



Directorate of
Intelligence

MASTER FILE COPY

**DO NOT GIVE OUT
OR MARK ON**

~~Secret~~



25X1

187

**Latin America
Review**



25X1

11 April 1986

~~Secret~~

ALA LAR 86-009
11 April 1986

Copy **429**

Page Denied

Secret

25X1

**Latin America
Review**

25X1

11 April 1986

*Page***Articles****Guatemala: Cerezo's Early Moves**

1

25X1

25X1

President Cerezo's emphasis on consensus and compromise has enabled him to ease military concerns about his new civilian government and to deal gradually with domestic political issues.

25X1

Suriname: Drug Arrest Shakes Regime

5

25X1

25X1

The arrest in Miami on drug charges of a member of the ruling junta poses the most serious threat to the regime in several years.

25X1

El Salvador: Austerity Program Under Fire

7

25X1

25X1

President Duarte's flexibility and willingness to compromise are helping to prevent groups on both the left and the right from mobilizing widespread opposition to his three-month-old economic reform plan.

25X1

Peru: Gambling With Debt

11

25X1

25X1

President Garcia appears unwilling to make concessions to reach an accommodation with foreign creditors despite Peru's serious economic problems that are threatening social and political stability.

25X1

Brazil: New Labor Group

15

25X1

25X1

The new General Workers Central, a reorganized and strengthened version of Brazil's major moderate labor association, is attempting to combat the growing influence of its leftwing rival, the Unified Workers Central.

25X1

i

Secret

ALA LAR 86-009
11 April 1986

Secret

[Redacted]

25X1

Briefs

[Redacted]

25X1

Trinidad and Tobago: Opposition Discord [Redacted]

17

25X1

Cuba Chronology [Redacted]

19

25X1

[Redacted]

25X1

*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]

[Redacted]

STAT
SIAT

Secret

Secret

[Redacted]

25X1

Latin America Review [Redacted]

25X1

Articles

Guatemala: Cerezo's

Early Moves [Redacted]

25X1

President Cerezo's initial domestic political initiatives appear to have won widespread public backing. The US Embassy reports that Cerezo's low-key, pragmatic style has helped reduce concerns in the military and private sector that the Christian Democratic President would embark on a more populist course. By emphasizing consensus and compromise rather than confrontation, he has been able to begin to deal gradually with domestic political issues, reforming the security apparatus and developing a counterinsurgency strategy acceptable to the military. Over time, however, Cerezo is likely to find it increasingly difficult to prevent criticism of Guatemala's economic difficulties from spilling over into attacks on his handling of political affairs. [Redacted]

Mutual Support Group (GAM), the only domestic organization demanding that military officers be prosecuted for past human rights abuses. He has assured group leaders that they will have a voice in a new Human Rights Commission created to investigate disappearances and that the congress plans to elect an ombudsman to investigate any new abuses. At the same time, he has criticized the GAM for failing to work with the government and for making unreasonable political demands on him. Cerezo also has made it clear that he will not prosecute military officers for past crimes. [Redacted]

25X1

Cerezo has used the GAM's refusal to abandon its confrontational rhetoric to his advantage, staking out a moderate and constructive position. US Embassy reporting suggests that the GAM's belligerency and personal attacks on Cerezo have isolated the GAM even from traditional supporters such as the Catholic Church. Moreover, the UN Human Rights Commission recently ended its mandate for a special rapporteur and issued its first report in eight years that does not condemn Guatemala for human rights violations. In our judgment, this is likely to undercut further domestic and foreign criticism while giving Cerezo more time to strengthen the independence of the judicial system and establish mechanisms to investigate new abuses. [Redacted]

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

[Redacted] Cerezo has firm control of his government and reserves the right to make all major decisions. Nevertheless, [Redacted] personality conflicts, Cerezo's willingness to tolerate long Cabinet debates, and his demand for an eventual consensus often make it difficult for Cerezo to reach decisions. Embassy [Redacted] reporting indicates, for example, that Cerezo's demand that his ministers give equal, if not greater, weight to the political and social implications of any economic austerity plan has magnified differences between technocrats and politicians in the Cabinet and delayed agreement on the package. [Redacted]

Early Political Moves

Human Rights. US Embassy reporting indicates that Cerezo, since his inauguration, has attempted to balance the need to avoid provoking political conflict by focusing on past abuses with promises to oppose further violations. Cerezo, for example, has met on several occasions with the leaders and members of the

Reforming the Security Forces. Embassy reporting also indicates that Cerezo's moves to reform the police and control the military have won popular support without creating a strong backlash among security and military officials. The President, for example, appointed a reformist interior minister who moved

Secret

ALA LAR 86-009
11 April 1986

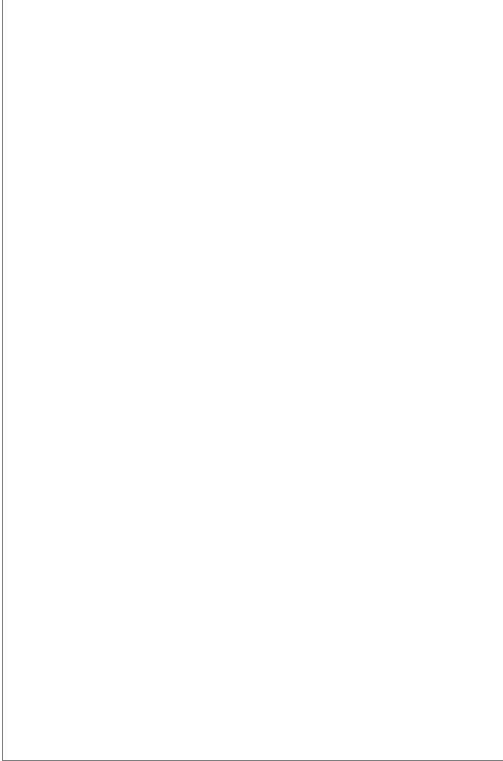
Secret

quickly to disband a 600-man secret police unit and made some 80 changes in police leadership. In addition, Cerezo has sought foreign training, especially in investigations, to help bolster police performance, according to the US Embassy. The Embassy also reports that the recent charging of two police officers with the death of a prisoner is symptomatic of a new attitude of police accountability and reflects a commitment to reform. Although [redacted] this has produced some grumbling among officers—especially the appointment of civilians as directors—the majority of officers reportedly approve of internal reforms and Cerezo’s stated plans to professionalize and upgrade equipment. [redacted]

