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LADB Staff

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## Nicaraguan Agricultural Hope Hostage To Doctor Atkins

by LADB Staff

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Nicaragua will be picking the first harvest of some 200,000 orange trees that were planted in 1997-1998 about 20 km southeast of San Carlos along the Rio San Juan. The project, Frutales del San Juan, is to be the basis of a new agroindustry for the country. The entire production of the project is to be shipped to Costa Rica for processing into orange-juice concentrate. The end point for the project is the US market.

This first harvest will produce about 600,000 boxes of oranges this year and will be worth about US \$1.5 million. These 200,000 trees are the first to bear from among a half million planted so far. The plans are to plant a total of 1.5 million trees to reach a production of 3 million boxes. The fruit will be stockpiled at a new facility built for the purpose at the border and then will be shipped to the Costa Rican plant, 90 km south. Once converted to concentrate at TicoFru, the processor, the product will be refrigerated and sent to Puerto Limon, Costa Rica, on the Caribbean coast, where it will be sent aboard specialized ships to Tampa, Florida. From there it will mingle with juices from throughout the world to be pumped through the US market.

"The fruits of this project are proof that in Nicaragua things can be done well, working as a team to develop this zone and obtain a new product that can be of great benefit for the country," said Frutales president Juan Bautista Sacasa. He spoke of a bright future because Nicaragua has, in Chontales, between San Carlos and Acoyapa, lands suited to orange orchards that Costa Rica lacks. Within seven years he expects that 3,000 people will be employed at harvest time, and 500 will have full-time jobs. Now, the company has 500 seasonal and 250 full-time employees.

### *Timing is everything*

All this work and production are designed to put struggling Nicaragua and its people on the other side of the poverty line. And Sacasa's numbers may yet come to pass. But for the moment, this dream could not have come true at a worse time. March futures prices for orange-juice concentrate fluctuate around US\$.62 a pound, far below the US\$1.30 envisioned by the project. Sacasa said that the project is functioning without subsidy of any kind. He has bet heavily on the Central America Free Trade Agreement (CAFTA) to keep the boat afloat, but he may be up against a sea change in US consuming habits and a tidal wave of Florida production, while local campesinos, unaware of changing tastes and huge harvests to the north, clamor for inclusion. They have asked the help of President Enrique Bolanos so that they too can plant trees and grow oranges.

So in the midst of a world glut of orange juice, Minister of Agriculture and Forestry Jose Augusto Navarro has promised to help the campesinos start growing small individual orchards in the region. The Instituto Interamericano de Cooperacion para la Agricultura (IICA) will, said an IICA official, "mount a project for small producers." Minister of Promotion, Industry, and Trade Mario Arana also expressed enthusiasm and support at the prospect of sharing the wealth by making more producers.

"The idea is that this develop to a scale at which an industrial plant that processes the fruit could even be put here," he said. Sacasa said that to justify a plant similar to the one in Costa Rica, land under cultivation would have to grow to 25,000 hectares, from the 4,000 ha now in production.

### *It's who you know*

Curiously, the Nicaraguan newspaper La Prensa reported that the Frutales del San Juan project is "growing with the contribution of Nicaraguan and Costa Rican investors" and made no mention of the fact that one of the major investors is the International Financial Corporation (IFC) (see NotiSur, 1998-03-06) or that, according to a May 1998 IFC disclosure, "Frutan (Frutales del San Juan), a newly created Nicaraguan orange plantation company, will be a joint venture between IFC's client, TicoFrut, the largest citrus juice producer in Costa Rica, and Nicaraguan investors who are mainly landowners and led by Mr. Antonio Lacayo (see NotiSur, 1995-04-10), former minister of presidency of Nicaragua." The disclosure further identifies Lacayo as the founder of Frutan and owner of other plantations. He was not only former President Violeta Chamorro's (1990-1996) minister of presidency, he was also her son-in-law.

Violeta Chamorro took over and ran La Prensa after the death of her husband Pedro Chamorro. The IFC is a member of the World Bank Group headquartered in Washington, DC, and has 176 member countries, all World Bank members. It is, according to its Web site, "the largest source of loan and equity financing for private sector projects in the developing world." But even the largest source of money for developing capitalists in the world could not anticipate the potential devastation to world citriculture wrought by the Atkins and South Beach low-carbohydrate diets.

The assumption has been that orange juice is good for people, even the large percentage of the US population who are overweight. Nearly two-thirds of adults in the US are overweight and 30.5% percent are obese, according to data from the 1999-2000 National Health and Nutrition Examination Survey (NHANES). In his best-selling book, *The South Beach Diet*, Dr. Arthur Agatston sent the juice fortunes tumbling with the statement, "Again, fruit juices are a big source of trouble, in part because we've come to associate them with healthy habits. But they also bring with them high levels of fructose, which can be the undoing of any effort to lose weight." The other low carbohydrate advocate, the late Dr. Robert Atkins, who reportedly died obese, also was reported to disparage fruit juices, and the major weekly news magazine Newsweek likened orange juice to sugar water in a recent story.

Overweight people, and those fearful of becoming overweight, turned elsewhere in search of their daily dose of vitamin C. US citrus growers said these diets and the fickle folk who follow them have savaged orange-juice sales. Per capita consumption has dropped 17% in the past five years, beginning just after the IFC started writing checks to Lacayo. In Florida, where 95% of the orange crop is used to make juice, Bob Crawford, executive director of the Florida Department of Citrus, told the Associated Press, "There are powerful, negative messages against us. We're not going to stand and take it."

One of their options is a lawsuit against people who speak ill of oranges. Under Florida law, it is illegal for anyone to publicly say, reports the AP, that fruits, vegetables, and other foods are unsafe

for consumption if they can't back up their claims. More to the point from the point of view of the Nicaraguans who have pinned their hopes on orange juice, however, these same growers who will not hear a word against their product responded to the decline in consumption by producing, according to the US Department of Agriculture, 15% more than they did last year.

Nicaraguan campesinos had no way of knowing their futures were contingent on a strategy of encouraging overconsumption to balance overproduction, as Florida growers launched an advertising campaign to get their customers back. They had no way of knowing that US consumers could drink three pints of Guinness (24 grams of carbohydrates) or three bottles of wine (24 grams of carbohydrates), and still not down as many grams of carbohydrate as in an 8-ounce glass of orange juice. The people of this region of Nicaragua, who are among the poorest in the country, also have no way of knowing that CAFTA, the trade deal by which their country seeks to export its way out of poverty, is but a prelude to the more grandiose Free Trade Area of the Americas (FTAA), scheduled to conclude in 2005. That deal would put them in competition with Brazil, the country that supplies 80% of the orange juice on the international markets and is only kept out of the US by a prohibitive tariff of US\$418 per metric ton that would come crashing down long before the last orange tree is planted in Chontales.

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