



DIRECTORATE OF  
OPERATIONS

## Intelligence Information Report

This material contains information affecting the National Defense of the United States within the meaning of the Espionage Laws, Title 18, U.S.C. Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law.

C-O-N-F-I-D-E-N-T-I-A-L

<b>COUNTRY</b>	Honduras	<b>DCD REPORT NO.</b>	OO-2 321/16864-75
<b>SUBJECT</b>	Construction and Expansion of Sugar Mills/Activities of Cuban Infiltrated Guerrillas and Agitators	<b>DATE DISTR.</b>	07 JUL 1975
		<b>NO. PAGES</b>	1
		<b>REFERENCES</b>	DCD Case 63307

**DATE OF INFO.** May 1975

**PLACE & DATE ACQ. BY SOURCE** Terucigalpa, Honduras/May 1975

**THIS IS UNEVALUATED INFORMATION**

**SOURCE** US citizen, executive of an import/export company with extensive business connections in Central America and the Caribbean. He makes frequent trips to these areas, and has contact with high ranking military and political leaders. He speaks Spanish fluently.

1. The Government of Honduras (GOH) recently obtained a US\$12 million loan from the Central American Bank of Economic Integration for the expansion of the Aracera del Sur sugar mill located in Choluteca, Honduras. In addition, the GOH has purchased two sugar mills, one in Brazil and the other in Puerto Rico. The mills, bought at a cost of US\$15 million each, will be dismantled and shipped to Honduras, where they will be reassembled with the aid of foreign technicians. Also, another sugar mill is to be built in the country at a cost of US\$20 million; however, the Japanese Mitsubishi enterprise will be the major stockholder, while Honduran private businessmen will hold a minority interest. This is part of an expansion and modernization program by the GOH with hopes of obtaining a larger share of the world's sugar market.
2. The GOH is somewhat concerned with the infiltration through Mexico and Guatemala of Communist agitators and guerrilla training personnel. These guerrillas, mostly Cubans who remained in the country after they had arrived allegedly to assist the GOH following Hurricane Fifi, are causing growing concern as a result of several uprisings and invasion of private lands by peasants in several parts of the country. The Cubans, who stayed in the country following Hurricane Fifi and others who have arrived clandestinely since that time, reportedly are training leftist militants and sympathizers among the Honduran peasants. The agitators and guerrilla instructors are taking advantage of growing unemployment and the overall poor national economic situation to stir the peasants into activity against the government.

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Classified by 007672. Exempt from  
general declassification schedule of E.O.  
13526. Exemption authority 58276.  
Exemption is permanent until an  
automatic declassification.

**CONTROLLED DISSEM**

**NO DISSEM ABROAD**

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DIRECTORATE OF  
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# DOMESTIC COLLECTION DIVISION Intelligence Information Report

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C-O-N-F-I-D-E-N-T-I-A-L

COUNTRY	Honduras	DCD REPORT NO.	OO-B 321/16716-75
SUBJECT	Negotiations for Economic Agreement with Venezuela/Influential Officers in National Defense Council	DATE DISTR.	03 JUL 1975
		NO. PAGES	1
		REFERENCES	DCD Case 63307

DATE OF INFO. May 1975

PLACE & DATE ACQ. BY SOURCE Tegucigalpa, Honduras/May 1975

THIS IS UNEVALUATED INFORMATION

**SOURCE** US citizen, executive of an import/export company with extensive business connections in Central America and the Caribbean. He makes important trips to these areas and has contact with high ranking military and political leaders. He speaks Spanish fluently.

1. The new military regime in Honduras currently is holding talks with Venezuela and hopes to sign an economic agreement in the very near future. With that in mind, the Government of Honduras (GOH) recently sent a high level commission to Venezuela headed by Captain Armando San Martin, Secretary of State for Economy and Commerce and by Attorney Antonio Jose Cuervo to hold discussions with high ranking Venezuelan Government officials. Prior to the talks, the GOH recently sold to Venezuela 25 million linear feet of lumber at a total cost of US\$5 million. The GOH hopes to reach an agreement by which Venezuela would buy Honduran agricultural products for an unspecified mix of cash and petroleum products. In addition, Venezuela would support a new agricultural production plan to be implemented in the very near future by Fernando Montes, Honduran Secretary of State for Agriculture.
2. Despite reports that Chief Executive Colonel Juan Alberto Melgar Castro has unquestioned authority, Honduran military sources have indicated that Mario Maldonado, Agrarian Reform Chief; Lieutenant Colonel Mario Fonseca, Director of the Military Academy, and Lieutenant Colonel Juan Ramon Molina Cisneros, Commander of the First Artillery Battalion are the real "power behind the throne." These officers, who profess a strong nationalist ideology, are interested simply in the general welfare of the Honduran people, and they are maintaining a "watchdog" attitude to insure that no one, especially people in positions of power, uses such positions for his own personal benefit. These officers are members of the National Defense Council (NDC), which also includes the commanders of all major military units in the country. Maldonado, Fonseca, and Molina appear to be the "first among equals" in the 15 member NDC.

