

EXCERPTS FROM CURRENT INTELLIGENCE DIGEST

LATIN AMERICA

27. Comment on the situation in Guatemala: Only limited and relatively unimportant territory has thus far been occupied by the rebel forces of Castillo Armas, and the cities of Puerto Barrios and Zacapa remain under government control, according to an American correspondent who visited Castillo's headquarters in the Guatemalan border town of Esquipulas on 22 June. He reports that local recruiting by the Castillo forces is slow.

Castillo forces were attacking the city of Chiquimula, about 25 miles in from the border, on 23 June, according to a Guatemalan army message sent over the telegraph lines of the International Railways of Central America. The railways manager believes the Arbenz government is relying on his company's facilities for contact with field commanders.

Meanwhile, there appear to have been no wholesale desertions from the Guatemalan army and key commanders apparently remain loyal. Rebel air activity has, however, seriously weakened army morale and the army has yet to prove itself in a major engagement.

The chief of staff of neighboring El Salvador informed the American army attaché on 22 June that 2,500 trained army reserves had been called to active service. President Osorio told the American ambassador on 23 June that he was "not too confident" of Castillo Armas' success. He said that if Castillo fails, Guatemala will probably invade Honduras. "If a general Central American war develops," he said. "naturally El Salvador will participate." (S Factual data from: S USARMA Tegucigalpa 18, 23 June; C Guatemala City 1089, 23 June; S USARMA San Salvador 109, 23 June 54)

28. Uruguay opposes further planning for OAS meeting on Guatemala: In response to a demarche by Ambassador McIntosh on 22 June, Uruguayan foreign minister Pittaluga expressed strong opposition to going ahead with the plans, made prior to the current Guatemalan crisis, for an Organization of American States (OAS) meeting on Guatemala on 7 July. He said that Uruguay may revoke permission to use Montevideo as a site.

Pittaluga stressed the "impropriety" of holding such a meeting while the Guatemalan government is "fighting for its life." He also said that the resolution proposed by Washington

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might violate the Security Council's resolution of 20 June asking UN members not to aid either side. (S Montevideo 223, 23 June 54)

Comment: Since the beginning of hostilities in Guatemala, ten countries have agreed to go through with the original proposal, and one of these--Panama--has stated it may propose modifications. A two-thirds majority, or 14 votes, is necessary for action in the 21-member OAS.

Anti-American and pro-Guatemalan rioting and other demonstrations in Uruguay, Chile, Argentina, Mexico and Honduras--none of which countries is included in the ten mentioned above--may increase pressure for having any full OAS meeting discuss threats to hemisphere security in general rather than the particular Communist threat in Guatemala.