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Case Number: S200200010

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ACTION SS-00

INFO	LOG-00	ACDA-10	ACDE-00	AID-00	AMAD-01	ARA-01	ACQ-01
	CA-02	CCO-00	OASY-00	ANHR-01	SRPP-00	DS-00	EAP-01
	EUR-01	OIGO-01	H-01	IMMC-01	INRD-00	TEDE-00	INR-00
	IO-00	LAB-01	L-01	ADS-00	MFLO-03	MMP-00	NEA-01
	NSAE-00	OCS-03	OIC-02	PA-00	PM-00	SCT-00	ASDS-01
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 CIA WASHINGTON DC IMMEDIATE  
 FBI WASHINGTON DC IMMEDIATE  
 DIA WASHDC IMMEDIATE  
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 USCINCSO QUARRY HEIGHTS PM//J3/J5/IMMEDIATE

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UNITED STATES DEPARTMENT OF STATE  
 REVIEW AUTHORITY: WILLIAM E. LANDFAIR  
 DATE/CASE ID: 12 AUG 2002 S200200010

n/a

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E.O. 12958: DECL: 12/20/06  
 TAGS: ASEC PTER PINR CASC PE  
 SUBJECT: TFPE01: PERU'S NEGOTIATING "TEAM"

1. CLASSIFIED BY DENNIS JETT, AMBASSADOR, EMBASSY LIMA,  
 REASON: 1.5 (D).

2. SUMMARY. PRESIDENT ALBERTO FUJIMORI WILL ALMOST CERTAINLY  
 CONDUCT ALL NEGOTIATIONS AND MAKE ALL GOP DECISIONS HIMSELF BEHIND  
 THE SCENES DURING THE HOSTAGE CRISIS. HE CAN ALSO BE EXPECTED TO  
 TURN TO A FEW CLOSE ADVISORS, ALL OF WHOM BUILT THEIR CAREERS BY  
 IMPLEMENTING PERU'S DETERMINED AND SOMETIMES EXCESSIVE STAND  
 AGAINST TERRORISM. PERU'S OSTENSIBLE NEGOTIATOR, EDUCATION  
 MINISTER DOMINGO PALERMO, IS LIKELY ONLY TO ARTICULATE AND NOT  
 FORMULATE THE GOP'S NEGOTIATING STRATEGY. END SUMMARY.

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 FUJIMORI: THE BUCK STOPS HERE  
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3. PRESIDENT FUJIMORI IS A HANDS-ON, DECISIVE EXECUTIVE WHO  
 RELIES ON FEW ADVISORS. WHETHER MAKING KEY POLICY DECISIONS,  
 DRAFTING LEGISLATION, OR MAKING HIGH-LEVEL APPOINTMENTS, HE  
 NORMALLY DOES NOT BUILD CONSENSUS BEFORE ACTING. FUJIMORI IS  
 ATTENTIVE TO HIS POPULAR STANDING, PARTICULARLY AMONG PERU'S POOR,  
 HIS BIGGEST CONSTITUENCY. HE OPENLY EXHIBITS ANIMOSITY TOWARDS  
 PERU'S TRADITIONALLY MORE INFLUENTIAL ELITES, AND HE GENERALLY  
 DISREGARDS THEIR OPINIONS. THE PERUVIAN PRESIDENT IS NOT RECEPTIVE  
 TO THE ADVICE OF FOREIGN COUNTRIES, PARTICULARLY IN MATTERS RELATED  
 TO NATIONAL SECURITY. HE TENDS TO PLAY UP EXPRESSIONS OF  
 INTERNATIONAL SUPPORT, AND PLAY DOWN THE SIGNIFICANT LEVELS OF USG  
 AND OTHER INTERNATIONAL ASSISTANCE, INCLUDING IN THE AREA OF  
 COUNTERTERRORISM.

4. AFTER AN ALMOST SIX-YEAR LONG HONEYMOON OF POPULAR

n/a

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SUPPORT, FUJIMORI IN THE LATTER HALF OF 1996 HAS BEEN CONFRONTING A SERIES OF DOMESTIC POLITICAL AND ECONOMIC SETBACKS WHICH HAVE DAMAGED HIS POLITICAL STANDING. PERU'S NATIONAL ELECTORAL COMMISSION RULED AGAINST THE FUJIMORI GOVERNMENT IN OCTOBER, ALLOWING THE OPPOSITION TO GO FORWARD WITH A REFERENDUM DRIVE TO PUT FUJIMORI'S ELIGIBILITY FOR A THIRD TERM IN 2000 TO A POPULAR VOTE. PERU'S ECONOMY, WHICH REGISTERED VERY STRONG GROWTH UNDER FUJIMORI, WILL LIKELY GROW BY A MUCH WEAKER 2 PERCENT IN 1996. IN ADDITION, FUJIMORI'S RELATIONS WITH THE ARMED FORCES SUFFERED IN EARLY DECEMBER NOVEMBER AFTER HE GRANTED AMNESTY TO RETIRED GENERAL ROBLES, A VOCAL CRITIC OF THE MILITARY JAILED FOR

[REDACTED]

[REDACTED]

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"INSUBORDINATION." THERE HAD BEEN A PUBLIC OUTCRY AGAINST THE VIOLENT NATURE OF ROBLES' ARREST IN NOVEMBER.

