also continue to encourage Brazil to consider the potential for terrorist activity in the Tri-Border Area, and gain buy-in from its ministries of the interior, defense and justice for the value of the Fusion Center. These messages could be communicated through bilateral and multilateral diplomatic channels such as the OAS Committee on Hemispheric Security, Inter-American Committee Against Terrorism (CICTE) and the Inter-American Defense Board. In addition, the Department of Treasury should continue its dialogue with Latin American countries, with a particular focus on Tri-Border Area nations, to improve economic and social opportunities for people throughout the Americas, in order to foster strong development in these states as well as to mitigate the attractiveness of illicit activities as an alternative source of income.
### Enhance Technical Assistance Focused on Financial Crime and Financial Sector Reform

The U.S., through the Department of Treasury or the Financial Action Task Force, should provide enhanced anti-money laundering, counter-terrorism and counter-proliferation financing training and assistance to financial intelligence units (FIU) in Latin America, particularly those in Tri-Border Area nations and other regions of weak or non-existent governance.

Particular emphasis should be placed on enhancing Paraguay’s regulatory controls and oversight of its financial sector. In addition to financial resources, the U.S. might offer intelligence, Export Control and Border Security (EXBS), Immigration and Customs Enforcement (ICE), and Federal Bureau of Investigation (FBI) officers, including experts in Middle Eastern affairs and Arabic, to assist in joint surveillance and law enforcement operations, as well as to share best practices in counter-terrorism, counter-terrorism finance, proliferation financing, terrorist network penetration, and investigation.

### Enhance Intelligence-Sharing

The U.S. intelligence community should pool its extensive, but siloed, resources devoted to illicit trafficking, WMD proliferation and terrorism in order to track more effectively the threat of WMD terrorism in the Tri-Border Area and other ungoverned regions. While human intelligence (HUMINT) resources around the world are already scarce, new policy guidance could direct analysts working with other forms of electronic surveillance to work more collaboratively on threat convergence issues. For this collaboration to occur, relevant U.S. intelligence components including the CIA, Treasury, the National Security Agency (NSA) and the Defense Intelligence Agency (DIA) must make a concerted effort to enhance cooperation and coordination in their headquarters and in the field. In addition, greater effort should be made to establish strong communication channels for information and intelligence-sharing on threat convergence between the U.S. and counterparts in local agencies in the region.

### Improve Financial Sector Practices

The triple frontier is a high-functioning business center, of both licit and illicit markets. Because of this, it is important for all three countries to implement measures on banking institutions in order to regulate money flow and monitor any illicit flows and transactions. Banks in the region should be marshaled to perform due diligence on any transaction originating in the Tri-Border Area. Because of the fact that many banks in the area are complicit to illegal transactions, it is crucial for governments in the region to establish responsible monitoring committees that oversee banks and other financial institutions. It must be stated that money laundering has ties to all criminal pursuits in the region, whether they are linked to terrorism or other non-state actors or not. Successful banking regulations can lead to greater security measures on the national and regional level.

### Introduce Stricter Cross-Border Regulation Measures

The triple frontier is well known for its porous borders on all three frontiers. Customs officials, if any at busy posts, are oftentimes corrupt and ignore extant regulation policies, meaning virtually anything can cross the border – belligerent or benign. Therefore, it is important that the Tri-Border Area countries improve policies on the cross-border movement of people and goods. Higher customs officer pay, greater training, and a stronger tripartite partnership between Paraguay, Brazil, and Argentina would increase accountability and limit collusion.
Encourage More Research in the Region on Threat Convergence

The FIP’s initial research produced valuable insights into capacities of Tri-Border Area nations to mitigate threat convergence issues in the region. However, analysts and officials in the region repeatedly underscored the need for more research. Governments, multilateral organizations and private foundations should encourage in-depth studies by local and international researchers on the issues critical to preventing threat convergence in the region, including, but not limited to:

- **Formal and informal economic underpinnings of the terror/crime nexus**, particularly on how kinship, business, and ideology interact to produce, or deter, terrorism in the region
- **Financial networks among terrorists and their links to global crime**
- **Ethnographies of diaspora communities present in the region and elsewhere**
- **Mapping the local drug trade**
- **Collecting social information on the informal economy in the Tri-Border Area**
- **The impact of information and awareness campaigns on deterring crime and enhancing surveillance**
- **Analyzing the global trading networks, including shipping and e-commerce for vulnerabilities that might enable a threat convergence scenario**
- **The role of multilateral initiatives such as the Proliferation Security Initiative**
- **The role of regional organizations in facilitating security cooperation**
- **A better understanding of other areas in Latin America that are weakly governed or un-governed**
- **The connection between Middle Eastern networks and those indigenous to Latin America**
Two overarching themes in The FfP’s findings include:

1. The need for the U.S. to devote greater attention to the Tri-Border Area as a potential enabling environment for threat convergence. While bilateral aid and training programs address several threat convergence-related security issues, they generally remain fragmented.

2. The need for a comprehensive review of existing U.S. programs and policies in Latin America under a threat convergence framework that evaluates policy priorities and pays attention to under-developed state capacities to address terrorism and WMD proliferation in lawless areas could greatly improve program coordination and effectiveness.

