

twenty and thirty percent. END SUMMARY.

- 3. Delegation consisting of seven representatives/ owners Honduran sugar industry called on Ambassador April 29 to express dismay and concern over reports that USG is considering quotas on sugar imports.
- 4. Thus far Honduras has exported 36,500 short tons to U.S. and, in normal course of events, ^{projects} ~~projects~~ further exports in remainder of year of 75-80,000 tons. Industry reps have heard that Washington may be considering imposition of 21,200 ton quota on Honduran imports for remainder of year.
- 5. Industry reps say that such a drastic measure would have effect of closing at least four of Honduras' seven sugar refineries with corresponding reduction in employment. Counting seasonal agricultural workers, Honduran sugar industry employs more than 50,000 persons -- twice as many as employed by U.S. banana companies. Moreover sugar industry here is sector in which Honduran private enterprise has invested the most during past ~~ten~~ ten years and failures along lines envisaged above would have ^{reverberations} ~~reverberations~~ far beyond this sector ~~along~~ alone. Confirming this sugar industry assessment is view of Honduras' most prominent banker, Paul Vinelli, who on several occasions ~~xx~~ has made point to Embassy that saving sugar industry is key to maintaining what little

is left of business confidence in Honduras.

6. Compounding Honduran sugar industry problem is fact that this year's projected exports have already been pledged as collateral for outstanding credit. In addition, quota mechanism would impose heavier penalty on poorer country such as Honduras which has utterly inadequate warehousing facilities.

7. Finally, Honduran industrial and political leaders will have enormous difficulty understanding any such action by USG as the first concrete step emanating towards Caribbean country in wake of President's February 24 Caribbean Basin initiative.

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