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Implications of the Falklands Conflict for Territorial Disputes in Latin America

Special National Intelligence Estimate

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IMPLICATIONS OF THE FALKLANDS CONFLICT
FOR TERRITORIAL DISPUTES
IN LATIN AMERICA

Information available as of 10 August 1982 was
used in the preparation of this Estimate.

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THE NATIONAL FOREIGN INTELLIGENCE BOARD CONCURS.

The following intelligence organizations participated in the preparation of the Estimate:

The Central Intelligence Agency, the Defense Intelligence Agency, the National Security Agency, and the intelligence organization of the Department of State.

Also Participating:

The Assistant Chief of Staff for Intelligence, Department of the Army

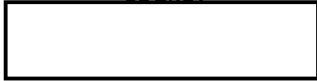
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Latin America: Territorial Disputes



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KEY JUDGMENTS

Argentina's use of military force in an effort to impose its claim on the Falkland Islands has raised concern that force might be used by other governments in the hemisphere to settle their territorial and maritime disputes. The Falklands conflict has heightened irredentist rhetoric in some Latin American countries; but, on balance, we believe it has had a dampening effect on prospects for an outbreak of hostilities elsewhere in the region.

Argentina's defeat in the Falklands has made it even more imperative to avoid an unfavorable settlement of its Beagle Channel dispute with Chile. Argentina, however, is not likely to initiate military action during the period of this Estimate—the next year or so—and probably will continue the delaying tactics that have thus far frustrated papal mediation. We believe the Argentine military will be preoccupied with replacing its losses, obtaining more sophisticated equipment, and revamping its strategy, tactics, and force structure. The process of political transition and economic reconstruction will pose additional constraints.

We believe Chile has no intention of initiating conflict. Chile has significantly improved its overall military capabilities over the past few years, but the Argentine military retains a numerical edge over the Chileans despite recent losses. If conflict broke out as a result of unplanned escalation, Chilean forces would offer stiff resistance, but eventually would succumb to a determined Argentine assault.

Neither Peru nor Bolivia is likely to attack Chile, even if it is embroiled in a conflict with Argentina. The current Peruvian Government has shown little interest in pursuing its century-old territorial claim, and the military would have serious logistic problems supporting a major assault. Bolivia is in no condition—politically or militarily—to try to regain its access to the Pacific Ocean. Ecuador is not likely to act militarily against Peru, even if Peru were engaged in combat with Chile.

Prospects for an outbreak of territorial conflict elsewhere in the region will be affected mostly by events within the countries involved, not by disputes elsewhere. Although the Falklands conflict has heightened concerns with regard to the disputes involving Venezuela and

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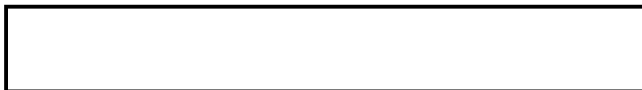
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Guyana, Guatemala and Belize, and Nicaragua and Colombia, we believe domestic and international political/military considerations will continue to restrain the governments of those countries from using force. Lesser disputes in the region have continued to lie dormant or are moving toward negotiated solutions on their own merits.

Moscow will try to use the Falklands conflict to stimulate hemispheric distrust of the United States and to expand its own influence in the region. It almost certainly sees the crisis as providing an opportunity for gaining a military supply relationship with Argentina and for consolidating its military supply relationship with Peru. Moscow offers a full range of weaponry at attractive prices and more rapid delivery rates than Western suppliers. However, the preference of the Latin Americans for Western military equipment, along with their suspicions of the USSR and its surrogates, will limit Soviet Bloc opportunities.

Any new conflicts would serve to reinforce Moscow's efforts and provide increased opportunities to be exploited. If hostilities broke out involving Chile, Moscow would support Argentina and Peru in international forums and probably would offer arms to both countries as well. The USSR, however, is likely to try to avoid being drawn into other territorial disputes.

Additional hemispheric hostilities would adversely affect US interests in the region. There would be greater political and economic instability; disruption of trade, finance, and commerce; additional constraints on the OAS; and a new emphasis on arms acquisition. Most Latin American countries, however, will look to the United States to play a role in helping to resolve intraregional conflicts. While the decades-old trend toward greater independence from Washington will continue, there remains recognition that the United States will remain the most important influence in the hemisphere for years to come.



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DISCUSSION

I. Impact of the Falklands Conflict

1. The recent fighting between Argentina and the United Kingdom over the Falkland Islands has highlighted the potential for other armed clashes in a region long troubled by territorial disputes. Throughout mainland Latin America, most countries have territorial or maritime disputes with one or more neighbors. The disputes are a product of ill-defined boundaries and ambiguously worded agreements in colonial and early postindependence days, earlier intraregional wars, or—as with the Falklands—claims to current and former colonial territories. Most of these disputes have lain dormant for years, surfacing only sporadically when the governments involved choose to use them to fan nationalistic and patriotic sentiments. Others remain simmering just below the surface, occasionally erupting into border incidents. [redacted]

In the Southern Cone

2. Of particular concern is the possibility that Argentina, having failed in its efforts to seize the Falkland Islands, may attempt to regain its honor and prestige by employing force against Chile to assert its claims in the Beagle Channel. If conflict broke out over the Beagle Channel, Peru and possibly Bolivia also might be tempted to attack Chile in order to regain territory lost in the War of the Pacific (1879-83). Ecuador, in turn, could view such developments as an opportunity to reopen its boundary dispute with Peru. The likelihood these events could occur over the next year is assessed in detail below. [redacted]

On Other Territorial Disputes in the Hemisphere

3. Elsewhere in the hemisphere, the military resolution of the Falklands crisis appears to have had a dampening effect on the willingness of other governments to use force to resolve territorial quarrels. For example, the Falklands conflict focused the Venezuelan military's attention on its own logistic problems, its lack of spare parts and replacement armaments, and its dependence on conscripts for the majority of its forces. Moreover, the crisis made the Nicaragu-

ans more aware of their serious lack of sealift, airlift, and air attack capabilities. [redacted]

4. The Falklands episode did lead to heightened irredentist rhetoric in several countries, but the prospect that hostilities might break out elsewhere in the region will depend to a far greater degree, if not exclusively, on events in the countries involved.¹ Most mainland countries supported Argentina's claim of sovereignty, but there was little support for its use of force:

- Venezuela, one of Argentina's most ardent supporters, has resorted to some saber rattling in its border dispute with Guyana, but domestic considerations still incline it to favor a negotiated settlement. It may periodically remind Guyana that its patience is not limitless, underscoring this warning with occasional military activity and a continued buildup of forces in the border area.
- The Rios Montt government has reaffirmed Guatemala's claim to Belize, but has indicated that it is willing to pursue negotiations. A military option would be difficult for Guatemala to implement because the government currently is preoccupied with more pressing internal security and economic problems.
- Colombia did not support Argentina, basing its position on support for "the rule of law" and opposition to the use of force. Bogota's major concern is that Nicaragua might attempt to seize Colombian-controlled islands in the Caribbean. The Sandinista regime in Managua, however, is far more concerned with its own internal prob-


¹Annex A details the historical background, internal dynamics, and current status of the disputes involving the following countries: Chile-Peru-Bolivia; Ecuador-Peru; Venezuela-Guyana; Guatemala-Belize; Colombia-Nicaragua; Colombia-Venezuela; Venezuela-Trinidad and Tobago; Guyana-Suriname; and El Salvador-Honduras. [redacted]

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lems and the perceived military threat from its Central American neighbors.

- Colombia and Venezuela both are seeking a peaceful solution to their boundary dispute in the Gulf of Venezuela. Venezuelan President Herrera and Colombian President Betancur are old friends who will probably promote the negotiation process, but significant progress on the issue is not likely until the next Venezuelan administration is inaugurated in early 1984.
- Lesser disputes pitting Venezuela against Trinidad and Tobago and El Salvador against Honduras are moving toward resolution on their own merits. Guyana and Suriname seem content with allowing their boundary dispute to lie dormant 

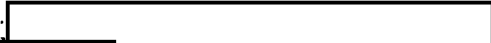
II. Possibility of Conflict Over the Beagle Channel

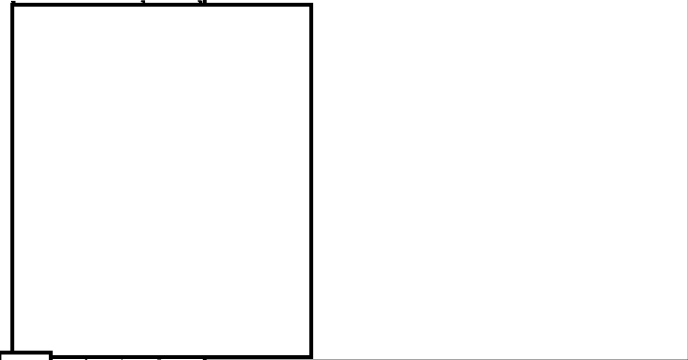
Background of the Dispute

5. The dispute between Argentina and Chile over the Beagle Channel and related territorial and maritime claims is more than a century old. At issue is sovereignty over the Beagle Channel islands of Picton, Nueva, and Lennox as well as several smaller islands in the Wollaston Group to the south. Determination of sovereignty in this area would affect the respective spheres of influence in the Atlantic and Pacific Oceans as well as offshore mineral and fishing rights and, by extension, claims in the Antarctic. 