Relations With the Military. Cerezo has worked hard to establish a good working relationship with his Minister of Defense, General Hernandez, and the rest of the high command. He has held open discussions with senior and junior officers on a wide range of topics, including his position toward the insurgents. He also publicly has acknowledged that the military’s counterinsurgency program and support for democratization made possible a smooth transfer to civilian government. To back up his support for the armed forces, he has promised to continue the model village program, and said that he will civilianize—but not disband—the 915,000-strong Civil Defense Forces. Both programs, [redacted] are seen as critical to combating the guerrillas. [redacted] that although Cerezo has placed the Interinstitutional Coordinating Committees—the military’s rural development program—under civilian control, he will ensure continued military participation. In our judgment, the formal request for moderate levels of [redacted]

[redacted] does not intend to confine the armed forces to the barracks. [redacted] Cerezo’s moves have won him a surprising degree of approval from all ranks. [redacted] his measured response to provocations by the GAM and scattered labor strikes have increased the military’s confidence in his ability to maintain public order. For its part, the military has cooperated on a wide range of issues

including turning captured insurgents over to civilian courts, keeping a low profile when asked to respond to policy questions by the media, and keeping Cerezo abreast of internal security concerns through the Defense Ministry and the National Security Council.



25X1
25X1

25X1

25X1
25X1
25X1

Outlook

We believe Cerezo’s relatively cautious policy toward implementing domestic reforms reflects his recognition that the long-term success of his government depends in large measure on his ability to avoid antagonizing the military. We expect that he will continue to seek to build bridges to the military by consulting closely with the high command on

25X1
25X1
25X1
25X1

Secret

Secret

civilian issues of concern to them and will avoid meddling in internal military affairs. For its part, we believe the military recognizes that its interests, at least in the short run, are best served by cooperating with Cerezo.

25X1

In the civilian arena, we believe that Cerezo will try to use domestic political initiatives to blunt criticism of his economic policies. Although we believe this strategy probably will lengthen Cerezo's "political honeymoon," expectations among his political constituencies that he will implement substantive and wide-ranging reforms are high. Faced with a continuing economic slide and opposition to austerity measures, Cerezo may come to believe he has no choice but to risk embarking on a more politically dangerous populist course.

25X1

25X1

Secret

Secret

**Suriname:
Drug Arrest Shakes Regime** [redacted]

25X1

The recent arrest on drug charges in Miami of Capt. Etienne Boerenveen, a member of the ruling junta, poses the most serious threat to the regime since the bloody 1982 purge of moderate opposition leaders, according to the US Embassy in Paramaribo. Although it is unlikely that his conviction would spark broad resistance to the unpopular government, the affair has further tarnished the image of Commander Desi Bouterse's regime, and probably will eliminate any chance of its gaining new foreign aid. [redacted]

Perhaps fearful that testimony during the trial would implicate him, Bouterse has been maneuvering for Boerenveen's release. Surinamese officials initially reacted to the arrest by charging "North American intelligence agencies" with framing Boerenveen. At one point it appeared that the government might fight Boerenveen's prosecution by claiming diplomatic immunity. In a meeting with the US Ambassador, however, Bouterse seemed unwilling to jeopardize warming relations and possible aid by using this ploy. [redacted]

25X1
25X1

Although there have been reports for some time suggesting government involvement in drug smuggling, this is the first direct evidence linking a high official to the narcotics trade. The probability that Bouterse was also involved could generate conflict among key military officers, but major rifts are unlikely, according to the Embassy. Over the longer term, economic problems made worse by the lack of aid could generate internal pressures, causing the regime to abandon its recent tentative steps toward political reform. [redacted]

Aid Pressure

The drug scandal apparently has alienated a number of Western countries that seemed on the verge of providing aid to Suriname. According to US Embassy reporting, the arrest has confirmed Dutch suspicions about the unsavory nature of Bouterse's regime, and may well block proposed medical aid as well as prevent any possible resumption of some \$600 million in development aid suspended since the junta's murder of political opponents in 1982. The Boerenveen case, coming on the heels of indications that Suriname was involved in drug and illegal immigrant traffic into neighboring French Guiana, will effectively squelch Paris's previous pragmatic sympathy for the regime, according to the Embassy. The Venezuelan Ambassador doubts his government will again show generosity toward Suriname, and Brazil's reaction may be similar, according to the Embassy. [redacted]

25X1

The Arrest and Its Aftermath

Boerenveen's arrest occurred on 24 March when he was charged with conspiracy to import and distribute narcotics in the United States. According to press reports, Boerenveen, together with an executive of the Surinamese airline and the executive's father, met twice with US undercover agents in the Miami area. During these taped sessions, Boerenveen allegedly offered to guarantee cocaine smugglers safe passage through Suriname for \$1 million a shipment, and agreed that his country could be used as a transshipment point for ether and acetone, chemicals used to produce cocaine. He also described himself as the number-two man in Suriname and said he could "guarantee safe passage to anything or anybody."

