

# TELEGRAM

Feb 5 01 16 :83

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	FROM AMEMBASSY TEGUCIGALPA	CLASSIFICATION <del>CONFIDENTIAL</del>
E.O. 11652 TAGS: SUBJECT:	12356: DECL: 2/4/89 RAID, EFIN, IMF, MASS, XK, HO FY-83-84 FOREIGN ASSISTANCE	
ACTION:	SECSTATE WASHDC	
REF:	(A) STATE 20181, (B) STATE 29836	
AMB DCM POL ECON CML AID USIS MILGP DAO CONS	<p><del>CONFIDENTIAL</del> TEGUCIGALPA 1188</p> <p>1. <del>CONFIDENTIAL</del> ENTIRE TEXT</p> <p>2. Reftels come as somewhat of a disappointment to this Embassy and we fear that GOH letdown will be even substantially greater. From figures transmitted reftels, we conclude that decision has been made to take ten oranges (i.e., ESF) from Honduras and to partially replace them with five additional apples (i.e., Grant MAP). The problem of course is that the juice isn't quite the same.</p> <p>3. The ESF cuts could hardly come at a worse time. The GOH has made important strides in putting its economic and financial house in order. Just this week they resolved the Puerto Castilla dispute, thus rendering moot the Yates Amendment to the continuing resolution. In addition we expect the IMF will find Honduras to be in substantial</p>	

DRAFTED BY: AMB:JDNegroponete:kjl	DRAFTING DATE 2-4-83	TEL. EXT. 211	CONTENTS AND CLASSIFICATION APPROVED BY: AMB:JDNegroponete
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CLEARANCES:  
AID/DMD:RNicholson (in draft)

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CLASSIFICATION

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

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Dept. of State, RPS/IPS, Margaret P. Grafeld, Dir.  
() Release, () Excise () Deny () Declassify  
Date 6/2/98 Exemption \_\_\_\_\_

[compliance with the standby arrangement as of January 31], thus entitling Honduras to a hard currency drawing in mid-February. Finally, the finishing touches are ~~not~~ now being put on the renegotiations of CONADI's external debt, during which time the GOH has remained completely current on that portion of its external debt which is not being renegotiated.

4. In this context it is important to recall that the originally planned ESF figure of \$25 million is public here and has been factored thoroughly into GOH and IMF calculations. To undercut Doctor Suazo for his tough and sensible economic performance by ~~the~~ lopping off forty percent of our planned ESF contribution at this critical juncture will be very difficult to explain indeed.

5. We recognize that ESF resources are indeed very scarce. We wonder, however, whether Department has arrived at most equitable and productive manner of redistribution. We therefore recommend that allocation to Honduras conveyed refuels be reconsidered.

6. ~~Also,~~ <sup>Also,</sup> given fact that it had been our original intention, conveyed in good faith to the GOH, to make available \$25 million in ESF in FY-83, we do not rpt not understand why a supplemental ESF allocation is not contemplated for Honduras. If the \$10 million cannot be provided in the OYB, then at least it should be included in the supplemental.

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