6. After nearly 90 years of haggling between the two countries, Chile in 1967 sought to settle the issue via British arbitration. Buenos Aires rejected this attempt, but agreed in 1972 to a treaty calling for the submission of the problem to the International Court of Justice with review by the British Crown. In May 1977 the Court, with British concurrence, awarded the three Channel islands to Chile. Argentina rejected the Court's decision in January 1978 and took a number of economic and military measures aimed at exacting concessions from Chile. By late 1978 both sides were on the brink of a military confrontation as it appeared that the Argentines might attempt to seize some islands. 



7. A conflict was avoided by last-minute Vatican intervention and in early January 1979 both sides accepted papal mediation and agreed to a partial

military withdrawal. The two sides, however, have not drawn appreciably closer in the three and a half years of this mediation. 



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 In January 1982, to underscore their determination to wrest further concessions from Chile and the Pope, the Argentines announced that they would not renew the 1972 arbitration agreement when it expired in December 1982. 


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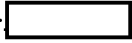
Stakes and Objectives

8. Ownership of the islands has long been a matter of intense national pride. The islands themselves have little intrinsic value, being sparsely inhabited and having no known mineral or other resources of significance. The Tierra del Fuego area in general, however, is growing in importance. Oilfields and large sheep ranches abound in the northern part of Isla Grande, and the ocean area may also contain considerable resources. 

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9. Militarily, the Channel area contains potential bases from which the Drake Passage south of Cape Horn could be controlled, and would be especially adaptable for facilities to support antisubmarine warfare operations. Such bases would have even greater importance in the event the Panama Canal were closed or crippled. 

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10. Argentina has the weaker legal position in the dispute and has sought to shift the focus of any settlement from the juridical to what Buenos Aires perceives as the extant political realities. In particular, Argentina wants Chile to accept and recognize the principle of "bioceanality"— a geographic division of the area, preferably along the Cape Horn meridian, that once and for all would define Chile as exclusively a Pacific power. 

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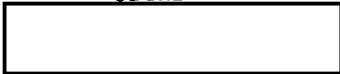
Beagle Channel Area




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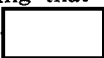
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11. Also motivating Buenos Aires is its desire to project itself as the predominant naval power in the South Atlantic. Equally significant are the oil and natural gas discoveries since 1978 off Tierra del Fuego, the growing profitability of fish harvesting in Antarctic waters, and the potential mineral wealth off the coast and in Antarctica—all of which make the southern zone increasingly important. 

12. Chile's superior legal position and its national pride will make it difficult for the Pinochet government to make any nod toward Argentine territorial aspirations insofar as the islands are concerned. The Chileans initially might have been willing to accept a proposal more favorable to Argentina, but with their claims reinforced by a papal decision they are not disposed to concede any territory. The Pinochet administration is convinced that the Chilean public supports this hard line and believes that giving up Chilean territory could jeopardize its political support. 

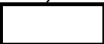
13. Chile, however, might be able to show some flexibility on the principle of bioceanality. Pinochet will resist a land anchor for Argentine claims, but he probably could accept some wording that could be construed as accepting the principle 

The Situation in Buenos Aires


14. The new President of Argentina, retired Army general Bignone, is a political moderate who, as a negotiator on the Beagle issue in 1980, reportedly was responsible for negotiating a tentative settlement with Chile that later was rejected by military hardliners. At present, as head of a transitional government, he is likely to proceed cautiously, preferring to prolong negotiations to force concessions from the Chileans and the Vatican or, at the least, to put off what could be a divisive and crippling issue 



15. Argentina's defeat in the Falklands has made it even more imperative to avoid an unfavorable settlement of the Beagle Channel dispute, and Bignone—or any successor regime—will be unable to accept a solution that ignores what the Argentines believe are their historical interests in the South Atlantic. Even if Bignone has no intention of attempting to make

serious progress toward a settlement, a firm stand on the Beagle will placate nationalists and demonstrate Argentina's resolve to press its territorial claims, including the Falklands. Buenos Aires suspects that the Chileans assisted the British during the conflict, a perception likely to harden its position further. 

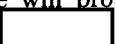
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16. Despite some indications that Buenos Aires is prepared to make what it believes are significant concessions to keep the dispute out of the International Court of Justice, Argentina will almost certainly have to fall back on delaying tactics that have thus far frustrated papal mediation. As the Falklands crisis wore on, Argentina—despite early hints to Santiago of flexibility in exchange for neutrality—hardened its position on several key points. It remained adamant about ruling out third parties in any new arbitration agreement and, according to the Chileans, expanded maritime boundary demands that would restrict severely Chilean access to the South Atlantic. In addition, Bignone has stated publicly that the newly elected congress assuming office in March 1984 will have to approve a final settlement. 

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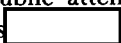
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17. There are some indications that Argentine political leaders, unwilling to assume the burden of making a decision, have been pressuring Bignone to agree to press for a solution before the elections. Despite such civilian pressure, Bignone will probably continue to stall the mediation effort. 

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18. By delaying, Bignone can avoid having to confront the Chileans, as well as domestic critics, at a time when his regime is politically vulnerable and militarily weakened. An unfavorable draft proposal would spark criticism from nationalists, limiting the regime's maneuvering room elsewhere and possibly escalating tensions with Chile. By shifting the burden to the civilians, moreover, the military can avoid being blamed for losing yet another crucial territorial dispute. There is some possibility, although unlikely, that Bignone, if pressed by hardliners, might choose to heighten tensions with Santiago if it would help unite the military and divert public attention away from pressing domestic problems 

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... and in Santiago

19. The Falklands conflict has made the Chileans more nervous than usual about their eastern neighbor. Santiago expects that any Argentine government will

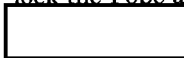
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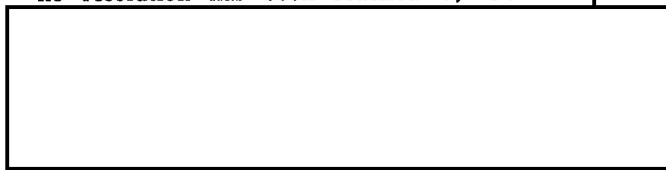
attach increased importance to the disputed Beagle islands, remain unyielding on its claims and, at a minimum, continue its stalling tactics in the negotiations. It also fears a scenario where a buffeted and desperate Argentine military regime—already suspicious of Chilean collusion with the British—might try to seize the disputed islands in an effort to rally the public and restore the credibility of the armed forces.



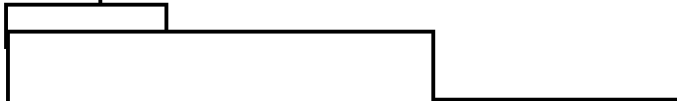
20. Chile nonetheless remains determined to stick to its hard line on the Beagle Channel mediation. Aside from war or the outright failure of the mediation, Santiago's greatest fear is that the Vatican will modify its proposals to the detriment of Chile. Chile, therefore, will continue to monitor Vatican moves and try to nip in the bud any such vacillation. If the Vatican were to alter the terms, Santiago could decide to publish officially the 1980 proposals in an effort to lock the Pope and itself into his original suggestions.



21. Chile's intent ultimately is to force Argentine acceptance of the Pope's proposals. Despite its commitment to the mediation, however, Santiago apparently decided to submit its case to the World Court if no resolution has been reached by October.



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Chile therefore is determined to use international actors as a buffer to protect them from Argentine intimidation and to exert leverage on Buenos Aires to resolve the dispute. Santiago will try to promote stronger ties with other Latin American nations, especially Brazil, and with Europe and the United States as a means of deterring Argentina.

23. The Chileans will buttress their diplomatic moves with a firm although nonbelligerent military posture. Chile's improved military capabilities have hardened Santiago's determination not to allow its strong legal position to be swept aside by Argentine

military superiority. In the event of Argentine-initiated hostilities, the Chileans, who would fight fiercely, also would be confident that international opprobrium and pressure would force Argentina to end the conflict. Barring major Argentine provocation, however, we doubt that Santiago would take a step such as garrisoning the Beagle islands—which Buenos Aires would regard as an aggressive act.