[redacted] it is generally believed by many Surinamese citizens and foreign observers that Boerenveen could not have made these promises without Bouterse's agreement. [redacted]

Without new foreign aid, the economy, limping along since the early 1980s, will register substantial reverses this year, as foreign exchange reserves are depleted and imports are slashed. Bouterse has been draining hard currency stores to finance purchases of consumer merchandise and producer goods despite the ongoing slump in the key bauxite sector and the suspension of Dutch aid. As a result, foreign exchange reserves of

25X1

25X1

25X1

Secret

over \$200 million in the early 1980s have deteriorated to about \$20 million at present, or enough to cover about three weeks' worth of imports. Payment difficulties recently delayed completion of a Brazilian natural gas delivery, and similar actions by other commodity suppliers are likely over the next few months as arrearages mount. [redacted]

25X1

Domestic Threats

Worsening economic conditions are likely to increase popular dissatisfaction with the regime and complicate Bouterse's efforts to create an image of progress toward political reform. [redacted]

25X1

[redacted] political leaders already are resisting pressure from Bouterse to become full members of the Supreme Council because they believe the government will collapse by the end of the year. Businessmen, for their part, reportedly are threatening to withdraw from the National Assembly and Supreme Council to protest the government's Marxist thrust. [redacted]

25X1

25X1

The Boerenveen affair might also worsen tensions among junta members already concerned about Bouterse's support for democratization measures.

[redacted]

25X1

[redacted] In our judgment, the rift in the junta could widen if convincing evidence surfaces that Bouterse and Boerenveen were working together in a major drug trafficking scheme. [redacted]

25X1

25X1

Outlook

The economic and political impact of the drug scandal may work to reverse the slight shift toward the West that Suriname has demonstrated over the past year. If increasing economic problems spark popular unrest, the regime could abandon its preliminary steps toward political reform and crack down on the opposition to maintain its power. With little prospect of Western assistance, Bouterse could try once again to seek help from Libya or the Soviet bloc. [redacted]

25X1

[redacted]

25X1

Secret

Secret

El Salvador: Austerity Program Under Fire [redacted]

25X1

The left and right are still criticizing President Duarte's economic reform plan three months after it was announced. Opponents, however, have had little success in mobilizing widespread public support for protests. More demonstrations are likely in the next few months, especially if Duarte enacts additional reforms as expected. The President, however, is likely to remain flexible and willing to make compromises as pressures grow. [redacted]

Duarte's Initiative

The economic plan—Duarte's first comprehensive package since taking office in June 1984—combines government and business austerity measures with steps to protect workers and consumers. In particular, the initial plan froze most government spending, effectively devalued the colon by 20 percent, sharply increased prices for industrial and automotive fuels, and substantially boosted coffee taxes. To blunt consumer reaction, prices of food staples, rents, utilities, public transportation, and medicines were frozen, and stiff penalties for violations of new price and exchange controls were announced. [redacted]

Almost immediately after the plan was announced, the US Embassy reported that Duarte showed his willingness to compromise, scaling back increases in gasoline prices and some luxury taxes. Both the President's advisers and the Embassy have said, however, that whatever the opposition, additional belt-tightening measures—including hikes in food prices and utility rates—will be needed later this spring. [redacted]

[redacted]

Criticism From the Left . . .

[redacted] Marxist labor leaders have attempted to use opposition to the plan as part of an effort to oust Duarte. The US Embassy reported that as many as

7,000 participants turned out for a demonstration in February, organized in part by the National Unity of Salvadoran Workers (UNTS), a recently formed labor coalition partly controlled by the Marxist labor umbrella organization "First of May Committee." The protesters demanded an end to austerity and a resumption of dialogue with the guerrillas.

[redacted]

[redacted] UNTS is planning additional marches and forums, such demonstrations have yet to move beyond sporadic protests, and have been hampered by the lack of widespread popular support, financial difficulties, and ineffective coordination. In addition, Embassy reporting suggests Duarte's skill in preempting labor issues by making timely compromises also has helped to avoid more serious confrontations. [redacted]

25X1
25X1
25X1

. . . And From Democratic Labor

Embassy reporting indicates Duarte has fared better with the major democratic labor groups, although they too have asked for a softening of the austerity package. A progovernment rally last month by the National Worker and Campesino Union (UNOC), a recently formed alliance of democratic worker and peasant unions, attracted some 25,000 participants, according to US Embassy estimates. While pledging support for the Duarte administration, demonstrators also demanded lower fuel and food prices. The UNOC also has paid for advertisements calling for guaranteed prices for both consumers and farmers, increased minimum wages for all workers, and more effective price controls. [redacted]

25X1

25X1

25X1
25X1

Flagging Private-Sector Confidence

Business leaders and organizations also have criticized the program, for its lack of production incentives and for enshrining excessive government

