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## FEATURED Q&A

# What Will New Relations Mean for Nicaragua & China?



Nicaraguan President Daniel Ortega's government last month broke diplomatic ties with Taiwan and re-established relations with China. // File Photo: Nicaraguan Government.

**Q** Nicaragua last month severed its diplomatic ties with Taiwan and established an official relationship with China. The move, which Taiwan said caused it "pain and regret," left the island with just 14 formal diplomatic allies, which in the Americas include Belize, Guatemala, Haiti, Honduras and Paraguay. The moves were followed by China's reopening of its embassy in Nicaragua on Dec. 31. What were the Nicaraguan government's reasons for making the switch? What will China get out of its new relations with Nicaragua? What is keeping Taiwan's other diplomatic allies in Latin America and the Caribbean on the island's side, and are other countries likely to soon break with Taiwan?

**A** Margaret Myers, director of the Asia & Latin America Program at the Inter-American Dialogue: "The timing of this decision by Beijing and Managua was notable. Ortega had been content to rely on Taiwanese support for many years, despite backing China on matters of political interest, including the Hong Kong Security Law, and establishing a close relationship with Chinese canal entrepreneur Wang Jing a few years back. But as Ortega dismantles Nicaraguan democracy, and amid economic contraction, support from China, Russia and other external partners is increasingly critical. The approximately \$30 million that Nicaragua is seeking from China is a relative drop in the bucket for Beijing. In exchange, China ensures broader acceptance of its One China Principle, further eroding Taiwan's international support. For China, the timing was also seemingly symbolic. The an-

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## TODAY'S NEWS

### POLITICAL

## At Least 23 Killed in Clashes in Colombian Border Province

Clashes between members of a dissident faction of the Revolutionary Armed Forces of Colombia and the National Liberation Army have left at least 23 people dead in Colombia's Arauca province.

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### BUSINESS

## Airbnb Unit Settles With U.S. Treasury Over Cuba Sanctions

The payments unit of Airbnb has agreed to pay the U.S. Treasury more than \$91,000 for alleged violations of U.S. sanctions on Cuba.

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### POLITICAL

## Gunmen Open Fire On Haitian Prime Minister

Haitian Prime Minister Ariel Henry came under gunfire on New Year's Day as he and his entourage were leaving a cathedral in the northern city of Gonaïves.

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Henry // File Photo: Haitian Government.

## POLITICAL NEWS

## At Least 23 Killed in Clashes in Arauca Province in Colombia

At least 23 people have been killed in armed clashes in Colombia's Arauca province, which borders Venezuela, local and international media reported on Monday. The battles erupted Sunday, when a dissident faction of the Revolutionary Armed Forces of Colombia (FARC) and the National Liberation Army (ELN), engaged in sporadic firefights, *El Tiempo* and *El Espectador* reported. At least five of the people killed were reportedly Venezuelan nationals. Also among the dead were a dissident FARC commander who went by the nom de guerre "El Flaco," according to Colombian media reports. Investigators are reportedly still trying to identify all of the bodies. In response to the violence, Colombian President Iván Duque ordered two battalions of army troops to the region, the *Noticias Caracol* news channel reported. The violence began in Venezuela's Apure state, which borders Arauca, and then moved to the Colombian side in a running gun battle, reports said. The fighting is part of an ongoing dispute over drug trafficking corridors in the border region, according to *El Espectador*.

## Gunmen Open Fire on Haitian Prime Minister

Haitian Prime Minister Ariel Henry narrowly dodged an assassination attempt last weekend after gunmen opened fire on him and his entourage as they left a cathedral in the northern city of Gonaïves, the Associated Press reported Monday. Local media reported that one person was killed and two others were injured in the shootout on New Year's Day, which forced Henry, who was uninjured, and others to run for cover, the AP reported. "Bandits and terrorists" were behind the attack that forced Henry to flee Gonaïves, the prime minister's office told the wire service. Gunfire broke out as Henry and others were leaving a ceremony to mark the anniversary of Haiti's independence from France, Reuters reported. The country's National Police told media that officers had secured the area and issued arrest warrants for the attackers. The incident was the latest blow to the legitimacy of Henry's rule, in a country marked by widespread and extreme poverty and surging gang violence. The attack came five months after Haitian President Jovenel Moïse was assassinated in his home last July by suspected mercenaries, according to a Reuters report. The embattled government has

## NEWS BRIEFS

## Brazil's Bolsonaro Won't Need Surgery, Remains Hospitalized

Brazilian President Jair Bolsonaro will not need surgery, according to doctors who are treating him at the Vila Nova Star hospital in São Paulo, where he was taken for abdominal pain, Reuters reported today. Bolsonaro was flown to the hospital early Monday morning and was suffering from an intestinal obstruction, which has now been cleared. Bolsonaro is showing "satisfactory" improvement, doctors said.

