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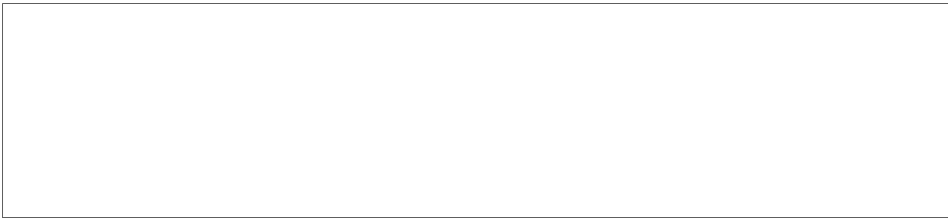
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TOR: 262029Z APR 86

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EXDIS/CONTRA, EXDIS FOR CONTRA DISTRIBUTION

FROM AMBASSADOR HABIB

E.O. 12356: DECL: OADR
TAGS: PE, PREL, XK
SUBJECT: HABIB TRIP: MEETINGS WITH PRESIDENT
- GARCIA AND FOREIGN MINISTER WAGNER

1. SECRET - ENTIRE TEXT.

2. SUMMARY. FOREIGN MINISTER WAGNER TOLD US THAT PERU SHARES OUR OBJECTIVES OF A DEMOCRATIC NICARAGUA BUT DISAGREES WITH OUR MEANS. IT COULD NEVER APPROVE OF INTERVENTION, EVEN IN THE NAME OF DEMOCRACY. HE FAVORED A STEP-BY-STEP APPROACH TO BUILD CONFIDENCE, WITH ONE IMPORTANT STEP BEING THE SIGNING OF AN ACCORD ON JUNE 6. I TOLD HIM THAT US ENDORSEMENT OF THE CONTADORA PROCESS HAD BEEN BASED ON THE UNDERSTANDING THAT IT WOULD PRODUCE AN AGREEMENT INCORPORATING ALL OF THE 21 OBJECTIVES OF 1983. THE LATIN AMERICANS NOW HAD A RESPONSIBILITY TO PRODUCE SUCH A TREATY, AND WE AND THE CENTRAL AMERICANS EXPECTED IT TO BE COMPREHENSIVE, VERIFIABLE, AND SIMULTANEOUS. WAGNER CALLED ON THE US TO TAKE CERTAIN STEPS TO HELP BUILD CONFIDENCE. I TOLD HIM

THAT WE WOULD CONSIDER HIS SUGGESTIONS, BUT THAT THE CONTADORA COUNTRIES SHOULD FOCUS THEIR ATTENTION ON NICARAGUA, WHICH WAS CLEARLY THE COUNTRY RESISTING A PEACEFUL SOLUTION. I ADDED THAT THERE WAS GROWING DOUBT THAT NICARAGUA WANTED TO SIGN ANY ACCORD BECAUSE OF THE COMMITMENTS TO DEMOCRACY AND NATIONAL RECONCILIATION IT WOULD UNDERTAKE.

3. IN A SUBSEQUENT MEETING, PRESIDENT GARCIA INSISTED THAT SOME FORM OF AGREEMENT MUST BE READY FOR SIGNATURE BY JUNE 6. THE CONTADORA MOMENTUM MUST BE SUSTAINED, AND THE CRISIS MUST NOT BE ALLOWED TO ESCALATE. I WARNED THAT MANY IMPORTANT DETAILS REMAINED TO BE WORKED OUT.

