

# Peasant Resistance Against Expropriations for Nicaragua's Great Interoceanic Canal

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### Data of the article

Published online: 12 March 2015

URN:nbn:de:hebis:34-2014082545960

Since December 2014, thousands of peasants protested in Nicaragua against the start of the biggest engineering project in Latin American history: an interoceanic canal that will link the Pacific and Atlantic Ocean to rival the Panama Canal. Whereas government officials and Chinese businessmen promise to convert Nicaragua from the second poorest country in the hemisphere to a hub of global trade and business, many doubt that the \$50 billion mega project will get funded or completed at all. Peasants and indigenous populations along the route fear for their existence.

Will the great canal, if completed, bring employment and prosperity or environmental destruction and expropriation to Nicaragua?

Three months ago, several thousand farmers travelled in caravans of cattle trucks from the countryside to Managua to protest the expropriation of their land for the canal construction shouting "Our land is not for sale!" and "Chinese, go home!". On their 20 hour journey, they were stopped up to eight times by Police roadblocks, preventing more people joining the protest march in the capital (Rogers 2014b). In clashes with the police, at least 21 people were reported injured and 33 arrested. According to Police Chief Aminta Granera, protesters had put a police station on fire and attacked security forces with guns and machetes (Der Spiegel 2014) whereas the majority of the other 30 marches against the mega project on a national level remained peaceful. As new form of protest, farmers from El Tule und Nueva Guinea, a region that will be divided by the canal and accounts for 40% of the national production, threatened the government by stopping to sell their products like rice, beans and meat to the capital (Bello 2015). Why are protestors so outraged?



Photo credit: Florian Doerr

**So far, small vessels instead of super carriers transit Lake Nicaragua.**

### The Chinese canal and the 100 year lease

In the summer of 2013, the Nicaraguan FSLN government granted a no-bid concession to build the interoceanic canal to a private Chinese enterprise, the Hong Kong Nicaragua Canal Development (HKND) Group headed by Chinese



telecommunications billionaire Wang Jing. HKND signed a 50 year lease that can be expanded for another 50 years to build and operate the inter-oceanic canal and auxiliary projects such as an international airport, two deep water harbors, a railway system, a manufacturing and commer-

ed HKND group registered in the Cayman Islands. The company doesn't have any records in infrastructure construction and denies any influence by the Chinese government (Der Spiegel 2014). The concession also includes the right to expropriate any land deemed necessary for the canal and grants the right to use natural resources along the canal route (Meyer and Huete-Pérez 2014).



#### The final Canal Route and natural reserves.

Courtesy of Guardian News & Media (with permission), Source: Watts 2015.

cial zone and tourist resorts (Sefton 2014). 278 km long, 230 meters wide and up to 30 meters deep – The Nicaragua Canal is planned to outperform the Panama Canal in all these dimensions in order to accommodate mega ships that can transport up to 18,000 standard containers called Post-Panamax class (Glüsing 2014). The construction is supposed to take just 5 years and cost 50 billion US-\$. The financial sources are unknown, as well as who is behind the in 2012 newly creat

The final route of the canal was announced in summer 2014: from Río Brito on the Pacific via Lake Nicaragua to Punta Gorda on the Caribbean Coast. So far, only few Chinese have started to take samples from soil and water and to conduct a census on communities living on the canal route. Chinese surveyors willing to measure properties deemed for expropriation were received with resistance in many rural communities. As a consequence, the Nicaraguan government has put its Police and Army Force at the service of HKND to protect its personnel, which indicates that the canal development is a national priority. 30,000 peasants and indigenous might be scheduled for reallocation (Glüsing 2014). Long before the USA enabled the separation of Panama from Colombia in order to build, operate and militarily control the Panama Canal a century ago, its rulers and US-occupiers envisioned Nicaragua as the geographically ideal place for an inter-oceanic canal since the lake could be used as natural waterway. By now, the canal project has

