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Nicaragua’s China Bet Is Changing Washington’s Leverage – OpEd

November 9, 2026

By Steven E. Hendrix



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Key Takeaways: The recent Senate hearing on Nicaragua took me back nearly twenty years. On September 30, the Senate Foreign



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Key Takeaways:

- Nicaragua's Ortega-Murillo government has weathered years of U.S. sanctions by cultivating ties with Russia, Venezuela and now China, which has granted Chinese firms about 80 mining concessions covering 11% of national territory since 2023.
- Managua remains economically dependent on the United States through CAFTA-DR while using Chinese infrastructure, mining and telecom deals to reduce the cost of confrontation, including recent rejection of a U.S. ambassador-designate.
- Effective pressure requires tracking financial intermediaries and supporting independent institutions and civil society without broad measures that harm ordinary Nicaraguans or accelerate the pivot to Beijing.

The recent Senate hearing on Nicaragua took me back nearly twenty years. On September 30, the Senate Foreign Relations Subcommittee on the Western Hemisphere heard testimony from Eddy Acevedo of the National Endowment for Democracy, Gil Guerra of the Hudson Institute, Deborah Ullmer of the National Democratic Institute and Juan Sebastián Chamorro of Ciudadanos por la Libertad. Much of the hearing dealt, understandably, with the continuing concentration of power under Daniel Ortega and Rosario Murillo. What interested me more was the discussion of how the government has learned to live with years of sanctions, diplomatic pressure and international isolation.

I know some of that terrain personally. From 2005 to 2007, I led USAID's democracy and governance work in Nicaragua during the period surrounding Ortega's return to the presidency. Deborah Ullmer was then NDI's country director there, and I later wrote about those years in

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The New Nicaragua. Our work was deliberately broad because no one program, election or institution could carry the weight of a democratic system.

We worked with civil society and independent media, universities and churches, political parties, election observers, municipal governments and civic organizations. On the justice side, we supported technical assistance for prosecutors, judges, public defenders and others trying to make Nicaragua's relatively new adversarial criminal procedure function in practice. We also supported transparency, access to information, local government and institutional accountability, while working with international partners, including the OAS.

At the same time, Nicaragua was becoming more deeply tied to the U.S. and regional economy. CAFTA-DR was signed in 2004, approved in the United States in 2005 and entered into force for Nicaragua on April 1, 2006, while I was there. The agreement was about more than tariffs. It also covered investment, procurement, telecommunications, transparency, labor and environmental standards, and it helped anchor Nicaragua more firmly in a regional economic system centered on the United States.

Our democracy work was not designed to produce a particular electoral result. Ortega won the 2006 presidential election, and we accepted that outcome. The premise was that Nicaraguans had the right to choose their own government and that the institutions surrounding that choice should be strong enough to survive whichever candidate prevailed. Looking back now, what is striking is how many of those institutions were later weakened, captured or dismantled. Independent media were closed or pushed into exile. Civil society organizations lost their legal status. Universities were confiscated. Churches and clergy came under sustained pressure, while judicial independence, already fragile, deteriorated further.

The other side of the story is external. Ortega and Murillo have spent years cultivating relationships that reduce the cost of pressure from Washington and Europe. Cuba was the historic revolutionary ally. Russia later reemerged as an important political, security and military partner. Venezuela under Hugo Chávez then supplied oil-financed resources that gave Ortega extraordinary political flexibility at home.

China is now becoming the latest and potentially most consequential part of that pattern. Nicaragua first established diplomatic relations with the People's Republic of China under the Sandinistas in 1985. Violeta Chamorro restored relations with Taiwan after taking office in 1990, and Nicaragua continued recognizing Taiwan even after Ortega returned to power in 2007. That changed only in December 2021, when Managua again broke with Taipei and restored relations with Beijing.

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The relationship has moved quickly since then. A trade agreement has opened another commercial channel, while Chinese companies have moved into infrastructure, energy, telecommunications and especially mining. Recent reporting indicates that Chinese companies have obtained about 80 mining concessions since 2023 covering roughly 1.4 million hectares, about 11 percent of Nicaragua's national territory.

