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**Latin America
Review**



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13 March 1987

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ALA LAR 87-007
13 March 1987

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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,

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**Latin America
Review** [Redacted]

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Articles

**Colombia: Guerrilla-Labor Links
in the Oil Industry** [Redacted]

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Guerrilla ties to labor are an increasing threat to foreign oil investors and to Ecopetrol, the state-owned oil company. Activist workers in the country's oil-producing region—and their allies among river and port workers—have been among the most militant elements of Colombia's organized labor movement since the 1920s. They have occasionally spearheaded large strikes, and many influential Colombians have long blamed labor unrest in the oil industry on subversive agitators. [Redacted]

[Redacted]

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Guerrilla Proselytizing

Despite Barco's efforts to build support for foreign investment, guerrilla recruiters find a receptive audience among oil company employees. ELN sympathizers argue that the area along the pipeline has not received all the public works projects promised by the government and the oil companies. Jobs created during construction of the pipeline—now completed—are being phased out, leaving many workers unemployed. Other workers are hired on a temporary basis, rarely for more than one or two months at a time, according to a US Embassy source. According to a labor source of the Embassy, one US company houses both temporary employees and temporarily unemployed workers in the same barracks, where they talk politics and debate guerrilla propaganda. The same source believes some temporary workers employed by Occidental Petroleum are active members of the ELN or the People's Liberation Army (EPL). [Redacted]

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Since the Cano Limon-Covenas oil pipeline in northeastern Colombia was completed last March, the National Liberation Army (ELN) and other guerrillas have increased their attacks on oil facilities and tried to mobilize labor support for their activities.

[Redacted]

[Redacted] The ELN is also pressing workers to go on strike along the pipeline and at production and export facilities, according to the US Embassy. [Redacted]

The guerrillas' attacks on the petroleum facilities are apparently intended to disrupt the oil export flow—an important source of foreign exchange for the government—and discourage new foreign investment in Colombia. The ELN, a Cuban-backed Marxist-Leninist group, advocates the expulsion of all foreign investors, and is violently anti-American. President Barco has countered the guerrillas' propaganda with a media campaign declaring that sabotage to the gas and oil pipelines hurts the Colombian economy more than the profits of the foreign investors, but this strategy has not deterred the rebel attacks. [Redacted]

The guerrillas work through legitimate labor unions, particularly the Communist-backed Unitary Workers Central (CUT). Both the Revolutionary Armed Forces of Colombia (FARC)—the country's largest insurgent group—and the National Guerrilla Coordinator, an alliance whose members include the ELN, the 19th of April Movement (M-19), and the EPL, participated in a mass rally last September to launch the CUT. In October, the ELN distributed propaganda in support

Petroleum Development and Insurgent Operating Areas



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ELN Form Letter

Below is an informal translation of an ELN form letter to business firms requesting support for a strike. This letter is addressed to Intercontinental, an airline that operates in Colombia.

Arauca, November 11/86

Sir:
Manager "Intercontinental" Company
L. _____ C.
(locality) (city)

Friendly greetings.

Through this letter, we are requesting you to cancel the regular flights of your firm, given the (labor) mobilization developed through the THIRD CIVIC STRIKE of the intendency and in which the Araucan community is participating. The problems of (the city of) Arauca are identical to those of the rest of the region, and this is the right time for us to achieve our objectives. The people of Arauca have given profits to Intercontinental and we hope this will contribute to the solidarity of the company.

Cordially:

Civic Committee of the Sarare and Arauca

of the third indefinite strike in the Sarare and Arauca oil regions, and asked the area business community to support the stoppage. Ecopetrol's 11,000 workers are members of the CUT by virtue of their affiliation with the Communist-led Syndicated Workers Union (USO). _____

_____ all the major insurgent groups are emphasizing political activity, including manipulation of organized labor. Guerrilla influence is strong in some agricultural labor syndicates—notably among flower and banana growers—but the oil sector is particularly vulnerable to infiltration and agitation. Ecopetrol's management recently charged the USO with involvement in a wave of sabotage against oil facilities, according to the Embassy. The terrorist acts, which coincide with a

ORIENTE EN ARMAS

**FRENTE GUERRILLERO
EFRAIN PABON PABON**



EJERCITO DE LIBERACION NACIONAL

ELN

Pamphlet distributed by the National Liberation Army urging support for a general strike in the oil-producing Arauca region. _____

