

INQUIRE=DOC12D  
ITEM NO=00712012

## ENVELOPE

CDSN = LGX639 MCN = 90335/16028 TOR = 903350912  
RTTSZYUW RUEKJCS8053 3350913-SSSS--RUEALGX.  
ZNY SSSSS

## HEADER

R 010913Z DEC 90  
FM JOINT STAFF WASHINGTON DC  
INFO RUEKCCG/USDP-CCC WASHINGTON DC  
RULSJGA/COGARD INTELCOORDCEN WASHINGTON DC  
RUEALGX/SAFE  
R 010853Z DEC 90  
FM CIA  
TO RUCLAPA/12TIS BERGSTROM AFB  
RHFIAAA/15TH AF MARCH AFB  
RUCKDDA/22 MEU  
RUWMEGA/24 COMPW HOWARD AFB  
RUWMFLA/25AD MCCHORD AFB  
RUCIPGA/325TTW TYNDALL AFB FL/IN  
RUHVAAA/3AD/IN HICKHAM AFB HI  
RUEBEJA/436 MAW/DOI DOVER AFB  
RUCIBBA/9TH AF SHAW AFB  
RHCDAAA/AFSOC HURLBURT FLD FL  
RHCPMXA/AIR UNIVERSITY  
RUEDARA/ARMY WAR COLLEGE  
RUEOFAA/CDR JSOC FT BRAGG NC  
RUEOHNA/CDR USASOC FT BRAGG NC  
RUEOGWA/CDR1930INFBDE FT CLAYTON PM  
RUEOACC/CDR4THPSYOPGP FT BRAGG NC  
RUEATAC/CDRUSAITAC WASHDC  
RULYOWA/CG FOURTH MEB  
RUCBLFA/CG II MEF  
RUCKMOA/CG SECOND FSSG  
RUCKDDA/CG SECOND MARDIV  
RUCKFCA/CG SECOND MAW  
RUCBLFA/CGFMFLANT  
RUSNNOA/CINCEUR  
RUCBSAA/CINCLANTFLT NORFOLK VA  
RHDLCNE/CINCUSNAVEUR LONDON UK  
RULSJGA/COMDT COAST GUARD  
RUWDTAA/COMNAVSPCEWARCOM CORONADO CA  
RULYVBA/COMSECONDFLT  
RUETIAS/COMUSARMY FT MEADE  
RUANUSF/COMUSFORCARIB KEY WE  
RUCOSYA/COMUSNAVSO FT AMADOR  
RUEABND/DEA EL PASO INTEL CENTER/CIA REP EPIC  
RUEAUSA/DEPT OF LABOR  
RUEHC/DEPT OF STATE  
RUEKJCS/DIA WASHINGTON DC  
RULKNIS/DIRNAVINSERV WASHDC

SECRET

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2

APPROVED FOR RELEASE

11 OCT 99

[REDACTED]

RUETIAA/DIRNSA  
RUKGNLA/DLA CAMERON STATION VA  
RUKGNHA/FAA  
RUCFAAA/FEMA SF WASH DC  
RUEBGHA/FEMA WASHDC  
RUCBSAA/FICEURLANT NORFOLK VA  
RUWTNOA/HQ AFSPACECOM  
RUDGCTO/HQ AFTAC PATRICK  
RUEADWD/HQ DA  
RHDIAAA/HQ TAC  
RUVESLA/HQ USSPACECOM/CIA REP PETERSON AFB COLO  
RUEBWJA/INS  
RUWSMXI/MAC INTEL CEN SCOTT  
RUWMHJA/NAVSTKWARCEN  
RUEDASA/NAVY WAR COLLEGE  
RHCCAAA/NE AD SECTOR GRIFFIS AFB/IN  
RUEAIJU/NPIC  
RULWAAE/SAC CIA REP  
RHEPAAB/TAC IDHS FACILITY LANGLEY AFB VA  
RUEATRS/TREASURY DEPT  
RUWMEGA/USAFSO/LA  
RUCJACC/USCENTCOM REAR MACDILL AFB FL  
RUCBSAA/USCINCLANT NORFOLK VA  
RUHQHQA/USCINCPAC HONOLULU HI  
RHLBAAA/USCINCSO QHTS PANAMA  
RUCQVAB/USCINCSOC INTEL OPS CEN MACDILL AFB  
RULGVGA/USCOMSOLANT  
RUEHIA/USIA WASHDC  
RUCNDT/USUN NEW YORK  
RHEHAAA/WHITE HOUSE  
BT