## Venezuelan Opposition Parties Keep Guaidó as Interim President

Members of the Venezuelan opposition's National Assembly voted Monday to extend the legislature's term by a year, lengthening Juan Guaidó's mandate as the country's interim president, but in a more limited capacity, Bloomberg News reported. Guaidó's role has been reduced to "defending democracy" from Nicolás Maduro's government and directing the protection of Venezuela's assets abroad, Bloomberg News reported. If the legislature had not voted, Guaidó was set to have lost his internationally backed power on Thursday as the country's interim president.

## Brazil Posts Record \$61 Billion Trade Surplus for 2021

For 2021, Brazil posted a record \$61 billion trade surplus, according to official data released on Monday, with a 44.9 percent growth in exports to the United States, Reuters reported. Brazilian exports reached a record \$280.4 billion—primarily due to Covid-related price hikes—and imports totaled \$219.4 billion. Brazil's Economy Ministry expects that the country will reach a \$79.4 billion trade surplus in 2022 due to a decline in imports, Reuters reported.

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nouncement coincided with the U.S.-backed Summit for Democracy, which had plainly irritated Beijing, provoking several high-level responses, including a white paper on the merits of China's own version of democracy. By establishing relations at this juncture, both countries sought to advance their own distinct interests. Taiwan's remaining allies still enjoy considerable support from Taiwan and will receive even more attention now that Nicaragua is out of the picture. Whether or not they eventually cut ties with Taiwan depends on wide-ranging factors, including domestic views of China and international views of their leaders' political agendas."

**A** **Jiang Shixue, professor and director of the Center for Latin American Studies at Shanghai University:** "Everyone knows

that there is only one China in the world. The government of the People's Republic of China (PRC) is the sole legitimate government representing all of China, and Taiwan is an inalienable part of China's territory. This is a historical and legal fact, as well as a universally recognized norm governing international relations. Nicaragua is an important country in Central America. The government of Nicaragua made the right decision, which is compatible with the universally recognized

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not yet set a date to elect Moïse's successor, it added.

## ECONOMIC NEWS

# Venezuela's Oil Exports Double in December

Venezuela's oil exports doubled in December as compared to the same month in 2020, despite U.S. sanctions on the country, Bloomberg News reported Monday. Last month, oil shipments averaged 619,000 barrels per day (bpd), continuing a streak of increased exports for the third month in a row. In 2021, oil production in Venezuela almost doubled from the previous year's low. Part of the reversal has been attributed to a deal that state-owned Petróleos de Venezuela (PDVSA) struck, which has allowed it to both pump and process more extra heavy crude into exportable grades, Al Jazeera reported. Iran has also been particularly instrumental in the effort to increase production, as the country is supplying PDVSA with a key diluent that aids production, and Venezuela officially reached the one million bpd mark in December for the first time in three years, Bloomberg News reported. While production has been rising in recent months, there have been questions about how sustainable the increased supply will be in 2022, particularly given international pressures and a lack of resources such as additional rigs, Al Jazeera reported.

## BUSINESS NEWS

# Airbnb Unit Settles With U.S. Treasury Over Cuba Activity

The payment subsidiary of vacation home rental provider Airbnb has settled with the U.S. Treasury over alleged violations of U.S. sanctions against Cuba, the Treasury said Monday

## JOB POSTINGS

**EDITOR'S NOTE:** We are pleased to share Latin America-related job postings that companies reading the Advisor and others have posted recently.

