

# THE U.S. EMBARGO AGAINST THE PEOPLE OF NICARAGUA

## Basic Information

### **Background:**

President Reagan declared an embargo against Nicaragua on May 1, 1985 (effective May 7, 1985) with an Executive Order issued under the authority of the International Emergency Economic Powers Act. The Executive Order states that the "policies and actions of the Government of Nicaragua constitute an unusual and extraordinary threat to the national security and foreign policy of the United States" and declares a "national emergency" to deal with that "threat". That "emergency" is a necessary precondition for declaring an embargo.

### **Precursors of the Formal Embargo:**

An "informal" embargo in 1983-84 cut Nicaragua's traditional sugar quota and suspended wheat shipments from the United States. As early as 1981, the United States began blocking development loans to Nicaragua from the World Bank and the Inter-American Development Bank and discouraged U. S. allies from giving either loans or aid to Nicaragua. That policy has continued.

### **Renewals:**

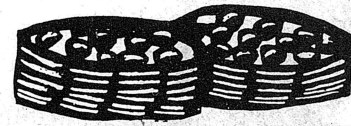
The law requires that the "national emergency" which is the legal basis for the embargo be renewed annually (by May 1 in this case). In addition, the President must report to the Congress by November 1 on "developments" in the situation that brought about the "national emergency." President Reagan has renewed the "emergency" before each deadline.

### **Congressional Authority to Nullify the Embargo:**

Congress has the authority, under the "National Emergencies Act," to nullify the "state of emergency" or simply lift the embargo by a majority vote of both houses. This can be voted at any time. (50 USC 1622). The President can veto a nullification, but Congress can override that by 2/3 vote.

### **International Reaction to the Embargo:**

The United States received strong criticism from U.S. allies when the embargo was first levied. These included the Parliament of the European Economic Community, the United Nations Security Council, the World Health Organization, the Foreign Ministers of the Caribbean Community (CARICOM), the Latin American Economic System, the Latin American Democratic Political Parties, and every major U.S. ally in Western Europe and Latin America. Only El Salvador supported the U.S. move even though it did not impose its own embargo.



### **The Embargo and the Central America Peace Plan:**

The Central America Peace Plan, signed by the five Presidents on August 7, 1987, does not mention the embargo explicitly. But the Agreement does say that the five governments "will jointly request extraordinary economic support from the international community." It calls for a cessation of hostilities leading to "agreements which will speed up development in order to create more egalitarian societies which are free from poverty."

In spite of this, President Reagan renewed the embargo in November 1987 and May 1988, clear acts of hostility toward the peace process mandated by Central Americans themselves. These moves signal U.S. determination to continue the U.S. economic war against Nicaragua.

## Provisions of the Embargo

The embargo prohibits the following:

1. Import of Nicaraguan goods or services into the U.S.
2. Export of U.S. goods to Nicaragua, except for the "organized democratic resistance."
3. Vessels of Nicaraguan registry entering U.S. ports.
4. Nicaraguan air carriers landing in the U.S.
5. Any transactions relating to these provisions.

The embargo is enforced by the Office of Foreign Assets Control (OFAC) which is part of the Treasury Department.

### ***The Costs of the U.S. Economic War for Nicaragua:***

The embargo is part of a larger "economic war" against Nicaragua which includes blocking loans and aid from banks and multilateral lending institutions, discouraging allies from giving aid and loans and the costs of the contra war itself. Taken together, the total direct and indirect damage from the military and economic war, expressed as the effect on Gross Domestic Product (GDP) and estimated through the end of 1987, is a *staggering \$3.6 billion*. (Figures from the Central American Historical Institute (CAHI), based at the Jesuit University in Managua, "Update," 10-26-87).

In human terms, this has meant scarcities, "skyrocketing inflation (657% last year) leading to a steady erosion of purchasing power; overcrowded, deteriorating buses; continual power blackouts; water and gas rationing; in short, a daily struggle to survive." (CAHI, 10-26-87). All economic sectors of Nicaraguan society have felt the effects of this attempted economic strangulation.

