

Building Walls, Breaking Barriers: Territory, Integration and the Rule of Law in Frontier Zones

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Abstract: *This paper surveys some of the issues that have emerged from an ongoing investigation on frontier zones in South America: the different meanings of regional integration; the symbiosis between legal and illegal economic activities and the temporality of local and regional responses to changes in some of the elements shaping the economic geography of frontier zones. These issues are discussed by exploring empirical evidence drawn from the Uruguay-Brazil border (South Cone) and the northern Andean segment of the Colombia-Venezuela border. Regional integration has fostered inter-state dialogue, the promotion of trade and the growth of cross border investments but frontier zones remain partially hostage of unilateral national policies. The illicit drug trade and other illegal activities are shown to promote informal regional integration by its increasing association with legal activities. However, efforts to detain the process stumble on the convergence of exceptions to the rule of law and the 'normal order' in the contemporary structure of sovereign power.*

Introduction

This paper surveys some of the issues that have emerged from an ongoing investigation on frontier zones in South America. Although initially centered on Brazilian international borders the investigation has expanded to other border regions with the purpose of exploring cross border interaction in different national and regional contexts. The issues will be discussed here drawing on empirical evidence from the Uruguay-Brazil border (South Cone) and the northern Andean segment of the Colombia-Venezuela border.

In the first case, the two bordering countries are part of the Mercosur trading bloc, which despite its shortcomings and intermittent stagnation has managed to function as an institutional framework for economic contentions and political dialogue. State-led opening up of trade between neighboring countries, on the other hand, may exacerbate differences between them and a greater sensitivity to who loses and who gains if interdependency should increase. Uruguay, one of the smallest country in the bloc, and neighboring Brazil, the largest, seem to be treading this path.

In the second case, Colombia and Venezuela until recently part of the Andean Community of Nations (*Comunidad Andina de Naciones-CAN*) are currently immersed in turbulent political disputes, starting before Venezuela's decision to abandon CAN and join Mercosur (2008). Although economic ties are still strong, ideology and geopolitics is becoming a constant source of tension between the two countries.

A frequent complaint in South American border regions is that local and regional interests are ignored by both central governments and trading blocs, thereby reinstating their marginal

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position, both geographical and political. Whatever the degree of truth in this complaint, cross border relations and those between border regions and central governments policies and international agreements, such as Mercosul, deserves a closer look. A possible approach to the geography of frontier zones is to explore the different economic and political meanings of “regional integration” and the integration of frontier zones.

The second issue is the role of activities operating outside the rule of law (smuggling, drug trafficking, illegal immigration). Because these activities are usually accepted as a common trait of frontier zones one tends to overlook their functional and sometimes symbiotic connection to bona fide economic activities. There is more than one way to explain this connection. The traditional way is to accept some kind of essentialism by which people living along international borders can easily practice illegal activities because borders are poorly controlled by central governments and people on both sides of the border are able and attracted to capitalizing differences in national regulatory systems by simply using what is there, geographical proximity. An alternative way is to consider the increase of illegal practices as a consequence of an excess of regulations by distant and centralized governments that tend to ignore or underplay differences in regional conditions. Yet another more comprehensive way is to consider this connection not as deviances from the rule of law or a function of geographical location but as part of the structure of contemporary societies in which the ‘juridically empty’ exceptions to the rule of law is starting to coincide with the normal order, a state of matters that brings to the forefront the shifting (and shifty) nature of sovereign power (Agamben 1998).

Both issues have conceptual and methodological implications that deserve to be explored with more details than those offered in this paper, but by themselves these issues work as general references for the description and empirical evaluation of our chosen case-studies.

Finally, a third issue concerns the temporality of local and regional response to changes in some of the elements shaping the geography of frontier zones, such as cross-border interaction, central government policies, and territorial organization. As one expects, effects of and reaction to changing economical, political, spatial, cultural or security conditions are quicker or slower in some places than in others, while yet others do not seem to respond at all. How do differences in temporalities play out in frontier zones? Depending on the available data it is possible to map some of these differences even if it is not clear why they happen.

Up to now references have been made to “border region”, “borders” and “frontier zones” all of them found in the considerable literature on international boundaries and frontiers. Along the text they will be used interchangeably, an unwelcome practice if one is searching for a “theory of the frontier” (Jones 1959; Kristof 1959; Raffestin 1986; Newman 2003; Kolossov 2005; Brunet-Jailly 2005). For the moment there are difficulties in adjusting theory to the variation of empirical evidence (Velde and Houtum 2003). However, since “frontier zone” is the term used in the title of this paper a brief explanation is due.