5. [REDACTED] PRESIDENT FUJIMORI'S POPULARITY HAS BEEN LARGELY BASED ON HIS GOVERNMENT'S ABILITY TO STABILIZE PERU'S ECONOMY AND TO FIGHT THE SENDERO LUMINOSO (SHINING PATH - SL) AND TUPAC AMARU REVOLUTIONARY MOVEMENT (MRTA) INSURGENCIAS. HE ACCOMPLISHED THE LATTER LARGELY BY TAKING A FIRM STAND AGAINST TERRORISM - PASSING TOUGH NEW ANTI-TERRORISM LAWS, GATHERING INFORMANTS VIA A NOW-EXPIRED REPENTANCE LAW, AND ADMINISTERING A LARGELY EFFECTIVE MIX OF MILITARY MIGHT AND INTELLIGENCE GATHERING. THIS YEAR FUJIMORI BOASTED PUBLICLY THAT HIS GOVERNMENT HAD DEFEATED PERU'S TERRORIST MOVEMENTS; HENCE, THE MRTA'S TAKING OF SOME 380 HOSTAGES HAS DEEPLY EMBARRASSED HIM AND UNDERMINED ONE OF THE PILLARS OF HIS POPULARITY.

6. [REDACTED] WHILE FUJIMORI WILL WEIGH DOMESTIC REPERCUSSIONS OF HIS ACTIONS IN THIS CRISIS MUCH MORE THAN FOREIGN REACTIONS, HE UNDERSTANDS THAT PERU'S ECONOMIC FUTURE DEPENDS IN LARGE PART ON FOREIGN INVESTMENT AND THE CONTINUED GENEROSITY OF INTERNATIONAL

NOTE: NOT PASSED TO ABOVE ADDRESSEE(S)

[REDACTED]

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DONORS. A BLOODY CONCLUSION TO THIS HOSTAGE CRISIS INITIATED BY THE GOP SERVES NEITHER END. WHILE FUJIMORI HAS VIRTUALLY CUT HIMSELF OFF FROM THE DIPLOMATIC COMMUNITY AND FOREIGN LEADERS (WITH THE EXCEPTION OF THE VISITING JAPANESE FOREIGN MINISTER), HE CAN BE EXPECTED TO CALCULATE VERY CAREFULLY THE POTENTIAL BREAKS IN THE BRIDGES HE HAS BUILT TO JAPAN, EUROPE AND THE UNITED STATES IN THE WAKE OF HIS 1992 "AUTO-COUP."

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 THE ADVISORS BEHIND THE SCENE  
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[REDACTED]  
 [REDACTED]  
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7. [REDACTED] IF THE PERUVIAN PRESIDENT LOOKS TO ANYONE, WE BELIEVE FUJIMORI WILL RELY FOR ADVICE ON DE FACTO INTELLIGENCE CHIEF VLADIMIRO MONTESINOS, JOINT SERVICES CHIEF GENERAL NICOLAS HERMOZA RIOS AND MINISTER OF INTERIOR JUAN BRIONES. BOTH MONTESINOS AND HERMOZA ARE LONGTIME, TRUSTED MEMBERS OF HIS INNER CIRCLE AND BOTH HAVE BIG STAKES IN THE OUTCOME OF THE HOSTAGE CRISIS. MONTESINOS, WHO WAS ACCUSED THIS FALL OF NARCOCORRUPTION BY A JAILED PERUVIAN DRUG KINGPIN, COULD BOOST HIS CONTROVERSIAL PUBLIC IMAGE AND DEFRAY POTENTIAL CRITICISMS OF PERUVIAN INTELLIGENCE FAILURE IF CREDITED WITH HELPING ACHIEVE A SUCCESSFUL, PEACEFUL OUTCOME. FUJIMORI ALREADY GAVE HIM A RECENT SHOT IN THE ARM BY GIVING HIM MUCH OF THE CREDIT FOR THE ARREST OF ANOTHER PERUVIAN DRUG KINGPIN, "CHAMPA."

