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Page: 1

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Current Handling: STADIS
Document Number: 1997STATE126522

PTQ1317

PTQ1317

RELEASED IN PART
B1, 1.5(D)

PAGE 01 STATE 126522 071437Z
ORIGIN ARA-01

INFO LOG-00 OASY-00 TEDE-00 ADS-00 ONY-00 SSO-00 /001R

126522

SOURCE: KODAKC.070090

DRAFTED BY: ARA/AND: TDSEWARD: TDS -- O-/O-/97 202/647-3360

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-----CD2D35 071533Z /38

R 071432Z JUL 97
FM SECSTATE WASHDC
TO AMEMBASSY BOGOTA
AMEMBASSY CARACAS
AMCONSUL GUAYAQUIL
AMEMBASSY LA PAZ
AMEMBASSY LIMA
AMEMBASSY QUITO

[REDACTED] STATE 126522

STADIS

OFFICIAL INFORMAL

E.O. 12958: DECL: 12/31/99

TAGS: AMGT, BL, CO, PE, EC, VE-

SUBJECT: OFFICIAL INFORMAL

PAGE 02 STATE 126522 071437Z
FOR AMBASSADOR - DCM - POL - ECON

CLASSIFIED BY DONNA DIPAOLO ARA/AND, DEPARTMENT OF STATE.
REASON 1.5 D

FOLLOWING IS THE ASDAR FOR JULY 3, 1997

1. (U) BOLIVIA: ONE POLICEMAN DEAD IN CHAPARE AMBUSH.

EXTEND CLASSIFICATION

Page: 1

Current Class: [REDACTED]

UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: DONALD A. JOHNSTON
DATE/CASE ID: 28 SEP 2001 200004441

CLASSIFICATION: SECRET REASON: 25X1 DECLASSIFY AFTER: 20 SEP 2027

UNCLASSIFIED

Current Class: [REDACTED]
 Current Handling: STADIS
 Document Number: 1997STATE126522

Page: 2
 Channel: n/a

POLICE ENGAGED IN AN ERADICATION OPERATION WERE
 AMBUSHED BY A GROUP OF CAMPESINOS JULY 2. ONE
 POLICEMAN DIED OF A GUNSHOT WOUND TO THE UPPER CHEST.

2. (SBU) BOLIVIA: CN ENFORCEMENT RESULTS ON THE UPSWING.
 ARRESTS, COCAINE SEIZURES, AND PROPERTY SEIZURES FOR FY 9-
 HAVE ALREADY SURPASSED FY96 FIGURES. MUCH OF THE SUCCESS
 IS THE RESULT OF ADDITIONAL FINANCIAL RESOURCES AND
 PERSONNEL PROVIDED TO DEA BY CONGRESS FOR SOURCE COUNTRY
 ENFORCEMENT PROGRAMS.

3. (C) ECUADOR: CONGRESS LIKELY TO REPLACE SUPREME COURT.
 SUPREME COURT PRESIDENT CARLOS SOLORZANO HAS ALIENATED THE
 GOE AND THE MAJOR POLITICAL PARTIES THROUGH PERCEIVED
 POLITICIZATION OF THE COURT. CONGRESS IS EXPECTED TO ENACT
 A CONSTITUTIONAL REFORM VACATING THE ENTIRE SUPREME COURT
 IMMINENTLY. LAST WEEK, ECUADORAN POLITICIANS LEADERS
 TWISTED STATEMENTS BY THE U.S. AND BRITISH AMBASSADORS TO
 CONTEND THAT THE INTERNATIONAL COMMUNITY, PARTICULARLY THE
 USG, CONSIDERS THE CURRENT COURT TO BE RIFE WITH NARCO-
 CORRUPTION. (AMBASSADOR ALEXANDER HAD, IN RESPONSE TO A
 [REDACTED]
 [REDACTED])

PAGE 03 STATE 126522 071437Z
 JOURNALIST'S QUESTION, ACKNOWLEDGED THE VISA REVOCATIONS OF
 A FEW FORMER JUDGES TIED TO NARCOTICS TRAFFICKERS. BRITISH
 AMBASSADOR LEVERS HAD PUBLICLY NOTED THAT AN INEFFECTIVE
 JUDICIARY DISCOURAGES FOREIGN INVESTMENT.) IN A 6/24
 MEETING WITH AMB. ALEXANDER, SOLORZANO ACKNOWLEDGED THAT
 HIS DAYS WERE NUMBERED.

4. (U) PERU: BANK SUPERINTENDENT RESIGNS OVER
 PROVISIONING RULES. BANK SUPERINTENDENT MANUEL VASQUEZ
 RESIGNED JUNE 23 AFTER ECONOMY AND FINANCE MINISTER JORGE
 CAMET BLOCKED ISSUANCE OF NEW LOAN LOSS PROVISIONING
 REGULATIONS. THE PROPOSED RULES WOULD HAVE REQUIRED BANKS
 TO BOOST LOAN LOSS RESERVES SHARPLY AT A TIME WHEN THE
 COUNTRY'S ECONOMIC PICTURE IS CLOUDED BY THE PROSPECT OF A
 SEVERE "EL NINO" WEATHER PHENOMENON. THE LONG-RUNNING
 CAMET/VASQUEZ FEUD, A CONSTANT FEATURE OF THE PERUVIAN
 FINANCIAL POLICY-MAKING SCENE SINCE LAST YEAR, HAD SLOWED
 FULL IMPLEMENTATION OF PERU'S NEW BANKING LAW. MARTIN
 NARANJO, A FORMER ADVISOR IN THE MINISTRY OF ECONOMY AND
 FINANCE, HAS BEEN NOMINATED TO REPLACE VASQUEZ. HE IS
 LIKELY TO HAVE A SMOOTHER RELATIONSHIP WITH CAMET. GOP
 OFFICIALS HAVE ASSURED EMBASSY LIMA THAT VASQUEZ'S OUSTER
 WILL NOT ADVERSELY AFFECT U.S.-PERUVIAN COOPERATION ON

