

RELEASE IN PART B5

From: Sullivan, Jacob J <SullivanJJ@state.gov>
Sent: Sunday, August 16, 2009 12:46 PM
To: H
Cc: Mills, Cheryl D
Subject: FW: TIME-SENSITIVE: HONDURAS
Attachments: Note on Honduras8.15.docx

FYI.

-----Original Message-----

From: Slaughter, Anne-Marie
Sent: Sunday, August 16, 2009 12:23 PM
To: Sullivan, Jacob J
Cc: Abedin, Huma; Mills, Cheryl D; Chollet, Derek H
Subject: TIME-SENSITIVE: HONDURAS

Jake -- Peter Harrell and I have been concerned all last week that we are really losing the initiative on Honduras and that some more forceful intervention is needed. I think this is a real opportunity for S to get her first real diplomatic win on resolving a crisis. She looked great at the outset of this crisis, but now American policy seems to be drifting. It's also a chance to turn her and POTUS's recent words on democracy into action. Pse get the attached 1 page memo to her today; I have been working w/ WHA but they take forever and Tom is obviously in a delicate position. I'm also pasting it in below, in addition to a cable from our ambassador that she has probably seen making some of the same points. We really need to move here to avoid further damage; on the upside we have the possibility of a real win. I'll make the argument directly in the early morning mtg tomorrow, but I'd like her to see this first.

AM

UNCLASSIFIED

FOR THE SECRETARY

FROM: Anne-Marie Slaughter
SUBJECT: Moving Forward on Honduras

I got lots of signals last week that we are losing ground in Latin America every day the Honduras crisis continues; high level people from both the business and the NGO community say that even our friends are beginning to think we are not really committed to the norm of constitutional democracy we have worked so hard to build over the last 20 year. The current stalemate favors the status quo; the de facto regime has every incentive to run out the clock as long as they think we will have to accept any post-election government You played an important leadership role at the outset of the crisis; I urge you to think about taking bold action now to breathe new life into the process and signal that regardless what happens on the Hill, you and the president are serious. WHA and I are working on a memo proposing some options, but experience has taught me that this could take several days. So I wanted to give you a heads up this weekend.

We need to strengthen both the carrots and the sticks in this process. Re the de factos, we should find that coup was a "military coup" under U.S. law and revoke the visas of more de facto regime members. We should also go after the visas of a few prominent de facto supporters in Honduras's business community, signaling that we'll widen this net if negotiations fail. We should also make noises about prohibiting U.S. companies from doing business with companies controlled the de factos, though we have to be careful about the impact on Honduran institutions.

We also need to work on carrots to encourage both sides to accept the Accords. I had lunch Wednesday with Mexican Ambassador Arturo Sarukhan, who also thought we were losing ground and proposed a "Gruppo de Amigos" approach involving the U.S., Mexico, Costa Rica, Chile, Spain, and possibly Brazil that would make clear that if Zelaya returns we are prepared to flood the zone with international observers to guarantee an honest election process.. [REDACTED]

[REDACTED] If you're interested in considering these and other ideas in more detail, you would probably speed up the process by asking for options.

CABLE FROM AMB. Llorens, SENT YESTERDAY MORNING.

ALL: I received a call from Arias late last night. He seemed to be recovering well from the flu but was at his home resting. I briefed him on how I saw the situation in Honduras. I stressed the importance of a successful visit by the OAS FMs. I agreed M's recent public comments again suggesting that Insulza was not welcomed were unhelpful. I noted that somewhat better was the statement made by the Corrales delegation yesterday at a press conference in Toncontin Airport upon returning from DC reaffirming that Insulza was expected to be with the delegation. I told Arias the importance of arranging a substantive schedule for the FMs w regime, civil society, business, and religious leaders as well as pro-Zelaya social sector supporters. I also stressed the importance of giving these folks a fair hearing but also that it was critical that the FMs explain the international community's expectations and strong hope that both sides return quickly to San Jose and reach and sign a final agreement.

Arias concurred that that was also his expectation. He expressed concern that the regime may be seeking to stall and delay. He said the regime delegation did not seem fully committed to reaching a deal and seemed focused on tinkering with the political amnesty question. Arias believes that the core regime supporters in the business community were still strongly resisting an agreement. He suggested that the US needed to increase the pressure on these folks and consider taking away their visas and possibly freeze their bank accounts. I said I would pass on his suggestion. I said we were reaching out to people in Honduras and urging the importance of a successful FMs meeting as a prelude to a final agreement. I said I would also speak to Corrales and get him focused on having the regime prepared for the FMs with creative and concrete ways of bolstering the enforcement aspects of a final deal. Arias thanked our support and we agreed to speak again over the weekend. Hugo