



If sanctions failed to solve Nicaragua's crisis, will more sanctions succeed?

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Nicaragua's President Daniel Ortega and his wife, Vice President Rosario Murillo, have arrested more than 30 high-level opponents in recent weeks. In this commentary for Global Americans, Crisis Group's Central America Analyst Tiziano Breda explains what's at stake.



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A few months ago in Managua, a leading figure of the opposition met me at an e club frequented by critics of the government for meetings and press conferences under the watchful eye of the police. Before excusing himself to join his daughter's graduation, he told me that if President Daniel Ortega were to win elections late business leaders should forget past differences and “get together with him again other way.” The man I met is now in jail, completely incommunicado, and reported without access to the medical care he requires. He has been accused of “betraying homeland.” Ortega's government never ceased harassing its critics since the May of 2018. But not even in the worst nightmares of the opposition did it seem possible government would move on to the sort of witch hunts more typical of a military dictatorship.

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NICARAGUA

Daniel Ortega, the 75-year-old president of Nicaragua and a former guerrilla fighter, initiated his latest crackdown in May of this year. After reasserting control over Nicaragua's electoral authorities and pushing through an electoral “counter-reform,” he introduced a set of repressive laws aiming to inhibit the political participation of anyone who had joined in the 2018 civic uprising against his government. Over the course of a few weeks, he and his wife, Vice President Rosario Murillo,

orchestrated the arrest of over 30 high-level opponents, including presidential hopefuls, political and business leaders, and journalists, and opened investigations against another thirty. Most are believed to be in Managua's notorious El Chipote jail, but their relatives and lawyers have not been able to confirm their whereabouts. Meanwhile, the crackdown is far from over. Many other politicians, business leaders, and journalists are either hiding or on the run. Ortega's goal seems to be to instill terror among opponents, and he is enjoying some success.

The World Reacts

The sudden spate of detentions pushed Nicaragua back into the international spotlight after two years of relative invisibility, mostly attributable to the absence of mass protests, the regional prominence of the Venezuelan conflict, and the global focus on COVID-19. The Biden administration, busy with a turbulent transition and a surge in northern Central Americans' arrivals at the U.S. southern border, was caught by surprise. Mindful of the shortcomings in Trump's use of sanctions as a means to apply political pressure—which in the case of Nicaragua, far from forcing Ortega to make concessions, led him to step up his preferred brand of anti-imperialist vitriol—the Biden White House initially launched a sanctions policy review. However, Washington had not arrived at an alternative strategy by the time Ortega began locking up his adversaries.

Foreign powers, above all the U.S. and the EU, now find themselves torn among three options: resorting again to targeted sanctions; scaling up to general punitive economic measures; or trying to get the parties to negotiate a way out of the crisis. Since the spate of arrests started, the U.S. Treasury has imposed targeted sanctions, while the U.S. Congress and European Parliament are making increasingly strident calls to revise free trade deals with Nicaragua. The United Nations and the Organization of American States (OAS) have discussed the country's predicament and issued strong condemnations of recent events.

The shift against Ortega in the OAS has been particularly striking. A total of 26 states, including many that usually side with Nicaragua or abstain, voted in favor of the condemnatory resolution passed on June 15, leaving the Sandinista government almost alone in the organization and raising the possibility that Articles 20-21 of the Inter-American Democratic Charter could be applied, leading to the country's expulsion or suspension from the body. Meanwhile, Mexico and Argentina—which both abstained in the vote on the resolution—are seeking to forge a “third way,” neither ostracizing Nicaragua's government nor accepting its misdeeds. They have voiced concern over the wave of detentions, but have not signed multilateral statements and resolutions. The two countries may possibly be aiming to leave some channels open to enable a dialogue between Managua and other foreign governments, particularly the U.S., despite Ortega's apparent resistance to any diplomatic approaches.