Military Factors ²

24. Argentina's military forces were seriously bloodied in the Falkland Islands fighting, but they are far from crippled. The Air Force is estimated to have lost 53 to 58 frontline jet fighters (Mirages and A-4s) and 26 second-line combat aircraft—or almost 38 percent of its total combat aircraft and about 46 percent of its frontline jets. The Navy lost the light cruiser Belgrano, a submarine, and two transports, and two patrol boats and a cargo ship were damaged. We have no information yet on the extent of Argentine ground force equipment losses. Some artillery, armored fighting vehicles, and perhaps self-propelled antitank guns were sent to the Falklands, but we do not believe the numbers were large or that their loss will significantly reduce Argentina's capabilities. We believe that a large number of air defense systems were lost in the fighting.

25. Despite its losses, the Argentine military retains its overall numerical edge over the Chileans. The considerably larger Argentine Army possesses substantial numerical advantages over Chile in most weapon categories; Argentina's air and air defense capabilities remain greater than those of Chile; and Buenos Aires already is moving to replace destroyed military aircraft. The navies of both countries appear to be well matched, but Argentina's slight numerical edge, together with its aircraft carrier and more modern naval air arm, probably would tip the maritime scales in its favor.

26. Chile has made considerable progress over the past several years in improving its overall military capabilities. The Chilean armed forces now appear more capable of mounting a strong defense against an Argentine attack than they were in 1978, especially if such an attack is confined to the Beagle area. The poor



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performance of the Argentine conscripts on the Falklands, moreover, probably will engender greater optimism among Chilean ground commanders about the ability of their troops—perhaps the most highly trained and disciplined in South America—to resist an Argentine attack. [redacted]

27. Most Chilean force improvements in recent years stem from foreign military equipment purchases. Santiago has bought a wide variety of weaponry, including a guided-missile destroyer from the United Kingdom, surface-to-air missiles from France, and tanks, artillery, air-to-air missiles, and guided-missile patrol boats from Israel. In particular, Santiago's purchase of 150 Super Sherman tanks from Israel and about 30 AMX-30 tanks from France has now given Chile virtual parity with Argentina in that weapon category. In addition, the 11 Mirage 50 aircraft obtained from the French—with five more to come—give Chile for the first time aircraft capable of striking targets well inside Argentina, including the capital. [redacted]

28. We have no evidence that either Chile or Argentina is preparing to engage in military action over the Beagle Channel for the period of this Estimate. Both sides recognize, however, that a military confrontation could nonetheless occur. Such a confrontation, if it did arise, probably would stem from a period of escalating tensions and provocations in the area [redacted]

29. In the event of a confrontation, Chile would prove a formidable foe, assuming a unilateral Argentine attack confined to the south. Santiago maintains about 6,000 troops in the south and units there recently have enjoyed priority for men and new equipment. Many of Chile's newly acquired tanks, as well as other armored vehicles and modern jet fighters, are now deployed in the southern part of the country. The Chileans, if they believed an Argentine attack to be imminent, reportedly would send their most modern equipment as well as additional troops and the bulk of their fleet south in order to exact a heavy Argentine price for an attempted seizure of the Beagle islands. The Chilean forces would offer stiff resistance, although they eventually would succumb to the weight of a determined Argentine assault [redacted]

30. In any confrontation with Argentina, however, Chile must also consider Peruvian intentions and

capabilities, and military planners intend to maintain ground forces along the Peruvian border capable of providing at least a minimal defense of that area. The Chileans will rely on the fighting abilities of their troops, demonstrated Peruvian logistic problems in supporting a major assault, and the inhospitable terrain of the border area to deter a Peruvian attack. A decision by Lima to attack Chile in support of Argentina, however, probably would ensure Santiago's rapid defeat [redacted]

31. Argentine forces in the south number about 4,500, and additional troops and equipment would be dispatched to the area to prepare for a confrontation. For the period of this Estimate, however, we believe that the Argentine military will be preoccupied with difficult domestic problems and replacing its losses sustained in the Falklands fighting, obtaining new and more sophisticated weaponry, and revamping its strategy, tactics, and force structure in the light of lessons learned from the fighting. Until these steps are taken, we do not believe that Buenos Aires would have sufficient confidence in the ability of its armed forces to successfully prosecute a war against Chile over the Beagle. [redacted]

III. Impact of a Beagle Channel Conflict on Neighboring States

Peru


32. Peru has a longstanding dispute with Chile over territory lost during the War of the Pacific (1879-83) and was one of Argentina's most ardent supporters in the Falklands crisis. Lima gave strong verbal support to Buenos Aires, sought diplomatic formulas to stop the fighting before Argentina's defeat, and provided 10 Mirage 5 aircraft and perhaps SA-7 shoulder-fired surface-to-air missiles to the Argentines. [redacted]


33. Over the years, Argentina and Peru have developed a close relationship, particularly between the military establishments which have dominated the political life of both countries. In the wake of the Falklands conflict, Santiago has become increasingly concerned that, should Argentina attack Chile, Peru would join in the conflict against Chile in order to regain its territory as well as to aid an ally. [redacted]

34. The current Peruvian Government, however, is highly unlikely to launch an attack on Chile, even if Chile were embroiled in a conflict with Argentina.


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President Fernando Belaunde Terry is convinced that Latin American nations must accept their present boundaries and concentrate on economic development rather than irredentist distractions. If the military was determined to initiate hostilities, Belaunde first would have to be removed. Although the armed forces did oust Belaunde from power once before and the country is suffering from some economic and internal security problems, the military leadership is supportive of the civilian government and is proud of its role in returning the country to democratic rule. There are no signs that it is eager to assume power again soon. A few strong-willed personalities in the armed forces—particularly the Army—probably would urge action against Chile, but they lack sufficient support to pose a serious threat. 

35. During Belaunde's tenure, tensions between Chile and Peru have eased considerably as attention has turned toward Peru's domestic problems, particularly the economy. A war with Chile would further exacerbate Peru's economic difficulties and divert attention away from the threat of a growing insurgent problem in the Peruvian highlands. The military also might be reluctant to engage in hostilities until its military inventory was upgraded. Even before the Falklands crisis, the Peruvian Air Force was looking for a replacement fighter aircraft, and in the wake of the Argentine conflict the military probably will be seeking to purchase additional sophisticated weapon systems. 


Ecuador

36. In deciding whether to attack Chile, the Peruvian military also would have to consider whether Ecuador might decide to assert its claim to the border area disputed with Peru, where armed clashes occurred in early 1981. The Peruvians probably would give the likelihood of such an Ecuadorean action greater weight than it deserves. We doubt, however, that Quito would act militarily against Peru whether or not the latter was engaged in combat with Chile. Ecuador's civilian and military leaders are seeking a negotiated settlement to their claim against Peru. Moreover, the economic costs would be extremely difficult to absorb. 


37. Perhaps more sobering, the Ecuadorean military would anticipate that, after hostilities with Chile were concluded, Lima would seek revenge against

Ecuador. In a one-on-one fight, Ecuador would certainly come out the loser. We believe that Ecuador is not likely to initiate hostilities even if the military seized power in Quito. A new military regime would be more concerned with consolidating its position, gaining armed forces unity, and keeping an eye on popular reactions. 


Bolivia


38. Bolivia would consider attacking Chile only in conjunction with Peru and Argentina. Bolivia has long sought the return of its Pacific coast territory—its corridor to the sea—lost during the War of the Pacific. Considering the unstable nature of Bolivian politics and military domination of the government, such an adventure might be considered to deflect popular attention from the country's dismal domestic conditions. Moreover, the Bolivian military would do badly in a contest with Chile. 

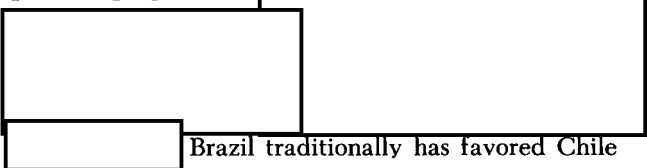


39. If Chile initiated hostilities against Argentina, Bolivia and Peru might be more disposed to assist Argentina militarily. Both countries then could claim that they were acting in defense of a sister nation and under the guidelines of the Rio Treaty. We view such a scenario, however, as highly improbable. 

