



## **BRIEFING ON SANCTIONS AGAINST NICARAGUA, MAY 2020**

Nicaragua is the second poorest nation in Latin America by GDP and US and EU sanctions threaten to put in jeopardy the lives of the most vulnerable, women, children, the elderly, the chronically ill, and the poorest. They must be immediately and unconditionally suspended.

Despite over 1 million reported cases and over 80,000 deaths from COVID-19 and unemployment rising to over 30 million, the United States continues its obsession with Nicaragua and its push for regime change there. At a time when Nicaragua has been taking careful steps to deal with the virus and protect the health and livelihood of its population, the Trump administration has joined with the right-wing opposition it sponsors in using the opportunity to try to destabilise the Sandinista government and spread fear among Nicaraguan people.

### **The NICA Act: Political and economic sabotage through sanctions**

When we hear the word sanctions, most Latin America solidarity activists think immediately of Venezuela and the decades-long blockade against Cuba. But Nicaragua is also the target of unilateral coercive measures illegally imposed by the US. In December 2018, following the failure of the violent US-led coup to dislodge the democratically elected government of Nicaragua, President Trump signed into law the Nicaragua Investment Conditionality Act (NICA Act), the purpose of which was to cut Nicaragua off from loans by multilateral lending institutions such as the World Bank, International Monetary Fund (IMF), Inter-American Development Bank (IADB) and Central America Bank for Economic Integration (CABEI). These were loans that Nicaragua was receiving to improve conditions for the Nicaraguan people through poverty reduction, education, health care, infrastructure development, and economic growth during an 11-year period in which GDP grew almost 5% annually. This prosperity was widely shared in a country that not only has Latin America's second-most egalitarian economy (World Bank 2017) but is also in fifth position for gender equality in the [World Economic Forum Gender Gap Report 2020](#).

The Act also encouraged the US government to increase assistance to anti-government "civil society" in Nicaragua, including 'independent' media, human rights, and anti-corruption organizations" and to "support the protection of human rights and anti-corruption advocates in Nicaragua." This all followed the announcement in November 2018 that there would be an infusion of US\$4 million to civil society and media groups opposed to the Sandinista government. The NICA Act was thus a mechanism to finance attempts to overthrow the government.

In addition to its negative influence on multilateral loans to Nicaragua, the Act directed US agencies to create a 'civil society' engagement strategy, the meaning of which was to

expand support for groups in opposition to the government. The Act also included provisions for the following:

- Sanctions against individuals under the International Emergency Economic Powers Act, which allows the US to seize assets of individuals from other countries it unilaterally deems responsible for human rights abuses or political corruption, and also employ other sanctions;
- Restrictions on visas for travel to the US to individuals in the Nicaraguan government and their associates (although these restrictions violate international conventions if the individuals in question may be prevented from attending meetings for multilateral bodies);
- Annual reporting on the state of Nicaraguan democracy.

The provisions of the Act were intended to be valid until 2023 unless Nicaragua were to adopt reforms to the satisfaction of US policymakers.

This Act had little to do with US concern for human rights, democracy and the rule of law in Nicaragua and everything to do with escalating the Trump administration regime change agenda and its desire to assert its dominance over the whole region in accordance, as former US national security adviser John Bolton acknowledged, with the 19<sup>th</sup> century [Monroe Doctrine](#). It put at risk a whole raft of social programmes implemented by the Nicaraguan government and was also highly likely to mean that limitations would need to be placed on the government's investment in health, education, social programmes and infrastructure.

***"The NICA Act ensures that the U.S. continues to respond accordingly by cutting off Ortega's access to money until much needed electoral and human rights reforms are implemented... As Ortega expands his cooperation with Venezuela, Cuba, Russia and other regimes, Nicaragua is both a security threat to the U.S. and an enemy to regional stability."* – Former Senator Ileana Ros-Lehtinen, long-time far right advocate of sanctions against Cuba and a leading proponent of the NICA Act**

### **US declares 'state of emergency' to confront the 'unusual and extraordinary threat' that Nicaragua poses 'to the national security and foreign policy of the US'**

In November 2019, immediately after overseeing a far-right military coup in Bolivia, the Trump administration once again set its sights on Nicaragua by Executive Order 13851, dubbing the country 'an unusual and extraordinary threat to the national security and foreign policy of the United States'. The administration announced it would expand suffocating sanctions on this tiny Central American nation and extend for a further year an executive order signed by Trump early in 2019 declaring a 'state of emergency' in the US with respect to the situation in Nicaragua. In terms of Nicaragua's 'threat' to the US, it's interesting to note that Nicaragua's military spending is US\$88m annually compared to United States' annual military spending of US\$738bn, approximately 8,300 times as much!

On 9 March this year, just as the COVID-19 outbreak was spreading, Washington's economic warfare against Nicaragua escalated further when the US House of Representatives passed a bipartisan resolution in a voice vote without any opposition, which demanded more sanctions and aggressive actions against the Nicaraguan government of President Daniel

Ortega. The vote was pushed through in around eight minutes, with no debate and a grand total of zero members of Congress speaking in opposition to it.

