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NSC MEETING

LATIN AMERICA

23 November 1982

*KSA - FJL*

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## TALKING POINTS - NSC MEETING ON LATIN AMERICA

23 November 1982

There is dichotomy of attitude running through the nations of Latin America. On the one hand, the Falklands affair has brought increased reluctance to be too closely identified with the United States. On the other hand, impending financial crisis and fear of increased Cuban and Soviet troublemaking in the area have strengthened a desire for more decisive US leadership. I would say that this is a stronger pull.



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In Brazil the major interest is almost certain to be financial and economic.

Colombia has pursued the most prudent economic policies in Latin America and as a result it is not heavily burdened by debt, has enjoyed a 3% growth in 1982 and has just announced a major austerity program in anticipation of continuing global recession. Cuba has supported extreme left guerrillas there since early 1980, estimated at about 2,000 armed guerrillas scattered in both rural and urban areas. President Betancur tried to negotiate and improve relations with Cuba last August but nothing appears to have materialized. An estimated 75% of the marijuana and cocaine used in the

United States during 1982 is seen as originating or transitting through Colombia. Cuba has been and is probably still involved in this traffic. The present anti-narcotic cooperation between the United States and Colombia will probably continue but it is unlikely that Betancur will agree to any crop control program.

At the meeting in Costa Rica and Honduras the regional subversion from Cuba and Nicaragua, along with economic and financial troubles, will be the focus of concern. Costa Rica sometimes with and sometimes without its consent has been used as a staging base by Cuban and Sandinistas in 1978 and is currently being used by Nicaragua as a staging base for supplies being sent to El Salvador, as well as by anti-Sandinista Nicaraguans who have been given asylum there on the basis that they will not do anything which would embarrass the Monge government. <sup>Costa Rica</sup> ~~Cuba~~ has a Communist party of about 6,000 members and trained and armed far-left guerrillas probably number somewhere in the neighborhood of 500.

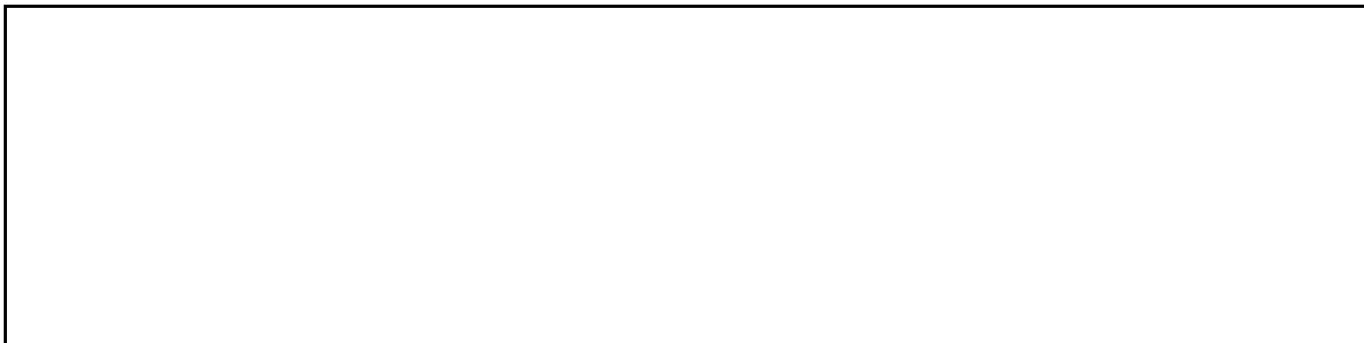
Although government forces are stronger the insurgency shows continued strength as supplies continue to flow in from Nicaragua. There is no end in sight.

In Guatemala Rios Montt's counterinsurgency strategy of active patrolling in guerrilla strongholds combined with developmental assistance to peasant villages has been highly effective. More than 50,000 peasants are organized in civil defense units to defend their villages from guerrilla attack. The Army has reasserted control in many areas dominated by the insurgents six months ago.

The military is short on supplies, however, and will have to cut back its effort over the next several months. The insurgents have been lying low to avoid encounters with the Army, and many have probably crossed into Mexico for safehaven. They may step up their activity once the military effort winds down.

Honduras continues its hardline opposition to domestic and regional leftist radicals. The Honduran military recently sent some 1500 troops to the Salvadoran border to aid a large Salvadoran counterinsurgency operation.

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Inside Nicaragua there is now probably something on the order of 4,000 partially armed and partially trained anti-Sandinista guerrillas not well organized and scattered in small camps. However, there may be the capability on the part of 1,000 or 1,500 armed Miskito Indians in the northeast and some 300 anti-Sandinistas under Eden Pastora in the southeast to converge and cut road transportation between Managua and the two Nicaraguan ports on the Atlantic Coast. There is concomitant danger that this will cause the Nicaraguan army to enlarge an effort to extinguish armed anti-Sandinista opposition.

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believe that it will not be possible to corner the anti-Sandinista forces in the mountains and swamps along the Atlantic Coast which prevail throughout the eastern half of Nicaragua.

The Nicaraguans and Cubans have the ability to sponsor embarrassing or distracting incidents during your visit including propaganda activities, possible violent incidents and demonstrations. We know that the Sandinistas have been working with American citizens in Managua to plan a propaganda campaign against the US [redacted]

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[redacted]

This could be the basis for demonstrations or violent incidents in Honduras or even Costa Rica during your visit. Although Honduran security is good, the Sandinistas and El Salvador insurgents have demonstrated the ability to carry off bombings and assassinations. Although the ability is there, our judgment is that the fear which prevails in Managua that the US is the basis for military action is such that they are not likely to employ the ability to disrupt for fear of provoking a strong reaction. [redacted]

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