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DIRECTORATE OF
INTELLIGENCE

Intelligence Memorandum

Costa Rica: Enter the Soviets

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CENTRAL INTELLIGENCE AGENCY
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INTELLIGENCE MEMORANDUM

Costa Rica: Enter the Soviets

The President is the boss around here for four years. We have made a decision concerning the Russian embassy. Those who are protesting against me are doing so in a selfish manner. They are looking after their own interests, not those of the country.

President Jose Figueres
13 December 1971

When he took office in May 1970, Figueres embarked on an "era of negotiations" with the Soviets. His goals were: 1) Soviet purchase of Costa Rican coffee on a regular, annual basis, 2) Costa Rican purchase of Soviet goods to maintain a balance of trade between the two countries, and 3) Public acceptance of a Soviet diplomatic presence in San Jose and, eventually, of a Soviet embassy there.

As he moved to implement this policy, he has been subjected to considerable opposition, largely from the right wing but also from the more moderate elements of the Costa Rican political spectrum.

Despite this criticism and some vacillation on his part, the accreditation of two Soviet diplomats by the Costa Rican Government on 29 November was a major step on the way to accomplishing one of the goals. The other two will be more difficult. The Soviets' need for large amounts of Costa Rican coffee has not been demonstrated, and the development projects that Figueres hopes to complete, using Soviet equipment and machinery, are still in the dream stage.

Note: This memorandum was prepared by the Office of Current Intelligence and coordinated within CIA.

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Background

1. President Figueres' moves to reopen long-dormant diplomatic relations and to increase trade with the Soviets are an attempt to redeem one of his major campaign promises. Diplomatic relations with the USSR were established in 1944, but there was no follow-through until August 1970 when Figueres began to arrange an exchange of diplomatic personnel. Five Soviet trade mission officials arrived in October 1971, and two full-fledged diplomats were accredited the next month.

2. During his first nine months in office Figueres' policy appeared to be moving ahead smoothly with no significant opposition. Coffee growers and other nabobs of the economy were delighted when the President was able to negotiate the continuation of surplus coffee sales that had been first arranged by the Trejos administration in 1968. In 1970 the USSR paid cash in dollars for Costa Rica's coffee. The Soviets almost certainly tied this purchase to the opening of a diplomatic mission in San Jose and Costa Rican purchase of Soviet goods. The issues of a Soviet presence and permanent trade arrangements quickly became matters of strenuous debate in Costa Rica. The first protests came from vocal right wingers, but these were picked up by more moderate voices.

3. By early 1971, Figueres' attempts to seek closer ties with Moscow were running into heavy weather, but not heavy enough to divert the President. News from Mexico in March that five Soviet diplomats had been expelled for supporting an extremist guerrilla movement had an enormous impact and accelerated the shift of public support away from Figueres' plan to admit a Soviet embassy.

4. Shortly after the embarrassing events in Mexico, an administration plan to buy \$12 million of Soviet equipment to help maintain the balance of trade fell victim to the Costa Rican practice of

open bidding. The deal was canceled when the Soviet bid was found to be legally defective. When this part of Figueres' commitment to the Soviets fell through, the pressure from Moscow to allow a Soviet mission probably grew.

5. Figueres' overtures led to discontent within the President's own party, the National Liberation Party. Party members were distressed by what they considered Figueres' refusal to consult with the party on policy matters. ~~_____~~ high-level party leaders opposed the plan to exchange diplomats, fearing that the establishment of embassies in San Jose and Moscow would hurt their chances in the next elections. They could see the party losing the votes of the strongly anti-Communist conservatives, particularly in the rural areas. They came to believe that Figueres was stubbornly pursuing personal goals at the expense of the party.

Opposition Forces a Decision

6. When it nevertheless became apparent early last summer that negotiations with the Soviets were moving ahead rapidly and that a Soviet ambassador might arrive in San Jose at any time, the chorus of opposition swelled. Right-wing groups, which fear that Costa Rica's traditional democratic institutions would be undermined by sophisticated subversion, were joined by leaders of the press, business, the church and the President's own party. Even Figueres' two vice presidents publicly dissociated themselves from the policy. Figueres, in effect isolated, decided to temporize. He stated that he was postponing indefinitely the opening of a Soviet embassy. In a speech on 29 July he indicated that there had never been a decision to admit an embassy and that the political climate in Costa Rica was not right for such a step. He hinted that if diplomatic ties were established, they would have to come through missions already existing in third countries.

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7. The outcry that caused Figueres to back down proved to be only a temporary stumbling block. In October, a Costa Rican commercial mission signed trade protocols with the Soviets covering the sale of Costa Rican coffee over a five-year period. Costa Rica, in turn, committed itself to buy Soviet machinery and equipment. Again, as in the coffee sales agreement of 1970, the terms of the pact were almost surely tied to the opening of a Russian embassy in San Jose.

