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Nicaragua And Iran Sign Deals, But Iranian President Ahmadinejad Faces Backlash At Home

by Mike Leffert

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Linked again as they have not been since the Iran-contra affair, Nicaragua and Iran are using Iranian President Mahmoud Ahmadinejad's postinaugural visit to Nicaraguan President Daniel Ortega to forge closer ties. Ortega assumed Nicaragua's presidency on Jan. 10 (see NotiCen, 2007-01-11). "We have to give each other a hand," Ahmadinejad told the press. "We have common interests, common enemies, and common goals." Soft-pedaling the common-enemies theme, Ortega instead stressed, "In our Iranian brothers we have a people, a government, a president willing to join with the Nicaraguan people in the great battle against poverty." The two presidents agreed to resume diplomatic relations and open embassies, which have been closed since Ortega left the presidency in 1990.

In the 1980s, during the administration of US President Ronald Reagan, the US secretly and illegally sold arms to Iran and used the proceeds to fund their proxy army, the contras, in an attempt to overthrow the Ortega-led Sandinista government. Iran is flush with oil money and is thought to be in a position to help Ortega with his poverty-reduction plans. The country is exploiting the rift developed between the US and Latin America during the six years of the administration of US President George W. Bush.

The Nicaragua visit was one stop on a tour that took the Iranian president first to Venezuela and then to Ecuador, to visit with President Rafael Correa, inaugurated Jan. 15. Ahmadinejad said in Caracas that he was in the region "promoting revolutionary thought in the world." He also broached the common-enemies theme, telling reporters, "The reason for all the current problems is the erroneous direction of the powerful countries, where there is poverty, hate, enmity, and war." Venezuela has become Iran's main supporter for its nuclear program, now that Russia and China have joined the Western powers in approving sanctions against Iran in the UN Security Council.

The countries had more to talk about than the political consequences of energy policy, however. They signed 11 bilateral agreements, including one to create an international oil company. They discussed oil prices, which have fallen sharply in recent weeks, and agreed on a joint effort to get new OPEC production cuts.

Venezuela is the only Latin American OPEC member. "Today we know that there is too much crude on the market. That's why we support, we will support, the decisions that have been taken to reduce production and protect the price of oil," said Venezuelan President Hugo Chavez. Having already concluded a deal to obtain Venezuelan fuels on preferential terms, Ortega has little to fear from the price-supporting policies of his two allies, and, said Ahmadinejad in Managua, "There is much more to be discussed on political-cultural cooperation and specifically in the field of the economy, investments, and construction."

Moreover, Nicaragua stands to benefit from a deal already struck between Venezuela and Iran. They had previously announced plans for a joint US\$2 billion fund to finance investments in their own countries, but, in Caracas, the two said the money would also be used for projects in friendly third countries. Chavez explained, "It will permit us to underpin investments, above all in those countries whose governments are making efforts to liberate themselves from the imperialist yoke." Ahmadinejad added that this was a "very important" decision that would promote "joint cooperation in third countries," not only in Latin America, but in Africa as well.

Signing significant agreements In Managua, Ortega and Ahmadinejad signed a development agreement targeting Nicaragua's economic and infrastructure problems, including dam and housing construction and the building of factories to turn out bicycles, motorcycles, cars, trucks, and buses for the regional market. The fishing industry, the need for potable water, and refurbishing ports were also on the agenda. Other programs to which Iran committed were cement-plant construction, agricultural industrialization, and analysis of Nicaragua's energy needs.

As the two presidents moved on to other activities, Minister of Foreign Relations Samuel Santos began immediately to organize working committees made up of Nicaraguans and members of the Iranian delegation to nail down the agreements. First came the reopening of diplomatic relations. "We greet with satisfaction the decision of the government of Iran to reopen its embassy in Managua, a decision that will be reciprocated with the reopening of a Nicaraguan Embassy in Teheran," said Santos. Santos said a memorandum of understanding would come out of the work of the committees "that defines the formal framework under which projects of cooperation and investment will be implemented." This would, he said, "give materiality to the will of our respective governments to cooperate and support each other mutually."

Former Sandinista comandante Bayardo Arce, now Ortega's economic advisor, called the work sessions to order, with Santos and Iranian Foreign Minister Manouchehr Mottaka presiding. Emilio Rappaccoli of the energy commission, Central Bank President Antenor Rosales, Minister of Transport and Infrastructure Fernando Martinez, and Agriculture and Forestry Minister Ariel Bucardo all took part on the Nicaraguan side.