25X1
25X1

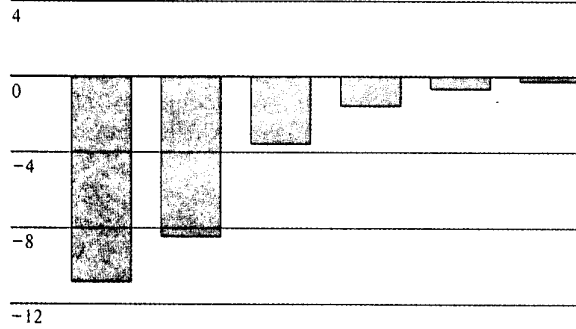
Secret

ALA LAR 86-009
11 April 1986

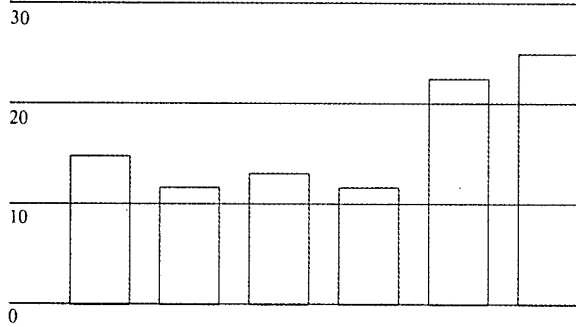
Secret

El Salvador: Selected Economic Indicators, 1981-86

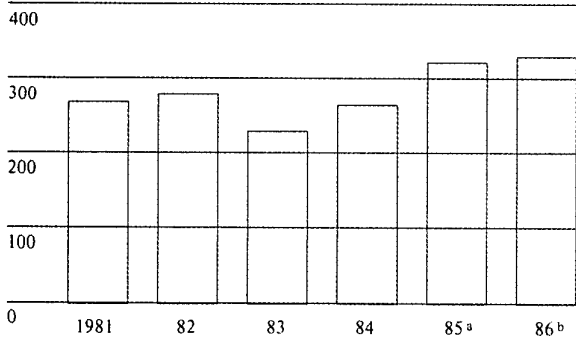
Real Per Capita GDP Growth
Percent



Consumer Price Growth
Percent



Current Account Deficit
Million US \$



^a Estimated.
^b Projected.

306846 4-86

interference in the economy. [redacted] 25X1
[redacted] 25X1

[redacted] rightwing 25X1
Salvadoran politicians have been attempting to capitalize on business suspicion and popular discontent to undermine Duarte. [redacted] 25X1
[redacted] leaders of ARENA, the major opposition party on the right, have attempted—with little success to date—to form a coalition of conservative organizations and business groups to pressure the government to revise its economic policies. At the same time, [redacted] 25X1
[redacted] 25X1

Outlook

We believe both moderate and leftist unionists will continue to snipe at Duarte's package, but with different goals. For its part, UNOC is likely to believe that its credibility as an independent organization depends on its ability to win concessions from the administration. It has been criticized by both the left and the right, for example, for close ties to the ruling Christian Democrats, and has lost popular support when accused of supporting the austerity program. [redacted] 25X1

[redacted] 25X1

[redacted] In our judgment, the leftist-dominated UNTS believes that any economic advances won from demonstrations are secondary to the longer term political goal of furthering the insurgency. While we believe more leftist-inspired protests are inevitable, we do not believe that these

25X1
25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

Secret

Secret

unions have either sufficient rank-and-file or popular support to launch and sustain a general strike or widespread work actions. [redacted]

25X1

Although the US Embassy reports that Duarte's advisers are pressing for improved communication with the private sector, we believe that prospects for any near-term reconciliation are poor. In our judgment, the business community's deeply ingrained suspicions of Duarte's populist style and the perceived antibusiness posture of the Christian Democrats—as constantly expressed in newspaper ads—leave business with little room for compromise. Even if San Salvador enacted a package with incentives demanded by the private sector, [redacted] [redacted] we believe businessmen probably would wait for a year or so to see the changes fully implemented before revising their gloomy assessment of the economic climate. [redacted]

25X1

25X1

25X1

Despite the maneuvering of rightist politicians [redacted]

25X1

25X1

[redacted] we believe it is unlikely that the right has the financial resources or can overcome ideological differences to gain any significant influence with insurgent-backed unions. [redacted]

25X1

25X1

Secret

Secret

Peru: Gambling With Debt

25X1

President Garcia faces the prospect of managing Peru's debilitated economy without foreign credit. Despite recent minor adjustments in his tough debt policy, we doubt Garcia is prepared at this juncture to make the concessions necessary to reach an accommodation with foreign creditors. His attempts to buy time to boost reserves could backfire if he underestimates creditors' reactions. In any case, Peru's continuing economic malaise poses a threat to social and political stability.

Debt Policy Under Garcia

Garcia's views on the debt issue are heavily conditioned by his party's ideologically based conviction that many of the problems burdening Peru—and the region in general—result from alleged Western economic exploitation of the Third World. Politically, Garcia sees the debt as an impediment to progress on social and economic reforms he wants to implement. Moreover, Garcia—who apparently has a fixation with his standing in domestic polls—is keenly aware that he has tapped into a wellspring of nationalism with his public promises last year to limit debt payments to 10 percent of export earnings and not to deal with the IMF. His resolve not to accept an IMF program was underscored last October when Finance Minister Alva Castro rejected a proposal to send an IMF technical team to Lima, thereby delaying an economic review by the Fund for six months.

Lima's payment strategy has favored those willing to provide more loans, namely multilateral institutions (minus the IMF) and some government donors. As a consequence, nearly 30 percent of Peru's actual debt payments went to international organizations like the World Bank and the Inter-American Development Bank last year.

Garcia's intransigence last year bought his government time to gather information on the negotiating strategies of other Third World debtors,

Debt Profile

Peru's external debt to Western creditors totals \$12 billion, less than 5 percent of total Latin American debt. About \$5.6 billion represents medium- and long-term obligations owed to private creditors primarily at floating rates. The other \$6.4 billion is owed to official creditors primarily on fixed repayment terms. US banks' exposure is \$1.8 billion of total debt, including 30 to 35 percent of Peru's \$250 million to \$300 million short-term credit lines. Debt to the Soviet Bloc, which willingly accepts goods as payment, amounts to approximately \$2 billion.

25X1

25X1

The private sector is current in servicing its obligations—\$400 million a year—which do not fall under Garcia's 10-percent debt service ceiling. At the end of 1985, however, the public sector was about \$1.5 billion in arrears to Western creditors. Western bankers received the last interest payment in May 1985 under the Belaunde administration. Moreover, Lima has yet to sign its 1984 commercial bank or Paris Club rescheduling agreements.