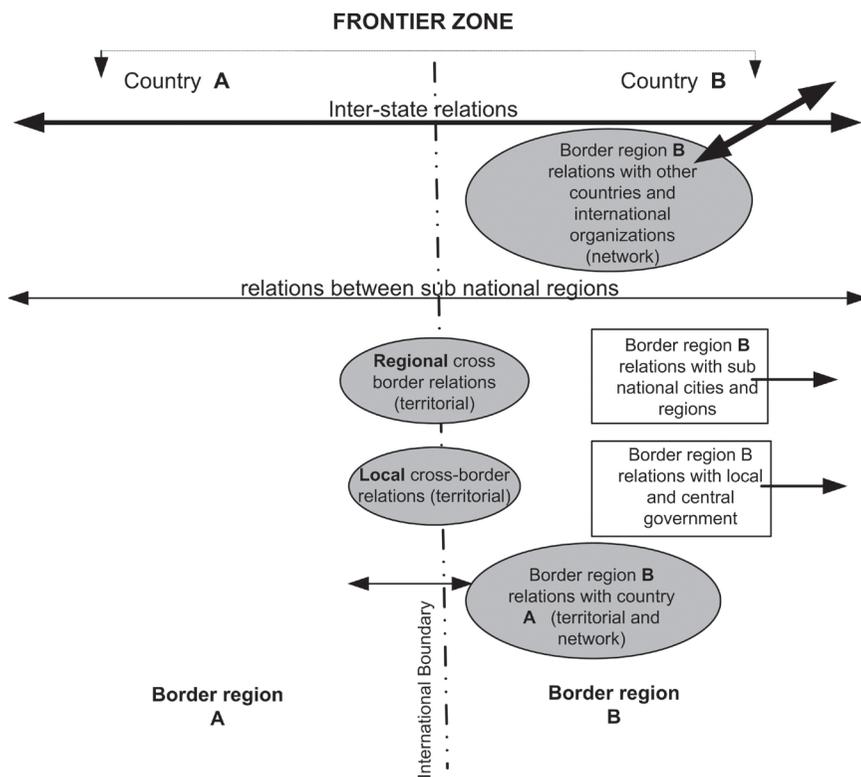
The Concept of Frontier Zone

A frontier may be generally understood as the end or edge of a “real” or metaphorical domain but also as the beginning of something else. It is conceptually richer than borders, borderland and border regions, all of which intuitively reinforces the idea of marginal areas. As language has a lot to do with the choice of terminology in science, frontier is a more “cross-boundary” word (*frontière*, *frontera*, *fronteira*).

In political geography, an international frontier may be considered a *zone* of undetermined width crossed by a boundary line that marks off the limits of the sovereign territorial state

(Gottmann 1973). Alternatively and from a more state-centered perspective, John House (1980) names each strip of land flanking boundaries as a frontier zone, both strips forming the *borderland*. In the simple descriptive ‘model’ sketched below we use Gottman’s conception, which is a synthesis from earlier literature (Figure 1).

Figure 1. Frontier Zones: Simple Descriptive Model



Org.L.Machado, 2009

There are obvious limitations to the model. For instance, a frontier zone can be a geographical region or can be planned as such. As early as 1964, a mission from the Inter-American Development Bank named the frontier zone comprised by the Department Norte de Santander in Colombia, and the state of Tachira and district of Colón (Zulia) in Venezuela as the Central Region (*Region Central*) (Bolognesi-Drosdoff 1986). The proposal by the Andean Community to establish special territorial units along borders of member-states, the Border Integration Zone/ BIZ (*Zona de Integración Fronteriza*) was also an attempt to form regions out of frontier zones, such as the one between North Santander and Tachira (Bustamente and Caraballo 2006; Beltran Mora 2006).

Another problem is the use of the term *relation*. Cross border relations and cross border interactions seem to make immediate sense. But as Knoke and Kuklinsky point out (1991, 174), relations exist when two or more entities are considered together, but “a relation is not an intrinsic characteristic of either party taken in isolation... [it] is an emergent property of the connection or linkage between units of observation”.

This is especially relevant when we are dealing with linkages between territory and the morphology of networks; notions such as markets and commodity flows, whose arrangements seldom coincide with the spatial-geographic entities in which they are located (towns, regions, zones, etc.); linkages between social networks -- that are not precisely limited, tend to play different, informal roles and are frequently defined by random connections – and organizations (states, firms) which are more ‘rationalized’, therefore less random and more regulated by its boundaries, the same principles valid for networks within organizations (Parrochia, 1993).

The sketch also does not capture a feature of social networks which is important for cross border relations: they may be *organized* without legal or paralegal status, which means their connections, cohesion and functions are difficult to establish and they are not subject to any obvious accountability (Parrochia 1993, 68; Thompson et al. 1991, 14).

Despite its shortcomings, the “model” is helpful as a chart for field observations.

Frontier zones and the different meanings of regional integration

The literature on regional integration in general and particularly on South American integration processes is large and steadily growing. If real world events depended on the written word, integration would be a ‘done deal’.

For the purposes of this article, Lombaerde and Langenhove’s (2006) discussion of regional integration is a good starting point. First, regional integration is a process that allows for phases of stagnation and even temporary disintegration; second, integration is characterized by the intensification of relations between independent sovereign states and is mainly focused on economic integration; third, a distinction can be made between “formal” and “informal”, or “real” integration. “Formal” integration is institutionalized and state-led, whereas the latter can occur without much interference from states. Although the authors are not inclined to use the term “real integration”, a brief overview of the history of border regions shows how cross border relations may be fairly independent of state-led institutional frameworks, and strong enough to delineate a recognizable cross border regional unit.

We should add that “formal” and “informal” integration operate with different time-frames and have different targets. “Formal” integration is more resilient to economic instability since the institutional framework can work as a buffer to deflect problems that need to be dwelt with in the long-run; in addition, an institutional structure creates a forum for debate over social and political issues beyond solely economic targets. “Informal” or “real” integration, on the other hand, usually depends on non-state agents, such as merchants, migrants or transnational corporations (O’Brien 2008). They are less tied to sovereignty issues and their time perspective is usually the short term for short time gains.

It is the last sense, of “informal” or “real” integration, that characterizes most of cross border relations in frontier zones. Although informal frontier integration (*integración fronteriza*) can be part of formal integration projects, it remains a secondary target for central governments.

Before Mercosur: “Informal” to “formal” integration in frontier zones.

International borders in South America can be described in general terms as “marginal lands” since the breaking down of the Spanish-Portuguese colonial rule at the beginning of the XIX century. During the colonial period, both Spain and Portugal invested strongly in the drawing up of boundary lines to insure territorial division of their colonial possessions in a higher degree than post-Independence governments (Machado 1989). The newly independent states maintained the dominant pattern of settlement characterized by concentration of population on the Andes

mountain region along the Pacific coast and on the Atlantic coast in eastern South America (Furtado 1976). Most of the inland borders remained marginal to mainstream settlement flows. Despite the intermittent setting up of border controls and colonization attempts, they remained populated by indigenous population which ignored inter-state boundaries.