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period of negotiations for a new labor agreement, have included systematic destruction of vehicle tires, damage to pipeline valves resulting in the loss of more than 130,000 barrels of crude oil and more than 2 million cubic feet of gas, and ruptured water facilities in Cartagena, Tibu, and Cicuto. _____

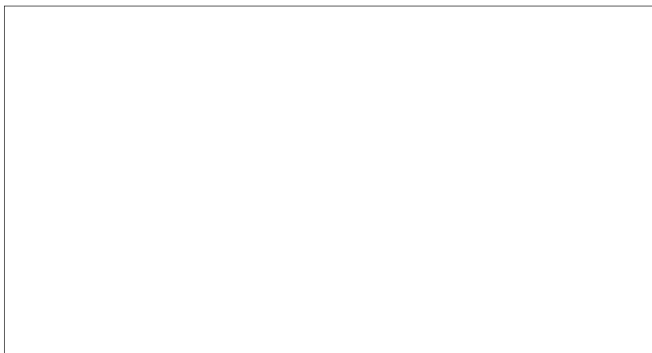
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The guerrillas are likely to intensify their campaign against the oil industry as they gain confidence and learn to gauge the impact of their attacks. A high-level Occidental representative commented to Embassy officials that the sophistication of several pipeline attacks suggests inside knowledge, perhaps gained from workers who are guerrilla sympathizers.


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President Barco has launched a new military initiative to protect the northeastern oil region, but systematic, coordinated attacks on oil facilities would severely test the government's limited counterinsurgency capabilities. Barco has so far failed to counter leftist labor activism, and in the absence of an aggressive democratic labor strategy, we believe guerrilla influence over organized labor—and particularly in the oil industry—is likely to grow. Guerrilla links to labor will, in our view, lead to greater economic damage to oil facilities and strain labor-management relations for Colombian and foreign investors. Over the longer term, if Bogota cannot provide better protection to oil developers, accelerated strikes at oil facilities could deter foreign investors and seriously weaken Colombia's fledgling oil export industry. 

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Cuba: Growing Popular Dissatisfaction

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Popular dissatisfaction with austerity measures announced by President Castro last December is increasing and is likely to persist even in the face of stricter internal controls by the government. Although Castro is concerned about public reaction, he nevertheless will have little choice but to tighten austerity to address Havana's hard currency crisis. Pressure to get rid of malcontents might make Castro more amenable to renewing emigration agreements with the United States.

[Redacted]

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For the moment, official concern over the popular discontent may have discouraged the government from adopting even more stringent austerity measures.

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The measures have brought higher prices and reduced workers' privileges, increasing popular frustration and sparking sporadic outbreaks of unrest, minor acts of sabotage, and passive resistance.

[Redacted]

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A poster displaying the slogan "We prefer Reagan with blood to Castro with hunger,"

Internal pressure on Castro to impose more austerity probably will increase, however, especially as Cuba's desperate economic situation makes the need inevitable. Outbursts and minor acts of sabotage are likely to persist, but Cuba's internal security forces probably will be capable of dealing with the situation. Moreover, to relieve some of the pressure, Castro may be interested in renewing immigration agreements with the United States.

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illustrates the increasing openness of discontent. Doubling the busfare did not increase revenues, as the regime had expected, but instead cut receipts by one-half as bus ridership declined significantly.

A factory in San Antonio de Los Banos was burned down recently and stores in another town were boycotted in protest against shortages of goods.

[Redacted]

