

By Nelson Valdes
and Jan Knippers Black

This is the first in a two-part series on ships involved in illegal arms trafficking in Latin America.

THE SECRET WORLD OF INTERNATIONAL ARMS trafficking has played havoc with the captain and crew of a Danish ship called the *Pia Vesta*. Since last June, when they were arrested by Panamanian authorities, the eight Danish nationals have been held inside the mysterious ship, which was laden with arms from Eastern Europe.

Just where the arms were headed before the ship was captured remains a puzzle. The Salvadoran government, along with leftist rebels in Peru and Colombia, have all come under suspicion as the possible recipients. But an increasing number of Latin American journalists and Central American diplomatic sources believe the arms were headed for the U.S.-backed contra rebels. And who sent the arms is as intriguing a mystery as who was to receive them.

The story begins: In early June 1986 the *Pia Vesta* made its way toward Peruvian waters. The ship, owned by Joergen Jensen's Vesta shipping company of Svendborg, Denmark, and chartered by SA-Chartering APS of Copenhagen, left the East German port of Rostock on May 5 loaded with 200 tons of weapons and 32 military trucks. The commercial transaction was carried out by the East German state enterprise in charge of foreign trade and Sinato International, Inc. The cargo manifest listed Marnix, S.A., of Montevideo, Uruguay, as the shipper. According to a bill of lading—which documents what's in the cargo and where it's going—the cargo was to be received by the Peruvian navy at the port of Callao. It all seemed business as usual; after all, it was not the first time that Peru purchased military goods from the East Germans.

Last June 3, as the *Pia Vesta* transited the Panama Canal, SA-Chartering APS sent a telex to the Peruvian company Universal Maritima, S.A., requesting that the company serve as its agent when the ship arrived in Callao. Universal Maritima, following standard Peruvian procedure, asked Copenhagen Chartering to forward the commercial documents itemizing the ship's contents. But the documents were not to be found. Finally, last June 6, having received no documents, Universal Maritima informed *Pia Vesta's* captain that it would not act as the ship's agent in Peru.

Meanwhile, according to the Peruvian newsmagazine *Caretas*, CIA officials in Lima—apparently unaware of the *Pia Vesta's* mission, alerted the Peruvian government to the approach of a ship bearing what the U.S. intelligence agency took to be contraband arms. Peru's President Alan Garcia, assuming that the arms were destined for his country's "Shining Path" guerrillas, responded by ordering the Peruvian navy to capture the ship.

As the Peruvian navy, with air force assistance, began its search, SA-Chartering of Copenhagen issued an order to the *Pia Vesta* to turn around and head back to Panama. The *Pia Vesta* obeyed, and in the process managed to escape capture.

Garcia then asked the Panamanian government to intercept the *Pia Vesta* and confiscate its cargo. On June 13 Panamanian armed forces commander Gen. Manuel An-

tonio Noriega informed Garcia that the *Pia Vesta* had requested permission to dock in Panama—but at a U.S. naval base, a surprising refuge for a ship thought to be carrying guns to a Marxist group.

The Panamanian military intercepted the *Pia Vesta* on June 14. Maj. Luis Carlos Samudio reported on Panamanian national television five days later that, as their patrol boats approached, *Pia Vesta* crew members were trying to throw boxes into the sea.

