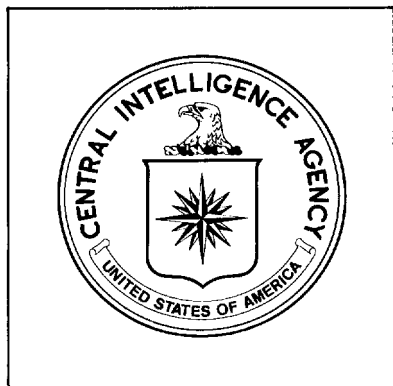


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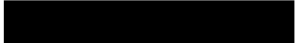
LATIN AMERICAN TRENDS

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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Panama: Impatient On Treaty Negotiations

Panamanian officials continue to use restraint in their public statements about the canal treaty negotiations, but at the same time, notes of concern and impatience are becoming increasingly apparent. In a speech in Mexico on July 5, General Torrijos maintained that Panama's patience was running low, and that violence was becoming a possibility. He claimed that he was coming under increasing pressure from a generation that "believes more in liberation than negotiation." Torrijos also touched on a recent recurrent theme in the Panamanian press: the 1976 commemoration of US independence. He said that he will invite all Latin American chiefs of state to Panama next year to view first-hand the "colonialist knife" in Panama's heart put there by a nation that fought for independence and freedom.

Torrijos' principal objective in Mexico was obtaining a pledge of support for Panama's cause in the negotiations with the US. He reportedly secured a promise from President Echeverria to defend Panama's stand in the countries he will visit during his current foreign trip, and in the United Nations this fall.

The Panamanian leader will hope for similar success in his talks with Alejandro Orfila, the new secretary general of the OAS, who will be visiting Panama for four days just before the opening of the OAS session in Costa Rica on July 16.

Torrijos, his chief treaty negotiator Juan Tack, and other officials will continue their efforts to increase Panama's foreign backing, but they are likely to feel a more pressing need to gain support at home. Psychological setbacks such as the Snyder amendment

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adopted by the US House of Representatives, and pessimistic articles in the US press about the future of the negotiations, coupled with growing criticism in Panama of the administration's handling of the negotiations, may convince Torrijos that he needs to put more stress on the probability of trouble for the US if a new treaty is not achieved. He could use carefully controlled student demonstrations to make the point, or he might try to contrive minor harassing incidents to publicize Panama's unhappiness with the present situation. Actions such as these would not necessarily mean a reversal of his present moderate public position, but would enable him to get a measure of support from youth and other groups to dull the domestic criticism. (CONFIDENTIAL/NO FOREIGN DISSEM)

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[REDACTED]
Phone: 143-5414Peru: Pace of Transition Quickens

Prime Minister and Minister of War Morales Bermudez continues to solidify his base of power for assuming the Presidency when General Velasco either steps down or is incapacitated. Morales Bermudez' moves in recent weeks have been interpreted by some observers as a measured attempt to assume Velasco's mantle. It would now appear, however, that the prime minister is moving rapidly to fill the void left by Velasco's seeming lack of attention to day-to-day government operations.

The most recent move was the establishment of a political advisory council to "study and provide opinions on matters relating to the prime minister's functions." The council is to be composed of "intellectually and professionally qualified persons from diverse social and economic activities who are not governmental employees." Although the implementing regulations have not yet been issued, this appears to be a further step in an orderly transfer of power from President Velasco to Morales Bermudez. The council would complement the already well-established Inter-Ministerial Economic Committee, and promises to provide the prime minister with independent advice on broad political and social issues.

That the new committee's functions would seem to compete with the President's Advisory Council will not be lost on local observers. More important, however, will be how Velasco himself views the move. The President recently emphasized strongly to the cabinet that Morales Bermudez is his successor, so this is not at issue. But Velasco is not likely to stand idly by--unless he has lost interest in governing completely--without some gesture at the prime minister's expense, underscoring the fact that Velasco remains the *lider*. Morales Bermudez most likely will have to take two steps back before continuing his climb to the top.
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Ecuador: A New Navy, And, Again, Tuna

The Ecuadorean navy, the branch of the armed services most in need of modernization, apparently wishes to reestablish the close relationship it maintained with the US several years ago. The initiative in this direction has been taken by Admiral Alfredo Poveda, who became head of the navy only last month.