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Classified by 807622. Exempt from automatic downgrading and declassification. Information category 100/1. Important to determine date of automatic declassification.

CONTROLLED DISSEM

NO DISSEM ABROAD

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DOMESTIC COLLECTION SECTION

## Intelligence Information Report

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C-O-N-F-I-D-E-N-T-I-A-L

COUNTRY	Honduras	DCD REPORT NO.	OO-E 324/06715-75
SUBJECT	Current Political and Economic Situation/Expected Nationalization of Fishing Industry/Leftist Influence in Cabinet	DATE DISTR.	1 APR 1975
		NO. PAGES	1
		REFERENCES	

DATE OF INFO. February 1975

PLACE &amp; DATE ACQ. BY SOURCE Tegucigalpa/February 1975

THIS IS UNEVALUATED INFORMATION

**SOURCE** US national, executive of an import-export company. He is a frequent traveler to Central and South America where he has developed good contacts in the political and business sectors. He speaks Spanish fluently.

1. Businessmen in Honduras have reported that the economic and political situation in the country, currently in a sad state of affairs, is bound to become worse as a result of the indifference being exhibited by President Osvaldo Lopez Arellano. On the economic side, the private business sector is quite concerned about an expected government move to nationalize the fishing industry. Some foreign firms already are pulling out of the country and moving to nearby countries like Nicaragua and El Salvador. On the political side, President Lopez has failed to name a permanent foreign minister since November 1974, when Cesar Batres occupied that post. Ricardo A. Pineda is performing those duties on an interim basis. The President also has undermined Honduran youth by giving in to the demands of the leftist-controlled labor unions. He gives businessmen the impression that he does not know much about government; consequently, the situation in the country has become very unstable.
2. Apparently, the regime in Honduras wants to emulate the current Peruvian Government in failing to even consider elections at all. In fact, the government, which is controlled by the military, has three pro-left ministers in the cabinet. They are Manuel Acosta Bonilla, Secretary of State for Finance; Guatana Fonseca Zuniga, Secretary of State for Labor and Social Security, and Manlio Martinez Cantor, Executive Secretary, Planning Board. At one time, Acosta was the private secretary of the Mexican leftist leader Vicente Lombardo Toledano, so he has been thoroughly indoctrinated along Marxist lines.

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**CONTROLLED DISSEM**

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Classified by 007672. Exempt from  
general declassification schedule of E.O.  
11652. Exemption category 30(2).  
Impose to determine date of auto-  
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# Intelligence Informatic Report

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**C-O-N-F-I-D-E-N-T-I-A-L**

COUNTRY Honduras

REPORT NO. <sup>E 4</sup> X OO-~~3~~321/33419-72

SUBJECT Horatio Moys Pomas, Agrarian Reform  
Director/Rigoberto Sandoval in Italy/  
His Attitude Towards the US

DATE DISTR. 14 NOV 1972

NO. PAGES 1

REFERENCES DIRM NO.: 1-7-88  
(2356)

DATE OF INFO. October 1972 and earlier

PLACE & DATE ACQ. BY SOURCE Honduras/1972

**THIS IS UNEVALUATED INFORMATION**

**SOURCE** Naturalized US citizen who has worked and lived in Honduras for a number of years. He has numerous social contacts and business connections with officials of the government, the Armed Forces and the business community.

[This report was developed by an Army representative assigned to the office of preparation.]

1. Horacio Moys Pomas is the present director of Agrarian Reform in Honduras. He is inefficient and lacks some of the necessary qualifications for that position. In spite of his being a lawyer by profession, he is not astute, is only of average intelligence, is far from decisive, and frequently vacillates when called upon to make decisions. He is, however, extremely anti-Communist. His deputy director is Roberto Oliva. He is no asset. He has no outgoing personality whatsoever, and in fact, he is rather innocuous. One thing that can be said in his favor is that he is reported to be a good engineer.
2. The previous Agrarian Reform director was Rigoberto Sandoval. He is an extremely capable lawyer, very sagacious, intelligent and he displayed great foresight in that position. His present and future course of life is worth observing closely because a possibility does exist that he may be a candidate for an important political position in the not too distant future. To date Sandoval has not mentioned which political position he plans to seek. Another reason for observing him is that he is exceedingly anti-US.
3. If Sandoval does decide to seek a political office, it would most probably be General Oswaldo Lopez Arellano who would sponsor him.
4. Early in October 1972 a US importer-exporter received a very pleasant personal letter from Rigoberto Sandoval. By the tone of the letter one would judge that a close relationship has existed between them for some time. Sandoval stated that he was in Italy working for the Food and Agriculture Organization of the United Nations (FAO), and that for the present his stay there was for an indefinite period. He enclosed a long list of items which he requested the US importer-exporter to send to him immediately if at all possible. The list consisted mostly of furniture, household furnishings, electrical appliances, etc.