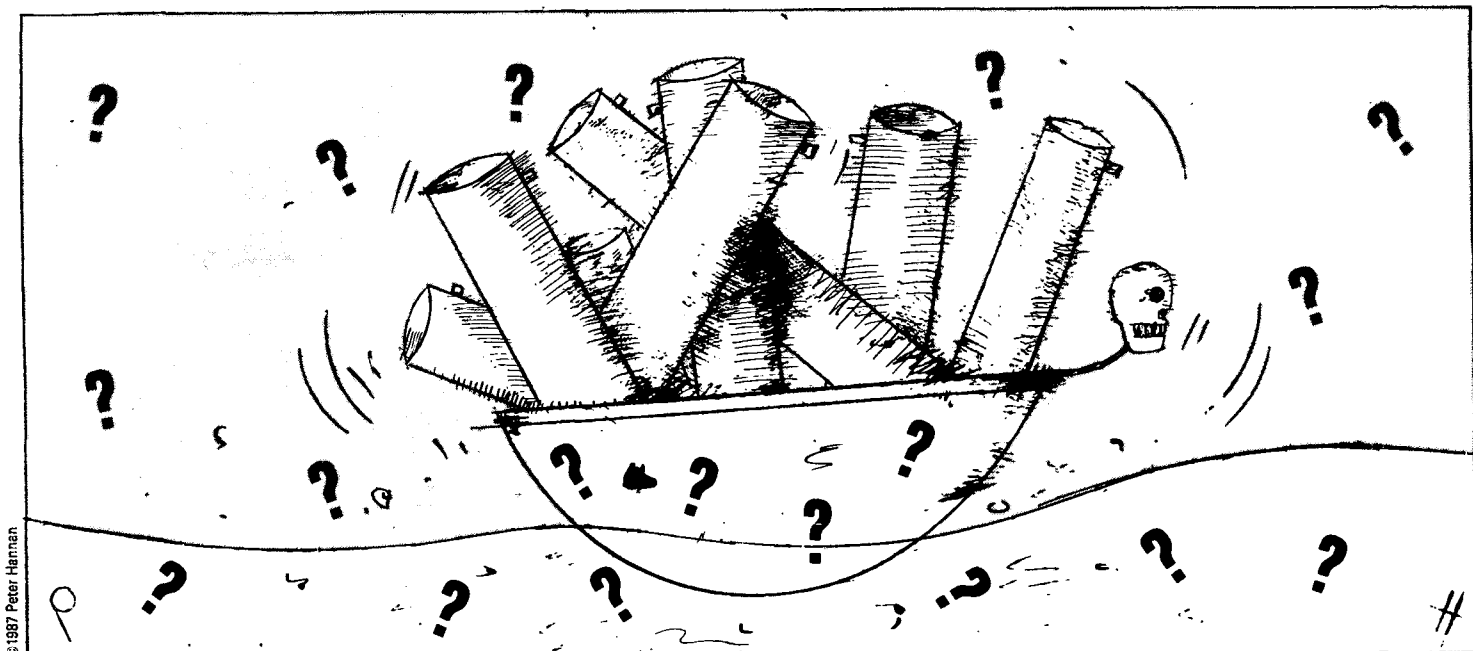
No one claims the cache: The bill of lading turned over to Panamanian officials showed only trucks and spare parts. But the containers once unsealed revealed 1,500 rifles, 1,500 RPG missile launchers, a large amount of ammunition and 32 military vehicles. Interviewed last August 9 on Peruvian television, Gen. Noriega commented that the *Pia Vesta* was equipped with a very sophisticated communications system.

The ship's manifest seized by Panamanian authorities said the cargo was to be delivered to the commander-in-chief of the Sal-

Other aspects of the case raise questions about a U.S. link in supplying the arms.

As the ship was being intercepted, Panamanian authorities arrested a Peruvian, Emilio Ortiz de Zavallos, who they believed was awaiting the cargo at the port of Balboa in Panama. While in custody, Zavallos called a man named David Duncan in Miami. Interviewed by *Caretas* last July 31, Duncan said that his company, General Equipment, headquartered in Miami, handled more than \$3.6 billion worth of arms sales on an annual basis, and that the cargo confiscated from the *Pia Vesta*, for which he assumed full responsibility, was worth \$2.5 million. *Caretas* reported last October 6 that Duncan had done business in the past with Gen. Blandon.

DEADLY CARGO



vadoran armed forces, Gen. Adolfo Blandon, in care of a company called Terminales Chiriqui, S.A., of Panama. The cargo, however, was not identified as military. Gen. Blandon denied knowledge of such a shipment. He was quoted by AFP as saying, "It would be illogical for Russian weapons to be destined for El Salvador." Thus, although the point of origin was known, the destination of the *Pia Vesta* had become anyone's guess. Moreover, no one claimed the goods anymore.

But evidence—albeit much of it circumstantial—points increasingly to the contras as the intended recipients. For instance, among the war materiel found in the ship were Soviet-made, 82-KF rifles. When the U.S.-made C-129 military transport plane carrying Eugene Hasenfus and two less fortunate Americans was shot down over Nicaraguan territory in early October it carried ammunition for just that type of rifle.

Why would the U.S.-backed contras receive Eastern bloc weapons? It's general knowledge in the world of arms trading that anti-government rebels tend to try to match the weaponry of the government forces they are fighting. By using Eastern bloc military equipment, the contras could use materiel captured from the Eastern bloc-supplied Sandinistas.