Brazil

40. The outbreak of armed conflict in the Southern Cone would greatly distress the Brazilians, who are wedded to peaceful resolution of disputes and who most likely would push for immediate negotiations to end the hostilities. Brazilian leaders are concerned that military conflict in Latin America would benefit only the Soviet Union and its allies. Brazilians also would see such conflict as ultimately threatening Brazil's well-being. 

41. Brasilia would be hesitant to take the lead in negotiating a settlement—preferring instead that the United States, the OAS, or the UN take the initiative—but it would participate readily and effectively in a peacekeeping effort. 



Brazil traditionally has favored Chile

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over Argentina, which it still sees as its greatest rival in the region. [redacted]

42. Despite such historical antagonisms, Brazil could become a supplier of limited quantities of less sophisticated military equipment to Argentina in the wake of the Falklands conflict. It provided a modicum of assistance during the crisis, but was reluctant to become a major source of military aid. Brazil's assistance will be restrained, however, by the type and amount of equipment Argentina acquires elsewhere and the potential threat it poses for Brazil. In the event of an Argentine conflict with Chile, Brazil almost certainly would terminate any arms supply relationship with Buenos Aires. It might give military assistance to Chile and counsel Peru against escalating the conflict, but we do not believe it would become involved directly in a military conflict. [redacted]

IV. Potential Soviet Role and Involvement

43. Moscow regards the Falklands situation as an opportunity to intensify Latin American alienation from the United States, to stimulate distrust of the US commitment to regional interests, and to expand its own influence in the region. It probably also views the crisis as weakening US ability to mobilize Latin American nations against Soviet, Cuban, and other leftist advances in the area. Moreover, it almost certainly sees the crisis as providing an opportunity for gaining a military supply relationship with Argentina and for consolidating its position as an arms supplier to Peru. [redacted]

Arms Sales Potential

44. The post-Falklands era probably will afford Moscow added opportunity to increase its penetration of the Latin American arms market, particularly if new hostilities break out in the region. Despite the ideological distaste of many Latin American military and conservative civilian regimes for dealing with the Soviets, in the wake of the Falklands conflict they may now be more willing to consider the USSR as a potential source for arms if other avenues are closed. Moscow offers a full range of weaponry and can grant arms, finance them on concessional terms, or barter them for commodities with greater flexibility than Western suppliers. Moreover, because of high rates of

production and a large supply of older but still very serviceable weaponry, the USSR can deliver more rapidly than any other supplier. Although Soviet service-after-sale is not as attractive as that provided by Western suppliers, this drawback largely is offset by the other advantages. [redacted]

45. Moscow probably hopes that its limited support for Argentina in the Falklands dispute and interruptions in the supply of arms from some Western sources will make the Argentine military more receptive to Soviet offers. The crisis has acted to reinforce existing Soviet diplomatic and economic ties with Argentina, but no purchases of military hardware have been made despite longstanding Soviet offers. The Soviets would be likely to offer to barter arms for grain, but, in light of Argentina's serious economic problems, Buenos Aires would prefer cash. We believe the staunchly anti-Communist regime is unlikely to turn to the Soviets for military equipment unless no other sources are available. [redacted]

46. Peru's dependence on the USSR for military equipment is likely to continue for the near term. Peru is in the market for a more modern interceptor than its Mirage 5's as well as for assault helicopters and air-launched missiles—all of which could be provided by the USSR. Peru's economic situation should severely limit new arms purchases, but armed forces requirements historically have been given high priority, especially when concessional terms have been offered. [redacted]

47. Peru provided the most tangible support to Argentina during the Falklands conflict. Argentina, however, is not likely to look to Peru for Soviet weaponry. Moreover, the Peruvian civilian and military leadership is highly unlikely to approve such an arrangement during the time of this Estimate. The modest assistance Peru provided to Argentina was not done at the behest of the Soviets. Despite its dependence on the USSR for equipment and spare parts during the last decade, Peru has never advocated the Soviets as suppliers to other Latin American countries. [redacted]

48. Cuba and the Warsaw Pact countries serve as another potential source for Soviet-designed weapons, though not normally the latest models. Cuba, however,

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has not yet been a supplier of Soviet arms to Latin American countries other than Nicaragua and Grenada, in part because potential recipients are fearful of possible Cuban attempts to subvert the military. The Warsaw Pact countries are hungry for arms buyers and might make attractive offers—matching Soviet prices, terms, and early delivery dates. Argentina may have explored possible arms acquisitions from Warsaw Pact countries, but we see at best limited opportunities for such sales. It is highly unlikely other countries would look to the Warsaw Pact for arms during the period of this Estimate. []

Political Considerations

49. The territorial disputes that would offer the Soviets the most potential gain are those involving Chile with Argentina and Peru. Buenos Aires has already developed important economic ties with Moscow, which has become Argentina's largest grain buyer. Soviet purchases from Argentina account for about 80 percent of that country's grain exports and one-fourth of the USSR's grain imports. Peru, in turn, has turned to the USSR for the bulk of its arms since the early 1970s. Moscow gives high priority to improving relations with both countries. Chile's Pinochet government, on the other hand, is considered a pariah by the Soviets for having ousted the Marxist Allende government and taken strong measures against the far left. If hostilities broke out, Moscow would support Argentina and Peru in international forums and probably offer arms to both countries as well. []

50. Moscow probably would regard the outbreak of hostilities elsewhere in Latin America as a positive development in that it would provide new opportunities to expand its influence and exploit US vulnerabilities in the region. The USSR, however, is likely to try to avoid being drawn into some Latin American territorial disputes, particularly those between countries with anti-Communist governments. Moscow—along with the Cubans—probably would caution Nicaragua not to make any untoward moves against Colombia in view of its own domestic problems and military inadequacies, but in the event of a conflict both Moscow and Havana could be expected to support the Nicaraguans both diplomatically and with arms deliveries. In a dispute between Belize and Guatemala, Moscow probably would try to avoid direct involvement. Its inclination to oppose Guatemala diplomatically also would be tempered by the

degree of Belize's reliance on the United Kingdom []

51. Latin suspicions of Soviet purposes, corresponding fears of subversion, and Moscow's inability to play a major role in Latin American economic development—the central problem of all states in the region—will limit Soviet gains. Soviet weapons may be more attractive in certain circumstances to some rearming or arms-modernizing South American nations, but attempts to gain political advantage from arms sales will be resisted. []

52. While the persistent strain of anti-US sentiment in the region, accentuated by the Falklands crisis, offers the Soviets some new opportunities to expand their influence, Soviet initiatives are of less intrinsic significance than US policies and actions. The Soviets probably have no firm expectation of any dramatic new political payoffs in the near term, although they probably hope that their support will moderate local suspicions of Moscow and enable them to project an image of the USSR as a distant but powerful supporter of Latin American and anticolonial interests. They may also calculate that the outcome of the crisis could usher in a period of political instability and open prospects for those in Buenos Aires who might be more inclined toward closer relations with the USSR. The Soviets are already seeking to profit from any general deterioration in US influence in the hemisphere arising out of the Falklands crisis, but they realize that Washington's losses cannot be immediately registered as Moscow's gains. []

V. Implications for the United States

53. The Falklands crisis reinforced existing suspicions about the relative importance of Latin America to the United States and raised doubts about the integrity and capabilities of the inter-American system, especially the viability of its security and peace-keeping role. Additional hemispheric hostilities would adversely affect US interests in the region. There would be greater political and economic instability, disruption of trade, finance, and commerce, additional strains in the OAS, new emphasis on arms acquisitions, and more opportunities for Soviet and Soviet Bloc involvement in the political, economic, and military affairs of Latin American countries. []

54. The initial, emotion-driven reactions of many Latin American nations to the US position have eased

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with the termination of the fighting between Argentina and the United Kingdom, and strains in US-Latin American relations caused by US support for the British are likely to ease over time. Bilateral relations will be guided by the individual countries' perceptions of their own national interests. In terms of multilateral ties, many Latin American leaders have serious doubts about the effectiveness of a Latin-America-only regional organization, particularly one established solely for political and security purposes. Therefore we believe that calls for restructuring of the inter-American system through far-reaching revision of the OAS and the Rio Treaty are unlikely to prevail. Furthermore, while the decades-old trend toward greater independence from Washington will continue, there appears to be recognition that the United States will remain the most important influence in the hemisphere for years to come and that Latin American nations share important political, economic, and security interests with the United States. Thus, the United States is likely to be seen as a key actor in hemispheric events and would be expected to play a role in helping to resolve intraregional confrontations [redacted]