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**NO DISSEM ABROAD**

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C-O-N-F-I-D-E-N-T-I-A-L

COUNTRY Honduras

REPORT NO. CO- B-321/33418-72

SUBJECT Possible Reactivation of The Central  
American Common Market/Labor Not Endorsing  
Any Specific Political Party

DATE DISTR. 23 NOV 1972

NO. PAGES 2

REFERENCES CIRC NO.: IRC-LA2-72  
(2356)

DATE OF INFO. Early October 1972

PLACE & DATE ACQ. BY SOURCE Honduras/1972

THIS IS UNEVALUATED INFORMATION

**SOURCE** Naturalized US citizen who has worked and lived in Honduras for a number of years. He has numerous social contacts and business connections with officials of the government, the Armed Forces and the business community.

[This report was developed by an Army representative assigned to the office of preparation.]

1. Honduran merchants, industrialists and some of the people have been urging the revival of the Central American Common Market (CACM). To all intents and purposes it has been practically non-existent. Salvadorians and Guatemalans have also expressed the same desire.
2. In early October 1972, these urgings were taken into consideration by the Secretaryship of Central American Economic Integration (SIECA) (Secretaria Permanente de Integracion Economica Centro Americana). SIECA appointed a president, and a board of directors was selected. Eduardo Ortes Colindres, a Honduran lawyer was named president. General Samora of Nicaragua and General Oswaldo Lopez Arellano approved the appointment of Eduardo Ortes Colindres so much that they offered to aid him in revitalizing the CACM. The board is composed of members from Guatemala, El Salvador, Nicaragua, Costa Rica and Honduras. They are authorized to represent their countries in all matters pertaining to the CACM.
3. It is interesting to note that in spite of Honduras having informally retired from the CACM, not only is the president a Honduran, but so is the president of the Central American Bank of Economic Integration (BCIE), with headquarters in Tegucigalpa, Honduras. The fact that General Samora of Nicaragua and General Lopez Arellano of Honduras have volunteered their assistance to Eduardo Ortes Colindres has led most of the Central Americans to believe that the CACM can once again be made active. If this does occur, it would indeed be most beneficial to the Central American countries concerned.

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C-O-N-F-I-D-E-N-T-I-A-L

COUNTRY	Honduras	REPORT NO.	OO- 2-321/17318-70
SUBJECT	Sandoval's Dissatisfaction with the US/Possible Lopez "Continuismo" Maneuver	DATE DISTR.	24 JUN 1970
		NO. PAGES	1
		REFERENCES	CIRL LA1-70 (2356)

DATE OF INFO. Jun 70 and earlier

PLACE & DATE ACQ. BY SOURCE ---/Jun 70

THIS IS UNEVALUATED INFORMATION

**SOURCE** Naturalized US citizen, an engineer who has worked and lived in Honduras. He maintains contact with high ranking Honduran Government and business leaders and travels frequently to that country.

[This report was developed by an Army representative assigned to the office of preparation.]

1. I have recently had the opportunity to spend an evening with Rigoberto Sandoval, who as the General Secretary, Planification Board, is responsible for agrarian reform within the Republic of Honduras. He told me the following information:
2. Sandoval is making a trip to West Germany and possibly other non-Communist European countries in an attempt to procure technical assistance, credit and other unspecified help for the Honduran agrarian reform program. He feels it is in the best interests of Honduras to turn to countries other than the US for assistance. He claimed the US is now in decline; that she is both unable and unwilling to fulfill her international obligations, particularly within Latin America, and that she is slow to react and bogged down with bureaucratic red tape. Sandoval also suspects that the Peace Corps, initially very beneficial to Honduras, is a tool of the CIA.
3. Sandoval considers himself to be the enemy of foreign businesses, particularly American, as they are holding large amounts of property which should figure in the agrarian reform movement. He did not mention plans to appropriate foreign land holdings however.
4. Sandoval has not heard President Oswaldo Lopez Arellano personally claim interest in another term. The feeling inside government circles is that Lopez will request a constitutional amendment permitting him to remain in office for six more years without benefit of election. If this happens Sandoval will resign. Although Lopez is behind the agrarian reform program his remaining in office would not be beneficial to the country.