8. [REDACTED] GENERAL HERMOZA HAS COORDINATED THE MILITARY'S COUNTERINSURGENCY CAMPAIGNS OVER THE LAST FOUR YEARS AND IS A PASSIONATE HARDLINER AGAINST SL AND MRTA. HERMOZA DISCUSSED AT LENGTH HIS COUNTERINSURGENCY SUCCESSES IN HIS NOVEMBER 25 MEETING WITH SOUTHCOM COMMANDER GENERAL CLARK, INSISTING THAT TERRORISM HAD BEEN ESSENTIALLY DEFEATED IN PERU. HE WILL ALMOST CERTAINLY PRESS THE CASE FOR MAKING NO CONCESSIONS TO TERRORISTS. INTERIOR MINISTER BRIONES, WHO SERVED AS AN EARLY NEGOTIATOR OUTSIDE THE JAPANESE AMBASSADOR'S RESIDENCE, COMMANDS THE SEVERAL HUNDRED STRONG POLICE FORCE SURROUNDING THE HOUSE. WE EXPECT FUJIMORI WILL LEAN ON BRIONES FOR TECHNICAL ADVICE ON THE FEASIBILITY OF CONTINGENCY RESCUE OPTIONS. BRIONES, ALREADY UNDER FIRE BECAUSE THE PERUVIAN POLICE ALLOWED 15-25 MRTA TERRORISTS TO SEIZE 380 VIP

[REDACTED]  
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HOSTAGES, MAY BE INCLINED TO OVERESTIMATE THE CRUDE CAPABILITIES OF HIS PERSONNEL.

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EDUCATION MINISTER PALERMO: NEGOTIATOR WITHOUT AUTHORITY  
[REDACTED]  
[REDACTED]

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9. [REDACTED] EDUCATION MINISTER DOMINGO PALERMO IS THE GOP'S OFFICIAL NEGOTIATOR, BUT IT IS ALREADY EVIDENT THAT HE LACKS THE AUTHORITY TO CONDUCT MEANINGFUL NEGOTIATIONS WITH THE MRTA. THE CANADIAN AMBASSADOR, WHO IS TRYING TO PLAY HIS OWN SIDE NEGOTIATING ROLE, HAS EXPRESSED SERIOUS MISGIVINGS ABOUT PALERMO'S HEAVY DEPENDENCE ON FUJIMORI. THE GOP CURRENTLY HAS NO ONE OUTSIDE THE JAPANESE AMBASSADOR'S RESIDENCE TO RECEIVE AND SEND MESSAGES THROUGH THE ICRC TO THE MRTA TERRORISTS INSIDE. AN ICRC REPRESENTATIVE NOTED ON DECEMBER 20 THAT SO FAR THE MRTA HAS CONTINUED TO DEMAND THE RELEASE OF MRTA PRISONERS, AND THE GOP HAS RESPONDED REPEATEDLY THAT THEIR RELEASE IS OUT OF THE QUESTION. IF THE GOP SHOWS ANY FLEXIBILITY, WE DO NOT BELIEVE IT WILL BE SUGGESTED OR INITIATED BY PALERMO, BUT RATHER FUJIMORI WILL DECIDE WHEN AND IF TO FIND SOME ROOM FOR MANEUVERING WITH THE MRTA.

10. [REDACTED] ALTHOUGH WE UNDERSTAND FUJIMORI TRUSTS AND LIKES HIS EDUCATION MINISTER, PALERMO CARRIES VIRTUALLY NO LEGITIMACY FOR THE MRTA. PALERMO IS AN APOLITICAL, FIFTY-YEAR OLD ENGINEER AND  
[REDACTED]

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BUSINESSMAN WHO JOINED FUJIMORI'S CABINET ONLY EIGHT MONTHS AGO.  
 HE HAS NO EXPERIENCE WITH TERRORISM ISSUES AND IN THE WORDS OF ONE  
 CONGRESSWOMAN, "HE HAS NEVER EVEN SEEN THE INSIDE OF A PRISON,"

[REDACTED]  
n/a

[REDACTED]

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WHERE MOST MRTA MILITANTS REMAIN. HIS NEGOTIATING EXPERIENCE HAS BEEN LARGELY CONFINED TO SIGNING CONTRACTS RELATED TO RUNNING HIS NORTHERN PERU TELEVISION STATION. HE DID ACCOMPANY FUJIMORI TO JAPAN NOVEMBER 13-14 DURING THE PERUVIAN PRESIDENT'S SWING THROUGH ASIA, BUT HE HAS HAD LITTLE EXPERIENCE DEALING WITH FOREIGN POLICY ISSUES, LET ALONE A FOREIGN POLICY ISSUE OF THE MAGNITUDE THIS HOSTAGE CRISIS HAS BECOME FOR PERU.

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[REDACTED]

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COMMENT  
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11. [REDACTED] ANY HEAD OF GOVERNMENT WOULD TAKE CHARGE OF A SITUATION SIMILAR TO PERU'S HOSTAGE CRISIS, BUT PRESIDENT FUJIMORI CAN BE EXPECTED TO CONTINUE TO MAINTAIN NEAR-TOTAL CONTROL OVER GOP STRATEGY AND PLANNING IN THE WAKE OF THIS ENORMOUS EMBARRASSMENT TO HIS GOVERNMENT. IF OUR PAST EXPERIENCE WITH FUJIMORI'S HERMETIC AND HIGHLY-CENTRALIZED DECISION-MAKING PROCESS IS ANY GUIDE, WHAT THE PERUVIAN GOVERNMENT GAINS BY FUJIMORI'S DECISIVENESS, IT LOSES IN TRANSPARENCY.

JETT

[REDACTED]

NNNN

n/a

[REDACTED]