

UNCLASSIFIED

E05

[REDACTED]

STADIS

Case Number: 200102877

Page: 1
RELEASED IN PART
B1, 1.5(C)

PTQ1317

[REDACTED]

PTQ1317

PAGE 01 STATE 126522 071437Z
ORIGIN ARA-01

INFO LOG-00 OASY-00 TEDE-00 ADS-00 ONY-00 SSO-00 /001R

126522
SOURCE: KODAKC.070090
DRAFTED BY: ARA/AND: TDSEWARD: TDS -- O~/O~/97 202/647-3360
APPROVED BY: ARA/AND: DDIPAULO
ARA/AND: DDIPAULO
DESIRED DISTRIBUTION:
ARA-3

-----CD2D35 071533Z /38

R 071432Z JUL 97
FM SECSTATE WASHDC
TO AMEMBASSY BOGOTA
AMEMBASSY CARACAS
AMCONSUL GUAYAQUIL
AMEMBASSY LA PAZ
AMEMBASSY LIMA
AMEMBASSY QUITO

[REDACTED] STATE 126522

STADIS

OFFICIAL INFORMAL

EXTEND CLASSIFICATION

E.O. 12958: DECL: 12/31/99
TAGS: AMGT, BL, CO, PE, EC, VE
SUBJECT: OFFICIAL INFORMAL

[REDACTED]
[REDACTED]

PAGE 02 STATE 126522 071437Z
FOR AMBASSADOR - DCM - POL - ECON

CLASSIFIED BY DONNA DIPAULO ARA/AND, DEPARTMENT OF STATE.
REASON 1.5 D

FOLLOWING IS THE ASDAR FOR JULY 3, 1997

STADIS
[REDACTED]

Page: 1

UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: MELVIN E. SINN
DATE/CASE ID: 13 JUN 2002 200102877
CLASSIFICATION: SECRET REASON: 25X1
DECLASSIFY AFTER: 09/20/27

UNCLASSIFIED

[REDACTED]
STADIS

Case Number: 200102877

1. (U) BOLIVIA: ONE POLICEMAN DEAD IN CHAPARE AMBUSH. POLICE ENGAGED IN AN ERADICATION OPERATION WERE AMBUSHED BY A GROUP OF CAMPESINOS JULY 2. ONE POLICEMAN DIED OF A GUNSHOT WOUND TO THE UPPER CHEST.
2. (SBU) BOLIVIA: CN ENFORCEMENT RESULTS ON THE UPSWING. ARRESTS, COCAINE SEIZURES, AND PROPERTY SEIZURES FOR FY 9- HAVE ALREADY SURPASSED FY96 FIGURES. MUCH OF THE SUCCESS IS THE RESULT OF ADDITIONAL FINANCIAL RESOURCES AND PERSONNEL PROVIDED TO DEA BY CONGRESS FOR SOURCE COUNTRY ENFORCEMENT PROGRAMS.
3. (C) ECUADOR: CONGRESS LIKELY TO REPLACE SUPREME COURT. SUPREME COURT PRESIDENT CARLOS SOLORZANO HAS ALIENATED THE GOE AND THE MAJOR POLITICAL PARTIES THROUGH PERCEIVED POLITICIZATION OF THE COURT. CONGRESS IS EXPECTED TO ENACT A CONSTITUTIONAL REFORM VACATING THE ENTIRE SUPREME COURT IMMEDIATELY. LAST WEEK, ECUADORAN POLITICIANS LEADERS TWISTED STATEMENTS BY THE U.S. AND BRITISH AMBASSADORS TO CONTEND THAT THE INTERNATIONAL COMMUNITY, PARTICULARLY THE USG, CONSIDERS THE CURRENT COURT TO BE RIFE WITH NARCO-CORRUPTION. (AMBASSADOR ALEXANDER HAD, IN RESPONSE TO A

PAGE 03 STATE 126522 071437Z
 JOURNALIST'S QUESTION, ACKNOWLEDGED THE VISA REVOCATIONS OF A FEW FORMER JUDGES TIED TO NARCOTICS TRAFFICKERS. BRITISH AMBASSADOR LEVERS HAD PUBLICLY NOTED THAT AN INEFFECTIVE JUDICIARY DISCOURAGES FOREIGN INVESTMENT.) IN A 6/24 MEETING WITH AMB. ALEXANDER, SOLORZANO ACKNOWLEDGED THAT HIS DAYS WERE NUMBERED.

4. (U) PERU: BANK SUPERINTENDENT RESIGNS OVER PROVISIONING RULES. BANK SUPERINTENDENT MANUEL VASQUEZ RESIGNED JUNE 23 AFTER ECONOMY AND FINANCE MINISTER JORGE CAMET BLOCKED ISSUANCE OF NEW LOAN LOSS PROVISIONING REGULATIONS. THE PROPOSED RULES WOULD HAVE REQUIRED BANKS TO BOOST LOAN LOSS RESERVES SHARPLY AT A TIME WHEN THE COUNTRY'S ECONOMIC PICTURE IS CLOUDED BY THE PROSPECT OF A SEVERE "EL NINO" WEATHER PHENOMENON. THE LONG-RUNNING CAMET/VASQUEZ FEUD, A CONSTANT FEATURE OF THE PERUVIAN FINANCIAL POLICY-MAKING SCENE SINCE LAST YEAR, HAD SLOWED FULL IMPLEMENTATION OF PERU'S NEW BANKING LAW. MARTIN NARANJO, A FORMER ADVISOR IN THE MINISTRY OF ECONOMY AND FINANCE, HAS BEEN NOMINATED TO REPLACE VASQUEZ. HE IS

STADIS
[REDACTED]

[REDACTED]
STADIS

Case Number: 200102877

LIKELY TO HAVE A SMOOTHER RELATIONSHIP WITH CAMET. GOP OFFICIALS HAVE ASSURED EMBASSY LIMA THAT VASQUEZ'S OUSTER WILL NOT ADVERSELY AFFECT U.S.-PERUVIAN COOPERATION ON MONEY LAUNDERING ENFORCEMENT AND SAY THAT NEW MONEY LAUNDERING REGULATIONS WILL BE ISSUED SHORTLY.