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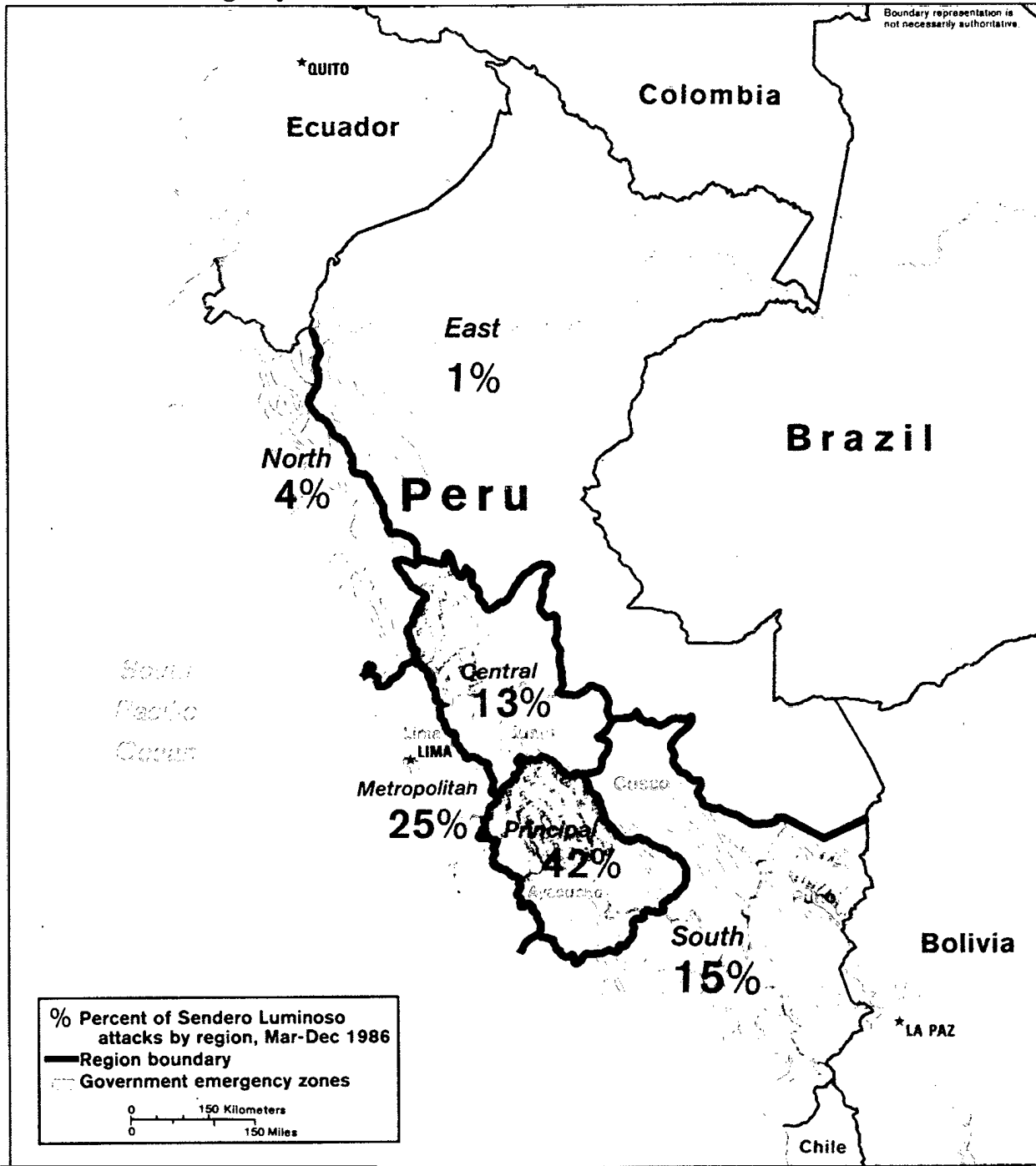
many Cubans are skeptical about the regime's direction, particularly as they are aware that it contrasts with Soviet General Secretary Gorbachev's tilt toward increased material incentives and economic efficiency in the USSR. Some Cubans are openly questioning the internationalization of the revolution in Angola, Nicaragua, and elsewhere, calling the country's presence there a political luxury Cuba can no longer afford. Still other Cubans reportedly are angry that they have to make sacrifices at home while the government spends scarce Cuban resources on economic and military aid to other countries.

[Redacted]

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Sendero Luminoso Operating Regions and Government Emergency Zones



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Latin America: Developments and Trends in Terrorism and Insurgency

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Latin America: "Developments and Trends in Terrorism and Insurgency" is a monthly feature in the Latin America Review. It is intended to identify incidents that may become trends, to provide analysis of important events that may not have been covered in other publications, and to track changes in terrorism and insurgency over time. Contributions from other offices are welcome.

[Redacted]

Garcia also instructed the police to carry out a major raid against three universities in the Lima area that both he and the security forces have long believed to harbor insurgent leaders. On 13 February, 4,000 police stormed the schools, detaining 795 people and seizing 650 pounds of explosives. [Redacted] most of those initially arrested were later released [Redacted]

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Insurgent groups continue to be a major concern for the Peruvian and Colombian Governments. The insurgents' politically focused violence in the past month includes the spillover of activity by Peru's Sendero Luminoso (SL) group into neighboring Bolivia and the first signs of preparations by Colombian insurgents for mayoral elections scheduled for March 1988. Peruvian authorities are showing new resolve by instigating raids on terrorist-ridden universities and creating special courts to prosecute insurgents. Colombia is moving to strengthen its counterinsurgency capabilities and to improve security protection for residents in high-risk areas.