In conjunction with local efforts to strengthen the rule of law, institutions and regional cooperation, such an approach would contribute to a preventative strategy to deny nonstate actors the ability to directly or indirectly facilitate the transfer of WMD materials through, for example, illicit trafficking or financing.

Since the early 1990s, many states have been concerned about the linkages between terrorist groups threatening global security and the increasing availability of WMD materials and technology on the international market. Aum Shinrikyo’s release of sarin gas on the Tokyo subway in 1995, the numerous reports of nuclear smuggling in the former Soviet Union where nuclear stockpiles and sites remain inadequately secured, the September 11 attacks, the Madrid and London bombings, inadequate export control capacity worldwide, and increasing links between terrorism and organized crime in weakly or un-governed regions, among other factors, serve to validate these concerns.

The bilateral, regional and international instruments that seek to prevent terrorism and proliferation have undoubtedly been critical in preventing worse scenarios from happening. But, regional governments and donor states must enhance these instruments and secure their value by identifying their often-overlapping objectives and addressing them accordingly. Similarly, the global move toward addressing non-state actor threats must be reinforced with sustained attention and action on the part of states, regional bodies, international organizations and civil society to prevent these threats—not merely react to them. In doing so, the highest priority must be placed on reforming the environmental and institutional elements that enable nefarious non-state actors to flourish, particularly in fragile states and ungoverned spaces where attention is often weak and threats are overlooked. The Tri-Border Area is one such region vulnerable to exploitation.
Introduction

1. Rex Hudson's work in the Tri-Border Area (Tri-Border Area) of South America is a notable exception. Hudson was able to demonstrate the reach of such groups using secondary, open source material. Many of his findings were confirmed in FFP interviews. Rex Hudson, "Terrorist and Organized Crime Groups in the Tri-Border Area (Tri-Border Area) of South America", Library of Congress (2003), http://www.loc.gov/rr/frd/pdffiles/TerrOrgCrime_TBA.pdf

Transnational Crime and Terrorism Nexus

2. The Southern Cone refers to the majority of South America below the Tropic of Capricorn including Argentina, Chile, Uruguay, Paraguay, and the southern Brazilian states of Rio Grande do Sol, Santa Catarina, Paraná, and São Paulo.


4. The Fuerzas Armadas Revolucionarias de Colombia (FARC) has been waging an insurgency against the Colombian government for four decades and engage in a variety of illicit businesses to fund its efforts, including kidnapping and extortion. It is responsible for a significant portion of the drug and gun trafficking in Latin America, according to analysts at the Center for Hemispheric Defense Studies (CHDS) at the National Defense University, Washington, DC. The FARC is considered a terrorist organization by Canada, Columbia, the European Union, and the U.S.

5. According to U.S. and Argentine officials, identity theft is rampant in the Tri-Border Area and is aided by pervasive corruption among the three nations' bureaucracies and security services, particularly in Paraguay.

6. The 3+1 Group, a diplomatic mechanism among the Tri-Border Area countries and the U.S. that discusses progress in the fight against cross-border crime, money laundering, and terrorism financing estimates that the Arab population in the Tri-Border Area is between 30,000 and 60,000. The higher figure includes temporary and illegal migrants, the majority of whom are Lebanese and Palestinian. More than 60% of Arabs in the region are said to be Sunni, 35% Shi'a, and another 5% various other sects, including Druze. Ana Sverdlick, "Terrorists and Organized Crime Entrepreneurs in the "Triple Frontier" Among Argentina, Brazil, and Paraguay", Trends in Organized Crime, Volume 9, No 2, December 2005, p. 84-93.

7. Hezbollah, or the "Party of God," was organized by Iran's Revolutionary guards during Lebanon’s civil war in the 1980s to protect Lebanon’s Shiites, expand the “revolution” of Ayatollah Khomeini, and fight Israel and its allies. Hezbollah now operates as an official political party in Lebanon and, in addition to acts of terror at home and abroad, provides extensive social welfare services to fellow Shiites in Lebanon. Hamas is a Palestinian organization created in 1987 as an offshoot of the Egyptian Muslim Brotherhood to protest Israeli rule in the Palestinian territories. It seeks the establishment of a Palestinian state in the West Bank, Gaza Strip and Jerusalem. Canada, the U.S., the European Union, Israel, Japan, Australia and the United Kingdom consider Hamas a terrorist organization. Since its inception, it has launched numerous bombing and rocket attacks in the Palestinian territories of the West Bank and Gaza and inside the pre-1967 boundaries of Israel. Hamas extends considerable social services to Palestinians in the occupied territories, including school and hospital construction. The Council on Foreign Relations estimates its annual budget at $70 million, with over 50% of its funds coming from Islamic charity organizations in Saudi Arabia. Hamas won the Palestinian Authority’s (PA) general elections in 2006, defeating Fatah, the party of the PA’s president, Mahmoud Abbas. Council on Foreign Relations, Hamas Backgrounder, Updated 7 January 2009, http://www.cfr.org/publication/8968/.