CONTROLS

## SECTION 1 OF 3

03

[REDACTED]

AFTAC PARTICK AFB DOI; DEPT OF STATE FOR SECSTATE AID; USUN NEW YORK FOR POLAD; DIA FOR LA; CINCEUR FOR POLAD; USCINCSO QHTS PANAMA FOR POLAD; AIR UNIVERSITY FOR STATE REP AND CIA REP; NAVY WAR COLLEGE FOR STATE DEPT REP; TREASURY DEPT ATTN MRS BECK DADS; COMUSARMY FT MEADE FOR SPECIAL RESEARCH DET; COMDT COASTGUARD FOR POLAD; HQ TAC FOR TACOPS/INOI; HQS DLA FOR CIS; BERGSTROM AFB TEX FOR 67 TRW/IN; NPIC FOR PB CABLES; CINCUSAFE FOR INOCN XPNN; MAC INTEL CENTER SCOTT AFB; CDRUSAITAC WASHDC FOR GIPD; 23AFSOC HURLBURT FLD//FL//; CDR USASOC FT BRAGG NC//AQIN//; COMNAVSPECWARCOM CORONADO CA//N2//; CDR4THPSYOP GP FT BRAGG NC//ASOF POG//; 24 COMP WING HOWARD AFB DOI; 26AD LUKE AFB ARIZ//INZE; 92BMW FAIRCHILD AFB WA//IN, 12 TIS BERGSTROM AFB FOR INI, INS ATTN COINT, 9TH AFB SHAW SC//IN//, CENTCOM MACDILL AFB FL//J2//, FAA/ATTN ACS-400, HQ AFSPACECOM INTEL PETERSON AFB

CD//IN, HQ USSPACECOM/CIA REP PETERSON AFB CO; NE AD SECTOR GRIFFISS  
AFB PASS TO IN; CG II MEF//G2//FOR SECOND SRI GROUP.

FROM: DDI/O/CPAS

/\*\*\*\*\* THIS IS A COMBINED MESSAGE \*\*\*\*\*/

BODY

SUBJECT: HERewith SUPPORT CABLE FOR LATIN AMERICA BRIEF OCPAS LAB  
90/279 FOR SATURDAY, 1 DECEMBER 1990.

CONTENTS

- 1. PERU: ANTINARCOTICS COOPERATION THREATENED [REDACTED]
- 2. PERU: FUJIMORI PURSUING AMBITIOUS AGENDA [REDACTED]

1. PERU: ANTINARCOTICS COOPERATION THREATENED [REDACTED]

PUBLIC ALLEGATIONS OF NARCOTICS CORRUPTION IN THE ARMY ARE  
PROMPTING THE MILITARY TO THREATEN NEW RESTRICTIONS ON POLICE  
COUNTERNARCOTICS EFFORTS [REDACTED]

A RECENT PRESS STORY IMPLICATING THE MILITARY COMMANDER OF THE  
UPPER HUALLAGA VALLEY GEN. OSWALDO HANKE, IN NARCOTICS CORRUPTION  
HAS ANGERED HIGH-LEVEL DEFENSE MINISTRY OFFICIALS.

[REDACTED]

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b3

[REDACTED]

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[REDACTED]

SECRET

BASE:2472

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2. PERU: FUJIMORI PURSUING AMBITIOUS AGENDA

PRESIDENT FUJIMORI HAS MADE SIGNIFICANT PROGRESS IN ADDRESSING PERU'S SERIOUS ECONOMIC PROBLEMS SINCE TAKING OFFICE IN JULY. HIS AUSTERITY MEASURES ARE SPARKING LABOR UNREST, AND HE IS RELYING ON THE SUPPORT OF THE FORMER RULING PARTY BECAUSE HIS PARTY LACKS A CONGRESSIONAL MAJORITY. HE APPARENTLY IS COUNTING ON ECONOMIC GAINS TO BLUNT OPPOSITION; HE RECENTLY SIGNALLED A WILLINGNESS TO COOPERATE WITH WASHINGTON ON COUNTERNARCOTICS POLICY, POSSIBLY TO SECURE US SUPPORT FOR PERU'S EFFORT TO IMPROVE RELATIONS WITH FOREIGN CREDITORS.