During the 19th century there were conflicts over boundary lines but they were usually enmeshed with internal political disputes, a succession of invasions, dictatorships, coups and civil wars (Donghi 1985). Towards the end of the century and first half of the 20th century borderlands regained some relevance. Politically, it became an important part of historical and geographical narratives on nation building, nation identity and national security. Economically, 'informal' international commodity chains exploited products natural to the tropical forests of the Upper Amazon river basin (rubber extraction) shared by Brazil, Bolivia, Peru and Colombia; and products natural to the subtropical forests of the Upper Paraguay – Paraná River basin (yerbamate extraction) shared by Brazil, Paraguay and Argentina, to foreign markets.

A similar evolution occurred in the grasslands of the Negro river basin that cuts across northern Uruguay, and in the wetlands of the Laguna Merín river basin (Uruguay and Brazil) where also international commodity chains (salted meat, wool, and grains) linked both sides of the Brazil-Uruguay border since the end of the 19th century, although there are evidences pointing towards the existence of an extended frontier zone in colonial times (Osorio 1995). Montevideo became the commercial port for local and international traders stationed at both sides of the border. Cross border landholdings by Brazilian nationals were common and so was smuggling, in many ways a socially acceptable activity (Souza 1995; Dorfman, 2009).

Indeed, the southern part of the state of *Rio Grande do Sul* and northern Uruguay formed an economically "integrated" and territorially extended frontier zone without eroding national sovereignty. The commercial linkages were a boost to the small rural villages founded in both sides of the border during the first half of the 19th century and after the Paraguayan War (1865-1870). In some of these villages, warehouses and transshipment centers emerged near boundary lines, laying the foundation for contemporary geminated border towns. In the second half of the 20th century the decline of exports followed by economic stagnation in Uruguay was the main reason behind a set of policies that changed the country's economic profile and assigned a new role for border towns at the Brazilian border. Some of the changes will be dwelt with later on.

The frontier zone of the Colombia-Venezuela Andean border segment evolved somewhat differently. During most of the 19th century it was also sparsely occupied and mostly irrelevant to their respective national economies. The Guajira Peninsula and the Andean highlands shared by Colombia and Venezuela remained isolated from the populated areas of the Magdalena river basin well into the 20th century. Led by European immigration and the increase of exports in the turn of the century, Colombian and Venezuelan border regions thrived with cattle ranching, coffee production and later on, oil. A railroad was built in the last quarter of the 19th century from Cúcuta to Puerto Santander (Department of North of Santander) and into Venezuelan territory. During the 1920's settlement of the *territorios orientales* (Eastern territories) of Colombia became part of political rhetoric that demanded the 'nationalization' of these territories to counter their dependence on Venezuela for the regional circulation of goods and the use of Maracaibo Bay for its exports (Rausch, 1993). The discovery and exploitation of Venezuelan oilfields, however, changed the country's territorial organization with the shifting of the economic core area away from the Colombia border. For Colombia, commercial linkages between the Department of North of Santander (CO) and Maracaibo (VZ) remained essential to the regional economy.

What stands out in Colombia's border region is the emergence of a major urban center, Cúcuta, today the largest border city in South America. For 1880, the estimated urban population was around 10,000; by the 1920s the incorporation of neighboring towns formed an urban agglomeration that remained below the 100,000 bracket till the 1960s, when total population jumped to nearly 200,000, and again to nearly 500,000, in the 1980s. By 2002, the population of the Cucuta agglomeration was around 750,000 inhabitants, a figure that remains stable but with a downward trend.

Before MERCOSUR there were central government initiatives for border regions and formal integration. In the 1960's, Brazil's military government issued a New Policy for Borders (*A nova política de fronteiras*) with the help of border municipalities. There were two main target areas, the Amazon region frontiers and the entire border with Uruguay, from Bella Unión, near the Argentinean border, to Chui, to the Southeast, alongside the bi-national Lagoon of Mirim basin (*Lagoa Mirim*). The main instrument for both security and economic reasons was the construction of roads linking border towns between themselves and to the capital of the state of Rio Grande do Sul, Porto Alegre. Border region municipalities had an invested interest in their construction since grain production, mainly rice, was booming. The port of Montevideo was no longer considered an option. The New Policy was later expanded into a full-fledged program with the establishment of a national security zone along the entirety of the country's border with a width of 150 km (Law nº 6634/1979), still valid today.

Also in the 1960's, a bi-national agreement signed by the presidents of Colombia and Venezuela called for funds from the Inter-American Development Bank (IDB) to promote economic development of the frontier zone. The 1964 report from IDB stressed that the spontaneous integration of the population living in both sides of the border had such organically strong historical, cultural and economic ties that central government interference should not risk its disruption; the report recognizes the existence of a frontier zone and goes on to recommend the updating of the bi-national Border Statute of 1942 into a more normative form (Otálvora 2003). The permanent commission for cross border planning, established in 1965, gave birth, nearly 20 years later to the interesting conception of zones of frontier integration (*Zona de Integración Fronteriza -ZIF*), later incorporated by the Andean Community of Nation (CAN) program. At the same time discussions took place for the planning of a bi-national metropolitan area especially aimed at the North of Santander-Táchira frontier zone (Otálvora 2003).

Finally, the Andean Pact was founded in 1969, originally formed by Bolivia, Colombia, Ecuador, Peru and Chile. In the 1970s, Chile, led by Pinochet, left the pact, while Venezuela became the fifth member (Venezuela decided to leave in 2006). It was later renamed Comunidad Andina de Naciones (CAN) with the addition of a strong financial, fairly independent, branch, the Andean Development Corporation (CAF), a multilateral institution with private banks and government shareholders (Bolivia, Colombia, Ecuador, Peru, and the later addition of Venezuela, Argentina, Brazil, Chile, Costa Rica, the Dominican Republic, Jamaica, Mexico, Panama, Paraguay, Spain, Trinidad and Tobago, and Uruguay).

The CAN has come along way in institutional updating. Besides a parliament, it has formed the Andean Integration System (SAI), for advancing cooperation in other areas (education, sustainable development, etc.). However, the proposal of ZIFs has been thwarted at the Colombia-Venezuela border by a number of factors, both political and economical (Bustamante and Caraballo 2005).

