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Nicaragua' Canal: hope and illusion

In a world searching for new commercial routes for political or business reasons, the construction of the Interoceanic Canal in Nicaragua presents us a dilemma: is it worth to alter nature and the entire Nicaragua's environmental system? Will it prevail profit over the State and the citizens or over the ecological damages?

The realization of a Canal that could connect Pacific and Atlantic Ocean, is not a new thing: in the XVI century, a Spanish explorer conducted the first analysis to join Atlantic and Pacific Oceans. Then Napoleon III of France encouraged some ideas. In 1851, the American businessman, Cornelius Vanderbilt established *Accessory Transit Company*, with the intention to pass through the isthmus of Nicaragua rather than Panama's one, reducing time and costs. In 1914 was signed the agreement Bryan-Chamorro between U.S.A and Nicaragua. The terms of the Treaty: United States gained the right to construct a canal across Nicaragua, an option to build a naval base on the Gulf of Fonseca and a long-term lease (99 years) on Corn Islands in the Caribbean. Thanks to those concessions, Nicaragua received three million dollars. The Treaty was abrogated in 1970.

Nicaragua's history is full of attempts and failed schemes. And this tradition seems to proceed still today, when a mysterious Chinese billionaire, Wang Jing, obtained concession for Canal's construction. Originally, it seemed that the country, one of the poorest in Central America, could finally realize its dream to have its own canal that could represent an alternative for the trade and a valid economic possibility. Little by little, a lot of interrogatives have risen about this mega-project.

On June 13th 2013, Nicaragua's National Assembly, composed by a Sandinista majority, with 61 votes in favour, 25 votes against and 1 abstention, approved *Ley Especial para le Desarrollo de Infraestructura y Transporte Nicaraguense Atingente a El Canal, Zonas de Libre Comercio e Infraestructura Asociada*, that granted a 50 year concession (renewable for other 50 years) to realize the Interoceanic Ocean to Hong Kong Development

Investment ltd (HKND), an unknown company until that moment, registered at Cayman Islands, without any previous experience in the infrastructures. The route begins from Brito River, on the Pacific Coast, cross Nicaragua Lake and then crossing the isthmus to the Caribbean coast at the Punta Gorda River. The new Canal -if it will be realized- will be 278 km long, 105 of which will pass through Nicaragua Lake. In addition to the construction of the Canal - 2014-2020, with a cost of 40 milliard of dollars- HKND could expropriate all the necessary fields for other sub-projects, related to the Canal: two oceanic harbor on both sides (Atlantic and Pacific coast), two airports, two free trade areas with taxation free, one oil pipeline and a lot of touristic resorts. Everything could allow to get stronger the Chinese presence in the Centre and South America (never forgetting economic relationship China-Venezuela). Daniel Ortega, President of Nicaragua, promised the work will stimulate hundreds of thousands of jobs, an increase of 136% of GDP, it will assimilate 4,5% of the global trade, respect to 3% of Panama. The new Canal will improve three aspects of the international affairs: decrease transit time; lower transport costs; new routes. For this reasons, Interoceanic Canal of Nicaragua, in its more important way (U.S.A.-Asia), will have a strategic advantage due to its geographical position: ships will save 600km to reach out Panama from U.S. coast. It means shorter transit time and significant oil safe.

Negative consequences: a possible gigantic ecological catastrophe, due to the risk of contamination of the Cocibolca Lake, second freshwater lake in Latin America, with the largest potable water reserve of the region; forest's destruction, where indigenous, living there, have not been consulted; fear of expropriation of those croplands for ridiculous prices.

Obstacles: Mr. Jing's project is as expensive as long and risky: possible loss of funding; dispute with USA; no experience in the construction. In 1995, he founded a telecommunication company - Xinwei - promising to modernize Nicaraguan telecommunications, investing 3 milliard dollars in two years. But still no one still saw the money. Some experts are baffled by Wang's canal, because there could be the Chinese government behind the project, even if they have officially retracted. However, HKND is using specialists and experts of the Changjiang Institute and China Railway Corp., giants of engineering of the state property. Piotr Yákovlev, director of *Centro para los Estudios Ibéricos del Instituto de América Latina*, affirmed that also some Russian companies would negotiate their participation in this project.

About Nicaragua's Canal is developing a strategic geopolitical and geoeconomic game. It can't be reduced to a simple match USA (Panama) vs. China-Russia (Nicaragua), but surely, it will have remarkable consequences at a commercial-economical-political level. From a technical point of view, the construction is possible thanks to China's capital and other actors that desire to join in this global challenge. But, after a year and half from the beginning of the works, social-political sustainability of the country, potential ecological impact, the more or less determinate China's presence, are increasing doubts both between experts and population (that in a first moment, embraced this project). The value of the construction will

depend by USA-China relationship. At the moment they have more in common than in conflict, but no one can imagine if the presence of an Interoceanic Canal in the heart of Central America, could irritate this relationship or could get closer both countries.