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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

NFAC-5553-78
8 December 1978

MEMORANDUM FOR: Director of Central Intelligence

FROM : Acting National Intelligence Officer for Latin America

VIA : National Intelligence Officer for Warning
Director, National Foreign Assessment CenterSUBJECT : Latin America -- Warning of Impending Developments ☐ 25X11. Action Requested: None; for your information only. ☐ 25X1

2. Background: New ingredients have been added to some of the impending developments previously signaled. Argentina seems more deeply committed to resorting to military force against Chile to strengthen its territorial claim south of the Beagle Channel; the Bolivian coup d'etat resulted in the installation of yet another fragile government which seems destined to be overturned soon; and the anti-Somoza forces which are obtaining arms and other support from Cuba as well as from Venezuela and Panama appear likely, if mediation breaks down, to launch another assault against Somoza from Costa Rica. ☐ 25X1

3. Argentina continues to move military forces, equipment, and naval units south with the apparent intent to seize a couple of uninhabited islands south of the Beagle Channel (probably the Evout and Barnevelt Islands), and possibly also some Chilean territory on the mainland. Although Argentina and Chile have agreed to have their Foreign Ministers meet on 12 December to identify a mutually acceptable mediator for their dispute and to work out other related issues, it seems unlikely that any substantive progress will be made. Argentina will be prepared to make a military move any time after 15 December. Should hostilities break out, Chile will almost certainly invoke the Rio Treaty. ☐ 25X1

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4. The overthrow of General Pereda as President of Bolivia by General Padilla is typical of the coups d'etat which have beset Bolivia for almost two hundred years. The forces for political stability do not at present exist in Bolivia, and I anticipate that Padilla, in turn, may be overthrown by a military conservative within a few months.

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5. Despite vigorous mediation efforts in Nicaragua, political eruption is just barely below the surface. Anti-Somoza forces are receiving some military aid in the form of arms and advice from Cuba as well as from Venezuela and Panama. In fact, Cuba reportedly is funneling aid to the FSLN through Panama and the Communist Party of Honduras. This is the first indication we have seen in years that Castro is providing any significant assistance to revolutionaries in the Western Hemisphere. He is not, however, committing Cuban nationals to the fray. Meanwhile, several hundred Sandinista guerrillas are camped just inside the Costa Rican border. If the mediation effort breaks down and Somoza declines to resign, I anticipate the Sandinistas will attack.

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6. The above judgments are based upon consultations with my colleagues in INR/State, DIA, NSA, and Treasury.

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