25X1

explore innovative debt repayment schemes, and boost foreign exchange reserves. Peru tried—apparently without success—to interest Western bankers in arrangements similar to Lima's payments-in-goods agreement with the USSR. By the end of 1985, the limit on debt repayments, combined with a freeze on dollar accounts and lower profit remittances by foreign oil companies, had pushed exchange reserves up 62 percent to \$1.5 billion since July—enough to finance 9 months of imports.

25X1

25X1

25X1

25X1

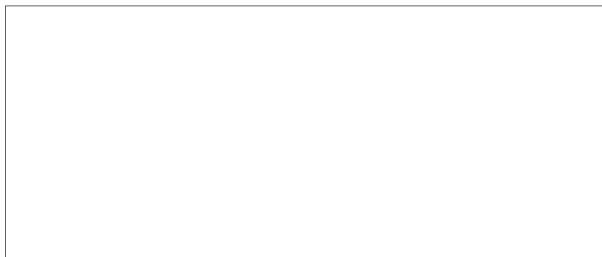
Secret

ALA LAR 86-009
11 April 1986

Secret**Creditor Pressures**

Garcia's anti-US and anti-IMF rhetoric and his generally confrontational approach to the debt issue have strained relations with Western creditors and increasingly isolated Peru from international lenders:

- After Peru had suspended its \$30 million monthly payments to the IMF and failed to meet with the bank steering committee late last year, two angry US banks attached small deposits from Electroperu and Petroperu—the state electricity and petroleum companies.



- Trade credit available to the government is nearly zero, while that for the private sector has fallen 50 percent (to about \$125 million) since last July, according to the US Embassy.

Garcia's Response

Faced with dwindling foreign loans and credits, Garcia made several concessions early this year, authorizing a symbolic payment to the Fund and some payments for operating expenses to commercial bankers. Nonetheless, at the end of January, Garcia unilaterally lowered interest rates on some loan contracts, and rolled over \$960 million of short-term working capital debt for the second time since he took office last July.

Part of the unpredictability in debt negotiations may be due to disagreements over tactics between Garcia and his advisers:

- Both Prime Minister Alva Castro and Foreign Minister Wagner have sought to maintain cordial

Peru: Service of the Public External Debt Due in 1985 and 1986 *Million US \$*

Lender	1985 Payments			Payments Due in 1986
	Scheduled	Actual	Arrearages	
Total	3,196	617	2,579	2,119
International organizations	174	171	3	221
Western government and agencies	410	43	367	273
International banks	1,280	133	1,147	737
Communist countries	284	170	114	252
Suppliers	1,048	100	948	636

Source: Central Reserve Bank of Peru.



relations with creditors and have plainly been embarrassed by the timing of some of Garcia's inflammatory statements and actions.



- The Cabinet recently considered an upward revision of the 10-percent debt-service limit, but opponents, led by Justice Minister Gonzales, prevailed.

**Outlook for the Rest of the Year**

Peru's economic performance is not likely to improve dramatically this year. Domestic growth will probably fall somewhere between the 2 percent attained in 1985 and 4 percent—too low for a turnabout. The current account deficit will deteriorate, as lower oil prices reduce export earnings at least \$200 million from last year's \$3 billion level,

. Unemployment and under-

Secret

Secret

employment will remain close to 70 percent, and inflation will probably reach three digits. Price controls that discourage domestic production are likely to induce more black-market activity and sporadic food shortages. [redacted]

Over the next several months, we expect Garcia to continue his current delaying strategy of making occasional conciliatory but largely emptyhanded gestures toward Peru's creditors. He will probably lobby for more time to work out differences with bank creditors and avoid risking \$500 million to \$1 billion in funds from the World Bank. [redacted]

As economic problems deepen later in the year, however, Garcia may be persuaded that he cannot maintain a politically acceptable level of economic performance without Western aid, trade, and investment. Even so, Garcia would probably pay arrearages only to favored lenders, according to the US Embassy, because he wants to use foreign exchange to purchase essential imports—including food—and improve social welfare. [redacted]

The prospects for a near-term improvement in Peru's economic relations with the United States—which traditionally absorbs 35 to 40 percent of Peruvian exports—are bleak. US exports to Peru will probably fall this year, continuing the downward trend begun last year. Peru has jeopardized approximately \$58 million in US aid previously scheduled for disbursement in fiscal year 1986 because of persistent payment arrearages, and various economic sanctions contained in US trade laws—if invoked—could bring bilateral commercial relations to a standstill later this year. [redacted]

Bilateral problems persist over the nationalization of a US oil company late last year and President Garcia has indicated that he intends to review the profit-sharing practices of a US copper firm. Moreover, he will probably continue to play on the debt issue as a means of maintaining his unprecedented popularity. Relations with the United States might even sour further if Peru's overtures to the financial community are rebuffed and creditors threaten punitive action. If such confrontational developments occur, Garcia might repudiate the debt or make new moves against US interests in Peru. [redacted]

[redacted]

25X1

25X1
25X1
25X1

25X1

25X1

Secret

Brazil: New Labor Group [redacted]

25X1

The National Conference of the Working Classes (CONCLAT), Brazil's major moderate labor association, reorganized and adopted a new name at its national convention in late March to combat the growing influence of its leftwing rival, the Unified Workers Central (CUT). According to the US Consulate in Sao Paulo and press reports, the CUT has gained thousands of new recruits in the past year through its campaign to gain wage increases from the Sarney administration. The new General Workers Central (CGT) strengthened its organization by adopting a pyramidal command structure, appointing a National Council of full-time leaders, and hiring a permanent staff. [redacted]