An improvement in US-Ecuadorean naval relations has in fact been brewing for about 18 months, since the US military sales agreement with Ecuador was reinstated, following a period of suspension brought about by tuna boat seizures. During the period of suspension, Poveda's predecessor negotiated aggressively and extravagantly for European and Japanese naval equipment. More recently the Ecuadorean Government has become painfully aware that its petroleum resources are considerably less extensive than had previously been thought.

Ecuador's navy is without doubt the smallest and most antiquated on the west coast of South America. In part, this is because, of the country's two immediate neighbors, the possibility of a military engagement is virtually zero with Colombia and only fractionally above zero with Peru. Nevertheless, the need for a modernized Ecuadorean navy can be persuasively presented.

Most of the country's agricultural development is coastal, as is a significant part of its petroleum wealth. In addition to the Trans-Andean Pipeline terminal, there are three oil refineries and storage depots on the coast. The country's largest port, Guayaquil, is also its largest city. In addition, Ecuador is making a concerted effort to develop the

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tourist, mineral, and agricultural resources of the Galapagos Islands, situated about 700 miles from the mainland.

Unfortunately, Ecuador's principal need for a functional fleet is in an area where US-Ecuadorean relations have suffered badly in recent years--tuna fishing. Ecuador's claimed 200-mile territorial sea, including a 400-mile-diameter circle centered on the Galapagos, covers about 250,000 square miles of ocean. To police the hundreds of seiners that come to or pass through these waters during a good tuna run requires many patrol craft (both sea- and air-borne), modern communications equipment, and adequate base facilities.

Ecuador-watchers in the US--such officials in Washington are easily outnumbered by tuna fishermen in California--are of two minds. There are those who see the navy's modernization and seizures of tuna boats as totally unrelated, and there are those who see them as intricately and irretrievably intertwined. The Ecuadoreans themselves, however, see no relationship between tuna and modernizing the navy.

It is possible that Admiral Poveda, with his current initiative, is suggesting a face-saving accommodation of all concerned parties. [REDACTED]

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[REDACTED] Such an arrangement would be made possible by oil revenues, which now far exceed traditional revenues from fining fishing boats.

The key to whether such a compromise could work is the influential tuna fishermen's association and the understandable sympathy it evokes in the US Congress. Whether the association is sufficiently flexible to live with a compromise remains to be seen. (CONFIDENTIAL/NO FOREIGN DISSEM)

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Cuban Chronology for June 1975

- June 2: A delegation from the Peruvian Agrarian Federation arrives in Cuba for a 2-week visit at the invitation of Cuban National Association of Small Farmers.
- Norwegian Minister of Commerce and Shipping Einar Magnussen arrives in Cuba for talks.
- Cuba hosts international meeting on research for domestic needs. Soviet bloc delegates attend.
- June 3: Special negotiating mission from Spain leaves Cuba after discussing indemnification for properties expropriated from Spanish citizens during the early days of the Cuban revolution. Negotiations began on May 8.
- June 5: Cuban Ambassador to East Germany, Nicholas Rodriguez Astiazarian, presents credentials.
- An international banking group announces grant to Cuba of 200 million marks (\$84 million) to finance a portion of its five-year plan.
- Panamanian delegation arrives in Havana to give Cuban authorities a special report on the negotiations for a new Panama Canal treaty. Castro reaffirms Cuban support for the "nationalist struggle of the Panamanian people."
- June 6: Cuba and Bulgaria sign scientific and technical cooperation agreement.