Mediating Role

55. One such role could be as a mediator. Although many Latin Americans were shocked and dismayed at the US position in the Falklands crisis, most countries were supportive of Washington's early efforts to resolve the dispute. In a purely hemispheric conflict where Washington would not be torn between its commitments to Latin America and its West European allies, most nations would expect the United States to be more impartial and to act positively in seeking a settlement. The choice of mediator, however, would depend greatly on where the particular countries involved believed they could find the most sympathetic ear. Countries like Argentina, because of the Falklands, and Nicaragua, because of the continuing poor relations with the United States, would not be receptive to a US mediating role; however, we believe most others would accept—if not anticipate—a US offer of Washington's good offices to reach a solution [redacted]

56. In some instances Washington would be a likely choice because of treaty language or previous involvement in the dispute. In the case of Peru and Chile, the United States is identified in the 1929 border treaty as

the arbiter of any dispute over the treaty provisions—although Washington has never formally acknowledged the role. Chile most likely would seek US assistance to resolve a confrontation with Peru. The Peruvian military, on the other hand, probably would be reluctant in light of Peru's ardent support of Argentina in the Falklands crisis, especially if Peru were the aggressor. In the event of a conflict between Peru and Ecuador the United States most likely would be called upon as one of the four guarantors of the 1942 Rio Protocol [redacted]

57. The parties to a dispute probably would also look to international organizations to plead their case and seek an end to any armed conflict. The United States could exercise influence in some of these bodies. Despite the concerns expressed about the value of the OAS, it remains the principal hemispheric organization established to handle such situations. The UN would also be used by the disputants, although some countries may not feel comfortable dealing in the Security Council because of the veto power of certain nations or the makeup of the Council at the time. They most likely would prefer General Assembly consideration of a dispute. Some might also turn to the Nonaligned Movement for help, but only if they were assured of the support of the more radical Third World countries. [redacted]

Arms Sales and Military Assistance

58. The Falklands crisis has focused Latin American military attention on the question of the dependability of supply and the usefulness of modern, ultrasophisticated weapon systems, especially aircraft, missiles, and electronics. Additional conflicts would heighten this interest and be likely to lead to a search for the fastest delivery at the lowest cost. There would be greater diversion of scarce economic resources, increased demand for domestic arms production and coproduction capabilities, and the potential for arms races. [redacted]

59. The United States would remain a major contender as an arms supplier in many countries. Despite severe Latin American criticism of US arms sales and transfer policies, and high cost and delivery problems, US-made weapons are highly regarded and in many cases preferred. The same holds true for US training and military doctrine. It has largely been in areas where a country has felt no alternative or where timing and

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cost have been unacceptable that Latin nations have turned elsewhere. Therefore, the door remains open for US involvement in Latin American force development. []

60. Venezuela, for example, despite its support for Argentina and its virtually unprecedented criticism of the United States, is proceeding with the purchase of F-16 fighter aircraft. Peru, which is currently considering a replacement fighter aircraft and which strongly backed Argentina, continues to keep the F-16/79 under consideration. Other Latin American countries will look to the United States for arms, but much will depend on price and availability. They also will look for a balanced and fairly applied US sales policy. Few of them would understand why one of their number was denied a weapon system that had been sold to a sister Latin American nation. []

61. Some of these nations would look specifically to the United States for military assistance. Chile has been seeking improved ties with Washington for some time and is especially eager to reestablish the formerly close military relationship. Most Latin Americans, however, seem to realize that, if a country is seen as the aggressor, US and possibly other Western support will not be forthcoming. Guatemala, for example, sorely needs military assistance to counter its insurgent threat but has been cut off from US assistance primarily because of its poor human rights record. It does not

want to jeopardize a potential easing of US restrictions by making an untoward move against Belize. []

62. If the United States is not forthcoming or its terms are not acceptable, Latin American countries will look elsewhere. The larger West European nations are likely to keep a major portion of the hemispheric arms market. Other countries, such as Israel, smaller West European nations, and South Africa, probably will also benefit from any increase in Latin American arms purchases. Some of these nations might be reluctant to continue arms sales to a country actively involved in a war, but they will remain eager to sell their products at almost any time. []

63. The Falklands crisis, having reemphasized to Latin Americans that arms supplies are not always readily available, has heightened interest in self-sufficiency and the need for domestic production capabilities. Brazil and Argentina are well on the way toward this goal, and other nations are seeking to develop or enhance their own production capacity. Until they can achieve this capability, coproduction agreements will be sought, mostly from Western Europe. Such agreements will allow Latin American countries reduced dependence on foreign suppliers, cost reduction in production, and—as with Brazil and to a lesser extent Argentina—revenues from arms exports. Under proper circumstances, some of these countries might entertain undertaking similar agreements with US weapons manufacturers. []

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ANNEX A

OTHER LATIN AMERICAN TERRITORIAL DISPUTES

Chile-Peru-Bolivia

1. The War of the Pacific (1879-83) was fought by Chile against Peru and Bolivia over possession of present-day northern Chile. It involved territory, then controlled by Peru and Bolivia, rich in guano, nitrates, copper, and other resources. In 1873, Peru and Bolivia concluded a secret defense alliance directed against possible Chilean aggression. Subsequent Peruvian and Bolivian moves against Chilean-owned investments in the region were seen as provocations, and Chile occupied the Bolivian port of Antofagasta in February 1879. Bolivia responded by declaring war on Chile and calling on Peru to fulfill its commitment under the alliance. Peru, ill prepared for an armed conflict, sought to avert war, but its efforts failed when Chile, aware of the secret alliance, declared war on that country. [redacted]

2. Bolivia and Peru suffered humiliating defeats in the four years of war. The Bolivians, quickly driven from their coastal territory in 1879, played no further major role. By 1881 the Peruvian Navy, after initial success, was virtually destroyed; meanwhile, a Chilean expeditionary force swept north to Tacna while other forces arriving by sea occupied Lima. In the Treaty of Ancon, signed in 1883, Peru was forced to cede southern territory, while, in a treaty signed in 1904, Bolivia formally lost its coastal holdings. A treaty signed in 1929 with the encouragement of the United States finally delineated the present Peruvian-Chilean border, providing for the return of some territory occupied by Chile, including the city of Tacna. The treaty provided that any dispute over the interpretation of its provisions would be arbitrated by the President of the United States. [redacted]

3. Bolivia repudiates the notion that the 1904 treaty is valid "in perpetuity," arguing that it was imposed by force after an unjust war. Recent Bolivian presidents have strongly reaffirmed this stance. Bolivia has strengthened its ties with Peru, which has authority to approve a Chilean-Bolivian corridor agreement. Boliv-



ia also has developed a close relationship with Argentina. [redacted]

4. Chile's position is clear—the 1904 treaty resolved once and for all the frontier between Bolivia and Chile. Some support exists in Chile for granting Bolivia access to the sea under conditions favorable to Chile. However, Chileans are an intensely nationalistic people and an issue as important as the cession of territory would be impossible. Strong opposition also exists within Bolivian public opinion to the idea of a territorial swap. Some other form of compensation—monetary, water rights, or trade concessions—might be

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tary, water rights, or trade concessions—might be possible. While no active negotiations are under way, Bolivia constantly restates its conditions for resolving the question of access to the sea. []

5. In Peru the strong irredentist sentiment prevalent in the early and middle 1970s lessened considerably with the passage of the centennial of the war in 1979 and the advent of the civilian government in 1980. It remains a highly emotional issue, however,

[] Peru maintains large forces in its southern region for defensive purposes because it perceives its greatest external threat as emanating from Chile. For a variety of reasons, as explained in the main text,¹ no offensive moves against Chile are anticipated. []

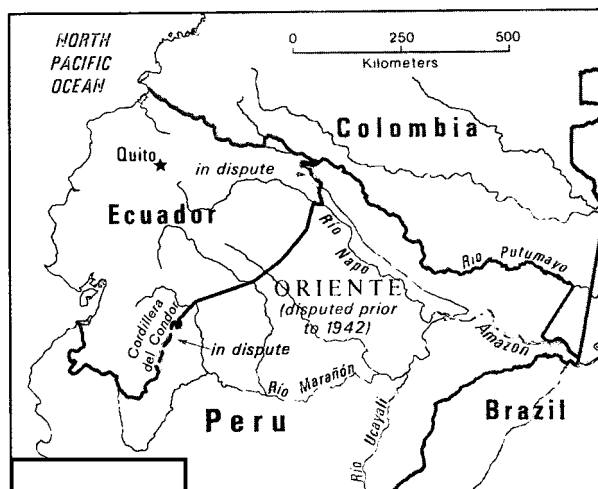
6. Chile will keep a watchful eye on Peru, concerned that it one day may seek to regain its former territory. In the near term, however, Santiago's attention will remain focused on Argentina and the Beagle Channel. []

Ecuador-Peru

7. Since gaining independence from Spain in the 1820s, Ecuador and Peru have been embroiled in a continuing boundary dispute over Ecuadorean access to the Amazon. The dispute, centered on territorial division in the upper Amazon basin, has provoked numerous significant armed clashes. Two undemarcated border segments are in dispute: one at Peru's extreme northern boundary and the other near Ecuador's southern border. Both are part of a much larger area—the so-called "Oriente"—which was disputed before 1942. []

8. The origins of the controversy can be traced to the vague or incorrect descriptions of boundaries in Spanish documents during the colonial period. Disagreement over possession of the area providing access to navigable portions of the Amazon River system was a factor leading to war between Gran Colombia (a federation of Colombia, Venezuela, and Ecuador) and Peru in 1829 in which Gran Colombia gained the upper hand. Peru was prepared at the end of hostilities to surrender the territory north of the Marañon River, but, before the details could be worked out, Ecuador split off from Gran Colombia, and the balance of power tilted in favor of Peru. []

¹ See paragraphs 34 and 35 (pages 8 and 9) of the Discussion.



