



Directorate of Intelligence

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**Latin America
Review**



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23 November 1984

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ALA LAR 84-021
23 November 1984

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**Latin America
Review** [Redacted]

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Articles have been coordinated as appropriate with other offices within CIA. Comments and queries regarding this publication may be directed to the Chief, Production Staff, Office of African and Latin American Analysis, telephone

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Articles

Mexico-El Salvador: Signs of Rapprochement

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Relations between Mexico and El Salvador, which have been poor in recent years, are improving. The warming trend developed after Mexican President de la Madrid came to power in December 1982 and has accelerated since Salvadoran President Duarte assumed office last June. It has been reflected in closer Mexican control over the activities of Duarte's opponents in Mexico and an exchange of visits by senior government officials. San Salvador almost certainly wants to improve relations with Mexico City to enhance the Duarte government's international stature and to undercut Mexican sympathy for Salvadoran rebels. The de la Madrid administration probably views closer bilateral ties as consistent with some of its foreign policy aims but unpopular with Mexican leftists. In the future, Mexico will be more likely to respond favorably to Salvadoran proposals to upgrade diplomatic relations—they are now at the level of charge d'affaires—if Duarte's efforts to achieve a dialogue and reconciliation with his opponents show greater promise of succeeding.

Past Differences

Mexican-Salvadoran relations significantly deteriorated in the late 1970s. At that time, the Lopez Portillo administration in Mexico began openly to condemn repression by Salvadoran security forces, and Mexico's ruling party established contacts with Salvadoran insurgent groups. Prominent in the Mexicans' thinking, according to the US Embassy in Mexico City, was the belief that El Salvador's political evolution would follow the pattern of Nicaragua, where the Sandinistas were bringing down the authoritarian Somoza regime.

Bilateral relations further plummeted in August 1981, when Lopez Portillo and the Mitterrand government in Paris issued what came to be known as the Franco-Mexican Declaration. In this joint policy statement, Paris and Mexico City recognized the Salvadoran insurgent groups—the Farabundo Marti National Liberation Front (FMLN) and the Revolutionary Democratic Front (FDR)—as a “representative political force” which should be included in negotiations to end the widening military conflict in El Salvador.

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The Salvadoran junta deeply resented the declaration, according to press. San Salvador maintained that the declaration accorded the insurgents an international and domestic standing out of proportion to their popularity in El Salvador or their battlefield strength. The junta also complained that the initiative violated Mexico's traditional policy of nonintervention in the affairs of other states, and that it would make it easier for unfriendly countries, such as Cuba, to increase aid to antigovernment forces, prolonging the insurgency.

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Lopez Portillo took other actions to support the Salvadoran opposition as well. During his administration, Mexico City:

- Allowed the FMLN/FDR to establish political offices in the capital and Salvadoran guerrillas to transit Mexico on their way to Cuba and the USSR for military training.

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- Granted asylum to small groups of Salvadorans, an action consistent with the government's policy of giving refuge to political exiles.
- Expressed solidarity with the Salvadoran opposition by tolerating, if not covertly sponsoring, various prorebel activities organized by Mexican leftists and Salvadoran exiles, including rallies, cultural events, and fundraising benefits. [redacted]

We have no evidence that the Mexican Government, either under Lopez Portillo or de la Madrid, has directly supplied arms to Salvadoran rebels or allowed them to train in Mexico. [redacted]

Nonetheless, the Lopez Portillo administration did provide modest financial assistance to Salvadoran opposition groups in Mexico, and possibly to antigovernment forces in El Salvador, according to the US Embassy in Mexico City. Such support, which may have been channeled through Mexico's ruling party, probably has now ended, according to Embassy observers. [redacted]

Recent Developments

Since de la Madrid came to power in late 1982, there has been a gradual trend away from Mexico's proinsurgent tilt. This has particularly been the case since Duarte assumed office last June. [redacted]

The first major indication of such a shift was Mexico's cool response in late 1983 to an FMLN/FDR request that the rebels be allowed to transfer their political leadership and support offices from Managua to Mexico City. Although some members of the Salvadoran opposition have since moved to the Mexican capital, the de la Madrid government did not facilitate the transfer and,

[redacted]
[redacted] it went so far as to refuse to issue resident permits to the Salvadorans who arrived. [redacted]
[redacted]

The de la Madrid government has since then reduced its public support for the Salvadoran opposition and may quietly be backing away from its commitment to the Franco-Mexican Declaration. In addition,

[redacted] a number of Salvadorans in Mexico City have been arrested in the past year, apparently as a part of a broader government effort to monitor and control the activities of Central American exiles in Mexico. [redacted]

Mexican Foreign Minister Sepulveda's attendance at Duarte's inauguration in June served to highlight the policy shift. It was the first public visit by a high-level official of either country to the other since 1977 and demonstrated that Mexico City viewed the Duarte government, which had come to power through popular elections, as legally constituted. [redacted]

Salvadoran Foreign Minister Tenorio last month visited Mexico City and held talks with de la Madrid and other senior Mexican officials. Although the discussions focused on the Contadora peace negotiations rather than bilateral concerns, the US Embassy in Mexico City termed the visit a "landmark" in Mexican-Salvadoran relations. [redacted]

Motives

The Mexican Government probably welcomes improved bilateral relations insofar as they make Mexico appear more evenhanded in the current Central American peace talks. Mexico City may also believe that in pursuing closer relations with San Salvador it can please Washington, whose assistance Mexico requires in dealing with its economic difficulties. [redacted]

At the same time, de la Madrid will have to take account of the views of Mexicans who identify the Salvadoran insurgency with the Sandinista takeover in Nicaragua in 1979 and Mexico's own revolutionary struggles in the early decades of this century. Leftists inside and outside of the ruling party will continue to urge greater support for the Salvadoran rebels and will oppose closer relations with Duarte. At present,

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the Mexican left appears increasingly weak and fragmented, however, and de la Madrid probably sees less need to accommodate its wishes than in the past.

[redacted]

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The Duarte government almost certainly would like to upgrade diplomatic relations with Mexico City but is unlikely to do so unless the de la Madrid administration reciprocates. Nonetheless, conservative opposition parties in El Salvador and a significant portion of the military officer corps remain bitter toward Mexico's perceived duplicity over the years and its ties to Cuba and Nicaragua.

[redacted]

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Prospects

In the near term, San Salvador is likely to seek closer ties to Mexico City as a means of enhancing the Duarte government's international image and discouraging Mexican diplomatic or other support for the Salvadoran opposition. San Salvador appears to have much to gain from a rapprochement with Mexico and little to lose.

