DEPARTMENT ALSO FOR S/S3

E.O. 12356: DECL: CDP
TAGS: PREL
SUBJECT: CONTADORA DEVELOPMENTS: THE SLIPPERY SLOPE?

REF: PANAMA 13356

1. ENTIRE TEXT

2. PAZ BARNICA CALLED ME MORNING OCTOBER TWENTY-FOUR TO SAY HE HAD JUST SPOKEN TO PANAMANIAN FOREIGN MINISTER ORTEGA. ORTEGA TOLD HIM ABOUT CONTADORA GROUP WORK ALONG LINES OUTLINED RETELL, INCLUDING PREPARATION OF BILATERAL HONDURAS/NICARAGUA "PROTOCOL". PAZ SAYS HE TOLD ORTEGA THAT UNDER NO CIRCUMSTANCES WOULD HONDURAS ACCEPT A BILATERAL ARRANGEMENT IN ANY FORM WITH NICARAGUA ON CONTADORA SUBJECTS. PAZ THEN COMMENTED TO ME THAT THIS WAS JUST ONE MORE EXAMPLE OF HOW CONTADORA PROCESS SERVED TO LEGITIMIZE NICARAGUA'S APPROACH.

3. COMMENT: CONTADORA PROCESS DOES INDEED APPEAR TO BE HEADED IN DIRECTIONS INIMICAL TO OUR INTERESTS. FIRST, CONTADORA COUNTRIES THEMSELVES HAVE ARGUED THAT DRIBBLING TREATIES RATHER THAN ENCOURAGING CENTRAL AMERICANS TO COME UP WITH SOLUTIONS. THIS RAISES SPECTER OF AN IMPOSED "PEACE". NEXT, THE MEXICAN SALAMI SLICER IS BUSILY AT WORK, HAVING EFFECTIVELY SPOILED MONGE OR AT LEAST SERIOUSLY DEBILITATED THE LEADER-HEADED FACTION OF HIS PARTY. (PAZ BARNICA TOLD ME ON OCTOBER TWENTY-THREE THAT VOLTO HAD SENT HIM MESSAGE TO EFFECT THAT HE WOULD RESIGN ON OCTOBER TWENTY-FOUR IN DISAGREEMENT WITH OUTCOME OF MONGE'S MEXICAN TRIP, INCLUDING OFFENSIVE PORTIONS OF JOINT COMMUNIQUE.) AND, FINALLY, THE LITTLE GUYS ARE BEING WHIPSADDLED IN TWO FORUMS IN WHICH THEY HAVE LITTLE OR NO CONTROL - E.G., THE UNITED NATIONS AND CONTADORA.

4. OUR SIDE IS IN DISARRAY. THE SOONER WE RECOGNIZE IT AND COME UP WITH A COMPREHENSIVE STRATEGY FOR DEALING WITH THE SITUATION, THE BETTER. M/ONEROPONTE

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Dept of State, RPS/IPS, Margaret P. Graefeld, Dir.
(✓) Release ( ) Excise ( ) Deny (✓) Declassify
Date 6/3/98 Exemption