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**Latin America
Review** 

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28 March 1986

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28 March 1986

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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. [Redacted]

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Articles

Brazil-China: Prospects for Closer Commercial Ties [Redacted]

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The warm reception Chinese Premier Zhao Ziyang received from Brazilian President Sarney during Zhao's trip to Brazil in November reflects recent improvements in already cordial ties between their countries. Underlying this cordiality, which contrasts with Brasilia's correct but cool ties to Moscow, has been a steady expansion of trade between the two countries from negligible amounts in 1975 to an estimated \$1 billion expected this year. Moreover, technical cooperation is progressing smoothly, while China's recent posting of a defense attache to Brasilia may set the stage for large-scale arms sales. We expect each country to continue efforts to expand ties, but obstacles will impede a deepening relationship, especially in technology transfer and military sales.

[Redacted]

Brazilian industry leaders, [Redacted] believe that China is a large and potentially lucrative market for their products. [Redacted] the Brazilian military would like to gain access to Chinese technical expertise, especially in nuclear and rocket technology. Normally wary of close political ties to Communist states, Brasilia views Beijing's pragmatic foreign policy as nonthreatening to Brazilian political stability. [Redacted]

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Growing Mutuality of Interests

Since the establishment of diplomatic relations between Brazil and China in 1975, bilateral relations have improved steadily. Press and US Embassy reports indicate that growing trade fostered the expansion of ties, especially after 1979 when China increased exports of crude oil and petroleum products to Brazil to help buffer Brasilia's import disruptions caused by the Iran-Iraq war. Subsequently, Sino-Brazilian political relations improved as well. [Redacted]

According to the US Embassy in Beijing, Brazil's relatively advanced level of technology and Beijing's interest in greater cooperation with other Third World countries made Brazil an especially valuable trade partner for China. Beijing views Brazil as an important developing country and an activist for Third World interests in international organizations. Chinese press reports stress that Brazil is a leader in Latin America, and may serve as an entree to the region. In particular, Beijing may hope that Latin American nations will use Sino-Brazilian relations as a model for their own relations with China. [Redacted]

Bilateral Relations Blossom

According to trade statistics from the two countries, Sino-Brazilian bilateral trade amounted to more than \$800 million in 1984. Brazil's favorable balance of trade grew to \$45 million in 1984. As Beijing has initiated new infrastructure projects, Chinese imports of Brazilian iron and steel, which account for approximately 50 percent of Brazilian sales, have surged. China also has increased imports of plastics, textile fibers, and industrial equipment. Petroleum and petroleum products, particularly crude and partly refined oil, constitute over 95 percent of China's exports to Brazil. Indeed, Brazil bought almost 10 percent of China's crude oil exports last year. [Redacted]

Bilateral technical cooperation commenced in 1984 with the signing of nuclear and scientific agreements—the culmination of Brazilian President's Figueredo's visit to China. Included was a Nuclear Cooperation Agreement for peaceful purposes, according to the respective Embassies. Although the

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Beijing's "Economic Diplomacy"

In the past three months, China has increasingly emphasized its interest in expanding economic ties to the Third World as part of its drive to increase the foreign trade and investment that Beijing needs to finance its ambitious modernization program. For example, Chinese Premier Zhao Ziyang told a conference of Chinese ambassadors in December 1984 that diplomatic success will depend on the successful expansion of China's economic relations with foreign countries. Zhao added that such economic diplomacy would ultimately advance China's political objectives. We believe that this policy, implemented after the Communist Party Conference last September, may have been endorsed by the senior Chinese leadership during their meetings in August at Beidaihe.

We believe that Deng Xiaoping and other reformers may be touting the prospect of large foreign trade agreements concluded under the rubric of "economic foreign policy" to deflect domestic criticism of the "open-door" policy. The Chinese have been using such a policy for some time to undermine Taiwan's position abroad, particularly in Latin America, and to put pressure on Taipei to negotiate—a goal on which all Chinese leaders agree.

China has made a special effort to increase its economic and political ties to other Third World countries. We believe that declining world oil prices and increasing protectionism in the industrialized countries against Chinese textiles may be motivating Beijing to tap Third World markets to shore up Chinese exports. Beijing also seeks to enter into joint ventures, probably to increase China's foreign currency earnings and gain access to high technology more cheaply.

accord does not commit either party to purchase nuclear services and technology, it requires that international safeguards be applied to all sales.

Under a Science and Technology Agreement, a Chinese delegation from the Ministry of Aeronautics visited Brazilian facilities for advanced aeronautics research in August 1984.

the Chinese expressed interest in Brazilian satellite design, fabrication, and propulsion systems. Soon after, Brazilians toured several sensitive Chinese installations that reportedly had not previously been shown to foreigners.

the two governments then prepared drafts of a space cooperation annex to the Science and Technology Agreement. The drafts call for Sino-Brazilian cooperation in satellite attitude control and power supply, image processing, and improving telemetry and ground command systems.

