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[REDACTED] SECTION 01 OF 05 LIMA 12443

E.O. 12356: DECL: OADR
TAGS: OVIP (DAM, KENNETH), OTRA, PE
SUBJECT: INPUT TO BRIEFING MATERIALS FOR DEPUTY
SECRETARY DAM'S MEETINGS IN LIMA

REFS: (A) STATE 300419; (B) LIMA 12124; (C) LIMA 12406

1. ENTIRE TEXT.
2. THERE FOLLOW POST INPUTS TO BRIEFING MATERIALS BEING PREPARED FOR DEPUTY SECRETARY DAM'S MEETINGS IN PERU. FORMAT FOLLOWS PARA 3 REF A.
3. MEETING/LUNCHEON WITH PRESIDENT FERNANDO (BELAUNDE) TERRY.

REASON FOR MEETING: PRESIDENT BELAUNDE IS ENTERING THE FINAL MONTHS OF HIS FIVE-YEAR TERM. HE IS FACED WITH A VARIETY OF DIFFICULT PROBLEMS. THE RECENT FAILURE OF CENTER RIGHT PARTIES TO FORM A COALITION ENHANCES THE PROSPECTS THAT THE ELECTIONS WILL BE CONTESTED BETWEEN APRA AND IU. THE GOVERNMENT HAS YET TO IMPLEMENT A REALISTIC ECONOMIC PROGRAM TO DEAL WITH THE FISCAL DEFICIT, REPAY ARREARS TO COMMERCIAL BANKS AND REESTABLISH PRODUCTIVE RELATIONS WITH THE IMF. BELAUNDE NEEDS TO BE ENCOURAGED TO ACT ON THESE AND OTHER DIFFICULT ISSUES.

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D'S OBJECTIVES:

-- REASSURE PRESIDENT BELAUNDE OF OUR CONTINUED SUPPORT

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UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: DONALD A. JOHNSTON
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FOR HIS ADMINISTRATION AND OUR COMMITMENT TO DEMOCRACY.

-- URGE THE PRESIDENT TO PROMPTLY IMPLEMENT ECONOMIC MEASURES TO AMELIORATE THE FISCAL DEFICIT, TO PERMIT THE ELIMINATION OF ARREARS TO THE COMMERCIAL BANKS AND TO REESTABLISH PRODUCTIVE CONTACTS WITH THE IMF.

-- SEEK THE PRESIDENT'S SUPPORT FOR RESOLVING THE CIVIL AIR DISPUTE.

-- CONGRATULATE THE PRESIDENT ON PERU'S EFFORTS TO HALT NARCOTICS TRAFFICKING AND ASSURE HIM OF CONTINUED CLOSE U.S. COOPERATION.

SUGGESTED TALKING POINTS:

-- I ADMIRE THE STEPS YOU HAVE TAKEN TO PROMOTE DEMOCRACY IN PERU AND FULLY APPRECIATE THE DIFFICULT ELECTION PROCESS COMING UP. YOU CAN BE ASSURED OF OUR CONTINUED CLOSE COOPERATION AND OUR FIRM COMMITMENT TO THE DEMOCRATIC PROCESS.

-- THERE IS CONCERN IN WASHINGTON ABOUT THE ECONOMIC SITUATION IN PERU. I HOPE YOUR GOVERNMENT WILL BE ABLE TO PROMPTLY IMPLEMENT MEASURES TO REDUCE THE FISCAL DEFICIT, REPAY COMMERCIAL BANK ARREARS, AND REESTABLISH PRODUCTIVE RELATIONS WITH THE IMF. WE WOULD SUPPORT SUCH AN EFFORT WITH AID RESOURCES. I MUST TELL YOU FRANKLY, HOWEVER, THAT A 300 MILLION DOLLAR ECONOMIC STABILIZATION FUND LOAN DOES NOT APPEAR REALISTIC.

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-- I HOPE THAT IT WILL BE POSSIBLE TO RESOLVE OUR OUTSTANDING CIVIL AIR DISPUTE SOON. THIS PROBLEM HAS GONE ON FOR TOO LONG, AND UNDERCUTS SUPPORT FOR PERU IN OTHER KEY AREAS. IT IS DIFFICULT FOR WASHINGTON TO UNDERSTAND WHY THE GOP CANNOT GRANT FIFTH FREEDOM RIGHTS TO EASTERN, RIGHTS THAT ARE RECIPROCALLY GRANTED BY MOST COUNTRIES WITH WHOM WE HAVE CIVIL AVIATION RELATIONS.

