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AMEMBASSY TEGUCIGALPA

CN: 4849

E.O. XXXXXXX

XGDS 6/9/02 (MEGROPONTE, John D.) OR-M 12065:

TAGS: SUBJECT:

PEPR, NO, MILI, EAID

WILL HONDURAS CHANGE ITS FOREIGN POLICY?

ACTION:

SECSTATE WASHDC

CECRET TEGUCIGALPA 4849

APTIONED

- 1. ENTIRE TEXT
- 2. The Hondurans are unhappy about the levels of our economic and military assistance. They are also losing confidence in our willingness to prevent the establishment of a pro-Soviet Marxist state in Nicaragua. And they are fearful of reprisals from Nicaragua because of continued existence of counterrevolutionary camps on Honduran territory.

AMB DCM RMEXY

Department will have noted

that 1,5/0

as a result of these concerns Honduran Armed Forces XXX Superior Council considering possible policy of pulling in Honduran horns, distancing GOH from USG policy lead in Central America and initiating rapprochement with Nicaragua. Trade-off would reportedly be substantial economic assistance from

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Dept. of State, RAS/IPS, Margaret P. Grafeld, Dir. () Release () Excise () Deny () Declassify 48 Exemption 1.5 (C

Classification

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unspecified Middle Eastern state and presumably some degree of temporary domestic tranquility from externally supported terrorism.

- Falklands situation is cited by some Hondurans. including CINC Alvarez, as a major factor in this reappraisal. Embassy believes it is just a contributing one and possibly a convenient pretext. Root cause is severely declining confidence in USG ability to help Honduras out of its economic difficulties and similar loss of hope that we will help build up Honduran military to levels necessary to meet Nicaraguan threat. Nicaraguan army is now twice size of Honduras' and military spending three times that of GOH. GOH probably also see us as unwilling KW or unable do anything serious XKWXXX about fact that Nicaragua is now a Soviet-aligned Marxist state and fears we will ultimately acquiesce in a fait accompli. Against background of these frustrations and fears, Embassy Judges that there is now at least fifty/fifty chance GOH foreign policy will veer towards more "neutralist" or accommodationist stance in near future.
- 5. In Embassy's judgment remedies to situation remain very much along lines we have urged previously: HXW a quick \$20-25 million transfusion separate from and additional to the CBI and a major effort to push through





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\$17 million military supplemental. On military side immediate action under Section 506 would of course be equally helpful alternative.

- 6. We very much appreciate Department's recent explanations as to why economic relief is not immediately available; but feel obliged to stress that this could prove decisive factor for GOH.
- 7. Finally, GOH military has on numerous occasions inquired about our contingency plans in event of Nicaraguan attack on Honduras. While recognizing sensitivity of sharing contingency plans generally, we wonder if situation may not warrant consideration of some serious, high-level and extremely close-hold joint planning with General Alvarez on just that subject.

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