

RELEASE IN PART B5

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.

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

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