**Perry Center for Hemispheric Defense Studies:** Director, Washington, D.C.

**Visa International:** Senior Manager, Social Impact, Latin America and Caribbean, Miami

**Edelman:** Vice President, Health Care (Latin America), Miami

**AMC Networks:** Senior Vice President, International Finance and Strategy, New York

**Liberty Latin America:** Analyst, M&A and Strategy, Miami

**CooperVision:** President, Americas, Rochester, N.Y.

**Inter-American Dialogue:** President (as well as two other positions open), Washington, D.C.

**Apple:** Latin America Salesforce Analyst, Coral Gables, Fla.

**JP Morgan Chase:** VP, China-Latin America Multinationals, New York

**Adrienne Arscht Latin America Center:** Project Assistant, Washington, D.C.

**State Street:** Vice President, Latin America and the Caribbean, Jacksonville, Fla.

**Inter-American Foundation:** IT Specialist, Washington, D.C.

in a statement. In the settlement, the San Francisco-based company has agreed to forfeit more than \$91,000 to the U.S. government, the Treasury added. Between September 2015 and March 2020, the company's payments unit, Airbnb Payments, processed payments related to more than 3,400 traveler-lodging stays and more than 3,000 traveler activities provided by Airbnb hosts that were outside of the 12 categories authorized by the Treasury's Office of Foreign Assets Control, the Treasury alleged in the statement. "These apparent violations occurred primarily because Airbnb, Inc. launched its Cuba business in April 2015, which would eventually extend to a global customer base, without fully addressing the complexities of operating a Cuba-related sanctions compliance program for Internet-based travel services," the Treasury said. "The settlement amount reflects OFAC's determination that Airbnb Payments' apparent violations were voluntarily self-disclosed and were non-egregious," it added. The

Treasury said Airbnb discovered the "apparent violations after initiating a comprehensive review of its sanctions compliance program," the Treasury added. The company voluntarily reported the results of its review to the Office of Foreign Assets Control and "implemented subsequent remedial measures designed to strengthen its sanctions compliance program and prevent recurrences," the Treasury said. It added that Airbnb Payments "fully cooperated" with the agency, including by responding to several requests for information. "Airbnb operates in more than 220 countries and regions around the world and we take sanctions compliance very seriously. We are pleased to have reached this agreement with OFAC," Christopher Nulty, a spokesman for Airbnb, told The Wall Street Journal in an email. In 2020, the company disclosed in its initial public offering documents that it had voluntarily disclosed information to the Treasury and that some user activity may have violated sanctions laws.

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norm of 'one China.' The PRC is willing to strengthen friendly cooperation with Nicaragua in various fields on the basis of the Five Principles of Peaceful Coexistence for the benefit of both countries and their peoples.

“**The PRC is willing to strengthen friendly cooperation with Nicaragua in various fields...**”

— Jiang Shixue

At present, there are only 14 countries in the world that still keep their 'diplomatic' ties with Taiwan, and eight of them are in the Americas: Belize, Guatemala, Haiti, Honduras, Paraguay, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines. It is reported that the United States has applied a 'carrot and stick' policy to stop Paraguay and Honduras from switching to the PRC although Washington itself has diplomatic relations with Beijing. In the longer run, the U.S. effort will be doomed to fail.”

**A** **Ray Walser, professor of practice at Seton Hall University and retired U.S. Foreign Service officer:** “In August 1980, as a freshly minted foreign service officer in Managua after the overthrow of the Somoza regime, I observed Daniel Ortega and the victorious comandantes of the Sandinista National Liberation Front (FSLN) end promised pluralism and a democratic path for benighted Nicaragua. With the aid of Fidel Castro and the Soviet Union, Ortega and company installed a communistic dictatorship. The Contra war, gross mismanagement and the collapse of the Soviet Union removed the props from under Ortega's regime. Elections turned the table. Now, some 40 years later,

Ortega, Vice President Rosario Murillo (Ortega's wife) and company have succeeded in installing themselves as the Somozas of the 21st century, a family dynasty intent on indefinite rule. The turn to the People's Republic of China comes in the wake of a farcical presidential election, withdrawal from the Organization of American States and plenty of democratic backsliding. Relations with democratic Taiwan no longer serve a dictator's ends. Once more, Comandante/Presidente Ortega delights in administering a slap in the face to Uncle Sam. While China claims another ally in its efforts to isolate/absorb Taiwan—by pressure or force—Beijing's 'Wolf Warriors' certainly realize that the opportunistic, corrupt Ortegas reflect China's utter disregard for democratic ways and know full well the wily duo will seek recompense: investments, market access, the unrealized

“**Once more, Comandante/Presidente Ortega delights in administering a slap in the face to Uncle Sam.**”

— Ray Walser

dream of a Nicaraguan transoceanic canal and kickbacks. Nicaragua, under the Chinese Belt and Road umbrella and anti-democratic to the core, constitutes troubled waters for the Chinese to troll. Sadly, this predictable about face adds another layer of complexity to the challenges the United States faces in developing a sustainable, successful Central American policy.”

*The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at [gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org).*

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