

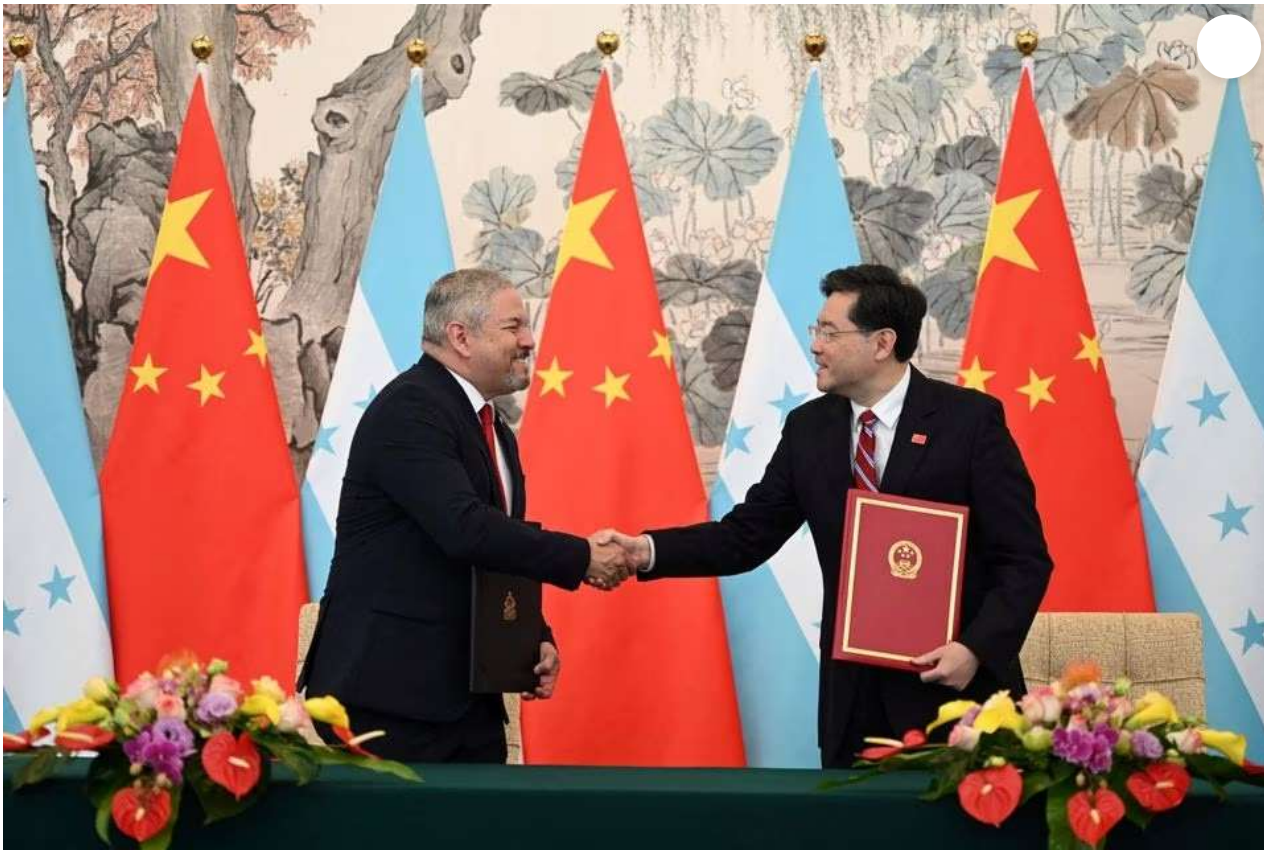


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The Advance of China and Authoritarian Populism in Honduras

R. Evan Ellis | June 9, 2023



Source: Reuters.

In Latin America, it is strategically important that the United States distinguish between principled left-oriented democratic regimes versus those which seek to manage the alarm of Washington and Western investors as they pursue a fundamentally anti-democratic, anti-market, anti-U.S. course. It is time for Washington to recognize that the Honduran regime of Xiomara Castro, Mel Zelaya, and their Libre movement, are on the latter path. The Castro government has also opened the door to greater Chinese involvement in the Central American country.

Even as presidential candidate, Xiomara Castro called herself “democratic socialist.” Libre, whose original platform called for a constituent assembly to rewrite the constitution and “re-found Honduras.” The party is also part of the

Nicholas Maduro, Bolivia's Evo Morales, Ecuador's Rafael Correa, and Cuba's Miguel Diaz-Canel also play a role.

From the beginning, evidence suggested an outsized influence within Castro's presidency of her husband Mel Zelaya—a populist leftist ally of Morales, Correa, and Hugo Chavez and part of the radical "Puebla Group." Zelaya was remove from the presidency in June 2009 for an unconstitutional attempt to perpetuate himself in power. Castro's own First Vice-President Salvador Nasralla says that Zelaya is the key decisionmaker within the Presidency. Honduras' "First Husband" reportedly spends his days in the presidential palace receiving persons who ask for political favors and is said to have played a key role in a questionable government decision to commute the prison sentence of former First Lady Rosa Bonilla de Lobo.

The current Castro-headed government is filled with persons who used to work in her husband's Administration. Zelaya's advisor Enrique Reina, considered to be one of the most radical of the Libre leaders, is now Foreign Minister. Zelaya's former Labor Minister Rixi Moncada, a radical Libre lawyer who also served on the electoral commission, is now Finance Minister. Zelaya's former Minister to the Presidency Enrique Flores Lanza, who fled to Nicaragua after the former President's ouster to avoid charges of embezzlement from Honduras' Central Bank, is back as a special Presidential Advisor. Zelaya's Defense Minister Edmundo Orellana is now "Secretary of Transparency." Although one of the

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United Nations-led commission against corruption (CICIH) could not be implemented through the necessary congressional action until 2025 or 2026 because it did not have the required political support.