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C-O-N-F-I-D-E-N-T-I-A-L

COUNTRY	Honduras	REPORT NO.	OO- B-321/14313-70
SUBJECT	Interest of Lopez in Second Term/ Decline in Influence of Zuniga/ Lack of Support for Candidacy of Fernandez	DATE DISTR.	2 JUN 70
		NO. PAGES	1
		REFERENCES	CIRL LAL-70 (2356)

DATE OF INFO. May 70 and earlier

PLACE & DATE ACQ. BY SOURCE Honduras/May 70 and earlier

THIS IS UNEVALUATED INFORMATION

**SOURCE** Naturalized US citizen who has worked and lived in Honduras for a number of years. He has numerous social contacts and business connections with officials of the government, the armed forces and the business community.

[This report was developed by an Army representative assigned to the office of preparation.]

1. President Oswaldo Lopez Arellano is interested in a second term. This opinion is based on a growing consensus among Congressmen, Honduran business leaders and the military that Lopez desires to remain in office for another term. The thinking in these Honduran circles is that the lack of disclaimers by Lopez is, in itself, a strong indication of his "continuismo" plans. Approximately ten days ago Herman Pascua, manager of the National Railroad, headquartered in San Pedro Sula, had a discussion with the President during which Pascua passed the remark that he would like to remain with the railroad as long as Lopez remained in office. Lopez made no specific rejoinder to this but Pascua left the President's office with the distinct impression that Lopez would run for reelection.
2. Lopez would probably be reelected with relative ease. The opposition Liberal Party is divided internally and lacks both an effective candidate and the capital necessary to offer a serious challenge.
3. The power and influence of Ricardo Zuniga has declined drastically in recent months. This is not due to any specific act but more to a growing realization by President Lopez of Zuniga's dishonesty, ambition for power and his inability to get along with some government officials and prominent military officers. President Lopez was particularly dismayed at Zuniga's handling of Honduran propaganda during the recent Honduran/El Salvador border war. Lopez allegedly felt that the invective against El Salvador often mirrored the type used by Cuban Communism.
4. Miguel Andonie Fernandez, a self-appointed presidential candidate, is an honest, sincere and well respected man. There is a small group of roughly ten Arab and Jewish businessmen in San Pedro Sula known as the "economic mafia" because they control so much of Honduran business activity. This group has taken note of the candidacy of Fernandez and has been impressed by his honesty and sincerity. They will not support him however, because they feel he lacks the political experience and popular base for a successful campaign.

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COUNTRY Honduras

REPORT NO. OO-B 321/33715-69

SUBJECT Anti-American Sentiment/Apparent Industrial Incentive/Purchase of Armament

DATE DISTR. 19 NOV 1969

NO. PAGES 1

REFERENCES CIRC LA2-69  
(2356)

DATE OF INFO. Oct 69 and earlier

PLACE &amp; DATE ACQ. Tegucigalpa/Oct 69

THIS IS UNEVALUATED INFORMATION

**SOURCE** Naturalized US citizen who worked and lived in Honduras for a number of years. He has social and business contacts with officials of the government, the armed forces and the business community.

[This report was developed by an Army representative assigned to the office of preparation.]

1. For over five years I have been in close contact with Hondurans of different backgrounds and social position. Never before have I seen the anti-American sentiment which is sweeping Honduras at the present time. The feeling is not only evident among student and labor organizations, but among sectors of what is considered to be the best informed and educated individuals in the country. Most of them are convinced that the US has the influence to exert diplomatic pressures on El Salvador in order to settle the pending border dispute, but has failed to do so. They see the US Government as favoring El Salvador.
2. During conversations with several government officials they emphatically stated that Honduras was not going to open the Pan American Highway to Salvadoran traffic. This is the attitude of almost everybody that I talked with. This single issue has served to unite the country like never before. There is a new feeling of patriotism which was lacking before the conflict with El Salvador.
3. The campaign against Salvadoran products has resulted in an incentive for Honduran investors. I have had several inquiries from Honduran businessmen who are interested in establishing production facilities for consumer articles which were normally imported from El Salvador. These individuals are eager to invest and establish factories in order to fill the demand for products which were imported from El Salvador.
4. Honduras has been purchasing arms and ammunition from Portuguese and Belgian sources. Some of this armament has arrived in the country. According to a military informant most of the armament has not been delivered, but is expected in the country before the end of the year.

