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EXECUTIVE REGISTRY

THE DIRECTOR OF  
CENTRAL INTELLIGENCE

87-1038X

National Intelligence Council

12 March 1987

NOTE FOR: ADCI

FROM: Robert D. Vickers, Jr.  
NIO/LA

Attached are proposed Talking Points with three attachments relating to the debt situation and the Gorbachev visit, along with a map of Gorbachev's proposed itinerary. By oob, 13 March we will have copies of the attached map and a briefing board for your use.

Robert D. Vickers

Attachments:  
as stated

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NIO/LA  
12 March 1987

## ADCI TALKING POINTS

NSC MEETING ON SOUTH AMERICA DEMOCRACY

The recent decision by Brazil to suspend payments on its foreign debt is a reminder that one of the most serious problems facing democratic governments in South America is the debt issue.

- In many cases, such as in Brazil and Argentina, the massive foreign debts of these countries were incurred under previous military regimes.
- As a result, the general public is often unwilling to accept harsh economic austerity measures to meet debt payments, and the democratically elected governments are increasingly reluctant to impose them.
- Thus, these and other governments are advocating economic growth rather than austerity as the best prescription to promote long-term prosperity and meet their foreign debt obligations.
- Furthermore, they see the debt issue as a political as much as an economic problem, and they are looking to the US and Western Europe for a political solution to the problem in the long run.

Major Latin American debtors are watching the Brazilian situation closely to see how it is resolved, and while several have expressed support for Brazil's actions, none except Cuba have pushed for joint action or a debtors cartel.

- Nevertheless, the long term environment for substantial debt repayment by most South American debtors shows little sign of improvement.
- As a result of poor export performance, the current account balance of the major Latin American debtors deteriorated dramatically last year.
- Their collective financial position was further weakened by the increasing reluctance of foreign commercial banks to make large new loan commitments. .

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- With little prospect of substantial improvement over the next few years, we believe there is an escalating risk of serious confrontations between the region's governments and their international creditors.

In addition to the debt issue, another major problem threatening many South American governments is increased terrorist activity by leftist subversive and insurgent groups.

- The threat is most evident in four Andean countries: Colombia, Ecuador, Peru and Chile.
- In many cases, particularly in the case of Chile, the Soviet Union, Cuba and Nicaragua are providing relatively extensive external support to various subversive groups.
- In some instances, especially in Colombia, we have strong evidence of collusion between insurgent groups and major drug traffickers.

The military and security forces in most Andean countries are poorly organized, trained, and equipped to confront a growing challenge from both terrorist groups and drug traffickers.

- The armed forces traditionally have been trained and equipped to fight a conventional war rather than conduct a counterinsurgency or counterterrorist campaign, and the police forces often are woefully unprepared to fill the gap.
- This is an area where relatively little additional foreign assistance in counterterrorism training would go a long way to improving the capabilities of the various South American governments.

Another trend that is evident in South American democracies is a growing sense of nationalism and a desire to demonstrate independent non-aligned foreign policies.

- The Soviet Union is working vigorously to take advantage of this trend by expanding its political as well as its commercial, cultural, and military ties with most South American democracies.
- We have good evidence from a wide variety of sources that Soviet Secretary Gorbachev is planning an unprecedented visit to South America within the next year.
- The Soviet leader may attempt to link the visit with a potential US summit meeting later this year, and then go on to Mexico, Peru, Argentina, Brazil and Uruguay, with possible stops in Nicaragua and Cuba as well.

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- Alternatively, rather than such an ambitious itinerary, he may want to break the visit down into separate North and South American segments.

Among the benefits of the visit, Gorbachev would likely seek to:

- Demonstrate the legitimacy of a Soviet role in Western Hemispheric affairs, including support for a Central American peace agreement.
- Increase trade and cultural links with the new South American democracies.
- Confront the US with a growing Soviet challenge in our own backyard and thus further the assault on the Monroe Doctrine.

The US Intelligence Community plans to monitor preparations for the Gorbachev visit closely to better determine his precise schedule and itinerary.