-- I WANT TO CONGRATULATE YOU AND YOUR GOVERNMENT ON THE FIRM MEASURES YOU ARE TAKING AGAINST THE NARCOTICS MENACE. YOUR SPEECH AT THE UNITED NATIONS ON THE EVILS OF NARCOTICS AND TERRORISM WAS EXCELLENT AND HELPED TO SHOW OUR CONGRESS THE DEPTH OF YOUR GOVERNMENT'S COMMIT-

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MENT TO FIGHT THESE PROBLEMS. I HOPE THAT IT WILL BE POSSIBLE FOR THE PERUVIAN ARMY TO REMAIN IN MAJOR NARCOTICS PRODUCING AREAS IN ORDER TO SUPPORT INTERDICTION AND CROP ERADICATION PROGRAMS. YOU CAN COUNT ON OUR CONTINUED SUPPORT AND COOPERATION IN THIS AREA.

4. CALL ON PRIME (AND FOREIGN) MINISTER LUIS (PERCOVICH) ROCA FRIDAY, NOVEMBER 2, AT 4:00 P.M.

REASON FOR MEETING: PERCOVICH WAS NAMED PRIME MINISTER AND GIVEN THE FOREIGN MINISTRY PORTFOLIO ON OCTOBER 13. IN ALL LIKELIHOOD, HE WILL REMAIN IN BOTH POSITIONS UNTIL THE SUCCESSOR ADMINISTRATION ASSUMES OFFICE ON JULY 28, 1985. HE WILL, THUS, BE A KEY GOP DECISIONMAKER THROUGH THE ELECTORAL PERIOD. PERCOVICH IS UNLIKELY TO HAVE ACQUIRED PROFOUND EXPERTISE IN FOREIGN OFFICE BY THE TIME OF THE MEETING, BUT, IN HIS ROLE AS INTERIOR MINISTER FOR THE PREVIOUS 18 MONTHS, HE WAS DEEPLY INVOLVED IN

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E.O. 12356: DECL: OADR
 TAGS: OVIP (DAM, KENNETH), OTRA, PE
 SUBJECT: INPUT TO BRIEFING MATERIALS FOR DEPUTY

THE INTERNAL SECURITY (TERRORISM) AND NARCOTICS ISSUES. PERCOVICH IS NOT A PROFESSIONAL ECONOMIST, BUT HE WAS ONE OF THE CANDIDATES TO BECOME MINISTER OF ECONOMY IN APRIL 1984.

D'S OBJECTIVES: AS NOTED IN REF C, THIS MEETING WILL BE DIVIDED INTO TWO PARTS. IN THE FIRST PORTION (30 MINUTES DEVOTED TO MATTERS OTHER THAN NARCOTICS, THE DEPUTY SECRETARY'S PRINCIPAL OBJECTIVES SHOULD BE TO:

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-- OBTAIN A GREATER DEGREE OF PERUVIAN SUPPORT IN INTERNATIONAL ORGANIZATIONS, AND PARTICULARLY THE SECURITY COUNCIL, ON EAST-WEST ISSUES.

-- GET PERCOVICH TO PLAY A CONSTRUCTIVE ROLE WITH REGARD TO THE CIVIL AVIATION PROBLEM.

-- SEEK HIS SUPPORT FOR RATIONAL AND COHERENT ECONOMIC POLICIES IN THE PARTICULARLY COMPLEX PERIOD AHEAD.

-- REGISTER U.S. SUPPORT FOR HUMAN RIGHTS.
SUGGESTED TALKING POINTS:

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-- AS INTERIOR MINISTER YOU REPEATEDLY DENOUNCED EXTERNAL SUPPORT FOR SUBVERSION IN PERU. WE HAVE BEEN DEEPLY ENGAGED FOR SEVERAL YEARS NOW IN ATTEMPTING TO FIND A PEACEFUL SOLUTION TO THE PROBLEMS OF CENTRAL AMERICA WHICH HAVE BEEN SHARPLY EXACERBATED BY CUBAN AND NICARAGUAN SUPPORTED SUBVERSION. YOU CERTAINLY UNDERSTAND THE HARMFUL EFFECTS THIS PRODUCES AND THAT WE CANNOT PERMIT IT TO CONTINUE.