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U YES

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S YES

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NO DISSEM ABROAD

COUNTRY	Honduras/El Salvador	REPORT NO.	OO-B-321/26113-69
SUBJECT	Honduran Government Interest in Purchasing Weapons to Arm Reserves/ Alleged Purchase of Combat Aircraft by Honduran Official	DATE DISTR.	11 SEP 1969
		PAGES	1
		REFERENCES	C-DC9-55300
		(2356)	

DATE OF INFO. Aug 69 and earlier

PLACE &amp; DATE ACQ Tegucigalpa/Aug 69

THIS IS UNEVALUATED INFORMATION

**SOURCE** Naturalized US citizen who worked and lived in Honduras for a number of years. He has social and business contacts with officials of the government, the armed forces, and the business community.

[This report was developed by an Army representative assigned to the office of preparation.]

1. During early August 1969 a close business associate met with Colonel (fnu) Coreccolli (phonetic) and members of the Honduran Army General Staff. Colonel Coreccolli and members of the Staff were alarmed by the continuing reports of arms and ammunition stockpiling by El Salvador. These individuals were of the opinion that the armament of the Honduran Armed Forces was inferior to that of El Salvador.
2. During the meeting Colonel Coreccolli inquired about the possibility of a legal or illegal purchase of approximately 2500 M-1 rifles and an undetermined amount of .30 caliber ammunition from US sources. He explained that the weapons were needed to arm personnel with prior military service in case of a renewal of hostilities with El Salvador. These individuals were considered to be a reserve for the Honduran Armed Forces.
3. My associate explained to Colonel Coreccolli that under the circumstances the US Government would not issue an export permit for the armaments. As for illegal sources my associate disclaimed knowledge of any. He also considered the transportation problem. Colonel Coreccolli stated that if acquired the weapons could be smuggled aboard a Honduran refrigeration ship which was anchored in the Miami River at that time. Following this Colonel Coreccolli closed the meeting indicating that he was going to explore other possibilities.
4. Following the meeting my associate had a conversation with Rigoberto Sandoval, a member of the Planification Board. Upon being informed of the meeting, Sandoval warned my associate to be careful in any dealings with Colonel Coreccolli, since he was known as a corrupt government official, a "thief". Sandoval stated that this was the opinion of President Oswaldo Lopez Arellano who distrusted Coreccolli. A few days later my associate learned that Ricardo Zuniga, Minister of the Presidency, has been given the task of purchasing arms and ammunition for Honduras.
5. Mauricio Hernandez, wealthy owner of a lumber mill in Honduras, visited the US during the first part of August 1969. He told me that he was going to purchase two "combat aircraft" for the Honduran Government. He did not specify the type nor the source of the aircraft. About a week later I had a telephone conversation with Hernandez, during which he told me that he had been "successful" in his purchasing mission. He did not give any details.

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S YES

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# INFORMATION REPORT INFORMATION REPORT

## CENTRAL INTELLIGENCE AGENCY

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C-O-N-F-I-D-E-N-T-I-A-L

COUNTRY	Honduras	REPORT NO.	OO- K 323/01763-68
SUBJECT	Opinions of Moises Lopez Maldonado on Possible Presidential Candidates	DATE DISTR.	1 FEB 1968
		NO. PAGES	1
		REFERENCES	CIRL C-DC7-53900
		(2356)	

DATE OF INFO. Jan 68

PLACE & DATE ACQ Tegucigalpa-Jan 68 and earlier

THIS IS UNEVALUATED INFORMATION

**SOURCE** Cuban national, an engineer who has worked and lived in Honduras for several years. During this time he has developed social and business contacts with officials of the government, the Armed Forces and the business community.

[This report was developed by an Army representative assigned to the office of preparation.]

1. During the middle of January 1968 I had a lengthy conversation with Moises Lopez Maldonado, Honduran Consul in Costa Rica and a leading personality in the Partido Nacional (PN). He is a very close friend of Martin Armero, leader of the PH. Lopez spends about half of his time in Honduras. He is an intelligent and cunning politician with a lot of common sense. He is critical of the soft lines used by the US in internal and foreign affairs.
2. During our conversation he stated that the next President of the country would be a civilian. He doubted very much if the Armed Forces could come up with a suitable candidate. He gave his opinions about several individuals with presidential aspirations.

"Armando Velazquez Cerrato has completely disregarded the Party machinery. He is ambitious, but too individualistic. He has no political future in the country.

"Manuel Acosta Bonilla present Minister of Economy, is capable, a hard worker and a good man. His Presidential ambitions at the present time are very subtle.

