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REPLY TO
ATTENTION OF:

~~SECRET NOFORN~~
UNITED STATES SOUTHERN COMMAND
THE COMMANDER IN CHIEF DEF
APO MIAMI 34003 HAS SEEN

OFFICE OF THE
SECRETARY OF DEFENSE

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JUL 7 1982

2 July 1982

SUBJECT: Activities of the United States Southern Command (U)

Secretary of Defense
Washington, D. C. 20301

DECLASSIFIED IN FULL
Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: MAY 02 2018

1. ~~(S/NO)~~ The quarterly period ending 30 June 1982 brought forward events of a particularly momentous nature for United States interests and stature in the hemisphere, and with significant implications for our global competitive posture now and in the future. Our efforts to build the coalition, which were showing promise, have been set back. The Falklands/Malvinas crisis has served to reinforce Latin American distrust of our sincerity in building a hemispheric defense partnership. The problems in Central America which appeared to be stabilizing in early April have become more severe and, correspondingly, more important.
2. ~~(S/NO)~~ Actions we have taken during the past year to force Cuba and Nicaragua to reduce their support to insurgents began to bear fruit in April. In fact, intelligence estimates saw a significant decrease in the arms flow; however, as the Falklands shifted attention away from Central America, the flow once again increased. Today in El Salvador, the momentum gained during the spectacularly successful election process having dissipated, we face perhaps the most serious guerrilla offensive since the so-called final offensive of January 1981. Honduras appears to be seized with a crisis of confidence in the United States, claiming we have placed their security in jeopardy without committing material support to sustain their defenses. Guatemala, now in a state of seige under a new government, remains unstable. Economic deterioration continues in Costa Rica and President Monge realistically seeks our assistance in shoring up an inadequate security structure. The state of emergency imposed in Nicaragua by the Sandinistas on 15 March 1982 has been renewed each month since that time. Although Eden Pastora, Comandante Cero, and his allies have pledged to oust the FSLN, the internal consolidation process has reached a point where I believe only force (not necessarily U. S.) will achieve their removal from power.
3. ~~(S/NO)~~ During this period, I have travelled to Brazil (where I was received in early June very generously and openly), El Salvador, Honduras, and Jamaica. My discussions confirmed that Latin American military leaders at least partly understand — but do not necessarily accept — our rationale for support of the Thatcher Government against the Argentine invasion; however, they clearly do not understand why we have acted with so little finesse. They believe that once again we have broken the bond of trust by our blatant form of public support, although some do not necessarily resent the support itself. The net result of Latin American reactions

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has been an increase in the vehemence with which our Latin friends seek to demonstrate their independence from the "colossus to the north." Recognizing at this critical juncture that President Reagan's Caribbean Basin Initiative is in danger of Congressional burn-out, I am seriously concerned about our ability to successfully execute the peacetime strategy for Latin America as stated in your Defense Guidance.

4. ~~(S/AF)~~ Aftermath of the South Atlantic Crisis. Clearly, the Falklands/Malvinas crisis overshadows all other events in the hemisphere. That crisis, which most leaders and nations wish quickly to forget largely because of Argentina's embarrassing performance, is a milestone of historic proportions. Relations in the hemisphere will never be the same. Certainly, the United States need make no apology for supporting the rule of law and we should be businesslike and methodical in our fence mending efforts. Short term divisiveness is likely to give way to pragmatic recognition of the importance of maintaining relations with the United States. While political ties remain strained, economic and military-to-military ties should begin to improve with appropriate effort on our part. The reality of our global commitment, which must be balanced with our hemispheric interests, is now indelibly in focus in Latin America because of our stand in the crisis. In the past, there may have been a false sense of security within Latin American circles that the United States was committed to support hemispheric allies in conflicts with outsiders to the exclusion of our other interests. That perception no longer exists. Nevertheless, as our own strategic thinking evolves and we place Latin America in its truly important and proper perspective, we have a new opportunity to replace Latin America's sense of inferiority with a new appreciation of their relevance in global terms.

a. ~~(S/AF)~~ For a time, we will continue to hear calls for modification/restructuring of the Organization of American States and the Rio Treaty. While we should be willing to rethink these institutions so as to insure their "modernization," I do not foresee significant, substantive changes. A main concern should be to limit opportunities for the Left to capitalize on the situation by stimulating a restructuring of an inter-American system without the United States. Venezuela and Panama now lead in this effort. Certainly, the Soviet Union will reap whatever dividends result from current hemispheric divisiveness; but it is doubtful that Argentina -- unless total chaos and anarchy prevail -- will embrace the non-aligned movement or accept any long-term military reliance on the Soviet Union. They will need our help to maintain this distance.

b. ~~(S/AF)~~ Immediate impacts of concern go beyond the several cancellations in UNITAS XXIII. Argentina finally withdrew her guest instructor from the United States Army School of the Americas only at the hour of defeat, and has just requested withdrawal of the Navy Section of our MILGP. Brazil has now terminated finally our agreement for the Security Assistance Management Staff in Rio and, along with other countries, is deferring first-time small unit exercises with this command, although the Brazilians have indicated a willingness to participate next year. Panama perceives our position as weak and is seeking extravagant additional quids in return for extension of the United States Army School of the Americas beyond September 1984.