- Although the visit may not result in any dramatic breakthrough in Soviet trade or political links with Latin America, it will certainly demonstrate the strong activist role that Gorbachev intends to play in challenging the US across a broad spectrum of issues and over a wider area of the globe.

- Soviet officials see the US Administration as weakened by the Iran-Contra controversy, and they see Gorbachev as the first Soviet leader in recent memory capable of grasping such opportunities and taking advantage of them.

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2 March 1987

MEMORANDUM

SUBJECT: Gorbachev's Proposed Visit to Latin America

Under General Secretary Gorbachev's leadership Soviet diplomacy has been increasingly active throughout the Third World. Moscow has become as attentive to Latin America as to the Middle East--an area that clearly overshadowed it in importance in the past. Gorbachev's proposed visit to the region--in late 1986 or early 1987--confirms this trend and follows an unprecedented series of exchanges between high level Soviet and Latin American officials in the past 18 months. [REDACTED]

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- Argentine President Aflonsin visited Moscow in late 1986 and Presidents Sanguinetti of Uruguay and de la Madrid of Mexico are on the agenda this year.
- In the last year and a half the Foreign Ministers of Uruguay, Brazil, and Argentina visited the USSR.
- Mexico's Foreign Minister Sepulveda is reportedly scheduled to go in April and [REDACTED] Peruvian Foreign Minister Wagner will also make the journey to the Soviet Union this spring.
- Soviet Deputy Foreign Minister Komplektov has made two swings through the region, visiting Peru, Venezuela, and Cuba last summer and returning in February 1987 to visit Brazil, Uruguay, and Mexico.
- Foreign Minister Shevardnadze visited Mexico last October and is reportedly scheduled to visit Brasilia, Montevideo, and possibly Lima this fall.

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These moves fit a pattern of careful Soviet preparations for important bilateral meetings and signal that Moscow is conscientiously laying the groundwork to reap maximum benefit from Gorbachev's visit to Latin America. [REDACTED]

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Gorbachev probably contemplates significant political payoffs--both regional and international--for a small expenditure in expanding contact with Latin America. He is attempting to increase anti-Americanism and neutralize US political clout in the area. Moreover, he is hoping to use his presence to gain greater political access and better trade terms from the Latin Americans. Among other gains he probably seeks are:

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- o Acknowledging the legitimacy of the USSR as an actor in Western Hemispheric affairs; furthering the assault on the Monroe Doctrine.
- o Drawing US attention away from areas, such as the Middle East, of more importance to the USSR, and possibly recalling increasing US military and economic resources back to this hemisphere.
- o Aiding the consolidation of the Sandinista regime by playing on regional concerns about US military support for the Nicaraguan insurgents and portraying himself as supportive of regional peace initiatives in order to gain a reputation as a peacemaker in the hemisphere.
- o Hoping to project this image into international fora and increase his support in groups such as the UN or the NAM. Gorbachev also hopes to enlist regional support for Soviet positions on disarmament issues such as SDI. [redacted]

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Although Moscow will be more interested in political gain in its competition with the United States, the Latins hope the visit will foster long-term trade expansion with the USSR. They are likely, however, to be disappointed. The Latin Americans will probably continue to find standard Soviet trade terms-- countertrade or barter and insistence on greater balance-- unattractive and the Soviet trade bureaucracy unresponsive. For example, although the Soviets signed a long term grain agreement with Argentina in January 1986, they angered Buenos Aires by waiting until early this year to begin fulfilling their commitments. In February Foreign Minister Komplektov disappointed the Uruguayans by refusing to increase Soviet purchases of Uruguayan goods. [redacted]

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Other than their hopes for trade expansion, the Latin American countries, in our view, expect few concrete results from Gorbachev's visit. Area governments regard the visit as affirmation of their independence from the United States and increasing international stature. They will avoid involvement in East-West tensions and will be careful in discussing issues such as Central America that would pose a direct risk to their relations with Washington. Individual leaders hope Gorbachev's visit will strengthen their domestic political positions, particularly against leftist oppositions. [redacted]

