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# Guyana: Economic and Political Prospects in the Wake of Grenada



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An Intelligence Assessment

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ALA 84-10012  
February 1984

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# Guyana: Economic and Political Prospects in the Wake of Grenada



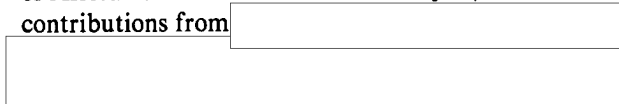
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An Intelligence Assessment

This assessment was prepared by [redacted] Office  
of African and Latin American Analysis, with  
contributions from [redacted]

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[redacted] of the Office of Near Eastern and South Asian  
Analysis; [redacted] the Office of East Asian  
Analysis; and [redacted] of the Office of Imagery  
Analysis. It was coordinated with the Directorate  
of Operations. [redacted]

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Comments and queries are welcome and may be  
addressed to the Chief, Cuba-Caribbean Branch,  
Middle America-Caribbean Division, ALA, on  
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**Guyana:  
Economic and Political Prospects  
in the Wake of Grenada**

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**Key Judgments**

*Information available  
as of 1 February 1984  
was used in this report.*

Guyana, now in its 20th year under the dictatorship of Forbes Burnham, is a sociopolitical tinderbox and an economic wasteland. The government, operating behind a transparent facade of democracy, is dedicated to fulfilling Burnham's personal need for power and to black domination of the ethnically mixed society. Large numbers of people with no economic opportunity or hope for political expression have simply emigrated; those who remain are sharply divided between Burnham's privileged and corrupt coterie and the increasingly deprived and oppressed citizenry.

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Guyana's economic fortunes will, in our view, take an even sharper downturn in 1984. The slump in production of key exports will send foreign exchange earnings to new lows and dictate even steeper import cuts. Government refusal to formulate a credible strategy for recovery, including much greater participation by the private sector, precludes resumption of assistance from the World Bank and other international financial institutions. In the months ahead, therefore, Burnham may no longer be able to dispense the privileges that buy him loyalty from the security forces that uphold his regime. Although he faces no threat from the declared opposition—which is cowed—cracks appearing in his own party and in his traditional support from labor suggest that some of these elements may be ready to turn against him.

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Faced with the possibility of economic collapse in the coming year and accompanying political unrest that would in all likelihood topple his regime, Burnham has turned to the USSR and other Soviet Bloc states for assistance. Although we do not yet know the outcome of these negotiations, we believe it is unlikely that Burnham will be able to obtain the substantial level of financial assistance needed to solve his economic troubles. So far, the USSR has shown no signs of intending to exploit Burnham's growing vulnerability or to increase its influence in Guyana. The Soviet view may be that because of the unstable political situation in Guyana the price for any marginal political or military advantage to be gained is too high.

Despite its low valuation of Guyana's military or strategic usefulness, we believe Moscow will continue to look for opportunities to influence Guyanese affairs at low cost and to use Guyana as a base for Latin American activities. The Soviets may propose jointly owned commercial ventures as cover for KGB operations and increase their disinformation activities in Georgetown, planting material for exploitation elsewhere in the region.

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[Redacted] Several senior party members are convinced that a new pro-Moscow clique, including Burnham's chief political adviser, is competing for influence with the President's older colleagues. Moscow, with an eye to protecting its longer term interests, will probably seek to identify and very discreetly cultivate yet other possible successors to Burnham. [Redacted]

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Cuba's recent setbacks in Grenada and Suriname enhanced Burnham's potential value to Havana, but so far the Castro regime has not moved to fill this gap. [Redacted] Cubans on permanent assignment in Guyana number about 50, mostly diplomats and medical personnel. Although there have been press reports of Cubans engaged in military construction at remote airfields in Guyana's interior, a

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[Redacted] With the Cuban presence in Grenada and Suriname eliminated, however, Havana is likely to be reassessing its relationship with the Burnham regime as a first step in recouping some of its losses in the region. Although Cuba may decide to increase its activities in Guyana, it simply does not have the resources to provide substantial economic aid. Moreover, so long as the aura of mutual distrust prevails in the Castro-Burnham relationship, we doubt that any agreements would be of lasting value.

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[Redacted]

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In this reassessment, the Cubans typically would look for an ideologically suitable leadership figure and one or more local institutions with solid grassroots underpinnings—a trade union, perhaps, or student or professional organizations—as a basis for influencing a move to the left in the unstable period that is likely to ensue when Burnham leaves the scene. While we have no evidence that the Cubans—currently preoccupied with much higher priority issues in Central America and Africa—are actively engaged in such a quest, it would fit the pattern of their behavior elsewhere. [Redacted]

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In the meantime, Havana is certain to take advantage of Guyana's location to maintain contact with the leftists of the region, to channel propaganda into the neighboring countries, and to facilitate official travel to and from the area. If Castro is permitted to bolster his intelligence activities targeted against other countries, he might be prepared to give Burnham assurances of nonintervention in Guyana's internal affairs. [Redacted]

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North Korea is likely to continue the longstanding careful cultivation of Burnham that has enabled P'yongyang to use Guyana as a base for its anti-Seoul and anti-US diplomatic and propaganda activities. Its Guyana operations have enabled P'yongyang to expand its influence in the region in recent years. Similarly, Libya will maintain its relationships so as to ensure continued use of Guyana as the hub for its activities in support of various regional political organizations and to maintain access to Guyana's government-owned radio station for regional propaganda purposes. Like Cuba and the USSR, these countries will try discreetly to identify ideologically reliable members of Burnham's circle who might step into his shoes. The token economic and technical assistance and limited arms and training they are likely to provide to Burnham to advance their interests, however, will not be adequate to keep his head above water. Burnham's staying power, at this point, probably turns on his continued ability to deliver privileges to his security forces and their families.