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SECRET

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SSO

PAGE 002

NC 0695489

TOR: 262029Z APR 86

PANAMA 06024

I NOTED THAT THE STUMBLING BLOCK WAS NOT THE CENTRAL AMERICAN DEMOCRACIES, IT WAS NICARAGUA. THE LATIN AMERICANS MUST PUT PRESSURE ON NICARAGUA TO NEGOTIATE SERIOUSLY. GARCIA ASKED IF THE U.S. WAS COMMITTED TO DEMOCRACY, WHAT WAS IT DOING IN CHILE. I ANSWERED THAT A WAVE OF DEMOCRATIZATION WAS SWEEPING OVER MUCH OF THE WORLD, PARTICULARLY LATIN AMERICA. THE U.S. SUPPORTED THIS DEMOCRATIZATION, AND WE WERE SENDING SIGNALS TO CHILE THAT CHANGES WERE NEEDED THERE TOO. THE IMMEDIATE PROBLEM WAS IN CENTRAL AMERICA, WHERE NICARAGUA WAS AN ABERRATION AMONG DEMOCRACIES. I SUGGESTED THAT THE CONTADORA COUNTRIES LOOK SERIOUSLY AT COSTA RICAN PRESIDENT-ELECT ARIAS' CALENDAR FOR DEMOCRATIZATION IN NICARAGUA. END SUMMARY.

4. ON APRIL 25, AMBASSADOR JORDAN AND I HAD A CORDIAL BUT ANIMATED LUNCHEON DISCUSSION ABOUT CENTRAL AMERICA WITH PERUVIAN FOREIGN MINISTER WAGNER. WE LATER CALLED ON PRESIDENT GARCIA WHO WAS ACCOMPANIED BY WAGNER. DURING THE LUNCH, I EXPLAINED MY MISSION WAS TO EXPLORE THE PROSPECTS FOR PEACE IN CENTRAL AMERICA AND TO DETERMINE THE STATUS OF CONTADORA IN THE WAKE OF THE RECENT PANAMA MEETING. THE US DESIRES A PEACEFUL SOLUTION WHICH INCLUDES THE 21 OBJECTIVES OF SEPTEMBER 1983. THE COMING WEEKS WERE CRUCIAL TO THIS PROCESS AS THERE WAS NEED TO RESOLVE THOSE ISSUES THAT REMAIN, AND SEVERAL EVENTS SUCH AS THE ESQUIPULAS MEETING AND THE INAUGURATION OF COSTA RICAN PRESIDENT-ELECT ARIAS WERE TO PRECEDE THE SCHEDULED JUNE 6 SIGNING. THE US HAD BEEN DISAPPOINTED BY THE PANAMA MEETING. NICARAGUA'S PERFORMANCE HAD HINDERED PROGRESS AND FED GROWING SPECULATION THAT THE SANDINISTAS WERE NOT TRULY INTERESTED IN SIGNING AN AGREEMENT. THERE WERE MAJOR PORTIONS OF THE AGREEMENT WHICH REMAINED TO BE RESOLVED, AND THE NECESSARY MECHANISM AND PROCEDURES NEEDED TO BE ESTABLISHED.

5. WAGNER SAID THAT PERU SHARED US GOALS IN NICARAGUA, BUT IT DISAGREED WITH OUR MEANS. IT DID NOT WANT A COMMUNIST NICARAGUA, BUT RATHER A DEMOCRATIC NICARAGUA, WITH DEMOCRACY DEFINED AS SELF-DETERMINATION. THE GOP COULD NEVER ENDORSE INTERVENTION IN NICARAGUA, EVEN IN THE NAME OF

S E C R E T SECTION 02 OF 04 PANAMA 06024

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DEMOCRACY. WAGNER BELIEVED THAT THERE WERE IDEOLOGICAL DIVISIONS WITHIN THE FSLN, AND WHILE THE REVOLUTION HAD RADICALIZED, THIS TREND WAS NOT IRREVERSIBLE. WAGNER ACKNOWLEDGED THAT BORGE WAS A COMMUNIST, BUT HE CHARACTERIZED THE ORTEGAS AS MORE PRAGMATIC MARXISTS, AND SERGIO RAMIREZ AS A SOCIAL DEMOCRAT. I REITERATED THAT US POLICY CALLED FOR A CHANGE IN SANDINISTA BEHAVIOR, BOTH WITH REGARD TO THEIR OWN PEOPLE AND TO THEIR NEIGHBORS. THEY SHOULD AGREE TO OPEN UP THE POLITICAL SYSTEM AND END THEIR AGGRESSION TOWARD THEIR NEIGHBORS.