***“These events send a strong signal to the illegitimate regimes in Venezuela and Nicaragua that democracy and the will of the people will always prevail. We are now one step closer to a completely democratic, prosperous and free Western Hemisphere.”***  
**– statement by Donald Trump following the coup in Bolivia, 11 November 2019**

### **Political and economic impact of US sanctions**

The NICA Act requires US governors at the multilateral lending institutions to vote against loans or grants to Nicaragua. The US holds effective veto power at the World Bank and IMF which make decisions by consensus. But before the NICA Act was passed, the IADB, of which China is now a member, changed its procedure to approval by majority vote and it has made several loans for health, technology, and infrastructure to Nicaragua over recent months, most recently in January 2020. These have tended only to be for minor projects, and there has been nothing new to tackle COVID-19 (although a reason for this is probably because the Nicaraguan government is operating mainly at regional level through the Central America Integration System [SICA]).

As far as the IMF is concerned, Nicaragua has ‘graduated’ from the IMF’s Highly Indebted, Poor Countries Initiative (HIPC) and therefore no longer needs or wants structural adjustment loans from the IMF with their many conditions. However, the IMF continues to monitor Nicaragua’s economy and issues periodic reports. The IMF and other lenders have repeatedly praised Nicaragua for its effective use of international grants and loans to reduce poverty and stabilise the economy but there remain concerns that the IMF may reject any requests for an emergency loan (as they have done with Venezuela) should such support be needed in the face of the COVID-19 pandemic. The US remains a powerful influence in these institutions and its hostility towards Nicaragua is relentless.

The Nicaraguan government is still implementing World Bank-funded projects signed off prior to the NICA Act and Nicaragua. Yet, the World Bank is placing more and more reporting demands on Nicaragua, delaying payments and generally creating a lot of red tape; no new projects have been approved since April 2018.

### **Want to have your transactions processed and avoid onerous fines? Implement our sanctions**

Individuals such as Vice President Rosario Murillo and officials in the Sandinista government, police and army have also been sanctioned by the Trump regime. These sanctions have an impact beyond the individuals sanctioned because banks, importers and potential investors are worried that any transaction they conduct with Nicaragua could be found to violate US sanctions resulting in loss of business with the world’s largest economy or even multi-million-dollar fines. The US government uses the payments processing system SWIFT to implement US sanctions globally, which effectively means ‘*Want your transactions processed? Implement our sanctions*’. The sanctions also create uncertainty internationally, for example it is harder to transfer money to Nicaragua than it was before the attempted coup in 2018 and any business must think twice before investing in the country. By design therefore, US sanctions have an inexorable extra-territorial dimension. The effects have also been seen in local communities, with the closure of some petrol stations, as well as some

organisations — including trade unions and even NGOs — either having their transactions blocked or their bank accounts closed.

Other sanctions in the financial sector have also had an impact. For example, Albanisa – a private company that imports and sells Venezuelan petroleum products – and other associated government entities have had great difficulties because Nicaragua’s private banks appear to be applying stringent measures preventing them from holding bank accounts, receiving wire transfers through the US and so on. Even long-standing private charitable foundations have also suddenly found that their bank accounts have been closed, presumably for political reasons, and have been unable to open a bank account at any other private bank.

Despite all this, the Nicaraguan economy – which was hit hard by the failed attempted coup in 2018 – whilst still fragile, was well on the way to recovery prior to the COVID-19 pandemic and sanctions were unable to stop successful government initiatives in health and education.

Since its return to power in 2007, the FSLN government has implemented a well-integrated, holistic development plan that includes achieving economic stability at the same time as investing heavily in public services and social programmes focussed on poverty reduction. Consequently, Nicaragua has so far been highly successful in preventing the COVID-19 virus from spreading, largely due to a public health system which offers free, universal health services based on community-focussed preventative care. See [here](#).

Ever since the vicious contra war perpetrated against Nicaragua during the 80s, the United States has regarded Nicaragua as a threat and has been intent on exerting domination over what it sees as its ‘backyard’. But Nicaragua, a country less than the size of England and Wales, with a population of just over 6 million, poses no threat to the United States other than the threat of a good example. The recent round of sanctions are simply tools to achieve the Trump administration’s “regime change” agenda. They are part of a US strategy to use its dominance of the international financial system to isolate governments it doesn’t like. This is not restricted to Nicaragua but includes Cuba and Venezuela, which together the former US national security adviser John Bolton has called a “troika of tyranny.”

### **UN declares sanctions illegal**

The United Nations has declared that such “unilateral coercive measures” are illegal because they punish an entire population for disagreements between governments. Sanctions have been proven to cause suffering and death around the world and are a form of warfare. In the case of Nicaragua, the most likely long-term impact will be on the country’s economic recovery and its ability to continue with a development programme that benefits the poorest and most vulnerable in society. In fact, in the context of the COVID-19 pandemic, they constitute crimes against humanity ([Article 7 of the Rome Statute of the International Criminal Court](#)).

