

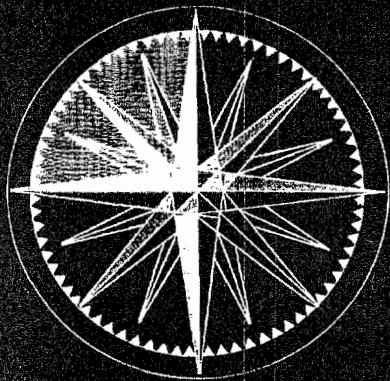
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WEEKLY SUMMARY

CENTRAL INTELLIGENCE AGENCY

DIRECTORATE OF INTELLIGENCE

State Dept. review completed

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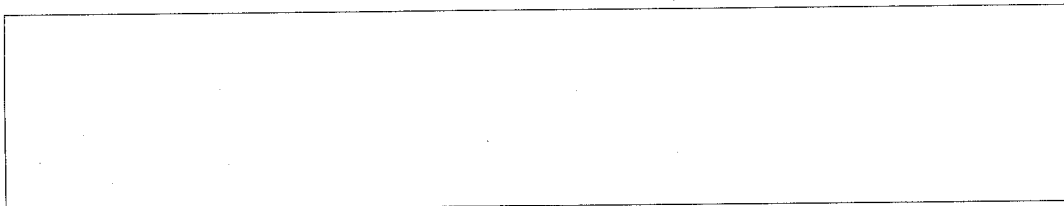
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Western Hemisphere

- ARMS PURCHASES IN LATIN AMERICA 16
Recent announcements of jet aircraft purchases by Argentina and Chile have led to unwarranted fears of an arms race. There is no major political significance to these acquisitions, which reflect pressure by military leaders for modernization of existing armed forces establishments.
- KEY CONGRESSIONAL ELECTIONS IN BRAZIL 17
The Castello Branco government is expected to retain a majority in the 15 November election of a new Chamber of Deputies and part of the Senate. However, popular dissatisfaction may lead to substantial opposition gains in urban areas.
- PERUVIAN ELECTION CAMPAIGN LARGELY FREE OF NATIONAL ISSUES 17
The 13 November elections, mainly for local governments, are not expected to provide a clear expression of public opinion on the administration of President Belaunde, who has remained aloof from the campaign. The results, however, may speed realignments affecting the two national party coalitions, both of which have been experiencing internal strains.
- ANTIGUERRILLA ACTIVITY IN GUATEMALA 18
The Mendez regime has regained the initiative and appears determined to continue to press the insurgents.

United Nations

- UN ABOUT TO VOTE AGAIN ON CHINESE REPRESENTATION ISSUE 19
On 18 November the General Assembly will open its annual debate on the issue of China's seat in the UN. The procedural device of the "important question" seems likely once more to prevent Communist China's admission.

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WESTERN HEMISPHERE

ARMS PURCHASES IN LATIN AMERICA

Although recent purchases of jet aircraft by Argentina and Chile have triggered a wave of criticism and aroused fears of a Latin American arms race, no abnormal increase in arms procurement appears in prospect.

The larger Latin American air forces have been using jets for ten years, but most are obsolete trainers or fighters of Korean war vintage such as the F-80 and F-86. Some countries still regularly use World War II fighters, although spare parts for them are no longer available and they are unsafe and costly to maintain.

The latest controversy seems to have begun over Argentina's purchase from the US of 25 A4Bs which could be used on Argentina's only aircraft carrier. The A4B is a subsonic, lightweight jet attack aircraft still being used in Vietnam. An additional 25 of these aircraft were originally slated for Argentina, but transports and ancillary equipment will probably be supplied instead. The Argentine Air Force has had maintenance problems with its F-86s and British Meteors and has been using French MS-760 four-seat trainers for attack aircraft. The purchase arrangement for the A4Bs was concluded late in 1965, but they have not yet been delivered.

Soon after the Argentine purchase became known, Chile

revealed that it had bought 21 Hawker Hunter fighters from the British at a reported cost of \$11.2 million to be paid over a five-year period. The Hunter, heavier and larger than the A4B but of about equal performance, will replace older jets and propeller-driven aircraft. The foreign criticism which greeted this purchase apparently surprised the Chilean Government, which had for some time budgeted for the replacement of the older planes.

Peru, which has had Hawker Hunters since 1957 and also uses F-86s and British Canberra jet light bombers, has been shopping for more modern equipment.

President Belaunde recently rejected a US offer of additional F-86s

Although other arms deals have been mentioned--such as Brazil's purchase of new tanks and Venezuela's search for new naval ships--there has actually been no unusual increase in arms purchases in Latin America this year. Those governments such as Argentina, Chile, and Peru which are seeking to modernize their inventories are probably reacting to pressure from military leaders.

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KEY CONGRESSIONAL ELECTIONS IN BRAZIL

On 15 November Brazilians will go to the polls to elect all 409 members of the Chamber of Deputies and 23 of the 66 senators. These will be the first direct national elections to be held since the 1964 revolution which ousted leftist President Goulart. The state legislatures have already elected new governors and the outgoing Congress has named retired Marshal Arthur da Costa e Silva to succeed President Castello Branco.

The progovernment National Renewal Alliance (ARENA) is expected to retain its majority, although the only legal opposition party, the Brazilian Democratic Movement (MDB), may make substantial gains. Leaders of ARENA believe that it will retain its control in rural areas, but many party candidates fear that their prospects have been damaged by recent government acts unseating "undesirable" congressmen and recessing Congress until 22 November.

The Castello Branco government has taken a number of other steps to facilitate the election of progovernment candidates, including refusing to certify some candidates proposed by the MDB and changing ballot requirements. In addition, rumors that the regime will remove still more congressmen have added to electoral tensions and to some extent inhibited opposition campaigning. Nonetheless, the MDB stands to pick up seats in important urban areas such as Sao Paulo, Recife, Guanabara, and Porto Alegre, where there is widespread dislike of the government.

The ARENA's Senate majority is not threatened. However, should the MDB gain some 50 seats in the Chamber of Deputies--which many believe it is likely to do--the two parties would be almost evenly matched there. Under these circumstances government legislative proposals favored by Castello Branco, such as a new constitution, could be in trouble.

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PERUVIAN ELECTION CAMPAIGN LARGELY FREE OF NATIONAL ISSUES

Peruvians on 13 November will elect provincial and municipal councils, three national deputies, and the mayor of Lima. In recent weeks there has been a strong shift of emphasis in the campaign, which initially seemed to be interpreted as a plebiscite

on President Belaunde's administration but now is concentrating on local issues. Members of both major political groupings, however, may try to use the election results to demonstrate voter opinion of the government, now entering the second half of

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