In the discussions, one item on Nicaragua's list that it did not get was the elimination of its debt to Iran, US\$152 million. The Iranians did not, however, reject the request out of hand. They told the Nicaraguans that they would refer the matter to their parliament and use their good offices to encourage approval. Ortega took Ahmadinejad on a tour of the poorest neighborhoods of Nicaragua, where the Iranian told a crowd of hundreds of residents, "The imperialists don't like us to help you progress and develop. They don't like us to get rid of poverty and unite people. But the whole world knows that Nicaragua and Iran are together."

The neighborhoods seemed receptive to the visitor, with many turning out to cheer his caravan and wave placards. The placards had the Iranian's picture on them. The neighborhoods were heavily Sandinista.

It was never spelled out during the visit what benefit Iran was getting from all this cooperation. Political analyst and former foreign minister Emilio Alvarez Montalban opined that Iran was looking

for "political solidarity" at a time when it was getting criticism for its refusal to give up its nuclear program. "Iran is seeking international political support and is doing so among friends who take the same line as Hugo Chavez. Nicaragua is a vote in the United Nations and is thus of interest for its diplomacy," said Alvarez. The analyst said that there was nothing here that should be particularly worrisome to the US, especially if Ortega shows skill in walking the fine line he promised to follow in US-Nicaragua relations (see NotiCen 2007-01-11).

A house of cards

There were no signs that the US was worried. There might even be reasons for the US to be pleased with all the bonding going on between its principal adversaries in Latin America and its leading opponent in the Middle East. There is a house-of-cards aspect to these deals and agreements. Unlike his new friends in the hemisphere, Ahmadinejad is facing plummeting popularity and serious problems at home. There has even been talk of impeachment in his parliament. A major concern is Iran's sluggish economy and its overreliance on oil revenues in a declining market.

Leading conservative Deputy Mohammad Khosh Chehreh told the Iranian media, "Despite the state's long-term plans, the use of oil reserves in next year's budget has not been cut and has actually grown. This is at a time when the oil-money reserves are not in good shape and the falling oil price is worrisome." A large group of deputies, both conservative and reformist, have issued a public-warning statement regarding a budget that is expected to rise 17% in the coming year. Member of the budget and planning commission Adel Azar explained, "The parliament's concern, besides employment, economic growth, and dependence on oil, is that the quality of next year's budget will be even lower than the current year."

He was especially critical of the president's habit of making provincial tours and promising local governments lofty sums without regard to national budget constraints. Now the parliament wants from the government, say the media, "a detailed report about the country's economic situation with regard to the perspectives of budget shortage, debts, inflation." Members of the Iranian parliament and the press have assailed Ahmadinejad's trip to Latin America, calling it badly timed, given not only the budget situation but also the standoff with the international community on Iran's nuclear program.

Many in Tehran consider the president's intransigence on the issue to have gotten out of control. With this as background, one newspaper, the reformist Etemad Melli, posed the question, "Does he really think people like Chavez, Correa, and Ortega can be Iran's strategic allies?" The paper answered itself, "These left-wing friends are good for coffee-shop discussions but not to determine our security, political, and economic priorities. We have our own priorities, and we cannot build our house on water." On his return home, Ahmadinejad was headed for a confrontation spelled out while he was still in Latin America. "When he returns," Khosh Chehreh warned, "parliament will ask the president to explain why he chose this moment, these countries, and why he needed to make such a visit in the current situation."

Ahmadinejad hit the ground talking at Tehran Mehrabad International Airport on Jan. 16. "A growing movement in Latin America for justice and independence shows the opposition of peoples

of the region to the hegemonic system," he told the assembled press. He said that the anger he witnessed all over the region against the US-imposed system meant his tour was successful and that the agreements he signed would provide ground for "massive, long-term investment that can create many jobs for peoples of both sides." Ahmadinejad noted that Iranian exports to the region have reached a new high of close to US\$2 billion, and he defended the US\$2 billion joint fund with Venezuela as among the most important of his accomplishments. "The current monetary and financial systems of the world are tools in the hands of hegemonic systems to humiliate nations and impose pressure on them reminiscent of the hegemonic systems established after World War II. They are completely in the service of the interests of powerful states," said the president. He was referring to the Breton Woods agreements that resulted in the World Bank (WB), the International Monetary Fund (IMF), and other institutions that have become the object of severe criticism throughout Latin America.

Defending the deals with Ortega, Ahmadinejad said that Nicaragua has become one of the region's most important countries. "We have had broad exchanges with Nicaragua in the past, but bilateral ties were strained following the ouster of revolutionary forces from its government." With the election of Ortega, he said, "Iran and Nicaragua signed agreements for bilateral cooperation in 25 sectors, including exchange of university students and establishment of joint ventures in various fields."

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