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# Latin America Review



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21 December 1984

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**Latin America  
Review**

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**World Sugar Glut: Squeezing Caribbean Sellers**

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Depressed prices and a sharp decline in sugar use in the United States have trimmed export earnings in key Caribbean Basin countries. The sugar market is likely to remain oversupplied for a number of years, creating hardships on the populace and the potential for political unrest among Latin American sugar exporters.

[Redacted]

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*Articles have been coordinated as appropriate with other offices within CIA. Comments and queries regarding this publication may be directed to the Chief, Production Staff, Office of African and Latin American Analysis.*

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### Articles

#### Argentina: Prospects for Leftist Terrorism [Redacted]

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The recent extradition from Brazil to Buenos Aires of Montonero terrorist leader Mario Firmenich has again focused public attention on the danger of a resurgence of leftist terrorism in Argentina. Terrorism by the left has been a persistent source of political instability in Argentina and has played a central role in undermining the authority of both military and civilian regimes. President Alfonsin's response to the first inklings of terrorist reorganization shows, in our view, that he understands the gravity of the threat. [Redacted]



Exiled Montonero at a press conference: the movement's military ethos endures. [Redacted]

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We foresee little chance of a serious terrorist movement emerging over the next six months. Nevertheless, the political scene is volatile and the Alfonsin government may not be able to contain the social, economic, and political pressures that could ignite leftwing violence at a later date. [Redacted]

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#### Return of the Montoneros

The Montoneros, who first emerged in the late 1960s, have long sought to convert Peronism into a movement of the revolutionary left. After Juan Peron's death in 1974, the Montoneros clashed openly with the Peronist party's conservative leadership and were expelled from the movement by his widow and successor, Isabel. The Montoneros continued to struggle for what they termed "authentic Peronism," becoming one of South America's largest, wealthiest, and most deadly terrorist groups. Nevertheless, they were crushed after the military coup of 1976. The few Montoneros who were not killed or captured by the armed forces were forced into exile, where they launched a largely ineffectual propaganda campaign against the military. [Redacted]

[Redacted]

[Redacted]

numerous Montoneros returned to Argentina in the months following the election in October 1983 of the new civilian government. Any expected lenience from the authorities, however, did not materialize. Alfonsin, who personally abhors terrorism and needs to hold the left accountable for its crimes if he is to

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successfully prosecute the military for its excesses during the antiterrorist campaigns of the late 1970s, took a tough stance regarding the Montoneros. Two top Montonero leaders, Ricardo Obregon and Oscar Bidegain, were arrested soon after returning to Buenos Aires in December 1983, and Firmenich has remained in custody since his extradition from Brazil in October 1984. Moreover, public statements by government officials indicate that Alfonsin—despite cutbacks in military spending—intends to preserve the military's ability to monitor terrorist capabilities.

**Internal Divisions**

These arrests, in our view, dealt a severe blow to the Montonero movement and have hindered its efforts at reorganization. With their most experienced leaders in prison or in hiding, the Montoneros' once solid chain of command has broken down.

two basic currents have emerged: a relatively moderate majority faction loyal to Firmenich, and more violence-prone groups whose leadership is unclear.

The Firmenich faction has publicly abjured violence, asserting that the Montoneros will now concentrate on electoral politics. Before his arrest, Ricardo Obregon announced the Montoneros' dissolution as an armed force and their reconstitution as the Authentic Peronist Party.

instead of forming an independent party, the Montoneros have attempted to infiltrate the regular Peronist movement's radical left wing, the Peronist Intransigence and Mobilization (IMP) faction. The IMP is headed by Peronist Senator Vicente Saadi, a well-known Montonero sympathizer whose newspaper, *La Voz*, was formerly subsidized by Montonero ransom money.

We believe that the Montoneros' current goal is to gain full control of the IMP and use it to turn the entire Peronist movement toward the revolutionary left. The Montoneros are supplementing this strategy by infiltrating Peronist-controlled trade unions and rural cooperatives.

We believe that the Firmenich faction's rejection of violence is a tactical maneuver and that it would

return to armed struggle under more favorable circumstances. The Montoneros have pledged in the past to work for peaceful change, but they quickly reverted to violence when conditions shifted. Furthermore, members of the group are rearming and continue to train in terrorist tactics and guerrilla warfare. Recent public statements by Roberto Perdia and Fernando Vaca—the top Montonero leaders not in prison—have hinted at a resumption of violence if Alfonsin continues to "persecute" the movement.

The immediate danger, however, stems from those Montoneros who question the leadership's cautious stance. Although not formally structured into an anti-Firmenich group and divided among themselves, these Montoneros doubt that they can ever dominate Peronism and are eager to resume violence.

**Reorganization of the ERP**

Argentina's other significant leftist terrorist group is the People's Revolutionary Army (ERP). In contrast to the vague populism espoused by the Montoneros, the ERP is rooted in Trotskyite Marxism-Leninism and has drawn inspiration more from Castro and Mao than Peron. Emerging concurrently with the Montoneros, the ERP was smaller and was concentrated in Argentina's interior provinces, where it conducted sporadic rural guerrilla warfare until the late 1970s. Like the Montoneros, the group was ravaged by the military's post-1976 crackdown. the ERP lost 85 percent of its cadre and close to 95 percent of its weapons, safehouses, and vehicles during that period.

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**Enrique Gorriaran Merlo**

An Argentine of Basque origin, Enrique Gorriaran, about 42, is the ranking leader of the People's Revolutionary Army (ERP). A founder of the ERP in 1970, Gorriaran was arrested one year later and imprisoned in southern Argentina. In 1972 he escaped to Cuba, returning to Argentina the following year to participate in the ERP's rural guerrilla campaign. US diplomats report that, by the late 1970s, Gorriaran led the ERP's military wing, which attacked businessmen and labor leaders and assassinated police and military personnel. He fled the country following the 1976 military coup and resurfaced in Nicaragua, fighting alongside the Sandinistas. Gorriaran led the hit team that assassinated former Nicaraguan ruler Somoza in Paracuav in 1980.

[redacted] He currently lives in Managua. [redacted]



**Mario Eduardo Firmenich**

Mario Firmenich, 36, is on trial in Buenos Aires for kidnaping and homicide. A founder of the Montoneros, Firmenich gained notoriety in the early 1970s for his involvement in two bold terrorist acts: the kidnap/murder of former Argentine President Pedro Aramburu and the kidnaping of two Argentine businessmen, which resulted in a record \$60 million ransom. After the 1976 military crackdown, he moved abroad and tried to mobilize support for the Montoneros in Latin America and Western Europe.

[redacted]

These same sources report that he remains friendly with Sandinista leaders and in 1981 was involved in smuggling Cuban arms to El Salvador.

[redacted]

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Press reports indicate that remnants of the ERP—probably no more than 100 persons—returned to Argentina in the wake of Alfonsin's election. As with the Montoneros, the group split into moderate and radical sectors. Unlike the Montoneros, however, the ERP appears to be fairly cohesive and well organized, with orders issued by exiled leaders in Managua, Nicaragua. [redacted]

These leaders—chief of whom is Enrique Gorriaran—evidently believe that the moment is not ripe for the resumption of armed struggle in Argentina.