[redacted]

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From the Mexican perspective, to exchange ambassadors would prove less controversial domestically if Duarte succeeded in curbing rightist terrorism and in engaging his opponents in a genuine dialogue. Although we have no evidence that the two governments plan to establish full diplomatic relations in the near term, we do not rule out the possibility, particularly should Duarte pay an official visit to Mexico City. On the other hand, if Duarte is incapable of controlling the death squads in El Salvador, peace talks stall, or the insurgents recapture the military initiative, bilateral relations are likely to improve more slowly, if at all.

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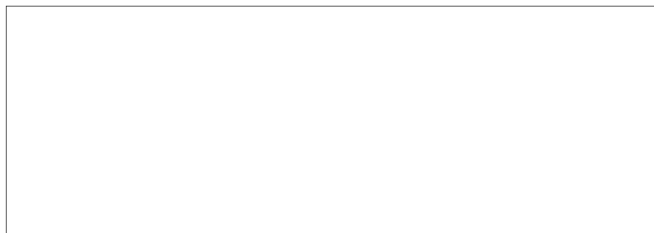
Guatemala: Reluctant Central American Partner [redacted]

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Recent political successes have bolstered the image of Guatemala's de facto military regime and at least temporarily given Chief of State Mejia added latitude in dealing with domestic and foreign policy issues. Even so, both Mejia and Foreign Minister Andrade—the chief foreign policy decisionmakers—continue to pursue regional policies that are closer to those of Mexico than to those of Honduras, El Salvador, and the United States. In our opinion, their policies reflect the nation's long held views of its strategic role in the region and are consistent with the present regime's goals of securing the resources necessary to fight domestic insurgents and improving the country's international reputation.¹ Although the recent renewal of some US military aid and increased economic assistance may help influence Guatemala's regional policies, we believe that the country largely will continue to adopt positions that may be at variance with US interests. [redacted]

Impact of Political Successes

The honesty and efficiency of the Constituent Assembly election held on 1 July, followed by the formal inception of that 88-member body a month later, we believe, have enhanced Guatemala's standing abroad and may be acting as a catalyst that—over the long term—will help end that country's regional and international isolation.² Widespread praise for the military's neutrality in the voting, and public pledges that it will remain so in national elections tentatively scheduled for next year, also has helped to promote a degree of trust between the armed forces and the country's various political parties. [redacted]



In September, Mejia's efforts to improve his government's international standing paid off with the selection of a Guatemalan as a vice president of the 39th UN General Assembly session and the reestablishment of diplomatic relations with Spain, which were broken in 1980 after Guatemalan security forces raided the Spanish Embassy to evict protestors who had seized the building. Progress toward democracy also is helping to improve relations with Costa Rica, which recently invited Mejia to make a state visit to San Jose early next month. Even church-state relations have warmed as a result of the improving political climate. The US Embassy reports that the Papal Nuncio recently praised the democratization process and stressed the Vatican's satisfaction with recent events in Guatemala. [redacted]

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The Guatemalan Policy Perspective

Despite the added flexibility that we believe these events have given the government, Guatemala's leaders remain reluctant to cooperate fully with Honduras, El Salvador, and the United States in regional affairs—particularly regarding Contadora and policy toward Nicaragua. Their aloofness reflects the long held Guatemalan sense of strategic importance and national pride that has been reinforced over the last few years by the government's counterinsurgency successes and a feeling of international isolation. Their attitude also reflects security considerations and resentment toward the United States. [redacted]

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Sense of Strategic Importance. Guatemalans believe that their country's size, population, and relative economic and military strength entitle it to a preeminent leadership role in Central America with control over regional initiatives. [redacted]

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[redacted] they view the issue of "Core Four" unity at Contadora, for example, as US inspired and probably see little immediate or direct advantage in unconditionally endorsing hardline positions toward Nicaragua that, from their perspective, are mainly of benefit to Honduras, El Salvador, and the United States. They want to deal directly with Washington on regional issues important to the United States, and not with their southern neighbors, who they believe have little to offer in return for Guatemalan support.

[redacted]

We believe the national sense of pride and strategic importance has been strengthened by the country's counterinsurgency successes and by entreaties from other countries for Guatemala's backing in their disputes with Nicaragua. Indeed, statements by both Mejia and Andrade over the past several months indicate that such courting of Guatemala has led them to believe that they have leverage with the United States and others in the region, including Nicaragua. Nicaraguan Foreign Minister D'Escoto, for example, recently reinforced this view by supporting Guatemala's bid to be the regional spokesman at the EC-Central America conference in San Jose in September because "Guatemala had kept itself removed from the Central America crisis." Thus, a neutral posture at Contadora and related issues probably has the dual effect of boosting Guatemala's self-image and improving its standing with an international community keenly focused on the dynamics of the peace process. [redacted]

Security Considerations. Foremost among Guatemala's foreign and domestic policy concerns are security-related issues, especially control over its own insurgency. Guatemalan leaders do not see Nicaragua as a direct military threat. We believe they fear that a Contadora settlement imposing stiff restrictions on the Sandinista military—as proposed by the other "Core Four" countries—could infringe on Guatemala's sovereignty by placing similar constraints on its own armed forces and paramilitary Civil Defense Force, which now number more than 700,000 members. [redacted]

Although Mejia is aware that the Sandinistas are providing material and training assistance to the

Guatemalan insurgents and has publicly accused them of doing so, he and other Guatemalan leaders apparently do not view Managua's support as critical to the guerrillas. Moreover, the Guatemalans—especially military officers—consider the spread of Communism in the region, represented by the Sandinistas, as largely a US problem—part of the East-West struggle whereby the Soviet Union and Cuba seek to weaken the United States. Thus, they believe that policies aimed at undermining the Nicaraguans benefit mainly the United States and that the Sandinista threat is a problem that should be addressed primarily by Washington. [redacted]

In our view, the key security question for the Guatemalans remains the extraction of concessions from Mexico on border issues. [redacted] Mejia believes that the Guatemalan insurgents' use of Mexican territory is a more important factor in their survival than Sandinista support. Thus, both he and Andrade probably see moderation at Contadora as part of their strategy to obtain Mexican cooperation. [redacted]

[redacted]

Guatemala has been especially interested in the removal of Guatemalan refugee camps in Mexico—which Mejia and other military officers have long charged are a source of insurgent propaganda and support—away from the border area. Guatemalan and Mexican officials began negotiating a settlement of the refugee problem earlier this year, and, as a result, UN officials in Mexico estimate that nearly 14,000 refugees have been moved by Mexican authorities since relocation efforts began last May. While we have no firm evidence that a quid pro quo deal has been struck with the Mexicans, past statements by both Mejia and Andrade have tied a Guatemalan posture at Contadora consistent with Mexico's to the latter's willingness either to assist in a voluntary repatriation program, or at a minimum, to move the camps from the border area. [redacted]

We believe that Guatemala's "fence sitting" at Contadora also reflects its dependence on Mexico as a