China and Brazil indicated in 1984 that they would exchange military attaches,

The agreement probably stemmed from Brazil's interest in selling military equipment to China. Although the actual agreement was not announced until last year, this is the first time Brazil has allowed such an exchange with a Communist country, a harbinger of further deepening ties.

Closer Ties Last Year

In 1985, Sino-Brazilian relations expanded in several new directions. As part of its worldwide drive to reduce imports of finished products and bolster Chinese technical capabilities, Beijing began negotiations for the acquisition of Brazilian technology. Embassy and press sources report Chinese interest in technical plans and processes related to transportation, offshore oil exploration, hydroelectric power, and the steel industry. According to

Beijing may also be interested in military technology, particularly for the manufacture of light aircraft.

China is also planning to use Brazilian construction companies on major civil projects. For example, Beijing approved Brazilian participation in China's port reform project, designed to open Chinese ports to supertankers. Brazilian firms would like to participate in construction of the proposed 14-million-kW capacity Three Gorges hydroelectric dam on the Yangtse River.

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Both countries continued to express interest in cooperation in the nuclear field, but reached no specific agreements. Nonetheless, the Brazilians were attempting to join forces with the West German firm Kraftwerk Union AG (KWU) to land a nuclear power reactor construction project in China. [redacted]

[redacted]

[redacted] China, which has scaled back plans for nuclear power, has recently postponed this project indefinitely. [redacted]

In space cooperation, [redacted]
[redacted]

[redacted] Brazil's Sonda IV rocket, which has been test-flown twice, is currently too inaccurate to be used as a weapon. [redacted] China is interested in acquiring Brazilian solid-fuel technology, and hope to arrange an exchange in these areas. Nonetheless, [redacted]

[redacted] negotiations, which have not yet begun in earnest, are likely to be difficult. [redacted]

Zhao's Visit

To cement these new ties, Zhao Ziyang spent five days in Brazil last November, as part of a 16-day trip that also included Argentina, Colombia, and Venezuela. US Embassy and Brazilian press sources indicate that he received red-carpet treatment during the visit—including a meeting at the airport with Sarney, an honor normally reserved for heads of state. During the visit, Zhao signed new protocols on cooperation in geological sciences and other technical areas, as well as an agreement for cultural and educational exchanges. Moreover, Zhao and Sarney also agreed to annual Foreign Ministry discussions on the international situation as well as bilateral relations. Zhao sounded the only cautionary note by expressing Chinese concern over Brazil's growing trade surplus with Beijing, which surged to \$245 million in the first half of 1985. [redacted]

According to press reports, Sarney and Zhao privately discussed a large sale of Brazilian military equipment to China. The Chinese, according to these accounts,

presented a very ambitious shopping list, indicating an interest in acquiring 3,200 armored vehicles and tanks; 500 Tucano military trainers; AMX attack planes; and various types of communications hardware, military computers, and radios. In an effort to realize some of these sales, which could total more than \$3 billion, China's newly accredited attache will probably arrange tours of Brazilian military industries for Chinese defense officials. [redacted]

Outlook

Sino-Brazilian bilateral cooperation is proceeding smoothly, with no signs of flagging interest from either side. We expect each country to continue efforts to expand trade and technical cooperation. Nonetheless, important obstacles will plague the overall relationship, and may delay the deepening of bilateral ties. [redacted]

For trade to expand to the \$1.2 billion level planned for this year, while accommodating China's desire to reduce Brasilia's burgeoning trade surplus with Beijing, Brazil would need to increase imports from China. On the basis of an analysis of Brazil's current import requirements, we judge the Chinese will encounter difficulty increasing their export sales to offset large new purchases of Brazilian raw materials and manufactured products. Moreover, a likely decline in Chinese oil revenues and textile exports worldwide will probably lead Beijing to press Brasilia to arrange new countertrade agreements to conserve hard currency. For example, China probably will press Brazil to accept more oil to balance trade. We believe Brazil's preference for cash will complicate the negotiations to arrive at mutually acceptable terms of trade for long-lived contracts, and will work to slow the growth of trade between the countries. [redacted]

We believe the negotiations for military sales are likely to be a slow, arduous process. Although periodic agreements for small purchases are likely to be announced, we doubt that a major agreement will be concluded this year. Among the problems that could stand in the way are:

- Brazil's difficulty in providing financing for any large-scale purchases of arms.

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- COCOM regulations that require clearance from member countries to sell their components, some of which are in Brazilian military products.
- Brazilian defense industries' possible reluctance to transfer technology for proprietary products to protect their competitive position.

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Beijing will probably require Brazilian companies to transfer technology with licenses to allow coproduction as a requirement for military equipment sales. This demand could impede sales. Although Brazil has licensed the production of Tucano aircraft to a British firm in Northern Ireland, manufacturers may hesitate in Beijing's case. We believe China's lower labor and manufacturing costs could raise fears that Beijing would undercut Brazil as a manufacturer of ostensibly Brazilian products. Moreover, in our view, the license fees paid to Brazilian manufacturers probably would not fully compensate for their potential loss of markets.

