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U.S. Sanctions Bill Advances as Nicaragua’s Local Elections Loom

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Just as they did a year ago before Nicaragua’s last presidential and parliamentary elections, lawmakers in the US are threatening the Central American country with economic sanctions, this time in the run-up to nationwide municipal elections.

The proposed sanctions are part of the Nicaragua Investment Conditionality Act (NICA), a bill that was first submitted to—and approved by—the US House of Representatives following a series of controversial power plays by Nicaraguan leader Daniel Ortega, who blocked the country’s leading opposition group from challenging him in the 2016 elections and ousted its members from the legislature (NotiCen, Aug. 25, 2016). The already long-serving leader went on to win the contest easily (NotiCen, Nov. 17, 2016), earning a third consecutive five-year term and fourth overall, not including his tenure as head of Nicaragua’s post-revolutionary junta government (1979-1985).

The NICA legislation called on the US to oppose non-humanitarian loans to Nicaragua (from multilateral development banks of which the US is a member) unless the Ortega government took “effective steps to hold free, fair, and transparent elections, and for other purposes.” The November 2016 elections were, by most accounts, neither “fair” nor “transparent.” But with Washington caught up in its own tumultuous elections—held just three days after the vote in Nicaragua—the bill soon ran out of time and momentum and fell by the wayside.

Given the chaotic political situation in the US since then, it came as something of a surprise that lawmakers would return their attention to Nicaragua. And yet, in April—just three months after US President Donald Trump took office—Rep. Ileana Ros-Lehtinen, a Republican from Miami, did just that. Together with a number of colleagues, including Democrats, she submitted an updated version of the sanctions bill, NICA 2017, that again calls for conditioning loans but unlike its predecessor, contains language demanding that the Ortega administration also crack down on corruption and refrain from harassing human rights defenders (NotiCen, April 27, 2017).

NICA 2017 quickly cleared the House Foreign Affairs Subcommittee on the Western Hemisphere and was approved, in late July, by the House Committee on Foreign Affairs (NotiCen, Aug. 24, 2017). Then, on Oct. 3, it went to a full vote in the US House of Representatives, which passed the bill unanimously despite lobbying efforts by the Ortega administration and by the American Chamber of Commerce in Nicaragua.

The legislation is now in the Senate, which is already familiar with its content (Sen. Ted Cruz, a Republican from Texas, began circulating a version of the bill back in April) and unlike last year, has plenty of time to consider the matter. If it clears the Senate, NICA 2017 would then go to President Trump for approval.

Swift rebuke
The sanctions bill, in other words, is right back to where it was a year ago: partially approved but with no guarantee that it will amount to more than just another threat. Still, its progress through the
US legislative pipeline is being closely followed in Nicaragua, which remains one of Latin America’s poorest countries—despite relatively robust economic growth in recent years—and thus has good reason to worry about possible loan limitations and the repercussions such a scenario could have among would-be foreign investors.

“This doesn’t give a good image to the country,” Sergio Maltez, president of the Cámara de Industrias de Nicaragua (Nicaragua Chamber of Industry), was quoted as saying by the network Vos TV. “It’s not just bad news for the industrial sector, but for the country as a whole, because the US remains our biggest trading partner.”

The Ortega administration responded to the House vote immediately, blasting it as the latest chapter in a long history of US interference in Nicaragua’s internal affairs. In a statement read by Rosario Murillo—Ortega’s wife and vice president—the government called NICA 2017 “a violation of Nicaragua’s sovereignty and a negation of all [its] political, social, cultural, and economic processes.”

The move also drew rebukes from the governments of Venezuela and Cuba, both allies of Ortega. The Venezuelan leadership expressed its “absolute solidarity and loyalty to the noble people and government of Nicaragua” while Cuba’s deputy foreign minister, Rogelio Sierra, attacked the sanctions bill as a “coercive, unilateral, irrational, and harmful action” that violates “the most elementary norms of international law,” the Venezuelan-based news network teleSUR reported.

Others tried to downplay the development. José Adán Aguerri, the recently reappointed head of the Consejo Superior de la Empresa Privada en Nicaragua (COSEP), an influential, private-sector business association that works closely with the Ortega regime, said the vote to approve NICA 2017 had been expected and had actually taken place later than anticipated. He also said there’s no guarantee the US Senate will follow suit, especially given Ortega’s recent rapprochement with the Washington-based Organization of American States (OAS).