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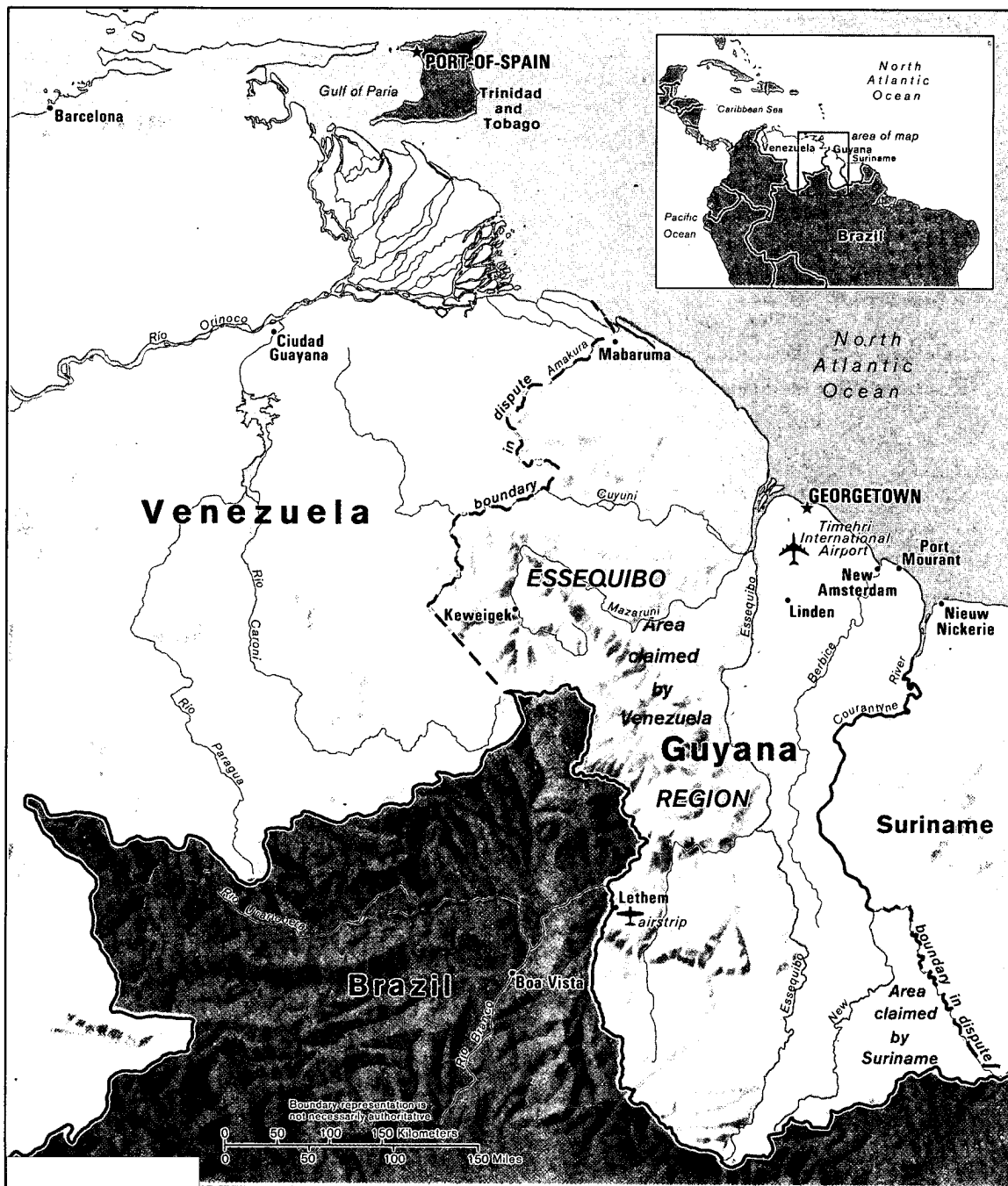
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**Guyana:  
Economic and Political Prospects  
in the Wake of Grenada** 

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**The Economy: Root of the Crisis**

**Declining Economic Performance.** Despite Guyana's wealth of resources, its economy has declined sharply since 1976. Output of the chief export commodities—bauxite, alumina, sugar, and rice—has fallen steadily as a result of pervasive corruption, mismanagement, and costly labor disputes. Undeterred by clear evidence of mounting inefficiency, Burnham has expanded the state's control of the economy, shrinking the share produced by the private sector to about 15 percent. At the same time, dwindling foreign exchange reserves coupled with a chronic inability to maintain support from international financial institutions have forced Guyana to implement stringent import restrictions 


The decline of Guyana's economy continued last year after a drop in GDP of 10 percent in real terms in 1982. Production of sugar, bauxite, and rice was more tightly shackled than ever by shortages of spare parts and equipment, fertilizers, and other imported inputs. Marketing difficulties multiplied as foreign buyers turned to other suppliers offering better quality, more reliable delivery, and lower prices. 

More than a year after adopting a carefully framed plan to return profitability to the sugar industry, the government has yet to implement any of its provisions.  the head of the state sugar corporation warned that this inaction was dooming the industry to escalating production losses and spiraling costs. Heavy rains have also cut short the 1983 sugar harvest. According to press reports, the industry registered a 13-percent drop in output over the previous year's poor performance. 

The decline of Guyana's bauxite and alumina industry has been accelerated by a combination of production problems and soft world markets; output in 1982 slid to the lowest level since independence in 1966. In an effort to cut huge operating losses, the labor force was slashed by one-third last year. Guyana's sole


alumina plant has been closed since mid-1982, awaiting the required foreign exchange for renovation. The People's Republic of China, which had taken over 40 percent of Guyana's US markets for refractory-grade bauxite by 1982, continued to enlarge its share in 1983. 

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Once the rice bowl of the Caribbean, Guyana in recent years has been unable to meet even declining foreign demand for rice. The production of rice has fallen off dramatically, and buyers are deterred by its poor quality, unreliable supply, and highly uncompetitive prices. The sharp deterioration in rice production has taken on added significance since the cessation of wheat imports in 1983 made rice the country's principal food. US Embassy estimates of extremely low yearend 1983 rice inventories point to the possibility of a severe rice shortage before the first harvest in March or April 1984. 