[redacted] the exiled ERP chiefs have justified their failure to return home by alleging that Alfonsin wants to arrest them to complement the Montoneros already imprisoned. Gorriaran pledged at a press conference in Managua earlier this year that, for the time being, ERP members in Argentina will use violence only in self-defense. [redacted]

[redacted] the ERP is seeking to expand its political base by infiltrating the small but influential far left Intransigent Party (PI). The ERP has chosen the PI because the two groups are ideologically compatible and, [redacted]

[redacted] because the ERP wants to avoid competing with Montonero penetration of the Peronists. The ERP has also been active in a handful of leftist labor unions and some of Argentina's human rights organizations. Its overall success in these efforts is unclear, but [redacted] penetration of the Intransigents has been extensive and that many ERP members hold important PI leadership posts. [redacted]

We share the judgment [redacted] that the ERP's long-term goal is to return to armed struggle. In the meantime, however, the group's more moderate sector has effectively reigned in unruly elements who want to initiate violence immediately. [redacted]

[redacted] exiled leaders recently denied permission for an ERP cell to recover an arms cache in Argentina dating from the late 1970s. While reassuring as to the movement's short-term intentions,

this may indicate that the ERP has at least a rudimentary capability to undertake terrorism if and when it abandons its current policy of relying solely on political infiltration. [redacted]

**ERP-Montonero Contacts**

One of the more disquieting developments is a trend toward ERP-Montonero cooperation; the two movements recently have set aside longstanding ideological disputes and have begun to work together. An ERP-Montonero meeting was held in Cordoba Province in April 1984, according to press reports, and [redacted]

[redacted] the two groups have agreed to cooperate in order to infiltrate labor unions. The political organizations with which the Montoneros and the ERP are linked have also been moving closer together: [redacted] the IMP and the PI are trying to coordinate efforts to politicize and manipulate several human rights groups. [redacted]

**Foreign Support**

Although ERP-Montonero collaboration may ease logistic barriers—such as lack of sufficient weapons and funds—to a resumption of terrorism, in our view, the radical left would require considerable foreign support to mount a serious threat to Argentine democracy. At present, prospects for such aid are dim:

- The PLO, which previously trained and funded the Montoneros, refused appeals for renewed aid in mid-1983, [redacted]
- Mexican officials are terminating safehaven arrangements and government jobs they formerly provided for exiled Montoneros, [redacted]
- The Cubans, [redacted] want to ingratiate themselves with Alfonsin and will therefore use their considerable influence over the

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Montoneros to discourage terrorist acts. [redacted]  
[redacted] the ERP may be similarly  
constrained by the Cubans.

- Remaining ERP and Montonero contacts with the Sandinistas, Chilean MIR, and the remnants of the Uruguayan Tupamaros are highly unlikely to compensate for the lack of substantial Cuban and East Bloc backing. [redacted]

**Outlook**

We believe that the ERP and the Montoneros will concentrate on political activity over the medium term. Both groups recognize that, in the wake of the terrorist bloodletting and military repression of the 1970s, there is scant popular support in Argentina for political violence. And the Alfonsin government's arrest and prosecution of Montonero leaders has sent a clear message to the left that a return to terrorism will bring swift retribution. [redacted]

The Montoneros will not, in our view, succeed in wresting control of the Peronist movement from the center right. Senator Saadi and the IMP faction have recently suffered a series of setbacks and appear to be losing status within the party. At best, the Montoneros can hope to retain a voice on the Peronist left via the IMP or, if the movement splits, dominate a small independent radical Peronist faction. The ERP has slightly better prospects for expanding its political influence through the Intransigent Party. The PI did well in recent student elections, and polls show that it could become a vehicle for the expression of leftist discontent with Alfonsin. The party, however, lacks a national structure and following, and its radical ideology has historically precluded it from attracting more than 5 to 10 percent of the electorate. [redacted]

Although leaders of both the ERP and the Montoneros are likely to be preoccupied with political machinations over the coming months, violence by dissident elements of both organizations cannot be discounted. This is especially true in the case of the Montoneros, where discipline appears to be weakest. We believe that the Montoneros' radical fringe does have some capability to conduct kidnappings and assassinations. Such actions could be triggered by

further arrests of terrorist leaders, a harsh verdict in the trial of Firmenich, or provocations by rightwing terrorists. But we also believe that, under present circumstances, isolated acts of leftist violence can be effectively contained by the security forces. [redacted]

Over the long run, however, there is a danger that the radical left could resume full-scale terrorism. Argentina's new democracy remains fragile and has not yet been fully tested. Severe and prolonged economic pressures, or a power vacuum stemming from the assassination or incapacitation of Alfonsin, could jeopardize political stability. Such a scenario would probably include militant labor unrest, widespread social disorder, and a growing disaffection with democratic institutions on both the right and the left. Under these conditions the ERP and the Montoneros might be tempted to take up arms once again. The press reports that rightwing terrorists are also reorganizing and were responsible for several recent bombings of leftist and government targets; further attacks could spur a response from the radical left. The consequences of such developments are uncertain, but the stage would then be set for escalating left-right violence, growing political polarization, and a possible reentry by the military into the political system. [redacted]

[redacted]

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**Brazil: Transition Progress** 

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The Brazilian armed forces are committed to returning to the barracks following the indirect election of a civilian president in January and his inauguration in mid-March. Political activity has started to intensify as interest groups that have been all but shut out of the governing process for two decades are beginning to put forth their agendas for the postelection period. This activity is taking place against the backdrop of continued economic difficulties and residual military concerns about the ability of the civilians to govern the country effectively.

The prospects of a smooth transfer of power are strengthened by broad popular support for a return to civilian rule and the likelihood that Tancredo Neves—the experienced and moderate candidate, will be the new president. With his victory virtually assured weeks before the election, Neves has been able to concentrate on building good relations with the military, on further widening his political base, and on shaping the broad outlines of key policies.

**The Military Legacy**

The military leaves office with a mixed record. On one hand, the regime has fulfilled promises made in 1979 that it would complete the political liberalization process begun in the mid-1970s. On the other hand, Brazil, after high growth rates in the 1970s, will be less prosperous economically when President Figueiredo leaves the presidency than when he assumed office. Inflation is now running at an annual rate of over 200 percent and relations with foreign creditors are strained. While he inherited a difficult situation, Figueiredo's vacillation did little to reverse the downward trend, in our judgment.

As economic performance has slipped, public support for the military regime has declined. The government's political opponents made significant

gains in the 1978 and 1982 direct elections for congressional, state, and local offices. In the current presidential race, Paulo Maluf, the government's candidate, has been unable to gain wide popular or electoral college support. This has virtually assured a victory for Neves, who has assembled a broad-based electoral college coalition comprised of his own Brazilian Democratic Movement Party (PMDB) and anti-Maluf dissidents from the government's Social Democratic Party (PDS).