The embargo itself forced Nicaragua to find new markets for its former exports to the United States but many of these involved greater shipping distances and increased costs. It also left Nicaragua without the means to acquire spare parts for U.S. manufactured equipment which had been commonly purchased and used for decades. This posed an especially great challenge since the purchase of new equipment is a slow and expensive process.

The Central American Historical Institute (CAHI) reported that the trade embargo *per se* cost Nicaraguan a total of \$187.8 million up to the end of 1986. (10-26-87). This includes the "informal" embargo of 1983-84.

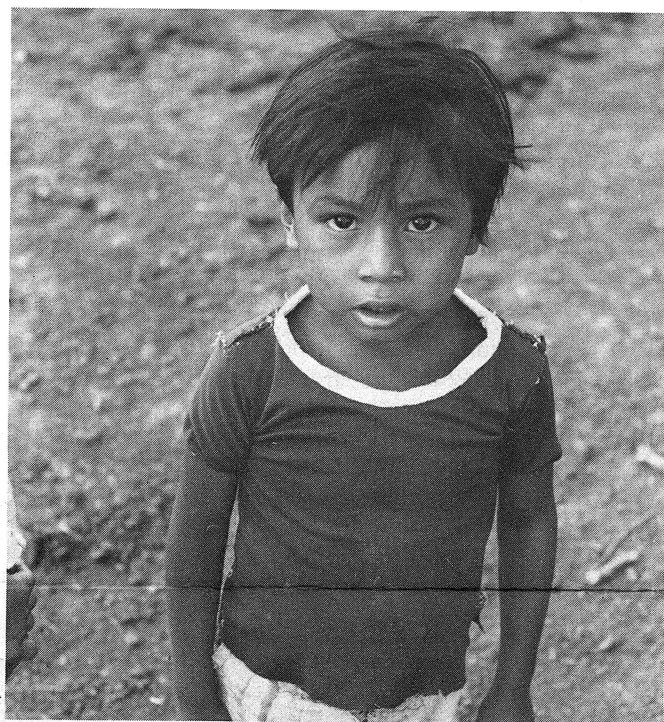
The 1987 Report of the Inter-American Development Bank reported a real decline of 0.4% in Nicaragua's gross domestic product (GDP) in 1986, in addition to decreases in the two previous years. Output per capita in 1986 was the lowest since 1979. The report ascribes much of this to the Nicaraguan economy's "severe isolation from its traditional export markets and international bank financing sources," as well as a "serious shortage of imported inputs, spare parts and capital goods necessary to maintain production." In short, most of this decline is the direct result of the U.S. economic war against Nicaragua.

### ***The Costs of the Embargo for the United States:***

U.S. businesses and workers suffered real economic losses because of the embargo. Smaller companies were the most directly affected. The hardest hit was Pandol Brothers, Inc. which imported Nicaraguan bananas and lost about 20% of its business or \$30 million the first year. Coordinated Caribbean Transport, which did 50% of the business on the Managua-Miami route, reported \$1.0 million in annual losses. The state of Texas lost \$21.5 million in annual business, most flowing through the port of Houston. (Source: Issue paper of Center for International Policy and Overseas Development Council, 1986). Other

**"I lived in Jalapa, Nicaragua from November 2, 1986 to February 15, 1987 . . . A number of trucks in Jalapa needed to be repaired, but because of the economic embargo the necessary parts were not available . . . one belonged to the hospital in Jalapa . . . thus, a person in Teote who was very ill had to walk 6-8 hours. Toward the end of my stay in Nicaragua, I attended a baptism for an infant boy dying from diarrhea and dehydration—a condition that could have been reversed if the child had received care. The U.S. embargo has become a matter of life and death for the people in that region."**

*—Testimony of Sr. Judy Vaughan, CSJ submitted to a Joint Hearing in the House of Representatives, December 15, 1987*



Dolly Pomerleau

*The lives of Nicaraguan children are in danger with the continuation of the economic embargo.*

losses were sustained by importers of shellfish, coffee and beef. Multinational corporations such as Exxon, Monsanto and IBM still operate in Nicaragua through subsidiaries.