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9. The issue came to a head in July 1941 when a limited war broke out along the border after Peru occupied and administered territory long claimed by Ecuador. Peace was restored on 29 January 1942 with the signing of the Protocol of Peace, Friendship, and Boundaries in Rio de Janeiro. This treaty was guaranteed by the United States, Argentina, Brazil, and Chile and became known as the Rio Protocol of 1942. []

10. The Protocol itself, which was highly favorable to Peru, is resented by the Ecuadoreans, who claim it was forced on them to achieve the appearance of hemispheric unity at the outbreak of World War II and denies them "their historic right to the Amazon." A series of Ecuadorean governments have pointed out that the Protocol is geographically inaccurate and have called for its revision to give Ecuador a corridor to the Marañon River, a main tributary of the Amazon. In 1960, Ecuadorean President Ibarra declared that the Rio Protocol was not binding on the grounds that it was signed under duress. []

11. In the last few years, border violations and troop movements on both sides have raised tensions. In January 1981 a conflict broke out after Peru discovered Ecuadorean troops occupying outposts on the eastern slope of the Condor Mountains, territory long claimed by Peru. Peru regained the land, and an uneasy truce has been maintained. []

12. Ecuador seems to have accepted [] the fact that it will never regain all of what it considers its former territory. Until several months ago, it insisted, as a minimum, on a restoration of sovereign access to the Marañon, but has since shown some flexibility. Peru is unwilling to cede sovereignty

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partly because of Peruvian oilfields in the region but also, perhaps more importantly, because the surrender of territory could lead to the ouster of the government. Additionally, it would set an unsatisfactory precedent for handling the separate border issue with Chile. []

13. The dispute is quiet at present and is expected to remain so. Peru, for its part, does not acknowledge that there is a dispute, because it controls the area in question and believes the Rio Protocol settled the problem. The only military action Peru would undertake would be defensive. Ecuador does not want to challenge Peru's military superiority and is hoping for a negotiated solution to its claim. []

Venezuela-Guyana

14. The area in dispute between Venezuela and Guyana involves the land between the Essequibo River and the Venezuelan borders—five-eighths of Guyana. Venezuela claims that an award—made by a panel of a Russian, two British, and two US judges in 1899 giving 90 percent of the disputed territory to what was then British Guiana—is invalid because of British bribery of the Russian judge, as claimed in 1944 by one of the US counsels who represented Venezuela during the arbitration. []

15. The Geneva Agreement of 1966 set up a mixed commission—which was unsuccessful in resolving the dispute—and provided the diplomatic framework for the Port-of-Spain Protocol of 1970. The Protocol called for a 12-year freeze of the boundary discussions under the framework of the Geneva Agreement, with a provision allowing for the Protocol's termination should the two sides reach a solution. When Venezuela refused to renew the Protocol, it lapsed on 18 June 1982. The next step, as set out in the Geneva Agreement, is to select one of the settlement processes detailed in Article 33 of the UN Charter. If, within three months of the expiration of the Protocol, the two governments have not reached agreement on the means of settlement, they will refer the choice either to an international organ or the Secretary General. []

16. Venezuela prefers bilateral negotiations to maximize its advantages of size and force and minimize what even many Venezuelans acknowledge to be a weak legal case. As diplomatic resolutions are discussed in coming months, however, Venezuela may be tempted to press its advantage by using its military presence along the border to intimidate Guyana. It is



unlikely, however, that Caracas would incur the costs associated with a significant buildup unless a deteriorating political situation called for such a buildup. []

17. The recent strengthening of military outposts along the border is part of Venezuela's plan to improve the Army's overall capabilities and to encourage colonization by constructing communities attached to the military posts. As military units, these border posts are isolated and underdeveloped. The Army's primary concern is to strengthen and gradually improve them. Supplies must be flown in weekly and none of the airstrips has significant storage. Although two airstrips have been lengthened and are to be paved within two years, the lack of any unusual training or other activity in the area suggests this program is routine. []

18. Plans to improve the military in the east will encounter major maintenance and logistic problems. Even with a large portion of the military budget allocated to maintenance, Venezuela is hard pressed to keep its equipment functioning. High-ranking officers acknowledge that the Army could sustain operations outside the country only for a few days, not weeks. These problems suggest that a sustained operation


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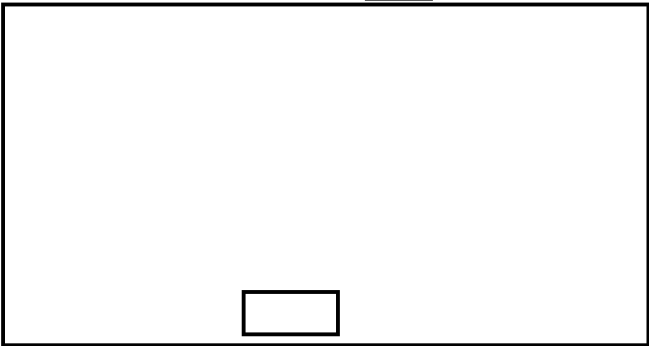
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outside of Venezuela by a large force would be extremely difficult at present. 




20. The international environment in general should restrain Venezuela, at least in the short term. Guyana's position in international forums generally has been considered stronger than Venezuela's, and most countries, including the United States, have expressed support for a peaceful settlement. Brazil has recently entered into several joint development projects with Guyana, which should have a sobering effect on Caracas. In addition, the outcome of the Falklands war seems so far to have had a dampening effect on nationalistic Venezuelan politicians. The dispute, however, is likely to be a major political issue in the forthcoming election campaign. It will probably generate considerable national rhetoric, but it is not expected to reach the level of sparking armed conflict. At least for the near term, therefore, we judge that Venezuela will proceed with efforts to achieve a peaceful settlement of the dispute. 


21. Although Venezuela might consider making threatening military moves as a form of intimidation, this could prove counterproductive. Border incidents—the crash of a Venezuelan overflight or incursions by patrols—could escalate tensions, and Georgetown would use such actions to rally international support for its cause. In fact, Guyana feels that internationalizing the situation is its most effective weapon. 



22. Guyana's response has been largely rhetorical. The flamboyant President of the Cooperative Republic of Guyana, Forbes Burnham, has exhorted his people to prepare for a Venezuelan attack; and he has used the opportunity to peddle "defense bonds" to bolster his sagging treasury. More recently, Burnham

has moderated his tone, and he now seems prepared to negotiate with Venezuela. 

Guatemala-Belize

23. In the early 1800s, as Central American countries were gaining independence from Spain, the British expanded their activities and influence into most parts of what is now Belizean territory and exercised what amounted to de facto sovereignty. In 1859, Britain and independent Guatemala signed a treaty that delimited the present boundary between Guatemala and Belize. This treaty contained an article calling for a route to be established by Britain and Guatemala from Guatemala City to the Caribbean "near the settlement of Belize." Guatemala, declaring that Britain had reneged on the route-building portion of the treaty, abrogated the entire treaty in 1939 and claimed sovereignty over the area as part of the former Spanish colonial Captaincy General of Guatemala. 