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PAGE 003
TOR: 262029Z APR 86NC 0695489
PANAMA 06024

6. WAGNER INSISTED THAT US MILITARY PRESSURE ON THE SANDINISTAS WAS COUNTERPRODUCTIVE. HE SAID IT (A) GAVE THE RADICALS IN THE FSLN AN EXCUSE TO SUSPEND CIVIL LIBERTIES, AND (B) COMPELLED THE "MODERATES" IN THE STRUGGLE FOR POWER TO RADICALIZE IN ORDER NOT TO LOSE POLITICAL SPACE. HE SAID THAT THE SANDINISTAS ARE NOT AFRAID OF THE ARMED RESISTANCE OR THEIR NEIGHBORS. THEY ARE GENUINELY AFRAID OF AN INVASION BY THE US. I ASSURED HIM THAT THE US HAD NO INTENTIONS TO INVAD E NICARAGUA. HE RESPONDED THAT HE BELIEVED ME, BECAUSE A WAR WOULD BE MADNESS. HE ASSERTED THAT OUR RHETORIC OFTEN LEFT A DIFFERENT IMPRESSION, HOWEVER, AND IT PROVIDED THE SANDINISTAS A PRETEXT FOR MILITARY MOBILIZATION ON THE GROUNDS THAT THIS IS NEEDED TO DETER AN INVASION. I REMINDED HIM THAT THE US WAS NOT THE ONLY COUNTRY TO USE RHETORIC AS A POLITICAL SIGNAL.

7. WAGNER INSISTED THAT TO DEFUSE THE SITUATION, A SERIES OF STEPS MUST BE TAKEN TO CREATE A CLIMATE OF CONFIDENCE. TO GET THIS PROCESS MOVING, IT IS NECESSARY TO OMIT AT THE INITIAL STAGE ANY ELEMENT WHICH ANY ONE OF THE CENTRAL AMERICANS FINDS OBJECTIONABLE. THIS ACCORD, TO BE SIGNED ON JUNE 6, WOULD HELP CREATE A NEW MOOD OF CONFIDENCE; ALTHOUGH IT MAY NOT BE PERFECT, IT WOULD BE WORKABLE AND WOULD COMMIT THE CENTRAL AMERICANS TO CERTAIN ACTIONS AND TO A PEACEFUL RESOLUTION OF THE CRISIS. HE REFERED TO THE COSTA RICA-NICARAGUA BORDER COMMISSION AS ANOTHER SUCH ACCORD. I WARNED ABOUT THE DANGERS OF THIS SALAMI APPROACH. IT WOULD ALLOW THE SANDINISTAS TO PICK JUST THOSE POINTS THEY WANTED AND GIVE NOTHING IN RETURN.

8. I REMINDED WAGNER THAT THE LATIN AMERICANS HAD YEARS AGO ASKED THE US TO STEP ASIDE AND ALLOW THEM TO WORK AMONG THEMSELVES TO REACH A PEACEFUL SOLUTION THROUGH CONTADORA. WE DID SO ON THE UNDERSTANDING THAT THE AGREEMENT WOULD BE BASED ON THE 1983 DOCUMENT OF OBJECTIVES. WE NOW EXPECTED THE LATIN S TO COME THROUGH WITH SUCH AN AGREEMENT WHICH IS COMPREHENSIVE, VERIFIABLE, AND SIMULTANEOUS. OUR TALKS WITH THE CENTRAL AMERICAN DEMOCRACIES SUGGEST THAT THEY WANT THE SAME THING. I ASKED HOW NICARAGUA COULD BE COMPELLED TO NEGOTIATE SERIOUSLY ON LATER POINTS IF ITS PRINCIPAL CONCERNS WERE ADDRESSED PIECE-MEAL. WAGNER SAID THAT PRESSURE FROM THE LATIN S WOULD SEE TO IT THAT THE SANDINISTAS WERE FLEXIBLE. I SAID THAT OTHER TYPES OF PRESSURE WERE ALSO NEEDED.

