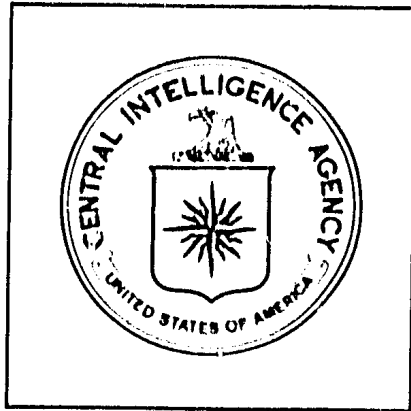


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Latin American Trends

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LATIN AMERICAN TRENDS

This publication is prepared for regional specialists in the Washington community by the Western Hemisphere Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Latin America: The Oil Scene

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rectly stated that Trinidad is second only to Venezuela in Latin America as an oil producing country. In fact, both Mexico and Argentina produce considerably more than Trinidad, and Ecuador and Brazil are at about the same level.

While Venezuela is far ahead of all other Latin American producers, its output is in fact declining, while several other countries--notably Mexico--are augmenting production. The Latin American countries are also consuming a growing percentage of their crude production; both Argentina and Brazil must import to meet this demand.

The following table gives unofficial projections for 1975 of crude production and exports by the leading Latin American oil countries.

	<u>PRODUCTION</u> (Thousands of barrels	<u>EXPORTS</u> per day)
Venezuela	2,400	2,100
Mexico	800	200
Argentina	417	-57
Trinidad	200	140
Ecuador	200	165
Brazil	225	-650
Peru	80	5

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Recent information indicates that Trinidad has again applied for full membership in the Organization of Petroleum Exporting Countries (OPEC), in which it currently is an observer. Trinidad's first application in 1972 was rejected, probably on the grounds that it was then only a minor producer and because of its role as an offshore refining center for two multi-national companies--Texaco and Shell. Since then its production has risen to at least 200,000 barrels per day, and the government has bought out all of Shell's producing, refining, and marketing operations in Trinidad and has established a national oil company--TRINTOC--to operate the former Shell properties. The government also has repeatedly stated its intention to acquire some equity participation in the remaining foreign-owned oil operations.

Prime Minister Williams would like to place Trinidad squarely in the camp of the third world oil producers, and is optimistic that this time he can gain entrance into OPEC. This may have been one motive for his stop in Indonesia during his recent trip to the Far East. It could also explain his expression of concern to President Ford about the effect of the new US Trade Act on OPEC members.

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China Cultivates Latin America

Peking's Third World rhetoric notwithstanding, Latin America has long been the neglected child of China's foreign policy. Lately, however, the Chinese have shown more interest in increasing their contacts with certain countries in the region, and a greater flow of delegations is one indication of this trend.

China's vice minister of fuel and chemical industries, Tang Ko, recently spent six weeks touring Venezuela, Mexico, and Trinidad, an unusually long overseas visit for a vice minister. Next month, Poliburo member and vice premier Chen Yung-kuei, accompanied by a retinue of 21 Chinese, will pay a one-week visit to Mexico. This delegation will include a vice minister of agriculture and forestry as well as a ranking official of the Ministry of Foreign Affairs. Although Chen probably has less influence than his position would suggest, he is the highest ranking official ever to visit Latin America.

Both political and economic considerations seem to be behind much of this activity. Tang Ko's trip to three petroleum-producing countries was avowedly to determine whether they could assist China in offshore exploration and drilling; it is not known if any agreements were concluded. Over the longer term, though, Peking probably calculates that these oil producers will grow in political influence and that they may prove useful to the Chinese in pursuing their anti-Soviet aims in the region. This helps explain why Chen Yung-kuei is being sent to strengthen relations with Mexico, a country whose petroleum industry appears to have great potential.

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Trade seems to be another important lure for the Chinese.

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[redacted] China is increasingly interested in Latin America as a source of raw materials. Chile is a case in point. Despite certain political liabilities, the Chinese have carefully cultivated relations with Santiago to ensure a steady flow of natural fertilizers and copper to China. Peking also hopes to increase its exports to Latin America and has recently held a number of trade fairs in the region.

The Chinese would like to strike a balance between economic and political goals in Latin America, and seem determined not to sacrifice one for the other. For example, in the interest of maintaining cordial political ties with Brazil, China agreed to make a hard-currency purchase of a significant quantity of sugar this year at a time of very high world prices.

