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C O N F I D E N T I A L LIMA 01301

E.O. 12356: DECL: OADR
TAGS: PREL, PE, MAP, IN, IT, SP, FR, VE
SUBJECT: GARCIA'S TRAVELS: TERRORISM AT HOME

REF: (A) LIMA 829 (NOTAL)

1. C - ENTIRE TEXT.

2. SUMMARY: PRESIDENT ALAN GARCIA RETURNED TO PERU JANUARY 31 AFTER A TEN-DAY TRIP COVERING ITALY, INDIA, FRANCE, SPAIN, AND VENEZUELA. IN TALKS WITH THE FIVE CHIEFS OF STATE, GARCIA DEFENDED HIS DEBT POLICY AND CRITICIZED U.S. POLICY IN CENTRAL AMERICA. FROM HERE, HE APPEARED TO RECEIVE WARM RECEPTIONS IN ALL FIVE COUNTRIES, AND FRENCH PRESIDENT MITTERRAND REPORTEDLY AGREED TO PUSH FOR MORE IMF FLEXIBILITY IN THE CASE OF PERU. SPAIN, HOWEVER, MADE IT CLEAR THAT NO ADDITIONAL AID WILL BE COMING UNTIL PERU'S DEBTS TO SPAIN ARE ADDRESSED. BUT AS GARCIA SOUGHT TO MAKE HEADLINES ABROAD, TERRORISTS MADE HEADLINES IN PERU BY ATTACKING THE INDIAN EMBASSY AND ASSASSINATING A RUN-OF-THE-MILL APRA LEADER. GARCIA'S TRIP WAS NEARLY FORGOTTEN BEFORE HE EVEN RETURNED, AS PUBLIC AND MEDIA ATTENTION HONED IN ON THE GOVERNMENT'S INABILITY TO CONTROL TERRORIST VIOLENCE. END SUMMARY.

3. GARCIA LEFT PERU JANUARY 21 ON THE LONGEST TRIP OF HIS ADMINISTRATION AND POSSIBLY THE LONGEST OUTSIDE THE COUNTRY BY ANY MODERN PERUVIAN PRESIDENT. THE TRIP'S CENTERPIECE WAS PARTICIPATION IN INDIA'S INDEPENDENCE DAY CELEBRATION AS THE GUEST OF HONOR OF PRIME MINISTER RAJIV GANDHI. HE AND GANDHI MET AT THE NEW DELHI AIRPORT AND ACCORDING TO INDIAN DIPLOMATS HERE, DEVELOPED A WARM PERSONAL RELATIONSHIP. GARCIA ALSO ATTENDED A MEETING OF THE AFRICAN FUND, TO WHICH HE PLEDGED $5 MILLION.

4. BOTH BEFORE HIS DEPARTURE AND UPON HIS RETURN, GARCIA STRESSED INDIA'S IMPORTANCE TO PERU AS A MODEL OF HOW A THIRD-WORLD COUNTRY CAN MODERNIZE SUCCESSFULLY. BUT AS THE INTERNATIONAL PRESS CORPS ACCOMPANYING GARCIA ENJOYED THE SIGHTS OF INDIA, PERUVIANS WERE WATCHING ON DOMESTIC TELEVISION FAR BLOODIER FOOTAGE OF A COMMANDO ATTACK AGAINST THE INDIAN EMBASSY WHICH LEFT THREE DEAD

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[illegible] TERRORISTS DISGUISED THAT TERRORIST ORGANIZATIONS ARE OPPOSED TO ALAN PERU'S "SUBSERVIENT COLONIAL POWER." THE GOVERNMENT HAS BEEN CRITICIZED FROM ALL QUARTERS HERE, INCLUDING SOME PRESIDENT GARCIA'S, FOR FAILURE TO ANTICIPATE THE ATTACKS AND TO PROVIDE ADEQUATE PROTECTION FOR THE INDIAN EMBASSY.

5. LEAVING INDIA, WHERE HE SPENT SIX DAYS, GARCIA PROCEEDED TO RAPID-FIRE FASHION THROUGH HIGH-LEVEL MEETINGS IN FRANCE, SPAIN, AND VENEZUELA. IN FRANCE, GARCIA REPORTEDLY EXTRACTED PROMISES FROM PRESIDENT MITTERRAND TO ENCOURAGE MORE FLEXIBILITY ON THE PART OF THE IMF CONCERNING PERU AND TO SUPPORT CONTADORA'S EFFORTS IN CENTRAL AMERICA. "IN CENTRAL AMERICA," GARCIA SAID, "WE ARE FIGHTING FOR NON-INTERVENTION AND FOR IDEOLOGICAL PLURALISM. THE UNITED STATES SHOULD NOT BE THE TUTOR OF LATIN AMERICA."

6. IN SPAIN, GARCIA MET WITH KING JUAN CARLOS AND COLLEGE CHUM PRESIDENT FELIPE GONZALES. PERU OWES SPAIN ABOUT $300 MILLION, AND THE TWO COUNTRIES HAVE YET TO AGREE ON HOW IT WILL BE REPAID. GONZALES REPORTEDLY MADE IT CLEAR THAT SPAIN WILL NOT BE PROVIDING FURTHER AID UNTIL SOME AGREEMENT IS REACHED. PERU'S DEBT TO SPAIN ARISES PRIMARILY FROM TWO MAJOR PROJECTS -- CANTO GRANDE PRISON AND A CHAIN OF PUBLIC MARKETS. BOTH PROJECTS REMAIN INCOMPLETE TO SOME DEGREE PENDING RESOLUTION OF THE DEBT QUESTION. FOR HIS PART, GARCIA WAS QUOTED IN MADRID AS SAYING, "I DID NOT COME ASKING FOR MORE CREDIT."

7. AT HIS LAST STOP IN VENEZUELA, GARCIA MET FOR THE FIRST TIME WITH PRESIDENT LUSINCHI WHOSE FAILURE TO ATTEND GARCIA'S INAUGURATION IS POINTED AND MIFFED THE PRESIDENT. WITH LUSINCHI, GARCIA PUSHED ONE OF HIS FAVORITE THEMES -- LATIN AMERICAN UNIFICATION. REFERRING TO HIS OWN DEBT POLICY OF LIMITING LOAN REPAYMENTS TO 10 PERCENT OF PERU'S

EXPORT EARNINGS, GARCIA SAID EACH COUNTRY MUST DEVELOP ITS OWN PROGRAM BASED ON THE NEED OF ITS INDIVIDUAL ECONOMY. THE DAY FOLLOWING GARCIA'S VISIT, PRESIDENT LUSINCHI SAID HE WOULD BE COMING TO LIMA AT SOME UNSPECIFIED DATE TO CONTINUE THEIR CONVERSATION.

8. GARCIA RETURNED HOME TO FIND THAT A GOOD PORTION OF HIS GOVERNMENT WAS OUT OF TOWN. HIS REACTION AND SUBSEQUENT EVENTS ARE BEING REPORTED SEPTEL.

9. COMMENT: [illegible]

[illegible] WOULD BE INTERESTED IN ANY COMMENTS ON THE [illegible] YOU MAY HAVE AND/OR READOUTS FROM HOST GOVERNMENT [illegible]

DEPARTMENT OF STATE A/CDC/MR

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