"Ricardo Zamiga is well qualified and would have support from most of the influential people in the government who would like to see him as a Presidential candidate. A hard working individual, he is the right hand of President Lopez Arellano. I consider him the best qualified to run for the Presidential office."

-end-

# INFORMATION REPORT INFORMATION REPORT

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## INFORMATION REPORT INFORMATION REPORT

## CENTRAL INTELLIGENCE AGENCY

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C-O-N-F-I-D-E-N-T-I-A-L

COUNTRY	Honduras	REPORT NO.	OO- OCE 323/01020-68
SUBJECT	Opinions on Rigoberto Sandoval/Manuel Acosta Bonilla/Armando Velasquez Cerrato/Activities of Ricardo Zuniga/Status of Present Government	DATE DISTR.	22 JAN 1968
		NO. PAGES	1
		REFERENCES	CIRL C-327-53900 (2356)

DATE OF INFO Jan 68 and earlier

PLACE &amp; DATE ACQ Tegucigalpa-Dec 68 and earlier

THIS IS UNEVALUATED INFORMATION

**SOURCE** Cuban national, an engineer who has worked and lived in Honduras for the last two years. During this period he has developed contacts with officials in government, the Armed Forces and the business community.

[This report was developed by an Army representative assigned to the office of preparation.]

1. I have known Rigoberto Sandoval for approximately eight months. As the General Secretary of the Planification Board he is a very capable and competent individual. He is progressive and liberal in his ideas, though at times seems to be inclined to the left. He is a man of great potential for the development of the country. Sandoval was instrumental in instituting a housing project of approximately one thousand houses, to be constructed in San Pedro de Sula. The houses will be built for needy families. A loan of US\$2 million has been granted by the "Banco Interamericano de Desarrollo" for the project.
2. The Minister of Economy, Manuel Acosta Bonilla, is an honest, hard working, and responsible individual. I have talked with him and with people who are close to him and got the impression that Acosta has no higher political aspirations. At least he does not show any outward signs of it.
3. Armando Velasquez Cerrato is being handled by the government very carefully. He is considered to be a dangerous individual. However, he is regarded by some of his followers as a scapegoat of the present government. Personally I don't think that he has any opportunities or enough popular support to intervene in the government successfully.
4. Ricardo Zuniga, Minister of Presidency, remains as an influential figure with President Lopez Arellano. Zuniga provides financial support to the non-Communist student organizations who support his claims that the US is intervening in Honduran internal affairs. In a recent confrontation with an official of the US Embassy, President Lopez Arellano openly supported Zuniga.
5. Since the last two years there has been a marked change in the country. There could have been more progress but the government is not dynamic enough, even though President Lopez Arellano is in complete control of the government. The opposition to the government is weak, plagued by differences of opinions, and lacking unity. The large majority of the people are undergoing great misery and poverty. Still, the masses are contented. Their interest is in subsisting from one day to the other, not politics.

INFORMATION REPORT INFORMATION REPORT

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NO DISSEM ABROAD

COUNTRY Honduras

REPORT NO. OO-B 321/01013-68

SUBJECT Proposed Steel Plant and Paper and Pulp Plant

DATE DISTR. 19 JAN 1968

NO. PAGES 1

REFERENCES CTRC C-DC7-53900  
(2356)

DATE OF INFO. Jan 68 and earlier

PLACE &amp; DATE ACQ. Honduras/Jan 68 and earlier

THIS IS UNEVALUATED INFORMATION

**SOURCE** Cuban national, an engineer, who has worked and lived in Honduras for the last two years. During this period he has developed social and business contacts with officials in the government, the armed forces and the business community.

[This report was developed by an Army representative assigned to the office of preparation.]

1. Negotiations are going on with Mexico for the establishment of a steel plant in Honduras. The principal force behind the establishment of this industry is (fmu) Alderwin, an engineer with the "Banco Central". Alderwin studied in Mexico, and is a very intelligent and capable person. Alderwin was Minister of Public Works during the regime of Villeda Morales. At that time he was a supporter of Brown and Root, a US company with offices in the country. Though Alderwin was instrumental in granting several important projects to the company he now criticizes it as another extension of "Yankee Imperialism".
2. A US firm, International Paper Company, has been selected as one of the major stockholders, with participation of ADELIA and the Government of Honduras, for the establishment of the paper and pulp plant and for the exploitation of lumber reserves in the country. The paper and pulp plant is tentatively to be established at the junction of the Aguan and Mame rivers. The area selected by the government for the exploitation of lumber reserves covers approximately 15 thousand square kilometers in the departments of Olancho and Yoro. The government is going to face a problem trying to determine the ownership of property in the area. I estimate that it will take three years to survey the boundaries and to set landmarks in the area.
3. Two access roads will be constructed to serve the area. One, "Carretera del Proyecto Forestal de Olancho", will connect the paper plant with the forest reserves, extending from Mame to Salama, a total of 130 kilometers. The other road will connect the plant to the coast, from Mame to the port of La Ceiba, a total of 100 kilometers.

