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Intelligence Report

Office of Asia and Latin American Analysis

14 April 1997

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Peru-Ecuador: Progress Toward Dispute Settlement Update

[Redacted]

Prepared for Brasilia Meeting

[Redacted]

Peru and Ecuador appear committed to beginning the next phase in the border dispute resolution process. The disputants have exchanged lists explaining their positions on the *impases*.

- Ecuador would like to discuss the Zarumilla canal *impase* first, while Peru wants to begin with demarcation of the Lagartococha-Guepi border area. The two agree, however, that the most contentious *impase*--that regarding the Cenepa Valley and Ecuador's claim to Amazon access--will be addressed last. ***Achieving agreement on the order of discussion probably will not be difficult because the two sides disagree only on the order in which to discuss the easier impases.*** [Redacted]

Quito Eager for Progress...

[Redacted]

[Redacted] Ecuador is ready to move to substantive talks immediately after the installation of the negotiating teams next week and will stay in Brasilia as long as necessary to get the process off to a good start.

- Quito says that it will not raise its allegations that Peru has planted landmines on Ecuadorian territory at the Brasilia meeting [Redacted]
- [Redacted] Quito could even be flexible on the contentious *impase* dealing with sovereign access to the Amazon [Redacted]

Because of domestic problems and its inability to match Peru in an arms race, Ecuador may want to resolve the border dispute as soon as possible.

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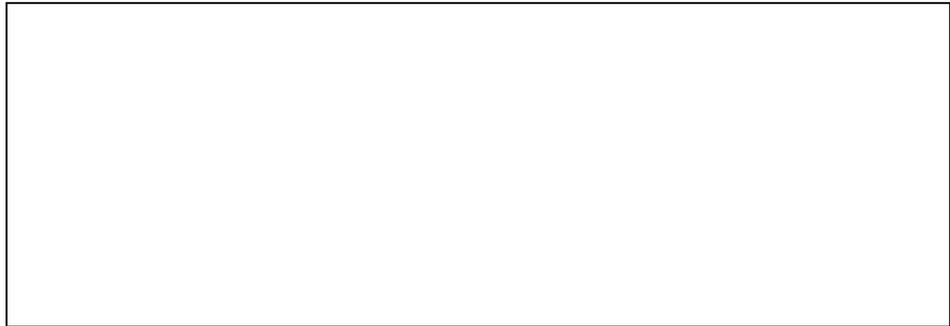
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- [redacted] the Ecuadorian military--which is more hardline than the Foreign Ministry--is largely being kept out of the strategy formulation process in preparation for the talks, *which also suggests that Quito wants significant progress from the beginning stages.* [redacted]

...While Peru is Prepared To Stonewall [redacted]

Peru is going to stick to its strict legalistic interpretations of the Rio Protocol at Brasilia [redacted] *which may limit progress to an agreement on the order for discussing the* impases.



Despite its apparently inflexible attitude toward the Brasilia talks, Peru has been careful not to publicly provoke Ecuador in recent weeks. For example, Peru has not publicly announced its receipt of Su-25s, which [redacted] could antagonize Ecuador. [redacted]

Ecuador's Air Force Asks About F-16Cs [redacted]

In an example of the military's tougher attitude toward Peru, the Ecuadorian Air Force last week formally requested price and availability data from the United States on a package of 12 F-16C aircraft, claiming that Quito was going to buy advanced aircraft by the end of the year. [redacted]



[Redacted]

[Redacted]

- There is no indication that the Alarcon administration--which faces a gaping budget deficit and few means to acquire the funds to finance an expensive aircraft buy--has approved or will approve a purchase of advanced aircraft. [Redacted]

MiG-29 Deployment Amid Problems With Support [Redacted]

Peru will begin deploying its MiG-29s to an airbase at Chiclayo in northern Peru this month [Redacted] placing these aircraft 150 miles--or about 15 minutes flight time--from Ecuador. [Redacted]

[Redacted]

- Both the MiG-29s and Su-25s have relatively short ranges, which make it necessary to deploy the aircraft at forward bases close to the likely battlefield. [Redacted]

The Peruvian Air Force Commander may have been dismissed for failing to ensure that the MiG-29s had sufficient supplies and ground support equipment.

- The arms dealers who arranged the MiG-29 deal with Belarus are scrambling to get repair parts and ground support equipment for the aircraft. Russian arms export officials have recently emphasized their view that foreign buyers should work with Moscow, not intermediaries in the former Soviet Republics, to purchase Russian-built weapons.
- General Richter, the Peruvian Air Force Commander, resigned suddenly and unexpectedly last week, suggesting that he was held responsible for the problems with acquiring parts for the MiG-29s. [Redacted]

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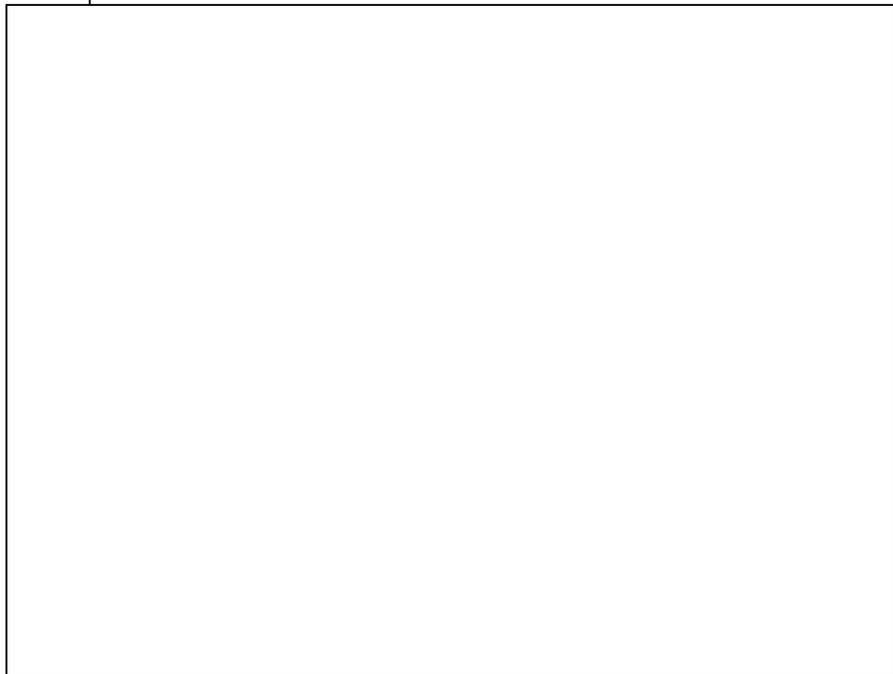
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