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c. ~~(S/AF)~~ These near term reactions require that we rethink related issues, for example, the forward force deployments and headquarters location in Panama and a continuation of the military schools in Panama. Yet, the situation created by the Falklands/Malvinas crisis is not beyond repair. The declaration and execution of a clear and consistent foreign policy which builds on common hemispheric interests, must be our first priority. Our commitment and constancy in helping resolve the Central American crisis thus assumes even a greater importance. In this regard, I remain concerned about the coordination and integration of our multi-dimensional foreign operations in the execution of such a policy.

5. ~~(S)~~ Regional Situation. In my 8 April 1982 report to you, I summarized the elements of a program of action for El Salvador and the Central American region which I believe continue to be completely relevant. The threat requires a steady, low visibility, sustained, and affordable program of action which enables each country to restore internal security while we help neutralize Soviet/surrogate support. I regret that closer coordination of effort with Ambassador Hinton, who has been mightily stressed, has not been achieved.

a. ~~(S/AF)~~ El Salvador. It is regrettable that politically the decisive and surprising election turnout 28 March gave way to the struggle to define and divide power in new government.

(1) Militarily, this quarter began on an optimistic note. The Armed Force executed a well planned, effective program for defense of the election process and observers, dealing a substantial psychological blow to the guerrillas. Their success surely was enhanced by increasingly available intelligence and by the presence in the high command staff of United States intelligence and operations officers. Operation DUENAS, a joint operation in the Usulután area, added to the confidence of the military as did the infusion of new strength in the form of returned cadet lieutenants and the BELLOSO Battalion. The optimism was tempered, however, by the debacle and loss of men at El Barrancon and the inconclusive results of the late May operation DOMINQUEZ in Chalatenango. We do not have good reporting upon which to judge performance of the cadet lieutenants nor of the BELLOSO Battalion. Their impact apparently has been limited and may have been lost in what I perceive as a general deterioration in operational performance since the elections. On the other hand, the addition of trained pilots for the O-2 observation and A-37 attack aircraft appears to have had a positive impact, at least on morale. Additional air-ground operations training in Panama this month should enhance that impact operationally.

(2) The on-going struggle in Morazan, following the 5 June seizure of Perquin, poses the greatest military crisis since the failed "final offensive." A determined guerrilla force has tied up the entire strategic reserve of the country, has dealt a serious military and psychological blow to the military, and has created military and political conditions fraught with danger in El Salvador. Intelligence assistance to the El Salvador Armed Force General Staff is being supported by USSOUTHCOM in the assignment of an officer from my staff on a full-time, temporary duty basis to act as a member of a joint agency team providing such assistance. This effort is showing positive results, and is the basis

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for an on-going effort to obtain an officer on permanent assignment to San Salvador. Additionally, it is encouraging to note that the level of international support for El Salvador is increasing. Military assistance is being received or offered now by Argentina, Venezuela, Chile, Colombia, Spain, Taiwan, Bolivia, Paraguay, Uruguay, Peru and Mexico, while economic and humanitarian aid comes from Argentina and Venezuela as well as from the United States.

b. ~~(S/AM)~~ Honduras. Apparently, serious Honduran doubts about the depth of our commitment and increased concerns about their own security vis-a-vis the growing Nicaraguan capability have been conveyed to us through numerous channels. I perceive that their concerns are aggravated by our own imperfect coordination of policy and operations by the various departments and agencies involved and most assuredly by the loss of hope that any FY82 supplemental grant assistance will be forthcoming. I believe they are serious in their threat to shut down some of our activities and even to consider disengaging from their present close association with us. USSOUTHCOM is taking actions which address their concerns within the limits of our own capability. I am coordinating these actions with the JCS and Embassy Tegucigalpa, but to do more will require additional resources. I strongly urge the provision of adequate resources, particularly grant aid, since Honduras remains the keystone to our entire Central American strategy.

c. ~~(S/AM)~~



d. ~~(S/AM)~~ Central American Observer Force. USSOUTHCOM submitted a draft proposal for an OAS observer force in Central America to JCS on 7 May 1982. The proposal outlines establishment of an observer force with the mission of monitoring the borders of Nicaragua with both Costa Rica and Honduras, as well as the Honduran-Salvadoran border. A multilateral force operating under international (Organization of American States?) auspices is envisioned which would be able to

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DIA E.O. 13526 Section 3.3(b)(6); CIA E.O. 13526 Section 3.3(b)(1);
SOUTHCOM E.O. 13526 Section 3.3(b)(1)(6)

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detect transborder movement of insurgents and arms shipments and mobilize regional and international pressure to inhibit such activity. The proposed force would include 14 observer teams using observation helicopters, vehicles, and small boats to cover various terrain configurations. Broad costing data and personnel and equipment requirements were addressed in the proposal. Estimated aircraft operating costs for one year, assuming funding at the non-DOD rate, are approximately \$5,220,000. Total personnel requirements for the proposed operation are 128, of which 66 would be OAS personnel and 62 would be supporting United States aircraft crews and maintenance personnel.