After Mercosur: “Formal” and “Informal” integration in frontier zones

MERCOSUR (Common Market of the Southern Cone) is composed by Uruguay, Paraguay, and the two strongest economies of South America, Argentina, and Brazil. The aim was the promotion of free trade, free movement of people, goods, services, currency, between member states so to strengthen their domestic economy and their collective bargaining power in world markets and politics. The founding members are now in the process of welcoming Venezuela, while Bolivia, Chile, Colombia, Ecuador and Peru have become associate members. It remains a trading bloc albeit the aspirations to form a political union, but by itself Mercosur may be considered a political event. It stimulates inter-state cooperation, and there is a definitive change of national governments perspective of capital mobility and the role of foreign direct investments, both inside the bloc and in relation to third countries (Lombaerde 2005).

How do frontier zones fare in a context of formal *and* informal integration, and how do they relate to the rule of law established by sovereign nations?

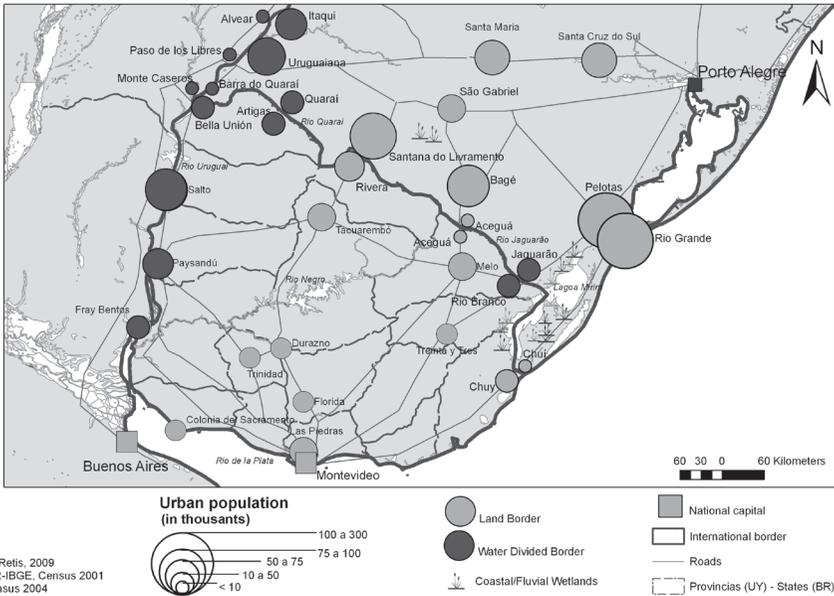
Transactions on the Uruguay-Brazil frontier zone

The boundary between Brazil and Uruguay is 1069 kilometers long, 70% water-divided, and cuts across a landscape of grasslands and wetlands. On both sides of the border, the main features of territorial organization are the dominance of cattle ranching, based on large landholdings; the production of low-yielding grains (mainly rice) and a slow-moving urban economy that, nonetheless, constitutes the prime source of jobs. Stagnation of frontier zone economy (southern part of the state of *Rio Grande do Sul* and northern Uruguay) started before Mercosur, due to national economic instability and less competitive prices for meat and grain. However, rice production flourished after Mercosur. Pushed by Brazilian producers and firms located at the border region, rice production and mills are flowing into Northern Uruguay, an international commodity chain that benefits both the ports of Rio Grande and Montevideo (Figure 2).

In the years following the Mercosur agreement, trade between member countries grew, but after nearly 20 years, currency issues, economic crisis and changes in worldview have slowed it down. Both Brazil and Uruguay are intent in diversifying their trading partners outside Mercosur. In 1991, Brazilian trade with Mercosur countries was around 4, 5 billion dollars or 8, 64% of total international trade; in 2008, trade was around 36 billion dollars, nearly 10% of total trade (after a maximum of 20% of total international trade in 1998). In Uruguay, trade with other members of the bloc has fallen since 2002, coincidental with the country’s currency crisis.

Exports from Uruguay to Mercosur have fallen from nearly 55% in 1998 to 23,5% of total exports in 2005. Exports to Brazil (14% of total exports) have been replaced by the US (22%) and the rest of the world (28%). Imports, from Brazil and Argentina, however, remain significant, respectively 19% and 18% of total imports (2007). There was a deliberate attempt to reduce its dependence on Mercosur, alongside a new geopolitics of curbing Brazil’s bid for regional leadership by welcoming Venezuela into Mercosur (Bonilla-Blanco 2008; Ferro, Fernandez and Hernandez 2006).

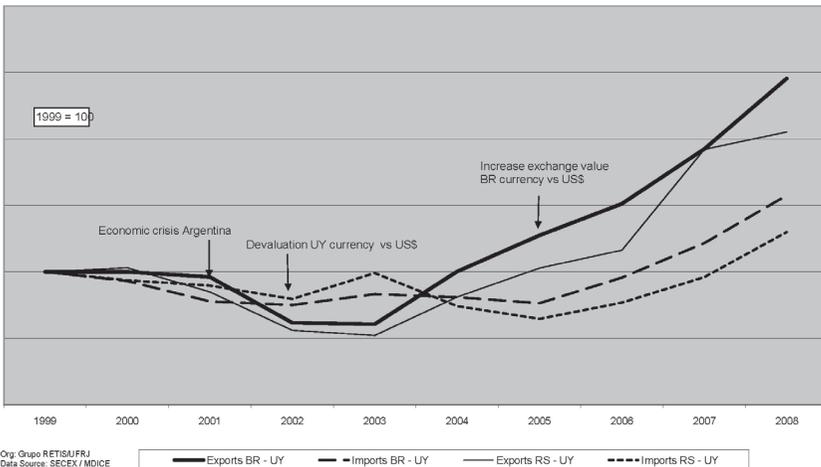
Figure 2. Frontier Zone: Brazil-Uruguay



Brazil has turned to Chinese markets and to investments both overseas and in Mercosur countries, and is also using Venezuela as a pawn in curbing US influence in the area.

