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Mexico City Depicted as a Soviet Spies' Haven

The following article is based on reporting by Robert Lindsey and Joel Brinkley and was written by Mr. Brinkley.

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MEXICO CITY, June 21 — American officials say the Soviet Embassy here is increasingly being used to mount espionage operations against the United States and that it has become a major conduit for the illegal diversion of advanced technology to the Communist world.

Soviet intelligence officers "in essence have a safe haven here," John Gavin, the United States Ambassador to Mexico, said this week.

A senior Mexican Government official acknowledged that there were espionage operations in Mexico City, but he defended Mexico's policy of permitting one of the largest overseas contingents of the Soviet intelligence and internal security agency, the K.G.B., to operate here with virtual impunity.

Mexico 'an Open Country'

Mexico, he said, is "an open country" and any country is allowed to have as many diplomats stationed in Mexico City as it chooses.

New attention has been focused on Mexico City as a result of the arrest of John A. Walker Jr., who is accused of running an extensive spy ring for the Soviet Union.

Agents searching Mr. Walker's home in Norfolk, Va., found receipts from a trip he apparently made to Mexico in 1975, and a senior American official said the Central Intelligence Agency and the Federal Bureau of Investigation were trying to determine what role the Soviet Embassy might have played in Mr. Walker's activities.

So far, the official said, agents have found nothing conclusive. But they know that numerous Americans accused of spying for the Russians have acknowledged using the Soviet Embassy here to meet their Soviet contacts.

Diplomats at the Soviet Embassy

here declined to be interviewed for this article.

Mexican Government officials declined to offer official comment on questions concerning the Soviet presence here, although others were willing to discuss the matter if their names were not used.

United States counterintelligence specialists estimate that at least 150 K.G.B. officers are working out of the embassy under cover as diplomats, clerks, chauffeurs, journalists and in other jobs.

Agents Technically Trained

Increasingly, these specialists say, the K.G.B. officers assigned to Mexico City have technical training so they can manage Soviet efforts to steal American military and industrial secrets, using not only American agents but also what Mr. Gavin called "dummy companies" set up in Mexico to buy advanced American technology and then conceal its ultimate destination: the Soviet Union or other Soviet bloc nations.

As the United States begins trying to improve its counterespionage capabilities in reaction to the Walker family spy case, many American officials say they can not fully contain the problem as long as the Soviet Union maintains a large, unrestricted espionage operation in Mexico City, less than 700 miles from the United States.

American and Mexican officials say the Mexican Government allows Soviet agents to work here virtually without restraint as long as their target is the United States, not Mexico.

Soviet secret agents have been active in Mexico for much of this century. In 1940 Soviet assassins murdered Leon Trotsky, who had taken asylum in Mexico City three years earlier.

Today the Soviet Embassy, an imposing, walled complex in the heart of the city, is watched closely by the Central Intelligence Agency and, to some extent, by the Federal Security Directorate, Mexico's secret police.

Although the C.I.A. maintains a large station here, a senior American official said the C.I.A. officers cannot effectively monitor Soviet activities because they are far outnumbered by agents of the K.G.B. and other Eastern bloc nations that maintain embassies here, including Cuba, East Germany, Bulgaria, Hungary, Rumania, Poland and Czechoslovakia. Intelligence officers from those countries often work in concert with the K.G.B.

U.S.-Mexico Cooperation

Under a longstanding cooperative effort between the United States and Mexico, the Mexican authorities record calls to and from the Soviet Embassy and transcripts of the conversations are given to the C.I.A., according to sources in the Mexican Government.

But American officials say they cannot rely entirely on cooperation from the Mexican authorities. After a recent scandal involving allegations of bribery and drug dealing in the Federal Security Directorate, some senior American officials are worried that the directorate has been penetrated by the K.G.B. A senior Mexican official called that charge "preposterous."

Mexico has fewer than 50 people stationed at its embassy in Moscow. But the Soviet Embassy here, with more than 300 people, is one of the largest Soviet diplomatic missions in the world, even though Moscow has few official dealings with Mexico.

Less than 1 percent of Mexican exports are sold to the Soviet Union, and all the Soviet tourists who visit Mexico in a year "would fit in this room," Mr. Gavin said in an interview in his office.