Questions of corruption and evidence of nepotism in the Libre government abound. Flores' return was made possible by a questionable March 2022 Presidential Decree that granted amnesty to members of Mel Zelaya's former regime. The decree also enabled the return of two former Libre congressional leaders and Zelaya's Labor Secretary.

Additionally, Mel Zelaya's and Xiomara Castro's family members are everywhere in the new administration. The President's son, Hector, is her "Private Secretary" and accompanies Castro in virtually all of her public appearances. Her other son, Jose, is similarly a "presidential advisor." Mel Zelaya's nephew, Jose Manuel, is Secretary of Defense. Castro's daughter—also named Xiomara, but known as "La Pichu"—and Zelaya's brother, Carlos, are both is a members of congress.

The Biden administration has sought to find common ground with Castro, including an invitation to President Biden's December 2021 "Democracy Summit" and special attention from U.S. Vice President Kamala Harris, who attended Castro's inauguration. Despite these efforts, the Libre regime has quickly racked up a record of unhelpful and sometimes anti-U.S. positions. Castro almost immediately reestablished diplomatic ties with Venezuela. She promoted the Community of Latin American and Caribbean States (CELAC), which excludes the United States, over the Organization of American States (OAS), which the government calls a "failure." When Peru's president Pedro Castillo was removed in December 2022 for an unconstitutional attempt to dissolve Congress, the Libre regime called Castillo's removal a "coup." The Libre government has also refused to join the Interamerican Commission on Human Rights and others in condemning the Ortega regime in Nicaragua for

Despite such actions, the most troubling foreign policy initiative taken by the Libre regime was its abandonment of Taiwan in favor of the People's Republic of China (PRC) in March 2023. The Libre regime reportedly attempted to extort Taiwan into doubling its USD \$100 million in annual aid to the country, forgiving Honduras's USD \$600 million in past loans, and extending new aid totaling as much as USD \$2.5 billion. When Taiwan did not meet its terms, the Libre regime switched diplomatic relations to the PRC and gave Taiwan 30 days to vacate its embassy in Tegucigalpa.

Since establishing relations with PRC, the Libre regime has quickly moved to embrace its new partner. It is reportedly negotiating for PRC-funding for a 150 megawatt hydroelectric project, Patuca II, complimenting the USD \$300 million Patuca III facility funded and built by the PRC for Honduras in the pre-recognition period.

Just weeks after recognition, the Libre regime sent a delegation to seek benefits in the areas of trade and investment with the PRC. The regime is reportedly negotiating with the PRC to replace Honduran agricultural exports that had gone to Taiwan. The Libre regime also declared its intent to open up Honduras' market and negotiate a Free Trade Agreement with the PRC. It is expected to seek debt relief from the PRC and China has reportedly invited Honduras to join the Belt and Road Initiative. If it does, PRC infrastructure development of ports and rail lines along Honduras' "dry canal" corridor connecting the Atlantic and Pacific, may be one attractive target. Additionally, Jose Morales, General Manager of the Honduran telecommunication organization Hondutel, is already tweeting about Huawei coming to revamp and modernize the government entity.

In non-commercial matters, only 40 of the 129 Honduran students in Taiwan whose status was put in jeopardy by the government's change in relations agreed to go to the PRC. The Libre regime also rapidly began collaborating

diplomatic switch, PRC journalists were arriving in Honduras and the PRC sponsored 29 Honduran journalists for a 10-day trip to the country.

The country also faces an extreme gang and extortion problem, including Central America's highest's homicide rate (38.5 murders / 100,000). The Libre government has followed the lead of its dictatorial neighbor, El Salvador's Nayib Bukele, in declaring a state of exception in November 2022—which it has subsequently been extended four times—allowing the government to crack down with military and police forces. Meanwhile, not unlike in Venezuela, Libre-aligned “collective” gangs occupy public institutions and intimidate the populace.

Overall, a Libre-led Honduras a strategic risk. This risk is the combination of a regime with radical intentions and high levels of corruption and nepotism. This is exacerbated by the fact that it is now backstopped by Chinese money and facing growing economic and criminal problems which could drive the government toward even more authoritarian solutions. 74% of Hondurans currently live in poverty, while 3.5 million Hondurans reportedly have employment problems. A deepening drought has forced the government to declare an emergency in 64 municipalities, warning of the displacement of people from hunger as livestock die and crops wither.

Honduras is a sovereign country and has the right to have commercial and diplomatic relations with whom it chooses. The United States has been a reliable security and development partner, but should also do more to facilitate the arrival and expansion of promised aid and private sector investment in Honduras and other Central American partners. As with Venezuela in the early 2000s, Honduras is on a dangerous path that if unchecked, may lead to a mutually reinforcing process of radicalization, corruption, economic self-destruction, and a turn to authoritarian solutions bankrolled by the PRC. Honduras' continued cooperation with the United States on immigration,

correct to respectfully pursue areas where it can work together with the Libre regime, but it must not ignore when the Libre government engages in criminal conduct, efforts to undermine the democratic order, or activities in the region by subversive groups or extra-hemispheric rivals. The U.S. must respectfully, but firmly engage the regime and hold it to account, while simultaneously reaching out the Honduran diaspora and coordinating with like-minded democratic states in the region, Europe, and elsewhere to ensure that Honduras remains a reliable democratic partner.

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