Trade between the state of Rio Grande do Sul and Uruguay has closely followed the national trend (Figure 3). The increase in the value of Brazilian currency since 2005 was partially absorbed by Mercosur tariff policies, but it is one of the reasons for the last Mercosur summit (2009) to speed up changes in the payment system, from the dollar to local currencies.

Figure 3. Brazil and Rio Grande do Sul: Bilateral Trade with Uruguay (1999-2008)

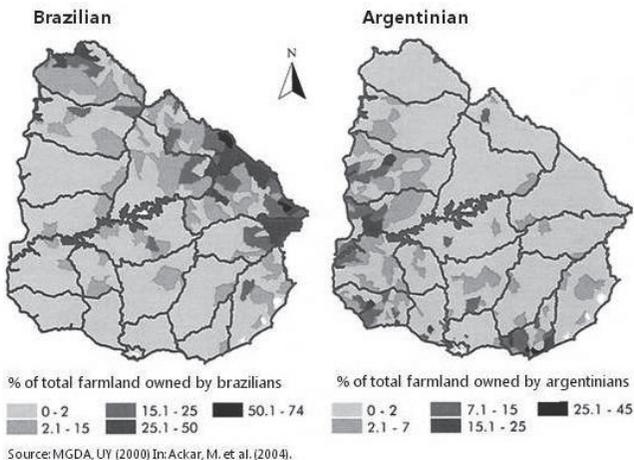


At the frontier zone, some economic sectors and places have benefited with Mercosul, despite border regions rightful complaints that central governments do not invest in frontier zone development. The economic sector that has profited the most with inner bloc trading is rice production led by private firms and planters. Eve Buhler's (2006) detailed analysis of cross border mobility of rice production from Rio Grande do Sul into northern Uruguay in the context of Mercosur shows how planters and firms make use of frontier zones as a strategy to increase competitiveness by recomposing transnational territories. Buhler points out the factors that weigh in the process, such as the lower cost of land and lower wages in Uruguay; flexibility of cross border differentials in the costs of inputs and credit; indebtedness at one side of the border and renewed opportunities on the other side; the ease of currency exchange in Uruguay's *zonas francas* along the border; better opportunities to obtain credit and other facilities by triple-dealing (from each national government and Mercosur).

Large Uruguayan and Brazilian firms decide upon the location of mills and dominate the commercial chain. The growth of rice production on both sides of the border increased exports to world markets (US, Europe, Africa) and rearranged the logistics of trade flows by using the ports of Rio Grande and Montevideo. The two largest firms that dominate the rice market in Brazil, Camil and Josapar, moved to the Rio Grande do Sul border region decades ago, and from there, expanded nationally, strongly supported by the state's immigration network (Haesbaert 1988; 1998). In 2007, Camil bought the largest rice related chain of mills of Uruguay, Saman, to strengthen its position in foreign markets and in biofuel production, as well as face the expected entry of multinational corporations in the rice commodity chain. The purchase of land in Uruguay by Brazilian rice producers and cattle ranchers has the Uruguayan government worrying over the de-nationalization of land (Figure 4).

On the other hand, local governments in Uruguay's border region (Departments of Treinta y Tres, Rocha, Cerro Largo, Rivera and Artigas) tend to favor Brazilian planters and investors, because they are more "dynamic" and down to earth as opposed to the slowness and conservatism of the central government (Machado 2008). Buhler (2006, 91) also reports that Brazilian rice farmers brought along their know-how in irrigation techniques, which helped border region producers extend rice production into terrains that were thought to be inadequate for irrigated paddies.

Figure 4. URUGUAY: Land Ownership, by nationality (2000)



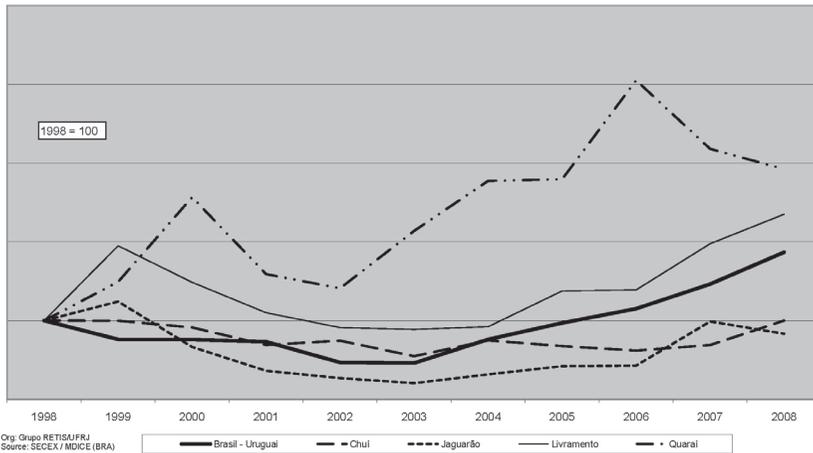
Except for the cross border extension of rice producing areas, there were no significant changes in territorial organization after Mercosul. Rural areas remain sparsely occupied on both sides of the borders. At the Brazilian border region, except for the rent of parcels to rice producers, large landowners continue to raise low quality cattle on natural grasslands, a pattern that repeats itself with some minor variations on the other side of the border. The lack of a developed urban hierarchy points to the weak linkages between towns, despite the growth of urban population and depopulation of rural areas. Urban population represents more than 75% of the total population of most municipalities, including those along the borderline.

In fact, an outstanding feature of frontier zone urbanization is the string of geminated towns or “twin towns” along the borderline, unique in Brazilian border regions (Ministerio da Integração and Grupo Retis, 2005). Santana do Livramento and Rivera is the largest conurbation, with a total population estimated at 140,000 (2005) (Figure 2). Shopping, labor mobility and small businesses have sustained the local urban economies for a long time, along with social and cultural ties and affinities (Schaffer 1993; Sousa 1994; Lopez 1997). Counter to the weak transactions between towns in each border region, the geminated towns have strong local cross border interaction (Correa 2006). The dynamics of local exchange is largely regulated by fluctuations in the value of national currency, responsible for a “seesaw effect”, the asynchronous ups and downs of each geminated border town induced by change in central governments monetary and fiscal policies.