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Paraguay: Church and State Fight Again

President Stroessner and Archbishop Rolon are again on the outs despite recent efforts of a papal nuncio to resolve a seven-year-old feud between reformist elements within the Catholic Church and the right-wing government. The torrent of protest that has erupted following a police and military raid on a church-sponsored agricultural cooperative three weeks ago could lead to a serious confrontation.

Actually, however, the temporary rapprochement achieved last year began to break down last December when Stroessner over-reacted to the discovery of an assassination plot and began arresting several of his old political foes. On Christmas Eve the Archbishop of Asuncion, Ismael Rolon, lashed out at the government by accusing authorities of using torture as a "normal means of interrogation." He also decried corruption in high places and blamed Stroessner for creating the pre-conditions that encourage plotting.

The reasons for the raid are not clear. Government claims that the cooperative was engaged in subversive activity have not been substantiated. Although the Interior Minister has privately told US officials that security forces discovered a weapons cache, he has not produced any evidence. It appears that Stroessner dislikes privately sponsored socio-economic experiments, especially in rural areas remote from government supervision. More important, the cooperative is led by a priest who has been expelled from other parishes for his anti-government positions. He could well have aroused suspicion by refusing to permit visits by local police, as well as political and education officials.

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Other possibilities that have been suggested are that the cooperative was uncomfortably close to a ranch used by a high government official for illegal contraband operations; and that local merchants who have close ties with the government resented the cooperative's marketing scheme, which they feared would cut into their profits.

In any case, Stroessner's failure to defuse the issue in any way is only making matters worse. Denunciations have come from all pulpits and the press has published several church communiques attacking the government. Archbishop Rolon and other church leaders are also publicizing their efforts to secure a writ of habeas corpus for the release of clerics and peasants who are still under detention. A prolongation of the conflict will undoubtedly commit the prestige of high government officials and members of the Church hierarchy to a battle that could conceivably result in a papal excommunication.

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Argentina: Elections in Misiones

Government leaders in Buenos Aires have demonstrated concern over the forthcoming provincial elections in Misiones where five groups are attempting to field candidates, each claiming to represent the "true" Peronist ideology. With elections only a little more than a month away, the government is seeking to avoid publicly acknowledging a split within the Peronist movement. At the same time, however, it does not want to precipitate a scandal by overtly manipulating the contest. Election fraud, although frequently committed, is a sensitive issue in Argentina, where political tradition forces major parties to maintain the appearance of complying with legal election procedures.

It is still not known if the left-wing Peronist "Partido Descamisado" will enter the elections. Last week an effort was under way by leaders of the Peronist Movement to bar the party from participation. Peronist headquarters has told the Descamisado Party it must change its title and drop the use of the word Peronist. The party's reaction is not yet known.

The Descamisados are reportedly allied with the underground left-wing terrorist organization known as the Montoneros. Because of the assassination last week of US honorary Consul Egan, the government may take a hard line against all groups it believes are associated with terrorists.

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Salvadoran Military Grows Restive

A group of young military officers has grown increasingly impatient with the Molina regime's insensitivity to the nation's worsening socio-economic situation. Their quarrel is not ideological, but rather that Molina has let the country drift away from the moderate reform course pursued by his two predecessors.

So far, the President has used patronage and other favors to maintain a measure of military support. Disaffection is spreading, however, and Molina's most loyal army friends may conclude that it is in the country's best interest to remove him. Also, members of Molina's own National Conciliation Party, which has held power the past twelve years, fear that this administration's poor showing will spell the party's doom. Unless a viable leader emerges from the disgruntled lot of civilians and officers, however, the stalemate between Molina and the military elements willing to risk a confrontation will probably endure until the 1977 elections.

Molina himself is worried about the widespread restiveness. When prodded by newsmen recently, he acknowledged that the military is concerned about the economy but stressed that because of his close contact with officers and responsiveness to their complaints he enjoys their full support. He has also tried to win public favor by boasting of his administration's efforts toward settling the dispute with Honduras, and by insisting that government officials set an example by adhering to a strict austerity program.

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Regardless of what policy initiatives the President takes, it is highly doubtful that he can produce the overall economic progress that would satisfy his critics. He is caught between the conflicting demands of the campesinos, who make up the majority of the population, and the financially strong landholding elite. For example, last year a modest increase in the minimum wage failed to satisfy the workers and provoked heavy criticism from the landowners. Thus, afraid of alienating one interest group in favor of another, Molina will probably avoid any concrete action and thereby invite more attacks on his "do nothing" image.

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