What the embargo *cost* the United States *most dearly* was a serious blow to its international prestige and the deepening of domestic opposition toward U.S.-Nicaragua policy. The embargo earned the almost unanimous enmity of our Latin American and Western European allies who perceived the U.S. as the "bully" in the hemisphere, working its economic will against a small and poor nation, moving unilaterally without any consultation with allies.

### **Humanitarian Aid and the OXFAM/CRS Cases:**

The embargo permits the shipment of "donations . . . of articles, such as food, clothing and medicine, intended to be used to relieve human suffering. . ." This provision treats food, clothing and medicine as *examples* of what may be shipped without a license. It is an illustrative list, not an all-inclusive one. This provision has made it possible for programs like the Quest for Peace to operate.

However, some groups have applied for licenses, either because they believed it would expedite shipping or because Customs told them it was required. On March 25, 1986, OXFAM applied for a license to ship \$41,000 worth of tools to Nicaragua. These included agricultural tools, implements for housing construction, and potable water supplies. The license was denied on the grounds that "such transactions are inconsistent with current U.S. foreign policy."

On October 16, 1986, Catholic Relief Services (CRS) was forced by Customs to apply for a license to ship \$1400 worth of saws, hammers and shovels to Nicaragua. That license was denied on March 9, 1987 on the same grounds as the OXFAM denial.

In conversations with embargo enforcement officials, both agencies were told that the recipients of the goods were unacceptable either because they represented the "popular church" or were "Sandinista fronts". The groups included Servicios Múltiples, the social service arm of the Catholic religious orders of Nicaragua, the School for Agricultural Mechanization (almost entirely privately funded) and the Institute of John XXIII, a Jesuit-based development organization headquartered in Managua.

The decision to grant or deny licenses belongs to the Treasury Department, but the State Department intervened in both cases, objecting, for example, to the recipients of the aid. In both cases, the tools remain in U.S. warehouses awaiting the day they can be shipped to Nicaragua.

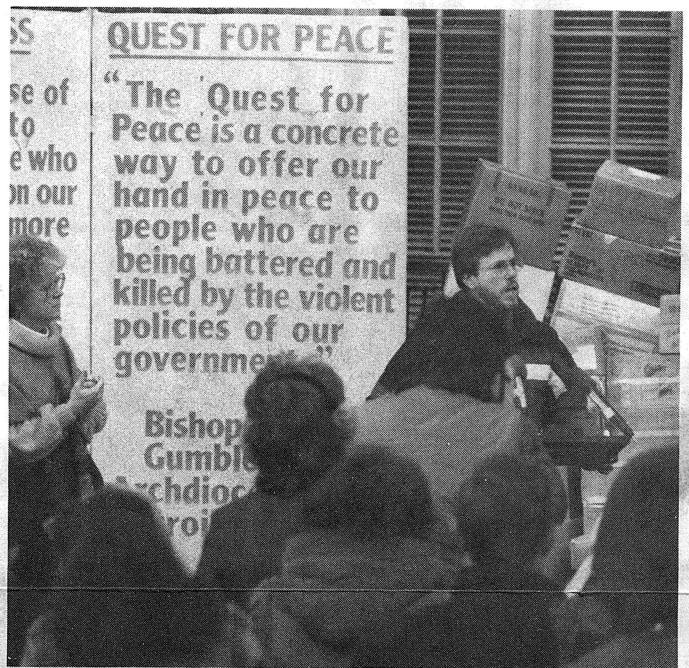
In spite of the provisions in embargo law which permit shipments of donated articles to alleviate human suffering, the Reagan Administration has *mis-applied the embargo regulations to intimidate U.S. citizens and groups involved in the work of humanitarian aid, even* where the shippers are reputable, well-known agencies with obvious humanitarian goals.