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Guyana's failing export performance has crippled its ability to finance the imports on which its economy depends. In 1982, export earnings fell 30 percent from 1981. Struggling to balance its international accounts, Georgetown slashed imports 36 percent, drained its foreign reserves, and built up commercial arrears. External debt stood at \$694 million by the end of 1982. According to government estimates, the current account deficit in 1983 was slightly smaller than in either of the two previous years. If accurate, we believe the improvement to have been achieved through a reduction of imports, forced by continuing foreign exchange shortages and lack of credit. 

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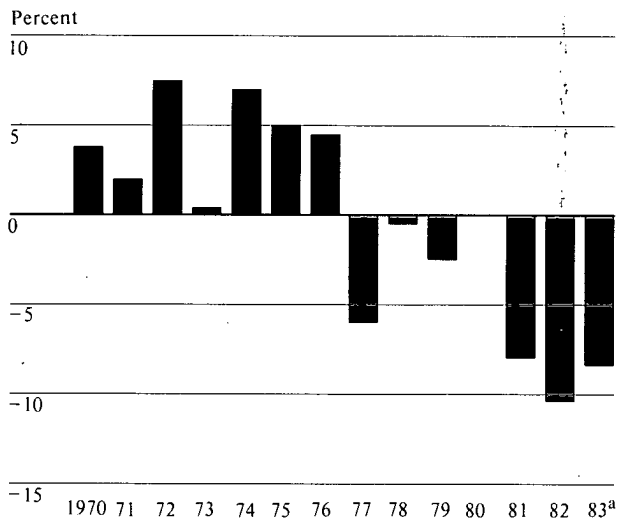
The government budget deficit was estimated by the International Monetary Fund (IMF) to have reached a level equal to 47 percent of GDP in 1982. The IMF projected the deficit would climb to well over 50 percent of GDP in 1983. US Embassy reports of the budget currently planned for 1984 lead us to believe

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Guyana: Real GDP Growth, 1970-83

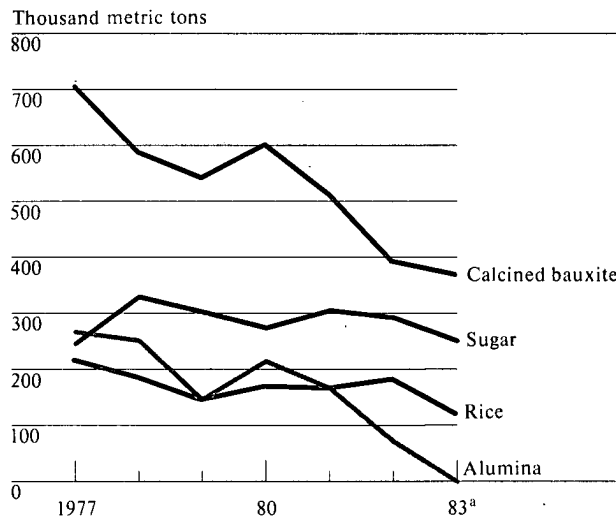


<sup>a</sup> Estimated.



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Guyana: Selected Commodity Production, 1977-83



<sup>a</sup> Estimated.



301637 (A04037) 1-84

that the deficit could hit 150 percent of likely GDP this year.<sup>1</sup> A deficit even approaching this magnitude would plunge the country into hyperinflation. [Redacted]

While the legitimate economy approached virtual collapse, black-market trade increased. Manufacturers and retailers, unable to obtain licenses and foreign exchange legally, have turned to illicit sources for the imports they need, and illegal exports of rice, gold, and diamonds increased. Although these activities deprive the regime of desperately needed customs duties and export commodities, efforts to clamp down have been ineffective in the face of widespread corruption and collusion at all levels of government. Official government statistics showed a 23-percent increase in the urban price index in 1982, but this figure is a sharp understatement since it does not include goods traded on the black market. [Redacted]

<sup>1</sup> By comparison, the IMF has urged that Jamaica hold its fiscal deficit to no more than 10 percent of GDP. [Redacted]

Despite the gravity of the situation, according to US Embassy reporting, Burnham remains adamantly opposed to taking the measures necessary to regain financial support from the IMF. Past IMF programs have foundered on Guyana's repeated failures to meet agreed fiscal and monetary targets. The last agreement became inoperative after only three months and was canceled in 1982. Underlying Burnham's refusal to come to terms with the IMF is that organization's insistence on a complete restructuring of the key economic institutions and revival of the private sector. According to Embassy analysis, with which we concur, Burnham believes such a development would directly threaten his power base. Burnham has been able to maintain the support of his Afro-Guyanese constituency by rewarding black Guyanese with jobs, favors, and privileges, while discriminating against the more numerous but politically weak East Indian ethnic groups. As a result, there is little chance that Burnham will meet any of the IMF's major requirements. [Redacted]

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**Deprivation Fuels Social Unrest.** Guyana's economic unraveling has reduced the living standards of the bulk of the population, especially among the majority Indo-Guyanese, who also face growing victimization by Burnham's Afro-Guyanese ruling party and security forces. [redacted]

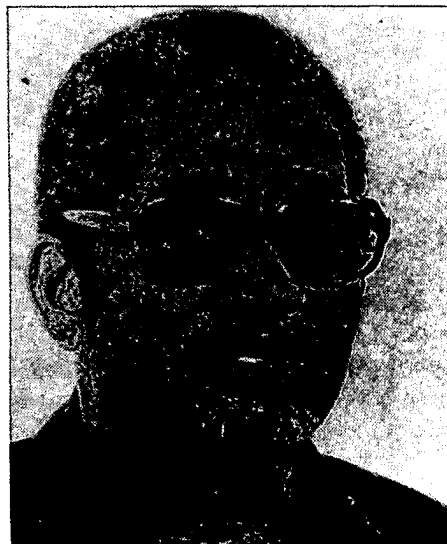
While Guyana's shortages of food, drugs, transportation, electricity, and water are endemic, deprivation became even more widespread and severe in 1983; indeed, according to Embassy and press reports, water shortages threatened public health and increased fire hazards. Crime has also increased, with robbery and associated assault falling most heavily on the Indo-Guyanese, whose traditional distrust of banks has caused them to hoard cash in their homes. The educational system, once the region's best, has disintegrated and is now given over to a curriculum of indoctrination and mass games on the North Korean model. [redacted]