In a survey carried out by M & R Consultores in February this year, 95% of those polled said that Nicaragua does not represent any danger to international peace and security, while 93% were very proud to be Nicaraguan. Seventy-eight percent said that the imposition of sanctions by the US is intervention in Nicaragua’s internal affairs, and 92% said that sanctions harm all Nicaraguans. An additional 74% said that they disapproved of those who promote sanctions, and 76% opposed the Nica Act.

The Nicaraguan people are remarkably resilient and have stood up time and time again to US aggression. Regrettably, recent actions by the United States have served to encourage an upsurge in activity by right-wing opposition groups and opposition media within Nicaragua and internationally. Yet, Daniel Ortega and the FSLN party are on course to win the elections scheduled for 2021, with a recent Costa Rican based CID-Gallup poll reporting a 58 per cent approval rating for them. Judging by both historical and current experience in Central and Southern America where US-sponsored regimes have been installed, the highly progressive social transformation achieved in Nicaragua since 2007 would be in jeopardy if a US-sponsored party were to take power in Nicaragua. It is imperative that this not be allowed to happen.

The Trump administration exploits to the full every difficulty that the pandemic generates in countries whose governments it seeks to overthrow. So, instead of putting into practice its rhetoric about human rights or humanitarian aid, it does exactly the opposite by ratcheting up sanctions against countries such as Nicaragua. In this regard, the UN General Secretary and many other international voices have made impassioned appeals for the suspension of sanctions for the duration of the pandemic so that sanctioned nations are allowed to purchase food, medicines and health inputs and equipment.

### **EU and UK follow the US lead**

In October 2019, the European Union's Foreign Affairs Council adopted a [sanctions framework](#) relating to Nicaragua. The sanction comprised asset freezes and travel bans targeting "persons and entities responsible for human rights violations or abuses or for the repression of civil society and democratic opposition in Nicaragua, as well as persons and entities whose actions, policies or activities otherwise undermine democracy and the rule of law in Nicaragua". In a worrying development, the legislation was amended on 4 May to include six more people who the EU deems 'responsible for serious human rights violations and for the repression of civil society and democratic opposition in Nicaragua'.

The substance of the European Union measure is based on what amounts to no more than unconditional adherence of the European Union to the unilateral US sanctions, merely reiterating the various points of the US law passed in on 9 March (House Resolution 754).

Applauding the latest move by the EU, the United States government responded by saying that it is prepared to step up pressure on Nicaragua:

*"We are open to increasing the pressure, applying more sanctions not only on individuals linked to Ortega, but also entities that facilitate the repression.....  
We have not finished and we will not finish with the measures we have until we see concrete steps on the part of Ortega" – Jon Piechowski, Deputy Assistant Secretary, US State Department Bureau of Western Hemisphere Affairs*

The UK government, which has consistently followed US policy on Nicaragua, has wasted no time in following suit and has updated its ['consolidated list'](#) to include the changes introduced by the EU.

## **Non-Aligned Movement declares opposition to sanctions**

On 4 May 2020, the Online Summit Meeting of the Non-Aligned Movement Contact Group issued a declaration expressing 'strong condemnation at the promulgation and application of unilateral coercive measures against Member States of the Movement, that are applied in violation of the Charter of the United Nations and international law'. The declaration also expressed support, in accordance with international law, 'to the States affected by such measures' and urged the international community to 'adopt urgent and effective measures to eliminate the use of such measures, that are inconsistent with the principles of international law or the Charter of the United Nations, with a view to ensuring the effectiveness of national responses to the COVID-19 pandemic'.

## **End Sanctions Now**

Sanctions are a weapon of economic war. In every country, the poorest and most vulnerable in society suffer the worst impact of sanctions. Like military interventions, they are a crime against humanity used to topple popular governments and movements.

Since 2007, the Nicaraguan government has achieved a remarkable transformation in society, bringing benefits to the poorest and most vulnerable and restoring rights to Nicaraguan workers and families. Key achievements include introducing free health care and education at all levels, halving poverty, reducing inequality and diversifying the economy, while at the same time promoting greater economic and social stability. Eighteen modern new hospitals have been built, and plans are already under way to reach a total of 33 in the next four years. Some 97% of households had electricity by the end of 2019 (compared to only 54% in 2007), and in October 2018, Nicaragua embarked on a major housing development programme that will provide thousands of low-cost affordable homes for the country's low-income families.

Historical and current experience in Latin America where US-sponsored regimes have been installed show that all these achievements will be in jeopardy if the US succeeds in its attempts to install a puppet regime in Nicaragua. Trying to force regime change through strangling the economy was a key strategy of the Reagan administration during the 1980s contra war; more than forty years on, the Trump administration is pursuing the same strategy. They must not be allowed to succeed.

Nicaragua Solidarity Campaign Action Group

FB: @nicaraguasc

Twitter: @NSCAG\_UK

[www.nscag.org](http://www.nscag.org)

Further information sources:-

Alliance for Global Justice [www.afgi.org](http://www.afgi.org)

Tortilla con Sal [www.tortillaconsal.com](http://www.tortillaconsal.com)