

J. SCHELL  
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BOOK MESSAGE AS BELOW

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ROUTINE

WAVE WPT KNOR LOND PAC SUAN MADR GUIT BRIL RIOD BUEN

JAGO CARA WAVE GUIT PALP SALV HONI

PREBAND

LATIN AMERICA BRIEF

(NOFORN IN SLANTS REMAINING INFO RELEASABLE TO LIAISON)

1 CUBA: PHOTOGRAPHY OF 17 DEC SHOWS A NEW SAM SITE UNDER CONSTRUCTION NEAR PRESTON, A FEW MILES NORTHWEST OF THE WICARO SAM SITE. NO SAM EQUIPMENT IN PLACE AT THE NEW SITE, BUT LAUNCH AND GUIDANCE POSITIONS ARE BEING PREPARED AND SEVERAL BUILDINGS AND CUBAN TENTS HAVE BEEN ERECTED. EQUIPMENT FROM THE WICARO SITE WILL PROBABLY BE MOVED TO THE NEW LOCATION, WHICH WILL AFFORD BETTER PROTECTION FOR PORT AND REEVE NAVAL FACILITIES IN BAHIA DE NIPPE AND BAHIS.

2. LATIN AMERICA: A MEETING OF REPRESENTATIVES OF LATIN AMERICAN COMMUNIST PARTIES MAY BE HELD IN RIO DE JANEIRO ON OR ABOUT 27 DEC. THE PURPOSE OF THE MEETING WOULD BE TO MAKE PLANS FOR COUNTERING THE EXPECTED OAS REPORT ON CUBAN ARMS SHIPMENTS TO VENEZUELA

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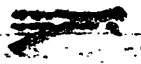
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3. ECUADOR. FORMER PRESIDENT AROSENA, ALTHOUGH NOT CONSIDERED A THREAT TO THE MILITARY JUNTA WHICH DEPOSED HIM ON 11 JULY, IS CONTINUING TO PLOT A COUNTERCOUP. <sup>E</sup>RECENTLY, HE HAS OBTAINED SUPPORT OF A NUMBER OF JUNIOR OFFICERS AND SERGEANTS IN THE COASTAL PROVINCES. AROSENA'S TIMETABLE CALLS FOR MARCHES ON 18 DEC, TROOP DISTURBANCES ON 24 DEC, AND "DECISIVE ACTION" AT THE YEAR'S END.

4. VENEZUELA; THE COMMUNIST-LED ARMED FORCES OF NATIONAL LIBERATION (FALN) REPORTEDLY PLANNED TO KIDNAP ANOTHER HIGH-RANKING US OFFICIAL BEFORE 24 DEC "TO MAINTAIN THE GOVERNMENT AND THE PUBLIC IN A STATE OF TENSION." FALN TERRORISTS HAVE RESUMED THEIR CAMPAIGN AGAINST US-OWNED PROPERTY IN CARACAS. AN ATTACK ON THE OFFICE OF THE READERS DIGEST ON 13 DEC WAS THE FIRST SUCH INCIDENT SINCE THE 1 DEC ELECTIONS. (CONT)

5. CENTRAL AMERICA - GUATEMALA: MINISTERS OF DEFENSE OF PANAMA AND ALL OF THE CENTRAL AMERICAN COUNTRIES EXCEPT COSTA RICA--WHICH TRADITIONALLY HAS BEEN SKEPTICAL OF FORMAL MILITARY ORGANIZATIONS AND AGREEMENTS--WERE SCHEDULED TO MEET IN GUATEMALA CITY ON 13 DEC TO CONSIDER THE ESTABLISHMENT OF A COUNCIL OF CENTRAL AMERICAN DE-

CONFIDENTIAL



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THE CHIEF PURPOSE OF THE PROPOSED ORGANIZATION WOULD BE TO ADOPT JOINT MEASURES TO COMBAT COMMUNISM WITHIN THE AREA THE MERRITA REGIME OF GUATEMALA. THE PRINCIPAL BACKER OF THE MEETING WAS FOR A LONG TIME PROMOTED THE FORMAL ESTABLISHMENT OF A DEFENSE COUNCIL. (CONF)

