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NICARAGUA

Political Turmoil: Light at the End of the Tunnel?

The political crisis continued in the nation when the National Assembly lifted immunity of six high level officials at the end of Sep. On 22 Sep, the Minister of the Interior and the Vice-Minister of Agriculture lost their immunity by a vote of the National Assembly. On 27 Sep, at President Enrique Bolaños' request, these two officials along with four others—the Minister of Education, the Minister of Natural Resources and the Environment and the Vice-Ministers of the Environment and the Treasury—traveled to Washington, DC, as a special commission to denounce "political persecution" in Nicaragua. On 28 Sep, the other four members of the commission had their immunity revoked as well.

Minister of the Interior Julio Vega said, "It is critically important that we make clear to the international community just how serious the situation has become in our country. The 'Pact' between Daniel Ortega of the Sandinista Party and Arnoldo Alemán, convicted head of the Liberal Party, is threatening to place Nicaragua under a two-headed dictatorship of un-elected party bosses."

In the midst of this political drama, on 27 Sep, Vice-President José Rizo resigned in order to run for president in the Nov '06 elections. Rizo will be a candidate for Alemán's Liberal Party, the former party of Bolaños.

In DC, Vega and the other members of the "special commission" had meetings with top international organizations, non-governmental organizations, and US congressional and administration officials. On 29 Sep, the special commission formally delivered a petition to the Inter-American Commission of Human Rights (ICHR) to investigate alleged human rights violations, directly referring to the alliance between the legislative and judicial branches. Members of the non-partisan organization, "Movimiento Por Nicaragua," called the current political atmosphere in Nicaragua "judicial terrorism."

The immunity withdrawals by the legislative branch are based on accusations of illegal campaign financing and electoral fraud during the '01 presidential campaign. Analysts also see this immunity removal as another move by Ortega and Alemán to increase pressure on Bolaños that could result in the application of limits on his presidential powers; a controversial bill pushed by Ortega in Jan '05 had this intent, but it was never ratified by Bolaños (Vol. 24, No.1).

According to a poll published on 26 Sep by *La Prensa*, the largest daily newspaper in Nicaragua, 70.7% of respondents agreed with the statement that "The lifting of immunity is a political trap to pressure President Bolaños," while 18.9% agreed with the statement that "The lifting of immunity was a 'legitimate application of the Law.'"

The Nicaraguan Ambassador to the US, Salvador Stadthagen, said: "The crisis in Nicaragua is unlike anything we have seen in Latin America before. In all past crises, the threat to democracy has come from the executive branch. But in Nicaragua the situation is completely different ... the threat to democracy is coming from an unholy alliance of a legislature and a judiciary trying to overthrow a freely and democratically elected president."

Vega has denounced the charges against him, calling them "baseless." He added that these charges are so unfounded "that they had to be brought by an illegal 'special prosecutor' who was created in direct violation of the Nicaraguan Constitution and of accepted principles of international human rights law." The six-person special commission returned to Managua on 3 Oct.

On 4 Oct, Deputy Secretary of State Robert B. Zoellick arrived in Managua for a two-day meeting in an effort by the US to show support for the Bolaños administration. If the Ortega-Alemán Pact takes over the government, the US has threatened to withhold \$175 million in aid. Other threats include the denial of \$4 billion in debt relief, the exclusion of Nicaragua from the Central American Free Trade Agreement (CAFTA), and the withdrawal of US visas. On 3 Oct, the US revoked the visas of two of Alemán's children and of Attorney General Julio Centeno because of alleged corruption. Zoellick said, "It is an interesting point of leverage. There will be more of them."

The Secretary General of the Organization of Associated States (OAS), José Miguel Insulza, has called the situation in Nicaragua "frustrating" and has indicated that in other OAS member nations where there is political discord, some progress has been made, while Nicaragua continues to be bogged down by internal strife. Insulza has made efforts to mediate between the opposing blocs since mid-June '05 with no definable success (Vol. 24, No. 7).

On 11 Oct, in a surprising turn of events, Bolaños and Ortega agreed to postpone the constitutional reforms, once a source of great political discord, until Jan '07. In his message to the nation, Bolaños said these reforms will remain "frozen" until the next administration and the new Congress can decide whether to eliminate or keep the legislation.

Some are wary of Ortega's promises, like presidential candidate Eduardo Montealegre who said Ortega has done an about face on agreements many times. Legislator Jaime Morales Carazo said that the agreement is Ortega's response to "Hurricane Zoellick" and US pressure put on the Ortega-Alemán Pact during the visit. Ortega denied reacting to Zoellick's pressure and said that the "Yankee Government" does not frighten anyone in the world, much less in Nicaragua.

DR-CAFTA Approved

On 10 Oct, after six hours of deliberation, the National Assembly ratified the Dominican Republic-Central American Free Trade Agreement (DR-CAFTA) with a vote of 49 in favor and 37 against. In Jan '03, the first round of DR-CAFTA negotiations began with the US and representatives of five Central American countries (Vol. 22, No. 2). Since then, DR-CAFTA in Nicaragua has been embroiled in legislative deadlocks and indecision during several rounds of negotiation.