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major petroleum supplier. According to US Embassy sources, Guatemalan officials visited Mexico in July and successfully negotiated a 90-day credit for oil covering three or four shipments worth roughly \$25 million. [redacted]

Resentment Toward the United States. Guatemala's military successes against leftist guerrillas have taken place without US assistance. The resulting "go it alone" attitude and resentment toward the United States color the Guatemalans' policy perspective and continue to place limits on their willingness to cooperate with Washington without anything other than moral support. The Guatemalans do not view themselves as any worse than the Hondurans or the Salvadorans regarding human rights. Thus, they believe that US human rights policy has discriminated unjustly against Guatemala and created an imbalance between the treatment received by their country and that received by its neighbors—Honduras, El Salvador, and Costa Rica—in terms of US military and economic aid. [redacted]

In our view, the resumption of some \$300,000 in US military education and training assistance in October and the authorization for up to \$40 million in development assistance funds for the next fiscal year will help reduce somewhat Guatemala's resentment toward the United States. [redacted]

[redacted] the Guatemalans—who probably place as much symbolic importance on the restoration of aid as they do on its tangible benefits—are highly pleased by the aid renewal and see it as an important step toward improving their country's international image. Nevertheless, the limited size of the aid package is unlikely to stem substantially the frustration with what Guatemala perceives as Washington's myopia, particularly in light of much larger sums of assistance provided to Honduras, El Salvador, and Costa Rica. [redacted]

Outlook

We believe that Guatemala's policy in Central America does not depend on the personal orientations of the current policymakers but rather is based on broader, and therefore more permanent, national values. Consequently, we do not expect the extent of future Guatemalan cooperation with the United States on Contadora and other regional issues to change dramatically any time soon. In our judgment, only the provision of substantial US military aid in the form of credits or outright grants—or the prospect of an impending insurgent victory in El Salvador—are likely to move Guatemala toward more active support of US interests. [redacted]

[redacted]

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Venezuela: Carlos Andres Perez's Role in Foreign Policy [redacted]

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Since his inauguration last February, President Lusinchi repeatedly has confronted challenges on foreign policy issues from Carlos Andres Perez, the forceful leader of the ruling Democratic Action Party's left wing. While recognizing former President (1974-79) Perez's wide popular following, Lusinchi—a moderate social democrat—has cut him out of the policymaking process and rejected his Third World-oriented advice. Undeterred, Perez has used his international stature to launch foreign policy initiatives that often place Lusinchi on the defensive and occasionally create confusion abroad about Venezuelan intentions. Because Perez's views command considerable support within the party, the President may opt for concessions on foreign policy next year in an effort to shore up his leftist flank at a time when, we expect, his popularity will begin to erode because of government-sponsored austerity measures. [redacted]



Carlos Andres Perez [redacted]

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Perez's Foreign Policy Perspective

Viewed as a hardline interior minister in the 1960s because of his actions against domestic guerrillas, Perez began his evolution toward a Third World orientation in an effort to blunt leftist critics during his 1973 presidential campaign. Once elected, Perez sought to take advantage of his country's burgeoning oil revenues to propel Venezuela into greater international activism, especially in Central America and the Caribbean. He promoted regional aid projects, campaigned for the Panama Canal treaties, provided political support and weapons to the Sandinistas, and urged that Central America be treated as a "zone of peace," free of intervention by either superpower. [redacted]

Since leaving office Perez has tried to use his influence to assure that succeeding governments adhere to a "progressive" foreign policy. Although his hopes for playing a dominant role in international affairs under Lusinchi were quickly dashed, he has

continued to promote his own foreign policy agenda through public activism and behind-the-scenes lobbying with the President. He has been aided by the fact that his views are shared by many party members, including some who hold senior government positions. The lack of coordination within Lusinchi's Foreign Ministry and the President's preoccupation with domestic issues have provided Perez with additional maneuvering room. [redacted]

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Perez's Foreign Policy Initiatives

Perez's principal goals have been to legitimize and moderate the Sandinista government in Nicaragua, press for a dialogue between the Salvadoran Government and the guerrillas, normalize Venezuelan relations with Cuba, and promote a Latin American debtor's cartel. [redacted]

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In Nicaragua, Perez has tried several tactics to bolster international acceptance of the Sandinistas, including using his position as Vice President of the Socialist International. His attempt last summer to mediate between the Sandinistas and an Eden Pastora-led

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front was designed, in our view, both to bring insurgents into the Nicaraguan election process and strengthen the position of less doctrinaire voices in Managua. His subsequent efforts with other leaders of the Socialist International to broker an arrangement that would permit Democratic Coordinating Board presidential candidate Arturo Cruz to participate in the Nicaraguan election probably were similarly motivated. We believe Perez's continuing faith that the Sandinista revolution can be returned to a more democratic course explains his attempts to persuade Lusinchi to assist the regime by renewing shipments of Venezuelan oil to Nicaragua.

[redacted]

Perez's position on El Salvador reflects his longstanding ties to Guillermo Ungo, the leader of the political arm of the guerrilla movement and fellow member of the Socialist International. It also stems from his resentment of the affinity between Salvadoran Christian Democrats and their counterparts in Venezuela's Social Christian Party (COPEI), the leading opposition to Perez's Democratic Action. Perez argues that President Duarte's victory in the election last May was tainted because the left did not participate, and he contends that a solution in El Salvador requires guerrilla participation in the political process.

For this reason Perez persistently has pushed for a dialogue between Duarte and the guerrillas, and [redacted] he

has suggested both to Lusinchi and to Ungo that Venezuela serve as an intermediary. By signing a letter from the Socialist International to Duarte last May encouraging negotiations, Perez tried to exert international pressure on the Salvadoran President. In August, Perez met with Spanish Prime Minister Gonzalez and prominent members of COPEI in yet another attempt to coax Duarte into holding talks. He also personally presented the case for dialogue when he met with the Salvadoran President in Caracas in September, but Duarte appears to have outmaneuvered Perez and his other critics in the Socialist International by taking the initiative to meet with insurgent leaders. We expect that Perez's efforts to influence Venezuelan policy toward El Salvador

will be further complicated by the growing personal ties between Duarte and Lusinchi.

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On Cuba, the US Embassy reports that Perez relates to Castro as both a friend and a competitor. Believing that Cuba cannot continue to be excluded from regional affairs, the former President advocates normalization of relations with Havana and has pressed Lusinchi to do so. Lusinchi repeatedly has told the US Ambassador that he opposes closer ties with Cuba, but many ruling party leaders—including some of Lusinchi's closest advisers—side with Perez on this issue. We believe the chances are better than even that Lusinchi will relent and that over the next year or so relations with Cuba will be normalized.