During a Zavallos telephone conversation with Duncan—which was recorded by the Panamanian military and published in the Panamanian newspaper *La Republica*—the two men were hooked up by phone with Alberto Coppo Gayoso, a Peruvian businessman who had previously worked with a secret police force in Peru. *Caretas* revealed last October 6 that Coppo Gayoso had paid a Peruvian commercial agency, Resa, to issue false documentation showing that the *Pia Vesta* had arrived in Callao and then returned to Panama en route to El Salvador. In the same conversation Duncan suggested a link to Eldon Cummings, a retired U.S. Army colonel who headed the U.S. Military Assistance

An increasing number of Latin American journalists and diplomatic sources believe the arms were headed for the U.S.-backed contra rebels.

Group in El Salvador in 1980. Cummings, at the time of the conversation, worked as an aide to Nestor Sanchez, assistant secretary for defense for inter-American affairs. On January 15 the *New York Times* reported that Sanchez had been implicated in the contra supply network and, as a result, had retired recently.

Last July the Peruvian government, noting that such trafficking in illegal arms might affect its security, launched an investigation and lodged a protest.

In response to a Peruvian request the East German government reported that its own foreign trade company may have been misled by the Swiss company Verwaltungs-und Finanzierungs AG (VUFAG). VUFAG, the East Germans said, had presented itself as representing the commercial interests of the Peruvian government. In fact, *Caretas* reported on August 18 that VUFAG was a front organization for David Duncan.

The Peruvian government, dissatisfied with that response, recalled its ambassador

from East Germany. Meanwhile, Peruvian missions in Panama, Denmark, France, Switzerland and Uruguay had concluded that documents found on the *Pia Vesta* were forged and that none of the companies mentioned in those documents existed.

A report issued by the Peruvian navy in conjunction with the country's foreign ministry also commented on the forging of documents, including a certificate ostensibly issued by the Peruvian naval attaché at the embassy in Washington. The signature of Rear Admiral Julio de los Rios was forged, for example, making it appear erroneously as if he were the naval attaché.

Conflicting stories: In August the Peruvian Senate established a multi-party investigative commission.

A variety of interpretations of the *Pia Vesta* affair have surfaced. Jensen, owner of the Danish shipping company, claimed to know nothing about the case. At any rate, he had other things on his mind, as he, along with two of his captains and two of his shipping brokers, had been charged by Danish authorities with breaking a United Nations embargo on arms sales to South Africa.

Salvadoran Vice President and Foreign Minister Rodolfo Castillo Claramount echoed

Continued on page 22

IN THESE TIMES JAN. 28-FEB. 3, 1987 3

By Joel Bleifuss

What's good for GM is good for Mexico

In December, about 700 American businessmen took up the U.S. Commerce Department on its offer and went to Acapulco to learn how to utilize low-paid Mexican workers. (Commerce's sponsorship was later withdrawn, but the invitations had already gone out. See *In These Times*, Nov. 19, 1986). "We project that there will be one million new jobs coming to Mexico from U.S. companies in the next 14 years," one Mexican official told participants at the conference. A lot of those jobs will be in the auto industry. According to the *Detroit Free Press*, General Motors is expected to open 12 new plants in Mexico this year, bringing their plant total in Mexico to 29. General Motors will then be that country's largest U.S. employer. (Rankings two through five go to Zenith, GE, RCA and A.C. Nielson.) This news comes on the heels of GM's November 1986 announcement that it was closing 11 plants and laying off 29,000 workers in the U.S. (see *In These Times*, Nov. 26, 1986).

Hell, why not?