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FUJIMORI'S AUSTERITY MEASURES HAVE MADE SIGNIFICANT HEADWAY AGAINST INFLATION; THE MONTHLY INFLATION RATE, WHICH SURGED TO NEARLY 400 PERCENT IN AUGUST AFTER THE MEASURES WERE ANNOUNCED, FELL BELOW 10 PERCENT LAST MONTH. THE DECLINE IN INFLATION HAS DRAWN PRAISE FROM CREDITORS AND POTENTIAL DONORS AND PROMPTED THE GOVERNMENT TO FREEZE WAGES THROUGH YEAREND. LABOR LEADERS, HOWEVER, HAVE REJECTED THE FREEZE AND ORGANIZED A MAJOR STRIKE BY HEAVILY UNIONIZED PUBLIC SECTOR-WORKERS. FUJIMORI'S THREAT TO FIRE STRIKERS AND HIS BAN ON WALKOUTS IN SERVICES AFFECTING PUBLIC HEALTH AND SAFETY HAVE PERSUADED 70 PERCENT OF THE STRIKERS TO RETURN TO WORK, ACCORDING TO US EMBASSY REPORTS. (C NF)

LIMA ALSO IS PURSUING STRUCTURAL ADJUSTMENT TO SET THE STAGE FOR FUTURE ECONOMIC GROWTH AND A RETURN TO THE INTERNATIONAL FINANCIAL COMMUNITY. RECENT PRESIDENTIAL DECREES HAVE REDUCED IMPORT TARIFFS AND EXCISE TAXES AND REMOVED RESTRICTIONS ON CAPITAL GOODS IMPORTS TO COMBAT INFLATION AND HELP EXPORT-ORIENTED INDUSTRIES. PERU WILL PRESENT AN ECONOMIC PROGRAM TO THE IMF SOON, RESCHEDULE GOVERNMENT DEBT WITH THE PARIS CLUB IN FEBRUARY, AND MEET WITH COMMERCIAL CREDITORS IN MARCH. ECONOMY MINISTER HURTADO MILLER HAS PROMISED THAT LIMA WILL REFORM THE TAX SYSTEM, PUBLIC ADMINISTRATION, AND THE FINANCIAL SECTOR DURING THE NEXT FEW MONTHS.

TAKING CHARGE IN THE POLITICAL ARENA

/\*\*\*\*\* BEGINNING OF SECTION 002 \*\*\*\*\*/

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[REDACTED]

2473

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A LEFT-OF-CENTER PARTY, HAD OPPOSED FUJIMORI UNTIL ITS LEADERS DECIDED LAST MONTH TO BACK HIS CONTROVERSIAL NOMINEE FOR CENTRAL BANK PRESIDENT IN RETURN FOR CONTINUED FUNDING OF A KEY DEVELOPMENT PROJECT BEGUN BY THE PREVIOUS ADMINISTRATION.

SIGNALING CLOSER ANTIDRUG COOP RATION

AFTER INITIALLY SIDESTEPPING DECISIONS ON COUNTERNARCOTICS POLICY AND REJECTING A PROPOSED US MILITARY AID PACKAGE IN SEPTEMBER, FUJIMORI RECENTLY ANNOUNCED AN AMBITIOUS ANTIDRUG PROGRAM.

[REDACTED]

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HE ALSO HAS PROMISED TO BEGIN REESTABLISHING GOVERNMENT CONTROL IN AREAS DOMINATED BY THE INSURGENTS.

CONTINUED SUCCESS LIKELY IN NEAR TERM

FUJIMORI'S TOUGH RESPONSE TO STRIKERS PROBABLY HAS BLUNTED LABOR'S CHALLENGE, ALLOWING HIM TO FOCUS ON NEGOTIATIONS WITH FOREIGN CREDITORS AND ON HIS AMBITIOUS REFORM PROGRAM. HE APPEARS TO RECOGNIZE THAT DEVELOPMENT ASSISTANCE AND FAVORABLE AGREEMENTS ON DEBT ARREARS, WHICH ARE NEEDED TO RESTART ECONOMIC GROWTH, HINGE ON IMPLEMENTATION OF STRUCTURAL REFORMS AND COOPERATION WITH FOREIGN CREDITORS.

[REDACTED]

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IN THE LONGER TERM, HOWEVER, HE CANNOT COUNT ON CONTINUED COOPERATION BECAUSE THE PARTY HAS STRONG INCENTIVES TO UNDERMINE HIS ADMINISTRATION TO BOOST ITS OWN ELECTORAL PROSPECTS.

[REDACTED]

PERU

[REDACTED]

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(b) (1) (b) (3)