[redacted] the CGT now bases National Council membership on geographic representation as well as the strength of participating unions, thus lessening the influence of the Sao Paulo faction that dominated the old CONCLAT. The CGT immediately pulled off a major membership coup by merging with the giant, wealthy farm workers union, making it one of the largest unions in the Western Hemisphere, according to the Consulate. [redacted]

[redacted] the longstanding moderate leadership won a heated battle at the convention over the Communists for control of the National Council, although the latter took the post of first vice president and several seats on the Council. Former CONCLAT president Joaquim Andrade, a member of the union's nonconfrontational "old guard," won the presidency of the reorganized group against the Communist-backed nominee, Jose da Silva, the popular head of the farm workers union. Andrade probably will steer a moderate policy course and support President Sarney's new economic stabilization program as long as organized labor's economic position relative to other social groups does not appear to suffer. Antonio Magri, who heads the Sao Paulo electrical workers and has close ties to the US labor movement, was elected international relations secretary over the strong objections of the Communists. [redacted]

CGT President Joaquin "Joaquinzaio" dos Santos Andrade



A former tool and die maker . . . has been active in the labor movement for over 20 years . . . leader of the Sao Paulo metalworkers since 1965 . . . [redacted] recently selected for the national leadership of the governing Brazilian Democratic Movement Party . . . approximately 59 years old. [redacted]

25X1
25X1

25X6
25X6

25X1
25X1
25X1

The CGT's moderate approach probably will change if Andrade—who may run for Congress in November, [redacted]—steps down as president later in the year. The CGT would then probably be dominated by young and dynamic centrist leaders such as Magri, who are eager to challenge the radical CUT for leadership of the labor movement. These new leaders, in our view, could take a more confrontational stance toward the government, particularly if the rival CUT launches numerous strikes and agitates in support of leftwing candidates prior to the Congressional elections. Under these conditions, the labor movement could put considerable pressure on Sarney to loosen wage controls sooner than the administration plans. [redacted]

25X1

25X1
25X1

25X1

Secret

Briefs

Haiti**Military Rivalries** [redacted]

25X1

Rivalries among the top levels of the military have not been resolved by recent Cabinet shifts. [redacted] Colonels Valles and Avril, ousted from the ruling council last month, apparently maintained their powerful positions as commander and inspector general of the presidential guard, respectively. [redacted] Avril continues to function behind the scenes as a close adviser to the ruling council, particularly to President Namphy. [redacted] there is a personality conflict between Avril and Interior and Defense Minister Colonel Regala [redacted]

25X1

25X1

25X1
25X1

The Acting Chief of Staff, Brigadier General Belliotte, is resentful that Regala has command authority over him, but has a lower military rank. [redacted] Belliotte reportedly also believes that Namphy circumvents the military chain of command much the same as deposed President Duvalier did. We have no evidence that these rivalries have disrupted the functions of government, or that Namphy views them as a serious problem. Nevertheless, rivalry and resentment among Namphy's top military leaders could undermine his authority if left unchecked. [redacted]

25X1

25X1

25X1

Trinidad and Tobago**Opposition Discord** [redacted]

25X1

Rivalry within the leadership of the opposition National Alliance for Reconstruction (NAR) coalition could weaken its ability to challenge the governing People's National Movement (PNM) in the forthcoming national election. The NAR's deputy leader Basdeo Panday—currently leader of the opposition in Parliament—is challenging A. N. R. Robinson, titular leader of the party. Robinson—whose main base of support is on the small island of Tobago—has little influence in Parliament and lacks labor support. Panday, on the other hand, heads the sizable Sugar Workers Union and is leader of the United Labor Front, the largest of the groups comprising the NAR. [redacted]

25X1

Panday's recent unilateral selection of leftist trade unionist George Weekes to fill a Senate seat against Robinson's wishes has increased tensions among party factions. [redacted] Panday probably believes the Senate appointment will enhance his labor support and enable him to take over as political leader of the NAR after the election. [redacted]

25X1

25X1

Despite these divisions, the US Embassy believes the NAR is likely to remain intact for now because all leaders agree that a fragmented opposition cannot defeat the entrenched ruling party in the election, which must be called by the end of this year. Robinson, although reportedly perturbed at Panday's action, has not made any public protest. In our judgment, however, the opposition's unity could break down if Panday continues his maneuverings. [redacted]

25X1

Secret

ALA LAR 86-009
11 April 1986

Secret

Cuba Chronology

March 1986

1 March

Fidel Castro and Ethiopian leader Mengistu meet in Moscow to discuss international issues and exchange ideas on ways of strengthening their relationship.

Acting Minister of Foreign Trade Amado Blanco receives a Chinese trade delegation headed by Wang Pinqing. They sign payment agreements for the 1986 trade protocol.

Fidel Castro sends his deepest condolences to Swedish Deputy Prime Minister Ingvar Carlsson on the death of Olof Palme.

2 March

Bogota El Siglo reports on an interview with Cuban defector Manuel Sanchez Perez in Spain.

Perez says there is no likelihood of Cuba coming to an understanding with the West to better economic problems in Cuba so long as Fidel Castro is alive.

Mikhail Gorbachev and Fidel Castro meet in Moscow during the 27th Soviet Communist Party Congress. Gorbachev pledges continued support for Cuba's fight against the threats and provocative acts of US imperialism.

Fidel and Gorbachev also discuss the international situation and other matters of interest. Fidel supports the nuclear arms elimination program proposed by Gorbachev.

During the Soviet Party Congress, the Cuban delegation, including Fidel Castro, Carlos Rafael Rodriguez, Jorge Risquet, and Lionel Soto, meet with former Chilean Foreign Minister Clodomiro Almeyda; Volodia Teitelboim, leader of the Communist Party of Chile; Mengistu Haile-Marian, Chairman of Ethiopian Provisional Military Administrative Council; Joaquim Chissano, Chief of the Mozambique Liberation Front; Cheddi Jagan, leader of the People's Progressive Party of Guyana; Abdallah Al-Ahmar, Assistant Secretary General of Syria's Socialist Resurrectionist Party; Mohamed Mura of the Sudanese Communist Party; Fu'ad Mursi, of the Egyptian Communist Party; and the delegation from North Korea headed by Kang Song-san, member of the Politburo.