The Guyanese people have endured this increasing level of misery over the years without serious protest, although they have grown cynical toward constant government exhortations to work for "self-sufficiency" and to resist "imperialist plots." [redacted] survival increasingly consumes the attention of most Guyanese, who believe—accurately—that the country's leadership, while preaching sacrifice, secretly indulges its taste for banned commodities. [redacted]

We believe, however, that, with further economic deterioration a certainty, Guyanese passivity can give way to sudden rebellion at any time—particularly as the living standards of the relatively more privileged Afro-Guyanese decline. Indeed, according to Embassy reporting, the Burnham regime, alarmed when Afro-Guyanese bauxite workers struck to protest food shortages in the spring of 1983, did not hesitate to send riot police and troops to the area. [redacted]

**The Political Setting**

**Burnham as Leader.** Despite the democratic trappings he still retains, Burnham has in fact established a dictatorship in the nearly 20 years that he has led Guyana. As creator and undisputed leader of the black-dominated People's National Congress, he has realized his goal of black dominion over Guyana's



Linden Forbes Sampson Burnham, Leader, People's National Congress, President, the Cooperative Republic of Guyana. [redacted]

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political and economic landscape, despite the numerical superiority of Guyana's East Indian community. He maintains his grip on power by electoral fraud, intimidation, and manipulation and by playing on the racial fears that have haunted Guyana since the bloody riots of the early 1960s. Over the years he has deeply entrenched his black followers in every government and parastatal institution, including the military and the police. By changing ministerial, military, and corporate assignments abruptly and frequently, he also maintains a climate of fear and insecurity and sows confusion about who is in his favor. This tactic discourages the formation of conflicting loyalties or conspiracies. [redacted]

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Burnham, while still reserving all decisionmaking to himself, now sets aside difficult problems rather than attempting to resolve them. [redacted]

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Cheddi Jagan, *Secretary General, People's Progressive Party*

**The Opposition.** The Marxist-Leninist People's Progressive Party (PPP), comprised almost entirely of Indo-Guyanese and headed by the once impassioned but now spent Cheddi Jagan, is the official opposition party. No longer a threat to the all-powerful ruling party, the PPP is useful to Burnham as "proof" that Guyana tolerates a free and unhampered opposition. The Working People's Alliance, another Marxist party founded in the late 1970s, appeals for support across racial lines. Burnham regarded the Alliance as a potentially serious threat and took early steps to hamstring it, according to Embassy and press reporting. The bombing death of its leader in June 1980 is widely believed by Guyanese to have been directed by Burnham, and further harassment by the government has stunted party growth and effectively inhibited remaining members. Virtually the only other opposition grouping is the recently formed Democratic Labor Movement, which is relatively moderate in the Guyanese context and probably favors a better relationship with the United States. Nevertheless, it suffers from inadequate resources and so far has been unable to generate meaningful support. We believe that, if Burnham disappeared from the political scene, none of these organizations would be able to move into a position of influence in the near term.

**Cracks in the Ruling Party.** If significant opposition develops, we believe it will come from within Burnham's own coterie. The ruling party's weakening control over the country's labor unions, for example, is now of more concern to Burnham than the activities of the few opposition elements in the country. Organized labor, largely a bulwark of ruling party support except for the Indo-Guyanese sugar workers, has taken an increasingly independent path since the bauxite workers' strike in the spring of 1983.

That strike lasted six weeks, during which Indo-Guyanese sugar workers staged sympathy strikes in solidarity with the Afro-Guyanese miners. The miners, however, lacked a strike fund and were forced to bow to government demands without any of the underlying issues—assurance of food supplies and job security—being resolved. Under the terms of the settlement, the bauxite workers unions were required to participate in the formulation of a program to return the industry to profitability—a tactic by which the government sought to make the unions bear the onus of the massive layoffs that shortly followed. Many of the strike leaders and militant workers lost their jobs.

The strike and its aftermath appear to have severely weakened the links between the ruling party and organized labor. Erosion of ruling party control over the umbrella Guyana Trades Union Congress has become apparent. In October 1983, according to Embassy reporting, only obstructionist tactics by party loyalists prevented adoption of antigovernment resolutions at the labor organization's annual conference. In the past few months, the number of independent unions has grown from four to eight, and Embassy reporting states that antigovernment sentiment now predominates in the bauxite unions. In our view, this trend—largely a result of Burnham's inability to protect his black supporters from rising unemployment, inflation, and shortages of basic necessities—is likely to intensify.

**Military Loyalty.** The key element of Burnham's power base is the loyalty of his security forces.

President Burnham

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**The Guyanese Military**

The US Embassy estimates that the Guyanese defense establishment, which includes the Guyana Defense Force (GDF), People's Militia (GPM), the Guyanese National Service (GNS), and the Tactical Services Unit (TSU), has a total strength of approximately 6,400. We believe the government could nearly double the size of this force if it orders a general mobilization. The Army has one understrength infantry brigade with 2,250 men. The Embassy believes a second infantry brigade is being organized, although the government has still not acknowledged its existence. The GDF also includes a small navy and an air corps, with a combined strength of 500. Most of the senior officers in the GDF were trained by the British and are reported by the Embassy to be highly competent and professional. Since the early 1970s, GDF officers have received training in Cuba, East Germany, North Korea, the United States, and Canada.