A senior official of the Mexican Interior Ministry, asked why he thought so many Russians were stationed here, answered simply, "Our neighbor."

Russians Trained in English

Most Soviet officials sent here arrive with more training in English than Spanish, and as they serve here, "their English improves while their Spanish does not," said David A. Phillips, a former C.I.A. officer who was stationed here and later served as head of the agency's Latin America division.

The Soviet officers "aren't interested at all in Mexico; they're interested in the U.S.," said Melvin Beck, another former C.I.A. officer who spent five years working undercover in Mexico City.

A senior Mexican Government official said that most if not all of the 10 or so Soviet journalists working here are K.G.B. agents, and Ambassador Gavin agreed. The Mexican official said the Soviet journalists never attended press conferences or called the Government for information.

A few years ago the Soviet Government asked permission to build several new consulates along the Mexico-United States border, a request the Mexican Government denied after the United States "expressed the view that it wouldn't be helpful to us," a senior American State Department official said.

The Mexicans did allow Moscow to build a consulate in Veracruz, a major port on Mexico's Gulf Coast. And now, American officials here say, the United

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States might have to open a consulate in Veracruz, too, because of the increased K.G.B. activity there.

Over the last several years numerous Americans accused of spying for the Soviet Union have admitted that they used the Soviet Embassy here to meet their Soviet contacts. Among them are these:

¶ James D. Harper Jr., sentenced to life in prison for espionage last year, sold numerous documents detailing classified research on the Minuteman intercontinental ballistic missile to Polish agents he met here and in other Mexican cities, among other places.

¶ Joseph G. Helmich Jr., who pleaded guilty to conspiring to sell military secrets to the Soviet Union in 1981, passed sensitive military communications data to Soviet agents he met in Mexico and Paris.

¶ Christopher J. Boyce and Andrew Daulton Lee admitted in 1977 that they had sold thousands of documents pertaining to secret American surveillance satellites to K.G.B. agents at the embassy here over nearly two years. United States officials said the K.G.B. sent a specially trained agent, Boris Skaggs, to assess the technical documents Mr. Lee sold him.

Walker Tied to Embassy

Federal officials are also saying that Mr. Walker, the former Navy officer, apparently met with his Soviet contacts here, too. In searching Mr. Walker's home, Federal agents said they found a copy of a book about Mr. Boyce and Mr. Lee, "The Falcon and the Snowman." Officials said a bookmark had been placed between two pages that describe a 1975 meeting in Mexico City between a Soviet diplomat and one of the Californians. That meeting came seven days after the date reportedly stamped on Mr. Walker's receipts.

"We've gotten to the point where there have now been so many documented cases that there can be no doubt that the Soviets see Mexico as the place for international espionage," Mr. Phillips said. "As much as any place in the world it has access, cover — all the basic things you need."

Officials said Ambassador Gavin had discussed the espionage problem more than once with William J. Casey, Director of Central Intelligence.

A former senior C.I.A. official said, "There has been a lot of dialogue on this through various Administrations." But Mr. Gavin and others said the Reagan Administration has several new concerns.

Foremost among them, Mr. Gavin said, is that Soviet agents have begun using their embassy here for smuggling advanced American technology to the Soviet Union.

Using Cuban agents in some cases, Mr. Gavin said, the Soviet Union has set up "dummy companies, an extremely clever and useful tool" for purchasing American computers, microchips and other items for illegal reshipment to the Soviet Union.

Two years ago the United States Customs Service said it seized a multispectral scanner, a device used in making highly refined images of the earth from satellites, being smuggled to the Soviet Union through Mexico City.

In addition, American intelligence officials say "illegal" Soviet agents, spies who slip into the United States unnoticed and live as if they were American citizens, use the embassy here as a refuge and transit point.

American intelligence officials say K.G.B. officers stationed here also try to recruit American diplomats, residents and visitors as Soviet spies.

In one example, a former C.I.A. station chief in Mexico City recalled that several years ago the C.I.A. asked the United States Marines stationed here to end their Friday night parties at a local bar because several K.G.B. agents began showing up every week,

trying to overhear the Marines' conversations and recruit them as spies.