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[redacted]

Perez has been a major proponent of solidarity among Latin American debtors. In April, he publicly supported Venezuela's participation in a Latin American bailout loan for Argentina. When Lusinchi refused to be stampeded into signing a Latin joint declaration on debt in May, Perez considered publicizing his opposition to the ruling party's stance,

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Although [redacted] Venezuela eventually participated in the meeting in June in Cartagena—in order not to isolate itself in the region—members of the Venezuelan delegation who share Perez's orientation failed in their efforts to insert a Third Worldist tone into the final communique.

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Outlook

Perez's desire to secure his party's presidential nomination in 1988 ensures that he will continue to maintain a high profile on foreign policy issues. His rivalry with Lusinchi is not likely to abate, but their differences on foreign policy may begin to narrow. Faced with growing criticism from his labor-based constituency because of government austerity measures, the President may look for foreign policy initiatives that would mollify ruling party leftists. For his part, Perez has established himself through his recent activism as probably the most prominent Latin American statesman outside of government circles.

Moreover, by cultivating such figures as Alan Garcia, who is favored to win the presidential election in Peru next year, Perez continues to expand his informal network among left-of-center leaders with a view toward preparing for a hemispheric leadership role in the years ahead.

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Grenada: Rebuilding the Economy [redacted]

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The interim government that was installed following the US-led intervention in Grenada in October 1983 inherited a crippled economy beset with severe foreign exchange shortages, depleted government revenues, and soaring unemployment. Despite US-sponsored reforms aimed at revitalizing the economy and generous US aid, the economy in 1984 probably will register little, if any, growth. As a result, the jobless rate probably will exceed the roughly 20-percent unemployment during most of the years of Prime Minister Bishop's rule. Moreover, rising imports and debt servicing are largely offsetting the increase in exports and tourism receipts and are keeping the island's foreign payments bind tight. The administration that wins the election on 3 December will have to deal quickly with Grenada's high unemployment and deteriorated power, transport, and other facilities that are discouraging badly needed foreign investment. Should the unity of the coalition government be undercut by postelection squabbling over sharing power, fledgling efforts to get the economy on track could stall. [redacted]

The Bishop Legacy

Grenada's current financial difficulties have their roots in the Bishop era. Bishop's unchecked spending policies caused large budget deficits, which had to be covered by the sale of government securities, heavy foreign and domestic borrowing, and funds siphoned from the National Insurance Scheme. In addition, the Bishop regime built up arrearages of \$3.6 million in its obligations to regional and international financial agencies and local businessmen. [redacted]

[redacted] The already serious financial situation was compounded by the death of Bishop and the US intervention, which temporarily interrupted the collection of business taxes and import duties. [redacted]

High unemployment also was a leftover from the Bishop years. Available data on the labor force is sketchy, but the interim government estimated

unemployment before Bishop's death at about 20 percent, although it probably was higher. Immediately following the US intervention, some 1,600 People's Revolutionary Army and militia members, 400 airport workers, and 125 others at Cuban and East European projects were rendered jobless. In addition, most island businesses—reeling in the aftermath of the October events—at least temporarily laid off workers, increasing unemployment to an even higher rate. [redacted]

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The Economy in 1984

The nine-member Advisory Council that serves as the caretaker government has taken initial steps this year to revive the private sector, which languished during the Bishop regime. These include:

- Paring the import duty in early 1984 from 20 to 15 percent to increase the buying power of businesses and consumers alike.
- Relinquishing control of the nutmeg, banana, and cocoa associations to the producers.
- Returning at least 10 agricultural estates to their original owners.
- Approval of 26 private investment proposals.

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Moreover, following a recommendation by the US Agency for International Development (USAID) that the government divest some state enterprises created during the Bishop period, the Advisory Council has decided to sell seven parastatals—there are potential buyers for some, according to USAID—and large shares in four other businesses. [redacted]

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Despite this promising start, cash shortages persist and the US Embassy reports the economy will post little or no growth in 1984. The Advisory Council expects that export earnings, which fell by more than 10 percent during Bishop's rule of more than four years, will rise because of resumed sales to the United States. More than 70 percent of US-bound exports

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consist of agricultural commodities—cocoa, bananas, nutmeg, mace, and fresh fruits. Despite increased export volume, low world prices for most of these products will cap the rise in agricultural earnings. Receipts from tourism, which tumbled under the Bishop regime, also are likely to expand slightly this year. The major source of this money, however, appears to be US security and official personnel rather than the typical international tourist. Imports, on the other hand, are growing at a brisk pace due to reduced duties and pent-up demand for consumer and producer goods alike. []

With sizable debt repayments coming due, Grenada this year has had to rely heavily on foreign aid—about 80 percent from the United States—to cover payments needs. According to US Embassy reporting, the government, concluding that it lacked the mandate to impose an austerity program on the country, opted to depend on aid remittances rather than negotiate a new agreement with the IMF. By this fall, about one-half of the \$78 million in projected budgetary expenditures for this year had been covered by foreign donors. The Embassy says government revenues, currently projected at \$29 million, and official borrowing of almost \$9 million will cover most of the remainder. Grenadian officials expect Washington to fill the remaining financial gap. []

Led by US-funded aid projects, the unemployment rate is likely to improve somewhat by the end of this year but still may be slightly higher than under the Bishop regime. The US Agency for International Development currently is funding a project designed to provide temporary employment for about 1,500 people. An additional 300 people were hired to complete the Point Salines International Airport. []

Looking Ahead

We believe that foreign investment is essential to lay the groundwork for sustained recovery, because a large portion of domestic revenues are already earmarked for other uses, and the tiny private sector is too small to provide much investment over the next year or so. Increased capital outlays, particularly in tourism, agribusiness, and light manufacturing would spur growth, expand the island's export earnings, and help ease unemployment pressures. The improved

Table 1
Foreign Assistance to Grenada
(November 1983–October 1985)

Million US \$

| Donor | Purpose | |
|-----------------------|-------------|--|
| Total | 71.0 | |
| United States | 57.2 | |
| | 2.2 | Disaster relief, infrastructure repair |
| | 10 | Balance-of-payments support |
| | 20 | Development projects, including road repair, social services, private-sector support |
| | 19 | Completion of Point Salines Airport |
| | 6 | Combat-related claims |
| Canada | 7.5 | |
| | 6.1 | Completion of Point Salines Airport |
| | 1.4 | Other |
| United Kingdom | 4.0 | |
| | 1.1 | Police training and public works |
| | 2.9 | Development projects, including electric power and banana industries. \$1.48 of this is an interest-free loan repayable over 25 years including 7 years grace, the remaining \$1.42 is a grant |
| EEC (STABEX) | 2.2 | Balance-of-payments and budget support (\$1.1 million in 1983, \$1.1 million in 1984) |
| Australia | 0.1 | Budget support, especially for the elections |

political and economic climate already has piqued foreign investor interest, but so far, only two of the approved investment projects have been implemented. []