### **The Embargo and International Law:**

The embargo violates charters of the United Nations, the Organization of American States (OAS), the World Bank, the General Agreement on Tariffs and Trade, and the Treaty of Friendship, Commerce and Navigation between the United States and the Republic of Nicaragua. Article 19 of the OAS Charter states, for example, that "no state may use or encourage the use of coercive measures of an economic or political character in order to force the sovereign will of another state and obtain from it advantages of any kind."



Rick Reinhard



Dolly Pomerleau

*Embargo regulations have been mis-applied to intimidate U.S. citizens and groups working on humanitarian aid.*

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—*Charter of the Organization of American States (OAS)*

## In a Nutshell: The Case Against the Embargo

1. It is a form of warfare against the people of Nicaragua with severe costs for the civilian population of that country.
2. It undermines the Central American Peace Process by keeping U.S. hostility alive. Lifting the embargo would be an important sign of real U.S. acceptance of the Peace Plan.
3. The embargo regulations have been mis-applied to intimidate U.S. citizens and groups working on humanitarian aid.
4. It has been harmful to U.S. business interests and has cost the jobs of U.S. workers.
5. It violates international law.
6. It has worked against U.S. economic and political interests, resulting in a public display of non-support from our allies in both Latin America and Western Europe.
7. The embargo is a mis-application of U.S. domestic law. The International Emergency Powers Act (IEEPA), under which the embargo was declared, was intended to be used in *true* national emergencies. It is ludicrous to suggest, as the documents declaring and renewing the embargo do, that Nicaragua poses a threat to the national security of the United States and thus merits such punitive treatment.
8. The embargo is as immoral as the contra war itself. It is an attempt by the U.S. government to re-dominate a small and relatively powerless country by economic and military force. It is a blot on our national ideals of democracy, human rights and self-determination.

## The Remedy

Congress has the power to nullify the embargo and end the U.S. economic war against Nicaragua. It's time that happened so peace has a *real* chance in Central America!

**Write:** (*Your Representative*)

U.S. House of Representatives  
Washington, DC 20515

(*Your Senator*)

U.S. Senate  
Washington, DC 20510

**Send special messages to:**

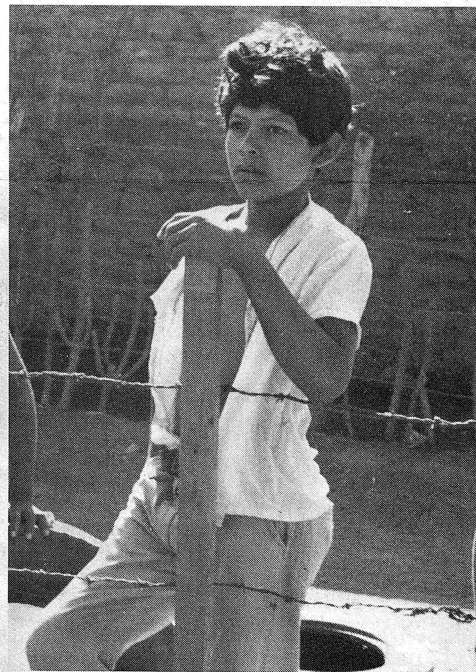
Speaker of the House Jim Wright;  
Chair of the International Trade Subcommittee of the  
House: Rep. Don Bonker;  
Senate Majority Leader Robert Byrd;  
Chair of the International Economic Policy  
Subcommittee of the Senate: Senator Terry Sanford;  
Chair of the Western Hemisphere Subcommittee of the  
Senate: Senator Christopher Dodd.

**Capitol Switchboard: (202) 224-3121**

**The five governments of Central America  
"will jointly request extraordinary economic  
support from the international community."**

—*The Central America Peace Accords, August 7, 1987*

### LOCAL CONTACT:



Dolly Pomerleau

This information sheet was prepared by the *Quest for Peace Congressional Education Project*, a part of "Windmills, Inc.," P.O. Box 5206, Hyattsville, MD 20782. It is available free of charge to those who are organizing to lift the embargo, but donations to help cover printing costs are requested. (Checks payable to: "Windmills, Inc.") For more information: 301-699-0042.