



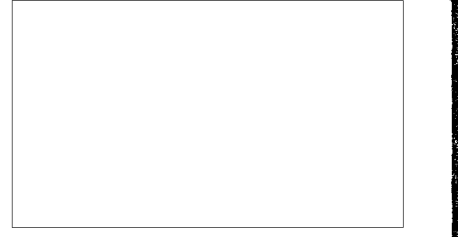
Director of
Central
Intelligence



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

~~Top Secret~~

APPROVED FOR
RELEASE DATE:
04-Apr-2011



LATE ITEM

ARGENTINA-CHILE: Beagle Channel

//No major changes have occurred in the Argentine-Chilean situation since the collapse of diplomatic efforts to resolve the Beagle Channel dispute, but both sides are continuing preparations for possible hostilities. Both countries insist they are still open to possible compromise, but no concrete steps have been taken to avert a conflict.

//The balance of forces favors Argentina, which should be able to carry the day in any conflict.

//Although Argentina could begin operations as early as today,

//The possibility of a clash is generating alarm in other South American capitals. Peru and Bolivia are watch-

Brazil also intends to keep out of the dispute and has formally called on both Argentina and Chile to redouble their diplomatic efforts.