Local commercial links explains most of the relations in “twin towns”, but some of them have to do with the borderline. Dollars and national currencies are accepted at many shops, and speculation with currency value differentials is part of everyday life. In addition, the central government of Uruguay in the 1980's thought up a strategy to encourage both foreign investment and regional trade by creating free-trade zones in some border towns (Rivera and Artigas are both free trade zones). Commercial or government service monopolies are not applicable within the zones, and goods and services re-exported from the zones are exempt from taxes. Licenses for operating free shops and casino can be obtained in any border town. In fact, the country became a tax haven for banks, firms and individuals, attracting large international banks and financial service to Montevideo and southern Uruguay since the 1980's (Lopez 1999). The ubiquity of small currency exchange houses in Uruguay is connected to vast global networks involved in money laundering, tax evasion and smuggling schemes. One of the rings was exposed in 2005, with a geographical radius that included many Brazilian states, Miami, Asian countries and Uruguay (*Folha de São Paulo*, November 11, 2005).

The emergence of new trading routes in the context of Mercosur and Brazilian immigration into the Uruguay border region have benefited some of the geminated towns by reinforcing their role as commercial gateways, with the setting up of private owned dry ports and of central government customs checking points. Dry ports are bonded warehouse with infrastructure for import and export cargos warehousing, movement, and unitization/de-unitization, with custom clearance services. Inner-trade by large manufacturing firms has special export/import licenses, but those that do not must obtain it locally, and register the cargo in border customs, hence the dry ports in Santana do Livramento and Jaguarão, and small export/import firms in other border towns. Data for export cargoes moving through the towns of Quaraí, Santana do Livramento, Jaguarão e Chui show different trends over a ten-year period (Figure 5).

Figure 5. Brazil: Border towns and evolution of exports to Uruguay, as registered by custom control (1998-2008)



Santana do Livramento and Chui are the preferred ports of entry for export cargo licensed in each border town, the former registering nearly four times the value of the latter (23,3 million U.S. dollars F.O.B. to 4,6 million dollars) in 2008. Except for Quaraí, the overall trend follows Brazil's total exports to Uruguay. National events, such as the 2002 currency crisis in Uruguay and the evaluation of the Brazilian currency after 2005 reduced exports, but less than expected. In Quaraí, exports have grown steadily after 2002, in a faster rate than the others, while Jaguarão and Chui show a downward trend with some recovery in 2007. Exports through Santana do Livramento have followed more closely the trend of national exports to Uruguay.

Differing trends suggest that trade routes passing through each town lead to different markets in Uruguay and that some of them have been less hit by economic instability than others. Chui sits along the main route to Montevideo, where more than 60% of the country's population resides, and where the currency crisis was more hardly felt. Quaraí is on the route to the fast-growing towns of the lower Uruguay River valley, site of new investments from multinational corporations. The route passing through Livramento leads to the main cities in Uruguay's heartland while Jaguarão is closely connected to neighboring rice producing areas of the Laguna Mirim basin. Most of the Brazilian export cargo consists of food (tropical fruits, oil, and beverages), wood (construction and furniture), tractor parts and wool, the single most valuable item.

Relations between each country's sub-national regions seem to be responsible for the different temporalities of trade flows. Border towns depend on them and on local trade, and less on frontier zone inner transactions. In fact, small merchants and urban businessmen who do not recognize the existence of a "frontier zone" and do not share the optimism of big players, private or governmental, towards Mercosur, would not be surprised with this conclusion.

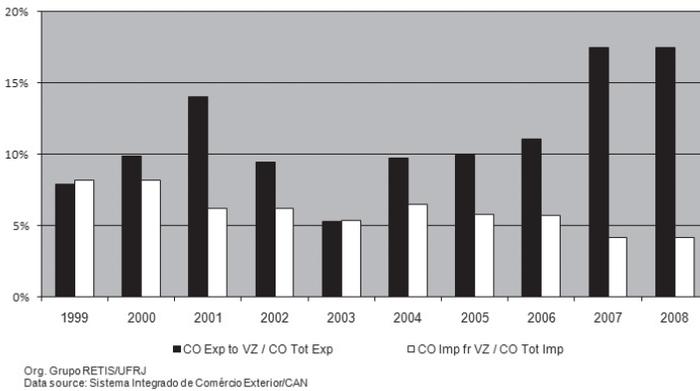
The Columbia-Venezuela frontier zone: "Informal" integration and the rule of law

The political "war of words" between the Venezuelan and Colombian governments in the last few years has shoved to backstage the relevance of bi-lateral trade for both countries. Venezuela's imports from Colombia jumped from US\$ 700 million to more than six billion dollars in 2008,

around 30% of total imports, while Colombia's exports to Venezuela has also grown in the last few years (Figure 6). Since the 1990's, coffee, gasoline, cars, auto-parts, food, chemicals, coal, household supplies are the main items of bi-lateral trade (Beltran-Mora 2006).

On the other hand, the central government is working hard in both countries to reduce their mutual interdependence by bilateral agreements with the United States, the European Union and, in the case of Venezuela, Middle Eastern countries, along with preferential treatment of some countries of the Andean Community (Ecuador), after leaving CAN and applying for membership in Mercosur. Unsurprisingly, political strategies adopted by central governments are not unanimously supported by other agents, as exemplified by complaints from Colombian commercial firms who trade with Venezuela, or from the local anti-Chavez government of the state of Tachira, where economic losses in the border region are allegedly a result of political persecution (Figueiredo 2009).

