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RUEAIIA/CIA WASHDC PRIORITY
RHEFDIA/DIA WASHINGTON DC PRIORITY
RHMFISS/DIRJIATF SOUTH PRIORITY
RUEAHND/CDRJTTFB SOTO CANO HO PRIORITY
RUMIAAA/HQ USSOUTHCOM J5 MIAMI FL PRIORITY
RUEKJCS/JOINT STAFF WASHDC PRIORITY
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SIPDIS

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TAGS: [PREL](#) [ECIN](#) [ETRD](#) [PGOV](#) [HO](#)
SUBJECT: ALBA EXPECTED TO BE SIGNED ON AUGUST 25 AT A HUGE
RALLY, BUT CONGRESSIONAL PASSAGE NOT SECURED

REF: A. A. 07 TEGUCIGALPA 1915
[1](#)B. B. TEGUCIGALPA 41
[1](#)C. C. TEGUCIGALPA 336
[1](#)D. D. TEGUCIGALPA 458

Classified By: Charge d'Affaires, a.i. Simon Henshaw, reasons 1.4
(b &
d)

[1](#)1. (C) Summary: Local press continues to spin about the Honduran government's impending signature to Hugo Chavez's Bolivarian Alternative for the Americas (ALBA), currently scheduled to take place with much fanfare on August 25. The private sector has publicly announced its opposition to the agreement and lamented its harmful effects on the investment climate to Embassy officials, but has shown scant leadership

to stop it. Constitutionally required Congressional approval is needed to adopt ALBA, which, in turn, requires the support of President of Congress Roberto Micheletti, who has been suffering from low polling numbers and has been desperately looking for allies to support his presidential bid. After reportedly reaching an agreement with Zelaya to support ALBA, Micheletti may have backed off, and is reportedly now asking individual members of Congress to take on ALBA without him, privately declaring his own political capital with the Presidential palace spent. The outcome may depend on what is more important to Micheletti - his anti-communist sentiments or his desire to repair his relationship with Zelaya, improving his chances of being the next Liberal candidate for the Presidency. End Summary.

Private Sector Publicly Opposes ALBA, But Lacks Action

¶2. (C) Emboffs met with private sector representatives August 14, including President of the National Council for Private Enterprise (COHEP), Amilcar Bulnes, Acting President of the Tegucigalpa Chamber of Commerce, Carlos Bueso, and President of the Private Banking Association (AHIBA), Roque Rivera. These representatives had publicly announced their opposition to ALBA the day after a meeting with President Zelaya. These private sector representatives told Emboffs that membership in ALBA would define Honduras as a "communist" country, and said it would give the GOH impetus to nationalize private enterprises on a mass scale. Rivera said a growing climate of economic uncertainty over last two years is punctuated by increasing aggression toward foreign banks, changes to the fuel price formula, a flagrantly mismanaged state budget, and an increasing tendency to issue public procurements through no-bid contracts under the guise of "emergencies." But, he said none of this matches the damage that would be done by ALBA.

¶3. (C) Despite his expression of opposition, Bulnes excused himself from leading the charge against ALBA, citing the political risks of confronting the President. Nevertheless, he did not hesitate to encourage the Embassy to act against ALBA before it is "too late," suggesting we should place a call to Micheletti. (Note: Bulnes has a reputation as a strong supporter and close friend of President Zelaya, which he demonstrated through unmitigated support during the Toncontin airport crisis. In a separate meeting, National Party insider xxxxxxxxxxxx told Emboffs that Bulnes is being paid by media magnate Jaime Rosenthal not to stand up to President Zelaya. Others, including Liberal Party Congresswoman Martha Alvarado de Casco, have also lamented the private sector's lack of action on ALBA. Two legal

advisors employed by COHEP told Econoff that, while COHEP's official line is in opposition to ALBA, Bulnes secretly supports it due to his close ties to Zelaya. End Note).

Micheletti's Candidacy

¶4. (C) In order to actually put an ALBA accession into force, the constitution requires that Zelaya obtain the approval of the Congress -- which means Zeleya needs Micheletti's support. With dismal polling numbers, formerly confident Micheletti has been looking for allies to boost his chances

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in the presidential election, bringing Yani Rosenthal (President Manuel Zelaya's former Minister of the Presidency) into his movement, and adding Roland Valenzuela, a suspected money launderer and drug trafficker who was publicly booted from Vice President Santos' camp. Both figures bring a heavy bankroll to the Micheletti campaign and suggest growing ties to Zelaya. On August 6, the press reported that Micheletti had allegedly reached a deal on ALBA with Zelaya. In exchange for the President's support of his candidacy, Micheletti would reportedly ensure the approval of ALBA in the Congress. To support this rumor, on August 11, Santos denounced publicly that a member of his movement - Jose Alfredo Saavedra - had been contacted by the secretary of one of Micheletti's strongest supporters and instructed to "come and pick up his one million lempiras" (approximately USD 52,000) in exchange for his positive vote on ALBA. Apparently the secretary had been trying to reach Jose Angel Saavedra, but mistakenly contacted Liberal Party Congressman in Santos' camp. The scandal brought to light what everyone already knew but could not prove - that the congress, and specifically the president of the congress, used discretionary congressional funds to buy votes. This bolstered the argument that Micheletti supports ALBA.

Micheletti Breaks with Zelaya?

¶5. (C) In an attempt to quash suspicion of a Zelaya-Micheletti pact, Congresswoman Alvarado reported to emboffs on August 18 that Micheletti and Zelaya had met on August 15 and had suffered a major break. Zelaya reportedly declared that his government would continue to move towards a socialist system, to which Micheletti announced, "Then you will do it without me!" Alvarado explained, however, that individual members of Congress would be speaking out against ALBA without Micheletti's leadership because he had spent his

political capital on other recent battles with Zelaya, such as securing his own Presidential candidacy, killing "Hoy No Circula," overriding the electoral reform veto, and ending the battle with the prosecutors (see reftels A - D). She and several other sources have told us that ALBA should only receive approximately 25 votes, and that it would die in Congress.

August 25th - the Signing

¶6. (C) The ALBA signing ceremony is scheduled to take place on August 25th and according to multiple sources, the President will be pulling out all the stops to get massive public attendance. On August 18, the President interrupted all television broadcasts (including private cable transmissions) to tout supposed IMF praise for the economic advances made by his administration, and then strongly urge people to attend the upcoming rally. Multiple sources inform us that attendees will be each be paid 250 lempiras to show up for the rally (twice the average daily wage), plus lunch and transportation, plus 250 lempiras upon exiting the event.

This is a substantial sum for an average Honduran, and if the rumors are true, then we can expect huge crowds on August 25, even if no one who attends understands what ALBA is all about.

Comment

¶7. (C) Although no draft of the Honduran agreement with ALBA seems to be under discussion or negotiation, Zelaya's signature on the agreement appears a forgone conclusion. Though the only hope for its defeat is in Congress, dearth of unified opposition there suggests it could succeed. As with any Congressional action, Micheletti will be the key to the outcome on ALBA. Micheletti has a long-standing reputation as a rabid anti-communist. We have learned, however, that he is completely unreliable when it comes to promises made about what he will do in the Congress. We also know that Micheletti is power-hungry and his desire to become president is paramount. He has seen his candidacy and his polling numbers slip away and appears to be so desperate that he

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would include drug traffickers and other corrupt people on his candidate slates, just to get their money and support. If he believes supporting ALBA will help his presidential prospects, he may end up supporting it. End comment.
HENSHAW