[Redacted]

Peruvian President Garcia, increasingly frustrated with his government's inability to stem rising violence, has called for an all-out war against terrorism. [Redacted]

[Redacted]

Sustaining his counterterrorism momentum, Garcia called an extraordinary session of congress to approve several bills, including one establishing special, secret tribunals to prosecute terrorists. Garcia and the military believe that many judges—intimidated by insurgent threats—have been giving captured terrorists light sentences or allowing them to go free. US Embassy reporting indicates that public and military anger over this issue became acute last October when a popular Navy admiral was assassinated by a terrorist team led by a woman who had been in custody three months earlier but was never brought to trial. The law also establishes stiff minimum prison sentences for persons convicted of terrorism or aiding an act of terrorism. [Redacted]

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The Insurgents Strike Back

Garcia's moves had no immediate impact on the insurgents, who sustained a high level of activity during February and early March. Trying to disrupt and denigrate the celebration marking the birthday of the late founder of Garcia's ruling party, a Sendero Luminoso hit squad killed a local APRA official in Lima on 20 February and detonated two powerful car



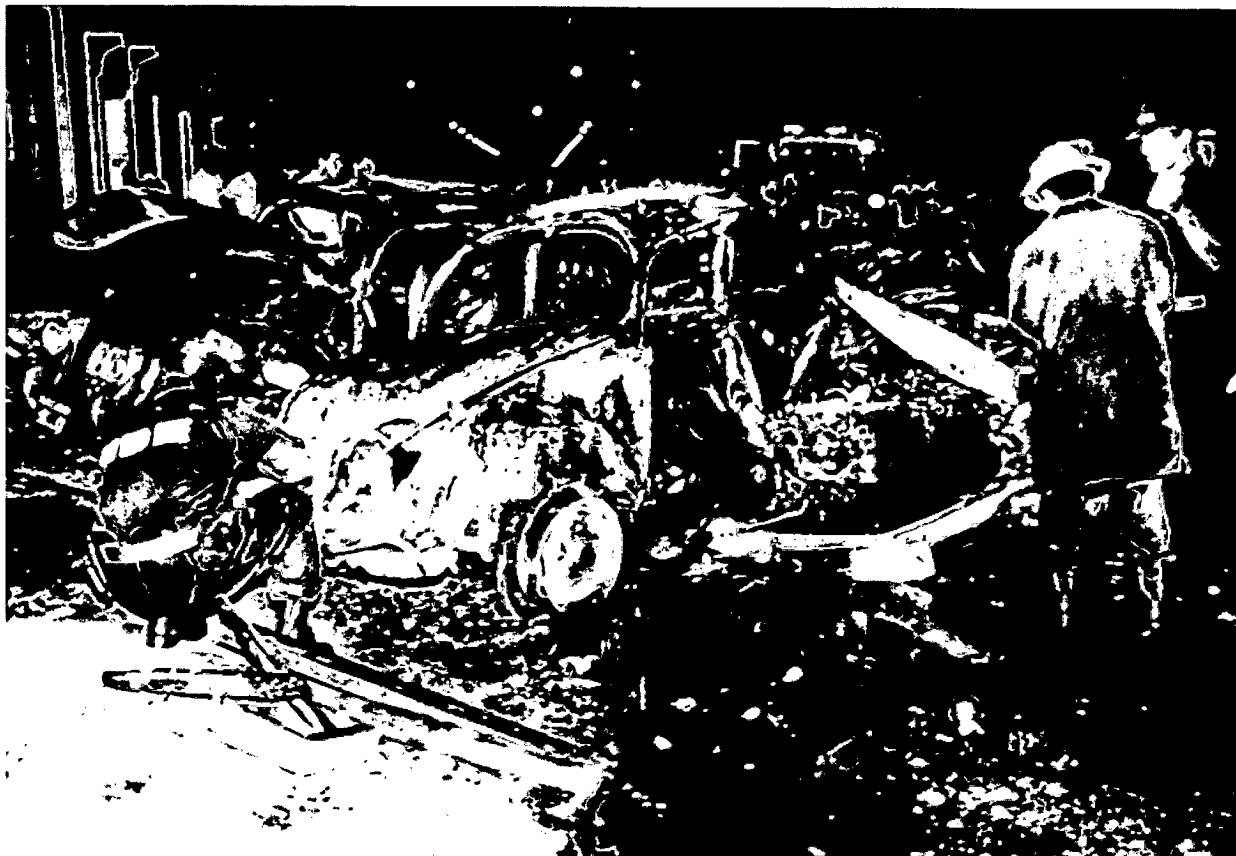
Students demonstrating in Lima under Communist Party banner that reads "stop the barbarity against the universities." Students and leftist parties protested the police raid on three campuses suspected of being subversive safehavens, but most Peruvians supported the move and Garcia's tougher stance against terrorism.

