



CHINA'S ADVANCE IN NICARAGUA

- AN UPDATE

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INTRODUCTION

The [2025 U.S. National Security Strategy](#) (NSS) prioritizes attention to threats to the U.S. in the Western Hemisphere, including a commitment to reduce the influence of the People’s Republic of China (PRC) in the region and to “[deny non-Hemispheric competitors](#) the ability to position forces or other threatening capabilities, or to own or control strategically vital assets, in our Hemisphere.” Although the focus of the greatly [expanded U.S. military presence](#) in the region in 2025 was on counterdrug operations and Venezuela, the activities of the [PRC in Nicaragua](#) is another exemplar of the threats which the NSS commits to address.

POLITICAL ENGAGEMENT

Nicaragua is relatively unique in the region in that its [December 2021](#) change in relations to the PRC was [not its first](#) flip. The leftist Sandinista guerillas, which took power in Nicaragua in 1979 by force of arms, waited six years before establishing relations with the PRC [in 1985](#). It [switched recognition back to Taiwan in 1990](#), just five years later, after democracy was restored with the election of Violetta Chamorro. Similarly, although Daniel Ortega returned to power in [January 2007](#), he waited almost 15 years before reestablishing relations with the PRC, in part in response to expanding U.S. sanctions and other pressure against his authoritarian regime.

The Ortega most recent recognition of the PRC was relatively slow in both its [implementation](#), and the receipt of benefits from China which traditionally accompanies such flips. Nonetheless, by 2023 PRC had signed a number of [agreements with the Ortega regime for major infrastructure projects](#), although to date only a handful [have gone forward](#).

RADE

Following the establishment of diplomatic relations, the Nicaraguan and Chinese government signed [13 Memorandums of Understanding](#) (MOUs), and began negotiations of a free trade treaty, intended to expand commerce between the two countries. As in other small Central American states, PRC-based companies were much more successful penetrating the Nicaraguan market, however, Nicaraguan exporters were in selling to PRC markets. In 2024, Nicaraguan exports to the PRC were a mere [\\$82.1 million](#),

while its imports from the PRC were [\\$1.65 billion](#), almost 20 times greater. In the name of generating more benefits for Nicaraguan exporters while the governments worked to finalize a free trade agreement, the Sandinista government and its PRC counterpart implemented an interim “[early harvest](#)” agreement, but the later did little to correct the gross imbalance.

NATURAL RESOURCES

In the mining sector, since recognition PRC-based companies have significantly expanded their presence in the country through concessions whose terms, and the activities by those firms, are unclear. Indeed, since December 2021, the Ortega government has given out at [least 43 concessions to eight separate](#) PRC-based mining firms to operate in Nicaragua, representing almost [5% of the national territory](#). These have principally been for gold extraction in the remote northeast of the country. Such Chinese concessions often [overlap areas designated for indigenous](#) populations, infringing on those communities, as well as causing [environmental damage](#).



CONSTRUCTION AND INFRASTRUCTURE PROJECTS

As with many authoritarian populist governments, China's main avenue of commercial advance in Nicaragua has not been investments or purchases of Nicaraguan products, but rather, infrastructure projects on questionable terms, using loans from Chinese institutions that must be repaid by the Nicaraguan government, and ultimately its people.

Between 2023 and 2025, the Nicaraguan government signed commitments with PRC-based institutions for [11 major loans](#) for work to be done and products to be supplied principally by Chinese companies. The terms of these agreements were highly questionable. These included repayment timelines of 15 years, unusually short for government-backed projects. The loans also included [unusually high rates of interest](#), often [between 4%-6%](#), as well as other onerous terms such as [high origination fees](#). With such interest and fee structures, even with relatively short repayment maturities, through these agreements the Nicaraguan government committed to repay [over \\$2 billion in exchange for the \\$1.437 billion](#) of credits to be disbursed for work and products of PRC-based companies.

In addition, the loan terms often included requirements that significant portions of the funds, [sometimes as much as 20%](#), are to be [paid to PRC-based firms in advance](#), before any work is done, with those firms able to keep the money if the project was cancelled or otherwise experienced problems that required the Chinese supplier to be terminated.

The loans funded products whose commercial value was questionable, but which created infrastructure of strategic value for the PRC, and positioned its companies in deep relationships with Nicaraguan business and political elites.

China's signature project was the [improvement of Puente Huete airport](#) by PRC-based firm [CAMCE](#). The airport has an extended runway initially designed to accommodate [Russian strategic bombers](#) during the Cold War, and theoretically capable of accommodating Chinese ones. From a commercial perspective, however, the airport is relatively unnecessary, almost an hour drive from the capital, Managua, where the existing airport was being [utilized at less than half its capacity](#).

The Nicaraguan government has also contracted the [PRC-based firm CHINAICTC](#) to build a [new \\$335 million logistics center](#) and otherwise improve the Port of Corinto, which is likely to disproportionately benefit Chinese companies importing the expanding array of products from PRC-based companies, via Chinese maritime logistics companies.

The PRC-based company CSCEC has been contracted for phase two of an improvement to Nicaragua's Pacific Coastal Highway, although the [Chinese have not yet disbursed the funds](#), and correspondingly the project has not yet started.

