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FM WASHINGTON
TO ROUTINE FCO
TELNO 882

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OF 100430Z APRIL 86

INFO ROUTINE UKMIS NEW YORK, MEXICO CITY, SAN JOSE, TEGUCIGALPA
PANAMA CITY, HAVANA, LIMA, BOGOTA, BRASILIA, CARACAS, MONTEVIDEO
BIS BUENOS AIRES, BIS GUATEMALA CITY, THE HAGUE

MY TELNO 770: US/CENTRAL AMERICA

SUMMARY

1 HABIB OPTIMISTIC ABOUT CONTRA AID VOTE. RENEWED US DIPLOMATIC
EFFORT LIKELY TO FOLLOW, BUT NICARAGUAN CONDUCT WITHIN CONTADORA
DISCOURAGING. VAN DEN BROEK'S EXCHANGES IN WASHINGTON PREDICTABLE.
DETAIL

2 I CALLED ON HABIB ON 9 APRIL TO EXPLORE HIS THINKING FOLLOW-
ING THE PANAMA CONTADORA MEETING AND VAN DEN BROEK'S VISIT, AND
BEFORE THE RESUMPTION THIS WEEK OF THE CONTRA AID DEBATE ON THE
HILL.

3 HABIB MADE CLEAR THAT HIS PRESENT PRIORITY WAS TO HELP
EXTRACT THE ADMINISTRATION'S DOLLARS 100 MILLION CONTRA AID REQUEST
FROM CONGRESS. HIS INITIAL VISIT TO CENTRAL AMERICA (MY TELNO
613) HAD BEEN UNDERTAKEN WITH THE NEED TO ESTABLISH CREDIBILITY ON
THE HILL VERY MUCH IN MIND. HE WAS NOW CONFIDENT THAT THE FUNDS
WOULD BE FORTHCOMING, ALTHOUGH THE PRECISE TIMING AND CONDIT-
IONS WERE STILL IMPOSSIBLE TO FORECAST. A HOUSE
VOTE ON 15 OR 16 APRIL SEEMED LIKELY, BUT IF THE AID REQUEST WAS
ATTACHED TO THE SUPPLEMENTAL APPROPRIATIONS BILL THERE WOULD BE
FURTHER DELAY.

4 HABIB CONFIRMED THAT WHATEVER PACKAGE EMERGED WOULD INCORPOR-
ATE THE PRESIDENT'S PROPOSAL TO WITHHOLD MUCH OF THE AID FOR 90 DAYS
IN ORDER TO ALLOW HABIB TO MAKE A RENEWED DIPLOMATIC EFFORT.
HABIB CONVEYED THE STRONG IMPRESSION THAT HE SAW HIS OWN ROLE VERY
MUCH IN TERMS OF THESE 90 DAYS, AND THAT HE HAD LITTLE ENTHUSIASM
FOR AN OPEN-ENDED TERM AS SPECIAL ENVOY. (HIS STAFF, HOWEVER,
TOLD US SEPARATELY THAT STATE PRIVATELY BELIEVE THERE IS
LITTLE CHANCE OF THE SANDINISTAS NEGOTIATING SERIOUSLY UNTIL THEY
HAVE BEEN SUBJECTED TO 6-12 MONTHS OF INTENSIFIED PRESSURE, AND
THAT HABIB WAS PREPARED FOR SUCH A TIME-SCALE.)

5. I ASKED WHAT HIS APPROACH WOULD BE. HABIB SAID THAT THE
CONTADORA PROCESS REMAINED THE MOST ATTRACTIVE CHANNEL. MUCH
WORK HAD ALREADY BEEN DONE AND, IF THE NICARAGUANS COULD BRING
THEMSELVES TO BE FLEXIBLE, A NEGOTIATED CONTADORA OUTCOME ACCEPTABLE
TO THE U S WAS

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CONCEIVABLE (SUBJECT TO SUFFICIENT GUARANTEES ON VERIFICATION, SIMULTANEITY, ETC). NICARAGUAN SINCERITY WOULD THEREFORE BE ON THE LINE IN WHATEVER CONTADORA DISCUSSIONS TOOK PLACE BETWEEN NOW AND THE SCHEDULED 6 JUNE MEETING IN PANAMA. BUT NICARAGUAN CONDUCT DURING THE 5-7 APRIL MEETING HAD NOT BEEN ENCOURAGING: THE SANDINISTAS HAD BEEN UTTERLY INTRANSIGENT. IT WAS HARD NOT TO CONCLUDE THAT THE NICARAGUANS REALLY DID NOT WANT A CONTADORA TREATY, BUT INSTEAD STILL HOPED TO DEFEAT THE CONTRAS AND THEN BE FREE TO FOLLOW THEIR OWN AGENDA UNHINDERED BY TREATY CONSTRAINTS. THE AMERICANS WERE NOT GOING TO TOLERATE SUCH AN OUTCOME.