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**Building a Consensus**

With his election a near certainty, Neves has shifted his energies from campaigning for office to ensuring an orderly transfer of power. Working in his favor are his political moderation, his long experience in public life, and especially his commitment to the "rules of the political game" in Brazil that prize compromise over confrontation.

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**Negotiations With the Regime**

Neves began consultations with officials of the military regime several months ago, and talks have reportedly grown in frequency and depth since he emerged as the likely winner in late October.

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Neves, in exchange for continued military support of the transition process, has agreed to:

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- Block inquiries into past human rights abuses and protect President Figueiredo and his family from investigations into allegations of corruption.
- Name Cabinet-level military ministers acceptable to the high command.
- Avoid appointing leftists to key posts in his government.
- Avoid legalizing outlawed leftist parties, at least until after a new constitution is promulgated in 1986.

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Tancredo Neves—likely next president. Manchete ©

hopes not only to ensure a smooth transition, but also to lay the foundation for converting his diverse electoral coalition into a new, broadly based political party that would provide the congressional backing he believes he needs to govern effectively. [redacted]

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[redacted]  
Neves has met with PDS dissidents to discuss the composition of his Cabinet, which they believe should be dominated by moderates rather than leftists. At the same time, [redacted]

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[redacted] Neves intends to make sufficient concessions to discourage leftists from abandoning his coalition. [redacted]

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Neves is seeking geographic balance as well. The US Consulate in Porto Alegre reports that he has indicated he will appoint people from economically important Rio Grande do Sul Province to key posts. Politicians in the northeast also have been discussing possible appointments with Neves representatives. [redacted]

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#### Policy Directions

In setting policies, as in selecting personnel, Neves has sought to achieve political balance and to avoid antagonizing key groups. He has generally avoided controversial positions in public on economic issues, where his policies will have a major impact on his political support and on international lenders' perceptions of his government. He has been somewhat more forthcoming publicly on foreign affairs, probably because he plans no important departures from current policies. [redacted]

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#### Economic Policy

The direction of Neves's economic policy—and the selection of people to help guide it—have consumed nearly as much of his attention as the talks with the military. Neves, however, has avoided putting forward specific proposals that could alienate any segment of his constituency. His pronouncements have been tailored to his different audiences, and he has spoken in generalities that appeal to virtually all Brazilians—support for growth, more favorable terms from international lenders, and reduction of inflation. He tries to appear receptive to ideas from an ideologically

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Partly as a result of these discussions, the prospect of a government headed by Neves no longer troubles most leaders of the military regime. [redacted]

[redacted] Nonetheless, an apparent minority of officers remain concerned that Neves may be susceptible to manipulation by his leftist supporters and that he may be unable—or unwilling—to put down strikes or social disturbances. Some are also worried that Neves will be unable to make good on his assurances that he will block investigations into human rights abuses and corruption under military rule. [redacted]

#### Negotiations With Supporters

Negotiations focusing on the makeup of the new administration also are under way between Neves and the various political groups that support him. Neves intends, according to most observers, to form an ideologically and regionally balanced government. In doing so, according to US Embassy reporting, he

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### *Objectives of Key Interest Groups*

*Press and US Embassy reporting suggest that members of traditional interest groups—the political left, the Catholic Church, and organized labor—widely believe that the election will lead to an easing of pressing economic and social problems. Their anticipation has been heightened by the fact that Neves, the likely winner, is a member of the opposition. At this juncture, these groups appear to be tentatively formulating their agendas for the postelection period.* [redacted]

*The political left has actively supported Neves's candidacy. The left comprises primarily the leftwing faction of Neves's PMBD and the Brazilian Communist Party; and it includes the politically ambitious governor of Rio de Janeiro, Leonel Brizola. US Embassy reporting indicates that members of leftist groups hope to hold key posts in the new government, especially in the areas of economic planning and social welfare. The left is badly divided, however, and goals are often vague. In general, these groups appear to favor a more Third World-oriented foreign policy, a more equitable distribution of wealth, and a tougher posture toward foreign creditors and the IMF. Some leftist students and others advocate investigations into past human rights abuses and corruption and a break with international creditors.* [redacted]

*Organized labor, which embraces about 20 percent of Brazil's 44 million workers in 300 local unions, is formally banned from participation in partisan politics, but the prohibition has not been strictly enforced and union members have actively worked for various candidates. Even so, the labor movement, weakened by 20 years of military rule and badly divided, has not managed to formulate a coherent strategy. Union leaders are likely to press for substantial real wage increases and for changes in the current labor code to give them greater independence from state control. More militant labor leaders have threatened strikes and demonstrations if their demands are not met.* [redacted]

*The Catholic Church has tried to play a moderating role under the military, but an important segment of the hierarchy has adopted an openly adversarial*

*posture toward the regime, espousing views that often coincide with those of the left and labor. Cardinal Arns of Sao Paulo has been a key figure among activist clergy, especially in urban areas. In 1985, according to the US Consulate General in Sao Paulo, the Cardinal plans to press for independent labor unions, land reform, and measures to ease problems stemming from large-scale urban migration. Moreover, he intends to continue his strong support for the development of grassroots Christian organizations that encourage social activism.* [redacted]

*The business and industrial sectors generally give priority to the maintenance of a steady, cautious course that would sustain economic recovery. According to the Brazilian business press, commercial interests are generally pleased with the current government's economic adjustment program and do not want any dramatic shifts in policy that might harm exports, tighten credit, or push inflation upward. The US Consulate in Sao Paulo, the country's main industrial center, reported several months ago that, although conservative business leaders would accept Neves as president, they would press for a significant role in economic policy making.* [redacted]

*The middle class, including the government bureaucracy, could ultimately present Neves with his most difficult challenge. It is the least clearly defined group and lacks a formal institutional structure, but polling statistics indicate that it wields the most electoral clout. It encompasses diverse elements of society, ranging from skilled workers to small businessmen. Despite its heterogeneity, the middle class is united by a desire to protect its eroding standard of living. Thus, it has resisted IMF adjustment programs that have contributed to high unemployment. The middle-class grip on the vast federal, state, and local government bureaucracies provides considerable leverage over government initiatives and is likely to complicate Neves's ability to implement stabilization measures, especially those that would cut back public spending. Moreover, the prevalence of middle-class delegates in the Brazilian Congress may well hinder Neves's legislative program.* [redacted]

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diverse group of economic advisers, according to US Embassy and press reporting. [redacted]

Privately, however, Neves is working to put together an economic policy aimed at reassuring foreign creditors and the Brazilian business community,

[redacted] He has made direct and indirect contacts with foreign lenders to inform them of his intentions to honor Brazil's financial obligations. His representatives also are working with officials of the regime on the foreign debt and other economic issues. [redacted]

[redacted] Neves intends to name leftists to some high-level economic policy-making posts, but that he will keep them in check by surrounding them with moderates in second-echelon positions. [redacted]

[redacted] he hopes to bring economic conservatives from the Sao Paulo business community into key planning and ministerial posts. [redacted]