A major factor inhibiting a rapid inflow of investment is Grenada's weak infrastructure. The completion of the Point Salines Airport has substantially enhanced the island's transport capabilities. We believe, nonetheless, that the electricity supply, road and telecommunications network, and the water and sewage systems need to be significantly improved

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before Grenada can compete effectively with large Caribbean countries for foreign investment. The Grenadian Government estimates that this will cost as much as \$90 million and take several years to complete. In addition to the \$19 million allocated to complete the airport, USAID has pledged \$8 million for repairs to the infrastructure (excluding the \$6 million for combat-related claims). Canada and the United Kingdom have also pledged small sums. [redacted]

Improvements in the investment code would also help attract investment to the island. Despite a recent revision, the code still lacks enough incentives for foreign investors, according to a team of USAID economists who recently visited the island. In addition, the approval process—which includes review by an investment committee and the Council—is burdensome to both government and prospective investors and needs to be streamlined. [redacted]

Experts also agree that the tax system should be revised. According to a [redacted] study, business taxes are prohibitive, import taxes should be further decreased, and export taxes should be rescinded. The study suggests that the government look to increased property taxes, selected user charges, and improved tax collection for additional revenues. Further action on the tax reform issues has been delayed until a more thorough IMF report is completed early next year. [redacted]

Despite the recent promising efforts to revive the private sector, much remains to be done to make it an engine of investment, growth, and employment for the island over the longer run. Council Chairman Brathwaite has advocated sweeping economic reforms, but the Advisory Council has been slow to act on some of the most complicated issues. The major ones—tax revision, further divestiture of state firms, and overall fiscal reform—are complex, and Grenadian expertise is relatively thin. Although additional consultative services are being offered by the United States, the US Embassy reports that the government has been wary about accepting them, because the Council does not want to be seen as implementing policies formulated by Washington. [redacted]

The New National Party—a three-party centrist coalition led by Herbert Blaize—appears to have enough popular support to win the December election. It will face stiff economic challenges upon taking office. Embassy reporting indicates that the electorate expects the new government to reduce unemployment and improve the country's weak infrastructure. Moreover, government resolve will be needed to implement needed economic adjustments. Squabbling in the NNP over power sharing and obstructionist tactics by Eric Gairy's Grenada Labor Party could undermine the effectiveness of the new government. [redacted]

In the unlikely event that former Prime Minister Gairy wins the election, we believe his government would be incapable of providing the type of leadership necessary to right the economy. A Gairy government, in our view, would be characterized by incompetence, widespread corruption, repression, human rights abuses, and lawlessness. Moreover, a Gairy win probably would provoke a rapid increase in social unrest and political violence by those who fear a repeat of the abuses of his former administration. [redacted]

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Mexico: Reforming the Ruling Party [redacted]

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Mexico's leaders are seeking to strengthen the ruling Institutional Revolutionary Party (PRI) before important elections next year. The changes are intended to avoid a repetition of embarrassing defeats the PRI sustained in some local contests in northern Mexico in 1982 and 1983. Party officials also are concerned that the PRI has lost much of the dynamism and popularity it possessed in the first decades after it came to power in 1929. As a result, the leaders have endorsed measures designed to enhance internal party democracy, reinvigorate local PRI organizations, and rebuild public confidence in the organization. Although the reforms appear modest, party officials probably lack the ability or will to implement more than a few token changes. [redacted]

The Need for Reform

According to the US Embassy, many PRI leaders believe the party must improve its image if it is to prevent new opposition inroads in national, state, and local elections next July. They know that a growing number of Mexicans blame the PRI for mismanaging the economy and for not taking stronger action to combat corruption. [redacted]

In addition, Embassy officials report that the PRI has fallen out of favor with some Mexicans because of its failure at times to select qualified candidates for office. Nominees for federal deputy, senator, governor, and lesser posts have generally been designated from above. Choices have often been based more on personal connections than knowledge of issues or local support. [redacted]

Demographic changes also have tended to undermine the party's hold on power. Mexico, which was 75-percent rural in 1929, is over 67-percent urban today. Urban voters historically have been less inclined to support the PRI than their rural counterparts. [redacted]

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Recent Reforms

In an effort to enhance the effectiveness and popularity of the PRI, party leaders endorsed a number of proposals at a major party gathering last August. The proposals fall into four general categories:

- **Democratizing the Party.** The PRI has called for greater use of primary elections to select party candidates. Proponents of primaries maintain that the PRI will attract greater support if it nominates candidates who have shown themselves to be popular with voters. In the past year, intraparty primaries have been introduced in several states with mixed results. They caused little controversy in Nayarit, but did not live up to the expectations of many party members in Mexico State and Yucatan.
- **Curbing Corruption.** Consistent with President de la Madrid's commitment to moral renovation, PRI leaders have announced the party will root out dishonest and corrupt members. A few tentative steps have been taken in this direction. [redacted] for example, de la Madrid has ordered party officials in Mexico's Federal District to purge their organization of corrupt members.
- **Instilling Greater Discipline.** The party also has sought to tighten internal party discipline. PRI leaders have called for greater accountability and have set up commissions to coordinate party policy and monitor official behavior.

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That's fine but don't go too far

Excelsior ©

• **Strengthening Grassroots Organization.** The PRI has encouraged local party groups, which normally only meet during electoral campaigns, to remain active throughout the year. Local parties also are to participate in various social action programs to develop closer ties to their communities. At the same time, they are to recruit more members from among women, youth, Indians, and other groups that have been underrepresented in the PRI.

Prospects

It is unlikely, in our judgment, that the PRI leadership will be able fully to implement the reforms.

It may succeed in elevating the status of women and youth in the PRI—earlier this year a woman was named party Secretary General—and in improving communications with the rank and file. To lessen corruption and to increase internal party democracy will prove far more difficult.

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Many of the reforms will encounter resistance from officials outside of Mexico City. Local party bosses will object to the selection of candidates through internal elections, because such procedures detract from their authority. Moreover, efforts to reduce corruption will threaten the interests of middle and upper ranking party officials, whose views cannot be entirely ignored.

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More generally, whether the reforms succeed will depend on the degree to which de la Madrid backs them. He, in turn, is likely to vacillate on renovation issues as he attempts to reconcile his own apparent desire for modest reform with the need to placate powerful constituencies within the PRI that oppose change.

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The ruling party has never lost the presidency or a governorship since 1929, however, and, even in the absence of a strong reform effort, it is unlikely to lose its preeminent position in Mexican politics in the near to medium term. The opposition, and particularly the center-right National Action Party, stands at least an even chance of making a few additional gains next year in local contests in northern Mexico, but it is unlikely to achieve many major upsets.