6. BOLIVIA: <sup>REFER</sup> DISCUSSIONS STEMMING FROM THE EVENTS SURROUNDING THE CAPTURE AND RELEASE OF HOSTAGES BY DISSIDENT TIN MINERS WILL BE FELT FOR A LONG TIME. THE SPLIT BETWEEN PRESIDENT PAZ AND VICE PRESIDENT LECHIN SEEMS UNBRIDGEABLE AND AN EARLY SHOWDOWN BETWEEN THEM IS ~~PROBABLY~~ ~~VERY~~ LIKELY TO OCCUR NEXT MONTH WHEN THEIR PARLIAMENT CONVENES TO SELECT CANDIDATES FOR NEXT YEAR'S PRESIDENTIAL ELECTION. ALTHOUGH LECHIN BOWED TO GOVERNMENT PRESSURE IN ORDERING THE HOSTAGES RELEASED <sup>HE</sup> IS STILL STANDING ON A MILITANT PLATFORM <sup>AND</sup> ~~HE~~ MAY ALSO HAVE THOUGHTS OF PROMOTING ARMED INSURRECTION; HE IS KNOWN TO HAVE TOYED WITH THE IDEA IN THE PAST.

7. MEXICO: MEXICO WILL OPPOSE CENSURE OF CUBA BY ORGANIZATION OF AMERICAN STATES (OAS) FOR INTERVENTION IN VENEZUELAN AFFAIRS.

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FOREIGN MINISTER TELLO STATED THAT THE MEXICAN POSITION IS "SET" TELLO BELIEVES THAT THE VENEZUELAN CHARGE OF CASTRO ARMS BUYING IS MERELY A "PLANT," AND THAT THERE IS NO EVIDENCE OF FOREIGN INTERVENTION IN VENEZUELAN AFFAIRS.//

//TELLO'S POSITION, GENERALLY SHARED BY BRAZIL, WILL PROBABLY ENCOURAGE SOME LESSER OAS MEMBERS TO EQUIVOCATE ON THE CENSURE.//

IN AN OAS PRESS INTERVIEW, TELLO ASSERTED THAT THE OAS ITSELF IS IN A CRISIS, PARTIALLY AS THE RESULT OF CUBA'S EXCLUSION FROM THE ORGANIZATION.

8. BRAZIL: THERE IS GROWING POSSIBILITY THE CABINET WILL BE RESHUFFLED BEFORE LONG. PRESIDENT GOULART KEEPING HIS OWN COUNCIL ON CHARGES HE MAY BE CONTEMPLATING. POSITION OF FINANCE MINISTER CARVALHO PINTO IS PERHAPS SHAKIEST BECAUSE OF THE WIDESPREAD DISSATISFACTION WITH RAMPANT INFLATION AND GROWING UNEMPLOYMENT. TWO OTHER CABINET JOBS ARE PRESENTLY VACANT, BUT THERE ARE NO FIRM INDICATIONS WHO WILL BE APPOINTED TO THEM. GOULART IS LIKELY TO CONTINUE HIS PRACTICE OF ATTEMPTING TO BALANCE OFF THE RIGHT AND LEFT, BUT WITH A LEFTIST BIAS. (SECRET)

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PRESIDENT GOULART ISSUED A DECREE ON 10 DEC THAT MAY PRESAGE THE CANCELLATION OF US AND ~~THE~~ OTHER FOREIGN-OWNED MINING CONCESSION IN BRAZIL. THE DECREE DIRECTS THE MINISTER OF MINES TO REVIEW ALL MINING OPERATIONS WITHIN 90 DAYS AND TO HALT WITHIN 30 DAYS ANY OPERATIONS WHICH FAIL TO MEET CERTAIN CONDITIONS. THE MINISTER IS GIVEN SUCH BROAD DISCRETION THAT HE MAY, FOR EXAMPLE, CLOSE DOWN MINING ACTIVITIES "CONSIDERED PREJUDICIAL TO THE PUBLIC INTEREST." FOREIGN MINING COMPANIES HAVE BEEN UNDER INTENSE ATTACK BY THE EXTREME LEFT DURING RECENT MONTHS, PARTICULARLY IN THE STATE OF MINAS GERAIS WHERE <sup>6</sup> A GOVERNOR HAS TAKEN STEPS TO CANCEL CONCESSIONS OF <sup>7</sup> THUS-OWNED HANNA MINING COMPANY. (CONF)

9. CHILE. THE SLIM HOPES OF COMMUNIST-BACKED PRESIDENTIAL ASPIRANT SALVADOR ALLENDE MAY BE IMPROVED BY THE FAILURE OF JULIO DURAN--THE NOMINEE OF THE RADICAL, LIBERAL, AND CONSERVATIVE PARTIES-- TO CAPTURE THE PUBLIC'S IMAGINATION.