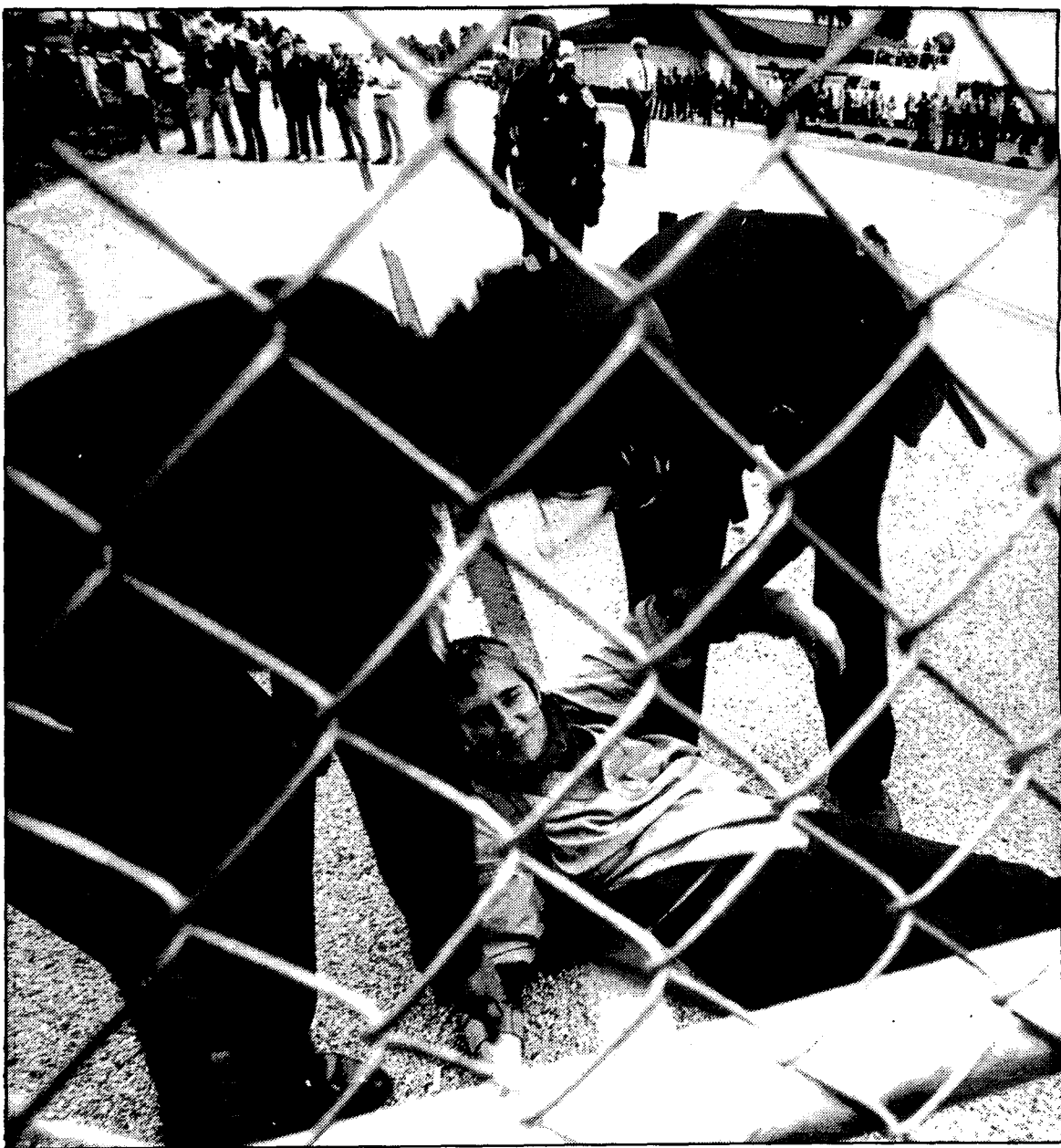
"Shocking" and "totally unacceptable" are the words the Eugene V. Debs Cooperative of Ann Arbor, Mich., uses to describe the "misappropriation of public monies in order to supply arms to Iran and the contras." Consequently, the group, which is named after the father of American socialism, is petitioning Speaker of the House Jim Wright to draft articles of impeachment against President Reagan. Copies of the "Petition to Impeach Ronald Reagan (and George Bush)" are available from the Impeach Ronald Reagan Campaign, 908 East University, Ann Arbor, MI 48104. The petitions are five cents each.

Joggers implicated in kangaroo deaths

The British chapter of Greenpeace has convinced sportswear companies to stop importing shoes made with kangaroo skins. The environmental group threatened to post billboards that read "Adidas and Mitre use the skin of slaughtered kangaroos. Who'd want to be in their shoes?" The accompanying graphic showed an Adidas-clad jogger leaving a footprint trail of splattered blood. In the U.S., Greenpeace is urging a consumer boycott of the one company it knows to be selling kangaroo-skin shoes in the U.S.—Adidas. Nike, Lotto, New Balance, Tacchini, Fila, Caepa, Brooks and, ironically, Kanga Roo are kangaroo skin-free. And through congressional lobbying, Greenpeace is supporting a bill to be introduced this week by Rep. Robert Mrazek (D-NY) that would ban the importation of kangaroo-skin products. The three large Australian kangaroos that are commonly killed for their hide (the red, the eastern grey and the western grey) have been listed in the "threatened" section of the U.S. Endangered Species List since 1974, when the importation of kangaroo products was first banned. In 1981 the U.S. Fish and Wildlife Service decided to amend the 1974 ban and allow kangaroo skin products to be imported. The service relied on Australian documentation that a wildlife protection program was in place. However, last year an Australian administrative court ruled that Australia did not have an adequate kangaroo preservation program. The court said that the data the government supplied the U.S. grossly overestimated the size of the roo population and made no distinction between species in those figures. And the court also found that some species of smaller kangaroos are now in danger.