Paramilitary forces include the People's Militia that has an estimated strength of 1,200 to 1,500; it is poorly organized and in need of discipline, according to the Embassy. The strength of the Guyanese National Service is not known; however, the Embassy reports that some 1,000 to 1,500 young recruits are selected annually for an 18-month basic training program, and that since 1975 an estimated 15,000 to 20,000 have been trained. Another paramilitary

organization, the Tactical Services Unit, is a battalion-size police unit similar to a light infantry battalion. In a general mobilization, these paramilitary organizations would probably be incorporated into GDF line units. [redacted] 25X1

Most of the weapons in the GDF inventory were supplied by Brazil, North Korea, Yugoslavia, and the United Kingdom. [redacted] Guyana has also approached the USSR, East Germany, and France for arms, but so far apparently has been unsuccessful in working out terms. [redacted] 25X1

[redacted] a shipment of Eastern Bloc arms and ammunition arrived in Guyana in February 1983, and [redacted] some used Land Rovers and antiaircraft guns arrived in November from the United Kingdom. [redacted] 25X1

The armed forces are capable of coping with most internal security problems, but we believe they would be hard pressed to deal with external attacks. The GDF's greatest weaknesses are its lack of air defense and its limited logistic capability. The US Embassy estimates that the military is capable of border surveillance and maintaining internal security, but probably could not hold out for more than 30 days against, for example, a full-scale invasion by Venezuela. [redacted] 25X1

ensures this loyalty by personally appointing all senior officers. Both the military and paramilitary forces are almost exclusively Afro-Guyanese. All officers receive political indoctrination, and, before an officer is promoted to field grade rank, he must swear an oath of loyalty to Burnham. In return, Burnham takes care of the military by ensuring that salaries are paid and that the messes are kept well supplied with food. In 1982, Guyana's defense expenditures were officially reported to be \$33 million—5.8 percent of the total government budget—most of which went toward salaries. [redacted]

[redacted] defense spending is far higher than the official figures. [redacted] Burnham gave the military a large pay increase in 1983. [redacted]

**Relations With the United States**

US-Guyanese relations have chilled since mid-1981, when a US veto—subsequently withdrawn—of an Inter-American Bank loan for Guyana's rice sector was denounced by Georgetown as an attempt at economic destabilization. This charge has been repeated publicly many times since: for example, when the United States supplanted Guyana as Jamaica's principal supplier of rice and when the United States vetoed permanently an Inter-American Bank loan in July 1983 and subsequently canceled most of its AID portfolio. US refusal to ship wheat without first receiving irrevocable letters of credit has rankled, and

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US insistence that Guyana take concrete steps— instead of making promises—to give the private sector more freedom to participate in the country's economic life has infuriated Burnham. He has suggested publicly that the United States is behind the insistence of the international financial institutions on the same point.

Economic freedom for Guyana's private sector would quickly translate into greater economic benefits for the entrepreneurial East Indian, Anglo, and Portuguese communities, while impinging on the status of Burnham's black constituencies. As a result, the issue has been nonnegotiable for Burnham. So far, the Guyanese leader has indicated he is prepared to compromise only in the area of foreign private investment.

Government propaganda incessantly warns the people that all their economic woes spring from a US campaign designed to force Guyana to abandon "co-operative socialism" and return to dependence on "imperialism." These efforts, however, appear to be widely disregarded by the Guyanese people.

**Relations With the Soviet Bloc**

With little hope of gaining financial aid from Washington or loans from the IMF, Burnham is increasingly turning toward the USSR and its allies. Since 1982 Burnham has initiated a media campaign to highlight joint activities.

People's National Congress in August agreed to:

- Strengthen Guyana's relationships with socialist countries.
- Support socialist initiatives worldwide.
- Intensify socialist ideological training and the dissemination of anti-US propaganda.
- Develop a contingency plan for going it alone without funds from the IMF.

Since the US intervention in Grenada, Guyana has accelerated its contacts with the Soviet Union and its allies. A Guyanese delegation signed an exchange-of-information agreement with TASS officials in early December and, tried to arrange a swap of bauxite and sugar for Soviet machinery. President Burnham visited North

Korea on his return from the Commonwealth Conference in New Delhi last December, and technicians from Romania and Bulgaria arrived in Georgetown early the same month, as did a commercial mission from Yugoslavia.

**Soviet Policy Toward Guyana.** The USSR clearly values Guyana as a supporter of Soviet causes in international forums and as a participant in Communist front organizations and peace groups. Beyond exploiting prevalent leftist attitudes and an eagerness for free foreign travel, however, Soviet interest seems to be limited. We believe Moscow has been wary of becoming committed in any way to propping up the country's deteriorating economy. It has not shown any serious interest in trying to take advantage of Guyana's location for strategic purposes.

there were about 30 Soviets, including embassy dependents, in Guyana as of early December 1983. This is a small embassy by Soviet standards. Ambassador Kharchev was a municipal Communist party official in Vladivostok before receiving diplomatic training, after which he was sent to Georgetown.

The Soviets do, however, have "agents of influence" within the government of President Burnham and his People's National Congress. These include Burnham's chief political adviser, Elvin McDavid, a former Guyanese Ambassador to Moscow who is consistently pro-Soviet and frequently consults with Soviet Ambassador Kharchev in Georgetown.

several senior party members are convinced that a new pro-Moscow clique including McDavid is trying to reduce the importance of Burnham's older colleagues. Moscow probably gives more importance to prospects of this clique than it does to the opposition People's Progressive Party, which is a Soviet-line Communist party. Moscow, with an eye to protecting its longer term interests, will probably seek to identify and very discreetly cultivate other members of Burnham's inner circle to strengthen its position in the event Burnham disappears from the scene.

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The Soviets, nevertheless, have shown an unwillingness to promise any significant aid to Guyana. According to a US Embassy report, Ambassador Kharchev—who had economic training and supervised economics as well as ideology in Vladivostok—said in August 1983 that Moscow viewed economic aid to Guyana as a very poor business risk because of a poor repayment record and no notable economic results.

[redacted] Guyana owed the USSR some \$900,000 and that Moscow was exploring the possibility of repayment in bauxite.

[redacted] Ambassador Kharchev has told the US Charge that Guyana had turned down Moscow's proposal in December 1983 to barter bauxite for Soviet vehicles, machinery, and farm implements, preferring instead to sell bauxite for hard currency; the Soviets rejected that counteroffer.

