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FROM
AMEMBASSY TEGUCIGALPA

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E.O. MXXXX TAGS: 12065: RDS-3 5/19/02 (NEGROPONTE/ John-b.) OR-M

TAGS: PEPR, NU, HO SUBJECT: NEXT STEPS I

NEXT STEPS IN US/NICARAGUAN DIALOGUE

ACTION:

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2. SUMMARY: Our negotiating position with Nicaragua may be emphasizing El Salvador and support of regional insurgencies at expense of other important policy objectives, namely restoration of democracy and an end to Soviet/Cuban orientation of Nicaraguan foreign policy. The more our policies towards Salvador succeed, as they now seem to be doing, the greater the risk Nicaragua will accept our so-called sine qua non in exchange for our acquiescence in their domestic and international Marxist orientation. While possibly appealing in the short term, we can visualize no such negotiated arrangement capable of ensuring that Nicaragua would not come back to cause trouble to its neighbors some other day. Indeed, such a negotiated outcome would be a

DRAFTED BY:

AMB

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AMB: JDNegroponte: kjl

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CONTENTS AND CLASSIFICATION APPROVED BY:

AMB:JäNegroponte

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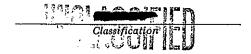
OPTIONAL FORM 153 (Formerly FS-413) January 1975 Dept. of State

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Dept. of State, RPS/IPS, Margaret P. Grafeld, Dir.
(V) Release () Excise () Deny (V) Declassify
Date 6/1/44 Exemption

Trojan horse not unlike the 1962 Cuban missile arrange—
ment which facilitated consolidation of the Cuban
revolution. Recent Nicaraguan developments, including
the extension of emergency rule and the Ortega visit to
Moscow would appear to provide an opportune moment to
review our negotiating position. The Embassy recommends
that our objectives of restoring democracy to and
removing Soviet/Cuban influence from Nicaragua he/HEMENTHS
equal priority with curbing Nicaragua's support for
insurgencies. END SUMMARY.

- 3. While this Embassy fully appreciates the political importance of being as forthcoming as possible in talks with Nicaragua, we are concerned that the negotiating dynamic in and of itself may have unwittingly eroded some of our policy objectives which we understand to be fourfold:
 - -- First, the restoration of democracy to Nicaragua;
- -- Second, at a minimum maintaining a non-aligned Nicaraguan foreigh policy stance and preventing a Soviet/Cuban orientation;
- -- Third, curbing and reversing Nicaragua's arms build-up; and
 - -- Fourth, preventing Nicaragua's export of revolution.
- 4. As far as we understand, these objectives have enjoyed relatively equal priority and we are not aware of any



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deliberate decision to give any one of these objectives decisive priority over any of the others. Indeed, judging by OAS resolutions and other similar expressions by the international community, the domestic political situation in Nicaragua figures most prominently among their concerns. An indirect but persuasive acknowledgement of this priority has been Nicaraguan regime's own tireless efforts to convince international opinion of its pluralist and non-aligned nature. This Embassy believes a case can even be made that pluralism and non-alignment for Nicaragua deserve higher priority than any of our other objectives because, with these first two objectives assured, we think it likely that any threat to the latter two would quickly dissipate. Nicaragua's anti-social regional behavior is after all a mere symptom of a deeper political In any event, all four of these objectives deserve at least equal priority.

5. It stands to reason therefore that these policy objectives should be reflected in our negotiating position with relatively equal weight. The evolution of our position appears, however, to have shifted progressively and almost in imperceptible increments towards a severe relaxation of our first two objectives (pluralism and non-alignment), half-hearted pursuit of the third (reduction of forces and reduction of defense spending)



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and elevation of the fourth objective (end to support for insurgencies) to such a prominent position that many impartial observers could easily infer that if satisfied on this point we would be satisfied completely.

- 6. To be concrete, we note that pluralism and nonalignment are lumped together as eighth in our eightpoint plan, almost as an afterthought and negotiating
 throw-away. Points concerning friendly relations,
 economic cooperation and cultural exchanges are
 enumerated in such a way as to take precedence over the
 political complexion of Nicaragua. In the form expressed
 and with their apparent low priority, we believe our
 policy objectives of restoring Nicaraguan democracy and
 preventing a Soviet/Cuban orientation are inadequately
 reflected in our negotiating position.
- 7. Likewise, from where we sit, a negotiating position calling for a ban on heavy weapons and a requirement that military/security levels be "kept" to levels commensurate with security needs does not fully articulate what we see to be the problem. Namely, the point does not fully deal with the asymmetry that has developed since 1979 and the corresponding need for a reduction of forces on Nicaragua's part; or an "adjustment" if you choose to use the preferred Honduran term. For example, how does our point as presently worded deal with fact that



Nicaraguan forces are already twice size of Honduras' and that their military budget, not counting arms donations, may be three times Honduras'? Perhaps our formulation on this question deserves another look. Of greatest concern to this Embassy is fact that ending export of revolution has been elevated to a position of appearing as an almost unique priority among our policy objectives. Given the success of Salvadoran elections and increasing success in dealing with insurgency there, we are concerned that Nicaragua may become increasingly amenable to providing some form of assurances regarding insurgencies in exchange for our abandoning our other policy objectives. This trade-off would permit the Comandantes to consolidate politically and the Soviet Union to consolidate strategically. peace in El Salvador and on the Isthmus would be KX temporary at best and, faced with reverses in Salvador and trouble at home, Nicaragua would have made a virtue of necessity.

9. We recognize that events surrounding Nicaragua are fluid and dynamic. To mention but a few recent developments, there have been the emergency decrees, the Ortega visit to Moscow and, now, Eden Pastora's re-entry on the scene. In light of these happenings and the fact we have MX just completed a round of diplomatic exchanges



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with Nicaragua, we wonder if the time may not have come to pause, take stock and evaluate whether our current negotiating position really conforms to our long-term policy objectives for Nicaragua and this Isthmus.

10. Department please repeat this message to Manague, San Jose, San Salvador, USINT Havana and Moscow.

NEGRONTE



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