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Venezuela: Student Unrest Tests Lusinchi [redacted]

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Student unrest earlier this fall was the first serious challenge to public order since President Lusinchi took office last February, and as such provides some clues to his performance under pressure. A shooting incident spawned by protests over campus issues caused an initial outbreak of violence, fostered an atmosphere of alarm in the capital, and threatened a confrontation between students and the government. Lusinchi calmed the crisis by skillful negotiation with student leaders and judicious use of security measures aimed at preventing radical-inspired violence. Although the universities probably will become more volatile if economic conditions continue to worsen, we judge that such a deterioration would be gradual, thus allowing the government adequate time to respond.

[redacted]

Student Reaction to the Shooting

On 19 September, 31 students were wounded in a shooting that occurred when they attempted to run a National Guard checkpoint in commandeered buses on the outskirts of Caracas. The students were en route to the main campus of the Central University of Venezuela to protest hikes in tuition and cuts in student grants made necessary by the country's deepening economic difficulties. Several key university and government officials were involved in the decision to detain the students at the checkpoint. University Rector Edmundo Chirinos had asked the Ministry of Interior for assistance when the students seized the university-owned buses. The Ministry in turn alerted the National Guard, whose commander on the scene, [redacted]

[redacted] overreacted when he ordered his troops to fire. [redacted]

When news of the incident reached Caracas, sporadic violence broke out on the university's campus. Disturbances also occurred at the University of the Andes in Merida, where protesters set fire to the local headquarters of the ruling Democratic Action party

and virtually paralyzed the city. Except for isolated incidents in Valencia and Tachira, however, demonstrations failed to spread to other campuses. [redacted]

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The atmosphere of alarm began to recede when moderate organizers of the Federation of University Centers, an umbrella student group, postponed a march scheduled for 27 September because of their concern that radicals would seize control and provoke violence. Despite incendiary rhetoric by ultraleft sympathizers at the Central University of Venezuela, however, provocateurs were not active in the march held on 3 October and the size of the crowd—estimated at approximately 3,000—was much smaller than authorities anticipated. [redacted]

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Lusinchi Manages a Crisis

Through his balanced approach President Lusinchi played a key role in helping to assuage student concerns. He met with student leaders for four hours on the day after the shootings, and while making no apologies, promised a thorough investigation. The President assured the students that those guilty in the shooting incident would be punished, but warned that subversive elements might try to exploit the situation. [redacted]

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On the weekend following the shootings, Minister of Interior Lepage called an emergency meeting of state governors. According to press reports, he instructed the governors to initiate a dialogue with the students and to prevent police from using firearms against any student demonstrators. Lepage also announced that the government would accept peaceful protest, but the security forces would use force to maintain order if the demonstrations got out of hand. [redacted]

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Although Rector Chirinos took a three-month leave of absence, Lusinchi did not accept his offer to resign or attempt to use him as a scapegoat. In fact, the university's acting rector announced after meeting with Lusinchi on 1 October that he would attend the demonstration only if there were no placards demanding Chirinos's dismissal. [redacted]

Lusinchi's combination of decisiveness with dialogue probably helped persuade moderate student leaders to cooperate with authorities during the march. The fact that student leaders at the Central University are moderates affiliated with Lusinchi's Democratic Action party also was crucial in helping to prevent violence. [redacted]

Outlook

Student agitation does not appear to pose a threat to the country's political stability at present. Student leaders were responsible and restrained throughout the crisis, focusing their demands on academic policies and a call for Chirinos's resignation. Significantly, they stopped short of attacking Lusinchi or his government. [redacted]

Only a small fraction of the Central University's 52,000 students participated in the protest march, and even within that energized minority, moderates retained enough control to prevent violence. The student protest did not spark sympathetic reactions from organized labor, and opposition parties did not succeed in exploiting the situation for political advantage. These factors, and the absence of internal dissension over the issue within the administration, suggest that the government will be able to deal with future student protests. [redacted]

Student unrest is likely to grow, however, if economic recession and austerity measures, along with rising inflation and unemployment, threaten the aspirations of the nation's university-educated jobseekers. Cutbacks in the university budget, in education subsidies, and in investment aimed at job creation would aggravate existing grievances. Such a change of climate would probably be gradual, however, and the early warning signs—such as localized student strikes and demonstrations, a radicalization of the student leadership, and sporadic student violence—probably would give the government adequate time to respond. [redacted]

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Dominican Republic: Presidential Travel [redacted]

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President Jorge Blanco's visits to Jamaica and Haiti last month underscore Santo Domingo's determination to improve bilateral relations with its neighbors. The President also hopes the visits enhance his image as a statesman and distract public attention from the country's economic doldrums. Despite the good will created by the visits, there is little likelihood of a sudden blossoming of relations between Dominican Republic and Jamaica or Haiti. [redacted]

Dominican Republic. The Presidents discussed Haitian immigration, agricultural cooperation, and reopening the common border—which has been closed for almost a year—to commercial trade. No specific agreements were reached, although a joint communique was signed calling for continuing discussions. The visit follows Jorge Blanco's nomination of a retired military officer and palace insider as Ambassador to Haiti, to replace a second-rate diplomat, a move the Haitians view as a strong indication of the President's desire to improve relations. [redacted]

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Jorge Blanco's trip to Jamaica was a followup to Prime Minister Seaga's visit to Santo Domingo in 1983. Press reports indicate that he and Seaga exchanged views on a variety of regional and international issues, including debt problems of developing nations, the situation in Central America, and the troubled status of the Caribbean Economic Community. [redacted]

Protectionist sentiment is likely to limit Haiti's willingness to expand trade with the Dominican Republic. The US Embassy says influential Haitian businessmen are profiting from the closed border that denies Haitian consumers cheaper goods from the Dominican Republic. In this regard, [redacted]

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The US Embassy in Jamaica reports, however, that discussions focused on measures to improve bilateral economic and cultural ties. In addition to agreements establishing "preferential tax treatment for specified products" and joint promotion of tourism, the two countries signed a highly publicized trade agreement. Jorge Blanco also met briefly with opposition leader Michael Manley. [redacted]

[redacted] a Haitian Government trade mission visiting the Dominican Republic in early November was ordered by the Finance Minister not to agree to reopen the border to commercial trade. Further talks on the issue are possible. [redacted]

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Despite the mutually laudatory rhetoric evident during the visit, both Jorge Blanco and Seaga are focusing most of their attention on domestic economic and political issues rather than bilateral concerns. Significant economic cooperation between the two countries is unlikely because Jamaican and Dominican exports are more competitive than complementary. Jamaica's low level of diplomatic representation—an honorary council—in Santo Domingo underscores the essentially cosmetic nature of relations between the two countries. [redacted]

Longstanding suspicions also will continue to hamper relations between the Dominican Republic and Haiti. Port-au-Prince is worried that political leaders in the Dominican Republic are supporting exile groups determined to overthrow Duvalier. The US Embassy in Haiti recently reported that Haitian leaders believe that Pena Gomez, Secretary General of the ruling Dominican Revolutionary Party and of Haitian parentage, is in contact with exiles. On the other hand, popular attitudes in the Dominican Republic toward Haiti are condescending, and many still fear that large numbers of Haitian immigrants pose the greatest threat to the country's stability. [redacted]

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Jorge Blanco's meeting with Haitian President Jean-Claude Duvalier—his first since taking office in 1982—went well according to the US Embassy in the

[redacted]

**Latin America
Briefs**

Mexico-Colombia

Presidential Visit

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Bogota has announced that Colombian President Betancur will pay an official visit to Mexico City from 4 to 7 December. The trip will reciprocate Mexican President de la Madrid's two-day visit to Colombia last March, which came as his first stop on a five-nation tour of South America.