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We believe that scientific exchanges will probably increase in nonsensitive areas, such as food irradiation using nuclear isotopes. We judge the prospects of a large commercial sale to China of Brazilian nuclear power components or of Chinese assistance in the sensitive areas of reprocessing or uranium enrichment technology are low. Despite denials by Brazilian and Chinese officials, reports of space cooperation continue to appear periodically in the Brazilian press.

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Mexico: Chihuahua Prepares for Elections [redacted]

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Mexico will hold elections this year for governor in 13 states. Of these, the race in the northern border state of Chihuahua is likely to be the most hotly contested and to receive the most publicity in the Mexican and US press. Although the conservative National Action Party (PAN) commands considerable support and has nominated a popular candidate, we expect the ruling Institutional Revolutionary Party (PRI) to retain control of the statehouse. The PRI is also likely to recapture some of the state deputy positions and mayoralties PAN won in elections three years ago. We believe localized violence will erupt this year, as it did last year elsewhere in the country. [redacted]

was forced to go on extended leave, an act tantamount to resigning, last September. He was under attack in his own party for an alleged lack of leadership and for allowing the PAN to make unprecedented electoral gains. [redacted]

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The Candidates

The PRI and the PAN, the two major parties contesting the Chihuahua elections, formally announced their gubernatorial candidates in January. Each party selected men who are respected natives of the state and are likely to wage strong campaigns, according to the Embassy. [redacted]

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The Coming Elections

In addition to the 13 governorships, 230 state deputy posts and 1,158 mayoralties will be at stake nationwide. [redacted] however, the government views the Chihuahua races, to be held on 6 July, as the most potentially troublesome. Perhaps for this reason, Chihuahua was among the first states in which the PRI named a gubernatorial candidate this year. PAN currently controls seven of Chihuahua's largest cities, containing over 70 percent of the state's population, including Ciudad Juarez and Chihuahua City, the capital. Moreover, PAN made its strongest showing in Chihuahua during midterm congressional elections last July. It was declared the winner in three of the state's 10 congressional districts and would have won at least one more had election officials acted impartially, according to the US Embassy. [redacted]

The PAN standard bearer, Francisco Barrio Terrazas, 34, is currently mayor of Ciudad Juarez. He is youthful, energetic, and has cultivated the image of a man of the people. Barrio is also politically shrewd. [redacted] as evidenced by his adept handling of PRI attempts to embarrass his mayoral administration and his success in obtaining federal funds from PRI officials for projects in Ciudad Juarez. [redacted]

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The PRI candidate, Fernando Baeza Melendez, 44, is widely respected in the state as an effective administrator and an accomplished politician, the Embassy reports. Baeza is now serving as a Federal Deputy representing a constituency in northern Chihuahua. He previously held the post of Deputy Federal Attorney General in Mexico City, where he established close ties to a number of government and ruling party officials. He also was formerly the mayor of Delicias, Chihuahua, his hometown. [redacted]

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The PRI also cannot take the elections lightly in view of factional infighting that in recent years has left the ruling party in the state in considerable disarray. Oscar Ornelas Kuchle, the PRI governor of the state,

Baeza is regarded as a moderate within the PRI, according to the Embassy. The fact that he was once a member of the PAN should make him more broadly

¹ Other states holding gubernatorial races in 1986 are Aguascalientes, Baja California Sur, Durango, Guerrero, Michoacan, Oaxaca, Puebla, Sinaloa, Tamaulipas, Tlaxcala, Veracruz, and Zacatecas. [redacted]

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PAN candidate Barrio [redacted]

La Nacion ©



PRI candidate Baeza [redacted]

Diccionario Biografico del Gobierno Mexicano ©

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acceptable to many middle-class Chihuahuans and to the state's business community, from which the PAN derives much of its support. On the other hand, organized labor, in view of Baeza's conservative bent, only reluctantly endorsed his candidacy, according to the US Embassy. Rural Chihuahuans, for their part, have strongly supported the PRI in the past and are likely to favor Baeza by a wide margin, despite dissatisfaction with producer prices set by the government that in recent months have led to protests in several areas of the state. [redacted]

whether voters without identification can cast ballots. In case such tactics fail, however, the government recently deployed a 900-man Army unit to the state to maintain order during the election period. [redacted]

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Election Tactics

The PRI will use its patronage powers and pork-barrel projects to good advantage in its Chihuahua campaign. [redacted]

The PAN, for its part, is likely to campaign hard, particularly in urban areas of the state. The party will devote fewer resources to rural areas, where historically it has not made a strong showing. [redacted]