IF THE DURAN CANDIDACY SHOULD COLLAPSE, THE CONTEST WOULD BE BETWEEN ALLENDE AND CHRISTIAN DEMOCRAT ~~MEMBER~~ EDUARDO FARI, WITH INDEPENDENT RIGHTIST JORGE PRAT PRESENTLY PROVIDING AN ELEMENT OF

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UNCERTAINTY. ESTIMATES OF THE PORTION OF DURAN'S RADICAL PARTY FOLLOWING WHICH WOULD GO TO ALLENDE RANGE UPWARD FROM EIGHT PERCENT OF THE TOTAL VOTE. FREE: ~~FREE~~ HOPES DURAN STAYE IN THE RACE BECAUSE HE BELIEVES HIS OWN CHANCES OF DEFEATING ALLENDE ARE BEST IN A THREE-WAY CONTEST

PRAT IS GENERALLY EXPECTED TO WITHDRAW SOON, WITH MOST OF HIS SUPPORT GOING TO FREE. ON THE OTHER HAND, SHOULD DURAN DROP OUT FIRST, HIS LIBERAL AND CONSERVATIVE VOTES MIGHT GO TO PRAT AND THUS KEEP THE INDEPENDENT IN THE RACE, TO THE ADVANTAGE OF ALLENDE.

19. PERU: THE GOVERNMENT COALITION HEADED BY PRESIDENT FERNANDO BELAUNDE TERRY APPEARS TO HAVE SCORED A MAJOR VICTORY IN THE COUNTRY'S 15 DEC MUNICIPAL ELECTIONS, THE FIRST OF THEIR KIND HELD IN PERU IN 10 YEARS.

EX-MINISTER OF JUSTICE AND GOVERNMENT CANDIDATE LUIS BEDOYA WAS AN UPSET VICTOR IN THE IMPORTANT RACE FOR MAYOR OF LIMA. BEDOYA'S DEFEAT OF THE WIFE OF EX-PRESIDENT MANUEL ODRIA SURPRISED EVEN HIS OWN BACKERS ELSEWHERE. THE GOVERNMENT COALITION CANDIDATES RAN STRONGER THAN DID THE BELAUNDE TICKET IN LAST JUNE'S PERUVIAN PRESIDENTIAL ELECTIONS. THIS SIGNIFICANT PRO-GOVERNMENT TREND IS A

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STRONG ENDORSEMENT OF THE POLICIES OF THE BELAUNDE ADMINISTRATION  
THE HEAVIEST DEFECTIONS AMONG THE OPPOSITION OCCURRED IN THE  
TRONGHOLDS OF EX-GENERAL ODRIZ'S UNO PARTY. THIS IS ATTRIBUTED TO  
A LACK OF POLITICAL COHESION ON THE PARTY OF THE UNO, AS WELL AS  
TO OPPOSITION AMONG THE PARTY'S MORE CONSERVATIVE ELEMENTS TO AN  
ALLOCATION OF SEAT WITH THE LEFTIST BUT ANTI-COMMUNIST AMERICAN POPULAR  
REVOLUTIONARY ALLIANCE (APRA)

APRA'S VOTES ARE ALSO ESTIMATED TO HAVE BEEN OVER 200  
THOUSAND FEWER THAN THE PARTY RECEIVED IN JUNE. THE EMBASSY FEELS  
THAT IF THE FINAL RETURNS BEAR OUT THIS TREND, IT WILL INDICATE  
THAT MANY YOUNG APRA ADHERENTS NOW VIEW BELAUNDE AS THE BEST VE-  
HICLE FOR PROGRESS RATHER THAN LONG-TIME APRA LEADER VICTOR RAUL  
DE LA TORRE (CONF)

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