“The important thing for us is that now we have an OAS mission in our country that is setting a precedent for [election] observation that will be very significant for 2021”—when Nicaragua next holds presidential and parliamentary elections, Aguerri said. “It strengthens the electoral process in our country in a clear and specific way.”

### Outside observers

The business leader’s comments were in reference to an announcement, in mid-September, that the OAS would send a team of observers for the upcoming municipal elections, which take place Nov. 5 in all 153 of Nicaragua’s municipalities. Ortega’s party, the Frente Sandinista de Liberación Nacional (FSLN), won all but a handful of those municipalities in the last local elections, in 2012 (NotiCen, Nov. 15, 2012). The Sandinistas also control a commanding two-thirds majority in the Asamblea Nacional (National Assembly, AN), Nicaragua’s unicameral legislature.

The person appointed to lead the OAS mission is Wilfredo Penco, a top Uruguayan election official who has observed several Nicaraguan elections, albeit as a member of the Consejo de Expertos Electorales de Latinoamérica (Council of Latin American Electoral Experts, CEELA), a left-leaning organization formed in 2004 at the behest of the late Venezuelan leader Hugo Chávez (1999-2013).

The Ortega administration has been in talks with the OAS since late last year and signed a “memorandum of understanding” with the body in February (NotiCen, April 27, 2017).
government agreed, as part of the deal, to “strengthen the country’s institutions” and to allow OAS observers for the municipal elections. The memorandum marked an apparent change of course for Ortega, who in the run-up to last year’s elections blasted outside observers from entities like the OAS and the European Union as sinvergüenzas (shameless people). “We’re done with having observers here,” he said then. “Let them go observe in their own countries” (NotiCen, June 16, 2016).

For people like Aguerri, the arrival of Penco and his mission is proof that the Ortega/OAS democratic-improvement project is advancing. But others argue that nothing has actually changed in Nicaragua, that Ortega and the FSLN still control all of the country’s key institutions, including the electoral authority, the Consejo Supremo Electoral (CSE), and that with or without the presence of a handful of OAS observers, next month’s municipal elections are likely to be as murky and lopsided as the last several elections.

“The OAS is coming to do electoral tourism,” Ana Margarita Vijil, president of the Movimiento Renovador Sandinista (MRS), a Sandinista dissident group, told the independent magazine and new site Confidencial in late September. “They don’t tell us when they’re coming, nor how many will come, nor what the breadth of their mission will be. They only tell us that the person chosen by [OAS] Secretary General [Luis] Almagro to lead the mission is a man who’s already been invited to observe elections here by [CSE head] Roberto Rivas and has made favorable statements about the CSE.”

‘Collateral damage’

Many analysts see Ortega’s dealings with the OAS as an attempt to deflect outside criticism and specifically, to ward off the threat of US sanctions. If that is the case, the strategy doesn’t seem to be working—or at least not yet. The House of Representatives vote to approve NICA 2017, it’s worth pointing out, came two weeks after the OAS made its announcement about elections observers.

“The OAS is meant to support democracy and the rule of law in the Americas, not enable despot’s like Ortega to dismantle a nation’s democratic institutions,” Sen. Cruz and Rep. Ros-Lehtinen said in a statement. “Yet, by sending down this flawed observer mission rather than take any real and meaningful action, the OAS is legitimizing this corrupt and illegitimate process.”

Vijil and a number of other Nicaraguan opposition figures—recalling Penco’s favorable assessment of the 2008 municipal elections, and the 2011 and 2016 presidential and parliamentary elections—agree. That’s not to say, however, that they support the US push for sanctions. Pressuring the Ortega regime to allow more open and transparent elections is one thing, the regime’s critics argue. Implementing measures that will hurt the Nicaraguan economy as a whole and make the lives of everyday citizens more difficult is quite another.

“Sanctions to punish the Daniel Ortega regime, whether they like it not, would cause collateral damage, both directly and indirectly, to the national economy and ultimately to the whole country,” the opposition daily La Prensa argued in an Oct. 4 editorial. “That’s why the business groups have mobilized to try to stop [NICA 2017’s] approval, or make it so that it’s only political in character and doesn’t affect Nicaragua’s business climate.”

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