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**THE DIRECTOR OF CENTRAL INTELLIGENCE**

WASHINGTON, D.C. 20505

National Intelligence Officers

NFAC-4516-79  
27 August 1979

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

THROUGH : Deputy Director for National Foreign Assessment  
National Intelligence Officer for Warning

FROM : National Intelligence Officer for Latin America

SUBJECT : Monthly Warning Assessment: Latin America (C)

1. Action Requested: None; for your information only. (U)
2. Mexico

President Lopez Portillo may decide to cancel his late-September meeting in Washington with President Carter, as a sign of Mexican displeasure with the slow movement on bilateral problems, especially the natural gas agreement, and with what they perceive to be the continued unwillingness of the US to recognize their increased leverage in the relationship. (S)

3. El Salvador-Nicaragua-Cuba

Credible signs of an attempt by elements of El Salvador's military government and civilian oligarchy to liberalize the political system may suddenly touch off widespread violence, as extremists on the left and right try to undercut the opening toward moderation. Such a development could galvanize the Cubans and the Nicaraguans to take greater risks to provide substantial assistance to leftist insurgents than they might prefer at this stage. (S)

4. Panama

Passage by the US Congress of enabling legislation that is perceived by the Torrijos government to undercut US commitments under the Canal Treaty could lead to measured anti-US demonstrations. These are

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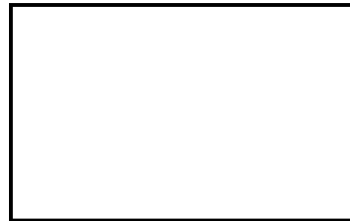
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not likely to seriously endanger US personnel and interests unless Torrijos concludes that President Carter is supporting the legislation. Increasing National Guard pressures on Torrijos to dump President Royo could add an element of uncertainty to Torrijos' game plan during this delicate period. (S)

5. Guyana

The Burnham government's campaign of violence and intimidation against opposition forces has at least temporarily taken the steam out of their efforts to drive him out of office. The opposition may be tempted to regain momentum by touching off large-scale disturbances during the Prime Minister's absence from the country to attend the Non-Aligned Movement (NAM) summit in Cuba, 3 to 7 September. (S)



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