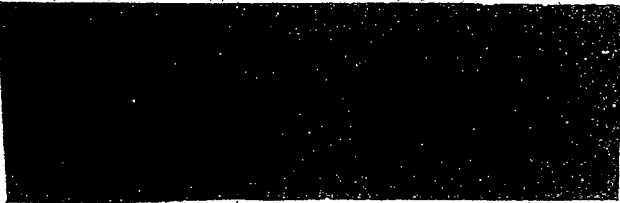


Guatemala: Reluctant Central American Partner

Recent political successes have bolstered the image of Guatemala's de facto military regime and at least temporarily given Chief of State Mejia added latitude in dealing with domestic and foreign policy issues. Even so, both Mejia and Foreign Minister Andrade—the chief foreign policy decisionmakers—continue to pursue regional policies that are closer to those of Mexico than to those of Honduras, El Salvador, and the United States. In our opinion, their policies reflect the nation's long held views of its strategic role in the region and are consistent with the present regime's goals of securing the resources necessary to fight domestic insurgents and improving the country's international reputation. Although the recent renewal of some US military aid and increased economic assistance may help influence Guatemala's regional policies, we believe that the country largely will continue to adopt positions that may be at variance with US interests.

Impact of Political Successes

The honesty and efficiency of the Constituent Assembly election held on 1 July, followed by the formal inception of that 88-member body a month later, we believe, have enhanced Guatemala's standing abroad and may be acting as a catalyst that—over the long term—will help end that country's regional and international isolation. Widespread praise for the military's neutrality in the voting, and public pledges that it will remain so in national elections tentatively scheduled for next year, also has helped to promote a degree of trust between the armed forces and the country's various political parties.



In September, Mejia's efforts to improve his government's international standing paid off with the selection of a Guatemalan as a vice president of the 39th UN General Assembly session and the reestablishment of diplomatic relations with Spain, which were broken in 1980 after Guatemalan security forces raided the Spanish Embassy to evict protestors who had seized the building. Progress toward democracy also is helping to improve relations with Costa Rica, which recently invited Mejia to make a state visit to San Jose early next month. Even church-state relations have warmed as a result of the improving political climate. the Papal Nuncio recently praised the democratization process and stressed the Vatican's satisfaction with recent events in Guatemala.

The Guatemalan Policy Perspective

Despite the added flexibility that we believe these events have given the government, Guatemala's leaders remain reluctant to cooperate fully with Honduras, El Salvador, and the United States in regional affairs—particularly regarding Contadora and policy toward Nicaragua. Their aloofness reflects the long held Guatemalan sense of strategic importance and national pride that has been reinforced over the last few years by the government's counterinsurgency successes and a feeling of international isolation. Their attitude also reflects security considerations and resentment toward the United States.

Sense of Strategic Importance. Guatemalans believe that their country's size, population, and relative economic and military strength entitle it to a preeminent leadership role in Central America with control over regional initiatives. A variety of reporting

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indicates that they view the issue of "Core Four" unity at Contadora, for example, as US inspired and probably see little immediate or direct advantage in unconditionally endorsing hardline positions toward Nicaragua that, from their perspective, are mainly of benefit to Honduras, El Salvador, and the United States. They want to deal directly with Washington on regional issues important to the United States, and not with their southern neighbors, who they believe have little to offer in return for Guatemalan support.

[REDACTED]

We believe the national sense of pride and strategic importance has been strengthened by the country's counterinsurgency successes and by entreaties from other countries for Guatemala's backing in their disputes with Nicaragua. Indeed, statements by both Mejia and Andrade over the past several months indicate that such courting of Guatemala has led them to believe that they have leverage with the United States and others in the region, including Nicaragua. Nicaraguan Foreign Minister D'Escoto, for example, recently reinforced this view by supporting Guatemala's bid to be the regional spokesman at the EC-Central America conference in San Jose in September because "Guatemala had kept itself removed from the Central America crisis." Thus, a neutral posture at Contadora and related issues probably has the dual effect of boosting Guatemala's self-image and improving its standing with an international community keenly focused on the dynamics of the peace process.

