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NICARAGUA

President Ortega, Mr. Hospitality

President Daniel Ortega has spent the last month playing host by entertaining high-level delegations from Brazil, Iran, Spain and Venezuela in an attempt to further relieve Nicaragua's hefty foreign debt and shore up more aid for the country's struggling productive and energy sectors.

First on the president's party list was his Venezuelan counterpart Hugo Chávez, who visited Nicaragua for the annual 19 July celebrations to commemorate the triumph of the Sandinista revolution in '79. The day after, Chávez traveled with Ortega to León to lay the ceremonial cornerstone to what will become a \$3.9 billion oil refinery—the largest in Central America, and part of an effort to reduce Venezuela's dependence on US-based refineries.

The refinery, an investment under the auspices of the Chávez-promoted Bolivarian Alternative for the Americas, an alternative trade and development pact known as ALBA, will process some 150,000 barrels of crude oil a day and generate nearly \$700 million in annual revenue for Nicaragua, according to Chávez and Ortega. The project, which is advertised for completion in five years, will transform Nicaragua into an oil-exporting nation.

"Nicaragua will not have to import another gallon of gasoline," Chávez said. "All the blackouts caused by neoliberalism will be gone."

Chávez also cancelled Nicaragua's \$33.2 million debt with Venezuela.

Next on the docket was a delegation from Iran, which arrived 31 July to discuss various investment and aid opportunities, including the proposed construction of a \$350 million deep-water port at Monkey Point, near the southernmost tip of the South Atlantic Autonomous Region (RAAS). That port could later serve as an entry point to a proposed pipeline that will run across the country to the oil refinery being built in The accords with Iran, which are scheduled to be firmed up in a follow-up meeting set for Nov, include assistance and investment in the areas of energy, agriculture, health, port infrastructure, housing, fishing and water purification.

In the area of energy production, the Iranian delegation expressed interest in four different hydroelectric projects in the north-central department of Matagalpa, according to a Sandinista press release.

In agriculture, the Iranian delegation agreed to provide 4,000 tractors to Nicaraguan *campesino* cooperatives, and expressed interest in constructing five milk-processing plants here. The Iranians also offered help in the areas of irrigation and meat-packing.

To help ease Nicaragua's housing deficit, estimated to be at 400,000 homes, the Iranians offered to construct 10,000 new homes here over the next five years, as well as to explore the creation of new long-term financing options for new home buyers.

The Iranian delegation also committed itself to helping Nicaragua with drinking water issues, by pledging to conduct a study of Lake Nicaragua, considered to be the future source of potable water for the region. In the area of healthcare, the Iranians agreed to help reconstruct some of Nicaragua's dilapidated health clinics, as well as to help the Nicaraguan government build a new multi-use health clinic in Managua.

Following the visit with Iran, Ortega got back on the horn with Chávez who reportedly told him over the phone to "count on me" for help co-financing some of the Iranian projects here.

The visit from the Iranian delegation was Ortega's third meeting with Iranian officials since taking office in Jan. The relationship has provoked some concern from US officials who fear that the Islamic country is aspiring to build nuclear weapons.

Ortega seemed to have a bit of fun with those concerns by announcing that the visiting Iranian delegation was "made up of experts in building atomic bombs ... against hunger."

Two days after meeting with the Iranian delegation, Ortega met on 2 Aug with Spanish Deputy Prime Minister Maria Teresa Fernández de la Vega, who announced that her country would forgive Nicaragua's \$33 million debt.

Despite tense negotiations between the Ortega administration and the Spanish electrical-distribution company, Unión Fenosa, which has turned to its government for help in the dispute, Spain last week pledged to donate \$5.48 million to improve healthcare in Nicaragua. The total Spanish assistance for Nicaragua is expected to increase to \$79.47 million this year, up from \$61.65 million in '06.

Finally, Ortega met with his Brazilian counterpart Luiz Inacio Lula da Silva on 6-7 Aug, with the Brazilian socialist offering to "sign as many accords as needed to contribute to growth, development and social justice in Nicaragua." During the two-day meeting, Ortega and Lula worked out 19 separate accords, including plans to build a 68-megawatt hydroelectric plant that will be financed by Brazil.

Yet the two leaders failed to see eye to eye on Lula's main project, the promotion of ethanol production in Nicaragua using sugarcane for the biofuel.

Ortega in the past has criticized US proposals to convert corn into ethanol, arguing that it would be taking much needed food off the tables of the poor to fuel SUVs for the rich. In Nicaragua, however, no one is talking about converting corn into ethanol, which led to some confusion over Ortega's position. In Nicaragua, the proposal was to convert sugarcane into ethanol, a plan that could affect

the production of Nicaragua's famous Flor de Caña rum—a prospect that both terrified and outraged foreign journalists in the country.

Lula, however, did not cry over spilled biofuel, and instead offered to cancel Nicaragua's \$5.9 million debt with Brazil and promised to finance several social programs in addition to the hydroelectric plant. Touring with Lula were 30 Brazilian business leaders, who expressed an interest in investing in Nicaragua.

Perhaps feeling a bit emboldened by the influx of aid and assistance from other Latin countries, Ortega also took time to take new jabs at the US. Not only did the Sandinista leader criticize the US government for not doing more to help Nicaragua (mocking the US' \$175 Millennium Challenge program as a "millennium tale"), but Ortega then went on to belittle the 11 Sep attacks in New York and Virginia—saying they paled in comparison to the US "terrorist" attacks on the Japanese cities of Hiroshima and Nagasaki at the end of World War II—and warned the Nicaraguan police to be wary of the US Drug Enforcement Agency.

Looking for Airplanes

Army Chief Gen. Omar Halleslevens said that Nicaragua's Air Force needs fixed-wing aircraft and helicopters to intercept drug-trafficking flights, whether the aircraft are purchased from the US, Iran or Brazil. Halleslevens said that the air force needs new aircraft and will take help from whoever offers it.

He announced that Nicaragua will get price quotes from Brazil, Chile, Spain, the US, France and Mexico, and it will check on the possibility of low-interest, long-term loans to get the funds to acquire the needed aircraft. "If there is some country that provides us with the kind of provisioning we are asking for, we will accept it. It is not any kind of political matter," the general said.

Play it Again, SAM

President Daniel Ortega in Aug announced that his government would be willing to destroy an additional 651 shoulder-launched SAM-7 missiles of the 1,051 stockpiled here in exchange for a US donation of modern medical equipment for Nicaraguan hospitals.

The US government, which has been urging Nicaragua to destroy its surface-to-air missiles since '04 to keep them from falling into terrorist hands, has reportedly expressed some interest in discussing the proposal; but it is waiting for Ortega to make a formal offer.

—*Tim Rogers*