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[redacted] the ruling party is prepared to spend heavily to ensure an impressive victory. We expect the government to devote fewer resources to funding PRI campaigns in other states with gubernatorial elections in 1986, particularly in view of Mexico City's exaggerated promises to cut this year's budget deficit. [redacted]

[redacted] much of its support is likely to come from the business community and clergy. Business will provide the main source of campaign funds for the PAN, which, unlike other major political parties, does not accept government subsidies. Reflecting a trend toward greater church involvement in politics, the Bishop of Ciudad Juarez, Manuel Talamas Camandari, recently was among those publicly critical of the changes in the state's election laws. [redacted]

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Baeza and other PRI candidates in Chihuahua will also benefit from the ruling party's control over electoral machinery. To improve its electoral prospects in Chihuahua, the PRI-controlled state administration late last year amended election laws. PAN officials assert, probably with reason, that the controversial changes will make it easier for the PRI to practice fraud. Among the new provisions are ones that restrict the access of poll watchers and give officials in each precinct greater discretion in deciding

At the state level, PAN will seek to capitalize on the popularity of Barrio, who is well known throughout the state. It probably will also seek to exploit discontent with the PRI's management of the economy and the limited accomplishments of the Ornelas administration. In addition, the PAN may publicize allegations of several other opposition parties that Baeza did little to combat corruption and drug trafficking while a top official in the Attorney General's office. [redacted]

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Outlook

The PRI, which has not lost a governorship since it was founded in 1929, will not cede the Chihuahua statehouse in 1986, in our judgment. Even if Barrio and the PAN captured a plurality of the votes cast, we believe it highly unlikely that the government and ruling party would recognize the results. As the Embassy has noted, whether the PAN triumphs will not depend on the adequacy of its campaign financing, the popularity of its candidate, or even its vote totals. The key will be the willingness of the PRI to acknowledge an opposition victory. Nonetheless, the nature of Barrio's campaign and whether the PRI unites behind Baeza almost certainly will affect the case with which the PRI wins.

some PAN leaders in Chihuahua already have privately conceded there is little chance Barrio can capture the governorship.

The outcome of state deputy and local contests appears far less certain. On the one hand, the de la Madrid administration, as reflected in the results of midterm elections last July, appears to be pursuing a strategy aimed at divesting opposition parties of many of the offices they now hold. Mexico's leaders probably believe they cannot afford greater political liberalization at a time when, because of poor economic conditions, the overwhelming support of voters for the ruling party is no longer assured. As a result, we believe the PAN will lose at least some of the local offices it now controls in Chihuahua.

We believe there almost certainly will be isolated political disturbances in Chihuahua between early July, when elections occur, and late September, when those elected are sworn in. PAN leaders in the state have suggested violence could result if the elections are stolen, an observation that PRI officials could interpret as a threat. The PAN almost certainly will protest the results if it dislikes the outcome. According to the Embassy, the PAN asserts that the PRI has inflated voter registration lists in the state by

almost 400,000, or approximately one-third of the total, to facilitate fraud. As a result, protest activities are likely, including public rallies, occupations of town halls, petition drives, and hunger strikes. Election-related violence also is probable, in our judgment, but most likely will be localized and quickly contained.

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Jamaica: Anticipating Local Elections [redacted]

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Elections for Jamaica's 13 local parish councils, which by law must be held by 31 July, probably will determine whether Prime Minister Seaga can resist opposition calls for a general election before his term expires in 1988. Although Seaga has some political capital on which to draw, there are indications that voters will use the local contests to express dissatisfaction with his ruling Jamaica Labor Party (JLP) and give People's National Party (PNP) leader Michael Manley a victory that will strengthen PNP calls for a national showdown soon. Manley recently has become more active in trying to generate enthusiasm among his supporters for the coming contests. [redacted]

The Communist Workers' Party of Jamaica also attaches major significance to the forthcoming local vote and aims to win one or more council seats to substantiate its claims to be a legitimate player on the national political stage, according to the Embassy. Although small, the party reportedly has stepped up efforts to build broader grassroots support and portray itself as the only real alternative to the two major parties. [redacted] the Communists are generally having limited success in their effort to exploit popular dissatisfaction over current economic conditions. [redacted]

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Seaga has postponed the local polls, originally scheduled for June 1984, three times purportedly for technical reasons, prompting opposition charges that he was tampering with the democratic process. Although Seaga has not yet announced a date for the contests, it is unlikely he will postpone them again because such a move would encourage Manley to increase his pressure for early national elections. [redacted]

Manley's Challenge

Manley hopes to use the elections as a referendum on Seaga's policies, according to US officials. His party recently assumed a more active and aggressive stance, organizing several protests against government economic policies. The biggest event so far was an all-night vigil and procession to Jamaica House, the seat of government, where protesters demanded that savings from lower world oil prices be used to subsidize food and medical care. The Embassy estimates that Manley attracted no more than 15,000, failing to increase his crowd-drawing ability over a comparable event last October. [redacted] the party leadership considered a crowd of more than 10,000 to be a major success. [redacted]