8. FARC’s numbers declined from 16,000 fighters in 2001 to approximately 6,000-10,000 in 2008, according to independent analysts and the Colombian government. The Colombian defense minister attributed this to President Alvaro Uribe’s tough, U.S.-backed policies, which have resulted in several assassinations of high-level FARC members. However, in 2007, the FARC commander claimed the organization consisted of 18,000 guerrillas. Jeremy McDermott, “Colombia’s Rebels: A Fading Force?” BBC News, 1 February 2008, http://news.bbc.co.uk/2/hi/americas/7217817.stm.


11. Such IP includes, but is not limited to, software, DVDs and textbooks.


13. The term “Hezbollah” may have become a local euphemism for any Arab or Lebanese businessperson in the region. According to Brazilian analysts, it is often impossible to distinguish between the two as they are considered to be one and the same.


15. Although Hezbollah may be among the deadliest terrorist groups in the world, accused of having killed over a thousand people worldwide since 1985, the group is not likely to engage in WMD attacks, according to experts consulted by FFP. Terrorists might make a switch to WMD, but only with the right combination of capacity, opportunity, and motivation. Furthermore, factors that limit the preference for WMD technology must be overcome, such as a dependence on a constituency that could be

17 FFP interviews, Brasilia, Brazil 26-27 February 2008.
18 CICTE personnel are seconded by their governments to perform a coordinating function and cannot give "specific personal opinions" on subjects raised by this study.
19 According to an article in the Los Angeles Times, Ciudad del Este was responsible for $12 billion in “cash transactions” in 1994, a peak that preceded a severe slump due to new restrictions placed on the border by Brazil but that has since resumed. Rotella, S., “Jungle Hub for World’s Outlaws,” Los Angeles Times, 24 August 1998, p. A1.
23 Ibid.
24 FFP interviews, Buenos Aires, Argentina, 3-4 March 2008.
27 South Africa began to dismantle its nuclear weapons stockpile in the early 1990s.
There are also discrepancies in the State Department’s funding of NADR. For FY 2009, the State Department NADR programs for Brazil ($400,000) and Argentina ($3,845,000) and Colombia ($3,150,000) together are at $6,995,000, more than eight times larger. U.S. Department of State Website, “Congressional Budget Justification for Foreign Operations for FY2009, http://www.state.gov/s/ct/releases/lab/.

For FY 2009, the State Department NADR programs for Brazil ($400,000) and Argentina ($450,000) are only $850,000 combined, whereas Mexico ($3,845,000) and Colombia ($3,150,000) together are at $6,995,000, more than eight times larger. U.S. Department of State Website, “Congressional Budget Justification for Foreign Operations for FY2009, http://www.state.gov/s/ct/releases/lab/.

There are also discrepancies in the State Department’s funding of NADR programs in the Tri-Border Area countries. In 2005, the State Department funded the Tri-Border Initiative that provided training and equipment totaling US$500,000, but funding was never renewed. While funds were granted to the Antiterrorism Assistance (ATA) program in Paraguay in FY2007 and 2008, no funds were requested for any NADR programs in Paraguay for FY2009. The same inconsistency can be seen in the cases of Brazil and Argentina in recent years as well. According to the Congressional Budget Justification for Foreign Operations, funds were granted to both Brazil and Argentina for EXBS and ATA programs in FY2007. In Brazil, for FY2008 alone, a new program was funded called the Terrorist Interdiction Program (TIP). In FY2009, funds have been requested only for the EXBS program in both Brazil and Argentina, entirely bypassing NADR counterterror components. Shifts and overlaps in programming and program funding may not necessarily be bad; however, unless they are coordinated among U.S. agencies and with local stakeholders in the region, they may generate negative results in implementation and sustainability. According to the State Department, the government is “concerned that these [terrorist] groups use the Tri-Border Area as a safe haven to raise funds...[and] participate in a wide range of illicit activities and to solicit donations from within the sizable Muslim communities in the region and elsewhere in Argentina, Brazil, and Paraguay.” U.S. Department of State Website, “Country Report on Terrorism: Chapter 5 – 5.1. Terrorist Safe Havens: Strategies, Tactics, Tools for Disrupting or Eliminating Safe Havens”, 30 April 2008, http://www.state.gov/s/ct/rls/crt/2007/104103.htm.
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After three years of project work, in January 2009, The Fund for Peace established its program on Threat Convergence to explore the linkages among the three biggest threats to global security: fragile states, the proliferation of weapons of mass destruction (WMD), and terrorism. The program aims to:

- raise the profile of the challenges in vulnerable, fragile and ungoverned regions on the nonproliferation agenda;
- explore how these regions may serve as enabling environments for nuclear terrorism;
- promote more coherent and strategic policy approaches to nuclear terrorism and illicit nuclear trafficking; and
- become a hub for threat convergence-related analysis.

The program encourages innovative and fresh approaches to the issue by convening experts, performing extensive field research in some of the world’s most difficult environments, and by partnering with international and regional organizations to explore how the threat of catastrophic terrorism emanating from weak and failing states can be prevented.

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