24. The dispute remained relatively dormant until the 1970s, when the British became increasingly anxious to grant independence to Belize but also wanted an agreement to be worked out with Guatemala. In 1978, Guatemala rejected a proposed British solution that would have included a significant concession on maritime access to Guatemalan ports. When Britain also considered transferring sovereignty to Guatemala

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of a portion of southern Belize, strong objections by the Belizeans caused the plan to be dropped. []

25. Continuing negotiations finally resulted in the Heads of Agreement of March 1981 signed by Guatemala, Great Britain, and Belize (as a self-governing colony). This agreement only outlined issues to be brought up in future discussions including: use by Guatemala of an improved road network through Belize, free use of Belize's ports and two offshore cays, and unimpeded access to the high seas. Rioting broke out in Belize over what was considered a too generous relinquishing of sovereignty. In September 1981, Belize gained its independence with no agreement having been reached with Guatemala. []

26. In the past Mexico has also laid claim to part of Belize on the basis that during Spanish colonial times administrative control over the area was exercised out of Yucatan. But Mexico has made it clear that it is not likely to press its claim unless Guatemala attempts to take over Belize. []

27. The Guatemalan Government headed by President Rios Montt has declared that the Heads of Agreement reached in March 1981 was abrogated by the United Kingdom's "unilateral" grant of independence to Belize last September. Guatemalan officials have reiterated their longstanding claim to sovereignty over the entire territory of Belize. Although Guatemalan leaders have expressed a willingness to resume negotiations, they are insisting that new talks should primarily involve the British and must be based upon a new Heads of Agreement []

28. Despite the Rios Montt government's strong public pronouncements, it is apparent that the Belize issue is not currently a priority. The strong British reaction in the Falklands crisis and the continuing preoccupation of the Guatemalan armed forces with the domestic insurgency reinforce our judgment that neither a Guatemalan military effort to secure territory nor a negotiated settlement of the dispute during the period of this Estimate is likely []

29. Rios Montt, the driving force behind current Guatemalan foreign policy, supported the Argentine invasion of the Falkland Islands to the point of symbolically offering a small number of troops and equipment. He was utilizing that conflict, however, to

arouse Guatemalan nationalism over the Belize issue in an attempt to reinforce his own popularity and to consolidate his power within the military. His statements on Belize also help distance his administration from its predecessor, which entered into the now-discredited—by Guatemala—Heads of Agreement. Despite some posturing, Rios has not intimated—nor is he believed to have planned—the use of force to settle the dispute []

30. Rios Montt is only now defining his position concerning Belize. Since the March coup, the President's immediate goals have been to promote economic recovery, improve Guatemala's international image, increase access to foreign assistance, and end the insurgent threat. Inasmuch as the United Nations General Assembly has overwhelmingly supported Belizean independence for years—only Guatemala dissented in 1980—Guatemalan leaders recognize that armed aggression would be condemned internationally. An attempt to annex Belizean territory would also severely strain Guatemalan military and economic capabilities. Furthermore, hostilities would discourage tourism and private investment, and result in forfeiture of potential sources of foreign aid—further dampening hopes for economic recovery. []

31. Guatemala has never resorted to military action over the 140-year evolution of this dispute and, rhetoric aside, Guatemalan leaders do not appear to believe that all possibilities for a negotiated settlement have been exhausted. Moreover, the Falklands war suggests not only that a Guatemalan surprise attack aimed at presenting the United Kingdom with a military fait accompli would fail, but that—in light of Argentina's failure—any such attempt is not likely to be popular with the Guatemalan people. []

32. In view of the hardline position of Rios Montt, a negotiated settlement over the short term seems unlikely. Guatemalan leaders admit the necessity of Belizean participation in negotiations, but have stated that negotiations must proceed with the British in the first instance. Additionally, we believe the Guatemalans are unlikely to employ experienced negotiators from previous administrations and have yet to develop a negotiating posture []

33. Rios Montt is in no hurry to begin negotiations, since concessions necessary to reach an accord would

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be politically damaging. Invocations against the British might rally the population and military, but actual bargaining would be divisive and could jeopardize his already tenuous hold on power by arousing opposition within the military [redacted]

34. Rios Montt's public statements suggest that his objective is sovereignty over a strip of land along Belize's southern border and some offshore cays. He has stated that the sea lane which would have been provided for in the Heads of Agreement is not in itself adequate to ensure access to the Caribbean. Belizean Prime Minister Price has successfully resisted territorial concessions in the past and will be no more receptive in future talks. [redacted]

35. Price has indicated that Belize is also willing to resume negotiations, but he is likely to insist that Belize represent its own interests. Furthermore, he believes that the Heads of Agreement is a legitimate point of departure, despite his domestic opponents' belief that that document is already too concessionary. In view of this, he is not likely to yield his position that no land concession is possible. Price's hand is strengthened by his role in guiding Belize to independence last year, by the forceful British response in the Falklands, and by overwhelming international support for Belize. Although cession of an uninhabited cay may hold the greatest potential for compromise, negotiations over any transfer of territory would be extremely sensitive and arduous. [redacted]

36. Price has publicly pledged to submit any proposed agreement to a popular referendum, however, and any territorial concession would be strongly opposed by the opposition party, which won 47 percent of the vote in the last national election. The strong possibility of violence and the defeat of such a referendum militates further against Belizean concessions. Moreover, definitive resolution of the issue would hasten the withdrawal of British troops, another move that opposition parties resist because of security concerns. [redacted]

37. Rios Montt might be provoked to attempt to annex some Belizean territory by a combination of Belizean intransigence, the withdrawal of British troops, and a dramatic improvement or deterioration in Guatemala's domestic situation. We judge, however, that the possibility of such a confluence of events and resulting Guatemalan military action to resolve the

dispute are unlikely over the next year. A resumption of negotiations is more probable, but we do not believe these will succeed in the near term [redacted]

Colombia-Nicaragua

38. At issue between Colombia and Nicaragua is sovereignty over the islands of San Andres and Providencia as well as a number of small cays in the Caribbean which at one time were US possessions. The disputed cays are 225 to 240 kilometers from the Nicaraguan mainland and 600 to 750 kilometers from Colombia [redacted]

39. In the late 19th century the disputed cays, the largest of which are Quita Sueno, Roncador, and Serrana, were declared appurtenant to the United States under provisions of the Guano Islands Act of 1856. In 1890, Colombia claimed the cays, asserting that it alone had inherited sovereign title from Spain. In 1928 the United States and Colombia exchanged notes, each side recognizing the existence of the other's claims while agreeing to maintain the status quo without prejudice to the legal position of either country. Also in 1928, Nicaragua signed a separate treaty yielding sovereignty of the cays to Colombia. In the

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1960s, undersea petroleum exploration brought a renewal of interest in the region, and of claims by both Colombia and Nicaragua, the latter basing its rights on the assertion that the cays are part of its continental shelf []

40. In 1972 the United States negotiated a treaty with Colombia to drop the US claims. Colombia maintained that its maritime domain in the San Andres Archipelago, which it has administered since 1928, included the disputed cays. Nicaragua claimed that the mere signing of a treaty between the United States and Colombia would enhance Colombia's claim to the cays. Colombia at times encouraged this reading of the Quita Sueno Treaty, especially for its domestic audience. The United States, however, sought only to renounce its own claims and took no position on the claims of any third parties []

41. In 1980, Nicaragua's new Sandinista government rejected the 1928 boundary treaty with Colombia, claiming that Nicaragua was coerced to sign by occupying US forces that were in Nicaragua in response to instability problems. At the same time, the Sandinista government extended its claim to include not only the cays in dispute but also the inhabited islands to the south, San Andres and Providencia, that now belong to Colombia and have a predominantly Colombian population. []

42. Earlier this year Colombia strengthened its military position on San Andres and Providencia. Fearing that Nicaragua might attempt an occupation as in the Falklands situation, Colombia has also increased its vigilance over the other cays. Nicaragua has used its claim to bolster domestic support by appealing to nationalistic emotions but is not expected to make any military moves. It does not wish to become militarily involved with a large South American country, and the Sandinista-led government is preoccupied with internal security problems, consolidating power, and the perceived threat from its Central American neighbors. Furthermore, Nicaragua does not possess the military capabilities to mount a successful attack against the islands []

43. The US Senate ratified the Quita Sueno Treaty in 1981, renouncing all US claims to the three cays of Quita Sueno, Roncador, and Serrano. The United States also offered several times to exchange diplomatic notes with Nicaragua (which would have the same

effect under international law as the Quita Sueno Treaty) and renounce US claims to the islands. The Nicaraguans showed little interest in such an exchange []

44. Colombia and Nicaragua have shown little inclination to discuss these boundary disputes bilaterally, even though relations between the two countries were relatively good immediately following the 1979 revolution in Nicaragua. Colombia would be unwilling to cede control of any of the disputed territories and exercises control over the area. []

Colombia-Venezuela

45. The dispute between Colombia and Venezuela over jurisdiction in the Gulf of Venezuela has existed for almost 150 years. In October 1980, agreement reportedly was reached on a draft treaty, with both sides compromising on their claims, but no consensus was reached in Venezuela and further discussion will have to await the inauguration of the new Venezuelan government in 1984 []