**Foreign Policy**

Neves's general public statements on foreign policy issues suggest to us that he plans no major departures from current policies. In a recent speech, he reiterated his commitment to nonintervention in the affairs of other nations and to a continued strengthening of ties with Latin American countries. He reaffirmed Brazil's identity with the Third World, eschewed involvement in East-West disputes, strongly endorsed the Contadora peace initiative in Central America, and was critical of superpower interference in regional disputes. [redacted]

On foreign economic policy, Neves's speech emphasized the political nature of the external debt problem and criticized high interest rates. He also denounced protectionism, especially in the United States, while at the same time staunchly supporting a bill in the Brazilian Congress that would defend the country's nascent computer industry from foreign competition. [redacted]

**Political Prospects for 1985**

We believe Neves will continue to make an orderly transfer of power his top priority, and thus, in our

judgment, he will continue to avoid introducing dramatic policy changes. As a result, in coming weeks we expect him to continue consulting successfully with the military and building relations with other key interest groups. [redacted]

Neves faces potential difficulties soon after the election, however, stemming from the fragile nature of his electoral coalition and the fluidity of the political landscape. There are already indications in the Brazilian press, for example, that leftists among Neves's economic advisers are disenchanted with his middle-of-the-road approach. A number of potential appointees have hinted that they may not join the new government in order to run in the 1986 congressional and local elections. There also have been numerous indications that a realignment of Brazil's political parties will occur in 1985, and that some leftist parties will oppose Neves, which would rupture his coalition. [redacted]

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**Colombia: The Cease-Fire  
Limps Along** [redacted]

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Building on cease-fire accords signed earlier this year, the government recently opened formal negotiations with three of the country's four guerrilla groups. Although it appears increasingly unlikely that a lasting peace will result, the cease-fire should hold for at least the next several months, as both sides believe it serves their short-term interests. [redacted]

President Betancur, who has made a settlement with the guerrillas his major priority, is determined to prevent the truce from unraveling before he leaves office in 1986. Last month he authorized government spokesmen to initiate a "national dialogue" with the guerrillas, which focuses on proposals for sweeping reforms in such areas as rural land ownership, education, labor, public health, and public services. [redacted]

Colombia's rapidly growing economic problems, however, have weakened Betancur's ability to fund reform and aid programs. Determination by congress to protect its legislative prerogatives also has restricted his maneuvering room on concessions to the guerrillas. Consequently, little progress has been made to date, and Betancur is facing mounting criticism from important interest groups for coddling the insurgents. [redacted]

Most notably, senior military officers worry that the guerrillas will be more formidable when the insurgency resumes because they will have had time to rebuild their forces, a situation the military views as inevitable. Having failed in earlier efforts to denigrate Betancur publicly, however, military leaders now emphasize their support for the government's peace efforts. This change probably reflects a judgment by the high command that the military's public stature will be enhanced—and its budget increased—if the insurgents are blamed for causing the cease-fire to collapse. [redacted]

**Guerrilla Strategy**

[redacted] all three guerrilla groups that have accepted the cease-fire are openly strengthening their political bases, while simultaneously preparing for a return to hostilities. [redacted]

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The 19th of April Movement (M-19) has taken the lead on the political front by naming Ivan Ospina as its candidate for the 1986 presidential election, holding rallies, and working to strengthen labor support. Nonetheless, [redacted] the group also is recruiting and training new guerrilla cadre and consolidating its position in rural strongholds. [redacted]

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[redacted] the M-19, like the other guerrilla groups, continues to kidnap wealthy private citizens and extort money. Also, in exchange for financial aid from local narcotics traffickers, M-19 leaders have agreed to stage demonstrations against Colombia's extradition treaty with the United States. Moreover, an M-19 leader has publicly urged traffickers to carry out threats to kill US Embassy personnel. [redacted]

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The Revolutionary Armed Forces of Colombia (FARC)—the country's largest insurgent group—recently transformed its cease-fire agreement with the government into a one-year truce. It probably was prompted to do so by military pressure and concern that the M-19 might upstage it in the bid for political power. The group's leaders plan to create a political party and reportedly will spearhead efforts by the Communist Party to unite the country's leftist forces

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into a political front for the 1986 elections. In fact, the Communists plan to promote Manuel Marulanda and other FARC leaders as candidates in 1986,

[redacted]

The People's Liberation Army (EPL)—the smallest and most volatile of all the signatories of the cease-fire agreement—recently withdrew from the national dialogue over what it termed a lack of political guarantees, unjustified arrests, and government accusations that some of its members are involved in drug trafficking. Although the group relented on an earlier threat to end the cease-fire, the belligerence of its leaders makes it unlikely that the group will even go through the motions of participating in the negotiations. Meanwhile, [redacted]

[redacted] EPL leader Oscar Calvo agreed last September to help the Marxist-Leninist Communist Party of Ecuador develop an insurgency capability by offering to provide paramilitary training in Colombia for selected party members. [redacted]

**Outlook**

The cease-fire is likely to continue for at least several months, because of the importance Betancur places on his reputation as a peacemaker and the apparent belief by most guerrilla leaders that they need time to rebuild. Nevertheless, the President's political skills will be tested as he responds to growing public impatience with continuing rural violence and with the demands of firebrand guerrilla leaders, some of whom already are threatening to resume the armed struggle. [redacted]

[redacted]

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## Bolivia: Labor's Political Impact

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The powerful Bolivian Workers' Central (COB) has underscored its potency as a political force in recent months by using repeated general strikes to force President Siles to shy away from austerity measures. The Central's actions are partly a response to economic conditions but also reflect a deepening power struggle among union factions. Although COB Executive Secretary Juan Lechin remains the most dominant figure within the labor movement, his influence has been diluted, making confrontations with the government even more difficult to manage. Notwithstanding recent major concessions to labor, strikes probably will resume in coming weeks, especially if the private sector follows through on plans to lay off large numbers of workers. In that event the Central, which already bears a heavy responsibility for undermining Siles, probably will help galvanize military coup plotters and spark the President's overthrow.

### Background

The COB is the umbrella organization for the vast majority of the country's workers. Formed in 1952 in the aftermath of the revolution, the COB retains a strongly populist and nationalistic orientation. Its 53 affiliated unions range from Communists and far-left splinter groups to very conservative factions. Despite this ideological diversity, it has become one of the hemisphere's most active, influential, and intransigent labor movements.

Over the years the COB has alternated between participating in government and serving as an implacable opponent of both state and private management. Using hunger strikes, mass demonstrations, and political negotiations, the union played a key role in bringing about the return to constitutional government in 1982. But after allowing Siles an initial honeymoon period, labor leaders have

repeatedly staged national strikes to prevent the President from implementing necessary economic adjustment measures. In response to this pressure, Siles has granted many of labor's demands. Nevertheless, the economic plight of the worker continues to worsen, thereby causing increasing divisions within the COB over the choice of tactics.