3 March

Foreign Minister Malmierca signs the condolence book at the Swedish Embassy in Havana.

Secret

ALA LAR 86-009
11 April 1986

Secret

While in Moscow, Fidel Castro visits the Scientific Research Institute for Eye Microsurgery and the Organic Chemistry Institute of the Academy of Sciences of the USSR. He speaks of his interests in biotechnology and Cuba's progress in this field.

A mission of Cuban agricultural experts arrives in Guinea-Bissau. The mission consists of specialists in citrus, pig breeding, rural development, and fishing.

The Italian Foreign Ministry reports that Ricardo Cabrizas, during his visit to Rome, said Cuba wants to double exports to industrialized countries by 1990.

Politburo member Juan Almeida visits Algeria and is received by President Chadli Bendjedid and Mohamed Cherif Messaadia, Secretary General of the National Liberation Front.

Almeida visits the Saharan Arab Democratic Republic and delivers a speech on the occasion of the Republic's 10th anniversary expressing Cuba's support for its independence.

Managua Radio Sandino reports that Nicaraguan President Daniel Ortega departed yesterday for Cuba on a personal visit. He is scheduled to return home on 12 March.

Hungarian Foreign Minister Peter Varkonyi departs Budapest for Cuba and Nicaragua at the invitation of the foreign ministers of the two countries.

4 March

Fidel Castro tells the Soviet press agency Novosti that Mikhail Gorbachev is a very humble, modest, intelligent, and honorable person.

5 March

USSR First Deputy Chairman of the Council of Ministers Arkhipov receives Carlos Rafael Rodriguez to discuss the further development of trade and economic cooperation.

Fidel Castro and Bulgarian leader Todor Zhivkov sign an agreement in Moscow on economic, scientific, and technical cooperation and a program on socialist economic integration up to the year 2000.

6 March

Fidel Castro meets in Moscow with Nicolay Pyzhkov, Soviet Communist Party Politburo member and Council of Ministers President, and Yegor Ligachev, Soviet Communist Party Central Committee Secretary.

Carlos Rafael Rodriguez tells Novosti that Mikhail Gorbachev's main report and the discussions during the congress have created a great renovation in the Soviet Communist Party.

Secret

Secret

A plan for cooperation in the fields of culture, science, and education for 1986-90 is signed in Havana by Mongolian Ambassador to Cuba Nandzad and Cuban Deputy Foreign Minister Bolanos.

Minister of Construction Overseas, Levi Farah, heads a delegation to the 21st International Fair in Tripoli and meets with Fawzi al-Shakshuki, Libya's Secretary of Planning to discuss economic and commercial relations.

Isidoro Malmeirca accompanies Hungarian Minister of Foreign Affairs Peter Varkonyi during a visit to Havana.

7 March

Varkonyi and Malmierca sign a cooperation agreement between the two ministries for the coming five-year period and manifest the common will to struggle for world peace.

8 March

Fidel Castro, Carlos Rafael Rodriguez, Jorge Risquet, Division Gen. Senen Casas, and Lionel Soto arrive in P'yongyang from Moscow and are greeted at the airport by North Korean President Kim Il-song.

Kim Il-song decorates Fidel Castro with North Korea's Order of Hero.

The 13th meeting of CEMA member countries in the field of communications is held in Havana. Development of communications systems to be used with artificial Earth satellites is discussed.

10 March

Fidel presents the Order of Jose Marti to Kim Il-song during a ceremony in North Korea.

The International Sugar Conference opens in Havana. Attending are 60 foreign delegates and 300 Cuban delegates.

Javier Rosales, representing the National Commission of Atomic Energy of Cuba, and his Argentine counterpart, Abel Gonzalez, sign an agreement in Buenos Aires.

Argentina and Cuba also sign an agreement in Buenos Aires allowing frequent maritime traffic between the two countries for transporting bilateral export merchandise.

11 March

Fidel Castro and Kim Il-song discuss the international situation and agree the situation remains tense due to an increase in the arms race and the US policy of intervention and aggression.

Secret

Secret

Fidel Castro, speaking in P'yongyang, declares that the solidarity of Cuba with North Korea will remain invariable and rejects the 1988 Olympic Games being held in South Korea.

Fidel Castro and Kim Il-song sign a cooperation treaty to exchange experiences in socialist construction and promote increased cooperation relations between the mass organizations.

Granma reports that during Fidel's visit to North Korea, an agreement was made to sell Cuba 100,000 rifles and several million rounds of ammunition on favorable credit terms.

Nicaragua's Defense Ministry announces that Cuban Gen. Arnaldo Ochoa was replaced on 9 March as commander of Cuban military advisers in Nicaragua. Cuban Gen. Nestor Lopez will be his successor.

Vice Minister of Foreign Relations Raul Roa Kouri meets in Prague with Bohuslav Chnoupek, Minister of Foreign Affairs of Czechoslovakia.

12 March

Fidel Castro and Mikhail Gorbachev meet in Moscow after Fidel returns from North Korea.

In an interview in Havana, Jose Felipe Carneado, Chief of the Communist Party of Cuba Central Committee Religious Affairs Office, says the Pope will not visit Cuba this year.

Havana press announces that the United States in its 1987 fiscal budget has included \$2.6 million to be invested in the Guantanamo Naval Base.

The work sessions of the Mixed Commission for Technical-Scientific and Economic Cooperation between Nicaragua and Cuba end in Managua with the signing of a 1986 cooperation agreement.

