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IMPLICATIONS OF THE FALKLANDS CONFLICT FOR
TERRITORIAL DISPUTES IN LATIN AMERICA

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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

¹ Source: Central Intelligence Agency, CIA History Staff Files. Secret; [*handling restriction not declassified*]. The Estimate was prepared using information available as of August 10.

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 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.

[Omitted here is the Discussion portion of the Estimate as well as attached Annexes A-C.]