ty competitors for the presidential office, Ortega was reelected in 2011 for a third term with an overwhelming 60 % of votes (Sefton 2014). Since the Nicaraguan Constitution only allowed running for two terms, Ortega successfully pushed to change the constitution last year and is now allowed to run for the 2016 elections again. With the FSLN controlling judicature, the parliament and the executive, El Comandante has increasingly lowered barriers to remain in power which make opposition politicians fear the long term installment of Ortega in the fashion of dictator Somoza (BBC 2014). Parliamentary resistance is minimal; the mostly neoliberal right wing opposition is fragmented while any substantial alternatives left to the FSLN find their party status revoked (Löding 2011: 4). By now, Ortega's family controls large parts of the country: his children own multiple TV channels and his wife Rosario Murillo is government spokeswoman among other government functions (Glüsing 2014). To many, Rosario is the shadow president who managed to transform the red and black FSLN and its Marxist rhetoric into a "Christian, Socialist and Solidary" national project of "people's power", national "reconciliation" and "love" in her favorite color pink, allying with business and parts of the Catholic Church. As a result of these new alliances, therapeutic abortion has become illegal in Nicaragua, even if the mother's life is at risk (Löding 2011: 3). This transformation can also be understood by the fact that after losing the 1990 elections, many Sandinista revolutionaries enriched

themselves by privatizing state assets known as "La Piñata" that converted many to millionaire entrepreneurs (Löding 2011: 2). Despite, or maybe because of these developments, Ortega's popularity within the population remains fairly high (Sefton 2014) which might also root in the deliberate use of state resources for FSLN campaigning and the use of clientelism in the allocation of resources of its poverty reduction program "Hambre Zero" (Löding 2011: 2). In order to find alliances for the construction of the canal, Ortega's son Laureano was sent with a small delegation to China, where he met and became friends with Wang Jing who was soon invited to Managua (Glüsing 2014). The ambivalent role of FSLN can also be seen in the fact that Nicaragua has managed - as only country in the Americas - to be member of the neoliberal Central American Free Trade Agreement (DR-CAFTA) that pushes the Bush Doctrine while also participating in the anti-imperialist Bolivarian Alliance for the Peoples of Our America (ALBA) (Löding 2011: 2).

### Geopolitical Repercussions

The influence of the Chinese government is unclear, but very likely. Latin America is strategically important for the supply of food and raw materials, such as oil from Venezuela. Whereas the U.S. government used the Panama Canal a century ago to foster its role in global trade and military power, the Chinese government might

Photo credit: Tim Rogers and Fusion Media Network



Campesinos protesting on a cattle truck against the expropriation of their lands

literarily divided the country into proponents that hope to benefit from the Chinese investment and opponents that fear negative consequences.

### **Proponents: Doubling the economy, creating jobs and protecting the environment**

The economic promises of the interoceanic canal include the duplication of Nicaragua's gross domestic product and double digit growth rates within the next decade and 200,000 new jobs that would allow the government to alleviate extreme poverty. Domestically, it is also envisioned to further integrate Nicaragua's autonomous regions on the Caribbean coast into its economic and political centers in the Pacific region. Resources from the canal shall also help to reduce deforestation as well as the chronic sedimentation and contamination of Lake Nicaragua. The second interoceanic canal through Central America would furthermore facilitate global trade by accommodating carriers and supertankers that exceed the capacity of the Panama Canal (Sefton 2014).

### **Critiques: Destroying the environment, displacing rural and peasant populations**

Critiques on the canal project question the economic and environmental benefits and point at irreversible environmental destruction, frequent seismic activity and the unfair displacement of rural and indigenous communities whose ancestral land is already under pressure by the invasion of cattle herders and illegal deforestation. No economic or environmental feasibility studies are made available to the public. The 278 kilometer waterway will cross protected areas and Lake Nicaragua, Central America's biggest fresh water reservoir that is used for fisheries, irrigation and drinking water. This fragile ecosystem could be threatened by a single oil tanker accident, suffer from salt infiltration in the lock zones and invasive species that can have catastrophic consequences on endemic fish species. Furthermore, the excavation of the canal might destroy 400,000 hectares of rainforests and wetlands and would require the grudging of millions of tonnes of sludge out of Lake Nicaragua that only has an average depth of 15 meters (Meyer and Huete-Pérez 2014).