6. ~~(S)~~ Panama Situation. All contacts with the new leadership of the Panama National Guard remain positive, except that they perceive us in a weak, therefore vulnerable, position as a result of the Falklands/Malvinas crisis. While they offer repeated assurances of cooperation and good will, they obviously at the same time are seeking to extract additional material benefits from continuing treaty implementation actions. Most recent reporting indicates that General Paredes -- who has essentially declared himself a presidential candidate for the 1984 elections -- will retire in January 1983, to be followed as Commandant for about one month by Colonel Contreras, present Chief of Staff, who will be succeeded then in early 1983 by Colonel Noriega, present G-2. The latter eventuality will pose severe problems for the United States. Currently, I share Embassy concerns that President Royo and Foreign Minister Illueca are making strenuous anti-United States noises in international forums, quite different from the sounds we hear from the National Guard. As mentioned in my last report, I am increasingly concerned over the Russian presence and potential for influence in Panama. This command has achieved positive public notice following a substantive civic action contribution following the loss of a key bridge on the Inter American Highway in western Panama. Locally, in Panama City, we have agreed to release real estate at Fort Amador for the construction of a Hyatt Hotel. Even in the face of strong pressure from State, I was reluctant to do so because the character of Fort Amador will inevitably and radically change. While we were not successful in securing Panamanian agreements which would ease our military housing shortage as a quid for the hotel, I have insisted that Panamanian treaty violations/improprieties be considered as part of Congressional action on this real estate concession. We now are apprised of likely Panamanian action through the Panama Canal Commission Board of Directors which could exacerbate our housing situation. It is precisely these efforts which could result in higher costs to the United States which cause me to believe we must reevaluate our force presence in Panama, particularly in the aftermath of the Falklands/Malvinas crisis.

7. ~~(S)~~ Command Concerns. The current dynamic situation in the hemisphere causes me to reiterate my earlier expressed concerns about the need for building United States public support for our actions, the necessity for engaging more actively in the information battle, the requirement for a common doctrine and policy for the conduct of low intensity conflict, and above all, the essentiality of aligning command arrangements efficiently and consistent with our security interests.

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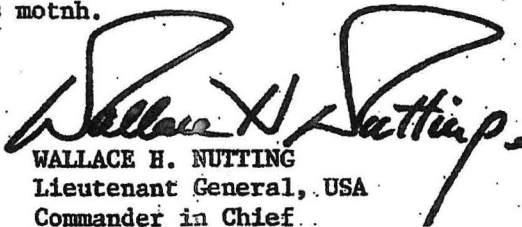
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a. ~~(S)~~ The CINC's Initiative Fund made available two years ago for improvement of command and control has proved to be a vital resource for this command. We have extended a secure, high-frequency mission radio system throughout Latin America which includes all military groups. Additionally, we have acquired three, portable, secure satellite communications sets which give us an essential emergency reaction capability. We look forward to the availability in FY83 of the CINC Readiness Fund allocated, as I understand it, to improve the efficiency of headquarters activities. Our recent and continued experience suggests to me a need for separate additional funds and corresponding authority enabling us to take advantage of unforeseen operational opportunities. Such a CINC's Operating Fund would permit us to engage in unscheduled training/exercise opportunities, undertake meaningful civic action important to coalition building, and initiate timely operations of importance to us such as the impending relocation of the 5th Honduran Battalion from Comayagua to Puerto Lempira. I hope to address this resource in the forthcoming meeting with your Defense Resource Board.

b. ~~(S)~~ In light of recently expressed Honduran concerns, I now believe even more strongly that we should, through a policy declaration, indicate our willingness and readiness to neutralize any Nicaraguan military offensive action outside Nicaraguan sovereign territory. Earlier, I have provided rationale for this action. I plan to develop realistic, threat-related scenarios and concepts of operation in Honduras which justify the development of combined contingency plans. This action could provide a vehicle for addressing the basic policy issue.

8. (U) During this quarter, this headquarters has been heavily engaged in responding to various contingency planning requirements. We have received very positive and substantive support from the Organization of the Joint Chiefs of Staff and various supporting commands, including LANTCOM, USREDCOM, MAC, SAC, and PACOM. We appreciate the visits of Secretary Carlucci and General Jones. I look forward to the opportunity to address USSOUTHCOM needs while meeting with the Defense Resource Board later this month.


WALLACE H. NUTTING
Lieutenant General, USA
Commander in Chief

CF:
Chmn, JCS

Office of the Secretary of Defense
Chief, RDD, ESD, WHS

Date: 02 May 2018 Authority: EO 13526 552

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