Current Class: [REDACTED]

Page: 2

Current Class: [REDACTED]
 Current Handling: STADIS
 Document Number: 1997STATE126522

Page: 3

Channel: n/a

MONEY LAUNDERING ENFORCEMENT AND SAY THAT NEW MONEY LAUNDERING REGULATIONS WILL BE ISSUED SHORTLY.

5. (S) PERU: SIN TAKES ON TAX, CUSTOMS & TREASURY FRAUD INVESTIGATIONS. [REDACTED] THAT THE CIVILIAN

B1.

REGIONAL SUPERVISORS OF THE PERUVIAN NATIONAL TAX ADMINISTRATION SUPERINTENDENCY (SUNAT), ALONG WITH CUSTOMS [REDACTED]
 [REDACTED]

PAGE 04 STATE 126522 071437Z
 AND TREASURY OFFICIALS, WERE CALLED TO A MEETING AT THE HEADQUARTERS OF THE NATIONAL INTELLIGENCE SERVICE (SIN) WHERE THEY WERE BRIEFED ON PLANS FOR THE RESTRUCTURING OF THE FRAUD INVESTIGATIVE PROCESS AT SUNAT, CUSTOMS AND TREASURY. THE OFFICIALS WERE TOLD THAT 200 SIN OFFICERS WILL BE DISPERSED TO FIELD OFFICES TO ESTABLISH NEWLY CREATED CRIMINAL COORDINATION OFFICES. FIFTY SIN OFFICERS WILL BE ASSIGNED TO SUNAT, 50 OFFICERS TO CUSTOMS, AND 100 OFFICERS TO THE TREASURY TO HELP DIRECT PERUVIAN NATIONAL POLICE (PNP) INVESTIGATIVE UNITS. WITH THIS RESTRUCTURING, TREASURY, TAX AND CUSTOMS FRAUD INVESTIGATIONS WILL ONLY BE PROPOSED AND INITIATED BY THE SIN'S CRIMINAL COORDINATION OFFICES, LEAVING THE PNP POWERLESS TO INITIATE THEIR OWN INVESTIGATIONS AS WAS DONE PREVIOUSLY. MANY PNP OFFICERS HAVE COMMENTED THAT THE RESTRUCTURING IS A MANEUVER BY SIN DE FACTO CHIEF VLADIMIRO MONTESINOS TO CONSOLIDATE FURTHER HIS POWER AND TO POSITION THE SIN TO DIRECT INVESTIGATIONS AGAINST POSSIBLE POLITICAL OR PROFESSIONAL OPPONENTS WHILE PROTECTING MEMBERS OF THE CURRENT GOVERNMENT FROM INVESTIGATION.

6. (U) PERU: GOP DENIES BOYCOTT OF EMBASSY LIMA JULY 4TH EVENT. GOP OFFICIALS HAVE DENIED AN "EXPRESO" NEWSPAPER ARTICLE THAT THE PERUVIAN GOVERNMENT IS PLANNING A BOYCOTT OF EMBASSY LIMA'S INDEPENDENCE DAY CELEBRATION IN REACTION TO RECENT PUBLIC STATEMENTS MADE BY AMBASSADOR JETT. NONETHELESS, EMBASSY LIMA EXPECTS THAT ATTENDANCE BY GOVERNMENT OFFICIALS, ESPECIALLY MILITARY OFFICIALS, WILL BE DOWN THIS YEAR. PRESIDENT FUJIMORI, WHO SINCE BECOMING PRESIDENT HAS NEVER ATTENDED A JULY 4TH EVENT, WILL BE IN JAPAN ON THE FOURTH.
 [REDACTED]
 [REDACTED]

PAGE 05 STATE 126522 071437Z

Current Class: [REDACTED]

Page: 3

UNCLASSIFIED

Current Class: [REDACTED]
Current Handling: STADIS
Document Number: 1997STATE126522

Page: 4

Channel: n/a

7. (C) PERU/ECUADOR: TERAN TO VISIT WASHINGTON? TED WILKINSON REPORTS FROM BRASILIA THAT ECUADORAN DELEGATION CHAIRMAN TERAN WANTS TO VISIT WASHINGTON BETWEEN EACH ROUND OF TALKS, AND MAY TRY TO PLAN HIS NEXT VISIT FOR MID-JULY. HE IS ALSO CONTEMPLATING A STOP IN BOSTON TO MEET WITH PROF. ROGER FISHER, AND HOPES TO ARRANGE AN OFF-THE-RECORD BRAINSTORMING SESSION WITH FISHER, AND POSSIBLY PERUVIAN OFFICIALS. FISHER HAS MET WITH TERAN PREVIOUSLY, BUT NOT TOGETHER WITH PERUVIANS. MIKE ORFINI OF OVP CALLED US TO ASK WHETHER ANY DEPARTMENT OFFICIALS MIGHT GO TO BOSTON

SHOULD THE SESSION COME OFF; IT SEEMS DOUBTFUL IF ONLY GIVEN THE SCHEDULING.
PICKERING

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Current Class: [REDACTED]

Page: 4

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