### Major Factions

Juan Lechin, the preeminent labor leader since 1952, remains a dominant figure because of his strength in the miners' union and his position as the COB's executive secretary—a post he has held for more than 30 years. An anti-Communist nationalist who practices pragmatic populism, Lechin is also motivated by an intense personal rivalry with Bolivia's two other patriarchs: President Siles and former President Paz Estenssoro. Of these three, only Lechin has not been president, and his desire for this office remains strong even at the age of 72.

Lechin's most persistent challenge in the COB has come from the Communist Party of Bolivia. According to the US Embassy, the Communists used their strong organizational base to maintain contact with workers during military rule in the 1970s, while many other union leaders—including Lechin—were exiled abroad. The party's efforts to expand its influence have been aided by Soviet financial assistance and scholarships for study in the USSR, according to the US Embassy. Communist inroads have been greatest within the miners' and factory workers' unions, but the party has also gained support with the bank and urban teachers' unions. In addition, the Communists controlled the ministries of mining and labor until last month, and this strengthened their access in these critical areas.





Labor leader Lechin

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Ultraleft factions, including the radical Socialist Party, the Maoist Marxist-Leninist Communist Party, and the Trotskyite Revolutionary Workers' Party, also compete with Lechin for influence within the COB. These groups can count on some support among bankworkers, civil servants, and mining and factory workers. In addition, the new COB secretary-general, Walter Delgadillo, is a member of the radical labor faction of the Movement of the Revolutionary Left, until recently a member of the ruling coalition. Delgadillo has gained prominence and popularity by calling for a tough stance in dealing with the government. The militancy of these groups has forced Lechin to speak out against the radicals' repeated demands for general strikes, and he has had to resort to threats of resignation to gain leverage against them.

#### **Showdown at the COB Congress**

Competition among the labor factions came to a head at the COB's National Congress in September. At the base of the conflict was the long-brewing showdown between the Communist-led faction and Lechin's

Revolutionary Unity Command (DRU), a collection of several radical groups. Delays and disorderly debates during the Congress produced a mood of frustration, irritability, and deepening fragmentation.

The DRU emerged victorious, winning a clean sweep of the elections and ousting the Communists from the Executive Committee. The Communists—whose stature with labor's rank and file had suffered because of the party's participation in what is increasingly seen as an inept government—also lost the positions of secretary-general and international relations secretary.

#### **Growing Labor Divisiveness**

In the wake of the Congress, however, it has become increasingly apparent that divisiveness within the COB has weakened Lechin's control. For the first time in 32 years, his reelection as executive secretary was not unanimous. On 9 November, the union launched a 48-hour general strike for higher wages, and, when the government rejected labor's "emergency plan," the COB announced an indefinite general strike. According to the US Embassy, the decision for the second strike was made following a heated COB general assembly in which the radical factions overruled the Communists and Lechin, both of whom argued for less drastic measures. Moderate COB leaders conceded to US Embassy officers that the strike was ill conceived and that they hoped an excuse could be found to justify calling it off.

On 22 November the COB suspended the general strike after the government announced an economic package laden with concessions to labor. The Communists used the package as an excuse to leave the Cabinet, citing the failure to nationalize banks and flour mills. Having joined the opposition, the Communists defied the COB's decision for a temporary lull and pushed to extend the strike in an apparent bid to regain the popularity and leadership positions their participation in the government had cost them. Lechin, on the other hand, opposed the strike during a COB general assembly, also for largely tactical reasons. Realizing the government had conceded all it would, he evidently hoped to undermine the Communists and his newest rival,

Walter Delgadillo, by depicting them as irresponsible for continuing to weaken the economy.

Notwithstanding Lechin's actions, however, miners and other key groups continued the strike for another week.

**Outlook**

In our judgment, labor protests are almost certain to resume in the weeks ahead. In the face of the recent 655-percent increase in minimum wages, the private sector is threatening massive layoffs, which in turn could lead to violent rallies and plant takeovers. Spiraling inflation, food shortages, and growing unemployment also strengthen the likelihood of renewed labor agitation. Competing factions in the military have been plotting for some time, and another wave of strikes probably would help unify these groups and encourage them to depose Siles.



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**Mexico: Near-Term Prospects** [ ]

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President de la Madrid, who came to power at a time of unprecedented economic crisis, will begin his third year in office this month. His austerity policies are beginning to bring economic recovery, but dissatisfaction with belt-tightening and the government's stalled anticorruption campaign probably will lead to scattered violence as the nation prepares for major elections next summer. Meanwhile, Mexico's leaders will attempt to bolster the ruling party's popularity by touting improving economic prospects, manipulating traditional pork barrel measures, and emphasizing greater independence from the United States in international affairs. [ ]

and do not believe that de la Madrid's widely publicized "moral renovation" campaign has appreciably reduced official corruption. [ ]

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**Modest Economic Progress**

De la Madrid's austerity policies have brought Mexico back from the brink of financial ruin. In recent months, the economy has begun to recover from the sharp decline in 1982-83. Economic activity began to pick up at midyear, and GDP will grow 2 to 3 percent this year. Moreover, foreign creditors early in 1985 will ratify an agreement reached last September to reschedule about half of the country's \$98 billion external debt. [ ]

De la Madrid probably will be able to avert large-scale social unrest, as he has in the past, by telling Mexicans that continued sacrifice is necessary if the country is to recover. In addition, he will skillfully manipulate patronage and other resources to keep Mexico's leftist groups divided and to ensure that support for the National Action Party, the country's second strongest political force, is kept largely confined to the north. [ ]

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A major test for the government will come in July, when Mexicans will elect all members of the Chamber of Deputies, seven governors, and numerous mayors. The ruling party probably will concede the opposition some local victories throughout the country. It is likely, however, to employ pork barrel, [ ]

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Continued recovery is likely in 1985, but for the present, economic problems persist. The purchasing power of Mexicans has fallen almost a third over the past two years, and the government this month announced deep cuts in politically sensitive food subsidies. De la Madrid also has yet to gain the confidence of the business sector, whose investment is needed for a strong recovery. [ ]

intraparty reform, to maintain control of all governorships and the vast majority of deputy seats. As a part of the reform effort, the party is experimenting with primary elections and seeking to nominate more appealing candidates. [ ]

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**Mounting Political Pressures**

Embassy reports indicate that many Mexicans blame the government for mismanaging the economy. Mexicans also complain of rising crime in urban areas

Violent demonstrations, possibly involving clashes of partisan supporters and takeovers of local government buildings, are likely to occur in the north, and possibly in other areas, during the election period. Such disorders probably will remain localized, however, and the government should be able to contain them using civilian security forces and, if need be, the Army. [ ]

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**Possible Bilateral Strains**

Although Mexico City will try to maintain a generally friendly tenor in its ties with the United States, the coming elections could aggravate occasional strains in relations. As a part of its effort to discredit the National Action Party, for example, the ruling party has launched a verbal broadside against its conservative rival for sending observers to last summer's Republican Convention in Dallas. Ruling party officials also allege that the National Action Party receives financial assistance from US sources, a charge that the opposition party denies. [redacted]