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- June 8: A Cuban delegation arrives in Bogota to conclude a trade agreement with Colombia. This is the first commercial mission to visit Colombia since the renewal of relations five months ago.
- June 9-13: Latin American and Caribbean Communist Party Conference meets in Havana. Communique issued in Granma stresses unity and attacks China.
- June 10: President Dorticos undergoes spinal surgery. Radio Havana later reports on his condition as "excellent."
- June 11: Cuba and Mexico sign sugar industry agreement.
Cuban and Czechoslovakian Communist parties begin talks in Havana.
- June 12: Cuba and Poland sign technical cooperation pact.
Cuban sugar industry officials arrive in Kingston for talks with Jamaican sugar officials.
- June 13: Havana Radio carries announcement of Cuban election to governing body of International Labor Organization during its 60th world conference in Geneva.
Cuba and Mexico announce signing of bilateral oil exchange agreement.
Cuban UN Representative Alarcon addresses UN decolonization committee stressing the importance of UN support "for the process of reforms now being undertaken by Portugal."

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- June 13: Cuba and USSR sign protocol on development of electric energy in Cuba. This is in preparation for the construction of a nuclear power plant in Cuba.
- June 14: Cuba and Austria conclude tariff agreement.
- June 14
-18 Cuban Minister of Health concludes cooperation protocol with Polish Health Ministry.
- June 15: Cuban Justice Minister Armando Torres Santrayal arrives in Panama heading delegation to 2nd Inter-American Conference on the Legal Aspects of Economic Independence.
- June 16: Seminar on the Cuban Revolution opens. Delegations from 15 countries in attendance.
- A team of Cuban sugar advisers arrives in Georgetown, Guyana to consult with local sugar technicians.
- Czechoslovakian Communist party delegation arrives for 10-day visit.
- June 16-
21 Congress of Cuban Communist Youth meets to prepare for participation in World Congress.
- June 17: Delegation of workers from the Cuban CP returns to Havana after visit to North Korea.
- Educators from Guinea-Bissau arrive in Cuba to study educational system.
- Vilma Espin, president of Cuba's Women's Federation, arrives in Mexico City heading delegation to UN Women's Conference.
- June 18: Delegation of Cuban journalists arrives in Vientiane, Laos for visit and meeting with leaders of the Lao Patriotic Front.

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- June 18: Cuba and Italy ratify scientific-technical cooperation agreement.
- Dr. Eric Williams, Prime Minister of Trinidad-Tobago, arrives in Havana for five-day official visit. Joint communique issued June 24.
- June 18-22: Cuban Communist Party delegation in Moscow to study the CPSU's experience in organizing party work.
- June 23: Cuba and France sign cultural, scientific pact.
- June 24: Carlos Rafael Rodriguez heads Cuban delegation to CEMA "heads of government" meeting.
- June 25: Romanian Communist Party delegation arrives in Havana.
- Joint communique on establishment of diplomatic relations between Cuba and Mozambique.
- June 26: Delegation from University of Honduras and student group from School of Economics arrives in Cuba.
- Cuban Public Health Minister Jose Gutierrez Muniz arrives in Algeria on official visit, is received by President Boumediene.
- June 27: Hungarian Communist Party delegation arrives in Havana.
- PCC central committee delegation received by Mozambique President Samora Machel. Delegation attending festivities marking independence of Mozambique.

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- June 27: Cuba and USSR sign communications accord.
- Cuba and Hungary sign agreement on nickel plant construction in Cuba.
- US representative Charles Whelan arrives in Cuba on a five-day visit.
- Chilean Communist Youth delegation arrives in Havana at invitation of UJC.
- June 28: Swedish Prime Minister Olof Palme arrives in Cuba. He is the first Western European head of government to visit the island since the Cuban revolution.
- Minister President of National Bank of Cuba Raul Leon Torras arrives in Caracas to talk with Venezuelan National Bank representatives and to attend 6th UNIDO-sponsored meeting.
- Cuban Communist Party delegation headed by Isidoro Malmierca arrives in Kingston, at the invitation of People's National Party of Jamaica.
- June 30: Cuban Sugar Industry Minister Marcos Lage arrives in Tokyo. (SECRET)

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