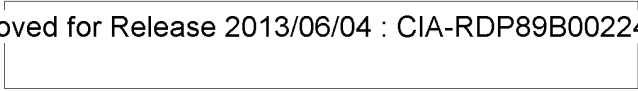
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Our information on this is not firm, but we believe that the Gorbachev visit will take place and the results will be mixed. The final communique may emphasize only areas of generalized political agreement--such as consensus on some events in Central

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America, on the Delhi Six or the South Atlantic Zone of Peace--  
and list a scattering of low level cultural, economic, or sports  
agreements. Small advances such as these lay the groundwork for  
influence gains in the future.



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POTENTIAL STOPS ON GORBACHEV'S LATIN AMERICAN TOUR

[redacted] indicates that Moscow anticipates that it can combine all its desired stops in one excursion through Latin America. If scheduling problems remain, however, Gorbachev may contemplate two trips; one, for instance, in the fall 1987 that would combine a visit to Mexico City with a trip to the United States for a summit with President Reagan. At some later point, perhaps early 1988, Gorbachev might return for a swing through South America. [redacted]

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MEXICO

Mexico is a high priority stop. Soviet MFA spokesman Gennadiy Gerasimov acknowledged the coming visit during a press conference last December but said that no dates had been determined. Clandestine reporting from Mexico makes the point that Moscow would like to link Gorbachev's stop in Mexico City with a summit meeting with Reagan in the United States. [redacted]

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[redacted] Soviet Deputy Foreign Minister Komplektov offered de la Madrid an August-October timeframe for the visit. De la Madrid reportedly accepted these dates even if Gorbachev did not go to the United States. [redacted]

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URUGUAY

Gorbachev and Uruguayan President Sanguinetti have officially agreed to exchange visits and Komplektov apparently worked to formalize the dates. In February Sanguinetti's Special Assistant informed the US Embassy in Montevideo that Gorbachev's visit was tentatively scheduled for next November. [redacted] indicates that Uruguay was only recently added to Gorbachev's proposed itinerary. We believe that Moscow may be using Sanguinetti's compliance as a lure to gain the agreement of the more reluctant--but more important--states of Argentina and Brazil. [redacted]

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BRAZIL

Brasilia appears reluctant to commit itself to a visit by Gorbachev. [redacted] Komplektov told Brazilian President Sarney that Gorbachev wanted to visit this year but Sarney wants to delay the visit until 1988. There have been no official statements in Moscow or Brasilia confirming the visit. [redacted]

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[Redacted]

ARGENTINA

President Alfonsin officially invited Gorbachev to Buenos Aires during his visit to Moscow late last year. Gorbachev accepted, and, according to the US Embassy in Buenos Aires, the Argentine MFA has confirmed that the only question pending resolution is the exact date of the visit. Nevertheless, [Redacted]

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[Redacted] implied that there was a special problem in scheduling the visit to Argentina. According to the US Embassy in Moscow, Argentine diplomatic officials there claim that Alfonsin will be tied up with local elections during fall 1987 and a visit by Gorbachev would be impossible then. [Redacted]

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PERU

Until recently, little effort had been made to incorporate Peru into Gorbachev's itinerary; [Redacted] indicated that by mid-February Lima and Moscow had begun discussing dates and security arrangements for a Gorbachev visit. Despite Moscow's economic and military ties to Lima, the terrorist problem and the direct targeting of Soviet interests in Peru may discourage a visit by the General Secretary. [Redacted]

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CUBA

We have no reporting that indicates that Cuba is on Gorbachev's agenda, but it would be a breach of protocol for Gorbachev to exclude Havana from his itinerary. In addition, Gorbachev's plane would almost definitely stopover in Havana for refueling. No Soviet leader has been to Cuba since Brezhnev visited in 1974. [Redacted]