Party with a Commie

The Plutonium Players—the Berkeley, Calif., satire troupe who brought you the "Reagan for Shah" campaign in 1980 and the ongoing movement, "Ladies against Women"—is inviting fun-loving lefties to join in from their own living rooms. The group is seeking "radikal kouch potatoes" to host spoof-viewing parties for the ABC-TV miniseries *Amerika*, about the Soviet Union taking over the U.S. To get the party rolling, the Plutonium Players have come up with a party packet which includes fliers, invitations, press releases, tips on what to parody and *Rocky Horror Picture Show*-style punch lines. "Party-goers will join ABK in chiding a nation so very weakened by liberals, feminists and other wimps that it cannot resist a Soviet invasion," according to the group. For a party packet write, Plutonium Players Amerikon, 1600 Woolsey St., #7, Berkeley, CA 94703, or call (415) 841-6500. A sliding-scale donation of \$5 to \$15 is requested.



David Vira

No sitting on a nuclear fence: Florida's finest arrest one of the 138 people who on January 17 climbed over the fence at Cape Canaveral Air Force Station. The acts of civil disobedience took place during a demonstration of an estimated 6,000 people who had gathered to protest the first flight test of the Trident II D-5 nuclear missile. Among those attending the Mobilization for Survival affair were Dr. Benjamin Spock and Detroit Bishop Thomas Gumbleton. According to Bruce Gagnon of the Florida Coalition for Peace and Justice, the people arrested based their actions on the "Nuremberg principles signed after World War II that obligate all citizens to refuse to participate in or allow 'crimes against humanity.'"

The revolting right in El Salvador

SAN SALVADOR—Rumors of Salvadoran President Jose Napoleon Duarte's resignation in the face of a brewing military coup have proven false. That original report was put out by the guerrilla news agency Salpress and picked up by Associated Press in Mexico City. (The story had Duarte personally handing his resignation to U.S. Ambassador Edwin Corr.)

Under Duarte the army has swelled in size and importance. A military move against him would be akin to killing the goose that lays the golden egg—a \$121 million egg in U.S. military aid.

But while not under attack by the army, Duarte is taking fire from the right who are up in arms over new taxes aimed at making the rich pay \$24 million to support the war. The period of relative harmony between the Christian Democrats and El Salvador's right, traditionally distrustful of Duarte's "socialist" leanings, has ended.

The right has responded aggressively in defense of its pocket-books. They filed a constitutional challenge before the Supreme Court. On January 6, right-wing As-

sembly deputies began a "parliamentary strike" during which they will neither vote nor participate in Assembly debate. The Arena Party unleashed its most skilled orator, ex-presidential candidate Roberto "Death Squad" D'Aubuisson, who went on television Christmas day to lambaste the "loco" Duarte and his "party of the corrupt"—the Christian Democratic Party (PDC).

The most extreme elements on the right, the coffee growers—still brewing over the 1980 nationalization of coffee exporting—have, according to PDC sources, been trying to "buy" army officers to launch a coup.

In addition to defending their economic interests the right is exploiting the tax issue for the December 1988 Assembly elections.

The attacks are of particular concern to the government because its popularity is already low. The economic austerity measures implemented last January to help pay for the war—the currency was devalued and prices rose sharply—encountered widespread labor opposition.

Although the new taxes are different—hitting primarily the rich—the right has been playing up the similarities.

The right-controlled morning papers appear to have convinced many that the "new war taxes" will hurt the average Salvadoran. Labor groups, even those supporting the government, have come out against the taxes. Sixty percent of the economically active population are already under- or unemployed.

Analysts say the government is stuck—it has to have the money to fund the war. While U.S. military aid of \$120 million funds almost half of the estimated \$300 million war bill, El Salvador must pay military salaries and other expenses. "The government is caught between the war and the right," notes one Christian Democrat.

Yet the Christian Democrats appear to have laid a trap for the right. Given the army's support for the war taxes, the right's opposition can now be attacked as unpatriotic.

But the big loser in the increased polarization between the Christian Democrats and the right appears to be the U.S. Embassy, whose patient, double-edged effort to wean the right from their Duarte-as-devil theory and force Duarte to make concessions to the right has hit a snag.

—Chris Norton