The C.I.A. has mounted numerous counterintelligence operations against the K.G.B. here, often with some help from Mexican security forces.

Once it managed to plant listening devices in the K.G.B. station chief's apartment for a year, a former C.I.A. official said. On another occasion a C.I.A. agent hired a Mexican prostitute, hoping she could be used to compromise a Soviet Embassy communications clerk. It is unclear what resulted from the latter effort.

The C.I.A. has tapped the embassy's phone lines, photographed people entering and leaving it, paid travel agents to report Soviet diplomats' travel schedules, interviewed the Russians' doctors and dentists, and at one point several years ago the agency paid delivery boys to report on what they saw while bringing supplies to the embassy, intelligence sources said.

Despite all that and more, "It is impossible to have blanket coverage of what goes on in that embassy," Mr. Beck said.

Effectiveness Questioned

American spies traveling here to meet their Soviet contacts stand "little if any chance of being caught," a senior F.B.I. official acknowledged in recent Congressional testimony.

One reason is that the C.I.A.'s counterintelligence tactics have not always been effective here, several officials said.

For many years the agency photographed everyone coming and going at the Soviet Embassy, hoping to spot American spies. The agency photographed Lee Harvey Oswald entering the embassy in 1963, a few weeks before the assassination of President Kennedy.

The photography was limited in the Carter Administration, intelligence sources said. It is unclear whether it has been resumed now, but this week the managers of several buildings surrounding the embassy said Soviet officers had asked them not to allow photographers in.

In any case, Mr. Beck said, the volume of photographs was so great it was impossible to analyze all of them. And Mr. Phillips said it was "possible but not likely" that the C.I.A. could identify Americans working for the Soviets if they were photographed entering the embassy.

Mr. Lee, the American convicted of selling satellite secrets, admitted entering the embassy several times in daylight. But Federal prosecutors said no United States agents had identified him until he was arrested by the Mexican authorities on another charge.

Mr. Beck said the listening devices planted in the apartment of the K.G.B. station chief produced little if any useful information; C.I.A. officials learned how Russians "toilet-train their children" along with other details of their personal lives, he said.

But the fundamental problem, American officials say, is the Mexican acquiescence in the Soviet spying.

A senior Mexican Government official acknowledged that his Government does "tolerate" the Soviet spying, although "we don't condone it."

The Interior Ministry official said, "We have a very clear idea of what our long-range strategic interests are, and they are not with the Soviet Union." At the same time, however, Mexican and American officials say anti-Americanism is such a central part of Mexican political life that the Mexicans tolerate the Soviet espionage precisely because it irritates the United States.

Mexico has long had cordial relations with the Soviet Union. Last fall Mexico and the Soviet Union celebrated the 60th year of diplomatic relations. Mexico even printed a commemorative stamp.

The use of Mexico as an intelligence base has a long history, too. Mr. Phillips noted that the Soviet Union's first ambassador to Mexico in the 1920's was "Russia's chief officer in charge of intelligence."

Mexican and American officials also said the Mexican Government now believes that because Mexico tolerates the large Soviet and Cuban presence, the Communist countries will not interfere in Mexican affairs.

American officials say Mexico could ask the Soviet Union to maintain an embassy no larger than is actually needed for its diplomatic mission in Mexico.

But the United States has never asked the Mexicans to order the Soviet Union to reduce its embassy staff here, several American officials said. Richard Helms, former Director of Central Intelligence, said that would be counterproductive because "the Soviets would then ask the Mexicans to order us to reduce the size of our embassy, and you'd just end up with hash."

Protests by Mexico Feared

One reason the Central Intelligence Agency does not substantially increase its staff here is fear that the Mexicans might protest, a senior American official said.

In part because of the shortage of American intelligence officers here, the C.I.A. recently asked diplomatic officers stationed at the United States Embassy to help track Soviet agents by noting each time and place they saw an automobile with a diplomatic license plate bearing the prefix "DC," identifying it as a Soviet Embassy vehicle.

But in the end, several American officials said, they did not expect the Soviet Union to reduce its espionage activities here any time soon.

"Until the Mexicans feel threatened" by the Soviet Union, one senior American official said, there is little chance "that the problem will be lessened."