E.O.XXX
TAGS: 12356: DECL: 9/22/88
PTER, HO
SUBJECT: SAN PEDRO HOSTAGE INCIDENT: CONVERSATION WITH DOCTOR SUAZO,
SEPTEMBER 21
ACTION: SECSTATE WASHDC IMMEDIATE
INFO: AMBASSAD GUATEMALA
AMBASSAD MCMAGUA
AMBASSAD PANAMA
AMBASSAD SAN JOSE
AMBASSAD SAN SALVADOR
USCINCSO QUARRY HTS PN

SECRET TEGUCIGALPA 8145

1. SECRET - ENTIRE TEXT

2. Doctor Suazo called me at 2100 local September 21 to relay status of contacts with terrorists. President had spent afternoon in San Pedro. He said their demands now reduced to three:

   -- First, respect in Honduras for various human rights;

   -- Second, freedom for a reduced list of prisoners, including Montenegro; and

   -- A free plane ride to Cuba.

3. President said GOH would analyze situation and consider its reply September 22. He agreed with my suggestion that
way demands are taking shape, freedom for Montenegro must be primary objective. I also conveyed to President my suggestions conveyed to General Alvarez and Minister of Presidency Flores earlier in the day that GOH focus as precondition for further discussions contacts on health of hostages, insistence on right of Red Cross doctors to visit them, and demands that those found to be in ill health be immediately released. Finally, as earlier suggested, I asked President to think about merits of setting aside Papal Nuncio and Bishop of San Pedro as intermediaries and entering into direct contact. It was hard to tell how receptive Suazo was to these thoughts but he sounded confident of his grip on the situation and was obviously buoyed by civic demonstrations of solidarity against terrorism which had taken place earlier in the day.

4. **COMMENT:** From the outset I have taken approach with GOH that there are two objectives in this situation:

(a) safe release of hostages without political concessions and (b) capture of hostages, in that order of priority. I have urged that GOH play for time and avoid precipitate choices. Both objectives can be pursued successfully, and not necessarily with use of force. Terrorists could become exhausted, demoralized or even outwitted. Accomplishment of second objective
is very important for deterrence of future incidents.

5. Having said that, it must also be said that GOH is also under countervailing pressures especially from hostages' families to wrap this thing up one way or another as soon as possible. So long as terrorists insist on Montenegro's release, this will be difficult to accomplish by talks, since he isn't GOH's to surrender. Until now FMLN has continued to insist on its disbelief that Montenegro is in Salvador. But September 21 statements from San Salvador to effect that Montenegro is prisoner there may eventually be believed by terrorists and have effect of modifying their demand in this respect. (Intriguing question arises as to how terrorists will get the word to change their demand; or how far their fallback positions go.)

6. The other quick solution for GOH would, of course, be assault on Chamber building. We can't rule out that possibility, although GOH record in recent incidents of this kind is one of exercising extreme caution in application of force. In April hijacking incident GOH concluded that assault on Dash-7 simply too risky for the hostages. They may conclude differently in this instance. But if they do, it will only be after the most careful assessment of the pros and cons and the prospects for a successful assault. Our views on the
matter will be taken into account though they will by no means be decisive.

7. No commentary on this incident would be complete without an observation on its incredible importance to Honduras. Literally the entire San Pedro business community, the backbone of this nation's economy, is held captive in the Chamber building; not to mention three Cabinet-level government officials. How these individuals emerge from this crisis and the circumstances whereby their freedom is achieved could affect the future course of this country.

NEGROPONTE