Despite the apparent impasse on trade, Moscow will continue to look for opportunities to influence Guyanese affairs at low cost and to use Guyana as a base for Latin American activities. In 1981, the Soviet airline Aeroflot proposed to Guyana creation of a new jointly owned airline to serve the region apparently as cover for KGB operations and possibly in hopes of earning hard currency. Guyana did not act on the proposal, but similar schemes might be offered in the future. The Soviets also might increase their disinformation activities in Georgetown, planting material for exploitation elsewhere in the region.

**Cuban Involvement in Guyana.** Cuba's 11-year relationship with Guyana has been marked by mutual suspicions and distrust that have prevented the Castro regime from fully exploiting the ties politically. Cuba's early hopes of helping Burnham dismantle Guyana's political, economic, and social infrastructure and replacing it with Marxist-Leninist institutions faded years ago, and we believe Havana has become convinced that Burnham is a crafty and unprincipled opportunist with fraudulent ideological credentials. At the same time, the Cubans probably realize that

their ideological kinsman in Guyana, Cheddi Jagan, has neither the political power nor the organization to challenge Burnham and that they must deal directly with Burnham if Havana is to take advantage of his anti-US bent. [redacted] 25X1

Although diplomatic relations were established in 1972, they did not begin to develop fully until President Burnham's visit to Cuba in April 1975. Cuba later signed an economic collaboration pact with Guyana that included a fishing agreement<sup>2</sup> and the provision of Cuban nonmilitary advisers. Havana maintains a staff of at least 11 officials in its Georgetown embassy, in addition to a medical team and a handful of various educational, cultural, and technical advisers who have been in Guyana almost continuously since 1976. [redacted] 25X1 25X1 25X1 25X1

In late 1975 and early 1976, when Cuba's military airlift to Angola was temporarily stymied by the withdrawal of refueling privileges elsewhere in the eastern Caribbean, Havana attempted to use Guyana's Timehri Airport as an intermediate stop for the flights to and from Luanda. Texaco, which operated the only refueling facility at Timehri, serviced several Cuban aircraft but refused to continue once the nature of the flights became known. A Cuban tanker then delivered collapsible fuel tanks with a capacity of 300,000 gallons to a Guyana Defense Force installation outside the airport, and a team of Cuban technicians was flown in from Havana to install them. The effort failed, however, when the fuel from the tanker proved to be contaminated and the only Cuban aircraft to be refueled from the tanks was stranded in Guyana for several weeks until its damaged engines could be repaired. [redacted] 25X1 25X1 25X1

The meeting in February 1981 of the Guyana-Cuba Mixed Commission included discussions on possible joint projects, increased trade, and cooperation in [redacted] 25X1

<sup>2</sup> The fishing agreement was terminated and Cuba's 13-trawler fleet returned to Cuban waters in late 1979. The Guyanese Government claimed at the time that the Cubans had cheated on the fishing agreement and subsequently demanded that Havana withdraw its fishing fleet and many of its advisers. [redacted] 25X1

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**Cuba and Guyana: The Airfield Issue**

Two recent articles in a Washington newspaper alleged that since 1979 the Cubans and the Guyanese military had been building a dozen 6,000- to 8,000-foot airstrips with military facilities in the remote Essequibo region of southern Guyana. The author of the articles claimed that this activity was documented on foreign-made aerial reconnaissance photographs taken in July and December 1981 that showed the rapid improvement of the airstrips and construction of "Cuban military-type" buildings and communications "towers" near them. [redacted]

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In reaction to the allegations, we conducted a comprehensive survey [redacted]

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[redacted] More than 25 airstrips scattered throughout the Essequibo region were analyzed for signs of improvements or military construction activity. With the exception of one 6,000-foot asphalted airstrip located south of Lethem on the Brazilian border, which the Canadians are helping the Guyanese to improve, we found no major improvements at any of the other airstrips. [redacted]

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[redacted]

cultural, scientific, technical, and educational matters. In July 1981, Havana offered Guyana a \$1.5 million line of credit for the purchase of various Cuban goods. [redacted] Cuba exported over \$1.2 million in goods—mostly cement—to Guyana in 1982 and purchased only \$12,000 worth of Guyanese products in return. The Guyana-Cuba Mixed Commission in March 1983 discussed the possibility of establishing a medical school and a joint publishing house in Guyana, as well as arrangements for countertrading Guyanese rice and timber for Cuban goods. [redacted]

**Cuban Military Presence.** [redacted]

[redacted] there probably is a handful of Cuban intelligence officers or military advisers in Guyana working with the local defense forces. In

addition, [redacted] as early as 1976 some 300 to 400 members of the Guyana Defense Force had received military training in Cuba, mainly in guerrilla warfare. [redacted]

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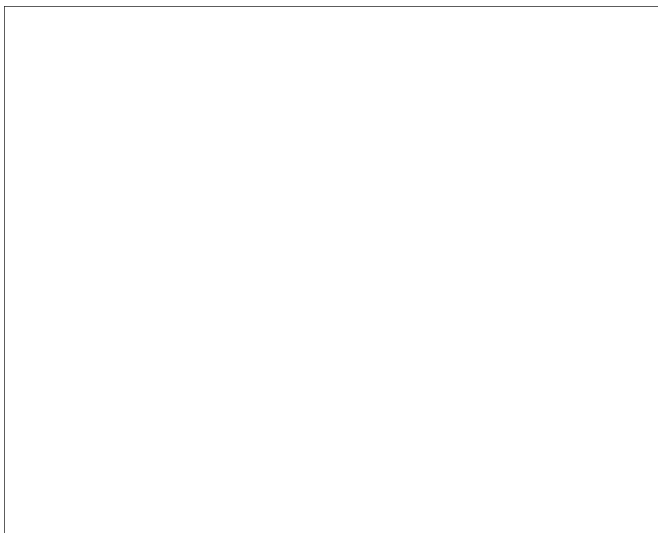
Periodic rumors and flurries of unconfirmed reports— [redacted] suggesting a larger Cuban military presence in Guyana persist, but efforts to evaluate this information have thus far failed to turn up any evidence of Cuban troops or military activity. These rumors, mainly of Cuban forces stationed in the Essequibo region of Guyana adjacent to Venezuela's border, appear to grow out of Caracas's fear of a Cuban-Guyanese military alliance and typically lack any evidential basis. [redacted]