6 I ASKED ABOUT THE EXTENT TO WHICH OTHERS IN LATIN AMERICA WERE NOW RECONCILED TO THE US ASSESSMENT. HABIB THOUGHT THAT THE NICARAGUAN PERFORMANCE IN PANAMA WOULD PROVE HELPFUL TO THE US REGIONALLY AS WELL AS ON THE HILL (STATE DOUBT THAT THE RITUAL IMPLICIT CONDEMNATION IN THE COMMUNIQUE OF CONTRA AID WILL MAKE MUCH IMPACT HERE). HABIB BELIEVED THAT MOST LATIN AMERICANS NOW ACCEPTED PRIVATELY THAT, AS THE AMERICANS HAD REPEATEDLY MADE CLEAR, THE WAY TO SOLVE THE CONTRA PROBLEM WAS THROUGH A COMPREHENSIVE CONTADORA SETTLEMENT. BUT THE NICARAGUANS WERE STILL STANDING IN THE WAY. THE AMERICANS HAD ALREADY HEARD THAT EVEN THE MEXICANS AND PERUVIANS HAD BEEN FRUSTRATED BY THE NICARAGUAN PERFORMANCE IN PANAMA. (HABIB'S STAFF TELL US THAT THE PERUVIAN FOREIGN MINISTER INVESTED A GOOD DEAL OF EFFORT IN TRYING TO HELP THE NICARAGUANS IN PANAMA, BUT FOUND THE NICARAGUANS UNCOOPERATIVE EVEN WITH THEIR SYMPATHISERS.) THE GUATEMALANS, FOR ALL THEIR EFFORTS TO APPEAR NEUTRAL, ACKNOWLEDGED PRIVATELY THAT PRESSURE HAD TO BE MAINTAINED ON NICARAGUA. AND COSTA RICAN PRESIDENT-ELECT ARIAS, NOT WITHSTANDING HIS CRITICISMS OF THE CONTRAS, WAS HIMSELF TALKING ABOUT STIMULATING THE GUESTS AT HIS INAUGURATION TO ISSUE A CLEAR STATEMENT IN SUPPORT OF REGIONAL DEMOCRACY AND INTERNAL RECONCILIATION. IN SHORT, IT SEEMED AS THOUGH NICARAGUA'S NEIGHBOURS NO LONGER TRUSTED THE SANDINISTAS, AND WERE PRIVATELY UNWILLING TO SETTLE FOR CONTAINMENT AND THUS CONSOLIDATION OF THE REGIME.

7 HABIB IMPLIED STRONGLY ON SEVERAL OCCASIONS THAT CONTADORA WAS NOT THE ONLY CHANNEL FOR A RENEWED US DIPLOMATIC EFFORT, HE OFFERED NO SPECIFIC ALTERNATIVES. WHEN WE RAISED THIS SUBSEQUENTLY WITH HIS STAFF WE WERE TOLD ONLY THAT HABIB WAS KEEN TO KEEP AN OPEN MIND(AND TO CONVEY THAT IMPRESSION ON THE HILL), THERE WERE, HOWEVER, NO FRESH DEPARTURES IN THE PIPELINE.

8 I REMINDED HABIB THAT OUR CONTINUED PRESENCE IN BELIZE GAVE

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US AN ADDED INTEREST IN SEEING A PEACEFUL OUTCOME. I ALSO MENTIONED OUR CONCERN AT THE POSSIBLE REPERCUSSIONS OF THE ICJ CASE (ON WHICH HABIB WAS EVIDENTLY UNSIGHTED). HABIB IN TURN HOPED THAT WE WOULD CONTINUE TO DO ALL WE COULD TO ENCOURAGE REALISTIC THINKING WITHIN THE EC.

9 FOR AN ACCOUNT OF VAN DEN BROEK'S CALLS HERE (WASHINGTON TELNO 838), SEE MIFT.

WRIGHT

CENTRAL AMERICA
STANDARD(PALACE)
MCAD
NAD
S AM D
FID
WIAD
SOVIET D
UND
SECURITY D
ECD(E)
ERD

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COPIES TO:-
ASSESSMENTS STAFF CABINET OFFICE
MOD DI4
MR EDMONDS-BROWN LACPD/ODA

(Repetition to BVAIR/GVATE
referred to [unclear] decision,
repeated as requested to other posts.)

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