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Differences over Central America also could figure in the campaign. De la Madrid is likely to curry favor with domestic leftists by emphasizing Mexico's strong support for the Sandinista regime in Nicaragua. Mexico City is Managua's principal supporter in the Contadora negotiations and, despite Mexico's own economic difficulties, continues to supply petroleum to Nicaragua on a concessionary basis. [redacted]

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De la Madrid, although more conservative than his two immediate predecessors, almost certainly would condemn any major US efforts to increase pressures on Managua. Mexico City probably would maintain such a stance even should Managua take delivery of Soviet MIG-21 aircraft or other sophisticated military hardware. Moreover, the Mexicans probably would blame the United States should the Contadora negotiations collapse and fighting intensify in Central America. [redacted]

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Mexican-US ties also could be strained in the months ahead if the United States places new restrictions on Mexican imports or strengthens immigration laws. Mexican officials objected not only to the substance of Simpson-Mazzoli bill but also to the fact they were not more extensively consulted before the legislation was introduced during the last session of Congress. [redacted]

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Mexico is likely to adopt positions in multilateral forums on disarmament and North-South issues intended more to refurbish de la Madrid's nationalist and Third World credentials than to please Washington. In the UN General Assembly, for example, Mexico is likely to side with the USSR and Cuba more often than with the United States. [redacted]

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## World Sugar Glut: Squeezing Caribbean Sellers

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The world sugar market is in its most depressed state in decades, with spot prices slumping to under 5 cents a pound. Moreover, prospects for revival are slim, in part because of stiffened competition from nonsugar sweeteners. Depressed prices and a sharp decline in sugar use in the United States have trimmed export earnings in key Caribbean Basin countries such as the Dominican Republic, Guatemala, and Panama. While some exporters, such as the Dominican Republic, are beginning steps to reduce dependence on sugar, we believe the sugar market will remain oversupplied for a number of years, creating hardships on the populace and the potential for political unrest among Latin American sugar exporters.

### A Severely Depressed Market

Even though there has been a glut in the sugar market since 1981, production increases are expected to again outpace consumption growth in the present 1984-85 market year that began in September. These increases will keep prices low and further add to already massive world stocks. According to an industry forecast, world sugar production for 1984-85 will hit 97.9 million tons, 300,000 tons above the previous season and 1.3 million tons above estimated global consumption. End-of-year stocks are expected to balloon to 41.2 million tons or 43 percent of consumption—greatly exceeding the 25-percent level that is considered the norm for a balanced supply and demand situation.

This growing stock overhang has pushed world raw cane sugar prices on the spot market to below 10 cents per pound in 24 of the last 27 months. During the last five months, prices have dipped below 5 cents per pound, also reflecting the failure in June of negotiators to reach a new International Sugar Agreement as well as a recent announcement by major US soft drink producers of a switch from sugar to 100-percent high fructose corn syrup (HFCS) in

canned, bottled, and fountain soft drinks. The latter development is expected to result in a 600,000-ton drop in sugar demand.

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### Excess Supply—Role of Special Arrangements

The excess supply stems in part from the fact that about 40 percent of global sugar exports are traded at prices well above the world market rate. This is especially true for Latin American sugar exporters (see table). In addition, in many sugar-exporting countries the domestic price of sugar has actually been raised during this period of depressed world prices in order to maintain producer incomes. In sum, producers are not receiving appropriate price signals to curtail production.

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- Exports of raw cane sugar to the US market—as regulated by the US import quota—are set this season at 2.31 million tons, accounting for about 8 percent of global trade. Exporters with US quotas—including many Caribbean and South American producers—receive premium prices for this sugar, ranging between 17 and 20 cents per pound depending on freight costs and whether or not the country is eligible for duty-free exports into the US market under the Generalized System of Preferences.

- Exports into the European Community (EC) by African, Caribbean, and Pacific countries are also governed by a quota under terms set down by the Lome Convention. For 1984-85 the quota into the EC has been set at 1.3 million tons, accounting for about 5 percent of world trade. This raw cane sugar also earns premium prices ranging from 17 to 24 cents per pound.

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### Caribbean Basin Countries: Sugar Marketing

Country	Percent of 1981-83 Production Exported	Percent of Exports Under Special Arrangements <sup>a</sup>	Exports Not Under Special Ar- rangements as Percent of Production
Barbados <sup>b</sup>	84	92	6
Belize <sup>b</sup>	93	65	33
Costa Rica	29	82	5
Cuba	92	74	24
Dominican Republic	74	46	40
El Salvador	31	100	NA
Guatemala	51	39	31
Guyana <sup>b</sup>	87	77	20
Haiti	14	100	NA
Honduras	45	49	23
Jamaica <sup>b</sup>	70	100	NA
Nicaragua	42	5	40
Panama	56	56	25
Saint Christopher and Nevis	93	91	8
Trinidad and Tobago <sup>b</sup>	72	100	NA

<sup>a</sup> 1984/85 US import quotas, the EEC's Lome convention quotas, and average Cuban special arrangement exports 1981-83.

<sup>b</sup> These countries have both US and EEC quotas.

Source: International Sugar Organization.



- Cuba's exports to the Soviet Union, Eastern Europe, and China—estimated at about 5.3 million tons annually or about 19 percent of global trade and about three-fourths of Cuba's total annual exports—earn premium prices of an estimated 30 to 40 cents per pound for sales to the Soviets and somewhat less for sales to Eastern Europe and China under special trading arrangements.
- Approximately 2-4 million tons of sugar are sold under Long-Term Agreements (LTAs) or contracts, providing exporting countries with a hedge against price fluctuations as well as guaranteed markets. LTAs are used extensively by Australia, South Africa, and the Philippines. According to market

analysts, the Philippines, for example, currently earns about 24 cents per pound on the 350,000 tons of sugar it ships under LTAs— the bulk of the Philippine LTAs are set to expire this month.

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As a result of quotas, special trading arrangements, and long-term contracts, approximately 6 million tons of raw cane sugar will remain this season to be sold at the world price of 5 cents per pound if a buyer can be found. Indeed, much of this season's expected global production surplus—about 1.3 million tons—is free market raw cane sugar which has no apparent outlet and must be added to stocks.

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### Pressure From Other Sweeteners

Lack of steady growth in consumption is a major concern of the world's sugar producers. Both caloric and low-caloric nonsugar sweeteners are making very damaging inroads into some of sugar's largest markets—the United States, Japan, and Canada. The effect of the rapid decline in US sugar consumption in the face of fairly constant domestic production has been a sharp contraction in US sugar import requirements—from 4.4 million tons in 1979, representing about 15 percent of the global import market, to this season's base import quota of only 2.3 million tons. For those developing countries that depend on the US sugar market for a large portion of their foreign exchange earnings—the *Dominican Republic*, *Guatemala*, *Panama*, and others—the erosion of the US sugar import market threatens their sugar industries:

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- *Dominican Republic* shipments to the US market averaged over 700,000 tons annually during 1974-78, but this season's import quota has been cut to 406,000 tons, down approximately 80,000 tons from the 1983-84 quota. According to Embassy reporting, the cut will cost the Dominican Republic some \$28 million this season. As sugar is the most important agricultural employer and the largest earner of foreign exchange—accounting for 39 percent of total Dominican export revenues—the health of the sugar industry is pivotal to the economic health of the nation and a bellwether of general political stability.

