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13 Apr 92

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1. (U) PURPOSE: To provide background information on Peru for [REDACTED] (b)(3)

2. (U) POINTS OF MAJOR INTEREST:

a. ~~(C)~~ Were the events on 5 April 1992 a Fujimori led coup or a military led coup with a token Fujimori representation?

- ~~(S/NF)~~ The coup appears to be a joint venture by the military and Fujimori.

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The resurgence of Alan Garcia as the leader of an increasingly obstructionist opposition, and the person most often blamed for Peru's current fiscal and economic crisis posed an intolerable combination for the Peruvian Army and Fujimori.

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- ~~(S/NF)~~ Montesinos, who is given credit for drafting the national security decrees published last year, intends to provide Fujimori and the military with a legal framework which will allow and aggressive eradication of both government corruption and inefficiency, and a high-visibility campaign

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against the SL. These decrees include a tough anti-terrorism law (which includes the death penalty), reorganization of the notoriously inept prison system, and restructuring the court system to speed up the administration of justice to terrorists.

b. ~~(S)~~ Can Fujimori reverse the situation and reestablish democracy in Peru?

- ~~(S/NF)~~ It is highly unlikely that Fujimori will reverse his decision to dissolve the legislature and judiciary. Fujimori has given no indications that he would be willing to enter into meaningful dialogue with the political opposition. In post coup speeches Fujimori has been recalcitrant, confrontational and accusatory, blaming "a sterile and empty parliament and a corrupt judiciary " for hampering the implementation of his plans for Peru. Fujimori insists that his actions have the support of 85% of the population and as a result is determined to continue to follow this course of action.

- ~~(S/NF)~~ It appears that Fujimori has no plans to permit the traditional opposition to participate in any fashion in the post coup government. Fujimori has announced that he will submit his actions to a popular plebescite within six months. Voting on a new constitution and new congressional elections are to be held thereafter (assuming Fujimori receives a vote of confidence from the Peruvian electorate). There has been no mention of participation by the opposition in the drafting of the new constitution. Indeed it appears that Fujimori intends to reduce the number of political parties and streamline the political system. The political parties (with the exception of Fujimori's own Cambio '90 party) are unanimous in the rejection of the Fujimori coup.

- ~~(S/NF)~~ The principal target of the government crackdown has been the American Popular Revolutionary Alliance (APRA) the largest and best organized of the opposition parties. A highly mobilized organization, the APRA has long been the target of military repression. With the removal of constraints on the opposition, anti-government demonstrations can be expected to intensify. The Presidents of the Senate and Chamber of Deputies were released from house arrest yesterday and have vowed to reconvene the congress, an effort that will meet military resistance.

- ~~(S/NF)~~ There is no reconciling the extreme positions taken by Fujimori and the political opposition. Fujimori has suspended the constitution and dissolved the legislative and judicial branches. In turn the

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Congress has impeached Fujimori and declared him incompetent to rule, appointing 2d Vice President Carlos Garcia Garcia acting President of Peru. The impasse mitigates against any constitutional accommodation.

c. ~~(S)~~ What would be the financial impact of the cutoff of aid to Peru?

- ~~(C/NF)~~ A financial cutoff by the major donors (US, EEC, and Japan) would have a ruinous effect on the Peruvian economy. At this time, many donors have announced the suspension of most non-humanitarian aid programs and are waiting for a response from the Organization of American States before deciding on the permanent fate of their individual programs. The Peruvian government has launched an aggressive damage control effort to prevent the permanent cutoff of international financial assistance. Nevertheless, in anticipation of reduced international support, the Peruvian government has stated it will suspend debt repayment to those countries which cut off financial aid.

- ~~(C/NF)~~ The lack of continued access to both bilateral and multilateral funds to continue financing structural changes in the Peruvian economy would probably destroy Fujimori's ambitious economic reform program. Peru is highly dependent on financial inflows from the international community and balance of payment problems would quickly surface if these inflows are stopped or curtailed. A cutoff in aid would also have long-term effect on Peru's economic reform program. In particular, it will be increasingly more difficult to attract foreign investors, given investor uncertainty over the legitimacy of the current government.

- ~~(C/NF)~~ Domestically, Fujimori will be under intense pressure to substantially increase military and police salaries, as well as provide additional funds to support an expected upswing in operational tempo. Against the backdrop of reduced government income, these pressures will probably rekindle inflation, reduce economic growth, and expand unemployment. It is unlikely the Fujimori government could sustain the collapse of the economy.

d. ~~(S)~~ Is the Peruvian Government going to conduct meaningful CD operations?

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- ~~(C/NF)~~ CD operations will not be a top priority for the Peruvian government. This is not a departure from prior Peruvian positions. The military and police may conduct those CD operations where a firm connection between narcotraffickers and guerrillas can be identified.

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Fujimori has issued a decree authorizing the Air Force to control all airports in the UHV, destroy clandestine airstrips and force down unidentified aircraft. However, without US resources and assistance the implementation of this decree is highly unlikely.

a. ~~(S)~~ Will the coup have a significant impact of Sendero Luminoso (SL) in the near and /or long term?

- ~~(C/NF)~~ Fujimori's actions on 5 April 1992 will have no lasting impact on Sendero Luminoso. SL strategists and ideologues have envisioned and planned for a repressive military takeover that would provoke further polarization of the Peruvian population and establish part of the conclusive stage for the collapse of the government of Peru. In expectation of such a repressive government, the SL has established a vast urban network of both clandestine and overt supporters. We believe this network is sufficiently well entrenched to survive government countermeasures.

- ~~(C/NF)~~ In the short term, the armed forces and police will attempt to reestablish control over urban prisons, undermine the growing SL influence and control of urban slums areas through civic action and implement aggressive rural counterinsurgency operations. Initially these operations can be expected to have some success against open SL support networks, villages and other SL controlled front organizations.

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- ~~(C/NF)~~ Nevertheless, despite the deployment of additional military and police in the capital city Lima to provide security for Fujimori's actions, SL has continued an operational pace set prior to April 5. There

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have been selective assassinations of police and military members as well as members of their families. A 100 kg car bomb destroyed a police station in the Villa El Salvador slum on 8 April. The additional military presence appears to have had no immediate impact on SL.

f. ~~(S)~~ Will this help MRTA?

- ~~(S/NF)~~ The dissolving of congress and the intimidation of legitimate political opposition has polarized the Peruvian body politic. Opposition to the government its policies and actions has lost its legitimate outlet. Those members of the left who sought to work through the political system have been expelled by the system. As a result the radical fringe can be expected to join the rebellious arms of the left. The Tupac Amaru Revolutionary Movement (MRTA) is expected to make the most significant gains in adherents because of its historical links to the American Popular Revolutionary Alliance (APRA).

COORDINATION: None.

PREPARED BY:

(b)(3)

APPROVED BY:

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