Figure 6. Columbia: Bilateral trade with Venezuela as percentage of total international trade (199-2008)

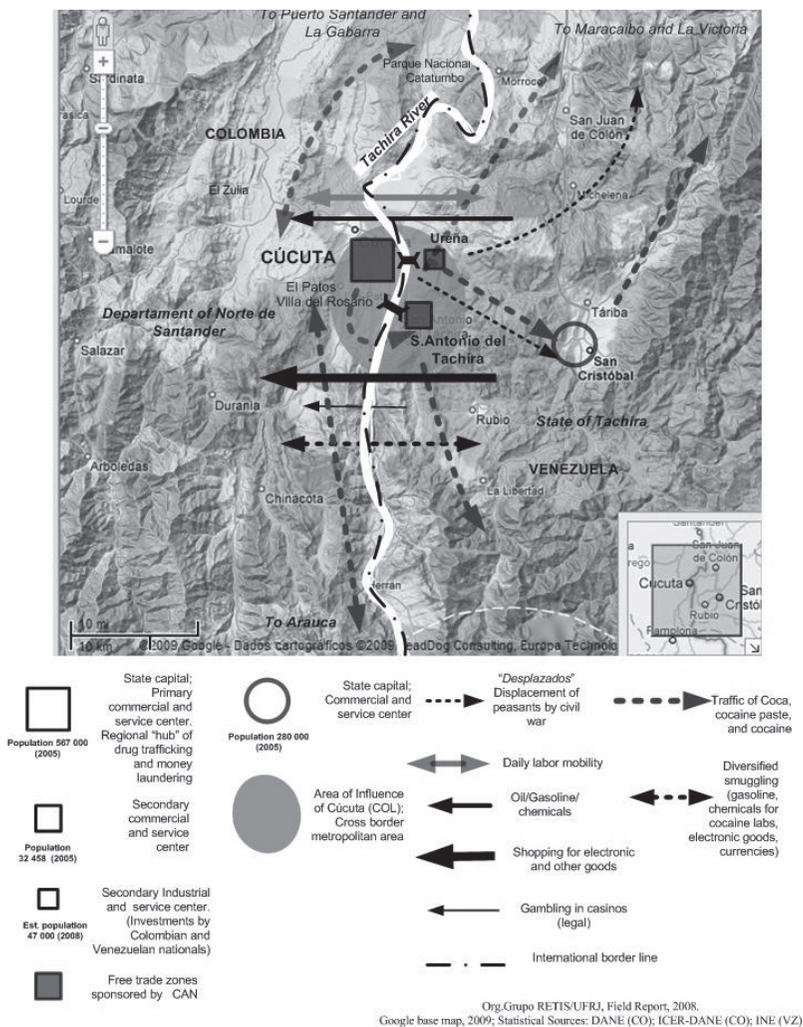


The fate of local and regional cross border relations on the frontier zone is closely tied to inter-state relations and central government policies, but they have a dynamics of their own. Cúcuta is the sixth largest city of Colombia and capital of the Department North of Santander. The formal metropolitan area includes El Patio and Villa del Rosario, but informally, San Antonio del Tachira and Ureña in the border region of Venezuela are part of the metropolitan area. In the last decade, the Export Processing Zone and Free Trade zone of Cúcuta attracted shoppers and buyers from neighboring Venezuelan towns, while in the Export Processing Zone of Ureña investors from both sides of the border formed a small industrial development pole. Traffic congestions in both bridges over the Tachira River is proof of the intense local and regional cross border relations between Cúcuta, Ureña and San Antonio del Tachira.

On the Venezuelan side, towns are smaller but cross border trade sustains the urban economy and to a lesser degree the regional economy of the state of Tachira. The largest city is the state capital, San Cristobal (estimated pop. 355,454 in 2008) in the Andes, 35 km from the border town of San Antonio del Tachira. San Cristobal is one of the main destinations of displaced Colombians (*los desplazados*), mostly peasants, running from the violent rule of paramilitary groups in North of Santander and surrounding areas. San Antonio has a stable population, around 50,000 (2009), with an urban economy closely tied to Cúcuta, while Ureña is the gateway to the main trading route for long distance cargo leading to the Maracaibo region in Venezuela. Total population for North of Santander and Tachira in 2008 was estimated at more than 2 million (Novaes and Monteiro 2008) (Figure 7).

As the primary commercial and service center of the frontier zone, both formal and informal business in Cúcuta's urban region are highly sensitive to the dynamics of change in currency values. However, there is a specific device, singular to this frontier zone, which blurs the local exchange value of currencies at the same time that it favors business in Cúcuta. After the 2003 economic crisis in Venezuela, the central government decided to control the foreign exchange market and to artificially stabilize the value of national currency. Both initiatives came from the newly established CADIVI (*Comision de Administracion de Divisas*) or Commission for the Administration of Foreign Currencies. The Commission also restricted dollar circulation, which in turn stimulated the black market. To counter the restriction, CADIVI started issuing, in 2007, an individual credit card each year, with a five thousand dollars limit to either buy goods or draw in cash up to five hundred dollars each month while outside the Venezuelan territory. The decision had economic reasons but it was also a politically popular move since the CADIVI credit card allowed Venezuelans to shop for electronic and other goods in border towns such as Cúcuta, a free trade zone.

Figure 7. Frontier Zone: Norte de Santander (CO) - Táchira (VZ)



On the other hand, as the credit card also permits the cashing in of dollars a parallel market emerged in which Venezuelan citizens could “sell” their cards for more than five hundred dollars in cash pocketing the difference. There are other similar operations, some of them useful for small time urban drug traffickers. In 2009, the Venezuelan government reduced the limit of CADIVI credit cards and cash withdrawal by half because of the fall in oil prices. It is also discussing with bank officials other rules to restrain abuses. In 2008, 94 000 Venezuelans had their cards blocked because they were unable to submit receipts (Novaes and Monteiro 2008).

The CADIVI and the growth of social services offered by the Venezuelan government attract Colombians to the other side of the border. Another policy of the Chávez government was to grant identification cards to Colombians who travel back and forth to work or do business in the Venezuelan border region, so bi-nationality is not a rare condition in the frontier zone. Identification cards can also be bought rather cheaply (200 dollars) and in both cases the card allows them to vote in local and national elections, so it is not uncommon for Venezuelan politicians to campaign in Cúcuta.