bombs, wounding 10 people, near a street rally where Garcia was addressing thousands of the party faithful. Two days later probable Sendero Luminoso terrorists unsuccessfully tried to kill the Peruvian Attorney General, although the attack did induce him to resign several days later. The subversives disabled his car with a remote control bomb, and then strafed the vehicle with small-arms fire that wounded his son. The SL also attacked eight APRA neighborhood offices in Lima in late February and, on 28 February, four SL subversives seized a private residence near the presidential palace and attempted to stage a mortar attack against Garcia's living quarters. [redacted]

In addition, the small Lima-based Tupac Amaru Revolutionary Movement (MRTA) began another round of bombings, attacks, and propaganda activities in mid-February after almost a two-month lull in activity. On 20 February the pro-Cuba MRTA took over 12 Lima radio stations and forced the employees to broadcast diatribes against the university raids a week earlier. Four days later the MRTA carried out coordinated bombings of 16 neighborhood branches of Peru's largest bank. The group bombed 14 more of the bank's branches on 27 February, according to US

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Two powerful car bombs rocked downtown Lima on 20 February during President Garcia's speech celebrating the birthday of the founder of Garcia's governing American Popular Revolutionary Alliance. The explosions, which were clearly audible to the thousands gathered to hear Garcia, occurred close to the headquarters of Peru's Investigative Police. [redacted]

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Embassy reporting, and press accounts indicate they struck another 15 bank offices on 7 March. Few people were hurt in these attacks and, as in the past, the MRTA apparently planned their actions to cause extensive property damage but no deaths.

Interestingly, in its radiobroadcasts the MRTA also chastised the Sendero Luminoso for its brutality, clearly distancing itself from the SL and blaming SL attacks in part for prompting the increasingly heavyhanded government response to violence. [redacted]

Sendero Luminoso insurgents also carried out extensive operations in the countryside last month, although far less publicity usually accompanies their

actions outside of Lima. Staying true to its strategy of ridding remote rural areas of any vestige of central government authority, the SL assassinated several local APRA officials, intimidated three mayors in one region into resigning their posts, and murdered a number of civilian defense personnel and other peasants they accused of collaborating with the government. Indicative of the effectiveness of SL's "selective assassination" strategy, a Peruvian official announced that the group murdered 42 government rural development workers in Ayacucho Department

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alone last year. The assassination of rural assistance officials is increasing throughout the country, indicating that the insurgents clearly recognize—more so than the military—the threat that civic action programs pose to their recruitment efforts. [redacted]

A review of recent insurgent activity shows a continuing trend of a geographical expansion of Sendero Luminoso's operating area. [redacted] the group is making particularly strong advances into Peru's southern departments of Apurimac, Cusco, and Puno—which border Bolivia. [redacted] SL is recruiting effectively in those areas from the ranks of the United Left (IU) coalition—Peru's major opposition party—and particularly from its radical Maoist Peruvian Communist Party—Red Fatherland faction. We believe the crushing defeat suffered by the IU in municipal elections last fall convinced many of its members to forgo legitimate political activity and defect to the SL to pursue armed revolution. Seven members of the Red Fatherland group were captured in Bolivia in February, according to US Embassy reporting, during a robbery that was part of their initiation into Sendero Luminoso's ranks. [redacted]

[redacted] peasant support base, and the protection of regular SL militants, the capture of the inductees in La Paz and the group's growing strength in Puno Department suggest that SL insurgents probably will increasingly cross into Bolivia for safehaven, rest and recuperation, and supplies. [redacted]

For their part, even the generally Lima-based Tupac Amaru subversives apparently carried out indoctrination and propaganda activity in two regions outside the capital. In Lambayeque Department in northern Peru, MRTA members occupied two universities in late February and called on students to join the armed struggle. In Arequipa in the south the group took over a church and lectured the congregation on the revolution. These actions suggest that MRTA may be trying to establish small cells in some of the larger provincial cities where Sendero Luminoso is not established. [redacted]