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Both Seaga and Manley view the local contests as the first genuine test of their parties' electoral strengths since the national election in 1980, according to the Embassy. Although 189 parish council seats will be at stake, control of the councils themselves means little in terms of political power. Nevertheless, analysis of past elections shows that the outcome of the municipal polling often is an accurate predictor of the next national election. Moreover, a high-ranking official of the JLP has told the Embassy that a sizable sweep of council seats by Manley's party would probably necessitate calling national elections within six months of the local contests. Manley would portray a large margin of victory as a vote of "no confidence" in the government. He would use the victory to gain leverage to push for early national elections, according to the Embassy. [redacted]

In addition, Manley has been quick to take advantage of the government's education policy. According to the Embassy, the government's announcement in February of the introduction of college tuition is highly unpopular, and [redacted] Manley views the issue as one he can focus on to help overcome inertia in his party. [redacted]

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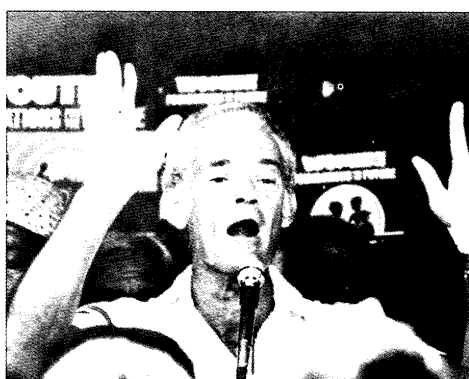
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Seaga campaigning during 1980 [redacted]

Sunday Gleaner ©



Manley campaigning during 1981 [redacted]

Caribbean Review ©

Manley's recent aggressiveness marks a departure from a relatively passive strategy that had appeared to lack momentum and direction from the leadership, [redacted]

[redacted] Manley seemed to be satisfied with the position of de facto leader of the opposition and content to let Seaga make unpopular but necessary economic decisions. Even if Manley is privately reluctant to seek an early national election, however, internal party pressure may be forcing him to become more strident in his challenges to Seaga.

[redacted] there was widespread criticism in the party of Manley's lack of activism. [redacted]

Seaga's Strengths and Weaknesses

The Embassy reports that events this year have produced some good news and political pluses for the government, but overriding economic problems probably will drain ruling party support in the local elections. External developments such as the formation of the Caribbean Democratic Union under Seaga's leadership, the Jamaican role in former Haitian President Duvalier's decision to step down, and the Prime Minister's visit to Trinidad and attendance at the Grenada minisummit all helped to improve the government's popular standing at home, according to the Embassy. Much of the political

capital that Seaga gained from these developments was diminished, however, by an acrimonious 13-month salary dispute with the Jamaica Teachers' Association that led to disruption in the school system and some violence, according to US officials. [redacted]

Labor problems are symptomatic of broad dissatisfaction with Seaga's attempts to follow IMF-recommended austerity measures. Several currency devaluations have raised consumer prices 220 percent in Jamaica's import-dependent economy since Seaga took office in 1980. Small employment gains in the manufacturing sector have been offset by layoffs of civil servants and bauxite workers, and the unemployment rate continues to hover at about 30 percent. Despite Seaga's strict economic policies, noncompliance with IMF targets has interrupted aid flows several times, while real per capita income has fallen about 13 percent since 1980. [redacted]

These difficulties are sapping support for the JLP. [redacted] several major Jamaican business corporations intend to withhold funding to Seaga's party, or contribute to Manley's party, for the local elections because of discouragement with the government's economic

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Political Violence

Several incidents this year may point to the reemergence of political violence as a campaign tactic:

- *Members of a Jamaica Labor Party youth affiliate disrupted a parents-teachers' organization meeting in January with shouting, egg-throwing, and tire-slashing. These actions were quickly disavowed and condemned by the party, according to the Embassy.*
- *Street thugs—traditionally drawn to political rallies—marred a People's National Party's march on Jamaica House in March by attacking and robbing participants and passers-by, according to the Embassy.*
- *Paul Burke, a high-ranking People's National Party official, is attempting to regenerate the notorious "Hot Steppers" armed gang as a base for political support. The gang reportedly now has approximately 10 to 12 members.*

performance. A recent public opinion poll indicates that Seaga would attract only 27 percent of eligible voters in a general election. Seaga believes many of his supporters will boycott the local contests to protest against the government's austerity program,

Outlook

Once a polling date is announced, the implications for national politics could cause a resumption of the violence that has characterized past parliamentary elections. Proponents of violence are stepping up activity, even though such actions will hurt the vital tourism industry.

Seaga's strengths may be enough to avoid a massive defeat. He is counting on superior finances and public works projects to give his party a respectable showing.