The PRC-based firm CAMCE has also been contracted to build [three spheres for liquid natural gas](#) (LNG) storage, although work on the project has not yet begun.

A Chinese construction company has also been contracted to build low-income housing complex, "New Victories," [delivering 920 residential units](#) in July 2025, and [another 100 in December](#). Still, the units are not given, [but rather sold](#), with financing under onerous conditions that makes it difficult for the poor in whose name the properties have been built, to own them.

In the electricity sector, PRC-based companies have been contracted to build multiple solar and wind-powered generators, mostly by China Construction and Communications Corporation (CCCC), which has been blacklisted by the [World Bank for fraud](#), and by the [U.S. Treasury](#) for its ties to the Chinese

military. These include the [\\$67 million solar park “El Hato.”](#) the [\\$71 million Nindiri solar park](#), the [\\$69 million wind farm “El Barro”](#) and [\\$57 million wind farm “La Mesita”](#) among others.

DIGITAL SECTORS

Chinese telecommunication companies, particularly Huawei, play a dominant role in the industry in Nicaragua, despite the digital espionage concerns they raise. Indeed, Huawei is at [the center of the government’s plan](#) for integrating 5G and other new digital technologies into the country.

Other, less known PRC-based companies have also been contracted for digital infrastructure. These include a [\\$86 million project](#) by Zhengzhou Coal Mining Machinery Group.

As in other countries under authoritarian rule including Venezuela, [Cuba](#), and previously [Ecuador](#) and [Bolivia](#), PRC-based companies are also being contracted to build digital infrastructure that will support state surveillance and control in the name of public safety. In Nicaragua, the principal Chinese project in this category is Nicaragua’s National Emergency Response System, [Sinarem](#).



CHINESE EXPANSION IN NICARAGUAN RETAIL SECTOR

One unintended side-effect of the Sandinista government's creation of incentives for Chinese investment in the country was the explosion of Chinese retail outlets across the country, competing with and often displacing local businesses. Local retailers report [decreases in sales of up to 70%](#) as a consequence of the invasion of new Chinese shops, and advantages they seem to have in financing and regulations. By late 2023, there were an estimated [400 Chinese retail establishments](#) in Nicaragua, from small shops to large retail outlets like "[China Mall](#)." The tendency was so profound that Nicaraguan authors talk about the "[Chinification](#)" of the country.

In an attempt to attract Chinese investment in Nicaragua, the Ortega government is establishing free trade zones. Some analysts fear, however, that doing so will only give further competitive benefits to PRC-based firms over local ones as they import more Chinese goods, while [decreasing Nicaraguan state tax revenue](#).

CHINESE PENETRATION OF NICARAGUAN SOCIETY

With the political goodwill of the Ortega regime, and personal and business relationships between PRC personnel and key administration figures like Laureano Ortega, little by little PRC-based entities have constructed relationships of influence in Nicaragua. These include the setting up of a Confucius Institute in Nicaragua's [National Autonomous University in Managua](#) in September 2024, as well as bringing [Nicaraguan journalists](#) over to the PRC for training and relationship-building visits.

Chinese penetration of the Nicaraguan business community has also advanced, including Nicaragua hosting the [17th China-Latin America Business Summit](#) in November 2024.

SECURITY ENGAGEMENT

In the military domain, since at least 2023, the PRC has sponsored trips by members of the Nicaraguan National Police for training in the PRC. In 2025, the Police Commissioner Francisco Diaz reported that Nicaragua sends [400 police to the PRC](#) for training each year, in addition to sending 500 to Russia.

Nor is China-Nicaragua military cooperation limited to training and personnel visits. Since at least May 2025, the Nicaraguan government has also purchased security equipment from Chinese companies such as renowned PRC-based defense firm [Poly Technologies](#).

In December 2025, the People's Liberation Army (PLA) Navy Ship Silk Road Arc made an [unscheduled port call in the Port of Corinto, Nicaragua](#), which the PRC has made its [principal maritime logistics hub](#) for commerce with China, before passing through the Panama Canal for China Harbour engagements in [Jamaica](#) and [Barbados](#).

In the event of a military conflict between the PRC and the West in the Indopacific, China's military relationships, logistics, and other presence in the non-transparent, anti-U.S. regime arguably creates options for the PLA to operate out of Nicaragua against the United States. Recent wargames including PLA military operations in [the Gulf of Mexico and the Caribbean](#), and public reports of the PLA contemplating a [military base in Cuba](#), illustrate that this is a realistic threat.

CONCLUSION

China's continuing advance in Nicaragua is a dual-headed threat. For Nicaraguans, multiple indications of questionable terms, and the non-transparent way in which its projects are advancing in the country, make highly probable that the PRC-based companies doing the work, and the Ortega-connected elites signing the deals, will benefit more than the Nicaraguan people. From a broader strategic perspective, however, China's physical presence and ability to operate in non-transparent ways in the country, increases the risk that Nicaragua could be used as a base for PRC anti-U.S. activities, both in peacetime and wartime. Such threats to the U.S. in the region are exactly what the new 2025 National Security Strategy promises to address.

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