No Quick Solutions

President Garcia's tough counterterrorism talk in early February and the highly publicized university raids were well received by a Peruvian public tired of growing personal insecurity. The number and effectiveness of terrorist attacks since mid-January have demonstrated, however, that there are no short-term solutions to the still expanding Sendero Luminoso insurgency and urban terrorism. Garcia already has taken steps to dampen public expectation—which he raised with his hardline rhetoric—that the government can contain terrorism soon. In a speech in early March, he stated that Peruvians will have to coexist with terrorism for many years and called on all citizens to join him in the war against it. In our opinion, however, Garcia's personal focus on the problem, his emphasis on civic action and psychological operations, the planned reorganization of the intelligence services, the creation of a special counterterrorism unit, and the special courts and tough mandatory sentences are all promising developments which, if carried through, could improve the counterinsurgency effort over the long term. [redacted]

Developments To Watch For

- Sustained movement by the SL into Cusco and Puno that could prompt the government to declare another emergency zone, a development that would further damage Peru's tourist industry.
- Increased MRTA and Sendero Luminoso activity along the coast, especially in the north, which has been relatively quiet and has not required a large security force presence.
- Spillover of SL activity into Bolivia.
- Continued efforts by SL to heighten the political impact of its terrorist attacks by seeking publicity and propaganda mileage from them, a development we noted in last month's review.
- More indications that leftist political party members are abandoning politics for the armed struggle.

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- Sustained commitment from Garcia to implement not only tough counterterrorism measures but also civic action and development programs; any signs of willingness on his part to involve the military in such efforts in a major way. [redacted]

Barco is hoping to improve protection for residents of guerrilla-dominated areas, where many citizens rely on civilian paramilitary units for defense against the guerrillas. He recently empowered municipal governments to form civilian guard units, and he may be studying plans for a new armed forces civil defense strategy, according to the US Embassy [redacted]

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Colombian Developments

Colombian insurgents are increasing their political and propaganda efforts in preparation for first-ever nationwide mayoral elections, scheduled for March 1988. The Revolutionary Armed Forces of Colombia (FARC), the country's largest rebel group, is attempting to discredit the government and build local support through propaganda aimed at farmers, particularly in drug cultivation areas. [redacted]

[redacted]

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The FARC demonstrated another aspect of its propaganda strategy recently by distancing its legal political front, the Patriotic Union, from its guerrilla forces. The Patriotic Union has won a measure of public acceptance through congressional participation, and its nominal break from FARC is designed to protect the rebels' political gains and allow them to field mayoral candidates even if FARC's current truce with the government breaks down. Meanwhile, the National Guerrilla Coordinator alliance is working to form a similar legal political front and trying to reach a political and military accord with FARC. [redacted]

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Both FARC and the Coordinator guerrillas—particularly the National Liberation Army (ELN)—have accelerated strikes at government troops and economic targets. The government's campaign to protect the nation's major oil pipeline has concentrated the security forces in northeastern Colombia, leaving other areas vulnerable to attack. At the same time, mounting guerrilla violence and worsening relations with the FARC are hastening President Barco's drive to improve his government's limited counterinsurgency capabilities. [redacted]

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**Latin America
Briefs**

Cuba **Restricting Foreign Commercial Operations** [redacted] 25X1

Cuba continues to seek ways to reduce its hard currency expenditures. Its latest move is to slash the hard currency budgets of Cuban trade missions in Western Europe and Japan. [redacted] 25X1

[redacted] 25X1

[redacted] West European shipments to Cuba declined sharply over the last two months of 1986. Further significant cuts in hard currency imports are likely this year, but Castro is unlikely to meet his publicized goal of a 50-percent reduction. 25X1

[redacted] 25X1

The hard currency problems may also limit Cuban commercial activities in Latin America. [redacted] 25X1

[redacted] 25X1

[redacted] Continuing 25X1

budget reductions to the Ministry of Foreign Trade over the past two years have reportedly restricted official travel, reduced commercial work levied on offices abroad, and nearly eliminated allowable business entertainment expenses. These measures have curtailed Havana's ability to nurture foreign interest in trade with Cuba, and could undermine efforts to secure South American replacements for disappearing Japanese and West European suppliers. [redacted] 25X1