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## INFORMATION REPORT INFORMATION REPORT

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The dissemination of this document is limited to civilian employees and active duty military personnel within the intelligence components of the USG member agencies, and to those senior officials of the member agencies who must act upon the information. However, where specifically controlled in accordance with paragraph 8 of DCRI 107, it may be released to those components of the departments and agencies of the U. S. Government directly participating in the production of National Intelligence. It shall not be disseminated to contractors, it shall not be disseminated to organizations or personnel, including consultants, under a contractual relationship to the U. S. Government without the written permission of the originator.



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NO DISSEM ABROAD

COUNTRY Honduras

REPORT NO. OO-B-321/00869-68

SUBJECT Civic Action Program Success/Armed Forces  
Capability to Cope with Insurgency/  
Activities of CIAC, Cuban Propaganda  
Organization.

DATE DISTR. 15 JAN 1968

NO. PAGES

REFERENCES CIRC C-DC7-53900  
(2356)

DATE OF INFO. Jan 68 and earlier

PLACE &amp; DATE ACQ. Honduras/Jan 68 and earlier

THIS IS UNEVALUATED INFORMATION

**SOURCE:** Cuban national, an engineer, who has worked and lived in Honduras for the last two years. During this period he has developed social and business contacts with officials in government, the armed forces and the business community.

[This report was developed by an Army representative assigned to the office of preparation.]

1. The armed forces are doing a splendid job in their civic action projects. Their primary interest seems to be the construction and repair of roads throughout the Republic. In conversation with a liaison officer between the army and other government agencies he mentioned that the only difficulties they are facing in their programs is the lack of adequate equipment, and the lack of cooperation by the Public Works Office. He told me that in most instances the requests made by the army for the use of additional transportation or utilization of existing equipment are disregarded by minor officials. This creates problems requiring the action of higher officials, who are given the impression that the army is the originator of these problems.
2. Considering the available resources and facilities of the country the armed forces are well trained and disciplined. During the latter part of 1967 President Anastasio Somoza and a group of other Nicaraguan dignitaries visited Honduras. Several groups under Communist influence demonstrated against the visit. I had the opportunity to observe the development of the demonstration, from a meeting to a riot, from a vantage point. Despite the fact that the army riot control troops were stoned and abused they were disciplined enough to prevent what could have been a serious incident. They did not attack or fire at the mob, as would have been the desire of the leaders, who incidentally always remained behind the mob and utilized other people to direct and incite the demonstrators. The troops and junior officers who were present during the demonstration were highly praised by the responsible elements of the society.
3. If a guerrilla movement started I believe the armed forces would act swiftly. A special counter-guerrilla unit is well trained and equipped to prevent development of small units into large and organized guerrilla bands.

# INFORMATION REPORT INFORMATION REPORT

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# Intelligence Information Report

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C-O-N-F-I-D-E-N-T-I-A-L

COUNTRY Honduras

REPORT NO. OO-B-321/33415-72

SUBJECT General Lopez Arellano Unwilling to Lead  
Coup d'etat at Present/Army Officers Being  
Trained in Peru/Zuniga's Stratagems to  
Retain Present Power

DATE DISTR.

NO. PAGES 2

REFERENCES CIRC NO.: IRG-LA2-72  
(2356) DIRM NO.: 1-C 1

DATE OF INFO. Late September 1972 and earlier

PLACE & DATE ACQ. BY SOURCE Honduras/1972

THIS IS UNEVALUATED INFORMATION

**SOURCE** Naturalized US citizen who has worked and lived in Honduras for a number of years. He has numerous social contacts and business connections with officials of the government, the Armed Forces and the business community.

[This report was developed by an Army representative assigned to the office of preparation.]

1. The Honduran economy is in a deplorable state. Some young army officers are urging General Oswaldo Lopez Arellano to lead a coup d'etat to displace President Ramon Ernesto Cruz, and have offered to help him. Early in October 1972 a government official and several young army officers stated in a private conversation that Lopez Arellano did not believe it advisable for him to lead a coup d'etat until most of the following events took place:

- a. A rally in the general economy of the country.
- b. Improved diplomatic and commercial relations between Honduras and El Salvador. This improvement would further a better functioning of the Central American Common Market (CACM).
- c. Completion of the Pan American Highway extending between El Salvador and Honduras. Completion would benefit both countries by giving access to new markets for their products.
- d. Decreased corruption among government officials. Not only are some of them feathering their future nests with currency, but also permitting individuals to do likewise in return for something the government official desires the recipient to give or to do for him.
- e. Enrichment of the Treasury so that funds could be made available for projects beneficial to the country and its people.