9. WAGNER ARGUED THAT US SUPPORT FOR THE ARMED RESISTANCE FRUSTRATED HIS CONFIDENCE BUILDING APPROACH AND NICARAGUA USED IT AS A PRETEXT NOT TO SIGN THE AGREEMENT. I RESPONDED THAT MY RECENT LETTER TO CONG. BARNES AND HIS COLLEAGUES HAD STATED CLEARLY THAT THE US WOULD CEASE ITS AID TO THE RESISTANCE IF AN ACCEPTABLE ACCORD WERE REACHED. WAGNER INSISTED THAT SUCH AID WAS COUNTERPRODUCTIVE. COMPARING NICARAGUA TO PERU, HE SAID THAT IF THE US HAD USED THAT KIND OF PRESSURE ON VELASCO, PERU WOULD BE A COMMUNIST COUNTRY NOW INSTEAD OF A DEMOCRACY. HE SAID THAT THE US DEMAND THAT THE SANDINISTAS TALK TO THE ARMED RESISTANCE AT THE OUTSET WAS UNREASONABLE. WHILE THEY SHOULD TALK WITH THEIR INTERNAL OPPOSITION NOW, TALKS WITH THE RESISTANCE WOULD ONLY BE POSSIBLE AFTER SEVERAL STEPS ARE TAKEN TOWARD CONFIDENCE

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26 0695489 SSO PAGE 004 NC 0695489
TOR: 262029Z APR 86 PANAMA 06024

SECRET SECTION 03 OF 04 PANAMA 06024

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BUILDING. I REMINDED HIM THAT THE RESISTANCE WAS COMPOSED OF NICARAGUANS, AND THE 1983 OBJECTIVES HAD CALLED FOR NATIONAL RECONCILIATION SPECIFICALLY TO ADDRESS THIS ISSUE. AMBASSADOR JORDAN SUGGESTED THAT THE CHURCH MIGHT BE THE MEDIATOR IN A DIALOGUE AS IT IS IN EL SALVADOR, BUT WAGNER DISMISSED THIS IDEA.

10. WAGNER PROPOSED THAT THE US TAKE STEPS TO IMPROVE THE CLIMATE. HE ASKED THAT MY LETTER BE REITERATED BY SOMEONE AT A HIGHER LEVEL. I TOLD HIM THAT THIS WAS UNNECESSARY, SINCE IT WAS OFFICIAL POLICY, BUT IT MIGHT BE POSSIBLE. HE ASKED IF THE US WOULD RENOUNCE INTERVENTION IN NICARAGUA UNDER ANY CONDITIONS. I TOLD HIM THAT NO COUNTRY COULD EVER MAKE SUCH A BLANKET STATEMENT. HE THEN ASKED IF THE US WOULD SIGN A CONTADORA PROTOCOL. I RESPONDED THAT NO POLICY DECISION HAD BEEN MADE ON THAT YET, BUT SOMETHING SUITABLE COULD BE WORKED OUT BY WHICH THE US COULD ENDORSE AN ACCEPTABLE CONTADORA AGREEMENT. INDEED, SOME PROPOSALS ALONG THOSE LINES HAD BEEN DISCUSSED AT MANZANILLO.

11. WAGNER ACKNOWLEDGED THAT THERE WERE LEGITIMATE CONCERNS ABOUT THE CUBAN AND SOVIET PRESENCE IN NICARAGUA. THE CONTADORA COUNTRIES WERE TALKING TO THE CUBANS TO RESOLVE THIS ISSUE.

12. WAGNER DISCUSSED NICARAGUA'S DECLINING ECONOMY, NOTING THAT THIS YEAR IT NEEDED TO IMPORT 900 MILLION DOLLARS IN GOODS, BUT WAS ONLY EXPORTING 300 MILLION. THE SOVIET BLOC MADE UP HALF THE DIFFERENCE, BUT THAT LEFT 300 MILLION WHICH DEMOCRATIC COUNTRIES WOULD HAVE TO PROVIDE. I POINTED OUT THAT THE CONTADORA AGREEMENT HAD PROVISIONS FOR ECONOMIC ISSUES, AND ONCE CONCLUDED COULD STIMULATE THE ECONOMIES OF ALL THE COUNTRIES IN THE REGION.