The Prime Minister reportedly intends to use the bulk of the estimated \$40 million in oil savings for public works jobs in road repair this spring that would help reduce unemployment in time for the elections. Nevertheless, these projects are unlikely to overcome recent PNP gains. The electorate's accumulated grievances and desire to send the government a message probably will give Manley a victory large enough to give added weight to his demands for an early national election.

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Latin America Briefs

Argentina	<p>Possible Constitutional Reform [redacted]</p> <p>The Argentine Congress may consider a constitutional amendment later this year that would allow President Alfonsin to run for a second term when his current term expires in 1989, according to press reports. Such an amendment might also shorten the presidential term from six to four years. [redacted]</p> <p>[redacted] Alfonsin favors this move, although he has not stated his position publicly. A similar measure passed during the first presidential term of Juan Peron—and repealed by a subsequent military government—reinforced Peron's increasingly undemocratic image and ultimately aided in his downfall by uniting key political groups against him. [redacted]</p> <p>Altering the constitution to provide a second presidential term would require a two-thirds majority vote in Congress, which Alfonsin and the Radical Party could only muster through sizable defections from the opposition. The Peronists, in our judgment, are not likely to support constitutional reform because they probably believe they could not defeat Alfonsin in the 1989 presidential election. Even if the Radicals manage to railroad the change through Congress, Alfonsin's insistence on a second term would cast doubt on his willingness to leave office and tarnish his image with the voters as a defender of democratic institutions. [redacted]</p>	<p>25X1</p> <p>25X1</p> <p>25X1</p> <p>25X1</p>
Brazil	<p>New Presidential Chief of Staff [redacted]</p> <p>President Sarney named Marco Maciel, leader of the centrist Liberal Front Party, as his chief of staff in a cabinet reorganization in February. The appointment heralds a stronger civilian presidency. Unlike his predecessors, who took a backseat to the head of the military household, Maciel obtained broad new powers to bolster his effective political control of the executive branch. According to the US Embassy, he now will name second- and third-echelon officials throughout the government, a power that will ensure more coherent policymaking. To enable Sarney to be more assertive in dealing with Congress and his opponents, the new chief will control the \$77 million government information and propaganda budget and the President's emergency reserve fund, and allocate funds to municipalities—keys to the political pork barrel for Congressional elections in November. Maciel has picked a seasoned and well-respected civil servant—Henrique Hargreaves—as his liaison with the Congressional leadership. [redacted]</p> <p>[redacted] Maciel intends to use his new powers to lay the groundwork to succeed Sarney in 1991. Using his access to government funds, Maciel plans to assist moderates and conservatives in the coming election campaigns. The next Congress will draft Brazil's new constitution in 1987, and</p>	<p>25X1</p> <p>25X1</p>

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ALA LAR 86-008
28 March 1986

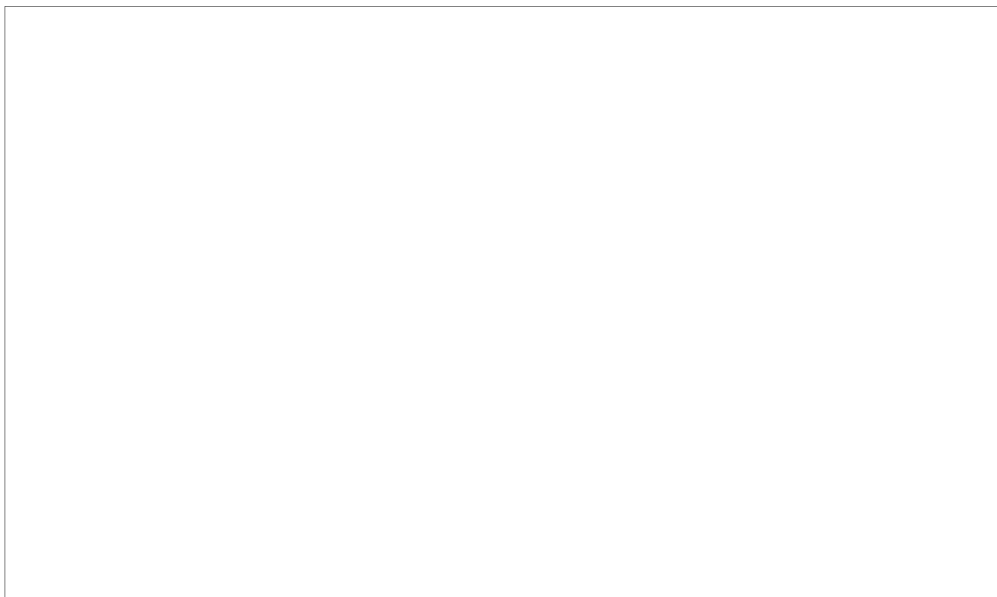
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many observers believe it will shorten Sarney's six-year term in office. Nevertheless, [redacted] Maciel wants the Congress to keep Sarney in power until 1991 when, Maciel believes, his current rivals for the presidency— notably Leonel Brizola and Janio Quadros—will be too old to run. Sarney will probably support Maciel's efforts, but we judge that Maciel's ability to achieve his goal will largely depend on the President's popularity with the electorate, which is currently linked to the success of the new economic stabilization program.