Security Considerations. Foremost among Guatemala's foreign and domestic policy concerns are security-related issues, especially control over its own insurgency. Guatemalan leaders do not see Nicaragua as a direct military threat. We believe they fear that a Contadora settlement imposing stiff restrictions on the Sandinista military—as proposed by the other "Core Four" countries—could infringe on Guatemala's sovereignty by placing similar constraints on its own armed forces and paramilitary Civil Defense Force, which now number more than 700,000 members.

Although Mejia is aware that the Sandinistas are providing material and training assistance to the

Guatemalan insurgents and has publicly accused them of doing so, he and other Guatemalan leaders apparently do not view Managua's support as critical to the guerrillas. Moreover, the Guatemalans—especially military officers—consider the spread of Communism in the region, represented by the Sandinistas, as largely a US problem—part of the East-West struggle whereby the Soviet Union and Cuba seek to weaken the United States. Thus, they believe that policies aimed at undermining the Nicaraguans benefit mainly the United States and that the Sandinista threat is a problem that should be addressed primarily by Washington.

In our view, the key security question for the Guatemalans remains the extraction of concessions from Mexico on border issues. Various sources indicate that Mejia believes that the Guatemalan insurgents' use of Mexican territory is a more important factor in their survival than Sandinista support. Thus, both he and Andrade probably see moderation at Contadora as part of their strategy to obtain Mexican cooperation.

[REDACTED]

Guatemala has been especially interested in the removal of Guatemalan refugee camps in Mexico—which Mejia and other military officers have long charged are a source of insurgent propaganda and support—away from the border area. Guatemalan and Mexican officials began negotiating a settlement of the refugee problem earlier this year, and, as a result, UN officials in Mexico estimate that nearly 14,000 refugees have been moved by Mexican authorities since relocation efforts began last May. While we have no firm evidence that a quid pro quo deal has been struck with the Mexicans, past statements by both Mejia and Andrade have tied a Guatemalan posture at Contadora consistent with Mexico's to the latter's willingness either to assist in a voluntary repatriation program, or at a minimum, to move the camps from the border area.

We believe that Guatemala's "fence sitting" at Contadora also reflects its dependence on Mexico as a

major petroleum supplier. [REDACTED]
[REDACTED] Guatemalan officials visited Mexico in July and successfully negotiated a 90-day credit for oil covering three or four shipments worth roughly \$25 million. [REDACTED]

Resentment Toward the United States. Guatemala's military successes against leftist guerrillas have taken place without US assistance. The resulting "go it alone" attitude and resentment toward the United States color the Guatemalans' policy perspective and continue to place limits on their willingness to cooperate with Washington without anything other than moral support. The Guatemalans do not view themselves as any worse than the Hondurans or the Salvadorans regarding human rights. Thus, they believe that US human rights policy has discriminated unjustly against Guatemala and created an imbalance between the treatment received by their country and that received by its neighbors—Honduras, El Salvador, and Costa Rica—in terms of US military and economic aid. [REDACTED]

In our view, the resumption of some \$300,000 in US military education and training assistance in October, and the authorization for up to \$40 million in development assistance funds for the next fiscal year will help reduce somewhat Guatemala's resentment toward the United States. Reporting from various sources indicates that the Guatemalans—who probably place as much symbolic importance on the restoration of aid as they do on its tangible benefits—are highly pleased by the aid renewal and see it as an important step toward improving their country's international image. Nevertheless, the limited size of the aid package is unlikely to stem substantially the frustration with what Guatemala perceives as Washington's myopia, particularly in light of much larger sums of assistance provided to Honduras, El Salvador, and Costa Rica. [REDACTED]

Outlook.

We believe that Guatemala's policy in Central America does not depend on the personal orientations of the current policymakers but rather is based on broader, and therefore more permanent, national values. Consequently, we do not expect the extent of future Guatemalan cooperation with the United States on Contadora and other regional issues to change dramatically any time soon. In our judgment, only the provision of substantial US military aid in the form of credits or outright grants—or the prospect of an impending insurgent victory in El Salvador—are likely to move Guatemala toward more active support of US interests. [REDACTED]

[REDACTED]