Those concessions matter for reasons that extend beyond mining. Gold produces hard currency, infrastructure creates long-term commercial relationships, and telecommunications carry obvious strategic implications. More broadly, every new Chinese connection gives Managua another possible way to soften the effect of U.S. and European pressure.

Yet Nicaragua has not broken with the U.S.-centered economic system. It remains a member of CAFTA-DR, continues to benefit from preferential access to the U.S. market and remains far more economically dependent on the United States than on China. The strategy appears to be something more subtle: keep the advantages of access to the United States while building enough alternatives through China to make Washington's leverage less decisive.

The diplomatic relationship with Washington has deteriorated at the same time. Nicaragua recently denied agrément to Natasha Franceschi, the newly confirmed U.S. ambassador-designate to Managua, and the United States subsequently recalled chargé d'affaires Elias Baumann to Washington for consultations. Managua rejected another U.S. ambassadorial nominee in 2022, so the move is not unprecedented, but the timing matters. Ortega and Murillo are deepening their relationship with China while showing less interest in preserving even the normal diplomatic channels through which disagreements with Washington might be managed.

That does not mean Beijing has replaced Washington in Nicaragua's calculations. Managua does not need China to replace the United States economically or diplomatically. It only needs enough alternatives to make confrontation with Washington less costly.

That is why the Senate testimony was worth paying attention to. Chamorro focused on gold, sovereign finance, reserves, confiscated property and the intermediaries that keep resources moving. Ullmer emphasized the broader networks that can allow sanctions to be circumvented and China's expanding role in strategic sectors. Guerra likewise focused on the financial structures that help the government absorb pressure. The discussion was moving beyond the familiar question of which official should be sanctioned next and toward the more difficult question of how the system actually sustains itself.

Sanctions can be useful, but they are not a strategy by themselves. During my years in Nicaragua, we occasionally used visa restrictions aggressively against

people involved in corruption or attacks on democratic institutions, and they sometimes worked because they imposed direct personal costs. But they were a small part of a much larger effort. The real strategy was institutional: strengthen courts and prosecutors, public defenders and local governments, universities and churches, political parties and civil society, journalists and election observers.

That broader approach remains relevant because Ortega and Murillo have spent years dismantling precisely those independent centers of authority. Pressure from outside can raise the cost of repression, but it cannot substitute for institutions inside Nicaragua that give people room to organize, report, teach, worship, litigate and participate politically. Nor can sanctions work indefinitely if the government succeeds in building enough alternative financial relationships to blunt their effect.

Washington therefore needs some restraint as well as pressure. Broad economic measures can destroy jobs, increase migration and weaken the independent businesses and social institutions that would be needed in any future democratic opening. If ordinary Nicaraguans absorb the economic pain while politically connected actors gain access to Chinese financing, contracts and markets, the result may be the opposite of what policymakers intend.

The better approach is still an “all of the above” strategy. Washington should continue following the money, scrutinizing beneficial ownership, intermediaries and companies used to evade restrictions, while working closely with Europe, Canada and democratic governments in Latin America. At the same time, it should continue supporting the journalists, lawyers, churches, civic organizations, universities and political actors who preserve the possibility of a different political future, whether they remain inside Nicaragua or now operate from exile.

CAFTA-DR also belongs in that calculation. The United States still has considerable leverage because Nicaragua remains embedded in a regional economic system centered on the U.S. market. The challenge is to use that leverage carefully enough to pressure the government without damaging the economic integration that benefits ordinary Nicaraguans or accelerating Nicaragua’s movement toward Beijing.

Twenty years ago, our approach rested on the belief that democratic resilience came from having many institutions capable of resisting the concentration of political power. Ortega and Murillo appear to have drawn the opposite lesson from the same experience. They have spent years weakening those institutions at home while building relationships abroad that make doing so less costly. The recent diplomatic rupture over the ambassador-designate only reinforces that larger pattern. Any serious U.S.

strategy toward Nicaragua now has to take both sides of that equation into account.

About Steven E. Hendrix

Steven E. Hendrix is a former senior U.S. foreign assistance official who served in leadership roles with the U.S. Agency for International Development and the U.S. Department of State. He worked extensively in Latin America, Africa, and Asia, including collaboration with European development partners.

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