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G. CONTACT (Name, Title, Organization, Address) Professor Jesse Walton (Georgia Tech) High Temperature Laboratory DeKalb-Peachtree Airport Atlanta, Georgia															INDIVIDUAL NO. A-142336					TYPE CODE					NOT DISSEMINATED										
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## CENTRAL INTELLIGENCE AGENCY

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IF FOLLOWING

ORIGIN:

COUNTRY Honduras

REPORT NO. OO-K-323/33118-67

SUBJECT Economic Conditions in Rural Areas/  
Unemployment/Lack of Economic Development

DATE DISTR. 10 Nov 67

NO. PAGES 1

REFERENCES CIRC C-DC7-53550  
(356)

DATE OF INFO. Oct 67 and earlier

PLACE &amp; DATE ACQ --- Oct 67 and earlier

THIS IS UNEVALUATED INFORMATION

VIEW:

HOW:

**SOURCE** Cuban national, and engineer, who has worked and lived in Honduras for the past two years. During this period he has developed social and business contacts with officials in government, the Armed Forces and the business community.

[This report was developed by an Army representative assigned to the office of preparation.]

1. My work takes me to the rural areas in Honduras where I have opportunity to talk with the peasants. It is my considered opinion, based on personal observations, that the peasants in the rural areas are bitter and disgusted with their lot. They have little or no faith left in anyone. Economically, their condition is second only to Haiti, in comparison with the countries in the Caribbean. The prices of staples compare with prices in the US, but Honduran wages are far below US wages. Unemployment is a very grave problem. My company hires unskilled labor but does not need more than 200. We have had to refuse hundreds who applied because we had no need for them. A small fraction of those turned back will be able to find work, the rest will remain unemployed.

2. There is little economic development in the country and almost complete lack of initiative and vigor. Seldom is a man found in Government or industry who is not afflicted with the two major vices among this segment of the population: wine and women. The economic inactivity at times appears to be the result of indifference, other times the result of intentional delays by Communist infiltrators in Government. As an example of this "lack of initiative" I will make reference to the road in the Olmeco area. The loan for this 110 kilometers of road was approved in October 1963. The road is badly needed to move agricultural products from this region, to provide employment for hundreds of needy people, and to provide the only access for the construction of a US\$ 20 million pulp and paper plant in the area. Until the summer of 1967, these funds remained idle. Preliminary studies were not even made. With luck, construction may commence in 1968, but by this time payments on the principal and interest are due to start.

-end-

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C-O-N-F-I-D-E-N-T-I-A-L

COUNTRY Honduras REPORT NO. OO-E-323/33117-67  
 SUBJECT Activities of Ricardo Zuniga/Colonel Armando Velasquez Cerrato DATE DISTR. 10 Nov 67  
 NO. PAGES 1  
 REFERENCES CIEL C-DC7-53550 (356)

DATE OF INFO. Oct 67 and earlier

PLACE &amp; DATE ACQ. --- Oct 67 and earlier

THIS IS UNEVALUATED INFORMATION

**SOURCE** Cuban national, an engineer, who has worked and lived in Honduras for the past two years. During this period he has developed social and business contacts with officials in government, the Armed Forces and the business community.

[This report was developed by an Army representative assigned to the office of preparation.]

1. Ricardo Zuniga, Ministry of Presidency, is the hardest working man in the Honduran Government. He enjoys his liquor as well as any other official in government, and when he goes on a drinking spree it may last for days. However, he has a great capacity for work and lately he has cut down on his drinking. He is too intent in his presidential aspirations. President Lopez Arellano has left the administration of government to Ricardo Zuniga. Zuniga's trusted man is Lucas Lozano Zelaya, Procurador General (Attorney General).
2. There are two others who have designs on the presidency, Mario Rivera Lopez, President of Congress, and Colonel Armando Velasquez Cerrato, Honduran Ambassador to Mexico. Rivera Lopez' chances are very small, but Colonel Velasquez is a very serious contender. Both Zuniga and Lopez Arellano are fully aware of his strength. Even though Colonel Cerrato has publicly denied that he is behind the pro-Cerrato committees being formed within the National Party, I am informed that he is in fact supporting them.

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