The fact that one can buy in some sense citizenship has a precedent in tax havens and offshore financial centers. Our reading of some of the current policies of the Venezuelan government, such as the CADIVI credit cards and the selling of identification cards, is that Chávez uses some of the instruments devised by global capitalism in pursuit of his own nationalist goals. Even if the script is old, in no way should his policies be underestimated. Huge investments are being made in infrastructure, biofuels, agriculture modernization, technology and higher education, albeit falling oil prices.

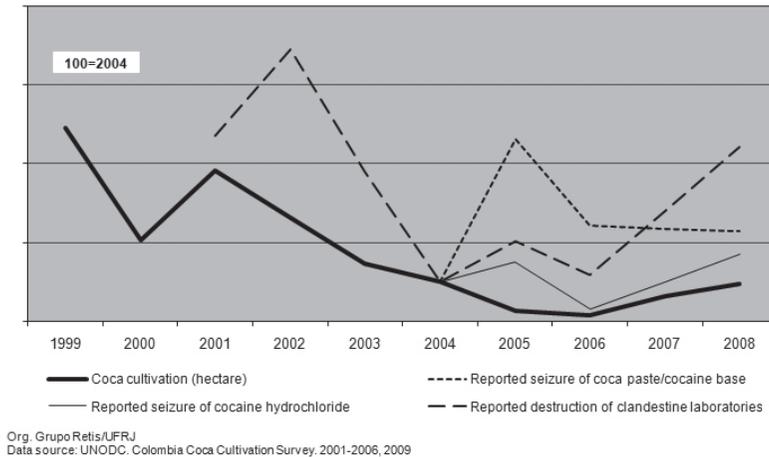
The local government of Tachira seems to support the central governments restrictions to the use of credit cards, counter to expectations, since the region’s economy is largely dependent of commercial ties with Cúcuta, and some of the profits gained in Cúcuta returns to Tachira. On the other hand, Venezuelan landowners and investors who oppose the “Bolivarian socialist revolution” of Hugo Chávez are buying land and businesses in North of Santander, which may evolve into a new source of tension between the two countries. In fact, the border states of Tachira and Zulia, with the strongest commercial ties to Colombia are also where Chavez is politically weaker.

The international cocaine commodity chain explains much of the economy of North of Santander, of the metropolitan area of Cúcuta and of cross border relations with Venezuela. The border region is one of the main routes for the export of coca paste, cocaine base and cocaine, and imports of chemicals for coca planters and cocaine labs (Reyes, Thoumi and Duica 2006). Smuggling of lower priced gasoline from Venezuela has in the cocaine base labs of North of Santander and, further to the west, the Cauca River valley, a thriving market, which partially explains the quasi revolts of smugglers (who do not hesitate to consider themselves as such) when Venezuelan border authorities close for some reason or other the border. The smuggling of chemicals and agrochemical has the same destination. However, Venezuela is merely the sixth largest supplier of chemicals to the cocaine commodity chain.

The story of high yielding coca cultivation in the Catatumbo River Basin (the Tachira River is a sub-tributary of the Catatumbo) in North of Santander starts around 1994, with the arrival of drug traffickers from Cali and Cúcuta, and of FARC (*Fuerzas Armadas Revolucionarias de Colombia*), the leftist guerrilla group. The introduction of coca cultivation in North of Santander more or less coincides with the “moving frontier” of coca cultivation, which changed Colombia’s insertion in the illicit drug economy specialization in the production of cocaine to concentration of all stages of the commodity chain in its territory (Thoumi 1995).

From transit point in cocaine export routes to Venezuela, Cúcuta became a regional hub for drug trafficking and money laundering in the last decade. Paramilitary groups drove away the FARC around 1999, and became the sole controller of trafficking and cocaine labs until its demobilization by the Colombian government in 2004 (Vargas 2005). Plan Colombia, the USA-Colombia agreement signed in the context of the “War on Drugs” managed to eliminate most of coca cultivation in North of Santander, but in the last few years a rebound is in course (Figure 8).

Figure 8. North of Santander (CO): Evolution of the Coca-cocaine Complex (1999-2008)



For the Colombia-Venezuela frontier zone, the coca cocaine commodity chain has strengthened “informal” integration. It would be difficult to explain the metropolitan region and its dynamics if one leaves out the linkage between legal and illegal activities.

Final Remarks

Albeit the complexity of formal and informal integration processes, and despite the fact that two empirical cases does not permit sweeping conclusions, there are some aspects we find worthy of discussion. The first aspect is the need to differentiate frontier zone integration and “regional integration” Because relations between central governments and sub-national border regions of South American countries are strongly hierarchical, the power of the former is curtailed by its inability to negotiate and thus develop effective means of controlling events at the border. The first step towards a less hierarchical structure is to accept that “informal integration” in frontier zones supports border economies and helps stabilize regional integration processes. A second aspect is that in many instances conflicts or tensions between countries in processes of formal integration derive from unsolved structural social economic and political problems within the nation state. Land purchase by foreigners would not be perceived as a serious threat if land tenure was less concentrated as is the case of Uruguay, Brazil but also to Paraguay or Bolivia; the political rhetoric of President Hugo Chávez of Venezuela or President Uribe of Colombia would not make sense and would not be so belligerent if they were not wrestling with serious internal political and economical problems, and so on. Finally, a third aspect is that in both the Brazilian-Uruguay and Colombia-Venezuelan frontier zones, the manipulation of norms and rules on behalf of “national” interests by central governments is consistent with the subversion of the rule of law by citizens that depend on trans-border relations. The idea that ‘juridically empty’ exceptions to the rule of law, such as free trade zones in border towns, military incursions into neighboring countries, legal capitalization of illegal activities by individuals, firms and

governments, etc., tends to coincide with the normal order of things is not far-fetched. Nor is Agamben's contention that the [abstract] territorial power of sovereignty is being replaced by or evolving towards the 'government of the living and of things'. Frontier zones and border regions are not exceptions to the "norm" but perhaps one of the best places to study how the "exceptional" has become the rule in present-day societies.

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