8. With the trade agreement signed, Figueres resumed his maneuverings on the diplomatic front. As a spin-off to the commercial negotiations, a permanent five-man Soviet trade mission quietly set up shop in San Jose in late October. The government indicated that the trade team was in San Jose only to work out commercial arrangements and would leave as soon as the job was completed. Meanwhile, the Soviets were busily looking for permanent quarters. On 20 November two Soviet diplomats suddenly turned up in San Jose. Several days of confusion followed.

~~_____~~ Foreign Minister Facio did not expect the Soviets to arrive until March 1972. The government put out contradictory statements. The two Soviets were first called cultural officials, then diplomats on a stopover bound for Venezuela--indeed, anything but what they actually turned out to be. It was not until nine days later, when the government announced their accreditation, that their true identity was made public.

9. The accreditation and the accompanying hint that an ambassador would soon follow set off cries of outrage, mostly from the vocal right wing. Opposition parties condemned the "treacherous" and "deceitful" manner in which the Soviet envoys had been installed. Conservative groups filled the newspapers and airwaves with a barrage of words condemning the admission of the Soviets. The outcry culminated in a huge protest parade on 11 December. Since then, the initiative seems to be passing to Figueres' supporters. The local Communist Party mounted a counter-demonstration on 18 December allegedly encouraged

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and supported by Figueres, but it was not as large as the anti-government rally.

Figueres' Motives

10. President Figueres has explained his leftward moves by referring to President Nixon's call for an "era of negotiations." He argues that the old cold-war attitudes are no longer relevant and that two Soviet diplomats are not going to destroy Costa Rica's religion and democracy. He would be pleased to see the first Soviet embassy in Central America installed in San Jose. Such a development would, he feels, project him beyond the national scene and into the larger international stage. His exaggerated sense of self-importance suggests that he may be looking forward to proving that he can "handle" the Soviets just as he "handles" the Americans.

11. Finding a market for Costa Rica's annual coffee surplus is a problem of high economic and political significance. Figueres thus wants to sell coffee to the Soviets or anyone who will buy. He evidently believes that the Soviet Union in time will become a major purchaser of Costa Rican coffee and that a preferred position in such a market would be worth important concessions, including, if the Soviets insist, a diplomatic mission. Figueres insists that coffee surpluses will be taken care of in this manner for the "next five or six years," and that further economic benefits will be realized. He announced recently that Costa Rica will be able to manufacture great amounts of aluminum using Soviet hydroelectric power equipment. His implication that the project is just around the corner is deceptive. In fact, the aluminum plant proposition is an old one that has languished in the planning stage. It has yet to be demonstrated that it is economically sound.

12. Greed may also play a part in Figueres' maneuverings. He has never managed his personal finances well, and recent reports indicate that he

has been having money problems. Many of his financial holdings are in the coffee industry. Thus, if he can sell large amounts of coffee to the USSR, he stands to enrich not only the country's economy but himself.

Soviet Motives

13. Despite what Figueres may think about the Soviet craving for coffee, the USSR has no particular need for huge amounts of the Costa Rican product. Furthermore, the Costa Rican ability to absorb Soviet goods is limited. The establishment of a diplomatic mission in Costa Rica--not trade relations--was probably the prime Soviet objective in the negotiations of the past two years. An open society and democratic government make Costa Rica more attractive to the Soviets than neighboring nations, which have governments controlled directly or indirectly by the military. Moreover, the Costa Rican Communist Party is given a good deal of latitude in Costa Rica and could smooth the way for the Soviets. Indeed, the party has acted as an intermediary in past trade deals between the Soviets and the Costa Ricans. It is an old, established party, sophisticated by Latin American standards, and its ties to the Soviets are close. The party's secretary general, Manuel Mora, has a good working relationship with Figueres and has reportedly urged the President to accommodate the Soviets.

14. Given the Soviet desire to establish embassies elsewhere in Central America, the small Soviet representation in Costa Rica will probably be on its best behavior there and will be circumspect in assisting subversives in neighboring countries. Costa Rica's neighbors have already shown signs of nervousness, however. The Guatemalans are concerned that the Soviets may use their diplomatic mission to give further support to Guatemalan insurgents. Nicaraguan President Somoza also expects that Nicaraguan leftist subversives, who have traditionally operated out of Costa Rica, will be aided by the Soviets.

Outlook

15. Now that two Soviet diplomats are accredited, Figueres' plan for a "modest" embassy of "five or six" diplomats is well on its way to reality. He has vaguely referred to a plebiscite on the issue of trade and diplomatic relations with the Soviets, but it is unlikely that he will follow through. He apparently believes the fight for the Soviet embassy has been won and will probably allow an ambassador to arrive soon.

16. Figueres will nevertheless continue to keep an eye on public reaction. He will do what he can to weaken the protests of opponents of his course and encourage those--including local Communists--who favor his objectives. He knows that the issue has disturbed many Costa Ricans and that public opinion and built-in institutional checks and balances that have constrained him in the past could cause him problems again. At present, both pro- and anti-Soviet forces, after nearly a month of debate, have established a holiday truce. The controversy is likely to flare up again next month, however, when the Soviet ambassador is expected to arrive.