Countries that have approved DR-CAFTA will meet this Oct in El Salvador with US Secretary of Commerce Carlos Gutiérrez to discuss technical aspects of the implementation of the agreement. DR-CAFTA will go into effect on 1 Jan '06.

Transportation Strikes Rounds 1 & 2

Round 1. On 19 Sep, 28 bus companies started a three-day transportation strike, which resulted in wide-spread chaos and public transportation stoppage in Managua and surrounding areas. Some 800,000 people use public transportation in Managua daily. The protestors demanded an increase in fares and fuel subsidies.

On 20 Sep, the Mayor of Managua, Dionisio Marengo, and Daniel Ortega announced the acceptance of a special offer to import Venezuelan oil at 40% less than the international price to be used specifically for buses and taxis. This new plan was worked out between the Nicaraguan Association of Municipal Governments (AMUNIC) and the Venezuelan Petroleum Company (PDVSA). The deal is only operational in the municipality of Managua and, if it is successful during a one-year period, opportunities may be offered to expand the plan.

The Bolaños administration expressed concern about the decision, although indicated it would have no issue with the agreements as long as it follows Nicaraguan laws. Marengo said, "this has nothing to do with the central government; it is an agreement between AMUNIC and PDVSA." Marengo has not announced when the first shipment will be delivered from Venezuela.

The strikes ended on 21 Sep, following an announcement by the Minister of Public Finance who promised \$1.8 million in subsidies to the bus companies. On 22 Sep, the National Assembly approved two energy laws, one of which included the promised subsidy.

Round 2. On 26 Sep, new protests began over the Selective Consumer Tax (SCT). The tax, established in May '03, adds \$.69 per gallon on the Pacific coast and \$.42 per gallon on the Caribbean coast; diesel fuels have a \$.54 and \$.40 tax. Transportation workers see the removal of the tax as necessary to stabilize fuel costs.

The administration has said that the government will not consider abolishing the tax because it will greatly affect the income generated for government spending. The Ministry of Transportation and Infrastructure threatened on 27 Sep to cancel business operation permits if protestors maintained demands for the abolishment of the SCT.

Transportation services were reestablished mid-week in most areas, with a few scattered protests held after 28 Sep. On 30 Sep, a commission, composed of private businesses and government officials, was created to examine protestor demands. The President of the Nicaraguan Association of Transport Workers (ATN), Roberto Delgadillo, said that if the situation is not resolved by mid-Oct the paralyzing strikes will begin again.

FENOSA Blackouts

Starting on 9 Sep, the power company, Unión Fenosa, began rationing electricity in Managua, among other cities, for up to eight hours a day. According to Fenosa, without the 11.83% rate increase the Spanish company asked for months ago coupled with increasing fuel costs, they had no choice but to ration power.

Fenosa had already used rationing on a smaller scale earlier this year, but the rationing during Sep occurred off the set blackout schedule, leaving homes and businesses without power at random. Government sources said the blackouts have cost the Nicaraguan economy \$1 million daily in production losses.

On 22 Sep, the Energy Stability Law proposed by the administration passed in the National Assembly. The bill provides \$12 million to subsidize costs for clients who consume less than 150-kilowatt hours per month, which is 73% of Fenosa's clients. Revisions also will be made so that the current charges are in accordance with international oil prices. Although this move has ended blackouts, Fenosa business manager Jose Lay warned that his company is still running a "\$5 million monthly deficit."

5th ROC Summit

On 26 and 27 Sep, the heads of state from Taiwan, the Dominican Republic, El Salvador, Panama, Honduras, Nicaragua and Belize met in Managua for the 5th Summit sponsored by the Republic of China (ROC).

Taiwan (ROC) revealed the details of the Jung Pang Project, an investment plan that will allocate \$250 million to help Taiwanese businesses invest in Central America. Chen explained that this investment fund was different from the ROC-Central American Development Fund, created in '98, which allocated \$240 million for its allies by '10.

During the summit, President Chen Shui Bian asked these nations for their support of Taiwan to join the United Nations, the World Health Organization and other international groups, and to end the "segregation" of his nation from the international community. Bolaños promised to support Taiwan's bids for membership in the various organizations.

During the summit, Bolaños awarded President Chen the "Ruben Darío Award" for his work to promote the well-being of the Nicaraguan people. Bolaños and Chen also signed a joint statement affirming Nicaragua's interest in a future trade agreement with Taiwan.

Court Upholds Alemán Ruling

On 22 Sep, the Appellate Court of Managua upheld the 30 Aug decision made by the Supreme Court that granted "conditional freedom" to former President Alemán. Alemán, convicted in '02 of stealing \$100 million from the government during his presidency ('97-'01) and sentenced to a 20-year jail term, has been under house arrest on his family ranch, "El Chile," until recently (Vol. 24, No. 8).

The ruling permits Alemán freedom to move around the department of Managua as a normal citizen. Prosecuting Attorney Alberto Novoa said that the "conditional freedom" of Alemán is the ultimate slap in the face to the Nicaraguan judicial system.

—Catherine Golden