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Betancur's talks in Mexico City are likely to accomplish little of substance but will allow the two leaders to discuss issues of common interest. Both will express concern about rising tensions in Central America and reiterate their strong commitment to the Contadora process, in which their governments participate as core members. Moreover, they may complain that external forces, including the United States, are undermining peace efforts through political and military interference.

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Betancur and de la Madrid are likely to discuss debt issues affecting their own and other Latin American countries. They may appeal, as they did last March, for establishment of a new international economic order to help redistribute wealth among richer and poorer countries. The two leaders are also likely to examine ways to increase their countries' modest bilateral trade, including Mexico's plans to purchase additional Colombian coal in 1985.

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Mexico-Guatemala

Status of Refugee Transfers

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Thousands of Guatemalan refugees remain in Mexico's southern Chiapas border region despite relocation efforts begun by Mexican authorities last May. The principal representative of the UN High Commission on Refugees estimates that only 14,000 refugees out of some 46,000 have been relocated from Chiapas to Campeche and to a recently opened camp in Quintana Roo. Malnutrition is a serious problem in the Campeche camps and has prompted the Food and Agriculture Organization (FAO) to pledge \$2 million in emergency food aid over the next six months. Repatriation efforts thus far have also met with limited success. Only about 630 refugees have chosen to return to Guatemala with UN assistance, although we believe at least several hundred more have returned under other auspices

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The opening of the camp in Quintana Roo in September indicates Mexico's continuing concern about refugees along the sensitive southern border. The inadequacy of available facilities, however, makes it unlikely that substantial numbers of other refugees will be moved soon. Until they are relocated, repatriated, or absorbed into the local border population, Guatemalan refugees will continue to be a security problem and strain local humanitarian efforts. [redacted]

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Mexico

Frustrated Efforts To Sell Public Companies [redacted]

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Government efforts to divest its public companies are making little headway. Only a small fraction of the public enterprises offered for sale have been placed with the private sector. Leftist unions fear that private owners would cut jobs and renegotiate generous labor contracts and have vocally opposed the sales, [redacted]

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[redacted] At the same time, private entrepreneurs have not shown much interest in buying public firms with high debt structures and weak financial positions. Moreover, businessmen and bureaucrats continue to disagree over equity positions, debt guarantees, and maintenance of union controls.

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[redacted]

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Cuba Chronology

October 1984

1 October

Havana press reports that an oil refinery being built in Cienfuegos will process up to 120,000 barrels per day and will be the largest of its kind in Latin America. Operations are to start in 1987.

Fidel Castro and the President Sankara of Burkina issue a joint communique blaming Washington for the prevailing tense world situation and expressing solidarity with Nicaragua.

The seventh Cuban-Mexican Joint Commission for Scientific and Technical Cooperation opens in Havana. Hector Rodriguez Llompart will head the Cuban delegation.

2 October

A Colombian cargo plane is hijacked by a Cuban citizen from Colombia to Cuba.

Politburo alternate member Jesus Montane receives Elli Izebound, President of the Communist Party of the Netherlands to discuss matters of mutual interest concerning the international situation.

Boris Ponmarev, Secretary of the Communist Party of the Soviet Union, receives Central Committee member Lionel Soto in Moscow to discuss the international situation.

Botswana President Quett Masire receives Cuban Ambassador Heriberto Feraudy Espino to discuss bilateral relations. Feraudy and Foreign Minister Chiepe discuss the international situation.

President of Equatorial Guinea Obiang Nguema receives Alberto Suarez Ortega, Cuban Ambassador to Equatorial Guinea, to discuss various topics of bilateral interest.

The first urban passenger transportation symposium opens in Havana and is chaired by Guillermo Garcia Frias. He says that studies are proceeding on the creation in Havana of a mass rapid transit network.

3 October

At the UN General Assembly, Foreign Minister Malmierca charges the United States is preparing a "new interventionist adventure" in Central America and warns it would be met by a "war without quarter or respite."

In an article in *Bohemia*, Fidel Castro admits to a Cuban journalist that he suffers from stage fright when he speaks in Revolution Square.

Jesus Montane, Manuel Pineiro, and Venezuelan Communist Party official Jesus Farias agree in Havana that "the current policy of the US administration endangers the region and international peace."

Carlos Rafael Rodriguez receives Zambian Minister of Foreign Affairs Lameck Goma to discuss the African situation, especially the independence of Namibia, and Central America.

Foreign Minister Malmierca tells the UN General Assembly that everything is ready for a US military invasion of Nicaragua.

Havana press announces that Cuba has rejoined the International Coffee Organization after 16 years.

5 October

A scientific-technical cooperation protocol between the Soviet and Cuban Ministries of Communications is signed in Havana. The protocol comprises more than 20 projects.

Zambia's President Kaunda meets with Cuban Ambassador to Zambia, Heriberto Feraudy Espino, to discuss bilateral relations. Kaunda reiterates his friendship for Fidel Castro.

6 October

Hector Rodriguez Llompart and Hector Mayagoitia sign two cooperation agreements at the end of the Cuban-Mexican cooperation meeting. Rodriguez Llompart talks of joint cooperation in the sugar sector.

Fidel Castro meets with Burkinian President Sankara. Sankara makes a technical stopover in Cuba after leaving the United Nations.

7 October

In a *New York Times* interview, John Ferch, chief of the US Interests Section in Havana, says there has been no changes in US policy toward Cuba in recent months.

The Director of Cubana Airlines, Dixon Arjona announces that next year Cuba will have modern Soviet IL-76 cargo planes in its air fleet.

8 October

The Camilo and Che Ideological Drive marks the 17th anniversary of the death of Ernesto Che Guevara and the 25th anniversary of the death of Camilo Cienfuegos.

10 October

Benin's Minister of Foreign Affairs and Cooperation arrives in Havana and is met at Jose Marti International Airport by Vice Ministers of Foreign Affairs Jose Raul Viera and Giraldo Mazola.

In an interview with a *Washington Post* journalist, Angolan President dos Santos pledges to work toward the withdrawal of about 25,000 Cuban troops from Angola.