13 March

Isidoro Malmierca and John Eckstein, Trinidad and Tobago's Minister of Health and Environment, discuss information on medical services and matters of mutual interest during a meeting in Havana.

Carlos Rafael Rodriguez meets in Moscow with Ivan Arkhipov, 1st Deputy Chairman of the Presidium of the USSR Council of Ministers to discuss economic and trade relations for 1986-90.

Carlos Rafael Rodriguez and Lionel Soto depart Moscow for Sweden to attend the funeral of Swedish Prime Minister Olof Palme.

Secret

Secret

14 March

Carlos Rafael Rodriguez meets with Swedish Prime Minister Ingvar Carlsson and delivers a message from Fidel Castro expressing the Cuban leader's most sincere condolences on Palme's assassination.

Winston Murray, Guyana's Minister of State for Internal Trade and Consumer Protection, arrives in Havana to participate in the 11th meeting of the joint Intergovernmental Commission.

Fidel Castro presides over a meeting of the Politburo and Secretariat of the Central Committee at which he gives a broad report on his recent trip to the USSR and North Korea.

15 March

Carlos Rafael Rodriguez meets in Stockholm with former Venezuelan President Carlos Andres Perez to discuss Latin American problems, particularly the situation in Central America.

Secretary General of the Central Organization of Cuban Trade Unions Roberto Veiga meets with Soviet trade official Vladimir Sergeyev to discuss bilateral labor relations and international trade.

17 March

Havana press announces that Antonio Perez Herrero will be Cuba's Ambassador to Ethiopia.

Foreign Minister Malmierca greets Guyana's Minister of Foreign Affairs Rashleigh Jackson at Jose Marti International Airport.

19 March

Havana press reports that, according to a senior Cuban Government source, Cuba's relations with the United States have sunk to an alltime low and offer little prospects of a thaw.

The chief of staff for intelligence for the Angolan insurgents, Brig. Gen. Huambo Casito, says Cuban General Ramires, has arrived in Angola's Kuando Kubango Province to command the government's Cuban and Soviet-backed offensive.

Minister of Foreign Trade Cabrizas and Yugoslav official Milenko Bojanic sign a five-year trade protocol in Havana. A trade agreement is also signed.

Ethiopian Industry Minister Hailu Yemanu arrives in Havana and is greeted by Marcos Portal, Basic Industry Minister, and Lester Rodriguez of the State Committee for Economic Cooperation.

In an interview in Havana, Vice Minister of Foreign Relations Ricardo Alarcon tells El Pais that disagreements between the United States and the Latin American governments are constantly increasing.

Secret

Secret

20 March

Jose Ramon Fernandez, Vice President of the Council of Ministers, inaugurates the fourth general conference of news agencies from nonaligned countries.

Cuba is elected to preside over this organization for the next three years. Pedro Margolles Vallanueva, Director General of Prensa Latina, is selected president.

21 March

Carlos Rafael Rodriguez meets with Rashleigh Jackson to discuss bilateral relations, the international situation, and the Nonaligned Movement.

Politburo member Juan Almeida and his delegation arrive in Prague to attend the 17th Congress of the Czechoslovak Communist Party.

Jorge Risquet receives Hailu Yemanu, and they discuss Central America and Cuba's and Angola's willingness to withdraw Cuban troops when the Namibian people achieve true independence.

A delegation headed by Foreign Minister Malmierca arrives in Nassau and is greeted by Minister of External Affairs and Tourism Clement Maynard.

Oliver Tambo, President of the Executive Committee of the African National Congress of South Africa, arrives in Havana and is welcomed by Jorge Risquet.

22 March

Foreign Minister Malmierca and Vo Dong Giang, Vietnamese Vice Minister of Foreign Affairs, meet in Havana to exchange opinions on the international situation and the Nonaligned Movement.

Spain turns down a request from Cuba to extradite former Cuban Economic Vice Minister Manuel Antonio Sanchez Perez. Cuba has charged Sanchez with trying to embezzle \$500,000 of public money.

24 March

Granma announces that Silvio Rivera Perez has been named Cuban Ambassador to Guinea.

25 March

In a statement issued by the Foreign Ministry, Cuba emphatically condemns the US show of force and sinking of Libyan naval units in the Gulf of Sidra.

Ivan Arkhipov meets with Cuban Ambassador to the Soviet Union Lionel Soto to discuss the increase in bilateral cooperation in the technical and economic sectors.

Fidel Castro decorates Tambo with the Playa Giron Order. Jorge Risquet and Tambo speak at a ceremony expressing solidarity with the African people's struggle.

Jorge Risquet accompanies Tambo to the Isle of Youth.

Secret

Secret

- 26 March** Konstantin Katushev, Chairman of the Soviet State Committee for Foreign Economic Relations, and Ernesto Melendez sign a cooperation protocol in Moscow for 1986-90.
- With national and foreign journalists in attendance, Tambo says that violence has stirred the South African people's rage and that the people have given everything in this struggle.
- 27 March** The Soviet ship Dimitri Gulia arrives at the Port of Matanzas with some 12,400 tons of aluminum sheets, ferrous metals, pipes, bars, tires, and levers to repair damages caused by Hurricane Kate.
- 28 March** Havana TV reports on agreements made at the party congress resulting in a new methodology effective in state planning that implies a structural remodeling of the Central Planning Board.
- 30 March** Ulises Estrada, Chief of the Nonaligned Movement division of the Cuban Foreign Ministry, arrives in Zambia.
- 31 March** Zambian Vice Minister of Foreign Affairs Sikao and Ulises Estrada discuss nonaligned matters and the nonaligned summit to be held in Harare, Zimbabwe.



STAT

Secret

Secret

Secret