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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

National Intelligence Council

DDI-4413-82/1

26 MAY 1982

MEMORANDUM FOR: See Distribution

FROM : National Intelligence Officer for Latin America

SUBJECT : Monthly Warning Assessment: Latin America

1. Attached is a copy of the Latin America Warning Assessment based upon our discussion of 19 May 1982.

2. The next warning meeting will be held on 23 June 1982 at 1015 hours in room 7D64 CIA headquarters with the following tentative agenda and requested brief oral presentations (2-3 minutes) by department/agency or individual as indicated:

Argentina/UK/Falklands

- Current military balance and losses on both sides (DIA);
- Possible next military and political steps (CIA/Falklands Working Group; INR/political);
- Any possibilities of Argentine action against Chile (CIA);
- Actions of Latin American countries (CIA)
 - pro-Argentina;
 - other territorial conflicts;
- Soviet/Cuban actions and possible next steps (CIA/Falklands Working Group);
- Impact on the Argentine economy of war costs and economic sanctions-- likely effects in next weeks (INR).

Central AmericaEl Salvador (DIA)

- Coalition politics; implications for reforms, potential negotiations, etc.;
- Guerrilla/military balance; guerrilla plans and intentions.

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Guatemala (CIA)

- Chances for another coup; political realignments; implications for insurgency.

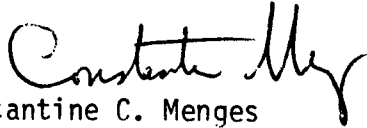
Nicaragua (CIA)

- Military actions at the borders--attacks from Nicaragua; attacks into Nicaragua; export of subversion; military buildup; MIGs.

Mexico (INR)

- Political implications of the economic problems and likely austerity measures. Note also 26 May still unconfirmed reports of insurgents in four Mexican states.

3. Please call [REDACTED] with names and clearances of individuals attending the next warning meeting by noon, 22 June 1982. ^{25X1}


Constantine C. Menges

Att: (1)

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WASHINGTON, D.C. 20505

National Intelligence Council

DDI-4413-82

26 May 1982

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

THROUGH : National Intelligence Officer for Warning

FROM : National Intelligence Officer for Latin America

SUBJECT : Monthly Warning Assessment: Latin America

1. Argentina/UK/FalklandsMilitary

Losses to date for each side are: for Argentina--7 ships (destroyed or damaged), 63 aircraft, at least 400 personnel; for the UK--18 planes, 5 ships, at least 96 personnel. It is most probable that the UK will defeat the Argentinians on the Falklands in the next weeks. The greatest perceived risk of military escalation has been UK attack on Argentinian mainland airbases which could bring about direct military action by other Latin American countries or an Argentine acceptance of Cuban/Nicaraguan/Soviet offers of various forms of military support. Continued serious UK losses to Argentine air attacks may yet lead to this UK action, but the probability is lower than it was before the assault of 21 May.

Latin American Actions

Barring a UK attack on the Argentine mainland, it seems most likely that even the strongest Latin American supporters (Peru, Venezuela) will confine their actions to the transfer of military equipment and political support. The longer the conflict continues the more intense the political reaction against the UK and (to some degree) the US will become.

The immediate practical consequence for the US will be to slow down or halt the new anti-Castro consensus which had been building after the years of Latin American normalization of relations with Cuba (1968-80). So far, Venezuela and others with Caribbean Basin concerns have not taken direct action to terminate cooperation in support of governments being helped by the US--that is an encouraging sign. However, the OAS has been lost for the near-term as an instrument for more active programs to contain either Cuba or Nicaragua.

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[REDACTED] Panama might act directly or more likely permit some group to take actions to prevent the UK from having access to the Panama Canal. The intelligence community discounts this, but it warrants (I believe) careful monitoring as a potential threat with large practical and symbolic implications.

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Cuban/Soviet Actions

The previous warning report (April 1982) discussed five possible levels of Cuban/Soviet action to exploit the crisis for anti-US purposes. Propaganda and political action activities are certainly evident (e.g., the pre-Non-aligned Movement "Caribbean Zone of Peace" meetings in Havana 26-28 May). NIO/LA believes there will be some use of Latin American Cuban-linked terrorist groups for anti-US or anti-UK activities in the next weeks. In addition, it seems logical to assume that Soviet/Cuban covert operatives will be trying to establish relationships with key Argentinian political, military, and labor leaders or groups. In addition, a direct or proxy (e.g., Libya) Soviet Bloc military supply/consultation relationship is possible.

There is agreement that the USSR is collecting substantial intelligence on the Falklands conflict; however, CIA analysts state "there is no evidence that a substantial amount is being passed to the Argentines". NIO/LA suggests that it would be logical for the USSR to pass along much of this information along with disinformation (e.g., US tankers fueled the Valcons). The absence of evidence may simply reflect our lack of intelligence access [REDACTED]

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Threats to US Nationals

Consensus both at the warning meeting and of an intelligence community memorandum of 21 May 1982 (coordinated by the NIO/LA in response to an urgent State request): no additional evidence of serious Argentine preparations but the risks of actions by the government, uncontrolled units or mob violence would grow if the US were perceived to be directly involved militarily and/or the UK attacked the mainland, and/or there were massive Argentine losses.

2. Central America

Cuban/Nicaraguan support for the extreme left continues in El Salvador, Guatemala, Honduras, along with covert action and attempts to intimidate Honduras and Costa Rica into neutrality. Nicaraguan military strength continues to grow. However, positive trends in the region also are continuing. A few highlights:

- El Salvador - improved military operations along with guerrilla factionalism and some demoralization; a few analysts believe Cuba may use the next months of the rainy season to reduce somewhat the levels of military support in order to force a more unified, capable fighting force for the fall and winter; the actual or perceived actions against the

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land reform may cause severe additional frictions between the PDC/democratic labor groups/military and the rightist parties; it may also threaten external support from Venezuela and the US (Congressional certification requirements end of July 1982).

-- Guatemala - a sharp decline in civilian deaths (from about 500 per month to about 100 per month after the 23 March coup); however, there are many coup reports while the extreme left continues strong and is being well supplied.

3. Venezuela/Guyana

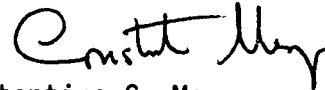
The 12-year truce about the large disputed territory recently discovered to have oil will expire in June 1982. The high costs of the Argentine military action will probably deter Venezuelan military moves, but the situation bears close watching.

4. Suriname

Cuban links are growing, and the NIO/LA believes it is moving (but not yet gone) into the communist orbit a la Grenada.

5. Mexico

Serious economic difficulties and the austerity measures most likely to be imposed after the July 1982 presidential election might have unsettling political and social effects (including expanded illegal immigration to the US), which require monitoring.



Constantine C. Menges

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