Dos Santos also says that "the problems of the South African occupation of Angola and of independence for Namibia must be solved before the withdrawal of Cuban troops can be agreed to between Cuba and Angola."

11 October

Diplomatic sources inform AFP that 12 of the 15 persons living in the Peruvian Embassy in Havana have voluntarily left as a result of guarantees made by the Cuban Government allowing them to return to normal life.

Nicaraguan Deputy Foreign Minister Victor Hugo Tinoco meets in Panama with Deputy Foreign Minister Ricardo Alarcon.

12 October

Carlos Rafael Rodriguez attends the inauguration of Panamanian President Nicolas Ardito Barletta on 11 October. He arrives in Panama on 9 October.

In an interview with Prensa Latina in Panama, Carlos Rafael Rodriguez says that his country will withdraw its military advisers from Nicaragua, if the revised Contadora agreement is approved.

Rodriguez also tells Prensa Latina that Colombia is part of a process on which "we are working," and that he discussed Central America with Columbia's President Betancur in Panama.

13 October

Fidel Castro meets in Havana with Mahfoud Ali Beiba, Prime Minister of the Saharan Democratic Arab Republic, to discuss the international situation and bilateral relations.

Talking to reporters on his plane after a trip to Spain, Pope John Paul II indicates that he is ready to visit Cuba as soon as Cuba sends him an invitation.

14 October

Socialist International President Willy Brandt is welcomed by Fidel Castro, Jesus Montane, and Carlos Rafael Rodriguez upon his arrival in Havana.

Havana press reports that a base for supertankers is being built in Matanzas at a cost of more than \$200 million. It will be built with technical and financial aid from the Soviet Union.

16 October

Fidel Castro and Willy Brandt discuss various matters pertinent to the international situation, especially Central America, southern Africa, and economic relations and cooperation.

Dimitriy Kartvelishvili, Chairman of the Georgia Council of Ministers, USSR, receives Domestic Trade Minister Manuel Vila Sosa. They discuss Central America and Cuba's economy.

17 October

Seventy-five head of dairy cattle arrive in Guyana from Cuba in keeping with an agreement between the two countries concluded during President Burnham's visit to Havana last month.

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Benin's Foreign Minister Frederic Affo and Minister of Construction Abroad Levi Farah discuss Cuban participation in a construction project in Benin.

18 October

Carlos Rafael Rodriguez receives Beninese Foreign Minister Frederic Affo with whom he discussed the situation in Africa, the Nonaligned Movement, and bilateral relations. Affo departs Havana on 19 October.

19 October

Miami press reports that the Justice Department has decided that more than 125,000 Cubans from the 1980 refugee boatlift may become permanent US residents under a 1966 law.

20 October

A simulated enemy naval landing with air support marks the start of a war exercise in Defense Zone 3 in Santa Cruz del Norte.

Carlos Rafael Rodriguez says a nuclear power plant is currently under construction in Cienfuegos. By the year 2000, another plant is proposed for Holguin as well as one in the western part of the island.

22 October

Minister of Culture Armando Hart and Central Committee member Jose Ramon Balaguer preside over the first Maurice Bishop Memorial Caribbean Anti-Imperialist Intellectuals Conference in Santiago.

23 October

Carlos Rafael Rodriguez meets with Poland's Prime Minister Mieczylaw Rakowski in Havana to discuss bilateral relations and matters related to the socialist experience in Cuba and Poland.

Carlos Rafael Rodriguez and Jesus Montane meet in Havana with Yasir Abd Radbu, Deputy Secretary General, and Mamduh Nawfal, Politburo member of the Democratic Front for Liberation of Palestine.

24 October

Gosplan Chairman Nikolay Baybakov arrives in Havana and is greeted by Humberto Perez, Vice President of the Council of Ministers. Baybakov will attend the 39th CEMA meeting.

The "Giron-84" exercise in Matanzas begins. This exercise is to train Territorial Troops Militia staffs and Matanzas management organizations in implementing wartime mobilization plans.

25 October

Lisbon press reports that UNITA killed 306 Angolan Government troops and 38 Cubans while repelling a two-month-long government offensive in the south of the country.

Deputy Foreign Minister Jose Raul Viera says that Cuba is ready to support the Contadora peace process, noting that "the document that is acceptable to Nicaragua is acceptable to Cuba."

Fidel Castro receives Gosplan Chairman Nikolay Baybakov to discuss economic cooperation between the two countries in the coming five-year plan as well as for the long term.

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- 26 October** Minister President of the State Committee for Economic Cooperation Hector Rodriguez Llompart meets in Paris with French Minister of Foreign Trade and Industrial Redeployment Edith Cresson.
- 27 October** Minister of External Affairs of Barbados Louis Tull describes Barbados's relations with Cuba as normal, despite differences on the Grenada issue.
- Secretary of the People's Assembly Standing Commission of Mozambique Marcelino dos Santos arrives in Cuba to attend the 39th CEMA meeting.
- Carlos Rafael Rodriguez receives Vietnamese leader To Huu to discuss the Latin American situation and the Caribbean. Huu reaffirms Vietnam's support for Cuba against US aggression.
- Manuel Gonzalez Guerra, President of the Cuban Olympic Committee says that Cuba will compete with Indianapolis to host the 1987 Pan-American Games.
- 28 October** Soviet Prime Minister Nikolay Tikhonov arrives in Havana to attend the CEMA conference. He is welcomed by Fidel Castro.
- 29 October** Fidel Castro opens the 39th CEMA meeting in Havana. In his speech he attacks the United States for what he says are attempts to "wipe socialism from the face of the earth."
- In his CEMA speech, Fidel Castro says that, despite the Reagan administration's threats forcing Cuba to prepare militarily, Cuba's economy has grown 9.8 percent this year.
- 30 October** Fidel Castro and Constantin Dascalescu, Prime Minister of Romania, discuss the increase of economic cooperation between the two countries and the need to expand technical cooperation.
- In a news conference in Tegucigalpa, Honduran military spokesman Carlos Quezada presents 19 rebels, five of whom said they had received military training and political indoctrination in Cuba.
- Carlos Rafael Rodriguez addresses the CEMA session, condemning the discriminatory political policy, the embargo, and the trade bans that capitalist countries have placed on socialist countries.
- 31 October** Carlos Rafael Rodriguez holds a press conference on the results of the 39th CEMA session. He says the session finished its work as planned, showing the unity of the CEMA-member countries.
- Fidel Castro and Nikolay Tikhonov, Chairman of the CPSU Central Committee Politburo, sign an economic, scientific, and technical cooperation agreement ending in the year 2000.

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Fidel Castro closes the 39th CEMA meeting. He reflects on the death of Indira Gandhi, saying that it is a great loss to India and to the Nonaligned Movement.



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