Legislation linked to the canal is seen as a violation of Nicaragua's constitution. The Canal Concession Law 840 was written in English, passed within a week by majority votes along the party line and without public consultation while being rejected by all opposition parties (Rogers 2014a). The Canal Commission alone can determine which lands are required and how much they are willing to pay for it. Any constitutional challenges by the opposition, civil society and indigenous groups were dismissed by the Sandinista controlled Supreme Court. The loss of national sovereignty to foreign interests and the lack of transparency in granting the concession to an unknown Chinese enterprise are also criticized. No one outside the Sandinista-HKND negotiation circle seems to know about the financial sources, reallocation plans, Chinese government influence and environmental impacts of the canal project (Rogers et. al 2014).



**President Daniel Ortega and HKND CEO Wang Jing signed the treaty**

Photo credit: Tim Rogers and Fusion Media Network.

### **Pink Nepotism and "Christian Socialism"**

President Daniel Ortega, one of the commandantes of the Sandinista revolution against dictator Somoza in 1979, doesn't seem to be swayed by such critiques. After losing the 1990 elections, he was democratically reelected in 2006 with 38% of votes thanks to "El Pacto" between Sandinistas and Liberals that lowered the percentage necessary to win the presidential elections from 45% to 35%. Daniel Ortega could turn to power, whereas liberal ex-president Arnoldo Alemán avoided imprisonment for massive corruption charges of over 100 Million US-\$ during his term (Esteva 2011; Löding 2011). Not allowing any intra-par-

use the Nicaraguan Canal to promote trade with its strategic allies in Brazil, Russia, India and South Africa (the BRICS). In his recent visit to Nicaragua, Russian Foreign Minister Sergei Lavrov envisaged a tripartite agreement between Nicaragua, Russia and China and expressed Russia's political and military support for the construction of the canal. In order to "guard the construction site against possible acts of provocation" (Paniyev 2014), the Nicaraguan government allowed Russian warships and aircraft to patrol its territorial waters until June, 2015. With the U.S. controlling the major sea routes with Panama and Suez as well as major trade routes via Singapore and other places, an alternative waterway could be seen as direct challenge to U.S. supremacy (Paniyev 2014). However, the canal is likely to operate on an commercial "open door" policy that could also benefit transatlantic elites in North America and Europe and their envisioned corporate welfare schemes such as the "Trans Pacific Partnership (TPP)" and the "Transatlantic Trade and Investment Partnership (TTIP)" (Sefton 2014). For labor, the repercussions of the canal construction might unfold along national lines. A decade ago, U.S. policy was actively designed to minimize spillover effects of the canal construction to Panama's economy by deliberately avoiding the employment of Panamanian labor and prohibiting service provisions by local businesses to the Canal Zone (Maurer and Yu 2006: 2). The U.S., due to its geographical position and military might, captured most of its benefits until its return to Panama in the 1970s. Similarly, the vast majority of the 50,000 workers required to construct the Nicaragua Canal shall supposedly come from China (Glüsing 2014). China itself benefits from such overseas infrastructure investments that promote its engineering and transport industries, provide employment for Chinese labor and remittances for their families while surplus dollar recycling allows smooth activities of its banks and financial markets (Sefton 2014).

## Outlook

All in all, many questions remain around the start of constructing Nicaragua's "Great Canal" as one of the biggest engineering projects in human history. Many critics question the social, economic and en-

vironmental viability of the 73rd attempt to build the Nicaragua Canal and focus on the negative local consequences and inexperienced HKND (Rogers 2014a). Proponents justify the canal by emphasizing geopolitical and trade impacts on the global political economy, national development opportunities and point at Chinese knowhow and capital abundance for mega projects (Sefton 2014). Whether the canal will be a dream or a nightmare might depend on whether one belongs to the minority that will enjoy its benefits such as luxury volcano-view golf courses, or to the majority of peasants, fisher folk and indigenous communities whose livelihoods depend on functioning ecosystems and their ancestral land in an already chronically deteriorating environmental situation. Even through the government has promised fair compensation and better living conditions after the Canal construction, history has proven that being a landless rural poor in Nicaragua often results in exploitation by agribusiness that leave its victims with Chronic Kidney Disease (Lakhani 2015) or poisoned with pesticides (Doerr 2013) behind. For Nicaragua as a whole, Maurer and Yu's advice might hold true: "Panama's experience with the Canal [...] holds warnings for modern underdeveloped countries that seek to rapidly develop through the construction of large infrastructure projects, be they pipelines (as in Central Asia and Africa) or "land bridges" (as in Central America). The spillovers from such projects may prove disappointing." (2006: 25).

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