The Case for Outside Pressure

There is some truth to the argument that “Ortega only understands pressure,” which underpins calls for stronger punitive measures. Since the eruption of the 2018 mass protests, triggered by a controversial social security system reform, Ortega has engaged in talks with the opposition groups gathered under the umbrella of the Civic Alliance only when he felt acutely weak or exposed. This happened once in May 2018, when hundreds of thousands of people were marching every day in the streets of the country's main cities, and again in early 2019, when one of his key allies, Venezuela's Nicolás Maduro, seemed on the brink of being toppled.

But since the end of the second attempt at dialogue—which ended in deadlock in April 2019 over political and judicial reform—several rounds of targeted U.S. and EU sanctions, as well as strongly-worded OAS resolutions, have done nothing to break the Sandinista ranks. Contrary to expectations, outside pressure has revealed impressive levels of cohesion and loyalty to Ortega in the highest echelons of the security forces, the legislature, and the judiciary.

An increasing number of U.S. and European lawmakers reckon that the solution could be to raise the cost to Ortega of his authoritarian lurch by reconsidering Nicaragua's participation in free trade agreements. Constraining trade would certainly have a significant impact on the country's already ailing economy: 100,000 jobs are expected to vanish if Nicaragua is expelled from the Central America Free Trade Agreement (CAFTA), adding to the 200,000 lost even before the pandemic hit, mostly due to the wreckage left by the 2018 turmoil and the subsequent flight of national and foreign investment. This would likely prompt thousands to flee, first to neighbouring Costa Rica. But that country is already coping with almost 100,000 Nicaraguan asylum requests and its own economic difficulties, which could prompt many to change their final destination. Arrivals of Nicaraguans at the U.S. border are set to reach a two-decade high this year.

Yet, there is little certainty that this would succeed in pressing Ortega into concessions, at least before the elections. Defeat for the president is roughly equivalent to political and personal extinction, as leaving power could put him at risk of prosecution for abuses committed during the crackdown on 2018 protests.

Moreover, his risk assessment may be influenced by the fact that he has already lived through a civil war against U.S.-backed armed groups, coupled with a trade embargo, during the 1980s: “They think that with sanctions they will vanquish Nicaragua; Nicaragua has endured much more difficult times,” the president recently stated.

A Middle Way

Neither force nor dialogue is likely to change Ortega's electoral strategy, but doing nothing would invite other aspiring authoritarians in the region to follow in his footsteps. Instead, foreign governments should aim to craft a sequenced approach that serves two goals: seeking to rescue the elections through dialogue so long as that is possible, and demonstrating that similar repressive moves will come at a cost if diplomacy fails to lure Ortega into changing course.

Before the elections, foreign governments should persist in seeking to engage with Ortega, using the few diplomatic channels still open (such as those of Argentina and Mexico), and others that might be created (e.g., by the Vatican and Sandinista-friendly governments in the region, like Bolivia), to convey the message that only the results of free and fair elections will be recognized, whereas disputed or fraudulent polls would deepen the government's international isolation. At the same time, some punitive measures (particularly U.S. and EU sanctions) could be lifted on an action-for-action basis as a reward for concrete steps by Ortega to ease repression, starting with the release of recently arrested opponents.

If these efforts prove unsuccessful, as they well might, the U.S., EU and OAS are sure to come under pressure to deploy stronger punitive measures to hold Ortega accountable for his actions—including economic sanctions or even the suspension of Nicaragua from the OAS. Even so, the U.S. and the EU should refrain from ejecting Nicaragua from free trade agreements given their huge potential impact on people's livelihoods. Foreign governments should instead consider sanctions on firms and economic sectors close to the government, calibrating them to mitigate humanitarian impact. Invoking the Inter-American Democratic Charter and expelling Nicaragua from the OAS would also hinder the country's access to loans, yet the overall economic impact would be somewhat lower than expelling Nicaragua from CAFTA.

If stronger sanctions are applied, foreign governments should also take steps to prepare for the humanitarian fallout that these might prompt. And they should also at all times keep diplomatic channels open and design a roadmap to lift punitive measures in the event that the Ortega government decides to back down and relax its stifling control over Nicaraguan society. Hopes for that outcome may seem slender. But confidence that tougher sanctions will do the job on their own may be even more misplaced.