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**Relations Since Grenada.** Events in Grenada and the subsequent decision of Suriname to downgrade its ties with Cuba have greatly enhanced Burnham's potential value to Havana. As long as Cuba had a more promising and secure operational foothold in Grenada—and to a lesser extent in Suriname—the need to use Guyana as a staging area for Cuban activities in the eastern Caribbean was minimal. With the Cuban presence in Grenada and Suriname eliminated, however, Havana is likely to be reassessing its relationship with Guyana as a first step in recouping some of its losses in the region. [redacted]



We have not perceived any shift in the Guyanese Government's official relationship with Havana since the intervention in Grenada nor any indication that Burnham's suspicions of Cuba's motives have abated. In the past, Burnham has been concerned over the possibility of the Cubans supporting opposition leader Cheddi Jagan; he probably will continue to resist any attempts by Havana to establish a large military presence in his country, fearing what he calls the Cuban "Trojan Horse." Burnham probably is also aware that an increased Cuban presence, if combined with an outbreak of social and political unrest in his country, might be perceived by Venezuela as reason to intervene. Nonetheless, he probably will continue to investigate all avenues for increased trade and other support from the Cubans, while being careful not to give Havana a clear hand to meddle in Guyana's affairs. [redacted]

With Grenada lost, we believe Havana will probably attempt to take advantage of Guyana's location by using it as a convenient meeting place for maintaining contacts with the radicals of the region. Its usefulness as a transportation point has been enhanced now that direct Cuban flights between Havana and St. Georges have been terminated. The Cubans may also try to develop Georgetown as a regional center for the distribution of propaganda and may hope to use broadcasting facilities in Guyana now that their access to Radio Free Grenada has ended. A move in this direction was made even prior to the Grenada intervention; on 21 October, a cooperation agreement was signed by the Cuban Broadcasting Institute and the Guyana Broadcasting Service. [redacted]

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**Prospects for Increased Soviet and Cuban Aid.** The loss of Grenada as a possible future site for Soviet air and naval facilities also might increase Soviet interest in Guyana, whose location offers many of the same geographic advantages for such uses as basing naval reconnaissance planes or refueling flights between Cuba and Africa. Since the intervention in Grenada, however, we have not seen any increase of Soviet interest or any change in Soviet relations with Burnham's government. We believe that increased Soviet military interest or any important change in relations would become apparent to us fairly quickly. [redacted]

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Moscow is probably reluctant to become too closely involved with a leader who has presided over such a decline in economic standards as to make his future uncertain and has failed to develop a strong, disciplined control apparatus. The development of useful military facilities in Guyana would require of the Soviets a long-term investment not only in developing those facilities—which at present are not adequate for air or sea deployments—but also in stabilizing the economy. We do not believe the Soviets would feel that, on balance, the investment is worthwhile, at least as long as Burnham remains in power. [redacted]

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Although we have no evidence that they are doing so at present, we believe the Cubans, as a logical part of their long-range policy toward Guyana, are probably also assessing local personalities and institutions to

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identify those that can be co-opted and used to effect a move to the left in the uncertain period that is likely to follow Burnham's departure from the scene. Havana typically would look for charismatic individuals with mass appeal and for institutions—trade unions, women's or peasants' groups, student organizations, professional associations—that had a solid grass-roots foundation. The Cubans would also want to locate and cultivate friendly assets in the media and security establishment but would keep the effort very low key to avoid provoking Burnham. In short, even though they now are preoccupied with high-priority Cuban interests in much more critical areas such as Central America and Africa, the Cubans would undertake measures designed to enable them to take advantage of any opportunities that arose to push Guyana further to the left or, at a minimum, increase Guyana's estrangement from the United States.

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Burnham sought additional military aid from North Korea during the stopover in P'yongyang in early December—his fourth visit there since relations were established in 1974. P'yongyang announced the signing of an economic accord during the visit, but we have no indication of North Korea's response to Burnham's arms request. The ranking North Korean Deputy Minister of Defense—who has been associated with North Korean military assistance projects—attended the biennial PNC Congress in Guyana this August, suggesting that P'yongyang may have been considering additional military cooperation shortly before the events in Grenada. The North Koreans have also provided a small amount of economic aid to Guyana, chiefly nine technicians at their resident mission in Georgetown. Some members of this group probably are assigned to agricultural development projects. We do not know whether any are involved in military training activities.

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Should Fidel Castro, in the wake of events in Grenada, decide to try to breathe new life into his relationship with Burnham, he is likely to focus on offering those kinds of assistance that would help Burnham maintain his grip on power while costing Cuba little. This would probably include image-building projects—perhaps road construction and medical teams—and programs involving propaganda and leadership security. Cuba does not have the capability to provide substantial economic assistance. In return, Cuba would probably want a larger diplomatic presence and the freedom to meet in Guyana with the leftists of the region. Castro might even be prepared to give Burnham assurances of nonintervention in Guyana's internal affairs if he is permitted to bolster his intelligence activities targeted against other countries.

P'yongyang's approach to Guyana is consistent with North Korea's worldwide competition with South Korea. The unusually large, 32-member North Korean mission in Georgetown provides a convenient base for anti-Seoul and anti-US diplomatic and propaganda activities and has enabled P'yongyang in recent years to expand its influence in the region.

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North Korean activities there had been supported from the mission in Georgetown. In addition, P'yongyang's efforts have helped maintain Guyanese support for North Korea in the Nonaligned Movement and other international bodies.

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**North Korean Support**

P'yongyang has carefully cultivated President Burnham's favor since the mid-1970s.

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North Korea has provided Guyana with two or three patrol boats and limited quantities of small arms, artillery, and ammunition—possibly under a military protocol.

