

Soviet cell in U.S. bared by 'Pia Vesta'?

by Gretchen Small

Have Peruvian and Panamanian authorities uncovered a Soviet nest within U.S. intelligence networks operating in the Western Hemisphere? Is a faction of U.S. intelligence involved in trafficking Soviet weapons to Ibero-America?

The investigation is still clouded, but the few facts already established in the *Pia Vesta* scandal, pose these harsh questions. This spring, East German state agencies sold 250 tons of Soviet-made weapons to a Miami-based U.S. arms trafficker, who planned to sell them in Ibero-America. The news has been met with black-out in Washington, D.C., but the cover-up is about to be blown.

The scandal began on June 14, when Panamanian authorities detained a Danish ship at the request of the Peruvian government. The ship, the *Pia Vesta*, had anchored off the coast of Peru in early June, remained in Peruvian waters for a few days, and then turned back to sea. When the ship was searched in Panama, 250 tons of Soviet-made weapons and equipment were found aboard. The ship's documents showed the weapons had been loaded at Rostock, East Germany—by East German state trading companies.

The *Pia Vesta* carried enough weapons to equip a terrorist battalion: 1,500 machine-guns, 1,500 rocket-launchers, and 32 light-weight trucks. Three days after the weapons were uncovered, *Sendero Luminoso* (Shining Path) narco-terrorists attempted an uprising in Peru, which later proved to have been planned as the trigger for the overthrow of Alan García's government.

Were the Soviet weapons going to the terrorists? The news covered the front pages in Panama and Peru—but was met with silence in other Western news media.

The story soon become more complicated. Wire reports identified two East German state trading companies (Import-Export Gesellschaft MBH and VEB Schiffsmaklerei), the Swiss Verwaltungs und Finanzierungs AG (VUFAG), the Paris-based France Maritime du Commerce, Uruguay's Marx S.A., and a "Sinato International Co.," location unknown.

In mid-July, a Miami-based arms trafficker, David Duncan, stepped forward as the dealer who bought the Soviet weapons. In an interview with a *Miami Herald* reporter, published by the Peruvian magazine *Caretas* on July 31, Duncan bragged that he was among the top 30 arms agents in the world, selling \$3.8 billion worth of military hardware in Ibero-America, the Middle East, and Africa, through two

dozen-plus shell companies. Duncan was said to be a CIA agent in Peru's press, but he denied it.

On Aug. 12, the Duncan interview was finally published by the *Miami Herald*. Duncan claimed that the Peruvian Navy had contracted for the weapons, but when they backed out of the deal, he arranged to sell them to El Salvador's military.

Spokesmen for both institutions deny Duncan's story. A communiqué from the President's office in Peru on July 16, suggested that documents implicating the Peruvian Navy in the deal were fabricated to "launder" the weapons. Speculation has arisen that the weapons were destined for the Nicaraguan "contras."

Washington's silence on the Duncan affair matched that of East Germany. The French press agency AFP reported on Aug. 12 that police and U.S. State Department officials claim that no record of Duncan as an arms-agent could be found—nor was any necessary, as long as he didn't sell U.S. arms, or import arms to the United States. One government source dismissed the matter, claiming that "not much worry existed over a shipment of arms which went from one banana republic to another."

Soviet weapons for Ibero-America dismissed as a matter of "banana republics?" The response smacks of cover-up—on a grand scale! The *Pia Vesta* case raises national security questions. What is a U.S. arms-agent doing in a pact with Soviet intelligence services? Is Duncan a Soviet agent? Is Duncan part of a Soviet-protected cell within U.S. intelligence involved in arms-trafficking in the Western Hemisphere?

Answers demanded

On Aug. 13, Peru recalled its ambassador from East Germany, to protest its failure to answer repeated Peruvian requests for information on the *Pia Vesta* matter. "The situation remains confused, because all the investigations end in false leads, non-existent companies, or falsified documents," Peruvian Foreign Minister Allan Wagner told the press Aug. 13. But East Germany has failed to explain its involvement in the "illicit arms traffic," calling it a "commercial transaction"!

"In accordance with international law, I must express the Peruvian government's strong protest for not having received documented information which would allow us to clarify the participation of your country's state firms in what shapes up to be a case of illicit arms traffic," a Foreign Ministry note stated. Those behind the shipment "have put at risk the security of Peru and the sovereignty of the country."

On Aug. 16, the Peru sent another diplomatic note, requesting U.S. assistance in investigating Duncan. "Said arms dealer has been identified as the proprietor of the cargo aboard the *Pia Vesta* and had involved elements of the Peruvian armed forces in this contraband. In light of the need to complete the investigations," U.S. cooperation is now required.