

Nicaragua: What's Left of the Venezuelan Oil Money?

By Enrique Saenz (Confidencial)
Havana Times, July 16, 2019



From left to right, the presidents of Nicaragua, Daniel Ortega, Venezuela, Nicolas Maduro and Bolivia, Evo Morales, during a commemoration for the loss of Hugo Chavez. Photo: EFE

Do the math. Ortega received a cake every year, divided into 20 slices. And now he only receives one slice, out of the 20 he used to receive.

HAVANA TIMES – In order to draft a strategy on solid ground one of the essential steps is to analyze the strengths and weaknesses of the adversary. Only then could a path to follow be reasonably defined.

Let us analyze what has happened with what for a long time was the main support pillar of the Ortega government.

Throughout the peak period, Venezuelan oil cooperation played a key role. It was its strongest lever. It can be stated correctly that Ortega never could have built his regime without the considerable resources provided [by Hugo Chavez] from Venezuela. They allow him to accumulate a huge fortune; hobnob with big capital and establish national and regional alliances; buy consciences; give perks to his inner circle and cultivate a political clientele from handouts.

Let's take a look at the state of the economic relations with Venezuela.

According to a report recently published by the Central Bank, in 2018 the Venezuelan discount oil cooperation was 27 million dollars.

How far away are the splendid times when, year after year, an average of 550 million dollars arrived!

Make believe that Ortega received a cake every year, divided into 20 slices. And now he only receives one slice, out of the 20 he used to receive.

Now, let us see how these 27 million dollars were used. To begin, not a penny is given to the trumpeted social programs of yesteryears. Now that the hen that lays the oil eggs got water belly, not a cent was earmarked for “zero hunger,” “houses for the people,” “roof plans” and other programs that allowed the regime to proudly present itself with other people’s money.

According to the report, the 27 million dollars of 2018 were allocated to what they call socio-productive projects. The IMF calls them projects for profit. Simply put: businesses. Among these projects were included fair trade, agricultural and forestry production, financial investment, to name a few.

What are these projects and who receives or stays with that money? It is not difficult to guess.

Another issue that calls my attention in the Central Bank report is that in 2018 not a single penny went to the famous Supreme Dream of Bolivar, the wondrous refinery that they planned to build. They invested more than 500 million dollars and in the end only some hydrocarbon storage tanks remain. The dream stopped there. But that infrastructure is part of the control they exercise in the fuel business. A business that serves to squeeze the pockets of Nicaraguans by imposing the highest fuel prices in Central America.

In any case, 500 million dollars are 500 million dollars, consequently, the 500 million question is: who is or who are the owners of that investment?

Do you need to guess?

But there is another investment that appears registered in the report. It is about 470 million dollars that they invested in electricity generation. Nearly 500 million dollars. Thus they became the largest energy providers in the country. And from there they also squeeze the pockets of consumers and business people.

Between energy generation and fuel storage investment rounds up a billion dollars. It means that the monarch has some money.

In total, the cooperation flows from Venezuela that served to install and bolster the Ortega regime were around 5 billion dollars. With such a sum of money it was

enough to launch the country into the future. Quality education at all levels. Modernization of small, micro and medium size companies. Programs of technological improvement in the agricultural sector. Productive infrastructure throughout the country. Work and income opportunities. And to shoot us towards real progress. But they stayed manipulating statistics, imposing rentier businesses and pocketing the money.

A wasted opportunity

In what corresponds to foreign trade, in golden times, exports [to Venezuela of meat, milk, sugar, etc.] reached over \$400 million per year. In 2018, they barely reached 20 million dollars.

The other ugly part of the picture is the debt. In total, the debt is close to 3.78 billion dollars, according to the report of the Central Bank. It gets close, we say, because we do not know how much it has accumulated in interest or how much of the principle has been paid. In any case, to help our memory let us say that the debt is about 4 billion dollars.

In short, Venezuela's formerly lush cooperation is now as anemic and puny as the dictatorship it helped install in Nicaragua.