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Cuba Chronology

February 1986

3 February

Carlos Rafael Rodriguez receives the credentials of Guinea-Bissau's new Ambassador to Cuba, Constantino Lopes da Costa.

Soviet Communist Party officials Slyunkov, Korolev, and Kapto arrive in Havana to attend the Cuban Communist Party's Third Party Congress.

Nicaraguan President Daniel Ortega and Salvadoran rebel officials Jorge Hander and Ruben Zamora arrive in Havana to attend the Third Party Congress. They are welcomed by Manuel Pineiro.

Puerto Rican Socialist Party Secretary General Carlos Gallisa arrives in Havana for the Third Party Congress. He is welcomed by Ricardo Alarcon.

4 February

Fidel Castro opens the Third Party Congress. He blames the United States for most of the world's major problems, but says he is willing to open negotiations to resolve his differences with Washington.

Fidel calls for a more efficient economy, tells of the growing problems of crime and juvenile delinquency, and says he will fire officials guilty of incompetence and irresponsibility.

During his speech at the Congress, Fidel says that Cuba has rapid deployment formations that are permanently combat-ready, highly mechanized, and have high firepower.

Fidel discloses in his speech that Cuba will not participate in the 1988 Summer Olympics in Seoul unless Olympic officials adopt his recommendation that the two Koreas cohost the games.

The Supreme People's Council of the Lao People's Democratic Republic decorates Fidel and Raul Castro for their great contributions to strengthening friendship and cooperation.

5 February

Raul Castro reports that a US SR-71 spy plane made a flight today along the coast without violating Cuba's territory. He says it was Ronald Reagan's greeting to the Congress.

At the Third Party Congress, Soviet official Yegor Ligachev says the Soviet people will continue to be a firm defender of internationalist principles and that ties between Cuba and the USSR will broaden.

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At the Party Congress, East German official Horst Sindermann praises Cuba for its solidarity toward anti-imperialist movements and its self-sacrificing internationalist aid throughout the world.

Nicaraguan President Ortega blasts the United States during his speech at the Party Congress.

Czechoslovakian official Milos Jake's speech at the Congress praises Cuba for strengthening Communism and labor movements.

6 February

Vietnam's official at the Party Congress, Nguyen Van Linh, says his country supports Cuba's domestic and foreign policies and demands the United States discontinue its blockade against Cuba.

Three men believed to be members of the terrorist anti-Castro group Omega 7 plead guilty to conspiring to murder Cuban Ambassador to the United Nations Raul Roa in March 1980.

7 February

At the Party Congress, Fidel Castro names the full Politburo members, alternate members, Central Committee Secretaries, and Central Committee alternates.

Ramiro Valdes, Sergio del Valle, Guillermo Garcia, and Blas Roca are ousted from the Politburo. Roca requested to be relieved because of ill health.

Vilma Espin is appointed the party's first woman Politburo member and Esteban Lazo Hernandez, the party's second black, is promoted to provincial party chief.

Fidel also mentions that sex discrimination has been more prevalent than ethnic or racial discrimination in Cuba.

At the Party Congress, Fidel is reelected First Secretary of the Communist Party. Raul Castro is reelected Second Secretary and will take over if Fidel dies or is assassinated.

The Third Party Congress approves guidelines for Cuba's 1986-90 Five-Year Plan and the creation of a new government commission with ministerial rank to recommend economic reforms.

In his closing speech at the Party Congress, Fidel warns Washington that any interference in Nicaragua or Angola would meet with stiffer Cuban resistance.

During his closing speech, Fidel accuses capitalists of living like vultures and vampires, living off the blood of others, and profiting from the arms factory to kill.

Fidel Castro says he has not given up smoking for health reasons, but to promote a public health campaign against smoking. He has not smoked since 26 August.

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The Mozambique National Resistance Movement claims responsibility for shooting down a troop-carrying transport aircraft, killing three Cubans and 21 Zimbabweans.

8 February

The Soviet Communist Party delegation led by Yegor Ligachev meets with Fidel and Raul Castro before departing for Moscow.

In an interview in Nicaragua, President Ortega stresses Fidel Castro's statements that Cuban assistance to Nicaragua would increase if the United States increases its aid to the counterrevolutionaries.

An eight-man Cuban delegation led by Deputy Minister for Sugar Gilberto Illerena arrives in Tanzania to help boost that country's sugar production.

10 February

Minister of Culture Armando Hart travels to Nicaragua to participate in a Latin American and Caribbean political parties' conference for peace and nonintervention.

11 February

The 11th meeting of the International Radio and Television Organization is held in Havana. President of the Cuban Institute of Radio and Television Ismael Gonzalez presides.