-- WE WOULD LIKE TO SEE A MORE AGGRESSIVE PERUVIAN EFFORT TO PLAY A MODERATING ROLE IN THE SECURITY COUNCIL, THE GENERAL ASSEMBLY, THE NONALIGNED, AND ELSEWHERE, PARTICULARLY IN THOSE INSTANCES WHEN THE CUBANS, NICARAGUANS AND SOVIETS USE THOSE ORGANIZATIONS TO ATTEMPT TO LEGITIMIZE THEIR ACTIONS AND CAST THE BLAME FOR THE REGION'S PROBLEMS ON OTHER CENTRAL AMERICAN NATIONS AND THE U.S.

-- I KNOW THAT THE BATTLE AGAINST AN INSIDIOUS, BRUTAL TERRORIST MENACE SUCH AS SENDERO LUMINOSO CAN OCCASIONALLY RESULT IN INNOCENT VICTIMS. BUT I WANT TO TELL YOU THAT RECENT REPORTS IN THE INTERNATIONAL MEDIA ABOUT MASS GRAVES AND DISAPPEARANCES ARE DOING SOME DAMAGE TO PERU'S IMAGE IN CERTAIN QUARTERS. WE KNOW THAT PRESIDENT BELAUNDE AND YOU ABHOR ANY EXCESSES WHICH TAKE PLACE AND WE HOPE YOU CAN BE SUCCESSFUL IN KEEPING THEM TO THE LOWEST POSSIBLE LEVEL.

-- YOU HAVE CERTAINLY BEEN BRIEFED ON OUR CIVIL AVIATION PROBLEM. I HOPE YOU CAN HELP FACILITATE A RESOLUTION OF THIS SITUATION WHICH IS ADVERSELY AFFECTING ALL CONCERNED

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-- I KNOW THAT YOU HAVE BEEN CLOSELY INVOLVED IN THE
DESIGN AND IMPLEMENTATION OF A PLAN TO BRING PERU OUT OF
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ITS CURRENT ECONOMIC PROBLEMS. I WOULD ENCOURAGE YOU TO
CONTINUE THESE EFFORTS, PARTICULARLY THOSE WHICH ARE
TRYING TO: (A) REDUCE THE FISCAL GAP; (B) KEEP CURRENT
ON DEBT SERVICING; AND (C) REESTABLISH A PROGRAM WITH
THE IMF. WE WILL TRY TO BE HELPFUL AND SUPPORT A
RESPONSIBLE ECONOMIC PROGRAM. HOWEVER, THERE IS NO
PROSPECT AT THIS TIME THAT WE WILL BE ABLE TO PROVIDE
\$300 MILLION UNDER THE ECONOMIC STABILIZATION FUND.

5. MEETING WITH PRIME (AND FOREIGN) MINISTER LUIS
(PERCOVICH) ROCA, AGRICULTURE MINISTER JUAN CARLOS
(HURTADO) MILLER, MINISTER OF INTERIOR OSCAR (BRUSH) NOEL
AND CHIEF OF NATIONAL INSTITUTE OF DEVELOPMENT JUAN DE
MADALENGOITIA ON FRIDAY, NOVEMBER 2, AT 4:30 P.M.

REASON FOR MEETING: THE KEY GOP ACTORS IN THE NARCOTICS
AREA WILL BE ASSEMBLED AT THIS MEETING. THE DEPUTY
SECRETARY WILL BE ABLE TO UNDERSCORE HIGH LEVEL U.S.
INTEREST IN COCA ERADICATION AND INTERDICTION AND TO
MAKE A NUMBER OF KEY POINTS TO PERUVIAN DECISION-MAKERS.
D'S OBJECTIVES: THE DEPUTY SECRETARY'S OBJECTIVES IN THE
NARCOTICS PORTION OF THE MEETING SHOULD BE TO:

-- INSURE THAT THE GOP CLEARLY UNDERSTANDS THE IMPLICA-
TIONS THAT THE HAWKINS-GILMAN AMENDMENT TO THE FAA HAS
FOR ALL U.S. ASSISTANCE PROGRAMS IN PERU.

-- OBTAIN PERCOVICH'S AND BRUSH'S ASSISTANCE IN ENCOUR-
AGING THE MILITARY COMMAND IN THE UPPER HUALLAGA TO PERMIT
THE POLICE (UMOPAR) TO CONDUCT ANTI-NARCOTICS OPERATIONS.

