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SUBJECT: CHILE EXPLAINS COUNTER-TERRORISM EFFORTS TO G-8

REF: A. SANTIAGO 1350
B. SANTIAGO 1924
C. SANTIAGO 2034

1. (SBU) Summary. In a local G-8 CTAG meeting, the chiefs of Chile's National Intelligence Agency and the Director of Chile must seek to disrupt any activity that could benefit terrorists. They said they had no conclusive evidence of a terrorist link between the tri-border area and Iquique in northern Chile. Current evidence suggests there may be financing coming out of Iquique for radical Middle Eastern groups. The GOC officials also said they were monitoring the upcoming conference of radical leftists (reftel) scheduled for October 27-29, but downplayed G-8 security concerns. The Swiss Ambassador raised the need for further world discussion on the use of the internet in terrorism. End Summary.

2. (SBU) Russian Ambassador Filatov hosted a local G-8 Counter-Terrorism Action Group (CTAG) of senior-level officials from G-8 countries as well as from the Spain and Switzerland. The Director of Chile's National Intelligence Agency (ANI), Guillermo Villalobos, and the head of

intelligence for the National Investigative Police (PICH), Luis Alarcon, attended and outlined Chile's efforts to fight terrorism.

Chile's Counter-Terrorism Efforts

3. (SBU) Villalobos identified Islamic terrorism as the principle terrorist threat in the world. While pointing out that the threat of terrorism in Chile was relatively low, Villalobos acknowledged Chile must still engage in counter-terrorism efforts. He outlined efforts the GOC has made: Chile meets all international port/maritime security standards created a Center for Crisis Resolution to respond to potential issues with civil aviation was working to improve border security and established a Financial Intelligence Unit in 2004 to combat money laundering (refel A and B). Villalobos identified the possible link between the tri-border area (Brazil, Paraguay and Argentina) and Iquique in northern Chile as the GOC's main area of concern regarding terrorist finance. However, he said the GOC did not have concrete evidence of any link at this time. At the same time, Alarcon acknowledged that Chile could be used for money laundering to finance Islamic terrorism, but was attempting to address any loopholes through the FIU.

Radical Leftist Meeting

4. (SBU) When asked about the meeting of radical leftist organizations, including the FARC, scheduled in Chile Oct. 27-29 (refel C), Villalobos responded that he suspected this conference was more ""media-oriented than revolutionary."" The Chilean organization hosting the meeting, the FPMR, has been very public about the entire conference. Villalobos said he thought it unlikely high-level FARC or members of other groups would attend such a public meeting. He also observed that there was no evidence of ties between any of the groups attending the meeting and Islamic groups.

Embassies Speak

5. (U) The U.S. delegation, headed by the Ambassador, highlighted the need for enhanced cooperation among GOC agencies. The Ambassador noted the USG's own efforts to improve inter-agency cooperation and encouraged the GOC to maximize its effectiveness through inter-agency or joint task forces. The Swiss ambassador, after emphasizing the importance his country placed on combating terrorist financing, addressed the use of the internet to spread terrorist propaganda and plan attacks. The Russian ambassador highlighted a conference taking place next month in Moscow on partnership between the state and business in fighting terrorism. All G-8 representatives emphasized their availability to work within the G-8 and with the GOC to combat terrorism.

Comment

6. (SBU) Villalobos and Alarcon suggested that there was evidence, though not yet conclusive, of money laundering and terrorism finance in Chile. The attendance of key GOC officials at the CTAG meeting and their willingness to acknowledge this indicate Chilean law enforcement is detecting problems in these areas. There appears to be a recognition gap, however, between law enforcement and some civilian GOC officials who continue to view Chile as an island immune

from terrorist financing or money laundering. Post will continue to work with the GOC to support the creation of viable mechanisms to help Chile detect and halt these activities.
KELLY