5. (S) PERU: SIN TAKES ON TAX, CUSTOMS & TREASURY FRAUD INVESTIGATIONS. [REDACTED] INDICATES THAT THE CIVILIAN

B1

REGIONAL SUPERVISORS OF THE PERUVIAN NATIONAL TAX ADMINISTRATION SUPERINTENDENCY (SUNAT), ALONG WITH CUSTOMS

[REDACTED]
[REDACTED]

PAGE 04 STATE 126522 071437Z
AND TREASURY OFFICIALS, WERE CALLED TO A MEETING AT THE HEADQUARTERS OF THE NATIONAL INTELLIGENCE SERVICE (SIN) WHERE THEY WERE BRIEFED ON PLANS FOR THE RESTRUCTURING OF THE FRAUD INVESTIGATIVE PROCESS AT SUNAT, CUSTOMS AND TREASURY. THE OFFICIALS WERE TOLD THAT 200 SIN OFFICERS WILL BE DISPERSED TO FIELD OFFICES TO ESTABLISH NEWLY CREATED CRIMINAL COORDINATION OFFICES. FIFTY SIN OFFICERS WILL BE ASSIGNED TO SUNAT, 50 OFFICERS TO CUSTOMS, AND 100 OFFICERS TO THE TREASURY TO HELP DIRECT PERUVIAN NATIONAL POLICE (PNP) INVESTIGATIVE UNITS. WITH THIS RESTRUCTURING, TREASURY, TAX AND CUSTOMS FRAUD INVESTIGATIONS WILL ONLY BE PROPOSED AND INITIATED BY THE SIN'S CRIMINAL COORDINATION OFFICES, LEAVING THE PNP POWERLESS TO INITIATE THEIR OWN INVESTIGATIONS AS WAS DONE PREVIOUSLY. MANY PNP OFFICERS HAVE COMMENTED THAT THE RESTRUCTURING IS A MANEUVER BY SIN DE FACTO CHIEF VLADIMIRO MONTESINOS TO CONSOLIDATE FURTHER HIS POWER AND TO POSITION THE SIN TO DIRECT INVESTIGATIONS AGAINST POSSIBLE POLITICAL OR PROFESSIONAL OPPONENTS WHILE PROTECTING MEMBERS OF THE CURRENT GOVERNMENT FROM INVESTIGATION.

6. (U) PERU: GOP DENIES BOYCOTT OF EMBASSY LIMA JULY 4TH EVENT. GOP OFFICIALS HAVE DENIED AN "EXPRESO" NEWSPAPER ARTICLE THAT THE PERUVIAN GOVERNMENT IS PLANNING A BOYCOTT OF EMBASSY LIMA'S INDEPENDENCE DAY CELEBRATION IN REACTION TO RECENT PUBLIC STATEMENTS MADE BY AMBASSADOR JETT. NONETHELESS, EMBASSY LIMA EXPECTS THAT ATTENDANCE BY GOVERNMENT OFFICIALS, ESPECIALLY MILITARY OFFICIALS, WILL BE DOWN THIS YEAR. PRESIDENT FUJIMORI, WHO SINCE BECOMING PRESIDENT HAS NEVER ATTENDED A JULY 4TH EVENT, WILL BE IN JAPAN ON THE FOURTH.

STADIS
[REDACTED]

Page: 3

UNCLASSIFIED

Page: 4

[REDACTED]
STADIS

Case Number: 200102877

[REDACTED]
[REDACTED]
PAGE 05 STATE 126522 071437Z

7. (C) PERU/ECUADOR: TERAN TO VISIT WASHINGTON? TED WILKINSON REPORTS FROM BRASILIA THAT ECUADORAN DELEGATION CHAIRMAN TERAN WANTS TO VISIT WASHINGTON BETWEEN EACH ROUND OF TALKS, AND MAY TRY TO PLAN HIS NEXT VISIT FOR MID-JULY. HE IS ALSO CONTEMPLATING A STOP IN BOSTON TO MEET WITH PROF. ROGER FISHER, AND HOPES TO ARRANGE AN OFF-THE-RECORD BRAINSTORMING SESSION WITH FISHER, AND POSSIBLY PERUVIAN OFFICIALS. FISHER HAS MET WITH TERAN PREVIOUSLY, BUT NOT TOGETHER WITH PERUVIANS. MIKE ORFINI OF OVP CALLED US TO ASK WHETHER ANY DEPARTMENT OFFICIALS MIGHT GO TO BOSTON

SHOULD THE SESSION COME OFF; IT SEEMS DOUBTFUL IF ONLY GIVEN THE SCHEDULING.
PICKERING

[REDACTED]
NNNN

STADIS
[REDACTED]

Page: 4

UNCLASSIFIED