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E.O. 12356: DECL: OADR
TAGS: OVIP (DAM, KENNETH), OTRA, PE
SUBJECT: INPUT TO BRIEFING MATERIALS FOR DEPUTY

-- INSURE THAT COCA ERADICATION TEAMS ARE PROVIDED ARMED PROTECTION.

-- GUARANTEE CONTINUITY OF LEADERSHIP IN THE COCA ERADICATION PROJECT (CORAH).

SUGGESTED TALKING POINTS:

-- THE USG IS PLEASED WITH THE PROGRESS THAT THE PERUVIAN GOVERNMENT HAS MADE THIS YEAR IN ERADICATING COCA--MORE THAN 2500 HECTARES BY MID-OCTOBER. WE ARE HOPEFUL THAT PERU CAN CONTINUE SUCH PROGRESS AND MEET THE GOAL OF ERADICATING 6000 HECTARES OF COCA IN 1985.

-- THE USG BELIEVES IT IS ESSENTIAL THAT CONTINUITY IN THE LEADERSHIP OF THE PERUVIAN COCA ERADICATION PROGRAM IN THE UPPER HUALLAGA (CORAH) BE MAINTAINED EVEN WHEN GOVERNMENTAL CHANGES TAKE PLACE. THIS IS ESSENTIAL TO THE SUCCESS OF THE PROJECT.

-- THE SUCCESS OF THE CORAH PROJECT IS ESSENTIAL TO THE CONTINUATION OF ALL U.S. ASSISTANCE PROGRAMS IN PERU. SPECIFICALLY, THE HAWKINS-GILMAN AMENDMENT TO THE FOREIGN ASSISTANCE ACT REQUIRES THAT THE PRESIDENT CERTIFY TO

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CONGRESS THAT MAJOR DRUG PRODUCING COUNTRIES, INCLUDING PERU, HAVE TAKEN ADEQUATE STEPS TO PREVENT THE CULTIVATION OF ILLICIT COCA TO THE MAXIMUM EXTENT POSSIBLE. IF THE PRESIDENT CANNOT SO CERTIFY IN THE CASE OF PERU IT WILL RESULT, UNDER THE HAWKINS-GILMAN AMENDMENT, IN THE SUSPENSION OF ALL U.S. ASSISTANCE.

-- THE USG IS PLEASED THAT THE PERUVIAN MILITARY HAS TAKE AN ACTIVE ROLE IN CONTROLLING THE TERRORIST PROBLEM IN

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THE UPPER HUALLAGA VALLEY. THE PRESERVATION OF GOVERNMENT CONTROL AND SECURITY IN THE UPPER HUALLAGA VALLEY IS NECESSARY FOR THE CONTINUED SUCCESS OF THE COCA CONTROL AND DEVELOPMENT PROJECTS. HOWEVER, THE USG IS CONCERNED THAT THE MILITARY HAS ORDERED UMOPAR (U.S.-FINANCED GUARDIA CIVIL ANTI-DRUG UNIT) TO REMAIN IN THEIR BARRACKS. THIS HAS RESULTED IN A SIGNIFICANT DROP IN DRUG SEIZURES, BUT, MORE IMPORTANTLY, COCA ERADICATION TEAMS ARE NOW WORKING IN THE FIELD WITHOUT ARMED PROTECTION. IF THE TEAMS WERE TO SUFFER CASUALTIES THE RESULT WOULD PUT ERADICATION EFFORTS IN JEOPARDY. THE USG BELIEVES THE REINSTATEMENT OF ARMED PROTECTION, PROVIDED EITHER BY MILITARY OR UMOPAR, IS IMPERATIVE FOR THE SECURITY OF THE PERUVIAN WORKERS.

-- I WOULD APPRECIATE MR. MADALENGOITIA'S VIEWS ON THE EFFECTS THE CLIMATE OF VIOLENCE IN THE UPPER HUALLAGA HAS HAD ON THE PEAH DEVELOPMENT PROJECT AND THE STATUS OF COORDINATION BETWEEN THE DEVELOPMENT AND COCA ERADICATION PROJECTS.

-- WHAT ARE YOUR VIEWS ABOUT PROSPECTS FOR ACCELERATING DEVELOPMENT PROJECT ACTIVITIES IN SUPPORT OF THE GOP'S ERADICATION AND CONTROL EFFORTS?