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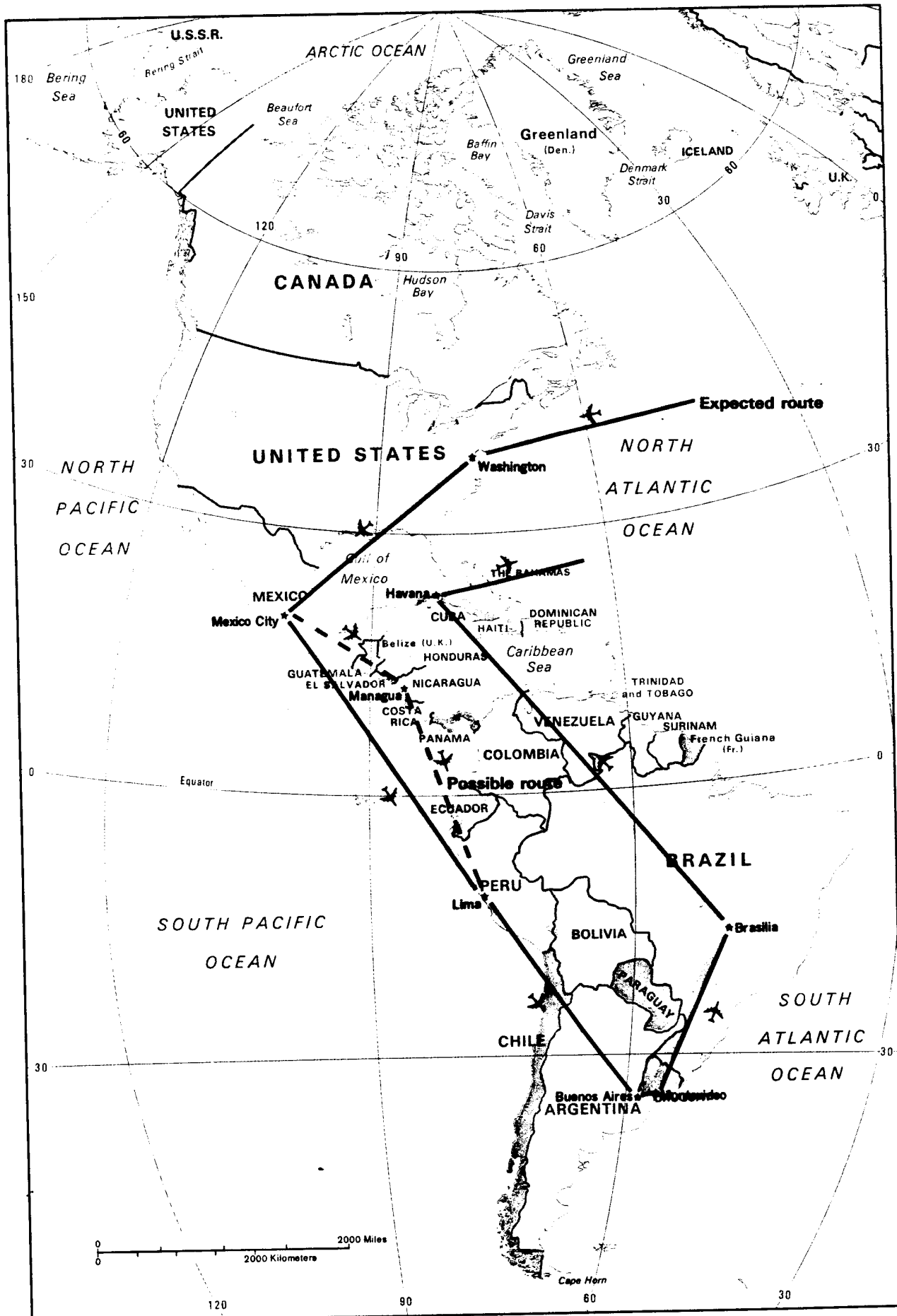
NICARAGUA

Nicaraguan media has speculated that Managua will be a stopover for Gorbachev but Moscow has given no indication that Nicaragua will be included. [Redacted] has made clear that Gorbachev knows that such a visit would be highly provocative to the US and also that several other Latin American states might refuse to be part of an itinerary that included Nicaragua. [Redacted]

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### Possible Gorbachev Itinerary



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