Citrus Exports Hamstrung by Mismanagement [redacted] 25X1

[redacted] Cuba has the potential to become the world's leader in citrus production during the next decade. Mismanagement by the state, however, and a lack of agricultural chemicals and machinery have hampered citrus production and limited the industry to a secondary role in exports. 25X1

Currently, almost all of Cuba's citrus harvest is shipped to CEMA member countries, earning Havana little hard currency. [redacted] 25X1

[redacted] 25X1

[redacted] Havana will benefit in the 25X1

future from the maturing of groves planted a few years ago and may be able to marginally increase exports to the West. Havana's hard currency crisis probably will reduce needed imports of Western agricultural chemicals or machinery, however, and the Castro regime is doing away with the material incentives that could help boost productivity. [redacted] 25X1

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Venezuela

New Debt Agreement With Bankers [redacted]

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Venezuela and its creditor banks reached an agreement last month to revise a \$21 billion public-sector debt rescheduling package signed a year ago, according to press reports. Caracas will pay \$250 million in principal payments in 1987, \$400 million in 1988, and \$700 million in 1989—a total of \$2 billion less than under the previous agreement. Bankers also agreed to reduce interest rates to 0.875 percentage point over the fluctuating London Interbank Offered Rate (LIBOR)—the lowest rate negotiated by any Latin American country, excluding Mexico. The new accord is acceptable to most Venezuelan political leaders, labor, and the business sector, according to press reports, and will probably mute criticism of President Lusinchi's debt management at least temporarily. [redacted]

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Guyana

Growing Ruling Party Tensions [redacted]

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Increasing divisiveness in the ruling People's National Congress threatens to slow President Desmond Hoyte's retreat from the socialist policies of his late predecessor, Forbes Burnham. [redacted] old-guard "Burnhamites" in the party strongly oppose Hoyte's efforts since assuming power in 1985 to solicit Western investment and improve relations with the United States. Rank-and-file party members in the bureaucracy reportedly feel increasingly threatened by Hoyte's steady infusion of "technocrats" in the government and his plan for a major reorganization of the party. The ambitious Prime Minister Hamilton Green appears anxious to capitalize on party tensions.

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[redacted]

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[redacted] Although Hoyte's economic and political reforms to attract Western financial support have weakened his support in the party, we believe that he currently has enough backing in the armed forces to block any coup attempt unless he insists on slashing the military budget. Still, we judge that party squabbling may make Hoyte proceed more cautiously in pursuing reforms in the coming months. [redacted]

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Bolivia

Cabinet Changes [redacted]

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The main objective of President Paz Estenssoro's yearly Cabinet shuffle—the second in this administration—was to replace the most corrupt ministers. At the swearing-in on 27 February, Paz emphasized the continuity of his policies on economic reform, antinarcotics, and social issues. He also announced that the new Cabinet will implement the second stage of his economic plan, including the development of an employment policy that emphasizes permanent job creation.

[redacted]

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The two key players remain the same—Guillermo Bedregal at Foreign Affairs and Gonzalo Sanchez de Lozada as Planning Minister. The most significant change was the removal of Interior Minister Fernando Barthelemy, [redacted]

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[redacted] Barthelemy's replacement, Juan Carlos Duran Saucedo, who formerly served as Minister-Secretary General of the Presidency, is a respected lawyer. He has said that the fight against drug trafficking is a key objective of the government. [redacted]

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Other new faces include Labor Minister Alfredo Franco Guanchalla, who previously served as labor minister in an earlier Paz administration from 1960 to 1963. His leftist background may improve government relations with radical labor elements. Less is known about the new Minister of Agriculture and Peasant Affairs Jose Justiniano Sandoval, but if he lives up to the description by the US Embassy as a competent problem-solving professional, he will be a definite improvement over his corrupt predecessor Edil Sandoval. Walter Zuleta Roncal, a ruling party deputy from Potosi, becomes Minister-Secretary General of the Presidency. Finally, Jaime Zegada Hurtado, an Air Force major general reported to be pro-US and anti-Communist, has been named as Aeronautics Minister, replacing Antonio Tovar, who had sought to provide the Soviets with Aeroflot landing rights. [redacted]

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We agree with the US Embassy that the Cabinet rearrangement is likely to be an improvement, with the exception of Zuleta, who is rumored to have a history of financial misdealings. The new Cabinet probably will also be more moderate and pragmatic. [redacted]

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