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BIOGRAPHIC INFORMATION ON MADALENGOITIA: JUAN (DE MADALENGOITIA) ALVA HAS SERVED SINCE 1983 AS CHIEF OF THE NATIONAL DEVELOPMENT INSTITUTE (INADE), A CABINET-LEVEL POST. BORN IN PIURA, THE 56-YEAR-OLD MADALENGOITIA HOLDS A DEGREE IN CIVIL ENGINEERING FROM LIMA'S NATIONAL ENGINEERING UNIVERSITY, AND HAS ALSO TAKEN VARIOUS MANAGEMENT AND ORGANIZATION COURSES. HE BEGAN HIS ENGINEERING CAREER WITH THE MAJOR NATIONAL FIRM OF GRANA Y MONTERO, AND IN 1959-60 WAS HEAD OF THE PIURA DEPARTMENTAL ASSOCIATION OF ENGINEERS. AFTER TWO DECADES AS A NON-POLITICAL TECHNICIAN, MADALENGOITIA'S FIRST GOVERNMENT JOB WAS AS A DIRECTOR OF THE LIMA WATER AND SEWAGE COMPANY (ESAL) IN 1980. THE SAME YEAR, HE BECAME PRESIDENT OF THE GOVERNMENT-RUN MATERIALS BANK, AND PERFORMED IMPRESSIVELY ENOUGH THAT HIS SELECTION TO HEAD INADE WAS WIDELY HAILED. HE STILL HAS STRONG TIES TO BUSINESS AND CONSTRUCTION INTERESTS IN NORTHERN PERU. MADALENGOITIA IS MARRIED.

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6. CALL ON MINISTER OF ECONOMY, FINANCE AND COMMERCE (MEFC), JOSE (BENAVIDES) MUNOZ, FRIDAY, NOVEMBER 2, AT 5:00 P.M.

REASON FOR MEETING: BENAVIDES WAS APPOINTED MINISTER OF ECONOMY FOLLOWING THE DISMISSAL OF CARLOS RODRIGUEZ PASTOR IN LATE MARCH 1984. BENAVIDES IS A PERSONAL FRIEND AND CONFIDANT OF PRESIDENT BELAUNDE, BUT HE IS NOT A TRAINED EXPERT IN ANY AREA OF ECONOMICS, FINANCE OR COMMERCE. TO DATE HIS ROLE HAS BEEN TO ACT AS AN

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E.O. 12356: DECL: OADR
 TAGS: OVIP (DAM, KENNETH), OTRA, PE
 SUBJECT: INPUT TO BRIEFING MATERIALS FOR DEPUTY

INTERMEDIARY BETWEEN THE PRESIDENT AND THE TECHNOCRATS.

D'S OBJECTIVES: TO INFORM THE MINISTER THAT THE USG IS VERY INTERESTED IN PERU GETTING ITS ECONOMIC HOUSE IN ORDER. WE SHOULD DOWN-PLAY ANY SUGGESTION THAT THE USG IS PREPARED TO GIVE PERU ADDITIONAL FINANCIAL HELP AT THIS TIME.

SUGGESTED TALKING POINTS:

-- MY GOVERNMENT IS CONCERNED BY THE PROBLEMS PERU IS FACING ON THE ECONOMIC FRONT. I UNDERSTAND THAT YOUR MINISTRY IS STUDYING A VARIETY OF MEASURES WHICH MAY BE TAKEN IN AN EFFORT TO AMELIORATE THE SITUATION. I AM NOT HERE TO URGE ANY SPECIFIC COURSE OF ACTION, BUT I WANT TO EMPHASIZE THAT IT IS IN PERU'S NATIONAL INTEREST TO SEEK WAYS TO IMPROVE ITS STANDING IN THE WORLD ECONOMIC

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AND FINANCIAL COMMUNITY. TO THAT END, I WOULD LIKE TO ENCOURAGE YOU TO MOVE AS RAPIDLY AS POSSIBLE TO DESIGN A SOUND FISCAL AND FINANCIAL PACKAGE WHICH WILL ALLOW YOU TO RESOLVE YOUR PRESENT PROBLEMS WITH THE COMMERCIAL BANKS AND TO RESUME PRODUCTIVE RELATIONS WITH THE IMF.