Ismael Gonzalez notes that Cuba has two national and seven provincial television channels operating, as well as 53 radio stations.

13 February

Carlos Rafael Rodriguez discusses ties between the Italian and Cuban Communist Parties with Renato Sangieri of the Italian Communist Party at the Third Party Congress.

Isidoro Malmierca, during a meeting with South Yemen's Ambassador to Cuba, Umar Husayn al-Hurubi, affirms Cuba's firm stance and solidarity with the Yemeni Socialist Party and Yemeni revolution.

14 February

Granma announces that Heriberto Feraudy Espino has been named Cuban Ambassador to Nigeria.

17 February

The first Cuban national ecclesiastical meeting is held in Havana. Msgr. Adolfo Rodriguez affirms that the church in Cuba must be open and provide for dialogue and participation.

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- 18 February** Pope John Paul sends a message to the meeting calling for Cuban Catholics to remain faithful to the church's teachings.
- 19 February** The ship Bahia de Manzanillo arrives in Havana Bay. This is the first of 12 ships under construction in European shipyards that are expected to arrive in Cuba before the end of the year.
- Granma condemns President Reagan's visit to Grenada, calling it the newest insult to Latin America's dignity.
- Brazilian Foreign Minister Abreu Sodre asserts after meeting President Jose Sarney in Brasilia that Brazil will resume diplomatic relations with Cuba this year.
- 21 February** Construction Minister Raul Cabrera Nunez arrives in Mexico City to inaugurate the first school constructed with Cuban assistance since the September earthquake.
- 22 February** Politburo member Jorge Risquet and Engombale Nueru, Politburo member of the Revolutionary Party of Tanzania, sign a document renewing cooperation between their organizations.
- 23 February** Church sources in Havana report that Msgr. Dario Castrillon, Secretary General of the Latin American Episcopal Conference was received by Fidel Castro a few days ago.
- A final document issued by the Cuban National Ecclesiastical Encounter stresses the church's commitment to spreading the gospel through a dialogue with other sectors of society.
- Prensa Latina reports that Fidel Castro met with the Pope's special envoy to the ecclesiastical meeting, Cardinal Eduardo Pironio.
- 24 February** Foreign Trade Minister Ricardo Cabrizas meets with Yosihito Inamaya, the President of Keidanren—a powerful federation of Japanese economic and industrial groups—to discuss economic development.
- Cuban and Yugoslavia sign a protocol in Havana that includes economic cooperation for 1986-90. Central Committee member Jose Lopez Moreno and Milos Sindic of Yugoslavia sign the document.
- Commander of the Revolution Juan Almeida stops in Algeria en route to the Saharan Democratic Arab Republic, where he will attend events commemorating the 10th anniversary of its founding.

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In a statement for Prensa Latina, Papal envoy Cardinal Eduardo Pironio notes "satisfaction" with his meeting with Fidel Castro and says they discussed the misery and underdevelopment that many people in the area suffer.

Cardinal Pironio also says that a visit by the Pope to Cuba is not foreseeable in the near future.

China has received orders from the Ocean Property Company of Cuba for three 10,000-ton, multiple-purpose container ships, construction of which was to begin in Shanghai today.

Fidel Castro, Carlos Rafael Rodriguez, and Jorge Risquet, arrive in Moscow to attend the Soviets' 27th Communist Party Congress. Soviet Minister of Foreign Affairs Shevardnadze greets them at the airport.

25 February

Foreign Minister Malmierca and Rene Rodriguez Cruz attend a ceremony in Havana commemorating the 10th anniversary of the Saharan Democratic Arab Republic.

Cuban Ambassador to Mexico Jose Fernandez de Cossio asserts that the Cuban Government supports the measures Mexico has taken to confront the economic crisis.

Vice Minister of Foreign Relations Ricardo Alarcon and his Nicaraguan counterpart, Jose Leon Talavera, sign a cultural protocol for 1986.

26 February

The Foreign Ministry issues a communique asking for an urgent mobilization against the Reagan administration's granting more aid to the Contras.

Construction Minister Balmaseda visits Budapest to discuss cooperation in the construction industry and the employment of Cuban workers in Hungary.

At the Soviet Congress, Fidel Castro condemns the irresponsible course of imperialist states for ignoring the realities of the nuclear age and praises the peaceloving policy of the USSR.

During the closing session of the Congress, Fidel Castro warns that, if the United States increases its aid to the Contras, Cuba will do everything possible to increase its aid to Nicaragua.

In Moscow, Fidel Castro receives Libyan Staff Major Abd Al-Salam Ahmad Jallud to discuss cooperation between their countries and US-Zionist threats and provocations.

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27 February

Guillermo Garcia receives the credentials of the new Jordanian Ambassador to Cuba, Abdallah Salah.

Fidel Castro and Angolan President Eduardo dos Santos meet in Moscow to discuss matters of interest for their nations.



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