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- *Guatemalan* shipments to the US market averaged over 170,000 tons annually in 1974-78, accounting for about half of total sugar exports. This season's quota of 111,000 tons will mean that a larger percentage of exports will have to be marketed at the depressed world price or be added to already bulging domestic stocks. Sugar is the key crop in Guatemala's Pacific coastal lowlands along with cotton and is a high seasonal employer of Guatemala's huge highland Indian population. In recent years, the government has requested sugar producers to grind all available cane in order to maintain employment and counteract recession.
- *Panama* sells almost all of its surplus sugar to the United States. Shipments, which averaged 93,000 tons annually in 1974-78, have been set at 67,000 tons for 1984/85, down 16 percent from last year. As in many of the other Central American countries, the sugar industry in Panama is a labor-intensive employer, and it is the country's leading agricultural earner of foreign exchange after bananas. [redacted]

**Outlook—Major Reform Needed**

Market analysts believe that exporters will have to adjust to the new facts of the sugar market. This means that significant structural changes may have to be undertaken by some LDC sugar exporters, a painful process for those exporters with few real economic alternatives and a high dependency on sugar export revenues. Some countries apparently are beginning to see the need to reduce economic dependence on sugar, and there is also growing interest in alternative uses of sugar—such as the sugarcane-derived fuel-alcohol program in *Brazil*. Many market analysts, however, believe the cane-for-alcohol (ethanol) option may be viable only for larger countries where economies of scale can be achieved.

[redacted]

The Dominican Republic could provide a development model for the many smaller Caribbean Basin sugar producers. The head of the Dominican State Sugar Council (CEA), Eulogio Santaella, announced recently that his government plans to diversify crops and decrease dependency on sugar exports, which

account for about 40 percent of annual export earnings. According to Embassy reporting, CEA, which controls about two-thirds of the sugar-producing capacity, is interested in joint ventures with US investors for pineapple, tomato, and citrus production/processing and export expansion. The CEA's goal in these joint ventures would be the transformation of sugar lands without excessive reduction of employment. According to the Embassy, Santaella's approach—which reportedly also reflects the views of President Jorge Blanco—depends on attracting additional foreign investment and could benefit from the Caribbean Basin Initiative, which provides investment incentives as well as duty-free access for many agricultural products into the US market. [redacted]

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Nevertheless, unless the Dominican Republic's deemphasis on sugar is matched by the world's largest exporters—Cuba, the EC, and Australia, for example—the outlook for the sugar market remains bleak. At least one of these countries—Cuba—is moving in the opposite direction. Current Cuban plans to boost production from about 8 million tons to 12 million tons by 1990, could, if carried through, dump several million tons of new sugar on the free market annually. If US imports of sugar remain low because of shifts to nonsugar sweeteners and world prices are held down by general overproduction, the currently depressed export earnings of key Caribbean states will remain so for a number of years, creating hardships on the population and potential for political unrest.

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**Latin America  
Briefs**

<b>Guatemala</b>	<b>Striving To End Isolation</b> [redacted]	25X1
	Chief of State Mejia's efforts to improve Guatemala's image and reduce its political ostracism were boosted in December through a state visit to Costa Rica and talks with Colombian President Betancur, who briefly visited Guatemala. Mejia met with Guatemalan exile leaders in San Jose, probably to demonstrate the military's commitment not only to holding elections next year but also to its neutrality in the contest. According to local press reports, the Chief of State discussed with several Social Democratic Party leaders their possible return to Guatemala to resume political activity. While a final decision on the party's participation apparently has not been reached, Mejia's willingness to talk with the group should enhance his credibility with other political parties at home. [redacted]	25X1
	Mejia also used his meeting with Costa Rican President Monge to help settle commercial trade differences between the two countries. US Embassy and local press reports indicate that, under the agreement reached by Mejia and Monge, Guatemala will immediately repay some \$19 million of its outstanding \$62 million commercial debt owed Costa Rica, thereby allowing normal trade—now halted for some two months by the repayment issue—to resume. The new trade arrangement is likely to benefit Mejia's domestic standing by reducing criticism of the regime's inability to reduce unemployment, resolve its foreign exchange difficulties, and meet IMF guidelines. [redacted]	25X1
	Guatemalan officials also were buoyed by the visit of President Betancur to Guatemala on 7-8 December, the third time that Mejia has met with the Colombian President. Although the meeting produced little in the way of tangible results, we believe Betancur's praise of Guatemalan progress toward democratization will encourage Mejia to continue his efforts to end Guatemala's isolation in the region and elsewhere. [redacted]	25X1
<b>Costa Rica</b>	<b>Impact of Banana Operation Shutdown</b> [redacted]	25X1
	The government fears considerable economic dislocation and leftist labor unrest if United Brands follows through with plans to close its banana production facility on Costa Rica's Pacific coast. The company's intention to shut down is based on several years of diminished profits, banana disease, and a recent two-month	



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Communist-inspired strike by banana workers that resulted in several million dollars in lost revenue. According to the US Embassy in San Jose, United Brands has rejected a government proposal to lease its Golfito operation to a Costa Rican banana growers cooperative that would pay off the lease with new banana earnings. The company, instead, is holding out for a sale of its property and is asking for \$15 million, with \$10 million down and the remainder payable over five years at 15-percent interest. Meanwhile, [redacted] government officials are considering expropriation of the operation to maintain the production infrastructure and keep the 2,500 workers employed. [redacted]

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The planned shutdown will worsen Costa Rica's already troubled economy. Before 1984, the Golfito plantations produced some \$40 million annually in foreign exchange earnings—equivalent to almost 5 percent of Costa Rica's exports. San Jose depends on export revenues to help service its external debt, now among the highest in Latin America. The loss of the earnings from the United Brands' banana operation is likely to affect adversely the proposed standby agreement with the IMF. Moreover, government officials told US Embassy personnel that the company's plan to fire 1,000 workers by 31 December 1984 will increase the 10-percent unemployment rate and probably will result in social unrest. [redacted]

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The government also fears leftist agitation. The leftists, who have traditionally been strong in the Pacific coast labor organizations than elsewhere, probably will attempt to exploit displaced workers by encouraging them to seize the land. US Embassy officials report rumors alleging the recent arrival of small arms for the banana workers. With the security forces already spread thin, the presence of arms would significantly increase the potential for violence. [redacted]

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**Colombia**

**A Tottering Economy** [redacted]

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President Betancur is facing his most difficult test since he entered office in August 1982. His attempts to keep campaign promises over the next few months will conflict with a cash-flow crisis that probably will lead to a suspension of some debt-service payments. To save face and secure foreign financial support, he probably will adopt IMF-backed austerity measures that, although economically beneficial in the longer run, will produce higher unemployment and inflation, lower economic growth, and political and social unrest through 1985. [redacted]