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-- I CERTAINLY UNDERSTAND THAT THERE WILL BE POLITICAL COSTS INVOLVED IN DEVISING A SOLUTION TO THIS PROBLEM. HOWEVER, THE COST OF NOT RESOLVING THE PROBLEMS EXPEDITIOUSLY MAY BE JUST AS HIGH. IT SEEMS TO ME IMPORTANT THAT THIS ADMINISTRATION TAKE MEASURES WHICH WILL GIVE THE NEXT ADMINISTRATION A REASONABLY WELL-ORDERED FISCAL SITUATION. I DO NOT BELIEVE IT IS IN PERU'S NATIONAL INTEREST FOR THE NEXT ADMINISTRATION TO ARRIVE IN OFFICE FACING AN ECONOMIC CRISIS. THIS WILL NOT ENHANCE THE CHANCES FOR CONTINUED DEMOCRACY IN PERU.

-- THE FIGHT WHICH PERU IS WAGING AGAINST TERRORISTS AND NARCOTICS TRAFFICKERS IS VERY IMPORTANT. WE REALIZE THAT THESE ACTIVITIES ARE EXPENSIVE. ON THE OTHER HAND, COMBATTING THEM WILL PROVIDE PERU WITH A STRONGER DEMOCRATIC FRAMEWORK IN WHICH TO BUILD ITS FUTURE AS AN INDEPENDENT NATION. WHILE WE ARE ABLE TO SUPPORT YOUR ACTIVITIES IN THIS AREA, AND INTEND TO CONTINUE TO DO SO, IT IS HARDER FOR US TO GET THE NECESSARY SUPPORT FROM OUR GOVERNMENT WHILE PERU IS SPENDING VERY LARGE AMOUNTS ON MAJOR MILITARY EQUIPMENT PURCHASES WHICH ARE NOT RELATED TO THE ANTI-GUERRILLA EFFORT.

7. CALL ON MINISTER OF WAR JULIAN (JULIA) FREYRE, SATURDAY, NOVEMBER 3, AT 10:30 A.M.

REASON FOR MEETING: WHEN HE AGREED TO RESIGN AS ARMY COMMANDING GENERAL 2-1/2 MONTHS EARLY TO TAKE OVER THE WAR MINISTRY ON OCTOBER 13, JULIA RELINQUISHED OPERATIONAL CONTROL OF ARMY UNITS. HOWEVER, BY DOING SO, HE EXTENDED HIS PRESENCE AT THE DECISION-MAKING LEVEL OF THE GOP BEYOND HIS YEAR-END ACTIVE DUTY RETIREMENT DATE. JULIA IS GENERALLY REGARDED AS THE STRONGEST ARMY

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LEADER SINCE THE BELAUNDE ADMINISTRATION TOOK OVER IN 1980. BELAUNDE IS CLEARLY COUNTING ON HIM TO KEEP THE ARMY IN THE BARRACKS. YET, IF A COUP DOES TAKE PLACE, JULIA MAY WELL BECOME THE NEXT PRESIDENT. HE CAN BE HELPFUL ON THE NARCOTICS ISSUE.

D'S OBJECTIVES: THE DEPUTY SECRETARY'S PRINCIPAL OBJECTIVES IN THIS MEETING SHOULD BE TO:

-- EMPHASIZE U.S. SUPPORT FOR DEMOCRACY AND HUMAN RIGHTS TO A POTENTIALLY KEY INDIVIDUAL.

-- EXPRESS OUR CONCERN ABOUT DEPTH OF PERUVIAN MILITARY TIES WITH SOVIET UNION AND OUR DESIRE TO PROMOTE CLOSER TIES WITH THE U.S.

-- GET THE ARMY EITHER TO PERMIT THE U.S.-SUPPORTED POLICE UNIT (UMOPAR) TO PROTECT COCA ERADICATION WORKERS IN THE UPPER HUALLAGA VALLEY, OR TO PROVIDE ALTERNATE PROTECTION.

-- OBTAIN JULIA'S ASSESSMENT OF THE TERRORIST SITUATION AT THIS TIME.

SUGGESTED TALKING POINTS:

-- WE HAVE NOTED WITH SATISFACTION THE SERIES OF PUBLIC COMMENTS YOU HAVE MADE EXPRESSING ARMED FORCES' SUPPORT FOR THE DEMOCRATIC PROCESS. WE STRONGLY SHARE YOUR SUPPORT FOR THE DEMOCRATIC PROCESS.