I wouldn't hold my breath

13. DURING THE DISCUSSION WITH PRESIDENT GARCIA WHICH WAGNER ALSO ATTENDED, MUCH OF THE SAME GROUND WAS COVERED. GARCIA INSISTED THAT CONTADORA WAS A VIABLE PROCESS AND THAT SOME ACCORD BE CONCLUDED IN JUNE OR THERE WOULD BE UNHAPPY RESULTS FOR BOTH LATIN AMERICA AND THE US. IT WAS ESSENTIAL TO KEEP THE MOMENTUM GOING AND TO AVOID AN ESCALATION. I AGREED THAT CONTADORA WAS THE ONLY FRAMEWORK NOW EXISTING FOR A VIABLE AGREEMENT, BUT I NOTED THAT MUCH WORK NEEDED TO BE DONE TO FINALIZE THE AGREEMENTS. THE JUNE 6 DATE WAS DRAWING NEARER, AND THERE WAS NO MOVEMENT ON NEGOTIATIONS. WE WERE CONCERNED THAT THERE WOULD BE PRESSURE TO SIGN AN INCOMPLETE AGREEMENT SIMPLY FOR THE SAKE OF SIGNING SOMETHING. I POINTED OUT THAT NICARAGUA WAS CLEARLY THE OBSTACLE TO PEACE, AND THE LATIN AMERICANS SHOULD APPLY PRESSURE ON THE SANDINISTAS.

14. GARCIA ASKED THAT IF THE UNITED STATES WAS

SECRET

SECRET

86 0695489 SSO

PAGE 005
TOR: 262029Z APR 86

NC 0695489
PANAMA 06024

GENUINELY CONCERNED ABOUT PROMOTING DEMOCRACY,
WHAT WAS IT DOING ABOUT CHILE. I RESPONDED THAT
THERE WAS MOMENTUM TOWARD DEMOCRACY AROUND THE WORLD,
AND THE US WAS SUPPORTING IT STRONGLY. I REMINDED
HIM OF MY RECENT EFFORTS IN THE PHILIPPINES. THIS TREND
WAS PARTICULARLY STRONG IN LATIN AMERICA,
WHERE ONLY A HANDFUL OF NON-DEMOCRATIC REGIMES
REMAIN. WE HAD SIGNALLED CHILE THAT CHANGES WERE
NEEDED THERE, TOO. THE IMMEDIATE PROBLEM WAS
CENTRAL AMERICA, WHERE NICARAGUA WAS AN ABERRATION.
I SUGGESTED THAT THEY LOOK CLOSELY AT COSTA RICAN
PRESIDENT-ELECT ARIAS' CALENDER FOR DEMOCRATIZATION
IN NICARAGUA AND LISTEN CAREFULLY TO SALVADORAN
PRESIDENT DUARTE DURING HIS UPCOMING VISIT TO LEARN
WHAT THE CENTRAL AMERICAN DEMOCRATS THINK.

15. WAGNER ASKED IF THE US WOULD RESUME BILATERAL
NEGOTIATIONS WITH NICARAGUA. I REPLIED THAT OUR
POSITION ON THIS WAS WELL KNOWN; WE HAD DONE SO
AT MANZANILLO WITH NO SUCCESS, AND THE SANDINISTAS
HAD USED THESE TALKS TO UNDERMINE CONTADORA AND
AVOID A DIALOGUE WITH THE RESISTANCE. WAGNER THEN
ASKED IF WE WOULD PULL OUR MILITARY FORCES OUT
OF HONDURAS AS A CONFIDENCE BUILDING MEASURE. I
S E C R E T SECTION 04 OF 04 PANAMA 06024

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TOLD HIM THIS WAS TOTALLY UNREALISTIC, AND THE US
WOULD NOT ACCEDE TO SUCH PRECONDITIONS TO AN
AGREEMENT. I NOTED THAT IT WAS NICARAGUA THAT HAD
DISTURBED THE MILITARY BALANCE IN THE REGION WITH
ITS MASSIVE BUILDUP, AND THIS WAS SOMETHING
CONTADORA MUST ADDRESS. DAVIS
END OF MESSAGE

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