46. The two states share a land boundary on the peninsula west of the Gulf of Venezuela. Small Venezuelan islands (Los Monjes) are located approximately 30 kilometers northeast of the peninsula where the Gulf meets the Caribbean. Venezuela had maintained that the Gulf of Venezuela with its valuable deposits of

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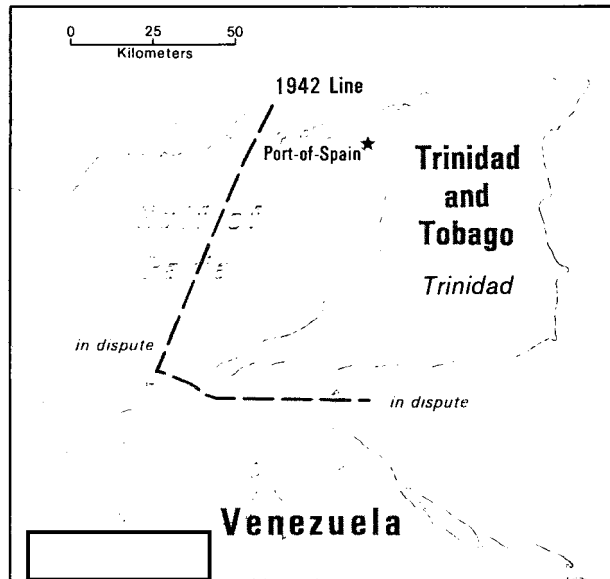


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oil is Venezuelan internal waters and that the treaty should have reflected that fact. Colombia had argued for the application of an equidistant line ignoring Los Monjes in its calculations.

Venezuela-Trinidad and Tobago

47. Maritime boundary claims affecting fishing rights and oil and gas exploitation are involved in a dispute pitting Trinidad and Tobago against Venezuela. Representatives of the two countries have been negotiating regularly in recent years, and agreement was reached in 1980 on a draft treaty that still leaves some overlapping claims.



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48. The two sides concluded a continental shelf boundary agreement in the Gulf of Paria in 1942. Present negotiations deal with proposed Venezuelan modifications to the 1942 line and extensions of the existing maritime boundary north into the Caribbean and east into the Atlantic Ocean. Problems arise with the eastward extension and involve the baseline used in calculating the equidistant line. The baseline Venezuela favors would push the equidistant line north into waters of Trinidad and Tobago.

49. Since mid-1981, there have been incidents involving fishing boats from Venezuela and patrol boats from Trinidad and Tobago in the disputed areas. In May 1982 the Venezuelan press alleged that oil and

gas exploitation by Trinidad and Tobago along Venezuela's continental shelf would drain off Venezuelan oil and gas resources. The two countries, however, have recently begun talks to find solutions to their differences. Press reports from Trinidad in late June noted that the countries had agreed to a formula to avoid fishing disputes. On 1 July they opened "conversations" regarding the maritime borders.

Guyana-Suriname

50. Although the issue is currently dormant, Suriname has in the past claimed ownership of a wedge-shaped piece of land in southeastern Guyana. In 1799 the local governors agreed that the Courantyne River formed the dividing line between their respective territories, but problems arose from the fact that the Courantyne does not flow the entire length of the border. Guyana, following British precedence, claims that the Kutari River is the main headwater of the Courantyne River and that the boundary at present is correct. Suriname maintains that the New River to the west of the present boundary is the principal affluent of the Courantyne River and that the boundary should be shifted westward to reflect this.

51. Complicating the issue between the two countries has been the discovery of rich mineral deposits in the disputed region and Guyana's attempts to block



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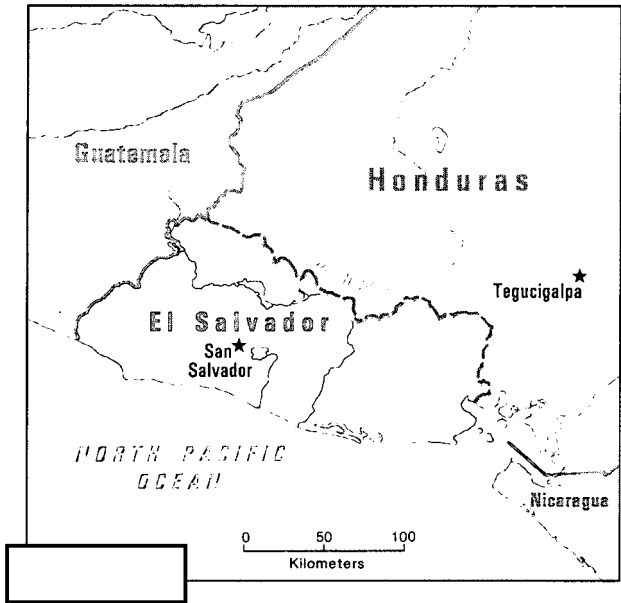
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the construction of a large hydroelectric project in Suriname that would use the water from the Courantyne. Efforts to initiate talks on the boundary have stalled, and neither country is expected to press the issue in the near term

El Salvador-Honduras

52. Although agreements in the 19th century established most of the boundary between El Salvador and Honduras, no treaty delimited the entire boundary.



Disputes have been common along the frontier especially in the east. Any loss of land is more vital to densely populated El Salvador than to sparsely populated Honduras.

53. Incidents between the two countries became intense in the late 1960s, culminating in a full-scale war in 1969. The conflict stemmed mostly from economic and population pressures but was referred to as the "soccer war" because it was preceded by an inflammatory soccer game between the two countries' national teams. Salvadoran troops penetrated 25 kilometers into Honduras. Both sides agreed in 1970 to a demilitarized zone on either side of the border and in 1976 a peace protocol to settle the dispute was signed.

54. In October 1980 agreement was reached on a General Peace Treaty that called for demarcation of two-thirds of the boundary and set up a commission to work toward resolving the boundary in the undemarcated area. The agreement is designed to achieve a solution in an area being exploited by leftist insurgents for training and infiltration. Coordination occurs regularly between Honduran and Salvadoran military units along the border. In June 1982 the Presidents of the two countries met in Honduras and called for a settlement and demarcation of the boundary as soon as possible without recourse to international arbitration.

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5 August 1982

MEMORANDUM FOR: Deputy Director of Central Intelligence
FROM : Assistant NIO for Latin America
SUBJECT : Talking Points -- SNIE 90/91-3-82: Implications of the Falklands Conflict for Territorial Disputes in Latin America

1 [redacted] 25X1
[redacted] 25X1
The DCI asked for an estimate [redacted] 25X1
[redacted] for conflict breaking out regarding other territorial 25X1
disputes in the hemisphere. [redacted] 25X1

2. The key findings of the intelligence community were:

a. The Falklands conflict has heightened irredentist rhetoric in some Latin American countries but, on balance, has had a dampening effect on prospects for an outbreak of hostilities elsewhere in the hemisphere.

b. Neither Argentina nor Chile is likely to initiate military action over the Beagle Channel during the next year or so.

c. Even if a conflict broke out, Peru and Bolivia are not likely to attack Chile; nor would Ecuador attack Peru.

d. Internal developments--not disputes elsewhere--are more likely to determine whether fighting breaks out elsewhere in the region. With regard to key disputes involving Venezuela and Guyana, Guatemala and Belize, and Nicaragua and Colombia, domestic and international considerations will continue to restrain these governments from using force.

e. Moscow and its surrogates are not likely to gain much from the Falklands' crisis ~~or any new conflicts.~~
nor is it likely to get deeply involved in any new conflicts

f. ~~Although~~ additional hemispheric hostilities would adversely affect US interests in the region, ^{but} most Latin American countries would continue to look to the US to play a role in resolving intraregional conflicts. [redacted] 25X1

3. The draft generated little controversy within the intelligence community. Several issues, however, did provoke some discussion and warrant attention:

[redacted] 25X1

a. Potential Soviet arms sales to Latin America. As various drafts evolved, the participants expressed growing skepticism that Argentina would turn to the USSR for arms. In the end, the group concluded that "the staunchly anti-communist regime is unlikely to turn to the Soviets for military equipment unless no other sources are available".

b. Argentine attack on the Beagle Channel. All agreed that logic argues strongly against Argentina initiating hostilities, but some representatives--particularly INR--argued that the draft should not overly discount the possibility for irrational action. Much the same point should be kept in mind with regard to prospects for conflict breaking out over other disputes in the region.

c. International mediation of the Beagle Channel dispute. Initial drafts stated almost flatly that Argentina would continue delaying tactics to frustrate papal mediation, but recent information prompted some rewriting to reflect more flexibility in the Argentine position. [redacted] 25X1

4. An overview map and more detailed maps showing each border dispute [redacted] in the Beagle Channel area will accompany the text. [redacted] 25X1



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