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Several dozen Guyanese had received military training in North Korea and that 12 North Korean military instructors provided training at GDF bases during 1980.

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**Libyan Goals in Guyana**

Libya's goals in Guyana are colored by the overall aim of its operations in the Caribbean and, more broadly, throughout Latin America. Libya is concerned with promoting the fortunes of leftist governments and enhancing the influence of the Islamic religion. The main impulse for Libya's machinations in Latin America, however, comes from its desire to undercut US influence in its own backyard—a way of getting back at the United States for its influence in the Arab world and for Washington's perceived hostility to Libya.

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**Guyana's Relations With Its Neighbors**

**Venezuela.** Guyana's long-running territorial dispute with Venezuela is quiet at the moment and is likely to remain so for at least the next several months. The issue has long provided Burnham with a useful domestic rallying cry and an excuse for maintaining his disproportionately large military establishment. The new Venezuelan Government inaugurated in February 1984 will most likely be content to leave the matter in the hands of the UN Secretary General while it deals with more pressing economic issues. We believe, however, that Caracas will ultimately press more vigorously its claim to the Essequibo, which comprises five-eighths of Guyana. Failure to resolve the dispute has barred development of the region's mineral riches and potential hydropower resources. Moreover, Venezuela views possible unrest in Guyana as a potential threat to its national security. Any evidence of increased Soviet or Cuban influence on Burnham would ring alarm bells in Caracas. [redacted]

**Suriname.** Guyana's relations with Suriname have improved somewhat in the past few months. Paramaribo's expulsion earlier this year of about 2,000 Guyanese has not been repeated, and Georgetown's worries that all 40,000 of its citizens estimated to be living in Suriname might suddenly return have receded. The New River Triangle border dispute persists, but is in the background. Talks have been initiated to enlarge barter trade between the two countries, and we expect relations to continue to improve, although Burnham is said to remain wary of Suriname's unpredictable military leaders. [redacted]

**Brazil.** Brazilian interest in Guyana is of relatively recent origin and stems from security concerns. In mid-1981 a Foreign Ministry study—according to a US Embassy source—referred to Guyana and Suriname as Brazil's "soft underbelly" and echoed the military's traditional fear that a neighboring country might come under Cuban influence or Communist rule. To enhance Brasilia's role in the region and increase its leverage with the Guyanese regime, the paper called for several joint development projects and requested additional funding. [redacted]

During 1982, the Brazilians followed up by sending the Foreign Minister to Georgetown and hosting

Burnham in Brasilia. The two countries signed agreements for cooperative projects in energy, mining, agriculture, highway construction, and other areas, but apparently very little has materialized. [redacted]

[redacted] Georgetown apparently has already received some automatic rifles and expects to receive armored vehicles this year. [redacted]

[redacted] Brasilia strongly favors Guyana in that country's territorial dispute with Venezuela. [redacted]

[redacted] Brazil—anxious to avoid offending Caracas—declined Georgetown's proposal for joint oil explorations in the Essequibo region. The Brazilians are concerned that armed conflict between Venezuela and Guyana could spill over into Brazilian territory, and they have cautioned Caracas against resorting to force. [redacted]

**CARICOM.** Longstanding strains in Guyana's relations with its Caribbean Community neighbors deepened during 1983. Georgetown's inability to pay its debts led directly to the termination of the Community's Multilateral Clearing Facility and subsequently contributed heavily to the virtual collapse of the Common Market itself. Burnham's dismal record on human rights and abuse of the democratic process had earned him pariah status long ago, but his denunciation of his neighbors for favoring the Grenadian intervention and his suspected advance disclosure of the invasion plans exhausted what little patience remained. As a consequence, the sense of isolation spawned by Guyana's economic crisis deepened. [redacted]

Efforts to move the CARICOM Secretariat out of Georgetown and to restructure the Community to exclude Guyana are in the wind. If successful, they will complete Georgetown's isolation from its English-speaking neighbors and, as a consequence, further discourage Guyana's already demoralized people. [redacted]

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[redacted] Libyan activities in Central America and the Caribbean have been hampered by lack of a secure base from which to distribute arms and other assistance in the area. [redacted] Guyana was an unsatisfactory candidate for a potential Libyan base because it was too "equivocal"—presumably too friendly—in its relations with the United States. [redacted]

[redacted]

[redacted] Support for Caribbean Islamic organizations is channeled openly through the Islamic cultural center in Guyana, which Libya funds. Guyana also serves as a propaganda outlet for the Libyans, who sponsor an Islamic radio program on the government-owned radio station. Libya also might find Guyana useful for the purpose of refueling certain types of cargo aircraft traveling to Cuba or Nicaragua via West Africa. In April 1983, Tripoli attempted to ship military equipment to Nicaragua by air, but the cargo was seized by Brazilian authorities during a refueling stop. [redacted]

**Outlook for Political Stability**

Massive inflows of human and capital resources and a restructuring of the economy to tap the energies of the private sector will be required, in our view, before rebuilding of Guyana's shattered economic system can begin. Burnham's intransigent opposition to a modification of state control and competing demands for available resources preclude help from the international lending institutions. Without hope of IMF or World Bank support, more than token aid from bilateral donors is unlikely, and loans from commercial banks are out of the question. [redacted]

Guyana's hapless citizens almost certainly will experience deeper misery, even malnutrition, as the economic crisis deepens in 1984. Burnham is likely to respond by calling on international agencies for aid on humanitarian grounds and continuing to blame his problems on US-inspired economic destabilization. Emigration will increase as Guyanese flee privation and victimization in the absence of effective leadership and the means to defend themselves and their families. [redacted]

Despite these likely developments, we believe Burnham will cling successfully to power unless he is unable to maintain the loyalty of his security forces. Should Burnham lose the support of his armed forces, a palace coup is possible. The most likely cause of such an event would be an outbreak of large-scale violence by dissatisfied labor unions joined by the growing army of the unemployed. In our judgment, such violence could provoke the armed forces to remove Burnham should that be necessary to restore public order and ensure continued control by the People's National Congress. [redacted]

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