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**Cuba Chronology**

November 1984

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- 1 November* Zimbabwe press reports rumors that some of the Cubans to be evacuated from Ethiopia and Angola may wind up in Zimbabwe and Ghana.
- Fidel Castro sends a message of condolence to Indian Prime Minister Rajiv Gandhi for the assassination of Indira Gandhi, saying he has lost a loyal friend.
- 2 November* The 10th Cuba-Poland Intergovernment Committee on Economic and Scientific-Technical Cooperation meeting ends in Havana. Foreign Trade Ministers Cabrizas and Nestorowicz sign a trade protocol.
- Soviet television reports on an interview with Carlos Rafael Rodriguez in which he reflects on the importance of the cooperation agreement signed and the CEMA meeting in Havana.
- 3 November* GOSPLAN President Nikolay Baybakov and Humberto Perez sign the ceremonial document of the second Cuba-Soviet meeting for economic and social development for 1986-90. Baybakov departs Havana.
- In an interview with Pravda, Fidel Castro says the fraternal friendship and multilateral cooperation between the USSR and Cuba have been and always will be the basis of Cuba's foreign policy.
- Bridgetown press announces that Trevor Munroe, leader of the Marxist Workers Party of Jamaica, has gone to Cuba to discuss improving relations.
- 4 November* Guyana press reports that Foreign Minister Malmierca will leave for Georgetown, Guyana, on 7 November.
- 5 November* During his speech commemorating the USSR's October Revolution, Jose Ramon Machado Ventura reviews Soviet economic aid to Cuba and says that Cuba's relations with the USSR are a source of pride.
- Granma* announces proposals, including a state mortgage system and private leasing, to allow Cubans currently paying rent to own their homes beginning in July 1985.

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**6 November**

Raul Castro greets Juan Almeida, Nicaraguan Minister of Culture Ernesto Cardenal, and Czechoslovakia's leader Strogual upon their return from India where they attended Gandhi's funeral.

Zimbabwe's Minister of Foreign Affairs, Witness Magwende, arrives in Havana. He and Isidoro Malmierca discuss the international situation, especially Central America and the Caribbean.

**7 November**

Prensa Latina from Rio de Janeiro reports that the Chief of Staff of the Brazilian Armed Forces, Brig. Waldir Vasconcelos, says Brazil will reestablish relations with Cuba.

Reuters reports that Cuban officials have resigned themselves to the fact that they will be forced to deal with Ronald Reagan for four more years.

Vice President of the State Committee for Economic Cooperation receives Zimbabwean Foreign Minister Witness Mangwende to discuss cooperation.

In an interview with Japan's KYODO news service, First Vice Foreign Minister Jose Viera says that Cubans in Nicaragua will help the Central American country if it is attacked by the United States.

**8 November**

Foreign Minister Isidoro Malmierca and President Forbes Burnham of Guyana discuss bilateral and international relations during a meeting in Guyana.

During an interview in Havana with Prensa Latina, Soviet Ambassador Katushev says that the USSR and its people would be by the Cuban people's side should the US attack Cuba.

**9 November**

The Venezuelan National Council for Science and Technology and the Cuban State Committee for Economic Cooperation sign a cooperation agreement.

Fidel Castro and Zimbabwean Foreign Minister Witness Mangwende discuss the international situation and bilateral relations during a meeting in Havana.

**10 November**

Isidoro Malmierca meets with Guyana's Vice President Ranji Chandisingh. Malmierca says Cuba and Guyana are reevaluating all levels of their relations.

**13 November**

CEMA delegations meet in Havana to study the growth of Cuba's electricity generation plants and the improvement of technical and organizational maintenance levels.

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**15 November**

*Granma* reports that the Angolan Government has proposed that a four-part agreement be signed by Angola, Cuba, South Africa, and SWAPO, for a gradual withdrawal of Cuban troops from Angola.

Fidel Castro sends a message of congratulations to Nicaraguan President-elect Daniel Ortega on his election by the Nicaraguan people as President.

Vice Minister of Foreign Trade Andres Yebra and Argentine Minister Roque Carranza and Vice Minister Pedro Casdo Bianco sign a maritime transport cooperation agreement to expand bilateral trade.

Fidel Castro meets in Havana with Jamaica's former Prime Minister and President of the People's National Party, Michael Manley.

**16 November**

Alternate Cuban Ambassador to the UN Alberto Velazco San Jose says Cuba has voted against a resolution adopted by the United Nations regarding the presence of Soviet troops in Afghanistan.

Tanzanian leader Julius Nyerere states that the OAU summit has unanimously rejected the idea of linking Namibia's independence on the withdrawal of Cuban troops from Angola.

**18 November**

Prensa Latina reports that the Angolan-Cuban plan on the gradual withdrawal of Cuban troops from Angola involves only the Cuban forces in southern Angola, between parallels 13 and 16.

**20 November**

Spain's Minister of Transportation, Tourism, and Communications Enrique Baron departs Cuba. During his visit he met with Fidel Castro, Carlos Rafael Rodriguez, and other Cuban officials.

**21 November**

Fidel Castro and Jesus Montane discuss the international situation and matters regarding the existing ties between their parties with Tetsuzo Fuwa, Japan's Communist Party Presidium chairman.

**22 November**

Afghanistan's Minister of Foreign Affairs Shah Mohammad Dost discusses bilateral topics and international issues with Vice Minister of Foreign Relations Pelegrin Torras.

Cuba and Mexico sign a new trade agreement at the international CEMA exposition in Mexico. The agreement will amount to \$90 million by the end of the year.

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*23 November*

Isidoro Malmierca and Boureima Compaore, Ambassador of Burkina, sign a reciprocal agreement in Havana on the free use of the buildings housing their respective diplomatic missions.

*Granma* publishes a letter to Fidel Castro from Kendrick Radix, President of the Maurice Bishop Patriotic Movement, expressing gratitude for Cuban aid in constructing Grenada's new airport.

*Granma* publishes the complete text of the proposal made by Angolan President dos Santos which will allow the withdrawal of 20,000 Cuban soldiers from Angola.

*26 November*

Carlos Rafael Rodriguez gives the closing speech at the second congress of the Association of Cuban Economists. He says Cuba's economy has grown at a rate of nearly 10 percent.

Isidoro Malmierca and Mozambique's Minister of Foreign Affairs Joaquim Chissano meet in Havana.

During the third meeting on foreign trade between Cuba and Mexico in Mexico City, an agreement is signed to grant each other tariff concessions and export licenses for products of interest.

*29 November*

In an interview, Ecuador's Foreign Minister Edgar Teran positively evaluates diplomatic relations with Cuba and says there is no special conflict between the two countries.

Uruguay's President-elect Julio Sanguinetti, in an interview in *Tiempo Argentino*, says it would be positive to resume relations with Cuba.

Havana press reports that Cuba and the United States have resumed talks in New York on the possible repatriation of about 3,000 Cuban "undesirables."

*This chronology is Unclassified.*

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