-- THE UNITED STATES WOULD LIKE TO STRENGTHEN TIES WITH

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E.O. 12356: DECL: OADR
TAGS: OVIP (DAM, KENNETH), OTRA, PE
SUBJECT: INPUT TO BRIEFING MATERIALS FOR DEPUTY

THE PERUVIAN MILITARY SERVICES INCLUDING PARTICULARLY THE ARMY. OUR GOVERNMENT, HOWEVER, DOES NOT HAVE ADEQUATE RESOURCES AVAILABLE TO FINANCE MAJOR MILITARY EQUIPMENT PROCUREMENT BY SOUTH AMERICAN NATIONS. I KNOW YOU HAVE BEEN NEGOTIATING FOR THE PURCHASE OF SOME SIKORSKY HELICOPTERS WITH CREATIVE PRIVATE FINANCING--AN EFFORT WHICH WE SUPPORT.

-- I HOPE YOUR FORCE MODERNIZATION NEEDS CAN BE MET BY U.S. OR OTHER WESTERN SUPPLIERS LIKE SIKORSKY SO THAT YOU CAN DIMINISH YOUR TIES TO THE SOVIETS. OUR OWN VIEW, HAVING OBSERVED THE SOVIETS AROUND THE WORLD, IS THAT THE KIND OF SUPPLY AND TRAINING RELATIONSHIP YOU NOW HAVE WITH THEM COULD ENTAIL LONG-TERM RISKS.

-- I KNOW THE ARMY IS CONCENTRATING ITS EFFORTS IN THE UPPER HUALLAGA ON THE TERRORIST THREAT AND THAT THE REGIONAL COMMANDER HAS ORDERED THE UMOPAR POLICE FORCE TO CEASE OPERATIONS BECAUSE ALLEGED ABUSES BY THIS FORCE WERE EXACERBATING THE TERRORIST PROBLEM. HOWEVER, UMOPAR WAS PLAYING A NECESSARY AND POSITIVE ROLE IN INTERDICTING COCA AND PROTECTING COCA ERADICATION WORKERS WE BELIEVE STRONGLY THAT ERADICATION WORK SHOULD GO ON.

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OUR ABILITY TO BE HELPFUL HERE OVER THE NEXT FEW YEARS WILL BE CONDITIONED BY CONTINUING GOP SUPPORT AND COOPERATION IN THE ERADICATION EFFORT. COULD UMOPAR BE PERMITTED TO CONTINUE TO PLAY THIS LIMITED ROLE? ALTERNATIVELY, COULD ARMY TROOPS PROTECT THE WORKERS UNTIL IT IS DEEMED APPROPRIATE TO PERMIT UMOPAR TO RESUME ITS WORK?

-- I WOULD BE INTERESTED IN YOUR VIEWS ON THE TERRORIST THREAT AT THIS TIME. IS PROGRESS BEING MADE AGAINST SENDERO LUMINOSO? HOW SERIOUSLY ARE YOU CONCERNED ABOUT THIS NEW TERRORIST GROUP, TUPAC AMARU?

-- NOT TOO LONG AGO, YOU DESCRIBED THE SITUATION IN THE EMERGENCY ZONE AS A WAR, AND POINTED OUT THAT IN A WAR

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INNOCENTS ARE OCCASIONALLY VICTIMIZED. WE UNDERSTAND THE EXTREMELY DIFFICULT SITUATION THE SECURITY FORCES ARE FACING THERE. BUT I WANT YOU TO KNOW THAT MEDIA REPORTS ABOUT MASS GRAVES AND DISAPPEARANCES ARE ADVERSELY AFFECTING PERU'S IMAGE IN SOME QUARTERS ABROAD. I KNOW YOU PERSONALLY DEPLORE ANY EXCESSES WHICH TAKE PLACE AND WILL CONTINUE TO WORK TO DIMINISH THEM AS MUCH AS POSSIBLE.

JULIA'S CHARACTERISTICS: JULIA IS NEITHER GREGARIOUS NOR TALKATIVE. HIS RESPONSES TO QUESTIONS ARE OCCASIONALLY TERSE, BUT THIS SHOULD NOT BE MISTAKEN FOR UNFRIENDLINESS. JORDAN

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